



City of San Leandro

Meeting Date: February 16, 2016

Staff Report

File Number: 16-071

Agenda Section: CONSENT CALENDAR

Agenda Number: 8.M.

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, 2015

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council accept the CAFR for fiscal year ended June 30, 2015.

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, 2015. The Finance Department prepared the City's financial statements as part of its CAFR for the year ended June 30, 2015. 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, 2014 are reviewed and prepared by the City's external auditor:

1. Alameda County Transportation Commission (ACTC) - Measure B Funds
2. Alameda County Transportation Commission (ACTC) - Measure BB Funds
3. Alameda County Vehicle Registration Fee - Measure F Funds
4. Transportation Development Act Article III Fund
5. Appropriations Limit Schedule and Independent Accountant's Report
6. 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: 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, 2015. 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 position of the City exceeded its liabilities at fiscal year ending June 30, 2015 by \$180 million. Of this amount, \$245 million was invested in capital assets. \$21.2 million is restricted for other purposes; leaving (\$86.3) million unrestricted. Unrestricted fund balance changed from \$49.3 million at the end of FY 2013-14 to (\$86.3) million at the end of FY 2014-15 mainly due to the requirement of Governmental Accounting Standard Board (GASB) Statement Number 68 to record Net Pension Liability in the amount of \$116.2 million.
- The City's total net position increased by \$7.8 million; representing a \$2.6 million increase in governmental activities and a \$5.3 million increase in Business Type activities. The net position increase was largely due to the rise of \$5.8 million in Property and Other Taxes and \$ 2.8 million in Intergovernmental Revenues.

The City's business-type activities include the Water Pollution Control Plant, Shoreline, Storm Water Utility and Environmental Services. The net position increased by \$5.3 million from prior fiscal year due to the continuation of the Water Pollution Control Plant expansion project funded by a loan from the State Water Resource Control Board.

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, 2014 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 2014-15 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, 2015.

ATTACHMENT

Attachment to Resolution

- CAFR

PREPARED BY: David Baum, Finance Director, Finance Department



City of San Leandro

Meeting Date: February 16, 2016

Resolution - Council

File Number: 16-073

Agenda Section: CONSENT CALENDAR

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, 2015, Related to Financial Transactions of the City and 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 2014-15 Comprehensive Annual Financial Report for the year ended June 30, 2015 is hereby approved, a copy of which is attached hereto and incorporated herein by reference.

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2015

CITY OF SAN LEANDRO, CALIFORNIA





CITY OF SAN LEANDRO, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

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, 2015

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Comprehensive Annual Financial Report
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Comprehensive Annual Financial Report
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City of San Leandro

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



December 16, 2015

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, 2015. 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, 2015.

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, 2015 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, 2015 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 86,000 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, 2015, 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, 2015 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 multi-family housing development, a new high-rise office complex, 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 recovery, median home prices are \$500,000, still less than the median price at the 2006 peak. The unemployment rate is less than 6%.

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 rebounded to levels not seen since 2006-07. Low mortgage rates have spurred investment in housing. Despite the improving housing market, which represents 63% of the City's tax roll, no growth in taxable assessed value for Fiscal year 2014-15. Lower interest rates have also boosted purchases of large ticket items, such as automobiles and home improvements, which boosted sales tax revenue by 13% in the City. With the passage of Measure HH (0.5% sales tax increase) effective April 1, 2015, the half cent sales tax added \$2 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 2014-15 totaled \$13 million, an 8% 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 2014-15 totaled \$2.04 million, a 6% increase 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 are extra contributions to the pension from employees, which are up to 9% of salary.

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 generates additional tax revenue for the State to mitigate recent deficits. Passage of Proposition 2 in November 2014 allocates General Fund surpluses to a rainy day fund to preserve State services during future economic downturns. 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. Passage of Measure Z in November 2010 and Measure HH in 2014 have improved revenues enough to ensure no additional reduction in services since 2012.

City Council unrestricted reserves total \$19.1 million in the General Fund at June 30, 2015. The reserve balance is comprised of \$5 million for Major Emergencies, \$7.4 million for Economic Uncertainty, \$1.2 million from Community Impact fees, \$600,000 for Employee Compensated Absences and \$4.9 million from other unassigned balance. In FY 2014-15, the City's reserve balance increased by an additional \$350,000.

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 2014-15 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

Water Pollution Control Plant A \$55 million expansion is underway to upgrade the Plant, which was constructed in 1939. Scheduled date of completion is 2016 .

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.

Affordable Housing and Downtown Office Construction The 200-unit mixed use, transit oriented development Marea Alta rental construction on the former BART parking lot site (1400 San Leandro Boulevard) will provide affordable rental housing. The project developer is BRIDGE Housing Corporation, a nationally recognized nonprofit affordable housing developer and property manager. Simultaneously, Westlake Development Partners is constructing a multi-phased downtown technology campus on property it owns west of the San Leandro BART Station, which was originally intended for affordable rental housing by BRIDGE Housing. Marea Alta and the San Leandro Tech Campus are now distinct development projects on separate planning and construction schedules. Completion of each project is expected in 2016.

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 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 15% of General Fund operating expenditures (budgeted expenditures for the following year). Consequently, based on the General Fund's budgeted operating expenditures for 2015-16 the guideline requirement is approximately \$14 million.

The 2014-15 financial statements reflect unrestricted reserves that total \$19.1 million. For the second time since 2006-07, the Unassigned Fund Balance aligns with the Council's fund balance guideline.

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 CAFR for the fiscal year ended June 30, 2014. This was the 19th 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 CAFR. 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 CAFR 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 Will Fuentes, Norite Vong, Mayette Bailey, Gregory Watson 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,

A handwritten signature in black ink that reads "David Baum". The signature is written in a cursive, flowing style.

David Baum
Finance Director



Government Finance Officers Association

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

Presented to

**City of San Leandro
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Executive Director/CEO

PRINCIPAL OFFICERS
CITY OF SAN LEANDRO
For Fiscal Year Ended June 30, 2015

CITY COUNCIL

| | |
|---------------|----------------------|
| Mayor | Pauline Russo Cutter |
| Vice Mayor | Jim Prola |
| Councilmember | Deborah Cox |
| Councilmember | Benny Lee |
| Councilmember | Corina Lopez |
| Councilmember | Ursula Reed |
| Councilmember | Lee Thomas |

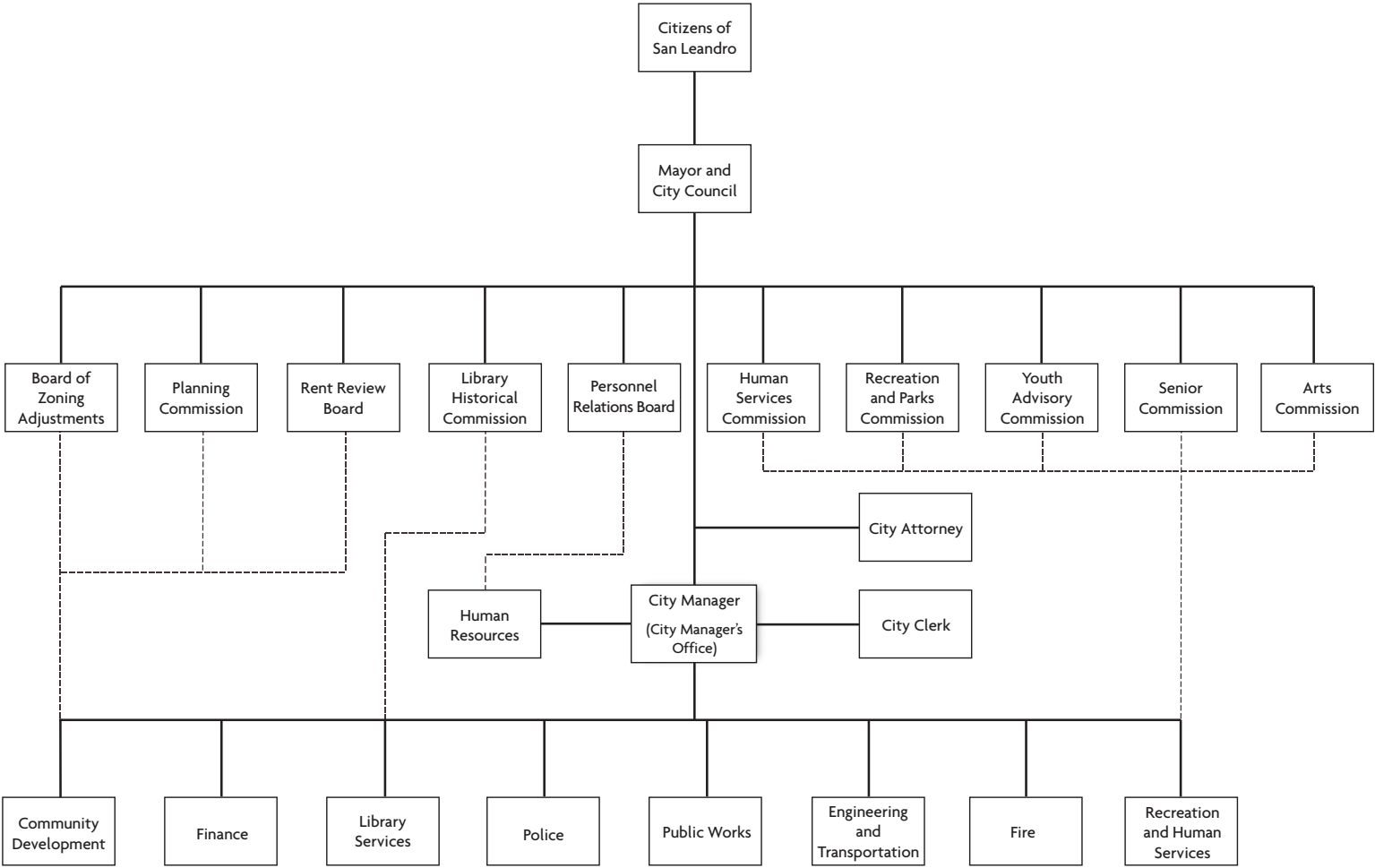
COUNCIL APPOINTEES

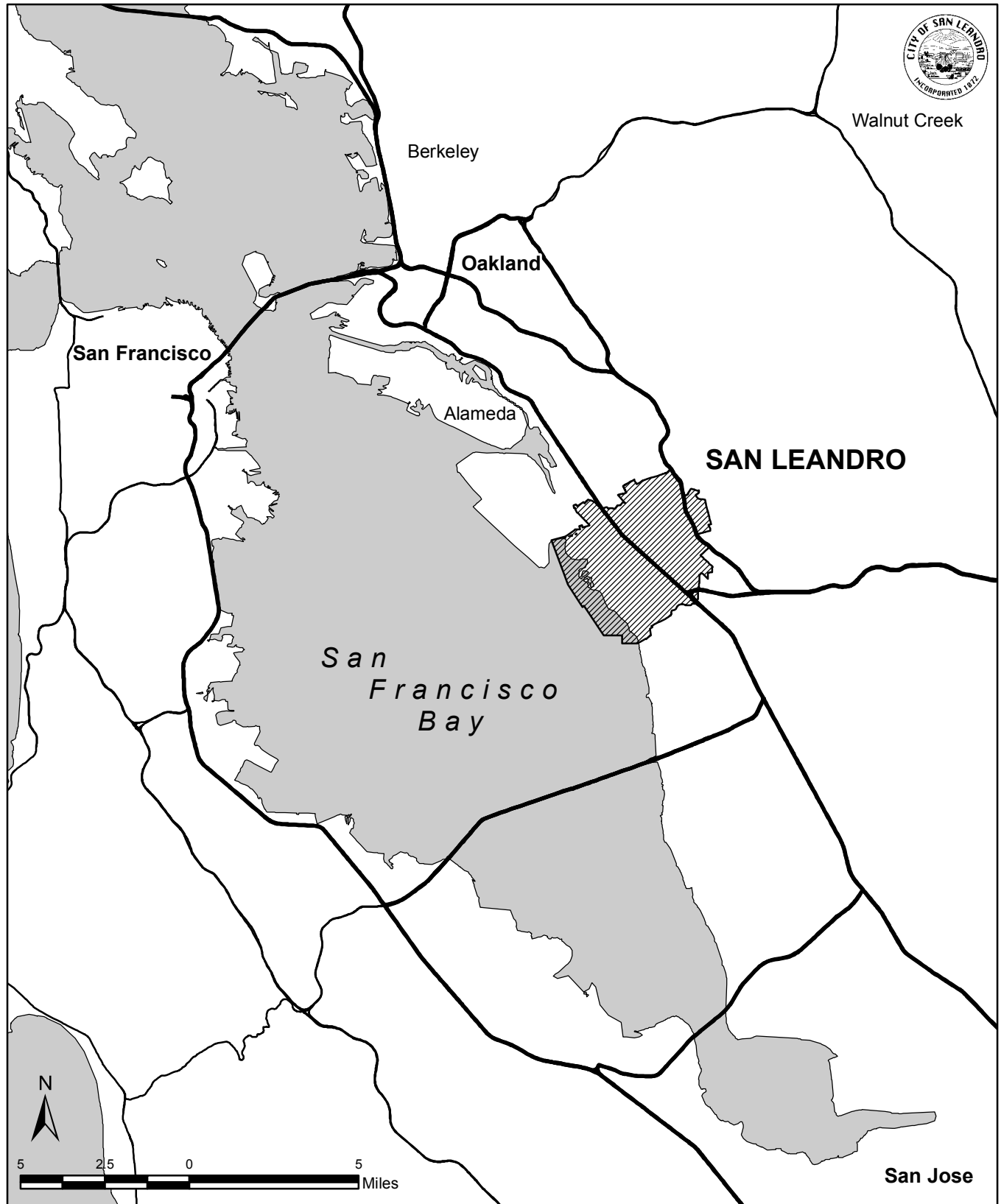
| | |
|---------------|------------------|
| City Manager | Chris Zapata |
| City Attorney | Richard Pio Roda |

APPOINTED OFFICIALS

| | |
|---|--------------------|
| Assistant City Manager | Lianne Marshall |
| City Clerk | Tamika Greenwood |
| Police Chief | Sandra R. Spagnoli |
| Community Development Director | Cynthia Battenberg |
| Finance Director | David Baum |
| Recreation and Human Services Director (Acting) | Breyana Brandt |
| Engineering – Transportation Director | Keith Cooke |
| Public Works 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, California, as of and for the year ended June 30, 2015, 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 as of June 30, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2015, and required a prior period adjustment to the financial statements, as discussed in Note 10D and Note 14:

Statement No. 68 – *Accounting and Financial Reporting for Pensions*

Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*

In addition, the City also restated deferred revenues and loans receivable as discussed in Note 10D.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statement. 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 8, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
December 8, 2015



CITY OF SAN LEANDRO, CALIFORNIA
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

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, 2015. 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 by \$180 million (net position). Of this amount, \$245 million was invested in capital assets. \$21.2 million is restricted for other purposes; leaving (\$86.3) million unrestricted. Unrestricted fund balance changed from \$49.3 million at the end of FY 2013-14 to (\$86.3) million at the end of FY 2014-15 mainly due to the requirement of Governmental Accounting Standard Board (GASB) Statement Number 68 to record Net Pension Liability in the amount of \$116.2 million.
- As of June 30, 2015, the City's total net position increased by \$7.8 million; representing a \$2.6 million increase in governmental activities and a \$5.3 million increase in Business Type activities.
- In FY 2014-15, GASB Statement Number 54, 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 \$56.0 million, an increase of \$12.0 million from the prior fiscal year. The increase is primarily due to the rise of \$5.8 million in Property and Other Taxes, \$2.8 million in Intergovernmental Revenues, \$1.8 million in Other Revenues, \$340,000 in Licenses and Permits, \$250,000 in Interdepartmental Charges, and \$221,000 in Fines and Forfeitures.
 - a) Approximately 24.7% of the amount (\$13.8 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 40.4% of the amount (\$22.6 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 3.1% of the amount (\$1.7 million) is Assigned which are General fund encumbrances from prior fiscal year.
 - d) Approximately 31.8% of the amount (\$17.8 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 (City Council, City Manager, City Clerk, Human Resources, Information Technologies, and Finance), 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 25 governmental funds, of which one is considered a major fund for presentation purposes. Major funds are 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 one major fund is the General. Individual fund data for each of the non-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 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.

In the following tables, the information for prior fiscal year 2014 was not restated for GASB 68 and 71 because all information required to restate prior year amounts was not readily available.

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 \$188 million at the close of fiscal year 2014-15, a decrease of 41.4% due to the implementation of GASB 68.

Net Assets at June 30, 2015 (in thousands)

| | Governmental Activities | | | Business-Type Activities | | | Total | | |
|--|-------------------------|------------|----------|--------------------------|---------|----------|------------|------------|----------|
| | 2015 | 2014 | % change | 2015 | 2014 | % change | 2015 | 2014 | % change |
| Current Assets | \$ 74,606 | \$ 65,172 | 14.5% | 33,534 | 29,333 | 14.3% | \$ 108,140 | \$ 94,505 | 14.4% |
| Non-Current Assets | 8,908 | 17,171 | -48.1% | (2,413) | (1,965) | 22.8% | 6,495 | 15,206 | -57.3% |
| Capital Assets | 240,039 | 255,631 | -6.1% | 74,598 | 69,428 | 7.4% | 314,637 | 325,059 | -3.2% |
| Total assets | 323,553 | 337,974 | -4.3% | 105,718 | 96,796 | 9.2% | 429,271 | 434,770 | -1.3% |
| Deferred inflow s | 9,167 | - | | 757 | - | | 9,924 | - | >100.0% |
| Current and other liabilities | 16,805 | 15,906 | 5.7% | 5,417 | 6,044 | -10.4% | 22,222 | 21,950 | 1.2% |
| Long-term liabilities | 154,707 | 54,012 | 186.4% | 53,685 | 38,208 | 40.5% | 208,392 | 92,220 | 126.0% |
| Total liabilities | 180,679 | 69,918 | 158.4% | 59,859 | 44,252 | 35.3% | 230,614 | 114,170 | 102.0% |
| Deferred outflow s | 25,989 | - | | 2,258 | - | | 28,247 | - | >100.0% |
| Net assets: | | | | | | | | | |
| Invested in capital assets, net of related debt | 212,968 | 225,402 | -5.5% | 32,506 | 31,513 | 3.1% | 245,473 | 256,915 | -4.5% |
| Restricted | 21,207 | 14,371 | 47.6% | - | - | N/A | 21,207 | 14,371 | 47.6% |
| Unrestricted | (98,956) | 28,283 | -449.9% | 12,609 | 21,031 | -40.0% | (86,347) | 49,314 | -275.1% |
| Total net assets | \$ 135,219 | \$ 268,056 | -49.6% | 45,115 | 52,544 | -14.1% | \$ 180,333 | \$ 320,600 | -43.8% |

By far the largest portion of the City's net position (\$245.5 million) 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.

\$21.2 million of the City's net position represents resources that are subject to external restriction on how they may be used. The remaining balance of (\$86.3) million 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 \$14.4 million compared to the prior fiscal year 2013-14 for a combination of reasons. The reduction of \$15.6 million in net capital asset is mainly due to the annual depreciation of assets; offset by a \$5.9 million increase in cash and investments, a \$3.3 million increase in accounts receivable, a \$8.7 million decrease in loans receivable, a \$449,000 increase in internal balances, and a \$351,000 increase in other assets.

After adjusting beginning net position due to the implementation of GASB 68, the City's total net position for both governmental and business-type activities increased by \$7.8 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 Activities
Year Ended June 30, 2015
(in thousands)

| | Governmental Activities | | | Business-Type Activities | | | Total | | |
|---|--------------------------------|-------------|---------------|---------------------------------|-------------|---------------|--------------|-------------|---------------|
| | | | % | | | % | | | % |
| | 2015 | 2014 | Change | 2015 | 2014 | Change | 2015 | 2014 | Change |
| Revenues | | | | | | | | | |
| Program revenues: | | | | | | | | | |
| Charges for Services | \$ 16,063 | \$ 14,990 | 7.2% | \$ 16,879 | \$ 15,635 | 8.0% | \$ 32,942 | \$ 30,625 | 7.6% |
| Operating grants and contributions | 10,517 | 4,530 | 132.2% | - | - | 0.0% | 10,517 | 4,530 | 132.2% |
| Capital grants and contributions | 8,039 | 10,010 | -19.7% | - | - | 0.0% | 8,039 | 10,010 | -19.7% |
| General revenues: | | | | | | | | | |
| Property taxes | 18,898 | 18,514 | 2.1% | - | - | 0.0% | 18,898 | 18,514 | 2.1% |
| Sales tax | 32,948 | 29,098 | 13.2% | - | - | 0.0% | 32,948 | 29,098 | 13.2% |
| Franchise Fee | 4,845 | 4,582 | 5.7% | - | - | 0.0% | 4,845 | 4,582 | 5.7% |
| Utility users Tax | 10,359 | 10,158 | 2.0% | - | - | 0.0% | 10,359 | 10,158 | 2.0% |
| Property Transfer Tax | 4,112 | 3,282 | 25.3% | - | - | 0.0% | 4,112 | 3,282 | 25.3% |
| 911 communication | 2,974 | 2,804 | 6.1% | - | - | 0.0% | 2,974 | 2,804 | 6.1% |
| Access Tax | - | - | - | - | - | - | - | - | - |
| Motor Vehicle License Fees | 36 | 37 | -2.9% | - | - | 0.0% | 36 | 37 | -2.9% |
| Other taxes | 734 | 653 | 12.4% | 477 | 417 | 14.4% | 1,211 | 1,070 | 13.2% |
| Investment Earnings | 1,192 | 1,255 | -5.0% | 260 | 265 | -2.0% | 1,452 | 1,520 | -4.5% |
| Gain or loss on sale of assets | 7 | 16 | -56.9% | - | - | 0.0% | 7 | 16 | -56.9% |
| Extraordinary Items | - | - | 0.0% | - | - | 0.0% | - | - | 0.0% |
| Miscellaneous | 825 | 515 | 60.2% | 269 | 251 | 7.0% | 1,094 | 766 | 42.8% |
| Total Revenues | 111,549 | 100,443 | 11.1% | 17,884 | 16,568 | 7.9% | 129,434 | 117,012 | 10.6% |
| Expenses | | | | | | | | | |
| General Government | 10,897 | 11,609 | -6.1% | - | - | 0.0% | 10,897 | 11,609 | -6.1% |
| Public safety | 47,989 | 47,180 | 1.7% | - | - | 0.0% | 47,989 | 47,180 | 1.7% |
| Engineering & Transportation | 30,567 | 31,713 | -3.6% | - | - | 0.0% | 30,567 | 31,713 | -3.6% |
| Recreation and Culture | 11,667 | 11,787 | -1.0% | - | - | 0.0% | 11,667 | 11,787 | -1.0% |
| Community Development | 5,705 | 5,389 | 5.9% | - | - | 0.0% | 5,705 | 5,389 | 5.9% |
| Interest on Long-Term Debt | 2,156 | 2,097 | 2.8% | - | - | 0.0% | 2,156 | 2,097 | 2.8% |
| Water Pollution Control | - | - | 0.0% | 8,803 | 7,978 | 10.3% | 8,803 | 7,978 | 10.3% |
| Shoreline | - | - | 0.0% | 1,692 | 1,922 | -12.0% | 1,692 | 1,922 | -12.0% |
| Storm Water Utility | - | - | 0.0% | 1,105 | 1,078 | 2.5% | 1,105 | 1,078 | 2.5% |
| Environmental Services | - | - | 0.0% | 1,020 | 1,027 | -0.6% | 1,020 | 1,027 | -0.6% |
| Total Expenses | 108,981 | 109,775 | -0.7% | 12,620 | 12,006 | 5.1% | 121,601 | 121,781 | -0.1% |
| Excess(deficiency)of revenues over expenses before transfer | 2,568 | (9,332) | -127.5% | 5,264 | 4,563 | 15.4% | 7,833 | (4,769) | -264.2% |
| Transfer | - | - | 0.0% | - | - | 0.0% | - | - | 0.0% |
| Increase in net position | 2,568 | (9,332) | -127.5% | 5,264 | 4,563 | 15.4% | 7,833 | (4,769) | -264.2% |
| Beginning net position | 132,650 | 277,388 | -52.2% | 39,850 | 47,982 | -16.9% | 172,500 | 325,370 | -47.0% |
| Ending net position | \$ 135,218 | \$ 268,056 | -49.6% | \$ 45,115 | \$ 52,545 | -14.1% | \$ 180,333 | \$ 320,601 | -43.8% |

Revenues:

- Property tax shows a slight increase of \$384,000 compared to the 2013-14 fiscal year.
- Sales tax revenue continues to increase. Compared to the 2013-14 fiscal year, sales tax grew by \$3.9 million which can be attributed to the continued growth of consumer confidence in the city. The City's largest sales tax producing sectors were Transportation and Business to Business. The General Retail and Food Products sectors also contributed to Sales Tax growth. On a more granular level, the City saw significant sales tax revenue growth in Auto Sales – New, Restaurants, Auto Parts/Repair and Furniture/Appliances. Service Stations saw a decline due to the decrease in prices of gasoline.

Charges for services in Governmental activities are primarily fees for recreation, building, fire, planning and engineering. The overall increase of \$1.1 million is mainly due to the large projects in the city such as the Marea Alta Mixed-Use Housing development, Kaiser Permanente hospital, Tech Campus, and the 21st Amendment Brewery. Business license is conversely related to the increase in building permits which increased by \$379,000.

- Operating grants, capital grants and contributions include Federal and State grants and other governments and private contributions, including impact fees. Operating grants, capital grants and contributions were increased by \$4.0 million in 2014-15 for engineering projects.

Program Expenditures:

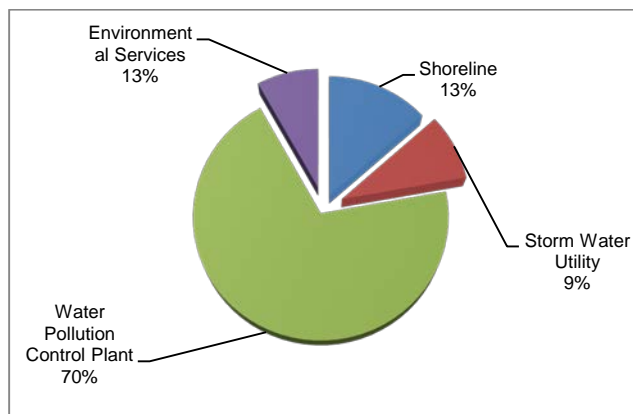
Overall, expenses, for both governmental and business type activities decreased by \$180,000 compared to the prior fiscal year. Total program expenditures for governmental activities increased by 0.7% to \$109.0 million in the current fiscal year. Expenditures for business type activities increased by \$614,000 mainly 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) | | |
|------------------------------|-------------------------------------|---------|----------|
| | 2015 | 2014 | % Change |
| General Government | 10,897 | 11,609 | -6.1% |
| Public safety | 47,989 | 47,180 | 1.7% |
| Engineering & Transportation | 30,567 | 31,713 | -3.6% |
| Recreation and Culture | 11,667 | 11,787 | -1.0% |
| Community Development | 5,705 | 5,389 | 5.9% |
| Interest on Long-Term Debt | 2,156 | 2,097 | 2.8% |
| Governmental Activities | 108,981 | 109,775 | -0.7% |
| Water Pollution Control | 8,803 | 7,978 | 10.3% |
| Shoreline | 1,692 | 1,922 | -12.0% |
| Storm Water Utility | 1,105 | 1,078 | 2.5% |
| Environmental Services | 1,020 | 1,027 | -0.6% |
| Business Type Activities | 12,620 | 12,006 | 5.1% |
| Total Expenses | 121,601 | 121,781 | -0.1% |

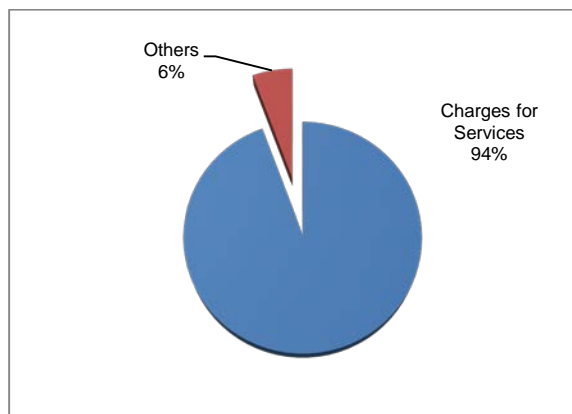
- Public Safety expenses for both Police and Fire services increased by \$809,000 from the prior fiscal year due to increases in the Fire contract and expanded personnel in the Police Department.

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 \$5.3 million from prior fiscal year due to 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 2014-15, the City's governmental funds reported combined ending fund balances of \$56.0 million, an increase of \$12.0 million in comparison with the prior year. Approximately 24.7% or \$13.8 million of the fund balance represents Non-Spendable; Restricted fund balance represents 40.4% or \$22.6 million; Assigned fund balance represents of \$1.7 million or 3.1%; and 31.8% or \$17.8 million is Unassigned and is available for spending at the government's discretion.

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 82.3% of the total governmental revenues and 83.9% 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 2014-15, the unassigned fund balance of the General Fund was \$19.1 million, while the total fund balance was \$34.8 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 25.6% of total General Fund expenditures of \$86.6 million (including Transfers Out). The unassigned fund balance of \$19.1 million has been designated for the following purposes:

- \$5.0 million for major emergencies
- \$7.4 million for economic uncertainty
- \$6.7 million for liquidity

At the end of fiscal year 2014-15 the General Fund ending balance increased by \$5.2 million compared to prior fiscal year. General fund revenues increased by \$6.8 million primarily due to the increase of \$5.6 million (8.1%) in property and other taxes. These increases are good measurements of the economic improvement in the City. The expenditures show an increase of \$4.1 million from prior fiscal year. However, the increase in expenditures for fiscal year 2014-15 compared to prior fiscal year demonstrates growth in building the community and the ability to attract new businesses and increase in housing opportunities which eventually improves the city's financials.

Non-major Governmental Funds - The City's non-major funds are presented in the basic financial statements in the aggregate. At June 30, 2015, non-major funds had a total fund balance of \$21.2 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 decreased by \$7.4 million, mainly reflected in the Water Pollution Control Plant's net pension liability of \$11.2 million offset by net income of \$4.3 million. Net position for internal service funds at June 30, 2015 amounted to \$9.3 million, an increase of \$820,000.

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, 2015, the fund's net position totaled nearly \$44.6 million, a decrease of \$8.3 million (18.61%). This decrease is mainly due to the implementation of GASB 68, but it is offset by net income.

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, 2015, the fund's net position totaled (\$1.2) 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 and has decreased in size since FY 2013-14 when it was (\$2.0) million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund ended a net increase of General Fund revenues over the final budget projections of about \$7.2 million, largely attributed to the increase in property and other tax revenues. Current General Fund revenues grew 8.0% compared to the previous year. Actual revenues received totaled \$91.7 million, an increase of 8.6% from the final budget. As previously discussed, the increase in property and other taxes, which includes sales taxes, positively impacted the City's General Fund revenues. The \$3.9 in decreased expenditures from the adjusted budget was caused by various factors that include vacant positions and grants that were not fully expended in fiscal year 2014-15.

CITY OF SAN LEANDRO Summary Analysis of General Fund Budget, Fiscal Year 2014-15 (in thousands)

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-----------------|---|
| | Adopted | Final | Actual | |
| REVENUES: | | | | |
| Property taxes and other taxes | \$ 68,614 | \$ 68,614 | \$ 74,486 | \$ 5,872 |
| Licenses and permits | 6,499 | 6,499 | 7,145 | 646 |
| Fines and forfeitures | 1,340 | 1,340 | 1,525 | 185 |
| Services charges | 2,551 | 2,551 | 3,175 | 624 |
| Intergovernmental | 1,039 | 1,039 | 1,248 | 209 |
| Use of money and property | 1,204 | 1,204 | 1,165 | (40) |
| Interdepartmental charges | 2,002 | 2,002 | 2,250 | 248 |
| Other | 1,043 | 1,238 | 714 | (525) |
| Total revenues | 84,292 | 84,487 | 91,707 | 7,219 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 11,090 | 11,610 | 11,721 | (111) |
| Public safety | 49,692 | 50,050 | 48,991 | 1,059 |
| Engineering and transportation | 7,514 | 7,545 | 7,304 | 241 |
| Recreation and culture | 9,272 | 10,156 | 9,417 | 740 |
| Community development | 4,929 | 5,771 | 4,185 | 1,586 |
| Debt service: | | | | |
| Principal | 1,773 | 1,773 | 1,414 | 359 |
| Interest and fees | 910 | 910 | 903 | 8 |
| Total expenditures | 85,179 | 87,815 | 83,934 | 3,881 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (887) | (3,328) | 7,773 | 11,100 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers (out) | (1,138) | (2,584) | (2,584) | - |
| Total other financing sources (uses) | (1,138) | (2,584) | (2,584) | - |
| NET CHANGE IN FUND BALANCE | \$ (2,025) | \$ (5,911) | \$ 5,189 | \$ 11,100 |

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, 2015 amounts to \$314.6 million (net of accumulated depreciation); a decrease of \$10.4 million due mainly to normal annual depreciation expense of \$17.4 and offset by new Construction in Progress of \$5.8 million and acquisitions of Machinery, Equipment, and Vehicles totaling \$1.7 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 Water Pollution Control Plant Expansion Project.

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

City of San Leandro
Capital Assets (net of depreciation)
Year Ended June 30, 2015
(in thousands)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|------------|--------------------------|-----------|------------|------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Land | \$ 14,567 | \$ 14,566 | \$5,234 | \$5,234 | \$ 19,801 | \$ 19,800 |
| Construction in progress | - | - | 55,276 | 49,527 | 55,276 | 49,527 |
| Total non-depreciable assets | 14,567 | 14,566 | 60,510 | 54,761 | 75,077 | 69,327 |
| Depreciable assets (net of depreciation) | | | | | | |
| Buildings | 60,054 | 61,644 | 4,912 | 5,107 | 64,966 | 66,752 |
| Improvements other than buildings | 8 | 36 | - | - | 8 | 36 |
| Machinery and equipment | 2,307 | 2,843 | 5,460 | 5,750 | 7,768 | 8,593 |
| Licensed Vehicles | 3,198 | 2,912 | 2 | 5 | 3,200 | 2,917 |
| Infrastructure | 159,905 | 173,629 | 3,714 | 3,804 | 163,619 | 177,433 |
| Total depreciable assets | 225,472 | 241,065 | 14,088 | 14,666 | 239,560 | 255,731 |
| Total capital assets | \$ 240,039 | \$ 255,631 | \$ 74,598 | \$ 69,427 | \$ 314,637 | \$ 325,058 |

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 \$86.5 million, an increase of \$2.0 million from the prior fiscal year. The net increase will be explained below.

At the end of the current fiscal year, the City's total long-term debt outstanding for governmental activities is \$44.5 million, a decrease of \$2.2 million from the prior fiscal year. The net decrease primarily reflects normal debt amortization.

At the end of the current fiscal year, the City's total long-term debt outstanding for business-type activities is \$42.1 million, an increase of \$4.2 million from the prior fiscal year. The net increase primarily reflects additional loans secured from the State Water Resources Board to finance the Wastewater System Expansion and Improvement Project.

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, 2015 (in thousands) | | | | | | |
|---|-------------------------|------------------|--------------------------|------------------|------------------|------------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenue bonds and notes (backed by specific tax and fee revenues) | \$ 24,158 | \$ 25,418 | \$ - | \$ - | \$ 24,158 | \$ 25,418 |
| Certificates of participation | 17,605 | 18,445 | - | - | 17,605 | 18,445 |
| Other loans | 2,691 | 2,802 | 42,092 | 37,915 | 44,784 | 40,717 |
| Total | <u>\$ 44,454</u> | <u>\$ 46,665</u> | <u>\$ 42,092</u> | <u>\$ 37,915</u> | <u>\$ 86,547</u> | <u>\$ 84,580</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, 2015

| | Governmental Activities | Business - Type Activities | Total |
|--|----------------------------|-------------------------------|-----------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments (Note 2) | \$ 59,319,760 | \$ 27,765,200 | \$ 87,084,960 |
| Cash and investments with fiscal agent (Note 2) | 91,982 | 4,104,000 | 4,195,982 |
| Receivables: | | | |
| Property taxes | 169,150 | - | 169,150 |
| Accounts | 14,232,365 | 1,329,314 | 15,561,679 |
| Interest | 103,538 | 41,587 | 145,125 |
| Special assessments | 110,998 | - | 110,998 |
| Inventory and prepaid items | 128,728 | - | 128,728 |
| Other assets | 449,201 | 293,429 | 742,630 |
| Total current assets | 74,605,722 | 33,533,530 | 108,139,252 |
| Noncurrent assets: | | | |
| Loans receivable (Note 3) | 4,454,079 | - | 4,454,079 |
| Internal balances (Note 5E) | 2,413,139 | (2,413,139) | - |
| Advances to Successor Agency (Note 5C) | 2,040,768 | - | 2,040,768 |
| Capital assets (Note 6): | | | |
| Non depreciable | 14,566,850 | 60,509,848 | 75,076,698 |
| Depreciable | 487,912,140 | 24,835,793 | 512,747,933 |
| Less accumulated depreciation | (262,440,057) | (10,747,544) | (273,187,601) |
| Capital assets, net | 240,038,933 | 74,598,097 | 314,637,030 |
| Total noncurrent assets | 248,946,919 | 72,184,958 | 321,131,877 |
| Total Assets | 323,552,641 | 105,718,488 | 429,271,129 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Related to pension (Note 14) | 9,166,855 | 756,889 | 9,923,744 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accruals: | 10,024,820 | 974,336 | 10,999,156 |
| Interest payable | 237,951 | 69,546 | 307,497 |
| Unearned revenue (Note 9) | 2,039,764 | - | 2,039,764 |
| Other liabilities | - | 4,104,000 | 4,104,000 |
| Compensated absences - Due within one year (Note 8) | 620,274 | 51,986 | 672,260 |
| Claims and judgments payable - Due within one year (Note 12) | 1,170,645 | - | 1,170,645 |
| Long- term debt - Due within one year (Note 7) | 2,711,271 | 217,141 | 2,928,412 |
| Total current liabilities | 16,804,725 | 5,417,009 | 22,221,734 |
| Noncurrent liabilities: | | | |
| Deposits | - | 59,183 | 59,183 |
| Compensated absences payable - Due in more than one year (Note 8) | 2,594,440 | 525,642 | 3,120,082 |
| Claims and judgments payable - Due in more than one year (Note 12) | 4,875,901 | - | 4,875,901 |
| Net pension liability (Note 14) | 104,938,827 | 11,224,629 | 116,163,456 |
| Net OPEB obligation (Note 15) | 422,331 | - | 422,331 |
| Long- term debt - Due in more than one year (Note 7) | 41,875,245 | 41,875,327 | 83,750,572 |
| Total noncurrent liabilities | 154,706,744 | 53,684,781 | 208,391,525 |
| Total Liabilities | 171,511,469 | 59,101,790 | 230,613,259 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Related to pension (Note 14) | 25,989,337 | 2,258,791 | 28,248,128 |
| NET POSITION (Note 10) | | | |
| Net investment in capital assets | 212,967,616 | 32,505,629 | 245,473,245 |
| Restricted for: | | | |
| Capital projects | 4,889,031 | - | 4,889,031 |
| Debt service | 823,467 | - | 823,467 |
| Engineering and transportation | 10,616,996 | - | 10,616,996 |
| Recreation and culture | 312,188 | - | 312,188 |
| Community Development | 3,812,785 | - | 3,812,785 |
| Public Safety | 752,159 | - | 752,159 |
| Total restricted | 21,206,626 | - | 21,206,626 |
| Unrestricted | (98,955,552) | 12,609,167 | (86,346,385) |
| Total Net Position | \$ 135,218,690 | \$ 45,114,796 | \$ 180,333,486 |

See Accompanying Notes to Basic Financial Statements

City of San Leandro
Statement of Activities
For the year ended June 30, 2015

| 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 | \$ 10,896,679 | | \$ 7,442,976 | \$ - | \$ 444,500 | \$ 7,887,476 |
| Public safety | 47,989,126 | - | 3,364,514 | 258,680 | - | 3,623,194 |
| Engineering and transportation | 30,566,925 | | 995,715 | 2,232,764 | 5,440,118 | 8,668,597 |
| Recreation and culture | 11,667,158 | - | 1,911,623 | 427,962 | 2,154,331 | 4,493,916 |
| Community development | 5,704,907 | - | 2,348,448 | 7,597,185 | - | 9,945,633 |
| Interest on long-term debt | 2,156,400 | - | - | - | - | - |
| Total Governmental Activities | 108,981,195 | - | 16,063,276 | 10,516,591 | 8,038,949 | 34,618,816 |
| Business-type activities: | | | | | | |
| Water Pollution Control Plant | 8,802,564 | - | 12,996,465 | - | - | 12,996,465 |
| Shoreline | 1,691,932 | - | 2,038,388 | - | - | 2,038,388 |
| Storm Water Utility | 1,105,054 | - | 1,070,154 | - | - | 1,070,154 |
| Environmental Services | 1,020,388 | - | 773,745 | - | - | 773,745 |
| Total business-type Activities | 12,619,938 | - | 16,878,752 | - | - | 16,878,752 |
| Total primary government | \$ 121,601,133 | \$ - | \$ 32,942,028 | \$ 10,516,591 | \$ 8,038,949 | \$ 51,497,568 |

General revenues:

Taxes:

Property taxes
Sales tax
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 on sale of assets

Total general revenues and transfers

Change in net position

Net position - Beginning of year (As adjusted Note 10D)

Net position - End of year

See Accompanying Notes to Basic Financial Statements

Net (Expense) Revenue and
Changes in Net Position

| Governmental Activities | Business- Type Activities | Total |
|----------------------------|------------------------------|----------------|
| \$ (3,009,203) | \$ - | \$ (3,009,203) |
| (44,365,932) | - | (44,365,932) |
| (21,898,328) | - | (21,898,328) |
| (7,173,242) | - | (7,173,242) |
| 4,240,726 | - | 4,240,726 |
| (2,156,400) | - | (2,156,400) |
| (74,362,379) | | (74,362,379) |
| - | 4,193,901 | 4,193,901 |
| - | 346,456 | 346,456 |
| - | (34,900) | (34,900) |
| - | (246,643) | (246,643) |
| - | 4,258,814 | 4,258,814 |
| (74,362,379) | 4,258,814 | (70,103,565) |
| 18,898,038 | - | 18,898,038 |
| 32,948,155 | - | 32,948,155 |
| 4,845,086 | - | 4,845,086 |
| 10,359,050 | - | 10,359,050 |
| 4,112,030 | - | 4,112,030 |
| 2,974,313 | - | 2,974,313 |
| 35,936 | - | 35,936 |
| 733,867 | 477,190 | 1,211,057 |
| 74,906,475 | 477,190 | 75,383,665 |
| 1,191,893 | 259,724 | 1,451,617 |
| 825,082 | 268,689 | 1,093,771 |
| 6,902 | - | 6,902 |
| 76,930,352 | 1,005,603 | 77,935,955 |
| 2,567,973 | 5,264,417 | 7,832,390 |
| 132,650,717 | 39,850,379 | 172,501,096 |
| \$ 135,218,690 | \$ 45,114,796 | \$ 180,333,486 |



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.

City of San Leandro
Governmental Funds
Balance Sheet
June 30, 2015

| | Major Fund | Non-Major Governmental Funds | Total |
|---|----------------------|------------------------------------|----------------------|
| | General | | |
| ASSETS | | | |
| Cash and investments (Note 2) | \$ 23,982,898 | \$ 22,233,615 | \$ 46,216,513 |
| Cash and investments with fiscal agent (Note 2) | - | 91,982 | 91,982 |
| Receivables: | | | |
| Property taxes | 169,150 | - | 169,150 |
| Accounts | 9,839,854 | 1,042,741 | 10,882,595 |
| Federal, State, and local grants | - | 2,763,478 | 2,763,478 |
| Interest | 55,147 | 23,789 | 78,936 |
| Special Assessment | 74,215 | 36,783 | 110,998 |
| Loans (Note 3) | 3,702,470 | 751,609 | 4,454,079 |
| Due from other funds (Note 5A) | 1,545,220 | - | 1,545,220 |
| Other assets | 439,474 | - | 439,474 |
| Advances to other funds (Note 5B) | 8,106,392 | - | 8,106,392 |
| Advance to Successor Agency (Note 5C) | 2,040,768 | - | 2,040,768 |
| Total Assets | \$ 49,955,588 | \$ 26,943,997 | \$ 76,899,585 |
| LIABILITIES | | | |
| Liabilities: | | | |
| Accounts payable and accruals | \$ 8,411,015 | \$ 793,799 | \$ 9,204,814 |
| Due to other funds (Note 5A) | - | 1,545,220 | 1,545,220 |
| Advances from other funds (Note 5B) | 4,693,253 | 1,075,000 | 5,768,253 |
| Unearned revenue | 2,039,764 | - | 2,039,764 |
| Total Liabilities | 15,144,032 | 3,414,019 | 18,558,051 |
| DEFERRED INFLOW OF RESOURCES | | | |
| Unavailable revenue - grants receivable | - | 2,323,352 | 2,323,352 |
| Total Deferred Inflow of Resources | - | 2,323,352 | 2,323,352 |
| Fund Balances: (Note 10) | | | |
| Nonspendable | 13,849,630 | - | 13,849,630 |
| Restricted | 50,000 | 22,590,294 | 22,640,294 |
| Assigned | 1,766,700 | - | 1,766,700 |
| Unassigned | 19,145,226 | (1,383,668) | 17,761,558 |
| Total Fund Balances (Deficit) | 34,811,556 | 21,206,626 | 56,018,182 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 49,955,588 | \$ 26,943,997 | \$ 76,899,585 |

See Accompanying Notes to Basic Financial Statements

City of San Leandro
Reconciliation of the Governmental Funds Balance Sheet
with the Statement of Net Position
June 30, 2015

Total fund balances reported on the governmental funds balance sheet **\$ 56,018,182**

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

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and
therefore are not reported in the Governmental Funds. 237,342,458

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

Internal service funds are not governmental funds. However, they are used by management to
charge the costs of certain activities, such as insurance and central services and maintenance
to individual governmental funds. The net current assets of the Internal Service Funds are therefore
included in Governmental Statement of Activities. 9,292,306

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 obligation | (422,331) |
| Net pension liability, related deferred outflows and inflows of resources | (121,761,309) |
| Long-term debt | (44,272,234) |
| Interest payable | (237,951) |
| Compensated absences | (3,063,783) |
| Recognition of grants receivable | 2,323,352 |
| | 2,323,352 |

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 135,218,690

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, 2015

| | Major Fund | Non-Major Governmental Funds | Total |
|---|--------------------|------------------------------------|--------------------|
| | General | | |
| REVENUES | | | |
| Property and other taxes | \$ 74,485,955 | \$ 740,159 | \$ 75,226,114 |
| Licenses and permits | 7,145,284 | 895,721 | 8,041,005 |
| Fines and forfeitures | 1,524,570 | - | 1,524,570 |
| Service charges | 3,174,722 | 314,346 | 3,489,068 |
| Intergovernmental | 1,247,506 | 13,228,800 | 14,476,306 |
| Use of money and property | 1,164,676 | 2,167,823 | 3,332,499 |
| Interdepartmental charges | 2,250,266 | - | 2,250,266 |
| Other | 713,559 | 2,302,694 | 3,016,253 |
| Total Revenues | 91,706,538 | 19,649,543 | 111,356,081 |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | 11,720,994 | - | 11,720,994 |
| Public safety | 48,991,182 | 450,240 | 49,441,422 |
| Engineering and transportation | 7,323,705 | 10,582,191 | 17,905,896 |
| Recreation and culture | 9,416,607 | 1,064,921 | 10,481,528 |
| Community development | 4,164,877 | 1,544,068 | 5,708,945 |
| Debt service: | | | |
| Principal | 1,413,833 | 1,111,000 | 2,524,833 |
| Interest and fees | 902,546 | 1,396,740 | 2,299,286 |
| Total Expenditures | 83,933,744 | 16,149,160 | 100,082,904 |
| REVENUES OVER (UNDER) EXPENDITURES | 7,772,794 | 3,500,383 | 11,273,177 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in (Note 5D) | - | 2,604,156 | 2,604,156 |
| Transfers (out) (Note 5D) | (2,583,594) | (20,562) | (2,604,156) |
| Total Other Financing Sources (Uses) | (2,583,594) | 2,583,594 | - |
| NET CHANGE IN FUND BALANCES | 5,189,200 | 6,083,977 | 11,273,177 |
| FUND BALANCES | | | |
| Beginning of year | 29,622,356 | 15,122,649 | 44,745,005 |
| End of year | \$ 34,811,556 | \$ 21,206,626 | \$ 56,018,182 |

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, 2015

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 Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 11,273,177

Amounts reported for 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 171,367
Depreciation expense is deducted from the fund balance. The amount excludes the depreciation of \$937,858 (15,913,415)

Net retirements are deducted from fund balance. (27,590)

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 | 119,450 |
| Long-term debt | 2,524,833 |
| Bond discount | (12,383) |
| Bond premium | 19,888 |
| Interest payable | 12,756 |
| Compensated absences | (18,329) |
| Net pension liabilities, related deferred outflows and inflows of resources | 2,201,593 |
| Net OPEB obligation | 1,197,668 |
| Grants receivable | 193,087 |

ALLOCATION OF INTERNAL SERVICE FUND 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 net 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 Position - All Internal Service Funds 825,871

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 2,567,973

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, 2015

| | Major Enterprise Funds | | Non- Major Enterprise Funds | Total | Governmental Activities- Internal Service Funds |
|--|-------------------------------------|----------------|-----------------------------------|---------------|--|
| | Water Pollution Control Plant | Shoreline | | | |
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash and investments (Note 2) | \$ 24,674,912 | \$ 1,216,809 | \$ 1,873,479 | \$ 27,765,200 | \$ 13,103,247 |
| Cash with Fiscal Agent (Note 2) | 4,104,000 | - | - | 4,104,000 | - |
| Receivables: | | | | | |
| Accounts | 792,176 | 437,709 | 99,429 | 1,329,314 | 586,292 |
| Interest | 37,681 | 749 | 3,157 | 41,587 | 24,602 |
| Other assets | - | 293,429 | - | 293,429 | 9,727 |
| Inventory | - | - | - | - | 128,728 |
| Total current assets | 29,608,769 | 1,948,696 | 1,976,065 | 33,533,530 | 13,852,596 |
| Noncurrent assets: | | | | | |
| Advance to other fund (Note 5B) | 4,693,253 | - | - | 4,693,253 | 75,000 |
| Capital assets (Note 6) | | | | | |
| Non - Depreciable | 56,932,038 | 3,577,810 | - | 60,509,848 | - |
| Depreciable | 19,057,541 | 5,778,252 | - | 24,835,793 | 13,512,117 |
| Less accumulated depreciation | (7,544,097) | (3,203,447) | - | (10,747,544) | (10,815,642) |
| Total capital assets, net | 68,445,482 | 6,152,615 | - | 74,598,097 | 2,696,475 |
| Total noncurrent assets | 73,138,735 | 6,152,615 | - | 79,291,350 | 2,771,475 |
| Total Assets | 102,747,504 | 8,101,311 | 1,976,065 | 112,824,880 | 16,624,071 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Related to pension (Note 14) | 756,889 | - | - | 756,889 | - |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable | 609,093 | 319,331 | 45,912 | 974,336 | 820,006 |
| Interest payable | - | 69,546 | - | 69,546 | - |
| Other liabilities | 4,104,000 | - | - | 4,104,000 | - |
| Clams and judgments - due in 1 year (Note 12) | - | - | - | - | 1,170,645 |
| Compensated absences - due in 1 year (Note 8) | 30,605 | 7,896 | 13,485 | 51,986 | 13,584 |
| Notes payable - due in 1 year (Note 7) | - | 217,141 | - | 217,141 | - |
| Long-term debt - Due within one year (Note 7) | - | - | - | - | 154,369 |
| Total current liabilities | 4,743,698 | 613,914 | 59,397 | 5,417,009 | 2,158,604 |
| Non-current Liabilities: | | | | | |
| Deposits payable | 3,000 | 56,183 | - | 59,183 | - |
| Advances from other funds (Note 5B) | - | 7,106,392 | - | 7,106,392 | - |
| Claims and judgments - due in more than 1 year (Note 12) | - | - | - | - | 4,875,901 |
| Compensated absences - due in more than 1 year (Note 8) | 309,452 | 79,841 | 136,349 | 525,642 | 137,347 |
| Net pension liability (Note 14) | 11,224,629 | - | - | 11,224,629 | - |
| Notes Payable - due in more than 1 year (Note 7) | 40,408,504 | 1,466,823 | - | 41,875,327 | - |
| Long-term debt - Due in more than one year (Note 7) | - | - | - | - | 159,913 |
| Total noncurrent liabilities | 51,945,585 | 8,709,239 | 136,349 | 60,791,173 | 5,173,161 |
| Total liabilities | 56,689,283 | 9,323,153 | 195,746 | 66,208,182 | 7,331,765 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Related to pension (Note 14) | 2,258,791 | - | - | 2,258,791 | - |
| NET POSITION (Note 10) | | | | | |
| Net investment in capital asset | 28,036,978 | 4,468,651 | - | 32,505,629 | 2,382,193 |
| Unrestricted | 16,519,341 | (5,690,493) | 1,780,319 | 12,609,167 | 6,910,113 |
| Total Net Position (deficit) | \$ 44,556,319 | \$ (1,221,842) | \$ 1,780,319 | \$ 45,114,796 | \$ 9,292,306 |

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, 2015

| | Major Enterprise Funds | | Non- Major Enterprise Funds | Total | Governmental Activities- Internal Service Funds |
|--|-------------------------------------|------------------|-----------------------------------|-------------------|--|
| | Water Pollution Control Plant | Shoreline | | | |
| OPERATING REVENUES: | | | | | |
| Charges for services | \$ 11,885,433 | \$ 628,479 | \$ 1,423,096 | \$ 13,937,008 | \$ 13,298,534 |
| Licenses and permits | 590,778 | 16,113 | 324,425 | 931,316 | - |
| Rents and concessions | - | 1,346,023 | - | 1,346,023 | - |
| Other operating revenues | 520,254 | 47,773 | 96,378 | 664,405 | 859,851 |
| Total Operating Revenues | 12,996,465 | 2,038,388 | 1,843,899 | 16,878,752 | 14,158,385 |
| OPERATING EXPENSES: | | | | | |
| Salaries and benefits | 4,544,806 | 524,654 | 1,210,211 | 6,279,671 | 3,307,462 |
| Contractual and other services | 1,967,380 | 262,687 | 343,374 | 2,573,441 | 6,479,377 |
| Materials and supplies | 444,587 | 31,702 | 51,935 | 528,224 | 807,707 |
| Depreciation | 404,606 | 114,028 | - | 518,634 | 986,629 |
| Other operating costs | 1,441,185 | 313,979 | 519,922 | 2,275,086 | 1,880,612 |
| Total Operating Expenses | 8,802,564 | 1,247,050 | 2,125,442 | 12,175,056 | 13,461,787 |
| OPERATING INCOME (LOSS) | 4,193,901 | 791,338 | (281,543) | 4,703,696 | 696,598 |
| NONOPERATING REVENUES (EXPENSES): | | | | | |
| Property and other taxes | - | 477,190 | - | 477,190 | - |
| Intergovernmental | - | - | 268,689 | 268,689 | - |
| Investment income | 252,535 | 3,259 | 3,930 | 259,724 | 130,130 |
| Interest expense | - | (444,882) | - | (444,882) | (857) |
| Total Nonoperating Revenues (Expenses) | 252,535 | 35,567 | 272,619 | 560,721 | 129,273 |
| INCOME BEFORE TRANSFERS | 4,446,436 | 826,905 | (8,924) | 5,264,417 | 825,871 |
| TRANSFERS: | | | | | |
| Transfers in (Note 5D) | - | - | 132,782 | 132,782 | - |
| Transfers (out) (Note 5D) | (132,782) | - | - | (132,782) | - |
| Total operating transfers | (132,782) | - | 132,782 | - | - |
| Change in net position | 4,313,654 | 826,905 | 123,858 | 5,264,417 | 825,871 |
| NET POSITION (DEFICIT): | | | | | |
| Net Position-Beginning of year, as adjusted (Note 10D) | \$40,242,665 | (2,048,747) | 1,656,461 | \$39,850,379 | 8,466,435 |
| Net Position-Ending of year | \$ 44,556,319 | \$ (1,221,842) | \$ 1,780,319 | \$ 45,114,796 | \$ 9,292,306 |

See Accompanying Notes to Basic Financial Statements

City of San Leandro
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2015

| | Major Enterprise Funds | | Non- Major Enterprise Funds | Total | Governmental Activities- Internal Service Funds |
|---|-------------------------------------|---------------------|-----------------------------------|----------------------|--|
| | Water Pollution Control Plant | Shoreline | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash received from customers | \$ 13,121,526 | \$ 1,602,250 | \$ 1,810,859 | \$ 16,534,635 | \$ 839,705 |
| Receipts from interfund charges | - | - | - | - | 13,289,231 |
| Cash payment to suppliers and service providers | (3,277,381) | (44,157) | (384,029) | (3,705,567) | (7,604,010) |
| Cash payments to employees for services | (4,498,650) | (493,139) | (1,195,799) | (6,187,588) | (3,327,139) |
| Cash payments to other funds for services provided | (1,441,185) | (313,979) | (519,090) | (2,274,254) | (1,880,612) |
| Net cash provided (used) by operating activities | 3,904,310 | 750,975 | (288,059) | 4,367,226 | 1,317,175 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Property and other taxes received | - | 477,190 | - | 477,190 | - |
| Intergovernmental revenue received | - | - | 268,689 | 268,689 | - |
| Interfund loan | 448,519 | - | - | 448,519 | - |
| Transfers in from other funds | - | - | 132,782 | 132,782 | - |
| Transfer out to other funds | (132,782) | - | - | (132,782) | - |
| Net cash provided (used) by noncapital financing activities | 315,737 | 477,190 | 401,471 | 1,194,398 | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Principal paid on capital debt | - | (207,790) | - | (207,790) | - |
| Acquisition of capital assets | (5,689,063) | (138) | - | (5,689,201) | (1,163,836) |
| Proceeds from long-term debt | 4,385,603 | - | - | 4,385,603 | 314,282 |
| Interest payments on bonds and notes payable | - | (453,453) | - | (453,453) | - |
| Net cash provided (used) by capital and related financing activities | (1,303,460) | (661,381) | - | (1,964,841) | (849,554) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Interest income (expense) | 252,544 | 3,258 | 3,934 | 259,736 | 129,277 |
| Net cash provided (used) by investing activities | 252,544 | 3,258 | 3,934 | 259,736 | 129,277 |
| Net increase (decrease) in cash and cash equivalents | 3,169,131 | 570,042 | 117,346 | 3,856,519 | 596,898 |
| CASH AND CASH EQUIVALENTS: | | | | | |
| Cash and investments at beginning of year | 25,609,781 | 646,767 | 1,756,133 | 28,012,681 | 12,506,349 |
| Cash and investments at end of year | <u>\$ 28,778,912</u> | <u>\$ 1,216,809</u> | <u>\$ 1,873,479</u> | <u>\$ 31,869,200</u> | <u>\$ 13,103,247</u> |
| RECONCILIATION OF OPERATING INCOME/ (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | | | | |
| Operating income (loss) | \$ 4,193,901 | \$ 791,338 | \$ (281,543) | \$ 4,703,696 | \$ 696,598 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | | |
| Depreciation | 404,606 | 114,028 | - | 518,634 | 986,629 |
| Change in assets and liabilities: | | | | | |
| (Increase) decrease in accounts receivable | 125,061 | (143,590) | (33,040) | (51,569) | (20,146) |
| (Increase) decrease in inventories | - | - | - | - | (2,296) |
| (Increase) decrease in other assets | - | (\$293,009) | 832 | (292,177) | (8,702) |
| (Decrease) increase in accounts payable | (1,386,515) | 250,232 | 11,280 | (1,125,003) | 311,122 |
| (Decrease) increase in deposits payable | - | 461 | - | 461 | - |
| (Decrease) increase claims and judgments payable | 488,603 | - | - | 488,603 | (626,353) |
| (Decrease) increase in unearned revenue | - | - | - | - | - |
| (Decrease) increase in compensated absences | 46,156 | 31,515 | 14,412 | 92,083 | (19,677) |
| (Decrease) increase in deferred outflow | (756,889) | - | - | (756,889) | - |
| (Decrease) increase in deferred inflow | 2,258,791 | - | - | 2,258,791 | - |
| (Decrease) increase in net pension liability | (1,469,404) | - | - | (1,469,404) | - |
| Total adjustments | (289,591) | (40,363) | (6,516) | (336,470) | (383,349) |
| Net cash provided (used) by operating activities | \$ 3,904,310 | \$ 750,975 | \$ (288,059) | \$ 4,367,226 | \$ 1,317,175 |

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, 2015

| | Agency Funds | Private-Purpose Trust Fund |
|---|----------------------------|-------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and investments (Note 2) | \$ 2,544,320 | \$ 2,467,234 |
| Cash and investments with fiscal agents (Note 2) | 448,960 | 5,246,151 |
| Accounts receivable | 2,404 | 3,600 |
| Special assessment receivable | (748) | |
| Interest receivable | 671 | 8,755 |
| Total Current Assets | <u>2,995,607</u> | <u>7,725,740</u> |
| Noncurrent assets: | | |
| Capital assets (Note 17C): | | |
| Land | - | 2,949,885 |
| Depreciable assets, net | - | 1,341,029 |
| Total non-current assets | <u>-</u> | <u>4,290,914</u> |
| Total assets | <u><u>\$ 2,995,607</u></u> | <u><u>\$ 12,016,654</u></u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | \$ 179,276 | \$ 204,542 |
| Deposits payable | 1,363,582 | - |
| Interest payable | - | 615,456 |
| Advance from general fund (Note 17B) | - | 2,040,768 |
| Long-term debt - due in one year (Note 17D) | - | 2,770,988 |
| Due to bondholders | 1,452,749 | - |
| Other liabilities | - | 146,931 |
| Total current liabilities | <u><u>\$ 2,995,607</u></u> | <u><u>5,778,685</u></u> |
| Noncurrent Liabilities: | | |
| Long-term debt - due in more than one year (Note 17D) | | <u>43,959,675</u> |
| Total non current liabilities | | <u>43,959,675</u> |
| Total liabilities | | <u><u>49,738,360</u></u> |
| NET POSITION | | |
| Held in trust for private purposes | | <u><u>\$ (37,721,706)</u></u> |

See Accompanying Notes to Basic Financial Statements

City of San Leandro

Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund

Statement of Changes in Fiduciary Net Position

For the year ended June 30, 2015

Additions:

| | |
|---------------------------|------------------|
| Property taxes | \$ 3,999,783 |
| Use of money and property | 30,307 |
| Other revenue | <u>20</u> |
| Total additions | <u>4,030,110</u> |

Deductions:

| | |
|-----------------------|------------------|
| Community development | 6,797,871 |
| Depreciation | 34,282 |
| Interest and Fees | <u>2,014,440</u> |
| Total deductions | <u>8,846,593</u> |

| | |
|------------------------|-------------|
| Change in net position | (4,816,483) |
|------------------------|-------------|

NET POSITION HELD IN TRUST

| | |
|--------------------------|-------------------------------|
| Net position - beginning | <u>(32,905,223)</u> |
| Net position - end | <u><u>\$ (37,721,706)</u></u> |

See Accompanying Notes to Basic Financial Statements

City of San Leandro
Index to Notes to Basic Financial Statements
For the year ended June 30, 2015

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City of San Leandro
Index to Notes to Basic Financial Statements
For the year ended June 30, 2015 (Continued)

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CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

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, 2015

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, 2015

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 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:

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

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, 2015

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 wells 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 positions 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, 2015

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 \$7,500. 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 | 5-15 years |
| Licensed Vehicles | 3-15 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 2014-15 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, 2015

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 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.

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 placed on lien 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. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The intention of this Statement is to improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 71 – in 2014, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The intention of this Statement is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities.

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

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 is \$4,785,983 at June 30, 2015. Bank balances before reconciling items were \$5,186,782, 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.

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.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

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, 2015, are classified as follows:

| | |
|--|-----------------------|
| Statement of net position: | |
| Cash and Investments | \$ 87,084,960 |
| Cash and Investments held by trustee | 4,195,982 |
| Fiduciary Funds: | |
| Cash and Investments | 5,011,554 |
| Cash with fiscal agents | <u>5,695,111</u> |
| Total cash and investments | <u>\$ 101,987,607</u> |
| Cash and investments as of June 30, 2015, are classified as follows: | |
| Deposits with financial institutions | \$ 4,785,983 |
| Investments | <u>97,201,624</u> |
| Total cash and investments | <u>\$ 101,987,607</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.

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 | 13 to 24 Months | 25 to 60 Months |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | | Less | | |
| Federal agency securities | \$ 18,140,147 | \$ 6,835,490 | \$ 4,347,283 | \$ 6,957,374 |
| Money Market Fund | 953,667 | 953,667 | | |
| U.S. Treasury Notes | 10,802,784 | 2,349,015 | 3,139,430 | 5,314,339 |
| Local Agency Investment Fund (LAIF) | 50,883,632 | 50,883,632 | | |
| Medium-Term Notes | 9,899,764 | 1,887,501 | 3,331,296 | 4,680,967 |
| Held by fiscal agent: | | | | |
| U.S. Treasury Money Market Funds | <u>6,521,630</u> | <u>6,521,630</u> | | |
| Total | <u>\$ 97,201,624</u> | <u>\$ 69,430,935</u> | <u>\$ 10,818,009</u> | <u>\$ 16,952,680</u> |

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

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 |
| Bankers Acceptances | 180 days | 40% |
| Commercial Paper | 270 days | 25% |
| Negotiable Certificate of Deposit | 5 years | 30% |
| Repurchase Agreements | 1 year | 20% |
| Reverse Repurchase Agreements | 92 days | 20% |
| Medium Term Notes | 5 years | 30% |
| Mutual Funds | N/A | 20% |
| Money Market Mutual Funds | N/A | 20% |
| Local Agency Investment Fund (LAIF) | N/A | \$40 million per account |
| Passbook Accounts | 5 years | None |
| City Issued Securities | N/A | None |
| 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.

The City valued its investments in LAIF as of June 30, 2015, at the market value. The fair value is calculated by multiplying the account balance with LAIF times a fair value factor of 1.000375979 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, 2015, 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.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

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 National Mortgage Association (FNMA) | \$ 6,945,545 | 7.15% |
| Total | <u>\$ 6,945,545</u> | <u>7.15%</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.

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.

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Minimum Legal Rating</u> | <u>Exempt From Disclosure</u> | <u>Not Rated</u> | <u>AAA</u> | <u>AA+</u> |
|----------------------------------|----------------------|-----------------------------|-------------------------------|----------------------|---------------------|---------------------|
| Federal agency securities | \$ 18,140,147 | N/A | | | | \$18,140,147 |
| Money Market Fund | 953,667 | N/A | | | \$ 953,667 | |
| U.S. Treasury Notes | 10,802,784 | N/A | \$ 10,802,784 | | | |
| Local Agency Investment Fund | 50,883,632 | N/A | | \$ 50,883,632 | | |
| Medium-Term Notes | 9,899,764 | A | | | | 1,002,780 |
| Held by fiscal agent: | | | | | | |
| U.S. Treasury Money Market Funds | 6,521,630 | A | | | | 6,521,630 |
| Total | <u>\$ 97,201,624</u> | | <u>\$ 10,802,784</u> | <u>\$ 50,883,632</u> | <u>\$ 953,667</u> | <u>\$25,664,557</u> |
| | | | <u>AA</u> | <u>AA-</u> | <u>A+</u> | <u>A</u> |
| Medium-Term Notes | | | <u>\$ 1,180,408</u> | <u>\$ 1,748,518</u> | <u>\$ 2,187,373</u> | <u>\$ 3,273,400</u> |
| | | | | | | <u>\$ 507,285</u> |

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 3 – LOANS RECEIVABLE

At June 30, 2015, the City had loans receivable in the following funds:

Governmental Funds:

| | |
|---|---------------------|
| General Fund | \$ 3,702,470 |
| Non Major Special Revenue Funds: | |
| Affordable Housing Asset Special Revenue Fund | 8,246,423 |
| Community Development Block Grant (CDBG) | 726,946 |
| HOME Fund | 3,335,000 |
| Housing In-Lieu | 637,000 |
| Less allowance for uncollectible loans | <u>(12,193,760)</u> |
| Total net loans receivable | <u>\$ 4,454,079</u> |

At June 30, 2015, the City was owed, in the General Fund, \$1,092,763 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%.

At June 30, 2015, the City was owed, in the General Fund, \$1,109,707 for a loan made by the City to Alameda County Industries Inc. (ACI). The loan is to refurbish ACI's Materials Recovery Facility in order to expand operations to take in more solid waste, recyclable, and green waste tonnage. The loan is evidenced by a promissory note with a term of 10 years and is to be repaid in full on July 1, 2025. The interest rate is 2.5% per annum.

At June 30, 2015, the City was owed, in the General Fund, \$1,500,000 for a loan made by the City to Davis Street Community Center Incorporated. The loan is to assist in the opening of a community health clinic. The loan is evidenced by a promissory note with a term of 2 years and is to be repaid in full on August 1, 2016. The interest rate is 4.5% per annum.

At June 30, 2015, the City was owed, in its Low/Moderate Asset Housing Fund, \$8,246,423 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. \$7,494,814 of the total receivable was reduced by allowance for uncollectible loans.

At June 30, 2015, the City was owed, in its Community Development Block Grant Special Revenue Fund, \$726,946 for various housing assistance loans made by the City. The terms of repayment vary. All of the loans receivable was reduced by allowance for uncollectible loans.

At June 30, 2015, the City was owed, in its HOME Special Revenue Fund, \$3,350,000 which includes (1) a housing assistance loan made by the City to Citizens' Housing Corporation; (2) The terms of repayment vary. All of the loans receivable was reduced by allowance for uncollectible loans.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 3 – LOANS RECEIVABLE (Continued)

At June 30, 2015, the City was owed, in its Housing In-Lieu Special Revenue Fund, \$637,000 for a housing assistance loan made by the City to the Estabrook Senior Housing for low-moderate housing construction. The terms of repayment vary. All of the loans receivable was reduced by allowance for uncollectible loans.

NOTE 4 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

In addition to liabilities, the statement of financial position or balance sheet reports 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.

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund Receivables and Payables

At June 30, 2015, 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 | \$ 1,545,220 |

The City has recorded due to/due from all funds requiring cash at the end of June 30, 2015 to the funds that had deficit year-end balances which will be repaid back to the General Fund during the 2015-16 fiscal year.

B. Long-Term Advances

Long-term advances to be repaid out of future earnings or charges at June 30, 2015, consisted of:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|-------------------------------|------------------------------|----------------------|
| General Fund | Non-Major Governmental Funds | \$ 1,000,000 |
| | Shoreline Enterprise Fund | 7,106,392 |
| | | 8,106,392 |
| Internal Service Fund | Non-Major Governmental Funds | 75,000 |
| Water Pollution Control Plant | | |
| Enterprise Fund | General Fund | 4,693,253 |
| | Total | \$ 12,874,645 |

The City Council authorized a General Fund 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, 2015, was \$1,000,000.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 5 - INTERFUND TRANSACTIONS (Continued)

The City Council authorized General Fund 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, 2015, 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 from the Information Management Internal Service Fund to the Public Education & Government Special Revenue Fund for the Council Chambers upgrade to provide televised meetings. The balance as of June 30, 2015, was \$75,000.

The City Council authorized a 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, 2015, was \$4,693,253.

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. The balance as of June 30, 2015, was \$2,040,768.

D. Transfers

Transfers during the fiscal year ended June 30, 2015, comprised the following:

| Transfers Out: | | | | |
|------------------------------|---------------------|------------------------------|-------------------------------|---------------------|
| Transfers In | General Fund | Non-major Governmental Funds | Water Pollution Control Plant | Total |
| Non-major Governmental Funds | \$ 2,583,594 | \$ 20,562 | \$ - | \$ 2,604,156 |
| Non-major Enterprise Funds | - | - | 132,782 | 132,782 |
| Total | \$ 2,583,594 | \$ 20,562 | \$ 132,782 | \$ 2,736,938 |

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 5 - INTERFUND TRANSACTIONS (Continued)

The City Council authorized transfers from the General Fund to various funds for fiscal year 2014-2015 to the following accounts and projects:

| | | |
|------------------------------------|---------------------|-------------------------------|
| Special Gas Tax Fund | \$ 738,000 | Street Improvement Projects |
| Business Improvement District Fund | 50,000 | Business Improvement Projects |
| Capital Improvement Fund | <u>1,795,594</u> | Capital Improvement Projects |
| | <u>\$ 2,583,594</u> | |

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, 2015, 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 | | 55,275,538 | 55,275,538 |
| Total non-depreciable assets | <u>14,566,850</u> | <u>60,509,848</u> | <u>75,076,698</u> |
| Depreciable assets: | | | |
| Buildings | 82,063,548 | 11,012,283 | 93,075,831 |
| Improvements | 4,692,847 | 113,416 | 4,806,263 |
| Machinery and Equipment | 9,568,480 | 8,932,968 | 18,501,448 |
| Licensed Vehicles | 10,945,657 | 84,923 | 11,030,580 |
| Infrastructure: | | | |
| Park Irrigation Systems | 4,668,420 | | 4,668,420 |
| Medians Irrigation | 10,145,502 | | 10,145,502 |
| Park Structures | 2,848,650 | | 2,848,650 |
| Roadway | 250,615,643 | | 250,615,643 |
| Sidewalk | 74,895,578 | | 74,895,578 |
| Curb and Gutter | 37,447,790 | | 37,447,790 |
| Underground Piping and Storm Drain | 20,025 | 4,692,203 | 4,712,228 |
| Total depreciable assets | 487,912,140 | 24,835,793 | 512,747,933 |
| Less accumulated depreciation | <u>(262,440,057)</u> | <u>(10,747,544)</u> | <u>(273,187,601)</u> |
| Total depreciable assets, net | <u>225,472,083</u> | <u>14,088,249</u> | <u>239,560,332</u> |
| Total capital assets | <u>\$ 240,038,933</u> | <u>\$ 74,598,097</u> | <u>\$ 314,637,030</u> |

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 6 – CAPITAL ASSETS (Continued)

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

| | Balance July 1, 2014 | Additions and Transfers | Deletions and Transfers | Balance June 30, 2015 |
|---------------------------------------|-------------------------|----------------------------|----------------------------|--------------------------|
| Non-Depreciable Assets: | | | | |
| Land | \$ 14,566,850 | \$ | \$ | \$ 14,566,850 |
| Total Non-Depreciable Assets | 14,566,850 | | | 14,566,850 |
| Depreciable Assets: | | | | |
| Buildings | 82,063,548 | | | 82,063,548 |
| Improvements | 4,692,847 | | | 4,692,847 |
| Machinery and equipment | 9,542,269 | 331,461 | (305,250) | 9,568,480 |
| Licensed Vehicles | 9,966,199 | 1,413,803 | (434,345) | 10,945,657 |
| Infrastructure | 380,641,608 | | | 380,641,608 |
| Total Depreciable Assets | 486,906,471 | 1,745,264 | (739,595) | 487,912,140 |
| Accumulated Depreciation: | | | | |
| Buildings | (20,419,165) | (1,590,385) | | (22,009,550) |
| Improvements | (4,657,298) | (27,223) | | (4,684,521) |
| Machinery and equipment | (6,699,283) | (840,145) | 278,286 | (7,261,142) |
| Licensed Vehicles | (7,053,778) | (717,817) | 23,657 | (7,747,938) |
| Infrastructure | (207,012,432) | (13,724,474) | | (220,736,906) |
| Total Accumulated Depreciation | (245,841,956) | (16,900,044) | 301,943 | (262,440,057) |
| Depreciable Assets, Net | 241,064,515 | (15,154,780) | (437,652) | 225,472,083 |
| Total Governmental Activities | | | | |
| Capital Assets, Net | \$ 255,631,365 | \$ (15,154,780) | \$ (437,652) | \$ 240,038,933 |

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2015, are as follows:

| | |
|--|----------------------|
| General Government | \$ 318,268 |
| Public Safety | 477,402 |
| Transportation | 13,208,135 |
| Recreation and Human services | 1,591,342 |
| Community Development | 318,268 |
| Subtotal | 15,913,415 |
| Capital assets held by the City's Internal Service Funds | 986,629 |
| Total Depreciation Expense | <u>\$ 16,900,044</u> |

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 6 – CAPITAL ASSETS (Continued)

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

| | Balance July 1, 2014 | Additions and Transfers | Deletions and Transfers | Balance June 30, 2015 |
|---------------------------------------|-------------------------|----------------------------|----------------------------|--------------------------|
| Non-Depreciable Assets: | | | | |
| Land | \$ 5,234,310 | \$ | \$ | \$ 5,234,310 |
| Construction in Progress | 49,527,138 | 5,748,400 | | 55,275,538 |
| Total Non-Depreciable Assets | 54,761,448 | 5,748,400 | | 60,509,848 |
| Depreciable Assets: | | | | |
| Buildings | 11,012,283 | | | 11,012,283 |
| Improvements | 113,416 | | | 113,416 |
| Machinery and equipment | 9,389,787 | | (456,819) | 8,932,968 |
| Licensed Vehicles | 84,923 | | | 84,923 |
| Infrastructure | 4,692,203 | | | 4,692,203 |
| Total Depreciable Assets | 25,292,612 | | (456,819) | 24,835,793 |
| Accumulated Depreciation: | | | | |
| Buildings | (5,905,059) | (195,509) | | (6,100,568) |
| Improvements | (113,416) | | | (113,416) |
| Machinery and equipment | (3,639,964) | (230,201) | 397,620 | (3,472,545) |
| Licensed Vehicles | (79,989) | (2,666) | | (82,655) |
| Infrastructure | (888,102) | (90,258) | | (978,360) |
| Total Accumulated Depreciation | (10,626,530) | (518,634) | 397,620 | (10,747,544) |
| Total Business-Type Activities | | | | |
| Capital Assets, Net | \$ 69,427,530 | \$ 5,229,766 | \$ (59,199) | \$ 74,598,097 |

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, 2015

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, 2015, follows:

| | Balance June 30, 2014 | Additions | Retirements | Balance June 30, 2015 | Due within one year | Due in more than one year |
|---|--------------------------|------------|----------------|--------------------------|------------------------|------------------------------|
| Governmental Activity Debt: | | | | | | |
| Certificates of Participation Bonds: | | | | | | |
| 2007 Certificates of Participation | \$ 18,445,000 | \$ | \$ (840,000) | \$ 17,605,000 | \$ 870,000 | \$ 16,735,000 |
| Lease Revenue Bonds: | | | | | | |
| 2013 Refunding Lease Revenue Bonds | | | | | | |
| City portion | 8,743,000 | | (140,000) | 8,603,000 | 140,000 | 8,463,000 |
| 2012 Taxable Pension Obligation Bonds | 16,675,000 | | (1,120,000) | 15,555,000 | 1,210,000 | 14,345,000 |
| Total Governmental Activity Debt | 43,863,000 | | (2,100,000) | 41,763,000 | 2,220,000 | 39,543,000 |
| Capital Leases: | | | | | | |
| 2010 Pumper Truck | 99,707 | | (99,707) | | | |
| 2012 Fire Truck | 595,285 | | (194,126) | 401,159 | 198,397 | 202,762 |
| 2014 PNC Lease | | 473,917 | (159,635) | 314,282 | 154,369 | 159,913 |
| Total Capital Leases | 694,992 | 473,917 | (453,468) | 715,441 | 352,766 | 362,675 |
| Other Debt | | | | | | |
| HUD 108 Loan - Guarantee Loan - | | | | | | |
| Senior Center | 2,107,000 | | (131,000) | 1,976,000 | 131,000 | 1,845,000 |
| Total Other Debt | 2,107,000 | | (131,000) | 1,976,000 | 131,000 | 1,845,000 |
| Total Government Activity Debt | \$ 46,664,992 | \$ 473,917 | \$ (2,684,468) | \$ 44,454,441 | \$ 2,703,766 | \$ 41,750,675 |
| Plus unamortized: | | | | | | |
| Discount (2007 TAB) | \$ (33,955) | \$ | \$ 2,264 | \$ (31,691) | \$ (2,264) | \$ (29,427) |
| Discount (2012 POB) | (99,920) | | 10,119 | (89,801) | (10,119) | (79,682) |
| Premium (2013 RLRB) | 273,455 | | (19,888) | 253,567 | 19,888 | 233,679 |
| Total General Long-term Obligations | \$ 46,804,572 | \$ 473,917 | \$ (2,691,973) | \$ 44,586,516 | \$ 2,711,271 | \$ 41,875,245 |

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.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 7 - LONG-TERM DEBT (Continued)

At June 30, 2015, future debt service requirements for the 2007 COPs follows:

| For The Year Ending June 30 | Principal | Interest | Total |
|--------------------------------|----------------------|---------------------|----------------------|
| 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 | 985,000 | 613,818 | 1,598,818 |
| 2020 | 1,020,000 | 573,718 | 1,593,718 |
| 2021-2025 | 5,765,000 | 2,190,922 | 7,955,922 |
| 2026-2030 | 7,110,000 | 803,905 | 7,913,905 |
| | <u>\$ 17,605,000</u> | <u>\$ 6,249,419</u> | <u>\$ 23,854,419</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 and retire 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. At June 30, 2015, future debt service requirements for the City's portion of the 2013 RLRB follows:

| For The Year Ending June 30 | Principal | Interest | Total |
|--------------------------------|---------------------|---------------------|----------------------|
| 2016 | \$ 140,000 | \$ 300,866 | \$ 440,866 |
| 2017 | 587,000 | 289,961 | 876,961 |
| 2018 | 601,000 | 272,141 | 873,141 |
| 2019 | 621,000 | 253,811 | 874,811 |
| 2020 | 641,000 | 234,881 | 875,881 |
| 2021-2025 | 3,550,000 | 822,016 | 4,372,016 |
| 2026-2028 | 2,463,000 | 161,939 | 2,624,939 |
| | <u>\$ 8,603,000</u> | <u>\$ 2,335,615</u> | <u>\$ 10,938,615</u> |

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 7 - LONG-TERM DEBT (Continued)

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.

At June 30, 2015, future debt service requirements for the City's portion of the 2012 Taxable Pension Obligations Bonds follows:

| For The Year Ending June 30 | Principal | Interest | Total |
|--------------------------------|----------------------|---------------------|----------------------|
| 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 | 1,540,000 | 585,644 | 2,125,644 |
| 2020 | 1,680,000 | 519,116 | 2,199,116 |
| 2021-2024 | 8,405,000 | 1,171,523 | 9,576,523 |
| | <u>\$ 15,555,000</u> | <u>\$ 4,299,511</u> | <u>\$ 19,854,511</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 over five years. As of June 30, 2015, the balance of the lease was paid in full.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 7 - LONG-TERM DEBT (Continued)

2012 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 over five years.

At June 30, 2015, future debt service requirements for the 2012 Lease Purchase Agreement follows:

| For The Year Ending June 30 | Principal | Interest | Total |
|--------------------------------|------------|-----------|------------|
| 2016 | \$ 198,397 | \$ 8,825 | \$ 207,222 |
| 2017 | 202,762 | 4,461 | 207,223 |
| | \$ 401,159 | \$ 13,286 | \$ 414,445 |

2014 PNC Equipment Lease

On July 29, 2014, the City entered into a Lease/Purchase Agreement with PNC Equipment Finance, LLC to Lease/Purchase Equipment in the amount of \$473,917. The Equipment was for ten Police SUV Ford Explorers. The interest is 1.38% payable over 3 years.

At June 30, 2015, future debt service requirements for the 2014 equipment lease follows:

| For The Year Ending June 30 | Principal | Interest | Total |
|--------------------------------|------------|----------|------------|
| 2016 | \$ 154,369 | \$ 6,123 | \$ 160,492 |
| 2017 | 159,914 | 578 | 160,492 |
| | \$ 314,283 | \$ 6,701 | \$ 320,984 |

HUD 108 Guarantee Loan – Senior Center

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.

At June 30, 2015 future debt service requirements for the HUD 108 Guarantee loan follows:

| For The Year Ending June 30 | Principal | Interest | Total |
|--------------------------------|---------------|--------------|---------------|
| 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 | 1,540,000 | 585,644 | 2,125,644 |
| 2020 | 1,680,000 | 519,116 | 2,199,116 |
| 2021-2024 | 8,405,000 | 1,171,523 | 9,576,523 |
| | \$ 15,555,000 | \$ 4,299,511 | \$ 19,854,511 |

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 7 - LONG-TERM DEBT (Continued)

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, 2015:

| | Balance June 30, 2014 | Additions | Retirements | Balance June 30, 2015 | Due Within one year | Due in more than one year |
|--|--------------------------|---------------------|-------------------|--------------------------|---------------------------|---------------------------------|
| Marina Note | \$ 1,891,755 | \$ | \$ 207,791 | \$ 1,683,964 | \$ 217,141 | \$ 1,466,823 |
| State Water Resources Control Board | 36,022,900 | 4,385,604 | | 40,408,504 | | 40,408,504 |
| Total | <u>\$ 37,914,655</u> | <u>\$ 4,385,604</u> | <u>\$ 207,791</u> | <u>\$ 42,092,468</u> | <u>\$ 217,141</u> | <u>\$ 41,875,327</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, 2015, the City has drawn down \$40.41 million from the State Water Resource Control Board and the remaining balance of \$6.98 million is expected to be drawn down in fiscal year 2014-15.

There was no debt service payment in fiscal year 2014-15, with the first debt service payment of \$4.2 million due in fiscal year ending 2016-2017. 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.

At June 30, 2015, future debt service requirements for the Marina Cal Boating Notes Payable are as follows:

| For The Year Ending June 30 | Principal | Interest | Total |
|--------------------------------|---------------------|-------------------|---------------------|
| 2016 | \$ 217,141 | \$ 75,868 | \$ 293,009 |
| 2017 | 226,911 | 66,098 | 293,009 |
| 2018 | 237,124 | 55,887 | 293,011 |
| 2019 | 247,793 | 45,216 | 293,009 |
| 2020 | 258,944 | 34,065 | 293,009 |
| 2021-2025 | 451,668 | 45,751 | 497,419 |
| 2026-2027 | 44,383 | 3,154 | 47,537 |
| | <u>\$ 1,683,964</u> | <u>\$ 326,039</u> | <u>\$ 2,010,003</u> |

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 7 - LONG-TERM DEBT (Continued)

C. Debt Covenants and Restrictions

For June 30, 2015, 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, 2015, follows:

| | Balance July 1, 2014 | Additions | Retirements | Balance June 30, 2015 | Due within one year | Due in more than one year |
|--------------------------|-------------------------|-------------------|---------------------|--------------------------|------------------------|------------------------------|
| Governmental Activities | \$ 3,216,062 | \$ 597,611 | \$ (598,959) | \$ 3,214,714 | \$ 620,274 | \$ 2,594,440 |
| Business-type Activities | 485,545 | 102,519 | (10,436) | 577,628 | 51,986 | 525,642 |
| Total | \$ 3,701,607 | \$ 700,130 | \$ (609,395) | \$ 3,792,342 | \$ 672,260 | \$ 3,120,082 |

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, 2015, unearned revenue in the Government-Wide Financial Statements was \$2,039,764.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

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.

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's highest level decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken to remove or revise the limitation. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources. As of June 30, 2015, the City does not have committed fund balance.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed through City Council resolution and/or budget document or its designee (City Manager) and may be changed at the discretion of the City Council or its designee. 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.

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.

As of June 30, 2015, the General Fund had outstanding encumbrances of \$1,766,700.

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, 2015, the following are reported within the unassigned fund balance of the General Fund:

| | | |
|----------------------|----|--------------------------|
| Major Emergencies | \$ | 5,000,000 |
| Economic Uncertainty | | 7,412,413 |
| Other | | 6,821,476 |
| Compensated Absences | | <u>606,691</u> |
| Total | \$ | <u><u>19,840,580</u></u> |

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City's Fund Balances, as of June 30, 2015, are below:

| | General Fund | Non-Major Governmental Funds | Total |
|---|----------------------|------------------------------------|----------------------|
| Nonspendables: | | | |
| Advances to Other Funds | \$ 8,106,392 | \$ | \$ 8,106,392 |
| Loans receivable | 3,702,470 | | 3,702,470 |
| Loan to Successor Agency | 2,040,768 | | 2,040,768 |
| Total Nonspendable Fund Balances | 13,849,630 | | 13,849,630 |
| Restricted for: | | | |
| Internship | 50,000 | | 50,000 |
| Debt Service | | 641,621 | 641,621 |
| Capital Projects | | | |
| Capital Improvement Projects | | 4,874,837 | 4,874,837 |
| GHAD | | 14,194 | 14,194 |
| Subtotal | | 4,889,031 | 4,889,031 |
| Non-Major Governmental Funds | | | |
| Affordable Housing | | 2,097,658 | 2,097,658 |
| Street/ Traffic Improvements | | 1,307,782 | 1,307,782 |
| Park Development Fees | | 1,640,068 | 1,640,068 |
| Underground Utility | | 1,837,220 | 1,837,220 |
| Special Gas Tax | | 2,967,146 | 2,967,146 |
| Cherrywood Maintenance | | 341,902 | 341,902 |
| Measure B - Paratransit | | 181,846 | 181,846 |
| Asset Seizure | | 752,159 | 752,159 |
| Heron Bay | | 819,960 | 819,960 |
| Proposition 1B - Local Streets & Roads | | 12,847 | 12,847 |
| Measure B | | 3,343,238 | 3,343,238 |
| Measure F | | 619,752 | 619,752 |
| Measure BB | | 272,611 | 272,611 |
| CDBG | | 147,437 | 147,437 |
| HOME | | 192,209 | 192,209 |
| Housing In- Lieu | | 96,705 | 96,705 |
| Business Improvement District | | 116,914 | 116,914 |
| Public Education and Government | | 312,188 | 312,188 |
| Subtotal | | 17,059,642 | 17,059,642 |
| Total Restricted Fund Balances | 50,000 | 22,590,294 | 22,640,294 |
| Assigned to: | | | |
| Encumbrances - departmental projects | 1,766,700 | | 1,766,700 |
| Unassigned: | | | |
| General fund - Compensated Absences | 606,691 | | 606,691 |
| General fund - Major Emergencies | 5,000,000 | | 5,000,000 |
| General fund - Economic Uncertainty | 7,412,413 | | 7,412,413 |
| General fund - Other | 6,126,122 | (1,383,668) | 4,742,454 |
| Total Unassigned Fund Balances | 19,145,226 | (1,383,668) | 17,761,558 |
| Total Fund Balances | \$ 34,811,556 | \$ 21,206,626 | \$ 56,018,182 |

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

E. Prior Period Adjustments of Entity-Wide Statement of Net Position, Fund Level Statement of Net Position and Beginning Fund Balance

During the fiscal year, the City implemented *GASB Statement No. 68 and 71, Accounting and Financial Reporting for Pensions*. As a result, the City made prior period adjustments and reduced net position as of July 1, 2014, of the Water Pollution Control Plant Enterprise Fund by \$12,694,033. The City also reduced the Governmental activities beginning net position by \$123,962,902.

The City also made prior period adjustment in the fund level to change the method of accounting and eliminate deferred inflows of resources related to loans receivable. As a result fund balances as of July 1, 2014, of the Affordable Housing Asset Special Revenue were increased by \$751,608. In the entity-wide Statement of Net Position, beginning net position was reduced by \$12,193,760.

NOTE 11 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Fund Deficits

At June 30, 2015, the following funds had fund balance deficit or net position deficit:

| | |
|-------------------------------------|--------------|
| Shoreline Enterprise Fund | \$ 1,221,842 |
| Parking Special Revenue Fund | 104,136 |
| Special Grants Special Revenue Fund | 1,279,532 |

B. Expenditures in Excess of Appropriations

Excess of expenditures over appropriations approved by the City Council occurred in individual funds during the fiscal year 2014-15 as follows:

| Fund/Department | Expenditure | Appropriation | Excess |
|--|---------------|---------------|--------------|
| General Fund | | | |
| General Government | \$ 11,720,994 | \$ 11,609,646 | \$ (111,348) |
| Special Revenue Funds | | | |
| Affordable Housing Asset | | | |
| Community Development | 3,933 | - | (3,933) |
| Cherry Wood Maintenance District | | | |
| Engineering and Transportation | 188 | - | (188) |
| Heron Bay | | | |
| Interest and Fees | 3,400 | - | (3,400) |
| Debt Service Fund | | | |
| Special Assessment District | | | |
| Interest and Fees | 252,183 | - | (252,183) |
| San Leandro Public Financing Authority | | | |
| Interest and Fees | 763,754 | 759,319 | (4,435) |

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

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 \$45 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. The City added Pollution and Environmental Liability, effective July 1, 2013.

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.

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 |
|-----------|--------------------------------|---|--|---------------------------------|
| 2012-2013 | \$ 7,071,223 | \$ 4,316,045 | \$ (4,689,144) | \$ 6,698,124 |
| 2013-2014 | 6,698,124 | 3,376,112 | (3,401,337) | 6,672,899 |
| 2014-2015 | 6,672,899 | 3,117,261 | (3,743,614) | 6,046,546 |

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 \$2,228,601 at the end of June 30, 2015. These reserves are available to satisfy any future liability.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 14 – PENSIONS PLANS

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

A. Plan Descriptions – All qualified permanent employees are eligible to participate in the City's defined benefit pension plans:

- Miscellaneous (all other) agent multiple-employer plan
- Safety cost-sharing multiple-employer plan

These plans are administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

| | Miscellaneous | |
|---|-----------------------------|--------------------------------|
| | Prior to January 1, 2013 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% @ 55 | 2% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 55 | 52 |
| Monthly benefits, as a % of eligible compensation | 1.426% - 2.418% | 1.000% - 2.500% |
| Required employee contribution rates | 7.946% | 6.750% |
| Required employer contribution rates | 24.998% | 24.998% |

| | Safety | |
|---|-----------------------------|--------------------------------|
| | Prior to January 1, 2013 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 3% @ 50 | 2.7 @ 57 |
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 | 50 |
| Monthly benefits, as a % of eligible compensation | 3% | 2% - 2.7% |
| Required employee contribution rates | 9% | 14.778% |
| Required employer contribution rates | 29.556% | 29.556% |

| |
|--|
| <p style="text-align: center;">CITY OF SAN LEANDRO NOTES TO BASIC FINANCIAL STATEMENTS For The Year Ended June 30, 2015</p> |
|--|

| |
|---|
| <p>NOTE 14 – PENSION PLANS (Continued)</p> |
|---|

Employees Covered – At June 30, 2015, the following employees were covered by the benefit terms for the plans:

| | <u>Miscellaneous</u> | <u>Safety</u> |
|--|----------------------|---------------|
| Inactive employees or beneficiaries currently receiving benefits | 345 | 166 |

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

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

| | <u>Miscellaneous</u> | <u>Safety</u> |
|--------------------------|----------------------|---------------|
| Contributions - employer | \$4,570,584 | \$4,176,203 |

B. Net Pension Liability

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 14 – PENSION PLANS (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

| | All Plans |
|---------------------------|-------------------------------|
| Valuation Date | June 30, 2013 |
| Measurement Date | June 30, 2014 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.50% |
| Inflation | 2.75% |
| Payroll Growth | 3.0% |
| Projected Salary Increase | 3.3% - 14.2% (1) |
| Investment Rate of Return | 7.50% (2) |
| | Derived using CalPERS |
| Mortality | Membership Data for all Funds |

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

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 14 – PENSION PLANS (Continued)

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

| Asset Class | New Strategic Allocation | Real Return Years 1 - 10(a) | Real Return Years 11+(b) |
|-------------------------------|--------------------------------|--------------------------------|-----------------------------|
| Global Equity | 47.0% | 5.25% | 5.71% |
| Global Fixed Income | 19.0% | 0.99% | 2.43% |
| Inflation Sensitive | 6.0% | 0.45% | 3.36% |
| Private Equity | 12.0% | 6.83% | 6.95% |
| Real Estate | 11.0% | 4.50% | 5.13% |
| Infrastructure and Forestland | 3.0% | 4.50% | 5.09% |
| Liquidity | 2.0% | -0.55% | -1.05% |
| Total | 100% | | |

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 14 – PENSION PLANS (Continued)

C. Changes in the Net Pension Liability

The changes in the Net Pension Liability for the City's Miscellaneous Plan are as follows:

Miscellaneous Plan:

| | Increase (Decrease) | | |
|---|-----------------------------|--------------------------------|----------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability/(Asset) |
| Balance at June 30, 2014 | <u>\$255,554,562</u> | <u>\$174,078,874</u> | <u>\$81,475,688</u> |
| Changes in the year: | | | |
| Service cost | 3,921,445 | | 3,921,445 |
| Interest on the total pension liability | 18,796,998 | | 18,796,998 |
| Differences between actual and expected experience | | | |
| Changes in assumptions | | | |
| Changes in benefit terms | | | |
| Contribution - employer | | 4,594,523 | (4,594,523) |
| Contribution - employee (paid by employer) | | | |
| Contribution - employee | | 2,010,061 | (2,010,061) |
| Net investment income | | 29,807,971 | (29,807,971) |
| Administrative expenses | | | |
| Benefit payments, including refunds of employee contributions | (13,777,288) | (13,777,288) | |
| Net changes | <u>8,941,155</u> | <u>22,635,267</u> | <u>(13,694,112)</u> |
| Balance at June 30, 2015 | <u><u>\$264,495,717</u></u> | <u><u>\$196,714,141</u></u> | <u><u>\$67,781,576</u></u> |

As of June 30, 2015, the Safety cost-sharing plan reported net pension liabilities for its proportionate shares of the net pension liability at \$48,381,880.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 14 – PENSION PLANS (Continued)

The Safety Plan net pension liability is measured as the proportionate share of the net pension liability in the State-wide pool. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Safety Plan as of June 30, 2013 and 2014 was as follows:

| | <u>Safety</u> |
|------------------------------|---------------|
| Proportion - June 30, 2013 | 0.77754% |
| Proportion - June 30, 2014 | 0.77754% |
| Change - Increase (Decrease) | 0.00% |

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

| | <u>Miscellaneous</u> | <u>Safety</u> |
|-----------------------|----------------------|---------------|
| 1% Decrease | 6.50% | 6.50% |
| Net Pension Liability | \$100,310,135 | \$83,258,950 |
| Current Discount Rate | 7.50% | 7.50% |
| Net Pension Liability | \$67,781,576 | \$48,381,880 |
| 1% Increase | 8.50% | 8.50% |
| Net Pension Liability | \$40,686,144 | \$19,644,679 |

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

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized negative pension expense of \$2,169,095. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 14 – PENSION PLANS (Continued)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date | \$8,746,787 | |
| Differences between actual and expected experience | | |
| Changes in assumptions | | |
| Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions | 1,176,957 | |
| Net differences between projected and actual earnings on plan investments | | (\$28,248,128) |
| Total | <u>\$9,923,744</u> | <u>(\$28,248,128)</u> |

The \$8,746,787 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ended June 30 | |
|-----------------------|---------------|
| 2015 | (\$6,641,690) |
| 2016 | (6,641,690) |
| 2017 | (6,725,759) |
| 2018 | (7,062,032) |

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.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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.

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 | \$ 1,377,000 |
| Interest on net OPEB obligation | 93,000 |
| Adjustment to the annual required contribution | <u>(92,000)</u> |
| Annual OPEB cost | 1,378,000 |
| Less: Contributions made - medical and dental | (1,825,668) |
| Less: Contributions made - PARS | <u>(750,000)</u> |
| Decrease in net OPEB obligation | (1,197,668) |
| Net OPEB obligation - beginning year | <u>1,619,999</u> |
| Net OPEB obligation - end of year | <u><u>\$ 422,331</u></u> |

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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 2015 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 |
| 2014 | 1,471,000 | 1,980,000 | 135% | (509,000) |
| 2015 | 1,378,000 | 2,575,668 | 187% | (1,197,668) |
| Total Net OPEB Obligation | | | | <u>\$ 422,331</u> |

C. Plan Funded Status Information

As of June 30, 2013, the latest valuation date, the funded status of the plan, was as follows:

| Actuarial Valuations | |
|---|---------------|
| Actuarial accrued liability (AAL) | \$ 16,081,000 |
| Actuarial value of plan assets | 1,505,000 |
| Unfunded actuarial accrued liability (UAAL) | 14,576,000 |
| Funded ratio (actuarial value of plan assets/AAL) | 9% |
| Covered payroll (active plan members) | 28,131,000 |
| UAAL as percentage of covered payroll | 51.8% |

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.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS (Continued)

In the June 30, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions include 5.5% investment rate of return. 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 postretirement benefit increase.

- Healthcare costs trends utilized actual premium rates for 2014. 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.
- 5.5% Investment rate of return (net of administrative expenses).

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, 2015, consisted of the following:

| | |
|--------------------------------------|---------------------|
| Statement of net assets: | |
| Cash and Investments | \$ 2,467,234 |
| Cash and Investments held by trustee | 5,246,150 |
| Total cash and investments | <u>\$ 7,713,384</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, 2015

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 | \$ 2,040,768 |
| | | <u>\$ 2,040,768</u> |

Plaza Project Area General Fund Loan:

On March 7, 2011, the former San Leandro Redevelopment Agency made a scheduled debt service payment of \$171,764 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 disputed this finding and initiated litigation to resolve this issue. A ruling issued by the Superior Court of California on September 23, 2014 sided with the State Department of Finance on this issue and indicates that the City will be required to remit a payment of \$2,437,273 as a “claw back” of General Fund loan payments made after January 1, 2011. While an appeal was pending, the City and the Department of Finance agreed to abide by the initial court ruling on this matter and the Department of Finance ultimately issued a revised determination letter on June 23, 2015 that yielded to the City’s position on other issues but maintained the demand for the \$2,437,273 “claw back.” The City intends to make that payment in September 2015. Once the payment is made, the City, as a taxing entity itself, will 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). Nevertheless, the DOF subsequently denied this loan. The Successor Agency pursued litigation and a ruling issued by the Superior Court of California on September 23, 2014 sided with the City on this issue, agreeing that the amount owed constitutes a legitimate enforceable obligation that can be listed on the ROPS. While an appeal was pending, the City and the Department of Finance agreed to abide by the initial court ruling. In a May 14, 2015 letter, the Department of Finance stated that it will no longer deny this loan on the ROPS. All but one of the loan payments are already due and payable, therefore the Successor Agency has requested \$1,782,444 in funding for payments due under this loan on the ROPS for January through June 2016. Upon receipt of ROPS funding in January 2016, this amount will be remitted to the City. The remaining balance due will be funded under the next ROPS.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 17 – SUCCESSOR AGENCY ACTIVITIES (Continued)

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.

| | Balance June 30, 2014 | Additions | Balance June 30, 2015 |
|--|--|--------------------|--|
| Non-depreciable Assets: | | | |
| Land | \$ 2,949,885 | \$ | \$ 2,949,885 |
| 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 | (338,685) | (\$34,282) | (372,967) |
| Total Accumulated Depreciation | (338,685) | (34,282) | (372,967) |
| Depreciable Assets, Net | 1,375,311 | (34,282) | 1,341,029 |
| Total Private Purpose Trust Fund Activity Capital Assets, Net | <u>\$ 4,325,196</u> | <u>\$ (34,282)</u> | <u>\$ 4,290,914</u> |

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 17 – SUCCESSOR AGENCY ACTIVITIES (Continued)

D. Long-Term Debt Obligations

At June 30, 2015, future debt service requirements for the Successor Agency were as follows:

| | Balance June 30, 2014 | Additions | Retirements | Balance June 30, 2015 | Current Portion | Long-Term Portion |
|---------------------------------------|--------------------------|----------------------|------------------------|--------------------------|---------------------|----------------------|
| 2002 Tax Allocation Bonds | \$ 11,080,000 | \$ | \$ (11,080,000) | \$ - | \$ | \$ |
| 2004 Tax Allocation Bonds | 4,850,000 | | (4,850,000) | | | |
| 2008 Tax Allocation Bonds | 25,195,000 | | (550,000) | 24,645,000 | 570,000 | 24,075,000 |
| 2013 Refunding Lease Revenue Bonds | | | | | | |
| Successor Agency Portion | 2,937,000 | | (175,000) | 2,762,000 | 175,000 | 2,587,000 |
| 2014 Tax Allocation Refunding Bonds | | | | | | |
| Successor Agency Portion | | 11,235,000 | | 11,235,000 | | 11,235,000 |
| Owner Participation Agreements | 1,716,037 | | (207,546) | 1,508,491 | 240,000 | 1,268,491 |
| San Leandro USD - 9th Grade | 334,144 | | (167,072) | 167,072 | 167,072 | |
| King Property Settlement | 5,000,000 | | (750,000) | 4,250,000 | 1,500,000 | 2,750,000 |
| HUD 108 Guarantee Notes | | | | | | |
| Affordable Housing | 370,000 | | (63,000) | 307,000 | 63,000 | 244,000 |
| Total | \$ 51,482,181 | \$ 11,235,000 | \$ (17,842,618) | \$ 44,874,563 | \$ 2,715,072 | \$ 42,159,491 |
| Plus (Less) unamortized: | | | | | | |
| Discount (2002 TAB) | \$ (61,608) | \$ | \$ 61,608 | \$ | \$ | \$ |
| Premium (2008 TAB) | 169,568 | | (6,522) | 163,046 | 6,522 | 156,524 |
| Premium (2013 LRRB) | 109,171 | | (8,562) | 100,609 | 8,562 | 92,047 |
| Premium (2014 TAB) | | 1,633,277 | (40,832) | 1,592,445 | 40,832 | 1,551,613 |
| Total Government Activity Debt | \$ 51,699,312 | \$ 12,868,277 | \$ (17,836,926) | \$ 46,730,663 | \$ 2,770,988 | \$ 43,959,675 |

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.

As of June 30, 2015, the 2002 Tax Allocation Bonds were refunded and retired by the former Redevelopment Agency through the issuance of the 2014 Tax Allocation Bonds.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 17 – SUCCESSOR AGENCY ACTIVITIES (Continued)

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.

As of June 30, 2015, the 2004 Tax Allocation Bonds were refunded and retired by the former Redevelopment Agency through the issuance of the 2014 Tax Allocation Bonds.

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, 2015, future debt service requirements for the 2008 Tax Allocation Bonds were as follows:

| For The Year Ending June 30 | Principal | Interest | Total |
|--------------------------------|---------------|---------------|---------------|
| 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 | 645,000 | 1,168,313 | 1,813,313 |
| 2020 | 675,000 | 1,136,325 | 1,811,325 |
| 2021-2025 | 3,860,000 | 5,155,870 | 9,015,870 |
| 2026-2030 | 4,895,000 | 4,076,745 | 8,971,745 |
| 2031-2035 | 6,360,000 | 2,621,753 | 8,981,753 |
| 2036-2039 | 6,425,000 | 715,905 | 7,140,905 |
| | \$ 24,645,000 | \$ 18,564,599 | \$ 43,209,599 |

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.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 17 – SUCCESSOR AGENCY ACTIVITIES (Continued)

At June 30, 2015, 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 |
|--------------------------------|--------------|------------|--------------|
| 2016 | \$ 175,000 | \$ 93,415 | \$ 268,415 |
| 2017 | 203,000 | 87,745 | 290,745 |
| 2018 | 204,000 | 81,640 | 285,640 |
| 2019 | 214,000 | 75,370 | 289,370 |
| 2020 | 219,000 | 68,875 | 287,875 |
| 2021-2025 | 1,205,000 | 224,458 | 1,429,458 |
| 2026-2027 | 542,000 | 25,355 | 567,355 |
| | \$ 2,762,000 | \$ 656,858 | \$ 3,418,858 |

Owner Participation Agreements with Agency Commitment

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

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 a financial contribution to the project from the Agency in the amount of \$2,170,800.

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 \$167,072 as a consequence of the State Educational Revenue Augmentation Fund 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 Year 2016 with payments at \$167,072 each fiscal year beginning fiscal year 2015.

| For The Year Ending June 30 | Principal |
|--------------------------------|------------|
| 2016 | \$ 167,072 |
| | \$ 167,072 |

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 17 – SUCCESSOR AGENCY ACTIVITIES (Continued)

King Property Settlement Agreement

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 agreement in the amount of \$7,750,000.

At June 30, 2015, future debt service requirements for the 2014 King Property Settlement were as follows:

| For The Year Ending June 30 | Principal |
|--------------------------------|---------------------|
| 2016 | \$ 1,500,000 |
| 2017 | 1,500,000 |
| 2018 | 1,250,000 |
| | <u>\$ 4,250,000</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:

| For The Year Ending June 30 | Principal | Interest | Total |
|--------------------------------|-------------------|------------------|-------------------|
| 2016 | \$ 63,000 | \$ 7,983 | \$ 70,983 |
| 2017 | 63,000 | 6,452 | 69,452 |
| 2018 | 63,000 | 4,697 | 67,697 |
| 2019 | 63,000 | 2,798 | 65,798 |
| 2020 | 55,000 | 908 | 55,908 |
| | <u>\$ 307,000</u> | <u>\$ 22,838</u> | <u>\$ 329,838</u> |

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE 17 – SUCCESSOR AGENCY ACTIVITIES (Continued)

2014 Tax Allocation Refunding Bonds

On September 30, 2014, the Successor Agency issued \$11,235,000 of Tax Allocation Bonds (2014 TABs) to prepay the 2002 and 2004 Tax Allocation Bonds and to pay issuance costs. The 2014 TABs are payable and secured by a pledge of tax revenues from tax increment generated in the Plaza Project Area and the West San Leandro/MacArthur Boulevard Project Area. The 2014 TABs bear interest rates ranging from 3.5% to 5.00% and are payable semiannually on each March 1st and September 1st. Principal payments are payable on September 1st.

Proceeds were deposited in an irrevocable trust with an escrow agent to provide funds to fully redeem, on October 30, 2014, the principal and accrued interest of the 2002 and 2004 Tax Allocation Bonds. As a result, the 2002 and 2004 Tax Allocation Bonds are considered redeemed (current refunding) and the liability for those bonds has been removed from the statement of net position.

The current refunding of the 2002 and 2004 Tax allocation bonds reduced the total debt service payments over 20 years by \$5,889,081 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,648,450.

At June 30, 2015, future debt service requirements for the 2014 Tax Allocation Refunding Bonds were as follows:

| For The Year Ending June 30 | Principal | Interest | Total |
|--------------------------------|----------------------|---------------------|----------------------|
| 2016 | \$ | \$ 537,825 | \$ 537,825 |
| 2017 | | \$537,825 | 537,825 |
| 2018 | | \$537,825 | 537,825 |
| 2019 | | \$537,825 | 537,825 |
| 2020 | 405,000 | \$527,700 | 932,700 |
| 2021-2025 | 3,385,000 | 2,196,000 | 5,581,000 |
| 2026-2030 | 4,130,000 | 1,235,875 | 5,365,875 |
| 2031-2035 | 3,315,000 | 263,613 | 3,578,613 |
| | <u>\$ 11,235,000</u> | <u>\$ 6,374,488</u> | <u>\$ 17,609,488</u> |

REQUIRED SUPPLEMENTARY INFORMATION

City of San Leandro
Required Supplementary Information
For the year ended June 30, 2015

1. BUDGETS AND BUDGETARY ACCOUNTING

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

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|-----------------------|-----------------------|----------------------|---|
| | Adopted | Final | Actual | |
| REVENUES: | | | | |
| Property taxes and other taxes | \$ 68,614,305 | \$ 68,614,305 | \$ 74,485,955 | \$ 5,871,650 |
| Licenses and permits | 6,498,940 | 6,498,940 | 7,145,284 | 646,344 |
| Fines and forfeitures | 1,340,000 | 1,340,000 | 1,524,570 | 184,570 |
| Services charges | 2,551,074 | 2,551,074 | 3,174,722 | 623,648 |
| Intergovernmental | 1,038,547 | 1,038,547 | 1,247,506 | 208,959 |
| Use of money and property | 1,204,258 | 1,204,258 | 1,164,676 | (39,582) |
| Interdepartmental charges | 2,002,140 | 2,002,140 | 2,250,266 | 248,126 |
| Other | 1,042,500 | 1,238,164 | 713,559 | (524,605) |
| Total revenues | 84,291,764 | 84,487,428 | 91,706,538 | 7,219,110 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 11,089,569 | 11,609,646 | 11,720,994 | (111,348) |
| Public safety | 49,692,091 | 50,049,938 | 48,991,182 | 1,058,756 |
| Engineering and transportation | 7,513,717 | 7,545,266 | 7,323,705 | 221,561 |
| Recreation and culture | 9,271,678 | 10,156,293 | 9,416,607 | 739,686 |
| Community development | 4,928,967 | 5,771,016 | 4,164,877 | 1,606,139 |
| Debt service: | | | | |
| Principal | 1,772,811 | 1,772,811 | 1,413,833 | 358,978 |
| Interest and fees | 910,127 | 910,127 | 902,546 | 7,581 |
| Total expenditures | 85,178,960 | 87,815,097 | 83,933,744 | 3,881,353 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (887,196) | (3,327,669) | 7,772,794 | 11,100,463 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers (out) | (1,138,000) | (2,583,594) | (2,583,594) | - |
| Total other financing sources (uses) | (1,138,000) | (2,583,594) | (2,583,594) | - |
| NET CHANGE IN FUND BALANCE | \$ (2,025,196) | \$ (5,911,263) | 5,189,200 | \$ 11,100,463 |
| FUND BALANCES: | | | | |
| Beginning of year | | | 29,622,356 | |
| End of year | | | <u>\$ 34,811,556</u> | |

See accompanying notes to financial statements

| |
|--|
| <p style="text-align: center;">CITY OF SAN LEANDRO Required Supplemental Information For the year ended June 30, 2015</p> |
|--|

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 did not budget Proposition 1B – Local Streets and Roads Fund and Measure BB 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.

| |
|---|
| <p align="center">CITY OF SAN LEANDRO Required Supplemental Information For the year ended June 30, 2015</p> |
|---|

City of San Leandro
Agent Multiple Employer Defined Benefit Retirement Plan - Miscellaneous Plan
As of fiscal year ending June 30, 2015
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years*

| | <u>2015</u> |
|--|----------------------------|
| Total Pension Liability | |
| Service Cost | \$3,921,445 |
| Differences between expected and actual experience | |
| Changes in assumptions | |
| Interest | 18,796,998 |
| Benefit payments, including refunds of employee contributions | |
| Net change in total pension liability | 22,718,443 |
| Total pension liability - beginning | <u>255,554,562</u> |
| Total pension liability - ending (a) | <u>\$278,273,005</u> |
| Plan fiduciary net position | |
| Contributions - employer | \$4,594,523 |
| Contributions - employee | 2,010,061 |
| Net investment income | 29,807,971 |
| Benefit payments, including refunds of employee contributions | |
| Net change in plan fiduciary net position | 36,412,555 |
| Plan fiduciary net position - beginning | <u>174,078,874</u> |
| Plan fiduciary net position - ending (b) | <u>\$210,491,429</u> |
| Net pension liability - ending (a)-(b) | <u><u>\$67,781,576</u></u> |
| Plan fiduciary net position as a percentage of covered-employee payroll | 74.37% |
| Covered-employee payroll | \$21,405,267 |
| Plan fiduciary net position as a percentage of the total pension liability | 316.66% |

Notes to Schedule:

Benefit changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions - There were no changes in assumptions.

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

| |
|---|
| <p align="center">CITY OF SAN LEANDRO Required Supplemental Information For the year ended June 30, 2015</p> |
|---|

City of San Leandro
Cost-Sharing Multiple-Employer Defined Pension Plan - Safety Plan
SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND RELATED RATIOS AS OF THE MEASUREMENT DATE
Last 10 Years*

| | <div>Safety Plans</div> <div>Tier 1</div> <div>6/30/2014</div> |
|---|--|
| Plan's proportion of the Net Pension Liability (Asset) | 0.77754% |
| Plan's proportion share of the Net Pension Liability (Asset) | \$48,381,880 |
| Plan's Covered Employee Payroll | \$10,747,946 |
| Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll | 450.15% |
| Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability | 81.42% |
| Plan's Proportionate Share of Aggregate Employer Contributions | \$6,001,876 |

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

| |
|---|
| <p align="center">CITY OF SAN LEANDRO Required Supplemental Information For the year ended June 30, 2015</p> |
|---|

City of San Leandro
Agent Multiple Employer Defined Benefit Retirement Plan - Miscellaneous Plan
As of fiscal year ending June 30, 2015
SCHEDULE OF CONTRIBUTIONS
Last 10 Years*

| | <u>2015</u> |
|---|--------------------|
| Actuarially determined contribution | \$4,594,523 |
| Contributions in relation to the actuarially determined contributions | <u>(4,594,523)</u> |
| Contribution deficiency (excess) | <u><u></u></u> |
| Covered-employee payroll | \$21,405,267 |
| Contributions as a percentage of covered-employee payroll | 21.46% |

Notes to Schedule

Valuation date: 12/31/2013

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 9 years |
| Asset valuation method | 5-year semi-annually |
| Inflation | 2.75% |
| Salary increases | 3.3% - 14.2% |
| Investment rate of return | 7.50%, net of pension plan investment expense, including inflation |
| Retirement age | 55 years |
| Mortality | Derived using CalPERS Membership Data for all Funds |

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

| |
|---|
| <p align="center">CITY OF SAN LEANDRO Required Supplemental Information For the year ended June 30, 2015</p> |
|---|

City of San Leandro
Cost-Sharing Multiple Employer Defined Pension Plan - Safety Plan
SCHEDULE OF CONTRIBUTIONS
Last 10 Years*

| | Safety Plan |
|---|------------------------------|
| | <u>Fiscal Year 2013-2014</u> |
| Actuarially determined contribution | \$2,992,821 |
| Contributions in relation to the actuarially determined contributions | (2,992,821) |
| Contribution deficiency (excess) | |
| Covered-employee payroll | \$10,747,946 |
| Contributions as a percentage of covered-employee payroll | 27.85% |
| Notes to Schedule | |
| Valuation date: | 6/30/2013 |

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 30 years |
| Asset valuation method | 5-year smoothed market |
| Inflation | 2.75% |
| Salary increases | Varies by Entry Age and Service |
| Investment rate of return | 7.5% Net of Pension Plan Investment and Administrative Expenses; includes Inflation |
| Retirement age | 55 yrs. Misc., 50 yrs. Safety |
| Mortality | Derived using CalPERS Membership Data for all Funds |

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

| |
|---|
| <p align="center">CITY OF SAN LEANDRO Required Supplemental Information For the year ended June 30, 2015</p> |
|---|

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) |
|--------------------------------|--|---|---------------------------------|-----------------------|-------------------------------------|---|
| 6/30/2009 | \$ 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% |
| 6/30/2013 | 1,505,000 | 16,081,000 | 14,576,000 | 9% | 28,131,000 | 51.8% |

SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE 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 its Successor Agency.

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 Utilities Fees – This fund accounts for utility conversion project assessments levied to provide for the placement of overhead facilities underground. Assessment 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 on-going 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.

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.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

SPECIAL REVENUE FUNDS (Continued)

Measure BB - This fund accounts for the City's share of revenues earned and expenditure incurred under the City paratransit, streets and roads, and bike and pedestrian programs.

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.

CAPITAL PROJECTS FUNDS

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

City of San Leandro
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015

| | Special Revenue Funds | | | | | |
|--|-------------------------------------|---------------------------------|----------------------------|-------------------------------|------------------|---------------------|
| | Affordable Housing Asset Fund | Street/ Traffic Improvements | Park Development Fee | Underground Utility Fee | Parking | Special Gas Tax |
| ASSETS | | | | | | |
| Cash and investments | \$ 1,339,387 | \$ 1,308,780 | \$ 1,768,999 | \$ 1,834,239 | \$ - | \$ 3,030,516 |
| Cash and investments with fiscal agent | - | - | - | - | - | - |
| Receivables: | | | | | | |
| Accounts | \$5,666 | - | - | - | 189 | 140 |
| Federal, State, and local grants | - | - | - | - | - | - |
| Interest | 1,437 | 2,302 | 771 | 2,981 | - | 3,733 |
| Special assessments | - | - | - | - | - | - |
| Loans | 751,609 | - | - | - | - | - |
| Total Assets | \$ 2,098,099 | \$ 1,311,082 | \$ 1,769,770 | \$ 1,837,220 | \$ 189 | \$ 3,034,389 |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 441 | \$ 3,300 | \$ 129,702 | \$ - | \$ 5,709 | \$ 67,243 |
| Due to other funds | - | - | - | - | 98,616 | - |
| Advances from other funds | - | - | - | - | - | - |
| Total Liabilities | 441 | 3,300 | 129,702 | - | 104,325 | 67,243 |
| DEFERRED INFLOW OF RESOURCES | | | | | | |
| Unavailable revenue - grants receivable | - | - | - | - | - | - |
| Unavailable revenue - loans receivable | - | - | - | - | - | - |
| Total Deferred Inflow of resources | - | - | - | - | - | - |
| Fund Balances: | | | | | | |
| Restricted | 2,097,658 | 1,307,782 | 1,640,068 | 1,837,220 | - | 2,967,146 |
| Unassigned | - | - | - | - | (104,136) | - |
| Total Fund Balances | 2,097,658 | 1,307,782 | 1,640,068 | 1,837,220 | (104,136) | 2,967,146 |
| Total Liabilities, Deferred Inflow of Resources and Fund Balances | \$ 2,098,099 | \$ 1,311,082 | \$ 1,769,770 | \$ 1,837,220 | \$ 189 | \$ 3,034,389 |

(Continued)

Special Revenue Funds

| Cherrywood Maintenance District | Measure B Paratransit | Asset Seizure | Heron Bay | Proposition IB Local Streets & Roads | Special Grants | Measure B |
|---------------------------------------|--------------------------|-------------------|-------------------|--|---------------------|---------------------|
| \$ 305,520 | \$ 124,940 | \$ 763,507 | \$ 858,610 | \$ 12,793 | \$ - | \$ 3,103,267 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | 451,416 | 11,597 |
| - | 75,604 | - | - | - | 2,281,613 | 406,261 |
| 552 | - | 1,589 | 1,567 | 54 | - | 6,614 |
| 35,830 | - | - | 857 | - | - | - |
| - | - | - | - | - | - | - |
| <u>\$ 341,902</u> | <u>\$ 200,544</u> | <u>\$ 765,096</u> | <u>\$ 861,034</u> | <u>\$ 12,847</u> | <u>\$ 2,733,029</u> | <u>\$ 3,527,739</u> |
| \$ - | \$ 18,698 | \$ 12,937 | \$ 41,074 | \$ - | \$ 242,605 | \$ 184,501 |
| - | - | - | - | - | 1,446,604 | - |
| - | - | - | - | - | - | - |
| - | 18,698 | 12,937 | 41,074 | - | 1,689,209 | 184,501 |
| - | - | - | - | - | 2,323,352 | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | 2,323,352 | - |
| 341,902 | 181,846 | 752,159 | 819,960 | 12,847 | - | 3,343,238 |
| - | - | - | - | - | (1,279,532) | - |
| <u>341,902</u> | <u>181,846</u> | <u>752,159</u> | <u>819,960</u> | <u>12,847</u> | <u>(1,279,532)</u> | <u>3,343,238</u> |
| <u>\$ 341,902</u> | <u>\$ 200,544</u> | <u>\$ 765,096</u> | <u>\$ 861,034</u> | <u>\$ 12,847</u> | <u>\$ 2,733,029</u> | <u>\$ 3,527,739</u> |

(Continued)

City of San Leandro
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2014

| | Special Revenue Funds | | | | | |
|--|-----------------------|-------------------|-------------------|-------------------|--------------------|-------------------------------------|
| | Measure BB | Measure F | C.D.B.G. | HOME | Housing In-Lieu | Business Improvement District |
| ASSETS | | | | | | |
| Cash and investments | \$ - | \$ 540,810 | \$ 59,093 | \$ 182,966 | \$ 96,586 | \$ 114,142 |
| Cash and investments with fiscal agent | - | - | - | - | - | - |
| Receivables: | | | | | | |
| Accounts | 272,611 | 77,707 | 162,439 | 9,130 | - | 2,636 |
| Federal, State, and local grants | - | - | - | - | - | - |
| Interest | - | 1,235 | - | 113 | 119 | 40 |
| Special assessments | - | - | - | - | - | 96 |
| Loans | - | - | - | - | - | - |
| Total Assets | \$ 272,611 | \$ 619,752 | \$ 221,532 | \$ 192,209 | \$ 96,705 | \$ 116,914 |
| LIABILITIES | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 74,095 | \$ - | \$ - | \$ - |
| Due to other funds | - | - | - | - | - | - |
| Advances from other funds | - | - | - | - | - | - |
| Total Liabilities | - | - | 74,095 | - | - | - |
| DEFERRED INFLOW OF RESOURCES | | | | | | |
| Unavailable revenue - grants receivable | - | - | - | - | - | - |
| Unavailable revenue - loans receivable | - | - | - | - | - | - |
| Total Deferred Inflow of resources | - | - | - | - | - | - |
| Fund Balances: | | | | | | |
| Restricted | 272,611 | 619,752 | 147,437 | 192,209 | 96,705 | 116,914 |
| Unassigned | - | - | - | - | - | - |
| Total Fund Balances | 272,611 | 619,752 | 147,437 | 192,209 | 96,705 | 116,914 |
| Total Liabilities, Deferred Inflow of Resources and Fund Balances | \$ 272,611 | \$ 619,752 | \$ 221,532 | \$ 192,209 | \$ 96,705 | \$ 116,914 |

| Debt Service Funds | | | Capital Projects Funds | | |
|---------------------------------------|-----------------------------------|--|--|------------------|---|
| Public Education and Government | Special Assessment District | San Leandro Public Financing Authority | Capital Improvement Projects Capital Projects | GHAD | Total Non-Major Governmental Funds |
| \$ 336,015 | \$ 121 | \$ 642,717 | \$ 5,796,445 | \$ 14,162 | \$22,233,615 |
| - | - | 358 | 91,624 | - | 91,982 |
| 50,785 | - | (1,575) | - | - | 1,042,741 |
| - | - | - | - | - | 2,763,478 |
| 650 | - | - | - | 32 | 23,789 |
| - | - | - | - | - | 36,783 |
| - | - | - | - | - | 751,609 |
| <u>\$ 387,450</u> | <u>\$ 121</u> | <u>\$ 641,500</u> | <u>\$ 5,888,069</u> | <u>\$ 14,194</u> | <u>\$ 26,943,997</u> |
| | | | | | |
| \$ 262 | \$ - | \$ - | \$ 13,232 | \$ - | \$ 793,799 |
| - | - | - | - | - | 1,545,220 |
| 75,000 | - | - | 1,000,000 | - | 1,075,000 |
| 75,262 | - | - | 1,013,232 | - | 3,414,019 |
| | | | | | |
| - | - | - | - | - | 2,323,352 |
| - | - | - | - | - | - |
| - | - | - | - | - | 2,323,352 |
| | | | | | |
| 312,188 | 121 | 641,500 | 4,874,837 | 14,194 | 22,590,294 |
| - | - | - | - | - | (1,383,668) |
| 312,188 | 121 | 641,500 | 4,874,837 | 14,194 | 21,206,626 |
| | | | | | |
| <u>\$ 387,450</u> | <u>\$ 121</u> | <u>\$ 641,500</u> | <u>\$ 5,888,069</u> | <u>\$ 14,194</u> | <u>\$ 26,943,997</u> |

(Continued)

City of San Leandro
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2015

| | Special Revenue Funds | | | | | |
|---|-------------------------------------|--------------------------------|----------------------------|-------------------------------|-----------------|--------------------|
| | Affordable Housing Asset Fund | Street/Traffic Improvements | Park Development Fee | Underground Utility Fee | Parking | Special Gas Tax |
| REVENUES: | | | | | | |
| Property and other taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | 314,416 | - | - | 231,170 | - |
| Service Charges | - | - | - | 171,064 | - | - |
| Intergovernmental | - | - | - | - | - | 2,473,674 |
| Use of money and property | 48,756 | 4,981 | 5,489 | 7,076 | 25 | 9,809 |
| Other | 391,733 | - | 1,601,814 | 20,969 | 505 | 4,086 |
| Total Revenues | 440,489 | 319,397 | 1,607,303 | 199,109 | 231,700 | 2,487,569 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - |
| Engineering and transportation | - | 199,014 | - | 9,413 | 298,633 | 2,120,157 |
| Recreation and culture | - | - | 328,063 | - | - | - |
| Community development | 3,933 | - | - | - | - | - |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and fees | - | - | - | - | - | - |
| Total Expenditures | 3,933 | 199,014 | 328,063 | 9,413 | 298,633 | 2,120,157 |
| REVENUES OVER (UNDER) EXPENDITURES | 436,556 | 120,383 | 1,279,240 | 189,696 | (66,933) | 367,412 |
| OTHER FINANCING SOURCES: | | | | | | |
| Transfer in | - | - | - | - | - | 738,000 |
| Transfer (out) | - | - | - | - | - | - |
| Total Other Financing Sources | - | - | - | - | - | 738,000 |
| NET CHANGE IN FUND BALANCES | 436,556 | 120,383 | 1,279,240 | 189,696 | (66,933) | 1,105,412 |
| FUND BALANCES: | | | | | | |
| Beginning of year | 1,661,102 | 1,187,399 | 360,828 | 1,647,524 | (37,203) | 1,861,734 |
| End of year | \$ 2,097,658 | \$ 1,307,782 | \$ 1,640,068 | \$ 1,837,220 | \$ (104,136) | \$ 2,967,146 |

(Continued)

Special Revenue Funds

| Cherrywood Maintenance District | Measure B Paratransit | Asset Seizure | Heron Bay | Proposition IB Local Streets & Roads | Special Grants | Measure B |
|---------------------------------------|--------------------------|-------------------|-------------------|--|-----------------------|---------------------|
| \$ 22,440 | \$ - | \$ - | \$ 340,502 | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 304,150 | 13,320 | - | - | 6,497,231 | 1,732,474 |
| 1,176 | - | 3,205 | 3,302 | 51 | 2,075 | 12,552 |
| - | - | - | - | - | 34,353 | 168,966 |
| <u>23,616</u> | <u>304,150</u> | <u>16,525</u> | <u>343,804</u> | <u>51</u> | <u>6,533,659</u> | <u>1,913,992</u> |
| - | - | - | - | - | - | - |
| - | - | 79,037 | - | - | 347,734 | - |
| 188 | - | - | 324,950 | - | 5,272,518 | 1,925,410 |
| - | 245,285 | - | - | - | 491,573 | - |
| - | - | - | - | - | 5,353 | - |
| - | - | - | - | - | - | - |
| - | - | - | 3,400 | - | - | - |
| <u>188</u> | <u>245,285</u> | <u>79,037</u> | <u>328,350</u> | <u>-</u> | <u>6,117,178</u> | <u>1,925,410</u> |
| <u>23,428</u> | <u>58,865</u> | <u>(62,512)</u> | <u>15,454</u> | <u>51</u> | <u>416,481</u> | <u>(11,418)</u> |
| - | 20,562 | - | - | - | - | - |
| - | - | - | - | - | (20,562) | - |
| - | 20,562 | - | - | - | (20,562) | - |
| <u>23,428</u> | <u>79,427</u> | <u>(62,512)</u> | <u>15,454</u> | <u>51</u> | <u>395,919</u> | <u>(11,418)</u> |
| <u>318,474</u> | <u>102,419</u> | <u>814,671</u> | <u>804,506</u> | <u>12,796</u> | <u>(1,675,451)</u> | <u>3,354,656</u> |
| <u>\$ 341,902</u> | <u>\$ 181,846</u> | <u>\$ 752,159</u> | <u>\$ 819,960</u> | <u>\$ 12,847</u> | <u>\$ (1,279,532)</u> | <u>\$ 3,343,238</u> |

(Continued)

City of San Leandro
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2014

| | Special Revenue Funds | | | | | |
|---|-----------------------|-------------------|-------------------|-------------------|--------------------|-------------------------------------|
| | Measure BB | Measure F | C.D.B.G. | HOME | Housing In-Lieu | Business Improvement District |
| REVENUES: | | | | | | |
| Property and other taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | 15,876 | 334,259 |
| Service Charges | - | - | - | - | - | - |
| Intergovernmental | 272,611 | 438,826 | 702,384 | 749,130 | - | 45,000 |
| Use of money and property | - | 1,843 | 20,198 | 744 | 362 | 468 |
| Other | - | - | 11,586 | 68,682 | - | - |
| Total Revenues | <u>272,611</u> | <u>440,669</u> | <u>734,168</u> | <u>818,556</u> | <u>16,238</u> | <u>379,727</u> |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - |
| Engineering and transportation | - | 320,010 | - | - | - | - |
| Recreation and culture | - | - | - | - | - | - |
| Community development | - | - | 499,151 | 649,324 | - | 316,000 |
| Debt service: | | | | | | |
| Principal | - | - | 131,000 | - | - | - |
| Interest and fees | - | - | 73,037 | - | - | - |
| Total Expenditures | <u>-</u> | <u>320,010</u> | <u>703,188</u> | <u>649,324</u> | <u>-</u> | <u>316,000</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>272,611</u> | <u>120,659</u> | <u>30,980</u> | <u>169,232</u> | <u>16,238</u> | <u>63,727</u> |
| OTHER FINANCING SOURCES: | | | | | | |
| Transfer in | - | - | - | - | - | 50,000 |
| Transfer (out) | - | - | - | - | - | - |
| Total Other Financing Sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>50,000</u> |
| NET CHANGE IN FUND BALANCES | <u>272,611</u> | <u>120,659</u> | <u>30,980</u> | <u>169,232</u> | <u>16,238</u> | <u>113,727</u> |
| FUND BALANCES: | | | | | | |
| Beginning of year | | 499,093 | 116,457 | 22,977 | 80,467 | 3,187 |
| End of year | <u>\$ 272,611</u> | <u>\$ 619,752</u> | <u>\$ 147,437</u> | <u>\$ 192,209</u> | <u>\$ 96,705</u> | <u>\$ 116,914</u> |

(Continued)

| Debt Service Funds | | | Capital Project Funds | | Total Nonmajor Governmental Funds |
|---------------------------------------|-----------------------------------|--|--|-----------|--|
| Public Education and Government | Special Assessment District | San Leandro Public Financing Authority | Capital Improvement Projects Capital Projects | GHAD | |
| \$ 193,812 | \$ 183,405 | \$ - | \$ - | \$ - | \$ 740,159 |
| - | - | - | - | - | 895,721 |
| - | - | - | 143,282 | - | 314,346 |
| - | - | - | - | - | 13,228,800 |
| 1,140 | 752 | 2,043,819 | - | - | 2,167,823 |
| - | - | - | - | - | 2,302,694 |
| 194,952 | 184,157 | 2,043,819 | 143,282 | - | 19,649,543 |
| - | - | - | - | - | - |
| - | - | - | 23,469 | - | 450,240 |
| - | - | - | 111,169 | 729 | 10,582,191 |
| - | - | - | - | - | 1,064,921 |
| 70,244 | - | - | 63 | - | 1,544,068 |
| - | - | 980,000 | - | - | 1,111,000 |
| - | 252,183 | 1,068,120 | - | - | 1,396,740 |
| 70,244 | 252,183 | 2,048,120 | 134,701 | 729 | 16,149,160 |
| 124,708 | (68,026) | (4,301) | 8,581 | (729) | 3,500,383 |
| - | - | - | 1,795,594 | - | 2,604,156 |
| - | - | - | - | - | (20,562) |
| - | - | - | 1,795,594 | - | 2,583,594 |
| 124,708 | (68,026) | (4,301) | 1,804,175 | (729) | 6,083,977 |
| 187,480 | 68,147 | 645,801 | 3,070,662 | 14,923 | 15,122,649 |
| \$ 312,188 | \$ 121 | \$ 641,500 | \$ 4,874,837 | \$ 14,194 | \$ 21,206,626 |

City of San Leandro
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -
Non Major Governmental Fund
Affordable Housing Special Revenue Fund
For the year ended June 30, 2015

| | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|-------------------|----------------|------------------------------------|
| REVENUES: | | | |
| Use of money and property | \$ 33,298 | \$ 48,756 | \$ 15,458 |
| Other | 186,148 | 391,733 | 205,585 |
| Total Revenues | 219,446 | 440,489 | 221,043 |
| EXPENDITURES: | | | |
| Current: | | | |
| Community development | - | 3,933 | (3,933) |
| Total Expenditures | - | 3,933 | (3,933) |
| NET CHANGE IN FUND BALANCES | \$ 219,446 | 436,556 | \$ 217,110 |
| FUND BALANCES: | | | |
| Beginning of year | | \$1,661,102 | |
| End of year | | \$ 2,097,658 | |

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, 2015

| | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|---------------------|---------------------|------------------------------------|
| REVENUES: | | | |
| Licenses and permits | \$ 80,000 | \$ 314,416 | \$ 234,416 |
| Use of money and property | 10,750 | 4,981 | (5,769) |
| Total Revenues | 90,750 | 319,397 | 228,647 |
| EXPENDITURES: | | | |
| Current: | | | |
| Engineering and transportation | 714,993 | 199,014 | 515,979 |
| Total Expenditures | 714,993 | 199,014 | 515,979 |
| NET CHANGE IN FUND BALANCES | <u>\$ (624,243)</u> | <u>120,383</u> | <u>\$ 744,626</u> |
| FUND BALANCES: | | | |
| Beginning of year | | 1,187,399 | |
| End of year | | <u>\$ 1,307,782</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, 2015**

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|-------------------------|---------------------|---|
| REVENUES: | | | |
| Use of money and property | \$ 6,000 | \$ 5,489 | \$ (511) |
| Other | <u>20,000</u> | <u>1,601,814</u> | <u>1,581,814</u> |
| Total Revenues | <u>26,000</u> | <u>1,607,303</u> | <u>1,581,303</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Recreation and culture | <u>1,821,327</u> | <u>328,063</u> | <u>1,493,264</u> |
| Total Expenditures | <u>1,821,327</u> | <u>328,063</u> | <u>1,493,264</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ (1,795,327)</u> | <u>1,279,240</u> | <u>\$ 3,074,567</u> |
| FUND BALANCES: | | | |
| Beginning of year | | <u>360,828</u> | |
| End of year | | <u>\$ 1,640,068</u> | |

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, 2015

| | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|---------------------|---------------------|------------------------------------|
| REVENUES: | | | |
| Use of money and property | \$ 1,500 | \$ 7,076 | \$ 5,576 |
| Charges for current services | 70,000 | 171,064 | 101,064 |
| Other | | 20,969 | 20,969 |
| Total Revenues | 71,500 | 199,109 | 127,609 |
| EXPENDITURES: | | | |
| Current: | | | |
| Engineering and transportation | 282,000 | 9,413 | 272,587 |
| Total Expenditures | 282,000 | 9,413 | 272,587 |
| NET CHANGE IN FUND BALANCES | \$ (210,500) | 189,696 | \$ 400,196 |
| FUND BALANCES: | | | |
| Beginning of year | | 1,647,524 | |
| End of year | | \$ 1,837,220 | |

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, 2015

| | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|--------------------|---------------------|------------------------------------|
| REVENUES: | | | |
| Licenses and permits | \$ 250,000 | \$ 231,170 | \$ (18,830) |
| Use of money and property | 160 | 25 | (135) |
| Other | - | 505 | 505 |
| Total revenues | 250,160 | 231,700 | (18,460) |
| EXPENDITURES: | | | |
| Current: | | | |
| Engineering and transportation | 326,158 | 298,633 | 27,525 |
| Total expenditures | 326,158 | 298,633 | 27,525 |
| NET CHANGE IN FUND BALANCES | \$ (75,998) | (66,933) | \$ 9,065 |
| FUND BALANCES: | | | |
| Beginning of year | | (37,203) | |
| End of year | | <u>\$ (104,136)</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, 2015

| | Final Budget | Actual | Variance Positive (Negative) |
|---|---------------------|---------------------|------------------------------------|
| REVENUES: | | | |
| Intergovernmental | \$ 2,154,980 | \$ 2,473,674 | \$ 318,694 |
| Use of money and property | 15,000 | 9,809 | (5,191) |
| Other | - | 4,086 | 4,086 |
| Total revenues | <u>2,169,980</u> | <u>2,487,569</u> | <u>317,589</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Engineering and transportation | <u>3,899,545</u> | <u>2,120,157</u> | <u>1,779,388</u> |
| Total expenditures | <u>3,899,545</u> | <u>2,120,157</u> | <u>1,779,388</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(1,729,565)</u> | <u>367,412</u> | <u>(1,461,799)</u> |
| OTHER FINANCING SOURCES: | | | |
| Transfers in | <u>738,000</u> | <u>738,000</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ (991,565)</u> | <u>1,105,412</u> | <u>\$ 2,096,977</u> |
| FUND BALANCES: | | | |
| Beginning of year | | <u>1,861,734</u> | |
| End of year | | <u>\$ 2,967,146</u> | |

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, 2015**

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|-------------------------|-------------------|---|
| REVENUES: | | | |
| Property and other taxes | \$ 21,988 | \$ 22,440 | \$ 452 |
| Use of money and property | <u>1,490</u> | <u>1,176</u> | <u>(314)</u> |
| Total revenues | <u>23,478</u> | <u>23,616</u> | <u>138</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Engineering and transportation | <u>-</u> | <u>188</u> | <u>(188)</u> |
| Total expenditures | <u>-</u> | <u>188</u> | <u>(188)</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ 23,478</u> | <u>23,428</u> | <u>\$ (50)</u> |
| FUND BALANCES: | | | |
| Beginning of year | | <u>318,474</u> | |
| End of year | | <u>\$ 341,902</u> | |

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, 2015

| | Final Budget | Actual | Variance Positive (Negative) |
|--|------------------|-------------------|------------------------------------|
| REVENUES: | | | |
| Intergovernmental | \$ 273,982 | \$ 304,150 | \$ 30,168 |
| Other | - | - | - |
| Total revenues | <u>273,982</u> | <u>304,150</u> | <u>30,168</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Recreation and culture | <u>247,696</u> | <u>245,285</u> | <u>2,411</u> |
| Total expenditures | <u>247,696</u> | <u>245,285</u> | <u>2,411</u> |
| REVENUES OVER (UNDER) EXPENDITURES: | <u>26,286</u> | <u>58,865</u> | <u>27,757</u> |
| OTHER FINANCING SOURCES: | | | |
| Transfers in | <u>-</u> | <u>20,562</u> | <u>(20,562)</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ 26,286</u> | <u>79,427</u> | <u>\$ 53,141</u> |
| FUND BALANCES: | | | |
| Beginning of year | | <u>\$102,419</u> | |
| End of year | | <u>\$ 181,846</u> | |

City of San Leandro**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -****Non Major Governmental Fund****Asset Seizure Special Revenue Fund****For the year ended June 30, 2015**

| | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|---------------------|-------------------|------------------------------------|
| REVENUES: | | | |
| Intergovernmental | \$ - | \$ 13,320 | \$ 13,320 |
| Use of money and property | 6,000 | 3,205 | (2,795) |
| Total revenues | 6,000 | 16,525 | 10,525 |
| EXPENDITURES: | | | |
| Current: | | | |
| Public safety | 256,511 | 79,037 | 177,474 |
| Total expenditures | 256,511 | 79,037 | 177,474 |
| NET CHANGE IN FUND BALANCES | <u>\$ (250,511)</u> | <u>(62,512)</u> | <u>\$ 187,999</u> |
| FUND BALANCES: | | | |
| Beginning of year | | 814,671 | |
| End of year | | <u>\$ 752,159</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, 2015**

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|----------------------------|--------------------------|---|
| REVENUES: | | | |
| Property and other taxes | \$ 339,859 | \$ 340,502 | \$ 643 |
| Use of money and property | <u>4,721</u> | <u>3,302</u> | <u>(1,419)</u> |
| Total revenues | <u>344,580</u> | <u>343,804</u> | <u>(776)</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Engineering and transportation | 843,685 | 324,950 | 518,735 |
| Debt service: | | | |
| Interest and fees | <u>-</u> | <u>3,400</u> | <u>(3,400)</u> |
| Total expenditures | <u>843,685</u> | <u>328,350</u> | <u>515,335</u> |
| NET CHANGE IN FUND BALANCES | <u><u>\$ (499,105)</u></u> | <u><u>15,454</u></u> | <u><u>\$ (514,559)</u></u> |
| FUND BALANCES: | | | |
| Beginning of year | | <u>804,506</u> | |
| End of year | | <u><u>\$ 819,960</u></u> | |

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, 2015

| | Final Budget | Actual | Variance Positive (Negative) |
|--|-----------------------|-----------------------|------------------------------------|
| REVENUES: | | | |
| Intergovernmental | \$12,169,816 | \$ 6,497,231 | \$ (5,672,585) |
| Use of money and property | | 2,075 | 2,075 |
| Other | 60,047 | 34,353 | (25,694) |
| Total revenues | 12,229,863 | 6,533,659 | (5,696,204) |
| EXPENDITURES: | | | |
| Current: | | | |
| Public safety | 684,305 | 347,734 | 336,571 |
| Engineering and transportation | 15,388,507 | 5,272,518 | 10,115,989 |
| Community development | 701,510 | 5,353 | 696,157 |
| Recreation and culture | 2,185,534 | 491,573 | 1,693,961 |
| Total expenditures | 18,959,856 | 6,117,178 | 12,842,678 |
| REVENUES OVER (UNDER) EXPENDITURES: | (6,729,993) | 416,481 | (18,538,882) |
| OTHER FINANCING SOURCES: | | | |
| Transfers (out) | - | (20,562) | 20,562 |
| NET CHANGE IN FUND BALANCES | \$ (6,729,993) | 395,919 | \$ 7,125,912 |
| FUND BALANCES: | | | |
| Beginning of year | | (1,675,451) | |
| End of year | | \$ (1,279,532) | |

City of San Leandro
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -
Non Major Governmental Fund
Measure B Special Revenue Fund
For the year ended June 30, 2015

| | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|-----------------------|---------------------|------------------------------------|
| REVENUES: | | | |
| Intergovernmental | \$ 1,459,061 | \$ 1,732,474 | \$ 273,413 |
| Use of money and property | 2,100 | 12,552 | 10,452 |
| Other | 65,000 | 168,966 | 103,966 |
| Total revenues | <u>1,526,161</u> | <u>1,913,992</u> | <u>387,831</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Engineering and transportation | <u>8,619,409</u> | <u>1,925,410</u> | <u>6,693,999</u> |
| Total expenditures | <u>8,619,409</u> | <u>1,925,410</u> | <u>6,693,999</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ (7,093,248)</u> | <u>(11,418)</u> | <u>\$ 7,081,830</u> |
| FUND BALANCES: | | | |
| Beginning of year | | <u>3,354,656</u> | |
| End of year | | <u>\$ 3,343,238</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) Special Revenue Fund****For the year ended June 30, 2015**

| | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|---------------------|-------------------|------------------------------------|
| REVENUES: | | | |
| Intergovernmental | \$ 391,283 | \$ 438,826 | \$ 47,543 |
| Use of money and property | - | 1,843 | 1,843 |
| Total revenues | <u>391,283</u> | <u>440,669</u> | <u>49,386</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Engineering and transportation | <u>819,981</u> | <u>320,010</u> | <u>499,971</u> |
| Total expenditures | <u>819,981</u> | <u>320,010</u> | <u>499,971</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ (428,698)</u> | <u>120,659</u> | <u>\$ 549,357</u> |
| FUND BALANCES: | | | |
| Beginning of year | | <u>499,093</u> | |
| End of year | | <u>\$ 619,752</u> | |

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, 2015

| | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|---------------------|-------------------|------------------------------------|
| REVENUES: | | | |
| Intergovernmental | \$ 556,054 | \$ 702,384 | \$ 146,330 |
| Use of money and other property | - | 20,198 | 20,198 |
| Other | - | 11,586 | 11,586 |
| Total revenues | <u>556,054</u> | <u>734,168</u> | <u>178,114</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Community development | 882,776 | 499,151 | 383,625 |
| Debt service: | | | |
| Principal | 131,000 | 131,000 | - |
| Interest and fees | 73,037 | 73,037 | - |
| Total expenditures | <u>1,086,813</u> | <u>703,188</u> | <u>383,625</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ (530,759)</u> | <u>30,980</u> | <u>\$ 561,739</u> |
| FUND BALANCES: | | | |
| Beginning of year | | <u>116,457</u> | |
| End of year | | <u>\$ 147,437</u> | |

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, 2015

| | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|---------------------|-------------------|------------------------------------|
| REVENUES: | | | |
| Intergovernmental | \$ 144,170 | \$ 749,130 | \$ 604,960 |
| Use of money and property | - | 744 | 744 |
| Other | 29,879 | 68,682 | 38,803 |
| Total revenues | <u>174,049</u> | <u>818,556</u> | <u>644,507</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Community development | <u>1,093,752</u> | <u>649,324</u> | <u>444,428</u> |
| Total expenditures | <u>1,093,752</u> | <u>649,324</u> | <u>444,428</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ (919,703)</u> | <u>169,232</u> | <u>\$ 1,088,935</u> |
| FUND BALANCES: | | | |
| Beginning of year | | <u>22,977</u> | |
| End of year | | <u>\$ 192,209</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, 2015

| | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|------------------|------------------|------------------------------------|
| REVENUES: | | | |
| Licenses and grants | \$ - | \$ 15,876 | \$ 15,876 |
| Use of money and property | - | 362 | 362 |
| Other | 14,061 | - | (14,061) |
| Total revenues | 14,061 | 16,238 | 2,177 |
| NET CHANGE IN FUND BALANCES | <u>\$ 14,061</u> | <u>16,238</u> | <u>\$ 2,177</u> |
| FUND BALANCES: | | | |
| Beginning of year | | 80,467 | |
| End of year | | <u>\$ 96,705</u> | |

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, 2015

| | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|--------------------|-------------------|------------------------------------|
| REVENUES: | | | |
| Licenses and permits | \$ 130,000 | \$ 334,259 | \$ 204,259 |
| Intergovernmental | 168,440 | 45,000 | (123,440) |
| Use of money and property | - | 468 | 468 |
| Total revenues | 298,440 | 379,727 | 81,287 |
| EXPENDITURES: | | | |
| Current: | | | |
| Community development | 366,920 | 316,000 | 50,920 |
| Total expenditures | 366,920 | 316,000 | 50,920 |
| OTHER FINANCING SOURCES: | | | |
| Transfers in | 50,000 | 50,000 | - |
| NET CHANGE IN FUND BALANCES | \$ (18,480) | 113,727 | \$ 132,207 |
| FUND BALANCES: | | | |
| Beginning of year | | 3,187 | |
| End of year | | \$ 116,914 | |

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, 2015

| | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|------------------|-------------------|------------------------------------|
| REVENUES: | | | |
| Property and other taxes | \$ 150,000 | \$ 193,812 | \$ 43,812 |
| Use of money and property | - | 1,140 | 1,140 |
| Total revenues | <u>150,000</u> | <u>194,952</u> | <u>44,952</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Community development | <u>96,583</u> | <u>70,244</u> | <u>26,339</u> |
| Total expenditures | <u>96,583</u> | <u>70,244</u> | <u>26,339</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ 53,417</u> | <u>124,708</u> | <u>\$ 71,291</u> |
| FUND BALANCES: | | | |
| Beginning of year | | <u>187,480</u> | |
| End of year | | <u>\$ 312,188</u> | |

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, 2015

| | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|-----------------|-----------------|------------------------------------|
| REVENUES: | | | |
| Property and other taxes | \$ - | \$ 183,405 | \$ 183,405 |
| Use of money and property | - | 752 | 752 |
| Total revenues | - | 184,157 | 184,157 |
| EXPENDITURES: | | | |
| Current: | | | |
| Debt service: | | | |
| Interest and fees | - | 252,183 | (252,183) |
| Total expenditures | - | 252,183 | (252,183) |
| NET CHANGE IN FUND BALANCES | <u>\$ -</u> | <u>(68,026)</u> | <u>\$ (68,026)</u> |
| FUND BALANCES: | | | |
| Beginning of year | | 68,147 | |
| End of year | | <u>\$ 121</u> | |

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 Debt Service Fund
For the year ended June 30, 2015

| | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|-------------------|-------------------|------------------------------------|
| REVENUES: | | | |
| Use of money and property | \$ 2,474,319 | \$ 2,043,819 | \$ (430,500) |
| Total revenues | <u>2,474,319</u> | <u>2,043,819</u> | <u>(430,500)</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| General government | - | - | - |
| Debt service: | | | |
| Principal | 980,000 | 980,000 | - |
| Interest and fees | <u>1,063,685</u> | <u>1,068,120</u> | <u>(4,435)</u> |
| Total expenditures | <u>2,043,685</u> | <u>2,048,120</u> | <u>(4,435)</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ 430,634</u> | <u>(4,301)</u> | <u>\$ (434,935)</u> |
| FUND BALANCES: | | | |
| Beginning of year | | <u>645,801</u> | |
| End of year | | <u>\$ 641,500</u> | |

City of San Leandro
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -
Non Major Governmental Fund
Capital Improvement Capital Projects Fund
For the year ended June 30, 2015

| | Final Budget | Actual | Variance Positive (Negative) |
|---|-----------------------|---------------------|------------------------------------|
| REVENUES: | | | |
| Service Charges | \$ - | \$ 143,282 | \$ 143,282 |
| Use of money and property | - | - | - |
| Other | - | - | - |
| Total revenues | <u>-</u> | <u>143,282</u> | <u>143,282</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Public safety | 23,469 | 23,469 | - |
| Engineering and transportation | 2,542,083 | 111,169 | 2,430,914 |
| Community development | 1,145,594 | 63 | 1,145,531 |
| Recreation and culture | - | - | - |
| Total expenditures | <u>3,711,146</u> | <u>134,701</u> | <u>3,576,445</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(3,711,146)</u> | <u>8,581</u> | <u>3,719,727</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfer in | <u>1,795,594</u> | <u>1,795,594</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ (1,915,552)</u> | <u>\$ 1,804,175</u> | <u>\$ 3,719,727</u> |
| FUND BALANCES: | | | |
| Beginning of year | | <u>3,070,662</u> | |
| End of year | | <u>\$ 4,874,837</u> | |

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) Capital Projects Fund****For the year ended June 30, 2015**

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|---------------------------|-------------------------|---|
| EXPENDITURES: | | | |
| Current: | | | |
| Engineering and transportation | \$ 15,514 | \$ 729 | \$ 14,785 |
| Debt service: | | | |
| Interest and fees | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>15,514</u> | <u>729</u> | <u>14,785</u> |
| NET CHANGE IN FUND BALANCES | <u><u>\$ (15,514)</u></u> | <u><u>(729)</u></u> | <u><u>\$ 14,785</u></u> |
| FUND BALANCES: | | | |
| Beginning of year | | <u>\$14,923</u> | |
| End of year | | <u><u>\$ 14,194</u></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, 2015

| | Storm Water Utility | Environmental Services | Total Non-Major Enterprise Funds |
|--|------------------------|---------------------------|---|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and investments | \$ 287,170 | \$ 1,586,309 | \$ 1,873,479 |
| Receivables: | | | |
| Accounts | (10,835) | \$110,264 | 99,429 |
| Interest | 306 | 2,851 | 3,157 |
| Total current assets | 276,641 | 1,699,424 | 1,976,065 |
| Total Assets | 276,641 | 1,699,424 | 1,976,065 |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | 13,989 | 31,923 | 45,912 |
| Compensated absences - due in one year | 5,179 | 8,306 | 13,485 |
| Total current liabilities | 19,168 | 40,229 | 59,397 |
| Non-current Liabilities: | | | |
| Compensated absences - due in more than one year | 52,367 | 83,982 | 136,349 |
| Total Liabilities | 71,535 | 124,211 | 195,746 |
| NET POSITION | | | |
| Unrestricted | 205,106 | 1,575,213 | 1,780,319 |
| Total Net Position | \$ 205,106 | \$ 1,575,213 | \$ 1,780,319 |

City of San Leandro
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Enterprise Funds
For the year ended June 30, 2015

| | Storm Water Utility | Environmental Services | Total Non-Major Enterprise Funds |
|---|------------------------|---------------------------|---|
| OPERATING REVENUES | | | |
| Charges for services | \$ 1,069,003 | \$ 354,093 | \$ 1,423,096 |
| Licenses and permits | - | 324,425 | 324,425 |
| Other operating revenue | 1,151 | 95,227 | 96,378 |
| Total operating revenues | 1,070,154 | 773,745 | 1,843,899 |
| OPERATING EXPENSES | | | |
| Salaries and benefits | 583,378 | 626,833 | 1,210,211 |
| Contractual and other services | 233,222 | 110,152 | 343,374 |
| Material and supplies | 20,365 | 31,570 | 51,935 |
| Other operating costs | 268,089 | 251,833 | 519,922 |
| Total operating expenses | 1,105,054 | 1,020,388 | 2,125,442 |
| OPERATING INCOME (LOSS) | (34,900) | (246,643) | (281,543) |
| NONOPERATING REVENUES (EXPENSES): | | | |
| Investment income | 1,339 | 2,591 | 3,930 |
| Intergovernmental | - | 268,689 | 268,689 |
| Total Nonoperating Revenues (Expenses) | 1,339 | 271,280 | 272,619 |
| INCOME (LOSS) BEFORE TRANSFERS: | (33,561) | 24,637 | (8,924) |
| Transfers in | - | 132,782 | 132,782 |
| Total transfers | - | 132,782 | 132,782 |
| Change in net position | (33,561) | 157,419 | 123,858 |
| NET POSITION: | | | |
| Beginning of year | 238,667 | 1,417,794 | 1,656,461 |
| End of year | \$ 205,106 | \$ 1,575,213 | \$ 1,780,319 |

City of San Leandro
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the year ended June 30, 2015

| | Storm Water Utility | Environmental Services | Total Non-Major Enterprise Funds |
|---|------------------------|---------------------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from customers | \$ 1,080,989 | \$ 729,870 | \$ 1,810,859 |
| Cash payments to suppliers and service providers | (246,604) | (137,425) | (384,029) |
| Cash payments to employees for services | (558,529) | (637,270) | (1,195,799) |
| Cash payments to other funds for service provided | (268,089) | (251,001) | (519,090) |
| Net cash provided (used) by operating activities | 7,767 | (295,826) | (288,059) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| Intergovernmental revenue received | - | 268,689 | 268,689 |
| Transfers in from other funds | - | 132,782 | 132,782 |
| Net cash provided (used) by noncapital financing activities | - | 401,471 | 401,471 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest income | 1,341 | 2,593 | 3,934 |
| Net cash provided (used) by investing activities | 1,341 | 2,593 | 3,934 |
| Net increase (decrease) in cash and cash equivalents | 9,108 | 108,238 | 117,346 |
| CASH AND CASH EQUIVALENTS: | | | |
| Beginning of year | 278,062 | 1,478,071 | 1,756,133 |
| End of year | <u>\$ 287,170</u> | <u>\$ 1,586,309</u> | <u>\$ 1,873,479</u> |
| RECONCILIATION OR OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | |
| Operating income (loss) | \$ (34,900) | \$ (246,643) | \$ (281,543) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in accounts receivable | 10,835 | (43,875) | (33,040) |
| (Increase) decrease in other assets | - | 832 | 832 |
| (Decrease) increase in accounts payable | 6,983 | 4,297 | 11,280 |
| (Decrease) increase in unearned revenue | - | - | - |
| (Decrease) increase in compensated absences | 24,849 | (10,437) | 14,412 |
| Total adjustments | 7,767 | (295,826) | (288,059) |
| Net cash provided (used) by operating activities | \$ 7,767 | \$ (295,826) | \$ (288,059) |

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 – The fund accounts for centralized data processing and the maintenance, acquisition and replacement of computerized systems. Sources of revenue for this fund are 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 worker’s 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 revenues for this fund is reimbursement of costs for services and supplies purchased by other departments.

City of San Leandro
Combining Statement of Net Position
Internal Service Funds
June 30, 2015

| | Building Maintenance | Information Management Services | Self - Insurance | Equipment Maintenance | Total |
|--|-------------------------|---------------------------------------|---------------------|--------------------------|---------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 1,823,153 | \$ 1,616,181 | \$ 7,810,316 | \$ 1,853,597 | \$ 13,103,247 |
| Receivables: | | | | | |
| Accounts | 1,743 | 16,611 | 567,938 | - | 586,292 |
| Interest | 4,398 | 2,887 | 14,676 | 2,641 | 24,602 |
| Inventory | 11,311 | 9,133 | - | 108,284 | 128,728 |
| Other assets | - | - | 9,727 | - | 9,727 |
| Total current assets | 1,840,605 | 1,644,812 | 8,402,657 | 1,964,522 | 13,852,596 |
| Advance to other funds | - | 75,000 | - | - | 75,000 |
| Capital assets: | | | | | |
| Depreciable | 43,909 | 5,770,299 | - | 7,697,909 | 13,512,117 |
| Less accumulated depreciation | (8,228) | (5,260,021) | - | (5,547,393) | (10,815,642) |
| Total Net capital assets | 35,681 | 510,278 | - | 2,150,516 | 2,696,475 |
| Total noncurrent assets | 35,681 | 585,278 | - | 2,150,516 | 2,771,475 |
| Total Assets | 1,876,286 | 2,230,090 | 8,402,657 | 4,115,038 | 16,624,071 |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable | 271,194 | \$278,037 | 123,093 | \$147,682 | 820,006 |
| Claims and judgments - due in one year | - | - | 1,170,645 | - | 1,170,645 |
| Compensated absences payable - due in one year | 2,119 | 5,223 | 398 | 5,844 | 13,584 |
| Long-term debt - Due within one year | - | - | - | 154,369 | 154,369 |
| Total current liabilities | 273,313 | 283,260 | 1,294,136 | 307,895 | 2,158,604 |
| Noncurrent Liabilities: | | | | | |
| Claims and judgments - due in more than one year | - | - | 4,875,901 | - | 4,875,901 |
| Compensated absences - due in more than one year | 21,420 | 52,815 | 4,019 | 59,093 | 137,347 |
| Long-term debt - Due in more than one year | - | - | - | 159,913 | 159,913 |
| Total noncurrent liabilities | 21,420 | 52,815 | 4,879,920 | 219,006 | 5,173,161 |
| Total Liabilities | 294,733 | 336,075 | 6,174,056 | 526,901 | 7,331,765 |
| NET POSITION | | | | | |
| Net investment in capital assets | 35,681 | 510,278 | - | 1,836,234 | 2,382,193 |
| Unrestricted | 1,545,872 | 1,383,737 | 2,228,601 | 1,751,903 | 6,910,113 |
| Total Net Position | \$ 1,581,553 | \$ 1,894,015 | \$ 2,228,601 | \$ 3,588,137 | \$ 9,292,306 |

City of San Leandro
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the year ended June 30, 2015

| | Building Maintenance | Information Management Services | Self - Insurance | Equipment Maintenance | Total |
|---|-------------------------|---------------------------------------|---------------------|--------------------------|---------------------|
| OPERATING REVENUES: | | | | | |
| Service charges | \$ 2,925,563 | \$ 3,976,010 | \$ 3,548,443 | \$ 2,848,518 | \$ 13,298,534 |
| Other operating revenues | - | - | 819,041 | 40,810 | 859,851 |
| Total Operating Revenues | <u>2,925,563</u> | <u>3,976,010</u> | <u>4,367,484</u> | <u>2,889,328</u> | <u>14,158,385</u> |
| OPERATING EXPENSES: | | | | | |
| Salaries and benefits | 994,714 | 1,523,987 | 194,548 | 594,213 | 3,307,462 |
| Contractual and other services | 1,877,249 | 1,300,154 | 3,117,261 | 184,713 | 6,479,377 |
| Materials and supplies | 161,588 | 67,362 | - | 578,757 | 807,707 |
| Depreciation | 1,682 | 561,252 | - | 423,695 | 986,629 |
| Other operating costs | 367,436 | 1,010,436 | 99,781 | 402,959 | 1,880,612 |
| Total Operating Expenses | <u>3,402,669</u> | <u>4,463,191</u> | <u>3,411,590</u> | <u>2,184,337</u> | <u>13,461,787</u> |
| OPERATING INCOME (LOSS) | <u>(477,106)</u> | <u>(487,181)</u> | <u>955,894</u> | <u>704,991</u> | <u>696,598</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Interest income | 8,157 | 5,789 | 108,906 | 7,278 | 130,130 |
| Interest expense | - | - | - | (857) | (857) |
| Total nonoperating revenues (expenses) | <u>8,157</u> | <u>5,789</u> | <u>108,906</u> | <u>6,421</u> | <u>129,273</u> |
| Net income (loss) | <u>(468,949)</u> | <u>(481,392)</u> | <u>1,064,800</u> | <u>711,412</u> | <u>825,871</u> |
| NET POSITION: | | | | | |
| Beginning of the year | <u>2,050,502</u> | <u>2,375,407</u> | <u>1,163,801</u> | <u>2,876,725</u> | <u>8,466,435</u> |
| End of the year | <u>\$ 1,581,553</u> | <u>\$ 1,894,015</u> | <u>\$ 2,228,601</u> | <u>\$ 3,588,137</u> | <u>\$ 9,292,306</u> |

City of San Leandro
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2015

| | Building Maintenance | Information Management Services | Self - Insurance | Equipment Maintenance | Total |
|---|-------------------------|---------------------------------------|---------------------|--------------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Receipts from customers | \$ (1,535) | \$ (16,611) | \$ 817,041 | \$ 40,810 | \$ 839,705 |
| Receipts from interfund charges | 2,925,563 | 3,976,434 | 3,538,716 | 2,848,518 | 13,289,231 |
| Cash payments to suppliers and service providers | (1,883,791) | (1,369,157) | (3,711,942) | (639,120) | (7,604,010) |
| Cash payments to employees for services | (994,736) | (1,547,899) | (195,135) | (589,369) | (3,327,139) |
| Cash payments to other funds for services provided | (367,436) | (1,010,436) | (99,781) | (402,959) | (1,880,612) |
| Net cash provided (used) by operating activities | (321,935) | 32,331 | 348,899 | 1,257,880 | 1,317,175 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Interfund loan | - | - | - | - | - |
| Net cash provided (used) by noncapital financing activities | - | - | - | - | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Acquisition of capital assets | (1) | (164,198) | - | (999,637) | (1,163,836) |
| Issuance of long-term debt | - | - | - | 314,282 | 314,282 |
| Net cash provided (used) by capital and related financing activities | (1) | (164,198) | - | (685,355) | (849,554) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Interest income | 8,160 | 5,791 | 108,905 | 7,278 | 130,134 |
| Interest expense | - | - | - | (857) | (857) |
| Cash Flows from Investing Activities | 8,160 | 5,791 | 108,905 | 6,421 | 129,277 |
| Net Cash Flows | (313,776) | (126,076) | 457,804 | 578,946 | 596,898 |
| CASH AND CASH EQUIVALENTS: | | | | | |
| Cash and investments at beginning of year | 2,136,929 | 1,742,257 | 7,352,512 | 1,274,651 | 12,506,349 |
| Cash and investments at end of year | <u>\$ 1,823,153</u> | <u>\$ 1,616,181</u> | <u>\$ 7,810,316</u> | <u>\$ 1,853,597</u> | <u>\$ 13,103,247</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | | |
| Operating income (loss) | \$ (477,106) | \$ (487,181) | \$ 955,894 | \$ 704,991 | \$ 696,598 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Depreciation | 1,682 | 561,252 | - | 423,695 | 986,629 |
| Change in assets and liabilities: | | | | | |
| (Increase) decrease in accounts receivable | (1,535) | (16,611) | (2,000) | - | (20,146) |
| (Increase) decrease in inventory | 130 | (601) | - | (1,825) | (2,296) |
| (Increase) decrease in other assets | - | 1,025 | (9,727) | - | (8,702) |
| (Decrease) increase in accounts payable | 154,916 | (1,641) | 31,672 | 126,175 | 311,122 |
| (Decrease) increase in claims and judgments payable | - | - | (626,353) | - | (626,353) |
| (Decreased) increase in compensated absences | (22) | (23,912) | (587) | 4,844 | (19,677) |
| Total cash provided (used) by operating activities | \$ (321,935) | \$ 32,331 | \$ 348,899 | \$ 1,257,880 | \$ 1,317,175 |

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 Positions
Fiduciary Funds
June 30, 2015

| | <u>Deposits</u> | <u>Cherrywood</u> | <u>Total</u> |
|---|----------------------------|----------------------------|----------------------------|
| ASSETS | | | |
| Cash and investments | \$ 1,540,454 | \$ 1,003,866 | \$ 2,544,320 |
| Cash and investments with fiscal agents | - | 448,960 | 448,960 |
| Accounts receivable | 2,404 | - | 2,404 |
| Special assessment receivable | - | (748) | (748) |
| Interest receivable | - | 671 | 671 |
| Total Assets | <u><u>\$ 1,542,858</u></u> | <u><u>\$ 1,452,749</u></u> | <u><u>\$ 2,995,607</u></u> |
| LIABILITIES | | | |
| Accounts payable | \$ 179,276 | \$ - | \$ 179,276 |
| Deposits payable | 1,363,582 | - | 1,363,582 |
| Due to bondholders | - | 1,452,749 | 1,452,749 |
| Total Liabilities | <u><u>\$ 1,542,858</u></u> | <u><u>\$ 1,452,749</u></u> | <u><u>\$ 2,995,607</u></u> |

City of San Leandro
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2015

| | Balance July 1, 2014 | Additions | Deductions | Balance June 30, 2015 |
|--|-------------------------|-------------------|---------------|--------------------------|
| <u>Deposits</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 1,377,945 | \$ 162,509 | \$ - | \$ 1,540,454 |
| Accounts receivable | 2,342 | 62 | - | 2,404 |
| Total assets | \$ 1,380,287 | \$ 162,571 | \$ - | \$ 1,542,858 |
| Liabilities: | | | | |
| Accounts payable | \$ 102,593 | \$ 76,683 | \$ - | \$ 179,276 |
| Deposits payable | 1,277,694 | 85,888 | - | 1,363,582 |
| Total liabilities | \$ 1,380,287 | \$ 162,571 | \$ - | \$ 1,542,858 |
| <u>Cherrywood</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 994,052 | \$ 9,814 | \$ - | \$ 1,003,866 |
| Cash and investments with fiscal agent | 448,960 | - | - | 448,960 |
| Special assessment receivable | - | - | 748 | (748) |
| Interest receivable | 671 | - | - | \$ 671 |
| Total assets | \$ 1,443,683 | \$ 9,814 | \$ 748 | \$ 1,452,749 |
| Liabilities: | | | | |
| Due to bondholders | \$ 1,443,683 | 9,814 | \$ 748 | \$ 1,452,749 |
| Total liabilities | \$ 1,443,683 | \$ 9,814 | \$ 748 | \$ 1,452,749 |
| <u>All Agency Funds</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 2,371,997 | \$ 172,323 | \$ - | 2,544,320 |
| Cash and investments with fiscal agent | 448,960 | - | - | 448,960 |
| Accounts receivable | 2,342 | 62 | - | 2,404 |
| Special assessment receivable | - | - | 748 | (748) |
| Interest receivable | 671 | - | - | 671 |
| Total assets | \$ 2,823,970 | \$ 172,385 | \$ 748 | \$ 2,995,607 |
| Liabilities: | | | | |
| Accounts Payable | \$ 102,593 | \$ 76,683 | \$ - | 179,276 |
| Deposits payable | 1,277,694 | 85,888 | - | 1,363,582 |
| Due to bondholders | 1,443,683 | 9,814 | 748 | 1,452,749 |
| Total liabilities | \$ 2,823,970 | \$ 172,385 | \$ 748 | \$ 2,995,607 |

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 | 16; |
| These schedules contain information to help the reader assess the city's most significant local revenue sources, sales tax and property tax. | |
| Debt Capacity | 17; |
| 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 | 167 |
| 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 | 18; |
| These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs. | |



FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

Net Position by Component Unit - Last Ten Fiscal Years

Changes in Net Position - Last Ten Fiscal Years

Program Revenues by Function / Program - Last Ten Fiscal Years

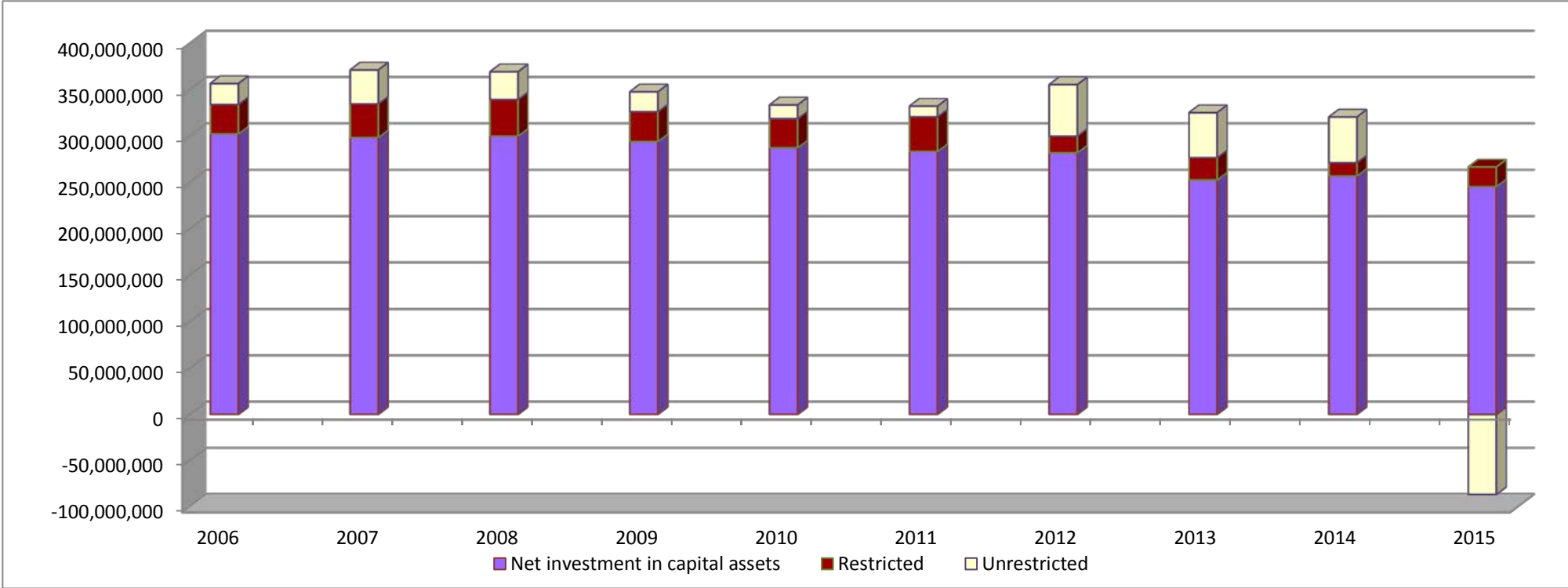
Fund Balances of Governmental Funds - Last Ten Fiscal Years

General Fund Revenue by Source - Last Ten Fiscal Years

Changes in Fund Balance of Governmental Funds - Last Ten Fiscal Years



City of San Leandro
Net Position by Component Unit
Last Ten Fiscal Years
(Accrual Basis of Accounting)



| Governmental Activities | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Net investment in capital assets | 291,400,560 | 287,403,594 | 288,812,935 | 281,144,018 | 267,302,013 | 256,542,629 | 251,252,877 | 219,701,797 | 225,401,873 | 212,967,616 |
| Restricted | 31,717,316 | 36,307,422 | 39,410,231 | 32,178,863 | 31,353,698 | 37,489,289 | 17,947,666 | 24,162,116 | 14,371,041 | 21,206,626 |
| Unrestricted | 9,290,497 | 20,105,122 | 10,029,629 | 1,326,488 | (2,174,696) | (3,737,046) | 42,585,608 | 33,524,445 | 28,282,857 | (98,955,552) (1) |
| Total Governmental Activities Net Position | \$ 332,408,373 | \$ 343,816,138 | \$ 338,252,795 | \$ 314,649,369 | \$ 296,481,015 | \$ 290,294,872 | \$ 311,786,151 | \$ 277,388,358 | \$ 268,055,771 | \$ 135,218,690 |
| Business-Type Activities | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Net investment in capital assets | 11,028,943 | 11,074,087 | 11,197,748 | 12,992,419 | 20,162,046 | 26,832,033 | 30,737,068 | 32,979,235 | 31,512,875 | 32,505,629 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Unrestricted | 13,364,147 | 16,526,068 | 20,001,036 | 20,122,930 | 17,044,724 | 15,133,537 | 13,097,006 | 15,002,725 | 21,031,537 | 12,609,167 |
| Total Business-Type Activities Net Position | \$ 24,393,090 | \$ 27,600,155 | \$ 31,198,784 | \$ 33,115,349 | \$ 37,206,770 | \$ 41,965,570 | \$ 43,834,074 | \$ 47,981,960 | \$ 52,544,412 | \$ 45,114,796 |
| Primary government | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Net investment in capital assets | 302,429,503 | 298,477,681 | 300,010,683 | 294,136,437 | 287,464,059 | 283,374,662 | 281,989,945 | 252,681,032 | 256,914,748 | 245,473,245 |
| Restricted | 31,717,316 | 36,307,422 | 39,410,231 | 32,178,863 | 31,353,698 | 37,489,289 | 17,947,666 | 24,162,116 | 14,371,041 | 21,206,626 |
| Unrestricted | 22,654,644 | 36,631,190 | 30,030,665 | 21,449,418 | 14,870,028 | 11,396,491 | 55,682,614 | 48,527,170 | 49,314,394 | (86,346,385) |
| Total Governmental Activities Net Position | \$ 356,801,463 | \$ 371,416,293 | \$ 369,451,579 | \$ 347,764,718 | \$ 333,687,785 | \$ 332,260,442 | \$ 355,620,225 | \$ 325,370,318 | \$ 320,600,183 | \$ 180,333,486 |

Source: City of San Leandro Finance Department
Note: (1) Large negative amount is due to the implementation of GASB 68.

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

| Expenses: | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|---------------|---------------|----------------|-----------------|-----------------|----------------|---------------|----------------|----------------|----------------|
| Governmental activities: | | | | | | | | | | |
| General government | \$ 22,864,200 | \$ 11,546,534 | \$ 17,379,663 | \$ 16,572,072 | 11,989,774 | 10,759,754 | 10,238,787 | 13,166,855 | 11,609,391 | 10,896,679 |
| Public safety | 37,415,908 | 41,972,128 | 44,061,645 | 44,229,183 | 45,063,334 | 45,936,832 | 43,574,011 | 45,465,294 | 47,180,237 | 47,989,126 |
| Engineering & Transportation | 2,260,498 | 11,989,696 | 16,292,698 | 15,101,806 | 18,209,182 | 22,720,292 | 23,903,746 | 25,662,305 | 31,712,176 | 30,566,925 |
| Recreation & Culture | 12,714,017 | 15,937,218 | 15,064,531 | 11,416,088 | 9,906,448 | 11,042,582 | 9,894,015 | 11,586,223 | 11,786,787 | 11,667,158 |
| Community Development | 11,238,106 | 9,351,983 | 15,725,787 | 28,119,209 | 24,202,918 | 17,541,521 | 8,178,377 | 4,904,402 | 5,389,381 | 5,704,907 |
| Interest on long-term debt | 3,924,447 | 4,275,336 | 3,237,381 | 5,349,826 | 4,525,710 | 4,182,409 | 2,317,753 | 2,548,119 | 2,097,257 | 2,156,400 |
| Total governmental activities expenses | 90,417,175 | \$ 95,072,895 | \$ 111,761,705 | \$ 120,788,184 | \$ 113,897,366 | \$ 112,183,390 | \$ 98,106,689 | \$ 103,333,198 | \$ 109,775,229 | \$ 108,981,195 |
| Business-type activities: | | | | | | | | | | |
| Water Pollution Control | 6,979,509 | 9,247,290 | 9,093,554 | 9,248,677 | 6,231,639 | 5,856,452 | 8,395,692 | 7,499,555 | 7,978,058 | 8,802,564 |
| Shoreline | 2,470,221 | 2,139,089 | 2,355,311 | 2,244,002 | 2,180,794 | 1,997,753 | 1,848,428 | 1,861,532 | 1,922,489 | 1,691,932 |
| San Leandro Housing Finance Corp | 946,776 | - | - | - | - | - | - | - | - | - |
| Storm Water Utility | 921,120 | 928,752 | 896,951 | 993,330 | 886,379 | 844,604 | 919,998 | 978,816 | 1,078,252 | 1,105,054 |
| Environmental Services | 1,453,306 | 1,189,664 | 1,460,466 | 1,544,564 | 1,348,181 | 1,333,145 | 1,222,543 | 1,175,257 | 1,027,054 | 1,020,388 |
| Total business-type activities expenses | 12,770,932 | 13,504,795 | 13,806,282 | 14,030,573 | 10,646,993 | 10,031,954 | 12,386,661 | 11,515,160 | 12,005,853 | 12,619,938 |
| Total primary government expenses | 103,188,107 | 108,577,690 | 125,567,987 | 134,818,757 | 124,544,359 | 122,215,344 | 110,493,350 | 114,848,358 | 121,781,082 | 121,601,133 |
| Program revenues: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | | | | | | | | | | |
| Property taxes | 21,167,178 | 24,742,722 | 26,200,221 | 27,654,817 | 27,087,224 | 26,720,790 | 22,357,186 | 17,631,582 | 18,514,127 | 18,898,038 |
| Sales taxes | 22,144,559 | 23,407,407 | 22,251,900 | 19,095,799 | 17,594,934 | 21,811,494 | 24,126,105 | 26,304,583 | 29,097,614 | 32,948,155 |
| Franchise Fees | 3,362,681 | 4,496,415 | 4,142,284 | 4,125,705 | 4,005,464 | 4,124,846 | 4,231,420 | 4,444,251 | 4,581,920 | 4,845,086 |
| Utility Users Tax | 10,383,676 | 10,175,460 | 10,420,171 | 10,103,090 | 9,783,055 | 9,932,893 | 9,968,546 | 9,888,123 | 10,157,762 | 10,359,050 |
| Property Transfer Tax | 6,417,694 | 4,539,402 | 2,924,656 | 2,870,441 | 2,297,145 | 2,528,604 | 2,981,685 | 2,956,419 | 3,282,026 | 4,112,030 |
| 911 Communication Access Tax | | | | | 2,711,671 | 2,694,149 | 2,684,591 | 2,723,255 | 2,804,181 | 2,974,313 |
| Other taxes | 315,382 | 322,160 | 361,261 | 294,496 | 333,079 | 381,122 | 555,988 | 591,016 | 652,866 | 733,867 |
| Motors Vehicle License Fees | 530,525 | 472,542 | 320,508 | 278,615 | 242,416 | 506,280 | 42,294 | 44,112 | 36,768 | 35,936 |
| Investment | 3,150,513 | 4,498,742 | 3,836,259 | 3,025,658 | 1,419,378 | 1,300,123 | 1,098,406 | 919,213 | 1,255,043 | 1,191,893 |
| Community Impact Reimbursement | - | - | - | - | 3,100,000 | - | - | - | - | - |
| Miscellaneous | 826,816 | 873,742 | 657,731 | 1,597,574 | 599,189 | 1,158,044 | 988,126 | 962,356 | 514,851 | 825,082 |
| Gain on sale of assets | 516,633 | 11,621 | - | - | - | 20,914 | 3,353 | 393,741 | 16,196 | 6,902 |
| Transfers | (50,594) | (82,214) | (182,509) | 85,874 | (67,942) | 240,484 | 234,349 | (72,135) | - | - |
| Charges for Service | 12,501,369 | 16,452,204 | 20,126,325 | 15,971,619 | 12,568,443 | 17,062,792 | 12,200,726 | 13,735,756 | 14,989,867 | 16,063,276 |
| Capital grants and contributions | 13,005,869 | 11,455,259 | 9,303,323 | 8,590,057 | 10,830,576 | 6,581,532 | 11,416,356 | 7,216,114 | 10,009,842 | 10,516,591 |
| Operating grants and contributions | 4,603,121 | 5,115,198 | 5,836,232 | 3,490,973 | 4,224,429 | 3,783,171 | 5,585,461 | 5,672,929 | 4,529,539 | 8,038,949 |
| Total Governmental activities program revenues | 98,875,422 | 106,480,660 | 106,198,362 | 97,184,718 | 96,729,061 | 98,847,238 | 98,474,592 | 93,411,315 | 100,442,602 | 111,549,168 |
| Business-type activities: | | | | | | | | | | |
| Charges for services | 15,100,992 | 14,626,541 | 14,832,288 | 14,275,135 | 13,716,608 | 14,267,658 | 14,895,604 | 14,813,211 | 15,635,395 | 16,878,752 |
| Other taxes | 299,126 | 298,633 | 342,189 | 296,184 | 233,880 | 257,977 | 323,430 | 360,246 | 417,231 | 477,190 |
| Investment Earnings | 723,250 | 1,378,939 | 1,616,038 | 928,796 | 454,893 | 167,407 | 141,980 | 209,659 | 264,904 | 259,724 |
| Miscellaneous | 542,837 | 325,532 | 431,887 | 532,897 | 265,091 | 338,196 | 418,969 | 207,795 | 250,775 | 268,689 |
| Gain or loss on sale of assets | - | - | - | - | - | - | (1,290,470) | - | - | - |
| Transfers | 50,594 | 82,214 | 182,509 | (85,874) | 67,942 | (240,484) | (234,349) | 72,135 | - | - |
| Total Business activities program revenues | 16,716,799 | 16,711,859 | 17,404,911 | 15,947,138 | 14,738,414 | 14,790,754 | 14,255,164 | 15,663,046 | 16,568,305 | 17,884,355 |
| Total primary government program revenues | 115,592,221 | 123,192,519 | 123,603,273 | 113,131,856 | 111,467,475 | 113,637,992 | 112,729,756 | 109,074,361 | 117,010,907 | 129,433,523 |
| Extraordinary Items | | | | | | | 21,123,375 | | | |
| Net revenues (expenses): | | | | | | | | | | |
| Governmental Activities | 8,458,247 | 11,407,765 | (5,563,343) | (23,603,466) | (17,168,305) | (13,336,152) | 367,903 | (9,921,883) | (9,332,627) | 2,567,973 |
| Business-type activities | 3,945,867 | 3,207,064 | 3,598,629 | 1,916,565 | 4,091,421 | 4,758,800 | 1,868,503 | 4,147,886 | 4,562,452 | 5,264,417 |
| Total net revenues (expenses) | \$ 12,404,114 | \$ 14,614,829 | \$ (1,964,714) | \$ (21,686,901) | \$ (13,076,884) | \$ (8,577,352) | \$ 2,236,406 | \$ (5,773,997) | \$ (4,770,175) | \$ 7,832,390 |

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
Program Revenues by Function/ Program
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Program / Function | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 4,328,363 | \$ 6,597,981 | \$ 5,208,888 | \$ 4,871,544 | \$ 5,342,619 | \$ 5,242,934 | \$ 7,367,750 | \$ 7,436,918 | \$ 7,310,491 | \$ 7,887,476 |
| Public Safety | 5,480,658 | 6,588,624 | 6,038,357 | 5,111,223 | 3,475,388 | 3,423,176 | 4,585,001 | 4,482,346 | 3,749,814 | 3,623,194 |
| Engineering and transportation | 13,157,731 | 11,789,460 | 10,797,882 | 11,376,411 | 13,195,059 | 7,469,186 | 10,661,253 | 6,723,903 | 9,607,387 | 8,668,597 |
| Recreation and culture | 3,470,771 | 4,576,105 | 4,353,066 | 3,414,103 | 3,614,696 | 4,368,731 | 4,551,617 | 4,022,452 | 5,114,524 | 4,493,916 |
| Community development | 3,741,298 | 3,470,491 | 8,867,688 | 3,279,368 | 1,995,686 | 6,923,466 | 2,036,922 | 3,959,180 | 3,747,032 | 9,945,633 |
| Interest on long-term debt | 3,924,447 | 4,275,336 | 3,237,381 | 5,349,826 | 4,525,710 | 4,182,409 | 2,317,753 | - | - | - |
| Subtotal governmental activities | <u>34,103,268</u> | <u>37,297,997</u> | <u>38,503,262</u> | <u>33,402,475</u> | <u>32,149,158</u> | <u>31,609,902</u> | <u>31,520,296</u> | <u>26,624,799</u> | <u>29,529,248</u> | <u>34,618,816</u> |
| Business-Type Activities | | | | | | | | | | |
| Water Pollution Control Plant | 10,267,776 | 10,647,063 | 11,016,298 | 10,445,163 | 10,081,964 | 10,478,066 | 11,189,362 | 11,266,178 | 11,961,374 | 12,996,465 |
| Shoreline | 2,234,105 | 2,303,029 | 2,134,271 | 2,062,949 | 1,941,119 | 1,944,513 | 1,968,839 | 1,846,750 | 1,928,280 | 2,038,388 |
| Storm Water Utility | 1,055,105 | 1,054,947 | 1,059,667 | 1,052,608 | 1,079,178 | 1,098,114 | 1,078,455 | 1,086,070 | 1,072,146 | 1,070,154 |
| Environmental Services | 630,344 | 621,502 | 622,052 | 714,415 | 614,347 | 746,965 | 658,948 | 614,213 | 673,595 | 773,745 |
| Subtotal business-type activities | <u>14,187,330</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> | <u>15,635,395</u> | <u>16,878,752</u> |
| Total primary government | <u>\$ 48,290,598</u> | <u>\$ 51,924,538</u> | <u>\$ 53,335,550</u> | <u>\$ 47,677,610</u> | <u>\$ 45,865,766</u> | <u>\$ 45,877,560</u> | <u>\$ 46,415,900</u> | <u>\$ 41,438,010</u> | <u>\$ 45,164,643</u> | <u>\$ 51,497,568</u> |

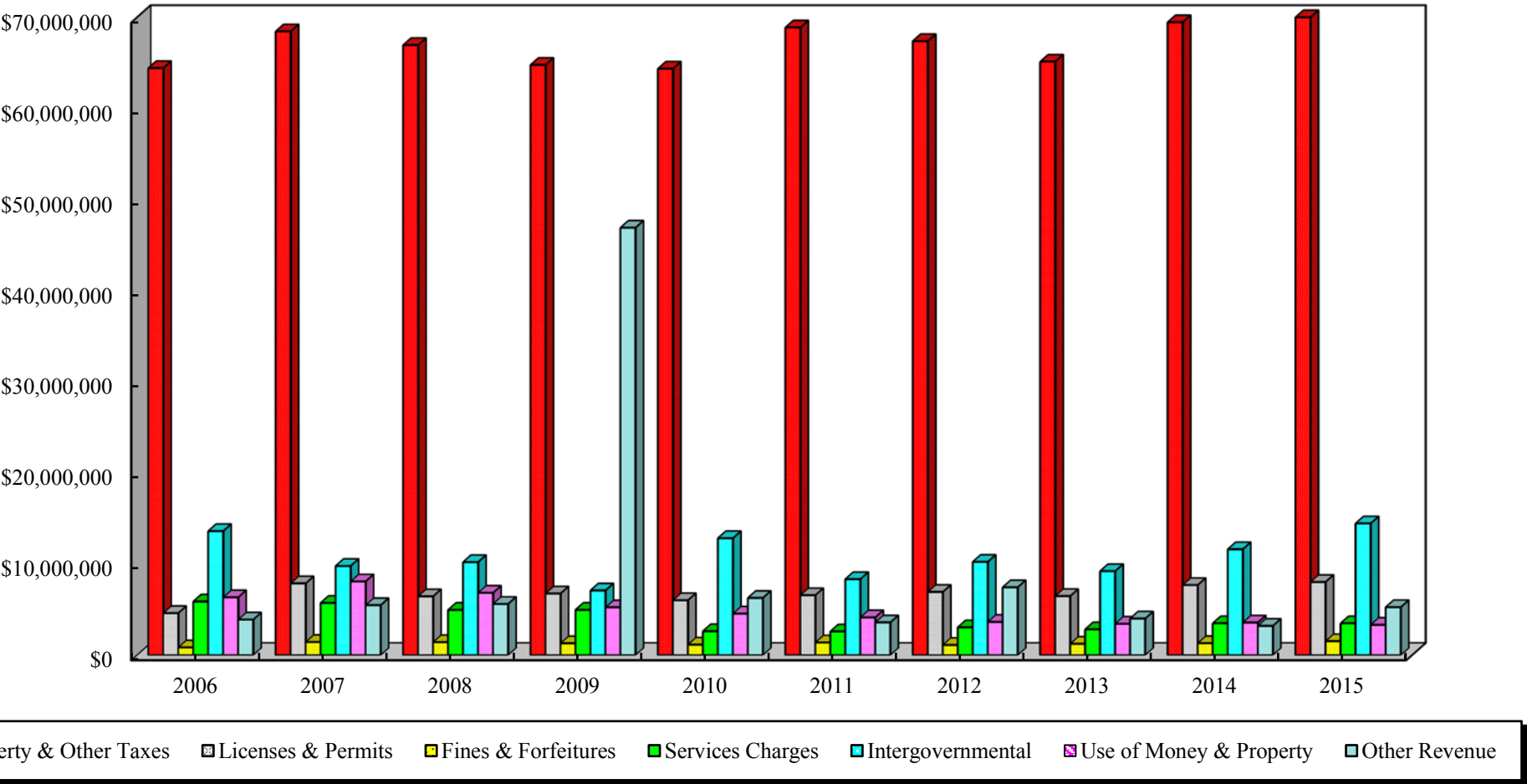
Source: City of San Leandro Finance Department

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

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund: | | | | | | | | | | |
| Reserved | \$ 19,835,830 | \$ 17,904,586 | \$ 18,149,255 | \$ 14,614,515 | \$ 13,730,510 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 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 | 10,147,160 | 13,849,630 |
| Restricted | - | - | - | - | - | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Assigned | - | - | - | - | - | 3,437,827 | 3,555,009 | 264,275 | 662,973 | 1,766,700 |
| Unassigned | - | - | - | - | - | 11,814,319 | 10,717,313 | 14,836,844 | 18,762,223 | 19,145,226 |
| Total General Fund | <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> | <u>29,622,356</u> | <u>34,811,556</u> |
| All other governmental funds: | | | | | | | | | | |
| Reserved | 20,344,382 | 21,797,518 | 20,775,067 | 33,916,323 | 21,700,213 | - | - | - | - | - |
| Unreserved, designated | 491,396 | - | - | - | - | - | - | - | - | - |
| Unreserved, undesignated, reported in: | | | | | | | | | | |
| Special revenue funds | 4,684,942 | 7,013,915 | 6,907,672 | 5,760,645 | 6,827,714 | - | - | - | - | - |
| Capital projects funds | - | 333,153 | 337,211 | 3,973,218 | 4,803,372 | - | - | - | - | - |
| Nonspendable | - | - | - | - | - | 2,475,000 | - | - | - | - |
| Restricted | - | - | - | - | - | 33,274,967 | 17,809,532 | 17,417,246 | 16,083,695 | 22,590,294 |
| Assigned | - | - | - | - | - | (948,387) | - | - | - | - |
| Unassigned | - | - | - | - | - | - | (132,601) | (1,646,590) | (1,712,654) | (1,383,668) |
| Total all other governmental funds | <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> | <u>\$ 14,371,041</u> | <u>\$ 21,206,626</u> |
| Total All Governmental Funds | <u>\$ 62,319,039</u> | <u>\$ 72,368,339</u> | <u>\$ 65,321,608</u> | <u>\$ 73,339,151</u> | <u>\$ 59,734,086</u> | <u>\$ 60,481,566</u> | <u>\$ 42,146,413</u> | <u>\$ 41,068,935</u> | <u>\$ 43,993,397</u> | <u>\$ 56,018,182</u> |

Notes: The City of San Leandro has elected to show only six fiscal years for this schedule.

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 | Intergovern-mental | Use of Money & Property | Other Revenue | Total |
|-------------|------------------------|--------------------|---------------------|-----------------|--------------------|-------------------------|---------------|-------------|
| 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 |
| 2014 | 69,453,813 | 7,700,470 | 1,302,814 | 3,492,225 | 11,640,820 | 3,582,413 | 3,215,110 | 100,387,665 |
| 2015 | 75,226,114 | 8,041,005 | 1,524,570 | 3,489,068 | 14,476,306 | 3,332,499 | 5,266,519 | 111,356,081 |

Source: City of San Leandro Comprehensive Annual Financial Report

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

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|-----------------|---------------|----------------|---------------|-----------------|---------------|---------------|----------------|---------------|---------------|
| Revenues: | | | | | | | | | | |
| Property and other taxes | \$ 64,418,048 | \$ 68,452,345 | \$ 66,945,559 | \$ 64,771,891 | \$ 64,359,726 | \$ 68,879,116 | \$ 67,388,968 | \$ 65,125,564 | \$ 69,453,813 | \$ 75,226,114 |
| Licenses and permits | 4,612,703 | 7,884,927 | 6,461,407 | 6,768,204 | 6,027,904 | 6,585,076 | 6,940,678 | 6,482,902 | 7,700,470 | 8,041,005 |
| Fines and forfeitures | 837,602 | 1,431,689 | 1,418,732 | 1,296,568 | 1,149,193 | 1,377,230 | 1,110,669 | 1,237,354 | 1,302,814 | 1,524,570 |
| Service charges | 5,885,823 | 5,732,825 | 4,965,783 | 4,977,492 | 2,627,851 | 2,593,610 | 3,051,084 | 2,830,649 | 3,492,225 | 3,489,068 |
| Intergovernmental | 13,635,816 | 9,798,718 | 10,224,260 | 7,106,997 | 12,853,697 | 8,351,105 | 10,246,859 | 9,233,120 | 11,640,820 | 14,476,306 |
| Use of money and property | 6,351,559 | 8,102,189 | 6,841,974 | 5,244,637 | 4,558,887 | 4,152,296 | 3,645,827 | 3,445,104 | 3,582,413 | 3,340,946 |
| Intergovernmental | 1,783,790 | 1,746,385 | 1,799,108 | 1,858,477 | 2,272,568 | 2,295,293 | 2,401,869 | 2,001,928 | 2,002,139 | 2,250,266 |
| Other | 2,117,855 | 3,734,825 | 3,824,523 | 5,542,756 | 4,012,703 | 1,294,092 | 5,054,650 | 2,009,829 | 1,212,971 | 3,007,806 |
| Total revenues | 99,643,196 | 106,883,903 | 102,481,346 | 97,567,022 | 97,862,529 | 95,527,818 | 99,840,604 | 92,366,450 | 100,387,665 | 111,356,081 |
| Expenditures: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 10,242,278 | 10,027,035 | 10,996,927 | 10,866,088 | 10,353,861 | 9,684,293 | 9,943,871 | 12,993,178 | 11,350,118 | 11,720,994 |
| Public safety | 39,807,817 | 41,571,598 | 44,084,646 | 45,409,707 | 45,420,060 | 43,727,641 | 68,789,652 | 46,437,960 | 46,983,838 | 49,441,422 |
| Engineering and transportation | 15,798,762 | 12,329,183 | 16,521,818 | 15,641,026 | 18,203,786 | 12,231,307 | 9,778,421 | 14,550,085 | 19,310,489 | 17,905,896 |
| Recreation and culture | 19,367,598 | 15,968,022 | 15,408,155 | 12,100,517 | 9,854,633 | 9,560,878 | 8,373,427 | 10,274,496 | 10,244,659 | 10,481,528 |
| Community development | 12,120,215 | 9,528,638 | 16,002,716 | 27,126,823 | 24,397,598 | 11,342,937 | 9,236,773 | 4,311,194 | 5,138,376 | 5,708,945 |
| Capital Outlay | 6,952,452 | 1,781,883 | 232,636 | - | - | - | 5,763,826 | - | - | - |
| Debt service: | | | | | | | | | - | - |
| Principal | 2,959,219 | 2,150,594 | 2,610,861 | 3,372,481 | 3,305,968 | 3,175,797 | 3,511,866 | 1,577,051 | 2,271,828 | 2,524,833 |
| Interest and fees | 3,947,868 | 4,403,856 | 3,448,347 | 4,917,152 | 4,578,463 | 4,247,973 | 3,043,070 | 2,605,761 | 2,163,895 | 2,299,286 |
| Total expenditures | 111,196,209 | 97,760,809 | 109,306,106 | 119,433,794 | 116,114,369 | 93,970,826 | 118,440,906 | 92,749,725 | 97,463,203 | 100,082,904 |
| Excess (deficiency of revenues over (under) expenditures | (11,553,013) | 9,123,094 | (6,824,760) | (21,866,772) | (18,251,840) | 1,556,992 | (18,600,302) | (383,275) | 2,924,462 | 11,273,177 |
| Other financing Sources (uses): | | | | | | | | | | |
| Issuance of capital lease | - | - | - | - | - | - | - | - | - | - |
| Proceeds from refunding of bonds | - | 23,425,000 | - | - | - | - | - | (9,817,009) | - | - |
| Payment to refunded bonds escrows agents | - | (24,731,033) | - | - | - | - | - | - | - | - |
| Transfers in | 3,240,998 | 4,693,117 | 5,895,216 | 11,774,023 | 8,598,106 | 8,290,220 | 6,029,970 | 577,000 | 776,000 | 2,604,156 |
| Transfers out | (3,309,159) | (4,405,832) | (6,117,186) | (9,615,363) | (6,913,048) | (9,099,736) | (5,775,621) | (1,606,599) | (776,000) | (2,604,156) |
| 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) | (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 | \$ (10,241,393) | \$ 10,049,300 | \$ (7,046,730) | \$ 8,017,543 | \$ (13,605,065) | \$ 747,476 | \$ (40,953) | \$ (1,077,478) | \$ 2,924,462 | \$ 11,273,177 |
| Debt Services as a percentage of noncapital expenditures | 6.62% | 9.39% | 6.14% | 7.40% | 7.37% | 9.29% | 5.64% | 4.81% | 4.78% | 4.83% |

REVENUE CAPACITY

These schedules contain information to help the reader assess the city's most significant local revenue sources, sales tax and property tax.

Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years

Assessed Value of Taxable Property - Last Ten Fiscal Years

Net Assessed Value of Property by Use Code, Citywide - Last Fiscal Year

Principal Property Tax Payers - Current Year and Nine Years Ago

Property Tax Levies and Collections - Last Ten Fiscal Years

Historical Sales Tax Amount by Benchmark Year - Last Ten Calendar Years at Quarter 1 (Q1)

Principal Sales Tax Producers - Last Fiscal Year and Nine Years Ago

Sewer Rates - Last Ten Fiscal Years



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

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total Basic Levy | 1.000000 | 1.000000 | 1.000000 | 1.000000 | 1.000000 | 1.000000 | 1.000000 | 1.000000 | 1.000000 | 1.000000 |
| Override Assessments | | | | | | | | | | |
| San Leandro Unified School Bond | 0.035800 | 0.076700 | 0.076700 | 0.069900 | 0.077100 | 0.089700 | 0.110800 | 0.108500 | 0.118800 | 0.131000 |
| Chabot-Las Positas College Bond | 0.015800 | 0.016400 | 0.016400 | 0.018300 | 0.019500 | 0.021100 | 0.021400 | 0.021900 | 0.021400 | 0.021700 |
| Bay Area Rapid Transit | 0.005700 | 0.008000 | 0.008000 | 0.010000 | 0.010800 | 0.008400 | 0.007100 | 0.005100 | 0.007500 | 0.004500 |
| East Bay Regional Park | 0.004800 | 0.007600 | 0.007600 | 0.009000 | 0.005700 | 0.003100 | 0.004100 | 0.004300 | 0.007800 | 0.008500 |
| Total Override Rate | 0.062100 | 0.108700 | 0.108700 | 0.107200 | 0.113100 | 0.122300 | 0.143400 | 0.139800 | 0.155500 | 0.165700 |
| Total Tax Rate | <u>1.062100</u> | <u>1.108700</u> | <u>1.108700</u> | <u>1.107200</u> | <u>1.113100</u> | <u>1.122300</u> | <u>1.143400</u> | <u>1.139800</u> | <u>1.155500</u> | <u>1.165700</u> |

Source: County Auditor/Controller data, MuniServices, LLC

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

| Fiscal Year Ended June 30 | City (Excl Successor Agency) | | | | Successor Agency | | | | City Wide | | | |
|------------------------------|------------------------------|-----------------------|---------------------|------------------------------|---------------------|-----------------------|---------------------|---------------------------|------------------------|---------------------------|--|---|
| | Secured Property | Unsecured Property | Less: Exemptions | Taxable Assessed Value | Secured Property | Unsecured Property | Less: Exemptions | Taxable Assessed Value | Total Tax Rate (1) | Taxable Assessed Value | Estimated Actual Taxable Value (2) | Factor of Taxable Assessed Value (2) |
| 2006 | 4,482,963 | 180,377 | 118,708 | 4,544,632 | 2,738,684 | 346,422 | 63,818 | 3,021,288 | - | 7,565,920 | - | - |
| 2007 | 4,849,327 | 180,440 | 127,278 | 4,902,489 | 2,902,768 | 357,620 | 73,877 | 3,186,511 | - | 8,089,000 | - | - |
| 2008 | 5,315,843 | 180,678 | 128,085 | 5,368,436 | 3,174,542 | 396,648 | 65,057 | 3,506,133 | - | 8,874,569 | - | - |
| 2009 | 5,728,648 | 142,161 | 113,699 | 5,757,110 | 3,337,069 | 396,034 | 66,847 | 3,666,256 | - | 9,423,366 | - | - |
| 2010 | 5,659,301 | 162,942 | 120,044 | 5,702,199 | 3,593,007 | 393,869 | 87,613 | 3,899,263 | - | 9,601,462 | - | - |
| 2011 | 5,502,600 | 175,345 | 108,033 | 5,569,912 | 3,599,645 | 395,243 | 110,812 | 3,884,076 | 1.1223 | 9,453,988 | - | - |
| 2012 | 5,540,713 | 126,353 | 15,376 | 5,651,690 | 3,568,829 | 406,084 | 208,631 | 3,766,282 | 1.1434 | 9,417,972 | - | - |
| 2013 | 6,015,787 | 147,948 | 113,086 | 6,050,649 | 3,570,284 | 382,532 | 123,831 | 3,828,985 | 1.1398 | 9,879,634 | - | - |
| 2014 | 5,899,077 | 153,300 | 183,511 | 5,868,866 | 4,365,737 | 359,508 | 139,085 | 4,586,160 | 1.1555 | 10,455,026 | - | - |
| 2015 | 6,310,548 | 152,421 | 196,657 | 6,266,312 | 4,694,159 | 367,800 | 907,973 | 4,153,986 | 1.1657 | 10,420,298 | 13,808,666 | 1.32517 |

Source: County Assessor Data, MuniServices, LLC
Source: 2010-11 and prior, previously published CAFR Report
Table has been restated from previous years to show city and successor agency values exclusively
Secured Property does not includes state unitary value

Notes:
(-) Data Unavailable
(1) Total direct tax rate is represented by TRA 10-001
(2)Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices.
Based on these calculations a multiplier value was extrapolated and applied to current assessed values.

City of San Leandro
Net Assessed Value of Property by Use Code, Citywide
Last Fiscal Year

| Category | FY 2015 |
|--------------------|----------------|
| Commercial | 1,209,308,122 |
| Industrial | 1,880,868,885 |
| Institution | 73,559,337 |
| Public | 0 |
| Recreation | 4,150,737 |
| Residential | 6,919,186,067 |
| Unknown | 18,765,076 |
| Vacant | 898,869,215 |
| Unitary | 1,723,832 |
| | <hr/> |
| Net Secured Value | 11,006,431,271 |
| | <hr/> |
| Unsecured | 520,220,776 |
| Exemptions | 1,104,629,751 |
| | <hr/> |
| Net Assessed Value | 10,422,022,296 |
| | <hr/> |

Source: County Assessor data, MuniServices, LLC

Use code categories are based on County Assessor's data

Note: This is a new schedule for the current CAFR.

City of San Leandro
Principal Property Tax Payers
June 30, 2015
Current Fiscal Year and Nine Years Ago

| Taxpayer | 2015 | | | 2006 | | |
|----------------------------------|------|--------------------|--|------|--------------------|--|
| | Rank | Taxable Value (\$) | Percent of Total City Taxable Value (%) | Rank | Taxable Value (\$) | Percent of Total City Taxable Value (%) |
| Ghirardelli Chocolate Company | 1 | 203,078,416 | 1.95% | 2 | 70,198,153 | 0.87% |
| ProLogis | 2 | 177,434,881 | 1.70% | 15 | 23,995,133 | 0.30% |
| BCI Coca Cola Bottling Co | 3 | 135,124,042 | 1.30% | 5 | 55,558,093 | 0.69% |
| Safeway Inc. | 4 | 96,654,586 | 0.93% | 11 | 28,544,525 | 0.35% |
| Madison Bay Fair LLC | 5 | 79,808,198 | 0.77% | | | |
| Georgia Pacific Corrugated LLC | 6 | 78,571,162 | 0.75% | 8 | 33,706,878 | 0.42% |
| Kaiser Foundation Hospitals | 7 | 78,291,034 | 0.75% | | | |
| General Foods Corp | 8 | 69,234,447 | 0.66% | 24 | 16,273,900 | 0.20% |
| Waste Mgmt Of Alameda County | 9 | 53,803,184 | 0.52% | 20 | 19,524,632 | 0.24% |
| SKB Westgate Investments LLC | 10 | 49,417,641 | 0.47% | 17 | 20,657,286 | 0.26% |
| Creekside Plaza Partners LLC | 11 | 43,594,448 | 0.42% | | | |
| Maxwell House Div | 12 | 41,812,135 | 0.40% | | | |
| Gateway Buena Park Inc. | 13 | 37,337,757 | 0.36% | 10 | 32,837,138 | 0.41% |
| Emerald Properties | 14 | 30,674,785 | 0.29% | 12 | 27,121,244 | 0.34% |
| World Savings Loan Assoc | 15 | 30,284,070 | 0.29% | 16 | 21,375,843 | 0.26% |
| BRCP San Leandro Industrial LI | 16 | 29,413,024 | 0.28% | | | |
| FPA Woodchase Assoc LP | 17 | 29,054,490 | 0.28% | | | |
| Ktr Bay East Iv LLC | 18 | 28,150,000 | 0.27% | | | |
| Bigge Crane Rigging Company | 19 | 28,084,784 | 0.27% | | | |
| Batarse Anthony A Jr | 20 | 27,048,215 | 0.26% | 1 | 119,479,820 | 1.48% |
| LBA Cpt Industrial Co II LLC | 21 | 26,806,148 | 0.26% | | | |
| PLP Partners LP Wells Fargo Bank | 22 | 26,512,341 | 0.25% | | | |
| Peterson Power Systems Inc. | 23 | 26,429,056 | 0.25% | 3 | 63,322,892 | 0.78% |
| Pk I Fashion Faire Place LP | 24 | 25,050,000 | 0.24% | | | |
| Heritage Gateway LP | 25 | 23,505,516 | 0.23% | | | |
| Bay Fair Dev Llc | | | | 4 | 57,139,498 | 0.71% |
| Fairfield Timbers Lp | | | | 6 | 49,715,025 | 0.61% |
| Lakeside Village Assoc | | | | 7 | 46,793,435 | 0.58% |
| Wri Greenhouse L P | | | | 9 | 33,193,082 | 0.41% |
| Heritage Assoc LLC | | | | 13 | 24,518,089 | 0.30% |
| Acco Engineered Systems Inc. | | | | 14 | 24,317,636 | 0.30% |
| Build CA QRS 12 24 Inc. | | | | 18 | 19,832,268 | 0.25% |
| San Leandro Industrial Propert | | | | 19 | 19,528,908 | 0.24% |
| Lucky Stores Inc. | | | | 21 | 18,225,751 | 0.23% |
| Price Co | | | | 22 | 18,134,510 | 0.22% |
| Olson Properties Lp | | | | 23 | 17,242,444 | 0.21% |
| Sullivan John J Mary T | | | | 25 | 15,859,554 | 0.20% |
| Total Top 25 Taxpayers | | 1,475,174,360 | 14.16% | | 877,095,737 | 10.84% |
| Total Taxable Value | | 10,420,298,464 | 100.00% | | 8,088,999,659 | 100.00% |

Source: County Assessor data, MuniServices, LLC

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 |
| 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% |
| 2014 | 10,732,261 | 10,338,768 | 96.33% | 177,313 | 289,806 | 10,805,887 | 100.69% |
| 2015 | 10,630,839 | 10,250,071 | 96.42% | 158,636 | 337,278 | 10,745,985 | 101.08% |

Source: Alameda County Auditor-Controller's Office

City of San Leandro
Historical Sales Tax Amount by Benchmark Year
Last Ten Fiscal Years at Quarter 1 (Q1)
(In Thousands)

| | 2006 Q1 | 2007 Q1 | 2008 Q1 | 2009 Q1 | 2010 Q1 | 2011 Q1 | 2012 Q1 | 2013 Q1 | 2014 Q1 | 2015 Q1 |
|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| All Other Outlets | 6,756,511 | 7,300,578 | 6,812,691 | 5,828,207 | 4,838,382 | 4,959,468 | 5,628,376 | 5,838,162 | 6,456,661 | 8,568,716 |
| Apparel Stores | 930,058 | 1,033,651 | 1,047,896 | 1,085,789 | 1,058,216 | 1,183,930 | 1,264,994 | 1,380,060 | 1,446,611 | 1,488,093 |
| Auto Dealers & Auto | 2,865,197 | 2,675,387 | 2,348,285 | 1,964,037 | 1,869,949 | 2,013,466 | 2,369,915 | 2,546,983 | 2,936,212 | 3,143,375 |
| Bldg. Matrl. & Farm | 1,547,108 | 1,431,536 | 1,363,269 | 1,205,566 | 1,045,565 | 1,047,103 | 1,114,805 | 1,234,267 | 1,391,265 | 1,458,929 |
| Drug Stores | 241,258 | 264,045 | 245,245 | 249,938 | 238,200 | 226,615 | 224,407 | 219,551 | 229,323 | 231,077 |
| Eating & Drinking Pl | 989,260 | 1,060,022 | 1,114,149 | 1,157,493 | 1,098,974 | 1,117,200 | 1,181,432 | 1,245,697 | 1,421,799 | 1,536,036 |
| Food Stores | 487,542 | 503,900 | 530,598 | 497,971 | 446,555 | 444,322 | 459,691 | 478,422 | 487,667 | 514,038 |
| General Merchandise | 3,431,620 | 3,362,532 | 3,147,663 | 3,099,108 | 3,195,086 | 3,135,646 | 3,151,291 | 3,212,985 | 3,194,065 | 3,238,271 |
| Home Furnishings & A | 378,030 | 351,434 | 334,679 | 270,342 | 281,758 | 281,751 | 342,359 | 354,984 | 363,863 | 347,800 |
| Other Retail Stores | 1,328,167 | 1,363,722 | 1,364,957 | 1,249,039 | 1,127,522 | 1,197,236 | 1,240,499 | 1,264,344 | 1,339,502 | 1,367,210 |
| Packaged Liquor Stor | 65,265 | 64,347 | 69,082 | 77,733 | 64,919 | 61,387 | 69,791 | 73,406 | 107,545 | 128,426 |
| Service Station | 907,356 | 979,800 | 1,103,296 | 1,009,244 | 913,781 | 1,067,870 | 1,364,271 | 1,288,416 | 1,266,340 | 1,239,128 |
| TOTAL | 19,927,372 | 20,390,954 | 19,481,810 | 17,694,467 | 16,178,907 | 16,735,994 | 18,411,831 | 19,137,277 | 20,640,853 | 23,261,099 |

Source: State Board of Equalization (BOE) data, MuniServices, LLC

City of San Leandro
Principal Sales Tax Producers
Last Fiscal Year and Nine Years Ago

| FY 2015 | |
|---------------------------------|----------------------|
| Taxpayer | Business Type |
| Allied Building Products | Bldg.Matls-Whsle |
| Autocom Nissan East Bay | Auto Sales - New |
| Costco Wholesale | Department Stores |
| Cummins Pacific | Heavy Industry |
| Enterprise Car Sales | Auto Sales - Used |
| F.H. Dailey Chevrolet | Auto Sales - New |
| Home Depot | Bldg.Matls-Retail |
| Macy's Department Store | Department Stores |
| Nike Clearance Store | Apparel Stores |
| Norcal Kenworth | Auto Parts/Repair |
| Nordstrom Rack | Apparel Stores |
| Onesource Supply Solutions | Electronic Equipment |
| Peterson Power Systems | Heavy Industry |
| Peterson Tractor | Heavy Industry |
| Peterson Trucks | Auto Parts/Repair |
| Rexel | Electronic Equipment |
| Ross Stores | Apparel Stores |
| Royal Whole Sale Electric | Bldg.Matls-Whsle |
| Safeway Stores | Food Markets |
| San Leandro Chrysler Jeep Dodge | Auto Sales - New |
| San Leandro Honda | Auto Sales - New |
| Target Stores | Department Stores |
| The Ford Store | Auto Sales - New |
| Wal Mart Stores | Department Stores |
| Western States Oil | Energy Sales |

| FY 2006 | |
|------------------------------|----------------------|
| Taxpayer | Business Type |
| ABB Con Cise Optical Group | Light Industry |
| Acoustical Material Services | Bldg.Matls-Whsle |
| Costco Wholesale | Department Stores |
| Cummins West | Heavy Industry |
| Enterprise Rent-A-Car | Leasing |
| F.H. Dailey Chevrolet | Auto Sales - New |
| Home Depot | Bldg.Matls-Retail |
| K Mart Stores | Department Stores |
| Macy'S Department Store | Department Stores |
| Marina Square Auto Center | Auto Sales - New |
| Norcraft Companies | Bldg.Matls-Whsle |
| Nordstrom Rack | Apparel Stores |
| Peterson Power Systems | Heavy Industry |
| Peterson Tractor | Heavy Industry |
| Rexel | Electronic Equipment |
| Ross Stores | Apparel Stores |
| Safeway Stores | Food Markets |
| San Leandro Honda | Auto Sales - New |
| Target Stores | Department Stores |
| The Ford Store | Auto Sales - New |
| US Air Conditioning Distr | Bldg.Matls-Whsle |
| Wal Mart Stores | Department Stores |
| Western States Oil | Energy Sales |
| White Cap Industries | Bldg.Matls-Whsle |
| White GMC Truck Center | Auto Sales - New |

Source: State Board of Equalization (BOE) data, MuniServices, LLC

City of San Leandro
Sewer Rates
Last Ten Fiscal Years

| Fiscal Year | Sewer | | Non-Residential | | |
|----------------|------------------|------------------|-----------------|---------------|--|
| | Single Family | Multi- Family | Commercial | Institutional | |
| 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 | |
| 2014 | 32.27 | 22.90 | 3.55 - 7.45 | 2.92 | |
| 2015 | 33.07 | 23.54 | 3.65 - 7.66 | 3.00 | |

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

Source: City of San Leandro Public Works Department and Master Fee Schedule

DEBT CAPACITY

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

Direct and Overlapping Debt - As of June 30, 2015

Pledged-Revenue Coverage - Last Ten Fiscal Years

Computation of Legal Debt Margin - Last Ten Fiscal Years

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years



City of San Leandro
Direct and Overlapping Debt
As of June 30, 2015

2014-15 Assessed Valuation \$ 10,524,398,911

| | Total Debt 6/30/2015 | % Applicable (1) | City's Share of Debt 6/30/15 |
|---|-------------------------|------------------|---------------------------------|
| <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | | | |
| Bay Area Rapid Transit District | \$630,795,000 | 1.877% | \$11,840,022 |
| Chabot-Las Positas Community College District | 426,226,042 | 10.849 | 46,241,263 |
| San Leandro Unified School District | 193,263,582 | 90.879 | 175,636,011 |
| San Lorenzo Unified School District | 111,100,000 | 22.199 | 24,663,089 |
| East Bay Municipal Utility District, Special District No. 1 | 10,910,000 | 0.011 | 1,200 |
| East Bay Regional Park District | 176,790,000 | 2.881 | 5,093,320 |
| City of San Leandro Cherrywood Community Facilities District | 3,440,000 | 100.000 | 3,440,000 |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT | | | \$ 266,914,905 |
| <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u> | | | |
| Alameda County General Fund Obligations | \$869,204,500 | 4.77% | \$41,487,131 |
| Alameda County Pension Obligation Bonds | 67,164,225 | 4.773 | 3,205,748 |
| Alameda-Contra Costa Transit District Certificates of Participation | 24,790,000 | 5.659 | 1,402,866 |
| San Leandro Unified School District Certificates of Participation | 5,130,000 | 90.879 | 4,662,093 |
| San Lorenzo Unified School District Certificates of Participation | 8,485,000 | 22.199 | 1,883,585 |
| City of San Leandro General Fund Obligations | 26,208,000 | 100.000 | 26,208,000 |
| City of San Leandro Pension Obligation Bonds | 15,555,000 | 100.000 | 15,555,000 |
| TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT | | | \$ 94,404,423 |
| <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u> | | | |
| San Leandro Tax Allocation Bonds | \$13,997,000 | 100.00% | \$13,997,000 |
| Alameda County – San Leandro Tax Allocation Bonds | 24,645,000 | 56.989 | 14,044,939 |
| TOTAL OVERLAPPING TAX INCREMENT DEBT | | | \$28,041,939 |
| TOTAL DIRECT DEBT | | | \$ 41,763,000 |
| TOTAL OVERLAPPING DEBT | | | \$ 347,598,267 |
| COMBINED TOTAL DEBT | | | \$ 389,361,267 (2) |

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

| | |
|--|--------------|
| <u>Ratios to 2014-15 Assessed Valuation:</u> | |
| Total Overlapping Tax and Assessment Debt | 2.54% |
| Total Direct Debt (\$41,763,000) | 0.40% |
| Combined Total Debt | 3.70% |

| | |
|--|-------|
| <u>Ratios to Redevelopment Successor Agency Incremental Valuation (\$1,751,165,868):</u> | |
| Total Overlapping Tax Increment Debt | 1.60% |

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

| Fiscal Year | Special Assessment Bonds | | | Coverage |
|----------------|--------------------------------------|--------------|----------|----------|
| | Special Assessment Collections | Debt Service | | |
| | | Principal | Interest | |
| 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 | - | - | - | - |
| 2014 | - | - | - | - |
| 2015 | - | - | - | - |

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

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-------------------------------------|------------------------|-------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| Assessed Valuation: | | | | | | | | | | |
| Secured property assessed value | \$7,039,121,000 | \$ 7,550,940,000 | \$8,297,243,000 | \$8,885,171,000 | \$9,044,651,000 | \$8,883,400,000 | \$8,885,535,000 | \$ 9,349,154,000 | \$ 9,942,218,000 | \$ 9,900,077,000 |
| Addback: Exemptions | 182,526,000 | 201,155,000 | 193,142,000 | 180,546,000 | 207,657,000 | 218,845,000 | 224,007,000 | 236,917,000 | 322,596,000 | 1,104,630,000 |
| Total Assessed Valuation | <u>\$7,221,647,000</u> | <u>\$ 7,752,095,000</u> | <u>\$8,490,385,000</u> | <u>\$9,065,717,000</u> | <u>\$9,252,308,000</u> | <u>\$9,102,245,000</u> | <u>\$9,109,542,000</u> | <u>\$ 9,586,071,000</u> | <u>\$10,264,814,000</u> | <u>\$11,004,707,000</u> |
| | | | | | | | | | | |
| Bonded debt (15% of Assessed Value) | \$1,083,247,050 | \$ 1,162,814,250 | \$1,273,557,750 | \$1,359,857,550 | \$1,387,846,200 | \$1,365,336,750 | \$1,366,431,300 | \$ 1,437,910,650 | \$ 1,539,722,100 | \$ 1,650,706,050 |
| Total Bonded Debt | 68,926,350 | 66,215,025 | 63,802,461 | 88,653,126 | 87,662,234 | 84,549,436 | 99,120,825 | 46,698,820 | 44,557,992 | 42,478,441 |
| Less: | | | | | | | | | | |
| Special assessment bonds | (565,000) | (435,000) | (300,000) | (155,000) | - | - | - | - | - | - |
| Certificates of Participation | (40,245,000) | (39,085,000) | (38,015,000) | (36,860,000) | (35,660,000) | (34,420,000) | (29,515,000) | (19,250,000) | (18,445,000) | (17,605,000) |
| Capital Leases | <u>(2,609,740)</u> | <u>(2,155,005)</u> | <u>(1,683,455)</u> | <u>(1,237,267)</u> | <u>(1,238,241)</u> | <u>(772,883)</u> | <u>(287,790)</u> | <u>(980,820)</u> | <u>(694,992)</u> | <u>(715,441)</u> |
| Amount of Debt subject to Limit | 25,506,610 | 24,540,020 | 23,804,006 | 50,400,859 | 50,763,993 | 49,356,553 | 69,318,035 | 26,468,000 | 25,418,000 | 24,158,000 |
| | | | | | | | | | | |
| Legal Debt Margin | <u>\$1,057,740,440</u> | <u>\$ 1,138,274,230</u> | <u>\$1,249,753,744</u> | <u>\$1,309,456,691</u> | <u>\$1,337,082,207</u> | <u>\$1,315,980,197</u> | <u>\$1,297,113,265</u> | <u>\$ 1,411,442,650</u> | <u>\$ 1,514,304,100</u> | <u>\$ 1,626,548,050</u> |

Prior periods restated from previous CAFRs.

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
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year Ended | Total of Personal Income | Population | Governmental Activities | | | | | | | | Business-Type Activity | | | Total Government-Wide | | |
|----------------------|-----------------------------|------------|----------------------------|--------------------------------|---|-------------------|---------------|----------------------------|----------------------------|-----------------------|------------------------------------|----------------------------|-----------------------|----------------------------------|----------------------------|-----------------------|
| | | | Tax Allocation Bonds | Pension Obligation Bonds | CFDs, COPs, and Lease Revenue Bonds (1) | Capital Leases | Other Debt | Total Governmental Debt | % of Personal Income | Debt per Capita | Total Business-Type Debt (2) | % of Personal Income | Debt per Capita | Total Government-Wide Debt | % of Personal Income | Debt per Capita |
| 2006 | 4,823,308,800 | 80,928 | 20,815,000 | - | 40,810,000 | 2,609,740 | 6,130,611 | 70,365,351 | 1.46% | 869.48 | 3,262,354 | 0.07% | 40.31 | 44,072,354 | 0.91% | 544.59 |
| 2007 | 5,038,926,000 | 81,273 | 20,485,000 | - | 39,520,000 | 2,155,005 | 5,301,021 | 67,461,026 | 1.34% | 830.05 | 3,116,239 | 0.06% | 38.34 | 42,636,239 | 0.85% | 524.61 |
| 2008 | 5,115,687,500 | 81,851 | 20,140,000 | - | 38,315,000 | 1,683,458 | 4,661,707 | 64,800,165 | 1.27% | 791.68 | 2,963,509 | 0.06% | 36.21 | 41,278,509 | 0.81% | 504.31 |
| 2009 | 4,750,387,200 | 82,472 | 47,050,000 | - | 37,015,000 | 1,237,265 | 5,826,219 | 91,128,484 | 1.92% | 1,104.96 | 2,803,948 | 0.06% | 34.00 | 39,818,948 | 0.84% | 482.82 |
| 2010 | 4,932,751,900 | 83,183 | 46,075,000 | - | 35,660,000 | 1,238,241 | 7,810,992 | 90,784,233 | 1.84% | 1,091.38 | 2,637,207 | 0.05% | 31.70 | 38,297,207 | 0.78% | 460.40 |
| 2011 | 5,248,658,550 | 85,490 | 44,920,000 | - | 34,420,000 | 772,883 | 7,495,553 | 87,608,436 | 1.67% | 1,024.78 | 2,462,962 | 0.05% | 28.81 | 36,882,962 | 0.70% | 431.43 |
| 2012 | 5,159,811,699 | 85,941 | - | 18,305,000 | 29,515,000 | 287,790 | 2,865,000 | 50,972,790 | 0.99% | 593.11 | 8,979,154 | 0.17% | 104.48 | 38,494,154 | 0.75% | 447.91 |
| 2013 | 5,310,979,146 | 86,666 | - | 17,585,000 | 28,133,000 | 980,820 | 2,238,000 | 48,936,820 | 0.92% | 564.66 | 23,426,651 | 0.44% | 270.31 | 51,559,651 | 0.97% | 594.92 |
| 2014 | 5,545,682,831 | 89,189 | - | 16,675,000 | 27,188,000 | 694,992 | 2,107,000 | 46,664,992 | 0.84% | 523.21 | 37,914,665 | 0.68% | 425.10 | 65,102,665 | 1.17% | 729.94 |
| 2015 | 5,524,820,829 | 88,441 | - | 15,555,000 | 26,208,000 | 715,441 | 1,976,000 | 44,454,441 | 0.80% | 502.65 | 42,092,468 | 0.76% | 475.94 | 68,300,468 | 1.24% | 772.27 |

Note:
 (1) CFDs - Community Facility District; COPs - Certificate of Participation.
 (1) Business-type Activity Debt includes a Marina Note and a State Water Resources Control Board Loan (as of FY 2012).

Sources:
 (a) Taxable value of property provided by the Alameda County Tax Collector.
 (b) Population Projections are provided by the California Department of Finance Projections.
 (c) All other information provided by the City of San Leandro.

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Demographic and Economic Statistics - Last Ten Fiscal Years

Principal Employers - Current Year and Nine Years Ago



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

| Fiscal Year | Population (1) | Personal Income (in thousands) (2) | Per Capita Personal Income (2) | Median Age | Public School Enrollment (3) | Median Home Price | Consumer Price Index | City Unemployment Rate (4) |
|--------------------|-----------------------|--|---|-------------------|---|------------------------------|---------------------------------|---|
| 2006 | 80,928 | 4,823,309 | 59,600 | 37.7 | 8,724 | 552,500 | 209.100 | 4.6% |
| 2007 | 81,273 | 5,038,926 | 62,000 | 36.7 | 8,729 | 477,500 | 216.120 | 5.0% |
| 2008 | 81,851 | 5,115,688 | 62,500 | 37.7 | 8,722 | 363,000 | 225.180 | 6.9% |
| 2009 | 82,472 | 4,750,387 | 57,600 | 38.0 | 8,855 | 305,000 | 225.692 | 10.3% |
| 2010 | 83,183 | 4,932,752 | 59,300 | 38.9 | 8,801 | 334,194 | 227.697 | 10.8% |
| 2011 | 85,490 | 5,248,659 | 61,395 | 39.5 | 9,000 | 309,800 | 232.082 | 10.0% |
| 2012 | 85,941 | 5,159,812 | 60,039 | 37.6 | 8,776 | 320,000 | 228.110 | 9.3% |
| 2013 | 86,666 | 5,310,979 | 61,281 | 39.1 | 8,769 | 400,000 | 245.935 | 7.4% |
| 2014 | 89,189 | 5,545,683 | 62,179 | 39.2 | 8,668 | 440,000 | 253.317 | 6.3% |
| 2015 | 88,441 | 5,524,821 | 62,469 | 39.2 | 8,617 | 510,000 | 238.654 | 4.8% |

Source: MuniServices, LLC, U.S. Census Bureau, 2010 American Community Survey.

Source: 2013-14 and prior, previous published CAFR

The California Department of Finance demographics estimates now incorporate 2010 Census counts as the benchmark. Therefore, the estimates for 2010 through 2012 published in this report might be noticeably different from the previous year estimates.

Notes:

- 1) Population Projections are provided by the California Department of Finance Projections.
- 2) Income Data is provided by the U.S. Census Bureau, 2010 American Community Survey. Income data has been restated from previous years.
- 3) Student Enrollment reflects the total number of students enrolled in the San Leandro Unified School District. Any other school districts within the City are not accounted for in this statistic.
- 4) Unemployment Data is provided by the EDD's Bureau of Labor Statistics Department.

City of San Leandro
Principal Employers
Current Year and Nine Years Ago

| Employer | 2015 | | | 2006 | | |
|-------------------------------------|------------------------|------|-----------------------------------|------------------------|------|-----------------------------------|
| | Number of Employees | Rank | Percent of Total Employment | Number of Employees | Rank | Percent of Total Employment |
| San Leandro Unified School District | 1,380 | 1 | 3.13% | 1,312 | 1 | 3.30% |
| Permanente Medical Group Inc. | 1,032 | 2 | 2.34% | | | |
| City of San Leandro | 582 | 3 | 1.32% | 476 | 4 | 1.20% |
| Ghirardelli Chocolate, Co. | 487 | 4 | 1.10% | 348 | 6 | 0.88% |
| San Leandro Hospital | 460 | 5 | 1.04% | 623 | 2 | 1.57% |
| OSI Soft, LLC | 364 | 6 | 0.83% | | | |
| Costco Wholesale | 358 | 7 | 0.81% | 316 | 9 | 0.80% |
| BCI Coca-Cola Bottling Co-Service | 325 | 8 | 0.74% | 342 | 7 | 0.86% |
| Wal - Mart Store 2648 | 323 | 9 | 0.73% | 415 | 5 | 1.04% |
| Paramedics Plus LLC | 295 | 10 | 0.67% | | | |
| Kindred Hopital-SF Bay Area | | | | 252 | 10 | 0.63% |
| World Mortgage Company | | | | 481 | 3 | 1.21% |
| American Medical Response | | | | 321 | 8 | 0.81% |

Source: City of San Leandro, San Leandro Unified School District
Source: California Employment Development Department

OPERATING INFORMATION

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

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

Operating Indicators by Function - Last Ten Fiscal Years

Capital Assets by Function - Last Ten Fiscal Years



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

| Function | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|------------------------------|------|------|------|------|------|------|------|------|------|------|
| General Government | 59 | 57 | 59 | 62 | 55 | 49 | 51 | 50 | 51 | 55 |
| Police | 142 | 141 | 147 | 150 | 142 | 133 | 136 | 136 | 139 | 139 |
| Engineering & Transportation | 31 | 30 | 29 | 30 | 30 | 25 | 25 | 27 | 27 | 27 |
| Development Services | 24 | 24 | 24 | 23 | 19 | 18 | 19 | 21 | 22 | 22 |
| Public Works Services | 123 | 118 | 120 | 122 | 113 | 104 | 103 | 102 | 101 | 102 |
| Other Agencies | 6 | 8 | 9 | 8 | 9 | 8 | 8.5 | 0 | 0 | 0 |
| Library | 37 | 45 | 46 | 49 | 40 | 33 | 33 | 33 | 33 | 33 |
| Recreation & Human Services | 54 | 57 | 73 | 57 | 45 | 35 | 33 | 37 | 39 | 39 |
| Total | 476 | 480 | 507 | 501 | 453 | 405 | 409 | 406 | 412 | 417 |

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

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------------------|---------|---------|---------|---------|--------|--------|--------|--------|--------|---------|
| <u>Police Department:</u> | | | | | | | | | | |
| Arrests | 4,769 | 3,769 | 3,939 | 4,026 | 3,722 | 3,486 | 3,299 | 3,279 | 3,036 | 2,148 |
| <u>Building Department:</u> | | | | | | | | | | |
| Permits Issued | 4,014 | 2,791 | 3,569 | 2,541 | 2,507 | 2,446 | 2,503 | 2,564 | 2,624 | 1,961 |
| <u>Public Works Department:</u> | | | | | | | | | | |
| Street reconstruction (miles) | 1.70 | 0.68 | 5.59 | - | 2.34 | 0.55 | 1.39 | - | 1.35 | 0.26 |
| Street resurfacing (miles) | 2.56 | - | 4.44 | - | 2.72 | 4.00 | 8.68 | - | 17.94 | 5.39 |
| <u>Parks and Recreation:</u> | | | | | | | | | | |
| Number of registrants | 13,203 | 18,033 | 21,850 | 18,413 | 16,584 | 17,099 | 20,236 | 21,324 | 18,914 | 17,737 |
| Number of facility rentals | 542 | 602 | 746 | 752 | 705 | 1,190 | 1,282 | 1,999 | 2,656 | 3,830 |
| <u>Golf Course:</u> | | | | | | | | | | |
| Golf rounds played | 106,000 | 110,104 | 102,182 | 101,760 | 98,000 | 98,000 | 97,310 | 95,995 | 96,450 | 102,534 |

Notes:

Fire Services are contracted with the Alameda County Fire Department.

Building Department: Methodology changed in 2015 from issuing permits for each discipline to one consolidated permit per project.

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

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

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------------------------|-------|-------|-------|-------|-------|-------|------|------|------|------|
| <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 | 2 | 2 | 2 | 2 | 2 | 2 |
| <u>Public works:</u> | | | | | | | | | | |
| Streets (miles) | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 |
| Streetlights | 5,000 | 5,000 | 5,005 | 5,005 | 5,005 | 5,005 | 5005 | 5205 | 5205 | 5205 |
| Traffic signals | 8,500 | 8,500 | 8,600 | 8,600 | 8,600 | 8,600 | 8600 | 8650 | 8650 | 8650 |
| <u>Wastewater:</u> | | | | | | | | | | |
| Sanitary Sewer Lines (miles) | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| Storm Drainage Lines In the City (mil | 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 Department

