



City of San Leandro

Meeting Date: February 3, 2014

Staff Report

File Number: 13-633

Agenda Section: ACTION ITEMS

Agenda Number: 10.A.

TO: City Council

FROM: Chris Zapata
City Manager

BY: David Baum
Finance Director

FINANCE REVIEW: David Baum
Finance Director

TITLE: Staff Report for Resolution Approving the Comprehensive Annual Financial Report (CAFR) for the Year Ending June 30, 2013

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council accept the CAFR for fiscal year ended June 30, 2013.

BACKGROUND

The City's independent auditor, Maze & Associates, has completed the audit of the City's financial statements and provided their auditor's reports for the year ended June 30, 2013. The Finance Department prepared the City's financial statements as part of its CAFR for the year ended June 30, 2013. The Government Accounting Standards Board (GASB) recommends the elements for the CAFR format. The CAFR and the related financial statements fully disclose the financial condition of the City, Successor Agency to the Redevelopment Agency, and other reporting units of the City.

Other financial statements for the year ended June 30, 2013 are reviewed and prepared by the City's external auditor:

1. Alameda County Transportation Authority- Measure B Funds
2. Redevelopment Agency of San Leandro (Component Unit Report)
3. Transportation Development Act Article III Fund
4. Appropriations Limit Schedule and Independent Accountant's Report
5. Single Audit of Federal Grant Expenditures in accordance with U.S. Office of Management and Budget Circular A-133

The primary report, the CAFR, contains three sections. The first is the introductory section, which provides general information on the City's structure, personnel, economic condition, and finances. The financial section includes the independent auditor's report, the general-purpose financial statements and related notes, and supplementary information.

Finally, the statistical section includes pertinent financial and non-financial demographic data.

The format of the CAFR is designed to serve the needs of three primary users. CAFR information serves the City Council and other governmental oversight bodies, the public, and agencies assessing the City's creditworthiness.

DISCUSSION

The City's independent auditor completed audits of the City's financial statements and the other reports stated earlier. The audits found no exception to conformance with generally accepted accounting standards, the Government Auditing Standards issued by the Comptroller of the United States, or the U.S. Office of Management and Budget Circular A-133 for state and local governments.

Maze found the general-purpose financial statements present fairly, in all material ways, the City's financial position as of June 30, 2013. The audited financial statements include the statement of net assets; statements of activities and changes in net assets; balance sheets; statements of revenues, expenditures, and changes in fund balances; and statements of cash flows.

The CAFR has been prepared in accordance with generally accepted accounting principles (GAAP). The GASB established this framework for the financial reports of state and local governments. Important financial statement changes highlighted in the CAFR Management Discussion and Analysis include:

- The net assets of the City exceeded its liabilities at fiscal year ending June 30, 2012 by \$325 million. Of this amount, \$252 million was invested in capital assets, net of related debt. The balance was restricted for capital projects totaling \$4 million, \$0.8 million is restricted for debt service and other projects, and \$19.3 million is unrestricted.
- The City's total net position decreased by \$5.8 million; representing a \$9.9 million decrease in Governmental and a \$4.1 million increase in Business type activities. The net assets decrease was largely due to the annual depreciation of assets.
- The City's Governmental revenues decreased by \$25.9 million largely due to the prior year extraordinary, one-time revenue from the former Redevelopment Agency dissolution in the amount of \$21 million, wherein these funds were recorded in the City's "private purpose trust fund" on February 1, 2012.
- Sales tax which increased by \$2.2 million. In addition, charges for services increased by \$1.5 million primarily due to the increase in building permits for community improvements which includes the new permit for Preferred Freezer with 247,462 square feet freezer storage.

The City's business-type activities include the Water Pollution Control Plant, Shoreline, Storm Water Utility and Environmental Services. The net position increased by \$4.1 million from the prior fiscal year due to the continuation of the plant expansion thus increasing in capital assets with new machinery and equipment.

The City has once again received an unqualified "clean" opinion which is the highest level of assurance that can be rendered by the auditors. This opinion assures that the City's financial

statements are in conformity with accounting principles generally accepted in the United States and has been rendered on all of the City's funds, including the Successor Agency to the Redevelopment Agency of the City of San Leandro.

The City Council should note that the City was awarded the Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2012 by the Government Finance Officers Association of the United States and Canada (GFOA). Staff has submitted this year's CAFR for the award and believes that the 2012-13 CAFR continues to meet the stringent standards of the GFOA Awards program.

Staff recommends that the City Council accept the Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2013.

ATTACHMENT

Attachment to Related Resolution

- CAFR

PREPARED BY: David Baum, Finance Director, Finance



City of San Leandro

Meeting Date: February 3, 2014

Resolution - Council

File Number: 13-634

Agenda Section: ACTION ITEMS

Agenda Number:

TO: City Council

FROM: Chris Zapata
City Manager

BY: David Baum
Finance Director

FINANCE REVIEW: David Baum
Finance Director

TITLE: RESOLUTION Approving and Confirming the Comprehensive Annual Financial Report (CAFR) for the Year Ending June 30, 2013 (reviews the report on financial transactions of the City and on disclosure of significant information regarding the City's operations, assets, and liabilities)

The City Council of the City of San Leandro does RESOLVE as follows:

That the Fiscal Year 2012-13 Comprehensive Annual Financial Report for the year ended June 30, 2013 is hereby approved, a copy of which is attached hereto and incorporated herein by reference.

CITY OF SAN LEANDRO • CALIFORNIA

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2013



*Creating
Great Places*



CITY OF SAN LEANDRO, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013



PREPARED BY: City of San Leandro – Finance Department
David Baum, Finance Director



City of San Leandro
Comprehensive Annual Financial Report
For the year ended June 30, 2013

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City of San Leandro

Civic Center, 835 E. 14th Street
San Leandro, California 94577



December 30, 2013

Honorable Mayor and Members of the City Council
City of San Leandro
San Leandro, CA 94577

Dear Mayor and Members of the City Council:

It is a pleasure to submit for your consideration the City of San Leandro's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of my knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's Charter requires an annual audit by an independent audit firm selected by the City Council of the books of account and financial records and reports of the City and that the City publish a complete set of audited financial statements after the close of each fiscal year. This report is published to fulfill this requirement for the fiscal year ended June 30, 2013.

This report presents management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the costs of internal controls should not outweigh the benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Maze & Associates, a public accounting firm fully licensed and qualified to perform audits of local governments within California, has audited the City's basic financial statements. The goal of the independent audit is to provide reasonable assurance that the basic financial statements for the fiscal year ended June 30, 2013 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's basic financial statements for the fiscal year ended June 30, 2013 are fairly presented in

conformity with accounting principles generally accepted in the United States. The independent auditor's report is presented as the first component of the financial section of this report.

In addition to the annual financial audit, the City provides for a federally mandated Single Audit designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report on the audited government's internal controls and compliance with legal requirements, with special emphasis on the administration of Federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). The MD&A compliments this letter of transmittal and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the CAFR.

CITY PROFILE

The City of San Leandro was incorporated in 1872 and is one of the oldest communities in the San Francisco Bay Area. The City occupies fifteen square miles between the cities of Oakland and Hayward and is bordered on the west by the San Francisco Bay. San Leandro offers its approximately 86,053 residents the quiet charm and character of a community that has been established for more than 140 years. Once an agricultural community, the City has been successful in attracting significant industrial, manufacturing and retail development to the area.

City Structure

The City functions under a Mayor-Council-Manager form of government and is governed by a seven-member council elected by City residents. Municipal services provided include public safety, streets and roads, recreation and cultural services, library, health services, public infrastructure improvements, planning and zoning, and general administrative services. The scope of the City Council's power and influence includes, but is not limited to the following:

- The authority to establish and modify operating and capital budgets
- The power to appoint voting members to other governing authorities
- The power to appoint the City Manager and City Attorney
- The ability to plan and direct operations
- The authority to veto, modify, and overrule decisions

Another significant example of control is the nature of financial interdependency between the various City funds. Manifestations of financial interdependency include taking responsibility for financing deficits, being entitled to operating surpluses, and giving implied guarantees (moral responsibility) for debt obligations.

Component Units

As of June 30, 2013, there were no discretely reportable component units. The City's blended component units include operations of the San Leandro Parking Authority, the San Leandro Public Financing Authority, and the San Leandro Economic Development Agency.

The CAFR for the year ending June 30, 2013 provides a financial account of those activities, organizational elements, and City functions for which the City Council provides policy direction and general oversight. It presents financial information on the activities of the City itself and the component units of the City upon which the City Council is authorized to impose its will. The operating nature of the City's component units determines how they are reported in the financial statements. The activities of component units that provide financial benefit or create financial burden for the City are blended within the City's general financial statements. Component units that have no discernable financial impact upon the City are presented separately.

ECONOMIC CONDITION OF THE CITY

The City of San Leandro has a diverse and strong economy, with its business community comprised of varied businesses ranging from neighborhood coffee houses and fine restaurants, large food processing centers, and regional shopping opportunities, to cutting edge technology. While the economic base has dramatically changed from its agricultural early years, San Leandro continues to expand on its sound business base with the ongoing development of such projects as a new downtown parking structure, a multi-family housing development, a new regional hospital, and the continuing revitalization of downtown San Leandro.

The recession resulting from the global financial and credit market meltdown in late 2008 has had a direct and dramatic impact on the City's local revenues. However, recent data indicate partial recovery, median home prices are \$400,000, 25% more than the median price in 2012. The unemployment rate has now dropped to 7.4%.

The City's General Fund supports many of the City's key services, such as public safety, library and parks and recreation. Revenue to this critical fund, generated largely from sales and property taxes, has started to rebound to levels not seen since 2006-07. Lower mortgage rates have spurred investment in housing. The improving housing market, which represents 63% of the City's tax roll, resulted in a 4.9% increase in assessed value for Fiscal year 2012-13. Lower interest rates have also boosted purchases of large ticket items, such as automobiles and home improvements, which boosted sales tax revenue by 9% in the City. With the passage of Measure Z (0.25% sales tax increase) effective January 1, 2011, the extra quarter cent sales tax added \$4.3 million sales tax revenue in the fiscal year.

City operations are also supported by other funds, including enterprise funds. Key enterprise funds include the Water Pollution Control Plant and Shoreline Enterprise Funds. Both of these funds have seen revenues slightly improving over the last year. The Water Pollution Control Plant Enterprise fund was established to account for the City's sewers, which protect public health and preserve water quality through collection, treatment, and disposal of the community's wastewater and wastewater solids. Program revenues to this fund in 2012-13 totaled \$11.3 million, a 1% increase from the prior

year. The Shoreline Enterprise Fund was established in 2002-03 and combined the Marina Enterprise and the Golf Course Enterprise Funds. Program revenues to this fund in 2012-13 totaled \$1.8 million, a 6% decrease from the prior year.

While the City has implemented considerable expenditure/service reductions to balance its budget, it continues to face increased operating costs. For example, the City's contribution rates for employee pensions continue to rise due to prior portfolio losses and a change in actuarial assumptions by CalPERS, with additional increases projected in future years. The City has offset some of these increases with staff reductions in recent years, and will be working with employee groups over the next couple of years to address this growing cost. Partially mitigating the double digit increases in annual CalPERS funding is the refinancing of a Police pension fund unfunded liability through lower interest cost bonds and loans totaling \$24 million guaranteed by the General Fund, which were completed in 2011-12.

The State of California is forecasting a balanced budget over the next 18 months. The State's savings and borrowings from special funds, property tax shifts, restructuring of the state-local government relationship that shifts funding responsibility to local government for certain services results in a shift of cost being transferred to cities and counties. State lawmakers' dissolution of redevelopment agencies eliminates funding for redeveloping, improving and revitalizing project and blighted areas in the city. Passage of Prop 30 in November 2012 will generate additional tax revenue for the State to mitigate recent deficits. Local governments remain alert about how the State will balance its budget and how it might impact local government.

Long-term perspective

The City adopts an annual budget, but employs long-term planning as the framework for its fiscal decisions. While San Leandro's underlying economy is viewed as positive in the long-term, today's economic challenges, notably in the General Fund, must be dealt with now to ensure long-term fiscal stability. The City Council has implemented various cost cutting measures after operating expenditures peaked in 2008-09 to produce recurring budget savings. Such actions result in unwanted, but unavoidable reductions in service to the community. To help buffer the immediate impacts of additional service reductions, the City has used some of its one-time reserves.

City Council unassigned reserves, total \$14.8 million in the General Fund at June 30, 2013. The reserve balance is comprised of \$5 million for Major Emergencies, \$4.9 million for Economic Uncertainty, \$4.4 million from other unassigned balance, and \$466,834 for compensated absences. It is anticipated that in FY 2013-14, the City will continue to rebuild its reserve balance.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

In its role of providing policy direction and general oversight, the City Council establishes major goals for City service delivery. These goals are identified and quantified in the City's annual budget. The City can boast of an impressive list of major initiatives and accomplishments during 2012-13 that helped achieve the City's mission of serving the public and enhancing the quality of life in San Leandro. Some of these major initiatives and accomplishments include:

Capital Improvements

Lit San Leandro Fiber Loop The City is working with OSISOFT, a local software company, to license a 10 mile loop of City conduit to install fiber optic cable. The loop will provide high-speed internet connectivity data communications for businesses that opt to tie in to the system. The City applied for and received a \$2 million EDA grant to augment this project during the past year.

Water Pollution Control Plant A \$50 million expansion is underway to upgrade the Plant, which was constructed in 1939. Scheduled date of completion is July 2014.

Streets and Road Projects As part of the City's overall Pavement Management strategy, the rehabilitation of city streets through the construction of overlay, pothole repairs, and various street resurfacing treatments, continue to improve the streets and roads that enhances the City's road quality and durability.

Downtown Parking Garage Key to development plans for the downtown is a four story parking garage. A November grand opening in November culminated the construction of the 384 space, LEED certified, four-story parking garage. The new garage will replace an outdated Estudillo garage and is scheduled to install a parking revenue system in early 2013. The garage, which is funded with redevelopment tax increment dollars and constructed by Webcor Builders, is a critical component of the City's award winning Transit Oriented Development (TOD) strategy. Centralized parking encourages downtown retail patrons to park once, walk to multiple destinations and promotes the downtown. The added capacity from the new garage will also facilitate additional mixed use development.

San Leandro Kaiser Medical Center, Phase I The initial phase of development consists of a replacement for the existing Kaiser Permanente Hayward hospital with a new San Leandro Kaiser Medical Center. Phase 1 of the Medical Center is under construction and includes a 436,000 square foot, six-story hospital containing up to 264 licensed beds, a 275,000 square foot support building, a central utility plant, and 2,100 surface parking. Construction of the new hospital began in 2010 and will generate 3,000 new construction jobs. The hospital is expected to open in 2014. When complete, the state-of-the-art hospital will include ten operating rooms, 24-hour emergency services with forty treatment rooms, and a newborn intensive care nursery. A medical office building will house 116 offices for primary care and specialty physicians, an outpatient procedure suite with six rooms, a pharmacy, a laboratory, and radiology services. This is the largest development project in San Leandro's history.

COUNCIL FINANCIAL POLICIES

Over the years, the San Leandro City Council has followed a series of Financial Values that provide guidance to budget administration, capital financing and debt management - which are also used to guide the budget process. In addition, the City Council adopted, by resolution, specific budget administration guidelines which set out guidance for fund balance designations and reserves management.

The budget administration guidelines recommend sufficient fund balance to provide for: a) Economic uncertainties, local disasters, and other financial hardships or downturns in the local or national economy, b) contingencies for unforeseen operating or capital needs and c) cash flow requirements. Further, the guidelines call for such designated fund balances to be at least 20% of General Fund operating expenditures (budgeted expenditures for the following year). Consequently, based on the General Fund's budgeted operating expenditures for 2013-14 the guideline requirement is approximately \$16 million.

Even during these difficult economic times, the unassigned fund balance reported in the accompanying financial statements is a step toward meeting these guidelines. For example, the 2011-12 financial statements reflect Council designations that total \$14.8 million. While these designations do not fully meet the guideline amount of \$16 million, the unassigned fund balance does represent substantial progress.

FINANCIAL INFORMATION

City Budget & Budgetary Controls

The City Council is required to adopt a final budget through the passage of a resolution no later than June 30, the close of the fiscal year, following a public hearing process conducted to obtain taxpayer comments. This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, function (e.g., public safety) and department (e.g., police). The legal level of budgetary control is at the fund level. The City Manager is authorized to transfer budgeted amounts between departments and line items within any fund; however, any revisions which alter the total expenditures of any fund must be approved by the City Council. Transfers between funds must be approved by the City Council. At the end of the fiscal year, encumbered appropriations are carried forward and become part of the following year's budget while appropriations that have not been encumbered lapse, unless otherwise authorized by the City Council and the City Manager.

Accounting System

The City's accounting records for general government operations are maintained on a modified accrual basis, with the revenues being recorded when measurable and available. Expenditures are recorded when the services or goods are received and the liabilities incurred. Accounting records for the City's proprietary activities are maintained on the full accrual basis, with revenues recorded when earned and expenses when incurred. In maintaining the City's accounting system, consideration is given to the adequacy of internal controls. Internal controls are designed to provide reasonable assurance regarding the safeguarding of assets and to ensure the reliability of financial records and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived. The evaluation of costs and benefits requires continuing estimates and judgments by City management. We believe that the City's system of internal accounting controls continues to adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded.

Risk Management

The City maintains a program of commercial insurance combined with self-insurance for substantially all of its governmental operations, except for major construction projects and contractor-supplied services. In such circumstances, insurance to protect the City is provided by each contractor. The City is a member of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX). The City is also a member of California Joint Powers Risk Management Authority (CJPRMA), which provides annual general liability coverage in an aggregate up to \$40 million. Additional information on the City's risk management activity can be found in the notes to the financial statements.

OTHER INFORMATION

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 Leandro for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the 17th consecutive year that the City of San Leandro has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

This CAFR represents the culmination of numerous hours of hard work expended by the dedicated staff in the Accounting Division of the Finance Department. In particular, I would like to express appreciation to Carla Rodriguez, Christine Galvin, Robert Topete, and Sally Perez whose support and dedication made the report possible. Furthermore, I would like to thank Maze & Associates for their professional assistance and cooperation.

Finally, I want to thank Chris Zapata, City Manager, and the City Council for their continued interest and support in planning and conducting the City's financial operations.

Respectfully submitted,



David Baum
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**The City of San Leandro
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

PRINCIPAL OFFICERS
CITY OF SAN LEANDRO
For Fiscal Year Ended June 30, 2013

CITY COUNCIL

Mayor	Stephen H. Cassidy
Vice Mayor	Jim Prola
Councilmember	Pauline Russo Cutter
Councilmember	Michael J. Gregory
Councilmember	Benny Lee
Councilmember	Diana M. Souza
Councilmember	Ursula Reed

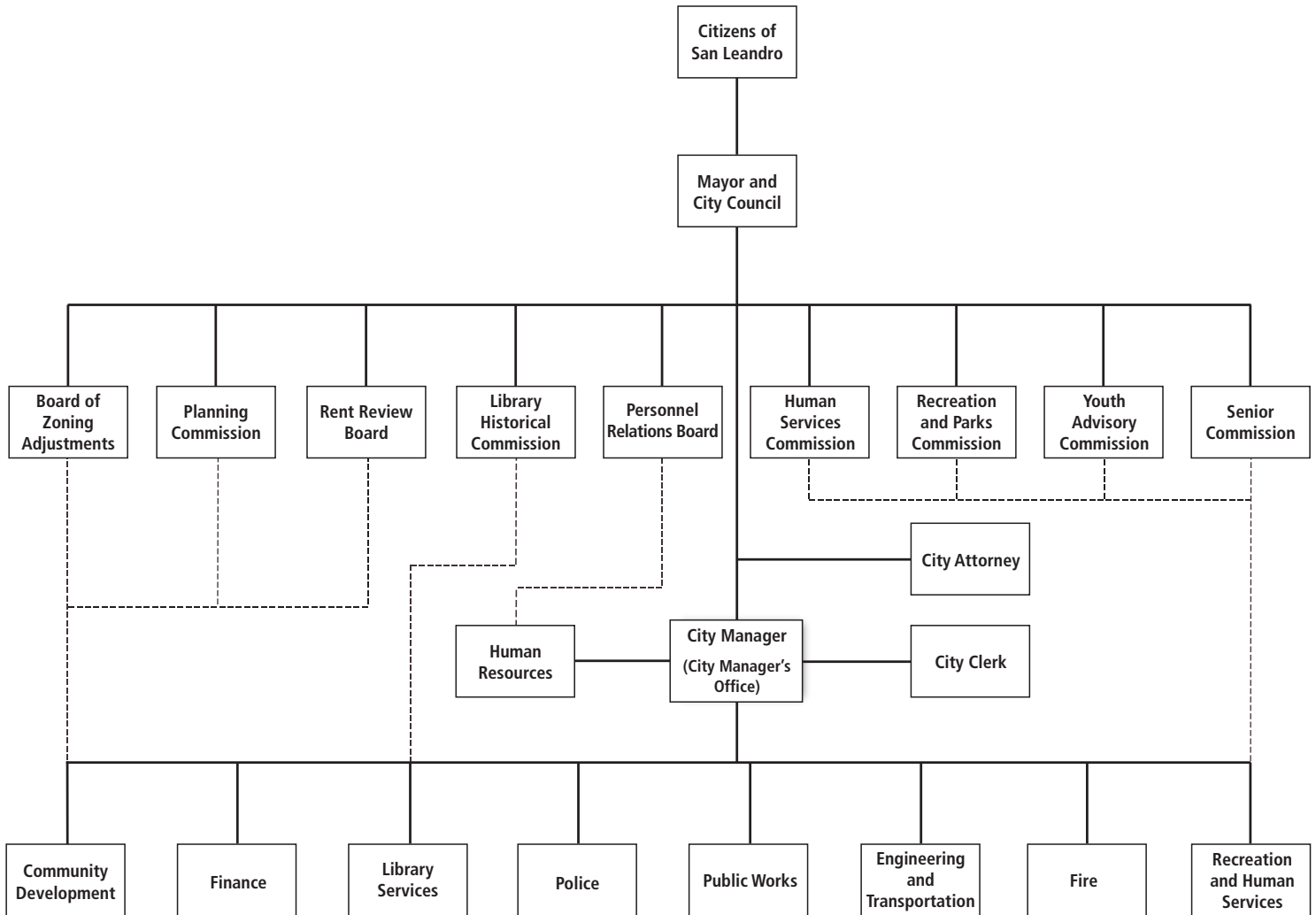
COUNCIL APPOINTEES

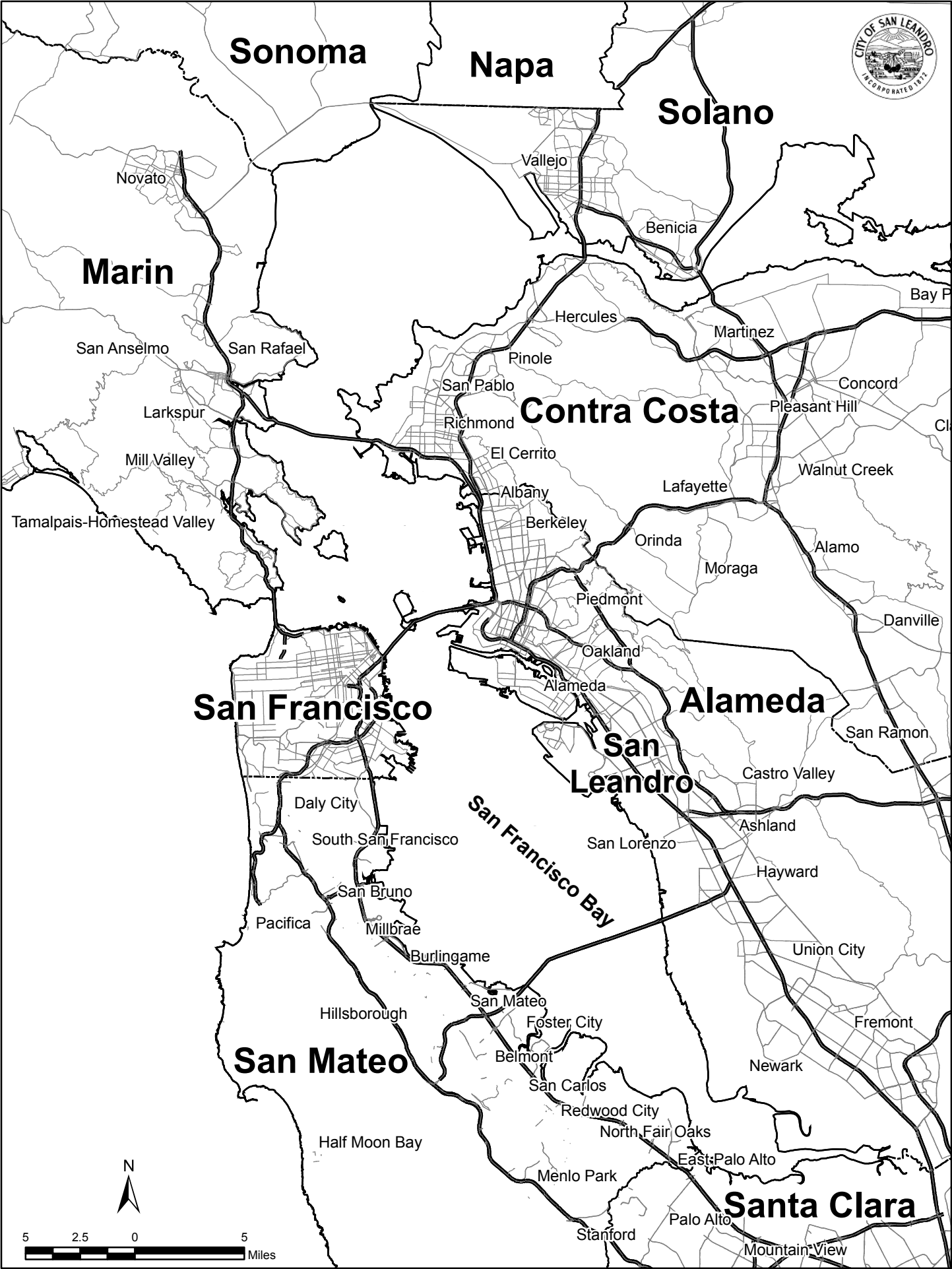
City Manager	Chris Zapata
City Attorney	Richard Pio Roda

APPOINTED OFFICIALS

Assistant City Manager	Lianne Marshall
City Clerk	Marian Handa
Police Chief	Sandra R. Spagnoli
Community Development Director	Cynthia Battenberg
Finance Director	David Baum
Recreation and Human Services Director	Carolyn Knudtson
Engineering – Transportation Director	Uchenna Udemezue
Public Works Services Director	Debbie Pollart

This organizational chart reflects relationships between policy-making responsibility (Mayor, City Council, and Advisory Boards and Commissions) and administrative officers and departments.







INDEPENDENT AUDITOR'S REPORT

To the City Council
City of San Leandro, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Leandro (City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Leandro as of June 30, 2013 and the results of its operations and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 10E, net positions as of July 1, 2012, for the Government-Wide Statement of Activities and Fiduciary Private-purpose Trust Fund were restated and reduced by \$24,475,910 and \$969,906, respectively.

Management adopted the provisions of the following Governmental Accounting Standards Board Statement 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which became effective during the year ended June 30, 2013 and required certain nomenclature changes to the financial statements.

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Kare & Associates

Pleasant Hill, California
December 13, 2013



CITY OF SAN LEANDRO, CALIFORNIA
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

The Management's Discussion and Analysis (MD&A) provides an overview of the City of San Leandro's activities and financial performance for the fiscal year ended June 30, 2013. To obtain a complete picture of the City's financial condition, this document should be read in conjunction with the accompanying Transmittal Letter and Basic Financial Statements.

FINANCIAL HIGHLIGHTS

Information about net position is presented in the summary schedule, below:

- At the close of the most recent fiscal year, the net position of the City exceeded its liabilities at the close of the fiscal year end by \$325.4 million (net position). Of this amount, \$253 million was invested in capital assets. Of the remaining \$72.7 million balance \$24.2 million is restricted for other purposes leaving \$48.5 million unrestricted.
- As of June 30, 2013, the City's total net position decreased by \$5.8 million; representing a \$9.9 million decrease in governmental activities and a \$4.1 million increase in Business Type activities.
- In 2012-13, as required by the Governmental Accounting Standard Board (GASB), governments are obligated to enhance the financial reporting of the fund balance categories. Fund balances are described and presented in Note 10 which details the classifications of the City's new fund balance categories. The City's governmental funds include the general, special revenue, debt service, and capital projects, with a combined ending fund balance of \$41.1 million, a decrease of \$1.1 million from the prior fiscal year. The decrease is primarily due to the loss of the Redevelopment Loan in the amount of \$2.3 million which was accrued as the City disputes the findings and is pursuing litigation.
 - a) Approximately 25% of the amount (\$10.1 million) is Nonspendable because the funds are both legally and contractually required to be maintained and are not available or spendable such as advances and loans to other funds.
 - b) Approximately 42.5% of the amount (\$17.5 million) is Restricted due to the constraints placed on the use of resources or imposed by law through constitutional provisions or enabling legislation. This includes capital projects and debt service payments.
 - c) Approximately 0.5% or \$264,000 is assigned which are General fund encumbrances from prior fiscal year.
 - d) Approximately 32% of the amount (\$13.2 million) is Unassigned and available for spending in the future. These include Compensated Absences, Major Emergencies and Economic Uncertainties and funds that have deficit fund balances.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

Management's Discussion and Analysis gives an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers a broad overview of the City's finances, in a manner similar to statements of a private-sector business. The Statements are comprised of the *Statement of Net Position and Statement of Activities and Changes in Net Position*.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over a period of time, increases or decreases in net position may serve as a useful indicator of changes in the City's financial reporting.

The *Statement of Activities and Changes in Net Position* presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave and other compensated absences).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Both of the above financial statements have separate sections for three different types of programs or activities. These three types of activities are:

Governmental Activities - The activities in this section are mostly supported by taxes and charges for services. The governmental activities of the City include General Government, Public Safety, Engineering & Transportation, Recreation and Culture, Library, and Community Development.

Business-Type Activities – These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business-type activities of the City include the Water Pollution Control Plant, Environmental Services, Shoreline Enterprise, and Storm Water Utility.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial capacity.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The City has twenty-four governmental funds, of which three are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The City's two major funds include - the General Fund and the Affordable Housing Asset Fund. Individual fund data for each of the on-major governmental funds are provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Affordable Housing Asset Fund and all non-major funds. Budgetary comparison statements are elsewhere in this report to demonstrate compliance with the adopted budget.

Proprietary Funds - The City maintains two different types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Water Pollution Control Plant, Shoreline, Storm Water Utility, and Environmental Services. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the fleet of vehicles, building and facilities maintenance, insurance services and information systems. Because these services primarily benefit governmental rather than business-type functions, these are included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, but in great detail. The proprietary fund financial statements provide separate information for the entire City's proprietary funds. Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary financial statements. Individual fund data for the proprietary and internal service funds are provided in the form of combining statements elsewhere in the report.

Fiduciary Funds – Fiduciary funds, consisting solely of trust and agency funds, are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the

government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for these funds is much like that used for governmental funds. These funds are reported in a separate statement of fiduciary assets.

Notes to the Basic Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information. This information includes budgetary comparison schedules, as well as more detailed information about the City's agreement with the California Public Employees Retirement System (CalPERS) for the defined benefit pension plan.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, total assets exceeded liabilities by \$325.4 million at the close of fiscal year 2012-13, a decrease of \$5.8 million.

City of San Leandro
Net Position at June 30, 2013
(in thousands)

	Governmental Activities			Business-Type Activities			Total		
	2013	2012	Amount change	2013	2012	Amount change	2013	2012	Amount change
Current Assets	\$ 62,938	\$ 66,191	\$ (3.3)	24,384	\$ 19,486	\$ 4.9	\$ 87,322	\$ 85,677	\$ 1.6
Non-Current Assets	16,787	14,934	1.9	(1,529)	(1,106)	(0.4)	15,258	13,828	1.4
Capital Assets	271,213	283,137	(11.9)	56,406	39,716	16.7	327,619	322,853	4.8
Total assets	<u>350,938</u>	<u>364,262</u>	<u>(13.3)</u>	<u>79,261</u>	<u>58,096</u>	<u>21.2</u>	<u>430,199</u>	<u>422,358</u>	<u>7.8</u>
Current and other liabilities	16,120	17,868	(1.7)	7,533	4,882	2.7	23,653	22,750	0.9
Long-term liabilities	57,430	59,084	(1.7)	23,746	9,379	14.4	81,176	68,463	12.7
Total liabilities	<u>73,550</u>	<u>76,952</u>	<u>(3.4)</u>	<u>31,279</u>	<u>14,261</u>	<u>17.0</u>	<u>104,829</u>	<u>91,213</u>	<u>13.6</u>
Net position:									
Invested in capital assets, net of related debt	219,702	251,253	(31.6)	32,979	30,737	2.2	252,681	281,990	(29.3)
Restricted	24,162	29,895	(5.7)	-	-	-	24,162	29,895	(5.7)
Unrestricted	33,524	6,162	27.4	15,003	13,097	1.9	48,527	19,259	29.3
Total net position	<u>\$ 277,388</u>	<u>\$ 287,310</u>	<u>(9.9)</u>	<u>\$ 47,982</u>	<u>\$ 43,834</u>	<u>4.1</u>	<u>\$ 325,370</u>	<u>\$ 331,144</u>	<u>\$ (5.8)</u>

By far the largest portion of the City's net position (78%) reflects its investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment), less any outstanding related debt used to acquire those assets. Because the City uses these capital assets to provide services to citizens, these assets are not available for future spending. Although the City investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay must be provided from other sources (future income), since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, 7%, represents resources that are subject to external restriction on how they may be used. The remaining balance of \$48.5 million or 15% represents unrestricted net position which may be used to meet the City's ongoing obligations to citizens and creditors within the restrictions set forth by various funding sources.

Total governmental activities assets decreased by \$9.9 million compared to fiscal year 2011-12 for a combination of reasons. The reduction of \$13.3 million in net capital asset due to the annual depreciation of assets and an increase of \$2.2 million in sales tax are the major contributors to the change in the 2012-13 net position.

The City's total net position for both governmental and business-type activities decreased by \$5.8 million during the current fiscal year. Information about changes in net position is presented in the summary schedule below:

City of San Leandro
Changes in Net Position
Year Ended June 30, 2013
(in thousands)

	Governmental Activities			Business-Type Activities			Total		Amount Change	
	2013	2012	Amount Change	2013	2012	Amount Change	2013	2012		
Revenues										
Program revenues:										
Charges for Services	\$ 13,736	\$ 12,201	1.5	\$ 14,813	\$ 14,896	(0.1)	\$ 28,549	\$ 27,097	1.5	
Operating grants and contributions	5,673	5,585	0.1	-	-	-	5,673	5,585	0.1	
Capital grants and contributions	7,216	11,416	(4.2)	-	-	-	7,216	11,416	(4.2)	
General revenues:										
Property taxes	17,632	22,357	(4.7)	-	-	-	17,632	22,357	(4.7)	
Sales tax	26,305	24,126	2.2	-	-	-	26,305	24,126	2.2	
Franchise Fee	4,444	4,231	0.2	-	-	-	4,444	4,231	0.2	
Utility users Tax	9,888	9,969	(0.1)	-	-	-	9,888	9,969	(0.1)	
Property Transfer Tax	2,956	2,982	(0.0)	-	-	-	2,956	2,982	(0.0)	
911 communication Access Tax	2,723	2,685	0.0	-	-	-	2,723	2,685	0.0	
Motor Vehicle License Fees	44	42	0.0	-	-	-	44	42	0.0	
Other taxes	591	556	0.0	360	323	0.0	951	879	0.1	
Investment Earnings	919	1,099	(0.2)	210	142	0.1	1,129	1,241	(0.1)	
Gain or loss on sale of assets	394	3	0.4	-	(1,290)	1.3	394	(1,287)	1.7	
Extraordinary Items	-	21,123	(21.1)	-	-	-	0	21,123	(21.1)	
Miscellaneous	962	988	(0.0)	208	418	(0.2)	1,170	1,406	(0.2)	
Total Revenues	93,483	119,363	(25.9)	15,591	14,489	1.1	109,074	133,852	(24.8)	
Expenses										
General Government	13,167	10,239	2.9	-	-	-	13,167	10,239	2.9	
Public safety	45,465	68,545	(23.1)	-	-	-	45,465	68,545	(23.1)	
Engineering & Transportation	25,662	23,904	1.8	-	-	-	25,662	23,904	1.8	
Recreation and Culture	11,586	9,894	1.7	-	-	-	11,586	9,894	1.7	
Community Development	4,905	7,682	(2.8)	-	-	-	4,905	7,682	(2.8)	
Interest on Long-Term Debt	2,548	2,318	0.2	-	-	-	2,548	2,318	0.2	
Water Pollution Control	-	-	-	7,500	8,396	(0.9)	7,500	8,396	(0.9)	
Shoreline	-	-	-	1,862	1,848	0.0	1,862	1,848	0.0	
Storm Water Utility	-	-	-	979	920	0.1	979	920	0.1	
Environmental Services	-	-	-	1,175	1,222	(0.0)	1,175	1,222	(0.0)	
Total Expenses	103,333	122,582	(19.2)	11,516	12,386	(0.9)	114,849	134,968	(20.1)	
Excess(deficiency)of revenues over expenses before transfer	(9,850)	(3,219)	(6.6)	4,075	2,103	2.0	(5,775)	(1,116)	(4.7)	
Transfer	(72)	234	(0.3)	72	(234)	0.3	-	-	-	
Increase in net assets	(9,922)	(2,985)	(6.9)	4,147	1,869	2.3	(5,775)	(1,116)	(4.7)	
Beginning net position	287,310	290,295	(3.0)	43,835	41,966	1.9	331,145	332,261	(1.1)	
Ending net position	277,388	287,310	(9.9)	47,982	43,835	4.1	325,370	331,145	(5.8)	

Revenues:

- Property tax shows a decrease of \$4.7 million compared to the 2011-12 fiscal year mainly due to the \$5.3 million loss in Incremental Property Tax from the dissolution of the San Leandro Redevelopment Agency in January 2012. As discussed in the General fund section, property tax increased by \$1.8 million (11.6%) from fiscal year 2011-12.
- Sales tax revenue continues to increase. Compared to the 2011-12 fiscal year, sales tax grew by \$2.2 million (9%) which can be attributed to the continued growth of consumer confidence in the city. Largest sales tax increases came from new and used vehicles and the parts to repair automobiles. However, manufacturing, sales of construction equipment, agricultural equipment and diesel truck engines were contributors as well.
- The overall decrease of \$24.8 million (18.5%) in 2012-13 is largely due to the prior fiscal year extraordinary items accounted for the former Redevelopment Agency dissolution in the amount of \$21 million.
- Charges for services in Governmental activities are primarily fees for recreation, building, fire, planning and engineering. The overall increase of \$1.5 million is mainly due to the increase in building permits for community improvements which includes the new permit for Preferred Freezer with 247,462 square feet freezer storage to be used as a cold storage food warehouse.
- Operating grants, capital grants and contributions include Federal and State grants and other governments and private contributions, including impact fees. Capital grants and contributions were lower by \$4.2 million in 2012-13 for engineering projects.

Program Expenditures:

Overall, expenses, for both governmental and business type activities increased by \$4.4 million compared to the prior fiscal year. Total program expenditures for governmental activities increased by 5% to \$103 million in the current fiscal year. However, expenditures for business type activities decreased by \$871,000 at Water Pollution Control Plant. For each governmental and business-type activity, the total costs are the expenses associated with that activity.

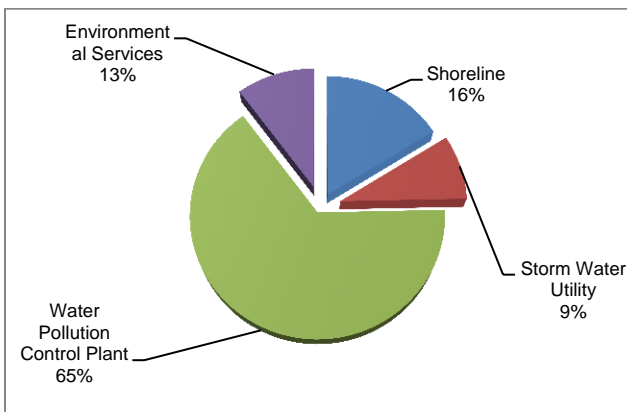
	Change in expense (in thousands)		
	2013	2012	Amount Change
General Government	\$ 13,167	\$ 10,239	\$ 2.93
Public safety	45,465	68,545	(23.08)
Engineering & Transportation	25,662	23,904	1.76
Recreation and Culture	11,586	9,894	1.69
Community Development	4,905	7,682	(2.78)
Interest on Long-Term Debt	2,548	2,318	0.23
Governmental Activities	103,333	122,582	(19.25)
Water Pollution Control	7,500	8,396	\$ (0.90)
Shoreline	1,862	1,848	0.01
Storm Water Utility	979	920	0.06
Environmental Services	1,175	1,222	(0.05)
Business Type Activities	11,516	12,386	(0.87)
Total Expenses	\$ 114,849	\$ 134,968	(20.12)

- General government expenses include City Council, City Clerk, City Manager, City Attorney, Human Resources, Finance, and Information Technology departments. General government expenses increased by \$3.3 million. The City accrued the Successor Agency Plaza loan in the amount of \$2.3 million while the City disputes the finding and continues to pursue litigation. The other increases were due to critical positions that were vacant in fiscal year 2011-12 and were filled as needs arise in promoting new innovation and ideas for the cities future.
- Public Safety expenses for both Police and Fire services decreased by \$23.1 million from the prior fiscal year due to the restatement discussed in Note 10E.
- Community Development expenses include planning, building, housing neighborhood improvements, code enforcement, and economic development decreased by \$3.3 million due to increased business development and housing services that were previously funded by the San Leandro Redevelopment Agency.

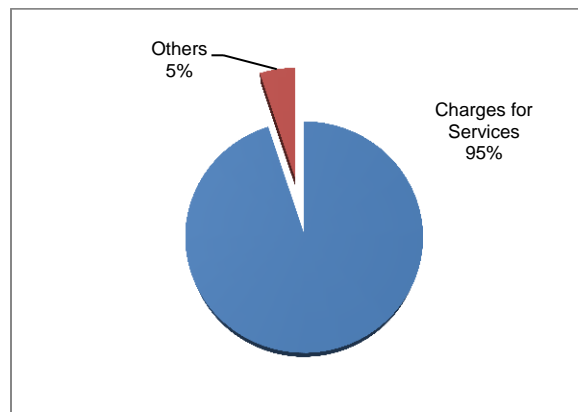
- Engineering and transportation expenses include professional engineering services for traffic and transportation, planning and design, administration and implementation of the City’s capital improvement program and technical support for various public improvements. Engineering and transportation expenses increased by \$1.7 million compared to the prior year due to the increase in capital improvement projects for continued street rehabilitation around downtown BART area and Marina Blvd.
- Recreation and culture expenses cover the operation and maintenance of Library, community centers, pools as well as providing essential connection to people and their needs in the community and meeting the educational, cultural and informational needs of citizens of the City. Cost attributed to this function increased by \$1.69 million from the prior year due to irrigation repairs and improvements at the Marina Park and the construction of a new park restroom.

Business-Type Activities. The City’s business-type activities include the Water Pollution Control Plant, Shoreline, Storm Water Utility and Environmental Services. Business-Type activities net position increased by \$4.1 million from prior fiscal year due the continuation of the Water Pollution Control Plant expansion project funded by a loan from the State Water Resource Control Board.

Expenses by Function - Business-Type Activities



Revenues by Source – Business-Type Activities



FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

Governmental Funds. The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. However, it should be noted that most of the unassigned amounts are designated by the City Council for specific uses.

At the end of fiscal year 2012-13, the City's governmental funds reported combined ending fund balances of \$41 million, a decrease of \$1.1 million in comparison with the prior year. Approximately 24.7% (\$10.1 million) of the fund balance represents Non-Spendable; Restricted fund balance represents 42.5% or \$17.5 million; Assigned fund balance of \$265,000 and 32% or \$13.2 million is Unassigned and is available for spending at the government's discretion, this amount represents the General Fund Reserve balance.

General Fund

The General Fund, by definition, is a major governmental fund and represents all funds not required to be accounted for in other funds. The General Fund accounted for 86.6% of the total governmental revenues and 76.5% of the total expenditures. A number of primary City services are accounted for in the General Fund, including General government, public safety, development services, library and community services, and maintenance services. At the end of fiscal year 2012-13, the unassigned fund balance of the General Fund was \$14.8 million, while the total fund balance was \$25.3 million. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total of fund expenditures. The unassigned fund balance represents 18.5% of total General Fund expenditures of \$80.3 million (including Transfers Out). The unassigned fund balance of \$14.8 million has been designated for the following purposes:

- \$ 5.0 million for major emergencies
- \$4.9 million for economic uncertainty
- \$4.9 million for liquidity

At the end of fiscal year 2012-13 the General Fund ending balance increased by \$829,000 compared to prior fiscal year. General fund revenues increased by \$3.9 million primarily due to the increase of \$1.8 million (11.6%) in property tax plus an increase of \$2.2 million (9%) in sales tax. These increases are good measurements of the economic improvement in the City. Although the General fund revenue for property and other taxes grew from the prior fiscal year, the loss of \$6.5 million in property tax from the previous dissolution of the City of San Leandro Redevelopment Agency reflects a major impact to the City. The expenditures show a decrease of \$17.8 million which is mainly due to the refunding of the Public Safety side fund in the amount of \$18 million from previous fiscal year. However, except for that anomaly, the expenditures for fiscal year 2012-13 had a slight decrease compared to prior fiscal year which demonstrates fiscal responsibility in building back the fund balance of the City.

Affordable Housing Asset Fund - The Affordable Housing Asset Fund was established from the low/moderate housing activities from the former Redevelopment Agency's Low/Moderate Housing Fund. At the end of 2012-13, the restricted fund balance is \$469,000 an increase of \$319,000.

Non-major Governmental Funds - The City's non-major funds are presented in the basic financial statements in the aggregate. At June 30, 2013, non-major funds had a total fund balance of \$15.3 million of which all are legally restricted for specific purposes by external funding. More information about these aggregate non-major funds can be found in the combining statements immediately following the required supplementary information.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements but in greater detail.

The total net position of the enterprise funds increased by \$4.1 million, mainly reflected in the Water Pollution Control Plant's net income of \$3.8 million. Net position for internal service funds at June 30, 2013 amounted to \$8.4 million, a loss of \$330,000.

Water Pollution Control Plant Enterprise Fund – The Water Pollution Control Plant Enterprise Fund was established to account for the City's sewers, which protect public health and preserve water quality through collection, treatment, and disposal of wastewater and wastewater solids. As of June 30, 2013, the fund's net position totaled nearly \$49 million, an increase of \$3.8 million (8.5%). The Water Pollution Control Plant completed a waste water rate study and increased fees by 5% and the reduction in operating expenditures due to some cost savings measures.

Shoreline Enterprise Fund - The Shoreline Enterprise Fund was established in 2002-03 by combining the Marina Enterprise and the Golf Course Enterprise Funds. The fund accounts for the operation of recreational berthing, food service facilities, and the public golf course. As of June 30, 2013, the fund's net position totaled (\$2.5) million. The deficit has accumulated over many years and includes the transfer of golf course assets in 2003 pursuant to the City's lease with American Golf Company. The deficit will be eliminated over the next several years through cost containment and revenue enhancement.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund had a net increase of General Fund revenues over the final budget projections of about \$4.8 million, largely attributed to the increase in property and sales tax revenues. Current General Fund revenues grew 5% compared to the previous year. Actual revenues received totaled \$80 million, an increase of 6% from the budgeted amount. As previously discussed, the increase in property and sales taxes positively impacted the City's General Fund revenues. The City continues to be fiscally responsible and continues to maintain fiscal sustainability. The expenditures decreased by \$17.8 million which is mainly due to the refunding of the Public Safety side fund in the amount of \$18 million from previous fiscal year. However, except for that anomaly, the expenditures for fiscal year 2012-13 had a slight decrease compared to prior fiscal year which demonstrates fiscal responsibility in building back the fund balance of the city.

Despite an increase in revenues, active management of expenditures allowed the General fund to end the fiscal year with net change of \$829,000 compared to the \$1.2 million loss from the prior fiscal year. Unemployment continues to remain moderately high and adversely impacts the labor market. There is a dynamic improvement in consumer confidence as seen in the increased property and sales tax revenues. There are encouraging developments in the City of San Leandro that paint a colorful picture of economic growth specifically with the new Kaiser Hospital, OSI broadband, and an increase in new industrial companies. It is important for the City to build the reserves that have been utilized in the past for future economic uncertainties.

CITY OF SAN LEANDRO
Summary Analysis of General Fund Budget, Fiscal Year 2012-13
(in thousands)

	Budget Amounts		Actual (budget basis)	Variance with final budget positive/ (negative)
	Adopted	Final		
Revenue				
Property and other taxes	\$ 60,759	\$ 60,759	\$ 64,650	\$ 3,891
Licenses and permits	6,021	6,021	6,015	(6)
Fines and forfeitures	1,240	1,240	1,237	(3)
Service charges	2,661	2,676	2,785	109
Intergovernmental	917	917	966	49
Use of money and property	1,051	1,051	919	(132)
Interdepartment charges	2,002	2,002	2,002	-
Other	447	544	1,414	870
Total Revenues	<u>75,098</u>	<u>75,210</u>	<u>79,988</u>	<u>4,778</u>
Expenditures				
General government	9,945	10,008	12,772	(2,764)
Public safety	44,220	44,475	45,087	(612)
Engineering and transportation	6,753	6,848	6,605	243
Recreation and culture	8,670	8,870	8,410	460
Community development	3,851	4,018	3,493	525
Debt Service:				
Principal	1,343	1,343	998	345
Interest and Fees	1,050	1,050	1,159	(109)
Total Expenditures	<u>75,832</u>	<u>76,612</u>	<u>78,524</u>	<u>(1,912)</u>
Total excess (deficiency of revenues) over expenditures	(734)	(1,402)	1,464	2,866
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(257)	(1,607)	(1,607)	-
Issuance of capital lease	-	-	972	972
Total other financing sources (uses)	<u>(257)</u>	<u>(1,607)</u>	<u>(635)</u>	<u>972</u>
Net change in fund balance	<u>\$ (991)</u>	<u>\$ (3,009)</u>	<u>\$ 829</u>	<u>\$ 3,838</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of June 30, 2013, amounts to \$327 million (net of accumulated depreciation), a slight increase of \$4.7 million. Investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar infrastructure.

Major Capital asset activity during the current fiscal year included the following: Downtown Parking Garage and the Water Pollution Control Plant Expansion Projects.

The following is a summary of the City's capital assets:

City of San Leandro
Capital Assets (net of depreciation)
Year Ended June 30, 2013
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$14,566	\$14,367	\$ 5,234	\$ 5,234	\$ 19,800	\$ 19,601
Construction in progress	10,691	8,326	36,770	22,485	47,461	30,811
Total non-depreciable assets	25,257	22,693	42,004	27,719	67,261	50,412
Depreciable assets (net of depreciation)						
Buildings	53,991	55,469	5,304	4,386	59,295	59,855
Improvements other than buildings	314	375	-	-	314	375
Machinery and equipment	2,686	2,663	5,909	6,097	8,595	8,760
Licensed Vehicles	3,176	2,365	8	11	3,184	2,376
Infrastructure	185,789	199,572	3,181	1,503	188,970	201,075
Total depreciable assets	245,956	260,444	\$14,402	\$11,997	260,358	272,441
Total capital assets	\$ 271,213	\$ 283,137	\$ 56,406	\$ 39,716	\$ 327,619	\$ 322,853

Additional information on the City's capital assets can be found in Note 6 of the notes to the financial statements.

Debt Administration. At the end of the current fiscal year, the City’s total long-term debt outstanding is \$48.9 million, a decrease of \$1.6 million from the prior fiscal year. The net decrease reflects the new lease purchase of the fire truck equipment and refinancing of the 2003 Certificates of participation at the lower interest rate.

Additional information on the City’s long-term debt obligations can be found in Note 7 of the notes to the financial statements.

The following is a summary of the City’s outstanding debt:

City of San Leandro Outstanding Debt Year Ended June 30, 2013 (in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenue bonds and notes (backed by specific tax and fee revenues)	\$ 26,468	\$ 18,305	\$ -	\$ -	\$ 26,468	\$ 18,305
Certificates of participation	19,250	29,515	-	-	19,250	29,515
Other loans	3,218	3,153	23,228	8,979	26,446	12,132
Total	<u>\$ 48,936</u>	<u>\$ 50,973</u>	<u>\$ 23,228</u>	<u>\$ 8,979</u>	<u>\$ 72,164</u>	<u>\$ 59,952</u>

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The economy of the City and major initiative are discussed in the Transmittal Letter located in the Introductory Section of the CAFR.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City’s finances for all of its citizens, taxpayers, customers, investors and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of San Leandro, Finance Department, 835 East 14th Street, San Leandro, CA 94577.

BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS



City of San Leandro
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments (Note 2)	\$ 50,530,754	\$ 20,363,726	\$ 70,894,480
Cash and investments with fiscal agent (Note 2)	146,883	2,278,000	2,424,883
Receivables:			
Property taxes	181,715	-	181,715
Accounts	11,441,606	1,709,010	13,150,616
Interest	161,896	31,237	193,133
Special assessments	98,227	-	98,227
Inventory and prepaid items	125,592	-	125,592
Other assets	251,137	1,871	253,008
Total current assets	62,937,810	24,383,844	87,321,654
Noncurrent assets:			
Loans receivable (Note 3)	13,216,472	-	13,216,472
Internal balances (Note 5)	1,529,165	(1,529,165)	-
Advances to Successor Agency (Note 5)	2,040,768	-	2,040,768
Capital assets (Note 6):			
Non Depreciable	25,257,045	42,004,511	67,261,556
Depreciable	476,025,884	24,753,573	500,779,457
Less accumulated depreciation	(230,069,562)	(10,352,198)	(240,421,760)
Capital assets, net	271,213,367	56,405,886	327,619,253
Total noncurrent assets	287,999,772	54,876,721	342,876,493
Total Assets	350,937,582	79,260,565	430,198,147
LIABILITIES			
Current liabilities:			
Accounts payable and accruals:	9,902,794	4,529,148	14,431,942
Interest payable	257,484	86,320	343,804
Unearned revenue (Note 9):	2,021,854	394,694	2,416,548
Other liabilities:			
Compensated absences payable - due within one year (Note 8)	487,478	45,533	533,011
Claims and judgments payable - due within one year (Note 12)	1,170,645	-	1,170,645
Long-term debt - due within one year (Note 12)	2,279,333	198,842	2,478,175
Total current liabilities	16,119,588	7,532,537	23,652,125
Noncurrent liabilities:			
Deposits	-	57,865	57,865
Compensated absences payable - due in more than one year (Note 8)	2,968,586	460,394	3,428,980
Claims and judgments payable - due in more than one year (Note 12)	5,527,479	-	5,527,479
Net OPEB (Note 15)	2,128,999	-	2,128,999
Long-term debt - due in more than a year (Note 7)	46,804,572	23,227,809	70,032,381
Total noncurrent liabilities	57,429,636	23,746,068	81,175,704
Total Liabilities	73,549,224	31,278,605	104,827,829
NET POSITION (Note 10)			
Net invested in capital assets	219,701,797	32,979,235	252,681,032
Restricted for:			
Capital projects	3,996,299	-	3,996,299
Debt service	832,200	-	832,200
Engineering and transportation	7,949,042	-	7,949,042
Recreation and culture	8,842,705	-	8,842,705
Community Development	1,735,968	-	1,735,968
Public Safety	805,902	-	805,902
Total restricted	24,162,116	-	24,162,116
Unrestricted	33,524,445	15,002,725	48,527,170
Total Net Position	\$ 277,388,358	\$ 47,981,960	\$ 325,370,318

See accompanying Notes to Basic Financial Statements.

City of San Leandro
Statement of Activities
For the year ended June 30, 2013

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Total
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:						
Governmental activities:						
General government	\$ 13,166,855	\$ (281,735)	\$ 6,559,362	\$ -	\$ 877,556	7,436,918
Public safety	45,465,294	-	3,152,910	1,329,436	-	4,482,346
Engineering and transportation	25,662,305	281,735	737,259	1,512,019	4,474,625	6,723,903
Recreation and culture	11,586,223	-	1,679,546	478,973	1,863,933	4,022,452
Community development	4,904,402	-	1,606,679	2,352,501	-	3,959,180
Interest on long-term debt	2,548,119	-	-	-	-	-
Total governmental activities	103,333,198	-	13,735,756	5,672,929	7,216,114	26,624,799
Business-type activities:						
Water Pollution Control Plant	7,499,555	-	11,266,178	-	-	11,266,178
Shoreline	1,861,532	-	1,846,750	-	-	1,846,750
Storm Water Utility	978,816	-	1,086,070	-	-	1,086,070
Environmental Services	1,175,257	-	614,213	-	-	614,213
Total business-type activities	11,515,160	-	14,813,211	-	-	14,813,211
Total primary government	\$ 114,848,358	\$ -	\$ 28,548,967	\$ 5,672,929	\$ 7,216,114	\$ 41,438,010

General revenues:

Taxes:

- Property taxes
- Sales taxes
- Franchise Fees
- Utility Users Tax
- Property Transfer Tax
- 911 Communication Access Tax
- Motor vehicle license fees (unrestricted)
- Other taxes

Total taxes

Investment earnings

Miscellaneous

Gain or loss on sale of assets

Transfers (Note 5)

Total general revenues and transfers

Change in net position

Net position - beginning of year, as restated (Note 10E)

Net position - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (5,448,202)	\$ -	\$ (5,448,202)
(40,982,948)	-	(40,982,948)
(19,220,137)	-	(19,220,137)
(7,563,771)	-	(7,563,771)
(945,222)	-	(945,222)
(2,548,119)	-	(2,548,119)
(76,708,399)	-	(76,708,399)
-	3,766,623	3,766,623
-	(14,782)	(14,782)
-	107,254	107,254
-	(561,044)	(561,044)
-	3,298,051	3,298,051
(76,708,399)	3,298,051	(73,410,348)

17,631,582	-	17,631,582
26,304,583	-	26,304,583
4,444,251	-	4,444,251
9,888,123	-	9,888,123
2,956,419	-	2,956,419
2,723,255	-	2,723,255
44,112	-	44,112
591,016	360,246	951,262
64,583,341	360,246	64,943,587
919,213	209,659	1,128,872
962,356	207,795	1,170,151
393,741	-	393,741
(72,135)	72,135	-
66,786,516	849,835	67,636,351
(9,921,883)	4,147,886	(5,773,997)
287,310,241	43,834,074	331,144,315
\$ 277,388,358	\$ 47,981,960	\$ 325,370,318



FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements



GOVERNMENTAL FUND FINANCIAL STATEMENTS

The General Fund - Accounts for all general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The General Fund accounts for all financial resources of a governmental unit which are not accounted for in other funds.

Affordable Housing Asset Fund - This fund accounts for assets received from affordable housing activities from the former Redevelopment Agency's Low/Moderate Housing Fund and acts as it's Successor Agency.

**City of San Leandro
Governmental Funds
Balance Sheet
June 30, 2013**

	Major Funds			
	General	Affordable Housing Asset Fund	Non-Major Governmental Funds	Total
ASSETS				
Cash and investments (Note 2)	\$ 20,354,040	\$ 466,559	\$ 17,661,756	\$ 38,482,355
Cash and investments with fiscal agent (Note 2)	-	-	146,883	146,883
Receivables:				
Property taxes	181,715	-	-	181,715
Accounts	7,387,685	2,624	221,784	7,612,093
Federal, State, and local grants	-	-	3,244,392	3,244,392
Interest	52,562	854	83,228	136,644
Special Assessment	61,742	-	36,485	98,227
Loans (Note 3)	1,250,139	8,748,892	4,549,484	14,548,515
Due from other funds (Note 5)	2,073,461	-	-	2,073,461
Other assets	10,785	-	239,948	250,733
Advances to other funds (Note 5)	8,106,392	-	-	8,106,392
Advance to Successor Agency (Note 5)	2,040,768	-	-	2,040,768
Total Assets	\$ 41,519,289	\$ 9,218,929	\$ 26,183,960	\$ 76,922,178
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accruals	\$ 8,805,333	\$ 74	\$ 795,391	\$ 9,600,798
Due to other funds (Note 5)	-	-	2,073,461	2,073,461
Advances from other funds (Note 5)	5,577,227	-	1,150,000	6,727,227
Total Liabilities	14,382,560	74	4,018,852	18,401,486
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue - grants receivable	-	-	2,075,328	2,075,328
Unavailable revenue - loans receivable	-	8,748,891	4,789,088	13,537,979
Unavailable revenue - miscellaneous receivables	1,838,450	-	-	1,838,450
Total Deferred Inflow of resources	1,838,450	8,748,891	6,864,416	17,451,757
Fund Balances: (Note 10)				
Nonspendable	\$ 10,147,160	\$ -	\$ -	\$ 10,147,160
Restricted	50,000	469,964	16,947,282	17,467,246
Assigned	264,275	-	-	264,275
Unassigned	14,836,844	-	(1,646,590)	13,190,254
Total Fund Balances (Deficit)	25,298,279	469,964	15,300,692	41,068,935
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 41,519,289	\$ 9,218,929	\$ 26,183,960	\$ 76,922,178

See accompanying Notes to Basic Financial Statements.

City of San Leandro
Reconciliation of the Governmental Funds Balance Sheet
with the Statement of Net Assets
June 30, 2013

Total fund balances reported on the governmental funds balance sheet **\$ 41,068,935**

Amounts reported for Governmental Activities in the Statement of Net Assets are difference from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. 268,287,172

ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-Wide Statement of Net Assets. 8,391,460

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSE

Revenues which are deferred on the Fund Balance Sheet because they are not available currently are taken into revenue in the Statement of Activities, (Net allowance for uncollectable loans \$1,332,043) 12,262,532

LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

NET OPEB Liability	(2,128,999)
Long-term Debt	(49,083,905)
Interest Payable	(257,484)
Compensated absences	(3,226,681)
Recognition of grants receivable	<u>2,075,328</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 277,388,358**

See accompanying Notes to Basic Financial Statements.

City of San Leandro
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2013

	Major Funds			Total
	General	Affordable Housing Asset Fund	Non-Major Governmental Funds	
REVENUES:				
Property and other taxes	\$ 64,650,124	\$ -	\$ 475,440	\$ 65,125,564
Licenses and permits	6,014,499	-	468,403	6,482,902
Fines and forfeitures	1,237,354	-	-	1,237,354
Service charges	2,784,752	-	45,897	2,830,649
Intergovernmental	966,454	-	8,266,666	9,233,120
Use of money and property	918,581	20,321	2,506,202	3,445,104
Interdepartmental charges	2,001,928	-	-	2,001,928
Other	1,414,435	299,954	295,440	2,009,829
Total Revenues	79,988,127	320,275	12,058,048	92,366,450
EXPENDITURES:				
Current:				
General government	12,771,955	-	221,223	12,993,178
Public safety	45,086,614	-	1,351,346	46,437,960
Engineering and transportation	6,605,096	-	7,944,989	14,550,085
Recreation and culture	8,409,590	-	1,864,906	10,274,496
Community development	3,493,089	1,233	816,872	4,311,194
Debt service:				
Principal	998,060	-	578,991	1,577,051
Interest and fees	1,159,417	-	1,446,344	2,605,761
Total Expenditures	78,523,821	1,233	14,224,671	92,749,725
REVENUES OVER (UNDER) EXPENDITURES	1,464,306	319,042	(2,166,623)	(383,275)
OTHER FINANCING SOURCES (USES):				
Transfers in (Note 5)	-	-	577,000	577,000
Transfers (out) (Note 5)	(1,606,599)	-	-	(1,606,599)
Issuance of long-term debt (Note 7)	971,090	-	8,883,000	9,854,090
Payment to escrow agent	-	-	(9,817,009)	(9,817,009)
Premium from issuance of debt	-	-	298,315	298,315
Total Other Financing Sources (Uses)	(635,509)	-	(58,694)	(694,203)
NET CHANGE IN FUND BALANCES	828,797	319,042	(2,225,317)	(1,077,478)
FUND BALANCES:				
Beginning of year	24,469,482	150,922	17,526,009	42,146,413
End of year	\$ 25,298,279	\$ 469,964	\$ 15,300,692	\$ 41,068,935

See accompanying Notes to Basic Financial Statements.

City of San Leandro

Reconciliation of the Net Change in Fund Balances - Total Government Funds with the Statement of Activities For the year ended June 30, 2013

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of 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 Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (1,077,478)

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

CAPITAL ASSET 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.

The capital outlay and other expenditures are therefore added back to fund balance. 5,257,770

Depreciation expense is deducted from the fund balance. The amount excludes the depreciation of \$969,820 (15,731,793)

Net retirements are deducted from fund balance (919,260)

ACCRUAL OF 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):

Unearned Revenue	(241,772)
Long-term debt	1,577,051
Bond discount	(12,383)
Bond premium	393,794
Proceeds for the issuance of debt	(9,854,090)
Premium on the issuance of debt	(298,315)
Issuance of capital lease	9,817,009
Interest payable	36,287
Cost of issuance	(138,134)
Compensated absences	732,018
Net OPEB Liability	(489,974)
Grants receivable	1,117,000

ALLOCATION OF INTERNAL SERVICE ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the new revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

Change in Net Assets - All Internal Service Funds (89,613)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (9,921,883)

See accompanying Notes to Basic Financial Statements.



PROPRIETARY FUND FINANCIAL STATEMENTS

Water Pollution Control Plant - This fund accounts for the City's sewers which protect public health and preserve water quality through the collection, treatment and disposal of the community's wastewater and wastewater solids.

Shoreline - The City operates various recreational facilities which include golf and marina berthing as well as providing food service facilities for the general public in an area connected to the San Francisco Bay.

Internal Service Funds - These funds are used to account for special activities and services performed by a designated City department for other departments on a cost reimbursement basis.

City of San Leandro
Statement of Net Position
Proprietary Funds
June 30, 2013

	Major Enterprise Funds			Total	Governmental
	Water	Non-Major Enterprise Funds	Total		Activities
	Pollution Control Plant				Shoreline
ASSETS					
Current assets:					
Cash and investments (Note 2)	\$ 18,288,317	\$ 385,507	\$ 1,689,902	\$ 20,363,726	\$ 12,048,399
Cash with Fiscal Agent (Note 2)	2,278,000	-	-	2,278,000	-
Receivables:					
Accounts	1,363,850	216,305	128,855	1,709,010	585,121
Interest	35,144	303	(4,210)	31,237	25,252
Other assets	1,452	-	419	1,871	404
Inventory	-	-	-	-	125,592
Total current assets	<u>21,966,763</u>	<u>602,115</u>	<u>1,814,966</u>	<u>24,383,844</u>	<u>12,784,768</u>
Noncurrent assets:					
Advance to other fund (Note 5)	5,577,227			5,577,227	150,000
Capital assets (Note 6):					
Non-Depreciable	38,426,701	3,577,810	-	42,004,511	-
Depreciable	18,975,321	5,778,252	-	24,753,573	12,089,349
Less accumulated depreciation	(7,376,530)	(2,975,668)	-	(10,352,198)	(9,163,154)
Total capital assets, net	<u>50,025,492</u>	<u>6,380,394</u>	<u>-</u>	<u>56,405,886</u>	<u>2,926,195</u>
Total noncurrent assets	<u>55,602,719</u>	<u>6,380,394</u>	<u>-</u>	<u>61,983,113</u>	<u>3,076,195</u>
Total Assets	<u>77,569,482</u>	<u>6,982,509</u>	<u>1,814,966</u>	<u>86,366,957</u>	<u>15,860,963</u>
LIABILITIES					
Current liabilities:					
Accounts payable	4,458,406	30,849	39,893	4,529,148	541,996
Unearned revenue	382,130	-	12,564	394,694	-
Interest payable	-	86,320	-	86,320	-
Other liabilities	2,278,000	-	-	2,278,000	-
Claims and judgments - due in one year (Note 12)	-	-	-	-	1,170,645
Compensated absences - due in one year (Note 8)	24,709	7,728	13,096	45,533	20,645
Notes payable - due in one year (Note 7)	-	198,842	-	198,842	-
Total current liabilities	<u>7,143,245</u>	<u>323,739</u>	<u>65,553</u>	<u>7,532,537</u>	<u>1,733,286</u>
Noncurrent liabilities:					
Deposits payable	3,000	54,865	-	57,865	-
Advances from other funds (Note 5)	-	7,106,392	-	7,106,392	-
Claims and judgments - due in more than one year (Note 12)	-	-	-	-	5,527,479
Compensated absences - due in more than one year (Note 8)	249,835	78,143	132,416	460,394	208,738
Notes Payable - due in more than one year (Note 7)	21,336,055	1,891,754	-	23,227,809	-
Total noncurrent liabilities	<u>21,588,890</u>	<u>9,131,154</u>	<u>132,416</u>	<u>30,852,460</u>	<u>5,736,217</u>
Total liabilities	<u>28,732,135</u>	<u>9,454,893</u>	<u>197,969</u>	<u>38,384,997</u>	<u>7,469,503</u>
NET POSITION (Note 10)					
Invested in capital assets, net of related debt	28,689,437	4,289,798	-	32,979,235	3,076,195
Unrestricted	20,147,910	(6,762,182)	1,616,997	15,002,725	5,315,265
Total Net Position (Deficit)	<u>\$ 48,837,347</u>	<u>\$ (2,472,384)</u>	<u>\$ 1,616,997</u>	<u>\$ 47,981,960</u>	<u>\$ 8,391,460</u>

See accompanying Notes to Basic Financial Statements.

City of San Leandro
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2013

	Major Enterprise Funds			Total	Governmental
	Water Pollution Control Plant	Shoreline	Non-Major Enterprise Funds		Activities Internal Service Funds
OPERATING REVENUES:					
Charges for services	\$ 10,612,343	\$ 533,156	\$ 1,394,688	\$ 12,540,187	\$ 11,675,767
Licenses and permits	234,389	-	289,922	524,311	-
Rents and concessions	-	1,259,865	-	1,259,865	-
Other operating revenues	419,446	53,729	15,673	488,848	268,523
Total Operating Revenues	11,266,178	1,846,750	1,700,283	14,813,211	11,944,290
OPERATING EXPENSES:					
Salaries and benefits	3,785,315	660,587	1,294,147	5,740,049	3,341,987
Contractual and other services	1,552,481	281,373	331,402	2,165,256	6,775,351
Materials and supplies	431,784	31,407	34,633	497,824	889,504
Depreciation	337,898	114,389	-	452,287	969,820
Other operating costs	1,392,077	311,888	493,891	2,197,856	1,276,060
Total Operating Expenses	7,499,555	1,399,644	2,154,073	11,053,272	13,252,722
OPERATING INCOME (LOSS)	3,766,623	447,106	(453,790)	3,759,939	(1,308,432)
NONOPERATING REVENUES (EXPENSES):					
Property and other taxes	-	360,246	-	360,246	-
Intergovernmental	-	-	207,795	207,795	-
Investment income	209,526	133	-	209,659	21,355
Interest expense	-	(461,888)	-	(461,888)	-
Total Nonoperating Revenues (Expenses)	209,526	(101,509)	207,795	315,812	21,355
INCOME BEFORE TRANSFERS	3,976,149	345,597	(245,995)	4,075,751	(1,287,077)
TRANSFERS:					
Transfers in (Note 5)	-	-	338,917	338,917	977,464
Transfers (out) (Note 5)	(132,782)	-	(134,000)	(266,782)	(20,000)
Total operating transfers	(132,782)	-	204,917	72,135	957,464
Change in net assets	3,843,367	345,597	(41,078)	4,147,886	(329,613)
NET POSITION (DEFICIT):					
Net Position -Beginning of the year	44,993,980	(2,817,981)	1,658,075	43,834,074	8,721,073
Net Position End of the year	\$ 48,837,347	\$ (2,472,384)	\$ 1,616,997	\$ 47,981,960	\$ 8,391,460

See accompanying Notes to Basic Financial Statements.

City of San Leandro
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2013

	Major Enterprise Funds			Total	Governmental	
	Water	Shoreline	Non-Major		Internal	
	Pollution		Enterprise			Service
	Control Plant		Funds			Funds
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 10,716,582	\$ 1,909,840	\$ 1,810,741	\$ 14,437,163	\$ 249,439	
Receipts from interfund charges	-	-	-	-	11,695,979	
Cash payments to suppliers and service providers	547,093	(304,546)	(387,670)	(145,123)	(7,864,627)	
Cash payments to employees for services	(3,836,453)	(649,145)	(1,279,622)	(5,765,220)	(3,375,451)	
Cash payments to other funds for services provided	(1,392,077)	(311,888)	(492,901)	(2,196,866)	(1,276,060)	
Net cash provided (used) by operating activities	6,035,145	644,261	(349,452)	6,329,954	(570,720)	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Property and other taxes received	-	360,246	-	360,246	-	
Intergovernmental revenue received	-	-	207,795	207,795	-	
Interfund Loan	422,773	-	-	422,773	(150,000)	
Transfers in from other funds	-	-	338,917	338,917	-	
Transfers out to other funds	(132,782)	-	(134,000)	(266,782)	957,464	
Net cash provided (used) by noncapital financing activities	289,991	360,246	412,712	1,062,949	807,464	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Principal paid on capital debt	-	(190,280)	-	(190,280)	-	
Acquisition of capital assets	(17,141,951)	-	-	(17,141,951)	(439,594)	
Issuance of long-term debt	14,637,777	-	-	14,637,777	-	
Interest payments on bonds and notes payable	-	(469,737)	-	(469,737)	-	
Net cash provided (used) by capital and related financing activities	(2,504,174)	(660,017)	-	(3,164,191)	(439,594)	
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest income/(expense)	329,188	(170)	15,425	344,443	25,620	
Net cash provided (used) by investing activities	329,188	(170)	15,425	344,443	25,620	
Net increase (decrease) in cash and cash equivalents	4,150,150	344,320	78,685	4,573,155	(177,230)	
CASH AND CASH EQUIVALENTS:						
Cash and investments beginning of year	16,416,167	41,187	1,611,217	18,068,571	12,225,629	
Cash and investments at end of year	\$ 20,566,317	\$ 385,507	\$ 1,689,902	\$ 22,641,726	\$ 12,048,399	
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ 3,766,623	\$ 447,106	\$ (453,790)	\$ 3,759,939	(1,308,432)	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	337,898	114,389	-	452,287	969,820	
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(575,991)	73,559	110,458	(391,974)	(19,084)	
(Increase) decrease in special assessment receivable	26,395	-	-	26,395	-	
(Increase) decrease in inventories	-	-	-	-	(1,163)	
(Increase) decrease in prepaid items	(855)	-	990	135	18,510	
(Decrease) increase in accounts payable	1,049,213	8,234	(21,635)	1,035,812	176,192	
(Decrease) increase in deposits payable	-	(10,469)	-	(10,469)	-	
(Decrease) increase in accrued liabilities	-	-	-	-	-	
(Decrease) increase claims and judgements payable	1,483,000	-	-	1,483,000	(373,099)	
(Decrease) increase in compensated absences	(51,138)	11,442	14,525	(25,171)	(33,464)	
Total adjustments	2,268,522	197,155	104,338	2,570,015	737,712	
Net cash provided (used) by operating activities	\$ 6,035,145	\$ 644,261	\$ (349,452)	\$ 6,329,954	\$ (570,720)	

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They are used to account for assets held in an agency capacity for others and therefore cannot be used to support the City's programs.

Private Purpose Trust Funds are fiduciary fund types used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments.

City of San Leandro
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Agency Funds	Private Purpose Trust Fund
ASSETS		
Current assets:		
Cash and investments (Note 3)	\$ 2,047,907	\$ 8,753,425
Cash and investments with fiscal agents (Note 3)	448,960	6,963,245
Accounts Receivable	4,407	5,930
Interest Receivable	-	15,686
Deferred Charges	-	608,831
Other Assets	-	68,327
Total current assets	\$ 2,501,274	\$ 16,415,444
Noncurrent assets:		
Capital assets (Note 18)		
Land	-	2,949,885
Land held for resale	-	2,170,000
Depreciable assets, net	-	1,409,592
Total noncurrent assets	-	6,529,477
Total Assets	\$ 2,501,274	\$ 22,944,921
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 15,441	\$ 61,312
Deposits payable	1,047,674	-
Interest payable	-	769,849
Advances from General Fund (Note 18b)	-	2,040,768
Long-term debt - due within one year (Note 18e)	-	2,996,049
Due to bondholders	1,438,159	-
Other liabilities	-	447,258
Total current liabilities	\$ 2,501,274	\$ 6,315,236
Noncurrent Liabilities:		
Long-term debt - due in more than one year (Note 18e)		52,523,291
Total noncurrent liabilities		52,523,291
Total Liabilities		\$ 58,838,527
NET POSITION		
Held in trust for private purpose		\$ (35,893,606)

See accompanying Notes to Basic Financial Statements.

City of San Leandro
Successor Agency to the Redevelopment Agency
Combining Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2013

	Private Purpose Trust Funds
<hr/> <hr/>	
Additions:	
Property Taxes	\$ 7,194,965
Use of money and property	29,730
Other Revenue	340,140
	<hr/>
Total additions	7,564,835
	<hr/>
Deductions:	
Community Development	12,776,465
Depreciation	34,282
Loss in value of land held for resale	3,980,000
Interest and Fees	2,776,957
AB1484 True Up Payment	-
	<hr/>
Total deductions	19,567,704
	<hr/>
Change in net position	(12,002,869)
 NET ASSETS HELD IN TRUST	
Net Position - beginning of year (as restated Note 10E)	(23,890,737)
Net Position - End of Year	<u>\$ (35,893,606)</u>

See accompanying Notes to Basic Financial Statements.



City of San Leandro
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For the year ended June 30, 2013

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City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of San Leandro, California, (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies in the United States. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The City of San Leandro, California (City) was incorporated in 1872 and is situated between the cities of Oakland and Hayward in the East Bay of the San Francisco Bay Area. The City operates under the Mayor-Council-Manager form of government created by charter in 1978 and provides the following services: public safety (police, fire, disaster preparedness and hazardous waste disposal), highways and streets, sanitation, health services, public improvements, planning and zoning and general administration services.

The City is governed by a seven-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. As required by generally accepted accounting principles, the financial statements include the financial activities of the City - the primary government - and its component units.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government's exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The blended component units discussed below are included in the City of San Leandro's basic financial statements in which the City Council functions as the governing board:

The City of San Leandro Parking Authority (Parking Authority) was established to issue debt for downtown parking structures and lots. There are no financial activities to be accounted for in the Parking Authority Debt Service Fund in this fiscal year.

The San Leandro Public Financing Authority (Financing Authority) was established to issue debt for the Seismic Retrofitting capital project and other community related financing programs. The financial activities are accounted for in the San Leandro Public Financing Authority Debt Service Fund in the accompanying basic financial statements.

The above component units are included in the City's basic financial statements using the blended method since the governing body of these component units are substantially the same as the governing body of the City and these component units provide services entirely to the City.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government–Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its components units. For the most part, the effect of interfund activity has been removed from these statements except in the case of interfund services provided and used, which are not eliminated in the consolidation process. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Our policy is to allocate indirect costs to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements or a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government–wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Revenues are recognized as soon as they are both *measurable* and *available*. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. The City considers sales taxes and property taxes as available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sales taxes, property taxes, licenses, and interest associated within the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The *Affordable Housing Asset Fund* accounts for the low to moderate housing and neighborhood improvement program.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The City also reports the following major proprietary funds:

The *Water Pollution Control Plant Fund* accounts for the City's sewers which protect public health and preserve water quality.

The *Shoreline Fund* accounts for various recreational facilities which include golf and marina berthing as well as providing food service facilities for the general public in an area connected to the San Francisco Bay.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements. The City's *Internal Service Funds* account for Information Systems Management, Building Maintenance, Self-Insurance and Equipment Maintenance which provides service to other departments of the City on a cost reimbursement basis.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Fiduciary fund financial statements normally include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary funds represent a private purpose trust fund and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. As a result, a statement of Changes in Fiduciary Net Position is not presented in this report. The City's *Fiduciary Funds* includes the Deposits Fund which accounts for all deposits held on behalf of other persons and businesses and the Cherrywood Fund accounts for monies accumulated for payments of special assessment bonds.

D. Recognition of Interest Liability

In the government-wide financial statements, interest payable of long-term debt is recognized as the liability is incurred for governmental fund types as well as proprietary fund types.

In the fund financial statements, the Governmental fund types do not recognize the interest payable when the liability is incurred. Interest on long-term debt is recorded in the fund statement when payment is made. Proprietary fund types recognize the interest payable when the liability is incurred.

E. Use of Restricted and Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

F. Cash, Cash Equivalents and Investments

The City pools cash and investments from all sources, except the fiscal agent cash and investments, for the purpose of increasing income through investment activities. Interest income on investments is allocated on the basis of average month-end cash and investment balances in each fund. Cash and cash equivalents represent cash and investments and restricted cash and investments with an original maturity term of three months or less. Pooled cash and investments allocated to proprietary fund types are considered cash and cash equivalents since specific investments held in the City's pooled cash and investments are not allocated to each fund.

The City invests in the California Local Agency Investment Fund ("LAIF"), which is part of the Pooled Money Investment Account operated by the California State Treasurer. LAIF funds are invested in high quality money market securities and are managed to insure the safety of the portfolio. A portion of LAIF's investments are in structured notes and asset-backed securities.

LAIF determines fair value on its investment portfolio based on market quotations for these securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available.

In accordance with GASB Statement No. 31, highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventory

Inventory is held for consumption and is valued at average cost. Internal service fund supplies consist of materials and supplies for the various City vehicles (tires, batteries, etc.) and building maintenance, which are used for replacement parts for vehicle service and to maintain City buildings. Information management service inventory consists of postage for department use and a monthly count is performed to adjust this account to actual at the appropriate month-end.

H. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings	50 years
Improvements other than buildings	20 years
Machinery and equipment	5-20 years
Licensed Vehicles	7 years
Infrastructure	20-50 years

In June 1999, the GASB issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the City included all infrastructures into the 2012-13 Basic Financial Statements.

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, sewer, and park lands. Each major infrastructure system can be divided into subsystems. For example the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. Original costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, un-recovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Long-Term Debt

In Government-Wide Financial Statements, long-term debt and other financed obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds Payable are reported net of the applicable premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

In Fund Financial Statements long-term debt is not presented but is instead shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

J. Compensated Absences

Vested vacation, sick leave, compensatory time, and related benefits are accrued as appropriate. For governmental funds, compensated absence obligations are recorded in the appropriate governmental funds when due. The portion not currently due is recorded in the government-wide financial statements. For enterprise funds, compensated absences are expensed when earned by employees. At year-end, the accrued but unpaid compensated absence obligations are recorded as current and non-current liabilities in the appropriate enterprise funds.

K. Property Taxes

Property taxes are liened on January 1st for the following fiscal year. Taxes are payable in two installments, due on November 1 and February 1, becoming delinquent on December 10 (for November) and April 10 (for February), respectively. The Alameda County Tax Collector bills and collects property taxes and allocates a portion to the City as billed. Property tax revenues are recognized in the fiscal year, for which the taxes have been levied, provided they become available. In January, 1994, the City elected to continue collection of interest and penalties on delinquent taxes and recognizes these revenues when available. Available means when due or past due and collected within the current period, or expected to be collected soon thereafter, and to be used to pay liabilities of the current period.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires City management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

M. Implementation of New GASB Pronouncements

GASB Statement No. 60 – In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnerships. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. This Statement had no impact on the City's June 30, 2013 financial statements.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 61 – In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. This Statement had no material impact to the City’s financial statements.

GASB Statement No. 62 – In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements, which does not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. This Statement had no material impact to the City’s financial statements.

GASB Statement No. 63 – In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. This Statement required certain financial statement titles and classification of fund equity to be changed in the financial statements for the fiscal year ending June 30, 2013.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. This Statement changed certain financial statement titles and nomenclature on the City’s financial statements for fiscal year ending June 30, 2013.

NOTE 2 - CASH AND INVESTMENTS

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds, which the Finance Director invests to enhance interest earnings. The pooled interest earned is allocated to the funds based on average daily cash and investment balance in these funds.

A. Cash Deposits

The carrying amount of the City’s cash deposits were \$5,584,296 at June 30, 2013. Bank balances before reconciling items were \$5,364,691 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City’s name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City’s cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City’s name.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

The fair value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

B. Investments

Under the provisions of the City's investment policy, and in accordance with California Government Code, the City's Cash and investments as of June 30, 2013, are classified as follows:

Statement of net assets:	
Cash and Investments	\$70,894,480
Cash and Investments held by trustee	2,424,883
Fiduciary Funds:	
Cash and Investments	10,801,332
Cash with fiscal agents	<u>7,412,205</u>
Total cash and investments	<u><u>\$91,532,900</u></u>
Cash and investments as of June 30, 2013, are classified as follows:	
Deposits with financial institutions	\$5,584,296
Investments	<u>85,948,604</u>
Total cash and investments	<u><u>\$91,532,900</u></u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, there is a greater sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flow from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide cash flow and liquidity needed for operations.

In accordance with the Policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 5 years or less. The City is in compliance with this provision of the Policy.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of the City's Investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investment by maturity:

Investment Type	Fair Value	12 Months or Less	13 to 24 Months	25 to 60 Months
Federal agency securities	\$19,900,612	\$3,193,605	\$7,163,418	\$9,543,589
Money Market	22,256	22,256		
U.S. Treasury Notes	6,061,697	2,413,850	2,049,223	1,598,624
Local Agency Investment Fund (LAIF)	46,321,747	46,321,747		
Commercial paper	673,913	673,913		
Corporate bonds	6,665,689	2,294,883	1,782,298	2,588,508
Held by Bond Trustee:				
U.S. Treasury Money Market Funds	6,302,690	6,302,690		
Total	\$85,948,604	\$61,222,944	\$10,994,939	\$13,730,721

Investments Authorized by the City's Investment Policy and California Government Code

The table below identifies the investment types that are authorized for the City by the City's Investment Policy. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of the related bond documents.

Investment Type	Maximum Maturity	Maximum Percentage of *Portfolio
U.S. Treasury Obligations	5 years	None
U.S. Agency Securities	5 years	None
Local Agency bonds	5 years	None
Bankers Acceptances	180 days	40%
Commercial Paper	270 days	30%
Negotiable Certificate of Deposit	5 years	30%
Repurchase Agreements	1 year	20%
Reverse Repurchase Agreements	92 days	20% of base value
Medium Term Notes	5 years	10%
Mutual Funds	N/A	20%
Money Market Mutual Funds	N/A	20%
Mortgage Pass-Through Securities	5 years	20%
County Pooled Investment Funds	N/a	None
Local Agency Investment Fund (LAIF)	N/A	\$40 million per account
Other investment pools	N/A	None

*excluding amounts held by bond trustee that are not subject to California Government Code

Investments in Local Agency Investment Fund

The City invests in the Local Agency Investment Fund (LAIF), a State of California external investment pool. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

The City valued its investments in LAIF as of June 30, 2013, at the market value. The fair value is calculated by multiplying the account balance with LAIF times a fair value factor of 1.0002732 which is determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value.

The City's investments with Local Agency Investment Funds (LAIF) at June 30, 2013, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

- Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend on one or more indices and/or that have embedded forwards or options.
- Asset-backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMOs) or credit card receivables.

Concentration of Credit Risk

The City's Policy states that the investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristic of the portfolio. Purchases of mutual funds must not exceed 20% of the value of the portfolio.

Investments in U.S. agencies exceed 5% of total portfolio, and Federal agency investments exhibited below exceeded 5% percent or more of the total investments in any one issuer:

<u>U.S. Agencies</u>	<u>Amount Invested</u>	<u>Percentage of Investments</u>
Federal agency securities:		
Federal Home Loan Banks (FHLB)	\$6,137,436	7.33%
Federal Home Loan Mortgage Corporation	5,017,010	6.00%
Federal National Mortgage Association (FNMA)	4,268,179	5.10%
Total	<u>\$15,422,625</u>	<u>18.43%</u>

Disclosures Relating to Credit Risk

Generally, 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. Presented below is the minimum rating required by (where applicable) the California Government Code, the Entity's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

The City's policy requires that the management company of mutual funds must have attained the highest rating provided by not less than two of the three largest nationally recognized rating organizations.

Investment Type	Fair Value	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End AA-	Rating as of Year End AA+	Not Rated
Federal agency securities	\$19,900,612	N/A			\$19,900,612	
Money Market	22,256	N/A			22,256	
U.S. Treasury Notes	6,061,697	N/A	\$6,061,697			
Local Agency Investment Fund	46,321,747	N/A				\$46,321,747
Commercial paper	673,913	A		\$673,913		
Corporate bonds	6,665,689	A			6,665,689	
Held by Bond Trustee:						
U.S. Treasury Money Market Funds	6,302,690	A			6,302,690	
Total	\$85,948,604		\$6,061,697	\$673,913	\$32,891,247	\$46,321,747

NOTE 3 – LOANS RECEIVABLE

At June 30, 2013, the City had the following loans receivable reported in its Fund Financial Statements:

Governmental Funds:	
General Fund	\$1,250,139
Special Revenue Funds:	
Major Funds:	
Affordable Housing Asset Fund	8,748,892
Non Major Funds:	
Community Development Block Grant (CDBG)	773,949
HOME Fund	3,182,014
Housing In-Lieu	593,521
Total Governmental Funds	14,548,515
Less: Community Development Block Grant (CDBG)	718,675
Less: Affordable Housing Asset Fund	613,368
Total Government-Wide Financials	\$13,216,472

At June 30, 2013, the City was owed, in the General Fund, \$139 for assistance to close escrow related to property acquisition.

At June 30, 2013, the City was owed, in the General Fund, \$1,250,000 for a loan made by the City to the San Leandro Unified School District related to property acquisition. The loan is for purchase of a property in the City that will be used to directly support the educational and administrative function of the District. The loan is evidenced by a promissory note with a term of 15 years and is to be repaid in full on August 1, 2028. The interest rates range from 1.5% to a maximum of 5%.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 3 – LOANS RECEIVABLE (Continued)

At June 30, 2013, the City was owed, in its Low/Moderate Asset Housing Fund, \$8,748,892 which includes (1) loans made to the City property owners who meet the HUD requirements for financial assistance for property improvements and first time home buyer loans; (2) a loan made to Ruth Rogers and Sara Bagwell; (3) a loan made to Eden Housing, Inc.; (4) a loan made to San Leandro Senior Housing; (5) a loan made to Citizens' Housing Corporation for property improvements; and (6) a loan made to Mercy Housing for the construction of the Casa Verde. Because the notes do not meet the City's availability criteria for revenue recognition, the City has deferred the revenue related to these loans. Revenues are recognized in the year of repayment. Loans are secured by trust deeds. In the Government-Wide Financial Statement, \$613,368 of the receivable was eliminated.

At June 30, 2013, the City was owed, in its Community Development Block Grant Special Revenue Fund, \$773,949 for various housing assistance loans made by the City. The terms of repayment vary. Because the notes do not meet the City's availability criteria for revenue recognition, the City has deferred the revenue related to these loans. Revenue is recognized in the year of repayment. The loans are secured by trust deeds. In the Government-Wide Financial Statement, \$718,675 of the receivable was eliminated.

At June 30, 2013, the City was owed, in its HOME Special Revenue Fund, \$3,182,014 for a housing assistance loan made by the City to Citizens' Housing Corporation. The terms of repayment vary. Because the note does not meet the City's availability criteria for revenue recognition, the City has deferred the revenue related to this loan. Revenue is recognized in the year of repayment. The loan is secured by trust deeds.

At June 30, 2013, the City was owed, in its Housing In-Lieu Special Revenue Fund, \$593,521 for a housing assistance loan made by the City to the Estabrook Senior Housing for low-moderate housing construction. The terms of repayment vary. Because the note does not meet the City's availability criteria for revenue recognition, the City has deferred the revenue related to this loan. Revenue is recognized in the year of repayment. The loan is secured by trust deeds.

NOTE 4 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund Receivables and Payables

At June 30, 2013, the City had the following short-term receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-Major Governmental Funds	\$2,073,461
Total		<u>\$2,073,461</u>

The City has recorded due to/due from all funds requiring cash at the end of June 30, 2012 to the funds that had deficit year-end balances which will be repaid back to the General Fund during the 2012-13 fiscal year.

B. Long-Term Advances

Long-term advances to be repaid out of future earnings or charges at June 30, 2013, consisted of:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Non-Major Governmental Funds	\$1,000,000
	Enterprise Funds: Shoreline	<u>7,106,392</u>
		8,106,392
Internal Service Fund	Non-Major Governmental Funds	150,000
Water Pollution Control Plant	General Fund	<u>5,577,227</u>
	Total	<u>\$13,833,619</u>

The City Council authorized a loan to the Capital Improvement Project fund for the improvement project on Davis Street. The loan accrues interest annually at the pooled cash investment rate. The balance as of June 30, 2013, was \$1,000,000.

The City Council authorized loans to the Shoreline Enterprise Fund for capital improvements at the Marina and Golf Course. The loans are to be paid over 30 years with an annual interest accrual rate of 5%. Principal payments are made annually provided the fund has sufficient resources. The balance as of June 30, 2013, was \$3,160,152 and \$3,946,240 for the Marina and the Golf Course, respectively, for a total of \$7,106,392.

The City Council authorized a loan to the Public Education & Government Fund for the Council Chambers upgrade to provide televised meetings. The balance as of June 30, 2013, was \$150,000.

The City Council authorized loan to the General Fund from the Water Pollution Control Plant for the partial payment of the Public Safety Side Fund Obligation. The \$6,000,000 loan was to pay-down the CalPERS Public Safety Side Fund with a long term adjustable rate of 4% or less annually for 13 years. The balance as of June 30, 2013, was \$5,577,227.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 5 - INTERFUND TRANSACTIONS (Continued)

C. Due from Successor Agency

The City Council authorized various loans to the Private Purpose Trust Fund from the General Fund for operating and capital improvement purposes. Interest accrues annually at the rate of 6%. The balance as of June 30, 2013, was \$2,040,768.

D. Transfers

Transfers during the fiscal year ended June 30, 2013, comprised the following:

Transfer In:	Transfers Out:				Total
	Governmental Funds	Enterprise Funds			
	General Fund	Water Pollution Control Plant	Internal Service Fund	Non-major Enterprise Funds	
Special Revenue Fund	\$20,000				\$20,000
Capital Improvement Projects	537,000		\$20,000		557,000
Internal Service Funds	977,464				977,464
Non-major Enterprise Funds	72,135	\$132,782		\$134,000	338,917
Total	\$1,606,599	\$132,782	\$20,000	\$134,000	\$1,893,381

The City Council authorized transfers from the General Fund to various funds for fiscal year 2012-2013 to the following accounts and projects:

Special Grants Fund	\$20,000	Project Literacy Funding
Capital Improvement Fund	537,000	Capital Improvement Projects
Building Maintenance Fund	540,000	Building Capital Improvements
Self Insurance Fund	400,000	Settlement Payment
Information Technology	37,464	Permits System Replacement
Environmental Service Fund	72,135	Refuse Contract
	<u>\$1,606,599</u>	

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 5 - INTERFUND TRANSACTIONS (Continued)

E. Internal Balances

Internal balances are presented only in the government-wide financial statements. They represent the net interfund receivables and payables remaining after the elimination of all such balances within government and business-type activities.

NOTE 6 – CAPITAL ASSETS

A. Government-Wide Financial Statements

At June 30, 2013, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	\$14,566,850	\$5,234,310	\$19,801,160
Construction in Progress	10,690,195	36,770,201	47,460,396
Total non-depreciable assets	<u>25,257,045</u>	<u>42,004,511</u>	<u>67,261,556</u>
Depreciable assets:			
Buildings	73,780,162	11,012,283	84,792,445
Improvements	4,951,451	113,416	5,064,867
Machinery and Equipment	8,661,976	9,551,808	18,213,784
Licensed Vehicles	9,479,338	84,923	9,564,261
Infrastructure:			
Park Irrigation Systems	3,720,181		3,720,181
Medians Irrigation	10,145,502		10,145,502
Park Structures	2,848,650		2,848,650
Roadway	250,075,231		250,075,231
Sidewalk	74,895,578		74,895,578
Curb and Gutter	37,447,790		37,447,790
Underground Piping and Storm Drain	20,025	3,991,143	4,011,168
Total depreciable assets	<u>476,025,884</u>	<u>24,753,573</u>	<u>500,779,457</u>
Less accumulated depreciation	<u>(230,069,562)</u>	<u>(10,352,198)</u>	<u>(240,421,760)</u>
Total depreciable assets, net	<u>245,956,322</u>	<u>14,401,375</u>	<u>260,357,697</u>
Total capital assets	<u><u>\$271,213,367</u></u>	<u><u>\$56,405,886</u></u>	<u><u>\$327,619,253</u></u>

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 6 – CAPITAL ASSETS (Continued)

The following is a summary of capital assets for governmental activities:

	Balance July 1, 2012	Additions and Transfers	Deletions and Transfers	Balance June 30, 2013
Non-Depreciable Assets:				
Land	\$14,367,638	\$475,542	(\$276,330)	\$14,566,850
Construction In Progress	8,325,712	2,668,110	(303,627)	10,690,195
Total Non-Depreciable Assets	22,693,350	3,143,652	(579,957)	25,257,045
Depreciable Assets:				
Buildings	73,850,205	303,627	(373,670)	73,780,162
Improvements	4,951,451			4,951,451
Machinery and equipment	7,930,996	772,613	(41,633)	8,661,976
Licensed Vehicles	8,154,283	1,493,195	(168,140)	9,479,338
Infrastructure	379,152,957			379,152,957
Total Depreciable Assets	474,039,892	2,569,435	(583,443)	476,025,884
Accumulated Depreciation:				
Buildings	(18,380,887)	(1,442,951)	34,877	(19,788,961)
Improvements	(4,576,718)	(61,609)		(4,638,327)
Machinery and equipment	(5,268,364)	(748,481)	41,122	(5,975,723)
Licensed Vehicles	(5,788,973)	(666,050)	152,417	(6,302,606)
Infrastructure	(179,581,423)	(13,782,522)		(193,363,945)
Total Accumulated Depreciation	(213,596,365)	(16,701,613)	228,416	(230,069,562)
Depreciable Assets, Net	260,443,527	(14,132,178)	(355,027)	245,956,322
Total Governmental Activities				
Capital Assets, Net	\$283,136,877	(\$10,988,526)	(\$934,984)	\$271,213,367

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2013, are as follows:

General Government	\$353,965
Public Safety	479,820
Transportation	13,019,632
Recreation and Human services	1,563,740
Community Development	314,636
Subtotal	15,731,793
Capital assets held by the City's Internal Service Funds	969,820
Total Depreciation Expense	\$16,701,613

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 6 – CAPITAL ASSETS (Continued)

The following is a summary of capital assets for business-type activities:

	Balance July 1, 2012	Additions and Transfers	Deletions and Transfers	Balance June 30, 2013
Non-Depreciable Assets:				
Land	\$5,234,310			\$5,234,310
Construction in Progress	22,485,215	\$17,091,382	(\$2,806,396)	36,770,201
Total Non-Depreciable Assets	27,719,525	17,091,382	(2,806,396)	42,004,511
Depreciable Assets:				
Buildings	10,090,798	1,094,178	(172,693)	11,012,283
Improvements	113,416			113,416
Machinery and equipment	9,508,650	43,158		9,551,808
Licensed Vehicles	84,923			84,923
Infrastructure	2,271,514	1,719,629		3,991,143
Total Depreciable Assets	22,069,301	2,856,965	(172,693)	24,753,573
Accumulated Depreciation:				
Buildings	(5,704,486)	(175,933)	172,693	(5,707,726)
Improvements	(113,416)			(113,416)
Machinery and equipment	(3,411,329)	(232,097)		(3,643,426)
Licensed Vehicles	(74,657)	(2,666)		(77,323)
Infrastructure	(768,716)	(41,591)		(810,307)
Total Accumulated Depreciation	(10,072,604)	(452,287)	172,693	(10,352,198)
Total Business-Type Activities Capital Assets, Net	\$39,716,222	\$19,496,060	(\$2,806,396)	\$56,405,886

B. Funds Financial Statements

The Funds Financial Statements do not present General Government Capital Assets but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 7 - LONG-TERM DEBT

A. Governmental Activities Long-Term Debt

Summary of changes in governmental activities long-term debt for the year ended June 30, 2013, follows:

<i>Governmental Activity Debt:</i>	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Due within one year	Due in more than one year
Certificates of Participation Bonds:						
2003 Certificates of Participation	\$9,490,000		(\$9,490,000)			
2007 Certificates of Participation	20,025,000		(775,000)	\$19,250,000	\$805,000	\$18,445,000
Lease Revenue Bonds:						
2013 Refunding Lease Revenue Bonds						
City portion		\$8,883,000		8,883,000	140,000	8,743,000
2012 Taxable Pension Obligation Bonds	18,305,000		(720,000)	17,585,000	910,000	16,675,000
Total Governmental Activity Debt	47,820,000	8,883,000	(10,985,000)	45,718,000	1,855,000	43,863,000
Capital Leases:						
2010 Pumper Truck	287,790		(92,202)	195,588	95,881	99,707
2011 Fire Truck		971,090	(185,858)	785,232	189,947	595,285
Total Capital Leases	287,790	971,090	(278,060)	980,820	285,828	694,992
Other Debt						
HUD 108 Loan - Guarantee Loan - Senior Center	2,369,000		(131,000)	2,238,000	131,000	2,107,000
Total Other Debt	2,369,000		(131,000)	2,238,000	131,000	2,107,000
Total Government Activity Debt	\$50,476,790	\$9,854,090	(\$11,394,060)	\$48,936,820	\$2,271,828	\$46,664,992
Plus unamortized:						
Discount (2007 TAB)	(\$38,483)		\$2,264	(\$36,219)	(\$2,264)	(\$33,955)
Discount (2012 POB)	(120,158)		10,119	(110,039)	(10,119)	(99,920)
Premium (2003 TAB)	388,822		(388,822)			
Premium (2013 RLRB)		\$298,315	(4,972)	293,343	19,888	273,455
Total General Long-term Obligations	\$50,706,971	\$10,152,405	(\$11,775,471)	\$49,083,905	\$2,279,333	\$46,804,572

2003 Certificates of Participation

In 2003, the City issued \$12,550,000 principal amount of 2003 Certificates of Participation (2003 COPs). The purpose of the 2003 COPs was to refund the City's 1993 COPs and raise capital funds for a new aquatics center. The 2003 COPs bear interest rates ranging from 2.5% to 5.00% and are payable semiannually on each June 1 and December 1. Principal payments are payable annually on June 1. The COPs evidence fractional interests of the owners in lease payments to be made by the City for use and occupancy of the San Leandro City Hall.

The 2003 COPs resulted in a present value of savings of \$1,166,751 or 11.75% of the refunded bonds. Through a five-year extension of debt service on the outstanding COPs, the city was able to generate \$2,750,000 of capital improvement funds and a slight reduction in the annual debt service payment.

In fiscal year 2013, the City issued \$8,883,000 principal amount of 2013 Refunding Lease Revenue Bonds (2013 RLRBs) and refunded the 2003 COPs. The outstanding principal amount of \$9,490,000 for the 2003 COPs was defeased in fiscal year 2013.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 7 - LONG-TERM DEBT (Continued)

2007 Certificates of Participation

In 2007, the City issued \$23,435,000 principal amount of 2007 Certificates of Participation (2007 COPs). The purpose of the 2007 COPs was to provide funds to refund the outstanding 1999 Certificates of Participation (Library and Fire Stations Project) of the City of San Leandro and the San Leandro Public Financing Authority. Interest rates vary from 4.00% to a maximum of 4.375% and are payable semiannually on each May 1 and November 1. Principal payments are payable annually on November 1. The COPs evidence fractional interest of the owners in lease payments to be made by the City for use and occupancy of San Leandro Libraries and San Leandro Fire Stations.

At June 30, 2013, future debt service requirements for the 2007 COPs follows:

<u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$805,000	\$792,219	\$1,597,219
2015	840,000	759,319	1,599,319
2016	870,000	725,119	1,595,119
2017	910,000	689,519	1,599,519
2018	945,000	652,418	1,597,418
2019-2023	5,320,000	2,648,970	7,968,970
2024-2028	6,535,000	1,399,627	7,934,627
2029-2030	3,025,000	133,766	3,158,766
	<u>\$19,250,000</u>	<u>\$7,800,957</u>	<u>\$27,050,957</u>

The proceeds from the 1999 COP refunding issue were placed in irrevocable escrow account overseen by independent bank fiscal agents. The proceeds are generally invested in U.S. Treasury Securities, which together with earned interest, will provide amounts sufficient for future payment of interest, principal, and redemption premium on the defeased bond in the amount of \$27,257,815. The escrow account is not included as assets of the City. The defeased bonds are excluded from the City's long-term obligations because the arrangement satisfies requirements of defeasance.

2013 Refunding Lease Revenue Bonds

In April 2013, the City issued \$8,883,000 principal amount of 2013 Refunding Lease Revenue Bonds (2013 RLRB). The purpose of the 2013 RLRBs was to refund the City's 2003 COPs and 2001 COPs. The 2013 RLRBs bear interest rates ranging from 2.0% to 5.00% and are payable semiannually on each June 1 and December 1. Principal payments are payable annually on December 1.

The refunding of the 2003 COPs resulted in a present value of savings of \$928,703 of the refunded bonds.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 7 - LONG-TERM DEBT (Continued)

At June 30, 2013, future debt service requirements for the City's portion of the 2013 RLRB follows:

For The Year Ending June 30	Principal	Interest	Total
2014	\$140,000	\$351,737	\$491,737
2015	140,000	304,366	444,366
2016	140,000	300,866	440,866
2017	587,000	289,961	876,961
2018	601,000	272,141	873,141
2019-2023	3,314,000	1,059,855	4,373,855
2024-2028	3,961,000	412,792	4,373,792
	<u>\$8,883,000</u>	<u>\$2,991,718</u>	<u>\$11,874,718</u>

2012 Taxable Pension Obligation Bonds

In 2012, the City issued \$18,305,000 principal amount of 2012 Taxable Pension Obligation Bonds (2012 POB). The purpose of the 2012 POB is to save the City money, the interest rate, including the cost of issuance, must be significantly less than the interest rate the CalPERS charges to amortize the public safety side fund which is distinct from the City's other CalPERS plans. Side funds are retired over a fixed term with a fixed amortization schedule based on CalPERS actuarial earnings assumption rate (7.75%). Principal is due annually on December 1 and the interest is due semi-annually on June 1 and December 1 through June 2024. Debt service is payable from available City resources. For fiscal year 2013, principal and interest paid was \$1,615,144.

For The Year Ending June 30	Principal	Interest	Total
2014	\$910,000	\$742,962	\$1,652,962
2015	1,120,000	729,404	1,849,404
2016	1,210,000	708,124	1,918,124
2017	1,305,000	678,236	1,983,236
2018	1,415,000	636,868	2,051,868
2019-2023	9,240,000	2,144,156	11,384,156
2024	2,385,000	132,127	2,517,127
	<u>\$17,585,000</u>	<u>\$5,771,877</u>	<u>\$23,356,877</u>

2010 Master Equipment Lease/Purchase Agreement

On November 23, 2009, the City entered into a Lease/Purchase Agreement with Oshkosh Capital to Lease/Purchase Equipment in the amount of \$461,717. The Equipment was for the Fire Department's 2010 Triple Combination Pumper Truck. The interest rate is 3.99% payable in five (5) years.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 7 - LONG-TERM DEBT (Continued)

At June 30, 2013, future debt service requirements for the 2010 Master Equipment Lease Purchase Agreement follows:

<u>For The Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$95,881	\$7,804	\$103,685
2015	99,707	3,978	103,685
	<u>\$195,588</u>	<u>\$11,782</u>	<u>\$207,370</u>

2011 Fire Truck Lease

On November 9, 2011, the City entered into a Lease/Purchase Agreement with Oshkosh Capital to Lease/Purchase Equipment in the amount of \$971,090. The Equipment was for the Fire Department's 2010 Triple Combination Pumper Truck. The interest is 2.20% payable in five (5) years.

At June 30, 2013, future debt service requirements for the 2012 Lease Purchase Agreement follows:

<u>For The Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$189,947	\$17,275	\$207,222
2015	194,126	13,096	207,222
2016	198,397	8,825	207,222
2017	202,762	4,461	207,223
	<u>\$785,232</u>	<u>\$43,657</u>	<u>\$828,889</u>

HUD 108 Guarantee Loan

In 2000, the City received a \$1,000,000 20-year federal loan from Housing and Urban Development (HUD), at an interest rate of 5.6% to finance the acquisition and construction of affordable housing for seniors within the City of San Leandro. The loan is secured and payable from the Agency's 20% Housing Set-Aside Fund.

As of June 30, 2013 the outstanding loan balance of \$496,000 and debt was assumed by the Successor Agency. Future debt service repayments will be made by the Successor Agency from the former Redevelopment Property Tax Trust Fund allocation (See Note 17).

HUD 108 Guarantee Loan

In 2011, the City received a \$2,500,000 20-year federal loan from HUD, at an interest rate of 3% to finance the acquisition and construction of senior center facility within the City of San Leandro. The loan is secured and payable from the Community Development Block Grant Fund.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 7 - LONG-TERM DEBT (Continued)

At June 30, 2013 future debt service requirements for the HUD 108 Guarantee loan follows:

For The Year Ending June 30	Principal	Interest	Total
2014	\$131,000	\$75,093	\$206,093
2015	131,000	73,037	204,037
2016	131,000	70,417	201,417
2017	131,000	67,233	198,233
2018	131,000	63,584	194,584
2019-2023	659,000	253,523	912,523
2024-2028	660,000	126,892	786,892
2029-2030	264,000	11,604	275,604
	<u>\$2,238,000</u>	<u>\$741,383</u>	<u>\$2,979,383</u>

B. Long-Term Debt of Business-Type and Proprietary Funds

Summary of changes in long-term debt of business-type and proprietary funds for the year ended June 30, 2013:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Due within one year	Due in more than one year
Marina Note	\$2,280,876		\$190,280	\$2,090,596	\$207,791	\$1,882,805
State Water Resources Control Board	<u>6,698,278</u>	<u>\$14,637,777</u>		<u>21,336,055</u>		<u>21,336,055</u>
Total	<u>\$8,979,154</u>	<u>\$14,637,777</u>	<u>\$190,280</u>	<u>\$23,426,651</u>	<u>\$207,791</u>	<u>\$23,218,860</u>

State Water Resources Control Board

On August 4, 2011, the City entered into a Finance Agreement with the State Water Resources Control Board in the total principal amount of \$43,000,000, for the purpose of financing the Wastewater System Expansion and Improvement Project. The loan bears an interest rate of 2.6%. Principal and interest payments are payable annually on July 1. The debt is secured by the WPCP Enterprise Fund operating revenues.

At June 30, 2013, the City has drawn down \$21.3 million from the State Water Resource Control Board and the remaining balance of \$21.7 million is expected to be drawn down in fiscal year 2013-14. There was no debt service payment in fiscal year 2012-13, with the first debt service payment of \$4.2 million due in fiscal year ending 2015-16. Future debt service is expected to average \$3 million per year through fiscal year 2034-35 for a total \$58.8 million.

Marina Cal Boating Notes Payable

The City entered into various construction loan agreements with the California Department of Boating and Waterways in the total principal amount of \$5,331,032. The loans bear an average interest rate of 4.50%. Principal and interest payments are payable annually on each August 1. The debt is secured by Shoreline Enterprise Fund operating revenues.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 7 - LONG-TERM DEBT (Continued)

At June 30, 2013, future debt service requirements for the Marina Cal Boating Notes Payable follows:

For The Year Ending June 30	Principal	Interest	Total
2014	\$198,843	\$94,167	\$293,010
2015	207,791	85,219	293,010
2016	217,141	75,868	293,009
2017	226,911	66,098	293,009
2018	237,124	55,887	293,011
2019-2023	915,930	117,969	1,033,899
2024-2027	86,856	10,217	97,073
	<u>\$2,090,596</u>	<u>\$505,425</u>	<u>\$2,596,021</u>

C. Debt Covenants and Restrictions

For June 30, 2013, the City complied with all general and specific covenants regarding debt proceeds usage and debt repayment. In accordance with bond official statements, the City also maintained adequate reserves for all debt issues.

NOTE 8 – COMPENSATED ABSENCES

The City's compensated absences consist of accrued vacation pay, sick leave, and accrued compensatory time. The total amount of the accrued liability is recorded in the Government-wide Financial Statements and charges for compensated absences expense is charged to the various program activities in the Governmental funds, primarily General fund and Internal Service funds, and all Proprietary funds.

Summary of changes in compensated absences for the year ended June 30, 2013, follows:

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Due within one year	Due in more than one year
Governmental Activities	\$4,221,546	\$530,507	(\$1,295,989)	\$3,456,064	\$487,478	\$2,968,586
Business-type Activities	531,098	56,933	(82,104)	505,927	45,533	460,394
Total	<u>\$4,752,644</u>	<u>\$587,440</u>	<u>(\$1,378,093)</u>	<u>\$3,961,991</u>	<u>\$533,011</u>	<u>\$3,428,980</u>

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 9 – UNEARNED REVENUE

A. Governmental-Wide Financial Statements

Unearned revenue in the Government-Wide Financial Statements represents amounts for which revenues have not been earned. At June 30, 2013, unearned revenues in the Government-Wide Financial Statements follows:

	Governmental Activities	Total
Unearned Revenue	\$2,021,854	\$2,021,854

B. Fund Financial Statements

At June 30, 2013 the following deferred inflow of resources were recorded in the Fund Financial Statements because either the revenues had not been earned or the funds were not available to finance expenditures of the current period:

Governmental Funds:

	General Fund	Affordable Housing Asset Fund	Non-Major Funds	Total
Accounts receivable	\$1,838,450			\$1,838,450
Grants receivable			\$2,075,328	2,075,328
Long-term housing loans		\$8,748,891	4,605,683	13,354,574
Special Assessments			183,405	183,405
Total	\$1,838,450	\$8,748,891	\$6,864,416	\$17,451,757

NOTE 10 – NET POSITION AND FUND BALANCES

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 net position 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 capital projects, debt service requirements, and special revenue programs restricted to special revenue purposes such as Measure B, special Gas Tax, Grant funds, and other special revenue funds.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

Unrestricted describes the portion of Net Position which is not restricted 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 in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to classify its fund balances 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 prepaid, 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 of the City Council. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources. As of June 30, 2013, the City does not have committed fund balance.

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 and may be changed at the discretion of the City Council or its City Manager. This category includes encumbrances; Nonspendable, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

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

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

C. Encumbrances

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

Encumbrances outstanding as of June 30, 2013 were as listed below:

General Fund	\$264,275
Non-major funds	<u>7,343,806</u>
Total	<u><u>\$7,608,081</u></u>

D. Contingency Arrangements

The City's annual budget requires the City to implement and maintain fund balance to handle any unforeseen contingencies in the future, rather than continued reliance on the City's operating General Fund reserves. These unforeseen contingencies include Economic Uncertainty, major Emergencies and Contingencies. As of June 30, 2013, the following are reported within the unassigned fund balance of the General Fund:

Major Emergencies	\$5,000,000
Economic Uncertainty	4,946,571
Other	4,423,439
Compensated Absences	<u>466,834</u>
Total	<u><u>\$14,836,844</u></u>

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City’s Fund Balances, as of June 30, 2013, are below:

	Major Funds		Non-Major Governmental Funds	Total
	General Fund	Affordable Housing Asset Fund		
Nonspendables:				
Advances to Other Funds	\$8,106,392			\$8,106,392
Loan to Successor Agency	2,040,768			2,040,768
Total Nonspendable Fund Balances	10,147,160			10,147,160
Restricted for:				
Internship	50,000			50,000
Affordable Housing		\$469,964		469,964
Subtotal	50,000	469,964		519,964
Debt Service				
Special Assessment District			\$65,231	65,231
San Leandro Public Financing Authority			690,783	690,783
Subtotal			756,014	756,014
Capital Projects				
Capital Improvement Projects			3,980,626	3,980,626
GHAD			15,673	15,673
Subtotal			3,996,299	3,996,299
Non-Major Governmental Funds				
Street/ Traffic Improvements			1,159,594	1,159,594
Park Development Fees			410,066	410,066
Underground Utility			1,311,502	1,311,502
Parking			31,413	31,413
Special Gas Tax			2,309,345	2,309,345
Cherrywood Maintenance			295,829	295,829
Measure B - Paratransit			76,186	76,186
Asset Seizure			805,902	805,902
Heron Bay			742,988	742,988
Proposition 1B - Local Streets & Roads			55,068	55,068
Measure B			3,488,986	3,488,986
Measure F			829,658	829,658
CDBG			85,317	85,317
HOME			49,941	49,941
Housing In- Lieu			45,678	45,678
Business Improvement District			46,251	46,251
Public Education and Government			451,245	451,245
Subtotal			12,194,969	12,194,969
Total Restricted Fund Balances	50,000	469,964	16,947,282	17,467,246
Assigned to:				
Encumbrances	264,275			264,275
Total Assigned Fund Balances	264,275			264,275
Unassigned:				
General fund - Compensated Absences	466,834			466,834
General fund - Major Emergencies	5,000,000			5,000,000
General fund - Economic Uncertainty	4,946,571			4,946,571
General fund - Other	4,423,439			4,423,439
Special Grants Fund - Deficit			(1,646,590)	(1,646,590)
Total Unassigned Fund Balances	14,836,844		(1,646,590)	13,190,254
Total Fund Balances	\$25,298,279	\$469,964	15,300,692	\$41,068,935

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

E. Beginning Net Position Restatement

During fiscal year 2012-2013, the City made the following prior period adjustments and restated the beginning position as follows:

During the current year, the City determined the previously reported \$24,971,910 prepaid asset for CalPERS side fund payment, should have been recorded as an expense. Accordingly, beginning net position was reduced by \$24,971,910.

During the current year the City determined that the HUD 108 loan payable in the amount of \$496,000 should have been transferred to the Successor Agency in prior year. As a result, beginning net position for the City was increased by \$496,000. Beginning net position for the Successor Agency Private Purpose Trust Fund was reduced by \$496,000.

The City determined that in prior year, during transfer of capital assets to the Successor Agency Private-Purpose Trust Fund, the amount transferred in was overstated by \$473,906.

The results of these restatements are as follows:

Government-Wide Financial Statements

Governmental Activities Net Position

As previously reported	\$311,786,151
Payment to CalPERS Safety Side Fund	(24,971,910)
Transfer of HUD 108 loan payable to Successor Agency	496,000
	<hr/>
Beginning net position as restated	<u>\$287,310,241</u>

Fiduciary Funds Financial Statements

Private-Purpose Trust Funds

As previously reported	(\$22,920,831)
Transfer of HUD 108 loan payable to Successor Agency	(496,000)
Capital asset transfer	(473,906)
	<hr/>
Beginning net position as restated	<u>(\$23,890,737)</u>

NOTE 11 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Fund Deficits

At June 30, 2013, the following funds had fund balance deficit or net position deficit:

Shoreline Enterprise Fund	\$2,472,384
Special Grants Special Revenue Fund	1,646,590

At June 30, 2013, the Special Grants Fund had a deficit fund balance of \$1,646,590. The deficit is due to the increase in expenditures and will be reviewed and controlled in the next fiscal year.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 11 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

B. Expenditures in Excess of Appropriations

Excess of expenditures over appropriations approved by the City Council occurred in individual funds during the fiscal year 2012-13 as follows:

Fund/Department	Expenditure	Appropriation	Excess
General Fund			
General Government	\$12,771,955	\$10,008,347	(\$2,763,608)
Public Safety	45,086,614	44,475,197	(611,417)
Interest and Fees	1,159,417	1,049,722	(109,695)
Special Revenue Funds			
Cherry Wood Maintenance District			
Engineering and Transportation	437		(437)
Asset Seizure			
Public Safety	209,515	183,348	(26,167)
Debt Service Funds			
Special Assessment District			
Interest and Fees	11,216	996	(10,220)
San Leandro Public Financing Authority			
General Government	221,223		(221,223)
Interest and Fees	1,358,594	1,298,319	(60,275)

NOTE 12 - INSURANCE

The City provides workers' compensation benefits under self-insurance programs. Claims outstanding, including claims incurred but not reported, are estimated and recorded as liabilities in the Self Insurance Internal Service Fund. The City's self-insured retention limit for workers' compensation is \$250,000 per claim. The City is a member of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX). This coverage includes a limit of \$25 million for excess workers compensation and \$4.75 million for employer's liability.

The City is a member of California Joint Powers Risk Management Authority (CJPRMA), which provides annual general liability coverage in an aggregate up to \$40 million. The City is self-insured for the first \$500,000 in property and liability losses. The City has had no settlements which exceed insurance coverage in the last five fiscal years, and no changes in insurance coverage from the prior year.

The City's deposits in the CJPRMA equal the ratio of the City's payroll to the total payrolls of all entities participating in the same layer of each program in each program year. 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. Estimated claims liabilities, as shown below, are presented on a basis of actuarial value as determined by the City's actuary, who determines the expected value of the overall claim based upon certain criteria of the claim.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 12 – INSURANCE (Continued)

The following provides a reconciliation of claims and judgments:

	Liability Balance July 1	Current Year Claims and Changes in Estimates	Claims for Payments in Current and Prior Fiscal Years	Liability Balance June 30
2010-2011	\$5,569,852	\$5,339,930	(\$2,978,689)	\$7,931,093
2011-2012	7,931,093	1,219,327	(2,079,197)	7,071,223
2012-2013	7,071,223	4,316,045	(\$4,689,144)	6,698,124

NOTE 13 - COMMITMENTS AND CONTINGENCIES

The City participates in several Federal and State grant programs. These programs have been audited by the City’s independent accountants in accordance with the provisions of the Federal Single Audit Act as amended and applicable State requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

The City is a defendant in a number of lawsuits which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the City Attorney, these actions when finally adjudicated will not have a material adverse effect on the financial position of the City. As discussed in Note 12 to the Financial Statement, the City maintains a Self Insurance Fund which has reserves of \$1,752,614 at the end of June 30, 2012. These reserves are available to satisfy any future liability.

NOTE 14 - EMPLOYEE RETIREMENT PLANS

Plan Description - The City of San Leandro Miscellaneous Plan is an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California.

The City of San Leandro Safety Plan is in a cost-sharing multiple-employer plan which is a single plan with pooling (cost-sharing) arrangements for the participating employers. All risks, rewards, and costs, including benefit costs, are shared and are not attributed individually to the employers. A single actuarial valuation covers all plan members and the same contribution rate(s) applies for each employer. A menu of benefit provisions and other requirements are established by State statutes within the Public Employee’s Retirement Law. The City of San Leandro selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local resolutions. The City of San Leandro participates in separate Safety and Miscellaneous (Police, and Miscellaneous) Employee Plans.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 14 - EMPLOYEE RETIREMENT PLANS (Continued)

Funding Policy - Active plan members are required by state statute to contribute 8% for miscellaneous employees hired before January 1, 2010 and 9% for safety employees of their annual covered salary. The City makes the contributions required for most City employees on their behalf and for their account, which amounted to \$2,568,172 for the year ended June 30, 2013. The city is required to contribute at an actuarially determined rate; the fiscal year 2012-13 rate for miscellaneous employees is 21.78%.

As previously mentioned the safety fund is in a cost-sharing multiple-employer plan and the city's current employer contribution rate required is 26.42% of annual covered payroll. In 2003-04, CalPERS combined the retirement plans for all public agencies with less than 100 active members to reduce the volatility of employer contribution rates. CalPERS also created for each member a side fund to amortize each agency's June 30, 2003 unfunded liabilities, amortized over a closed period that depends on the plan date of entry into CalPERS. A negative side fund, which the city incurred at the time causes the required employer contribution rate to be increased by the amortization of the side fund. The safety side fund is distinct from the City's other CalPERS plans and liabilities. The public safety side fund employer contribution rate is 22.63% which is amortized at 7.5% and scheduled to be fully amortized by June 30, 2024. The total required contribution rate in fiscal year 2012-13 for public safety is 49.04% of annual covered payroll for both side fund and multiple-employer plan, an increase of 5% from prior fiscal year.

The safety side fund is distinct from the City's other CalPERS plans. Side funds are retired over a fixed term with a fixed amortization schedule based on CalPERS actuarial earnings assumption rate (7.5%). The City's plan has the side fund scheduled to be fully amortized by June 30, 2024. The City's actuary has measured the amortization pay off of the side fund balance to amount to \$24,000,000 as of June 30 2011. In March 2012, the City issued \$18,305,000 taxable Pension Obligation Bonds to save the City money with lower interest rate significantly less than the interest rate the CalPERS charges to amortize the side fund. These bonds are not tax exempt under Federal regulations. The taxable bonds true interest cost rate was 4.72%, which is significantly less than the 7.75% charged by CalPERS, represents an expected savings over the life of the bonds. During fiscal year 2011-12, the City deposited \$24,971,910 with CalPERS to pay off the side fund. The 13-year amortization period for the City's side fund frames the savings opportunity being considered.

Annual Pension Cost - For fiscal year 2012-13 the City's annual pension costs of \$6,798,060 for CalPERS was equal to the City's required and actual contribution. The required contribution rate for the fiscal year 2012-13 was determined as a part of the June 30, 2012, actuarial valuation which used the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses); (b) projected salary increases that range from 3.30% to 14.20% for miscellaneous members, and from 3.30% to 14.20% for safety members; (c) an inflation component of 2.75%, and (d) 3% per year cost-of-living adjustments for retirees. The actuarial values of the Miscellaneous and Safety Plans' assets were determined using a technique that smooths the effect of short-term volatility in the market value of investments over a three-year period. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CALPERS. CalPERS unfunded actuarial accrued liability is being amortized at a fixed percentage of projected payroll. The remaining amortization period at June 30, 2013 was 16 years.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 14 - EMPLOYEE RETIREMENT PLANS (Continued)

Three-Year Information for City of San Leandro Safety Plan

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2011	\$4,162,075	100%
6/30/2012	4,106,138	100%
6/30/2013	2,675,983	100%

Three-Year Information for City of San Leandro Miscellaneous Plan

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2011	\$2,790,203	100%
6/30/2012	3,598,318	100%
6/30/2013	4,122,077	100%

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS

The City implemented the provisions of GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, in fiscal year 2008-09. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pension. The provisions of this Statement are applied prospectively and do not affect prior financial statements. Required disclosures are presented below.

A. Plan Description

The City's defined benefit Other Post Employment Benefit (OPEB) Plan, which was established by City Council in fiscal year 2009-10 in accordance with GASB Statement No. 45, provides reimbursements to retirees for qualified expenses. Retirees who have at least ten years of service and meet certain criterion based upon retirement date, household income in the most recent calendar year and age are entitled to reimbursements for qualified expenses.

Annual maximum reimbursement amounts differ depending on when an employee retired from City service. The majority of retirees may be eligible for a maximum of \$4,320 in annual reimbursements. Amendments to benefit provisions are negotiated by various bargaining units at the City and must be approved by Council. In fiscal year 2008-09, the City established an irrevocable exclusive agent multi-employer benefit trust which is administered by Public Agency Retirement Services (PARS). The trust will be used to accumulate and invest assets necessary to reimburse retirees. Separate financial reports are issued by PARS for the OPEB plan. The report can be obtained by writing to PARS at 5141 California Avenue, Suite 150, Irvine, CA. 92617-069, or by calling 800-540-6369.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS (Continued)

B. Funding Policy

Annual required contributions (ARC) are based upon actuarial valuations. The contribution requirements of the ARC are established and may be amended by the City Council. Plan members do not make contributions to the plan; the plan is funded entirely by the employer contributions.

The City's annual OPEB cost is calculated based upon the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$1,448,000
Interest on net OPEB obligation	84,000
Adjustment to the annual required contribution	<u>(129,000)</u>
Annual OPEB cost	1,403,000
Less: Contributions made	(913,026)
Increase in net OPEB obligation	489,974
NET OPEB obligation - beginning year	<u>1,639,025</u>
NET OPEB obligation - end of year	<u>\$2,128,999</u>

The City's annual OPEB cost, equal to the ARC, the percentage of OPEB cost contributed to the plan and the net OPEB obligation for 2013 and the preceding years were as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$1,791,000	\$1,411,315	79%	\$379,685
2010	1,870,000	1,359,742	73%	510,258
2011	1,387,000	920,415	66%	466,585
2012	1,452,000	1,169,503	81%	282,497
2013	1,403,000	913,026	65%	489,974
Total Net OPEB Obligation				<u>\$2,128,999</u>

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS (Continued)

C. Plan Funded Status Information

As of June 30, 2011, the latest valuation date, the funded status of the plan, was as follows:

Actuarial Valuations	
Actuarial accrued liability (AAL)	\$17,281,000
Actuarial value of plan assets	1,102,000
Unfunded actuarial accrued liability (UAAL)	16,179,000
Funded ratio (actuarial value of plan assets/AAL)	6%
Covered payroll (active plan members)	29,276,000
UAAL as percentage of covered payroll	55.3%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

D. Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and the plan members to the point. The methods assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions include 5.5% investment rate of return, compared to the City's own year to date investment yield 1.37%. Assets in the plan are invested in a moderately conservative portfolio that will provide current income with capital appreciation as a secondary objective. A 3.0% general rate of inflation was used, as well as 3.25% aggregate payroll increases.

The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll over a 30 year closed amortization period. There is no assumed post retirement benefit increase.

- Healthcare costs trends utilized actual premium rates for 2013. Future years were reduced to an ultimate rate 5% for both HMO and PPO plans by 2021.
- The CPI was assumed to be a constant at 3% per year.
- Assets in the plan will be invested in a moderately conservative money market portfolio that will provide current income with capital appreciation as a secondary objective.
- 5.15% Investment rate of return (net of administrative expenses).

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS

The City of San Leandro participates in the East Bay Dischargers Authority established on February 15, 1974. The Agency Members of the Joint Powers are the City of Hayward, City of San Leandro, Oro Loma Sanitary District, Castro Valley Sanitary District, and Union Sanity District. The authority has the powers to plan for, acquire, construct, manage, maintain, operate, and control facilities for the collection, transmission, treatment, reclamation, sale and disposal of waste water. No debt, liability, or obligation of the Authority shall constitute a debt, liability or obligation of any Agency.

The Authority is governed by the East Bay Dischargers Commission (Commission). The Commission consists of five members, one from each Agency. The ownership of the Joint Facilities is as follows: 18.6 %, City of San Leandro; 29.7% Oro Loma/Castro Valley; 33.0% City of Hayward; and 18.7% Union Sanitary District. The City’s shares of the expenses are recorded as expenses of the Water Pollution Control Fund.

NOTE 17 – SUCCESSOR AGENCY ACTIVITIES

A. Cash and Investments

Cash and Investments at June 30, 2013, consisted of the following:

Statement of net assets:	
Cash and Investments	\$8,753,425
Cash and Investments held by trustee	<u>6,963,245</u>
Total cash and investments	<u><u>\$15,716,670</u></u>

The Successor Agency pools its cash and investment with the City in order to achieve a higher return on investment. Certain restricted funds, which are held and invested by independent custodians through contractual agreements, are not pooled. These restricted funds include cash with fiscal agents.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 17 – SUCCESSOR AGENCY ACTIVITIES (Continued)

B. Advances from the City

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Successor Agency	<u>\$2,040,768</u>
		<u><u>\$2,040,768</u></u>

Plaza Project Area General Fund Loan:

On March 7, 2011, the former San Leandro Redevelopment Agency made a scheduled debt service payment of \$171,761 in principal and \$128,236 in interest for a loan due to the City of San Leandro General Fund from the Plaza Project Area. Subsequently, on March 7, 2011, the Executive Board of the former Agency authorized a payment of \$2,137,273 to the City of San Leandro to retire the full remaining balance of this loan. The loan had an initial balance of \$2,887,617 and was secured by a Promissory Note executed on December 5, 2002. Although the loan was made for legitimate redevelopment purposes and the repayment was consistent with the requirements of the Promissory Note, the State Department of Finance has asserted that these payments were not made for an approved enforceable obligation and that the funds must be remitted to the Alameda County Auditor-Controller. The City disputes this finding and is pursuing litigation to resolve this issue. If those efforts are unsuccessful, the possibility exists that the City could be required to return these funds to the Successor Agency. If the payments are ultimately reversed, the City, as a taxing entity itself, would receive approximately 12% of the funds.

Joint Project Area General Fund Loan:

On February 1, 2012, the date the former San Leandro Redevelopment Agency was dissolved, the Agency owed the City of San Leandro a balance of \$2,040,767 on a loan made to the City of San Leandro – Alameda County (Joint) Redevelopment Project Area. The loan had an initial balance of \$4,372,774 and was secured by a Promissory Note executed on April 8, 2004. The balance due was included as an enforceable obligation on the Successor Agency’s Enforceable Obligation Payment Schedule (EOPS) and each subsequent Recognized Obligation Payment Schedule (ROPS). On April 11, 2012 the California Department of Finance (DOF) informed the Successor Agency of its objection to this item, citing a prohibition on agreements between RDA’s and their sponsoring cities. On May 10, 2012 the Successor Agency Oversight Board approved, by resolution, an Amended and Restated Promissory Note under the authority provided under California Health and Safety Code Section 34781 (a). Notification of this action was provided to the DOF on May 10, 2012. According to Health and Safety Code Section 34179 (h), the DOF had three business day to notify the Successor Agency if it elected to review this action and no such notification was provided. Nevertheless, the DOF has subsequently denied this loan. Therefore, it is not clear at this time if the loan obligation can be enforced. The Successor Agency is pursuing litigation.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 17 – SUCCESSOR AGENCY ACTIVITIES (Continued)

LMIHF Balance / Housing Due Diligence Review:

Pursuant to Health and Safety Code Section 34179.6 (c), the San Leandro Successor Agency submitted an Oversight Board approved Low and Moderate Income Housing Fund (LMIHF) Due Diligence Review (DDR) to the California Department of Finance (DOF) on October 12, 2012. The DDR found that the City, in its capacity as Housing Successor maintains a LMIHF balance of \$3,923,774 and that those funds are fully encumbered through an Owner Participation Loan Agreement with Alameda Housing Associates. That Agreement, executed in April 2009, pledged \$9.1million in former Redevelopment Agency funds to the completion of The Alameda, an affordable housing project in Downtown San Leandro. The DOF indicated in a November 7, 2012 letter that the Housing Successor is required to remit the entirety of the LMIHF balance to the Alameda County Auditor-Controller for redistribution to the taxing entities. This finding was based on a DOF determination from October 19, 2012 that the Alameda Housing Associates agreement does not constitute an enforceable obligation of the former Redevelopment Agency. The Successor Agency disagrees with this determination and has requested a meet-and-confer process with the DOF. No funds are required to be remitted pending the results of the meet and confer process. The Successor Agency initiated litigation to challenge the DOF determination and ultimately reached a favorable settlement. The DOF ultimately issued a letter on July 11, 2013 which recognized the validity of this obligation and allowing the Successor Agency to use the \$3.9 million balance for its intended purpose of supporting the loan agreement. The Successor Agency will need to fund the remainder of the loan agreement using approximately \$3 million for the Redevelopment Property Tax Trust Fund (RPTTF). Those expenditures have been approved by the DOF on the most recent Successor Agency ROPS submittals and all funds are expected to be on hand by January 2014.

C. 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 Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 17 – SUCCESSOR AGENCY ACTIVITIES (Continued)

	Balance June 30, 2012 as restated	Additions	Deletions	Balance June 30, 2013
Non-depreciable Assets:				
Land	\$2,949,885			\$2,949,885
Land held for resale	6,150,000		(\$3,980,000)	2,170,000
Total Non-depreciable Assets	9,099,885		(3,980,000)	5,119,885
Depreciable Assets:				
Buildings and Improvements	1,713,996			1,713,996
Total Depreciable Assets	1,713,996			1,713,996
Accumulated Depreciation:				
Buildings and Improvements	(270,122)	(\$34,282)		(304,404)
Total Accumulated Depreciation	(270,122)	(34,282)		(304,404)
Depreciable Assets, Net	1,443,874	(34,282)		1,409,592
Total Private Purpose Trust Fund Activity Capital Assets, Net	<u>\$10,543,759</u>	<u>(\$34,282)</u>	<u>(\$3,980,000)</u>	<u>\$6,529,477</u>

D. 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 former 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. During the current fiscal year, the successor agency wrote down the value of the property held for resale to the amount of \$2,170,000.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 17 – SUCCESSOR AGENCY ACTIVITIES (Continued)

E. Long-Term Debt Obligations

At June 30, 2013, future debt service requirements for the Successor Agency were as follows:

	Balance June 30, 2012	Debt assumed From City	Additions	Retirements	Balance June 30, 2013	Current Portion
2001 Certificates of Participation	\$3,610,000			(\$3,610,000)		
2002 Tax Allocation Bonds	12,385,000			(635,000)	\$11,750,000	\$670,000
2004 Tax Allocation Bonds	5,090,000			(115,000)	4,975,000	125,000
2008 Tax Allocation Bonds	26,235,000			(510,000)	25,725,000	530,000
2013 Refunding Lease Revenue Bonds Successor Agency Portion			\$3,112,000		3,112,000	175,000
Bayfair Mall Debt	200,000			(200,000)		
Owner Participation Agreements	2,008,746			(123,730)	1,885,016	95,000
San Leandro USD - 9th Grade	988,288			(327,072)	661,216	327,072
King Property Settlement			7,750,000	(1,000,000)	6,750,000	1,000,000
HUD 108 Guarantee Notes Affordable Housing		\$496,000		(63,000)	433,000	63,000
Total	\$50,517,034	\$496,000	\$10,862,000	(\$6,583,802)	\$55,291,232	\$2,985,072
Plus (Less) unamortized:						
Discount (2002 TAB)	(\$69,822)			\$4,107	(\$65,715)	(\$4,107)
Premium (2008 TAB)	182,612			(6,522)	176,090	6,522
Premium (2013 LRRB)			\$119,874	(2,141)	117,733	8,562
Total Government Activity Debt	\$50,629,824	\$496,000	\$10,981,874	(\$6,588,358)	\$55,519,340	\$2,996,049

2001 Certificates of Participation

In 2001, principal amount of \$5,020,000 was issued for the Certificates of Participation (2001 COPs). The purpose of the 2001 COPs was to assist the Successor Agency of the City finance redevelopment activities within the Joint Project Area. The 2001 COPs bear interest rates ranging from 2.10% to 5.10% and are payable semiannually on each June 1 and December 1. Principal payments are payable annually on December 1.

The 2001 Certificates of Participation were defeased with the issuance of the 2013 Refunding Lease Revenue Bonds.

2002 Tax Allocation Bonds

In fiscal year 2004, the former Redevelopment Agency issued \$15,935,000 principal amount of Tax Allocation Bonds (2002 TABs) to refund the 1993 Tax Allocation Bonds (1993 TABs) used to finance the redevelopment activities within the Plaza Project Area (which have been completed) and to finance new redevelopment projects as set forth in the former Redevelopment Plan. The bonds consist of serial bonds that mature annually through 2018 in amounts ranging from \$305,000 to \$860,000 and term bonds maturing in 2020 in the amount of \$1,200,000, 2025 in the amount of \$2,355,000 and 2033 in the amount of \$3,520,000. Interest rates vary from 2.90% to a maximum of 6% and are payable semiannually on September 1 and March 1.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 17 – SUCCESSOR AGENCY ACTIVITIES (Continued)

The refunding of the outstanding 1993 TABs resulted in a present value loss of \$70,679 or 1.1% of the principal amount of the refunded bonds. The nominal economic loss was necessary in order to raise the \$8,015,000 of new money that was generated through the financing. Because of a prohibitively high additional bonds test on the 1993 TABs (225%) it was necessary to refund the outstanding bonds in order to most efficiently raise the new money. According to the analysis completed by the City's financial advisor, the Agency raised \$321,000 more through using the refunding than they could have raised using a subordinate lien new money only issue.

At June 30, 2013, future debt service requirements for the 2002 Tax Allocation Bonds were as follows:

For The Year Ending June 30	Principal	Interest	Total
2014	\$670,000	\$663,482	\$1,333,482
2015	705,000	627,380	1,332,380
2016	745,000	588,583	1,333,583
2017	790,000	546,348	1,336,348
2018	835,000	500,430	1,335,430
2019-2023	2,510,000	1,566,016	4,076,016
2024-2028	2,410,000	1,291,966	3,701,966
2029-2033	3,085,000	545,850	3,630,850
	<u>\$11,750,000</u>	<u>\$6,330,055</u>	<u>\$18,080,055</u>

2004 Tax Allocation Bonds

In 2004, the City issued \$5,500,000 principal amount of 2004 Tax Allocation Bonds (2004 TABs). The purpose of the 2004 TABs was to assist the former Redevelopment Agency of the City finance redevelopment activities within the West San Leandro/MacArthur Boulevard former Redevelopment Project Area of the City. The 2004 TABs bear interest rates ranging from 5.00% to 5.75% and are payable semiannually on each March 1 and September 1. Principal payments are payable annually on September 1. The debt is secured and payable from the tax increment revenues from the West San Leandro/MacArthur Boulevard former Redevelopment Project area within the City.

At June 30, 2013, future debt service requirements for the 2004 Tax Allocation Bonds were as follows:

For The Year Ending June 30	Principal	Interest	Total
2014	\$125,000	\$271,056	\$396,056
2015	130,000	263,887	393,887
2016	140,000	256,637	396,637
2017	145,000	249,337	394,337
2018	155,000	241,760	396,760
2019-2023	890,000	1,077,917	1,967,917
2024-2028	1,150,000	806,217	1,956,217
2029-2033	1,510,000	436,226	1,946,226
2034-2035	730,000	42,550	772,550
	<u>\$4,975,000</u>	<u>\$3,645,587</u>	<u>\$8,620,587</u>

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 17 – SUCCESSOR AGENCY ACTIVITIES (Continued)

2008 Tax Allocation Bonds

In 2008, \$27,530,000 principal amount of 2008 Tax Allocation Bond (2008 TABs) was issued. The purpose of the 2008 TABs was to provide funds to finance capital projects in the Alameda County-City of San Leandro former Redevelopment Project Area. A portion of the 2008 TABs were used to finance projects that meet the goals and objectives set forth in the former Redevelopment Plan. These include, but not limited to, design and construction of a senior center, a proposed parking garage, and infrastructure improvements on East 14th Street. Interest rates vary from 4.70% to a maximum of 5.00% and are payable annually. Principal payments are payable annually on November 1.

At June 30, 2013, future debt service requirements for the 2008 Tax Allocation Bonds were as follows:

For The Year Ending June 30	Principal	Interest	Total
2014	\$530,000	\$1,314,438	\$1,844,438
2015	550,000	1,287,438	1,837,438
2016	570,000	1,259,437	1,829,437
2017	595,000	1,230,313	1,825,313
2018	620,000	1,199,938	1,819,938
2019-2023	3,530,000	5,510,907	9,040,907
2024-2028	4,440,000	4,546,019	8,986,019
2029-2033	5,715,000	3,257,790	8,972,790
2034-2038	7,445,000	1,513,485	8,958,485
2039	1,730,000	46,710	1,776,710
	<u>\$25,725,000</u>	<u>\$21,166,475</u>	<u>\$46,891,475</u>

2013 Refunding Lease Revenue Bonds

In 2013, the City issued \$11,995,000 principal amount of 2013 Refunding Lease Revenue Bonds (2013 RLRB) was issued. The purpose of the 2013 RLRBs was to refund the 2003 COPs and 2001 COPs. The 2013 RLRBs bear interest rates ranging from 2.0% to 5.00% and are payable semiannually on each June 1 and December 1. Principal payments are payable annually on December 1.

The refunding resulted in a present value of savings of \$1,348,397 or 11.24% of the refunded bonds. Through a five-year extension of debt service on the outstanding COPs, \$2,750,000 of capital improvement funds and a slight reduction was generated in the annual debt service payment.

At June 30, 2013, future debt service requirements for the Successor Agency's portion of the 2013 Refunding Lease Revenue Bonds were as follows:

For The Year Ending June 30	Principal	Interest	Total
2014	\$175,000	\$116,174	\$291,174
2015	175,000	97,790	272,790
2016	175,000	93,415	268,415
2017	203,000	87,745	290,745
2018	204,000	81,640	285,640
2019-2023	1,131,000	305,375	1,436,375
2024-2027	1,049,000	88,683	1,137,683
	<u>\$3,112,000</u>	<u>\$870,822</u>	<u>\$3,982,822</u>

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 17 – SUCCESSOR AGENCY ACTIVITIES (Continued)

Bay Fair Mall Debt with Agency Commitment

On June 15, 1998, the City committed \$4,000,000 to renovate the Bayfair Mall. This debt had 0% interest and has installments ranging between \$200,000 and \$400,000 per year over a 15 year period beginning in July 1998.

During the current year the Bay Fair Mall Debt was retired in full.

Owner Participation Agreements with Agency Commitment

The Agency entered into the following agreements which represent contingency liabilities for the Agency:

	<u>Balance June 30, 2012</u>	<u>Retirements</u>	<u>Balance June 30, 2013</u>
Ford Motor Company	\$2,008,746	(\$123,730)	\$1,885,016
Total	<u>\$2,008,746</u>	<u>(\$123,730)</u>	<u>\$1,885,016</u>

Ford Motor Company Owner Participation Agreement - The agreement required the Agency to make annual payment equivalent to 50% of the sales tax generated above a base of \$277,000 by the sale of vehicles as part of the Ford Store San Leandro development. The amount due is paid over several years depending on the volume of auto sales at no interest.

2009 San Leandro Unified School District

In February 2009, the City entered into a joint use agreement with the San Leandro Unified School District which provides for the City use of the 9th grade gymnasium during non-school hours and the San Leandro former Redevelopment Agency (Agency) agreed to provide for financial contribution to the project from the Agency in the amount of \$2,170,800 with no interest payable by June 30, 2017.

During the fiscal year ended June 30, 2010, annual payments for the 2009-10 and 2010-11 fiscal years were reduced from \$327,072 to \$160,000 as a consequence of the State SERAF requirement, consistent with the terms of the financing agreement between the Agency and the school district. Assuming no additional payments are required by the State in subsequent years, the terms of the agreement was extended to Fiscal 2019 with payments at \$167,072 each fiscal year beginning fiscal year 2015.

	<u>For The Year Ending June 30</u>	<u>Principal</u>
2014		\$327,072
2015		327,072
2016		7,072
		<u>\$661,216</u>

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 17 – SUCCESSOR AGENCY ACTIVITIES (Continued)

King Property Settlement

The Successor Agency of the former Redevelopment Agency of the City of San Leandro had agreements with the King parties who are owners of a 3.7 acre parcel on East 14th Street which is a portion of the Bayfair Shopping Center. The King had demanded payment from the Successor Agency of the City of San Leandro as a guarantor of the lease payments. During the fiscal year 2013, the Successor Agency entered into a settlement in the amount of \$7,750,000.

At June 30, 2013, future debt service requirements for the 2013 King Property Settlement were as follows:

	<u>For The Year</u> <u>Ending June 30</u>	<u>Principal</u>
2014		\$1,000,000
2015		1,500,000
2016		1,500,000
2017		1,500,000
2018		<u>1,250,000</u>
		<u>\$6,750,000</u>

HUD 108 Guarantee Notes

In 2000, the City received a \$1,000,000 20-year federal loan from Housing and Urban Development (HUD 108 Guarantor loan), at an interest rate of 5.6% to finance the acquisition and construction of affordable housing for seniors within the City of San Leandro. The loan is secured and payable from the Agency's 20% Housing Set-Aside Fund. The debt was assumed by the Successor Agency. Future debt service payments for the HUD 108 Guarantee loan were as follows:

	<u>For The Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014		\$63,000	\$10,232	\$73,232
2015		63,000	9,243	72,243
2016		63,000	7,983	70,983
2017		63,000	6,452	69,452
2018		63,000	4,697	67,697
2019-2020		<u>118,000</u>	<u>3,706</u>	<u>121,706</u>
		<u>\$433,000</u>	<u>\$42,313</u>	<u>\$475,313</u>

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2013

NOTE 17 – SUCCESSOR AGENCY ACTIVITIES (Continued)

F. Commitments and Contingencies

Cornerstone at San Leandro Crossings

The Cornerstone at San Leandro Crossings, a 200-unit affordable rental housing project which was developed by the nonprofit BRIDGE Housing Corporation, proposal in the San Leandro Crossings development. The former Redevelopment Agency approved a development loan of \$9.1 million in Set-Aside Funds in April 2009. Due to unforeseen factors beyond the developers' control, the Cornerstone was delayed in April 2011. BRIDGE is expected to apply for low income rental housing tax credits from the State \$22 million grant funds are expected from the state to complete this project.

REQUIRED SUPPLEMENTARY INFORMATION

City of San Leandro
Required Supplementary Information
For the year ended June 30, 2013

1. BUDGETS AND BUDGETARY ACCOUNTING

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Major Fund
General Fund

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Property and other taxes	\$ 60,759,000	\$ 60,759,000	\$ 64,650,124	\$ 3,891,124
Licenses and permits	6,020,560	6,020,560	6,014,499	(6,061)
Fines and forfeitures	1,240,000	1,240,000	1,237,354	(2,646)
Service charges	2,661,000	2,675,568	2,784,752	109,184
Intergovernmental	917,255	917,255	966,454	49,199
Use of money and property	1,051,455	1,051,455	918,581	(132,874)
Interdepartment charges	2,002,140	2,002,140	2,001,928	(212)
Other	447,000	544,162	1,414,435	870,273
Total Revenues	75,098,410	75,210,140	79,988,127	4,777,987
EXPENDITURES:				
Current:				
General government	9,945,231	10,008,347	12,771,955	(2,763,608)
Public safety	44,219,695	44,475,197	45,086,614	(611,417)
Engineering and transportation	6,753,419	6,847,586	6,605,096	242,490
Recreation and culture	8,670,190	8,869,963	8,409,590	460,373
Community development	3,851,125	4,017,744	3,493,089	524,655
Debt service:				
Principal	1,343,061	1,343,061	998,060	345,001
Interest and fees	1,049,722	1,049,722	1,159,417	(109,695)
Total Expenditures	75,832,443	76,611,620	78,523,821	(1,912,201)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(734,033)	(1,401,480)	1,464,306	2,865,786
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(257,135)	(1,606,599)	(1,606,599)	-
Issuance of capital lease	-	-	971,090	971,090
Total other financing sources (uses)	(257,135)	(1,606,599)	(635,509)	971,090
NET CHANGE IN FUND BALANCE	(991,168)	(3,008,079)	828,797	3,836,876
FUND BALANCES:				
Beginning of year			24,469,482	
End of year			<u>\$ 25,298,279</u>	

City of San Leandro
Required Supplementary Information
For the year ended June 30, 2013

1. BUDGETS AND BUDGETARY ACCOUNTING

The City adopts a budget annually for all governmental fund types. This budget is effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by resolution during the fiscal year. The City Manager is authorized to transfer budgeted amounts between departments and line items within any fund; however, any revisions which alter the total expenditures of any fund must be approved by the City Council. Transfers between funds must be approved by the City Council. All appropriations lapse at year-end, unless otherwise authorized by the City Council and the City Manager, except for capital improvement funds for which appropriations endure until the project is completed. The City does not budget for the Affordable Housing Asset Fund.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except for capital projects funds, which are adopted on a project length basis, which means budgets, are used until the project's completion for the entire project amount.

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of the formal budgetary process. Encumbrances outstanding at year-end are carried over to the next fiscal year as part of that year's budget resolution.

GAAP serves as the budgetary basis of accounting.

2. PENSION PLANS SCHEDULE OF FUNDING PROGRESS – PERS

Public Employees Retirement System Pension plan consist of annual actuarial valuation of assets for both safety and miscellaneous employees of the City. Note 14 describes the Employee Retirement Plans including plan description, funding policy and annual pension cost. Since the City has less than 100 active members in the Safety plans since 06/30/2003, the City is required to participate in a risk pool. An actuarial valuation was performed with other participants within the same risk pool. The Plans' actuarial values, which differ from fair values, and funding progress over the most recent past three years available, are set forth below at their actuarial valuation date of June 30:

Valuation Date	Entry Age Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded		Annual Covered Payroll	UAAL as a % of Payroll
			Liability	Funded Status		
Miscellaneous:						
6/30/2010	\$214,152,551	\$183,903,259	\$30,249,292	85.9%	\$19,694,872	153.6%
6/30/2011	226,836,862	190,211,455	36,625,407	83.9%	19,739,792	185.5%
6/30/2012	232,429,659	189,028,548	43,401,111	81.3%	20,167,441	215.2%
Safety:						
6/30/2011	\$222,794,853	\$156,573,929	\$66,220,924	70.3%	\$10,125,853	654.0%
6/30/2012	227,421,062	167,707,671	59,713,391	73.7%	10,058,373	593.7%

* Effective with the 6/30/03 valuation, CalPERS established risk pools for plans containing less than 100 active members. The City's plan is included of the cost-sharing multiple-employer defined benefit variety.

City of San Leandro
Required Supplementary Information
For the year ended June 30, 2013

3. SCHEDULE OF FUNDING PROGRESS – OTHER POST RETIREMENT BENEFIT PLAN

The Plans' actuarial values, which differ from fair values, and funding progress over the most recent past three years available, are set forth below at their actuarial valuation date of June 30:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
6/30/2007		\$20,977,000	\$20,977,000		\$32,564,000	64.4%
6/30/2009	\$500,000	16,853,000	16,353,000	3%	29,408,000	55.6%
6/30/2011	1,102,000	17,281,000	16,179,000	6%	29,276,000	55.3%

SUPPLEMENTARY INFORMATION



NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Street/Traffic Improvements - This fund accounts for development fee assessments levied to provide for partial funding of street and traffic improvements associated with commercial and residential growth.

Park Development Fee - This fund accounts for park development fee assessments levied to provide for partial funding for park development needs associated with residential growth.

Underground Utility Fees - This fund accounts for utility conversion project assessments levied to provide for the placement of overhead utilities underground. Assessments shall be expended only for expansion of, maintenance of or construction of Underground Utility Districts and facilities.

Parking - This fund accounts for parking meter and parking lot collections for maintenance of downtown parking facilities and other public parking locations.

Special Gas Tax - This fund accounts for revenues and expenditures received from the State of California under Street and Highways Code. The allocations must be spent for street maintenance and construction and a limited amount for engineering.

Cherrywood Maintenance District - This fund is used to account for the special assessment funding for the ongoing maintenance of public facilities at the Cherrywood development.

Measure B Paratransit - This fund accounts for the City's share of proceeds of a one-half cent sales tax increase originally approved by the voters in November 1986. The program is administered by the Alameda County Transportation Authority. The tax provides funds for AC transit and paratransit operations.

Asset Seizure - This fund accounts for funds received from asset forfeiture and used for public safety purposes. Asset Seizure funds previously reported under General Fund and separated as of FY 2010-11.

Heron Bay - This fund accounts for maintenance assessments to fund ongoing maintenance of wetlands impacted by residential growth.

Proposition IB Local Streets & Roads - This fund accounts for Proposition IB funds for safety improvements and repairs to local streets and roads.

Special Grants - This fund accounts for various grants from the State of California and the Federal Government to be expended for a specific purpose, activity or facility.

NON-MAJOR GOVERNMENTAL FUNDS

Measure B - This fund accounts for the City's share of proceeds on a one-half cent sales tax increase originally approved by the voters in November 1986. The program is administered by the Alameda County Transportation Authority. The tax provides funds for eight specific projects within Alameda County including major freeway improvements and a major rail extension.

Measure F - This fund accounts for the City's share of proceeds on a \$10 increase in Vehicle Registration fees originally approved by the voters in November 2010. The program is administered by the Alameda County Transportation Authority. The tax provides funds for projects to reduce traffic congestion and vehicle related pollution.

C.D.B.G. - This fund accounts for Federally funded grants through the Community Development Block Grant Program from the U.S. Department of Housing and Urban Development.

HOME - This fund accounts for Federally funded grants from the U.S. Department of Housing and Urban Development to provide for community housing renovation programs.

Housing In-Lieu - This fund accounts for Housing In-Lieu assessments levied to provide for partial funding of low/moderate housing projects.

Business Improvement District - This fund accounts for service fees charged to business owners to provide a shuttle service from BART to the downtown business district.

Public Education & Government (PEG) Fund - This fund accounts for the Digital Infrastructure and Video Competition Act (DIVCA) of 2006, collecting 1% of gross revenues from state franchise holders. The fund accounts for user fees charged to cable television customers to provide public education on government programs.

DEBT SERVICE FUNDS

Special Assessment District - This fund accumulates monies for payments of special assessment bonds which are financed by assessments placed on the Alameda County tax roll.

San Leandro Public Financing Authority Debt Service Fund - Accounts for certificates of participation issued in 1993 for the Seismic Retrofit project. The debt will be repaid through receipt of tax increment in future years and includes a sale and leaseback agreement between the City of San Leandro and the Redevelopment Agency. This fund also accounts for the Certificates of Participation issued for the library and fire stations seismic retrofit. The debt will be paid back pursuant to lease agreements between the City of San Leandro and the San Leandro Public Finance Authority.

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Capital Improvement Projects Capital Projects Fund - This fund accounts monies for major capital improvement projects not provided for in one the the other capital improvement projects fund.

San Leandro Hillside Geological Hazardous Abatement District - This fund is used to account for the finances of the collaborative between the City of San Leandro and the Geological Hazardous Abatement District (GHAD).

City of San Leandro
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2013

	Special Revenue				
	Street/Traffic Improvements	Park Development Fee	Underground Utility Fee	Parking	Special Gas Tax
ASSETS					
Cash and investments	\$ 1,156,746	\$ 408,862	\$ 1,308,442	\$ 30,624	\$ 2,336,645
Cash and investments with fiscal agent	-	-	-	-	-
Receivables:					
Accounts	-	-	-	1,392	-
Federal, State, and local grants	-	-	-	-	-
Interest	2,964	1,204	3,060	111	6,068
Special assessments	-	-	-	-	-
Other assets	-	-	-	-	-
Loans	-	-	-	-	-
Total Assets	\$ 1,159,710	\$ 410,066	\$ 1,311,502	\$ 32,127	\$ 2,342,713
LIABILITIES					
Liabilities:					
Accounts payable	\$ 116	\$ -	\$ -	\$ 714	\$ 33,368
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	116	-	-	714	33,368
DEFERRED INFLOW OF RESOURCES					
Unavailable revenue - grants receivable	-	-	-	-	-
Unavailable revenue - loans receivable	-	-	-	-	-
Total Deferred Inflow of Resources	-	-	-	-	-
Fund Balances:					
Restricted	1,159,594	410,066	1,311,502	31,413	2,309,345
Unassigned	-	-	-	-	-
Total Fund Balances	1,159,594	410,066	1,311,502	31,413	2,309,345
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 1,159,710	\$ 410,066	\$ 1,311,502	\$ 32,127	\$ 2,342,713

Special Revenue

Cherrywood Maintenance District	Measure B Paratransit	Asset Seizure	Heron Bay	Proposition IB Local Streets & Roads	Special Grants	Measure B	Measure F	C.D.B.G
\$ 259,195	\$ -	\$ 755,891	\$ 750,557	\$ 54,893	\$ -	\$ 3,341,252	\$ 755,606	\$ -
-	-	-	-	-	-	-	-	-
-	-	48,313	773	-	-	9,240	74,052	43,528
-	48,060	-	-	-	2,826,516	369,816	-	-
562	-	1,698	1,704	175	-	7,178	-	56,199
36,072	-	-	-	-	-	317	-	-
-	70,963	-	-	-	-	-	-	168,985
-	-	-	-	-	-	-	-	773,949
<u>\$ 295,829</u>	<u>\$ 119,023</u>	<u>\$ 805,902</u>	<u>\$ 753,034</u>	<u>\$ 55,068</u>	<u>\$ 2,826,516</u>	<u>\$ 3,727,803</u>	<u>\$ 829,658</u>	<u>\$1,042,661</u>

\$ -	\$ 18,356	\$ -	\$ 10,046	\$ -	\$ 434,822	\$ 238,817	\$ -	\$ 41,172
-	24,481	-	-	-	1,962,956	-	-	86,024
-	-	-	-	-	-	-	-	-
-	42,837	-	10,046	-	2,397,778	238,817	-	127,196

-	-	-	-	-	2,075,328	-	-	-
-	-	-	-	-	-	-	-	830,148
-	-	-	-	-	2,075,328	-	-	830,148

295,829	76,186	805,902	742,988	55,068	-	3,488,986	829,658	85,317
-	-	-	-	-	(1,646,590)	-	-	-
<u>295,829</u>	<u>76,186</u>	<u>805,902</u>	<u>742,988</u>	<u>55,068</u>	<u>(1,646,590)</u>	<u>3,488,986</u>	<u>829,658</u>	<u>85,317</u>

\$ 295,829	\$ 119,023	\$ 805,902	\$ 753,034	\$ 55,068	\$ 2,826,516	\$ 3,727,803	\$ 829,658	\$1,042,661
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(Continued)

(Continued)

City of San Leandro
Combining Balance Sheet
Non-Major Governmental Funds, (Continued)
June 30, 2012

	Special Revenue				Debt Service
		Housing	Business	Public	Special
	HOME	In-Lieu	Improvement District	Education and Government	Assessment District
ASSETS					
Cash and investments	\$ 49,827	\$ 45,484	\$ 45,922	\$ 556,075	\$ 248,063
Cash and investments with fiscal agent	-	-	-	-	-
Receivables:					
Accounts	-	-	130	44,356	-
Federal, State, and local grants	-	-	-	-	-
Interest	116	194	103	814	573
Special assessments	-	-	96	-	-
Other assets	-	-	-	-	-
Loans	3,182,014	593,521	-	-	-
Total Assets	\$ 3,231,957	\$ 639,199	\$ 46,251	\$ 601,245	\$ 248,636
LIABILITIES					
Liabilities:					
Accounts payable	\$ 2	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	150,000	-
Total Liabilities	2	-	-	150,000	-
DEFERRED INFLOW OF RESOURCES					
Unavailable revenue - grants receivable	-	-	-	-	-
Unavailable revenue - loans receivable	3,182,014	593,521	-	-	183,405
Total Deferred Inflow of Resources	3,182,014	593,521	-	-	183,405
Fund Balances:					
Restricted	49,941	45,678	46,251	451,245	65,231
Unassigned	-	-	-	-	-
Total Fund Balances	49,941	45,678	46,251	451,245	65,231
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 3,231,957	\$ 639,199	\$ 46,251	\$ 601,245	\$ 248,636

(Continued)

Debt Service		Capital Projects		Total
San Leandro Public Financing Authority	Capital Improvement Projects	GHAD	Capital Projects	Non-Major Governmental Funds
\$ 635,059	\$ 4,906,980	\$ 15,633	\$ 17,661,756	
55,259	91,624	-	146,883	
-	-	-	221,784	
-	-	-	3,244,392	
465	-	40	83,228	
-	-	-	36,485	
-	-	-	239,948	
-	-	-	4,549,484	
<u>\$ 690,783</u>	<u>\$ 4,998,604</u>	<u>\$ 15,673</u>	<u>\$ 26,183,960</u>	

\$ -	\$ 17,978	\$ -	\$ 795,391
-	-	-	2,073,461
-	1,000,000	-	1,150,000
<u>-</u>	<u>1,017,978</u>	<u>-</u>	<u>4,018,852</u>

-	-	-	2,075,328
-	-	-	4,789,088
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,864,416</u>

690,783	3,980,626	15,673	16,947,282
-	-	-	(1,646,590)
<u>690,783</u>	<u>3,980,626</u>	<u>15,673</u>	<u>15,300,692</u>

\$ 690,783	\$ 4,998,604	\$ 15,673	\$ 26,183,960
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(Concluded)

City of San Leandro

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the year ended June 30, 2012

	Special Revenue					
	Street/Traffic	Park	Underground		Special	Cherrywood
	Improvements	Development	Utility	Parking	Gas Tax	Maintenance
	Fee	Fee			District	
REVENUES:						
Property and other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,219
Licenses and permits	106,165	-	-	233,814	-	-
Service charges	-	-	-	-	-	-
Intergovernmental	-	-	-	-	2,025,315	-
Use of money and property	2,899	1,211	2,801	108	5,532	-
Other	-	28,793	-	-	-	-
Total Revenues	109,064	30,004	2,801	233,922	2,030,847	21,219
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Engineering and transportation	306,396	-	91,343	284,548	1,855,223	437
Recreation and culture	-	192,167	-	-	-	-
Community development	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-
Total Expenditures	306,396	192,167	91,343	284,548	1,855,223	437
REVENUES OVER (UNDER) EXPENDITURES	(197,332)	(162,163)	(88,542)	(50,626)	175,624	20,782
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Proceeds from the issuance of debt	-	-	-	-	-	-
Payment to escrow agency	-	-	-	-	-	-
Permium from the issuance of debt	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(197,332)	(162,163)	(88,542)	(50,626)	175,624	20,782
FUND BALANCES:						
Beginning of year	1,356,926	572,229	1,400,044	82,039	2,133,721	275,047
End of year	\$ 1,159,594	\$ 410,066	\$ 1,311,502	\$ 31,413	\$ 2,309,345	\$ 295,829

(Continued)

Special Revenue								
Measure B Paratransit	Asset Seizure	Proposition IB			Measure B	Measure F	C.D.B.G	
		Heron Bay	Local Streets & Roads	Special Grants				
\$ -	\$ -	\$ 278,325	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
349,410	314,615	-	-	2,805,211	1,556,786	410,515	686,393	
-	1,408	1,518	-	178	6,038	-	8,823	
6,500	-	-	-	10,041	131,132	-	5,123	
355,910	316,023	279,843	-	2,815,430	1,693,956	410,515	700,339	
-	-	-	-	-	-	-	-	
-	209,515	-	-	1,139,990	-	-	-	
-	-	298,033	89,095	1,885,421	1,068,838	6,135	-	
347,837	-	-	-	1,324,760	-	-	-	
-	-	-	-	-	-	-	464,699	
-	-	-	-	-	-	-	131,000	
-	-	-	-	-	-	-	76,534	
347,837	209,515	298,033	89,095	4,350,171	1,068,838	6,135	672,233	
8,073	106,508	(18,190)	(89,095)	(1,534,741)	625,118	404,380	28,106	
-	-	-	-	20,000	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	20,000	-	-	-	
8,073	106,508	(18,190)	(89,095)	(1,514,741)	625,118	404,380	28,106	
68,113	699,394	761,178	144,163	(131,849)	2,863,868	425,278	57,211	
\$ 76,186	\$ 805,902	\$ 742,988	\$ 55,068	\$(1,646,590)	\$ 3,488,986	\$ 829,658	\$ 85,317	

(Continued)

City of San Leandro

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds, (Continued)

For the year ended June 30, 2013

	Special Revenue			Debt Service		
	HOME	Housing	Business	Public	Special	San Leandro
		In-Lieu	Improvement	Education and	Assessment	Public Financing
		District	Government	District	Authority	
REVENUES:						
Property and other taxes	\$ -	\$ -	\$ -	\$ 175,896	\$ -	\$ -
Licenses and permits	-	-	128,424	-	-	-
Service charges	-	-	-	-	-	-
Intergovernmental	8,463	-	109,958	-	-	-
Use of money and property	-	276	-	633	-	2,474,777
Other	52,986	43,479	-	-	-	-
Total Revenues	61,449	43,755	238,382	176,529	-	2,474,777
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	221,223
Public safety	-	-	-	-	-	-
Engineering and transportation	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Community development	10,756	65,000	247,524	28,893	-	-
Debt service:						
Principal	-	-	-	-	-	447,991
Interest and fees	-	-	-	-	11,216	1,358,594
Total Expenditures	10,756	65,000	247,524	28,893	11,216	2,027,808
REVENUES OVER (UNDER) EXPENDITURES	50,693	(21,245)	(9,142)	147,636	(11,216)	446,969
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Proceeds from the issuance of debt	-	-	-	-	-	8,883,000
Payment to escrow agency	-	-	-	-	-	(9,817,009)
Premium from the issuance of debt	-	-	-	-	-	298,315
Total Other Financing Sources (Uses)	-	-	-	-	-	(635,694)
NET CHANGE IN FUND BALANCE	50,693	(21,245)	(9,142)	147,636	(11,216)	(188,725)
FUND BALANCES:						
Beginning of year	(752)	66,923	55,393	303,609	76,447	879,508
End of year	\$ 49,941	\$ 45,678	\$ 46,251	\$ 451,245	\$ 65,231	\$ 690,783

(Continued)

<u>Capital Projects</u>		
<u>Capital Improvement Projects</u>	<u>GHAD</u>	<u>Total Non-Major Governmental Funds</u>
\$ -	\$ -	\$ 475,440
-	-	468,403
45,897	-	45,897
-	-	8,266,666
-	-	2,506,202
17,386	-	295,440
<u>63,283</u>	<u>-</u>	<u>12,058,048</u>
-	-	221,223
1,841	-	1,351,346
2,056,617	2,903	7,944,989
142	-	1,864,906
-	-	816,872
-	-	578,991
-	-	1,446,344
<u>2,058,600</u>	<u>2,903</u>	<u>14,224,671</u>
<u>(1,995,317)</u>	<u>(2,903)</u>	<u>(2,166,623)</u>
557,000	-	577,000
-	-	8,883,000
-	-	(9,817,009)
-	-	298,315
<u>557,000</u>	<u>-</u>	<u>(58,694)</u>
<u>(1,438,317)</u>	<u>(2,903)</u>	<u>(2,225,317)</u>
<u>5,418,943</u>	<u>18,576</u>	<u>17,526,009</u>
<u>\$ 3,980,626</u>	<u>\$ 15,673</u>	<u>\$ 15,300,692</u>

(Concluded)

City of San Leandro

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -
 Non Major Governmental Fund
 Street/Traffic Improvements Special Revenue Fund
 For the year ended June 30, 2013**

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Licenses and permits	\$ 90,000	\$ 90,000	\$ 106,165	\$ 16,165
Use of money and property	10,750	10,750	2,899	(7,851)
Total revenues	<u>100,750</u>	<u>100,750</u>	<u>109,064</u>	<u>8,314</u>
EXPENDITURES:				
Current:				
Engineering and transportation	<u>91,528</u>	<u>990,071</u>	<u>306,396</u>	<u>683,675</u>
Total expenditures	<u>91,528</u>	<u>990,071</u>	<u>306,396</u>	<u>683,675</u>
NET CHANGE IN FUND BALANCES	<u>9,222</u>	<u>(889,321)</u>	<u>(197,332)</u>	<u>691,989</u>
FUND BALANCES:				
Beginning of year			<u>1,356,926</u>	
End of year			<u>\$ 1,159,594</u>	

City of San Leandro

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Non Major Governmental Fund

Park Development Fee Special Revenue Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Use of money and property	\$ 6,000	\$ 6,000	\$ 1,211	\$ (4,789)
Licenses and permits	25,000	25,000	28,793	3,793
Total revenues	31,000	31,000	30,004	(996)
EXPENDITURES:				
Current:				
Recreation and culture	17,946	402,665	192,167	210,498
Total expenditures	17,946	402,665	192,167	210,498
NET CHANGE IN FUND BALANCES	13,054	(371,665)	(162,163)	209,502
FUND BALANCES:				
Beginning of year			572,229	
End of year			\$ 410,066	

City of San Leandro

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -

Non Major Governmental Fund

Underground Utility Fees Special Revenue Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Over/(Under) Variance with Final Budget
	Adopted	Final		
REVENUES:				
Use of money and property	\$ 1,500	\$ 1,500	\$ 2,801	\$ 1,301
Charges for current services	106,000	106,000	-	(106,000)
Total revenues	107,500	107,500	2,801	(104,699)
EXPENDITURES:				
Current:				
Engineering and transportation	-	413,956	91,343	322,613
Total expenditures	-	413,956	91,343	322,613
NET CHANGE IN FUND BALANCES	-	(306,456)	(88,542)	217,914
FUND BALANCES:				
Beginning of year			1,400,044	
End of year			\$ 1,311,502	

City of San Leandro

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -

Non Major Governmental Fund

Parking Special Revenue Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Licenses and permits	\$ 274,540	\$ 274,540	\$ 233,814	\$ (40,726)
Use of money and property	700	700	108	(592)
Total revenues	<u>275,240</u>	<u>275,240</u>	<u>233,922</u>	<u>(41,318)</u>
EXPENDITURES:				
Current:				
Engineering and transportation	<u>320,392</u>	<u>320,392</u>	<u>284,548</u>	<u>35,844</u>
Total expenditures	<u>320,392</u>	<u>320,392</u>	<u>284,548</u>	<u>35,844</u>
NET CHANGE IN FUND BALANCES	<u>(45,152)</u>	<u>(45,152)</u>	<u>(50,626)</u>	<u>(5,474)</u>
FUND BALANCES:				
Beginning of year			<u>82,039</u>	
End of year			<u>\$ 31,413</u>	

City of San Leandro

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -

Non Major Governmental Fund

Special Gas Tax Special Revenue Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 2,163,214	\$ 2,163,214	\$ 2,025,315	\$ (137,899)
Use of money and property	15,000	15,000	5,532	(9,468)
Total revenues	<u>2,178,214</u>	<u>2,178,214</u>	<u>2,030,847</u>	<u>(147,367)</u>
EXPENDITURES:				
Current:				
Engineering and transportation	2,862,112	4,607,611	1,855,223	2,752,388
Total expenditures	<u>2,862,112</u>	<u>4,607,611</u>	<u>1,855,223</u>	<u>2,752,388</u>
NET CHANGE IN FUND BALANCES	<u>(683,898)</u>	<u>(2,429,397)</u>	<u>175,624</u>	<u>2,605,021</u>
FUND BALANCES:				
Beginning of year			<u>2,133,721</u>	
End of year			<u>\$ 2,309,345</u>	

City of San Leandro

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -

Non Major Governmental Fund

Measure F - (Vehicle Registration Fees)

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ -	
Intergovernmental	-	-	410,515	410,515
Other	-	-	-	-
Total revenues	-	-	410,515	410,515
EXPENDITURES:				
Current				
Engineering and transportation	-	770,902	6,135	764,767
Total expenditures	-	770,902	6,135	764,767
NET CHANGE IN FUND BALANCES	-	(770,902)	404,380	1,175,282
FUND BALANCES:				
Beginning of year			425,278	
End of year			\$ 829,658	

City of San Leandro

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -

Non Major Governmental Fund

Measure B

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 1,696,718	\$ 1,696,718	\$ 1,556,786	\$ (139,932)
Use of money and property	23,100	23,100	6,038	(17,062)
Other	65,000	65,000	131,132	66,132
Total revenues	1,784,818	1,784,818	1,693,956	(90,862)
EXPENDITURES:				
Current				
Engineering and transportation	2,188,356	6,928,996	1,068,838	5,860,158
Total expenditures	2,188,356	6,928,996	1,068,838	5,860,158
NET CHANGE IN FUND BALANCES	(403,538)	(5,144,178)	625,118	5,769,296
FUND BALANCES:				
Beginning of year			2,863,868	
End of year			\$ 3,488,986	

City of San Leandro
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -
Non Major Governmental Fund
Asset Seizure Fund
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 314,615	\$ 314,615
Use of money and property	6,000	6,000	1,408	(4,592)
Total revenues	6,000	6,000	316,023	310,023
EXPENDITURES:				
Current:				
Public Safety	-	183,348	209,515	(26,167)
Total expenditures	-	183,348	209,515	(26,167)
NET CHANGE IN FUND BALANCES	6,000	(177,348)	106,508	283,856
FUND BALANCES:				
Beginning of year			699,394	
End of year			<u>\$ 805,902</u>	

City of San Leandro

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -

Non Major Governmental Fund

Heron Bay Special Revenue Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Property and other taxes	\$ 325,093	\$ 325,093	\$ 278,325	\$ (46,768)
Use of money and property	4,721	4,721	1,518	(3,203)
Other	-	-	-	-
Total revenues	329,814	329,814	279,843	(49,971)
EXPENDITURES:				
Current:				
Engineering and transportation	438,045	716,606	298,033	418,573
Total expenditures	438,045	716,606	298,033	418,573
NET CHANGE IN FUND BALANCES	(108,231)	(386,792)	(18,190)	368,602
FUND BALANCES:				
Beginning of year			761,178	
End of year			\$ 742,988	

City of San Leandro

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Non Major Governmental Fund Cherrywood Maintenance District Special Revenue Fund For the year ended June 30, 2013

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Property and other taxes	\$ 20,265	\$ 20,265	\$ 21,219	\$ 954
Use of money and property	1,490	1,490	-	(1,490)
Total revenues	21,755	21,755	21,219	(536)
EXPENDITURES:				
Current:				
Engineering and transportation	-	-	437	(437)
Total expenditures	-	-	437	(437)
NET CHANGE IN FUND BALANCES	21,755	21,755	20,782	(973)
FUND BALANCES:				
Beginning of year			275,047	
End of year			\$ 295,829	

City of San Leandro

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -

Non Major Governmental Fund

Proposition IB - Local Streets & Roads Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Engineering and transportation	-	132,619	89,095	43,524
Total expenditures	-	132,619	89,095	43,524
NET CHANGE IN FUND BALANCES	-	(132,619)	(89,095)	43,524
FUND BALANCES:				
Beginning of year			144,163	
End of year			\$ 55,068	

City of San Leandro

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -

Non Major Governmental Fund

Measure B - Paratransit Special Revenue Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 329,752	\$ 329,752	\$ 349,410	\$ 19,658
Other	7,500	7,500	6,500	(1,000)
Total revenues	337,252	337,252	355,910	18,658
EXPENDITURES:				
Current:				
Recreation and Culture	399,358	399,358	347,837	51,521
Total expenditures	399,358	399,358	347,837	51,521
NET CHANGE IN FUND BALANCES	(62,106)	(62,106)	8,073	70,179
FUND BALANCES:				
Beginning of year			68,113	
End of year			\$ 76,186	

City of San Leandro

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -

Non Major Governmental Fund

Special Grants Special Revenue Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 1,461,658	\$ 4,530,697	\$ 2,805,211	\$ (1,725,486)
Use of money and property	-	-	178	178
Other	91,942	110,942	10,041	(100,901)
Total revenues	1,553,600	4,641,639	2,815,430	(1,826,209)
EXPENDITURES:				
Current:				
Public safety	836,698	1,154,801	1,139,990	14,811
Engineering and transportation	66,202	9,371,363	1,885,421	7,485,942
Community Development	-	-	-	-
Recreation and culture	624,534	3,276,025	1,324,760	1,951,265
Total expenditures	1,527,434	13,802,189	4,350,171	9,452,018
REVENUES OVER (UNDER) EXPENDITURES	26,166	(9,160,550)	(1,534,741)	7,625,809
OTHER FINANCING SOURCES (USES):				
Transfers in	-	20,000	20,000	-
Total other financing sources (uses)	-	20,000	20,000	-
NET CHANGE IN FUND BALANCES	26,166	(9,140,550)	(1,514,741)	7,625,809
FUND BALANCES:				
Beginning of year			(131,849)	
End of year			\$ (1,646,590)	

City of San Leandro

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -

Non Major Governmental Fund

C.D.B.G Special Revenue Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 560,739	\$ 560,739	\$ 686,393	\$ 125,654
Use of money and property	-	-	8,823	8,823
Other	-	-	5,123	5,123
Total revenues	560,739	560,739	700,339	139,600
EXPENDITURES:				
Current:				
Community development	538,996	764,884	464,699	300,185
Debt service:				
Principal	-	131,000	131,000	-
Interest and fees	-	76,535	76,534	1
Total expenditures	538,996	972,419	672,233	(300,186)
NET CHANGE IN FUND BALANCES	21,743	(411,680)	28,106	439,786
FUND BALANCES:				
Beginning of year			57,211	
End of year			\$ 85,317	

City of San Leandro

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -

Non Major Governmental Fund

HOME Special Revenue Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 141,409	\$ 141,409	\$ 8,463	\$ (132,946)
Use of money and property	-	-	-	-
Others	-	-	52,986	52,986
Total revenues	<u>141,409</u>	<u>141,409</u>	<u>61,449</u>	<u>(79,960)</u>
EXPENDITURES:				
Current:				
Community development	141,278	912,609	10,756	901,853
Total expenditures	<u>141,278</u>	<u>912,609</u>	<u>10,756</u>	<u>901,853</u>
NET CHANGE IN FUND BALANCES	<u>131</u>	<u>(771,200.00)</u>	<u>50,693</u>	<u>821,893</u>
FUND BALANCES:				
Beginning of year			<u>(752)</u>	
End of year			<u>\$ 49,941</u>	

City of San Leandro

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -

Non Major Governmental Fund

Housing In-Lieu Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 276	\$ 276
Other			43,479	43,479
Total revenues	-	-	43,755	43,755
EXPENDITURES:				
Current:				
Community development	-	65,000	65,000	-
Total expenditures	-	65,000	65,000	-
NET CHANGE IN FUND BALANCES	-	(65,000)	(21,245)	43,755
FUND BALANCES:				
Beginning of year			66,923	
End of year			\$ 45,678	

City of San Leandro

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -

Non Major Governmental Fund

Business Improvement District Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Licenses and permits	\$ 130,000	\$ 130,000	\$ 128,424	\$ (1,576)
Intergovernmental	168,440	168,440	109,958	(58,482)
Use of money and property	-	-	-	-
Other	-	-	-	-
Total revenues	298,440	298,440	238,382	(60,058)
EXPENDITURES:				
Current:				
Community development	296,920	296,920	247,524	49,396
Total expenditures	296,920	296,920	247,524	49,396
NET CHANGE IN FUND BALANCES	1,520	1,520	(9,142)	(10,662)
FUND BALANCES:				
Beginning of year			55,393	
End of year			\$ 46,251	

City of San Leandro

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -

Non Major Governmental Fund

Public Education and Government Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Over/(Under) Variance with Final Budget
	Adopted	Final		
REVENUES:				
Property and other taxes	\$ 150,000	\$ 150,000	\$ 175,896	\$ 25,896
Use of money and property	-	-	633	633
Total revenues	150,000	150,000	176,529	26,529
EXPENDITURES:				
Current:				
General Government	150,000	504,262	28,893	475,369
Total expenditures	150,000	504,262	28,893	475,369
NET CHANGE IN FUND BALANCES	-	(354,262)	147,636	501,898
FUND BALANCES:				
Beginning of year			303,609	
End of year			\$ 451,245	

City of San Leandro

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -

Non Major Governmental Fund

Special Assessment District Debt Service Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Debt service:				
Interest and fees	996	996	11,216	(10,220)
Total expenditures	996	996	11,216	(10,220)
NET CHANGE IN FUND BALANCES	(996)	(996)	(11,216)	(10,220)
FUND BALANCES:				
Beginning of year			76,447	
End of year			\$ 65,231	

City of San Leandro

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Non Major Governmental Fund San Leandro Public Financing Authority For the year ended June 30, 2013

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Use of money and property	\$ 2,474,319	\$ 2,474,319	\$ 2,474,777	\$ 458
Total revenues	2,474,319	2,474,319	2,474,777	458
EXPENDITURES:				
Current				
General Government	-	-	221,223	(221,223)
Debt service:				
Principal	1,175,000	1,175,000	447,991	727,009
Interest and fees	1,298,319	1,298,319	1,358,594	(60,275)
Total expenditures	2,473,319	2,473,319	2,027,808	445,511
REVENUES OVER (UNDER) EXPENDITURES	1,000	1,000	446,969	(445,969)
OTHER FINANCING SOURCES (USES):				
Proceeds from the issuance of debt	-	-	8,883,000	8,883,000
Payment to escrow agencies			(9,817,009)	(9,817,009)
Premium from the issuance of debt	-	-	298,315	298,315
Total other financing sources (uses)	-	-	(635,694)	(635,694)
NET CHANGE IN FUND BALANCE	1,000	1,000	(188,725)	(189,725)
FUND BALANCES:				
Beginning of year			879,508	
End of year			\$ 690,783	

City of San Leandro

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -

Non Major Governmental Fund

Capital Improvement Projects Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Service Charges	-	-	45,897	45,897
Use of money and property	-	-	-	-
Other	-	-	17,386	17,386
Total revenues	-	-	63,283	63,283
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	91,749	1,841	89,908
Engineering and transportation	185,000	6,805,448	2,056,617	4,748,831
Community Development	-	-	-	-
Recreation and culture	-	142	142	-
Total expenditures	185,000	6,897,339	2,058,600	4,838,739
NET CHANGE IN FUND BALANCES	(185,000)	(6,897,339)	(1,995,317)	4,902,022
OTHER FINANCING SOURCES (USES):				
Transfers in	185,000	557,000	557,000	-
Total other financing sources (uses)	185,000	557,000	557,000	-
NET CHANGE IN FUND BALANCES	-	(6,340,339)	(1,438,317)	4,902,022
FUND BALANCES:				
Beginning of year			5,418,943	
End of year			\$ 3,980,626	

City of San Leandro

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Non Major Governmental Fund San Leandro Hillside Geological Abatement Fund (GHAD) For the year ended June 30, 2013

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Service Charges	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Current:				
Engineering & Transportation	<u>179</u>	<u>18,952</u>	<u>2,903</u>	<u>16,049</u>
Total expenditures	<u>179</u>	<u>18,952</u>	<u>2,903</u>	<u>16,049</u>
NET CHANGE IN FUND BALANCES	<u>(179)</u>	<u>(18,952)</u>	<u>(2,903)</u>	<u>16,049</u>
FUND BALANCES:				
Beginning of year			<u>18,576</u>	
End of year			<u>\$ 15,673</u>	



NON-MAJOR ENTERPRISE FUNDS

Storm Water Utility - Provides for the City's storm water program in conjunction with the National Pollutant Discharge and Emissions Services Act.

Environmental Services - Accounts for the regulation of hazardous materials, wastewater discharge, storm water runoff, solid waste and recycling, and the landfill at the Marina.

City of San Leandro
Combining Statement of Net Position
Non-Major Enterprise Funds
June 30, 2013

	Storm Water Utility	Environmental Services	Total Non-Major Enterprise Funds
ASSETS			
Current assets:			
Cash and investments	\$ 283,731	\$ 1,406,171	\$ 1,689,902
Receivables:			
Accounts	10,412	113,950	124,362
Interest	283	-	283
Other assets	-	419	419
Total current assets	<u>294,426</u>	<u>1,520,540</u>	<u>1,814,966</u>
Total Assets	<u>294,426</u>	<u>1,520,540</u>	<u>1,814,966</u>
LIABILITIES			
Current liabilities:			
Accounts payable	7,854	32,039	39,893
Unearned revenue	-	12,564	12,564
Compensated absences - due in one year	3,808	9,288	13,096
Total current liabilities	<u>11,662</u>	<u>53,891</u>	<u>65,553</u>
Noncurrent liabilities:			
Compensated absences - due in more than one year	38,502	93,914	132,416
Total noncurrent liabilities	<u>38,502</u>	<u>93,914</u>	<u>132,416</u>
Total Liabilities	<u>50,164</u>	<u>147,805</u>	<u>197,969</u>
NET POSITION			
Unrestricted	244,262	1,372,735	1,616,997
Total Net Position	<u>\$ 244,262</u>	<u>\$ 1,372,735</u>	<u>\$ 1,616,997</u>

City of San Leandro
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Enterprise Funds
For the year ended June 30, 2013

	Storm Water Utility	Environmental Services	Total Non-Major Enterprise Funds
OPERATING REVENUES:			
Charges for services	\$ 1,084,084	\$ 310,604	\$ 1,394,688
Licenses and permits	-	289,922	289,922
Other operating revenue	1,986	13,687	15,673
Total operating revenues	1,086,070	614,213	1,700,283
OPERATING EXPENSES:			
Salaries and benefits	527,727	766,420	1,294,147
Contractual and other services	220,443	110,959	331,402
Materials and supplies	11,433	23,200	34,633
Other operating costs	219,213	274,678	493,891
Total operating expenses	978,816	1,175,257	2,154,073
OPERATING INCOME (LOSS)	107,254	(561,044)	(453,790)
NONOPERATING REVENUES (EXPENSES):			
Investment income	-	-	-
Intergovernmental	-	207,795	207,795
Total nonoperating revenues (expenses)	-	207,795	207,795
INCOME (LOSS) BEFORE TRANSFERS	107,254	(353,249)	(245,995)
Transfers in	-	338,917	338,917
Transfers out	(134,000)	-	(134,000)
Total transfers	(134,000)	338,917	204,917
Change in net assets	(26,746)	(14,332)	(41,078)
NET POSITION:			
Beginning of year	271,008	1,387,067	1,658,075
End of year	\$ 244,262	\$ 1,372,735	\$ 1,616,997

City of San Leandro
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the year ended June 30, 2013

	Storm Water Utility	Environmental Services	Total Non-Major Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,075,708	\$ 735,033	1,810,741
Cash payments to suppliers and service providers	(248,621)	(139,049)	(387,670)
Cash payments to employees for services	(504,982)	(774,640)	(1,279,622)
Cash payments to other funds for service provided	(219,213)	(273,688)	(492,901)
Net cash provided (used) by operating activities	102,892	(452,344)	(349,452)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Intergovernmental revenue received	-	207,795	207,795
Transfers in from other funds	-	338,917	338,917
Transfers out to other funds	(134,000)	-	(134,000)
Net cash provided (used) by noncapital financing activities	(134,000)	546,712	412,712
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	(207)	15,632	15,425
Net cash provided (used) by investing activities	(207)	15,632	15,425
Net increase (decrease) in cash and cash equivalents	(31,315)	110,000	78,685
CASH AND CASH EQUIVALENTS:			
Beginning of year	315,046	1,296,171	1,611,217
End of year	\$ 283,731	\$ 1,406,171	\$ 1,689,902
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 107,254	\$ (561,044)	\$ (453,790)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(10,362)	120,820	110,458
(Increase) decrease in prepaid items	-	990	990
(Decrease) increase in accounts payable	(16,745)	(4,890)	(21,635)
(Decrease) increase in compensated absences	22,745	(8,220)	14,525
Total adjustments	(4,362)	108,700	104,338
Net cash provided (used) by operating activities	\$ 102,892	\$ (452,344)	\$ (349,452)

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for special activities and services performed by a designated City department for other departments on a cost reimbursement basis.

Building Maintenance - This fund accounts for the City's custodial maintenance and minor building modifications performed on various City complexes. The source of revenue is reimbursement of costs for services performed to the departments.

Information Management Services - This fund accounts for centralized data processing and the maintenance, acquisition and replacement of computerized systems. Source of revenue for this fund is reimbursement of costs for services and equipment purchased by other departments.

Self-Insurance - This fund accounts for the administration of the City's self-insurance programs, payment of workers' compensation and liability claims payments.

Equipment Maintenance - This fund accounts for the maintenance and replacement of vehicles and equipment used by all City departments. Source of revenue for this fund is reimbursement of costs for services and supplies purchased by other departments.

City of San Leandro
Combining Statement of Net Position
All Internal Service Funds
June 30, 2013

	Building Maintenance	Information Management Services	Self- Insurance	Equipment Maintenance	Total
ASSETS					
Cash and investments	\$ 2,093,380	\$ 1,402,092	\$ 7,391,491	\$ 1,161,436	\$ 12,048,399
Receivables:					
Accounts	-	-	585,121	-	585,121
Interest	4,398	2,908	15,436	2,510	25,252
Inventory	11,627	9,268	-	104,697	125,592
Other assets		404	-		404
Total current assets	2,109,405	1,414,672	7,992,048	1,268,643	12,784,768
Loans to other funds	-	150,000	-	-	150,000
Capital assets:					
Depreciable	14,764	5,568,867	-	6,505,718	12,089,349
Less accumulated depreciation	(4,863)	(4,304,900)	-	(4,853,391)	(9,163,154)
Total Net capital assets	9,901	1,263,967	-	1,652,327	2,926,195
Total noncurrent assets	9,901	1,413,967	-	1,652,327	3,076,195
Total Assets	2,119,306	2,828,639	7,992,048	2,920,970	15,860,963
LIABILITIES					
Current Liabilities:					
Accounts payable	169,964	65,813	270,403	35,816	541,996
Claims and judgments - due in one year	-	-	1,170,645	-	1,170,645
Compensated absences payable - due in one year	5,803	9,037	231	5,574	20,645
Total current liabilities	175,767	74,850	1,441,279	41,390	1,733,286
Noncurrent liabilities:					
Claims and judgements - due in more than one year	-	-	5,527,479	-	5,527,479
Compensated absences - due in more than one year	58,672	91,376	2,335	56,355	208,738
Total noncurrent liabilities	58,672	91,376	5,529,814	56,355	5,736,217
Total Liabilities	234,439	166,226	6,971,093	97,745	7,469,503
NET POSITION					
Net investments in capital assets	9,901	1,263,967	-	1,652,327	2,926,195
Unrestricted	1,874,966	1,398,446	1,020,955	1,170,898	5,465,265
Total Net Position	\$ 1,884,867	\$ 2,662,413	\$ 1,020,955	\$ 2,823,225	\$ 8,391,460

City of San Leandro
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
All Internal Service Funds
For the year ended June 30, 2013

	Building Maintenance	Information Management Services	Self- Insurance	Equipment Maintenance	Total
OPERATING REVENUES:					
Service charges	\$ 2,856,139	\$ 3,680,221	\$ 3,293,940	\$ 1,845,467	\$ 11,675,767
Other operating revenues	530	68,337	169,348	30,308	268,523
Total operating revenues	2,856,669	3,748,558	3,463,288	1,875,775	11,944,290
OPERATING EXPENSES:					
Salaries and benefits	871,946	1,731,506	190,431	548,104	3,341,987
Contractual and other services	1,330,335	1,055,403	4,316,045	73,568	6,775,351
Materials and supplies	206,110	67,723	816	614,855	889,504
Depreciation	537	552,177	-	417,106	969,820
Other operating costs	337,015	558,633	100,284	280,128	1,276,060
Total operating expenses	2,745,943	3,965,442	4,607,576	1,933,761	13,252,722
OPERATING INCOME (LOSS)	110,726	(216,884)	(1,144,288)	(57,986)	(1,308,432)
NONOPERATING REVENUES (EXPENSES):					
Interest income	3,946	2,521	12,629	2,259	21,355
Total nonoperating revenues (expenses)	3,946	2,521	12,629	2,259	21,355
INCOME (LOSS) BEFORE TRANSFERS	114,672	(214,363)	(1,131,659)	(55,727)	(1,287,077)
TRANSFERS:					
Transfers in	540,000	37,464	400,000	-	977,464
Transfers out	(20,000)	-	-	-	(20,000)
Total transfers	520,000	37,464	400,000	-	957,464
Net income (loss)	634,672	(176,899)	(731,659)	(55,727)	(329,613)
NET ASSETS:					
Beginning of the year	1,250,195	2,839,312	1,752,614	2,878,952	8,721,073
End of the year	\$ 1,884,867	\$ 2,662,413	\$ 1,020,955	\$ 2,823,225	\$ 8,391,460

City of San Leandro
Combining Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2013

	Building Maintenance	Information Management Services	Self- Insurance	Equipment Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 530	\$ 68,436	\$ 150,165	\$ 30,308	\$ 249,439
Receipts from interfund charges	2,854,077	3,684,840	3,311,595	1,845,467	11,695,979
Cash payments to suppliers and service providers	(1,491,265)	(1,181,782)	(4,511,600)	(679,980)	(7,864,627)
Cash payments to employees for services	(889,173)	(1,742,987)	(193,088)	(550,203)	(3,375,451)
Cash payments to other funds for services provided	(337,015)	(558,633)	(100,284)	(280,128)	(1,276,060)
Net cash provided (used) by operating activities	137,154	269,874	(1,343,212)	365,464	(570,720)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Interfund Loan	-	(150,000)	-	-	(150,000)
Transfers out to other funds	520,000	37,464	400,000	-	957,464
Net cash provided (used) by noncapital financing activities	520,000	(112,536)	400,000	-	807,464
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of fixed assets	-	(179,038)	-	(260,556)	(439,594)
Net cash provided (used) by capital and related financing activities	-	(179,038)	-	(260,556)	(439,594)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest Income	3,314	2,683	17,343	2,280	25,620
Cash Flows from Investing Activities	3,314	2,683	17,343	2,280	25,620
Net Cash Flows	660,468	(19,017)	(925,869)	107,188	(177,230)
CASH AND CASH EQUIVALENTS:					
Cash and investments at beginning of year	1,432,912	1,421,109	8,317,360	1,054,248	12,225,629
Cash and investments at end of year	\$ 2,093,380	\$ 1,402,092	\$ 7,391,491	\$ 1,161,436	\$ 12,048,399
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 110,726	\$ (216,884)	\$ (1,144,288)	\$ (57,986)	\$ (1,308,432)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	537	552,177	-	417,106	969,820
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable		99	(19,183)		(19,084)
(Increase) decrease in inventory	(2,062)	3,764		(2,865)	(1,163)
(Increase) decrease in other assets		855	17,655		18,510
(Decrease) increase in accounts payable	45,180	(58,656)	178,360	11,308	176,192
(Decrease) increase in claims and judgements payable	-		(373,099)		(373,099)
(Decrease) increase in compensated absences	(17,227)	(11,481)	(2,657)	(2,099)	(33,464)
Total cash provided (used) by operating activities	\$ 137,154	\$ 269,874	\$ (1,343,212)	\$ 365,464	\$ (570,720)

FIDUCIARY FUND FINANCIAL STATEMENTS

AGENCY FUNDS

Deposits Fund - Accounts for all deposits held on behalf of other persons and businesses under the control of City departments.

Cherrywood - Accounts for monies accumulated for payments of special assessment bonds which are financed by assessments placed on the Alameda County tax roll for the Cherrywood housing development.

City of San Leandro
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Deposits	Cherrywood	Total
ASSETS			
Cash and investments	\$ 1,063,035	\$ 486,997	\$ 1,550,032
Cash and investments with fiscal agents	-	946,835	946,835
Accounts receivable	80	4,327	4,407
Total assets	\$ 1,063,115	\$ 1,438,159	\$ 2,501,274
LIABILITIES			
Accounts payable	\$ 15,442	\$ -	\$ 15,442
Deposits payable	1,047,673	-	1,047,673
Due to bondholders	-	1,438,159	1,438,159
Total liabilities	\$ 1,063,115	\$ 1,438,159	\$ 2,501,274

City of San Leandro
Combining Statement of Changes in Assets and Liabilities
Fiduciary Funds
For the year ended June 30, 2013

	<u>Deposits</u>			Balance June 30, 2013
	Balance July 1, 2012	Additions	Deductions	
Assets:				
Cash and investments	\$ 1,041,796	\$ 1,661,845	\$ (1,640,606)	\$ 1,063,035
Accounts receivable	-	157	(77)	80
Total assets	\$ 1,041,796	\$ 1,662,002	\$ (1,640,683)	\$ 1,063,115
Liabilities:				
Accounts payable	\$ 32,601	\$ 810,185	\$ (827,345)	\$ 15,441
Deposits payable	1,009,195	1,163,423	(1,124,944)	1,047,674
Total liabilities	\$ 1,041,796	\$ 1,973,608	\$ (1,952,289)	\$ 1,063,115

Cherrywood

Assets:				
Cash and investments	\$ 962,314	\$ 2,811,337	\$ (2,788,779)	\$ 984,872
Cash and investments with fiscal agent	448,960	-	-	448,960
Accounts receivable	758	3,601	(32)	4,327
Special assessments receivable	-	953,686	(953,686)	-
Total assets	\$ 1,412,032	\$ 3,768,624	\$ (3,742,497)	\$ 1,438,159
Liabilities:				
Due to bondholders	\$ 1,412,032	\$ 3,768,624	\$ (3,742,497)	\$ 1,438,159
Total liabilities	\$ 1,412,032	\$ 3,768,624	\$ (3,742,497)	\$ 1,438,159

All Agency Funds

Assets:				
Cash and investments	\$ 2,004,110	\$ 4,473,182	\$ (4,429,385)	\$ 2,047,907
Cash and investments with fiscal agent	448,960	-	-	448,960
Accounts receivable	758	3,758	(109)	4,407
Special assessments receivable	-	953,686	(953,686)	-
Total assets	\$ 2,453,828	\$ 5,430,626	\$ (5,383,180)	\$ 2,501,274
Liabilities:				
Accounts payable	\$ 32,601	\$ 810,185	\$ (827,345)	\$ 15,441
Deposits payable	1,009,195	1,163,423	(1,124,944)	1,047,674
Due to bondholders	1,412,032	3,768,624	(3,742,497)	1,438,159
Total liabilities	\$ 2,453,828	\$ 5,742,232	\$ (5,694,786)	\$ 2,501,274



STATISTICAL SECTION

This section of the City of San Leandro's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	143
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	
Revenue Capacity	148
These schedules contain information to help the reader assess the city's most significant local revenue sources, sales tax and property tax.	
Debt Capacity	150
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.	
Demographic and Economic Information	158
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	
Operating Information	160
the information in the city's financial report relates to the services the city provides and the activities it performs.	



City of San Leandro
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Net investment in capital assets	\$ 282,335,707	\$ 271,398,035	\$ 291,400,560	\$ 287,403,594	\$ 288,812,935	\$ 281,144,018	\$ 268,302,013	\$ 256,542,629	251,252,877	219,701,797
Restricted	44,389,814	41,926,633	31,717,316	36,307,422	39,410,231	32,178,863	31,353,698	37,489,289	17,947,666	24,162,116
Unrestricted	2,785,163	9,245,677	9,290,497	20,105,122	10,029,629	1,326,448	(2,174,686)	(3,737,046)	42,585,608	33,524,445
Total governmental activities net position	<u>\$ 329,510,684</u>	<u>\$ 322,570,345</u>	<u>\$ 332,408,373</u>	<u>\$ 343,816,138</u>	<u>\$ 338,252,795</u>	<u>\$ 314,649,329</u>	<u>\$ 297,481,025</u>	<u>\$ 290,294,873</u>	<u>\$ 311,786,151</u>	<u>\$ 277,388,358</u>
Business-Type Activities:										
Net investment in capital assets	\$ 9,445,171	\$ 14,040,265	\$ 11,028,943	\$ 11,074,087	\$ 11,197,748	\$ 12,992,419	\$ 20,162,046	\$ 26,832,033	\$ 30,737,068	\$ 32,979,235
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	6,222,818	6,406,958	13,364,147	16,526,068	20,001,036	20,122,930	17,044,724	15,133,537	13,097,006	15,002,725
Total business-type activities net position	<u>\$ 15,667,989</u>	<u>\$ 20,447,223</u>	<u>\$ 24,393,090</u>	<u>\$ 27,600,155</u>	<u>\$ 31,198,784</u>	<u>\$ 33,115,349</u>	<u>\$ 37,206,770</u>	<u>\$ 41,965,570</u>	<u>\$ 43,834,074</u>	<u>\$ 47,981,960</u>
Primary government:										
Net investment in capital assets	\$ 291,780,878	\$ 285,438,300	\$ 302,429,503	\$ 298,477,681	\$ 300,010,683	\$ 294,136,437	\$ 288,464,059	\$ 283,374,662	\$ 281,989,945	\$ 252,681,032
Restricted	44,389,814	41,926,633	31,717,316	36,307,422	39,410,231	32,178,863	31,353,698	37,489,289	17,947,666	24,162,116
Unrestricted	9,007,981	15,652,635	22,654,644	36,631,190	30,030,665	21,449,378	14,870,038	11,396,491	55,682,614	48,527,170
Total primary government net position	<u>\$ 345,178,673</u>	<u>\$ 343,017,568</u>	<u>\$ 356,801,463</u>	<u>\$ 371,416,293</u>	<u>\$ 369,451,579</u>	<u>\$ 347,764,678</u>	<u>\$ 334,687,795</u>	<u>\$ 332,260,443</u>	<u>\$ 355,620,225</u>	<u>\$ 325,370,318</u>

City of San Leandro
Program Revenues by Function/Program
Last Ten Fiscal Years

Program/Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
General government	\$ 4,417,189	\$ 4,458,257	\$ 4,328,363	\$ 6,597,981	\$ 5,208,888	\$ 4,871,544	5,342,619	5,242,934	7,367,750	7,436,918
Public safety	2,979,181	4,045,135	5,480,658	6,588,624	6,038,357	5,111,223	3,475,388	3,423,176	4,585,001	4,482,346
Engineering and transportation	10,929,637	8,583,331	13,157,731	11,789,460	10,797,882	11,376,411	13,195,059	7,469,186	10,661,253	6,723,903
Recreation and culture	3,366,714	3,476,619	3,470,771	4,576,105	4,353,066	3,414,103	3,614,696	4,368,731	4,551,617	4,022,452
Community development	10,118,875	1,750,940	3,741,298	3,470,491	8,867,688	3,279,368	1,995,686	6,923,466	2,036,922	3,959,180
Subtotal governmental activities	<u>31,811,596</u>	<u>22,314,282</u>	<u>30,178,821</u>	<u>33,022,661</u>	<u>35,265,880</u>	<u>28,052,650</u>	<u>27,623,449</u>	<u>27,427,494</u>	<u>29,202,544</u>	<u>26,624,799</u>
Business-type activities:										
Water Pollution Control Plant	8,530,652	9,306,736	10,267,776	10,647,063	11,016,298	10,445,163	10,081,964	10,478,066	11,189,362	11,266,178
Shoreline	1,721,631	2,379,343	2,234,105	2,303,029	2,134,271	2,062,949	1,941,119	1,944,513	1,968,839	1,846,750
San Leandro Housing Finance Corp	-	-	913,662	-	-	-	-	-	-	-
Storm Water Utility	1,074,565	1,048,228	1,055,105	1,054,947	1,059,667	1,052,608	1,079,178	1,098,114	1,078,455	1,086,070
Environmental Services	644,644	626,282	630,344	621,502	622,052	714,415	614,347	746,965	658,948	614,213
Subtotal business-type activities	<u>11,971,492</u>	<u>13,360,589</u>	<u>15,100,992</u>	<u>14,626,541</u>	<u>14,832,288</u>	<u>14,275,135</u>	<u>13,716,608</u>	<u>14,267,658</u>	<u>14,895,604</u>	<u>14,813,211</u>
Total primary government	<u>\$ 43,783,088</u>	<u>\$35,674,871</u>	<u>\$ 45,279,813</u>	<u>\$ 47,649,202</u>	<u>\$ 50,098,168</u>	<u>\$ 42,327,785</u>	<u>\$ 41,340,057</u>	<u>\$ 41,695,152</u>	<u>\$ 44,098,148</u>	<u>\$ 41,438,010</u>

Source: City of San Leandro

**City of San Leandro
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)**

Expenses:	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
General government	\$ 25,530,287	\$ 22,013,602	\$ 22,864,200	\$ 11,546,534	\$ 17,379,663	\$ 16,572,072	11,989,774	10,759,754	10,238,787	13,166,855
Public safety	33,414,314	35,819,441	37,415,908	41,972,128	44,061,645	44,229,183	45,063,334	45,936,832	43,574,011	45,465,294
Engineering & Transportation	7,592,091	9,108,518	2,260,498	11,989,696	16,292,698	15,101,806	18,209,182	22,720,292	23,903,746	25,662,305
Recreation & Culture	10,720,541	11,688,705	12,714,017	15,937,218	15,064,531	11,416,088	9,906,448	11,042,582	9,894,015	11,586,223
Community Development	9,212,795	7,509,785	11,238,106	9,351,983	15,725,787	28,119,209	24,202,918	17,541,521	8,178,377	4,904,402
Interest on long-term debt	4,217,408	3,766,213	3,924,447	4,275,336	3,237,381	5,349,826	4,525,710	4,182,409	2,317,753	2,548,119
Total governmental activities expenses	<u>90,687,436</u>	<u>89,906,264</u>	<u>90,417,175</u>	<u>\$ 95,072,895</u>	<u>\$ 111,761,705</u>	<u>\$ 120,788,184</u>	<u>\$ 113,897,366</u>	<u>\$ 112,183,390</u>	<u>\$ 98,106,689</u>	<u>\$ 103,333,198</u>
Business-type activities:										
Water Pollution Control	7,759,280	7,467,822	6,979,509	9,247,290	9,093,554	9,248,677	6,231,639	5,856,452	8,395,692	7,499,555
Shoreline	1,910,506	3,025,760	2,470,221	2,139,089	2,355,311	2,244,002	2,180,794	1,997,753	1,848,428	1,861,532
San Leandro Housing Finance Corp	600,094	669,147	946,776	-	-	-	-	-	-	-
Storm Water Utility	1,030,222	1,056,165	921,120	928,752	896,951	993,330	886,379	844,604	919,998	978,816
Environmental Services	1,235,675	1,171,903	1,453,306	1,189,664	1,460,466	1,544,564	1,348,181	1,333,145	1,222,543	1,175,257
Total business-type activities expenses	<u>12,535,777</u>	<u>13,390,797</u>	<u>12,770,932</u>	<u>13,504,795</u>	<u>13,806,282</u>	<u>14,030,573</u>	<u>10,646,993</u>	<u>10,031,954</u>	<u>12,386,661</u>	<u>11,515,160</u>
Total primary government expenses	<u>103,223,213</u>	<u>103,297,061</u>	<u>103,188,107</u>	<u>108,577,690</u>	<u>125,567,987</u>	<u>134,818,757</u>	<u>124,544,359</u>	<u>122,215,344</u>	<u>110,493,350</u>	<u>114,848,358</u>
Program revenues:										
Governmental activities:										
General government										
Property taxes	15,456,837	18,883,832	21,167,178	24,742,722	26,200,221	27,654,817	27,087,224	26,720,790	22,357,186	17,631,582
Sales taxes	20,089,952	20,704,782	22,144,559	23,407,407	22,251,900	19,095,799	17,594,934	21,811,494	24,126,105	26,304,583
Franchise Fees	3,605,261	3,597,465	3,362,681	4,496,415	4,142,284	4,125,705	4,005,464	4,124,846	4,231,420	4,444,251
Utility Users Tax	9,531,377	10,018,039	10,383,676	10,175,460	10,420,171	10,103,090	9,783,055	9,932,893	9,968,546	9,888,123
Property Transfer Tax	5,106,985	5,891,509	6,417,694	4,539,402	2,924,656	2,870,441	2,297,145	2,528,604	2,981,685	2,956,419
911 Communication Access Tax							2,711,671	2,694,149	2,684,591	2,723,255
Other taxes	311,522	323,466	315,382	322,160	361,261	294,496	333,079	381,122	555,988	591,016
Motors Vehicle License Fees	3,705,763	530,076	530,525	472,542	320,508	278,615	242,416	506,280	42,294	44,112
Investment	2,033,764	2,506,853	3,150,513	4,498,742	3,836,259	3,025,658	1,419,378	1,300,123	1,098,406	919,213
Community Impact Reimbursement	-	-	-	-	-	-	3,100,000	-	-	-
Miscellaneous	2,750,995	1,920,545	826,816	873,742	657,731	1,597,574	599,189	1,158,044	988,126	962,356
Gain on sale of assets	-	-	516,633	11,621	-	-	-	20,914	3,353	393,741
Transfers	(79,051)	(147,114)	(50,594)	(82,214)	(182,509)	85,874	(67,942)	240,484	234,349	(72,135)
Charges for Service	9,734,159	10,899,821	12,501,369	16,452,204	20,126,325	15,971,619	12,568,443	17,062,792	12,200,726	13,735,756
Capital grants and contributions	11,114,089	8,944,136	13,005,869	11,455,259	9,303,323	8,590,057	10,830,576	6,581,532	11,416,356	7,216,114
Operating grants and contributions	10,963,348	2,470,325	4,603,121	5,115,198	5,836,232	3,490,973	4,224,429	3,783,171	5,585,461	5,672,929
Total Governmental activities program revenues	<u>94,325,001</u>	<u>86,543,735</u>	<u>98,875,422</u>	<u>106,480,660</u>	<u>106,198,362</u>	<u>97,184,718</u>	<u>96,729,061</u>	<u>98,847,238</u>	<u>98,474,592</u>	<u>93,411,315</u>
Business-type activities:										
Charges for services	11,971,492	13,360,589	15,100,992	14,626,541	14,832,288	14,275,135	13,716,608	14,267,658	14,895,604	14,813,211
Other taxes	282,372	213,520	299,126	298,633	342,189	296,184	233,880	257,977	323,430	360,246
Investment Earnings	795,829	577,242	723,250	1,378,939	1,616,038	928,796	454,893	167,407	141,980	209,659
Miscellaneous	444,232	293,756	542,837	325,532	431,887	532,897	265,091	338,196	418,969	207,795
Gain or loss on sale of assets	-	-	-	-	-	-	-	-	(1,290,470)	-
Transfers	79,051	147,114	50,594	82,214	182,509	(85,874)	67,942	(240,484)	(234,349)	72,135
Total Business activities program revenues	<u>13,572,976</u>	<u>14,592,221</u>	<u>16,716,799</u>	<u>16,711,859</u>	<u>17,404,911</u>	<u>15,947,138</u>	<u>14,738,414</u>	<u>14,790,754</u>	<u>14,255,164</u>	<u>15,663,046</u>
Total primary government program revenues	<u>107,897,977</u>	<u>101,135,956</u>	<u>115,592,221</u>	<u>123,192,519</u>	<u>123,603,273</u>	<u>113,131,856</u>	<u>111,467,475</u>	<u>113,637,992</u>	<u>112,729,756</u>	<u>109,074,361</u>
Extraordinary Items									21,123,375	
Net revenues (expenses):										
Governmental Activities	3,637,565	(3,362,529)	8,458,247	11,407,765	(5,563,343)	(23,603,466)	(17,168,305)	(13,336,152)	367,903	(9,921,883)
Business-type activities	1,037,199	1,201,424	3,945,867	3,207,064	3,598,629	1,916,565	4,091,421	4,758,800	1,868,503	4,147,886
Total net revenues (expenses)	<u>\$ 4,674,764</u>	<u>\$ (2,161,105)</u>	<u>\$ 12,404,114</u>	<u>\$ 14,614,829</u>	<u>\$ (1,964,714)</u>	<u>\$ (21,686,901)</u>	<u>\$ (13,076,884)</u>	<u>\$ (8,577,352)</u>	<u>\$ 2,236,406</u>	<u>\$ (5,773,997)</u>

Notes: The City implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation is not available.

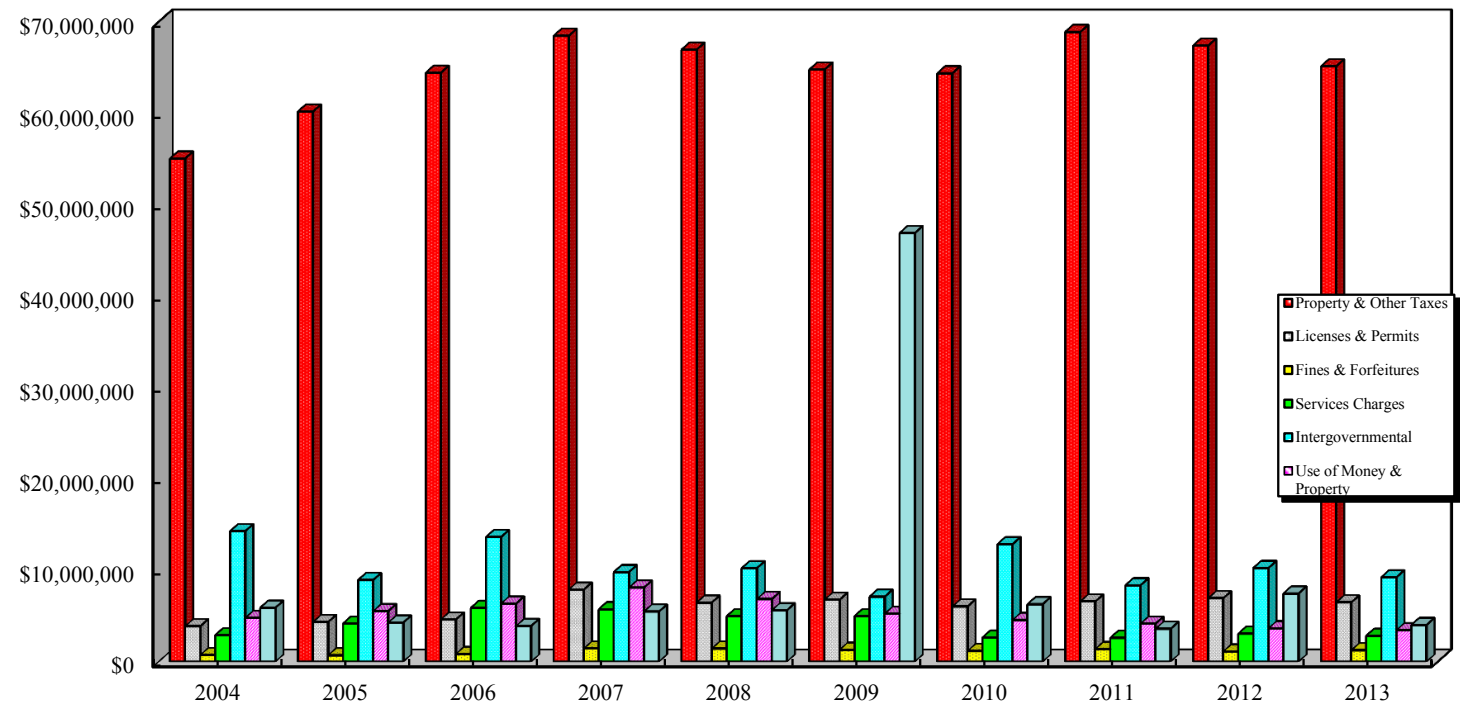
City of San Leandro
Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Reserved	\$ 19,132,113	\$ 18,843,168	\$ 19,835,830	\$ 17,904,586	\$ 18,149,255	\$ 14,614,515	\$ 13,730,510	\$ -	\$ -	\$ -
Unreserved	15,528,675	13,936,704	16,962,489	25,319,167	19,152,403	15,074,450	12,672,277	-	-	-
Nonspendable	-	-	-	-	-	-	-	10,377,840	10,147,160	10,147,160
Restricted	-	-	-	-	-	-	-	50,000	50,000	50,000
Assigned	-	-	-	-	-	-	-	3,437,827	3,555,009	264,275
Unassigned	-	-	-	-	-	-	-	11,814,319	10,717,313	14,836,844
Total General Fund	<u>34,660,788</u>	<u>32,779,872</u>	<u>36,798,319</u>	<u>43,223,753</u>	<u>37,301,658</u>	<u>29,688,965</u>	<u>26,402,787</u>	<u>25,679,986</u>	<u>24,469,482</u>	<u>25,298,279</u>
All other governmental funds:										
Reserved	32,703,722	15,974,817	20,344,382	21,797,518	20,775,067	33,916,323	21,700,213	-	-	-
Unreserved, designated	300,000	4,842,210	491,396	-	-	-	-	-	-	-
Unreserved, undesignated, reported in:										
Special revenue funds	6,333,411	4,028,438	4,684,942	7,013,915	6,907,672	5,760,645	6,827,714	-	-	-
Capital projects funds	-	14,935,095	-	333,153	337,211	3,973,218	4,803,372	-	-	-
Nonspendable	-	-	-	-	-	-	-	2,475,000	-	-
Restricted	-	-	-	-	-	-	-	33,274,967	17,809,532	17,417,246
Assigned	-	-	-	-	-	-	-	(948,387)	-	-
Unassigned	-	-	-	-	-	-	-	-	(132,601)	(1,646,590)
Total all other governmental funds	<u>\$ 39,337,133</u>	<u>\$ 39,780,560</u>	<u>\$ 25,520,720</u>	<u>\$ 29,144,586</u>	<u>\$ 28,019,950</u>	<u>\$ 43,650,186</u>	<u>\$ 33,331,299</u>	<u>\$ 34,801,580</u>	<u>\$ 17,676,931</u>	<u>\$ 15,770,656</u>

City of San Leandro
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Property and other taxes	\$ 55,045,102	\$ 60,174,541	\$ 64,418,048	\$ 68,452,345	\$ 66,945,559	\$ 64,771,891	\$ 64,359,726	68,879,116	67,388,968	65,125,564
Licenses and permits	3,863,441	4,333,781	4,612,703	7,884,927	6,461,407	6,768,204	6,027,904	6,585,076	6,940,678	6,482,902
Fines and forfeitures	704,309	685,984	837,602	1,431,689	1,418,732	1,296,568	1,149,193	1,377,230	1,110,669	1,237,354
Service charges	2,883,357	4,163,570	5,885,823	5,732,825	4,965,783	4,977,492	2,627,851	2,593,610	3,051,084	2,830,649
Intergovernmental	14,285,821	8,929,406	13,635,816	9,798,718	10,224,260	7,106,997	12,853,697	8,351,105	10,246,859	9,233,120
Use of money and property	4,789,470	5,528,100	6,351,559	8,102,189	6,841,974	5,244,637	4,558,887	4,152,296	3,645,827	3,445,104
Intergovernmental	1,750,728	1,675,142	1,783,790	1,746,385	1,799,108	1,858,477	2,272,568	2,295,293	2,401,869	2,001,928
Other	4,149,621	2,595,829	2,117,855	3,734,825	3,824,523	5,542,756	4,012,703	1,294,092	5,054,650	2,009,829
Total revenues	87,471,849	88,086,353	99,643,196	106,883,903	102,481,346	97,567,022	97,862,529	95,527,818	99,840,604	92,366,450
Expenditures:										
Current:										
General government	11,504,089	10,480,346	10,242,278	10,027,035	10,996,927	10,866,088	10,353,861	9,684,293	9,943,871	12,993,178
Public safety	33,942,876	37,694,476	39,807,817	41,571,598	44,084,646	45,409,707	45,420,060	43,727,641	68,789,652	46,437,960
Engineering and transportation	11,791,157	13,805,174	15,798,762	12,329,183	16,521,818	15,641,026	18,203,786	12,231,307	9,778,421	14,550,085
Recreation and culture	14,205,666	13,316,923	19,367,598	15,968,022	15,408,155	12,100,517	9,854,633	9,560,878	8,373,427	10,274,496
Community development	9,434,428	7,460,908	12,120,215	9,528,638	16,002,716	27,126,823	24,397,598	11,342,937	9,236,773	4,311,194
Capital Outlay	3,945,005	3,274,784	6,952,452	1,781,883	232,636	-	-	-	5,763,826	-
Debt service:										
Principal	2,535,740	2,485,071	2,959,219	2,150,594	2,610,861	3,372,481	3,305,968	3,175,797	3,511,866	1,577,051
Interest and fees	3,896,137	3,837,316	3,947,868	4,403,856	3,448,347	4,917,152	4,578,463	4,247,973	3,043,070	2,605,761
Total expenditures	91,255,098	92,354,998	111,196,209	97,760,809	109,306,106	119,433,794	116,114,369	93,970,826	118,440,906	92,749,725
Excess (deficiency of revenues over (under) expenditures	(3,783,249)	(4,268,645)	(11,553,013)	9,123,094	(6,824,760)	(21,866,772)	(18,251,840)	1,556,992	(18,600,302)	(383,275)
Other financing Sources (uses):										
Issuance of capital lease	-	3,048,260	-	-	-	-	-	-	-	-
Proceeds from refunding of bonds	5,500,000	-	-	23,425,000	-	-	-	-	-	(9,817,009)
Payment to refunded bonds escrows agents	-	-	-	(24,731,033)	-	-	-	-	-	-
Transfers in	15,033,258	6,738,067	3,240,998	4,693,117	5,895,216	11,774,023	8,598,106	8,290,220	6,029,970	577,000
Transfers out	(15,146,268)	(6,955,181)	(3,309,159)	(4,405,832)	(6,117,186)	(9,615,363)	(6,913,048)	(9,099,736)	(5,775,621)	(1,606,599)
Bonds Proceeds	-	-	-	-	-	27,725,655	-	-	-	-
Loan Proceeds	-	-	-	-	-	-	2,500,000	-	-	-
Lease Proceeds	-	-	-	-	-	-	461,717	-	-	-
Issuance of Debt	-	-	-	-	-	-	-	-	18,305,000	10,152,405
Total other financing sources (uses)	5,386,990	2,831,146	(68,161)	(1,018,748)	(221,970)	29,884,315	4,646,775	(809,516)	18,559,349	(694,203)
Prior period restatement	-	-	1,379,781	1,944,954	-	-	-	-	-	-
Net change in fund balances	\$ 1,603,741	\$ (1,437,499)	\$ (10,241,393)	\$ 10,049,300	\$ (7,046,730)	\$ 8,017,543	\$ (13,605,065)	\$ 747,476	\$ (40,953)	\$ (1,077,478)
Debt Services as a percentage of noncapital expenditures	8.9%	8.0%	8.30%	7.52%	5.94%	7.52%	7.73%	8.09%	5.82%	4.78%

City of San Leandro
General Governmental Revenues By Source
All Government Fund Types
Last Ten Fiscal Years



Fiscal Year	Property & Other Taxes	Licenses & Permits	Fines & Forfeitures	Service Charges	Intergovernmental	Use of Money & Property	Other Revenue	Total
2004	55,045,012	3,863,441	704,309	2,883,357	14,285,821	4,789,470	5,900,349	87,471,759
2005	60,174,541	4,333,781	685,984	4,163,570	8,929,406	5,528,100	4,270,971	88,086,353
2006	64,418,048	4,612,703	837,602	5,885,823	13,635,816	6,351,559	3,901,645	99,643,196
2007	68,452,345	7,884,927	1,431,689	5,732,825	9,798,718	8,102,189	5,481,210	106,883,903
2008	66,945,559	6,461,407	1,418,732	4,965,783	10,224,260	6,841,974	5,623,631	102,481,346
2009	64,771,891	6,768,204	1,296,568	4,977,492	7,106,997	5,244,637	46,900,911	137,066,700
2010	64,359,726	6,027,904	1,149,193	2,627,851	12,853,697	4,558,887	6,285,271	97,862,529
2011	68,879,116	6,585,076	1,377,230	2,593,610	8,351,105	4,152,296	3,589,385	95,527,818
2012	67,388,968	6,940,678	1,110,669	3,051,084	10,246,859	3,645,827	7,456,519	99,840,604
2013	65,125,564	6,482,902	1,237,354	2,830,649	9,233,120	3,445,104	4,011,757	92,366,450

Source: City of San Leandro Comprehensive Annual Financial Report

City of San Leandro
Assessed Value of Taxable Property
Last Ten Fiscal Years
(In Thousands)

Fiscal Year Ended June 30	City				Redevelopment				Total Direct Tax Rate
	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	
2004	6,676,341	536,497	(166,799)	7,046,038	2,534,206	358,306	(42,206)	2,850,306	1.00%
2005	7,221,647	526,799	(182,526)	7,565,920	2,738,684	346,422	(63,818)	3,021,288	1.00%
2006	7,752,095	538,060	(201,155)	8,089,000	2,902,768	357,620	(73,877)	3,186,511	1.00%
2007	8,490,385	577,326	(193,142)	8,874,569	3,174,542	396,648	(65,057)	3,506,133	1.00%
2008	9,065,717	568,195	(180,546)	9,453,366	3,337,069	396,034	(66,847)	3,666,256	1.00%
2009	9,525,308	556,811	(207,657)	9,874,462	3,593,007	393,869	(87,613)	3,899,263	1.00%
2010	9,102,245	570,588	(218,845)	9,453,988	3,599,645	395,243	(110,812)	3,884,076	1.00%
2011	9,094,918	559,970	(238,681)	9,416,207	3,568,829	406,084	(208,631)	3,766,282	1.00%
2012	9,109,542	532,437	(224,006)	9,417,973	3,570,284	382,532	(123,831)	3,828,985	1.00%
2013	10,264,814	512,808	(322,596)	10,455,025	4,365,737	359,508	(139,085)	4,586,160	1.00%

Notes:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of the property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to limitations described above.

City Of San Leandro
Direct and Overlapping Property Tax Rates
(Rate per \$1,000 of assessed value)
Last Ten Fiscal Years

Fiscal Year	City Direct Rates		Overlapping Rates			Total
	Alameda County Wide Levy	Bay Area Rapid Transit District	East Bay Regional Park District	Chabot Las-Positas Community College Bonds	San Leandro Unified School District Bonds	
2004	1.0000	0.0000	0.0057	0.0000	0.0331	1.0388
2005	1.0000	0.0000	0.0057	0.0186	0.0363	1.0606
2006	1.0000	0.0048	0.0057	0.0158	0.0358	1.0621
2007	1.0000	0.0076	0.0080	0.0164	0.0767	1.1087
2008	1.0000	0.0076	0.0080	0.0164	0.0767	1.1087
2009	1.0000	0.0090	0.0100	0.0183	0.0699	1.1072
2010	1.0000	0.0057	0.0108	0.0195	0.0771	1.1131
2011	1.0000	0.0031	0.0084	0.0211	0.0897	1.1223
2012	1.0000	0.0041	0.0071	0.0214	0.1108	1.1434
2013	1.0000	0.0043	0.0051	0.0219	0.1085	1.1398

Notes:

In 1978 California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the property tax 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 San Leandro Unified School District and Chabot/Las Positas Community College bonds.

Source: Alameda County Auditor-Controller's Office

City of San Leandro
Principal Property Tax Payers
June 30, 2013
Current Year and Ten Years Ago

Taxpayer	2013			2003		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Valuation
Kaiser Foundation Hospitals	\$ 423,750,118	1	4.48%			
Standard Lakeside LP	110,098,160	2	1.16%			
Ghiradelli Chocolate Company	95,011,663	3	1.00%	45,667,709	3	0.75%
AMB-SGP CIF-California LLC	77,850,000	4	0.82%	114,867,163	1	1.87%
Madison Bay Fair LLC	77,705,138	5	0.82%			
BCI Coca Cola Bottling Co	76,996,927	6	0.81%	27,831,813	10	0.45%
General Foods Corp	65,885,235	7	0.70%	45,621,504	4	0.74%
AMB US Logistics Fund LP	59,606,982	8	0.63%			
SKB Westgate Investments LLC	48,230,278	9	0.51%			
Waste Mgmt of Alameda Cty Inc	47,257,951	10	0.50%			
Safeway Stores Inc	45,424,117	-	0.48%	36,796,371	6	0.60%
Anthony A Batarse, Jr. Trust	37,090,289	-	0.39%	21,103,354	13	0.34%
Gateway Buena Park, Inc.	36,440,413	-	0.39%			
AMB Property LP	34,719,654	-	0.37%			
Georgia Pacific Corrugated LLC	31,098,118	-	0.33%			
Peterson Power Systems, Inc	30,202,134	-	0.32%			
Emerald Properties	29,939,527	-	0.32%	32,793,173	8	0.54%
Totals	\$ 1,082,392,452		11.44%	\$ 233,988,189		3.82%

Source: Alameda County Tax Assessor's Office

Notes: 2012-13 Gross, Total, Secured City Assessed Valuation, less all exemptions except for the homeowner exemption.

City of San Leandro
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Residual Distribution	Total Collections to Date	
		Amount	Percent of Levy			Amount	Percent of Levy
2004	7,629,957	7,255,988	95.10%	-	-	7,255,988	95.10%
2005	8,151,531	7,610,802	93.37%	165,308	-	7,776,110	95.39%
2006	8,720,537	8,105,748	92.95%	210,562	-	8,316,310	95.36%
2007	9,483,392	8,908,943	93.94%	393,199	-	9,302,142	98.09%
2008	10,093,368	9,370,261	92.84%	424,812	-	9,795,074	97.04%
2009	10,425,968	9,686,655	92.91%	322,758	-	10,009,413	96.00%
2010	9,857,438	9,303,586	94.38%	378,646	-	9,682,232	98.22%
2011	9,800,011	9,307,532	94.97%	230,948	-	9,538,480	97.33%
2012	9,676,693	9,190,945	94.98%	261,132	266,242	9,718,319	100.43%
2013	9,959,351	10,142,627	101.84%	287,147	222,507	10,652,282	106.96%

Source: Alameda County Auditor-Controller's Office

City of San Leandro
Sales Tax Remittance By Category
Last Ten Calendar Years
(in thousands)

Tax Remitter	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Department Stores	\$ 3,759	\$ 3,541	\$ 3,253	\$ 3,158	\$ 2,847	\$ 3,161	\$ 3,093	\$ 3,149	\$ 3,194	\$ 824
Auto Sales - New	2,443	2,557	2,440	2,171	1,957	1,343	1,476	1,882	2,055	280
Building Materials - Wholesale	2,255	2,557	2,643	2,171	1,779	1,150	1,192	1,393	1,340	236
Light Industry	1,503	1,377	1,830	1,777	1,246	809	708	766	756	145
Building Materials - Retail	1,128	1,180	1,220	987	890	901	886	918	1,021	232
Heavy Industry	940	983	1,220	1,184	1,246	1,138	1,156	1,374	1,194	195
Restaurants	940	983	1,016	1,184	1,068	1,097	1,100	1,150	1,232	319
Miscellaneous Retail	564	590	813	790	712	680	605	642	713	231
Apparel Stores	564	983	1,016	987	1,068	1,057	1,157	1,232	1,351	344
Service Stations	940	787	1,016	987	1,068	865	1,007	1,178	1,321	357
Food Markets	564	-	407	-	534	453	437	452	537	120
Leasing	-	590	-	-	-	281	120	187	324	121
Auto Parts/Repair	-	-	-	592	-	479	540	587	821	156
All Others	3,195	3,541	3,456	3,751	3,381	2,550	2,828	2,829	2,667	700
	<u>\$ 18,794</u>	<u>\$ 19,670</u>	<u>\$ 20,330</u>	<u>\$ 19,740</u>	<u>\$ 17,794</u>	<u>\$ 15,964</u>	<u>\$ 16,305</u>	<u>\$ 17,739</u>	<u>\$ 18,526</u>	<u>\$ 4,259</u>

Source: Muni Financial Services

Notes: For Calendar year 2013 information is only available for the first quarter.

City of San Leandro
Sewer Rates
Last Ten Fiscal Years

Fiscal Year	Sewer		Non-Residential	
	Single Family	Multi-Family	Commercial	Institutional
2004	19.99	14.18	2.45 - 5.02	1.93
2005	22.32	15.84	2.70 - 5.52	2.42
2006	24.93	17.69	2.97 - 6.07	2.33
2007	26.29	18.65	3.13 - 6.40	2.45
2008	26.29	18.65	3.13 - 6.40	2.45
2009	26.29	18.65	3.13 - 6.40	2.45
2010	27.60	19.59	3.04 - 6.36	2.50
2011	26.29	18.65	2.45 - 6.40	2.45
2012	28.97	20.56	3.19 - 6.67	2.62
2013	29.98	21.28	3.30 - 6.90	2.71

Notes: Commercial and Institutional charge is based upon the volume of water used.

Source: City of San Leandro Public Works Department

**City of San Leandro
Direct and Overlapping Debt
June 30, 2013**

2012-13 Assessed Valuation	\$9,986,261,007
Redevelopment Incremental Valuation	1,824,683,279
Adjusted Assessed Valuation	<u>\$8,161,577,728</u>

	Total Debt 6/30/2013	% Applicable (1)	City's Share of Debt 6/30/13
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Bay Area Rapid Transit District	\$410,689,985	1.987	\$8,160,410
Chabot-Las Positas Community College District	438,355,959	11.605	50,871,209
San Leandro Unified School District	162,436,387	91.880	149,246,552
San Lorenzo Unified School District	93,820,002	21.823	20,474,339
East Bay Municipal Utility District, Special District No. 1	21,650,000	0.014	3,031
East Bay Regional Park District	137,390,000	3.070	4,217,873
City of San Leandro Cherrywood Community Facilities District	3,850,000	100.000	3,850,000
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$236,823,414</u>

Ratios to 2012-13 Assessed Valuation:

Total Overlapping Tax And Assessment Debt.....2.37%

DIRECT GENERAL FUND DEBT:

		%	
City of San Leandro General Fund Obligations	\$32,180,000	100.000	\$32,180,000
City of San Leandro Pension Obligations	18,305,000	100.000	18,305,000
TOTAL DIRECT GENERAL FUND DEBT			<u>\$51,430,000</u>

OVERLAPPING GENERAL FUND DEBT:

		%	
Alameda County General Fund Obligations	\$639,498,000	5.051	\$32,301,044
Alameda County Pension Obligations	109,277,608	5.051	5,519,612
Alameda-Contra Costa Transit District Certificates of Participation	31,380,000	5.900	1,851,420
San Leandro Unified School District Certificates of Participation	19,730,000	21.823	4,305,678
TOTAL OVERLAPPING GENERAL FUND DEBT			<u>\$43,977,754</u>

SUB-TOTAL DIRECT DEBT

\$54,335,000

SUB-TOTAL OVERLAPPING DEBT

276,951,168

\$331,286,168 (2)

GRAND TOTAL DIRECT AND OVERLAPPING DEBT (2)

1. Percentage of overlapping agency's assessed valuation located within boundaries of the city.
2. Exclude tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocations bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to Adjusted Assessed Valuation:

Total Direct Debt (\$50,485,000)	0.51%
Combined Total Debt	3.63%

Source: California Municipal Statistics

City of San Leandro
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Special Assessment Bonds			Coverage
	Special Assessment Collections	Debt Service		
		Principal	Interest	
2004	429,881	466,915	216,647	1.59
2005	239,560	230,000	61,698	1.22
2006	92,235	250,000	49,338	3.25
2007	175,866	130,000	35,775	0.94
2008	80,036	135,000	26,441	2.02
2009	66	145,000	16,416	2,445.70
2010	-	155,000	5,592	-
2011	-	-	-	-
2012	-	-	-	-
2013	-	-	-	-

Notes: The City implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation is not available.

During Fiscal Year 2009-10 no assessments were necessary due to the availability of funds to pay the debt.

Source: City of San Leandro

City of San Leandro
Computation of Legal Debt Margin
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Assessed Valuation:										
Secured property assessed value	\$ 7,043,305,510	\$ 7,554,407,513	\$ 8,300,642,672	\$ 8,886,531,894	\$ 9,318,787,490	\$ 8,890,723,914	\$ 8,864,732,304	\$ 8,893,409,893	\$ 9,359,287,988	\$ 9,951,536,608
Addback: exempt real property	178,341,424	197,687,046	190,742,425	179,186,095	206,520,301	211,520,769	230,185,749	216,131,933	226,783,107	313,277,049
Total Assessed Valuation	<u>\$ 7,221,646,934</u>	<u>\$ 7,752,094,559</u>	<u>\$ 8,491,385,097</u>	<u>\$ 9,065,717,989</u>	<u>\$ 9,525,307,791</u>	<u>\$ 9,102,244,683</u>	<u>\$ 9,094,918,053</u>	<u>\$ 9,109,541,826</u>	<u>\$ 9,586,071,095</u>	<u>\$ 10,264,813,657</u>
Bonded debt (15% of Assessed Value)	\$ 1,083,247,040	\$ 1,162,814,184	\$ 1,273,707,765	\$ 1,359,857,698	\$ 1,428,796,169	\$ 1,365,336,702	\$ 1,364,237,708	\$ 1,366,431,274	\$ 1,437,910,664	\$ 1,539,722,049
Total Bonded Debt	64,605,000	66,183,260	64,234,740	62,180,004	60,138,458	85,302,265	82,973,241	80,112,833	98,071,722	95,407,754
Less:										
Special assessment bonds	(1,045,000)	(815,000)	(565,000)	(435,000)	(300,000)	(155,000)	-			
Certificates of Participation	(42,125,000)	(41,200,000)	(40,245,000)	(39,085,000)	(38,015,000)	(37,015,000)	(35,660,000)	(34,420,000)	(29,515,000)	(19,250,000)
Lease CAD/RMS/Fire Truck	-	(3,048,260)	(2,609,740)	(2,175,004)	(1,683,458)	(1,237,265)	(1,238,241)	(772,883)	(287,790)	(980,819)
Amount of Debt subject to Limit	21,435,000	21,120,000	20,815,000	20,485,000	20,140,000	46,895,000	46,075,000	44,919,950	68,268,932	75,176,935
Legal Debt Margin	<u>\$ 1,061,812,040</u>	<u>\$ 1,141,694,184</u>	<u>\$ 1,252,892,765</u>	<u>\$ 1,339,372,698</u>	<u>\$ 1,408,656,169</u>	<u>\$ 1,318,441,702</u>	<u>\$ 1,318,162,708</u>	<u>\$ 1,321,511,324</u>	<u>\$ 1,369,641,732</u>	<u>\$ 1,464,545,114</u>

Notes: The City implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation is not available.

Source: County of Alameda office of Auditor-Controller

City of San Leandro
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income Million of Dollars</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Median Home Price</u>	<u>Consumer Price Index</u>	<u>Unemployment Rate</u>
2004	81,352	204,246	49,276	38.40	8,654	450,000	199.000	6.0%
2005	81,013	215,791	51,964	40.00	8,727	527,500	201.200	5.1%
2006	80,928	233,248	59,600	37.70	8,724	552,500	209.100	4.6%
2007	81,273	259,428	62,000	36.70	8,729	477,500	216.120	5.0%
2008	81,851	265,954	62,500	37.70	8,722	363,000	225.180	6.9%
2009	82,472	259,043	57,600	38.00	8,855	305,000	225.692	10.3%
2010	83,183	265,969	59,300	38.90	8,801	334,194	227.697	10.8%
2011	85,490	269,588	61,395	39.54	9,000	309,800	232.082	10.0%
2012	85,941	-	-	37.60	8,776	320,000	228.110	9.3%
2013	86,666	-	-		8,769	400,000	245.935	7.4%

Notes: Personal and Per Capita Bureau of Economic- San Francisco -Oakland-Fremont Metropolitan Statistical Area 2012-2013 are not available
The City implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation is not available.

Sources: Population provided by the State Department of Finance. Personal income provided by the Bureau of Economic Analysis.
Median Age provided by the US Census Bureau. Median Home Price provided by Trulia the
Unemployment Rate provided by the Bureau of Labor Statistics.

**City of San Leandro
Principal Employers
Current Year and Ten Years Ago**

Employer	2013			2003		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
San Leandro Unified School District	1,095	1	3.36%	891	1	3.27%
City of San Leandro	406	2	1.24%	495	7	1.82%
Ghirardelli Chocolate, Co.	392	3	1.20%	283		1.04%
Wal - Mart Store 2648	330	4	1.01%	419		1.54%
OSI Soft, LLC	310	5	0.95%	-		0.00%
BCI Coca-Cola Bottling Co-Service	285	6	0.87%	275		1.01%
Target Store T-1428	280	7	0.86%	265		0.97%
Costco Wholesale	277	8	0.85%	282	10	1.04%
Paramedics Plus LLC	262	9	0.80%	-		0.00%
Kindred Hopital-SF Bay Area	259	10	0.79%	246		0.90%
MV Public Transportation	231	-	0.71%	200		0.73%
BCI Coca-Cola Bottling Co-Mftg	213	-	0.65%	-		0.00%
Wal - Mart Store 5434	206	-	0.63%	-		0.00%
Splay Inc	203	-	0.62%	-		0.00%
Kennerley-Spratling, Inc	200	-	0.61%	-		0.00%
Georgia Pacific Corrugated LLC	194	-	0.59%	-		0.00%

Notes: San Leandro Hospital not included.

Source: City of San Leandro, San Leandro Unified School District

City of San Leandro
Full-Time and Part-Time City Employees by Function
Last Ten Fiscal Years

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	62	58	59	57	59	62	55	49	51	50
Police	150	151	142	141	147	150	142	133	136	136
Engineering & Transportation	29	32	31	30	29	30	30	25	25	27
Development Services	34	24	24	24	24	23	19	18	19	21
Public Works Services	119	121	123	118	120	122	113	104	103	102
Other Agencies	6	6	6	8	9	8	9	8	8.5	0
Library	40	37	37	45	46	49	40	33	33	33
Recreation & Human Services	54	54	54	57	73	57	45	35	33	37
Total	494	483	476	480	507	501	453	405	409	406

Notes:
Numbers represent Full-Time equivalents. Fire Services contracted with the Alameda County Fire Department.

Source: City of San Leandro

City of San Leandro
Operating Indicators by Function
Last Ten Fiscal years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Police Department:</u>										
Arrests	4,853	4,775	4,769	3,769	3,939	4,026	3,722	3,486	3,299	3,279
<u>Building Department:</u>										
Permits Issued	3,976	3,957	4,014	2,791	3,569	2,541	2,507	2,446	2,503	2,564
<u>Public Works Department:</u>										
Street resurfacing (miles)	2	2	3	-	2	2	3	4.5	1.54	0
<u>Parks and Recreation:</u>										
Number of registrants	20,372	17,848	13,203	18,033	21,850	18,413	16,584	17,099	20,236	21,324
Number of facility rentals	645	634	542	602	746	752	705	1,190	1,282	1,999
<u>Golf Course:</u>										
Golf rounds played	112,000	109,000	106,000	110,104	102,182	101,760	98,000	98,000	97,310	95,995

Notes:

Fire Services are contracted with the Alameda County Fire Department.

Source: City of San Leandro Recreation Department, Police Department, and Building Regulations.

City of San Leandro
Capital Asset Statistics by Function
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Police:</u>										
Stations	1	1	1	1	1	1	1	1	1	1
<u>Fire:</u>										
Fire Stations	5	5	5	5	5	5	5	5	5	5
<u>Park and Recreation:</u>										
Parks	16	16	16	16	16	16	16	16	16	16
Community Center	1	1	1	1	1	1	2	2	2	2
<u>Public works:</u>										
Streets (miles)	175	180	180	180	180	180	180	180	180	180
Streetlights	5,000	5,000	5,000	5,000	5,005	5,005	5,005	5,005	5005	5205
Traffic signals	8,500	8,500	8,500	8,500	8,600	8,600	8,600	8,600	8600	8650
<u>Wastewater:</u>										
Sanitary Sewer Lines (miles)	130	130	130	130	130	130	130	130	130	130
Storm Drainage Lines In the City (miles)	175	175	175	175	175	175	175	175	175	175
<u>Golf Course:</u>										
Courses	2	2	2	2	2	2	2	2	2	2

Sources: City of San Leandro: Public Works Department, Engineering & Transportation Department, Recreation

City of San Leandro
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

General Bonded Debt Outstanding						
Fiscal Year Ended	General Obligation Bonds	(A) Redevelopment Bonds	(A) Redevelopment Owners Participation	Total	Percentage of Actual Taxable Value of Property	Per Capita
2004	37,360,000	26,200,000	4,016,345	67,576,345	0.68%	830.67
2005	36,565,000	25,765,000	3,699,287	66,029,287	0.62%	815.05
2006	35,745,000	25,315,000	5,256,610	66,316,610	0.59%	819.45
2007	34,720,000	24,850,000	4,490,020	64,060,020	0.52%	788.21
2008	33,790,000	24,365,000	3,964,006	62,119,006	0.47%	758.93
2009	32,780,000	51,130,000	3,505,859	87,415,859	0.63%	1,059.95
2010	31,730,000	50,005,000	4,688,993	86,423,993	0.65%	1,038.96
2011	30,645,000	48,695,000	4,436,553	83,776,553	0.64%	979.96
2012	47,820,000	47,320,000	3,693,035	98,833,035	0.75%	1,150.01
2013	45,718,000	45,562,000	2,979,232	94,259,232	0.55%	1,087.61

Note: (A) As of February 1, 2012, These are no longer City of San Leandro's debt; these debts have been absorbed by the Successor Agency Private-purpose Trust Fund.

Sources: Taxable value of property provided by the Alameda County Tax Collector. All other information provided by the City of San Leandro.

