

CITY OF SAN PABLO, CALIFORNIA



Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2022



CITY^{OF} SAN PABLO

City of New Directions



CITY OF SAN PABLO, CALIFORNIA

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

PREPARED BY THE
FINANCE DEPARTMENT



CITY^{OF} SAN PABLO

City of New Directions

CITY OF SAN PABLO, CALIFORNIA
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

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CITY^{OF} SAN PABLO

City of New Directions



Letter of Transmittal

December 13, 2022

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) for the City of San Pablo, California, (“the City”) for the fiscal year ended June 30, 2022. The ACFR is presented in accordance with the principles and standards of accounting and financial reporting by the Governmental Accounting Standards Board (GASB) and provides information needed for readers to gain a reasonable understanding of the City’s financial activities. 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 Management’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. An overview of the City’s financial activities for the fiscal year is discussed in detail in the Management Discussion and Analysis (MD&A), which can be found in the financial section immediately following the Independent Auditor’s Report. This Letter of Transmittal is designed to complement the MD&A and is intended to be read in conjunction with it.

INDEPENDENT AUDIT

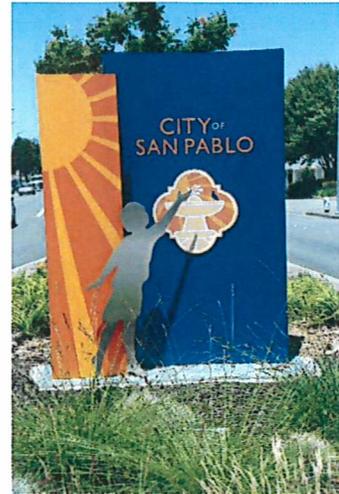
Audit of the City’s financial statements was performed by the independent, certified public accounting firm of Maze & Associates. The goal of the audit is to obtain reasonable assurance that the financial statements are free of material misstatements and are presented fairly and in conformity with generally accepted accounting principles (GAAP). In their Independent Auditor’s Report, Maze & Associates issued an unmodified opinion with respect to the City’s financial statements for fiscal year ended June 30, 2022. The independent audit involved examining, on a test basis, evidence supporting amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by the management; and evaluating the overall financial presentation. Maze & Associates has concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified audit opinion that the City of San Pablo’s financial statements for the fiscal year ended June 30, 2022 are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. The independent auditor’s report is presented as the first component of the financial section of this report.

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 situated just minutes away from the Bay Area cultural centers of Berkeley, Oakland and San Francisco, and in relative

Letter of Transmittal

proximity to five bridges leading to all parts of Northern California. Historically one of the oldest Spanish settlements in the region, the architecture of San Pablo's new Spanish style city hall with a fountain and courtyard is a proud reflection of that heritage.



THE CITY COUNCIL

The City is governed by a five-member City Council, under the Council-Manager form of government. Council Members are elected at large to staggered four-year terms with three Council Members and two Council Members in alternating elections, at two-year intervals. Each year, the Council appoints one of its members to serve as Mayor. The Council is vested with policymaking and legislative authority and appoints the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for appointing department directors.

THE BUDGET, FISCAL & LEGISLATIVE STANDING COMMITTEE

The Budget, Fiscal & Legislative Standing Committee (BFLSC), comprised of two standing City Council Members, provide a lay review of proposals in context of the established goals and priorities of the City. They have the authority to approve the proposal as presented, or may give approvals subject to revisions. A proposal meeting the approval of the BFLSC is then recommended for formal consideration in a scheduled public hearing before the City Council, and is formally adopted if approved.

DEMOGRAPHICS

Size: 2.6 square miles, all of which is land
2021 Population: 31,773 (US Census, 7/2021)
Gender: 50.9% male, 49.1% female
Median Resident Age: 33.1
Estimated Median Household Income: \$60,819 (American Community Survey, 2020)
Owner Occupied Household: 38.7%
Median Home Value: \$550,714 (Zillow Homes Value Index at 8/31/2022)
Median Rent Per Month: \$2,421

The City provides a full range of municipal services, including police (public safety), community development (planning, land use and building regulation), public works (capital projects, street maintenance and environmental services), community services (rentals, senior services, and recreational programming), administration and fiscal services. Fire protection services is provided by the Contra Costa Fire Protection District (ConFire). Water services is provided by East Bay Municipal Utility

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District (EBMUD), sewer services by the West County Wastewater District, and solid waste and recycling services by Richmond Sanitary Service.

Internal and Budgetary Controls

INTERNAL CONTROLS

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

BUDGETARY CONTROLS

The City's ordinance requires the adoption of a budget for the following fiscal year before July 1st every year. The City's Management presents a two-year operating budget and five-year Capital Improvement and Equipment Plan annually. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City's budgetary control is maintained at the individual departmental level and any change in the adopted appropriations, by department, requires approval from the City Manager and/or City Council. The City maintains an encumbrance accounting system. Encumbrances and appropriation for unfinished capital projects are generally re-appropriated as part of the following year's budget.

CASH MANAGEMENT

The City manages a pooled investment program for all funds in which temporarily idle funds during the year was invested in accordance with the City's approved Investment Policy. The policy affords a broad spectrum of investment opportunities, as long as the investment is deemed prudent and permissible under currently effective legislation of the State of California and other imposed restrictions. Criteria for selecting investments and the order of priority are: safety, liquidity and yield. The cash management system of the City is designed to accurately monitor and forecast expenditures and revenues, thus ensuring the investment of monies to fullest extent possible. Attempts are made to obtain the highest yields available as long as investments meet the criteria required for safety and liquidity.

Letter of Transmittal

Major Initiatives and Priority Workplan

Over the years, the City has become a thriving residential and business community. San Pablo is home to Contra Costa Community College and is fortunate to have a wealth of community resources including a library, a sports park, a childcare facility, a regional healthcare facility and a career center. Many multilingual nonprofits, like First 5 and Lao Family Community Development, represent 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 which meet a variety of needs and interests. Other such initiatives include:

- **Services for Families and Youth:** Youth, School, and Community, Partnerships Division (YSCP) is committed to the healthy development of youth with a focus on developing positive opportunities, programs and partnerships that will provide children and youth with skills, knowledge, support and resources leading to healthy and productive lives. YSCP programs, services and initiatives support a community where government, families, schools, law enforcement, and organizations work together to create an environment conducive to support young people, their learning and their success.
- 
- **Childhood Obesity Prevention Grant Program and Advisory Group:** 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. The current Childhood Obesity Prevention Grant Program (COPGP) provides grant opportunities for local organizations, schools, and other agencies to implement activities and services that promote physical movement and nutrition education.
 - **San Pablo Beacon Community Schools:** San Pablo City Council adopted the Full-Service Community Schools Initiative (FSCSI) with the goal of transforming all schools in San Pablo into Full-Service Community Schools. In February 2016, the City joined the Beacon National Network, a multicity collaborative of community schools. In a Community School, the school district, city, county, community and faith-based organizations, businesses, families and philanthropists form a strong, deep and transparent partnership. They can jointly address the identified needs of students, families and the community in a comprehensive, integrated and accountable way. The group shares leadership, works towards a common vision and agenda, and shares responsibility for results. A Community School focuses on the needs of the whole child – physical, emotional, social and academic – to create the conditions necessary for all children to learn and be successful in life.

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Driving the initiatives is the City’s FY2021-23 Priority Workplan, adopted by the City Council on March 15, 2021 and dedicated to developing, preserving and protecting the quality of life and cultural diversity of its citizens in addition to striving to provide exceptional public services in its day to day operations. It is a policymaking document established by the City Council for purpose of providing policy direction for implementation by the City Manager. Even though the FY2021-23 Priority Workplan is a dynamic, evolving document, it maintains five major policy goals under which priority items are given review and consideration:

1. Focus on Economic Development and Diversification
2. Expand Housing Options
3. Enhance Community Resilience
4. Build a Healthy Community
5. Improve Public Safety



CITY OF SAN PABLO
City of New Directions

Teammate San Pablo 2022 Year of Solidarity

FY 2021-23

**CITY OF SAN PABLO CITY COUNCIL PRIORITY
WORKPLAN**

Economic Condition and Outlook

The local and regional economy continues to recover from the Norvel Coronavirus (COVID-19) and its sub-variants during FY 2021/22. From local to national levels, COVID-19 positivity rates have experienced surges and declines, even as vaccine and booster shots continue to be provided to the public. Throughout this time, the City has taken a cautious approach and maintains in-office protocols that were instituted as a matter of policy during the height of the pandemic. Nevertheless, local, regional and state governments have relaxed their position on current safety measures and guidelines, and we are seeing a return to normalcy in terms of pre-pandemic activities. These cues, however compelling, are not an accurate indicator of the economy. Inflation, interest rates, industrial production, consumer confidence, worker productivity, retail sales and employment rates are often used with historical context to determine the outlook.

THE ECONOMIC FORECAST

Emerging from an economy impacted by COVID, the City still faces challenges from a number of economic issues stemming from rising inflation, high interest rates, industrial production and a shrinking labor force. Over the 12 months ended June 2022, the Consumer Price Index for All Urban Consumers increased 9.1 percent. The 9.1 percent increase was the largest 12-month increase in 40 years. Energy--specifically motor fuel prices--was up by 60.2 percent. Core inflation, which excludes the more volatile categories of food and energy, was still higher than a year ago driven by increased home prices and rents

Letter of Transmittal

while new vehicle prices increased 11.4 percent over the previous year. The California Department of Finance projects an inflation rate of 7.6 percent for FY ending June 30, 2022, foreseeably triggering an increase in the State’s minimum wage laws and further adding to the projected operating costs. Interest rates have been trending up and hitting highs not seen in 20 years.

EMPLOYMENT

In 2020, within months of California issuing the nation’s first statewide order to stay-at-home, the state would report a loss of 2.76 million jobs. Two years later, nearly 90% of the jobs have been recovered with the trend seeing gains in 13 of the past 14 months ended March 2022. However, the labor force has not seen the growth needed to reach the pre-pandemic high, resulting in labor shortages which, in turn, has driven up wages.

Unemployment	Rate – June, 2022	Fiscal Year Change
United States	3.6%	-2.3%
State of California	4.2%	-3.7%
Contra Costa County	3.2%	-4.1%
City of San Pablo	3.8%	-5.4%

Source: Various

INFLATION

Inflation continues at an increasing rate when compared to past years due to the recovery of the coronavirus pandemic, representing some pressure from food prices and high energy prices. CPI has remained above 5 percent since June 2021, and over the 12 months ended June 2022, the Consumer Price Index for All Urban Consumers increased 9.1 percent. The 9.1-percent increase in the all items index was the largest 12-month increase since the 12-month period ending November 1981. The global surge in energy prices is partly responsible for the unrelenting high inflation witnessed in 2021. Crude oil prices increased 62.7% over the previous year, resulting in substantial increases to gasoline prices seen at the pumps.

SALES AND USE TAXES

The statewide sales tax trends have been heavily impacted by many economic challenges including inflation, interest rate hike and prices on taxable goods. As mortgage rates continue to increase and expensive, the demand for appliances, furnishings and other related products will decrease. Overall, the consumer’s confidence in the economy is best described as uncertain.

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PROPERTY TAXES

In FY 21-22, San Pablo taxable assessed value is \$2.4 billion. The property value increased by approximately 8.2%, compared to the County’s overall increase of 7.8%. Residential use represents 77.8% of the City’s 2022 assessed valuation. Growth in home sales remained strong through the summer of 2021. Many cities saw median price increases due to low interest rates, high demand, and limited properties for sale. Sales price increases in 2021 were reflected on the 2022/23 tax rolls. Tracking activity into 2022, new concerns over rising interest rates and inflation are decreasing the volume of home sales. For many locales, median prices have waned slightly in recent months, but still represent increases in sale price when compared to the prior year.

The median sale price of San Pablo detached single-family homes from January through August 2022 was \$527,500, a decrease of -\$13,000 (-2.4%) from the median sale price in the same period for 2021.

Year	Sales	Median	Change
2018	134	\$425,000	17%
2019	111	\$446,000	4.9%
2020	106	\$459,000	3.0%
2021	142	\$540,500	17.6%
2022	64	\$527,500	-2.4%

Source: HDL

CASINO REVENUE

The Lytton Band of Pomo Indians (Lytton Band) revenues are essential to the City of San Pablo. Currently the Municipal Services Agreement (MSA) with the Lytton Band provides about 60% in general fund revenue to the City. This revenue funds Police, Recreation, Information Technology, Public Works, Code Enforcement and Building Plan Check and Inspection functions.

Also, in accordance to the Municipal Services Agreement signed in September 1999 between the Lytton Band of Pomo Indians (the “Band”) and the City of San Pablo (the “City”), the Band will make an annual Minimum Municipal Services Payment of One Million Five Hundred Thousand Dollars (\$1,500,000) to the City semi-annually with one-half due and payable on the 15th of December and the 15th of April and shall increase or decrease annually in the same amount as real property taxes otherwise paid by owners of commercial property within the City. At the date of the execution of the Agreement, both the Band and the City acknowledge the amount of 2% per year.



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OTHER ECONOMIC INDICATORS

Other Economic Indicators	Rate	Fiscal Year Change
Bay Area CPI	3.2%	1.6%
Personal Savings Rate	5.1%	-46% (down from 9.5%)
Crude Oil Prices (as of 6/30/22)	\$116.80/barrel	62.7% (increase of \$45/barrel)

Significant Events and Accomplishments

- Crisis Intervention Training was delivered to all sworn staff, aiding in responses to critical incidents involving individuals suffering from mental health emergencies. In addition, implementation of the Ti Force Option Simulator in conjunction with defensive tactics training allowed staff to facilitate and prioritize de-escalation principles to officers.
- The SPPD Drone Team expanded and successfully began responding to in-progress calls for service. The Police Department was one of few agencies in the country to actively pursue a Drone-As-A-First Responder program. Notably, the department was also recognized as the first agency to successfully integrate a drone response with ShotSpotter technology.
- Started construction of the Rumrill Complete Streets Project, providing improvements on 1.7 miles of Rumrill Boulevard.
- Coordinated the operations of more than a dozen new EV charging ports to provide EV charging access to the City’s constituents.
- Restarted the Residential Health & Safety Program in January, 2022.
- Administered COVID Housing Grant Program.
- In partnership with the Family Giving Tree Agency, the Youth, School, & Community Partnerships (YSCP) division distributed 700 brand new backpacks filled with supplies to all six of the San Pablo Beacon Community Schools and to San Pablo students at Richmond High for the FY21-22 school year.
- During the pandemic, wellness check-in calls were provided to 400 seniors at least once a month with more vulnerable population getting calls up to three times per week. In addition, under the Contra Costa Café Meals Program, staff maintained weekly meal pick up and deliveries which saw demand increase 100% to 100 lunches per day.



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- Achieved favorable outcome and resolution for the City and the City of San Pablo Successor Agency with the CA Dept of Finance for \$1.997M in RPTTF funding under a successful Meet and Confer process.
- Secured funding for construction of the new San Pablo Police Dept. Headquarters and Public Safety Training Center Project through issuance of Lease Revenue Bonds on May 17, 2022.

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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. To receive a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. 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 ACFR continues to meet the Certificate of Achievement Program requirements and will again submit its ACFR to the GFOA to determine eligibility for another certificate.

Acknowledgements

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

Respectfully submitted,

Matt Rodriguez
City Manager

Norman Veloso
Director of Finance

Letter of Transmittal

CITY OF SAN PABLO
ELECTED OFFICIALS AND
ADMINISTRATIVE
PERSONNEL JULY 1, 2022

ELECTED PERSONNEL

MAYOR	RITA XAVIER
VICE MAYOR	ABEL PINEDA
COUNCIL MEMBER	ELIZABETH PABON-ALVARADO
COUNCIL MEMBER	PATRICIA PONCE
COUNCIL MEMBER	ARTURO CRUZ
CITY CLERK	DOROTHY GANTT
CITY TREASURER	VIVIANA TOLEDO

ADMINISTRATIVE PERSONNEL

CITY MANAGER	MATT RODRIGUEZ
CITY ATTORNEY	TERESA L. STRICKER
ASSISTANT CITY MANAGER	CHARLES CHING
CHIEF OF POLICE	RON P. RAMAN
PUBLIC WORKS DIRECTOR/CITY ENGINEER	ALLAN PANGANIBAN
DIRECTOR OF FINANCE	NORMAN VELOSO
COMMUNITY SERVICES DIRECTOR	GREG DWYER
COMMUNITY DEVELOPMENT DIRECTOR	ELIZABETH TYLER

CITY OF SAN PABLO ORGANIZATIONAL CHART, FY 2021/22 EFFECTIVE 7/1/21

TOTAL FTE: 200.8

SAN PABLO CITY COUNCIL

6.0 FTE

CITY ATTORNEY 1.0
1.0 Paralegal

2.0 FTE

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

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

14.0 FTE

ASSISTANT CITY MANAGER 1.0
RISK MANAGEMENT
Municipal Pooling Authority (MPA)
1.0 Administrative Clerk I/II
1.0 Management Analyst (Housing)

**INFORMATION
TECHNOLOGY MANAGER 1.0**
IT FUNCTIONS,
SERVICES, AND SUPPORT
2.0 Info. Tech. Administrator
2.0 Info. Tech. Technician

**COMMUNITY SERVICES
DIRECTOR 1.0**
COMMUNITY SERVS.

RECREATION SERVICES
1.0 Community Services Manager
4.0 Community Svcs. Coordinator I/II
5.0 Building Attendant (P/T)
11.0 Rec. Leader (P/T)
2.0 Rec. Specialist (P/T)
1.0 Sr. Rec Specialist (P/T)
0.4 Art Curator (P/T)
4.1 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)
1.0 Program Assistant (P/T)
PARATRANSIT
1.0 Community Svcs. Coordinator I/II
3.0 Paratransit Driver (F/T)

43.3 FTE

**COMMUNITY DEVELOPMENT
DIRECTOR 1.0**
COMMUNITY DEVELOPMENT DEPT.

BUILDING SERVICES
1.0 Chief Building Official
1.0 Building Inspector
2.0 Sr. Permit Tech.
1.0 Administrative Clerk I/II
PLANNING SERVICES
1.0 Planning Manager
3.0 Assistant/Associate Planner
1.0 Administrative Clerk I/II
1.0 Planning Aide
1.0 Administrative Secretary

13.0 FTE

DIRECTOR OF FINANCE 1.0
FINANCE DEPARTMENT

BUDGET & FISCAL SERVICES
1.0 Accounting Manager
1.0 Accountant
2.0 Accounting Technician
2.0 Fiscal Clerk I/II (Non-Confidential)

7.0 FTE

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

ENGINEERING
0.5 Management Analyst
1.0 Sr. Civil Engineer
1.0 Sr. PW Inspector
2.0 Assistant/Associate Engineer
1.0 Admin. Clerk I/II
1.0 Engineering Aide
ENVIRONMENTAL SERVICES
1.0 Senior Maintenance Worker
0.5 Maintenance Worker I/II
1.0 Sr. Environmental Prog. Analyst
1.0 Environmental Prog. Analyst
0.5 Environmental Prog. Analyst
MAINTENANCE & FACILITIES
1.0 Maintenance & Operations Superintendent
2.0 Maintenance Supervisor
3.0 Sr. Maintenance Worker
8.5 Maintenance Worker I/II
0.5 Management Analyst
1.0 Senior Administrative Clerk

27.5 FTE

**CHIEF
OF POLICE 1.0**
POLICE DEPARTMENT

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

88.0 FTE



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of San Pablo
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

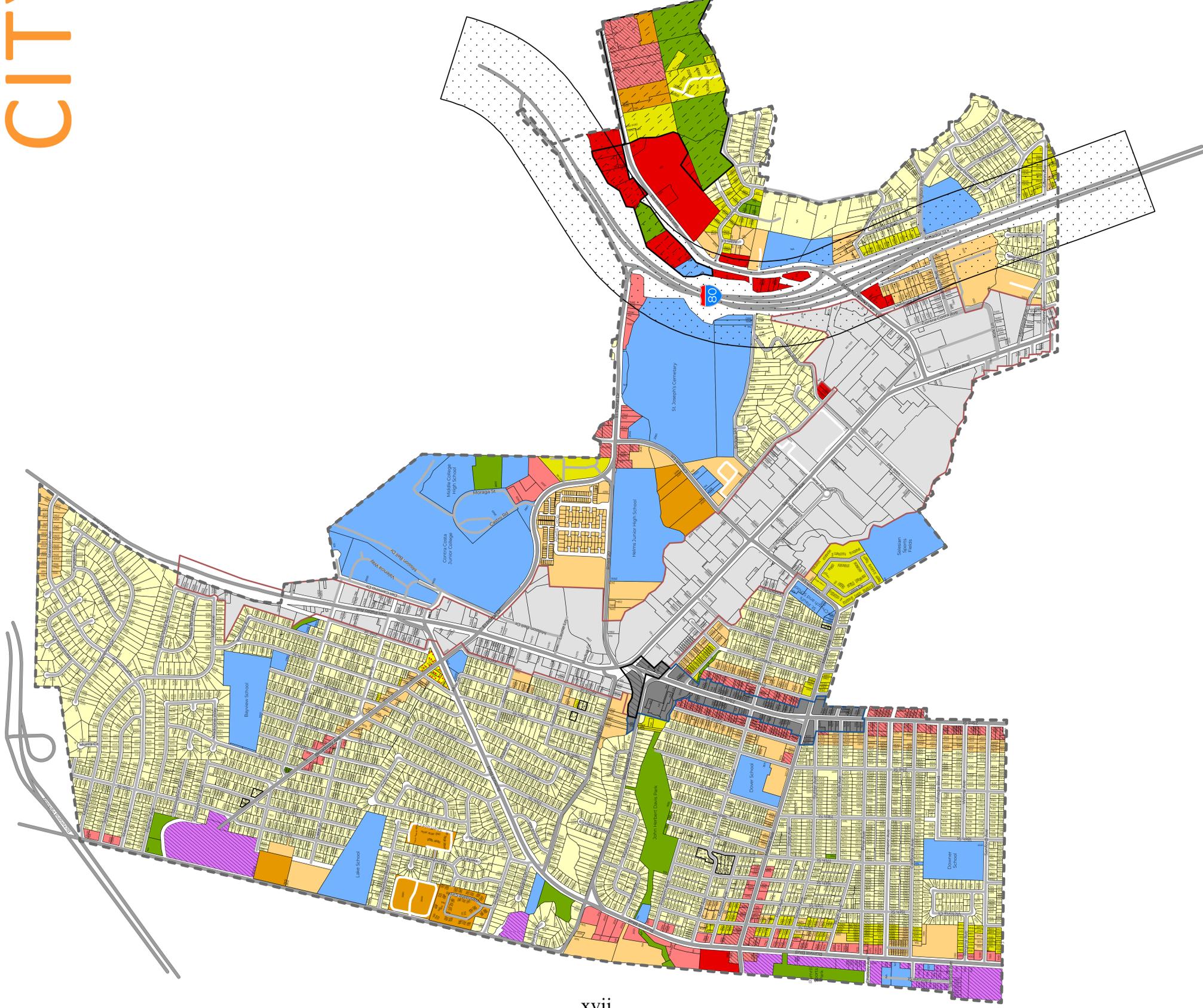
June 30, 2021

Christopher P. Morill

Executive Director/CEO

CITY OF SAN PABLO

Zoning District Map



Legend

San Pablo City Limit

Zoning Districts

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

Specific Plans

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

Overlay Districts

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





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 the Audit of the Financial Statements

Opinions

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 (City), California, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

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, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matters

Special Item – Transfer from Economic Development Corporation to City

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

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

Change in Accounting Principle

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*, which became effective during the year ended June 30, 2022 and required restatement of certain governmental activities lease-related balances as discussed in Note 1M to the financial statements.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pleasant Hill, California
December 13, 2022



CITY^{OF} SAN PABLO

City of New Directions

Management’s Discussion and Analysis

INDEPENDENT AUDIT

City of San Pablo (“City”) management offers readers this overview of the City’s financial performance for the fiscal year ended June 30, 2022. The accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures in this report, are the responsibility of the City. In accordance with *Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, this Management’s Discussion and Analysis are designed to:

- Highlight information readers may need to assess the City’s financial position,
- Make comparisons of current year to prior year financial activity,
- Explain any significant deviation in funds and budget variances,
- Describe capital asset and long-term debt activity during the year, and
- Describe currently known facts, decisions, or conditions that are expected to have a significant effect on financial position and the City’s ability to address future challenges.

FINANCIAL HIGHLIGHTS

The financial statements present information on the financial health of the City. Highlights for the year ended June 30, 2022 are noted as follows:

- The City’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of Fiscal Year (FY) 2022 with a Total Net Position of \$160.4 million (*Statement of Net Position*, Page 20). Of this amount, \$30.5 million is unrestricted and may be used to meet the City’s ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City’s Governmental Funds reported a combined ending fund balance of \$115.5 million (*Governmental Funds – Balance Sheet*, Page 24) consisting of the following components:

Non-spendable	12,825
Restricted	51,124,290
Assigned	7,825,000
Unassigned (Reserve)	56,534,777
Total Fund Balance at June 30, 2022	\$115,496,892

- At the close of the fiscal year, the General Fund reported total assets of \$71.3 million and a total fund balance of \$68.2 million (*Governmental Funds – Balance Sheet*, Page 24). This represents an increase in fund balance of \$3.8 million, or 5.9% from the prior fiscal year.

Management's Discussion and Analysis

- On February 1, 2022, the City issued an additional \$30.5 million in 2022 Lease Revenue Bonds. The proceeds of these bonds will be used to finance the construction of Police Headquarters and Public Safety Training Center Project and to refund and defease \$10.4 million outstanding Lease Revenue Bonds, Series 2015B.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Annual Comprehensive Financial Report consists of the following parts:

- Introductory section, which includes the Transmittal Letter and general information,
- Management's Discussion and Analysis,
- Basic Financial Statements, including the Government-wide and the Fund Financial Statements, along with the Notes to these financial statements,
- Supplementary Information including Schedules of Changes in the Net Pension Liability and Schedule of Contributions, and
- Statistical information and other schedules.

Basic Financial Statements

The Basic Financial Statements are comprised of three components: (1) Government-wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to Basic Financial Statements.

Government-Wide Financial Statements

The *Statement of Net Position* and the *Statement of Activities* report information about the City's finances as a whole. These statements report consolidated financial information on the City's *primary activities*, which include police, public works, community services, community development, and general administration. While some of these activities are supported in part by charges for services and grants, the majority are financed by casino contract revenues, property taxes, sales taxes, utility taxes, and other governmental taxes and assessments such as the State gas taxes, and motor vehicle taxes.

These statements report all assets, liabilities and deferred inflows/outflows of resources using the full accrual basis of accounting similar to the accounting model used by private sector firms. Under this accounting model, all assets and all liabilities, including revenues and expenditures for providing services, are recognized within the reporting period or soon after (45 days).

The *Statement of Net Position* – the difference between assets and liabilities – is one way to measure the City's financial health. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or declining. However, other non-financial factors must also be considered, such as changes in the City's property tax base, sales tax, and condition of the City's physical assets, including roads, facilities, and other infrastructure.

Management’s Discussion and Analysis

Financial Analysis of Government-Wide Financial Statements

This section focuses on the City’s net position and changes in net position of its governmental activities for the fiscal year ending June 30, 2022. As noted earlier, the City’s total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$160,352,105. This compares to a net position of \$148,932,099 in the prior year ended June 30, 2021, an increase of 7.7% or \$11,420,006. This increase is attributed to noncurrent assets and primarily due to receipts of reimbursements from previous year’s capital projects.

Statement of Net Position

The detailed *Statement of Net Position* (Basic Financial Statements, Page 20) is a snapshot of the City’s financial position at the end of the Fiscal Year 2021-22. The following table provides a summary of the City’s net position at June 30, 2022, compared to the prior year.

Table 1. Statement of Net Position as of June 30, 2021 and 2022

	FY 2020-21	FY 2021-22	% Change
Assets			
Current Assets	\$103,340,858	\$133,877,181	29.55%
Capital Assets	124,571,096	145,447,192	16.76%
Total Assets	<u>227,911,954</u>	<u>279,324,373</u>	<u>22.56%</u>
Deferred Outflow of Resources			
Related to Pensions	9,395,024	11,489,215	22.29%
Related to OPEB	3,457,052	4,776,019	38.15%
Total Deferred Outflow	<u>12,852,076</u>	<u>16,265,234</u>	<u>26.56%</u>
Liabilities			
Current Liabilities	7,694,474	7,806,546	1.46%
Long-term Liabilities	77,504,539	100,182,013	29.26%
Total Liabilities	<u>85,199,013</u>	<u>107,988,559</u>	<u>26.75%</u>
Deferred Inflow of Resources			
Related to Pensions	1,958,301	24,724,184	1162.53%
Related to OPEB	4,674,617	2,524,759	-45.99%
Total Deferred Inflow	<u>6,632,918</u>	<u>27,248,943</u>	<u>310.81%</u>
Net Position			
Invested in Capital	94,823,104	110,624,020	16.66%
Restricted	20,513,642	19,239,898	-6.21%
Unrestricted	33,595,353	30,488,187	-9.25%
Total Net Position	<u>\$148,932,099</u>	<u>\$160,352,105</u>	<u>7.67%</u>

Management's Discussion and Analysis

Pension reporting changes required by GASB No. 68 & 71 were first implemented in FY 2014-15. As of June 30, 2022, the portion of Noncurrent Liabilities related to pensions is \$30,335,478, compared to \$47,488,485 as of June 30, 2021.

Of the City's Total Net Position, \$110,624,020, or 69%, is invested in capital assets (e.g., land, buildings, machinery and equipment) and is reported net of related debt. Since these capital assets are used to provide services to the community, they may not be readily used to liquidate liabilities. An additional 12% of the net position (\$19,239,898) is restricted for capital projects, debt service and low and moderate income housing, and \$30,488,187, or 19%, of the City's net position is unrestricted.

At the end of the current fiscal year, the City is able to report a positive and improved overall financial position.

Statement of Activities

The detailed *Statement of Activities* (Basic Financial Statements, Page 21) presents the City's revenue and incurred expenses for the year ended June 30, 2022. All financial activities of the City are recorded here, including operational costs, capital project costs, depreciation, and accrued liabilities such as vacation and sick leave.

The *Statement of Activities* demonstrates how much each activity is funded through special revenues and assessments, fees and grants, and illustrates the relative expense supported by the City's general discretionary revenues (i.e., casino contract revenues, property taxes, and sales tax). The following table is information from the *Statement of Activities* presented in an alternative format and comparing the City's activities at the end of Fiscal Year 2021-22 with that of the prior year.

Management's Discussion and Analysis

Table 2. Statement of Activities as of June 30, 2021 and 2022

Program Revenues:	FY 2020-21	FY 2021-22	% Change
Charges for Services	\$2,260,115	\$3,551,123	57.1%
Operating Grants and Contributions	2,460,329	6,883,452	179.8%
Capital Grants and Contributions	1,070,768	7,428,316	593.7%
Total Program Revenues	5,791,212	17,862,891	208.4%
General Revenues:			
Property Taxes	2,410,402	2,750,176	14.1%
Sales Taxes	4,801,115	5,049,824	5.2%
Utility Taxes	2,731,594	2,864,920	4.9%
Transient Occupancy Taxes	666,643	569,390	-14.6%
Franchise Taxes	927,262	979,688	5.7%
Payment in Lieu of Taxes	2,100,360	2,142,368	2.0%
Other Taxes	123,084	87,679	-28.8%
Motor Vehicle Taxes	2,994,786	3,126,924	4.4%
Casino Contract Revenues	26,811,866	29,966,698	11.8%
Use of Money and Property	378,818	262,365	-30.7%
Gain from Sale of Capital Assets	4,198,761	9,061	-99.8%
Miscellaneous	2,606,689	4,934,341	89.3%
Total General Revenues	50,751,380	52,743,434	3.9%
Total Revenues	56,542,592	70,606,325	24.9%
Expenses:			
General Administration	16,770,379	16,172,199	-3.6%
Community Recreation	2,669,889	2,478,905	-7.2%
Community Development	8,883,785	5,276,529	-40.6%
Community Housing	92,370	117,624	27.3%
Public Works & Engineering	7,043,052	7,972,673	13.2%
Police	22,209,621	23,239,924	4.6%
Interest on Long-term Debt	1,150,307	3,928,465	241.5%
Total Expenses	58,819,403	59,186,319	0.6%
Change in Net Position	-2,276,811	11,420,006	-601.6%
Net Position, Beginning of the Year	151,208,910	148,932,099	-1.5%
Net Position, End of the Year	\$148,932,099	\$160,352,105	7.7%

Management's Discussion and Analysis

Revenues

When compared to the previous year, total revenues increased by \$14,063,733 or 24.9%. A significant portion of the increase is from total program revenues, which includes grants and contributions. In FY 2021-22, the City received \$10,780,761 more in capital and operating grants combined than in FY 2020-21 to fund various projects including the Rumrill Boulevard Complete Streets Project and the WCC Restoration Project. One-time capital grants and grant revenue can fluctuate from year to year depending on the timing of grant funded projects. Total general revenues also had a small modest increase, attributed to strong casino contract revenues that help to offset revenue decreases from transient occupancy taxes and other taxes.

Expenses

Overall, total expenses as shown in the *Statement of Activities* remained relatively unchanged from the previous year, reflecting a negligible increase of \$366,916 or .6%. However, there was substantial decline in program expenses in community development, offset by expense increases from Interest on long-term debt, due to the City's issuance of the 2022 JPFA Lease Revenue Bonds and from the Police Department in maintaining essential services.

Fund Financial Statements

The Fund Financial Statements provide detailed information about the City's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by Governmental Accounting Standards Board (GASB) Statement No. 34 and replaced the concept of combining like funds and presenting them in total. Therefore, each major fund is presented individually, with all non-major funds combined in a single column on each fund statement. Subordinate schedules display these non-major funds in more detail. Major funds present the major activities of the City for the year. The General Fund is always considered a major fund, but other funds may change from year to year as a result of changes in the pattern of City activities.

The Fund Financial Statements, which include Governmental and Fiduciary Funds, display the City's operations in more detail than the Government-wide Financial Statements and focus primarily on the short-term activities of the City's General Fund and other major funds.

Financial Analysis of Fund Financial Statements

The *Governmental Funds Balance Sheet* and *Statement of Revenues, Expenditures and Changes in Fund Balances* report information about the City's finances by fund group. The City's governmental funds are categorized into six major fund groups – General Fund, Low and Moderate Income Housing Assets, Public Works Construction, 2015 JPFA Lease Revenue Bonds, 2022 JPFA Lease Revenue Bonds and Other Governmental Funds. When considering the relative health of the City's finances, it is useful to look more closely at the fund balances for each group.

Management's Discussion and Analysis

Governmental Funds

The General Fund group includes the City's discretionary resources (e.g., casino contract revenues, property taxes, and sales tax) and functions as the general operating fund.

In addition to the General Fund, the City of San Pablo recognizes the following funds as Major Funds:

- Low and Moderate Income Housing Assets (Fund 250, Fund 280, Fund 404)
- Public Works Construction (Fund 320)
- 2015 JPFA Lease Revenue Bonds (Fund 315, Fund 317)
- 2022 JPFA Lease Revenue Bonds (Fund 419)
- Other Governmental Funds – includes Gas Tax, Public Safety, NPDES, Development Services, Measure C/J, Asset Seizures, Paratransit, Street Lighting and Landscaping, Traffic Congestion Relief, HCD Grant, Measure K, and 2018 JPFA Lease Revenue Bonds

Fund Balance

The intent of GASB Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definitions, is to provide more clearly defined fund balance classifications to make the nature and extent of the constraints placed on a government's fund balances more transparent.

GASB 54 places fund balance under five possible classifications: non-spendable, restricted, committed, assigned and unassigned. Only fund balance in the General Fund is able to be classified as unassigned because all other funding sources come with restrictions for use by legislative action at the local, state or federal level.

As shown in the Balance Sheet (*Governmental Funds – Balance Sheet*, Page 24), as of the fiscal year ended June 30, 2022, the City's Governmental Fund types included a combined ending fund balance of \$115,496,892. Of that total, 44.3% (\$51,124,290) is classified as restricted (i.e., Certificates of Participation, debt service, grants, or restricted by legislative action at any local, state, or federal level), and 6.8% (7,825,000) is assigned.

The detailed *Statement of Revenues, Expenditures and Changes in Fund Balances* (Basic Financial Statements, Page 26) presents changes to fund balances resulting from the FY 2021-22 actual revenue and expenditure activity. A summary of net changes by fund group is shown in the table below.

Management’s Discussion and Analysis

Table 3. Summary of Net Changes to Fund Balance by Fund Group

Fund Balance	General Fund	Low and Moderate Income Housing Assets	Public Works Construction	2015 JPFA Lease Revenue Bonds	2022 JPFA Lease Revenue Bonds	Other Governmental Funds	Total Governmental Funds
Beginning Fund Balance	\$64,379,930	8,997,907	\$3,290,693	\$2,189,561	\$0	\$5,035,481	\$83,893,572
Ending Fund Balance	68,160,379	9,302,757	-	2,190,577	29,749,257	6,093,922	115,496,892
Net Change	\$3,780,449	\$304,850	(\$3,290,693)	\$1,016	\$29,749,257	\$1,058,441	\$31,603,320
Percent Change	6%	3%	-100%	0%	0%	21%	38%

Net Change in Fund Balances Highlights

- The total fund balance of the City’s General Fund increased by \$3,780,449, or 6%. The increase in fund balance can be largely attributed to increases across the vast majority of revenue streams, and in particular, casino contract revenues with \$3,154,832, or 12%, increase from the year prior.
- Change in fund balance for both Low and Moderate Income Housing Assets and 2015 JPFA Lease Revenue Bonds are due to interest earned during the fiscal year.
- Change in Public Works Construction fund balance is due to repayment of previous advances made by the General Fund.
- On February 1, 2022, the City of San Pablo Joint Powers Financing Authority issued \$30,470,000 2022 JPFA Lease Revenue Bonds, the proceeds of which would be used to finance the construction of the new Police Headquarters and Public Safety Training Center. As of June 30, 2022, the fund balance was \$29,749,257.
- Change in Other Governmental Funds fund balance is attributed to increase in revenues across all funds.

General Fund Budgetary Highlights

To better gauge and navigate the unprecedented effects of the Coronavirus pandemic occurring on a global scale and on the local level, the City adopted a one-year budget for FY 2021/2022. The impact of Covid-19 was widely felt but the extent was being determined at the time the budget was adopted. The variation between budget and the actual results indicates General Fund actual revenues exceeded the final amended budget by \$11,823,483, or 26.7% due to a more conservative budget forecasts and a more rapid return to normal economic behaviors after pandemic as indicated by both sales tax and casino revenue.

Management’s Discussion and Analysis

STRENGTHS AND RISKS

General Purpose Fund Reserve

Reserve Policies

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

Major Funding Sources

The City’s general operations depend heavily on property taxes, sales taxes, casino contract revenues, and other taxes which includes the payment in lieu of taxes from the Lytton Casino. The tables below reflect a three-year history of the City’s major funding sources, with revenue receipts taken from the *Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual*, Page 28.

Property Taxes

Historically, property tax revenues remain stable with a slight increase annually. However, Covid-19 put uncertainty to our usual expectations and as the table shows, FY 2021-22 property tax revenues have finally recovered to pre-Covid-19 levels.

Table 4. History of Property Tax Revenues

Revenue Source	FY 2019-20	FY 2020-21	% Change FY19-20 to FY20-21	FY 2021-22	% Change FY20-21 to FY21-22
Property Taxes	\$1,536,711	\$1,255,899	-18.27%	\$1,580,496	25.85%

Sales Tax

In June 2012, the voters passed Measure Q, a ten-year initiative, which increased the sales tax base by 0.5% for the first five years, decreasing to 0.25% for the last five years. The original budget anticipated sales tax revenue of \$4.7 million, with the final budget reflecting a more modest expectation of \$3.6 million. The actual income received was \$3.9 million, an increase over the final budgeted projections by \$.3 million.

Management’s Discussion and Analysis

Table 5. History of Sales Tax Revenues

Revenue Source	FY 2019-20	FY 2020-21	% Change FY19-20 to FY20-21	FY 2021-22	% Change FY20-21 to FY21-22
Sales Taxes	\$3,178,659	\$3,699,105	16.37%	\$3,861,082	4.38%

Casino Contract Revenues

Because of the volatile and unpredictable nature of the changing economy and gaming revenue stream, the City budgeted conservatively at \$30.5 million for casino contract (non-regulatory) revenue, which derives exclusively from Casino San Pablo. The final adjusted budget amended the casino revenues to \$26.6 million. With little to ease the continued transmission of Covid-19, the Casino nevertheless remained operational the entire fiscal year and the City received revenue of \$29.6 million, an increase of \$3.1 million or 11.8% from the previous year.

Table 6. History of Casino Contract Revenues

Revenue Source	FY 2019-20	FY 2020-21	% Change FY19-20 to FY20-21	FY 2021-22	% Change FY20-21 to FY21-22
Casino Contract Revenues	\$21,345,016	\$26,442,053	23.88%	\$29,564,500	11.81%

Other Taxes

Included in other taxes is motel taxes, trailer space fee, transfer tax, franchise fees and PILOT casino fees, which, from the original budget of \$1.8 million, increased on the final budget to \$3.7 million, a more accurate reflection of the actual \$3.8 received from other taxes.

Table 7. History of Other Taxes

Revenue Source	FY 2019-20	FY 2020-21	% Change FY19-20 to FY20-21	FY 2021-22	% Change FY20-21 to FY21-22
Other Taxes	\$33,313,045	\$3,817,349	-88.54%	\$3,779,125	-1.00%

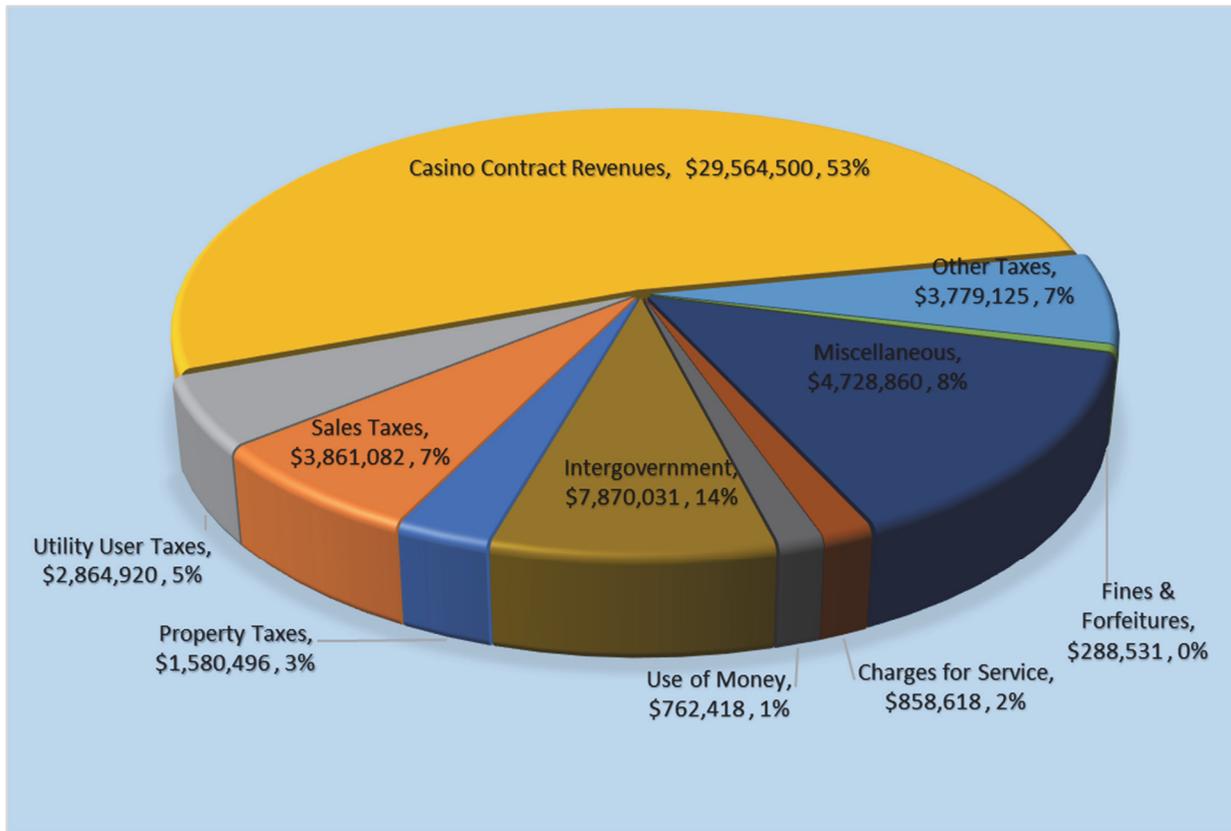
Management’s Discussion and Analysis

General Fund

Revenues

Specific to the General Fund, the following chart illustrates the major revenues sources (using figures from the *Statement of Revenues, Expenditures and Changes in Fund Balances*, Page 26).

Chart 1. FY 2021-22 General Fund Revenues (Total \$56,158,581)



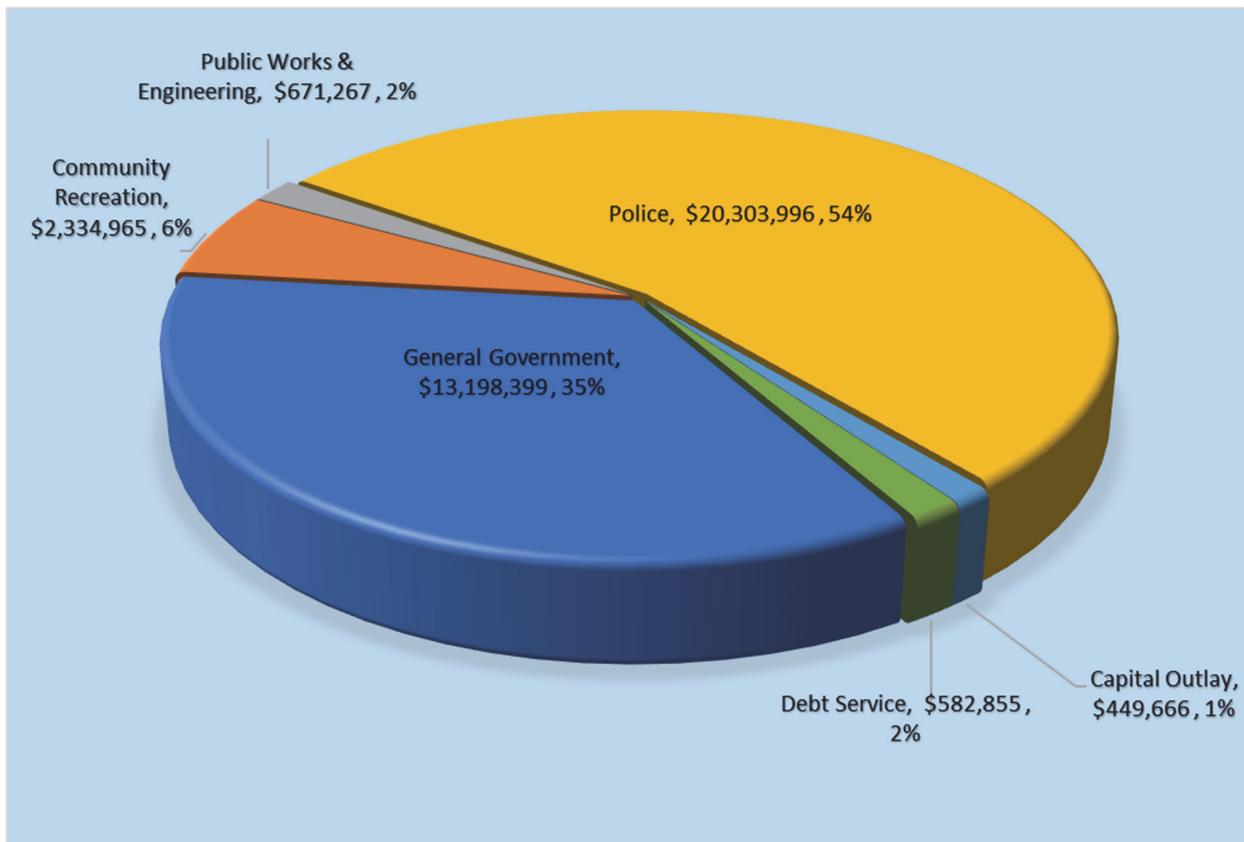
The City proactively addresses issues that it has some measure of control over; however, external factors exist over which the City has little or no control. While the City relies heavily on casino contract revenues for ongoing operations, it also relies on property taxes for its ongoing operations. Based on the passage of Proposition 13 by California voters in 1978, the property tax rate was fixed at 1% of the assessed value of a home plus any assessment bond approved by popular vote. Proposition 13 also froze how the property tax dollars are distributed amount all the benefactors, including the City government. The distribution of property tax dollars set under Prop. 13 was based on what existed in 1976.

Management’s Discussion and Analysis

Expenditures

The following chart illustrates the relative distribution of the City’s General Fund expenditures (using figures from the *Statement of Revenues, Expenditures, and Changes in Fund Balances*, Page 26). Expenditures under General Government include the City Council, City Manager, City Attorney, City Clerk, Human Resources, Finance and Information Technology.

Chart 2. FY 2021-22 General Fund Expenditures (Total \$37,541,148)



Debt

On March 3, 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.

On February 18, 2015, the City of San Pablo Joint Powers Financing Authority issued \$4,255,000 and \$11,555,000 in 2015 Lease Revenue Bonds, Series A and B. The 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.

Management's Discussion and Analysis

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

On February 1, 2022, the City of San Pablo Joint Powers Financing Authority issued an additional \$30,470,000 in 2022 Lease Revenue Bonds. The proceeds of these bonds were used to finance construction of Police Headquarters and Public Safety Training Center Project and to refund and defease all of the outstanding Lease Revenue Bonds, Series 2015B. Principal and interest payments on the 2022 Bonds are due semi-annually through 2053.

Redevelopment

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

Major Capital Improvement Projects

The City's adopted capital improvement program (CIP) for FY 21-22 totals \$1 million. The CIP is designed to meet community needs, with special emphasis on those projects that contribute to the City's economic vitality and quality of life.

Some of the major projects for FY 21-22 (and their costs) include the following:

- Rumrill Blvd Complete Street Project (0700) - \$7,140,850.
- Intersection Improvement (0701) - \$261,304.
- PD Headquarters-Public Safety Training Center (0104) - \$149,988.

REQUESTS FOR INFORMATION

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



CITY^{OF} SAN PABLO

City of New Directions

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

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

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

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

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

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

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

CITY OF SAN PABLO
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Primary Government</u>	<u>Component Unit</u>
	Governmental Activities	Economic Development Corporation
ASSETS		
Cash and investments available for operations (Note 3)	\$77,035,761	\$2,404,944
Restricted cash and investments (Note 3)	31,939,917	
Accounts receivable, net	11,190,031	75,396
Due from other governments, net	851,966	
Prepays and deposits (Note 1H)	11,141	4,340
Employee loans receivable (Note 5A)	1,684	
Loan receivable (Note 5B)	300,000	
Notes receivable under former Redevelopment Agency programs, net (Note 5C)	12,546,681	
Capital assets (Note 6):		
Land and construction in progress	21,366,451	
Depreciable capital assets, net	124,080,741	1,353,033
Total assets	<u>279,324,373</u>	<u>3,837,713</u>
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions (Note 9B)	11,489,215	
Related to OPEB (Note 10E)	4,776,019	
Total deferred outflows of resources	<u>16,265,234</u>	
LIABILITIES		
Accounts payable and accrued liabilities	4,615,465	26,228
Deposits payable	918,143	38,323
Claims payable, due within one year (Note 12)	66,423	
Compensated absences (Note 1G):		
Due within one year	1,663,094	
Due in more than one year	456,600	
Long-term debt (Note 7):		
Due within one year	454,874	
Due in more than one year	52,597,519	1,300,000
Net pension liability, due in more than one year (Note 9B)	30,335,478	
Net OPEB Liability (Note 10C)	3,225,792	
Lease liability (Note 15)		
Due within one year	88,547	
Due in more than one year	13,566,624	
Total liabilities	<u>107,988,559</u>	<u>1,364,551</u>
DEFERRED INFLOWS OF RESOURCES		
Related to pensions (Note 9B)	24,724,184	
Related to OPEB (Note 10E)	2,524,759	
Total deferred inflows of resources	<u>27,248,943</u>	
NET POSITION (Note 8)		
Net investment in capital assets	110,624,020	53,033
Restricted for:		
Capital projects	6,085,419	
Low and moderate income housing	13,154,479	
Economic development projects		2,420,129
Total restricted net position	<u>19,239,898</u>	<u>2,420,129</u>
Unrestricted net position	30,488,187	
Total net position	<u>\$160,352,105</u>	<u>\$2,473,162</u>

See accompanying notes to financial statements

CITY OF SAN PABLO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants	Revenue and	Revenue and
					Changes in	Changes in
				in Net Position	in Net Position	
				Primary Government	Component Unit	
				Governmental	Economic	
				Activities	Development	
					Corporation	
Primary Government:						
Governmental Activities:						
General Government	\$16,172,199	\$252,246	\$235,883	(15,684,070)		
Community:						
Recreation	2,478,905	20,035		(2,458,870)		
Development	5,276,529	1,361,181	106	(3,649,986)		
Housing	117,624		513,890	396,266		
Public Works & Engineering	7,972,673	846,732	1,549,988	1,587,107		
Police	23,239,924	1,070,929	4,583,585	(17,585,410)		
Interest on long-term debt	3,928,465			(3,928,465)		
Total Governmental Activities	<u>\$59,186,319</u>	<u>\$3,551,123</u>	<u>\$6,883,452</u>	<u>\$7,428,316</u>	<u>(41,323,428)</u>	
Component Unit:						
Economic Development Corporation	<u>\$2,069,672</u>	<u>\$62,892</u>	<u>\$1,161,141</u>		<u>(\$845,639)</u>	
General revenues:						
Taxes:						
Property taxes				2,750,176		
Sales taxes				5,049,824		
Utility taxes				2,864,920		
Transient occupancy taxes				569,390		
Franchise taxes				979,688		
Payment in lieu of taxes				2,142,368		
Casino contract revenues				29,966,698		
Other taxes				87,679		
Intergovernmental unrestricted:						
Motor vehicle in lieu fees				3,126,924		
Use of money and property				262,365		
Gain from sale of capital assets				9,061		
Other revenue					250,188	
Miscellaneous				4,934,341		
Total general revenues				<u>52,743,434</u>	<u>250,188</u>	
Change in Net Position before Special Item				11,420,006	(595,451)	
Special Item:						
Transfers of assets and rescindment of debt between City and EDC (Note 5J)					2,165,552	
Change in Net Position after Special Item				11,420,006	1,570,101	
Net Position - Beginning				148,932,099	903,061	
Net Position - Ending				<u>\$160,352,105</u>	<u>\$2,473,162</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 2022. 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 JPFA LEASE REVENUE BONDS

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

2022 JPFA LEASE REVENUE BONDS

This fund accounts for capital improvement projects funded by the proceeds of the 2022 Lease Revenue Bonds.

CITY OF SAN PABLO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022

	General	Low and Moderate Income Housing Assets	Public Works Construction	2015 JPFA Lease Revenue Bonds	2022 JPFA Lease Revenue Bonds	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments available for operations (Note 3)	\$60,889,192	\$9,302,907				\$6,843,662	\$77,035,761
Restricted cash and investments (Note 3)				\$2,190,577	\$29,749,257	83	31,939,917
Accounts receivable	3,022,944		\$7,573,728			593,359	11,190,031
Due from other governments	851,966						851,966
Due from other funds (Note 4A)	6,219,383						6,219,383
Prepays and deposits (Note 1H)	11,141						11,141
Employee loans receivable (Note 5A)	1,684						1,684
Loan receivable (Note 5B)	300,000						300,000
Redevelopment Agency program loans, net (Note 5C)		12,546,681					12,546,681
Total Assets	\$71,296,310	\$21,849,588	\$7,573,728	\$2,190,577	\$29,749,257	\$7,437,104	\$140,096,564
LIABILITIES							
Accounts payable and accrued liabilities	\$2,524,841	\$150	\$1,748,599			\$341,875	\$4,615,465
Due to other funds (Note 4A)			5,825,129			394,254	6,219,383
Deposits payable	311,090					607,053	918,143
Total Liabilities	2,835,931	150	7,573,728			1,343,182	11,752,991
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - loans and notes receivable	300,000	12,546,681					12,846,681
Total Deferred Inflows of Resources	300,000	12,546,681					12,846,681
FUND BALANCES							
Fund balance (Note 8):							
Nonspendable	12,825						12,825
Restricted	3,753,733	9,302,757		\$2,190,577	\$29,749,257	6,127,966	51,124,290
Assigned	7,825,000						7,825,000
Unassigned	56,568,821					(34,044)	56,534,777
TOTAL FUND BALANCES	68,160,379	9,302,757		2,190,577	29,749,257	6,093,922	115,496,892
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$71,296,310	\$21,849,588	\$7,573,728	\$2,190,577	\$29,749,257	\$7,437,104	\$140,096,564

See accompanying notes to financial statements

CITY OF SAN PABLO
 Reconciliation of the
 GOVERNMENTAL FUNDS BALANCE SHEET
 with the
 STATEMENT OF NET POSITION
 JUNE 30, 2022

Fund Balance - Total Governmental Funds \$115,496,892

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. 145,447,192

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. 12,846,681

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	11,489,215
Deferred outflows of resources related to OPEB	4,776,019
Claims payable	(66,423)
Compensated absences	(2,119,694)
Long-term debt	(53,052,393)
Net pension liability	(30,335,478)
Net OPEB liability	(3,225,792)
Lease liability	(13,655,171)
Deferred inflows of resources related to pensions	(24,724,184)
Deferred inflows of resources related to OPEB	(2,524,759)
	(2,524,759)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$160,352,105

See accompanying notes to financial statements

CITY OF SAN PABLO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	General	Low and Moderate Income Housing Assets	Public Works Construction	2015 JPFA Lease Revenue Bonds	2022 JPFA Lease Revenue Bonds	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$1,580,496					\$837,405	\$2,417,901
Sales taxes	3,861,082					1,693,350	5,554,432
Utility users tax	2,864,920						2,864,920
Casino contract revenues	29,564,500						29,564,500
Other taxes	3,779,125						3,779,125
Licenses and permits						402,198	402,198
Fines and forfeits	288,531						288,531
Intergovernmental	7,870,031		\$8,061,835			2,198,304	18,130,170
Charges for services	858,618					1,115,539	1,974,157
Use of money and property	762,418	\$513,364	3	\$1,017	\$200,982	(139,430)	1,338,354
Miscellaneous	4,728,860		5,003			45,819	4,779,682
Total Revenues	56,158,581	513,364	8,066,841	1,017	200,982	6,153,185	71,093,970
EXPENDITURES							
Current:							
General Government	13,198,399					1,620,913	14,819,312
Community:							
Recreation	2,334,965						2,334,965
Development						1,781,014	1,781,014
Housing		117,624					117,624
Public Works & Engineering	671,267					4,191,185	4,862,452
Police	20,303,996						20,303,996
Capital outlay	449,666		9,119,340			2,180	9,571,186
Debt service:							
Principal retirement	165,013			10,365,000		245,000	10,775,013
Interest and fiscal charges	417,842			1,463,077	1,204,174	563,213	3,648,306
Total Expenditures	37,541,148	117,624	9,119,340	11,828,077	1,204,174	8,403,505	68,213,868
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	18,617,433	395,740	(1,052,499)	(11,827,060)	(1,003,192)	(2,250,320)	2,880,102
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of property		9,110					9,110
Proceeds from issuance of debt					34,043,108		34,043,108
Special Item - transfer of assets and rescindment of debt between City and EDC (Note 5J)	(5,329,000)						(5,329,000)
Transfers in (Note 4B)	3,678,113		1,052,500	11,828,076		4,216,486	20,775,175
Transfers (out) (Note 4B)	(13,186,097)	(100,000)	(3,290,694)		(3,290,659)	(907,725)	(20,775,175)
Total Other Financing Sources (Uses)	(14,836,984)	(90,890)	(2,238,194)	11,828,076	30,752,449	3,308,761	28,723,218
NET CHANGE IN FUND BALANCES	3,780,449	304,850	(3,290,693)	1,016	29,749,257	1,058,441	31,603,320
Fund balances at beginning of period	64,379,930	8,997,907	3,290,693	2,189,561		5,035,481	83,893,572
FUND BALANCES AT END OF PERIOD	\$68,160,379	\$9,302,757	\$3,290,693	\$2,190,577	\$29,749,257	\$6,093,922	\$115,496,892

See accompanying notes to financial statements

CITY OF SAN PABLO
Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

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 \$31,603,320

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

CAPITAL ASSETS TRANSACTIONS

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

Capital outlay and improvement expenditures are added back to fund balance	9,287,745
Transfer of capital assets from EDC are added back to fund balance	5,329,000
Depreciation expense is deducted from fund balance	(4,405,401)
Retirements are deducted from the fund balance	(3,076,352)

LONG-TERM DEBT PROCEEDS AND PAYMENTS

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

Debt proceeds are deducted from fund balance	(34,043,108)
Repayment of debt, lease principal, and bond premium amortization is added back to fund balance	10,824,640

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	146,236
Claims payable	
Unavailable revenue - loans and notes receivable	(496,755)
Net pension liability and deferred outflows/inflows of resources related to pensions	(3,518,685)
Net OPEB liability and deferred outflows/inflows of resources related to OPEB	(230,634)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$11,420,006

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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Property taxes	\$1,071,103	\$1,610,820	\$1,580,496	(\$30,324)
Sales taxes	4,670,696	3,610,019	3,861,082	251,063
Utility users tax	2,645,000	2,636,725	2,864,920	228,195
Casino contract revenues	30,500,000	26,596,265	29,564,500	2,968,235
Other taxes	1,780,000	3,721,123	3,779,125	58,002
Fines and forfeits	397,250	235,322	288,531	53,209
Intergovernmental:				
Motor vehicle in lieu	3,254,890	3,026,173	3,126,924	100,751
Other	2,435,215	799,754	4,743,107	3,943,353
Charges for services	588,474	836,138	858,618	22,480
Use of money and property	1,174,600	1,112,797	762,418	(350,379)
Miscellaneous	1,069,232	149,962	4,728,860	4,578,898
Total Revenues	<u>49,586,460</u>	<u>44,335,098</u>	<u>56,158,581</u>	<u>11,823,483</u>
EXPENDITURES				
Current:				
General Government	13,228,284	15,841,006	13,198,399	2,642,607
Community:				
Recreation	3,779,510	3,895,079	2,334,965	1,560,114
Public Works & Engineering	650,990	660,565	671,267	(10,702)
Police	21,530,787	21,921,342	20,303,996	1,617,346
Capital outlay	137,700	1,248,757	449,666	799,091
Debt Service:				
Principal	79,080	79,080	165,013	(85,933)
Interest and fiscal charges	6,784	6,784	417,842	(411,058)
Total Expenditures	<u>39,413,135</u>	<u>43,652,613</u>	<u>37,541,148</u>	<u>6,111,465</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>10,173,325</u>	<u>682,485</u>	<u>18,617,433</u>	<u>17,934,948</u>
OTHER FINANCING SOURCES (USES)				
Special Item - transfer of assets and rescindment of debt between City and EDC (Note 5J)			(5,329,000)	(5,329,000)
Transfers in	542,000	375,139	3,678,113	3,302,974
Transfers (out)	(4,925,301)	(4,755,301)	(13,186,097)	(8,430,796)
Total Other Financing Sources (Uses)	<u>(4,383,301)</u>	<u>(4,380,162)</u>	<u>(14,836,984)</u>	<u>(10,456,822)</u>
NET CHANGE IN FUND BALANCE	<u>\$5,790,024</u>	<u>(\$3,697,677)</u>	3,780,449	<u>\$7,478,126</u>
Fund balance at beginning of year			<u>64,379,930</u>	
FUND BALANCE AT END OF YEAR			<u>\$68,160,379</u>	

See accompanying notes to financial statements

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.

CUSTODIAL FUNDS

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

CITY OF SAN PABLO
FIDUCIARY FUNDS
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2022

	Retiree Health Savings Plan Trust Fund	Successor Agency to the Redevelopment Agency Private-Purpose Trust	Custodial Funds
ASSETS			
Cash and investments (Note 3)		\$99,859	
Restricted cash and investments (Note 3):			
Pooled with City cash and investments		818,037	\$12,024,591
Mutual fund	\$11,559,964		
Accounts receivable			150,881
Prepays			17,410
Loans receivable (Note 13B)		1,939,701	
Property held for resale (Note 13C)		4,626,150	
Capital assets (Note 13D):			
Land and land improvements		2,819,393	
Depreciable capital assets, net		893,366	
		<u>11,196,506</u>	
Total assets	<u>11,559,964</u>	<u>11,196,506</u>	<u>12,192,882</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred amount on refunding of debt (Note 13E)		2,454,719	
		<u>2,454,719</u>	
LIABILITIES			
Accounts payable		172,543	50,811
Unearned revenue			72,527
Deposits payable			11,153
Long-term obligations (Note 13E):			
Due in one year		4,675,000	
Due in more than one year		34,731,502	
		<u>39,579,045</u>	
Total liabilities		<u>39,579,045</u>	<u>134,491</u>
NET POSITION (DEFICIT):			
Held in Trust and Restricted for OPEB	11,559,964		
Restricted for other governments		(25,927,820)	11,243,644
Held for other organizations			814,747
		<u>(\$25,927,820)</u>	
Total net position	<u>\$11,559,964</u>	<u>(\$25,927,820)</u>	<u>\$12,058,391</u>

See accompanying notes to financial statements

CITY OF SAN PABLO
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Retiree Health Savings Plan Trust Fund	Successor Agency to the Redevelopment Agency Private-Purpose Trust	Custodial Funds
ADDITIONS			
Property taxes		\$8,152,914	
Employer contributions	\$579,886		
Bingo revenues			\$142,176
Member contributions			531,744
Grants and contributions			1,679,469
Charges for services			1,149,596
Net investment income	(1,627,313)	73,040	(9,138)
Other		2,402,656	
Total additions	(1,047,427)	10,628,610	3,493,847
DEDUCTIONS			
Premiums paid	579,886		
Community development		5,041,450	
Personnel-related			2,445,165
Professional services			216,946
Program-related			578,557
Depreciation (Note 13D)		65,752	
Debt service:			
Interest and fiscal charges		1,760,645	
Total deductions	579,886	6,867,847	3,240,668
Change in net position	(1,627,313)	3,760,763	253,179
NET POSITION:			
Beginning of year	13,187,277	(29,688,583)	11,805,212
End of year	<u>\$11,559,964</u>	<u>(\$25,927,820)</u>	<u>\$12,058,391</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, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

PRIMARY GOVERNMENT

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

Blended Component Units

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

DISCRETELY PRESENTED COMPONENT UNIT

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

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

Effective September 1, 2012, the City transferred assets and liabilities of the Corporation to the Corporation's own administrative staff, and all accounting and managerial functions of the Corporation are now performed by its own staff. The City continues to provide the primary funding for the activities of the Corporation, therefore, the financial activities of the Corporation are discretely presented in the Economic Development Corporation Component Unit column of the Statement of Net Position and the Statement of Activities. Separate financial statements for the Corporation may be obtained by contacting the San Pablo Economic Development Corporation, 1000 Gateway Avenue, San Pablo, CA 94806.

B. *Basis of Presentation*

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

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

2022 JPFA Lease Revenue Bonds – This fund accounts for capital improvement projects funded by the proceeds of the 2022 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, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

D. Basis of Accounting

The **City-wide and fiduciary fund financial statements** are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

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

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

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

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

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

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

E. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet sometimes reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets 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, 2022

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 assets 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 \$146,236 at June 30, 2022 and was allocated to the General Government, Community Development, Public Works, Engineering, Police and Community Recreation departments on the statement of activities. Sick pay does not vest and therefore is not accrued. The change in compensated absences was as follows:

Beginning Balance	\$2,265,930
Additions	1,956,603
Payments	<u>(2,102,839)</u>
Ending Balance	<u>\$2,119,694</u>
Due in One Year	<u><u>\$1,663,094</u></u>

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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, 2022, the General Fund and the Economic Development Corporation had prepaid items of \$11,141 and \$4,340, respectively.

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

I. Property Held for Resale

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

J. Estimates and Assumptions

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

K. Fair Value Measurements

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

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

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

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Leases

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment.

Lessee – The City is a lessee for noncancellable leases of a building. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial individual value of \$25,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lesser of its useful life or the life of the lease agreement.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments as follows:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise, if applicable.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term lease liabilities on the statement of net position.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Implementation of Governmental Accounting Standards Board (GASB) Pronouncement

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The provisions of this Statement were implemented during fiscal year 2022. As part of the implementation of this Statement, the City has accounted for one lessee transaction, which required the restatement of beginning net position of the governmental activities capital assets and lease liabilities in the amount of \$13,741,104, and the net effect on beginning net position is zero. See the leases disclosures in Note 6 and Note 15.

N. New Fund

During fiscal year 2022, the City established a Debt Service Fund and 2022 JPFA Lease Revenue Bonds, to account for the capital improvement projects funded by the proceeds of the 2022 JPFA Lease Revenue Bonds.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. Budget Policy

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

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen's comments.
3. The budget is legally enacted by City Council resolution.
4. All budget adjustments and transfers between funds and between departments must be approved by the City Council by resolution during the fiscal year. The City Manager and Budget Officer are authorized to transfer any unencumbered appropriations within a department. The legally adopted budget requires that expenditures not exceed total appropriations at the department level within each fund.
5. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (Continued)

6. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds except the Low and Moderate Income Housing Assets, Traffic Congestion Relief, HCD Grant and Measure K Special Revenue Funds. In addition, the Public Works Construction, 2015 Lease Revenue Bonds Capital Projects Funds, 2022 JPFA Lease Revenue Bonds Debt Service Fund and the 2018 JPFA Lease Revenue Bonds Debt Service Fund are budgeted on a project length basis and therefore are not comparable on an annual basis.

B. Excess of Expenditures over Appropriations

As of June 30, 2022, the following funds had department expenditures that were in excess of appropriations:

Fund	Department	Amount
General Fund	Public Works & Engineering	\$10,702
N.P.D.E.S. Special Revenue	Public Works & Engineering	52,151
Street Lighting and Landscaping Special Revenue	General Government	6,613
	Total	<u>\$69,466</u>

The funds had sufficient revenues to finance these expenditures, except for the N.P.D.E.S. Special Revenue Fund. The City plans to cure the deficit in these funds with future revenues.

NOTE 3 – CASH AND INVESTMENTS

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

A. Policies

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

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Classification

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

Primary Government Cash and Investments	
Cash and investments available for operations	\$77,035,761
Restricted cash and investments	31,939,917
Component Unit Cash and Investments	
Cash available for operations	2,404,944
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	99,859
Restricted cash and investments	
in Fiduciary Funds (separate statement):	
Retiree Health Savings Plan Trust	
Agency Private Purpose Trust	11,559,964
Successor Agency to the Redevelopment	
Agency Private Purpose Trust	818,037
Custodial Funds	12,024,591
Total cash and investments	\$135,883,073

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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, 2022

NOTE 3 – CASH AND INVESTMENTS (Continued)

F. Investments Authorized for the Retiree Health Savings Plan Trust

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

G. Interest Rate Risk

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

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

Investment Type	12 months or less	13 to 24 months	25 to 36 months	Fair Value Total
U.S. Government Agencies	\$8,163,482	\$4,891,239	\$2,113,964	\$15,168,685
U.S. Treasury Notes	1,649,203	2,369,129		4,018,332
Medium Term Notes	2,095,097	4,275,470	1,057,474	7,428,041
Local Agency Investment Fund	52,770,807			52,770,807
Held by Trustee:				
Money Market Funds	34,504,759			34,504,759
Vantage Point MP Long Term Growth Mutual Fund (Equities)	11,559,964			11,559,964
Total Investments	<u>\$110,743,312</u>	<u>\$11,535,838</u>	<u>\$3,171,438</u>	125,450,588
Cash on hand and in banks - City of San Pablo				8,027,541
Cash in banks - Economic Development Corporation				<u>2,404,944</u>
Total Cash and Investments				<u>\$135,883,073</u>

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the authority of the Treasurer of the State of California and is not registered with the Securities and Exchange Commission as an investment company. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2022, the average maturity was 311 days.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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, 2022 are as follows:

Investment Type	AAAm	AA+/AA-/AA	A+/A/A-	BBB+	Fair Value Total
U.S. Government Agencies		\$15,168,685			\$15,168,685
Medium Term Notes		1,093,268	\$5,835,926	\$498,847	7,428,041
Held by Trustees:					
Money Market Funds	\$34,504,759				34,504,759
Totals	<u>\$34,504,759</u>	<u>\$16,261,953</u>	<u>\$5,835,926</u>	<u>\$498,847</u>	57,101,485
Not rated:					
Local Agency Investment Fund					52,770,807
Retiree Health Savings Plan Trust:					
Vantage Point MP Long Term Growth Mutual Fund (Equities)					11,559,964
Exempt from credit rating disclosure:					
U.S. Treasury Notes					4,018,332
Cash on Hand and in Banks - City of San Pablo					
					8,027,541
Cash on Hand and in Banks - Economic Development Corporation					
					2,404,944
Total Cash and Investments					<u>\$135,883,073</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, 2022

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, 2022:

Investment Type	Level 2	Fair Value Total
Investments by Fair Value:		
U.S. Treasury Notes	\$4,018,332	\$4,018,332
U.S. Government Agencies	15,168,685	15,168,685
Medium Term Notes	7,428,041	7,428,041
Total Investments at Fair Value	<u>\$26,615,058</u>	26,615,058
Investments Measured at Amortized Cost:		
<i>Held by Trustee:</i>		
Money Market Funds		34,504,759
Vantage Point MP Long Term Growth Mutual Fund (Equities)		<u>11,559,964</u>
Investments Exempt from Fair Value Hierarchy:		
Local Agency Investment Fund		<u>52,770,807</u>
Total Investments		125,450,588
<i>Cash with Banks and Petty Cash - City of San Pablo</i>		8,027,541
<i>Cash with Banks - Economic Development Corporation</i>		<u>2,404,944</u>
Total Cash and Investments		<u>\$135,883,073</u>

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

J. Concentration of Credit Risk

As of June 30, 2022, the City did not hold any 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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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, 2022, current interfund balances are as follows:

Due From Fund:	Due to Fund:	Amount
Major Fund: General Fund	Major Fund: Public Works Construction	\$5,825,129
	Non-Major Special Revenue Funds: N.P.D.E.S. Measure K	131,049 263,205
	Total	\$6,219,383

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, 2022 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Transfer Amount
Major Funds:		
General Fund	Low and Moderate Income Housing Assets Special Revenue Public Works Construction Capital Projects Fund Public Safety Special Revenue Fund Street Lighting and Landscaping Special Revenue Fund	\$100,000 (A) 3,290,694 (B) 287,161 (B), (C) 258 (D)
Public Works Construction Capital Projects Fund	General Fund Gas Tax Special Revenue Fund Measure C / J Special Revenue Fund Street Lighting and Landscaping Special Revenue Fund	432,194 (E) 567,806 (E) 20,000 (E) 32,500 (E)
2015 Lease Revenue Bonds Capital Projects Fund	General Fund 2022 JPFA Lease Revenue Bonds Debt Service Fund	8,537,417 (F) 3,290,659 (F)
Non-Major Funds:		
Gas Tax Special Revenue Fund	General Fund	1,111,333 (E)
Measure K Special Revenue Fund	General Fund	585,217 (G)
Development Services Special Revenue Fund	General Fund	836,720 (G)
Street Lighting and Landscaping Special Revenue Fund	General Fund	518,920 (G)
N.P.D.E.S. Special Revenue Fund	General Fund	250,012 (G)
Paratransit Special Revenue Fund	General Fund	106,071 (G)
2018 JPFA Lease Revenue Bonds Debt Service Fund	General Fund	808,213 (F)
		\$20,775,175

The reasons for these transfers are set forth below:

- (A) Community Housing Grant due to COVID-19.
- (B) Transfer revenue.
- (C) Law enforcement grant program.
- (D) Transfer to remove unused cash balance.
- (E) Transfer amounts required to fund capital projects.
- (F) Transfer to cover debt service and fees requirement.
- (G) Transfer to cover revenue shortage (negative cash).

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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, 2022, 2 employees had \$1,684 in such loans.

B. *Ruby Hills Properties Loans Receivable*

During fiscal year 2020-2021 the City loaned \$300,000 to Ruby Hills Properties for the purchase of property. The loan bears no interest. The loan shall have a term of twenty years and shall be entirely forgiven at maturity, as long as the property continues to operate medical offices and an urgent care facility serving the City of San Pablo community. The outstanding balance as of June 30, 2022 was \$300,000.

C. *Notes Receivable under Redevelopment Agency Programs*

The Agency engaged in programs designed to encourage construction of or improvement to low-to-moderate income housing. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to expend these funds in accordance with the Agency’s terms. With the dissolution of the Redevelopment Agency as discussed in Note 13, the City agreed to become the successor to the Redevelopment Agency’s housing activities and as a result the Low and Moderate Income Housing Asset Fund assumed the loans receivable of the Redevelopment Agency’s Low and Moderate Income Housing Fund as of February 1, 2012. The balances of the notes receivable in the Low and Moderate Income Housing Assets Fund at June 30, 2022 are as follows:

Casa Adobe-Senior Citizen Units	\$1,053,959
Housing Initiative Program	8,473,958
San Pablo Housing Investors/Montevista San Pablo AR	1,469,600
East Bay Asian Local Development Corporation	1,549,164
Lao Family Community Development	860,702
Subtotal	13,407,383
Less: Allowance for conditional grant	(860,702)
Total	\$12,546,681

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 5 – LOANS AND NOTES RECEIVABLE (Continued)

D. Casa Adobe - Senior Citizen Units

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

During fiscal year 2009, the Agency restructured the original agency loan and provided a new loan in the principal amount of \$1,232,951 to assist the Developer with financing the acquisition and rehabilitation of the Development. The Agency loan consists of the principal and accrued interest on the original Agency loan as of November 1, 2008. The restructured loan has a fifty-five year term with a zero percent interest rate. Commencing on May 1, 2010 and on each May 1st thereafter, payments are to be made from “residual receipts” as defined in the agreement. The balance of the loan at June 30, 2022 was \$1,053,959.

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, 2022, loans outstanding under this Program totaled \$8,473,958.

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

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

F. San Pablo Housing Investors

Under the terms of an Owner Participation Agreement dated January 6, 2003, the former Redevelopment Agency made two loans to San Pablo Housing Investors in fiscal 2004 for the construction of eighty-two low-income rental units for seniors. The first loan of \$99,690 was used for City development fees, and the second loan of \$1,100,000 for construction. The loans carry simple interest rates per annum of 6% and 5.7%, respectively, with loan payments due within twenty years of the Completion Date. The project was completed on June 30, 2003. Payments began on January 31st following the Completion Date, and then each January 31st thereafter; payments are to be made from fifty percent of “residual receipts” as defined in the agreement. As of June 30, 2022, San Pablo Housing Investors owed principal of \$1,450,000 and interest of \$19,600 for a total of \$1,469,600.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 5 – LOANS AND NOTES RECEIVABLE (Continued)

G. *East Bay Asian Local Development Corporation*

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

On August 16, 2005, an amendment to the Owner Participation Agreement provided EBALDC with a supplemental project loan of up to \$1,200,000. Proceeds will facilitate the original construction project. Repayment terms of this additional loan are the same as the terms of the original loan. As of June 30, 2022, EBALDC has drawn down \$1,199,513 of the supplemental project loan.

The balance of the loans as of June 30, 2022 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, 2022, the balance of the loans, including accrued interest, was \$860,702.

I. *Rumrill Sports Park Leveraged Loan Forgiven*

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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 5 – LOANS AND NOTES RECEIVABLE (Continued)

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.

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'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.

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 2022.

In accordance with NMTC regulations, the compliance period for the investment made by the New Markets Community Capital XI, LLC related to the Rumrill Sports Park ended on March 15, 2022. On that date, all parties terminated the NMTC transactions and began the unwinding process. As a result, the EDC transferred the capital assets in the net amount of \$5,329,000 related to the Rumrill Sports Park to the City, and the City, in turn, forgave the remaining balance of the loan in the amount of \$5,329,000, and the lease agreement was terminated. See Note 6 below.

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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 6 – CAPITAL ASSETS (Continued)

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

	Useful Lives Years	Capitalization Threshold
Buildings and Improvements	10-50	\$25,000
Machinery and Equipment	5-10	5,000
Vehicles	5-10	5,000
Parks and Trails	15-20	25,000
Sports Fields	15-20	25,000
Roads and Streets	20	25,000
Bridges	15-75	25,000
Trees	50	25,000
Streetlights	20	25,000
Storm Drains	20	25,000
Traffic Signals	20	25,000
Right-to-use leased building	10-50	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, 2022

NOTE 6 – CAPITAL ASSETS (Continued)

A. Governmental Capital Asset Additions and Retirements

Capital asset activity for the year ended June 30, 2022 is as follows:

	Balance at June 30, 2021 (as restated)	Additions	Retirements	Transfers	Balance at June 30, 2022
Governmental activities					
Capital assets not being depreciated:					
Land and land improvements	\$6,777,408		(\$2,884,659)	\$5,329,000	\$9,221,749
Construction in progress	31,767,691	\$8,964,148		(28,587,137)	12,144,702
Total capital assets not being depreciated	<u>38,545,099</u>	<u>8,964,148</u>	<u>(2,884,659)</u>	<u>(23,258,137)</u>	<u>21,366,451</u>
Capital assets being depreciated:					
Buildings and improvements	41,516,148				41,516,148
Machinery and equipment	4,605,800	14,276	(181,556)	22,919,123	27,357,643
Vehicles	4,020,285	309,321	(56,644)		4,272,962
Park and trail improvements	14,011,145			5,654,514	19,665,659
Sports fields	1,506,986				1,506,986
Roads & streets including sidewalks	94,479,664			13,500	94,493,164
Bridges	5,486,753				5,486,753
Street lights	361,078				361,078
Storm drains	2,228,380				2,228,380
Traffic signals	3,121,957				3,121,957
Trees	1,227,462				1,227,462
Intangible right-to-use leased building	13,741,104				13,741,104
Total capital assets being depreciated	<u>186,306,762</u>	<u>323,597</u>	<u>(238,200)</u>	<u>28,587,137</u>	<u>214,979,296</u>
Less accumulated depreciation for:					
Buildings and improvements	(9,502,644)	(667,263)			(10,169,907)
Machinery and equipment	(2,957,695)	(165,739)	46,507		(3,076,927)
Vehicles	(2,852,516)	(267,613)			(3,120,129)
Park and trail improvements	(7,693,502)	(893,375)			(8,586,877)
Sports fields	(1,478,299)	(47,754)			(1,526,053)
Roads & streets including sidewalks	(51,992,136)	(1,857,333)			(53,849,469)
Bridges	(4,937,715)	(78,555)			(5,016,270)
Street lights	(342,986)	(3,092)			(346,078)
Storm drains	(1,758,873)	(10,200)			(1,769,073)
Traffic signals	(2,294,535)	(60,142)			(2,354,677)
Trees	(728,760)	(24,549)			(753,309)
Intangible right-to-use leased building		(329,786)			(329,786)
Total accumulated depreciation	<u>(86,539,661)</u>	<u>(4,405,401)</u>	<u>46,507</u>		<u>(90,898,555)</u>
Net capital assets being depreciated	<u>99,767,101</u>	<u>(4,081,804)</u>	<u>(191,693)</u>	<u>28,587,137</u>	<u>124,080,741</u>
Governmental activity capital assets, net	<u>\$138,312,200</u>	<u>\$4,882,344</u>	<u>(\$3,076,352)</u>	<u>\$5,329,000</u>	<u>\$145,447,192</u>

As discussed in Note 5J, the EDC transferred capital assets to the City in return for loan forgiveness in the amount of \$5,329,000 related to the Rumrill Sports Park in fiscal year 2022. In addition, as discussed in Note 1M, the City implemented GASB 87, *Leases*, in fiscal year 2022, requiring the restatement of the intangible right-to-use leased building as discussed in Note 1M and Note 15.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 6 – CAPITAL ASSETS (Continued)

Construction in progress comprised the following at June 30, 2022:

Project	Amount
Police Department Headquarter	\$149,988
Giant Road	78,760
Citywide Slurry Seal Program	10,186
Rumrill Boulevard Street	9,275,866
Intersection Improvement	261,304
Other	2,368,598
Total construction in progress	<u>\$12,144,702</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, 2022:

	Balance at June 30, 2021	Additions	Retirements	Balance at June 30, 2022
Capital assets not being depreciated:				
Land - SPCC and HEAL	\$1,600,000		(\$1,600,000)	
Total capital assets not being depreciated	<u>1,600,000</u>		<u>(1,600,000)</u>	
Capital assets being depreciated:				
Building - HEAL	180,000		(180,000)	
Building - EDC	1,540,000			\$1,540,000
Field improvements - HEAL	6,375,934		(6,375,934)	
Equipment - EDC	77,107		(77,107)	
Vehicles	13,274			13,274
Total capital assets being depreciated	<u>8,186,315</u>		<u>(6,633,041)</u>	<u>1,553,274</u>
Less accumulated depreciation	<u>(2,611,665)</u>	<u>(\$487,169)</u>	<u>2,898,593</u>	<u>(200,241)</u>
Net capital assets being depreciated	<u>5,574,650</u>	<u>(487,169)</u>	<u>(3,734,448)</u>	<u>1,353,033</u>
Capital assets, net	<u>\$7,174,650</u>	<u>(\$487,169)</u>	<u>(\$5,334,448)</u>	<u>\$1,353,033</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, 2022

NOTE 6 – CAPITAL ASSETS (Continued)

D. Depreciation Allocation

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

Governmental Activities:	
General Government	(\$1,067,428)
Community Recreation	(297,805)
Community Development	(237,451)
Public Works	(2,563,503)
Police	(239,213)
Total depreciation expense	(\$4,405,401)
 Discretely Presented Component Unit:	
Economic Development Corporation	(\$487,169)

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, 2021	Additions	Retirements	Balance June 30, 2022	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	10,365,000		\$10,365,000		
Lease Revenue Bonds Series 2018 2.50-5.00%, due 11/1/2052	15,325,000	15,090,000		245,000	14,845,000	\$255,000
Lease Revenue Bonds Series 2022 3.00-4.00%, due 11/1/2053	30,470,000		\$30,470,000		30,470,000	120,000
Premium	3,573,108		3,573,108	49,627	3,523,481	
Total Lease Revenue Bonds		29,050,000	34,043,108	10,659,627	52,433,481	375,000
Direct Borrowings - Loan:						
Solar Loan 1.0%, due 12/22/2029	1,141,738	697,992		79,080	618,912	79,874
Total Capital Leases		697,992		79,080	618,912	79,874
Total City Debt		\$29,747,992	\$34,043,108	\$10,738,707	\$53,052,393	\$454,874

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 7 – LONG-TERM DEBT (Continued)

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

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

Under a site and facility lease dated March 1, 2015, the Authority leased the City Hall complex and police department building from the City and pursuant to a lease agreement dated March 1, 2015, the Authority leased 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 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 February 1, 2022, the outstanding balance of the 2015B Lease Revenue Bonds were refunded and defeased with the issuance of the 2022 Lease Revenue Bonds.

On January 31, 2018, the Authority issued an additional \$15,325,000 in 2018 Lease Revenue Bonds. The proceeds of these bonds were 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 leased 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 released the construction period leased properties mentioned above and instead the City Hall Project, together with the Police building, will serve as the leased property in support of both the 2015 and 2018 bonds. Annual principal payments on the 2018 Lease Revenue Bonds are due November 1, commencing on November 1, 2020. Semi-annual interest payments are due May 1 and November 1 through 2052, commencing on May 1, 2018.

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 7 – LONG-TERM DEBT (Continued)

On February 1, 2022, the Authority issued an additional \$30,470,000 in 2022 Lease Revenue Bonds. The proceeds of these bonds will be used to finance the construction of Police Headquarters and Public Safety Training Center Project and to refund and defease all of the Authority’s outstanding Lease Revenue Bonds, Series 2015B. Annual principal payments on the 2022 Lease Revenue Bonds are due November 1, commencing on November 1, 2022. Semi-annual interest payments are due May 1 and November 1 through 2052, commencing on May 1, 2022. The refunding resulted in a net present value savings to the City in debt services of \$621,083.

The bonds are special limited obligations of the Authority secured by and payable solely from Series 2022 Revenues pledged to the 2022 Bonds under the Indenture. The City has covenanted in the Lease to take such actions as may be necessary to include and maintain all Series 2022 Base Rental Payments in its budget and to make the necessary appropriations thereof, subject to such abatement. Should the City default under the facilities sublease, the Authority at its option may terminate the Lease and re-lease all or any portion of the Leased Property, with the exception of the WIC Building. 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.

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>
2023	\$375,000	\$1,855,756	\$2,230,756
2024	865,000	1,833,919	2,698,919
2025	900,000	1,800,469	2,700,469
2026	935,000	1,764,769	2,699,769
2027	975,000	1,727,107	2,702,107
2028-2032	5,520,000	7,989,385	13,509,385
2033-2037	6,790,000	6,707,494	13,497,494
2038-2042	8,235,000	5,270,232	13,505,232
2043-2047	9,865,000	3,637,538	13,502,538
2048-2052	11,800,000	1,698,211	13,498,211
2053	2,650,000	51,523	2,701,523
Total	<u>\$48,910,000</u>	<u>\$34,336,403</u>	<u>\$83,246,403</u>

C. 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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 7 – LONG-TERM DEBT (Continued)

Debt service requirements are shown below for the loan payable:

Fiscal Year Ended June 30	Direct Borrowings		Total
	Principal	Interest	
2023	\$79,874	\$6,784	\$86,658
2024	80,660	5,990	86,650
2025	81,483	5,204	86,687
2026	82,299	4,381	86,680
2027	83,125	4,565	87,690
2028-2030	211,471	3,188	214,659
Total	<u>\$618,912</u>	<u>\$30,112</u>	<u>\$649,024</u>

D. EDC Notes and Loans Payable

On February 23, 2015, the EDC, through HEAL, LLC, entered into two loan agreements with Northern California Community Capital NMTC Sub-CDE XII, LLC, the proceeds of which were used for construction of the Rumrill Sports Park. The first and second loans are in the amounts of \$4,947,116 and \$2,552,884, respectively. Under the terms of the agreements, the loans bear interest of 0.8619% and are payable in quarterly interest-only payments until fiscal year 2022. In accordance with NMTC regulations, the compliance period for the investment made by the New Markets Community Capital XI LLC (NMCC) related to the Rumrill Sports Park ended on March 15, 2022. On that date, all parties terminated the NMTC transactions and began the unwinding process. As a result, the EDC terminated its financing agreement with NMCC, resulting in a gain of \$2,165,552, which is recorded as a Special Item on the Statement of Activities. In addition, the capital assets related to the Rumrill Sports Park were transferred to the City as discussed in Note 5J.

As discussed in Note 13, the EDC purchased a building at Mission Plaza in July 2018 from the Successor Agency, who provided financing to the EDC in the amount of \$1,350,000. During fiscal year ended June 30, 2020, the EDC paid \$50,000 towards principal. The Note is secured by the property, bears interest at an annual rate of 4%, and is due and payable in full no later than twelve (12) years from the date of the note. The EDC will make annual interest-only payments of \$52,000 over the 12 years, at which time, the balance of the principal will be due.

Future repayment requirements for the note are shown below:

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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, 2022

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, 2022, are below:

Fund Balance Classifications	General Fund	Special Revenue Low and Moderate Income Housing Assets	Capital Projects 2015 JPIFA Lease Revenue Bonds	Debt Service 2022 JPIFA Lease Revenue Bonds	Other Governmental Funds	Total
Nonspendable:						
Items not in spendable form:						
Prepays and deposits	\$11,141					\$11,141
Employee loans receivable	1,684					1,684
Total Nonspendable Fund	<u>12,825</u>					<u>12,825</u>
Restricted for:						
Redevelopment Low and Moderate Income Housing	3,753,733	\$9,302,757				13,056,490
Street Lighting and Landscaping					\$223,234	223,234
Local Street and Road Improvements and Maintenance					4,592,981	4,592,981
Law Enforcement					680,800	680,800
Paratransit					532,879	532,879
Housing Grants					97,989	97,989
Capital projects			\$2,190,577	\$29,749,257	83	31,939,917
Total Restricted Fund Balances	<u>3,753,733</u>	<u>9,302,757</u>	<u>2,190,577</u>	<u>29,749,257</u>	<u>6,127,966</u>	<u>51,124,290</u>
Assigned to:						
Capital projects	7,825,000					7,825,000
Total Assigned Fund Balances	<u>7,825,000</u>					<u>7,825,000</u>
Unassigned:						
General fund	56,568,821				(34,044)	56,534,777
Total Unassigned Fund Balances	<u>56,568,821</u>				<u>(34,044)</u>	<u>56,534,777</u>
Total Fund Balances	<u>\$68,160,379</u>	<u>\$9,302,757</u>	<u>\$2,190,577</u>	<u>\$29,749,257</u>	<u>\$6,093,922</u>	<u>\$115,496,892</u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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, 2022

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

The required balance of each reserve for the year ended June 30, 2022, and the actual balance for each as of June 30, 2022, which are reported within the unassigned fund balance of the General Fund follows:

	Required Ending Balance	Balance as of June 30, 2022
Catastrophic Reserve	\$25,055,668	\$25,055,668
Budget Stabilization Reserve	2,505,567	2,505,567
Future Capital Projects (includes Casino Revenue Sustainability Reserve)	8,859,272	750,779
Unassigned		<u>28,256,807</u>
Total General Fund Unassigned Fund Balance		<u><u>\$56,568,821</u></u>

NOTE 9 – PENSION PLANS

A. General Information about the CalPERS Pension Plans

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 9 – PENSION PLANS (Continued)

The Plan’s provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous	
	<u>Classic</u>	<u>PEPRA</u>
	Prior to <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>
Hire date		
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.0%	6.75%
Required employer contribution rates	12.20%	7.59%

	Safety	
	<u>Classic</u>	<u>PEPRA</u>
	Prior to <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>
Hire date		
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3%	2.0% to 2.7%
Required employee contribution rates	9.0%	13%
Required employer contribution rates	23.71%	13.13%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis or can be paid in a lump sum at a reduced amount. The City elected to make the pay as you go contributions and the required contribution for the unfunded liability was a lump sum payment of \$3,460,631 in fiscal year 2022.

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. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 9 – PENSION PLANS (Continued)

For the year ended June 30, 2022, the City’s total contributions to the Plan were \$5,884,286.

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

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, 2022, the City reported a net pension liability for its proportionate share of the net pension liability of the Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$12,166,401
Safety	18,169,077
Total Net Pension Liability	\$30,335,478

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, 2021, 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, 2020 rolled forward to June 30, 2021 using standard update procedures. The City’s proportions of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City’s proportionate share of the net pension liability for the Plans as of June 30, 2020 and 2021 was as follows:

	Miscellaneous
Proportion - June 30, 2020	0.44311%
Proportion - June 30, 2021	0.64074%
Change - Increase (Decrease)	0.19763%
	Safety
Proportion - June 30, 2020	0.43224%
Proportion - June 30, 2021	0.51771%
Change - Increase (Decrease)	0.08547%

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 9 – PENSION PLANS (Continued)

For the year ended June 30, 2022, the City recognized pension expense of \$9,402,971. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$5,884,286	
Differences between actual and expected experience	4,468,502	
Changes in assumptions		
Net differences between projected and actual earnings on plan investments		(\$21,434,719)
Change in proportion and differences between actual contributions and proportionate share of contributions	1,136,427	(3,289,465)
Total	<u>\$11,489,215</u>	<u>(\$24,724,184)</u>

Deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023 for \$5,884,286. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	<u>Annual Amortization</u>
2023	(\$3,900,065)
2024	(4,280,881)
2025	(5,027,428)
2026	(5,910,881)
Total	<u>(\$19,119,255)</u>

Actuarial Assumptions – For the measurement period ended June 30, 2021, the total pension liability was determined by rolling forward the June 30, 2020 total pension liability. The June 30, 2020 total pension liabilities were based on the following actuarial methods and assumptions for all benefit tiers:

	<u>Miscellaneous (1)</u>	<u>Safety (1)</u>
Valuation Date	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return	7.15% (2)	7.15% (2)
Mortality Rate Table	Derived using CalPERS Membership Data for all Funds (3)	Derived using CalPERS Membership Data for all Funds (3)
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.

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

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 9 – PENSION PLANS (Continued)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2020 valuation were based on the results of December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

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

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

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

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

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

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

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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 Plans, calculated using the discount rate for the Plans, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	\$21,068,245	\$32,374,776
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$12,166,401	\$18,169,077
1% Increase	8.15%	8.15%
Net Pension Liability	\$4,807,373	\$6,500,850

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 10 – POST RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN

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

Plan Description – In addition to the pension benefits described in Note 9 above, the City provides medical and dental benefits to substantially all retirees under the City of San Pablo Retiree Health Savings Plan, a single-employer defined benefit healthcare plan, in accordance with paragraph 4 of GASB Statement No. 75. Coverage is also provided for spouses of employees having a minimum of 20 years of service at retirement.

Benefits Provided – The following is a summary of Plan benefits by employee group as of June 30, 2022:

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

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

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

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

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

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

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

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

For the year ended June 30, 2022, the City’s contributions to the Plan were \$579,886.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2022:

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

B. Net OPEB Liability

Actuarial Methods and Assumptions – The City’s net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2020 that was rolled forward using standard update procedures to determine the \$14,785,756 total OPEB liability as of June 30, 2022, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2020
Measurement Date	June 30, 2022
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	5.71%
Inflation	9.25%
Payroll Growth	2.75%
Investment Rate of Return	5.71%
Mortality Rate	Based on CalPERS Rates
Pre-Retirement Turnover	Based on CalPERS Rates
Healthcare Trend Rate	6.50%, trending down to 5.40%

Discount Rate – The discount rate used to measure the total OPEB liability was 5.71%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

C. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2021	\$12,713,610	\$13,187,277	(\$473,667)
Changes Recognized for the Measurement Period:			
Service Cost	471,257		471,257
Interest on the total OPEB liability	872,071		872,071
Differences between expected and actual experience	25,002		25,002
Changes of assumptions	1,537,074		1,537,074
Contributions Employer - City's Contribution		579,886	(579,886)
Contributions Employer - Implicit Subsidy		253,372	(253,372)
Net investment income		(1,627,313)	1,627,313
Benefit payments - Employee Contributions	(579,886)	(579,886)	
Benefit payments - Implicit Rate Subsidy Fulfilled	(253,372)	(253,372)	
Net changes	2,072,146	(1,627,313)	3,699,459
Balance at June 30, 2022	\$14,785,756	\$11,559,964	\$3,225,792

Detailed information about the OPEB plan's fiduciary net position is available in the Retiree Health Savings Plan Trust Fund. The benefit payments and refunds include implied subsidy benefit payments in the amount of \$253,372.

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

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.71%) or 1-percentage-point higher (6.71%) than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1% (4.71%)	Current Discount Rate (5.71%)	Discount Rate +1% (6.71%)
\$4,864,820	\$3,225,792	\$1,834,854

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

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

Net OPEB Liability/(Asset)		
Current Healthcare Cost		
1% Decrease (5.50% decreasing to 3.04%)	Trend Rates (6.50% decreasing to 4.04%)	1% Increase (7.50% decreasing to 5.04%)
\$1,781,568	\$3,225,792	\$4,963,408

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$230,634. At June 30, 2022, 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	\$66,884	(\$2,266,881)
Changes of assumptions	3,996,093	(257,878)
Net differences between projected and actual earnings on plan investments	713,042	
Total	\$4,776,019	(\$2,524,759)

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
2023	\$435,699
2024	401,590
2025	316,467
2026	821,038
2027	70,312
Thereafter	206,154
Total	\$2,251,260

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 City does not provide any contributions to the Deferred Compensation Plan and all contributions to the plan are made by employees.

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, 2022

NOTE 12 – RISK MANAGEMENT

A. *Municipal Pooling Authority (MPA)*

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

Type of Coverage (Deductible)	Coverage Limits
Liability (\$10,000)	\$29,000,000
Cyber Liability (\$50,000)	2,000,000
Public Entity Pollution Liability (\$250,000)	1,000,000
Vehicle - Physical Damage (\$3,000 for police vehicles, \$2,000 for all others)	250,000
Workers' Compensation (no deductible)	Statutory Limit
Government Crime Coverage (\$2,500)	5,000,000
Employment Liability Program (\$100,000)	1,000,000
Property	
All Risk (\$25,000)	1,000,000,000
Water (\$150,000)	800,000,000
Flood*	25,000,000
Boiler & Machinery (\$10,000)	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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 12 – RISK MANAGEMENT (Continued)

B. Liability for Uninsured Claims

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

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

	June 30,	
	2022	2021
Beginning balance	\$66,423	\$62,720
Provision for current fiscal year claims	18,933	32,359
Change in provision for prior fiscal year claims	(374,005)	25,094
Claims paid	355,072	(53,750)
Ending balance	\$66,423	\$66,423

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, 2022 are discussed in Note 3.

Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2022.

B. Loans Receivable

The Successor Agency assumed the non-housing loans receivable of the former Redevelopment Agency as of February 1, 2012. The former Redevelopment Agency engaged in programs designed to encourage construction of or improvement to low-to-moderate income housing. Under these programs, grants or loans were provided under favorable terms to homeowners or developers who agreed to expend these funds in accordance with the Agency’s terms. As of June 30, 2022, the balances of these loans was \$23,127.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

During fiscal year 2016, in conjunction with the sale of Successor Agency-owned property, the Successor Agency agreed to loan the funds necessary for the land purchase to the buyer. The loan is secured by a promissory note and deed of trust on the property. The Note bears simple annual interest of 3.25% and interest payments are due annually each December through 2039. The principal balance of the Note is due on December 10, 2039. The balance of the note receivable was \$616,574 as of June 30, 2022.

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

The balances of the notes receivable arising from these programs at June 30, 2022 are as follows:

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

C. *Property Held for Resale*

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

D. *Capital Assets*

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

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

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

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

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

Capital assets recorded at June 30 is comprised of the following:

	Balance at June 30, 2021	Additions	Balance at June 30, 2022
Capital assets not being depreciated:			
Land and land improvements	\$2,819,393		\$2,819,393
Total capital assets not being depreciated	<u>2,819,393</u>		<u>2,819,393</u>
Capital assets being depreciated:			
Buildings and improvements	2,630,082		2,630,082
Machinery and equipment	92,202		92,202
Vehicles	26,144		26,144
Total capital assets being depreciated	<u>2,748,428</u>		<u>2,748,428</u>
Less accumulated depreciation for:			
Buildings and improvements	1,672,692	\$65,752	1,738,444
Machinery and equipment	92,202		92,202
Vehicles	24,416		24,416
Total accumulated depreciation	<u>1,789,310</u>	<u>65,752</u>	<u>1,855,062</u>
Net capital assets being depreciated	<u>959,118</u>	<u>(65,752)</u>	<u>893,366</u>
Capital assets, net	<u>\$3,778,511</u>	<u>(\$65,752)</u>	<u>\$3,712,759</u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

E. Long-Term Obligations

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

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

1. Tax Allocation Bonds and Loans

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

	Original Issue Amount	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Current Portion
Tax Allocation Bonds:						
Tax Allocation Refunding Bonds Series 2014A 2.00-5.00%, due 6/15/2031	\$47,595,000	\$33,345,000		\$2,610,000	\$30,735,000	\$2,730,000
Premium	6,429,385	3,781,992		378,200	3,403,792	
Tax Allocation Refunding Bonds Series 2014B 2.00-5.00%, due 6/15/2023	6,970,000	3,810,000		1,865,000	1,945,000	1,945,000
Premium	859,238	190,941		95,471	95,470	
Tax Allocation Refunding Bonds Series 2016 3.00-3.81%, due 6/15/2029	2,685,531	3,123,421	\$103,819		3,227,240	
Total Tax Allocation Bonds		<u>44,251,354</u>	<u>103,819</u>	<u>4,948,671</u>	<u>39,406,502</u>	<u>4,675,000</u>
Total Successor Agency Debt		<u>\$44,251,354</u>	<u>\$103,819</u>	<u>\$4,948,671</u>	<u>\$39,406,502</u>	<u>\$4,675,000</u>

2. Debt Service Requirements

Debt service requirements are shown below for all long-term debt except the Housing Successor loans, because the ultimate repayment terms cannot be determined at this time as discussed in Note 13.F.5. below:

For the Year Ending June 30	Principal (1)	Interest	Total
2023	\$4,675,000	\$1,634,000	\$6,309,000
2024	4,524,430	1,570,820	6,095,250
2025	3,826,152	1,381,348	5,207,500
2026	3,965,585	1,243,915	5,209,500
2027	3,860,192	1,013,058	4,873,250
2028-2031	<u>14,514,172</u>	<u>1,984,328</u>	<u>16,498,500</u>
Total	<u>\$35,365,531</u>	<u>\$8,827,469</u>	<u>\$44,193,000</u>

(1) Includes unaccrued discount of \$541,709.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

3. 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 \$16,000,000 as of June 30, 2022.

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

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

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

4. 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, 2022, the City recorded an accreted value of \$103,819 related to the 2016 Bonds.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

5. 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 \$44,193,000 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 2022 calculated by the County Auditor-Controller was \$8,716,550, and the total received by the Successor Agency for fiscal year 2022 debt service was \$8,152,914, which represented coverage of 129% of the \$6,332,750 of debt service.

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

F. Commitments and Contingencies

State Approval of Enforceable Obligations

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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 2022. The City is represented by one Director.

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

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

WCCTAC was established in 1990 to develop regional strategies and meet regional requirements established by Measure C and to cooperatively address West Contra Costa County transportation issues. The City’s payments to WCCTAC are in accordance with a formula under which each member Agency pays a proportionate share of the expenditures based on the number of voting members representing each Agency. The City has one voting member on the WCCTAC and pays 9.1% of the expenditures. For fiscal year 2021-2022, the dues paid to WCCTAC were \$49,664.

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

NOTE 15 – LEASE LIABILITY

As discussed in Note 1M, the City implemented GASB 87, *Leases*, in fiscal year 2022, which required the City to record a lease liability. A summary of governmental activities lease transactions for the fiscal year ended June 30, 2022, are as follows:

	Balance June 30, 2021 (as restated)	Retirements	Balance June 30, 2022	Current Portion
Lease liability				
Library lease	\$13,741,104	\$85,933	\$13,655,171	\$88,547
Total lease liability	<u>\$13,741,104</u>	<u>\$85,933</u>	<u>\$13,655,171</u>	<u>\$88,547</u>

The City entered into a lease agreement dated September 15, 2014 for library space located at 13751 San Pablo Avenue through February 2063. This agreement does not contain a purchase option. An initial lease liability was recorded in the amount of \$13,741,104 as of July 1, 2021. As of June 30, 2022, the value of the lease liability was \$13,655,171. The City is required to make monthly payments in amounts ranging from \$41,416 to \$61,052 over the life of the lease. The monthly lease payments are increased annually in the amount of 1%, commencing March 1, 2024. The lease has an interest rate of 3%. The intangible right-to-use lease asset is amortized over the life of the lease. As of June 30, 2022, the value of the right-to-use lease asset and accumulated amortization was \$13,741,104 and \$329,786, respectively.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 15 – LEASE LIABILITIES

The future principal and interest lease payments as of June 30, 2022 were as follows:

For the Year Ended June 30	Principal	Interest	Total
2023	\$88,547	\$408,444	\$496,991
2024	92,903	405,745	498,648
2025	100,785	402,850	503,635
2026	108,956	399,715	508,671
2027	117,427	396,331	513,758
2028-2032	725,378	1,921,509	2,646,887
2033-2035	987,995	1,793,910	2,781,905
2036-2040	1,300,471	1,623,340	2,923,811
2041-2045	1,671,242	1,401,713	3,072,955
2046-2050	2,110,127	1,119,579	3,229,706
2051-2055	2,628,554	765,900	3,394,454
2056-2060	3,239,817	327,789	3,567,606
2061-2063	482,969	5,449	488,418
Totals	<u>\$13,655,171</u>	<u>\$10,972,274</u>	<u>\$24,627,445</u>

NOTE 16 – COMMITMENTS AND CONTINGENCIES

A. *Litigation*

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

B. *Federal and State Grant Programs*

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

C. *Encumbrances*

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 16 – COMMITMENTS AND CONTINGENCIES (Continued)

Encumbrances outstanding as of June 30, 2022 were as follows:

	Amount
<i>Major Funds:</i>	
General Fund	\$2,157,237
Public Works Construction Capital Projects Fund	15,221,070
<i>NonMajor Funds:</i>	
Gas Tax Special Revenue Fund	52,915
N.P.D.E.S. Special Revenue Fund	10,000
Street Lighting and Landscaping Special Revenue Fund	56,116
Dump Voucher	12,287
Traffic Congestion Relief Special Revenue Fund	299,674
Solid Waste Management Special Revenue Fund	333,922

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

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

Measurement Date	Miscellaneous Plan							
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Plan's Proportion of the Net Pension Liability	0.33724%	0.41099%	0.40834%	0.41331%	0.42669%	0.43442%	0.44311%	0.64074%
Plan's Proportionate Share of the Net Pension Liability	\$8,334,746	\$11,275,238	\$14,185,078	\$16,292,956	\$16,080,684	\$17,396,184	\$18,690,869	\$12,166,401
Plan's Covered Payroll	\$5,540,261	\$7,057,629	\$7,383,158	\$7,683,846	\$6,938,272	\$11,781,215	\$10,348,908	\$8,773,911
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	150.44%	159.76%	192.13%	212.04%	231.77%	147.66%	180.61%	138.67%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	79.82%	78.40%	74.06%	73.31%	75.26%	75.26%	75.10%	88.29%

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal Year Ended June 30:	Miscellaneous Plan							
	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$658,427	\$872,009	\$999,873	\$1,131,296	\$1,286,271	\$1,767,388	\$1,493,135	\$2,222,875
Contributions in relation to the actuarially determined contributions	<u>(658,427)</u>	<u>(872,009)</u>	<u>(999,873)</u>	<u>(1,131,296)</u>	<u>(1,286,271)</u>	<u>(1,767,388)</u>	<u>(1,493,135)</u>	<u>(2,222,875)</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$7,057,629	\$7,383,158	\$7,683,846	\$6,938,272	\$11,781,215	\$10,348,908	\$8,773,911	\$7,247,760
Contributions as a percentage of covered payroll	9.33%	11.81%	13.01%	16.31%	10.92%	17.08%	17.02%	30.67%

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Measurement Date	Safety Plan							
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Plan's Proportion of the Net Pension Liability	0.36611%	0.38625%	0.38625%	0.39888%	0.41251%	0.42057%	0.43224%	0.51771%
Plan's Proportionate Share of the Net Pension Liability	\$13,732,752	\$15,915,059	\$20,687,669	\$23,833,863	\$24,204,484	\$26,254,183	\$28,797,616	\$18,169,077
Plan's Covered Payroll	\$5,363,191	\$5,551,419	\$5,433,597	\$5,220,618	\$5,714,774	\$11,777,820	\$10,017,013	\$7,414,125
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	256.06%	286.68%	380.74%	456.53%	423.54%	222.91%	287.49%	245.06%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	79.82%	78.40%	74.06%	73.31%	75.26%	75.26%	75.10%	88.29%

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal Year Ended June 30:	Safety Plan							
	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$1,494,686	\$1,663,467	\$1,825,704	\$2,131,854	\$2,208,400	\$3,011,431	\$2,276,601	\$3,661,411
Contributions in relation to the actuarially determined contributions	(1,494,686)	(1,663,467)	(1,825,704)	(2,131,854)	(2,208,400)	(3,011,431)	(2,276,601)	(3,661,411)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$5,551,419	\$5,433,597	\$5,220,618	\$5,714,774	\$11,777,820	\$10,017,013	\$7,414,125	\$7,448,818
Contributions as a percentage of covered payroll	26.92%	30.61%	34.97%	37.30%	18.75%	30.06%	30.71%	49.15%

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAN PABLO AGENT MULTIPLE EMPLOYER RETIREE HEALTH SAVINGS PLAN SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/ (ASSET) AND RELATED RATIOS

Last 10 fiscal years*

Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Total OPEB Liability					
Service Cost	\$471,257	\$419,630	\$389,378	\$207,595	\$214,910
Interest	872,071	982,580	1,332,910	892,841	533,653
Differences between expected and actual experience	25,002	(2,878,555)	(115,416)	86,591	
Changes of assumptions	1,537,074	1,550,237	(403,849)	2,819,831	1,177,318
Benefit payments - Including refunds of Employee Contributions	(579,886)	(486,360)	(520,071)	(511,963)	(517,741)
Benefit payments - Implicit Rate Subsidy Fulfilled	(253,372)	(168,244)	(147,626)	(17,700)	(17,617)
Net change in total OPEB liability/ (asset)	<u>2,072,146</u>	<u>(580,712)</u>	<u>535,326</u>	<u>3,477,195</u>	<u>1,390,523</u>
Total OPEB liability - beginning	<u>12,713,610</u>	<u>13,294,322</u>	<u>12,758,996</u>	<u>9,281,801</u>	<u>7,891,278</u>
Total OPEB liability - ending (a)	<u>\$14,785,756</u>	<u>\$12,713,610</u>	<u>\$13,294,322</u>	<u>\$12,758,996</u>	<u>\$9,281,801</u>
Plan fiduciary net position					
Contributions - Employer City's Contributions	\$579,886	\$486,360	\$520,071	\$511,963	\$517,741
Contributions - Employer Implicit Subsidy	253,372	168,244	147,626	17,700	17,617
Net investment income	(1,627,313)	3,252,106	284,654	488,698	793,503
Benefit payments - Including refunds of Employee Contributions	(579,886)	(486,360)	(520,071)	(511,963)	(517,741)
Benefit payments - Implicit Rate Subsidy Fulfilled	(253,372)	(168,244)	(147,626)	(17,700)	(17,617)
Net change in plan fiduciary net position	<u>(1,627,313)</u>	<u>3,252,106</u>	<u>284,654</u>	<u>488,698</u>	<u>793,503</u>
Plan fiduciary net position - beginning	<u>13,187,277</u>	<u>9,935,171</u>	<u>9,650,517</u>	<u>9,161,819</u>	<u>8,368,316</u>
Plan fiduciary net position - ending (b)	<u>\$11,559,964</u>	<u>\$13,187,277</u>	<u>\$9,935,171</u>	<u>\$9,650,517</u>	<u>\$9,161,819</u>
Net OPEB liability (asset) - ending (a)-(b)	<u>\$3,225,792</u>	<u>(\$473,667)</u>	<u>\$3,359,151</u>	<u>\$3,108,479</u>	<u>\$119,982</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>78.18%</u>	<u>103.73%</u>	<u>74.73%</u>	<u>75.64%</u>	<u>98.71%</u>
Covered payroll	<u>\$15,999,016</u>	<u>\$15,123,759</u>	<u>\$12,321,331</u>	<u>\$11,991,563</u>	<u>\$12,161,432</u>
Net OPEB liability (asset) as a percentage of covered payroll	<u>20.16%</u>	<u>-3.13%</u>	<u>27.26%</u>	<u>25.92%</u>	<u>0.99%</u>

* 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,	2022	2021	2020	2019	2018
Actuarially determined contribution	\$833,258	\$744,516	\$566,824	\$231,532	\$178,156
Contributions in relation to the actuarially determined contribution	833,258	654,604	667,697	529,663	535,358
Contribution deficiency (excess)	\$0	\$89,912	(\$100,873)	(\$298,131)	(\$357,202)
Covered payroll	\$15,999,016	\$15,123,759	\$12,321,331	\$14,310,894	\$12,161,432
Contributions as a percentage of covered payroll	5.21%	4.33%	5.42%	3.70%	4.40%
Notes to Schedule					
Valuation date:	6/30/2020	6/30/2020	6/30/2018	6/30/2018	6/30/2016
<u>Methods and assumptions used to determine contribution rates:</u>					
Valuation Date	6/30/2020	6/30/2020	6/30/2018	6/30/2018	6/30/2016
Actuarial Assumptions:					
Discount Rate	5.71%	6.83%	7.34%	7.36%	7.00%
Inflation	9.25%	1.75%	1.75%	2.50%	2.50%
Payroll Growth	2.75%	2.75%	2.75%	2.750%	2.875%
Investment Rate of Return	5.71%	6.83%	7.34%	7.36%	6.50%
Mortality Rate	CalPERS Rates	CalPERS Rates	CalPERS Rates	CalPERS Rates	CalPERS Rates
Pre-Retirement Turnover	CalPERS Rates	CalPERS Rates	CalPERS Rates	CalPERS Rates	CalPERS Rates
Healthcare Trend Rate	7%, trending down to 4.04%	7%, trending down to 4.04%	6%, trending down to 3.84%	7% trending down to 3.84%	7% in the first year, trending down to 3% over 3 years.

* Fiscal year 2018 was the first year of implementation.



CITY^{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.

DEBT SERVICE FUND

2018 JPFA LEASE REVENUE BONDS

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



CITY^{OF} SAN PABLO

City of New Directions

CITY OF SAN PABLO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2022

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	\$131,607	\$548,242		\$1,054,853	\$3,260,543
Restricted cash and investments					
Accounts receivable	172,384	42,113	\$107,495		
Total Assets	<u>\$303,991</u>	<u>\$590,355</u>	<u>\$107,495</u>	<u>\$1,054,853</u>	<u>\$3,260,543</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$89,595		\$9,591	\$120,444	
Due to other funds			131,049		
Deposits payable				41,036	
Total Liabilities	<u>89,595</u>		<u>140,640</u>	<u>161,480</u>	
FUND BALANCES					
Restricted	214,396	\$590,355		893,373	\$3,260,543
Unassigned			(33,145)		
Total Fund Balance	<u>214,396</u>	<u>590,355</u>	<u>(33,145)</u>	<u>893,373</u>	<u>3,260,543</u>
Total Liabilities and Fund Balances	<u>\$303,991</u>	<u>\$590,355</u>	<u>\$107,495</u>	<u>\$1,054,853</u>	<u>\$3,260,543</u>

SPECIAL REVENUE FUNDS

Asset Seizures	Paratransit	Street Lighting and Landscaping	Traffic Congestion Relief	HCD Grant	Measure K
\$137,264	\$530,760	\$857,735	\$224,669	\$97,989	
	9,061				\$262,306
<u>\$137,264</u>	<u>\$539,821</u>	<u>\$857,735</u>	<u>\$224,669</u>	<u>\$97,989</u>	<u>\$262,306</u>
\$46,819	\$6,942	\$68,484			
		566,017			\$263,205
<u>46,819</u>	<u>6,942</u>	<u>634,501</u>			<u>263,205</u>
90,445	532,879	223,234	\$224,669	\$97,989	
					(899)
<u>90,445</u>	<u>532,879</u>	<u>223,234</u>	<u>224,669</u>	<u>97,989</u>	<u>(899)</u>
<u>\$137,264</u>	<u>\$539,821</u>	<u>\$857,735</u>	<u>\$224,669</u>	<u>\$97,989</u>	<u>\$262,306</u>

(Continued)

CITY OF SAN PABLO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2022

	<u>DEBT SERVICE FUND</u>	
	<u>2018 JPFA Lease Revenue Bonds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS		
Cash and investments available for operations		\$6,843,662
Restricted cash and investments	\$83	83
Accounts receivable		593,359
Total Assets	\$83	\$7,437,104
LIABILITIES		
Accounts payable and accrued liabilities		\$341,875
Due to other funds		394,254
Deposits payable		607,053
Total Liabilities		1,343,182
FUND BALANCES		
Restricted	\$83	6,127,966
Unassigned		(34,044)
Total Fund Balance	83	6,093,922
Total Liabilities and Fund Balances	\$83	\$7,437,104



CITY^{OF} SAN PABLO

City of New Directions

CITY OF SAN PABLO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	SPECIAL REVENUE FUNDS				
	Gas Tax	Public Safety	N.P.D.E.S.	Development Services	Measure C / J
REVENUES					
Property taxes					
Sales tax		\$163,385			\$504,608
Licenses and permits				\$402,198	
Intergovernmental	\$1,422,477	161,285	\$340,290		
Charges for services				1,115,539	
Use of money and property	(2,952)	(7,001)			(81,910)
Miscellaneous	(7,110)		13,274	6,153	
Total Revenues	1,412,415	317,669	353,564	1,523,890	422,698
EXPENDITURES					
Current:					
General Government					
Community:					
Development				1,467,237	
Public Works & Engineering	2,316,838		636,721		
Capital outlay	2,180				
Debt Service:					
Principal retirement					
Interest and fiscal charges					
Total Expenditures	2,319,018		636,721	1,467,237	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(906,603)	317,669	(283,157)	56,653	422,698
OTHER FINANCING SOURCES (USES)					
Transfers in	1,111,333		250,012	836,720	
Transfers (out)	(567,806)	(287,161)			(20,000)
Total Other Financing Sources (Uses)	543,527	(287,161)	250,012	836,720	(20,000)
NET CHANGE IN FUND BALANCES	(363,076)	30,508	(33,145)	893,373	402,698
Fund balances (deficits) at beginning of year	577,472	559,847			2,857,845
FUND BALANCES AT END OF YEAR	\$214,396	\$590,355	(\$33,145)	\$893,373	\$3,260,543

SPECIAL REVENUE FUNDS

Asset Seizures	Paratransit	Street Lighting and Landscaping	Traffic Congestion Relief	HCD Grant	Measure K
		\$837,405			\$1,025,357
	\$274,252				
(\$4,355)	(12,924)	(22,853)	(\$6,105)	(\$2,662)	1,327
2,620	10,882	20,000			
(1,735)	272,210	834,552	(6,105)	(2,662)	1,026,684
		8,113			1,612,800
	313,777	1,237,626			
	313,777	1,245,739			1,612,800
(1,735)	(41,567)	(411,187)	(6,105)	(2,662)	(586,116)
	106,071	518,920			585,217
		(32,758)			
	106,071	486,162			585,217
(1,735)	64,504	74,975	(6,105)	(2,662)	(899)
92,180	468,375	148,259	230,774	100,651	
\$90,445	\$532,879	\$223,234	\$224,669	\$97,989	(\$899)

(Continued)

CITY OF SAN PABLO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>DEBT SERVICE FUND</u>	
	2018 JPFA Lease Revenue Bonds	Total Nonmajor Governmental Funds
REVENUES		
Property taxes		\$837,405
Sales tax		1,693,350
Licenses and permits		402,198
Intergovernmental		2,198,304
Charges for services		1,115,539
Use of money and property	\$5	(139,430)
Miscellaneous		45,819
Total Revenues	5	6,153,185
EXPENDITURES		
Current:		
General Government		1,620,913
Community:		
Development		1,781,014
Public Works & Engineering		4,191,185
Capital outlay		2,180
Debt Service:		
Principal retirement	245,000	245,000
Interest and fiscal charges	563,213	563,213
Total Expenditures	808,213	8,403,505
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(808,208)	(2,250,320)
OTHER FINANCING SOURCES (USES)		
Transfers in	808,213	4,216,486
Transfers (out)		(907,725)
Total Other Financing Sources (Uses)	808,213	3,308,761
NET CHANGE IN FUND BALANCES	5	1,058,441
Fund balances (deficits) at beginning of year	78	5,035,481
FUND BALANCES AT END OF YEAR	\$83	\$6,093,922



CITY^{OF} SAN PABLO

City of New Directions

CITY OF SAN PABLO
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	SPECIAL REVENUE FUNDS					
	GAS TAX			PUBLIC SAFETY		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax				\$145,139	\$163,385	\$18,246
Licenses and permits						
Intergovernmental	\$1,440,908	\$1,422,477	(\$18,431)	151,294	161,285	9,991
Charges for services						
Use of money and property		(2,952)	(2,952)	7,190	(7,001)	(14,191)
Miscellaneous		(7,110)	(7,110)			
Total Revenues	1,440,908	1,412,415	(28,493)	303,623	317,669	14,046
EXPENDITURES						
Current:						
General Government						
Community:						
Development						
Public Works & Engineering	2,548,031	2,316,838	231,193			
Capital outlay	41,249	2,180	39,069			
Total Expenditures	2,589,280	2,319,018	270,262			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,148,372)	(906,603)	241,769	303,623	317,669	14,046
OTHER FINANCING SOURCES (USES)						
Transfers in	1,111,333	1,111,333				
Transfers (out)	(567,806)	(567,806)		(145,139)	(287,161)	(142,022)
Total Other Financing Sources (Uses)	543,527	543,527		(145,139)	(287,161)	(142,022)
NET CHANGE IN FUND BALANCES	(\$604,845)	(363,076)	\$241,769	\$158,484	30,508	(\$127,976)
Fund balances at beginning of year		577,472			559,847	
FUND BALANCES AT END OF YEAR		\$214,396			\$590,355	

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)
						\$454,002	\$422,698	(\$31,304)
\$341,786	\$340,290	(\$1,496)	\$377,036	\$402,198	\$25,162			
			638,088	1,115,539	477,451			
	13,274	13,274	3,513	6,153	2,640	33,087		(33,087)
<u>341,786</u>	<u>353,564</u>	<u>11,778</u>	<u>1,018,637</u>	<u>1,523,890</u>	<u>505,253</u>	<u>487,089</u>	<u>422,698</u>	<u>(64,391)</u>
584,570	636,721	(52,151)	1,859,027	1,467,237	391,790			
<u>584,570</u>	<u>636,721</u>	<u>(52,151)</u>	<u>1,859,027</u>	<u>1,467,237</u>	<u>391,790</u>			
(242,784)	(283,157)	(40,373)	(840,390)	56,653	897,043	487,089	422,698	(64,391)
250,012	250,012		836,720	836,720		(20,000)	(20,000)	
<u>250,012</u>	<u>250,012</u>		<u>836,720</u>	<u>836,720</u>		<u>(20,000)</u>	<u>(20,000)</u>	
<u>\$7,228</u>	<u>(33,145)</u>	<u>(\$40,373)</u>	<u>(\$3,670)</u>	893,373	<u>\$897,043</u>	<u>\$467,089</u>	402,698	<u>(\$64,391)</u>
							2,857,845	
	<u>(\$33,145)</u>			<u>\$893,373</u>			<u>\$3,260,543</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, 2022

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				\$281,208	\$274,252	(\$6,956)
Charges for services						
Use of money and property	\$1,162	(\$4,355)	(\$5,517)	5,648	(12,924)	(18,572)
Miscellaneous		2,620	2,620	4,043	10,882	6,839
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	1,162	(1,735)	(2,897)	290,899	272,210	(18,689)
EXPENDITURES						
Current:						
General Government						
Community:						
Development				417,171	313,777	103,394
Public Works & Engineering						
Capital outlay						
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures				417,171	313,777	103,394
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	1,162	(1,735)	(2,897)	(126,272)	(41,567)	84,705
OTHER FINANCING SOURCES (USES)						
Transfers in				106,071	106,071	
Transfers (out)						
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)				106,071	106,071	
NET CHANGE IN FUND BALANCES						
	<u>\$1,162</u>	<u>(1,735)</u>	<u>(\$2,897)</u>	<u>(\$20,201)</u>	<u>64,504</u>	<u>\$84,705</u>
Fund balances at beginning of year		<u>92,180</u>			<u>468,375</u>	
FUND BALANCES AT END OF YEAR		<u>\$90,445</u>			<u>\$532,879</u>	

SPECIAL REVENUE FUNDS

STREET LIGHTING AND LANDSCAPING

<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$822,100	\$837,405	\$15,305
9,136	(22,853)	(31,989)
<u>40,000</u>	<u>20,000</u>	<u>(20,000)</u>
<u>871,236</u>	<u>834,552</u>	<u>(36,684)</u>
1,500	8,113	(6,613)
1,471,783	1,237,626	234,157
<u>67,000</u>	<u>67,000</u>	<u>67,000</u>
<u>1,540,283</u>	<u>1,245,739</u>	<u>294,544</u>
<u>(669,047)</u>	<u>(411,187)</u>	<u>257,860</u>
518,920	518,920	
<u>(32,500)</u>	<u>(32,758)</u>	<u>(258)</u>
<u>486,420</u>	<u>486,162</u>	<u>(258)</u>
<u>(\$182,627)</u>	74,975	<u>\$257,602</u>
	<u>148,259</u>	
	<u>\$223,234</u>	



CITY^{OF} SAN PABLO

City of New Directions

CUSTODIAL FUNDS

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

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

COMMUNITY ORGANIZATIONS AND ACTIVITIES

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

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE

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

WEST CONTRA COSTA INTEGRATED WASTE MANAGEMENT AUTHORITY

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

CITY OF SAN PABLO
 FIDUCIARY CUSTODIAL FUNDS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 June 30, 2022

	Community Organizations and Activities	West Contra Costa Transportation Advisory Committee	West Contra Costa Integrated Waste Management Authority	Total
Assets:				
Restricted cash and investments	\$830,990	\$8,754,716	\$2,438,885	\$12,024,591
Accounts receivable		55,659	95,222	150,881
Prepays			17,410	17,410
Total Assets	830,990	8,810,375	2,551,517	12,192,882
Liabilities:				
Accounts payable	5,090		45,721	50,811
Unearned revenue		40,001	32,526	72,527
Deposits payable	11,153			11,153
Total Liabilities	16,243	40,001	78,247	134,491
Net Position:				
Restricted for:				
Held for other entities	814,747	8,770,374	2,473,270	12,058,391
Total Net Position	\$814,747	\$8,770,374	\$2,473,270	\$12,058,391

CITY OF SAN PABLO
 FIDUCIARY CUSTODIAL FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 June 30, 2022

	Community Organizations and Activities	West Contra Costa Transportation Advisory Committee	West Contra Costa Integrated Waste Management Authority	Total
Additions:				
Bingo revenues	\$142,176			\$142,176
Member contributions		\$531,744		531,744
Grants and contributions		1,679,469		1,679,469
Charges for services	11,760		\$1,137,836	1,149,596
Interest and other	(25,846)	12,481	4,227	(9,138)
Total Additions	128,090	2,223,694	1,142,063	3,493,847
Deductions:				
Personnel-related		897,417	1,547,748	2,445,165
Professional services		157,093	59,853	216,946
Program-related	98,886	397,821	81,850	578,557
Total Deductions	98,886	1,452,331	1,689,451	3,240,668
Change in net position	29,204	771,363	(547,388)	253,179
Net Position - Beginning	785,543	7,999,011	3,020,658	11,805,212
Total Net Position	\$814,747	\$8,770,374	\$2,473,270	\$12,058,391



CITY^{OF} SAN PABLO

City of New Directions

STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

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

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

Sources

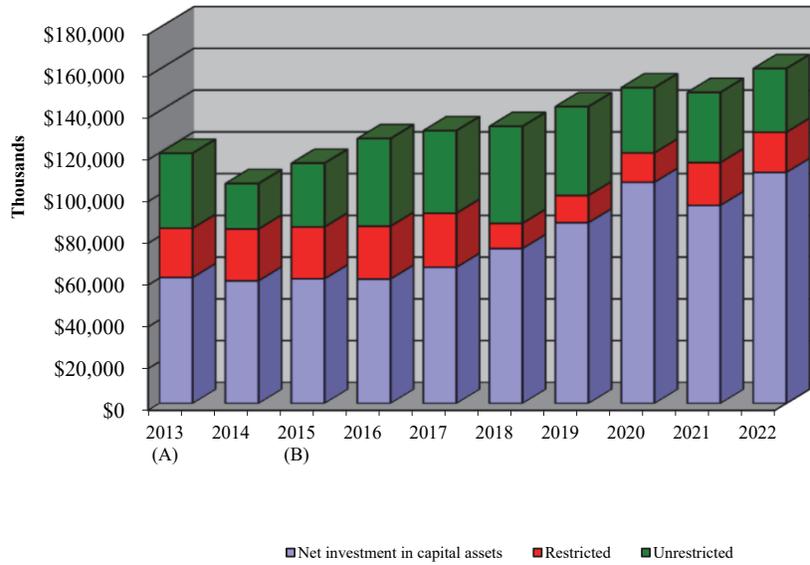
Unless otherwise noted, the information in these schedules is derived from the Annual Financial Reports for the relevant year.



CITY^{OF} SAN PABLO

City of New Directions

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



	2013 (A)	2014	2015 (B)	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$60,286,124	\$58,716,354	\$59,671,326	\$59,552,820	\$65,203,760	\$74,150,591	\$86,551,977	\$105,886,032	\$94,823,104	\$110,624,020
Restricted	23,589,889	24,793,010	24,843,522	25,307,852	25,912,314	12,096,519	13,029,241	14,094,165	20,513,642	19,239,898
Unrestricted	35,928,112	21,808,206	30,508,198	41,969,726	39,526,263	46,421,552	42,547,901	31,228,713	33,595,353	30,488,187
Total governmental activities net position	<u>\$119,804,125</u>	<u>\$105,317,570</u>	<u>\$115,023,046</u>	<u>\$126,830,398</u>	<u>\$130,642,337</u>	<u>\$132,668,662</u>	<u>\$142,129,119</u>	<u>\$151,208,910</u>	<u>\$148,932,099</u>	<u>\$160,352,105</u>

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

(B) The City implemented the provisions of GASB Statements 68 and 71 in fiscal year 2015, which required the restatement of net position, however, amounts prior to 2015 have not been restated.

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

	Fiscal Year Ended June 30,			
	2013(b)	2014	2015(c)	2016
Expenses				
Governmental Activities:				
General Government	\$5,680,263	\$5,918,919	\$5,868,035	\$10,749,217
Community				
Recreation	1,342,621	1,306,695	1,417,109	1,613,344
Development	1,176,592	1,115,441	1,538,176	1,351,207
Housing	13,600	12,100		23,000
Public Works & Engineering	8,064,981	7,304,089	9,591,938	7,253,853
Police	15,393,927	14,959,000	15,207,587	13,239,813
Interest and fiscal charges			1,069,642	1,035,279
Total Governmental Activities Expenses	<u>31,671,984</u>	<u>30,616,244</u>	<u>34,692,487</u>	<u>35,265,713</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	218,312	522,654	612,276	435,262
Community:				
Recreation	245,934	236,757	321,941	334,418
Development	527,404	561,699	483,379	504,454
Public Works & Engineering	143,158	168,230	225,034	187,923
Police	486,569	396,612	666,228	569,627
Operating Grants and Contributions	1,930,939	1,962,725	2,064,275	1,679,873
Capital Grants and Contributions	1,846,299	7,078,669	5,202,454	4,562,945
Total Government Activities Program Revenues	<u>5,398,615</u>	<u>10,927,346</u>	<u>9,575,587</u>	<u>8,274,502</u>
Net (Expense)/Revenue				
Governmental Activities	<u>(26,273,369)</u>	<u>(19,688,898)</u>	<u>(25,116,900)</u>	<u>(26,991,211)</u>
General Revenues and Other				
Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	1,229,599	1,515,310	1,676,678	1,562,739
Incremental Property Taxes				
Sales Taxes	2,253,736	2,912,396	3,803,069	4,168,439
In-Lieu Sales Tax	468,552	548,465	490,239	406,799
Utility Users Tax	2,473,792	2,553,955	2,467,509	2,572,145
Transient Occupancy Taxes	356,177	424,570	455,006	523,213
Franchise Taxes	627,473	719,358	884,123	790,828
Payment in Lieu of taxes	1,792,638	1,828,490	1,865,060	1,902,362
Casino contract revenues	17,388,179	18,291,111	19,701,338	22,986,063
Other Taxes (a)	109,928	114,542	132,130	157,190
Intergovernmental unrestricted:				
Motor Vehicle In-Lieu Fees	1,654,714	1,713,415	1,961,310	2,158,330
Use of Money and Property	238,115	246,226	633,516	865,048
Gain on Sale of Property				
Miscellaneous	167,902	320,447	545,773	705,407
Special item - assets transferred from Successor Agency		1,534,820	206,625	
Extraordinary items - assets transferred to/liabilities assumed from (by) Successor Agency	(1,176,610)			
assumed from EDC				
Total Governmental Activities	<u>27,584,195</u>	<u>32,723,105</u>	<u>34,822,376</u>	<u>38,798,563</u>
Change in Net Position after Special Item				
Governmental Activities	<u>\$1,310,826</u>	<u>\$13,034,207</u>	<u>\$9,705,476</u>	<u>\$11,807,352</u>

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

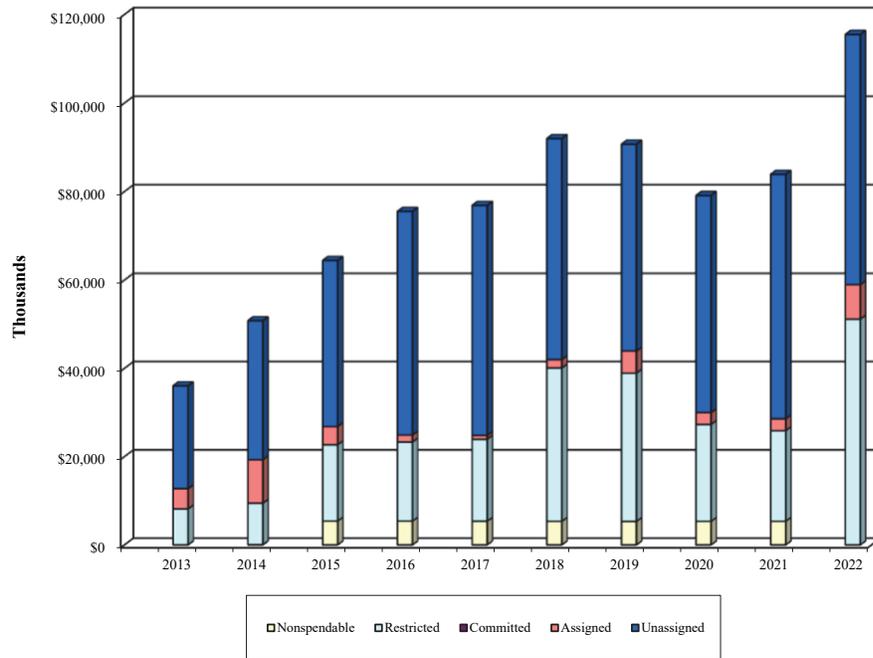
(b) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position."

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

Fiscal Year Ended June 30,

2017	2018	2019	2020	2021	2022
\$11,105,576	\$10,840,251	\$12,006,415	\$16,802,527	\$16,770,379	\$16,172,199
333,076	256,371	311,538	3,368,316	2,669,889	2,478,905
4,332,370	4,961,457	5,886,370	2,388,458	8,883,785	5,276,529
17,793	23,810	28,930	83,482	92,370	117,624
7,970,136	7,784,816	8,622,447	7,392,827	7,043,052	7,972,673
17,438,358	18,525,592	20,525,816	22,166,487	22,209,621	23,239,924
925,564	1,331,646	1,558,865	1,162,515	1,150,307	3,928,465
<u>42,122,873</u>	<u>43,723,943</u>	<u>48,940,381</u>	<u>53,364,612</u>	<u>58,819,403</u>	<u>59,186,319</u>
1,119,770	524,488		236,032	404,002	252,246
127,698	52,022	40,957	41,665		20,035
1,154,979	1,216,911	1,133,536	1,161,264	845,607	1,361,181
138,126	246,289	645,376	277,611	191,144	846,732
522,678	1,009,555	900,657	695,885	819,362	1,070,929
929,109	1,271,647	2,325,867	3,227,455	2,460,329	6,883,452
1,438,055	1,955,492	7,096,432	2,483,913	1,070,768	7,428,316
<u>5,430,415</u>	<u>6,276,404</u>	<u>12,142,825</u>	<u>8,123,825</u>	<u>5,791,212</u>	<u>17,862,891</u>
<u>(36,692,458)</u>	<u>(37,447,539)</u>	<u>(36,797,556)</u>	<u>(45,240,787)</u>	<u>(53,028,191)</u>	<u>(41,323,428)</u>
2,011,222	2,442,226	2,943,210	3,354,755	2,410,402	2,750,176
4,601,301	4,293,283	3,854,079	4,119,326	4,801,115	5,049,824
2,686,980	2,650,707	2,548,455	2,532,147	2,731,594	2,864,920
523,513	565,474	636,322	235,597	666,643	569,390
935,005	900,299	947,557	901,680	927,262	979,688
1,940,410	1,979,218	2,018,802	2,059,177	2,100,360	2,142,368
24,213,462	26,197,153	27,735,698	21,735,943	26,811,866	29,966,698
82,602	87,911	83,611	116,591	123,084	87,679
2,317,615	2,487,919	2,666,964	2,844,696	2,994,786	3,126,924
190,354	849,714	2,404,371	2,813,630	378,818	262,365
				4,198,761	9,061
1,001,933	834,155	418,944	620,873	2,606,689	4,934,341
			12,540,358		
<u>40,504,397</u>	<u>43,288,059</u>	<u>46,258,013</u>	<u>53,874,773</u>	<u>50,751,380</u>	<u>52,743,434</u>
<u>\$3,811,939</u>	<u>\$5,840,520</u>	<u>\$9,460,457</u>	<u>\$8,633,986</u>	<u>(\$2,276,811)</u>	<u>\$11,420,006</u>

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



	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$28,503	\$45,219	\$5,402,621	\$5,384,995	\$5,367,811	\$5,341,934	\$5,318,053	\$5,336,415	\$5,347,633	\$12,825
Restricted									1,000,000	3,753,733
Assigned	227,579	763,614	145,329	1,315,623	895,605	1,924,937	5,018,720	2,705,823	2,705,823	7,825,000
Unassigned	23,285,950	31,512,493	37,596,248	50,715,535	54,246,048	50,765,118	50,750,360	49,537,936	55,326,474	56,568,821
Total General Fund	<u>\$23,542,032</u>	<u>\$32,321,326</u>	<u>\$43,144,198</u>	<u>\$57,416,153</u>	<u>\$60,509,464</u>	<u>\$58,031,989</u>	<u>\$61,087,133</u>	<u>\$57,580,174</u>	<u>\$64,379,930</u>	<u>\$68,160,379</u> (a)
All Other Governmental Funds										
Restricted	\$8,117,456	\$9,387,695	\$17,266,389	\$17,900,895	\$18,551,388	\$34,725,598	\$33,584,302	\$21,940,445	\$19,513,642	\$47,370,557
Assigned	4,365,599	9,082,664	4,010,660	300,282						
Unassigned				(113,266)	(2,192,718)	(782,655)	(3,973,966)	(399,857)		(34,044)
Total all other governmental funds	<u>\$12,483,055</u>	<u>\$18,470,359</u>	<u>\$21,277,049</u>	<u>\$18,087,911</u>	<u>\$16,358,670</u>	<u>\$33,942,943</u>	<u>\$29,610,336</u>	<u>\$21,540,588</u>	<u>\$19,513,642</u>	<u>\$47,336,513</u> (a)

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



CITY^{OF} SAN PABLO

City of New Directions

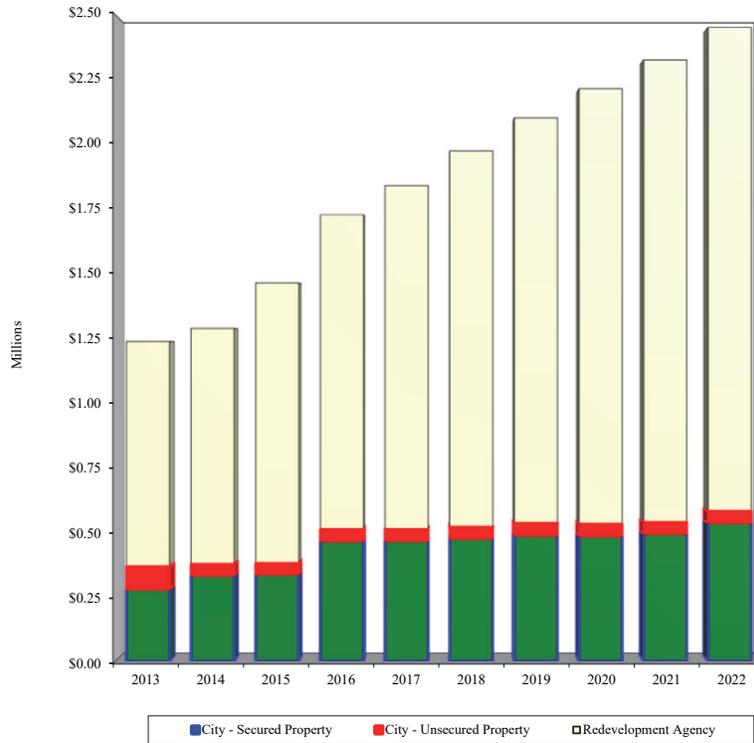
CITY OF SAN PABLO
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,				
	2013	2014	2015	2016	2017
Revenues					
Property taxes	\$1,083,129	\$1,515,310	\$1,676,678	\$1,562,739	\$1,716,156
Sales taxes	2,561,567	3,272,038	4,188,421	5,019,746	5,002,384
In-lieu sales tax	468,552	548,465	490,239	406,799	
Utility users tax	2,473,792	2,553,955	2,467,509	2,572,145	2,686,980
Casino contract revenues	17,105,522	17,951,434	19,390,922	22,665,705	23,876,317
Other taxes	2,862,216	3,064,960	3,304,319	3,334,876	3,474,030
Licenses and permits	282,657	339,677	310,416	320,358	337,145
Fines and forfeits	199,033	178,497	250,670	253,290	242,120
Intergovernmental	5,341,904	10,466,512	9,707,728	7,946,402	4,936,968
Charges for services	1,324,955	1,622,447	1,435,849	1,347,066	1,547,551
Use of money and property	886,060	494,277	1,076,231	1,303,736	1,269,461
Miscellaneous	105,815	265,763	211,850	296,132	881,219
Total Revenues	34,695,202	42,273,335	44,510,832	47,028,994	45,970,331
Expenditures					
Current:					
General government	5,644,563	5,798,844	6,151,008	10,812,295	10,629,175
Community					
Recreation	1,198,105	1,173,065	1,321,969	1,490,995	73,015
Development	1,116,502	1,097,422	1,572,053	1,417,014	4,203,880
Housing	1,850	12,100		23,000	17,793
Public Works & Engineering	3,108,904	3,153,976	3,458,187	3,360,427	4,064,962
Police	14,879,348	14,858,753	15,435,553	13,753,176	14,927,935
Capital outlay	11,656,245	2,912,525	18,095,578	4,215,533	9,598,715
Debt service:					
Principal repayment			85,000	354,982	470,234
Interest and fiscal charges			778,547	737,339	620,552
Total Expenditures	37,605,517	29,006,685	46,897,895	36,164,761	44,606,261
Excess (deficiency) of revenues over (under) expenditures	(2,910,315)	13,266,650	(2,387,063)	10,864,233	1,364,070
Other Financing Sources (Uses)					
Transfers in	8,671,125	3,904,184	7,075,398	5,721,373	11,860,143
Transfers (out)	(8,671,125)	(3,904,184)	(7,075,398)	(5,721,373)	(11,860,143)
Proceeds or gain from sale of property				218,584	
Capital leases					
Issuance of debt		1,141,738	15,810,000		
Total Other Financing Sources (Uses)		1,141,738	15,810,000	218,584	
Special and Extraordinary Items					
Assets transferred to Housing Successor		358,210	206,625		
Assets assumed by City from EDC					
Total Special and Extraordinary Items		358,210	206,625		
Change in Fund Balance	(\$2,910,315)	\$14,766,598	\$13,629,562	\$11,082,817	\$1,364,070
Debt service as a percentage of noncapital expenditures	N/A	N/A	2.9%	3.4%	3.1%

Fiscal Year Ended June 30,

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$2,063,312	\$2,616,083	\$2,375,632	\$2,094,996	\$2,417,901
4,722,680	4,307,705	4,598,308	5,264,058	5,554,432
2,650,707	2,548,455	2,532,147	2,731,594	2,864,920
25,826,897	27,365,635	21,345,016	26,442,053	29,564,500
3,532,902	3,686,292	3,313,045	3,817,349	3,779,125
370,256	370,063	390,927	369,813	402,198
202,854	274,696	274,605	230,215	288,531
6,032,257	11,549,795	8,919,794	8,438,419	18,130,170
2,053,387	1,909,493	1,607,626	1,455,496	1,974,157
1,279,434	3,705,125	4,131,811	1,356,725	1,338,354
968,047	723,384	520,519	4,528,879	4,779,682
<u>49,702,733</u>	<u>59,056,726</u>	<u>50,009,430</u>	<u>56,729,597</u>	<u>71,093,970</u>
10,446,232	11,557,521	14,432,447	15,126,284	14,819,312
	72,048	3,244,089	2,521,481	2,334,965
4,868,887	5,753,056	1,645,169	1,688,066	1,781,014
23,810	28,930	83,482	92,370	117,624
4,618,334	4,130,144	4,303,635	4,710,959	4,862,452
16,028,684	18,127,752	18,663,853	19,305,127	20,303,996
13,758,852	18,621,834	17,587,385	6,187,747	9,571,186
1,480,988	971,063	909,367	1,174,446	10,775,013
1,019,327	1,238,996	1,162,515	1,150,307	3,648,306
<u>52,245,114</u>	<u>60,501,344</u>	<u>62,031,942</u>	<u>51,956,787</u>	<u>68,213,868</u>
<u>(2,542,381)</u>	<u>(1,444,618)</u>	<u>(12,022,512)</u>	<u>4,772,810</u>	<u>2,880,102</u>
15,548,139	17,446,437	30,503,098	13,502,244	20,775,175
(15,548,139)	(17,446,437)	(30,503,098)	(13,502,244)	(20,775,175)
				9,110
2,491,334				
15,325,000				34,043,108
<u>17,816,334</u>				<u>34,052,218</u>
				(5,329,000)
				(5,329,000)
<u>\$15,273,953</u>	<u>(\$1,444,618)</u>	<u>(\$12,022,512)</u>	<u>\$4,772,810</u>	<u>\$31,603,320</u>
6.6%	5.2%	4.6%	5.1%	21.2%

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

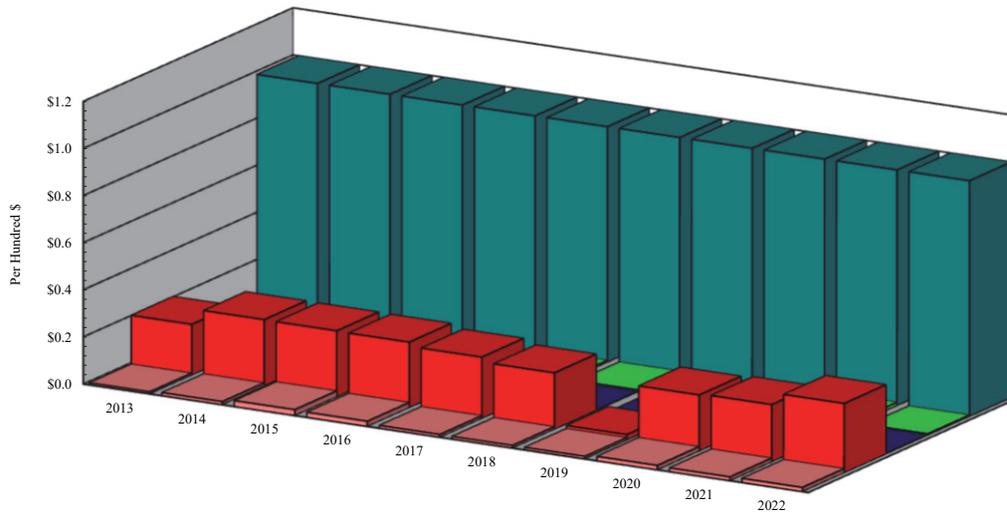


Fiscal Year	Value of City Property Subject to Local Tax Rate			Value of Redevelopment Agency Property Subject to Local Tax Rate			Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Secured Property	Unsecured Property	Total	Tenth Township	Legacy	Total			
2013	\$277,310,622	\$89,243,515	\$366,554,137	\$811,535,168	\$60,048,453	\$871,583,621	\$1,238,137,758	\$1,238,137,758	0.098%
2014	330,899,170	44,270,604	375,169,774	834,582,578	78,654,747	913,237,325	1,288,407,099	1,288,407,099	0.097%
2015	335,045,384	44,184,743	379,230,127	960,892,754	124,112,087	1,085,004,841	1,464,234,968	1,464,234,968	0.108%
2016	463,757,740	46,435,464	510,193,204	1,071,145,726	146,395,899	1,217,541,625	1,727,734,829	1,727,734,829	0.108%
2017	464,841,204	45,076,140	509,917,344	1,161,517,848	168,678,121	1,330,195,969	1,840,113,313	1,840,113,313	0.108%
2018	474,524,495	45,161,702	519,686,197	1,260,975,983	193,665,594	1,454,641,577	1,974,327,774	1,974,327,774	0.108%
2019	485,479,027	48,519,738	533,998,765	1,353,539,647	214,666,027	1,568,205,674	2,102,204,439	2,102,204,439	0.107%
2020	483,615,982	47,196,414	530,812,396	1,446,048,102	237,976,780	1,684,024,882	2,214,837,278	2,214,837,278	0.107%
2021	491,998,972	45,595,290	537,594,262	1,534,108,689	254,278,937	1,788,387,626	2,325,981,888	2,325,981,888	0.107%
2022	534,812,243	45,789,861	580,602,104	1,602,473,068	268,531,738	1,871,004,806	2,451,606,910	2,451,606,910	0.082%

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)
2013	1.00000	0.00430	0.00510	0.21570	0.00870	1.23380	0.09828	0.00000	0.77265
2014	1.00000	0.00750	0.00780	0.28180	0.01330	1.31040	0.09828	0.00000	0.09750
2015	1.00000	0.00450	0.00850	0.28030	0.02520	1.31850	0.09828	0.00000	0.09749
2016	1.00000	0.00260	0.00670	0.27810	0.02200	1.30940	0.09828	0.00000	0.10805
2017	1.00000	0.00800	0.00320	0.26040	0.01200	1.28360	0.09828	0.00000	0.10792
2018	1.00000	0.00840	0.00210	0.23970	0.01140	1.26160	0.09828	0.00000	0.10755
2019	1.00000	0.00700	0.00210	0.02390	0.01100	1.04400	0.09828	0.00000	0.10735
2020	1.00000	0.01200	0.00940	0.23790	0.01880	1.27810	0.09828	0.00000	0.10738
2021	1.00000	0.01390	0.00140	0.24320	0.01610	1.27460	0.09828	0.00000	0.10724
2022	1.00000	0.00600	0.00200	0.29390	0.01760	1.31950	0.09828	0.00000	0.08190

Source: HdL Coren & Cone, Contra Costa County Assessor

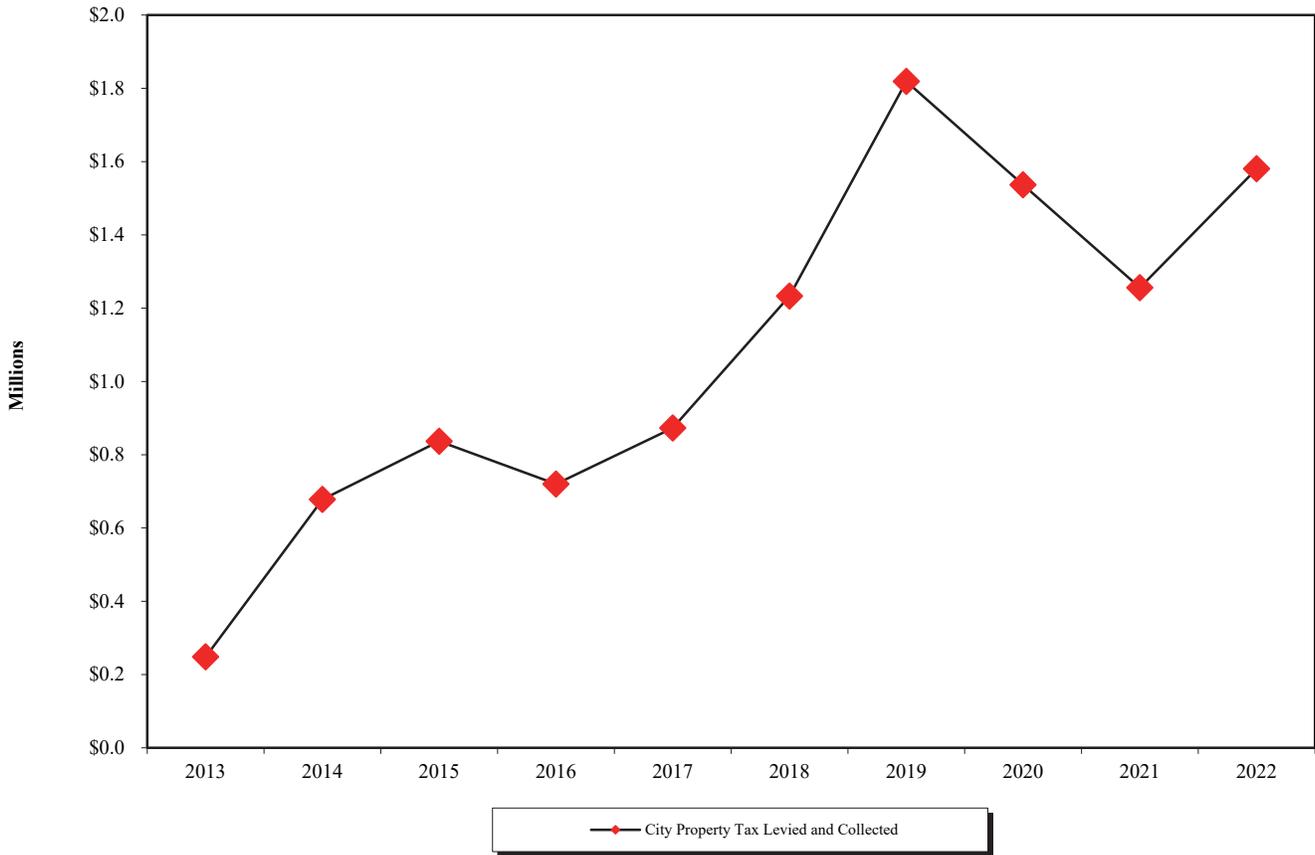
- (a) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the, 1.00% fixed amount, property owners are charged taxes as a percentage of assessed 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	2021-2022			2012-2013		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Save Mart Portfolio Owner NLP	\$38,982,475	1	1.59%	\$13,310,954	6	1.08%
Lytton Rancheria of CA	28,259,394	2	1.15%			
Donahue Schriber Realty Group	24,782,251	3	1.01%	17,593,985	2	1.42%
The Marlborough One Family LP	19,750,000	4	0.81%			
CC San Pablo LP	18,124,945	5	0.74%	15,689,814	4	1.27%
San Pablo Retail Partners II	17,044,188	6	0.70%	16,979,244	3	1.37%
Menlo Land and Capital XII LLC	13,912,654	7	0.57%			
Public Storage INC	12,089,439	8	0.49%	10,442,015	7	0.84%
Manuel and Elba Gomez LLC	9,186,624	9	0.37%			
Vale Property LLC	9,101,194	10	0.37%			
3002 Giant Road LLC				13,803,891	5	1.11%
College Center Retail LLC						
Lucky NoCal Investor LLC				9,486,897	8	0.77%
Murray and Janet Gordon Trust				9,214,872	9	0.74%
WEC 97K-31 Investment Trust				6,730,148	10	0.54%
West CCC Hospital District				46,004,842	1	3.72%
Subtotal	<u>\$191,233,164</u>		<u>7.8%</u>	<u>\$159,256,662</u>		<u>12.9%</u>
Total Assessed Valuation:						
Fiscal Year 2021-2022	\$2,451,606,910					
Fiscal Year 2012-2013	\$1,238,137,758					

Source: HdL Coren & Cone, Contra Costa County Assessor

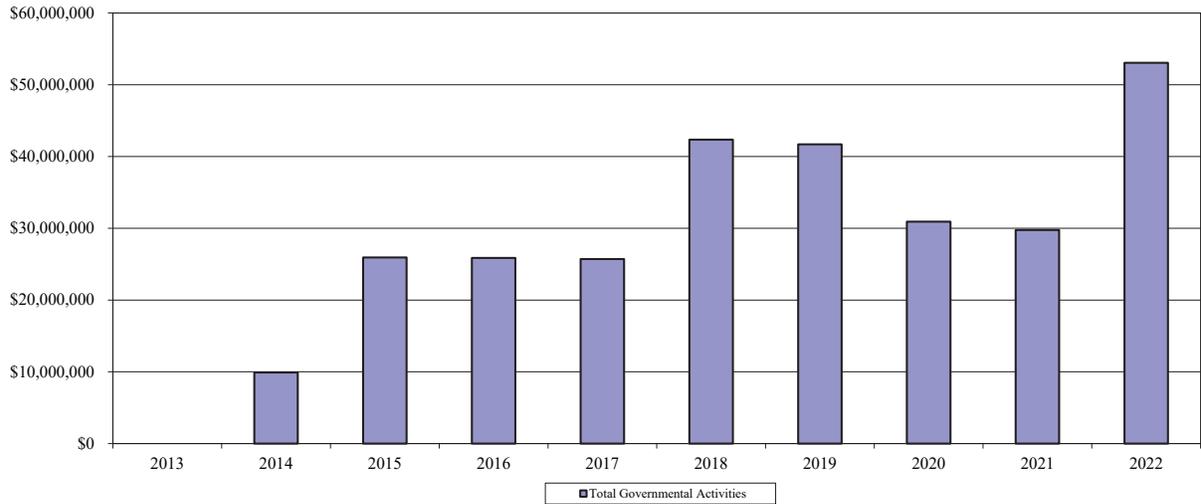
**CITY OF SAN PABLO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**



<u>Fiscal Year</u>	<u>City Property Tax Levied and Collected (1)</u>	<u>Redevelopment Agency Property Tax Levied and Collected</u>	<u>Total Property Tax Levied and Collected (2)</u>	<u>Percent of Total Tax Collections to Tax Levy</u>
2013	\$248,288	\$0 (3)	\$248,288	100%
2014	677,924	0 (3)	677,924	100%
2015	836,806	0 (3)	836,806	100%
2016	719,960	0 (3)	719,960	100%
2017	872,985	0 (3)	872,985	100%
2018	1,232,993	0 (3)	1,232,993	100%
2019	1,819,023	0 (3)	1,819,023	100%
2020	1,536,711	0 (3)	1,536,711	100%
2021	1,255,899	0 (3)	1,255,899	100%
2022	1,580,496	0 (3)	1,580,496	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			
2013	0 (b)	0 (b)	\$0	\$0	\$0	0.00%	0
2014	0 (b)	0 (b)	9,906,655	0	9,906,655	1.99%	339
2015	0 (b)	0 (b)	10,112,750	15,810,000	25,922,750	5.03%	879
2016	0 (b)	0 (b)	10,265,708	15,600,000	25,865,708	5.19%	839
2017	0 (b)	0 (b)	10,410,486	15,290,000	25,700,486	5.16%	828
2018	0 (b)	0 (b)	12,053,151	30,295,000	42,348,151	8.50%	1,364
2019	0 (b)	0 (b)	11,731,957	29,965,000	41,696,957	7.35%	1,311
2020	0 (b)	0 (b)	1,292,438	29,630,000	30,922,438	5.22%	984
2021	0 (b)	0 (b)	697,992	29,050,000	29,747,992	4.63%	958
2022	0 (b)	0 (b)	618,912	52,433,481	53,052,393	7.65%	1,684

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, 2022**

2021-22 Assessed Valuation	\$2,451,606,910
Less: Redevelopment Incremental Valuation	<u>1,871,004,806</u>
Adjusted Assessed Valuation	<u><u>\$580,602,104</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	\$53,052,393	100.000%	\$53,052,393
Overlapping Debt:			
Bay Area Rapid Transit	660,703,057	0.939%	6,202,571
Contra Costa County Fire Pension Obligation	26,670,000	2.027%	540,702
Contra Costa Community College District	936,870,000	0.942%	8,824,346
County General	334,729,873	0.939%	3,142,388
East Bay Regional Park District	77,146,356	0.939%	724,237
West Contra Costa Unified School District	<u>1,926,558,002</u>	6.083%	<u>117,196,819</u>
Total Overlapping Debt	<u><u>3,962,677,288</u></u>		<u><u>136,631,063</u></u>
 TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	 <u><u>\$4,015,729,681</u></u>		 <u><u>\$189,683,456</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 2021-22 ADJUSTED ASSESSED VALUATION:

Direct Debt	14.94%
Total Direct and Overlapping Tax Assessment Debt	41.73%

Source: HdL Coren & Cone, Contra Costa County Assessor and Auditor Combined 2021/22 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, 2022**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$2,451,606,910
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BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$91,935,259
---	--------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$53,052,393
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Less Tax Allocation Bonds and SERAF Loan not subject to limit	19,058,912
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Amount of debt subject to limit	33,993,481
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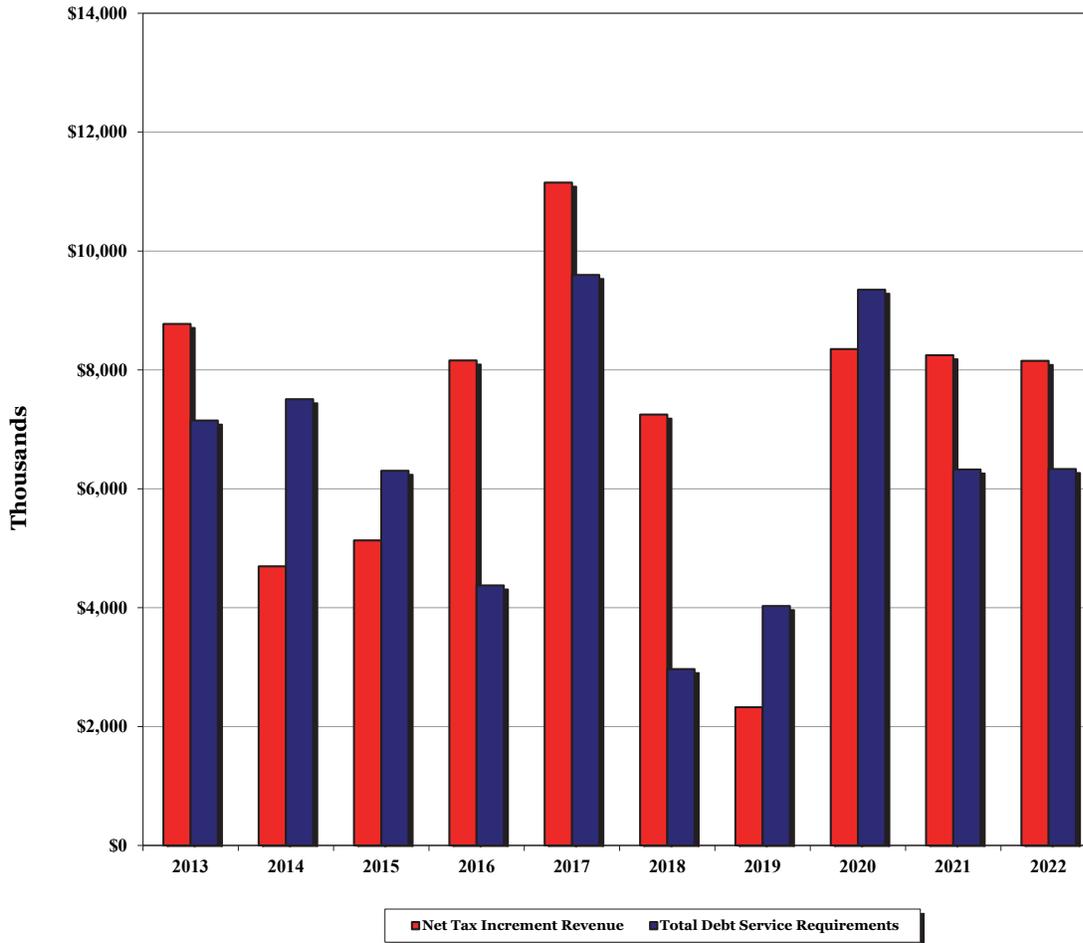
LEGAL BONDED DEBT MARGIN	\$125,928,740
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Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2013	\$46,430,166	\$0	\$46,430,166	0.00%
2014	48,315,266	0	48,315,266	0.00%
2015	54,908,811	0	54,908,811	0.00%
2016	64,790,056	0	64,790,056	0.00%
2017	69,004,249	0	69,004,249	0.00%
2018	74,037,292	0	74,037,292	0.00%
2019	78,832,666	0	78,832,666	0.00%
2020	83,056,398	0	83,056,398	0.00%
2021	87,224,321	0	87,224,321	0.00%
2022	91,935,259	33,993,481	125,928,740	26.99%

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	
2013	\$8,773,589 (b)	0 (a)	\$8,773,589	\$3,430,000	\$3,718,205	\$7,148,205 (c)	1.23
2014	4,695,660 (b)	0 (a)	4,695,660	3,575,000	3,931,553	7,506,553 (c)	0.63 (b)
2015	5,132,531 (b)	0 (a)	5,132,531	3,260,000	3,044,176	6,304,176 (c)	0.81 (b)
2016	8,159,295 (b)	0 (a)	8,159,295	1,525,000	2,849,011	4,374,011 (c)	1.87 (b)
2017	11,150,519 (b)	0 (a)	11,150,519	6,787,381	2,811,164	9,598,545 (c)	1.16 (b)
2018	7,249,096 (b)	0 (a)	7,249,096	320,000	2,647,300	2,967,300 (c)	2.44 (b)
2019	2,325,842 (b)	0 (a)	2,325,842	1,560,000	2,468,600	4,028,600 (c)	0.58 (b)
2020	8,350,525 (b)	0 (a)	8,350,525	7,005,000	2,344,875	9,349,875 (c)	0.89 (b)
2021	8,247,483 (b)	0 (a)	8,247,483	4,255,000	2,070,500	6,325,500 (c)	1.30 (b)
2022	8,152,914 (b)	0 (a)	8,152,914	4,475,000	1,857,750	6,332,750 (c)	1.29 (b)

- (a) As part of the dissolution, the Redevelopment Agency is no longer required to make the low and moderate income housing set-aside.
- (b) 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.
- (c) 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
				1999 Bonds	2001 and 2004 Tenth Township Bonds	2006 Bonds	2014 A&B Bonds		
2013	\$8,173,104 (b)	\$0 (a)	\$8,173,104	\$890,965	\$3,631,201	\$2,351,864	\$0	\$6,874,030 (c)	1.19
2014	4,291,235 (b)	0 (a)	4,291,235	893,377	3,652,390	2,683,687	0	7,229,454 (c)	0.59
2015	4,545,428 (b)	0 (a)	4,545,428	0	843,427	0	5,186,996	6,030,423 (c)	0.75
2016	N/A (b)	0 (b)	N/A (b)	0	1,050,812	0	3,372,250	4,423,062 (c)	N/A
2017	N/A (b)	0 (b)	N/A (b)	0	5,296,795	0	4,301,750	9,598,545 (c)	N/A
2018	N/A (b)	0 (b)	N/A (b)	0	1,922,750	0	5,379,550	7,302,300 (c)	N/A
2019	N/A (b)	0 (b)	N/A (b)	0	882,250	0	3,146,350	4,028,600 (c)	N/A
2020	N/A (b)	0 (b)	N/A (b)	0	3,032,125	0	6,317,750	9,349,875 (c)	N/A
2021	N/A (b)	0 (b)	N/A (b)	0	0	0	6,325,500	6,325,500 (c)	N/A
2022	N/A (b)	0 (b)	N/A (b)	0	0	0	6,332,750	6,332,750 (c)	N/A

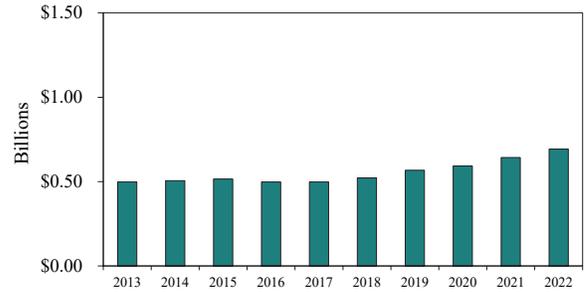
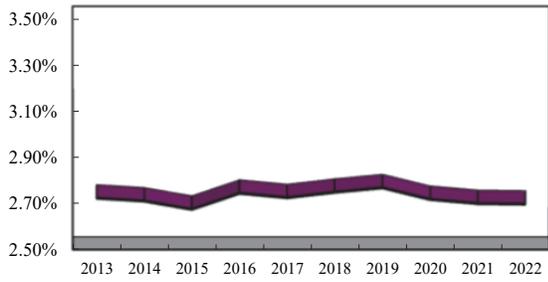
LEGACY PROJECT AREA

Fiscal Year	Gross Tax Revenues	Housing Set Aside	Debt Service on 2004 Legacy Bonds			Debt Service Coverage
			Available Revenue	Legacy Bonds	Debt Service Coverage	
2013	\$600,485 (b)	\$0 (a)	\$600,485	\$274,175 (c)	2.19	
2014	404,425 (b)	0 (a)	404,425	274,099 (c)	1.48	
2015	587,103 (b)	0 (a)	587,103	273,753 (c)	2.14	
2016	N/A (b)	N/A (a)	N/A	N/A (c)	N/A	
2017	N/A (b)	N/A (a)	N/A	N/A (c)	N/A	
2018	N/A (b)	N/A (a)	N/A	N/A (c)	N/A	
2019	N/A (b)	N/A (a)	N/A	N/A (c)	N/A	
2020	N/A (b)	N/A (a)	N/A	N/A (c)	N/A	
2021	N/A (b)	N/A (a)	N/A	N/A (c)	N/A	
2022	N/A (b)	N/A (a)	N/A	N/A (c)	N/A	

- (a) As part of the dissolution, the Redevelopment Agency is no longer required to make the low and moderate income housing set-aside.
- (b) 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.
- (c) Includes debt service paid by the Successor Agency.

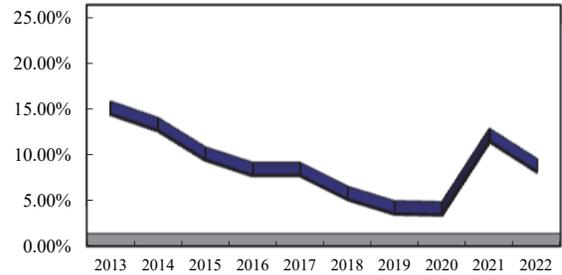
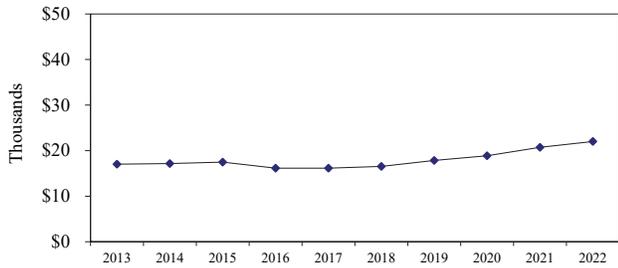
Sources: City of San Pablo Financial Statements

**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>
2013	29,266	\$498,078,000	\$17,019	14.4%	1,074,702	2.72%
2014	29,465	505,502,000	17,156	12.6%	1,087,008	2.71%
2015	29,499	515,554,000	17,477	9.4%	1,102,871	2.67%
2016	30,829	498,050,000	16,155	7.7%	1,123,429	2.74%
2017	31,053	498,050,000	16,155	7.7% (a)	1,139,513	2.73%
2018	31,593	522,292,000	16,531	5.1%	1,149,363	2.75%
2019	31,817	567,648,000	17,841	3.5%	1,149,363	2.77%
2020	31,413	592,791,000	18,870	3.4%	1,155,879	2.72%
2021	31,041	643,152,000	20,719	11.4%	1,149,800	2.70%
2022	31,510	693,639,000	22,013	8.1%	1,168,294	2.70%

NOTES: (a) Data not available for fiscal year, therefore data presented is for prior calendar year

Sources: California State Department of Finance
California Employment Development Department

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

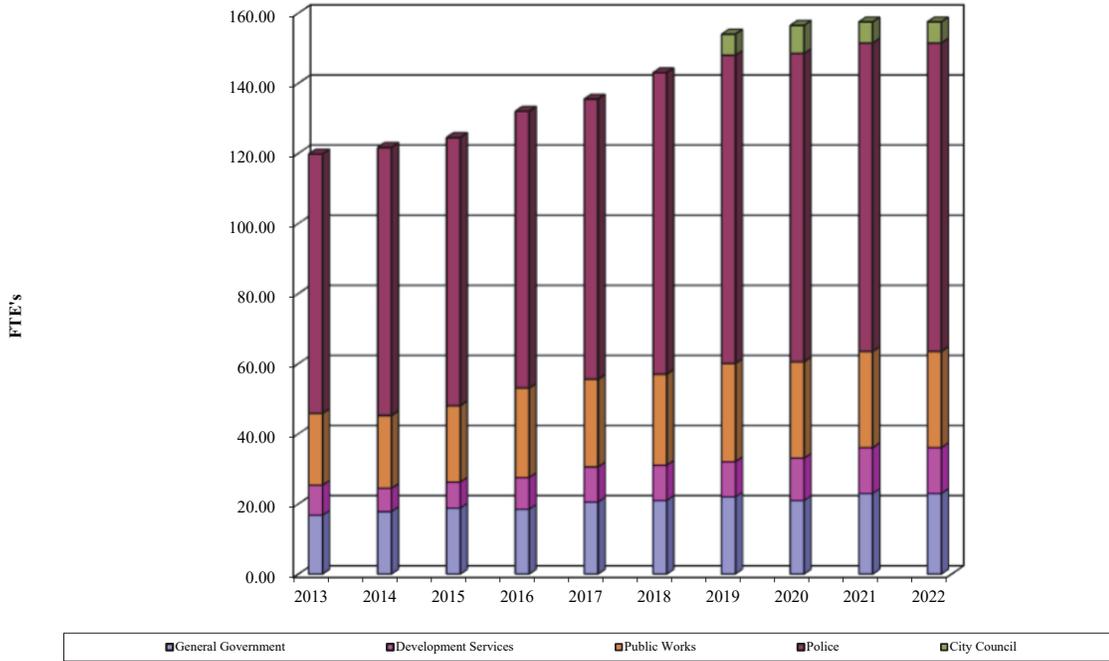
Employer	2021-2022			2012-2013		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Contra Costa College*	690	1	5.1%	768	2	5.4%
West Contra Costa Unified School District	434	2	3.2%			
San Pablo Casino	396	3	3.0%	489	3	3.5%
Vale Health Care Center	275	4	2.1%	169	5	1.2%
City of San Pablo	190	5	1.4%	216	4	1.5%
West County Health Center	165	6	1.2%	120	8	0.9%
Creekside Health Care Center	138	7	1.0%	127	7	0.9%
San Pablo Health Care and Wellness Center	119	8	0.9%	153	6	1.1%
Las Montana's Supermarket	90	9	0.7%	91	10	0.6%
Food Maxx	85	10	0.6%	99	9	0.7%
Doctor's Medical Center* Closed 04/21/2015				994	1	7.0%
Subtotal	<u>2,582</u>		<u>19.3%</u>	<u>3,226</u>		<u>22.9%</u>
Total City Day Population	<u>13,400</u>			<u>14,100</u>		

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

*includes part time employees

N/A = not available

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



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function										
General Government	16.80	17.80	18.80	18.50	20.50	21.00	22.00	21.00	23.00	23.00 *
Development Services	8.50	6.60	7.40	9.00	10.00	10.00	10.00	12.00	13.00	13.00 *
Community Services	39.50	35.15	33.85	42.40	40.50	41.30	42.80	42.30	43.30	43.30 *
Public Works	20.50	20.80	21.80	25.50	25.00	26.00	28.00	27.50	27.50	27.50
Police	74.00	76.50	76.50	79.00	80.00	86.00	88.00	88.00	88.00	88.00
Total City	159.30	156.85	158.35	174.40	176.00	184.30	190.80	190.80	194.80	194.80
City Council							6.00	8.00	6.00	6.00
Grand Total							196.80	198.80	200.80	200.80

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

CITY OF SAN PABLO
Operating Indicators by Function/Program

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function/Program										
Police: (calendar year)										
Police calls for Service	27,507	35,242	23,239	28,985	22,981	22,718	30,707	36,947	32,725	30,579
Crime Reports	5,890	5,695	3,857	3,116	3,467	3,961	4,840	4,989	4,000	3,914
Law violations:										
Major crimes: homicides/rape	12	10	12	17	6	10	17	17	18	7
Other major crimes: robbery/larceny/burglary	1,465	799	522		565	630	558	706	570	184
Arrests	1,789	2,008	1,444	1,862	1,243	1,434	1,847	1,716	1,085	1,316
Traffic collisions	428	354	123	324	234	239	407	437	297	270
Traffic citations	2,851	2,687	1,663	1,813	828	855	2,971	1,315	365	1,351
Public Works:										
Street resurfacing (miles)	7	3	2.4	1.5		1.4	1.4	91.0	0.9	0.0
Potholes repaired (square miles)	1	0.81	0.53	2.47	2.89	0.005	0.005	0.005	0.000002	0.000021
Street Sweeping (miles)	3,144	3,130	2,813	2,813	3,336	6,489	6,489	6,025	6,025	6,025
Volume of material removed (cubic yards)	1,050	822	735	891	1,060	1,185	1,185	1,100.26	1,185	1,185
Storm Drains:										
Catch basins cleaned	307	349	499	271	111	292	292	525	414	764
Volume of material removed (cubic yards)	29	22.31	107.00	147.95	4.28	57.11	57.11	9.00	20.00	29.00
Community Development:										
Community Services:										
Recreation class participants	3,057	4,107	7,437	9,433	9,568	5,128	7,939	1,775	638	2,802
Senior meals served	18,144	17,519	16,946	18,366	16,855	15,800	12,493	41,877	36,982	14,960
Rentals of Maple Hall	135	119	106	298	380	435	809	0	156	346
Rentals - Other Facilities		37	54	79	115	5,698	6,313	1,578	1,975	1,451
Education:										
Enrollment:										
Elementary schools (6)	2,960	2,973	2,993	2,697	2,627	2,640	2,526	2,309	2,121	1,941
Middle Schools (1)	973	1,040	964	999	1,011	997	864	773	648	646
High Schools (1)	400	400	400	400	400	400	1,005	950	1,056	747

Source: Various City Departments

Notes:

N/A denotes information not available.

CITY OF SAN PABLO
Capital Asset Statistics by Function/Program

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function/Program										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol units	19	19	18	17	14	23	55	21	21	21
Community Resources:										
Miles of streets	48	48	48	49	49	49	49	49	49	49
Street lights	182	182	182	192	192	243	243	243	347	347
Traffic Signals	25	25	25	27	29	29	29	29	29	29
Roadway Landscaping:										
Landscaped median acreage	1	1	1	1	1	1	1	1	1	1
Street trees	800	840	840	840	840	840	860	860	860	860
Community Recreation:										
Community services:										
City parks	6	7	8	8	8	8	8	8	7	7
City parks acreage	22.0	19	23.2	23.2	23.2	23.2	23.2	23.2	19.2	19.2
Playgrounds	5	5	5	5	5	5	5	5	5	5
Event center	0	0	0	0	0	0	0	0	0	0
Historic house	3	3	3	3	3	3	3	3	3	3
City trails	1	1	1	1	1	1	1	1	2	2
City trails miles	1	1	1	1	1	1	1	1	2	2
Community centers	1	2	2	2	2	2	2	2	2	2
Senior centers	2	2	2	2	2	2	2	2	2	2
Baseball/softball diamonds	3	3	3	3	3	3	3	3	2	2
Soccer/football fields	6	6	9	9	9	9	9	9	6	6
Wastewater (1)										
Miles of storm drains	17	17	17	17	17	17	20	17	17	17

Source: Various City Departments

Notes:

(1) Wastewater services are provided by Contra Costa County



CITY^{OF} SAN PABLO

City of New Directions