

CITY OF SAN PABLO, CALIFORNIA
ANNUAL COMPREHENSIVE
FINANCIAL REPORT



Fiscal Year Ended June 30, 2023





CITY^{OF} SAN PABLO

City of New Directions



CITY OF SAN PABLO, CALIFORNIA

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

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, 2023

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CITY^{OF} SAN PABLO

City of New Directions

December 12, 2023

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

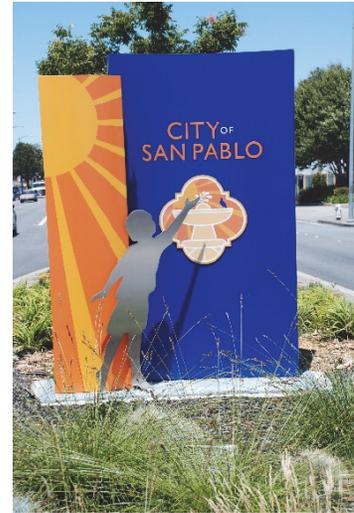
We are pleased to present the Annual Comprehensive Financial Report (ACFR) for the City of San Pablo, California, (City) for the fiscal year ended June 30, 2023. The ACFR is presented in accordance with the principles and standards of accounting and financial reporting by the Governmental Accounting 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

The 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 the fiscal year ended June 30, 2023. 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, 2023, 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 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, provides 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
2022 Population: 31,389
Gender: 50.9% male, 49.1% female
Median Resident Age: 32.5
Estimated Median Household Income: \$67,294
Owner Occupied Household: 40.8%
Median Home Value: \$582,012
Median Rent Per Month: \$2,200
Source: US Census, 7/2022, California Demographics, Zillow

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 are provided by East Bay Municipal Utility District (EBMUD), sewer services by the West County Wastewater District, and solid waste and recycling services by Republic Services.

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 were 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 the fullest extent possible. Attempts are made to obtain the highest yields available as long as investments meet the criteria required for safety and liquidity.

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 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 supporting young people, their learning, and their success.



Local Tax Measure Initiatives (Measure S and Measure J)

- Childhood Obesity Prevention Grant Program and Advisory Group: Funded through Measure S, this program focuses 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, 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 shared 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. This program is primarily funded through Measure S.
- Paratransit: San Pablo Senior and Disabled Transportation Services provides door-to-door shuttle service to eligible seniors 50 years and older and adults with disabilities, all who live in the 94806-zip code. Our priority is to provide a safe, affordable, and enjoyable experience for our riders. The City provides rides to medical appointments, grocery shopping, the post office, the bank, and/or other community locations for a low fee. Twice a month our transportation service offers delivery of groceries provided by the Contra Costa County & Solano County Food Banks for qualifying participants. The transportation program is funded by the Measure J tax initiative and is supported by the West Contra Costa Transportation Advisory Committee and the Contra Costa Transit Authority.

Driving the initiatives is the City’s FY2023-25 Priority Workplan, adopted by the City Council on May 1, 2023, 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 the purpose of providing policy direction for implementation by the City Manager. Even though the FY2023-25 Priority Workplan is a dynamic, evolving document, it maintains five major policy goals under which priority items are given review and consideration:

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



Teamwork San Pablo 2023 Year of Restoration

FY 2023-25

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

Adopted/Effective: May 1, 2023

Economic Condition and Outlook

The local and regional economy continues its up-and-down recovery from the challenges brought by the current US and world economy caused by the COVID-19 pandemic. Inflation in housing, food, fuel, and other living expenses in the local and Bay Area region greatly impacts the region’s recovery. Despite the proven historical economic strength and resiliency of the Bay Area region, the region's economic growth is faced with many changes. Changes in the work culture, which can range from in-office, remote, “hybrid-remote” and on-the-go workers, as well as trends in population migration and business location impacts the overall economic direction of the region.

THE ECONOMIC FORECAST

Economic forecasts are important to ensure that projections reflect recent economic developments and current law, allowing local governments to create well-informed economic, monetary, and fiscal policies. Emerging from an economy impacted by COVID, the pandemic brought permanent changes to the City in terms of economic activity and affordability. The City continues to face challenges from several economic issues stemming from inflation, high interest rates, industrial production, and a changing labor market.

These cues alone, 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.

Below is a summary analysis of some key indicators of the region’s economic environment.

EMPLOYMENT

In June 2023, the US economy showed a significant slowing of monthly job gains post-pandemic and reported a national unemployment rate of 3.6%. In the months prior to COVID, Contra Costa County reported unemployment rates of 3.0% or lower; contrasted with the current County unemployment rate of 4.2%, there are indications that the County has yet to fully recover the workforce lost to the pandemic. Prices have been reflective of the tighter labor market and the above average wage gains; in turn, that has impacted the local economy as businesses struggle to attract and retain staff while balancing their bottom line.

| Unemployment | Rate – June, 2023 | Fiscal Year Change |
|---------------------|-------------------|--------------------|
| United States | 3.6% | 0% |
| State of California | 4.6% | +4% |
| Contra Costa County | 4.2% | +1.0% |

Source: CA.gov EDD, US Dept. of Labor

INFLATION

In the closing month of the fiscal year, the US annual inflation rate slowed to 3.0%, a sharp drop from a year ago where high energy costs helped spike inflation to 9.1%. While inflation, as measured by the CPI, has eased for 12 consecutive months and the underlying core CPI index at 4.8% has cooled as well, it may not deter the Federal Reserve from raising rates as it has done on a monthly basis since March 2022. The potential impact of higher rates is the curbing of borrowing and spending, key elements affecting property taxes and sales.

SALES AND USE TAXES

The statewide sales tax trends have been heavily impacted by many economic challenges including inflation, interest rate hikes and price of taxable goods. Tax proceeds from general consumer goods declined by 4.8% in the second quarter statewide, with retailers forecasting modest declines for 2023 with household finances tightening and the demand for furnishings and appliances stalling with the delays in new constructions and home improvement projects.

PROPERTY TAXES

California home sales continue to be challenging for buyers with concerns of a slowing economy, high mortgage rates, inventory shortages (estimated at 3.5 million statewide) and tough mortgage qualification requirements. The Federal Reserve is predicted to maintain their trend of increasing interest rates (climbing to a 20 year high), which, coupled with the limited available inventory, has become a deterrent to potential buyers from entering the real estate market.

In FY 2022-23, San Pablo’s taxable assessed property value is \$2.5 billion, 77.3% of which represents residential parcels. Property values increased by approximately 4.3%, compared to the County’s overall increase of 6.3%.

In 2023, there were 7,601 city parcels that were taxable. The median sale price of San Pablo detached single-family homes from January through September 2023 was \$530,500, a decrease of -\$24,500 (-4.4%) from the 2022’s median sale price.

| Year | Sales | Median | Change |
|-------|-------|-----------|--------|
| 2019 | 111 | \$446,000 | 4.9% |
| 2020 | 106 | \$459,000 | 3.0% |
| 2021 | 142 | \$540,500 | 17.6% |
| 2022 | 64 | \$527,500 | -2.4% |
| 2023* | 52 | \$530,000 | -4.4% |

*Year-to-Date (through September 2023) Source: HDL

CASINO REVENUE

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

In accordance to the MSA signed in September 1999 between the Band and 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.

Significant Events and Accomplishments

- The City successfully negotiated 5-year MOU employee labor agreements
- City's First Digital Budget Book - Biennial GF Operating and CIP Budget for FY 2022-23 and FY 2023-24
- City of San Pablo 75th Anniversary celebration for the City's incorporation date of April 27, 1948
- Proclamation recognizing and celebrating the ten-year (10) anniversary of the San Pablo Economic Development Corporation
- Maintain City's Financial Credit Rating: A-/A-
- Received the 2021-22 GFOA Excellence in Financial Reporting Award (26th Consecutive Year Award Recipient)
- Updated policy amendments to the new FY 2023-25 Council Priority Workplan

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, 2022. 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 the 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

CITY OF SAN PABLO

1000 Gateway Avenue

San Pablo, CA 94806

Phone 510.215.3000 • 510.215.3011 Fax

LIST OF CITY OFFICIALS 2022-2023

Mayor Abel Pineda

1648 15th Street

San Pablo, CA 94806

Email: AbelP@SanPabloCA.gov

Term to Expire: 11/24

(C) 691-0673

Vice Mayor Patricia Ponce

2618 Manchester Avenue

San Pablo, CA 94806

Email: PatriciaP@SanPabloCA.gov

Term to Expire: 11/24

(C) 409-2324

Councilmember Rita Xavier

2703 18th Street

San Pablo, CA 94806

Email: RitaX@SanPabloCA.gov

Term to Expire: 11/26

(C) 253-5298

Councilmember Arturo Cruz

2411 Church Lane, Apt. 1

San Pablo, CA 94806

Email: ArturoC@SanPabloCA.gov

Term to Expire: 11/24

(R) 478-3889

Councilmember Elizabeth Pabon-Alvarado

183 Westgate Circle

San Pablo, CA 94806

Email: ElizabethP@SanPabloCA.gov

Term to Expire: 11/26

(C) 377-4020

City Clerk

Dorothy Gantt

1824 21st Street, Apt. 14

San Pablo, CA 94806

Email: DorothyG@SanPabloCA.gov

Term to Expire: 11/26

(C) 650-776-4124

City Treasurer Viviana Toledo

1213 Stanton Avenue

San Pablo, CA 94806

Email: VivianaT@SanPabloCA.gov

Term to Expire: 11/26

(B) 215-3004

City Manager Matt Rodriguez

Email: MattR@SanPabloCA.gov

Council Appointment

(B) 215-3016

City Attorney Teresa L. Stricker

Email: TeresaS@SanPabloCA.gov

Council Appointment

(B) 215-3009

CITY OF SAN PABLO ORGANIZATIONAL CHART, FY 2022/23
EFFECTIVE 7/1/22 (Revised 09/06/2022) TOTAL FTE: 162 AND 7 ELECTED OFFICIALS (EO)

SAN PABLO CITY COUNCIL

7.0 EO

CITY ATTORNEY 1.0

1.0 Paralegal

2.0 FTE

CITY MANAGER 1.0

1.0 Executive Assistant to CM
 1.0 Deputy City Clerk

13.0 FTE

**HUMAN RESOURCES
 MANAGER 1.0**

HR FUNCTIONS/
 MANAGEMENT SUPPORT
 1.0 Management Analyst HR

ASSISTANT CITY MANAGER 1.0

RISK MANAGEMENT
 MUNICIPAL POOLING AUTHORITY (MPA)
 1.0 Management Analyst (Housing)
 1.0 Administrative Clerk I/II

**INFORMATION TECHNOLOGY
 MANAGER 1.0**

IT FUNCTIONS,
 SERVICES, AND SUPPORT
 2.0 I.T. Administrator
 2.0 I.T. Technician

COMMUNITY SERVICES

COMMUNITY SERVICES
 DIRECTOR 1.0

RECREATION SERVICES

1.0 Community Services Manager
 1.0 Community Services Supervisor
 2.0 Community Services Coordinator I/II

SENIOR SERVICES

1.0 Community Services Coordinator I/II
 1.0 Sr. Administration Clerk

**YOUTH, SCHOOL & COMMUNITY
 PARTNERSHIPS (YSCP)**

1.0 Community Services Manager
 1.0 Community Services Supervisor
 2.0 Community Services Coordinator I/II

PARATRANSIT

1.0 Community Services Coordinator I/II
 2.0 Paratransit Driver

14.0 FTE

COMMUNITY DEVELOPMENT

COMMUNITY DEVELOPMENT
 DIRECTOR 1.0

BUILDING SERVICES

1.0 Chief Building Official
 1.0 Building Inspector
 1.0 Sr. Permit Technician
 2.0 Permit Technician
 1.0 Administrative Clerk I/II

PLANNING SERVICES

3.0 Assistant/Associate Planner
 1.0 Planning Aide
 1.0 Administrative Secretary

12.0 FTE

FINANCE DEPARTMENT

DIRECTOR OF FINANCE 1.0

BUDGET & FISCAL SERVICES

1.0 Accounting Manager
 1.0 Management Analyst
 1.0 Accountant
 2.0 Accounting Technician
 1.0 Fiscal Clerk I/II

7.0 FTE

PUBLIC WORKS DEPARTMENT

PUBLIC WORKS DIRECTOR/
 CITY ENGINEER 1.0

ENGINEERING

1.0 Management Analyst
 1.0 Sr. Civil Engineer
 1.0 Sr. PW Inspector
 2.0 Assistant/Associate Engineer
 1.0 Administration Clerk I/II

ENVIRONMENTAL SERVICES

1.0 Sr. Environmental Program Analyst
 2.0 Environmental Program Analyst

MAINTENANCE & FACILITIES

1.0 Maintenance & Operations Superintendent
 2.0 Maintenance Supervisor
 4.0 Sr. Maintenance Worker
 9.0 Maintenance Worker I/II
 1.0 Sr. Administrative Clerk

27.0 FTE

POLICE DEPARTMENT

CHIEF OF POLICE 1.0

SWORN STAFF

2.0 Police Captain
 4.0 Police Lieutenant
 10.0 Sergeant
 45.0 Police Officer

NON-SWORN STAFF

1.0 Police Support Services Manager
 1.0 Police Support Supervisor
 1.0 Police Executive Assistant
 9.0 Police Services Technician
 4.0 Police Services Technician -Jailer
 7.0 Police Admin. Clerk
 1.0 Building Inspector
 1.0 Sr. Maintenance Worker

87.0 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

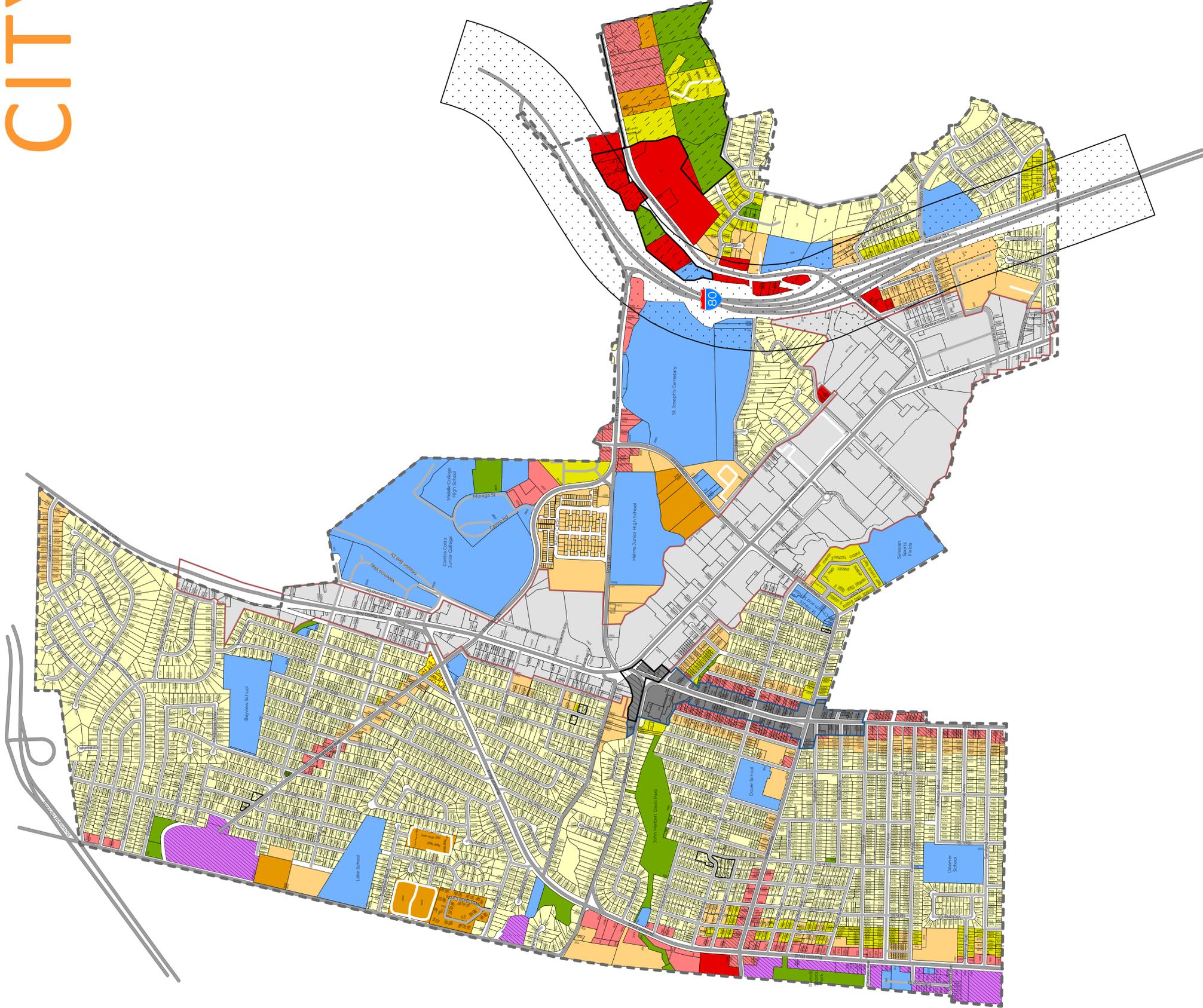
June 30, 2022

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



0 0.125 0.25 0.5 Miles



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, 2023, 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, 2023, and the respective changes in financial position and the General Fund budgetary comparison 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 opinions. 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 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted 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.

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 12, 2023, 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 12, 2023



CITY^{OF} SAN PABLO

City of New Directions



City of San Pablo (City) management offers readers an overview and analysis of the City’s financial activities for the fiscal year ended June 30, 2023. This report has been prepared in accordance with standards established by the Governmental Accounting Standard Board (GASB). We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the basic financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

The financial statements present information on the financial health of the City. Highlights for the year ended June 30, 2023, are noted as follows:

- The City’s assets plus deferred outflows exceeded liabilities plus deferred inflows at the close of Fiscal Year (FY) 2023 with a net position of \$183.0 million (*Statement of Net Position*, Page 14). Of this amount, \$45.1 million is unrestricted and may be used to meet the City’s ongoing obligations to citizens and creditors. This is not, however, the same as an operating budget surplus.
- As of the close of the current fiscal year, the City’s Governmental Funds reported a combined ending fund balance of \$124.4 million (*Governmental Funds – Balance Sheet*, Page 18) consisting of the following components:

| | |
|---|----------------------|
| Assigned for future development projects | \$15,248,058 |
| Committed for General Fund carry-over | 1,440,600 |
| Non-spendable (includes prepaids, land held for redevelopment and loan) | 61,742 |
| Restricted by outside parties/obligations | 53,265,545 |
| Unassigned (includes reserves) | 54,370,610 |
| Total Fund Balance at June 30, 2023 | \$124,386,555 |

- At the close of the fiscal year, the General Fund reported total assets of \$81.5 million and a total fund balance of \$77.3 million (*Governmental Funds – Balance Sheet*, Page 18). This represents an increase in fund balance of \$9.2 million, or 13.4% from the prior fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements, which consists of three parts: (1) Government-Wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Basic Financial Statements. The financial statements presented herein include all of the activities of the City and its component units.

Government-Wide Financial Statements

The government-wide statements provide readers with a broad view of the City’s finances, using the economic resources measurement focus and accrual basis of accounting. These accounting methods are similar to those used by private-sector companies. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. Additionally, certain interfund receivables, payables and interfund activity have been eliminated.

Fund Financial Statements

The fund financial statements provide readers with additional information about the City’s major funds, how services were financed in the short term and fund balances available for financing future projects. Most of the City’s funds excluding the City’s General Fund have significant restrictions, commitments or other limitations which significantly affect the availability of their fund resources for future use.

Notes to the Financial Statements

These notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements and fund financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning the City’s progress in funding its obligation to provide pension and retiree health benefits to its employees. The combined statements for the non-major funds and custodial funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City’s Statements of Net Position are shown below for fiscal year 2022 and 2023, including descriptions of items included in the Statements:

Summary Statements of Net Position as of June 30, 2022 and 2023

| | FY 2021-22 | FY 2022-23 | % Change |
|--------------------------------------|----------------------|----------------------|----------------|
| Assets | | | |
| Current Assets | \$133,877,181 | \$145,415,716 | 8.62% |
| Capital Assets | 145,447,192 | 149,208,690 | 2.59% |
| Total Assets | 279,324,373 | 294,624,406 | 5.48% |
| Deferred Outflow of Resources | | | |
| Related to Pensions | 11,489,215 | 24,961,977 | 117.26% |
| Related to OPEB | 4,776,019 | 3,342,292 | -30.02% |
| Total Deferred Outflow | 16,265,234 | 28,304,269 | 74.02% |
| Liabilities | | | |
| Current Liabilities | 7,806,546 | 8,781,971 | 12.49% |
| Long-term Liabilities | 100,182,013 | 120,413,726 | 20.19% |
| Total Liabilities | 107,988,559 | 129,195,697 | 19.64% |
| Deferred Inflow of Resources | | | |
| Related to Pensions | 24,724,184 | 5,514,256 | -77.70% |
| Related to OPEB | 2,524,759 | 5,189,237 | 105.53% |
| Total Deferred Inflow | 27,248,943 | 10,703,493 | -60.72% |
| Net Position | | | |
| Invested in Capital | 110,624,020 | 113,417,146 | 2.52% |
| Restricted | 19,239,898 | 24,542,022 | 27.56% |
| Unrestricted | 30,488,187 | 45,070,317 | 47.83% |
| Total Net Position | \$160,352,105 | \$183,029,485 | 14.14% |

- Current Assets**
 This includes unrestricted cash and investments and items such as receivables and prepaid items expected to be converted into cash within one year.
- Capital Assets**
 Included is the land held for development and capital assets consisting of land, buildings, improvements, infrastructure, vehicles and equipment. These items provide services to the community and are not available for future spending.
- Current Liabilities**
 Represents liabilities expected to be paid with cash within one year.
- Long-Term Liabilities**
 This includes the outstanding obligations for the City, including the City’s long-term debt for pensions, OPEB, compensated absences, leases, claims outstanding and bonded debt.
- Net Position** Net investment in capital assets represents the City’s capital assets net of accumulated depreciation and related debt. The restricted portion is subject to externally imposed restrictions for activities such as capital projects, debt service, and community development and is not available for general operations. The unrestricted portion is available for general operations.

The Statement of Activities reflects the fact that the City’s net position increased by \$22.7 million in the current fiscal year. The increase is attributed to the decrease in pension liabilities net of increase in deferred outflows of resources. The City’s Statements of Activities are shown below for fiscal year 2022 and 2023:

Summary Statements of Activities as of June 30, 2022 and 2023

| Program Revenues: | FY 2021-22 | FY 2022-23 | % Change |
|--|----------------------|----------------------|--------------|
| Charges for Services | \$3,551,123 | \$3,651,316 | 2.8% |
| Operating Grants and Contributions | 6,883,452 | 6,910,861 | 0.4% |
| Capital Grants and Contributions | 7,428,316 | 9,804,818 | 32.0% |
| Total Program Revenues | 17,862,891 | 20,366,995 | 14.0% |
| General Revenues: | | | |
| Property Taxes | 2,750,176 | 3,210,634 | 16.7% |
| Sales Taxes | 5,049,824 | 5,892,559 | 16.7% |
| Utility Taxes | 2,864,920 | 3,053,827 | 6.6% |
| Transient Occupancy Taxes | 569,390 | 552,757 | -2.9% |
| Franchise Taxes | 979,688 | 661,596 | -32.5% |
| Payment in Lieu of Taxes | 2,142,368 | 2,185,215 | 2.0% |
| Other Taxes | 87,679 | 46,499 | -47.0% |
| Motor Vehicle Taxes | 3,126,924 | 3,378,602 | 8.0% |
| Casino Contract Revenues | 29,966,698 | 30,558,431 | 2.0% |
| Use of Money and Property | 262,365 | 3,933,938 | 1399.4% |
| Gain from Sale of Capital Assets | 9,061 | 2,867,738 | 31549.2% |
| Miscellaneous | 4,934,341 | 420,865 | -91.5% |
| Total General Revenues | 52,743,434 | 56,762,661 | 7.6% |
| Total Revenues | 70,606,325 | 77,129,656 | 9.2% |
| Expenses: | | | |
| General Administration | 16,172,199 | 18,311,064 | 13.2% |
| Community Recreation | 2,478,905 | 2,239,499 | -9.7% |
| Community Development | 5,276,529 | 2,932,229 | -44.4% |
| Community Housing | 117,624 | 1,595,272 | 1256.2% |
| Public Works & Engineering | 7,972,673 | 11,212,044 | 40.6% |
| Police | 23,239,924 | 15,993,438 | -31.2% |
| Interest on Long-term Debt | 3,928,465 | 2,168,730 | -44.8% |
| Total Expenses | 59,186,319 | 54,452,276 | -8.0% |
| Change in Net Position | 11,420,006 | 22,677,380 | 98.6% |
| Net Position, Beginning of the Year | 148,932,099 | 160,352,105 | 7.7% |
| Net Position, End of the Year | \$160,352,105 | \$183,029,485 | 14.1% |

Revenues include charges for services, collected for services to the public such as recreational classes, grants and contributions, representing funding received from other governments and organizations for the purpose of financing the operating and capital costs of a special program.

Expenses include Administration and Non-Departmental, (including the City Council, City Manager, Human Resources, Housing, Information Technology, and City Attorney), Finance, Police, Public Works, Community Development, Parks and Recreation (including Youth Activities, Senior Services, and Paratransit).

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for purposes. The fund financial statements focus on individual parts of the City government, reporting City operations in more detail than the government-wide statements.

The City’s governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. The City’s governmental funds reported a combined fund balance on June 30, 2023, of \$124.4 million, an increase of \$8.9 million over the end of the previous fiscal year. (See Statement of Revenues Expenditures and Changes in Fund Balance Governmental Funds, Page 20). A summary of net changes by fund group is shown in the table below.

Summary of Net Changes to Fund Balance by Fund Group

| Fund Balance | General Fund | Low and Moderate Income Housing Assets | Public Works Construction | 2015A JPFA Lease Revenue Bonds | 2022 JPFA Lease Revenue Bonds | Other Governmental Funds | Total Governmental Funds |
|------------------------|--------------|--|---------------------------|--------------------------------|-------------------------------|--------------------------|--------------------------|
| Beginning Fund Balance | \$68,160,379 | 9,302,757 | - | \$2,190,577 | \$29,749,257 | \$6,093,922 | \$115,496,892 |
| Ending Fund Balance | 77,279,119 | 9,407,749 | - | 61 | 29,712,707 | 7,986,919 | 124,386,555 |
| Net Change | \$9,118,740 | \$104,992 | \$0 | (\$2,190,516) | (\$36,550) | \$1,892,997 | \$8,889,663 |
| Percent Change | 13.4% | 1.1% | | -100.0% | 0.0% | 31.1% | 7.7% |

General Fund is the chief operating fund of the City and the overall fund balance increased by \$9.1 million or 13.4%. In FY 2022-23, General Fund received \$2.2 million reimbursement for prior year costs from 2015A JPFA Lease Revenue Bonds, \$3.7 million from ARPA funds, and \$2.9 from the sale of the old City Hall.

The changes within the City’s other major funds include:

- A small increase in the fund balance for the Low and Moderate Income Housing Assets is due to loan repayments and interest earned during the fiscal year.
- Change in 2015A JPFA Lease Revenue Bonds fund balance is attributed to the \$2.2 million reimbursement to the General Fund for prior year costs paid by the General Fund.
- Other Governmental Funds reflect and increase in fund balance of \$1.9 million, which is attributed to an increase in intergovernmental revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the City budget several times. These budget amendments fall into two categories: (1) Changes made at the midyear budget review for unanticipated revenues and costs; (2) increases in appropriations for projects or contracts as needed to manage and prevent budget overruns. After taking into account these adjustments, General Fund revenues were higher than the final budget by \$5.4 million (10.0%), which is primarily attributable to the reimbursement from 2015A Lease Revenue Bonds, recognition of ARPA funds, and the gain from sale of the old City Hall.

General Fund expenses were lower than the final budget by \$7.1 million (13.7%). This is due to the lower spending in capital expenditures, and lower spending in Parks and Recreation as planned activities recovered slower than anticipated.

For a more detailed description of budgetary changes and variances, please see the Budgetary Comparison Schedule for the General Fund, included within the Required Supplementary Information section of this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the City are those assets which are used in the performance of the City's functions, including infrastructure assets. At June 30, 2023, the City had invested \$149.2 million (net of accumulated depreciation) in a broad range of capital assets, including equipment, vehicles, building, and park facilities. This year's major capital assets additions included:

- Rumrill Blvd Complete Street Project (0700) - \$8,353,125,
- San Pablo Avenue Bridge Replacement Project (0202) - \$351,450,
- HSIP at El Portal/Mission Bell and Church/Willow Project (0701) - \$522,011,
- Police Headquarters and Public Safety Training Center (0104) - \$803,888.

Refer to Note 6 of this report for more detailed information regarding capital assets. The City has elected to use the depreciation method as allowed by GASB Statement No. 34 for eligible infrastructure reporting.

Debt Administration

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. 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. As of the close of the current fiscal year, the outstanding balance of the 2015A Lease Revenue Bonds was \$3,595,000.

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. As of the close of the current fiscal year, the outstanding balance of the 2018 Lease Revenue Bonds was \$14,590,000.

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 the Police Headquarters and Public Safety Training Center Project and to refund and defease all of the outstanding Lease Revenue Bonds, Series 2015B. As of the close of the current fiscal year, the outstanding balance of the 2022 Lease Revenue Bonds was \$30,350,000.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City annually prepares a financial plan, which focuses on the long-term financial viability and allows decision makers to understand the future impact of policy decisions made today. Multi-year planning provides both an early warning of adverse financial trends and more time to implement changes to ensure better outcomes.

Budget development is guided by a series of policies adopted by the City Council, which guides long-term planning, minimum reserve levels, employee compensation, cash and debt management. The City's FY 2023/24 budget which includes the Capital Improvement Program budget can be found at <https://sanpabloca.gov/407/City-Financial-Reports>

The budget was based on these key assumptions:

- Casino Business Tax – Annual increases of 3%.
- Sales Tax (Bradley Burns and Measure Q/S) – The budget projection assumes continued modest growth during this recovery period from COVID-19 as well as offsetting increased cost of sales and possible decline in customer purchases related to inflation.
- Property Tax In Lieu – This budget increases annually in proportion to the growth in gross assessed valuation in the City.
- Property Tax – Budgeted with minimal growth over 5 years.
- Salaries and benefits were projected to increase based on negotiations with labor unions as well as increased staffing costs such as workers compensation insurance, health benefits and pension contributions.
- Increased general liability insurance for the City due to increasing rates in the insurance market.

Although the City has made considerable progress, unfunded liabilities will continue to present challenges to long-term financial solvency and service level solvency. As such the City is continued to applying financial strategies as outlined in our Unfunded Liability Management Policy to address this ongoing risk area.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the Government-wide and Fund Financial Statements. The Notes to the financial statements can be found on Pages 22-75 of this report.



CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Annual Comprehensive Financial Report (ACFR) is designed to provide a general overview of the City's finances. This report can be obtained at no cost from the City's website at <https://sanpabloca.gov/407/City-Financial-Reports>. If you have questions about this report, or need any additional financial information, contact the City's Finance Department at <https://sanpabloca.gov/2853/Public-Records-Request>.



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, 2023

| | Primary Government | Component Unit |
|--|----------------------------|--|
| | Governmental Activities | Economic Development Corporation |
| ASSETS | | |
| Cash and investments available for operations (Note 3) | \$91,324,288 | \$3,037,761 |
| Restricted cash and investments (Note 3) | 29,714,518 | |
| Accounts receivable, net | 3,055,417 | 283,055 |
| Due from other governments, net | 5,609,812 | |
| Interest receivable | 507,766 | |
| Prepays and deposits (Note 1H) | 58,816 | 10,200 |
| Net OPEB Asset (Note 10C) | 1,024,527 | |
| Employee loans receivable (Note 5A) | 2,926 | |
| Loan receivable (Note 5B) | 300,000 | |
| Notes receivable under former Redevelopment | | |
| Agency programs, net (Note 5C) | 13,817,646 | |
| Capital assets (Note 6): | | |
| Land and construction in progress | 29,839,548 | |
| Depreciable capital assets, net | 119,369,142 | 1,308,161 |
| Total Assets | 294,624,406 | 4,639,177 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Related to pensions (Note 9B) | 24,961,977 | |
| Related to OPEB (Note 10E) | 3,342,292 | |
| Total Deferred Outflows of Resources | 28,304,269 | |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 5,245,965 | 547,101 |
| Deposits payable | 641,023 | 24,293 |
| Claims payable, due within one year (Note 12) | 102,669 | |
| Compensated absences (Note 1G): | | |
| Due within one year | 1,834,411 | |
| Due in more than one year | 637,695 | |
| Long-term debt (Note 7): | | |
| Due within one year | 865,000 | |
| Due in more than one year | 51,074,377 | 1,300,000 |
| Net pension liability, due in more than one year (Note 9B) | 55,227,933 | |
| Lease liability (Note 15) | | |
| Due within one year | 92,903 | |
| Due in more than one year | 13,473,721 | |
| Total Liabilities | 129,195,697 | 1,871,394 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Related to pensions (Note 9B) | 5,514,256 | |
| Related to OPEB (Note 10E) | 5,189,237 | |
| Total Deferred Inflows of Resources | 10,703,493 | |
| NET POSITION (Note 8) | | |
| Net investment in capital assets | 113,417,146 | 8,161 |
| Restricted for: | | |
| Capital projects | 7,819,256 | |
| Low and moderate income housing | 15,698,239 | |
| Other Post-Employment Benefits | 1,024,527 | |
| Economic development projects | | 2,759,622 |
| Total restricted net position | 24,542,022 | 2,759,622 |
| Unrestricted net position | 45,070,317 | |
| Total Net Position | \$183,029,485 | \$2,767,783 |

See accompanying notes to financial statements

CITY OF SAN PABLO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) | Net (Expense) |
|----------------------------------|---------------------|----------------------|------------------------------------|--------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants | Revenue and Changes in in Net Position | Revenue and Changes in in Net Position |
| | | | | | | |
| Primary Government: | | | | | | |
| Governmental Activities: | | | | | | |
| General Government | \$18,311,064 | \$242,439 | \$60,544 | | (\$18,008,081) | |
| Community: | | | | | | |
| Recreation | 2,239,499 | 46,059 | | | (2,193,440) | |
| Development | 2,932,229 | 1,674,951 | 8,188 | \$393,986 | (855,104) | |
| Housing | 1,595,272 | | 720,939 | | (874,333) | |
| Public Works & Engineering | 11,212,044 | 902,750 | 1,551,836 | 9,410,832 | 653,374 | |
| Police | 15,993,438 | 785,117 | 4,569,354 | | (10,638,967) | |
| Interest on long-term debt | 2,168,730 | | | | (2,168,730) | |
| Total Governmental Activities | <u>\$54,452,276</u> | <u>\$3,651,316</u> | <u>\$6,910,861</u> | <u>\$9,804,818</u> | <u>(34,085,281)</u> | |
| Component Unit: | | | | | | |
| Economic Development Corporation | <u>\$1,675,115</u> | <u>\$55,461</u> | <u>\$1,703,430</u> | | | <u>\$83,776</u> |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property taxes | | | | | 3,210,634 | |
| Sales taxes | | | | | 5,892,559 | |
| Utility taxes | | | | | 3,053,827 | |
| Transient occupancy taxes | | | | | 552,757 | |
| Franchise taxes | | | | | 661,596 | |
| Payment in lieu of taxes | | | | | 2,185,215 | |
| Casino contract revenues | | | | | 30,558,431 | |
| Other taxes | | | | | 46,499 | |
| Intergovernmental unrestricted: | | | | | | |
| Motor vehicle in lieu fees | | | | | 3,378,602 | |
| Use of money and property | | | | | 3,933,938 | |
| Gain from sale of capital assets | | | | | 2,867,738 | |
| Other revenue | | | | | | 210,845 |
| Miscellaneous | | | | | 420,865 | |
| Total General Revenues | | | | | <u>56,762,661</u> | <u>210,845</u> |
| Change in Net Position | | | | | 22,677,380 | 294,621 |
| Net Position - Beginning | | | | | <u>160,352,105</u> | <u>2,473,162</u> |
| Net Position - Ending | | | | | <u>\$183,029,485</u> | <u>\$2,767,783</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 2023. 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, 2023

| | 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) | \$74,077,502 | \$9,408,979 | | | | \$7,837,807 | \$91,324,288 |
| Restricted cash and investments (Note 3) | | | | \$61 | \$29,714,457 | | 29,714,518 |
| Accounts receivable | 3,050,200 | | \$5,217 | | | | 3,055,417 |
| Due from other governments | 1,053,438 | | 3,339,517 | | | 1,216,857 | 5,609,812 |
| Interest receivable | 507,766 | | | | | | 507,766 |
| Due from other funds (Note 4A) | 2,427,534 | | | | | | 2,427,534 |
| Prepays and deposits (Note 1H) | 58,816 | | | | | | 58,816 |
| Employee loans receivable (Note 5A) | 2,926 | | | | | | 2,926 |
| Loan receivable (Note 5B) | 300,000 | | | | | | 300,000 |
| Redevelopment Agency program loans, net (Note 5C) | | 13,817,646 | | | | | 13,817,646 |
| Total Assets | \$81,478,182 | \$23,226,625 | \$3,344,734 | \$61 | \$29,714,457 | \$9,054,664 | \$146,818,723 |
| LIABILITIES | | | | | | | |
| Accounts payable and accrued liabilities | \$3,521,655 | \$1,230 | \$998,025 | | \$1,750 | \$723,305 | \$5,245,965 |
| Due to other funds (Note 4A) | | | 2,346,709 | | | 80,825 | 2,427,534 |
| Deposits payable | 377,408 | | | | | 263,615 | 641,023 |
| Total Liabilities | 3,899,063 | 1,230 | 3,344,734 | | 1,750 | 1,067,745 | 8,314,522 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Unavailable revenue - loans and notes receivable | 300,000 | 13,817,646 | | | | | 14,117,646 |
| Total Deferred Inflows of Resources | 300,000 | 13,817,646 | | | | | 14,117,646 |
| FUND BALANCES | | | | | | | |
| Fund balance (Note 8): | | | | | | | |
| Nonspendable | 61,742 | | | | | | 61,742 |
| Restricted | 6,156,109 | 9,407,749 | | \$61 | 29,712,707 | 7,988,919 | 53,265,545 |
| Committed | 1,440,600 | | | | | | 1,440,600 |
| Assigned | 15,248,058 | | | | | | 15,248,058 |
| Unassigned | 54,372,610 | | | | | (2,000) | 54,370,610 |
| Total Fund Balances | 77,279,119 | 9,407,749 | | 61 | 29,712,707 | 7,986,919 | 124,386,555 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$81,478,182 | \$23,226,625 | \$3,344,734 | \$61 | \$29,714,457 | \$9,054,664 | \$146,818,723 |

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, 2023

FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$124,386,555

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. 149,208,690

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. 14,117,646

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 | 24,961,977 |
| Deferred outflows of resources related to OPEB | 3,342,292 |
| Claims payable | (102,669) |
| Compensated absences | (2,472,106) |
| Long-term debt | (51,939,377) |
| Net pension liability | (55,227,933) |
| Net OPEB asset | 1,024,527 |
| Lease liability | (13,566,624) |
| Deferred inflows of resources related to pensions | (5,514,256) |
| Deferred inflows of resources related to OPEB | (5,189,237) |
| | (5,189,237) |

NET POSITION OF GOVERNMENTAL ACTIVITIES \$183,029,485

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, 2023

| | 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 | \$1,728,466 | | | | | \$839,107 | \$2,567,573 |
| Sales taxes | 4,695,042 | | | | | 1,776,157 | 6,471,199 |
| Utility users tax | 3,053,827 | | | | | | 3,053,827 |
| Casino contract revenues | 30,144,568 | | | | | | 30,144,568 |
| Other taxes | 3,446,067 | | | | | | 3,446,067 |
| Licenses and permits | | | | | | 383,863 | 383,863 |
| Fines and forfeits | 270,439 | | | | | | 270,439 |
| Intergovernmental | 10,043,471 | | \$8,234,023 | | | 2,762,342 | 21,039,836 |
| Charges for services | 587,672 | | | | | 1,291,550 | 1,879,222 |
| Use of money and property | 1,727,740 | \$700,264 | (2,100) | \$69,626 | \$898,541 | 138,982 | 3,533,053 |
| Miscellaneous | 2,947,966 | | | | | 121,078 | 3,069,044 |
| Total Revenues | 58,645,258 | 700,264 | 8,231,923 | 69,626 | 898,541 | 7,313,079 | 75,858,691 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General Government | 16,260,706 | | | | | 1,709,614 | 17,970,320 |
| Community: | | | | | | | |
| Recreation | 2,580,077 | | | | | | 2,580,077 |
| Development | | | | | | 2,091,548 | 2,091,548 |
| Housing | | 1,595,272 | | | | | 1,595,272 |
| Public Works & Engineering | 1,773,820 | | | | | 3,435,684 | 5,209,504 |
| Police | 22,097,115 | | | | | 30,324 | 22,127,439 |
| Capital outlay | 761,131 | | 11,181,633 | | | 81,811 | 12,024,575 |
| Debt service: | | | | | | | |
| Principal retirement | 707,459 | | | | 120,000 | 255,000 | 1,082,459 |
| Interest and fiscal charges | 412,529 | | | 137,169 | 1,183,348 | 554,788 | 2,287,834 |
| Total Expenditures | 44,592,837 | 1,595,272 | 11,181,633 | 137,169 | 1,303,348 | 8,158,769 | 66,969,028 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 14,052,421 | (895,008) | (2,949,710) | (67,543) | (404,807) | (845,690) | 8,889,663 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in (Note 4B) | 2,834,784 | 1,000,000 | 2,955,318 | 137,077 | 1,301,339 | 3,344,702 | 11,573,220 |
| Transfers (out) (Note 4B) | (7,768,465) | | (5,608) | (2,260,050) | (933,082) | (606,015) | (11,573,220) |
| Total Other Financing Sources (Uses) | (4,933,681) | 1,000,000 | 2,949,710 | (2,122,973) | 368,257 | 2,738,687 | |
| NET CHANGE IN FUND BALANCES | 9,118,740 | 104,992 | | (2,190,516) | (36,550) | 1,892,997 | 8,889,663 |
| Fund balances at beginning of period | 68,160,379 | 9,302,757 | | 2,190,577 | 29,749,257 | 6,093,922 | 115,496,892 |
| FUND BALANCES AT END OF PERIOD | \$77,279,119 | \$9,407,749 | | \$61 | \$29,712,707 | \$7,986,919 | \$124,386,555 |

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, 2023

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 \$8,889,663

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 | 10,584,430 |
| Depreciation expense is deducted from fund balance | (5,527,043) |
| Retirements are deducted from the fund balance | (1,295,889) |

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

| | |
|---|-----------|
| Repayment of debt, lease principal, and bond premium amortization is added back to fund balance | 1,201,563 |
|---|-----------|

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 | (352,412) |
| Claims payable | (36,246) |
| Unavailable revenue - loans and notes receivable | 1,270,965 |
| Net pension liability and deferred outflows/inflows of resources related to pensions | 7,790,235 |
| Net OPEB asset and deferred outflows/inflows of resources related to OPEB | 152,114 |

| | |
|---|----------------------------|
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | <u><u>\$22,677,380</u></u> |
|---|----------------------------|

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, 2023

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|--------------------|----------------------|---------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| Property taxes | \$1,071,103 | \$1,071,103 | \$1,728,466 | \$657,363 |
| Sales taxes | 4,670,696 | 4,670,696 | 4,695,042 | 24,346 |
| Utility users tax | 2,645,000 | 2,645,000 | 3,053,827 | 408,827 |
| Casino contract revenues | 30,500,000 | 30,500,000 | 30,144,568 | (355,432) |
| Other taxes | 1,780,000 | 3,965,215 | 3,446,067 | (519,148) |
| Fines and forfeits | 397,250 | 295,000 | 270,439 | (24,561) |
| Intergovernmental: | | | | |
| Motor vehicle in lieu | 3,254,890 | 3,254,890 | 3,378,602 | 123,712 |
| Other | 2,435,215 | 5,078,215 | 6,664,869 | 1,586,654 |
| Charges for services | 588,474 | 501,119 | 587,672 | 86,553 |
| Use of money and property | 1,174,600 | 1,174,600 | 1,727,740 | 553,140 |
| Miscellaneous | 1,069,232 | 137,355 | 2,947,966 | 2,810,611 |
| Total Revenues | <u>49,586,460</u> | <u>53,293,193</u> | <u>58,645,258</u> | <u>5,352,065</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 13,228,284 | 17,744,457 | 16,260,706 | 1,483,751 |
| Community: | | | | |
| Recreation | 3,779,510 | 4,181,798 | 2,580,077 | 1,601,721 |
| Public Works & Engineering | 650,990 | 1,978,622 | 1,773,820 | 204,802 |
| Police | 21,530,787 | 21,941,891 | 22,097,115 | (155,224) |
| Capital outlay | 137,700 | 5,768,573 | 761,131 | 5,007,442 |
| Debt Service: | | | | |
| Principal | 79,080 | 79,080 | 707,459 | (628,379) |
| Interest and fiscal charges | 6,784 | 6,784 | 412,529 | (405,745) |
| Total Expenditures | <u>39,413,135</u> | <u>51,701,205</u> | <u>44,592,837</u> | <u>7,108,368</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>10,173,325</u> | <u>1,591,988</u> | <u>14,052,421</u> | <u>12,460,433</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 542,000 | 542,000 | 2,834,784 | 2,292,784 |
| Transfers (out) | (6,023,049) | (6,323,049) | (7,768,465) | (1,445,416) |
| Total Other Financing Sources (Uses) | <u>(5,481,049)</u> | <u>(5,781,049)</u> | <u>(4,933,681)</u> | <u>847,368</u> |
| NET CHANGE IN FUND BALANCE | <u>\$4,692,276</u> | <u>(\$4,189,061)</u> | 9,118,740 | <u>\$13,307,801</u> |
| Fund balance at beginning of year | | | <u>68,160,379</u> | |
| FUND BALANCE AT END OF YEAR | | | <u>\$77,279,119</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, 2023

| | Retiree Health Savings Plan Trust Fund | Successor Agency to the Redevelopment Agency Private-Purpose Trust | Custodial Funds |
|---|--|---|---------------------|
| ASSETS | | | |
| Cash and investments (Note 3) | | \$92,666 | |
| Restricted cash and investments (Note 3): | | | |
| Pooled with City cash and investments | | 1,107,022 | \$13,272,958 |
| Mutual fund | \$13,073,919 | | |
| Accounts receivable | | | 97,488 |
| Loans receivable (Note 13B) | | 1,939,701 | |
| Property held for resale (Note 13C) | | 4,626,151 | |
| Capital assets (Note 13D): | | | |
| Land and land improvements | | 2,819,393 | |
| Depreciable capital assets, net | | 827,524 | |
| | <u>13,073,919</u> | <u>11,412,457</u> | <u>13,370,446</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | |
| Deferred amount on refunding of debt (Note 13E) | | 2,181,973 | |
| LIABILITIES | | | |
| Accounts payable | | 279,820 | 4,171 |
| Unearned revenue | | | 40,001 |
| Deposits payable | | | 10,114 |
| Long-term obligations (Note 13E): | | | |
| Due in one year | | 3,855,000 | |
| Due in more than one year | | 30,510,125 | |
| | | <u>34,644,945</u> | <u>54,286</u> |
| NET POSITION (DEFICIT): | | | |
| Held in trust and restricted for OPEB | 13,073,919 | | |
| Restricted for other governments | | (21,050,515) | 12,484,504 |
| Held for other organizations | | | 831,656 |
| | <u>\$13,073,919</u> | <u>(\$21,050,515)</u> | <u>\$13,316,160</u> |

See accompanying notes to financial statements

CITY OF SAN PABLO
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

| | Retiree Health Savings Plan Trust Fund | Successor Agency to the Redevelopment Agency Private-Purpose Trust | Custodial Funds |
|-------------------------------|--|---|---------------------|
| ADDITIONS | | | |
| Property taxes | | \$6,487,022 | |
| Employer contributions | \$575,884 | | |
| Bingo revenues | | | \$162,940 |
| Member contributions | | | 556,329 |
| Grants and contributions | | | 5,034,810 |
| Charges for services | | | 566,751 |
| Net investment income | 1,513,955 | 184,341 | 176,317 |
| Total Additions | 2,089,839 | 6,671,363 | 6,497,147 |
| DEDUCTIONS | | | |
| Premiums paid | 575,884 | | |
| Community development | | 229,488 | |
| Personnel-related | | | 1,382,440 |
| Professional services | | | 534,900 |
| Program-related | | | 973,973 |
| Transfer to WCCIWMA | | | 2,348,065 |
| Depreciation (Note 13D) | | 65,844 | |
| Debt service: | | | |
| Interest and fiscal charges | | 1,498,726 | |
| Total Deductions | 575,884 | 1,794,058 | 5,239,378 |
| Change in Net Position | 1,513,955 | 4,877,305 | 1,257,769 |
| NET POSITION: | | | |
| Beginning of year | 11,559,964 | (25,927,820) | 12,058,391 |
| End of year | <u>\$13,073,919</u> | <u>(\$21,050,515)</u> | <u>\$13,316,160</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, 2023

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, 2023

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, 2023

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, 2023

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 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, 2023

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 \$352,412 at June 30, 2023 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 | \$2,119,694 |
| Additions | 2,157,890 |
| Payments | <u>(1,805,478)</u> |
| Ending Balance | <u>\$2,472,106</u> |
| Due in One Year | <u>\$1,834,411</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, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. *Prepays and Deposits*

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed, rather than when purchased. At June 30, 2023, the General Fund and the Economic Development Corporation had prepaid items of \$58,816 and \$10,200, 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, 2023

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.

M. Closed Fund

During fiscal year 2023, the City transferred its role as a fiscal agent for West Contra Costa Integrated Waste Management Authority to the Authority, and therefore, the custodial fund was closed at June 30, 2023.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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 citizens' comments.
3. The budget is legally enacted by City Council resolution.
4. All budget adjustments and transfers between funds and between departments must be approved by the City Council by resolution during the fiscal year. The City Manager and Budget Officer are authorized to transfer any unencumbered appropriations within a department. The legally adopted budget requires that expenditures not exceed total appropriations at the department level within each fund.
5. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds except the Low and Moderate Income Housing Assets, Traffic Congestion Relief, HCD Grant and Measure K Special Revenue Funds. In addition, the Public Works Construction, 2015 Lease Revenue Bonds Capital Projects Funds, 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, 2023, the following funds had department expenditures that were in excess of appropriations:

| Fund | Department | Amount |
|-----------------------------|----------------------------|------------------|
| General Fund | Police | \$120,410 |
| Gas Tax Special Revenue | Public Works & Engineering | 331,615 |
| Measure C/J Special Revenue | Community Development | 15,000 |
| | Total | <u>\$467,025</u> |

The funds had sufficient revenues to finance these expenditures. The City plans to cure the deficit in these funds with future revenues.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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, 2023

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 | \$91,324,288 |
| Restricted cash and investments | 29,714,518 |

Component Unit Cash and Investments

| | |
|-------------------------------|-----------|
| Cash available for operations | 3,037,761 |
|-------------------------------|-----------|

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 | 92,666 |
| Restricted cash and investments in Fiduciary Funds (separate statement): | |
| Retiree Health Savings Plan Trust | 13,073,919 |
| Successor Agency to the Redevelopment Agency Private Purpose Trust | 1,107,022 |
| Custodial Funds | 13,272,958 |

| | |
|----------------------------|-----------------------------|
| Total cash and investments | <u><u>\$151,623,132</u></u> |
|----------------------------|-----------------------------|

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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, 2023

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, 2023

NOTE 3 – CASH AND INVESTMENTS (Continued)

F. Investments Authorized for the Retiree Health Savings Plan Trust

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

G. Interest Rate Risk

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

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

| Investment Type | 12 months or less | 13 to 24 months | 25 to 36 months | 36 months + | Fair Value Total |
|--|----------------------|--------------------|--------------------|--------------------|----------------------|
| U.S. Government Agencies | \$9,623,677 | \$3,758,090 | \$1,229,931 | \$797,256 | \$15,408,954 |
| U.S. Treasury Notes | 2,377,665 | 623,594 | 988,828 | 1,070,250 | 5,060,337 |
| Medium Term Notes | 4,145,193 | 1,048,377 | 826,433 | 2,288,666 | 8,308,669 |
| Local Agency Investment Fund | 62,431,378 | | | | 62,431,378 |
| Held by Trustee: | | | | | |
| Money Market Funds | 33,232,648 | | | | 33,232,648 |
| Vantage Point MP Long Term Growth Mutual Fund (Equities) | 13,073,919 | | | | 13,073,919 |
| Total Investments | <u>\$124,884,480</u> | <u>\$5,430,061</u> | <u>\$3,045,192</u> | <u>\$4,156,172</u> | 137,515,905 |
| <i>Cash on hand and in banks - City of San Pablo</i> | | | | | 11,069,466 |
| <i>Cash in banks - Economic Development Corporation</i> | | | | | <u>3,037,761</u> |
| Total Cash and Investments | | | | | <u>\$151,623,132</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, 2023, the average maturity was 260 days.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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, 2023 are as follows:

| Investment Type | AAAm | AA+/AA-/AA | A+/A/A- | Fair Value Total |
|---|---------------------|---------------------|--------------------|----------------------|
| U.S. Government Agencies | | \$15,408,954 | | \$15,408,954 |
| Medium Term Notes | | 1,850,870 | \$6,457,799 | 8,308,669 |
| Held by Trustees: | | | | |
| Money Market Funds | \$33,232,648 | | | 33,232,648 |
| Totals | <u>\$33,232,648</u> | <u>\$17,259,824</u> | <u>\$6,457,799</u> | 56,950,271 |
| Not rated: | | | | |
| Local Agency Investment Fund | | | | 62,431,378 |
| Retiree Health Savings Plan Trust: | | | | |
| Vantage Point MP Long Term Growth Mutual Fund (Equities) | | | | 13,073,919 |
| Exempt from credit rating disclosure: | | | | |
| U.S. Treasury Notes | | | | 5,060,337 |
| Cash on Hand and in Banks - City of San Pablo | | | | 11,069,466 |
| Cash on Hand and in Banks - Economic Development Corporation | | | | <u>3,037,761</u> |
| Total Cash and Investments | | | | <u>\$151,623,132</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, 2023

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, 2023:

| Investment Type | Level 2 | Fair Value Total |
|---|--------------|---------------------|
| Investments by Fair Value: | | |
| U.S. Treasury Notes | \$5,060,337 | \$5,060,337 |
| U.S. Government Agencies | 15,408,954 | 15,408,954 |
| Medium Term Notes | 8,308,669 | 8,308,669 |
| Total Investments at Fair Value | \$28,777,960 | 28,777,960 |
| Investments Measured at Amortized Cost: | | |
| <i>Held by Trustee:</i> | | |
| Money Market Funds | | 33,232,648 |
| Vantage Point MP Long Term Growth Mutual Fund (Equities) | | 13,073,919 |
| Investments Exempt from Fair Value Hierarchy: | | |
| Local Agency Investment Fund | | 62,431,378 |
| Total Investments | | 137,515,905 |
| <i>Cash with Banks and Petty Cash - City of San Pablo</i> | | 11,069,466 |
| <i>Cash with Banks - Economic Development Corporation</i> | | 3,037,761 |
| Total Cash and Investments | | \$151,623,132 |

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, 2023, 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, 2023

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, 2023, current interfund balances are as follows:

| Due From Fund: | Due to Fund: | Amount |
|------------------------------------|---|--------------------|
| Major Fund: General Fund | Major Fund: Public Works Construction | \$2,346,709 |
| | Non-Major Special Revenue Funds: N.P.D.E.S. | 80,825 |
| | Total | \$2,427,534 |

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, 2023 were as follows:

| Fund Receiving Transfers | Fund Making Transfers | Transfer Amount |
|---|---|---------------------|
| Major Funds: | | |
| General Fund | 2015 JPFA Lease Revenue Bonds Capital Projects Fund | \$2,260,050 (A) |
| | 2018 JPFA Lease Revenue Bonds Debt Service Fund | 1,127 (A) |
| | Public Safety Special Revenue Fund | 342,647 (B), (C) |
| | Traffic Congestion Relief Special Revenue Fund | 230,960 (B) |
| Low/Moderate Income Housing Assets Special Revenue Fund | General Fund | 1,000,000 (D) |
| Public Works Construction Capital Projects Fund | General Fund | 1,990,955 (E) |
| | 2022 JPFA Lease Revenue Bonds Debt Service Fund | 933,082 (E) |
| | Gas Tax Special Revenue Fund | 30,673 (E) |
| | Measure C / J Special Revenue Fund | 608 (E) |
| 2015 JPFA Lease Revenue Bonds Capital Projects Fund | General Fund | 137,077 (F) |
| 2022 JPFA Lease Revenue Bonds Debt Service Fund | General Fund | 1,301,339 (F) |
| Non-Major Funds: | | |
| Gas Tax Special Revenue Fund | General Fund | 1,138,926 (G) |
| Public Safety Special Revenue Fund | General Fund | 59,272 (G) |
| Measure C / J Special Revenue Fund | Public Works Construction Capital Projects Fund | 5,608 (H) |
| Street Lighting and Landscaping Special Revenue Fund | General Fund | 670,760 (G) |
| Measure K Special Revenue Fund | General Fund | 663,050 (G) |
| 2018 JPFA Lease Revenue Bonds Debt Service Fund | General Fund | 807,086 (F) |
| | | \$11,573,220 |

The reasons for these transfers are set forth below:

- (A) To transfer final drawdown from project funds for City Hall construction.
- (B) To transfer revenue.
- (C) Law enforcement grant program.
- (D) San Pablo Loan Assistance for Sustainable Housing Program.
- (E) Transfer amounts required to fund capital projects.
- (F) Transfer to cover debt service and fee requirements.
- (G) Transfer to cover revenue shortage (negative cash).
- (H) Transfer to return unused funds.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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, 2023, 4 employees had \$2,926 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, 2023 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, 2023 are as follows:

| | |
|--|--------------|
| Casa Adobe-Senior Citizen Units | \$974,990 |
| Housing Initiative Program | 8,210,254 |
| San Pablo Housing Investors/Montevista San Pablo AR | 1,492,238 |
| East Bay Asian Local Development Corporation | 1,549,164 |
| Lao Family Community Development | 912,861 |
| Danco Communities | 1,500,000 |
| San Pablo Loan Assistance for Sustainable Housing (SPLASH) Program | 91,000 |
| Subtotal | 14,730,507 |
| Less: Allowance for conditional grant | (912,861) |
| Total | \$13,817,646 |

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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, 2023 was \$974,990.

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, 2023, loans outstanding under this Program totaled \$8,210,254.

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, 2023, San Pablo Housing Investors owed principal of \$1,450,000 and interest of \$42,238 for a total of \$1,492,238.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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, 2023, EBALDC has drawn down \$1,199,513 of the supplemental project loan.

The balance of the loans as of June 30, 2023 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, 2023, the balance of the loans, including accrued interest, was \$912,861.

I. *Danco Communities*

Under the terms of an Amended and Restated Disposition and Development Agreement dated March 23, 2023, the former Redevelopment Agency made a purchase loan of \$1,500,000 to San Pablo Church Lane LP for the acquisition and development of property located within the City to provide an affordable housing project containing fifty (50) units of affordable rental housing, together with parking and associated amenities. The loan bears interest at the rate of 3% and is due and payable in full no later than fifty-five years from the date of the agreement. Commencing no later than June 1, 2023, and continuing on the same day each year thereafter, the loan requires payments to be made in an amount equal to 80% of residual receipts. The outstanding balance as of June 30, 2023 was \$1,500,000.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 5 – LOANS AND NOTES RECEIVABLE (Continued)

J. San Pablo Loan Assistance for Sustainable Housing (SPLASH) Program

During fiscal year 2022-2023, the City loaned \$91,000 as part of the City’s SPLASH program for a down payment assistance loan to an income-qualified, first-time homebuyer to purchase a home within the City. Under the terms of the program, loans made will be deferred and no payments will be required until the end of the term (30 years) unless the property is sold or otherwise transferred. The loan bears interest at the greater of shared appreciation or 3%. The outstanding balance as of June 30, 2023 was \$91,000.

NOTE 6 – CAPITAL ASSETS

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

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

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

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

| | Useful Lives Years | Capitalization Threshold |
|-------------------------------------|--------------------------|-----------------------------|
| Buildings and Improvements | 10-50 | \$25,000 |
| Machinery and Equipment | 5-10 | 5,000 |
| Vehicles | 5-10 | 5,000 |
| Parks and Trails | 15-20 | 25,000 |
| Sports Fields | 15-20 | 25,000 |
| Roads and Streets | 20 | 25,000 |
| Bridges | 15-75 | 25,000 |
| Trees | 50 | 25,000 |
| Streetlights | 20 | 25,000 |
| Storm Drains | 20 | 25,000 |
| Traffic Signals | 20 | 25,000 |
| Intangible right-to-use lease asset | 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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 6 – CAPITAL ASSETS (Continued)

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.

A. Governmental Capital Asset Additions and Retirements

Capital asset activity for the year ended June 30, 2023 is as follows:

| | Balance at June 30, 2022 | Additions | Retirements | Transfers | Balance at June 30, 2023 |
|--|-----------------------------|--------------------|----------------------|------------------|-----------------------------|
| Governmental activities | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land and land improvements | \$9,221,749 | | (\$384,921) | | \$8,836,828 |
| Construction in progress | 12,144,702 | \$9,701,104 | | (843,086) | 21,002,720 |
| Total capital assets not being depreciated | <u>21,366,451</u> | <u>9,701,104</u> | <u>(384,921)</u> | <u>(843,086)</u> | <u>29,839,548</u> |
| Capital assets being depreciated: | | | | | |
| Buildings and improvements | 41,516,148 | 78,294 | (5,210,052) | 22,965,394 | 59,349,784 |
| Machinery and equipment | 27,357,643 | 301,425 | (730,917) | (22,919,123) | 4,009,028 |
| Vehicles | 4,272,962 | 503,607 | (81,000) | | 4,695,569 |
| Park and trail improvements | 19,665,659 | | | | 19,665,659 |
| Sports fields | 1,506,986 | | | | 1,506,986 |
| Roads & streets including sidewalks | 94,493,164 | | | 796,815 | 95,289,979 |
| Bridges | 5,486,753 | | (258,454) | | 5,228,299 |
| 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 lease asset | 13,741,104 | | | | 13,741,104 |
| Total capital assets being depreciated | <u>214,979,296</u> | <u>883,326</u> | <u>(6,280,423)</u> | <u>843,086</u> | <u>210,425,285</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (10,169,907) | (1,296,906) | 4,365,166 | | (7,101,647) |
| Machinery and equipment | (3,076,927) | (147,351) | 716,526 | | (2,507,752) |
| Vehicles | (3,120,129) | (283,530) | 81,000 | | (3,322,659) |
| Park and trail improvements | (8,586,877) | (1,269,297) | | | (9,856,174) |
| Sports fields | (1,526,053) | | | | (1,526,053) |
| Roads & streets including sidewalks | (53,849,469) | (2,029,505) | | | (55,878,974) |
| Bridges | (5,016,270) | (69,940) | 206,763 | | (4,879,447) |
| Street lights | (346,078) | (3,092) | | | (349,170) |
| Storm drains | (1,769,073) | (10,200) | | | (1,779,273) |
| Traffic signals | (2,354,677) | (62,886) | | | (2,417,563) |
| Trees | (753,309) | (24,549) | | | (777,858) |
| Intangible right-to-use lease asset | (329,786) | (329,787) | | | (659,573) |
| Total accumulated depreciation | <u>(90,898,555)</u> | <u>(5,527,043)</u> | <u>5,369,455</u> | | <u>(91,056,143)</u> |
| Net capital assets being depreciated | <u>124,080,741</u> | <u>(4,643,717)</u> | <u>(910,968)</u> | <u>843,086</u> | <u>119,369,142</u> |
| Governmental activity capital assets, net | <u>\$145,447,192</u> | <u>\$5,057,387</u> | <u>(\$1,295,889)</u> | | <u>\$149,208,690</u> |

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 6 – CAPITAL ASSETS (Continued)

Construction in progress comprised the following at June 30, 2023:

| Project | Amount |
|--------------------------------|---------------------|
| Police Department Headquarters | \$953,876 |
| Giant Road | 129,773 |
| Citywide Slurry Seal Program | 46,803 |
| Rumrill Boulevard Street | 16,645,202 |
| Other | 3,227,066 |
| Total construction in progress | <u>\$21,002,720</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, 2023:

| | Balance at June 30, 2022 | Additions | Balance at June 30, 2023 |
|--|-----------------------------|-------------------|-----------------------------|
| Capital assets being depreciated: | | | |
| Building - EDC | \$1,540,000 | | \$1,540,000 |
| Vehicles | 13,274 | | 13,274 |
| Total capital assets being depreciated | <u>1,553,274</u> | | <u>1,553,274</u> |
| Less accumulated depreciation | <u>(200,241)</u> | <u>(\$44,872)</u> | <u>(245,113)</u> |
| Net capital assets being depreciated | <u>1,353,033</u> | <u>(44,872)</u> | <u>1,308,161</u> |
| Capital assets, net | <u>\$1,353,033</u> | <u>(\$44,872)</u> | <u>\$1,308,161</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, 2023

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 | (\$806,948) |
| Community Recreation | (296,802) |
| Community Development | (437,742) |
| Public Works | (3,748,441) |
| Police | (237,110) |
| | (5,527,043) |
| Total depreciation expense | (\$5,527,043) |

Discretely Presented Component Unit:

| | |
|----------------------------------|------------|
| Economic Development Corporation | (\$44,872) |
| | (44,872) |

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, 2022 | Retirements | Balance June 30, 2023 | 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 2018 2.50-5.00%, due 11/1/2052 | 15,325,000 | 14,845,000 | \$255,000 | 14,590,000 | \$260,000 |
| Lease Revenue Bonds Series 2022 3.00-4.00%, due 11/1/2053 | 30,470,000 | 30,470,000 | 120,000 | 30,350,000 | 605,000 |
| Premium | 3,573,108 | 3,523,481 | 119,104 | 3,404,377 | |
| | | 52,433,481 | 494,104 | 51,939,377 | 865,000 |
| Direct Borrowings - Loan: | | | | | |
| Solar Loan 1.0%, due 12/22/2029 | 1,141,738 | 618,912 | 618,912 | | |
| | | 618,912 | 618,912 | | |
| Total City Debt | | \$53,052,393 | \$1,113,016 | \$51,939,377 | \$865,000 |

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 7 – LONG-TERM DEBT (Continued)

B. San Pablo Joint Powers Financing Authority Lease Revenue Bonds, Series 2015A, Series 2018, and Series 2022

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, 2023

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> |
|------------------------------------|---------------------|---------------------|---------------------|
| 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 | 1,015,000 | 1,687,307 | 2,702,307 |
| 2029-2033 | 5,755,000 | 7,751,585 | 13,506,585 |
| 2034-2038 | 7,065,000 | 6,435,141 | 13,500,141 |
| 2039-2043 | 8,550,000 | 4,953,357 | 13,503,357 |
| 2044-2048 | 10,205,000 | 3,296,705 | 13,501,705 |
| 2049-2053 | 12,270,000 | 1,230,288 | 13,500,288 |
| Total | <u>\$48,535,000</u> | <u>\$32,480,647</u> | <u>\$81,015,647</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. The City paid off the remaining \$618,912 balance of the loan using proceeds from the 2022 Lease Revenue Bonds in May 2023.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 7 – LONG-TERM DEBT (Continued)

D. EDC Notes and Loans Payable

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:

| <u>For the Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------------|--------------------|------------------|--------------------|
| 2024 | | \$52,000 | \$52,000 |
| 2025 | | 52,000 | 52,000 |
| 2026 | | 52,000 | 52,000 |
| 2027 | | 52,000 | 52,000 |
| 2028 | | 52,000 | 52,000 |
| 2029-2031 | \$1,300,000 | 156,000 | 1,456,000 |
| Total | <u>\$1,300,000</u> | <u>\$416,000</u> | <u>\$1,716,000</u> |

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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, 2023

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, 2023, are below:

| Fund Balance Classifications | General Fund | Special Revenue | Capital Projects | Debt Service | Other Governmental Funds | Total |
|--|---------------------|--|-------------------------------|-------------------------------|--------------------------|----------------------|
| | | Low and Moderate Income Housing Assets | 2015 JPFA Lease Revenue Bonds | 2022 JPFA Lease Revenue Bonds | | |
| Nonspendable: | | | | | | |
| Items not in spendable form: | | | | | | |
| Prepays and deposits | \$58,816 | | | | | \$58,816 |
| Employee loans receivable | 2,926 | | | | | 2,926 |
| Total Nonspendable Fund Balances | 61,742 | | | | | 61,742 |
| Restricted for: | | | | | | |
| Redevelopment Low and Moderate Income Housing | 6,156,109 | \$9,407,749 | | | | 15,563,858 |
| Street Lighting and Landscaping | | | | | \$249,219 | 249,219 |
| Local Street and Road Improvements and Maintenance | | | | | 6,225,908 | 6,225,908 |
| Law Enforcement | | | | | 704,006 | 704,006 |
| Paratransit | | | | | 643,812 | 643,812 |
| Housing Grants | | | | | 134,381 | 134,381 |
| Capital projects | | | \$61 | \$29,712,707 | 31,593 | 29,744,361 |
| Total Restricted Fund Balances | 6,156,109 | 9,407,749 | 61 | 29,712,707 | 7,988,919 | 53,265,545 |
| Committed: | | | | | | |
| Capital projects | 1,440,600 | | | | | 1,440,600 |
| Total Committed Fund Balances | 1,440,600 | | | | | 1,440,600 |
| Assigned | | | | | | |
| General fund | 15,248,058 | | | | | 15,248,058 |
| Total Assigned Fund Balances | 15,248,058 | | | | | 15,248,058 |
| Unassigned: | | | | | | |
| General fund | 54,372,610 | | | | (2,000) | 54,370,610 |
| Total Unassigned Fund Balances | 54,372,610 | | | | (2,000) | 54,370,610 |
| Total Fund Balances | \$77,279,119 | \$9,407,749 | \$61 | \$29,712,707 | \$7,986,919 | \$124,386,555 |

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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.

Casino Revenue Sustainability Reserve: 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, 2023

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

The required balance of each reserve for the year ended June 30, 2023, and the actual balance for each as of June 30, 2023, which are reported within the unassigned fund balance of the General Fund follows:

| | Required Ending Balance | Balance as of June 30, 2023 |
|--|----------------------------|--------------------------------|
| Catastrophic Reserve | \$25,064,230 | \$25,064,230 |
| Budget Stabilization Reserve | 2,506,423 | 2,506,423 |
| Casino Revenue Sustainability Reserve | 4,559,370 | 4,559,370 |
| Unassigned | | 22,242,587 |
| Total General Fund Unassigned Fund Balance | | \$54,372,610 |

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, 2023

NOTE 9 – PENSION PLANS (Continued)

The Plan’s provisions and benefits in effect at June 30, 2023, are summarized as follows:

| | <u>Miscellaneous</u> | |
|---|------------------------------------|---------------------------------------|
| | <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 | 12.21% | 7.47% |
| | <u>Safety</u> | |
| | <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 | 23.75% | 12.78% |

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 \$3,949,412 in fiscal year 2023.

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, 2023

NOTE 9 – PENSION PLANS (Continued)

For the year ended June 30, 2023, the City’s total contributions to the Plan were \$6,533,483.

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, 2023, 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 | \$21,659,700 |
| Safety | 33,568,233 |
| Total Net Pension Liability | \$55,227,933 |

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, 2022, 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, 2021 rolled forward to June 30, 2022 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, 2021 and 2022 was as follows:

| | Miscellaneous |
|------------------------------|---------------|
| Proportion - June 30, 2021 | 0.64074% |
| Proportion - June 30, 2022 | 0.46289% |
| Change - Increase (Decrease) | -0.17785% |
| | Safety |
| Proportion - June 30, 2021 | 0.51771% |
| Proportion - June 30, 2022 | 0.48851% |
| Change - Increase (Decrease) | -0.02920% |

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 9 – PENSION PLANS (Continued)

For the year ended June 30, 2023, the City recognized pension expense of (\$1,256,752). At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date | \$6,533,483 | |
| Differences between actual and expected experience | 1,824,236 | (\$655,848) |
| Changes in assumptions | 5,604,183 | |
| Net differences between projected and actual earnings on plan investments | 9,268,375 | |
| Change in proportion and differences between actual contributions and proportionate share of contributions | 1,731,700 | (4,858,408) |
| Total | \$24,961,977 | (\$5,514,256) |

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, 2024 for \$6,533,483. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ended <u>June 30</u> | Annual <u>Amortization</u> |
|------------------------------|-------------------------------|
| 2024 | \$3,176,356 |
| 2025 | 2,546,889 |
| 2026 | 1,530,733 |
| 2027 | 5,660,260 |
| Total | \$12,914,238 |

Actuarial Assumptions – For the measurement period ended June 30, 2022, the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2021 total pension liabilities were based on the following actuarial methods and assumptions for all benefit tiers:

| | Miscellaneous (1) | Safety (1) |
|----------------------------------|---|---|
| Valuation Date | June 30, 2021 | June 30, 2021 |
| Measurement Date | June 30, 2022 | June 30, 2022 |
| Actuarial Cost Method | Entry-Age Normal Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | | |
| Discount Rate | 6.90% | 6.90% |
| Inflation | 2.30% | 2.30% |
| Projected Salary Increase | Varies by Entry Age and Service | Varies by Entry Age and Service |
| Investment Rate of Return | 6.90% (2) | 6.90% (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 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter. | The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% 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 probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 9 – PENSION PLANS (Continued)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021 valuation were based on the results of November 2021 actuarial experience study for the period 2001 to 2019. 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 6.90%. 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 (1) | Assumed Asset Allocation | Real Return (1), (2) |
|--------------------------------|--------------------------------|----------------------|
| Global Equity-Cap Weighted | 30.0% | 4.54% |
| Global Equity-Non-Cap Weighted | 12.0% | 3.84% |
| Private Equity | 13.0% | 7.28% |
| Treasury | 5.0% | 0.27% |
| Mortgage-backed Securities | 5.0% | 0.50% |
| Investment Grade Corporates | 10.0% | 1.56% |
| High Yield | 5.0% | 2.27% |
| Emerging Market Debt | 5.0% | 2.48% |
| Private Debt | 5.00% | 3.57% |
| Real Assets | 15.00% | 3.21% |
| Leverage | -5.00% | -0.59% |
| Total | <u>100%</u> | |

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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 | 5.90% | 5.90% |
| Net Pension Liability | \$31,553,958 | \$49,388,626 |
| Current Discount Rate | 6.90% | 6.90% |
| Net Pension Liability | \$21,659,700 | \$33,568,233 |
| 1% Increase | 7.90% | 7.90% |
| Net Pension Liability | \$13,519,181 | \$20,638,635 |

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, 2023

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, 2023:

| | 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, 2023

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

For the year ended June 30, 2023, the City’s contributions to the Plan were \$575,884.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2023:

| | |
|--|-----|
| Active employees | 149 |
| Inactive employees or beneficiaries currently receiving benefit payments | 78 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Total | 227 |

B. Total OPEB Liability

Actuarial Methods and Assumptions – The City’s net OPEB liability (asset) was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation dated June 30, 2022 that was rolled forward using standard update procedures to determine the \$12,049,392 total OPEB liability as of June 30, 2023, based on the following actuarial methods and assumptions:

| | Actuarial Assumptions |
|---------------------------|--|
| Valuation Date | June 30, 2022 |
| Measurement Date | June 30, 2023 |
| Actuarial Cost Method | Entry age normal, level percent of pay |
| Amortization Method | Closed period, level percent pay |
| Amortization Period | 20 years |
| Actuarial Assumptions: | |
| Discount Rate | 6.50% |
| Inflation | 2.30% |
| Payroll Growth | 2.80% |
| Investment Rate of Return | 6.50% |
| Mortality Rate | Based on CalPERS Rates |
| Pre-Retirement Turnover | Based on CalPERS Rates |
| Healthcare Trend Rate | 6.50%, trending down to 3.73% |

Discount Rate – The discount rate used to measure the total OPEB liability was 6.50%. 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 6.50%. 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, 2023

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

C. Changes in Total OPEB Liability and Plan Fiduciary Net Position

The changes in the total OPEB liability and plan fiduciary net position follows:

| | Increase (Decrease) | | |
|--|-------------------------|--------------------------------|-------------------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability/(Asset) |
| | (a) | (b) | (a) - (b) |
| Balance at June 30, 2022 | \$14,785,756 | \$11,559,964 | \$3,225,792 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 606,887 | | 606,887 |
| Interest on the total OPEB liability | 855,088 | | 855,088 |
| Differences between expected and actual experience | (1,219,193) | | (1,219,193) |
| Changes of assumptions | (2,132,636) | | (2,132,636) |
| Contributions Employer - City's Contribution | | 575,884 | (575,884) |
| Contributions Employer - Implicit Subsidy | | 270,626 | (270,626) |
| Net investment income | | 1,513,955 | (1,513,955) |
| Benefit payments - Employee Contributions | (575,884) | (575,884) | |
| Benefit payments - Implicit Rate Subsidy Fulfilled | (270,626) | (270,626) | |
| Net changes | (2,736,364) | 1,513,955 | (4,250,319) |
| Balance at June 30, 2023 | \$12,049,392 | \$13,073,919 | (\$1,024,527) |

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 \$270,626.

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

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

The following presents the net OPEB liability (asset) of the City, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current discount rate:

| Net OPEB Liability/(Asset) | | |
|------------------------------|----------------------------------|------------------------------|
| Discount Rate -1% (5.50%) | Current Discount Rate (6.50%) | Discount Rate +1% (7.50%) |
| \$153,053 | (\$1,024,527) | (\$2,042,141) |

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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

The following presents the net OPEB liability (asset) of the City, as well as what the City's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (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 | Trend Rates | 1% Increase |
| 5.50% non-Medicare / 4.40% Medicare decreasing to 2.73% | 6.50% non-Medicare / 5.40% Medicare decreasing to 3.73% | 7.50% non-Medicare / 6.40% Medicare decreasing to 4.73% |
| (\$2,269,238) | (\$1,024,527) | \$479,698 |

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$152,114. At June 30, 2023, 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 | \$53,474 | (\$2,994,016) |
| Changes of assumptions | 3,288,818 | (2,104,897) |
| Net differences between projected and actual earnings on plan investments | | (90,324) |
| Total | \$3,342,292 | (\$5,189,237) |

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 |
|-----------------------|------------------------|
| 2024 | (\$141,612) |
| 2025 | (226,735) |
| 2026 | 277,836 |
| 2027 | (472,891) |
| 2028 | (363,358) |
| Thereafter | (920,185) |
| Total | (\$1,846,945) |

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, 2023

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 (\$100,000) | 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, 2023

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, | |
|--|-----------|-----------|
| | 2023 | 2022 |
| Beginning balance | \$66,423 | \$66,423 |
| Provision for current fiscal year claims | 80,010 | 18,933 |
| Change in provision for prior fiscal year claims | (610,027) | (374,005) |
| Claims paid | 566,263 | 355,072 |
| Ending balance | \$102,669 | \$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, 2023 are discussed in Note 3.

Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2023.

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, 2023, the balances of these loans was \$23,127.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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, 2023.

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, 2023 are as follows:

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

C. *Property Held for Resale*

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

D. *Capital Assets*

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

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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, 2022 | Additions | Retirements | Balance at June 30, 2023 |
|--|-----------------------------|-------------------|------------------|-----------------------------|
| 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 | | (\$34,266) | 2,595,816 |
| Machinery and equipment | 92,202 | | (92,202) | |
| Vehicles | 26,144 | | | 26,144 |
| Total capital assets being depreciated | <u>2,748,428</u> | | <u>(126,468)</u> | <u>2,621,960</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 1,738,444 | \$64,114 | (34,266) | 1,768,292 |
| Machinery and equipment | 92,202 | | (92,202) | |
| Vehicles | 24,416 | 1,728 | | 26,144 |
| Total accumulated depreciation | <u>1,855,062</u> | <u>65,842</u> | <u>(126,468)</u> | <u>1,794,436</u> |
| Net capital assets being depreciated | <u>893,366</u> | <u>(65,842)</u> | | <u>827,524</u> |
| Capital assets, net | <u>\$3,712,759</u> | <u>(\$65,842)</u> | | <u>\$3,646,917</u> |

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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, 2022 | Additions | Retirements | Balance June 30, 2023 | Current Portion |
|---|-----------------------------|--------------------------|-----------|-------------|--------------------------|--------------------|
| Tax Allocation Bonds: | | | | | | |
| Tax Allocation Refunding Bonds Series 2014A | | | | | | |
| 2.00-5.00%, due 6/15/2031 | \$47,595,000 | \$30,735,000 | | \$2,730,000 | \$28,005,000 | \$3,855,000 |
| Premium | 6,429,385 | 3,403,792 | | 378,199 | 3,025,593 | |
| Tax Allocation Refunding Bonds Series 2014B | | | | | | |
| 2.00-5.00%, due 6/15/2023 | 6,970,000 | 1,945,000 | | 1,945,000 | | |
| Premium | 859,238 | 95,470 | | 95,470 | | |
| Tax Allocation Refunding Bonds Series 2016 | | | | | | |
| 3.00-3.81%, due 6/15/2029 | 2,685,531 | 3,227,240 | \$107,292 | | 3,334,532 | |
| Total Tax Allocation Bonds | | 39,406,502 | 107,292 | 5,148,669 | 34,365,125 | 3,855,000 |
| Total Successor Agency Debt | | \$39,406,502 | \$107,292 | \$5,148,669 | \$34,365,125 | \$3,855,000 |

2. Debt Service Requirements

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

| For the Year Ending June 30 | Principal (1) | Interest | Total |
|-----------------------------|---------------|-------------|--------------|
| 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 | 4,028,503 | 852,747 | 4,881,250 |
| 2029-2031 | 10,485,669 | 1,131,581 | 11,617,250 |
| Total | \$30,690,531 | \$7,193,469 | \$37,884,000 |

(1) Includes unaccreted discount of \$649,001.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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 \$14,420,000 as of June 30, 2023.

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. At June 30, 2023, the 2014B Bonds were fully paid off.

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, 2023, the City recorded an accreted value of \$107,292 related to the 2016 Bonds.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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 \$37,884,000 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 2023 calculated by the County Auditor-Controller was \$6,591,761, and the total received by the Successor Agency for fiscal year 2023 debt service was \$6,487,022, which represented coverage of 103% of the \$6,309,000 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, 2023

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 2023. The City is represented by one Director. During fiscal year 2023, the City transferred its role as a fiscal agent for WCCIWMA to the Authority, and therefore, the custodial fund was closed at June 30, 2023.

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 2022-2023, the dues paid to WCCTAC were \$51,899.

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

NOTE 15 – LEASE LIABILITY

A summary of governmental activities lease transactions for the fiscal year ended June 30, 2023, are as follows:

| | <u>Balance</u> <u>June 30, 2022</u> | <u>Retirements</u> | <u>Balance</u> <u>June 30, 2023</u> | <u>Current</u> <u>Portion</u> |
|-----------------------|--|--------------------|--|----------------------------------|
| Lease liability | | | | |
| Library lease | \$13,655,171 | \$88,547 | \$13,566,624 | \$92,903 |
| Total lease liability | <u>\$13,655,171</u> | <u>\$88,547</u> | <u>\$13,566,624</u> | <u>\$92,903</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 \$13,655,171 as of July 1, 2022. As of June 30, 2023, the value of the lease liability was \$13,566,624. 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, 2023, the value of the right-to-use lease asset and accumulated amortization was \$13,741,104 and \$659,573, respectively.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 15 – LEASE LIABILITIES

The future principal and interest lease payments as of June 30, 2023 were as follows:

| For the Year Ended June 30 | Principal | Interest | Total |
|-------------------------------|---------------------|---------------------|---------------------|
| 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 | 126,207 | 192,688 | 318,895 |
| 2029-2033 | 774,277 | 1,899,080 | 2,673,357 |
| 2034-2038 | 1,046,251 | 1,763,475 | 2,809,726 |
| 2039-2043 | 1,369,668 | 1,583,381 | 2,953,049 |
| 2044-2048 | 1,753,229 | 1,350,455 | 3,103,684 |
| 2049-2053 | 2,207,053 | 1,054,951 | 3,262,004 |
| 2054-2058 | 2,742,918 | 685,480 | 3,428,398 |
| 2059-2063 | 3,126,950 | 229,680 | 3,356,630 |
| Totals | <u>\$13,566,624</u> | <u>\$10,363,831</u> | <u>\$23,930,455</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, 2023

NOTE 16 – COMMITMENTS AND CONTINGENCIES (Continued)

Encumbrances outstanding as of June 30, 2023 were as follows:

| | Amount |
|--|-------------|
| <i>Major Funds:</i> | |
| General Fund | \$2,172,836 |
| Public Works Construction Capital Projects Fund | 48,730,625 |
| <i>NonMajor Funds:</i> | |
| Measure K Special Revenue Fund | 425,324 |
| N.P.D.E.S. Special Revenue Fund | 27,950 |
| Street Lighting and Landscaping Special Revenue Fund | 121,791 |
| Development Services Special Revenue Fund | 27,095 |



CITY^{OF} SAN PABLO

City of New Directions

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

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

| Measurement Date | Miscellaneous Plan | | | | |
|--|--------------------|--------------|--------------|--------------|--------------|
| | 6/30/2014 | 6/30/2015 | 6/30/2016 | 6/30/2017 | 6/30/2018 |
| Plan's Proportion of the Net Pension Liability | 0.33724% | 0.41099% | 0.40834% | 0.41331% | 0.42669% |
| Plan's Proportionate Share of the Net Pension Liability | \$8,334,746 | \$11,275,238 | \$14,185,078 | \$16,292,956 | \$16,080,684 |
| Plan's Covered Payroll | \$5,540,261 | \$7,057,629 | \$7,383,158 | \$7,683,846 | \$6,938,272 |
| 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% |
| 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% |
| Measurement Date | 6/30/2019 | 6/30/2020 | 6/30/2021 | 6/30/2022 | |
| Plan's Proportion of the Net Pension Liability | 0.43442% | 0.44311% | 0.64074% | 0.50150% | |
| Plan's Proportionate Share of the Net Pension Liability | \$17,396,184 | \$18,690,869 | \$12,166,401 | \$21,659,700 | |
| Plan's Covered Payroll | \$11,781,215 | \$10,348,908 | \$8,773,911 | \$7,247,760 | |
| Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 147.66% | 180.61% | 138.67% | 298.85% | |
| Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability | 75.26% | 75.10% | 88.29% | 70.16% | |

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

REQUIRED SUPPLEMENTARY INFORMATION

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

| Fiscal Year Ended June 30: | Miscellaneous Plan | | | | |
|---|---------------------------|-------------|-------------|--------------|--------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Actuarially determined contribution | \$658,427 | \$872,009 | \$999,873 | \$1,131,296 | \$1,286,271 |
| Contributions in relation to the actuarially determined contributions | (658,427) | (872,009) | (999,873) | (1,131,296) | (1,286,271) |
| Contribution deficiency (excess) | <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 |
| Contributions as a percentage of covered payroll | 9.33% | 11.81% | 13.01% | 16.31% | 10.92% |
| Fiscal Year Ended June 30: | 2020 | 2021 | 2022 | 2023 | |
| Actuarially determined contribution | \$1,767,388 | \$1,493,135 | \$2,222,875 | \$2,453,673 | |
| Contributions in relation to the actuarially determined contributions | (1,767,388) | (1,493,135) | (2,222,875) | (2,453,673) | |
| Contribution deficiency (excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | |
| Covered payroll | \$10,348,908 | \$8,773,911 | \$7,247,760 | \$16,388,997 | |
| Contributions as a percentage of covered payroll | 17.08% | 17.02% | 30.67% | 14.97% | |

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

REQUIRED SUPPLEMENTARY INFORMATION

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

| Measurement Date | Safety Plan | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 6/30/2014 | 6/30/2015 | 6/30/2016 | 6/30/2017 | 6/30/2018 |
| Plan's Proportion of the Net Pension Liability | 0.36611% | 0.38625% | 0.38625% | 0.39888% | 0.41251% |
| Plan's Proportionate Share of the Net Pension Liability | <u>\$13,732,752</u> | <u>\$15,915,059</u> | <u>\$20,687,669</u> | <u>\$23,833,863</u> | <u>\$24,204,484</u> |
| Plan's Covered Payroll | \$5,363,191 | \$5,551,419 | \$5,433,597 | \$5,220,618 | \$5,714,774 |
| 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% |
| 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% |
| Measurement Date | 6/30/2019 | 6/30/2020 | 6/30/2021 | 6/30/2022 | |
| Plan's Proportion of the Net Pension Liability | 0.42057% | 0.43224% | 0.51771% | 0.44558% | |
| Plan's Proportionate Share of the Net Pension Liability | <u>\$26,254,183</u> | <u>\$28,797,616</u> | <u>\$18,169,077</u> | <u>\$33,568,233</u> | |
| Plan's Covered Payroll | \$11,777,820 | \$10,017,013 | \$7,414,125 | \$7,448,818 | |
| Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 222.91% | 287.49% | 245.06% | 450.65% | |
| Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability | 75.26% | 75.10% | 88.29% | 76.68% | |

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

REQUIRED SUPPLEMENTARY INFORMATION

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

| Fiscal Year Ended June 30: | Safety Plan | | | | |
|---|--------------|-------------|-------------|-------------|--------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Actuarially determined contribution | \$1,494,686 | \$1,663,467 | \$1,825,704 | \$2,131,854 | \$2,208,400 |
| Contributions in relation to the actuarially determined contributions | (1,494,686) | (1,663,467) | (1,825,704) | (2,131,854) | (2,208,400) |
| Contribution deficiency (excess) | \$0 | \$0 | \$0 | \$0 | \$0 |
| Covered payroll | \$5,551,419 | \$5,433,597 | \$5,220,618 | \$5,714,774 | \$11,777,820 |
| Contributions as a percentage of covered payroll | 26.92% | 30.61% | 34.97% | 37.30% | 18.75% |
| Fiscal Year Ended June 30: | 2020 | 2021 | 2022 | 2023 | |
| Actuarially determined contribution | \$3,011,431 | \$2,276,601 | \$3,661,411 | \$4,079,810 | |
| Contributions in relation to the actuarially determined contributions | (3,011,431) | (2,276,601) | (3,661,411) | (4,079,810) | |
| Contribution deficiency (excess) | \$0 | \$0 | \$0 | \$0 | |
| Covered payroll | \$10,017,013 | \$7,414,125 | \$7,448,818 | \$8,222,470 | |
| Contributions as a percentage of covered payroll | 30.06% | 30.71% | 49.15% | 49.62% | |

* Fiscal year 2015 was the 1st year of implementation, therefore only nine 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 | 6/30/2023 | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| Total OPEB Liability | | | | | | |
| Service Cost | \$606,887 | \$471,257 | \$419,630 | \$389,378 | \$207,595 | \$214,910 |
| Interest | 855,088 | 872,071 | 982,580 | 1,332,910 | 892,841 | 533,653 |
| Differences between expected and actual experience | (1,219,193) | 25,002 | (2,878,555) | (115,416) | 86,591 | |
| Changes of assumptions | (2,132,636) | 1,537,074 | 1,550,237 | (403,849) | 2,819,831 | 1,177,318 |
| Benefit payments - Including refunds of Employee Contributions | (575,884) | (579,886) | (486,360) | (520,071) | (511,963) | (517,741) |
| Benefit payments - Implicit Rate Subsidy Fulfilled | (270,626) | (253,372) | (168,244) | (147,626) | (17,700) | (17,617) |
| Net change in total OPEB liability/ (asset) | (2,736,364) | 2,072,146 | (580,712) | 535,326 | 3,477,195 | 1,390,523 |
| Total OPEB liability - beginning | 14,785,756 | 12,713,610 | 13,294,322 | 12,758,996 | 9,281,801 | 7,891,278 |
| Total OPEB liability - ending (a) | \$12,049,392 | \$14,785,756 | \$12,713,610 | \$13,294,322 | \$12,758,996 | \$9,281,801 |
| Plan fiduciary net position | | | | | | |
| Contributions - Employer City's Contributions | \$575,884 | \$579,886 | \$486,360 | \$520,071 | \$511,963 | \$517,741 |
| Contributions - Employer Implicit Subsidy | 270,626 | 253,372 | 168,244 | 147,626 | 17,700 | 17,617 |
| Net investment income | 1,513,955 | (1,627,313) | 3,252,106 | 284,654 | 488,698 | 793,503 |
| Benefit payments - Including refunds of Employee Contributions | (575,884) | (579,886) | (486,360) | (520,071) | (511,963) | (517,741) |
| Benefit payments - Implicit Rate Subsidy Fulfilled | (270,626) | (253,372) | (168,244) | (147,626) | (17,700) | (17,617) |
| Net change in plan fiduciary net position | 1,513,955 | (1,627,313) | 3,252,106 | 284,654 | 488,698 | 793,503 |
| Plan fiduciary net position - beginning | 11,559,964 | 13,187,277 | 9,935,171 | 9,650,517 | 9,161,819 | 8,368,316 |
| Plan fiduciary net position - ending (b) | \$13,073,919 | \$11,559,964 | \$13,187,277 | \$9,935,171 | \$9,650,517 | \$9,161,819 |
| Net OPEB liability (asset) - ending (a)-(b) | (\$1,024,527) | \$3,225,792 | (\$473,667) | \$3,359,151 | \$3,108,479 | \$119,982 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 108.50% | 78.18% | 103.73% | 74.73% | 75.64% | 98.71% |
| Covered payroll | \$18,699,589 | \$15,999,016 | \$15,123,759 | \$12,321,331 | \$11,991,563 | \$12,161,432 |
| Net OPEB liability (asset) as a percentage of covered payroll | -5.48% | 20.16% | -3.13% | 27.26% | 25.92% | 0.99% |

* Fiscal year 2018 was the first year of implementation.

REQUIRED SUPPLEMENTARY INFORMATION

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

Last 10 fiscal years*

| Fiscal Year Ended June 30, | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|-------------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------|---|
| Actuarially determined contribution | \$838,231 | \$833,258 | \$744,516 | \$566,824 | \$231,532 | \$178,156 |
| Contributions in relation to the actuarially determined contribution | 846,510 | 833,258 | 654,604 | 667,697 | 529,663 | 535,358 |
| Contribution deficiency (excess) | (\$8,279) | \$0 | \$89,912 | (\$100,873) | (\$298,131) | (\$357,202) |
| Covered payroll | \$18,699,589 | \$15,999,016 | \$15,123,759 | \$12,321,331 | \$14,310,894 | \$12,161,432 |
| Contributions as a percentage of covered payroll | 4.53% | 5.21% | 4.33% | 5.42% | 3.70% | 4.40% |
| Notes to Schedule | | | | | | |
| Valuation date: | 6/30/2022 | 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 | 6/30/2022 | 6/30/2020 | 6/30/2020 | 6/30/2018 | 6/30/2018 | 6/30/2016 |
| Actuarial Assumptions: | | | | | | |
| Discount Rate | 6.50% | 5.71% | 6.83% | 7.34% | 7.36% | 7.00% |
| Inflation | 9.25% | 9.25% | 1.75% | 1.75% | 2.50% | 2.50% |
| Payroll Growth | 2.80% | 2.75% | 2.75% | 2.75% | 2.750% | 2.875% |
| Investment Rate of Return | 6.50% | 5.71% | 6.83% | 7.34% | 7.36% | 6.50% |
| Mortality Rate | CalPERS Rates | CalPERS Rates | CalPERS Rates | CalPERS Rates | CalPERS Rates | CalPERS Rates |
| Pre-Retirement Turnover | CalPERS Rates | CalPERS Rates | CalPERS Rates | CalPERS Rates | CalPERS Rates | CalPERS Rates |
| Healthcare Trend Rate | 6.5%, trending down to 3.73%. | 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, 2023

SPECIAL REVENUE FUNDS

| | Gas Tax | Public Safety | N.P.D.E.S. | Development Services | Measure C / J |
|---|--------------------|------------------|------------------|-------------------------|--------------------|
| ASSETS | | | | | |
| Cash and investments available for operations | \$1,294,776 | \$578,500 | | \$959,289 | \$3,334,489 |
| Due from other governments | 200,582 | 39,493 | 122,455 | | 563,639 |
| Total Assets | \$1,495,358 | \$617,993 | \$122,455 | \$959,289 | \$3,898,128 |
| LIABILITIES | | | | | |
| Accounts payable and accrued liabilities | \$58,007 | \$7,195 | \$10,037 | \$37,340 | |
| Due to other funds | | | 80,825 | | |
| Deposits payable | | | | 31,520 | |
| Total Liabilities | 58,007 | 7,195 | 90,862 | 68,860 | |
| FUND BALANCES | | | | | |
| Restricted | 1,437,351 | 610,798 | 31,593 | 890,429 | \$3,898,128 |
| Unassigned | | | | | |
| Total Fund Balance | 1,437,351 | 610,798 | 31,593 | 890,429 | 3,898,128 |
| Total Liabilities and Fund Balances | \$1,495,358 | \$617,993 | \$122,455 | \$959,289 | \$3,898,128 |

SPECIAL REVENUE FUNDS

| Asset Seizures | Paratransit | Street Lighting and Landscaping | Traffic Congestion Relief | HCD Grant | Measure K |
|-------------------|---------------------|---------------------------------------|---------------------------------|------------------|----------------------|
| \$204,745 | \$610,784 33,145 | \$552,890 | | \$134,381 | \$167,953 257,543 |
| <u>\$204,745</u> | <u>\$643,929</u> | <u>\$552,890</u> | | <u>\$134,381</u> | <u>\$425,496</u> |
| \$111,537 | \$117 | \$71,576 | | | \$425,496 |
| | | 232,095 | | | |
| <u>111,537</u> | <u>117</u> | <u>303,671</u> | | | <u>425,496</u> |
| 93,208 | 643,812 | 249,219 | | \$134,381 | |
| <u>93,208</u> | <u>643,812</u> | <u>249,219</u> | | <u>134,381</u> | |
| <u>\$204,745</u> | <u>\$643,929</u> | <u>\$552,890</u> | | <u>\$134,381</u> | <u>\$425,496</u> |

(Continued)

CITY OF SAN PABLO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2023

| | <u>DEBT</u> <u>SERVICE FUND</u> | |
|---|-------------------------------------|--|
| | 2018 JPFA Lease Revenue Bonds | Total Nonmajor Governmental Funds |
| ASSETS | | |
| Cash and investments available for operations | | \$7,837,807 |
| Due from other governments | | 1,216,857 |
| | | |
| Total Assets | | \$9,054,664 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | \$2,000 | \$723,305 |
| Due to other funds | | 80,825 |
| Deposits payable | | 263,615 |
| | | |
| Total Liabilities | 2,000 | 1,067,745 |
| FUND BALANCES | | |
| Restricted | | 7,988,919 |
| Unassigned | (2,000) | (2,000) |
| | | |
| Total Fund Balance | (2,000) | 7,986,919 |
| Total Liabilities and Fund Balances | | \$9,054,664 |



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, 2023

| | SPECIAL REVENUE FUNDS | | | | |
|--|-----------------------|---------------|------------|-------------------------|---------------|
| | Gas Tax | Public Safety | N.P.D.E.S. | Development Services | Measure C / J |
| REVENUES | | | | | |
| Property taxes | | | | | |
| Sales tax | | \$159,665 | | | \$578,640 |
| Licenses and permits | | | | \$383,863 | |
| Intergovernmental | \$1,535,871 | 165,271 | \$651,249 | | |
| Charges for services | | | | 1,291,550 | |
| Use of money and property | (12,169) | 9,206 | | | 68,945 |
| Miscellaneous | 7,869 | | 1,000 | 86,249 | |
| | 1,531,571 | 334,142 | 652,249 | 1,761,662 | 647,585 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General Government | | | | | |
| Community: | | | | | |
| Development | | | | 1,764,606 | 15,000 |
| Public Works & Engineering | 1,377,662 | | 587,511 | | |
| Police | | 30,324 | | | |
| Capital outlay | 39,207 | | | | |
| Debt Service: | | | | | |
| Principal retirement | | | | | |
| Interest and fiscal charges | | | | | |
| | 1,416,869 | 30,324 | 587,511 | 1,764,606 | 15,000 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 114,702 | 303,818 | 64,738 | (2,944) | 632,585 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 1,138,926 | 59,272 | | | 5,608 |
| Transfers (out) | (30,673) | (342,647) | | | (608) |
| | 1,108,253 | (283,375) | | | 5,000 |
| NET CHANGE IN FUND BALANCES | 1,222,955 | 20,443 | 64,738 | (2,944) | 637,585 |
| Fund balances (deficits) at beginning of year | 214,396 | 590,355 | (33,145) | 893,373 | 3,260,543 |
| FUND BALANCES AT END OF YEAR | \$1,437,351 | \$610,798 | \$31,593 | \$890,429 | \$3,898,128 |

SPECIAL REVENUE FUNDS

| Asset Seizures | Paratransit | Street Lighting and Landscaping | Traffic Congestion Relief | HCD Grant | Measure K |
|-------------------|-------------|---------------------------------------|---------------------------------|--------------|-------------|
| | | \$839,107 | | | \$1,037,852 |
| | \$409,951 | | | | |
| (\$681) | 10,408 | 18,844 | \$6,291 | \$36,392 | |
| 3,444 | 2,516 | 20,000 | | | |
| 2,763 | 422,875 | 877,951 | 6,291 | 36,392 | 1,037,852 |
| | | 9,611 | | | 1,700,003 |
| | 311,942 | 1,470,511 | | | |
| | | 42,604 | | | |
| | 311,942 | 1,522,726 | | | 1,700,003 |
| 2,763 | 110,933 | (644,775) | 6,291 | 36,392 | (662,151) |
| | | 670,760 | | | 663,050 |
| | | | (230,960) | | |
| | | 670,760 | (230,960) | | 663,050 |
| 2,763 | 110,933 | 25,985 | (224,669) | 36,392 | 899 |
| 90,445 | 532,879 | 223,234 | 224,669 | 97,989 | (899) |
| \$93,208 | \$643,812 | \$249,219 | | \$134,381 | |

(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, 2023

| | DEBT SERVICE FUND | |
|--|-------------------------------------|--|
| | 2018 JPFA Lease Revenue Bonds | Total Nonmajor Governmental Funds |
| REVENUES | | |
| Property taxes | | \$839,107 |
| Sales tax | | 1,776,157 |
| Licenses and permits | | 383,863 |
| Intergovernmental | | 2,762,342 |
| Charges for services | | 1,291,550 |
| Use of money and property | \$1,746 | 138,982 |
| Miscellaneous | | 121,078 |
| | | |
| Total Revenues | 1,746 | 7,313,079 |
| EXPENDITURES | | |
| Current: | | |
| General Government | | 1,709,614 |
| Community: | | |
| Development | | 2,091,548 |
| Public Works & Engineering | | 3,435,684 |
| Police | | 30,324 |
| Capital outlay | | 81,811 |
| Debt Service: | | |
| Principal retirement | 255,000 | 255,000 |
| Interest and fiscal charges | 554,788 | 554,788 |
| | | |
| Total Expenditures | 809,788 | 8,158,769 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (808,042) | (845,690) |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in | 807,086 | 3,344,702 |
| Transfers (out) | (1,127) | (606,015) |
| | | |
| Total Other Financing Sources (Uses) | 805,959 | 2,738,687 |
| NET CHANGE IN FUND BALANCES | (2,083) | 1,892,997 |
| Fund balances (deficits) at beginning of year | 83 | 6,093,922 |
| FUND BALANCES AT END OF YEAR | (\$2,000) | \$7,986,919 |



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, 2023

| | SPECIAL REVENUE FUNDS | | | | | |
|--|-----------------------|--------------------|------------------------------------|-------------------|------------------|------------------------------------|
| | GAS TAX | | | PUBLIC SAFETY | | |
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | | | | | | |
| Sales tax | | | | \$156,000 | \$159,665 | \$3,665 |
| Licenses and permits | | | | | | |
| Intergovernmental | \$1,617,043 | \$1,535,871 | (\$81,172) | | 165,271 | 165,271 |
| Charges for services | | | | | | |
| Use of money and property | | (12,169) | (12,169) | | 9,206 | 9,206 |
| Miscellaneous | | 7,869 | 7,869 | | | |
| Total Revenues | <u>1,617,043</u> | <u>1,531,571</u> | <u>(85,472)</u> | <u>156,000</u> | <u>334,142</u> | <u>178,142</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General Government | | | | | | |
| Community: | | | | | | |
| Development | | | | | | |
| Public Works & Engineering | 1,046,047 | 1,377,662 | (331,615) | | | |
| Police | | | | 37,433 | 30,324 | 7,109 |
| Capital outlay | 69,969 | 39,207 | 30,762 | | | |
| Total Expenditures | <u>1,116,016</u> | <u>1,416,869</u> | <u>(300,853)</u> | <u>37,433</u> | <u>30,324</u> | <u>7,109</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>501,027</u> | <u>114,702</u> | <u>(386,325)</u> | <u>118,567</u> | <u>303,818</u> | <u>185,251</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 143,960 | 1,138,926 | 994,966 | | 59,272 | 59,272 |
| Transfers (out) | (584,840) | (30,673) | 554,167 | (156,000) | (342,647) | (186,647) |
| Total Other Financing Sources (Uses) | <u>(440,880)</u> | <u>1,108,253</u> | <u>1,549,133</u> | <u>(156,000)</u> | <u>(283,375)</u> | <u>(127,375)</u> |
| NET CHANGE IN FUND BALANCES | <u>\$60,147</u> | <u>1,222,955</u> | <u>\$1,162,808</u> | <u>(\$37,433)</u> | <u>20,443</u> | <u>\$57,876</u> |
| Fund balances at beginning of year | | <u>214,396</u> | | | <u>590,355</u> | |
| FUND BALANCES AT END OF YEAR | | <u>\$1,437,351</u> | | | <u>\$610,798</u> | |

SPECIAL REVENUE FUNDS

| N.P.D.E.S. | | | DEVELOPMENT SERVICES | | | MEASURE C / J | | |
|------------------|-----------------|------------------------------------|----------------------|------------------|------------------------------------|------------------|--------------------|------------------------------------|
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| | | | | | | \$463,000 | \$578,640 | \$115,640 |
| \$330,000 | \$651,249 | \$321,249 | \$388,347 | \$383,863 | (\$4,484) | | | |
| | | | 925,466 | 1,291,550 | 366,084 | | 68,945 | 68,945 |
| | 1,000 | 1,000 | 3,618 | 86,249 | 82,631 | | | |
| <u>330,000</u> | <u>652,249</u> | <u>322,249</u> | <u>1,317,431</u> | <u>1,761,662</u> | <u>444,231</u> | <u>463,000</u> | <u>647,585</u> | <u>184,585</u> |
| | | | | | | | | |
| 706,382 | 587,511 | 118,871 | 2,335,678 | 1,764,606 | 571,072 | | 15,000 | (15,000) |
| <u>706,382</u> | <u>587,511</u> | <u>118,871</u> | <u>2,335,678</u> | <u>1,764,606</u> | <u>571,072</u> | | <u>15,000</u> | <u>(15,000)</u> |
| (376,382) | 64,738 | 441,120 | (1,018,247) | (2,944) | 1,015,303 | 463,000 | 632,585 | 169,585 |
| 535,037 | | (535,037) | 724,273 | | (724,273) | | 5,608 | 5,608 |
| | | | | | | (86,000) | (608) | 85,392 |
| <u>535,037</u> | | <u>(535,037)</u> | <u>724,273</u> | | <u>(724,273)</u> | <u>(86,000)</u> | <u>5,000</u> | <u>91,000</u> |
| <u>\$158,655</u> | 64,738 | <u>(\$93,917)</u> | <u>(\$293,974)</u> | (2,944) | <u>\$291,030</u> | <u>\$377,000</u> | 637,585 | <u>\$260,585</u> |
| | (33,145) | | | 893,373 | | | 3,260,543 | |
| | <u>\$31,593</u> | | | <u>\$890,429</u> | | | <u>\$3,898,128</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, 2023

| 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 | | | | \$285,653 | \$409,951 | \$124,298 |
| Charges for services | | | | | | |
| Use of money and property | | (\$681) | (\$681) | | 10,408 | 10,408 |
| Miscellaneous | | 3,444 | 3,444 | | 2,516 | 2,516 |
| Total Revenues | | 2,763 | 2,763 | 285,653 | 422,875 | 137,222 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General Government | | | | | | |
| Community: | | | | | | |
| Development | | | | 315,338 | 311,942 | 3,396 |
| Public Works & Engineering | | | | | | |
| Police | | | | | | |
| Capital outlay | | | | | | |
| Total Expenditures | | | | 315,338 | 311,942 | 3,396 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | 2,763 | 2,763 | (29,685) | 110,933 | 140,618 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | | | | | | |
| Transfers (out) | | | | | | |
| Total Other Financing Sources (Uses) | | | | | | |
| NET CHANGE IN FUND BALANCES | | 2,763 | \$2,763 | (\$29,685) | 110,933 | \$140,618 |
| Fund balances at beginning of year | | 90,445 | | | 532,879 | |
| FUND BALANCES AT END OF YEAR | | \$93,208 | | | \$643,812 | |

SPECIAL REVENUE FUNDS

STREET LIGHTING AND LANDSCAPING

| <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|-------------------------|-------------------------|---|
| \$843,832 | \$839,107 | (\$4,725) |
| | 18,844 | 18,844 |
| | <u>20,000</u> | <u>20,000</u> |
| <u>843,832</u> | <u>877,951</u> | <u>34,119</u> |
| 13,832 | 9,611 | 4,221 |
| 1,884,082 | 1,470,511 | 413,571 |
| <u>59,981</u> | <u>42,604</u> | <u>17,377</u> |
| <u>1,957,895</u> | <u>1,522,726</u> | <u>435,169</u> |
| <u>(1,114,063)</u> | <u>(644,775)</u> | <u>469,288</u> |
| 1,236,002 | 670,760 | (565,242) |
| <u>1,236,002</u> | <u>670,760</u> | <u>(565,242)</u> |
| <u><u>\$121,939</u></u> | 25,985 | <u><u>(\$95,954)</u></u> |
| | <u>223,234</u> | |
| | <u><u>\$249,219</u></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. The administration of the Authority transferred from the City to the Authority in the middle of fiscal year 2023 and the fund was closed as of June 30, 2023.

CITY OF SAN PABLO
 FIDUCIARY CUSTODIAL FUNDS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2023

| | Community Organizations and Activities | West Contra Costa Transportation Advisory Committee | West Contra Costa Integrated Waste Management Authority | Total |
|---------------------------------|--|--|--|---------------------|
| Assets: | | | | |
| Restricted cash and investments | \$845,752 | \$12,427,206 | | \$13,272,958 |
| Accounts receivable | | 97,488 | | 97,488 |
| Prepays | | | | |
| Total Assets | 845,752 | 12,524,694 | | 13,370,446 |
| Liabilities: | | | | |
| Accounts payable | 3,982 | 189 | | 4,171 |
| Unearned revenue | | 40,001 | | 40,001 |
| Deposits payable | 10,114 | | | 10,114 |
| Total Liabilities | 14,096 | 40,190 | | 54,286 |
| Net Position: | | | | |
| Restricted for: | | | | |
| Held for other entities | 831,656 | 12,484,504 | | 13,316,160 |
| Total Net Position | \$831,656 | \$12,484,504 | | \$13,316,160 |

CITY OF SAN PABLO
 FIDUCIARY CUSTODIAL FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 JUNE 30, 2023

| | Community Organizations and Activities | West Contra Costa Transportation Advisory Committee | West Contra Costa Integrated Waste Management Authority | Total |
|--------------------------|--|--|--|----------------------------|
| Additions: | | | | |
| Bingo revenues | \$162,940 | | | \$162,940 |
| Member contributions | | \$556,329 | | 556,329 |
| Grants and contributions | | 5,034,810 | | 5,034,810 |
| Charges for services | 26,048 | | \$540,703 | 566,751 |
| Interest and other | 14,084 | 154,696 | 7,537 | 176,317 |
| | <u>203,072</u> | <u>5,745,835</u> | <u>548,240</u> | <u>6,497,147</u> |
| Deductions: | | | | |
| Personnel-related | | 980,498 | 401,942 | 1,382,440 |
| Professional services | | 363,135 | 171,765 | 534,900 |
| Program-related | 186,163 | 688,072 | 99,738 | 973,973 |
| Transfer to WCCIWMA | | | 2,348,065 | 2,348,065 |
| | <u>186,163</u> | <u>2,031,705</u> | <u>3,021,510</u> | <u>5,239,378</u> |
| Change in net position | 16,909 | 3,714,130 | (2,473,270) | 1,257,769 |
| Net Position - Beginning | <u>814,747</u> | <u>8,770,374</u> | <u>2,473,270</u> | <u>12,058,391</u> |
| Total Net Position | <u><u>\$831,656</u></u> | <u><u>\$12,484,504</u></u> | <u><u></u></u> | <u><u>\$13,316,160</u></u> |



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

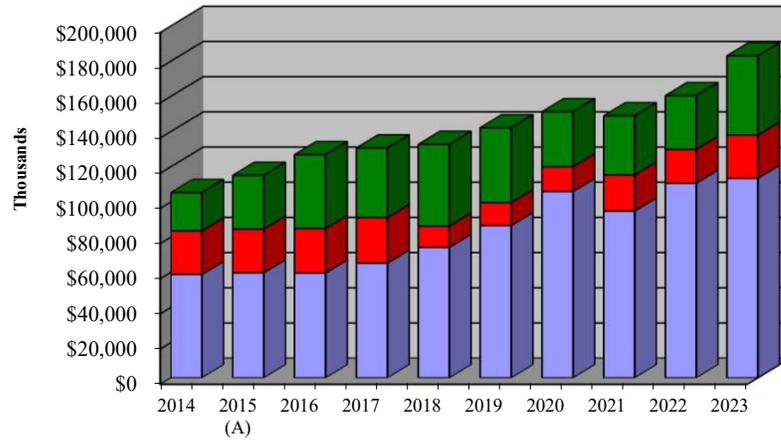
Unless otherwise noted, the information in these schedules is derived from the Annual Financial Reports for the relevant year.



CITY^{OF} SAN PABLO

City of New Directions

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



■ Net investment in capital assets ■ Restricted ■ Unrestricted

| | 2014 | 2015 (A) | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$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 | \$113,417,146 |
| Restricted | 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 | 24,542,022 |
| Unrestricted | 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 | 45,070,317 |
| Total governmental activities net position | <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> | <u>\$183,029,485</u> |

(A) 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, | | | |
|---|----------------------------|---------------------|---------------------|---------------------|
| | 2014 | 2015(b) | 2016 | |
| Expenses | | | | |
| Governmental Activities: | | | | |
| General Government | \$5,918,919 | \$5,868,035 | \$10,749,217 | \$11,105,576 |
| Community | | | | |
| Recreation | 1,306,695 | 1,417,109 | 1,613,344 | 333,076 |
| Development | 1,115,441 | 1,538,176 | 1,351,207 | 4,332,370 |
| Housing | 12,100 | | 23,000 | 17,793 |
| Public Works & Engineering | 7,304,089 | 9,591,938 | 7,253,853 | 7,970,136 |
| Police | 14,959,000 | 15,207,587 | 13,239,813 | 17,438,358 |
| Interest and fiscal charges | | 1,069,642 | 1,035,279 | 925,564 |
| Total Governmental Activities Expenses | <u>30,616,244</u> | <u>34,692,487</u> | <u>35,265,713</u> | <u>42,122,873</u> |
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Charges for Services: | | | | |
| General Government | 522,654 | 612,276 | 435,262 | 1,119,770 |
| Community: | | | | |
| Recreation | 236,757 | 321,941 | 334,418 | 127,698 |
| Development | 561,699 | 483,379 | 504,454 | 1,154,979 |
| Public Works & Engineering | 168,230 | 225,034 | 187,923 | 138,126 |
| Police | 396,612 | 666,228 | 569,627 | 522,678 |
| Operating Grants and Contributions | 1,962,725 | 2,064,275 | 1,679,873 | 929,109 |
| Capital Grants and Contributions | 7,078,669 | 5,202,454 | 4,562,945 | 1,438,055 |
| Total Government Activities Program Revenues | <u>10,927,346</u> | <u>9,575,587</u> | <u>8,274,502</u> | <u>5,430,415</u> |
| Net (Expense)/Revenue | | | | |
| Governmental Activities | <u>(19,688,898)</u> | <u>(25,116,900)</u> | <u>(26,991,211)</u> | <u>(36,692,458)</u> |
| General Revenues and Other | | | | |
| Changes in Net Position | | | | |
| Governmental Activities: | | | | |
| Taxes: | | | | |
| Property Taxes | 1,515,310 | 1,676,678 | 1,562,739 | 2,011,222 |
| Incremental Property Taxes | | | | |
| Sales Taxes | 2,912,396 | 3,803,069 | 4,168,439 | 4,601,301 |
| In-Lieu Sales Tax | 548,465 | 490,239 | 406,799 | |
| Utility Users Tax | 2,553,955 | 2,467,509 | 2,572,145 | 2,686,980 |
| Transient Occupancy Taxes | 424,570 | 455,006 | 523,213 | 523,513 |
| Franchise Taxes | 719,358 | 884,123 | 790,828 | 935,005 |
| Payment in Lieu of taxes | 1,828,490 | 1,865,060 | 1,902,362 | 1,940,410 |
| Casino contract revenues | 18,291,111 | 19,701,338 | 22,986,063 | 24,213,462 |
| Other Taxes (a) | 114,542 | 132,130 | 157,190 | 82,602 |
| Intergovernmental unrestricted: | | | | |
| Motor Vehicle In-Lieu Fees | 1,713,415 | 1,961,310 | 2,158,330 | 2,317,615 |
| Use of Money and Property | 246,226 | 633,516 | 865,048 | 190,354 |
| Gain on Sale of Property | | | | |
| Miscellaneous | 320,447 | 545,773 | 705,407 | 1,001,933 |
| Special item - assets transferred from Successor Agency | 1,534,820 | 206,625 | | |
| Extraordinary items - assets transferred to/liabilities assumed from (by) Successor Agency assumed from EDC | | | | |
| Total Governmental Activities | <u>32,723,105</u> | <u>34,822,376</u> | <u>38,798,563</u> | <u>40,504,397</u> |
| Change in Net Position after Special Item | | | | |
| Governmental Activities | <u>\$13,034,207</u> | <u>\$9,705,476</u> | <u>\$11,807,352</u> | <u>\$3,811,939</u> |

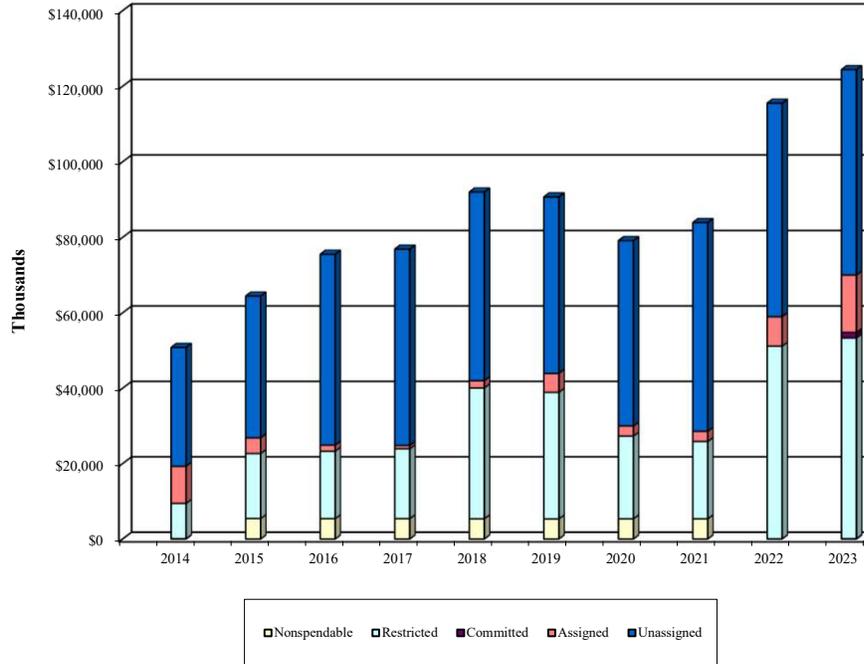
(a) Includes business licenses previously included in Other Taxes.

(b) 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,

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--------------|--------------|--------------|---------------|--------------|--------------|
| \$10,840,251 | \$12,006,415 | \$16,802,527 | \$16,770,379 | \$16,172,199 | \$18,311,064 |
| 256,371 | 311,538 | 3,368,316 | 2,669,889 | 2,478,905 | 2,239,499 |
| 4,961,457 | 5,886,370 | 2,388,458 | 8,883,785 | 5,276,529 | 2,932,229 |
| 23,810 | 28,930 | 83,482 | 92,370 | 117,624 | 1,595,272 |
| 7,784,816 | 8,622,447 | 7,392,827 | 7,043,052 | 7,972,673 | 11,212,044 |
| 18,525,592 | 20,525,816 | 22,166,487 | 22,209,621 | 23,239,924 | 15,993,438 |
| 1,331,646 | 1,558,865 | 1,162,515 | 1,150,307 | 3,928,465 | 2,168,730 |
| 43,723,943 | 48,940,381 | 53,364,612 | 58,819,403 | 59,186,319 | 54,452,276 |
| 524,488 | | 236,032 | 404,002 | 252,246 | 242,439 |
| 52,022 | 40,957 | 41,665 | | 20,035 | 46,059 |
| 1,216,911 | 1,133,536 | 1,161,264 | 845,607 | 1,361,181 | 1,674,951 |
| 246,289 | 645,376 | 277,611 | 191,144 | 846,732 | 902,750 |
| 1,009,555 | 900,657 | 695,885 | 819,362 | 1,070,929 | 785,117 |
| 1,271,647 | 2,325,867 | 3,227,455 | 2,460,329 | 6,883,452 | 6,910,861 |
| 1,955,492 | 7,096,432 | 2,483,913 | 1,070,768 | 7,428,316 | 9,804,818 |
| 6,276,404 | 12,142,825 | 8,123,825 | 5,791,212 | 17,862,891 | 20,366,995 |
| (37,447,539) | (36,797,556) | (45,240,787) | (53,028,191) | (41,323,428) | (34,085,281) |
| 2,442,226 | 2,943,210 | 3,354,755 | 2,410,402 | 2,750,176 | 3,210,634 |
| 4,293,283 | 3,854,079 | 4,119,326 | 4,801,115 | 5,049,824 | 5,892,559 |
| 2,650,707 | 2,548,455 | 2,532,147 | 2,731,594 | 2,864,920 | 3,053,827 |
| 565,474 | 636,322 | 235,597 | 666,643 | 569,390 | 552,757 |
| 900,299 | 947,557 | 901,680 | 927,262 | 979,688 | 661,596 |
| 1,979,218 | 2,018,802 | 2,059,177 | 2,100,360 | 2,142,368 | 2,185,215 |
| 26,197,153 | 27,735,698 | 21,735,943 | 26,811,866 | 29,966,698 | 30,558,431 |
| 87,911 | 83,611 | 116,591 | 123,084 | 87,679 | 46,499 |
| 2,487,919 | 2,666,964 | 2,844,696 | 2,994,786 | 3,126,924 | 3,378,602 |
| 849,714 | 2,404,371 | 2,813,630 | 378,818 | 262,365 | 3,933,938 |
| | | | 4,198,761 | 9,061 | 2,867,738 |
| 834,155 | 418,944 | 620,873 | 2,606,689 | 4,934,341 | 420,865 |
| | | 12,540,358 | | | |
| 43,288,059 | 46,258,013 | 53,874,773 | 50,751,380 | 52,743,434 | 56,762,661 |
| \$5,840,520 | \$9,460,457 | \$8,633,986 | (\$2,276,811) | \$11,420,006 | \$22,677,380 |

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



| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| General Fund | | | | | | | | | | |
| Nonspendable | \$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 | \$61,742 |
| Restricted | | | | | | | | 1,000,000 | 3,753,733 | 6,156,109 |
| Assigned | 763,614 | 145,329 | 1,315,623 | 895,605 | 1,924,937 | 5,018,720 | 2,705,823 | 2,705,823 | 7,825,000 | 15,248,058 |
| Committed | | | | | | | | | | 1,440,600 |
| Unassigned | 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 | 54,372,610 |
| Total General Fund | \$32,321,326 | \$43,144,198 | \$57,416,153 | \$60,509,464 | \$58,031,989 | \$61,087,133 | \$57,580,174 | \$64,379,930 | \$68,160,379 | \$77,279,119 (a) |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted | \$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 | \$47,109,436 |
| Assigned | 9,082,664 | 4,010,660 | 300,282 | | | | | | | |
| Unassigned | | | (113,266) | (2,192,718) | (782,655) | (3,973,966) | (399,857) | | (34,044) | (2,000) |
| Total all other governmental funds | \$18,470,359 | \$21,277,049 | \$18,087,911 | \$16,358,670 | \$33,942,943 | \$29,610,336 | \$21,540,588 | \$19,513,642 | \$47,336,513 | \$47,107,436 (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, | | | | |
|--|----------------------------|---------------------|---------------------|--------------------|---------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Revenues | | | | | |
| Property taxes | \$1,515,310 | \$1,676,678 | \$1,562,739 | \$1,716,156 | \$2,063,312 |
| Sales taxes | 3,272,038 | 4,188,421 | 5,019,746 | 5,002,384 | 4,722,680 |
| In-lieu sales tax | 548,465 | 490,239 | 406,799 | | |
| Utility users tax | 2,553,955 | 2,467,509 | 2,572,145 | 2,686,980 | 2,650,707 |
| Casino contract revenues | 17,951,434 | 19,390,922 | 22,665,705 | 23,876,317 | 25,826,897 |
| Other taxes | 3,064,960 | 3,304,319 | 3,334,876 | 3,474,030 | 3,532,902 |
| Licenses and permits | 339,677 | 310,416 | 320,358 | 337,145 | 370,256 |
| Fines and forfeits | 178,497 | 250,670 | 253,290 | 242,120 | 202,854 |
| Intergovernmental | 10,466,512 | 9,707,728 | 7,946,402 | 4,936,968 | 6,032,257 |
| Charges for services | 1,622,447 | 1,435,849 | 1,347,066 | 1,547,551 | 2,053,387 |
| Use of money and property | 494,277 | 1,076,231 | 1,303,736 | 1,269,461 | 1,279,434 |
| Miscellaneous | 265,763 | 211,850 | 296,132 | 881,219 | 968,047 |
| Total Revenues | 42,273,335 | 44,510,832 | 47,028,994 | 45,970,331 | 49,702,733 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 5,798,844 | 6,151,008 | 10,812,295 | 10,629,175 | 10,446,232 |
| Community | | | | | |
| Recreation | 1,173,065 | 1,321,969 | 1,490,995 | 73,015 | |
| Development | 1,097,422 | 1,572,053 | 1,417,014 | 4,203,880 | 4,868,887 |
| Housing | 12,100 | | 23,000 | 17,793 | 23,810 |
| Public Works & Engineering | 3,153,976 | 3,458,187 | 3,360,427 | 4,064,962 | 4,618,334 |
| Police | 14,858,753 | 15,435,553 | 13,753,176 | 14,927,935 | 16,028,684 |
| Capital outlay | 2,912,525 | 18,095,578 | 4,215,533 | 9,598,715 | 13,758,852 |
| Debt service: | | | | | |
| Principal repayment | | 85,000 | 354,982 | 470,234 | 1,480,988 |
| Interest and fiscal charges | | 778,547 | 737,339 | 620,552 | 1,019,327 |
| Total Expenditures | 29,006,685 | 46,897,895 | 36,164,761 | 44,606,261 | 52,245,114 |
| Excess (deficiency) of revenues over (under) expenditures | 13,266,650 | (2,387,063) | 10,864,233 | 1,364,070 | (2,542,381) |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 3,904,184 | 7,075,398 | 5,721,373 | 11,860,143 | 15,548,139 |
| Transfers (out) | (3,904,184) | (7,075,398) | (5,721,373) | (11,860,143) | (15,548,139) |
| Proceeds or gain from sale of property | | | 218,584 | | |
| Leases | | | | | 2,491,334 |
| Issuance of debt | 1,141,738 | 15,810,000 | | | 15,325,000 |
| Total Other Financing Sources (Uses) | 1,141,738 | 15,810,000 | 218,584 | | 17,816,334 |
| 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 | \$14,766,598 | \$13,629,562 | \$11,082,817 | \$1,364,070 | \$15,273,953 |
| Debt service as a percentage of noncapital expenditures | | | | | |
| | N/A | 2.9% | 3.4% | 3.1% | 6.6% |

Fiscal Year Ended June 30,

| <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|----------------------|-----------------------|--------------------|---------------------|--------------------|
| \$2,616,083 | \$2,375,632 | \$2,094,996 | \$2,417,901 | \$2,567,573 |
| 4,307,705 | 4,598,308 | 5,264,058 | 5,554,432 | 6,471,199 |
| 2,548,455 | 2,532,147 | 2,731,594 | 2,864,920 | 3,053,827 |
| 27,365,635 | 21,345,016 | 26,442,053 | 29,564,500 | 30,144,568 |
| 3,686,292 | 3,313,045 | 3,817,349 | 3,779,125 | 3,446,067 |
| 370,063 | 390,927 | 369,813 | 402,198 | 383,863 |
| 274,696 | 274,605 | 230,215 | 288,531 | 270,439 |
| 11,549,795 | 8,919,794 | 8,438,419 | 18,130,170 | 21,039,836 |
| 1,909,493 | 1,607,626 | 1,455,496 | 1,974,157 | 1,879,222 |
| 3,705,125 | 4,131,811 | 1,356,725 | 1,338,354 | 3,533,053 |
| 723,384 | 520,519 | 4,528,879 | 4,779,682 | 3,069,044 |
| <u>59,056,726</u> | <u>50,009,430</u> | <u>56,729,597</u> | <u>71,093,970</u> | <u>75,858,691</u> |
| 11,557,521 | 14,432,447 | 15,126,284 | 14,819,312 | 17,970,320 |
| 72,048 | 3,244,089 | 2,521,481 | 2,334,965 | 2,580,077 |
| 5,753,056 | 1,645,169 | 1,688,066 | 1,781,014 | 2,091,548 |
| 28,930 | 83,482 | 92,370 | 117,624 | 1,595,272 |
| 4,130,144 | 4,303,635 | 4,710,959 | 4,862,452 | 5,209,504 |
| 18,127,752 | 18,663,853 | 19,305,127 | 20,303,996 | 22,127,439 |
| 18,621,834 | 17,587,385 | 6,187,747 | 9,571,186 | 12,024,575 |
| 971,063 | 909,367 | 1,174,446 | 10,775,013 | 1,082,459 |
| 1,238,996 | 1,162,515 | 1,150,307 | 3,648,306 | 2,287,834 |
| <u>60,501,344</u> | <u>62,031,942</u> | <u>51,956,787</u> | <u>68,213,868</u> | <u>66,969,028</u> |
| <u>(1,444,618)</u> | <u>(12,022,512)</u> | <u>4,772,810</u> | <u>2,880,102</u> | <u>8,889,663</u> |
| 17,446,437 | 30,503,098 | 13,502,244 | 20,775,175 | 11,573,220 |
| (17,446,437) | (30,503,098) | (13,502,244) | (20,775,175) | (11,573,220) |
| | | | 9,110 | |
| | | | <u>34,043,108</u> | |
| | | | <u>34,052,218</u> | |
| | | | (5,329,000) | |
| | | | <u>(5,329,000)</u> | |
| <u>(\$1,444,618)</u> | <u>(\$12,022,512)</u> | <u>\$4,772,810</u> | <u>\$31,603,320</u> | <u>\$8,889,663</u> |

5.2%

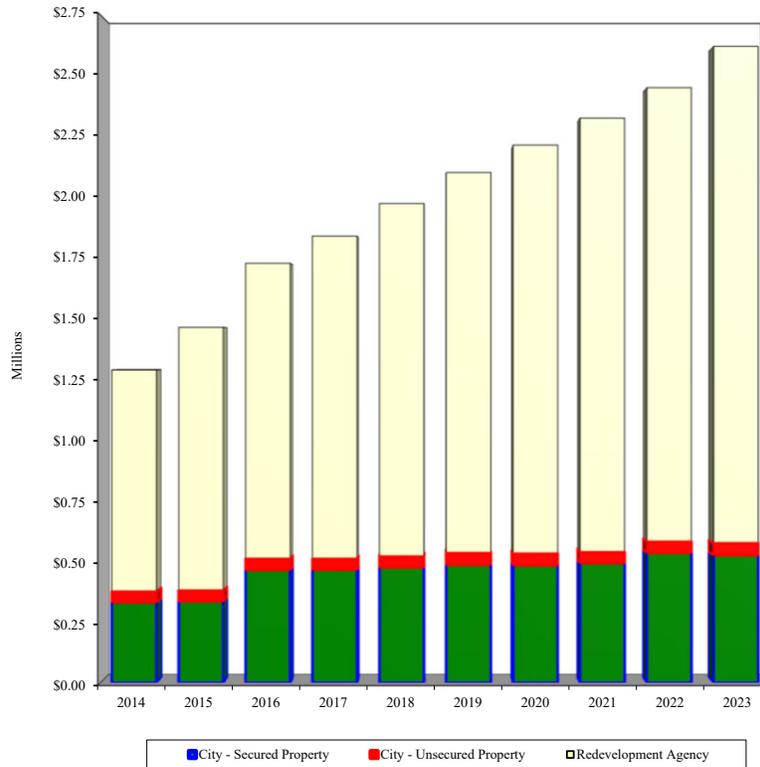
4.6%

5.1%

24.5%

6.0%

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

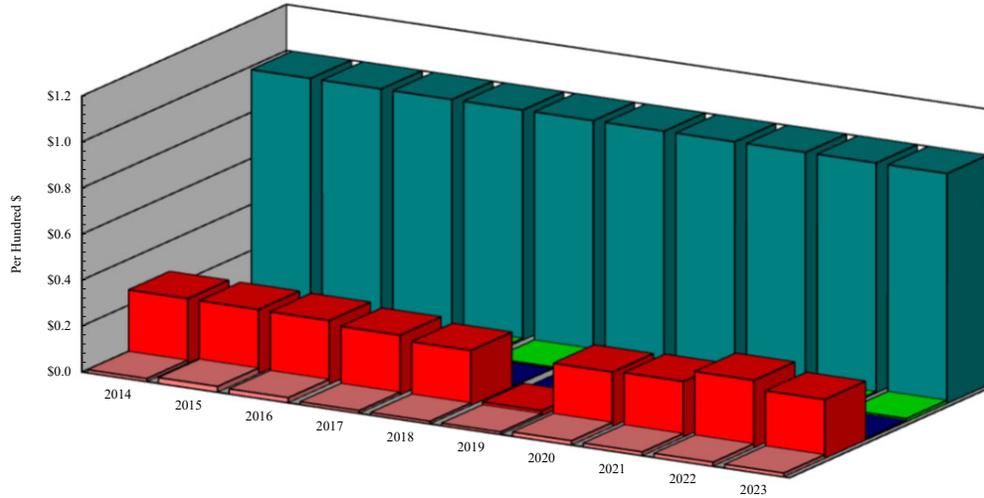


| Fiscal Year | Value of City Property Subject to Local Tax Rate | | | Value of Redevelopment Agency Property Subject to Local Tax Rate | | | Total Assessed (a) | Estimated Full Market (a) | Total Direct Tax Rate (b) |
|-------------|--|--------------------|---------------|--|--------------|---------------|--------------------|---------------------------|---------------------------|
| | Secured Property | Unsecured Property | Total | Tenth Township | Legacy | Total | | | |
| 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% |
| 2023 | 525,072,620 | 49,421,972 | 574,494,592 | 1,726,594,452 | 321,020,043 | 2,047,614,495 | 2,622,109,087 | 2,622,109,087 | 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

■ Community College ■ West Contra Costa Unified School District ■ East Bay Regional Park District ■ Bay Area Rapid Transit ■ Basic County Wide Levy

| Fiscal Year | Basic County Wide Levy (a) | Bay Area Rapid Transit | East Bay Regional Park District | West Contra Costa Unified School District | Community College | Total Direct and Overlapping Rates (b) | City's Share of 1% Levy per Prop 13 (c) | Redevelopment Agency Rate (d) | Total Direct Rate (e) |
|-------------|----------------------------|------------------------|---------------------------------|---|-------------------|--|---|-------------------------------|-----------------------|
| 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 |
| 2023 | 1.00000 | 0.01400 | 0.00580 | 0.25640 | 0.01620 | 1.29240 | 0.09828 | 0.00000 | 0.08210 |

Source: HdL Coren & Cone, Contra Costa County Assessor

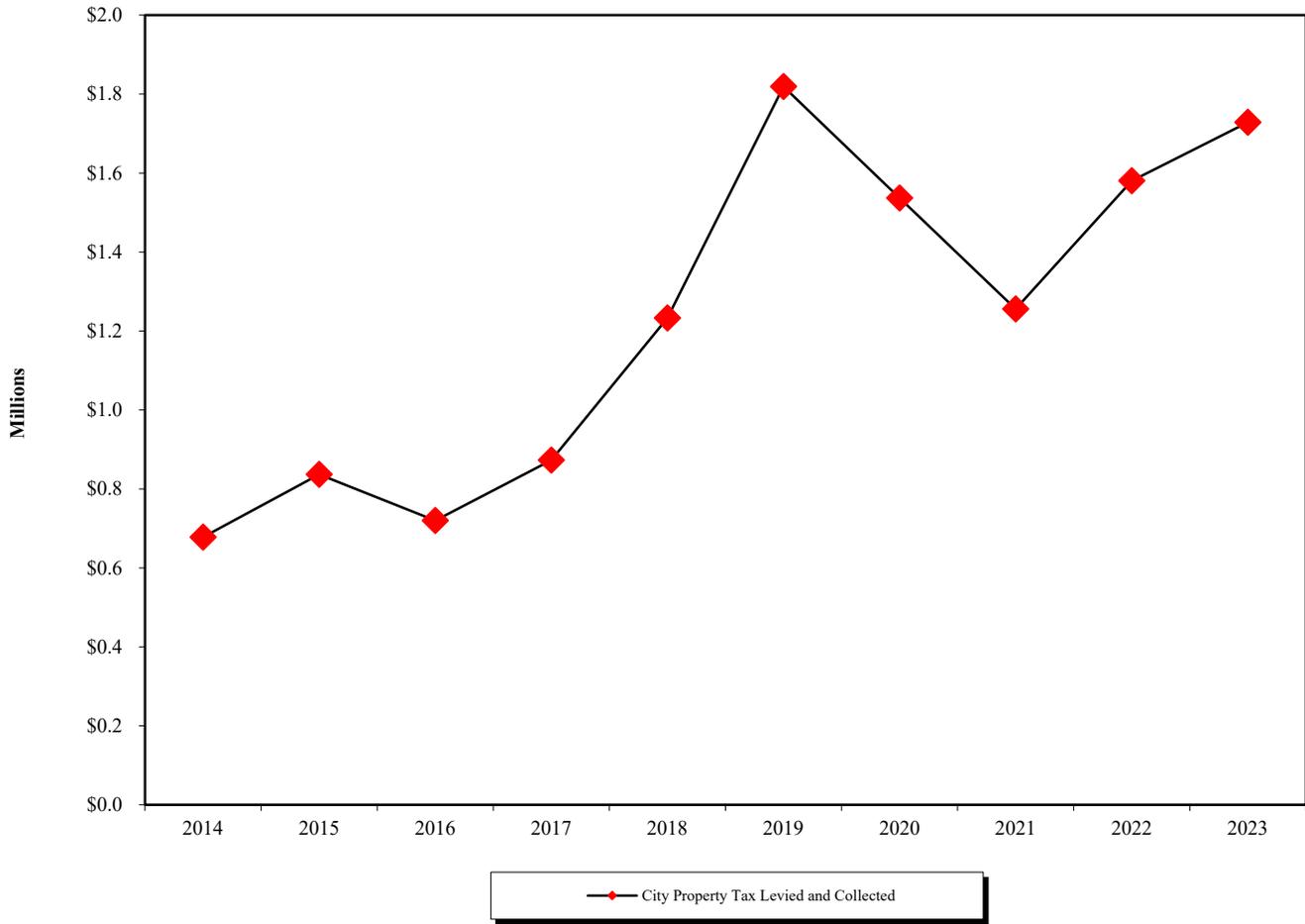
- (a) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the, 1.00% fixed amount, property owners are charged taxes as a percentage of assessed 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 | 2022-2023 | | | 2013-2014 | | |
|--------------------------------|-------------------------------|-------------|--|-------------------------------|-------------|--|
| | 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 | \$40,371,523 | 1 | 1.54% | | | |
| Lytton Rancheria of CA | 27,385,861 | 2 | 1.04% | | | |
| Donahue Schriber Realty Group | 25,277,894 | 3 | 0.96% | \$21,752,504 | 1 | 1.69% |
| Giant Development LP | 23,052,344 | 4 | 0.88% | | | |
| The Marlborough One Family LP | 20,145,000 | 5 | 0.77% | | | |
| CC San Pablo LP | 18,487,439 | 6 | 0.71% | 14,667,490 | 2 | 1.14% |
| San Pablo Retail Partners II | 17,563,564 | 7 | 0.67% | 14,426,257 | 3 | 1.12% |
| Menlo Land and Capital XII LLC | 14,190,905 | 8 | 0.54% | | | |
| Stiefvater Orchards LP | 12,902,355 | 9 | 0.49% | | | |
| Public Storage INC | 12,342,872 | 10 | 0.47% | 10,640,147 | 6 | 0.83% |
| 3002 Giant Road LLC | | | | 14,079,966 | 4 | 1.09% |
| Save Mart Supermarket | | | | 13,475,017 | 5 | 1.05% |
| Lucky NoCal Investor LLC | | | | 10,308,337 | 7 | 0.80% |
| Gordon Creekside LLC | | | | 9,399,168 | 8 | 0.73% |
| WEC 97K-31 Investment Trust | | | | 6,864,750 | 9 | 0.53% |
| Vale Property LLC | | | | 6,321,881 | 10 | 0.49% |
| Subtotal | <u>\$211,719,757</u> | | <u>8.1%</u> | <u>\$121,935,517</u> | | <u>9.5%</u> |
| Total Assessed Valuation: | | | | | | |
| Fiscal Year 2022-2023 | \$2,622,109,087 | | | | | |
| Fiscal Year 2013-2014 | \$1,288,407,099 | | | | | |

Source: HdL Coren & Cone, Contra Costa County Assessor

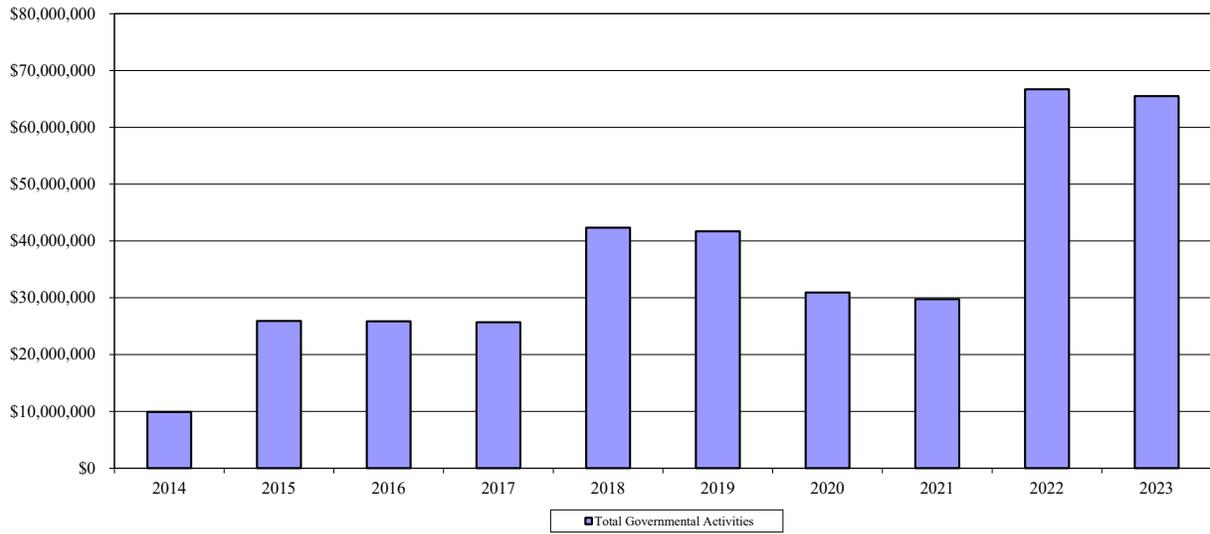
**CITY OF SAN PABLO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**



| Fiscal Year | City Property Tax Levied and Collected (1) | Redevelopment Agency Property Tax Levied and Collected | Total Property Tax Levied and Collected (2) | Percent of Total Tax Collections to Tax Levy |
|--------------------|---|---|--|---|
| 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% |
| 2023 | 1,728,466 | 0 (3) | 1,728,466 | 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 | Leases and Loans | Lease Revenue Bonds | | | |
| 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) | 14,274,083 | 52,433,481 | 66,707,564 | 9.62% | 2,117 |
| 2023 | 0 (b) | 0 (b) | 13,566,624 | 51,939,377 | 65,506,001 | 8.52% | 2,093 |

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, 2023

CITY OF SAN PABLO

2022-23 Assessed Valuation: \$2,379,415,189

| <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | Total Debt <u>6/30/23</u> | <u>% Applicable (1)</u> | City's Share of <u>Debt 6/30/23</u> |
|---|------------------------------|-------------------------|--|
| Bay Area Rapid Transit District | \$2,484,285,000 | 0.250% | \$ 6,210,713 |
| Contra Costa Community College District | 649,015,000 | 0.946 | 6,139,682 |
| West Contra Costa Unified School District | 1,188,146,381 | 6.110 | 72,595,744 |
| West Contra Costa Healthcare District Parcel Tax Obligations | 43,000,000 | 5.761 | 2,477,230 |
| East Bay Regional Park District | 175,955,000 | 0.395 | <u>695,022</u> |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT | | | \$88,118,391 |
| <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u> | | | |
| Alameda-Contra Costa Transit District Certificates of Participation | \$11,220,000 | 0.749% | \$ 84,038 |
| Contra Costa County General Fund Obligations | 193,515,000 | 0.943 | 1,824,846 |
| West Contra Costa Unified School District Certificates of Participation | 4,850,000 | 6.110 | 296,335 |
| City of San Pablo Lease Revenue Bonds | 48,535,000 | 100 | 48,535,000 |
| TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT | | | \$50,740,219 |
| Less: Contra Costa County supported obligations | | | <u>480,264</u> |
| TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT | | | \$50,259,955 |
| <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency to San Pablo Redevelopment Agency):</u> | | | |
| Tax Allocation Bonds Refunding Series 2014A | \$28,005,000 | 100. % | \$28,005,000 |
| Tax Allocation Bonds Refunding Series 2016 | 2,685,531 | 100 | <u>2,685,531</u> |
| TOTAL OVERLAPPING TAX INCREMENT DEBT | | | \$30,690,531 |
| TOTAL DIRECT DEBT | | | \$48,535,000 |
| TOTAL GROSS OVERLAPPING DEBT | | | \$121,014,141 |
| TOTAL NET OVERLAPPING DEBT | | | \$120,533,877 |
| GROSS COMBINED TOTAL DEBT | | | \$169,549,141 (2) |
| NET COMBINED TOTAL DEBT | | | \$169,068,877 |

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2022-23 Assessed Valuation:

| | |
|--|--------------|
| Total Direct and Overlapping Tax and Assessment Debt | 3.70% |
| Direct Debt (\$48,535,000)..... | 2.04% |
| Gross Combined Total Debt | 7.13% |
| Net Total Debt | 7.11% |

Ratios to Redevelopment Successor Agency Incremental Valuation (\$2,047,614,495):

| | |
|--------------------------------------|-------|
| Overlapping Tax Increment Debt | 1.50% |
|--------------------------------------|-------|

**CITY OF SAN PABLO
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2023**

ASSESSED VALUATION:

| | |
|---|-----------------|
| Secured property assessed value, net of exempt real property | \$2,622,109,087 |
|---|-----------------|

| | |
|---|--------------|
| BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a) | \$98,329,091 |
|---|--------------|

AMOUNT OF DEBT SUBJECT TO LIMIT:

| | |
|-------------------|--------------|
| Total Bonded Debt | \$65,506,001 |
|-------------------|--------------|

| | |
|--|------------|
| Less Tax Allocation Bonds and SERAF Loan not subject to limit | 18,185,000 |
|--|------------|

| | |
|---------------------------------|------------|
| Amount of debt subject to limit | 47,321,001 |
|---------------------------------|------------|

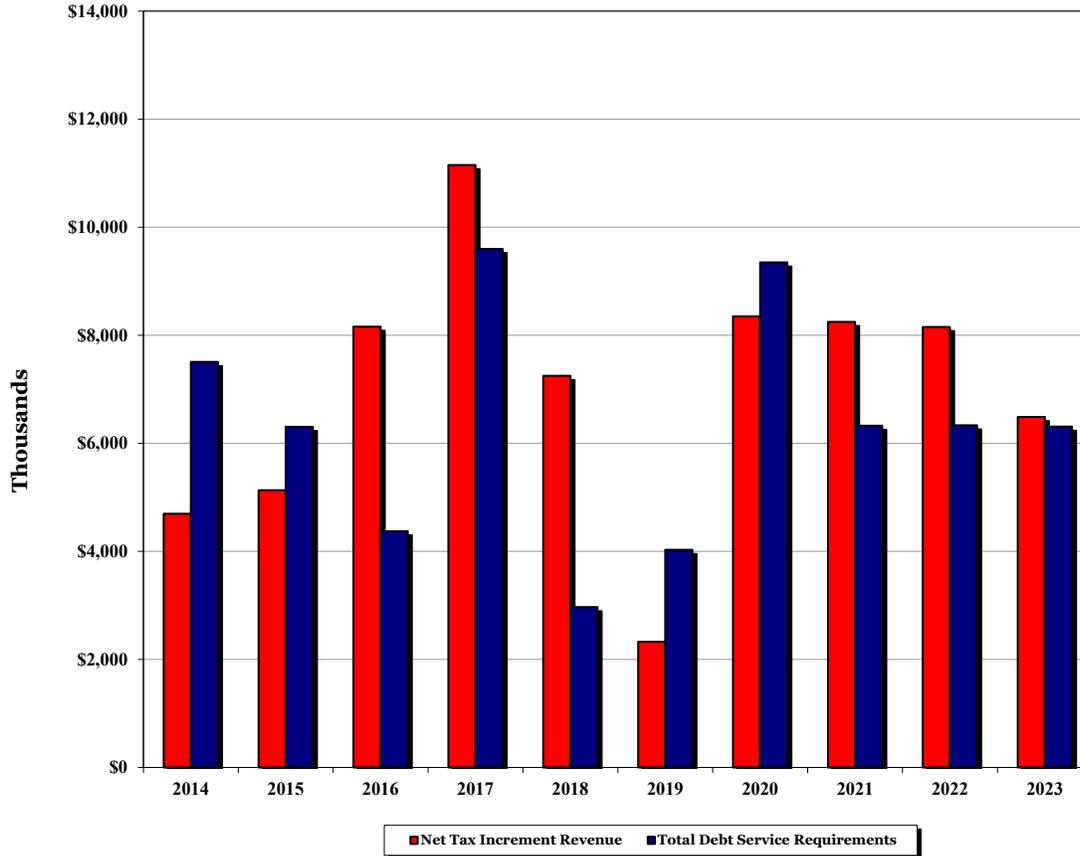
| | |
|--------------------------|---------------|
| LEGAL BONDED DEBT MARGIN | \$145,650,092 |
|--------------------------|---------------|

| 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 |
|----------------|---------------|--|-------------------------|---|
| 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% |
| 2023 | 98,329,091 | 47,321,001 | 145,650,092 | 32.49% |

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 | |
| 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) |
| 2023 | 6,487,022 (b) | 0 (a) | 6,487,022 | 4,675,000 | 1,634,000 | 6,309,000 (c) | 1.03 (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 | | | 2014 A&B Bonds | Total Debt Service | Debt Service Coverage |
|-------------|--------------------|-------------------|----------------------|-----------------|------------------------------------|-------------|----------------|--------------------|-----------------------|
| | | | | 1999 Bonds | 2001 and 2004 Tenth Township Bonds | 2006 Bonds | | | |
| 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 |
| 2023 | N/A (b) | 0 (b) | N/A (b) | 0 | 0 | 0 | 6,309,000 | 6,309,000 (c) | N/A |

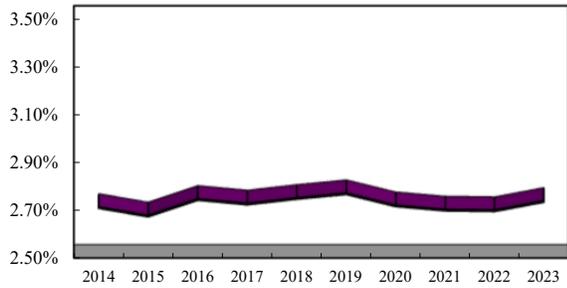
LEGACY PROJECT AREA

| Fiscal Year | Gross Tax Revenues | Housing Set Aside | Debt Service on 2004 | | | Debt Service Coverage |
|-------------|--------------------|-------------------|----------------------|---------------|------|-----------------------|
| | | | Available Revenue | Legacy Bonds | | |
| 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 | |
| 2023 | N/A (b) | N/A (a) | N/A | N/A (c) | N/A | |

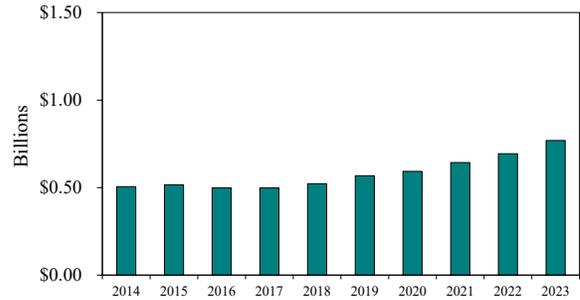
- (a) As part of the dissolution, the Redevelopment Agency is no longer required to make the low and moderate income housing set-aside.
- (b) For the fiscal years ended 2013 thru 2015, tax increment reported in this table is the amount calculated by the County Auditor-Controller. Under the provisions 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

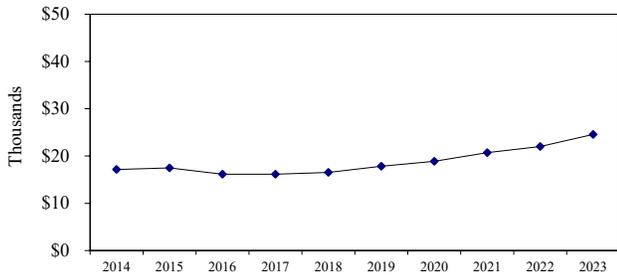
**CITY OF SAN PABLO
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



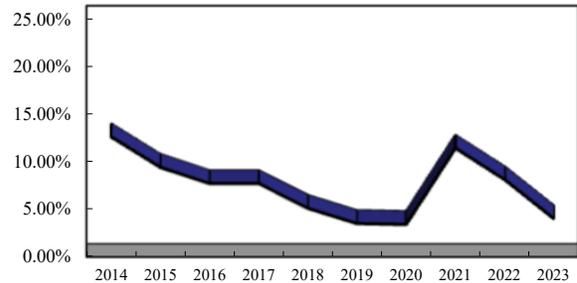
■ City Population as a % of County Population



■ Total Personal Income



◆ Per Capita Personal Income



■ Unemployment Rate (%)

| Fiscal Year | City Population | Total Personal Income | Per Capita Personal Income | Unemployment Rate (%) | Contra Costa County Population | City Population % of County |
|--------------------|------------------------|------------------------------|-----------------------------------|------------------------------|---------------------------------------|------------------------------------|
| 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% |
| 2023 | 31,301 | 768,975,000 | 24,567 | 4.0% | 1,144,040 | 2.74% |

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

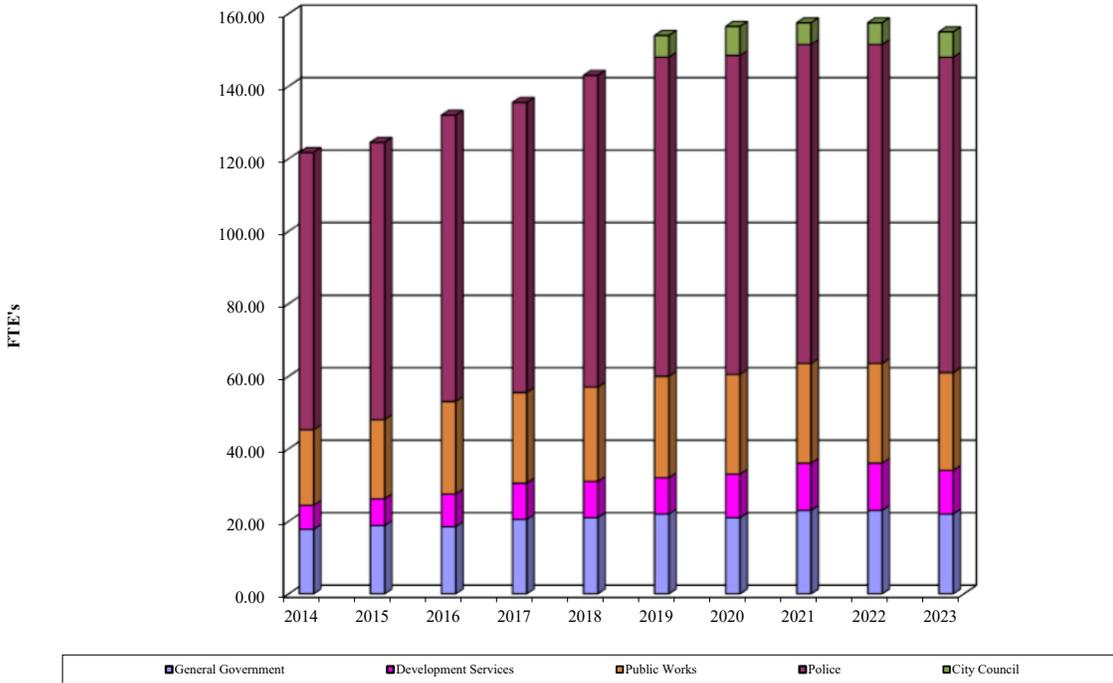
CITY OF SAN PABLO
Principal Employers
Current Year and Nine Years Ago

| Employer | 2022-2023 | | | 2013-2014 | | |
|--|----------------------------|-------------|--|----------------------------|-------------|--|
| | Number of Employees | Rank | Percentage of Total City Employment | Number of Employees | Rank | Percentage of Total City Employment |
| Contra Costa College* | 743 | 1 | 5.5% | 768 | 2 | 5.4% |
| San Pablo Casino | 421 | 2 | 3.1% | 489 | 3 | 3.5% |
| West Contra Costa Unified School District | 305 | 3 | 2.3% | | | |
| Las Mantanas Supermarket | 253 | 4 | 1.9% | 91 | 10 | 0.6% |
| Brookside San Pablo Health Center | 207 | 5 | 1.5% | | | |
| Vale Health Care Center | 188 | 6 | 1.4% | 169 | 5 | 1.2% |
| West County Health Center | 180 | 7 | 1.3% | 120 | 8 | 0.9% |
| City of San Pablo | 179 | 8 | 1.3% | 216 | 4 | 1.5% |
| San Pablo Health Care and Wellness Center | 130 | 9 | 1.0% | 153 | 6 | 1.1% |
| Creekside Health Care Center | 96 | 10 | 0.7% | 127 | 7 | 0.9% |
| Food Maxx | | | | 99 | 9 | 0.7% |
| Doctor's Medical Center* Closed 04/21/2015 | | | | 994 | 1 | 7.0% |
| Subtotal | <u>2,702</u> | | <u>20.2%</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



| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| Function | | | | | | | | | | |
| General Government | 17.80 | 18.80 | 18.50 | 20.50 | 21.00 | 22.00 | 21.00 | 23.00 | 23.00 | 22.00 * |
| Development Services | 6.60 | 7.40 | 9.00 | 10.00 | 10.00 | 10.00 | 12.00 | 13.00 | 13.00 | 12.00 * |
| Community Services | 35.15 | 33.85 | 42.40 | 40.50 | 41.30 | 42.80 | 42.30 | 43.30 | 43.30 | 43.00 * |
| Public Works | 20.80 | 21.80 | 25.50 | 25.00 | 26.00 | 28.00 | 27.50 | 27.50 | 27.50 | 27.00 |
| Police | 76.50 | 76.50 | 79.00 | 80.00 | 86.00 | 88.00 | 88.00 | 88.00 | 88.00 | 87.00 |
| Total City | 156.85 | 158.35 | 174.40 | 176.00 | 184.30 | 190.80 | 190.80 | 194.80 | 194.80 | 191.00 |
| City Council | | | | | | 6.00 | 8.00 | 6.00 | 6.00 | 7.00 |
| Grand Total | | | | | | 196.80 | 198.80 | 200.80 | 200.80 | 198.00 |

* 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

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|--------|--------|--------|--------|--------|--------|----------|----------|----------|----------|
| Function/Program | | | | | | | | | | |
| Police: (calendar year) | | | | | | | | | | |
| Police calls for Service | 35,242 | 23,239 | 28,985 | 22,981 | 22,718 | 30,707 | 36,947 | 32,725 | 30,579 | 33,011 |
| Crime Reports | 5,695 | 3,857 | 3,116 | 3,467 | 3,961 | 4,840 | 4,989 | 4,000 | 3,914 | 4,316 |
| Law violations: | | | | | | | | | | |
| Major crimes: homicides/rape | 10 | 12 | 17 | 6 | 10 | 17 | 17 | 18 | 7 | 8 |
| Other major crimes: robbery/larceny/burglary | 799 | 522 | | 565 | 630 | 558 | 706 | 570 | 184 | 591 |
| Arrests | 2,008 | 1,444 | 1,862 | 1,243 | 1,434 | 1,847 | 1,716 | 1,085 | 1,316 | 1,443 |
| Traffic collisions | 354 | 123 | 324 | 234 | 239 | 407 | 437 | 297 | 270 | 230 |
| Traffic citations | 2,687 | 1,663 | 1,813 | 828 | 855 | 2,971 | 1,315 | 365 | 1,351 | 1,590 |
| Public Works: | | | | | | | | | | |
| Street resurfacing (miles) | 3 | 2.4 | 1.5 | | 1.4 | 1.4 | 91.0 | 0.9 | 0.0 | 0.0 |
| Potholes repaired (square miles) | 0.81 | 0.53 | 2.47 | 2.89 | 0.005 | 0.005 | 0.005 | 0.000002 | 0.000021 | 0.000026 |
| Street Sweeping (miles) | 3,130 | 2,813 | 2,813 | 3,336 | 6,489 | 6,489 | 6,025 | 6,025 | 6,025 | 6,025 |
| Volume of material removed (cubic yards) | 822 | 735 | 891 | 1,060 | 1,185 | 1,185 | 1,100.26 | 1,185 | 1,185 | 1,416 |
| Storm Drains: | | | | | | | | | | |
| Catch basins cleaned | 349 | 499 | 271 | 111 | 292 | 292 | 525 | 414 | 764 | 859 |
| Volume of material removed (cubic yards) | 22.31 | 107.00 | 147.95 | 4.28 | 57.11 | 57.11 | 9.00 | 20.00 | 29.00 | 5.78 |
| Community Development: | | | | | | | | | | |
| Community Services: | | | | | | | | | | |
| Recreation class participants | 4,107 | 7,437 | 9,433 | 9,568 | 5,128 | 7,939 | 1,775 | 638 | 2,802 | 3,373 |
| Senior meals served | 17,519 | 16,946 | 18,366 | 16,855 | 15,800 | 12,493 | 41,877 | 36,982 | 14,960 | 11,637 |
| Rentals of Maple Hall | 119 | 106 | 298 | 380 | 435 | 809 | 0 | 156 | 346 | 352 |
| Rentals - Other Facilities | 37 | 54 | 79 | 115 | 5,698 | 6,313 | 1,578 | 1,975 | 1,451 | 4,281 |
| Education: | | | | | | | | | | |
| Enrollment: | | | | | | | | | | |
| Elementary schools (6) | 2,973 | 2,993 | 2,697 | 2,627 | 2,640 | 2,526 | 2,309 | 2,121 | 1,941 | 2,341 |
| Middle Schools (1) | 1,040 | 964 | 999 | 1,011 | 997 | 864 | 773 | 648 | 646 | 591 |
| High Schools (1) | 400 | 400 | 400 | 400 | 400 | 1,005 | 950 | 1,056 | 747 | 1,712 |

Source: Various City Departments

Notes:

N/A denotes information not available.

CITY OF SAN PABLO
Capital Asset Statistics by Function/Program

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Function/Program | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Police stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Police patrol units | 19 | 18 | 17 | 14 | 23 | 55 | 21 | 21 | 21 | 25 |
| Community Resources: | | | | | | | | | | |
| Miles of streets | 48 | 48 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 |
| Street lights | 182 | 182 | 192 | 192 | 243 | 243 | 243 | 347 | 347 | 347 |
| Traffic Signals | 25 | 25 | 27 | 29 | 29 | 29 | 29 | 29 | 29 | 29 |
| Roadway Landscaping: | | | | | | | | | | |
| Landscaped median acreage | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Street trees | 840 | 840 | 840 | 840 | 840 | 860 | 860 | 860 | 860 | 865 |
| Community Recreation: | | | | | | | | | | |
| Community services: | | | | | | | | | | |
| City parks | 7 | 8 | 8 | 8 | 8 | 8 | 8 | 7 | 7 | 1 |
| City parks acreage | 19 | 23.2 | 23.2 | 23.2 | 23.2 | 23.2 | 23.2 | 19.2 | 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 | 2 | 2 | 2 |
| City trails miles | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 |
| Community centers | 2 | 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 | 2 | 2 | 2 |
| Soccer/football fields | 6 | 9 | 9 | 9 | 9 | 9 | 9 | 6 | 6 | 6 |
| Wastewater (1) | | | | | | | | | | |
| Miles of storm drains | 17 | 17 | 17 | 17 | 17 | 20 | 17 | 17 | 17 | 17 |

Source: Various City Departments

Notes:

(1) Wastewater services are provided by Contra Costa County



CITY^{OF} SAN PABLO

City of New Directions