

COMPREHENSIVE ANNUAL FINANCIAL REPORT

*City of San Pablo, California
Fiscal Year Ended June 30, 2020*





CITY^{OF} SAN PABLO

City of New Directions



CITY OF SAN PABLO, CALIFORNIA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020

Table of Contents

Page

INTRODUCTORY SECTION:

Table of Contents..... i

Letter of Transmittal.....v

Elected Officials and Administrative Personnel xxxiv

Organization Chartxxxv

GFOA Award xxxvi

San Pablo Zoning District Map..... xxxvii

FINANCIAL SECTION:

Independent Auditor’s Report..... 1

Management’s Discussion and Analysis5

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position 22

Statement of Activities..... 23

Fund Financial Statements:

Governmental Funds:

Balance Sheet 26

Reconciliation of the Governmental Funds Balance Sheet
with the Statement of Net Position 28

Statement of Revenues, Expenditures, and Changes in Fund Balances 30

Reconciliation of the Net Change in Fund Balances – Total Governmental
Funds with the Statement of Activities..... 32

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

General Fund..... 33

CITY OF SAN PABLO, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Table of Contents

Page

FINANCIAL SECTION (Continued):

Fiduciary Funds:

Statements of Fiduciary Net Position.....	36
Statement of Changes in Fiduciary Net Position	37
Notes to Basic Financial Statements	39

Required Supplementary Information:

Pension Plans:

Schedule of the City’s Proportionate Share of the Net Pension Liability – Miscellaneous Plan.....	92
Schedule of Contributions – Miscellaneous Plan	93
Schedule of the City’s Proportionate Share of the Net Pension Liability – Safety Plan.....	94
Schedule of Contributions – Safety Plan	95

OPEB Plan:

Schedule of Changes in the Net OPEB Liability and Related Ratios.....	96
Schedule of Contributions.....	97

Supplemental Information:

Non-major Governmental Funds:

Combining Balance Sheets	104
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances.....	106
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	108

CITY OF SAN PABLO, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Table of Contents

Page

FINANCIAL SECTION (Continued):

Agency Funds:

Combining Statement of Changes in Assets and Liabilities..... 114

STATISTICAL SECTION:

Net Position by Component – Last Ten Fiscal Years..... 117

Changes in Net Position – Last Ten Fiscal Years..... 118

Fund Balances of Governmental Funds – Last Ten Fiscal Years 120

Changes in Fund Balance of Governmental Funds – Last Ten Fiscal Years..... 122

Assessed and Estimated Actual Value of Taxable Property
– Last Ten Fiscal Years..... 124

Property Tax Rates – All Overlapping Governments - Last Ten Fiscal Years 125

Principal Property Taxpayers – Current Year and Nine Years Ago 126

Property Tax Levies and Collections – Last Ten Fiscal Years 127

Ratio of Outstanding Debt by Type – Last Ten Fiscal Years..... 128

Computation of Direct and Overlapping Debt 129

Computation of Legal Bonded Debt Margin..... 130

Bonded Debt Pledged Revenue Coverage,
Redevelopment Agency Tax Allocation Bonds - Last Ten Fiscal Years..... 131

Debt Service Coverage Schedule – Tenth Township and Legacy Project Areas 132

Demographic and Economic Statistics – Last Ten Fiscal Years..... 133

Principal Employers – Current Year and Nine Years Ago..... 134

Full-Time Equivalent City Government Employees
by Function – Last Ten Fiscal Years 135

Operating Indicators by Function/Program 136

Capital Asset Statistics by Function/Program 137



CITY^{OF} SAN PABLO

City of New Directions

Letter of Transmittal

December 15, 2020

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, 2020. 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 City activities is centralized in the Finance Division of the City's Administrative Services Department. The department has been delegated the responsibility for maintaining the integrity of the City's recorded financial data. The Finance Division, 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 2020.

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, the San Pablo City Council engaged the accounting firm of Maze & Associates to conduct this year's audit and 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 Accountancy 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, 2020, the State Department of Finance listed the City's population at 31,413 encompassed within its 2.6 square miles. The City's 2019/20 Adopted Budget totaled \$45.6 million and supported 196.8 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, a sports park, 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 (SPCC) 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 new Spanish-style city hall with a fountain and courtyard reflects that heritage.

The City provides a full range of municipal services, including police, public works, economic development, planning, building, engineering and inspection, streets maintenance, environmental services, parks, recreation programming, general administrative services, etc. 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 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 2017/18, the City launched its first quadrennial budget with FY 2019/20 representing the third year of the cycle. The budget looks out four years with a major budget update occurring at mid-cycle (after two years), thus creating a forward-thinking, living document that undergoes regular review and makes for easier seamless transitions 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 plans.

After departmental funding requests are submitted and reviewed by the City Manager's Office and the Finance Division, they are balanced and prioritized to fit with current financial obligations and within the constraints of projected

Letter of Transmittal

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 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, Reserve Funds and the annual General Fund contribution to the Capital Projects Fund 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 Reserve 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 a well-established community that is almost completely built out. Since the 2000 U.S. Census, the City population has remained relatively constant, with minimal residential development activity. Although property values plummeted during the Great Recession, they regained value over time and in

CITY OF SAN PABLO Assessed Valuation of Taxable Property Fiscal Years 2016-2020 (in Thousands)			
Fiscal Year Ending June 30	Secured	Unsecured	Net Taxable Assessed Value
2016	1,476,240,083	45,952,651	1,522,192,734
2017	1,594,896,416	43,589,382	1,638,485,798
2018	1,725,604,398	43,825,306	1,769,429,704
2019	1,839,780,448	46,202,359	1,885,982,807
2020	1,959,812,836	45,450,672	2,005,263,508

Source: Contra Costa County Assessor

FY 2019/20 essentially equaled their 2006 peak values. Indeed, net taxable assessed value (AV) steadily increased over the last several tax years, including 7.6% in FY 2016/17, 8.0% in 2017/18, 6.6% in 2018/19, and 6.3% in 2019/20, beating the County percent change each year. For FY 2020/21, San Pablo’s net taxable AV increased by 5.4% increase over FY 2019/20, outperforming both the County’s average increase (5.2%) and median increase (5.1%). In pre-COVID 2019, economists forecasted a weaker regional housing market for 2020, but generally home sale prices continued to rise due to lower inventory and lower interest rates while the number of sales declined. San Pablo, however, experienced both a decrease in number of sales (-39%) and a decrease in median price (-1.8%).

Letter of Transmittal



Throughout FY 2019/20, the national and regional economy continued to improve with unemployment rates at historically low levels. That growth evaporated overnight in March 2020 when local, state and national governments shut down businesses and community gatherings to slow the spread of the novel Coronavirus (COVID-19), a worldwide pandemic. Seemingly overnight, thousands of Californians become unemployed. Indeed, the California Employment Development Department (EDD) reported pre-COVID unemployment in Contra Costa

County at 3.1% in February 2020, 4.1% in March and growing to 9.3% in September. With a significant blue-collar labor force, San Pablo residents suffered even greater losses in employment and have not been able to obtain as much remote work as other white-collar counterparts. Thus, in September 2020 the City of San Pablo unemployment rate stood at 12.4%, 3.1% higher than the County average.

Nationally, the public health lockdowns caused economic output to contract by over 12% with activity bottoming out in April 2020. Growth rebounded sharply as lockdowns eased, but permanent job losses are expected to slow the pace of recovery. According to Insight Investment, the City's economic advisor, lost economic output from COVID-19 is projected to total about \$2.5 trillion between 2020 and 2021.

The closure of businesses took a toll on City revenues. The San Pablo Lytton Casino, which provides approximately 60% of the City's General Fund revenue, closed entirely from March 15 through June 15. Each month that the Casino was closed resulted in an approximate loss of \$2.3 million in revenue. Several other revenue sources closely tied to the economy declined in similar fashion, such as sales tax and recreation fees. On June 16, the Casino reopened to a smaller capacity to maintain social distancing protocols, and first quarter Casino revenues were only down 10% from one year ago, while total revenues were down 22%. Insight Investment projects the national economy returning to pre-COVID levels in fourth quarter 2021/first quarter 2022 thanks to strong policy actions. However, the second wave of Coronavirus infection and subsequent business shutdown may very well push full recovery beyond then.

To help jump start the economy, the Federal Reserve is pledging to keep interest rates near zero until 2023. While this certainly helps spur growth and construction, it also holds down returns on the City's investment portfolio. In anticipation of a lowering yield curve, the City's recent investment strategy has been to lengthen maturities "to ride-down" the market. Indeed, LAIF returns have been dropping ever since, thus confirming that strategy (.78% in August, .69% in September and .62% in October 2020).

Letter of Transmittal

In pre-pandemic February 2020, the economy was in full swing and healthy inflationary conditions had returned. The San Francisco/Oakland Bay Area registered consumer price index (CPI) increases of 2.9% over the previous year. Since then, the slowdown in the economy has dampened inflationary conditions with October 2020 numbers standing at 1.1% over the previous year per the Bureau of Labor Statistics.

Two bright spots at the end of FY 2020 were the Gann Limit appropriations and the extension of Measure Q. With a Fiscal Year 2019/20 adopted budget of \$45.6 million, the City was bumping up against its Gann Appropriations Limit of \$45.7 million, effectively limiting the amount of money the City could budget for municipal services. After extensive consultations with one of the State’s preeminent law firms specializing in California municipal finance, the firm opined that revenues received from the Lytton Band of Pomo Indians of Casino San Pablo are not user fees or proceeds of taxes, and, therefore, are not subject to the Gann Appropriations Limit. Hence, Casino revenues were removed from the calculation back to the year they were first received, effectively reducing the appropriations subject to the Gann Limit by more than half. This change in calculation will remain in effect for all years going forward.

With the Measure Q sales tax sunset in October 2022, City Council put a sales tax extension on the November 2020 ballot for voter approval. Designed to (1) augment City economic development efforts, (2) improve programming for youth services, and (3) enhance police activities, Measure Q is a general, not special, tax, and thus is not limited to specific uses. To enhance transparency and incorporate City accountability, a community Oversight Board was convened annually for the public to ensure prudent spending of Measure Q funds. The extension measure, which was titled “Measure S” by the County, was overwhelmingly approved by voters with more than 79% of the vote, even beating the previous approval rating of 74% back in 2012. Passage of Measure S ensures a revenue stream totaling millions of dollars until 2032.

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 \$808,277 in FY 2019/20. The contract for enhanced emergency medical services with the Contra Costa County Fire Protection District cost \$1.5 million in FY 2019/20, requiring a General Fund augmentation of \$695,365. In FY 2019/20, the original five-year contract expired but was extended for an additional five years to 2025 with built-in annual cost-of-living increases.

In what economic condition the Coronavirus pandemic leaves the City at the end of the current fiscal year is uncertain. Throughout the summer and early fall months,



Letter of Transmittal

COVID-19 infections had been declining statewide, but Contra Costa County maintained a relatively high level of cases. Furthermore, San Pablo was named a County-wide “hotspot” with per capita infection rates consistently in the top three cities in the County. In October 2020, a second surge of infections emerged globally, thus prompting a new round of business closures and restrictions, including in Contra Costa County. As of this writing, limited business closures have been reintroduced countywide, but currently the Casino plans to remain open.

FINANCIAL MANAGEMENT & SUSTAINABILITY

Proactive Short-term Financial Management: The Coronavirus pandemic changed the financial landscape at the end of FY 2019/20 with the three-month closure of Casino San Pablo and a reduction in many other key revenue sources. The City took immediate action to shore up its revenue stream and aggressively cut expenditures to present a balanced budget. Not knowing how long the business closure would last, City staff developed multiple revenue scenarios in Spring 2020 to map out how the fiscal year may end. In June 2020, City Council adopted the “worst-worst case” scenario, which included full business closures through the end of the fiscal year. The plan involved accessing the City’s extensive reserves, including \$2.6 million from the Casino Sustainability Reserve and \$2.3 million from the Budget Stabilization Reserve, both of which had been set aside for this very purpose.



On the expenditure side, City administration implemented an immediate hiring freeze and cancelled all discretionary spending at the departmental level, including \$100,000 from the City Manager’s Contingency account, and delay or cancellation of \$300,000 in capital improvement projects resulting in expenditure savings of \$2.4 million. This combined action of revenue enhancements plus expenditure reductions totaling \$7.3 million was aggressively enacted to cover a projected budget gap of \$7.0 million. If less than \$7.3 million was needed, not all the Budget Stabilization Reserve funds would be used, leaving that funding available to offset negotiated labor concessions/cost reductions in anticipation of potential shortfalls in the FY 2020/21 budget. Fortunately, the Casino reopened on June 16, 2020, infusing \$1.2 million in Casino gross gaming revenue to help close the year-end budget gap.

The City’s proactive and strong financial management has paid dividends in other ways as well. When the State of California dissolved redevelopment agencies statewide resulting in a loss of approximately \$3.0 million annually, the City was still able to continue funding major capital projects in less-traditional

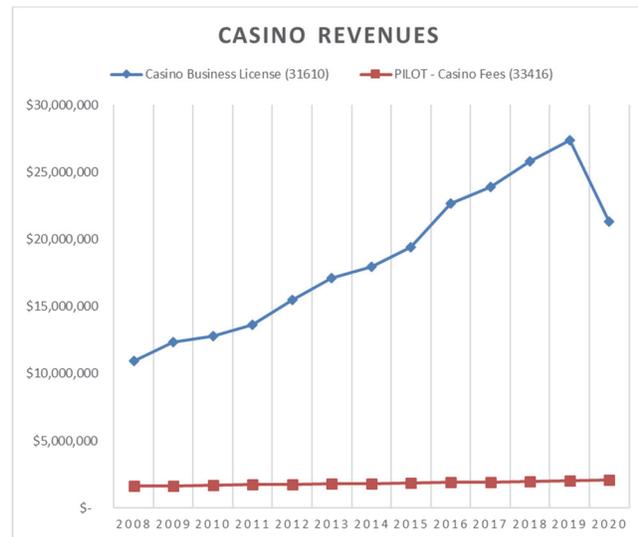
Letter of Transmittal

ways, including Rumrill Sports Park with leveraged grant funds and the San Pablo Community Center with New Markets Tax Credit funding. Sound financial management has allowed the City to continue this legacy in 2019 with the City completing construction of the new WIC Building in April and partnering with the County to construct a new Fire Station 70. Other major projects underway or completed in 2019 using less-traditional funding methods include Rumrill Complete Streets and San Pablo Avenue Complete Streets which used leveraged grant funding. Recent construction of the new City Hall occurred with more traditional bond funding.

Ongoing Long-term 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. This system has resulted in very positive outcomes:

- A credit rating of “AA-“ was first issued in January 2015 by Standard & Poor’s Rating Services (S&P) and reaffirmed in January 2018. S&P cited the City’s strong financial performance supported by strong fiscal management practices as key credit positives.

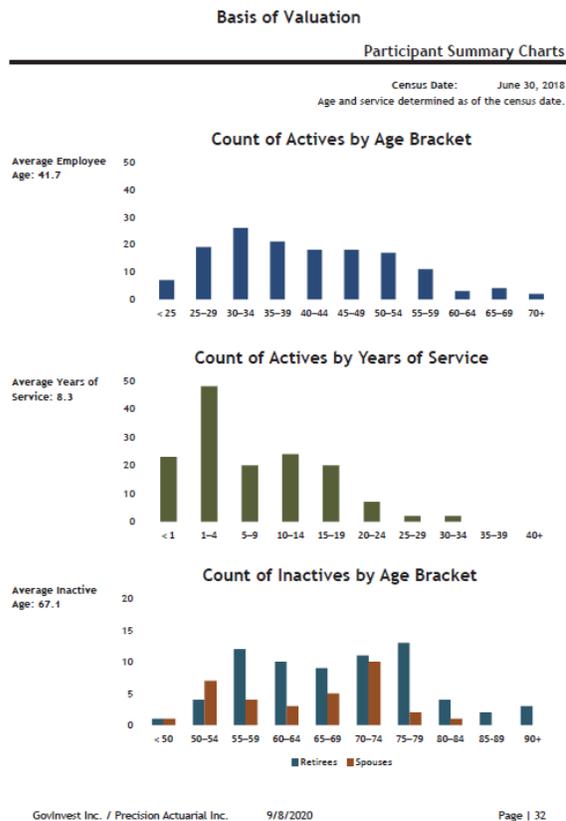
- In FY 2020, despite a three-month closure of the Casino, the City still received operating revenues in the general funds of \$42.5 million against operating expenditures of \$36.1 million, a positive variance of \$6.4 million. Additionally, the City was busy with several projects, including a bond-funded project, creating transfers-in from other sources of \$7.0 million. To fund those projects as well as backfill some operating department expenses, the general funds transferred out \$17.2 million, thus leaving a net decrease of \$10.2 million. This amount, taken against the \$6.4 million in excess operating revenues over expenditures created a net decrease in General Fund balance of -\$3.8 million.



- The “Fiscal Resiliency Reserve Policy,” first adopted in October 2013, created a framework for establishing, using and replenishing cash reserves after necessarily dipping into them. The policy created cash reserves with designated earmarks to fund upcoming large expenditures, such as vehicle replacements, OPEB liabilities, and other capital projects. Designated reserves are closely monitored and updated regularly. These reserves were accessed for the first time in FY 2019/20 to close a projected budget gap of \$7.0 million due to the Coronavirus pandemic.

Letter of Transmittal

- The City implemented an improved budget management process. In 2019, staff introduced new budgeting software, which includes a labor costing module. This process combined with monthly budget monitoring by staff, quarterly review by City Council, introduction of the Quadrennial Budget process, and preparation of the City’s Ten-Year Financial Plan has created an environment of fiscal accountability and long-term budget stability.
- In October 2018, City staff introduced the first formalized and comprehensive set of Financial Policies and Procedures, which get reviewed and updated annually.
- The City has worked hard to develop a good working relationship with its three formal labor unions. These partnerships of trust served the City well during the COVID-19 pandemic when the City and its bargaining groups were able to coalesce quickly around a projected budget shortfall and negotiate labor concessions to close a projected budget gap. Both sides have developed a solid working relationship to maintain acceptable and sustainable salary levels and employee benefits, resulting in increased length of labor contracts and ongoing financial stability.



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. In June 2015, GASB further issued Statement No. 75, which requires the City to report the entire net OPEB liability and a more comprehensive measure of OPEB expense for postemployment benefits other than pensions. An ICMA-RC trust fund was set up years ago to prefund OPEB liability, such that in 2018, the net OPEB liability was only \$120,000 and the plan was 98.7% funded. With recent changes in the actuary, assumptions and methodology, the 2020 OPEB actuarial report shows the City’s unfunded liability as \$3.4 million or 75.6% funded. The prefunding strategy saves City funds over the long-term, since prefunded contributions can be invested on a long-term basis until they are needed as payment, thus providing an ongoing

stream of funding to cover future OPEB obligations. The City hopes to reach full funding again in the near future when the Coronavirus pandemic has subsided and the City’s financial condition stabilized.

Letter of Transmittal

MAJOR INITIATIVES – IMPLEMENTING OUR WORK PLAN

Services for Families and Youth: In 2010, the City created the Youth Services Division (now renamed the Youth, School, and Community, Partnerships Division – YSCP) to develop services for Families and Youth. YSCP is committed to the healthy development of youth with a focus 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.

San Pablo Beacon Community Schools:

The San Pablo City Council adopted the Full Service Community Schools Initiative (FSCSI) with the goal of transforming all schools in San Pablo into Full Service Community Schools. In February 2016, the City took a major step forward in turning that vision into reality by awarding a contract to the San Francisco Foundation to expand the Initiative to all San Pablo schools and Richmond High School and in the process, joined the Beacon National Network, a multicity collaborative of community schools. In a 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. Walter T. Helms Middle School, hub of the San Pablo Beacon Community Schools Initiative, is developing 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.



Letter of Transmittal



San Pablo Team for Youth: San Pablo Team for Youth (TFY) was created as the funding arm of the previous grant program ([Youth Futures Task Force](#)). In 2015, TFY also became the funding arm for the Beacon Community School Initiative and is currently ran out of the Community Services Department under the Youth, School, and Community Partnerships Division. This program

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. Between fiscal years 2015 through 2021, grant funding aligns with the school year to support programming in local San Pablo schools that included Beacon Community Schools Coordination, Out of School Time, Violence Prevention and Intervention, and Youth Leadership and Development.



Childhood Obesity Prevention Grant Program and Advisory Group: The San Pablo City Council hosted its first Childhood Obesity Prevention Task Force (COPTF) meeting in March 2012 to bring awareness to the growing childhood obesity epidemic in the community. Representatives from over 20 groups and programs attended, including County, City, non-profit, community-based and faith-based agencies, schools, and medical organizations. The convening of the Task Force represented the first step towards strengthening partnerships in the fight against this growing epidemic. The Task Force worked collaboratively with stakeholders to develop a Community Action Plan (CAP) that was adopted by City Council on April 10, 2014. The CAP focused on increasing community awareness of the obesity epidemic, increasing accessibility to healthy food and physical activity opportunities, and expanding healthy eating/active living programs. The Community Action Plan also identified program and policy priority areas to guide collaborative efforts towards a healthier San Pablo.

Letter of Transmittal

In FY 2016/17 and 2017/18, the San Pablo City Council provided one-time discretionary funding of \$50,000 each year to assist the Childhood Obesity Prevention Task Force in reaching its goals, but still there was a need to secure a sustainable revenue source to continue the work. Therefore, in April 2018, City Council adopted two separate resolutions (2018-047 and 2018-059 respectively), which dedicated annual revenues from the City’s adopted Digital LED Billboard revenue and a portion of Measure Q sales tax revenue totaling approximately \$300,000 annually. With a sustainable revenue source in place, the City Council transformed the existing COPTF into a new 5-member Childhood Obesity Prevention Advisory Group (COPAG). The current Childhood Obesity Prevention Grant Program (COP) provides grant opportunities for local organizations, schools, and other agencies to implement activities and services that promote physical movement and nutrition education. The grant program is supported by City of San Pablo staff and guided by the five-member COPAG. The Advisory Group’s work is anchored in the extensive work that was previously done by the Childhood Obesity Prevention Task Force. The new advisory group has since assisted City staff in identifying submittals through an annual Request For Proposal (RFP) process. The RFP’s are submitted annually, reviewed by city staff and COPAG, and culminates in awarding contracts to local service providers that offer programs and activities geared towards reducing childhood obesity in the City of San Pablo.



Paratransit Program: The City of San Pablo Community Services Department offers a paratransit program from the Church Lane Senior Center designed for San Pablo residents 50 and older and for persons with disabilities 18 years and older. This door-to-door shuttle service operates Monday – Friday, 8:00 am – 4:30 pm and provides rides to medical appointments, local grocery stores, shopping centers, religious services, and social visits. The service area spans all of San Pablo, parts of Richmond, Pinole and El Sobrante. In addition to the shuttle service, Paratransit offers “travel training” which provides in-person training on how to ride public transportation safely and how to purchase fares. In cooperation with the San Pablo Senior Center, the Paratransit Division also offers social trips at discounted rates to various locations throughout the Bay Area. Trips range from local shopping or dining excursions to all day trips to larger bay area events and festivals. The Paratransit program is funded by Contra Costa County Measure J funds.

Letter of Transmittal

COMMUNITY ENGAGEMENT

A pillar for any community is the ability to engage its residents in worthwhile community activities. San Pablo employs a wide variety of engagement strategies and continually seeks new engagement methods.

In 2014, the City was recognized as an All-America City, which is the country's most prestigious award for outstanding, community-based civic accomplishment. 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 included the General Plan Health Element, the Childhood Obesity Prevention Task Force, the San Pablo Economic Development Corporation, and the San Pablo Police Department's Community Partnership Programs.

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 make public records act requests, 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.

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, Twitter, and Instagram accounts and use of the neighborhood-based NextDoor.com continues to rise dramatically. In addition, in the last year the City Manager has begun releasing a weekly City Manager Report which provides the most current information on City programs and projects.



Letter of Transmittal

ECONOMIC DEVELOPMENT

The City of San Pablo works in collaboration with the San Pablo Economic Development Corporation (San Pablo EDC), a 501(c)(3), whose mission is to develop, diversify and stabilize the local economy through workforce and business education and training.

San Pablo EDC delivers programs and services aimed at eliminating barriers to employment, attracting and enhancing business opportunities and facilitating site development. These efforts are focused on areas of the economy regionally which are stable or growing, thus producing a job-ready, skilled workforce while creating local jobs for San Pablo residents and reducing the unemployment rate. During the height of the Great Recession, San Pablo's unemployment rate exceeded 20% but dropped to 2.8% in September 2019. Since the outbreak of the Coronavirus, the State Economic Development Department reports the City of San Pablo's unemployment rate at 12.4%.



There are multiple innovative programs at San Pablo EDC, which have contributed to lowering barriers to get residents back to work. Under its Removing Barriers employment support services, San Pablo EDC delivers multiple services in-house as well as through its partners, all designed to create opportunity for residents to engage in the local economy, thus raising their opportunity for health equity. These services include financial literacy; daycare/preschool assistance for residents who are in workforce training programs or are working, thus enabling residents to redirect income intended for childcare expenses to other vital needs, such as healthcare, rent and food; job readiness boot-camps; a nationally recognized tattoo removal program; Connect to Opportunity, a weekly group that builds networks, support and job opportunities; and Wardrobe for Opportunity to ensure job trainees have new interview clothing and receive a full week's worth of professional clothing once they obtain employment.

As the COVID-19 pandemic hit in the final quarter of FY 2019/20, San Pablo EDC pivoted to include food and housing security, as well as ensuring personal protective equipment and meals reached first responders and essential workers. They also expanded their training to include COVID-19 awareness through the Teamster's Trust.

Letter of Transmittal

For businesses, San Pablo EDC provides technical assistance, access to business capital and marketing, utilizing multiple platforms and marketing campaign strategies, such as Where’s Pablo?, to engage residents with businesses. San Pablo EDC also partners with multiple agencies, UC Berkeley and the San Pablo Police Department to bring critical workshops and resources to business owners on topics ranging from ADA compliance and Access to Business Capital to Business Watch and how to prevent fraud. The EDC established its own Nano Revolving Loan Fund to fill the niche for microenterprises needing affordable nano-capital for equipment purchases and other uses to expand their bottom line.

San Pablo EDC also delivers Workforce Innovation and Opportunity Act services, doubling the funding previously available to San Pablo residents, and expanding its services to West County. Other partnerships provide specific job training, placement, and workforce readiness, including but not limited to tuition assistance for San Pablo’s Contra Costa College, Moler Barber College, Rising Sun Center for Opportunity, MTS Training Academy, and FLOW. The talented workforce team runs a weekly Connect to Opportunity workshop where job seekers build networks, focus their career search skills and get the support they need to help them secure their next job opportunity. Currently, the San Pablo EDC is expanding its contract partners to allow services specifically for a COVID-19-impacted workforce, which will bring much-needed on-the-job training (OJT) dollars to help employ San Pablo and West County residents while providing payroll relief to businesses.



San Pablo EDC has partnered with the San Pablo Police Department to pilot a literacy and public safety career pathways program, which builds local school libraries with current, relevant fiction and nonfiction books in multiple languages, while exposing youth to career opportunities. The San Pablo Police Department and the EDC also partner to connect to businesses through Business Watch, COVID-19 check-ins, Torch Run and other efforts.

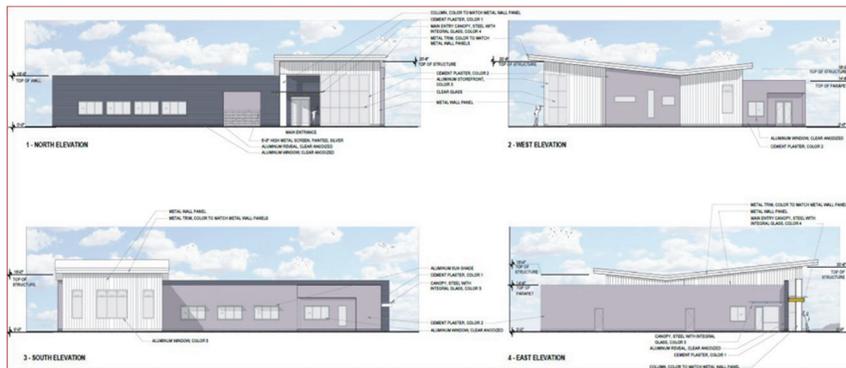
The San Pablo EDC also led the application of the City of San Pablo to become a Robert Wood Johnson Foundation Culture of Health Prize Winner, keeping San Pablo regularly involved in the national narrative on how to build health equity. The EDC continues to participate in national conversations on these important topics of community-driven change and pilot initiatives in San Pablo. These efforts are lifting the community, strengthening the City’s future and changing lives.

Letter of Transmittal

FISCAL STABILITY

Compensation & Labor Negotiation Strategy: While the City is committed to remaining competitive in recruiting and retaining valuable employees, the City’s labor strategy needed to shift when it became clear that the COVID-19 pandemic would dramatically reduce revenues in FY 2019/20. In partnership with the City’s labor unions, the City was able to achieve approximately \$2 million in labor cost savings as part of a multi-pronged approach to balancing the budget. The labor cost savings came as a result of a variety of strategies including freezing vacant positions; reducing or eliminating cost-of-living adjustments; increasing pension contributions and furloughs. While not every strategy was negotiated or implemented with each bargaining unit, the collective effort played a significant role in helping the City balance its budget and maintain fiscal stability. Despite the reductions, the City remains a progressive and desirable place to work.

New Revenue Generation Strategies: The City remains committed to enhancing major sources of revenue. The City works with the Lytton Tribe of Pomo Indians to maintain and enhance the City’s main source of General Fund revenue: 7.5% Gross Gaming Revenue as approved in the Municipal Services Agreement. To this end, the City is assisting the Tribe to improve Casino parking by facilitating parking expansion; more parking 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, another Citywide update occurred in FY 2015/16. As a result, in the intervening six years, total revenues in the Charges for Service category have increased nearly three-fold, from \$549,945 in FY 2011/12 to \$1,519,885 in FY 2018/19. New User Fees for the Public Works and Community and Economic Development Departments were adopted in 2020, to be implemented in January 2021.



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 facility opened in November 2018 to much acclaim. In FY 2018/19, the City also completed construction of a digital LED freeway sign, which generates \$225,000 annually in new revenue. In FY 2020/21, the City will complete the first phase installation of a fiber optic network, primarily to connect all major City facilities, but with the expectation of expanding broadband internet service into the commercial corridor and residential neighborhoods. This new wireless technology will provide extremely fast internet service to assist businesses and residents in keeping up with technology and closing the “digital divide”, while providing a stable, ongoing

Letter of Transmittal

source of revenue to the City.

INFRASTRUCTURE FINANCING

Redevelopment Agency: For decades, most California cities, including San Pablo, relied on local redevelopment agencies as a tool to fund economic development initiatives, eliminate blight, revitalize blighted areas and provide funding for much needed infrastructure projects. This practice ended on January 31, 2012 when all redevelopment agencies (RDA's) were dissolved by the State. With dissolution, 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.

The City, acting as Successor Agency (SA) to the RDA is nearly done unwinding RDA activities except for the disposition of a few properties. 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

City Hall: The previous City Hall structures were originally built in the late 1950's as a hotel and relocated to 13831 San Pablo Avenue. 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 which identified the Civic Center property as one of four opportunity sites within City limits that had high potential for development/redevelopment, a

Letter of Transmittal

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.

On October 30, 2017, the City issued an RFP to a shortlisted group of design-build enterprises (DBEs) and received four proposals. The design-build contract was awarded to Overaa Construction on a “best value” basis, as determined by the City. Under the proposal, Overaa was to design and build a 42,000 square foot building, including the tenant improvements, at a cost of \$18,164,951 that will meet the LEED Silver certification (Leadership in Energy and Environmental Design rating). The New City Hall building was completed in November 2020 and City staff is now working out of the new building.



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 was responsible for the design-build delivery of the project and funding the shell of the WIC Building, while the County was responsible for funding the tenant improvements within the building.

Letter of Transmittal

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 and was completed in April of 2019. The New WIC building is now fully operational and is serving mothers and children around the region.

County Branch Library: 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.



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, the former Walgreens building, 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 building into the new San Pablo Library. After receiving seven bids, the City awarded the construction contract to Strawn Construction for \$5,688,300. 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 is responsible for paying rent, maintenance and operational costs related to the space, while the County provides all library services.

Letter of Transmittal

New Fire Station 70: The City also partners with the Contra Costa County Fire Protection District to provide fire and emergency medical services for the City. On June 19, 2017, the City entered into a Memorandum of Understanding (MOU) with the District for the funding and construction of the new Fire Station 70 on City-owned land located at 1800 23rd Street. Under the MOU, the City is to provide \$4.5 million in funding towards the construction of the new fire station.



Image 1: Fire Station 70 concept design

Construction is progressing nicely and is expected to be complete by the third quarter of 2021.

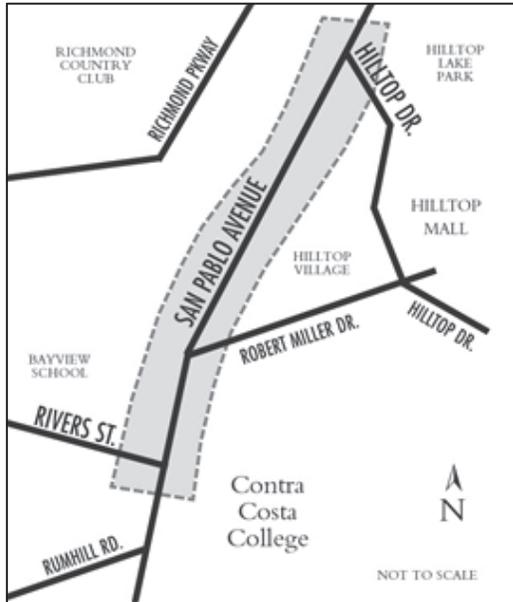
Wildcat Creek Restoration and Greenway Trail Project: This project is a state and locally funded multi-benefit project to restore 2,200 linear feet of Wildcat Creek between Vale Road and Church Lane. Project benefits include refuge areas for fish, a modified floodplain to accommodate larger flow volumes, a widened creek corridor and the re-planting of native plants on the restored bank. In addition to the in-stream benefits of creating a more natural creek habitat, this project will also provide a Class I shared-use path for cyclist and pedestrians. Ghilotti Construction was awarded the construction contract in early 2020, with completion anticipated in early 2021.



Letter of Transmittal

INFRASTRUCTURE / TRANSPORTATION

The City has been engaged in several major transportation projects, including and a “Complete Streets” project along San Pablo Avenue; the I-80 Integrated Corridor Mobility (ICM) project; and major interchange improvements at I-80 and San Pablo Dam Road, El Portal Drive, and McBryde Avenue.



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 was completed 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.

Rumrill Complete Streets Project: This project is a complete overhaul of Rumrill Boulevard with the goals to:

- Develop a “Complete Street” that encourages multiple modes of transportation and supports future growth and active living
- Increase safety with improved lighting and additional pedestrian crosswalks
- Improve water quality, reduce minor flooding and increase greening along the corridor
- Increase the sustainability and economic vitality of the area

Letter of Transmittal



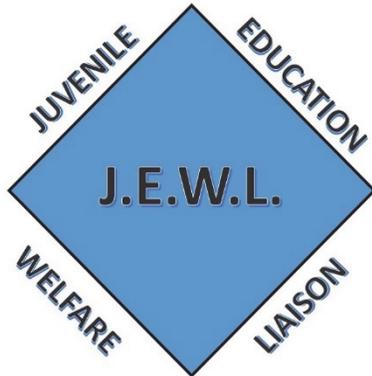
This corridor is currently negatively impacted by connectivity gaps and lacks appropriate pedestrian and bicycle infrastructure. The Project will calm traffic, improve safety, increase the appeal of walking and bicycling, improve stormwater quality and enhance the appearance of the corridor for businesses, residents, and everyday travel. The Project will improve the sidewalk and street edge with a separated space for bicyclists, enhance multi-modal safety by reducing the number of travel lanes, and provide a safer pedestrian experience with enhanced sidewalks throughout the corridor. The Project also removes barriers by making sidewalk improvements in locations where the existing sidewalks are narrow and by constructing dedicated bicycle lanes to reduce conflicts between bicycles, pedestrians and automobiles. The design of the comprehensive project has been completed, and is planned to start in mid-2021, after PG&E and EBMUD relocate major utility lines from the planned improvements.

PUBLIC SAFETY

Motors Traffic Safety Unit: The Police Department committed to enhancing its Traffic Enforcement Team by deploying two fully trained motorcycle officers who can assimilate into traffic for enforcement purposes easier than conventional patrol vehicles. The Department also deployed a Commercial Enforcement Vehicle with specially trained officers to identify out-of-compliance commercial vehicles to reduce the risk of collisions due to critical vehicle component failures and undue stress on vehicles and roadways.



Letter of Transmittal



Juvenile Education Welfare Liaison (JEWL): The San Pablo Police Department is committed to building positive and enduring relationships with the youth of the San Pablo Community. Two fulltime JEWL Officers are assigned to respond to any calls for service in San Pablo related to the youth to provide education, enforcement, outreach, and mentorship. Typical calls for service include loitering, truancy, welfare checks and home visits, runaways, abuse, curfew violations or any other juvenile-related crimes or incidents. Additionally, JEWL Officers remain a resource to local schools to address truancy, fights, thefts, abuse, assaults, mediations, lost property, welfare checks and any other

requests for service. JEWL Officers continue to deliver the Gang Resistance Education and Training (G.R.E.A.T.) program to San Pablo students. G.R.E.A.T. is a school-based, law enforcement, officer-instructed classroom program that teaches life skills and encourages student participation. To graduate, students in the program must complete a community project. At the end of the curriculum, the top students 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.



Tobacco Enforcement Unit: The San Pablo Police Department received one of the largest grant awards in the state from the Department of Justice to support the development of an effective, comprehensive and strategic approach to combat illegal tobacco use among minors.



Two fulltime positions—a Police Officer and a Police Services Technician—are dedicated to conduct enforcement operations, work with the business community, and deliver curriculum to students and family on tobacco awareness and the dangers of tobacco use.

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 ten weeks. Students are exposed to Police Administration, Patrol, Investigations, Problem-Oriented Policing (POP) and Gang Unit operations. Classes are taught in both English and Spanish by sworn members of the Police



Letter of Transmittal

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 and serves to further build 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 youth. Parents meet one night per week, two to three hours per night for ten weeks. The curriculum teaches strategies to prevent, identify, and intervene 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 & Listos:

The Community Emergency Response Team (CERT) is a training program that provides basic disaster response skills to assist neighborhood volunteers in offering vital support to family, associates, and local community members while they await help from first responders due to large-scale emergencies. 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.

Public Safety Camera Program: San Pablo Police boast one of the most robust surveillance camera programs in the region. To date, the system deploys more than 200 cameras throughout the City. The network consists of a combination of pan, tilt and zoom (PTZ) cameras, and fixed, high-definition and automatic license plate recognition (ALPR) cameras, some of which are integrated with gunshot and/or graffiti detection sensors. The system provides alerts for gunshots, wanted and/or stolen vehicles and graffiti, with both fixed and mobile solutions.



Letter of Transmittal



SPPD Drone Team: The SPPD Drone Team consists of seven specially trained officers utilizing cutting edge technology. These officers have received special waivers with the Federal Aviation Administration (FAA) to operate drones in response to priority incidents in the community. This program involves first of its kind software and equipment which will eventually be integrated within Patrol for a dynamic response to assess the scope of critical incidents, assist search and rescue, support tactical operations, or provide advanced documentation of a crime

or accident scene.

De-Escalation and Crisis Intervention Training (CIT): The San Pablo Police Department has prioritized De-Escalation and CIT Training so officers can respond and coordinate appropriate responses or interventions for individuals experiencing crisis. In 2019, SPPD received DOJ grant funding to deliver this training to all sworn staff in the Police Department. Additionally, the new Police Training Facility, with the implementation of the Ti Force Option Simulator and defensive-tactic mat chamber, allow staff to increase exposure to this training with in-service officers at a much higher frequency.



AXON Integrated Systems: The San Pablo Police Department employs a number of technological tools to help maintain a safer community. *AXON Fleet Unlimited* outfits existing patrol cars with digital cameras that automatically activate when the overhead emergency lights are initiated. *AXON Signal Sidearm* automatically activates a body-worn camera whenever a firearm is removed from its holster. *AXON Integrated Security System* incorporates enhanced technology cameras inside the Police Department to replace outdated technology. Each of these tools works in conjunction with the existing AXON X26 Taser and the AXON Body Worn Camera System.

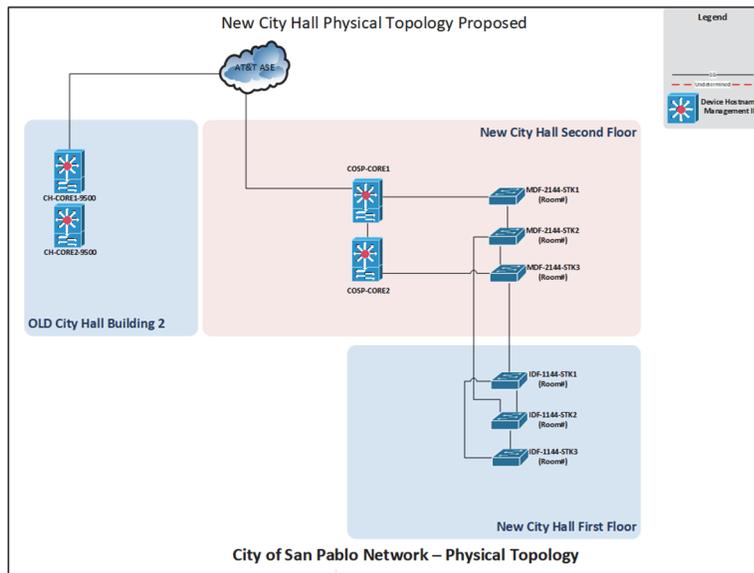
Shot Spotter: The Shot Spotter Gunshot Location System uses a system of acoustic sensors, designed to detect, locate and report gunshots at various locations throughout the City. San Pablo is one of only two cities in the Bay Area to have over 100% gunshot detection coverage for the entire city.

Letter of Transmittal

StarChase: StarChase allows the Police Department to utilize GPS tracking technology for high-risk traffic situations, such as DUIs, traffic infractions, stolen vehicles, human trafficking or felony incidents.

SPECIAL PROJECTS / TECHNOLOGY

The Information Technology (IT) Division recognizes its essential role in providing the tools and infrastructure necessary to keep all City departments running efficiently and effectively. In FY 2020, the Division faced the monumental tasks of modernizing and transforming the City’s IT infrastructure to support a large-scale shift to “Work from Home” (WFH) capability for a significant percentage of City staff and deploying the tools and technology for staff to work effectively and collaboratively as a result of the COVID pandemic.



In FY 2020, the Division increased bandwidth capacity ten-fold, deployed a new Palo Alto Networks firewall, and rolled out Duo MFA (multi-factor authentication) to support the large-scale transition of staff to a secure Work from Home experience. To enhance collaboration and communication, Office 365 was deployed to allow for the use of Microsoft Teams and OneDrive, and Zoom was also deployed for public facing meetings. Laptops, monitors, and peripherals were deployed to staff to support their WFH experience. The Division also rolled out ConnectWise to

provide remote and contactless tech support. Last but not least, new City Hall was brought online during this time to support the successful move of staff into the new building.

Due to budget uncertainties and the COVID pandemic, formal implementation of IT Master Plan initiatives has been postponed. The Division has, however, tackled a number of initiatives outlined in the Master Plan that have been critical in supporting the shift to WFH. This includes increasing Internet bandwidth ten-fold to support increased connectivity, migration to the Palo Alto Networks firewall platform to support enhanced security and virtual private network (VPN) connectivity for WFH staff, deploying Office 365 to enhance collaboration and communication, and the reconfiguration of critical IT systems to ensure uptime and stability. The Division plans on formally implementing the IT Master Plan once the COVID pandemic is over and the budget outlook stabilizes, especially with respect to initiatives with substantial financial resource requirements.

Letter of Transmittal

STRATEGIC PLANNING / SPECIAL PROJECTS

Plaza San Pablo: 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, the Community and Economic Development Department completed a 10-acre parcel subdivision, including the following projects: (1) design review and construction of a new Walgreen’s store; (2) design review and construction of the new Library in its place; (3) design review and construction of the County’s new Women, Infants and Children (WIC) building; and (4) design review and construction of the expansion of the West Contra Costa County Health Clinic.



Also at Plaza San Pablo, the City completed the design review and construction of a new 42,000 square foot City Hall building. In addition, permitting, inspections and construction were completed for Phase III and IV of the needed roadway improvements. The Community and Economic Development Department is currently processing the design review application of a 20-unit residential project as well as a mixed-use project within Plaza San Pablo.

Priority Development Areas: Consistent with Plan Bay Area and State AB32, the City of San Pablo prioritizes development in Priority Development Areas (PDA’s). In 2014, 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 had its General Plan and Specific Plan designation changed in February 2018 to “Mixed Use Center–City Hall” which allows for commercial and residential reuse.

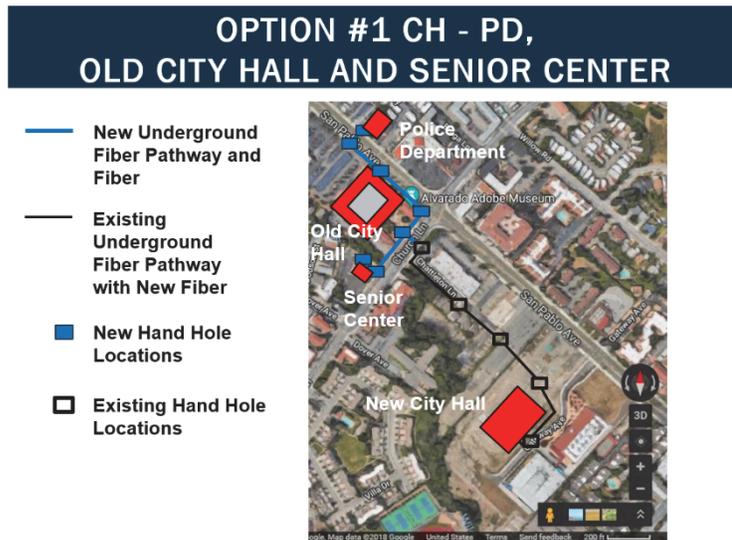


Non-Priority Development Areas: Other non-priority development area activities included completion of design review and construction of a digital City LED sign along I-80, replacing the old Lytton Tribe’s Casino San Pablo sign and creating an ongoing revenue generator for the City; the Fire Station 70 parcel merger and station design review and permitting; design review and construction of the El Portal gas station, mini-market, and car wash; the Giant Warehouse 70-unit, multi-agency inspection and cleanup; design

Letter of Transmittal

review of a new Dialysis center to redevelop the existing Castle Trailer Park; and the re-tenanting of the former Lucky’s space in the San Pablo Town Center Shopping Complex.

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 (2015-2023). The City completed the CEQA for the Citywide Broadband Master Plan (now the City Wide-area Network and IT Wireless Plan). Additionally, the Planning Commission recommended approval of the Accessory Dwelling Unit ordinance and Telecommunication Facilities, which were approved by the City Council in May 2017 and again in June 2017. Other projects include adoption of a Citywide Bicycle and Pedestrian Master Plan, an update to the Contra Costa County Urban Limit Line, a one-year review of all business licenses, adoption of a Recreational Marijuana ordinance in September 2017, and an ordinance prohibiting the sale of Flavored Tobacco Products in December 2018. The City is also in the process of updating its General Plan.



Improving the Customer Experience: In conjunction with the Public Works Department, the Community and Economic Development Department recently completed a fee study to bring fees up to current costs and standards. The City also recently hired a permanent full-time Chief Building Official and Plan checker to help improve turn-around times on plan checks and to improve customer service. Additionally, many different Planning and Building Division customer handouts are now available in both English and Spanish on the City’s website.

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, 2019. To receive 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.

Letter of Transmittal

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
Administrative Services Director



Letter of Transmittal

CITY OF SAN PABLO
ELECTED OFFICIALS AND
ADMINISTRATIVE PERSONNEL

JULY 1, 2020

ELECTED PERSONNEL

Mayor	Arturo Cruz
Vice Mayor	Elizabeth Pabon-Alvarado
Council Member	Rita Xavier
Council Member	Abel Pineda
Council Member	Rich Kinney
City Clerk	Patricia Ponce
City Treasurer	Viviana Toledo

ADMINISTRATIVE PERSONNEL

City Manager	Matt Rodriguez
City Attorney	Lynn Tracy Nerland
Assistant City Manager	Reina Schwartz
Administrative Services Director	J. Kelly Sessions
Chief of Police	Ron P. Raman
Community Services Director	Greg Dwyer
Community & Economic Development Director	Charles Ching
Human Resources Manager	Alicia Southern
Public Works Director/City Engineer	Jill Mercurio

CITY OF SAN PABLO ORGANIZATIONAL CHART, FY 2020/21 EFFECTIVE 7/1/20

TOTAL FTE: 196.8

SAN PABLO CITY COUNCIL

6.0 FTE

CITY ATTORNEY 1.0
2.0 FTE

1.0 Legal Assistant

CITY MANAGER 1.0
8.0 FTE

1.0 Executive Assistant to CM
1.0 Deputy City Clerk
1.0 Management Analyst

ASSISTANT CITY MANAGER 1.0

RISK MANAGEMENT
Municipal Pooling Authority (MPA)
1.0 Administrative Clerk I/II

HUMAN RESOURCES
MANAGER 1.0
HR FUNCTIONS/
MANAGEMENT SUPPORT
1.0 HR Technician

COMMUNITY SERVICES DIRECTOR
1.0
COMMUNITY SERVS.

- RECREATION SERVICES
- 1.0 Community Services Manager
 - 4.0 Community Svcs. Coordinator I/II
 - 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)
 - 4.6 Admin Intern (P/T)
- SENIOR SERVICES
- 1.0 Community Svcs. Coordinator I/II
 - 1.5 Building Attendant (P/T)
 - 0.5 Admin Intern (P/T)
 - 1.0 Senior Admin. Clerk
- YOUTH, SCHOOL & COMMUNITY PARTNERSHIPS (YSCP)
- 1.0 Comm. Services Manager
 - 3.0 Community Serv. Coordinator I/II
 - 0.3 Student Intern (P/T)
- PARATRANSIT
- 1.0 Community Svcs. Coordinator I/II
 - 3.0 Paratransit Driver (F/T)

42.3 FTE

COMMUNITY & ECONOMIC DEVELOPMENT DIRECTOR
1.0
COMMUNITY & ECONOMIC DEV. SERVS.

- BUILDING SERVICES
- 1.0 Chief Building Official/Plan Checker
 - 1.0 Building Inspector
 - 2.0 Sr. Permit Tech.
 - 1.0 Administrative Clerk I/II
- PLANNING SERVICES
- 1.0 Planning Manager
 - 1.0 Assistant/Associate Planner
 - 1.0 Administrative Clerk I/II
 - 1.0 Planning Aide
 - 1.0 Administrative Secretary
 - 1.0 Management Analyst - Housing

12.0 FTE

ADMINISTRATIVE SERVICES DIRECTOR
1.0
FINANCE & I.T.

- BUDGET & FISCAL SERVICES
- 1.0 Accounting Manager
 - 2.0 Accounting Technician
 - 2.0 Fiscal Clerk I/II (Non-Confidential)
- Information Technology Services
- 1.0 Info. Tech. Manager
 - 2.0 Info. Tech. Administrator
 - 2.0 Info. Tech. Technician

11.0 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
 - 2.0 Assistant/Associate Engineer
 - 1.0 Admin. Clerk I/II
 - 1.0 Engineering Aide
- ENVIRONMENTAL SERVICES
- 1.0 Sr. Maintenance Worker I/II
 - 0.5 Maintenance Worker I/II
 - 1.0 Sr. Environmental Prog. Analyst
 - 1.0 Environmental Prog. Analyst
 - 0.5 Environmental Prog. Analyst (P/T)
- MAINTENANCE & FACILITIES
- 1.0 Maintenance & Operations Superintendent
 - 2.0 Maintenance Supervisor
 - 3.0 Sr. Maintenance Worker
 - 8.5 Maintenance Worker I/II
 - 0.5 Management Analyst
 - 1.0 Administrative Clerk I/II

27.5 FTE

CHIEF OF POLICE
1.0
POLICE DEPARTMENT

- SWORN STAFF
- 2.0 Police Captain (1 underfill @ Lieut.)
 - 3.0 Police Lieutenant
 - 10.0 Sergeant
 - 43.0 Police Officer
- NON-SWORN STAFF
- 1.0 Police Support Services Manager
 - 1.0 Police Executive Assistant
 - 7.0 Police Services Technician
 - 4.0 Jailer
 - 1.0 Police Services Assistant
 - 8.0 Police Admin. Clerk
 - 1.0 Senior Maintenance Worker
 - 0.5 Background Invest. (P/T)
 - 1.5 School Crossing Guard (P/T)
 - 2.0 Police Cadet (P/T)
 - 1.0 Community Outreach Technician
- CODE ENFORCEMENT
- 1.0 Building Inspector

88.0 FTE



Government Finance Officers Association

Certificate of
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in Financial
Reporting

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**City of San Pablo
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

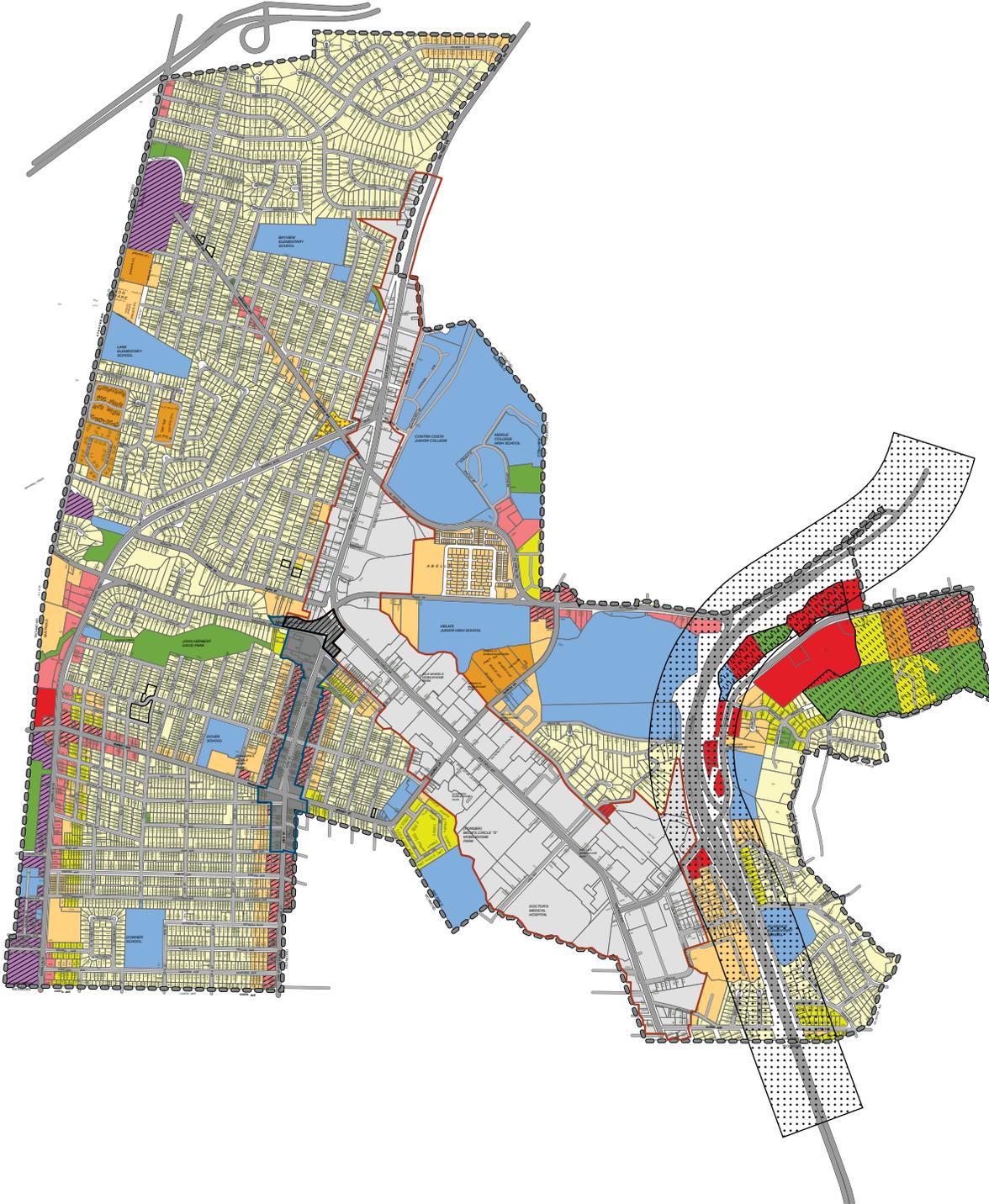
June 30, 2019

Christopher P. Morill

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



CITY^{OF} SAN PABLO

City of New Directions

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of San Pablo, California (City), as of and for the year ended June 30, 2020, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, 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 Matters

Prior Period Adjustments

As discussed in Note 8E, the City determined that sales tax revenues, and related receivables, were underreported in the Governmental Activities, General Fund, Paratransit Special Revenue Fund, and Measure K Special Revenue Fund, respectively, for the year ended June 30, 2019. Therefore, beginning net position and fund balances at July 1, 2019 were increased.

Special Item – Transfer from Economic Development Corporation to City

As discussed in Note 5, the Economic Development Corporation (EDC) transferred the San Pablo Community Center capital assets to the City, and the lease and note payable previously recorded between the City and the EDC was written off. A Special Item on the Statement of Activities was recorded in relation to this transaction.

The emphasis of these matters do 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 December 15, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pleasant Hill, California
December 15, 2020



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, 2020. Please read it in conjunction with the Letter of Transmittal, the Basic Financial Statements and the accompanying Notes to the Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- The assets, plus deferred outflows of the governmental activities of the City exceeded its liabilities, plus deferred inflows at the close of the most recent fiscal year by \$151.2 million. Of this amount, \$31.2 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. This is not, however, the same as an operating budget surplus.
- The City's total net position increased by \$8.6 million over last year's balance of \$142.6 million. This is attributable to an asset transfer of the San Pablo Community Center from the San Pablo Economic Development Corporation (EDC) to the City.
- As of June 30, 2020, the City's governmental funds reported combined fund balances of \$79.1 million, a decrease of \$12.0 million from the prior fiscal year. This shrinking is combined with decreased revenue of \$9.4 million due to COVID-19 and increased expenditures of \$2.5 million due to general inflation and cost of living adjustments.
- At the close of the fiscal year, the General Fund reported total assets of \$62.2 million and a total fund balance of \$57.6 million. This represents a decrease in fund balance of \$3.9 million, or 6.5% from the prior fiscal year.
- The City's total long-term debt decreased by \$10.8 million compared with the prior fiscal year mainly due to the rescindment of debt between the City and EDC (see second bullet above and Note 5I) for the San Pablo Community Center capital lease.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all 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.

Management's Discussion and Analysis

The Statement of Net Position and the Statement of Activities report information about the City. All current year 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 its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of City roads. Currently the City's roads are rated "good" by the Metropolitan Transportation Commission. In order to maintain this status, the City will need to increase its expenditure from the General Fund.

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

The City had four Major Funds in 2020 in addition to the General Fund: The Low and Moderate Income Housing Assets Fund, the Public Works Construction Fund, the 2015 Lease Revenue Bonds Fund and the 2018 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 basic City 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.

Management's Discussion and Analysis

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.

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). Two fiscal years of financial information and a comparative analysis of data are included in this MD&A.

- The City's net position increased by \$8.6 million compared to \$9.5 million for the prior fiscal year. 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 growth in capital assets of \$12.5 million, offset by a \$3.9 million net of expenditures over revenues.
- The largest portion (70.0%) of the City's net position of \$116.4 million reflects its investment in capital assets (e.g., land, buildings, other improvements, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens and, therefore, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be liquidated for these liabilities.
- A portion of the City's net position represents resources which are subject to external restrictions on use. This restricted amount is \$14.1 million as of June 30, 2020. The remaining balance of unrestricted net assets of \$31.2 million, 20.7% of the City's net position, may be used to meet the City's ongoing obligations to citizens and creditors.

Management's Discussion and Analysis

Governmental Net Position at June 30

	2020	2019
Current Assets	\$ 99,751,170	\$ 120,289,100
Capital Assets	139,435,695	107,693,873
Total Assets	239,186,865	227,982,973
Deferred Outflows of Resources		
Related to Pensions (Note 9B)	10,510,154	9,831,962
Related to OPEB (Note 10E)	3,020,008	3,262,640
Current Liabilities	9,412,409	10,662,889
Long-Term Liabilities	77,825,349	84,830,277
Total Liabilities	87,237,758	95,493,166
Deferred Inflows of Resources		
Related to Pensions (Note 9B)	3,340,261	2,996,187
Related to OPEB (Note 10E)	456,702	13,298
Net Position:		
Beginning as restated (Notes 8)		
Net Investment in Capital Assets	105,886,032	86,551,977
Restricted	14,094,165	13,029,241
Unrestricted	31,228,713	42,993,706
Total Net Position	\$ 151,208,910	\$ 142,574,924

Management's Discussion and Analysis

Changes in Governmental Net Position at June 30

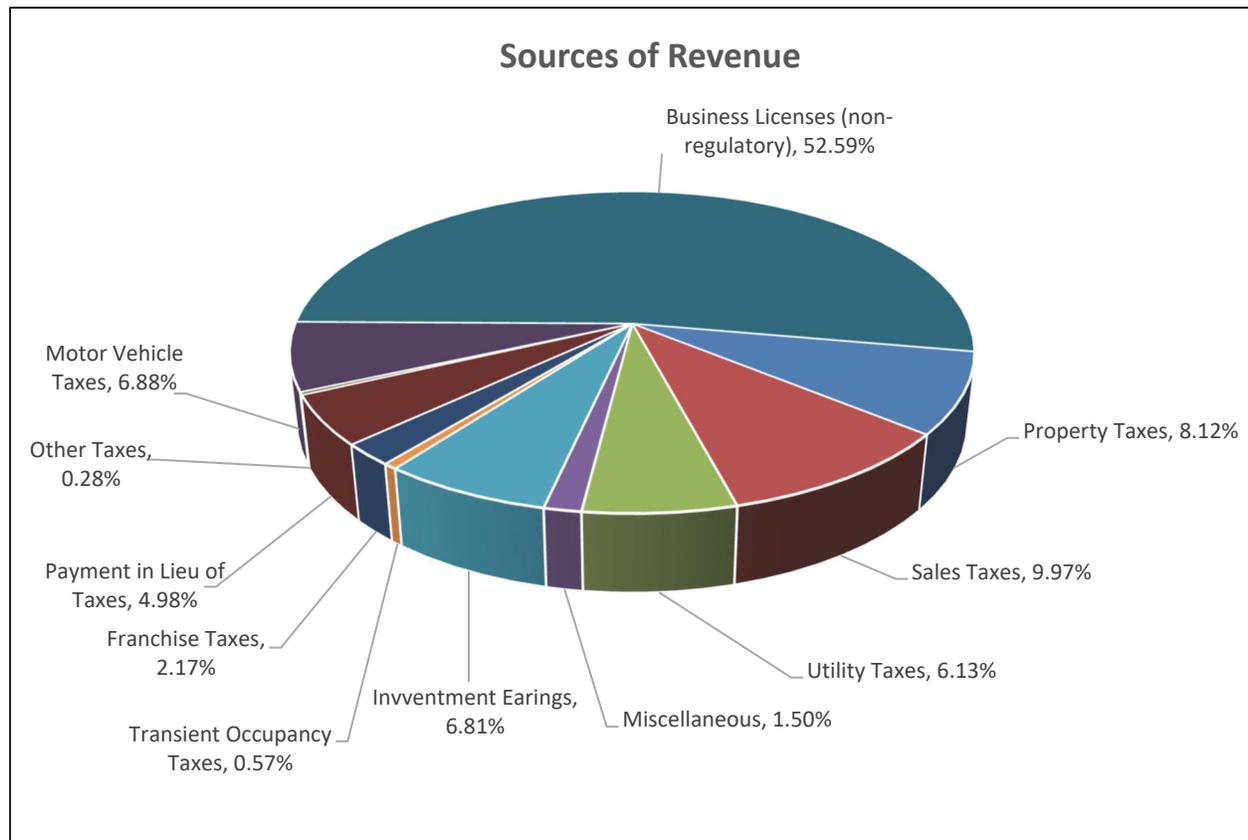
Revenues:	2020	2019
Program revenues		
Charges for Services	\$ 2,412,457	\$ 2,720,526
Operating Contributions and Grants	3,227,455	2,325,867
Capital Grants	2,483,913	7,096,432
General Revenues:		
Property Tax	3,354,755	2,943,210
Sales Taxes	4,119,326	4,299,884
Utility Taxes	2,532,147	2,548,455
Transient Occupancy Taxes	235,597	636,322
Franchise Taxes	901,680	947,557
Payment in Lieu of Taxes	2,059,177	2,018,802
Other Taxes	116,591	83,611
Motor Vehicle Taxes	2,844,696	2,666,964
Business Licenses (non-regulatory)	21,735,943	27,735,698
Investment Earnings	2,813,630	2,404,371
Miscellaneous	620,873	418,944
Total Revenues	49,458,240	58,846,643
Expenses		
General Government	16,802,527	12,006,415
Community:		
Recreation	3,368,316	311,538
Development	2,388,458	5,886,370
Housing	83,482	28,930
Public Works & Engineering	7,392,827	8,622,447
Police	22,166,487	20,525,816
Interest on long-term debt	1,162,515	1,558,865
Total Expenses	53,364,612	48,940,381
Transfer of assets and rescindment of debt between City and EDC (Note 51)	12,540,358	
Change in Net Position	8,633,986	9,906,262
Net Position 7/1	142,574,924	132,668,662
Net Position 6/30	\$ 151,208,910	\$ 142,574,924

Management’s Discussion and Analysis

The cost of all Governmental activities this year was \$53.4 million. Net expenses, as shown in the Statement of Activities, were \$45.2 million. A portion of the cost for these activities was paid either by those directly benefitting from the programs through service charges (\$2.4 million), by other governments and organizations that subsidized certain programs with operating grants and contributions (\$3.2 million), or capital grants and contributions (\$2.5 million). Overall, the City received \$8.1 million in governmental program revenues.

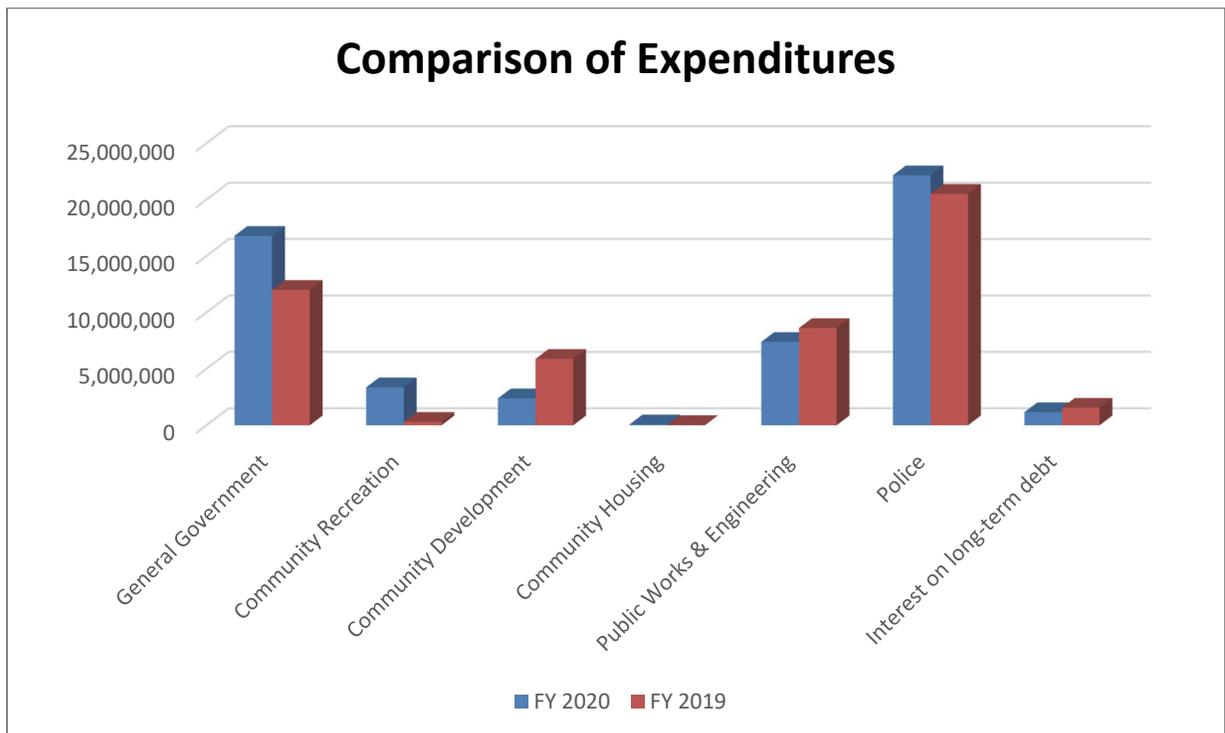
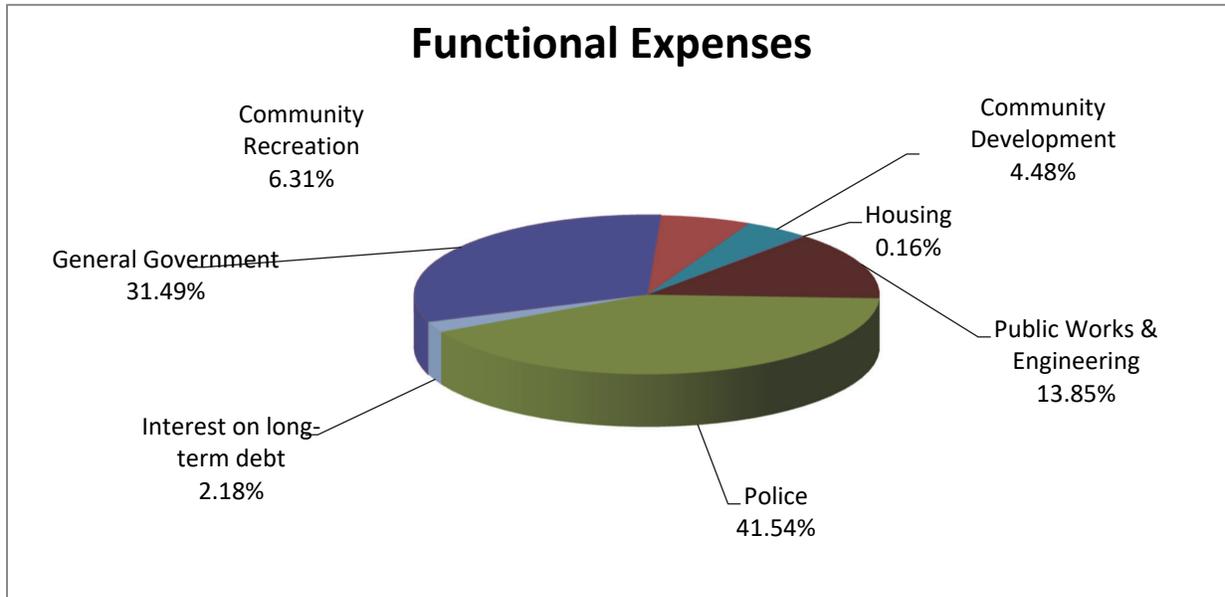
Total resources available during the year to finance governmental operations were \$205.5 million, consisting of net assets at July 1, 2019 of \$142.6 million, program revenues of \$8.1 million, general revenues of \$41.3 million and transfer of assets from EDC of \$12.5 million. Total Governmental activities during the year were \$53.4 million, thus net position increased from \$142.6 million to \$151.2 million, a net increase of \$8.6 million.

As shown in the Sources of Revenue chart below, Business License Taxes accounted for 53% of the City’s Fiscal Year 2020 revenue, which came primarily from Casino San Pablo. Sales taxes accounted for 10%, which included voter-approved Measures Q and K representing increases of one-quarter percent each.



Management’s Discussion and Analysis

On the year, Functional Expenses totaled \$53.4 million. The increases in General Government and Police activities equaled \$4.8 million and \$1.6 million respectively. These increases were offset by decreases of \$0.4 million in Community programming, \$1.2 million in Public Works & Engineering and \$0.4 million in interest payments on long-term debt. Overall, the City experienced a net increase in expense of \$4.4 million from the previous fiscal year.



Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

At year end, the City's General Fund had a balance of \$57.6 million. This represents a decrease of \$3.9 million compared to 2019. The decrease can be attributed to the transfers to the Public Works Construction fund to fund various Capital Improvement Projects. In 2019, General Fund transferred \$7.4 million to fund those projects.

The Low and Moderate Income Housing Assets Fund had a fund balance of \$9.3 million. An increase of \$0.8 million over the 2019 fund balance resulted from \$1.1 million in revenue over \$0.08 million in expense, plus a \$0.3 million transfer out to the General Fund for the COVID-19 housing grant.

The Public Works Construction Fund balance increased by \$3.5 million mainly as a result of increases in fund transfer from the General Fund.

The 2015 Lease Revenue Fund was established in Fiscal Year 2015 to account for the activities related to the issuance of lease revenue bonds in the principal amount of \$15.8 million to fund construction of a new library and other CIP projects. Current year activities total \$0.82 million. Unspent proceeds were \$7.7 million at fiscal year-end, which are restricted for use on capital improvement projects.

The 2018 Lease Revenue Fund was established in Fiscal Year 2018 to account for the activities related to the issuance of lease revenue bonds in the principal amount of \$15.3 million for the construction of the new City Hall. Current year activities total \$0.6 million. In 2019, the City drew down \$12.8 million for the construction of new City Hall, which exhausted all remaining bond proceeds.

Other Governmental Funds increased \$0.3 million primarily due to excess of expenditures over revenues by \$1.4 million, offset by the excess of transfers in over transfers out by \$1.6 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City adopts a quadrennial budget every four years, at which time revenues are projected for the first year of the budget with minor adjustments for the subsequent years. The fiscal year ending June 30, 2021 will be the last year of the four-year budget process. Differences between the actual results and the original General Fund budget and the final General Fund budget are as follows:

Sales Taxes. In June 2012, the voters passed Measure Q, a ten-year initiative, which increased the sales tax base by 0.5% for the first five years, decreasing to 0.25% for the last five years. Despite the COVID-19 economic slowdown, City actuals received were approximately \$70 thousand less than budget.

Management's Discussion and Analysis

Business License. Because of the volatile nature of the changing economy and gaming revenue, the City budgeted conservatively for Business License Tax (non-regulatory), which derives exclusively from Casino San Pablo. As COVID-19 hit the U.S and shelter-in-place orders were issued by the Governor, the Casino closed from March 16 through June 15, 2020, resulting in gaming revenues falling short of their projection by \$3.8 million. This shortage represents 55% of the total decrease in revenues.

Other Taxes. The Transient Occupancy Tax and Franchise Tax also attributed to the decrease. The negative variance equaled \$208,455, or 6% below budgeted figures. This is mainly due to the hotel tax reduction in the fourth quarter of the fiscal year.

Charges for Services. Actual revenue over budget of \$38,164 is primarily due to increased CAD-RMS dispatch services, recreation services, and senior services due to various increased service fees.

Use of Money and Property. Actual revenue over budget of \$1,493,277 is primarily due to the recognition of the fair market value of the investment income.

Intergovernmental/Other. The City accepted and appropriated various unbudgeted grants, including \$8.4 million from Highway Bridget Program Grant (HBP) for the San Pablo Creek Bridge project; \$1.4 million from the California Department of Justice (DOJ) for the Tobacco Law Enforcement Grant; \$0.4 million from Contra Costa County for Master Plan Update project; \$0.3 million from California Department of Transportation (Caltrans) Sustainable Communities Planning Grants for a Bicycle and Pedestrian Corridor Study project; and \$159,000 from CalRecycle for Illegal Dumping project.

Expenditures. Expenditures totaling \$36.1 million were -5% less than original budgeted figures and -20% less than the final budgeted figures of \$44.9 million, resulting in expenditure savings of \$8.7 million. \$6.7 million of the savings was in General Government expenditures. Various position vacancies also contributed to the savings, in addition to the 10% expenditure reduction required from all departments as part of the COVID-19 budget stabilization measures.

Transfers. Final budgeted figures for net transfers out were \$18.0 million, which was \$7.8 million more than what was actually transferred. This difference was due to various Capital Improvement Projects and the construction of the new City Hall.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - Capital assets of the City are those assets which are used in the performance of the City's functions. At June 30, 2020, capital assets net of accumulated amortization and depreciation of the Governmental activities totaled \$129.0 million. Amortization and depreciation on capital assets is recognized in the Government-Wide financial statements. Refer to **Note 6** of this report for detailed information regarding capital assets. The City has elected to use the amortization and depreciation method as allowed by GASB Statement No. 34 for infrastructure reporting.

Management’s Discussion and Analysis

	Original Cost	Accumulated Depreciation	Book Value
Capital Assets - Governmental:			
Land and land improvements	\$ 8,789,440	\$ -	\$ 8,789,440
CIP	22,089,051	-	22,089,051
Bridges	5,486,753	4,859,160	627,593
Building and improvements	46,858,418	9,653,952	37,204,466
Machinery and equipment	4,540,628	2,797,041	1,743,587
Park and trail improvements	14,011,144	6,797,146	7,213,998
Roads, streets & sidewalks	98,235,764	50,450,327	47,785,437
Sports fields	1,506,986	1,430,545	76,441
Storm Drains	2,228,380	1,748,673	479,707
Street Lights	361,078	339,894	21,184
Traffic Signals	3,121,957	2,240,359	881,598
Trees	1,227,463	704,211	523,252
Vehicles	4,083,586	2,557,041	1,526,545
Total Capital Assets - Governmental	\$ 212,540,648	\$ 83,578,349	\$ 128,962,299

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. As discussed in Note 5.I, in accordance with New Market Tax Credit regulations, the compliance period for the investment made by the New Markets Community Capital XI, LLC related to the Community Center ended on December 12, 2019. The SPEDC transferred the capital assets related to the Community Center to the City, and in turn, the City terminated the capital lease.

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.

Management's Discussion and Analysis

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.

On January 31, 2018 the City of San Pablo Joint Powers Financing Authority issued an additional \$15,325,000 in 2018 Lease Revenue Bonds. The proceeds of these bonds were used to finance construction of the new City Hall. Principal and interest payments on the 2018 Bonds are due semi-annually through 2052.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

With the ongoing economic disruption caused by the global pandemic and the uncertainty surrounding national politics, the City wisely follows best management practices by taking a conservative approach relative to assumptions built into the budget cycle. On the revenue side, operating budget revenues are generally projected to show modest increases year over year and proportionally less than actual increases. On the expenditure side, increasing labor costs and other inflationary factors are built into the multi-year budget according to labor agreements, vendor contracts, etc., thus ensuring sufficient funding. Details follow below.

Quadrennial Budget. First and foremost, in an effort to further stabilize the budget and better manage budgetary growth, the City embarked on a new approach to budgeting in FY 2017/18, undertaking a four-year budget cycle, such that the adopted budget covers four fiscal years, rather than the usual two. Minor budget adjustments happen after each fiscal year, with the City undertaking a robust update of the four-year budget at mid-cycle (after two years) for Fiscal Year 2019/20. This adjustment included updates to the labor budget and service and supplies budget as well as comprehensive updates to revenues. This approach has proven successful in accomplishing the following:

- Integrate long-term financial planning within the operating budget
- Encourage long-term budget planning at the department and division level
- Establish greater continuity between adopted budgets and changes in City Council
- 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
- Normalize expenditures over the four-year budget cycle
- Acknowledge long-term labor agreements and plan for increasing labor costs

Management's Discussion and Analysis

Despite these actions, the conclusion of Fiscal Year 2019/20 was overshadowed by the Coronavirus pandemic, which changed the City's financial landscape, including a three-month closure of Casino San Pablo and a reduction in many other key revenue sources. The City took immediate action to shore up its revenue stream and aggressively cut expenditures during the last quarter to end the fiscal year on solid financial ground. Not knowing how long the business downturn would last, City staff developed multiple revenue scenarios in Spring 2020 to map out how the fiscal year might end and to implement a plan to stay on solid financial footing into FY 2020/21. This early action included first-time use of the City's comprehensive reserve funds to fill potential revenue gaps and extensive cuts on the expenditure side, which included labor concessions and wholesale elimination of many discretionary programs.

Revenue Budget. The City bases its adopted revenue budget on year-end actuals from the previous fiscal year and year-end projections from the current fiscal year, while taking into account local economic conditions and other real-world considerations. Hence, following budgetary downsizing due to COVID-19 impacts, the FY 2020/21 budget was adopted with \$36.1 million in annual revenue (a nearly \$10 million reduction from the previous fiscal year) augmented by a one-time infusion of \$5.0 million from reserves for a total revenue budget of \$41.1 million. Revenue projections included reducing Casino gaming revenues by 22% and lowering economically-dependent revenues such as Hotel Tax, Sales and Use Tax and Business License fees by up to 50%. Other revenues not so highly dependent on the economy were left largely intact, including Property Tax, Franchise Tax and Utility Users Tax (UUT).

At the first quarter mark of FY 2020/21, the City faces an uncertain economic future as evidenced by actual revenues received. The City collected \$6.5 million in total revenues in the first quarter, representing 18% of the \$36.1 million projection. Some of this decline could be attributed to timing, but at this time last fiscal year, the City had collected \$8.2 million in total revenue; thus, total revenue collections in the current fiscal year are down nearly 22% over last fiscal year. Indeed, receipts from every revenue source decreased over last year with the exception of "Intergovernmental," "Other Taxes" and "Miscellaneous Revenues."

Noteworthy first quarter numbers:

- Casino revenue, the City's largest revenue source, totaled \$4.3 million for the quarter, a reduction of approximately \$441,000 (-10%) compared to last fiscal year. Because of social distancing requirements and the potential second wave of Coronavirus, the City does not expect this revenue source to improve until these requirements are lifted. If this trend continues, the City will be approximately \$3.0 million short of adopted budget amounts at year end.
- \$219,274 has been received in Sales Tax revenue, including Measures Q and K; this represents a decrease of approximately \$520,000 (-70%) compared to the same quarter last fiscal year.
- At \$406,010, Use of Property and Money is down \$445,000 (-52%).

Management's Discussion and Analysis

- As of this writing, the City has received minimal Property Tax revenue, but the City does expect to experience a net taxable value increase of 5.4% for the 2020/21 tax roll, which was slightly more than the increase experienced countywide at 4.8%. The assessed value increase between 2019/20 and 2020/21 was \$108 million. The change attributed to the 2% Proposition 13 inflation adjustment was \$32.7 million, which accounted for 30% of all growth experienced in the City.
- The bright spot for revenues is the \$387,860 in CARES Act funding the City received from the Federal government to help lessen the impact of the pandemic. This amount represents the City's full allotment. As of this writing, there are additional federal grants under consideration that could significantly help relieve additional losses of revenue during FY 2020/21.
- An additional bright spot is Intergovernmental Revenue, which is up approximately \$162,000 due to an influx of \$87,000 in Measure C revenue for the Paratransit program and increases in various gas taxes of approximately \$70,000.
- With all the uncertainty of COVID-19, a great deal of ambiguity remains around the question of where revenues will end in FY 2020/21. Although it is still too soon to say, the City can say with extreme confidence that its early actions to utilize the extensive revenue reserves which have been set aside for this very purpose, will be more than sufficient to cover this potential revenue shortfall.

Expenditure Budget. With approximately 60% of the operating funds budget being comprised of salary and benefit expense, managing labor costs is critical to the City's financial condition. Therefore, in light of the COVID-19 pandemic, the City took early action, working in partnership with its three organized labor units, to achieve \$2.0 million in labor concessions from all City employees for FY 2020/21. Other reductions included \$1.5 million from services and supplies budgets, and the elimination of the \$1 million capital outlay budget. Balanced at \$41.1 million, the FY 2020/21 Adopted Budget represents a decrease of \$4.5 million or approximately 10% from the \$45.6 million Adopted Budget for FY 2019/20.

At the end of the first fiscal quarter, City operating expense totaled \$10.4 million compared to last fiscal year's first quarter operating expense of \$10.5 million. While the City may have anticipated a greater reduction in expenses, it spent \$8.5 million on labor costs this quarter versus \$8.4 million spent last year in the same quarter. Although the City, unions and employees all made extraordinary efforts to reduce quarterly labor costs by \$500,000, cost reductions were offset by increases in the once-per-year pension plan expense for unfunded accrued liability (UAL) totaling over \$350,000. First quarter service and supplies expenses for the current fiscal year were identical to last year's first quarter expenses at \$2.1 million. Capital expenses this fiscal quarter totaled only \$3,000 compared to last year's figure of \$134,000 and helped offset the additional labor cost by \$130,000.

Management's Discussion and Analysis

On a departmental basis, every department experienced reduced labor costs during the first quarter over last fiscal year with the exception of Administrative Services due to the increased PERS UAL payment of approximately \$350,000. A few departments also experienced significant overall reductions in first quarter expenditures over last fiscal year: the City Manager's Office and Public Works each reduced their quarterly expenditure totals by \$98,000 and \$114,000 respectively, while Community Services reduced their quarterly spend by a significant 44% (\$329,000) due to reduced service levels. These ongoing reductions bode well for managing the year-end budget.

With solid financial management, the City expects to end FY 2020/21 on or under budget, which may include the use of some reserve funds, which have been set aside for this purpose.

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 funds budget, and a Budget Stabilization Reserve at 5.0% of the same operating funds 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 to earmark funding for large capital projects in the absence of RDA funding. The policy also established the City Manager's Contingency Account at 1% of the general operating funds budget to pay for unbudgeted and unforeseen expenses that arise during the normal course of business (because of current fiscal year cost cutting measures, the Contingency Account was reduced to \$250,000). 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. Fiscal Year 2019/20 marked the first time the City implemented plans to access those reserves. Those same reserves are also available throughout FY 2020/21 and beyond if necessary to shore up revenue shortfalls due to the current global pandemic or any other economic hardship the City may face.

Redevelopment. The dissolution of all redevelopment agencies (RDA's) statewide continues to impact San Pablo activities as the City must rely on other revenue sources to fund capital projects rather than RDA bond proceeds. As evidence of the changed environment, all assets of the former RDA were transferred to the Local Successor Agency, which continues to unwind and dissolve all RDA financial and contractual obligations. In June 2014, the State Department of Finance approved the City's Long-Range Property Management Plan, giving the City authority to move forward with the use and disposition of all remaining properties as proposed. The City is currently working with auditors from the State Department of Finance (DOF) to resolve an ongoing dispute regarding payments due to the City that DOF reduced or eliminated from the Recognized Obligations Payment Schedule (ROPS). At this time, DOF has recognized the need for additional payments in FY 2020/21 of approximately \$2.1 million and has added those back into the ROPS. The City will continue to work with DOF to attempt to claw-back on additional \$2.0 million from previous years' ROPS.

Management's Discussion and Analysis

Major Capital Improvement Projects. To help secure the community's future, the City completed construction of its new City Hall in Spring 2020, and staff moved into the building in June. To complete construction, the City issued \$15,325,000 in tax-exempt lease revenue bonds (LRB's) in 2018. The City's creditworthiness was reviewed by the credit rating agency Standard & Poor's, which reconfirmed its "AA-" bond rating, which was first issued in 2015 when Standard & Poor's cited the "city's recent and expected budgetary performance to be strong" and further cited the "city's management conditions as strong, supported by financial policies and practices that we consider good." This favorable bond rating allowed the City to obtain very favorable interest rates. With debt payments fully funded each fiscal year and a continuation of its conservative budgeting practices, the City expects that its credit-worthiness and bond rating will be maintained at current levels, despite the difficulties of the Coronavirus pandemic in the global, national and regional economies.

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 Administrative Services Department, located at 1000 Gateway Avenue, San Pablo, California 94806.



CITY^{OF} SAN PABLO

City of New Directions

<p style="text-align: center;">STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES</p>

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, 2020

	<u>Primary Government</u>	<u>Component Unit</u>
	Governmental Activities	Economic Development Corporation
ASSETS		
Cash and investments available for operations (Note 3)	\$64,821,341	\$2,035,847
Restricted cash and investments (Note 3)	7,846,280	85,939
Accounts receivable, net	3,029,034	110,676
Due from other governments, net	2,626,142	
Prepays and deposits (Note 1H)	4,705	2,676
Receivable from Successor Agency (Note 13E)	1,996,682	
Employee loans receivable (Note 5A)	2,710	
Notes receivable under former Redevelopment Agency programs, net (Note 5B)	13,530,441	
Rumrill Sports Park leveraged loans (Note 5J)	5,329,000	
Property held for resale (Note 1I)	564,835	
Capital assets (Note 6):		
Land and construction in progress	30,878,491	1,600,000
Depreciable capital assets, net	98,083,808	6,054,340
Total assets	<u>228,713,469</u>	<u>9,889,478</u>
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions (Note 9B)	10,510,154	
Related to OPEB (Note 10E)	3,020,008	
Total deferred outflows of resources	<u>13,530,162</u>	
LIABILITIES		
Accounts payable and accrued liabilities	4,838,364	94,144
Deposits payable	789,100	47,073
Claims payable, due within one year (Note 12)	62,720	
Unearned revenue	1,472,503	
Compensated absences (Note 1G):		
Due within one year	1,075,276	
Due in more than one year	1,067,839	
Long-term debt (Note 7):		
Due within one year	1,174,446	
Due in more than one year	29,747,992	8,902,242
Net pension liability, due in more than one year (Note 9B)	43,650,367	
Net OPEB liability, due in more than one year (Note 10C)	3,359,151	
Total liabilities	<u>87,237,758</u>	<u>9,043,459</u>
DEFERRED INFLOWS OF RESOURCES		
Related to pensions (Note 9B)	3,340,261	
Related to OPEB (Note 10E)	456,702	
Total deferred inflows of resources	<u>3,796,963</u>	
NET POSITION (Note 8)		
Net investment in capital assets	105,886,032	(1,145,660)
Restricted for:		
Capital projects	4,658,353	
Low and moderate income housing	9,435,812	
Economic development projects		1,991,679
Total restricted net position	<u>14,094,165</u>	<u>1,991,679</u>
Unrestricted net position	31,228,713	
Total net position	<u>\$151,208,910</u>	<u>\$846,019</u>

See accompanying notes to financial statements

CITY OF SAN PABLO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in in Net Position	Net (Expense) Revenue and Changes in in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants	Primary Government	Component Unit
					Governmental Activities	Economic Development Corporation
Primary Government:						
Governmental Activities:						
General Government	\$16,802,527	\$236,032			(\$16,566,495)	
Community:						
Recreation	3,368,316	41,665			(3,326,651)	
Development	2,388,458	1,161,264	\$3,000		(1,224,194)	
Housing	83,482		985,082		901,600	
Public Works & Engineering	7,392,827	277,611	1,269,663	\$2,483,913	(3,361,640)	
Police	22,166,487	695,885	969,710		(20,500,892)	
Interest on long-term debt	1,162,515				(1,162,515)	
Total Governmental Activities	<u>\$53,364,612</u>	<u>\$2,412,457</u>	<u>\$3,227,455</u>	<u>\$2,483,913</u>	<u>(45,240,787)</u>	
Component Unit:						
Economic Development Corporation	<u>\$1,776,594</u>	<u>\$70,531</u>	<u>\$962,898</u>	<u>\$9,356,000</u>		<u>\$8,612,835</u>
General revenues:						
Taxes:						
Property taxes					3,354,755	
Sales taxes					4,119,326	
Utility taxes					2,532,147	
Transient occupancy taxes					235,597	
Franchise taxes					901,680	
Payment in lieu of taxes					2,059,177	
Business licenses (nonregulatory)					21,735,943	
Other taxes					116,591	
Intergovernmental unrestricted:						
Motor vehicle in lieu fees					2,844,696	
Use of money and property					2,813,630	
Other revenue						5,189,933
Miscellaneous					620,873	
Total general revenues					<u>41,334,415</u>	<u>5,189,933</u>
Change in Net Position before Special Item					(3,906,372)	13,802,768
Special Item:						
Transfers of assets and rescindment of debt between City and EDC (Note 51)					12,540,358	(12,540,358)
Change in Net Position after Special Item					8,633,986	1,262,410
Net Position (Deficit) - Beginning, as restated (Note 8E)					<u>142,574,924</u>	<u>(416,391)</u>
Net Position - Ending					<u>\$151,208,910</u>	<u>\$846,019</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 2020. 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.

2018 JPFA LEASE REVENUE BONDS

This fund accounts for capital improvement projects funded by the proceeds of the 2018 JPFA Lease Revenue Bonds.

CITY OF SAN PABLO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020

	General	Low and Moderate Income Housing Assets	Public Works Construction	2015 Lease Revenue Bonds
ASSETS				
Cash and investments available for operations (Note 3)	\$49,706,923	\$8,784,813	\$1,036,250	
Restricted cash and investments (Note 3)				\$7,846,280
Accounts receivable	2,790,464			
Due from other governments	2,284,506		83,387	
Due from other funds (Note 4A)	85,431			
Receivable from Successor Agency	1,996,682			
Prepays and deposits (Note 1H)	4,705			
Employee loans receivable (Note 5A)	2,710			
Redevelopment Agency program loans, net (Note 5B)		13,530,441		
Rumrill Sports Park leveraged loans (Note 5J)	5,329,000			
Property held for resale (Note 1I)		564,835		
Total Assets	\$62,200,421	\$22,880,089	\$1,119,637	\$7,846,280
LIABILITIES				
Accounts payable and accrued liabilities	\$2,945,269	\$14,460	\$1,519,385	
Due to other funds (Note 4A)				
Deposits payable	202,475			
Unearned revenue	1,472,503			
Total Liabilities	4,620,247	14,460	1,519,385	
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - loans and notes receivable		13,530,441		
Total Deferred Inflows of Resources		13,530,441		
FUND BALANCES				
Fund balance (deficit) (Note 8):				
Nonspendable	5,336,415			
Restricted		9,335,188		\$7,846,280
Assigned	2,705,823			
Unassigned	49,537,936		(399,748)	
TOTAL FUND BALANCES (DEFICITS)	57,580,174	9,335,188	(399,748)	7,846,280
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$62,200,421	\$22,880,089	\$1,119,637	\$7,846,280

See accompanying notes to financial statements

2018 JPFA Lease Revenue Bonds	Other Governmental Funds	Total Governmental Funds
	\$5,293,355	\$64,821,341
		7,846,280
	238,570	3,029,034
	258,249	2,626,142
		85,431
		1,996,682
		4,705
		2,710
		13,530,441
		5,329,000
		564,835
	<u>\$5,790,174</u>	<u>\$99,836,601</u>
		13,530,441
		<u>13,530,441</u>
\$109	\$359,141	\$4,838,364
	85,431	85,431
	586,625	789,100
		<u>1,472,503</u>
<u>109</u>	<u>1,031,197</u>	<u>7,185,398</u>
		5,336,415
	4,758,977	21,940,445
		2,705,823
<u>(109)</u>		<u>49,138,079</u>
<u>(109)</u>	<u>4,758,977</u>	<u>79,120,762</u>
	<u>\$5,790,174</u>	<u>\$99,836,601</u>

CITY OF SAN PABLO
 Reconciliation of the
 GOVERNMENTAL FUNDS BALANCE SHEET
 with the
 STATEMENT OF NET POSITION
 JUNE 30, 2020

Fund Balance - Total Governmental Funds \$79,120,762

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

CAPITAL ASSETS TRANSACTIONS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental funds. 128,962,299

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. 13,530,441

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:

Deferred outflows of resources related to pensions	10,510,154
Deferred outflows of resources related to OPEB	3,020,008
Claims payable	(62,720)
Compensated absences	(2,143,115)
Long-term debt	(30,922,438)
Net pension liability	(43,650,367)
Net OPEB liability	(3,359,151)
Deferred inflows of resources related to pensions	(3,340,261)
Deferred inflows of resources related to OPEB	(456,702)
	(456,702)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$151,208,910

See accompanying notes to financial statements



CITY^{OF} SAN PABLO

City of New Directions

CITY OF SAN PABLO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	General	Low and Moderate Income Housing Assets	Public Works Construction	2015 Lease Revenue Bonds
REVENUES				
Property taxes	\$1,536,711			
Sales taxes	3,178,659			
Utility users tax	2,532,147			
Business license tax	21,345,016			
Other taxes	3,313,045			
Licenses and permits				
Fines and forfeits	274,605			
Intergovernmental	6,563,075		\$246,826	
Charges for services	678,144			
Use of money and property	2,683,237	\$1,101,688		\$101,834
Miscellaneous	440,010	7,560	4,630	
Total Revenues	42,544,649	1,109,248	251,456	101,834
EXPENDITURES				
Current:				
General Government	12,914,283			
Community:				
Recreation	3,244,089			
Development				
Housing		83,482		
Public Works & Engineering	401,213			
Police	18,663,853			
Capital outlay	350,573		17,062,226	
Debt service:				
Principal retirement	574,367			335,000
Interest and fiscal charges				585,102
Total Expenditures	36,148,378	83,482	17,062,226	920,102
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,396,271	1,025,766	(16,810,770)	(818,268)
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 4B)	6,982,881		20,294,821	944,021
Transfers (out) (Note 4B)	(17,226,724)	(250,000)		
Total Other Financing Sources (Uses)	(10,243,843)	(250,000)	20,294,821	944,021
NET CHANGE IN FUND BALANCES	(3,847,572)	775,766	3,484,051	125,753
Fund balances at beginning of period, as restated (Notes 8E and 8F)	61,427,746	8,559,422	(3,883,799)	7,720,527
FUND BALANCES AT END OF PERIOD	\$57,580,174	\$9,335,188	(\$399,748)	\$7,846,280

See accompanying notes to financial statements

2018 JPFA Lease Revenue Bonds	Other Governmental Funds	Total Governmental Funds
	\$838,921	\$2,375,632
	1,419,649	4,598,308
		2,532,147
		21,345,016
		3,313,045
	390,927	390,927
		274,605
	2,109,893	8,919,794
	929,482	1,607,626
\$114,736	130,316	4,131,811
	68,319	520,519
<u>114,736</u>	<u>5,887,507</u>	<u>50,009,430</u>
	1,518,164	14,432,447
		3,244,089
	1,645,169	1,645,169
		83,482
	3,902,422	4,303,635
		18,663,853
	174,586	17,587,385
		909,367
577,413		1,162,515
<u>577,413</u>	<u>7,240,341</u>	<u>62,031,942</u>
<u>(462,677)</u>	<u>(1,352,834)</u>	<u>(12,022,512)</u>
174,119	2,107,256	30,503,098
(12,546,085)	(480,289)	(30,503,098)
<u>(12,371,966)</u>	<u>1,626,967</u>	
(12,834,643)	274,133	(12,022,512)
<u>12,834,534</u>	<u>4,484,844</u>	<u>91,143,274</u>
<u>(\$109)</u>	<u>\$4,758,977</u>	<u>\$79,120,762</u>

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, 2020

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 (\$12,022,512)

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 and improvement expenditures are added back to fund balance	17,319,838
Special item: transfer of EDC assets to City	9,185,286
Depreciation expense is deducted from fund balance	(5,236,698)

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	909,367
Special item: rescindment of lease between City and EDC	9,865,152

NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Compensated absences	(367,204)
Claims payable	9,816
Unavailable revenue - loans and notes receivable	(7,061,270)
Net pension liability and deferred outflows/inflows of resources related to pensions	(3,031,081)
Net OPEB liability and deferred outflows/inflows of resources related to OPEB	(936,708)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$8,633,986

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
REVENUES				
Property taxes	\$1,275,970	\$1,275,970	\$1,536,711	\$260,741
Sales taxes	3,236,000	3,236,000	3,178,659	(57,341)
Utility users tax	2,535,170	2,535,170	2,532,147	(3,023)
Business license tax	25,178,900	25,178,900	21,345,016	(3,833,884)
Other taxes	3,521,500	3,521,500	3,313,045	(208,455)
Fines and forfeits	233,250	233,250	274,605	41,355
Intergovernmental:				
Motor vehicle in lieu	2,323,000	2,323,000	2,844,696	521,696
Other	138,230	10,496,580	3,718,379	(6,778,201)
Charges for services	639,980	639,980	678,144	38,164
Use of money and property	1,189,960	1,189,960	2,683,237	1,493,277
Miscellaneous	101,000	4,979,004	440,010	(4,538,994)
	40,372,960	55,609,314	42,544,649	(13,064,665)
Total Revenues				
EXPENDITURES				
Current:				
General Government	14,022,334	19,560,526	12,914,283	6,646,243
Community:				
Recreation	3,882,202	4,105,779	3,244,089	861,690
Public Works & Engineering	519,677	522,458	401,213	121,245
Police	19,297,565	20,189,138	18,663,853	1,525,285
Capital outlay	144,262	510,077	350,573	159,504
Debt Service:				
Principal			574,367	(574,367)
	37,866,040	44,887,978	36,148,378	8,739,600
Total Expenditures				
EXCESS OF REVENUES OVER EXPENDITURES	2,506,920	10,721,336	6,396,271	(4,325,065)
OTHER FINANCING SOURCES (USES)				
Transfers in		2,878,665	6,982,881	4,104,216
Transfers (out)		15,073,963	(17,226,724)	(32,300,687)
		17,952,628	(10,243,843)	(28,196,471)
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCE	\$2,506,920	\$28,673,964	(3,847,572)	(\$32,521,536)
Fund balance at beginning of year, as restated (Note 8E)			61,427,746	
FUND BALANCE AT END OF YEAR			\$57,580,174	

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.

AGENCY FUNDS

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

CITY OF SAN PABLO
FIDUCIARY FUNDS
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2020

	Retiree Health Savings Plan Trust Fund	Successor Agency to the Redevelopment Agency Private-Purpose Trust	Agency Funds
ASSETS			
Cash and investments (Note 3)		\$54,834	
Restricted cash and investments (Note 3):			
Pooled with City cash and investments		155,864	\$7,870,665
Mutual fund	\$9,935,171		
Loans receivable (Note 13B)		1,939,701	
Property held for resale (Note 13C)		6,960,809	
Due from other governments		53,000	
Capital assets (Note 13D):			
Land and land improvements		2,819,393	
Depreciable capital assets, net		1,024,870	
Total assets	9,935,171	13,008,471	\$7,870,665
DEFERRED OUTFLOW OF RESOURCES			
Deferred amount on refunding of debt (Note 13F)		3,000,211	
LIABILITIES			
Accounts payable		177,542	\$88,182
Payable to City's General Fund (Note 13E)		1,996,682	
Deposits held as agent for others			7,782,483
Long-term obligations (Note 13F):			
Due in one year		4,866,430	
Due in more than one year		44,721,723	
Total liabilities		51,762,377	\$7,870,665
NET POSITION (DEFICIT):			
Held in Trust Restricted for OPEB	\$9,935,171		
Restricted for other governments		(\$35,753,695)	

See accompanying notes to financial statements

CITY OF SAN PABLO
 STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2020

	Retiree Health Savings Plan Trust Fund	Successor Agency to the Redevelopment Agency Private-Purpose Trust
ADDITIONS		
Property taxes		\$8,350,525
Employer contributions	\$520,071	
Net investment income	284,654	172,350
Other		9,505,238
	804,725	18,028,113
DEDUCTIONS		
Premiums paid	520,071	
Community development		10,424,928
Depreciation (Note 13D)		65,752
Debt service:		
Interest and fiscal charges		5,685,179
	520,071	16,175,859
Total deductions	520,071	16,175,859
Change in net position	284,654	1,852,254
NET POSITION (DEFICIT) HELD IN TRUST FOR OPEB BENEFITS AND OTHER GOVERNMENTS		
Beginning of year	9,650,517	(37,605,949)
End of year	\$9,935,171	(\$35,753,695)

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, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of San Pablo (City) 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, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

DISCRETELY PRESENTED COMPONENT UNIT

The San Pablo Economic Development Corporation (EDC) 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 Corporation will perform requested 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, 1000 Gateway Avenue, 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, 2020

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.

2018 JPFA Lease Revenue Bonds – This fund accounts for capital improvement projects funded by the 2018 JPFA 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, 2020

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 and balance sheet sometimes reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance 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 and OPEB as discussed in Note 9 and 10.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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 and OPEB on the statement of net position as discussed in Note 9 and 10. 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 increase in the liability was \$367,204 at June 30, 2020 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	\$1,775,911
Additions	1,659,731
Payments	<u>(1,292,527)</u>
Ending Balance	<u>\$2,143,115</u>
Due in One Year	<u><u>\$1,075,276</u></u>

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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 cost of prepaid items is recorded as expenditures/expenses when consumed, rather than when purchased. At June 30, 2020, the General Fund and the Economic Development Corporation had prepaid items of \$4,705 and \$2,676, respectively.

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, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GASB Statement No. 49 – Postponement of the Effective Dates of Certain Authoritative Guidance. This Statement extended the implementation dates for 15 GASB Statements and Implementation Guides by 1 year or more. Of course, many of the Statements could be early implemented, as applicable.

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 Budget Officer are authorized to transfer any unencumbered appropriations within a department. The legally adopted budget requires that expenditures not exceed total appropriations at the department level within each fund.
5. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds except the Low and Moderate Income Housing Assets, Traffic Congestion Relief, HCD Grant and Measure K Special Revenue Funds. In addition, the Public Works Construction, 2015 Lease Revenue Bonds and the 2018 JPFA Lease Revenue Bonds Capital Projects Funds 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 debt service expenditures in excess of appropriations in the amount of \$574,367. In addition, the Public Safety Special Revenue Fund and Paratransit Special Revenue Fund incurred capital outlay expenditures in excess of appropriations in the amounts of \$3,529 and \$126,308, respectively. The funds had enough revenues to finance these expenditures.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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.

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	\$64,821,341
Restricted cash and investments	7,846,280
Component Unit Cash and Investments	
Cash available for operations	2,035,847
Restricted cash and investments	85,939
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	54,834
Restricted cash and investments	
in Fiduciary Funds (separate statement):	
Retiree Health Savings Plan Trust	9,935,171
Successor Agency to the Redevelopment	
Agency Private Purpose Trust	155,864
Agency Funds	7,870,665
Total cash and investments	\$92,805,941

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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 or equivalent	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-1 or equivalent	25%	5%
Banker’s Acceptances	180 days	A-1/P-1 or equivalent	30%	5%
Repurchase Agreements	30 days	N/A	No Limit	No Limit
California Local Agency Investment Fund	N/A	N/A	No Limit	\$75 million
Money Market Funds	N/A	AAAm	20%	10%

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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, 2020

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	25 - 36 months	Fair Value Total
Securities of U.S. Government Agencies					
FFCB	\$1,115,964	\$2,503,916	\$1,050,722	\$1,039,730	\$5,710,332
FHLB	1,116,555	1,139,521	1,052,637		3,308,713
FNMA		565,071		3,636,302	4,201,373
FHLMC			2,658,932		2,658,932
U.S. Treasury Notes		1,120,625	1,710,062	639,375	3,470,062
Medium Term Notes	1,510,679	3,307,067	1,564,318	2,213,524	8,595,588
Local Agency Investment Fund	34,489,751				34,489,751
Money Market Funds	1,160,721				1,160,721
Held by Trustee:					
Money Market Funds	14,312,475				14,312,475
Vantage Point MP Long Term Growth Mutual Fund (Equities)	9,935,171				9,935,171
Total Investments	<u>\$63,641,316</u>	<u>\$8,636,200</u>	<u>\$8,036,671</u>	<u>\$7,528,931</u>	87,843,118
Cash on hand and in banks - City of San Pablo					2,841,037
Cash in banks - Economic Development Corporation					2,121,786
Total Cash and Investments					<u>\$92,805,941</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, 2020, the average maturity was 191 days.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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, 2020 are as follows:

Investment Type	AAAm	AA+/AA-/AA	A+/A/A-	Fair Value Total
Securities of U.S. Government Agencies				
FFCB		\$5,710,332		\$5,710,332
FHLB		3,308,713		3,308,713
FNMA		4,201,373		4,201,373
FHLMC		2,658,932		2,658,932
Medium Term Notes		1,896,706	\$6,698,882	8,595,588
Money Market Funds	\$1,160,721			1,160,721
Held by Trustees:				
Money Market Funds	14,312,475			14,312,475
Totals	<u>\$15,473,196</u>	<u>\$17,776,056</u>	<u>\$6,698,882</u>	39,948,134
Not rated:				
Local Agency Investment Fund				34,489,751
Retiree Health Savings Plan Trust:				
Vantage Point MP Long Term Growth Mutual Fund (Equities)				9,935,171
Exempt from credit rating disclosure:				
U.S. Treasury Notes				3,470,062
Cash on Hand and in Banks - City of San Pablo				2,841,037
Cash on Hand and in Banks - Economic Development Corporation				2,121,786
Total Cash and Investments				<u>\$92,805,941</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, 2020

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, 2020:

Investment Type	Level 2	Fair Value Total
Investments by Fair Value:		
U.S. Treasury Notes	\$3,470,062	\$3,470,062
U.S. Government Agencies	15,879,350	15,879,350
Medium Term Notes	8,595,588	8,595,588
Total Investments at Fair Value	<u>\$27,945,000</u>	27,945,000
Investments Measured at Amortized Cost:		
Local Agency Investment Fund		34,489,751
Money Market Funds		1,160,721
Held by Trustee:		
Money Market Funds		14,312,475
Vantage Point MP Long Term Growth Mutual Fund (Equities)		9,935,171
Total Investments		87,843,118
Cash with Banks and Petty Cash - City of San Pablo		2,841,037
Cash with Banks - Economic Development Corporation		2,121,786
Total Cash and Investments		<u>\$92,805,941</u>

U.S. Treasury Notes, 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 is 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, 2020:

Fund/Issuer	Investment Type	Reported Amount
Federal Farm Credit Bank	U.S. Governmental Agencies	\$5,710,332

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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, 2020, 4 employees had \$2,710 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, 2020 are as follows:

Casa Adobe-Senior Citizen Units	\$1,077,111
Housing Initiative Program	9,408,370
San Pablo Housing Investors/Montevista San Pablo AR	1,495,796
East Bay Asian Local Development Corporation	1,549,164
Lao Family Community Development	765,156
Subtotal	14,295,597
Less: Allowance for conditional grant	(765,156)
Total	\$13,530,441

C. *Supplemental Education Revenue Augmentation Fund Loans*

In August 2011, the Agency approved an 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.

The State of California Department of Finance stated that repayment of the loans could not 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. As of June 30, 2020, the loan was paid off.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 5 – LOANS AND NOTES RECEIVABLE (Continued)

D. Casa Adobe - Senior Citizen Units

Under the terms of a Disposition and Development Agreement dated June 5, 1989 between the former 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, 2020 was \$1,077,111.

E. Housing Initiative Program

The former 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, 2020, loans outstanding under this Program totaled \$9,408,370.

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.

F. San Pablo Housing Investors

Under the terms of an Owner Participation Agreement dated January 6, 2003, the former Redevelopment 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 began 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, 2020, San Pablo Housing Investors owed principal of \$1,450,000 and interest of \$45,796 for a total of \$1,495,796.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 5 – LOANS AND NOTES RECEIVABLE (Continued)

G. *East Bay Asian Local Development Corporation*

Under the terms of an Owner Participation Agreement dated September 28, 2004, the former Redevelopment 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, 2020, EBALDC has drawn down \$1,199,513 of the supplemental project loan.

The balance of the loans as of June 30, 2020 was \$1,549,164.

H. *Lao Family Community Development*

Under the terms of an Affordable Housing Subsidy Agreement dated December 20, 1993, the former Redevelopment 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, 2020, the balance of the loans, including accrued interest, was \$765,156.

I. *San Pablo 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 provided for the construction of the San Pablo 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 was 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 leased the Community Center from the EDC.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 5 – LOANS AND NOTES RECEIVABLE (Continued)

In accordance with NMTC regulations, the compliance period for the investment made by the New Markets Community Capital XI, LLC related to the San Pablo Community Center ended on December 12, 2019. On that date, all parties terminated the NMTC transactions and began the unwinding process. As a result, the EDC transferred the capital assets in the net amount of \$7,114,711 related to the San Pablo Community Center to the City, and the City, in turn, forgave the loan in the amount of \$6,510,080, and the lease agreement was terminated.

J. *Rumrill Sports Park Leveraged Loan*

The City, in partnership with Bank of America, has entered into various agreements which provided 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 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 to the EDC 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, 2020, the balance of the loan was \$5,329,000.

Concurrent with the above agreements, the City also entered into a ground lease agreement, under which the City leases the property on which the project was 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 has not begun receiving management fees related to this agreement as of June 30, 2020.

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 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 2020.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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
Streetlights	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, 2020

NOTE 6 – CAPITAL ASSETS (Continued)

A. Governmental Capital Asset Additions and Retirements

Capital assets recorded at June 30 comprise:

	Balance at June 30, 2019	Additions	Transfers	Balance at June 30, 2020
Governmental activities				
Capital assets not being depreciated:				
Land and land improvements	\$8,430,197	\$359,243		\$8,789,440
Construction in progress	13,001,317	17,460,277	(\$8,372,543)	22,089,051
Total capital assets not being depreciated	<u>21,431,514</u>	<u>17,819,520</u>	<u>(8,372,543)</u>	<u>30,878,491</u>
Capital assets being depreciated:				
Buildings and improvements	38,444,023	8,414,395		46,858,418
Machinery and equipment	4,463,521	77,107		4,540,628
Vehicles	3,889,484	194,102		4,083,586
Park and trail improvements	14,011,145			14,011,145
Sports fields	1,506,986			1,506,986
Roads & streets including sidewalks	89,863,221		8,372,543	98,235,764
Bridges	5,486,753			5,486,753
Street lights	361,078			361,078
Storm drains	2,228,380			2,228,380
Traffic signals	3,121,957			3,121,957
Trees	1,227,462			1,227,462
Total capital assets being depreciated	<u>164,604,010</u>	<u>8,685,604</u>	<u>8,372,543</u>	<u>181,662,157</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,576,370)	(2,077,582)		(9,653,952)
Machinery and equipment	(2,542,780)	(254,261)		(2,797,041)
Vehicles	(2,269,289)	(287,752)		(2,557,041)
Park and trail improvements	(5,900,778)	(896,368)		(6,797,146)
Sports fields	(1,382,791)	(47,754)		(1,430,545)
Roads & streets including sidewalks	(48,947,918)	(1,502,409)		(50,450,327)
Bridges	(4,780,605)	(78,555)		(4,859,160)
Street lights	(336,802)	(3,092)		(339,894)
Storm drains	(1,738,473)	(10,200)		(1,748,673)
Traffic signals	(2,186,183)	(54,176)		(2,240,359)
Trees	(679,662)	(24,549)		(704,211)
Total accumulated depreciation	<u>(78,341,651)</u>	<u>(5,236,698)</u>		<u>(83,578,349)</u>
Net capital assets being depreciated	<u>86,262,359</u>	<u>3,448,906</u>	<u>\$8,372,543</u>	<u>98,083,808</u>
Governmental activity capital assets, net	<u>\$107,693,873</u>	<u>\$21,268,426</u>		<u>\$128,962,299</u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 6 – CAPITAL ASSETS (Continued)

Construction in progress comprised the following at June 30, 2020:

Project	Amount
City Hall Construction	\$15,829,148
WilcatCreek & Greenway Trail	2,889,885
Rumrill Blvd Street	1,739,667
Protal Urban Green	642,963
Communication Infrastructure	620,815
Other	366,573
Total construction in progress	<u>\$22,089,051</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, 2020:

	Balance at June 30, 2019	Additions	Retirements & Adjustments	Balance at June 30, 2020
Capital assets not being depreciated:				
Land - SPCC and HEAL	\$1,835,000		(\$235,000)	\$1,600,000
Total capital assets not being depreciated	<u>1,835,000</u>		<u>(235,000)</u>	<u>1,600,000</u>
Capital assets being depreciated:				
Building - SPCC	8,364,410		(8,364,410)	
Building - HEAL	180,000			180,000
Building - EDC	1,750,000		(210,000)	1,540,000
Building improvements - SPCC	48,985		(48,985)	
Field improvements - HEAL	6,453,041		(77,107)	6,375,934
Equipment - EDC	77,107			77,107
Furniture and fixtures - SPCC	459,784		(459,784)	
Vehicles	13,274			13,274
Total capital assets being depreciated	<u>17,346,601</u>		<u>(9,160,286)</u>	<u>8,186,315</u>
Less accumulated depreciation	<u>(3,114,806)</u>	<u>(\$628,960)</u>	<u>1,611,791</u>	<u>(2,131,975)</u>
Net capital assets being depreciated	<u>14,231,795</u>	<u>(628,960)</u>	<u>(7,548,495)</u>	<u>6,054,340</u>
Capital assets, net	<u>\$16,066,795</u>	<u>(\$628,960)</u>	<u>(\$7,783,495)</u>	<u>\$7,654,340</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.

As discussed in Note 5.I., the Economic Development Corporation transferred the land, building, building improvements, equipment, and related accumulated depreciation related to the San Pablo Community Center to the City on December 12, 2019.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 6 – CAPITAL ASSETS (Continued)

D. Depreciation Allocation

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

Governmental Activities:	
General Government	(\$1,788,332)
Community Recreation	(235,651)
Community Development	(315,249)
Public Works	(2,513,616)
Police	<u>(383,850)</u>
Total depreciation expense	<u><u>(\$5,236,698)</u></u>
 Discretely Presented Component Unit:	
Economic Development Corporation	<u><u>(\$628,960)</u></u>

NOTE 7 – LONG-TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt. The City's long-term debt is recorded only in the government-wide financial statements.

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

A. Current Year Transactions and Balances

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

	Original Issue Amount	Balance June 30, 2019	Retirements	Balance June 30, 2020	Current Portion
Lease Revenue Bonds:					
Lease Revenue Bonds Series 2015A 2.00-4.00%, due 11/1/2044	\$4,255,000	\$3,595,000		\$3,595,000	
Lease Revenue Bonds Series 2015B 1.00-4.50%, due 11/1/2040	11,555,000	11,045,000	\$335,000	10,710,000	\$345,000
Lease Revenue Bonds Series 2018 2.50-5.00%, due 11/1/2052	15,325,000	<u>15,325,000</u>		<u>15,325,000</u>	<u>235,000</u>
Total Lease Revenue Bonds		<u>29,965,000</u>	<u>335,000</u>	<u>29,630,000</u>	<u>580,000</u>
Direct Borrowings - Capital Lease:					
San Pablo Community Center 3.32%, due 12/31/2053	8,764,917	9,865,152	9,865,152		
Public Safety Equipment 3.88%, due 4/17/2021	2,491,334	1,013,021	496,871	516,150	516,150
Direct Borrowings - Loan:					
Solar Loan 1.0%, due 12/22/2029	1,141,738	<u>853,784</u>	<u>77,496</u>	<u>776,288</u>	<u>78,296</u>
Total Capital Leases		<u>11,731,957</u>	<u>10,439,519</u>	<u>1,292,438</u>	<u>594,446</u>
Total City Debt		<u><u>\$41,696,957</u></u>	<u><u>\$10,774,519</u></u>	<u><u>\$30,922,438</u></u>	<u><u>\$1,174,446</u></u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 7 – LONG-TERM DEBT (Continued)

B. San Pablo Joint Powers Financing Authority Lease Revenue Bonds, Series 2015A, Series 2015B and Series 2018

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

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, commencing on November 1, 2015 and 2016, respectively. Semi-annual interest payments are due May 1 and November 1, through 2044 and 2040, respectively, commencing on November 1, 2015.

On January 31, 2018, the Authority issued an additional \$15,325,000 in 2018 Lease Revenue Bonds. The proceeds of these bonds will be used to finance the construction of a new City Hall. Under the site and facility lease dated March 1, 2015, amended as of February 1, 2018, the Authority will lease the City Hall project site, medical office building, senior center, corporation yard and Davis Park to the City as construction period leased properties to support the Series 2018 bond payments. Upon substantial completion of the City Hall Project, the City will release the construction period leased properties mentioned above and instead the City Hall Project, together with the Police building, will serve as the leased property in support of both the 2015 and 2018 bonds. Annual principal payments on the 2018 Lease Revenue Bonds are due November 1, commencing on November 1, 2020. Semi-annual interest payments are due May 1 and November 1 through 2052, commencing on May 1, 2018.

The bonds are special limited obligations of the Authority secured by and payable solely from Series 2018 Revenues pledged to the 2018 Bonds under the Indenture. The City has covenanted in the Lease to take such actions as may be necessary to include and maintain all Series 2018 Base Rental Payments in its budget and to make the necessary appropriations thereof, subject to such abatement. Should the City default under the facilities sublease, the Authority at its option may terminate the Lease and re-lease all or any portion of the Leased Property, provided that the Authority shall have no right to re-let the Corporation Yard or Davis Park portions of the Leased Property. Notwithstanding anything in the Indenture to the contrary, there shall be no right under the circumstances to accelerate the Base Rental Payments or otherwise declare any Base Rental Payments not then in default to be immediately due and payable.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 7 – LONG-TERM DEBT (Continued)

Debt service requirements are shown below for the bonds:

For the Year Ending June 30	Principal	Interest	Total
2021	\$580,000	\$1,136,956	\$1,716,956
2022	600,000	1,117,549	1,717,549
2023	620,000	1,097,812	1,717,812
2024	635,000	1,078,307	1,713,307
2025	660,000	1,056,882	1,716,882
2026-2030	3,710,000	4,868,478	8,578,478
2031-2035	4,615,000	3,954,145	8,569,145
2036-2040	5,715,000	2,868,216	8,583,216
2041-2045	6,935,000	1,644,263	8,579,263
2046-2050	3,285,000	718,184	4,003,184
2051-2053	2,275,000	125,691	2,400,691
Total	<u>\$29,630,000</u>	<u>\$19,666,483</u>	<u>\$49,296,483</u>

C. San Pablo Community Center Capital Lease

The City entered into an agreement with the Economic Development Corporation 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 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 were due semi-annually each June 30 and December 31 through 2053, commencing on December 31, 2015.

As discussed in Note 5.I., in accordance with New Market Tax Credit regulations, the compliance period for the investment made by the New Markets Community Capital XI, LLC related to the Community Center ended on December 12, 2019, and at that time, all parties terminated the NMTC transactions and began the unwinding process. As a result, the Economic Development Corporation transferred the capital assets related to the Community Center to the City, and in turn, the City terminated the capital lease payable.

D. Public Safety Equipment Capital Lease

The City entered into an agreement with Fleetwood Finance Leasing LLC in April 2018 for the design, purchase, installation, implementation and integration of cameras for the City-Wide Public Safety Equipment Project. The cost of the leased equipment was \$2,491,334. An initial principal payment of \$1,000,000 was due on the closing date of the agreement of April 17, 2018, with annual principal payments being due on April 17 through 2021. Annual interest payments are due on April 17, commencing on April 17, 2019.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 7 – LONG-TERM DEBT (Continued)

Debt service requirements are shown below for the capital lease:

<u>For the Year Ending June 30</u>	<u>Direct Borrowings</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$516,150	\$20,027	\$536,177
Total	<u>\$516,150</u>	<u>\$20,027</u>	<u>\$536,177</u>

E. 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:

<u>Fiscal Year Ended June 30</u>	<u>Direct Borrowings</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$78,296	\$85,864	\$164,160
2022	79,080	85,864	164,944
2023	79,874	85,864	165,738
2024	80,660	85,864	166,524
2025	81,483	85,864	167,347
2026-2030	<u>376,895</u>	<u>387,388</u>	<u>764,283</u>
Total	<u>\$776,288</u>	<u>\$816,708</u>	<u>\$1,592,996</u>

F. EDC Notes and Loans 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 were for \$6,510,080 and \$2,795,920, respectively, the proceeds of which were used for construction of the San Pablo Community Center. Under the terms of the agreements, the loans bore interest of 1.360% and were payable in semi-annual interest-only payments due June 20 and December 20 until fiscal year 2022. Beginning on June 20, 2023, the EDC would begin making principal payments along with interest semi-annually, with a final payment due on December 1, 2052. As discussed in Note 5.I., the EDC terminated these loan agreements, and therefore, the notes payable related to these loans are \$0 as of June 30, 2020.

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 proceeds of which were used for construction of the Rumrill Sports Park. 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 quarterly, with a final payment due on June 15, 2045. At June 30, 2020, the outstanding balances of the loans were \$4,947,116 and \$2,552,884, respectively, totaling \$7,500,000.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 7 – LONG-TERM DEBT (Continued)

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

<u>For the Year Ending June 30</u>	Direct Borrowings		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021		\$64,644	\$64,644
2022	\$73,796	64,644	138,440
2023	296,776	63,051	359,827
2024	299,343	60,483	359,826
2025	301,931	57,897	359,828
2026-2030	1,549,271	249,855	1,799,126
2031-2035	1,617,522	181,704	1,799,226
2036-2040	1,688,570	110,553	1,799,123
2041-2045	1,672,791	36,206	1,708,997
Total	<u>\$7,500,000</u>	<u>\$889,037</u>	<u>\$8,389,037</u>

As discussed in Note 13, the EDC purchased a building at Mission Plaza in July 2018 from the Successor Agency, who provided financing to the EDC in the amount of \$1,350,000. The Note is secured by the property, bears interest at an annual rate of 4%, and is due and payable in full no later than twelve (12) years from the date of the note. The EDC will make annual interest-only payments of \$54,000 over the 12 years, at which time, the balance of the principal will be due. During fiscal year ended June 30, 2020, the EDC made a \$50,000 principal payment, reducing the outstanding principal to \$1,300,000.

Future repayment requirements for the note are shown below:

<u>For the Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021		\$54,000	\$54,000
2022		54,000	54,000
2023		54,000	54,000
2024		54,000	54,000
2025		54,000	54,000
2026-2030		270,000	270,000
2031-2032	\$1,300,000	54,000	1,354,000
	<u>\$1,300,000</u>	<u>\$594,000</u>	<u>\$1,894,000</u>

On April 23, 2020, the EDC received a \$102,242 loan from the U.S. Small Business Administration Paycheck Protection Program (PPP), with an interest rate of 1.0% that matures on April 23, 2022. The loan was made pursuant to sections 1102 and 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Section 1106 of the CARES Act provides that up to the full principal amount plus interest accrued on loans guaranteed under the PPP may qualify for forgiveness if the EDC uses the loan proceeds for forgivable purposes.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 7 – LONG-TERM DEBT (Continued)

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%. The EDC intends to use the proceeds for purposes consistent with the PPP. While the EDC currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, the EDC makes no assurance that actions taken could cause them to be ineligible for forgiveness of the loan, in whole or in part. In the event the entire loan is not forgiven, the EDC must make 18 monthly payments of \$5,754, which includes principal and interest, commencing November 23, 2020.

If payments are required, they would be due as follows:

For the Year Ending June 30	Payments
2021	\$46,032
2022	57,540
Sub-total	103,572
Less: Interest	(1,330)
Total principal	\$102,242

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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances

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

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

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

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

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

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City’s fund balances, as of June 30, 2020, are below:

Fund Balance Classifications	General Fund	Special Revenue	Capital Projects	Debt Service		Other Governmental Funds	Total
		Low and Moderate Income Housing Assets	Public Works Construction	2015 Lease Revenue Bonds	2018 JPFA Lease Revenue Bonds		
Nonspendable:							
Items not in spendable form:							
Prepays and deposits	\$4,705						\$4,705
Employee loans receivable	2,710						2,710
HEAL loan receivable	5,329,000						5,329,000
Total Nonspendable Fund Balances	5,336,415						5,336,415
Restricted for:							
Redevelopment Low and Moderate Income Housing		\$9,335,188					9,335,188
Street Lighting and Landscaping						\$141,611	141,611
Local Street and Road Improvements and Maintenance						3,150,759	3,150,759
Law Enforcement						620,466	620,466
National Pollution Discharge Elimination System						42,406	42,406
Paratransit						418,638	418,638
Housing Grants						100,624	100,624
Capital projects				\$7,846,280			7,846,280
Emergency Medical Services Capital projects						284,473	284,473
Total Restricted Fund Balances		9,335,188		7,846,280		4,758,977	21,940,445
Assigned to:							
Capital Projects:							
Other	2,705,823						2,705,823
Total Assigned Fund Balances	2,705,823						2,705,823
Unassigned:							
General fund	49,537,936						49,537,936
Capital projects			(\$399,748)		(\$109)		(399,857)
Total Unassigned Fund Balances	49,537,936		(\$399,748)		(109)		49,138,079
Total Fund Balances	\$57,580,174	\$9,335,188	(\$399,748)	\$7,846,280	(\$109)	\$4,758,977	\$79,120,762

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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

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.

The required balance of each reserve for the year ended June 30, 2020, and the actual balance for each as of June 30, 2020, which are reported within the unassigned fund balance of the General Fund follows:

	Required Ending Balance	Balance as of June 30, 2020
Catastrophic Reserve	\$22,816,657	\$22,816,657
Budget Stabilization Reserve	2,281,666	2,281,666
Designated Reserves	-	-
Future Capital Projects (includes Casino Revenue Sustainability Reserve)	3,006,339	3,006,339
Unassigned		21,433,274
Total General Fund Unassigned Fund Balance		\$49,537,936

D. Fund Equity Deficits

As of June 30, 2020, the Public Works Construction Capital Projects Fund and 2018 JPFA Lease Revenue Bonds Debt Service Fund had fund deficits of \$399,748 and \$109, respectively. These deficits are expected to be eliminated by funding from the General Fund.

E. Prior Period Adjustments

The City determined that sales tax was not properly accrued as of June 30, 2019 in the amounts of \$340,613, \$26,809 and \$78,383, respectively, in the General Fund, Paratransit Special Revenue Fund, and Measure K Special Revenue Fund; therefore, accounts receivable and sales tax revenues were understated by these amounts. Prior period adjustments were recorded to increase fund balance at July 1, 2019 in these funds, which also resulted in an overall increase in Governmental Activities’ beginning net position of \$445,805.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

F. *Reclassification*

The City determined that certain activities previously reported under the Street Lighting and Landscaping Special Revenue Fund should be classified under the Public Safety Special Revenue Fund. As a result, beginning fund balance of the Street Lighting and Landscaping Special Revenue Fund was reduced by \$654,422, and beginning fund balance of the Public Safety Special Revenue Fund was increased by \$654,422.

NOTE 9 – PENSION PLANS

A. *General Information about the CalPERS Pension Plan*

Plan Description – All qualified permanent and probationary employees are required 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.

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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 9 – PENSION PLANS (Continued)

The Plan’s provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous	
	Classic (A)	PEPRA
	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	10.3%	6.75%
Required employer contribution rates	11.432%	6.985%
	Safety	
	Classic (A)	PEPRA
	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	12.3%	12%
Required employer contribution rates	21.927%	13.034%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis or can be paid in a lump sum at a reduced amount. The City elected to make the pay as you go contributions and the required contribution for the unfunded liability was a lump sum payment of \$2,593,672 in fiscal year 2020.

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, 2020, the City’s total contributions to the Plan were \$4,778,819.

The long-term portion of the Governmental Activities Net Pension Liability is liquidated primarily by the General Fund.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 9 – PENSION PLANS (Continued)

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, 2020, 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	\$17,396,184
Safety	26,254,183
Total Net Pension Liability	\$43,650,367

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, 2019, 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, 2018 rolled forward to June 30, 2019 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, 2018 and 2019 was as follows:

	Miscellaneous
Proportion - June 30, 2018	0.42669%
Proportion - June 30, 2019	0.43442%
Change - Increase (Decrease)	0.00773%
	Safety
Proportion - June 30, 2018	0.41251%
Proportion - June 30, 2019	0.42057%
Change - Increase (Decrease)	0.00806%

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 9 – PENSION PLANS (Continued)

For the year ended June 30, 2020, the City recognized pension expense of \$5,629,377. At June 30, 2020, 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	\$4,778,819	
Differences between actual and expected experience	2,922,399	(\$93,614)
Changes in assumptions	1,905,643	(504,065)
Net differences between projected and actual earnings on plan investments		(665,310)
Change in proportion and differences between actual contributions and proportionate share of contributions	<u>903,293</u>	<u>(2,077,272)</u>
Total	<u><u>\$10,510,154</u></u>	<u><u>(\$3,340,261)</u></u>

\$4,778,819 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, 2021. 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>
2021	\$2,512,839
2022	(544,285)
2023	290,792
2024	<u>131,728</u>
Total	<u><u>\$2,391,074</u></u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 9 – PENSION PLANS (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2019, the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2018 total pension liabilities were based on the following actuarial methods and assumptions for all benefit tiers:

	Miscellaneous (1)	Safety (1)
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return	7.15% (2)	7.15% (2)
Mortality Rate Table	Derived using CalPERS Membership Data for all Funds (3)	Derived using CalPERS Membership Data for all Funds (3)
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) Depending on age, service and type of employment.

(2) Net of pension plan investment expenses, including inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP 2016. For more details of this table, please refer to the CalPERS December 2017 experience study report based on CalPERS demographic data from 1997 to 2015 available on CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 valuation were based on the results of December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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. 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+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 9 – PENSION PLANS (Continued)

The table below reflects the expected real rate of return by asset class.

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100%</u>		

(a) In the CalPER's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

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, 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	6.15%	6.15%
Net Pension Liability	\$25,755,275	\$39,360,015
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$17,396,184	\$26,254,183
1% Increase	8.15%	8.15%
Net Pension Liability	\$10,496,346	\$15,509,454

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

Subsequent Event - CalPERS Pension Contribution Rates - The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. As a result of these changes, the City's contribution rates for the fiscal year ended June 30, 2021 are expected to increase over the fiscal year 2020 contribution rates.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 10 – POST RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN

A. General Information about the City’s Other Post Employment Benefit (OPEB) Plan

Plan 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.

Benefits Provided – The following is a summary of Plan benefits by employee group as of June 30, 2020:

	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:	Service Retirement under CALPERS within 120 days of separation (F)					
Basic						
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	2 terms (8 years.) for supplemental medical. 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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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

For the year ended June 30, 2020, the City’s contributions to the Plan were \$553,550.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2020:

Active employees	146
Inactive employees or beneficiaries currently receiving benefit payments	102
Inactive employees entitled to but not yet receiving benefit payments	0
Total	248

B. Net OPEB Liability

Actuarial Methods and Assumptions – The City’s net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2018 that was rolled forward using standard update procedures to determine the \$12,758,996 total OPEB liability as of June 30, 2018, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2018
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry age normal, level percent of pay
Amortization Method	Closed period, level percent pay
Amortization Period	20 years
Actuarial Assumptions:	
Discount Rate	7.34%
Inflation	1.75%
Payroll Growth	2.75%
Investment Rate of Return	7.34%
Mortality Rate	Based on CalPERS Rates
Pre-Retirement Turnover	Based on CalPERS Rates
Healthcare Trend Rate	5.50%, trending down to 3.84% over 53 years

Discount Rate – The discount rate used to measure the total OPEB liability was 7.36%. 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 OPEB payments for current active and inactive employees and beneficiaries. 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

The long-term expected rate of return on the City’s OPEB plan assets, invested with ICMA-RC in the VT II Model Portfolio Aggressive Fund is 6.99%. This rate of return is the 10 year average annual return based on past performance of the fund and is provided by ICMA-RC.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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

C. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2019	\$12,758,996	\$9,650,517	\$3,108,479
Changes Recognized for the Measurement Period:			
Service Cost	389,378		389,378
Interest on the total OPEB liability	1,332,910		1,332,910
Changes in benefit terms			
Differences between expected and actual experience	(115,416)		(115,416)
Changes of assumptions	(403,849)		(403,849)
Contributions Employer - City's Contribution		520,071	(520,071)
Contributions Employer - Implicit Subsidy		147,626	(147,626)
Employee Contribution			
Net investment income		284,654	(284,654)
Administrative expenses			
Benefit payments - Employee Contributions	(520,071)	(520,071)	
Benefit payments - Implicit Rate Subsidy Fulfilled	(147,626)	(147,626)	
Net changes	535,326	284,654	250,672
Balance at June 30, 2020	\$13,294,322	\$9,935,171	\$3,359,151

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report that may be obtained from PARS. The benefit payments and refunds include implied subsidy benefit payments in the amount of \$17,700.

The long-term portion of the Governmental Activities Net OPEB Liability is liquidated primarily by the General Fund.

D. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

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 a discount rate that is 1-percentage-point lower (6.34%) or 1-percentage-point higher (8.34%) than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1% (6.34%)	Current Discount Rate (7.34%)	Discount Rate +1% (8.34%)
\$4,770,562	\$3,359,151	\$2,153,655

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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

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 (4.50% Decreasing to 2.84%) or 1-percentage-point higher (6.50% Decreasing to 4.84%) than the current healthcare cost trend rates:

Net OPEB Liability/(Asset)		
1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
(4.50% Decreasing to \$1,777,394	(5.50% Decreasing to \$3,359,151	(6.50% Decreasing to \$5,267,475

E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the City recognized OPEB expense of \$936,706. At June 30, 2020, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$65,725	(\$101,510)
Changes of assumptions	2,611,279	(355,192)
Net differences between projected and actual earnings on plan investments	343,004	
Total	\$3,020,008	(\$456,702)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2021	\$592,395
2022	592,396
2023	406,842
2024	372,733
2025	287,609
Thereafter	311,331
Total	\$2,563,306

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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.

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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 12 – RISK MANAGEMENT (Continued)

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

Settlements did not exceed insurance coverage for the last three fiscal years.

B. Liability for Uninsured Claims

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

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

	June 30,	
	2020	2019
Beginning balance	\$72,536	\$18,807
Provision for current fiscal year claims	41,579	78,885
Change in provision for prior fiscal year claims	10,619	9,896
Claims paid	(62,014)	(35,052)
Ending balance	\$62,720	\$72,536

NOTE 13 – SUCCESSOR AGENCY ACTIVITIES

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. Activities of the Successor Agency are as follows:

A. Cash and Investments

Cash and investments of the Successor Agency as of June 30, 2020 are discussed in Note 3.

Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2020.

B. Loans Receivable

The Successor Agency assumed the non-housing loans receivable of the former Redevelopment Agency as of February 1, 2012. The former 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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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

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 \$616,574 as of June 30, 2020.

In July 2018, in conjunction with the sale of Successor Agency-owned property at Mission Plaza, the Successor Agency provided financing to the San Pablo Economic Development Corporation in the amount of \$1,350,000. During fiscal year ended June 30, 2020, the EDC paid \$50,000 towards the principal on the note, reducing it to \$1,300,000. The Note is secured by the property, bears interest at an annual rate of 4%, and is due no later than twelve years from the date of the note. The EDC will make annual interest-only payments of \$54,000 to the Successor Agency over the course of 12 years, at which time, the balance of principal will be due.

The balances of the notes receivable arising from these programs at June 30, 2020 are as follows:

Micro Loan Program	\$23,127
Pakpour Loan	616,574
EDC - Mission Plaza	<u>1,300,000</u>
Total	<u><u>\$1,939,701</u></u>

C. *Property Held for Resale*

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

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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

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, 2019	Additions	Balance at June 30, 2020
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	26,144		26,144
Total capital assets being depreciated	<u>2,748,428</u>		<u>2,748,428</u>
Less accumulated depreciation for:			
Buildings and improvements	1,541,188	\$65,752	1,606,940
Machinery and equipment	92,202		92,202
Vehicles	24,416		24,416
Total accumulated depreciation	<u>1,657,806</u>	<u>65,752</u>	<u>1,723,558</u>
Net capital assets being depreciated	<u>1,090,622</u>	<u>(65,752)</u>	<u>1,024,870</u>
Capital assets, net	<u>\$3,910,015</u>	<u>(\$65,752)</u>	<u>\$3,844,263</u>

E. Loan from City's General Fund

During fiscal year ended June 30, 2020, the City provided a short-term loan to the Successor Agency in the amount of \$1,996,682 to cover accumulated cash needs as of year-end.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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

F. Long-Term Obligations

The Successor Agency assumed the long-term debt and loans of the former 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 former 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 Bonds and loan transactions were as follows:

	Original Issue Amount	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020	Current Portion
Tax Allocation Bonds:						
Tax Allocation Revenue Bonds Series 2004 2.00-5.00%, due 12/01/2019	\$37,755,000	\$2,960,000		\$2,960,000		
Tax Allocation Refunding Bonds Series 2014A 2.00-5.00%, due 6/15/2031	47,595,000	39,870,000		4,045,000	\$35,825,000	\$2,480,000
Premium	6,429,385	4,538,390		378,199	4,160,191	
Tax Allocation Refunding Bonds Series 2014B 2.00-5.00%, due 6/15/2023	6,970,000	5,585,000			5,585,000	1,775,000
Premium	859,238	381,883		95,471	286,412	
Tax Allocation Refunding Bonds Series 2016 3.00-3.81%, due 6/15/2029	2,685,531	3,071,909	\$48,211		3,120,120	
Direct Borrowings -Tax Allocation Bonds:						
SERAF Loan 2%, due 5/10/2021	1,222,860	703,968		92,538	611,430	611,430
Total Tax Allocation Bonds		<u>57,111,150</u>	<u>48,211</u>	<u>7,571,208</u>	<u>49,588,153</u>	<u>4,866,430</u>
Direct Borrowings - Housing Successor Loans:						
2011 Loan	2,865,000	380,674		380,674		
Total Housing Successor Loans		<u>380,674</u>		<u>380,674</u>		
Total Successor Agency Debt		<u>\$57,491,824</u>	<u>\$48,211</u>	<u>\$7,951,882</u>	<u>\$49,588,153</u>	<u>\$4,866,430</u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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 7. below:

For the Year Ending June 30	Principal (1)	Interest	Direct Borrowings	
			Principal	Total
2021	\$4,255,000	\$2,070,500	\$611,430	\$6,936,930
2022	4,475,000	1,857,750		6,332,750
2023	4,675,000	1,634,000		6,309,000
2024	4,524,430	1,570,820		6,095,250
2025	3,826,152	1,381,348		5,207,500
2026-2030	19,679,949	4,108,301		23,788,250
2031	2,660,000	133,000		2,793,000
Total	\$44,095,531	\$12,755,719	\$611,430	\$57,462,680

(1) Includes unaccreted discount of \$434,589

3. 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 were special obligations of the Agency and are secured by the Agency’s tax increment revenues. Annual principal payments on the 2004 Bonds were due December 1, and semi-annual interest payments were due June 1 and December 1, through 2019. The bonds were fully repaid as of June 30, 2020.

4. SERAF Loan from State of California – Direct Borrowings

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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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

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, 2020.

With the issuance of the 2014A Bond 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. Principal payments on the 2014B Bonds are due on June 15, 2015, 2021, 2022 and 2023, and semi-annual interest payments are due December 15 and June 15, through 2023.

6. 2016 Subordinate Tax Allocation Refunding Bonds

On August 1, 2016, the Agency issued \$2,685,531 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.

The 2016 Bonds shall not bear interest, but shall accrete in value from their Initial Denominational Amount on the date of issuance thereof to their stated maturity at a compounded interest rate, and shall be payable only on maturity thereof. Interest on the 2016 Bonds shall be compounded, commencing on December 15, 2016 and thereafter on each June 15th and December 15th in each Bond Year. Accreted value with respect to the 2016 Bonds shall be calculated based on the basis of a 360 day year consisting of twelve 30-day months. For the fiscal year ended June 30, 2020, the City recorded an accreted value of \$48,211 related to the 2016 Bonds.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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

7. *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).

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). As of June 30, 2020, this loan has been paid off.

8. *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 \$57,462,680 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 2020 calculated by the County Auditor-Controller was \$5,537,351, and the total received by the Successor Agency for fiscal year 2020 debt service was \$8,350,525, which represented coverage of 88% of the \$9,456,493 of debt service. The lesser tax distribution was deemed sufficient because the Agency had other revenues/resources available to direct towards debt service.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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

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.

G. *Commitments and Contingencies*

State Approval of Enforceable Obligations

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

NOTE 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 2020. The City is represented by one Director.

Audited financial statements may be obtained from the WCCIWMA, care of the City of San Pablo, 1000 Gateway Avenue, San Pablo, CA 94806.

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 2019-2020, the dues paid to WCCTAC were \$48,930.

Audited financial statements may be obtained from the WCCTAC, 6333 Potrero Avenue, Suite 100, El Cerrito, CA 94530.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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 San Pablo 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. The City did not recognize lease rental income in fiscal year 2020, and the remaining balance of unearned revenue was \$1,472,503 as of June 30, 2020.

B. *Office Building Lease*

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

NOTE 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. *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.

C. *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, 2020 were as follows:

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 16 – COMMITMENTS AND CONTINGENCIES (Continued)

	Amount
<i>Major Funds:</i>	
General Fund	\$2,704,141
Public Works Construction Capital Projects Fund	5,808,089
<i>NonMajor Funds:</i>	
Gas Tax Special Revenue Fund	23,715
NPDES Special Revenue Fund	3,757
Development Services Special Revenue Fund	1,682
Street Lighting and Landscaping Special Revenue Fund	100,905
Low and Moderate Income Housing Assets Special Revenue Fund	42,782

D. COVID-19 Global Pandemic

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. Although many of the City's services are considered essential, City Hall was closed to the public. In addition, due to the closures of business including the Casino, sales and transient occupancy tax remittance have decreased and will continue to do so. However, the ultimate financial impact and duration cannot be reasonably estimated at this time.



CITY^{OF} SAN PABLO

City of New Directions

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAN PABLO, A COST-SHARING DEFINED BENEFIT PENSION PLAN SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY Last 10 Years*

Measurement Date	Miscellaneous Plan					
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Plan's Proportion of the Net Pension Liability (Asset)	0.33724%	0.41099%	0.40834%	0.41331%	0.42669%	0.43442%
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>	<u>\$16,292,956</u>	<u>\$16,080,684</u>	<u>\$17,396,184</u>
Plan's Covered Payroll	\$5,540,261	\$7,057,629	\$7,383,158	\$7,683,846	\$6,938,272	\$11,781,215
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	150.44%	159.76%	192.13%	212.04%	231.77%	147.66%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	79.82%	78.40%	74.06%	73.31%	72.37%	72.01%

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAN PABLO, A COST-SHARING DEFINED BENEFIT PENSION PLAN SCHEDULE OF CONTRIBUTIONS Last 10 Years*

Fiscal Year Ended June 30:	Miscellaneous Plan					
	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$658,427	\$872,009	\$999,873	\$1,131,296	\$1,286,271	\$1,767,388
Contributions in relation to the actuarially determined contributions	<u>(658,427)</u>	<u>(872,009)</u>	<u>(999,873)</u>	<u>(1,131,296)</u>	<u>(1,286,271)</u>	<u>(1,767,388)</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$7,057,629	\$7,383,158	\$7,683,846	\$6,938,272	\$11,781,215	\$10,348,908
Contributions as a percentage of covered payroll	9.33%	11.81%	13.01%	16.31%	10.92%	17.08%

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAN PABLO, A COST-SHARING DEFINED BENEFIT PENSION PLAN
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 Last 10 Years*

Measurement Date	Safety Plan					
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Plan's Proportion of the Net Pension Liability (Asset)	0.36611%	0.38625%	0.38625%	0.39888%	0.41251%	0.42057%
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>	<u>\$23,833,863</u>	<u>\$24,204,484</u>	<u>\$26,254,183</u>
Plan's Covered Payroll	\$5,363,191	\$5,551,419	\$5,433,597	\$5,220,618	\$5,714,774	\$11,777,820
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	256.06%	286.68%	380.74%	456.53%	423.54%	222.91%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	79.82%	78.40%	74.06%	73.31%	73.41%	72.55%

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAN PABLO, A COST-SHARING DEFINED BENEFIT PENSION PLAN SCHEDULE OF CONTRIBUTIONS Last 10 Years*

Fiscal Year Ended June 30:	Safety Plan					
	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$1,494,686	\$1,663,467	\$1,825,704	\$2,131,854	\$2,208,400	\$3,011,431
Contributions in relation to the actuarially determined contributions	(1,494,686)	(1,663,467)	(1,825,704)	(2,131,854)	(2,208,400)	(3,011,431)
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$5,551,419	\$5,433,597	\$5,220,618	\$5,714,774	\$11,777,820	\$10,017,013
Contributions as a percentage of covered payroll	26.92%	30.61%	34.97%	37.30%	18.75%	30.06%

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAN PABLO AGENT MULTIPLE EMPLOYER RETIREE HEALTH SAVINGS PLAN
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Last 10 fiscal years*

Measurement Date	6/30/2020	6/30/2019	6/30/2018
Total OPEB Liability			
Service Cost	\$389,378	\$207,595	\$214,910
Interest	1,332,910	892,841	533,653
Changes in benefit terms			
Differences between expected and actual experience	(115,416)	86,591	
Changes of assumptions	(403,849)	2,819,831	1,177,318
Benefit payments - Including refunds of Employee Contributions	(520,071)	(511,963)	(517,741)
Benefit payments - Implicit Rate Subsidy Fulfilled	(147,626)	(17,700)	(17,617)
Net change in total OPEB liability	535,326	3,477,195	1,390,523
Total OPEB liability - beginning	12,758,996	9,281,801	7,891,278
Total OPEB liability - ending (a)	\$13,294,322	\$12,758,996	\$9,281,801
Plan fiduciary net position			
Contributions - Employer City's Contributions	\$520,071	\$511,963	\$517,741
Contributions - employer Implicit Subsidy	147,626	17,700	17,617
Contributions - employee			
Net investment income	284,654	488,698	793,503
Administrative expense			
Benefit payments - Including refunds of Employee Contributions	(520,071)	(511,963)	(517,741)
Benefit payments - Implicit Rate Subsidy Fulfilled	(147,626)	(17,700)	(17,617)
Net change in plan fiduciary net position	284,654	488,698	793,503
Plan fiduciary net position - beginning	9,650,517	9,161,819	8,368,316
Plan fiduciary net position - ending (b)	\$9,935,171	\$9,650,517	\$9,161,819
Net OPEB liability - ending (a)-(b)	\$3,359,151	\$3,108,479	\$119,982
Plan fiduciary net position as a percentage of the total OPEB liability			
Covered payroll	\$12,321,331	\$11,991,563	\$12,161,432
Net OPEB liability as a percentage of covered payroll	27.30%	25.90%	1.00%

* Fiscal year 2018 was the first year of implementation.

**CITY OF SAN PABLO AGENT MULTIPLE EMPLOYER RETIREE HEALTH SAVINGS PLAN
SCHEDULE OF CONTRIBUTIONS**

Last 10 fiscal years*

Fiscal Year Ended June 30,	2020	2019	2018
Actuarially determined contribution	\$566,824	\$231,532	\$178,156
Contributions in relation to the actuarially determined contribution	<u>667,697</u>	<u>529,663</u>	<u>535,358</u>
Contribution deficiency (excess)	<u>(\$100,873)</u>	<u>(\$298,131)</u>	<u>(\$357,202)</u>
Covered payroll	\$12,321,331	\$14,310,894	\$12,161,432
Contributions as a percentage of covered payroll	5.42%	4.42%	4.40%
Notes to Schedule			
Valuation date:	6/30/2018	6/30/2018	6/30/2016
<u>Methods and assumptions used to determine contribution rates:</u>			
Valuation Date	6/30/2018	6/30/2018	6/30/2016
Actuarial Assumptions:			
Discount Rate	7.34%	7.36%	7.00%
Inflation	1.75%	2.50%	2.50%
Payroll Growth	2.75%	2.750%	2.875%
Investment Rate of Return	7.34%	7.36%	6.50%
Mortality Rate	CalPERS Rates	CalPERS Rates	CalPERS Rates
Pre-Retirement Turnover	CalPERS Rates	CalPERS Rates	CalPERS Rates
Healthcare Trend Rate	6%, trending down to 3.84%	7% trending down to 3.84%	7% in the first year, trending down to 3% over 3 years.

* Fiscal year 2018 was the first year of implementation.



CITY^{OF} SAN PABLO

City of New Directions

SUPPLEMENTAL 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, 2020

SPECIAL REVENUE FUNDS

	<u>Gas Tax</u>	<u>Public Safety</u>	<u>N.P.D.E.S.</u>	<u>Development Services</u>	<u>Measure C / J</u>
ASSETS					
Cash and investments available for operations	\$488,930	\$506,576		\$122,771	\$2,535,708
Accounts receivable	93,814	29,378	\$115,378		
Due from other governments		8,897		5,319	
Total Assets	<u>\$582,744</u>	<u>\$544,851</u>	<u>\$115,378</u>	<u>\$128,090</u>	<u>\$2,535,708</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$40,447		\$4,118	\$56,756	
Due to other funds		\$16,577	68,854		
Deposits payable	12,359			71,334	
Total Liabilities	<u>52,806</u>	<u>16,577</u>	<u>72,972</u>	<u>128,090</u>	
FUND BALANCES					
Restricted	<u>529,938</u>	<u>528,274</u>	<u>42,406</u>		<u>\$2,535,708</u>
Total Fund Balance	<u>529,938</u>	<u>528,274</u>	<u>42,406</u>		<u>2,535,708</u>
Total Liabilities and Fund Balances	<u>\$582,744</u>	<u>\$544,851</u>	<u>\$115,378</u>	<u>\$128,090</u>	<u>\$2,535,708</u>

SPECIAL REVENUE FUNDS

Asset Seizures	Paratransit	Street Lighting and Landscaping	Traffic Congestion Relief	HCD Grant	Measure K	Total Nonmajor Governmental Funds
\$134,514	\$393,235	\$712,540	\$230,711	\$100,624	\$67,746	\$5,293,355
	27,306				216,727	238,570
<u>\$134,514</u>	<u>\$420,541</u>	<u>\$712,540</u>	<u>\$230,711</u>	<u>\$100,624</u>	<u>\$284,473</u>	<u>\$5,790,174</u>
\$42,322	\$1,903	\$67,997	\$145,598			\$359,141
		502,932				85,431
<u>42,322</u>	<u>1,903</u>	<u>570,929</u>	<u>145,598</u>			<u>586,625</u>
92,192	418,638	141,611	85,113	\$100,624	\$284,473	4,758,977
92,192	418,638	141,611	85,113	100,624	284,473	4,758,977
<u>\$134,514</u>	<u>\$420,541</u>	<u>\$712,540</u>	<u>\$230,711</u>	<u>\$100,624</u>	<u>\$284,473</u>	<u>\$5,790,174</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, 2020

	SPECIAL REVENUE FUNDS				
	Gas Tax	Public Safety	N.P.D.E.S.	Development Services	Measure C / J
REVENUES					
Property taxes					
Sales tax		\$133,289			\$478,982
Licenses and permits				\$390,927	
Intergovernmental	\$1,254,406	187,686	\$337,569		
Charges for services	266,725		4,833	657,924	
Use of money and property		11,484	454		71,111
Miscellaneous	30,467		11,631	1,770	
Total Revenues	1,551,598	332,459	354,487	1,050,621	550,093
EXPENDITURES					
Current:					
General Government					
Community:					
Development				1,393,300	
Public Works & Engineering	2,210,354		495,104		
Capital outlay	657	18,075			
Total Expenditures	2,211,011	18,075	495,104	1,393,300	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(659,413)	314,384	(140,617)	(342,679)	550,093
OTHER FINANCING SOURCES (USES)					
Transfers in	1,127,450	18,059		432,846	
Transfers (out)		(480,289)			
Total Other Financing Sources (Uses)	1,127,450	(462,230)		432,846	
NET CHANGE IN FUND BALANCES	468,037	(147,846)	(140,617)	90,167	550,093
Fund balances (deficits) at beginning of year, as restated	61,901	676,120	183,023	(90,167)	1,985,615
FUND BALANCES AT END OF YEAR	\$529,938	\$528,274	\$42,406		\$2,535,708

SPECIAL REVENUE FUNDS

Asset Seizures	Paratransit	Street Lighting and Landscaping	Traffic Congestion Relief	HCD Grant	Measure K	Total Nonmajor Governmental Funds
		\$838,921				\$838,921
					\$807,378	1,419,649
						390,927
	\$294,463		\$35,769			2,109,893
\$4,276	12,771	19,304	6,858	\$3,159	\$899	929,482
3,524	927	20,000				130,316
7,800	308,161	878,225	42,627	3,159	808,277	5,887,507
		14,522			1,503,642	1,518,164
	251,869					1,645,169
		1,196,964				3,902,422
	134,437	21,417				174,586
	386,306	1,232,903			1,503,642	7,240,341
7,800	(78,145)	(354,678)	42,627	3,159	(695,365)	(1,352,834)
		528,901				2,107,256
						(480,289)
		528,901				1,626,967
7,800	(78,145)	174,223	42,627	3,159	(695,365)	274,133
84,392	496,783	(32,612)	42,486	97,465	979,838	4,484,844
\$92,192	\$418,638	\$141,611	\$85,113	\$100,624	\$284,473	\$4,758,977

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, 2020

	SPECIAL REVENUE FUNDS					
	GAS TAX			PUBLIC SAFETY		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax				\$120,000	\$133,289	\$13,289
Licenses and permits						
Intergovernmental	\$1,322,614	\$1,254,406	(\$68,208)	161,546	187,686	26,140
Charges for services	14,685	266,725	252,040			
Use of money and property					11,484	11,484
Miscellaneous		30,467	30,467			
Total Revenues	1,337,299	1,551,598	214,299	281,546	332,459	50,913
EXPENDITURES						
Current:						
General Government						
Community:						
Development						
Public Works & Engineering	2,670,571	2,210,354	460,217			
Capital outlay	657	657		14,546	18,075	(3,529)
Total Expenditures	2,671,228	2,211,011	460,217	14,546	18,075	(3,529)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,333,929)	(659,413)	674,516	267,000	314,384	47,384
OTHER FINANCING SOURCES (USES)						
Transfers in		1,127,450	1,127,450		18,059	18,059
Transfers (out)				(347,000)	(480,289)	(133,289)
Total Other Financing Sources (Uses)		1,127,450	1,127,450	(347,000)	(462,230)	(115,230)
NET CHANGE IN FUND BALANCES	(1,333,929)	468,037	\$1,801,966	(\$80,000)	(147,846)	(\$67,846)
Fund balances (deficits) at beginning of year, as restated		61,901			676,120	
FUND BALANCES AT END OF YEAR		\$529,938			\$528,274	

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)
			\$342,000	\$390,927	\$48,927	\$409,000	\$478,982	\$69,982
\$318,000	\$337,569	\$19,569	502,010	657,924	155,914	5,050	71,111	66,061
	4,833	4,833						
	454	454	96,000	1,770	(94,230)			
	11,631	11,631						
<u>318,000</u>	<u>354,487</u>	<u>36,487</u>	<u>940,010</u>	<u>1,050,621</u>	<u>110,611</u>	<u>414,050</u>	<u>550,093</u>	<u>136,043</u>
			1,728,805	1,393,300	335,505			
506,511	495,104	11,407						
<u>506,511</u>	<u>495,104</u>	<u>11,407</u>	<u>1,728,805</u>	<u>1,393,300</u>	<u>335,505</u>			
<u>(188,511)</u>	<u>(140,617)</u>	<u>47,894</u>	<u>(788,795)</u>	<u>(342,679)</u>	<u>446,116</u>	<u>414,050</u>	<u>550,093</u>	<u>136,043</u>
				432,846	432,846			
				432,846	432,846			
<u>(\$188,511)</u>	<u>(140,617)</u>	<u>\$47,894</u>	<u>(\$788,795)</u>	<u>90,167</u>	<u>\$878,962</u>	<u>\$414,050</u>	<u>550,093</u>	<u>\$136,043</u>
	<u>183,023</u>			<u>(90,167)</u>			<u>1,985,615</u>	
	<u>\$42,406</u>						<u>\$2,535,708</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, 2020

	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				\$321,000	\$294,463	(\$26,537)
Charges for services						
Use of money and property		\$4,276	\$4,276	4,040	12,771	8,731
Miscellaneous		3,524	3,524		927	927
Total Revenues		7,800	7,800	325,040	308,161	(16,879)
EXPENDITURES						
Current:						
General Government						
Community:						
Development				403,257	251,869	151,388
Public Works & Engineering						
Capital outlay				8,129	134,437	(126,308)
Total Expenditures				411,386	386,306	25,080
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		7,800	7,800	(86,346)	(78,145)	8,201
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES		7,800	\$7,800	(\$86,346)	(78,145)	\$8,201
Fund balances (deficits) at beginning of year, as restated		84,392			496,783	
FUND BALANCES AT END OF YEAR		\$92,192			\$418,638	

SPECIAL REVENUE FUNDS

STREET LIGHTING AND LANDSCAPING

<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$833,450	\$838,921	\$5,471
	19,304	19,304
	20,000	20,000
<u>833,450</u>	<u>878,225</u>	<u>44,775</u>
16,725	14,522	2,203
1,669,891	1,196,964	472,927
<u>22,701</u>	<u>21,417</u>	<u>1,284</u>
<u>1,709,317</u>	<u>1,232,903</u>	<u>476,414</u>
<u>(875,867)</u>	<u>(354,678)</u>	<u>521,189</u>
	528,901	528,901
	<u>528,901</u>	<u>528,901</u>
<u>(875,867)</u>	174,223	<u>\$1,050,090</u>
	<u>(32,612)</u>	
	<u>\$141,611</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.

WEST CONTRA COSTA INTEGRATED WASTE MANAGEMENT AUTHORITY

This fund accounts for assets belonging to the West Contra Costa Integrated Waste Management Authority held as an agent by the City, which maintains the Authority's books and accounts.

CITY OF SAN PABLO
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2020

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<u>Community Organizations and Activities</u>				
<u>Assets</u>				
Restricted cash and investments	\$747,182	\$189,766	\$199,292	\$737,656
Total Assets	<u>\$747,182</u>	<u>\$189,766</u>	<u>\$199,292</u>	<u>\$737,656</u>
<u>Liabilities</u>				
Accounts payable	\$6,126	\$812	\$6,126	\$812
Deposits held as agent for others	741,056	188,954	193,166	736,844
Total Liabilities	<u>\$747,182</u>	<u>\$189,766</u>	<u>\$199,292</u>	<u>\$737,656</u>
<u>West Contra Costa Transportation Advisory Committee</u>				
<u>Assets</u>				
Restricted cash and investments	\$3,379,774	\$3,203,558	\$2,559,462	\$4,023,870
Total Assets	<u>\$3,379,774</u>	<u>\$3,203,558</u>	<u>\$2,559,462</u>	<u>\$4,023,870</u>
<u>Liabilities</u>				
Accounts payable	\$158	\$740	\$158	\$740
Deposits held as agent for others	3,379,616	3,202,818	2,559,304	4,023,130
Total Liabilities	<u>\$3,379,774</u>	<u>\$3,203,558</u>	<u>\$2,559,462</u>	<u>\$4,023,870</u>
<u>West Contra Costa Integrated Waste Management Authority</u>				
<u>Assets</u>				
Restricted cash and investments	\$3,130,896	\$3,109,139	\$3,130,896	\$3,109,139
Total Assets	<u>\$3,130,896</u>	<u>\$3,109,139</u>	<u>\$3,130,896</u>	<u>\$3,109,139</u>
<u>Liabilities</u>				
Accounts payable	\$198,078	\$86,630	\$198,078	\$86,630
Deposits held as agent for others	2,932,818	3,022,509	2,932,818	3,022,509
Total Liabilities	<u>\$3,130,896</u>	<u>\$3,109,139</u>	<u>\$3,130,896</u>	<u>\$3,109,139</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Restricted cash and investments	\$7,257,852	\$6,502,463	\$5,889,650	\$7,870,665
Total Assets	<u>\$7,257,852</u>	<u>\$6,502,463</u>	<u>\$5,889,650</u>	<u>\$7,870,665</u>
<u>Liabilities</u>				
Accounts payable	\$204,362	\$88,182	\$204,362	\$88,182
Deposits held as agent for others	7,053,490	6,414,281	5,685,288	7,782,483
Total Liabilities	<u>\$7,257,852</u>	<u>\$6,502,463</u>	<u>\$5,889,650</u>	<u>\$7,870,665</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

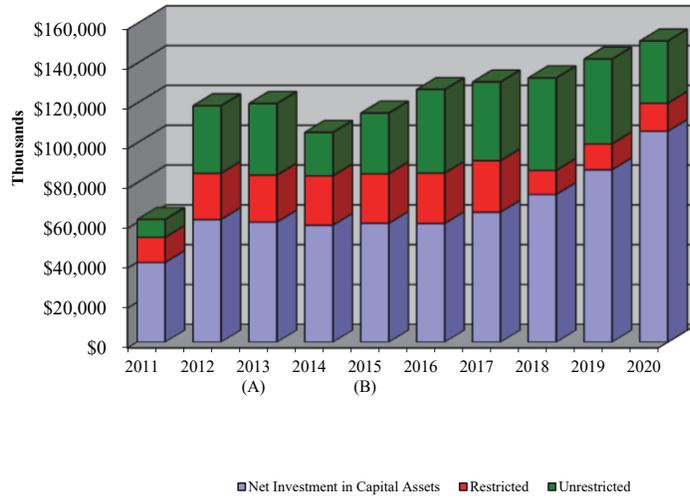
Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.



CITY^{OF} SAN PABLO

City of New Directions

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



	2011	2012	2013 (A)	2014	2015 (B)	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$39,968,889	\$61,548,129	\$60,286,124	\$58,716,354	\$59,671,326	\$59,552,820	\$65,203,760	\$74,150,591	\$86,551,977	\$105,886,032
Restricted	12,660,690	23,252,245	23,589,889	24,793,010	24,843,522	25,307,852	25,912,314	12,096,519	13,029,241	14,094,165
Unrestricted	8,948,361	33,879,184	35,928,112	21,808,206	30,508,198	41,969,726	39,526,263	46,421,552	42,547,901	31,228,713
Total governmental activities net position	\$61,577,940	\$118,679,558	\$119,804,125	\$105,317,570	\$115,023,046	\$126,830,398	\$130,642,337	\$132,668,662	\$142,129,119	\$151,208,910

- (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,			
	2011	2012	2013(c)	2014
Expenses				
Governmental Activities:				
General Government	\$3,873,454	\$4,041,867	\$5,680,263	\$5,918,919
Community				
Recreation	1,296,966	1,141,266	1,342,621	1,306,695
Development	4,482,336	2,062,972	1,176,592	1,115,441
Housing	86,761	6,937	13,600	12,100
Public Works & Engineering	7,379,061	7,447,687	8,064,981	7,304,089
Police	14,397,742	13,676,212	15,393,927	14,959,000
Interest and fiscal charges	3,813,714	2,175,282		
Total Governmental Activities Expenses	<u>35,330,034</u>	<u>30,552,223</u>	<u>31,671,984</u>	<u>30,616,244</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	66,541	113,227	218,312	522,654
Community:				
Recreation	251,779	204,475	245,934	236,757
Development	332,055	289,569	527,404	561,699
Public Works & Engineering	106,798	85,258	143,158	168,230
Police	325,909	303,410	486,569	396,612
Operating Grants and Contributions	2,497,146	2,158,891	1,930,939	1,962,725
Capital Grants and Contributions	2,304,659	3,095,927	1,846,299	7,078,669
Total Government Activities Program Revenues	<u>5,884,887</u>	<u>6,250,757</u>	<u>5,398,615</u>	<u>10,927,346</u>
Net (Expense)/Revenue				
Governmental Activities	<u>(29,445,147)</u>	<u>(24,301,466)</u>	<u>(26,273,369)</u>	<u>(19,688,898)</u>
General Revenues and Other				
Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	1,129,241	1,345,016	1,229,599	1,515,310
Incremental Property Taxes	9,415,129	5,051,415		
Sales Taxes	1,313,493	1,396,988	2,253,736	2,912,396
In-Lieu Sales Tax	316,486	421,134	468,552	548,465
Utility Users Tax	2,083,913	2,339,064	2,473,792	2,553,955
Transient Occupancy Taxes (a)		309,167	356,177	424,570
Franchise Taxes (a)		540,565	627,473	719,358
Payment in Lieu of taxes (a)		1,757,473	1,792,638	1,828,490
Business Licenses (nonregulatory)	313,623	15,800,631	17,388,179	18,291,111
Other Taxes (b)	16,217,232	85,790	109,928	114,542
Intergovernmental unrestricted:				
Motor Vehicle In-Lieu Fees	1,881,451	1,688,305	1,654,714	1,713,415
Use of Money and Property	666,850	394,790	238,115	246,226
Gain on Sale of Property	1,327,416			
Miscellaneous	228,070	344,653	167,902	320,447
Special item - assets transferred from Successor Agency				1,534,820
Extraordinary item - assets transferred to/liabilities assumed by Successor Agency		49,928,093	(1,176,610)	
Total Governmental Activities	<u>34,892,904</u>	<u>31,474,991</u>	<u>28,760,805</u>	<u>32,723,105</u>
Change in Net Position				
Governmental Activities	<u>\$5,447,757</u>	<u>\$7,173,525</u>	<u>\$2,487,436</u>	<u>\$13,034,207</u>

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

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

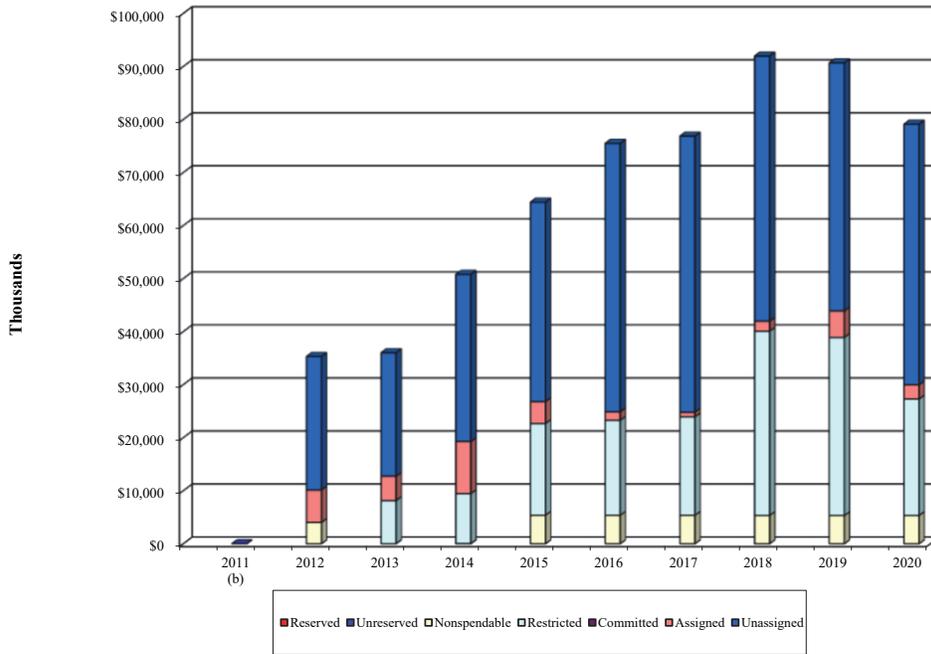
(c) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position."

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

Fiscal Year Ended June 30,

2015(d)	2016	2017	2018	2019	2020
\$5,868,035	\$10,749,217	\$11,105,576	\$10,840,251	\$12,006,415	\$16,802,527
1,417,109	1,613,344	333,076	256,371	311,538	3,368,316
1,538,176	1,351,207	4,332,370	4,961,457	5,886,370	2,388,458
	23,000	17,793	23,810	28,930	83,482
9,591,938	7,253,853	7,970,136	7,784,816	8,622,447	7,392,827
15,207,587	13,239,813	17,438,358	18,525,592	20,525,816	22,166,487
1,069,642	1,035,279	925,564	1,331,646	1,558,865	1,162,515
<u>34,692,487</u>	<u>35,265,713</u>	<u>42,122,873</u>	<u>43,723,943</u>	<u>48,940,381</u>	<u>53,364,612</u>
612,276	435,262	1,119,770	524,488		236,032
321,941	334,418	127,698	52,022	40,957	41,665
483,379	504,454	1,154,979	1,216,911	1,133,536	1,161,264
225,034	187,923	138,126	246,289	645,376	277,611
666,228	569,627	522,678	1,009,555	900,657	695,885
2,064,275	1,679,873	929,109	1,271,647	2,325,867	3,227,455
5,202,454	4,562,945	1,438,055	1,955,492	7,096,432	2,483,913
<u>9,575,587</u>	<u>8,274,502</u>	<u>5,430,415</u>	<u>6,276,404</u>	<u>12,142,825</u>	<u>8,123,825</u>
<u>(25,116,900)</u>	<u>(26,991,211)</u>	<u>(36,692,458)</u>	<u>(37,447,539)</u>	<u>(36,797,556)</u>	<u>(45,240,787)</u>
1,676,678	1,562,739	2,011,222	2,442,226	2,943,210	3,354,755
3,803,069	4,168,439	4,601,301	4,293,283	3,854,079	4,119,326
490,239	406,799				
2,467,509	2,572,145	2,686,980	2,650,707	2,548,455	2,532,147
455,006	523,213	523,513	565,474	636,322	235,597
884,123	790,828	935,005	900,299	947,557	901,680
1,865,060	1,902,362	1,940,410	1,979,218	2,018,802	2,059,177
19,701,338	22,986,063	24,213,462	26,197,153	27,735,698	21,735,943
132,130	157,190	82,602	87,911	83,611	116,591
1,961,310	2,158,330	2,317,615	2,487,919	2,666,964	2,844,696
633,516	865,048	190,354	849,714	2,404,371	2,813,630
545,773	705,407	1,001,933	834,155	418,944	620,873
206,625					
<u>34,822,376</u>	<u>38,798,563</u>	<u>40,504,397</u>	<u>43,288,059</u>	<u>46,258,013</u>	<u>41,334,415</u>
<u>\$9,705,476</u>	<u>\$11,807,352</u>	<u>\$3,811,939</u>	<u>\$5,840,520</u>	<u>\$9,460,457</u>	<u>(\$3,906,372)</u>

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



	Fiscal Year Ended June 30,									
	2011 (b)	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Reserved										
Unreserved										
Nonspendable	\$94,156	\$4,024,921	\$28,503	\$45,219	\$5,402,621	\$5,384,995	\$5,367,811	\$5,341,934	\$5,318,053	\$5,336,415
Restricted	206,626									
Assigned		20,215	227,579	763,614	145,329	1,315,623	895,605	1,924,937	5,018,720	2,705,823
Unassigned	24,008,243	21,100,922	23,285,950	31,512,493	37,596,248	50,715,535	54,246,048	50,765,118	50,750,360	49,537,936
Total General Fund	<u>\$24,309,025</u>	<u>\$25,146,058</u>	<u>\$23,542,032</u>	<u>\$32,321,326</u>	<u>\$43,144,198</u>	<u>\$57,416,153</u>	<u>\$60,509,464</u>	<u>\$58,031,989</u>	<u>\$61,087,133</u>	<u>\$57,580,174</u> (a)
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue funds										
Capital project funds										
Restricted	\$29,624,123	\$7,862,952	\$8,117,456	\$9,387,695	\$17,266,389	\$17,900,895	\$18,551,388	\$34,725,598	\$33,584,302	\$21,940,445
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)	(782,655)	(3,973,966)	(399,857)
Total all other governmental funds	<u>\$41,064,974</u>	<u>\$13,975,603</u>	<u>\$12,483,055</u>	<u>\$18,470,359</u>	<u>\$21,277,049</u>	<u>\$18,087,911</u>	<u>\$16,358,670</u>	<u>\$33,942,943</u>	<u>\$29,610,336</u>	<u>\$21,540,588</u> (a)

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



CITY^{OF} SAN PABLO

City of New Directions

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,				
	2011	2012	2013	2014	2015
Revenues					
Property taxes	\$1,129,241	\$1,345,016	\$1,083,129	\$1,515,310	\$1,676,678
Incremental property taxes	9,415,129	5,051,415 (b)			
Sales taxes	1,336,319	1,774,609	2,561,567	3,272,038	4,188,421
In-lieu sales tax	316,486	421,134	468,552	548,465	490,239
Utility users tax	2,083,913	2,339,064	2,473,792	2,553,955	2,467,509
Business license tax (a)		15,501,584	17,105,522	17,951,434	19,390,922
Other taxes	16,217,232	2,692,995	2,862,216	3,064,960	3,304,319
Licenses and permits	313,623	299,047	282,657	339,677	310,416
Fines and forfeits	175,236	160,779	199,033	178,497	250,670
Intergovernmental	6,927,565	6,732,431	5,341,904	10,466,512	9,707,728
Charges for services	786,693	733,972	1,324,955	1,622,447	1,435,849
Use of money and property	1,275,476	1,070,834	886,060	494,277	1,076,231
Miscellaneous	143,404	125,916	105,815	265,763	211,850
Total Revenues	40,120,317	38,248,796	34,695,202	42,273,335	44,510,832
Expenditures					
Current:					
General government	5,077,971	4,051,309	5,644,563	5,798,844	6,151,008
Community					
Recreation	1,281,164	1,045,283	1,198,105	1,173,065	1,321,969
Development	3,231,110	1,776,767	1,116,502	1,097,422	1,572,053
Housing	214,996	6,937	1,850	12,100	
Public Works & Engineering	2,912,684	3,039,965	3,108,904	3,153,976	3,458,187
Police	14,109,881	13,601,625	14,879,348	14,858,753	15,435,553
Pass Through to County					
Supplemental Educational Revenue Augmentation Fund					
Payment	1,222,860				
Estimated reduction in value of land held for redevelopment					
Capital outlay	4,993,318	8,925,221	11,656,245	2,912,525	18,095,578
Debt service:					
Principal repayment	3,165,543	3,290,000			85,000
Interest and fiscal charges	3,541,450	2,182,278			778,547
Total Expenditures	39,750,977	37,919,385	37,605,517	29,006,685	46,897,895
Excess (deficiency) of revenues over (under) expenditures	369,340	329,411	(2,910,315)	13,266,650	(2,387,063)
Other Financing Sources (Uses)					
Transfers in	21,666,427	15,145,921	8,671,125	3,904,184	7,075,398
Transfers (out)	(21,666,427)	(15,145,921)	(8,671,125)	(3,904,184)	(7,075,398)
Proceeds or gain from sale of property	1,327,416				
Capital leases					
Issuance of debt	1,222,860			1,141,738	15,810,000
transferred to capital assets	(911,727)				
Total Other Financing Sources (Uses)	1,638,549			1,141,738	15,810,000
Special and Extraordinary Items					
Assets transferred to Housing Successor		5,865,000		358,210	206,625
Assets transferred to/liabilities assumed by Successor Agency/Housing Successor		(32,469,574)			
Total Special and Extraordinary Items		(26,604,574)		358,210	206,625
Change in Fund Balance	\$2,007,889	(\$26,275,163)	(\$2,910,315)	\$14,766,598	\$13,629,562
Debt service as a percentage of noncapital expenditures					
	19.3%	18.9%			3.0%

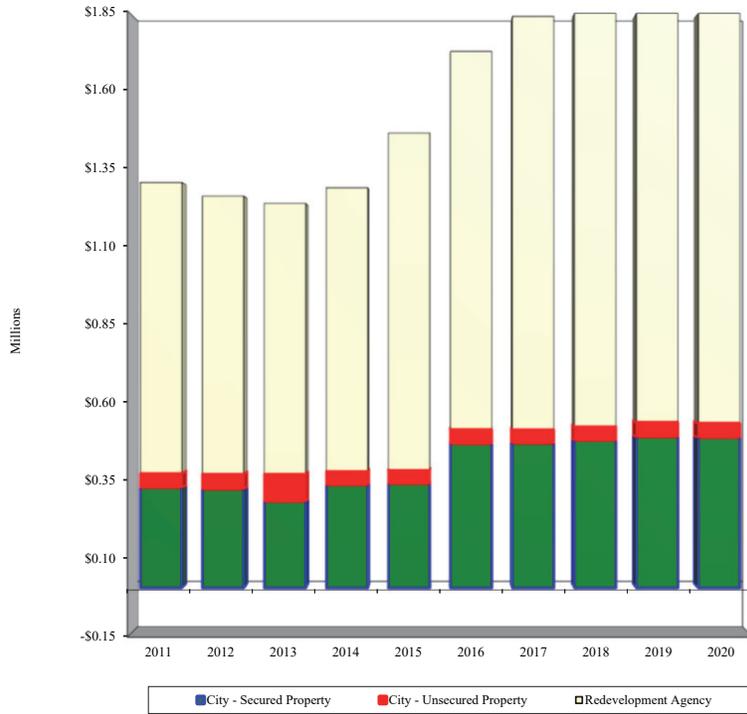
(a) Included in Other Taxes prior to fiscal year 2012.

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

Fiscal Year Ended June 30,

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$1,562,739	\$1,716,156	\$2,063,312	\$2,616,083	\$2,375,632
5,019,746	5,002,384	4,555,525	4,307,705	4,598,308
406,799				
2,572,145	2,686,980	2,650,707	2,548,455	2,532,147
22,665,705	23,876,317	25,826,897	27,365,635	21,345,016
3,334,876	3,474,030	3,532,902	3,686,292	3,313,045
320,358	337,145	370,256	370,063	390,927
253,290	242,120	202,854	274,696	274,605
7,946,402	4,936,968	6,032,257	11,549,795	8,919,794
1,347,066	1,547,551	2,053,387	1,909,493	1,607,626
1,303,736	1,269,461	1,279,434	3,705,125	4,131,811
296,132	881,219	968,047	723,384	520,519
<u>47,028,994</u>	<u>45,970,331</u>	<u>49,535,578</u>	<u>59,056,726</u>	<u>50,009,430</u>
10,812,295	10,629,175	10,446,232	11,557,521	14,432,447
1,490,995	73,015		72,048	3,244,089
1,417,014	4,203,880	4,868,887	5,753,056	1,645,169
23,000	17,793	23,810	28,930	83,482
3,360,427	4,064,962	4,618,334	4,130,144	4,303,635
13,753,176	14,927,935	16,028,684	18,127,752	18,663,853
4,215,533	9,598,715	11,267,518	18,621,834	17,587,385
354,982	470,234	1,480,988	971,063	909,367
737,339	620,552	1,019,327	1,238,996	1,162,515
<u>36,164,761</u>	<u>44,606,261</u>	<u>49,753,780</u>	<u>60,501,344</u>	<u>62,031,942</u>
<u>10,864,233</u>	<u>1,364,070</u>	<u>(218,202)</u>	<u>(1,444,618)</u>	<u>(12,022,512)</u>
5,721,373	11,860,143	15,548,139	17,446,437	30,503,098
(5,721,373)	(11,860,143)	(15,548,139)	(17,446,437)	(30,503,098)
218,584		2,491,334		
		15,325,000		
<u>218,584</u>	<u></u>	<u>17,816,334</u>	<u></u>	<u></u>
<u>\$11,082,817</u>	<u>\$1,364,070</u>	<u>\$17,598,132</u>	<u>(\$1,444,618)</u>	<u>(\$12,022,512)</u>
3.4%	3.1%	37.5%	43.1%	39.0%

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

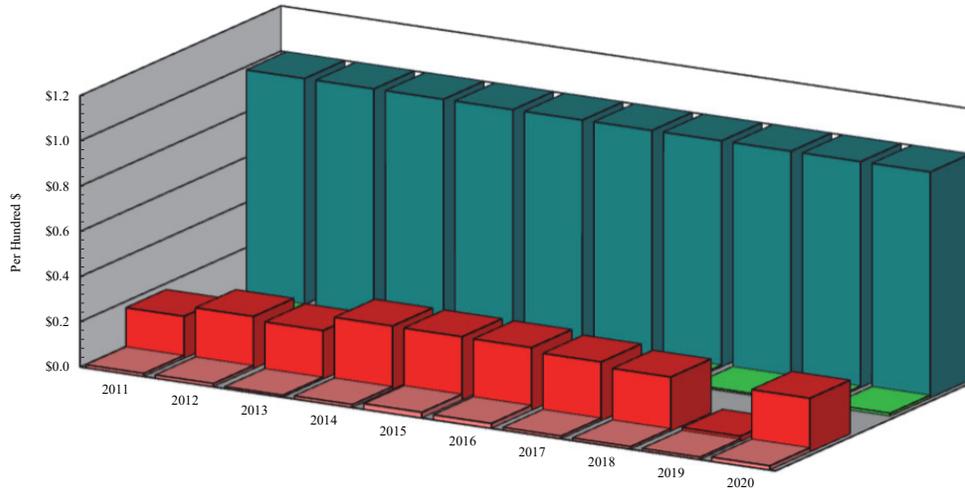


Fiscal Year	Value of City Property Subject to Local Tax			Value of Redevelopment Agency Property Subject to Local Tax Rate			Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Secured Property	Unsecured Property	Awesome Total	Tenth Township	Legacy	Total			
2011	\$322,164,784	\$46,296,587	\$368,461,371	\$854,184,022	\$82,697,584	\$936,881,606	\$1,305,342,977	\$1,305,342,977	0.782%
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	0.773%
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	0.098%
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	0.097%
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	0.108%
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%
2018	474,524,495	45,161,702	519,686,197	1,260,975,983	193,665,594	1,454,641,577	1,974,327,774	1,974,327,774	0.108%
2019	485,479,027	48,519,738	533,998,765	1,353,539,647	214,666,027	1,568,205,674	2,102,204,439	2,102,204,439	0.107%
2020	483,615,982	47,196,414	530,812,396	1,446,048,102	237,976,780	1,684,024,882	2,214,837,278	2,214,837,278	0.107%

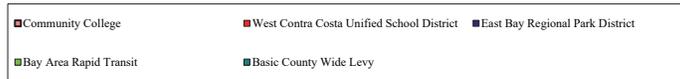
Source: Contra Costa County Auditor Controller Office Certificate of Assessed Valuations

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

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



Direct and Overlapping Rates



Fiscal Year	Basic County Wide Levy (a)	Bay Area Rapid Transit	East Bay Regional Park District	West Contra Costa Unified School District	Community College	Total Direct and Overlapping Rates (b)	City's Share of 1% Levy per Prop 13 (c)	Redevelopment Agency Rate (d)	Total Direct Rate (e)
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
2018	1.00000	0.00840	0.00210	0.23970	0.01140	1.26160	0.09828	0.00000	0.10755
2019	1.00000	0.00700	0.00210	0.02390	0.01100	1.04400	0.09828	0.00000	0.10735
2020	1.00000	0.01200	0.00940	0.23790	0.01880	1.27810	0.09828	0.00000	0.10738

Source: HdL Coren & Cone, Contra Costa County Assessor

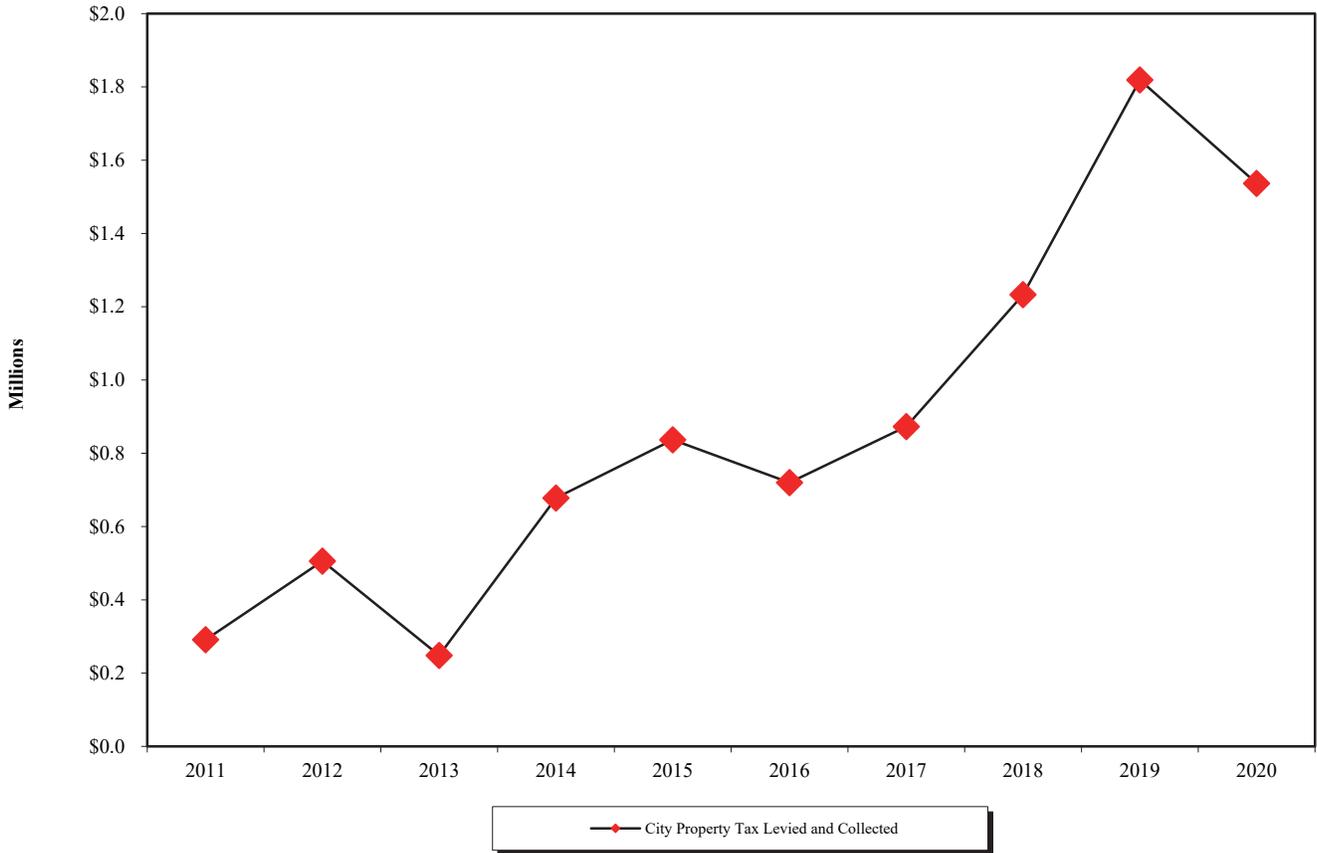
- (a) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the, 1.00% fixed amount, property owners are charged taxes as a percentage of assessed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

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

Taxpayer	2019-2020			2010-2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Donahue Schriber Realty Group	\$24,047,200	1	1.09%	\$20,894,319	1	1.60%
Lytton Rancheria of CA	23,359,809	2	1.05%			
CC San Pablo LP	17,587,361	3	0.79%			
San Pablo Retail Partners II	16,538,662	4	0.75%			
Save Mart Supermarkets	14,396,027	5	0.65%	12,142,977	4	0.93%
Menlo Land and Captal XII LLC	13,500,000	6	0.61%			
Public Storage INC	11,665,779	7	0.53%	10,176,652	6	0.78%
Gordon Creekside LLC	10,375,791	8	0.47%			
Manuel and Elba Gomez LLC	8,914,147	9	0.40%			
Vale Property LLC	8,831,249	10	0.40%			
Giant Road LLC				13,432,088	3	1.03%
San Pablo Retail Partners LLC				16,521,920	2	1.27%
Lucky NoCal Investor LLC				9,538,081	7	0.73%
Murray and Janet Gordon Trust				8,966,676	9	0.69%
College Center Retail LLC				11,844,336	5	0.91%
International Game Technology				9,039,062	8	0.69%
WEC 97K-31 Investment Trust				6,548,873	10	0.50%
Subtotal	<u>\$149,216,025</u>		<u>6.7%</u>	<u>\$119,104,984</u>		<u>9.1%</u>
Total Assessed Valuation:						
Fiscal Year 2019-2020	\$2,214,837,278					
Fiscal Year 2010-2011	\$1,305,342,977					

Source: HdL Coren & Cone, Contra Costa County Assessor

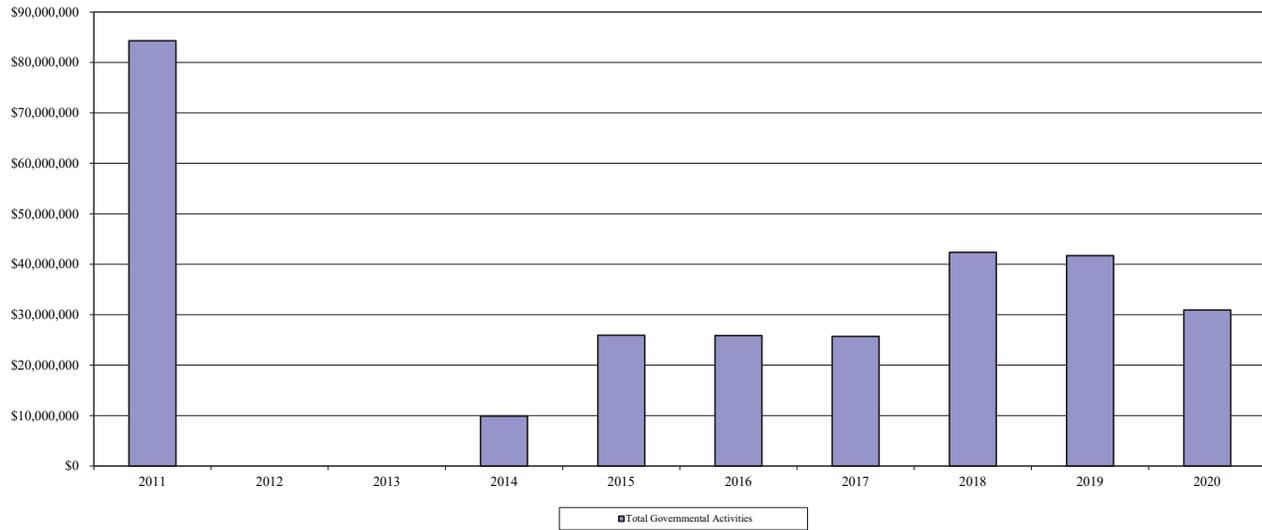
**CITY OF SAN PABLO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**



Fiscal Year	City Property Tax Levied and Collected (1)	Redevelopment Agency Property Tax Levied and Collected		Total Property Tax Levied and Collected (2)	Percent of Total Tax Collections to Tax Levy
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%
2018	1,232,993	0	(3)	1,232,993	100%
2019	1,819,023	0	(3)	1,819,023	100%
2020	1,536,711	0	(3)	1,536,711	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			
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
2018	0 (b)	0 (b)	12,053,151	30,295,000	42,348,151	8.50%	1,364
2019	0 (b)	0 (b)	11,731,957	29,965,000	41,696,957	7.35%	1,311
2020	0 (b)	0 (b)	1,292,438	29,630,000	30,922,438	5.22%	984

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, 2020**

2019-20 Assessed Valuation	\$2,214,837,278
Less: Redevelopment Incremental Valuation	<u>1,684,024,882</u>
Adjusted Assessed Valuation	<u><u>\$530,812,396</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	\$30,922,438	100.000%	\$30,922,438
Overlapping Debt:			
Bay Area Rapid Transit District	342,719,362	0.929%	3,182,297
Contra Costa County Fire Pension Obligation	40,915,000	2.018%	825,604
Contra Costa Community College District	832,650,000	0.932%	7,757,916
County General	467,918,035	0.929%	4,344,819
East Bay Regional Park District	66,651,714	0.929%	618,890
West Contra Costa Unified School District	<u>1,760,286,189</u>	5.971%	<u>105,104,517</u>
Total Overlapping Debt	<u><u>3,511,140,300</u></u>		<u><u>121,834,043</u></u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	<u><u>\$3,542,062,738</u></u>		<u><u>\$152,756,481</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 2019-20 ADJUSTED ASSESSED VALUATION:

Direct Debt	12.74%
Total Direct and Overlapping Tax Assessment Debt	37.93%

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, 2020**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$2,214,837,278
-----------------------------------------------------------------	-----------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$83,056,398
-------------------------------------------------	--------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$30,922,438
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Less Tax Allocation Bonds and SERAF Loan not subject to limit	30,922,438
------------------------------------------------------------------	------------

Amount of debt subject to limit	0
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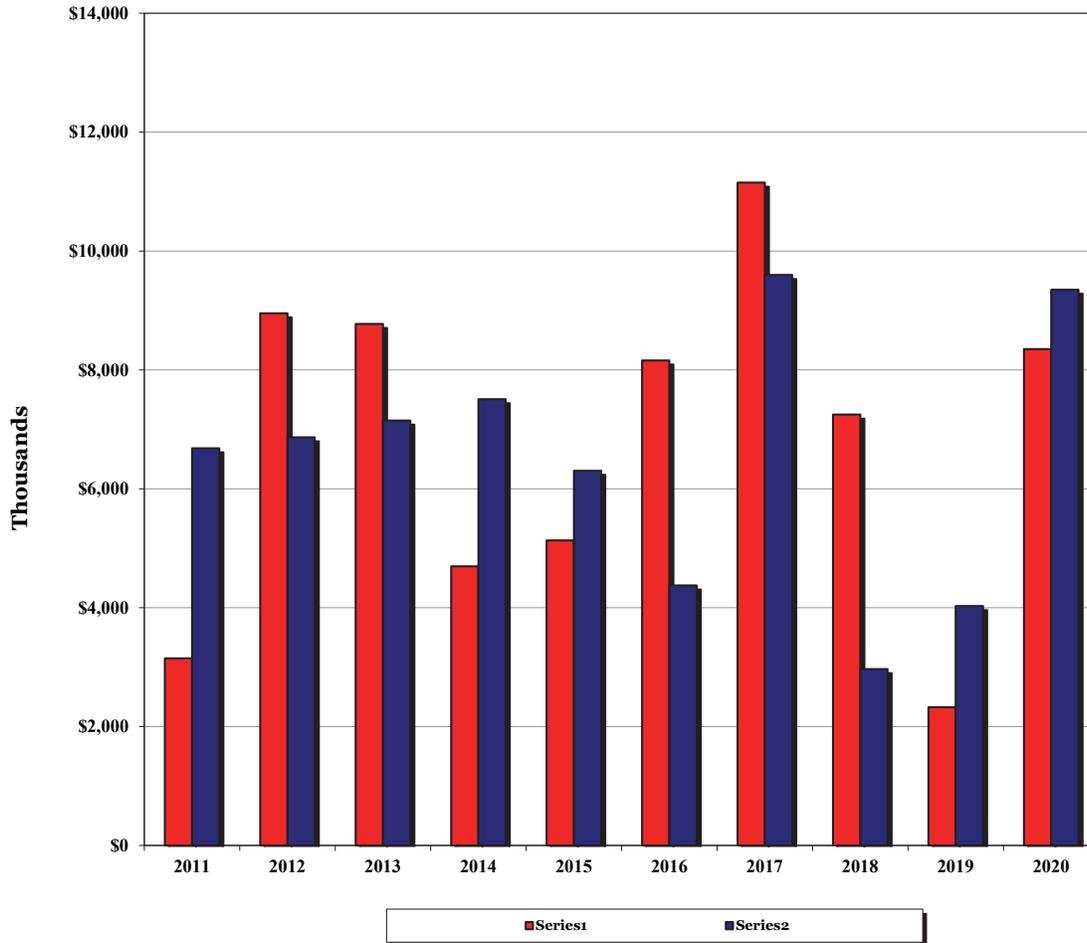
LEGAL BONDED DEBT MARGIN	\$83,056,398
--------------------------	--------------

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
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%
2018	74,037,292	0	74,037,292	0.00%
2019	78,832,666	0	78,832,666	0.00%
2020	83,056,398	0	83,056,398	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	
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
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)
2018	7,249,096 (d)	0 (b)	7,249,096	320,000	2,647,300	2,967,300 (e)	2.44 (d)
2019	2,325,842 (d)	0 (b)	2,325,842	1,560,000	2,468,600	4,028,600 (e)	0.58 (d)
2020	8,350,525 (d)	0 (b)	8,350,525	7,005,000	2,344,875	9,349,875 (e)	0.89 (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
				1999 Bonds	2001 and 2004 Tenth Township Bonds	2006 Bonds			
2011	\$8,594,963	(\$1,737,391)	\$6,857,572	\$893,292	\$2,559,633	\$2,953,843		\$6,406,768	1.07
2012	8,529,190 (a)	0 (b)	8,529,190	887,070	2,942,173	2,762,899		6,592,142 (c)	1.29
2013	8,173,104 (d)	0 (b)	8,173,104	890,965	3,631,201	2,351,864		6,874,030 (e)	1.19
2014	4,291,235 (d)	0 (b)	4,291,235	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	843,427	0	\$5,186,996	6,030,423 (e)	0.75
2016	N/A (d)	0 (d)	N/A (d)	0	1,050,812	0	3,372,250	4,423,062 (e)	N/A
2017	N/A (d)	0 (d)	N/A (d)	0	5,296,795	0	4,301,750	9,598,545 (e)	N/A
2018	N/A (d)	0 (d)	N/A (d)	0	1,922,750	0	5,379,550	7,302,300 (e)	N/A
2019	N/A (d)	0 (d)	N/A (d)	0	882,250	0	3,146,350	4,028,600 (e)	N/A
2020	N/A (d)	0 (d)	N/A (d)	0	3,032,125	0	6,317,750	9,349,875 (e)	N/A

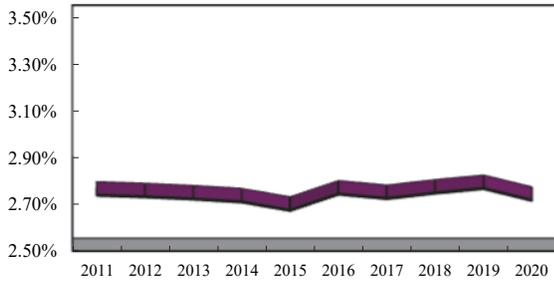
LEGACY PROJECT AREA

Fiscal Year	Gross Tax Revenues	Housing Set Aside	Available Revenue	Debt Service on 2004 Legacy Bonds		Debt Service Coverage
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
2018	N/A (d)	N/A (b)	N/A	N/A (e)		N/A
2019	N/A (d)	N/A (b)	N/A	N/A (e)		N/A
2020	N/A (d)	N/A (b)	N/A	N/A (e)		N/A

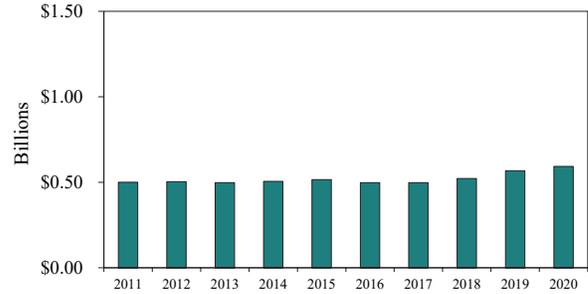
- (a) The Redevelopment Agency was dissolved effective January 31, 2012 and its liabilities were assumed by a Successor Agency effective February 1, 2012. Includes tax increment collected by the former Redevelopment Agency and property taxes collected by the Successor Agency. After January 31, 2012, 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

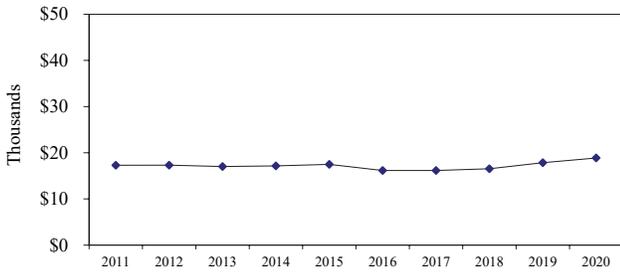
**CITY OF SAN PABLO
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



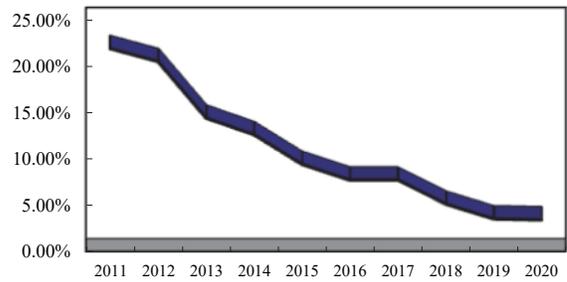
■ City Population as a % of County Population



■ 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>
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%
2018	31,593	522,292,000	16,531	5.1%	1,149,363	2.75%
2019	31,817	567,648,000	17,841	3.5%	1,149,363	2.77%
2020	31,413	592,791,000	18,870	3.4%	1,155,879	2.72%

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

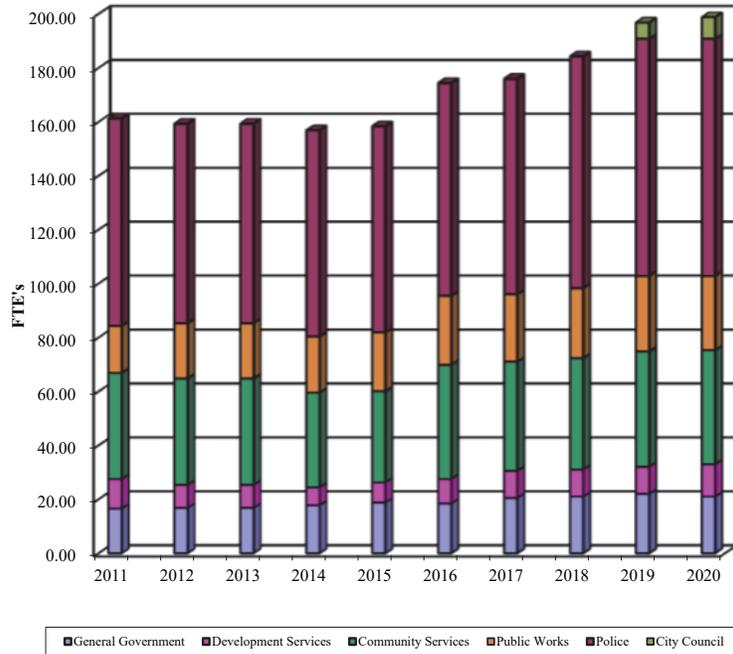
CITY OF SAN PABLO
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2019-2020</u>			<u>2010-2011</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>
Contra Costa College*	892	1	6.3%	386	3	2.7%
Casino San Pablo*	547	2	3.8%	439	2	3.0%
City of San Pablo*	234	3	1.6%	188	4	1.3%
San Pablo Health Care Center*	130	4	0.9%	119	8	0.8%
Creekside Health Care Center*	120	5	0.8%	124	7	0.9%
HELMS	110	6	0.8%			
Bayview Elementary School	80	7	0.6%			
Las Montanas	75	8	0.5%	140	6	1.0%
Dover Elementary School	75	9	0.5%			
Ujima Family Recovery Services	65	10	0.5%			
Doctor's Medical Center* Closed 04/21/2015				946	1	6.5%
Vale Care Center*				180	5	1.2%
Albertson's (Lucky's)						
Raley's				88	9	0.6%
Food Maxx				78	10	0.5%
Subtotal	<u>2,328</u>		<u>16.4%</u>	<u>2,688</u>		<u>18.5%</u>
Total City Day Population	<u>14,208</u>			<u>14,500</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 Equivalent City Government Employees by Function
Last Ten Fiscal Years



	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function										
General Government	16.60	16.80	16.80	17.80	18.80	18.50	20.50	21.00	22.00	21.00 *
Development Services	10.90	8.50	8.50	6.60	7.40	9.00	10.00	10.00	10.00	12.00 *
Community Services	39.35	39.50	39.50	35.15	33.85	42.40	40.50	41.30	42.80	42.30 *
Public Works	17.45	20.50	20.50	20.80	21.80	25.50	25.00	26.00	28.00	27.50
Police	77.00	74.00	74.00	76.50	76.50	79.00	80.00	86.00	88.00	88.00
Total City	161.30	159.30	159.30	156.85	158.35	174.40	176.00	184.30	190.80	190.80
City Council									6.00	8.00
Grand Total									<u>196.80</u>	<u>198.80</u>

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

CITY OF SAN PABLO
Operating Indicators by Function/Program

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function/Program										
Police: (calendar year)										
Police calls for Service	32,140	26,009	27,507	35,242	23,239	28,985	22,981	22,718	30,707	36,947
Crime Reports	5,925	5,887	5,890	5,695	3,857	3,116	3,467	3,961	4,840	4,989
Law violations:										
Major crimes: homicides/rape	9	12	12	10	12	17	6	10	17	17
Other major crimes: robbery/larceny/burglary	1,455	1,601	1,465	799	522		565	630	558	706
Arrests	1,688	1,496	1,789	2,008	1,444	1,862	1,243	1,434	1,847	1,716
Traffic collisions	396	440	428	354	123	324	234	239	407	437
Traffic citations	2,844	2,980	2,851	2,687	1,663	1,813	828	855	2,971	1,315
Public Works:										
Street resurfacing (miles)	14	0	7	3	2.4	1.5		1.4	1.4	91.0
Potholes repaired (square miles)	0.50	13	1	0.81	0.53	2.47	2.89	0.005	0.005	0.005
Street Sweeping (miles)	2,175	2,700	3,144	3,130	2,813	2,813	3,336	6,489	6,489	6,025
Volume of material removed (cubic yards)	880	965	1,050	822	735	891	1,060	1,185	1,185	1,100.26
Storm Drains:										
Catch basins cleaned	326	236	307	349	499	271	111	292	292	525
Volume of material removed (cubic yards)	71	9	29	22.310	107.000	147.950	4.280	57.11	57.11	9.00
Community Development:										
Community Services:										
Recreation class participants	2,479	2,594	3,057	4,107	7,437	9,433	9,568	5,128	7,939	1,775
Senior meals served	17,726	16,975	18,144	17,519	16,946	18,366	16,855	15,800	12,493	41,877
Rentals of Maple Hall	82	71	135	119	106	298	380	435	809	0
Rentals - Other Facilities				37	54	79	115	5,698	6,313	1,578
Education:										
Enrollment:										
Elementary schools (6)	3,002	3,110	2,960	2,973	2,993	2,697	2,627	2,640	2,526	2,309
Middle Schools (1)	911	1,660	973	1,040	964	999	1,011	997	864	773
High Schools (1)	286	400	400	400	400	400	400	400	1,005	950

Source: Various City Departments

Notes:

N/A denotes information not available.

CITY OF SAN PABLO
Capital Asset Statistics by Function/Program

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function/Program										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol units	21	23	19	19	18	17	14	23	55	21
Community Resources:										
Miles of streets	48	48	48	48	48	49	49	49	49	49
Street lights	182	182	182	182	182	192	192	243	243	243
Traffic Signals	25	25	25	25	25	27	29	29	29	29
Roadway Landscaping:										
Landscaped median acreage	1	1	1	1	1	1	1	1	1	1
Street trees	800	800	800	840	840	840	840	840	860	860
Community Recreation:										
Community services:										
City parks	6	6	6	7	8	8	8	8	8	8
City parks acreage	28	32	22.0	19	23.2	23.2	23.2	23.2	23.2	23.2
Playgrounds	4	5	5	5	5	5	5	5	5	5
Event center	0	0	0	0	0	0	0	0	0	0
Historic house	3	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	2	2	2	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	9	9	9	9	9	9
Wastewater (1)										
Miles of storm drains	17	17	17	17	17	17	17	17	20	17

Source: Various City Departments

Notes:

(1) Wastewater services are provided by Contra Costa County



CITY^{OF} SAN PABLO

City of New Directions