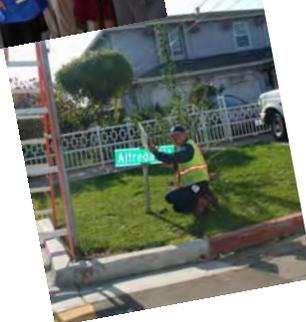


CITY OF SAN PABLO

California



Comprehensive Annual Financial Report *for the* Fiscal Year Ended June 30, 2010



CITY OF SAN PABLO, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010

PREPARED BY THE
FINANCE DEPARTMENT

COVER PHOTOS
City of San Pablo Employees



CITY^{OF} SAN PABLO

City of New Directions

CITY OF SAN PABLO, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2010

Table of Contents

Page

INTRODUCTORY SECTION:

Table of Contents i
Letter of Transmittal v
Organization Chart x
Elected Officials and Administrative Personnel xi
GFOA Award xii
San Pablo General Plan Map xiii

FINANCIAL SECTION:

Independent Auditor’s Report on Basic Financial Statements 1
Management’s Discussion and Analysis 3

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Assets 18
Statement of Activities 19

Fund Financial Statements:

Governmental Funds:

Balance Sheet 22
Statement of Revenues, Expenditures, and Changes in Fund Balances 23
Reconciliation of the Net Change in Fund Balances – Total Governmental
Funds with the Statement of Activities 24

CITY OF SAN PABLO, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2010

Table of Contents

Page

FINANCIAL SECTION (Continued):

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:

General Fund25

Redevelopment Agency Low and Moderate Income Housing Fund.....26

Fiduciary Funds:

Statements of Fiduciary Net Assets.....28

Statement of Changes in Fiduciary Net Assets29

Notes to Financial Statements31

Supplemental Information:

Major Governmental Funds, Other Than General Fund and Special Revenue Funds:

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

Redevelopment Agency Projects Fund.....66

Non-major Governmental Funds:

Combining Balance Sheets.....70

Combining Statements of Revenues, Expenditures, and Changes
in Fund Balances74

Combining Statements of Revenues, Expenditures, and Changes
in Fund Balances – Budget and Actual.....78

Agency Funds:

Combining Statement of Changes in Assets and Liabilities.....84

CITY OF SAN PABLO, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2010

Table of Contents

Page

STATISTICAL SECTION:

Net Assets by Component - Last Nine Fiscal Years.....	89
Changes in Net Assets - Last Nine Fiscal Years	90
Fund Balances of Governmental Funds - Last Ten Fiscal Years	91
Changes in Fund Balance of Governmental Funds – Last Ten Fiscal Years.....	92
Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years.....	94
Property Tax Rates - All Overlapping Governments - Last Ten Fiscal Years.....	95
Principal Property Taxpayers – Current Year and Nine Years Ago	96
Property Tax Levies and Collections – Last Ten Fiscal Years	97
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years	98
Computation of Direct and Overlapping Debt.....	99
Computation of Legal Bonded Debt Margin.....	100
Bonded Debt Pledged Revenue Coverage, Redevelopment Agency Tax Allocation Bonds - Last Ten Fiscal Years	101
Town Center 1997 Reassessment Revenue Bonds - Continuing Disclosure.....	102
Oak Park 1998 Reassessment Revenue Bonds - Continuing Disclosure.....	103
Debt Service Coverage Schedule – Tenth Township and Legacy Project Areas	104
Demographic and Economic Statistics - Last Ten Fiscal Years.....	105
Principal Employers – Current Year and Nine Years Ago.....	106
Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years	107
Operating Indicators by Function/Program	108
Capital Asset Statistics by Function/Program	109



CITY^{OF} SAN PABLO

City of New Directions



CITY OF SAN PABLO
City of New Directions

CITY OF SAN PABLO

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FINANCE DEPARTMENT

September 24, 2010

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

State law requires that all general-purpose local governments, within six months of the close of each fiscal year, publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we are pleased to submit the City of San Pablo's (City) Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010

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

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

The City's financial statements for the fiscal year ended June 30, 2010 have been audited by Maze & Associates. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of San Pablo's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

Profile of the Government

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

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

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

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

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

The City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund, special revenue funds, debt service funds and the RDA capital projects fund are included in the annual appropriated budget. The Public Works Construction Capital Projects Fund is budgeted on a project-length basis. Encumbrances are used in conjunction with budget and expenditure accounting at the time purchase orders are authorized, in order to ensure that no more than the amounts budgeted are expended. Monthly reports on expenditures and encumbrance activity are prepared to assist individual departments or divisions in controlling their budgets. The Finance Director reviews these reports for budgetary compliance.

Factors Affecting Financial Condition

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

Current Economic Conditions and Outlook:

San Pablo covers an area of approximately three square miles. The City has an estimated population of 31,808 and a total assessed property valuation of \$1,378,784,048. The area is characterized as an older bedroom community that is almost completely built out. All development that is done is through the reuse of existing properties.

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

Doctors Medical Center San Pablo is operated by the West Contra Costa Healthcare District, a public agency. Serving the community for more than fifty years, Doctors Medical Center has a 189-bed hospital in San Pablo with the largest emergency department in the West County area and the second busiest in Contra Costa County. Besides emergency services, Doctors Medical Center offers a full range of health services, including a regional cancer treatment center, a well known cardiac center, hyperbaric medicine center and orthopedics.

San Pablo Lytton Casino is a Native American Casino in San Pablo and is open 24 hours daily. The property has one restaurant and offers both card games and electronic bingo machines. The City relies heavily on Casino business revenue to support general fund operations. As such San Pablo is unique in the region and is not subject to the same variations in taxes that impact neighboring cities. Casino business taxes comprised 59% of general fund revenues for fiscal year 2009-10.

Utility user's tax increased in fiscal 2009 as the temporary reduction in rates which had been at 4% was temporarily increased to 5%. Utility user's taxes are expected to increase in the upcoming fiscal year as the 5% temporary reduction was restored to the voter approved amount of 7%. The 7% goes into effect July 1, 2010.

Motor vehicle fees are major revenue in the general fund, and they have declined due to a drop in the amount of Vehicle License Fees that were collected by the State. Also impacting the amount received by the City is that the DMV is now taking a larger portion of the fees that are collected. Interest decreased as the annual rate on investments went from 2.224% to 0.651%. Additional decreases are expected as the rate is now less than .5%. Sales taxes represent the other major general fund revenue producer and a decrease is expected as the full effect of the slow down in the economy is still being felt.

Fiscal year 2010 saw a bit of recovery from the slide in the median price of houses that had begun in 2007. Through June 30, 2010 median housing prices in San Pablo had decreased by 62%. While this is better than the 67.2% that was experienced in 2009, it is still high. Current supplemental property taxes, which represent the change in property taxes when the property is sold, turned negative as the County Assessor started refunding property taxes. This year over \$560,000 was refunded to the county. When incremental property taxes of the redevelopment agency are included, property taxes equal 30% of revenue for all governmental funds.

Major Initiatives:

The City of San Pablo is an active and vibrant community, with a municipal government that is proactive and prepared to respond to changes which are occurring. In fiscal year 2009-10, the City began or continued work on several capital projects including the following:

- ★ 23rd Street traffic Calming
- ★ Broadway Road Resurfacing and Traffic Calming
- ★ Rumrill Boulevard Bridge Replacement
- ★ San Pablo Avenue Resurfacing
- ★ El Portal Gateway
- ★ Wildcat Creek Trail
- ★ Wanlass Park
- ★ I-80 San Pablo Dam Road Interchange
- ★ Annual Slurry Seal Project
- ★ Davis Park Multiuse Building Renovation
- ★ Creek Bank Repair

The Redevelopment Agency of the City of San Pablo completed relocation of the tenants from the former Circle S mobile home park. A total of 190 tenants were relocated. The Agency is in negotiations with Contra Costa County to sell approximately 3 acres of the site. The plan will be to build a new medical clinic and parking garage for West County residents.

Long term Financial Planning

The long term financial outlook for the City of San Pablo is bleak but hopeful. Beginning in fiscal year 2009-2010 the City began deferring capital project spending. A hiring freeze has been implemented and the City will need to reduce the work force through attrition in order to avoid using reserves to balance the budget. In addition, Redevelopment Agency acquisitions have been put on hold. These actions are in response to projected reductions in revenue from the State of California and the County.

Approximately \$1 million of SERAF payments along with a 6% decrease in assessed valuation of property will have a significant effect on the City's finances in the near future. The anticipated refund of supplemental property taxes could also have a significant financial effect.

In 2013, the City pass through agreement with the County will require a greater share of tax increment payments. Also, the potential of a new Indian casino in the City of Richmond would dramatically reduce the City's other tax revenue which is currently derived from Casino San Pablo.

The City is carefully looking at the changes occurring in the State of California and the effect they will have on the City. The City will continue to analyze this information and its effect on the City's long term financial position.

Awards

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of San Pablo for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the fourteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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

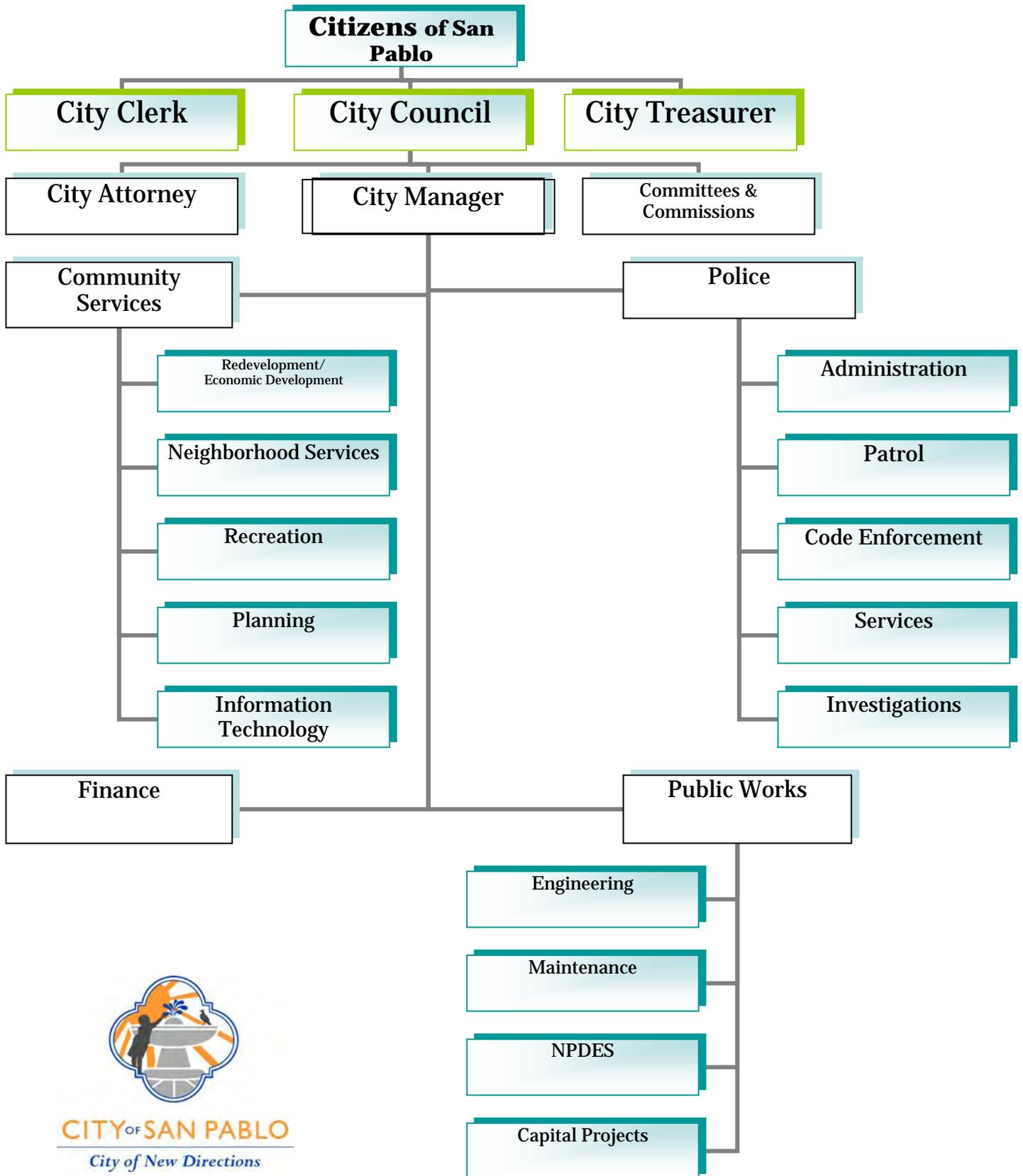
Sincere appreciation is also expressed to the City Manager and members of the City Council for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Sincerely,

A handwritten signature in black ink, appearing to read "Bradley J. Ward". The signature is stylized with large loops and a long horizontal stroke extending to the left.

CITY OF SAN PABLO
Bradley J. Ward
Finance Director

City of San Pablo Organization Chart



CITY OF SAN PABLO
ELECTED OFFICIALS AND
ADMINISTRATIVE PERSONNEL

JUNE 30, 2010

ELECTED OFFICIALS

Mayor	Leonard R. McNeil
Vice Mayor	Genoveva Garcia-Calloway
Council Member	Arturo M. Cruz
Council Member	Paul V. Morris
Council Member	Cecilia Valdez
City Clerk	Ted J. Denney
City Treasurer	Charles Nicholas

ADMINISTRATIVE PERSONNEL

City Manager	Matt Rodriguez
City Attorney	Brian M. Libow
Chief of Police	Walter N. Schuld
Finance Director	Bradley J. Ward
Community Services Director/Assistant City Manager	Kelsey D. Worthy
Public Works Director/City Engineer	Adele D. Ho

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, 2009

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



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

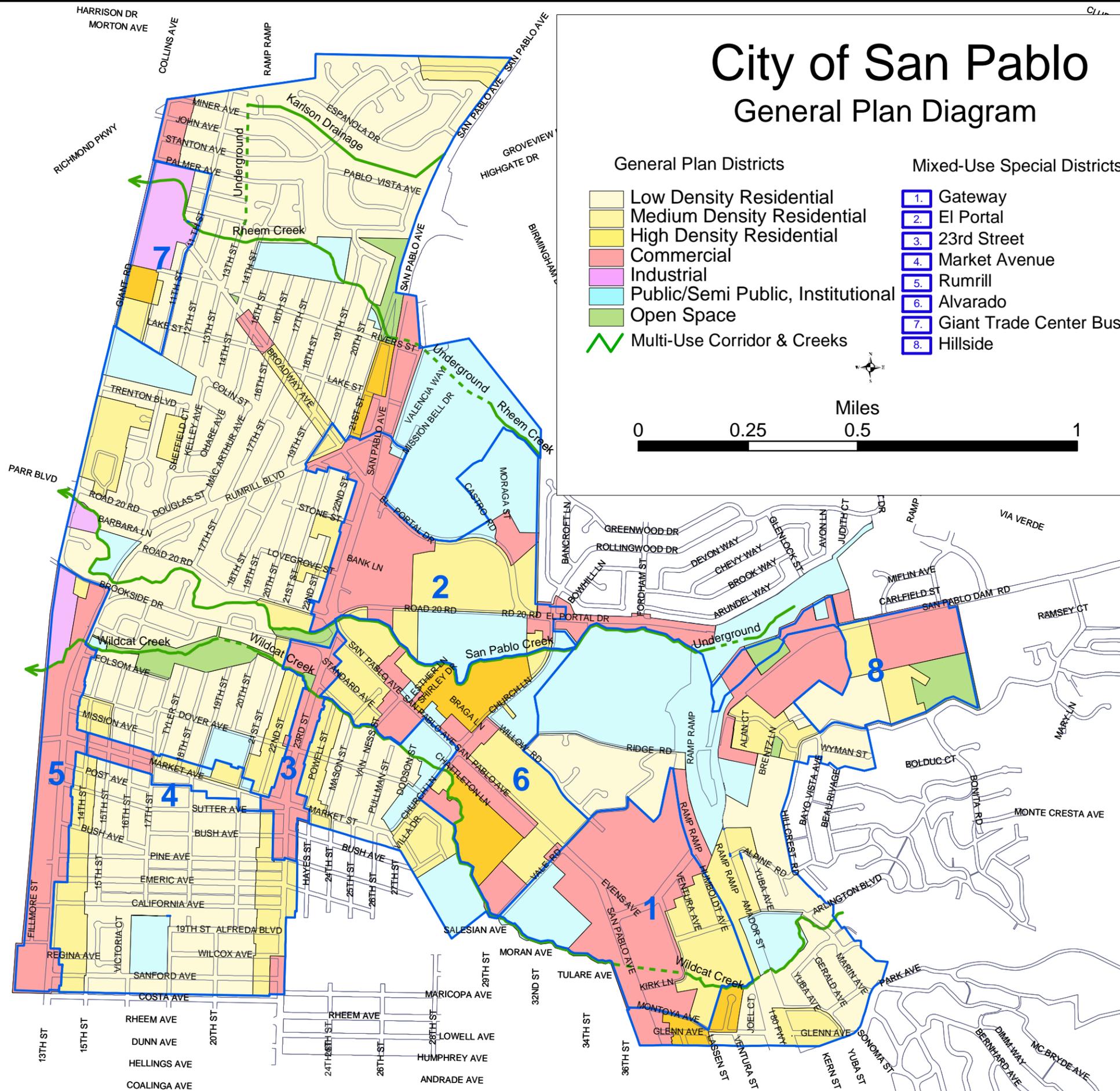
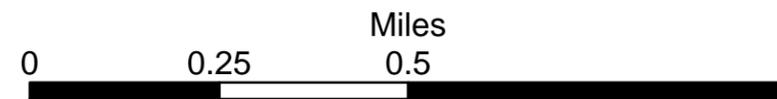
City of San Pablo General Plan Diagram

General Plan Districts

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

Mixed-Use Special Districts

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





CITY^{OF} SAN PABLO

City of New Directions

INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS

ACCOUNTANCY CORPORATION
3478 Buskirk Ave. - Suite 215
Pleasant Hill, California 94523
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To the Honorable Mayor and City Council
City of San Pablo, California

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of San Pablo, California, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly in all material respects the financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City at June 30, 2010 and the results of its operation and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2010 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As described in Note 8, the City implemented the provisions of GASB Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments* effective in fiscal 2009-10.

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

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

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

Maze and Associates

September 24, 2010



CITY^{OF} SAN PABLO

City of New Directions

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FISCAL 2010 FINANCIAL HIGHLIGHTS

In Fiscal Year 2010 the significant events which affected the City's financial statements included: Land held for resale was reviewed and the carrying value was reduced by \$3.5 million, relocation costs of \$4.3 million were expended for mobile home park residents, first time home buyer loans of \$.5 million were issued, and a \$5.9 million payment to the County was made for the Supplemental Educational Revenue Augmentation Fund.

These events account for most of the Fiscal Year 2010 financial highlights which include the following:

City-wide:

- The City's total net assets decreased \$8.8 million in fiscal 2010. At June 30, 2010, net assets totaled \$56.1 million.
- City-wide revenues include program revenues of \$6.2 million and general revenues of \$32.7 million, totaling \$38.9 million, a \$4.4 million decrease from the prior year.
- Total City wide expenses were \$47.7 million, a \$4.8 million decrease from the prior year.

Fund Level:

- Governmental Fund balances decreased \$18.5 million to \$63.4 million. Cash and investments decreased \$10.4 million, restricted cash and investments decreased \$4.0 million, notes receivable under Redevelopment Agency programs increased \$.4 million and land held for resale decreased \$3.3 million in fiscal 2010. Deferred revenue increased \$.9 million, advance to other funds increased \$3.0 million and accounts payable increased \$1.2 million.
- Governmental Fund revenues decreased \$4.8 million to \$38.4 million in fiscal 2010.
- Governmental Fund expenditures decreased \$2.8 million to \$57.0 million in fiscal 2010, from fiscal 2009's level of \$59.8 million.
- General Fund revenues of \$21.9 million represent a decrease of \$.6 million from the fiscal 2009's revenues of \$22.5 million.
- General Fund balance of \$21.4 million at fiscal yearend 2010 increased \$1.2 million from fiscal 2009's fund balance of \$20.2 million.

The Basic Financial Statements

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

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

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

Major Funds account for the major financial activities of the City and are presented individually, while the activities of Non-major funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds. Major Funds are explained below.

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

The City-wide Financial Statements

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

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

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

Fund Financial Statements

Governmental Fund financial statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are presented only in the City-wide financial statements.

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

The City had three Major Funds in 2010 in addition to the General Fund: The Redevelopment Agency Low & Moderate Income Housing Fund, the Redevelopment Agency Projects Fund, and the Public Works Construction Fund each of which is discussed in detail below.

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

Fiduciary Statements

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

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

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

Governmental Activities

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

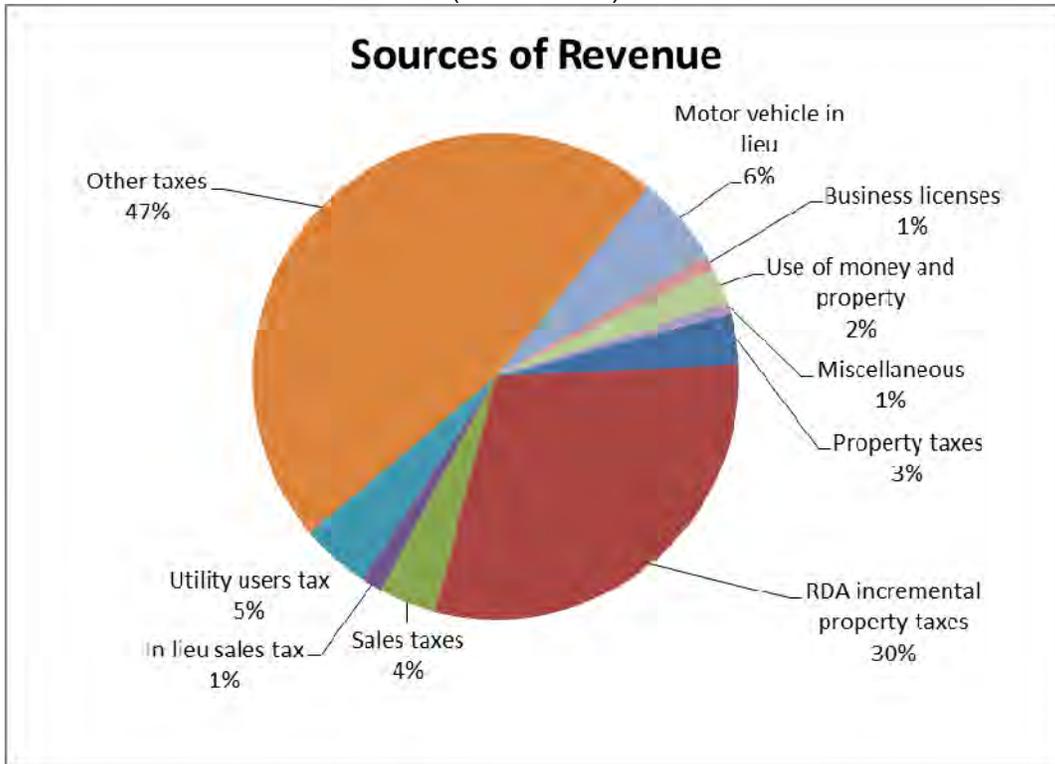
	Governmental Activities	
	2010	2009
Cash and investments	\$45.70	\$60.10
Other assets	45.10	42.50
Capital assets	60.60	54.70
Total assets	151.40	157.30
Long-term debt outstanding	86.00	88.70
Other liabilities	9.30	3.70
Total liabilities	95.30	92.40
Net assets:		
Invested in capital assets, net of debt	25.10	19.20
Restricted	8.50	17.00
Unrestricted	22.50	28.70
Total net assets	\$56.10	\$64.90

The City's net assets decreased \$8.8 million to \$56.1 million in 2010 from \$64.9 million in 2009. The Change in Net Assets is reflected in the Statement of Activities shown in Table 2 and is explained below:

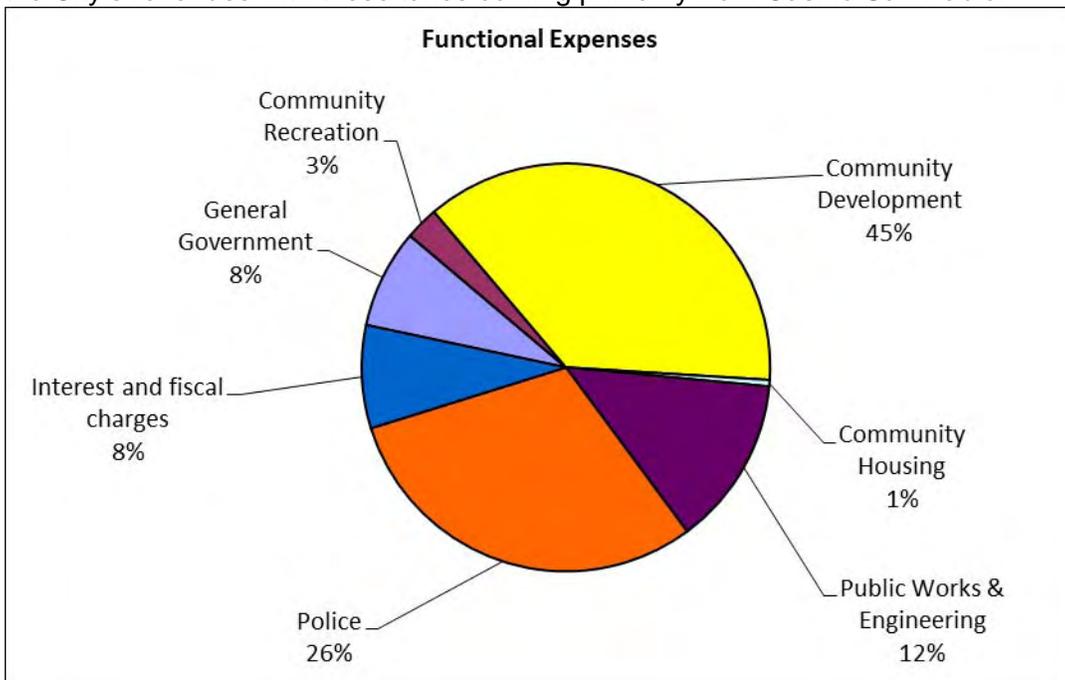
- * Cash and investments decreased \$14.4 million in 2010 primarily due to the increase in mobile home park resident relocations and a payment to the County for the Supplemental Educational Revenue Augmentation Fund.
- * Other assets increased \$2.6 million in 2010 for the following reasons:
 - (1) Property held for resale decreased \$3.2 million. Property values were reviewed and the carrying values were decreased by \$3.5 million as a result of a decline in real estate values.
 - (2) Notes receivable increased \$.4 million as a result of the increase in first time home buyer loans.
 - (3) Change in fair value of the derivative swap of \$4.5 million was a new item in 2010.
 - (4) Due from other governments increased by \$1.1 million.

- * Capital assets increased \$5.9 million in fiscal year 2010. This increase is attributable to \$5.5 million additions to land and construction in progress projects, \$.3 million in equipment and vehicle additions, \$.2 million in equipment retirements and \$3.0 million in roads and streets, net of \$3.5 million of depreciation. The increase in construction in progress is due to Wanlass Park (\$2.8 million), El Portal Gateway (\$2.3 million) and other new projects.
- * Long-term debt decreased \$2.7 million due to debt repayments (Note 8).
- * Other liabilities increased \$5.6 million and are attributable to \$1.1 million increase in Accounts Payable and the \$4.5 million of recognition of the change in fair value of a derivative investment.
- * Net assets invested in capital assets, net of related debt, increased \$5.9 million to \$25.1 million. This is the result of the net capital asset additions.
- * Restricted net assets decreased \$8.5 million in fiscal 2010. Debt service decreased \$.5 million and Capital Projects increased \$.3 million while restricted for Redevelopment decreased \$8.3 million due to the Supplemental Educational Revenue Augmentation Fund payment, property held for resale adjustments and a decrease in Incremental Property Tax revenues received.
- * Unrestricted net assets of \$22.5 million decreased \$6.2 million due to the redevelopment activities discussed above and represent liquid assets available to finance day-to-day operations and other expenditures approved by City Council.

Fiscal Year 2010 Government Activities
(see Table 2)



The Sources of Revenue Chart above shows \$9.8 million, or 30% of the City's fiscal 2010 revenue came from RDA incremental property taxes due to redevelopment efforts. Other taxes of \$15.3 million account for 47% of the City's revenues with these taxes coming primarily from Casino San Pablo.



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

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

Table 2
Changes in Governmental Net Assets
(in Millions)

	<i>Governmental Activities</i>	
	2010	2009
Expenses		
General government	\$3.70	\$3.20
Community:		
Recreation	1.30	1.10
Development	17.70	23.60
Housing	.20	.60
Public Works & Engineering	6.40	6.40
Police	14.50	13.60
Interest and fiscal charges	3.90	4.00
Total expenses	<u>47.70</u>	<u>52.50</u>
Revenues		
Program revenues:		
Charges for services	1.20	1.10
Operating contributions and grants	1.60	1.40
Capital Grants	3.40	1.50
Total program revenues	<u>6.20</u>	<u>4.00</u>
General revenues:		
Taxes:		
Property taxes	1.10	1.30
Incremental (RDA) property taxes	9.80	14.70
Sales taxes	1.20	1.40
In lieu sales tax	.50	.50
Utility tax	1.50	1.40
Other taxes	15.30	14.90
Business licenses (non-regulatory)	.30	.30
Motor vehicle in lieu	1.90	2.50
Use of money and property	0.80	2.00
Miscellaneous	.30	.30
Total general revenues	<u>32.70</u>	<u>39.30</u>
Total revenues	<u>38.90</u>	<u>43.30</u>
Change in net assets	(8.80)	(9.20)
Net Assets – Beginning	64.90	74.10
Net Assets – Ending	<u>\$56.10</u>	<u>\$64.90</u>

Table 2 shows total government revenues equaled \$38.9 million in fiscal 2010, a decrease of \$4.4 million from 2009. Incremental property taxed decreased by \$4.9 million due to declining assessed valuations. Use of money and property decreased by \$1.2 million because rent from mobile home parks decreased as did invested funds and interest rates. Grants increased \$1.9 million due to the availability of State and federal grants during the fiscal year, while other revenue sources had small decreases.

Governmental Activities

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

Table 3
Governmental Activities
(in Millions)

	Net (Expense) Revenue From Services	
	2010	2009
General government	(\$3.70)	(\$3.20)
Community:		
Recreation	(1.10)	(1.00)
Development	(17.00)	(22.90)
Housing	(0.20)	(0.50)
Public Works & Engineering	(2.00)	(4.00)
Police	(13.60)	(12.80)
Interest and fiscal charges	(3.90)	(4.00)
Totals	(\$41.50)	(\$48.40)

- General Government net expenses increased \$.5 million in 2010. This increase is due to payments to the West Contra Costa school district in 2010.
- Community Recreation net expenses increased in 2010 by \$.1 million. This is mostly due to increased program activity.
- Community Development net expenses decreased \$5.9 million in 2010. This decrease is the result of the smaller fair value adjustment for the Redevelopment Agency's land held for redevelopment. The reduction in the fair value of the land was \$12.5 million in 2009, while the reduction in 2010 was \$3.5 million. This was offset by the Agency's SERAF payment of \$5.9 million in 2010.
- Housing net expenses decreased \$.3 million due a decrease in housing activities.
- Public Works and Engineering net expenses decreased \$2.0 million. This decrease is due primarily to an increase in funding of capital grants.
- Police net expenses increased \$.8 million in 2010. This increase is due to salary increases and overtime as Code Enforcement was merged into the Police department.
- Interest and fiscal charges net expenses decreased \$.1 million in 2010 as a result of debt interest payments which decreased slightly.

The City's Fund Financial Statements

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

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

	2010	2009
Total assets	\$85.20	\$98.70
Total liabilities	21.80	16.80
Total fund balances	63.40	81.90
Total revenues	38.40	43.20
Total expenditures	56.90	60.00
Total other financing sources (uses)	0.00	.00

At June 30, 2010, the City's governmental funds reported combined fund balances of \$63.4 million, an \$18.5 million decrease from 2009. This balance is comprised of the following: General Fund increased \$1.2 million, Redevelopment Low and Moderate Fund increased \$1.0 million, Redevelopment Agency Projects Fund decreased \$18.9 million, Public Works Construction Fund decreased \$1.7 million and Other Governmental Funds decreased \$.1 million, which are discussed in detail below:

- ⊗ The General Fund increased \$1.2 million vs. \$2.8 million in 2009.
 - Revenue decreased \$.6 million due to a decrease in Intergovernmental revenues.
 - Expenditures increased \$1.2 million due to increases of \$.6 million in General Government and Police respectively.
 - Transfers to fund capital projects decreased \$.2 million in 2010.

- ⊗ The Redevelopment Low and Moderate Fund balance increased \$1.0 million vs. \$3.1 million decrease in 2009.
 - First time home buyer loans increased \$.4 million.
 - The 20% set aside was \$.9 million less in 2010 than 2009 due to a decrease in property tax increment.

- ⊗ The Redevelopment Agency Projects Fund decreased \$18.9 million.
 - Incremental property taxes decreased \$4.9 million due to decrease in assessed valuation.
 - Miscellaneous and Use of Money and Property decreased \$1.0 million due to decreased rental income from Mobile Home Parks as relocations increased, and funds invested decreased as well as interest rates, resulting in less interest income.
 - Estimated reduction in the value of property held for resale resulted in a \$3.5 million expense.
 - A \$5.9 million payment to the County for the Supplemental Educational Revenue Augmentation Fund was a new item in fiscal 2010.
 - Transfers to fund capital projects increased by \$1.2 million.

- ⊗ The Public Works Construction Fund decreased \$1.7 million.
 - Capital Outlay increased \$5.8 million.
 - Net transfers in from other funds to cover projects was \$1.8 million more than 2009.
- ⊗ Other Government Funds as a whole remained approximately the same as 2009, as a result of offsetting fluctuations within the various funds.

Revenues at the fund level decreased \$4.8 million this year to \$38.4 million. This is primarily due to a decrease of \$4.9 million in RDA Incremental Property Taxes.

Expenditures at the fund level increased \$2.9 million this year. General fund expenditures increased \$1.2 million. A decrease in loans made from the Redevelopment Low and Moderate fund caused this fund's expenditures to decrease \$5.4 million. The decrease in the Redevelopment Agency Projects Fund of \$6.2 million was attributed to: the write-off of \$12.1 million reduction in the value of property held for resale in fiscal 2009, compared to \$3.4 million in fiscal 2010, a decrease in Community Development expenditures of \$2.8 million, a \$5.9 million payment to the County for the Supplemental Educational Revenue Augmentation Fund and a decrease of \$.5 million in Debt Service. The Public Works Fund's expenditures increased \$5.8 million as a result of increased project activity. Expenditures in the Gas Tax, Law Enforcement Services and Development Services increased \$.1 million, \$.2 million and \$.1 million respectively. Lastly, debt service in the 2006 Subordinate Tax Allocation Bonds Fund increased \$1.4 million due to retirement of principal.

Other Financing Sources at the fund level had minimal fluctuations in 2010.

Analyses of Major Governmental Funds

General Fund

General Fund revenues decreased \$.6 million this fiscal year. This decrease is comprised of a decrease of \$.2 million in Property taxes, a decrease of \$.1 million in Sales taxes, a decrease of \$.6 million in Intergovernmental and \$.3 million in Use of money and property. The decreases were offset by the following increases: \$.1 million increase from Utility users, a \$.1 million increase in Fines and forfeitures and a \$.4 million increase from Casino San Pablo gaming tax revenue which is included in Other Taxes. Use of money and property decreased \$.3 million as interest rates fell.

General Fund expenditures increased \$1.2 million in fiscal year 2010. General Government and Police decreased \$.5 million and \$.6 million respectively. Recreation decreased \$.1 million.

At June 30, 2010, the General Fund Balance was \$21.4 million, \$11.3 million of which was undesignated.

Budget Variations

Revenue

The original budgeted amounts for General Fund revenues varied from final budgeted amounts by \$.4 million. At mid year it appeared that Other Taxes (Casino revenue) was going to be more than originally budgeted by \$.5 million and Utilities users tax \$.2 million less than originally budgeted. The original budget figures were adjusted at mid year to reflect these expected fluctuations.

Actual revenue received was \$.8 million higher than final budgeted amounts. The City budgets revenue conservatively due to the uncertainties in the economy and the effect these uncertainties could have on the City. The positive variance is comprised of \$.6 million in Other Taxes, \$.4 million in Utilities users tax, and \$.3 million combined in Property taxes, Fines and forfeitures and Charges for services, while the negative variance of \$.5 million resulted from Motor vehicle in lieu.

Additional revenue received from Casino San Pablo represented the \$.6 million positive variance in Other Taxes. Budgeted Other Taxes was increased at mid year but not enough to account for the actual revenue. Revenue from Casino San Pablo is a difficult item to estimate as it is based on discretionary spending.

The \$.4 million positive variance in Utilities users tax was due to a 1% increase in tax rate. Property Taxes increased \$.1 million over budget as budgeted figures were conservative based on continually changing information received from the County

Expenditures

General Fund final budgeted expenditures were \$.4 million higher than original budgeted figures. This variance is due to unanticipated and unbudgeted payments to West Contra Costa school district.

The actual General Fund expenditures were less than final budget by \$.1 million.

- ✧ Recreation - \$.1 million less than final budget due to part time staffing not needed.
- ✧ Police - \$.1 million more than final budget due to overtime.
- ✧ Capital outlay – \$.1 million less than final budget due to Information Technology, Police and Public Works did not purchase all of their equipment as planned.

Net transfers out of the General Fund were budgeted at \$2.5 million however actual net transfers were only \$2.1 million. The General Fund did not need to cover revenue shortfalls in other funds to the extent anticipated, thus the positive variance of \$.4 million.

Redevelopment Agency Projects

The Redevelopment Agency Projects Fund revenues decreased \$5.9 million this fiscal year. Incremental Property Tax revenues decreased \$4.9 million, Use of Money and Property decreased \$.9 million and miscellaneous revenue decreased \$.1 million in 2010. The decrease in Property Taxes is due to the decline in assessed values. Use of Money and Property decreased when rental income from the Agency owned mobile home parks decreased as tenants were relocated. Also, the cash balance for the Agency Projects Fund was down and interest rates declined, so interest earned decreased.

The Redevelopment Agency Projects Fund expenditures decreased \$6.1 million in fiscal year 2010. This decrease is due to the following factors:

- Community Development expenditures decreased \$2.9 million because of current year pass-through payments to the County decreased \$.7 million, relocation costs for the mobile home parks decreased \$.3 million, and the prior year payment to the County for the correction of historical pass-through payments of \$1.4 million did not recur.
- Estimated reduction in the value of property held for resale decreased \$8.7 million in 2010 as a result of \$3.4 million write-off in fiscal 2010, compared to \$12.1 million in fiscal 2009.
- Supplemental Educational Revenue Augmentation Fund payment of \$5.9 million to the County was a new item in fiscal 2010.

Redevelopment Agency Low & Moderate Income Housing

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

At the end of fiscal 2010, the outstanding balances of such loans were \$15.4 million, up \$.4 million from fiscal 2009. This balance includes loans of \$11.0 million for First Time Homebuyers, \$1.2 million to finance a 55 unit senior housing complex, \$1.5 million for construction of 82 low-income rental units for seniors and a \$1.7 million construction loan for 84 affordable rental units.

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

The Fund's fiscal year end Fund Balance of \$4.4 million is entirely reserved to fund future low and moderate income housing expenditures.

Public Works Construction Fund

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

Revenue received in 2010 represents funding for projects from the State of California and from private utility companies in the amount of \$2.0 million, up \$.7 million from fiscal year 2009. Expenditures for fiscal year 2010 were \$9.5 million, up \$5.8 million from fiscal year 2009. In fiscal year 2010, work was done on several projects, including Wanlass Park \$2.8 million, El Portal Gateway \$2.3 million and San Pablo Avenue Overlay \$1.7 million. Other projects included creek bank repair, restoration and stabilization \$.4 million, traffic calming and traffic study \$.2 million, Davis Park Community Center \$.1 million, San Pablo Avenue Specific Plan \$.2 million, Circle S demolition and mobile home removal \$.1 million and road rehabilitation and revitalization projects totaling \$1.0 million. Net transfers into the Public Works Construction Fund were \$5.8 million in fiscal year 2010, up \$1.7 million from fiscal year 2009.

Other Governmental Funds

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

CAPITAL ASSETS

At the end of fiscal 2010 the cost of infrastructure and other capital assets recorded on the City's financial statements are shown in Table 5 below (further detail may be found in Note 7 to the financial statements):

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

	<u>2010</u>	<u>2009</u>
Land and land improvements	\$8.40	\$8.00
Construction in progress	17.30	11.80
Buildings and improvements	10.60	10.10
Machinery and equipment	2.30	2.30
Vehicles	2.60	2.50
Park and trail improvements	0.40	0.40
Sports fields	1.50	1.50
Roads & streets including sidewalks	52.00	48.90
Bridges	5.50	5.50
Street lights	0.40	0.40
Storm drains	1.90	1.90
Traffic signals	1.80	1.80
Trees	1.20	1.20
Less accumulated depreciation	<u>(45.30)</u>	<u>(41.70)</u>
Totals	<u>\$60.60</u>	<u>\$54.60</u>

The principal addition in fiscal 2010 was \$3.1 million to Roads and Streets. Construction in Progress projects of \$3.5 million were completed in fiscal 2010 and transferred to capital assets.

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

DEBT ADMINISTRATION

Each of the City's debt issues is discussed in detail in Note 8 to the financial statements. In fiscal 2010, the City's debt comprised:

Table 6
Outstanding Debt
(in Millions)

	Balance <u>June 30, 2010</u>	Balance <u>June 30, 2009</u>
Governmental Activity Debt:		
Tenth Township Redevelopment Project		
Subordinate Tax Allocation Bonds Series 1999A		
3.75-5.65%, due 12/01/2023	\$5.90	\$6.50
Tax Allocation Revenue Bonds Series 2001		
Current Interest Serial Bonds		
3.25-4.85%, due 12/01/2018	4.20	4.60
Current Interest Term Bonds		
5.00%, due 12/01/2029	2.30	2.30
Capital Appreciation Bonds		
5.66-5.68%, due 12/01/2029	4.80	4.50
Tax Allocation Revenue Bonds Series 2004		
2.00-5.00%, due 12/01/2032	34.30	34.80
Subordinate Tax Allocation Bonds Series 2006		
Variable rate, due 12/01/2032	34.50	36.00
	<u> </u>	<u> </u>
Total Governmental Activity Debt	<u>\$86.00</u>	<u>\$88.70</u>

SPECIAL ASSESSMENT DISTRICT DEBT

Special assessment districts in different parts of the City have also issued debt to finance infrastructure and facilities construction entirely in those districts. At June 30, 2010, a total of \$3.2 million in special assessment district debt was outstanding, issued by two special assessment districts. This debt is secured only by special assessments on the real property in the district issuing the debt, and is not the City's responsibility, although the City does act as these Districts' agent in the collection and remittance of assessments.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this Report should be directed to the Finance Department, at 13831 San Pablo Avenue, San Pablo, CA 94806.

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

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

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

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

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

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

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

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

CITY OF SAN PABLO
STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Governmental Activities</u>
ASSETS	
Cash and investments available for operations (Note 3)	\$38,695,674
Restricted cash and investments (Note 3)	7,030,101
Interest receivable	52,352
Accounts receivable	1,299,170
Due from other governments	1,858,752
Prepays and deposits (Note 1G)	2,186
Employee loans receivable (Note 5A)	19,915
Notes receivable under	
Redevelopment Agency programs (Note 5B)	15,792,511
Net OPEB asset (Note 11C)	4,227,715
Deferred outflow of resources (Note 8F)	4,449,011
Property held for resale (Note 6)	17,435,890
Capital assets (Note 7)	
Land and construction in progress	25,783,946
Depreciable capital assets, net	<u>34,794,762</u>
Total assets	<u>151,441,985</u>
LIABILITIES	
Accounts payable and accrued liabilities	4,683,915
Claims payable (Note 13)	45,425
Interest payable	178,458
Derivative instrument (Note 8F)	4,449,011
Noncurrent liabilities (Note 8)	
Due within one year	36,125,000
Due in more than one year	<u>49,829,993</u>
Total liabilities	<u>95,311,802</u>
NET ASSETS (Note 10)	
Invested in capital assets, net of related debt	<u>25,129,231</u>
Restricted for:	
Capital projects	1,698,733
Debt service	<u>6,845,798</u>
Total restricted net assets	<u>8,544,531</u>
Unrestricted net assets	<u>22,456,421</u>
Total net assets	<u><u>\$56,130,183</u></u>

See accompanying notes to financial statements

CITY OF SAN PABLO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants	Governmental Activities
Governmental Activities:					
General Government	\$3,746,905	\$26,562			(\$3,720,343)
Community:					
Recreation	1,260,952	166,294			(1,094,658)
Development	17,744,655	588,719	\$158,855		(16,997,081)
Housing	244,168		75,799		(168,369)
Public Works & Engineering	6,390,441	118,661	866,072	\$3,383,502	(2,022,206)
Police	14,471,506	338,838	520,124		(13,612,544)
Interest and fiscal charges	3,894,561				(3,894,561)
Total Governmental Activities	<u>\$47,753,188</u>	<u>\$1,239,074</u>	<u>\$1,620,850</u>	<u>\$3,383,502</u>	<u>(41,509,762)</u>
General revenues:					
Taxes:					
Property taxes					1,099,009
Incremental property taxes					9,751,633
Sales taxes					1,250,870
In-lieu sales tax					456,357
Utility taxes					1,512,840
Other taxes					15,332,960
Intergovernmental unrestricted:					
Motor vehicle in lieu fees					1,937,853
Business licenses (nonregulatory)					321,824
Use of money and property					777,955
Miscellaneous					251,332
Total general revenues					<u>32,692,633</u>
Change in Net Assets					(8,817,129)
Net Assets-Beginning					<u>64,947,312</u>
Net Assets-Ending					<u><u>\$56,130,183</u></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 2010. Individual non-major funds may be found in the Supplemental Section.

GENERAL FUND

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

REDEVELOPMENT AGENCY LOW AND MODERATE INCOME HOUSING

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

REDEVELOPMENT AGENCY PROJECTS

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

PUBLIC WORKS CONSTRUCTION

This fund accounts for major City capital improvement projects.

CITY OF SAN PABLO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2010

	General	Redevelopment Agency Low and Moderate Income Housing	Redevelopment Agency Projects	Public Works Construction	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments available for operations (Note 3)	\$20,899,983	\$1,209,068	\$9,714,344	\$5,077,186	\$1,795,093	\$38,695,674
Restricted cash and investments (Note 3)			6,137		7,023,964	7,030,101
Interest receivable	29,119	3,077	17,365		2,791	52,352
Accounts receivable	1,286,582		12,588			1,299,170
Due from other governments	256,218		200,000	1,123,120	279,414	1,858,752
Prepays and deposits (Note 1G)	2,186					2,186
Advance to other fund (Note 4B)		3,000,000				3,000,000
Employee loans receivable (Note 5A)	19,915					19,915
Notes receivable under						
Redevelopment Agency programs (Note 5B)		15,419,100	373,411			15,792,511
Property held for resale (Note 6)		206,626	17,229,264			17,435,890
Total Assets	\$22,494,003	\$19,837,871	\$27,553,109	\$6,200,306	\$9,101,262	\$85,186,551
LIABILITIES						
Accounts payable and accrued liabilities	\$1,102,020	\$22,780	\$140,959	\$1,154,580	\$236,170	\$2,656,509
Advance from other fund (Note 4B)			3,000,000			3,000,000
Deferred revenue		15,419,100	248,123	473,884		16,141,107
Total Liabilities	1,102,020	15,441,880	3,389,082	1,628,464	236,170	21,797,616
FUND BALANCES						
Fund balance (Note 10)						
Reserved for debt service					7,024,256	7,024,256
Reserved for employee loans receivable and notes receivable under Redevelopment Agency programs	19,915		125,288			145,203
Reserved for property held for resale		206,626	17,229,264			17,435,890
Reserved for encumbrances	10,529		7,731	1,762,078	11,035	1,791,373
Reserved for low and moderate income housing		1,189,365				1,189,365
Reserved for prepaids and deposits	2,186					2,186
Reserved for advances		3,000,000				3,000,000
Unreserved, designated for contingencies	10,100,000					10,100,000
Unreserved, undesignated						
Reported in:						
General fund	11,259,353					11,259,353
Special revenue funds					1,829,801	1,829,801
Capital projects funds			6,801,744	2,809,764		9,611,508
TOTAL FUND BALANCES	21,391,983	4,395,991	24,164,027	4,571,842	8,865,092	63,388,935
Total Liabilities and Fund Balances	\$22,494,003	\$19,837,871	\$27,553,109	\$6,200,306	\$9,101,262	

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

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. 60,578,708

NON-CURRENT REVENUES

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 16,141,107

LONG TERM ASSETS AND LIABILITIES

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

Long-term debt	(85,954,993)
Claims payable	(45,425)
Interest payable	(178,458)
Compensated absences	(1,315,406)
Net OPEB asset	4,227,715
Accounts payable and accrued liabilities	(712,000)

NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$56,130,183**

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, 2010

	General	Redevelopment Agency Low and Moderate Income Housing	Redevelopment Agency Projects	Public Works Construction	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$260,080				\$844,179	\$1,104,259
Incremental property taxes			\$9,751,633			9,751,633
Sales taxes	1,169,556				723,974	1,893,530
In-lieu sales tax	456,357					456,357
Utility users tax	1,512,840					1,512,840
Other taxes	15,332,960					15,332,960
Licenses and permits	321,824					321,824
Fines and forfeits	252,924		906			253,830
Intergovernmental	2,017,113			\$1,978,506	1,796,855	5,792,474
Charges for services	273,535				706,474	980,009
Use of money and property	239,592	\$57,038	520,888		86,955	904,473
Miscellaneous	69,612		19,550		45,908	135,070
Total Revenues	21,906,393	57,038	10,292,977	1,978,506	4,204,345	38,439,259
EXPENDITURES						
Current:						
General Government	3,608,932					3,608,932
Community:						
Recreation	1,232,619					1,232,619
Development			6,546,534		1,574,280	8,120,814
Housing		680,286				680,286
Public Works & Engineering			377,781		2,795,550	3,173,331
Police	13,809,500				471,829	14,281,329
Supplemental Educational Revenue						
Augmentation Fund Payment (Note 16)			5,939,603			5,939,603
Estimated reduction in value						
of property held for resale (Note 6)		119,625	3,366,543			3,486,168
Capital outlay	97,436			9,514,008	130,450	9,741,894
Debt service:						
Principal retirement			515,000		2,535,000	3,050,000
Interest and fiscal charges			1,261,134		2,378,926	3,640,060
Total Expenditures	18,748,487	799,911	18,006,595	9,514,008	9,886,035	56,955,036
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,157,906	(742,873)	(7,713,618)	(7,535,502)	(5,681,690)	(18,515,777)
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of property	1,910		2,245			4,155
Transfers in (Note 4A)	100,000	1,972,660	92,888	6,111,634	6,883,308	15,160,490
Transfers (out) (Note 4A)	(2,065,000)	(215,325)	(11,194,542)	(305,000)	(1,380,623)	(15,160,490)
Total Other Financing Sources (Uses)	(1,963,090)	1,757,335	(11,099,409)	5,806,634	5,502,685	4,155
NET CHANGE IN FUND BALANCES	1,194,816	1,014,462	(18,813,027)	(1,728,868)	(179,005)	(18,511,622)
Fund balances at beginning of period	20,197,167	3,381,529	42,977,054	6,300,710	9,044,097	81,900,557
FUND BALANCES AT END OF PERIOD	\$21,391,983	\$4,395,991	\$24,164,027	\$4,571,842	\$8,865,092	\$63,388,935

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, 2010

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$18,511,622)

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 9,794,973
 Depreciation expense is deducted from fund balance (3,875,433)

LONG TERM DEBT PROCEEDS AND PAYMENTS

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

Repayment of debt principal is added back to fund balance 3,050,000
 Capital appreciation bonds accretion (259,521)

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):

Compensated absences (80,549)
 Claims payable (2,513)
 Interest payable 5,020
 Deferred revenue 928,763
 Net OPEB asset 176,753
 Accounts payable and accrued liabilities (43,000)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (\$8,817,129)

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$211,000	\$193,094	\$260,080	\$66,986
Sales taxes	1,170,000	1,201,643	1,169,556	(32,087)
In-lieu sales tax	390,500	456,357	456,357	
Utility users tax	1,275,000	1,093,832	1,512,840	419,008
Other taxes	14,220,000	14,687,802	15,332,960	645,158
Licenses and permits	305,000	303,000	321,824	18,824
Fines and forfeits	145,000	165,000	252,924	87,924
Intergovernmental:				
Motor vehicle in lieu	2,460,000	2,460,000	1,937,853	(522,147)
Other	27,200	25,200	79,260	54,060
Charges for services	225,100	211,100	273,535	62,435
Use of money and property	241,500	242,000	239,592	(2,408)
Miscellaneous	16,710	19,982	69,612	49,630
Total Revenues	20,687,010	21,059,010	21,906,393	847,383
EXPENDITURES				
Current:				
General government	3,183,637	3,576,147	3,608,932	(32,785)
Community:				
Recreation	1,333,970	1,359,970	1,232,619	127,351
Public Works & Engineering		6,300		6,300
Police	13,790,272	13,738,272	13,809,500	(71,228)
Capital outlay	165,000	185,300	97,436	87,864
Total Expenditures	18,472,879	18,865,989	18,748,487	117,502
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,214,131	2,193,021	3,157,906	964,885
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	8,000	6,000	1,910	(4,090)
Transfers in	100,000	53,777	100,000	46,223
Transfers (out)	(2,559,100)	(2,512,877)	(2,065,000)	447,877
Total Other Financing Sources (Uses)	(2,451,100)	(2,453,100)	(1,963,090)	490,010
NET CHANGE IN FUND BALANCE	(\$236,969)	(\$260,079)	1,194,816	\$1,454,895
Fund balance at beginning of year			20,197,167	
FUND BALANCE AT END OF YEAR			\$21,391,983	

See accompanying notes to financial statements

CITY OF SAN PABLO
REDEVELOPMENT AGENCY LOW AND MODERATE INCOME HOUSING FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$61,000	\$61,000	\$57,038	(\$3,962)
Total Revenues	<u>61,000</u>	<u>61,000</u>	<u>57,038</u>	<u>(3,962)</u>
EXPENDITURES				
Current:				
Community:				
Housing	1,442,600	1,895,380	680,286	1,215,094
Estimated reduction in value of property held for resale			<u>119,625</u>	<u>(119,625)</u>
Total Expenditures	<u>1,442,600</u>	<u>1,895,380</u>	<u>799,911</u>	<u>1,095,469</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,381,600)</u>	<u>(1,834,380)</u>	<u>(742,873)</u>	<u>1,091,507</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,534,000	2,964,650	1,972,660	(991,990)
Transfers out		<u>(215,325)</u>	<u>(215,325)</u>	
Total Other Financing Sources (Uses)	<u>2,534,000</u>	<u>2,749,325</u>	<u>1,757,335</u>	<u>(991,990)</u>
NET CHANGE IN FUND BALANCE	<u>\$1,152,400</u>	<u>\$914,945</u>	1,014,462	<u>\$99,517</u>
Fund balance at beginning of year			<u>3,381,529</u>	
FUND BALANCE AT END OF YEAR			<u>\$4,395,991</u>	

See accompanying notes to financial statements

FIDUCIARY FUNDS

FIDUCIARY FUNDS

These funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

RETIREE HEALTH SAVINGS PLAN TRUST FUND

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

CITY OF SAN PABLO
 FIDUCIARY FUNDS
 STATEMENTS OF FIDUCIARY NET ASSETS
 JUNE 30, 2010

	Retiree Health Savings Plan Trust Fund	Agency Funds
ASSETS		
Investments - Mutual Fund (Note 3)	\$4,300,416	
Restricted cash and investments (Note 3)		\$4,118,602
Interest receivable		3,615
Due from other governments		380,344
Total Assets	\$4,300,416	\$4,502,561
 LIABILITIES		
Accounts payable		\$105,338
Deposits held as agent for others		2,458,253
Due to bondholders		1,809,906
Due to the City of San Pablo		129,064
Total Liabilities		\$4,502,561
NET ASSETS		
Held in trust for OPEB benefits	\$4,300,416	

See accompanying notes to financial statements

CITY OF SAN PABLO
 RETIREE HEALTH SAVINGS PLAN TRUST FUND
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2010

	Retiree Health Savings Plan Trust Fund
ADDITIONS	
Employer contributions	\$292,408
Net investment income (loss)	504,731
Total additions	797,139
DEDUCTIONS	
Premiums paid	292,408
Total deductions	292,408
Net change in net assets	504,731
NET ASSETS HELD IN TRUST FOR OPEB BENEFITS	
Beginning of year	3,795,685
End of year	\$4,300,416

See accompanying notes to financial statements



CITY^{OF} SAN PABLO

City of New Directions

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of San Pablo was incorporated as a general law city on April 27, 1948. San Pablo is a community of approximately 32,131 residents situated in Contra Costa County on the east side of San Francisco Bay. San Pablo is located approximately 17 miles east of the City of San Francisco and 12 miles north of the City of Oakland and is surrounded by the City of Richmond. The City operates under the Council-Manager form of government and provides the following services: public safety, highways and streets, recreation, public improvements, planning and zoning and general administration services.

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

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

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

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

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

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

B. Basis of Presentation

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or *services* offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) capital grants and contributions, all of which are capital grants under California law. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

C. Major Funds

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

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

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

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

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

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

The City also reports the following fiduciary fund types:

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

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

D. Basis of Accounting

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

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

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

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

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

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

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

E. Property Tax

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

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

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

F. *Compensated Absences*

Compensated absences comprise unpaid vacation and certain compensated time off, which are accrued as earned. For all governmental funds amounts expected to be paid out for permanent liquidation are recorded as fund liabilities, the long-term portion is recorded in the statement of net assets. The liability for compensated absences is determined annually; the net increase in the liability was \$80,549 at June 30, 2010 and was allocated to the General Government, Community Recreation and Development Programs, Public Works and Engineering and Police on the Statement of Activities. Sick pay does not vest and therefore is not accrued. The change in compensated absences was as follows:

Beginning Balance	\$1,234,857
Additions	1,413,505
Payments	<u>(1,332,956)</u>
Ending Balance	<u>\$1,315,406</u>
Due in One Year	<u>\$1,315,406</u>

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

G. *Prepays and Deposits*

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. The General Fund had prepaid items of \$2,186 at June 30, 2010.

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

H. *Renamed Fund and Closed Fund*

The Measure C Special Revenue Fund was renamed to the Measure C / J Special Revenue Fund to reflect the renewal of the half-cent transportation sales tax approved under Measure J, effective April 1, 2009.

The Oak Park Maintenance District Special Revenue Fund was closed as of June 30, 2010 and future activities in the District will be performed by the Street Lighting and Landscaping Special Revenue Fund.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. *Budget Policy*

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

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen's comments.
3. The budget is legally enacted by City Council resolution.
4. All budget adjustments and transfers between funds and between departments must be approved by the City Council by resolution during the fiscal year. The City Manager and Finance Director are authorized to transfer any unencumbered appropriations within a department. The legally adopted budget requires that expenditures not exceed total appropriations at the department level within each fund.
5. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds except the Adjudicated Asset Seizure, Oak Park Maintenance District, and Traffic Congestion Relief Special Revenue Funds and the 2004 Tax Allocation Revenue Bonds Legacy Project Area. 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.

B. *Adjustments to GAAP Basis From Budgetary Basis*

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

C. *Excess of Expenditures over Appropriations*

The General Fund incurred expenditures in excess of budgets in the general government and police departments in the amounts of \$32,785 and \$71,228, respectively. The Redevelopment Agency Low and Moderate Income Housing Special Revenue Fund and the Redevelopment Agency Capital Projects Fund incurred expenditures in excess of budgets for the estimated reduction in value of property held for resale in the amounts of \$119,625 and \$3,366,543, respectively. The Development Services Special Revenue Fund incurred community development expenditures in excess of budget in the amount of \$167,651, and the Law Enforcement Services Special Revenue Fund incurred police expenditures in excess of budget in the amount of \$108,058. These excesses were the result of unanticipated expenditures; however, sufficient resources were available within the funds to finance these excesses.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 3 - CASH AND INVESTMENTS

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

A. Policies

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

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

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

B. Classification

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

Cash and investments available for operations	\$38,695,674
Restricted cash and investments	<u>7,030,101</u>
Total City cash and investments	45,725,775
Restricted cash and investments	
in Fiduciary Funds (separate statement):	
Retiree Health Savings Plan Trust	4,300,416
Agency Funds	<u>4,118,602</u>
Total cash and investments	<u><u>\$54,144,793</u></u>

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.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 3 - CASH AND INVESTMENTS (Continued)

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 years	N/A	No Limit	No Limit
U.S. Agency Securities	5 years	N/A	No Limit	No Limit
California Local Agency Investment Fund	N/A	N/A	No Limit	\$50 million
Money Market Mutual Funds	N/A	Top rating category	20%	No Limit

D. Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City ordinance, bond indentures or State statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. There is no limitation on the maximum percentage of the portfolio that may be invested in any one investment type or in any one issuer. The table also identifies certain provisions of these debt agreements:

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

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 3 - CASH AND INVESTMENTS (Continued)

E. Investments Authorized for the Retiree Health Savings Plan Trust

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

F. Interest Rate Risk

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

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

	Cash and Investments Available for Operations	Restricted Cash and Investments	Total	Maturity Date
Investments:				
Federal Agency Issues:				
Federal National Mortgage Association	\$499,835		\$499,835	October 27, 2010
Federal National Mortgage Association	500,000		500,000	October 29, 2010
Federal National Mortgage Association	502,400		502,400	December 28, 2010
Federal National Mortgage Association		\$4,573,000	4,573,000	March 9, 2015
Federal National Mortgage Association		1,578,000	1,578,000	March 9, 2015
Federal National Mortgage Association		568,000	568,000	March 9, 2015
Federal Farm Credit Bank	502,250		502,250	September 28, 2010
Federal Farm Credit Bank	500,700		500,700	April 16, 2012
U.S. Treasury Notes	501,836		501,836	October 31, 2011
U.S. Treasury Notes	501,172		501,172	December 31, 2011
Local Agency Investment Fund	34,909,379	2,308,699	37,218,078	203 days average maturity
Wells Fargo Advantage Government Money Market Funds		2,121,004	2,121,004	32 days average maturity
Wells Fargo Advantage Treasury Plus Money Market Funds	14,096		14,096	2 days average maturity
Mutual Funds (Equities)		4,300,416	4,300,416	
Cash with Banks and Petty Cash	264,006		264,006	
Total Cash and Investments	<u>\$38,695,674</u>	<u>\$15,449,119</u>	<u>\$54,144,793</u>	

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California 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.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 3 - CASH AND INVESTMENTS (Continued)

G. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2010 for all Federal Agency Issues were AAA and Money Market funds were AAAM as provided by Standard and Poor's. As an external investment pool, the Local Agency Investment Fund was not rated as of June 30, 2010.

H. Concentration of Credit Risk

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

Fund/Issuer	Investment Type	Reported Amount
2001 Tax Allocation Bonds Tenth Township Project Area Debt Service Fund Federal National Mortgage Association	Federal Agency Security	\$4,573,000
2004 Tax Allocation Bonds Legacy Project Area Debt Service Fund Federal National Mortgage Association	Federal Agency Security	568,000
2006 Subordinate Tax Allocation Bonds Tenth Township Project Area Debt Service Fund Federal National Mortgage Association	Federal Agency Security	1,578,000

NOTE 4 – INTERFUND TRANSACTIONS

A. Transfers Between Funds

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

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 4 – INTERFUND TRANSACTIONS (Continued)

Fund Receiving Transfers	Fund Making Transfers	Transfer Amount	
Major Funds:			
General Fund	Public Safety Special Revenue Fund	\$100,000	(A)
Redevelopment Agency Low and Moderate Income Housing Special Revenue Fund	Redevelopment Agency Projects	1,972,660	(B)
Redevelopment Agency Projects	2001 Tax Allocation Bonds Tenth Township		
	Project Area Debt Service Fund	56,830	(C)
	2004 Tax Allocation Bonds Legacy		
	Project Area Debt Service Fund	36,058	(C)
Public Works Construction	Redevelopment Agency Low and Moderate Income Housing Special Revenue Fund	215,325	(D)
	Redevelopment Agency Projects	4,723,792	(D)
	Measure C/J Special Revenue Fund	693,530	(D)
	Traffic Congestion Relief Special Revenue Fund	478,987	(D)
Non-Major Funds:			
Gas Tax Special Revenue Fund	General Fund	660,000	(E)
Street Lighting and Landscaping Special Revenue Fund	General Fund	530,000	(E)
	Oak Park Maintenance District Special Revenue Fund	15,218	(F)
Development Services Special Revenue Fund	General Fund	875,000	(E)
Measure C/J Special Revenue Fund	Public Works Construction Capital Projects Fund	305,000	(D)
Merged Project Area 1999 Subordinate Tax Allocation Bonds Debt Service Fund	Redevelopment Agency Projects	897,713	(C)
2001 Tax Allocation Bonds Tenth Township			
Project Area Debt Service Fund	Redevelopment Agency Projects	753,355	(C)
2004 Tax Allocation Bonds Legacy			
Project Area Debt Service Fund	Redevelopment Agency Projects	275,500	(C)
2006 Subordinate Tax Allocation Bonds			
Tenth Township Project Area Debt Service Fund	Redevelopment Agency Projects	<u>2,571,522</u>	(C)
		<u>\$15,160,490</u>	

The reasons for these transfers are set forth below:

- (A) Transfer of Public Safety Augmentation Funds to General Fund to fund police services.
- (B) State-required set-aside of Low and Moderate Income Housing portion of property tax increment.
- (C) Transfer amounts required to fund debt service payments.
- (D) Transfer amounts required to fund capital projects.
- (E) Transfer amounts to reduce or eliminate fund deficits.
- (F) To close fund.

B. Redevelopment Advance

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 must be repaid in five years. The balance of the loan at June 30, 2010 was \$3,000,000.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 5 - LOANS AND NOTES RECEIVABLE

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

A. *Employee Loans Receivable*

Elected officials and full-time City employees are eligible to obtain an interest free loan up to \$2,500 to purchase a computer. All requests for loans are subject to review and approval by the Finance Director. Repayment of these loans is handled through payroll deductions, which are spread out equally over a two year period. Employees must pay off any outstanding balance of their loans upon ending employment with the City. As of June 30, 2010, 21 employees had \$19,915 in such loans.

B. *Notes Receivable Under Redevelopment Agency Programs*

The Agency engages in programs designed to encourage construction of or improvement to low-to-moderate income housing. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to expend these funds in accordance with the Agency's terms. The balances of the notes receivable arising from these programs at June 30, 2010 are set forth below:

Casa Adobe-Senior Citizen Units	\$1,232,951
Plaza Sobrante	123,838
Lotus Hotels, Inc.	125,288
Housing Initiative Program	10,984,014
Micro Loan Program	124,285
San Pablo Housing Investors	1,502,622
East Bay Asian Local Development Corporation	<u>1,699,513</u>
Total	<u><u>\$15,792,511</u></u>

C. *Casa Adobe - Senior Citizen Units*

Under the terms of a Disposition and Development Agreement dated June 5, 1989 between the Redevelopment Agency and the Developer, Ecumenical Association for Housing (EAH)-San Pablo, the Agency loaned EAH-San Pablo the amount of \$824,670 to purchase land and construct the Casa Adobe 55 unit housing complex for low income senior citizens

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

NOTE 5 - LOANS AND NOTES RECEIVABLE (Continued)

D. *Plaza Sobrante*

Under the terms of a Rehabilitation and Affordable Housing Subsidy Agreement dated October 28, 1996, the Redevelopment Agency loaned \$250,000 in June 1997 to fund the removal and abatement of certain hazardous materials and the rehabilitation and improvement of the roof and associated structural elements of certain real property on San Pablo Dam Road. The loan is secured by a deed of trust on the property and bears simple annual interest at an average rate equal to the rate of interest earned by the Agency on its funds deposited in the Local Agency Investment Fund for the prior twelve months. In May 1999, the Board of Directors of the Redevelopment Agency agreed to subordinate the lien of its deed of trust to the lien of a deed of trust securing indebtedness to the Mechanics Bank and to Cerda. In January 2003, the Board again agreed to subordinate the lien of its deed of trust to a new loan for the purpose of refinancing the existing first and second mortgages against the Property and approved a Subordination Agreement for that purpose. Principal and accrued interest owed at June 30, 2010 was \$123,838.

E. *Lotus Hotels, Inc.*

In fiscal 2000, the Agency sold land and buildings to Lotus Hotels, Inc. for \$235,000 in return for a first trust deed in that amount. The City also agreed to subordinate its trust deed to a construction loan obtained by Lotus Hotels, Inc. The first loan installment is due one year from the date of the issuance of the certificate of occupancy for the phase one hotel improvements on the site. The Certificate of Occupancy was issued November 9, 2001. Subsequent installments are due on the next nine anniversaries in ten equal installments with one final balance payment due one year later. The note carries 6% simple interest per annum for the first three years after the issuance of the certificate of occupancy, at which time it increases to the prime rate. At June 30, 2010, Lotus Hotels, Inc. owed principal of \$92,598 and interest of \$32,690 to the Agency.

F. *Housing Initiative Program*

The Redevelopment Agency administers a Housing Initiative Program under which individuals may qualify for first-time home buyer, purchase rehabilitation, second and third trust deed home improvement, dilapidated unit purchase, or foreclosed unit purchase loans. During fiscal year 2010 the Agency made loans to 4 new participants and at June 30, 2010 loans outstanding under this Program totaled \$10,984,014.

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

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 5 - LOANS AND NOTES RECEIVABLE (Continued)

G. *Micro Loan Program*

In May 2003, the Agency created a Micro Loan Program to provide loans to building and business owners in the range of \$20,000 to \$50,000 to foster economic growth in San Pablo's commercial areas. The Micro Loan Program encourages private investment while providing an impetus for building and business owners to upgrade, renovate and improve their properties and businesses. At June 30, 2010, two loans were outstanding with a balance of \$124,285.

H. *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, 2010, principal of \$1,125,696 and interest of \$376,926 were owed to the Agency.

I. *East Bay Asian Local Development Corporation*

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

On August 16, 2005, an amendment to the Owner Participation Agreement provided EBALDC with a supplemental project loan of up to \$1,200,000. Proceeds will facilitate the original construction project. Repayment terms of this additional loan are the same as the terms of the original loan. As of June 30, 2010, EBALDC has drawn down \$1,199,513 of the supplemental project loan.

NOTE 6 - PROPERTY HELD FOR RESALE

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

During the year ended June 30, 2010 the Agency reviewed the estimated market value for each of the parcels and as a result of the general decline in real estate values has reduced the carrying value of the parcels by \$3,486,168.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 7 - 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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 7 - CAPITAL ASSETS (Continued)

A. Capital Asset Additions and Retirements

Capital assets recorded at June 30 comprise:

	Balance at June 30, 2009	Additions	Retirements	Transfers	Balance at June 30, 2010
<i>Governmental activities</i>					
Capital assets not being depreciated:					
Land and land improvements	\$8,029,245	\$394,146			\$8,423,391
Construction in progress	11,818,574	9,105,059		(\$3,563,078)	17,360,555
Total capital assets not being depreciated	<u>19,847,819</u>	<u>9,499,205</u>		<u>(3,563,078)</u>	<u>25,783,946</u>
Capital assets being depreciated:					
Buildings and improvements	10,089,456	1,800	(\$1,863)	468,903	10,558,296
Machinery and equipment	2,323,236	5,367	(55,984)		2,272,619
Vehicles	2,467,055	216,542	(114,174)		2,569,423
Park and trail improvements	430,808				430,808
Sports fields	1,506,986				1,506,986
Roads & streets including sidewalks	48,916,913	72,059		3,094,175	52,083,147
Bridges	5,486,753				5,486,753
Street lights	357,875				357,875
Storm drains	1,918,630				1,918,630
Traffic signals	1,760,004				1,760,004
Trees	1,227,462				1,227,462
Total capital assets being depreciated	<u>76,485,178</u>	<u>295,768</u>	<u>(172,021)</u>	<u>3,563,078</u>	<u>80,172,003</u>
Less accumulated depreciation for:					
Buildings and improvements	4,774,261	261,541	(1,863)		5,033,939
Machinery and equipment	1,693,615	185,270	(55,984)		1,822,901
Vehicles	1,406,675	233,239	(114,174)		1,525,740
Park and trail improvements	215,821	39,484			255,305
Sports fields	596,704	80,219			676,923
Roads & streets including sidewalks	25,283,223	2,859,697			28,142,920
Bridges	3,831,168	99,968			3,931,136
Street lights	325,883	10,512			336,395
Storm drains	1,628,338	39,718			1,668,056
Traffic signals	1,494,708	41,235			1,535,943
Trees	423,433	24,550			447,983
Total accumulated depreciation	<u>41,673,829</u>	<u>3,875,433</u>	<u>(172,021)</u>		<u>45,377,241</u>
Net capital assets being depreciated	<u>34,811,349</u>	<u>(3,579,665)</u>		<u>3,563,078</u>	<u>34,794,762</u>
Governmental activity capital assets, net	<u>\$54,659,168</u>	<u>\$5,919,540</u>			<u>\$60,578,708</u>

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 7 - CAPITAL ASSETS (Continued)

Construction in progress comprised the following at June 30, 2010:

Project	Amount
Wanlass Park	\$6,373,052
El Portal Gateway Streetscape	3,604,023
San Pablo Avenue Overlay	1,972,251
Rumrill Boulevard Bridge	1,433,502
Slurry Seal Project 08/09	889,269
Davis Park Community Center	410,722
Gas Tank Replacement	405,383
Kennedy Plaza Renovation	384,820
I-80/San Pablo Dam Road Interchange	363,295
Brentz Lane Park	272,604
Creek Embankment Stabilization	254,439
Old Town Traffic Study	184,161
Creek Bank Repair	183,033
Wildcat Creek Trail	150,799
Other	479,202
Total construction in progress	\$17,360,555

B. Capital Asset Contributions

Some capital assets may be acquired using federal and State grant funds, or they may be contributed by developers or other governments. These contributions are accounted for as revenues at the time the capital assets are contributed.

C. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

General Government	\$164,800
Community Recreation	26,449
Community Development	98,811
Public Works	3,360,359
Police	225,014
Total depreciation expense	\$3,875,433

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM DEBT

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

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

A. Tax Allocation Bonds

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

	Original Issue Amount	Balance June 30, 2009	Additions	Retirements	Balance June 30, 2010	Current Portion
Tenth Township Redevelopment Project						
Subordinate Tax Allocation Bonds Series 1999A						
3.75-5.65%, due 12/01/2023	\$9,850,000	\$6,465,000		\$560,000	\$5,905,000	\$585,000
Tax Allocation Revenue Bonds Series 2001						
Current Interest Serial Bonds						
3.25-4.85%, due 12/01/2018	7,855,000	4,645,000		470,000	4,175,000	495,000
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	4,515,472	\$259,521		4,774,993	
Tax Allocation Revenue Bonds Series 2004						
2.00-5.00%, due 12/01/2032	37,755,000	34,840,000		525,000	34,315,000	540,000
Subordinate Tax Allocation Bonds Series 2006						
Variable rate, due 12/01/2032	36,000,000	36,000,000		1,495,000	34,505,000	34,505,000
		<u>\$88,745,472</u>	<u>\$259,521</u>	<u>\$3,050,000</u>	<u>\$85,954,993</u>	<u>\$36,125,000</u>
Total Governmental Activity Debt						

B. Debt Service Requirements

Debt service requirements are shown below.

For the Year Ending June 30	Principal (1)	Interest
2011	\$36,125,000	\$3,495,135
2012	2,075,000	3,313,027
2013	2,555,000	3,169,892
2014	2,665,000	3,022,374
2015	1,900,000	2,868,984
2016-2020	12,135,000	11,755,772
2021-2025	13,740,000	6,689,012
2026-2030	16,315,000	3,224,544
2031-2033	5,725,000	546,838
	<u>\$93,235,000</u>	<u>\$38,085,578</u>
Total principal due		

(1) Includes unaccreted discount totaling \$7,280,007

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM DEBT (Continued)

C. 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.

D. 2001 Tax Allocation Revenue Bonds

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

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

The 2001 Bonds Capital Appreciation Bonds unaccreted discount totaled \$7,280,007 and the outstanding balance increased \$259,521 due to the annual increase in accreted value. Principal and interest payments of \$2,635,000, \$2,355,000, \$2,355,000, \$1,570,000, \$1,570,000 and \$1,570,000 commence December 1, 2024 and continue through December 1, 2029.

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

E. 2004 Tax Allocation Revenue Bonds

On March 18, 2004, the Agency issued \$37,755,000 of Tax Allocation Revenue Bonds, Series 2004 to defease \$13,910,000 of outstanding 1993 Tax Allocation Bonds, and to fund capital projects in the Legacy and Tenth Township Project Areas. The 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.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM DEBT (Continued)

F. 2006 Subordinate Tax Allocation Bonds

On October 5, 2006 the Agency issued \$36,000,000 of Tenth Township Redevelopment Project Area Subordinate Tax Allocation Bonds, Series 2006 to refund the remaining \$12,350,000 principal amount of the 1993 Tax Allocation Bonds and to fund certain public improvements in the Tenth Township Project Area. In October 2006 the City defeased the outstanding 1993 Bonds by placing a portion of the proceeds from the 2006 Bonds in an irrevocable trust to provide amounts sufficient to pay on December 1, 2006 the prepayment price of 102% of the principal amount and accrued interest. The 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 is valid through June 5, 2011. The Agency is required to pay Union Bank an annual Letter of Credit Fee equal to 0.70% 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, 2010, and its short-term credit rating from Standard and Poor's was A-1 at June 30, 2010.

Although the Agency anticipates renewing the letter of credit prior to its expiration on June 5, 2011, the 2006 Subordinate Tax Allocation Bonds are subject to mandatory tender for purchase upon termination or expiration of the letter of credit, therefore the entire outstanding principal balance of these Bonds has been reported as due in one year.

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, 2010 of 4.1085% is comprised of the variable rate paid to the bondholders (.14%), plus the fixed rate paid to the swap counterparty (3.555%), less the variable rate received from the swap counterparty (.374%), plus the letter of credit fee paid by the Agency to the letter of credit provider (.70%), plus the remarketing fee paid to the remarketing agent (.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.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM DEBT (Continued)

Terms. The terms, including the counterparty credit rating of the outstanding swap, as of June 30, 2010, 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
\$34,505,000	10/5/2006	Piper Jaffray Financial Products, Inc. (Morgan Stanley)	A2 / A	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.

As of June 30, 2010, the fair value of the cash flow hedging derivative swap was in favor of the counterparty in the amount of (\$4,449,011), a decrease of \$1,220,329 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 City has accounted for the change in fair value of the swap as a deferred outflow.

Credit risk. As of June 30, 2010, 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.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM DEBT (Continued)

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, 2010, 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 B. above:

For the Year Ending June 30	Variable-Rate Bonds			Total
	Principal	Interest (1)	Interest Rate Swap, Net (2)	
2011	\$34,505,000	\$48,307	\$1,338,674	\$35,891,981
2012			1,283,909	1,283,909
2013			1,242,438	1,242,438
2014			1,207,019	1,207,019
2015			1,152,849	1,152,849
2016-2020			4,716,661	4,716,661
2021-2025			2,411,460	2,411,460
2026-2030			1,035,183	1,035,183
2031-2033			231,065	231,065
Totals	<u>\$34,505,000</u>	<u>\$48,307</u>	<u>\$14,619,258</u>	<u>\$49,172,565</u>

- (1) Variable rate was 0.14% on June 30, 2010
- (2) Interest rate swap fixed rate, net of the variable rate received from the counterparty and associated fees was 4.1085% on June 30, 2010 (0.14% paid to bondholders, plus 3.555% fixed swap rate paid to counterparty, less .374% variable rate received from counterparty, plus .70% credit fee and .0875% remarketing fee)

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM DEBT (Continued)

G. 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 \$131,319,497 remaining debt service on the Bonds above, which is scheduled to occur in 2032. 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. For fiscal year 2010, pledged tax increment revenue amounted to \$7,890,641 which represented coverage of 118% over the \$6,690,060 of debt service.

H. Conduit Debt Defeased in Prior Years

In prior years, the Agency defeased two of its mortgage revenue bond issues by selling all outstanding mortgage loans and placing the proceeds in irrevocable trusts to provide for all future debt service payments. As of June 30, 2010 the 1978 and 1979 issues were fully repaid.

NOTE 9 - SPECIAL ASSESSMENT DEBT WITHOUT CITY COMMITMENT

Special assessment districts are established in various parts of the City to provide improvements to properties located in those districts. Properties are assessed for the cost of improvements; these assessments are payable solely by property owners over the term of the debt issued to finance the improvements. The City is not legally or morally obligated to pay these debts or be the purchaser of last resort of foreclosed properties in the special assessment districts, nor is it obligated to advance available City funds to repay this debt in the event of default by any of these districts. At June 30, 2010, the balance of these districts' outstanding debt was as follows:

1998 Oak Park Reassessment Bonds	\$2,165,000
1997 Town Center Reassessment Bonds	1,125,000

NOTE 10 – NET ASSETS AND FUND BALANCES

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

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

A. Net Assets

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

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 10 – NET ASSETS AND FUND BALANCES (Continued)

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

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

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

B. Fund Balances, Reserves and Designations

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

C. Reserves

Reserves result from prior actions or transactions or are placed by outside entities such as bondholders, other governments, etc., and restrict the expenditures of the reserved funds to the purpose intended by the entity which provided the funds. The City cannot modify or remove these reserves. At June 30, 2010, reserves included:

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

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

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

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

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

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

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 10 – NET ASSETS AND FUND BALANCES (Continued)

D. Designations

Designations are imposed by City Council to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Council action. At June 30, 2010, the designation for contingencies represents unreserved fund balance set aside for future events or capital projects. Such plans are subject to change and may or may not be legally authorized or result in expenditures.

E. Fund Equity Deficit

The Street Lighting and Landscaping Special Revenue Fund and the Development Services Special Revenue Fund had deficit fund balances of \$1,258 and \$18,006, respectively, as of June 30, 2010. The deficits will be eliminated by future revenues.

NOTE 11 - PENSION PLANS

A. CALPERS Safety and Miscellaneous Employees Plans

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The City's labor contracts require it to pay employee contributions as well as its own. However, effective June 16, 2008, the City amended its Plans and the employees agreed to pay 3.3% of their contributions. The Plans' provisions and benefits in effect at June 30, 2010 are summarized as follows:

	<u>Safety</u>	<u>Miscellaneous</u>
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as a % of annual salary	3.0%	2.0% -2.5%
Required employee contribution rates	9.0%	8.0%
Required employer contribution rates	14.942%	7.500%
Actuarially required contributions	\$973,783	\$440,866

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (Continued)

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, 2008	\$838,833	100%	\$0
June 30, 2009	1,010,507	100%	0
June 30, 2010	973,783	100%	0
<i>Miscellaneous Plan</i>			
June 30, 2008	\$546,729	100%	\$0
June 30, 2009	455,764	100%	0
June 30, 2010	440,866	100%	0

CALPERS uses the market related value method of valuing the Plan's assets. For the most recent actuarial report, as of June 30, 2008, an investment rate of return of 7.75% is assumed, including inflation at 3.0%. 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 16 years for the Safety Plan and 17 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.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (Continued)

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:

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
2006	\$7,278,049,834	\$6,102,615,567	\$1,175,434,267	83.8%	\$754,730,438	155.7%
2007	7,986,055,176	6,826,599,459	1,159,455,717	85.5%	831,607,658	139.4%
2008	8,700,467,733	7,464,927,716	1,235,540,017	85.8%	914,840,596	135.1%

The City's Safety Plan represents approximately 0.62% and 0.63%, of the State-wide pool for the years ended June 30, 2008 and 2007, respectively, based on covered payroll of \$5,683,872 and \$5,250,599, for those years.

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
2006	\$912,988,585	\$787,758,909	\$125,229,676	86.3%	\$200,320,145	62.5%
2007	1,315,454,361	1,149,247,298	166,207,063	87.4%	289,090,187	57.5%
2008	1,537,909,933	1,337,707,835	200,202,098	87.0%	333,307,600	60.1%

The City's Miscellaneous Plan represents approximately 1.55% and 1.67%, of the State-wide pool for the years ended June 30, 2008 and 2007, respectively, based on covered payroll of \$5,181,587 and \$4,823,369, for those years.

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 \$6,611 and the employee's required contributions of \$31,530 were made during the fiscal year ending June 30, 2010.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 11 - 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, 2010 there were 54 participants receiving these health care benefits.

The Plan provisions and benefits in effect at June 30, 2010 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)	\$105 for single \$220 for two party \$285 for family	\$105 for single \$220 for two party \$285 for family	\$105 for single \$220 for two party \$285 for family	\$105 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

NOTE 11 - PENSION PLANS (Continued)

Funding Policy and Actuarial Assumptions

The City's policy is to prefund these benefits by accumulating assets in the Trust Fund discussed above pursuant to City Council Resolution 2007-024 (Resolution). The annual required contribution (ARC) was determined as part of a July 1, 2008 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, 2010, the City contributed \$292,408 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	\$217,670
Interest on net OPEB (obligation) asset	283,567
Adjustment to annual required contribution	<u>(385,582)</u>
Annual OPEB cost	115,655
Contributions made	<u>(292,408)</u>
(Decrease) increase in net OPEB obligations	(176,753)
Net OPEB obligation (asset) June 30, 2009	<u>(4,050,962)</u>
Net OPEB obligation (asset) June 30, 2010	<u><u>(\$4,227,715)</u></u>

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (Continued)

The Plan's annual required contributions and actual contributions for the years ended June 30, 2008, 2009, and 2010 are set forth below:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2008	\$503,122	\$3,513,825	698%	(\$921,415)
6/30/2009	123,894	242,738	196%	(4,050,962)
6/30/2010	115,655	292,408	253%	(4,227,715)

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%

NOTE 12 - DEFERRED COMPENSATION PLAN

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

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

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 13 – 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
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 (\$5,000)	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, 2010, 2009 and 2008 the amount of settlements did not exceed insurance coverage.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 13 – RISK MANAGEMENT (Continued)

B. Liability for Uninsured Claims

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

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

	June 30	
	2010	2009
Beginning balance	\$42,912	\$77,346
Provision for current fiscal year claims	45,148	29,486
(Change) in provision for prior fiscal year claims	7,382	4,356
Claims paid	(50,017)	(68,276)
Ending balance	\$45,425	\$42,912

NOTE 14 - JOINT POWERS AGREEMENTS

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

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

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

B. West Contra Costa Transportation Advisory Committee (WCCTAC)

WCCTAC was established in 1990 to develop regional strategies and meet regional requirements established by Measure C and to cooperatively address West Contra Costa County transportation issues. The City's payments to WCCTAC are in accordance with a formula under which each member Agency pays a proportionate share of the expenditures based on the number of voting members representing each Agency. The City has one voting member on the WCCTAC and pays 9.1% of the expenditures. For fiscal year 2009-2010, the dues paid to WCCTAC were \$42,772.

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

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 15 - COMMITMENTS AND CONTINGENCIES

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

The City has one known pollution remediation project that the Agency has undertaken. Under a Voluntary Cleanup Agreement with the California Department of Toxic Substances Control, the Agency plans to clean up the former Burlington Northern Santa Fe Property on Rumrill Boulevard to provide for future unrestricted land use. The property is currently owned by the Redevelopment Agency. The Agency has started a Removal Action Work Plan (RAW), and the cost of the preferred alternative remediation is estimated to be \$712,000 but the final remediation method has not been determined. The City has recorded this amount as an accrued liability in the Statement of Net Assets, 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.

The City participates in several federal and State grant programs. These programs are subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

The Agency has an agreement with Contra Costa County which requires it to pass through a portion of its property tax increment to the County. Increments in the amount of \$664,288 were passed through to the County in fiscal 2010 and increments of \$6,041,447 have been passed through to date. Beginning in 2012, one hundred percent of the net property tax (property tax increment less debt service and low to moderate income set aside) must be passed through to certain county agencies.

NOTE 16 – TAX INCREMENT SHIFT TO SUPPLEMENTAL EDUCATIONAL REVENUE AUGMENTATION FUND (SERAF)

The State of California adopted AB26 4X in July 2009 which directs that a portion of the incremental property taxes received by redevelopment agencies, based on the property taxes received in fiscal year 2006-07, be paid instead to the County supplemental educational revenue augmentation fund (SERAF) in fiscal years 2009-10 and 2010-11. The State Department of Finance determines each agency's SERAF payment by November 15 of each year, and payments are due by May 10 of the applicable year. The Agency made its first SERAF payment of \$5,939,603 in fiscal year 2009-10.

Based on the calculations in AB26 4X, the Agency's SERAF payment is estimated to be \$1,221,670 in fiscal year 2010-11. The Agency can use any legally available funds to make the SERAF payments. The obligation to make the SERAF payment is subordinate to obligations to repay bonds. However, if the Agency fails to make the full SERAF payment, the Agency may not encumber or expend funds other than to pay pre-existing indebtedness, contractual obligations and 75% of the amount expended on Agency administration for the preceding fiscal year until the SERAF is paid in full.

The requirement to make the SERAF payment has been challenged in court by an action filed by the California Redevelopment Association (CRA) and the SERAF was declared to be valid and enforceable by a judgment of the Sacramento County Superior court on May 4, 2010. The CRA has appealed the decision. It is anticipated that the Court of Appeal will render its decision before the May 10, 2011 SERAF payment is due.

CITY OF SAN PABLO
Notes to Basic Financial Statements

**NOTE 17 – PROPOSITION 1A BORROWING BY THE STATE OF CALIFORNIA AND
SECURITIZATION**

Under the provisions of Proposition 1A and as part of the fiscal year 2009-10 budget package passed by the California State legislature on July 28, 2009, the State of California borrowed 8% of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fees, triple flip in lieu sales taxes, and supplemental property taxes, apportioned to the City. The State is required to repay the \$255,848 it borrowed from the City, plus interest, by June 30, 2013.

Authorized with the 2009-10 State budget package was the Proposition 1A Securitization Program (Program), administered by the California Statewide Communities Development Authority (California Communities), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities. Under the Program, the participating cities receive cash equal to their share of State borrowings and forgo interest they otherwise would have received from the State on the unpaid borrowings. The City is a participant in the Program.

California Communities simultaneously purchased the Proposition 1A receivables from the City and other participants, and issued bonds to provide participants with proceeds to be remitted in two equal installments due on January 15, 2010 and May 3, 2010. All costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. As of June 30, 2010, the City received both installments due under the Program and recorded them as property taxes in the same manner as if the State had not exercised its rights under Proposition 1A. Since sales proceeds to the City equal the book value of State borrowings no gain or loss was incurred.



CITY^{OF} SAN PABLO

City of New Directions

MAJOR GOVERNMENTAL FUNDS, OTHER THAN GENERAL FUND AND SPECIAL REVENUE FUNDS
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REDEVELOPMENT AGENCY PROJECTS

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

CITY OF SAN PABLO
REDEVELOPMENT AGENCY PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property taxes	\$10,603,408	\$9,751,633	(\$851,775)
Fines and forfeits		906	906
Use of money and property	683,000	520,888	(162,112)
Miscellaneous	<u>60,000</u>	<u>19,550</u>	<u>(40,450)</u>
Total Revenues	<u>11,346,408</u>	<u>10,292,977</u>	<u>(1,053,431)</u>
EXPENDITURES			
Current:			
Community:			
Development	7,620,339	6,546,534	1,073,805
Public Works & Engineering	401,822	377,781	24,041
Supplemental Educational Revenue			
Augmentation Fund Payment	5,933,826	5,939,603	5,777
Estimated reduction in value of property held for resale		3,366,543	(3,366,543)
Capital outlay	232,000	226,744	5,256
Debt service:			
Principal	515,000	515,000	
Interest and fiscal charges	<u>1,536,635</u>	<u>1,261,134</u>	<u>275,501</u>
Total Expenditures	<u>16,239,622</u>	<u>18,233,339</u>	<u>(1,982,163)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>(4,893,214)</u>	<u>(7,940,362)</u>	<u>(3,047,148)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of property		2,245	2,245
Transfers in	1,500,000	92,888	(1,407,112)
Transfers (out)	<u>(9,673,916)</u>	<u>(11,194,542)</u>	<u>(1,520,626)</u>
Total Other Financing Sources (Uses)	<u>(8,173,916)</u>	<u>(11,099,409)</u>	<u>(2,925,493)</u>
NET CHANGE IN FUND BALANCE			
	<u>(\$13,067,130)</u>	<u>(19,039,771)</u>	<u>(\$5,972,641)</u>
Adjustment to budgetary basis:			
Capital outlay		226,744	
Fund balance at beginning of year		<u>42,977,054</u>	
FUND BALANCE AT END OF YEAR			
		<u>\$24,164,027</u>	

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

GAS TAX

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

PUBLIC SAFETY

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

STREET LIGHTING AND LANDSCAPING

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

N.P.D.E.S.

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

DEVELOPMENT SERVICES

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

MEASURE C / J

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

ADJUDICATED ASSET SEIZURES

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

OAK PARK MAINTENANCE DISTRICT

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

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

PARATRANSIT

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

LAW ENFORCEMENT SERVICES

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

TRAFFIC CONGESTION RELIEF

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

HCD GRANT

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

DEBT SERVICE FUNDS

MERGED PROJECT AREA 1999 SUBORDINATE TAX ALLOCATION BONDS

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

2001 TAX ALLOCATION REVENUE BONDS TENTH TOWNSHIP PROJECT AREA

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

2004 TAX ALLOCATION REVENUE BONDS LEGACY PROJECT AREA

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

2006 SUBORDINATE TAX ALLOCATION BONDS TENTH TOWNSHIP PROJECT AREA

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



CITY^{OF} SAN PABLO

City of New Directions

CITY OF SAN PABLO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2010

SPECIAL REVENUE FUNDS

	Gas Tax	Public Safety	Street Lighting and Landscaping	N.P.D.E.S.	Development Services	Measure C / J
ASSETS						
Cash and investments available for operations	\$63,464	\$63,243	\$75,335	\$144,930	\$18,470	\$756,572
Restricted cash and investments						
Interest receivable						1,271
Due from other governments	51,798	14,253				
Total Assets	115,262	77,496	75,335	144,930	18,470	757,843
LIABILITIES						
Accounts payable and accrued liabilities	115,193		76,593	4,009	36,476	
Total Liabilities	115,193		76,593	4,009	36,476	
FUND BALANCES						
Reserved for:						
Encumbrances	7,285		3,750			
Debt service						
Unreserved:						
Undesignated	(7,216)	77,496	(5,008)	140,921	(18,006)	757,843
Total Fund Balance (Deficit)	69	77,496	(1,258)	140,921	(18,006)	757,843
Total Liabilities and Fund Balances	115,262	77,496	75,335	144,930	18,470	757,843

SPECIAL REVENUE FUNDS

DEBT SERVICE FUNDS

Adjudicated Asset Seizures	Oak Park Maintenance District	Paratransit	Law Enforcement Services	Traffic Congestion Relief	HCD Grant	Merged Project Area 1999 Subordinate Tax Allocation Bonds	2001 Tax Allocation Bonds Tenth Township Project Area
\$104,469		\$373,835	\$110,606	\$298	\$83,871		\$4,606,573
141		527	68	492			260
			132,897	80,466			
<u>\$104,610</u>	<u></u>	<u>\$374,362</u>	<u>\$243,571</u>	<u>\$81,256</u>	<u>\$83,871</u>	<u></u>	<u>\$4,606,833</u>
		\$1,354	\$2,545				
		1,354	2,545				
							\$4,606,833
<u>\$104,610</u>	<u></u>	<u>373,008</u>	<u>241,026</u>	<u>\$81,256</u>	<u>\$83,871</u>	<u></u>	<u></u>
<u>104,610</u>	<u></u>	<u>373,008</u>	<u>241,026</u>	<u>81,256</u>	<u>83,871</u>	<u></u>	<u>4,606,833</u>
<u>\$104,610</u>	<u></u>	<u>\$374,362</u>	<u>\$243,571</u>	<u>\$81,256</u>	<u>\$83,871</u>	<u></u>	<u>\$4,606,833</u>

(Continued)

CITY OF SAN PABLO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2010

DEBT SERVICE FUNDS

	<u>2004 Tax Allocation Bonds Legacy Project Area</u>	<u>2006 Subordinate Tax Allocation Bonds Tenth Township Project Area</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and investments available for operations			\$1,795,093
Restricted cash and investments	\$568,189	\$1,849,202	7,023,964
Interest receivable	32		2,791
Due from other governments			279,414
	<u>568,221</u>	<u>1,849,202</u>	<u>9,101,262</u>
LIABILITIES			
Accounts payable and accrued liabilities			\$236,170
			<u>236,170</u>
FUND BALANCES			
Reserved for:			
Encumbrances			11,035
Debt service	\$568,221	\$1,849,202	7,024,256
Unreserved:			
Undesignated			1,829,801
	<u>568,221</u>	<u>1,849,202</u>	<u>8,865,092</u>
Total Fund Balance (Deficit)	<u>568,221</u>	<u>1,849,202</u>	<u>8,865,092</u>
Total Liabilities and Fund Balances	<u>568,221</u>	<u>1,849,202</u>	<u>9,101,262</u>



CITY^{OF} SAN PABLO

City of New Directions

CITY OF SAN PABLO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SPECIAL REVENUE FUNDS

	Gas Tax	Public Safety	Street Lighting and Landscaping	N.P.D.E.S.	Development Services	Measure C / J
REVENUES						
Property taxes			\$838,929	\$5,250		
Sales tax		\$81,314				\$642,660
Intergovernmental	\$528,528			332,294	\$1,500	
Charges for services	112,333			6,328	\$587,813	
Use of money and property						\$5,792
Miscellaneous	129			3,000		
Total Revenues	640,990	81,314	838,929	346,872	589,313	648,452
EXPENDITURES						
Current:						
Community:						
Development					1,485,011	
Public Works & Engineering	1,225,655		1,360,255	209,628		
Police						
Capital outlay	119,256		11,194			
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	1,344,911		1,371,449	209,628	1,485,011	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(703,921)	81,314	(532,520)	137,244	(895,698)	648,452
OTHER FINANCING SOURCES (USES)						
Transfers in	660,000		545,218		875,000	305,000
Transfers (out)		(100,000)				(693,530)
Total Other Financing Sources (Uses)	660,000	(100,000)	545,218		875,000	(388,530)
NET CHANGE IN FUND BALANCES	(43,921)	(18,686)	12,698	137,244	(20,698)	259,922
Fund balances (deficits) at beginning of year	43,990	96,182	(13,956)	3,677	2,692	497,921
FUND BALANCES (DEFICITS) AT END OF YEAR	\$69	\$77,496	(\$1,258)	\$140,921	(\$18,006)	\$757,843

SPECIAL REVENUE FUNDS					DEBT SERVICE FUNDS		
Adjudicated Asset Seizures	Oak Park Maintenance District	Paratransit	Law Enforcement Services	Traffic Congestion Relief	HCD Grant	Merged Project Area 1999 Subordinate Tax Allocation Bonds	2001 Tax Allocation Bonds Tenth Township Project Area
		\$145,033	\$501,048	\$288,452			
\$693	\$78	2,489	430	\$2,058			\$62,312
42,638			\$141				
43,331	78	147,522	501,619	290,510			62,312
		89,269					
30,371	12		441,458				
						\$560,000	470,000
						337,782	307,192
30,371	12	89,269	441,458			897,782	777,192
12,960	66	58,253	60,161	290,510		(897,782)	(714,880)
	(15,218)			(478,987)		897,713	753,355
	(15,218)			(478,987)			(56,830)
	(15,218)			(478,987)		897,713	696,525
12,960	(15,152)	58,253	60,161	(188,477)		(69)	(18,355)
91,650	15,152	314,755	180,865	269,733	\$83,871	69	4,625,188
\$104,610		\$373,008	\$241,026	\$81,256	\$83,871		\$4,606,833

(Continued)

CITY OF SAN PABLO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	DEBT SERVICE FUNDS		
	2004 Tax Allocation Bonds Legacy Project Area	2006 Subordinate Tax Allocation Bonds Tenth Township Project Area	Total Nonmajor Governmental Funds
REVENUES			
Property taxes			\$844,179
Sales tax			723,974
Intergovernmental			1,796,855
Charges for services			706,474
Use of money and property	\$7,743	\$5,360	86,955
Miscellaneous			45,908
Total Revenues	7,743	5,360	4,204,345
EXPENDITURES			
Current:			
Community:			
Development			1,574,280
Public Works & Engineering			2,795,550
Police			471,829
Capital outlay			130,450
Debt Service:			
Principal	10,000	1,495,000	2,535,000
Interest and fiscal charges	265,500	1,468,452	2,378,926
Total Expenditures	275,500	2,963,452	9,886,035
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(267,757)	(2,958,092)	(5,681,690)
OTHER FINANCING SOURCES (USES)			
Transfers in	275,500	2,571,522	6,883,308
Transfers (out)	(36,058)		(1,380,623)
Total Other Financing Sources (Uses)	239,442	2,571,522	5,502,685
NET CHANGE IN FUND BALANCES			
	(28,315)	(386,570)	(179,005)
Fund balances (deficits) at beginning of year			
	596,536	2,235,772	9,044,097
FUND BALANCES (DEFICITS) AT END OF YEAR			
	\$568,221	\$1,849,202	\$8,865,092



CITY^{OF} SAN PABLO

City of New Directions

CITY OF SAN PABLO
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SPECIAL REVENUE FUNDS

	GAS TAX			PUBLIC SAFETY		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax				\$90,000	\$81,314	(\$8,686)
Intergovernmental	\$516,000	\$528,528	\$12,528			
Charges for services	60,750	112,333	51,583			
Use of money and property						
Miscellaneous	1,000	129	(871)			
Total Revenues	<u>577,750</u>	<u>640,990</u>	<u>63,240</u>	<u>90,000</u>	<u>81,314</u>	<u>(8,686)</u>
EXPENDITURES						
Current:						
Community:						
Development						
Housing						
Public Works & Engineering	1,412,131	1,225,655	186,476			
Police						
Capital outlay	124,500	119,256	5,244			
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>1,536,631</u>	<u>1,344,911</u>	<u>191,720</u>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(958,881)</u>	<u>(703,921)</u>	<u>254,960</u>	<u>90,000</u>	<u>81,314</u>	<u>(8,686)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	949,181	660,000	(289,181)			
Transfers (out)				(100,000)	(100,000)	
Total Other Financing Sources (Uses)	<u>949,181</u>	<u>660,000</u>	<u>(289,181)</u>	<u>(100,000)</u>	<u>(100,000)</u>	
NET CHANGE IN FUND BALANCES	<u>(\$9,700)</u>	<u>(43,921)</u>	<u>(\$34,221)</u>	<u>(\$10,000)</u>	<u>(18,686)</u>	<u>(\$8,686)</u>
Fund balances (deficit) at beginning of year		43,990			96,182	
FUND BALANCES (DEFICIT) AT END OF YEAR		<u>\$69</u>			<u>\$77,496</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)
\$840,000	\$838,929	(\$1,071)	\$24,000	\$5,250	(\$18,750)			
			297,000	332,294	35,294		\$1,500	\$1,500
				6,328	6,328	\$440,000	587,813	147,813
				3,000	3,000			
<u>840,000</u>	<u>838,929</u>	<u>(1,071)</u>	<u>321,000</u>	<u>346,872</u>	<u>25,872</u>	<u>440,000</u>	<u>589,313</u>	<u>149,313</u>
						1,317,360	1,485,011	(167,651)
1,393,586	1,360,255	33,331	367,223	209,628	157,595			
15,250	11,194	4,056						
<u>1,408,836</u>	<u>1,371,449</u>	<u>37,387</u>	<u>367,223</u>	<u>209,628</u>	<u>157,595</u>	<u>1,317,360</u>	<u>1,485,011</u>	<u>(167,651)</u>
<u>(568,836)</u>	<u>(532,520)</u>	<u>36,316</u>	<u>(46,223)</u>	<u>137,244</u>	<u>183,467</u>	<u>(877,360)</u>	<u>(895,698)</u>	<u>(18,338)</u>
582,789	545,218	(37,571)	46,223		(46,223)	1,004,360	875,000	(129,360)
<u>582,789</u>	<u>545,218</u>	<u>(37,571)</u>	<u>46,223</u>		<u>(46,223)</u>	<u>1,004,360</u>	<u>875,000</u>	<u>(129,360)</u>
<u>\$13,953</u>	12,698	<u>(\$1,255)</u>		137,244	<u>\$137,244</u>	<u>\$127,000</u>	(20,698)	<u>(\$147,698)</u>
	<u>(13,956)</u>			3,677			2,692	
	<u>(\$1,258)</u>			<u>\$140,921</u>			<u>(\$18,006)</u>	

(Continued)

CITY OF SAN PABLO
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SPECIAL REVENUE FUNDS

	MEASURE C / J			PARATRANSIT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax	\$635,000	\$642,660	\$7,660			
Intergovernmental				\$117,000	\$145,033	\$28,033
Charges for services						
Use of money and property		5,792	5,792	8,000	2,489	(5,511)
Miscellaneous						
Total Revenues	635,000	648,452	13,452	125,000	147,522	22,522
EXPENDITURES						
Current:						
Community:						
Development				174,420	89,269	85,151
Housing						
Public Works & Engineering						
Police						
Capital outlay						
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures				174,420	89,269	85,151
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	635,000	648,452	13,452	(49,420)	58,253	107,673
OTHER FINANCING SOURCES (USES)						
Transfers in	861,530	305,000	(556,530)			
Transfers (out)	(924,530)	(693,530)	231,000			
Total Other Financing Sources (Uses)	(63,000)	(388,530)	(325,530)			
NET CHANGE IN FUND BALANCES	\$572,000	259,922	(\$312,078)	(\$49,420)	58,253	\$107,673
Fund balances (deficit) at beginning of year		497,921			314,755	
FUND BALANCES (DEFICIT) AT END OF YEAR		\$757,843			\$373,008	

SPECIAL REVENUE FUNDS						DEBT SERVICE FUND		
LAW ENFORCEMENT SERVICES			HCD GRANT			MERGED PROJECT AREA 1999 SUBORDINATE TAX ALLOCATION BONDS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$482,600	\$501,048	\$18,448						
	430	430						
	141	141						
482,600	501,619	19,019						
			\$80,000		\$80,000			
333,400	441,458	(108,058)				\$560,000	\$560,000	
						337,784	337,782	\$2
333,400	441,458	(108,058)	80,000		80,000	897,784	897,782	2
149,200	60,161	(89,039)	(80,000)		80,000	(897,784)	(897,782)	2
						897,784	897,713	(71)
						897,784	897,713	(71)
\$149,200	60,161	(\$89,039)	(\$80,000)		\$80,000		(69)	(\$69)
	180,865			\$83,871			69	
	\$241,026			\$83,871				

(Continued)

CITY OF SAN PABLO
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

DEBT SERVICE FUNDS

	2001 TAX ALLOCATION BONDS TENTH TOWNSHIP PROJECT AREA			2006 SUBORDINATE TAX ALLOCATION BONDS TENTH TOWNSHIP PROJECT AREA		
	Budget	Actual	Variance	Budget	Actual	Variance
			Positive (Negative)			Positive (Negative)
REVENUES						
Property taxes						
Sales tax						
Intergovernmental						
Charges for services						
Use of money and property		\$62,312	\$62,312		\$5,360	\$5,360
Miscellaneous						
Total Revenues		62,312	62,312		5,360	5,360
EXPENDITURES						
Current:						
Community:						
Development						
Housing						
Public Works & Engineering						
Police						
Capital outlay						
Debt Service:						
Principal	\$470,000	470,000		\$1,495,000	1,495,000	
Interest and fiscal charges	307,196	307,192	4	1,756,000	1,468,452	287,548
Total Expenditures	777,196	777,192	4	3,251,000	2,963,452	287,548
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(777,196)	(714,880)	62,316	(3,251,000)	(2,958,092)	292,908
OTHER FINANCING SOURCES (USES)						
Transfers in	777,196	753,355	(23,841)	2,464,000	2,571,522	107,522
Transfers (out)		(56,830)	(56,830)			
Total Other Financing Sources (Uses)	777,196	696,525	(80,671)	2,464,000	2,571,522	107,522
NET CHANGE IN FUND BALANCES		(18,355)	(\$18,355)	(\$787,000)	(386,570)	\$400,430
Fund balances (deficit) at beginning of year		4,625,188			2,235,772	
FUND BALANCES (DEFICIT) AT END OF YEAR		\$4,606,833			\$1,849,202	

AGENCY FUNDS

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

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

TOWN CENTER SPECIAL ASSESSMENT DISTRICT

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

OAK PARK SPECIAL ASSESSMENT DISTRICT

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

COMMUNITY ORGANIZATIONS AND ACTIVITIES

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

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE

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

CITY OF SAN PABLO
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<hr/> <u>Town Center Special Assessment District</u> <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$848,568	\$396,946	\$476,896	\$768,618
<u>Liabilities</u>				
Due to bondholders	\$848,568	\$396,946	\$476,896	\$768,618
<hr/> <u>Oak Park Special Assessment District</u> <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$1,030,493	\$456,531	\$445,736	\$1,041,288
<u>Liabilities</u>				
Due to bondholders	\$1,030,493	\$456,531	\$445,736	\$1,041,288
<hr/> <u>Community Organizations and Activities</u> <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$554,170	\$323,873	\$221,617	\$656,426
Interest receivable	1,979	912	1,979	912
Total Assets	\$556,149	\$324,785	\$223,596	\$657,338
<u>Liabilities</u>				
Accounts payable	\$14,826	\$6,901	\$14,826	\$6,901
Deposits held as agent for others	541,323	317,884	208,770	650,437
Total Liabilities	\$556,149	\$324,785	\$223,596	\$657,338

CITY OF SAN PABLO
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<u>West Contra Costa Transportation Advisory Committee</u>				
<u>Assets</u>				
Restricted cash and investments	\$1,120,916	\$1,615,913	\$1,084,559	\$1,652,270
Due from other governments	237,831	380,344	237,831	380,344
Interest receivable	4,496	2,703	4,496	2,703
Prepays and deposits	1,832		1,832	
Total Assets	<u>\$1,365,075</u>	<u>\$1,998,960</u>	<u>\$1,328,718</u>	<u>\$2,035,317</u>
<u>Liabilities</u>				
Accounts payable	\$9,612	\$98,437	\$9,612	\$98,437
Due to City	156,093	129,064	156,093	129,064
Deposits held as agent for others	1,199,370	1,771,459	1,163,013	1,807,816
Total Liabilities	<u>\$1,365,075</u>	<u>\$1,998,960</u>	<u>\$1,328,718</u>	<u>\$2,035,317</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Restricted cash and investments	\$3,554,147	\$2,793,263	\$2,228,808	\$4,118,602
Interest receivable	6,475	3,615	6,475	3,615
Due from other governments	237,831	380,344	237,831	380,344
Prepays and deposits	1,832		1,832	
Total Assets	<u>\$3,800,285</u>	<u>\$3,177,222</u>	<u>\$2,474,946</u>	<u>\$4,502,561</u>
<u>Liabilities</u>				
Accounts payable	\$24,438	\$105,338	\$24,438	\$105,338
Due to City	156,093	129,064	156,093	129,064
Deposits held as agent for others	1,740,693	2,089,343	1,371,783	2,458,253
Due to bondholders	1,879,061	853,477	922,632	1,809,906
Total Liabilities	<u>\$3,800,285</u>	<u>\$3,177,222</u>	<u>\$2,474,946</u>	<u>\$4,502,561</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 well being have changed over time:

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

Revenue Capacity

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

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Overlapping Governments
3. Principal Property Taxpayers
4. Property Tax Levies and Collections

Debt Capacity

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

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin
4. Bonded Debt Pledged Revenue Coverage, Redevelopment Agency Tax Allocation Bonds
5. Continuing Disclosure Requirements:
 - a. Town Center 1997 Reassessment Revenue Bonds
 - b. Oak Park 1998 Reassessment Revenue Bonds
 - c. Debt Service Coverage Schedule

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

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

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

Sources

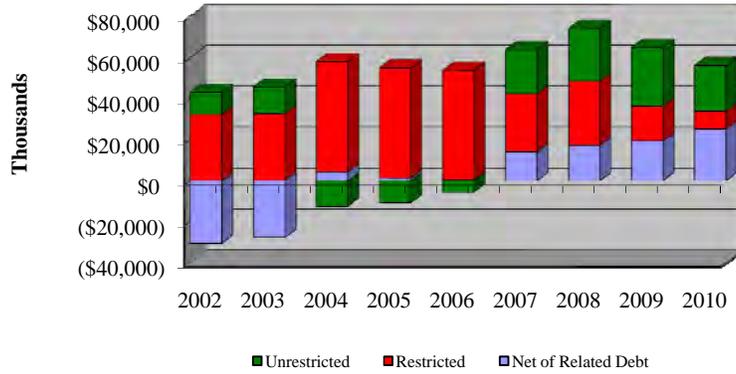
Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.



CITY^{OF} SAN PABLO

City of New Directions

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

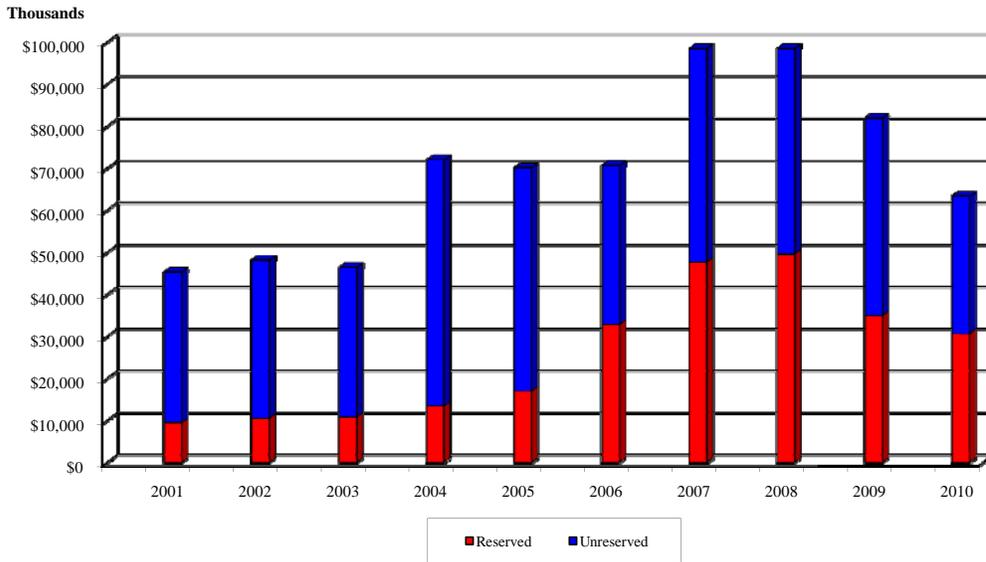


	Fiscal Year Ended June 30,								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<i>Governmental activities</i>									
Invested in capital assets, net of related debt	(\$30,582,670)	(\$27,769,715)	\$4,217,407	\$1,338,446	\$391,982	\$14,162,898	\$17,233,098	\$19,236,798	\$25,129,231
Restricted	32,172,751	32,555,089	53,814,033	53,602,869	53,323,336	28,234,327	31,346,751	17,023,526	8,544,531
Unrestricted	10,904,480	13,105,682	(12,424,571)	(10,731,809)	(5,491,591)	21,442,740	25,591,054	28,686,988	22,456,421
Total governmental activities net assets	<u>\$12,494,561</u>	<u>\$17,891,056</u>	<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>

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

	Fiscal Year Ended June 30,								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses									
Governmental Activities:									
General Government	\$4,014,394	\$4,616,174	\$4,295,995	\$6,247,087	\$5,061,400	\$2,632,986	\$2,993,404	\$3,200,437	\$3,746,905
Community									
Recreation	613,517	641,292	568,220	682,636	703,787	989,126	1,217,942	1,132,500	1,260,952
Development	4,245,494	3,216,316	3,498,886	8,047,233	6,190,032	4,140,354	6,428,706	23,541,394	17,744,655
Housing	440,240	502,613	1,334,075	316,338	2,456,860	228,296	194,708	554,770	244,168
Public Works & Engineering									
Police	7,139,573	7,633,771	8,316,795	9,899,191	15,399,999	10,772,050	14,078,285	13,573,473	14,471,506
Interest and fiscal charges	2,713,525	2,610,389	4,188,138	3,336,076	3,281,931	4,498,283	4,220,723	4,035,250	3,894,561
Total Governmental Activities Expenses	19,166,743	19,220,555	22,202,109	28,528,561	33,094,009	28,936,015	35,026,406	52,462,511	47,753,188
Program Revenues									
Governmental Activities:									
Charges for Services:									
General Government	460,392	747,791	780,540	767,938	1,089,391	22,805	16,171	31,223	26,562
Community:									
Recreation	72,790	72,355	69,140	70,360	52,525	117,752	127,847	144,942	166,294
Development						556,322	444,499	438,378	588,719
Public Works & Engineering									
Police	329,211	295,697	310,684	597,466	418,449	724,871	516,367	403,428	338,838
Operating Grants and Contributions	1,853,029	1,411,263	2,094,200	1,696,841	1,986,780	1,927,514	1,835,557	1,424,555	1,620,850
Capital Grants and Contributions	707,289	1,512,916	550,399	749,567	1,015,449	1,793,276	1,649,247	1,521,513	3,383,502
Total Government Activities Program Revenues	3,422,711	4,040,022	3,804,963	3,882,172	4,562,594	5,272,983	4,747,279	4,021,763	6,243,426
Net (Expense)/Revenue									
Governmental Activities	(15,744,032)	(15,180,533)	(18,397,146)	(24,646,389)	(28,531,415)	(23,663,032)	(30,279,127)	(48,440,748)	(41,509,762)
General Revenues and Other									
Changes in Net Assets									
Governmental Activities:									
Taxes:									
Property Taxes	1,437,245	1,493,059	1,447,370	1,384,587	1,387,577	1,389,901	1,235,060	1,302,668	1,099,009
Incremental Property Taxes	7,022,549	7,923,532	8,981,315	11,577,262	12,251,525	14,959,091	15,434,058	14,675,932	9,751,633
ERAF		(239,583)	(414,174)	(780,327)	(801,770)				
Sales Taxes	1,711,707	1,872,533	1,805,822	1,442,957	1,414,077	1,304,189	1,400,911	1,342,904	1,250,870
In-Lieu Sales Tax				402,175	367,240	396,968	411,506	472,411	456,357
Utility Users Tax	1,817,716	1,959,355	1,989,816	2,053,248	2,158,865	1,594,338	1,632,823	1,366,676	1,512,840
Other Taxes	3,614,460	3,654,479	3,591,499	3,820,413	9,866,947	12,649,876	13,531,030	14,891,478	15,332,960
Intergovernmental unrestricted:									
Motor Vehicle In-Lieu Fees	1,709,875	1,812,031	1,379,768	2,516,011	2,276,752	2,476,028	2,634,391	2,532,312	1,937,853
Business Licenses (nonregulatory)	252,289	274,508	299,715	280,518	290,935	326,195	296,836	327,507	321,824
Use of Money and Property	1,757,907	1,431,375	1,411,561	1,777,188	2,733,017	3,306,358	3,815,626	2,032,690	777,955
Gain on Sale of Property		289,010	275,668	56,981	315,000	497,534	13,275	6,091	
Miscellaneous	128,278	176,729	152,099	143,876	285,471	378,792	204,549	266,488	251,332
Special item - transfer of loans and cash to County				(1,425,863)					
Total Governmental Activities	19,452,026	20,647,028	20,920,459	23,249,026	32,545,636	39,279,270	40,610,065	39,217,157	32,692,633
Change in Net Assets									
Governmental Activities	\$3,707,994	\$5,466,495	\$2,523,313	(\$1,397,363)	\$4,014,221	\$15,616,238	\$10,330,938	(\$9,223,591)	(\$8,817,129)

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



	Fiscal Year Ended June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$11,575	\$37,793	\$416,350	\$388,271	\$383,225	\$387,568	\$45,330	\$55,576	\$71,191	\$32,630
Unreserved	11,614,792	12,783,284	13,854,183	14,203,812	13,634,482	12,989,007	18,012,835	17,378,837	20,125,976	21,359,353
Total General Fund	<u>\$11,626,367</u>	<u>\$12,821,077</u>	<u>\$14,270,533</u>	<u>\$14,592,083</u>	<u>\$14,017,707</u>	<u>\$13,376,575</u>	<u>\$18,058,165</u>	<u>\$17,434,413</u>	<u>\$20,197,167</u>	<u>\$21,391,983</u> (a)
All Other Governmental Funds										
Reserved	\$9,399,206	\$10,468,551	\$10,409,941	\$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	1,505,813	1,439,376	1,389,448	1,963,053	549,853	915,850	1,366,884	1,385,761	1,570,804	1,829,801
Capital project funds	22,758,300	23,407,840	20,296,802	42,417,362	38,954,525	23,939,025	31,423,052	30,104,970	25,252,717	9,611,508
Total all other governmental funds	<u>\$33,663,319</u>	<u>\$35,315,767</u>	<u>\$32,096,191</u>	<u>\$57,392,434</u>	<u>\$56,107,962</u>	<u>\$57,305,422</u>	<u>\$80,423,343</u>	<u>\$81,036,812</u>	<u>\$61,703,390</u>	<u>\$41,996,952</u> (a)

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

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

	Fiscal Year Ended June 30,				
	2001	2002	2003	2004	2005
Revenues					
Property taxes	\$1,501,580	\$1,437,245	\$1,493,059	\$1,447,370	\$1,384,587
Incremental property taxes	6,367,782	7,022,549	7,923,532	8,981,315	11,577,262
Less ERAF			(239,583)	(414,174)	(780,327)
Sales tax	1,703,083	1,711,707	1,872,533	1,805,822	1,442,957
In-lieu sales tax					402,175
Utility users tax	1,895,903	1,817,716	1,959,355	1,989,816	2,053,248
Other taxes	3,164,556	3,614,460	3,654,479	3,591,499	3,820,413
Licenses and permits	263,703	252,289	274,508	299,715	280,518
Fines and forfeits	7,285	2,672	11,288	13,315	38,248
Intergovernmental	4,092,902	3,530,825	4,041,873	4,214,004	4,357,809
Charges for services	855,296	862,393	1,115,843	1,160,364	1,435,764
Use of money and property	2,446,081	3,382,073	2,302,048	4,224,175	2,544,289
Miscellaneous	70,181	125,606	165,441	414,818	302,606
Total Revenues	<u>22,368,352</u>	<u>23,759,535</u>	<u>24,574,376</u>	<u>27,728,039</u>	<u>28,859,549</u>
Expenditures					
Current:					
General government	3,478,200	3,739,321	4,318,395	4,111,331	6,075,454
Community					
Recreation	587,505	605,648	616,658	554,021	653,744
Development	3,191,515	3,983,957	5,003,018	2,696,836	6,083,560
Housing	365,677	843,745	1,330,272	2,984,044	849,562
Public Works & Engineering					
Police	6,155,750	6,973,316	7,123,169	7,870,063	9,600,575
Pass Through to County	130,207				
Supplemental Educational Revenue					
Augmentation Fund Payment					
Estimated reduction in value of land held for redevelopment					
Capital outlay	2,325,193	1,525,081	4,533,164	2,747,037	2,302,320
Debt service:					
Principal repayment	1,005,000	705,000	1,275,000	1,325,000	1,645,000
Interest and fiscal charges	2,894,391	2,536,309	2,433,830	3,709,542	3,145,231
Total Expenditures	<u>20,133,438</u>	<u>20,912,377</u>	<u>26,633,506</u>	<u>25,997,874</u>	<u>30,355,446</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,234,914</u>	<u>2,847,158</u>	<u>(2,059,130)</u>	<u>1,730,165</u>	<u>(1,495,897)</u>
Other Financing Sources (Uses)					
Transfers in	17,882,893	9,360,973	9,176,190	27,214,941	13,157,679
Transfers (out)	(17,882,893)	(9,360,973)	(9,176,190)	(27,214,941)	(13,157,679)
Proceeds from sale of property			289,010	275,668	56,981
Loss from sale of property					
Proceeds from debt issuance	12,997,670			37,755,000	
Premium on bonds				690,216	
Payments to refunded bond escrow	(4,905,644)			(14,833,256)	
Revenue bonds issued					
Special assessment bonds issued					
Premium on bonds					
Sale of capital assets					
Total Other Financing Sources (Uses)	<u>8,092,026</u>	<u>0</u>	<u>289,010</u>	<u>23,887,628</u>	<u>56,981</u>
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
					<u>(419,932)</u>
Change in Fund Balance	<u>\$10,326,940</u>	<u>\$2,847,158</u>	<u>(\$1,770,120)</u>	<u>\$25,617,793</u>	<u>(\$1,858,848)</u>
Debt service as a percentage of noncapital expenditures					
	(a)	16.7%	16.8%	21.7%	17.1%

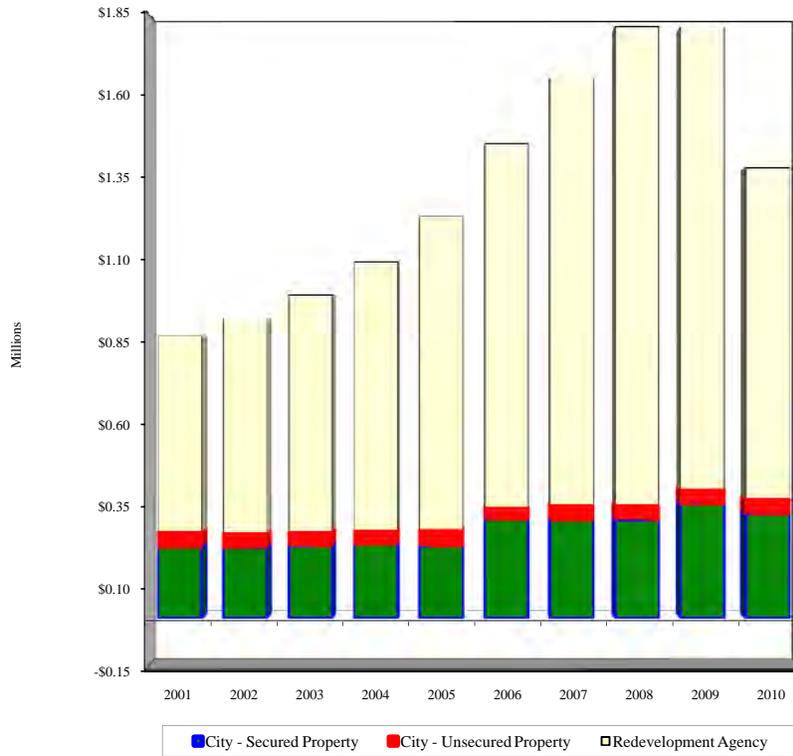
NOTE:

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

Fiscal Year Ended June 30,

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$1,387,577	\$1,738,546	\$1,584,784	\$1,310,791	\$1,104,259
12,251,525	14,959,091	15,434,058	14,675,932	9,751,633
(801,770)				
1,414,077	1,304,189	1,400,911	1,342,904	1,893,530
367,240	396,968	411,506	472,411	456,357
2,158,865	1,594,338	1,632,823	1,366,676	1,512,840
9,866,947	12,649,876	13,531,030	14,891,478	15,332,960
290,935	326,195	296,836	327,507	321,824
15,768	400,117	333,832	248,344	253,830
4,838,178	5,276,263	5,454,369	5,368,548	5,792,474
1,560,365	1,098,195	884,505	784,975	980,000
3,373,908	4,165,686	4,339,988	2,217,675	904,473
269,703	276,206	178,633	237,809	135,070
<u>36,993,318</u>	<u>44,185,670</u>	<u>45,483,275</u>	<u>43,245,050</u>	<u>38,439,259</u>
5,153,650	2,462,270	3,502,819	3,092,038	3,608,932
716,929	956,875	1,188,497	1,107,073	1,232,619
3,871,099	4,215,123	6,723,506	10,911,000	8,120,814
1,320,060	518,764	4,192,021	5,778,117	680,286
15,512,360	2,947,864	3,569,382	3,266,892	3,173,331
	10,589,624	15,246,567	13,504,115	14,281,329
				5,939,603
			12,520,417	3,486,168
3,147,146	14,634,535	5,317,834	3,983,178	9,741,894
1,530,000	1,740,000	1,795,000	1,865,000	3,050,000
3,079,872	4,097,085	3,993,540	3,794,982	3,640,060
<u>34,331,116</u>	<u>42,162,140</u>	<u>45,529,166</u>	<u>59,822,812</u>	<u>56,955,036</u>
2,662,202	2,023,530	(45,891)	(16,577,762)	(18,515,777)
12,628,478	42,988,080	13,741,142	16,958,273	15,160,490
(12,628,478)	(42,988,080)	(13,741,142)	(16,958,273)	(15,160,490)
315,000	2,368,112	35,608	7,094	4,155
(2,420,874)	36,000,000			
	(12,592,131)			
<u>(2,105,874)</u>	<u>25,775,981</u>	<u>35,608</u>	<u>7,094</u>	<u>4,155</u>
<u>\$556,328</u>	<u>\$27,799,511</u>	<u>(\$10,283)</u>	<u>(\$16,570,668)</u>	<u>(\$18,511,622)</u>
14.8%	21.2%	14.4%	10.1%	14.2%

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

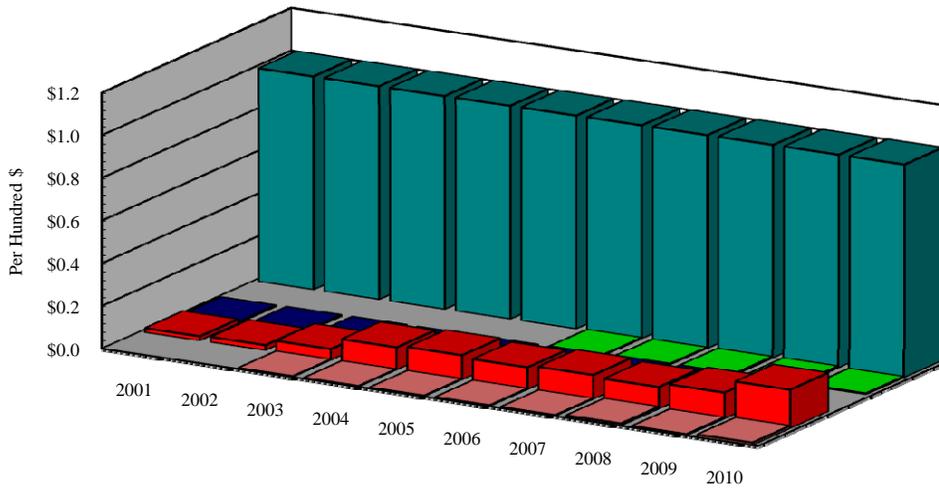


Fiscal Year	Value of City Property Subject to Local Tax Rate			Value of Redevelopment Agency Property Subject to Local Tax Rate			Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Secured Property	Unsecured Property	Total	Tenth Township	Legacy	Total			
2001	\$214,890,109	\$47,920,296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

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

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

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



Fiscal Year	Basic County Wide Levy	Bay Area Rapid Transit	East Bay Regional Park District	West Contra Costa Unified School District	Community College	Total
2001	\$1.0000		\$0.0065	\$0.0204		\$1.0269
2002	1.0000		0.0072	0.0249		1.0321
2003	1.0000		0.0065	0.0526	\$0.0040	1.0631
2004	1.0000		0.0057	0.1064	0.0038	1.1159
2005	1.0000		0.0057	0.1153	0.0042	1.1252
2006	1.0000	\$0.0048	0.0057	0.1041	0.0047	1.1193
2007	1.0000	0.0050	0.0085	0.1143	0.0043	1.1321
2008	1.0000	0.0076	0.0080	0.1035	0.0108	1.1299
2009	1.0000	0.0090	0.0100	0.1230	0.0066	1.1486
2010	1.0000	0.0057	0.0108	0.1828	0.0126	1.2119

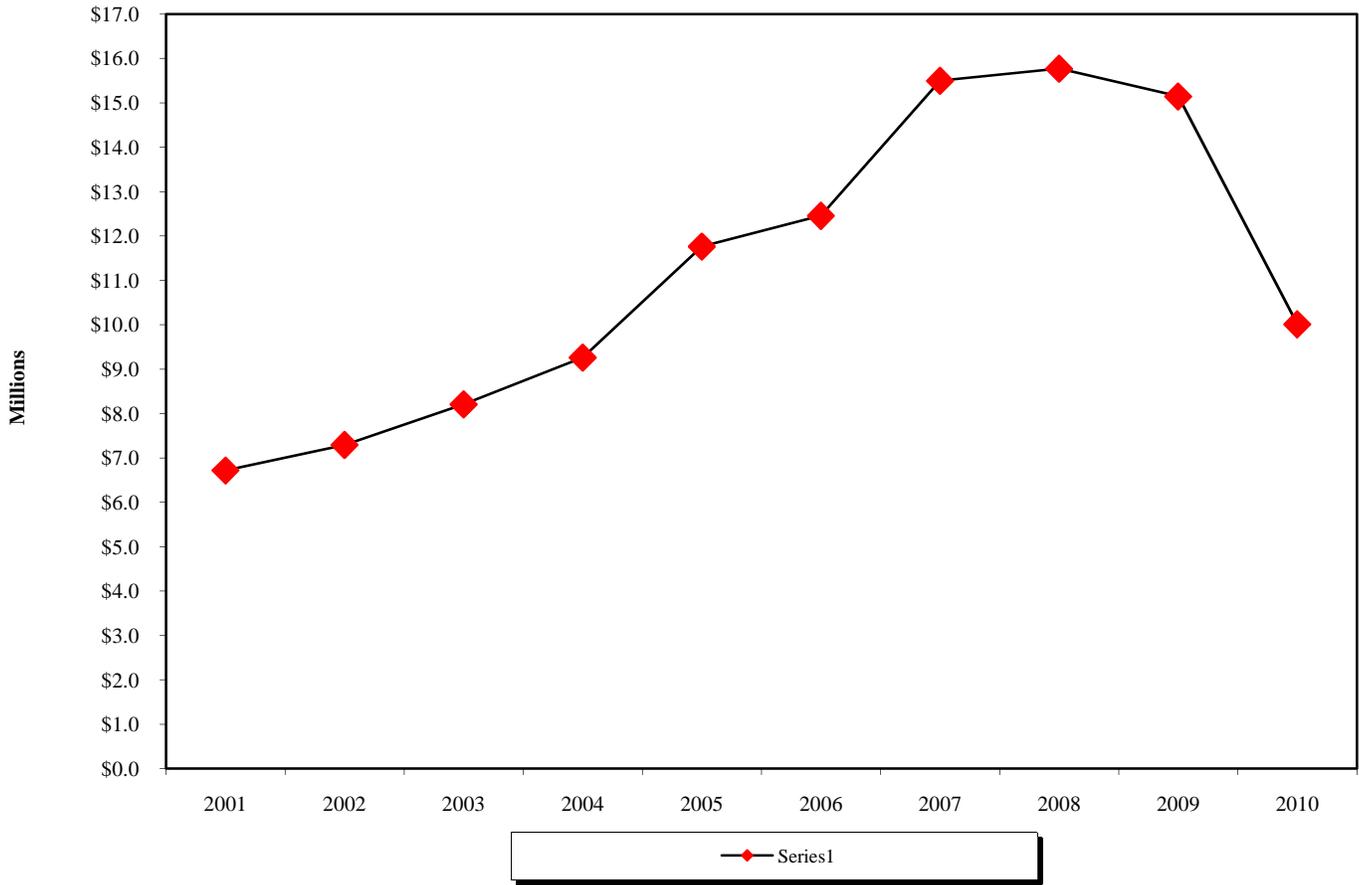
Source: HdL Coren & Cone, Contra Costa County Assessor

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

<u>Taxpayer</u>	<u>2009-2010</u>			<u>2000-2001</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>
Donahue Schriber Realty Group	\$25,484,183	1	1.8%			
Signature At Abella LLC	22,332,295	2	1.6%			
San Pablo Retail Partners LLC	16,561,177	3	1.2%			
3002 Giant Road LLC	13,464,000	4	1.0%			
Save Mart Supermarkets	12,225,798	5	0.9%			
Public Storage Inc	10,208,224	6	0.7%			
Lucky Nocal Investor LLC	10,198,586	7	0.7%			
Murray and Janet Gordon Trust	8,830,249	8	0.6%	\$7,587,574	8	0.9%
Comcast Corporation	6,809,883	9	0.5%			
WEC 97K-31 Investment Trust	6,564,432	10	0.5%	6,203,000	9	0.7%
Ladbroke San Pablo Limited Partnership				24,323,835	1	2.8%
El Portal LLC				17,255,612	2	2.0%
Princeton Plaza LLC				13,392,860	3	1.6%
West CCC Hospital District				12,708,215	4	1.5%
Tenet Healthsystem Hospital Inc				12,288,368	5	1.4%
EDI LLC				11,409,101	6	1.3%
Lucky Stores Inc.				8,358,002	7	1.0%
Fox and Lambrecht				5,065,058	10	0.6%
Subtotal	<u>\$132,678,827</u>		<u>9.6%</u>	<u>\$118,591,625</u>		<u>13.7%</u>
Total Net Assessed Valuation:						
Fiscal Year 2009-2010	\$1,378,784,048					
Fiscal Year 2000-2001	\$863,124,684					

Source: HdL Coren & Cone, Contra Costa County Assessor

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

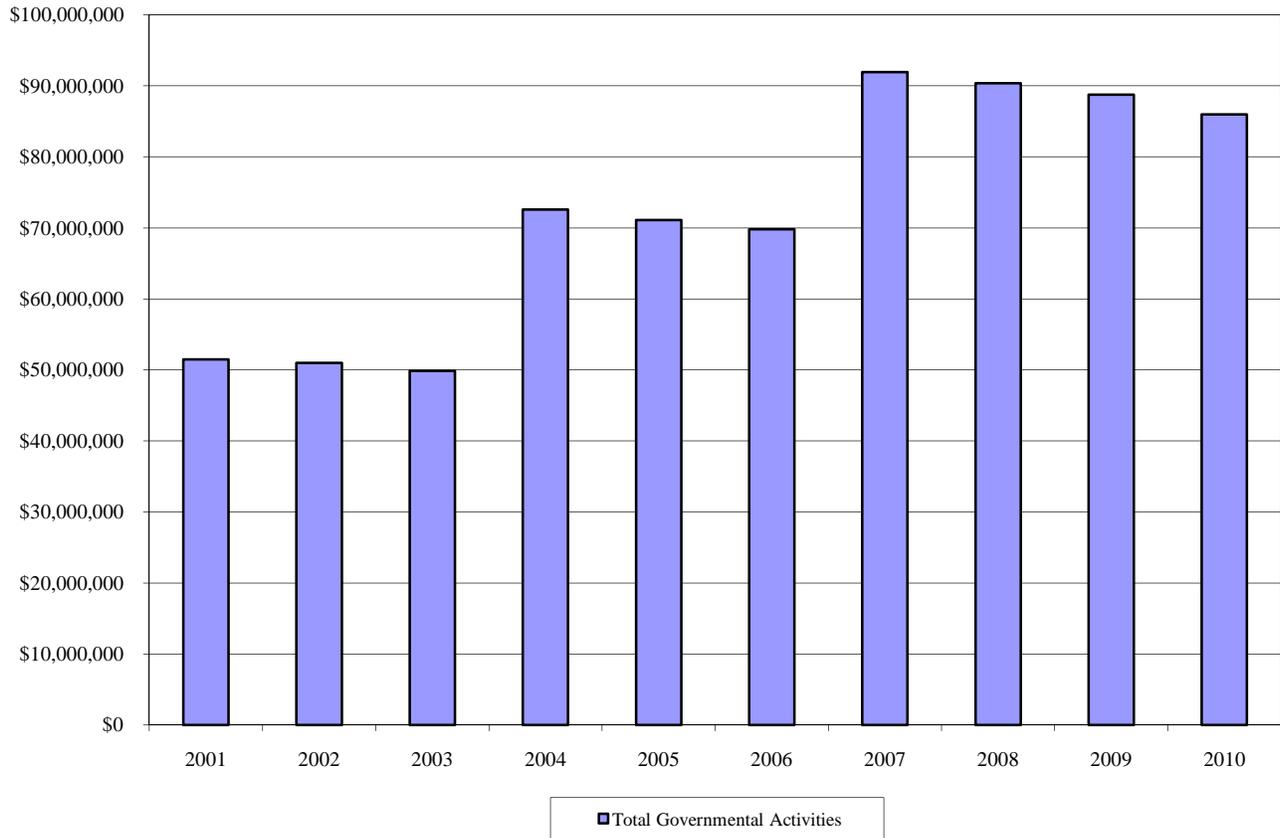


Fiscal Year	City Property Tax Levied and Collected (1)	Redevelopment Agency Property Tax Levied and Collected (2)	Total Property Tax Levied and Collected (3)	Percent of Total Tax Collections to Tax Levy
2001	\$351,498	\$6,367,782	\$6,719,280	100%
2002	272,412	7,022,549	7,294,961	100%
2003	286,574	7,923,532	8,210,106	100%
2004	282,893	8,981,315	9,264,208	100%
2005	188,707	11,577,262	11,765,969	100%
2006	207,171	12,251,525	12,458,696	100%
2007	541,189	14,959,091	15,500,280	100%
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%

NOTES:

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

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



Fiscal Year	Governmental Activities Tax Allocation Bonds	Percentage of Personal Income (a)	Per Capita (a)
2001	\$51,477,670	3.73%	1,662
2002	50,963,628	3.76%	1,649
2003	49,864,131	3.67%	1,622
2004	72,569,721	5.06%	2,337
2005	71,120,978	14.19%	2,269
2006	69,798,514	15.63%	2,236
2007	91,927,978	20.82%	2,969
2008	90,365,056	17.58%	2,897
2009	88,745,472	16.34%	2,790
2010	85,954,993	16.20%	2,675

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

Sources: City of San Pablo
California Employment Development Department

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

**CITY OF SAN PABLO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2010**

2009-10 Assessed Valuation	\$1,378,784,048
Less: Redevelopment Incremental Valuation	<u>1,015,779,677</u>
Adjusted Assessed Valuation	<u><u>\$363,004,371</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>\$3,290,000</u>	100.000%	<u>\$3,290,000</u>
Overlapping Debt:			
Bay Area Rapid Transit District	141,318,832	0.896%	1,266,480
Contra Costa County Pension Debt	435,310,000	0.896%	3,901,188
Contra Costa County Fire Pension Obligation	120,180,000	1.936%	2,326,285
Contra Costa Community College District	245,795,000	0.899%	2,210,059
East Bay Regional Park District	81,783,000	0.896%	732,928
West Contra Costa Unified School District	787,507,873	5.523%	43,496,229
City of San Pablo	<u>0</u>	100.000%	<u>0</u>
Total Overlapping Debt	<u>1,811,894,705</u>		<u>53,933,169</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	<u><u>\$1,815,184,705</u></u>		<u><u>\$57,223,169</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 2009-10 ADJUSTED ASSESSED VALUATION:</u>	
Direct Debt	0.91%
Total Direct and Overlapping Tax Assessment Debt	15.76%

Source: HdL Coren & Cone

**CITY OF SAN PABLO
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2009**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$1,378,784,048
---	-----------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$51,704,402
---	--------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$85,954,993
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Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	85,954,993
---	------------

Amount of debt subject to limit	0
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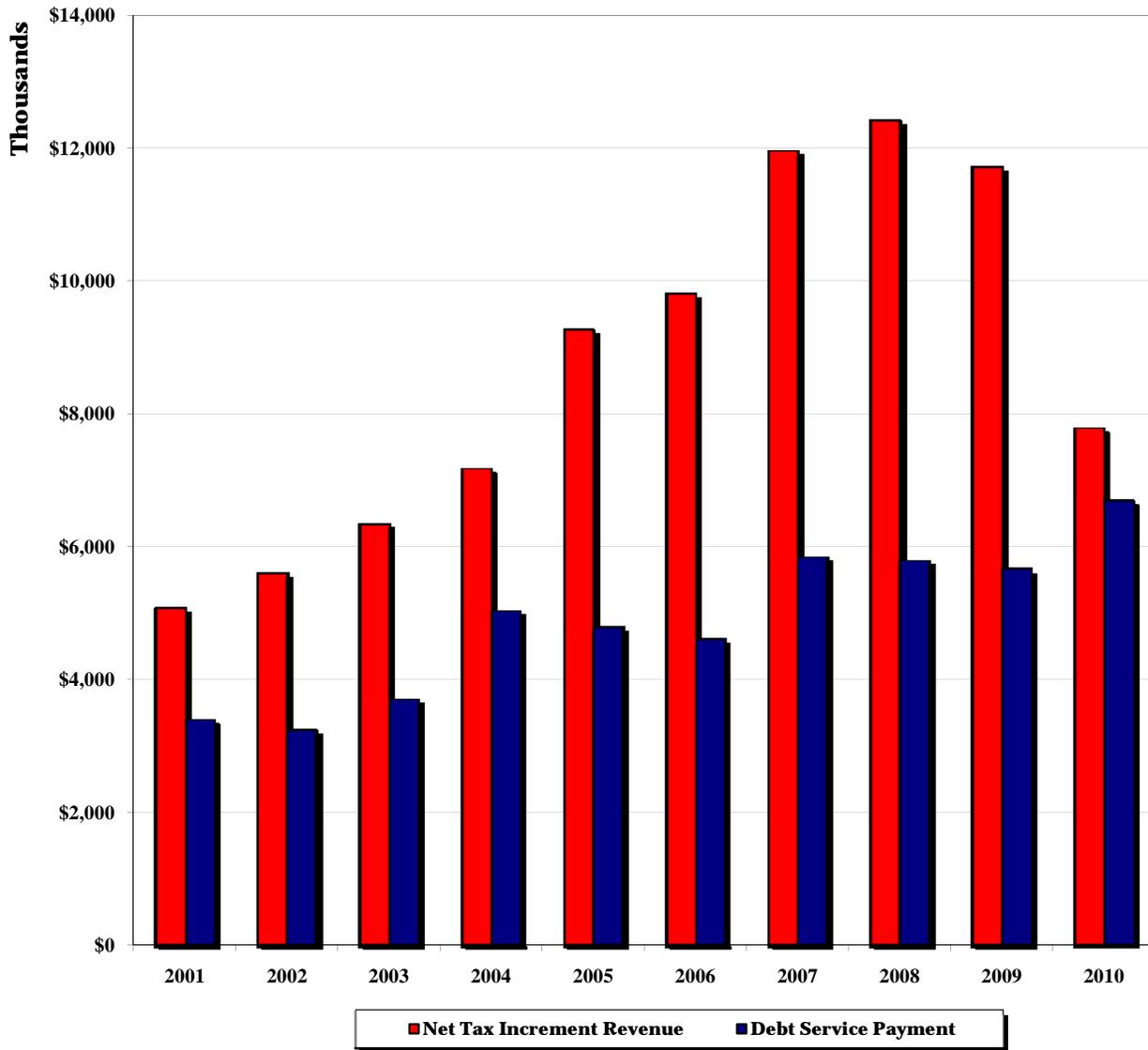
LEGAL BONDED DEBT MARGIN	\$51,704,402
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Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2001	\$32,367,176	0	\$32,367,176	0.00%
2002	34,367,022	0	34,367,022	0.00%
2003	37,094,483	0	37,094,483	0.00%
2004	40,841,152	0	40,841,152	0.00%
2005	46,059,570	0	46,059,570	0.00%
2006	54,441,410	0	54,441,410	0.00%
2007	61,921,066	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%

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	
2001	\$6,367,782	\$1,288,395	\$5,079,387	\$1,005,000	\$2,389,409	\$3,394,409	1.50
2002	7,022,549	1,419,361	5,603,188	705,000	2,536,309	3,241,309	1.73
2003	7,923,532	1,584,706	6,338,826	1,275,000	2,433,830	3,708,830	1.71
2004	8,981,315	1,813,446	7,167,869	1,325,000	3,709,542	5,034,542	1.42
2005	11,577,262	2,315,452	9,261,810	1,645,000	3,145,231	4,790,231	1.93
2006	12,251,525	2,450,280	9,801,245	1,530,000	3,079,872	4,609,872	2.13
2007	14,959,091	3,009,430	11,949,661	1,740,000	4,097,085	5,837,085	2.05
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

CITY OF SAN PABLO
TOWN CENTER
1997 REASSESSMENT REVENUE BONDS
CONTINUING DISCLOSURE REQUIRED BY SEC RULE 15c(2)-12(b)(5)
JUNE 30, 2010

Town Center 1997 Reassessment Revenue Bonds

Reserve Fund: Balance	\$373,539
Requirement	\$367,076
City of San Pablo Limited Obligation Refunding Bonds, Town Center Assessment District, Principal Outstanding	\$1,125,000
Assessed value of parcels within Reassessment District	\$36,204,831
Delinquent parcels within Reassessment District	0
Foreclosure sales	\$0
Property owners responsible for more than 20% of Reassessment levy:	Lucky Stores Inc. San Pablo Retail Partners

Source: Trustee Statement and County Assessor

CITY OF SAN PABLO
OAK PARK
1998 REASSESSMENT REVENUE BONDS
CONTINUING DISCLOSURE REQUIRED BY SEC RULE 15c(2)-12(b)(5)
JUNE 30, 2010

Oak Park 1998 Reassessment Revenue Bonds

Reserve Fund: Balance	\$457,583
Requirement	\$457,568
City of San Pablo Limited Obligation Refunding Bonds, Oak Park Assessment District, Principal Outstanding	\$2,165,000
Assessed value of parcels within Reassessment District	\$25,842,812
Delinquent parcels within Reassessment District	0
Foreclosure sales	\$0
Property owners responsible for more than 20% of Reassessment levy:	Donahue Schriber Realty Group

Source: Trustee Statement & County Assessor

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

TENTH TOWNSHIP PROJECT AREA

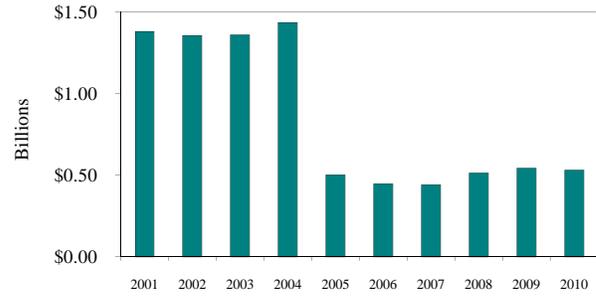
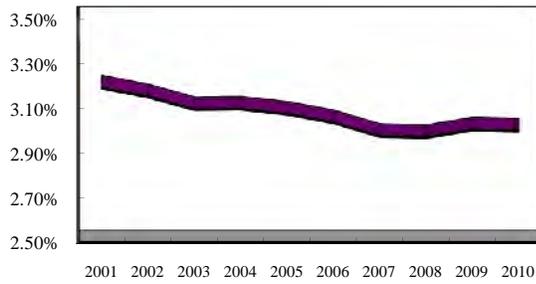
Fiscal Year	Gross Tax Revenues	Housing Set-Aside	Pledged Tax Revenues	Debt Service On				Total Debt Service	Debt Service Coverage
				1993 Bonds	1999 Bonds	Tenth Township Bonds	2006 Bonds		
2001	\$6,251,040	(\$1,250,208)	\$5,000,832	\$2,010,813	\$729,991	\$0	\$2,740,804	1.82	
2002	6,758,359	(1,351,672)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

LEGACY PROJECT AREA

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

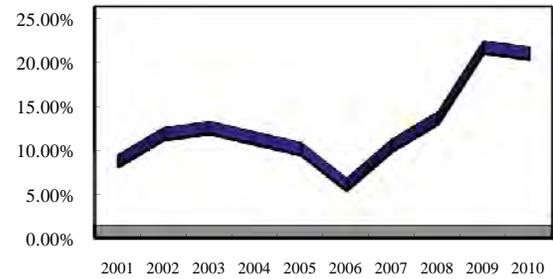
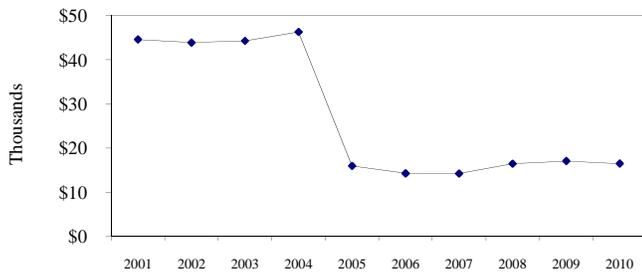
Sources: City of San Pablo Financial Statements

**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>
2001	30,981	\$1,378,933,329 (a)	\$44,509 (b)	8.0%	972,103	3.19%
2002	30,900	1,353,821,700 (a)	43,813 (b)	11.1%	981,600	3.15%
2003	30,750	1,358,904,000 (a)	44,192 (b)	11.8%	994,900	3.09%
2004	31,050	1,434,851,550 (a)	46,211 (b)	10.6%	1,003,900	3.09%
2005	31,344	501,315,936 (a)	15,994	9.4%	1,020,898	3.07%
2006	31,216	446,482,448 (a)	14,303	5.3%	1,029,377	3.03%
2007	30,965	441,498,970 (a)	14,258	9.8%	1,042,341	2.97%
2008	31,190	514,011,200 (a)	16,480	12.9%	1,051,674	2.97%
2009	31,808	543,217,024 (a)	17,078	21.0%	1,060,435	3.00%
2010	32,131	530,514,941 (a)	16,511 (c)	20.3% (c)	1,072,953	2.99%

NOTES: (a) Data not available. Calculated by multiplying City Population by Per Capita Personal Income
 (b) Data not available for the City for 2000 to 2004, therefore data presented is for Contra Costa County
 (c) Data not available for fiscal year 2010, therefore data presented is for calendar year 2009

Sources: California State Department of Finance
 California Employment Development Department

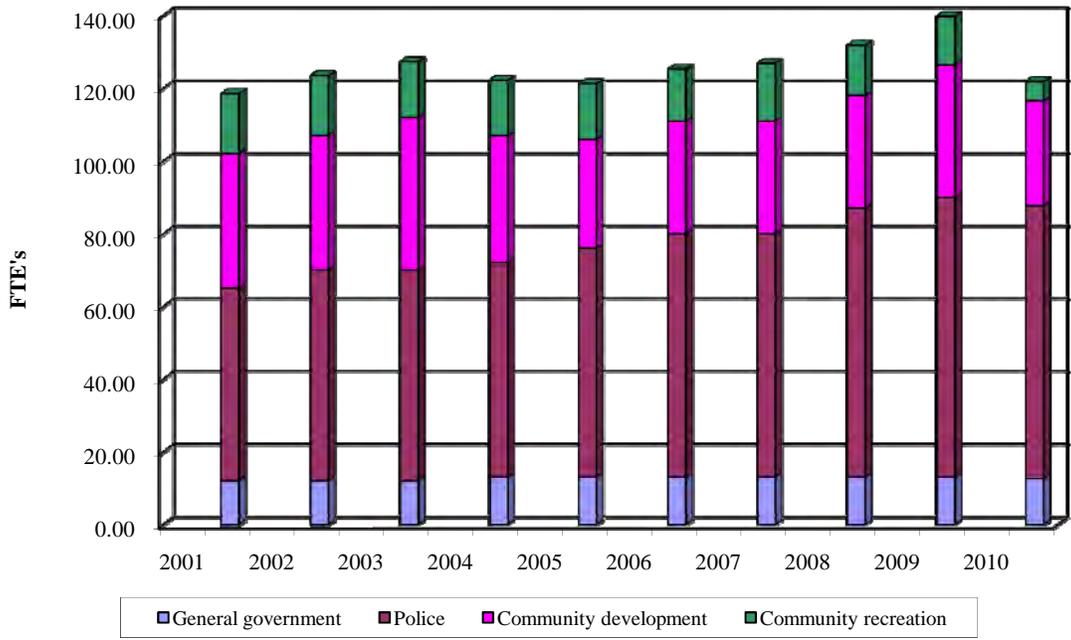
CITY OF SAN PABLO
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2009-2010</u>			<u>2000-2001</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*	982	1	6.8%	830	1	N/A
Contra Costa College*	697	2	4.8%	280	3	N/A
Casino San Pablo	397	3	2.8%	480	2	N/A
Vale Care Center*	275	4	1.9%	142	5	N/A
San Pablo Health Care Center	275	5	1.9%	120	7	
City of San Pablo*	186	6	1.3%	168	4	N/A
Creekside Health Care Center	128	7	0.9%			
Albertson's (Lucky's)	119	8	0.8%	134	6	N/A
Raley's	93	9	0.6%	95	8	N/A
Food Maxx	80	10	0.6%	67	9	N/A
San Pablo Supermarket				51	10	N/A
Subtotal	<u>3,232</u>		<u>22.4%</u>	<u>1,537</u>		<u>N/A</u>
Total City Day Population	<u>14,400</u>			<u>N/A</u>		

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

*includes part time employees

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



Adopted for Fiscal Year Ended June 30,

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Function										
General government	12.00	12.00	12.00	13.00	13.00	13.00	13.00	13.00	13.00	12.70
Community development	37.00	37.00	42.00	35.00	30.00	31.00	31.00	31.00	36.50	28.86
Community recreation	16.50	16.50	15.25	15.25	15.25	14.25	15.90	13.75	13.30	5.35
Police	53.00	58.00	58.00	59.00	63.00	67.00	67.00	74.00	77.00	75.00
Total	<u>118.50</u>	<u>123.50</u>	<u>127.25</u>	<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>

CITY OF SAN PABLO
Operating Indicators by Function/Program

Function/Program	Fiscal Years				
	2006	2007	2008	2009	2010
Police: (calendar year)					
Police calls for Service	22,090	36,080	25,336	26,106	25,769
Crime Reports	8,142	8,948	7,502	6,352	6,178
Law violations:					
Major crimes: homicides/rape	7	18	16	22	13
Other major crimes: robbery/larceny	2,295	1,621	1,530	1,983	1,760
Arrests	1,803	1,989	2,083	1,539	1,729
Traffic collisions	512	420	455	323	391
Traffic citations	7,753	11,979	25,336	4,459	4,229
Public Works:					
Street resurfacing (miles)	N/A	N/A	5	8	14
Potholes repaired (square miles)	N/A	N/A	N/A	0.75	0.60
Street Sweeping (miles)	N/A	2,865	2,834	2,834	2,234
Volume of material removed (cubic yards)	N/A	912	898	878	880
Storm Drains:					
Catch basins cleaned	N/A	326	326	326	326
Volume of material removed (cubic yards)	N/A	470	25	23	29
Community Development:					
Community Services:					
Recreation class participants	740	1,229	1,444	1,211	1,331
Senior meals served	23,135	20,274	18,717	17,072	18,165
Rentals of Maple Hall	42	75	130	76	72
Education:					
Enrollment:					
Elementary schools (6)	3604	3,547	3,598	3,536	3,114
Middle Schools (1)	936	767	640	727	930
High Schools (1)	387	394	472	467	300

Source: Various City Departments

Notes:
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
Police:					
Police stations	1	1	1	1	1
Police patrol units	23	16	28	23	23
Community Development:					
Miles of streets	98	48	48	48	48
Street lights	150	167	182	182	182
Traffic Signals	25	25	25	25	25
Roadway Landscaping:					
Landscaped median acreage	N/A	1	1	1	1
Street trees	N/A	800	800	800	800
Community Recreation:					
Community services:					
City parks	5	5	6	6	6
City parks acreage	28	28	28	28	28
Playgrounds	2	2	4	4	4
Event center	1	0	0	0	0
Historic house	1	3	2	3	3
City trails	1	1	1	1	1
City trails miles	1	1	1	1	1
Community centers	2	1	1	1	1
Senior centers	2	2	2	2	2
Baseball/softball diamonds	1	2	3	3	3
Soccer/football fields	4	4	6	6	6
Wastewater (1)					
Miles of storm drains	17	17	17	17	17

Source: Various City Departments

Notes:

(1) Wastewater services are provided by Contra Costa County



CITY^{OF} SAN PABLO

City of New Directions