

CITY OF SAN PABLO, CALIFORNIA

FISCAL YEAR ENDED JUNE 30, 2015

Comprehensive Annual Financial Report

Prepared by the Finance Department

San Pablo



2014



CITY OF SAN PABLO

City of New Directions



CITY^{OF} SAN PABLO

City of New Directions



CITY OF SAN PABLO, CALIFORNIA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015**

PREPARED BY THE
FINANCE DEPARTMENT

COVER PHOTOS
CITY OF SAN PABLO:
2014 ALL AMERICAN CITY AWARD RECIPIENT



CITY OF **SAN PABLO**

City of New Directions

CITY OF SAN PABLO, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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CITY OF **SAN PABLO**

City of New Directions



Letter of Transmittal

December 10, 2015

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

State law requires all general-purpose local governments to publish a complete set of financial statements, presented in conformity with Generally Accepted Accounting Principles (GAAP) within six months of the close of each fiscal year. Therefore, we are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of San Pablo, California for the fiscal year ended June 30, 2015. Responsibility for both the accuracy of the data and the completeness and fairness of the information—including all disclosures—rests with the City. To the best of the City staff's knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of the operations of the various entities of the City of San Pablo. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Generally accepted accounting principles require that management provide a narrative introduction overview and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

INTERNAL CONTROLS

Accounting for all of the City's activities is centralized under the Finance Department. The department has been delegated the responsibility for maintaining the integrity of the City's recorded financial data. The Finance Department, in conjunction with the City's management team, is also responsible for establishing and maintaining an internal control structure designed to ensure that the City's assets are protected from loss, theft or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met, while recognizing that this assurance is not absolute. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management. City administration believes the existing internal control systems are adequate to provide reasonable assurance that the City's assets are safeguarded against loss and that the financial records are reliable for preparing financial statements and maintaining accountability for assets. This belief is supported by the City's "unmodified" auditor's report issued in 2015.



Letter of Transmittal

INDEPENDENT AUDIT

The City Council is responsible for: 1) assuring the City administration fulfills its responsibilities in the preparation of the financial statements; and 2) engaging certified public accountants with whom the City Council reviews the scope of the audits and the accounting principles to be applied in financial reporting. The Government Code of the State of California requires general law cities, which includes the City of San Pablo, to have its financial statements audited by an independent certified public accountant.

Accordingly, this year's audit was completed by the accounting firm of Maze & Associates. The firm was engaged by the City Council to render an opinion on the City's financial statements in accordance with auditing standards generally accepted in the United States of America. To ensure complete independence, Maze & Associates Corporation has full and complete access to meet with the City Council and to discuss the results of their assessment of the adequacy of internal accounting controls and the quality of financial reporting. The auditor's report on the basic financial statements is the first item in the accompanying Financial Section.

In addition to meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and related requirements identified in the Office of Management and Budget Circular A-133. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but also on the audited government's internal controls and compliance with legal requirements.

Profile of San Pablo

The City of San Pablo was incorporated in 1948 as a general law city under the laws of the State of California. Located in West Contra Costa County off Interstate 80, San Pablo is just minutes away from the Bay Area cultural centers of Berkeley, Oakland and San Francisco. The City is governed by a five member City Council, under the Council-Manager form of government. As of January 1, 2014, the City had a population of approximately 29,465 and encompassed 2.6 square miles. The City maintains a 2015/16 Total Operating Funds Budget of \$33.7 million with 178.4 full-time equivalent (FTE) employees.

Over the years, the City has become a thriving residential and business community. San Pablo is home to Contra Costa Community College and is fortunate to have a wealth of community resources, including a library, computer education center, a childcare facility, and a career center. Many multilingual nonprofits, like First 5 and Lao Family Community





Letter of Transmittal

Development, round out the diverse support services offered to residents. The City also offers youth programs and senior services to meet a variety of needs and interests, in addition to being recognized nationally and regionally for innovative and cutting-edge programs. Historically one of the oldest Spanish settlements in the region, San Pablo's city hall with fountains and plazas reflects that heritage.

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

BUDGET POLICIES / PROCESS

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



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

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



Letter of Transmittal

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

ECONOMIC OUTLOOK

The City can be characterized as an older community that is almost completely built out. During the last ten years, the City population has remained relatively constant. Since that time, the City has seen very little residential development activity and property valuations have fallen substantially from their peak of \$442,000 in 2006. However, with the improving economy, the median sales



prices of San Pablo single-family homes have increased from \$230,000 in 2014 to \$285,000 in 2015, a year to year gain of 23.91%, the largest growth factor in all of Contra Costa County, and significantly outperforming overall county growth rates of 6.2%. Net taxable value of all properties in San Pablo is also growing, albeit at a smaller rate, 9.9% overall, the third largest growth rate in the county. In general, the recession had far greater impacts in communities such as San Pablo's, which experienced high property appreciation during the previous decade. Significantly, foreclosure rates across the county are now approaching their pre-recession norm. Because of increased property values, property taxes, one of the General Fund's top revenue sources, grew dramatically in fiscal year (FY) 2014/15, but still falls far short of previous high-values recorded in FY 2007/08.

As the local economy continues to improve, regional unemployment rates continue to drop. The unemployment rate for Contra Costa County was only 4.7% for October 2015, a rate that is at or below the rate considered as "full employment." Contra Costa County sales increased by 6.8% from July 2014 to July 2015, while San Pablo sales declined by 1.4% over the same period, due in part to the decline in the price of gasoline. While most statewide agencies suffered double digit percentage declines during the recession, San Pablo stayed flat or experienced minor increases, in large part due to the fact that the City never had a sales tax base that depended on large ticket items, such as vehicle sales or big box retail. In this context, sales tax revenue is projected to increase slowly and steadily as the economy continues to improve and as businesses continue to view San Pablo as an attractive market.



Letter of Transmittal

Despite the recovering economy, interest rates continue to be at all-time low or near record-low levels, thus keeping investment income at very low levels. The low interest rates and subsequent low returns are not expected to change in the short-term. This low interest rate environment will have a greater negative impact on San Pablo than other jurisdictions, because of the large cash reserves maintained to meet reserve policy requirements. Only a few short years ago, the City was able to earn nearly 5% on its cash reserves. Over the next two years, rates of return are expected to remain in the 0.2 – 1.0% range.

In December 2012, the City received its first tax receipts from Measure Q, a voter-approved sales tax measure passed in June 2012. Projected to generate \$1,045,000 in its first full year of collection, actuals of \$1,322,784 outperformed estimates in FY 2013/14 by \$277,784. In FY 2014/15, the second full year of operation, Measure Q generated \$1,535,635, outperforming budget by nearly \$500,000. As a general—not special—tax, these revenues flow into the general fund and are not limited to specific uses. They are, however, designed to augment City economic development efforts, programming for youth services, and enhancing police activities.

In December 2014, the City began receiving its first tax receipts from Measure K, another voter-approved sales tax measure. Measure K, however, is a special tax collected in perpetuity that can only be used to fund emergency medical services in the City of San Pablo. At a rate of one-quarter cent of all taxable sales, the tax generated \$483,469 in its first partial year of operation. Measure K taxes are projected in the current budget at \$650,000 annually.

During and immediately after the Great Recession, the City made a concerted effort to lower expenditures in the near- and long-term, including reduced employee benefits and labor givebacks. During the last budget cycle, this strategy paid off as the City was able to propose a balanced budget without the need to dip further into reserve accounts. This was especially significant, since the City was able to fund capital projects at \$2 million annually, despite the loss of approximately \$3 million in annual revenue with the dissolution of the redevelopment agency. To ensure San Pablo's continued positive prognosis, the City will need to continue on this path of prudent fiscal practices to ensure the ability to meet future obligations, including increased pension costs, capital outlays and, emergency medical services, etc.

FINANCIAL OUTLOOK

Improved Financial Management: The City has developed a solid financial management system comprised of several key components, including conservative budgeting and spending practices; fiscal policies and procedures to guide future action with adequate cash reserve requirements to weather coming financial storms, future liabilities and unexpected emergencies; and regular short-term and long-term budgetary performance reviews and monitoring. These actions have resulted in the following:



Letter of Transmittal

- A credit rating of “AA-“ by Standard & Poor’s Rating Services (S&P) on January 9, 2015. S&P cited the City’s strong financial performance supported by strong fiscal management practices as key credit positives.
- Net increases to fund balance for the past several years, leading to healthy cash reserves. In 2015, the net increase to the General Fund balance was \$10,822,872.
- Adoption of the “Fiscal Resiliency Reserve Policy” in October 2013 which created additional framework, usage, and payback requirements when dipping into cash reserves. Perhaps most importantly, the policy created designated cash reserves to fund known large expenditures, which have not yet materialized, such as vehicle replacements, OPEB liabilities, capital projects, etc. These designated reserves are updated annually.
- Introduction of the Chameleon budgeting system in July 2013 with monthly financial reports prepared for managers citywide, in addition to the City’s Five-Year Financial Plan.
- Completion of labor negotiations in July 2014 in which all bargaining groups accepted modest and sustainable salary increases of 2.0% per year for three years.

Other Post-Employment Benefits (OPEB): Governmental Accounting Standards Board (GASB) Statement No. 45 was established in 2004 and requires the City to report the costs of OPEB as the employee earns the benefit, rather than as the benefit is paid. While there is no requirement that the City pre-fund, or set aside the full Annual Required Contribution (A.R.C.) on an annual basis, the City Council established a funding strategy which includes pay-as-you-go financing plus an additional amount to pre-fund benefits. Pre-funding OPEB obligations is projected to provide the City with savings over the long-term, as pre-funding contributions will be invested on a long-term basis until they are needed to pay for OPEB obligations. Pre-funding will ultimately allow for investment income, rather than City contributions, to provide the majority of funds needed to cover OPEB obligations in the future. This funding strategy has resulted in the City having plan assets of \$7,411,880 as of June 30, 2015.

MAJOR INITIATIVES – IMPLEMENTING OUR WORK PLAN

Services for Families and Youth: In 2010, the City created the Youth Services Program to develop services for Families and Youth. Youth Services is committed to the healthy development of youth and is focused on developing positive opportunities, programs and partnerships that will provide children and youth with skills, knowledge, support and resources leading to healthy and productive lives. In 2012, the City of San Pablo government structure was revised and Youth Services became a division in the Community Services Department. Youth Services programs, services and initiatives support a community where government, families, schools, law enforcement, and organizations work together to create an environment conducive to support young people, their learning and their success.

Letter of Transmittal

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

Youth Futures Task Force: The Youth Futures Task Force (YFTF) is modeled on the successful history of the Mayor’s Gang Prevention Task Force (MGPTF) in the City of San José and the recent efforts of Santa Rosa’s MGPTF. These two municipalities have successfully implemented youth violence prevention/gang intervention strategies in their communities and reinforce the concept that collaborative efforts spanning from a broad spectrum of community partners



ensure that a large number of stakeholders accept responsibility and accountability for the safety, health and welfare of its youth, families, and communities. The City of San Pablo is committed to the healthy development of our youth within a context of community safety and security. The Youth Futures Task Force calls for various agencies and systems, including government agencies, law enforcement, social services agencies, educational, grass-root, and faith-based organizations to work together to achieve a more innovative, integrated, team-oriented approach in working with youth at great risk of committing intentional acts of violence and/or engaging in behaviors related to the gang lifestyle. In 2015, the YFTF expanded its focus to better align with the Full Service Community Schools Initiative enabling the City to prevent violence while also supporting and enhancing programming that meets the needs of the whole child. The service areas for 2015-2019 are Community Schools Coordination, Out of School Time, Violence Prevention and Intervention, and Youth Leadership and Development.



Letter of Transmittal

San Pablo Team for Youth: San Pablo Team for Youth (TFY) was created as the funding arm of the Youth Futures Task Force and provides grant opportunities to public and non-profit agencies to expand and/or enhance prevention and intervention programs/services to youth exhibiting high-risk behaviors, including those that are gang-related. TFY is the funding mechanism for developing and deploying youth services that support the mission of San Pablo's Youth Futures Task Force. In 2015, TFY became the funding arm for the Community Schools Initiative.

Childhood Obesity Prevention Task Force: The San Pablo City Council hosted its first Childhood Obesity Prevention Task Force meeting in March 2012 to bring awareness to the growing childhood obesity epidemic in the community. Representatives from over 20 agencies/programs -including County, City, non-profit, community-based and faith-based agencies, schools, and medical organizations attended. The convening of the Task Force represented the first step towards strengthening partnerships in the fight against the growing childhood obesity epidemic in the community. Since then, the Task Force worked collaboratively with stakeholders to develop a Community Action Plan (CAP) that was adopted by City Council on April 10, 2014. The CAP focused on increasing community awareness of the obesity epidemic, increasing accessibility to healthy food and physical activity opportunities, and expanding healthy eating active living programs. The Community Action Plan identifies program and policy priority areas, which will guide collaborative efforts towards a healthier San Pablo. In November 2014, the Council approved a \$50,000 funding allocation to support the implementation of health and physical activity programming for residents, focusing on children and young adults.

COMMUNITY ENGAGEMENT

A pillar for any community is the ability to engage its residents in worthwhile community activities. 2014 turned out to be a banner year for the City of San Pablo as the National Civic League announced San Pablo as a winner of the 2014 All-America City Award, the country's most prestigious award for outstanding, community-based civic accomplishments. Created in 1949, the All-America City Award is the oldest community recognition program in the nation. This year's awards had a special focus on successful efforts to address the underlying conditions that affect the health of our communities.

The City of San Pablo submitted an application listing three examples of successful community exchange, civic engagement, collaboration, and innovation. The projects in the application were the Health Element & the Childhood Obesity Prevention Task Force, the San Pablo Economic Development Corporation (SPEDC), and the San Pablo Police Department's Community Partnership Programs.



Letter of Transmittal

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

Government Outreach: The City’s website provides access to City services and City officials, 24-hours a day, 7-days a week, from the comfort and convenience of home. Through this system, residents can report graffiti, street lights that may be out of service, and can also post questions and/or concerns that will then be routed to the appropriate staff person for response.

Neighborhood Engagement Team (N.E.T.): The Neighborhood Engagement Team is comprised of City Staff from various departments. The intent of this team is to provide a “Mobile City Hall” that is accessible to all residents. The N.E.T. booth is set up at various City events to distribute information about City Hall services. Most recently the N.E.T. was present at an Easter egg hunt, summer Farmer’s Markets, a Halloween/Open House event, and a 4th of July celebration.

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

Community Outreach - New Methods: Since November 2012, the City Council has maintained a contract with a social media professional services provider to administer all City social media accounts to actively promote City activities, programs and services. Community engagement vis-à-vis social media such as the City’s Facebook page and Twitter account continues to rise exponentially.

ECONOMIC DEVELOPMENT



The City of San Pablo works cooperatively with the San Pablo Economic Development Corporation (SPEDC), a 501(c) (3), to develop programs aimed at eliminating barriers to employment, business attraction/enhancement and site development. These efforts are geared toward creating local jobs for San Pablo residents and reducing the unemployment rate, which at 7.3% in April 2015 is certainly an improvement over the

last few years, but is still considerably higher than the rest of Contra Costa County at approximately 4.7%. This task has proven more difficult in the wake of the elimination of the Redevelopment Agency, but through partnerships and refocusing available resources, the City continues to see progress in this effort. Indeed, the City’s partnership with the SPEDC in its progressive tattoo-removal program, “Removing Barriers,” has garnered international attention.



Letter of Transmittal

FISCAL STABILITY

Compensation & Labor Negotiation Strategy: This initiative attempts to implement a fiscally responsible cost reduction and containment strategy which will allow the City to remain competitive in recruiting and retaining valuable employees while allowing for long-term fiscal sustainability for the City. With this framework, management staff met with employee labor groups throughout the spring of 2014 to develop labor agreements which were set to expire on June 30, 2014 for both public safety and non-public safety employees. With the help of City Council members and city employees and their respective bargaining units, the City was able to eliminate retiree medical benefits for elected officials, as well as reduce the City’s long-term retiree medical costs for employees. Ultimately, labor agreements were struck which called for modest and sustainable salary increases of 2.0% per year for the next three years. Coupled with previous concessions in which employees contribute 10.3% or 12.3% of their salary depending on job title to fund a significant portion of their retirement cost, the City is now in a good place to maintain fiscal stability, while remaining an attractive and desirable place to work.

Fee Study for Planning, Building, and Public Works: In July of 2011 the City contracted with an outside consultant to review and analyze the City’s Planning, Building, and Public Works fee structure to determine: (1) an appropriate fee structure which will allow the City to recover the costs of providing specific services to the public; (2) that a proposed fee structure is reasonable when compared to other local agencies; and (3) whether or not the City has established a fee for all provided services. The new fees were adopted by the City Council in April of 2012 and the fees went into effect on July 2, 2012. As a result, General Fund revenues in the Charges for Service category nearly doubled from \$390,940 in FY 2011/12 to \$674,404 in FY 2012/13, and experienced significant gains of 37% in FY 2013/14 to \$921,802. An update to the Master Fee Schedule is planned in FY 2015/16.

INFRASTRUCTURE

Redevelopment Agency: For decades, most California cities, including San Pablo, relied on local redevelopment agencies as a tool to revitalize blighted areas and provide funding for much needed infrastructure projects. This practice ended on January 31, 2012 when the Redevelopment Agency (RDA) was required by the State to be dissolved. With the dissolution of the RDA, the City has had to secure alternative funding projects that were previously funded through Redevelopment. As a strategy, the City has used general fund revenues, and federal, state and local grants to fund such projects.



Letter of Transmittal

The City, acting as Successor Agency to the RDA is now in the final phase of “clean-up” and various RDA unwind procedures. In September 2013, the City obtained its Finding of Completion validating that its RDA payment obligations were met. Going forward, this status allows the Successor Agency to spend the remainder of the bond proceeds as well as provide flexibility for the disposition / use of the real property transferred from the Redevelopment Agency to the Successor Agency.

On June 3, 2014 and September 4, 2014, the City’s Successor Agency completed a refinancing of outstanding Redevelopment Agency bond debt. By combining multiple issues of bond debt into Series 2014A and Series 2014B Tax Allocation Bonds (TAB’s), the Successor Agency was able to issue bonds totaling \$54,565,000, which saved taxpayers over \$5,000,000 in debt service payments. While most of the savings was realized by the State, this transaction helped the City consolidate loan payments and simplify loan administration.

CAPITAL PROJECTS

San Pablo Community Center (PW 535): The City of San Pablo and the SPEDC worked with Noll & Tam Architects and Planners to design and construct the San Pablo Community Center at Helms Middle School. Together they celebrated the grand opening of the San Pablo Community Center (SPCC) on June 5, 2014. The Community Center is a 10,500 square foot facility that includes a large multi-purpose space with a kitchen, two smaller meeting/class rooms, a teen lounge, a computer room, and a fitness room. Located on a 20,000 square foot site adjacent to the Helms Middle School, the City partnered with the West



Contra Costa Unified School District City to develop a ground lease and a joint use agreement for the exterior fields and the gymnasium when school is not in session. The Community Center, however, is entirely a City-operated facility. The project was funded using a variety of sources, including a New Market Tax Credits grant application and grant funds from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84). The facility is LEED-certified (Leadership in Energy and Environmental Design, an internationally-recognized green building certification system). The Community Center was honored as the Outstanding Facility for 2014 by the California Park & Recreation Society’s District 3 (Alameda and Contra Costa Counties). Attendance in all programs increased by 50% in the first six months of operation.

Letter of Transmittal

Rumrill Sports Park (Former BNSF Site): The former Burlington Northern & Santa Fe (BNSF) Railroad Corporation yard, a brownfield, was sold to the City of San Pablo and developed into a much-needed multi-use sports park (Rumrill Sports Park) for the residents of the City.



Built at 1509 Rumrill Boulevard, the new 4.5-acre park features three synthetic turf youth playing fields with lighting for night games and a smaller practice field available for youth leagues, pick-up games, and practices. The park also contains, 62 parking spaces, a picnic/barbeque area, tot lot, offices, restrooms, security cameras and vendor kiosks that offer healthy food. The family- and youth-centric facility is

designed to promote "healthy eating, active living" for the San Pablo community. This park concept was developed through a series of community outreach meetings in which residents of San Pablo identified the need for more open space structured for youth play.

Because the park is located on an old rail yard, the dirt was contaminated and had to be mitigated. Working with environmental consultants Ninyo & Moore and the State of California's Department of Toxic Substance Control (DTSC), the City developed a Removal Action Workplan (RAW) to clean the site. Once approved, construction contractor O.C. Jones & Sons, Inc. began working on the remediation of the contaminated dirt in late August 2014.



Swinerton Construction Management oversaw park construction which was completed in August 2015.

The City received \$6.96 million in funding for the project as follows:

- State of California Proposition 84 Statewide Parks Program: \$3,000,000
- New Markets Tax Credits \$2,817,360
- Environmental Protection Agency Grant \$600,000
- East Bay Regional Park Measure WW \$425,538
- Department of Resources, Recycling and Recovery (Cal Recycle) Grant \$125,064

The City made a loan of \$5,329,000 to the Healthy Eating Activing Living, LLC (HEAL), of which the San Pablo Economic Development Corporation is the only member. HEAL will construct and operate the sports park.

Letter of Transmittal

Municipal Solar Project: The Municipal Solar Project is a 325.62 kW-DC solar installation at City Hall, the Police Department and the Church Lane Senior Center. The project was initially developed in collaboration with the four member cities (San Pablo, El Cerrito, Albany and Piedmont) of the Small Cities Climate Action Partnership with funding from the United States Environmental Protection



Agency. The cities jointly requested qualified, design-build proposals for site bundles in each respective jurisdiction. Real Goods Solar Inc. (RGS) was awarded the construction contract at a final approved cost of \$1,703,995. The City received a 15-year, 1% interest rate loan from the California Energy Commission to cover \$1,150,000 of the project costs with the balance coming from the City's General Fund. In addition, the City has reserved California Solar Initiative Rebates totaling \$250,000 to be disbursed over the first five years. The Project will offset 24% of the City's total electricity usage and reduce greenhouse gas emissions by 18%, thus helping the City reach its Climate Action Plan goals. Construction of the project was completed in early 2014, and electric vehicle charging stations became operational later that fall.

Wildcat Creek Trail Project: This project involves the construction of a paved pedestrian / bicycle trail along the north bank of Wildcat Creek between Davis Park and 23rd Street (approximately 900 lineal feet). The trail will be an extension of the existing trail system from Davis Park to the Bay, and a crucial link in the future Wildcat Creek Regional Trail connecting the Bay and Ridge Trails. Included in the project scope is a pocket park at the trail head on 23rd Street, and lighting and creek restoration along the trail. Funding sources include a Transportation Development Act (TDA) grant, Environmental Enhancement and Mitigation Program grant, Bay Trail Project grant, and Redevelopment Agency Bond Proceeds. The project is currently under construction.

Development of Plaza San Pablo: The City is working to develop the site at Plaza San Pablo, formerly known as Circle S. Construction of roads, lighting and other infrastructure needs is currently underway. One aspect of the plan includes moving the current Walgreen's Drug Store that occupies the corner of San Pablo Avenue and Church Lane to a new location on San Pablo Avenue next to the West County Health Center. The old Walgreen's site will then be converted into a modern branch library for the City. A long-term lease for the library site has been signed, and building design is complete and has been approved by City Council. The library project is estimated to cost approximately \$5 million.



Letter of Transmittal

Undergrounding of Utilities on El Portal West: The City took the lead in preparing plans and construction documents which are now complete. The City will front the money for construction of the \$950,000 project, and the utility companies will reimburse the City for their portions of the cost, estimated to be \$850,000. Requests for proposals will be issued in 2016 with construction planned to begin later that year or early 2017.

Overlay or Road Resurfacing Projects: The City has been busy repairing 3.3 miles of City streets with road overlays and resurfacings. Public Works Project 528 was completed in December 2014 and included the overlay of portions of San Pablo Avenue (from San Pablo Dam Road to Tulare) and Emeric (from Rumrill to San Pablo Avenue). Total project cost was \$987,548 and was partially covered by grant funds of \$454,000. Public Works Project 595 includes road resurfacing on 15 different City streets. This project was completed in late spring 2015 at a total cost of approximately \$2.2 million.

INFRASTRUCTURE / TRANSPORTATION

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

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



timing to handle diversion to local streets due to freeway incidents as well as trailblazer signs to direct diverted traffic back onto the freeway downstream of incidents. The project also includes traffic signal priority for buses, traveler information, and traffic surveillance and monitoring. This is a multi-agency project involving the jurisdictions along the corridor, CalTrans, transit agencies, and regional agencies. In 2014, construction of the project was completed as well as an agreement amongst all of the involved agencies that the Transportation Authorities for both Alameda and Contra Costa Counties would be responsible for system operations, maintenance, and management. Major funding for this \$90 million project came from local sales tax measures in Contra Costa and Alameda and from State Proposition 1B funding.

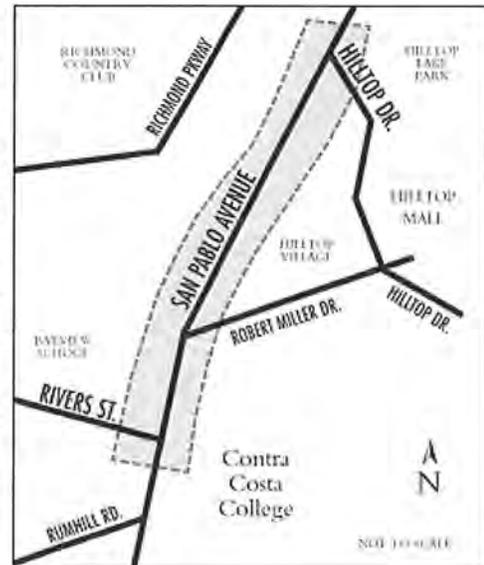


Letter of Transmittal

Wayfinding Sign Planning and Installation: The West Contra Costa Transportation Advisory Commission (WCCTAC) secured a grant from the Metropolitan Transportation Commission to develop wayfinding signs to transit centers in West Contra Costa and other major destinations. San Pablo participated in the development of the plan, and Phase 1 of the project is now complete. The City was later able to secure \$330,000 in necessary funding to install the signs through Contra Costa’s Measure J transportation sales tax. The construction contract for installation was approved in December 2014, with Phase 2 construction beginning in February 2015.

Complete Streets Plan: The San Pablo Avenue Complete Streets Study will focus on improving multimodal access, safety and connections along the San Pablo corridor by identifying needs and prioritizing improvements that will facilitate pedestrian, bicycle and transit trips. At the heart of this process is a public outreach effort that will bring together surrounding residents, business owners, partner agencies, and other key stakeholders to ensure that the final plan recommendations are both relevant to, and supported by, the local community. This study is being funded by a CalTrans Environmental Justice Transportation Planning Grant. A project design consultant was secured and began design work in July 2015. Design is expected to take approximately one year.

Major Interchange Improvements: The cities of San Pablo and Richmond are co-sponsors of this project, which involves replacement and widening of the San Pablo Dam Road overcrossing, relocation of the McBryde Avenue access from westbound I-80, relocation of the El Portal access to westbound I-80, realignment of Amador Street, and replacement of the I-80/Riverside Avenue pedestrian overcrossing serving Riverside Elementary School. Design of this \$113 million project is now complete with construction being separated into phases. Phase One construction is scheduled to begin in late 2015 using \$29 million in funding secured in part from the Contra Costa Measure J transportation sales tax. Phase Two construction is not ready yet as funding is still being secured. The project, managed by the Contra Costa Transportation Authority (CCTA), includes a public outreach component with design input from the community.



Letter of Transmittal

PUBLIC SAFETY

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

Graffiti Abatement Team: The Graffiti Abatement Team aggressively investigates incidents of graffiti by obtaining search and arrest warrants and by deploying plainclothes officers to apprehend offenders caught in the act. The Team upgraded the technology for graffiti sensors and cameras.

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

G.R.E.A.T. Program: Y.E.S. officers teach the Gang Resistance Education and Training (G.R.E.A.T.) program to San Pablo sixth graders. G.R.E.A.T. is a school-based, law enforcement, officer-instructed classroom program that teaches life skills and encourages student participation. In order to graduate, the students in the program must complete a community project. At the end of each school year, the top students from the G.R.E.A.T. program are recognized at our annual Community Awards Dinner. The purpose of the event is to bring our community closer, create stronger police/community understanding and recognize positive efforts of our youth.

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

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



Letter of Transmittal

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

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



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

Listos: Listos is a basic emergency and disaster readiness public education program with a grass-roots approach that specifically targets Spanish-speaking populations. Listos' culturally appropriate Spanish language curriculum uses the strengths and bonds within the Latino community to educate and prepare its members for emergencies or disasters.

Homicide Clearance Rates: The San Pablo Police Department has historically enjoyed a high homicide clearance rate when compared to the national average. The Detective Division is comprised of highly trained and motivated individuals with a proven track record of conducting in-depth criminal investigations. Using a collaborative approach, investigators work closely with our Gang Unit and other local agencies to solve unsolved murder cases. Recent history confirms the Department's reputation. From January 1, 2013 through December 31, 2014, the City experienced five homicides, clearing all but one.



Letter of Transmittal

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

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

SPECIAL PROJECTS / TECHNOLOGY

The Information Technology Division has four major projects to accomplish. These projects are to upgrade the Computer Room, upgrade the Network Servers, upgrade the Network Backup System, and upgrade the Network Anti-Virus Software. The Computer Room upgrade will be occurring once Building 2 has been renovated. This will require the expanded area to be wired for power, data communications, alarms, fire suppression, air conditioning, and power backup. The Network Servers are reaching end-of-life and are being replaced along with upgrading their Operating Systems and Services. Our Network Backup System Vendor has gone downhill and no longer effectively provides the granular-level backup we require to retrieve selective data. We are shifting to an “appliance” based backup system that we are implementing. Microsoft has stopped promoting their Network Endpoint Anti-Virus solution. We are replacing this Microsoft Application with a new Anti-Virus Solution.

STRATEGIC PLANNING / SPECIAL PROJECTS

Rumrill Complete Streets: The City received a \$250,000 Department of Transportation grant to complete a multi-jurisdictional plan on Rumrill Blvd. between the Contra Costa Community College, and thru the City of Richmond to their Bart Station. The purpose of the plan is to identify public improvements to increase walking, bicycling, access to public transportation.

San Pablo Avenue Specific Plan: San Pablo Avenue is a regional thoroughfare that extends through the City of San Pablo and much of the East Bay Area. The character of the Avenue, quality of its environment, and the role that it plays varies from one community to another. In the City of San Pablo, the Avenue is the City’s primary arterial, and is home to the City’s major public facilities and community destinations. Most importantly, the Avenue is the primary route for the majority of transit lines that pass through





Letter of Transmittal

the City. Because of its prominence within San Pablo, the character and design of San Pablo Avenue play an important role in shaping the community’s perception of the City. Hence, in 2011 the City adopted a Specific Plan for San Pablo Avenue. The Plan is aimed at improving the quality of development and establishing design standards to help redefine this corridor as a major local and regional destination for residents, workers, students, and visitors. The Plan also provides vision and policies for how the Avenue can become a vibrant, accessible, and sustainable mixed-use corridor. Most recently the City received a \$5M construction grant for Complete Streets improvements to increase bicycling, walking, and access to public transportation. Additionally, the City received a \$174,000 economic development grant to brand and market San Pablo as the medical arm of the East Bay.

Citywide Zoning: The City completed an update of its zoning ordinance which was adopted on May 18, 2015. The City’s previous ordinance was last comprehensively updated in August 2002 and did not reflect the City’s recently adopted San Pablo General Plan 2030. The City’s zoning ordinance regulates land uses within the jurisdictional boundaries of San Pablo. The ordinance identifies land uses that are permitted, conditionally permitted, and not permitted within each area (or zone) of the City. The ordinance also establishes standards such as minimum lot size, maximum building height, and building set back measurements from the street. Provisions for parking, landscaping, lighting, and other rules that guide the development of projects within the City are also included. The overall goal for the new zoning ordinance is to promote the growth of the City in an orderly manner, to promote and protect public health, safety, peace, comfort, and general welfare in conformance with the General Plan 2030, and to do so with input and guidance from the community at large.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of San Pablo for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. City staff believes that its current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program requirements and will again submit its CAFR to the GFOA to determine eligibility for another certificate.



Letter of Transmittal

ACKNOWLEDGEMENTS

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

Respectfully submitted,

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

Matt Rodriguez
City Manager

A black ink signature of J. Kelly Sessions, featuring a large circular loop and several smaller loops.

J. Kelly Sessions
Finance Director



Letter of Transmittal

CITY OF SAN PABLO
ELECTED OFFICIALS AND
ADMINISTRATIVE PERSONNEL

JULY 1, 2015

ELECTED PERSONNEL

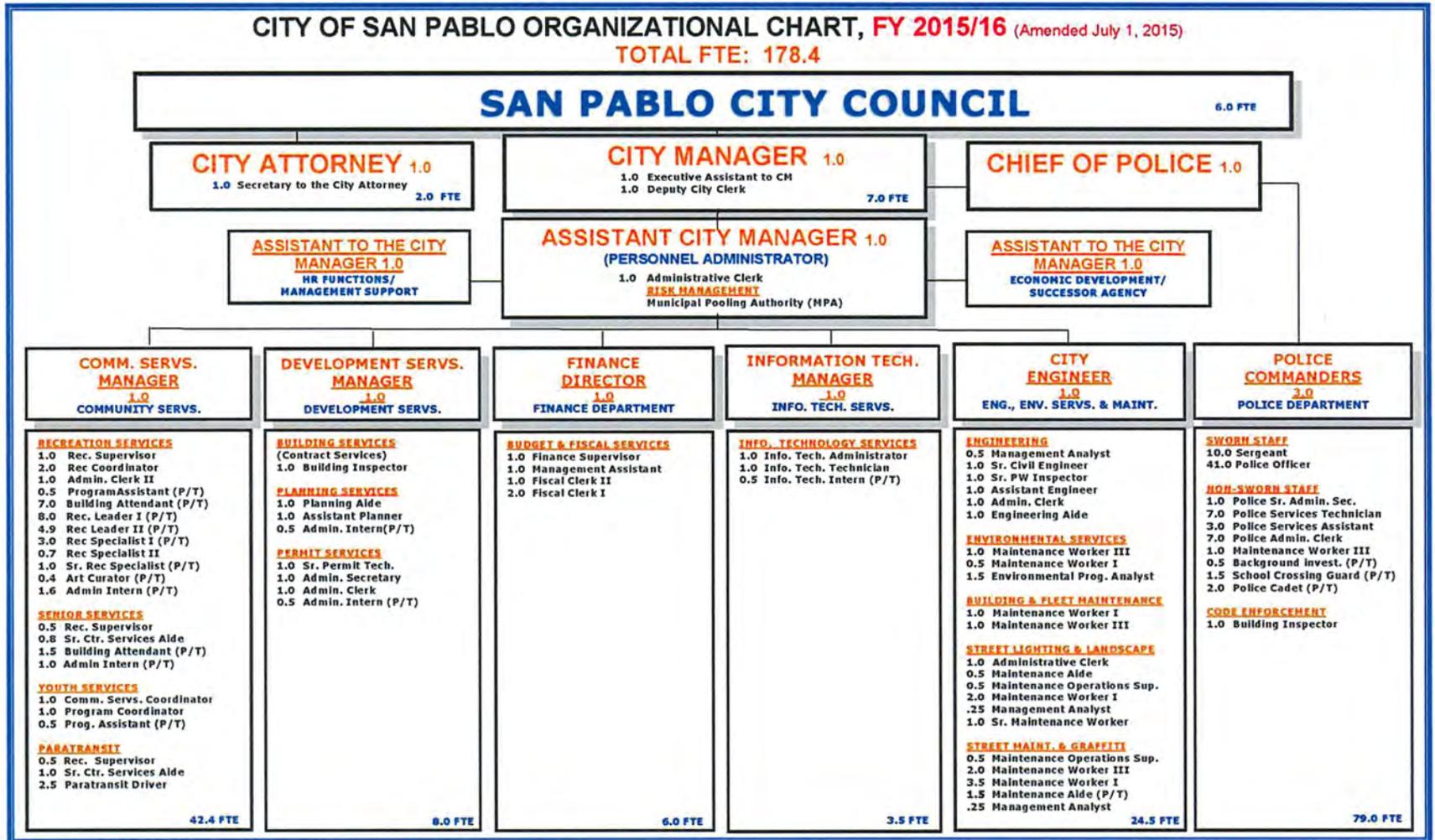
Mayor	Kathy Chao Rothberg
Vice Mayor	Rich Kinney
Council Member	Cecilia Valdez
Council Member	Genoveva Garcia-Calloway
Council Member	Paul V. Morris
City Clerk	Ted J. Denney
City Treasurer	Viviana Toledo

ADMINISTRATIVE PERSONNEL

City Manager	Matt Rodriguez
City Attorney	Lynn Tracy Nerland
Assistant City Manager	Reina Schwartz
Assistant to the City Manager/Economic Development	Charles Ching
Assistant to the City Manager/Personnel	Tina Gallegos
Chief of Police	Lisa Rosales
City Engineer	Barbara Hawkins
Community Services Manager	Greg Dwyer
Development Services Manager	Michele Rodriguez
Finance Director	J. Kelly Sessions
Information Technology Manager	Larry Johnson

CITY OF SAN PABLO ORGANIZATIONAL CHART, FY 2015/16 (Amended July 1, 2015)

TOTAL FTE: 178.4





Government Finance Officers Association

Certificate of
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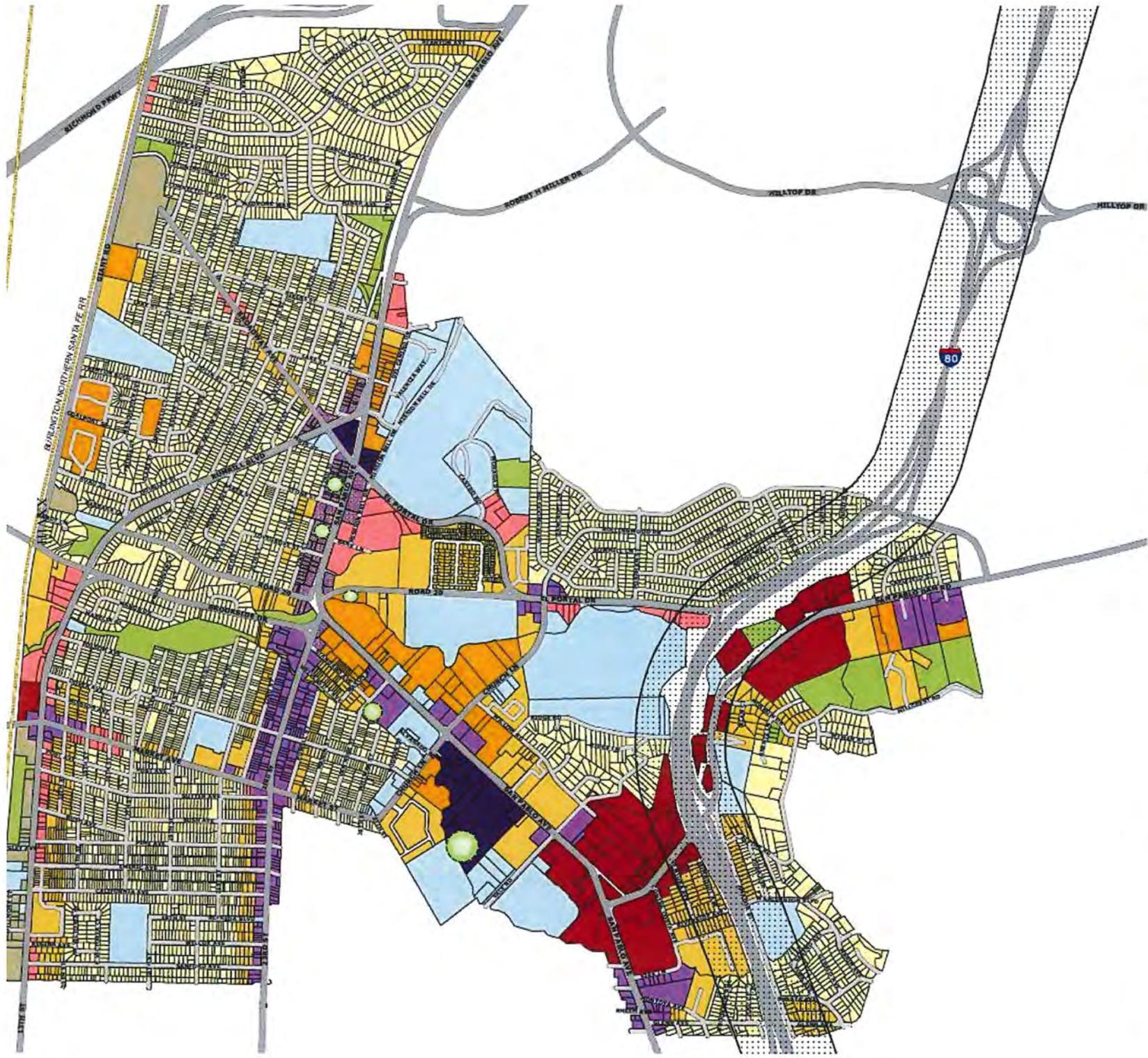
**City of San Pablo
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

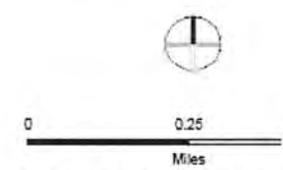
Executive Director/CEO

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



- Mixed Use Centers*
- Residential Mixed Use
- Commercial Mixed Use
- Regional Commercial
- Neighborhood Commercial
- High Density Residential
- Medium Density Residential
- Low Density Residential
- Industrial Mixed Use
- Public/Institutional
- Parks/Recreation
- Potential Park Location
- Air Quality Health Risk Over
- Major Roads
- Minor Roads
- Railroads

*Please see the General Plan for designation description



SOURCE: Contra Costa County, 2010; City of :
 Dyett & Bhatia, 2010.

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information and discretely presented component unit of the City of San Pablo, California, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information and discretely presented component unit of the City as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 12, pursuant to ABx1 26 adopted by the State of California which was validated by the California Supreme Court on December 28, 2011, the Redevelopment Agency of the City of San Pablo was dissolved and its assets turned over to and liabilities assumed by Successor Agencies effective January 31, 2012. Prior to the Redevelopment Agency dissolution, the Agency board approved two agreements which obligated it to repay certain advances to the Low and Moderate Income Housing Fund. The assets of the Low and Moderate Income Housing Fund were transferred to the City as Housing Successor to the Redevelopment Agency on February 1, 2012, which included these advances. These advances have been recorded as liabilities of the Successor Agency as management believes these amounts are valid obligations. Repayment of these agreements is subject to certain administrative procedures and review and approval by the California Department of Finance and as a result any amount disallowed is not determinable at this time.

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

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

Change in Accounting Principles

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2015 and required the restatement of net position as discussed in Notes 8D and 9 to the financial statements:

Statement No. 68 – *Accounting and Financial Reporting for Pensions*

Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*

The emphasis of this matter does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mane & Associates

Pleasant Hill, California
December 10, 2015



CITY OF **SAN PABLO**

City of New Directions



Management's Discussion and Analysis

This discussion and analysis of the City of San Pablo's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the Letter of Transmittal, the Basic Financial Statements and the accompanying Notes to the Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$115 million. Of this amount, \$30.5 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$9.7 million primarily because revenues exceeded expenditures by \$12.5 million in the General Fund and \$.4 million in the Low and Moderate Income Housing Assets Fund, and expenditures exceeded revenues by \$5.3 million in the Public Works Construction Fund and by \$7.8 million in the Lease Revenue Bonds Fund, plus the net of capital assets transactions and other adjustments.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$64.4 million, an increase of \$13.6 million from the prior fiscal year. This growth is due to increased business license tax of \$1.4 million, sales taxes of \$.9 million, issuance of 2015 Lease Revenue Bonds of \$15.8 million, interest on long-term debt of \$1.07 million and increase in capital outlay of \$2.3 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The Statement of Net Position and the Statement of Activities report information about the City. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid. In addition, these two statements report the City's net positions and changes in them. Over time, increases or decreases in the City's net positions are one indicator of whether their financial health is



Management's Discussion and Analysis

improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's roads. Currently the City's roads are rated "good" by the Metropolitan Transportation Commission. In order to maintain this status, the City will need to increase its expenditure from the General Fund.

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

The City had three Major Funds in 2015 in addition to the General Fund: the Low and Moderate Income Housing Assets Fund, the Public Works Construction Fund and the 2015 Lease Revenue Bonds Fund.

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

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

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

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



Management's Discussion and Analysis

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

The City's net position increased by \$9.7 million in 2015, from \$105.3 million to \$115.0 million. This year over year upturn comes from the change in net position as recorded in the Statement of Activities and which flows through the Statement of Net Position. Net position increased as a result of many transactions: services charges increased by \$0.4 million; continuing transactions related to the dissolution of the Redevelopment Agency increased property tax distributions by \$0.2 million; sales tax increased by \$0.9 million in FY 2014/15, primarily due to the collections for Measure K \$0.5 million in first full year of collection; Casino revenue increased by \$1.4 million, Successor Agency reimbursement \$0.5 million; other miscellaneous revenue increases of \$0.9 million, capital grants decrease by \$1.8 million; in addition to expenditure increase in 2015 by \$4 million.

A portion of the City's net position represents resources which are subject to external restrictions on use. This restricted amount is \$24.8 million as of June 30, 2015. The remaining balance of unrestricted net assets of \$30.5 million may be used to meet the City's ongoing obligations to citizens and creditors.



Management’s Discussion and Analysis

Governmental Net Position at June 30

	Government Activities	
	2015	2014*
Current Assets	\$ 94,099,485	\$ 78,440,997
Capital Assets	78,085,388	68,623,009
Total Assets	172,184,873	147,064,006
Deferred Outflows of Resources Related to pensions (Note 9A)	2,665,181	
Current Liabilities	4,889,529	4,319,019
Long-Term Liabilities	47,990,248	9,906,655
Total Liabilities	52,879,777	14,225,674
Deferred Inflows of Resources Related to pensions (Note 9A)	6,947,231	
Net Position:		
Net Investment in Capital Assets	59,671,326	58,716,354
Restricted	24,843,522	24,793,010
Unrestricted	30,508,198	49,328,968
Total Net Position	\$ 115,023,046	\$ 132,838,332

* Not restated for the provisions of GASB Statement No. 68 discussed in Note 9 to the financial statements.



Management’s Discussion and Analysis

Changes in Governmental Net Position at June 30

	2015	2014*
Revenues:		
Program revenues		
Charges for Services	\$ 2,308,858	\$ 1,885,952
Operating Contributions and Grants	2,064,275	1,962,725
Capital Grants	5,202,454	7,078,669
General Revenues:		
Property Tax	1,676,678	1,515,310
Sales Taxes	3,803,069	2,912,396
In-lieu Sales Tax	490,239	548,465
Utility Taxes	2,467,509	2,553,955
Transient Occupancy Taxes	455,006	424,570
Franchise Taxes	884,123	719,358
Payment in Lieu of Taxes	1,865,060	1,828,490
Other Taxes	132,130	114,542
Motor Vehicle Taxes	1,961,310	1,713,415
Business Licenses (non-regulatory)	19,701,338	18,291,111
Investment Earnings	633,516	246,226
Miscellaneous	545,773	320,447
Total Revenues	44,191,338	42,115,631
Expenses		
General Government	5,868,035	5,918,919
Community:		
Recreation	1,417,109	1,306,695
Development	1,538,176	1,115,441
Housing	0	12,100
Public Works & Engineering	9,591,938	7,304,089
Police	15,207,587	14,959,000
Interest on long-term debt	1,069,642	
Total Expenses	34,692,487	30,616,244
Extra/Special Item-Asset transf fr SA	206,625	1,534,820
Change in Net Position	9,705,476	13,034,207
Net Position 7/1	132,838,332	119,804,125
Restatement (Notes 8D & 9A)	(27,520,762)	
Net Position 6/30	\$ 115,023,046	\$ 132,838,332

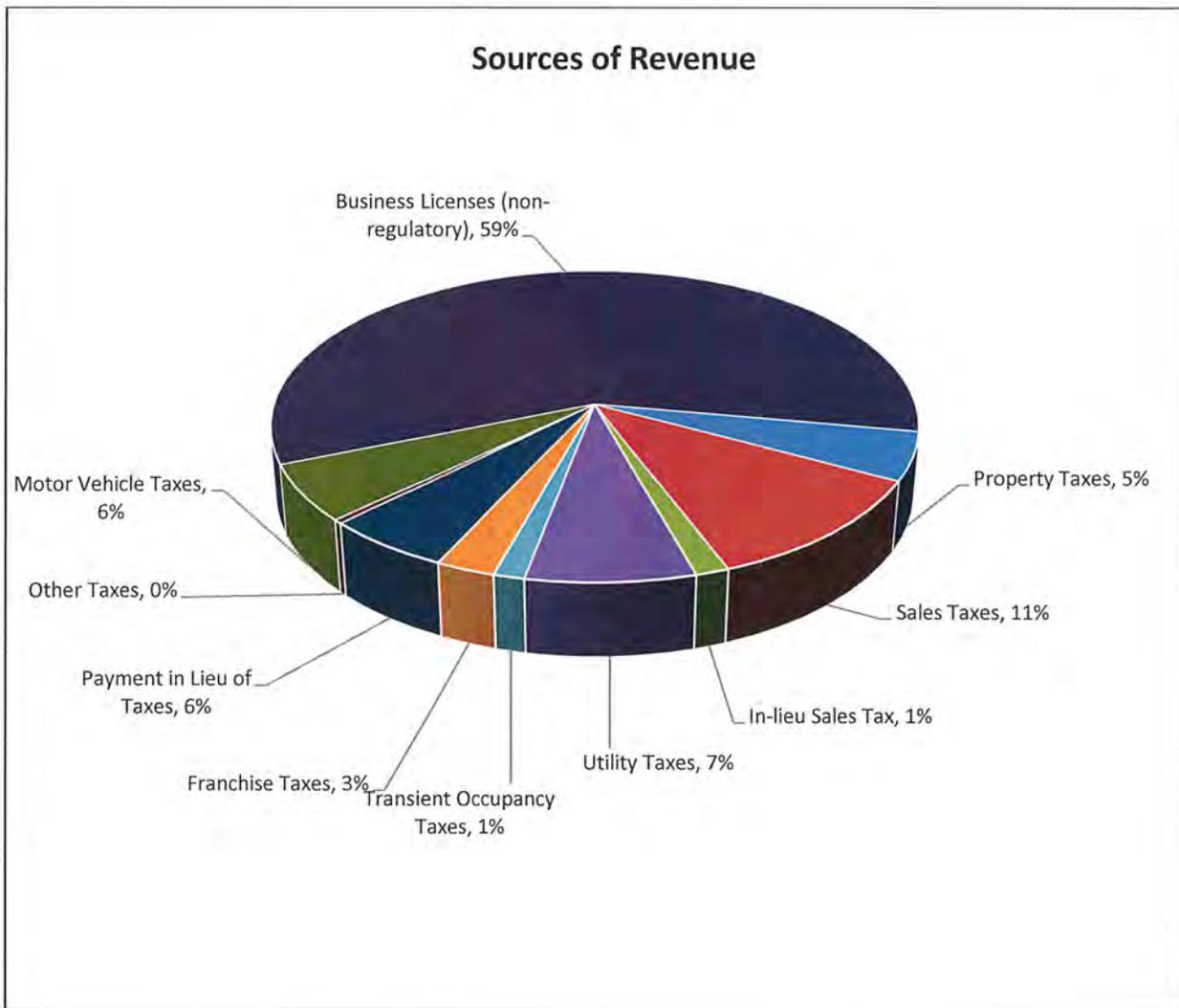
* Not restated for the provisions of GASB Statement No. 68 discussed in Note 9 to the financial statements.



Management’s Discussion and Analysis

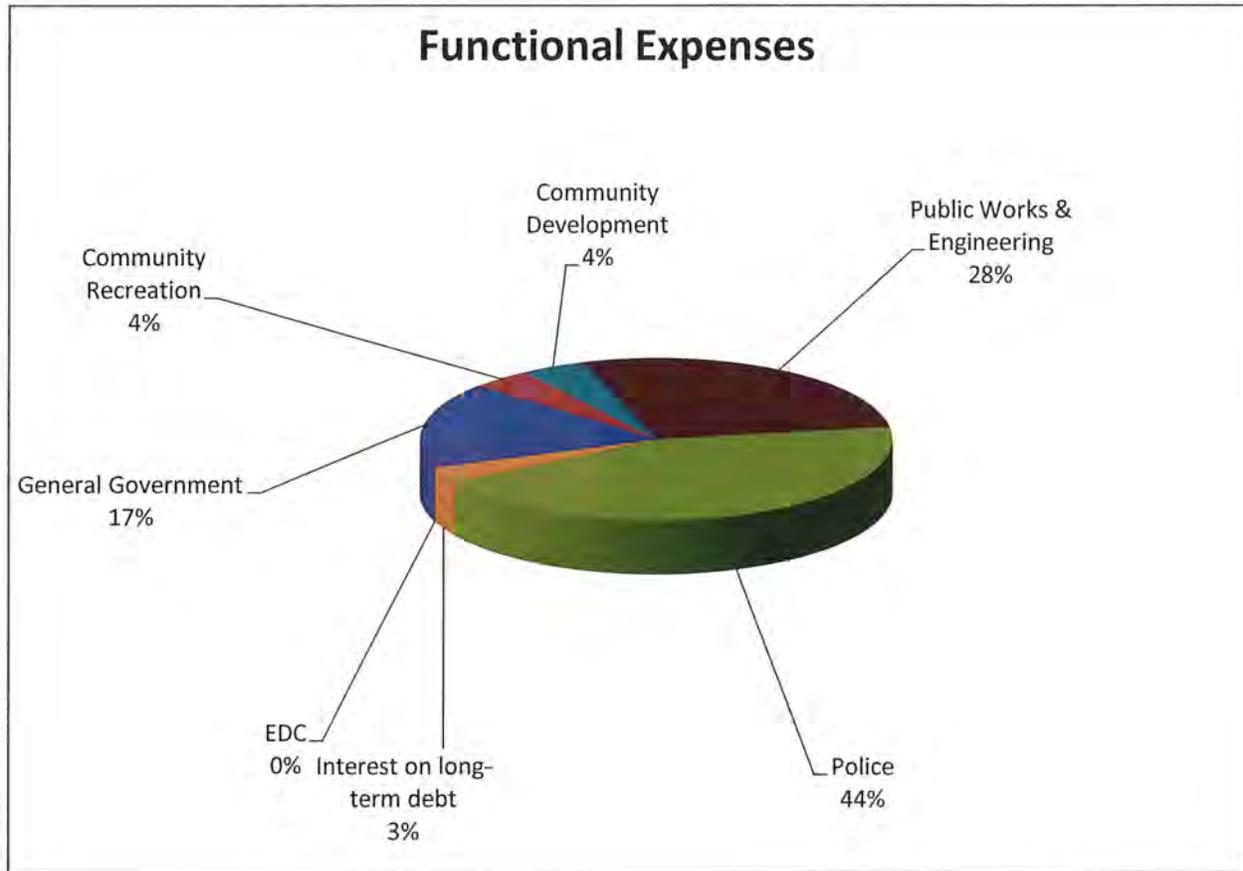
The cost of all Governmental activities this year was \$34.7 million. Net expenses, as shown in the Statement of Activities, were \$25.1 million. A portion of the cost for these activities was paid either by those directly benefitting from the programs through service charges (\$2.3 million), by other governments and organizations that subsidized certain programs with operating grants and contributions (\$2.0 million), or capital grants and contributions (\$5.2 million). Overall, the City received \$9.6 million in governmental program revenues.

Total resources available during the year to finance governmental operations were \$149.7 million, consisting of net assets at July 1, 2014 of \$105.3 million, program revenues of \$9.6 million, general revenues of \$34.6 million and special item of \$.2 million. Total Governmental activities during the year were \$34.7 million, thus net position increased from \$105.3 million to \$115.0 million, a net increase of \$9.7 million.





Management’s Discussion and Analysis



As shown in the Sources of Revenue chart on the opposite page, Business Licenses accounted for 59% of the City’s Fiscal Year 2015 revenue, which came primarily from Casino San Pablo. Sales taxes accounted for 11%, which included the voter-approved Measure Q increase of one-half percent.

On the year, Functional Expenses totaled \$34.7 million, an increase of \$4.1 million from the previous year. Likewise, all Functional Expense categories increase from the previous year with the exception of General Government expenses which decreased by \$0.05 million to 17% of total expenses. The increased expense levels from last year include Police, which increase by \$0.2 million to 44% of total expenses; Public Works and Engineering, which increase by \$2.3 million to 28% of total expenses due to a \$1 million grant to HEAL and the retirement of \$2.6 million of capital assets related to the transfer of the Rumrill Sports Park Project to HEAL, interest on long-term debt increase by \$1.0 million; and Recreation and Community Development, which increase by \$.1 million and \$.4 million respectively, each at 4% of total expenses.



*Management's Discussion and Analysis***FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

At year end, the City's General Fund had a balance of \$43.14 million. This represents an increase of \$10.8 million compared to 2014. The increase can be attributed to the \$12.5 million in excess of revenues over expenditures, which were offset by a transfer of \$1.3 million to capital projects. Total General Fund revenues increased by \$1.6 million over the previous fiscal year mainly due to the Casino revenue increase of \$1.4 million.

The Low and Moderate Income Housing Assets Fund had a fund balance of \$7.0 million. During Fiscal Year 2015, the Department of Finance approved the transfer of one parcel with a book value of \$206,625 from the Successor Agency to the Housing Successor. The parcel will be developed as part of the Plaza San Pablo project.

The Public Works Construction Fund balance decrease by \$5.1 million as a result of the completion of \$10.4 million in projects offset by project grant funding of \$3.3 million, transfers from the General Fund of \$4.1 million.

The 2015 Lease Revenue Fund was established in fiscal year 2015 to account for the activities related to the issuance of the 2015 Lease Revenue Bonds in the principal amount of \$15.81 million. Current year activities of \$7 million included property acquisitions and upgrades to City Hall. Unspent proceeds were \$8 million as of fiscal year end, which are restricted for use on capital improvement projects.

Other Governmental Funds decreased \$0.8 million primarily due to a \$.7 million increase in revenue, \$.99 million increase in expenditures, and transfers out exceeded transfers in by \$.4 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City adopts a biennial budget every other year at which time revenues are projected for the first year of the budget with minor adjustments for the second year. The fiscal year ending June 30, 2015 was the second year of the two-year budget process. Differences between the actual results and the original General Fund budget and the final General Fund budget are as follows:

Sales Taxes. In June 2012, the voters passed Measure Q, which increased the sales tax base by 0.5%. The City projection for the increase conservatively, and actuals received were \$490,635 over the budget.

Business License. Because the nationwide economic recovery has been slow, the City budgeted conservatively for Business License Tax, which primarily comes from Casino San Pablo, thinking that perhaps there would be a slowdown in Casino revenue. A slowdown never did materialize, such that casino revenue ended the year with a positive variance of totaled \$4.6 million, or 31% over budget.



Management’s Discussion and Analysis

Other Taxes. The Hotel Occupancy Tax and Franchise Tax attributed to the increase. Hotel occupancy rates were up, contributing approximately \$205,000 over budget, plus the City did not budget for the additional revenue generated by the restructuring of the Franchise Tax Agreement for solid waste services with Republic Sanitary Service. The positive variance equaled \$344,123, or 63% over budgeted figures.

Charges for Services. The actual revenue over budget of \$286,632 due to the increase of street permits due to increased construction activity.

Intergovernmental/Other. The City received unbudgeted grant funds totaling \$1.5 million. \$.8 million of this revenue was for construction of the San Pablo Community Center, \$.1 million from State of California Recycle and another \$0.6 million was from a United States Environmental Protection Agency for the Rumrill Sports Park.

Expenditures. Expenditures totaling \$23.5 million were 4% more than original budgeted figures and 11% less than the final budgeted figures of \$26.1 million, resulting in a spending gap \$2.7 million. \$1.2 million of this gap is attributable to salary and benefit savings, because of many position vacancies throughout the year and conservative budgeting practices of the City. The City experienced savings of \$1 million in the Supplies and Services category, due primarily to unspent funds for professional services of \$0.3 million and savings in the cost of utilities of \$0.1 million. All departments, especially Police, were very careful to spend only what was needed.

Transfers. Final budgeted figures for net transfers out were \$3.1 million, which was \$1.5 higher than what was actually transferred. The different due to various Capital Improvement Projects were completed and closed and the excess funds were transfer into the General Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The capital assets of the City are those assets which are used in the performance of the City’s functions. At June 30, 2015, capital assets net of accumulated amortization and depreciation of the Governmental activities totaled \$78.1 million. Amortization and depreciation on capital assets is recognized in the Government-Wide financial statements. Refer to Note 6 of this report for detailed information regarding capital assets. The City has elected to use the amortization and depreciation method as allowed by GASB Statement No. 34 for infrastructure reporting.



Management’s Discussion and Analysis

	Original Cost	Accumulated Depreciation	Book Value
Capital Assets - Governmental:			
Land and land improvements	\$8,366,015		\$8,366,015
Construction in progress	11,180,835		11,180,835
Buildings and improvements	23,609,909	\$5,293,313	18,316,596
Machinery and equipment	2,548,485	1,587,447	961,038
Vehicles	3,029,422	2,194,889	834,533
Park and trail improvements	13,801,816	2,335,071	11,466,745
Sports fields	1,506,986	1,064,620	442,366
Roads & streets including sidewalks	64,773,744	41,138,635	23,635,109
Bridges	5,486,753	4,466,385	1,020,368
Street lights	361,078	324,434	36,644
Storm drains	1,884,059	1,697,673	186,386
Traffic signals	2,931,742	1,938,984	992,758
Trees	1,227,462	581,465	645,997
Total Capital Assets - Governmental	\$140,708,304	\$62,622,916	\$78,085,388

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

The City entered into an agreement with the San Pablo Economic Development Corporation (SPEDC) in December 2012 to lease the San Pablo Community Center. Construction of the Community Center was completed in June 2014. Prior to the completion of construction, the lease was accounted for as an operating lease. With the completion of construction, the lease was converted into a capital lease, and using the \$8,764,917 final cost of the project, the City recorded a lease payable in that amount. The imputed interest rate on the lease is 3.32% and lease payments are due semi-annually each June 30 and December 31 through the year 2053.

On February 8, 2013, the City entered into a 15-year, 1.0% interest rate loan agreement with the California Energy Resources Conservation and Development Commission to borrow \$1,141,738 for various solar panel projects at the City Hall complex. Principal and interest payments are payable semiannually with the first loan payment due December 22, 2015 and the last due in December 2029.

The City of San Pablo Joint Powers Financing Authority issued the Lease Revenue Bonds, Series A (Tax-Exempt) for \$4,255,000 and Series 2015B (Taxable) for \$11,555,000 to provide funds to finance certain capital projects within the City. Principal and interest payments on the 2015A and 2015B Bonds are due semi-annually through 2044 and 2040, respectively.

Refer to Note 7 of this report for detailed information regarding long term debt.



Management’s Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

In following best management practices, the City takes a conservative approach relative to the assumptions built into the two-year budget. In the operating budget on the revenue side, Year 2 is nearly the same as Year 1. In this way, as revenues are increasing in the second year of the budget—assuming that the economy is growing—the budget is balanced at the Year 1 revenue amount, thus building in a structural funding surplus in Year 2. On the expenditure side, increasing labor costs and other inflationary factors are built into the Year 2 budget according to labor agreements, vendor contracts, etc., thus ensuring sufficient funding.

Adopted revenue budgets are based on year end actuals for Fiscal Year 2014 and year end projections for 2015, while taking into account local economic conditions and other real world considerations. Moreover, key assumptions made in each fiscal year are conservative, including a slowly improving economy that will most likely result in modest increases in sales and property tax revenues, but which are not significant enough to change revenue estimates very much from one year to the next. In this way, revenue estimates for both Fiscal Years 2016 and 2017 remain nearly level. Indeed, the FY 2017 budget is balanced on a revenue estimate that is 0.1 percent greater than the FY 2016 estimate.

Additionally, the City takes a very conservative approach to budgeting for Casino business license revenues. With actuals of \$19.7 million in FY 2015, Casino business licenses are the City’s largest revenue source, comprising 54% of the General Fund. To mitigate this risk and dependence on a single revenue source, the City budgets at figures significantly less than previous fiscal year actuals, even though Casino revenues have increased year over year by at least 5% for several years running. Indeed, the City budgeted for this revenue source at \$18.0 million in both Fiscal Years 2016 and 2017, 7.2 percent less than FY 2015 actuals.

The same conservative approach holds true for essentially all revenue sources. The Fiscal Year 2016 and Fiscal Year 2017 General Fund revenues are budgeted at \$30.9 and \$30.7 million respectively, while Fiscal Year 2015 actuals total \$35.9 million. From an all funds perspective, \$35.6 million is budgeted in both Fiscal Year 2016 and 2017, a full \$8.5 million less than the \$44.1 million in actuals received in FY 2015. One revenue source in particular is expected to increase significantly during the course of FY 2016; sales tax. Measure K, a 0.25% sales tax measure for emergency medical services, was approved by voters in June 2014 and Measure K sales tax receipts began flowing into the City in December 2014. Fiscal Year 2016 will be the first full year of Measure K sales tax receipts. The City is budgeted to receive \$650,000 in FY 2016 and FY 2017.

On the expenditure side, all job positions, including vacancies, are conservatively budgeted at the fourth step of a five-step range. New positions added during the course of the two-year budget cycle are fully funded in the fiscal year in which they are added and in all subsequent years. A 2.0% cost of living adjustment (COLA) for all employees is added as well, in accordance with labor contracts in force through the remainder of FY 2017. All benefits-eligible employees are budgeted to receive medical insurance at the two-party rate. Additionally, all increasing employee benefit costs are updated annually and added to each fiscal year’s budget for such things as increases to pension costs, medical and dental insurance rates, retiree health costs, etc.



Management's Discussion and Analysis

To address fiscal uncertainty, the City adopted the Fiscal Resiliency Reserve Policy in October 2013. The policy requires Catastrophic Reserves at 50% of the General Operating Fund budget, and a Budget Stabilization Reserve at 5.0% of the General Fund budget. The policy also establishes General Fund Designated Reserves which allow the City to allocate funding for large, future expenses, including such things as CalPERS retirement rate increases, unfunded liabilities such as compensated absences, vehicle replacements, etc. Additionally, the policy establishes the Future Capital Projects Reserves for funding large capital projects in the absence of RDA funding. Lastly, the policy established the City Manager's Contingency Account at 1% of the General Fund budget to pay for unbudgeted and unforeseen expenses that arise during the normal course of business.

The dissolution of all redevelopment agencies statewide continues to impact San Pablo activities as the City must rely on other revenue sources to fund capital projects rather than RDA bond proceeds. As evidence of the changed environment, all assets of the former RDA were transferred to the Local Successor Agency, which continued to unwind and dissolve all RDA financial and contractual obligations. In June 2014, the State Department of Finance approved the City's Long Range Property Management Plan, giving the City authority to move forward with the use and disposition of all remaining properties as proposed. The City expects the final unwinding activities to be complete in calendar year 2017.

To plan for future capital project needs, in February 2015 the City issued \$4.3 million in tax-exempt lease revenue bonds (LRB's) and \$11.6 million in taxable LRB's. The City's creditworthiness was reviewed by the credit rating agency Standard & Poor's, which determined the "city's recent and expected budgetary performance to be strong" and the "city's management conditions as strong, supported by financial policies and practices that we consider good." As such, Standard & Poor's issued a bond rating of "AA-", which allowed the City to obtain very favorable interest rates, beating even the City's most optimistic projections. To date, the City has expended \$7.5 million of the taxable bonds to purchase property and medical office buildings from the West Contra Costa Healthcare District. Potential uses of the remaining bond funds include construction of a new branch library and City Hall, installation of municipal broadband throughout the City, and various other Capital Improvement projects.

In Fiscal Year 2014, the San Pablo Community Center was opened. This is a major project that will impact City operations and community livability for many years to come. At a total cost of \$9.5 million including land value and hard and soft construction costs, this project was funded through a City partnership with the SPEDC and private lenders accessing the New Market Tax Credits program. Situated on land leased from the West Contra Costa Unified School District, this new facility greatly enhances recreational opportunities and community events held in San Pablo. With construction complete, the City's Recreation Department moved their offices to the new facility and greatly expanded recreational program offerings to help offset the cost of additional staff required to operate the complex.



Management's Discussion and Analysis

In Fiscal Year 2015, a second project was completed that will also impact the San Pablo community for generations to come: the Rumrill Sports Park. The former Burlington Northern & Santa Fe (BNSF) Railroad Corporation yard was sold to the City for development into a much-needed multi-use sports park. The park boasts three lighted youth soccer fields and one smaller field for pick-up games and practices. The park also includes a picnic/barbeque area, play area, office/restrooms and on-site parking. This park concept was developed through a series of community outreach meetings in which the residents of San Pablo identified the need for more open space structured for youth play. Construction began in August 2014 and the grand opening was held on September 8, 2015. The City secured funding of approximately \$7.0 million, including \$2.8 million from the New Markets Tax Credits program and \$1.5 million in grants.

REQUESTS FOR INFORMATION

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



CITY OF **SAN PABLO**

City of New Directions

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

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

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

The Statement of Net Position summarizes the financial position of all of the City's Governmental Activities in a single column. The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds that present the financial position of the primary government. This column is followed by a column that displays the discretely presented component unit.

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

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

Both these Statements include the financial activities of the City and the City of San Pablo Joint Powers Financing Authority. The balances and the activities of the discretely present component unit of the San Pablo Economic Development Corporation are included in these statements as separate columns.

CITY OF SAN PABLO
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government	Component Unit
	Governmental Activities	Economic Development Corporation
ASSETS		
Cash and investments available for operations (Note 3)	\$44,977,565	\$1,074,160
Restricted cash (Note 3)	7,508,688	1,964,551
Accounts receivable, net	2,522,331	
Due from other governments, net	1,391,034	
Prepays and deposits (Note 1H)	61,835	
Employee loans receivable (Note 5A)	11,786	
Notes receivable under Redevelopment Agency programs, net (Note 5B)	20,950,821	
Helms Community Center and Rumrill Sports Park Leveraged Loans (Notes 5I and 5J)	11,839,080	
Property held for resale (Note 1I)	564,835	
Net OPEB asset (Note 9D)	4,271,510	
Capital assets (Note 6):		
Land and construction in progress	19,546,848	7,914,490
Depreciable capital assets, net	58,538,540	8,544,430
Total assets	172,184,873	19,497,631
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions (Note 9A)	2,665,181	
LIABILITIES		
Accounts payable and accrued liabilities	2,220,524	838,775
Claims payable (Note 11)	77,371	
Unearned revenue	1,590,303	
Compensated absences (Note 1G)	1,001,331	
Net pension liability (Note 9A)	22,067,498	
Long-term debt (Note 7):		
Due in one year	354,982	
Due in more than one year	25,567,768	16,806,000
Total liabilities	52,879,777	17,644,775
DEFERRED INFLOWS OF RESOURCES		
Related to pensions (Note 9A)	6,947,231	
NET POSITION (Note 8)		
Net investment in capital assets	59,671,326	1,617,471
Restricted for:		
Capital projects	2,605,283	
Low and moderate income housing	22,238,239	
Economic development projects	24,843,522	235,385
Total restricted net position	24,843,522	235,385
Unrestricted net position	30,508,198	
Total net position	\$115,023,046	\$1,852,856

See accompanying notes to financial statements

CITY OF SAN PABLO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in in Net Position	Net (Expense) Revenue and Changes in in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants	Primary Government Governmental Activities	Component Unit Economic Development Corporation
Primary Government:						
Governmental Activities:						
General Government	\$5,868,035	\$612,276			(\$5,255,759)	
Community:						
Recreation	1,417,109	321,941			(1,095,168)	
Development	1,538,176	483,379	\$330,309		(724,488)	
Housing			100,856		100,856	
Public Works & Engineering	9,591,938	225,034	1,246,172	\$5,202,454	(2,918,278)	
Police	15,207,587	666,228	386,938		(14,154,421)	
Interest on long-term debt	1,069,642				(1,069,642)	
Total Governmental Activities	<u>\$34,692,487</u>	<u>\$2,308,858</u>	<u>\$2,064,275</u>	<u>\$5,202,454</u>	<u>(25,116,900)</u>	
Component Unit:						
Economic Development Corporation	<u>\$1,154,896</u>		<u>\$1,146,507</u>	<u>\$1,056,230</u>		<u>\$1,047,841</u>
General revenues:						
Taxes:						
Property taxes					1,676,678	
Sales taxes					3,803,069	
In-lieu sales tax					490,239	
Utility taxes					2,467,509	
Transient occupancy taxes					455,006	
Franchise taxes					884,123	
Payment in lieu of taxes					1,865,060	
Business licenses (nonregulatory)					19,701,338	
Other taxes					132,130	
Intergovernmental unrestricted:						
Motor vehicle in lieu fees					1,961,310	
Use of money and property					633,516	41,941
Miscellaneous					545,773	
Special item:						
Assets transferred from the Successor Agency (Notes 1I)					206,625	
Total general revenues and special item					<u>34,822,376</u>	<u>41,941</u>
Change in Net Position					9,705,476	1,089,782
Net Position-Beginning , as Restated (Notes 8D and 9A)					<u>105,317,570</u>	<u>763,074</u>
Net Position-Ending					<u>\$115,023,046</u>	<u>\$1,852,856</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 2015. Individual non-major funds may be found in the Supplemental Section.

GENERAL FUND

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

LOW AND MODERATE INCOME HOUSING ASSETS

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

PUBLIC WORKS CONSTRUCTION

This fund accounts for major City capital improvement projects.

2015 LEASE REVENUE BONDS

This fund accounts for capital improvement projects funded by the proceeds of the 2015 Lease Revenue Bonds.

CITY OF SAN PABLO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

	General	Low and Moderate Income Housing Assets	Public Works Construction	2015 Lease Revenue Bonds	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments available for operations (Note 3)	\$37,437,829	\$628,812	\$4,298,329		\$2,612,595	\$44,977,565
Restricted cash and investments (Note 3)				\$7,508,688		7,508,688
Accounts receivable	2,021,940	391		500,000		2,522,331
Due from other governments	4,533,297		582,594		170,143	5,286,034
Prepays and deposits (Note 1H)	61,835					61,835
Employee loans receivable (Note 5A)	11,786					11,786
Redevelopment Agency program loans, net (Note 5B)		20,950,821				20,950,821
Helms Community Center and Rumrill Sports Park Leveraged Loans (Notes 5I and 5J)	11,839,080					11,839,080
Property held for resale (Note 1I)		564,835				564,835
Total Assets	\$55,905,767	\$22,144,859	\$4,880,923	\$8,008,688	\$2,782,738	\$93,722,975
LIABILITIES						
Accounts payable and accrued liabilities	\$1,236,186		\$400,263		\$584,075	\$2,220,524
Unearned revenue	1,590,303					1,590,303
Total Liabilities	2,826,489		400,263		584,075	3,810,827
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - due from other governments	3,425,000		470,000			3,895,000
Unavailable revenue - loans and notes receivable	6,510,080	\$15,085,821				21,595,901
Total Deferred Inflows of Resources	9,935,080	15,085,821	470,000			25,490,901
FUND BALANCES						
Fund balance (Note 8)						
Nonspendable	5,402,621					5,402,621
Restricted		7,059,038		8,008,688	2,198,663	17,266,389
Assigned	145,329		4,010,660			4,155,989
Unassigned	37,596,248					37,596,248
TOTAL FUND BALANCES	43,144,198	7,059,038	4,010,660	8,008,688	2,198,663	64,421,247
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$55,905,767	\$22,144,859	\$4,880,923	\$8,008,688	\$2,782,738	

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

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. 78,085,388

NON-CURRENT REVENUES

Revenues which are unavailable on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 21,595,901

LONG TERM ASSETS, LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The assets, deferred outflows of resources, liabilities and deferred inflows of resources below are not due and payable in the current period and therefore are not reported in the Funds:

Net OPEB asset	4,271,510
Deferred outflows of resources related to pensions	2,665,181
Accrued liabilities	
Claims payable	(77,371)
Compensated absences	(1,001,331)
Net pension liability	(22,067,498)
Long term debt	(25,922,750)
Deferred inflows of resources related to pensions	(6,947,231)

NET POSITION OF GOVERNMENTAL ACTIVITIES **\$115,023,046**

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, 2015

	General	Low and Moderate Income Housing Assets	Public Works Construction	2015 Lease Revenue Bonds	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$836,806				\$839,872	\$1,676,678
Sales taxes	3,199,425				988,996	4,188,421
In-lieu sales tax	490,239					490,239
Utility users tax	2,467,509					2,467,509
Business license tax	19,390,922					19,390,922
Other taxes	3,304,319					3,304,319
Licenses and permits					310,416	310,416
Fines and forfeits	250,670					250,670
Intergovernmental	4,480,023		\$3,312,433		1,915,272	9,707,728
Charges for services	691,632				744,217	1,435,849
Use of money and property	642,072	\$420,350		\$656	13,153	1,076,231
Miscellaneous	167,020				44,830	211,850
Total Revenues	35,920,637	420,350	3,312,433	656	4,856,756	44,510,832
EXPENDITURES						
Current:						
General Government	5,803,306				347,702	6,151,008
Community:						
Recreation	1,321,969					1,321,969
Development					1,572,053	1,572,053
Housing						
Public Works & Engineering	283,809				3,174,378	3,458,187
Police	15,435,567				(14)	15,435,553
Capital outlay	529,202		10,428,209	7,023,421	114,746	18,095,578
Debt service:						
Principal retirement	85,000					85,000
Interest and fiscal charges				778,547		778,547
Total Expenditures	23,458,853		10,428,209	7,801,968	5,208,865	46,897,895
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	12,461,784	420,350	(7,115,776)	(7,801,312)	(352,109)	(2,387,063)
OTHER FINANCING SOURCES (USES)						
Issuance of debt (Note 7)				15,810,000		15,810,000
Transfers in (Note 4A)	2,837,048		4,170,128		380,367	7,387,543
Transfers (out) (Note 4A)	(4,475,960)		(2,126,356)		(785,227)	(7,387,543)
Total Other Financing Sources (Uses)	(1,638,912)		2,043,772	15,810,000	(404,860)	15,810,000
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEM	10,822,872	420,350	(5,072,004)	8,008,688	(756,969)	13,422,937
SPECIAL ITEM:						
Property transferred from Successor Agency (Note 1I)		206,625				206,625
NET CHANGE IN FUND BALANCES	10,822,872	626,975	(5,072,004)	8,008,688	(756,969)	13,629,562
Fund balances at beginning of period	32,321,326	6,432,063	9,082,664		2,955,632	50,791,685
FUND BALANCES AT END OF PERIOD	\$43,144,198	\$7,059,038	\$4,010,660	\$8,008,688	\$2,198,663	\$64,421,247

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, 2015

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$13,629,562

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	16,606,048
Depreciation expense is deducted from fund balance	(4,481,658)
Retirements of capital assets are deducted from fund balance	(2,662,011)

LONG-TERM DEBT PROCEEDS AND PAYMENTS

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

Repayment of debt principal is added back to fund balance	85,000
Interest accrued to principal is deducted from fund balance	(291,095)
Proceeds from the issuance of long-term debt are deducted from fund balance	(15,810,000)

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):

Net OPEB asset	170,922
Accrued liabilities	1,500,000
Compensated absences	156,215
Claims payable	(49,227)
Unavailable revenue - loans and notes receivable	(319,494)
Net pension liability and deferred outflows/inflows of resources related to pensions	1,171,214

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$9,705,476

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$344,067	\$344,067	\$836,806	\$492,739
Sales taxes	2,490,286	2,490,286	3,199,425	709,139
In-lieu sales tax	520,714	520,714	490,239	(30,475)
Utility users tax	2,440,000	2,440,000	2,467,509	27,509
Business license tax	14,750,000	14,750,000	19,390,922	4,640,922
Other taxes	2,680,564	2,680,564	3,304,319	623,755
Fines and forfeits	490,000	490,000	250,670	(239,330)
Intergovernmental:				
Motor vehicle in lieu	1,680,346	1,680,346	1,961,310	280,964
Other	112,000	612,020	2,518,713	1,906,693
Charges for services	405,000	405,000	691,632	286,632
Use of money and property	208,679	299,038	642,072	343,034
Miscellaneous	10,000	10,000	167,020	157,020
Total Revenues	<u>26,131,656</u>	<u>26,722,035</u>	<u>35,920,637</u>	<u>9,198,602</u>
EXPENDITURES				
Current:				
General government	4,998,372	6,981,308	5,803,306	1,178,002
Community:				
Recreation	1,597,539	1,618,673	1,321,969	296,704
Public Works & Engineering	460,225	458,540	283,809	174,731
Police	15,562,583	16,478,125	15,435,567	1,042,558
Capital outlay		531,850	529,202	2,648
Debt Service:				
Principal		61,250	85,000	(23,750)
Total Expenditures	<u>22,618,719</u>	<u>26,129,746</u>	<u>23,458,853</u>	<u>2,670,893</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,512,937</u>	<u>592,289</u>	<u>12,461,784</u>	<u>11,869,495</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		659,174	2,837,048	2,177,874
Transfers (out)	(3,366,449)	(3,806,222)	(4,475,960)	(669,738)
Total Other Financing Sources (Uses)	<u>(3,366,449)</u>	<u>(3,147,048)</u>	<u>(1,638,912)</u>	<u>1,508,136</u>
NET CHANGE IN FUND BALANCE	<u>\$146,488</u>	<u>(\$2,554,759)</u>	<u>10,822,872</u>	<u>\$13,377,631</u>
Fund balance at beginning of year			<u>32,321,326</u>	
FUND BALANCE AT END OF YEAR			<u>\$43,144,198</u>	

See accompanying notes to financial statements



CITY OF **SAN PABLO**

City of New Directions

FIDUCIARY FUNDS

FIDUCIARY FUNDS

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

RETIREE HEALTH SAVINGS PLAN TRUST FUND

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

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY

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

CITY OF SAN PABLO
 FIDUCIARY FUNDS
 STATEMENTS OF FIDUCIARY NET POSITION
 JUNE 30, 2015

	Retiree Health Savings Plan Trust Fund	Successor Agency to the Redevelopment Agency Private-Purpose Trust	Agency Funds
ASSETS			
Investments - Mutual Fund (Note 3)	\$7,411,880		
Restricted cash and investments (Note 3)		\$7,308,542	\$2,865,983
Interest receivable			
Loans receivable (Note 12B)		832,425	
Property held for resale (Note 12C)		8,918,842	
Due from other governments			221,744
Capital assets (Note 12D):			
Land and construction in progress		2,819,393	
Depreciable capital assets, net		1,353,630	
Total Assets	7,411,880	21,232,832	\$3,087,727
DEFERRED OUTFLOW OF RESOURCES			
Deferred amount on refunding of debt (Note 12E)		4,363,941	
LIABILITIES			
Accounts payable		26,268	\$181,022
Deposits held as agent for others		9,995	2,906,705
Long-term obligations (Note 12E):			
Due in one year		1,610,491	
Due in more than one year		74,893,099	
Total Liabilities		76,539,853	\$3,087,727
NET POSITION (DEFICIT) HELD IN TRUST FOR OPEB BENEFITS AND OTHER GOVERNMENTS			
	\$7,411,880	(\$50,943,080)	

See accompanying notes to financial statements

CITY OF SAN PABLO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Retiree Health Savings Plan Trust Fund</u>	<u>Successor Agency to the Redevelopment Agency Private-Purpose Trust</u>
ADDITIONS		
Property taxes		\$5,132,531
Employer contributions	\$510,505	
Net investment income	161,799	56,945
Other		
Total additions	672,304	5,189,476
DEDUCTIONS		
Premiums paid	510,505	
Community Development		1,059,803
Depreciation		78,225
Debt service:		
Interest and fiscal charges		3,108,762
Total deductions	510,505	4,246,790
Change in net position before special item	161,799	942,686
SPECIAL ITEM		
Assets transferred to the City (Note 12C)		(206,625)
Change in net position	161,799	736,061
NET POSITION (DEFICIT) HELD IN TRUST FOR OPEB BENEFITS AND OTHER GOVERNMENTS		
Beginning of year	7,250,081	(51,679,141)
End of year	\$7,411,880	(\$50,943,080)

See accompanying notes to financial statements



CITY OF **SAN PABLO**

City of New Directions

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of San Pablo was incorporated as a general law city on April 27, 1948. San Pablo is a community of approximately 29,465 residents situated in Contra Costa County on the east side of San Francisco Bay. San Pablo is located approximately 17 miles east of the City of San Francisco and 12 miles north of the City of Oakland and is surrounded by the City of Richmond. The City operates under the Council-Manager form of government and provides the following services: public safety, highways and streets, recreation, public improvements, planning and zoning and general administration services.

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

The accompanying basic financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. Although they are separate legal entities, blended component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. Each discretely presented component unit, on the other hand, is reported in a separate column in the basic financial statements to emphasize it is legally separate from the government.

PRIMARY GOVERNMENT

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

Blended Component Unit

The City of San Pablo Joint Powers Financing Authority is a separate governmental entity whose purpose is to assist in the financing and refinancing of certain redevelopment activities of the former Redevelopment Agency and certain programs and projects of the City. The Authority is administered by a Governing Board whose members are the City Council of the City of San Pablo. The Authority does not issue separate financial statements.

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

DISCRETELY PRESENTED COMPONENT UNIT

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

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

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

Effective September 1, 2012, the City transferred assets and liabilities of the Corporation to the Corporation's own administrative staff, and all accounting and managerial functions of the Corporation are now performed by its own staff. However, the City continues to provide the primary funding for the activities of the Corporation. Therefore, the financial activities of the Corporation are discretely presented in the Economic Development Corporation Component Unit column of the Statement of Net Position and the Statement of Activities. Separate financial statements for the Corporation may be obtained by contacting the San Pablo Economic Development Corporation, 13830 San Pablo Avenue, Suite D, San Pablo, CA 94806.

B. *Basis of Presentation*

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

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

C. Major Funds

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

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

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

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

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

2015 Lease Revenue Bonds - This fund accounts for capital improvement projects funded by the proceeds of the 2015 Lease Revenue Bonds.

The City also reports the following fiduciary fund types:

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

D. Basis of Accounting

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

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

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

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

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

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

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

E. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheet report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City only has one item that qualifies for reporting in this category related to pensions as discussed in Note 9.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of financial position and balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category, unavailable revenue, which arises only under a modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from due from other governments, and loans and notes receivable. The City also has deferred inflows of resources related to pensions as discussed in Note 9. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

F. *Property Tax*

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

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

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

G. *Compensated Absences*

Compensated absences comprise unpaid vacation and certain compensated time off, which are accrued as earned. For all governmental funds amounts expected to be paid out for permanent liquidation are recorded as fund liabilities, the long-term portion is recorded in the statement of net position. The liability for compensated absences is determined annually; the net decrease in the liability was \$156,215 at June 30, 2015 and was allocated to the General Government, Community Development, Public Works, Engineering, Police and Community Recreation 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	\$1,157,546
Additions	854,070
Payments	<u>(1,010,285)</u>
Ending Balance	<u>\$1,001,331</u>
Due in One Year	<u><u>\$1,001,331</u></u>

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. *Prepays and Deposits*

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. The General Fund had prepaid items of \$61,835 at June 30, 2015.

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

I. *Property Held for Resale*

Land parcels held for resale 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.

In January 2015 the Successor Agency approved the transfer of 1820 Rumrill Boulevard to the City as Housing Successor, which was subsequently approved by the Department of Finance. Therefore, the parcel with a carrying value of \$206,625 was transferred to the Low and Moderate Income Housing Assets Special Revenue Fund during fiscal year 2015, which has been reported as a Special Item.

J. *Estimates and Assumptions*

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

K. *New Funds*

The 2015 Lease Revenue Capital Projects Fund and Measure K Special Revenue Fund were established during the year ended June 30, 2015.

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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (Continued)

4. All budget adjustments and transfers between funds and between departments must be approved by the City Council by resolution during the fiscal year. The City Manager and Finance Manager are authorized to transfer any unencumbered appropriations within a department. The legally adopted budget requires that expenditures not exceed total appropriations at the department level within each fund.
5. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds except the Low and Moderate Income Housing Assets, Measure C/J, Traffic Congestion Relief, HCD Grant and Measure K Special Revenue Funds. In addition, the Public Works Construction Capital Projects Fund and 2015 Lease Revenue Bonds Capital Projects Fund are budgeted on a project length basis and therefore are not comparable on an annual basis.

B. Excess of Expenditures over Appropriations

The General Fund incurred debt service expenditures in excess of appropriations in the amount of \$23,750, and the Asset Seizures Special Revenue Fund incurred capital outlay expenditures in excess of appropriations in the amount of \$1,254. The funds had sufficient revenues to finance these expenditures.

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 invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system.

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 - CASH AND INVESTMENTS (Continued)

B. Classification

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

Primary Government Cash and Investments	
Cash and investments available for operations	\$44,977,565
Restricted cash and investments	7,508,688
Component Unit Cash and Investments	
Cash and investments available for operations	1,074,160
Restricted cash and investments	1,964,551
Fiduciary Funds Cash and Investments	
Restricted cash and investments	
in Fiduciary Funds (separate statement):	
Retiree Health Savings Plan Trust	7,411,880
Successor Agency to the Redevelopment	
Agency Private Purpose Trust	7,308,542
Agency Funds	<u>2,865,983</u>
Total cash and investments	<u><u>\$73,111,369</u></u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 - CASH AND INVESTMENTS (Continued)

C. *Investments Authorized by the California Government Code and the City's Investment Policy*

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the City's Investment Policy where the City's Investment Policy is more restrictive.

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
U.S. Treasury Obligations	5 years	N/A
U.S. Agency Securities (A)	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 (B)	A
Investment Agreements and Guaranteed Investment Contracts	N/A	N/A
Cash Sweep	5 years	N/A
California Asset Management Program	N/A	N/A
California Local Agency Investment Fund	N/A	N/A

(A) For the 2015 Lease Revenue Bonds, investments are restricted to the Federal Home Loan Bank System, Government National Mortgage Association, Farmer's Home Administration, Federal Home Loan Mortgage Corporation or Federal Housing Administration; provided that with respect to the funds and accounts established under the Indenture, such obligations shall at no time exceed an amount equal to ten percent (10%) of the aggregate principal amount of the Bonds Outstanding.

(B) For the 2015 Lease Revenue Bonds, limited to 30 days.

E. Investments Authorized for Economic Development Corporation

Economic Development Corporation investments conform with the California Government Code.

F. Investments Authorized for the Retiree Health Savings Plan Trust

The authorized investments for the Retiree Health Savings Plan Trust were established pursuant to the Declaration of Trust. The City, as trustee, has elected to invest the Trust assets in a mutual fund, however the Trust is authorized to invest in time deposits, shares of common and preferred stock, mortgages, bonds, leases, notes, debentures, equipment or collateral trust certificates, rights, warrants, convertible or exchangeable securities and other corporate, individual or government securities or obligations, annuity, retirement or other insurance contracts, mutual funds, or in units of any other common, collective or commingled trust fund⁴²

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 - CASH AND INVESTMENTS (Continued)

G. Interest Rate Risk

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

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

	Cash and Investments Available for Operations	Restricted Cash and Investments	Total	Maturity Date or Earliest Call Date	Credit Rating
<i>City Investments:</i>					
<i>Federal Instrumentalities:</i>					
Federal National Mortgage Association	\$500,375		\$500,375	March 14, 2017	AA+
Federal National Mortgage Association	2,506,020		2,506,020	September 20, 2017	AA+
Federal National Mortgage Association	2,005,372		2,005,372	March 5, 2018	AA+
Federal Farm Credit Bank	1,001,080		1,001,080	June 17, 2016	AA+
Federal Farm Credit Bank	554,515		554,515	January 17, 2017	AA+
Federal Home Loan Bank	1,501,450		1,501,450	August 25, 2015	AA+
Federal Home Loan Bank	499,875		499,875	April 27, 2016	AA+
Federal Home Loan Bank	1,035,850		1,035,850	September 9, 2016	AA+
U.S. Treasury Note	502,148		502,148	August 31, 2016	AA+
U.S. Treasury Note	998,125		998,125	November 15, 2016	AA+
U.S. Treasury Note	1,002,188		1,002,188	January 31, 2017	AA+
U.S. Treasury Note	997,188		997,188	March 15, 2017	AA+
U.S. Treasury Note	999,688		999,688	June 30, 2017	AA+
U.S. Treasury Note	497,422		497,422	September 30, 2017	AA+
<i>Medium Term Notes:</i>					
General Electric	1,002,660		1,002,660	October 9, 2015	AA+
Union Bank NA	1,047,940		1,047,940	June 6, 2016	A+
Walt Disney Company	1,107,510		1,107,510	September 15, 2016	A
Toyota Motor Credit	1,027,790		1,027,790	September 15, 2016	AA-
Colgate-Palmolive Company	503,540		503,540	January 15, 2017	AA-
Exxon Mobile Corporation	1,000,000		1,000,000	March 15, 2017	AAA
Berkshire Hathaway Finance Corporation	1,018,830		1,018,830	May 15, 2017	AA
Pfizer Inc.	1,003,800		1,003,800	May 15, 2017	AA
IBM Corporation	1,138,850		1,138,850	September 14, 2017	AA-
Oracle Corporation	501,065		501,065	October 15, 2017	AA-
Wal-Mart Stores, Inc.	500,215		500,215	April 11, 2018	AA
Apple Inc.	991,620		991,620	May 3, 2018	AA+
Local Agency Investment Fund	16,482,204	\$4,930,449	21,412,653	239 days average maturity	Not Rated
Wells Fargo Advantage Government Money Market Funds		12,752,764	12,752,764	26 days average maturity	AAAm
Wells Fargo Advantage Treasury Plus Money Market Funds	1,199,058		1,199,058	24 days average maturity	AAAm
<i>Retiree Health Savings Plan Trust:</i>					
Vantage Point MP Long Term Growth Mutual Fund (Equities)		7,411,880	7,411,880		
<i>Cash with Banks and Petty Cash - City of San Pablo</i>	1,851,187		1,851,187		
<i>Cash with Banks - Economic Development Corporation</i>	1,074,160	1,964,551	3,038,711		
Total Cash and Investments	<u>\$46,051,725</u>	<u>\$27,059,644</u>	<u>\$73,111,369</u>		

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 - CASH AND INVESTMENTS (Continued)

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the authority of the Treasurer of the State of California and is not registered with the Securities and Exchange Commission as an investment company. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2015 the average maturity was 239 days.

H. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings for the City's investments as of June 30, 2015 are included in the above table.

NOTE 4 – INTERFUND TRANSACTIONS

A. Transfers Between Funds

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

Fund Receiving Transfers	Fund Making Transfers	Transfer Amount
Major Funds:		
General Fund	Public Works Construction Capital Projects Fund	\$2,114,349 (A)
	Public Safety Special Revenue Fund	417,987 (B)
	Law Enforcement Services Special Revenue Fund	304,712 (B)
Public Works Construction Capital Projects Fund	General Fund	4,145,128 (C)
	Measure C/J Special Revenue Fund	25,000 (C)
Non-Major Funds:		
Gas Tax Special Revenue Fund	General Fund	256,379 (D)
N.P.D.E.S. Special Revenue Fund	General Fund	47,514 (D)
Measure C/J Special Revenue Fund	Public Works Construction Capital Projects Fund	12,007 (C)
Asset Seizures Special Revenue Fund	General Fund	6,962 (D)
	Law Enforcement Services Special Revenue Fund	7,783 (B)
Law Enforcement Services Special Revenue Fund	General Fund	19,977 (B)
	Asset Seizures Special Revenue Fund	29,745 (C)
		\$7,387,543

The reasons for these transfers are set forth below:

- | | |
|--|--|
| (A) Return unspent capital project funds | (C) Transfer amounts required to fund capital projects |
| (B) Transfer to fund public safety | (D) Transfer to cover revenue shortage |

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5 - LOANS AND NOTES RECEIVABLE

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

A. *Employee Loans Receivable*

Elected officials and full-time City employees are eligible to obtain an interest free loan up to \$3,000 to purchase a computer. All requests for loans are subject to review and approval by the Finance Manager. Repayment of these loans is handled through payroll deductions, which are spread out equally for up to two years. Employees must pay off any outstanding balance of their loans upon ending employment with the City. As of June 30, 2015, 10 employees had \$11,786 in such loans.

B. *Notes Receivable under Redevelopment Agency Programs*

The Agency engaged in programs designed to encourage construction of or improvement to low-to-moderate income housing. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to expend these funds in accordance with the Agency's terms. With the dissolution of the Redevelopment Agency as discussed in Note 13, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result the Low and Moderate Income Housing Asset Fund assumed the loans receivable of the Redevelopment Agency's Low and Moderate Income Housing Fund as of February 1, 2012. The balances of the notes receivable in the Low and Moderate Income Housing Asset Fund at June 30, 2015 are set forth below:

Supplemental Education Revenue Augmentation Fund	\$5,865,000
Casa Adobe-Senior Citizen Units	1,145,187
Housing Initiative Program	10,678,730
San Pablo Housing Investors	1,637,177
East Bay Asian Local Development Corporation	1,624,727
Lao Family Community Development	564,203
Subtotal	21,515,024
Less: Allowance for conditional grant	(564,203)
Total	\$20,950,821

C. *Supplemental Education Revenue Augmentation Fund Loans*

During the fiscal year ending June 30, 2010 the Agency approved an interfund advance of \$3,000,000 from the Agency Low and Moderate Income Housing Fund to the Redevelopment Agency Projects Fund for the purpose of paying the Agency's share of the countywide Supplemental Education Revenue Augmentation Fund (SERAF). This loan does not bear interest and was to be repaid in five years. With the dissolution of the Agency effective February 1, 2012, the Successor Agency assumed the obligation to repay the advance and has recorded a loan payable to the Low and Moderate Income Housing Asset Fund subject to revised repayment terms as discussed in Note 12 below. The balance of the loan at June 30, 2015 was \$3,000,000.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5 - LOANS AND NOTES RECEIVABLE (Continued)

In August 2011 the Agency approved a second interfund advance for the year ended June 30, 2011 of \$2,865,000 from the Agency's Low and Moderate Income Housing Fund to the Redevelopment Agency Projects Fund for the purpose of funding the full amount of the Agency's 2010 SERAF payment. This loan does not bear interest and was to be repaid in five years. With the dissolution of the Agency effective February 1, 2012, the Successor Agency assumed the obligation to repay the advance and has recorded a loan payable to the Low and Moderate Income Housing Asset Fund as discussed in Note 12 below. The balance of the loan at June 30, 2015 was \$2,865,000.

These loans were previously reported as interfund advances. However, the liability has been assumed by the Successor Agency following the dissolution of the former Agency. The State of California Department of Finance has stated that repayment of the loans cannot begin prior to fiscal year 2014-2015 and the maximum annual repayment amount is limited by Health and Safety Code Section 34176(e)(6), as discussed in Note 12. The loans are offset with unavailable revenue.

D. 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.

E. Housing Initiative Program

The Redevelopment Agency administered a Housing Initiative Program under which individuals may qualify for first-time home buyer, purchase rehabilitation, second and third trust deed home improvement, dilapidated unit purchase, or foreclosed unit purchase loans. At June 30, 2015 loans outstanding under this Program totaled \$10,678,730.

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5 - LOANS AND NOTES RECEIVABLE (Continued)

F. *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, 2015, San Pablo Housing Investors owed principal of \$1,098,651 and interest of \$538,526.

G. *East Bay Asian Local Development Corporation*

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

On August 16, 2005, an amendment to the Owner Participation Agreement provided EBALDC with a supplemental project loan of up to \$1,200,000. Proceeds will facilitate the original construction project. Repayment terms of this additional loan are the same as the terms of the original loan. As of June 30, 2015, EBALDC has drawn down \$1,199,513 of the supplemental project loan.

The balance of the loans as of June 30, 2015 was \$1,624,727.

H. *Lao Family Community Development*

Under the terms of an Affordable Housing Subsidy Agreement dated December 20, 1993, the Agency made a loan of \$82,500 to Lao Family Community Development, Inc. (Lao) for the development of a 32-unit apartment building with three of the units being affordable to moderate income persons. The loan bears interest at the rate of 6.06%, compounded annually. The agreement was amended on January 22, 1996 to provide an additional subsidy of \$75,000 which bears interest at the rate of 6.83%, compounded annually and increased the affordable units to 15. Both loans are repayable from “residual receipts” as defined in the agreement, and loans are due immediately upon the sale, assignment or transfer of the property without the consent of the Agency, or the expiration of the 30-year affordability covenant. However, unless the Agency directs otherwise, repayment of the loans is to be made to Contra Costa County under the terms of an Intercreditor Agreement; therefore, the City has accounted for this loan as a conditional grant and provided a reserve against the outstanding balance of the loans. As of June 30, 2015, the balance of the loans, including accrued interest, was \$564,203.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5 - LOANS AND NOTES RECEIVABLE (Continued)

I. Helms Community Center Leveraged Loan

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

The City's loan bears simple interest of 1% and is payable in semi-annual interest-only payments from December 30, 2012 through December 20, 2022; thereafter principal and interest payments are due until June 1, 2049. As of June 30, 2015, the balance of the loan was \$6,510,080.

The loan receivable was previously recorded in the Public Works Construction Capital Projects Fund. Since the project was complete and the General Fund had provided the funding for the loan to the Public Works Construction Capital Projects Fund, the City transferred the loan receivable and associated unavailable revenue to the General Fund during fiscal year 2015.

J. Rumrill Sports Park Leveraged Loan

The City, in partnership with Bank of America, has entered into various agreements which provide for the construction by the Healthy Eating Active Living, LLC (HEAL) of the Rumrill Sports Park consisting of three sports fields, a practice field, vender kiosks, an office and storage building, a picnic area, a tot-lot and parking. The San Pablo Economic Development Corporation (EDC) is the only member of HEAL. Pursuant to NMTC Program requirements, several financial intermediaries controlled by the Bank have been established to finance this project which is estimated to cost \$8.6 million. As required under the agreements with these entities, the City made a loan in the amount of \$5,329,000 and provided a capital grant of \$1,056,530 to the project, and an affiliate of Northern California Community Loan Fund (NCCLF) has loaned HEAL funds to pay for the remaining project costs.

The City's loan bears simple interest of 0.5% and is payable in quarterly interest-only payments from March 15, 2015 through February 23, 2022; thereafter principal and interest payments are due until March 15, 2045. As of June 30, 2015, the balance of the loan was \$5,329,000.

Related transactions with HEAL/EDC

Concurrent with the above agreements, the City also entered into a ground lease agreement, under which the City will lease the property on which the project is being constructed to HEAL for a term of 55-years, and a Management Agreement under which the City agrees to manage the activities of the sports park through February 23, 2045. The City will not begin receiving management fees until the project is completed, which is expected in fiscal year 2016.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5 - LOANS AND NOTES RECEIVABLE (Continued)

Of the loan proceeds provided by the City and the Bank, HEAL reimbursed the City \$2,652,508 during fiscal year 2015 for costs previously incurred for the above project and paid the City \$1,600,000 to the City cover the rent for the property during the term of the ground lease.

The City also agreed to grant funds to HEAL, as needed, for the purpose of funding the operating expenses for the Sports Park in an amount not to exceed \$4,123,559. The agreement terminates on February 23, 2045. No funds were granted under this agreement during fiscal year 2015.

NOTE 6 - CAPITAL ASSETS

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

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

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

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

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

The Economic Development Corporation has assigned the following useful lives to its capital assets: Buildings, 39 years; furniture and equipment, 3-7 years; and Vehicles, 5 years.

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 6 - CAPITAL ASSETS (Continued)

A. Governmental Capital Asset Additions and Retirements

Capital assets recorded at June 30 comprise:

	Balance at June 30, 2014	Additions	Retirements	Transfers	Balance at June 30, 2015
Governmental activities					
Capital assets not being depreciated:					
Land and land improvements	\$6,353,985	\$2,012,030			\$8,366,015
Construction in progress	9,174,252	8,967,437	(\$2,662,011)	(\$4,298,845)	11,180,833
Total capital assets not being depreciated	<u>15,528,237</u>	<u>10,979,467</u>	<u>(2,662,011)</u>	<u>(4,298,845)</u>	<u>19,546,848</u>
Capital assets being depreciated:					
Buildings and improvements	16,945,756	5,011,389		1,652,764	23,609,909
Machinery and equipment	2,424,722	123,763			2,548,485
Vehicles	2,772,721	446,236	(189,535)		3,029,422
Park and trail improvements	11,255,522	45,193		2,501,101	13,801,816
Sports fields	1,506,986				1,506,986
Roads & streets including sidewalks	64,697,323			76,421	64,773,744
Bridges	5,486,753				5,486,753
Street lights	361,078				361,078
Storm drains	1,884,059				1,884,059
Traffic signals	2,863,183			68,559	2,931,742
Trees	1,227,462				1,227,462
Total capital assets being depreciated	<u>111,425,565</u>	<u>5,626,581</u>	<u>(189,535)</u>	<u>4,298,845</u>	<u>121,161,456</u>
Less accumulated depreciation for:					
Buildings and improvements	4,871,031	422,282			5,293,313
Machinery and equipment	1,379,636	207,811			1,587,447
Vehicles	2,176,459	207,965	(189,535)		2,194,889
Park and trail improvements	1,565,182	769,889			2,335,071
Sports fields	984,401	80,219			1,064,620
Roads & streets including sidewalks	38,554,369	2,584,266			41,138,635
Bridges	4,373,705	92,680			4,466,385
Street lights	321,342	3,092			324,434
Storm drains	1,687,473	10,200			1,697,673
Traffic signals	1,860,279	78,705			1,938,984
Trees	556,916	24,549			581,465
Total accumulated depreciation	<u>58,330,793</u>	<u>4,481,658</u>	<u>(189,535)</u>		<u>62,622,916</u>
Net capital assets being depreciated	<u>53,094,772</u>	<u>1,144,923</u>		<u>4,298,845</u>	<u>58,538,540</u>
Governmental activity capital assets, net	<u>\$68,623,009</u>	<u>\$12,124,390</u>	<u>(\$2,662,011)</u>		<u>\$78,085,388</u>

As discussed in Note 5J above, the City transferred the Rumrill Sports Park project to the Economic Development Corporation and therefore the associated construction in progress in the amount of \$2,662,011 is included in the retirements above.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 6 - CAPITAL ASSETS (Continued)

Construction in progress comprised the following at June 30, 2015:

Project	Amount
Rumrill Boulevard Bridge	\$4,802,177
Slurry Seal Maintenance FY13/14	1,896,829
Circle S Infrastructure Improvements	1,869,159
Surveillance Cameras	987,307
Slurry Seal Project FY11/12	908,008
Entry Monument and Signage	419,382
Other	297,971
Total construction in progress	<u>\$11,180,833</u>

B. Economic Development Corporation's Capital Assets

The following is a summary of the Economic Development Corporation's changes in capital assets for the fiscal year ended June 30, 2015:

	Balance at June 30, 2014	Reclassifications	Additions	Balance at June 30, 2015
Capital assets not being depreciated:				
Land - Helms and HEAL		\$235,000	\$1,600,000	\$1,835,000
Construction in progress - HEAL			6,079,490	6,079,490
Total capital assets not being depreciated		<u>235,000</u>	<u>7,679,490</u>	<u>7,914,490</u>
Capital assets being depreciated:				
Building - Helms		8,268,830	95,580	8,364,410
Furniture and fixtures - Helms		261,087	184,221	445,308
Vehicles	\$13,274			13,274
Total capital assets being depreciated	<u>13,274</u>	<u>8,529,917</u>	<u>279,801</u>	<u>8,822,992</u>
Less accumulated depreciation for:				
Building			213,859	213,859
Furniture and Fixtures			56,738	56,738
Vehicles	5,310		2,655	7,965
Total accumulated depreciation	<u>5,310</u>		<u>273,252</u>	<u>278,562</u>
Net capital assets being depreciated	<u>7,964</u>	<u>8,529,917</u>	<u>6,549</u>	<u>8,544,430</u>
Capital assets, net	<u>\$7,964</u>	<u>\$8,764,917</u>	<u>\$7,686,039</u>	<u>\$16,458,920</u>

During fiscal year 2015, the Economic Development Corporation reclassified the balance of the lease receivable from the City of San Pablo as capital assets, to conform with the requirements of the third-party lender to the Corporation related to the financing of the Helms Community Center Project.

C. Capital Asset Contributions

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 6 - CAPITAL ASSETS (Continued)

D. Depreciation Allocation

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

Governmental Activities:	
General Government	\$72,845
Community Recreation	145,691
Community Development	17,454
Public Works	3,986,385
Police	<u>259,283</u>
Total depreciation expense	<u><u>\$4,481,658</u></u>
 Discretely Presented Component Unit:	
Economic Development Corporation	<u><u>\$273,252</u></u>

NOTE 7 – 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. The City's long-term debt is recorded only in the government-wide financial statements.

In governmental fund types, debt discounts and issuance costs are recognized in the current period.

A. Current Year Transactions and Balances

The City's debt issues and transactions are shown below and discussed in detail thereafter.

	Original Issue Amount	Balance June 30, 2014	Additions	Retirement	Balance June 30, 2015	Current Portion
Lease Revenue Bonds:						
Lease Revenue Bonds Series 2015A 2.00-4.00%, due 6/30/2044	\$4,255,000		\$4,255,000		\$4,255,000	\$210,000
Lease Revenue Bonds Series 2015B 1.00-4.50%, due 6/30/2040	11,555,000		<u>11,555,000</u>		<u>11,555,000</u>	
Total Lease Revenue Bonds			<u>15,810,000</u>		<u>15,810,000</u>	<u>210,000</u>
Capital Lease:						
Helms Community Center 3.32%, due 12/31/2053	8,764,917	\$8,764,917	291,095	\$85,000	8,971,012	\$85,000
Loan:						
Solar Loan 1.0%, due 12/22/2029	1,141,738	<u>1,141,738</u>			<u>1,141,738</u>	<u>59,982</u>
Total City Debt		<u><u>\$9,906,655</u></u>	<u><u>\$16,101,095</u></u>	<u><u>\$85,000</u></u>	<u><u>\$25,922,750</u></u>	<u><u>\$354,982</u></u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 7 – LONG-TERM DEBT (Continued)

B. San Pablo Joint Powers Financing Authority 2015 Lease Revenue Bonds, Series A and Series B

On February 18, 2015, the City of San Pablo Joint Powers Financing Authority issued \$4,255,000 and \$11,555,000 in 2015 Lease Revenue Bonds, Series A and B, respectively. The proceeds of these bonds will be used to finance certain capital improvement projects and property acquisitions for the City, including a library facility and upgrades to City Hall.

Under a site and facility lease dated March 1, 2015, the Authority will lease the City Hall complex and police department building from the City and pursuant to a lease agreement dated March 1, 2015, the Authority will lease the property to the City. Lease payments from the City to the Authority are pledged for the repayment of the Bonds. Although the lease payments are payable from all legally available funds of the General Fund, the City has agreed that each September, upon the receipt of revenue under the City’s Municipal Services Agreement with the Lytton Band of Pomo Indians, to transfer the full amount of the lease payments for that fiscal year to the Bond Trustee. Annual principal payments on the 2015 A and B Lease Revenue Bonds are due November 1, and semi-annual interest payments are due May 1 and November 1, through 2044 and 2040, respectively.

Debt service requirements are shown below for the bonds:

<u>For the Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$210,000	\$705,957
2017	310,000	603,323
2018	320,000	594,298
2019	330,000	585,805
2020	335,000	578,652
2021-2025	1,830,000	2,743,545
2026-2030	2,195,000	2,378,976
2031-2035	2,705,000	1,861,280
2036-2040	3,395,000	1,178,658
2041-2044	4,180,000	392,611
Total	<u>\$15,810,000</u>	<u>\$11,623,105</u>

C. Helms Community Center Capital Lease

The City entered into an agreement with the Economic Development Corporation in December 2012 to lease the Helms Community Center. Construction of the Community Center was completed in June 2014. Prior to the completion of construction, the lease was accounted for as an operating lease. With the completion of construction, the lease was converted to a capital lease and using the final cost of the project of \$8,764,917, the City recorded a lease payable in that amount and the Economic Development Corporation recorded a lease receivable in the same amount. The Economic Development Corporation has recorded the lease receivable as a component of capital assets as required by its third-party lender related to the financing of the project. The imputed interest rate on the lease is 3.32% and lease payments are due semi-annually each June 30 and December 31 through 2053.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 7 – LONG-TERM DEBT (Continued)

Debt service requirements are shown below for the capital lease:

Fiscal Year Ended June 30	Payments Due
2016	\$85,000
2017	85,000
2018	85,000
2019	86,000
2020	203,113
2021-2025	1,720,234
2026-2030	1,994,226
2031-2035	2,311,855
2036-2040	2,680,071
2041-2045	3,106,937
2046-2050	3,601,795
2051-2054	2,854,249
Total Payments	18,813,480
Less Imputed Interest	<u>(9,842,468)</u>
Principal	<u><u>\$8,971,012</u></u>

D. Solar Panel Loan

The City executed a loan agreement with California Energy Commission on March 3, 2013 to fund the installation of solar panels at five San Pablo facilities, in the amount of \$1,141,738. The associated projects started in July 2013 and the proceeds from the loan were drawn down during the year ended June 30, 2014. The loan bears interest of 1.00% and is due in 29 semi-annual installments of \$42,932 from December 22, 2015 through December 22, 2029.

Debt service requirements are shown below for the loan payable:

Fiscal Year Ended June 30	Principal	Interest
2016	\$59,982	\$25,882
2017	75,233	10,631
2018	75,988	9,876
2019	76,750	9,114
2020	77,496	8,368
2021-2025	399,393	29,927
2026-2030	<u>376,896</u>	<u>10,492</u>
Total	<u><u>\$1,141,738</u></u>	<u><u>\$104,290</u></u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 7 – LONG-TERM DEBT (Continued)

E. EDC Notes Payable

On December 12, 2012, the EDC entered into two loan agreements with New Markets Community Capital XI, LLC (NMCC). The first and second loans are for \$6,510,080 and \$2,795,920, respectively. Under the terms of the agreements, the loans bear interest of 1.360% and are payable in semi-annual interest-only payments due June 20 and December 20 until fiscal year 2022. Beginning on June 20, 2023, the EDC will begin making principal payments along with interest semi-annually, with a final payment due on December 1, 2052. At June 30, 2015, the outstanding balances on the loans were \$6,510,080 and \$2,795,920, respectively.

On February 23, 2015, the EDC, through HEAL, LLC, entered into two loan agreements with Northern California Community Capital NMTC Sub-CDE XII, LLC. The first and second loans are in the amounts of \$4,947,116 and \$2,552,884, respectively. Under the terms of the agreements, the loans bear interest of 0.8619% and are payable in quarterly interest-only payments until fiscal year 2022. Beginning on June 15, 2022, the HEAL, LLC will begin making principal payments along with interest quarter-annually, with a final payment due on June 15, 2045. At June 30, 2015, the outstanding balances of the loans were \$4,947,116 and \$2,552,884, respectively

Debt service requirements are shown below for the EDC's notes payable:

<u>For the Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2016		\$191,206
2017		191,206
2018		191,206
2019		191,206
2020		190,886
2021-2025	\$1,643,081	993,786
2026-2030	2,917,016	792,490
2031-2035	3,081,172	628,434
2036-2040	3,254,849	454,654
2041-2045	3,348,896	270,481
2046-2050	1,793,633	116,747
2051-2053	767,353	11,964
Total	<u>\$16,806,000</u>	<u>\$4,224,266</u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 – NET POSITION AND FUND BALANCES

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

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

A. Net Position

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

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

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

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

B. Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

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

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

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

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee, the Finance Manager, during the adoption of the annual budget and may be changed at the discretion of the City Council or the Finance Manager.

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City’s fund balances, as of June 30, 2015, are below:

Fund Balance Classifications	General Fund	Special Revenue	Capital Projects		Other Governmental Funds	Total
		Low and Moderate Income Housing Assets	Public Works Construction	2015 Lease Revenue Bonds		
Nonspendable:						
Items not in spendable form:						
Prepays and deposits	\$61,835					\$61,835
Employee loans receivable	11,786					11,786
HEAL loan receivable	5,329,000					5,329,000
Total Nonspendable Fund Balances	5,402,621					5,402,621
Restricted for:						
Redevelopment Low and Moderate						
Income Housing		\$7,059,038				7,059,038
Street Lighting and Landscaping					\$120,881	120,881
Local Street and Road Improvements and Maintenance					913,576	913,576
Law Enforcement					148,371	148,371
National Pollution Discharge Elimination System					162,019	162,019
Paratransit					624,669	624,669
Housing Grants					93,380	93,380
2015 Lease Revenue Bonds Projects				\$8,008,688		8,008,688
Emergency Medical Services					135,767	135,767
Total Restricted Fund Balances		7,059,038		8,008,688	2,198,663	17,266,389
Assigned to:						
Capital Projects:						
Plaza San Pablo Infrastructure Improvements			\$1,241,035			1,241,035
Street and Road Projects			1,088,961			1,088,961
Storm Drain Improvements			263,109			263,109
Wildcat Creek Trail and Creek Restoration			316,629			316,629
Bridge Replacement			395,479			395,479
Daylight Creek at Davis			523,417			523,417
Surveillance cameras			147,946			147,946
Other	145,329		34,084			179,413
Total Assigned Fund Balances	145,329		4,010,660			4,155,989
Unassigned:						
General fund	37,596,248					37,596,248
Total Unassigned Fund Balances	37,596,248					37,596,248
Total Fund Balances	\$43,144,198	\$7,059,038	\$4,010,660	\$8,008,688	\$2,198,663	\$64,421,247

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

C. Stabilization and Contingency Arrangements

The City adopted a Fiscal Resiliency Policy with Resolution 2013-159, which established four types of reserves to address unanticipated, one-time needs as follows:

Catastrophic Reserve: To assist with expenses due to severe, natural, financial, or legal calamities including earthquakes, floods, disruptions in casino income, major legal judgments against the City and would be funded with fifty percent of the annual Total Operating Funds Budget, including transfers to CIP. The Catastrophic Reserve can only be used upon adoption of a Statement of Findings and/or a Declaration of Emergency subject to City Council approval and must be repaid within three fiscal years.

Budget Stabilization Reserve: To replace the prior Budget Stabilization Fund to serve as a budget balancing tool to counteract the impacts of economic downturns and declining revenues in the economic cycle, and the funds would be used for unforeseen, unplanned, one-time expenses that assist the City in developing fiscal resiliency, and the reserve will be funded with the equivalent of five percent of the annual Total Operating Funds budget, including transfers to CIP. The use of the Budget Stabilization Reserve requires approval of the Budget Services Ad-Hoc Subcommittee in addition to a Statement of Findings by the City Council and all uses must be repaid in the following fiscal year to prevent long-term structural deficits.

General Fund Designated Reserves: Identified within the Total Operating Funds and “designated” or earmarked by City Council for particular future uses as a way to prefund large expenditures, including but not limited to replacement of large capital equipment, information technology systems, facilities and infrastructure maintenance and replacement, accrued employee leave costs, PERS rate increases, workers' compensation costs, general liability costs, etc.

Future Capital Projects Reserves: Specific fund balances designated within the Total Operating Funds by City Council for future capital projects that Council determines to be in the best, long-term interests of the City.

The required balance of each reserve for the year ended June 30, 2015, and the actual balance for each as of June 30, 2015, which are reported within the unassigned fund balance of the General Fund follows:

	Required Beginning Balance	Balance as of June 30, 2015
Catastrophic	\$14,587,185	\$14,587,185
Budget Stabilization Reserve	1,458,718	1,458,714
Designated	3,955,297	3,259,758
Future Capital Projects	8,550,000	8,657,747
Unassigned		<u>9,632,844</u>
Total General Fund Unassigned Fund Balance		<u>\$37,596,248</u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

D. *Prior Period Adjustments*

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which became effective during the year ended June 30, 2015.

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The intension of this Statement is to improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense.

GASB Statement No. 71 – In 2014, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The intension of this Statement is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities.

The implementation of the above Statements required the City to make prior period adjustments. As a result, the beginning net position of the Governmental Activities was reduced by \$27,520,762. See Note 9 for additional information.

NOTE 9 – EMPLOYEE BENEFIT PLANS

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. *General Information about the CalPERS Pension Plans*

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – EMPLOYEE BENEFIT PLANS (Continued)

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>Miscellaneous</u>	
	<u>Classic Plan</u>	<u>PEPRA Plan</u>
	Prior to	On or after
	<u>January 1, 2013</u>	<u>January 1, 2013</u>
Hire date		
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8% (A)	6.25% (A)
Required employer contribution rates	15.701% (A)	6.25% (A)
	<u>Safety</u>	
	<u>Classic Plan</u>	<u>PEPRA Plan</u>
	Prior to	On or after
	<u>January 1, 2013</u>	<u>January 1, 2013</u>
Hire date		
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3%	2.0% to 2.7%
Required employee contribution rates	9% (A)	11.50% (A)
Required employer contribution rates	27.849% (A)	11.50% (A)

(A) The City’s labor contracts require sworn safety employees hired on or before January 1, 2013 to pay 12.3% of the contributions, consisting of the 9.0% statutorily-required employee share plus 3.3% of the employer share, and all other employees hired on or before January 1, 2013 to pay 10.3% of the contributions, consisting of the 8.0% statutorily-required employee share plus 2.3% of the employer share. Sworn safety and all other employees hired on or after January 1, 2013 are statutorily required to pay the employee share of 11.5% and 6.25%, respectively.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – EMPLOYEE BENEFIT PLANS (Continued)

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Safety
Contributions - employer	\$658,427	\$1,494,686

B. *Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions*

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous:	
Classic	\$8,334,631
PEPRA	115
Safety:	
Classic	13,732,555
PEPRA	197
Total Net Pension Liability	\$22,067,498

The City’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – EMPLOYEE BENEFIT PLANS (Continued)

	Miscellaneous	
	Classic Plan	PEPRA Plan
Proportion - June 30, 2013	0.34755%	0.00000476%
Proportion - June 30, 2014	0.33723%	0.00000465%
Change - Increase (Decrease)	-0.01032%	-0.00000011%

	Safety	
	Classic Plan	PEPRA Plan
Proportion - June 30, 2013	0.38008%	0.00000548%
Proportion - June 30, 2014	0.36611%	0.00000525%
Change - Increase (Decrease)	-0.01397%	-0.00000022%

For the year ended June 30, 2015, the City recognized pension expense of \$1,155,525. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$2,326,739	-
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	338,442	-
Net differences between projected and actual earnings on plan investments	-	(\$6,947,231)
Total	\$2,665,181	(\$6,947,231)

\$2,326,739 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2016	(\$1,615,938)
2017	(1,615,938)
2018	(1,640,109)
2019	(1,736,804)
2020	-
Thereafter	-

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – EMPLOYEE BENEFIT PLANS (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2014, the total pension liabilities were determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous (both plans)	Safety (both plans)
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.5%	7.5%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Mortality Rate Table	Derived using CalPERS Membership Data for all Funds (3)	
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter	

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment and administrative expenses; includes inflation
- (3) The mortality table used was developed based on CalPERS' specific data.
The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on the CalPERS website.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – EMPLOYEE BENEFIT PLANS (Continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS deemed the difference immaterial to the cost-sharing multiple-employer defined benefit plans.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as CalPERS has changed its methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – EMPLOYEE BENEFIT PLANS (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability for each Plan as of the measurement date, calculated using the discount rate for each Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	
	Classic Plan	PEPRA Plan
1% Decrease	6.50%	6.50%
Net Pension Liability	\$14,849,736	\$204
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$8,334,631	\$115
1% Increase	8.50%	8.50%
Net Pension Liability	\$2,927,713	\$41
	Safety	
	Classic Plan	PEPRA Plan
1% Decrease	6.50%	6.50%
Net Pension Liability	\$23,631,949	\$340
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$13,732,555	\$197
1% Increase	8.50%	8.50%
Net Pension Liability	\$5,575,881	\$80

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

C. Public Agency Retirement System

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

The City’s part-time, seasonal and temporary employees are covered under the Public Agency Retirement System (PARS), a defined contribution plan, which requires these employees to contribute 6% and the City to contribute 1.5% of the employees pay plus administration costs. The City’s required contributions of \$7,935 and the employee’s required contributions of \$37,841 were made during the fiscal year ending June 30, 2015.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – EMPLOYEE BENEFIT PLANS (Continued)

D. 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, 2015 there were 66 participants receiving these health care benefits.

The Plan provisions and benefits in effect at June 30, 2015 are summarized as follows:

	Police	Local One	Executive Managers and Elected Officials	Confidential/Exempt, Division Managers and AIE
Benefit Types Provided	Medical only	Medical only	Medical and dental	Medical only
Duration of Benefits (A)	Lifetime (B)	Lifetime	Lifetime	Lifetime
Required Service:		Retirement under CALPERS		
Basic				
Supplemental	10 years	15 years	10 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) (C)	\$119 for single \$220 for two party \$285 for family	\$119 for single \$220 for two party \$285 for family	\$119 for single \$220 for two party \$285 for family	\$119 for single \$220 for two party \$285 for family
City Contribution Cap per Month (Supp)	Kaiser (D)	15 yrs svc: \$135 20 yrs svc: \$260	None	15 yrs svc: \$135 20 yrs svc: \$260

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

(B) Supplemental coverage only to age 65.

(C) Subject to minimum contributions under the Public Employees Medical and Hospital Care Act (PEMHCA) should statutory minimums exceed the rates noted

(D) 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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – EMPLOYEE BENEFIT 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, 2014 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) 6.8% investment rate of return, (b) 2.75% projected annual salary increase, (c) 4% health inflation increases, and (d) 2.75% 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, 2015, the City contributed \$510,505 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	\$196,633
Interest on net OPEB obligation (asset)	(278,840)
Adjustment to annual required contribution	421,790
	339,583
Annual OPEB cost	339,583
Contributions made	(510,505)
	(170,922)
Increase in net OPEB asset	(170,922)
Net OPEB asset June 30, 2014	(4,100,588)
	(\$4,271,510)
Net OPEB asset June 30, 2015	(4,271,510)

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – EMPLOYEE BENEFIT PLANS (Continued)

The Plan's annual required contributions and actual contributions for the years ended June 30, 2013, 2014, and 2015 are set forth below:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2013	\$702,765	\$324,403	46%	(\$4,183,537)
6/30/2014	458,366	375,417	82%	(4,100,588)
6/30/2015	339,583	510,505	150%	(4,271,510)

The Schedule of Funding Progress information below and the required supplementary information immediately following the notes to the financial statements 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 most recent actuarial study is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Overfunded (Underfunded) Actuarial Accrued Liability (A – B)	Funded Ratio (A/B)	Covered Payroll (C)	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A – B)/C]
7/1/2014	\$7,457,704	\$7,020,530	\$437,174	106.23%	\$11,858,590	3.7%

NOTE 10 - DEFERRED COMPENSATION PLAN

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 11 – RISK MANAGEMENT

A. Municipal Pooling Authority (MPA)

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

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

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

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

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

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

For the years ended June 30, 2015, 2014 and 2013 the amount of settlements did not exceed insurance coverage.

B. Liability for Uninsured Claims

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 11 – RISK MANAGEMENT (Continued)

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

	June 30	
	2015	2014
Beginning balance	\$28,144	\$25,018
Provision for current fiscal year claims	47,829	24,882
Change in provision for prior fiscal year claims	52,301	19,209
Claims paid	(50,903)	(40,965)
Ending balance	\$77,371	\$28,144

NOTE 12 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

A. REDEVELOPMENT DISSOLUTION

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

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

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

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

Under the provisions of AB 1484, the City can elect to become the Housing Successor and retain the housing assets. The City initially declined to become the Housing Successor, however after other agencies refused to assume the responsibility, the City elected to become the temporary Housing Successor and on February 1, 2012, certain housing assets were transferred to the City’s Low and Moderate Income Housing Asset Special Revenue Fund. On February 18, 2014, the Council passed a resolution which will allow the City to operate as the temporary Housing Successor until such time when another agency takes up this responsibility.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

**NOTE 12 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

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

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

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

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

Cash and investments of the Successor Agency as of June 30, 2015 are discussed in Note 3 above. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2015.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

**NOTE 12 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

B. LOANS RECEIVABLE

The Successor Agency assumed the non-housing loans receivable of the Redevelopment Agency as of February 1, 2012. The Redevelopment Agency engaged in programs designed to encourage construction of or improvement to low-to-moderate income housing. Under these programs, grants or loans were provided under favorable terms to homeowners or developers who agreed to expend these funds in accordance with the Agency's terms.

During fiscal year 2015, in conjunction with the sale of Successor Agency-owned property, the Successor Agency agreed to loan the funds necessary for the land purchase to the buyer. The loan is secured by a promissory note and deed of trust on the property. The Note bears simple annual interest of 3.25% and interest payments are due annually each December through 2039. The principal balance of the Note is due on December 10, 2039. The balance of the note receivable was \$716,574 as of June 30, 2015.

The balances of the notes receivable arising from these programs at June 30, 2015 are set forth below:

Plaza Sobrante	\$36,160
Micro Loan Program	79,691
Pakpour Loan	<u>716,574</u>
Total	<u><u>\$832,425</u></u>

C. PROPERTY HELD FOR RESALE

The Successor Agency assumed the property held for resale of the Redevelopment Agency as of February 1, 2012. The Redevelopment Agency had purchased parcels of land as part of its efforts to develop or redevelop blighted properties within the Redevelopment areas. Such land parcels are accounted for at the lower of cost or net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer.

In January 2015 the Successor Agency approved the transfer of 1820 Rumrill Boulevard to the City as Housing Successor, which was subsequently approved by the Department of Finance. Therefore, the parcel with a carrying value of \$206,625 was transferred to the City during fiscal year 2015, which has been reported as a Special Item.

D. CAPITAL ASSETS

The Successor Agency assumed the capital assets of the Redevelopment Agency as of February 1, 2012. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The Successor Agency's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

**NOTE 12 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

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

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

	Useful Lives Years	Capitalization Threshold
Buildings and Improvements	10-50	\$25,000
Machinery and Equipment	5-10	5,000
Vehicles	5-10	5,000

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

Capital assets recorded at June 30 comprise:

	Balance at June 30, 2014	Additions	Balance at June 30, 2015
Capital assets not being depreciated:			
Land and land improvements	\$2,819,393		\$2,819,393
Total capital assets not being depreciated	2,819,393		2,819,393
Capital assets being depreciated:			
Buildings and improvements	2,630,082		2,630,082
Machinery and equipment	92,202		92,202
Vehicles	145,213		145,213
Total capital assets being depreciated	2,867,497		2,867,497
Less accumulated depreciation for:			
Buildings and improvements	1,212,428	\$65,752	1,278,180
Machinery and equipment	92,202		92,202
Vehicles	131,012	12,473	143,485
Total accumulated depreciation	1,435,642	78,225	1,513,867
Net capital assets being depreciated	1,431,855	(78,225)	1,353,630
Capital assets, net	\$4,251,248	(\$78,225)	\$4,173,023

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

**NOTE 12 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

E. LONG-TERM OBLIGATIONS

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

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond discount and gross of the applicable premium. Any differences between refunded debt and the debt issued to refund it is amortized over the remaining life of either the refunded debt or the refunding debt, whichever is shorter. The deferred charge on refunding is reported as a deferred outflow or deferred inflow of resources, as applicable. Bond issuance costs, other than prepaid insurance, are expensed in the year incurred.

1. Tax Allocation Bonds and Loans

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

	Original Issue Amount	Balance June 30, 2014	Additions	Retirements	Refunding	Balance June 30, 2015	Current Portion
Tax Allocation Bonds:							
Subordinate Tax Allocation Bonds Series 1999A 3.75-5.65%, due 12/01/2023	\$9,850,000	\$3,380,000			\$3,380,000		
Tax Allocation Revenue Bonds Series 2001 Capital Appreciation Bonds 5.66-5.68%, due 12/01/2029	12,055,000	2,133,523	\$118,784			\$2,252,307	
Tax Allocation Revenue Bonds Series 2004 2.00-5.00%, due 12/01/2019	37,755,000	14,690,000		\$600,000	5,480,000	8,610,000	\$675,000
SERAF Loan 2%, due 5/10/2021	1,222,860	1,222,317		165,987		1,056,330	85,491
Tax Allocation Refunding Bonds Series 2014A 2.00-5.00%, due 6/15/2031	47,595,000	47,595,000		1,275,000		46,320,000	850,000
Premium	6,429,385	6,429,385		378,199		6,051,186	
Tax Allocation Refunding Bonds Series 2014B 2.00-5.00%, due 6/15/2023	6,970,000		6,970,000	1,385,000		5,585,000	
Premium	859,238		859,238	95,471		763,767	
Total Tax Allocation Bonds		<u>75,450,225</u>	<u>7,948,022</u>	<u>3,899,657</u>	<u>8,860,000</u>	<u>70,638,590</u>	<u>1,610,491</u>
Housing Successor Loans:							
2010 Loan	3,000,000	3,000,000				3,000,000	
2011 Loan	2,865,000	2,865,000				2,865,000	
Total Housing Successor Loans		<u>5,865,000</u>				<u>5,865,000</u>	
Total Successor Agency Debt		<u>\$81,315,225</u>	<u>\$7,948,022</u>	<u>\$3,899,657</u>	<u>\$8,860,000</u>	<u>\$76,503,590</u>	<u>\$1,610,491</u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

**NOTE 12 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

2. Debt Service Requirements

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

For the Year Ending June 30	Principal (1)	Interest
2016	\$1,610,491	\$2,919,189
2017	4,447,201	2,830,581
2018	4,743,945	2,664,973
2019	1,650,724	2,484,494
2020	7,097,539	2,358,954
2021-2025	22,071,430	8,170,000
2026-2030	21,590,000	3,438,250
2031-2031	2,660,000	133,000
Total	\$65,871,330	\$24,999,441

(1) Includes unaccreted discount totaling \$2,047,693

3. 1999 Tax Allocation Bonds

On June 10, 1999, the Agency issued \$9,850,000 of Subordinate Tax Allocation Bonds, Series 1999A to defease \$3,950,000 of the 1990 Subordinate Tax Allocation Bonds, and to fund capital projects in the Tenth Township Project Area. The 1990 Bonds were called on May 1, 2001. The 1999 Bonds are special obligations of the Agency and are secured by the Agency's tax increment revenues. Annual principal payments on the 1999 Bonds are due December 1, and semi-annual interest payments are due June 1 and December 1, through 2023. 1999 Bonds maturing on or after December 1, 2010 are subject to call on any interest payment date at par plus a premium of up to two percent.

On September, 2014, the Agency issued 2014 Series B Refunding Tax Allocation Bonds in the amount of \$6,970,000 to refund the remaining \$3,380,000 of the 1999 Tax Allocation Bonds.

4. 2001 Tax Allocation Revenue Bonds

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

**NOTE 12 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

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.

On June 1, 2014, the Agency issued 2014 Series A Refunding Tax Allocation Bonds in the amount of \$47,595,000 to refund \$4,345,000 of the Current Interest Serial Bonds, and defease \$3,837,533 of the Capital Appreciation Bonds.

As of June 30, 2015, the 2001 Bonds Capital Appreciation Bonds unaccreted discount totaled \$2,047,693 and the outstanding balance increased \$118,784 due to the annual increase in accreted value. Principal and interest payments of \$940,000, \$840,000, \$840,000, \$560,000, \$560,000 and \$560,000 commence December 1, 2024 and continue through December 1, 2029.

5. 2004 Tax Allocation Revenue Bonds

On March 18, 2004, the Agency issued \$37,755,000 of Tax Allocation Revenue Bonds, Series 2004 to defease \$13,910,000 of outstanding 1993 Tax Allocation Bonds, and to fund capital projects in the Legacy and Tenth Township Project Areas. The defeased 1993 Bonds were called on December 1, 2004. The 2004 Bonds are special obligations of the Agency and are secured by the Agency's tax increment revenues. Annual principal payments on the 2004 Bonds are due December 1, and semi-annual interest payments are due June 1 and December 1, through 2019.

On June 1, 2014, the Agency issued 2014 Series A Refunding Tax Allocation Bonds in the amount of \$47,595,000 to refund \$15,345,000 of the 2004 Tax Allocation Revenue Bonds.

On August 27, 2014, the Agency issued 2014 Series B Refunding Tax Allocation Bonds in the amount of \$6,970,000 to refund \$5,480,000 of the 2004 Tax Allocation Bonds.

6. 2014 Tax Allocation Bonds, Series A and Series B

On June 1, 2014, the Agency issued \$47,595,000 in 2014 Tax Allocation Bonds, Series A. The proceeds of these bonds, secured by property tax revenues in the Redevelopment Property Tax Trust Fund, were used to refund and defease the outstanding 2001 Tax Allocation Revenue Serial and Term Bonds, a portion of the 2001 Tax Allocation Revenue Capital Appreciation Bonds, a portion of the 2004 Tax Allocation Revenue Bonds and the outstanding balance of the 2006 Subordinate Tax Allocation Bonds. The refunding reduced the total debt service payments over 19 years by \$4,048,958 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$4,034,727. The 2006 Bonds were called on June 27, 2014 and the outstanding balance of the defeased 2001 and 2004 Bonds was \$4,369,986 as of June 30, 2015.

With the issuance of the 2014A Bonds, on June 3, 2014 the Successor Agency entered into a Forward Delivery Bond Purchase Agreement with the Underwriter for the subsequently issued Series 2014B Refunding Bonds. Under the terms of the Agreement, the Underwriter agreed to purchase from the Successor Agency all of the 2014B Bonds.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

**NOTE 12 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

On August 27, 2014, the Successor Agency issued the 2014 Series B Tax Allocation Bonds in the principal amount of \$6,970,000. The proceeds of these bonds, secured by property tax revenues in the Redevelopment Property Tax Trust Fund, are to be used to refund the total amount outstanding the 1999A Tax Allocations Bonds and a portion of the 2004 Tax Allocation Bonds. The refunding reduces the total debt service payments over 11 years by \$2,578,742 and results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$771,811. The 1999A and 2004 bonds were called on December 2, 2014.

The 2014A and 2014B Bonds are secured by the Successor Agency's property tax revenues in the Redevelopment Property Tax Trust Fund. Annual principal payments on the 2014A Bonds are due December 15, and semi-annual interest payments are due June 15 and December 15, through 2031. Annual principal payments on the 2014B Bonds are due June 15, 2015, 2021, 2022 and 2023, and semi-annual interest payments are due December 15 and June 15, through 2023.

7. *SERAF Loan from State of California*

The State of California adopted AB26 4X in July 2009 which directs that a portion of the incremental property taxes received by the redevelopment agencies, be paid instead to the County Supplemental Educational Revenue Augmentation Fund (SERAF) in fiscal years 2010 and 2011. The Agency did not have the resources to make the 2011 payment and instead was able to enter into a structured payment plan agreement with the State Department of Finance that allows the payment to the County to be made over a ten-year period. The Tenth Township and Legacy Project Areas will pay 88.6% and 11.4% of the loan, respectively. The loan bears interest at a rate of 2%. Annual payments commence on May 10, 2011 with one principal and interest payment, followed by two interest-only payments, then payments of principal and interest May 10, 2014 through May 10, 2020, followed by one final principal payment on May 10, 2021. However, during fiscal year 2014, the State rejected the Successor Agency's payment of principal and interest on May 10, 2014. Therefore, the payment that was due on May 10, 2014 was paid in fiscal year 2015.

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

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

**NOTE 12 -- REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

The above loans had previously been reported as interfund advances within the Redevelopment Agency, but with the transfer of the Redevelopment Agency's liabilities to the Successor Agency, the advances are now reported as long-term debt of the Successor Agency, payable to the Low and Moderate Income Housing Asset Fund of the City of San Pablo, serving as the Housing Successor to the former Agency, pursuant to Health and Safety Code Section 34176(d). These loans were originally required to be repaid by June 30, 2015, however, repayment is now governed by Health and Safety Code Section 34176(e)(6).

The State of California Department of Finance has stated that repayment cannot begin prior to fiscal year 2014-2015, and the maximum annual repayment amount is limited based on calculations in Health and Safety Code Section 34176(e)(6). There were no funds available for repayment in fiscal year 2015.

9. Pledged Revenues

As discussed above, the Agency has pledged all future tax increment revenues, less amounts required to be set aside in the Redevelopment Agency Low and Moderate Income Housing Fund, for the repayment of the Tax Allocation Bonds. The 1999A, 2001 and 2004 Bonds are considered senior parity obligations, while the 2014A and 2014B Bonds are subordinated to those Bonds. The pledge of all future tax increment revenues ends upon repayment of \$90,870,771 remaining debt service on the Bonds above, which is scheduled to occur in 2031. With the issuance of the 2014B Bonds, projected tax increment revenues are expected to provide coverage over debt service of 149%-241% over the life of the outstanding Bonds. With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues.

Beginning in fiscal year 2012, under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations. Total tax increment available for distribution to the Successor Agency and other taxing entities for fiscal year 2015 calculated by the County Auditor-Controller was \$5,416,177, and the total received by the Successor Agency for fiscal year 2015 debt service was \$5,132,531, which represented coverage of 84% of the \$6,081,941 of debt service. The lesser tax distribution was deemed sufficient, because the Agency had other revenues/resources available to direct towards debt service.

With the issuance of the 2014A Bonds in June 2014, the Successor Agency entered into a Custody Agreement with the Contra Costa County Auditor-Controller and the Bond trustee, Wells Fargo Bank, under which the County will remit all amounts payable under the Recognized Obligation Payment Schedule (ROPS) to the Bond trustee. Upon receipt of funds from the County, the Bond trustee uses the funds to first pay the debt service on the Senior Bonds, followed by the debt service for the Subordinate Bonds. Any funds remaining on deposit with the Bond trustee after the debt service payments are then transferred to the Successor Agency for payment of its other non-debt-service obligations.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

**NOTE 12 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

F. COMMITMENTS AND CONTINGENCIES

State Approval of Enforceable Obligations

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

NOTE 13 - JOINT POWERS AGREEMENTS

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

WCCIWMA was established in 1991 to coordinate landfill use reduction in the West Contra Costa County Area as mandated by the State of California. The City was not required to make any contributions to WCCIWMA during fiscal year 2015. 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 2014-2015, the dues paid to WCCTAC were \$36,675.

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

NOTE 14 – OPERATING LEASES

A. *Rumrill Sports Park Lease*

The City entered into an agreement with the Healthy Eating Active Living, LLC (HEAL), a controlled affiliate of the Economic Development Corporation, in February 2015 to lease the former BNSF property for the Rumrill Sports Park project for a term of 55 years. Under the terms of the lease, HEAL prepaid the rent in the amount of \$1,600,000 in fiscal year 2015. During fiscal year 2015, the City recognized lease rental income in the amount of \$9,697, and the remaining balance of unearned revenue was \$1,590,303 as of June 30, 2015.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 14 – OPERATING LEASES (Continued)

B. Office Building Lease

The City entered into an agreement with Lifelong Medical Care in July 2015 to lease an office building for a term of five years starting July 1, 2015, with an option to extend for a period of three years under the same terms of the lease. Monthly rental payments of \$26,025 are due from July 1, 2015 through August 1, 2015, increasing to \$37,472 from September 1, 2015 to June 1, 2016. Monthly rental payments subsequent to June 1, 2016 will increase annually by the Consumer Price Index for All Urban Consumers U.S. City Average, All Items, as defined in the lease agreement. During the lease term, the building is to be used for professional medical clinic and office purposes, health care associated services, dental services, retail pharmacy and general office purposes

NOTE 15 - COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Pollution Remediation

The City has one known pollution remediation project that the former Redevelopment Agency had undertaken. Under a Voluntary Cleanup Agreement with the California Department of Toxic Substances Control (DTSC), the Redevelopment Agency had planned to clean up the former Burlington Northern Santa Fe Property on Rumrill Boulevard to provide for future unrestricted land use. The property was conveyed by the Redevelopment Agency to the City in fiscal year 2011 and, due to the dissolution of the Agency, the City assumed the remediation project. The City had started a Removal Action Work Plan (RAW), and although the initial cost of the preferred alternative remediation was estimated to be \$712,000, an updated RAW was obtained in August 2012 and the current estimated cost of the preferred alternative remediation is estimated to be \$1,220,000. The final RAW was obtained in May 2013, and the preferred alternative remediation was \$1,220,000. In addition, the City expected to incur other costs associated with the project of approximately \$280,000. The City had recorded an accrued liability of \$1,500,000.

During fiscal year 2015, the City incurred costs totaling \$2,105,518 associated with the project and the cleanup was accepted as complete by the DTSC on January 16, 2015. The City does not expect to incur any future costs related to the project.

C. Federal and State Grant Programs

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 15 - COMMITMENTS AND CONTINGENCIES (Continued)

D. Encumbrances

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances outstanding as of June 30, 2015 were as follows:

	Amount
<i>Major Funds:</i>	
General Fund	\$145,329
Public Works Construction Capital Projects Fund	21,397
<i>NonMajor Funds:</i>	
Street Lighting and Landscaping Special Revenue Fund	209,954
Development Services Special Revenue Fund	22,328
NPDES Special Revenue Fund	417

REQUIRED SUPPLEMENTARY INFORMATION



CITY^{OF} SAN PABLO

City of New Directions

REQUIRED SUPPLEMENTARY INFORMATION

**POST RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS**

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]
7/1/2008	\$5,051,901	\$4,386,044	\$665,857	115.18%	\$13,455,712	4.9%
7/1/2011	6,129,795	6,067,235	62,560	101.03%	12,707,312	0.5%
7/1/2014	7,457,704	7,020,530	437,174	106.23%	11,858,590	3.7%

SCHEDULE OF CONTRIBUTIONS

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2013	\$702,765	\$324,403	46%	(\$4,183,537)
6/30/2014	458,366	375,417	82%	(4,100,588)
6/30/2015	339,583	510,505	150%	(4,271,510)

REQUIRED SUPPLEMENTARY INFORMATION

City of San Pablo Miscellaneous Plan - Classic Benefit Tier, a Cost Sharing-Employer Defined Pension Plan
As of fiscal year ending June 30, 2015

Last 10 Years*

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Miscellaneous Plan - Classic**

Measurement Date	<u>6/30/2014</u>
Plan's Proportion of the Net Pension Liability (Asset)	0.13394%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	<u>\$8,334,631</u>
Plan's Covered-Employee Payroll	<u>\$5,233,757</u>
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	159.25%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.03%

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

REQUIRED SUPPLEMENTARY INFORMATION

City of San Pablo Miscellaneous Plan - Classic Benefit Tier, a Cost Sharing-Employer Defined Pension Plan
As of fiscal year ending June 30, 2015
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS
Miscellaneous Plan - Classic

	<u>2015</u>
Actuarially determined contribution	\$598,442
Contributions in relation to the actuarially determined contributions	<u>598,442</u>
Contribution deficiency (excess)	<u>\$0</u>
Covered-employee payroll	<u>\$4,465,825</u>
Contributions as a percentage of covered- employee payroll	13.40%

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

REQUIRED SUPPLEMENTARY INFORMATION

City of San Pablo Miscellaneous Plan - Classic Benefit Tier, a Cost Sharing-Employer Defined Pension Plan
As of fiscal year ending June 30, 2015
Last 10 Years*

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Miscellaneous Plan - PEPR**

Measurement Date	<u>6/30/2014</u>
Plan's Proportion of the Net Pension Liability (Asset)	0.00000%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	<u><u>\$115</u></u>
Plan's Covered-Employee Payroll	<u><u>\$103,716</u></u>
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	0.11%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	82.94%

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

REQUIRED SUPPLEMENTARY INFORMATION

City of San Pablo Miscellaneous Plan - Classic Benefit Tier, a Cost Sharing-Employer Defined Pension Plan
As of fiscal year ending June 30, 2015
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS
Miscellaneous Plan - PEPRA

	<u>2015</u>
Actuarially determined contribution	\$59,985
Contributions in relation to the actuarially determined contributions	<u>59,985</u>
Contribution deficiency (excess)	<u>\$0</u>
Covered-employee payroll	<u>\$959,847</u>
Contributions as a percentage of covered-employee payroll	6.25%

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

REQUIRED SUPPLEMENTARY INFORMATION

City of San Pablo Safety Plan - Classic Benefit Tier, a Cost Sharing-Employer Defined Pension Plan
As of fiscal year ending June 30, 2015
Last 10 Years*

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Safety Plan - Classic**

Measurement Date	<u>6/30/2014</u>
Plan's Proportion of the Net Pension Liability (Asset)	0.22069%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	<u>\$13,732,555</u>
Plan's Covered-Employee Payroll	<u>\$6,215,107</u>
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	220.95%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.42%

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

REQUIRED SUPPLEMENTARY INFORMATION

City of San Pablo Safety Plan - Classic Benefit Tier, a Cost Sharing-Employer Defined Pension Plan
As of fiscal year ending June 30, 2015
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

Safety Plan - Classic

	<u>2015</u>
Actuarially determined contribution	\$1,440,535
Contributions in relation to the actuarially determined contributions	<u>1,440,535</u>
Contribution deficiency (excess)	<u>\$0</u>
Covered-employee payroll	<u>\$5,863,031</u>
Contributions as a percentage of covered- employee payroll	24.57%

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

REQUIRED SUPPLEMENTARY INFORMATION

City of San Pablo Safety Plan - PEPRAs Benefit Tier, a Cost Sharing-Employer Defined Pension Plan
As of fiscal year ending June 30, 2015
Last 10 Years*

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Safety Plan - PEPRAs**

Measurement Date	<u>6/30/2014</u>
Plan's Proportion of the Net Pension Liability (Asset)	0.00000%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	<u>\$197</u>
Plan's Covered-Employee Payroll	<u>\$86,815</u>
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	0.23%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.47%

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

REQUIRED SUPPLEMENTARY INFORMATION

City of San Pablo Safety Plan - PEPRAs Benefit Tier, a Cost Sharing-Employer Defined Pension Plan
As of fiscal year ending June 30, 2015
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

Safety Plan - PEPRAs

	<u>2015</u>
Actuarially determined contribution	\$54,151
Contributions in relation to the actuarially determined contributions	<u>54,151</u>
Contribution deficiency (excess)	<u>\$0</u>
Covered-employee payroll	<u>\$470,881</u>
Contributions as a percentage of covered-employee payroll	11.50%

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.



CITY OF **SAN PABLO**

City of New Directions

SUPPLEMENTARY INFORMATION



CITY^{OF} SAN PABLO

City of New Directions

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

GAS TAX

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

PUBLIC SAFETY

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

STREET LIGHTING AND LANDSCAPING

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

N.P.D.E.S.

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

DEVELOPMENT SERVICES

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

MEASURE C / J

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

ASSET SEIZURES

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

PARATRANSIT

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

LAW ENFORCEMENT SERVICES

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

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

TRAFFIC CONGESTION RELIEF

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

HCD GRANT

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

MEASURE K

This fund accounts for revenues from Sales Tax Measure K that provides a quarter (1/4) cent sales tax in perpetuity to fund emergency medical services at County Fire Station #70 in San Pablo.



CITY OF **SAN PABLO**

City of New Directions

CITY OF SAN PABLO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2015

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	\$47,695	\$37,107	\$155,080	\$180,819	\$68,285	\$896,142
Restricted cash and investments						
Accounts receivable						
Due from other governments		18,134			37,889	
Total Assets	<u>\$47,695</u>	<u>\$55,241</u>	<u>\$155,080</u>	<u>\$180,819</u>	<u>\$106,174</u>	<u>\$896,142</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$47,695		\$34,199	\$18,800	\$88,986	
Due to other funds						
Total Liabilities	<u>47,695</u>		<u>34,199</u>	<u>18,800</u>	<u>88,986</u>	
FUND BALANCES						
Restricted		\$55,241	120,881	162,019	17,188	\$896,142
Unassigned						
Total Fund Balance		<u>55,241</u>	<u>120,881</u>	<u>162,019</u>	<u>17,188</u>	<u>896,142</u>
Total Liabilities and Fund Balances	<u>\$47,695</u>	<u>\$55,241</u>	<u>\$155,080</u>	<u>\$180,819</u>	<u>\$106,174</u>	<u>\$896,142</u>

SPECIAL REVENUE FUNDS

Asset Seizures	Paratransit	Law Enforcement Services	Traffic Congestion Relief	HCD Grant	Measure K	Total Nonmajor Governmental Funds
\$59,774	\$626,791	\$69,011	\$145,844	\$93,380	\$232,667	\$2,612,595
		11,020			\$103,100	170,143
<u>\$59,774</u>	<u>\$626,791</u>	<u>\$80,031</u>	<u>\$145,844</u>	<u>\$93,380</u>	<u>\$335,767</u>	<u>\$2,782,738</u>
\$46,675	\$2,122		\$145,598		\$200,000	\$584,075
<u>46,675</u>	<u>2,122</u>		<u>145,598</u>		<u>200,000</u>	<u>584,075</u>
13,099	624,669	\$80,031	246	\$93,380	135,767	2,198,663
<u>13,099</u>	<u>624,669</u>	<u>80,031</u>	<u>246</u>	<u>93,380</u>	<u>135,767</u>	<u>2,198,663</u>
<u>\$59,774</u>	<u>\$626,791</u>	<u>\$80,031</u>	<u>\$145,844</u>	<u>\$93,380</u>	<u>\$335,767</u>	<u>\$2,782,738</u>

CITY OF SAN PABLO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

SPECIAL REVENUE FUNDS

	Gas Tax	Public Safety	Street Lighting and Landscaping	N.P.D.E.S.	Development Services	Measure C / J
REVENUES						
Property taxes			\$839,872			
Sales tax		\$120,175				\$385,352
Licenses and permits					\$310,416	
Intergovernmental	\$914,307			\$331,865	176,724	
Charges for services	219,034			6,000	519,183	
Use of money and property				(109)	172	6,379
Miscellaneous	320			500	35,773	
Total Revenues	1,133,661	120,175	839,872	338,256	1,042,268	391,731
EXPENDITURES						
Current:						
General Government						
Community:						
Development					1,318,769	
Public Works & Engineering	1,572,699		1,075,808	525,871		
Police						
Capital outlay	63,853					
Total Expenditures	1,636,552		1,075,808	525,871	1,318,769	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(502,891)	120,175	(235,936)	(187,615)	(276,501)	391,731
OTHER FINANCING SOURCES (USES)						
Issuance of debt						
Transfers in	256,379			47,514		12,007
Transfers (out)		(417,987)				(25,000)
Total Other Financing Sources (Uses)	256,379	(417,987)		47,514		(12,993)
NET CHANGE IN FUND BALANCES	(246,512)	(297,812)	(235,936)	(140,101)	(276,501)	378,738
Fund balances (deficits) at beginning of year	246,512	353,053	356,817	302,120	293,689	517,404
FUND BALANCES AT END OF YEAR		\$55,241	\$120,881	\$162,019	\$17,188	\$896,142

SPECIAL REVENUE FUNDS

Asset Seizures	Paratransit	Law Enforcement Services	Traffic Congestion Relief	HCD Grant	Measure K	Total Nonmajor Governmental Funds
						\$839,872
					\$483,469	988,996
	\$357,256	\$135,120				310,416
						1,915,272
\$276	6,300		(\$710)	\$845		744,217
8,237						13,153
8,513	363,556	135,120	(710)	845	483,469	44,830
					347,702	347,702
	253,284					1,572,053
		(14)				3,174,378
30,999		19,894				(14)
30,999	253,284	19,880			347,702	114,746
(22,486)	110,272	115,240	(710)	845	135,767	(352,109)
14,745		49,722				380,367
(29,745)		(312,495)				(785,227)
(15,000)		(262,773)				(404,860)
(37,486)	110,272	(147,533)	(710)	845	135,767	(756,969)
50,585	514,397	227,564	956	92,535		2,955,632
\$13,099	\$624,669	\$80,031	\$246	\$93,380	\$135,767	\$2,198,663

CITY OF SAN PABLO
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS					
	GAS TAX			PUBLIC SAFETY		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax					\$120,175	\$120,175
Licenses and permits						
Intergovernmental	\$938,666	\$914,307	(\$24,359)			
Charges for services	64,500	219,034	154,534			
Use of money and property						
Miscellaneous		320	320			
Total Revenues	<u>1,003,166</u>	<u>1,133,661</u>	<u>130,495</u>		<u>120,175</u>	<u>120,175</u>
EXPENDITURES						
Current:						
Community:						
Development						
Housing						
Public Works & Engineering	1,766,786	1,572,699	194,087			
Police						
Capital outlay	<u>74,092</u>	<u>63,853</u>	<u>10,239</u>			
Total Expenditures	<u>1,840,878</u>	<u>1,636,552</u>	<u>204,326</u>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(837,712)</u>	<u>(502,891)</u>	<u>334,821</u>		<u>120,175</u>	<u>120,175</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	623,578	256,379	(367,199)			
Transfers out					(417,987)	(417,987)
Total Other Financing Sources (Uses)	<u>623,578</u>	<u>256,379</u>	<u>(367,199)</u>		<u>(417,987)</u>	<u>(417,987)</u>
NET CHANGE IN FUND BALANCES	<u>(\$214,134)</u>	<u>(246,512)</u>	<u>(\$32,378)</u>		<u>(297,812)</u>	<u>(\$297,812)</u>
Fund balances (deficit) at beginning of year		<u>246,512</u>			<u>353,053</u>	
FUND BALANCES AT END OF YEAR					<u>\$55,241</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)
\$835,000	\$839,872	\$4,872						
			\$343,184	\$331,865	(\$11,319)	\$270,000	\$310,416	\$40,416
				6,000	6,000	588,500	176,724	176,724
				(109)	(109)		519,183	(69,317)
				500	500		172	172
							35,773	35,773
<u>835,000</u>	<u>839,872</u>	<u>4,872</u>	<u>343,184</u>	<u>338,256</u>	<u>(4,928)</u>	<u>858,500</u>	<u>1,042,268</u>	<u>183,768</u>
						1,516,187	1,318,769	197,418
1,376,075	1,075,808	300,267	642,111	525,871	116,240			
<u>22,839</u>		<u>22,839</u>						
<u>1,398,914</u>	<u>1,075,808</u>	<u>323,106</u>	<u>642,111</u>	<u>525,871</u>	<u>116,240</u>	<u>1,516,187</u>	<u>1,318,769</u>	<u>197,418</u>
<u>(563,914)</u>	<u>(235,936)</u>	<u>327,978</u>	<u>(298,927)</u>	<u>(187,615)</u>	<u>111,312</u>	<u>(657,687)</u>	<u>(276,501)</u>	<u>381,186</u>
493,984		(493,984)	15,815	47,514	31,699	625,156		(625,156)
<u>493,984</u>		<u>(493,984)</u>	<u>15,815</u>	<u>47,514</u>	<u>31,699</u>	<u>625,156</u>		<u>(625,156)</u>
<u>(\$69,930)</u>	<u>(235,936)</u>	<u>(\$166,006)</u>	<u>(\$283,112)</u>	<u>(140,101)</u>	<u>\$143,011</u>	<u>(\$32,531)</u>	<u>(276,501)</u>	<u>(\$243,970)</u>
	<u>356,817</u>			<u>302,120</u>			<u>293,689</u>	
	<u>\$120,881</u>			<u>\$162,019</u>			<u>\$17,188</u>	

(Continued)

CITY OF SAN PABLO
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS					
	MEASURE C / J			ASSET SEIZURES		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax	\$307,831	\$385,352	\$77,521			
Licenses and permits						
Intergovernmental						
Charges for services						
Use of money and property	3,370	6,379	3,009		\$276	\$276
Miscellaneous					8,237	8,237
Total Revenues	<u>311,201</u>	<u>391,731</u>	<u>80,530</u>		<u>8,513</u>	<u>8,513</u>
EXPENDITURES						
Current:						
Community:						
Development						
Housing						
Public Works & Engineering						
Police				\$15,741		15,741
Capital outlay				29,745	30,999	(1,254)
Total Expenditures				<u>45,486</u>	<u>30,999</u>	<u>14,487</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>311,201</u>	<u>391,731</u>	<u>80,530</u>	<u>(45,486)</u>	<u>(22,486)</u>	<u>23,000</u>
OTHER FINANCING SOURCES (USES)						
Transfers in		12,007	12,007		14,745	14,745
Transfers out	(798,805)	(25,000)	773,805		(29,745)	(29,745)
Total Other Financing Sources (Uses)	<u>(798,805)</u>	<u>(12,993)</u>	<u>785,812</u>		<u>(15,000)</u>	<u>(15,000)</u>
NET CHANGE IN FUND BALANCES	<u>(\$487,604)</u>	378,738	<u>\$866,342</u>	<u>(\$45,486)</u>	(37,486)	<u>\$8,000</u>
Fund balances (deficit) at beginning of year		<u>517,404</u>			<u>50,585</u>	
FUND BALANCES AT END OF YEAR		<u><u>\$896,142</u></u>			<u><u>\$13,099</u></u>	

SPECIAL REVENUE FUNDS

PARATRANSIT			LAW ENFORCEMENT SERVICES		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$195,000	\$357,256	\$162,256	\$156,894	\$135,120	(\$21,774)
	6,300	6,300			
<u>195,000</u>	<u>363,556</u>	<u>168,556</u>	<u>156,894</u>	<u>135,120</u>	<u>(21,774)</u>
323,109	253,284	69,825			
			104,986	(14)	105,000
			19,894	19,894	
<u>323,109</u>	<u>253,284</u>	<u>69,825</u>	<u>124,880</u>	<u>19,880</u>	<u>105,000</u>
<u>(128,109)</u>	<u>110,272</u>	<u>238,381</u>	<u>32,014</u>	<u>115,240</u>	<u>83,226</u>
				49,722	49,722
				(312,495)	(312,495)
				(262,773)	(262,773)
<u>(\$128,109)</u>	<u>110,272</u>	<u>\$238,381</u>	<u>\$32,014</u>	<u>(147,533)</u>	<u>(\$179,547)</u>
	<u>514,397</u>			<u>227,564</u>	
	<u>\$624,669</u>			<u>\$80,031</u>	



CITY OF SAN PABLO

City of New Directions

AGENCY FUNDS

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

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

COMMUNITY ORGANIZATIONS AND ACTIVITIES

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

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE

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

CITY OF SAN PABLO
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
<u>Community Organizations and Activities</u>				
<u>Assets</u>				
Restricted cash and investments	\$786,031	\$156,683	\$197,455	\$745,259
Total Assets	<u>\$786,031</u>	<u>\$156,683</u>	<u>\$197,455</u>	<u>\$745,259</u>
<u>Liabilities</u>				
Accounts payable	\$94,843	\$82,044	\$94,843	\$82,044
Deposits held as agent for others	691,188	74,639	102,612	663,215
Total Liabilities	<u>\$786,031</u>	<u>\$156,683</u>	<u>\$197,455</u>	<u>\$745,259</u>
<u>West Contra Costa Transportation Advisory Committee</u>				
<u>Assets</u>				
Restricted cash and investments	\$1,480,380	\$1,658,499	\$1,018,155	\$2,120,724
Due from other governments	95,131	221,744	95,131	221,744
Total Assets	<u>\$1,575,511</u>	<u>\$1,880,243</u>	<u>\$1,113,286</u>	<u>\$2,342,468</u>
<u>Liabilities</u>				
Accounts payable	\$7,270	\$98,978	\$7,270	\$98,978
Deposits held as agent for others	1,568,241	1,781,265	1,106,016	2,243,490
Total Liabilities	<u>\$1,575,511</u>	<u>\$1,880,243</u>	<u>\$1,113,286</u>	<u>\$2,342,468</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Restricted cash and investments	\$2,266,411	\$1,815,182	\$1,215,610	\$2,865,983
Due from other governments	95,131	221,744	95,131	221,744
Total Assets	<u>\$2,361,542</u>	<u>\$2,036,926</u>	<u>\$1,310,741</u>	<u>\$3,087,727</u>
<u>Liabilities</u>				
Accounts payable	\$102,113	\$181,022	\$102,113	\$181,022
Deposits held as agent for others	2,259,429	1,855,904	1,208,628	2,906,705
Total Liabilities	<u>\$2,361,542</u>	<u>\$2,036,926</u>	<u>\$1,310,741</u>	<u>\$3,087,727</u>

STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin
4. Bonded Debt Pledged Revenue Coverage, Redevelopment Agency Tax Allocation Bonds
5. Continuing Disclosure Requirements - Debt Service Coverage Schedule

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

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

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

Sources

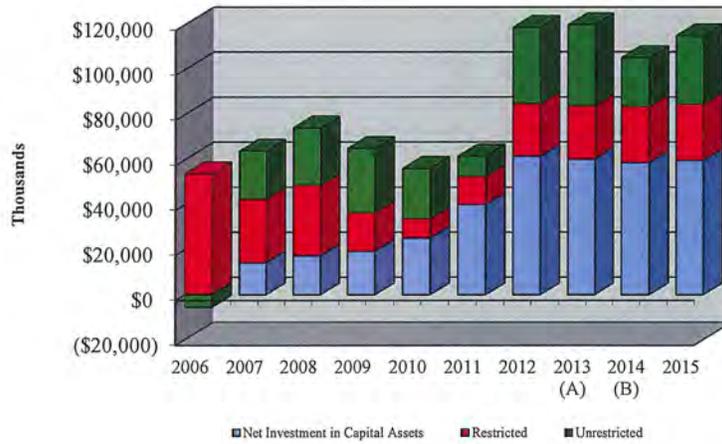
Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.



CITY OF **SAN PABLO**

City of New Directions

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



	Fiscal Year Ended June 30									
	2006	2007	2008	2009	2010	2011	2012	2013 (A)	2014 (B)	2015
<i>Governmental activities</i>										
Net investment in capital assets	\$391,982	\$14,162,898	\$17,233,098	\$19,236,798	\$25,129,231	\$39,968,889	\$61,548,129	\$60,286,124	\$58,716,354	\$59,671,326
Restricted	53,323,336	28,234,327	31,346,751	17,023,526	8,544,531	12,660,690	23,252,245	23,589,889	24,793,010	24,843,522
Unrestricted	(5,491,591)	21,442,740	25,591,054	28,686,988	22,456,421	8,948,361	33,879,184	35,928,112	21,808,206	30,508,198
Total governmental activities net position	<u>\$48,223,727</u>	<u>\$63,839,965</u>	<u>\$74,170,903</u>	<u>\$64,947,312</u>	<u>\$56,130,183</u>	<u>\$61,577,940</u>	<u>\$118,679,558</u>	<u>\$119,804,125</u>	<u>\$105,317,570</u>	<u>\$115,023,046</u>

- (A) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position."
 (B) The City implemented the provisions of GASB Statements 68 and 71 in fiscal year 2015, which required the restatement of net position, however amounts prior to 2014 have not been restated.

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

	Fiscal Year Ended June 30,				
	2006	2007	2008	2009	2010
Expenses					
Governmental Activities:					
General Government	\$5,061,400	\$2,632,986	\$2,993,404	\$3,200,437	\$3,746,905
Community					
Recreation	703,787	989,126	1,217,942	1,132,500	1,260,952
Development	6,190,032	4,140,354	6,428,706	23,541,394	17,744,655
Housing	2,456,860	228,296	194,708	554,770	244,168
Public Works & Engineering		5,674,920	5,892,638	6,424,687	6,390,441
Police	15,399,999	10,772,050	14,078,285	13,573,473	14,471,506
Interest and fiscal charges	3,281,931	4,498,283	4,220,723	4,035,250	3,894,561
Total Governmental Activities Expenses	<u>33,094,009</u>	<u>28,936,015</u>	<u>35,026,406</u>	<u>52,462,511</u>	<u>47,753,188</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	1,089,391	22,805	16,171	31,223	26,562
Community:					
Recreation	52,525	117,752	127,847	144,942	166,294
Development		556,322	444,499	438,378	588,719
Public Works & Engineering		130,443	157,591	57,724	118,661
Police	418,449	724,871	516,367	403,428	338,838
Operating Grants and Contributions	1,986,780	1,927,514	1,835,557	1,424,555	1,620,850
Capital Grants and Contributions	1,015,449	1,793,276	1,649,247	1,521,513	3,383,502
Total Government Activities Program Revenues	<u>4,562,594</u>	<u>5,272,983</u>	<u>4,747,279</u>	<u>4,021,763</u>	<u>6,243,426</u>
Net (Expense)/Revenue					
Governmental Activities	<u>(28,531,415)</u>	<u>(23,663,032)</u>	<u>(30,279,127)</u>	<u>(48,440,748)</u>	<u>(41,509,762)</u>
General Revenues and Other					
Changes in Net Position					
Governmental Activities:					
Taxes:					
Property Taxes	1,387,577	1,389,901	1,235,060	1,302,668	1,099,009
Incremental Property Taxes	12,251,525	14,959,091	15,434,058	14,675,932	9,751,633
ERAF	(801,770)				
Sales Taxes	1,414,077	1,304,189	1,400,911	1,342,904	1,250,870
In-Lieu Sales Tax	367,240	396,968	411,506	472,411	456,357
Utility Users Tax	2,158,865	1,594,338	1,632,823	1,366,676	1,512,840
Transient Occupancy Taxes (a)					
Franchise Taxes (a)					
Payment in Lieu of taxes (a)					
Business Licenses (nonregulatory)	290,935	326,195	296,836	327,507	321,824
Other Taxes	9,866,947	12,649,876	13,531,030	14,891,478	15,332,960
Intergovernmental unrestricted:					
Motor Vehicle In-Lieu Fees	2,276,752	2,476,028	2,634,391	2,532,312	1,937,853
Use of Money and Property	2,733,017	3,306,358	3,815,626	2,032,690	777,955
Gain on Sale of Property	315,000	497,534	13,275	6,091	
Miscellaneous	285,471	378,792	204,549	266,488	251,332
Special item - transfer of loans and cash to County					
Special item - assets transferred from Successor Agency					
Extraordinary item - assets transferred to/liabilities assumed by Successor Agency					
Total Governmental Activities	<u>32,545,636</u>	<u>39,279,270</u>	<u>40,610,065</u>	<u>39,217,157</u>	<u>32,692,633</u>
Change in Net Position					
Governmental Activities	<u>\$4,014,221</u>	<u>\$15,616,238</u>	<u>\$10,330,938</u>	<u>(\$9,223,591)</u>	<u>(\$8,817,129)</u>

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

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

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

(d) The City implemented the provisions of GASB Statements 68 and 71 in fiscal year 2015, however amounts prior to 2015 have not been restated.

Fiscal Year Ended June 30,

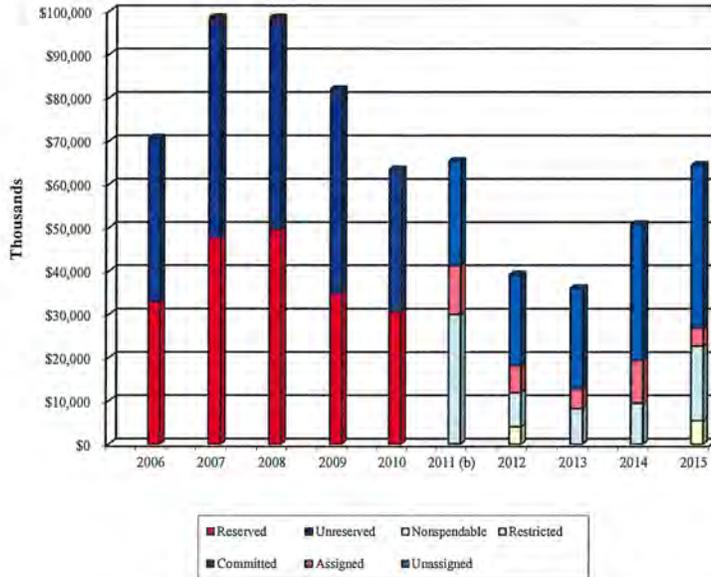
2011	2012	2013(c)	2014	2015 (d)
\$3,873,454	\$4,041,867	\$5,680,263	\$5,918,919	\$5,868,035
1,296,966	1,141,266	1,342,621	1,306,695	1,417,109
4,482,336	2,062,972	1,176,592	1,115,441	1,538,176
86,761	6,937	13,600	12,100	
7,379,061	7,447,687	8,064,981	7,304,089	9,591,938
14,397,742	13,676,212	15,393,927	14,959,000	15,207,587
3,813,714	2,175,282			1,069,642
<u>35,330,034</u>	<u>30,552,223</u>	<u>31,671,984</u>	<u>30,616,244</u>	<u>34,692,487</u>
66,541	113,227	218,312	522,654	612,276
251,779	204,475	245,934	236,757	321,941
332,055	289,569	527,404	561,699	483,379
106,798	85,258	143,158	168,230	225,034
325,909	303,410	486,569	396,612	666,228
2,497,146	2,158,891	1,930,939	1,962,725	2,064,275
<u>2,304,659</u>	<u>3,095,927</u>	<u>1,846,299</u>	<u>7,078,669</u>	<u>5,202,454</u>
<u>5,884,887</u>	<u>6,250,757</u>	<u>5,398,615</u>	<u>10,927,346</u>	<u>9,575,587</u>
<u>(29,445,147)</u>	<u>(24,301,466)</u>	<u>(26,273,369)</u>	<u>(19,688,898)</u>	<u>(25,116,900)</u>
1,129,241	1,345,016	1,229,599	1,515,310	1,676,678
9,415,129	5,051,415			
1,313,493	1,396,988	2,253,736	2,912,396	3,803,069
316,486	421,134	468,552	548,465	490,239
2,083,913	2,339,064	2,473,792	2,553,955	2,467,509
	309,167	356,177	424,570	455,006
	540,565	627,473	719,358	884,123
	1,757,473	1,792,638	1,828,490	1,865,060
313,623	15,800,631	17,388,179 (b)	18,291,111	19,701,338
16,217,232	85,790	109,928	114,542	132,130
1,881,451	1,688,305	1,654,714	1,713,415	1,961,310
666,850	394,790	238,115	246,226	633,516
1,327,416				
228,070	344,653	167,902	320,447	545,773
			1,534,820	206,625
	<u>49,928,093</u>	<u>(1,176,610)</u>		
<u>34,892,904</u>	<u>81,403,084</u>	<u>27,584,195</u>	<u>32,723,105</u>	<u>34,822,376</u>
<u>\$5,447,757</u>	<u>\$57,101,618</u>	<u>\$1,310,826</u>	<u>\$13,034,207</u>	<u>\$9,705,476</u>



CITY^{OF} SAN PABLO

City of New Directions

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



	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011 (b)	2012	2013	2014	2015
General Fund										
Reserved	\$387,568	\$45,330	\$55,576	\$71,191	\$32,630					
Unreserved	12,989,007	18,012,835	17,378,837	20,125,976	21,359,353					
Nonspendable						\$94,156	\$4,024,921	\$28,503	\$45,219	\$5,402,621
Restricted						206,626				
Assigned							20,215	227,579	763,614	145,329
Unassigned						24,008,243	21,100,922	23,285,950	31,512,493	37,596,248
Total General Fund	\$13,376,575	\$18,058,165	\$17,434,413	\$20,197,167	\$21,391,983	\$24,309,025	\$25,146,058	\$23,542,032	\$32,321,326	\$43,144,198 (a)
All Other Governmental Funds										
Reserved	\$32,450,547	\$47,633,407	\$49,546,081	\$34,879,869	\$30,555,643					
Unreserved, reported in:										
Special revenue funds	915,850	1,366,884	1,385,761	1,570,804	1,829,801					
Capital project funds	23,939,025	31,423,052	30,104,970	25,252,717	9,611,508					
Restricted						\$29,624,123	\$7,862,952	\$8,117,456	\$9,387,695	\$17,266,389
Assigned						11,451,201	6,112,651	4,365,599	9,082,664	4,010,660
Unassigned						(10,350)				
Total all other governmental funds	\$57,305,422	\$80,423,343	\$81,036,812	\$61,703,390	\$41,996,952	\$41,064,974	\$13,975,603	\$12,483,055	\$18,470,359	\$21,277,049 (a)

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

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

	Fiscal Year Ended June 30,				
	2006	2007	2008	2009	2010
Revenues					
Property taxes	\$1,387,577	\$1,738,546	\$1,584,784	\$1,310,791	\$1,104,259
Incremental property taxes	12,251,525	14,959,091	15,434,058	14,675,932	9,751,633
Less ERAF	(801,770)				
Sales taxes	1,414,077	1,304,189	1,400,911	1,342,904	1,893,530
In-lieu sales tax	367,240	396,968	411,506	472,411	456,357
Utility users tax	2,158,865	1,594,338	1,632,823	1,366,676	1,512,840
Business license tax (a)					
Other taxes	9,866,947	12,649,876	13,531,030	14,891,478	15,332,960
Licenses and permits	290,935	326,195	296,836	327,507	321,824
Fines and forfeits	15,768	400,117	333,832	248,344	253,830
Intergovernmental	4,838,178	5,276,263	5,454,369	5,368,548	5,792,474
Charges for services	1,560,365	1,098,195	884,505	784,975	980,009
Use of money and property	3,373,908	4,165,686	4,339,988	2,217,675	904,473
Miscellaneous	269,703	276,206	178,633	237,809	135,070
Total Revenues	36,993,318	44,185,670	45,483,275	43,245,050	38,439,259
Expenditures					
Current:					
General government	5,153,650	2,462,270	3,502,819	3,092,038	3,608,932
Community					
Recreation	716,929	956,875	1,188,497	1,107,073	1,232,619
Development	3,871,099	4,215,123	6,723,506	10,911,000	8,120,814
Housing	1,320,060	518,764	4,192,021	5,778,117	680,286
Public Works & Engineering		2,947,864	3,569,382	3,266,892	3,173,331
Police	15,512,360	10,589,624	15,246,567	13,504,115	14,281,329
Pass Through to County					
Supplemental Educational Revenue Augmentation Fund Payment					5,939,603
Estimated reduction in value of land held for redevelopment				12,520,417	3,486,168
Capital outlay	3,147,146	14,634,535	5,317,834	3,983,178	9,741,894
Debt service:					
Principal repayment	1,530,000	1,740,000	1,795,000	1,865,000	3,050,000
Interest and fiscal charges	3,079,872	4,097,085	3,993,540	3,794,982	3,640,060
Total Expenditures	34,331,116	42,162,140	45,529,166	59,822,812	56,955,036
Excess (deficiency) of revenues over (under) expenditures	2,662,202	2,023,530	(45,891)	(16,577,762)	(18,515,777)
Other Financing Sources (Uses)					
Transfers in	12,628,478	42,988,080	13,741,142	16,958,273	15,160,490
Transfers (out)	(12,628,478)	(42,988,080)	(13,741,142)	(16,958,273)	(15,160,490)
Proceeds or gain from sale of property	315,000	2,368,112	35,608	7,094	4,155
Loss from sale of property	(2,420,874)				
Issuance of debt		36,000,000			
Premium on bonds					
Payments to refunded bond escrow		(12,592,131)			
Property held for resale transferred to capital assets					
Total Other Financing Sources (Uses)	(2,105,874)	25,775,981	35,608	7,094	4,155
Special and Extraordinary Items					
Transfer of loans receivable and cash to the county					
Reversal of deferred revenues to offset the loans					
Assets transferred to Housing Successor					
Assets transferred to/liabilities assumed by Successor Agency/Housing Successor					
Total Special and Extraordinary Items	0	0	0	0	0
Change in Fund Balance	\$556,328	\$27,799,511	(\$10,283)	(\$16,570,668)	(\$18,511,622)
Debt service as a percentage of noncapital expenditures	14.8%	21.2%	14.4%	10.1%	14.2%

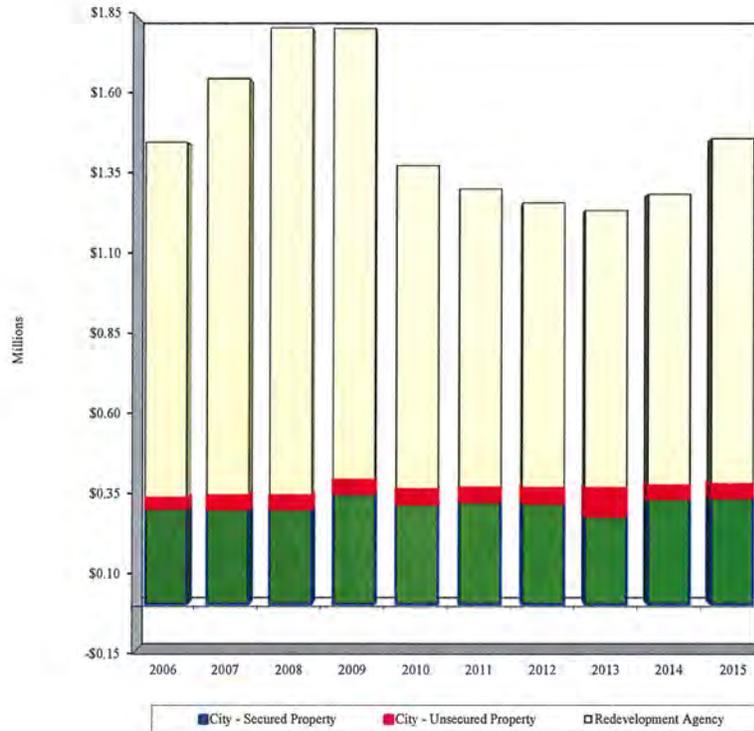
(a) Included in Other Taxes prior to fiscal year 2012.

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

Fiscal Year Ended June 30,

2011	2012	2013	2014	2015
\$1,129,241	\$1,345,016	\$1,083,129	\$1,515,310	\$1,676,678
9,415,129	5,051,415 (b)			
1,336,319	1,774,609	2,561,567	3,272,038	4,188,421
316,486	421,134	468,552	548,465	490,239
2,083,913	2,339,064	2,473,792	2,553,955	2,467,509
	15,501,584	17,105,522	17,951,434	19,390,922
16,217,232	2,692,995	2,862,216	3,064,960	3,304,319
313,623	299,047	282,657	339,677	310,416
175,236	160,779	199,033	178,497	250,670
6,927,565	6,732,431	5,341,904	10,466,512	9,707,728
786,693	733,972	1,324,955	1,622,447	1,435,849
1,275,476	1,070,834	886,060	494,277	1,076,231
143,404	125,916	105,815	265,763	211,850
40,120,317	38,248,796	34,695,202	42,273,335	44,510,832
5,077,971	4,051,309	5,644,563	5,798,844	6,151,008
1,281,164	1,045,283	1,198,105	1,173,065	1,321,969
3,231,110	1,776,767	1,116,502	1,097,422	1,572,053
214,996	6,937	1,850	12,100	
2,912,684	3,039,965	3,108,904	3,153,976	3,458,187
14,109,881	13,601,625	14,879,348	14,858,753	15,435,553
1,222,860				
4,993,318	8,925,221	11,656,245	2,912,525	18,095,578
3,165,543	3,290,000			85,000
3,541,450	2,182,278			778,547
39,750,977	37,919,385	37,605,517	29,006,685	46,897,895
369,340	329,411	(2,910,315)	13,266,650	(2,387,063)
21,666,427	15,145,921	8,671,125	3,904,184	7,075,398
(21,666,427)	(15,145,921)	(8,671,125)	(3,904,184)	(7,075,398)
1,327,416				
1,222,860			1,141,738	15,810,000
(911,727)				
1,638,549	0	0	1,141,738	15,810,000
	5,865,000		358,210	206,625
	(32,469,574)			
0	(26,604,574)	0	358,210	206,625
\$2,007,889	(\$26,275,163)	(\$2,910,315)	\$14,766,598	\$13,629,562
19.1%	18.6%	0.0%	0.0%	2.9%

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

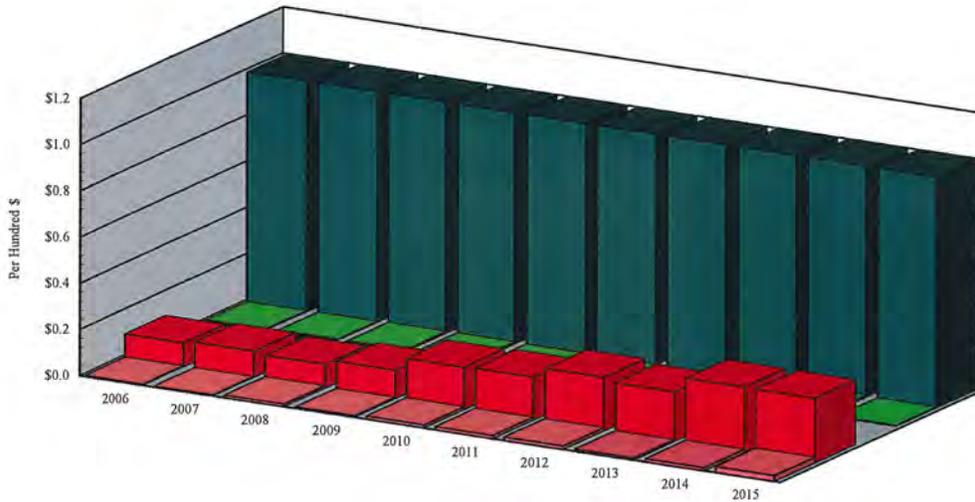


Fiscal Year	Value of City Property Subject to Local Tax Rate			Value of Redevelopment Agency Property Subject to Local Tax Rate			Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Secured Property	Unsecured Property	Total	Tenth Township	Legacy	Total			
2006	\$300,086,126	\$36,435,336	\$336,521,462	\$997,667,744	\$117,581,726	\$1,115,249,470	\$1,451,770,932	\$1,451,770,932	0.815%
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	0.838%
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	0.851%
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	0.847%
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	0.805%
2011	322,164,784	46,296,587	368,461,371	854,184,022	82,697,584	936,881,606	1,305,342,977	1,305,342,977	0.789%
2012	317,570,213	49,107,847	366,678,060	819,841,729	74,886,120	894,727,849	1,261,405,909	1,261,405,909	0.782%
2013	277,310,622	89,243,515	366,554,137	811,535,168	60,048,453	871,583,621	1,238,137,758	1,238,137,758	0.773%
2014	330,899,170	44,270,604	375,169,774	834,582,578	78,654,747	913,237,325	1,288,407,099	1,288,407,099	0.098%
2015	335,045,384	44,184,743	379,230,127	960,892,754	124,112,087	1,085,004,841	1,464,234,968	1,464,234,968	0.097%

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

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

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



Direct and Overlapping Rates

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

Fiscal Year	Basic County Wide Levy (a)	Bay Area Rapid Transit	East Bay Regional Park District	West Contra Costa Unified School District	Community College	Total Direct and Overlapping Rates (b)	City's Share of 1% Levy per Prop 13 (c)	Redevelopment Agency Rate (d)	Total Direct Rate (e)
2006	\$1.00000	\$0.00480	\$0.00570	\$0.10410	\$0.00470	\$1.11930	\$0.09828	\$1.00570	\$0.81544
2007	1.00000	0.00500	0.00850	0.11430	0.00430	1.13210	0.09828	1.00850	0.83751
2008	1.00000	0.00760	0.00800	0.10350	0.01080	1.12990	0.09828	1.00800	0.85082
2009	1.00000	0.00900	0.01000	0.12300	0.00660	1.14860	0.09828	1.01000	0.84696
2010	1.00000	0.00570	0.01080	0.18280	0.01260	1.21190	0.09828	1.01080	0.80472
2011	1.00000	0.00310	0.00840	0.18690	0.01330	1.21170	0.09828	1.00840	0.78904
2012	1.00000	0.00410	0.00710	0.23220	0.01440	1.25780	0.09828	1.00710	0.78177
2013	1.00000	0.00430	0.00510	0.21570	0.00870	1.23380	0.09828	0.00000	0.77265
2014	1.00000	0.00750	0.00780	0.28180	0.01330	1.31040	0.09828	0.00000	0.09750
2015	1.00000	0.00450	0.00850	0.28030	0.02520	1.31850	0.09828	0.00000	0.09749

Source: HdL Coren & Cone, Contra Costa County Assessor

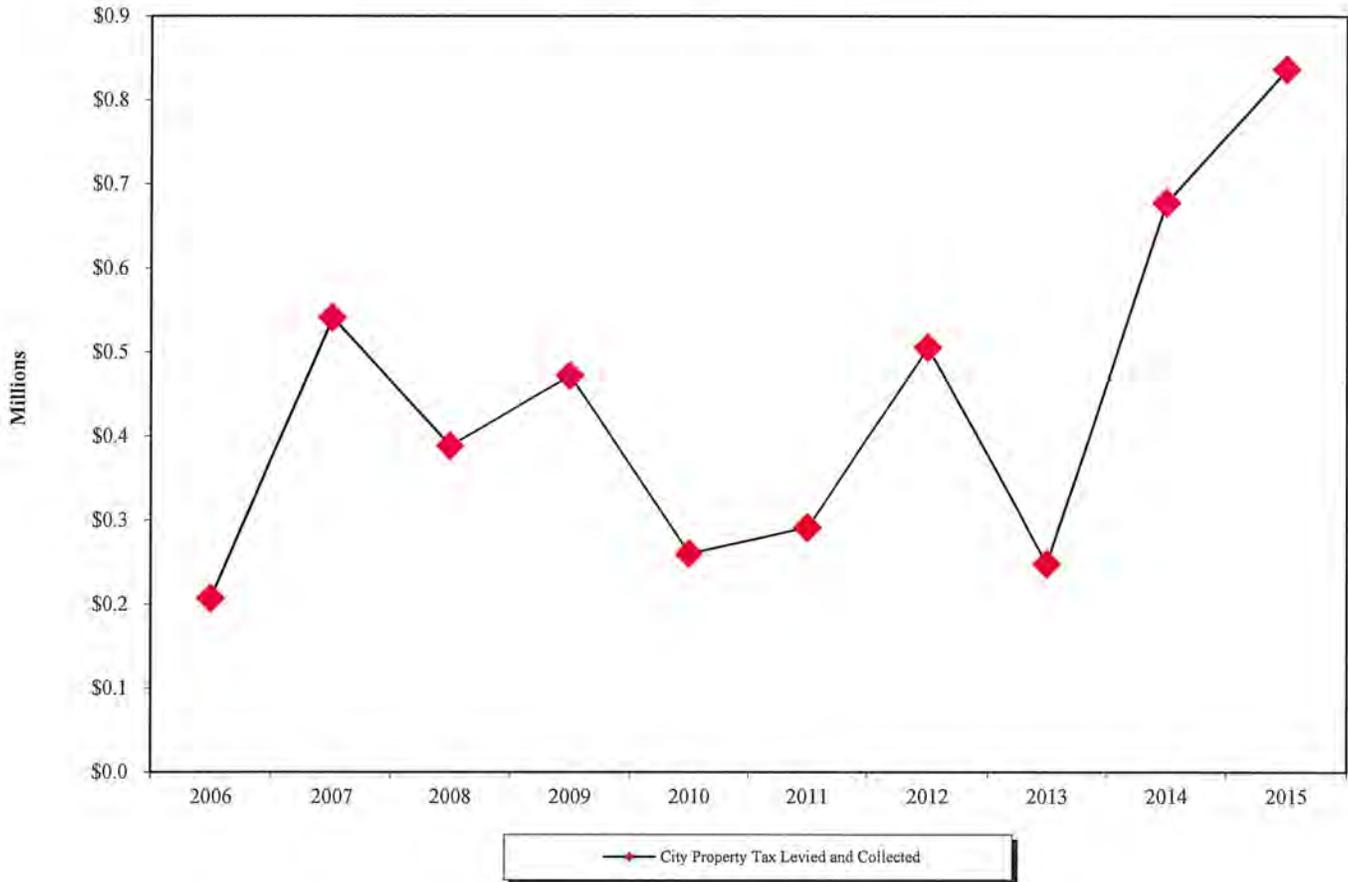
- (a) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the, 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- (b) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners.
- (c) City's share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.
- (d) Redevelopment Agency (RDA) rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for fiscal year 2013 and years thereafter.
- (e) Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/2013. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

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

Taxpayer	2014-2015			2005-2006		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Donahue Schriber Realty Group	\$18,664,403	1	1.3%			
CC San Pablo LP	14,752,000	2	1.0%			
San Pablo Retail Partners II	14,432,618	3	1.0%			
3002 Giant Road LLC	14,143,886	4	1.0%			
Save Mart Supermarkets	13,462,878	5	0.9%	\$11,532,125	4	0.8%
Public Storage, Inc.	10,685,577	6	0.7%	10,038,919	5	0.7%
Gordon Creekside LLC	9,441,838	7	0.6%			
Vale Property LLC	8,036,320	8	0.5%			
CC Home Rentals LLC	7,656,193	9	0.5%			
Lucky NoCal Investor LLC	6,707,725	10	0.5%			
Signature at Abella				18,307,228	1	1.3%
San Pablo Retail Partners LLC				16,614,776	2	1.1%
Princeton Plaza LLC				14,767,509	3	1.0%
Murray and Janet Gordon Trust				8,303,514	6	0.6%
Lucky Stores Inc.				8,226,253	7	0.6%
Comcast of East San Fernando				8,056,150	8	0.6%
WEC 97K-31 Investment Trust				6,064,524	9	0.4%
Fox and Lambrecht				5,584,938	10	0.4%
Subtotal	<u>\$117,983,438</u>		<u>8.1%</u>	<u>\$107,495,936</u>		<u>7.4%</u>
Total Net Assessed Valuation:						
Fiscal Year 2014-2015	\$1,464,234,968					
Fiscal Year 2005-2006	\$1,451,770,932					

Source: HdL Coren & Cone, Contra Costa County Assessor

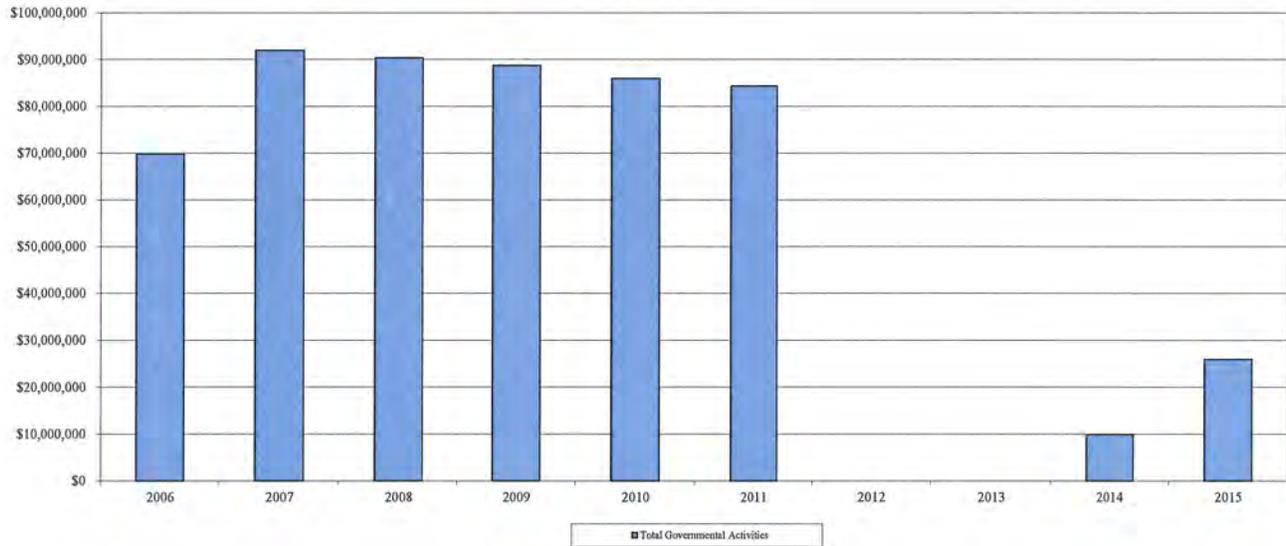
**CITY OF SAN PABLO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**



<u>Fiscal Year</u>	<u>City Property Tax Levied and Collected (1)</u>	<u>Redevelopment Agency Property Tax Levied and Collected</u>	<u>Total Property Tax Levied and Collected (2)</u>	<u>Percent of Total Tax Collections to Tax Levy</u>
2006	\$207,171	\$12,251,525	\$12,458,696	100%
2007	541,189	14,959,091	15,500,280	100%
2008	388,457	15,434,058	15,772,515	100%
2009	472,141	14,675,932	15,148,073	100%
2010	260,080	9,751,633	10,011,713	100%
2011	291,311	9,415,129	9,706,440	100%
2012	505,693	5,051,415	5,557,108 (3)	100%
2013	248,288	0	248,288 (3)	100%
2014	677,924	0	677,924 (3)	100%
2015	836,806	0	836,806 (3)	100%

- NOTES:
- (1) Excludes Street Lighting and Landscaping, N.P.D.E.S., Oak Park Maintenance District Property Tax and Redevelopment Agency.
 - (2) During fiscal year 1995, the County began providing the City 100% of its tax levy under an agreement which allows the County to keep all interest and delinquency charges collected.
 - (3) The Redevelopment Agency was dissolved on January 31, 2012.

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



Fiscal Year	Governmental Activities				Total Governmental Activities	Percentage of Personal Income (a)	Per Capita (a)
	Tax Allocation Bonds	SERAF Loan	Capital Leases and Loans	Lease Revenue Bonds			
2006	\$69,798,514				\$69,798,514	15.63%	\$2,236
2007	91,927,978				91,927,978	20.82%	2,969
2008	90,365,056				90,365,056	17.58%	2,897
2009	88,745,472				88,745,472	16.34%	2,790
2010	85,954,993				85,954,993	16.20%	2,675
2011	83,064,430	\$1,222,317			84,286,747	16.85%	2,913
2012	0 (b)	0 (b)			0	0.00%	0
2013	0 (b)	0 (b)			0	0.00%	0
2014	0 (b)	0 (b)	\$9,906,655		9,906,655	1.99%	339
2015	0 (b)	0 (b)	10,112,750	\$15,810,000	25,922,750	5.03%	879

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

Sources: City of San Pablo
California Employment Development Department

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

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

**CITY OF SAN PABLO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2015**

2014-15 Assessed Valuation	\$1,464,234,968
Less: Redevelopment Incremental Valuation	1,085,004,841
Adjusted Assessed Valuation	<u>\$379,230,127</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	\$15,810,000	100.000%	\$15,810,000
Overlapping Debt:			
Bay Area Rapid Transit District	179,807,423	0.863%	1,551,228
Contra Costa County Pension Debt	236,920,000	0.863%	2,043,948
Contra Costa County Lease Revenue Bonds	267,089,336	0.863%	2,304,222
Contra Costa County Fire Pension Obligation	92,805,000	1.868%	1,733,400
Contra Costa Community College District	604,800,000	0.866%	5,238,135
East Bay Regional Park District	78,104,202	0.863%	673,818
West Contra Costa Unified School District	1,302,118,389	5.630%	73,304,073
City of San Pablo	<u>10,112,750</u>	100.000%	<u>10,112,750</u>
Total Overlapping Debt	<u>2,771,757,100</u>		<u>96,961,574</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	<u>\$2,787,567,100</u>		<u>\$112,771,574</u> (1)

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

RATIOS TO 2014-15 ADJUSTED ASSESSED VALUATION:

Direct Debt	4.17%
Total Direct and Overlapping Tax Assessment Debt	29.74%

Source: HdL Coren & Cone, Contra Costa County Assessor and Auditor Combined 2014/15 Lien Date Tax Rolls

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

**CITY OF SAN PABLO
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2015**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$1,464,234,968
---	-----------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$54,908,811
---	--------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

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

Amount of debt subject to limit	0
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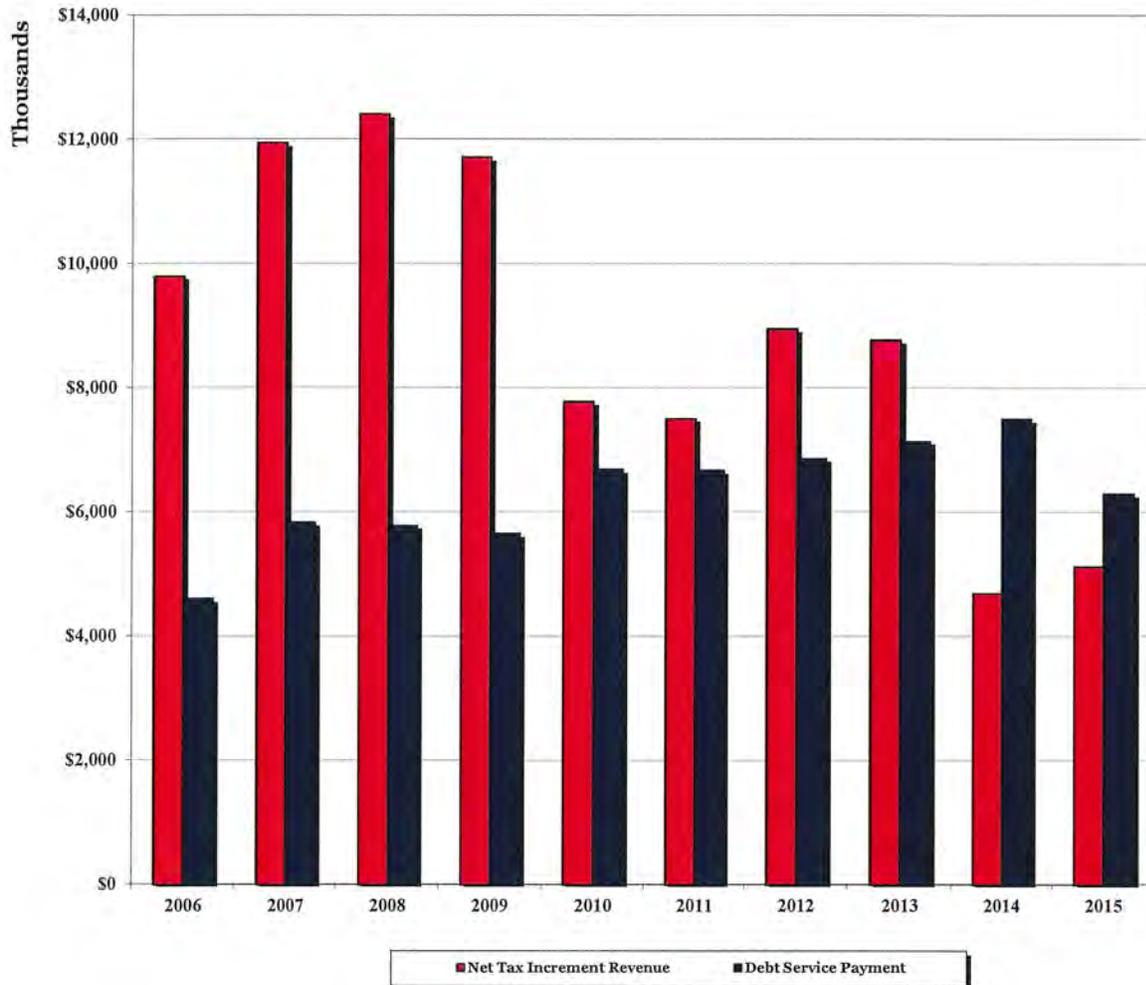
LEGAL BONDED DEBT MARGIN	\$54,908,811
--------------------------	--------------

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
2006	\$54,441,410	0	\$54,441,410	0.00%
2007	61,921,066	0	61,921,066	0.00%
2008	67,933,848	0	67,933,848	0.00%
2009	67,853,891	0	67,853,891	0.00%
2010	51,704,402	0	51,704,402	0.00%
2011	48,950,362	0	48,950,365	0.00%
2012	47,302,722	0	47,302,722	0.00%
2013	46,430,166	0	46,430,166	0.00%
2014	48,315,266	0	48,315,266	0.00%
2015	54,908,811	0	54,908,811	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	
2006	\$12,251,525	\$2,450,280	\$9,801,245	\$1,530,000	\$3,079,872	\$4,609,872	2.13
2007	14,959,091	3,009,430	11,949,661	1,740,000	4,097,085	5,837,085	2.05
2008	15,434,058	3,021,571	12,412,487	1,795,000	3,993,540	5,788,540	2.14
2009	14,675,932	2,965,190	11,710,742	1,865,000	3,794,982	5,659,982	2.07
2010	9,751,633	1,972,660	7,778,973	3,050,000	3,640,060	6,690,060	1.16
2011	9,415,129	1,903,187	7,511,942	3,165,000	3,516,993	6,681,993	1.12
2012	8,952,532 (a)	0 (b)	8,952,532	3,290,000	3,577,017	6,867,017 (c)	1.30
2013	8,773,589 (d)	0 (b)	8,773,589	3,430,000	3,718,205	7,148,205 (e)	1.23 (d)
2014	4,695,660 (d)	0 (b)	4,695,660	3,575,000	3,931,553	7,506,553 (e)	0.63 (d)
2015	5,132,531 (d)	0 (b)	5,132,531	3,260,000	3,044,176	6,304,176 (e)	0.81 (d)

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

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

TENTH TOWNSHIP PROJECT AREA

Fiscal Year	Gross Tax Revenues	Housing Set-Aside	Pledged Tax Revenues	Debt Service On					Total Debt Service	Debt Service Coverage
				1993 Bonds	1999 Bonds	2004 Tenth Township Bonds	2006 Bonds	2014 A&B Bonds		
2006	\$10,890,439	(\$2,178,088)	\$8,712,351	\$1,253,465	\$902,914	\$2,453,493			\$4,609,872	1.89
2007	13,186,910	(2,637,382)	10,549,528	0	895,583	2,860,073	\$837,054		4,592,710	2.30
2008	13,230,168	(2,646,034)	10,584,134	0	896,438	2,990,278	1,700,661		5,587,377	1.89
2009	12,802,280	(2,560,456)	10,241,824	0	900,438	2,991,021	1,562,362		5,453,821	1.88
2010	9,051,332	(1,810,386)	7,240,946	0	897,782	2,553,326	2,963,452		6,414,560	1.13
2011	8,594,963	(1,737,391)	6,857,572	0	893,292	2,559,633	2,953,843		6,406,768	1.07
2012	8,529,190 (a)	0 (b)	8,529,190	0	887,070	2,942,173	2,762,899		6,592,142 (c)	1.29
2013	8,173,104 (d)	0 (b)	8,173,104	0	890,965	3,631,201	2,351,864		6,874,030 (e)	1.19
2014	4,291,235 (d)	0 (b)	4,291,235	0	893,377	3,652,390	2,683,687		7,229,454 (e)	0.59
2015	4,545,428 (d)	0 (b)	4,545,428	0	0	843,427	0	\$5,186,996	6,030,423 (e)	0.75

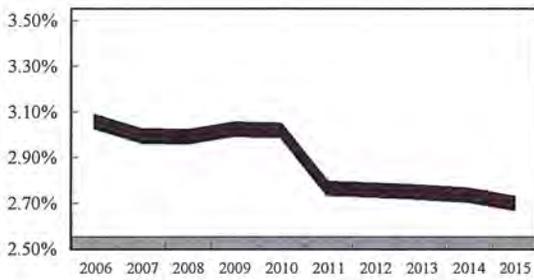
LEGACY PROJECT AREA

Fiscal Year	Gross Tax Revenues	Housing Set Aside	Available Revenue	Debt Service on 2004 Legacy Bonds	Debt Service Coverage
2006	\$1,360,967	(\$272,193)	\$1,088,774		1.00
2007	1,860,196	(372,048)	1,488,148	\$334,225	4.45
2008	1,877,687	(375,537)	1,502,150	201,163	7.47
2009	2,023,668	(404,734)	1,618,934	206,161	7.85
2010	811,369	(162,274)	649,095	275,500	2.36
2011	820,166	(165,796)	654,370	275,225	2.38
2012	423,342 (a)	0 (b)	423,342	274,875 (c)	1.54
2013	600,485 (d)	0 (b)	600,485	274,175 (e)	2.19
2014	404,425 (d)	0 (b)	404,425	274,099 (e)	1.48
2015	587,103 (d)	0 (b)	587,103	273,753 (e)	2.14

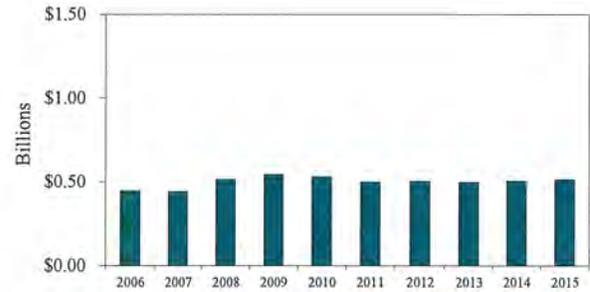
- (a) The Redevelopment Agency was dissolved effective January 31, 2012 and its liabilities were assumed by a Successor Agency effective February 1, 2012. Includes tax increment collected by the former Redevelopment Agency and property taxes collected by the Successor Agency. After January 31, 2012,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

Sources: City of San Pablo Financial Statements

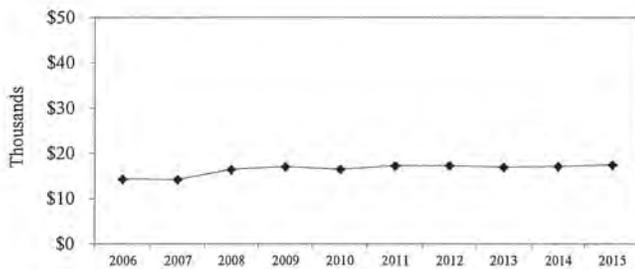
**CITY OF SAN PABLO
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



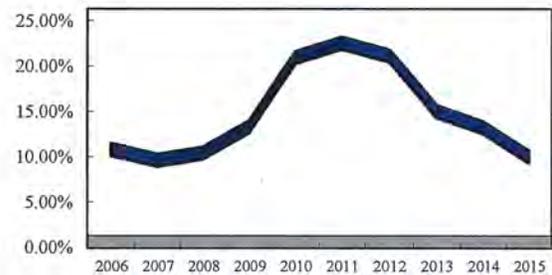
■ City Population as a % of County Population



■ Total Personal Income



◆ Per Capita Personal Income



■ Unemployment Rate (%)

Fiscal Year	City Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate (%)	Contra Costa County Population	City Population % of County
2006	31,216	\$446,482,448 (a)	14,303	10.2%	1,029,377	3.03%
2007	30,965	441,498,970 (a)	14,258	9.0%	1,042,341	2.97%
2008	31,190	514,011,200 (a)	16,480	9.8%	1,051,674	2.97%
2009	31,808	543,217,024 (a)	17,078	12.7%	1,060,435	3.00%
2010	32,131	530,514,941 (a)	16,511	20.3%	1,072,953	2.99%
2011	28,931	500,216,990 (a)	17,290	21.9%	1,056,064	2.74%
2012	29,105	503,632,920	17,304 (b)	20.5% (b)	1,065,117	2.73%
2013	29,266	498,078,000	17,019	14.4%	1,074,702	2.72%
2014	29,465	505,502,000	17,156	12.6%	1,087,008	2.71%
2015	29,499	515,554,000	17,477	9.4%	1,102,871	2.67%

NOTES: (a) Data not available. Calculated by multiplying City Population by Per Capita Personal Income
(b) Data not available for fiscal year, therefore data presented is for prior calendar year

Sources: California State Department of Finance
California Employment Development Department

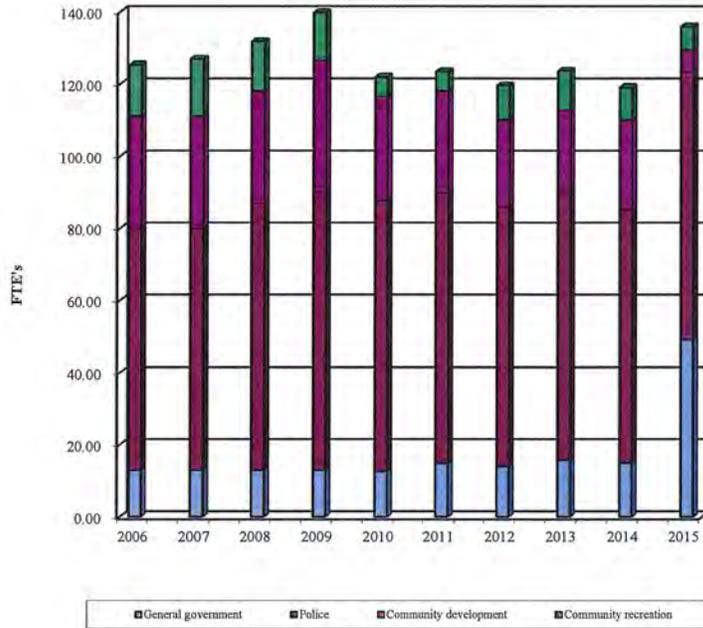
CITY OF SAN PABLO
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2014-2015</u>			<u>2005-2006</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* Closed 04/21/2015	0	1	0.0%	1,098	1	N/A
Contra Costa College*	478	2	3.4%	486	3	N/A
Casino San Pablo*	500	3	3.5%	534	2	N/A
City of San Pablo*	181	4	1.3%	172	4	N/A
Vale Care Center*	251	5	1.8%	141	5	N/A
San Pablo Health Care Center*	140	6	1.0%			
Creekside Health Care Center*	183	7	1.3%	73	8	N/A
Las Mantanas	98	8	0.7%			
Food Maxx	96	9	0.7%	65	9	N/A
Raley's	83	10	0.6%	54	10	N/A
Brookvue Care Center*				114	6	N/A
Albertson's (Lucky's)				76	7	N/A
Subtotal	<u>2,010</u>		<u>14.3%</u>	<u>2,813</u>		<u>N/A</u>
Total City Day Population	<u>14,100</u>			<u>N/A</u>		

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

*includes part time employees

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



Adopted for Fiscal Year June 30

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function										
General government	13.00	13.00	13.00	13.00	12.70	14.88	14.00	15.80	15.00	49.20 *
Community development	31.00	31.00	31.00	36.50	28.86	28.22	24.00	22.90	25.00	6.20 *
Community recreation	14.25	15.90	13.75	13.30	5.35	5.39	9.50	10.90	9.00	6.40 *
Police	67.00	67.00	74.00	77.00	75.00	74.91	72.00	74.00	70.00	74.00
Total	<u>125.25</u>	<u>126.90</u>	<u>131.75</u>	<u>139.80</u>	<u>121.91</u>	<u>123.40</u>	<u>119.50</u>	<u>123.60</u>	<u>119.00</u>	<u>135.80</u>

* The City filled a number of previously vacant positions and underwent a reorganization during fiscal year 2015.

CITY OF SAN PABLO
Operating Indicators by Function/Program

Function/Program	Fiscal Years								
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police: (calendar year)									
Police calls for Service	36,080	25,336	26,106	25,769	32,140	26,009	27,507	35,242	23,239
Crime Reports	8,948	7,502	6,352	6,178	5,925	5,887	5,890	5,695	3,857
Law violations:									
Major crimes: homicides/rape	18	16	22	13	9	12	12	10	12
Other major crimes: robbery/larceny/burglary	1,621	1,530	1,983	1,760	1,455	1,601	1,465	799	522
Arrests	1,989	2,083	1,539	1,729	1,688	1,496	1,789	2,008	1,444
Traffic collisions	420	455	323	391	396	440	428	354	123
Traffic citations	11,979	25,336	4,459	4,229	2,844	2,980	2,851	2,687	1,663
Public Works:									
Street resurfacing (miles)	N/A	5	8	14	14	0	7	3.3	2.4
Potholes repaired (square miles)	N/A	N/A	0.75	0.60	1	13	0.62	0.81	0.53
Street Sweeping (miles)	2,865	2,834	2,834	2,234	2,175	2,700	3,144	3,130	2,813
Volume of material removed (cubic yards)	912	898	878	880	880	965	1,050	822	735
Storm Drains:									
Catch basins cleaned	326	326	326	326	326	236	307	349	499
Volume of material removed (cubic yards)	470	25	23	29	71	9	29.165	22.310	107.000
Community Development:									
Community Services:									
Recreation class participants	1,229	1,444	1,211	1,331	2,479	2,594	3,057	4,107	7,437
Senior meals served	20,274	18,717	17,072	18,165	17,726	16,975	18,144	17,519	16,946
Rentals of Maple Hall	75	130	76	72	82	71	135	119	106
Rentals - Other Facilities								37	54
Education:									
Enrollment:									
Elementary schools (6)	3,547	3,598	3,536	3,114	3,002	3,110	2,960	2,973	2,993
Middle Schools (1)	767	640	727	930	911	1,660	973	1,040	964
High Schools (1)	394	472	467	300	286	400	400	400	400

Source: Various City Departments

Notes:

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

CITY OF SAN PABLO
Capital Asset Statistics by Function/Program

Function/Program	Fiscal Years								
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:									
Police stations	1	1	1	1	1	1	1	1	1
Police patrol units	16	28	23	23	21	23	19	19	18
Community Development:									
Miles of streets	48	48	48	48	48	48	48	48	48
Street lights	167	182	182	182	182	182	182	182	182
Traffic Signals	25	25	25	25	25	25	25	25	25
Roadway Landscaping:									
Landscaped median acreage	1	1	1	1	1	1	1	1	1
Street trees	800	800	800	800	800	800	800	840	840
Community Recreation:									
Community services:									
City parks	5	6	6	6	6	6	6	7	8
City parks acreage	28	28	28	28	28	31.5	22	18.7	23.2
Playgrounds	2	4	4	4	4	5	5	5	5
Event center	0	0	0	0	0	0	0	0	0
Historic house	3	2	3	3	3	3	3	3	3
City trails	1	1	1	1	1	1	1	1	1
City trails miles	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	2	2
Senior centers	2	2	2	2	2	2	2	2	2
Baseball/softball diamonds	2	3	3	3	3	3	3	3	3
Soccer/football fields	4	6	6	6	6	6	6	6	9
Wastewater (1)									
Miles of storm drains	17	17	17	17	17	17	17	17	17

Source: Various City Departments

Notes:

Data is not available prior to 2006

(1) Wastewater services are provided by Contra Costa County



CITY OF **SAN PABLO**

City of New Directions