



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

## City of San Pablo, California

Fiscal Year Ended June 30, 2021





CITY<sup>OF</sup> SAN PABLO

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*City of New Directions*



CITY OF SAN PABLO, CALIFORNIA

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2021**

PREPARED BY THE  
FINANCE DEPARTMENT



CITY<sup>OF</sup> SAN PABLO

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*City of New Directions*

CITY OF SAN PABLO, CALIFORNIA

Annual Comprehensive Financial Report  
For the Year Ended June 30, 2021

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*City of New Directions*

## *Letter of Transmittal*

December 14, 2021

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 Annual Comprehensive Financial Report (ACFR) for the City of San Pablo (City), California for the fiscal year ended June 30, 2021. 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

The Finance Department performs accounting activities for the City and has been delegated the responsibility for maintaining the integrity of the recorded financial data. The Finance Department, in conjunction with the City's management team, is 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 2021.

## *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 and Uniform Guidance. 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, 2021, the State Department of Finance listed the City's population at 31,041 encompassed within its 2.6 square miles. The City's 2020/21 Adopted Budget totaled \$40.6 million and supported 196.8 full-time equivalent (FTE) employees.

### *Letter of Transmittal*

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 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.

## Letter of Transmittal



### City of San Pablo

#### Quadrennial Operating Budget FY 2018-2021



In fiscal year 2017/18, the City launched its first quadrennial budget with FY 2020/21 representing the fourth 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 FY 2021/22, the City adopted a one-year budget due to the Coronavirus pandemic and allowing time to understand the economic impacts. The City plans to continue with a multi-year budget in FY 2022/23 which bridges 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 Department, they are balanced and prioritized to fit with current financial obligations and within the constraints of projected revenue assumptions. The balanced budget is then proposed to the Budget, Fiscal and Legislative Standing Committee before presentation to City Council at a scheduled public Budget Workshop in May or June with final budget adoption happening at a City Council meeting in June pursuant to the City’s Municipal Code requirements. The 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 required pension liability contributions).

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.

## *Letter of Transmittal*

### ECONOMIC OUTLOOK



The local and regional economy continues to recover from the Norvel Coronavirus (COVID-19) during FY 2020/21. From a local to a national level, COVID-19 positivity rates are declining and vaccine shots continue to be provided to the public. The Contra Costa Health Services (CCHS) has reported the vaccination rate at over 80% for the county and over 90% for the City of San Pablo. As COVID-19 improves, we continue to see businesses reopen and unemployment rates decline from the highs a year ago. The California Employment Development Department (EDD) reported pre-

COVID unemployment in Contra Costa County at 4.1% in March 2020 and growing to a high of 12.9% in June 2020, which has declined to 6.5% as of August 2021. 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, the City of San Pablo unemployment rate rose from 4.2% in March of 2020 to 16.4% in June 2020. The positive news is the unemployment rate has declined to 8.7% as of August 2021, but is 2.2% higher than the County average.

Over the last year, COVID-19 positivity rates have expanded and contracted which caused various changes to public health requirements on the public and businesses. Initially, the closure of businesses took a toll on City revenues in FY 2019/20. The San Pablo Lytton Casino, which provides approximately 60% of the City's General Fund revenue, closed entirely from March 15 through June 15, 2020. Each month that the Casino was closed resulted in an approximate loss of \$2.3 million in revenue and received \$23.4 million in FY 2019/20, a decrease of 20% from the previous year. Several other revenue sources closely tied to the economy declined in similar fashion, such as sales tax and recreation fees. The Casino has remained opened since June 16, 2020, while maintaining appropriate health protocols. Casino revenues for FY 2020/21 are up 22% from a year ago at \$28.5 million. This is the second highest casino revenues received with the highest being in FY 2018/19 at \$29.4 million which was prior to COVID-19. At the same time, sales tax has improved 11% over the previous year as consumers purchased more goods online and the return of indoor/outdoor restaurant dining.

***Letter of Transmittal***

Another essential economic driver of the City is the property values from residences and businesses. 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 FY 2019/20

<b>CITY OF SAN PABLO</b>			
<b>Assessed Valuation of Taxable Property</b>			
<b>Fiscal Years 2017-2021</b>			
<b>Fiscal Year</b>			<b>Net Taxable</b>
<b>Ending June 30</b>	<b>Secured</b>	<b>Unsecured</b>	<b>Assessed Value</b>
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
2021	\$2,069,525,599	\$44,007,637	\$2,113,533,236

*Source: Contra Costa County Assessor*

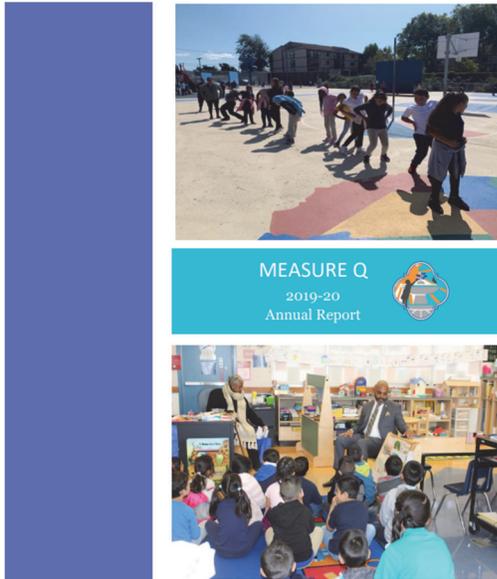
essentially equaled their 2006 peak values. Indeed, net taxable assessed value (AV) steadily increased over the last several tax years, including 8.0% in 2017/18, 6.6% in 2018/19, 6.3% in 2019/20, and 4.5% in 2020/21, outpacing the County percent change each year. For FY 2021/22, San Pablo’s net taxable AV increased by 4.0% over FY 2020/21, which is consistent with the County’s average increase (4.1%). The median price for housing has increased from \$442 thousand in June 2020 to \$515 thousand in June 2021. Generally, home sale prices continued to rise due to lower inventory and lower interest rates while the number of sales declined in Contra Costa County prior to and during COVID-19. San Pablo, however, experienced both an increase in number of sales (43%) and in median home price (17%).

To help jump start the economy, the Federal Reserve has pledged to keep interest rates low 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 investment strategy has been to look for opportunities to lengthen maturities “to ride-down” the market where it makes fiscal sense. Local Agency Investment Fund (LAIF State Investment Pool) quarterly returns have been dropping ever since, thus confirming that strategy (2.03% in March 2020, 1.47% in June 2020, 0.33% in June 2021 and 0.24% in September 2021).

As the economy recovers from COVID-19, there are concerns over inflation which the Federal Reserve (Fed) has raised with inflation forecast from 3.4% to 4.2% for 2021, 2.1% to 2.2% for 2022, and above its 2% target through 2024. Also, the Fed has announced the possibility of tapering (reducing the Treasuries purchased by the Fed) which could cause bond market interest rates to rise.

The City’s residents and businesses understand the importance of public services provided from the City with the passage of sales tax measures. This allows the City to improve public safety and various programs to support youth and economic development. The following is more information about the related sales tax measures.

### *Letter of Transmittal*



In December 2012, the voters approved Measure Q which is a sales tax measure that provided one-half cent for the first 5 years and then reduced to one-quarter cent the remaining 5 years. Measure Q is 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. Measure Q will sunset in October 2022. The City Council understanding the importance of the funding has approved putting an extension of the sales tax measure on the November 2020 ballot for approval. The extension measure, which was titled “Measure S” by the County, and is

similar to Measure Q by providing one-half cent for the first 5 years and then reduced to one-quarter cent for the remaining five years. Measure S was overwhelmingly approved by 79% of the voters. Passage of Measure S ensures a continuation of a revenue stream totaling millions of dollars that will provide much needed funding into the community 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 \$963,967 in FY 2020/21. The contract for enhanced emergency medical services with the Contra Costa County Fire Protection District cost \$1.54 million in FY 2020/21, requiring a General Fund augmentation of \$289,481. In FY 2020/21, the original five-year contract expired but was extended for an additional five years to 2025 with built-in annual cost-of-living increases.

The City is slowly rebounding from the COVID-19 pandemic as there have been several stops and starts over the last year. COVID-19 vaccination rates continue to climb throughout Contra Costa County and the City has over a 90% vaccination rate. At the same time, infection rates are currently declining in Contra Costa County, but the City still has one of the higher per capita infection rates and continues to follow CCHS guidance on protecting the public. Businesses have remained opened over the last year and the Food & Drug Administration (FDA) recently approved a COVID-19 vaccine for emergency use in children ages 5-11. The City remains cautiously optimistic with the improvement over COVID-19 and the economic impacts.

## Letter of Transmittal

### FINANCIAL MANAGEMENT & SUSTAINABILITY

**Proactive Short-term Financial Management:** The COVID-19 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 balance the budget in FY 2020/21. The City did not know how long the business closure would last and the City Council was conservative with revenue assumptions and understood the potential need to access reserves that were designed for this very purpose. On the expenditure side, City administration implemented an immediate hiring freeze, reduce supplies and services by nearly 10%, and decrease General Fund capital contributions. Fortunately, the Casino reopened on June 16, 2020, and has remained opened during FY 2020/21.



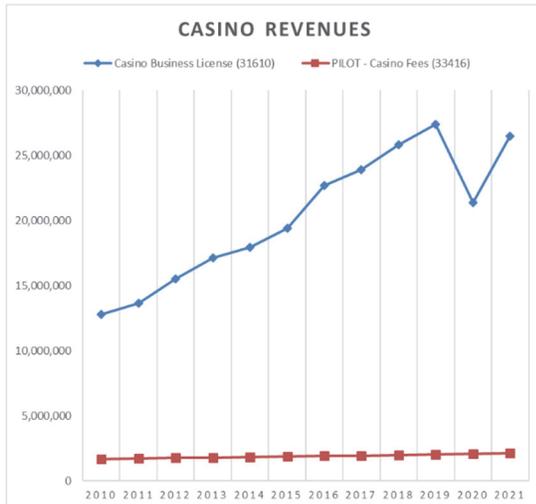
The City Council adopted a one-year budget for FY 2021/22 to better understand the economic impacts of COVID-19. The City Council approved expenditure increases as the City planned for a phased re-opening which meant programs would slowly be coming back online. Also, the Council worked with the City’s employees to extend labor agreements for an additional year to provide some certainty on salary and benefit costs.

In March 2021, the federal government approved the American Rescue Plan Act (ARPA) which provided an allocation of \$7.4 million to the City. The ARPA funds can be used for specific needs to address COVID-19 such as public health, public sector revenue loss and investments into infrastructure for the community. The City received the initial allocation of \$3.7 million in July 2021. The City Council has earmarked the initial allocation of \$3.7 million due to the revenue loss incurred by the City. The remaining \$3.7 million of ARPA funding will be received in July 2022 and the City is going through a public process to determine the use of those funds.

**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.

*Letter of Transmittal*



- In FY 2020/21, the City still received operating revenues in the General Fund of \$47.6 million against operating expenditures of \$36.9 million, a positive variance of \$10.7 million. The City had transfer in of \$1.5 million to support rental assistance using funds from Low and Moderate Income Housing for \$1.3 million and reimburse police department expenditures from the Public Safety Fund for \$0.3 million. General Fund transfers out of \$5.1 million to fund capital projects as well as backfill some operating department expenses, thus leaving a net decrease of \$3.6 million. The overall impact is an increase in General Fund balance of \$7.2 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 for catastrophic events (i.e., earthquakes), budget stability (i.e., economic downturns) and 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 authorized for \$5.0 million for FY 2020/21 as part of the budget approval due to COVID-19 but the reserves were not needed as there were no further closures of businesses during the fiscal year.
  
- 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 and were able to extend labor contracts for one year as we understand the financial impact of COVID-19. The goal for the City is to adopt multi-year agreements that will provide salary and benefits that will retain and attract employees and ongoing financial stability.

**Letter of Transmittal**

Net Position Chart (NOL not shown if zero or negative)



**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 and full valuations updated every two years. The City Council took an important step to prefund the OPEB liabilities with an ICMA-RC trust fund during FY 2005/06. In FY 2019/20, there were changes in the actuarial assumptions and methodology which caused the 2020 OPEB actuarial update to reflect an unfunded liability at \$3.4 million or 75.6% funded after being nearly fully funded in the 2018 OPEB valuation at 98.7%. FY 2020/21 required a full valuation as required by GASB Statement No 75 which showed the City has overfunded OPEB at \$0.5 million (OPEB liability of 12.7 million and assets of \$13.2 million). This is due to the strong investment returns in FY 2020/21 with asset gains of 32% over the previous year. This rate of return cannot be expected each year, but the prefunding strategy saves City funds over the long-term. 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.

**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. YSCP 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

### *Letter of Transmittal*

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.



***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. 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. From FY 2016-18, the San Pablo City Council provided

### *Letter of Transmittal*

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 (COPGP) 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 RFPs 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. Due to the impacts of the COVID-19 Pandemic, the annual COPGP was not released in FY 2019/20 or FY 2020/21. Staff is preparing to release the grant again in FY 2021/22.

***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 which has never been as crucial as it is today, given the ongoing pandemic that has hit the nation and the world.

City leaders also understand the importance of ongoing civic engagement and reaching out on a regular basis to provide information in mixed media and in dual languages. The City regularly reviews the tools to communicate with the community by maintaining those that are effective and creating new virtual and in-person resources for information through the programs below:

*City Website ([www.sanpabloca.gov](http://www.sanpabloca.gov)):* The City’s website continues to provide expanded 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, or other concerns; view upcoming meeting materials; attend public meetings and can also post questions and/or concerns that will then be routed to the appropriate staff person for response. The City’s website was updated earlier this year and provides a better user interface; we will continue to make changes and improve on the user experience.

*Reach San Pablo App:* The City recognizes that people are now mobile and do the majority of their business through their smartphones. Residents and interested parties can now download the Reach San Pablo phone application to report concerns within the City.

*City Manager E-newsletter:* Residents and interested parties can 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.

## Letter of Transmittal



### *Public Electronic Signage (Soofa Signs):*

The City recently installed six solar-powered, wirelessly connected, electronic paper screen displays at different City facilities. The Soofa Signs provide content of interest for City residents and can be posted in multiple languages.

### *Social Media:*

The City 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, LinkedIn, and Instagram accounts and use of the neighborhood-based NextDoor.com continues to rise dramatically.

## 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 had exceeded 12%, but as of August 2021, it had declined to 8.7%.

### *Letter of Transmittal*



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.

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.

### *Letter of Transmittal*

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.

### FISCAL STABILITY

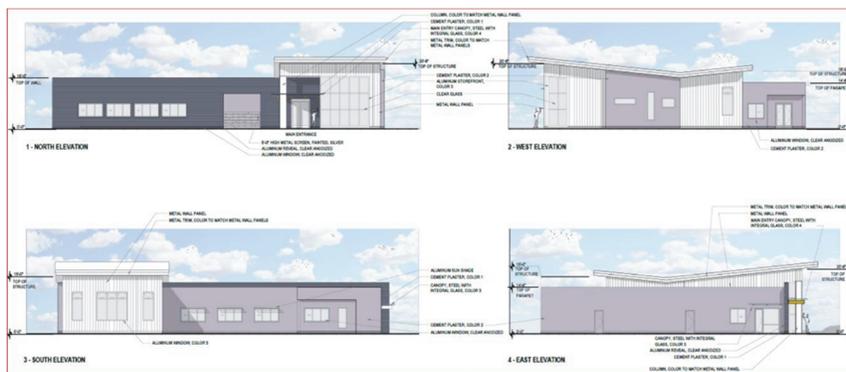
***Compensation & Labor Negotiation Strategy:*** The City is committed to remaining competitive in recruiting and retaining valuable employees while managing costs at a sustainable level. The City initially assumed that COVID-19 would significantly reduce revenues during FY 2020/21. In partnership with 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. Fortunately, revenues rebounded during FY 2020/21 and the City was

*Letter of Transmittal*

able to reverse some of the cost reduction measures. This allowed some of the cost saving measures to be amended and be returned to City employees that continued to serve the public during the pandemic. The City, working with its labor unions, was able to extend all of the labor agreements for an additional year through June 30, 2022. This additional time allows the City to understand the full impact of COVID-19 and potential multi-year agreements to provide financial assurances. Over the last year, the City and the City’s bargaining groups worked together to maintain fiscal stability and remain 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. The City assisted the Tribe to improve Casino parking by facilitating parking expansion which allows for more patrons at the Casino. 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 nine years, total revenues in the Charges for Service category have increased significantly, from \$643,275 in FY 2011/12 to \$1,021,9589 in FY 2020/21.

New User Fees for the Public Works and Community and Economic Development Departments were adopted in 2020 and took effect in January 2021, with a goal of achieving 100% cost recovery. User fees collected from January 2021 through June 30, 2021 totaled \$584,509 and were \$790,732 through October 13, 2021. Those from Calendar Year 2020 yielded \$831,923. Due to COVID disruptions, year-to-year revenue comparisons are difficult, but it does appear that the User Fee changes have resulted in substantial revenue gains from the two departments.



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. 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

### *Letter of Transmittal*

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 source of revenue to the City.

The City is also making progress in the sale for redevelopment of City-owned properties as the Successor Agency for the redevelopment agency. Properties that are expected to be sold for future development include the old City Hall premises, 2600 Moraga, 1820 Rumrill, and Block E on Chattleton Lane.

## 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.

## *Letter of Transmittal*

### 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 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.

**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 provided \$4.5 million in funding towards the construction of the new fire station. Construction of the New Fire Station 70 is now complete!

*Letter of Transmittal*



***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 and a number of unique seating areas for users. Ghilotti Construction was awarded the construction contract in early 2020, and the City held a virtual Ribbon Cutting in May 2021. The new trail is proving to be very popular with the community.

## *Letter of Transmittal*



### INFRASTRUCTURE / TRANSPORTATION

The City has been engaged in several major transportation projects, including 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

### *Letter of Transmittal*

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



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 construction of this project started in the fall of 2021 and will continue through spring 2023.

## Letter of Transmittal

### PUBLIC SAFETY

***Prioritizing Traffic Safety:*** The Police Department has emphasized Traffic Safety in San Pablo. In 2020, the San Pablo Police Department was awarded a grant from Office of Traffic Safety. Officers subsequently conducted 24 operations addressing issues related to Driving Under the Influence, Speed Enforcement, Seatbelt enforcement, and additional traffic safety classes were delivered to our community. As a result, there was a 23% reduction in traffic collisions in San Pablo in FY 2020/21.



***Juvenile Education Welfare Liaison (JEWL):*** Although the pandemic limited community programming for our community, JEWL Officers remained active in engaging our youth. WCCUSD recognized and commended SPPD's JEWL Program for the commitment to youth engagement through challenging times. While students were primarily distance learning from home, JEWL Officers delivered the G.R.E.A.T. program via Zoom. As students returned to school, JEWL Officers utilized the Community Center to deliver G.R.E.A.T. programming and conduct more than 150-mediations, 16-mentoring sessions, and conducted 3-Active Shooter training classes.

*Letter of Transmittal*



**Tobacco Enforcement Unit:** Education and outreach continued through the Tobacco Enforcement Unit to keep our community safe from the dangers of tobacco use. This included weekly virtual meetings with parents and students, 70-outreach and education classes, 137-retail inspections, 3-business retail training sessions, and 12-decoy operations. These efforts have made an impact in keeping youth away from flavored tobacco and other harmful habits related to tobacco use.

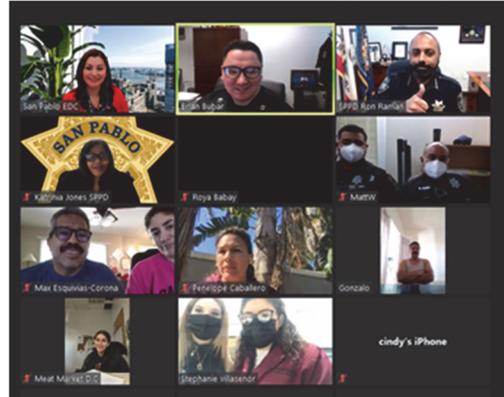
**Community Outreach During Disruptive Times:** The pandemic hindered SPPD’s ability to connect with our community through our classes and event programming. However, staff continues to partner with the community within to ensure San Pablo is a safe place to live, work, and play. Our Business Watch and Neighborhood Watch meetings continued to be held virtually as priorities needed to be identified and addressed. Additional outreach operations were held with the community to ensure public safety was prioritized in accordance with the health orders and mandates. Community Outreach Staff visited each essential business during the pandemic to provide resources to remain operational and safe. Necessary community classes were delivered via Zoom such as Gang Awareness for parents and Fireworks safety leading up to the 4<sup>th</sup> of July holiday.



*Letter of Transmittal*



**SPPD Drone Team:** The SPPD Drone Team expanded to consist of eight specially trained officers utilizing cutting edge technology. The program has successfully begun responding to priority calls for service to provide support for patrol officers. Although still in the early stages of development, the Nightingale system successfully integrated with ShotSpotter technology in providing an immediate air support response to gunfire in San Pablo. This is the first law enforcement agency in the U.S. capable of this level of support. Additionally, the Drone Team implemented a tactical drone response in support of SWAT operations to deploy a safe alternative in



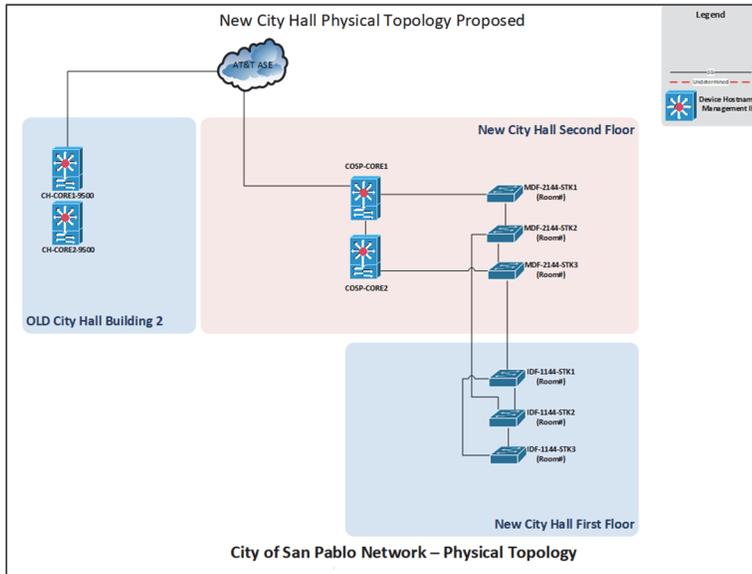
clearing dwellings during high-risk situations.



**Mental Wellness, De-Escalation, and Crisis Intervention Training (CIT):** Recent events have elevated stress for staff as well as the community we serve. This is why we continue to prioritize training to provide officers and staff the best tools in providing exceptional police service. The COVID pandemic suspended most training opportunities in 2020. However as soon as training became available, every officer attended the extended 40-hour course on Crisis Intervention which was funded through a DOJ grant. In accordance with this training, Officers continued to receive hands-on de-escalation training through our in-house Training Staff using new technology at the Training Facility. Additionally, consultants specializing in mental wellness for officers provided valuable training to every member of the police department on the dangers of on-the-job stress and healthy coping resources.

*Letter of Transmittal*

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 2020/21, the IT Division continued with its the ongoing support of Work from Home (WFH) for City staff while also tackling projects to modernize and harden the City’s IT infrastructure.

The IT Division continued with the roll out of laptops to City staff for WFH. This was critical in maintaining staff access and productivity during the

winter COVID surge. After completing the move of City staff into New City Hall at the end of FY2019/20, IT staff focused their efforts on moving and consolidating servers into a new VMware environment at the City’s now primary datacenter at PD. The new server environment is setup with high availability (HA) in multiple areas with multiple compute hosts, stacked networking, and a backup power generator to ensure maximum uptime and availability of critical business applications.

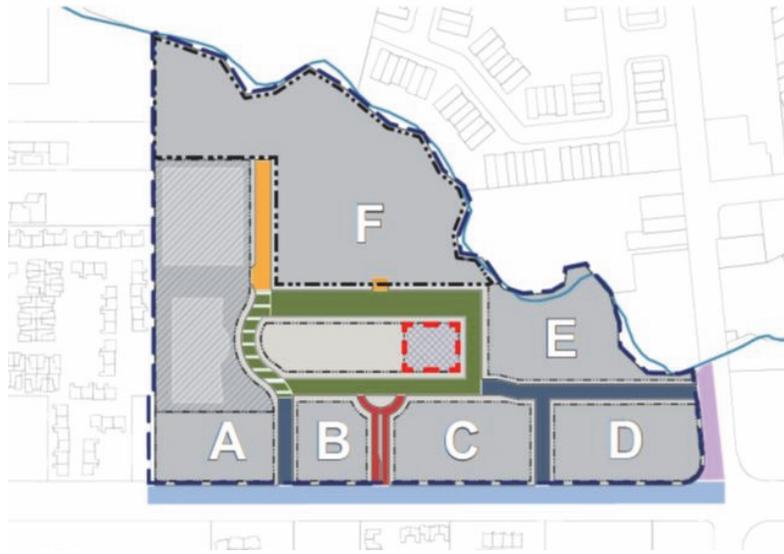
STRATEGIC PLANNING / SPECIAL PROJECTS

**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) construction of a new Walgreen’s store; (2) construction of the new Library (3) construction of the County’s new Women, Infants and Children (WIC) building; (4) construction of the expansion of the West Contra Costa County Health Clinic and (5) construction of a new 42,000 square foot City Hall building. The Community Development



*Letter of Transmittal*

Department is currently processing the design review application of a 20-unit residential project as well as an approximately 90-unit mixed-use project within Plaza San Pablo. In addition, the City is in the design phases for a new Police Headquarters and Training Facility to be built adjacent to New City Hall.



*Priority Development Areas:*

Consistent with Plan Bay Area and State AB32, the City of San Pablo prioritizes development in Priority Development Areas (PDA’s). The City has two Priority Development Areas – one along San Pablo Avenue/23<sup>rd</sup> Street and one along Rumrill Boulevard. 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. In 2021, the City was awarded a \$250,000 grant from ABAG/MTC to prepare a Master Plan for the Rumrill Boulevard Corridor as part of its General Plan Update.

*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 review of a new Dialysis center to redevelop the existing Castle Trailer Park; construction of an expanded parking area for the Lytton Casino, and the re-tenanting of the former Lucky’s space in the San Pablo Town Center Shopping Complex.

## Letter of Transmittal

**Policies and Plans:** Many policies and plans have been or are in process of being updated to facilitate further development in the City. In 2015, the Housing Element update was complete and certified by the State Department of Housing and Urban Development for an eight-year period (2015-2023). Work has now begun on the next-cycle Housing Element Update with the assistance of grants from the California Department of Housing and Community Development and the Association of Bay Area Governments. This update will be combined with a complete update to the City’s General Plan and is expected to be completed in early 2023.

Other recent plans include the Citywide Broadband Master Plan (now the City Wide-area Network and IT Wireless Plan); , adoption of a Citywide Bicycle and Pedestrian Master Plan, and an update to the Contra Costa County Urban Limit Line.

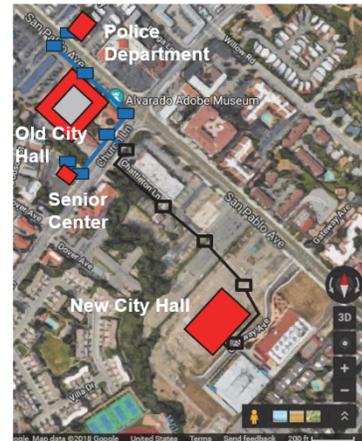
Policy changes adopted in 2020 – 2021 include a non-smoking ordinance for

multi-family residences, a comprehensive update to the San Pablo Zoning Ordinance, including the Accessory Dwelling Unit ordinance, and revisions to the Telecommunication Facilities Ordinance.

**Improving the Customer Experience:** In conjunction with the Public Works Department, the Community and 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, improve customer service, and better address overall building safety within the City of San Pablo. Additionally, many different Planning and Building Division customer handouts are now available in both English and Spanish on the City’s website and in the City’s recently reopened Permit Center in the new City Hall. During the COVID-19 shutdown, the City pivoted quickly to allow for on-line submittal and review of plans and permit requests. This on-line permit center is a convenience to many customers and continues to be utilized by a majority even as the physical Permit Center has reopened.

### OPTION #1 CH - PD, OLD CITY HALL AND SENIOR CENTER

-  New Underground Fiber Pathway and Fiber
-  Existing Underground Fiber Pathway with New Fiber
-  New Hand Hole Locations
-  Existing Hand Hole Locations



## 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, 2020. To receive a Certificate of Achievement, a government must publish an easily readable and efficiently organized 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 ACFR continues to meet the Certificate of Achievement Program requirements and will again submit its ACFR 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 Annual Comprehensive 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 Annual Comprehensive Financial Report. We also express our appreciation to the Mayor and the City Council for their interest and support in planning and conducting the financial activities of the City in a responsible and responsive manner.

Respectfully submitted,

A blue ink signature of Matt Rodriguez, written over a horizontal line.

Matt Rodriguez  
City Manager

A blue ink signature of Erick Cheung, written over a horizontal line.

Erick Cheung  
Director of Finance



*Letter of Transmittal*

CITY OF SAN PABLO  
ELECTED OFFICIALS AND  
ADMINISTRATIVE PERSONNEL

JULY 1, 2021

ELECTED PERSONNEL

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

ADMINISTRATIVE PERSONNEL

City Manager	Matt Rodriguez
City Attorney	Lynn Tracy Nerland
Assistant City Manager	Charles Ching
Finance Director	Erick Cheung
Chief of Police	Ron P. Raman
Community Services Director	Greg Dwyer
Community & Economic Development Director	Libby Tyler
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
  - 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



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California**

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Financial Report  
For the Fiscal Year Ended

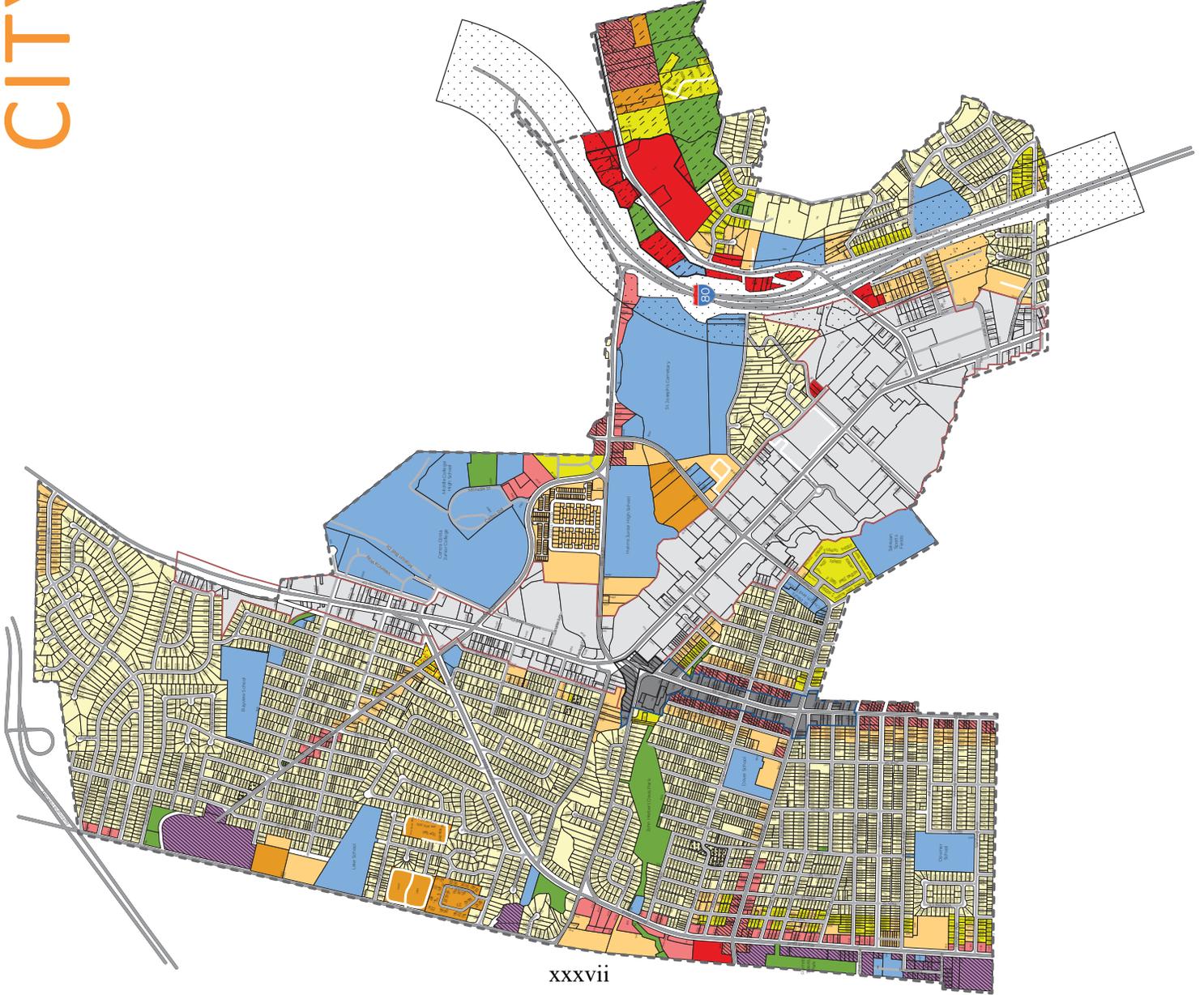
June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

# CITY OF SAN PABLO

## Zoning District Map



**Legend**

- San Pablo City Limit
- 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
  - 23rd Street/San Pablo Avenue Overlay
- Overlay Districts**
  - Air Quality Health Risk Overlay
  - Hillside Overlay
  - Multifamily Overlay





CITY<sup>OF</sup> SAN PABLO

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*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, 2021, 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, 2021, 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***

### *Change in Accounting Principle*

Management adopted the provisions of the Governmental Accounting Standards Board Statement No. 84 – *Fiduciary Activities*, which became effective during the year ended June 30, 2021 and required the restatement of net position of the fiduciary funds, as discussed in Note 1.L. in the Notes to Financial Statements. In addition, the Statement established the new fund type, Custodial Funds, and eliminated the fund type of Agency Funds.

Management early adopted the provisions of Governmental Accounting Standards Board Statement No. 98 – *The Annual Comprehensive Financial Report* which changes the name of the Comprehensive Annual Financial Report to Annual Comprehensive Financial Report.

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

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management’s Discussion and Analysis 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 14, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 14, 2021



CITY<sup>OF</sup> SAN PABLO

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*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, 2021. 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 \$148.9 million. Of this amount, \$33.6 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 liabilities decreased by \$2.3 million compared with the prior fiscal year. The City updated its retiree medical actuarial valuation (Other Post Employment Benefits) as of June 30, 2021. The actuary determined that the City is currently fully funded and has an asset value of \$0.5 million due to strong investment returns compared to a liability of \$3.4 million in the previous year (see Note 10).
- The City's total net position decreased by \$2.3 million over last year's balance of \$151.2 million. This is attributable to amortizing pension costs to the City.
- As of June 30, 2021, the City's governmental funds reported combined fund balances of \$83.9 million, an increase of \$4.8 million from the prior fiscal year. The increase is due to the Casino contract revenues increasing \$5.1 million from the prior year as Casino San Pablo continued operations throughout fiscal year 2021 while enforcing COVID-19 health protocols.
- At the close of the fiscal year, the General Fund reported total assets of \$69.2 million and a total fund balance of \$64.4 million. This represents an increase in fund balance of \$6.8 million, or 12.4% from the prior fiscal year.

### **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 two Major Funds in 2021 in addition to the General Fund: The Low and Moderate Income Housing Assets Fund and the Public Works Construction Fund.

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

**Governmental Funds.** All 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. They also include the 2015 Lease Revenue Bonds Capital Projects Fund and the 2018 Joint Powers Financing Authority Lease Revenue Bonds Debt Service Fund to account for the capital improvement projects and debt service related to each debt issuance.

## *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 is \$148.9 million which decreased by \$2.3 million compared to an increase of \$8.6 million for the prior fiscal year. This year over year change in net position is recorded in the Statement of Activities and which flows through the Statement of Net Position. Net position decreased as a result of governmental fund balance having positive activity of \$5.1 million but offset by \$7.1 million in expenses related to pension costs and capital depreciation/retirements.
- The largest portion (63.5%) of the City's net position of \$94.8 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 \$20.5 million for capital and low and moderate income housing. The City's unrestricted net position is \$33.6 million (22.6% of the City's net position) which 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**

	2021	2020
Current Assets	\$103,340,858	\$99,751,170
Capital Assets	124,571,096	128,962,299
Total Assets	<b>227,911,954</b>	<b>228,713,469</b>
Deferred Outflows of Resources		
Related to Pensions (Note 9B)	9,395,024	10,510,154
Related to OPEB (Note 10E)	3,457,052	3,020,008
Current Liabilities	7,694,474	9,412,409
Long-Term Liabilities	77,504,539	77,825,349
Total Liabilities	<b>85,199,013</b>	<b>87,237,758</b>
Deferred Inflows of Resources		
Related to Pensions (Note 9B)	1,958,301	3,340,261
Related to OPEB (Note 10E)	4,674,617	456,702
Net Position (Note 8):		
Net Investment in Capital Assets	94,823,104	105,886,032
Restricted	20,513,642	14,094,165
Unrestricted	33,595,353	31,228,713
Total Net Position	<b>\$148,932,099</b>	<b>\$151,208,910</b>

***Management’s Discussion and Analysis***

**Changes in Governmental Net Position at June 30**

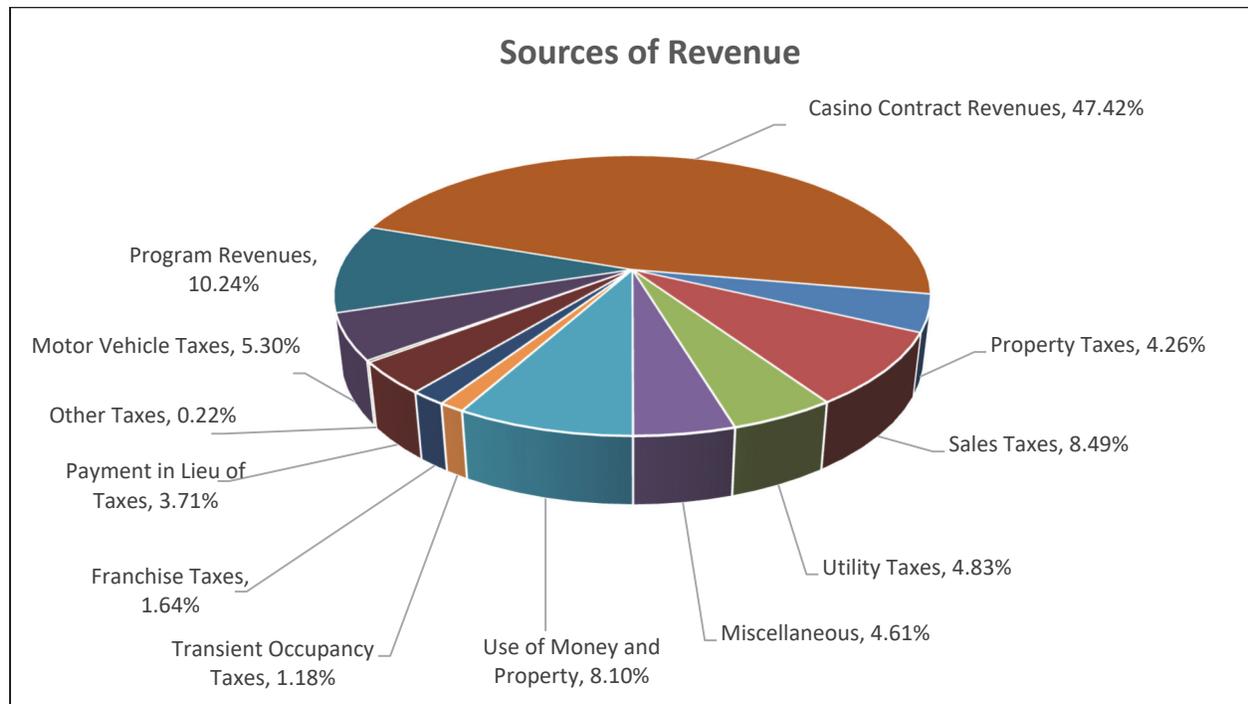
<b>Revenues:</b>	<b>2021</b>	<b>2020</b>
<b>Program revenues</b>		
Charges for Services	\$2,260,115	\$2,412,457
Operating Contributions and Grants	2,460,329	3,227,455
Capital Grants	1,070,768	2,483,913
<b>General Revenues:</b>		
Property Tax	2,410,402	3,354,755
Sales Taxes	4,801,115	4,119,326
Utility Taxes	2,731,594	2,532,147
Transient Occupancy Taxes	666,643	235,597
Franchise Taxes	927,262	901,680
Payment in Lieu of Taxes	2,100,360	2,059,177
Other Taxes	123,084	116,591
Motor Vehicle Taxes	2,994,786	2,844,696
Casino Contract Revenues	26,811,866	21,735,943
Investment Earnings / Gain on sale of land	4,577,579	2,813,630
Miscellaneous	2,606,689	620,873
<b>Total Revenues</b>	<b>50,751,380</b>	<b>49,458,240</b>
<b>Expenses</b>		
General Government	16,770,379	16,802,527
Community:		
Recreation	2,669,889	3,368,316
Development	8,883,785	2,388,458
Housing	92,370	83,482
Public Works & Engineering	7,043,052	7,392,827
Police	22,209,621	22,166,487
Interest on long-term debt	1,150,307	1,162,515
<b>Total Expenses</b>	<b>58,819,403</b>	<b>53,364,612</b>
<b>Change in Net Position before Special Item</b>	<b>(2,276,811)</b>	<b>(3,906,372)</b>
<b>Transfer of assets and rescindment of debt between City and EDC</b>	<b>-</b>	<b>12,540,358</b>
<b>Change in Net Position after Special Item</b>	<b>(2,276,811)</b>	<b>8,633,986</b>
Net Position 7/1	151,208,910	142,574,924
Net Position 6/30	<b>\$148,932,099</b>	<b>\$151,208,910</b>

**Management’s Discussion and Analysis**

The cost of all Governmental activities this year was \$58.8 million. Net expenses, as shown in the Statement of Activities, were \$53 million. A portion of the cost for these activities was paid either by those directly benefitting from the programs through service charges (\$2.3 million), by other governments and organizations that subsidized certain programs with operating grants and contributions (\$2.5 million), or capital grants and contributions (\$1.1 million). Overall, the City received \$5.8 million in governmental program revenues.

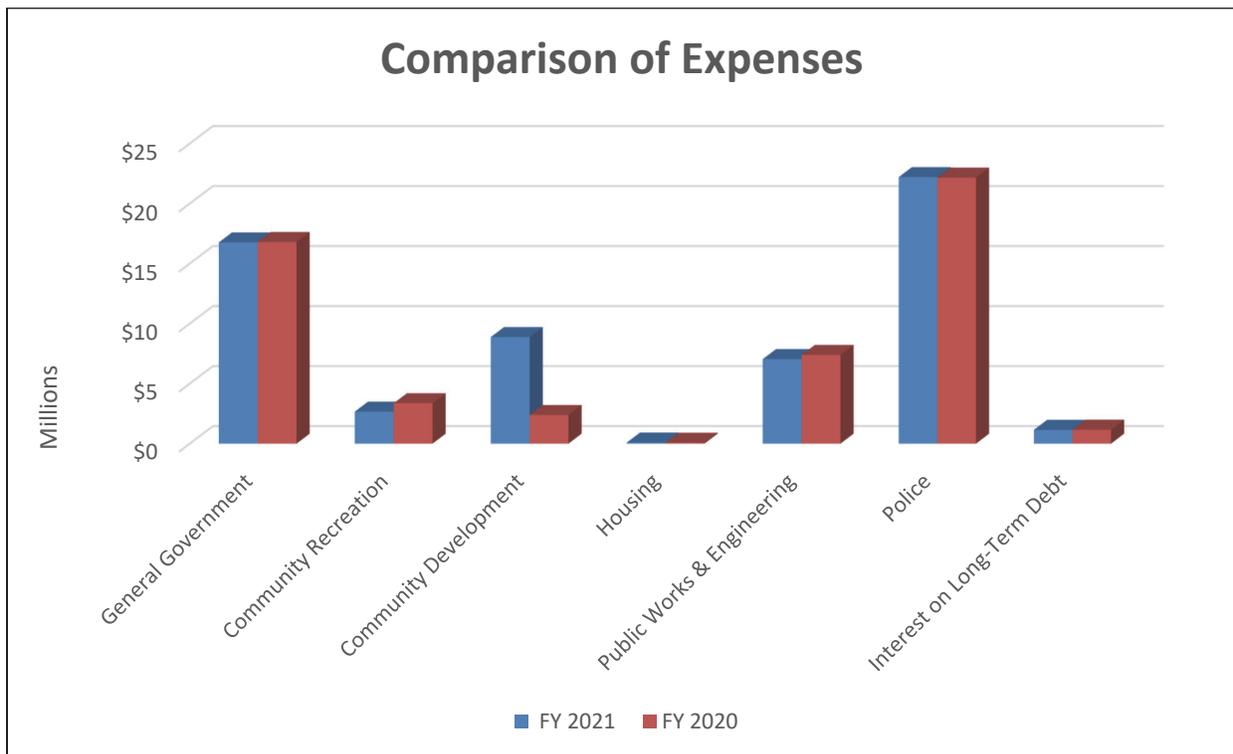
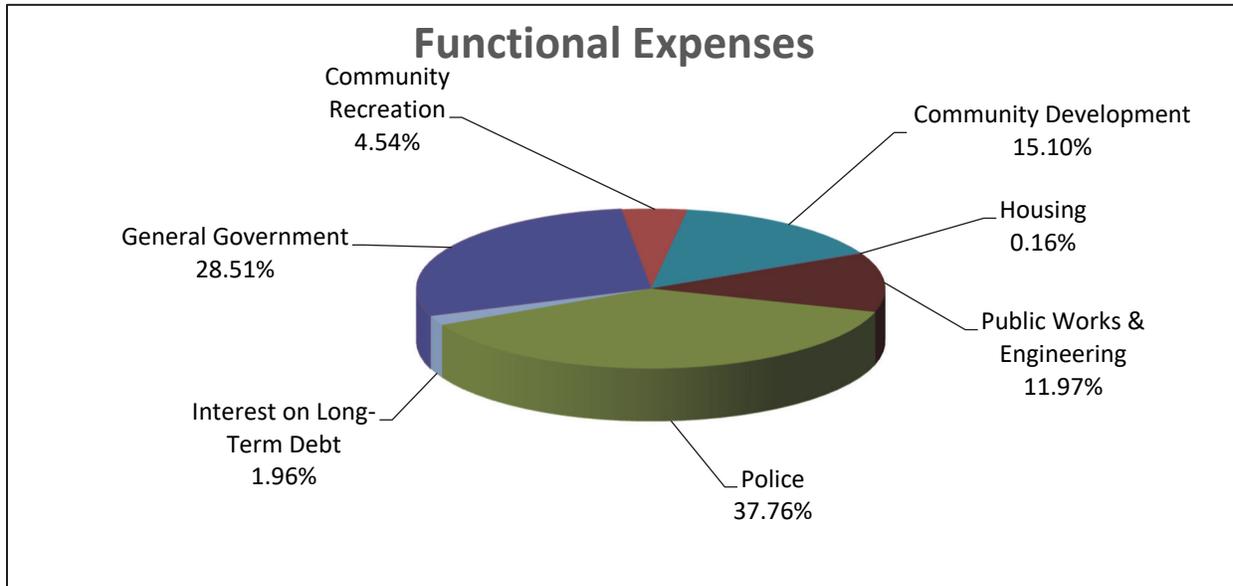
Total resources available during the year to finance governmental operations were \$213.6 million, consisting of a net position at July 1, 2020 of \$151.2 million, program revenues of \$5.8 million, and general revenues of \$50.8 million. Total Governmental activities during the year were \$58.8 million, thus net position decreased \$2.3 million from \$151 million to \$149 million.

As shown in the Sources of Revenue chart below, Casino Contract Revenues accounted for 48% of the City’s Fiscal Year 2021 revenue, which came primarily from Casino San Pablo. Sales taxes accounted for 9%, 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 \$58.8 million which is a net increase of \$5.4 million from the previous year. The increases are in the Community Development for \$6.5 million related to the retirement of the Vale Road property which was sold during the fiscal year. General Government, Public Works & Engineering, Community Recreation, and Interest on Long-Term Debt activities helped offset the additional expense with decreases that totaled \$1.4 million.



## *Management's Discussion and Analysis*

### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

At year end, the City's General Fund had a balance of \$64.4 million. This represents an increase of \$6.8 million compared to 2020. Casino contract revenues increased from \$21.3 million to \$26.4 million, mainly due to Casino San Pablo remaining operational during the entire fiscal year. This is a stark contrast from the previous fiscal year, when it was temporarily closed for nearly three months due to COVID-19.

The Low and Moderate Income Housing Assets Fund had a fund balance of \$9.0 million. A decrease of \$0.3 million over the 2020 fund balance resulted from \$0.8 million in revenue less \$0.01 million in expenditures, and a \$1.25 million transfer out to the General Fund to provide support for first-time homebuyer programs through the EDC.

The Public Works Construction Fund balance increased by \$3.7 million mainly as a result of increases in fund transfer from the General Fund and the 2015 Lease Revenue Bonds Capital Projects Fund for various capital projects throughout the City including the newly operational City Hall and the Rumrill Complete Streets project.

Other Governmental Funds balance was \$7.2 million which is a decrease of \$5.4 million. The majority of the amount was transfers from the 2015 Lease Revenue Bonds Fund to the Public Works Construction Fund for construction costs of the new City Hall.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The City adopted a quadrennial budget in FY 2017/18, 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. The Original Budget was pre-COVID-19 and the Final Budget assumed a slowdown in economic activity from \$3.2 million to \$1.6 million. The City received \$3.7 million in sales tax revenues as online sales dramatically increased during this period of time and have exceeded pre-COVID-19 levels.

**Casino Contract Revenues.** Because of the volatile nature of the changing economy and gaming revenue, the City budgeted conservatively for Casino contract revenues, which derives exclusively from Casino San Pablo at \$25.2 million. As COVID-19 hit the U.S and shelter-in-place orders were issued by the Governor, the Casino San Pablo closed for three months during the previous fiscal year and assumed this could carryover to FY 2020/21 and reflected a decrease of \$5.0 million in the Final Budget. As noted earlier, the casino remained operational the entire fiscal year and the City received \$26.4 million which is an increase of \$5.1 million or 24% from the previous year.

### *Management's Discussion and Analysis*

**Other Taxes.** This includes Transient Occupancy Tax, Franchise Tax and PILOT Casino revenue, the Original Budget was decreased to the Final Budget due to COVID-19 from \$3.5 million to \$2.2 million. The other taxes actually increased from the previous year from \$3.3 million to \$3.8 million as the Casino San Pablo was open as mentioned earlier and motel taxes increased over the previous year.

**Use of Money and Property.** The actual revenue over the original and final budget increased due to the sale of property. The City sold property for \$4.5 million at Vale Road which should be used for medical offices and an urgent care facility for twenty years. The sale included cash proceeds of \$4.2 million and a \$0.3 million loan. The loan would be forgiven after twenty years as long as the property is used for medical offices and an urgent care facility serving the community during that period of time.

**Expenditures.** Expenditures totaling \$36.9 million were 3% less than original budgeted figures and -11% less than the final budgeted figures of \$41.6 million, resulting in expenditure savings of \$4.8 million. General Government expenditures represented budget savings of \$4.4 million due to vacancies and professional services not spent due to COVID-19.

**Transfers.** Final budgeted figures for net transfers out were \$3.6 million, which was \$1.5 million more than what was actually transferred. The amount transferred was to fund capital projects, street improvements, debt service and development services expense.

### **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, 2021, capital assets net of accumulated amortization and depreciation of the Governmental activities totaled \$124.6 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
<b>Capital Assets - Governmental:</b>			
Land and land improvements	\$6,777,408		\$6,777,408
CIP	31,767,691		31,767,691
Bridges	5,486,753	\$4,937,715	549,038
Building and improvements	41,516,148	9,502,644	32,013,504
Machinery and equipment	4,605,800	2,957,695	1,648,105
Park and trail improvements	14,011,145	7,693,502	6,317,643
Roads, streets & sidewalks	94,479,664	51,992,136	42,487,528
Sports fields	1,506,986	1,478,299	28,687
Storm Drains	2,228,380	1,758,873	469,507
Street Lights	361,078	342,986	18,092
Traffic Signals	3,121,957	2,294,535	827,422
Trees	1,227,462	728,760	498,702
Vehicles	4,020,285	2,852,516	1,167,769
<b>Total Capital Assets - Governmental</b>	<b>\$211,110,757</b>	<b>\$86,539,661</b>	<b>\$124,571,096</b>

**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 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.

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.

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

## *Management's Discussion and Analysis*

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Previously, the City Council adopted a four-year (Quadrennial) General Fund Operating Budget for the period FY 2017/18 through FY 2020/21 which concluded this June 30, 2021. A one-year budget has not been the normal approach based on the City's history which has a success of adopting multi-year budget expenditure plans. However, it is important to re-establish a baseline budget for FY 2021/22 period after enduring the fiscal impacts from the COVID-19 pandemic on City's revenues. The City remains cautiously optimistic for the coming year and the ability to return to normal operating revenue levels prior to the emergence of the pandemic assuming no temporary closures of businesses. Also, federal assistance was provided through the American Rescue Plan Act (ARPA), which allocated \$7.4 million to the City for eligible costs through the United States Treasury which include revenue loss and infrastructure improvements. On the expenditure side, the operational budget was increased back to pre-COVID-19 levels as we plan to slowly re-open City programs and facilities assuming we can do so safely. Details below:

**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 (nearly \$10 million reduction from the previous fiscal year) and possible one-time infusion of \$5.0 million from reserves for a total revenue budget of \$41.1 million. Revenues were better than originally projected a year ago, especially casino gaming revenues, since Casino San Pablo remained operational the entire fiscal year. Also, sales and use tax continue to be strong as the shift to online sales became more prevalent during the pandemic. Other revenues that are not so highly dependent on the economy were left largely intact, including Property Tax, Franchise Tax and Utility Users Tax (UUT). For FY2021/22, the budget assumes a conservative return to normalcy at \$44.3 million which compared to actual revenue is 7% lower than FY 2020/21 at \$47.7 million and only 4% higher than FY 2019/20 at \$42.5 million.

At the first quarter mark of FY 2021/22, the City has started better than the previous year based actual revenues received. The City's General Fund collected \$6.8 million in total revenues in the first quarter, compared to \$5.9 million in the previous first quarter. The increase is reflected in the casino revenue which is the City's largest revenue source and totaled \$5.0 million for the quarter, an increase of \$0.7 million or 16% compared to last fiscal year. This increase is attributable to Casino San Pablo adjusting to the health requirements a year ago and not having to shut down since then.

As mentioned earlier, the City received an allocation of \$7.4 million in ARPA funds. The first installment was received in July 2021 for \$3.7 million. The City is going through a Community Needs Assessment (CNA) process to determine how to allocate the funding using the eligibility requirements defined by the US Treasury. The City has earmarked the initial \$3.7 million in the revenue loss category based on a calculated loss of \$8.9 million during the base year compared to calendar 2020. The second installment will be received in July 2022 and the City plan to complete the CNA process on how to allocate the remaining \$3.7 million.

## *Management's Discussion and Analysis*

**Expenditure Budget.** With approximately 63% of the operating funds budget being comprised of salary and benefit expense, managing labor costs is critical to the City's financial condition. The City working in partnership with its three organized labor units extended labor agreements for an additional year to have a better understanding of the revenue impacts of COVID-19. At the same time, the City continues to deal with rising pension plan expense for the unfunded actuarial liability (UAL) payment increasing \$0.5 million for a total payment of \$3.5 million in FY 2021/22. Finally, insurance premiums have grown at a very high rate due to the social issues, natural disasters, and wildfires from \$0.8 million in to \$1.5 million in FY 2021/22.

At the end of the first fiscal quarter, City operating expense totaled \$11.1 million compared to last fiscal year's first quarter operating expense of \$9.4 million. The increase in the current year is mainly tied to the pension and insurance cost increase as those costs are paid in the beginning of the fiscal year. With solid financial management, the City expects to end FY 2021/22 on or under budget, which has been consistent with the City's past.

**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. 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. While COVID-19 continues to major health and economic issue, Casino San Pablo remained operational throughout the FY 2020/21 and the City did not need to use reserves as originally planned.

**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 worked with 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). The 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 is working with a consultant and 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.** The City is entering the construction phase of the Rumrill Complete Streets project. Rumrill Boulevard is a major corridor throughout the City and these improvements will provide increased safety with improved lighting and additional pedestrian crosswalks. The project will also improve bicycling by providing a separate space, water quality by reducing minor flooding and enhance the appearance of the corridor for businesses. The Rumrill Complete Streets project is estimated to cost approximately \$19.9 million with funding from federal, state and local agencies providing \$18.2 million.

**Multi-Year Budget.** Finally, the plan is to return to multi-year budgeting in FY 2022/23 as 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

#### REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions about this report should be directed to the Finance Department, located at 1000 Gateway Avenue, San Pablo, California 94806.



CITY<sup>OF</sup> SAN PABLO

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*City of New Directions*

<p style="text-align: center;"><b>STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES</b></p>
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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, 2021

	<u>Primary Government</u>	<u>Component Unit</u>
	Governmental Activities	Economic Development Corporation
<b>ASSETS</b>		
Cash and investments available for operations (Note 3)	\$72,505,127	\$2,433,122
Restricted cash and investments (Note 3)	2,189,561	33,255
Accounts receivable, net	5,168,037	124,953
Due from other governments, net	73,851	
Prepays and deposits (Note 1H)	17,736	170
Receivable from Successor Agency (Note 13E)	3,674,711	
Employee loans receivable (Note 5A)	897	
Loan receivable (Note 5B)	300,000	
Notes receivable under former Redevelopment Agency programs, net (Note 5C)	13,043,436	
Rumrill Sports Park leveraged loans (Note 5J)	5,329,000	
Net OPEB Asset (Note 10C)	473,667	
Property held for resale (Note 1I)	564,835	
Capital assets (Note 6):		
Land and construction in progress	32,760,174	1,600,000
Depreciable capital assets, net	91,810,922	5,574,650
Total assets	<u>227,911,954</u>	<u>9,766,150</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Related to pensions (Note 9B)	9,395,024	
Related to OPEB (Note 10E)	3,457,052	
Total deferred outflows of resources	<u>12,852,076</u>	
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	3,379,582	23,966
Deposits payable	778,098	39,123
Claims payable, due within one year (Note 12)	66,423	
Unearned revenue	1,472,503	
Compensated absences (Note 1G):		
Due within one year	1,318,788	
Due in more than one year	947,142	
Long-term debt (Note 7):		
Due within one year	679,080	73,796
Due in more than one year	29,068,912	8,726,204
Net pension liability, due in more than one year (Note 9B)	47,488,485	
Total liabilities	<u>85,199,013</u>	<u>8,863,089</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Related to pensions (Note 9B)	1,958,301	
Related to OPEB (Note 10E)	4,674,617	
Total deferred inflows of resources	<u>6,632,918</u>	
<b>NET POSITION (Note 8)</b>		
Net investment in capital assets	94,823,104	(1,551,554)
Restricted for:		
Capital projects	10,415,084	
Low and moderate income housing	10,098,558	
Economic development projects		2,454,615
Total restricted net position	<u>20,513,642</u>	<u>2,454,615</u>
Unrestricted net position	33,595,353	
Total net position	<u>\$148,932,099</u>	<u>\$903,061</u>

See accompanying notes to financial statements

CITY OF SAN PABLO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants	Revenue and	Revenue and
					Changes in	Changes in
				in Net Position	in Net Position	
				Primary Government	Component Unit	
				Governmental Activities	Economic Development Corporation	
<b>Primary Government:</b>						
Governmental Activities:						
General Government	\$16,770,379	\$404,002		(16,366,377)		
Community:						
Recreation	2,669,889			(2,669,889)		
Development	8,883,785	845,607		(8,038,178)		
Housing	92,370		\$806,589	714,219		
Public Works & Engineering	7,043,052	191,144	1,281,464	\$1,070,768	(4,499,676)	
Police	22,209,621	819,362	372,276		(21,017,983)	
Interest on long-term debt	1,150,307				(1,150,307)	
Total Governmental Activities	<u>\$58,819,403</u>	<u>\$2,260,115</u>	<u>\$2,460,329</u>	<u>\$1,070,768</u>	<u>(53,028,191)</u>	
<b>Component Unit:</b>						
Economic Development Corporation	<u>\$1,490,842</u>	<u>\$42,153</u>	<u>\$1,211,912</u>		<u>(\$236,777)</u>	
General revenues:						
Taxes:						
Property taxes				2,410,402		
Sales taxes				4,801,115		
Utility taxes				2,731,594		
Transient occupancy taxes				666,643		
Franchise taxes				927,262		
Payment in lieu of taxes				2,100,360		
Casino contract revenues				26,811,866		
Other taxes				123,084		
Intergovernmental unrestricted:						
Motor vehicle in lieu fees				2,994,786		
Use of money and property				378,818		
Gain from sale of capital assets				4,198,761		
Other revenue					293,819	
Miscellaneous				2,606,689		
Total general revenues				<u>50,751,380</u>	<u>293,819</u>	
Change in Net Position				(2,276,811)	57,042	
Net Position - Beginning				<u>151,208,910</u>	<u>846,019</u>	
Net Position - Ending				<u>\$148,932,099</u>	<u>\$903,061</u>	

See accompanying notes to financial statements



CITY<sup>OF</sup> SAN PABLO

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*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 2021. Individual non-major funds may be found in the Supplemental Section.

### **GENERAL FUND**

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

### **LOW AND MODERATE INCOME HOUSING ASSETS**

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

### **PUBLIC WORKS CONSTRUCTION**

This fund accounts for major City capital improvement projects.

CITY OF SAN PABLO  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2021

	General	Low and Moderate Income Housing Assets	Public Works Construction	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments available for operations (Note 3)	\$55,139,576	\$8,439,162	\$3,259,966	\$5,666,423	\$72,505,127
Restricted cash and investments (Note 3)				2,189,561	2,189,561
Accounts receivable	4,245,426		367,944	554,667	5,168,037
Due from other governments	73,851				73,851
Due from other funds (Note 4A)	409,481				409,481
Receivable from Successor Agency	3,674,711				3,674,711
Prepays and deposits (Note 1H)	17,736				17,736
Employee loans receivable (Note 5A)	897				897
Loan receivable (Note 5B)	300,000				300,000
Redevelopment Agency program loans, net (Note 5C)		13,043,436			13,043,436
Rumrill Sports Park leveraged loans (Note 5J)	5,329,000				5,329,000
Property held for resale (Note 1I)		564,835			564,835
<b>Total Assets</b>	<b>\$69,190,678</b>	<b>\$22,047,433</b>	<b>\$3,627,910</b>	<b>\$8,410,651</b>	<b>\$103,276,672</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$2,775,438	\$6,090	\$337,217	\$260,837	\$3,379,582
Due to other funds (Note 4A)				409,481	409,481
Deposits payable	262,807			515,291	778,098
Unearned revenue	1,472,503				1,472,503
<b>Total Liabilities</b>	<b>4,510,748</b>	<b>6,090</b>	<b>337,217</b>	<b>1,185,609</b>	<b>6,039,664</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - loans and notes receivable	300,000	13,043,436			13,343,436
<b>Total Deferred Inflows of Resources</b>	<b>300,000</b>	<b>13,043,436</b>			<b>13,343,436</b>
<b>FUND BALANCES</b>					
Fund balance (Note 8):					
Nonspendable	5,347,633				5,347,633
Restricted	1,000,000	8,997,907	3,290,693	7,225,042	20,513,642
Assigned	2,705,823				2,705,823
Unassigned	55,326,474				55,326,474
<b>TOTAL FUND BALANCES</b>	<b>64,379,930</b>	<b>8,997,907</b>	<b>3,290,693</b>	<b>7,225,042</b>	<b>83,893,572</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$69,190,678</b>	<b>\$22,047,433</b>	<b>\$3,627,910</b>	<b>\$8,410,651</b>	<b>\$103,276,672</b>

See accompanying notes to financial statements

CITY OF SAN PABLO  
 Reconciliation of the  
 GOVERNMENTAL FUNDS BALANCE SHEET  
 with the  
 STATEMENT OF NET POSITION  
 JUNE 30, 2021

Fund Balance - Total Governmental Funds \$83,893,572

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. 124,571,096

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. 13,343,436

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	9,395,024
Deferred outflows of resources related to OPEB	3,457,052
Claims payable	(66,423)
Compensated absences	(2,265,930)
Long-term debt	(29,747,992)
Net pension liability	(47,488,485)
Net OPEB Asset	473,667
Deferred inflows of resources related to pensions	(1,958,301)
Deferred inflows of resources related to OPEB	(4,674,617)
	(4,674,617)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$148,932,099

See accompanying notes to financial statements

CITY OF SAN PABLO  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2021

	General	Low and Moderate Income Housing Assets	Public Works Construction	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$1,255,899			\$839,097	\$2,094,996
Sales taxes	3,699,105			1,564,953	5,264,058
Utility users tax	2,731,594				2,731,594
Casino contract revenues	26,442,053				26,442,053
Other taxes	3,817,349				3,817,349
Licenses and permits				369,813	369,813
Fines and forfeits	230,215				230,215
Intergovernmental	3,988,747		\$2,237,043	2,212,629	8,438,419
Charges for services	662,620			792,876	1,455,496
Use of money and property	540,445	\$806,589		9,691	1,356,725
Miscellaneous	4,283,547		146,855	98,477	4,528,879
<b>Total Revenues</b>	<b>47,651,574</b>	<b>806,589</b>	<b>2,383,898</b>	<b>5,887,536</b>	<b>56,729,597</b>
<b>EXPENDITURES</b>					
Current:					
General Government	13,576,696			1,549,588	15,126,284
Community:					
Recreation	2,521,481				2,521,481
Development				1,688,066	1,688,066
Housing		92,370			92,370
Public Works & Engineering	701,327			4,009,632	4,710,959
Police	19,305,127				19,305,127
Capital outlay	440,833		5,699,269	47,645	6,187,747
Debt service:					
Principal retirement	594,446			580,000	1,174,446
Interest and fiscal charges				1,150,307	1,150,307
<b>Total Expenditures</b>	<b>37,139,910</b>	<b>92,370</b>	<b>5,699,269</b>	<b>9,025,238</b>	<b>51,956,787</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>10,511,664</b>	<b>714,219</b>	<b>(3,315,371)</b>	<b>(3,137,702)</b>	<b>4,772,810</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in (Note 4B)	1,520,039	198,500	7,078,035	4,705,670	13,502,244
Transfers (out) (Note 4B)	(5,231,947)	(1,250,000)	(72,223)	(6,948,074)	(13,502,244)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,711,908)</b>	<b>(1,051,500)</b>	<b>7,005,812</b>	<b>(2,242,404)</b>	
<b>NET CHANGE IN FUND BALANCES</b>	<b>6,799,756</b>	<b>(337,281)</b>	<b>3,690,441</b>	<b>(5,380,106)</b>	<b>4,772,810</b>
Fund balances at beginning of period	57,580,174	9,335,188	(399,748)	12,605,148	79,120,762
<b>FUND BALANCES AT END OF PERIOD</b>	<b>\$64,379,930</b>	<b>\$8,997,907</b>	<b>\$3,290,693</b>	<b>\$7,225,042</b>	<b>\$83,893,572</b>

See accompanying notes to financial statements

CITY OF SAN PABLO  
 Reconciliation of the  
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS  
 with the  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2021

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 \$4,772,810

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	5,987,712
Depreciation expense is deducted from fund balance	(3,674,657)
Retirements are deducted from the fund balance	(6,704,258)

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	1,174,446
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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	(122,815)
Claims payable	(3,703)
Unavailable revenue - loans and notes receivable	(187,005)
Net pension liability and deferred outflows/inflows of resources related to pensions	(3,571,288)
Net OPEB liability and deferred outflows/inflows of resources related to OPEB	51,947

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	(\$2,276,811)
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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, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Property taxes	\$1,275,970	\$1,290,604	\$1,255,899	(\$34,705)
Sales taxes	3,236,000	1,594,073	3,699,105	2,105,032
Utility users tax	2,535,170	2,507,170	2,731,594	224,424
Casino contract revenues	25,178,900	20,178,900	26,442,053	6,263,153
Other taxes	3,521,500	2,218,484	3,817,349	1,598,865
Fines and forfeits	233,250	198,250	230,215	31,965
Intergovernmental:				
Motor vehicle in lieu	2,323,000	2,323,000	2,994,786	671,786
Other	138,230	576,343	993,961	417,618
Charges for services	639,980	262,517	662,620	400,103
Use of money and property	1,189,960	889,900	540,445	(349,455)
Miscellaneous	101,000	61,000	4,283,547	4,222,547
Total Revenues	<u>40,372,960</u>	<u>32,100,241</u>	<u>47,651,574</u>	<u>15,551,333</u>
EXPENDITURES				
Current:				
General Government	14,022,334	17,926,826	13,576,696	4,350,130
Community:				
Recreation	3,882,202	3,342,350	2,521,481	820,869
Public Works & Engineering	519,677	525,607	701,327	(175,720)
Police	19,297,565	19,677,069	19,305,127	371,942
Capital outlay	144,262	151,079	440,833	(289,754)
Debt Service:				
Principal			594,446	(594,446)
Total Expenditures	<u>37,866,040</u>	<u>41,622,931</u>	<u>37,139,910</u>	<u>4,483,021</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,506,920</u>	<u>(9,522,690)</u>	<u>10,511,664</u>	<u>20,034,354</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		8,432,355	1,520,039	(6,912,316)
Transfers (out)		(10,492,212)	(5,231,947)	5,260,265
Total Other Financing Sources (Uses)		<u>(2,059,857)</u>	<u>(3,711,908)</u>	<u>(1,652,051)</u>
NET CHANGE IN FUND BALANCE	<u>\$2,506,920</u>	<u>(\$11,582,547)</u>	6,799,756	<u>\$18,382,303</u>
Fund balance at beginning of year			<u>57,580,174</u>	
FUND BALANCE AT END OF YEAR			<u>\$64,379,930</u>	

See accompanying notes to financial statements

<b>FIDUCIARY FUNDS</b>
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**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.

**CUSTODIAL FUNDS**

Custodial 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, 2021

	Retiree Health Savings Plan Trust Fund	Successor Agency to the Redevelopment Agency Private-Purpose Trust	Custodial Funds
<b>ASSETS</b>			
Cash and investments (Note 3)		\$54,334	
Restricted cash and investments (Note 3):			
Pooled with City cash and investments		2,952,446	\$11,794,375
Mutual fund	\$13,187,277		
Accounts receivable			159,462
Prepays			4,006
Loans receivable (Note 13B)		1,939,701	
Property held for resale (Note 13C)		6,960,809	
Capital assets (Note 13D):			
Land and land improvements		2,819,393	
Depreciable capital assets, net		959,118	
		<u>15,685,801</u>	
Total assets	<u>13,187,277</u>		<u>11,957,843</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred amount on refunding of debt (Note 13F)		<u>2,727,465</u>	
<b>LIABILITIES</b>			
Accounts payable		175,784	66,604
Payable to City's General Fund (Note 13E)		3,674,711	
Unearned revenue			72,527
Deposits payable			13,500
Long-term obligations (Note 13F):			
Due in one year		4,475,000	
Due in more than one year		39,776,354	
		<u>48,101,849</u>	
Total liabilities			<u>152,631</u>
<b>NET POSITION (DEFICIT):</b>			
Held in Trust and Restricted for OPEB	13,187,277		
Restricted for other governments		(29,688,583)	11,019,669
Held for other organizations			785,543
		<u>(\$29,688,583)</u>	
Total net position	<u>\$13,187,277</u>		<u>\$11,805,212</u>

See accompanying notes to financial statements

CITY OF SAN PABLO  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2021

	Retiree Health Savings Plan Trust Fund	Successor Agency to the Redevelopment Agency Private-Purpose Trust	Custodial Funds
<b>ADDITIONS</b>			
Property taxes		\$8,247,483	
Employer contributions	\$549,149		
Bingo revenues			\$76,439
Member contributions			523,670
Grants and contributions			4,074,304
Charges for services			1,107,042
Net investment income	3,252,106	19,766	559,840
Other		9,165,693	
	<u>3,801,255</u>	<u>17,432,942</u>	<u>6,341,295</u>
<b>DEDUCTIONS</b>			
Premiums paid	549,149		
Community development		9,429,200	
Personnel-related			1,544,462
Professional services			572,816
Program-related			317,359
Depreciation (Note 13D)		65,752	
Debt service:			
Interest and fiscal charges		1,872,878	
	<u>549,149</u>	<u>11,367,830</u>	<u>2,434,637</u>
Total deductions	<u>549,149</u>	<u>11,367,830</u>	<u>2,434,637</u>
Change in net position	3,252,106	6,065,112	3,906,658
<b>NET POSITION:</b>			
Beginning of year, as restated (Note 1L)	<u>9,935,171</u>	<u>(35,753,695)</u>	<u>7,898,554</u>
End of year	<u>\$13,187,277</u>	<u>(\$29,688,583)</u>	<u>\$11,805,212</u>

See accompanying notes to financial statements



CITY<sup>OF</sup> SAN PABLO

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*City of New Directions*

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**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 (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, 2021**

**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, 2021**

**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.

**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, 2021**

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Custodial Funds.** These funds report resources, not in a Trust, that are held by the City for other parties outside of the City’s reporting entity, which include West Contra Costa Transportation Advisory Committee, West Contra Costa Integrated Waste Management Authority, and community organizations.

**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.

**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, 2021**

**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 \$122,815 at June 30, 2021 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	\$2,143,115
Additions	1,716,731
Payments	<u>(1,593,916)</u>
Ending Balance	<u>\$2,265,930</u>
Due in One Year	<u>\$1,318,788</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, 2021**

**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, 2021, the General Fund and the Economic Development Corporation had prepaid items of \$17,736 and \$170, 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 shown below:

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, 2021**

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

In January 2017, GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The provisions of this Statement were implemented during fiscal year 2021. As part of the implementation of this Statement, management determined that the Community Organizations and Activities, West Contra Costa Transportation Advisory Committee, and West Contra Costa Integrated Waste Management Authority, be accounted for and reported as Custodial Funds, which required the restatements of beginning net position of the funds in the amounts of \$714,504, \$4,023,130 and \$3,160,920, respectively, for a total of \$7,898,554.

In addition, the City early implemented GASB Statement No. 98 – *The Annual Comprehensive Financial Report*, which changed the name of the Comprehensive Annual Financial Report to Annual Comprehensive Financial Report.

**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 Capital Projects Funds and the 2018 JPFA Lease Revenue Bonds Debt Service Funds are budgeted on a project length basis and therefore are not comparable on an annual basis.

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (Continued)**

**B. Excess of Expenditures over Appropriations**

As of June 30, 2021, the following funds had department expenditures that were in excess of appropriations:

Fund	Department	Amount
General Fund	Public Works & Engineering	\$175,720
General Fund	Capital Outlay	289,754
General Fund	Debt Service	594,446
Gas Tax Special Revenue	Public Works & Engineering	121,581
Development Services Special Revenue	Community Development	16,846
Street Lighting and Landscaping Special Revenue	General Government	5,325
	Total	<u>\$1,203,672</u>

The funds had sufficient revenues to finance these expenditures.

**NOTE 3 – CASH AND INVESTMENTS**

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

**A. Policies**

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

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

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

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

**B. Classification**

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

<b>Primary Government Cash and Investments</b>	
Cash and investments available for operations	\$72,505,127
Restricted cash and investments	2,189,561
<b>Component Unit Cash and Investments</b>	
Cash available for operations	2,433,122
Restricted cash and investments	33,255
<b>Fiduciary Funds Cash and Investments</b>	
Cash and investments available for operations in Fiduciary Funds (separate statement):	
Successor Agency to the Redevelopment Agency Private Purpose Trust	54,334
Restricted cash and investments in Fiduciary Funds (separate statement):	
Retiree Health Savings Plan Trust	13,187,277
Successor Agency to the Redevelopment Agency Private Purpose Trust	2,952,446
Custodial Funds	11,794,375
	11,794,375
Total cash and investments	\$105,149,497

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**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, 2021**

**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, 2021**

**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 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 to 24 months	25 to 36 months	36 to 60 months	Fair Value Total
U.S. Government Agencies	\$1,651,386	\$3,536,926	\$8,929,451	\$3,301,327	\$17,419,090
U.S. Treasury Notes	1,100,816	1,652,117	612,563		3,365,496
Medium Term Notes	3,294,072	3,226,765	1,542,542		8,063,379
Local Agency Investment Fund	48,142,626				48,142,626
<b>Held by Trustee:</b>					
Money Market Funds	5,285,285				5,285,285
Vantage Point MP Long Term Growth Mutual Fund (Equities)	13,187,277				13,187,277
Total Investments	<u>\$72,661,462</u>	<u>\$8,415,808</u>	<u>\$11,084,556</u>	<u>\$3,301,327</u>	95,463,153
<b>Cash on hand and in banks - City of San Pablo</b>					
<b>Cash in banks - Economic Development Corporation</b>					
Total Cash and Investments					<u>\$105,149,497</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, 2021, the average maturity was 291 days.

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**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, 2021 are as follows:

Investment Type	AAAm	AA+/AA-/AA	A+/A/A-	BBB+	Fair Value Total
U.S. Government Agencies		\$17,419,090			\$17,419,090
Medium Term Notes		1,839,736	\$5,720,793	\$502,850	8,063,379
<b>Held by Trustees:</b>					
Money Market Funds	\$5,285,285				5,285,285
<b>Totals</b>	<u>\$5,285,285</u>	<u>\$19,258,826</u>	<u>\$5,720,793</u>	<u>\$502,850</u>	30,767,754
<b>Not rated:</b>					
Local Agency Investment Fund					48,142,626
<b>Retiree Health Savings Plan Trust:</b>					
Vantage Point MP Long Term Growth Mutual Fund (Equities)					13,187,277
<b>Exempt from credit rating disclosure:</b>					
U.S. Treasury Notes					3,365,496
<b>Cash on Hand and in Banks - City of San Pablo</b>					7,219,967
<b>Cash on Hand and in Banks - Economic Development Corporation</b>					2,466,377
<b>Total Cash and Investments</b>					<u>\$105,149,497</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, 2021**

**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, 2021:

Investment Type	Level 2	Fair Value Total
<b>Investments by Fair Value:</b>		
U.S. Treasury Notes	\$3,365,496	\$3,365,496
U.S. Government Agencies	17,419,090	17,419,090
Medium Term Notes	8,063,379	8,063,379
Total Investments at Fair Value	\$28,847,965	28,847,965
<b>Investments Measured at Amortized Cost:</b>		
<i>Held by Trustee:</i>		
Money Market Funds		5,285,285
Vantage Point MP Long Term Growth Mutual Fund (Equities)		13,187,277
<b>Investments Exempt from Fair Value Hierarchy:</b>		
Local Agency Investment Fund		48,142,626
Total Investments		95,463,153
<i>Cash with Banks and Petty Cash - City of San Pablo</i>		7,219,967
<i>Cash with Banks - Economic Development Corporation</i>		2,466,377
Total Cash and Investments		\$105,149,497

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 fair 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, 2021:

Fund/Issuer	Investment Type	Reported Amount
Federal National Mortgage Association	U.S. Governmental Agencies	\$5,474,296

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**NOTE 4 – INTERFUND TRANSACTIONS**

**A. Current Interfund Balances**

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the fiscal year. At June 30, 2021, current interfund balances are as follows:

<u>Due From Fund:</u>	<u>Due to Fund:</u>	<u>Amount</u>
<b>Major Fund:</b>	<b>Non-Major Special Revenue Funds:</b>	
General Fund	N.P.D.E.S.	\$143,369
	Measure K	<u>266,112</u>
	Total	<u><u>\$409,481</u></u>

**B. Transfers Between Funds**

With Council approval, resources may be transferred from one City fund to another. Transfers In/Out for the year ended June 30, 2021 were as follows:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Transfer Amount</u>
<b>Major Funds:</b>		
General Fund	Low and Moderate Income Housing Assets Special Revenue Fund	\$1,250,000 (A)
	Public Safety Special Revenue Fund	270,039 (B), (C)
Low and Moderate Income Housing Assets Special Revenue Fund	General Fund	198,500 (A), (D)
Public Works Construction Capital Projects Fund	General Fund	400,000 (E)
	Gas Tax Special Revenue Fund	563,676 (E)
	N.P.D.E.S. Special Revenue Fund	10,000 (E)
	Development Services Special Revenue Fund	236,000 (E)
	Measure C / J Special Revenue Fund	211,191 (E)
	2015 Lease Revenue Bonds Capital Projects Fund	5,657,168 (F)
<b>Non-Major Funds:</b>		
Gas Tax Special Revenue Fund	General Fund	1,814,085 (D), (E)
N.P.D.E.S. Special Revenue Fund	General Fund	105,740 (D)
Development Services Special Revenue Fund	General Fund	421,885 (D)
Measure C / J Special Revenue Fund	Public Works Construction Capital Projects Fund	72,223 (G)
Street Lighting and Landscaping Special Revenue Fund	General Fund	272,007 (D)
Measure K Special Revenue Fund	General Fund	289,481 (D)
2015 Lease Revenue Bonds Capital Projects Fund	General Fund	921,486 (H)
2018 JPFA Lease Revenue Bonds Debt Service Fund	General Fund	<u>808,763 (H)</u>
		<u><u>\$13,502,244</u></u>

The reasons for these transfers are set forth below:

- (A) Community Housing Grant due to COVID-19 (remaining funds).
- (B) Transfer revenue.
- (C) Law enforcement grant program
- (D) Transfer to cover revenue shortage (Negative cash)
- (E) Transfer amounts required to fund capital project
- (F) Reimburse advanced expenditures for city facility project
- (G) Return unused CIP fund to funding source
- (H) Transfer to cover debt service and fees requirement

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**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, 2021, 2 employees had \$897 in such loans.

**B. *Ruby Hills Properties Loans Receivable***

During fiscal year 2020-2021 the City loaned \$300,000 to Ruby Hills Properties for the purchase of property. The loan bears no interest. The loan shall have a term of twenty years and shall be entirely forgiven at maturity, as long as the property continues to operate medical offices and an urgent care facility serving the City of San Pablo community. The outstanding balance as of June 30, 2021 was \$300,000.

**C. *Notes Receivable under Redevelopment Agency Programs***

The Agency engaged in programs designed to encourage construction of or improvement to low-to-moderate income housing. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to expend these funds in accordance with the Agency’s terms. With the dissolution of the Redevelopment Agency as discussed in Note 13, the City agreed to become the successor to the Redevelopment Agency’s housing activities and as a result the Low and Moderate Income Housing Asset Fund assumed the loans receivable of the Redevelopment Agency’s Low and Moderate Income Housing Fund as of February 1, 2012. The balances of the notes receivable in the Low and Moderate Income Housing Assets Fund at June 30, 2021 are as follows:

Casa Adobe-Senior Citizen Units	\$1,053,959
Housing Initiative Program	8,911,173
San Pablo Housing Investors/Montevista San Pablo AR	1,529,140
East Bay Asian Local Development Corporation	1,549,164
Lao Family Community Development	811,524
Subtotal	13,854,960
Less: Allowance for conditional grant	(811,524)
Total	\$13,043,436

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**NOTE 5 – LOANS AND NOTES RECEIVABLE (Continued)**

***D. 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, 2021, the loan was paid off.

***E. 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 1<sup>st</sup> thereafter, payments are to be made from "residual receipts" as defined in the agreement. The balance of the loan at June 30, 2021 was \$1,053,959.

***F. 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, 2021, loans outstanding under this Program totaled \$8,911,173.

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

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

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**NOTE 5 – LOANS AND NOTES RECEIVABLE (Continued)**

**G. *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 31<sup>st</sup> following the Completion Date, and then each January 31<sup>st</sup> thereafter; payments are to be made from fifty percent of “residual receipts” as defined in the agreement. As of June 30, 2021, San Pablo Housing Investors owed principal of \$1,450,000 and interest of \$79,140 for a total of \$1,529,140.

**H. *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 1<sup>st</sup> 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, 2021, EBALDC has drawn down \$1,199,513 of the supplemental project loan.

The balance of the loans as of June 30, 2021 was \$1,549,164.

**I. *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, 2021, the balance of the loans, including accrued interest, was \$811,524.

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**NOTE 5 – LOANS AND NOTES RECEIVABLE (Continued)**

***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, 2021, 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, 2021.

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 2021.

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**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, 2021**

**NOTE 6 – CAPITAL ASSETS (Continued)**

**A. Governmental Capital Asset Additions and Retirements**

Capital asset activity for the year ended June 30, 2021 is as follows:

	Balance at June 30, 2020	Additions	Retirements	Adjustments (a)	Transfers	Balance at June 30, 2021
<b>Governmental activities</b>						
Capital assets not being depreciated:						
Land and land improvements	\$8,789,440		(\$2,012,032)			\$6,777,408
Construction in progress	22,089,051	\$5,922,540		\$5,784,925	(\$2,028,825)	31,767,691
Total capital assets not being depreciated	<u>30,878,491</u>	<u>5,922,540</u>	<u>(2,012,032)</u>	<u>5,784,925</u>	<u>(2,028,825)</u>	<u>38,545,099</u>
Capital assets being depreciated:						
Buildings and improvements	46,858,418		(5,342,270)			41,516,148
Machinery and equipment	4,540,628	65,172				4,605,800
Vehicles	4,083,586		(63,301)			4,020,285
Park and trail improvements	14,011,145					14,011,145
Sports fields	1,506,986					1,506,986
Roads & streets including sidewalks	98,235,764			(5,784,925)	2,028,825	94,479,664
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>181,662,157</u>	<u>65,172</u>	<u>(5,405,571)</u>	<u>(5,784,925)</u>	<u>2,028,825</u>	<u>172,565,658</u>
Less accumulated depreciation for:						
Buildings and improvements	(9,653,952)	(543,926)	695,234			(9,502,644)
Machinery and equipment	(2,797,041)	(160,654)				(2,957,695)
Vehicles	(2,557,041)	(313,586)	18,111			(2,852,516)
Park and trail improvements	(6,797,146)	(896,356)				(7,693,502)
Sports fields	(1,430,545)	(47,754)				(1,478,299)
Roads & streets including sidewalks	(50,450,327)	(1,541,809)				(51,992,136)
Bridges	(4,859,160)	(78,555)				(4,937,715)
Street lights	(339,894)	(3,092)				(342,986)
Storm drains	(1,748,673)	(10,200)				(1,758,873)
Traffic signals	(2,240,359)	(54,176)				(2,294,535)
Trees	(704,211)	(24,549)				(728,760)
Total accumulated depreciation	<u>(83,578,349)</u>	<u>(3,674,657)</u>	<u>713,345</u>			<u>(86,539,661)</u>
Net capital assets being depreciated	<u>98,083,808</u>	<u>(3,609,485)</u>	<u>(4,692,226)</u>	<u>(5,784,925)</u>	<u>2,028,825</u>	<u>86,025,997</u>
Governmental activity capital assets, net	<u>\$128,962,299</u>	<u>\$2,313,055</u>	<u>(\$6,704,258)</u>			<u>\$124,571,096</u>

(a) During FY 21, the City determined that a construction project, previously reported in the Roads and Streets depreciable asset group, was not yet completed.

Therefore, as noted in the table above, project costs totaling \$5,784,925 have been adjusted out of the depreciable asset group and reclassified into Construction in Progress.

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**NOTE 6 – CAPITAL ASSETS (Continued)**

Construction in progress comprised the following at June 30, 2021:

Project	Amount
City Hall Construction	\$21,820,050
Wildcat Creek & Greenway Trail	5,383,850
Rumrill Boulevard Street	2,135,016
Communication Infrastructure	844,421
Other	1,584,354
Total construction in progress	\$31,767,691

**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, 2021:

	Balance at June 30, 2020	Additions	Balance at June 30, 2021
Capital assets not being depreciated:			
Land - SPCC and HEAL	\$1,600,000		\$1,600,000
Total capital assets not being depreciated	1,600,000		1,600,000
Capital assets being depreciated:			
Building - HEAL	180,000		180,000
Building - EDC	1,540,000		1,540,000
Field improvements - HEAL	6,375,934		6,375,934
Equipment - EDC	77,107		77,107
Vehicles	13,274		13,274
Total capital assets being depreciated	8,186,315		8,186,315
Less accumulated depreciation	(2,131,975)	(\$479,690)	(2,611,665)
Net capital assets being depreciated	6,054,340	(479,690)	5,574,650
Capital assets, net	\$7,654,340	(\$479,690)	\$7,174,650

**C. Capital Asset Contributions**

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

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**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:

<b>Governmental Activities:</b>	
General Government	(\$1,254,895)
Community Recreation	(165,360)
Community Development	(221,214)
Public Works	(1,763,836)
Police	<u>(269,352)</u>
Total depreciation expense	<u><u>(\$3,674,657)</u></u>
 <b>Discretely Presented Component Unit:</b>	
Economic Development Corporation	<u><u>(\$479,690)</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, 2020	Retirements	Balance June 30, 2021	Current Portion
<b>Lease Revenue Bonds:</b>					
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	10,710,000	\$345,000	10,365,000	\$355,000
Lease Revenue Bonds Series 2018 2.50-5.00%, due 11/1/2052	15,325,000	<u>15,325,000</u>	<u>235,000</u>	<u>15,090,000</u>	<u>245,000</u>
Total Lease Revenue Bonds		<u>29,630,000</u>	<u>580,000</u>	<u>29,050,000</u>	<u>600,000</u>
 <b>Direct Borrowings - Capital Lease:</b>					
Public Safety Equipment 3.88%, due 4/17/2021	2,491,334	516,150	516,150		
<b>Direct Borrowings - Loan:</b>					
Solar Loan 1.0%, due 12/22/2029	1,141,738	<u>776,288</u>	<u>78,296</u>	<u>697,992</u>	<u>79,080</u>
Total Capital Leases		<u>1,292,438</u>	<u>594,446</u>	<u>697,992</u>	<u>79,080</u>
Total City Debt		<u><u>\$30,922,438</u></u>	<u><u>\$1,174,446</u></u>	<u><u>\$29,747,992</u></u>	<u><u>\$679,080</u></u>

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**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, 2021**

**NOTE 7 – LONG-TERM DEBT (Continued)**

Debt service requirements are shown below for the bonds:

For the Year Ending June 30	Principal	Interest	Total
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	685,000	1,032,200	1,717,200
2027-2031	3,865,000	4,710,469	8,575,469
2032-2036	4,830,000	3,743,942	8,573,942
2037-2041	5,950,000	2,632,466	8,582,466
2042-2046	6,255,000	1,406,138	7,661,138
2047-2051	3,405,000	597,308	4,002,308
2052-2053	1,545,000	56,454	1,601,454
Total	<u>\$29,050,000</u>	<u>\$18,529,527</u>	<u>\$47,579,527</u>

**C. 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. As of June 30, 2021, the lease was paid off.

**D. Solar Panel Loan**

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

Debt service requirements are shown below for the loan payable:

Fiscal Year Ended June 30	Direct Borrowings		Total
	Principal	Interest	
2022	\$79,080	\$6,784	\$85,864
2023	79,874	5,990	85,864
2024	80,660	5,204	85,864
2025	81,483	4,381	85,864
2026	82,299	4,565	86,864
2027-2030	294,596	5,927	300,523
Total	<u>\$697,992</u>	<u>\$32,851</u>	<u>\$730,843</u>

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**NOTE 7 – LONG-TERM DEBT (Continued)**

**E. EDC Notes and Loans Payable**

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, 2021, the outstanding balances of the loans were \$4,947,116 and \$2,552,884, respectively, totaling \$7,500,000. Debt service requirements are shown below for the EDC's notes payable:

For the Year Ending June 30	Direct Borrowings		Total
	Principal	Interest	
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	304,542	55,284	359,826
2027-2031	1,562,667	236,457	1,799,124
2032-2036	1,631,508	167,718	1,799,226
2037-2041	1,703,170	95,955	1,799,125
2042-2045	1,326,267	22,904	1,349,171
Total	<u>\$7,500,000</u>	<u>\$824,393</u>	<u>\$8,324,393</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. During fiscal year ended June 30, 2020, the EDC paid \$50,000 towards principal. 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 \$52,000 over the 12 years, at which time, the balance of the principal will be due.

Future repayment requirements for the note are shown below:

For the Year Ending June 30	Principal	Interest	Total
2022		\$52,000	\$52,000
2023		52,000	52,000
2024		52,000	52,000
2025		52,000	52,000
2026		52,000	52,000
2027-2031	\$1,300,000	260,000	1,560,000
Total	<u>\$1,300,000</u>	<u>\$520,000</u>	<u>\$1,820,000</u>

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**NOTE 7 – LONG-TERM DEBT (Continued)**

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. As of June 30, 2021, the total amount of the loan has been forgiven and recognized as grant revenue.

**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, 2021**

**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, 2021**

**NOTE 8 – NET POSITION AND FUND BALANCES (Continued)**

Detailed classifications of the City’s fund balances, as of June 30, 2021, are below:

Fund Balance Classifications	General Fund	Special Revenue Low and Moderate Income Housing Assets	Capital Project Public Works Construction	Other Governmental Funds	Total
<b>Nonspendable:</b>					
Items not in spendable form:					
Prepays and deposits	\$17,736				\$17,736
Employee loans receivable	897				897
HEAL loan receivable	5,329,000				5,329,000
<b>Total Nonspendable Fund Balances</b>	<b>5,347,633</b>				<b>5,347,633</b>
<b>Restricted for:</b>					
Redevelopment Low and Moderate Income Housing	1,000,000	\$8,997,907			9,997,907
Street Lighting and Landscaping				\$148,259	148,259
Local Street and Road Improvements and Maintenance				3,666,091	3,666,091
Law Enforcement				652,027	652,027
Paratransit				468,375	468,375
Housing Grants				100,651	100,651
Capital projects			\$3,290,693	2,189,639	5,480,332
<b>Total Restricted Fund Balances</b>	<b>1,000,000</b>	<b>8,997,907</b>	<b>3,290,693</b>	<b>7,225,042</b>	<b>20,513,642</b>
<b>Assigned to:</b>					
Capital Projects:					
Other	2,705,823				2,705,823
<b>Total Assigned Fund Balances</b>	<b>2,705,823</b>				<b>2,705,823</b>
<b>Unassigned:</b>					
General fund	55,326,474				55,326,474
<b>Total Unassigned Fund Balances</b>	<b>55,326,474</b>				<b>55,326,474</b>
<b>Total Fund Balances</b>	<b>\$64,379,930</b>	<b>\$8,997,907</b>	<b>\$3,290,693</b>	<b>\$7,225,042</b>	<b>\$83,893,572</b>

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**NOTE 8 – NET POSITION AND FUND BALANCES (Continued)**

**C. *Stabilization and Contingency Arrangements***

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

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

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

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

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

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

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**NOTE 8 – NET POSITION AND FUND BALANCES (Continued)**

The required balance of each reserve for the year ended June 30, 2021, and the actual balance for each as of June 30, 2021, which are reported within the unassigned fund balance of the General Fund follows:

	Required Ending Balance	Balance as of June 30, 2021
Catastrophic Reserve	\$22,816,657	\$22,816,657
Budget Stabilization Reserve	2,281,666	2,281,666
Future Capital Projects (includes Casino Revenue Sustainability Reserve)	3,876,692	3,876,692
Unassigned		26,351,459
Total General Fund Unassigned Fund Balance		\$55,326,474

**NOTE 9 – PENSION PLANS**

**A. General Information about the CalPERS Pension Plans**

**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, 2021**

**NOTE 9 – PENSION PLANS (Continued)**

The Plan’s provisions and benefits in effect at June 30, 2021, are summarized as follows:

	<b>Miscellaneous</b>	
	Classic	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	8.0%	6.75%
Required employer contribution rates	12.361%	7.732%
	<b>Safety</b>	
	Classic	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	9.0%	13%
Required employer contribution rates	23.674%	13.044%

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 \$3,460,631 in fiscal year 2021.

**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, 2021, the City’s total contributions to the Plan were \$3,769,736.

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, 2021**

**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, 2021, the City reported a net pension liability for its proportionate share of the net pension liability of the Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$18,690,869
Safety	28,797,616
Total Net Pension Liability	\$47,488,485

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, 2020, 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, 2019 rolled forward to June 30, 2020 using standard update procedures. The City’s proportions of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City’s proportionate share of the net pension liability for the Plans as of June 30, 2019 and 2020 was as follows:

	Miscellaneous
Proportion - June 30, 2019	0.43442%
Proportion - June 30, 2020	0.44311%
Change - Increase (Decrease)	0.00869%
	Safety
Proportion - June 30, 2019	0.42057%
Proportion - June 30, 2020	0.43224%
Change - Increase (Decrease)	0.01167%

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**NOTE 9 – PENSION PLANS (Continued)**

For the year ended June 30, 2021, the City recognized pension expense of \$7,341,024. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$3,769,736	
Differences between actual and expected experience	3,196,305	
Changes in assumptions		(\$229,236)
Net differences between projected and actual earnings on plan investments	1,181,135	
Change in proportion and differences between actual contributions and proportionate share of contributions	1,247,848	(1,729,065)
Total	<u>\$9,395,024</u>	<u>(\$1,958,301)</u>

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, 2022 for \$3,769,736. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2022	\$552,134
2023	1,403,150
2024	1,131,786
2025	579,917
Total	<u>\$3,666,987</u>

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**NOTE 9 – PENSION PLANS (Continued)**

**Actuarial Assumptions** – For the measurement period ended June 30, 2020, the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2019 total pension liabilities were based on the following actuarial methods and assumptions for all benefit tiers:

	Miscellaneous (1)	Safety (1)
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
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, 2019 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 and forecasted information for 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, 2021**

**NOTE 9 – PENSION PLANS (Continued)**

The table below reflects the expected real rates 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 Annual Financial Report, 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 Plans, calculated using the discount rate for the Plans, 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	\$27,316,766	\$42,470,854
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$18,690,869	\$28,797,616
1% Increase	8.15%	8.15%
Net Pension Liability	\$11,563,561	\$17,577,430

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

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**NOTE 9 – PENSION PLANS (Continued)**

**C. Subsequent Event**

In July 2021, CalPERS reported a preliminary 21.3% net return on investments for the 12-month period that ended June 30, 2021. Under the Funding Risk Mitigation Policy, approved by the CalPERS Board of Administration in 2015, the 21.3% net return will trigger a reduction in the discount rate used to calculate employer and Public Employees' Pension Reform Act (PEPRA) member contributions. The Funding Risk Mitigation Policy seeks to reduce CalPERS funding risk over time, in which CalPERS investment performance that significantly outperforms the discount rate will trigger adjustments to the discount rate, expected investment return, and strategic asset allocation targets. This is the first time it has been triggered. The discount rate, or assumed rate of return, will drop to 6.8%, from its current level of 7%.

Based on these preliminary fiscal year returns, the CalPERS has announced the funded status of the overall Public Employees Retirement Fund (PERF) is an estimated 82%. This estimate is based on a 7% discount rate. Under the new 6.8% discount rate, however, CalPERS indicated the funded status of the overall PERF drops to 80%. This is because existing assets are assumed to grow at a slightly slower rate annually into the future. As intended under the Funding Risk Mitigation Policy, the lower discount rate increases the likelihood that CalPERS can reach its target over the longer term. The CalPERS Board of Administration will continue to review the discount rate through its Asset Liability Management process during the rest of the calendar year.

CalPERS' final fiscal year 2021 investment performance will be calculated based on audited figures and will be reflected in contribution levels for contracting cities, counties, and special districts in fiscal year 2024.

**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, a single-employer defined benefit healthcare plan, in accordance with paragraph 4 of GASB Statement No. 75. Coverage is also provided for spouses of employees having a minimum of 20 years of service at retirement.

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

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

**Benefits Provided** – The following is a summary of Plan benefits by employee group as of June 30, 2021:

	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)	Medical only	Medical and Dental	Medical and Dental	Medical and Dental (H)	Medical only
Duration of Benefits (A)	Until Age 65 (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	Service Retirement under CALPERS within 120 days of separation (F)					
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, 2021**

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

For the year ended June 30, 2021, the City’s contributions to the Plan were \$555,739.

**Employees Covered by Benefit Terms** – Membership in the plan consisted of the following at the measurement date of June 30, 2021:

Active employees	156
Inactive employees or beneficiaries currently receiving benefit payments	105
Inactive employees entitled to but not yet receiving benefit payments	-
Total	261

**B. Net OPEB Liability/(Asset)**

**Actuarial Methods and Assumptions** – The City’s net OPEB liability/(asset) was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation dated June 30, 2020 that was rolled forward using standard update procedures to determine the \$12,713,610 total OPEB liability as of June 30, 2021, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
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	6.83%
Inflation	1.75%
Payroll Growth	2.75%
Investment Rate of Return	6.83%
Mortality Rate	Based on CalPERS Rates
Pre-Retirement Turnover	Based on CalPERS Rates
Healthcare Trend Rate	7.00%, trending down to 4.04%

**Discount Rate** – The discount rate used to measure the total OPEB liability was 6.83%. 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, 2021**

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

**C. Changes in Net OPEB Liability/ (Asset)**

The changes in the net OPEB liability/ (asset) follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2020	\$13,294,322	\$9,935,171	\$3,359,151
Changes Recognized for the Measurement Period:			
Service Cost	419,630		419,630
Interest on the total OPEB liability	982,580		982,580
Differences between expected and actual experience	(2,878,555)		(2,878,555)
Changes of assumptions	1,550,237		1,550,237
Contributions Employer - City's Contribution		486,360	(486,360)
Contributions Employer - Implicit Subsidy		168,244	(168,244)
Net investment income		3,252,106	(3,252,106)
Benefit payments - Employee Contributions	(486,360)	(486,360)	
Benefit payments - Implicit Rate Subsidy Fulfilled	(168,244)	(168,244)	
Net changes	(580,712)	3,252,106	(3,832,818)
Balance at June 30, 2021	\$12,713,610	\$13,187,277	(\$473,667)

Detailed information about the OPEB plan's fiduciary net position is available in the Retiree Health Savings Plan Trust Fund. The benefit payments and refunds include implied subsidy benefit payments in the amount of \$147,626.

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

**D. Sensitivity of the Net OPEB Liability/(Asset) 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/ (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.83%) or 1-percentage-point higher (7.83%) than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1%	Current Discount Rate	Discount Rate +1%
(5.83%)	(6.83%)	(7.83%)
\$836,674	(\$473,667)	(\$1,599,233)

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

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

The following presents the net OPEB liability/(asset) of the City, as well as what the City's net OPEB liability/(asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.00% or 1-percentage-point higher (8.00%) than the current healthcare cost trend rates:

Net OPEB Liability/(Asset)		
Current Healthcare Cost		
1% Decrease (6.00% decreasing to 3.04%)	Trend Rates (7.00% decreasing to 4.04%)	1% Increase (8.00% decreasing to 5.04%)
(\$1,569,566)	(\$473,667)	\$828,697

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$51,947. At June 30, 2021, 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	\$55,292	(\$2,623,473)
Changes of assumptions	3,401,760	(306,535)
Net differences between projected and actual earnings on plan investments		(1,744,609)
Total	\$3,457,052	(\$4,674,617)

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
2022	(\$70,310)
2023	(255,864)
2024	(289,973)
2025	(375,096)
2026	129,476
Thereafter	(355,798)
Total	(\$1,217,565)

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**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 (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
Workers' Compensation (no deductible)	Statutory Limit
Government Crime Coverage (\$2,500)	5,000,000
Employment Liability Program (\$100,000)	1,000,000
Property	
All Risk (\$25,000)	800,000,000
Water (\$150,000)	800,000,000
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, 2021**

**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 the Authority and was computed as follows:

	June 30,	
	2021	2020
Beginning balance	\$62,720	\$72,536
Provision for current fiscal year claims	32,359	41,579
Change in provision for prior fiscal year claims	25,094	10,619
Claims paid	(53,750)	(62,014)
Ending balance	\$66,423	\$62,720

**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, 2021 are discussed in Note 3.

Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2021.

**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. As of June 30, 2021, the balances of these loans was \$23,127.

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**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, 2021.

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, 2021 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, 2021**

**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 is comprised of the following:

	Balance at June 30, 2020	Additions	Balance at June 30, 2021
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	1,606,940	\$65,752	1,672,692
Machinery and equipment	92,202		92,202
Vehicles	24,416		24,416
Total accumulated depreciation	<u>1,723,558</u>	<u>65,752</u>	<u>1,789,310</u>
Net capital assets being depreciated	<u>1,024,870</u>	<u>(65,752)</u>	<u>959,118</u>
Capital assets, net	<u>\$3,844,263</u>	<u>(\$65,752)</u>	<u>\$3,778,511</u>

**E. Loan from City's General Fund**

During fiscal year ended June 30, 2021, the City provided a short-term loan to the Successor Agency in the amount of \$3,674,711 to cover accumulated cash needs as of year-end.

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**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, 2020	Additions	Retirements	Balance June 30, 2021	Current Portion
<b>Tax Allocation Bonds:</b>						
Tax Allocation Refunding Bonds Series 2014A 2.00-5.00%, due 6/15/2031	\$47,595,000	\$35,825,000		\$2,480,000	\$33,345,000	\$2,610,000
Premium	6,429,385	4,160,191		378,199	3,781,992	
Tax Allocation Refunding Bonds Series 2014B 2.00-5.00%, due 6/15/2023	6,970,000	5,585,000		1,775,000	3,810,000	1,865,000
Premium	859,238	286,412		95,471	190,941	
Tax Allocation Refunding Bonds Series 2016 3.00-3.81%, due 6/15/2029	2,685,531	3,120,120	\$3,301		3,123,421	
<b>Direct Borrowings -Tax Allocation Bonds:</b>						
SERAF Loan 2%, due 5/10/2021	1,222,860	611,430		611,430		
Total Tax Allocation Bonds		<u>49,588,153</u>	<u>3,301</u>	<u>5,340,100</u>	<u>44,251,354</u>	<u>4,475,000</u>
 Total Successor Agency Debt		<u>\$49,588,153</u>	<u>\$3,301</u>	<u>\$5,340,100</u>	<u>\$44,251,354</u>	<u>\$4,475,000</u>

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**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 Note 13.F.6. below:

For the Year Ending June 30	Principal (1)	Interest	Total
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	3,965,585	1,243,915	5,209,500
2027-2031	18,374,364	2,997,386	21,371,750
Total	\$39,840,531	\$10,685,219	\$50,525,750

(1) Includes unaccrued discount of \$437,890

**3. 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. The loan was fully repaid as of June 30, 2021.

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

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

**4. 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 \$16,320,000 as of June 30, 2021.

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.

**5. 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 15<sup>th</sup> and December 15<sup>th</sup> 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, 2021, the City recorded an accreted value of \$3,301 related to the 2016 Bonds.

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

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

**6. *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 \$50,525,750 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 2021 calculated by the County Auditor-Controller was \$4,939,808, and the total received by the Successor Agency for fiscal year 2021 debt service was \$8,247,483, which represented coverage of 130% of the \$6,325,500 of debt service. The lesser tax distribution was deemed sufficient because the Agency had other revenues/resources available to direct towards debt service.

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

**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.

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**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 2021. 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 2020-2021, the dues paid to WCCTAC were \$48,390.

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

**NOTE 15 – OPERATING LEASES**

***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 2021, and the remaining balance of unearned revenue was \$1,472,503 as of June 30, 2021.

**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.

**CITY OF SAN PABLO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**NOTE 16 – COMMITMENTS AND CONTINGENCIES (Continued)**

**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, 2021 were as follows:

	Amount
<b>Major Funds:</b>	
General Fund	\$1,377,854
Public Works Construction Capital Projects Fund	4,318,925
<b>NonMajor Funds:</b>	
Gas Tax Special Revenue Fund	23,632
N.P.D.E.S. Special Revenue Fund	2,770
Development Services Special Revenue Fund	9,366
Street Lighting and Landscaping Special Revenue Fund	11,644
Paratransit Special Revenue Fund	20,200



CITY<sup>OF</sup> SAN PABLO

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*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	6/30/2020
Plan's Proportion of the Net Pension Liability	0.33724%	0.41099%	0.40834%	0.41331%	0.42669%	0.43442%	0.44311%
Plan's Proportionate Share of the Net Pension Liability	<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>	<u>\$18,690,869</u>
Plan's Covered Payroll	\$5,540,261	\$7,057,629	\$7,383,158	\$7,683,846	\$6,938,272	\$11,781,215	\$10,348,908
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	150.44%	159.76%	192.13%	212.04%	231.77%	147.66%	180.61%
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%	71.16%

\* Fiscal year 2015 was the 1st year of implementation, therefore only seven 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:	<u>Miscellaneous Plan</u>						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially determined contribution	\$658,427	\$872,009	\$999,873	\$1,131,296	\$1,286,271	\$1,767,388	\$1,493,135
Contributions in relation to the actuarially determined contributions	(658,427)	(872,009)	(999,873)	(1,131,296)	(1,286,271)	(1,767,388)	(1,493,135)
Contribution deficiency (excess)	<u>\$0</u>	<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	\$8,773,911
Contributions as a percentage of covered payroll	9.33%	11.81%	13.01%	16.31%	10.92%	17.08%	17.02%

\* Fiscal year 2015 was the 1st year of implementation, therefore only seven 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	6/30/2020
Plan's Proportion of the Net Pension Liability	0.36611%	0.38625%	0.38625%	0.39888%	0.41251%	0.42057%	0.43224%
Plan's Proportionate Share of the Net Pension Liability	<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>	<u>\$28,797,616</u>
Plan's Covered Payroll	\$5,363,191	\$5,551,419	\$5,433,597	\$5,220,618	\$5,714,774	\$11,777,820	\$10,017,013
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	256.06%	286.68%	380.74%	456.53%	423.54%	222.91%	287.49%
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%	71.40%

\* Fiscal year 2015 was the 1st year of implementation, therefore only seven 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	2021
Actuarially determined contribution	\$1,494,686	\$1,663,467	\$1,825,704	\$2,131,854	\$2,208,400	\$3,011,431	\$2,276,601
Contributions in relation to the actuarially determined contributions	<u>(1,494,686)</u>	<u>(1,663,467)</u>	<u>(1,825,704)</u>	<u>(2,131,854)</u>	<u>(2,208,400)</u>	<u>(3,011,431)</u>	<u>(2,276,601)</u>
Contribution deficiency (excess)	<u>\$0</u>						
Covered payroll	\$5,551,419	\$5,433,597	\$5,220,618	\$5,714,774	\$11,777,820	\$10,017,013	\$7,414,125
Contributions as a percentage of covered payroll	26.92%	30.61%	34.97%	37.30%	18.75%	30.06%	30.71%

\* Fiscal year 2015 was the 1st year of implementation, therefore only seven 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/ (ASSET) AND RELATED RATIOS

Last 10 fiscal years\*

Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018
<b>Total OPEB Liability</b>				
Service Cost	\$419,630	\$389,378	\$207,595	\$214,910
Interest	982,580	1,332,910	892,841	533,653
Differences between expected and actual experience	(2,878,555)	(115,416)	86,591	
Changes of assumptions	1,550,237	(403,849)	2,819,831	1,177,318
Benefit payments - Including refunds of Employee Contributions	(486,360)	(520,071)	(511,963)	(517,741)
Benefit payments - Implicit Rate Subsidy Fulfilled	(168,244)	(147,626)	(17,700)	(17,617)
<b>Net change in total OPEB liability/ (asset)</b>	<b>(580,712)</b>	<b>535,326</b>	<b>3,477,195</b>	<b>1,390,523</b>
<b>Total OPEB liability - beginning</b>	<b>13,294,322</b>	<b>12,758,996</b>	<b>9,281,801</b>	<b>7,891,278</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$12,713,610</b>	<b>\$13,294,322</b>	<b>\$12,758,996</b>	<b>\$9,281,801</b>
<b>Plan fiduciary net position</b>				
Contributions - Employer City's Contributions	\$486,360	\$520,071	\$511,963	\$517,741
Contributions - Employer Implicit Subsidy	168,244	147,626	17,700	17,617
Net investment income	3,252,106	284,654	488,698	793,503
Benefit payments - Including refunds of Employee Contributions	(486,360)	(520,071)	(511,963)	(517,741)
Benefit payments - Implicit Rate Subsidy Fulfilled	(168,244)	(147,626)	(17,700)	(17,617)
<b>Net change in plan fiduciary net position</b>	<b>3,252,106</b>	<b>284,654</b>	<b>488,698</b>	<b>793,503</b>
<b>Plan fiduciary net position - beginning</b>	<b>9,935,171</b>	<b>9,650,517</b>	<b>9,161,819</b>	<b>8,368,316</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$13,187,277</b>	<b>\$9,935,171</b>	<b>\$9,650,517</b>	<b>\$9,161,819</b>
Net OPEB (asset)/ liability - ending (a)-(b)	(\$473,667)	\$3,359,151	\$3,108,479	\$119,982
Plan fiduciary net position as a percentage of the total OPEB liability	103.73%	74.73%	75.64%	98.71%
Covered payroll	\$15,123,759	\$12,321,331	\$11,991,563	\$12,161,432
Net OPEB (asset) liability as a percentage of covered payroll	-3.13%	27.26%	25.92%	0.99%

\* Fiscal year 2018 was the first year of implementation.

## REQUIRED SUPPLEMENTARY INFORMATION

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

Last 10 fiscal years\*

Fiscal Year Ended June 30,	2021	2020	2019	2018
Actuarially determined contribution	\$744,516	\$566,824	\$231,532	\$178,156
Contributions in relation to the actuarially determined contribution	654,604	667,697	529,663	535,358
Contribution deficiency (excess)	\$89,912	(\$100,873)	(\$298,131)	(\$357,202)
Covered payroll	\$15,123,759	\$12,321,331	\$14,310,894	\$12,161,432
Contributions as a percentage of covered payroll	4.33%	5.42%	3.70%	4.40%
<b>Notes to Schedule</b>				
Valuation date:	6/30/2020	6/30/2018	6/30/2018	6/30/2016
<u>Methods and assumptions used to determine contribution rates:</u>				
Valuation Date	6/30/2020	6/30/2018	6/30/2018	6/30/2016
Actuarial Assumptions:				
Discount Rate	6.83%	7.34%	7.36%	7.00%
Inflation	1.75%	1.75%	2.50%	2.50%
Payroll Growth	2.75%	2.75%	2.750%	2.875%
Investment Rate of Return	6.83%	7.34%	7.36%	6.50%
Mortality Rate	CalPERS Rates	CalPERS Rates	CalPERS Rates	CalPERS Rates
Pre-Retirement Turnover	CalPERS Rates	CalPERS Rates	CalPERS Rates	CalPERS Rates
Healthcare Trend Rate	7%, trending down to 4.04%	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<sup>OF</sup> SAN PABLO

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*City of New Directions*

**SUPPLEMENTAL INFORMATION**



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## 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.

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
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**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.

**CAPITAL PROJECTS FUND**

**2015 LEASE REVENUE BONDS**

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

**DEBT SERVICE FUND**

**2018 JPFA LEASE REVENUE BONDS**

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



CITY<sup>OF</sup> SAN PABLO

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*City of New Directions*

CITY OF SAN PABLO  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2021

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>
<b>ASSETS</b>					
Cash and investments available for operations	\$610,907	\$519,455		\$15,938	\$2,857,845
Restricted cash and investments					
Accounts receivable	71,834	40,392	\$145,271		
<b>Total Assets</b>	<u>\$682,741</u>	<u>\$559,847</u>	<u>\$145,271</u>	<u>\$15,938</u>	<u>\$2,857,845</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$92,910		\$1,902	\$15,938	
Due to other funds			143,369		
Deposits payable	12,359				
<b>Total Liabilities</b>	<u>105,269</u>		<u>145,271</u>	<u>15,938</u>	
<b>FUND BALANCES</b>					
Restricted	577,472	\$559,847			\$2,857,845
<b>Total Fund Balance</b>	<u>577,472</u>	<u>559,847</u>			<u>2,857,845</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$682,741</u>	<u>\$559,847</u>	<u>\$145,271</u>	<u>\$15,938</u>	<u>\$2,857,845</u>

SPECIAL REVENUE FUNDS

Asset Seizures	Paratransit	Street Lighting and Landscaping	Traffic Congestion Relief	HCD Grant	Measure K
\$135,304	\$438,815	\$756,656	\$230,774	\$100,651	
	29,793				\$267,377
<u>\$135,304</u>	<u>\$468,608</u>	<u>\$756,656</u>	<u>\$230,774</u>	<u>\$100,651</u>	<u>\$267,377</u>
\$43,124	\$233	\$105,465			\$1,265
		502,932			266,112
<u>43,124</u>	<u>233</u>	<u>608,397</u>			<u>267,377</u>
92,180	468,375	148,259	\$230,774	\$100,651	
92,180	468,375	148,259	230,774	100,651	
<u>\$135,304</u>	<u>\$468,608</u>	<u>\$756,656</u>	<u>\$230,774</u>	<u>\$100,651</u>	<u>\$267,377</u>

(Continued)

CITY OF SAN PABLO  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2021

	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	
	2015 Lease Revenue Bonds	2018 JPFA Lease Revenue Bonds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments available for operations		\$78	\$5,666,423
Restricted cash and investments	\$2,189,561		2,189,561
Accounts receivable			554,667
	<u>\$2,189,561</u>	<u>\$78</u>	<u>\$8,410,651</u>
LIABILITIES			
Accounts payable and accrued liabilities			\$260,837
Due to other funds			409,481
Deposits payable			515,291
			<u>1,185,609</u>
FUND BALANCES			
Restricted	<u>\$2,189,561</u>	<u>\$78</u>	<u>7,225,042</u>
Total Fund Balance	<u>2,189,561</u>	<u>78</u>	<u>7,225,042</u>
Total Liabilities and Fund Balances	<u>\$2,189,561</u>	<u>\$78</u>	<u>\$8,410,651</u>



CITY<sup>OF</sup> SAN PABLO

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*City of New Directions*

CITY OF SAN PABLO  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2021

	SPECIAL REVENUE FUNDS				
	Gas Tax	Public Safety	N.P.D.E.S.	Development Services	Measure C / J
REVENUES					
Property taxes					
Sales tax		\$138,043			\$462,943
Licenses and permits				\$369,813	
Intergovernmental	\$1,275,263	156,727	\$323,451		
Charges for services			413	792,463	
Use of money and property		6,842			(1,838)
Miscellaneous				71,546	
Total Revenues	1,275,263	301,612	323,864	1,233,822	461,105
EXPENDITURES					
Current:					
General Government					
Community:					
Development				1,419,707	
Public Works & Engineering	2,449,024		462,010		
Capital outlay	29,114				
Debt Service:					
Principal retirement					
Interest and fiscal charges					
Total Expenditures	2,478,138		462,010	1,419,707	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,202,875)	301,612	(138,146)	(185,885)	461,105
OTHER FINANCING SOURCES (USES)					
Transfers in	1,814,085		105,740	421,885	72,223
Transfers (out)	(563,676)	(270,039)	(10,000)	(236,000)	(211,191)
Total Other Financing Sources (Uses)	1,250,409	(270,039)	95,740	185,885	(138,968)
NET CHANGE IN FUND BALANCES	47,534	31,573	(42,406)		322,137
Fund balances (deficits) at beginning of year	529,938	528,274	42,406		2,535,708
FUND BALANCES AT END OF YEAR	\$577,472	\$559,847			\$2,857,845

SPECIAL REVENUE FUNDS

Asset Seizures	Paratransit	Street Lighting and Landscaping	Traffic Congestion Relief	HCD Grant	Measure K
		\$839,097			\$963,967
	\$311,590		\$145,598		
(\$667)	230	201	63	\$27	4,139
655	6,276	20,000			
(12)	318,096	859,298	145,661	27	968,106
		7,528			1,542,060
	268,359	1,098,598			
		18,531			
	268,359	1,124,657			1,542,060
(12)	49,737	(265,359)	145,661	27	(573,954)
		272,007			289,481
		272,007			289,481
(12)	49,737	6,648	145,661	27	(284,473)
92,192	418,638	141,611	85,113	100,624	284,473
\$92,180	\$468,375	\$148,259	\$230,774	\$100,651	

(Continued)

CITY OF SAN PABLO  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2021

	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	Total Nonmajor Governmental Funds
	2015 Lease Revenue Bonds	2018 JPFA Lease Revenue Bonds	
REVENUES			
Property taxes			\$839,097
Sales tax			1,564,953
Licenses and permits			369,813
Intergovernmental			2,212,629
Charges for services			792,876
Use of money and property	\$457	\$237	9,691
Miscellaneous			98,477
	<u>457</u>	<u>237</u>	<u>5,887,536</u>
Total Revenues			
EXPENDITURES			
Current:			
General Government			1,549,588
Community:			
Development			1,688,066
Public Works & Engineering			4,009,632
Capital outlay			47,645
Debt Service:			
Principal retirement	345,000	235,000	580,000
Interest and fiscal charges	576,494	573,813	1,150,307
	<u>921,494</u>	<u>808,813</u>	<u>9,025,238</u>
Total Expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(921,037)</u>	<u>(808,576)</u>	<u>(3,137,702)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	921,486	808,763	4,705,670
Transfers (out)	(5,657,168)		(6,948,074)
	<u>(4,735,682)</u>	<u>808,763</u>	<u>(2,242,404)</u>
Total Other Financing Sources (Uses)			
NET CHANGE IN FUND BALANCES	(5,656,719)	187	(5,380,106)
Fund balances (deficits) at beginning of year	<u>7,846,280</u>	<u>(109)</u>	<u>12,605,148</u>
FUND BALANCES AT END OF YEAR	<u><u>\$2,189,561</u></u>	<u><u>\$78</u></u>	<u><u>\$7,225,042</u></u>



CITY<sup>OF</sup> SAN PABLO

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*City of New Directions*

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, 2021

	SPECIAL REVENUE FUNDS					
	GAS TAX			PUBLIC SAFETY		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax				\$60,000	\$138,043	\$78,043
Licenses and permits						
Intergovernmental	\$1,306,839	\$1,275,263	(\$31,576)		156,727	156,727
Charges for services						
Use of money and property					6,842	6,842
Miscellaneous						
Total Revenues	<u>1,306,839</u>	<u>1,275,263</u>	<u>(31,576)</u>	<u>60,000</u>	<u>301,612</u>	<u>241,612</u>
EXPENDITURES						
Current:						
General Government						
Community:						
Development						
Public Works & Engineering	2,288,222	2,449,024	(160,802)			
Capital outlay	35,000	29,114	5,886			
Total Expenditures	<u>2,323,222</u>	<u>2,478,138</u>	<u>(154,916)</u>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,016,383)</u>	<u>(1,202,875)</u>	<u>(186,492)</u>	<u>60,000</u>	<u>301,612</u>	<u>241,612</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,000,667	1,814,085	813,418			
Transfers (out)	(555,676)	(563,676)	(8,000)	150,690	(270,039)	(420,729)
Total Other Financing Sources (Uses)	<u>444,991</u>	<u>1,250,409</u>	<u>805,418</u>	<u>150,690</u>	<u>(270,039)</u>	<u>(420,729)</u>
NET CHANGE IN FUND BALANCES	<u>(\$571,392)</u>	47,534	<u>\$618,926</u>	<u>\$210,690</u>	31,573	<u>(\$179,117)</u>
Fund balances at beginning of year		<u>529,938</u>			<u>528,274</u>	
FUND BALANCES AT END OF YEAR		<u>\$577,472</u>			<u>\$559,847</u>	

SPECIAL REVENUE FUNDS

N.P.D.E.S.			DEVELOPMENT SERVICES			MEASURE C / J		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
						\$409,000	\$461,105	\$52,105
\$319,000	\$323,451	\$4,451	\$171,000	\$369,813	\$198,813			
2,384	413	(1,971)	402,823	792,463	389,640			
						5,050		(5,050)
			1,748	71,546	69,798			
<u>321,384</u>	<u>323,864</u>	<u>2,480</u>	<u>575,571</u>	<u>1,233,822</u>	<u>658,251</u>	<u>414,050</u>	<u>461,105</u>	<u>47,055</u>
576,280	462,010	114,270	1,402,861	1,419,707	(16,846)			
<u>576,280</u>	<u>462,010</u>	<u>114,270</u>	<u>1,402,861</u>	<u>1,419,707</u>	<u>(16,846)</u>			
(254,896)	(138,146)	116,750	(827,290)	(185,885)	641,405	414,050	461,105	47,055
261,140	105,740	(155,400)	1,061,609	421,885	(639,724)	211,191	72,223	(138,968)
	(10,000)	(10,000)		(236,000)	(236,000)		(211,191)	(211,191)
<u>261,140</u>	<u>95,740</u>	<u>(165,400)</u>	<u>1,061,609</u>	<u>185,885</u>	<u>(875,724)</u>	<u>211,191</u>	<u>(138,968)</u>	<u>(350,159)</u>
<u>\$6,244</u>	<u>(42,406)</u>	<u>(\$48,650)</u>	<u>\$234,319</u>		<u>(\$234,319)</u>	<u>\$625,241</u>	322,137	<u>(\$303,104)</u>
	<u>42,406</u>						<u>2,535,708</u>	
							<u>\$2,857,845</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, 2021

SPECIAL REVENUE FUNDS						
	ASSET SEIZURES			PARATRANSIT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes						
Sales tax						
Licenses and permits						
Intergovernmental				\$216,443	\$311,590	\$95,147
Charges for services						
Use of money and property				4,040	230	(3,810)
Miscellaneous		(\$12)	(\$12)		6,276	6,276
Total Revenues		(12)	(12)	220,483	318,096	97,613
<b>EXPENDITURES</b>						
Current:						
General Government						
Community:						
Development				382,603	268,359	114,244
Public Works & Engineering						
Capital outlay						
Total Expenditures				382,603	268,359	114,244
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>		(12)	(12)	(162,120)	49,737	211,857
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
<b>NET CHANGE IN FUND BALANCES</b>		(12)	(\$12)	(\$162,120)	49,737	\$211,857
Fund balances at beginning of year		92,192			418,638	
<b>FUND BALANCES AT END OF YEAR</b>		<u>\$92,180</u>			<u>\$468,375</u>	

SPECIAL REVENUE FUNDS

STREET LIGHTING AND LANDSCAPING

<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$798,450	\$839,097	\$40,647
	201	201
	<u>20,000</u>	<u>20,000</u>
<u>798,450</u>	<u>859,298</u>	<u>60,848</u>
2,203	7,528	(5,325)
1,364,285	1,098,598	265,687
<u>20,000</u>	<u>18,531</u>	<u>1,469</u>
<u>1,386,488</u>	<u>1,124,657</u>	<u>261,831</u>
<u>(588,038)</u>	<u>(265,359)</u>	<u>322,679</u>
487,133	272,007	(215,126)
<u>487,133</u>	<u>272,007</u>	<u>(215,126)</u>
<u>(\$100,905)</u>	6,648	<u>\$107,553</u>
	<u>141,611</u>	
	<u>\$148,259</u>	



CITY<sup>OF</sup> SAN PABLO

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*City of New Directions*

## CUSTODIAL FUNDS

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

Custodial 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  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2021

	Community Organizations and Activities	West Contra Costa Transportation Advisory Committee	West Contra Costa Integrated Waste Management Authority	Total
Assets:				
Restricted cash and investments	\$800,339	\$7,958,177	\$3,035,859	\$11,794,375
Accounts receivable		81,602	77,860	159,462
Prepays			4,006	4,006
<b>Total Assets</b>	<b>800,339</b>	<b>8,039,779</b>	<b>3,117,725</b>	<b>11,957,843</b>
Liabilities:				
Accounts payable	1,296	767	64,541	66,604
Unearned revenue		40,001	32,526	72,527
Deposits payable	13,500			13,500
<b>Total Liabilities</b>	<b>14,796</b>	<b>40,768</b>	<b>97,067</b>	<b>152,631</b>
Net Position:				
Restricted for:				
Held for other entities	785,543	7,999,011	3,020,658	11,805,212
<b>Total Net Position</b>	<b>\$785,543</b>	<b>\$7,999,011</b>	<b>\$3,020,658</b>	<b>\$11,805,212</b>

CITY OF SAN PABLO  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 JUNE 30, 2021

	Community Organizations and Activities	West Contra Costa Transportation Advisory Committee	West Contra Costa Integrated Waste Management Authority	Total
Additions:				
Bingo revenues	\$76,439			\$76,439
Member contributions		\$523,670		523,670
Grants and contributions		4,074,304		4,074,304
Charges for services			\$1,107,042	1,107,042
Interest and other	2,367	547,856	9,617	559,840
<b>Total Additions</b>	<b>78,806</b>	<b>5,145,830</b>	<b>1,116,659</b>	<b>6,341,295</b>
Deductions:				
Personnel-related		849,897	694,565	1,544,462
Professional services		126,910	445,906	572,816
Program-related	7,767	193,142	116,450	317,359
<b>Total Deductions</b>	<b>7,767</b>	<b>1,169,949</b>	<b>1,256,921</b>	<b>2,434,637</b>
Change in net position	71,039	3,975,881	(140,262)	3,906,658
Net Position - Beginning, as Restated	714,504	4,023,130	3,160,920	7,898,554
<b>Total Net Position</b>	<b>\$785,543</b>	<b>\$7,999,011</b>	<b>\$3,020,658</b>	<b>\$11,805,212</b>



CITY<sup>OF</sup> SAN PABLO

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*City of New Directions*

## STATISTICAL SECTION

This part of the City's 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 Annual Financial Reports for the relevant year.

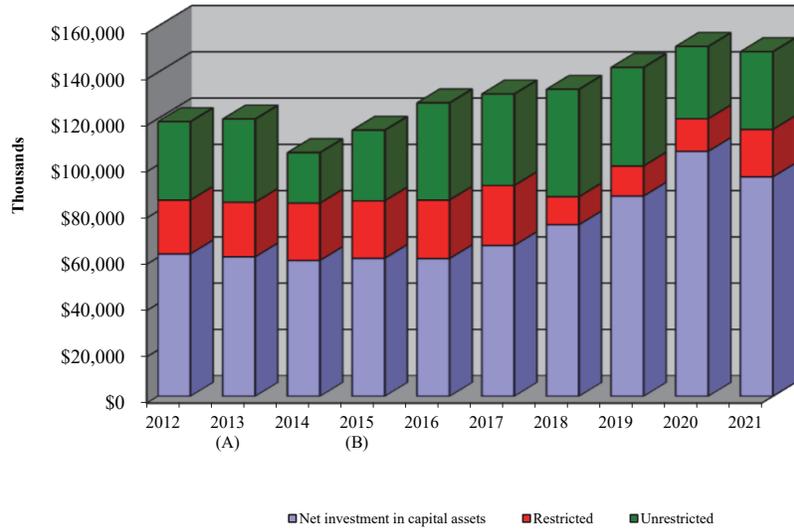


CITY<sup>OF</sup> SAN PABLO

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*City of New Directions*

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



	2012	2013 (A)	2014	2015 (B)	2016	2017	2018	2019	2020	2021
<b>Governmental activities</b>										
Net investment in capital assets	\$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	\$94,823,104
Restricted	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	20,513,642
Unrestricted	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	33,595,353
<b>Total governmental activities net position</b>	<u>\$118,679,558</u>	<u>\$119,804,125</u>	<u>\$105,317,570</u>	<u>\$115,023,046</u>	<u>\$126,830,398</u>	<u>\$130,642,337</u>	<u>\$132,668,662</u>	<u>\$142,129,119</u>	<u>\$151,208,910</u>	<u>\$148,932,099</u>

(A) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position."  
 (B) The City implemented the provisions of GASB Statements 68 and 71 in fiscal year 2015, which required the restatement of net position, however, amounts prior to 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,			
	2012	2013(b)	2014	2015(c)
<b>Expenses</b>				
Governmental Activities:				
General Government	\$4,041,867	\$5,680,263	\$5,918,919	\$5,868,035
Community				
Recreation	1,141,266	1,342,621	1,306,695	1,417,109
Development	2,062,972	1,176,592	1,115,441	1,538,176
Housing	6,937	13,600	12,100	
Public Works & Engineering	7,447,687	8,064,981	7,304,089	9,591,938
Police	13,676,212	15,393,927	14,959,000	15,207,587
Interest and fiscal charges	2,175,282			1,069,642
Total Governmental Activities Expenses	<u>30,552,223</u>	<u>31,671,984</u>	<u>30,616,244</u>	<u>34,692,487</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
General Government	113,227	218,312	522,654	612,276
Community:				
Recreation	204,475	245,934	236,757	321,941
Development	289,569	527,404	561,699	483,379
Public Works & Engineering	85,258	143,158	168,230	225,034
Police	303,410	486,569	396,612	666,228
Operating Grants and Contributions	2,158,891	1,930,939	1,962,725	2,064,275
Capital Grants and Contributions	3,095,927	1,846,299	7,078,669	5,202,454
Total Government Activities Program Revenues	<u>6,250,757</u>	<u>5,398,615</u>	<u>10,927,346</u>	<u>9,575,587</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	<u>(24,301,466)</u>	<u>(26,273,369)</u>	<u>(19,688,898)</u>	<u>(25,116,900)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Taxes:				
Property Taxes	1,345,016	1,229,599	1,515,310	1,676,678
Incremental Property Taxes	5,051,415			
Sales Taxes	1,396,988	2,253,736	2,912,396	3,803,069
In-Lieu Sales Tax	421,134	468,552	548,465	490,239
Utility Users Tax	2,339,064	2,473,792	2,553,955	2,467,509
Transient Occupancy Taxes	309,167	356,177	424,570	455,006
Franchise Taxes	540,565	627,473	719,358	884,123
Payment in Lieu of taxes	1,757,473	1,792,638	1,828,490	1,865,060
Casino contract revenues	15,800,631	17,388,179	18,291,111	19,701,338
Other Taxes (a)	85,790	109,928	114,542	132,130
Intergovernmental unrestricted:				
Motor Vehicle In-Lieu Fees	1,688,305	1,654,714	1,713,415	1,961,310
Use of Money and Property	394,790	238,115	246,226	633,516
Gain on Sale of Property				
Miscellaneous	344,653	167,902	320,447	545,773
Special item - assets transferred from Successor Agency			1,534,820	206,625
Extraordinary items - assets transferred to/liabilities assumed from (by) Successor Agency	49,928,093	(1,176,610)		
assumed from EDC				
Total Governmental Activities	<u>81,403,084</u>	<u>27,584,195</u>	<u>32,723,105</u>	<u>34,822,376</u>
<b>Change in Net Position after Special Item</b>				
Governmental Activities	<u>\$57,101,618</u>	<u>\$1,310,826</u>	<u>\$13,034,207</u>	<u>\$9,705,476</u>

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

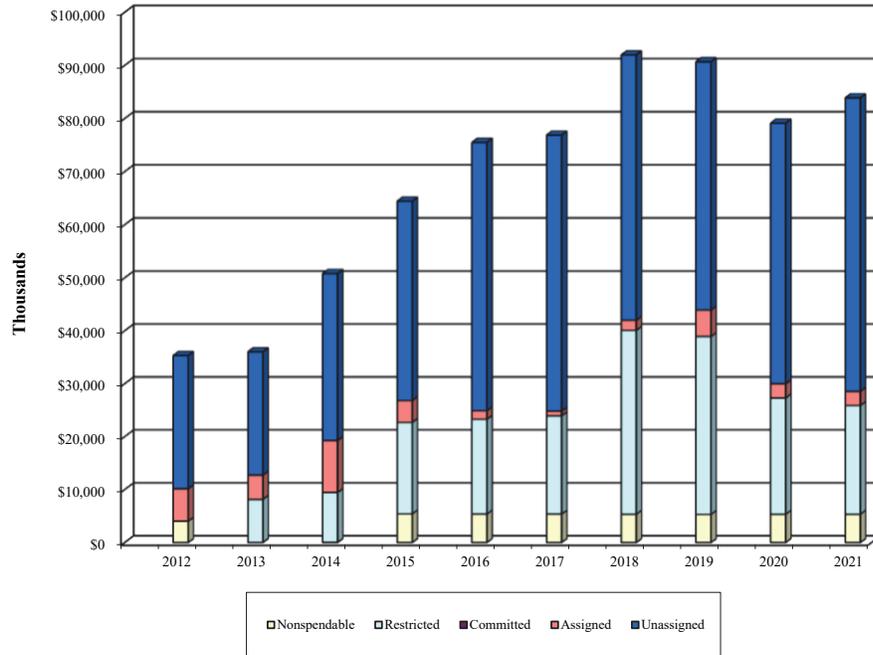
(b) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position."

(c) 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,**

<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$10,749,217	\$11,105,576	\$10,840,251	\$12,006,415	\$16,802,527	\$16,770,379
1,613,344	333,076	256,371	311,538	3,368,316	2,669,889
1,351,207	4,332,370	4,961,457	5,886,370	2,388,458	8,883,785
23,000	17,793	23,810	28,930	83,482	92,370
7,253,853	7,970,136	7,784,816	8,622,447	7,392,827	7,043,052
13,239,813	17,438,358	18,525,592	20,525,816	22,166,487	22,209,621
1,035,279	925,564	1,331,646	1,558,865	1,162,515	1,150,307
<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>	<u>58,819,403</u>
435,262	1,119,770	524,488		236,032	404,002
334,418	127,698	52,022	40,957	41,665	
504,454	1,154,979	1,216,911	1,133,536	1,161,264	845,607
187,923	138,126	246,289	645,376	277,611	191,144
569,627	522,678	1,009,555	900,657	695,885	819,362
1,679,873	929,109	1,271,647	2,325,867	3,227,455	2,460,329
4,562,945	1,438,055	1,955,492	7,096,432	2,483,913	1,070,768
<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>5,791,212</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>	<u>(53,028,191)</u>
1,562,739	2,011,222	2,442,226	2,943,210	3,354,755	2,410,402
4,168,439	4,601,301	4,293,283	3,854,079	4,119,326	4,801,115
406,799					
2,572,145	2,686,980	2,650,707	2,548,455	2,532,147	2,731,594
523,213	523,513	565,474	636,322	235,597	666,643
790,828	935,005	900,299	947,557	901,680	927,262
1,902,362	1,940,410	1,979,218	2,018,802	2,059,177	2,100,360
22,986,063	24,213,462	26,197,153	27,735,698	21,735,943	26,811,866
157,190	82,602	87,911	83,611	116,591	123,084
2,158,330	2,317,615	2,487,919	2,666,964	2,844,696	2,994,786
865,048	190,354	849,714	2,404,371	2,813,630	378,818
					4,198,761
705,407	1,001,933	834,155	418,944	620,873	2,606,689
				12,540,358	
<u>38,798,563</u>	<u>40,504,397</u>	<u>43,288,059</u>	<u>46,258,013</u>	<u>53,874,773</u>	<u>50,751,380</u>
<u>\$11,807,352</u>	<u>\$3,811,939</u>	<u>\$5,840,520</u>	<u>\$9,460,457</u>	<u>\$8,633,986</u>	<u>(\$2,276,811)</u>

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



	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$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	\$5,347,633
Restricted										1,000,000
Assigned	20,215	227,579	763,614	145,329	1,315,623	895,605	1,924,937	5,018,720	2,705,823	2,705,823
Unassigned	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	55,326,474
<b>Total General Fund</b>	<b>\$25,146,058</b>	<b>\$23,542,032</b>	<b>\$32,321,326</b>	<b>\$43,144,198</b>	<b>\$57,416,153</b>	<b>\$60,509,464</b>	<b>\$58,031,989</b>	<b>\$61,087,133</b>	<b>\$57,580,174</b>	<b>\$64,379,930</b> (a)
All Other Governmental Funds										
Restricted	\$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	\$19,513,642
Assigned	6,112,651	4,365,599	9,082,664	4,010,660	300,282					
Unassigned					(113,266)	(2,192,718)	(782,655)	(3,973,966)	(399,857)	
<b>Total all other governmental funds</b>	<b>\$13,975,603</b>	<b>\$12,483,055</b>	<b>\$18,470,359</b>	<b>\$21,277,049</b>	<b>\$18,087,911</b>	<b>\$16,358,670</b>	<b>\$33,942,943</b>	<b>\$29,610,336</b>	<b>\$21,540,588</b>	<b>\$19,513,642</b> (a)

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



CITY<sup>OF</sup> SAN PABLO

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*City of New Directions*

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

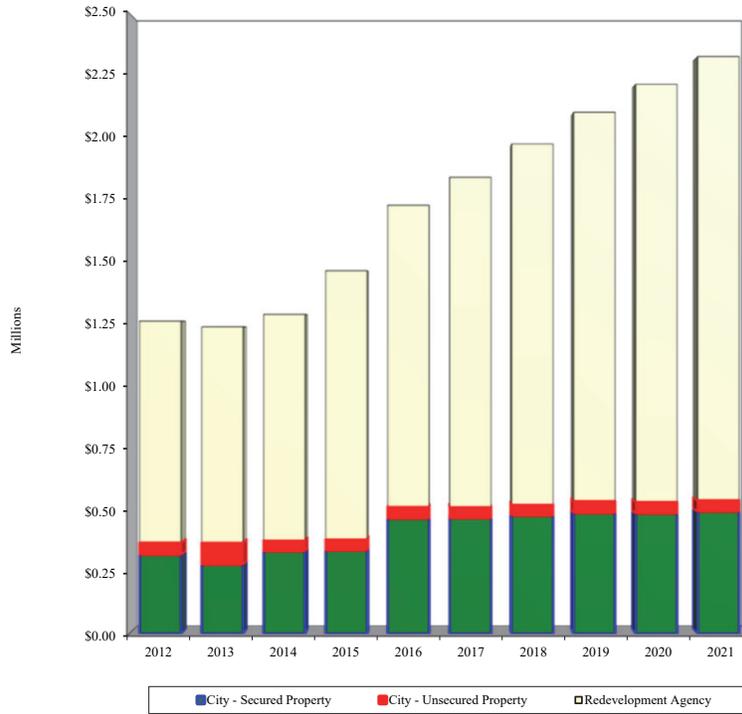
	Fiscal Year Ended June 30,				
	2012	2013	2014	2015	2016
<b>Revenues</b>					
Property taxes	\$1,345,016	\$1,083,129	\$1,515,310	\$1,676,678	\$1,562,739
Incremental property taxes	5,051,415 (a)				
Sales taxes	1,774,609	2,561,567	3,272,038	4,188,421	5,019,746
In-lieu sales tax	421,134	468,552	548,465	490,239	406,799
Utility users tax	2,339,064	2,473,792	2,553,955	2,467,509	2,572,145
Casino contract revenues	15,501,584	17,105,522	17,951,434	19,390,922	22,665,705
Other taxes	2,692,995	2,862,216	3,064,960	3,304,319	3,334,876
Licenses and permits	299,047	282,657	339,677	310,416	320,358
Fines and forfeits	160,779	199,033	178,497	250,670	253,290
Intergovernmental	6,732,431	5,341,904	10,466,512	9,707,728	7,946,402
Charges for services	733,972	1,324,955	1,622,447	1,435,849	1,347,066
Use of money and property	1,070,834	886,060	494,277	1,076,231	1,303,736
Miscellaneous	125,916	105,815	265,763	211,850	296,132
<b>Total Revenues</b>	<b>38,248,796</b>	<b>34,695,202</b>	<b>42,273,335</b>	<b>44,510,832</b>	<b>47,028,994</b>
<b>Expenditures</b>					
Current:					
General government	4,051,309	5,644,563	5,798,844	6,151,008	10,812,295
Community					
Recreation	1,045,283	1,198,105	1,173,065	1,321,969	1,490,995
Development	1,776,767	1,116,502	1,097,422	1,572,053	1,417,014
Housing	6,937	1,850	12,100		23,000
Public Works & Engineering	3,039,965	3,108,904	3,153,976	3,458,187	3,360,427
Police	13,601,625	14,879,348	14,858,753	15,435,553	13,753,176
Capital outlay	8,925,221	11,656,245	2,912,525	18,095,578	4,215,533
Debt service:					
Principal repayment	3,290,000			85,000	354,982
Interest and fiscal charges	2,182,278			778,547	737,339
<b>Total Expenditures</b>	<b>37,919,385</b>	<b>37,605,517</b>	<b>29,006,685</b>	<b>46,897,895</b>	<b>36,164,761</b>
Excess (deficiency) of revenues over (under) expenditures	329,411	(2,910,315)	13,266,650	(2,387,063)	10,864,233
<b>Other Financing Sources (Uses)</b>					
Transfers in	15,145,921	8,671,125	3,904,184	7,075,398	5,721,373
Transfers (out)	(15,145,921)	(8,671,125)	(3,904,184)	(7,075,398)	(5,721,373)
Proceeds or gain from sale of property					218,584
Capital leases					
Issuance of debt			1,141,738	15,810,000	
<b>Total Other Financing Sources (Uses)</b>			<b>1,141,738</b>	<b>15,810,000</b>	<b>218,584</b>
<b>Special and Extraordinary Items</b>					
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)				
<b>Total Special and Extraordinary Items</b>	<b>(26,604,574)</b>		<b>358,210</b>	<b>206,625</b>	
<b>Change in Fund Balance</b>	<b>(\$26,275,163)</b>	<b>(\$2,910,315)</b>	<b>\$14,766,598</b>	<b>\$13,629,562</b>	<b>\$11,082,817</b>
<b>Debt service as a percentage of noncapital expenditures</b>					
	18.6%	N/A	N/A	2.9%	3.4%

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

**Fiscal Year Ended June 30,**

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$1,716,156	\$2,063,312	\$2,616,083	\$2,375,632	\$2,094,996
5,002,384	4,722,680	4,307,705	4,598,308	5,264,058
2,686,980	2,650,707	2,548,455	2,532,147	2,731,594
23,876,317	25,826,897	27,365,635	21,345,016	26,442,053
3,474,030	3,532,902	3,686,292	3,313,045	3,817,349
337,145	370,256	370,063	390,927	369,813
242,120	202,854	274,696	274,605	230,215
4,936,968	6,032,257	11,549,795	8,919,794	8,438,419
1,547,551	2,053,387	1,909,493	1,607,626	1,455,496
1,269,461	1,279,434	3,705,125	4,131,811	1,356,725
881,219	968,047	723,384	520,519	4,528,879
<u>45,970,331</u>	<u>49,702,733</u>	<u>59,056,726</u>	<u>50,009,430</u>	<u>56,729,597</u>
10,629,175	10,446,232	11,557,521	14,432,447	15,126,284
73,015		72,048	3,244,089	2,521,481
4,203,880	4,868,887	5,753,056	1,645,169	1,688,066
17,793	23,810	28,930	83,482	92,370
4,064,962	4,618,334	4,130,144	4,303,635	4,710,959
14,927,935	16,028,684	18,127,752	18,663,853	19,305,127
9,598,715	13,758,852	18,621,834	17,587,385	6,187,747
470,234	1,480,988	971,063	909,367	1,174,446
620,552	1,019,327	1,238,996	1,162,515	1,150,307
<u>44,606,261</u>	<u>52,245,114</u>	<u>60,501,344</u>	<u>62,031,942</u>	<u>51,956,787</u>
<u>1,364,070</u>	<u>(2,542,381)</u>	<u>(1,444,618)</u>	<u>(12,022,512)</u>	<u>4,772,810</u>
11,860,143	15,548,139	17,446,437	30,503,098	13,502,244
(11,860,143)	(15,548,139)	(17,446,437)	(30,503,098)	(13,502,244)
	2,491,334			
	15,325,000			
	<u>17,816,334</u>			
<u>\$1,364,070</u>	<u>\$15,273,953</u>	<u>(\$1,444,618)</u>	<u>(\$12,022,512)</u>	<u>\$4,772,810</u>
3.1%	6.6%	5.2%	4.6%	5.1%

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

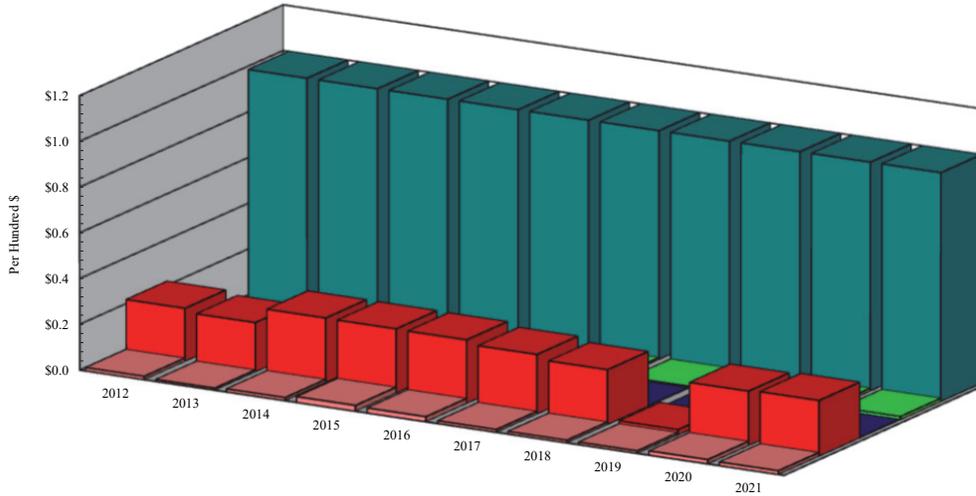


Fiscal Year	Value of City Property Subject to Local Tax Rate			Value of Redevelopment Agency Property Subject to Local Tax Rate			Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Secured Property	Unsecured Property	Total	Tenth Township	Legacy	Total			
2012	\$317,570,213	\$49,107,847	\$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%
2021	491,998,972	45,595,290	537,594,262	1,534,108,689	254,278,937	1,788,387,626	2,325,981,888	2,325,981,888	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)
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
2021	1.00000	0.01390	0.00140	0.24320	0.01610	1.27460	0.09828	0.00000	0.10724

Source: HdL Coren & Cone, Contra Costa County Assessor

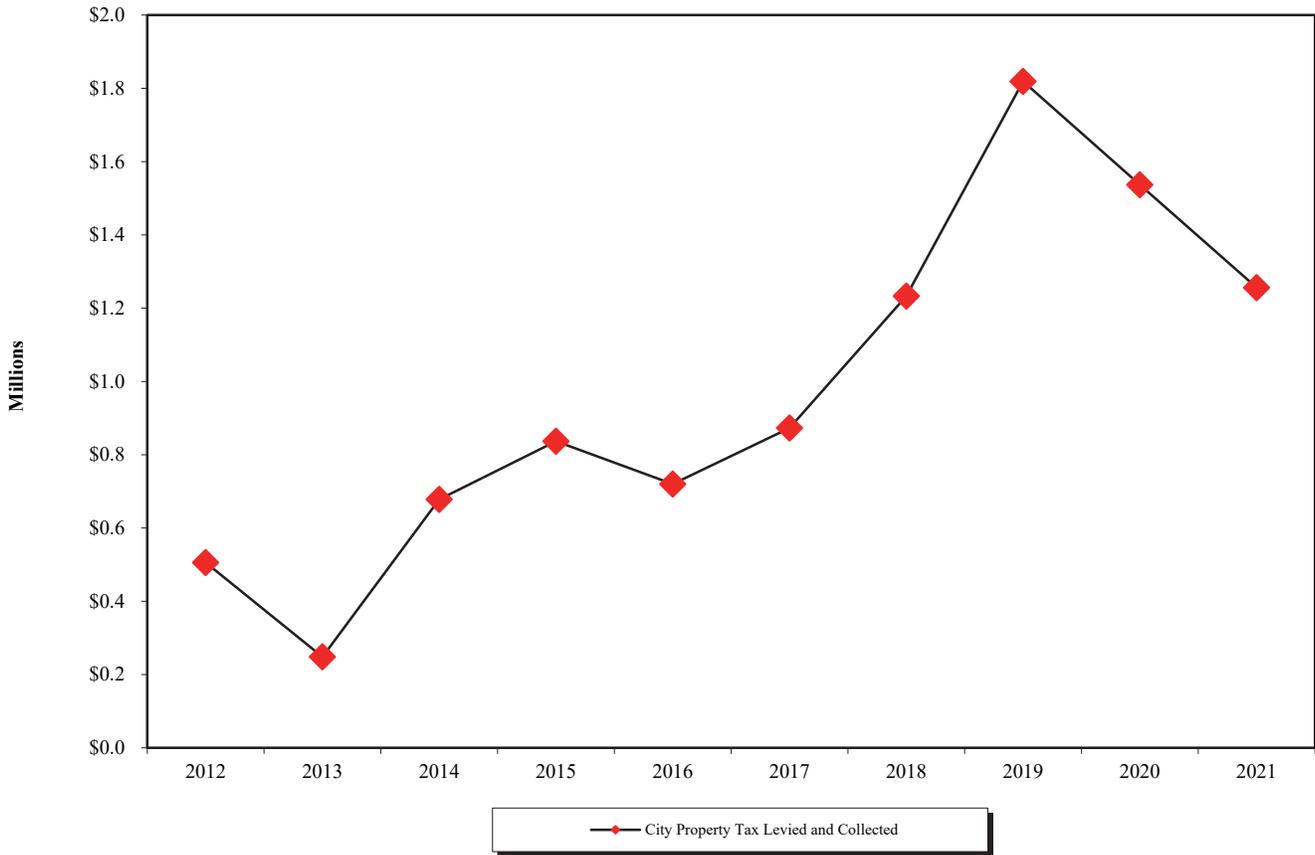
- (a) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the, 1.00% fixed amount, property owners are charged taxes as a percentage of assessed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

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

<u>Taxpayer</u>	<u>2020-2021</u>			<u>2011-2012</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Donahue Schriber Realty Group	\$24,528,142	1	1.05%	\$17,557,830	1	1.39%
Lytton Rancheria of CA	23,827,002	2	1.02%			
CC San Pablo LP	17,939,102	3	0.77%			
Roman Catholic Bishop Oakland	16,933,187	4	0.73%			
San Pablo Retail Partners II	16,869,428	5	0.73%	16,646,323	2	1.32%
Menlo Land and Captal XII LLC	13,770,000	6	0.59%			
Public Storage INC	11,899,093	7	0.51%	10,157,380	6	0.81%
Save Mart Portfolio Owner NLP California	10,878,407	8	0.47%	12,601,990	4	1.00%
Manuel and Elba Gomez LLC	9,092,428	9	0.39%			
Vale Property LLC	9,007,873	10	0.39%			
3002 Giant Road LLC				13,533,229	3	1.07%
College Center Retail LLC				11,871,803	5	0.94%
Lucky NoCal Investor LLC				10,063,436	7	0.80%
Murray and Janet Gordon Trust				9,034,192	8	0.72%
International Game Technology				0	9	0.00%
WEC 97K-31 Investment Trust				6,598,185	10	0.52%
Subtotal	<u>\$154,744,662</u>		<u>6.7%</u>	<u>\$108,064,368</u>		<u>8.6%</u>
Total Assessed Valuation:						
Fiscal Year 2020-2021	\$2,325,981,888					
Fiscal Year 2011-2012	\$1,261,405,909					

Source: HdL Coren & Cone, Contra Costa County Assessor

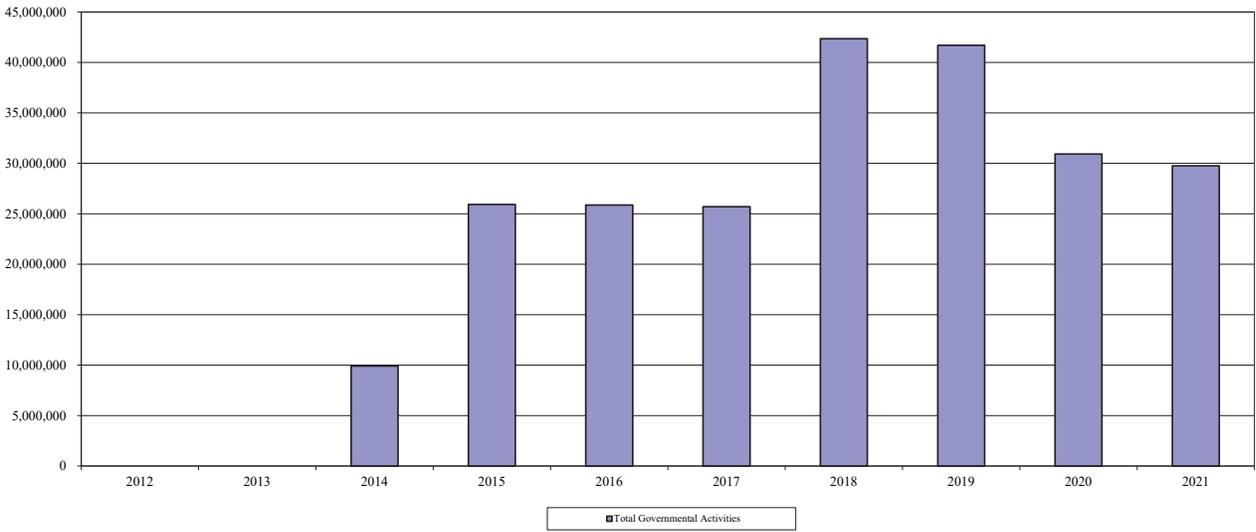
**CITY OF SAN PABLO  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**



<u>Fiscal Year</u>	<u>City Property Tax Levied and Collected (1)</u>	<u>Redevelopment Agency Property Tax Levied and Collected</u>		<u>Total Property Tax Levied and Collected (2)</u>	<u>Percent of Total Tax Collections to Tax Levy</u>
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%
2021	1,255,899	0	(3)	1,255,899	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			
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
2021	0 (b)	0 (b)	697,992	29,050,000	29,747,992	4.63%	958

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, 2021**

2020-21 Assessed Valuation	\$2,325,981,888
Less: Redevelopment Incremental Valuation	<u>1,788,387,626</u>
Adjusted Assessed Valuation	<u><u>\$537,594,262</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:			
<b>City of San Pablo</b>	<b>\$29,747,992</b>	100.000%	<b>\$29,747,992</b>
Overlapping Debt:			
Bay Area Rapid Transit	328,172,932	0.934%	3,063,571
Contra Costa County Fire Pension Obligation	26,670,000	2.023%	539,550
Contra Costa Community College District	939,870,000	0.937%	8,803,365
County General	334,729,873	0.934%	3,124,781
East Bay Regional Park District	125,395,149	0.934%	1,170,593
West Contra Costa Unified School District	<u>1,926,558,002</u>	5.986%	<u>115,331,710</u>
Total Overlapping Debt	<u>3,681,395,956</u>		<u>132,033,570</u>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>	<u><u>\$3,711,143,948</u></u>		<u><u>\$161,781,562</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 2020-21 ADJUSTED ASSESSED VALUATION:

Direct Debt	9.15%
Total Direct and Overlapping Tax Assessment Debt	40.61%

Source: HdL Coren & Cone, Contra Costa County Assessor and Auditor Combined 2020/21 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, 2021**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$2,325,981,888
---	-----------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$87,224,321
---	--------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$29,747,992
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Less Tax Allocation Bonds and SERAF Loan not subject to limit	29,747,992
--	------------

Amount of debt subject to limit	0
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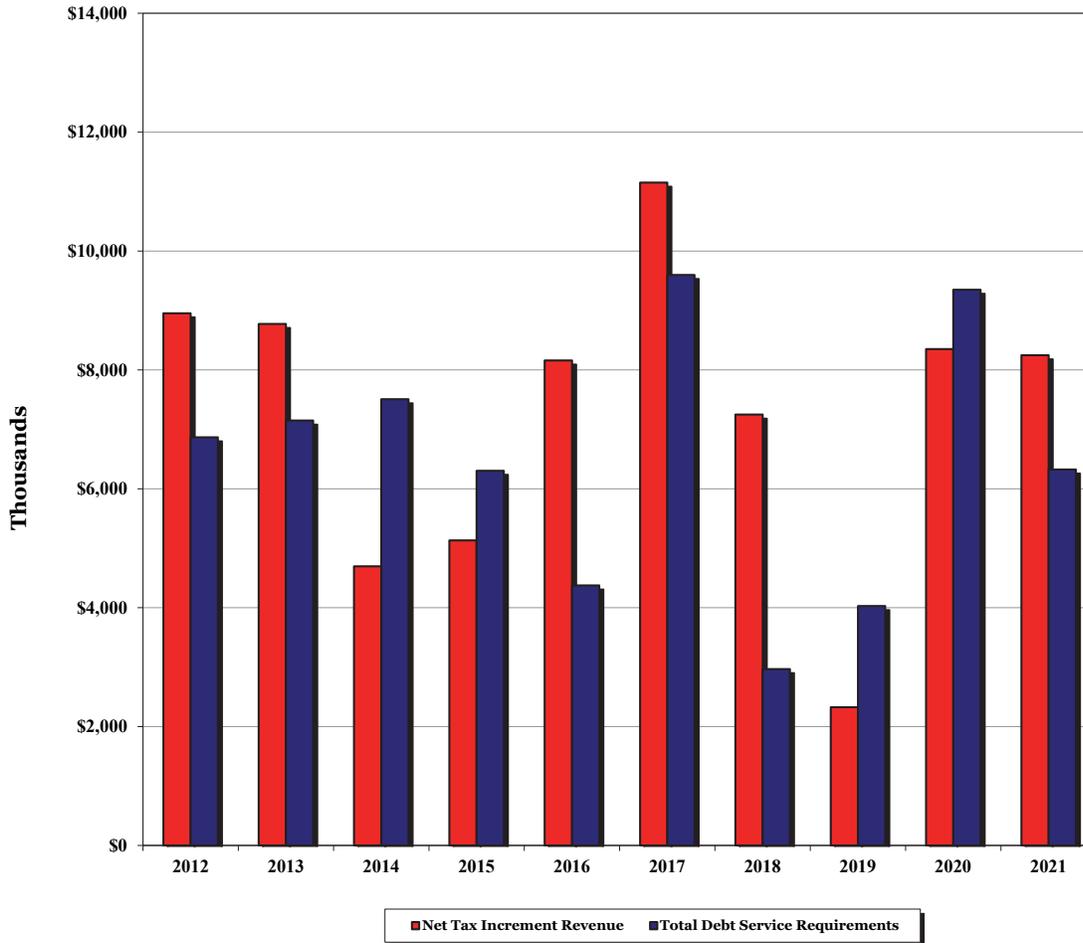
LEGAL BONDED DEBT MARGIN	\$87,224,321
--------------------------	--------------

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
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%
2021	87,224,321	0	87,224,321	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	
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)
2021	8,247,483 (d)	0 (b)	8,247,483	4,255,000	2,070,500	6,325,500 (e)	1.30 (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			
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
2021	N/A (d)	0 (d)	N/A (d)	0	0	0	6,325,500	6,325,500 (e)	N/A

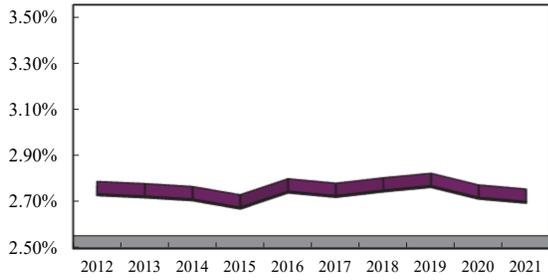
**LEGACY PROJECT AREA**

Fiscal Year	Gross Tax Revenues	Housing Set Aside	Available Revenue	Debt Service on 2004 Legacy Bonds		Debt Service Coverage
				Legacy Bonds	Debt Service Coverage	
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	
2021	N/A (d)	N/A (b)	N/A	N/A (e)	N/A	

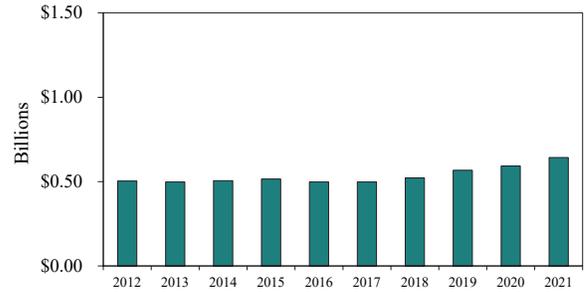
- (a) The Redevelopment Agency was dissolved effective January 31, 2012 and its liabilities were assumed by a Successor Agency effective February 1, 2012. Includes tax increment collected by the former Redevelopment Agency and property taxes collected by the Successor Agency. After January 31, 2012,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

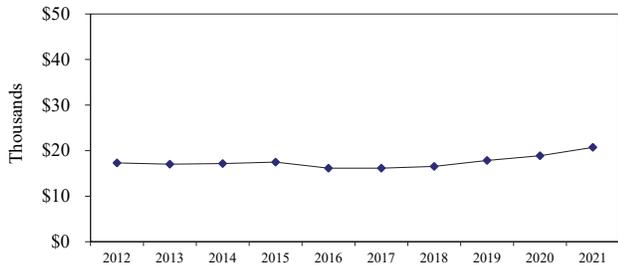
**CITY OF SAN PABLO  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**



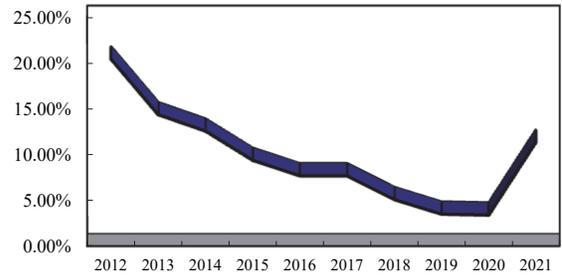
■ City Population as a % of County Population



■ 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>
2012	29,105	\$503,632,920	\$17,304 (a)	20.5% (a)	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% (a)	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%
2021	31,041	643,152,000	20,719	11.4%	1,149,800	2.70%

NOTES: (a) 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**

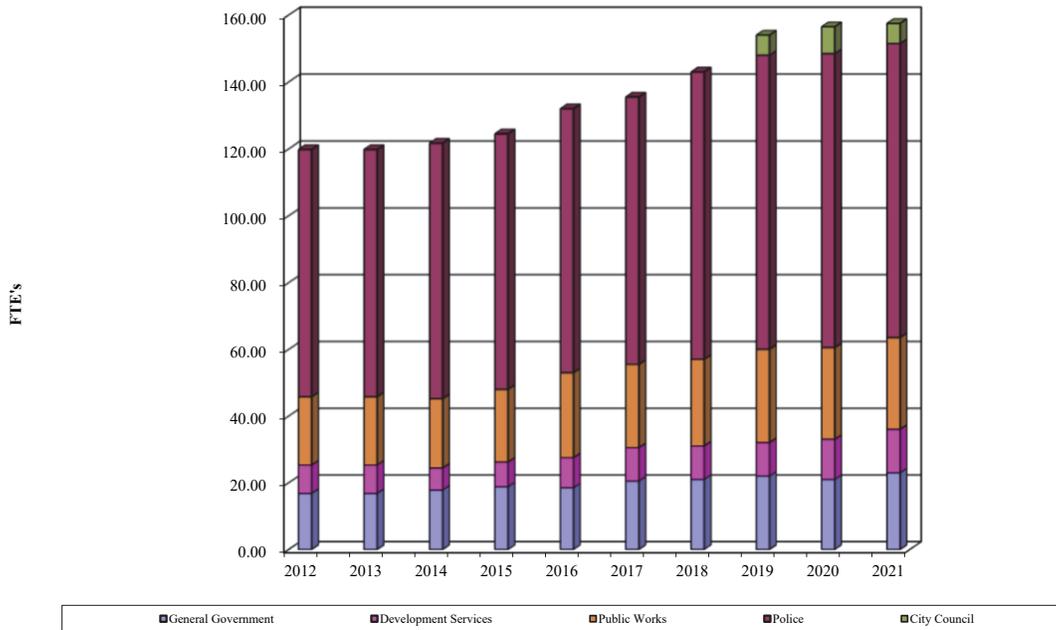
<u>Employer</u>	<u>2020-2021</u>			<u>2011-2012</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Contra Costa College*	690	1	5.1%	693	2	4.9%
West Contra Costa Unified School District	434	2	3.2%			
San Pablo Casino	396	3	3.0%	475	3	3.4%
Vale Health Care Center	275	4	2.1%	261	4	1.9%
City of San Pablo	198	5	1.5%	191	5	1.4%
West County Health Center	165	6	1.2%	120	8	0.9%
Creekside Health Care Center	138	7	1.0%	127	7	0.9%
San Pablo Health Care and Wellness Center	119	8	0.9%	161	6	1.1%
Las Montana's Supermarket	90	9	0.7%			
Food Maxx	85	10	0.6%	92	9	0.7%
Doctor's Medical Center* Closed 04/21/2015				973	1	6.9%
Raley's				82	10	0.6%
Subtotal	<u>2,590</u>		<u>19.3%</u>	<u>3,175</u>		<u>22.5%</u>
Total City Day Population	<u>13,400</u>			<u>14,100</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**



	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Function</b>										
General Government	16.80	16.80	17.80	18.80	18.50	20.50	21.00	22.00	21.00	23.00 *
Development Services	8.50	8.50	6.60	7.40	9.00	10.00	10.00	10.00	12.00	13.00 *
Community Services	39.50	39.50	35.15	33.85	42.40	40.50	41.30	42.80	42.30	43.30 *
Public Works	20.50	20.50	20.80	21.80	25.50	25.00	26.00	28.00	27.50	27.50
Police	74.00	74.00	76.50	76.50	79.00	80.00	86.00	88.00	88.00	88.00
<b>Total City</b>	159.30	159.30	156.85	158.35	174.40	176.00	184.30	190.80	190.80	194.80
City Council								6.00	8.00	6.00
<b>Grand Total</b>								<b>196.80</b>	<b>198.80</b>	<b>200.80</b>

\* These figures include all part-time staff were left out of previous FTE counts in the prior years' Annual Comprehensive Financial Reports.

**CITY OF SAN PABLO**  
**Operating Indicators by Function/Program**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Function/Program</b>										
Police: (calendar year)										
Police calls for Service	26,009	27,507	35,242	23,239	28,985	22,981	22,718	30,707	36,947	32,725
Crime Reports	5,887	5,890	5,695	3,857	3,116	3,467	3,961	4,840	4,989	4,000
Law violations:										
Major crimes: homicides/rape	12	12	10	12	17	6	10	17	17	18
Other major crimes: robbery/larceny/burglary	1,601	1,465	799	522		565	630	558	706	570
Arrests	1,496	1,789	2,008	1,444	1,862	1,243	1,434	1,847	1,716	1,085
Traffic collisions	440	428	354	123	324	234	239	407	437	297
Traffic citations	2,980	2,851	2,687	1,663	1,813	828	855	2,971	1,315	365
Public Works:										
Street resurfacing (miles)	0	7	3	2.4	1.5		1.4	1.4	91.0	0.9
Potholes repaired (square miles)	13	1	0.81	0.53	2.47	2.89	0.005	0.005	0.005	0.000002
Street Sweeping (miles)	2,700	3,144	3,130	2,813	2,813	3,336	6,489	6,489	6,025	6,025
Volume of material removed (cubic yards)	965	1,050	822	735	891	1,060	1,185	1,185	1,100.26	1,185
Storm Drains:										
Catch basins cleaned	236	307	349	499	271	111	292	292	525	414
Volume of material removed (cubic yards)	9	29	22.31	107.00	147.95	4.28	57.11	57.11	9.00	20.00
Community Development:										
Community Services:										
Recreation class participants	2,594	3,057	4,107	7,437	9,433	9,568	5,128	7,939	1,775	638
Senior meals served	16,975	18,144	17,519	16,946	18,366	16,855	15,800	12,493	41,877	36,982
Rentals of Maple Hall	71	135	119	106	298	380	435	809	0	156
Rentals - Other Facilities			37	54	79	115	5,698	6,313	1,578	1,975
Education:										
Enrollment:										
Elementary schools (6)	3,110	2,960	2,973	2,993	2,697	2,627	2,640	2,526	2,309	2,121
Middle Schools (1)	1,660	973	1,040	964	999	1,011	997	864	773	648
High Schools (1)	400	400	400	400	400	400	400	1,005	950	1,056

Source: Various City Departments

Notes:

N/A denotes information not available.

**CITY OF SAN PABLO**  
**Capital Asset Statistics by Function/Program**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Function/Program</b>										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol units	23	19	19	18	17	14	23	55	21	21
Community Resources:										
Miles of streets	48	48	48	48	49	49	49	49	49	49
Street lights	182	182	182	182	192	192	243	243	243	347
Traffic Signals	25	25	25	25	27	29	29	29	29	29
Roadway Landscaping:										
Landscaped median acreage	1	1	1	1	1	1	1	1	1	1
Street trees	800	800	840	840	840	840	840	860	860	860
Community Recreation:										
Community services:										
City parks	6	6	7	8	8	8	8	8	8	7
City parks acreage	32	22.0	19	23.2	23.2	23.2	23.2	23.2	23.2	19.2
Playgrounds	5	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	2
City trails miles	1	1	1	1	1	1	1	1	1	2
Community centers	1	1	2	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	2
Soccer/football fields	6	6	6	9	9	9	9	9	9	6
Wastewater (1)										
Miles of storm drains	17	17	17	17	17	17	17	20	17	17

Source: Various City Departments

Notes:

(1) Wastewater services are provided by Contra Costa County



CITY<sup>OF</sup> SAN PABLO

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*City of New Directions*