

COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of San Pablo, California

Fiscal Year Ended June 30th 2019





CITY^{OF} SAN PABLO

City of New Directions



CITY OF SAN PABLO, CALIFORNIA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

PREPARED BY THE
FINANCE DEPARTMENT



CITY^{OF} SAN PABLO

City of New Directions

CITY OF SAN PABLO, CALIFORNIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2019

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CITY^{OF} SAN PABLO

City of New Directions

Letter of Transmittal

December 24, 2019

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

State law requires all general-purpose local governments to publish a complete set of financial statements, presented in conformity with Generally Accepted Accounting Principles (GAAP) within six months of the close of each fiscal year. Therefore, we are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of San Pablo, California for the fiscal year ended June 30, 2019. Responsibility for both the accuracy of the data and the completeness and fairness of the information—including all disclosures—rests with the City. To the best of the City staff's knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of the operations of the various entities of the City of San Pablo. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

INTERNAL CONTROLS

Accounting for all of the City's activities is centralized under the Finance Division. The department has been delegated the responsibility for maintaining the integrity of the City's recorded financial data. The Finance Division, in conjunction with the City's management team, is also responsible for establishing and maintaining an internal control structure designed to ensure that the City's assets are protected from loss, theft or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met, while recognizing that this assurance is not absolute. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management. City administration believes the existing internal control systems are adequate to provide reasonable assurance that the City's assets are safeguarded against loss and that the financial records are reliable for preparing financial statements and maintaining accountability for assets. This belief is supported by the City's "unmodified" auditor's report issued in 2019.

Letter of Transmittal

INDEPENDENT AUDIT

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

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

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

Profile of San Pablo

The City of San Pablo was incorporated in 1948 as a general law city under the laws of the State of California. Located in West Contra Costa County along Interstate 80, San Pablo is just minutes away from the Bay Area cultural centers of Berkeley, Oakland and San



Francisco. The City is governed by a five-member City Council, under the Council-Manager form of government. As of January 1, 2019, the State Department of Finance listed the City's population at 31,817 encompassed within its 2.6 square miles. The City's 2018/19 Adopted Budget totaled \$40.0 million and supported 191.8 full-time equivalent (FTE) employees.

Over the years, the City has become a thriving residential and business community. San Pablo is home to Contra Costa Community College and is fortunate to have a wealth of community resources, including a library, computer education center, a childcare facility, a regional healthcare facility and a career center.

Letter of Transmittal

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 city hall with fountains and plazas 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 appropriated budget approved by the City Council. Budgetary control is established at the fund level. Budgets are prepared and expenditures recorded at the object of expenditure level. The accounting records are maintained using either the accrual basis or modified accrual basis of accounting, as appropriate. The City also maintains an encumbrance accounting system as one technique for accomplishing budgetary control.



City of San Pablo

Quadrennial Operating
Budget FY 2018-2021



In fiscal year 2017/18, the City launched its first quadrennial budget. 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 constant review and makes for much greater seamless transition between budgets. Individual departments can prioritize and recommend near-term budgetary funding requirements while City management can see the impact of those decisions over time and still meet City Council long-term strategic goals and initiatives. In this way, the City has bridged the gap between annual operational plans and long-term financial plans.

After departmental funding requests are submitted and reviewed by the City Manager's Office and the Finance Division, they are balanced and prioritized to fit with current financial obligations and within the constraints of projected revenue assumptions. The balanced budget is then proposed to the Budget, Fiscal and

Letter of Transmittal

Legislative Standing Committee before presentation to City Council at a scheduled public Budget Workshop in May or June with final budget adoption happening at a City Council meeting in June pursuant to the City’s Municipal Code requirements. Although still in its infancy, this new quadrennial budget process is proving extremely valuable in managing the vagaries of budgetary planning that are subject to the changing statewide political landscape and economic cycles over which the City has no control (e.g. changes in PERS pension liability formulas).

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

Certain funds are not legally required to adopt quadrennial operating budgets as their appropriations are either: (1) established by the related bond documentation, (2) other legal agreements, or (3) are multi-year projects covered through the Capital Improvement Program (CIP) Budget whose budget cycle exceeds one fiscal year. The only City fund meeting these criteria is the Public Works Construction Capital Projects Fund.

ECONOMIC OUTLOOK

The City can be characterized as an older 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 have been regaining value over time and are nearing their 2006 peak values. Indeed, total taxable values

CITY OF SAN PABLO Assessed Valuation of Taxable Property Fiscal Years 2015-2019 (in Thousands)			
Fiscal Year Ending June 30	Secured	Unsecured	Total Taxable Assessed Value
2015	1,420,050,225	44,184,743	1,464,234,968
2016	1,556,312,280	46,435,464	1,602,747,744
2017	1,676,817,299	45,076,140	1,721,893,439
2018	1,808,565,819	45,161,702	1,853,727,521
2019	1,959,812,836	45,450,672	2,005,263,508

Source: Contra Costa County Auditor Controller

have increased dramatically the last several fiscal years: by 14% in 2014/15, 9% in 2015/16, 7% in 2016/17, 7% in 2017/18, and 8% in 2018/19, a value change of \$119.3 million for the year and placing San Pablo in the top third of all cities Countywide in terms of growth rate. Moreover, Proposition 8, introduced in 1978, which allows taxable values to decline below their indexed Proposition 13 levels when the real estate market declines, has largely recovered. In the 2019 tax roll year, only 231 parcels (4% of all San Pablo parcels) are still awaiting full restoration of their assessed peak valuation prior to the Great Recession. Moreover, positive growth in assessed valuation is expected to continue over the next few years.

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Median sales prices of detached single family residential homes have also increased dramatically year over year for the last seven fiscal years, an average of 20% annually. This growth has slowed somewhat over the last few years—by 9% in 2017, 18% in 2018 and 6% in 2019—with slower growth similar to 2019 expected for the next few years. This equates to a total median sales price of \$450,000 in 2019, a gap of only \$9,000 from the median peak price of \$459,000 in 2006.



As the local economy continues to improve, regional unemployment rates continue to drop. The California Employment Development Department (EDD) reports unemployment rates for Contra Costa County at 9.4% in June 2012, 6.2% in 2014, 4.7% in 2016, 3.5% in 2018 and 2.6% in 2019. San Pablo's unemployment rate has experienced similar gains. With unemployment at 14.1% in June 2012, the rate declined to 9.6% in 2014, 5.3% in 2016 and currently stands at 2.8% in 2019. As an indication of economic health, the 2019 second quarter sales tax receipts in

Contra Costa County increased by 1.4% (net of adjustments) over the same time frame one year ago. San Pablo's rate of increase significantly exceeded the County overall at 4.1%. The Contra Costa County tax pool which accounts for online sales and of which San Pablo is a recipient, increased by 14.2% when adjusted by economic data over the same time frame. Coupled with the steady growth of Casino revenues which make up approximately 48% of all revenues received in FY 2018/19, the City's revenue stream remains very strong.

With the local economy largely recovered from the Great Recession, inflationary conditions returned during FY 2019, albeit quite slowly. Last year, average growth rate in the Consumer Price Index (CPI) for the San Francisco Bay/Oakland Area stood at 3.65% in August 2018. That rate has slowed to 2.72% one year later. Despite the economic recovery, interest rate earnings on short-term cash investments remain at relatively low levels. The pooled money investment account at the Local Agency Investment Fund (LAIF) only earned 2.3% during fiscal year 2019 and rates for October 2019 currently stand at 2.2% with expectations that this rate of return will continue to drop over the next several months. Of note is the fact that yields in the bond market inverted (2-year short-term bonds cost more than 10-year long-term bonds) in August 2019 for the first time since 2007. Since 1985, an inversion of the yield curve in the bond market has foreshadowed each of the subsequent three recessions. This low interest rate environment will have a greater negative impact on San Pablo than other jurisdictions, because of the City's large cash reserves. The City's investment strategy for Fiscal Year 2019 was to shorten average maturities, but going forward the strategy will be to lengthen maturities. Short-term rates of return are expected to hover around 2.0%.

Letter of Transmittal



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

In December 2014, the City began receiving its first tax receipts from Measure K, another voter-approved sales tax measure. Measure K, however, is a special tax collected in perpetuity that can only be used to fund emergency medical services in the City of San Pablo. At a rate of one-quarter cent of all taxable sales, the tax generated \$754,366 in FY 2015/16, its first full year of operation, and increased to \$768,197 in FY 2018/19. In contrast, the contract for enhanced emergency medical services with the Contra Costa County Fire Protection District rose by \$300,000 annually, increasing to \$1.5 million in FY 2018/19.

During and immediately after the Great Recession, the City made a concerted effort to lower expenditures in the near- and long-term, including reduced employee benefits and labor concessions. During the last few budget cycles, including the current quadrennial budget, this strategy paid off as the City was able to present a balanced budget without the need to dip further into reserve accounts. This is significant in that despite the loss of approximately \$3 million in annual Redevelopment Agency funding, the City has been able to continue funding major capital projects in less-traditional ways, including Rumrill Sports Park with leveraged grant funds and the San Pablo Community Center with New Markets Tax Credit funding. Sound financial management has allowed the City to continue this legacy in 2019 with the City completing construction of the new WIC Building in April and joining with the County to construct a new Fire Station 70. Other major projects underway or completed in 2019 using less-traditional funding methods include Rumrill Complete Streets and San Pablo Avenue Complete Streets which used leveraged grant funding. Ongoing construction of the new City Hall is happening with more traditional bond funding.

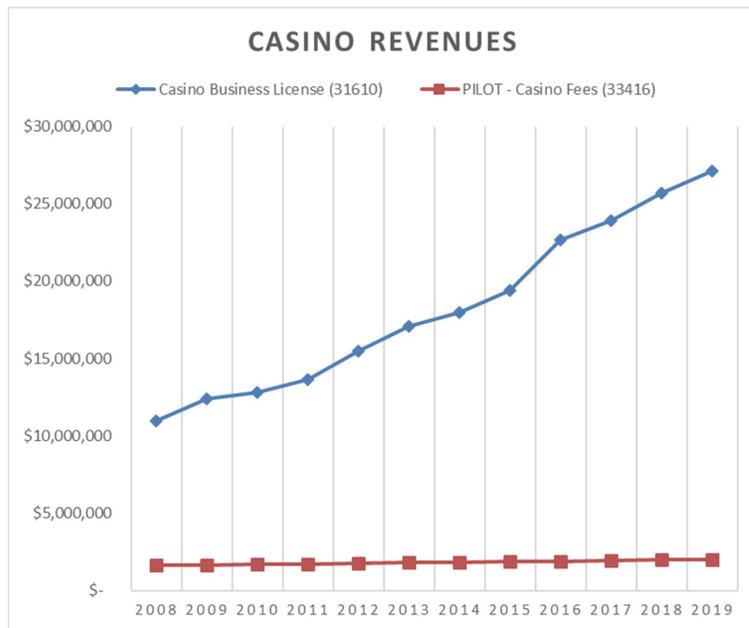


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FINANCIAL MANAGEMENT & SUSTAINABILITY

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

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



- In FY 2019, the City received general operating revenues of \$51.7 million against operating expenditures of \$41.2 million, an ongoing variance of \$10.5 million. However, the City also experienced capital expenditures totaling \$17.5 million, such that the City expects to have a net decrease in fund balance for the fiscal year. All funds revenues total \$65.5 million while expenses total \$64.1, a positive variance of \$1.4 million. Significant increases to fund balance are expected next fiscal year when construction of the new city hall and other major capital projects are completed.

- Adoption of the “Fiscal Resiliency Reserve Policy” in October 2013 created the framework, usage, and payback requirements when dipping into cash reserves. The policy established designated cash reserves as earmarks to fund upcoming large expenditures, such as vehicle replacements, OPEB liabilities, and capital projects. Designated reserves are closely monitored and updated regularly.
- 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.

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- Introduction of the City’s first formalized and comprehensive set of Financial Policies and Procedures in October 2018.
- Acceptance of modest and sustainable salary adjustments and increased length of labor contracts to four years, coinciding with the time frame of the Quadrennial Budget.

Other Post-Employment Benefits (OPEB): Governmental Accounting Standards Board (GASB) Statement No. 45 was established in 2004 and requires the City to report the costs of OPEB as the employee earns the benefit, rather than as the benefit is paid. 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. Although there is no requirement that the City fully fund the OPEB liability, the practice is to do just that. An ICMA-RC trust fund has been set up to prefund OPEB liability, such that the most recent OPEB actuarial report shows the City’s unfunded liability as less than \$200,000. The prefunding strategy is projected to save the City over the long-term, as prefunding contributions will be invested on a long-term basis until they are needed as payment. Prefunding will ultimately allow for investment income, rather than City contributions, to provide the majority of funds needed to cover OPEB obligations in the future. The most recent OPEB actuarial report dated December 19, 2018 shows net OPEB assets of \$9.2 million against net OPEB liabilities of \$9.3 million.

MAJOR INITIATIVES – IMPLEMENTING OUR WORK PLAN

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

Letter of Transmittal

Full Service Community Schools: In recent years, 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 (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 FSCI to all San Pablo schools and Richmond High School. 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. A Community School also supports qualified and effective teachers who provide high quality instruction, promote high standards and expectations for all students, and deliver challenging curriculum to help students thrive. Walter T. Helms Middle School, hub of the San Pablo FSCS 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.

Youth Futures Task Force: The Youth Futures Task Force (YFTF) is modeled on the successful history of the Mayor’s Gang Prevention Task Force (MGPTF) in the City of San José and the recent efforts of Santa Rosa’s MGPTF. These two municipalities have successfully implemented youth violence prevention/gang intervention strategies in their communities and reinforce the concept that collaborative efforts across a broad spectrum of community partners ensure that a large number of stakeholders accept responsibility and accountability for the safety, health and welfare of its youth, families, and communities. The City of San Pablo is committed to the healthy development of our youth within a context of community safety and security. The Youth Futures Task Force calls for various agencies and systems, including government agencies, law enforcement, social services agencies, educational, grass-root, and faith-based organizations to work together

Letter of Transmittal



to achieve a more innovative, integrated, team-oriented approach in working with youth at great risk of committing intentional acts of violence and/or engaging in behaviors related to the gang lifestyle. In 2015, the YFTF expanded its focus to better align with the Full Service Community Schools Initiative, enabling the City to prevent violence while also supporting and enhancing programming that meets all the

needs of the child. Programming for the 2015-2019 school years includes Community Schools Coordination, Out of School Time, Violence Prevention and Intervention, and Youth Leadership and Development.

San Pablo Team for Youth:

San Pablo Team for Youth (TFY) was created as the funding arm of the Youth Futures Task Force and provides grant opportunities for public and non-profit agencies to expand and/or enhance prevention and intervention programs and services to youth exhibiting high-risk behaviors, including those that are gang-related. TFY is the funding mechanism



for developing and deploying youth services that support the mission of San Pablo's Youth Futures Task Force. In 2015, TFY became the funding arm for the Community Schools Initiative.

Childhood Obesity Prevention Task Force: The San Pablo City Council hosted its first Childhood Obesity Prevention Task Force (COPTF) meeting in March 2012 to bring awareness to the growing childhood obesity epidemic in the community. Representatives from over 20 groups or programs, including County, City, non-profit, community-based and faith-based agencies, schools, and medical organizations attended. The convening of the Task Force represented the first step towards strengthening partnerships in the fight against this growing epidemic. 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

Letter of Transmittal

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. In FY 2016 and 2017, the San Pablo City Council provided one-time discretionary funding of \$50,000 each year to assist the COPTF 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 secure future, the City Council transformed the existing COPTF into a new 5-member Childhood Obesity Prevention Advisory Group with the purpose of assisting City staff to award contracts and administer programs with childhood obesity prevention service providers, and to meet periodically to share information on citywide childhood obesity prevention activities.

COMMUNITY ENGAGEMENT

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

One notable achievement in engagement has been the City’s recognition in 2014 as an All-America City; which is the country’s most prestigious award for outstanding, community-based civic accomplishments. Created in 1949, the All-America City Award is the oldest community recognition program in the nation. The 2014 awards had a special focus on successful efforts to address the underlying conditions that affect the health of our communities.

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

City leaders also understand the importance of ongoing civic engagement and reach out on a regular basis to provide information in mixed media. The City has created new virtual and in-person sources for information pertaining to the City through the programs below.

Government Outreach: The City’s website provides access to City services and City officials, 24-hours a day, 7-days a week, from the comfort and convenience of home. Through this system, residents can report



Letter of Transmittal

graffiti, street lights that may be out of service, illegal dumping, and can also post questions and/or concerns that will then be routed to the appropriate staff person for response.

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

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

ECONOMIC DEVELOPMENT

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

SPEDC 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%. The State Economic Development Department reports San Pablo’s unemployment rate at 2.8% for September 2019.



Letter of Transmittal



There are multiple innovative programs at SPEDC which have contributed to lowering barriers to get residents back to work. Under its Removing Barriers employment support services, SPEDC delivers bilingual computer literacy classes and financial literacy workshops. This program also provides daycare/preschool assistance for residents who are in workforce training programs or are working; this program helps residents save childcare expenses for other vital needs, such as healthcare, rent and food. SPEDC also leads a job readiness boot-camp, a nationally recognized tattoo removal program, and partners with 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.

For businesses, SPEDC is the marketing arm, utilizing multiple platforms and marketing campaign strategies, such as Where's Pablo?, to engage residents with businesses. SPEDC 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.

SPEDC delivers Workforce Innovation and Opportunity Act services, doubling the funding previously available to San Pablo residents. Other partnerships provide specific job training, placement, and workforce readiness, including 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 as they land their next opportunity. SPEDC 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 SPEDC has 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. These efforts are lifting the community, strengthening the City's future and changing lives.



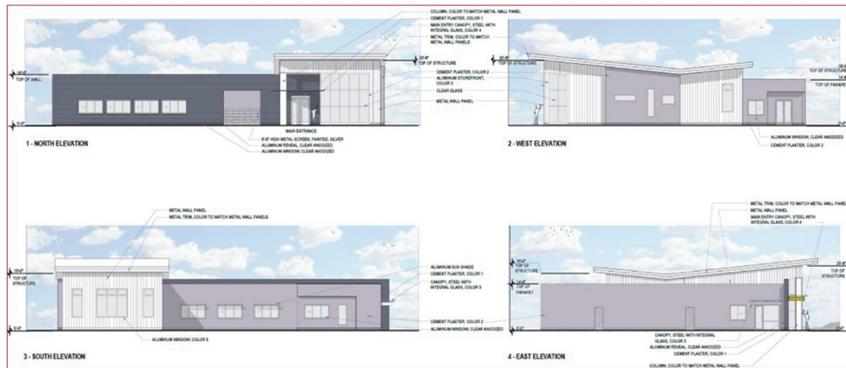
FISCAL STABILITY

Compensation & Labor Negotiation Strategy: The City is committed to remain competitive in recruiting and retaining valuable employees while also remaining fiscally responsible and managing cost at a sustainable level. During the last two cycles of labor negotiations, the City was able to eliminate retiree

Letter of Transmittal

medical benefits for elected officials, reduce the City’s long-term retiree medical costs for all employees, and limit City payments of rising pension costs by sharing those costs with employees. During negotiations for contracts ending on June 30, 2017, the City secured four-year labor agreements to coincide with the Quadrennial Budget. Contracts were struck which called for modest but sustainable salary increases at fixed-rates roughly equivalent to the Consumer Price Index (CPI) for the San Francisco/Oakland Bay Area) and limited City risk to increasing medical premiums. Moreover, the City funded a comprehensive financial planning model to ensure costs were sustainable. Coupled with offering progressive, non-compensable benefits such as flexible work schedules, computer loan programs, professional training and the like, the City remains a very desirable place to work.

New Revenue Generation Strategies: The City remains committed to enhancing major sources of revenue. The City works with the Lytton Tribe to maintain and enhance its main source of General Fund revenue: 7.5% Gross Gaming Revenue as approved in the Municipal Services Agreement. To this end, the City is assisting the Tribe to improve Casino parking by facilitating parking expansion: more parking spaces means more patrons at the Casino, a win-win solution. Additionally, the City’s Master Fee Schedule (MFS) gets updated regularly to help revenues keep pace with expenses. After a major update in FY 2011/12, another Citywide update occurred in FY 2015/16. As a result, in the intervening six years, total revenues in the Charges for Service category have increased nearly three-fold, from \$549,945 in FY 2011/12 to \$1,519,885 in FY 2018/19.



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 generated \$225,000 in new revenue its first year. Moreover, the City is moving forward with plans to install a fiber optic network, primarily to connect all major City facilities, but with the opportunity to expand service into residential neighborhoods. This new wireless technology will have the capability of providing extremely fast internet service to assist residents in keeping up with technology and closing the “digital divide”, while providing a stable, ongoing source of revenue.

Letter of Transmittal

INFRASTRUCTURE FINANCING

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

The City, acting as Successor Agency (SA) to the RDA is almost done with winding down the RDA 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. The SA will also be looking into possibly issuing its last and final Recognized Obligation Payments Schedule (ROPS) in the very near future.

MAJOR CAPITAL PROJECTS

City Hall: Opened in 1978, the current City Hall structures were originally built in the late 1950's as a hotel and relocated to the current site. Over the years, the buildings became inefficient, obsolete, in need of substantial repair, and presented a significant liability for the City. Projected cost estimates for repairs of six buildings—including upgrades needed for ADA compliance—made the project cost-prohibitive. Taking the 2014 Targeted Industries Study into consideration which identified the Civic Center property as one of four opportunity sites within City limits that had high potential for development/redevelopment, a



City Hall: 13831 San Pablo Ave., San Pablo, California 94806
Phone: (510) 215-3020 ~ Fax: (510) 231-0223

Letter of Transmittal

City Council subcommittee concluded that constructing a new facility was the best option and Lot 5 at Plaza San Pablo was selected as the best location from a cost-benefit analysis.

After a Request for Proposals, the City awarded the bid in September 2016 to Capital Partners Development Company, LLC for the sale and redevelopment of the current Civic Center site as well as the award for the design and construction of a new 42,000 square foot City Hall. However, On October 5, 2017, the City received a memorandum from Capital Partners requesting termination of the agreement, citing increased construction costs and the inability to deliver the new City Hall within budget. As part of the termination, Capital Partners agreed to assign any and all rights it had on all plans and reports developed to date.

On October 30, 2017, the City issued a new 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). Construction on the New City Hall building is progressing nicely and is expected to be complete by January 2020.

County WIC Building: The City of San Pablo has long partnered with Contra Costa County to provide its neediest residents with access to healthcare. Recently, the County approached the City to help find space for a new Women, Infants and Children (WIC) facility. On June 15, 2016, the City Council approved an agreement with the County to build and lease a stand-alone building for the WIC program.



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

In 2016, the City issued a Request for Qualifications and subsequent Request for Proposals for the design-build of the WIC Building. In February 2017, W.E. Lyons Construction was selected as the Design Build Entity to design and construct the 7,200 square foot building at a total cost of \$3.7 million, with the building shell costing \$2.24 million and tenant improvements costing \$1.14 million. Construction began in Summer 2017 and was completed in April of 2019. The New WIC building is now fully operational and is serving mothers and children around the area.

Letter of Transmittal

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



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

Undergrounding of Utilities on El Portal West: The City took the lead in preparing plans and construction documents which are now complete. Bid documents were advertised in the fall of 2016 with construction beginning in the first half of 2017 and the City issuing a notice of completion in November of that year. The City fronted money for project construction costs estimated at \$1.2 million, and utility companies reimbursed the City over \$872,000 using Rule 20A funding.

Letter of Transmittal

San Pablo Community Center (PW 535): The City of San Pablo and the SPEDC worked with Noll & Tam Architects and Planners to design and construct the San Pablo Community Center (SPCC), which opened in June 2014. The Community Center is a 10,500 square foot facility that includes a large, multi-purpose space with a kitchen, two smaller meeting/classrooms, a teen lounge, a computer room, and a fitness room. Located on a 20,000 square foot site adjacent to the Helms Middle School, the City partnered with the West Contra Costa Unified School District City to develop a ground lease and a joint use agreement for the exterior fields and the gymnasium when school is not in session. The Community Center, however, is entirely a City-operated facility. The project was funded using a variety of sources, including a New Market Tax Credits grant, and grant funds from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84). The Community Center was honored as the Outstanding Facility for 2014 by the California Park & Recreation Society’s District 3 (Alameda and Contra Costa Counties). Attendance in all programs increased by 50% in the first six months of operation.

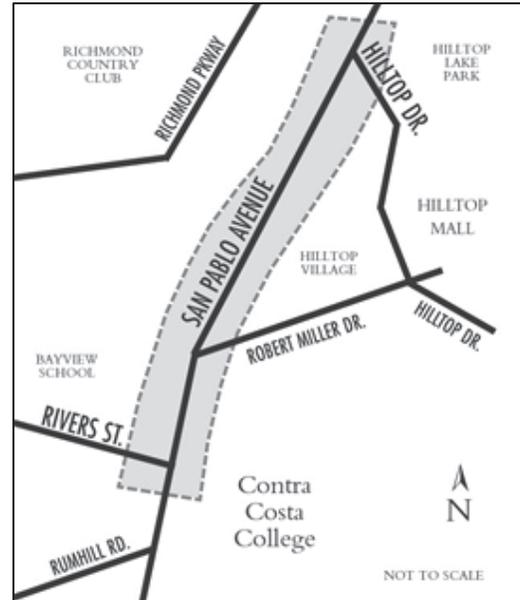


INFRASTRUCTURE / TRANSPORTATION

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

Letter of Transmittal

Complete Streets Plan: The San Pablo Avenue Complete Streets Study focused on improving multimodal access, safety and connections along the San Pablo corridor by identifying needs and prioritizing improvements to facilitate pedestrian, bicycle and transit trips. At the heart of this process was a public outreach effort that brought together surrounding residents, business owners, partner agencies, and other key stakeholders to ensure that the final plan recommendations are both relevant to, and supported by, the local community. This study, paid for by a Caltrans Environmental Justice Transportation Planning Grant, was subsequently funded with a \$5.98 million OBAG grant to



cover construction. Because this project is co-sponsored with the City of Richmond, each city is contributing \$615,000 for a total local contribution of \$1.23 million. Design was completed in February 2017, and a construction contract was awarded that same month to the lowest bidder, Ghilotti Bros., Inc. for \$5,283,721. The project is substantially complete and operational.

I-80 ICM: The City has participated in this project through its membership in the West Contra Costa Transportation Advisory Committee (WCCTAC). This project implements advanced traffic management along I-80 from the Carquinez Bridge to the MacArthur Maze, San Pablo Avenue, and the major arterials that connect the two. The project includes adaptive ramp metering; lane-use signals on the freeway; variable advisory speeds; and special traffic signal timing to handle diversion to local streets due to freeway incidents as well as trailblazer signs to direct diverted traffic back onto the freeway downstream of incidents. The project also includes traffic signal priority for buses, traveler information, and traffic surveillance and monitoring. This is a multi-agency project involving the jurisdictions along the corridor, Caltrans, transit agencies, and regional agencies. In 2016, construction of the project was completed as well as an agreement amongst all of the involved agencies that the Transportation Authorities for both Alameda and Contra Costa Counties would be responsible for system operations, maintenance, and management. Major funding for

Letter of Transmittal

this \$90 million project came from local sales tax measures in Contra Costa and Alameda and from State Proposition 1B funding.

Major Interchange Improvements: This project provides access to Bay Area employment centers from distant residential areas in the north and far east along Highway 24. Locally, improvements will be made in San Pablo, Richmond and the unincorporated portion of Contra Costa County. The project includes replacement and widening of the San Pablo Dam Road overcrossing, relocation of the McBryde Avenue access from westbound I-80, relocation of the El Portal access to westbound I-80, realignment of Amador Street, and replacement of the I-80/Riverside Avenue pedestrian overcrossing serving Riverside Elementary School. Design of this \$120 million project is now complete with construction being separated into phases. Phase One construction was completed using \$29 million in funding secured in part from the Contra Costa Measure J transportation sales tax. Phase Two construction is not ready yet as funding is still being secured. The project, managed by the Contra Costa Transportation Authority (CCTA), includes a public outreach component with design input from the community.

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

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



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. It 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 removes barriers by making

Letter of Transmittal

sidewalk improvements in locations where the existing sidewalks are narrow and by constructing dedicated bicycle lanes to reduce conflicts between bicycles, pedestrians and automobiles.

PUBLIC SAFETY

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



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

School Resource Officers (SRO): San Pablo Police provide two fulltime School Resource Officers to deliver curriculum to San Pablo children, grades 3 through 7. Topics include the proper use of 911, “Good Touch, Bad Touch,” bullying, drug and gang prevention, goal setting, life skills and leadership. The goal of the program is to foster positive and enduring relationships with students and families and to build long-lasting partnerships in the community. The SRO’s teach the Gang Resistance Education and Training (G.R.E.A.T.) program to San Pablo sixth graders. G.R.E.A.T. is a school-based, law enforcement, officer-instructed classroom program that teaches life skills and encourages student participation. In order to graduate, the students in the program must complete a community project. At the end of each school year, the top students from the G.R.E.A.T. program are recognized at our annual Community Awards Dinner. The purpose of the event is to bring our community closer, create stronger police/community understanding and recognize positive efforts of our youth.



Letter of Transmittal

Community Police Academy: The Community Police Academy provides San Pablo residents an opportunity to learn the inner workings of the Police Department. The class is held one night a week for ten weeks. Students are exposed to Police Administration, Patrol, Investigations, POP and Gang Unit operations. Classes are taught in both English and Spanish by sworn members of the Police Department and



police administration. Students also participate in a ride-along with an on-duty patrol officer. This free course of instruction has served to clarify the role of the Police Department in the community and serves to further build community trust.

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



Community Emergency Response Team & Listos: The Community Emergency Response Team (CERT) is a training program that provides basic disaster response skills to assist neighborhood volunteers in offering vital support to family, associates, and local community members while they await help from first responders due to large-scale emergencies. Listos is a basic emergency and disaster readiness public education program with a grass-roots approach that specifically targets Spanish-speaking populations. Listos' culturally appropriate Spanish language curriculum uses the strengths and bonds

within the Latino community to educate and prepare its members for emergencies or disasters.

Letter of Transmittal

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



Tobacco Enforcement Unit: The San Pablo Police Department received one of the largest grant awards in the state from the Department of Justice to support the development of an effective, comprehensive and strategic approach to combat illegal tobacco use among minors. Two fulltime positions—a Police Officer and a Police Services Technician—are dedicated to conduct enforcement operations, work with the business community, and deliver curriculum to students and family on awareness and dangers of tobacco use.

New Training Facility: Making its debut in February 2019, the Police Training Facility was developed to host a multitude of training for police officers, professional staff, and the community. Training includes classroom, physical fitness and defensive tactics, and features dynamic-based scenarios utilizing the Ti Force Option Simulator.



Letter of Transmittal

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

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

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

San Pablo Police Drone Team: In 2019, the San Pablo Police Department began implementation of Impossible US-1 drones for air support and priority response to critical public safety calls for service. The first-of-its-kind technology within the Impossible drone allows for extended flight times to better assess the scope of a critical incident, assist search and rescue, support tactical operations, or provide advanced documentation of a crime or accident scene.



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. To that end, in FY 2019 the Division completed Citywide replacement of desktop computers, and an RFP testing process which resulted in the installation of new HP/Samsung network copier/printers. Additionally, the Division contracted with ClientFirst and completed a draft copy of the City's first IT Master Plan to guide IT

Letter of Transmittal

planning, activities and development over the next five years. In the course of review with ClientFirst, some immediate IT needs were identified and resolved with the help of ClientFirst, including: (1) replacement of a failing core switch; (2) addition of a second core switch to achieve network resiliency and failover capability; (3) development of tighter network security; (4) implementation of a log management system for tracking access and changes to the system; (5) rerouting of the PD network and design of a more resilient system; (6) design of the new City Hall network; and (7) implementation of KnowBe4 security awareness training and education for end-users.

While the IT Master Plan is not yet complete, there are several initial projects that have risen to the surface for IT to accomplish over the next few years. These include: (1) implement the IT Master Plan with projects as prioritized therein, including establishment of an IT Steering Committee for network governance and a formal structure to prioritize departmental IT project requests and technology enhancements; (2) fill the vacant IT Manager position, clarify roles and responsibilities of the team, and strengthen accountability for each member of the team; (3) complete design of the new City Hall IT network, including peripheral equipment, and seamlessly execute the move to new City Hall; (4) build the new wide-area network (WAN) to connect all major City facilities to a single fiber network for much-improved City communication capabilities; (5) develop the City's first comprehensive and formalized IT policies and procedures, including those related to security protocols and remote work policies; and (6) further the move to cloud-based network applications with remote access for employees as appropriate.

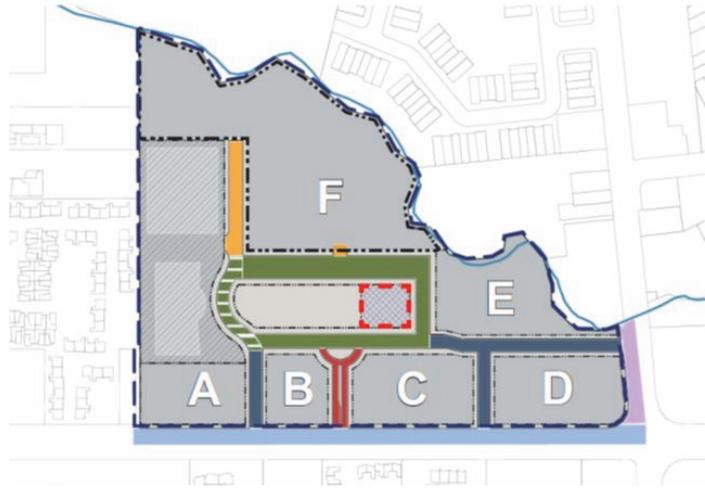
STRATEGIC PLANNING / SPECIAL PROJECTS

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 (formerly Development Services) completed a 10-acre parcel subdivision, including the following projects: (1) design review and construction of a new Walgreen's store; (2) design review and construction of the new Library in its place; (3) design review and construction of the County's new Women, Infants and Children (WIC) building; and (4) design review and construction of the expansion of the West Contra Costa County Health Clinic. Also at Plaza San Pablo, the City completed the design review for a new 42,000 square foot City Hall building. In addition, permitting, inspections and construction were completed for Phase III and IV of the needed roadway improvements.



Letter of Transmittal

Priority Development Areas: Consistent with Plan Bay Area and State AB32, the City of San Pablo prioritizes development in Priority Development Areas (PDA's). In 2014, the City obtained a \$100,000 MTC grant to conduct a Targeted Industries Study of short-term, high-growth industries in the San Pablo Avenue PDA. Consistent with study findings, the existing City Hall had its General Plan and Specific Plan designation changed in February 2018 to "Mixed Use Center-City Hall" which allows for commercial and residential reuse. Other plan



and design work is underway or complete for various other PDA projects in the City, including completion of design review and a subdivision map for the former Moose Lodge site; and amendments to the General Plan and Specific Plan to the former Doctor's Medical Center site to allow for commercial uses following its closure and demolition. An application to expand an existing parking lot is also being processed by the Planning Division of the Community and Economic Development Department.

Non-Priority Development Areas: Other non-priority development area activities include 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; and the Re-tenanting of the former Lucky's space in the San Pablo Town Center Shopping Complex.

Policies: Many policies and plans have been or are in process of being updated to facilitate further development in the City. The Housing Element update was complete and certified by the State Department of Housing and Urban Development for an eight-year period (2015-2023). The City completed the CEQA for the Citywide Broadband Master Plan (now the City Wide-area Network and IT Wireless Plan). Additionally, the Planning Commission recommended approval of the Accessory Dwelling Unit ordinance and Telecommunication Facilities, which were approved by the City Council in May 2017 and June 2017. Other projects include adoption of a Citywide Bicycle and Pedestrian Master Plan, an update to the Contra Costa County Urban Limit Line, a one-year review of all business licenses, adoption of a Recreational Marijuana ordinance in September 2017, and an ordinance prohibiting the sale of Flavored Tobacco Products in December 2018.

Improving the Customer Experience: In FY 2016/17, a year-long process improvement effort was completed regarding plan check, plan intake, permit issuance and inspection services. This combined effort included the Public Works Department and the City Manager's Office. The Planning Division completed

Letter of Transmittal

Improving the Customer Experience: In FY 2016/17, a year-long process improvement effort was completed regarding plan check, plan intake, permit issuance and inspection services. This combined effort included the Public Works Department and the City Manager’s Office. The Planning Division completed a time and motion study and a fee study, and subsequently increased permit fees from 35% cost recovery to 75%. To improve efficiency and better fulfill public records requests, the Department initiated electronic scanning of six years of back-logged building plans, building permits, business licenses, and planning projects; this project is still underway. Additionally, many different Planning and Building Division customer handouts are now available in both English and Spanish, and are available on the City’s website for the Community and Economic Development Department.

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, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

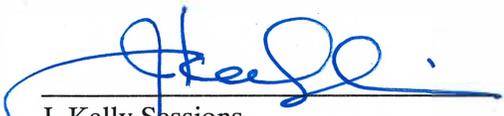
ACKNOWLEDGEMENTS

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

Respectfully submitted,



Matt Rodriguez
City Manager



J. Kelly Sessions
Administrative Services Director



Letter of Transmittal

CITY OF SAN PABLO
ELECTED OFFICIALS AND
ADMINISTRATIVE PERSONNEL

JULY 1, 2019

ELECTED PERSONNEL

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

ADMINISTRATIVE PERSONNEL

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

CITY OF SAN PABLO ORGANIZATIONAL CHART, FY 2018/19 EFFECTIVE 3/1/19

TOTAL FTE: 196.8

SAN PABLO CITY COUNCIL

6.0 FTE

CITY ATTORNEY 1.0

1.0 Legal Assistant

2.0 FTE

CITY MANAGER 1.0

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

8.0 FTE

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 SVCS.

RECREATION SERVICES

1.0 Community Services Manager
4.0 Community Svcs. Coordinator I/II
5.0 Building Attendant (P/T)
1.1.0 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
0.5 Admin Intern (P/T)
0.3 Student Intern (P/T)

PARATRANSIT

1.0 Community Svcs. Coordinator I/II
3.0 Paratransit Driver (F/T)

42.8 FTE

COMMUNITY & ECONOMIC DEVELOPMENT DIRECTOR 1.0

COMMUNITY & ECONOMIC DEV. SVCS.

BUILDING SERVICES (Contract Services)

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

10.0 FTE

ADMINISTRATIVE SERVICES DIRECTOR 1.0

FINANCE & I.T.

1.0 Administrative Clerk

BUDGET & FISCAL SERVICES

1.0 Accounting Manager
3.0 Accounting Technician
1.0 Fiscal Clerk I/II (Non-Confidential)

Information Technology Services

1.0 Info. Tech. Supervisor
1.0 Info. Tech. Administrator
3.0 Info. Tech. Technician

12.0 FTE

PUBLIC WORKS DIRECTOR/CITY ENGINEER 1.0

ENG., ENV. SVCS. & 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 Senior Maintenance Worker
0.5 Maintenance Worker I/II
1.0 Sr. Environmental Prog. Analyst
1.0 Environmental Prog. Analyst (P/T)

MAINTENANCE & FACILITIES

1.0 Maintenance & Operations Superintendent
2.0 Maintenance Supervisor
4.0 Sr. Maintenance Worker
8.5 Maintenance Worker I/II
0.5 Management Analyst
1.0 Administrative Clerk I/II

28.0 FTE

CHIEF OF POLICE 1.0

POLICE DEPARTMENT

SWORN STAFF

2.0 Police Captain (1 underfilled @ 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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**City of San Pablo
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

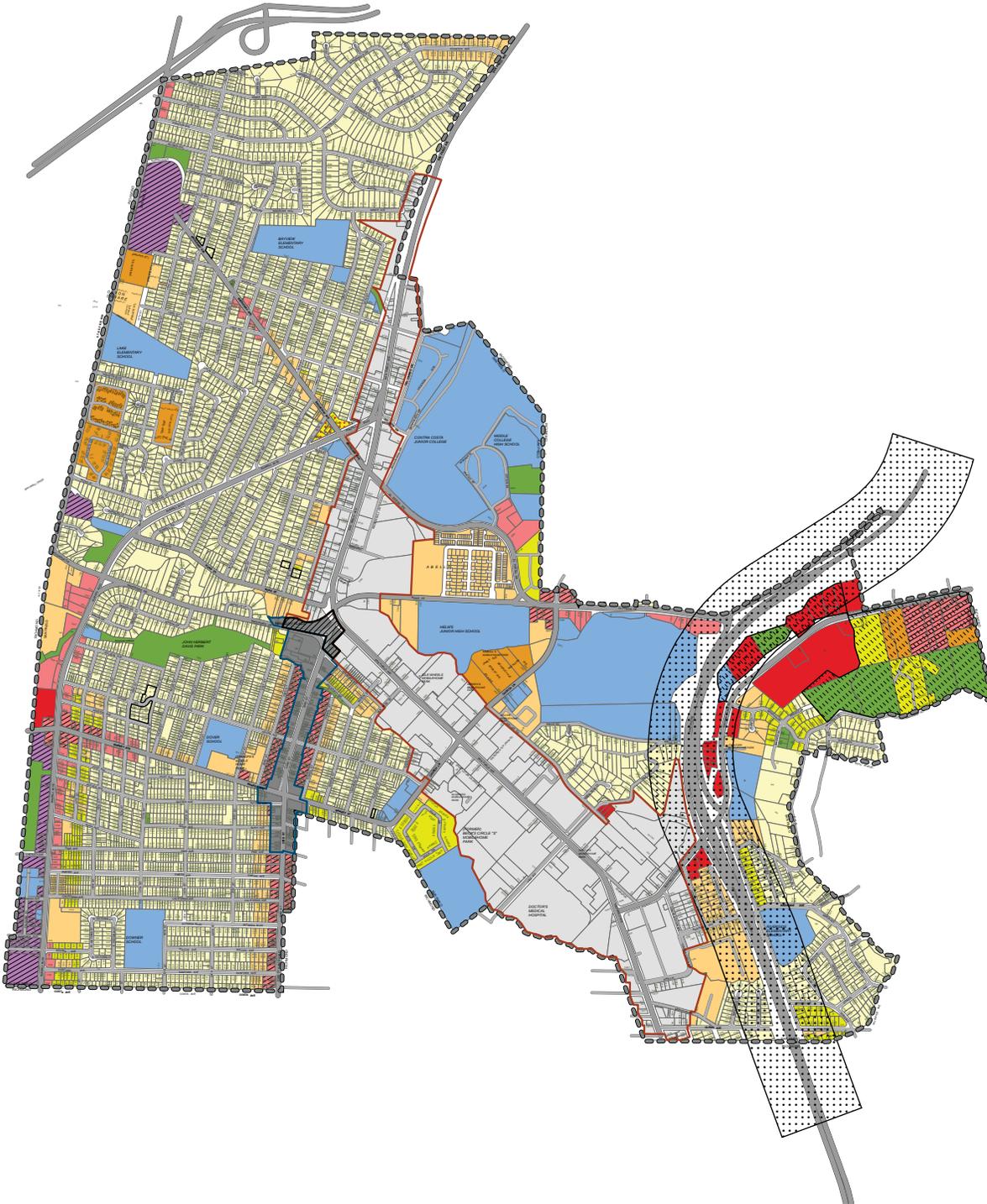
June 30, 2018

Christopher P. Morill

Executive Director/CEO

CITY OF SAN PABLO

Zoning District Map



Legend

San Pablo City Limit

Zoning

Zoning Districts

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

Specific Plans

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

Specific Plan Boundary

Specific Plans

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

Overlay Districts

Overlay Districts

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

Adopted: May 18, 2015



CITY^{OF} SAN PABLO

City of New Directions



INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of San Pablo, California (City), as of and for the year ended June 30, 2019, 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, 2019, and the respective changes in financial position and the respective budgetary comparisons listed in the Table of Contents as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter - Restatement

As discussed in Note 8E, the City determined that revenue in the Successor Agency to the Redevelopment Agency Private Purpose Trust Fiduciary fund was overstated for the year ended June 30, 2018, and therefore, beginning net position in the Private Purpost Trust fund was restated, resulting in a decrease of \$7,249,096.

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
December 24, 2019



CITY^{OF} SAN PABLO

City of New Directions



Management's Discussion and Analysis

This discussion and analysis of the City of San Pablo's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the Letter of Transmittal, the Basic Financial Statements and the accompanying Notes to the Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$132.0 million. Of this amount, \$42.5 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$9.5 million primarily because revenues exceeded expenditures by \$9.4 million in the General Fund and \$0.9 million in the Low and Moderate Income Housing Assets Fund, and expenditures exceeded revenues by \$10.6 million in the Public Works Construction Fund and by \$0.7 million in the Lease Revenue Bonds Fund, plus the net of capital assets transactions and other adjustments.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$90.7 million, a decrease of \$1.4 million from the prior fiscal year. This shrinking is due to increased expenditures in Police by \$2.1 million and capital outlay by \$4.9 million and an increase in Intergovernmental Revenues by \$5.5 million.

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 comprise all assets of the City, including infrastructure, as well as all liabilities. Additionally, certain eliminations have occurred related to inter-fund activity, payables and receivables.

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

Management's Discussion and Analysis

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

The City had four Major Funds in 2019 in addition to the General Fund: the Low and Moderate Income Housing Assets Fund, the Public Works Construction Fund, the 2015 Lease Revenue Bonds Fund and the 2018 Lease Revenue Bonds Fund.

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

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

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

Management's Discussion and Analysis

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

- The City's net position increased by \$9.5 million in 2019, from \$132.7 million to \$142.1 million. This year over year upturn comes from the change in net position as recorded in the Statement of Activities and which flows through the Statement of Net Position. Net position increased due to an increase in program revenue of \$5.9 million and an increase in general revenue of \$3.0 million. This increase, however, was offset by expenditures which increased by \$5.2 million.

A portion of the City's net position represents resources which are subject to external restrictions on use. This restricted amount is \$13.0 million as of June 30, 2019. The remaining balance of unrestricted net assets of \$42.5 million may be used to meet the City's ongoing obligations to citizens and creditors.

Management's Discussion and Analysis

Governmental Net Position at June 30

	2019	2018
Current Assets	\$ 119,843,295	\$ 120,601,870
Capital Assets	107,693,873	93,838,473
Total Assets	227,537,168	214,440,343
Deferred Outflows of Resources		
Related to pensions (Note 9B)	9,831,962	11,418,735
Related to OPEB (Note 10E)	3,262,640	1,069,730
Current Liabilities	11,515,042	9,050,382
Long-Term Liabilities	83,978,124	82,472,892
Total Liabilities	95,493,166	91,523,274
Deferred Inflows of Resources		
Related to pensions (Note 9B)	2,996,187	2,537,222
Related to OPEB (Note 10E)	13,298	199,650
Net Position:		
Beginning as restated (Notes 8)		
Net Investment in Capital Assets	86,551,977	74,150,591
Restricted	13,029,241	12,096,519
Unrestricted	42,547,901	46,421,552
Total Net Position	\$ 142,129,119	\$ 132,668,662



Management’s Discussion and Analysis

Changes in Governmental Net Position at June 30

Revenues:	2019	2018
Program Revenues		
Charges for Services	\$ 2,720,526	\$ 3,049,265
Operating Contributions and Grants	2,325,867	1,271,647
Capital Grants	7,096,432	1,955,492
 General Revenues:		
Property Tax	2,943,210	2,442,226
Sales Taxes	3,854,079	4,293,283
In-lieu Sales Tax		
Utility Taxes	2,548,455	2,650,707
Transient Occupancy Taxes	636,322	565,474
Franchise Taxes	947,557	900,299
Payment in Lieu of Taxes	2,018,802	1,979,218
Other Taxes	83,611	87,911
Motor Vehicle Taxes	2,666,964	2,487,919
Business Licenses (non-regulatory)	27,735,698	26,197,153
Investment Earnings	2,404,371	849,714
Miscellaneous	418,944	834,155
Total Revenues	58,400,838	49,564,463
 Expenses		
General Government	12,006,415	10,840,251
Community:		
Recreation	311,538	256,371
Development	5,886,370	4,961,457
Housing	28,930	23,810
Public Works & Engineering	8,622,447	7,784,816
Police	20,525,816	18,525,592
Interest on long-term debt	1,558,865	1,331,646
Total Expenses	48,940,381	43,723,943
 Change in Net Position	 9,460,457	 5,840,520
 Net Position 7/1	 132,668,662	 126,828,142
Net Position 6/30	\$ 142,129,119	\$ 132,668,662

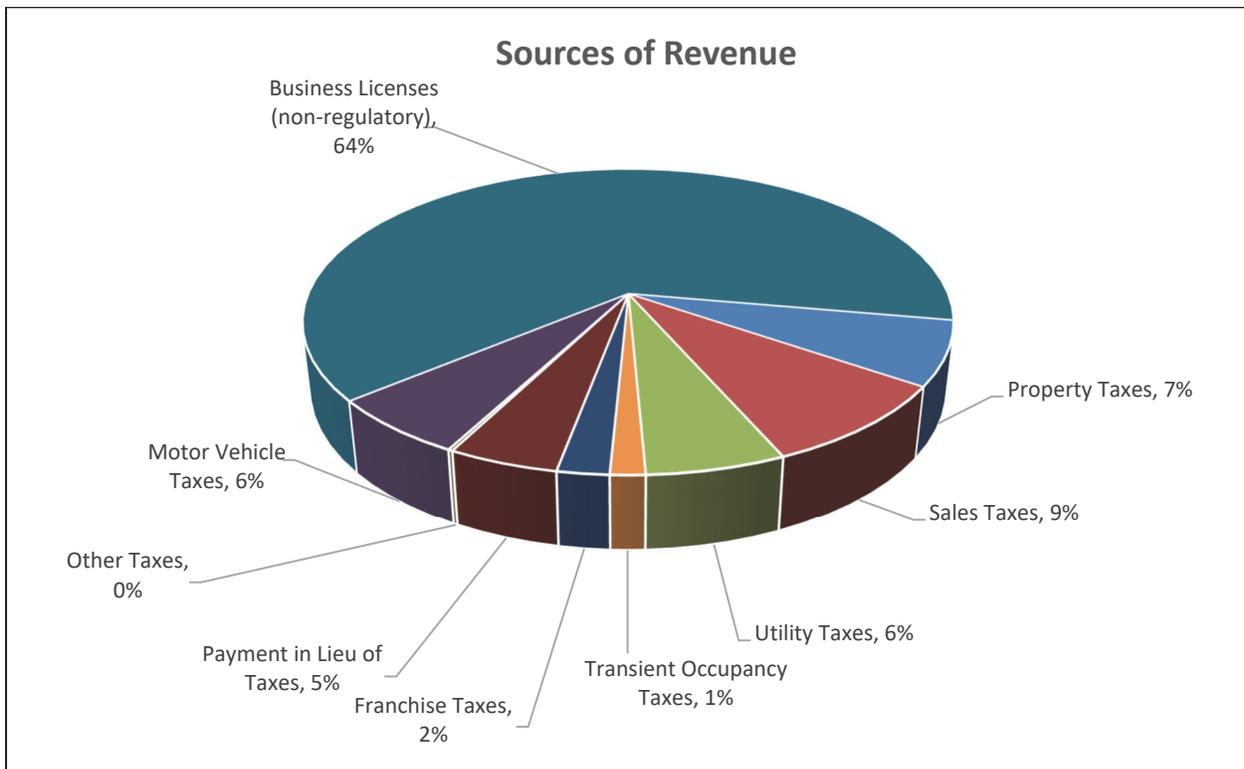
* Not restated for the provisions of GASB Statement No. 68 discussed in Note 9 to the financial statements.

Management’s Discussion and Analysis

The cost of all Governmental activities this year was \$48.9 million. Net expenses, as shown in the Statement of Activities, were \$36.8 million. A portion of the cost for these activities was paid either by those directly benefitting from the programs through service charges (\$2.7 million), by other governments and organizations that subsidized certain programs with operating grants and contributions (\$2.3 million), or capital grants and contributions (\$7.1 million). Overall, the City received \$12.1 million in governmental program revenues.

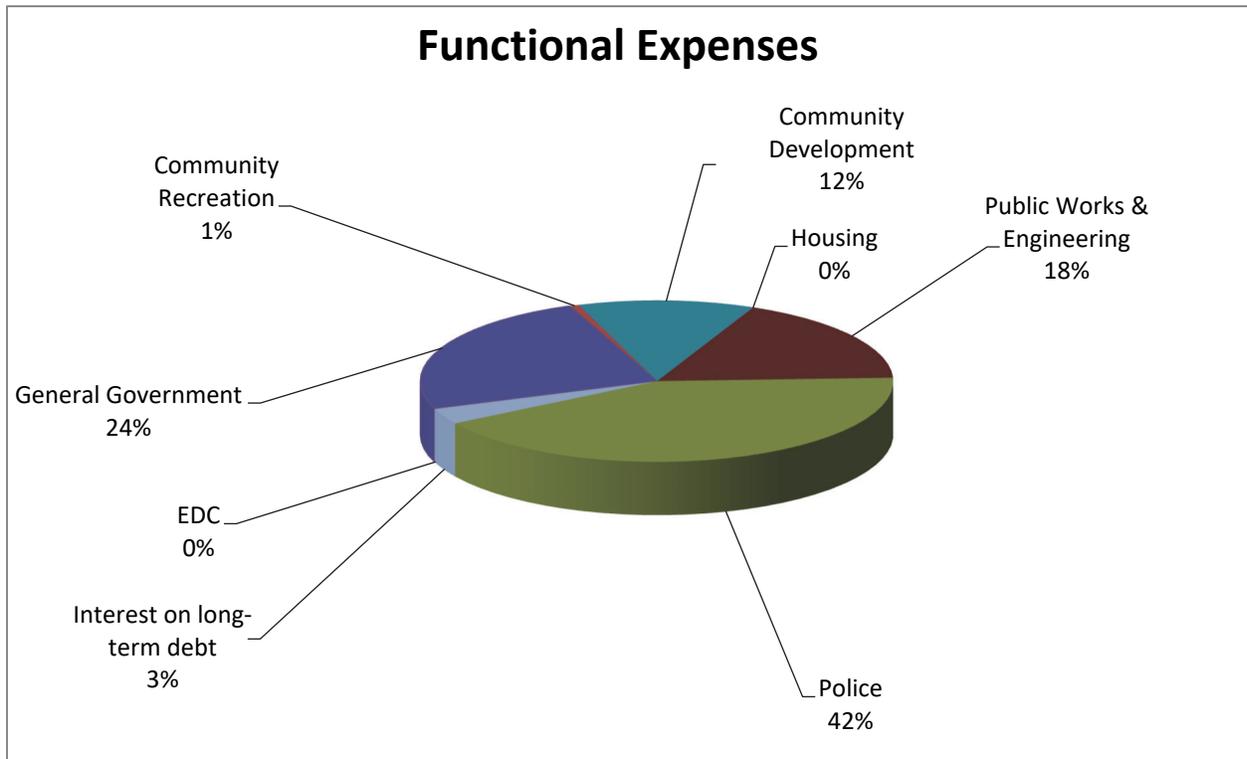
Total resources available during the year to finance governmental operations were \$191.1 million, consisting of net assets at July 1, 2018 of \$132.7 million, program revenues of \$12.1 million and general revenues of \$46.3 million. Total Governmental activities during the year were \$48.9 million, thus net position increased from \$132.7 million to \$142.1 million, a net increase of \$9.5 million.

As shown in the Sources of Revenue chart below, Business License Taxes accounted for 64% of the City’s Fiscal Year 2019 revenue, which came primarily from Casino San Pablo. Sales taxes accounted for 9%, which included the voter-approved Measure Q and Measure K increases of one-quarter percent each.



Management’s Discussion and Analysis

On the year, Functional Expenses totaled \$48.9 million, an increase of \$5.2 million over the previous year. Likewise, all Functional Expense categories increased slightly over the previous year, including Police, which increased by \$2.0 million and accounted for 42% of total expense, and General government, which increased by \$1.2 million and accounted for 25% of total expense.



Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

At year end, the City's General Fund had a balance of \$61.1 million. This represents an increase of \$2.8 million compared to 2018. The increase can be attributed to the \$9.4 million in excess revenues over expenditures. Total General Fund revenues increased by \$2.9 million over the previous fiscal year mainly due to the Casino revenue increase of \$1.5 million and investment earnings increase of \$1.4 million.

The Low and Moderate Income Housing Assets Fund had a fund balance of \$8.6 million.

The Public Works Construction Fund balance decreased by \$3.2 million mainly resulting from an increase in capital outlay expenditures of \$7.1 million for City Hall construction, which was offset by increases in transfers from the General Fund of \$5.2 million and decreases in Public Works and Engineering expenditures of \$0.8 million.

The 2015 Lease Revenue Fund was established in Fiscal Year 2015 to account for the activities related to the issuance of the 2015 Lease Revenue Bonds in the principal amount of \$15.8 million. Current year activities total \$0.8 million. Unspent proceeds were \$7.7 million at fiscal year-end, which are restricted for use on capital improvement projects.

The 2018 Lease Revenue Fund was established in Fiscal Year 2018 to account for the activities related to the issuance of the 2018 Lease Revenue Bonds in the principal amount of \$15.3 million. Current year activities total \$0.3 million. Unspent proceeds totaled \$12.8 million at fiscal year-end, which are restricted for the construction of the new City Hall.

Other Governmental Funds increased \$0.09 million primarily due to excess of expenditures over revenues by \$0.1 million, offset by excess of transfers in over transfers out by \$0.2 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City adopts a quadrennial budget every four years at which time revenues are projected for the first year of the budget with minor adjustments for subsequent years. The fiscal year ending June 30, 2019 was the third year of the four-year budget process. Differences in actual results between the original General Fund budget and the final General Fund budget are as follows:

Property Taxes. General Fund property tax revenues have almost completely recovered from the decrease in revenues resulting from the Great Recession. General Fund property tax receipts totaled \$1.8 million, \$1.5 million over projections.

Sales Taxes. Increases in sales tax revenues were offset by the loss of in-lieu sales tax, such that total fiscal year receipts ended on target at \$3.0 million.

Management's Discussion and Analysis

Business License. Because the nationwide economic recovery has been slow, the City budgeted conservatively for Business License Tax, which primarily comes from Casino San Pablo, thinking that perhaps there would be a significant slowdown in Casino revenue growth. Such a slowdown never did materialize in that casino revenue ended the year with a positive variance of \$5.7 million, or 27% over budget.

Other Taxes. The Transient Occupancy Tax and Franchise Tax attributed to the increase. Hotel occupancy rates were up, contributing approximately \$111,322 over budget, plus the City did not budget for the additional revenue generated by the restructuring of the Franchise Tax Agreement for solid waste services with Republic Sanitary Service. The positive variance equaled \$197,577, or 26% over budgeted figures.

Charges for Services. The actual revenue over budget of \$368,793 is primarily due to increased revenues received for CAD-RMS dispatch services, recreation services, and senior services, which experienced increased demand and increased service fees.

Expenditures. Expenditures totaling \$35.8 million were 12% more than original budgeted figures and 16% less than the final budgeted figures of \$42.5 million, resulting in a spending gap of \$6.7 million. The City experienced savings of \$7.4 million in General Government expenditures. Various position vacancies contributed to the savings, plus all departments were very careful to spend only what was needed.

Transfers. Final budgeted figures for net transfers out were \$1.7 million, which was \$4.9 million lower than what was actually transferred. This difference was due to various Capital Improvement Projects and construction of the new City Hall.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The capital assets of the City are those assets which are used in the performance of the City's functions. At June 30, 2019, capital assets net of accumulated amortization and depreciation of the Governmental activities totaled \$86.2 million. Amortization and depreciation on capital assets is recognized in the Government-Wide financial statements. Refer to Note 6 of this report for detailed information regarding capital assets. The City has elected to use the amortization and depreciation method as allowed by GASB Statement No. 34 for infrastructure reporting.

Management's Discussion and Analysis

	Original Cost	Accumulated Depreciation	Book Value
Capital Assets - Governmental:			
Land and land improvements	\$8,430,197		\$8,430,197
CIP	13,001,317		13,001,317
Bridges	5,486,753	\$4,780,605	706,148
Building and improvements	38,444,023	7,576,370	30,867,653
Machinery and equipment	4,463,521	2,542,780	1,920,741
Park and trail improvements	14,011,145	5,900,778	8,110,367
Roads, streets & sidewalks	89,863,221	48,947,918	40,915,303
Sports fields	1,506,986	1,382,791	124,195
Storm Drains	2,228,380	1,738,473	489,907
Street Lights	361,078	336,802	24,276
Traffic Signals	3,121,957	2,186,183	935,774
Trees	1,227,462	679,662	547,800
Vehicles	3,889,484	2,269,289	1,620,195
Total Capital Assets - Governmental	\$186,035,024	\$78,341,651	\$107,693,873

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

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

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

Management's Discussion and Analysis

In 2015, the City of San Pablo Joint Powers Financing Authority issued lease revenue bonds, Series 2015A (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 will be used to finance construction of a new City Hall. Principal and interest payments on the 2018 Bonds are due semi-annually through 2052.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

With the current uncertainty surrounding national politics and its impact on the economy, the City wisely chose to follow best management practices, taking a conservative approach relative to assumptions built into the budget cycle. On the revenue side, operating budget revenues are projected to show modest increases over the course of the four-year budget cycle. On the expenditure side, increasing labor costs and other inflationary factors are built into the multi-year budget according to labor agreements, vendor contracts, etc., thus ensuring sufficient funding. Details follow below.

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

- Integrate long-term financial planning with 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

Revenue Budget. Adopted revenue budgets are based 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 from a very conservative standpoint. Hence, while the FY 2018/19 operating revenue

Management's Discussion and Analysis

budget of \$41.0 million represents an increase of \$1.7 million (4%) over the adopted FY 2017/18 budget, audited actual operating revenues for FY 2018/19 put total receipts at approximately \$45.2 million, more than 10% over budget (\$4.2 million). This continues the City's overall trend of steady, upward revenue growth. Moreover, actual revenue receipts have increased an average of 7.4% over the last five years, from FY 2014/15 to 2018/19, but after "rightsizing" the adopted revenue budget to \$39.3 million in FY 2017/18, the remaining three years of the budget included average revenue increases of 4.9% annually. This upward trend is conservatively reflected in the FY 2020/21 budget. Additionally, grant revenues are not budgeted, but can be added to the budget throughout the budget cycle as such awards are received.

Most revenue increases are driven by increases to Casino Business License revenue. This line item, combined with the Casino Payment in Lieu of Taxes (PILOT), make up 61% of General Fund revenues. Over the last ten fiscal years, Casino Business License revenue has increased an average of 8.3% annually. However, due to the City's heavy dependence on Casino revenue, the City budgets this revenue very conservatively. For FY 2019/20, Casino Gross Gaming Revenues are budgeted at an amount less than actuals received two full fiscal years prior (FY 2017/18), thus building in a conservatively under-budgeted revenue source.

Other City revenues are likewise budgeted conservatively. With the quadrennial budget, the first and third years require a more detailed update and review, while the second and fourth years remain relatively flat, with increases in the 1% to 2% range. Like last fiscal year, Measure Q sales tax revenue remains low due to decreases in the tax rate of ¼ cent in October 2017, effectively cutting this tax in half. Three other revenue sources are relatively new and will increase significantly in outlying years: (1) digital LED sign revenue—captured in Fee for Service; (2) expanded City rental income from the new Women, Infants and Children (WIC) building shown in Rental Income; and (3) Road Maintenance and Rehabilitation Act revenue, listed under Gas Tax.

Expenditure Budget. Trend analysis on the expenditure side of the budget is quite stable and predictable. Nearly 65% of the operating funds budget is comprised of salary and benefit expense and is fully funded throughout the life of the budget. Moreover, labor agreements with each bargaining unit coincide with the four-year budget and have cost of living increases already built in, creating for a very stable work environment. The annual required contribution (ARC) for other post-employment benefits (OPEB), namely health benefits for retirees, is funded in the budget each fiscal year using the "pay-as-you-go" methodology. However, the 2019 actuarial update changed some actuarial assumptions and methodologies, resulting in an increase of net OPEB liability from 1% to 26%. The City will address this discrepancy in the near future. Another major cost factor is the start of the "ramp up" of the CalPERS pension expense due to the lowering of the discount rate. The annual ramp-up began in FY 2017/18, with increases peaking after seven years in FY 2025. This change, combined with previous changes to CalPERS smoothing assumptions and actuarial mortality rates are fully funded throughout the four-year budget, starting at \$1.7 million in FY 2018, increasing to \$2.3 million in FY 2018/19, then \$2.8 million in Year 3, and ending at \$3.3 million in Year 4.

The FY 2019/20 expenditure budget is \$5.7 million (14%) greater than the FY 2018/19 budget. This increase is primarily due to increases in the cost of labor of \$3.8 million (15%) and an increase in the services and

Management's Discussion and Analysis

supplies budget of \$900,000 (6%). The increase in labor expense is primarily due to scheduled cost of living wage increases, the increase in PERS unfunded liability payments, and finally reaching full staffing in the Police Department after years of vacancies, including the addition of new FTE for the Motors Division and the Tobacco Enforcement Unit. The majority of new staff filling previously vacant positions are lateral transfers, which start at higher wages, but bring a wealth of knowledge and stability, and reduce the turnover rate associated with hiring officers straight out of the academies. Some of the new positions, including the Tobacco Enforcement Unit, are fully funded by grants. As the City approaches Year 4 of the Quadrennial Budget, the adopted budget will again serve as baseline, and departments will have to make requests to exceed the baseline amount. Anticipated annual debt service payments of \$700,000 to fund construction of the new City Hall begin in FY 2019/20 and are fully funded.

Although spending has increased more than 6 percent on average over the last three fiscal years, the City continues to end each fiscal year under budget. There is no reason to expect that FY 2019/20 will end any differently.

Reserve Policies. To address fiscal uncertainty, the City adopted the Fiscal Resiliency Reserve Policy in October 2013. The policy requires Catastrophic Reserves at 50% of the General Operating Fund budget, and a Budget Stabilization Reserve at 5.0% of the General Fund budget. The policy also establishes General Fund Designated Reserves which allow the City to allocate funding for large, future expenses, including such things as CalPERS retirement rate increases, unfunded liabilities such as compensated absences, vehicle replacements, etc. Additionally, the policy establishes the Future Capital Projects Reserves for funding large capital projects in the absence of RDA funding. The policy also established the City Manager's Contingency Account at 1% of the General Fund budget to pay for unbudgeted and unforeseen expenses that arise during the normal course of business. Additionally, the City added the Casino Revenue Stability Reserve in June 2016, allowing the City to set aside up to 50% of unused audited fund balance as a rainy-day fund to guard against the sudden loss of casino revenue.

Redevelopment. The dissolution of all redevelopment agencies statewide continues to impact San Pablo activities as the City must rely on other revenue sources to fund capital projects rather than RDA bond proceeds. As evidence of the changed environment, all assets of the former RDA were transferred to the Local Successor Agency, which continued to unwind and dissolve all RDA financial and contractual obligations. In June 2014, the State Department of Finance approved the City's Long-Range Property Management Plan, giving the City authority to move forward with the use and disposition of all remaining properties as proposed, of which there were two at the end of FY 2018/19. After these final two properties are disposed, the City expects to file a Last and Final ROPS report with the State.

Major Capital Improvement Projects. To help secure its future governance, the City issued \$15,325,000 in tax-exempt lease revenue bonds (LRB's) in 2018 to build a new City Hall. The City's creditworthiness was reviewed by the credit rating agency Standard & Poor's, which reconfirmed its "AA-" bond rating, which was first issued in 2015 when Standard & Poor's cited the "city's recent and expected budgetary performance to be strong" and that the "city's management conditions as strong, supported by financial policies and practices that

Management's Discussion and Analysis

we consider good.” This favorable bond rating has allowed the City to obtain very favorable interest rates. Debt payments are fully funded each fiscal year of the four-year budget. The City Hall project is currently under construction, and it is expected that move-in will happen in March 2020. This project, like all bonded indebtedness undertaken by the City, is fully funded in every fiscal year of the budget.

REQUESTS FOR INFORMATION

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

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

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

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

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

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

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

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

CITY OF SAN PABLO
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Primary Government</u>	<u>Component Unit</u>
	Governmental Activities	Economic Development Corporation
ASSETS		
Cash and investments available for operations (Note 3)	\$80,639,500	\$1,534,923
Restricted cash and investments (Note 3)	7,720,527	239,754
Accounts receivable, net	3,689,713	80,083
Due from other governments, net	938,282	
Prepays and deposits (Note 1H)	(15,625)	21,489
Employee loans receivable (Note 5A)	4,678	
Notes receivable under former Redevelopment Agency programs, net (Note 5B)	14,462,305	
Helms Community Center and Rumrill Sports Park leveraged loans (Notes 5I and 5J)	11,839,080	
Property held for resale (Note 1I)	564,835	
Capital assets (Note 6):		
Land and construction in progress	21,431,514	1,835,000
Depreciable capital assets, net	86,262,359	14,231,795
Total assets	227,537,168	17,943,044
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions (Note 9B)	9,831,962	
Related to OPEB (Note 10E)	3,262,640	
Total deferred outflows of resources	13,094,602	
LIABILITIES		
Accounts payable and accrued liabilities	6,272,990	17,560
Deposits payable	783,548	178,250
Claims payable, due within one year (Note 12)	72,536	
Unearned revenue	1,497,577	7,625
Compensated absences (Note 1G):		
Due within one year	923,758	
Due in more than one year	852,153	
Long-term debt (Note 7):		
Due within one year	1,112,480	
Due in more than one year	40,584,477	18,156,000
Net pension liability, due in more than one year (Note 9B)	40,285,168	
Net OPEB liability, due in more than one year (Note 10C)	3,108,479	
Total liabilities	95,493,166	18,359,435
DEFERRED INFLOWS OF RESOURCES		
Related to pensions (Note 9B)	2,996,187	
Related to OPEB (Note 10E)	13,298	
Total deferred inflows of resources	3,009,485	
NET POSITION (Note 8)		
Net investment in capital assets	86,551,977	(1,849,451)
Restricted for:		
Capital projects	4,372,354	
Low and moderate income housing	8,656,887	
Economic development projects		1,355,271
Total restricted net position	13,029,241	1,355,271
Unrestricted net position	42,547,901	77,789
Total net position	\$142,129,119	(\$416,391)

See accompanying notes to financial statements

CITY OF SAN PABLO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants	Revenue and Changes in in Net Position	Revenue and Changes in in Net Position
					Primary Government	Component Unit
					Governmental Activities	Economic Development Corporation
Primary Government:						
Governmental Activities:						
General Government	\$12,006,415				(\$12,006,415)	
Community:						
Recreation	311,538	\$40,957			(270,581)	
Development	5,886,370	1,133,536	\$20,233		(4,732,601)	
Housing	28,930		945,342		916,412	
Public Works & Engineering	8,622,447	645,376	1,195,312	\$7,096,432	314,673	
Police	20,525,816	900,657	164,980		(19,460,179)	
Interest on long-term debt	1,558,865				(1,558,865)	
Total Governmental Activities	<u>\$48,940,381</u>	<u>\$2,720,526</u>	<u>\$2,325,867</u>	<u>\$7,096,432</u>	<u>(36,797,556)</u>	
Component Unit:						
Economic Development Corporation	<u>\$2,010,772</u>	<u>\$128,902</u>	<u>\$1,189,301</u>			<u>(\$692,569)</u>
General revenues:						
Taxes:						
Property taxes					2,943,210	
Sales taxes					3,854,079	
Utility taxes					2,548,455	
Transient occupancy taxes					636,322	
Franchise taxes					947,557	
Payment in lieu of taxes					2,018,802	
Business licenses (nonregulatory)					27,735,698	
Other taxes					83,611	
Intergovernmental unrestricted:						
Motor vehicle in lieu fees					2,666,964	
Use of money and property					2,404,371	88,897
Miscellaneous					418,944	
Total general revenues					<u>46,258,013</u>	<u>88,897</u>
Change in Net Position					9,460,457	(603,672)
Net Position-Beginning					132,668,662	187,281
Net Position (Deficit) -Ending					<u>\$142,129,119</u>	<u>(\$416,391)</u>

See accompanying notes to financial statements



CITY^{OF} SAN PABLO

City of New Directions

FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year.

The funds described below were determined to be Major Funds by the City for fiscal 2019. Individual non-major funds may be found in the Supplemental Section.

GENERAL FUND

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

LOW AND MODERATE INCOME HOUSING ASSETS

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

PUBLIC WORKS CONSTRUCTION

This fund accounts for major City capital improvement projects.

2015 LEASE REVENUE BONDS

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

2018 JPFA LEASE REVENUE BONDS

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

CITY OF SAN PABLO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019

	General	Low and Moderate Income Housing Assets	Public Works Construction	2015 Lease Revenue Bonds
ASSETS				
Cash and investments available for operations (Note 3)	\$55,270,318	\$7,613,913		
Restricted cash and investments (Note 3)				\$7,720,527
Accounts receivable	3,394,237			
Due from other governments	11,400		\$794,200	
Due from other funds (Note 4A)	1,752,847			
Prepays and deposits (Note 1H)	(15,625)			
Employee loans receivable (Note 5A)	4,678			
Redevelopment Agency program loans, net (Note 5B)		14,462,305		
Helms Community Center and Rumrill Sports Park leveraged loans (Notes 5I and 5J)	11,839,080			
Property held for resale (Note 1I)		564,835		
Total Assets	\$72,256,935	\$22,641,053	\$794,200	\$7,720,527
LIABILITIES				
Accounts payable and accrued liabilities	\$2,976,409		\$2,925,494	
Due to other funds (Note 4A)			1,752,505	
Deposits payable	210,810			
Unearned revenue	1,472,503			
Total Liabilities	4,659,722		4,677,999	
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - loans and notes receivable	6,510,080	\$14,081,631		
Total Deferred Inflows of Resources	6,510,080	14,081,631		
FUND BALANCES				
Fund balance (Note 8):				
Nonspendable	5,318,053			
Restricted		8,559,422		\$7,720,527
Assigned	5,018,720			
Unassigned	50,750,360		(3,883,799)	
TOTAL FUND BALANCES	61,087,133	8,559,422	(3,883,799)	7,720,527
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$72,256,935	\$22,641,053	\$794,200	\$7,720,527

See accompanying notes to financial statements

2018 JPFA Lease Revenue Bonds	Other Governmental Funds	Total Governmental Funds
\$12,836,284	\$4,918,985	\$80,639,500
		7,720,527
	295,476	3,689,713
	132,682	938,282
		1,752,847
		(15,625)
		4,678
		14,462,305
		11,839,080
		564,835
<u>\$12,836,284</u>	<u>\$5,347,143</u>	<u>\$121,596,142</u>
\$1,750	\$369,337	\$6,272,990
	342	1,752,847
	572,738	783,548
	25,074	1,497,577
<u>1,750</u>	<u>967,491</u>	<u>10,306,962</u>
		20,591,711
		20,591,711
		5,318,053
12,834,534	4,469,819	33,584,302
		5,018,720
	(90,167)	46,776,394
<u>12,834,534</u>	<u>4,379,652</u>	<u>90,697,469</u>
<u>\$12,836,284</u>	<u>\$5,347,143</u>	<u>\$121,596,142</u>

CITY OF SAN PABLO
 Reconciliation of the
 GOVERNMENTAL FUNDS BALANCE SHEET
 with the
 STATEMENT OF NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2019

Fund Balance - Total Governmental Funds	\$90,697,469
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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.	107,693,873
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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.	20,591,711
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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	9,831,962
Deferred outflows of resources related to OPEB	3,262,640
Claims payable	(72,536)
Compensated absences	(1,775,911)
Long-term debt	(41,696,957)
Net pension liability	(40,285,168)
Net OPEB liability	(3,108,479)
Deferred inflows of resources related to pensions	(2,996,187)
Deferred inflows of resources related to OPEB	(13,298)
	(13,298)

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$142,129,119
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See accompanying notes to financial statements



CITY^{OF} SAN PABLO

City of New Directions

CITY OF SAN PABLO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	General	Low and Moderate Income Housing Assets	Public Works Construction	2015 Lease Revenue Bonds
REVENUES				
Property taxes	\$1,819,023			
Sales taxes	3,027,102			
Utility users tax	2,548,455			
Business license tax	27,365,635			
Other taxes	3,686,292			
Licenses and permits				
Fines and forfeits	274,696			
Intergovernmental	2,975,113		\$6,597,926	
Charges for services	1,004,793			
Use of money and property	2,219,853	\$945,342		\$148,222
Miscellaneous	270,217		295,662	
Total Revenues	45,191,179	945,342	6,893,588	148,222
EXPENDITURES				
Current:				
General Government	11,539,713			
Community:				
Recreation	72,048			
Development	3,996,075			
Housing		28,930		
Public Works & Engineering	425,958		10,334	
Police	18,127,752			
Capital outlay	932,078		17,502,996	
Debt service:				
Principal retirement	641,063			330,000
Interest and fiscal charges	66,978			592,605
Total Expenditures	35,801,665	28,930	17,513,330	922,605
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	9,389,514	916,412	(10,619,742)	(774,383)
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 4B)	4,607,382		9,667,322	914,878
Transfers (out) (Note 4B)	(11,108,907)		(2,277,841)	
Total Other Financing Sources (Uses)	(6,501,525)		7,389,481	914,878
NET CHANGE IN FUND BALANCES	2,887,989	916,412	(3,230,261)	140,495
Fund balances at beginning of period	58,199,144	7,643,010	(653,538)	7,580,032
FUND BALANCES AT END OF PERIOD	\$61,087,133	\$8,559,422	(\$3,883,799)	\$7,720,527

See accompanying notes to financial statements

2018 JPFA Lease Revenue Bonds	Other Governmental Funds	Total Governmental Funds
	\$797,060	\$2,616,083
	1,280,603	4,307,705
		2,548,455
		27,365,635
		3,686,292
	370,063	370,063
		274,696
	1,976,756	11,549,795
	904,700	1,909,493
\$318,852	72,856	3,705,125
	157,505	723,384
<u>318,852</u>	<u>5,559,543</u>	<u>59,056,726</u>
	17,808	11,557,521
		72,048
	1,756,981	5,753,056
		28,930
	3,693,852	4,130,144
		18,127,752
	186,760	18,621,834
		971,063
579,413		1,238,996
<u>579,413</u>	<u>5,655,401</u>	<u>60,501,344</u>
<u>(260,561)</u>	<u>(95,858)</u>	<u>(1,444,618)</u>
	2,256,855	17,446,437
(1,985,142)	(2,074,547)	(17,446,437)
<u>(1,985,142)</u>	<u>182,308</u>	
(2,245,703)	86,450	(1,444,618)
<u>15,080,237</u>	<u>4,293,202</u>	<u>92,142,087</u>
<u>\$12,834,534</u>	<u>\$4,379,652</u>	<u>\$90,697,469</u>

CITY OF SAN PABLO
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2019

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$1,444,618)

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

CAPITAL ASSETS TRANSACTIONS

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

Capital outlay expenditures are added back to fund balance	18,032,510
Depreciation expense is deducted from fund balance	(4,158,535)
Loss on retirement	(18,575)

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	971,063
Interest accrued to principal is deducted from fund balance	(319,869)

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	(238,422)
Claims payable	(53,729)
Unavailable revenue - loans and notes receivable	(655,888)
Net pension liability and deferred outflows/inflows of resources related to pensions	(2,204,087)
Net OPEB liability and deferred outflows/inflows of resources related to OPEB	(449,393)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$9,460,457</u></u>
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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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$313,000	\$313,000	\$1,819,023	\$1,506,023
Sales taxes	2,459,058	2,459,058	3,027,102	568,044
In-lieu sales tax	575,000	575,000		(575,000)
Utility users tax	2,367,000	2,367,000	2,548,455	181,455
Business license tax	21,630,000	21,630,000	27,365,635	5,735,635
Other taxes	3,325,000	3,325,000	3,686,292	361,292
Fines and forfeits	226,000	226,000	274,696	48,696
Intergovernmental:				
Motor vehicle in lieu	2,313,000	2,313,000	2,666,964	353,964
Other	1,013,000	800,056	308,149	(491,907)
Charges for services	636,000	636,000	1,004,793	368,793
Use of money and property	1,211,000	1,211,000	2,219,853	1,008,853
Miscellaneous	120,000	117,500	270,217	152,717
Total Revenues	36,188,058	35,972,614	45,191,179	9,218,565
EXPENDITURES				
Current:				
General Government	15,097,053	18,986,833	11,539,713	7,447,120
Community:				
Recreation	73,500	73,500	72,048	1,452
Development	3,358,089	3,700,146	3,996,075	(295,929)
Public Works & Engineering	529,691	535,764	425,958	109,806
Police	16,119,525	18,064,113	18,127,752	(63,639)
Capital outlay	111,000	1,138,894	932,078	206,816
Debt Service:				
Principal			641,063	(641,063)
Interest and fiscal charges			66,978	(66,978)
Total Expenditures	35,288,858	42,499,250	35,801,665	6,697,585
EXCESS OF REVENUES OVER EXPENDITURES	899,200	(6,526,636)	9,389,514	15,916,150
OTHER FINANCING SOURCES (USES)				
Capital leases	1,000,000			
Transfers in	1,772,063	109,665	4,607,382	4,497,717
Transfers (out)	1,772,063	1,680,531	(11,108,907)	(12,789,438)
Total Other Financing Sources (Uses)	4,544,126	1,790,196	(6,501,525)	(8,291,721)
NET CHANGE IN FUND BALANCE	\$5,443,326	(\$4,736,440)	2,887,989	\$7,624,429
Fund balance at beginning of year			58,199,144	
FUND BALANCE AT END OF YEAR			\$61,087,133	

See accompanying notes to financial statements



CITY^{OF} SAN PABLO

City of New Directions

FIDUCIARY FUNDS

FIDUCIARY FUNDS

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

RETIREE HEALTH SAVINGS PLAN TRUST FUND

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

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY

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

AGENCY FUNDS

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

CITY OF SAN PABLO
FIDUCIARY FUNDS
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2019

	<u>Retiree Health Savings Plan Trust Fund</u>	<u>Successor Agency to the Redevelopment Agency Private-Purpose Trust</u>	<u>Agency Funds</u>
ASSETS			
Cash and investments (Note 3)		\$153,580	
Restricted cash and investments (Note 3)	\$9,650,517	3,228,568	\$7,257,852
Loans receivable (Note 13B)		2,089,701	
Property held for resale (Note 13C)		6,960,809	
Capital assets (Note 13D):			
Land and land improvements		2,819,393	
Depreciable capital assets, net		1,090,622	
	<u>9,650,517</u>	<u>16,342,673</u>	<u>\$7,257,852</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred amount on refunding of debt (Note 13E)		3,545,703	
		<u>3,545,703</u>	
LIABILITIES			
Accounts payable		2,501	\$204,362
Deposits held as agent for others			7,053,490
Long-term obligations (Note 13E):			
Due in one year		7,097,539	
Due in more than one year		50,394,285	
		<u>57,494,325</u>	<u>\$7,257,852</u>
Total liabilities		<u>57,494,325</u>	<u>\$7,257,852</u>
NET POSITION (DEFICIT) HELD IN TRUST FOR OPEB BENEFITS AND OTHER GOVERNMENTS			
	<u>\$9,650,517</u>	<u>(\$37,605,949)</u>	

See accompanying notes to financial statements

CITY OF SAN PABLO
 STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Retiree Health Savings Plan Trust Fund</u>	<u>Successor Agency to the Redevelopment Agency Private-Purpose Trust</u>
ADDITIONS		
Property taxes		\$2,325,842
Employer contributions	\$514,008	
Net investment income	488,698	139,620
Other		5,152,346
	<u>1,002,706</u>	<u>7,617,808</u>
Total additions	<u>1,002,706</u>	<u>7,617,808</u>
DEDUCTIONS		
Premiums paid	514,008	
Community development		3,886,072
Depreciation (Note 13D)		65,752
Debt service:		
Interest and fiscal charges		3,138,844
	<u>514,008</u>	<u>7,090,668</u>
Total deductions	<u>514,008</u>	<u>7,090,668</u>
Change in net position	488,698	527,140
NET POSITION (DEFICIT) HELD IN TRUST FOR OPEB BENEFITS AND OTHER GOVERNMENTS		
Beginning of year, as restated (Note 8E)	<u>9,161,819</u>	<u>(38,133,089)</u>
End of year	<u><u>\$9,650,517</u></u>	<u><u>(\$37,605,949)</u></u>

See accompanying notes to financial statements



CITY^{OF} SAN PABLO

City of New Directions

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

PRIMARY GOVERNMENT

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

Blended Component Units

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

DISCRETELY PRESENTED COMPONENT UNIT

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

In May 2012 the City Council, serving in its capacity as the governing board of the Corporation, adopted a resolution approving modifications to the governing board. Effective May 16, 2012, the governing board of the Corporation consists of two Councilmembers and three members of the community, however, for the period May 16, 2012 through September 1, 2012, the Corporation's operations remained financially integrated with those of the City and City staff continued to provide accounting, administrative and managerial services for the Corporation. As a result of this financial integration, the Corporation continued to be reported as a component unit of the City through September 1, 2012, and the financial activities of the Corporation were previously reported in the Economic Development Special Revenue Fund through that date.

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

B. Basis of Presentation

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

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

C. Major Funds

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

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

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

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

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

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

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

The City also reports the following fiduciary fund types:

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

D. Basis of Accounting

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

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

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

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

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

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

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

E. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet sometimes reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City only has one item that qualifies for reporting in this category related to pensions and OPEB as discussed in Note 9 and 10.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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 \$238,422 at June 30, 2019 and was allocated to the General Government, Community Development, Public Works, Engineering, Police and Community Recreation departments on the statement of activities. Sick pay does not vest and therefore is not accrued. The change in compensated absences was as follows:

Beginning Balance	\$1,537,489
Additions	1,308,344
Payments	<u>(1,069,922)</u>
Ending Balance	<u>\$1,775,911</u>
Due in One Year	<u>\$923,758</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, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Prepaids 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, 2019, the General Fund and the Economic Development Corporation had prepaid items of (\$15,625) and \$21,489, respectively.

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

I. Property Held for Resale

Land parcels held for resale are accounted for at the lower of cost or net realizable value or agreed upon sales price if a disposition agreement has been made with a developer.

J. Estimates and Assumptions

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

K. Fair Value Measurements

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

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

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

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments or settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; asset pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. This Statement required minor changes to the footnotes disclosed in Notes 7 and 13.

GASB Statement No. 83 – *Certain Asset Retirement Obligations* This Statement addresses accounting and financial reporting for certain Asset Retirement Obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement had no significant effect on the financial statements.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. *Budget Policy*

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

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen's comments.
3. The budget is legally enacted by City Council resolution.
4. All budget adjustments and transfers between funds and between departments must be approved by the City Council by resolution during the fiscal year. The City Manager and Finance Manager are authorized to transfer any unencumbered appropriations within a department. The legally adopted budget requires that expenditures not exceed total appropriations at the department level within each fund.
5. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds except the Low and Moderate Income Housing Assets, Traffic Congestion Relief, HCD Grant and Measure K Special Revenue Funds. In addition, the Public Works Construction, 2015 Lease Revenue Bonds and the 2018 JPFA Lease Revenue Bonds Capital Projects Funds are budgeted on a project length basis and therefore are not comparable on an annual basis.

B. *Excess of Expenditures over Appropriations*

The General Fund incurred community development, police and debt service expenditures in excess of appropriations in the amounts of \$295,929, \$63,639 and \$708,041, respectively. In addition, the Gas Tax Special Revenue Fund incurred public works & engineering expenditures in excess of appropriations in the amount of \$405,460 and the Street Lighting and Landscaping Special Revenue Fund incurred general governmental expenditures in excess of appropriations in the amount of \$4,875. The funds had enough revenues to finance these expenditures.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 – CASH AND INVESTMENTS

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

A. Policies

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

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

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

B. Classification

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

Primary Government Cash and Investments	
Cash and investments available for operations	\$80,639,500
Restricted cash and investments	7,720,527
 Component Unit Cash and Investments	
Cash available for operations	1,534,923
Restricted cash and investments	239,754
 Fiduciary Funds Cash and Investments	
Cash and investments available for operations	
in Fiduciary Funds (separate statement):	
Successor Agency to the Redevelopment	
Agency Private Purpose Trust	153,580
Restricted cash and investments	
in Fiduciary Funds (separate statement):	
Retiree Health Savings Plan Trust	9,650,517
Successor Agency to the Redevelopment	
Agency Private Purpose Trust	3,228,568
Agency Funds	7,257,852
Total cash and investments	\$110,425,221

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019

NOTE 3 – CASH AND INVESTMENTS (Continued)

F. Investments Authorized for the Retiree Health Savings Plan Trust

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

G. Interest Rate Risk

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

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

Investment Type	12 months or less	13 - 24 months	25 - 36 months	25 - 36 months	Fair Value Total
Securities of U.S. Government Agencies					
FFCB	\$2,542,914	\$1,111,781		\$1,014,480	\$4,669,175
FHLB	1,500,085	1,100,297	\$1,109,570	1,024,240	4,734,192
FNMA	1,694,667		552,888	1,041,490	3,289,045
FHLMC	2,994,135				2,994,135
U.S. Treasury Bonds/Notes	2,574,156			1,652,760	4,226,916
Medium Term Notes	5,491,148	1,000,335	1,685,371		8,176,854
Local Agency Investment Fund	45,480,813				45,480,813
Money Market Mutual Funds	42,500				42,500
Held by Trustee:					
Money Market Mutual Funds	23,555,945				23,555,945
Vantage Point MP Long Term Growth Mutual Fund (Equities)	9,650,517				9,650,517
Total Investments	\$95,526,880	\$3,212,413	\$3,347,829	\$4,732,970	106,820,092
<i>Cash on hand and in banks - City of San Pablo</i>					1,830,452
<i>Cash in banks - Economic Development Corporation</i>					1,774,677
Total Cash and Investments					\$110,425,221

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, 2019 the average maturity was 173 days.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019 are as follows:

Investment Type	AAAm	AAA	AA+/AA-	A+/A/A-	Total
Securities of U.S. Government Agencies					
FCB			\$4,669,175		\$4,669,175
FHLB			4,734,192		4,734,192
FNMA			3,289,045		3,289,045
FHLMC			2,994,135		2,994,135
Medium Term Notes		\$998,040	3,242,872	\$3,935,942	8,176,854
Money Market Funds	\$42,500				42,500
<i>Held by Trustees:</i>					
Money Market Funds	23,555,945				23,555,945
Totals	<u>\$23,598,445</u>	<u>\$998,040</u>	<u>\$18,929,419</u>	<u>\$3,935,942</u>	<u>47,461,846</u>
<i>Not rated:</i>					
Local Agency Investment Fund					45,480,813
<i>Retiree Health Savings Plan Trust:</i>					
Vantage Point MP Long Term Growth Mutual Fund (Equities)					9,650,517
<i>Exempt from credit rating disclosure:</i>					
U.S. Treasury Bonds/Notes					4,226,916
<i>Cash on Hand and in Banks - City of San Pablo</i>					1,830,452
<i>Cash on Hand and in Banks - Economic Development Corporation</i>					1,774,677
Total Cash and Investments					<u>\$110,425,221</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, 2019

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, 2019:

Investment Type	Level 1	Level 2	Fair Value Total
Investments by Fair Value:			
U.S. Treasury Notes	\$4,226,916		\$4,226,916
U.S. Government Agencies		\$15,686,547	15,686,547
Medium Term Notes		8,176,854	8,176,854
Total Investments at Fair Value	<u>\$4,226,916</u>	<u>\$23,863,401</u>	28,090,317
Investments Measured at Amortized Cost:			
Local Agency Investment Fund			45,480,813
Money Market Mutual Funds			42,500
Held by Trustee:			
Money Market Mutual Funds			23,555,945
Vantage Point MP Long Term Growth Mutual Fund (Equities)			9,650,517
Total Investments			106,820,092
<i>Cash with Banks and Petty Cash - City of San Pablo</i>			1,830,452
<i>Cash with Banks - Economic Development Corporation</i>			1,774,677
Total Cash and Investments			<u>\$110,425,221</u>

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

J. Concentration of Credit Risk

Investments in any one issuer, other than U.S. Treasury securities, money market mutual funds, and the California Local Agency Investment Fund that represent 5% or more of total City-wide investments are as follows as of June 30, 2019:

Fund/Issuer	Investment Type	Reported Amount
Federal Farm Credit Bank	U.S. Governmental Agencies	\$4,669,175
Federal Home Loan Bank	U.S. Governmental Agencies	4,734,192

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019, current interfund balances are as follows:

Fund Making Loan	Fund Receiving Loan	Transfer Amount
<i>Major Funds:</i>		
General Fund	Public Works Construction Fund	\$1,752,505
	Gas Tax Special Revenue Fund	143
	Development Services Special Revenue Fund	199
	Total	\$1,752,847

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, 2019 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Transfer Amount
<i>Major Funds:</i>		
General Fund	Public Works Construction Capital Projects Fund	\$2,277,841 (A)
	2018 JPFA Lease Revenue Debt Service Fund	1,985,142 (B)
Public Works Construction Capital Projects Fund	Public Safety Special Revenue Fund	344,399 (E)
	General Fund	7,937,174 (B), (C)
	Gas Tax Special Revenue Fund	500,971 (B)
	Measure J Special Revenue Fund	1,129,177 (B)
2015 Lease Revenue Bonds Capital Projects Fund	Street Lighting and Landscaping Special Revenue Fund	100,000 (B)
	General Fund	914,878 (D)
<i>Non-Major Funds:</i>		
Gas Tax Special Revenue Fund	General Fund	1,156,869 (C)
Development Services Special Revenue Fund	General Fund	446,132 (C)
Street Lighting and Landscaping Special Revenue Fund	General Fund	653,854 (C)
		\$17,446,437

The reasons for these transfers are set forth below:

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019, 6 employees had \$4,678 in such loans.

B. *Notes Receivable under Redevelopment Agency Programs*

The Agency engaged in programs designed to encourage construction of or improvement to low-to-moderate income housing. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to expend these funds in accordance with the Agency's terms. With the dissolution of the Redevelopment Agency as discussed in Note 13, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result the Low and Moderate Income Housing Asset Fund assumed the loans receivable of the Redevelopment Agency's Low and Moderate Income Housing Fund as of February 1, 2012. The balances of the notes receivable in the Low and Moderate Income Housing Assets Fund at June 30, 2019 are as follows:

Supplemental Education Revenue Augmentation Fund	\$380,674
Casa Adobe-Senior Citizen Units	1,112,628
Housing Initiative Program	9,969,839
San Pablo Housing Investors/Montevista San Pablo AR	1,450,000
East Bay Asian Local Development Corporation	1,549,164
Lao Family Community Development	721,437
Subtotal	15,183,742
Less: Allowance for conditional grant	(721,437)
Total	\$14,462,305

C. *Supplemental Education Revenue Augmentation Fund Loans*

In August 2011, the Agency approved an interfund advance for the year ended June 30, 2011 of \$2,865,000 from the Agency's Low and Moderate Income Housing Fund to the Redevelopment Agency Projects Fund for the purpose of funding the full amount of the Agency's 2010 SERAF payment. This loan does not bear interest and was to be repaid in five years. With the dissolution of the Agency effective February 1, 2012, the Successor Agency assumed the obligation to repay the advance and has recorded a loan payable to the Low and Moderate Income Housing Asset Fund as discussed in Note 13.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 5 – LOANS AND NOTES RECEIVABLE (Continued)

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. The balance of the loan at June 30, 2019 was \$380,674.

D. Casa Adobe - Senior Citizen Units

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

During fiscal year 2009, the Agency restructured the original agency loan and provided a new loan in the principal amount of \$1,232,951 to assist the Developer with financing the acquisition and rehabilitation of the Development. The Agency loan consists of the principal and accrued interest on the original Agency loan as of November 1, 2008. The restructured loan has a fifty-five year term with a zero percent interest rate. Commencing on May 1, 2010 and on each May 1st thereafter, payments are to be made from “residual receipts” as defined in the agreement. The balance of the loan at June 30, 2019 was \$1,112,628.

E. Housing Initiative Program

The former Redevelopment Agency administered a Housing Initiative Program under which individuals may qualify for first-time home buyer, purchase rehabilitation, second and third trust deed home improvement, dilapidated unit purchase, or foreclosed unit purchase loans. At June 30, 2019, loans outstanding under this Program totaled \$9,969,839.

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, 2019

NOTE 5 – LOANS AND NOTES RECEIVABLE (Continued)

F. *San Pablo Housing Investors*

Under the terms of an Owner Participation Agreement dated January 6, 2003, the former Redevelopment Agency made two loans to San Pablo Housing Investors in fiscal 2004 for the construction of eighty-two low-income rental units for seniors. The first loan of \$99,690 was used for City development fees, and the second loan of \$1,100,000 for construction. The loans carry simple interest rates per annum of 6% and 5.7%, respectively, with loan payments due within twenty years of the Completion Date. The project was completed on June 30, 2003. Payments began on January 31st following the Completion Date, and then each January 31st thereafter; payments are to be made from fifty percent of “residual receipts” as defined in the agreement. As of June 30, 2019, San Pablo Housing Investors owed principal of \$1,098,651 and interest of \$351,349, for a total of \$1,450,000.

G. *East Bay Asian Local Development Corporation*

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

On August 16, 2005, an amendment to the Owner Participation Agreement provided EBALDC with a supplemental project loan of up to \$1,200,000. Proceeds will facilitate the original construction project. Repayment terms of this additional loan are the same as the terms of the original loan. As of June 30, 2019, EBALDC has drawn down \$1,199,513 of the supplemental project loan.

The balance of the loans as of June 30, 2019 was \$1,549,164.

H. *Lao Family Community Development*

Under the terms of an Affordable Housing Subsidy Agreement dated December 20, 1993, the former Redevelopment Agency made a loan of \$82,500 to Lao Family Community Development, Inc. (Lao) for the development of a 32-unit apartment building with three of the units being affordable to moderate income persons. The loan bears interest at the rate of 6.06%, compounded annually. The agreement was amended on January 22, 1996 to provide an additional subsidy of \$75,000 which bears interest at the rate of 6.83%, compounded annually and increased the affordable units to 15. Both loans are repayable from “residual receipts” as defined in the agreement, and loans are due immediately upon the sale, assignment or transfer of the property without the consent of the Agency, or the expiration of the 30-year affordability covenant. However, unless the Agency directs otherwise, repayment of the loans is to be made to Contra Costa County under the terms of an Intercreditor Agreement; therefore, the City has accounted for this loan as a conditional grant and provided a reserve against the outstanding balance of the loans. As of June 30, 2019, the balance of the loans, including accrued interest, was \$721,437.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 5 – LOANS AND NOTES RECEIVABLE (Continued)

I. San Pablo Community Center Leveraged Loan

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

The City's loan bears simple interest of 1% and is payable in semi-annual interest-only payments from December 30, 2012 through December 20, 2022; thereafter principal and interest payments are due until June 1, 2049. As of June 30, 2019, the balance of the loan was \$6,510,080.

J. Rumrill Sports Park Leveraged Loan

The City, in partnership with Bank of America, has entered into various agreements which 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, 2019, 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, 2019.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 5 – LOANS AND NOTES RECEIVABLE (Continued)

Of the loan proceeds provided by the City and the Bank, HEAL reimbursed the City \$2,652,508 during fiscal year 2016 for costs previously incurred for the above project and paid the City \$1,600,000 to 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 2019.

NOTE 6 – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The City’s policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

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

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

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

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

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 6 – CAPITAL ASSETS (Continued)

A. Governmental Capital Asset Additions and Retirements

Capital assets recorded at June 30 comprise:

	Balance at June 30, 2018	Additions	Retirements/ Adjustments	Transfers	Balance at June 30, 2019
<i>Governmental activities</i>					
Capital assets not being depreciated:					
Land and land improvements	\$8,409,744			\$20,453	\$8,430,197
Construction in progress	11,262,778	\$17,135,563		(15,397,024)	13,001,317
Total capital assets not being depreciated	<u>19,672,522</u>	<u>17,135,563</u>		<u>(15,376,571)</u>	<u>21,431,514</u>
Capital assets being depreciated:					
Buildings and improvements	31,050,279	6,945		7,386,799	38,444,023
Machinery and equipment	4,336,483			127,038	4,463,521
Vehicles	3,116,552	890,002	(\$117,070)		3,889,484
Park and trail improvements	14,011,145				14,011,145
Sports fields	1,506,986				1,506,986
Roads & streets including sidewalks	82,190,702			7,672,519	89,863,221
Bridges	5,486,753				5,486,753
Street lights	361,078				361,078
Storm drains	2,228,380				2,228,380
Traffic signals	2,931,742			190,215	3,121,957
Trees	1,227,462				1,227,462
Total capital assets being depreciated	<u>148,447,562</u>	<u>896,947</u>	<u>(117,070)</u>	<u>15,376,571</u>	<u>164,604,010</u>
Less accumulated depreciation for:					
Buildings and improvements	7,007,433	568,937			7,576,370
Machinery and equipment	2,298,148	244,632			2,542,780
Vehicles	2,133,695	234,089	(98,495)		2,269,289
Park and trail improvements	5,002,316	898,462			5,900,778
Sports fields	1,302,572	80,219			1,382,791
Roads & streets including sidewalks	46,994,959	1,952,959			48,947,918
Bridges	4,702,050	78,555			4,780,605
Street lights	333,710	3,092			336,802
Storm drains	1,728,273	10,200			1,738,473
Traffic signals	2,123,342	62,841			2,186,183
Trees	655,113	24,549			679,662
Total accumulated depreciation	<u>74,281,611</u>	<u>4,158,535</u>	<u>(98,495)</u>		<u>78,341,651</u>
Net capital assets being depreciated	<u>74,165,951</u>	<u>(3,261,588)</u>	<u>(18,575)</u>	<u>\$15,376,571</u>	<u>86,262,359</u>
Governmental activity capital assets, net	<u>\$93,838,473</u>	<u>\$13,873,975</u>	<u>(\$18,575)</u>		<u>\$107,693,873</u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 6 – CAPITAL ASSETS (Continued)

Construction in progress comprised the following at June 30, 2019:

Project	Amount
City Hall Construction	\$9,051,753
Construction Management Design Build	2,992,101
Wildcat Creek & Greenway Trail	590,891
Other	366,572
Total construction in progress	<u>\$13,001,317</u>

B. Economic Development Corporation's Capital Assets

The following is a summary of the Economic Development Corporation's changes in capital assets for the fiscal year ended June 30, 2019:

	Balance at June 30, 2018	Additions	Balance at June 30, 2019
Capital assets not being depreciated:			
Land - SPCC and HEAL	\$1,835,000		\$1,835,000
Total capital assets not being depreciated	<u>1,835,000</u>		<u>1,835,000</u>
Capital assets being depreciated:			
Building - SPCC	8,364,410		8,364,410
Building - HEAL	180,000		180,000
Building - EDC		\$1,750,000	1,750,000
Building improvements - SPCC	48,985		48,985
Field improvements - HEAL	6,453,041		6,453,041
Equipment - SPCC	77,107		77,107
Furniture and fixtures - Helms	459,784		459,784
Vehicles	13,274		13,274
Total capital assets being depreciated	<u>15,596,601</u>	<u>1,750,000</u>	<u>17,346,601</u>
Less accumulated depreciation	<u>2,336,532</u>	<u>778,274</u>	<u>3,114,806</u>
Net capital assets being depreciated	<u>13,260,069</u>	<u>971,726</u>	<u>14,231,795</u>
Capital assets, net	<u>\$15,095,069</u>	<u>\$971,726</u>	<u>\$16,066,795</u>

C. Capital Asset Contributions

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 6 – CAPITAL ASSETS (Continued)

D. Depreciation Allocation

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

Governmental Activities:	
General Government	\$67,593
Community Recreation	135,187
Community Development	16,196
Public Works	3,698,970
Police	240,589
	\$4,158,535
Total depreciation expense	\$4,158,535
 Discretely Presented Component Unit:	
Economic Development Corporation	\$778,274
	\$778,274

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, 2018	Additions	Retirements	Balance June 30, 2019	Current Portion
Lease Revenue Bonds:						
Lease Revenue Bonds Series 2015A 2.00-4.00%, due 11/1/2044	\$4,255,000	\$3,595,000			\$3,595,000	
Lease Revenue Bonds Series 2015B 1.00-4.50%, due 11/1/2040	11,555,000	11,375,000		\$330,000	11,045,000	\$335,000
Lease Revenue Bonds Series 2018 2.50-5.00%, due 11/1/2052	15,325,000	15,325,000			15,325,000	
Total Lease Revenue Bonds		30,295,000		330,000	29,965,000	335,000
Direct Borrowings - Capital Lease:						
Helms Community Center 3.32%, due 12/31/2053	8,764,917	9,631,283	\$319,869	86,000	9,865,152	203,113
Public Safety Equipment 3.88%, due 4/17/2021	2,491,334	1,491,334		478,313	1,013,021	496,871
Direct Borrowings - Loan:						
Solar Loan 1.0%, due 12/22/2029	1,141,738	930,534		76,750	853,784	77,496
Total Capital Leases		12,053,151	319,869	641,063	11,731,957	777,480
Total City Debt		\$42,348,151	\$319,869	\$971,063	\$41,696,957	\$1,112,480

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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.

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 to 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 Lease 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, 2019

NOTE 7 – LONG-TERM DEBT (Continued)

Debt service requirements are shown below for the bonds:

<u>For the Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$335,000	\$1,150,164	\$1,485,164
2021	580,000	1,136,956	1,716,956
2022	600,000	1,117,549	1,717,549
2023	620,000	1,097,812	1,717,812
2024	635,000	1,078,307	1,713,307
2025-2029	3,565,000	5,014,287	8,579,287
2030-2034	4,410,000	4,160,111	8,570,111
2035-2039	5,490,000	3,094,154	8,584,154
2040-2044	6,680,000	1,896,006	8,576,006
2045-2049	4,070,000	850,363	4,920,363
2050-2053	2,980,000	220,938	3,200,938
Total	<u>\$29,965,000</u>	<u>\$20,816,647</u>	<u>\$50,781,647</u>

C. Helms Community Center Capital Lease

The City entered into an agreement with the Economic Development Corporation in December 2012 to lease the Helms Community Center. Construction of the Community Center was completed in June 2014. Prior to the completion of construction, the lease was accounted for as an operating lease. With the completion of construction, the lease was converted to a capital lease and using the final cost of the project of \$8,764,917, the City recorded a lease payable in that amount and the Economic Development Corporation recorded a lease receivable in the same amount. The Economic Development Corporation has recorded the lease receivable as a component of capital assets as required by its third-party lender related to the financing of the project. The imputed interest rate on the lease is 3.32% and lease payments are due semi-annually each June 30 and December 31 through 2053, commencing on December 31, 2015.

Debt service requirements are shown below for the capital lease:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Direct Borrowings</u> <u>Payments Due</u>
2020	\$203,113
2021	324,014
2022	333,734
2023	343,746
2024	354,059
2025-2029	1,936,141
2030-2034	2,244,520
2035-2039	2,602,011
2040-2044	3,016,444
2045-2049	3,496,887
2050-2054	3,617,811
Total Payments	18,472,480
Less Imputed Interest	(8,607,328)
Principal	<u>\$9,865,152</u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 7 – LONG-TERM DEBT (Continued)

D. Public Safety Equipment Capital Lease

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

Debt service requirements are shown below for the capital lease:

<u>For the Year Ending June 30</u>	<u>Direct Borrowings</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	\$496,871	\$39,305	\$536,176
2021	516,150	20,027	536,177
Total	<u>\$1,013,021</u>	<u>\$59,332</u>	<u>\$1,072,353</u>

E. Solar Panel Loan

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

Debt service requirements are shown below for the loan payable:

<u>Fiscal Year Ended June 30</u>	<u>Direct Borrowings</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	\$77,496	\$85,864	\$163,360
2021	78,296	85,864	164,160
2022	79,080	85,864	164,944
2023	79,874	85,864	165,738
2024	80,660	85,864	166,524
2025-2029	415,661	430,320	845,981
2030	42,717	42,932	85,649
Total	<u>\$853,784</u>	<u>\$902,572</u>	<u>\$1,756,356</u>

F. EDC Notes Payable

On December 12, 2012, the EDC entered into two loan agreements with New Markets Community Capital XI, LLC (NMCC). The first and second loans are for \$6,510,080 and \$2,795,920, respectively. Under the terms of the agreements, the loans bear interest of 1.360% and are payable in semi-annual interest-only payments due June 20 and December 20 until fiscal year 2022. Beginning on June 20, 2023, the EDC will begin making principal payments along with interest semi-annually, with a final payment due on December 1, 2052. At June 30, 2019, the outstanding balances on the loans were \$6,510,080 and \$2,795,920, respectively.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 7 – LONG-TERM DEBT (Continued)

On February 23, 2015, the EDC, through HEAL, LLC, entered into two loan agreements with Northern California Community Capital NMTC Sub-CDE XII, LLC. The first and second loans are in the amounts of \$4,947,116 and \$2,552,884, respectively. Under the terms of the agreements, the loans bear interest of 0.8619% and are payable in quarterly interest-only payments until fiscal year 2022. Beginning on June 15, 2022, the HEAL, LLC will begin making principal payments along with interest quarter-annually, with a final payment due on June 15, 2045. At June 30, 2019, the outstanding balances of the loans were \$4,947,116 and \$2,552,884 respectively.

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

For the Year Ending June 30	Direct Borrowings		Total
	Principal	Interest	
2020		\$190,886	\$190,886
2021		190,566	190,566
2022	\$73,796	190,566	264,362
2023	446,344	251,789	698,133
2024	558,409	183,493	741,902
2025-2029	2,885,322	824,187	3,709,509
2030-2034	3,047,600	662,002	3,709,602
2035-2039	3,219,287	490,221	3,709,508
2040-2044	3,401,277	308,232	3,709,509
2045-2049	2,038,096	141,976	2,180,072
2050-2052	1,135,869	25,524	1,161,393
Total	<u>\$16,806,000</u>	<u>\$3,459,442</u>	<u>\$20,265,442</u>

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

Future repayment requirements for the note are shown below:

For the Year Ending June 30	Principal	Interest	Total
2020		\$54,000	\$54,000
2021		54,000	54,000
2022		54,000	54,000
2023		54,000	54,000
2024		54,000	54,000
2025-2029		270,000	270,000
2030-2032	\$1,350,000	108,000	1,458,000
	<u>\$1,350,000</u>	<u>\$648,000</u>	<u>\$1,998,000</u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 8 – NET POSITION AND FUND BALANCES

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

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

A. Net Position

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

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

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

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

B. Fund Balances

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

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

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

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

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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

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

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

Detailed classifications of the City’s fund balances, as of June 30, 2019, are below:

Fund Balance Classifications	General Fund	Special Revenue	Capital Projects	Debt Service		Other Governmental Funds	Total
		Low and Moderate Income Housing Assets	Public Works Construction	2015 Lease Revenue Bonds	2018 JPFA Lease Revenue Bonds		
Nonspendable:							
Items not in spendable form:							
Prepays and deposits	(\$15,625)						(\$15,625)
Employee loans receivable	4,678						4,678
HEAL loan receivable	5,329,000						5,329,000
Total Nonspendable Fund Balances	5,318,053						5,318,053
Restricted for:							
Redevelopment Low and Moderate Income Housing		\$8,559,422					8,559,422
Street Lighting and Landscaping						\$621,810	621,810
Local Street and Road Improvements and Maintenance						2,090,002	2,090,002
Law Enforcement						106,090	106,090
National Pollution Discharge Elimination System						183,023	183,023
Paratransit						469,974	469,974
Housing Grants						97,465	97,465
Capital projects				\$7,720,527			7,720,527
Emergency Medical Services						901,455	901,455
Capital projects					\$12,834,534		12,834,534
Total Restricted Fund Balances		8,559,422		7,720,527	12,834,534	4,469,819	33,584,302
Assigned to:							
Capital Projects:							
Other	5,018,720						5,018,720
Total Assigned Fund Balances	5,018,720						5,018,720
Unassigned:							
General fund	50,750,360						50,750,360
Special Revenue						(90,167)	(90,167)
Capital projects			(\$3,883,799)				(3,883,799)
Total Unassigned Fund Balances	50,750,360		(3,883,799)			(90,167)	46,776,394
Total Fund Balances	\$61,087,133	\$8,559,422	(\$3,883,799)	\$7,720,527	\$12,834,534	\$4,379,652	\$90,697,469

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

The required balance of each reserve for the year ended June 30, 2019, and the actual balance for each as of June 30, 2019, which are reported within the unassigned fund balance of the General Fund follows:

	Required Ending Balance	Balance as of June 30, 2019
Catastrophic	\$20,482,727	\$20,482,727
Budget Stabilization Reserve	2,048,272	2,048,272
Designated	1,312,500	1,312,500
Future Capital Projects (includes Casino Revenue Sustainability Reserve)	9,025,614	10,025,657
Unassigned		<u>16,881,204</u>
Total General Fund Unassigned Fund Balance		<u><u>\$50,750,360</u></u>

D. Fund Equity Deficits

As of June 30, 2019, the Public Works Construction Capital Projects Fund and Development Services Special Revenue Fund had fund deficits of \$3,883,779 and \$90,167, respectively. These deficits are expected to be eliminated by funding from the General Fund.

E. Net Position Restatement

The City determined that revenue in the amount of \$7,249,096 was mistakenly accrued twice as of June 30, 2018 in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fiduciary Fund, therefore, revenue was overstated by this amount. As a result, a restatement was made to reduce the net position in the fund by this amount as of July 1, 2018.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 9 – PENSION PLANS

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

A. *General Information about the CalPERS Pension Plan*

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

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, 2019

NOTE 9 – PENSION PLANS (Continued)

The Plan’s provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous	
	<u>Classic (A)</u>	<u>PEPRA</u>
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8%	6.25%
Required employer contribution rates	10.609%	6.842%

	Safety	
	<u>Classic (A)</u>	<u>PEPRA</u>
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3%	2.0% to 2.7%
Required employee contribution rates	9%	12%
Required employer contribution rates	20.556%	12.141%

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 9 – PENSION PLANS (Continued)

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

For the year ended June 30, 2019, the City’s contributions to the Plan were as follows:

	Miscellaneous	Safety	Total
Contributions - employer	\$1,286,271	\$2,208,400	\$3,494,671

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, 2019, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$16,080,684
Safety	24,204,484
Total Net Pension Liability	\$40,285,168

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, 2018, 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, 2017 rolled forward to June 30, 2018 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2019 was as follows:

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 9 – PENSION PLANS (Continued)

	Miscellaneous
Proportion - June 30, 2018	0.41331%
Proportion - June 30, 2019	0.42669%
Change - Increase (Decrease)	0.01338%
	Safety
Proportion - June 30, 2018	0.39888%
Proportion - June 30, 2019	0.41251%
Change - Increase (Decrease)	0.01363%

For the year ended June 30, 2019, the City recognized pension expense of \$2,204,087. At June 30, 2019, 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	\$3,494,671	
Differences between actual and expected experience	1,137,060	(\$211,930)
Changes in assumptions	4,208,128	(769,707)
Net differences between projected and actual earnings on plan investments	243,375	
Change in proportion and differences between actual contributions and proportionate share of contributions	748,728	(2,014,550)
Total	\$9,831,962	(\$2,996,187)

\$3,494,671 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. 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
2020	\$3,162,738
2021	1,742,260
2022	(1,251,606)
2023	(312,288)
Total	\$3,341,104

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 9 – PENSION PLANS (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous (1)	Safety (1)
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
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	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) Actuarial assumptions are the same for all benefit tiers (Classic Tier I, Classic Tier II, and PEPRA)

(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 available on CalPERS website.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

Change of Assumptions – For the measurement date of June 30, 2018, the inflation rate reduced from 2.75% to 2.50%.

Discount Rate – The discount rate used to measure the total pension liability for each Plan was 7.15%. The projection of cash flows used to determine the discount rate for each 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, each Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. 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 for each Plan.

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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 9 – PENSION PLANS (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

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

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

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 9 – PENSION PLANS (Continued)

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

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	\$23,953,260	\$36,754,308
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$16,080,684	\$24,204,484
1% Increase	8.15%	8.15%
Net Pension Liability	\$9,582,003	\$13,922,151

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

C. *Public Agency Retirement System*

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

The City’s part-time, seasonal and temporary employees are covered under the Public Agency Retirement System (PARS), a defined contribution plan, which requires these employees to contribute 6% and the City to contribute 1.5% of the employees pay plus administration costs. The City’s required contributions of \$11,455 and the employee’s required contributions of \$54,630 were made during the fiscal year ending June 30, 2019.

NOTE 10 – POST RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN

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

Plan Description – In addition to the pension benefits described in Note 9 above, the City provides medical and dental benefits to substantially all retirees under the City of San Pablo Retiree Health Savings Plan, an agent multiple-employer defined benefit healthcare plan. The Plan does not issue separate financial statements. Coverage is also provided for spouses of employees having a minimum of 20 years of service at retirement.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 10 – POST RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN

Benefits Provided – The following is a summary of Plan benefits by employee group as of June 30, 2019:

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

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

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

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

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

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

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

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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

For the year ended June 30, 2019, the City’s contributions to the Plan were \$529,663.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2019:

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

B. Net OPEB Liability

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

	Actuarial Assumptions
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry age normal, level percent of pay
Amortization Method	Closed period, level percent pay
Amortization Period	20 years
Actuarial Assumptions:	
Discount Rate	7.36%
Inflation	2.50%
Payroll Growth	2.75%
Investment Rate of Return	7.36%
Mortality Rate	CalPERS Rates
Pre-Retirement Turnover	CalPERS Rates
Healthcare Trend Rate	6.50% in the first year, trending down to 3.84% over 58 years

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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

Discount Rate – The discount rate used to measure the total OPEB liability was 7.36%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability

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

C. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2018	\$9,441,643	\$9,161,819	\$279,824
Changes Recognized for the Measurement Period:			
Service Cost	207,595		207,595
Interest on the total OPEB liability	892,841		892,841
Changes in benefit terms			
Differences between expected and actual experience	86,591		86,591
Changes of assumptions	2,659,989		2,659,989
Contributions Employer - City's Contribution		511,963	(511,963)
Contributions Employer - Implicit Subsidy		17,700	(17,700)
Employee Contribution			
Net investment income		488,698	(488,698)
Administrative expenses			
Benefit payments - Employee Contributions	(511,963)	(511,963)	
Benefit payments - Implicit Rate Subsidy Fulfilled	(17,700)	(17,700)	
Net changes	3,317,353	488,698	2,828,655
Balance at June 30, 2019	\$12,758,996	\$9,650,517	\$3,108,479

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.36%) or 1-percentage-point higher (8.36%) than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1%	Current Discount Rate	Discount Rate +1%
(6.36%)	(7.36%)	(8.36%)
\$3,771,826	\$3,108,479	\$1,209,639

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.50% Decreasing to 2.84%) or 1-percentage-point higher (7.50% Decreasing to 4.84%) than the current healthcare cost trend rates:

Net OPEB Liability/(Asset)		
1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
(5.50% Decreasing to 2.84%)	(6.50% Decreasing to 3.84%)	(7.50% Decreasing to 4.84%)
\$1,008,750	\$3,108,479	\$3,946,429

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$1,011,023. At June 30, 2019, 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	\$76,158	
Changes of assumptions	3,186,482	
Net differences between projected and actual earnings on plan investments		(\$13,298)
Total	\$3,262,640	(\$13,298)

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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

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
2020	\$569,833
2021	569,833
2022	569,834
2023	384,280
2024	350,172
Thereafter	805,390
Total	\$3,249,342

NOTE 11 – DEFERRED COMPENSATION PLAN

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 12 – RISK MANAGEMENT

A. *Municipal Pooling Authority (MPA)*

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

Type of Coverage (Deductible)	Coverage Limits
Liability (\$10,000)	\$29,000,000
Cyber Liability (\$50,000)	2,000,000
Public Entity Pollution Liability (\$100,000)	1,000,000
Vehicle - Physical Damage (\$3,000 for police vehicles, \$2,000 for all others)	250,000
Worker's Compensation (no deductible)	Statutory Limit
Government Crime Coverage (\$10,000)	1,000,000
Employment Liability Program (\$100,000)	2,000,000
Property	
All Risk (\$25,000)	1,000,000,000
Water (\$150,000)	1,000,000,000
Flood*	25,000,000
Boiler & Machinery (\$5,000)	100,000,000

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

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

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

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

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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 12 – RISK MANAGEMENT (Continued)

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

	June 30,	
	2019	2018
Beginning balance	\$18,807	\$35,653
Provision for current fiscal year claims	78,885	23,957
Change in provision for prior fiscal year claims	9,896	(35,653)
Claims paid	(35,052)	(5,150)
Ending balance	\$72,536	\$18,807

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, 2019 are discussed in Note 3. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2019.

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.

During fiscal year 2016, in conjunction with the sale of Successor Agency-owned property, the Successor Agency agreed to loan the funds necessary for the land purchase to the buyer. The loan is secured by a promissory note and deed of trust on the property. The Note bears simple annual interest of 3.25% and interest payments are due annually each December through 2039. The principal balance of the Note is due on December 10, 2039. The balance of the note receivable was \$716,574 as of June 30, 2019.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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

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. 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, 2019 are as follows:

Micro Loan Program	\$23,127
Pakpour Loan	716,574
EDC - Mission Plaza	<u>1,350,000</u>
Total	<u><u>\$2,089,701</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.

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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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

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

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

Capital assets recorded at June 30 comprise:

	Balance at June 30, 2018	Additions	Retirements	Balance at June 30, 2019
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	68,237		(\$42,093)	26,144
Total capital assets being depreciated	<u>2,790,521</u>		<u>(42,093)</u>	<u>2,748,428</u>
Less accumulated depreciation for:				
Buildings and improvements	1,475,436	\$65,752		1,541,188
Machinery and equipment	92,202			92,202
Vehicles	66,509		(42,093)	24,416
Total accumulated depreciation	<u>1,634,147</u>	<u>65,752</u>	<u>(42,093)</u>	<u>1,657,806</u>
Net capital assets being depreciated	<u>1,156,374</u>	<u>(65,752)</u>		<u>1,090,622</u>
Capital assets, net	<u><u>\$3,975,767</u></u>	<u><u>(\$65,752)</u></u>		<u><u>\$3,910,015</u></u>

E. 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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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

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, 2018	Additions	Retirements	Balance June 30, 2019	Current Portion
Tax Allocation Bonds:						
Tax Allocation Revenue Bonds Series 2004 2.00-5.00%, due 12/01/2019	\$37,755,000	\$3,680,000		\$720,000	\$2,960,000	\$2,960,000
Tax Allocation Refunding Bonds Series 2014A 2.00-5.00%, due 6/15/2031	47,595,000	40,710,000		840,000	39,870,000	4,045,000
Premium	6,429,385	4,916,589		378,199	4,538,390	
Tax Allocation Refunding Bonds Series 2014B 2.00-5.00%, due 6/15/2023	6,970,000	5,585,000			5,585,000	
Premium	859,238	477,354		95,471	381,883	
Tax Allocation Refunding Bonds Series 2016 3.00-3.81%, due 6/15/2029	2,685,531	2,831,689	\$240,220		3,071,909	
Direct Borrowings -Tax Allocation Bonds:						
SERAF Loan 2%, due 5/10/2021	1,222,860	794,692		90,724	703,968	92,539
Total Tax Allocation Bonds		58,200,632	240,220	2,033,670	56,407,182	7,005,000
Direct Borrowings - Housing Successor Loans:						
2011 Loan	2,865,000	380,674			380,674	
Total Housing Successor Loans		380,674			380,674	
Total Successor Agency Debt		\$58,581,306	\$240,220	\$2,033,670	\$56,787,856	\$7,005,000

2. Debt Service Requirements

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

For the Year Ending June 30	Principal (1)	Interest	Direct Borrowings		Total
			Principal	Interest	
2020	\$7,005,000	\$2,344,875	\$92,539	\$14,079	\$9,456,493
2021	4,255,000	2,070,500	611,430		6,936,930
2022	4,475,000	1,857,750			6,332,750
2023	4,675,000	1,634,000			6,309,000
2024	4,524,430	1,570,820			6,095,250
2025-2029	19,881,101	5,175,399			25,056,500
2030-2031	6,285,000	447,250			6,732,250
Total	\$51,100,531	\$15,100,594	\$703,969	\$14,079	\$66,919,173

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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

3. 2004 Tax Allocation Revenue Bonds

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

On June 1, 2014, the Agency issued 2014 Series A Refunding Tax Allocation Bonds in the amount of \$47,595,000 to refund \$15,345,000 of the 2004 Tax Allocation Revenue Bonds, and on August 27, 2014, the Agency issued 2014 Series B Refunding Tax Allocation Bonds in the amount of \$6,970,000 to refund \$5,480,000 of the 2004 Tax Allocation Bonds.

4. SERAF Loan from State of California

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

5. 2014 Tax Allocation Bonds, Series A and Series B

On June 1, 2014, the Agency issued \$47,595,000 in 2014 Tax Allocation Bonds, Series A. The proceeds of these bonds, secured by property tax revenues in the Redevelopment Property Tax Trust Fund, were used to refund and defease the outstanding 2001 Tax Allocation Revenue Serial and Term Bonds, a portion of the 2001 Tax Allocation Revenue Capital Appreciation Bonds, a portion of the 2004 Tax Allocation Revenue Bonds and the outstanding balance of the 2006 Subordinate Tax Allocation Bonds. The refunding reduced the total debt service payments over 19 years by \$4,048,958 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$4,034,727. The 2006 Bonds were called on June 27, 2014 and the outstanding balance of the defeased 2004 Bonds was \$16,610,000 as of June 30, 2019.

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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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

On August 27, 2014, the Successor Agency issued the 2014 Series B Tax Allocation Bonds in the principal amount of \$6,970,000. The proceeds of these bonds, secured by property tax revenues in the Redevelopment Property Tax Trust Fund, are to be used to refund the total amount outstanding the 1999A Tax Allocations Bonds and a portion of the 2004 Tax Allocation Bonds.

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

6. *2016 Subordinate Tax Allocation Refunding Bonds*

On August 1, 2016, the Agency issued \$2,685,531 in 2016 Subordinate Tax Allocation Refunding Bonds. The proceeds of these bonds, secured by property tax revenues in the Redevelopment Property Tax Trust Fund, are to be used to refund the total amount outstanding for the 2001 Tax Allocations Bonds. The refunding reduced the total debt service payments over 6 years by \$600,000 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$377,281. The bonds bear interest rates between 3.0% and 3.81% with interest payments and principal payments made annually on June of each year Commencing 2024 through 2029.

The 2016 Bonds shall not bear interest, but shall accrete in value from their Initial Denominational Amount on the date of issuance thereof to their stated maturity at a compounded interest rate, and shall be payable only on maturity thereof. Interest on the 2016 Bonds shall be compounded, commencing on December 15, 2016 and thereafter on each June 15th and December 15th in each Bond Year. Accreted value with respect to the 2016 Bonds shall be calculated based on the basis of a 360 day year consisting of twelve 30-day months. For the fiscal year ended June 30, 2019, the City recorded an accreted value of \$240,220 related to the 2016 Bonds.

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

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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

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

The State of California Department of Finance has stated that repayment cannot begin prior to fiscal year 2014-2015, and the maximum annual repayment amount is limited based on calculations in Health and Safety Code Section 34176(e)(6).

8. *Pledged Revenues*

As discussed above, the Agency has pledged all future tax increment revenues, less amounts required to be set aside in the Redevelopment Agency Low and Moderate Income Housing Fund, for the repayment of the Tax Allocation Bonds. The 1999A, 2001 and 2004 Bonds are considered senior parity obligations, while the 2014A and 2014B Bonds are subordinated to those Bonds. The pledge of all future tax increment revenues ends upon repayment of \$87,189,779 remaining debt service on the Bonds above, which is scheduled to occur in 2031. With the issuance of the 2014B Bonds, projected tax increment revenues are expected to provide coverage over debt service of 149%-241% over the life of the outstanding Bonds. With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues.

Beginning in fiscal year 2012, under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations. Total tax increment available for distribution to the Successor Agency and other taxing entities for fiscal year 2017 calculated by the County Auditor-Controller was \$9,373,109, and the total received by the Successor Agency for fiscal year 2017 debt service was \$11,150,519, which represented coverage of 215% of the \$5,196,695 of debt service. The lesser tax distribution was deemed sufficient, because the Agency had other revenues/resources available to direct towards debt service.

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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

F. *Commitments and Contingencies*

State Approval of Enforceable Obligations

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

NOTE 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 2019. The City is represented by one Director.

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

B. *West Contra Costa Transportation Advisory Committee (WCCTAC)*

WCCTAC was established in 1990 to develop regional strategies and meet regional requirements established by Measure C and to cooperatively address West Contra Costa County transportation issues. The City's payments to WCCTAC are in accordance with a formula under which each member Agency pays a proportionate share of the expenditures based on the number of voting members representing each Agency. The City has one voting member on the WCCTAC and pays 9.1% of the expenditures. For fiscal year 2018-2019, the dues paid to WCCTAC were \$47,049.

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

NOTE 15 – OPERATING LEASES

A. *Rumrill Sports Park Lease*

The City entered into an agreement with the Healthy Eating Active Living, LLC (HEAL), a controlled affiliate of the Economic Development Corporation, in February 2015 to lease the former BNSF property for the Rumrill Sports Park project for a term of 55 years. Under the terms of the lease, HEAL prepaid the rent in the amount of \$1,600,000 in fiscal year 2015. During fiscal year 2019, the City recognized lease rental income in the amount of \$30,529, and the remaining balance of unearned revenue was \$1,472,503 as of June 30, 2019.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 15 – OPERATING LEASES (Continued)

B. Office Building Lease

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

NOTE 16 – COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Pollution Remediation

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

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

C. Federal and State Grant Programs

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 16 – COMMITMENTS AND CONTINGENCIES (Continued)

D. Encumbrances

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances outstanding as of June 30, 2019 were as follows:

	Amount
Major Funds:	
General Fund	\$5,018,720
Public Works Construction Capital Projects Fund	13,984,170
NonMajor Funds:	
Gas Tax Special Revenue Fund	17,664
NPDES Special Revenue Fund	13,789
Development Services Special Revenue Fund	79,160
Paratransit Special Revenue Fund	1,884
Law Enforcement Services Special Revenue Fund	133,347

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
Plan's Proportion of the Net Pension Liability (Asset)	0.33724%	0.41099%	0.40834%	0.41331%	0.42669%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$8,334,746	\$11,275,238	\$14,185,078	\$16,292,956	\$16,080,684
Plan's Covered Payroll	\$5,540,261	\$7,057,629	\$7,383,158	\$7,683,846	\$11,781,215
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	150.44%	159.76%	192.13%	212.04%	136.49%
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%

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

* Fiscal year 2015 was the 1st year of implementation, therefore only five 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
Plan's Proportion of the Net Pension Liability (Asset)	0.36611%	0.38625%	0.38625%	0.39888%	0.41251%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	<u>\$13,732,752</u>	<u>\$15,915,059</u>	<u>\$20,687,669</u>	<u>\$23,833,863</u>	<u>\$24,204,484</u>
Plan's Covered Payroll	\$5,363,191	\$5,551,419	\$5,433,597	\$5,220,618	\$11,777,820
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	256.06%	286.68%	380.74%	456.53%	205.51%
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%

* Fiscal year 2015 was the 1st year of implementation, therefore only five 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
Actuarially determined contribution	\$1,494,686	\$1,663,467	\$1,825,704	\$2,131,854	\$2,208,400
Contributions in relation to the actuarially determined contributions	(1,494,686)	(1,663,467)	(1,825,704)	(2,131,854)	(2,208,400)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$5,551,419	\$5,433,597	\$5,220,618	\$5,714,774	\$11,777,820
Contributions as a percentage of covered payroll	26.92%	30.61%	34.97%	37.30%	18.75%

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Measurement Date	6/30/2019	6/30/2018	6/30/2017
Total OPEB Liability			
Service Cost	\$207,595	\$214,910	\$260,317
Interest	892,841	533,651	659,606
Changes in benefit terms	-	-	-
Differences between expected and actual experience	86,591	-	(1,840,385)
Changes of assumptions	2,659,989	1,337,162	(702,000)
Benefit payments - Including refunds of Employee Contributions	(511,963)	(517,741)	(118,961)
Benefit payments - Implicit Rate Subsidy Fulfilled	(17,700)	(17,617)	(515,087)
Net change in total OPEB liability	3,317,353	1,550,365	(2,256,510)
Total OPEB liability - beginning	9,441,643	7,891,278	10,147,788
Total OPEB liability - ending (a)	\$12,758,996	\$9,441,643	\$7,891,278
Plan fiduciary net position			
Contributions - Employer City's Contributions	\$511,963	\$517,741	\$515,087
Contributions - employer Implicit Subsidy	17,700	17,617	-
Contributions - employee	-	-	-
Net investment income	488,698	793,503	1,123,501
Administrative expense	-	-	-
Benefit payments - Including refunds of Employee Contributions	(511,963)	(517,741)	(515,087)
Benefit payments - Implicit Rate Subsidy Fulfilled	(17,700)	(17,617)	-
Net change in plan fiduciary net position	488,698	793,503	1,123,501
Plan fiduciary net position - beginning	9,161,819	8,368,316	7,244,815
Plan fiduciary net position - ending (b)	\$9,650,517	\$9,161,819	\$8,368,316
Net OPEB liability - ending (a)-(b)	\$3,108,479	\$279,824	(\$477,038)
Plan fiduciary net position as a percentage of the total OPEB liability	75.64%	97.04%	106.05%
Covered payroll	\$14,310,894	\$12,161,432	\$11,821,562
Net OPEB liability as a percentage of covered payroll	21.72%	2.30%	-4.04%

* 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,	2019	2018
Actuarially determined contribution	\$231,532	\$178,156
Contributions in relation to the actuarially determined contribution	529,663	535,358
Contribution deficiency (excess)	(\$298,131)	(\$357,202)
Covered payroll	\$14,310,894	\$12,161,432
Contributions as a percentage of covered payroll	3.70%	4.40%

Notes to Schedule

Valuation date:	6/30/2018	6/30/2016
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Methods and assumptions used to determine contribution rates:

Valuation Date	6/30/2018	6/30/2016
Actuarial Assumptions:		
Discount Rate	7.36%	7.00%
Inflation	2.50%	2.50%
Payroll Growth	2.75%	2.875%
Investment Rate of Return	7.36%	6.50%
Mortality Rate	CalPERS Rates	CalPERS Rates
Pre-Retirement Turnover	CalPERS Rates	CalPERS Rates
Healthcare Trend Rate	7% trending down to 3.84%.	7% in the first year, trending down to 3% over 3 years.

* Fiscal year 2018 was the first year of implementation.



CITY^{OF} SAN PABLO

City of New Directions

SUPPLEMENTAL INFORMATION



CITY^{OF} SAN PABLO

City of New Directions

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

GAS TAX

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

PUBLIC SAFETY

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

N.P.D.E.S.

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

DEVELOPMENT SERVICES

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

MEASURE C / J

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

ASSET SEIZURES

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

PARATRANSIT

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

STREET LIGHTING AND LANDSCAPING

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

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

TRAFFIC CONGESTION RELIEF

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

HCD GRANT

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

MEASURE K

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



CITY^{OF} SAN PABLO

City of New Directions

CITY OF SAN PABLO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2019

SPECIAL REVENUE FUNDS

	<u>Gas Tax</u>	<u>Public Safety</u>	<u>N.P.D.E.S.</u>	<u>Development Services</u>	<u>Measure C / J</u>
ASSETS					
Cash and investments available for operations			\$41,158		\$1,985,615
Accounts receivable	\$127,515	\$21,698	146,263		
Due from other governments					
Total Assets	<u>\$127,515</u>	<u>\$21,698</u>	<u>\$187,421</u>		<u>\$1,985,615</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$27,667		\$4,398	\$32,892	
Due to other funds	143			199	
Deposits payable	12,730			57,076	
Unearned revenue	25,074				
Total Liabilities	<u>65,614</u>		<u>4,398</u>	<u>90,167</u>	
FUND BALANCES					
Restricted	61,901	\$21,698	183,023		\$1,985,615
Unassigned				(90,167)	
Total Fund Balance (Deficit)	<u>61,901</u>	<u>21,698</u>	<u>183,023</u>	<u>(90,167)</u>	<u>1,985,615</u>
Total Liabilities and Fund Balances	<u>\$127,515</u>	<u>\$21,698</u>	<u>\$187,421</u>		<u>\$1,985,615</u>

SPECIAL REVENUE FUNDS

Asset Seizures	Paratransit	Street Lighting and Landscaping	Traffic Congestion Relief	HCD Grant	Measure K	Total Nonmajor Governmental Funds
\$133,210	\$473,397	\$1,231,126	\$188,084	\$97,465	\$768,930	\$4,918,985
	157				132,525	295,476
<u>\$133,210</u>	<u>\$473,554</u>	<u>\$1,231,126</u>	<u>\$188,084</u>	<u>\$97,465</u>	<u>\$901,455</u>	<u>\$5,347,143</u>
\$48,818	\$3,580	\$106,384	\$145,598			\$369,337
		502,932				342
						572,738
						25,074
<u>48,818</u>	<u>3,580</u>	<u>609,316</u>	<u>145,598</u>			<u>967,491</u>
84,392	469,974	621,810	42,486	\$97,465	\$901,455	4,469,819
						(90,167)
<u>84,392</u>	<u>469,974</u>	<u>621,810</u>	<u>42,486</u>	<u>97,465</u>	<u>901,455</u>	<u>4,379,652</u>
<u>\$133,210</u>	<u>\$473,554</u>	<u>\$1,231,126</u>	<u>\$188,084</u>	<u>\$97,465</u>	<u>\$901,455</u>	<u>\$5,347,143</u>

CITY OF SAN PABLO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

SPECIAL REVENUE FUNDS

	Gas Tax	Public Safety	N.P.D.E.S.	Development Services	Measure C / J
REVENUES					
Property taxes					
Sales tax		\$124,780			\$453,626
Licenses and permits				\$370,063	
Intergovernmental	\$1,177,228		\$345,529		
Charges for services	207,139		13,380	684,181	
Use of money and property			1,160		43,274
Miscellaneous	104,955		10,000	2,769	
Total Revenues	<u>1,489,322</u>	<u>124,780</u>	<u>370,069</u>	<u>1,057,013</u>	<u>496,900</u>
EXPENDITURES					
Current:					
General Government					
Community:					
Development				1,441,421	
Public Works & Engineering	2,047,460		409,223		
Capital outlay	27,443				
Total Expenditures	<u>2,074,903</u>		<u>409,223</u>	<u>1,441,421</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(585,581)</u>	<u>124,780</u>	<u>(39,154)</u>	<u>(384,408)</u>	<u>496,900</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,156,869			446,132	
Transfers (out)	(500,971)	(344,399)			(1,129,177)
Total Other Financing Sources (Uses)	<u>655,898</u>	<u>(344,399)</u>		<u>446,132</u>	<u>(1,129,177)</u>
NET CHANGE IN FUND BALANCES	70,317	(219,619)	(39,154)	61,724	(632,277)
Fund balances (deficits) at beginning of year	(8,416)	241,317	222,177	(151,891)	2,617,892
FUND BALANCES (DEFICITS) AT END OF YEAR	<u>\$61,901</u>	<u>\$21,698</u>	<u>\$183,023</u>	<u>(\$90,167)</u>	<u>\$1,985,615</u>

SPECIAL REVENUE FUNDS

Asset Seizures	Paratransit	Street Lighting and Landscaping	Traffic Congestion Relief	HCD Grant	Measure K	Total Nonmajor Governmental Funds
		\$797,060				\$797,060
					\$702,197	1,280,603
						370,063
	\$259,853	158,518	\$35,628			1,976,756
						904,700
\$2,139	6,770	15,155	2,747	\$1,611		72,856
7,615	12,166	20,000				157,505
9,754	278,789	990,733	38,375	1,611	702,197	5,559,543
		17,808				17,808
	315,560					1,756,981
		1,237,169				3,693,852
		159,317				186,760
	315,560	1,414,294				5,655,401
9,754	(36,771)	(423,561)	38,375	1,611	702,197	(95,858)
		653,854				2,256,855
		(100,000)				(2,074,547)
		553,854				182,308
9,754	(36,771)	130,293	38,375	1,611	702,197	86,450
74,638	506,745	491,517	4,111	95,854	199,258	4,293,202
\$84,392	\$469,974	\$621,810	\$42,486	\$97,465	\$901,455	\$4,379,652

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, 2019

	SPECIAL REVENUE FUNDS					
	GAS TAX			PUBLIC SAFETY		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax				\$111,000	\$124,780	\$13,780
Licenses and permits						
Intergovernmental	\$1,195,051	\$1,177,228	(\$17,823)			
Charges for services	73,774	207,139	133,365			
Use of money and property						
Miscellaneous		104,955	104,955			
Total Revenues	1,268,825	1,489,322	220,497	111,000	124,780	13,780
EXPENDITURES						
Current:						
General Government						
Community:						
Development						
Public Works & Engineering	1,642,000	2,047,460	(405,460)			
Capital outlay	43,869	27,443	16,426			
Total Expenditures	1,685,869	2,074,903	(389,034)			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(417,044)	(585,581)	(168,537)	111,000	124,780	13,780
OTHER FINANCING SOURCES (USES)						
Transfers in	510,971	1,156,869	645,898			
Transfers (out)		(500,971)	(500,971)		(344,399)	(344,399)
Total Other Financing Sources (Uses)	510,971	655,898	144,927		(344,399)	(344,399)
NET CHANGE IN FUND BALANCES	\$93,927	70,317	(\$23,610)	\$111,000	(219,619)	(\$330,619)
Fund balances (deficits) at beginning of year		(8,416)			241,317	
FUND BALANCES (DEFICITS) AT END OF YEAR		\$61,901			\$21,698	

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)
						\$390,000	\$453,626	\$63,626
\$328,000	\$345,529	\$17,529	\$330,000	\$370,063	\$40,063			
5,000	13,380	8,380	560,000	684,181	124,181			
	1,160	1,160				5,000	43,274	38,274
800	10,000	9,200	20,000	2,769	(17,231)			
<u>333,800</u>	<u>370,069</u>	<u>36,269</u>	<u>910,000</u>	<u>1,057,013</u>	<u>147,013</u>	<u>395,000</u>	<u>496,900</u>	<u>101,900</u>
434,178	409,223	24,955	1,559,489	1,441,421	118,068			
<u>434,178</u>	<u>409,223</u>	<u>24,955</u>	<u>1,559,489</u>	<u>1,441,421</u>	<u>118,068</u>			
<u>(100,378)</u>	<u>(39,154)</u>	<u>61,224</u>	<u>(649,489)</u>	<u>(384,408)</u>	<u>265,081</u>	<u>395,000</u>	<u>496,900</u>	<u>101,900</u>
				446,132	446,132	1,129,177		(1,129,177)
							(1,129,177)	(1,129,177)
				446,132	446,132	1,129,177	(1,129,177)	(2,258,354)
<u>(\$100,378)</u>	<u>(39,154)</u>	<u>\$61,224</u>	<u>(\$649,489)</u>	61,724	<u>\$711,213</u>	<u>\$1,524,177</u>	(632,277)	<u>(\$2,156,454)</u>
	222,177			(151,891)			2,617,892	
	<u>\$183,023</u>			<u>(\$90,167)</u>			<u>\$1,985,615</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, 2019

SPECIAL REVENUE FUNDS						
	ASSET SEIZURES			PARATRANSIT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax						
Licenses and permits						
Intergovernmental				\$325,000	\$259,853	(\$65,147)
Charges for services						
Use of money and property		\$2,139	\$2,139	4,000	6,770	2,770
Miscellaneous		7,615	7,615		12,166	12,166
Total Revenues		9,754	9,754	329,000	278,789	(50,211)
EXPENDITURES						
Current:						
General Government						
Community:						
Development				393,916	315,560	78,356
Public Works & Engineering						
Capital outlay						
Total Expenditures				393,916	315,560	78,356
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
		9,754	9,754	(64,916)	(36,771)	28,145
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES						
		9,754	\$9,754	(\$64,916)	(36,771)	\$28,145
Fund balances (deficits) at beginning of year		74,638			506,745	
FUND BALANCES (DEFICITS) AT END OF YEAR		\$84,392			\$469,974	

SPECIAL REVENUE FUNDS

STREET LIGHTING AND LANDSCAPING

<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$845,000	\$797,060	(\$47,940)
144,196	158,518	14,322
	15,155	15,155
	<u>20,000</u>	<u>20,000</u>
<u>989,196</u>	<u>990,733</u>	<u>1,537</u>
12,933	17,808	(4,875)
2,211,726	1,237,169	974,557
<u>222,593</u>	<u>159,317</u>	<u>63,276</u>
<u>2,447,252</u>	<u>1,414,294</u>	<u>1,032,958</u>
<u>(1,458,056)</u>	<u>(423,561)</u>	<u>1,034,495</u>
100,000	653,854	553,854
	<u>(100,000)</u>	<u>(100,000)</u>
<u>100,000</u>	<u>553,854</u>	<u>453,854</u>
<u>(\$1,358,056)</u>	130,293	<u>\$1,488,349</u>
	<u>491,517</u>	
	<u>\$621,810</u>	



CITY^{OF} SAN PABLO

City of New Directions

AGENCY FUNDS

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

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

COMMUNITY ORGANIZATIONS AND ACTIVITIES

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

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE

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

WEST CONTRA COSTA INTEGRATED WASTE MANAGEMENT AUTHORITY

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

CITY OF SAN PABLO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
<u>Community Organizations and Activities</u>				
<u>Assets</u>				
Restricted cash and investments	\$781,843	\$172,351	\$207,012	\$747,182
Total Assets	<u>\$781,843</u>	<u>\$172,351</u>	<u>\$207,012</u>	<u>\$747,182</u>
<u>Liabilities</u>				
Accounts payable	\$7,885	\$6,126	\$7,885	\$6,126
Deposits held as agent for others	773,958	166,225	199,127	741,056
Total Liabilities	<u>\$781,843</u>	<u>\$172,351</u>	<u>\$207,012</u>	<u>\$747,182</u>
<u>West Contra Costa Transportation Advisory Committee</u>				
<u>Assets</u>				
Restricted cash and investments	\$3,439,589	\$3,187,287	\$3,247,102	\$3,379,774
Due from other governments	697,703		697,703	
Total Assets	<u>\$4,137,292</u>	<u>\$3,187,287</u>	<u>\$3,944,805</u>	<u>\$3,379,774</u>
<u>Liabilities</u>				
Accounts payable	\$1,767	\$158	\$1,767	\$158
Deposits held as agent for others	1,741,374	3,187,129	1,548,887	3,379,616
Total Liabilities	<u>\$1,743,141</u>	<u>\$3,187,287</u>	<u>\$1,550,654</u>	<u>\$3,379,774</u>
<u>West Contra Costa Integrated Waste Management Authority</u>				
<u>Assets</u>				
Restricted cash and investments	\$4,194,415	\$3,130,896	\$4,194,415	\$3,130,896
Due from other governments	81,370		81,370	
Total Assets	<u>\$4,275,785</u>	<u>\$3,130,896</u>	<u>\$4,275,785</u>	<u>\$3,130,896</u>
<u>Liabilities</u>				
Accounts payable	\$24,034	\$198,078	\$24,034	\$198,078
Deposits held as agent for others	4,251,751	2,932,818	4,251,751	2,932,818
Total Liabilities	<u>\$4,275,785</u>	<u>\$3,130,896</u>	<u>\$4,275,785</u>	<u>\$3,130,896</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Restricted cash and investments	\$8,415,847	\$6,490,534	\$7,648,529	\$7,257,852
Due from other governments	779,073		779,073	
Total Assets	<u>\$9,194,920</u>	<u>\$6,490,534</u>	<u>\$8,427,602</u>	<u>\$7,257,852</u>
<u>Liabilities</u>				
Accounts payable	\$33,686	\$204,362	\$33,686	\$204,362
Deposits held as agent for others	9,161,234	6,286,172	5,999,765	7,053,490
Total Liabilities	<u>\$9,194,920</u>	<u>\$6,490,534</u>	<u>\$6,033,451</u>	<u>\$7,257,852</u>

STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

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

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

Sources

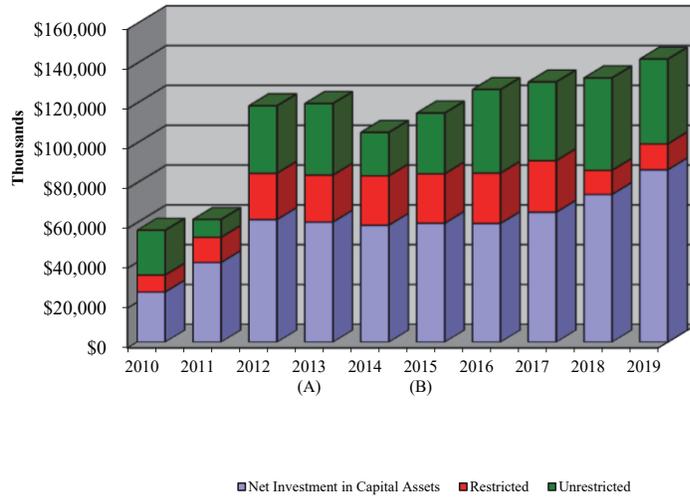
Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.



CITY^{OF} SAN PABLO

City of New Directions

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



	2010	2011	2012	2013 (A)	2014	2015 (B)	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$25,129,231	\$39,968,889	\$61,548,129	\$60,286,124	\$58,716,354	\$59,671,326	\$59,552,820	\$65,203,760	\$74,150,591	\$86,551,977
Restricted	8,544,531	12,660,690	23,252,245	23,589,889	24,793,010	24,843,522	25,307,852	25,912,314	12,096,519	13,029,241
Unrestricted	22,456,421	8,948,361	33,879,184	35,928,112	21,808,206	30,508,198	41,969,726	39,526,263	46,421,552	42,547,901
Total governmental activities net position	\$56,130,183	\$61,577,940	\$118,679,558	\$119,804,125	\$105,317,570	\$115,023,046	\$126,830,398	\$130,642,337	\$132,668,662	\$142,129,119

(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,			
	2010	2011	2012	2013(c)
Expenses				
Governmental Activities:				
General Government	\$3,746,905	\$3,873,454	\$4,041,867	\$5,680,263
Community				
Recreation	1,260,952	1,296,966	1,141,266	1,342,621
Development	17,744,655	4,482,336	2,062,972	1,176,592
Housing	244,168	86,761	6,937	13,600
Public Works & Engineering	6,390,441	7,379,061	7,447,687	8,064,981
Police	14,471,506	14,397,742	13,676,212	15,393,927
Interest and fiscal charges	3,894,561	3,813,714	2,175,282	
Total Governmental Activities Expenses	<u>47,753,188</u>	<u>35,330,034</u>	<u>30,552,223</u>	<u>31,671,984</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	26,562	66,541	113,227	218,312
Community:				
Recreation	166,294	251,779	204,475	245,934
Development	588,719	332,055	289,569	527,404
Public Works & Engineering	118,661	106,798	85,258	143,158
Police	338,838	325,909	303,410	486,569
Operating Grants and Contributions	1,620,850	2,497,146	2,158,891	1,930,939
Capital Grants and Contributions	3,383,502	2,304,659	3,095,927	1,846,299
Total Government Activities Program Revenues	<u>6,243,426</u>	<u>5,884,887</u>	<u>6,250,757</u>	<u>5,398,615</u>
Net (Expense)/Revenue				
Governmental Activities	<u>(41,509,762)</u>	<u>(29,445,147)</u>	<u>(24,301,466)</u>	<u>(26,273,369)</u>
General Revenues and Other				
Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	1,099,009	1,129,241	1,345,016	1,229,599
Incremental Property Taxes	9,751,633	9,415,129	5,051,415	
Sales Taxes	1,250,870	1,313,493	1,396,988	2,253,736
In-Lieu Sales Tax	456,357	316,486	421,134	468,552
Utility Users Tax	1,512,840	2,083,913	2,339,064	2,473,792
Transient Occupancy Taxes (a)			309,167	356,177
Franchise Taxes (a)			540,565	627,473
Payment in Lieu of taxes (a)			1,757,473	1,792,638
Business Licenses (nonregulatory)	321,824	313,623	15,800,631	17,388,179
Other Taxes (b)	15,332,960	16,217,232	85,790	109,928
Intergovernmental unrestricted:				
Motor Vehicle In-Lieu Fees	1,937,853	1,881,451	1,688,305	1,654,714
Use of Money and Property	777,955	666,850	394,790	238,115
Gain on Sale of Property		1,327,416		
Miscellaneous	251,332	228,070	344,653	167,902
Special item - assets transferred from Successor Agency				
Extraordinary item - assets transferred to/liabilities assumed by Successor Agency			49,928,093	(1,176,610)
Total Governmental Activities	<u>32,692,633</u>	<u>34,892,904</u>	<u>31,474,991</u>	<u>28,760,805</u>
Change in Net Position				
Governmental Activities	<u>(\$8,817,129)</u>	<u>\$5,447,757</u>	<u>\$7,173,525</u>	<u>\$2,487,436</u>

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

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

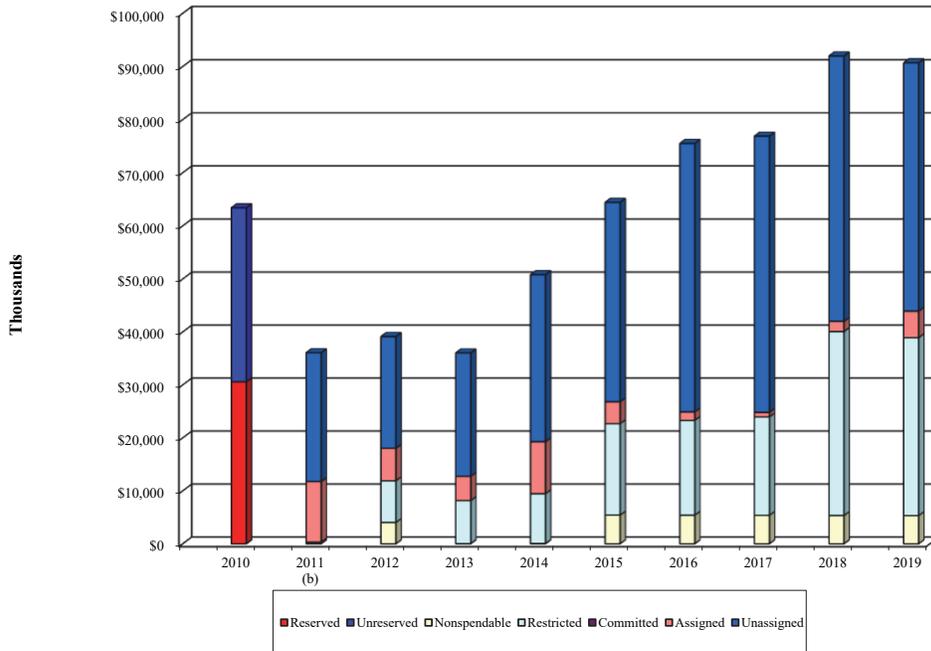
(c) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position."

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

Fiscal Year Ended June 30,

2014	2015 (d)	2016	2017	2018	20019
\$5,918,919	\$5,868,035	\$10,749,217	\$11,105,576	\$10,840,251	\$12,006,415
1,306,695	1,417,109	1,613,344	333,076	256,371	311,538
1,115,441	1,538,176	1,351,207	4,332,370	4,961,457	5,886,370
12,100		23,000	17,793	23,810	28,930
7,304,089	9,591,938	7,253,853	7,970,136	7,784,816	8,622,447
14,959,000	15,207,587	13,239,813	17,438,358	18,525,592	20,525,816
	<u>1,069,642</u>	<u>1,035,279</u>	<u>925,564</u>	<u>1,331,646</u>	<u>1,558,865</u>
<u>30,616,244</u>	<u>34,692,487</u>	<u>35,265,713</u>	<u>42,122,873</u>	<u>43,723,943</u>	<u>48,940,381</u>
522,654	612,276	435,262	1,119,770	524,488	0
236,757	321,941	334,418	127,698	52,022	40,957
561,699	483,379	504,454	1,154,979	1,216,911	1,133,536
168,230	225,034	187,923	138,126	246,289	645,376
396,612	666,228	569,627	522,678	1,009,555	900,657
1,962,725	2,064,275	1,679,873	929,109	1,271,647	2,325,867
<u>7,078,669</u>	<u>5,202,454</u>	<u>4,562,945</u>	<u>1,438,055</u>	<u>1,955,492</u>	<u>7,096,432</u>
<u>10,927,346</u>	<u>9,575,587</u>	<u>8,274,502</u>	<u>5,430,415</u>	<u>6,276,404</u>	<u>12,142,825</u>
<u>(19,688,898)</u>	<u>(25,116,900)</u>	<u>(26,991,211)</u>	<u>(36,692,458)</u>	<u>(37,447,539)</u>	<u>(36,797,556)</u>
1,515,310	1,676,678	1,562,739	2,011,222	2,442,226	2,943,210
2,912,396	3,803,069	4,168,439	4,601,301	4,293,283	3,854,079
548,465	490,239	406,799			
2,553,955	2,467,509	2,572,145	2,686,980	2,650,707	2,548,455
424,570	455,006	523,213	523,513	565,474	636,322
719,358	884,123	790,828	935,005	900,299	947,557
1,828,490	1,865,060	1,902,362	1,940,410	1,979,218	2,018,802
18,291,111	19,701,338	22,986,063	24,213,462	26,197,153	27,735,698
114,542	132,130	157,190	82,602	87,911	83,611
1,713,415	1,961,310	2,158,330	2,317,615	2,487,919	2,666,964
246,226	633,516	865,048	190,354	849,714	2,404,371
320,447	545,773	705,407	1,001,933	834,155	418,944
1,534,820	206,625				
<u>32,723,105</u>	<u>34,822,376</u>	<u>38,798,563</u>	<u>40,504,397</u>	<u>43,288,059</u>	<u>46,258,013</u>
<u>\$13,034,207</u>	<u>\$9,705,476</u>	<u>\$11,807,352</u>	<u>\$3,811,939</u>	<u>\$5,840,520</u>	<u>\$9,460,457</u>

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



	Fiscal Year Ended June 30,									
	2010	2011 (b)	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$32,630									
Unreserved	21,359,353									
Nonspendable		\$94,156	\$4,024,921	\$28,503	\$45,219	\$5,402,621	\$5,384,995	\$5,367,811	\$5,341,934	\$5,318,053
Restricted		206,626								
Assigned			20,215	227,579	763,614	145,329	1,315,623	895,605	1,924,937	5,018,720
Unassigned		24,008,243	21,100,922	23,285,950	31,512,493	37,596,248	50,715,535	54,246,048	50,765,118	50,750,360
Total General Fund	\$21,391,983	\$24,309,025	\$25,146,058	\$23,542,032	\$32,321,326	\$43,144,198	\$57,416,153	\$60,509,464	\$58,031,989	\$61,087,133 (a)
All Other Governmental Funds										
Reserved	\$30,555,643									
Unreserved, reported in:										
Special revenue funds	1,829,801									
Capital project funds	9,611,508									
Restricted		\$29,624,123	\$7,862,952	\$8,117,456	\$9,387,695	\$17,266,389	\$17,900,895	\$18,551,388	\$34,725,598	\$33,584,302
Assigned		11,451,201	6,112,651	4,365,599	9,082,664	4,010,660	300,282			
Unassigned		(10,350)					(113,266)	(2,192,718)	(782,655)	(3,973,966)
Total all other governmental funds	\$41,996,952	\$41,064,974	\$13,975,603	\$12,483,055	\$18,470,359	\$21,277,049	\$18,087,911	\$16,358,670	\$33,942,943	\$29,610,336 (a)

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

(b) The City implemented the provisions of GASB Statement 54 in fiscal year 2011.



CITY^{OF} SAN PABLO

City of New Directions

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

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
Revenues					
Property taxes	\$1,104,259	\$1,129,241	\$1,345,016	\$1,083,129	\$1,515,310
Incremental property taxes	9,751,633	9,415,129	5,051,415 (b)		
Sales taxes	1,893,530	1,336,319	1,774,609	2,561,567	3,272,038
In-lieu sales tax	456,357	316,486	421,134	468,552	548,465
Utility users tax	1,512,840	2,083,913	2,339,064	2,473,792	2,553,955
Business license tax (a)			15,501,584	17,105,522	17,951,434
Other taxes	15,332,960	16,217,232	2,692,995	2,862,216	3,064,960
Licenses and permits	321,824	313,623	299,047	282,657	339,677
Fines and forfeits	253,830	175,236	160,779	199,033	178,497
Intergovernmental	5,792,474	6,927,565	6,732,431	5,341,904	10,466,512
Charges for services	980,009	786,693	733,972	1,324,955	1,622,447
Use of money and property	904,473	1,275,476	1,070,834	886,060	494,277
Miscellaneous	135,070	143,404	125,916	105,815	265,763
Total Revenues	38,439,259	40,120,317	38,248,796	34,695,202	42,273,335
Expenditures					
Current:					
General government	3,608,932	5,077,971	4,051,309	5,644,563	5,798,844
Community					
Recreation	1,232,619	1,281,164	1,045,283	1,198,105	1,173,065
Development	8,120,814	3,231,110	1,776,767	1,116,502	1,097,422
Housing	680,286	214,996	6,937	1,850	12,100
Public Works & Engineering	3,173,331	2,912,684	3,039,965	3,108,904	3,153,976
Police	14,281,329	14,109,881	13,601,625	14,879,348	14,858,753
Pass Through to County					
Supplemental Educational Revenue Augmentation Fund Payment	5,939,603	1,222,860			
Estimated reduction in value of land held for redevelopment	3,486,168				
Capital outlay	9,741,894	4,993,318	8,925,221	11,656,245	2,912,525
Debt service:					
Principal repayment	3,050,000	3,165,543	3,290,000		
Interest and fiscal charges	3,640,060	3,541,450	2,182,278		
Total Expenditures	56,955,036	39,750,977	37,919,385	37,605,517	29,006,685
Excess (deficiency) of revenues over (under) expenditures	(18,515,777)	369,340	329,411	(2,910,315)	13,266,650
Other Financing Sources (Uses)					
Transfers in	15,160,490	21,666,427	15,145,921	8,671,125	3,904,184
Transfers (out)	(15,160,490)	(21,666,427)	(15,145,921)	(8,671,125)	(3,904,184)
Proceeds or gain from sale of property	4,155	1,327,416			
Issuance of debt		1,222,860			1,141,738
transferred to capital assets		(911,727)			
Total Other Financing Sources (Uses)	4,155	1,638,549			
Special and Extraordinary Items					
Assets transferred to Housing Successor			5,865,000		358,210
Assets transferred to/liabilities assumed by Successor Agency/Housing Successor			(32,469,574)		
Total Special and Extraordinary Items			(26,604,574)		358,210
Change in Fund Balance	(\$18,511,622)	\$2,007,889	(\$26,275,163)	(\$2,910,315)	\$13,624,860
Debt service as a percentage of noncapital expenditures					
	14.2%	19.3%	18.9%		

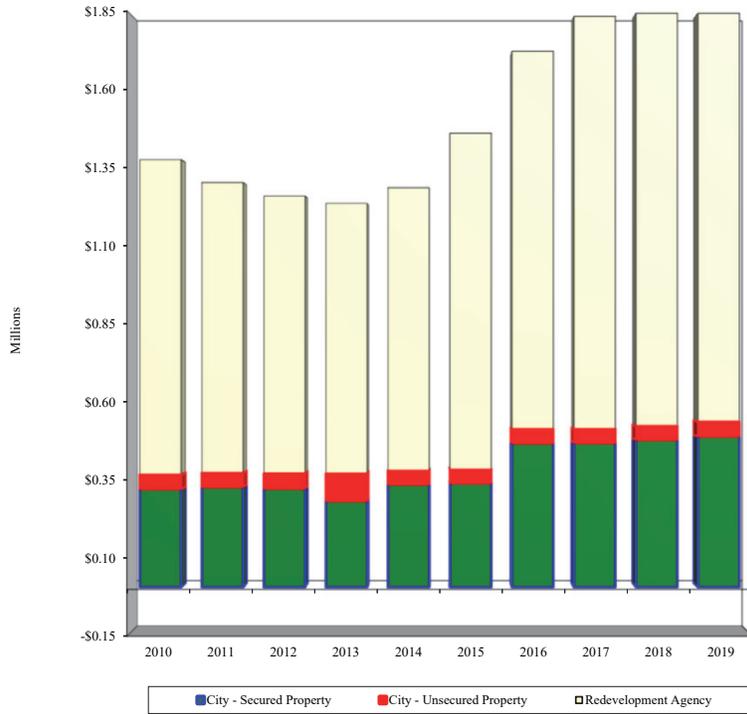
(a) Included in Other Taxes prior to fiscal year 2012.

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

Fiscal Year Ended June 30,

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$1,676,678	\$1,562,739	\$1,716,156	\$2,063,312	\$2,616,083
4,188,421	5,019,746	5,002,384	4,555,525	4,307,705
490,239	406,799			
2,467,509	2,572,145	2,686,980	2,650,707	2,548,455
19,390,922	22,665,705	23,876,317	25,826,897	27,365,635
3,304,319	3,334,876	3,474,030	3,532,902	3,686,292
310,416	320,358	337,145	370,256	370,063
250,670	253,290	242,120	202,854	274,696
9,707,728	7,946,402	4,936,968	6,032,257	11,549,795
1,435,849	1,347,066	1,547,551	2,053,387	1,909,493
1,076,231	1,303,736	1,269,461	1,279,434	3,705,125
211,850	296,132	881,219	968,047	723,384
<u>44,510,832</u>	<u>47,028,994</u>	<u>45,970,331</u>	<u>49,535,578</u>	<u>59,056,726</u>
6,151,008	10,812,295	10,629,175	10,446,232	11,557,521
1,321,969	1,490,995	73,015		72,048
1,572,053	1,417,014	4,203,880	4,868,887	5,753,056
	23,000	17,793	23,810	28,930
3,458,187	3,360,427	4,064,962	4,618,334	4,130,144
15,435,553	13,753,176	14,927,935	16,028,684	18,127,752
18,095,578	4,215,533	9,598,715	11,267,518	18,621,834
85,000	354,982	470,234	1,480,988	971,063
<u>778,547</u>	<u>737,339</u>	<u>620,552</u>	<u>1,019,327</u>	<u>1,238,996</u>
<u>46,897,895</u>	<u>36,164,761</u>	<u>44,606,261</u>	<u>49,753,780</u>	<u>60,501,344</u>
<u>(2,387,063)</u>	<u>10,864,233</u>	<u>1,364,070</u>	<u>(218,202)</u>	<u>(1,444,618)</u>
7,075,398	5,721,373	11,860,143	15,548,139	17,446,437
(7,075,398)	(5,721,373)	(11,860,143)	(15,548,139)	(17,446,437)
	218,584			234,630
15,810,000			15,325,000	
<u>15,810,000</u>	<u>218,584</u>	<u></u>	<u>15,325,000</u>	<u>234,630</u>
206,625				
<u>206,625</u>	<u></u>	<u></u>	<u></u>	<u></u>
<u>\$13,629,562</u>	<u>\$11,082,817</u>	<u>\$1,364,070</u>	<u>\$15,106,798</u>	<u>(\$1,209,988)</u>
3.0%	3.4%	3.1%	6.5%	5.3%

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

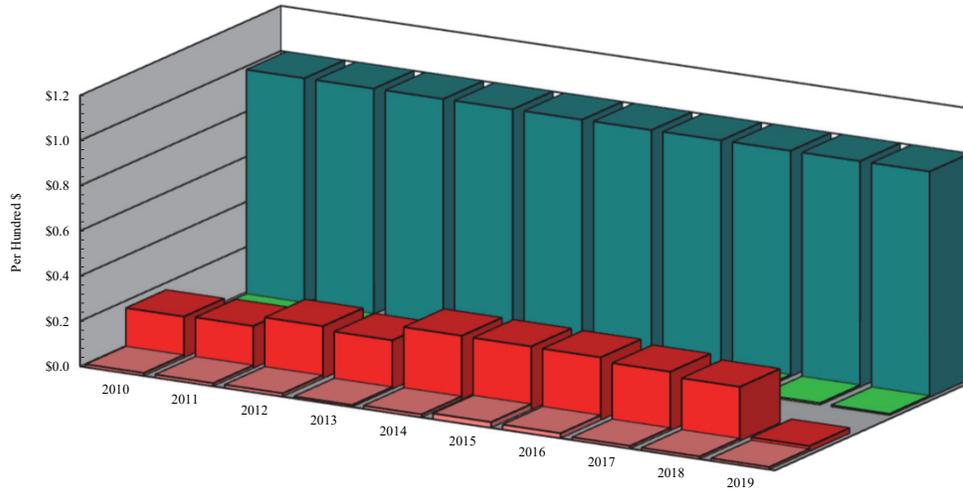


Fiscal Year	Value of City Property Subject to Local Tax Rate			Value of Redevelopment Agency Property Subject to Local Tax Rate			Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Secured Property	Unsecured Property	Total	Tenth Township	Legacy	Total			
2010	\$315,643,724	\$47,360,647	\$363,004,371	\$926,984,713	\$88,794,964	\$1,015,779,677	\$1,378,784,048	\$1,378,784,048	0.789%
2011	322,164,784	46,296,587	368,461,371	854,184,022	82,697,584	936,881,606	1,305,342,977	1,305,342,977	0.782%
2012	317,570,213	49,107,847	366,678,060	819,841,729	74,886,120	894,727,849	1,261,405,909	1,261,405,909	0.773%
2013	277,310,622	89,243,515	366,554,137	811,535,168	60,048,453	871,583,621	1,238,137,758	1,238,137,758	0.098%
2014	330,899,170	44,270,604	375,169,774	834,582,578	78,654,747	913,237,325	1,288,407,099	1,288,407,099	0.097%
2015	335,045,384	44,184,743	379,230,127	960,892,754	124,112,087	1,085,004,841	1,464,234,968	1,464,234,968	0.108%
2016	463,757,740	46,435,464	510,193,204	1,071,145,726	146,395,899	1,217,541,625	1,727,734,829	1,727,734,829	0.108%
2017	464,841,204	45,076,140	509,917,344	1,161,517,848	168,678,121	1,330,195,969	1,840,113,313	1,840,113,313	0.108%
2018	474,524,495	45,161,702	519,686,197	1,260,975,983	193,665,594	1,454,641,577	1,974,327,774	1,974,327,774	0.108%
2019	485,479,027	48,519,738	533,998,765	1,353,539,647	214,666,027	1,568,205,674	2,102,204,439	2,102,204,439	0.107%

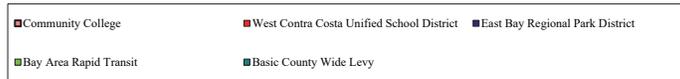
Source: Contra Costa County Auditor Controller Office Certificate of Assessed Valuations

- (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)
2010	1.00000	0.00570	0.01080	0.18280	0.01260	1.21190	0.09828	1.01080	0.80472
2011	1.00000	0.00310	0.00840	0.18690	0.01330	1.21170	0.09828	1.00840	0.78904
2012	1.00000	0.00410	0.00710	0.23220	0.01440	1.25780	0.09828	1.00710	0.78177
2013	1.00000	0.00430	0.00510	0.21570	0.00870	1.23380	0.09828	0.00000	0.77265
2014	1.00000	0.00750	0.00780	0.28180	0.01330	1.31040	0.09828	0.00000	0.09750
2015	1.00000	0.00450	0.00850	0.28030	0.02520	1.31850	0.09828	0.00000	0.09749
2016	1.00000	0.00260	0.00670	0.27810	0.02200	1.30940	0.09828	0.00000	0.10805
2017	1.00000	0.00800	0.00320	0.26040	0.01200	1.28360	0.09828	0.00000	0.10792
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

Source: HdL Coren & Cone, Contra Costa County Assessor

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

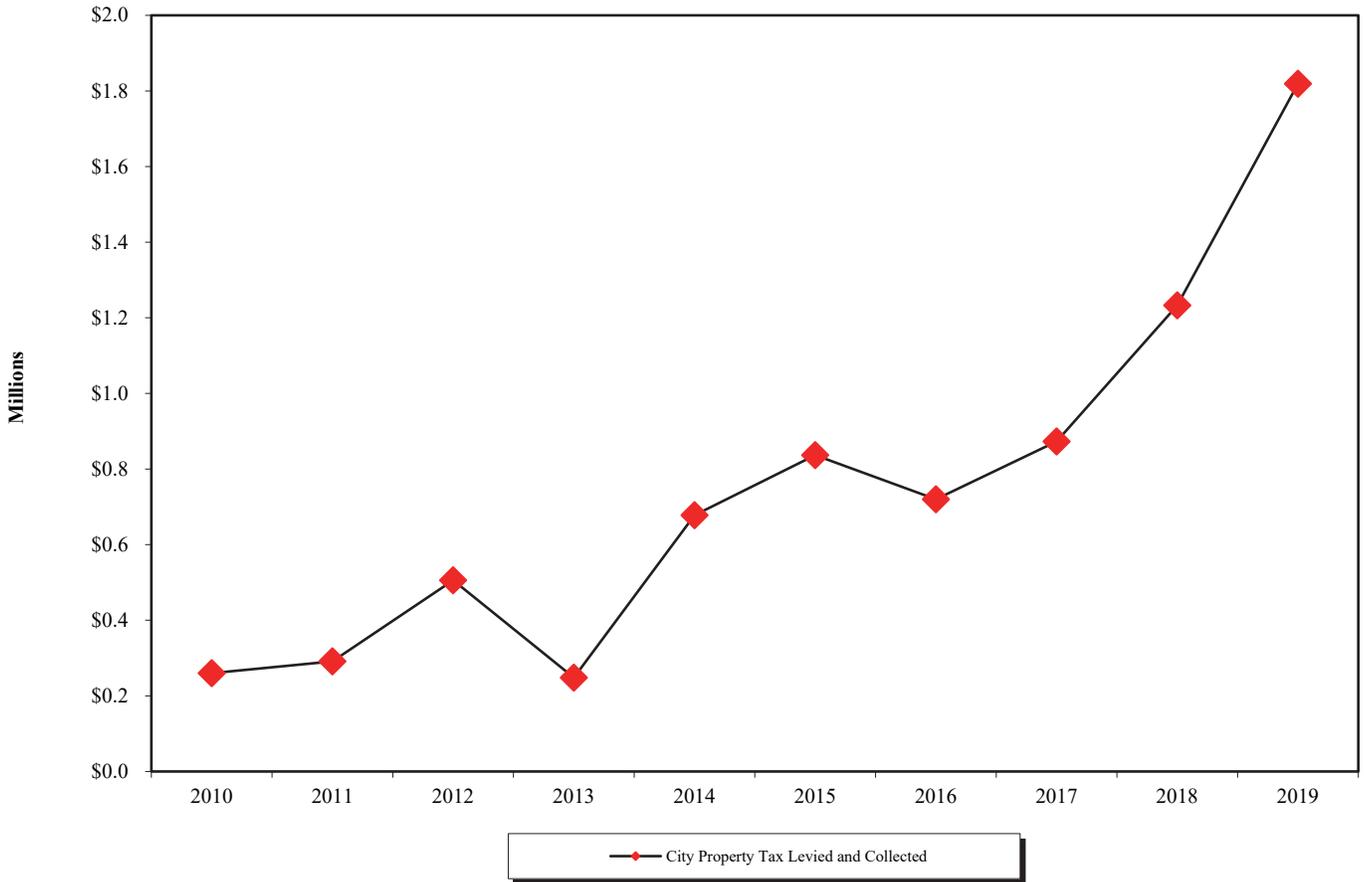
CITY OF SAN PABLO
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2018-2019			2009-2010		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Donahue Schriber Realty Group	\$23,575,689	1	1.12%	\$25,484,183	1	1.85%
Public Storage, Inc.	17,264,107	2	0.82%	10,208,224	6	0.74%
CC San Pablo LP	16,242,717	3	0.77%			
San Pablo Retail Partners II	16,214,384	4	0.77%			
3002 Giant Road LLC	15,159,742	5	0.72%	13,464,000	4	0.98%
Save Mart Supermarkets	14,120,347	6	0.67%	12,225,798	5	0.89%
Gordon Creekside LLC	10,172,346	7	0.48%			
Lytton Rancheria of CA	9,606,360	8	0.46%			
Manuel and Elba Gomez LLC	8,739,360	9	0.42%			
Vale Property LLC	8,658,088	10	0.41%			
Signature at Abella LLC				22,332,295	2	1.62%
San Pablo Retail Partners LLC				16,561,177	3	1.20%
Lucky NoCal Investor LLC				10,198,586	7	0.74%
Murray and Janet Gordon Trust				8,830,249	8	0.64%
Comcast Corporation				6,809,883	9	0.49%
WEC 97K-31 Investment Trust				6,564,432	10	0.48%
Subtotal	<u>\$139,753,140</u>		<u>6.6%</u>	<u>\$132,678,827</u>		<u>9.6%</u>

Total Assessed Valuation:
Fiscal Year 2018-2019 \$2,102,204,439
Fiscal Year 2009-2010 \$1,378,784,048

Source: HdL Coren & Cone, Contra Costa County Assessor

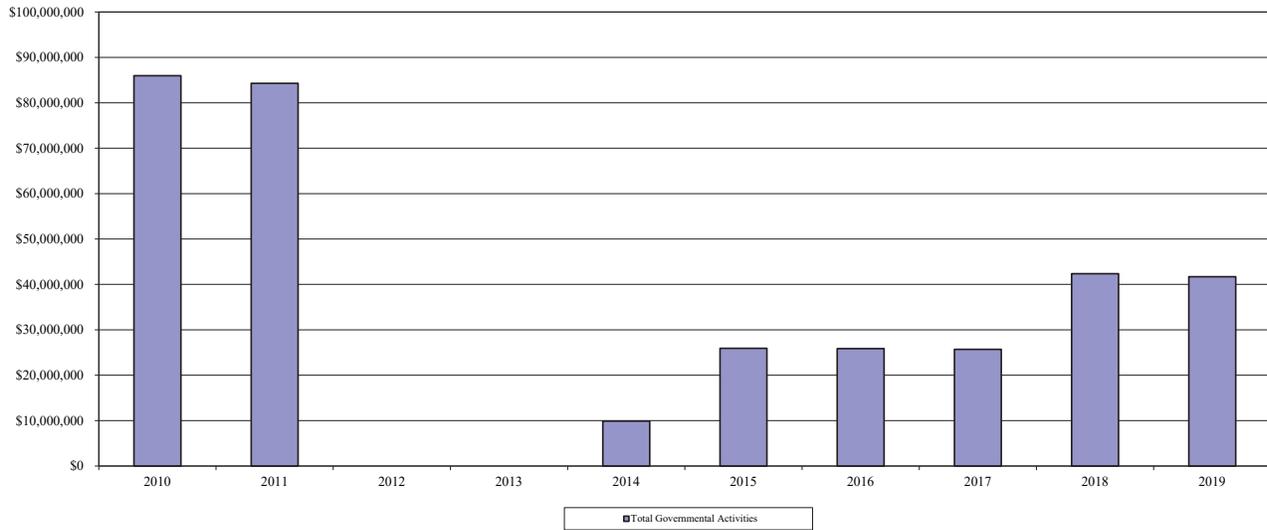
**CITY OF SAN PABLO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**



Fiscal Year	City Property Tax Levied and Collected (1)	Redevelopment Agency Property Tax Levied and Collected	Total Property Tax Levied and Collected (2)	Percent of Total Tax Collections to Tax Levy
2010	\$260,080	\$9,751,633	\$10,011,713	100%
2011	291,311	9,415,129	9,706,440	100%
2012	505,693	5,051,415	(3) 5,557,108	100%
2013	248,288	0	(3) 248,288	100%
2014	677,924	0	(3) 677,924	100%
2015	836,806	0	(3) 836,806	100%
2016	719,960	0	(3) 719,960	100%
2017	872,985	0	(3) 872,985	100%
2018	1,232,993	0	(3) 1,232,993	100%
2019	1,819,023	0	(3) 1,819,023	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			
2010	\$85,954,993				\$85,954,993	16.20%	2,675
2011	83,064,430	\$1,222,317			84,286,747	16.85%	2,913
2012	0 (b)	0 (b)			0	0.00%	0
2013	0 (b)	0 (b)			0	0.00%	0
2014	0 (b)	0 (b)	\$9,906,655		9,906,655	1.99%	339
2015	0 (b)	0 (b)	10,112,750	\$15,810,000	25,922,750	5.03%	879
2016	0 (b)	0 (b)	10,265,708	15,600,000	25,865,708	5.19%	839
2017	0 (b)	0 (b)	10,410,486	15,290,000	25,700,486	5.16%	828
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

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

Sources: City of San Pablo
California Employment Development Department

(a) See Schedule "Demographic and Economic Statistics" for personal income and population data.
(b) The Redevelopment Agency was dissolved as of January 31, 2012 and its debt assumed by a Successor Agency as of February 1, 2012.

**CITY OF SAN PABLO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2019**

2018-19 Assessed Valuation	\$2,102,204,439
Less: Redevelopment Incremental Valuation	<u>1,568,205,674</u>
Adjusted Assessed Valuation	<u><u>\$533,998,765</u></u>

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</u>	Net Debt Outstanding	Percentage Applicable To City of San Pablo	Amount Applicable To City of San Pablo
Direct Debt:			
City of San Pablo	\$41,696,957	100.000%	\$41,696,957
Overlapping Debt:			
Bay Area Rapid Transit District	219,953,951	0.919%	2,022,218
Contra Costa County Fire Pension Obligation	53,740,000	2.001%	1,075,384
Contra Costa Community College District	525,715,000	0.923%	4,850,133
County General	524,637,748	0.919%	4,823,429
East Bay Regional Park District	77,218,361	0.919%	709,932
West Contra Costa Unified School District	<u>1,573,949,933</u>	5.887%	<u>92,652,113</u>
Total Overlapping Debt	<u><u>2,975,214,993</u></u>		<u><u>106,133,209</u></u>
 TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	 <u><u>\$3,016,911,950</u></u>		 <u><u>\$147,830,166</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 2018-19 ADJUSTED ASSESSED VALUATION:

Direct Debt	13.12%
Total Direct and Overlapping Tax Assessment Debt	46.52%

Source: HdL Coren & Cone, Contra Costa County Assessor and Auditor Combined 2016/17 Lien Date Tax Rolls

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

**CITY OF SAN PABLO
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2019**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$2,102,204,439
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BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$78,832,666
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AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$41,696,957
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Less Tax Allocation Bonds and SERAF Loan not subject to limit	41,696,957
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Amount of debt subject to limit	0
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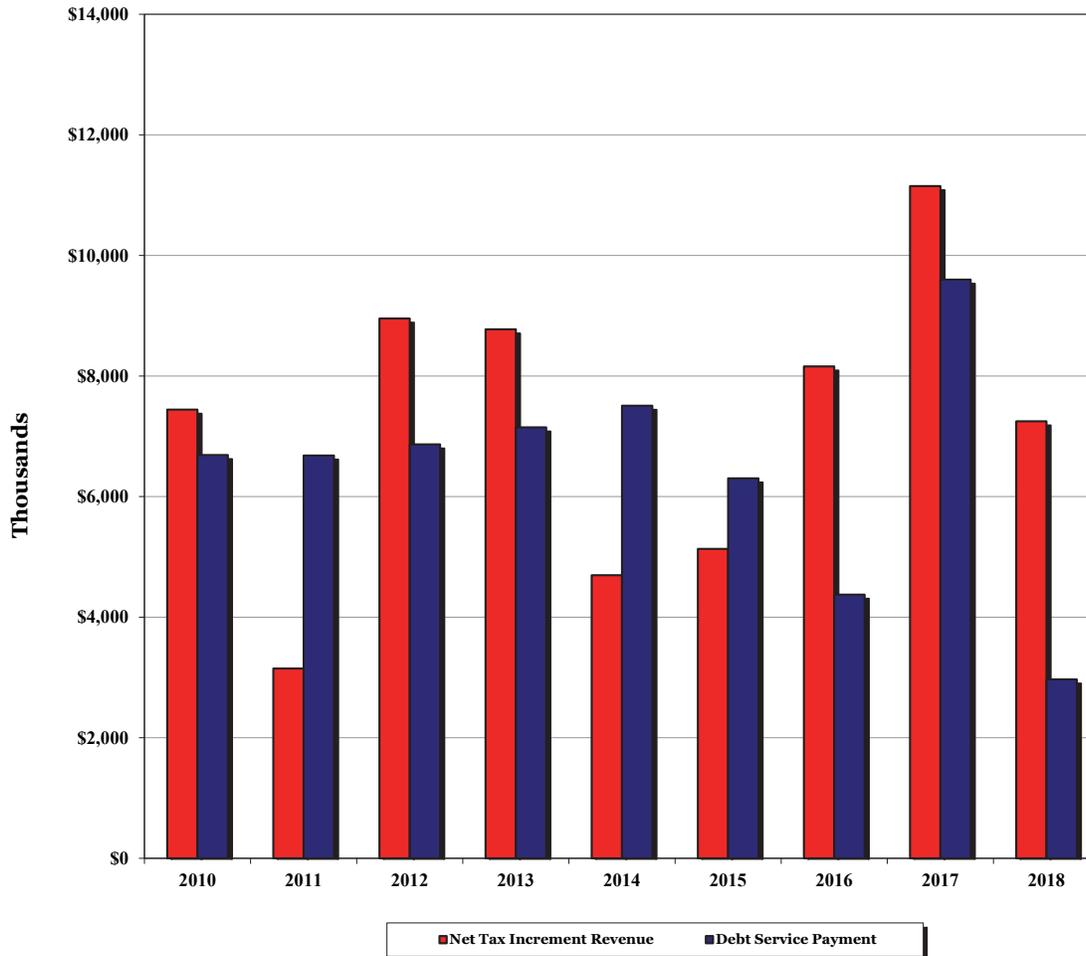
LEGAL BONDED DEBT MARGIN	\$78,832,666
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Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2010	\$51,704,402	0	\$51,704,402	0.00%
2011	48,950,362	0	48,950,365	0.00%
2012	47,302,722	0	47,302,722	0.00%
2013	46,430,166	0	46,430,166	0.00%
2014	48,315,266	0	48,315,266	0.00%
2015	54,908,811	0	54,908,811	0.00%
2016	64,790,056	0	64,790,056	0.00%
2017	69,004,249	0	69,004,249	0.00%
2018	74,037,292	0	74,037,292	0.00%
2019	78,832,666	0	78,832,666	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	
2010	\$9,415,129	\$1,972,660	\$7,442,469	\$3,050,000	\$3,640,060	\$6,690,060	1.11
2011	5,051,415	1,903,187	3,148,228	3,165,000	3,516,993	6,681,993	0.47
2012	8,952,532 (a)	0 (b)	8,952,532	3,290,000	3,577,017	6,867,017 (c)	1.30
2013	8,773,589 (d)	0 (b)	8,773,589	3,430,000	3,718,205	7,148,205 (e)	1.23 (d)
2014	4,695,660 (d)	0 (b)	4,695,660	3,575,000	3,931,553	7,506,553 (e)	0.63 (d)
2015	5,132,531 (d)	0 (b)	5,132,531	3,260,000	3,044,176	6,304,176 (e)	0.81 (d)
2016	8,159,295 (d)	0 (b)	8,159,295	1,525,000	2,849,011	4,374,011 (e)	1.87 (d)
2017	11,150,519 (d)	0 (b)	11,150,519	6,787,381	2,811,164	9,598,545 (e)	1.16 (d)
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)

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

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

TENTH TOWNSHIP PROJECT AREA

Fiscal Year	Gross Tax Revenues	Housing Set-Aside	Pledged Tax Revenues	Debt Service On					Total Debt Service	Debt Service Coverage
				1993 Bonds	1999 Bonds	2001 and 2004 Tenth Township Bonds	2006 Bonds	2014 A&B Bonds		
2010	\$9,051,332	(\$1,810,386)	\$7,240,946	0	\$897,782	\$2,553,326	\$2,963,452		\$6,414,560	1.13
2011	8,594,963	(1,737,391)	6,857,572	0	893,292	2,559,633	2,953,843		6,406,768	1.07
2012	8,529,190 (a)	0 (b)	8,529,190	0	887,070	2,942,173	2,762,899		6,592,142 (c)	1.29
2013	8,173,104 (d)	0 (b)	8,173,104	0	890,965	3,631,201	2,351,864		6,874,030 (e)	1.19
2014	4,291,235 (d)	0 (b)	4,291,235	0	893,377	3,652,390	2,683,687		7,229,454 (e)	0.59
2015	4,545,428 (d)	0 (b)	4,545,428	0	0	843,427	0	\$5,186,996	6,030,423 (e)	0.75
2016	N/A (d)	0 (d)	N/A (d)	0	0	1,050,812	0	3,372,250	4,423,062 (e)	N/A
2017	N/A (d)	0 (d)	N/A (d)	0	0	5,296,795	0	4,301,750	9,598,545 (e)	N/A
2018	N/A (d)	0 (d)	N/A (d)	0	0	1,922,750	0	5,379,550	7,302,300 (e)	N/A
2019	N/A (d)	0 (d)	N/A (d)	0	0	882,250	0	3,146,350	4,028,600 (e)	N/A

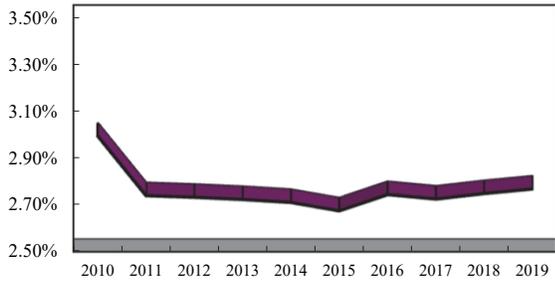
LEGACY PROJECT AREA

Fiscal Year	Gross Tax Revenues	Housing Set Aside	Available Revenue	Debt Service on 2004 Legacy Bonds		Debt Service Coverage
				Debt Service	Coverage	
2010	\$811,369	(\$162,274)	\$649,095	\$275,500		2.36
2011	820,166	(165,796)	654,370	275,225		2.38
2012	423,342 (a)	0 (b)	423,342	274,875 (c)		1.54
2013	600,485 (d)	0 (b)	600,485	274,175 (e)		2.19
2014	404,425 (d)	0 (b)	404,425	274,099 (e)		1.48
2015	587,103 (d)	0 (b)	587,103	273,753 (e)		2.14
2016	N/A (d)	N/A (b)	N/A	N/A (e)		N/A
2017	N/A (d)	N/A (b)	N/A	N/A (e)		N/A
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

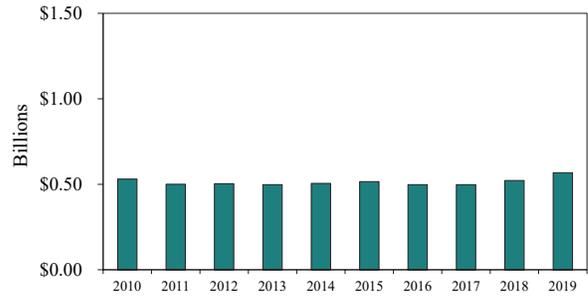
- (a) The Redevelopment Agency was dissolved effective January 31, 2012 and its liabilities were assumed by a Successor Agency effective February 1, 2012. Includes tax increment collected by the former Redevelopment Agency and property taxes collected by the Successor Agency. After January 31, 2012,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

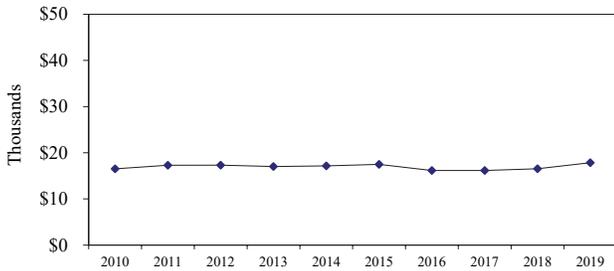
**CITY OF SAN PABLO
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



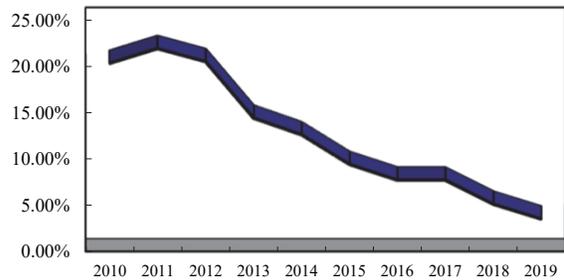
■ City Population as a % of County Population



■ 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>
2010	32,131	\$530,514,941 (a)	\$16,511	20.3%	1,072,953	2.99%
2011	28,931	500,216,990 (a)	17,290	21.9%	1,056,064	2.74%
2012	29,105	503,632,920	17,304 (b)	20.5% (b)	1,065,117	2.73%
2013	29,266	498,078,000	17,019	14.4%	1,074,702	2.72%
2014	29,465	505,502,000	17,156	12.6%	1,087,008	2.71%
2015	29,499	515,554,000	17,477	9.4%	1,102,871	2.67%
2016	30,829	498,050,000	16,155	7.7%	1,123,429	2.74%
2017	31,053	498,050,000	16,155	7.7% (b)	1,139,513	2.73%
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%

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

Sources: California State Department of Finance
California Employment Development Department

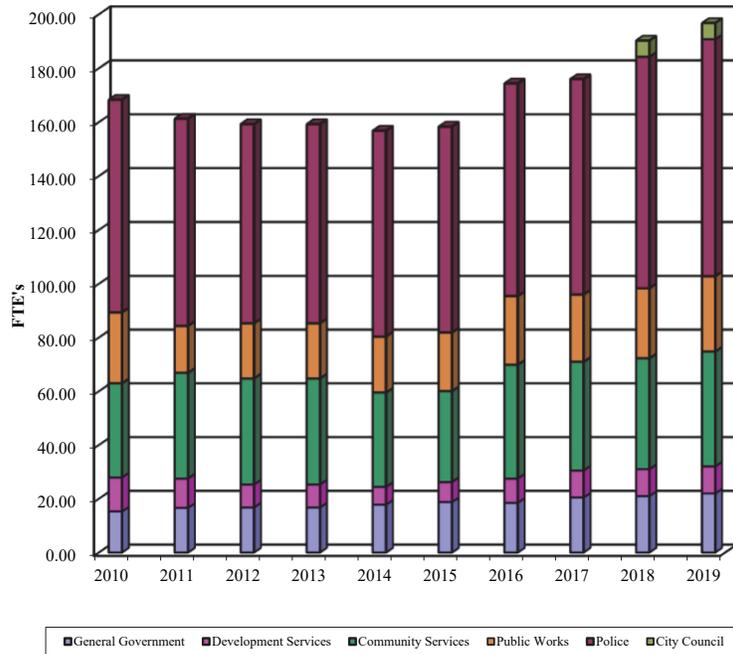
CITY OF SAN PABLO
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2018-2019</u>			<u>2009-2010</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Contra Costa College*	892	1	6.3%	697	2	4.8%
Casino San Pablo*	400	2	2.8%	397	3	2.8%
City of San Pablo*	234	3	1.6%	186	6	1.3%
San Pablo Health Care Center*	120	4	0.8%	275	5	1.9%
Creekside Health Care Center*	120	5	0.8%	128	7	0.9%
HELMS	110	6	0.8%			
Bayview Elementary School	80	7	0.6%			
Las Montanas	75	8	0.5%			
Dover Elementary School	75	9	0.5%			
Ujima Family Recovery Services	65	10	0.5%			
Doctor's Medical Center* Closed 04/21/2015				982	1	6.8%
Vale Care Center*				275	4	1.9%
Albertson's (Lucky's)				119	8	0.8%
Raley's				93	9	0.6%
Food Maxx				80	10	0.6%
Subtotal	<u>2,171</u>		<u>15.3%</u>	<u>3,232</u>		<u>22.4%</u>
Total City Day Population	<u>14,208</u>			<u>14,400</u>		

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

*includes part time employees
N/A = not available

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



	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function										
General Government	15.30	16.60	16.80	16.80	17.80	18.80	18.50	20.50	21.00	22.00 *
Development Services	12.60	10.90	8.50	8.50	6.60	7.40	9.00	10.00	10.00	10.00 *
Community Services	35.10	39.35	39.50	39.50	35.15	33.85	42.40	40.50	41.30	42.80 *
Public Works	26.35	17.45	20.50	20.50	20.80	21.80	25.50	25.00	26.00	28.00
Police	79.00	77.00	74.00	74.00	76.50	76.50	79.00	80.00	86.00	88.00
Total City	168.35	161.30	159.30	159.30	156.85	158.35	174.40	176.00	184.30	190.80
City Council									6.00	6.00
Grand Total									<u>190.30</u>	<u>196.80</u>

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

CITY OF SAN PABLO
Operating Indicators by Function/Program

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function/Program										
Police: (calendar year)										
Police calls for Service	25,769	32,140	26,009	27,507	35,242	23,239	28,985	22,981	22,718	30,707
Crime Reports	6,178	5,925	5,887	5,890	5,695	3,857	3,116	3,467	3,961	4,840
Law violations:										
Major crimes: homicides/rape	13	9	12	12	10	12	17	6	10	17
Other major crimes: robbery/larceny/burglary	1,760	1,455	1,601	1,465	799	522		565	630	558
Arrests	1,729	1,688	1,496	1,789	2,008	1,444	1,862	1,243	1,434	1,847
Traffic collisions	391	396	440	428	354	123	324	234	239	407
Traffic citations	4,229	2,844	2,980	2,851	2,687	1,663	1,813	828	855	2,971
Public Works:										
Street resurfacing (miles)	14	14	0	7	3	2.4	1.5		1.4	1.4
Potholes repaired (square miles)	0.60	0.50	13	1	0.81	0.53	2.47	2.89	0.005	0.005
Street Sweeping (miles)	2,234	2,175	2,700	3,144	3,130	2,813	2,813	3,336	6,489	6,489
Volume of material removed (cubic yards)	880	880	965	1,050	822	735	891	1,060	1,185	1,185
Storm Drains:										
Catch basins cleaned	326	326	236	307	349	499	271	111	292	292
Volume of material removed (cubic yards)	29	71	9	29	22.310	107.000	147.950	4.280	57.11	57.11
Community Development:										
Community Services:										
Recreation class participants	1,331	2,479	2,594	3,057	4,107	7,437	9,433	9,568	5,128	7,939
Senior meals served	18,165	17,726	16,975	18,144	17,519	16,946	18,366	16,855	15,800	12,493
Rentals of Maple Hall	72	82	71	135	119	106	298	380	435	809
Rentals - Other Facilities					37	54	79	115	5,698	6,313
Education:										
Enrollment:										
Elementary schools (6)	3,114	3,002	3,110	2,960	2,973	2,993	2,697	2,627	2,640	2,526
Middle Schools (1)	930	911	1,660	973	1,040	964	999	1,011	997	864
High Schools (1)	300	286	400	400	400	400	400	400	400	1,005

Source: Various City Departments

Notes:

N/A denotes information not available.

CITY OF SAN PABLO
Capital Asset Statistics by Function/Program

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function/Program										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol units	23	21	23	19	19	18	17	14	23	55
Community Resources:										
Miles of streets	48	48	48	48	48	48	49	49	49	49
Street lights	182	182	182	182	182	182	192	192	243	243
Traffic Signals	25	25	25	25	25	25	27	29	29	29
Roadway Landscaping:										
Landscaped median acreage	1	1	1	1	1	1	1	1	1	1
Street trees	800	800	800	800	840	840	840	840	840	860
Community Recreation:										
Community services:										
City parks	6	6	6	6	7	8	8	8	8	8
City parks acreage	28	28	32	22.0	19	23.2	23.2	23.2	23.2	23.2
Playgrounds	4	4	5	5	5	5	5	5	5	5
Event center	0	0	0	0	0	0	0	0	0	0
Historic house	3	3	3	3	3	3	3	3	3	3
City trails	1	1	1	1	1	1	1	1	1	1
City trails miles	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	2	2	2	2	2	2
Senior centers	2	2	2	2	2	2	2	2	2	2
Baseball/softball diamonds	3	3	3	3	3	3	3	3	3	3
Soccer/football fields	6	6	6	6	6	9	9	9	9	9
Wastewater (1)										
Miles of storm drains	17	17	17	17	17	17	17	17	17	20

Source: Various City Departments

Notes:

(1) Wastewater services are provided by Contra Costa County



CITY^{OF} SAN PABLO

City of New Directions