



Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2016

CITY OF SAN LEANDRO, CALIFORNIA

SIEMPRE VERDE PARK





CITY OF SAN LEANDRO, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

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, 2016

Table of Contents

INTRODUCTORY SECTION

Table of Contents	i
Letter of Transmittal	v
Government Finance Officers Association (GFOA) Award	xii
Principal Officers	xiii
Organizational Chart.....	xiv
Location Map	xv

FINANCIAL SECTION

Independent Auditors’ Report	1
Management’s Discussion and Analysis	5

Basic Financial Statements:

Government-Wide Financial Statements:	
Statement of Net Position	23
Statement of Activities and Changes in Net Position	24
Fund Financial Statements:	
Government Funds Financial Statements:	
Balance Sheet	30
Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position	31
Statement of Revenues, Expenditures and Changes in Fund Balances	32
Reconciliation of the Net Change in Fund Balances – Total Governmental Funds with the Statement of Activities.....	33
Proprietary Funds Financial Statements:	
Statement of Net Position	35
Statement of Revenues, Expenses and Changes in Fund Net Position	36
Statement of Cash Flows	37
Fiduciary Fund Financial Statement:	
Statement of Fiduciary Net Position	39
Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund – Statement of Changes in Fiduciary Net Position.....	40

CITY OF SAN LEANDRO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

Table of Contents

FINANCIAL SECTION (Continued)

Index to Notes to Basic Financial Statements	41
Notes to Basic Financial Statements	43

Required Supplementary Information:

Budget and Budgetary Accounting

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual General Fund	92
Schedule of Changes in the Net Pension Liability and Related Ratios.....	94
Schedule of Contributions – Miscellaneous Plan	95
Schedule of the Plan’s Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date	96
Schedule of Contributions – Safety Plan	97
Schedule of Funding Progress – Other Post Retirement Benefit Plan	98

Supplementary Information:

Major Governmental Fund:

Schedule of Revenues, Expenditures and Changes in Fund Balances –Budget and Actual – Capital Improvement Fund	101
---	-----

Non-Major Governmental Funds:

Combining Balance Sheet	106
Combining Statement of Revenue, Expenditures and Changes in Fund Balances	110
Schedule of Revenues, Expenditures and Changes in Fund Balances –Budget and Actual – Non-Major Funds.....	114

Non-Major Enterprise Funds:

Combining Statement of Net Position	138
Combining Statement of Revenues, Expenses, and Changes in Net Position	139
Combining Statement of Cash Flows	140

Internal Service Funds:

Combining Statement of Net Position	142
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	143
Combining Statement of Cash Flows	144

CITY OF SAN LEANDRO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

Table of Contents

FINANCIAL SECTION (Continued)

Fiduciary Fund Financial Statements:

Combining Statement of Fiduciary Net Position	146
Combining Statement of Changes in Assets and Liabilities – Agency Funds	147

STATISTICAL SECTION

Net Position by Component – Last Ten Fiscal Years	153
Changes in Net Position – Last Ten Fiscal Years	154
Program Revenues by Function/Program – Last Ten Fiscal Years	155
Fund Balance of Governmental Funds – Last Ten Fiscal Years	156
Changes in Fund Balance of Governmental Funds – Last Ten Fiscal Years	157
General Governmental Revenues by Source - Last Ten Fiscal Years	158
Direct and Overlapping Property Taxes – Last Ten Fiscal Years	161
Assesed Value of Taxable Property – Last Ten Fiscal Years	162
Net Assesed Value of Property by Use Code, Citywide – Last Ten Fiscal Years	163
Principal Property Tax Payers – Current Year and Ten Years Ago	164
Property Tax Levies and Collections – Last Ten Fiscal Years	165
Historical Sales Tax Amount by Benchmark Year – Last Ten Calendar Years at Quarter 1 (Q1).....	166
Principal Sales Tax Producers – Last Fiscal Year and Nine Years Ago	167
Sewer Rates – Last Ten Fiscal Years	168
Number of Permits and Valuation of Taxable Transactions – Last Ten Calendar Years	169
Direct and Overlapping Debt – As of June 30, 2016	173
Pledged-Revenue Coverage – Last Ten Fiscal Years	174
Computation of Legal Debt Margin – Last Ten Fiscal Years	175
Ratios of General Bonded Debt Outstanding.....	176
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	177
Demographic and Economic Statistics - Last Ten Fiscal Years	181
Principal Employers – Current Year and Ten Years Ago	182
Full-Time and Part-Time City Employees by Function – Last Ten Fiscal Years	185
Operating Indicators by Function – Last Ten Fiscal Years	186
Capital Asset Statistics by Function – Last Ten Fiscal Years	187





January 12, 2017

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, 2016. 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, 2016.

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, 2016 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, 2016 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 87,700 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, 2016, 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, 2016 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, current data indicate recovery, median home prices are \$540,000, nearing the median price at the 2006 peak. The unemployment rate is 5%.

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. The improving housing market, which represents 63% of the City's tax roll, led to a 6.4% growth in taxable assessed value for Fiscal year 2015-16. Lower interest rates have also boosted purchases of large ticket items, such as automobiles and home improvements, which boosted sales tax revenue by 28% in the City. With the passage of Measure HH (0.5% sales tax increase) effective April 1, 2015, the half-cent sales tax added \$10.4 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 2015-16 totaled \$12.5 million, a 4% decrease 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 2015-16 totaled \$1.7 million, a 17% decrease from the prior year.

While the City has implemented considerable expenditure/service reductions to balance its budget, it continues to face increased operating costs. For example, the City's contribution rates for employee pensions continue to rise due to prior portfolio losses and a change in actuarial assumptions by

CalPERS, with additional increases projected in future years. The City has offset some of these increases with staff reductions in recent years, and will be working with employee groups over the next couple of years to address this growing cost. Partially mitigating the double digit increases in annual CalPERS funding 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 55 in November 2016 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.

Unassigned Fund Balance in the General Fund equals \$29.4 million at June 30, 2016. However, it should be noted that most of the unassigned amounts are designated by the City Council for specific uses. The Unassigned Fund Balance is comprised of \$622,000 for Compensated Absences, \$5 million for Major Emergencies, \$1.2 million for Community Investment, \$3.1 million for Economic Uncertainty and \$19.5 million from other unassigned balance. In 2015-16, the Unassigned Fund Balance increased by \$10.2 million when compared to 2014-15.

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 2015-16 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 completed to upgrade the Plant, which was constructed in 1939. The Plant held an open house on April 11, 2016 to enable the public to learn about the completed project.

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. The first fully leased, 132,000 square feet and six level parking garage was opened in November 2016 by Westlake Development Partners and the first 115 units of the Marea Alta project is expected in the first quarter of 2017.

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 16.67% of General Fund operating expenditures (budgeted expenditures for the following year). Consequently, based on the General Fund's budgeted operating expenditures for 2016-17 the guideline requirement is approximately \$16 million.

The 2015-16 financial statements reflect Unassigned Fund Balance that total \$29.4 million. For the third 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, 2015. This was the 20th 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, Gregory Watson, Susan Nunes, Rita Gurule, 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, 2015

Executive Director/CEO

PRINCIPAL OFFICERS
CITY OF SAN LEANDRO
For Fiscal Year Ended June 30, 2016

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

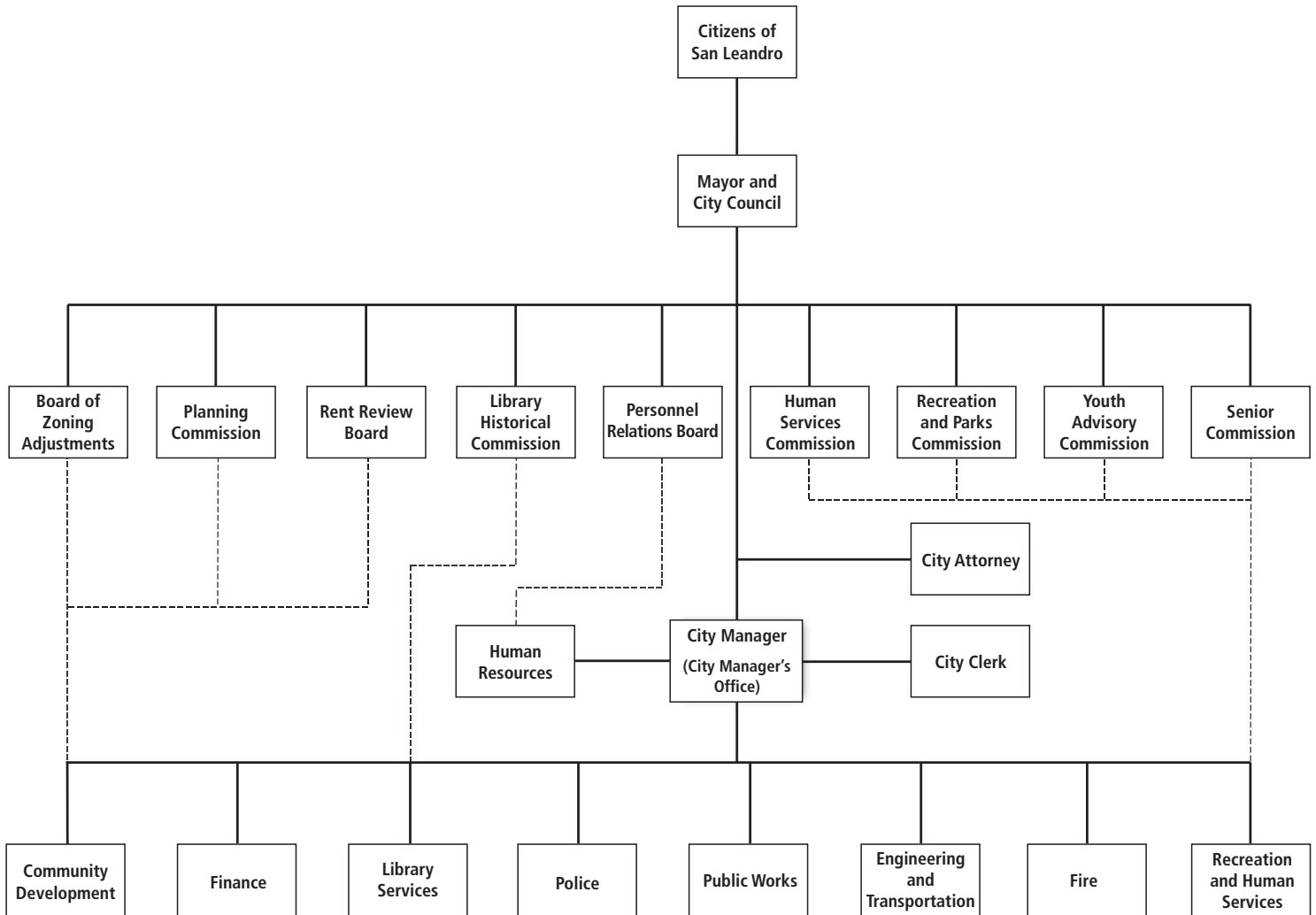
COUNCIL APPOINTEES

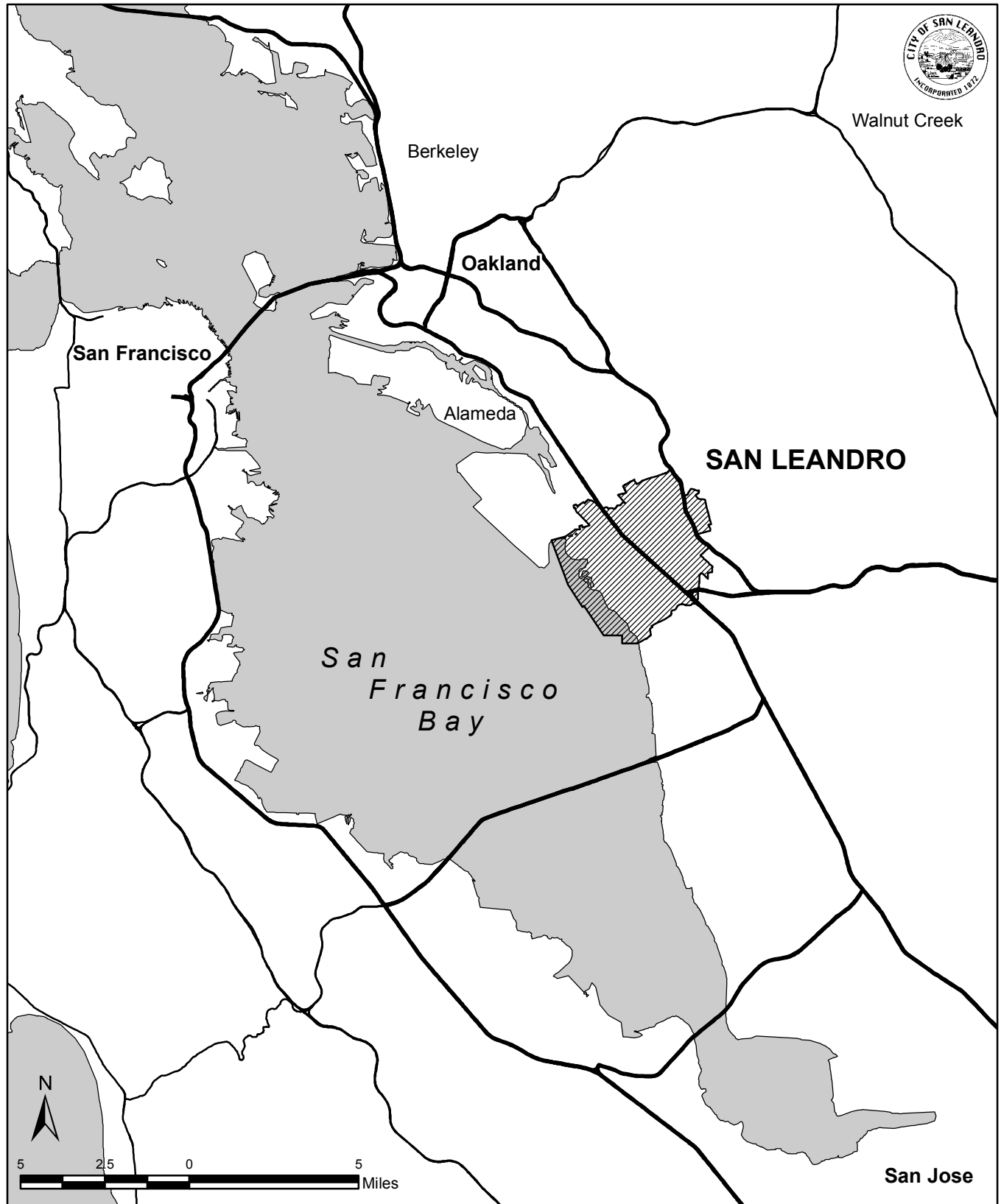
City Manager	Chris Zapata
City Attorney	Richard Pio Roda

APPOINTED OFFICIALS

Assistant City Manager (Acting)	Jeff Kay
City Clerk	Tamika Greenwood
Police Chief (Acting)	Jeff Tudor
Community Development Director	Cynthia Battenberg
Finance Director	David Baum
Recreation and Human Services Director	Jeanette Dong
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, 2016, 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, 2016 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 Statement, Statement No. 72 – *Fair Value Measurement and Valuation* which became effective during the year ended June 30, 2016, that requires modifications of the notes to the financial statements as discussed in Note 1N to the financial statements.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and 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 21, 2016 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 21, 2016



CITY OF SAN LEANDRO, CALIFORNIA
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

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, 2016. 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 \$194.9 million (net position). Of this amount, \$231.0 million was invested in capital assets. \$23.7 million is restricted for other purposes; leaving (\$59.7) million unrestricted. Unrestricted fund balance changed from (\$86.3) million at the end of FY 2014-15 to (\$59.7) million at the end of FY 2015-16; a change of \$26.6 million. This is mainly due to Assets and Deferred Outflows of Resources that were \$6.8 million higher at the end of FY 2015-16 than they were at the end of FY 2014-15, Liabilities and Deferred Inflow of Resources that were \$7.8 million less at the end of FY 2015-16 than they were at the end of FY 2014-15, Net Investments in Capital Assets that was \$14.5 million less at the end of FY 2015-16 than it was at the end of FY 2014-15, and Net Position Restricted for Engineering and Transportation that was \$2.4 million less at the end of FY 2015-16 than it was at the end of FY 2014-15.
- As of June 30, 2016, the City's total net position increased by \$14.6 million; representing a \$11.2 million increase in governmental activities and a \$3.4 million increase in Business Type activities.
- In FY 2015-16, per 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 9 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 \$70.7 million, an increase of \$14.7 million from the prior fiscal year. The increase is primarily due to the rise of \$11.5 million in Property and Other Taxes, \$554,000 in Licenses and Permits, \$691,000 in Use of Money and Property, and \$1.6 million in Other Revenues.
 - a) Approximately 20.3% of the amount (\$14.4 million) is Nonspendable because the funds are not available or spendable such as advances and loans to other funds.
 - b) Approximately 35.4% of the amount (\$25.0 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 4.4% of the amount (\$3.1 million) is Assigned which are General fund encumbrances from prior fiscal year and a reserve to fund anticipated Other Post Employment Benefits (OPEB) costs resulting from the City's contract for Fire Services with Alameda County.

- d) Approximately 39.8% of the amount (\$28.1 million) is Unassigned and available for spending in the future. These include Compensated Absences, Major Emergencies, Community Investment, 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 two different types of programs or activities. These two 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 (Police and Fire), Engineering & Transportation, Recreation and Culture (includes 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 two are 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 two major funds are the General Fund and the Capital Improvement Capital Project Fund. 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, Capital Improvement Capital Project 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 governmental-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, but in greater 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, more detailed information about the City’s agreement with the California Public Employees Retirement System (CalPERS) for the defined benefit pension plan, and more detailed information on the City’s Other Post Employment Benefit Plan (OPEB).

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 \$194.9 million at the close of fiscal year 2015-16, an increase of 8.1% due to reasons noted earlier.

City of San Leandro
Net Assets at June 30, 2016
(in thousands)

	Governmental Activities			Business-Type Activities			Total		
	2016	2015	% change	2016	2015	% change	2016	2015	% change
Current Assets	\$ 87,614	\$ 74,606	17.4%	36,823	33,534	9.8%	\$ 124,437	\$ 108,140	15.1%
Non-Current Assets	10,999	8,908	23.5%	(2,875)	(2,413)	19.1%	8,124	6,495	25.1%
Capital Assets	228,486	240,039	-4.8%	74,614	74,598	0.0%	303,100	314,637	-3.7%
Total assets	<u>327,099</u>	<u>323,553</u>	1.1%	<u>108,562</u>	<u>105,718</u>	2.7%	<u>435,661</u>	<u>429,271</u>	1.5%
Deferred Outflows of Resources	9,504	9,167	3.7%	839	757	10.8%	10,343	9,924	4.2%
Current and other liabilities	16,448	16,805	-2.1%	4,913	5,417	-9.3%	21,361	22,222	-3.9%
Long-term liabilities	159,790	154,707	3.3%	54,499	53,685	1.5%	214,289	208,392	2.8%
Total liabilities	<u>185,742</u>	<u>180,679</u>	2.8%	<u>60,251</u>	<u>59,859</u>	0.7%	<u>235,650</u>	<u>230,614</u>	2.2%
Deferred Inflows of Resources	13,901	25,989	-46.5%	1,504	2,259	-33.4%	15,406	28,248	-45.5%
Net assets:									
Invested in capital assets, net of related debt	200,560	212,968	-5.8%	30,434	32,506	-6.4%	230,994	245,473	-5.9%
Restricted	23,680	21,207	11.7%	-	-	N/A	23,680	21,207	11.7%
Unrestricted	<u>(77,776)</u>	<u>(98,956)</u>	-21.4%	<u>18,050</u>	<u>12,609</u>	43.2%	<u>(59,726)</u>	<u>(86,347)</u>	-30.8%
Total net assets	<u>\$ 146,464</u>	<u>\$ 135,219</u>	8.3%	<u>48,485</u>	<u>45,115</u>	7.5%	<u>\$ 194,949</u>	<u>\$ 180,333</u>	8.1%

By far the largest portion of the City's net position (\$230.9 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's 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.

\$23.7 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 (\$59.7) 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 increased by \$3.5 million compared to the prior fiscal year 2014-15 for a combination of reasons. The reduction of \$11.5 million in governmental activities capital assets is mainly due to the annual depreciation of assets; offset by a \$7.9 million increase in cash and investments, a \$5.1 million increase in accounts receivable, a \$462,000 increase in internal balances, a \$691,000 increase in advances to Successor Agency, and a \$1.2 million increase in net OPEB asset.

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 \$14.6 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, 2016
(in thousands)

	%			%			%		
	Governmental Activities	2015	Change	Business-Type Activities	2015	Change	Total	2015	Change
	2016			2016			2016		
Revenues									
Program revenues:									
Charges for Services	\$ 16,552	\$ 16,063	3.0%	\$ 15,991	\$ 16,879	-5.3%	\$ 32,543	\$ 32,942	-1.2%
Operating grants and contributions	5,558	10,517	-47.2%	-	-	0.0%	5,558	10,517	-47.2%
Capital grants and contributions	11,422	8,039	42.1%	-	-	0.0%	11,422	8,039	42.1%
General revenues:									
Property taxes	20,044	18,898	6.1%	-	-	0.0%	20,044	18,898	6.1%
Sales tax	42,337	32,948	28.5%	-	-	0.0%	42,337	32,948	28.5%
Franchise Fee	4,969	4,845	2.5%	-	-	0.0%	4,969	4,845	2.5%
Utility users Tax	10,808	10,359	4.3%	-	-	0.0%	10,808	10,359	4.3%
Property Transfer Tax	4,461	4,112	8.5%	-	-	0.0%	4,461	4,112	8.5%
911 communication Access Tax	2,918	2,974	-1.9%	-	-	0.0%	2,918	2,974	-1.9%
Other taxes	812	770	5.4%	520	477	9.0%	1,332	1,247	6.8%
Investment Earnings	1,883	1,192	58.0%	426	260	64.0%	2,309	1,452	59.0%
Gain or loss on sale of assets	7	7	2.3%	-	-	0.0%	7	7	2.3%
Miscellaneous	4,225	825	412.1%	4,234	269	1475.8%	8,459	1,094	673.4%
Total Revenues	125,994	111,549	12.9%	21,171	17,884	18.4%	147,165	129,434	13.7%
Expenses									
General Government	7,923	10,897	-27.3%	-	-	0.0%	7,923	10,897	-27.3%
Public safety	52,944	47,989	10.3%	-	-	0.0%	52,944	47,989	10.3%
Engineering & Transportation	31,476	30,567	3.0%	-	-	0.0%	31,476	30,567	3.0%
Recreation and Culture	13,824	11,667	18.5%	-	-	0.0%	13,824	11,667	18.5%
Community Development	6,840	5,705	19.9%	-	-	0.0%	6,840	5,705	19.9%
Interest on Long-Term Debt	1,764	2,156	-18.2%	-	-	0.0%	1,764	2,156	-18.2%
Water Pollution Control	-	-	0.0%	13,534	8,803	53.8%	13,534	8,803	53.8%
Shoreline	-	-	0.0%	1,840	1,692	8.7%	1,840	1,692	8.7%
Storm Water Utility	-	-	0.0%	1,212	1,105	9.7%	1,212	1,105	9.7%
Environmental Services	-	-	0.0%	1,190	1,020	16.6%	1,190	1,020	16.6%
Total Expenses	114,773	108,981	5.3%	17,777	12,620	40.9%	132,550	121,601	9.0%
Excess(deficiency)of revenues									
over expenses before transfer	11,221	2,568	336.9%	3,395	5,264	-35.5%	14,616	7,833	86.6%
Transfer	25	-	0.0%	(25)	-	0.0%	-	-	0.0%
Increase in net position	11,246	2,568	337.9%	3,370	5,264	-36.0%	14,616	7,833	86.6%
Beginning net position	135,218	132,650	1.9%	45,115	39,850	13.2%	180,333	172,500	4.5%
Ending net position	\$ 146,464	\$ 135,218	8.3%	\$ 48,485	\$ 45,115	7.5%	\$ 194,949	\$ 180,333	8.1%

Revenues:

- Property taxes show an increase of \$1.1 million or 6.1% when compared to the 2014-15 fiscal year.
- Sales tax revenue continues to increase. Compared to the 2014-15 fiscal year, sales tax grew by \$9.4 million which can be attributed to the continued growth of consumer confidence in the city and the passage of the Measure HH sales tax add on which increased the overall sales tax rate for the City by 0.25%. The City's largest sales tax producing sectors were Transportation and Food Products. The Business to Business and Construction sectors also contributed to Sales Tax growth. On a more granular level, the City saw significant sales tax revenue growth in Auto Sales – New, Electronic Equipment, Heavy Industry, Building Materials – Retail, and Office Equipment. Service Stations saw a decline due to continued decreases in the price of gasoline.
- Charges for services in Governmental activities are primarily fees for recreation, building, fire, planning and engineering. The Governmental Activities increase of \$489,000 is mainly due to the large projects in the city such as the Marea Alta Mixed-Use Housing development and Tech Campus as well as some smaller projects throughout San Leandro, and the 21st Amendment Brewery. The Business Activities decrease of \$888,000 is primarily due to less one-time storm water utility connection fees charged to industrial customers. The net impact is a \$399,000 decrease to all charges for service.
- 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 decreased by \$1.6 million in 2015-16 due to high value of engineering projects present in FY 2014-15 that were not present in FY 2015-16.
- Miscellaneous revenues show an increase of \$7.4 million and this is mainly due to a one-time \$4.0 million settlement agreement payment received by the Water Pollution Control Plant and the re-entering of \$2.3 million loan agreement between the City and the Successor Agency to the Redevelopment Agency.

Program Expenditures:

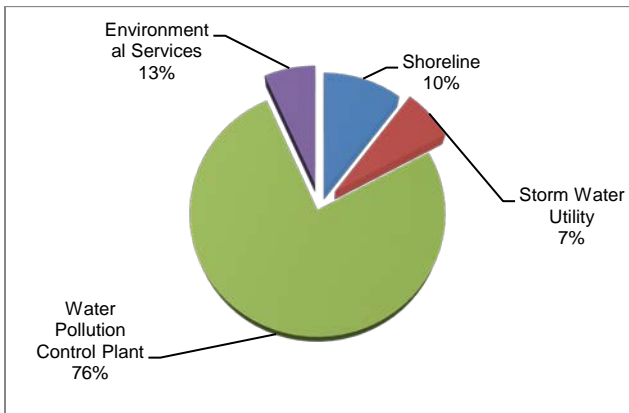
Overall, expenses, for both governmental and business type activities increased by \$10.9 million compared to the prior fiscal year. Total program expenditures for governmental activities increased by 5.3% or \$5.8 million in the current fiscal year. Expenditures for business type activities increased by 40.9% or \$5.2 million mainly due to cost increases 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)		
	2016	2015	% Change
General Government	7,923	10,897	-27.3%
Public safety	52,944	47,989	10.3%
Engineering & Transportation	31,476	30,567	3.0%
Recreation and Culture	13,824	11,667	18.5%
Community Development	6,840	5,705	19.9%
Interest on Long-Term Debt	1,764	2,156	-18.2%
Governmental Activities	114,773	108,981	5.3%
Water Pollution Control	13,534	8,803	53.8%
Shoreline	1,840	1,692	8.7%
Storm Water Utility	1,212	1,105	9.7%
Environmental Services	1,190	1,020	16.6%
Business Type Activities	17,777	12,620	40.9%
Total Expenses	132,550	121,601	9.0%

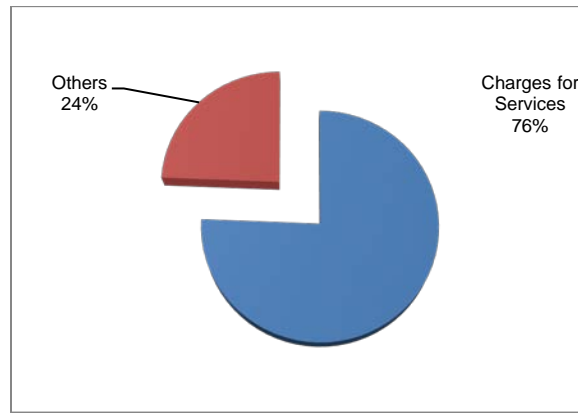
- Public Safety expenses for both Police and Fire services increased by \$5.0 million from the prior fiscal year due to increases in the Fire contract and expanded personnel in the Police Department.
- Recreation and Culture expenses increased by \$2.2 million from the prior fiscal year due to increases in services related to Human Services and the Library.
- Community Development expenses increased by \$1.1 million from the prior fiscal year due to increased building and planning activity which is partially offset by increased inspection and permit fee revenue.

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 \$3.4 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 expansion project was completed in the April of 2016. The large increase in Other Business-Type activities revenues is due to a one-time \$4.0 million settlement agreement payment received by the Water Pollution Control Plant.

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 2015-16, the City’s governmental funds reported combined ending fund balances of \$70.7 million, an increase of \$14.7 million in comparison with the prior year. Approximately 20.3% or \$14.4 million of the fund balance represents Non-Spendable; 35.4% or \$25.0 million represents Restricted; 4.4% or \$3.1 million represents Assigned; and 39.8% or \$28.1 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 86.6% of the total governmental revenues and 83.1% 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 2015-16, the unassigned fund balance of the General Fund was \$29.4 million, while the total fund balance was \$47.0 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 31.2% of total General Fund expenditures of \$94.2

million (including Transfers Out). The Unassigned Fund Balance of \$29.4 million has been designated for the following purposes:

- \$622,000 for Compensated Absences
- \$5.0 million for Major Emergencies
- \$1.2 million for Community Investment
- \$3.1 million for Economic Uncertainty
- \$19.5 million for liquidity and other purposes

At the end of fiscal year 2015-16 the General Fund ending balance increased by \$12.2 million compared to prior fiscal year. General fund revenues increased by \$14.6 million primarily due to the increase of \$11.7 million (15.7%) in property and other taxes and the increase of \$2.0 million (280.5%) in other revenues. The tax increases are good measurements of the economic improvement in the City and the passage of the Measure HH 0.25% sales tax add on. General Fund expenditures (including Transfers Out) show an increase of \$7.6 million from prior fiscal year. The increases are largely centered in public safety (\$2.5 million increase), community development (\$1.0 million increase), and transfers out to other funds meant to support capital projects and other City efforts (\$3.0 million increase).

Capital Improvement Capital Projects Fund

The Capital Improvement Capital Projects Fund is also a major governmental fund and accounted for 1.4% of the total governmental revenues and 1.1% of the total expenditures (including Transfers Out). The fund accounts for monies for major capital improvement projects not provided for in the other capital improvement projects funds. At June 30, 2016, the Capital Improvement Capital Projects Fund had a total fund balance of \$9.0 million of which all are legally restricted for specific purposes by external funding.

Non-major Governmental Funds - The City's non-major funds are presented in the basic financial statements in the aggregate. At June 30, 2016, non-major funds had a total fund balance of \$14.6 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 was \$48.5 million at the end on June 30, 2016 and increased by \$3.4 million from the prior fiscal year. The total net position of the internal service funds was \$9.5 million at the end on June 30, 2016 and increased by \$173,000 from the prior fiscal year.

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, 2016, the fund's net position totaled nearly \$47.9 million, an increase of \$3.3 million (7.5%). This increase is primarily due to a one-time \$4.0 million settlement agreement payment received by the Water Pollution Control Plant.

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, 2016, the fund's net position totaled (\$779,000). 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 2014-15 when it was (\$1.2) million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund ended a net increase of General Fund revenues over the final budget projections of about \$11.1 million, largely attributed to the increase in property and other tax revenues and other revenues. General Fund revenues grew 16.0% compared to the previous year. Actual revenues received totaled \$106.4 million, an increase of 11.6% 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 \$5.1 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 2015-16.

CITY OF SAN LEANDRO
Summary Analysis of General Fund Budget, Fiscal Year 2015-16
(in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Property taxes and other taxes	\$ 79,640	\$ 79,640	\$ 86,168	\$ 6,528
Licenses and permits	6,761	6,761	7,984	1,223
Fines and forfeitures	1,118	1,118	1,685	567
Services charges	2,864	2,903	2,924	21
Intergovernmental	1,019	1,019	1,050	32
Use of money and property	1,202	1,202	1,808	606
Interdepartmental charges	2,002	2,002	2,000	(2)
Other	602	631	2,730	2,098
Total revenues	95,207	95,276	106,350	11,074
EXPENDITURES:				
Current:				
General government	12,022	12,632	11,847	786
Public safety	52,835	53,751	51,487	2,264
Engineering and transportation	7,673	7,902	7,925	(23)
Recreation and culture	9,263	9,868	9,861	7
Community development	5,167	6,705	5,140	1,565
Debt service:				
Principal	1,870	1,870	1,408	462
Interest and fees	861	861	860	2
Total expenditures	89,692	93,590	88,528	5,062
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,515	1,686	17,822	16,136
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(3,807)	(5,557)	(5,627)	(70)
Total other financing sources (uses)	(3,807)	(5,557)	(5,627)	(70)
NET CHANGE IN FUND BALANCE	\$ 1,708	\$ (3,871)	\$ 12,195	\$ 16,066
FUND BALANCES:				
Beginning of year			34,812	
End of year			47,006	

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, 2016 amounts to \$303.1 million (net of accumulated depreciation); a decrease of \$11.5 million due mainly to normal annual depreciation expense of \$16.8 and offset by new Land of \$2.0 million, Construction in Progress of \$3.0 million, and acquisitions of Vehicles totaling \$1.5 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, 2016
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 16,648	\$ 14,567	\$ 5,234	\$ 5,234	\$ 21,883	\$ 19,801
Construction in progress	-	-	58,263	55,276	58,263	55,276
Total non-depreciable assets	16,648	14,567	63,498	60,510	80,146	75,077
Depreciable assets (net of depreciation)						
Buildings	59,276	60,054	4,716	4,912	63,992	64,966
Improvements other than buildings	1	8	-	-	1	8
Machinery and equipment	1,952	2,307	2,737	5,460	4,689	7,768
Licensed Vehicles	4,369	3,198	38	2	4,408	3,200
Infrastructure	146,239	159,905	3,625	3,714	149,864	163,619
Total depreciable assets	211,838	225,472	11,117	14,088	222,954	239,560
Total capital assets	\$ 228,486	\$ 240,039	\$ 74,614	\$ 74,598	\$ 303,101	\$ 314,637

Additional information on the City's capital assets can be found in Note 5 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 \$86.2 million, an increase of \$300,000 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 \$42.1 million, a decrease of \$2.3 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 \$44.2 million, an increase of \$2.1 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 6 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, 2016						
(in thousands)						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2016	2015	2016	2015	2016	2015
Revenue bonds and notes (backed by specific tax and fee revenues)	\$ 22,808	\$ 24,158	\$ -	\$ -	\$ 22,808	\$ 24,158
Certificates of participation	16,735	17,605	-	-	16,735	17,605
Other loans	2,524	2,691	44,180	42,092	46,704	44,784
Total	<u>\$ 42,067</u>	<u>\$ 44,454</u>	<u>\$ 44,180</u>	<u>\$ 42,092</u>	<u>\$ 86,247</u>	<u>\$ 86,547</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, 2016

	Governmental Activities	Business - Type Activities	Total
ASSETS			
Current assets:			
Cash and investments (Note 2)	\$ 67,172,995	\$ 33,403,106	\$ 100,576,101
Cash and investments with fiscal agent (Note 2)	145,223	2,138,000	2,283,223
Receivables:			
Property taxes	182,652	-	182,652
Accounts	19,327,894	947,971	20,275,865
Interest	86,699	40,838	127,537
Special assessments	101,976	-	101,976
Inventory and prepaid items	138,616	-	138,616
Other assets	458,193	293,009	751,202
Total current assets	87,614,248	36,822,924	124,437,172
Noncurrent assets:			
Loans receivable (Note 3)	4,158,242	-	4,158,242
Internal balances (Note 4E)	2,875,114	(2,875,114)	-
Advances to Successor Agency (Note 4C)	2,731,947	-	2,731,947
Net OPEB asset (Note 14)	1,233,838	-	1,233,838
Capital assets (Note 5):			
Non-depreciable	16,648,489	63,497,537	80,146,026
Depreciable	490,453,605	21,837,318	512,290,923
Less accumulated depreciation	(278,615,834)	(10,720,592)	(289,336,426)
Capital assets, net	228,486,260	74,614,263	303,100,523
Total noncurrent assets	239,485,401	71,739,149	311,224,550
Total Assets	327,099,649	108,562,073	435,661,722
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension (Note 13)	9,504,214	838,877	10,343,091
LIABILITIES			
Current liabilities:			
Accounts payable and accruals:	7,903,780	774,525	8,678,305
Interest payable	228,110	60,589	288,699
Unearned revenue (Note 8)	3,125,554	-	3,125,554
Other liabilities	-	2,138,000	2,138,000
Compensated absences - Due within one year (Note 7)	640,343	57,586	697,929
Claims and judgments payable - Due within one year (Note 11)	1,170,645	-	1,170,645
Long- term debt - Due within one year (Note 6)	3,379,096	1,882,237	5,261,333
Total current liabilities	16,447,528	4,912,937	21,360,465
Noncurrent liabilities:			
Deposits	-	60,756	60,756
Compensated absences payable - Due in more than one year (Note 7)	2,892,595	582,261	3,474,856
Claims and judgments payable - Due in more than one year (Note 11)	4,926,139	-	4,926,139
Net pension liability (Note 13)	113,159,276	11,558,327	124,717,603
Long- term debt - Due in more than one year (Note 6)	38,812,418	42,297,582	81,110,000
Total noncurrent liabilities	159,790,428	54,498,926	214,289,354
Total Liabilities	176,237,956	59,411,863	235,649,819
DEFERRED INFLOWS OF RESOURCES			
Related to pension (Note 13)	13,901,437	1,504,473	15,405,910
NET POSITION (Note 9)			
Net investment in capital assets	200,560,064	30,434,444	230,994,508
Restricted for:			
Capital projects	9,080,579	-	9,080,579
Debt service	907,504	-	907,504
Engineering and transportation	8,202,391	-	8,202,391
Recreation and culture	476,084	-	476,084
Community Development	4,217,503	-	4,217,503
Public Safety	796,374	-	796,374
Total restricted	23,680,435	-	23,680,435
Unrestricted	(77,776,029)	18,050,170	(59,725,859)
Total Net Position	\$ 146,464,470	\$ 48,484,614	\$ 194,949,084

See Accompanying Notes to Basic Financial Statements

City of San Leandro
Statement of Activities and Changes in Net Position
For the year ended June 30, 2016

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	\$ 7,923,300		\$ 7,356,183	\$ -	\$ 2,970,379	\$ 10,326,562
Public safety	52,944,433	-	3,690,031	207,537	-	3,897,568
Engineering and transportation	31,476,280		839,543	\$3,714,765	6,343,515	10,897,823
Recreation and culture	13,824,385	-	1,689,753	587,736	2,107,887	4,385,376
Community development	6,840,393	-	2,976,798	1,047,582	-	4,024,380
Interest on long-term debt	1,764,322	-	-	-	-	-
Total Governmental Activities	114,773,113	-	16,552,308	5,557,620	11,421,781	33,531,709
Business-type activities:						
Water Pollution Control Plant	13,534,488	-	12,467,570	-	-	12,467,570
Shoreline	1,839,667	-	1,702,955	-	-	1,702,955
Storm Water Utility	1,212,469	-	1,093,460	-	-	1,093,460
Environmental Services	1,189,985	-	727,157	-	-	727,157
Total business-type Activities	17,776,609	-	15,991,142	-	-	15,991,142
Total primary government	\$ 132,549,722	\$ -	\$ 32,543,450	\$ 5,557,620	\$ 11,421,781	\$ 49,522,851

General revenues:

Taxes:

- Property taxes
- Sales tax
- Franchise fees
- Utility users tax
- Property transfer tax
- 911 communication access tax
- Other taxes

Total Taxes

- Investment earnings
- Miscellaneous
- Gain on sale of assets
- Transfers (Note 4D)

Total general revenues and transfers

Change in net position

Net position - Beginning of year

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
\$ 2,403,262	\$ -	\$ 2,403,262
(49,046,865)	-	(49,046,865)
(20,578,457)	-	(20,578,457)
(9,439,009)	-	(9,439,009)
(2,816,013)	-	(2,816,013)
(1,764,322)	-	(1,764,322)
<u>(81,241,404)</u>		<u>(81,241,404)</u>
-	(1,066,918)	(1,066,918)
-	(136,712)	(136,712)
-	(119,009)	(119,009)
-	(462,828)	(462,828)
<u>-</u>	<u>(1,785,467)</u>	<u>(1,785,467)</u>
<u>(81,241,404)</u>	<u>(1,785,467)</u>	<u>(83,026,871)</u>
20,044,219	-	20,044,219
42,336,643	-	42,336,643
4,968,614	-	4,968,614
10,807,581	-	10,807,581
4,460,568	-	4,460,568
2,917,993	-	2,917,993
811,619	520,321	1,331,940
<u>86,347,237</u>	<u>520,321</u>	<u>86,867,558</u>
1,882,764	425,834	2,308,598
4,225,123	4,234,130	8,459,253
7,060	-	7,060
25,000	(25,000)	-
<u>92,487,184</u>	<u>5,155,285</u>	<u>97,642,469</u>
11,245,780	3,369,818	14,615,598
<u>135,218,690</u>	<u>45,114,796</u>	<u>180,333,486</u>
<u>\$ 146,464,470</u>	<u>\$ 48,484,614</u>	<u>\$ 194,949,084</u>



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.

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

**City of San Leandro
Governmental Funds
Balance Sheet
June 30, 2016**

	Major Funds			Total
	General Fund	Capital Improvement Capital Projects Fund	Non-Major Governmental Funds	
ASSETS				
Cash and investments (Note 2)	\$ 29,251,287	\$ 10,010,466	\$ 15,088,029	\$ 54,349,782
Cash and investments with fiscal agent (Note 2)	-	91,624	358	91,982
Receivables:				
Property taxes	180,403	2,249	-	182,652
Accounts	14,256,737	-	659,643	14,916,380
Federal, State, and local grants	-	-	4,106,467	4,106,467
Interest	43,399	-	22,782	66,181
Special Assessment	66,390	-	35,586	101,976
Loans (Note 3)	3,610,335	-	547,907	4,158,242
Due from other funds (Note 4A)	1,364,825	-	-	1,364,825
Other assets	458,193	-	-	458,193
Advances to other funds (Note 4B)	8,106,392	-	-	8,106,392
Advance to Successor Agency (Note 4C)	2,731,947	-	-	2,731,947
Total Assets	\$ 60,069,908	\$ 10,104,339	\$ 20,460,772	\$ 90,635,019
LIABILITIES				
Liabilities:				
Accounts payable and accruals	\$ 6,566,272	\$ 37,908	\$ 750,748	\$ 7,354,928
Due to other funds (Note 4A)	-	-	1,364,825	1,364,825
Advances from other funds (Note 4B)	4,231,278	1,000,000	-	5,231,278
Unearned revenue	2,265,912	-	-	2,265,912
Total Liabilities	13,063,462	1,037,908	2,115,573	16,216,943
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue - grants receivable	-	-	3,731,195	3,731,195
Total Deferred Inflow of Resources	-	-	3,731,195	3,731,195
Fund Balances: (Note 9)				
Nonspendable	14,448,674	-	-	14,448,674
Restricted	50,000	9,066,431	15,936,174	25,052,605
Assigned	3,128,977	-	-	3,128,977
Unassigned	29,378,795	-	(1,322,170)	28,056,625
Total Fund Balances (Deficit)	47,006,446	9,066,431	14,614,004	70,686,881
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 60,069,908	\$ 10,104,339	\$ 20,460,772	\$ 90,635,019

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, 2016

Total fund balances reported on the governmental funds balance sheet \$ 70,686,881

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. 225,035,940

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. 9,465,536

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	1,233,838
Net pension liability, related deferred outflows and inflows of resources	(117,556,499)
Long-term debt	(41,715,332)
Interest payable	(228,110)
Compensated absences	(3,329,337)
Recognition of grants receivable	2,871,553

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 146,464,470

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, 2016

	Major Fund			Total
	General	Capital Improvement Capital Projects Fund	Non-Major Governmental Funds	
REVENUES				
Property and other taxes	\$ 86,168,455	\$ -	\$ 567,150	\$ 86,735,605
Licenses and permits	7,984,475	-	610,256	8,594,731
Fines and forfeitures	1,685,098	-	-	1,685,098
Service charges	2,923,780	160,420	15,275	3,099,475
Intergovernmental	1,050,413	-	11,141,433	12,191,846
Use of money and property	1,808,098	-	2,215,439	4,023,537
Interdepartmental charges	1,999,878	-	-	1,999,878
Other	2,729,811	1,500,046	357,752	4,587,609
Total Revenues	106,350,008	1,660,466	14,907,305	122,917,779
EXPENDITURES				
Current:				
General Government	11,846,864	-	-	11,846,864
Public safety	51,487,127	-	771,765	52,258,892
Engineering and transportation	7,924,507	1,052,934	10,208,216	19,185,657
Recreation and culture	9,861,204	22	2,353,140	12,214,366
Community development	5,140,460	147,933	1,191,732	6,480,125
Debt service:				
Principal	1,408,397	-	1,141,000	2,549,397
Interest and fees	859,542	-	1,104,237	1,963,779
Total Expenditures	88,528,101	1,200,889	16,770,090	106,499,080
REVENUES OVER (UNDER) EXPENDITURES	17,821,907	459,577	(1,862,785)	16,418,699
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 4D)	-	3,732,017	145,000	3,877,017
Transfers (out) (Note 4D)	(5,627,017)	-	-	(5,627,017)
Total Other Financing Sources (Uses)	(5,627,017)	3,732,017	145,000	(1,750,000)
NET CHANGE IN FUND BALANCES	12,194,890	4,191,594	(1,717,785)	14,668,699
FUND BALANCES				
Beginning of year	34,811,556	4,874,837	16,331,789	56,018,182
End of year	\$ 47,006,446	\$ 9,066,431	\$ 14,614,004	\$ 70,686,881

See Accompanying Notes to Basic Financial Statements

City of San Leandro
Reconciliation of the Net Change in Fund Balances - Total Governmental Funds with
the Statement of Activities
For the year ended June 30, 2016

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 \$ 14,668,699

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 3,647,810
 Depreciation expense is deducted from the fund balance. The amount excludes the depreciation of \$808,009. (15,954,328)

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	548,201
Long-term debt	2,549,397
Bond discount	(12,383)
Bond premium	19,888
Interest payable	9,841
Compensated absences	(265,554)
Net pension liabilities, related deferred outflows and inflows of resources	4,204,810
Net OPEB obligation	1,656,169

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 173,230

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 11,245,780

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, 2016

	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)	\$ 29,945,298	\$ 1,908,707	\$ 1,549,101	\$ 33,403,106	\$ 12,823,213
Cash with fiscal agent (Note 2)	2,138,000	-	-	2,138,000	53,241
Receivables:					
Accounts	758,134	100,441	89,396	947,971	305,047
Interest	34,953	1,298	4,587	40,838	20,518
Other assets	-	293,009	-	293,009	-
Inventory	-	-	-	-	138,616
Total current assets	<u>32,876,385</u>	<u>2,303,455</u>	<u>1,643,084</u>	<u>36,822,924</u>	<u>13,340,635</u>
Noncurrent assets:					
Advance to other fund (Note 4B)	4,231,278	-	-	4,231,278	-
Capital assets (Note 5)					
Non-Depreciable	59,919,727	3,577,810	-	63,497,537	-
Depreciable	16,059,066	5,778,252	-	21,837,318	14,515,385
Less accumulated depreciation	(7,403,256)	(3,317,336)	-	(10,720,592)	(11,065,065)
Total capital assets, net	<u>68,575,537</u>	<u>6,038,726</u>	<u>-</u>	<u>74,614,263</u>	<u>3,450,320</u>
Total noncurrent assets	<u>72,806,815</u>	<u>6,038,726</u>	<u>-</u>	<u>78,845,541</u>	<u>3,450,320</u>
Total Assets	<u>105,683,200</u>	<u>8,342,181</u>	<u>1,643,084</u>	<u>115,668,465</u>	<u>16,790,955</u>
DEFERRED OUTFLOWS OF RESOURCES					
Related to pension (Note 13)	838,877	-	-	838,877	-
LIABILITIES					
Current Liabilities:					
Accounts payable	361,539	353,804	59,182	774,525	548,852
Interest payable	-	60,589	-	60,589	-
Other liabilities	2,138,000	-	-	2,138,000	-
Clams and judgments - due in 1 year (Note 11)	-	-	-	-	1,170,645
Compensated absences - due in 1 year (Note 7)	32,242	6,803	18,541	57,586	18,324
Notes payable - due in 1 year (Note 6)	1,655,326	226,911	-	1,882,237	-
Long-term debt - Due within one year (Note 6)	-	-	-	-	235,829
Total current liabilities	<u>4,187,107</u>	<u>648,107</u>	<u>77,723</u>	<u>4,912,937</u>	<u>1,973,650</u>
Non-current Liabilities:					
Deposits payable	3,000	57,756	-	60,756	-
Advances from other funds (Note 4B)	-	7,106,392	-	7,106,392	-
Claims and judgments - due in more than 1 year (Note 11)	-	-	-	-	4,926,139
Compensated absences - due in more than 1 year (Note 7)	326,006	68,783	187,472	582,261	185,277
Net pension liability (Note 13)	11,558,327	-	-	11,558,327	-
Notes Payable - due in more than 1 year (Note 6)	41,057,670	1,239,912	-	42,297,582	-
Long-term debt - Due in more than one year (Note 6)	-	-	-	-	240,353
Total noncurrent liabilities	<u>52,945,003</u>	<u>8,472,843</u>	<u>187,472</u>	<u>61,605,318</u>	<u>5,351,769</u>
Total liabilities	<u>57,132,110</u>	<u>9,120,950</u>	<u>265,195</u>	<u>66,518,255</u>	<u>7,325,419</u>
DEFERRED INFLOWS OF RESOURCES					
Related to pension (Note 13)	1,504,473	-	-	1,504,473	-
NET POSITION (Note 9)					
Net investment in capital asset	25,862,541	4,571,903	-	30,434,444	2,974,138
Unrestricted	22,022,953	(5,350,672)	1,377,889	18,050,170	6,491,398
Total Net Position (deficit)	<u>\$ 47,885,494</u>	<u>\$ (778,769)</u>	<u>\$ 1,377,889</u>	<u>\$ 48,484,614</u>	<u>\$ 9,465,536</u>

See Accompanying Notes to Basic Financial Statements

City of San Leandro
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2016

	Major Enterprise Funds			Total	Governmental Activities- Internal Service Funds
	Water Pollution Control Plant	Shoreline	Non- Major Enterprise Funds		
OPERATING REVENUES:					
Charges for services	\$ 11,610,189	\$ 229,646	\$ 1,434,149	\$ 13,273,984	\$ 12,832,647
Licenses and permits	117,885	-	339,720	457,605	-
Rents and concessions	-	1,470,178	-	1,470,178	-
Other operating revenues	739,496	3,131	46,748	789,375	415,254
Total Operating Revenues	12,467,570	1,702,955	1,820,617	15,991,142	13,247,901
OPERATING EXPENSES:					
Salaries and benefits	4,141,028	560,515	1,486,027	6,187,570	3,325,693
Contractual and other services	1,978,798	393,623	375,482	2,747,903	8,519,008
Materials and supplies	428,290	19,434	51,458	499,182	734,029
Depreciation	302,434	113,889	-	416,323	808,009
Other operating costs	1,566,010	318,287	489,487	2,373,784	1,644,711
Total Operating Expenses	8,416,560	1,405,748	2,402,454	12,224,762	15,031,450
OPERATING INCOME (LOSS)	4,051,010	297,207	(581,837)	3,766,380	(1,783,549)
NONOPERATING REVENUES (EXPENSES):					
Property and other taxes	-	520,321	-	520,321	-
Intergovernmental	-	47,250	186,880	234,130	-
Investment income	396,093	12,214	17,527	425,834	189,616
Interest expense	(2,304,492)	(433,919)	-	(2,738,411)	(7,837)
Settlements	4,000,000	-	-	4,000,000	-
Loss on disposal of capital assets	(2,813,436)	-	-	(2,813,436)	-
Total Nonoperating Revenues (Expenses)	(721,835)	145,866	204,407	(371,562)	181,779
INCOME BEFORE TRANSFERS	3,329,175	443,073	(377,430)	3,394,818	(1,601,770)
TRANSFERS:					
Transfers in (Note 4D)	-	-	-	-	1,775,000
Transfers out (Note 4D)	-	-	(25,000)	(25,000)	-
Total operating transfers	-	-	(25,000)	(25,000)	1,775,000
Change in net position	3,329,175	443,073	(402,430)	3,369,818	173,230
NET POSITION (DEFICIT):					
Net Position-Beginning of year	44,556,319	(1,221,842)	1,780,319	45,114,796	9,292,306
Net Position-Ending of year	\$ 47,885,494	\$ (778,769)	\$ 1,377,889	\$ 48,484,614	\$ 9,465,536

See Accompanying Notes to Basic Financial Statements

City of San Leandro
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2016

	Major Enterprise Funds			Total	Governmental Activities- Internal Service Funds
	Water Pollution Control Plant	Shoreline	Non- Major Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 12,501,612	\$ 2,042,216	\$ 1,830,650	\$ 16,374,478	\$ 696,499
Receipts from interfund charges	-	-	-	-	12,840,855
Cash payment to suppliers and service providers	(5,123,250)	(378,584)	(413,670)	(5,915,504)	(9,482,322)
Cash payments to employees for services	(4,122,837)	(572,666)	(1,429,848)	(6,125,351)	(3,273,023)
Cash payments to other funds for services provided	(1,566,010)	(318,287)	(489,487)	(2,373,784)	(1,644,711)
Net cash provided (used) by operating activities	1,689,515	772,679	(502,355)	1,959,839	(862,702)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Property and other taxes received	-	520,321	-	520,321	-
Intergovernmental revenue received	-	-	186,880	186,880	-
Interfund loan	461,975	47,250	-	509,225	75,000
Settlements	4,000,000	-	-	4,000,000	-
Transfers in from other funds	-	-	-	-	1,775,000
Transfer out to other funds	-	-	(25,000)	(25,000)	-
Net cash provided (used) by noncapital financing activities	4,461,975	567,571	161,880	5,191,426	1,850,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal paid on capital debt	-	(217,141)	-	(217,141)	-
Acquisition of capital assets	(3,245,925)	-	-	(3,245,925)	(1,561,854)
Proceeds from long-term debt	-	-	-	-	161,900
Interest payments on bonds and notes payable	-	(442,876)	-	(442,876)	-
Net cash provided (used) by capital and related financing activities	(3,245,925)	(660,017)	-	(3,905,942)	(1,399,954)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest income (expense)	398,821	11,665	16,097	426,583	185,863
Net cash provided (used) by investing activities	398,821	11,665	16,097	426,583	185,863
Net increase (decrease) in cash and cash equivalents	3,304,386	691,898	(324,378)	3,671,906	(226,793)
CASH AND CASH EQUIVALENTS:					
Cash and investments at beginning of year	28,778,912	1,216,809	1,873,479	31,869,200	13,103,247
Cash and investments at end of year	\$ 32,083,298	\$ 1,908,707	\$ 1,549,101	\$ 35,541,106	\$ 12,876,454
RECONCILIATION OF OPERATING INCOME/ (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 4,051,010	\$ 297,207	\$ (581,837)	\$ 3,766,380	\$ (1,783,549)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	302,434	113,889	-	416,323	808,009
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	34,042	337,268	10,033	381,343	281,245
(Increase) decrease in inventories	-	-	-	-	(9,888)
(Increase) decrease in other assets	-	\$420	-	420	9,727
(Decrease) increase in accounts payable	(247,554)	34,473	13,270	(199,811)	(271,154)
(Decrease) increase in deposits payable	-	1,573	-	1,573	-
(Decrease) increase claims and judgments payable	(1,966,000)	-	-	(1,966,000)	50,238
(Decrease) increase in unearned revenue	-	-	-	-	-
(Decrease) increase in compensated absences	18,191	(12,151)	56,179	62,219	52,670
(Decrease) increase in deferred outflow	(81,988)	-	-	(81,988)	-
(Decrease) increase in deferred inflow	(754,318)	-	-	(754,318)	-
(Decrease) increase in net pension liability	333,698	-	-	333,698	-
Total adjustments	(2,361,495)	475,472	79,482	(1,806,541)	(1,251,587)
Net cash provided (used) by operating activities	\$ 1,689,515	\$ 772,679	\$ (502,355)	\$ 1,959,839	\$ (862,702)
NON-CASH TRANSACTIONS					
Accrued interest added to principal outstanding	\$ 2,304,492	-	-	\$ 2,304,492	-
Loss on disposal of capital assets	2,813,436	-	-	2,813,436	-

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, 2016

	Agency Funds	Private-Purpose Trust Fund
ASSETS		
Current assets:		
Cash and investments (Note 2)	\$ 2,716,087	\$ 3,411,732
Cash and investments with fiscal agents (Note 2)	448,960	4,503,777
Accounts receivable	10,000	270,000
Interest receivable	618	7,599
Total Current Assets	<u>3,175,665</u>	<u>8,193,108</u>
Noncurrent assets:		
Capital assets (Note 16C):		
Land	-	1,203,435
Depreciable assets, net	-	543,003
Total non-current assets	<u>-</u>	<u>1,746,438</u>
Total assets	<u><u>\$ 3,175,665</u></u>	<u><u>\$ 9,939,546</u></u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 100,110	\$ 285,910
Deposits payable	1,608,494	-
Interest payable	-	604,941
Long-term debt - due in less than one year (Note 16D)	-	2,755,203
Due to bondholders	1,467,061	-
Total current liabilities	<u>\$ 3,175,665</u>	<u>3,646,054</u>
Noncurrent Liabilities:		
Advance from general fund (Note 16B)	-	2,731,947
Long-term debt - due in more than one year (Note 16D)		<u>41,168,750</u>
Total non current liabilities		<u>43,900,697</u>
Total liabilities		<u>47,546,751</u>
NET POSITION		
Held in trust for private purposes		<u><u>\$ (37,607,205)</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, 2016

Additions:

Property taxes	\$ 9,438,699
Use of money and property	47,810
Other revenue	<u>393,331</u>
Total additions	<u>9,879,840</u>

Deductions:

Community development	7,816,427
Depreciation	16,563
Interest and Fees	<u>1,932,349</u>
Total deductions	<u>9,765,339</u>

Change in net position	114,501
------------------------	---------

NET POSITION HELD IN TRUST

Net position - beginning	<u>(37,721,706)</u>
Net position - end	<u><u>\$ (37,607,205)</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, 2016

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES	43
A. Financial Reporting	43
B. Government-Wide Financial Statements	44
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	44
D. Recognition of Interest Liability	46
E. Use of Restricted and Unrestricted Net Assets	46
F. Cash, Cash Equivalents and Investments	46
G. Inventory	47
H. Capital Assets	47
I. Long-Term Debt	48
J. Compensated Absences	48
K. Property Taxes	48
L. Deferred Inflows/ Outflows of Resources	48
M. Use of Estimates	48
N. Fair Value Measurements	49
O. Implementation of New Government Accounting Standards Board (GASB) Pronouncements	49
NOTE 2 – CASH AND INVESTMENTS	50
A. Cash Deposits.....	50
B. Investments	51
NOTE 3 – LOANS RECEIVABLE	54
NOTE 4 – INTERFUND TRANSACTIONS	56
A. Fund Financial Statements – Interfund Receivables and Payables	56
B. Fund Financial Statements – Long Term Advances	56
C. Fund Financial Statements – Due from Successor Agency	57
D. Fund Financial Statements – Transfers	57
E. Fund Financial Statements – Internal Balances	57
NOTE 5 – CAPITAL ASSETS	58
A. Government-Wide Financial Statements	58
B. Funds Financial Statements	60
NOTE 6 – LONG-TERM DEBT	61
A. Governmental Activities Long-Term Debt	61
B. Long-Term Debt of Business-Type and Proprietary Funds	65
C. Debt Covenants and Restrictions	66
D. Long-Term Debt Without City Commitment	66
NOTE 7 – COMPENSATED ABSENCES.....	67
NOTE 8 – UNEARNED REVENUE	67
A. Government-Wide Financial Statements	67

City of San Leandro
Index to Notes to Basic Financial Statements
For the year ended June 30, 2016 (Continued)

NOTE 9 – NET ASSETS AND FUND BALANCES	67
A. Net Position	67
B. Fund Balances	68
C. Encumbrances	69
D. Contingency Arrangements	69
NOTE 10 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	71
A. Fund Deficits	71
B. Expenditures in Excess of Appropriations	71
NOTE 11 – INSURANCE	71
NOTE 12 – COMMITMENTS AND CONTINGENCIES	72
NOTE 13 – PENSION	73
A. Plan Descriptions	73
B. Net Pension Liability	75
C. Changes in the Net Pension Liability	77
NOTE 14 – OTHER POST EMPLOYMENT BENEFITS	79
A. Plan Description	79
B. Funding Policy	80
C. Plan Funded Status Information	81
D. Actuarial Methods and Assumptions	81
NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS	82
NOTE 16 – SUCCESSOR AGENCY ACTIVITIES	82
A. Cash and Investments	82
B. Advances from the City.....	83
C. Capital Assets	84
D. Long-Term Debt Obligations	85
NOTE 17 – SUBSEQUENT EVENTS	89

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

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 component units below 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.

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.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

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, 2016

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.

Capital Improvement Projects Capital Projects Fund accounts monies for major capital improvements projects not provided for in the other capital projects 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 Building Maintenance, Information Systems Management, 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, 2016

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.

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.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

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, 2016

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. Deferred Inflows/Outflows 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.

M. 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.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fair Value Measurement

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

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

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

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

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

O. Implementation of New Governmental Accounting Standards Board (GASB) Pronouncements

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements which became effective during the year ended June 30, 2016.

GASB Statement No. 72 – *Fair Value Measurement and Application*. The intention of this Statement is to enhance the comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. It also enhances fair value application guidance and related disclosures.

GASB Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to reduce the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55. The statement is effective for the periods beginning after June 15, 2015, or the 2015-2016 fiscal year.

GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants*. The objective of this Statement is to address for certain external investment pool and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. This statement is effective for the periods beginning after December 15, 2015, or the 2015-2016 fiscal year.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

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 \$9,301,109 at June 30, 2016. Bank balances before reconciling items were \$9,937,200, 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, 2016

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, 2016, are classified as follows:

Statement of net position:	
Cash and Investments	\$ 100,576,101
Cash and Investments held by trustee	2,283,223
Fiduciary Funds:	
Cash and Investments	6,127,819
Cash with fiscal agents	<u>4,952,737</u>
Total cash and investments	<u>\$ 113,939,880</u>
Cash and investments as of June 30, 2016, are classified as follows:	
Deposits with financial institutions	\$ 9,274,952
Investments	<u>104,664,928</u>
Total cash and investments	<u>\$ 113,939,880</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 Less	13 to 24 Months	25 to 60 Months
Federal Agency Securities	\$ 18,458,907	\$ 4,327,668	\$ 6,630,412	\$ 7,500,827
Money Market Fund	10,014	10,014		
U.S. Treasury Notes	14,563,897	3,130,177	5,339,203	6,094,517
Local Agency Investment Fund (LAIF)	55,352,984	55,352,984		
Medium-Term Notes	9,731,434	2,911,891	4,878,293	1,941,250
Supranationals	1,938,801			1,938,801
Held by fiscal agent:				
U.S. Treasury Money Market Funds	4,608,891	4,608,891		
Total	<u>\$ 104,664,928</u>	<u>\$ 70,341,625</u>	<u>\$ 16,847,908</u>	<u>\$ 17,475,395</u>

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

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	\$50 million per account
Passbook Accounts	5 years	None
City Issued Securities	N/A	None
Supranational Securities	5 years	30%
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.

The fair value is calculated by multiplying the account balance with LAIF times a fair value factor of 1.000621222 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, 2016, 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.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 2 - CASH AND INVESTMENTS (Continued)

- Asset-backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMOs) or credit card receivables.

Concentration of Credit Risk

The City's Policy states that the investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristic of the portfolio. Purchases of mutual funds must not exceed 20% of the value of the portfolio. Investments in U.S. agencies exceed 5% of total portfolio, and Federal agency investments exhibited below exceeded 5% percent or more of the total investments in any one issuer:

U.S. Agencies	Amount Invested	Percentage of Investments
Federal agency securities:		
Federal National Mortgage Association (FNMA)	\$ 5,957,681	5.69%
Federal Home Loan Bank (FHLB)	5,947,471	5.68%
Total	<u>\$ 11,905,152</u>	<u>11.37%</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.

Investment Type	Fair Value	Minimum Legal Rating	Exempt From Disclosure	Not Rated	AAA	AA+	
							AA
Federal Agency Securities	\$ 18,458,907	N/A				\$18,458,907	
Money Market Fund	10,014	N/A			\$ 10,014		
U.S. Treasury Notes	14,563,897	N/A	\$ 14,563,897				
Local Agency Investment Fund	55,352,984	N/A		\$ 55,352,984			
Medium-Term Notes	9,731,434	A				1,102,912	
Supranationals	1,938,801	AA			1,938,801		
Held by fiscal agent:							
U.S. Treasury Money Market Funds	4,608,891	A				4,608,891	
Total	<u>\$ 104,664,928</u>		<u>\$ 14,563,897</u>	<u>\$ 55,352,984</u>	<u>\$ 1,948,815</u>	<u>\$24,170,710</u>	
			AA	AA-	A+	A	A-
Medium-Term Notes			<u>\$ 528,497</u>	<u>\$ 2,412,908</u>	<u>\$ 1,532,783</u>	<u>\$3,171,082</u>	<u>\$ 983,252</u>

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2016:

	Level 1	Level 2	Total
Investments By Fair Value Level:			
Federal Agency Securities		\$ 18,458,907	\$ 18,458,907
U.S. Treasury Notes	\$ 14,563,897		14,563,897
Medium-Term Notes		9,731,434	9,731,434
Local Agency Investment Fund (LAIF)		55,352,984	55,352,984
Supranationals		1,938,801	1,938,801
Total Investments	\$ 14,563,897	\$ 85,482,126	100,046,023
Investments Measured at Amortized Cost:			
Held by fiscal agent:			
U.S. Treasury Money Market Funds			4,608,891
Money Market Fund		\$ 10,014	10,014
Total		\$ 10,014	\$ 104,664,928

U.S. Treasury Note classified in Level 1 of the fair value hierarchy, valued at \$14.5 million are valued using quoted prices in active markets. Federal agency securities totaling \$18.4 million, medium term notes totaling \$9.7 million and supranationals totaling \$1.9 million, classified in Level 2 of the fair value hierarchy, are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The California Local Agency Investment Fund (LAIF) classified in Level 2 is valued based on the fair value factor provided by the Treasurer of the State of California, which is calculated as fair value divided by the amortization cost of the investment pool. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

NOTE 3 – LOANS RECEIVABLE

At June 30, 2016, the City had loans receivable in the following funds:

Governmental Funds:	
General Fund	\$ 3,610,335
Non Major Special Revenue Funds:	
Affordable Housing Asset Special Revenue Fund	7,913,765
Community Development Block Grant (CDBG)	686,766
HOME Fund	3,335,000
Housing In-Lieu	637,000
Less allowance for uncollectible loans	(12,024,624)
Total net loans receivable	\$ 4,158,242

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 3 – LOANS RECEIVABLE (Continued)

At June 30, 2016, the City was owed, in the General Fund, \$1,081,203 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, 2016, the City was owed, in the General Fund, \$1,010,763 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, 2016, the City was owed, in the General Fund, \$18,369 for loans made by the City to employees as part of the Employee Computer Purchase Loan Program. The loans are to assist regular full-time employees after completion of the one-year probationary period, "permanent" part-time employees as defined in the relevant MOU and City Council Members with the purchase of a home computer or laptop. The loans range from \$500 to \$3,000, are repaid over a 1 or 2 year period, and are interest free. Payments on the loans are handled as standard payroll deduction.

At June 30, 2016, 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, 2016, the City was owed, in its Low/Moderate Asset Housing Fund, \$7,913,765 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. \$547,907 of the total receivable was reduced by allowance for uncollectible loans.

At June 30, 2016, the City was owed, in its Community Development Block Grant Special Revenue Fund, \$686,766 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, 2016, the City was owed, in its HOME Special Revenue Fund, \$3,335,000 which includes (1) two housing assistance loans made by the City to Citizens' Housing Corporation; (2) a loan made to Estabrook Senior Housing for construction of senior housing facility; (3) a loan made to Hello Housing for the rehabilitation of a single family home; (4) a housing assistance loan made to Allied Housing. The terms of repayment vary. All of the loans receivable were reduced by allowance for uncollectible loans.

At June 30, 2016, 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. The entire loan receivable was reduced by allowance for uncollectible loans.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 4 - INTERFUND TRANSACTIONS

A. Interfund Receivables and Payables

At June 30, 2016, 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	<u>\$ 1,364,825</u>

The City has recorded due to/due from all funds requiring cash at the end of June 30, 2016 to the funds that had deficit year-end balances which will be repaid back to the General Fund during the 2016-17 fiscal year.

B. Long-Term Advances

Long-term advances to be repaid out of future earnings or charges at June 30, 2016, consisted of:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Improvement Capital Projects Fund	\$ 1,000,000
	Shoreline Enterprise Fund	<u>7,106,392</u>
		8,106,392
Water Pollution Control Plant Enterprise Fund	General Fund	<u>4,231,278</u>
	Total	<u><u>\$ 12,337,670</u></u>

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, 2016, was \$1,000,000.

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, 2016, was \$3,160,152 and \$3,946,240 for the Marina and the Golf Course, respectively, for a total of \$7,106,392.

The City Council authorized a loan to the 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, 2016, was \$4,231,278.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

C. Due from Successor Agency

The City Council authorized various loans to the Private Purpose Trust Fund from the General Fund for operating and capital improvement purposes. The balance as of June 30, 2016, was \$2,731,947.

D. Transfers

Transfers during the fiscal year ended June 30, 2016, comprised the following:

	Transfers Out:		
Transfers In	General Fund	Non-major Enterprise Funds	Total
Capital Improvement Capital Projects Fund	\$ 3,732,017		\$ 3,732,017
Non-major Governmental Funds	145,000		145,000
Internal Service Funds	1,750,000	\$ 25,000	1,775,000
Total	\$ 5,627,017	\$ 25,000	\$ 5,652,017

The City Council authorized transfers from the General Fund to various funds for fiscal year 2015-2016 to the following accounts and projects:

Capital Improvement Fund	\$ 2,382,000	Capital Improvement Projects
Capital Improvement Fund	1,350,017	Street Improvement Projects
Special Grants Fund	50,000	Special Grants Projects
Business Improvement District Fund	95,000	Business Improvement Projects
Self Insurance Internal Service Fund	1,750,000	Reduce Unfunded Liability
	\$ 5,627,017	

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.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 5 – CAPITAL ASSETS

A. Government-Wide Financial Statements

At June 30, 2016, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	\$ 16,648,489	\$ 5,234,310	\$ 21,882,799
Construction in Progress		58,263,227	58,263,227
Total non-depreciable assets	16,648,489	63,497,537	80,146,026
Depreciable assets:			
Buildings	82,949,468	11,012,283	93,961,751
Improvements	4,692,847	113,416	4,806,263
Machinery and Equipment	9,748,823	5,895,241	15,644,064
Licensed Vehicles	12,420,859	124,175	12,545,034
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	490,453,605	21,837,318	512,290,923
Less accumulated depreciation	(278,615,834)	(10,720,592)	(289,336,426)
Total depreciable assets, net	211,837,771	11,116,726	222,954,497
Total capital assets	\$ 228,486,260	\$ 74,614,263	\$ 303,100,523

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 5 – CAPITAL ASSETS (Continued)

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

	Balance July 1, 2015	Additions and Transfers	Deletions and Transfers	Balance June 30, 2016
Non-Depreciable Assets:				
Land	\$ 14,566,850	\$ 2,081,639	\$	\$ 16,648,489
Total Non-Depreciable Assets	14,566,850	2,081,639		16,648,489
Depreciable Assets:				
Buildings	82,063,548	885,920		82,949,468
Improvements	4,692,847			4,692,847
Machinery and equipment	9,568,480	208,317	(27,974)	9,748,823
Licensed Vehicles	10,945,657	2,068,455	(593,253)	12,420,859
Infrastructure	380,641,608			380,641,608
Total Depreciable Assets	487,912,140	3,162,692	(621,227)	490,453,605
Accumulated Depreciation:				
Buildings	(22,009,550)	(1,664,127)		(23,673,677)
Improvements	(4,684,521)	(6,990)		(4,691,511)
Machinery and equipment	(7,261,142)	(563,437)	27,974	(7,796,605)
Licensed Vehicles	(7,747,938)	(862,276)	558,586	(8,051,628)
Infrastructure	(220,736,906)	(13,665,507)		(234,402,413)
Total Accumulated Depreciation	(262,440,057)	(16,762,337)	586,560	(278,615,834)
Depreciable Assets, Net	225,472,083	(13,599,645)	(34,667)	211,837,771
Total Governmental Activities				
Capital Assets, Net	\$ 240,038,933	\$ (11,518,006)	\$ (34,667)	\$ 228,486,260

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2016, are as follows:

General Government	\$ 319,087
Public Safety	478,630
Transportation	13,242,091
Recreation and Human services	1,595,433
Community Development	319,087
Subtotal	15,954,328
Capital assets held by the City's Internal Service Funds	808,009
Total Depreciation Expense	\$ 16,762,337

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 5 – CAPITAL ASSETS (Continued)

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

	<u>Balance July 1, 2015</u>	<u>Additions and Transfers</u>	<u>Deletions and Transfers</u>	<u>Balance June 30, 2016</u>
Non-Depreciable Assets:				
Land	\$ 5,234,310	\$	\$	\$ 5,234,310
Construction in Progress	55,275,538	2,987,689		58,263,227
Total Non-Depreciable Assets	<u>60,509,848</u>	<u>2,987,689</u>		<u>63,497,537</u>
Depreciable Assets:				
Buildings	11,012,283			11,012,283
Improvements	113,416			113,416
Machinery and equipment	8,932,968	218,984	(3,256,711)	5,895,241
Licensed Vehicles	84,923	39,252		124,175
Infrastructure	4,692,203			4,692,203
Total Depreciable Assets	<u>24,835,793</u>	<u>258,236</u>	<u>(3,256,711)</u>	<u>21,837,318</u>
Accumulated Depreciation:				
Buildings	(6,100,568)	(195,390)		(6,295,958)
Improvements	(113,416)			(113,416)
Machinery and equipment	(3,472,545)	(128,842)	443,275	(3,158,112)
Licensed Vehicles	(82,655)	(3,140)		(85,795)
Infrastructure	(978,360)	(88,951)		(1,067,311)
Total Accumulated Depreciation	<u>(10,747,544)</u>	<u>(416,323)</u>	<u>443,275</u>	<u>(10,720,592)</u>
Total Business-Type Activities				
Capital Assets, Net	<u>\$ 74,598,097</u>	<u>\$ 2,829,602</u>	<u>\$ (2,813,436)</u>	<u>\$ 74,614,263</u>

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, 2016

NOTE 6 - LONG-TERM DEBT

A. Governmental Activities Long-Term Debt

Summary of changes in governmental activities long-term debt for the year ended June 30, 2016, follows:

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Due within one year	Due in more than one year
Governmental Activity Debt:						
Certificates of Participation Bonds:						
2007 Certificates of Participation	\$ 17,605,000	\$	\$ (870,000)	\$ 16,735,000	\$ 910,000	\$15,825,000
Lease Revenue Bonds:						
2013 Refunding Lease Revenue Bonds						
City portion	8,603,000		(140,000)	8,463,000	587,000	7,876,000
2012 Taxable Pension Obligation Bonds	15,555,000		(1,210,000)	14,345,000	1,305,000	13,040,000
Total Governmental Activity Debt	41,763,000		(2,220,000)	39,543,000	2,802,000	36,741,000
Capital Leases:						
2012 Fire Truck	401,159		(198,397)	202,762	202,762	
2014 PNC Lease	314,282		(314,282)			
2015 PNC Lease		720,000	(243,818)	476,182	235,829	240,353
Total Capital Leases	715,441	720,000	(756,497)	678,944	438,591	240,353
Other Debt						
HUD 108 Loan - Guarantee Loan - Senior Center	1,976,000		(131,000)	1,845,000	131,000	1,714,000
Total Other Debt	1,976,000		(131,000)	1,845,000	131,000	1,714,000
Total Government Activity Debt	\$ 44,454,441	\$ 720,000	\$ (3,107,497)	\$ 42,066,944	\$3,371,591	\$38,695,353
Plus unamortized:						
Discount (2007 TAB)	\$ (31,691)	\$	\$ 2,264	\$ (29,427)	\$ (2,264)	\$ (27,163)
Discount (2012 POB)	(89,801)		10,119	(79,682)	(10,119)	(69,563)
Premium (2013 RLRB)	253,567		(19,888)	233,679	19,888	213,791
Total General Long-term Obligations	\$ 44,586,516	\$ 720,000	\$ (3,115,002)	\$ 42,191,514	\$3,379,096	\$38,812,418

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, 2016

NOTE 6 - LONG-TERM DEBT (Continued)

At June 30, 2016, future debt service requirements for the 2007 COPs follows:

For The Year Ending June 30	Principal	Interest	Total
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	1,060,000	532,118	1,592,118
2022-2026	6,010,000	1,941,319	7,951,319
2027-2030	5,805,000	521,390	6,326,390
	<u>\$ 16,735,000</u>	<u>\$ 5,524,300</u>	<u>\$ 22,259,300</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, 2016, future debt service requirements for the City's portion of the 2013 RLRB follows:

For The Year Ending June 30	Principal	Interest	Total
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	661,000	215,351	876,351
2022-2026	3,678,000	693,016	4,371,016
2027-2028	1,674,000	75,588	1,749,588
	<u>\$ 8,463,000</u>	<u>\$ 2,034,749</u>	<u>\$ 10,497,749</u>

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 6 - 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, 2016, 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
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	1,835,000	441,164	2,276,164
2022-2024	6,570,000	730,359	7,300,359
	<u>\$ 14,345,000</u>	<u>\$ 3,591,387</u>	<u>\$ 17,936,387</u>

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, 2016, future debt service requirements for the 2012 Lease Purchase Agreement follows:

For The Year Ending June 30	Principal	Interest	Total
2017	\$ 202,762	\$ 4,461	\$ 207,223
	<u>\$ 202,762</u>	<u>\$ 4,461</u>	<u>\$ 207,223</u>

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 6 - LONG-TERM DEBT (Continued)

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, 2016, the City paid the lease in its entirety.

2015 PNC Equipment Lease

On September 18, 2015, the City entered into a Lease/Purchase Agreement with PNC Equipment Finance, LLC to Lease/Purchase Equipment in the amount of \$720,000. The Equipment was for eleven Police SUV Ford Explorers, two Police Interceptors and two Police Ford Fusions. The interest is 1.91% payable over 3 years.

At June 30, 2016, future debt service requirements for the 2015 equipment lease follows:

<u>For The Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 235,829	\$ 9,135	\$ 244,964
2018	240,353	4,611	244,964
	<u>\$ 476,182</u>	<u>\$ 13,746</u>	<u>\$ 489,928</u>

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, 2016 future debt service requirements for the HUD 108 Guarantee loan follows:

<u>For The Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 131,000	\$ 67,233	\$ 198,233
2018	131,000	63,584	194,584
2019	131,000	59,635	190,635
2020	132,000	55,414	187,414
2021	132,000	50,972	182,972
2022-2026	660,000	180,015	840,015
2027-2030	528,000	45,983	573,983
	<u>\$ 1,845,000</u>	<u>\$ 522,836</u>	<u>\$ 2,367,836</u>

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 6 - 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, 2016:

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Due Within one year	Due in more than one year
State Water Resources						
Control Board	\$ 40,408,504	\$ 2,304,492	\$	\$ 42,712,996	\$ 1,655,326	\$ 41,057,670
Marina Note	1,683,964		217,141	1,466,823	226,911	1,239,912
Total	<u>\$ 42,092,468</u>	<u>\$ 2,304,492</u>	<u>\$ 217,141</u>	<u>\$ 44,179,819</u>	<u>\$ 1,882,237</u>	<u>\$ 42,297,582</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. The City expects the project to be completed in early fiscal year 2017. The City drew down \$2,304,492 for the current year and had a balance outstanding of \$42,712,996 as of June 30, 2016.

There was no debt service payment in fiscal year 2015-16, the first debt service payment of \$2.8 million will be due in fiscal year 2016-17. Pursuant to the agreement, the City is expected to obtain net revenues of the Water System to be equal to at least 1.20 times the total annual debt service in such fiscal year. In fiscal year 2016, net revenues amounted to \$16,863,663 which represented coverage of 610% over the \$2,765,864 in debt service. Future debt service is expected to average \$3 million per year through fiscal year 2035-36 for a total \$55.3 million.

At June 30, 2016, future debt service requirements for the State Water Resources Control Board loan are as follows:

For The Year Ending June 30	Principal	Interest	Total
2017	\$ 1,655,326	\$ 1,110,538	\$ 2,765,864
2018	1,698,365	1,067,499	2,765,864
2019	1,742,522	1,023,342	2,765,864
2020	1,787,828	978,036	2,765,864
2021	1,834,312	931,553	2,765,865
2022-2026	9,912,229	3,917,095	13,829,324
2027-2031	11,269,590	2,559,733	13,829,323
2032-2036	12,812,824	1,016,496	13,829,320
	<u>\$ 42,712,996</u>	<u>\$ 12,604,292</u>	<u>\$55,317,288</u>

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 6 - LONG-TERM DEBT (Continued)

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, 2016, future debt service requirements for the Marina Cal Boating Notes Payable are as follows:

	For The Year Ending	Principal	Interest	Total
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		270,586	22,413	292,999
2022-2026		203,764	25,425	229,189
2027		21,701	1,067	22,768
		<u>\$ 1,466,823</u>	<u>\$ 250,171</u>	<u>\$ 1,716,994</u>

C. Debt Covenants and Restrictions

For June 30, 2016, 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.

D. Long-Term Debt Without City Commitment

The City has sponsored the issuance of the following debt, for which the City is not liable for repayment but acts as an agent for the property owners and bondholders:

	Project Description	Outstanding June 30, 2016
California Municipal Finance Authority Revenue Bonds, Series 2015	Las Palmas Affordable Housing	\$ 22,901,000

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 7 – 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, 2016, follows:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Due within one year	Due in more than one year
Governmental Activities	\$ 3,214,714	\$ 951,737	\$ (633,513)	\$ 3,532,938	\$ 640,343	\$ 2,892,595
Business-type Activities	577,628	74,369	(12,150)	639,847	57,586	582,261
Total	\$ 3,792,342	\$ 1,026,106	\$ (645,663)	\$ 4,172,785	\$ 697,929	\$ 3,474,856

NOTE 8 – 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, 2016, unearned revenue in the Government-Wide Financial Statements was \$2,265,912.

NOTE 9 – 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.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

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, 2016, the City does not have committed fund balance.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed 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.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

C. Encumbrances

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

As of June 30, 2016, the General Fund had outstanding encumbrances of \$924,977.

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, 2016, the following are reported within the unassigned fund balance of the General Fund:

Compensated Absences	\$	622,019
Major Emergencies		5,000,000
Community Impact		1,200,000
Economic Uncertainty		3,064,160
Other		19,492,616
Total	\$	29,378,795

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City’s Fund Balances, as of June 30, 2016, are below:

	General Fund	Capital Improvement Capital Project Fund	Non-Major Governmental Funds	Total
Nonspendables:				
Advances to Other Funds	\$ 8,106,392	\$	\$	\$ 8,106,392
Loans receivable	3,610,335			3,610,335
Loan to Successor Agency	2,731,947			2,731,947
Total Nonspendable Fund Balances	14,448,674			14,448,674
Restricted for:				
Internship	50,000			50,000
Debt Service			641,786	641,786
Capital Projects				
Capital Improvement Projects		9,066,431		9,066,431
GHAD			14,148	14,148
Subtotal	50,000	9,066,431	655,934	9,772,365
Non-Major Governmental Funds				
Affordable Housing			2,220,634	2,220,634
Street/ Traffic Improvements			1,084,546	1,084,546
Park Development Fees			449,017	449,017
Underground Utility			1,865,081	1,865,081
Special Gas Tax			1,835,451	1,835,451
Cherrywood Maintenance			368,111	368,111
Measure B - Paratransit			265,718	265,718
Asset Seizure			796,374	796,374
Heron Bay			818,238	818,238
Proposition 1B - Local Streets & Roads			13,036	13,036
Measure B			2,240,367	2,240,367
Measure F			636,938	636,938
Measure BB			1,400,125	1,400,125
CDBG			120,596	120,596
HOME			306,873	306,873
Housing In- Lieu			97,878	97,878
Business Improvement District			285,173	285,173
Public Education and Government			476,084	476,084
Subtotal			15,280,240	15,280,240
Total Restricted Fund Balances	50,000	9,066,431	15,936,174	25,052,605
Assigned to:				
Encumbrances - departmental projects	924,977			924,977
ACFD OPEB	2,204,000			2,204,000
Total Assigned Fund Balances	3,128,977	0	0	3,128,977
Unassigned:				
General fund - Compensated Absences	622,019			622,019
General fund - Major Emergencies	5,000,000			5,000,000
General fund - Community Impact	1,200,000			1,200,000
General fund - Economic Uncertainty	3,064,160			3,064,160
General fund - Other	19,492,616			19,492,616
Other fund deficits			(1,322,170)	(1,322,170)
Total Unassigned Fund Balances	29,378,795		(1,322,170)	28,056,625
Total Fund Balances	\$ 47,006,446	\$ 9,066,431	\$ 14,614,004	\$ 70,686,881

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 10 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Fund Deficits

At June 30, 2016, the following funds had fund balance deficit or net position deficit:

Shoreline Enterprise Fund	\$	778,769
Parking Special Revenue Fund		114,507
Special Grants Special Revenue Fund		1,207,663

B. Expenditures in Excess of Appropriations

Excess of expenditures over appropriations approved by the City Council occurred in individual funds during the fiscal year 2015-16 as follows:

Fund/Department	Expenditure	Appropriation	Excess
General Fund			
Engineering and Transportation	\$ 7,924,507	\$ 7,901,779	\$ (22,728)
Special Revenue Funds			
Affordable Housing			
Community Development	3,468		(3,468)
Cherrywood Maintenance District			
Engineering and Transportation	193		(193)
Heron Bay			
Interest and Fees	3,400		(3,400)
Special Grants			
Public Safety	636,415	609,095	(27,320)
Business Improvement District			
Community Development	594,999	346,920	(248,079)

NOTE 11 - 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.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 11 – INSURANCE (Continued)

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
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
2015-2016	6,046,546	5,292,142	(5,241,904)	6,096,784

NOTE 12 - 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 11 to the Financial Statements, the City maintains a Self Insurance Fund which has reserves of \$6,096,784 at the end of June 30, 2016. These reserves are available to satisfy any future liability.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 13 – PENSIONS PLAN

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 and Summary of Balances by Plan

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.

Below is a summary of the deferred outflows of resources, net pension liabilities, and deferred inflows of resources by Plan for the year ended June 30, 2016:

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources
Miscellaneous	\$ 4,860,237	\$ 66,965,973	\$ 8,716,532
Safety	5,482,854	57,751,630	6,689,378
Total	<u>\$ 10,343,091</u>	<u>\$ 124,717,603</u>	<u>\$ 15,405,910</u>

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 13 – PENSION PLAN (Continued)

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 Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012. The Plans’ provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous		
	Prior to May 6, 2010	On or after May 6, 2010	On or after January 1, 2013
Hire date			
Membership Type	Classic	Classic	PEPRA
Benefit formula	2.5% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	55	62
Monthly benefits, as a % of eligible compensation	2.000% - 2.500%	1.426% - 2.418%	1.000% - 2.500%
Required employee contribution rates	8.000%	7.000%	6.750%
Required employer contribution rates	26.959%	26.959%	26.959%

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Membership Type	Classic	PEPRA
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	57
Monthly benefits, as a % of eligible compensation	3%	2% - 2.7%
Required employee contribution rates	9%	12.250%
Required employer contribution rates	42.576%	11.923%

Employees Covered – As of the June 30, 2014 actuarial valuation date and the June 30, 2015 measurement date, the following employees were covered by the benefit terms for the plan:

	June 30, 2014		June 30, 2015	
	Miscellaneous	Safety	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	603	289	633	297

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 13 – PENSION PLAN (Continued)

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for 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, 2016, the contributions recognized as part of pension expense for the Plan were as follows:

	Miscellaneous	Safety	Total
Contributions - employer	\$ 4,860,237	\$ 5,482,854	\$ 10,343,091

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 Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	All Miscellaneous Plans
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.2% - 12.2% (1)
Investment Rate of Return	7.50% (2)
Mortality	Derived using CalPERS Membership Data for all Funds (3)

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

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

(3) The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 13 – PENSION PLAN (Continued)

Change of Assumptions – GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 measurement date.

Discount Rate – The discount rate used to measure the total pension liability was 7.65% 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 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 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.

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.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 13 – PENSION PLAN (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

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

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

C. Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	\$ 264,495,717	\$ 196,714,141	\$ 67,781,576
Changes in the year:			
Service cost	3,570,669		3,570,669
Interest on the total pension liability	18,867,111		18,867,111
Changes of benefit terms			
Changes of assumptions	(4,335,946)		(4,335,946)
Differences between expected and actual experience	(8,034,544)		(8,034,544)
Plan to plan resource movement		(572)	572
Contributions - employer		5,043,060	(5,043,060)
Contributions - employees		1,672,356	(1,672,356)
Net investment income		4,385,312	(4,385,312)
Benefit payments, including refunds of employee contributions	(14,563,306)	(14,563,306)	
Administrative expense		(217,263)	217,263
Net changes	<u>(4,496,016)</u>	<u>(3,680,413)</u>	<u>(815,603)</u>
Balance at June 30, 2015	<u>\$ 259,999,701</u>	<u>\$ 193,033,728</u>	<u>\$ 66,965,973</u>

As of June 30, 2016, the Safety cost-sharing plan reported net pension liabilities for its proportionate shares of the net pension liability at \$57,751,630.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 13 – PENSION PLAN (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 plan 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, 2014 and 2015 was as follows:

	Safety
Proportion - June 30, 2014	0.77754%
Proportion - June 30, 2015	0.14016%
Change - Increase (Decrease)	-0.64%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for the Plan, calculated using the discount rate for the 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:

	Miscellaneous	Safety
1% Decrease	6.65%	6.65%
Net Pension Liability	\$ 99,318,621	\$ 93,272,238
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$ 66,965,973	\$ 57,751,630
1% Increase	8.65%	8.65%
Net Pension Liability	\$ 40,102,944	\$ 28,625,384

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, 2016, the City recognized negative pension expense of \$4,707,418. At June 30, 2016, 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, 2016

NOTE 13 – PENSION PLAN (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 10,343,091	\$ -
Differences between actual and expected experience		(4,787,594)
Changes in assumptions		(4,228,328)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions		(3,476,681)
Net differences between projected and actual earnings on plan investments		(2,913,307)
Total	<u>\$ 10,343,091</u>	<u>\$ (15,405,910)</u>

The \$10,343,091 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, 2017. 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	
2016	(\$9,570,561)
2017	(5,156,270)
2018	(3,903,549)
2019	3,224,470

NOTE 14 – 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, 2016

NOTE 14 – 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 twenty-five 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	\$ 959,103
Interest on net OPEB obligation	64,478
Adjustment to the annual required contribution	<u>(63,101)</u>
Annual OPEB cost	960,480
Less: Contributions made - medical and dental	(866,649)
Less: Contributions made - PARS	<u>(1,750,000)</u>
Decrease in net OPEB obligation	(1,656,169)
Net OPEB obligation - beginning year	<u>422,331</u>
Net OPEB (asset) - end of year	<u><u>\$ (1,233,838)</u></u>

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 14 – 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 asset for 2016 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 (Asset)
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)
2016	960,480	2,616,649	272%	(1,656,169)
Total Net OPEB (Asset)				<u>\$ (1,233,838)</u>

C. Plan Funded Status Information

As of June 30, 2015, the latest valuation date, the funded status of the plan, was as follows:

Actuarial Valuations	
Actuarial accrued liability (AAL)	\$ 15,577,516
Actuarial value of plan assets	3,502,137
Unfunded actuarial accrued liability (UAAL)	12,075,379
Funded ratio (actuarial value of plan assets/AAL)	22%
Covered payroll (active plan members)	28,353,329
UAAL as percentage of covered payroll	42.6%

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 requires 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, 2016

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (Continued)

In the June 30, 2015 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 3.3% aggregate payroll increases.

The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll over a 25 year closed amortization period. There is no assumed postretirement benefit increase.

- Healthcare costs trends utilized actual premium rates for 2015. Future years were reduced to an ultimate rate 5% for both HMO and PPO plans by 2019.
- The CPI was assumed to be a constant at 3% per year.
- Assets in the plan will be invested in a moderately conservative portfolio that will provide current income with capital appreciation as a secondary objective.
- 5.5% Investment rate of return (net of administrative expenses).

NOTE 15 – 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 16 – SUCCESSOR AGENCY ACTIVITIES

A. Cash and Investments

Cash and Investments at June 30, 2016, consisted of the following:

Statement of net assets:	
Cash and Investments	\$ 3,411,732
Cash and Investments held by trustee	4,503,777
Total cash and investments	\$ 10,214,824

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, 2016

NOTE 16 – SUCCESSOR AGENCY ACTIVITIES (Continued)

B. Advances from the City

Receivable Fund	Payable Fund	Amount
General	Successor Agency	\$ 2,731,947
		\$ 2,731,947

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 made that payment in October 2015, after which the City, as a taxing entity itself, received approximately 12% of the funds.

On October 28, 2015, the Successor Agency was issued a finding of Completion, which permits the agency to place loan agreements between the former redevelopment agency and its sponsoring entity on the Recognized Obligation Payment Schedule (ROPS), as an enforceable obligation, provided the oversight board makes a finding that the loan was made for legitimate redevelopment purposes. On January 27, 2016, the Oversight Board made such finding, which was approved by the Department of Finance, and the loan was placed on the 2016-17 ROPS.

The current outstanding balance on the loan is \$2,299,315. Including interest, the City will receive approximately \$3,369,000 in payments towards the loan. Of this, approximately \$2,695,000 will be remitted to the General Fund and \$674,000 (20%) will be remitted to the Low and Moderate Income Housing Asset Fund. In keeping with State law, a defined repayment schedule was developed with annual payments of \$574,829. Payments will be made based upon availability of funds after payment of other enforceable obligations on the ROPS and the yearly cap. Based upon this requirement, sufficient funds are projected to be available to begin payments in fiscal year 2017-18 and complete loan payoff by fiscal year 2022-23.

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 16 – SUCCESSOR AGENCY ACTIVITIES (Continued)

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 requested \$1,782,444 in funding for payments due under this loan on the ROPS for January through June 2016, which was then remitted to the City. The remaining balance of \$432,632 was requested on the ROPS for July 2016 through June 2017.

C. Capital Assets

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

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

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

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 16 – SUCCESSOR AGENCY ACTIVITIES (Continued)

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Transfer to the City</u>	<u>Balance June 30, 2016</u>
Non-depreciable Assets:				
Land	\$ 2,949,885	\$	\$ (1,746,450)	\$ 1,203,435
Depreciable Assets:				
Buildings and Improvements	1,713,996		(885,920)	828,076
Total Depreciable Assets	<u>1,713,996</u>		<u>(885,920)</u>	<u>828,076</u>
Accumulated Depreciation:				
Buildings and Improvements	(372,967)	(16,563)	104,457	(285,073)
Total Accumulated Depreciation	<u>(372,967)</u>	<u>(16,563)</u>	<u>104,457</u>	<u>(285,073)</u>
Depreciable Assets, Net	<u>1,341,029</u>	<u>(16,563)</u>	<u>(781,463)</u>	<u>543,003</u>
Total Private Purpose Trust Fund Activity Capital Assets, Net				
	<u>\$ 4,290,914</u>	<u>\$ (16,563)</u>	<u>\$ (2,527,913)</u>	<u>\$ 1,746,438</u>

D. Long-Term Debt Obligations

At June 30, 2016, future debt service requirements for the Successor Agency were as follows:

	<u>Balance June 30, 2015</u>	<u>Retirements</u>	<u>Balance June 30, 2016</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
2008 Tax Allocation Bonds	\$ 24,645,000	\$ (570,000)	\$ 24,075,000	\$ 595,000	\$ 23,480,000
2013 Refunding Lease Revenue Bonds					
Successor Agency Portion	2,762,000	(175,000)	2,587,000	203,000	2,384,000
2014 Tax Allocation Refunding Bonds					
Successor Agency Portion	11,235,000		11,235,000		11,235,000
Owner Participation Agreements	1,508,491	(234,890)	1,273,601	297,455	976,146
San Leandro USD - 9th Grade	167,072	(167,072)			
King Property Settlement	4,250,000	(1,500,000)	2,750,000	1,500,000	1,250,000
HUD 108 Guarantee Notes					
Affordable Housing	307,000	(63,000)	244,000	63,000	181,000
Total	<u>\$ 44,874,563</u>	<u>\$ (2,709,962)</u>	<u>\$ 42,164,601</u>	<u>\$ 2,658,455</u>	<u>\$ 39,506,146</u>
Plus (Less) unamortized:					
Premium (2008 TAB)	\$ 163,046	\$ (6,522)	\$ 156,524	\$ 6,522	\$ 150,002
Premium (2013 LRRB)	100,609	(8,562)	92,047	8,562	83,485
Premium (2014 TAB)	1,592,445	(81,664)	1,510,781	81,664	1,429,117
Total Government Activity Debt	<u>\$ 46,730,663</u>	<u>\$ (2,806,710)</u>	<u>\$ 43,923,953</u>	<u>\$ 2,755,203</u>	<u>\$ 41,168,750</u>

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 16 – SUCCESSOR AGENCY ACTIVITIES (Continued)

2008 Tax Allocation Bonds

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

At June 30, 2016, future debt service requirements for the 2008 Tax Allocation Bonds were as follows:

For The Year Ending June 30	Principal	Interest	Total
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	705,000	1,103,719	1,808,719
2022-2026	4,040,000	4,963,911	9,003,911
2027-2031	5,150,000	3,820,035	8,970,035
2032-2036	6,705,000	2,273,558	8,978,558
2037-2039	4,940,000	409,050	5,349,050
	<u>\$ 24,075,000</u>	<u>\$ 17,305,162</u>	<u>\$ 41,380,162</u>

2013 Refunding Lease Revenue Bonds

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

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

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 16 – SUCCESSOR AGENCY ACTIVITIES (Continued)

At June 30, 2016, 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
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	224,000	62,230	286,230
2022-2026	1,247,000	180,683	1,427,683
2027	276,000	6,900	282,900
	<u>\$ 2,587,000</u>	<u>\$ 563,443</u>	<u>\$ 3,150,443</u>

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, 2016, future debt service requirements for the 2014 Tax Allocation Refunding Bonds were as follows:

For The Year Ending June 30	Principal	Interest	Total
2017	\$	\$ 537,825	\$ 537,825
2018		537,825	537,825
2019		537,825	537,825
2020	405,000	527,700	932,700
2021	485,000	505,450	990,450
2022-2026	3,685,000	2,019,250	5,704,250
2027-2031	4,235,000	1,026,750	5,261,750
2032-2035	2,425,000	144,038	2,569,038
	<u>\$ 11,235,000</u>	<u>\$ 5,836,663</u>	<u>\$ 17,071,663</u>

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 16 – SUCCESSOR AGENCY ACTIVITIES (Continued)

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. As of June 30, 2016 the balance of the agreement has been paid in full.

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, 2016, future debt service requirements for the 2014 King Property Settlement were as follows:

<u>For The Year</u> <u>Ending June 30</u>	<u>Principal</u>
2017	\$ 1,500,000
2018	1,250,000
	<u>\$ 2,750,000</u>

CITY OF SAN LEANDRO
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 16 – SUCCESSOR AGENCY ACTIVITIES (Continued)

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
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>\$ 244,000</u>	<u>\$ 14,855</u>	<u>\$ 258,855</u>

NOTE 17 – SUBSEQUENT EVENTS

On July 21, 2016, the City completed an Energy and Water savings lease financing for the City's lowest-ever interest rate (2.1%). The \$5.4 million lease was secured through a competitive private placement, which produced 6 bids. The debt service through 2032 will be guaranteed by the developer's assurance of avoided costs for energy and water over the next 16 years.



REQUIRED SUPPLEMENTARY INFORMATION

City of San Leandro
Required Supplementary Information
For the year ended June 30, 2016

1. BUDGETS AND BUDGETARY ACCOUNTING

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Property taxes and other taxes	\$ 79,640,078	\$ 79,640,078	\$ 86,168,455	\$ 6,528,377
Licenses and permits	6,761,351	6,761,351	7,984,475	1,223,124
Fines and forfeitures	1,118,000	1,118,000	1,685,098	567,098
Services charges	2,863,574	2,902,574	2,923,780	21,206
Intergovernmental	1,018,547	1,018,547	1,050,413	31,866
Use of money and property	1,202,000	1,202,000	1,808,098	606,098
Interdepartmental charges	2,002,140	2,002,140	1,999,878	(2,262)
Other	601,500	631,430	2,729,811	2,098,381
Total revenues	95,207,190	95,276,120	106,350,008	11,073,888
EXPENDITURES:				
Current:				
General government	12,021,915	12,632,458	11,846,864	785,594
Public safety	52,835,274	53,751,401	51,487,127	2,264,274
Engineering and transportation	7,672,935	7,901,779	7,924,507	(22,728)
Recreation and culture	9,263,110	9,868,246	9,861,204	7,042
Community development	5,167,223	6,704,973	5,140,460	1,564,513
Debt service:				
Principal	1,870,372	1,870,372	1,408,397	461,975
Interest and fees	861,246	861,246	859,542	1,704
Total expenditures	89,692,075	93,590,475	88,528,101	5,062,374
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,515,115	1,685,645	17,821,907	16,136,262
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(3,807,017)	(5,557,017)	(5,627,017)	(70,000)
Total other financing sources (uses)	(3,807,017)	(5,557,017)	(5,627,017)	(70,000)
NET CHANGE IN FUND BALANCE	\$ 1,708,098	\$ (3,871,372)	12,194,890	\$ 16,066,262
FUND BALANCES:				
Beginning of year			34,811,556	
End of year			\$ 47,006,446	

CITY OF SAN LEANDRO
Required Supplemental Information
For the year ended June 30, 2016

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.

CITY OF SAN LEANDRO
Required Supplemental Information
For the year ended June 30, 2016

City of San Leandro
Agent Multiple Employer Defined Benefit Retirement Plan - Miscellaneous Plan
As of fiscal year ending June 30, 2016
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years*

	<u>2014</u>	<u>2015</u>
Total Pension Liability		
Service Cost	\$ 3,921,445	\$ 3,570,669
Differences between expected and actual experience		(8,034,544)
Changes in assumptions		(4,335,946)
Interest	18,796,998	18,867,111
Benefit payments, including refunds of employee contributions	(13,777,288)	(14,563,306)
Net change in total pension liability	8,941,155	(4,496,016)
Total pension liability - beginning	255,554,562	264,495,717
Total pension liability - ending (a)	<u>\$ 264,495,717</u>	<u>\$ 259,999,701</u>
Plan fiduciary net position		
Contributions - employer	\$ 4,594,523	\$ 5,043,060
Contributions - employee	2,010,061	1,672,356
Net investment income	29,807,971	4,385,312
Benefit payments, including refunds of employee contributions	(13,777,288)	(14,563,306)
Plan to Plan Resource Movement		(572)
Plan to Plan Resource Movement		(217,263)
Net change in plan fiduciary net position	22,635,267	(3,680,413)
Plan fiduciary net position - beginning	174,078,874	196,714,141
Plan fiduciary net position - ending (b)	<u>\$ 196,714,141</u>	<u>\$ 193,033,728</u>
Net pension liability - ending (a)-(b)	<u>\$ 67,781,576</u>	<u>\$ 66,965,973</u>
Plan fiduciary net position as a percentage of covered-employee payroll	74.37%	74.24%
Covered-employee payroll	\$ 19,979,507	\$ 21,037,041
Plan fiduciary net position as a percentage of the total pension liability	316.66%	318.32%

Notes to Schedule:

Benefit changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after the actuarial valuation date. 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 - GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 measurement date.

* Fiscal year 2015 was the 1st year of implementation.

CITY OF SAN LEANDRO Required Supplemental Information For the year ended June 30, 2016

City of San Leandro
Agent Multiple Employer Defined Benefit Retirement Plan - Miscellaneous Plans
As of fiscal year ending June 30, 2016
SCHEDULE OF CONTRIBUTIONS
Last 10 Years*

	2015	2016
Actuarially determined contribution	\$ 4,594,523	\$ 4,860,237
Contributions in relation to the actuarially determined contributions	(4,594,523)	(4,860,237)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 19,979,507	\$21,037,041
Contributions as a percentage of covered-employee payroll	23.00%	23.10%

Notes to Schedule

Valuation date:	6/30/2013	6/30/2014
-----------------	-----------	-----------

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	3.2% - 12.2%
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.

CITY OF SAN LEANDRO
Required Supplemental Information
For the year ended June 30, 2016

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*

	2014	2015
Plan's proportion of the Net Pension Liability (Asset)	0.77754%	1.40159%
Plan's proportion share of the Net Pension Liability (Asset)	\$ 48,381,880	\$ 57,751,630
Plan's Covered Employee Payroll	\$ 10,789,007	\$ 10,794,582
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	450.15%	535.01%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.42%	77.71%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 6,001,876	\$ 5,482,854

* - Fiscal year 2015 was the 1st year of implementation

CITY OF SAN LEANDRO
Required Supplemental Information
For the year ended June 30, 2016

City of San Leandro
Cost-Sharing Multiple Employer Defined Pension Plan - Safety Plan
For the Fiscal Year Ended June 30, 2016
SCHEDULE OF CONTRIBUTIONS
Last 10 Years*

	2015	2016
Actuarially determined contribution	\$ 2,992,821	\$ 5,482,854
Contributions in relation to the actuarially determined contributions	(2,992,821)	(5,482,854)
Contribution deficiency (excess)	\$ -	\$ -
 Covered-employee payroll	 \$ 10,747,946	 \$ 10,794,582
 Contributions as a percentage of covered-employee payroll	 27.85%	 50.79%

* - Fiscal year 2015 was the 1st year of implementation.

CITY OF SAN LEANDRO
Required Supplemental Information
For the year ended June 30, 2016

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)
6/30/2011	\$ 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%
6/30/2015	3,502,137	15,577,516	12,075,379	22%	28,353,329	42.6%

SUPPLEMENTARY INFORMATION



City of San Leandro
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -
Major Governmental Fund
Capital Improvement Capital Projects Fund
For the year ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Service Charges	\$ 10,000	\$ 160,420	\$ 150,420
Other	1,500,000	1,500,046	46
Total revenues	1,510,000	1,660,466	150,466
EXPENDITURES:			
Current:			
Engineering and transportation	7,616,022	1,052,934	6,563,088
Community development	897,331	147,933	749,398
Recreation and culture	-	22	(22)
Total expenditures	8,513,353	1,200,889	7,312,464
REVENUES OVER (UNDER) EXPENDITURES	(7,003,353)	459,577	7,462,930
OTHER FINANCING SOURCES (USES):			
Transfer in	3,732,017	3,732,017	-
NET CHANGE IN FUND BALANCES	\$ (3,271,336)	4,191,594	\$ 7,462,930
FUND BALANCES:			
Beginning of year		4,874,837	
End of year		<u>\$ 9,066,431</u>	



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

San Leandro Hillside Geological Hazardous Abatement District (GHAD) - 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, 2016

	Special Revenue Funds				
	Affordable Housing Asset Fund	Street/ Traffic Improvements	Park Development Fee	Underground Utility Fee	Parking
ASSETS					
Cash and investments	\$ 1,664,478	\$ 1,078,073	\$ 405,088	\$ 1,862,154	\$ 20,194
Cash and investments with fiscal agent	-	-	-	-	-
Receivables:					
Accounts	6,860	4,382	45,135	-	4,074
Federal, State, and local grants	-	-	-	-	-
Interest	1,869	2,091	2,021	2,927	-
Special assessments	-	-	-	-	-
Loans	547,907	-	-	-	-
Total Assets	\$ 2,221,114	\$ 1,084,546	\$ 452,244	\$ 1,865,081	\$ 24,268
LIABILITIES					
Accounts payable	\$ 480	\$ -	\$ 3,227	\$ -	\$ 8,846
Due to other funds	-	-	-	-	129,929
Total Liabilities	480	-	3,227	-	138,775
DEFERRED INFLOW OF RESOURCES					
Unavailable revenue - grants receivable	-	-	-	-	-
Total Deferred Inflow of resources	-	-	-	-	-
Fund Balances:					
Restricted	2,220,634	1,084,546	449,017	1,865,081	-
Unassigned	-	-	-	-	(114,507)
Total Fund Balances	2,220,634	1,084,546	449,017	1,865,081	(114,507)
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 2,221,114	\$ 1,084,546	\$ 452,244	\$ 1,865,081	\$ 24,268

(Continued)

Special Revenue Funds

Special Gas Tax	Cherrywood Maintenance District	Measure B Paratransit	Asset Seizure	Heron Bay	Proposition IB Local Streets & Roads	Special Grants	Measure B
\$ 1,849,773	\$ 332,064	\$ 224,853	\$ 890,243	\$ 816,861	\$ 13,016	\$ (16,758)	\$ 2,201,617
-	-	-	-	-	-	-	-
-	71	-	-	2,573	-	131,097	38,489
-	-	44,385	-	-	-	3,760,672	301,410
3,946	486	-	1,341	1,344	20	-	5,225
-	35,490	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,853,719</u>	<u>\$ 368,111</u>	<u>\$ 269,238</u>	<u>\$ 891,584</u>	<u>\$ 820,778</u>	<u>\$ 13,036</u>	<u>\$ 3,875,011</u>	<u>\$ 2,546,741</u>
\$ 18,268	\$ -	\$ 3,520	\$ 95,210	\$ 2,540	\$ -	\$ 116,583	\$ 306,374
-	-	-	-	-	-	1,234,896	-
<u>18,268</u>	<u>-</u>	<u>3,520</u>	<u>95,210</u>	<u>2,540</u>	<u>-</u>	<u>1,351,479</u>	<u>306,374</u>
-	-	-	-	-	-	3,731,195	-
-	-	-	-	-	-	3,731,195	-
1,835,451	368,111	265,718	796,374	818,238	13,036	-	2,240,367
-	-	-	-	-	-	(1,207,663)	-
<u>1,835,451</u>	<u>368,111</u>	<u>265,718</u>	<u>796,374</u>	<u>818,238</u>	<u>13,036</u>	<u>(1,207,663)</u>	<u>2,240,367</u>
<u>\$ 1,853,719</u>	<u>\$ 368,111</u>	<u>\$ 269,238</u>	<u>\$ 891,584</u>	<u>\$ 820,778</u>	<u>\$ 13,036</u>	<u>\$ 3,875,011</u>	<u>\$ 2,546,741</u>

(Continued)

City of San Leandro
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016

	Special Revenue Funds				
	Measure BB	Measure F	C.D.B.G.	HOME	Housing In-Lieu
ASSETS					
Cash and investments	\$ 1,176,352	\$ 556,309	\$ 133,575	\$ 237,510	\$ 97,732
Cash and investments with fiscal agent	-	-	-	-	-
Receivables:					
Accounts	226,294	79,869	-	69,362	-
Federal, State, and local grants	-	-	-	-	-
Interest	-	760	-	1	146
Special assessments	-	-	-	-	-
Loans	-	-	-	-	-
Total Assets	\$ 1,402,646	\$ 636,938	\$ 133,575	\$ 306,873	\$ 97,878
LIABILITIES					
Accounts payable	\$2,521	\$ -	\$ 12,979	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total Liabilities	2,521	-	12,979	-	-
DEFERRED INFLOW OF RESOURCES					
Unavailable revenue - grants receivable	-	-	-	-	-
Total Deferred Inflow of resources	-	-	-	-	-
Fund Balances:					
Restricted	1,400,125	636,938	120,596	306,873	97,878
Unassigned	-	-	-	-	-
Total Fund Balances	1,400,125	636,938	120,596	306,873	97,878
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 1,402,646	\$ 636,938	\$ 133,575	\$ 306,873	\$ 97,878

(Continued)

Special Revenue Funds		Debt Service Funds		Capital Projects Fund	Total Non-Major Governmental Funds
Business Improvement District	Public Education and Government	Special Assessment District	San Leandro Public Financing Authority	GHAD	
\$ 463,651	\$ 425,668	\$ 121	\$ 641,307	\$ 14,148	\$15,088,029
-	-	-	358	-	358
1,274	50,163	-	-	-	659,643
-	-	-	-	-	4,106,467
152	453	-	-	-	22,782
96	-	-	-	-	35,586
-	-	-	-	-	547,907
<u>\$ 465,173</u>	<u>\$ 476,284</u>	<u>\$ 121</u>	<u>\$ 641,665</u>	<u>\$ 14,148</u>	<u>\$ 20,460,772</u>
\$ 180,000	\$ 200	\$ -	\$ -	\$ -	\$ 750,748
-	-	-	-	-	1,364,825
<u>180,000</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,115,573</u>
-	-	-	-	-	3,731,195
-	-	-	-	-	3,731,195
285,173	476,084	121	641,665	14,148	15,936,174
-	-	-	-	-	(1,322,170)
<u>285,173</u>	<u>476,084</u>	<u>121</u>	<u>641,665</u>	<u>14,148</u>	<u>14,614,004</u>
<u>\$ 465,173</u>	<u>\$ 476,284</u>	<u>\$ 121</u>	<u>\$ 641,665</u>	<u>\$ 14,148</u>	<u>\$ 20,460,772</u>

City of San Leandro
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2016

	Special Revenue Funds				
	Affordable Housing Asset Fund	Street/Traffic Improvements	Park Development Fee	Underground Utility Fee	Parking
REVENUES:					
Property and other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	39,019	-	-	244,763
Service Charges	-	-	-	15,275	-
Intergovernmental	-	-	235,000	-	-
Use of money and property	33,369	13,391	12,425	19,508	-
Other	93,075	-	92,777	-	-
Total Revenues	126,444	52,410	340,202	34,783	244,763
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Engineering and transportation	-	275,646	-	6,922	255,134
Recreation and culture	-	-	1,531,253	-	-
Community development	3,468	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fees	-	-	-	-	-
Total Expenditures	3,468	275,646	1,531,253	6,922	255,134
REVENUES OVER (UNDER) EXPENDITURES	122,976	(223,236)	(1,191,051)	27,861	(10,371)
OTHER FINANCING SOURCES:					
Transfer in	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-
NET CHANGE IN FUND BALANCES	122,976	(223,236)	(1,191,051)	27,861	(10,371)
FUND BALANCES:					
Beginning of year	2,097,658	1,307,782	1,640,068	1,837,220	(104,136)
End of year	\$ 2,220,634	\$ 1,084,546	\$ 449,017	\$ 1,865,081	\$ (114,507)

(Continued)

Special Revenue Funds

Special Gas Tax	Cherrywood Maintenance District	Measure B Paratransit	Asset Seizure	Heron Bay	Proposition IB Local Streets & Roads	Special Grants	Measure B
\$ -	\$ 23,021	\$ -	\$ -	\$ 342,162	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,925,213	-	282,274	170,599	-	-	3,803,305	1,970,653
23,547	3,381	-	8,966	8,967	189	-	32,065
739	-	-	-	-	-	21,071	56,413
<u>1,949,499</u>	<u>26,402</u>	<u>282,274</u>	<u>179,565</u>	<u>351,129</u>	<u>189</u>	<u>3,824,376</u>	<u>2,059,131</u>
-	-	-	-	-	-	-	-
-	-	-	135,350	-	-	636,415	-
3,081,194	193	-	-	349,451	-	2,304,760	3,162,002
-	-	198,402	-	-	-	623,485	-
-	-	-	-	-	-	237,847	-
-	-	-	-	-	-	-	-
-	-	-	-	3,400	-	-	-
<u>3,081,194</u>	<u>193</u>	<u>198,402</u>	<u>135,350</u>	<u>352,851</u>	<u>-</u>	<u>3,802,507</u>	<u>3,162,002</u>
<u>(1,131,695)</u>	<u>26,209</u>	<u>83,872</u>	<u>44,215</u>	<u>(1,722)</u>	<u>189</u>	<u>21,869</u>	<u>(1,102,871)</u>
-	-	-	-	-	-	50,000	-
-	-	-	-	-	-	50,000	-
<u>(1,131,695)</u>	<u>26,209</u>	<u>83,872</u>	<u>44,215</u>	<u>(1,722)</u>	<u>189</u>	<u>71,869</u>	<u>(1,102,871)</u>
<u>2,967,146</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>
<u>\$ 1,835,451</u>	<u>\$ 368,111</u>	<u>\$ 265,718</u>	<u>\$ 796,374</u>	<u>\$ 818,238</u>	<u>\$ 13,036</u>	<u>\$ (1,207,663)</u>	<u>\$ 2,240,367</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, 2016

	Special Revenue Funds				
	Measure BB	Measure F	C.D.B.G.	HOME	Housing In-Lieu
REVENUES:					
Property and other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Service Charges	-	-	-	-	-
Intergovernmental	1,467,970	439,407	455,242	52,020	-
Use of money and property	3,699	6,444	-	1,556	1,173
Other	-	-	24,315	69,362	-
Total Revenues	1,471,669	445,851	479,557	122,938	1,173
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Engineering and transportation	344,155	428,665	-	-	-
Recreation and culture	-	-	-	-	-
Community development	-	-	304,981	8,274	-
Debt service:					
Principal	-	-	131,000	-	-
Interest and fees	-	-	70,417	-	-
Total Expenditures	344,155	428,665	506,398	8,274	-
REVENUES OVER (UNDER) EXPENDITURES	1,127,514	17,186	(26,841)	114,664	1,173
OTHER FINANCING SOURCES:					
Transfer in	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-
NET CHANGE IN FUND BALANCES	1,127,514	17,186	(26,841)	114,664	1,173
FUND BALANCES:					
Beginning of year	272,611	619,752	147,437	192,209	96,705
End of year	<u>\$ 1,400,125</u>	<u>\$ 636,938</u>	<u>\$ 120,596</u>	<u>\$ 306,873</u>	<u>\$ 97,878</u>

(Continued)

Special Revenue Funds		Debt Service Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
Business Improvement District	Public Education and Government	Special Assessment District	San Leandro Public Financing Authority	GHAD	
\$ -	\$ 201,967	\$ -	\$ -	\$ -	\$ 567,150
326,474	-	-	-	-	610,256
-	-	-	-	-	15,275
339,750	-	-	-	-	11,141,433
2,034	4,092	-	2,040,585	48	2,215,439
-	-	-	-	-	357,752
<u>668,258</u>	<u>206,059</u>	<u>-</u>	<u>2,040,585</u>	<u>48</u>	<u>14,907,305</u>
-	-	-	-	-	-
-	-	-	-	-	771,765
-	-	-	-	94	10,208,216
-	-	-	-	-	2,353,140
594,999	42,163	-	-	-	1,191,732
-	-	-	1,010,000	-	1,141,000
-	-	-	1,030,420	-	1,104,237
<u>594,999</u>	<u>42,163</u>	<u>-</u>	<u>2,040,420</u>	<u>94</u>	<u>16,770,090</u>
<u>73,259</u>	<u>163,896</u>	<u>-</u>	<u>165</u>	<u>(46)</u>	<u>(1,862,785)</u>
<u>95,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,000</u>
<u>95,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,000</u>
168,259	163,896	-	165	(46)	(1,717,785)
<u>116,914</u>	<u>312,188</u>	<u>121</u>	<u>641,500</u>	<u>14,194</u>	<u>16,331,789</u>
<u>\$ 285,173</u>	<u>\$ 476,084</u>	<u>\$ 121</u>	<u>\$ 641,665</u>	<u>\$ 14,148</u>	<u>\$ 14,614,004</u>

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Use of money and property	\$ 20,000	\$ 33,369	\$ 13,369
Other	165,000	93,075	(71,925)
Total Revenues	185,000	126,444	(58,556)
EXPENDITURES:			
Current:			
Community development	-	3,468	(3,468)
Total Expenditures	-	3,468	(3,468)
NET CHANGE IN FUND BALANCES	\$ 185,000	122,976	\$ (62,024)
FUND BALANCES:			
Beginning of year		2,097,658	
End of year		\$ 2,220,634	

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Licenses and permits	\$ 80,000	\$ 39,019	\$ (40,981)
Use of money and property	7,000	13,391	6,391
Total Revenues	87,000	52,410	(34,590)
EXPENDITURES:			
Current:			
Engineering and transportation	1,204,556	275,646	928,910
Total Expenditures	1,204,556	275,646	928,910
NET CHANGE IN FUND BALANCES	\$ (1,117,556)	(223,236)	\$ 894,320
FUND BALANCES:			
Beginning of year		1,307,782	
End of year		\$ 1,084,546	

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Intergovernmental	\$ -	\$ 235,000	\$ 235,000
Use of money and property	3,000	12,425	9,425
Other	25,000	92,777	67,777
Total Revenues	28,000	340,202	312,202
EXPENDITURES:			
Current:			
Recreation and culture	1,614,017	1,531,253	82,764
Total Expenditures	1,614,017	1,531,253	82,764
NET CHANGE IN FUND BALANCES	\$ (1,586,017)	(1,191,051)	\$ 394,966
FUND BALANCES:			
Beginning of year		1,640,068	
End of year		\$ 449,017	

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Use of money and property	\$ 3,476	\$ 19,508	\$ 16,032
Charges for current services	70,000	15,275	(54,725)
Other	-	-	-
Total Revenues	73,476	34,783	(38,693)
EXPENDITURES:			
Current:			
Engineering and transportation	1,872,587	6,922	1,865,665
Total Expenditures	1,872,587	6,922	1,865,665
NET CHANGE IN FUND BALANCES	\$ (1,799,111)	27,861	\$ 1,826,972
FUND BALANCES:			
Beginning of year		1,837,220	
End of year		\$ 1,865,081	

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Licenses and permits	\$ 249,660	\$ 244,763	\$ (4,897)
Total revenues	249,660	244,763	(4,897)
EXPENDITURES:			
Current:			
Engineering and transportation	255,830	255,134	696
Total expenditures	255,830	255,134	696
NET CHANGE IN FUND BALANCES	\$ (6,170)	(10,371)	\$ (4,201)
FUND BALANCES:			
Beginning of year		(104,136)	
End of year		\$ (114,507)	

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Intergovernmental	\$ 1,853,755	\$ 1,925,213	\$ 71,458
Use of money and property	3,750	23,547	19,797
Other	-	739	739
Total revenues	1,857,505	1,949,499	91,994
EXPENDITURES:			
Current:			
Engineering and transportation	4,228,514	3,081,194	1,147,320
Total expenditures	4,228,514	3,081,194	1,147,320
REVENUES OVER (UNDER) EXPENDITURES	(2,371,009)	(1,131,695)	(1,055,326)
NET CHANGE IN FUND BALANCES	\$ (2,371,009)	\$ (1,131,695)	\$ 1,239,314
FUND BALANCES:			
Beginning of year		2,967,146	
End of year		\$ 1,835,451	

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Property and other taxes	\$ 22,885	\$ 23,021	\$ 136
Use of money and property	500	3,381	2,881
Total revenues	23,385	26,402	3,017
EXPENDITURES:			
Current:			
Engineering and transportation	-	193	(193)
Total expenditures	-	193	(193)
NET CHANGE IN FUND BALANCES	\$ 23,385	26,209	\$ 2,824
FUND BALANCES:			
Beginning of year		341,902	
End of year		\$ 368,111	

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Intergovernmental	\$ 277,565	\$ 282,274	\$ 4,709
Total revenues	<u>277,565</u>	<u>282,274</u>	<u>4,709</u>
EXPENDITURES:			
Current:			
Recreation and culture	248,392	198,402	49,990
Total expenditures	<u>248,392</u>	<u>198,402</u>	<u>49,990</u>
REVENUES OVER (UNDER) EXPENDITURES:			
	<u>29,173</u>	<u>83,872</u>	<u>(45,281)</u>
NET CHANGE IN FUND BALANCES			
	<u>\$ 29,173</u>	<u>83,872</u>	<u>\$ 54,699</u>
FUND BALANCES:			
Beginning of year		<u>181,846</u>	
End of year		<u>\$ 265,718</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, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Intergovernmental	\$ 70,000	\$ 170,599	\$ 100,599
Use of money and property	1,500	8,966	7,466
Total revenues	71,500	179,565	108,065
EXPENDITURES:			
Current:			
Public safety	170,000	135,350	34,650
Total expenditures	170,000	135,350	34,650
NET CHANGE IN FUND BALANCES	\$ (98,500)	44,215	\$ 142,715
FUND BALANCES:			
Beginning of year		752,159	
End of year		\$ 796,374	

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Property and other taxes	\$ 347,089	\$ 342,162	\$ (4,927)
Use of money and property	1,500	8,967	7,467
Total revenues	348,589	351,129	2,540
EXPENDITURES:			
Current:			
Engineering and transportation	852,753	349,451	503,302
Debt service:			
Interest and fees	-	3,400	(3,400)
Total expenditures	852,753	352,851	499,902
NET CHANGE IN FUND BALANCES	\$ (504,164)	(1,722)	\$ (502,442)
FUND BALANCES:			
Beginning of year		819,960	
End of year		\$ 818,238	

City of San Leandro
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -
Non Major Governmental Fund
Proposition IB - Local Streets & Roads Special Revenue Fund
For the year ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Use of money and property	\$ -	\$ 189	\$ 189
Total revenues	<u>-</u>	<u>189</u>	<u>189</u>
EXPENDITURES:			
Current:			
Engineering and transportation	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>189</u>	<u>\$ 189</u>
FUND BALANCES:			
Beginning of year		<u>12,847</u>	
End of year		<u>\$ 13,036</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, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Intergovernmental	\$ 800,398	\$ 3,803,305	\$ 3,002,907
Other	8,700	21,071	12,371
Total revenues	809,098	3,824,376	3,015,278
EXPENDITURES:			
Current:			
Public safety	609,095	636,415	(27,320)
Engineering and transportation	3,912,138	2,304,760	1,607,378
Community development	696,157	237,847	458,310
Recreation and culture	2,418,591	623,485	1,795,106
Total expenditures	7,635,981	3,802,507	3,833,474
REVENUES OVER (UNDER) EXPENDITURES:	(6,826,883)	21,869	(818,196)
OTHER FINANCING SOURCES:			
Transfers in	-	50,000	(50,000)
NET CHANGE IN FUND BALANCES	\$ (6,826,883)	71,869	\$ 6,898,752
FUND BALANCES:			
Beginning of year		(1,279,532)	
End of year		\$ (1,207,663)	

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Intergovernmental	\$ 1,635,170	\$ 1,970,653	\$ 335,483
Use of money and property	6,000	32,065	26,065
Other	30,000	56,413	26,413
Total revenues	1,671,170	2,059,131	387,961
EXPENDITURES:			
Current:			
Engineering and transportation	8,332,673	3,162,002	5,170,671
Total expenditures	8,332,673	3,162,002	5,170,671
NET CHANGE IN FUND BALANCES	\$ (6,661,503)	(1,102,871)	\$ 5,558,632
FUND BALANCES:			
Beginning of year		3,343,238	
End of year		\$ 2,240,367	

City of San Leandro
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -
Non Major Governmental Fund
Measure BB Special Revenue Fund
For the year ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Intergovernmental	\$ 1,461,645	\$ 1,467,970	\$ 6,325
Use of money and property	6,000	3,699	(2,301)
Total revenues	<u>1,467,645</u>	<u>1,471,669</u>	<u>4,024</u>
EXPENDITURES:			
Engineering and transportation	<u>1,705,000</u>	<u>344,155</u>	<u>1,360,845</u>
Total expenditures	<u>1,705,000</u>	<u>344,155</u>	<u>1,360,845</u>
NET CHANGE IN FUND BALANCES	<u>\$ (237,355)</u>	<u>1,127,514</u>	<u>\$ (1,356,821)</u>
FUND BALANCES:			
Beginning of year		<u>272,611</u>	
End of year		<u>\$ 1,400,125</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, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Intergovernmental	\$ 415,422	\$ 439,407	\$ 23,985
Use of money and property	1,000	6,444	5,444
Total revenues	<u>416,422</u>	<u>445,851</u>	<u>29,429</u>
EXPENDITURES:			
Current:			
Engineering and transportation	<u>829,310</u>	<u>428,665</u>	<u>400,645</u>
Total expenditures	<u>829,310</u>	<u>428,665</u>	<u>400,645</u>
NET CHANGE IN FUND BALANCES	<u>\$ (412,888)</u>	<u>17,186</u>	<u>\$ 430,074</u>
FUND BALANCES:			
Beginning of year		<u>619,752</u>	
End of year		<u>\$ 636,938</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, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Intergovernmental	\$ 628,306	\$ 455,242	\$ (173,064)
Other	-	24,315	24,315
Total revenues	628,306	479,557	(148,749)
EXPENDITURES:			
Current:			
Community development	770,007	304,981	465,026
Debt service:			
Principal	131,000	131,000	-
Interest and fees	70,417	70,417	-
Total expenditures	971,424	506,398	465,026
NET CHANGE IN FUND BALANCES	\$ (343,118)	(26,841)	\$ 316,277
FUND BALANCES:			
Beginning of year		147,437	
End of year		<u>\$ 120,596</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, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Intergovernmental	\$ 154,000	\$ 52,020	\$ (101,980)
Use of money and property	1,000	1,556	556
Other	30,000	69,362	39,362
Total revenues	185,000	122,938	(62,062)
EXPENDITURES:			
Current:			
Community development	586,552	8,274	578,278
Total expenditures	586,552	8,274	578,278
NET CHANGE IN FUND BALANCES	\$ (401,552)	114,664	\$ 516,216
FUND BALANCES:			
Beginning of year		192,209	
End of year		\$ 306,873	

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Licenses and grants	\$ -	\$ -	\$ -
Use of money and property	-	1,173	1,173
Other	-	-	-
	<u>-</u>	<u>1,173</u>	<u>1,173</u>
Total revenues	<u>-</u>	<u>1,173</u>	<u>1,173</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>1,173</u>	<u>\$ 1,173</u>
FUND BALANCES:			
Beginning of year		<u>96,705</u>	
End of year		<u>\$ 97,878</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, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Licenses and permits	\$ 310,000	\$ 326,474	\$ 16,474
Intergovernmental	300,000	339,750	39,750
Use of money and property	-	2,034	2,034
Total revenues	610,000	668,258	58,258
EXPENDITURES:			
Current:			
Community development	346,920	594,999	(248,079)
Total expenditures	346,920	594,999	(248,079)
OTHER FINANCING SOURCES:			
Transfers in	75,000	95,000	20,000
NET CHANGE IN FUND BALANCES	\$ 338,080	168,259	\$ (169,821)
FUND BALANCES:			
Beginning of year		116,914	
End of year		\$ 285,173	

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Property and other taxes	\$ 175,000	\$ 201,967	\$ 26,967
Use of money and property	450	4,092	3,642
Total revenues	175,450	206,059	30,609
EXPENDITURES:			
Current:			
Community development	64,338	42,163	22,175
Total expenditures	64,338	42,163	22,175
NET CHANGE IN FUND BALANCES	\$ 111,112	163,896	\$ 52,784
FUND BALANCES:			
Beginning of year		312,188	
End of year		\$ 476,084	

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Property and other taxes	\$ -	\$ -	\$ -
Use of money and property	-	-	-
Total revenues	-	-	-
EXPENDITURES:			
Current:			
Debt service:			
Interest and fees	-	-	-
Total expenditures	-	-	-
NET CHANGE IN FUND BALANCES	\$ -	-	\$ -
FUND BALANCES:			
Beginning of year		121	
End of year		\$ 121	

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Use of money and property	\$ 2,040,585	\$ 2,040,585	\$ -
Total revenues	<u>2,040,585</u>	<u>2,040,585</u>	<u>-</u>
EXPENDITURES:			
Current:			
General government	-	-	-
Debt service:			
Principal	1,010,000	1,010,000	-
Interest and fees	<u>1,030,585</u>	<u>1,030,420</u>	<u>165</u>
Total expenditures	<u>2,040,585</u>	<u>2,040,420</u>	<u>165</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>165</u>	<u>\$ 165</u>
FUND BALANCES:			
Beginning of year		<u>641,500</u>	
End of year		<u>\$ 641,665</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, 2016

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Service Charges	\$ -	\$ 48	\$ 48
Total revenues	-	48	48
EXPENDITURES:			
Current:			
Engineering and transportation	14,785	94	14,691
Total expenditures	14,785	94	14,691
NET CHANGE IN FUND BALANCES	\$ (14,785)	(46)	\$ 14,739
FUND BALANCES:			
Beginning of year		14,194	
End of year		\$ 14,148	

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, 2016

	Storm Water Utility	Environmental Services	Total Non-Major Enterprise Funds
ASSETS			
Current Assets:			
Cash and investments	\$ 170,079	\$ 1,379,022	\$ 1,549,101
Receivables:			
Accounts	10,640	78,756	89,396
Interest	246	4,341	4,587
Total current assets	<u>180,965</u>	<u>1,462,119</u>	<u>1,643,084</u>
Total Assets	<u>180,965</u>	<u>1,462,119</u>	<u>1,643,084</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	15,785	43,397	59,182
Compensated absences - due in one year	<u>7,006</u>	<u>11,535</u>	<u>18,541</u>
Total current liabilities	<u>22,791</u>	<u>54,932</u>	<u>77,723</u>
Non-current Liabilities:			
Compensated absences - due in more than one year	<u>70,835</u>	<u>116,637</u>	<u>187,472</u>
Total Liabilities	<u>93,626</u>	<u>171,569</u>	<u>265,195</u>
NET POSITION			
Unrestricted	<u>87,339</u>	<u>1,290,550</u>	<u>1,377,889</u>
Total Net Position	<u>\$ 87,339</u>	<u>\$ 1,290,550</u>	<u>\$ 1,377,889</u>

City of San Leandro
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Enterprise Funds
For the year ended June 30, 2016

	Storm Water Utility	Environmental Services	Total Non-Major Enterprise Funds
OPERATING REVENUES			
Charges for services	\$ 1,093,002	\$ 341,147	\$ 1,434,149
Licenses and permits	-	339,720	339,720
Other operating revenue	458	46,290	46,748
Total operating revenues	1,093,460	727,157	1,820,617
OPERATING EXPENSES			
Salaries and benefits	707,562	778,465	1,486,027
Contractual and other services	260,536	114,946	375,482
Material and supplies	21,825	29,633	51,458
Other operating costs	222,546	266,941	489,487
Total operating expenses	1,212,469	1,189,985	2,402,454
OPERATING INCOME (LOSS)	(119,009)	(462,828)	(581,837)
NONOPERATING REVENUES (EXPENSES):			
Investment income	1,242	16,285	17,527
Intergovernmental	-	186,880	186,880
Total Nonoperating Revenues (Expenses)	1,242	203,165	204,407
INCOME (LOSS) BEFORE TRANSFERS:	(117,767)	(259,663)	(377,430)
Transfers (out)	-	(25,000)	(25,000)
Change in net position	(117,767)	(284,663)	(402,430)
NET POSITION:			
Beginning of year	205,106	1,575,213	1,780,319
End of year	<u>\$ 87,339</u>	<u>\$ 1,290,550</u>	<u>\$ 1,377,889</u>

City of San Leandro
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the year ended June 30, 2016

	Storm Water Utility	Environmental Services	Total Non-Major Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,071,985	\$ 758,665	\$ 1,830,650
Cash payments to suppliers and service providers	(280,565)	(133,105)	(413,670)
Cash payments to employees for services	(687,267)	(742,581)	(1,429,848)
Cash payments to other funds for service provided	(222,546)	(266,941)	(489,487)
Net cash provided (used) by operating activities	(118,393)	(383,962)	(502,355)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Intergovernmental revenue received	-	186,880	186,880
Transfers out to other funds	-	(25,000)	(25,000)
Net cash provided (used) by noncapital financing activities	-	161,880	161,880
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	1,302	14,795	16,097
Net cash provided (used) by investing activities	1,302	14,795	16,097
Net increase (decrease) in cash and cash equivalents	(117,091)	(207,287)	(324,378)
CASH AND CASH EQUIVALENTS:			
Beginning of year	287,170	1,586,309	1,873,479
End of year	\$ 170,079	\$ 1,379,022	\$ 1,549,101
RECONCILIATION OR OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (119,009)	\$ (462,828)	\$ (581,837)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(21,475)	31,508	10,033
(Increase) decrease in other assets	-	-	-
(Decrease) increase in accounts payable	1,796	11,474	13,270
(Decrease) increase in unearned revenue	-	-	-
(Decrease) increase in compensated absences	20,295	35,884	56,179
Total adjustments	(118,393)	(383,962)	(502,355)
Net cash provided (used) by operating activities	\$ (118,393)	\$ (383,962)	\$ (502,355)

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, 2016

	Building Maintenance	Information Management Services	Self - Insurance	Equipment Maintenance	Total
ASSETS					
Cash and investments	\$ 1,819,378	\$ 1,752,198	\$ 8,221,507	\$ 1,030,130	\$ 12,823,213
Cash with fiscal agent				53,241	53,241
Receivables:					
Accounts	-	-	284,816	20,231	305,047
Interest	3,445	2,449	11,734	2,890	20,518
Inventory	11,215	10,652	-	116,749	138,616
Total current assets	1,834,038	1,765,299	8,518,057	1,223,241	13,340,635
Capital assets:					
Depreciable	43,909	5,833,631	-	8,637,845	14,515,385
Less accumulated depreciation	(9,910)	(5,476,468)	-	(5,578,687)	(11,065,065)
Total Net capital assets	33,999	357,163	-	3,059,158	3,450,320
Total noncurrent assets	33,999	357,163	-	3,059,158	3,450,320
Total Assets	1,868,037	2,122,462	8,518,057	4,282,399	16,790,955
LIABILITIES					
Current Liabilities:					
Accounts payable	185,044	130,598	68,420	164,790	548,852
Claims and judgments - due in one year	-	-	1,170,645	-	1,170,645
Compensated absences payable - due in one year	3,443	7,267	553	7,061	18,324
Long-term debt - Due within one year	-	-	-	235,829	235,829
Total current liabilities	188,487	137,865	1,239,618	407,680	1,973,650
Noncurrent Liabilities:					
Claims and judgments - due in more than one year	-	-	4,926,139	-	4,926,139
Compensated absences - due in more than one year	34,813	73,473	5,593	71,398	185,277
Long-term debt - Due in more than one year	-	-	-	240,353	240,353
Total noncurrent liabilities	34,813	73,473	4,931,732	311,751	5,351,769
Total Liabilities	223,300	211,338	6,171,350	719,431	7,325,419
NET POSITION					
Net investment in capital assets	33,999	357,163	-	2,582,976	2,974,138
Unrestricted	1,610,738	1,553,961	2,346,707	979,992	6,491,398
Total Net Position	\$ 1,644,737	\$ 1,911,124	\$ 2,346,707	\$ 3,562,968	\$ 9,465,536

City of San Leandro
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the year ended June 30, 2016

	Building Maintenance	Information Management Services	Self - Insurance	Equipment Maintenance	Total
OPERATING REVENUES:					
Service charges	\$ 3,463,040	\$ 3,661,902	\$ 3,603,030	\$ 2,104,675	\$ 12,832,647
Other operating revenues	145	-	240,009	175,100	415,254
Total Operating Revenues	3,463,185	3,661,902	3,843,039	2,279,775	13,247,901
OPERATING EXPENSES:					
Salaries and benefits	987,582	1,505,068	219,033	614,010	3,325,693
Contractual and other services	1,880,209	1,157,448	5,292,142	189,209	8,519,008
Materials and supplies	188,352	71,779	-	473,898	734,029
Depreciation	1,682	216,447	-	589,880	808,009
Other operating costs	363,619	710,429	100,273	470,390	1,644,711
Total Operating Expenses	3,421,444	3,661,171	5,611,448	2,337,387	15,031,450
OPERATING INCOME (LOSS)	41,741	731	(1,768,409)	(57,612)	(1,783,549)
NONOPERATING REVENUES (EXPENSES)					
Interest income	21,443	16,378	136,515	15,280	189,616
Interest expense	-	-	-	(7,837)	(7,837)
Total nonoperating revenues (expenses)	21,443	16,378	136,515	7,443	181,779
INCOME BEFORE TRANSFERS	63,184	17,109	(1,631,894)	(50,169)	(1,601,770)
TRANSFERS:					
Transfers in (Note 4D)	-	-	1,750,000	25,000	1,775,000
Change in net position	63,184	17,109	118,106	(25,169)	173,230
NET POSITION:					
Beginning of the year	1,581,553	1,894,015	2,228,601	3,588,137	9,292,306
End of the year	<u>\$ 1,644,737</u>	<u>\$ 1,911,124</u>	<u>\$ 2,346,707</u>	<u>\$ 3,562,968</u>	<u>\$ 9,465,536</u>

City of San Leandro
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2016

	Building Maintenance	Information Management Services	Self - Insurance	Equipment Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 1,888	\$ 16,611	\$ 523,131	\$ 154,869	\$ 696,499
Receipts from interfund charges	3,463,040	3,660,383	3,612,757	2,104,675	12,840,855
Cash payments to suppliers and service providers	(2,154,615)	(1,376,666)	(5,296,577)	(654,464)	(9,482,322)
Cash payments to employees for services	(972,865)	(1,482,366)	(217,304)	(600,488)	(3,273,023)
Cash payments to other funds for services provided	(363,619)	(710,429)	(100,273)	(470,390)	(1,644,711)
Net cash provided (used) by operating activities	(26,171)	107,533	(1,478,266)	534,202	(862,702)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Interfund loan	-	75,000	-	-	75,000
Transfers in from other funds	-	-	1,750,000	25,000	1,775,000
Net cash provided (used) by noncapital financing activities	-	75,000	1,750,000	25,000	1,850,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	-	(63,332)	-	(1,498,522)	(1,561,854)
Issuance of long-term debt	-	-	-	161,900	161,900
Net cash provided (used) by capital and related financing activities	-	(63,332)	-	(1,336,622)	(1,399,954)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest income	22,396	16,816	139,457	15,031	193,700
Interest expense	-	-	-	(7,837)	(7,837)
Cash Flows from Investing Activities	22,396	16,816	139,457	7,194	185,863
Net Cash Flows	(3,775)	136,017	411,191	(770,226)	(226,793)
CASH AND CASH EQUIVALENTS:					
Cash and investments at beginning of year	1,823,153	1,616,181	7,810,316	1,853,597	13,103,247
Cash and investments at end of year	<u>\$ 1,819,378</u>	<u>\$ 1,752,198</u>	<u>\$ 8,221,507</u>	<u>\$ 1,083,371</u>	<u>\$ 12,876,454</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 41,741	\$ 731	\$ (1,768,409)	\$ (57,612)	\$ (1,783,549)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,682	216,447	-	589,880	808,009
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	1,743	16,611	283,122	(20,231)	281,245
(Increase) decrease in inventory	96	(1,519)	-	(8,465)	(9,888)
(Increase) decrease in other assets	-	-	9,727	-	9,727
(Decrease) increase in accounts payable	(86,150)	(147,439)	(54,673)	17,108	(271,154)
(Decrease) increase in claims and judgments payable	-	-	50,238	-	50,238
(Decreased) increase in compensated absences	14,717	22,702	1,729	13,522	52,670
Total cash provided (used) by operating activities	\$ (26,171)	\$ 107,533	\$ (1,478,266)	\$ 534,202	\$ (862,702)

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, 2016

	<u>Deposits</u>	<u>Cherrywood</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 1,700,068	\$ 1,016,019	\$ 2,716,087
Cash and investments with fiscal agents	-	448,960	448,960
Accounts receivable	8,536	1,464	10,000
Interest receivable	-	618	618
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,708,604</u>	<u>\$ 1,467,061</u>	<u>\$ 3,175,665</u>
LIABILITIES			
Accounts payable	\$ 100,110	\$ -	\$ 100,110
Deposits payable	1,608,494	-	1,608,494
Due to bondholders	-	1,467,061	1,467,061
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 1,708,604</u>	<u>\$ 1,467,061</u>	<u>\$ 3,175,665</u>

City of San Leandro
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>Deposits</u>				
Assets:				
Cash and investments	\$ 1,540,454	\$ 159,614	\$ -	\$ 1,700,068
Accounts receivable	2,404	6,132	-	8,536
Total assets	\$ 1,542,858	\$ 165,746	\$ -	\$ 1,708,604
Liabilities:				
Accounts payable	\$ 179,276	\$ -	\$ 79,166	\$ 100,110
Deposits payable	1,363,582	244,912	-	1,608,494
Total liabilities	\$ 1,542,858	\$ 244,912	\$ 79,166	\$ 1,708,604
<u>Cherrywood</u>				
Assets:				
Cash and investments	\$ 1,003,866	\$ 12,153	\$ -	\$ 1,016,019
Cash and investments with fiscal agent	448,960	-	-	448,960
Accounts receivable		1,464	-	1,464
Special assessment receivable	(748)	748	-	-
Interest receivable	671	-	53	618
Total assets	\$ 1,452,749	\$ 14,365	\$ 53	\$ 1,467,061
Liabilities:				
Due to bondholders	\$ 1,452,749	\$ 14,365	\$ 53	\$ 1,467,061
Total liabilities	\$ 1,452,749	\$ 14,365	\$ 53	\$ 1,467,061
<u>All Agency Funds</u>				
Assets:				
Cash and investments	\$ 2,544,320	\$ 171,767	\$ -	2,716,087
Cash and investments with fiscal agent	448,960	-	-	448,960
Accounts receivable	2,404	7,596	-	10,000
Special assessment receivable	(748)	748	-	-
Interest receivable	671	-	53	618
Total assets	\$ 2,995,607	\$ 180,111	\$ 53	\$ 3,175,665
Liabilities:				
Accounts Payable	\$ 179,276	\$ -	\$ 79,166	100,110
Deposits payable	1,363,582	244,912	-	1,608,494
Due to bondholders	1,452,749	14,365	53	1,467,061
Total liabilities	\$ 2,995,607	\$ 259,277	\$ 79,219	\$ 3,175,665



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	151
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	159
These schedules contain information to help the reader assess the city's most significant local revenue sources, sales tax and property tax.	
Debt Capacity	171
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	179
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	183
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

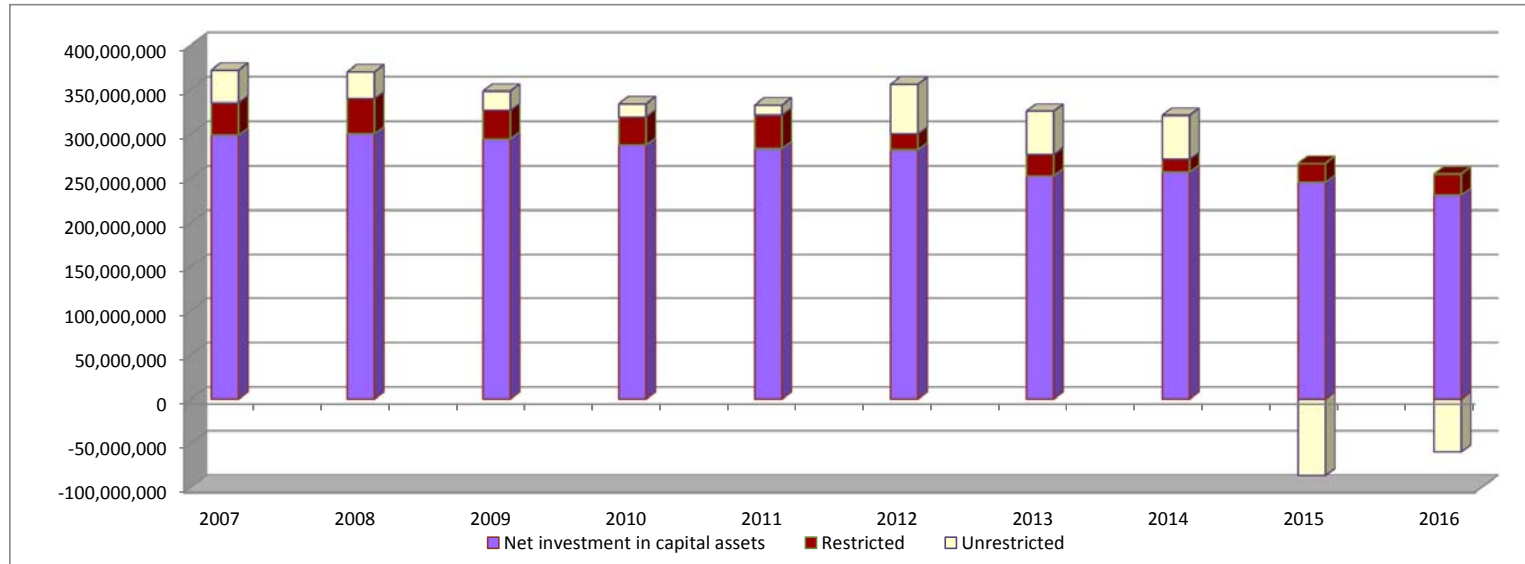
Fund Balances of Governmental Funds - Last Ten Fiscal Years

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)**



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net investment in capital assets	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	200,560,064
Restricted	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	23,680,435
Unrestricted	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)	(77,776,029)
Total Governmental Activities Net Position	<u>\$ 343,816,138</u>	<u>\$ 338,252,795</u>	<u>\$ 314,649,369</u>	<u>\$ 296,481,015</u>	<u>\$ 290,294,872</u>	<u>\$ 311,786,151</u>	<u>\$ 277,388,358</u>	<u>\$ 268,055,771</u>	<u>\$ 135,218,690</u>	<u>\$ 146,464,470</u>
Business-Type Activities										
Net investment in capital assets	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	30,434,444
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	18,050,170
Total Business-Type Activities Net Position	<u>\$ 27,600,155</u>	<u>\$ 31,198,784</u>	<u>\$ 33,115,349</u>	<u>\$ 37,206,770</u>	<u>\$ 41,965,570</u>	<u>\$ 43,834,074</u>	<u>\$ 47,981,960</u>	<u>\$ 52,544,412</u>	<u>\$ 45,114,796</u>	<u>\$ 48,484,614</u>
Primary government										
Net investment in capital assets	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	230,994,508
Restricted	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	23,680,435
Unrestricted	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)	(59,725,859)
Total Governmental Activities Net Position	<u>\$ 371,416,293</u>	<u>\$ 369,451,579</u>	<u>\$ 347,764,718</u>	<u>\$ 333,687,785</u>	<u>\$ 332,260,442</u>	<u>\$ 355,620,225</u>	<u>\$ 325,370,318</u>	<u>\$ 320,600,183</u>	<u>\$ 180,333,486</u>	<u>\$ 194,949,084</u>

Source: City of San Leandro Comprehensive Annual Financial Report (CAFR) - Statement of Net Position

Note: (1) Large negative amount in 2015 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:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
General government	\$ 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	7,923,300
Public safety	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	52,944,433
Engineering & Transportation	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	31,476,280
Recreation & Culture	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	13,824,385
Community Development	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	6,840,393
Interest on long-term debt	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	1,764,322
Total governmental activities expenses	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	\$ 114,773,113
Business-type activities:										
Water Pollution Control	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	13,534,488
Shoreline	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	1,839,667
San Leandro Housing Finance Corp	-	-	-	-	-	-	-	-	-	-
Storm Water Utility	928,752	896,951	993,330	886,379	844,604	919,998	978,816	1,078,252	1,105,054	1,212,469
Environmental Services	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	1,189,985
Total business-type activities expenses	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	17,776,609
Total primary government expenses	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	132,549,722
Program revenues:										
Governmental activities:										
General government										
Property taxes	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	20,044,219
Sales taxes	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	42,336,643
Franchise Fees	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	4,968,614
Utility Users Tax	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	10,807,581
Property Transfer Tax	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	4,460,568
911 Communication Access Tax	-	-	-	2,711,671	2,694,149	2,684,591	2,723,255	2,804,181	2,974,313	2,917,993
Other taxes	322,160	361,261	294,496	333,079	381,122	555,988	591,016	652,866	733,867	811,619
Motors Vehicle License Fees	472,542	320,508	278,615	242,416	506,280	42,294	44,112	36,768	35,936	-
Investment	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	1,882,764
Community Impact Reimbursement	-	-	-	3,100,000	-	-	-	-	-	-
Miscellaneous	873,742	657,731	1,597,574	599,189	1,158,044	988,126	962,356	514,851	825,082	4,225,123
Gain on sale of assets	11,621	-	-	-	20,914.00	3,353	393,741	16,196	6,902	7,060
Transfers	(82,214)	(182,509)	85,874	(67,942)	240,484	234,349	(72,135)	-	-	25,000
Charges for Service	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	16,552,308
Capital grants and contributions	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	5,557,620
Operating grants and contributions	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	11,421,781
Total Governmental activities program revenues	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	126,018,893
Business-type activities:										
Charges for services	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	15,991,142
Other taxes	298,633	342,189	296,184	233,880	257,977	323,430	360,246	417,231	477,190	520,321
Investment Earnings	1,378,939	1,616,038	928,796	454,893	167,407	141,980	209,659	264,904	259,724	425,834
Miscellaneous	325,532	431,887	532,897	265,091	338,196	418,969	207,795	250,775	268,689	4,234,130
Gain or loss on sale of assets	-	-	-	-	-	(1,290,470)	-	-	-	-
Transfers	82,214	182,509	(85,874)	67,942	(240,484)	(234,349)	72,135	-	-	(25,000)
Total Business activities program revenues	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	21,146,427
Total primary government program revenues	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	147,165,320
Extraordinary Items						21,123,375				
Net revenues (expenses):										
Governmental Activities	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	11,245,780
Business-type activities	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	3,369,818
Total net revenues (expenses)	\$ 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	\$ 14,615,598

Source: City of San Leandro Comprehensive Annual Financial Report (CAFR) - Statement of Activities and Changes in Net Position

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

Program / Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
General Government	\$ 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	\$ 10,326,562
Public Safety	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	3,897,568
Engineering and transportation	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	10,897,823
Recreation and culture	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	4,385,376
Community development	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	4,024,380
Interest on long-term debt	4,275,336	3,237,381	5,349,826	4,525,710	4,182,409	2,317,753	-	-	-	-
Subtotal governmental activities	<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>	<u>33,531,709</u>
Business-Type Activities										
Water Pollution Control Plant	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	12,467,570
Shoreline	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	1,702,955
Storm Water Utility	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	1,093,460
Environmental Services	621,502	622,052	714,415	614,347	746,965	658,948	614,213	673,595	773,745	727,157
Subtotal business-type activities	<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>	<u>15,991,142</u>
Total primary government	<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>	<u>\$ 49,522,851</u>

Source: City of San Leandro Comprehensive Annual Financial Report (CAFR) - Statement of Activities and Changes in Net Position

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Reserved	\$ 17,904,586	\$ 18,149,255	\$ 14,614,515	\$ 13,730,510	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	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	14,448,674
Restricted	-	-	-	-	50,000	50,000	50,000	50,000	50,000	50,000
Assigned	-	-	-	-	3,437,827	3,555,009	264,275	662,973	1,766,700	3,128,977
Unassigned	-	-	-	-	11,814,319	10,717,313	14,836,844	18,762,223	19,145,226	29,378,795
Total General Fund	<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>	<u>47,006,446</u>
All other governmental funds:										
Reserved	21,797,518	20,775,067	33,916,323	21,700,213	-	-	-	-	-	-
Unreserved, designated	-	-	-	-	-	-	-	-	-	-
Unreserved, undesignated, reported in:										
Special revenue funds	7,013,915	6,907,672	5,760,645	6,827,714	-	-	-	-	-	-
Capital projects funds	333,153.00	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	25,002,605
Assigned	-	-	-	-	(948,387)	-	-	-	-	-
Unassigned	-	-	-	-	-	(132,601)	(1,646,590)	(1,712,654)	(1,383,668)	(1,322,170)
Total all other governmental funds	<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>	<u>\$ 23,680,435</u>
Total All Governmental Funds	<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>	<u>\$ 70,686,881</u>

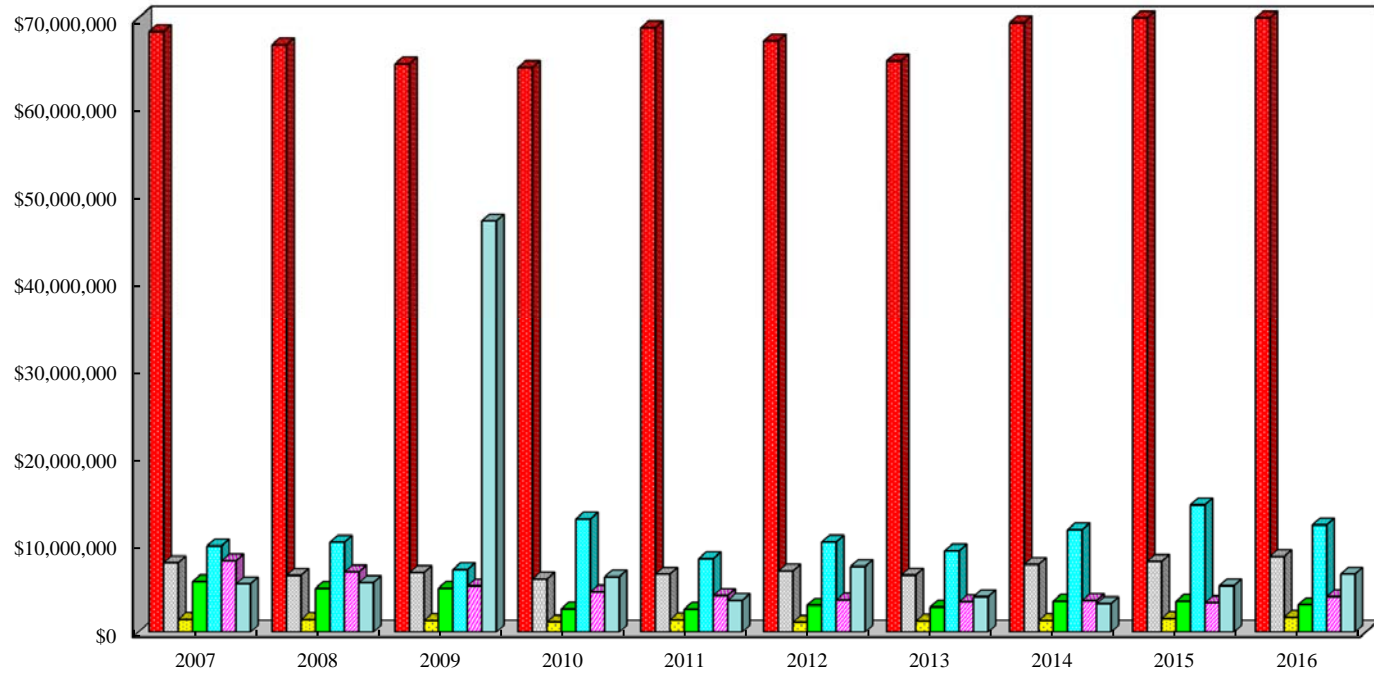
Source: City of San Leandro Comprehensive Annual Financial Report (CAFR) - Governmental Funds Balance Sheet
Note: GASB 54 was implemented in fiscal year 2011 and onwards. Fund balances prior to fiscal year 2011 were not restated.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Property and other taxes	\$ 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	\$ 86,735,605
Licenses and permits	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	8,594,731
Fines and forfeitures	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	1,685,098
Service charges	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	3,099,475
Intergovernmental	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	12,191,846
Use of money and property	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	4,023,537
Intergovernmental	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	1,999,878
Other	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	4,587,609
Total revenues	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	122,917,779
Expenditures:										
Current:										
General government	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	11,846,864
Public safety	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	52,258,892
Engineering and transportation	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	19,185,657
Recreation and culture	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	12,214,366
Community development	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	6,480,125
Capital Outlay	1,781,883	232,636	-	-	-	5,763,826	-	-	-	-
Debt service:										
Principal	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	2,549,397
Interest and fees	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	1,963,779
Total expenditures	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	106,499,080
Excess (deficiency of revenues over (under) expenditures	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	16,418,699
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	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	3,877,017
Transfers out	(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)	(5,627,017)
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)	(1,018,748)	(221,970)	29,884,315	4,646,775	(809,516)	18,559,349	(694,203)	-	-	(1,750,000)
Prior period restatement	1,944,954	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 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	\$ 14,668,699
Debt Services as a percentage of noncapital expenditures	9.39%	6.14%	7.40%	7.37%	9.29%	5.64%	4.81%	4.78%	4.83%	4.39%

Sources: City of San Leandro Comprehensive Annual Financial Report (CAFR) - Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances
City of San Leandro Comprehensive Annual Financial Report (CAFR) - Reconciliation of the Net Change in Fund Balances - Total Government Funds with the Statement of Activities

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



■ Property & Other Taxes ■ Licenses & Permits ■ Fines & Forfeitures ■ Services Charges ■ Intergovernmental ■ Use of Money & Property ■ Other Revenue

Fiscal Year	Property & Other Taxes	Licenses & Permits	Fines & Forfeitures	Service Charges	Intergovernmental	Use of Money & Property	Other Revenue	Total
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
2016	86,735,605	8,594,731	1,685,098	3,099,475	12,191,846	4,023,537	6,587,487	122,917,779

Source: City of San Leandro Comprehensive Annual Financial Report (CAFR) - Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances

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

Number of Permits and Valuation of Taxable Transactions - Last Ten Calendar Years



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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Basic City and County Levy										
City of San Leandro	0.156681	0.156681	0.156681	0.156681	0.156681	0.156681	0.156681	0.156681	0.156681	0.156681
County of Alameda	0.843319	0.843319	0.843319	0.843319	0.843319	0.843319	0.843319	0.843319	0.843319	0.843319
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	0.076700	0.076700	0.069900	0.077100	0.089700	0.110800	0.108500	0.118800	0.131000	0.121500
Chabot-Las Positas College Bond	0.016400	0.016400	0.018300	0.019500	0.021100	0.021400	0.021900	0.021400	0.021700	0.019800
Bay Area Rapid Transit	0.008000	0.008000	0.010000	0.010800	0.008400	0.007100	0.005100	0.007500	0.004500	0.002600
East Bay Regional Park	0.007600	0.007600	0.009000	0.005700	0.003100	0.004100	0.004300	0.007800	0.008500	0.006700
Total Override Rate	0.108700	0.108700	0.107200	0.113100	0.122300	0.143400	0.139800	0.155500	0.165700	0.150600
Total Tax Rate	1.108700	1.108700	1.107200	1.113100	1.122300	1.143400	1.139800	1.155500	1.165700	1.150600

Sources

- 1) County Auditor/Controller data, MuniServices, LLC
- 2) 2011-12 and prior, previously published CAFR Report

Note: TRAs 10-001 is represented for this report.

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)
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
2016	7,795,139	197,971	178,848	7,814,262	3,899,194	371,143	892,306	3,378,031	1.1657	11,192,293	15,938,474	1.424058

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 2016
Commercial	1,260,959,808
Industrial	1,950,631,782
Institution	77,698,430
Public	0
Recreation	4,232,993
Residential	7,356,513,744
Unknown	19,387,974
Vacant	1,024,907,890
Unitary	
	Net Secured Value
	11,694,332,621
Unsecured	569,114,530
Exemptions	1,071,154,402
	Net Assessed Value
	11,192,292,749

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, 2016
Current Fiscal Year and Nine Years Ago

Taxpayer	2016			2007		
	Rank	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Rank	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Amb Property Lp	1	182,283,190	1.63%	1	121,869,241	1.38%
Ghirardelli Chocolate Company	2	117,364,640	1.05%	4	69,476,188	0.79%
Standard Lakeside I LP	3	115,001,982	1.03%			
Kaiser Foundation Hospitals	4	109,433,265	0.98%			
Madison Bay Fair Llc	5	96,175,157	0.86%			
General Foods Corp	6	93,934,344	0.84%	6	52,992,887	0.60%
Coca Cola Bottling Company	7	84,890,318	0.76%	5	63,373,245	0.72%
Safeway Stores Inc.	8	73,095,834	0.65%	8	45,748,150	0.52%
Bigge Dev Company	9	71,566,279	0.64%	10	37,542,575	0.42%
Waste Mgmt Of Alameda County I	10	50,447,459	0.45%	15	27,827,903	0.31%
Skb Westgate Investments Llc H	11	50,404,646	0.45%	9	44,330,499	0.50%
Georgia Pacific Corp	12	50,367,737	0.45%	13	33,282,302	0.38%
Chill Build Llc	13	50,299,340	0.45%			
Creekside Plaza Partners Llc	14	44,465,210	0.40%			
Gateway Buena Park Inc.	15	38,083,592	0.34%	12	33,493,864	0.38%
Emerald Properties	16	31,301,360	0.28%	16	27,643,204	0.31%
Fpa Woodchase Assoc Lp	17	31,000,039	0.28%			
World Savings Loan Assoc	18	30,888,973	0.28%	17	21,790,155	0.25%
Brcp San Leandro Industrial LI	19	30,097,392	0.27%	2	102,090,325	1.15%
D C 1717 Doolittle Sub Llc	20	29,069,429	0.26%			
Batarse Anthony A Jr	21	28,966,576	0.26%	14	28,583,207	0.32%
Ktr Bay East Iv Llc	22	28,712,436	0.26%			
City Of San Leandro	23	27,262,835	0.24%			
Plp Partners Lp Wells Fargo Ba	24	27,041,843	0.24%			
Pk I Fashion Faire Place Lp	25	26,750,000	0.24%			
Bay Fair Development LLC				3	71,326,636	0.81%
Peterson Tractor Co				7	47,826,379	0.54%
Lakeside Village Associates				11	36,556,469	0.41%
Heritage Associates Llc Etal				18	21,098,110	0.24%
WRI Greenhouse L P				19	20,228,910	0.23%
Price Company				20	19,919,404	0.23%
Fairfield Timbers LP				21	18,455,846	0.21%
Olson Properties LP				22	17,587,202	0.20%
Vertis Inc.				23	17,576,009	0.20%
San Leandro Industrial Propert				24	16,739,039	0.19%
Sullivan John J & Mary T Trs				25	16,157,104	0.18%
Total Top 25 Taxpayers		1,518,903,876	13.57%		1,013,514,853	11.45%
Total Taxable Value		11,192,292,749	100.00%		8,849,559,723	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
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%
2016	11,326,738	10,897,360	96.21%	191,132	165,626	11,254,119	99.36%

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)

	2007 Q1	2008 Q1	2009 Q1	2010 Q1	2011 Q1	2012 Q1	2013 Q1	2014 Q1	2015 Q1	2016 Q1
All Other Outlets	7,294,629	6,816,905	5,856,140	4,842,124	4,961,973	5,634,862	5,834,840	6,467,165	8,556,473	9,288,228
Apparel Stores	1,033,656	1,047,914	1,085,819	1,058,295	1,183,933	1,265,000	1,380,060	1,446,725	1,489,434	1,556,879
Auto Dealers & Auto	2,586,188	2,258,565	1,878,967	1,820,767	1,958,988	2,316,834	2,462,908	2,847,257	3,050,171	3,758,137
Bldg. Matr. & Farm	1,427,101	1,357,528	1,202,892	1,043,338	1,044,969	1,110,805	1,228,897	1,389,291	1,457,738	1,585,949
Drug Stores	264,045	245,245	249,938	238,200	226,615	224,543	219,551	229,324	232,109	238,377
Eating & Drinking Pl	1,060,022	1,114,149	1,158,048	1,099,001	1,117,980	1,181,338	1,245,773	1,435,793	1,550,932	1,745,275
Food Stores	504,302	530,968	498,327	446,934	444,687	459,693	478,746	487,752	514,041	541,843
General Merchandise	3,362,532	3,147,663	3,099,108	3,195,086	3,135,646	3,151,291	3,212,985	3,194,134	3,243,020	3,273,433
Home Furnishings & A	351,434	334,679	270,342	281,758	281,751	342,558	362,039	366,039	349,181	339,535
Other Retail Stores	1,452,922	1,454,665	1,334,078	1,178,426	1,251,710	1,293,701	1,349,911	1,436,753	1,490,971	1,732,406
Packaged Liquor Stor	64,347	69,082	77,733	64,919	61,387	71,272	76,229	109,813	130,720	146,343
Service Station	979,800	1,105,018	1,010,375	913,510	1,064,668	1,370,154	1,288,416	1,272,374	1,216,454	1,073,262
TOTAL	20,380,978	19,482,381	17,721,767	16,182,358	16,734,307	18,422,051	19,140,355	20,682,420	23,281,244	25,279,667

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 2016		FY 2007	
Taxpayer	Business Type	Taxpayer	Business Type
Allied Building Products	Bldg.Matls-Whsle	ABB Con Cise Optical Group	Light Industry
Autocom Nissan East Bay	Auto Sales - New	Acoustical Material Services	Bldg.Matls-Whsle
Costco Wholesale	Department Stores	Costco Wholesale	Department Stores
Cummins Pacific	Heavy Industry	Cummins West	Heavy Industry
Enterprise Car Sales	Auto Sales - Used	Enterprise Rent-A-Car	Leasing
F.H. Dailey Chevrolet	Auto Sales - New	F.H. Dailey Chevrolet	Auto Sales - New
Home Depot	Bldg.Matls-Retail	Home Depot	Bldg.Matls-Retail
Macy's Department Store	Department Stores	K Mart Stores	Department Stores
Nicholas Parks Nissan	Auto Sales - New	Macy's Department Store	Department Stores
Nike Clearance Store	Apparel Stores	Marina Square Auto Center	Auto Sales - New
Norcal Kenworth	Auto Parts/Repair	Nordstrom Rack	Apparel Stores
Nordstrom Rack	Apparel Stores	Peterson Power Systems	Heavy Industry
Onesource Supply Solutions	Electronic Equipment	Peterson Tractor	Heavy Industry
Peterson Power Systems	Heavy Industry	Rexel	Electronic Equipment
Peterson Tractor	Heavy Industry	Ross Stores	Apparel Stores
Peterson Trucks	Auto Parts/Repair	Safeway Stores	Food Markets
Rexel	Electronic Equipment	San Leandro Honda	Auto Sales - New
Ross Stores	Apparel Stores	Sears Roebuck & Company	Department Stores
Royal Whole Sale Electric	Bldg.Matls-Whsle	Shell Service Stations	Service Stations
Safeway Stores	Food Markets	Target Stores	Department Stores
San Leandro Chrysler Jeep Dodg	Auto Sales - New	The Ford Store	Auto Sales - New
San Leandro Honda	Auto Sales - New	Us Air Conditioning Distr	Bldg.Matls-Whsle
Target Stores	Department Stores	Wal Mart Stores	Department Stores
The Ford Store	Auto Sales - New	Western States Oil	Energy Sales
Wal Mart Stores	Department Stores	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
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
2016	33.17	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

City of San Leandro
Number of Permits and Valuation of Taxable Transactions
Last Ten Calendar Years

Calendar Year	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions (in thousands)	Number of Permits	Taxable Transactions (in thousands)
2005	1,212	\$ 1,378,296	2,644	\$ 1,978,944
2006	1,136	\$ 1,384,347	2,545	\$ 2,014,182
2007	1,099	\$ 1,310,642	2,525	\$ 1,949,865
2008	1,154	\$ 1,212,699	2,506	\$ 1,787,282
2009	1,336	\$ 1,074,706	2,351	\$ 1,598,739
2010	1,414	\$ 1,110,136	2,448	\$ 1,663,900
2011	1,312	\$ 1,203,146	2,309	\$ 1,775,210
2012	1,341	\$ 1,273,883	2,322	\$ 1,867,865
2013	1,304	\$ 1,348,729	2,273	\$ 2,026,119
2014	1,290	\$ 1,378,120	2,258	\$ 2,246,508
2015	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A

Note: Calendar Year 2015 and 2016 data not yet available at this time.

Source: State Board of Equalization (BOE), Taxable Sales in California (Sales and Use Tax).



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, 2016

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

Ratios of General Bonded Debt Outstanding



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

Fiscal Year	Special Assessment Bonds			Coverage
	Special Assessment Collections	Debt Service		
		Principal	Interest	
2007	175,866	130,000	35,775	1.06
2008	80,036	135,000	26,441	0.50
2009	66	145,000	16,416	0.00
2010	-	155,000	5,592	-
2011	-	-	-	-
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-

Notes: During Fiscal Year 2009-10 and beyond 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**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed Valuation:										
Secured property assessed value	\$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	\$10,623,178,219
Addback: Exemptions	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	1,071,154,402
Total Assessed Valuation	<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>	<u>\$11,694,332,621</u>
Bonded debt (15% of Assessed Value)	\$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	\$ 1,754,149,893
Total Bonded Debt	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	678,944
Less:										
Special assessment bonds	(435,000)	(300,000)	(155,000)	-	-	-	-	-	-	-
Certificates of Participation	(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)	(16,735,000)
Capital Leases	(2,155,005)	(1,683,455)	(1,237,267)	(1,238,241)	(772,883)	(287,790)	(980,820)	(694,992)	(715,441)	(678,944)
Amount of Debt subject to Limit	<u>24,540,020</u>	<u>23,804,006</u>	<u>50,400,859</u>	<u>50,763,993</u>	<u>49,356,553</u>	<u>69,318,035</u>	<u>26,468,000</u>	<u>25,418,000</u>	<u>24,158,000</u>	<u>(16,735,000)</u>
Legal Debt Margin	<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>	<u>\$ 1,770,884,893</u>

Prior periods restated from previous CAFRs.

Source: County of Alameda office of Auditor-Controller

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

Fiscal Year	Total of Personal Income	Population	Pension Obligation Bonds	Capital Leases	Other Debt	Total General Bonded Debt	% of Personal Income	Debt per Capita
2007	\$ 5,038,926,000	81,273	\$ -	\$ 2,155,005	\$ 2,940,021	\$ 5,095,026	0.10%	\$ 63
2008	5,115,687,500	81,851	-	1,683,458	2,713,707	4,397,165	0.09%	54
2009	4,750,387,200	82,472	-	1,237,265	2,555,859	3,793,124	0.08%	46
2010	4,932,751,900	83,183	-	1,238,241	2,513,632	3,751,873	0.08%	45
2011	5,248,658,550	85,490	-	772,883	2,421,193	3,194,076	0.06%	37
2012	5,159,811,699	85,941	18,305,000	287,790	-	18,592,790	0.36%	216
2013	5,310,979,146	86,666	17,585,000	980,820	-	18,565,820	0.35%	214
2014	5,545,682,831	89,189	16,675,000	694,992	-	17,369,992	0.31%	195
2015	5,524,820,829	88,441	15,555,000	715,441	-	16,270,441	0.29%	184
2016	5,587,279,300	87,700	14,265,318	678,944	-	14,944,262	0.27%	170

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.

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
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
2016	5,587,279,300	87,700	-	14,345,000	25,198,000	678,944	1,845,000	42,066,944	0.75%	479.67	44,179,819	0.79%	503.76	69,377,819	1.24%	791.08

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)
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%
2016	87,700	5,587,279	63,709	40.5	8,560	529,000	239.810	5.1%

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, 2011-2015 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	2016			2007		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Kaiser Permanente	3,400	1	7.25%			
San Leandro Unified School District (1)	1,246	2	2.66%	1,262	1	3.17%
City of San Leandro	549	3	1.17%	453	2	1.14%
Ghiradelli Chocolate Co.	515	4	1.10%			
San Leandro Hospital (2)	500	5	1.07%			
Walmart	478	6	1.02%	283	7	0.71%
Peterson Cat	475	7	1.01%			
Paramedics Plus LLC	475	8	1.01%			
Safeway (4 locations)	426	9	0.91%			
Costco	390	10	0.83%	333	4	0.84%
American Medical Response				402	3	1.01%
Coca Cola Bottling Co				317	5	0.80%
Northface Inc				314	6	0.79%
Walmart				257	9	0.65%
Kindred Hospital				268	8	0.67%
OSI Soft, Inc				238	10	0.60%
Total Top Employers (3)	8,454		18.03%	4,127		
Total City Employment (4)	46,900		36.05%	39,758		10.38%

Source: MuniServices, LLC Results based on direct correspondence with city's local businesses.

Notes:

- (1) Includes classified, certificated and admin
- (2) Does not include Fairmont Hospital
- (3) Previous Employers Bank of America and Sprint Communications have moved out of the City.
- (4) Total City Employment provided by EDD Labor Force Data

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	57	59	62	55	49	51	50	51	55	50
Police	141	147	150	142	133	136	136	139	139	143
Engineering & Transportation	30	29	30	30	25	25	27	27	27	31
Development Services	24	24	23	19	18	19	21	22	22	26
Public Works Services	118	120	122	113	104	103	102	101	102	102
Other Agencies	8	9	8	9	8	8.5	0	0	0	0
Library	45	46	49	40	33	33	33	33	33	34
Recreation & Human Services	57	73	57	45	35	33	37	39	39	39
Total	480	507	501	453	405	409	406	412	417	425

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Police Department:</u>										
Arrests	3,769	3,939	4,026	3,722	3,486	3,299	3,279	3,036	2,148	2,789
<u>Building Department:</u>										
Permits Issued	2,791	3,569	2,541	2,507	2,446	2,503	2,564	2,624	1,961	2,891
<u>Public Works Department:</u>										
Street reconstruction (miles)	0.68	5.59	-	2.34	0.55	1.39	-	1.35	0.26	0.74
Street resurfacing (miles)	-	4.44	-	2.72	4.00	8.68	-	17.94	5.39	4.12
<u>Parks and Recreation:</u>										
Number of registrants	18,033	21,850	18,413	16,584	17,099	20,236	21,324	18,914	17,737	17,114
Number of facility rentals	602	746	752	705	1,190	1,282	1,999	2,656	3,830	2,439
<u>Golf Course:</u>										
Golf rounds played	110,104	102,182	101,760	98,000	98,000	97,310	95,995	96,450	102,534	99,185

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**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<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	2	2	2	2	2	2	2
<u>Public works:</u>										
Streets (miles)	175	175	175	175	175	175	175	175	175	175
Streetlights	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Traffic signals	755	755	755	755	755	755	755	755	755	755
<u>Wastewater:</u>										
Sanitary Sewer Lines (miles)	130	130	130	130	130	130	130	130	130	128
Storm Drainage Lines In the City (mil)	175	175	175	175	175	175	175	175	175	180
<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

