

City of San Pablo, CA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30TH 2017



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, 2017**

PREPARED BY THE
FINANCE DEPARTMENT



CITY^{OF} SAN PABLO

City of New Directions

CITY OF SAN PABLO, CALIFORNIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

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CITY OF SAN PABLO

City of New Directions

Letter of Transmittal

January 2, 2018

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, 2017. 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 2017.

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 along 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, 2017, the City had a population estimated at 31,053 encompassed within its 2.6 square miles. The City ended fiscal year 2016/17 with a Total Operating Funds Budget of \$38.7 million with 181.0 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, a regional healthcare facility and a career center. Many



Letter of Transmittal

multilingual nonprofits, like First 5 and Lao Family Community Development, round out the diverse support services offered to residents. The City also offers youth programs at the award-winning San Pablo Community Center and senior services at the Senior Center 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 quadrennial 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 quadrennial 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.



City of San Pablo

Quadrennial Operating
Budget FY 2018-2021



In fiscal year 2016/17, the City began preparations for its first quadrennial budget process. The budget looks out four years with a major budget update every two years, creating a forward-thinking, living document that undergoes constant review and makes for seamless transition between budgets. Individual departments can prioritize and recommend near-term budgetary funding requirements while City management can see the impact of those decisions over time and still meet City Council long-term strategic goals and initiatives. In this way, the City has bridged the gap between annual operational plans and long-term financial planning.

After departmental funding requests are submitted and reviewed by the City Manager's Office and the Finance Department, they are balanced and prioritized to fit with current financial obligations and within the constraints of projected revenue assumptions. The balanced budget is then proposed to the Budget, Fiscal and Legislative Standing Committee before presentation to City Council at a scheduled public Budget Workshop in May or June with final budget adoption happening at a City Council meeting in June pursuant to the City's

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Municipal Code requirements. Although still in its infancy, this new quadrennial budget process is proving extremely valuable in managing the vagaries of budgetary planning that are subject to the changing statewide political landscape and economic cycles over which the City has no control (e.g. changes in PERS pension liability formulas).

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

Certain funds are not legally required to adopt quadrennial 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 (CIP) Budget whose budget cycle exceeds one fiscal year. The only City fund meeting these criteria 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. Since the 2000 U.S. Census, the City population has remained relatively constant, with very little residential development activity. Although property values plummeted during the Great Recession, they have been regaining value over time and are nearing their 2007 peak values. Indeed, total taxable values have increased dramatically over the last four fiscal years: by 14.0% in 2014/15, 9% in 2015/16, 7% in 2016/17 and 8% in 2017/18, an increase of \$132 million for the year, which increase was substantially more than what the County experienced at 6%. Moreover, Proposition 8, introduced in 1978, which allows taxable values to decline below their indexed Proposition 13 levels when the real estate market declines, has largely recovered. In fiscal year 2016/17, 76% of all San Pablo properties that were awaiting restoration of their assessed valuation have been fully restored. Moreover, positive growth in assessed valuation is expected to continue over the next several years.

Median sales prices of San Pablo homes increased significantly in fiscal years 2014/15 and 2015/16 at 22.7% and 14.3% respectively. This equates to a total median sales price of \$320,000 in 2016. Still there is ground to make up with a gap of \$122,000 in the median sales price of homes which peaked in 2006 at \$442,000. Indeed, the Great Recession had far greater impacts in communities such as San Pablo's,

CITY OF SAN PABLO			
Assessed Valuation of Taxable Property			
Fiscal Years 2014-2018			
(in Thousands)			
Fiscal Year	Secured	Unsecured	Total Taxable
Ending June 30			Assessed Value
2014	1,244,136,495	44,270,604	1,288,407,099
2015	1,420,050,225	44,184,743	1,464,234,968
2016	1,556,312,280	46,435,464	1,602,747,744
2017	1,676,817,299	45,076,140	1,721,893,439
2018	1,808,565,819	45,161,702	1,853,727,521

Source: Contra Costa County Auditor Controller.

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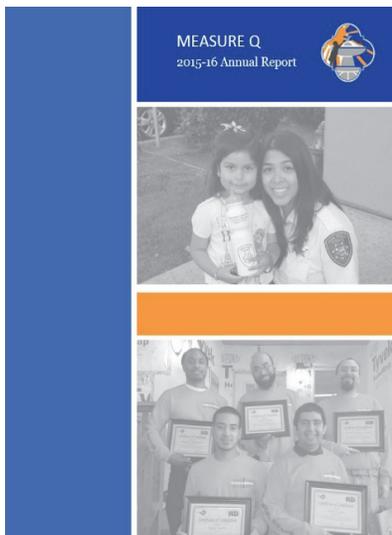
which experienced high property appreciation during the previous decade. Significantly, foreclosure rates across the county are now approaching their pre-recession norm, including San Pablo. In 2016/17, the Contra Costa County Assessor’s office only showed two single family residential properties that were in the foreclosure process.



As the local economy continues to improve, regional unemployment rates continue to drop. The unemployment rate for Contra Costa County stood at 6.2% in 2014, 5.0% in 2015 and dropped even further to only 4.4% in 2016, giving residents more incentive to go shopping again. San Pablo’s unemployment rate stacks up well: the Bureau of Labor Statistics lists the rate at 5.6% in April 2017, a far cry from the peak high of 21% posted in November 2009. As an indication of increasing employment, sales tax receipts in Contra Costa County net of adjustments increased by 3.3% over the same time frame one year ago,

while San Pablo sales were up 4.3% over the same time frame after factoring out reported aberrations. Moreover, as online sales increase, San Pablo’s sales tax receipts from the County use tax pool continue to increase and outpace any other gains in the City’s sales tax market, totaling an up-tick of 15% over the time frame. Coupled with the steady growth of the Casino Business License Tax revenue, which makes up over 60% of General Fund revenues, the City’s revenue stream remains very strong.

With the recovering economy, inflationary conditions are returning nationwide, including rates in excess of 3.0% for the San Francisco Bay Area. Despite the economic recovery, returns on investment income remain at very low levels and are not expected to turn around anytime soon. 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 year or two, rates of return are expected to remain in the 1.0% to 2.0% range.



In December 2012, the City received its first tax receipts from Measure Q, a voter-approved one-half cent sales tax measure. Designed to: (1) augment City economic development efforts, (2) improve programming for youth services, and (3) enhance police activities, this tax is a general, not special, tax, and thus is not limited to specific uses. Measure Q revenues have outpaced projected revenues each year since inception. However, as approved by voters, the measure reduces to one-quarter cent after five years—in October 2017—and completely sunsets after 10 years. As such, budget plans are being scaled back and tailored to fit within the new limited capacity.

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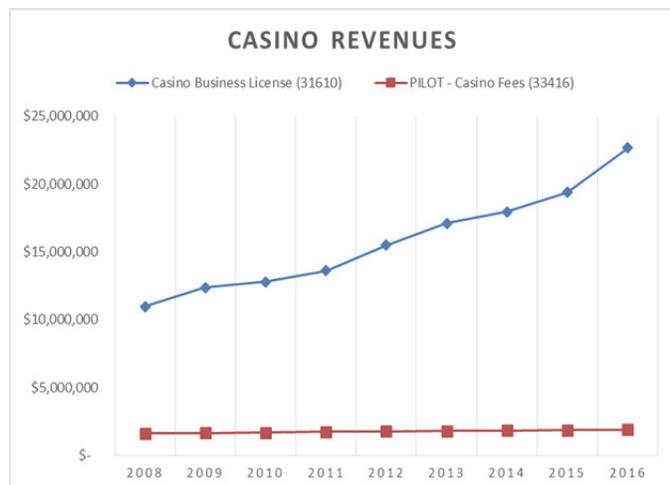
In December 2014, the City began receiving its first tax receipts from Measure K, another voter-approved sales tax measure. Measure K, however, is a special tax collected in perpetuity that can only be used to fund emergency medical services in the City of San Pablo. At a rate of one-quarter cent of all taxable sales, the tax generated \$754,366 in FY 2015/16, its first full year of operation. Measure K taxes are projected in the current budget at \$760,000 annually, while the contract for enhanced emergency medical services with the Contra Costa County Fire Protection District is \$1.2 million annually, increasing to \$1.5 million in FY 2018/19.

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 concessions. During the last two biennial budget cycles, this strategy paid off as the City was able to present a balanced budget without the need to dip further into reserve accounts. This has been especially significant, allowing the City to fund major capital projects with leveraged grant funds (e.g. the Rumrill Sports Park and the Helms Community Center), despite the loss of approximately \$3 million in annual revenue with the dissolution of the Redevelopment Agency. During FY 2017/18, major capital projects will include starting construction of a new City Hall and completion of the San Pablo Branch Library. 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, among other things.

FINANCIAL MANAGEMENT & SUSTAINABILITY

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; 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:

- 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. A similarly strong credit rating is expected to be issued during FY 2017/18.
- Net increases to fund balance for the past several years, leading to healthy cash reserves. In FY 2017, the net increase to the General Fund balance was \$3,093,311.



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- 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 at least annually.
- Improved budgeting and budget monitoring, including introduction of the quadrennial budget process, monthly financial reports for budget managers citywide, and preparation of the City’s Ten-Year Financial Plan.
- Acceptance of modest and sustainable salary adjustments and increased length of labor contracts to four years, coinciding with the time frame of the Quadrennial Budget.

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.) for OPEB 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 as payment. 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 net OPEB assets of \$4,409,069 as of June 30, 2016.

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. 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.

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Full Service Community Schools: The City of San Pablo City Council adopted a Resolution to develop the 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, works 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 in life. 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 matriculate. 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 across 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

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Initiative, enabling the City to prevent violence while also supporting and enhancing programming that meets all the needs of the child. Programming for the 2015-2019 school years includes Community Schools Coordination, Out of School Time, Violence Prevention and Intervention, and Youth Leadership and Development.

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 for public and non-profit agencies to expand and/or enhance prevention and intervention programs and 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 groups or 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 this growing epidemic. Since then, the Task Force has 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 San Pablo residents with a focus 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. The 2014 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 General Plan's 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.



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City leaders also understand the importance of ongoing civic engagement and reach out on a regular basis to provide information in mixed media. The City has 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, illegal dumping, 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 they wish to receive.

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.

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ECONOMIC DEVELOPMENT



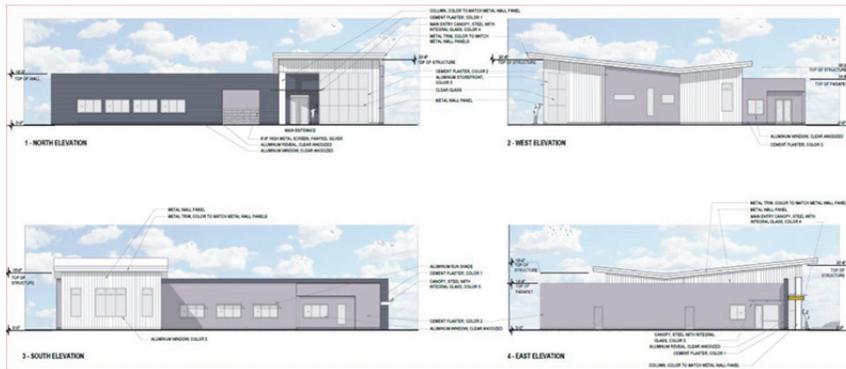
The City of San Pablo works cooperatively with the San Pablo Economic Development Corporation (SPEDC), a 501(c) (3), to develop programs aimed at eliminating barriers to employment, attracting and enhancing business opportunities and facilitating site development. These efforts are geared toward creating local jobs for San Pablo residents and reducing the unemployment rate. During the height of the Great Recession, unemployment stood at over 24%. In December 2016, the State Economic Development Department reported San Pablo's unemployment rate at 6.1%. Other SPEDC efforts have also proven very successful: the "Removing Barriers" program includes workforce workshops, bilingual computer literacy training, childcare assistance, Wardrobe for Opportunity, and a tattoo removal program that has garnered international attention. Other partnerships provide specific job training, placement, and workforce readiness, including tuition assistance for San Pablo's Contra Costa College, Moler Barber College, RichmondBuild, FLOW and the Stride Center. These efforts are lifting the community, strengthening the City's future and changing lives.

FISCAL STABILITY

Compensation & Labor Negotiation Strategy: The City is committed to remain competitive in recruiting and retaining valuable employees while also remaining fiscally responsible and managing cost at a sustainable level. During the last two cycles of labor negotiations, the City was able to eliminate retiree medical benefits for elected officials, reduce the City's long-term retiree medical costs for all employees, and limit City payments of rising pension costs by sharing those costs with employees. During current negotiations for contracts ending on June 30, 2017, the City worked to secure four-year labor agreements to coincide with the Quadrennial Budget. Contracts were struck which called for modest but sustainable salary increases at fixed-rates roughly equivalent to the Consumer Price Index (CPI) for the San Francisco/Oakland Bay Area) and limited City risk to increasing medical premiums. Moreover, the City funded a comprehensive financial planning model to ensure costs were sustainable. Coupled with offering progressive, non-compensable benefits such as flexible work schedules, computer loan programs, professional training and the like, the City remains a very desirable place to work.

Letter of Transmittal

New Revenue Generation Strategies: The City remains committed to enhancing current major sources of revenue. The City works with the Lytton Tribe to maintain and enhance its main source of General Fund revenue: Casino Business Tax. To this end, the City is assisting the Tribe to improve Casino parking by facilitating parking expansion—more parking spaces means more patrons at the Casino, a win-win solution. Additionally, the City’s Master Fee Schedule (MFS) gets updated regularly to help revenues keep pace with expenses. After a major update in FY 2011/12, the MFS was again updated in FY 2015/16. As a result, in the intervening five years, revenues in the Charges for Service category have increased more than three-fold, from \$390,940 in FY 2011/12 to \$1,547,551 in FY 2016/17.



The City also seeks major new revenues wherever there is opportunity. The City is bringing in more rental income while supporting residents’ healthcare needs by being landlord of medical office buildings in the wake of the closure of Doctor’s Medical Center and partnering with the

County to provide rented building space for the Women, Infants and Children (WIC) program. The City also continues efforts to install a digital LED freeway sign, which is slated to bring in additional annual revenues of approximately \$300,000 beginning in FY 2018/19. Moreover, the City is moving forward with plans to install a fiber optic ring beginning in the City core and branching out to residences; this new municipal broadband utility will provide steady and extremely fast internet service to assist residents in keeping up with technology and closing the “digital divide,” while providing a stable, ongoing source of revenue.

INFRASTRUCTURE FINANCING

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 for 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.



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The City, acting as Successor Agency (SA) to the RDA is now in the final phase of “clean-up” and various RDA unwind procedures. In 2014, the SA completed a refinancing of nearly all 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, and greatly simplified loan administration. In October 2016, the SA followed by refunding the remaining \$2,650,000 in outstanding debt that was ineligible for refunding in 2014. This 2016 issuance, significantly reduced payments, saving approximately \$125,000 annually in debt service.

MAJOR CAPITAL PROJECTS IN PROGRESS

New Branch Library: The City secured a long-term lease for a new library on a 22,000 square foot space at the corner of Church Lane and San Pablo Avenue, almost tripling the size of the current library and providing more robust services to patrons. The City then authorized a contract with Group 4 Architecture to redesign the former Walgreens building into the new San Pablo Library. After receiving seven bids, the City awarded the construction contract to Strawn Construction for \$5,688,300.

In September 2016, City Council approved funding for the new library by appropriating \$4,255,000 from the 2014 Tax-Exempt Lease Revenue Bonds (LRB’s) and \$1,055,000 in 2014 Taxable LRB’s plus \$1,384,000 from General Fund Designated Reserves earmarked for Plaza San Pablo Civic and Infrastructure Projects. Construction ended in FY 2017/18 and a Notice of Completion was issued in December of that year. As is the norm in the branch library system, the City will be responsible for paying rent, maintenance and operational costs related to the space, while the County will provide all library services at that location.



Letter of Transmittal

County WIC Building: The City of San Pablo has long partnered with Contra Costa County to provide its neediest residents with access to healthcare. Recently, the County approached the City to help find space for a new Women, Infants and Children (WIC) facility. On June 15, 2016, the City Council approved an agreement with the County to build and lease a stand-alone building for the WIC program. Under the agreement, the City is responsible for the design-build delivery of the Project, and will fund the shell of the WIC Building, while the County is responsible for funding the tenant improvements within the building.



In 2016, the City issued a Request for Qualifications and subsequent Request for Proposals for the design-build of the WIC Building. In February 2017, W.E. Lyons Construction was selected as the Design Build Entity to design and construct the 7,200 square foot building at a total cost of \$3.7 million, with the building shell costing \$2.24 million and tenant improvements costing \$1.14 million. Construction began in Summer 2017, with the project expected to take approximately 12 months to complete. Mack 5 will serve as Construction Manager for the project.

City Hall: Opened in 1978, the current City Hall structures were originally built in the late 1950's as a hotel and relocated to the current site. Over the years, the buildings became inefficient, obsolete, in need of substantial repair, and presented a significant liability for the City. Projected cost estimates for repairs of six buildings—including upgrades needed for ADA compliance—made the project cost-prohibitive. Taking the 2014 Targeted Industries Study into consideration (see below), a City Council subcommittee concluded that constructing a new facility was the best option and Lot 5 at Plaza San Pablo was selected as the best location from a cost-benefit analysis.



Letter of Transmittal

After a June 2016 Request for Proposals, the City received four proposals and selected Capital Partners Development Company, LLC, as best demonstrating the experience, expertise and qualifications necessary to carry out the project. Conceptual drawings have been received and funding approved, including \$15 million in 2017 Tax Exempt Lease Revenue Bonds and General Fund Designated Reserves.

The New City Hall project is also being driven by a 2014 Targeted Industries Study conducted by the City to assess the City's residential, retail, and office markets. The study identified four opportunity sites within City limits that had high potential for development / redevelopment, one of which was the Civic Center property on which the current City Hall buildings are located. The Study further recommended that the site be redeveloped with commercial and residential uses to conform better to existing surrounding uses and to accommodate the City's increasing need for commercial and residential uses on San Pablo Avenue.

Undergrounding of Utilities on El Portal West: The City took the lead in preparing plans and construction documents which are now complete. Bid documents were advertised in the fall of 2016 and construction began in 2017. The City fronted money for project construction costs estimated at \$1.2 million; utility companies will reimburse the City over \$872,000 using Rule 20A funding.



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 (SPCC), which opened in June 2014. The Community Center is a 10,500 square foot facility that includes a large, multi-purpose space with a kitchen, two smaller meeting/classrooms, a teen lounge, a computer room, and a fitness room. Located on a 20,000 square foot site adjacent to the Helms Middle

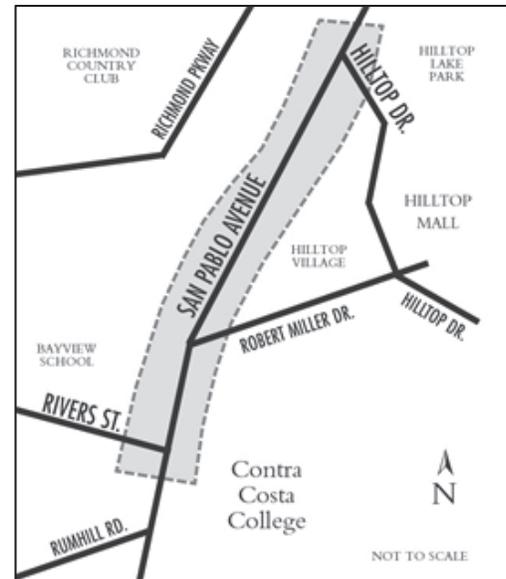
School, the City partnered with the West Contra Costa Unified School District City to develop a ground lease and a joint use agreement for the exterior fields and the gymnasium when school is not in session. The Community Center, however, is entirely a City-operated facility. The project was funded using a variety of sources, including a New Market Tax Credits grant, 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 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

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 Road, El Portal Drive, and McBryde Avenue; 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 implements 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. The 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 2016, 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. Currently, testing is underway. Major funding for this \$90 million project came from local sales tax measures in Contra Costa and Alameda and from State Proposition 1B funding.



Wayfinding Sign Planning and Installation: The West Contra Costa Transportation Advisory Commission 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. Construction was completed in early 2016.

Complete Streets Plan: The San Pablo Avenue Complete Streets Study focused 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 was funded by a CalTrans Environmental Justice Transportation Planning Grant. Subsequently, the City received a \$5.98 million OBAG grant to cover

Letter of Transmittal

construction. Because this project is co-sponsored with the City of Richmond, each city is contributing \$615,000 for a total local contribution of \$1.23 million. A project design consultant was secured and began design work in July 2015, with design being completed in February 2017. Construction is anticipated to begin in early 2018 after all grant funding paper work is approved.

Major Interchange Improvements: This project provides access to Bay Area employment centers from distant residential areas in the north and far east along Highway 24. Locally, improvements will be made in San Pablo, Richmond and the unincorporated portion of Contra Costa County. The project includes 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 \$120 million project is now complete with construction being separated into phases. Phase One construction began 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.



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 recently expanded the program to include patrols of 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 program with improved technology for graffiti sensors and cameras.

Priority Oriented Policing: The Priority Oriented Policing Unit (POP) provides classes to San Pablo children, grades 3 through 7, and deploys a part-time police officer at the elementary school and a full-time officer 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.

Letter of Transmittal

G.R.E.A.T. Program: POP 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.

Community Police Academy: The Community Police 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, POP 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.



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 clear-cut prevention, identification, and intervention strategies for the most destructive of adolescent behaviors (i.e. 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



Letter of Transmittal

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
- 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 open murder cases. Recent history confirms the Department's reputation. Since 2006, the City has a homicide clearance rate of nearly 90%.

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 many major projects to accomplish over the next few years. These include: (1) complete and implement the Body Worn Camera project for the Police Department; (2) assist in the design and build-out of the Municipal Broadband project; (3) complete an IT Strategic Business Plan and implement a citywide enterprise resource planning software platform; (4) complete the move and setup of computer systems from the old City Hall to the new City Hall; (5) replace the current leased printer/copiers with other technology; (6) develop IT policies and procedures, especially related to security protocols and remote work policies; (7) move to cloud-based network applications with remote access for employees; and (8) redesign the internal computer network and replace network switches.

Letter of Transmittal

STRATEGIC PLANNING / SPECIAL PROJECTS

Plaza San Pablo: The reuse of Plaza San Pablo as a former Redevelopment site has been a focus of the City. In coordination with a number of agencies and departments, Development Services has completed the 10-acre parcel subdivision, and the design review of the Walgreen’s store and construction – of the Library in its place. In addition, the design review has been completed for the County’s new Women, Infants and Children (WIC) building, as well as a combined 12,000 square foot restaurant/retail project, including eight townhomes. Also at Plaza San Pablo, the City initiated the CEQA for the proposed City Hall, supported the County for a 40,000 square foot medical office, and the extension of the new County medical health building. Additionally, permitting and inspections were completed for Phase III and IV of the needed roadway improvements.



Priority Development Areas:

Consistent with Plan Bay Area and State AB32, the City of San Pablo prioritizes development in Priority Development Areas (PDA’s). The City obtained a \$100,000 MTC grant to conduct a Targeted Industries Study of short-term, high-growth industries in the San Pablo Avenue PDA. Consistent with study findings, the existing City Hall is having its General Plan and Specific Plan designation changed for a commercial or residential reuse. Other plan and design work is also underway or complete for various other PDA projects in the City: (1) a design review and subdivision map for the former Moose Lodge site is complete; (2) with the closure of Doctor’s Medical Center, the General Plan and Specific Plan were amended to allow for commercial uses; and (3) CEQA and land use review were completed for the reuse of San Pablo Hotel.

The City of San Pablo prioritizes development in Priority Development Areas (PDA’s). The City obtained a \$100,000 MTC grant to conduct a Targeted Industries Study of short-term, high-growth industries in the San Pablo Avenue PDA. Consistent with study findings, the existing City Hall is having its General Plan and Specific Plan designation changed for a commercial or residential reuse. Other plan and design work is also underway or complete for various other PDA projects in the City: (1) a design review and subdivision map for the former Moose Lodge site is complete; (2) with the closure of Doctor’s Medical Center, the General Plan and Specific Plan were amended to allow for commercial uses; and (3) CEQA and land use review were completed for the reuse of San Pablo Hotel.

Non-Priority Development Areas:

The La Quinta Hotel plan check is underway. Other non-priority development areas include the Davis Park concession stand building permits, inspection, and final; Wyman Slide retaining wall permits, and inspections; Denny’s sign replacement and improvements; City LED sign for I-80 design review; the Fire Station 70 parcel merger; design review and construction of the El Portal gas station, mini-market, and car wash; and the Giant Warehouse 70-unit, multi-agency inspection.

Letter of Transmittal

Policies: Many policies and plans have been or are in process of being updated to facilitate further development in the City. The Housing Element update was complete and certified by the State Department of Housing and Urban Development for an eight-year period. The City completed the CEQA for the Citywide Broadband Master Plan, and the Planning Commission received approval of the Accessory Dwelling Unit ordinance, and Telecommunication Facilities. Other projects include completion of a draft citywide Bicycle and Pedestrian Master Plan, an update to the Contra Costa County Urban Limit Line update, a one-year review of all business licenses, and adoption of a Medical Marijuana ordinance.

Improving the Customer Experience: A year-long process improvement effort is complete regarding plan check, plan intake, permit issuance and inspection services. This combined effort included the Public Works Department and the Assistant to the City Manager of Economic Development. The Planning Department completed a time and motion study and a fee study, and subsequently increased permit fees from 35% cost recovery to 75%. To improve efficiency and better fulfill public records requests, the Department initiated electronic scanning of six years of back-logged building plans, building permits, business licenses, and planning projects. Additionally, 15 different building department customer handouts are now available in both English and Spanish.

Letter of Transmittal

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, 2016. 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.

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,



Matt Rodriguez
City Manager



J. Kelly Sessions
Finance Director

Letter of Transmittal

CITY OF SAN PABLO
ELECTED OFFICIALS AND
ADMINISTRATIVE PERSONNEL
JULY 1, 2017

ELECTED PERSONNEL

Mayor	Cecilia Valdez
Vice Mayor	Genoveva Garcia-Calloway
Council Member	Rick Kinney
Council Member	Arturo Cruz
Council Member	Paul V. Morris
City Clerk	Elizabeth Pabon-Alvarado
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
Interim Chief of Police	Walt Schuld
Public Works Director	Barbara Hawkins
Community Services Director	Greg Dwyer
Development Services Director	Michele Rodriguez
Finance Director	J. Kelly Sessions
Interim Information Technology Manager	J. Kelly Sessions

CITY OF SAN PABLO ORGANIZATIONAL CHART, FY 2016 / 17 (Adopted 1.17.17)

TOTAL FTE: 182

SAN PABLO CITY COUNCIL

6.0 FTE

CITY ATTORNEY 1.0
1.0 Secretary to the City Attorney
2.0 FTE

CITY MANAGER 1.0
1.0 Executive Assistant to CM
1.0 Deputy City Clerk
7.0 FTE

ASSISTANT TO THE CITY MANAGER 1.0
HR FUNCTIONS/
MANAGEMENT SUPPORT

ASSISTANT CITY MANAGER 1.0
(PERSONNEL ADMINISTRATOR)
RISK MANAGEMENT
Municipal Pooling Authority (MPA)
1.0 Administrative Clerk

ASSISTANT TO THE CITY MANAGER 1.0
ECONOMIC DEVELOPMENT/
SUCCESSOR AGENCY

COMMUNITY SERVICES DIRECTOR 1.0
COMMUNITY SERVS.

RECREATION SERVICES
1.0 Rec. Supervisor
2.0 Rec Coordinator
1.0 Admin. Clerk II
0.5 Program Assistant (P/T)
5.0 Building Attendant (P/T)
11.0 Rec. Leader (P/T)
2.0 Rec Specialist (P/T)
1.0 Sr. Rec Specialist (P/T)
0.4 Art Curator (P/T)
6.1 Admin Intern (P/T)
SENIOR SERVICES
0.5 Rec. Supervisor
1.0 Sr. Center Coordinator
1.0 Building Attendant (P/T)
0.5 Admin Intern (P/T)
YOUTH SERVICES
1.0 Comm. Servs. Coordinator
1.0 Program Coordinator
0.5 Prog. Assistant (P/T)
PARATRANSIT
0.5 Recreation Supervisor
1.0 Sr. Center Coordinator
2.5 Paratransit Driver

40.5 FTE

DEVELOPMENT SERVICES DIRECTOR 1.0
DEVELOPMENT SERVS.

BUILDING SERVICES
(Contract Services)
1.0 Building Inspector
PLANNING SERVICES
1.0 Assistant Planner
1.0 Assistant/Associate Planner
1.0 Administrative Clerk
1.0 Planning Aide
PERMIT SERVICES
1.0 Sr. Permit Tech.
1.0 Administrative Secretary
1.0 Administrative Clerk
1.0 Permit Technician

10.0 FTE

FINANCE DIRECTOR 1.0
FINANCE DEPARTMENT

BUDGET & FISCAL SERVICES
1.0 Finance Supervisor
1.0 Management Assistant
1.0 Fiscal Clerk II
2.0 Fiscal Clerk I

6.0 FTE

INFORMATION TECH. MANAGER 1.0
INFO. TECH. SERVS.

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

5.5 FTE

PUBLIC WORKS DIRECTOR/ CITY ENGINEER 1.0
ENG., ENV. SERVS. & MAINT.

ENGINEERING
0.5 Management Analyst
1.0 Sr. Civil Engineer
1.0 Sr. PW Inspector
1.0 Assistant Engineer
1.0 Admin. Clerk
1.0 Engineering Aide
ENVIRONMENTAL SERVICES
1.0 Maintenance Worker III
0.5 Maintenance Worker I
1.5 Environmental Prog. Analyst
BUILDING & FLEET MAINTENANCE
1.0 Maintenance Worker I
1.0 Maintenance Worker III
1.0 Sr. Maintenance Worker
STREET LIGHTING & LANDSCAPE
1.0 Administrative Clerk
0.5 Maintenance Aide
0.5 Maintenance Operations Sup.
2.0 Maintenance Worker I
.25 Management Analyst
1.0 Sr. Maintenance Worker
STREET MAINT. & GRAFFITI
0.5 Maintenance Operations Sup.
2.0 Maintenance Worker III
4.5 Maintenance Worker I
.25 Management Analyst

25.0 FTE

CHIEF OF POLICE 1.0
POLICE DEPARTMENT

SWORN STAFF
3.0 Police Commander
10.0 Sergeant
41.0 Police Officer
NON-SWORN STAFF
1.0 Police Executive Assistant
5.0 Police Services Technician
2.0 Jailer
3.0 Police Services Assistant
8.0 Police Admin. Clerk
1.0 Maintenance Worker III
1.5 Background invest. (P/T)
2.0 Police Crossing Guard (P/T)
2.0 Police Cadet (P/T)
CODE ENFORCEMENT
1.0 Building Inspector

80.0 FTE



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Presented to

**City of San Pablo
California**

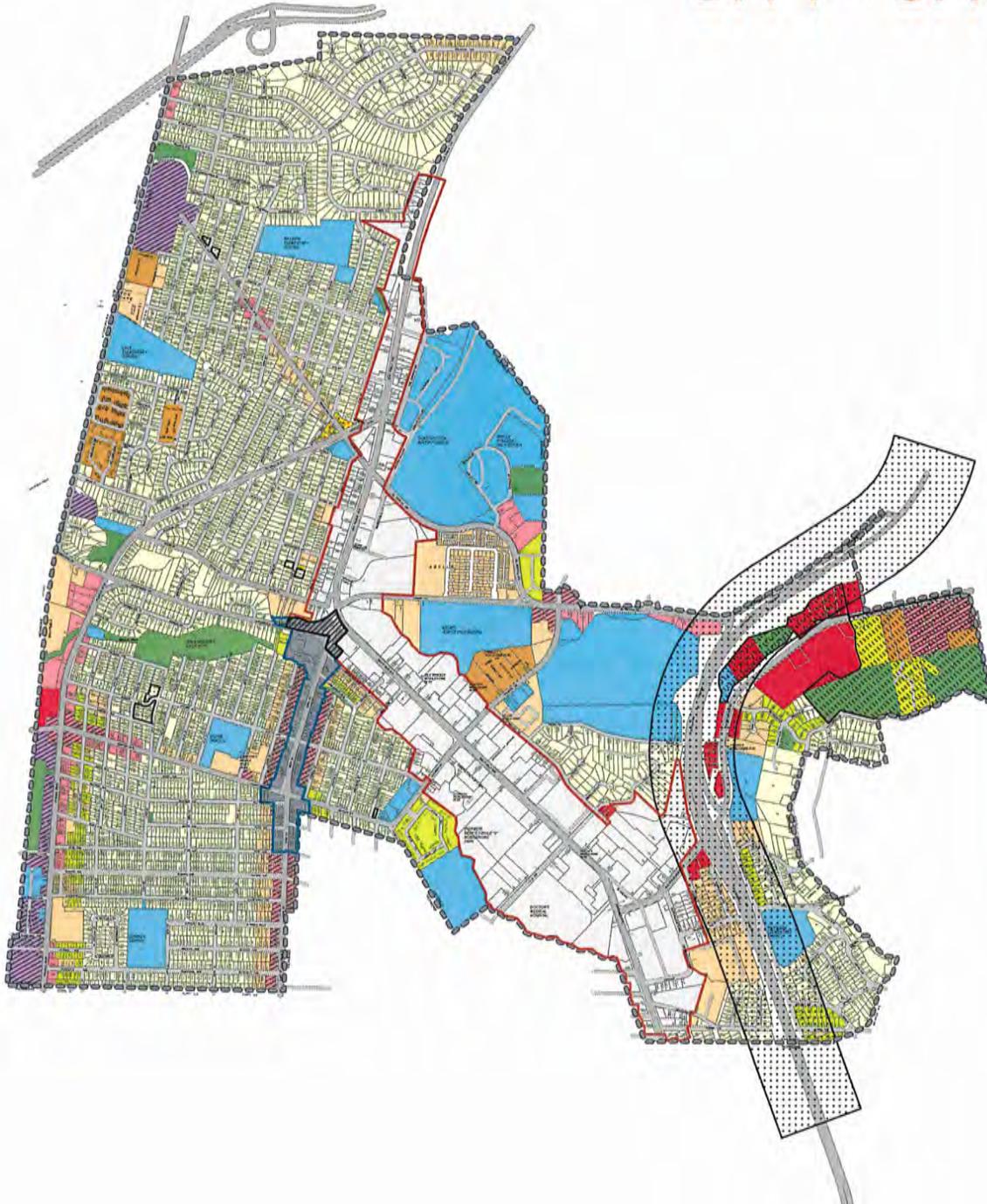
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

CITY OF SAN PABLO

Zoning District Map



Legend

San Pablo City Limit

Zoning

Zoning Districts

- R-1 Single-Family Residential District
- R-2 Two-Family Residential District
- R-3 Multifamily Residential
- R-4 High-Density Multifamily Residential
- RMU - Residential Mixed-Use District
- NC - Neighborhood Commercial District
- CR - Regional Commercial District
- CMU - Commercial Mixed-Use District
- IMU - Industrial Mixed-Use District
- I - Institutional District
- OS - Open Space District

Specific Plans

- SP1 - 23rd Street Specific Plan
- SP2 - San Pablo Avenue Specific Plan

Specific Plan Boundary

Specific Plans

- SP1 - 23rd Street Specific Plan
- SP2 - San Pablo Avenue Specific Plan
- 23rd Street/San Pablo Avenue Overlap

Overlay Districts

Overlay Districts

- Air Quality Health Risk Overlay
- Hillside Overlay
- Multifamily Overlay

Adopted: May 18, 2015

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 the discretely presented component unit of the City of San Pablo, California (City), as of and for the year ended June 30, 2017, 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, the aggregate remaining fund information and the discretely presented component unit of the City as of June 30, 2017, and the respective changes in financial position and the respective budgetary comparisons listed in the Table of Contents as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2017, as discussed in Note 1L to the financial statements:

Statement No. 74 – *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans*

Statement No. 82 – *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*

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 as 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 January 2, 2018, 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.

Maze & Associates

Pleasant Hill, California
January 2, 2018



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, 2017. 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

- In the Statement of Net Position, total assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$130.6 million. Of this amount, \$39.4 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position of governmental activities increased by \$3.8 million, primarily because revenues exceeded expenditures by \$12.0 million in the General Fund and \$0.1 million in the Low and Moderate Income Housing Assets Fund. This increase, however, was offset when expenditures exceeded revenues by \$8.5 million in the Public Works Construction Fund and \$0.9 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 \$76.8 million, an increase of \$1.3 million from the prior fiscal year. This growth is due to increased business license taxes of \$1.2 million and decreases in intergovernmental of \$3.0 on the revenue side, as opposed to a decrease in General Government of \$0.2 million, and in increase in capital outlay of \$5.4 million on the expenditure side.

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

Management's Discussion and Analysis

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

The City had three Major Funds in 2017 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.

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

Management’s Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

The City’s net position increased by \$3.8 million in 2017, from \$126.8 million to \$130.6 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: Casino revenue increased by \$1.2 million, other miscellaneous revenue increases of \$0.6 million, a capital grants decrease of \$3.1 million; and an increase in expenditures in 2017 of \$8.4 million.

A portion of the City’s net position represents resources which are subject to external restrictions on use. This restricted amount is \$26.0 million as of June 30, 2017. The remaining balance of unrestricted net assets of \$39.5 million may be used to meet the City’s ongoing obligations to citizens and creditors.

Governmental Net Position at June 30

	2017	2016
Current Assets	109,706,843	106,566,288
Capital Assets	83,389,383	77,914,177
Total Assets	193,096,226	184,480,465
Deferred Outflows of Resources		
Related to pensions (Note 9A)	8,710,743	4,208,951
Current Liabilities	8,575,545	6,870,174
Long-Term Liabilities	60,424,885	52,585,772
Total Liabilities	69,000,430	59,455,946
Deferred Inflows of Resources		
Related to pensions (Note 9A)	2,164,202	2,403,072
Net Position:		
Beginning as restated (Notes 8D & 9A)		
Net Investment in Capital Assets	65,203,760	59,552,820
Restricted	25,912,314	25,307,852
Unrestricted	39,526,263	41,969,726
Total Net Position	130,642,337	126,830,398

Management's Discussion and Analysis

Changes in Governmental Net Position at June 30

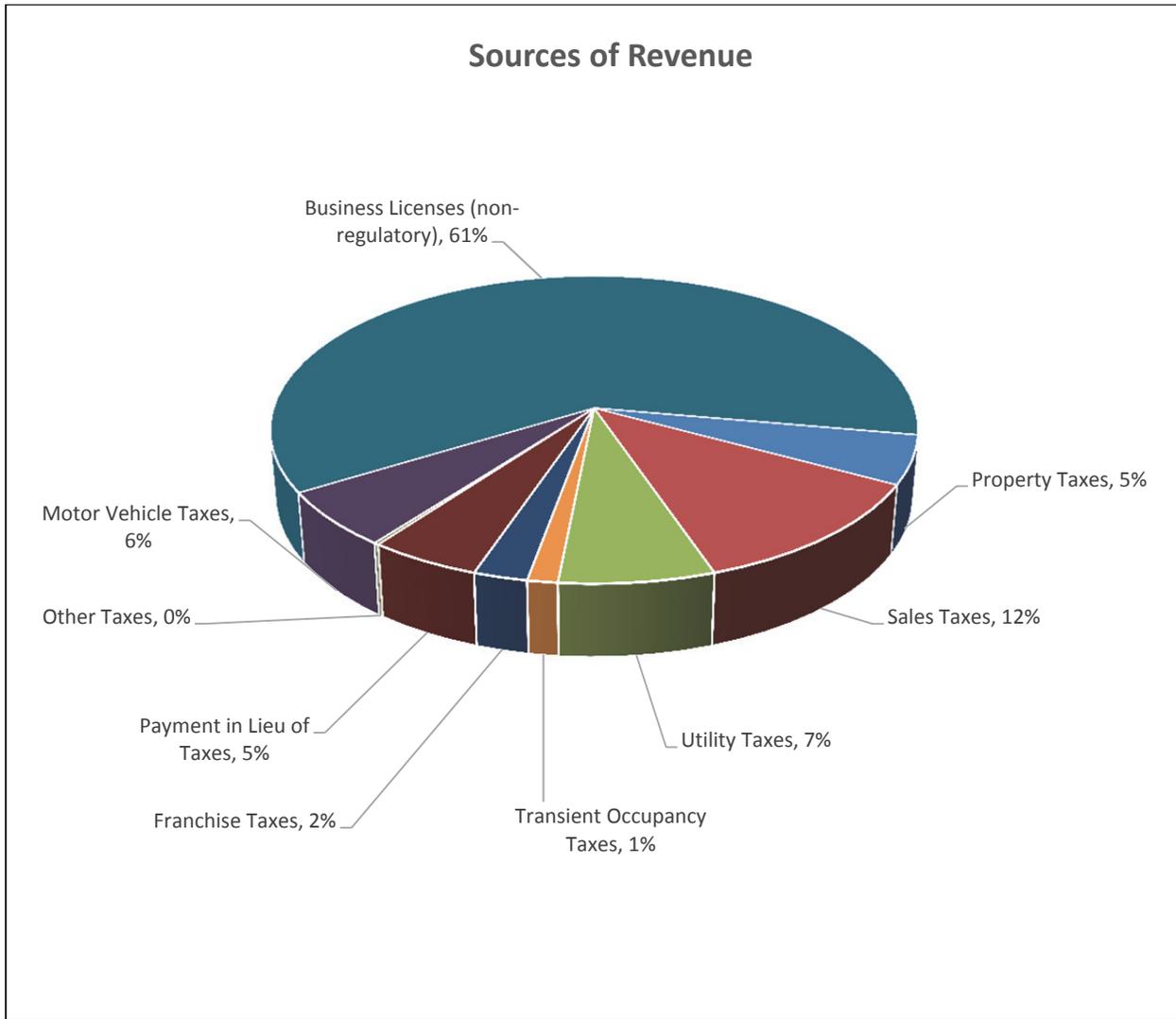
Revenues:	2017	2016
Program revenues		
Charges for Services	3,063,251	2,031,684
Operating Contributions and Grants	929,109	1,679,873
Capital Grants	1,438,055	4,562,945
General Revenues:		
Property Tax	2,011,222	1,562,739
Sales Taxes	4,601,301	4,168,439
In-lieu Sales Tax	0	406,799
Utility Taxes	2,686,980	2,572,145
Transient Occupancy Taxes	523,513	523,213
Franchise Taxes	935,005	790,828
Payment in Lieu of Taxes	1,940,410	1,902,362
Other Taxes	82,602	157,190
Motor Vehicle Taxes	2,317,615	2,158,330
Business Licenses (non-regulatory)	24,213,462	22,986,063
Investment Earnings	190,354	865,048
Miscellaneous	1,001,933	705,407
Total Revenues	45,897,249	47,073,065
Expenses		
General Government	11,105,576	10,749,217
Community:		
Recreation	333,076	1,613,344
Development	4,332,370	1,351,207
Housing	17,793	23,000
Public Works & Engineering	7,970,136	7,253,853
Police	17,438,358	13,239,813
Interest on long-term debt	925,564	1,035,279
Total Expenses	42,122,873	35,265,713
Change in Net Position	3,774,376	11,807,352
Net Position 7/1	126,830,398	115,023,046
Net Position 6/30	130,642,337	126,830,398

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

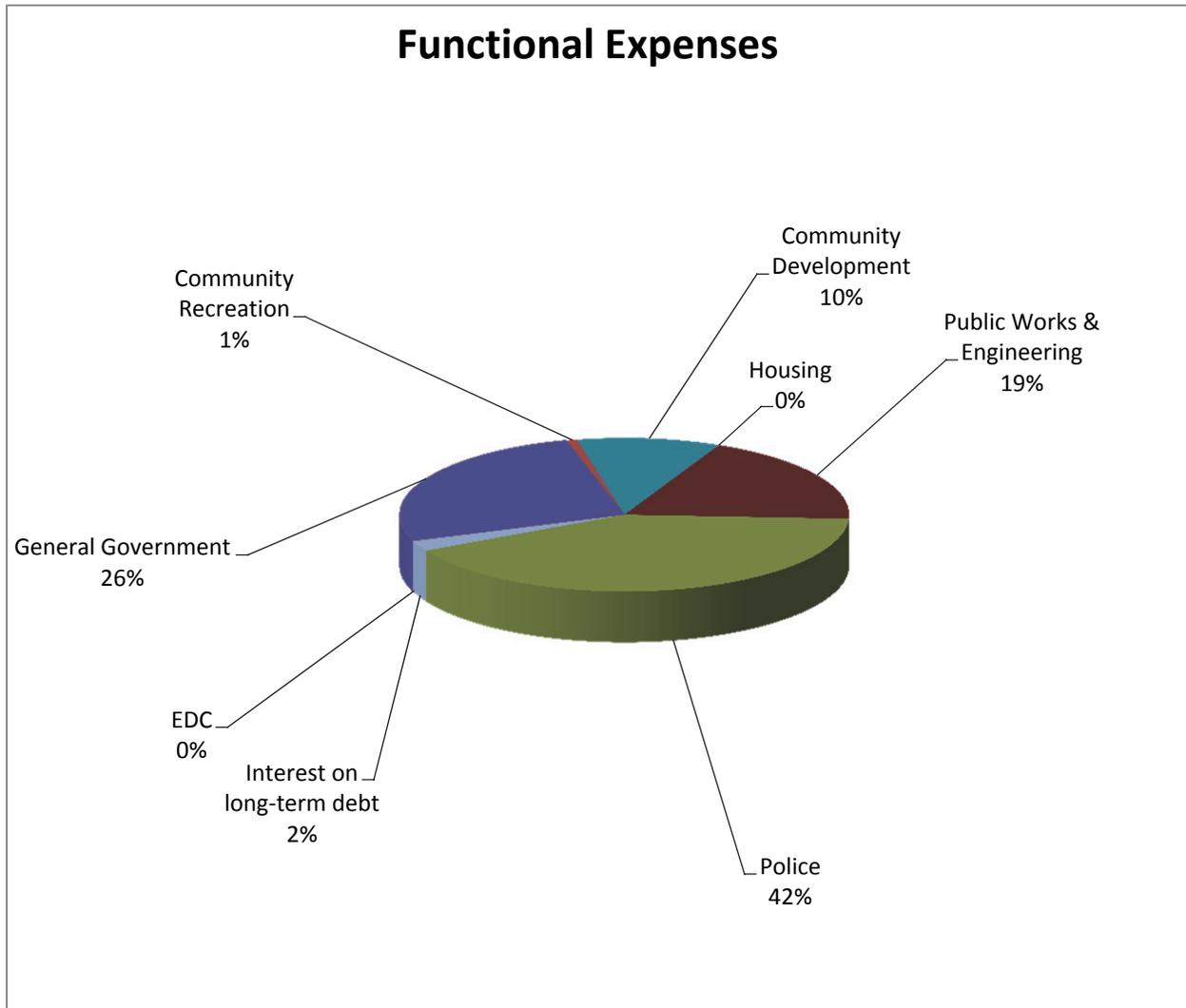
The cost of all Governmental activities this year was \$42.1 million. Net expenses, as shown in the Statement of Activities, were \$36.7 million. A portion of the cost for these activities was paid either by those directly benefitting from the programs through service charges (\$3.1 million), by other governments and organizations that subsidized certain programs with operating grants and contributions (\$0.9 million), or capital grants and contributions (\$1.4 million). Overall, the City received \$5.4 million in governmental program revenues.

Management’s Discussion and Analysis

Total resources available during the year to finance governmental operations were \$172.4 million, consisting of net assets of \$126.8 million on July 1, 2016, governmental program revenues of \$5.4 million and general revenues of \$40.5 million. Total Governmental activities during the year were \$42.1 million, thus net position increased from \$126.8 million to \$130.6 million, a net increase of \$3.8 million.



Management’s Discussion and Analysis



As shown in the Sources of Revenue chart on the opposite page, Business Licenses accounted for 61% of the City’s Fiscal Year 2017 revenue, which came primarily from Casino San Pablo. Sales taxes accounted for 12%, which included the voter-approved Measure Q general tax of one-half percent and the Measure K special tax of one-quarter percent for emergency medical services.

On the year, Functional Expenses totaled \$42.1 million, an increase of \$6.8 million from the previous fiscal year. Likewise, all Functional Expense categories increased from the previous year with the exception of interest on long-term debt. The increased expense levels over last year included a \$0.4 million increase in annual PERS smoothing, citywide utilities, fuel, and liability insurances. Departmental expenditures also increased. Police, which increased by \$4.2 million, accounted for 42% of total expenses; Public Works and Engineering, which increased by \$0.7 million, accounted for 19% of total expenses. General Government also accounted for a large part of Functional Expenses at 26% 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 \$60.5 million. This represents an increase of \$3.1 million compared to 2016. The increase can be attributed to the \$12.1 million in excess of revenues over expenditures, which were offset by a transfer of \$0.4 million to capital projects and debt payment. Total General Fund revenues decreased by \$1.7 million over the previous fiscal year mainly due to a decrease in grant drawdowns of \$3.2 million offset by increases in Casino revenue of \$1.2 million.

The Low and Moderate Income Housing Assets Fund ended the year with a fund balance of \$7.4 million.

The Public Works Construction Fund balance decreased by \$2.4 million mainly as a result of the library construction of \$5.3 million, offset by transfers from the General Fund of \$6.1 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 \$15.8 million. Current year activities of \$0.9 million. Unspent proceeds were \$7.5 million as of fiscal year end, which are restricted for use on capital improvement projects.

Other Governmental Funds increased over the previous fiscal year by \$0.5 million, primarily due to a \$0.1 million increase in revenue, \$0.8 million increase in expenditures, and a net change of transfers in and transfers out of \$0.5 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

Fiscal year 2017/18 marks the first year in which the City operates under a quadrennial (four-year) budget. The fiscal year ending June 30, 2017 was the second year of the City's last biennial (two-year) budget. Under the biennial budget, revenues were projected for the first year of the budget with minor adjustments for the subsequent year, while budget adjustments on the expenditure side were made throughout the fiscal year. 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%. During FY 2016/17, the City projected the increase conservatively, and actuals received were \$793,469 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 growth. A slowdown never did materialize, such that casino revenue ended the year with a positive variance totaling \$5.7 million, or 31% over budget.

Other Taxes. The Hotel Occupancy Tax and Franchise Tax attributed to the increase. Hotel occupancy rates were up, contributing approximately \$23,000 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 \$265,731, or 40% over budgeted figures.

Management's Discussion and Analysis

Charges for Services. The actual revenue over budget of \$158,414 was due to the increase of police service, recreation and senior services because of various increases in service fees.

Intergovernmental/Other. The City appropriated \$0.9 million from USEPA San Francisco Bay Water Quality Improvement Fund Grant for the development of green infrastructure along Rumrill Boulevard as part of the Rumrill Complete Street Project.

Expenditures. Expenditures totaling \$27.6 million were 8% less than original budgeted figures and 15% less than the final budgeted figures of \$32.5 million, resulting in a spending gap of \$4.9 million. \$1.4 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 \$1.3 million in the Community Grant & Special Event, Special Department Expenditure \$1.0 million, professional services of \$0.3 million, and capital improvement of \$0.6 million. All departments were very careful to spend only what was needed.

Transfers. Final budgeted figures for net transfers out were \$0.05 million, but actual transfers out were \$9.0 million, a net difference of \$9.0 million. 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, 2017, capital assets net of accumulated amortization and depreciation of the Governmental activities totaled \$83.4 million. Amortization and depreciation on capital assets is recognized in the Government-Wide financial statements. Refer to Note 6 of this report for detailed information regarding capital assets. The City has elected to use the amortization and depreciation method as allowed by GASB Statement No. 34 for infrastructure reporting.

	Original Cost	Accumulated Depreciation	Book Value
Capital Assets - Governmental:			
Land and land improvements	\$8,409,744		\$8,409,744
Construction in progress	7,748,329		\$7,748,329
Buildings and improvements	24,017,814	\$6,437,406	\$17,580,407
Machinery and equipment	4,144,055	1,997,985	\$2,146,071
Vehicles	2,818,209	2,184,597	\$633,613
Park and trail improvements	14,011,244	4,106,625	\$9,904,619
Sports fields	1,506,986	1,225,058	\$281,928
Roads & streets including sidewalks	79,033,438	45,216,764	\$33,816,675
Bridges	5,486,753	4,623,495	\$863,258
Street lights	361,078	330,618	\$30,460
Storm drains	2,228,380	1,718,073	\$510,308
Traffic signals	2,931,742	2,064,666	\$867,076
Trees	1,227,462	630,564	\$596,898
Total Capital Assets - Governmental	\$153,925,234	\$70,535,851	\$83,389,383

Management's Discussion and Analysis

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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Factors. With the recovering economy, inflationary conditions are returning nationwide, including rates in excess of 3.0% for the San Francisco Bay Area. The City, however, continues to assume slow growing revenues as the norm coming out of the Great Recession. Although property values plummeted during that time, they have been regaining value over time and are nearing their 2007 peak values. Indeed, total taxable values have increased dramatically over the last four fiscal years: by 14.0% in 2014/15, 9.0% in 2015/16, 7.0% in 2016/17 and 8.0% in 2017/18, an increase of \$132.0 million for the year, which was substantially more than what the County experienced at 6%. Moreover, Proposition 8, introduced in 1978, which allows taxable values to decline below their indexed Proposition 13 levels when the real estate market declines, has largely recovered. In fiscal year 2016/17, 76% of all San Pablo properties that were awaiting restoration of their assessed valuation have been fully restored.

As the local economy continues to improve, regional unemployment rates have dropped. The unemployment rate for Contra Costa County stood at 6.2% in 2014, 5.0% in 2015 and dropped even further to only 4.4% in 2016, giving residents more incentive to go shopping again. In April 2017, the Bureau of Labor Statistics listed San Pablo's unemployment rate at 5.6% a far cry from the peak high of 21% posted in November 2009.

Management's Discussion and Analysis

As an indication of increasing employment, sales tax receipts in Contra Costa County net of adjustments increased by 3.3% over the same time frame one year ago, while San Pablo sales were up 4.3% over the same time frame after factoring out reported aberrations. Moreover, as online sales increase, San Pablo's sales tax receipts from the County use tax pool continue to increase and outpace any other gains in the City's sales tax market, totaling an up-tick of 15% over the time frame. Coupled with the steady growth of the Casino Business License Tax revenue, which makes up over 60% of General Fund revenues, the City's revenue stream remains very strong.

Overall Budget Balancing. In following best management practices, the City takes a conservative approach relative to the assumptions built into the budget cycle. In the operating budget on the revenue side, revenues are projected to be fairly flat over the course of the four-year cycle. In this way, as revenues are increasing over time—assuming that the economy is growing—the budget is balanced at the Year 1 revenue amount, thus building in a structural funding surplus throughout the life of the four-year budget.

On the expenditure side, the Finance Department prepared the labor budget for each unit based on actuals from the current fiscal year. The labor budget is fully loaded, including all benefits, premium pays, insurances, cost of living adjustments, etc. for all positions, including vacant positions (see Budgetary Assumptions, page 52). Increasing labor costs and other inflationary factors are also built into the multi-year budget according to labor agreements, vendor contracts, etc., thus ensuring sufficient funding, including a 5.0% cost of living increase for healthcare insurance premiums. All salaries are budgeted at one step down from top step (Step D in five-step ranges and Step E in six-step ranges), including vacant positions. CalPERS pension increases are also built into the budget, as is health insurance coverage for retirees (“OPEB,” Other Post-Employment Benefits).

Moreover, the lifecycle of the new four-year budget aligns with the new four-year labor agreements that became effective on July 1, 2017, and incorporates all cost of living adjustments and other adjustments to salaries and benefits. The budget should remain balanced and very stable for at least the next four years.

Service and supplies expense budgets were requested by individual departments in the first two years of the budget cycle. The last two years of the cycle, were run by formula, with Year 3 of the budget equaling Year 2 and Year 4 equaling Year 3. In this way, budgeting was mostly static over time to prevent budget creep, except in cases where large changes were anticipated. For these, the changes were hard-coded into the budget.

The Quadrennial Budget. In an effort to further stabilize the budget and better manage budgetary growth, the City is embarking on a new approach to budgeting. Beginning in the 2017/18 fiscal year, the City will undertake a four-year budget cycle, such that the adopted budget will cover four fiscal years, rather than the usual two. After two years (at mid-cycle), the City plans to make a complete update of the four-year budget to amend the last two fiscal years where necessary and add two additional years, again driven by formula. As this cycle continues, essentially the City will be adopting a four-year rolling budget every two fiscal years, thus creating two years of overlap for the purposes stated above. This approach will accomplish the following:

Management's Discussion and Analysis

- Integrate long-term financial planning with the operating budget
- “See” and plan for major new expenses sooner, such as increases to CalPERS pension costs
- Encourage long-term budget planning at the department and division level
- Establish ongoing continuity between adopted budgets
- Create a venue to foster focus on near-term and long-term big-picture goals and objectives
- Manage program and FTE expansion and reduce budget creep
- Acknowledge long-term labor agreements and plan for increasing labor costs
- Normalize expenditures over the four-year budget cycle

Revenue Detail. Revenues are budgeted at actual projected amounts in Year 1 of the budget. Except for a few noteworthy exceptions, all Year 2 revenues equal Year 1, with conservative annual increases of 1.0% in Years 3 and 4. The noted exceptions are: (1) Casino Business License revenue which is budgeted at 3.0% growth in each fiscal year (the average annual growth rate over the past nine fiscal years has been 9.0%, while the slowest single year of growth was 3.0% (FY 2010); (2) Measure Q, which decreases by ¼ cent in October 2017; and three other various revenues that are new sources and expected to change dramatically in the first couple of years.

No grant revenues are budgeted, but can be added throughout the budget cycle as grant awards are received.

The same conservative approach holds true for essentially all revenue sources. Indeed, although the adopted FY 2018 General Fund revenue budget is approximately \$3.3 million more than the FY 2017 adopted budget, still the budgeted amount is \$4.2 million less than actual General Fund revenues received in FY 2017. The all funds budget follows the same logic: the FY 2018 adopted budget is \$3.3 million over the adopted FY 2017 adopted budget, but still \$6.6 million less than FY 2017 actuals. Additionally, over the course of the four-year budget, revenue growth is projected to be very slow, such that Year 4 of the Quadrennial Budget in the General Fund is \$37.8 million, \$1.9 million less than actual revenues received in FY 2017.

Expenditure Detail. Departments are required to submit narrative descriptions of their major projects over the next four fiscal years. To make the discussion easier, the four-year list is displayed in two-year chunks, near-term projects and long-term projects. Departments are encouraged to focus on major projects and avoid the minutia. During FY 2017/18, the most significant capital project will be starting construction of a new City Hall.

Individual departments submitted their normal Supplies and Services budget requests for the first two years of the budget cycle. The last two years of the cycle, were run by formula, with Year 3 of the budget equaling Year 2 and Year 4 equaling Year 3. In this way, budgeting was mostly static over time to prevent budget creep, except in cases where extraordinary costs were anticipated. For these, the changes were reflected in the numbers.

With a FY 2017 adopted General Fund budget of \$29.9 million and an adjusted budget of \$32.5 million, year-end expenditures only totaled \$27.6 million, a full \$4.9 million under budget. The FY 2018 adopted General Fund budget totals \$33.1 million, more than fully funding the previous year's adjusted budget by \$0.6 million, but still \$5.5 million more than the previous year's expenditures.

Management's Discussion and Analysis

Reserve Policies. 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. The policy also 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. Additionally, the City added the Casino Revenue Stability Reserve in June 2016, allowing the City to set aside up to 50% of unused audited fund balance as a rainy day fund to guard against the sudden loss of casino revenue. In FY 2017, the City set aside approximately \$1.0 million in this new reserve with FY 2016 audited fund balance.

Capital Projects. 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. The City uses its "one-time" audited fund balance funds as its ongoing funding source for one-time capital projects by setting aside these funds into the Designated Reserves; a modest General Fund budget of approximately \$1.0 million is also set aside annually for smaller CIP projects and maintenance expenses of roads, buildings, facilities, etc. These projects are budgeted separately in the multi-year CIP budget.

REQUESTS FOR INFORMATION

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

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

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

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

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

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

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

Both these Statements include the financial activities of the City and the City of San Pablo Joint Powers Financing Authority. The 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, 2017

	Primary Government	Component Unit
	Governmental	Economic
	Activities	Development
		Corporation
ASSETS		
Cash and investments available for operations (Note 3)	\$65,933,925	\$1,370,326
Restricted cash and investments (Note 3)	7,514,863	449,075
Accounts receivable, net	2,643,347	12,831
Due from other governments, net	1,524,286	
Prepays and deposits (Note 1H)	32,778	15,600
Employee loans receivable (Note 5A)	6,033	
Notes receivable under Redevelopment		
Agency programs, net (Note 5B)	15,356,463	
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 10)	4,291,233	
Capital assets (Note 6):		
Land and construction in progress	16,158,073	1,835,000
Depreciable capital assets, net	67,231,310	13,994,271
Total assets	193,096,226	17,677,103
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions (Note 9B)	8,710,743	
LIABILITIES		
Accounts payable and accrued liabilities	4,926,873	\$104,107
Deposits payable	701,992	
Claims payable, due in one year (Note 12)	35,653	
Unearned revenue	1,532,742	
Compensated absences (Note 1G):		
Due in one year	897,297	
Due in more than one year	332,640	
Net pension liability, due in more than one year (Note 9B)	34,872,747	
Long-term debt (Note 7):		
Due in one year	480,988	
Due in more than one year	25,219,498	16,806,000
Total liabilities	69,000,430	16,910,107
DEFERRED INFLOWS OF RESOURCES		
Related to pensions (Note 9B)	2,164,202	
NET POSITION (Note 8)		
Net investment in capital assets	65,203,760	(527,654)
Restricted for:		
Capital projects	3,569,147	
Low and moderate income housing	22,343,167	
Economic development projects		1,216,861
Total restricted net position	25,912,314	1,216,861
Unrestricted net position	39,526,263	77,789
Total net position	\$130,642,337	\$766,996

See accompanying notes to financial statements

CITY OF SAN PABLO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants	Revenue and Changes in in Net Position	Revenue and Changes in in Net Position
Primary Government:					<u>Primary Government</u>	<u>Component Unit</u>
Governmental Activities:					Governmental Activities	Economic Development Corporation
General Government	\$11,105,576	\$1,119,770			(\$9,985,806)	
Community:						
Recreation	333,076	127,698			(205,378)	
Development	4,332,370	1,154,979	\$725		(3,176,666)	
Housing	17,793		133,721		115,928	
Public Works & Engineering	7,970,136	138,126	629,363	\$1,438,055	(5,764,592)	
Police	17,438,358	522,678	165,300		(16,750,380)	
Interest on long-term debt	925,564				(925,564)	
Total Governmental Activities	<u>\$42,122,873</u>	<u>\$3,063,251</u>	<u>\$929,109</u>	<u>\$1,438,055</u>	<u>(36,692,458)</u>	
Component Unit:						
Economic Development Corporation	<u>\$1,773,349</u>	<u>\$51,405</u>	<u>\$1,001,027</u>			<u>(\$720,917)</u>
General revenues:						
Taxes:						
Property taxes					2,011,222	
Sales taxes					4,601,301	
Utility taxes					2,686,980	
Transient occupancy taxes					523,513	
Franchise taxes					935,005	
Payment in lieu of taxes					1,940,410	
Business licenses (nonregulatory)					24,213,462	
Other taxes					82,602	
Intergovernmental unrestricted:						
Motor vehicle in lieu fees					2,317,615	
Use of money and property					190,354	85,124
Miscellaneous					1,001,933	
Total general revenues					<u>40,504,397</u>	<u>85,124</u>
Change in Net Position					3,811,939	(635,793)
Net Position-Beginning					<u>126,830,398</u>	<u>1,402,789</u>
Net Position-Ending					<u>\$130,642,337</u>	<u>\$766,996</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 2017. 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, 2017

	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)	\$55,899,561	\$6,331,728			\$3,702,636	\$65,933,925
Restricted cash and investments (Note 3)				\$7,514,863		7,514,863
Accounts receivable	2,526,311		\$10,000		107,036	2,643,347
Due from other governments	634,912		171,990		717,384	1,524,286
Prepays and deposits (Note 1H)	32,778					32,778
Employee loans receivable (Note 5A)	6,033					6,033
Redevelopment Agency program loans, net (Note 5B)		15,356,463				15,356,463
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	\$70,938,675	\$22,253,026	\$181,990	\$7,514,863	\$4,527,056	\$105,415,610
LIABILITIES						
Accounts payable and accrued liabilities	\$2,203,338	\$4,758	\$2,227,118		\$491,659	\$4,926,873
Deposits payable	183,051				518,941	701,992
Unearned revenue	1,532,742					1,532,742
Total Liabilities	3,919,131	4,758	2,227,118		1,010,600	7,161,607
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - loans and notes receivable	6,510,080	14,875,789				21,385,869
Total Deferred Inflows of Resources	6,510,080	14,875,789				21,385,869
FUND BALANCES						
Fund balance (Note 8):						
Nonspendable	5,367,811					5,367,811
Restricted		7,372,479		\$7,514,863	3,664,046	18,551,388
Assigned	895,605					895,605
Unassigned	54,246,048		(2,045,128)		(147,590)	52,053,330
TOTAL FUND BALANCES	60,509,464	7,372,479	(2,045,128)	7,514,863	3,516,456	76,868,134
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$70,938,675	\$22,253,026	\$181,990	\$7,514,863	\$4,527,056	

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. 83,389,383

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. 21,385,869

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	4,291,233
Deferred outflows of resources related to pensions	8,710,743
Claims payable	(35,653)
Compensated absences	(1,229,937)
Net pension liability	(34,872,747)
Long-term debt	(25,700,486)
Deferred inflows of resources related to pensions	(2,164,202)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$130,642,337

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, 2017

	General	Low and Moderate Income Housing Assets	Public Works Construction	2015 Lease Revenue Bonds	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$872,985				\$843,171	\$1,716,156
Sales taxes	3,746,816				1,255,568	5,002,384
Utility users tax	2,686,980					2,686,980
Business license tax	23,876,317					23,876,317
Other taxes	3,474,030					3,474,030
Licenses and permits					337,145	337,145
Fines and forfeits	242,120					242,120
Intergovernmental	2,749,495		\$772,680		1,414,793	4,936,968
Charges for services	599,671				947,880	1,547,551
Use of money and property	1,094,542	\$133,720	(11)	\$17,176	24,034	1,269,461
Miscellaneous	294,696		297,107		289,416	881,219
Total Revenues	39,637,652	133,720	1,069,776	17,176	5,112,007	45,970,331
EXPENDITURES						
Current:						
General Government	9,418,355				1,210,820	10,629,175
Community:						
Recreation	73,015					73,015
Development	2,496,976				1,706,904	4,203,880
Housing		17,793				17,793
Public Works & Engineering	275,878		317,398		3,471,686	4,064,962
Police	14,927,935					14,927,935
Capital outlay	182,901		9,231,892		183,922	9,598,715
Debt service:						
Principal retirement	160,234			310,000		470,234
Interest and fiscal charges	10,630			609,922		620,552
Total Expenditures	27,545,924	17,793	9,549,290	919,922	6,573,332	44,606,261
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	12,091,728	115,927	(8,479,514)	(902,746)	(1,461,325)	1,364,070
OTHER FINANCING SOURCES (USES)						
Transfers in (Note 4A)	1,430,863		7,421,189	913,258	2,094,833	11,860,143
Transfers (out) (Note 4A)	(10,429,280)		(1,287,085)		(143,778)	(11,860,143)
Total Other Financing Sources (Uses)	(8,998,417)		6,134,104	913,258	1,951,055	
NET CHANGE IN FUND BALANCES	3,093,311	115,927	(2,345,410)	10,512	489,730	1,364,070
Fund balances at beginning of period	57,416,153	7,256,552	300,282	7,504,351	3,026,726	75,504,064
FUND BALANCES AT END OF PERIOD	\$60,509,464	\$7,372,479	(\$2,045,128)	\$7,514,863	\$3,516,456	\$76,868,134

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, 2017

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 \$1,364,070

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures are added back to fund balance	9,590,750
Depreciation expense is deducted from fund balance	(4,094,453)
Loss on retirement	(21,091)

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	470,234
Interest accrued to principal is deducted from fund balance	(305,012)

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	(117,836)
Compensated absences	(102,201)
Claims payable	4,785
Unavailable revenue - loans and notes receivable	(35,519)
Net pension liability and deferred outflows/inflows of resources related to pensions	(2,941,788)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$3,811,939

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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Property taxes	\$318,535	\$318,535	\$872,985	\$554,450
Sales taxes	2,953,347	2,953,347	3,746,816	793,469
In-lieu sales tax	576,908	576,908		(576,908)
Utility users tax	2,582,440	2,582,440	2,686,980	104,540
Business license tax	18,000,000	18,200,000	23,876,317	5,676,317
Other taxes	3,163,002	3,163,002	3,474,030	311,028
Fines and forfeits	268,756	202,261	242,120	39,859
Intergovernmental:				
Motor vehicle in lieu	1,591,163	1,591,163	2,317,615	726,452
Other	223,756	223,756	431,880	208,124
Charges for services	643,116	441,257	599,671	158,414
Use of money and property	677,078	677,078	1,094,542	417,464
Miscellaneous	274,796	36,680	294,696	258,016
Total Revenues	31,272,897	30,966,427	39,637,652	8,671,225
EXPENDITURES				
Current:				
General government	10,046,351	12,414,545	9,418,355	2,996,190
Community:				
Recreation	75,000	75,000	73,015	1,985
Development	3,448,253	2,816,926	2,496,976	319,950
Public Works & Engineering	390,833	370,889	275,878	95,011
Police	15,081,205	15,962,764	14,927,935	1,034,829
Capital outlay	810,429	810,429	182,901	627,528
Debt Service:				
Principal			160,234	(160,234)
Interest and fiscal charges			10,630	(10,630)
Total Expenditures	29,852,071	32,450,553	27,545,924	4,904,629
EXCESS OF REVENUES OVER EXPENDITURES	1,420,826	(1,484,126)	12,091,728	13,575,854
OTHER FINANCING SOURCES (USES)				
Transfers in			1,430,863	1,430,863
Transfers (out)	(45,000)	(45,000)	(10,429,280)	(10,384,280)
Total Other Financing Sources (Uses)	(45,000)	(45,000)	(8,998,417)	(8,953,417)
NET CHANGE IN FUND BALANCE	\$1,375,826	(\$1,529,126)	3,093,311	\$4,622,437
Fund balance at beginning of year			57,416,153	
FUND BALANCE AT END OF YEAR			\$60,509,464	

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, 2017

	<u>Retiree Health Savings Plan Trust Fund</u>	<u>Successor Agency to the Redevelopment Agency Private-Purpose Trust</u>	<u>Agency Funds</u>
ASSETS			
Cash and investments (Note 3)		\$610,279	
Restricted cash and investments (Note 3)	\$8,368,316	6,030,574	\$2,235,046
Loans receivable (Note 13B)		1,045,504	
Property held for resale (Note 13C)		7,537,984	
Due from other governments			303,848
Capital assets (Note 13D):			
Land and land improvements		2,819,393	
Depreciable capital assets, net		1,222,126	
	<u>8,368,316</u>	<u>19,265,860</u>	<u>\$2,538,894</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred amount on refunding of debt (Note 13E)		3,818,449	
LIABILITIES			
Accounts payable		2,806	\$47,653
Deposits held as agent for others			2,491,241
Long-term obligations (Note 13E):			
Due in one year		4,743,945	
Due in more than one year		59,803,510	
		<u>64,550,261</u>	<u>\$2,538,894</u>
NET POSITION (DEFICIT) HELD IN TRUST FOR OPEB BENEFITS AND OTHER GOVERNMENTS	<u>\$8,368,316</u>	<u>(\$41,465,952)</u>	

See accompanying notes to financial statements

CITY OF SAN PABLO
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Retiree Health Savings Plan Trust Fund</u>	<u>Successor Agency to the Redevelopment Agency Private-Purpose Trust</u>
ADDITIONS		
Property taxes		\$11,150,519
Employer contributions	\$515,087	
Net investment income	1,123,501	71,026
Other		290
	1,638,588	11,221,835
DEDUCTIONS		
Premiums paid	515,087	
Community Development		685,106
Depreciation (Note 13D)		65,752
Debt service:		
Interest and fiscal charges		5,638,019
	515,087	6,388,877
Total deductions	515,087	6,388,877
Change in net position	1,123,501	4,832,958
NET POSITION (DEFICIT) HELD IN TRUST FOR OPEB BENEFITS AND OTHER GOVERNMENTS		
Beginning of year	7,244,815	(46,298,910)
End of year	\$8,368,316	(\$41,465,952)

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, 2017

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 Units

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, 2017

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 former 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. 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, 2017

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, 2017

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 net position reports 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, 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of net position and governmental funds 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 related to amounts due from other governments, and loans and notes receivable. The City also has deferred inflows of resources related to pensions on the statement of net position 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 \$102,200 at June 30, 2017 and was allocated to the General Government, Community Development, Public Works, Engineering, Police and Community Recreation departments 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	\$1,127,737
Additions	940,174
Payments	<u>(837,974)</u>
Ending Balance	<u>\$1,229,937</u>
Due in One Year	<u>\$897,297</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, 2017

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 \$32,778 at June 30, 2017.

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.

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. *Fair Value Measurements*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 74 – *Financial Reporting for Post-Employment Benefit Plans Other Than Pensions*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement required additional footnote disclosures as noted in Note 10 and additional tables in the required supplementary information.

GASB Statement No. 82 – *Pension Issues – An Amendment of GASB Statements No. 67, 68 and 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement had no significant effect on the financial statements.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. Budget Policy

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

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen's comments.
3. The budget is legally enacted by City Council resolution.
4. All budget adjustments and transfers between funds and between departments must be approved by the City Council by resolution during the fiscal year. The City Manager and Finance 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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (Continued)

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, 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 \$170,864, and the Street Lighting and Landscaping Special Revenue Fund incurred general government expenditures in excess of appropriations in the amount of \$10,820. 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, 2017

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	\$65,933,925
Restricted cash and investments	7,514,863
Component Unit Cash and Investments	
Cash available for operations	1,370,326
Restricted cash	449,075
Fiduciary Funds Cash and Investments	
Cash and investments available for operations	
in Fiduciary Funds (separate statement):	
Successor Agency to the Redevelopment	
Agency Private Purpose Trust	610,279
Restricted cash and investments	
in Fiduciary Funds (separate statement):	
Retiree Health Savings Plan Trust	8,368,316
Successor Agency to the Redevelopment	
Agency Private Purpose Trust	6,030,574
Agency Funds	<u>2,235,046</u>
Total cash and investments	<u><u>\$92,512,404</u></u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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	\$65 million
Money Market Funds	N/A	AAAm	20%	10%

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 3 – CASH AND INVESTMENTS (Continued)

F. Investments Authorized for the Retiree Health Savings Plan Trust

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

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 value to changes in market interest rates.

Information about the sensitivity of the fair 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:

Investment Type	12 months or less	13 - 24 months	25 - 36 months	Fair Value Total
Securities of U.S. Government Agencies				
FFCB		\$2,982,890	\$1,579,364	\$4,562,254
FHLB	\$1,739,513	2,759,745		4,499,258
FNMA	5,190,033			5,190,033
FHLMC		497,754	691,656	1,189,410
U.S. Treasury Bonds/Notes	1,497,885	992,930	604,314	3,095,129
Medium Term Notes	3,003,718	3,201,381	2,004,508	8,209,607
Local Agency Investment Fund	40,029,779			40,029,779
Money Market Mutual Funds	126,615			126,615
<i>Held by Trustee:</i>				
Money Market Mutual Funds	13,720,501			13,720,501
Vantage Point MP Long Term Growth Mutual Fund (Equitie	8,368,316			8,368,316
Total Investments	<u>\$73,676,360</u>	<u>\$10,434,700</u>	<u>\$4,879,842</u>	88,990,902
<i>Cash on hand and in banks - City of San Pablo</i>				1,702,101
<i>Cash in banks - Economic Development Corporation</i>				<u>1,819,401</u>
Total Cash and Investments				<u>\$92,512,404</u>

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, 2017 the average maturity was 194 days.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 3 – CASH AND INVESTMENTS (Continued)

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, 2017 are as follows:

Investment Type	AAAm	AAA	AA+/AA-	A+/A	Fair Value Total
Securities of U.S. Government Agencies					
FFCB			\$4,562,254		\$4,562,254
FHLB			4,499,258		4,499,258
FNMA			5,190,033		5,190,033
FHLMC			1,189,410		1,189,410
Medium Term Notes		\$1,001,760	3,246,408	\$3,961,439	8,209,607
Money Market Funds	\$126,615				126,615
Held by Trustees:					
Money Market Funds	13,720,501				13,720,501
Totals	<u>\$13,847,116</u>	<u>\$1,001,760</u>	<u>\$18,687,363</u>	<u>\$3,961,439</u>	<u>37,497,678</u>
Not rated:					
Local Agency Investment Fund					40,029,779
Retiree Health Savings Plan Trust:					
Vantage Point MP Long Term Growth Mutual Fund (Equities)					8,368,316
Exempt from credit rating disclosure:					
U.S. Treasury Bonds/Notes					3,095,129
Cash on Hand and in Banks - City of San Pablo					1,702,101
Cash on Hand and in Banks - Economic Development Corporation					1,819,401
Total Cash and Investments					<u>\$92,512,404</u>

I. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 3 – CASH AND INVESTMENTS (Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2017:

Investment Type	Level 1	Level 2	Fair Value Total
Investments by Fair Value:			
U.S. Treasury Notes	\$3,095,129		\$3,095,129
U.S. Government Agencies		\$15,440,955	15,440,955
Medium Term Notes		8,209,607	8,209,607
Total Investments at Fair Value	<u>\$3,095,129</u>	<u>\$23,650,562</u>	26,745,691
Investments Measured at Amortized Cost:			
Local Agency Investment Fund			40,029,779
Money Market Mutual Funds			126,615
Held by Trustee:			
Money Market Mutual Funds			13,720,501
Vantage Point MP Long Term Growth Mutual Fund (Equities)			8,368,316
Total Investments			88,990,902
<i>Cash with Banks and Petty Cash - City of San Pablo</i>			1,702,101
<i>Cash with Banks - Economic Development Corporation</i>			1,819,401
Total Cash and Investments			<u>\$92,512,404</u>

Investments classified in Level 1 of the fair value hierarchy, are valued using quoted prices in active markets. Federal Agency Securities and Medium Term Notes, classified in Level 2 of the fair value hierarchy, are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The California Local Agency Investment Fund, reported at amortized cost, and it not subject to the fair value reporting requirements. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

J. Concentration of Credit Risk

Investments in any one issuer, other than U.S. Treasury securities, money market mutual funds, and the California Local Agency Investment Fund that represent 5% or more of total City-wide investments are as follows as of June 30, 2017:

Fund/Issuer	Investment Type	Reported Amount
Federal National Mortgage Association	U.S. Governmental Agencies	\$5,190,033
Federal Farm Credit Bank	U.S. Governmental Agencies	4,562,254
Federal Home Loan Bank	U.S. Governmental Agencies	4,499,258

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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	\$1,287,085 (A)
	Non-Major Governmental Funds	143,778 (B)
Public Works Construction Capital Projects Fund	General Fund	7,421,189 (C)
2015 Lease Revenue Bonds Capital Projects Fund	General Fund	913,258 (D)
Non-Major Funds:		
Gas Tax Special Revenue Fund	General Fund	1,188,882 (E)
Development Services Special Revenue Fund	General Fund	111,601 (E)
Street Lighting and Landscape Special Revenue Fund	General Fund	338,602 (E)
Measure K Special Revenue Fund	General Fund	455,748 (E)
		\$11,860,143

The reasons for these transfers are set forth below:

- (A) Return unspent capital project funds
- (B) Transfer to fund public safety
- (C) Transfer amounts required to fund capital projects
- (D) Transfer for debt service requirements
- (E) Transfer to cover revenue shortage

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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 Director. 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, 2017, 7 employees had \$6,033 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 Assets Fund at June 30, 2017 are set forth below:

Supplemental Education Revenue Augmentation Fund	\$480,674
Casa Adobe-Senior Citizen Units	1,112,628
Housing Initiative Program	10,531,329
San Pablo Housing Investors	1,678,446
East Bay Asian Local Development Corporation	1,553,386
Lao Family Community Development	<u>639,102</u>
Subtotal	15,995,565
Less: Allowance for conditional grant	<u>(639,102)</u>
Total	<u><u>\$15,356,463</u></u>

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 13 below. The loan was fully repaid during the fiscal year ending June 30, 2017.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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 13 below. The balance of the loan at June 30, 2017 was \$480,674.

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

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. The balance of the loan at June 30, 2017 was \$1,112,628.

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, 2017, loans outstanding under this Program totaled \$10,531,329.

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, 2017

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, 2017, San Pablo Housing Investors owed principal of \$1,098,651 and interest of \$579,795, for a total of \$1,678,446.

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, 2017, EBALDC has drawn down \$1,199,513 of the supplemental project loan.

The balance of the loans as of June 30, 2017 was \$1,553,386.

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, 2017, the balance of the loans, including accrued interest, was \$639,102.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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, 2017, the balance of the loan was \$6,510,080.

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, 2017, 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 was expected in fiscal year 2017.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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 2016 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 2017.

NOTE 6 – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. 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, 2017

NOTE 6 – CAPITAL ASSETS (Continued)

A. Governmental Capital Asset Additions and Retirements

Capital assets recorded at June 30 comprise:

	Balance at June 30, 2016	Additions	Retirements	Transfers	Balance at June 30, 2017
<i>Governmental activities</i>					
Capital assets not being depreciated:					
Land and land improvements	\$8,409,744				\$8,409,744
Construction in progress	4,263,622	\$9,224,096		(\$5,739,389)	7,748,329
Total capital assets not being depreciated	<u>12,673,366</u>	<u>9,224,096</u>		<u>(5,739,389)</u>	<u>16,158,073</u>
Capital assets being depreciated:					
Buildings and improvements	23,950,030	24,850		42,934	24,017,814
Machinery and equipment	3,820,427	266,675	(\$58,506)	115,459	4,144,055
Vehicles	2,911,163	75,129	(168,083)		2,818,209
Park and trail improvements	13,801,816			209,428	14,011,244
Sports fields	1,506,986				1,506,986
Roads & streets including sidewalks	73,688,108			5,345,330	79,033,438
Bridges	5,486,753				5,486,753
Street lights	361,078				361,078
Storm drains	2,202,142			26,238	2,228,380
Traffic signals	2,931,742				2,931,742
Trees	1,227,462				1,227,462
Total capital assets being depreciated	<u>131,887,707</u>	<u>366,654</u>	<u>(226,589)</u>	<u>5,739,389</u>	<u>137,767,161</u>
Less accumulated depreciation for:					
Buildings and improvements	5,868,498	568,908			6,437,406
Machinery and equipment	1,811,859	244,632	(58,506)		1,997,985
Vehicles	2,161,641	169,948	(146,992)		2,184,597
Park and trail improvements	3,208,258	898,367			4,106,625
Sports fields	1,144,839	80,219			1,225,058
Roads & streets including sidewalks	43,263,622	1,953,142			45,216,764
Bridges	4,544,940	78,555			4,623,495
Street lights	327,526	3,092			330,618
Storm drains	1,707,873	10,200			1,718,073
Traffic signals	2,001,825	62,841			2,064,666
Trees	606,015	24,549			630,564
Total accumulated depreciation	<u>66,646,896</u>	<u>4,094,453</u>	<u>(205,498)</u>		<u>70,535,851</u>
Net capital assets being depreciated	<u>65,240,811</u>	<u>(3,727,799)</u>	<u>(21,091)</u>	<u>5,739,389</u>	<u>67,231,310</u>
Governmental activity capital assets, net	<u>\$77,914,177</u>	<u>\$5,496,297</u>	<u>(\$21,091)</u>		<u>\$83,389,383</u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 6 – CAPITAL ASSETS (Continued)

Construction in progress comprised the following at June 30, 2017:

Project	Amount
San Pablo Library Project	\$4,517,210
Undergrounding Utility District Project	686,184
Contra Costa County Women Infant and Children Building	469,046
Other	2,075,889
Total construction in progress	<u>\$7,748,329</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, 2017:

	Balance at June 30, 2016	Additions	Balance at June 30, 2017
Capital assets not being depreciated:			
Land - Helms and HEAL	\$1,835,000		\$1,835,000
Total capital assets not being depreciated	<u>1,835,000</u>		<u>1,835,000</u>
Capital assets being depreciated:			
Building - Helms	8,364,410		8,364,410
Building - HEAL	180,000		180,000
Building improvements - Helms	46,235	\$2,750	48,985
Field Improvements - HEAL	6,453,041		6,453,041
Equipment - Helms	77,107		77,107
Furniture and fixtures - Helms	459,784		459,784
Vehicles	13,274		13,274
Total capital assets being depreciated	<u>15,593,851</u>	<u>2,750</u>	<u>15,596,601</u>
Less accumulated depreciation	865,300	737,030	1,602,330
Net capital assets being depreciated	<u>14,728,551</u>	<u>(734,280)</u>	<u>13,994,271</u>
Capital assets, net	<u>\$16,563,551</u>	<u>(\$734,280)</u>	<u>\$15,829,271</u>

C. Capital Asset Contributions

Some capital assets may be acquired using federal and State grant funds, or they may be contributed by developers or other governments. Contributed capital assets are valued at their estimated acquisition value on the date contributed.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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:

<i>Governmental Activities:</i>	
General Government	\$66,551
Community Recreation	133,104
Community Development	15,946
Public Works	3,641,971
Police	236,881
Total depreciation expense	\$4,094,453
 <i>Discretely Presented Component Unit:</i>	
Economic Development Corporation	\$737,030

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.

Investment Type	AAAm	AAA	AA+/AA-	A+/A	Fair Value Total
Securities of U.S. Government Agencies					
FFCB			\$4,562,254		\$4,562,254
FHLB			4,499,258		4,499,258
FNMA			5,190,033		5,190,033
FHLMC			1,189,410		1,189,410
Medium Term Notes		\$1,001,760	3,246,408	\$3,961,439	8,209,607
Money Market Funds	\$126,615				126,615
<i>Held by Trustees:</i>					
Money Market Funds	13,720,501				13,720,501
Totals	\$13,847,116	\$1,001,760	\$18,687,363	\$3,961,439	37,497,678
<i>Not rated:</i>					
Local Agency Investment Fund					40,029,779
<i>Retiree Health Savings Plan Trust:</i>					
Vantage Point MP Long Term Growth Mutual Fund (Equities)					8,368,316
<i>Exempt from credit rating disclosure:</i>					
U.S. Treasury Bonds/Notes					3,095,129
<i>Cash on Hand and in Banks - City of San Pablo</i>					1,702,101
<i>Cash on Hand and in Banks - Economic Development Corporation</i>					1,819,401
Total Cash and Investments					\$92,512,404

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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>	<u>Total</u>
2018	\$320,000	\$594,298	\$914,298
2019	330,000	585,805	915,805
2020	335,000	578,652	913,652
2021	345,000	570,144	915,144
2022	355,000	560,337	915,337
2023-2027	1,955,000	2,617,964	4,572,964
2028-2032	2,380,000	2,190,436	4,570,436
2033-2037	2,965,000	1,607,283	4,572,283
2038-2042	3,705,000	865,174	4,570,174
2043-2045	2,600,000	143,732	2,743,732
Total	<u>\$15,290,000</u>	<u>\$10,313,825</u>	<u>\$25,603,825</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, 2017

NOTE 7 – LONG-TERM DEBT (Continued)

Debt service requirements are shown below for the capital lease:

Fiscal Year Ended June 30	Payments Due
2018	\$85,000
2019	86,000
2020	203,113
2021	324,014
2022	333,734
2023-2027	1,824,997
2028-2032	2,115,676
2033-2037	2,452,646
2038-2042	2,843,287
2043-2047	3,296,150
2048-2052	3,821,144
2053-2054	1,257,719
Total Payments	18,643,480
Less Imputed Interest	(9,239,516)
Principal	<u>\$9,403,964</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	Total
2018	\$75,988	\$85,864	\$161,852
2019	76,750	85,864	162,614
2020	77,496	85,864	163,360
2021	78,296	85,864	164,160
2022	79,080	6,784	85,864
2023-2027	407,441	430,320	837,761
2028-2030	211,471	214,660	426,131
Total	<u>\$1,006,522</u>	<u>\$995,220</u>	<u>\$2,001,742</u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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, 2017, 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, 2017, 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>	<u>Total</u>
2018		\$191,206	\$191,206
2019		191,206	191,206
2020		190,886	190,886
2021		190,566	190,566
2022	\$73,796	190,566	264,362
2023-2027	2,717,003	948,739	3,665,742
2028-2032	2,981,509	727,996	3,709,505
2033-2037	3,149,483	560,123	3,709,606
2038-2042	3,327,216	382,290	3,709,506
2043-2047	2,698,908	200,816	2,899,724
2048-2052	1,858,085	67,460	1,925,545
Total	<u>\$16,806,000</u>	<u>\$3,841,854</u>	<u>\$20,647,854</u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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, 2017

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.

Detailed classifications of the City's fund balances, as of June 30, 2017, 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	\$32,778					\$32,778
Employee loans receivable	6,033					6,033
HEAL loan receivable	5,329,000					5,329,000
Total Nonspendable Fund Balances	5,367,811					5,367,811
Restricted for:						
Redevelopment Low and Moderate Income Housing		\$7,372,479				7,372,479
Street Lighting and Landscaping					\$437,469	437,469
Local Street and Road Improvements and Maintenance					2,169,555	2,169,555
Law Enforcement					166,692	166,692
National Pollution Discharge Elimination System					156,807	156,807
Paratransit					514,224	514,224
Housing Grants					94,899	94,899
2015 Lease Revenue Bonds Projects				\$7,514,863		7,514,863
Emergency Medical Services					124,400	124,400
Total Restricted Fund Balances		7,372,479		7,514,863	3,664,046	18,551,388
Assigned to:						
Capital Projects:						
Other	895,605					895,605
Total Assigned Fund Balances	895,605					895,605
Unassigned:						
General fund	54,246,048					54,246,048
Special Revenue					(147,590)	(147,590)
Capital projects				(\$2,045,128)		(2,045,128)
Total Unassigned Fund Balances	54,246,048			(2,045,128)	(147,590)	52,053,330
Total Fund Balances	\$60,509,464	\$7,372,479	(\$2,045,128)	\$7,514,863	\$3,516,456	\$76,868,134

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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 City amended Resolution 2013-159, by the adopting Resolution 2016-218 which established a new discretionary reserve, the Casino Revenue Sustainability Reserve. The purpose of the reserve is to mitigate against the potential impact that a sudden shutdown or loss of casino revenue would have on the City’s ability to maintain current operations and service levels. This reserve gives the City the ability to save up to maximum of 50% of unused audited fund balance annually to mitigate the potential of future casino revenue impacts. All deposits and withdrawals from the fund are discretionary, but require approval by the Budget, Fiscal & Legislative Standing Committee and a majority approval by resolution of the City Council.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

The required balance of each reserve for the year ended June 30, 2017, and the actual balance for each as of June 30, 2017, which are reported within the unassigned fund balance of the General Fund follows:

	Required Beginning Balance	Balance as of June 30, 2017
Catastrophic	\$14,587,185	\$17,428,752
Budget Stabilization Reserve	1,458,718	1,742,875
Designated	3,955,297	3,915,000
Future Capital Projects	8,550,000	13,940,120
Casino Revenue Sustainability Reserve		1,000,043
Unassigned		16,198,167
Total General Fund Unassigned Fund Balance		\$54,224,957

D. Fund Equity Deficits

As of June 30, 2017, the Public Works Construction Capital Projects Fund, Gas Tax and Development Services Special Revenue Funds had fund deficits of \$2,045,128, \$15,090 and \$132,500, respectively. These deficits are expected to be eliminated by funding from the General Fund.

NOTE 9 – PENSION 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 Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police) and Miscellaneous (all other) Employee Pension Rate Plans. The City's Miscellaneous and Safety Rate Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees' Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors four rate plans (two miscellaneous and two safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan 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, 2017

NOTE 9 – PENSION 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 Plan’s provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous	
	<u>Classic (A)</u>	<u>PEPRA</u>
	Prior to January 1, 2013	On or after January 1, 2013
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%	6.25%
Required employer contribution rates	10.069%	6.555%

	Safety	
	<u>Classic (A)</u>	<u>PEPRA</u>
	Prior to January 1, 2013	On or after January 1, 2013
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%	11.50%
Required employer contribution rates	19.536%	12.082%

- (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, 2017

NOTE 9 – PENSION 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 the Plan 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, 2017, the City’s contributions to the Plan were as follows:

	Miscellaneous	Safety	Total
Contributions - employer	\$999,873	\$1,825,704	\$2,825,577

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 Plan and additions to/deductions from the Plan’s 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, 2017, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$14,185,078
Safety	20,687,669
Total Net Pension Liability	\$34,872,747

The City’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 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 plan relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the Plan as of June 30, 2015 and 2016 was as follows:

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 9 – PENSION PLANS (Continued)

	<u>Miscellaneous</u>
Proportion - June 30, 2015	0.41099%
Proportion - June 30, 2016	<u>0.40834%</u>
Change - Increase (Decrease)	<u><u>-0.00265%</u></u>
	<u>Safety</u>
Proportion - June 30, 2015	0.38625%
Proportion - June 30, 2016	<u>0.39944%</u>
Change - Increase (Decrease)	<u><u>0.01319%</u></u>

For the year ended June 30, 2017, the City recognized pension expense of \$5,767,365. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$2,825,577	
Differences between actual and expected experience	34,452	(\$131,376)
Changes in assumptions	-	(864,344)
Net differences between projected and actual earnings on plan investments	4,341,566	-
Change in proportion and differences between actual contributions and proportionate share of contributions	<u>1,509,148</u>	<u>(1,168,482)</u>
Total	<u><u>\$8,710,743</u></u>	<u><u>(\$2,164,202)</u></u>

\$2,825,577 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	<u>Annual Amortization</u>
2018	\$625,519
2019	61,526
2020	1,905,918
2021	1,128,001

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 9 – PENSION PLANS (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2016, the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2016 and June 30, 2015 total pension liability were based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS Membership Data for all Funds (1)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) 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, 2015 valuation were based on the results of a January 2015 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 7.65% for the 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 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% 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, 2017

NOTE 9 – PENSION PLANS (Continued)

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	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-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, 2017

NOTE 9 – PENSION 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 the Plan as of the measurement date, calculated using the discount rate for the 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	Safety
1% Decrease	6.65%	6.65%
Net Pension Liability	\$21,127,215	\$31,610,412
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$14,185,078	\$20,687,669
1% Increase	8.65%	8.65%
Net Pension Liability	\$8,447,746	\$11,721,216

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 \$8,518 and the employee’s required contributions of \$40,625 were made during the fiscal year ending June 30, 2017.

NOTE 10 – POST RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN

A. Description

In addition to the pension benefits described in Note 9 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, 2017 there were 65 participants receiving these health care benefits.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 10 – POST RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN

The Plan provisions and benefits in effect at July 1, 2017 are summarized as follows:

	San Pablo Police Employees Association (SPPEA)	Public Employees Local One/AFSCME	Executive Management	Contract Employees	Elected Officials	Confidential, Division managers, and AIE
Benefit Types Provided	Medical only (E) Until Age 65	Medical only	Medical and dental	Medical and Dental	Medical and Dental (H)	Medical only
Duration of Benefits (A)	(B)(D)	Until Age 65 (B)	Lifetime (G)	Lifetime (G)	Lifetime (G)	Until Age 65 (B)
Required Service:						
Basic		Service Retirement under CALPERS within 120 days of separation (F)				
					2 terms (8 years.) for supplemental medical.	
Supplemental	10 years for 1- party supplemental. 20 years for 2-party supplemental	15 years for \$135 supplemental. 25 years for \$480 supplemental	10 years	5 years for City Manager. 10 years for City Attorney	3 terms (12 years) for supplemental medical and dental	15 years for \$135 supplemental. 25 years for \$480 supplemental
Minimum Age	50	50	50	50	50	50
Dependent Coverage	One dependent, if EE served for 20+ years (20 years)	Yes, if EE served for more than 25 years	Yes	Yes	Yes	Yes, if EE served for more than 25 years
City Contribution	100%	Flat amount \$135 for 15+ years of service; \$480 for 25+ years of service and enrolled in a plan for 2 or more	100%	100%	100%	Flat amount \$135 for 15+ years of service; \$480 for 25+ years of service and enrolled in a plan for 2 or more
City PEMHCA Contribution Cap per Month (Basic) (C)	\$128 for single \$220 for two party (E) 285 for family (E)	\$128 for single \$220 for two party 285 for family	\$128 for single \$220 for two party 285 for family	\$128 for single \$220 for two party 285 for family	\$128 for single \$220 for two party 285 for family	\$128 for single \$220 for two party 285 for family
City Supplemental Contribution Cap per Month (Supp)	Cost of 1-party or 2-party plan selected by retiree (D)	15 years service \$135; 25 years of service \$480	None	None	None	15 years service \$135; 25 years of service \$480

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

(B) From the date of retirement and until such time the retiree becomes eligible for Medicare, turns the age of sixty-five (65) receives health insurance coverage from another source, or dies, whichever comes first.

(C) The minimum contributions under the Public Employees Medical and Hospital Care Act (PEMHCA) is adjusted by CalPERS annually.

(D) Those hired before May 1, 1986 with 20 years of service are entitled to receive a monthly amount equivalent to a Kaiser Supplement/Managed Medicare 1-party plan rate at time of retirement until death of the retiree.

(E) Benefit only applies if the retiree was hired before July 1, 2014

(F) Qualified annuitants that retire under an Industrial Disability Retirement and are members of SPPEA and have attained 20+ years of service will receive the same benefit as those with Service Retirements.

(G) City shall pay the monthly supplemental allowance for life of the retiree, or if the retiree has died, to the retirees spouse or registered domestic partner.

(H) City Council members first elected before Jan. 1, 2013 and City Treasurer and City Clerk if elected prior to November 2010 that have served a minimum of 2 terms are eligible for city-paid supplemental medical coverage. City Council members that have served at least three terms, and were elected prior to Jan. 1, 2013 are also eligible for continued dental coverage.

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, 2017

NOTE 10 – POST RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN (Continued)

B. Funding Policy and Actuarial Assumptions

The City’s policy is to prefund these benefits by accumulating assets in the Trust Fund discussed above pursuant to City Council Resolution 2006-024 (Resolution). The annual required contribution (ARC) for fiscal year ended June 30, 2017 was determined as part of a June 30, 2016 actuarial valuation using the entry age normal cost (level percent of pay) 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) 6.5% investment rate of return, (b) 3% projected annual salary increase, (c) 3-12% health inflation increases, and (d) 3% 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 market value of assets that effects 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 the market value of assets as of year-end. The City’s OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis using a 20-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, 2017, the City contributed \$515,087 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	\$462,494
Interest on net OPEB obligation (asset)	(286,589)
Adjustment to annual required contribution	<u>457,018</u>
Annual OPEB cost	632,923
Contributions made	<u>(515,087)</u>
Decrease in net OPEB asset	117,836
Net OPEB (asset) June 30, 2016	<u>(4,409,069)</u>
Net OPEB (asset) June 30, 2017	<u><u>(\$4,291,233)</u></u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 10 – POST RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN (Continued)

The Plan's annual required contributions and actual contributions for the years ended June 30, 2015, 2016, and 2017 are set forth below:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2015	\$339,583	\$510,505	150%	(\$4,271,510)
6/30/2016	355,320	492,879	139%	(4,409,069)
6/30/2017	632,923	515,087	81%	(4,291,233)

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]
6/30/2017	\$8,368,316	\$7,891,276	\$477,040	106.05%	\$11,821,562	4.0%

C. OPEB Trust Fund

Plan Administration - The City is the plan administrator. The Public Agency Retirement Services (PARS) administers the trust for the City's retiree healthcare benefit plan – a single employer defined benefit OPEB plan that provides healthcare benefits for eligible general and public safety employees of the City.

	Fiscal Year ended 6/30/17
Plan Type	Single Employer
OPEB Trust	Yes
Special Funding Situation	No
Nonemployer Contributing Entity	No

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 10 – POST RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN (Continued)

Plan Membership - As described in the table above, plan membership varies based on different employee bargaining groups. As of June 30, 2017, membership in the plan consisted of the following:

	Number of Covered Employees
Retirees and beneficiaries receiving benefits	65
Active plan members	125
	190

Contribution Information - PARS established rates for each employer based on an actuarially determined rate for each employer. For the year ended June 30, 2017, the City’s average contribution rate was 4.58% of covered payroll. Plan members are not required to contribute to the plan.

For the year ended June 30, 2017, the City contributed \$515,087 to the actuarially determined contribution.

Investment Policy - PARS offers different investment portfolios as part of the investment vehicle. The City invests in the “Moderate” portfolio; the primary goal of the Capital Appreciation objective is growth of principal. The major portions of the assets are invested in the equity securities and market fluctuations are expected. The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selections and monitoring helps to drive return potential while reducing portfolio risk.

Investment Concentration - For the year ended June 30, 2017, the City did not have investments in any one organization exceeding 5% of the City’s investments.

Net OPEB Liability - The components of the net OPEB liability of the City at June 30, 2017, were as follows:

Measurement Date - 6/30/2017	Fiscal Year ended 6/30/17
Total OPEB Liability	\$ 7,891,276
Plan Fiduciary Net Position (FNP)	8,368,316
	\$ (477,040)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	106.0%

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 10 – POST RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN (Continued)

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions:

Valuation Date	June 30, 2017
Funding Policy	Periodic contributions to pre-fund a portion of the unfunded liability, adjusted biennially.
Salary Increases	Varies with entry age and classification, eventually grading down to no lower than 3.3%
Investment Rate of Return	6.5% net of OPEB plan investment expense
Healthcare Cost Trend Rate	9.0% for 2017 grading to 3% in 2021
Medical Inflation	9.0%
Actuarial Assumptions:	
Discount Rate	6.50%
Investment Rate of Return	6.50%
Mortality Rates	Mortality rates based on pre-retirement mortality probabilities of dying in the next year for ages 25-65 separated by Male versus Female, and non-disabled, post-retirement mortality probabilities of dying in the next year for ages 55-95 separated by Male versus Female; Disability assumptions based upon rates used in the 2014 CalPERS pension valuation.

Discount Rate - The discount rate used to measure the total OPEB liability was 6.5% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 10 – POST RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - In accordance with GASB 74, regarding the disclosure of the sensitivity of the net OPEB liability to changes in the discount rate, the following table presents the net OPEB liability of the Plan as of June 30, 2017, calculated using the discount rate of 6.5%, as well as what the Plan's net OPEB 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:

	Discount Rate		
	1% Decrease	Current	1% Increase
	(5.50%)	(6.50%)	(7.50%)
Net OPEB Liability	\$ 9,077,761	\$ 7,891,276	\$ 6,875,458

Sensitivity of the Net OPEB Liability to Changes in the Health Cost Trend Rate - The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Health Trend Rate		
	1% Decrease	Current	1% Increase
	8.0% decreasing to 2.0%	9.0% decreasing to 3.0%	10.0% decreasing to 4.0%
Net OPEB Liability	\$ 7,300,934	\$ 7,891,276	\$ 8,593,316

NOTE 11 – DEFERRED COMPENSATION PLAN

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 12 – RISK MANAGEMENT

A. *Municipal Pooling Authority (MPA)*

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

Type of Coverage (Deductible)	Coverage Limits
Liability (\$10,000)	\$29,000,000
Cyber Liability (\$50,000)	2,000,000
Public Entity Pollution Liability (\$100,000)	1,000,000
Vehicle - Physical Damage (\$3,000 for police vehicles, \$2,000 for all others)	250,000
Worker's Compensation (no deductible)	Statutory Limit
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
Water (\$150,000)	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, 2017, 2016 and 2015 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, 2017

NOTE 12 -- RISK MANAGEMENT (Continued)

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

	June 30,	
	2017	2016
Beginning balance	\$40,437	\$77,371
Provision for current fiscal year claims	50,976	44,449
Change in provision for prior fiscal year claims	(22,091)	(38,392)
Claims paid	(33,669)	(42,991)
Ending balance	<u>\$35,653</u>	<u>\$40,437</u>

NOTE 13 -- REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

A. *Redevelopment Dissolution*

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

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

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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

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.

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, 2017 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, 2017.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 13 – 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 2016, 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, 2017.

During fiscal year 2016, the Successor Agency agreed to an additional loan 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 November through 2040. The principal balance of the Note is due on November 20, 2040. The balance of the note receivable was \$264,559 as of June 30, 2017.

The balances of the notes receivable arising from these programs at June 30, 2017 are set forth below:

Micro Loan Program	\$64,371
Pakpour Loan	981,133
Total	\$1,045,504

C. *Property Held for Resale*

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

D. *Capital Assets*

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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

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

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

Depreciation is provided using the straight line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The 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, 2016	Additions	Balance at June 30, 2017
Capital assets not being depreciated:			
Land and land improvements	\$2,819,393		\$2,819,393
Total capital assets not being depreciated	<u>2,819,393</u>		<u>2,819,393</u>
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	<u>2,867,497</u>		<u>2,867,497</u>
Less accumulated depreciation for:			
Buildings and improvements	1,343,932	\$65,752	1,409,684
Machinery and equipment	92,202		92,202
Vehicles	143,485		143,485
Total accumulated depreciation	<u>1,579,619</u>	<u>65,752</u>	<u>1,645,371</u>
Net capital assets being depreciated	<u>1,287,878</u>	<u>(65,752)</u>	<u>1,222,126</u>
Capital assets, net	<u>\$4,107,271</u>	<u>(\$65,752)</u>	<u>\$4,041,519</u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 13 – 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 are 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, 2016	Additions	Retirements	Balance June 30, 2017	Current Portion
Tax Allocation Bonds:						
Tax Allocation Revenue Bonds Series 2001						
Capital Appreciation Bonds						
5.66-5.68%, due 12/01/2029	\$12,055,000	\$2,381,753	\$45,628	\$2,427,381		
Tax Allocation Revenue Bonds Series 2004						
2.00-5.00%, due 12/01/2019	37,755,000	7,935,000		2,555,000	\$5,380,000	\$1,700,000
SERAF Loan						
2%, due 5/10/2021	1,222,860	970,838		87,201	883,637	88,945
Tax Allocation Refunding Bonds Series 2014A						
2.00-5.00%, due 6/15/2031	47,595,000	45,470,000		1,805,000	43,665,000	2,955,000
Premium	6,429,385	5,672,987		378,199	5,294,788	
Tax Allocation Refunding Bonds Series 2014B						
2.00-5.00%, due 6/15/2023	6,970,000	5,585,000			5,585,000	
Premium	859,238	668,296		95,471	572,825	
Tax Allocation Refunding Bonds Series 2016						
3.00-3.81%, due 6/15/2029	2,685,531		2,685,531		2,685,531	
Total Tax Allocation Bonds		68,683,874	2,731,159	7,348,252	64,066,781	4,743,945
Housing Successor Loans:						
2010 Loan	3,000,000	1,615,674		1,615,674		
2011 Loan	2,865,000	2,865,000		2,384,326	480,674	
Total Housing Successor Loans		4,480,674		4,000,000	480,674	
Total Successor Agency Debt		\$73,164,548	\$2,731,159	\$11,348,252	\$64,547,455	\$4,743,945

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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

2. Debt Service Requirements

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

<u>For the Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$4,743,945	\$2,664,973	\$7,408,918
2019	1,650,724	2,484,494	4,135,218
2020	7,097,539	2,358,954	9,456,493
2021	4,866,430	2,070,500	6,936,930
2022	4,474,999	1,857,750	6,332,749
2023-2027	20,851,359	6,703,333	27,554,692
2028-2031	14,514,172	2,124,136	16,638,308
Total	<u>\$58,199,168</u>	<u>\$20,264,140</u>	<u>\$78,463,308</u>

3. 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.

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.

During fiscal year 2017, the Successor Agency issued the 2016 Series Tax Allocation Refunding Bonds in the amount of \$2,685,531 to fully refund the remaining \$2,381,638 of principal outstanding for the 2001 Tax Allocation Revenue Bonds.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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

4. 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.

5. 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 2004 Bonds was \$16,610,000 as of June 30, 2017.

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.

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 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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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

6. *2016 Subordinate Tax Allocation Refunding Bonds*

On August 1, 2016, the Agency issued \$2,660,331 in 2016 Subordinate Tax Allocation Refunding Bonds. 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 for the 2001 Tax Allocations Bonds. The refunding reduced the total debt service payments over 6 years by \$600,000 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$377,281. The bonds bear interest rates between 3.0% and 3.81% with interest payments and principal payments made annually on June of each year Commencing 2024 through 2029.

7. *SERAF Loan from State of California*

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

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

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

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

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).

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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

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 2017.

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 \$87,189,779 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 2017 calculated by the County Auditor-Controller was \$9,373,109, and the total received by the Successor Agency for fiscal year 2017 debt service was \$11,150,519, which represented coverage of 215% of the \$5,196,695 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.

F. Commitments and Contingencies

State Approval of Enforceable Obligations

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 14 - JOINT POWERS AGREEMENTS

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

WCCIWMA was established in 1991 to coordinate landfill use reduction in the West Contra Costa County Area as mandated by the State of California. The City was not required to make any contributions to WCCIWMA during fiscal year 2017. 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 2016-2017, the dues paid to WCCTAC were \$39,675.

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

NOTE 15 – 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 2017, the City recognized lease rental income in the amount of \$30,555, and the remaining balance of unearned revenue was \$1,532,742 as of June 30, 2017.

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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 16 – 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.

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, 2017 were as follows:

	Amount
<i>Major Funds:</i>	
General Fund	\$895,605
Public Works Construction Capital Projects Fund	9,440,840
<i>NonMajor Funds:</i>	
Gas Tax Special Revenue Fund	63,084
Development Services Special Revenue Fund	34,205
NPDES Special Revenue Fund	5,655
Law Enforcement Services Special Revenue Fund	35,475

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 17 – SUBSEQUENT EVENTS

Authorized but Unissued Debt

On June 19, 2017, the City of San Pablo Joint Powers Financing Authority, authorized and approved the issuance of Lease Revenue Bond, Series 2017, in the estimated principal amount of \$11,200,000. The proceeds of these bonds, secured by lease revenues, are to be used to finance costs associated with construction of a new City of San Pablo City Hall.



CITY^{OF} SAN PABLO

City of New Directions

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

City of San Pablo Miscellaneous Rate Plan, a Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Last 10 Years*

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

Measurement Date	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>
Plan's Proportion of the Net Pension Liability (Asset)	0.33724%	0.41099%	0.40834%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	<u>\$8,334,746</u>	<u>\$11,275,238</u>	<u>\$14,185,078</u>
Plan's Covered Payroll	\$7,057,629	\$7,383,158	\$7,683,846
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	118.10%	152.72%	184.61%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.03%	77.37%	72.49%

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

REQUIRED SUPPLEMENTARY INFORMATION

City of San Pablo Miscellaneous Rate Plan, a Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS Miscellaneous Plan

Fiscal Year Ended June 30:	2015	2016	2017
Actuarially determined contribution	\$658,427	\$872,009	\$999,873
Contributions in relation to the actuarially determined contributions	(658,427)	(872,009)	(999,873)
Contribution deficiency (excess)	\$0	\$0	\$0
Covered payroll	\$7,057,629	\$7,383,158	\$7,683,846
Contributions as a percentage of covered payroll	9.33%	11.81%	13.01%

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

REQUIRED SUPPLEMENTARY INFORMATION

City of San Pablo Safety Rate Plan, a Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Last 10 Years*

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

Measurement Date	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>
Plan's Proportion of the Net Pension Liability (Asset)	0.36611%	0.38625%	0.38625%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	<u>\$13,732,752</u>	<u>\$15,915,059</u>	<u>\$20,687,669</u>
Plan's Covered Payroll	\$5,551,419	\$5,433,597	\$5,220,618
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	247.37%	292.90%	396.27%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.42%	79.02%	74.29%

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS Safety Plan

Fiscal Year Ended June 30:	2015	2016	2017
Actuarially determined contribution	\$1,494,686	\$1,663,467	\$1,825,704
Contributions in relation to the actuarially determined contributions	(1,494,686)	(1,663,467)	(1,825,704)
Contribution deficiency (excess)	\$0	\$0	\$0
Covered payroll	\$5,551,419	\$5,433,597	\$5,220,618
Contributions as a percentage of covered payroll	26.92%	30.61%	34.97%

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

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]
7/1/2011	\$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%	12,503,086	3.5%
6/30/2016	7,244,815	10,147,788	(2,902,973)	71.39%	12,904,464	-22.5%
6/30/2017	8,368,316	7,891,276	477,040	106.05%	11,821,562	4.0%

SCHEDULE OF CONTRIBUTIONS

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2015	\$339,583	\$510,505	150%	(\$4,271,510)
6/30/2016	355,320	492,879	139%	(4,409,069)
6/30/2017	632,923	515,087	81%	(4,291,233)

REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of Changes in the City's
Net OPEB Liability and Related Ratios
Last Ten Fiscal Years***

For the Measurement Period Ended June 30	<u>2017</u>
Total OPEB Liability	
Service Cost	\$260,317
Interest	659,606
Changes of benefit terms	-
Differences between expected and actual experience	(1,840,387)
Changes of assumptions	(702,000)
Implicit rate subsidy fulfilled	(118,961)
Benefit Payments	<u>(515,087)</u>
Net change in Total OPEB Liability	(2,256,512)
Total OPEB Liability at beginning of year	<u>10,147,788</u>
 Total OPEB Liability at end of year	 <u><u>\$7,891,276</u></u>
 Plan Fiduciary Net Position	
Contributions - employer	\$515,087
Contributions - member	-
Net investment income	1,123,501
Benefit payments	(515,087)
Administrative expenses	-
Net change in Plan Fiduciary Net Position	<u>1,123,501</u>
Plan Fiduciary Net Position at beginning of year	<u>7,244,815</u>
 Plan Fiduciary Net Position at end of year	 <u><u>\$8,368,316</u></u>
 Authority's Net OPEB Liability (Asset) at end of year	 <u><u>(\$477,040)</u></u>
 Plan's Fiduciary Net Position as percentage of Total OPEB Liability	 106.0%
 Covered payroll	 \$11,821,562
 Net OPEB Liability as percentage of covered-employee payroll	 -4.04%

Notes:

* Fiscal year 2017 was the first year of implementation

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions

Last Ten Fiscal Years*

	<u>2017</u>
Actuarially Determined Contributions	\$462,494
Contributions in relation to the ADC	515,087
Contribution Deficiency (Excess)	<u>(\$52,593)</u>
Covered Payroll	\$11,821,562
Contribution as a percentage of covered payroll	4.4%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation date	6/30/2017
Actuarial cost method	Entry Age Normal Cost (Level Percent of Pay)
Amortization method	Level Percent of Payroll. Unfunded liabilities are amortized on an open basis for 20 years.
Remaining amortization period	20 years
Asset valuation method	Market value of assets
Inflation	3.00%
Healthcare cost trend rates	Medical: 9% for 2017, grading down to 3% in 2021+; Dental: 3% per annum
Projected salary increases	Varies with entry age and classification, eventually grading down to no lower than 3.3% annually.
Discount rate, net of investment expenses	6.50%
Retirement age	Median service retirement ages consistent with assumptions used in City's most recent CalPERS pension valuation.
Mortality Rates	Based on assumptions for Public Agency Miscellaneous members used in the June 30, 2014 CalPERS actuarial valuation
Expected return on plan assets	6.50%

* Fiscal year 2017 was the first year of implementation

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.

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.

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.

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, 2017

SPECIAL REVENUE FUNDS

	Gas Tax	Public Safety	N.P.D.E.S.	Development Services	Measure C / J
ASSETS					
Cash and investments available for operations	\$42,058	\$101,840	\$64,852		\$1,743,190
Accounts receivable			107,036		
Due from other governments	13,508	\$20,358		\$23,338	423,746
Total Assets	\$55,566	\$122,198	\$171,888	\$23,338	\$2,166,936
LIABILITIES					
Accounts payable and accrued liabilities	\$56,549		\$15,081	\$153,936	
Deposits payable	14,107			1,902	
Total Liabilities	70,656		15,081	155,838	
FUND BALANCES					
Restricted		\$122,198	156,807		\$2,166,936
Unassigned	(15,090)			(132,500)	
Total Fund Balance (Deficit)	(15,090)	122,198	156,807	(132,500)	2,166,936
Total Liabilities and Fund Balances	\$55,566	\$122,198	\$171,888	\$23,338	\$2,166,936

SPECIAL REVENUE FUNDS

Asset Seizures	Paratransit	Street Lighting and Landscaping	Traffic Congestion Relief	HCD Grant	Measure K	Total Nonmajor Governmental Funds
\$128,238	\$404,767	\$974,575	\$148,217	\$94,899		\$3,702,636
	112,034				\$124,400	107,036
<u>\$128,238</u>	<u>\$516,801</u>	<u>\$974,575</u>	<u>\$148,217</u>	<u>\$94,899</u>	<u>\$124,400</u>	<u>\$4,527,056</u>
\$83,744	\$2,577	\$34,174	\$145,598			\$491,659
		502,932				518,941
<u>83,744</u>	<u>2,577</u>	<u>537,106</u>	<u>145,598</u>			<u>1,010,600</u>
44,494	514,224	437,469	2,619	\$94,899	\$124,400	3,664,046
						(147,590)
<u>44,494</u>	<u>514,224</u>	<u>437,469</u>	<u>2,619</u>	<u>94,899</u>	<u>124,400</u>	<u>3,516,456</u>
<u>\$128,238</u>	<u>\$516,801</u>	<u>\$974,575</u>	<u>\$148,217</u>	<u>\$94,899</u>	<u>\$124,400</u>	<u>\$4,527,056</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, 2017

	SPECIAL REVENUE FUNDS				
	Gas Tax	Public Safety	N.P.D.E.S.	Development Services	Measure C / J
REVENUES					
Property taxes					
Sales tax		\$102,733			\$401,083
Licenses and permits				\$337,145	
Intergovernmental	\$603,898		\$302,903	76,970	22,663
Charges for services	107,159		6,900	833,821	
Use of money and property			658	(307)	11,890
Miscellaneous	5,283		10,953	1,054	
Total Revenues	716,340	102,733	321,414	1,248,683	435,636
EXPENDITURES					
Current:					
General Government					
Community:					
Development				1,408,421	
Public Works & Engineering	2,007,839		327,373		
Police					
Capital outlay	98,573				
Total Expenditures	2,106,412		327,373	1,408,421	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,390,072)	102,733	(5,959)	(159,738)	435,636
OTHER FINANCING SOURCES (USES)					
Transfers in	1,188,882			111,601	
Transfers (out)					
Total Other Financing Sources (Uses)	1,188,882			111,601	
NET CHANGE IN FUND BALANCES	(201,190)	102,733	(5,959)	(48,137)	435,636
Fund balances at beginning of year	186,100	19,465	162,766	(84,363)	1,731,300
FUND BALANCES (DEFICITS) AT END OF YEAR	\$15,090	\$122,198	\$156,807	(\$132,500)	\$2,166,936

SPECIAL REVENUE FUNDS

Asset Seizures	Paratransit	Street Lighting and Landscaping	Traffic Congestion Relief	HCD Grant	Measure K	Total Nonmajor Governmental Funds
		\$843,171				843,171
					\$751,752	1,255,568
	\$279,036	129,323				337,145
						1,414,793
\$905	3,676	5,540	\$1,019	\$653		947,880
157,901	2,059	112,166				24,034
158,806	284,771	1,090,200	1,019	653	751,752	289,416
		10,820			1,200,000	1,210,820
	298,483					1,706,904
		1,136,474				3,471,686
	75,129	10,220				183,922
	373,612	1,157,514			1,200,000	6,573,332
158,806	(88,841)	(67,314)	1,019	653	(448,248)	(1,461,325)
		338,602			455,748	2,094,833
(143,778)						(143,778)
(143,778)		338,602			455,748	1,951,055
15,028	(88,841)	271,288	1,019	653	7,500	489,730
29,466	603,065	166,181	1,600	94,246	116,900	3,026,726
\$44,494	\$514,224	\$437,469	\$2,619	\$94,899	\$124,400	\$3,516,456

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, 2017

	SPECIAL REVENUE FUNDS					
	GAS TAX			PUBLIC SAFETY		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax				\$102,724	\$102,733	\$9
Licenses and permits						
Intergovernmental	\$816,435	\$603,898	(\$212,537)			
Charges for services	160,713	107,159	(53,554)			
Use of money and property						
Miscellaneous	85,320	5,283	(80,037)			
Total Revenues	<u>1,062,468</u>	<u>716,340</u>	<u>(346,128)</u>	<u>102,724</u>	<u>102,733</u>	<u>9</u>
EXPENDITURES						
Current:						
General Government						
Community:						
Development						
Public Works & Engineering	2,312,958	2,007,839	305,119			
Police						
Capital outlay	112,162	98,573	13,589			
Total Expenditures	<u>2,425,120</u>	<u>2,106,412</u>	<u>318,708</u>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,362,652)</u>	<u>(1,390,072)</u>	<u>(27,420)</u>	<u>102,724</u>	<u>102,733</u>	<u>9</u>
OTHER FINANCING SOURCES (USES)						
Transfers in		1,188,882	1,188,882			
Transfers out						
Total Other Financing Sources (Uses)		<u>1,188,882</u>	<u>1,188,882</u>			
NET CHANGE IN FUND BALANCES	<u>(\$1,362,652)</u>	<u>(201,190)</u>	<u>\$1,161,462</u>	<u>\$102,724</u>	<u>102,733</u>	<u>\$9</u>
Fund balances at beginning of year		<u>186,100</u>			<u>19,465</u>	
FUND BALANCES (DEFICITS) AT END OF YEAR		<u>(\$15,090)</u>			<u>\$122,198</u>	

SPECIAL REVENUE FUNDS

N.P.D.E.S.			DEVELOPMENT SERVICES			MEASURE C / J		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
						\$343,785	\$401,083	\$57,298
\$341,712	\$302,903	(\$38,809)	\$424,596	\$337,145	(\$87,451)			
3,000	6,900	3,900	92,160	76,970	(15,190)		22,663	22,663
	658	658	696,070	833,821	137,751			
	500	10,453		(307)	(307)	3,000	11,890	8,890
	10,953	10,453	113,061	1,054	(112,007)			
<u>345,212</u>	<u>321,414</u>	<u>(23,798)</u>	<u>1,325,887</u>	<u>1,248,683</u>	<u>(77,204)</u>	<u>346,785</u>	<u>435,636</u>	<u>88,851</u>
381,470	327,373	54,097	1,559,704	1,408,421	151,283			
<u>381,470</u>	<u>327,373</u>	<u>54,097</u>	<u>1,559,704</u>	<u>1,408,421</u>	<u>151,283</u>			
<u>(36,258)</u>	<u>(5,959)</u>	<u>30,299</u>	<u>(233,817)</u>	<u>(159,738)</u>	<u>74,079</u>	<u>346,785</u>	<u>435,636</u>	<u>88,851</u>
				111,601	111,601			
				111,601	111,601			
<u>(\$36,258)</u>	<u>(5,959)</u>	<u>\$30,299</u>	<u>(\$233,817)</u>	<u>(48,137)</u>	<u>\$185,680</u>	<u>\$346,785</u>	<u>435,636</u>	<u>\$88,851</u>
	<u>162,766</u>			<u>(84,363)</u>			<u>1,731,300</u>	
	<u>\$156,807</u>			<u>(\$132,500)</u>			<u>\$2,166,936</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, 2017

	SPECIAL REVENUE FUNDS					
	ASSET SEIZURES			PARATRANSIT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax						
Licenses and permits						
Intergovernmental				\$295,128	\$279,036	(\$16,092)
Charges for services						
Use of money and property		\$905	\$905	3,922	3,676	(246)
Miscellaneous		157,901	157,901		2,059	2,059
Total Revenues		158,806	158,806	299,050	284,771	(14,279)
EXPENDITURES						
Current:						
General Government						
Community:						
Development				407,614	298,483	109,131
Public Works & Engineering						
Police						
Capital outlay				80,000	75,129	4,871
Total Expenditures				487,614	373,612	114,002
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		158,806	158,806	(188,564)	(88,841)	99,723
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out		(143,778)	(143,778)			
Total Other Financing Sources (Uses)		(143,778)	(143,778)			
NET CHANGE IN FUND BALANCES		15,028	\$15,028	(\$188,564)	(88,841)	\$99,723
Fund balances at beginning of year		29,466			603,065	
FUND BALANCES (DEFICITS) AT END OF YEAR		\$44,494			\$514,224	

SPECIAL REVENUE FUNDS

STREET LIGHTING AND LANDSCAPING

<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$837,386	\$843,171	\$5,785
115,372	129,323	13,951
	5,540	5,540
	<u>112,166</u>	<u>112,166</u>
<u>952,758</u>	<u>1,090,200</u>	<u>137,442</u>
	10,820	(10,820)
1,396,471	1,136,474	259,997
<u>20,000</u>	<u>10,220</u>	<u>9,780</u>
<u>1,416,471</u>	<u>1,157,514</u>	<u>258,957</u>
<u>(463,713)</u>	<u>(67,314)</u>	<u>396,399</u>
20,000	338,602	318,602
<u>20,000</u>	<u>338,602</u>	<u>318,602</u>
<u>(\$443,713)</u>	271,288	<u>\$715,001</u>
	<u>166,181</u>	
	<u>\$437,469</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, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<u>Community Organizations and Activities</u>				
<u>Assets</u>				
Restricted cash and investments	\$722,538	\$185,190	\$145,953	\$761,775
Total Assets	<u>\$722,538</u>	<u>\$185,190</u>	<u>\$145,953</u>	<u>\$761,775</u>
<u>Liabilities</u>				
Accounts payable	\$4,988	\$11,908	\$4,988	\$11,908
Deposits held as agent for others	717,550	173,282	140,965	749,867
Total Liabilities	<u>\$722,538</u>	<u>\$185,190</u>	<u>\$145,953</u>	<u>\$761,775</u>
<u>West Contra Costa Transportation Advisory Committee</u>				
<u>Assets</u>				
Restricted cash and investments	\$2,106,058	\$3,177,034	\$3,809,821	\$1,473,271
Due from other governments	779,793	303,848	779,793	303,848
Total Assets	<u>\$2,885,851</u>	<u>\$3,480,882</u>	<u>\$4,589,614</u>	<u>\$1,777,119</u>
<u>Liabilities</u>				
Accounts payable	\$184,611	\$35,745	\$184,611	\$35,745
Deposits held as agent for others	2,701,240	3,445,137	4,405,003	1,741,374
Total Liabilities	<u>\$2,885,851</u>	<u>\$3,480,882</u>	<u>\$4,589,614</u>	<u>\$1,777,119</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Restricted cash and investments	\$2,828,596	\$3,362,224	\$3,955,774	\$2,235,046
Due from other governments	779,793	303,848	779,793	303,848
Total Assets	<u>\$3,608,389</u>	<u>\$3,666,072</u>	<u>\$4,735,567</u>	<u>\$2,538,894</u>
<u>Liabilities</u>				
Accounts payable	\$189,599	\$47,653	\$189,599	\$47,653
Deposits held as agent for others	3,418,790	3,618,419	4,545,968	2,491,241
Total Liabilities	<u>\$3,608,389</u>	<u>\$3,666,072</u>	<u>\$4,735,567</u>	<u>\$2,538,894</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

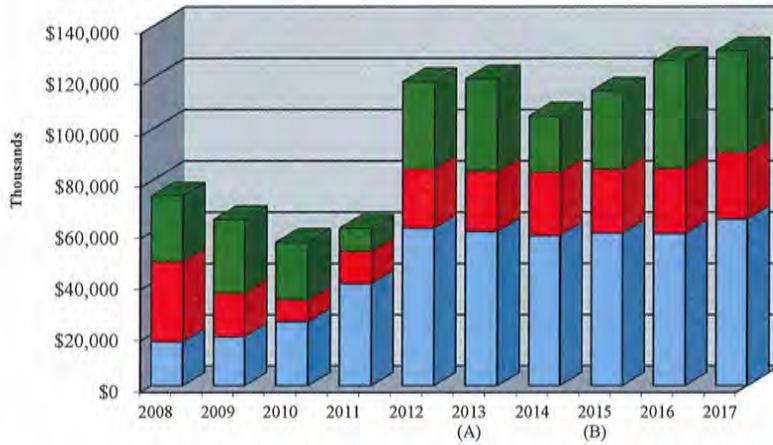
Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.



CITY^{OF} **SAN PABLO**

City of New Directions

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



■ Net Investment in Capital Assets ■ Restricted ■ Unrestricted

	Fiscal Year Ended June 30									
	2008	2009	2010	2011	2012	2013 (A)	2014	2015 (B)	2016	2017
<i>Governmental activities</i>										
Net investment in capital assets	\$17,233,098	\$19,236,798	\$25,129,231	\$39,968,889	\$61,548,129	\$60,286,124	\$58,716,354	\$59,671,326	\$59,552,820	\$65,203,760
Restricted	31,346,751	17,023,526	8,544,531	12,660,690	23,252,245	23,589,889	24,793,010	24,843,522	25,307,852	25,912,314
Unrestricted	25,591,054	28,686,988	22,456,421	8,948,361	33,879,184	35,928,112	21,808,206	30,508,198	41,969,726	39,526,263
Total governmental activities net position	\$74,170,903	\$64,947,312	\$56,130,183	\$61,577,940	\$118,679,558	\$119,804,125	\$105,317,570	\$115,023,046	\$126,830,398	\$130,642,337

(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 2015 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,				
	2008	2009	2010	2011	2012
Expenses					
Governmental Activities:					
General Government	\$2,993,404	\$3,200,437	\$3,746,905	\$3,873,454	\$4,041,867
Community					
Recreation	1,217,942	1,132,500	1,260,952	1,296,966	1,141,266
Development	6,428,706	23,541,394	17,744,655	4,482,336	2,062,972
Housing	194,708	554,770	244,168	86,761	6,937
Public Works & Engineering	5,892,638	6,424,687	6,390,441	7,379,061	7,447,687
Police	14,078,285	13,573,473	14,471,506	14,397,742	13,676,212
Interest and fiscal charges	4,220,723	4,035,250	3,894,561	3,813,714	2,175,282
Total Governmental Activities Expenses	35,026,406	52,462,511	47,753,188	35,330,034	30,552,223
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	16,171	31,223	26,562	66,541	113,227
Community:					
Recreation	127,847	144,942	166,294	251,779	204,475
Development	444,499	438,378	588,719	332,055	289,569
Public Works & Engineering	157,591	57,724	118,661	106,798	85,258
Police	516,367	403,428	338,838	325,909	303,410
Operating Grants and Contributions	1,835,557	1,424,555	1,620,850	2,497,146	2,158,891
Capital Grants and Contributions	1,649,247	1,521,513	3,383,502	2,304,659	3,095,927
Total Government Activities Program Revenues	4,747,279	4,021,763	6,243,426	5,884,887	6,250,757
Net (Expense)/Revenue					
Governmental Activities	(30,279,127)	(48,440,748)	(41,509,762)	(29,445,147)	(24,301,466)
General Revenues and Other					
Changes in Net Position					
Governmental Activities:					
Taxes:					
Property Taxes	1,235,060	1,302,668	1,099,009	1,129,241	1,345,016
Incremental Property Taxes	15,434,058	14,675,932	9,751,633	9,415,129	5,051,415
Sales Taxes	1,400,911	1,342,904	1,250,870	1,313,493	1,396,988
In-Lieu Sales Tax	411,506	472,411	456,357	316,486	421,134
Utility Users Tax	1,632,823	1,366,676	1,512,840	2,083,913	2,339,064
Transient Occupancy Taxes (a)					309,167
Franchise Taxes (a)					540,565
Payment in Lieu of taxes (a)					1,757,473
Business Licenses (nonregulatory)	296,836	327,507	321,824	313,623	15,800,631
Other Taxes (b)	13,531,030	14,891,478	15,332,960	16,217,232	85,790
Intergovernmental unrestricted:					
Motor Vehicle In-Lieu Fees	2,634,391	2,532,312	1,937,853	1,881,451	1,688,305
Use of Money and Property	3,815,626	2,032,690	777,955	666,850	394,790
Gain on Sale of Property	13,275	6,091		1,327,416	
Miscellaneous	204,549	266,488	251,332	228,070	344,653
Special item - assets transferred from Successor Agency					
Extraordinary item - assets transferred to/liabilities assumed by Successor Agency					49,928,093
Total Governmental Activities	40,610,065	39,217,157	32,692,633	34,892,904	31,474,991
Change in Net Position					
Governmental Activities	\$10,330,938	(\$9,223,591)	(\$8,817,129)	\$5,447,757	\$7,173,525

(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,

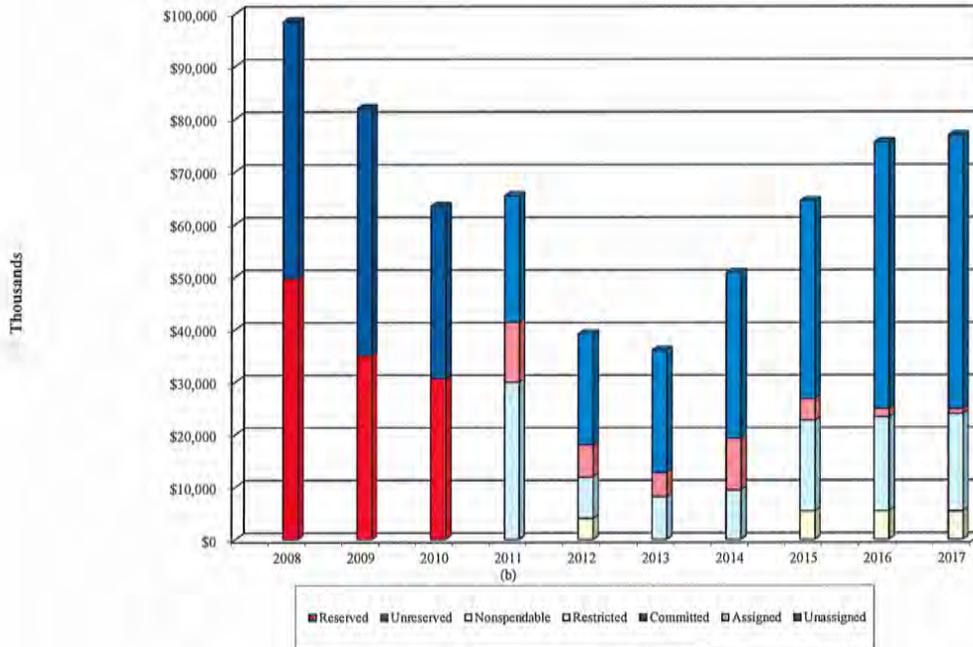
<u>2013(c)</u>	<u>2014</u>	<u>2015 (d)</u>	<u>2016</u>	<u>2017</u>
\$5,680,263	\$5,918,919	\$5,868,035	\$10,749,217	\$11,105,576
1,342,621	1,306,695	1,417,109	1,613,344	333,076
1,176,592	1,115,441	1,538,176	1,351,207	4,332,370
13,600	12,100		23,000	17,793
8,064,981	7,304,089	9,591,938	7,253,853	7,970,136
15,393,927	14,959,000	15,207,587	13,239,813	17,438,358
		1,069,642	1,035,279	925,564
<u>31,671,984</u>	<u>30,616,244</u>	<u>34,692,487</u>	<u>35,265,713</u>	<u>42,122,873</u>
218,312	522,654	612,276	435,262	1,119,770
245,934	236,757	321,941	334,418	127,698
527,404	561,699	483,379	504,454	1,154,979
143,158	168,230	225,034	187,923	138,126
486,569	396,612	666,228	569,627	522,678
1,930,939	1,962,725	2,064,275	1,679,873	929,109
<u>1,846,299</u>	<u>7,078,669</u>	<u>5,202,454</u>	<u>4,562,945</u>	<u>1,438,055</u>
<u>5,398,615</u>	<u>10,927,346</u>	<u>9,575,587</u>	<u>8,274,502</u>	<u>5,430,415</u>
<u>(26,273,369)</u>	<u>(19,688,898)</u>	<u>(25,116,900)</u>	<u>(26,991,211)</u>	<u>(36,692,458)</u>
1,229,599	1,515,310	1,676,678	1,562,739	2,011,222
2,253,736	2,912,396	3,803,069	4,168,439	4,601,301
468,552	548,465	490,239	406,799	
2,473,792	2,553,955	2,467,509	2,572,145	2,686,980
356,177	424,570	455,006	523,213	523,513
627,473	719,358	884,123	790,828	935,005
1,792,638	1,828,490	1,865,060	1,902,362	1,940,410
17,388,179	18,291,111	19,701,338	22,986,063	24,213,462
109,928	114,542	132,130	157,190	82,602
1,654,714	1,713,415	1,961,310	2,158,330	2,317,615
238,115	246,226	633,516	865,048	190,354
167,902	320,447	545,773	705,407	1,001,933
	1,534,820	206,625		
<u>(1,176,610)</u>				
<u>27,584,195</u>	<u>32,723,105</u>	<u>34,822,376</u>	<u>38,798,563</u>	<u>40,504,397</u>
<u>\$1,310,826</u>	<u>\$13,034,207</u>	<u>\$9,705,476</u>	<u>\$11,807,352</u>	<u>\$3,811,939</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,									
	2008	2009	2010	2011 (b)	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$55,576	\$71,191	\$32,630							
Unreserved	17,378,837	20,125,976	21,359,353							
Nonspendable				\$94,156	\$4,024,921	\$28,503	\$45,219	\$5,402,621	\$5,384,995	\$5,367,811
Restricted				206,626						
Assigned					20,215	227,579	763,614	145,329	1,315,623	895,605
Unassigned				24,008,243	21,100,922	23,285,950	31,512,493	37,596,248	50,715,535	54,246,048
Total General Fund	\$17,434,413	\$20,197,167	\$21,391,983	\$24,309,025	\$25,146,058	\$23,542,032	\$32,321,326	\$43,144,198	\$57,416,153	\$60,509,464 (a)
All Other Governmental Funds										
Reserved	\$49,530,466	\$34,879,869	\$30,555,643							
Unreserved, reported in:										
Special revenue funds	1,385,761	1,570,804	1,829,801							
Capital project funds	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	\$17,900,895	\$18,551,388
Assigned				11,451,201	6,112,651	4,365,599	9,082,664	4,010,660	300,282	
Unassigned				(10,350)					(113,266)	(2,192,718)
Total all other governmental funds	\$81,021,197	\$61,703,390	\$41,996,952	\$41,064,974	\$13,975,603	\$12,483,055	\$18,470,359	\$21,277,049	\$18,087,911	\$16,358,670 (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,				
	2008	2009	2010	2011	2012
Revenues					
Property taxes	\$1,584,784	\$1,310,791	\$1,104,259	\$1,129,241	\$1,345,016
Incremental property taxes	15,434,058	14,675,932	9,751,633	9,415,129	5,051,415 (b)
Less ERAF					
Sales taxes	1,400,911	1,342,904	1,893,530	1,336,319	1,774,609
In-lieu sales tax	411,506	472,411	456,357	316,486	421,134
Utility users tax	1,632,823	1,366,676	1,512,840	2,083,913	2,339,064
Business license tax (a)					15,501,584
Other taxes	13,531,030	14,891,478	15,332,960	16,217,232	2,692,995
Licenses and permits	296,836	327,507	321,824	313,623	299,047
Fines and forfeits	333,832	248,344	253,830	175,236	160,779
Intergovernmental	5,454,369	5,368,548	5,792,474	6,927,565	6,732,431
Charges for services	884,505	784,975	980,009	786,693	733,972
Use of money and property	4,339,988	2,217,675	904,473	1,275,476	1,070,834
Miscellaneous	178,633	237,809	135,070	143,404	125,916
Total Revenues	45,483,275	43,245,050	38,439,259	40,120,317	38,248,796
Expenditures					
Current:					
General government	3,502,819	3,092,038	3,608,932	5,077,971	4,051,309
Community					
Recreation	1,188,497	1,107,073	1,232,619	1,281,164	1,045,283
Development	6,723,506	10,911,000	8,120,814	3,231,110	1,776,767
Housing	4,192,021	5,778,117	680,286	214,996	6,937
Public Works & Engineering	3,569,382	3,266,892	3,173,331	2,912,684	3,039,965
Police	15,246,567	13,504,115	14,281,329	14,109,881	13,601,625
Pass Through to County					
Supplemental Educational Revenue Augmentation Fund Payment			5,939,603	1,222,860	
Estimated reduction in value of land held for redevelopment		12,520,417	3,486,168		
Capital outlay	5,317,834	3,983,178	9,741,894	4,993,318	8,925,221
Debt service:					
Principal repayment	1,795,000	1,865,000	3,050,000	3,165,543	3,290,000
Interest and fiscal charges	3,993,540	3,794,982	3,640,060	3,541,450	2,182,278
Total Expenditures	45,529,166	59,822,812	56,955,036	39,750,977	37,919,385
Excess (deficiency) of revenues over (under) expenditures	(45,891)	(16,577,762)	(18,515,777)	369,340	329,411
Other Financing Sources (Uses)					
Transfers in	13,741,142	16,958,273	15,160,490	21,666,427	15,145,921
Transfers (out)	(13,741,142)	(16,958,273)	(15,160,490)	(21,666,427)	(15,145,921)
Proceeds or gain from sale of property	35,608	7,094	4,155	1,327,416	
Loss from sale of property					
Issuance of debt				1,222,860	
Premium on bonds					
Payments to refunded bond escrow					
Property held for resale					
transferred to capital assets				(911,727)	
Total Other Financing Sources (Uses)	35,608	7,094	4,155	1,638,549	0
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					5,865,000
Assets transferred to/liabilities assumed by Successor Agency/Housing Successor					(32,469,574)
Total Special and Extraordinary Items	0	0	0	0	(26,604,574)
Change in Fund Balance	(\$10,283)	(\$16,570,668)	(\$18,511,622)	\$2,007,889	(\$26,275,163)
Debt service as a percentage of noncapital expenditures					
	14.4%	10.1%	12.6%	22.4%	14.4%

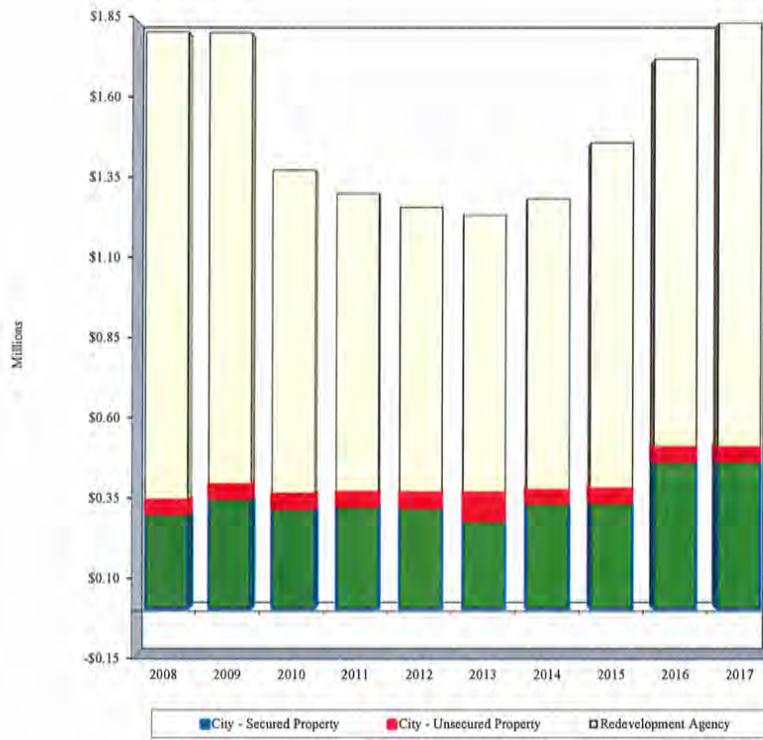
(a) Included in Other Taxes prior to fiscal year 2012.

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

Fiscal Year Ended June 30,

2013	2014	2015	2016	2017
\$1,083,129	\$1,515,310	\$1,676,678	\$1,562,739	\$1,716,156
2,561,567	3,272,038	4,188,421	5,019,746	5,002,384
468,552	548,465	490,239	406,799	
2,473,792	2,553,955	2,467,509	2,572,145	2,686,980
17,105,522	17,951,434	19,390,922	22,665,705	23,876,317
2,862,216	3,064,960	3,304,319	3,334,876	3,474,030
282,657	339,677	310,416	320,358	337,145
199,033	178,497	250,670	253,290	242,120
5,341,904	10,466,512	9,707,728	7,946,402	4,936,968
1,324,955	1,622,447	1,435,849	1,347,066	1,547,551
886,060	494,277	1,076,231	1,303,736	1,269,461
105,815	265,763	211,850	296,132	881,219
34,695,202	42,273,335	44,510,832	47,028,994	45,970,331
5,644,563	5,798,844	6,151,008	10,812,295	10,629,175
1,198,105	1,173,065	1,321,969	1,490,995	73,015
1,116,502	1,097,422	1,572,053	1,417,014	4,203,880
1,850	12,100		23,000	17,793
3,108,904	3,153,976	3,458,187	3,360,427	4,064,962
14,879,348	14,858,753	15,435,553	13,753,176	14,927,935
11,656,245	2,912,525	18,095,578	4,215,533	9,598,715
		85,000	354,982	470,234
		778,547	737,339	620,552
37,605,517	29,006,685	46,897,895	36,164,761	44,606,261
(2,910,315)	13,266,650	(2,387,063)	10,864,233	1,364,070
8,671,125	3,904,184	7,075,398	5,721,373	11,860,143
(8,671,125)	(3,904,184)	(7,075,398)	(5,721,373)	(11,860,143)
	1,141,738	15,810,000	218,584	
0	0	15,810,000	218,584	0
	358,210	206,625		
0	358,210	206,625	0	0
(\$2,910,315)	\$13,624,860	\$13,629,562	\$11,082,817	\$1,364,070
0.0%	0.0%	1.9%	5.7%	2.4%

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

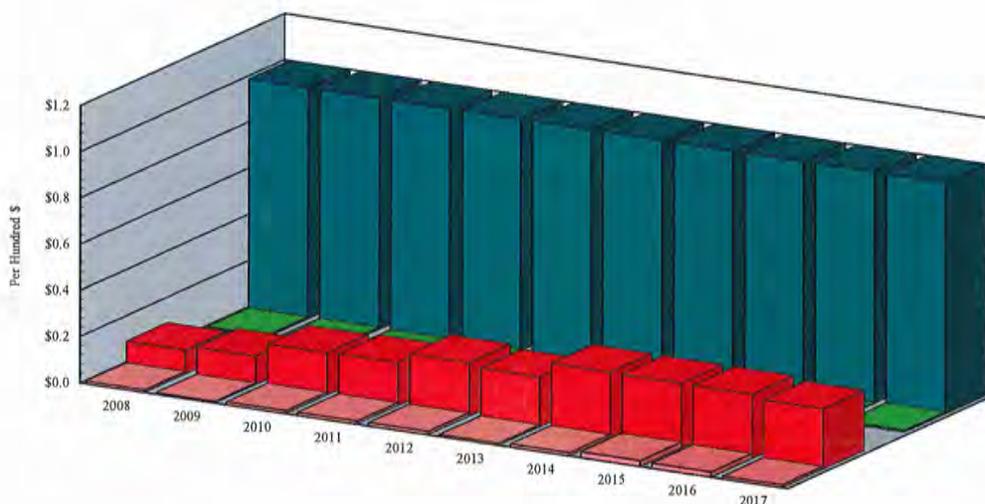


Fiscal Year	Value of City Property Subject to Local Tax Rate			Value of Redevelopment Agency Property Subject to Local Tax Rate			Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Secured Property	Unsecured Property	Total	Tenth Township	Legacy	Total			
2008	\$298,159,072	\$44,998,015	\$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%
2016	463,757,740	46,435,464	510,193,204	1,071,145,726	146,395,899	1,217,541,625	1,727,734,829	1,727,734,829	0.108%
2017	464,841,204	45,076,140	509,917,344	1,161,517,848	168,678,121	1,330,195,969	1,840,113,313	1,840,113,313	0.108%

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)
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
2016	1.00000	0.00260	0.00670	0.27810	0.02200	1.30940	0.09828	0.00000	0.10805
2017	1.00000	0.00800	0.00320	0.26040	0.01200	1.28360	0.09828	0.00000	0.10792

Source: HdL Coren & Cone, Contra Costa County Assessor

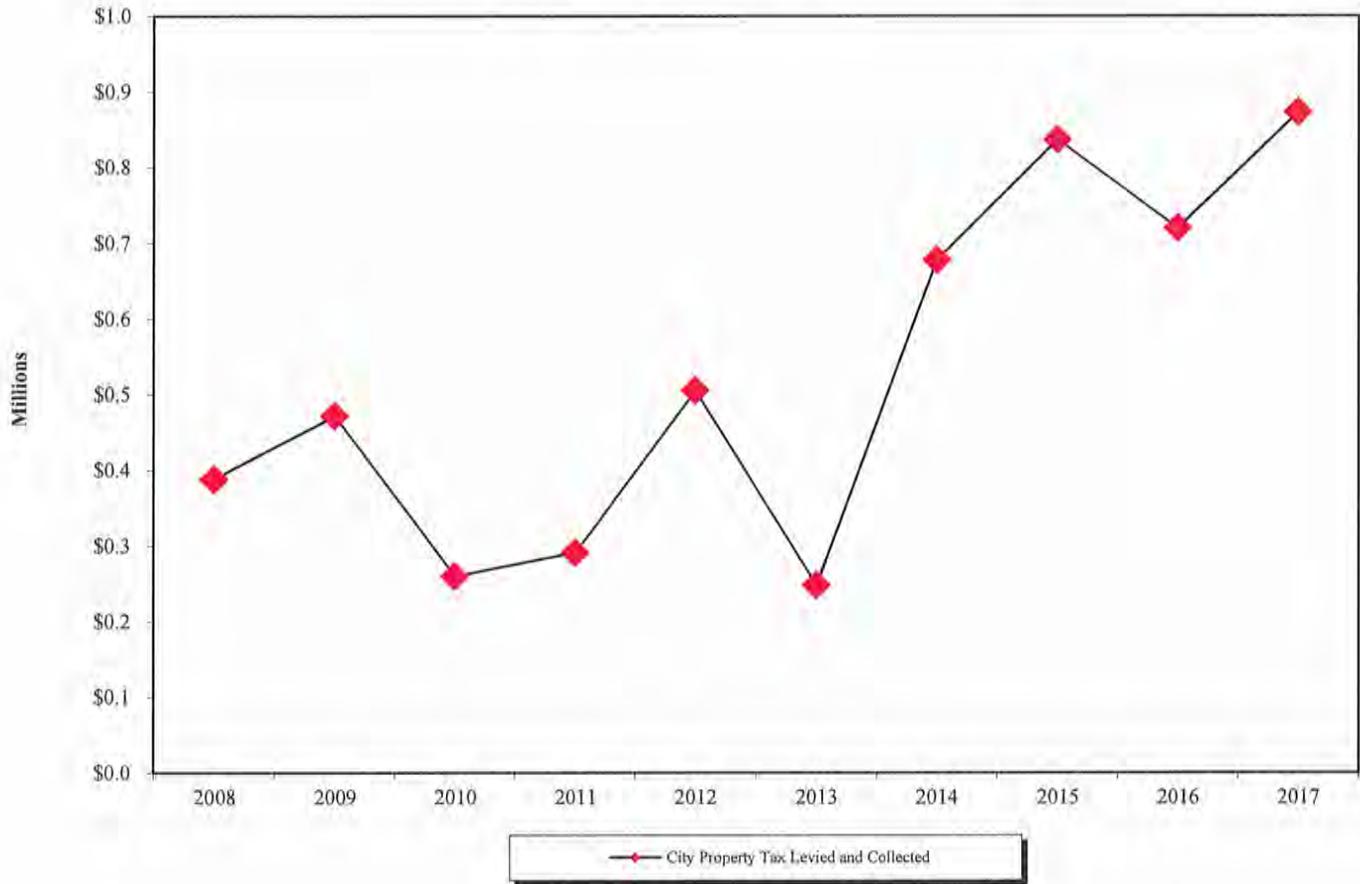
- (a) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the, 1.00% fixed amount, property owners are charged taxes as a percentage of assessed 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

<u>Taxpayer</u>	<u>2016-2017</u>			<u>2007-2008</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Donahue Schriber Realty Group	\$21,306,540	1	1.34%			
Public Storage, Inc.	16,593,728	2	1.04%	\$9,713,022	8	0.54%
San Pablo Retail Partners II	15,584,776	3	0.98%			
CC San Pablo LP	15,426,395	4	0.97%			
3002 Giant Road LLC	14,614,864	5	0.92%			
Save Mart Supermarkets	13,716,278	6	0.86%	11,900,004	6	0.66%
Gordon Creekside LLC	9,777,346	7	0.61%			
Manuel and Elba Gomez LLC	8,400,000	8	0.53%			
Vale Property LLC	8,321,886	9	0.52%			
CC Home Rentals LLC	7,928,127	10	0.50%			
Signature at Abella LLC				16,242,707	1	0.90%
San Pablo Retail Partners LLC				15,918,101	2	1.05%
Giant Development				15,414,708	3	0.85%
Princeton Plaza LLC				13,918,325	4	0.77%
San Pablo Housing Investors				12,554,722	5	0.69%
Lucky NoCal Investor LLC				9,905,868	7	0.51%
Arnold Trust				8,638,971	9	0.48%
Dennis R. and Sandra D. Hill Trust				6,763,092	10	0.37%
Subtotal	<u>\$131,669,940</u>		<u>7.2%</u>	<u>\$120,969,520</u>		<u>6.7%</u>
Total Net Assessed Valuation:						
Fiscal Year 2016-2017	\$1,840,113,313					
Fiscal Year 2007-2008	\$1,811,569,291					

Source: HdL Coren & Cone, Contra Costa County Assessor

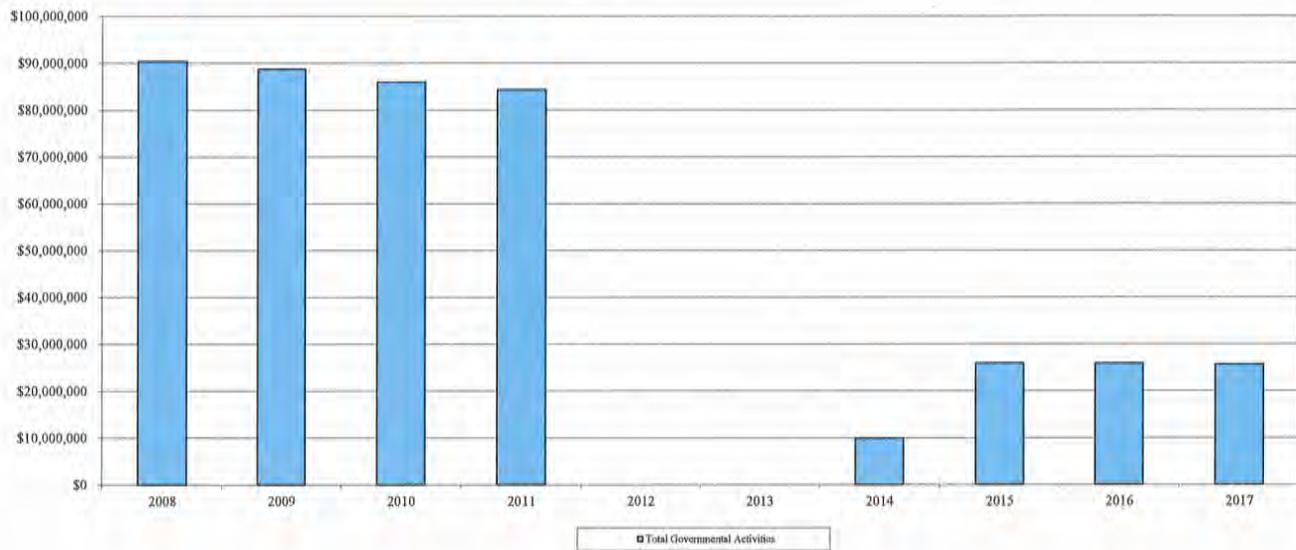
**CITY OF SAN PABLO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**



<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>
2008	\$388,457	\$15,434,058		\$15,772,515	100%
2009	472,141	14,675,932		15,148,073	100%
2010	260,080	9,751,633		10,011,713	100%
2011	291,311	9,415,129		9,706,440	100%
2012	505,693	5,051,415	(3)	5,557,108	100%
2013	248,288	0	(3)	248,288	100%
2014	677,924	0	(3)	677,924	100%
2015	836,806	0	(3)	836,806	100%
2016	719,960	0	(3)	719,960	100%
2017	872,985	0	(3)	872,985	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			
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
2016	0 (b)	0 (b)	10,265,708	15,600,000	25,865,708	5.19%	839
2017	0 (b)	0 (b)	10,410,486	15,290,000	25,700,486	5.16%	828

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, 2017**

2016-17 Assessed Valuation	\$1,840,113,313
Less: Redevelopment Incremental Valuation	<u>1,330,195,969</u>
Adjusted Assessed Valuation	<u><u>\$509,917,344</u></u>

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</u>	Net Debt Outstanding	Percentage Applicable To City of San Pablo	Amount Applicable To City of San Pablo
Direct Debt:			
City of San Pablo	\$25,700,486	100.000%	\$25,700,486
Overlapping Debt:			
Bay Area Rapid Transit District	250,836,245	0.897%	2,248,994
Contra Costa County Pension Debt	185,830,000	0.897%	1,666,149
Contra Costa County Lease Revenue Bonds	494,403,606	0.897%	4,432,817
Contra Costa County Fire Pension Obligation	75,540,000	1.953%	1,475,030
Contra Costa Community College District	550,640,000	0.900%	4,955,375
East Bay Regional Park District	53,895,650	0.897%	483,228
West Contra Costa Unified School District	<u>1,398,859,616</u>	5.767%	<u>80,672,367</u>
Total Overlapping Debt	<u>3,010,005,117</u>		<u>95,933,960</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	<u><u>\$3,035,705,603</u></u>		<u><u>\$121,634,446</u></u> (1)

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

RATIOS TO 2016-17 ADJUSTED ASSESSED VALUATION:

Direct Debt	8.24%
Total Direct and Overlapping Tax Assessment Debt	39.36%

Source: HdL Coren & Cone, Contra Costa County Assessor and Auditor Combined 2016/17 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, 2017**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$1,840,113,313
-----------------------------------------------------------------	-----------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$69,004,249
-------------------------------------------------	--------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$25,700,486
Less Tax Allocation Bonds and SERAF Loan not subject to limit	25,700,486

Amount of debt subject to limit	0
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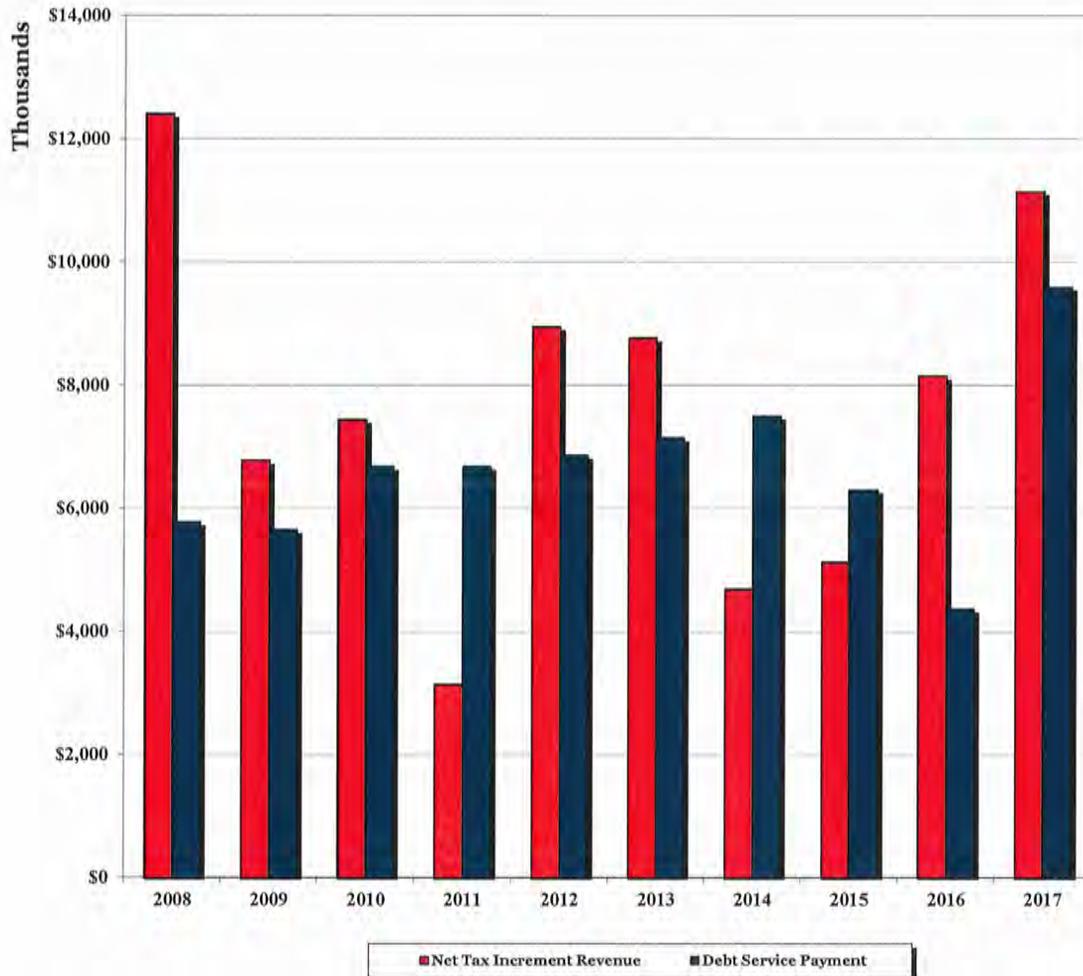
LEGAL BONDED DEBT MARGIN	\$69,004,249
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Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2008	\$67,933,848	0	\$67,933,848	0.00%
2009	67,853,891	0	67,853,891	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%
2016	64,790,056	0	64,790,056	0.00%
2017	69,004,249	0	69,004,249	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	
2008	\$15,434,058	\$3,021,571	\$12,412,487	\$1,795,000	\$3,993,540	\$5,788,540	2.14
2009	9,751,633	2,965,190	6,786,443	1,865,000	3,794,982	5,659,982	1.20
2010	9,415,129	1,972,660	7,442,469	3,050,000	3,640,060	6,690,060	1.11
2011	5,051,415	1,903,187	3,148,228	3,165,000	3,516,993	6,681,993	0.47
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)
2016	8,159,295 (d)	0 (b)	8,159,295	1,525,000	2,849,011	4,374,011 (e)	1.87 (d)
2017	11,150,519 (d)	0 (b)	11,150,519	6,787,381	2,811,164	9,598,545 (e)	1.16 (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				2014 A&B Bonds	Total Debt Service	Debt Service Coverage
				1993 Bonds	1999 Bonds	2001 and 2004 Tenth Township Bonds	2006 Bonds			
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	6,030,423 (e)	0.75	
2016	N/A (d)	0 (d)	N/A (d)	0	0	1,050,812	0	3,372,250	N/A	
2017	N/A (d)	0 (d)	N/A (d)	0	0	5,296,795	0	4,301,750	N/A	

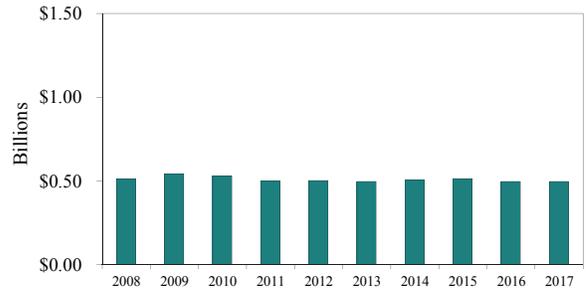
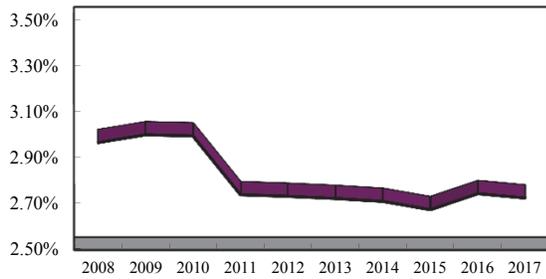
LEGACY PROJECT AREA

Fiscal Year	Gross Tax Revenues	Housing Set Aside	Available Revenue	Debt Service on 2004	
				Legacy Bonds	Debt Service Coverage
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
2016	N/A (d)	N/A (b)	N/A	N/A (e)	N/A
2017	N/A (d)	N/A (b)	N/A	N/A (e)	N/A

- (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) For the fiscal years ended 2013 thru 2015, 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. As of 2016, the County Auditor-Controller no longer tracks this information, therefore, it is Not Available.
- (e) Includes debt service paid by the Successor Agency.

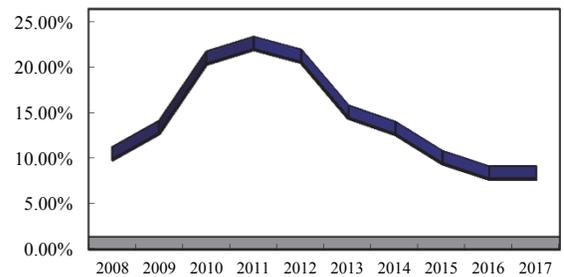
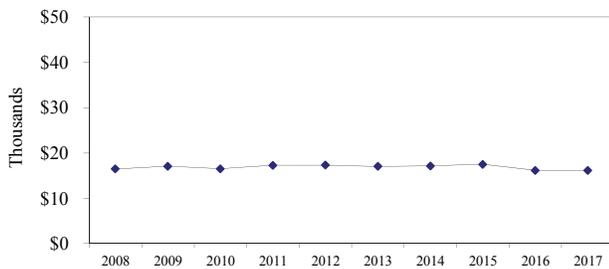
Sources: City of San Pablo Financial Statements

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



■ City Population as a % of County Population

■ Total Personal Income



◆ Per Capita Personal Income

■ Unemployment Rate (%)

<u>Fiscal Year</u>	<u>City Population</u>	<u>Total Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate (%)</u>	<u>Contra Costa County Population</u>	<u>City Population % of County</u>
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%
2016	30,829	498,050,000	16,155	7.7%	1,123,429	2.74%
2017	31,053	498,050,000	16,155	7.7% (b)	1,139,513	2.73%

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

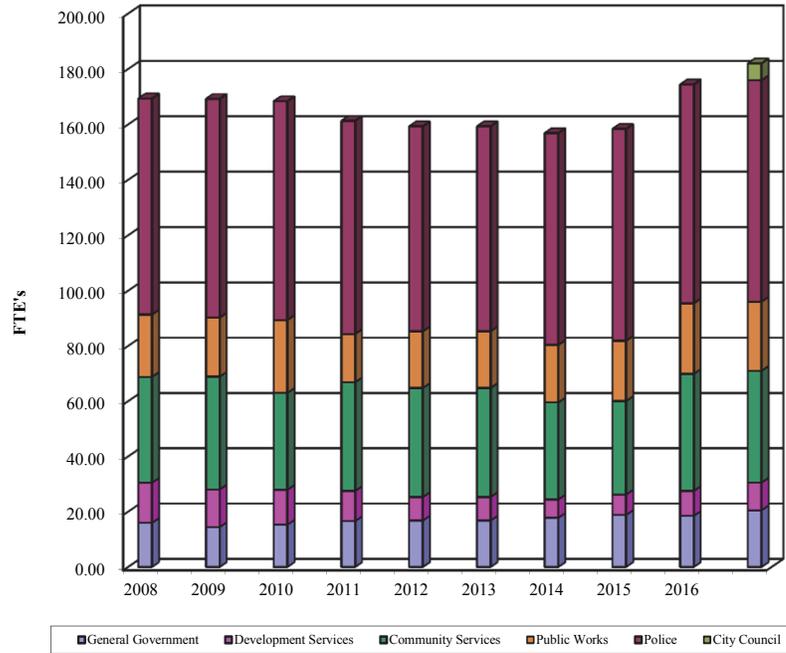
<u>Employer</u>	<u>2016-2017</u>			<u>2007-2008</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Casino San Pablo*	550	1	3.9%	516	2	N/A
Contra Costa College*	455	2	3.2%	502	3	N/A
Vale Care Center*	292	3	2.1%	285	4	N/A
City of San Pablo*	192	4	1.4%	140	5	N/A
Las Mantanas	136	5	1.0%			
San Pablo Health Care Center*	135	6	1.0%			
Creekside Health Care Center*	125	7	0.9%	95	7	N/A
Food Maxx	85	8	0.6%	64	10	N/A
Raley's	82	9	0.6%	67	9	N/A
San Pablo Super Market	58	10	0.4%			
Doctor's Medical Center* Closed 04/21/2015				932	1	N/A
Brookvue Care Center*				128	6	N/A
Albertson's (Lucky's)				86	8	N/A
Subtotal	<u>2,110</u>		<u>14.9%</u>	<u>2,815</u>		<u>N/A</u>
Total City Day Population	<u>14,208</u>			<u>N/A</u>		

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

*includes part time employees

N/A = not available

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



Adopted for Fiscal Year June 30

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function										
General Government	15.95	14.45	15.30	16.60	16.80	16.80	17.80	18.80	18.50	20.50 *
Development Services	14.50	13.60	12.60	10.90	8.50	8.50	6.60	7.40	9.00	10.00 *
Community Services	38.35	40.85	35.10	39.35	39.50	39.50	35.15	33.85	42.40	40.50 *
Public Works	22.53	21.33	26.35	17.45	20.50	20.50	20.80	21.80	25.50	25.00
Police	78.00	79.00	79.00	77.00	74.00	74.00	76.50	76.50	79.00	80.00
Total City	169.33	169.23	168.35	161.30	159.30	159.30	156.85	158.35	174.40	176.00
City Council										6.00
Grand Total										<u>182.00</u>

* These figures include all part-time staff were left out of previous FTE counts in the 2007-2015 CAFR's.

CITY OF SAN PABLO
Operating Indicators by Function/Program

Function/Program	Fiscal Years									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police: (calendar year)										
Police calls for Service	25,336	26,106	25,769	32,140	26,009	27,507	35,242	23,239	28,985	22,981
Crime Reports	7,502	6,352	6,178	5,925	5,887	5,890	5,695	3,857	3,116	3,467
Law violations:										
Major crimes: homicides/rape	16	22	13	9	12	12	10	12	17	6
Other major crimes: robbery/larceny/burglary	1,530	1,983	1,760	1,455	1,601	1,465	799	522		565
Arrests	2,083	1,539	1,729	1,688	1,496	1,789	2,008	1,444	1,862	1,243
Traffic collisions	455	323	391	396	440	428	354	123	324	234
Traffic citations	25,336	4,459	4,229	2,844	2,980	2,851	2,687	1,663	1,813	828
Public Works:										
Street resurfacing (miles)	5	8	14	14	0	7	3	2.4	1.5	
Potholes repaired (square miles)	N/A	1	0.60	0.50	13	1	0.81	0.53	2.47	2.89
Street Sweeping (miles)	2,834	2,834	2,234	2,175	2,700	3,144	3,130	2,813	2,813	3,336
Volume of material removed (cubic yards)	898	878	880	880	965	1,050	822	735	891	1,060
Storm Drains:										
Catch basins cleaned	326	326	326	326	236	307	349	499	271	111
Volume of material removed (cubic yards)	25	23	29	71	9	29	22.310	107.000	147.950	4.280
Community Development:										
Community Services:										
Recreation class participants	1,444	1,211	1,331	2,479	2,594	3,057	4,107	7,437	9,433	9,568
Senior meals served	18,717	17,072	18,165	17,726	16,975	18,144	17,519	16,946	18,366	16,855
Rentals of Maple Hall	130	76	72	82	71	135	119	106	298	380
Rentals - Other Facilities							37	54	79	115
Education:										
Enrollment:										
Elementary schools (6)	3,598	3,536	3,114	3,002	3,110	2,960	2,973	2,993	2,697	2,627
Middle Schools (1)	640	727	930	911	1,660	973	1,040	964	999	1,011
High Schools (1)	472	467	300	286	400	400	400	400	400	400

Source: Various City Departments

Notes:

N/A denotes information not available.

CITY OF SAN PABLO
Capital Asset Statistics by Function/Program

Function/Program	Fiscal Years									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol units	28	23	23	21	23	19	19	18	17	14
Community Development:										
Miles of streets	48	48	48	48	48	48	48	48	49	49
Street lights	182	182	182	182	182	182	182	182	192	192
Traffic Signals	25	25	25	25	25	25	25	25	27	29
Roadway Landscaping:										
Landscaped median acreage	1	1	1	1	1	1	1	1	1	1
Street trees	800	800	800	800	800	800	840	840	840	840
Community Recreation:										
Community services:										
City parks	6	6	6	6	6	6	7	8	8	8
City parks acreage	28	28	28	28	32	22.0	19	23.2	23.2	23.2
Playgrounds	4	4	4	4	5	5	5	5	5	5
Event center	0	0	0	0	0	0	0	0	0	0
Historic house	2	3	3	3	3	3	3	3	3	3
City trails	1	1	1	1	1	1	1	1	1	1
City trails miles	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	2	2	2	2
Senior centers	2	2	2	2	2	2	2	2	2	2
Baseball/softball diamonds	3	3	3	3	3	3	3	3	3	3
Soccer/football fields	6	6	6	6	6	6	6	9	9	9
Wastewater (1)										
Miles of storm drains	17	17	17	17	17	17	17	17	17	17

Source: Various City Departments

Notes:

(1) Wastewater services are provided by Contra Costa County



CITY^{OF} SAN PABLO

City of New Directions