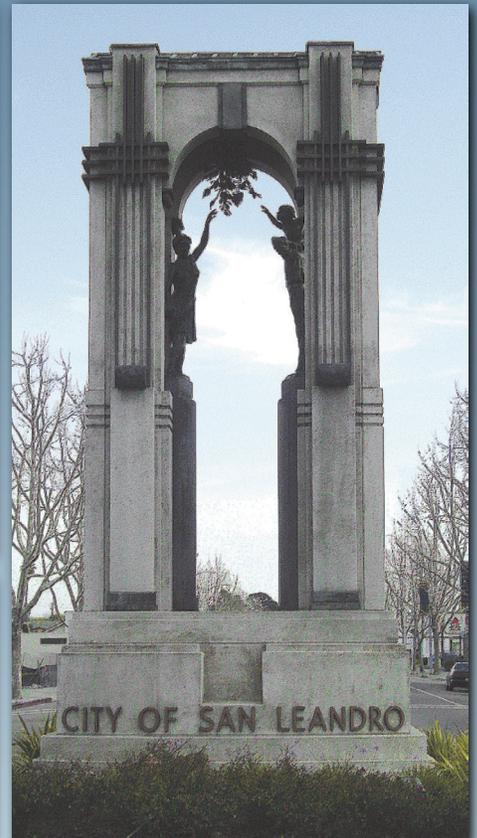




SAN LEANDRO

C A L I F O R N I A



Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2011



CITY OF SAN LEANDRO, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2011



PREPARED BY: City of San Leandro – Finance Department
James H. O’Leary, Interim Finance Director



City of San Leandro
Comprehensive Annual Financial Report
For the year ended June 30, 2011

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City of San Leandro

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



December 20, 2011

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, 2011. 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, 2011.

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, 2011 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, 2011 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 85,490 residents the quiet charm and character of a community that has been established for more than 130 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, 2011 there were no discretely reportable component units. The City's blended component units include operations of the San Leandro Redevelopment Agency, 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, 2011 provides a financial account of those activities, organizational elements, and City functions for which the City Council provides policy direction and general oversight. It presents financial information on the activities of the City itself and the component units of the City upon which the City Council is authorized to impose its will. The operating nature of the City's component units determines how they are reported in the financial statements. The activities of component units that provide financial benefit or create financial burden for the City are blended within the City's general financial statements. Component units that have no discernable financial impact upon the City are presented separately.

ECONOMIC CONDITION OF THE CITY

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

The recession resulting from the global financial and credit market meltdown in late 2008 has had a direct and dramatic impact on the City's local revenues. While there are some signs of an economic recovery, it is very slow.

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 shrunk. As consumers and businesses cut back on spending in response to the recession, less revenue is generated for the City. For example, in 2006-07 the City's General Fund collected approximately \$23.4 million in sales tax revenue. This amount fell to \$19 million in 2008-09, and continued its decline in 2009-10 to \$17 million, a reduction in sales tax revenue in the last five years of 18%. With the passage of Measure Z (0.25% sales tax increase) effective January 1, 2011, sales tax revenue improved by 24% or a \$4.2 million from the prior fiscal year.

Similarly, property tax revenue which generally shows positive growth of several percent each year is displaying the effect of the poor economy. Fiscal year 2010-11 ended with a 1.4% reduction in Property Tax revenues, largely attributed to a decreased in assessed valuation. A continued reduction in assessed property value in San Leandro as well as other cities in California has affected the property tax revenue which used to be the top revenue generator. While these revenues remained relatively

stable during the recession, the nature of the assessment valuation and appeals process caused these revenues to lag the economy by a couple of years.

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 2010-11 totaled \$10.5 million, a modest increase from the prior year. The Shoreline Enterprise Fund was established in 2002-03 and combined the Marina Enterprise and the Golf Course Enterprise Funds. Program revenues to this fund in 2010-11 totaled \$1.9 million which remained constant 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 year 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 reductions in total employee compensation in recent years, and will be working with employee groups over the next couple of years to address this growing cost.

The State of California is again forecasting a significant deficit of about \$26 billion 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. The Legislative's plan for minimizing Redevelopment agencies, which is still currently litigated, will reduce funding for redeveloping, improving and revitalizing project and blighted areas in the city. However, with the magnitude of the state structural deficit, 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 over the last two fiscal years to produce recurring budget savings. Such actions result in unwanted, but unavoidable reductions in service to the community. To help buffer the immediate impacts of additional service reductions, the City has used some of its one-time reserves.

City Council unassigned reserves, total \$11.8 million in the General Fund at June 30, 2011. The reserve balance is comprised of \$5 million for Major Emergencies, \$3.8 million for Economic Uncertainty, \$2.5 million from the Redevelopment loan repayment to the General, and \$540,000 for compensated absences. It is anticipated that beginning in FY 2011-12, the City will begin to rebuild its reserve balance.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

In its role of providing policy direction and general oversight, the City Council establishes major goals for City service delivery. These goals are identified and quantified in the City's annual budget. The City can boast of an impressive list of major initiatives and accomplishments during 2010-11 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

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 ensures the city's road condition thus extending the life spans and consequently benefit significant savings due to the fraction of the cost of rehabilitation.

Senior Center Project During 2008-09, the City's Redevelopment Agency completed financing for a new Senior Center and the facility was completed in 2010-11. The new Senior Center includes a computer room, multipurpose room/ large auditorium (large enough for dances, social events and athletic activities), an arts and crafts room, theater style room for showing movies and several classrooms. This impressive new facility will provide needed services to the community for many years to come.

Downtown Parking Garage Key to development plans for the downtown is a four story parking garage. Construction is underway on the 380 space, LEED certified, four-story parking garage. The new garage will replace an outdated Estudillo garage and is scheduled to be completed in Spring 2012. The garage, which is funded with redevelopment tax increment dollars and being constructed by Webcor Builders, is a critical component of the City's award winning Transit Oriented Development (TOD) strategy. Centralized parking encourages downtown retail patrons to park once and walk to multiple destinations and promotes pedestrian activity in the downtown. The added capacity from the new garage will facilitate additional mixed use development in downtown San Leandro.

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

COUNCIL FINANCIAL POLICIES

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

The budget administration guidelines recommend sufficient fund balance to provide for: a) Economic uncertainties, local disasters, and other financial hardships or downturns in the local or national economy, b) contingencies for unforeseen operating or capital needs and c) cash flow requirements. Further, the guidelines call for such designated fund balances to be at least 20% of General Fund operating expenditures (budgeted expenditures for the following year). Consequently, based on the General Fund's budgeted operating expenditures for 2011-12 the guideline requirement is approximately \$14.3 million.

Even during these difficult economic times, the designations reported in the accompanying financial statements are a step toward meeting these guidelines. For example, the 2010-11 financial statements reflect Council designations that total \$11.8 million. While these designations do not fully meet the guideline amount of \$14.3 million, the designated fund balance does represent substantial progress toward the guidelines while facing an economic crisis.

FINANCIAL INFORMATION

City Budget & Budgetary Controls

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

Accounting System

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

Risk Management

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

OTHER INFORMATION

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of San Leandro for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the 15th consecutive year that the City of San Leandro has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

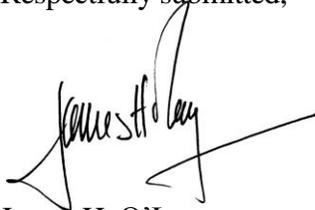
Acknowledgements

This CAFR represents the culmination of numerous hours of hard work expended by the dedicated staff in the Accounting Division of the Finance Department. In particular, I would like to express appreciation to Carla Rodriguez, Christine Galvin, Clarence Youngs, 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 Lianne Marshall, Interim City Manager, the City Council Finance Committee, 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, appearing to read "James H. O'Leary". The signature is written in a cursive style with a long horizontal stroke extending to the right.

James H. O'Leary
Interim Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The City of San Leandro
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Dandson

President

Jeffrey R. Enos

Executive Director

PRINCIPAL OFFICERS
CITY OF SAN LEANDRO
For Fiscal Year Ended June 30, 2011

CITY COUNCIL

| | |
|---------------|----------------------|
| Mayor | Stephen H. Cassidy |
| Vice Mayor | Michael J. Gregory |
| Councilmember | Pauline Russo Cutter |
| Councilmember | Jim Prola |
| Councilmember | Diana M. Souza |
| Councilmember | Joyce R. Starosciak |
| Councilmember | Ursula Reed |

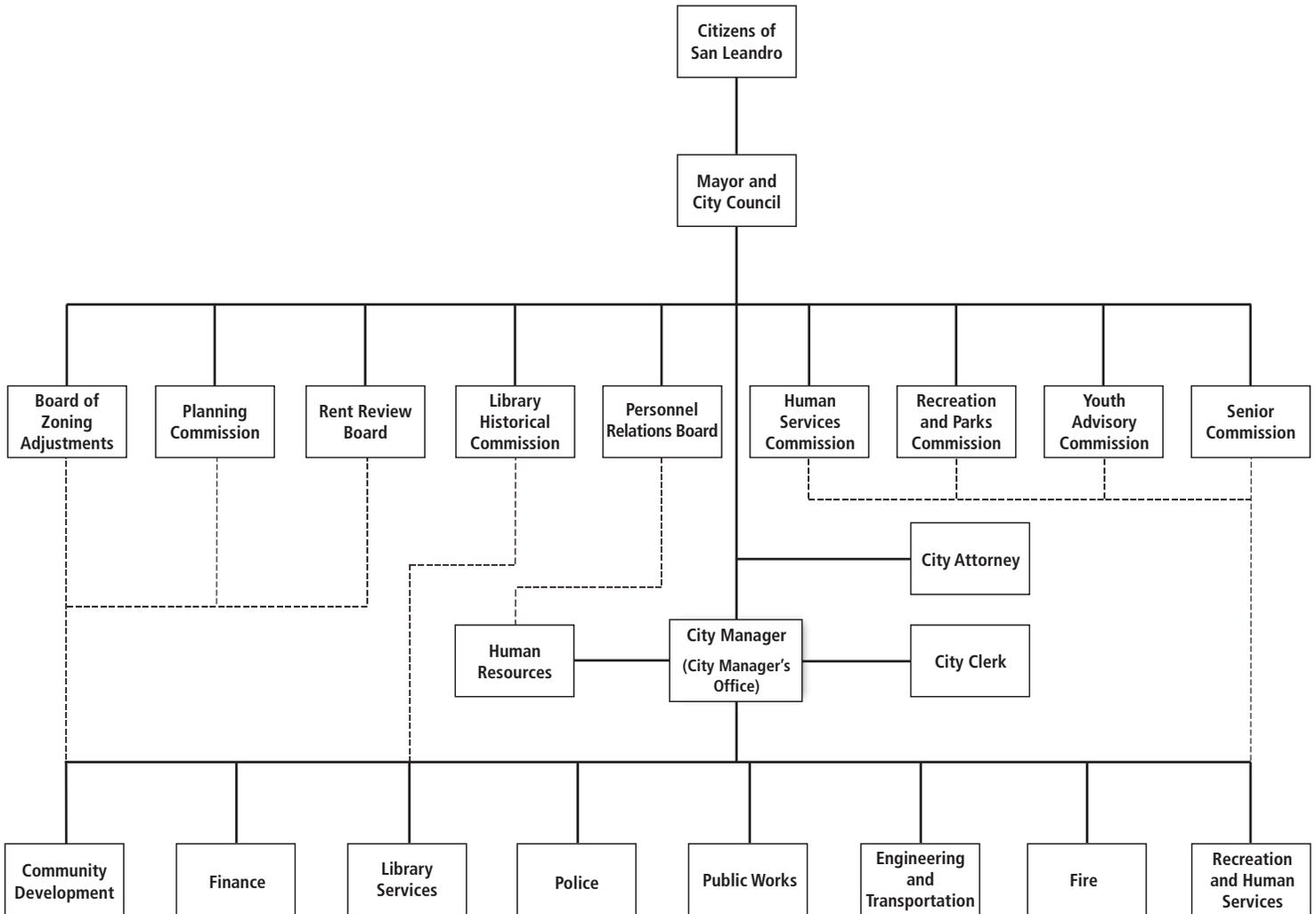
COUNCIL APPOINTEES

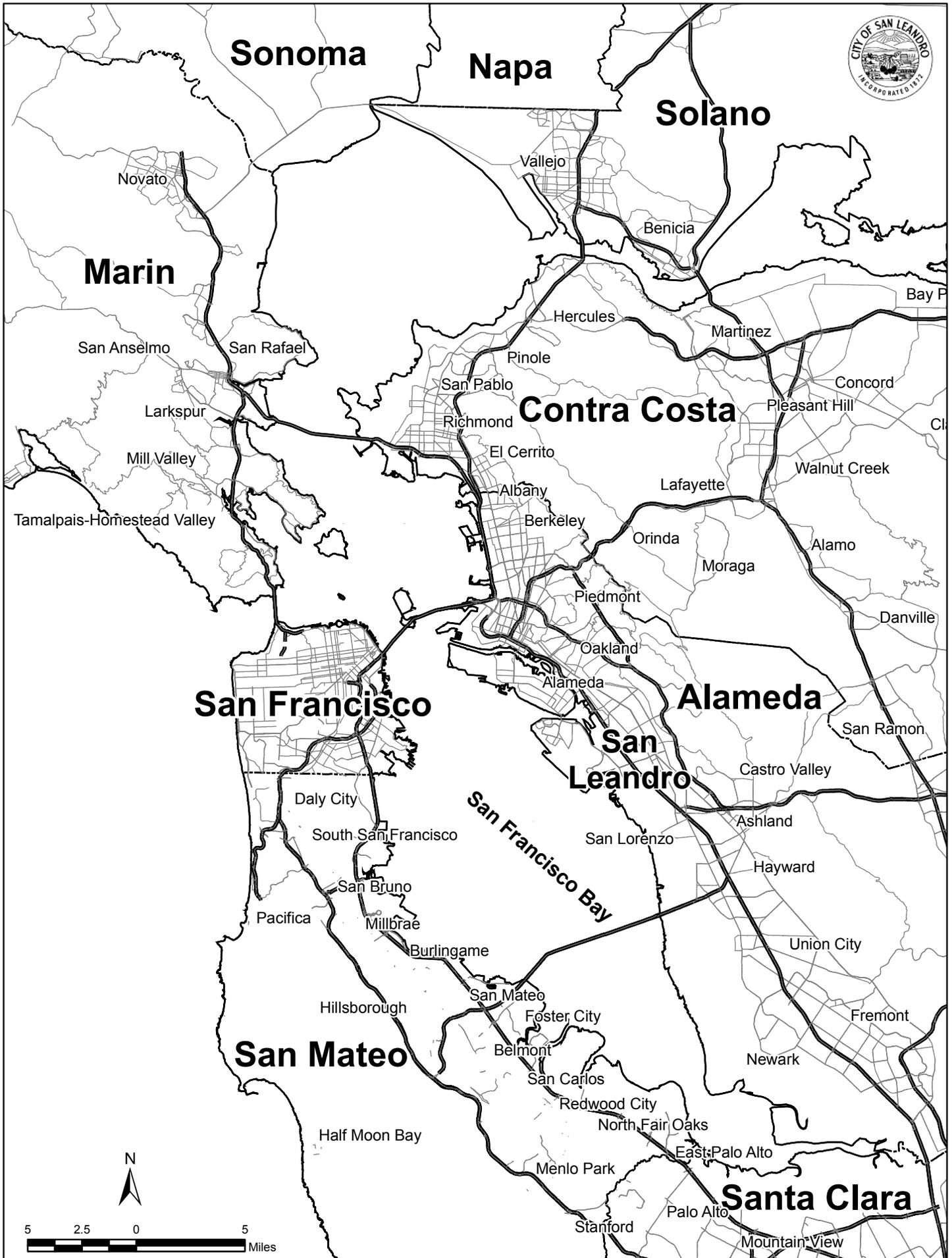
| | |
|---------------|----------------------|
| City Manager | Stephen L. Hollister |
| City Attorney | Jayne W. Williams |

APPOINTED OFFICIALS

| | |
|--|--------------------|
| Assistant City Manager | Lianne Marshall |
| City Clerk | Marian Handa |
| Police Chief | Sandra R. Spagnoli |
| Community Development Director | Luke Sims |
| Finance Director | Perry H. Carter |
| Library Services Director | David Bohne |
| Recreation and Human Services Director | Carolyn Knudtson |
| Engineering – Transportation Director | Uchenna Udemezue |
| Public Works Services Director | Michael Bakaldin |

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 ON BASIC FINANCIAL STATEMENTS

To the City Council
City of San Leandro, California

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Leandro (City) as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. The financial statements as of June 30, 2010, were audited by other auditors whose opinion dated December 22, 2010, was unqualified.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and generally accepted government audit standards issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the basic financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Leandro at June 30, 2011 and the results of its operations and cash flows, where applicable, thereof for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

As disclosed in Note 18C, the State of California adopted ABx1 26 on June 28, 2011, which suspends all new redevelopment activities except for limited specified activities as of that date and dissolves redevelopment agencies effective October 1, 2011. The State simultaneously adopted ABx1 27 which allows redevelopment agencies to avoid dissolution by opting into an "alternative voluntary redevelopment program" requiring specified substantial annual contributions to local schools and special districts. These conditions raise substantial doubt about the ability of the City of San Leandro Redevelopment Agency, a component unit of the City, to continue as a going concern. However, on August 11, 2011, the California Supreme Court issued a partial stay of ABx1 26 and a full stay of ABx1 27, but the partial stay did not include the section of ABx1 26 that suspends all new redevelopment activities. As a result, the accompanying financial statements have been prepared assuming that the City of San Leandro Redevelopment Agency will continue as a going concern. The activities of the City of San Leandro Redevelopment Agency are included in the Redevelopment Agency Capital Projects Fund, Redevelopment Agency Low/Moderate Housing Capital Project Fund, and Redevelopment Agency Debt Service Fund of the accompanying

financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2011, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As of July 1, 2010, the City adopted the provision of Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*. As discussed in Note 10B to the financial statements, the provisions of this statement affect the classification of fund balances reported in the financial statements.

Management's Discussion and Analysis and the budgetary comparison for the General Fund and major special revenue funds are required by the Government Accounting Standards Board, but is not part of the basic financial statements. We have applied certain limited procedures to this information, principally inquiries of management regarding the methods of measurement and presentation of this information, but we did not audit this information and we express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental section listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The statistical section listed in the Table of Contents was not audited by us, and we do not express an opinion on this information.

Marc & Associates

October 28, 2011

CITY OF SAN LEANDRO, CALIFORNIA
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

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, 2011. 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

- The assets of the City exceeded its liabilities at fiscal year ending June 30, 2011 by \$332.3 million. Of this amount, \$283.3 million was invested in capital assets, net of related debt. The balance was restricted for capital projects of \$24.5 million, debt service \$5.2 million, special revenue \$7.7 million, and unrestricted \$11.4 million.
- The City's total net assets decreased by \$2.4 million; representing a \$7.2 million decrease in Governmental and a \$4.8 million increase in Business type activities. The net assets decrease was largely due to the increase of the Redevelopment Agency indebtedness with related non-capitalizable development expenses.
- In 2010-11, as required by the Governmental Accounting Standard Board (GASB), governments are obligated to enhance the financial reporting of the fund balance categories. Fund balances are described and presented in Note 10 which details the classifications of the City's new fund balance categories. The City's governmental funds include the general, special revenue, debt service, capital projects and redevelopment funds, with a combined ending fund balances of \$60.5 million, an increase of \$ 747,480 from the prior fiscal year.
 - a) Approximately 21% of the amount (\$12.9 million) is Nonspendable because the funds are both legally and contractually required to be maintained and are not available or spendable. These includes advances and loans to other funds.
 - b) Approximately 55% of the amount (\$33.3 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 6% of the amount (\$3.4 million) is Assigned which includes the Kaiser Hospital Community Impact of \$1.2 million, the Redevelopment Plaza Loan Repayment to the General Fund, and funds that have been encumbered from prior fiscal year.
 - d) Approximately 20% of the amount (\$10.9 million) is Unassigned and available for spending in the future. These include Compensated Absences, Major Emergencies and Economic Uncertainties and funds that have deficit fund balances.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

The *Statement of Activities and Changes in Net Assets* presents information showing how the government's net assets changed during the fiscal year. All changes in net assets 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).

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

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

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

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

Discretely Presented Component Units - The City has no discretely presented component units to report upon.

The government-wide financial statements can be found on pages 23 through 25 of this report.

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.

The fund financial statements provide detailed information about each of the City's more significant funds, called Major Funds. The concept of Major Funds, and the determination of which are major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-Major Funds summarized and presented in a single column. Further detail on the Non-Major funds is presented on pages 98 through 124 of this report.

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

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

The City has twenty-four governmental funds, of which three are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The City's three major funds include - the General Fund, the Redevelopment Agency Capital Projects Fund, and the Redevelopment Agency Low/Moderate Housing Capital Projects Fund. Data from the other twenty-one governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 29 through 33 of this report.

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 great detail. The proprietary fund financial statements provide separate information for the entire City's proprietary funds. Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary financial statements. More detailed information for the internal service funds is provided in the form of combining statements can be found on pages 129-132 of this report.

The basic proprietary fund financial statements can be found on pages 36 through 38 of this 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 fiduciary funds statement of net assets can be found on page 40.

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 can be found on pages 43 through 89 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information. This information includes budgetary comparison schedules, as well as more detailed information about the City's agreement with the California Public Employees Retirement System (CalPERS) for the defined benefit pension plan. The combining statements referred to in connection with non-major governmental funds and internal service funds are presented immediately following the required supplemental information on pages 85 through 88 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets. As noted earlier, net assets 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 \$332.3 million at the close of fiscal year 2010-11.

By far the largest portion of the City's net assets (85%) reflects its investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment), less any outstanding related debt used to acquire those assets. Because the City uses these capital assets to provide services to citizens, these assets are not available for future spending. Although the City investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay must be provided from other sources (future income), since the capital assets themselves cannot be used to liquidate these liabilities.

City of San Leandro
Net Assets at June 30, 2011
(in thousands)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|-------------------|--------------------------|------------------|-------------------|-------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Current Assets | \$ 80,811 | \$ 80,203 | \$ 24,181 | \$ 27,273 | \$ 104,992 | \$ 107,476 |
| Non-Current Assets | 20,302 | 18,582 | (7,289) | (7,476) | 13,013 | 11,106 |
| Capital Assets | 305,233 | 317,047 | 29,295 | 22,799 | 334,528 | 339,846 |
| Total assets | <u>406,346</u> | <u>415,832</u> | <u>46,187</u> | <u>42,596</u> | <u>452,533</u> | <u>458,428</u> |
| Current and other liabilities | 20,865 | 22,179 | 1,393 | 2,381 | 22,258 | 24,560 |
| Long-term liabilities | 95,186 | 96,172 | 2,828 | 3,009 | 98,014 | 99,181 |
| Total liabilities | <u>116,051</u> | <u>118,351</u> | <u>4,221</u> | <u>5,390</u> | <u>120,272</u> | <u>123,741</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 256,543 | 268,302 | 26,832 | 20,162 | 283,375 | 288,464 |
| Restricted | 37,489 | 31,354 | - | - | 37,489 | 31,354 |
| Unrestricted | (3,737) | (2,175) | 15,134 | 17,045 | 11,397 | 14,870 |
| Total net assets | <u>\$ 290,295</u> | <u>\$ 297,481</u> | <u>\$ 41,966</u> | <u>\$ 37,207</u> | <u>\$ 332,261</u> | <u>\$ 334,688</u> |

An additional portion of the City's net assets, 11%, represents resources that are subject to external restriction on how they may be used. The remaining balance of \$11.4 million or 3% represents unrestricted net assets.

At the end of the fiscal year, the City reported positive balances in all three categories of net assets, for government as a whole and for its business-type activities. The net assets for the total activities decreased by \$2.4 million during the fiscal year. The decrease is the net result of all revenues and expenses, including the increase in capital projects resulting from the new debt incurred, and cannot be attributed to any specific items.

Governmental Activities – The cost of all Governmental activities in 2010-11 was \$112.2 million. However, as shown in the Statement of Net Activities on pages 22 and 23, the amount that general tax payers ultimately financed for these activities through the City taxes was \$71.2 million because some of the cost was paid by those who directly benefited from the programs (\$17 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$3.8 million), and for operations and capital (\$6.6 million). The City paid for the remaining “public benefit” portion of governmental activities with \$71.4 million in other general revenues (some of which could only be used for certain programs), net of transfers.

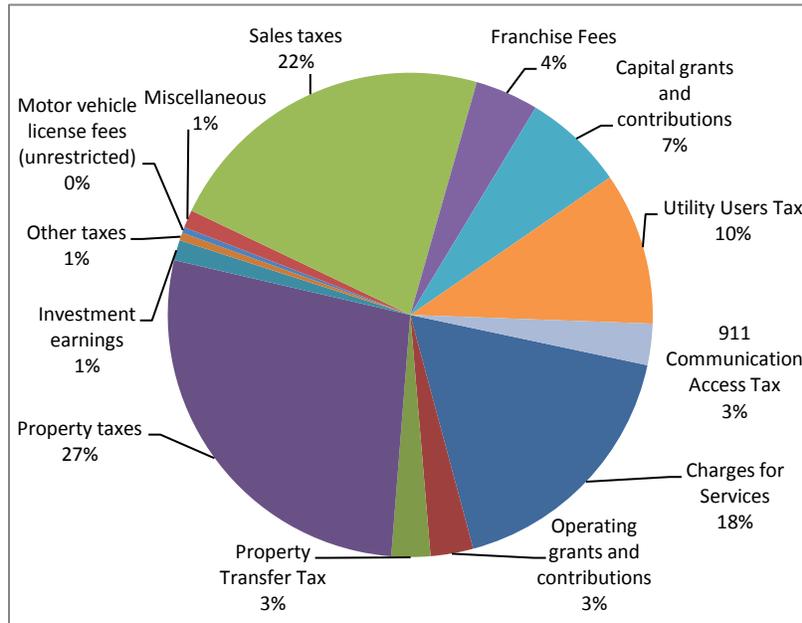
Total resources available during the year to finance governmental operations were \$98.8 million. This consisted of \$27.4 million in program revenues and \$71.4 million in general revenues net of transfers. Total governmental activities operating expenses during the year were \$112.1 million. Thus, net assets as of July 1, 2010 of \$303.6 million were decreased by \$13.3 million to \$290.3 million by June 30, 2011.

| City of San Leandro | | | | | | | | | | |
|--|-------------------------|----------------|--------------|--------------------------|---------------|----------------|----------------|----------------|-----------------|------------|
| Changes in Net Assets | | | | | | | | | | |
| Year Ended June 30, 2011 | | | | | | | | | | |
| (in thousands) | | | | | | | | | | |
| | % | | | % | | | | | Amount | % |
| | Governmental Activities | | | Business-Type Activities | | | Total | | Change | Change |
| | 2011 | 2010 | Change | 2011 | 2010 | Change | 2011 | 2010 | | |
| Revenues | | | | | | | | | | |
| Program revenues: | | | | | | | | | | |
| Charges for Services | \$ 17,063 | \$ 12,569 | 35.8% | \$ 14,268 | \$ 13,717 | 4.0% | \$ 31,331 | \$ 26,286 | 5,045 | 19% |
| Operating grants and contributions | 3,783 | 4,225 | -10.5% | - | - | - | 3,783 | 4,225 | (442) | -10% |
| Capital grants and contributions | 6,582 | 10,831 | -39.2% | - | - | - | 6,582 | 10,831 | (4,249) | -39% |
| General revenues: | | | | | | | | | | |
| Property taxes | 26,721 | 27,087 | -1.4% | - | - | - | 26,721 | 27,087 | (366) | -1% |
| Sales tax | 21,811 | 17,595 | 24.0% | - | - | - | 21,811 | 17,595 | 4,216 | 24% |
| Franchise Fee | 4,125 | 4,005 | 3.0% | - | - | - | 4,125 | 4,005 | 120 | 3% |
| Utility users Tax | 9,933 | 9,783 | 1.5% | - | - | - | 9,933 | 9,783 | 150 | 2% |
| Property Transfer Tax | 2,529 | 2,297 | 10.1% | - | - | - | 2,529 | 2,297 | 232 | 10% |
| 911 communication Access Tax | 2,694 | 2,712 | - | - | - | - | 2,694 | 2,712.00 | (18) | - |
| Motor Vehicle License Fees | 381 | 242 | 57.4% | - | - | - | 381 | 242 | 139 | 57% |
| Other taxes | 506 | 333 | 52.0% | 258 | 234 | 10.3% | 764 | 567 | 197 | 35% |
| Investment Earnings | 1,321 | 1,419 | -6.9% | 167 | 455 | -63.3% | 1,488 | 1,874 | (386) | -21% |
| Community Impact | - | 3,100 | - | - | - | - | - | 3,100.00 | (3,100) | - |
| Miscellaneous | 1,158 | 531 | 118.1% | 338 | 265 | 27.5% | 1,496 | 796 | 700 | 88% |
| Total Revenues | <u>98,607</u> | <u>96,729</u> | <u>1.9%</u> | <u>15,031</u> | <u>14,671</u> | <u>-100.0%</u> | <u>113,638</u> | <u>111,400</u> | <u>\$ 2,238</u> | <u>2%</u> |
| Expenses | | | | | | | | | | |
| General Government | 10,760 | 11,990 | -10.3% | - | - | - | 10,760 | 11,990 | (1,230) | -10% |
| Public safety | 45,937 | 45,063 | 1.9% | - | - | - | 45,937 | 45,063 | 874 | 2% |
| Engineering & Transportation | 22,720 | 18,209 | 24.8% | - | - | - | 22,720 | 18,209 | 4,511 | 25% |
| Recreation and Culture | 11,043 | 9,906 | 11.5% | - | - | - | 11,043 | 9,906 | 1,137 | 11% |
| Community Development | 17,541 | 24,203 | -27.5% | - | - | - | 17,541 | 24,203 | (6,662) | -28% |
| Interest on Long-Term Debt | 4,182 | 4,526 | -7.6% | - | - | - | 4,182 | 4,526 | (344) | -8% |
| Water Pollution Control | - | - | - | 5,856 | 6,232 | -6.0% | 5,856 | 6,232 | (376) | -6% |
| Shoreline | - | - | - | 1,998 | 2,181 | -8.4% | 1,998 | 2,181 | (183) | -8% |
| Storm Water Utility | - | - | - | 845 | 886 | -4.6% | 845 | 886 | (41) | -5% |
| Environmental Services | - | - | - | 1,333 | 1,348 | -1.1% | 1,333 | 1,348 | (15) | -1% |
| Total Expenses | <u>112,183</u> | <u>113,897</u> | <u>-1.5%</u> | <u>10,032</u> | <u>10,647</u> | <u>-5.8%</u> | <u>122,215</u> | <u>124,544</u> | <u>(2,329)</u> | <u>-2%</u> |
| Excess(deficiency)of revenues over expenses before transfer | (13,576) | (17,100) | - | 4,999 | 4,024 | - | (8,577) | (13,076) | 4,499 | 66% |
| Transfer | 240 | (68) | - | (240) | 68 | - | - | - | - | - |
| Increase in net assets | (13,336) | (17,168) | - | 4,759 | 4,092 | - | (8,577) | (13,076) | 4,499 | 66% |
| Beginning net assets | 297,481 | 314,649 | - | 37,207 | 33,115 | - | 334,688 | 347,764 | (13,076) | -4% |
| Ending net assets | <u>284,145</u> | <u>297,481</u> | <u>-2.4%</u> | <u>41,966</u> | <u>37,207</u> | <u>13%</u> | <u>326,111</u> | <u>334,688</u> | <u>(2,427)</u> | <u>-1%</u> |
| Prior Period Adjustment (Note 17) | 6,150 | - | - | - | - | - | 6,150 | - | - | - |
| Ending net assets | <u>290,295</u> | <u>-</u> | <u>-</u> | <u>41,966</u> | <u>-</u> | <u>-</u> | <u>332,261</u> | <u>-</u> | <u>-</u> | <u>-</u> |

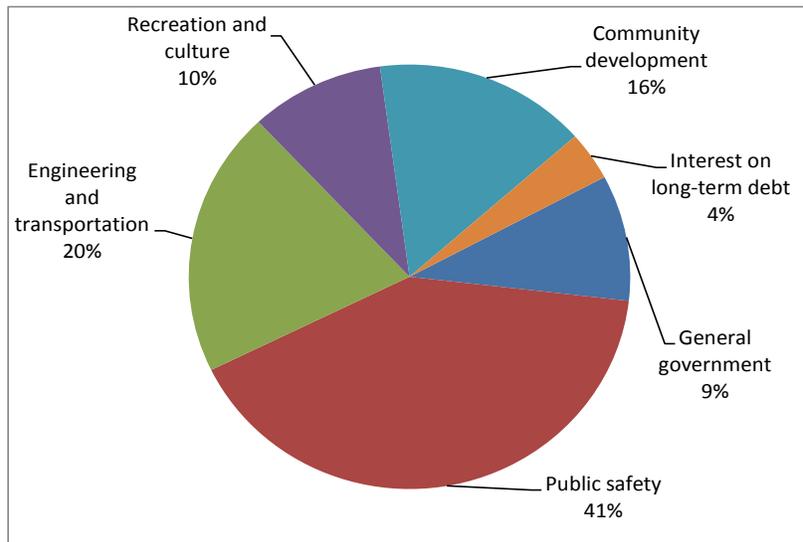
The City's programs include: General Government, Public Safety, Engineering and Transportation, Recreation and Culture, and Community Development.

The following two charts illustrate the City's revenues by source and governmental expenses by function, including the Redevelopment Agency.

Revenues by Sources – Governmental Activities



Expenses by Function – Governmental Activities



Revenues

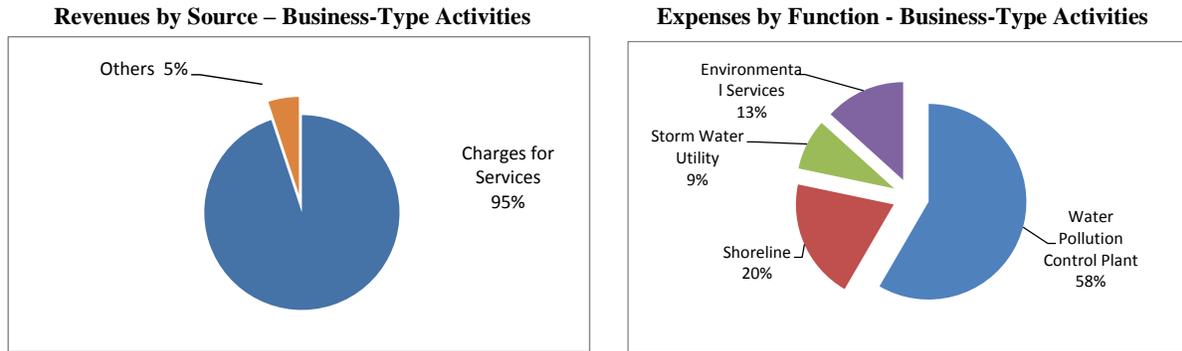
Total governmental activities revenues increased by 2%, mainly due to sales tax with an increase of \$4.2 million, and charges for services which increased by \$4.5 million. The increase in sales tax can be attributed to the voter approved quarter cent sales tax increase (Measure Z) that was passed last November 1, 2010 to be effective for seven years. Charges for services in Governmental activities are primarily fees for recreation, building, public safety, planning, and engineering. The increase in charges of \$4.5 million is partially due to the increase in permits and fees for to the construction and building of the Kaiser Hospital and other governmental program revenues.

Expenses

Overall, expenses decreased by 2% (\$2 million) from the prior year. This reduction is due to a number of factors including, an employee furlough and a reduction in Redevelopment Agency projects expenses.

- General government expenses include the City Council, City Clerk, City Manager, City Attorney, Human Resources, Finance, and Information Technology departments. General government expenses decreased by 10% (\$1.3 million) from the prior year largely due to staffing reductions.
- Public Safety expenses cover Police and Fire services.
- Community Development expenses include planning, building, housing neighborhood improvements, code enforcement, economic development, and the Redevelopment Agency. As discussed earlier, the increase in permits and fees received in 2010-11 demonstrate the vital role the Community Development plays in improving the City's economic and redevelopment strategies for maintaining and improving the City's fiscal vitality.
- Engineering and Transportation expenses include professional engineering services for traffic and transportation planning and design, administration and implementation of City's capital improvement program, and technical support for various public improvements. Engineering and transportation expenses increased by \$4.5 million compared to prior year due to the capital improvement projects for street rehabilitation and the completion of the Doolittle Driveway Entry Project from the City of Oakland. Public works include services for streets, streetlights, traffic signals operations and maintenance, and maintenance of City parks.
- Recreation and culture expenses cover the operations and maintenance of community centers, pools, providing essential connection to people and their needs in the community and meeting the educational, cultural and informational needs of citizens. Costs attributed to this function increased by 11% (\$1.1 million) from the prior year due to staffing and for operating the new Senior Center Facility.

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 assets increased by \$4.8 million from prior fiscal year due the increase in capital assets mainly due to land acquisition and new additions to machinery and equipment for the expansion of the Water Pollution Control Plant.



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.

As of June 30, 2011, the City’s governmental funds, including the general, special reserve, debt service, capital projects, and Redevelopment funds, reported combined ending fund balances of \$60.5 million, an increase of \$747,480 compared with the prior year. For 2010-11, the City is implementing the new Governmental Accounting Standards Board (GASB) Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. This new statement is described explicitly in Note 10 under Net Assets and Fund Balance.

The term fund balance is used to describe the difference between assets (what is owned) and liabilities (what is owed) reported within the fund. In the past, fund balances have been classified into three separate components: Reserved, Designated, and Undesignated. The new GASB 54 defines five new components of fund balance that will replace the current existing components; Nonspendable, Restricted, Committed, Assigned and Unassigned.

- The Nonspendable fund balance is 17.2% (10.4 million) which represents funds that are legally required to be maintained intact such as advances to other funds.
- The Restricted fund balance is 59.2% (\$35.8 million) and reflects constraints placed on the use of resources by external factors such as regulation of other governments, grantors, or laws, and enabling legislature. This amount includes Capital projects, Debt Service

payments and encumbrances. The assigned balance includes amounts that are constrained by the government's intent to be used for specific purposes.

- The Committed fund balance includes amount that can only be used for a specific purpose pursuant to the constraints imposed by formal action of the City Council and to remain binding unless removed in the same manner by the city council. There is no committed fund balance that meets the criteria as describe in GASB 54.
- The Assigned fund balance includes amounts that are constrained by the city's intent to be used for specific purposes including deficit fund balance. The assigned fund balance for 2010-11 is \$3.4 million or 5.8% which includes the Community Impact payment and the Plaza Loan repayment to the General Fund.
- The Unassigned fund balance includes amounts that have not been restricted, committed, or assigned to a specific purpose within the general fund which should be the only fund that can report this category. For fiscal year 2010-11, the balance in this category is \$10.8 million or 18%.

The General Fund is the chief operating fund of the City. At the end of 2010-11, the unassigned fund balance of the General Fund was \$10.8 million and the assigned fund balance was \$3.4 million, which amounts to \$15.2 million of the total fund balance of \$25.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both Assigned and Unassigned fund balance to the total fund expenditures, representing 22% of the General Fund operating expenditure. The General Fund balance decreased by \$722,801 during the fiscal year.

Redevelopment Agency Capital Improvement Fund - The Redevelopment Agency is responsible for the planning and implementation of the City's Redevelopment Plan for the three Project Areas established under Community Redevelopment Law. The Agency's operations are funded primarily by the issuance of debt, which is expected to be repaid out of property tax increment revenue generated by increases in property assessed values in the redevelopment project areas. The fund balance at the end of fiscal year was \$10.7 million, a decrease of \$1.7 million from the prior fiscal year. The decrease is attributable to the new garage parking structure project and other capital projects in the San Leandro downtown area for lighting and pedestrian improvements.

Redevelopment Agency Low/Moderate Housing Capital Projects Fund - The Redevelopment Agency Low/Moderate Housing Capital Projects Fund was established to account for the 20% tax increment revenue set aside and legally designated for low and moderate income housing and neighborhood improvements. At the end of 2010-11, the restricted fund balance increased by \$1.4 million from the prior year to \$3.1 million mainly due to decrease in expenditures of approximately \$800,000.

Proprietary Funds

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

The total net assets of the enterprise funds increased by \$4.8 million, mainly reflected in the Water Pollution Control Plant's net income of \$4.7 million. Net assets for internal service funds at June 30, 2011 amounted to \$8.2 million, a decrease of \$2.4 million due to an increase in

expenditures of \$1.7 million centered primarily in the Self-Insurance fund with an increase in claim settlements and judgments for 2010-11.

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, 2011, the fund’s net assets totaled almost \$43.5 million an increase of \$4.7 million or 12%. The Water Pollution Control Plant completed a waste water rate study and increased fees by 5%. In addition to increase in revenues of 4%, the expenditures for water pollution decreased by \$375,187.

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, 2011, the fund’s net assets totaled (\$3.0) million. The deficit has accumulated over many years and includes the transfer of golf course assets in 2003 pursuant to the City’s lease with American Golf Company. The deficit will be eliminated over the next several years through cost containment and revenue enhancement.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund ended a net increase of General Fund revenues over the final budget projections of about \$6.0 million, largely attributed to a correction in sales tax revenues. Current General Fund revenues performed slightly higher by 3% compared to previous year. Revenues totaled \$72.5 million, an increase of 9% from the budgeted amount. As previously discussed, the increase in property and sales taxes, licenses and permits, and other revenues positively impacted the City's General Fund revenues. The City continues to be fiscally responsible and continues to maintain fiscal sustainability by reducing expenditures by \$4.6 million from prior fiscal year. The excess of \$2.9 million in operating revenue and expenditures is a positive change compared to prior fiscal year shortfall of (\$3.6) million. Expenditures in 2010-11 were reduced by approximately 5% to achieve a surplus.

Unemployment continues to remain high and adversely impacts the labor market and consumer remains cautious in their spending pattern. There is a continued decline in consumer confidence. Therefore, the financial environment is unknown in the future. It is important for the City to build the reserves that has been utilized in the past for future economic uncertainties.

CITY OF SAN LEANDRO
Summary Analysis of General Fund Budget, Fiscal Year 2010-11
(in thousands)

| | Budget Amounts | | Actual (budget basis) | Variance with final budget positive/ (negative) |
|--|-------------------|-------------------|--------------------------|--|
| | Adopted | Final | | |
| Revenue | | | | |
| Property and other taxes | \$ 51,928 | \$ 51,928 | \$ 57,469 | \$ 5,541 |
| Licenses and permits | 5,575 | 5,575 | 6,179 | 604 |
| Fines and forfeitures | 1,300 | 1,300 | 1,377 | 77 |
| Service charges | 2,252 | 2,252 | 2,591 | 339 |
| Intergovernmental | 1,147 | 1,147 | 1,216 | 69 |
| Use of money and property | 1,219 | 1,219 | 1,070 | (149) |
| Interdepartment charges | 2,295 | 2,295 | 2,295 | - |
| Other | 816 | 881 | 351 | (530) |
| Total Revenues | <u>66,532</u> | <u>66,597</u> | <u>72,548</u> | <u>5,951</u> |
| Expenditures | | | | |
| General government | 9,371 | 9,730 | 9,541 | 189 |
| Public safety | 43,185 | 43,351 | 43,280 | 71 |
| Engineering and transportation | 6,108 | 4,593 | 5,867 | (1,274) |
| Recreation and culture | 7,793 | 9,756 | 7,819 | 1,937 |
| Community development | 2,647 | 2,726 | 2,663 | 63 |
| Debt Service: | | | | |
| Principal | 465 | 465 | 465 | - |
| Interest and Fees | 42 | 42 | 42 | - |
| Total Expenditures | <u>69,611</u> | <u>70,663</u> | <u>69,677</u> | <u>986</u> |
| Total excess (deficiency of revenues) over expenditures | (3,079) | (4,066) | 2,871 | 6,937 |
| Other financing sources (uses) | | | | |
| Transfers in | 500 | 600 | 600 | - |
| Transfers out | (368) | (4,194) | (4,194) | - |
| Issuance of Debt | - | - | - | - |
| Total other financing sources (uses) | <u>132</u> | <u>(3,594)</u> | <u>(3,594)</u> | <u>-</u> |
| Net change in fund balance | <u>\$ (2,947)</u> | <u>\$ (7,660)</u> | <u>\$ (723)</u> | <u>\$ 6,937</u> |

Another indicator of the decline in consumer confidence is that real property tax continues to decline by another 3% for a two-year reduction in these key revenues of over 6%.

| | 2008-09 | 2009-10 | % Change | 2010-11 | % Change |
|-------------------|----------------|----------------|-----------------|----------------|-----------------|
| Real Property Tax | 16,698 | 16,118 | -3.5% | 15,616 | -3.1% |

Expenditures overall came below the budgeted amount by \$986,00 in the 2010-11 due mainly to the cost cutting measures adopted at the beginning of the fiscal year by all functions, following the direction given by City Council as a measure to preserve fund balance and balance the operating budget.

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, 2011, amounts to \$333 million (net of accumulated depreciation), which is a decrease of \$6.0 million. Investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar infrastructure.

Major Capital asset activity during the current fiscal year included the following: Street Rehabilitation, Doolittle Driveway Entry, and the Water Pollution Control Plant Expansion Projects.

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

| City of San Leandro Capital Assets (net of depreciation) Year Ended June 30, 2010 (in thousands) | | | | | | |
|---|-------------------------|------------|--------------------------|-----------|------------|------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Land | \$ 23,941 | \$ 17,791 | \$ 5,234 | \$ 3,584 | \$ 29,175 | \$ 21,375 |
| Construction in progress | 2,626 | 34,833 | 10,157 | 10,027 | 12,783 | 44,860 |
| Total non-depreciable assets | 26,567 | 52,624 | 15,391 | 13,611 | 41,958 | 66,235 |
| Depreciable assets (net of depreciation) | | | | | | |
| Buildings | 58,417 | 46,024 | 4,575 | 4,720 | 62,992 | 50,744 |
| Improvements other than buildings | 438 | 230 | - | - | 438 | 230 |
| Machinery and equipment | 3,193 | 3,430 | 7,752 | 2,850 | 10,945 | 6,280 |
| Licensed Vehicles | 2,962 | 3,221 | 19 | 29 | 2,981 | 3,250 |
| Infrastructure | 213,655 | 211,518 | 1,558 | 1,589 | 215,213 | 213,107 |
| Total depreciable assets | 278,666 | 264,423 | \$13,904 | \$9,188 | 292,570 | 273,611 |
| Total capital assets | \$ 305,233 | \$ 317,047 | \$ 29,295 | \$ 22,799 | \$ 334,528 | \$ 339,846 |

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

Debt Administration. At the end of the current fiscal year, the City's total long-term debt outstanding is \$90.5 million, a decrease of \$3.5 million from the prior fiscal year. The net decrease primarily reflects normal debt amortization.

The City continues to have no outstanding general obligation debt. Additional information on the City's long-term debt obligations can be found in Note 7 of the notes to the financial statements.

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

**City of San Leandro
Outstanding Debt
Year Ended June 30,2010
(in thousands)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|------------------|--------------------------|-----------------|------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenue bonds and notes (backed by specific tax and fee revenues) | \$ 44,920 | \$ 46,075 | \$ - | \$ - | \$ 44,920 | \$ 46,075 |
| Certificates of participation | 34,420 | 35,660 | | | 34,420 | 35,660 |
| Other loans | 8,268 | 9,048 | 2,463 | 2,637 | 10,731 | 11,685 |
| Total | <u>\$ 87,608</u> | <u>\$ 90,783</u> | <u>\$ 2,463</u> | <u>\$ 2,637</u> | <u>\$ 90,071</u> | <u>\$ 93,420</u> |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Like most cities in California, the City continues to face an uncertain economy. The financial turbulence in the global markets, the nationwide mortgage crisis, and related regional housing downturn, as well as the state's on-going budget crisis have a direct impact on our local economy. City finances and the community services that depend on those resources have been strained as San Leandro deals with one of the nation's worst recessions in the last three decades. The most significant impact to the City is the state's plan to eliminate, reduce, or minimize the operations of redevelopment agencies, resulting in the loss of over \$2 billion in statewide redevelopment funding. The California Redevelopment Association continues to be actively engaged in the litigation process which should be determined no later than January 2012.

While there are some indications that the national economy is showing mild signs of recovery, the local economy, especially as it affects the municipal sector, is lagging. Unemployment remains high and many economists predict that it will take years before the region see employment at pre-recession levels. The state continues to deal with a critical budget shortfall – currently projected at \$24 billion for the next 18 months. Although the November 2010 passage of Proposition 22 provides increased protection for local revenues, state budget deficits of this magnitude will certainly have negative impacts to local economies and city budgets.

The 2010-11 budget adopted by the City Council in June 2011 continues to focus on City Council priorities which are directed toward essential services and maintaining a strong commitment to neighborhoods. Yet, in continued response to the poor economy and resultant revenue losses, the 2011-12 operating budget for the General Fund reflects significant expenditure reductions in staffing and programs. Over the last three years, the City has reduced its workforce by 20% (from 500 employees to 400 employees). With the economic picture, the challenge to the City is to keep expenditures within available resources. Consequently, the City continues to actively monitor expenditures and revenues so that adjustments can be made. Projection updates, goal setting, performance reporting, and mid-year evaluations are essential tools and tasks that will help the City's weather the current economic downturn.

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 Assets
June 30, 2011

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|-----------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments (Note 2) | \$ 53,430,855 | \$ 22,796,588 | \$ 76,227,443 |
| Cash and investments with fiscal agent (Note 2) | 16,286,656 | - | 16,286,656 |
| Unrestricted receivables: | | | |
| Property taxes | 211,652 | - | 211,652 |
| Accounts | 7,491,987 | 1,285,314 | 8,777,301 |
| Interest | 738,156 | 68,028 | 806,184 |
| Special assessments | 112,355 | 29,021 | 141,376 |
| Restricted receivables | 2,368,899 | - | 2,368,899 |
| Inventory and prepaid items | 132,345 | - | 132,345 |
| Other assets | 38,254 | 2,365 | 40,619 |
| Total current assets | <u>80,811,159</u> | <u>24,181,316</u> | <u>104,992,475</u> |
| Noncurrent assets: | | | |
| Loans receivable (Note 3) | 12,355,470 | - | 12,355,470 |
| Long-term internal balances | 7,288,932 | (7,288,932) | - |
| Deferred Charges | 657,537 | - | 657,537 |
| Capital assets (Note 6): | | | |
| Non Depreciable | 26,566,912 | 15,391,378 | 41,958,290 |
| Depreciable | 475,766,655 | 23,613,954 | 499,380,609 |
| Less accumulated depreciation | (197,100,338) | (9,710,337) | (206,810,675) |
| Capital assets, net | <u>305,233,229</u> | <u>29,294,995</u> | <u>334,528,224</u> |
| Total noncurrent assets | <u>325,535,168</u> | <u>22,006,063</u> | <u>347,541,231</u> |
| Total assets | <u>406,346,327</u> | <u>46,187,379</u> | <u>452,533,706</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accruals: | | | |
| Restricted | 338,385 | 667,296 | 1,005,681 |
| Unrestricted | 5,761,332 | - | 5,761,332 |
| Interest payable | 999,122 | - | 999,122 |
| Unearned revenue (Note 9): | | | |
| Restricted | 183,405 | 394,694 | 578,099 |
| Unrestricted | 1,994,311 | - | 1,994,311 |
| Other liabilities: | | | |
| Restricted | 235,679 | - | 235,679 |
| Unrestricted | 5,002,507 | 101,680 | 5,104,187 |
| Compensated absences payable - due within one year (Note 8) | 563,277 | 47,524 | 610,801 |
| Claims and judgments payable - due within one year (Note 12) | 1,824,151 | - | 1,824,151 |
| Long-term debt - due within one year (Note 7) | 3,962,739 | 182,086 | 4,144,825 |
| Total current liabilities | <u>20,864,907</u> | <u>1,393,280</u> | <u>22,258,187</u> |
| Noncurrent liabilities: | | | |
| Deposits | - | 67,137 | 67,137 |
| Compensated absences payable - due in more than one year (Note 8) | 3,593,019 | 480,516 | 4,073,535 |
| Claims and judgments payable - due in more than one year (Note 12) | 6,106,942 | - | 6,106,942 |
| Net OPEB (Note 16) | 1,356,528 | - | 1,356,528 |
| Long-term debt - due in more than a year (Note 7) | 84,130,058 | 2,280,876 | 86,410,934 |
| Total noncurrent liabilities | <u>95,186,547</u> | <u>2,828,529</u> | <u>98,015,076</u> |
| Total liabilities | <u>116,051,454</u> | <u>4,221,809</u> | <u>120,273,263</u> |
| NET ASSETS (Note 10.A.) | | | |
| Invested in capital assets, net of related debt | <u>256,542,629</u> | <u>26,832,033</u> | <u>283,374,662</u> |
| Restricted for: | | | |
| Capital projects | 24,540,815 | - | 24,540,815 |
| Debt service | 5,214,492 | - | 5,214,492 |
| Engineering and transportation | 5,890,998 | - | 5,890,998 |
| Recreation and culture | 949,445 | - | 949,445 |
| Community Development | 85,084 | - | 85,084 |
| Public Safety | 808,455 | - | 808,455 |
| Total restricted | <u>37,489,289</u> | <u>-</u> | <u>37,489,289</u> |
| Unrestricted | <u>(3,737,046)</u> | <u>15,133,537</u> | <u>11,396,491</u> |
| Total net assets | <u>\$ 290,294,873</u> | <u>\$ 41,965,570</u> | <u>\$ 332,260,443</u> |

See accompanying Notes to Basic Financial Statements.

City of San Leandro
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2011

| Functions/Programs | Expenses | Indirect Expenses Allocation | Program Revenues | | | Total |
|----------------------------------|-----------------------|------------------------------|----------------------|------------------------------------|----------------------------------|----------------------|
| | | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary government: | | | | | | |
| Governmental activities: | | | | | | |
| General government | \$ 10,759,754 | \$ (571,989) | \$ 4,367,475 | \$ - | \$ 875,459 | \$ 5,242,934 |
| Public safety | 45,936,832 | - | 2,945,455 | 477,721 | - | 3,423,176 |
| Engineering and transportation | 22,720,292 | 281,736 | 2,483,285 | 1,705,773 | 3,280,128 | 7,469,186 |
| Recreation and culture | 11,042,582 | - | 1,606,333 | 336,453 | 2,425,945 | 4,368,731 |
| Community development | 17,541,521 | 290,253 | 5,660,243 | 1,263,223 | - | 6,923,466 |
| Interest on long-term debt | 4,182,409 | - | - | - | - | - |
| Total governmental activities | 112,183,390 | - | 17,062,792 | 3,783,171 | 6,581,532 | 27,427,495 |
| Business-type activities: | | | | | | |
| Water Pollution Control Plant | 5,856,452 | - | 10,478,066 | - | - | 10,478,066 |
| Shoreline | 1,997,753 | - | 1,944,513 | - | - | 1,944,513 |
| Storm Water Utility | 844,604 | - | 1,098,114 | - | - | 1,098,114 |
| Environmental Services | 1,333,145 | - | 746,965 | - | - | 746,965 |
| Total business-type activities | 10,031,954 | - | 14,267,658 | - | - | 14,267,658 |
| Total primary government | \$ 122,215,344 | \$ - | \$ 31,330,450 | \$ 3,783,171 | \$ 6,581,532 | \$ 41,695,153 |

General revenues:

Taxes:

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

Investment earnings

Miscellaneous

Gain or loss on sale of assets

Transfers (Note 5C)

Total general revenues and transfers

Change in net assets

Net assets - beginning of year, as restated (Note 17)

Net assets - end of year

Net (Expense) Revenue
and Changes in Net Assets

| Governmental Activities | Business-Type Activities | Total |
|----------------------------|-----------------------------|-----------------------|
| \$ (4,944,830) | \$ - | \$ (4,944,830) |
| (42,513,655) | - | (42,513,655) |
| (15,532,842) | - | (15,532,842) |
| (6,673,851) | - | (6,673,851) |
| (10,908,307) | - | (10,908,307) |
| (4,182,409) | - | (4,182,409) |
| <u>(84,755,894)</u> | <u>-</u> | <u>(84,755,894)</u> |
| - | 4,621,614 | 4,621,614 |
| - | (53,240) | (53,240) |
| - | 253,510 | 253,510 |
| - | (586,180) | (586,180) |
| - | <u>4,235,704</u> | <u>4,235,704</u> |
| <u>(84,755,894)</u> | <u>4,235,704</u> | <u>(80,520,190)</u> |
| 26,720,790 | - | 26,720,790 |
| 21,811,494 | - | 21,811,494 |
| 4,124,846 | - | 4,124,846 |
| 9,932,893 | - | 9,932,893 |
| 2,528,604 | - | 2,528,604 |
| 2,694,149 | - | 2,694,149 |
| 381,122 | - | 381,122 |
| 506,280 | 257,977 | 764,257 |
| 68,700,177 | 257,977 | 68,958,154 |
| 1,300,123 | 167,407 | 1,467,530 |
| 1,158,044 | 338,196 | 1,496,240 |
| 20,914 | - | 20,914 |
| 240,484 | (240,484) | - |
| <u>71,419,742</u> | <u>523,096</u> | <u>71,942,838</u> |
| (13,336,152) | 4,758,800 | (8,577,352) |
| <u>303,631,025</u> | <u>37,206,770</u> | <u>340,837,795</u> |
| <u>\$ 290,294,873</u> | <u>\$ 41,965,570</u> | <u>\$ 332,260,443</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.

Redevelopment Agency Capital Projects Fund - Accounts for the planning and implementation of the City's Redevelopment Plan for the three Project Areas located within the City's boundaries.

Redevelopment Agency Low/Moderate Housing Capital Projects Fund - Accounts for the 20% tax increment revenue set aside legally designated for low and moderate income housing and neighborhood improvement programs.

**City of San Leandro
Governmental Funds
Balance Sheet
June 30, 2011**

| | Major Funds | | | | Total |
|---|----------------------|---|--|------------------------------------|----------------------|
| | General | Redevelopment Agency Capital Projects | Redevelopment Agency Low/ Moderate Housing Capital Projects | Non-Major Governmental Funds | |
| ASSETS | | | | | |
| Cash and investments (Note 2) | \$ 13,766,993 | \$ 6,822,149 | \$ 3,042,928 | \$ 18,127,315 | \$ 41,759,385 |
| Cash and investments with fiscal agent (Note 2) | - | 11,558,926 | - | 4,727,730 | 16,286,656 |
| Receivables: | | | | | |
| Property taxes | 177,812 | 27,072 | 6,768 | - | 211,652 |
| Accounts | 6,645,802 | 21,730 | 107,522 | 150,995 | 6,926,049 |
| Federal, State, and local grants | - | - | - | 2,034,450 | 2,034,450 |
| Interest | 72,864 | 13,027 | 531,655 | 91,111 | 708,657 |
| Special Assessment | 72,041 | - | - | 40,314 | 112,355 |
| Sales tax - Measure B | - | - | - | 334,449 | 334,449 |
| Loans (Note 3) | 5,114 | 1,089,275 | 8,496,628 | 4,674,001 | 14,265,018 |
| Due from other funds (Note 5) | 1,281,933 | - | - | - | 1,281,933 |
| Other assets | 27,521 | 580 | - | - | 28,101 |
| Advances to other funds (Note 6) | 10,377,840 | - | - | - | 10,377,840 |
| Total assets | \$ 32,427,920 | \$ 19,532,759 | \$ 12,185,501 | \$ 30,180,365 | \$ 94,326,545 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accruals | \$ 4,725,250 | \$ 641,023 | \$ 51,470 | \$ 395,059 | \$ 5,812,802 |
| Deferred Revenue (Note 8) | 1,994,311 | 1,089,275 | 9,019,731 | 6,555,047 | 18,658,364 |
| Due to other funds | - | - | - | 1,281,933 | 1,281,933 |
| Other liabilities | 28,373 | 4,974,134 | - | 465 | 5,002,972 |
| Advances from other funds | - | 2,088,908 | - | 1,000,000 | 3,088,908 |
| Total liabilities | 6,747,934 | 8,793,340 | 9,071,201 | 9,232,504 | 33,844,979 |
| Fund Balances: (Note 10.B.) | | | | | |
| Nonspendable | \$ 10,377,840 | \$ - | \$ - | \$ - | \$ 10,377,840 |
| Restricted | 50,000 | 10,739,419 | 3,114,300 | 21,896,248 | 35,799,967 |
| Assigned | 3,447,827 | - | - | - | 3,447,827 |
| Unassigned | 11,804,319 | - | - | (948,387) | 10,855,932 |
| Total fund balances | 25,679,986 | 10,739,419 | 3,114,300 | 20,947,861 | 60,481,566 |
| Total liabilities and fund balances | \$ 32,427,920 | \$ 19,532,759 | \$ 12,185,501 | \$ 30,180,365 | \$ 94,326,545 |

See accompanying Notes to Basic Financial Statements.

City of San Leandro
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2011

Total Fund Balances - Total Governmental Funds **\$ 60,481,566**

Amounts reported for governmental activities in the Statement of Net Assets were reported differently because:

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

| | | |
|--|-------------|-------------|
| Non depreciable assets (Land and construction in progress) | 26,566,912 | |
| Depreciable buildings, property, equipment and infrastructure, net | 278,666,317 | |
| Total capital assets | | 305,233,229 |

| | | |
|---|--|-----------|
| Interest payable on long-term debt does not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet. | | (999,122) |
|---|--|-----------|

| | | |
|---|--|-----------|
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-Wide Statement of Net Assets. | | 3,929,029 |
|---|--|-----------|

| | | |
|--|--|------------|
| Recognition of deferred revenue, net of allowance for uncollectable loans of \$1,909,547 | | 12,932,438 |
|--|--|------------|

| | | |
|-------------------------------|--|-----------|
| Recognition of Grant revenue. | | 1,638,663 |
|-------------------------------|--|-----------|

| | | |
|--|--|---------|
| Payment of costs for the issuance of certificates of participation or bonds is an expenditure in the governmental funds, but is recorded as a prepaid expense and amortized on the statement of net assets over the life of the bonds. | | 657,537 |
|--|--|---------|

| | | |
|---|--|-----------|
| Pollution remediation expense is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it does not require the use of current financial resources. Therefore, pollution remediation is not reported as expenditures in governmental funds. | | (235,000) |
|---|--|-----------|

Long-term liabilities are not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. The long-term liabilities were adjusted as follows:

| | | |
|--|--------------|--------------|
| Long-term debt - current portion (net) | (3,962,739) | |
| Long-term debt - non-current portion (net) | (84,130,058) | |
| Compensated absences - non-current portion | (3,354,080) | |
| Compensated absences - current portion | (540,062) | |
| OPEB Liability | (1,356,528) | |
| Total long-term liabilities | | (93,343,467) |

| | | |
|--|--|-----------------------|
| Net Assets of Governmental Activities | | \$ 290,294,873 |
|--|--|-----------------------|

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, 2011

| | Major Funds | | | | Total |
|---|--------------------|----------------------------|---|-----------------------|-------------------|
| | General | Redevelopment | Redevelopment | Non-Major | |
| | | Agency Capital Projects | Agency Low/ Moderate Housing Capital Projects | Governmental Funds | |
| REVENUES: | | | | | |
| Property and other taxes | \$ 57,469,043 | \$ 8,471,728 | \$ 2,632,682 | \$ 305,663 | \$ 68,879,116 |
| Licenses and permits | 6,179,057 | - | - | 406,019 | 6,585,076 |
| Fines and forfeitures | 1,377,230 | - | - | - | 1,377,230 |
| Service charges | 2,591,269 | - | - | 2,341 | 2,593,610 |
| Intergovernmental | 1,216,009 | - | - | 7,135,096 | 8,351,105 |
| Use of money and property | 1,069,402 | 188,585 | 44,148 | 2,850,161 | 4,152,296 |
| Interdepartmental charges | 2,295,293 | - | - | - | 2,295,293 |
| Other | 351,142 | 334,418 | 510,318 | 98,214 | 1,294,092 |
| Total revenues | 72,548,445 | 8,994,731 | 3,187,148 | 10,797,494 | 95,527,818 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | 9,541,217 | - | - | 143,076 | 9,684,293 |
| Public safety | 43,280,305 | - | - | 447,336 | 43,727,641 |
| Engineering and transportation | 5,867,054 | - | - | 6,364,253 | 12,231,307 |
| Recreation and culture | 7,818,751 | - | - | 1,742,127 | 9,560,878 |
| Community development | 2,662,945 | 5,741,476 | 1,708,757 | 1,229,759 | 11,342,937 |
| Debt service: | | | | | |
| Principal | 465,358 | 92,439 | 63,000 | 2,555,000 | 3,175,797 |
| Interest and fees | 41,870 | 128,061 | 33,577 | 4,044,465 | 4,247,973 |
| Total expenditures | 69,677,500 | 5,961,976 | 1,805,334 | 16,526,016 | 93,970,826 |
| REVENUES OVER (UNDER) EXPENDITURES | 2,870,945 | 3,032,755 | 1,381,814 | (5,728,522) | 1,556,992 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in (Note 5.C.) | 600,000 | - | - | 7,690,220 | 8,290,220 |
| Transfers (out) (Note 5.C) | (4,193,746) | (4,689,990) | - | (216,000) | (9,099,736) |
| Issuance of Debt | - | - | - | - | - |
| Total other financing sources (uses) | (3,593,746) | (4,689,990) | - | 7,474,220 | (809,516) |
| NET CHANGE IN FUND BALANCES | (722,801) | (1,657,235) | 1,381,814 | 1,745,698 | 747,476 |
| FUND BALANCES: | | | | | |
| Beginning of year | 26,402,787 | 12,396,654 | 1,732,486 | 19,202,163 | 59,734,090 |
| End of year | \$ 25,679,986 | \$ 10,739,419 | \$ 3,114,300 | \$ 20,947,861 | \$ 60,481,566 |

See accompanying Notes to Basic Financial Statements.

City of San Leandro

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets For the year ended June 30, 2011

| | |
|---|-------------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 747,476 |
| Governmental activities in the Statement of Activities and Changes in Net Assets were reported differently because: | |
| Governmental funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. | 2,216,456 |
| Loss on deletion of construction in progress and depreciable capital assets. | (5,723,803) |
| Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds. | (13,754,143) |
| Payment of costs for the issuance of certificates of participation or bonds is an expenditure in the governmental funds, but is recorded as a prepaid expense and amortized on the statement of net assets over the life of the bonds. | (24,349) |
| Change in OPEB liability is considered long-term debt and is not reported as an expenditure in the governmental funds. | (466,585) |
| Adjustment of unearned revenue from prior year | 2,012,260 |
| Adjustment of Grants receivable that are not currently available, and not reported in the funds. | 1,638,663 |
| Bond discount on issuance of debt is an adjustment to the expenditures in governmental funds, but the discount reduces long-term liabilities in the Government-Wide Statement of Net Assets. In the Government-Wide Statement of Net Assets the discount is amortized over the period of the outstanding debt. | (6,371) |
| Bond premium on issuance of debt is an expenditure in governmental funds, but the premium increases long-term liabilities in the Government-Wide Statement of Net Assets. In the Government-Wide Statement of Net Assets the premium is amortized over the period of the outstanding debt. | 30,017 |
| Repayment of bond Principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Government -Wide Statement of Net Assets. | 3,175,797 |
| Payroll expense on compensated absences is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, compensated absences expense is not reported as expenditures in governmental funds. | (835,725) |
| Interest expense on long-term debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but does not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. The following amount represents the change in accrued interest from the prior year. | 41,918 |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds is reported with governmental activities. | <u>(2,387,763)</u> |
| Change in Net Assets of Governmental Activities | <u>\$ (13,336,152)</u> |

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 Assets
Proprietary Funds
June 30, 2011

| | Major Enterprise Funds | | | Total | Governmental |
|--|----------------------------|-----------------------|----------------------------------|----------------------|---------------------------|
| | Water | Shoreline | Non-Major Enterprise Funds | | Activities |
| | Pollution Control Plant | | | | Internal Service Funds |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and investments | \$ 21,125,223 | \$ 154,732 | \$ 1,516,633 | \$ 22,796,588 | \$ 11,671,470 |
| Receivables: | | | | | |
| Accounts | 850,760 | 231,467 | 203,087 | 1,285,314 | 565,938 |
| Interest | 62,930 | 409 | 4,689 | 68,028 | 29,499 |
| Special assessment | 29,021 | - | - | 29,021 | - |
| Other assets | 302 | 200 | 1,863 | 2,365 | 10,153 |
| Inventory | - | - | - | - | 132,345 |
| Total current assets | <u>22,068,236</u> | <u>386,808</u> | <u>1,726,272</u> | <u>24,181,316</u> | <u>12,409,405</u> |
| Noncurrent assets: | | | | | |
| Capital assets: | | | | | |
| Non-Depreciable | 11,813,568 | 3,577,810 | - | 15,391,378 | - |
| Depreciable | 17,835,702 | 5,778,252 | - | 23,613,954 | 11,884,112 |
| Less accumulated depreciation | (6,967,891) | (2,742,446) | - | (9,710,337) | (7,647,862) |
| Total capital assets, net | <u>22,681,379</u> | <u>6,613,616</u> | <u>-</u> | <u>29,294,995</u> | <u>4,236,250</u> |
| Total noncurrent assets | <u>22,681,379</u> | <u>6,613,616</u> | <u>-</u> | <u>29,294,995</u> | <u>4,236,250</u> |
| Total assets | <u>44,749,615</u> | <u>7,000,424</u> | <u>1,726,272</u> | <u>53,476,311</u> | <u>16,645,655</u> |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 609,997 | 18,648 | 38,651 | 667,296 | 286,915 |
| Unearned revenue | 382,130 | - | 12,564 | 394,694 | - |
| Other liabilities | - | 101,680 | - | 101,680 | 214 |
| Claims and judgments - due in one year | - | - | - | - | 1,824,151 |
| Compensated absences - due in one year | 25,387 | 6,717 | 15,420 | 47,524 | 23,215 |
| Notes payable - due in one year | - | 182,086 | - | 182,086 | - |
| Total current liabilities | <u>1,017,514</u> | <u>309,131</u> | <u>66,635</u> | <u>1,393,280</u> | <u>2,134,495</u> |
| Noncurrent liabilities: | | | | | |
| Deposits payable | 3,000 | 64,137 | - | 67,137 | - |
| Advances from other funds | - | 7,288,932 | - | 7,288,932 | - |
| Claims and judgments - due in more than one year | - | - | - | - | 6,106,942 |
| Compensated absences - due in more than one year | 256,686 | 67,915 | 155,915 | 480,516 | 238,939 |
| Notes Payable - due in more than one year | - | 2,280,876 | - | 2,280,876 | - |
| Total noncurrent liabilities | <u>259,686</u> | <u>9,701,860</u> | <u>155,915</u> | <u>10,117,461</u> | <u>6,345,881</u> |
| Total liabilities | <u>1,277,200</u> | <u>10,010,991</u> | <u>222,550</u> | <u>11,510,741</u> | <u>8,480,376</u> |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 22,681,379 | 4,150,654 | - | 26,832,033 | 4,236,250 |
| Unrestricted | <u>20,791,036</u> | <u>(7,161,221)</u> | <u>1,503,722</u> | <u>15,133,537</u> | <u>3,929,029</u> |
| Total net assets (deficit) | <u>\$ 43,472,415</u> | <u>\$ (3,010,567)</u> | <u>\$ 1,503,722</u> | <u>\$ 41,965,570</u> | <u>\$ 8,165,279</u> |

See accompanying Notes to Basic Financial Statements.

City of San Leandro
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the year ended June 30, 2011

| | Major Enterprise Funds | | | Total | Governmental |
|---|-------------------------------------|------------------|----------------------------------|-------------------|---|
| | Water Pollution Control Plant | Shoreline | Non-Major Enterprise Funds | | Activities Internal Service Funds |
| OPERATING REVENUES: | | | | | |
| Charges for services | \$ 9,551,268 | \$ 690,132 | \$ 1,429,527 | \$ 11,670,927 | \$ 9,909,379 |
| Licenses and permits | 34,304 | 13,178 | 308,244 | 355,726 | - |
| Rents and concessions | - | 1,189,597 | - | 1,189,597 | - |
| Other operating revenues | 892,494 | 51,606 | 107,308 | 1,051,408 | 236,098 |
| Total operating revenues | 10,478,066 | 1,944,513 | 1,845,079 | 14,267,658 | 10,145,477 |
| OPERATING EXPENSES: | | | | | |
| Salaries and benefits | 3,681,454 | 638,065 | 1,287,046 | 5,606,565 | 3,130,730 |
| Contractual and other services | 886,265 | 365,450 | 311,648 | 1,563,363 | 7,520,282 |
| Materials and supplies | 496,780 | 42,153 | 40,015 | 578,948 | 745,262 |
| Depreciation | 133,564 | 110,946 | - | 244,510 | 1,026,696 |
| Other operating costs | 658,389 | 343,330 | 539,040 | 1,540,759 | 1,226,770 |
| Total operating expenses | 5,856,452 | 1,499,944 | 2,177,749 | 9,534,145 | 13,649,740 |
| OPERATING INCOME (LOSS) | 4,621,614 | 444,569 | (332,670) | 4,733,513 | (3,504,263) |
| NONOPERATING REVENUES (EXPENSES): | | | | | |
| Property and other taxes | - | 257,977 | - | 257,977 | - |
| Intergovernmental | - | - | 338,196 | 338,196 | - |
| Investment income | 155,909 | 958 | 10,540 | 167,407 | 66,500 |
| Interest expense | - | (497,809) | - | (497,809) | - |
| Total nonoperating revenues (expenses) | 155,909 | (238,874) | 348,736 | 265,771 | 66,500 |
| INCOME (LOSS) BEFORE TRANSFERS | 4,777,523 | 205,695 | 16,066 | 4,999,284 | (3,437,763) |
| TRANSFERS: | | | | | |
| Transfers in (Note 5.C) | - | - | 212,938 | 212,938 | 1,550,000 |
| Transfers (out) (Note 5.C) | (62,782) | (308,426) | (82,214) | (453,422) | (500,000) |
| Total operating transfers | (62,782) | (308,426) | 130,724 | (240,484) | 1,050,000 |
| Change in net assets | 4,714,741 | (102,731) | 146,790 | 4,758,800 | (2,387,763) |
| NET ASSETS (DEFICIT): | | | | | |
| Beginning of the year | 38,757,674 | (2,907,836) | 1,356,932 | 37,206,770 | 10,553,042 |
| End of the year | \$ 43,472,415 | \$ (3,010,567) | \$ 1,503,722 | \$ 41,965,570 | \$ 8,165,279 |

See accompanying Notes to Basic Financial Statements.

City of San Leandro
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2011

| | Major Enterprise Funds | | | | Governmental |
|---|------------------------|-------------------|----------------------------------|----------------------|---|
| | Water | | Non-Major Enterprise Funds | Total | Activities Internal Service Funds |
| | Pollution | Shoreline | | | |
| | Control Plant | | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Cash received from customers/other funds | \$ 10,461,499 | \$ 1,944,321 | \$ 1,747,725 | \$ 14,153,545 | \$ 10,204,024 |
| Cash payments or receipts to/from other funds | (1,471,724) | (344,508) | (540,097) | (2,356,329) | - |
| Cash payments to suppliers for goods and services | (1,500,385) | (472,143) | (365,670) | (2,338,198) | (7,107,376) |
| Cash payments to employees for services | (3,670,335) | (621,147) | (1,287,294) | (5,578,776) | (3,111,052) |
| Net cash provided (used) by operating activities | 3,819,055 | 506,523 | (445,336) | 3,880,242 | (14,404) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Property and other taxes received | - | 257,977 | - | 257,977 | - |
| Intergovernmental revenue received | - | - | 338,196 | 338,196 | - |
| Repayment or receipt of advances to or from other funds | - | (186,882) | - | (186,882) | - |
| Transfers in from other funds | - | - | 212,938 | 212,938 | 1,550,000 |
| Transfers out to other funds | (62,782) | (308,426) | (82,214) | (453,422) | (500,000) |
| Net cash provided (used) by noncapital financing activities | (62,782) | (237,331) | 468,920 | 168,807 | 1,050,000 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Retirement of long-term debt | - | (174,245) | - | (174,245) | - |
| Acquisition of capital assets | (6,783,049) | - | - | (6,783,049) | (315,594) |
| Interest payments on bonds and notes payable | - | (497,809) | - | (497,809) | - |
| Net cash provided (used) by capital and related financing activities | (6,783,049) | (672,054) | - | (7,455,103) | (315,594) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Interest income | 155,909 | 958 | 10,540 | 167,407 | 66,500 |
| Interest expense | - | - | - | - | - |
| Net cash provided (used) by investing activities | 155,909 | 958 | 10,540 | 167,407 | 66,500 |
| Net increase (decrease) in cash and cash equivalents | (2,870,867) | (401,904) | 34,124 | (3,238,647) | 786,502 |
| CASH AND CASH EQUIVALENTS: | | | | | |
| Beginning of year | 23,996,090 | 556,636 | 1,482,509 | 26,035,235 | 10,884,968 |
| End of year | <u>\$ 21,125,223</u> | <u>\$ 154,732</u> | <u>\$ 1,516,633</u> | <u>\$ 22,796,588</u> | <u>\$ 11,671,470</u> |
| RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | | | | |
| Operating income (loss) | \$ 4,621,614 | \$ 444,569 | \$ (332,670) | \$ 4,733,513 | (3,504,263) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Depreciation | 133,564 | 110,946 | - | 244,510 | 1,018,163 |
| Changes in assets and liabilities: | | | | | |
| Accounts receivable | 723 | (45,776) | (89,300) | (134,353) | (1,279) |
| Special assessment receivable | 352 | - | (13,775) | (13,423) | - |
| Inventory | - | - | - | - | 28,376 |
| Other assets | 2,454 | (200) | (1,687) | 567 | - |
| Accounts payable | (170,868) | (21,360) | (4,961) | (197,189) | 63,507 |
| Deposits | - | 5,294 | - | 5,294 | - |
| Other Liabilities | (790,184) | (7,188) | (597) | (797,969) | - |
| Claims & Judgements | - | - | - | - | 2,361,408 |
| Compensated absences | 21,400 | 20,238 | (2,346) | 39,292 | 19,684 |
| Total adjustments | (802,559) | 61,954 | (112,666) | (853,271) | 3,489,859 |
| Net cash provided (used) by operating activities | <u>\$ 3,819,055</u> | <u>\$ 506,523</u> | <u>\$ (445,336)</u> | <u>\$ 3,880,242</u> | <u>\$ (14,404)</u> |

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.

City of San Leandro
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

| | Agency Funds |
|--|-----------------------------|
| | <u> </u> |
| ASSETS | |
| Cash and investments (Note 2) | \$ 1,839,604 |
| Cash and investments with fiscal agents (Note 2) | 448,960 |
| Accounts receivable | 1,510 |
| Special assessments receivable | <u>4,516</u> |
| Total assets | <u><u>\$ 2,294,590</u></u> |
| LIABILITIES | |
| Accounts payable | \$ 5,278 |
| Deposits payable | 894,985 |
| Due to bondholders | <u>1,394,327</u> |
| Total liabilities | <u><u>\$ 2,294,590</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, 2011

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City of San Leandro
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For the year ended June 30, 2011

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City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

The City is governed by a seven-member council elected by City residents. The City is legally separate and fiscally independent, which means it can issue debt, set and modify budgets and fees and sue or be sued. As required by generally accepted accounting principles, the financial statements include the financial activities of the City - the primary government - and its component units.

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

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

The Redevelopment Agency of the City of San Leandro (Agency) was established to assist in the clearance and rehabilitation of City areas determined to be in a declining condition. The Agency has all accounting and administrative functions performed by City staff and the Agency receives advances from the City to finance operations. The financial activities of the Agency have been included in the Redevelopment Agency and Low and Moderate Income Housing Capital Projects Funds in the accompanying basic financial statements.

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

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

The above component units are included in the City's basic financial statements using the blended method since the governing body of these component units are substantially the same as the governing body of the City and these component units provide services entirely to the City. Separate financial statements for each of the above component units may be obtained from the City's Finance Department.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Government–Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component 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 segment 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 of 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.

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.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, Continued

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

The City reports the following major governmental funds:

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

The *Redevelopment Agency Capital Projects Fund* accounts for planning and implementation of the City's Redevelopment Plan for the three project Areas located within the City's boundaries.

The *Redevelopment Agency Low/Moderate Housing Capital Projects Fund* accounts for the 20% tax increment revenue for low and moderate income housing and neighborhood improvement program.

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

The City also reports the following major proprietary funds:

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

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

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

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Net Assets presents increases (revenues) and decreases (expenses) in total net assets. 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.

The Fiduciary fund financial statements normally include a Statement of Net Assets and a Statement of Changes in Fiduciary Net Assets. The City's fiduciary funds represent 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 Assets 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.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

D. Recognition of Interest Liability

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

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

E. Use of Restricted and Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets 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. As of June 30, 2011 LAIF had invested 5.01% of its funds in such securities.

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

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

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Inventory

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

H. Capital Assets

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

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

In June 1999, the GASB issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the City included all infrastructure into the 2010-11 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, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Long-Term Debt

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

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

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

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

L. Use of Estimates

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

M. Implementation of New GASB Pronouncements

In December 2009, GASB issued Statement No. 57, “*OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*”, which expands the use of alternative measurement method to an agent employer government that has an individual-employer OPEB plan with fewer than 100 total plan members. The Statement also provides guidance about the frequency and timing measurements must be coordinates with the reporting needs of the agent multiple-employer OPEB plan itself. The provisions of this Statement related to the use and reporting of the alternative measurement method were effective immediately upon the Statement’s issuance in December 2009. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statement for periods beginning after June 15, 2011. The City is currently evaluating the impact of this statement.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, Continued

N. Unearned Revenue

In the Government-Wide Financial Statements, unearned revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues in the Government-Wide Financial Statements are long-term loans receivable and prepaid charges for services.

In the Fund Financial Statements, unearned revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unearned revenue for transactions for which revenues have not been earned, or for which funds are not available to meet current financial obligations. Typical transactions for which unearned revenue is recorded are grants received but not yet earned or available, interest on inter-fund advances receivable, long-term assessments and long-term loans receivable.

NOTE 2 - CASH AND INVESTMENTS

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

A. Cash Deposits

The carrying amount of the City's cash deposits were \$5,627,610 at June 30, 2011. Bank balances before reconciling items were \$7,760,879 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, 2011

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, 2011, are classified as follows:

| | |
|--|----------------------|
| Statement of net assets: | |
| Cash and Investments | \$ 76,227,443 |
| Cash and Investments held by trustee | 16,286,656 |
| Fiduciary Funds: | |
| Cash and Investments | 1,839,604 |
| Cash with fiscal agents | 448,960 |
| | <u>448,960</u> |
| Total cash and investments | <u>\$ 94,802,663</u> |
| Cash and investments as of June 30, 2009, are classified as follows: | |
| Deposits with financial institutions | \$ 5,627,610 |
| Investments | 89,175,053 |
| | <u>89,175,053</u> |
| Total cash and investments | <u>\$ 94,802,663</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 | 25-60 Months | More Than 60 Months |
|--|----------------------|----------------------|---------------------|---------------------|------------------------|
| Federal agency securities | \$ 22,184,542 | \$ 10,577,701 | \$ 6,262,600 | \$ 5,344,240 | \$ - |
| Money Market | 31,763 | 31,763 | - | - | - |
| U.S. Treasury Notes | 5,617,662 | 1,931,570 | 522,461 | 3,163,632 | - |
| Local Agency Investment Fund (LAIF) Held by Bond Trustee: | 56,164,380 | 56,164,380 | - | - | - |
| U.S. Treasury Money Market Funds | 5,176,706 | 5,176,706 | - | - | - |
| Total | <u>\$ 89,175,053</u> | <u>\$ 73,882,120</u> | <u>\$ 6,785,061</u> | <u>\$ 8,507,872</u> | <u>\$ -</u> |

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 2 - CASH AND INVESTMENTS, Continued

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

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

Investments in Local Agency Investment Fund

As of June 30, 2011, the City had \$56,164,380 (estimated fair value) invested in LAIF accounts, which had invested 5.01% of the pooled investments in structured notes and asset-backed securities.

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

The City valued its investments in LAIF as of June 30, 2011, at the market value. The fair value is calculated by multiplying the account balance with LAIF times a fair value factor of 1.001576470 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.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 2 - CASH AND INVESTMENTS, Continued

B. Investments, Continued

The City's investments with Local Agency Investment Funds (LAIF) at June 30, 2011, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

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

Concentration of Credit Risk

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

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

| <u>U.S. Agencies</u> | <u>Amount Invested</u> | <u>Percentage of Investments</u> |
|--|------------------------|----------------------------------|
| Federal agency securities: | | |
| Federal Home Loan Banks (FHLB) | \$ 5,801,233 | 6.93% |
| Federal Home Loan Mortgage Corporation (FHMLC) | 5,652,959 | 6.76% |
| Federal Farm Credit Banks (FFCB) | 5,347,324 | 6.39% |
| Federal National Mortgage Association (FNMA) | 5,383,026 | 6.43% |
| Total | <u>\$ 22,184,542</u> | <u>26.51%</u> |

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 2 - CASH AND INVESTMENTS, Continued

B. Investments, Continued

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 | Rating as of Year End AAA | Rating as of Year End AA | Not Rated |
|----------------------------------|---------------|----------------------|------------------------|---------------------------|--------------------------|---------------|
| Federal agency securities | \$ 22,184,542 | N/A | \$ - | \$ 22,184,542 | \$ - | \$ - |
| Money Market | 31,763 | N/A | - | 31,763 | - | - |
| U.S. Treasury Notes | 5,617,662 | N/A | 5,617,663 | - | - | - |
| Local Agency Investment Fund | 56,164,380 | N/A | - | - | - | 56,164,380 |
| Held by Bond Trustee: | | | | | | |
| U.S. Treasury Money Market Funds | 5,176,706 | A | - | 5,176,706 | - | - |
| Total | \$ 89,175,053 | | \$ 5,617,663 | \$ 27,393,011 | \$ - | \$ 56,164,380 |

On August 5, 2011, Standard & Poor's Ratings Services (S&P) lowered its long-term credit rating on the United States of America from AAA to AA+. At the same time, S&P affirmed its A-1+ short-term rating on the United States of America.

On August 8, 2011, S&P lowered its issuer credit ratings and related issue ratings on ten of twelve Federal Home Loan Banks (FHLBs) and the senior debt issued by the FHLB System from AAA to AA+. S&P also lowered the ratings on the senior debt issued by the Federal Farm Credit Banks (FFCB) from AAA to AA+, and lowered the senior issue ratings on Fannie Mae (FNMA) and Freddie Mac (FHLMC) from AAA to AA+. The A subordinated debt rating and the C rating on the preferred stock of these entities remained unchanged. Finally, S&P affirmed the short-term issue ratings for these entities at A-1+.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 2 - CASH AND INVESTMENTS, Continued

C. Summary of Cash and Investments

The following is a summary of cash, cash equivalents, and investments, including restricted cash and investments with Fiscal Agents at June 30, 2011.

| | Government-Wide Statement of Net Assets | | | Fund Financials | |
|-----------------------------------|---|--------------------------|----------------------|---|----------------------|
| | Governmental Activities | Business-Type Activities | Total | Fiduciary Funds Statement of Net Assets | Total |
| Unrestricted Cash and Investments | \$ 53,430,855 | \$ 22,796,588 | \$ 76,227,443 | \$ 1,839,604 | \$ 78,067,047 |
| Restricted Cash and Investments | 16,286,656 | - | 16,286,656 | 448,960 | 16,735,616 |
| Total | \$ 69,717,511 | \$ 22,796,588 | \$ 92,514,099 | \$ 2,288,564 | \$ 94,802,663 |

Deposits and investments held by the City at June 30, 2011 consisted of the following:

| | |
|---|----------------------|
| City Treasury: | |
| Demand Deposits: | |
| Cash deposit | \$ 5,627,610 |
| Total Demand Deposits | 5,627,610 |
| Investments: | |
| Securities of U.S. government agencies | 27,833,967 |
| Local Agency Investment Fund: | 44,605,470 |
| Total Investments | 72,439,437 |
| Total City Treasury | 78,067,047 |
| Restricted Cash and Investments: | |
| Held by fiscal agents: | |
| LAIF- RDA | 11,558,910 |
| Trustee | 5,176,706 |
| Total Restricted Cash and Investment | 16,735,616 |
| Total Cash and Investments | \$ 94,802,663 |

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 3 – LOANS RECEIVABLE

At June 30, 2011, the City had the following loans receivable reported in its Fund Financial Statements:

| | |
|--|-----------------------------|
| Governmental Funds: | |
| General Fund | \$ 5,114 |
| Special Revenue Funds: | |
| Non Major Funds: | |
| Community Development Block Grant (CDBG) | 802,001 |
| Housing In-Lieu | 637,000 |
| HOME Fund | 3,235,000 |
| Capital Projects Funds: | |
| Redevelopment Agency | 1,089,275 |
| Redevelopment Agency Low/Mod Housing | <u>8,496,628</u> |
| Total Governmental Funds | <u>14,265,018</u> |
| Less: CDBG | (738,415) |
| Less: RDA Capital | (506,340) |
| Less: RDA Low-Moderate | <u>(664,793)</u> |
| Total Government-wide Financials | <u><u>\$ 12,355,470</u></u> |

At June 30, 2011, the City was owed, in the General Fund, \$5,114 for assistance to close escrow related to property acquisition.

At June 30, 2011, the City was owed, in its Community Development Block Grant Special Revenue Fund, \$802,001 for various housing assistance loans made by the City. The terms of repayment vary. Because the notes do not meet the City's availability criteria for revenue recognition, the City has deferred the revenue related to these loans. Revenue is recognized in the year of repayment. The loans are secured by trust deeds. In the Government-wide Financial Statement, \$738,415 of the receivable was eliminated.

At June 30, 2011, 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. Because the note does not meet the City's availability criteria for revenue recognition, the City has deferred the revenue related to this loan. Revenue is recognized in the year of repayment. The loan is secured by trust deeds.

At June 30, 2011, the City was owed, in its HOME Special Revenue Fund, \$3,235,000 for a housing assistance loan made by the City to Citizens' Housing Corporation. The terms of repayment vary. Because the note does not meet the City's availability criteria for revenue recognition, the City has deferred the revenue related to this loan. Revenue is recognized in the year of repayment. The loan is secured by trust deeds.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 3 – LOANS RECEIVABLE, Continued

At June 30, 2011, the City was owed, in its Redevelopment Agency Capital Projects Fund, \$1,089,275 which includes (1) loan made to J.T. Lawrence and Creekside Associates LLC for the development of Creekside Plaza Garage and Restaurant; (2) a loan made to Merced Property for property improvements; (3) loan made to Scribner Family Partnership for commercial property rehabilitation along Washington Avenue; (4) loan made to Alfredo & Helen Esquivel. Because the notes do not meet the City’s availability criteria for revenue recognition, the City has deferred the revenue related to these loans. The loans are secured by trust deeds. In the Government-wide Financial Statement, \$506,340 of the receivable was eliminated.

At June 30, 2011, the City was owed, in its Redevelopment Agency Low and Moderate Housing Capital Projects Fund, \$8,496,628 which includes (1) loans made to the City property owners who meet the HUD requirements for financial assistance for property improvements and first time home buyer loans; (2) a loan made to Ruth Rogers and Sara Bagwell; (3) a loan made to Eden Housing, Inc.; (4) a loan made to San Leandro Senior Housing; (5) a loan made to Citizens’ Housing Corporation for property improvements; and (6) a loan made to Mercy Housing for the construction of the Casa Verde. Because the notes do not meet the City’s availability criteria for revenue recognition, the City has deferred the revenue related to these loans. Revenues are recognized in the year of repayment. Loans are secured by trust deeds. In the Government-wide Financial Statement, \$664,793 of the receivable was eliminated.

NOTE 4 - NOTES RECEIVABLE

No new Notes Receivable

NOTE 5 - INTERFUND TRANSACTIONS

Fund Financial Statements

A. Interfund Receivables and Payables

At June 30, 2011, the City had the following short-term receivables and payables:

Due to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|------------------------------------|---------------------|
| General Fund | Home Fund | \$ 53,515 |
| | Business Improvement District Fund | 52,953 |
| | Grant Fund | 1,175,465 |
| Total | | <u>\$ 1,281,933</u> |

The City has recorded due to/due from all funds requiring cash at the end of June 30, 2011 to the funds that had deficit year-end balances which will be repaid back to the General Fund during the 2011-12 fiscal year.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 5 - INTERFUND TRANSACTIONS, Continued

Fund Financial Statements, Continued

B. Long-Term Advances

Long-term advances to be repaid out of future earnings or charges at June 30, 2011, consisted of:

Advances from/to other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-----------------------------|----------------------|
| General | Redevelopment Agency | \$ 2,088,908 |
| | Capital Improvement Project | 1,000,000 |
| | Enterprise Funds: | |
| | Marina | <u>7,288,932</u> |
| | | <u>\$ 10,377,840</u> |

The City Council authorized various loans to the Agency for operating and capital improvement purposes. The terms of the loans are indefinite. Interest accrues annually at the rate of 6%. The balance as of June 30, 2011, was \$2,088,908.

The City Council authorized a loan to the Capital Improvement Project fund for the improvement project on Davis Street. The loan accrues interest annually at the pooled cash investment rate. The balance as of June 30, 2011, was \$1,000,000.

The City Council authorized loans to the Shoreline Enterprise Fund for capital improvements at the Marina and Golf Course. The loans are to be paid over 30 years with an annual interest accrual rate of 5%. Principal payments are made annually provided the fund has sufficient resources. The balance as of June 30, 2011, was \$3,237,473 and \$4,051,459 for the Marina and the Golf Course, respectively, for a total of \$7,288,932.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 5 - INTERFUND TRANSACTIONS, Continued

Fund Financial Statements, Continued

C. Transfers

Transfers during the fiscal year ended June 30, 2011, comprised the following:

| Transfer In: | Transfers Out: | | | | | | | Total |
|------------------------------|---------------------|---------------------------|---------------------|------------------------|-------------------------------|---------------------------|----------------------------|---------------------|
| | Governmental Funds | | | Enterprise Funds | | | | |
| | General Fund | Redevelopment Agency Fund | Non-Major tal Funds | Internal Service Funds | Water Pollution Control Plant | Shoreline Enterprise Fund | Non-major Enterprise Funds | |
| General Fund | \$ - | \$ - | \$ 100,000 | \$500,000 | \$ - | \$ - | \$ - | \$ 600,000 |
| Non-major Governmental Funds | 2,625,804 | 4,689,990 | 66,000 | - | - | 308,426 | - | 7,690,220 |
| Internal Service Funds | 1,500,000 | - | 50,000 | - | - | - | - | 1,550,000 |
| Non-major Enterprise Funds | 67,942 | - | - | - | 62,782 | - | 82,214 | 212,938 |
| Total | <u>\$ 4,193,746</u> | <u>\$ 4,689,990</u> | <u>\$ 216,000</u> | <u>\$500,000</u> | <u>\$ 62,782</u> | <u>\$ 308,426</u> | <u>\$ 82,214</u> | <u>\$10,053,158</u> |

The City Council authorized transfers from the General Fund to various funds for fiscal year 2010-2011 to the following accounts and projects:

| | | |
|---------------------------|---------------------|--|
| Capital Improvement Fund | \$ 1,600,000 | Fund Various Street Improvement Projects |
| Self-Insurance Fund | 1,500,000 | Fund Increase of the Incurred But Note Recorded (IBNR) Claims from Self Insurance Fund |
| Gas Tax | 300,000 | To fund the shortage in the Gas Tax Fund |
| Asset Seizure Fund | 725,804 | To segregate Asset Seizure to a new Fund |
| Environment Services Fund | 67,942 | For the Refuse contract |
| | <u>\$ 4,193,746</u> | |

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 6 – CAPITAL ASSETS

A. Government-Wide Financial Statements

At June 30, 2011, the City’s capital assets consisted of the following:

| | Governmental Activities | Business-Type Activities | Total |
|------------------------------------|----------------------------|-----------------------------|-----------------------|
| Non-depreciable assets: | | | |
| Land | \$ 23,941,429 | \$ 5,234,310 | \$ 29,175,739 |
| Construction in Progress | 2,625,483 | 10,157,068 | 12,782,551 |
| Total non-depreciable assets | <u>26,566,912</u> | <u>15,391,378</u> | <u>41,958,290</u> |
| Depreciable assets: | | | |
| Buildings | 75,564,201 | 10,090,798 | 85,654,999 |
| Improvements | 4,951,451 | 113,416 | 5,064,867 |
| Machinery and Equipment | 7,911,787 | 11,053,303 | 18,965,090 |
| Licensed Vehicles | 8,186,259 | 84,923 | 8,271,182 |
| Infrastructure: | | | |
| Park Irrigation Systems | 3,720,181 | - | 3,720,181 |
| Medians Irrigation | 10,145,502 | - | 10,145,502 |
| Park Structures | 2,848,650 | - | 750,611 |
| Roadway | 250,075,231 | - | 250,075,231 |
| Sidewalk | 74,895,578 | - | 74,895,578 |
| Curb and Gutter | 37,447,790 | - | 37,447,790 |
| Underground Piping and Storm Drain | 20,025 | 2,271,514 | 2,291,539 |
| Total depreciable assets | <u>475,766,655</u> | <u>23,613,954</u> | <u>499,380,609</u> |
| Less accumulated depreciation | <u>(197,100,338)</u> | <u>(9,710,337)</u> | <u>(206,810,675)</u> |
| Total depreciable assets, net | <u>278,666,317</u> | <u>13,903,617</u> | <u>292,569,934</u> |
| Total capital assets | <u>\$ 305,233,229</u> | <u>\$ 29,294,995</u> | <u>\$ 334,528,224</u> |

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 6 – CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

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

| | <u>Balance July 1, 2010</u> | <u>Additions</u> | <u>Deletions</u> | <u>Adjustments</u> | <u>Balance June 30, 2011</u> |
|--|---------------------------------|----------------------|------------------------|--------------------|----------------------------------|
| Non-Depreciable Assets: | | | | | |
| Land | \$ 17,791,429 | \$ - | \$ - | \$ 6,150,000 | \$ 23,941,429 |
| Construction In Progress | 34,832,966 | 1,844,561 | (28,585,395) | (5,466,649) | 2,625,483 |
| Total Non-Depreciable Assets | <u>52,624,395</u> | <u>1,844,561</u> | <u>(28,585,395)</u> | <u>683,351</u> | <u>26,566,912</u> |
| Depreciable Assets: | | | | | |
| Buildings | 61,976,107 | 13,588,094 | - | - | 75,564,201 |
| Improvements | 4,692,847 | 258,604 | - | - | 4,951,451 |
| Machinery and equipment | 7,908,728 | 442,926 | (439,867) | - | 7,911,787 |
| Licensed Vehicles | 8,382,793 | 339,042 | (535,576) | - | 8,186,259 |
| Infrastructure | 364,414,259 | 14,738,698 | - | - | 379,152,957 |
| Total Depreciable Assets | <u>447,374,734</u> | <u>29,367,364</u> | <u>(975,443)</u> | <u>-</u> | <u>475,766,655</u> |
| Accumulated Depreciation: | | | | | |
| Buildings | (15,952,022) | (1,194,755) | - | - | (17,146,777) |
| Improvements | (4,463,077) | (50,197) | - | - | (4,513,274) |
| Machinery and equipment | (4,479,590) | (413,662) | 174,462 | - | (4,718,790) |
| Licensed Vehicles | (5,161,602) | (520,243) | 457,878 | - | (5,223,967) |
| Infrastructure | (152,895,548) | (12,601,982) | - | - | (165,497,530) |
| Total Accumulated Depreciation | <u>(182,951,839)</u> | <u>(14,780,839)</u> | <u>632,340</u> | <u>-</u> | <u>(197,100,338)</u> |
| Depreciable Assets, Net | <u>264,422,895</u> | <u>14,586,525</u> | <u>(343,103)</u> | <u>-</u> | <u>278,666,317</u> |
| Total Governmental Activities Capital Assets, Net | <u>\$ 317,047,290</u> | <u>\$ 16,431,086</u> | <u>\$ (28,928,498)</u> | <u>\$ 683,351</u> | <u>\$ 305,233,229</u> |

In March 2011, the Agency made required findings in accordance with Health and Safety Code Sections 33445 and 33490 to allow the conveyance of eighteen parcels that had been recorded as capital assets with a book value of \$14,633,396 to the City.

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2011, are as follows:

| | |
|-----------------------------------|----------------------|
| General Government | \$ 14,383,235 |
| Public Safety | 246,840 |
| Transportation | 127,115 |
| Recreation and Human services | 19,215 |
| Community Development | 4,434 |
| Total Depreciation Expense | <u>\$ 14,780,839</u> |

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 6 – CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

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

| | <u>Balance July 1, 2010</u> | <u>Additions</u> | <u>Deletions</u> | <u>Adjustments</u> | <u>Balance June 30, 2011</u> |
|---|---------------------------------|----------------------|-----------------------|--------------------|----------------------------------|
| Non-Depreciable Assets: | | | | | |
| Land | \$ 3,584,310 | \$ 1,650,000 | \$ - | \$ - | \$ 5,234,310 |
| Construction in Progress | 10,027,259 | 5,059,000 | (4,929,191) | - | 10,157,068 |
| Total Non-Depreciable Assets | <u>13,611,569</u> | <u>6,709,000</u> | <u>(4,929,191)</u> | <u>-</u> | <u>15,391,378</u> |
| Depreciable Assets: | | | | | |
| Buildings | 10,066,422 | 24,376 | - | - | 10,090,798 |
| Improvements | 113,416 | - | - | - | 113,416 |
| Machinery and equipment | 6,179,953 | 4,936,066 | (62,716) | - | 11,053,303 |
| Licensed Vehicles | 84,923 | - | - | - | 84,923 |
| Infrastructure | 2,271,514 | - | - | - | 2,271,514 |
| Total Depreciable Assets | <u>18,716,228</u> | <u>4,960,442</u> | <u>(62,716)</u> | <u>-</u> | <u>23,613,954</u> |
| Accumulated Depreciation: | | | | | |
| Buildings | (5,345,908) | (170,014) | - | - | (5,515,922) |
| Improvements | (113,416) | - | - | - | (113,416) |
| Machinery and equipment | (3,329,927) | (34,455) | 62,717 | - | (3,301,665) |
| Licensed Vehicles | (55,869) | (9,968) | - | - | (65,837) |
| Infrastructure | (683,424) | (30,073) | - | - | (713,497) |
| Total Accumulated Depreciation | <u>(9,528,544)</u> | <u>(244,510)</u> | <u>62,717</u> | <u>-</u> | <u>(9,710,337)</u> |
| Total Business-Type Activities Capital Assets, Net | <u>\$ 22,799,253</u> | <u>\$ 11,424,932</u> | <u>\$ (4,929,190)</u> | <u>\$ -</u> | <u>\$ 29,294,995</u> |
| Depreciation Expense for 2010-11: | | | | | |
| Water Pollution Control | \$ (133,564) | | | | |
| Shoreline | (110,946) | | | | |
| Total Depreciation Expense | <u>\$ (244,510)</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 Assets.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 7 - LONG-TERM DEBT

A. Governmental Activities Long-Term Debt

Summary of changes in governmental activities long-term debt for the year ended June 30, 2011, were as follows:

| | <u>Balance</u> <u>July 1, 2010</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> <u>June 30, 2011</u> | <u>Due within</u> <u>one year</u> | <u>Due in more</u> <u>than one year</u> |
|---|---------------------------------------|------------------|-----------------------|--|--------------------------------------|--|
| Bonded Debt: | | | | | | |
| 2001 Certificates of Participation | \$ 3,930,000 | \$ - | \$ (155,000) | \$ 3,775,000 | \$ 165,000 | \$ 3,610,000 |
| 2002 Tax Allocation Bonds | 13,565,000 | - | (575,000) | 12,990,000 | 605,000 | 12,385,000 |
| 2003 Certificates of Participation | 10,245,000 | - | (370,000) | 9,875,000 | 385,000 | 9,490,000 |
| 2004 Tax Allocation Bonds | 5,305,000 | - | (105,000) | 5,200,000 | 110,000 | 5,090,000 |
| 2007 Certificates of Participation | 21,485,000 | - | (715,000) | 20,770,000 | 745,000 | 20,025,000 |
| 2008 Tax Allocation Bonds | <u>27,205,000</u> | <u>-</u> | <u>(475,000)</u> | <u>26,730,000</u> | <u>495,000</u> | <u>26,235,000</u> |
| Total Bonded Debt | <u>81,735,000</u> | <u>-</u> | <u>(2,395,000)</u> | <u>79,340,000</u> | <u>2,505,000</u> | <u>76,835,000</u> |
| Capital Lease: | | | | | | |
| 2005 Police CAD/RMS | 776,524 | - | (380,095) | 396,429 | 396,429 | - |
| Capital Lease: Pumper Truck | 461,717 | - | (85,263) | 376,454 | 88,664 | 287,790 |
| Bayfair Mall Debt with Agency Commitment | 700,000 | - | - | 700,000 | 500,000 | 200,000 |
| Owner Participation Agreements with Agency Commitment | 2,513,632 | - | (92,439) | 2,421,193 | 95,000 | 2,326,193 |
| HUD 108 Guarantee Notes | 622,000 | - | (63,000) | 559,000 | 63,000 | 496,000 |
| HUD 108 Guarantee Loan - Senior Center | 2,500,000 | - | - | 2,500,000 | 131,000 | 2,369,000 |
| San Leandro USD-9th Grade | <u>1,475,360</u> | <u>-</u> | <u>(160,000)</u> | <u>1,315,360</u> | <u>160,000</u> | <u>1,155,360</u> |
| Total General Long-Term Obligations | <u>\$90,784,233</u> | <u>-</u> | <u>\$ (3,175,797)</u> | <u>\$ 87,608,436</u> | <u>\$ 3,939,093</u> | <u>\$ 83,669,343</u> |
| Plus unamortized: | | | | | | |
| Discount (2002 TAB) | \$ (73,929) | \$ - | \$ 4,107 | \$ (69,822) | \$ (4,107) | \$ (65,715) |
| Discount (2007 COP) | (43,011) | - | 2,264 | (40,747) | (2,264) | (38,483) |
| Premium (2003 COP) | 435,813 | - | (23,495) | 412,318 | 23,495 | 388,823 |
| Premium (2008 TAB) | <u>189,134</u> | <u>-</u> | <u>(6,522)</u> | <u>182,612</u> | <u>6,522</u> | <u>176,090</u> |
| Total General Long-Term Obligations, net | <u>\$91,292,240</u> | <u>\$ -</u> | <u>\$ (3,199,443)</u> | <u>\$ 88,092,797</u> | <u>\$ 3,962,739</u> | <u>\$ 84,130,058</u> |

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 7 - LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

2001 Certificates of Participation

In 2001, the City issued \$5,020,000 principal amount of 2001 Certificates of Participation (2001 COPs). The purpose of the 2001 COPs was to assist the Redevelopment Agency of the City finance redevelopment activities within the Joint Project Area of the City. The 2001 COPs bear interest rates ranging from 2.10% to 5.10% and are payable semiannually on each June 1 and December 1. Principal payments are payable annually on December 1. The certificates evidence fractional interest of the owners in lease payments to be made by the City for use and occupancy of the City corporation yard and are additionally secured and payable from the property tax increment revenues from the Joint Project Area within the City.

At June 30, 2011, future debt service requirements for the 2001 Certificates of Participation were as follows:

| For the Year Ending June 30, | Principal | Interest | Total |
|------------------------------------|---------------------|---------------------|---------------------|
| 2012 | \$ 165,000 | \$ 181,375 | \$ 346,375 |
| 2013 | 170,000 | 174,423 | 344,423 |
| 2014 | 180,000 | 166,937 | 346,937 |
| 2015 | 185,000 | 158,860 | 343,860 |
| 2016 | 195,000 | 77,349 | 272,349 |
| 2017-2021 | 1,120,000 | 595,651 | 1,715,651 |
| 2022-2026 | 1,430,000 | 273,615 | 1,703,615 |
| 2027 | 330,000 | 8,415 | 338,415 |
| Total debt service | \$ 3,775,000 | \$ 1,636,625 | \$ 5,411,625 |

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 7 - LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

2002 Tax Allocation Bonds

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

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

At June 30, 2011, future debt service requirements for the 2002 Tax Allocation Bonds were as follows:

| For the Year Ending June 30, | Principal | Interest | Total |
|------------------------------------|----------------------|---------------------|----------------------|
| 2012 | \$ 605,000 | \$ 728,413 | \$ 1,333,413 |
| 2013 | 635,000 | 697,095 | 1,332,095 |
| 2014 | 670,000 | 663,482 | 1,333,482 |
| 2015 | 705,000 | 627,380 | 1,332,380 |
| 2016 | 745,000 | 588,583 | 1,333,583 |
| 2017-2021 | 3,685,000 | 2,270,660 | 5,955,660 |
| 2022-2026 | 2,355,000 | 1,433,851 | 3,788,851 |
| 2027-2031 | 2,635,000 | 688,650 | 3,323,650 |
| 2032-2033 | 955,000 | 57,450 | 1,012,450 |
| Total debt service | \$ 12,990,000 | \$ 7,755,564 | \$ 20,745,564 |

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 7 - LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

2003 Certification of Participation

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

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

At June 30, 2011, future debt service requirements for the 2003 Certificates of Participation were as follows:

| For the Year Ending June 30, | Principal | Interest | Total |
|------------------------------------|---------------------|---------------------|----------------------|
| 2012 | \$ 385,000 | \$ 489,900 | \$ 874,900 |
| 2013 | 400,000 | 474,500 | 874,500 |
| 2014 | 420,000 | 454,500 | 874,500 |
| 2015 | 440,000 | 433,500 | 873,500 |
| 2016 | 465,000 | 411,500 | 876,500 |
| 2017-2021 | 2,700,000 | 1,684,500 | 4,384,500 |
| 2022-2026 | 3,435,000 | 939,500 | 4,374,500 |
| 2027 | 1,630,000 | 123,250 | 1,753,250 |
| Total debt service | <u>\$ 9,875,000</u> | <u>\$ 5,011,150</u> | <u>\$ 14,886,150</u> |

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 7 - LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

2004 Tax Allocation Bonds

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

2004 Tax Allocation Bonds, Continued

At June 30, 2011, future debt service requirements for the 2004 Tax Allocation Bonds were as follows:

| For the Year Ending June 30, | Principal | Interest | Total |
|------------------------------------|---------------------|---------------------|---------------------|
| 2012 | \$ 110,000 | \$ 284,425 | \$ 394,425 |
| 2013 | 115,000 | 277,956 | 392,956 |
| 2014 | 125,000 | 271,057 | 396,057 |
| 2015 | 130,000 | 263,888 | 393,888 |
| 2016 | 140,000 | 256,638 | 396,638 |
| 2017-2021 | 810,000 | 1,166,180 | 1,976,180 |
| 2022-2026 | 1,035,000 | 924,621 | 1,959,621 |
| 2027-2031 | 1,350,000 | 598,606 | 1,948,606 |
| 2032-2035 | 1,385,000 | 164,594 | 1,549,594 |
| | <u>\$ 5,200,000</u> | <u>\$ 4,207,964</u> | <u>\$ 9,407,964</u> |

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 7 - LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

2007 Certification 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 payment to be made by the City for use and occupancy of San Leandro Libraries and San Leandro Fire Stations.

At June 30, 2011, future debt service requirements for the 2007 Certification of Participation were as follows:

| | For the Year | | |
|---------------------------|----------------------|---------------------|----------------------|
| Ending June 30, | Principal | Interest | Total |
| 2012 | \$ 745,000 | \$ 854,219 | \$ 1,599,219 |
| 2013 | 775,000 | 823,819 | 1,598,819 |
| 2014 | 805,000 | 792,219 | 1,597,219 |
| 2015 | 840,000 | 759,319 | 1,599,319 |
| 2016 | 870,000 | 742,519 | 1,612,519 |
| 2017-2021 | 4,920,000 | 3,061,594 | 7,981,594 |
| 2022-2026 | 6,010,000 | 1,941,319 | 7,951,319 |
| 2027-2030 | 5,805,000 | 521,391 | 6,326,391 |
| Total Debt Service | \$ 20,770,000 | \$ 9,496,399 | \$ 30,266,400 |

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.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 7 - LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

2008 Tax Allocation Bonds

In 2008, the City issued \$27,530,000 principal amount of 2008 Tax Allocation Bond (2008 TABs). The purpose of the 2008 TABs was to provide funds to finance capital projects in the Alameda County-City of San Leandro Redevelopment Project Area. A portion of the 2008 TABs will be used to finance projects that meet the goals and objectives set forth in the 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, 2011, future debt service requirements for the 2008 Tax Allocation Bonds were as follows:

| For year Ending June 30, | Principal | Interest | Total |
|-----------------------------|----------------------|----------------------|----------------------|
| 2012 | \$ 495,000 | \$ 1,365,563 | \$ 1,860,563 |
| 2013 | 510,000 | 1,340,438 | 1,850,438 |
| 2014 | 530,000 | 1,314,438 | 1,844,438 |
| 2015 | 550,000 | 1,287,438 | 1,837,438 |
| 2016 | 570,000 | 1,259,438 | 1,829,438 |
| 2017-2021 | 3,240,000 | 5,838,606 | 9,078,606 |
| 2022-2026 | 4,040,000 | 4,963,910 | 9,003,910 |
| 2027-2031 | 5,150,000 | 3,820,035 | 8,970,035 |
| 2032-2036 | 6,705,000 | 2,273,558 | 8,978,558 |
| 2037-2038 | 4,940,000 | 409,050 | 5,349,050 |
| Total debt service | \$ 26,730,000 | \$ 23,872,474 | \$ 50,602,474 |

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 7 - LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

2005 Master Equipment Lease/Purchase Agreement

In 2005, the City entered into a Lease/Purchase Agreement with Bank of America to Lease/Purchase Equipment in the amount of \$3,048,260. The Equipment was for the Police Departments computer upgrades for servers, mobile laptops, and computer aided dispatch and records management system. The interest rates range from 3.40% to 3.70% payable in seven (7) years.

At June 30, 2011, future debt service requirements for the 2005 Master Equipment Lease Purchase Agreement were as follows:

| For the Year Ending June 30, | Principal | Interest | Total |
|------------------------------------|-------------------|-----------------|-------------------|
| 2012 | 396,429 | 9,172 | 405,601 |
| Total debt service | \$ 396,429 | \$ 9,172 | \$ 405,601 |

2011 Master Equipment Lease/Purchase Agreement

In 2011, the City entered into a Lease/Purchase Agreement with Oshkosh Capital to Lease/Purchase Equipment in the amount of \$461,717. The Equipment was for the Fire Departments 2011 Triple Combination Pumper Truck. The interest rates range from 3.80% payable in five (5) years.

At June 30, 2011, future debt service requirements for the 2009 Master Equipment Lease Purchase Agreement were as follows:

| For the Year Ending June 30, | Principal | Interest | Total |
|------------------------------------|-------------------|------------------|-------------------|
| 2012 | \$ 88,664 | \$ 15,021 | \$ 103,685 |
| 2013 | 92,202 | 11,483 | 103,685 |
| 2014 | 95,881 | 7,804 | 103,685 |
| 2015 | 99,707 | 3,978 | 103,685 |
| Total debt service | \$ 376,454 | \$ 38,286 | \$ 414,740 |

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 7 - LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

Bay Fair Mall Debt with Agency Commitment

On June 15, 1998, the City committed \$4,000,000 to renovate the Bayfair Mall. This debt with City commitment is at 0% interest and has installments ranging between \$200,000 and \$400,000 per year over a 15 year period beginning in July 1998. The debt is secured and payable from Community Redevelopment Agency revenues. An adjustment was made in prior years for an accelerated payment of \$50,000 which is reflected in the table, leaving a debt service balance of \$700,000.

At June 30, 2011, future debt service requirements for the Bay Fair Mall Debt with City Commitment were as follows:

| For the Year Ending June 30, | Principal | Total |
|------------------------------------|-------------------|-------------------|
| 2012 | 500,000 | 500,000 |
| 2013 | 200,000 | 200,000 |
| Total debt service | <u>\$ 700,000</u> | <u>\$ 700,000</u> |

Owner Participation Agreements with Agency Commitment

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

| | |
|--|---------------------|
| Ford Motor Company | \$ 2,088,578 |
| Batarse Family Trust Disposition and Development | 332,615 |
| | <u>\$ 2,421,193</u> |

- 1. 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 \$2,131,843 to be paid over several years depending on the volume of auto sales at no interest.
- 2. Batarse Family Trust Disposition and Development Agreement** – The agreement required the Agency to make annual payments equivalent to 50% of the sales tax generated by the sale of vehicles as part of the development of a proposed Saturn dealership. The amount due is \$381,789 to be paid over several years depending on the volume of auto sales at no interest.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 7 - LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

HUD 108 Guarantee Loan

In 2000, the City received a \$1,000,000 20-year federal loan from Housing and Urban Development, 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.

At June 30, 2011, future debt service requirements for the HUD 108 Guarantee loan were as follows:

| Ending June 30, | Principal | Interest | Total |
|---------------------------|-------------------|------------------|-------------------|
| 2012 | \$ 63,000 | \$ 11,372 | \$ 74,372 |
| 2013 | 63,000 | 10,925 | 73,925 |
| 2013 | 63,000 | 10,232 | 73,232 |
| 2014 | 63,000 | 9,243 | 72,243 |
| 2015 | 63,000 | 7,983 | 70,983 |
| 2016-2020 | 244,000 | 14,854 | 258,854 |
| Total debt service | \$ 559,000 | \$ 64,609 | \$ 623,609 |

HUD 108 Guarantee Loan

In 2011, the City received a \$2,500,000 20-year federal loan from Community Development Block Grant, 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, 2011 future debt service requirements for the HUD 108 Guarantee loan were as follows:

| June 30, | Principal | Interest | Total |
|---------------------------|---------------------|-------------------|---------------------|
| 2011 | \$ 131,000 | \$ 41,078 | \$ 172,078 |
| 2012 | 131,000 | 77,464 | 208,464 |
| 2013 | 131,000 | 76,534 | 207,534 |
| 2014 | 131,000 | 75,093 | 206,093 |
| 2015 | 131,000 | 73,037 | 204,037 |
| 2016 | 131,000 | 70,417 | 201,417 |
| 2017-2021 | 657,000 | 296,839 | 953,839 |
| 2022-2026 | 660,000 | 180,015 | 840,015 |
| 027-2029 | 397,000 | 45,982 | 442,982 |
| Total debt service | \$ 2,500,000 | \$ 936,458 | \$ 3,436,458 |

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 7 - LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

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 Redevelopment Agency (Agency) agreed to provide for financial contribution to the project from the Agency in the amount of \$2,170,800 with no interest payable by June 30, 2017.

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

| For year Ending June 30, | Principal | Total |
|-----------------------------|---------------------|---------------------|
| 2012 | \$ 160,000 | \$ 160,000 |
| 2013 | 160,000 | 160,000 |
| 2014 | 160,000 | 160,000 |
| 2015 | 167,072 | 167,072 |
| 2016 | 167,072 | 167,072 |
| 2017-2019 | 501,216 | 501,216 |
| Total debt service | \$ 1,315,360 | \$ 1,315,360 |

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 7 - LONG-TERM DEBT, Continued

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

Summary of changes in long-term debt of business-type and proprietary funds for the year ended June 30, 2011:

| Debt Issue | Balance July 1, 2010 | Retirements | Balance June 30, 2011 | Due within one year | Due in more than one year |
|----------------------------------|-------------------------|--------------|--------------------------|------------------------|------------------------------|
| Marina Cal Boating Notes Payable | \$ 2,637,207 | \$ (174,245) | \$ 2,462,962 | \$ 182,086 | \$ 2,280,876 |

Notes Payable

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 debts are secured from Shoreline Enterprise Fund operating revenues.

At June 30, 2011, future debt service requirements for the Marina Cal Boating Notes Payable were as follows:

| For the Year Ending June 30, | Principal | Interest | Total |
|------------------------------------|---------------------|-------------------|---------------------|
| 2012 | \$ 182,086 | \$ 110,923 | \$ 293,009 |
| 2013 | 190,280 | 102,730 | 293,010 |
| 2014 | 198,842 | 94,167 | 293,009 |
| 2015 | 207,790 | 85,219 | 293,009 |
| 2016 | 217,141 | 75,869 | 293,010 |
| 2017-2021 | 1,241,359 | 223,677 | 1,465,036 |
| 2022-2026 | 203,765 | 25,425 | 229,190 |
| 2027 | 21,699 | 1,067 | 22,766 |
| Totals | <u>\$ 2,462,962</u> | <u>\$ 719,077</u> | <u>\$ 3,182,039</u> |

C. Debt Covenants and Restrictions

For June 30, 2011, 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.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 8 – COMPENSATED ABSENCES

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

Summary of changes in compensated absences for the year ended June 30, 2011, was as follows:

| | Balance July 1, 2010 | Additions | Retirements | Balance June 30, 2011 | Due within one year | Due in more one year |
|--------------------------|-------------------------|-------------------|--------------------|--------------------------|------------------------|-------------------------|
| Governmental Activities | \$ 3,822,994 | \$ 333,302 | \$ - | \$ 4,156,296 | \$ 563,277 | \$ 3,593,019 |
| Business-type Activities | 531,548 | 28,682 | (32,190) | 528,040 | 47,524 | 480,516 |
| Total | <u>\$ 4,354,542</u> | <u>\$ 361,984</u> | <u>\$ (32,190)</u> | <u>\$ 4,684,336</u> | <u>\$ 610,801</u> | <u>\$ 4,073,535</u> |

NOTE 9 – UNEARNED REVENUE

A. Government-Wide Financial Statements

Unearned revenue in the Government-Wide Financial Statements represents amounts for which revenues have not been earned. At June 30, 2011, unearned revenues in the Government-Wide Financial Statements were as follows:

| | Governmental Activities | Business-Type Activities | Total |
|---------------------|----------------------------|-----------------------------|---------------------|
| Accounts receivable | <u>\$ 2,177,716</u> | <u>\$ 394,694</u> | <u>\$ 2,572,410</u> |

B. Fund Financial Statements

At June 30, 2011 the following deferred revenues were recorded in the Fund Financial Statements because either the revenues had not been earned or the funds were not available to finance expenditures of the current period:

Governmental Funds:

| | General Fund | Redevelopment Agency Capital Projects | Redevelopment Agency Low/Moderate Housing | Non-Major Funds | Total |
|-------------------------------|---------------------|---|--|---------------------|----------------------|
| Accounts receivable | \$ 1,994,311 | \$ - | \$ - | \$ 1,638,663 | \$ 3,632,974 |
| Long-term redevelopment loans | - | 1,089,275 | - | - | 1,089,275 |
| Long-term housing loans | - | - | 9,019,731 | 4,732,979 | 13,752,710 |
| Special Assessments | - | - | - | 183,405 | 183,405 |
| Total | <u>\$ 1,994,311</u> | <u>\$ 1,089,275</u> | <u>\$ 9,019,731</u> | <u>\$ 6,555,047</u> | <u>\$ 18,658,364</u> |

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 10 – NET ASSETS AND FUND BALANCES

A. Net Assets

Net Assets is the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions. These captions apply only to Net Assets, which is determined only at the Government-wide level, and are described below:

Invested in Capital Assets, net of related debt describes the portion of Net Assets 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 Assets describes the portion of Net Assets 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 Assets which is not restricted to use.

B. Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action of the City Council which may be altered only by formal action of the City Council. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources. As of June 30, 2011, the City does not have committed fund balance.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 10 – NET ASSETS AND FUND BALANCES, continued

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. This category includes encumbrances; Nonspendables, 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, 2011

NOTE 10 – NET ASSETS AND FUND BALANCES, continued

Detailed classifications of the City’s Fund Balances, as of June 30, 2011, are below:

| | General Fund | Redevelopment Agency Capital Projects | Redevelopment Agency Low/ Moderate Housing Capital Projects | Non-Major Governmental Funds | Total |
|---|---------------------|---|--|------------------------------------|---------------------|
| Nonspendables: | | | | | |
| Advances to Other Funds | \$ 10,377,840 | \$ - | \$ - | \$ - | \$ 10,377,840 |
| Loans to Other Funds | - | - | - | - | - |
| Total Nonspendable Fund Balances | <u>10,377,840</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>10,377,840</u> |
| Restricted for: | | | | | |
| Redevelopment Projects & Programs | - | 10,739,419 | 3,114,300 | - | 13,853,719 |
| Internship | 50,000 | - | - | - | 50,000 |
| Subtotal | <u>50,000</u> | <u>10,739,419</u> | <u>3,114,300</u> | <u>-</u> | <u>13,903,719</u> |
| Debt Service | | | | | |
| Special Assessment District | - | - | - | 80,657 | 80,657 |
| San Leandro Public Financing | - | - | - | 883,863 | 883,863 |
| Redevelopment Agency Debt | - | - | - | 4,948,963 | 4,948,963 |
| Subtotal | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,913,483</u> | <u>5,913,483</u> |
| Capital Projects | | | | | |
| Capital Improvement Projects | - | - | - | 6,114,799 | 6,114,799 |
| GHAD | - | - | - | 21,045 | 21,045 |
| Subtotal | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,135,844</u> | <u>6,135,844.00</u> |
| Non-Major Governmental Funds | | | | | |
| Street/Traffic Improvement | - | - | - | 1,455,972 | 1,455,972 |
| Park Development Fee | - | - | - | 896,142 | 896,142 |
| Parking Fund | - | - | - | 97,630 | 97,630 |
| Special Gas Tax Fund | - | - | - | 1,503,940 | 1,503,940 |
| Cherrywood Maintenance District Fund | - | - | - | 255,045 | 255,045 |
| Traffic Congestion Fund | - | - | - | 464 | 464 |
| Measure B - Paratransit | - | - | - | 53,303 | 53,303 |
| Asset Seizure Fund | - | - | - | 808,455 | 808,455 |
| Heron Bay Fund | - | - | - | 698,938 | 698,938 |
| Proposition 1B - Local Streets & Roads | - | - | - | 1,150,642 | 1,150,642 |
| Measure B Fund | - | - | - | 2,803,215 | 2,803,215 |
| C.D.B.C. Fund | - | - | - | 56,689 | 56,689 |
| Housing-In- Lieu Fund | - | - | - | 66,486 | 66,486 |
| Subtotal | <u>-</u> | <u>-</u> | <u>-</u> | <u>9,846,921</u> | <u>9,846,921</u> |
| Total Restricted Fund Balances | <u>50,000</u> | <u>10,739,419</u> | <u>3,114,300</u> | <u>21,896,248</u> | <u>35,799,967</u> |
| Assigned to: | | | | | |
| Capital Projects | | | | | |
| Community Impact | 1,200,000 | - | - | - | 1,200,000 |
| Redevelopment Loan Repayment | 2,137,273 | - | - | - | 2,137,273 |
| Encumbrances | 110,554 | - | - | - | 110,554 |
| Total Assigned Fund Balances | <u>3,447,827</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,447,827</u> |
| Unassigned: | | | | | |
| General fund - Compensated Absences | 540,062 | - | - | - | 540,062 |
| General fund - Major Emergencies | 5,000,000 | - | - | - | 5,000,000 |
| General fund - Economic Uncertainty | 3,796,473 | - | - | - | 3,796,473 |
| General fund - Other | 2,467,784 | - | - | - | 2,467,784 |
| Special Grants Fund - deficit | - | - | - | (910,296) | (910,296) |
| Business Improvement District - deficit | - | - | - | (38,091) | (38,091) |
| Total Unassigned Fund Balances | <u>11,804,319</u> | <u>-</u> | <u>-</u> | <u>(948,387)</u> | <u>10,855,932</u> |
| Total Fund Balances | <u>\$25,679,986</u> | <u>\$10,739,419</u> | <u>\$3,114,300</u> | <u>\$20,947,861</u> | <u>\$60,481,566</u> |

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 10 – NET ASSETS AND FUND BALANCES, continued

C. Encumbrances

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

Encumbrances outstanding as of June 30, 2011 were as listed below:

| | |
|---------------------------------------|---------------------|
| General Fund | \$ 110,554 |
| Redevelopment Agency-Capital Projects | 7,296,519 |
| Non-Major Governmental Funds | <u>1,196,780</u> |
| | <u>\$ 8,603,853</u> |

D. Contingency Arrangements

The City's annual budget requires the City to implement and maintain fund balance to handle any unforeseen contingencies in the future, rather than continued reliance on the City's operating General Fund reserves. These unforeseen contingencies include Economic Uncertainty, major Emergencies and Contingencies. As of June 30, 2011, the following are reported within the unassigned fund balance of the General Fund:

| | |
|----------------------|----------------------|
| Major Emergencies | \$ 5,000,000 |
| Economic Uncertainty | 3,796,473 |
| Other | 2,467,784 |
| Compensated Absences | <u>540,062</u> |
| Total | <u>\$ 11,804,319</u> |

E. Fund Balance and Net Assets Deficits

At June 30, 2011 the following Funds had a deficit fund balance and future revenues are expected to offset this fund deficit.

| | |
|------------------------------------|---------------------|
| Special Grants Fund | \$ (910,296) |
| Business Improvement District Fund | <u>(38,091)</u> |
| Total | <u>\$ (948,387)</u> |

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 11 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Fund Deficits

At June 30, 2011, the funds below had the following deficit fund balance or net assets:

Governmental Funds:

| | | |
|-------------------------------|----|---------|
| Business Improvement District | \$ | 38,091 |
| Special Grant Funds | | 910,296 |

Enterprise Funds:

| | | |
|-----------|----|------------------|
| Shoreline | | 3,010,567 |
| | \$ | <u>3,958,954</u> |

The Business Improvement District fund have deficit due to the increase in expenditures and will be reviewed and controlled in the next fiscal year. The Shoreline fund deficit has accumulated over the years and will be eliminated through cost containment and revenue enhancement activities associated with the City’s economic development program.

B. Expenditures in Excess of Appropriations

Excess of expenditures over appropriations approved by the City Council occurred in individual funds during the fiscal year 2010-11 as follows:

| Fund | Expenditures | Appropriations | Expenditure over Appropriations |
|--|--------------|----------------|---------------------------------------|
| Cherrywood Maintenance District | \$ 549 | \$ 390 | \$ (159) |
| Traffic Congestion | 1,455,635 | 1,455,488 | (147) |
| San Leandro Public Financing Authority | 2,478,179 | 2,473,119 | (5,060) |

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 12 - INSURANCE

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

The City is a member of California Joint Powers Risk Management Authority (CJPRMA), which provides annual general liability coverage in an aggregate up to \$40 million. The City is self-insured for the first \$1,000,000 in property and liability losses. The City has had no settlements which exceed insurance coverage in the last five fiscal years, and no changes in insurance coverage from the prior year.

The City's deposits in the CJPRMA equal the ratio of the City's payroll to the total payrolls of all entities participating in the same layer of each program in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. Estimated claims liabilities, as shown below, are presented on a basis of actuarial value as determined by the City's actuary, who determines the expected value of the overall claim based upon certain criteria of the claim.

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 |
|---------|--------------------------------|---|--|---------------------------------|
| 2008-09 | \$ 6,518,262 | \$ 1,333,273 | \$ (1,759,852) | \$ 6,091,683 |
| 2009-10 | 6,091,683 | 3,182,637 | (3,704,468) | 5,569,852 |
| 2010-11 | 5,569,852 | 5,339,930 | (2,978,689) | 7,931,093 |

Financial statements may be obtained from CJPRMA, 6410 Stoneridge Mall Road, Suite 380, Pleasanton, CA 94596. CJPRMA's audited condensed financial information for the year ended June 30, 2011, is presented below:

| | |
|--|-----------------------|
| Total Assets | \$ 96,674,102 |
| Total Liabilities | <u>(51,163,253)</u> |
| Equity | <u>\$ 45,510,849</u> |
| Total Revenue | \$ 15,320,874 |
| Total Expenses | (12,905,625) |
| Refunds to Member | (5,858,080) |
| Net Increase (Decrease) in Equity | <u>\$ (3,442,831)</u> |

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 13 – POLLUTION REMEDIATION OBLIGATION

As part of a road expansion project, the City acquired a Quality Tune up Facility (an automobile service and smog inspection facility). State regulations require the City to notify the State Environmental Protection Agency of the results of the site assessment and the transfer of ownership of the property to the city. The City is aware of the pollution underground on the property. The City presumed that pollution is present and paid a lower price for the property than it would have without pollution risks and, as part of the sale agreement, assumed all remediation obligations. The city hired Geotechnical and environmental consultants and estimated the current incremental cleanup outlay would be approximately \$235,000. These expenditures were expected in 2011 however contract negotiation continues between the city and the contractor thus delaying the cleanup, which is expected to begin in 2012; a liability for the cleanup has been recorded in the government-wide statement of Net Assets. This estimate could increase as more information becomes available.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

A. *Downtown Plaza Shopping Center MOREA*

An agreement was entered into between San Leandro Plaza Associates, Plaza Partners, and the San Leandro Redevelopment Agency (Agency) for the maintenance and operation of the public parking and common area of the shopping center. The Agency's share of the costs associated with the Maintenance, Operation and Reciprocal Easement Agreement (MOREA) is 22.2%. The Agency's share for 2010-11 was approximately \$62,650.

B. *Alameda at San Leandro Crossing Financing*

The Alameda at San Leandro Crossings, a 100-unit affordable rental housing project which will be developed by the nonprofit BRIDGE Housing Corporation, is part of the proposed 300 unit Phase I proposal in the San Leandro Crossings development. Westlake Development Partners LLC will develop the remainder of Phase 1. The City Redevelopment Agency approved a development loan of \$9.1 million in Set-Aside Funds in April 2009. Due to unforeseen factors beyond the developers' control, the Alameda was delayed in April 2011. The RDA will be assisting in financing \$6.9 million (of the \$9.1 million loan) through the future bond financing. The RDA designated the remaining \$2.2 million for eligible pre-development costs for BRIDGE. BRIDGE is expected to apply for low income rental housing tax credits from the State in early 2012 and the Agency will then proceed with bond issuance/financing process.

Pending the current State Supreme Court decision by January 2012 on the lawsuit between the State and California Redevelopment Association/League of California Cities, the Agency anticipates fulfilling its Set-Aside funded loan obligation to BRIDGE Housing Corporation as the \$9.1 million loan was contractually executed between Agency and BRIDGE well before the passage of ABx1 26 and ABx1 27 in June 2011.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 14 - COMMITMENTS AND CONTINGENCIES, continued

C. Bayfair Mall Contract Dispute

Bayfair Mall was included within the San Leandro Redevelopment Agency Joint Project Area in 1993. A series of agreements between the Redevelopment Agency, developers, Mall tenants and property owners (Kings) were entered into to facilitate the development and improvements of the Mall. The Kings are owners of real property located within the footprint of the Mall that is being used for parking pursuant to a 1989 ground lease with the developer, as amended. Amendments to the lease and other agreements have been entered into that purportedly require the Redevelopment Agency to guarantee lease payments to the Kings in the event of default. The developers (Bayfair 580, LLC c/o M & J Wilkow of California, Ltd) gave notice to the parties on July 12, 2011 that Bayfair Sublessee LLC would not be making any further payments of rent to the Kings under the Sublease. The Kings have demanded payment from the parties, including the Redevelopment Agency, as a guarantor of the lease and payments there under. (Note: the validity of the lease is in dispute). If the Redevelopment Agency is ultimately responsible to guarantee the lease and make the payments, the potential liability could be in approximately \$800,000 + a year. The San Leandro Redevelopment Agency does not have the financial capacity to make such a payment. The parties are in discussions and negotiations to attempt to resolve the issues, without litigation.

D. Others

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 of 1984 and applicable State requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

The City is a defendant in a number of lawsuits which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the City Attorney, these actions when finally adjudicated will not have a material adverse effect on the financial position of the City. As discussed in Note 12 to the Financial Statement, the City maintains a Self Insurance Fund which has reserves of \$308,000 at the end of June 30, 2011. These reserves are available to satisfy any future liability.

NOTE 15 - EMPLOYEE RETIREMENT PLANS

A. California Public Employees' Retirement System

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

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

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 15 - EMPLOYEE RETIREMENT PLANS, continued

A. California Public Employees' Retirement System, continued

Funding Policy - Active plan members are required by state statute to contribute 8% for miscellaneous employees hired before January 1, 2010 and 7% thereafter and 9% for safety employees of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account, which amounted to \$2,502,726 for the year ended June 30, 2011. The city is required to contribute at an actuarially determined rate; the current rate for miscellaneous employees is 13.22% with a 13 year amortization period.

As previously mentioned the safety fund is in a cost-sharing multiple-employer plan and the city's current employer contribution rate required is 20.88% of annual covered payroll. In 2003-04, CalPERS combined the retirement plans for all public agencies with less than 100 active members to reduce the volatility of employer contribution rates. CalPERS also created for each member a side to amortize each agency's June 30, 2003 unfunded liability over a fixed term at a fixed interest rate. A negative side fund, which the city incurred at the time causes the required employer contribution rate to be increased by the amortization of the side fund. The safety side fund is distinct from the City's other CalPERS plans and liabilities. The public safety side fund employer contribution rate is 21.70% which is amortized at 7.75% and scheduled to be fully amortized by June 30, 2024. The total required contribution rate in fiscal year 2010-11 for public safety is 42.58% of annual covered payroll for both side fund and multiple-employer plan.

Annual Pension Cost - For fiscal year 20010-11 the City's annual pension costs of \$6,952,278 for CalPERS was equal to the City's required and actual contribution. The required contribution rate for the fiscal year 2010-11 was determined as a part of the June 30, 2009, actuarial valuation which used the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that range from 3.25% to 14.45% for miscellaneous members, and from 3.25% to 13.15% for safety members; (c) an inflation component of 3%, and (d) 2% per year cost-of-living adjustments for retirees. The actuarial values of the Miscellaneous and Safety Plans' assets were determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a three-year period. CalPERS unfunded actuarial accrued liability is being amortized as a level of percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2011 was 17 years.

| Three-Year Information for City of San Leandro Safety Plan | | |
|--|---------------------------|-------------------------------|
| Fiscal Year | Annual Pension Cost (APC) | Percentage of APC Contributed |
| 6/30/2009 | \$ 4,374,571 | 100% |
| 6/30/2010 | 4,254,064 | 100% |
| 6/30/2011 | 4,162,075 | 100% |

| Three-Year Information for City of San Leandro Miscellaneous Plan | | |
|---|---------------------------|-------------------------------|
| Fiscal Year | Annual Pension Cost (APC) | Percentage of APC Contributed |
| 6/30/2009 | \$ 3,306,405 | 100% |
| 6/30/2010 | 3,085,779 | 100% |
| 6/30/2011 | 2,790,203 | 100% |

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 16 –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 2008-09 in accordance with GASB Statement No. 45, provides reimbursements to retirees for qualified expenses. Retirees who have at least ten years of service and meet certain criterion based upon retirement date, household income in the most recent calendar year and age are entitled to reimbursements for qualified expenses.

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

B. Funding Policy

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

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

| | |
|--|--------------|
| Annual required contribution | \$ 1,377,000 |
| Interest on net OPEB obligation | 50,000 |
| Adjustment to the annual required contribution | (40,000) |
| Annual OPEB cost | 1,387,000 |
| Contributions made | 920,415 |
| Increase in net OPEB obligation | 466,585 |
| NET OPEB obligation - beginning year | 889,943 |
| NET OPEB obligation - end of year | \$ 1,356,528 |

Based upon the valuation dated June 30, 2009, the most recent valuation available, the actuarially required ARC was \$1,377,000, and the City contributed \$920,415 in current fiscal year.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 16 –OTHER POST EMPLOYMENT BENEFITS, Continued

The City’s annual OPEB cost, equal to the ARC, the percentage of OPEB cost contributed to the plan and the net OPEB obligation for 2011 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 |
|----------------------------------|---------------------|-----------------------|--|------------------------|
| 2007 | N/A | | N/A | N/A |
| 2008 | N/A | | N/A | N/A |
| 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 |
| Total Net OPEB Obligation | | | | \$ 1,356,528 |

C. Plan Funded Status Information

As of June 30, 2009, the latest valuation date, the funded status of the plan, was as follows:

| | |
|--|------------|
| Actuarial accrued liability (AAL) | 16,853,000 |
| Actuarial value of plan assets | 500,000 |
| Unfunded actuarial accrued liability (UAAL) | 16,353,000 |
| Funded ration (actuarial value of plan assets/AAL) | 3% |
| Covered payroll (active plan members) | 29,408,000 |
| UAAL as percentage of covered payroll | 55.6% |

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.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 16 –OTHER POST EMPLOYMENT BENEFITS, Continued

D. Actuarial Methods and Assumptions

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

In the June 30, 2009 actuarial valuation, the entry age normal actuarial cost method was used with a thirty (30) year closed amortization period and level percentage of pay. There were no assets in the plan as of the valuation date. The actuarial assumptions are as follows:

- Healthcare costs trends utilized actual rates for 2009 and a 9.5% increase for HMO and 10% increase for PPO plans. Future years were reduced to an ultimate rate 5% for both HMO and PPO plans by 2021.
- The CPI was assumed to be a constant at 3% per year.
- Assets in the plan will be invested in a moderately conservative money market portfolio that will provide current income with capital appreciation as a secondary objective.
- 5.5% Investment rate of return (net of administrative expenses).

NOTE 17 –RESTATEMENT OF PRIOR PERIOD BALANCES

During the fiscal year 2011, the City discovered land purchased in fiscal year 2009 which was expended and not included in the capital asset in the amount of \$ 6.1 million. As a result, the City is restating prior period non-depreciable assets and related beginning net asset.

| | Beginning Net Assets as Previously Reported | Adjustments (Capital Assets) | Beginning Net Assets as Restated |
|----------------------|--|---------------------------------|--|
| | <u> </u> | <u> </u> | <u> </u> |
| Beginning Net Assets | \$ 297,481,025 | \$ 6,150,000 | \$ 303,631,025 |

NOTE 18 –SUBSEQUENT EVENTS

- A. On July 12, 2011, the City was awarded its financing request to the State Water Resources Control Board for a loan in the amount of \$43 million from the State Revolving Loan Fund. Repayment of the loan would be over 20 years at a rate of 2.6% interest and funded through revenues generated by the Water Pollution Control Plant enterprise fund operations.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 18 –SUBSEQUENT EVENTS, continued

- B.** On September 19, 2011, Council authorized the issuance of Pension Obligation Bonds and filing the required validation actions to refund the outstanding Public Safety Side fund obligation of the City to the California Public Employees Retirement System (CalPERS). The bond transaction would refund the existing side fund obligation over the same term in the same amount plus issuance costs and take advantage of lower bond interest rates. The validation action is required whereby the superior court determines the validity of this pension obligation. The safety side fund is distinct from the City's other CalPERS plans and liabilities. Side funds are retired over a fixed term with a fixed amortization schedule based on CalPERS actuarial earning assumptions of (7.75%). The City's plan has the side fund scheduled to be fully amortized by June 2024. The City's actuary has estimated the outstanding side fund balance at \$24.4 million as of June 30, 2011. The City's underwriter estimates that the City's pension obligation bonds could be sold at an all-in interest rate, including the cost of issuance, of 4.6% to 5.1% resulting to a potential General Fund savings between \$240,000 to 480,000 annually through 2024.
- C.** In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, which suspends all new redevelopment activities except for limited specified activities as of that date and dissolves redevelopment agencies effective October 1, 2011. The State simultaneously adopted ABx1 27 which allows redevelopment agencies to avoid dissolution by the City opting into an "alternative voluntary redevelopment program" requiring specified substantial annual contributions to local schools and special districts. Concurrently with these two measures, the State passed various budget and trailer bills that are related and collectively constitute the Redevelopment Restructuring Acts. If all sponsoring communities were to opt-in to the voluntary program, these contributions amount to an estimated \$1.7 billion for fiscal year 2012 and an estimated \$400 million in each succeeding year. If the City fails to make the voluntary program payment, the Agency would become subject to the dissolution provisions of ABx1 26.

On July 18, 2011, the California Redevelopment Association, the League of California cities and others challenged the validity and constitutionality of AB1x 26 and 27 to the California Supreme Court on numerous grounds, including that the acts violate certain provisions of the California Constitution. On August 11, 2011, as modified on August 17, 2011, the California Supreme Court agreed to hear the case and issued a partial stay of ABx1 26 and full stay of ABx1 27, but the stay did not include the section of ABx1 26 that suspends all new redevelopment activities. It is anticipated that the court will render its decision before January 15, 2012, the date of the first voluntary program payment is due.

The suspension provisions of ABx1 26 prohibit all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26. During the suspension period, an agency is required to prepare an Enforceable Obligation Payment Schedule no later than August 29, 2011, that allows it to continue to pay certain obligations. The Agency adopted its Enforceable Obligation Payment Schedule on July 18, 2011. The Enforceable Obligation Payment Schedule includes a loan owed by the Joint Project Area to the City of San Leandro General Fund. The balance on that loan is approximately \$2 million and annual payments are approximately \$173,000.

In addition, the suspension provision required the State Controller to review the activities of all redevelopment agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the State controller is required to order he asset returned to the redevelopment agency. The State Controller's Office has not yet provided any information about the timing or the process for this statewide asset transfer review.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 18 –SUBSEQUENT EVENTS, continued

The Agency is currently subject to the suspension provisions as described above. These facts indicate that there is more than a remote possibility the Agency may not continue as a going concern beyond the issuance of the Supreme Court's decision. The continuation of the Agency beyond that time will initially depend upon whether the Supreme Court rules in favor of the petitioners. There are three possible consequences to the Agency from a decision of the Supreme Court, when it is rendered:

1. If the Supreme Court determines that both AB1x 26 and AB1x 27 are valid, then the City will consider whether it will enact an ordinance to opt-in to the alternative voluntary redevelopment program. If enacted, the City would be required to make annual payments to the County Auditor-Controller and the Agency would no longer be subject to the suspension provisions. It is anticipated that the City's annual remittances would be reimbursed by the Agency from tax increment revenues of both the West San Leandro/MacArthur Boulevard and Plaza Project Areas. The State Department of Finance calculated the City's Voluntary Program payment for fiscal year 2012 to be \$4,794,556, excluding the share allocated to the Alameda County Redevelopment Agency for its share of the Joint Project Area. The City filed an appeal of that amount in accordance with the provisions of Health and Safety code Section 34194(b)(2)(L), however a preliminary decision for the Department of Finance indicates that the appeal was not granted. Subsequent legislation may be brought forward that may provide some hardship relief to the City and Agency from the required remittance payments.
2. If the Supreme Court determines that both AB1x 26 and AB1x 27 are valid and the City decides not to participate in the alternative voluntary redevelopment program, or if the Supreme Court determines that ABx1 26 is valid, but ABx1 27 is not valid, the Agency will continue to be subject to the suspension provisions and would be dissolved in accordance with certain provisions of ABx1 26. Prior to dissolution, any transfers of Agency assets subsequent to January 1,2011 to the City , including those discussed in Notes 6 that were not obligated to third parties or encumbered may be subject to the State Controller's review discussed above and required to be returned to the Agency. Upon dissolution, all assets and obligations of the Agency would be transferred to a successor agency which would be in turn be required to dispose of those assets and transfer the proceeds to the County Auditor.
3. If the Supreme Court determines that both ABx1 26 and ABx1 27 are invalid, the Agency would no longer be subject to the suspension provisions and would continue in existence under California Redevelopment Law as it existed prior to the enactment of ABx1 26 and ABx1 27.

As of December 1, 2011 The Supreme Court has not ruled on the case and the Agency is subject to the suspension provisions as discussed above.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2011

NOTE 19 –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 shall have the additional power and authority to issue Grant Anticipation Notes and to issue revenue bonds in accordance with the following laws:

- a) Article 2, Chapter 5m Title 1, Division 7 of the California Government Code, commencing with Section 6540.
- b) Chapter 6, Title 5, Division 2 of the California Government Code commencing with Section 54300.

The boundary of the Authority shall be the consolidated boundaries of the Agencies. In the event of withdrawal by an Agency from the agreement, the boundary shall be revised to exclude the area under jurisdiction of said Agency. The Authority shall be governed by the East Bay Dischargers Commission (Commission). The Commission shall consist 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.



REQUIRED SUPPLEMENTARY INFORMATION

City of San Leandro
Required Supplementary Information
For the year ended June 30, 2011

1. BUDGETS AND BUDGETARY ACCOUNTING

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

| | Budgeted Amounts | | Actual | Over/(Under) |
|--|--------------------|--------------------|--------------------|-------------------------------|
| | Adopted | Final | | Variance with Final Budget |
| REVENUES: | | | | |
| Property and other taxes | \$ 51,928,161 | \$ 51,928,161 | \$ 57,469,043 | \$ 5,540,882 |
| Licenses and permits | 5,575,000 | 5,575,000 | 6,179,057 | 604,057 |
| Fines and forfeitures | 1,300,000 | 1,300,000 | 1,377,230 | 77,230 |
| Service charges | 2,251,940 | 2,251,940 | 2,591,269 | 339,329 |
| Intergovernmental | 1,146,252 | 1,146,252 | 1,216,009 | 69,757 |
| Use of money and property | 1,219,270 | 1,219,270 | 1,069,402 | (149,868) |
| Interdepartment charges | 2,295,294 | 2,295,294 | 2,295,293 | (1) |
| Other | 816,000 | 880,774 | 351,142 | (529,632) |
| Total revenues | 66,531,917 | 66,596,691 | 72,548,445 | 5,951,754 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 9,370,533 | 9,729,830 | 9,541,217 | 188,613 |
| Public safety | 43,184,317 | 43,351,167 | 43,280,305 | 70,862 |
| Engineering and transportation | 6,108,128 | 4,593,254 | 5,867,054 | (1,273,800) |
| Recreation and culture | 7,793,213 | 9,755,559 | 7,818,751 | 1,936,808 |
| Community development | 2,647,272 | 2,726,264 | 2,662,945 | 63,319 |
| Debt service: | | | | |
| Principal | 465,358 | 465,358 | 465,358 | - |
| Interest and fees | 41,870 | 41,870 | 41,870 | - |
| Total expenditures | 69,610,691 | 70,663,302 | 69,677,500 | 985,802 |
| REVENUES OVER (UNDER) EXPENDITURES | (3,078,774) | (4,066,611) | 2,870,945 | 6,937,556 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfer in | 500,000 | 600,000 | 600,000 | - |
| Transfers out | (367,942) | (4,193,746) | (4,193,746) | - |
| Issuance of Debt | - | - | - | - |
| Total other financing sources (uses) | 132,058 | (3,593,746) | (3,593,746) | - |
| REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | (2,946,716) | (7,660,357) | (722,801) | 6,937,556 |
| FUND BALANCES: | | | | |
| Beginning of year | 26,402,787 | 26,402,787 | 26,402,787 | - |
| End of year | \$ 23,456,071 | \$ 18,742,430 | \$ 25,679,986 | \$ 6,937,556 |

See Accompanying Notes to Required Supplementary Information

City of San Leandro
Required Supplemental Information
For the year ended June 30, 2011

1. BUDGETS AND BUDGETARY ACCOUNTING

The City adopts a budget annually for all governmental fund types. This budget is effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by resolution during the fiscal year. The City Manager is authorized to transfer budgeted amounts between departments and line items within any fund; however, any revisions which alter the total expenditures of any fund must be approved by the City Council. Transfers between funds must be approved by the City Council. All appropriations lapse at year-end, unless otherwise authorized by the City Council and the City Manager, except for capital improvement funds for which appropriations endure until the project is completed.

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

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

GAAP serves as the budgetary basis of accounting.

2. PENSION PLANS SCHEDULE OF FUNDING PROGRESS – PERS

Public Employees Retirement System Pension plan consist of annual actuarial valuation of assets for both safety and miscellaneous employees of the City. Note 14 describes the Employee Retirement Plans including plan description, funding policy and annual pension cost. Since the City has less than 100 active members in the Safety plans since 06/30/2003, the City is required to participate in a risk pool. An actuarial valuation was performed with other participants within the same risk pool. Therefore, standalone information of the schedule of the funding progress for the City was not disclosed.

| Valuation Date | Entry Age Normal Accrued Liability | Actuarial Value of Assets | Unfunded Liability | | Annual Covered Payroll | UAAL as a % of Payroll |
|-----------------------|------------------------------------|---------------------------|--------------------|---------------|------------------------|------------------------|
| | | | (Excess Assets) | Funded Status | | |
| Miscellaneous: | | | | | | |
| 6/30/2008 | \$ 187,424,677 | \$ 173,324,193 | \$ 14,100,484 | 92.5% | \$ 23,605,301 | 59.7% |
| 6/30/2009 | 205,208,780 | 179,247,735 | 25,961,045 | 87.3% | 23,510,790 | 110.4% |
| 6/30/2010 | 214,152,551 | 183,903,259 | 30,249,292 | 85.9% | 19,694,872 | 153.6% |
| Safety: | | | | | | |
| 6/30/2008 | \$ 8,700,467,733 | \$ 7,464,927,716 | \$ 1,235,540,017 | 85.8% | \$ 914,840,596 | 135.1% |
| 6/30/2009 | 9,721,675,347 | 8,027,158,724 | 1,694,516,623 | 82.6% | 973,814,168 | 174.0% |
| 6/30/2010 | 10,165,475,166 | 8,470,235,152 | 1,695,240,014 | 83.3% | 955,980,815 | 177.3% |

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

City of San Leandro
Required Supplemental Information
For the year ended June 30, 2011

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

This schedule presents information that shows whether the actuarial value plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

| 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 | UAAL as a Percentage of Covered Payroll ([b-a]/c) |
|--------------------------------|--|---|------------------------------------|--------------------------|------------------------------|---|
| 6/30/2007 | \$ - | \$ 20,977,000 | \$ 20,977,000 | 0% | \$ 32,564,000 | 64.4% |
| 6/30/2009 | 500,000 | 16,853,000 | 16,353,000 | 3% | 29,408,000 | 55.6% |

SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

Traffic Congestion Relief - This fund is a special state allocation, which was the budget trailer bill for the State transportation finance package distributing funds over a six-year period. Funds are to be used for street and highway maintenance, rehabilitation, preservation, and reconstruction.

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

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.

NON-MAJOR GOVERNMENTAL FUNDS

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.

Redevelopment Agency Debt Service Fund - Accounts for annual debt payments on the 2001 Certificates of Participation and the 2003 Tax Allocation Bonds.

CAPITAL PROJECTS FUNDS

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

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

City of San Leandro
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2011

| | Special Revenue | | | | | |
|--|---------------------|--------------------|-------------------|---------------------|-------------------------|----------------------|
| | Street/Traffic | Park | Parking | Special | Cherrywood | Traffic |
| | Improvements | Development Fee | | Gas Tax | Maintenance District | Congestion Relief |
| ASSETS | | | | | | |
| Cash and investments | \$ 1,454,829 | \$ 895,908 | \$ 98,821 | \$ 1,717,122 | \$ 217,535 | \$ 457 |
| Cash and investments with fiscal agent | - | - | - | - | - | - |
| Receivables: | | | | | | |
| Accounts | - | - | 923 | - | - | - |
| Federal, State, and local grants | - | - | - | - | - | - |
| Interest | 4,491 | 2,712 | 310 | 4,383 | 638 | 7 |
| Special assessments | - | - | - | - | 36,872 | - |
| Sales Tax - Measure B | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - |
| Loans | - | - | - | - | - | - |
| Total assets | \$ 1,459,320 | \$ 898,620 | \$ 100,054 | \$ 1,721,505 | \$ 255,045 | \$ 464 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 3,348 | \$ 2,290 | \$ 2,424 | \$ 217,565 | \$ - | \$ - |
| Deferred revenue | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | - |
| Loans from other funds | - | - | - | - | - | - |
| Other liabilities | - | 188 | - | - | - | - |
| Total liabilities | 3,348 | 2,478 | 2,424 | 217,565 | - | - |
| Fund Balances: | | | | | | |
| Restricted | 1,455,972 | 896,142 | 97,630 | 1,503,940 | 255,045 | 464 |
| Unassigned | - | - | - | - | - | - |
| Total fund balances | 1,455,972 | 896,142 | 97,630 | 1,503,940 | 255,045 | 464 |
| Total liabilities and fund balances | \$ 1,459,320 | \$ 898,620 | \$ 100,054 | \$ 1,721,505 | \$ 255,045 | \$ 464 |

(Continued)

Special Revenue

| Measure B Paratransit | Asset Seizure | Proposition IB | | | Measure B | C.D.B.G | HOME |
|--------------------------|-------------------|-------------------|--------------------------|---------------------|---------------------|-------------------|---------------------|
| | | Heron Bay | Local Streets & Roads | Special Grants | | | |
| \$ - | \$ 786,890 | \$ 695,136 | \$ 1,152,515 | \$ - | \$ 2,450,116 | \$ 67,036 | \$ - |
| - | - | - | - | - | - | - | - |
| 140 | 19,305 | - | - | 46,228 | 16,054 | - | 53,579 |
| 64,761 | - | - | - | 1,969,689 | - | - | - |
| - | 2,260 | 1,970 | 3,503 | - | 7,309 | 58,978 | - |
| - | - | 3,346 | - | - | - | - | - |
| - | - | - | - | - | 334,449 | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 802,001 | 3,235,000 |
| <u>\$ 64,901</u> | <u>\$ 808,455</u> | <u>\$ 700,452</u> | <u>\$ 1,156,018</u> | <u>\$ 2,015,917</u> | <u>\$ 2,807,928</u> | <u>\$ 928,015</u> | <u>\$ 3,288,579</u> |

| | | | | | | | |
|---------------|----------|--------------|--------------|------------------|--------------|----------------|------------------|
| \$ 11,598 | \$ - | \$ 1,514 | \$ 5,376 | \$ 111,808 | \$ 4,713 | \$ 10,347 | \$ 64 |
| - | - | - | - | 1,638,663 | - | 860,979 | 3,235,000 |
| - | - | - | - | 1,175,465 | - | - | 53,515 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 277 | - | - | - |
| <u>11,598</u> | <u>-</u> | <u>1,514</u> | <u>5,376</u> | <u>2,926,213</u> | <u>4,713</u> | <u>871,326</u> | <u>3,288,579</u> |

| | | | | | | | |
|------------------|-------------------|-------------------|---------------------|---------------------|---------------------|-------------------|---------------------|
| 53,303 | 808,455 | 698,938 | 1,150,642 | - | 2,803,215 | 56,689 | - |
| - | - | - | - | (910,296) | - | - | - |
| <u>53,303</u> | <u>808,455</u> | <u>698,938</u> | <u>1,150,642</u> | <u>(910,296)</u> | <u>2,803,215</u> | <u>56,689</u> | <u>-</u> |
| <u>\$ 64,901</u> | <u>\$ 808,455</u> | <u>\$ 700,452</u> | <u>\$ 1,156,018</u> | <u>\$ 2,015,917</u> | <u>\$ 2,807,928</u> | <u>\$ 928,015</u> | <u>\$ 3,288,579</u> |

(Continued)

City of San Leandro
Combining Balance Sheet
Non-Major Governmental Funds, (Continued)
June 30, 2011

| | Special Revenue | | Debt Service | | |
|--|--------------------|-------------------------------------|-----------------------------------|--|---|
| | Housing In-Lieu | Business Improvement District | Special Assessment District | San Leandro Public Financing Authority | Redevelopment Agency Debt Service |
| ASSETS | | | | | |
| Cash and investments | \$ 66,290 | \$ - | \$ 263,759 | \$ 5,226 | \$ 1,120,028 |
| Cash and investments with fiscal agent | - | - | - | 878,608 | 3,828,205 |
| Receivables: | | | | | |
| Accounts | - | 14,766 | - | - | - |
| Federal, State, and local grants | - | - | - | - | - |
| Interest | 196 | - | 781 | 29 | 3,480 |
| Special assessments | - | 96 | - | - | - |
| Sales tax - Measure B | - | - | - | - | - |
| Other assets | - | - | - | - | - |
| Loans | 637,000 | - | - | - | - |
| Total assets | \$ 703,486 | \$ 14,862 | \$ 264,540 | \$ 883,863 | \$ 4,951,713 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ - | \$ 478 | \$ - | \$ 2,750 |
| Deferred revenue | 637,000 | - | 183,405 | - | - |
| Due to other funds | - | 52,953 | - | - | - |
| Loans from other funds | - | - | - | - | - |
| Other liabilities | - | - | - | - | - |
| Total liabilities | 637,000 | 52,953 | 183,883 | - | 2,750 |
| Fund Balances: | | | | | |
| Restricted | 66,486 | - | 80,657 | 883,863 | 4,948,963 |
| Unassigned | - | (38,091) | - | - | - |
| Total fund balances | 66,486 | (38,091) | 80,657 | 883,863 | 4,948,963 |
| Total liabilities and fund balances | \$ 703,486 | \$ 14,862 | \$ 264,540 | \$ 883,863 | \$ 4,951,713 |

(Continued)

| Capital Projects | | |
|------------------------------|------------------|------------------------------------|
| Capital Improvement Projects | | Total Non-Major Governmental Funds |
| Capital Projects | GHAD | |
| \$ 7,114,666 | \$ 20,981 | \$ 18,127,315 |
| 20,917 | - | 4,727,730 |
| - | - | 150,995 |
| - | - | 2,034,450 |
| - | 64 | 91,111 |
| - | - | 40,314 |
| - | - | 334,449 |
| - | - | - |
| - | - | 4,674,001 |
| <u>\$ 7,135,583</u> | <u>\$ 21,045</u> | <u>\$ 30,180,365</u> |

| | | |
|------------------|----------|------------------|
| \$ 20,784 | \$ - | \$ 395,059 |
| - | - | 6,555,047 |
| - | - | 1,281,933 |
| 1,000,000 | - | 1,000,000 |
| - | - | 465 |
| <u>1,020,784</u> | <u>-</u> | <u>9,232,504</u> |

| | | |
|---------------------|------------------|----------------------|
| 6,114,799 | 21,045 | 21,896,248 |
| - | - | (948,387) |
| <u>6,114,799</u> | <u>21,045</u> | <u>20,947,861</u> |
| <u>\$ 7,135,583</u> | <u>\$ 21,045</u> | <u>\$ 30,180,365</u> |

(Concluded)

City of San Leandro
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2011

| | Special Revenue | | | | | |
|--|--------------------------------|----------------------------|----------------|--------------------|---------------------------------------|---------------------------------|
| | Street/Traffic Improvements | Park Development Fee | Parking | Special Gas Tax | Cherrywood Maintenance District | Traffic Congestion Relief |
| REVENUES: | | | | | | |
| Property and other taxes | \$ - | \$ - | \$ - | \$ - | \$ 20,256 | \$ - |
| Licenses and permits | 59,347 | - | 223,316 | - | - | - |
| Service charges | - | - | - | - | - | - |
| Intergovernmental | - | - | - | 1,961,325 | - | - |
| Use of money and property | 11,029 | 7,317 | 949 | 8,623 | 1,727 | 10,171 |
| Other | - | 20,237 | - | - | - | - |
| Total revenues | 70,376 | 27,554 | 224,265 | 1,969,948 | 21,983 | 10,171 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - |
| Engineering and transportation | 343,707 | - | 220,869 | 1,512,643 | 549 | 1,455,635 |
| Recreation and culture | - | 281,226 | - | - | - | - |
| Community development | - | - | - | - | - | - |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and fees | - | - | - | - | - | - |
| Total expenditures | 343,707 | 281,226 | 220,869 | 1,512,643 | 549 | 1,455,635 |
| REVENUES OVER (UNDER) EXPENDITURES | (273,331) | (253,672) | 3,396 | 457,305 | 21,434 | (1,445,464) |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in | - | - | - | 300,000 | - | - |
| Transfers out | - | - | - | - | - | - |
| Debt Issuance | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | 300,000 | - | - |
| REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | | | | | | |
| | (273,331) | (253,672) | 3,396 | 757,305 | 21,434 | (1,445,464) |
| FUND BALANCES: | | | | | | |
| Beginning of year | 1,729,303 | 1,149,814 | 94,234 | 746,635 | 233,611 | 1,445,928 |
| End of year | \$ 1,455,972 | \$ 896,142 | \$ 97,630 | \$ 1,503,940 | \$ 255,045 | \$ 464 |

(Continued)

Special Revenue

| Measure B Paratransit | Asset Seizure | Heron Bay | Proposition IB Local Streets & Roads | Special Grants | Measure B | C.D.B.G | HOME | Housing In Lieu |
|--------------------------|-------------------|-------------------|--|---------------------|---------------------|------------------|----------------|--------------------|
| \$ - | \$ - | \$ 285,407 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 246,323 | 75,553 | 74,155 | 1,211,101 | 1,079,906 | 1,277,613 | 693,719 | 418,799 | - |
| - | 8,072 | 4,022 | 7,088 | 460 | 16,794 | - | - | 519 |
| 11,720 | - | 3,484 | - | 18,895 | 43,878 | - | - | - |
| <u>258,043</u> | <u>83,625</u> | <u>367,068</u> | <u>1,218,189</u> | <u>1,099,261</u> | <u>1,338,285</u> | <u>693,719</u> | <u>418,799</u> | <u>519</u> |
| - | - | - | - | - | - | - | - | - |
| - | 974 | - | - | 446,362 | - | - | - | - |
| - | - | 241,664 | 123,335 | 1,418,643 | 407,488 | - | - | - |
| 233,682 | - | - | - | 867,631 | - | - | - | - |
| - | - | - | - | 44,103 | - | 437,106 | 418,799 | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| <u>233,682</u> | <u>974</u> | <u>241,664</u> | <u>123,335</u> | <u>2,776,739</u> | <u>407,488</u> | <u>437,106</u> | <u>418,799</u> | <u>-</u> |
| 24,361 | 82,651 | 125,404 | 1,094,854 | (1,677,478) | 930,797 | 256,613 | - | 519 |
| 66,000 | 725,804 | - | - | - | - | - | - | - |
| - | - | - | - | - | (66,000) | - | - | - |
| - | - | - | - | - | - | - | - | - |
| <u>66,000</u> | <u>725,804</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(66,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 90,361 | 808,455 | 125,404 | 1,094,854 | (1,677,478) | 864,797 | 256,613 | - | 519 |
| (37,058) | - | 573,534 | 55,788 | 767,182 | 1,938,418 | (199,924) | - | 65,967 |
| <u>\$ 53,303</u> | <u>\$ 808,455</u> | <u>\$ 698,938</u> | <u>\$ 1,150,642</u> | <u>\$ (910,296)</u> | <u>\$ 2,803,215</u> | <u>\$ 56,689</u> | <u>\$ -</u> | <u>\$ 66,486</u> |

(Continued)

City of San Leandro

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds, (Continued)

For the year ended June 30, 2011

| | Special Revenue | | Debt Service | |
|--|-------------------------------|-----------------------------|--|-----------------------------------|
| | Business Improvement District | Special Assessment District | San Leandro Public Financing Authority | Redevelopment Agency Debt Service |
| | | | | |
| REVENUES: | | | | |
| Property and other taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | 123,356 | - | - | - |
| Service charges | - | - | - | - |
| Intergovernmental | 96,602 | - | - | - |
| Use of money and property | 231 | 2,373 | 2,476,178 | - |
| Other | - | - | - | - |
| Total revenues | 220,189 | 2,373 | 2,476,178 | - |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Engineering and transportation | - | - | - | - |
| Recreation and culture | - | - | - | - |
| Community development | 320,800 | - | - | - |
| Debt service: | | | | |
| Principal | - | - | 1,085,000 | 1,470,000 |
| Interest and fees | - | 8,976 | 1,393,179 | 2,642,310 |
| Total expenditures | 320,800 | 8,976 | 2,478,179 | 4,112,310 |
| REVENUES OVER (UNDER) EXPENDITURES | (100,611) | (6,603) | (2,001) | (4,112,310) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 50,000 | - | - | 4,639,991 |
| Transfers out | - | - | - | - |
| Debt Issuance | - | - | - | - |
| Total other financing sources (uses) | 50,000 | - | - | 4,639,991 |
| REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | (50,611) | (6,603) | (2,001) | 527,681 |
| FUND BALANCES: | | | | |
| Beginning of year | 12,520 | 87,260 | 885,864 | 4,421,282 |
| End of year | \$ (38,091) | \$ 80,657 | \$ 883,863 | \$ 4,948,963 |

(Continued)

| Capital Projects | | |
|------------------------------|------------------|------------------------------------|
| Capital Improvement Projects | | Total Non-Major Governmental Funds |
| Capital Projects | GHAD | Funds |
| \$ - | \$ - | \$ 305,663 |
| - | - | 406,019 |
| 2,341 | - | 2,341 |
| - | - | 7,135,096 |
| 294,608 | - | 2,850,161 |
| - | - | 98,214 |
| <u>296,949</u> | <u>-</u> | <u>10,797,494</u> |
| 143,076 | - | 143,076 |
| - | - | 447,336 |
| 637,992 | 1,728 | 6,364,253 |
| 359,588 | - | 1,742,127 |
| 8,951 | - | 1,229,759 |
| - | - | 2,555,000 |
| - | - | 4,044,465 |
| <u>1,149,607</u> | <u>1,728</u> | <u>16,526,016</u> |
| <u>(852,658)</u> | <u>(1,728)</u> | <u>(5,728,522)</u> |
| 1,908,425 | - | 7,690,220 |
| (150,000) | - | (216,000) |
| - | - | - |
| <u>1,758,425</u> | <u>-</u> | <u>7,474,220</u> |
| 905,767 | (1,728) | 1,745,698 |
| <u>5,209,032</u> | <u>22,773</u> | <u>19,202,163</u> |
| <u>\$ 6,114,799</u> | <u>\$ 21,045</u> | <u>\$ 20,947,861</u> |

(Concluded)

City of San Leandro

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

Street/Traffic Improvements Special Revenue Fund

For the year ended June 30, 2011

| | Budgeted Amounts | | Actual | Over/(Under) Variance with Final Budget |
|---|------------------|------------------|------------------|---|
| | Adopted | Final | | |
| REVENUES: | | | | |
| Licenses and permits | \$ 180,000 | \$ 180,000 | \$ 59,347 | \$ (120,653) |
| Use of money and property | 10,619 | 10,619 | 11,029 | 410 |
| Other | - | - | - | - |
| Total revenues | 190,619 | 190,619 | 70,376 | (120,243) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Engineering and transportation | 106,528 | 1,043,224 | 343,707 | 699,517 |
| Total expenditures | 106,528 | 1,043,224 | 343,707 | 699,517 |
| REVENUES OVER (UNDER) EXPENDITURES | 84,091 | (852,605) | (273,331) | 579,274 |
| FUND BALANCES: | | | | |
| Beginning of year | 1,146,607 | 1,729,303 | 1,729,303 | - |
| End of year | \$ 1,230,698 | \$ 876,698 | \$ 1,455,972 | \$ 579,274 |

City of San Leandro

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

Park Development Fee Special Revenue Fund

For the year ended June 30, 2011

| | Budgeted Amounts | | Actual | Over/(Under) |
|---|-------------------|-------------------|-------------------|-------------------------------|
| | Adopted | Final | | Variance with Final Budget |
| REVENUES: | | | | |
| Use of money and property | \$ 6,000 | \$ 6,000 | \$ 7,317 | \$ 1,317 |
| Licenses and permits | 285,000 | 285,000 | 20,237 | (264,763) |
| Total revenues | 291,000 | 291,000 | 27,554 | (263,446) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Recreation and culture | 517,946 | 1,011,572 | 281,226 | 730,346 |
| Total expenditures | 517,946 | 1,011,572 | 281,226 | 730,346 |
| REVENUES OVER (UNDER) EXPENDITURES | (226,946) | (720,572) | (253,672) | 466,900 |
| FUND BALANCES: | | | | |
| Beginning of year | 904,783 | 1,149,814 | 1,149,814 | - |
| End of year | \$ 677,837 | \$ 429,242 | \$ 896,142 | \$ 466,900 |

City of San Leandro

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

Parking Special Revenue Fund

For the year ended June 30, 2011

| | Budgeted Amounts | | Actual | Over/(Under) Variance with Final Budget |
|---|------------------|-----------------|----------------|---|
| | Adopted | Final | | |
| REVENUES: | | | | |
| Licenses and permits | \$ 148,400 | \$ 148,400 | \$ 223,316 | \$ 74,916 |
| Service charges | - | - | - | - |
| Use of money and property | 419 | 419 | 949 | 530 |
| Other | - | - | - | - |
| Total revenues | 148,819 | 148,819 | 224,265 | 75,446 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Engineering and transportation | 241,039 | 241,039 | 220,869 | 20,170 |
| Total expenditures | 241,039 | 241,039 | 220,869 | 20,170 |
| REVENUES OVER (UNDER) EXPENDITURES | (92,220) | (92,220) | 3,396 | 95,616 |
| FUND BALANCES: | | | | |
| Beginning of year | 37,862 | 94,234 | 94,234 | - |
| End of year | \$ (54,358) | \$ 2,014 | \$ 97,630 | \$ 95,616 |

City of San Leandro

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

Special Gas Tax Special Revenue Fund

For the year ended June 30, 2011

| | Budgeted Amounts | | Actual | Over/(Under) |
|--|------------------|------------------|------------------|-------------------------------|
| | Adopted | Final | | Variance with Final Budget |
| REVENUES: | | | | |
| Intergovernmental | \$ 1,302,414 | \$ 1,302,414 | \$ 1,961,325 | \$ 658,911 |
| Use of money and property | - | - | 8,623 | 8,623 |
| Total revenues | 1,302,414 | 1,302,414 | 1,969,948 | 667,534 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Engineering and transportation | 1,860,540 | 1,966,433 | 1,512,643 | 453,790 |
| Total expenditures | 1,860,540 | 1,966,433 | 1,512,643 | 453,790 |
| REVENUES OVER (UNDER) EXPENDITURES | (558,126) | (664,019) | 457,305 | 1,121,324 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers In | 300,000 | 300,000 | 300,000 | - |
| Total other financing sources (uses) | 300,000 | 300,000 | 300,000 | - |
| REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | (258,126) | (364,019) | 757,305 | 1,121,324 |
| FUND BALANCES: | | | | |
| Beginning of year | 233,716 | 746,635 | 746,635 | - |
| End of year | \$ (24,410) | \$ 382,616 | \$ 1,503,940 | \$ 1,121,324 |

City of San Leandro

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

Cherrywood Maintenance District Special Revenue Fund For the year ended June 30, 2011

| | Budgeted Amounts | | Actual | Over/(Under) |
|---|-------------------|-------------------|-------------------|-------------------------------|
| | Adopted | Final | | Variance with Final Budget |
| REVENUES: | | | | |
| Property and other taxes | \$ 20,265 | \$ 20,265 | \$ 20,256 | \$ (9) |
| Use of money and property | 1,490 | 1,490 | 1,727 | 237 |
| Total revenues | 21,755 | 21,755 | 21,983 | 228 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Engineering and transportation | 211 | 390 | 549 | (159) |
| Total expenditures | 211 | 390 | 549 | (159) |
| REVENUES OVER (UNDER) EXPENDITURES | 21,544 | 21,365 | 21,434 | 69 |
| FUND BALANCES: | | | | |
| Beginning of year | 233,869 | 233,611 | 233,611 | - |
| End of year | <u>\$ 255,413</u> | <u>\$ 254,976</u> | <u>\$ 255,045</u> | <u>\$ 69</u> |

City of San Leandro

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

Traffic Congestion Relief Special Revenue Fund For the year ended June 30, 2011

| | Budgeted Amounts | | Actual | Over/(Under) Variance with Final Budget |
|---|------------------|--------------------|--------------------|---|
| | Adopted | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - |
| Use of money and property | - | - | 10,171 | 10,171 |
| Total revenues | - | - | 10,171 | 10,171 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Engineering and transportation | 163,041 | 1,455,488 | 1,455,635 | (147) |
| Total expenditures | 163,041 | 1,455,488 | 1,455,635 | (147) |
| REVENUES OVER (UNDER) EXPENDITURES | (163,041) | (1,455,488) | (1,445,464) | 10,024 |
| FUND BALANCES: | | | | |
| Beginning of year | 142,350 | 1,445,928 | 1,445,928 | - |
| End of year | \$ (20,691) | \$ (9,560) | \$ 464 | \$ 10,024 |

City of San Leandro
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -
Non Major Fund
Asset Seizure Fund
For the year ended June 30, 2011

| | Budgeted Amounts | | Actual | Over/(Under) Variance with Final Budget |
|---|------------------|-----------------|---------------|---|
| | Adopted | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ - | \$ - | \$ 75,553 | \$ 75,553 |
| Use of money and property | - | - | 8,072 | 8,072 |
| Total revenues | - | - | 83,625 | 83,625 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Safety | - | 46,155 | 974 | 45,181 |
| Total expenditures | - | 46,155 | 974 | 45,181 |
| REVENUES OVER (UNDER) EXPENDITURES | - | (46,155) | 82,651 | 128,806 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | 725,804 | 725,804 |
| FUND BALANCES: | | | | |
| Beginning of year | 142,350 | 1,445,928 | - | - |
| End of year | \$ 142,350 | \$ 1,399,773 | \$ 808,455 | \$ 854,610 |

City of San Leandro

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

Measure B - Paratransit Special Revenue Fund

For the year ended June 30, 2011

| | Budgeted Amounts | | Actual | Over/(Under) Variance with Final Budget |
|---|---------------------|---------------------|------------------|---|
| | Adopted | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 233,717 | \$ 233,717 | \$ 246,323 | \$ 12,606 |
| Other | - | - | 11,720 | 11,720 |
| Total revenues | <u>233,717</u> | <u>233,717</u> | <u>258,043</u> | <u>24,326</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Recreation and Culture | 366,201 | 366,201 | 233,682 | 132,519 |
| Total expenditures | <u>366,201</u> | <u>366,201</u> | <u>233,682</u> | <u>132,519</u> |
| REVENUES OVER (UNDER) EXPENDITURES | (132,484) | (132,484) | 24,361 | 156,845 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 66,000 | 66,000 | - |
| FUND BALANCES: | | | | |
| Beginning of year | (37,058) | (37,058) | (37,058) | - |
| End of year | <u>\$ (169,542)</u> | <u>\$ (103,542)</u> | <u>\$ 53,303</u> | <u>\$ 156,845</u> |

City of San Leandro

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

Non Major Fund

Heron Bay Special Revenue Fund

For the year ended June 30, 2011

| | Budgeted Amounts | | Actual | Over/(Under) |
|--|------------------|------------------|----------------|-------------------------------|
| | Adopted | Final | | Variance with Final Budget |
| REVENUES: | | | | |
| Property and other taxes | \$ 318,719 | \$ 318,719 | \$ 285,407 | \$ (33,312) |
| Use of money and property | 4,721 | 4,721 | 4,022 | (699) |
| Intergovernmental | - | - | 74,155 | 74,155 |
| Other | - | - | 3,484 | 3,484 |
| Total revenues | 323,440 | 323,440 | 367,068 | 43,628 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Engineering and transportation | 321,908 | 444,690 | 241,664 | 203,026 |
| Total expenditures | 321,908 | 444,690 | 241,664 | 203,026 |
| REVENUES OVER (UNDER) EXPENDITURES | 1,532 | (121,250) | 125,404 | 246,654 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers Out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | 1,532 | (121,250) | 125,404 | 246,654 |
| FUND BALANCES: | | | | |
| Beginning of year | 587,437 | 573,534 | 573,534 | - |
| End of year | \$ 588,969 | \$ 452,284 | \$ 698,938 | \$ 246,654 |

City of San Leandro

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

Non Major Fund

Proposition IB - Local Streets & Roads Fund

For the year ended June 30, 2011

| | Budgeted Amounts | | Actual | Over/(Under) |
|---|------------------|------------------|------------------|-------------------------------|
| | Adopted | Final | | Variance with Final Budget |
| REVENUES: | | | | |
| Use of money and property | \$ 1,225,853 | \$ 1,225,853 | \$ 1,211,101 | \$ (14,752) |
| Intergovernmental | - | - | 7,088 | 7,088 |
| Other | - | - | - | - |
| Total revenues | 1,225,853 | 1,225,853 | 1,218,189 | (7,664) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Engineering and transportation | 1,225,853 | 1,267,831 | 123,335 | 1,144,496 |
| Total expenditures | 1,225,853 | 1,267,831 | 123,335 | 1,144,496 |
| REVENUES OVER (UNDER) EXPENDITURES | - | (41,978) | 1,094,854 | 1,136,832 |
| FUND BALANCES: | | | | |
| Beginning of year | 14,752 | 55,788 | 55,788 | - |
| End of year | \$ 14,752 | \$ 13,810 | \$ 1,150,642 | \$ 1,136,832 |

City of San Leandro

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

Non Major Fund

Special Grants Special Revenue Fund

For the year ended June 30, 2011

| | Budgeted Amounts | | Actual | Over/(Under) |
|--|------------------|--------------------|--------------------|-------------------------------|
| | Adopted | Final | | Variance with Final Budget |
| REVENUES: | | | | |
| Intergovernmental | \$ 5,931,792 | \$ 7,151,272 | \$ 1,079,906 | \$ (6,071,366) |
| Use of money and property | - | - | 460 | 460 |
| Other | - | 3,760 | 18,895 | 15,135 |
| Total revenues | 5,931,792 | 7,155,032 | 1,099,261 | (6,055,771) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety | 177,028 | 2,695,440 | 446,362 | 2,249,078 |
| Engineering and transportation | 2,749,511 | 5,651,165 | 1,418,643 | 4,232,522 |
| Community Development | - | 68,985 | 44,103 | 24,882 |
| Recreation and culture | 2,872,769 | 3,365,565 | 867,631 | 2,497,934 |
| Total expenditures | 5,799,308 | 11,781,155 | 2,776,739 | 9,004,416 |
| REVENUES OVER (UNDER) EXPENDITURES | 132,484 | (4,626,123) | (1,677,478) | 2,948,645 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | 132,484 | (4,626,123) | (1,677,478) | 2,948,645 |
| FUND BALANCES: | | | | |
| Beginning of year | - | 767,182 | 767,182 | - |
| End of year | \$ 132,484 | \$ (3,858,941) | \$ (910,296) | \$ 2,948,645 |

City of San Leandro

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

Measure B

For the year ended June 30, 2011

| | Budgeted Amounts | | Actual | Over/(Under) Variance with Final Budget |
|--|------------------|--------------------|------------------|---|
| | Adopted | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 1,286,000 | \$ 1,286,000 | \$ 1,277,613 | \$ (8,387) |
| Use of money and property | 20,942 | 20,942 | 16,794 | (4,148) |
| Other | 90,000 | 90,000 | 43,878 | (46,122) |
| Total revenues | 1,396,942 | 1,396,942 | 1,338,285 | (58,657) |
| EXPENDITURES: | | | | |
| Current | | | | |
| Engineering and transportation | 932,282 | 7,488,246 | 407,488 | 7,080,758 |
| Total expenditures | 932,282 | 7,488,246 | 407,488 | 7,080,758 |
| REVENUES OVER (UNDER) EXPENDITURES | 464,660 | (6,091,304) | 930,797 | 7,022,101 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers In | - | - | - | - |
| Transfers Out | - | (66,000) | (66,000) | - |
| Total other financing sources (uses) | - | (66,000) | (66,000) | - |
| REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | 464,660 | (6,157,304) | 864,797 | 7,022,101 |
| FUND BALANCES: | | | | |
| Beginning of year | 530,630 | 1,938,418 | 1,938,418 | - |
| End of year | \$ 995,290 | \$ (4,218,886) | \$ 2,803,215 | \$ 7,022,101 |

City of San Leandro

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

Non Major Fund

C.D.B.G Special Revenue Fund

For the year ended June 30, 2011

| | Budgeted Amounts | | Actual | Over/(Under) |
|--|------------------|------------------|----------------|-------------------------------|
| | Adopted | Final | | Variance with Final Budget |
| REVENUES: | | | | |
| Intergovernmental | \$ 729,312 | \$ 729,312 | \$ 693,719 | \$ (35,593) |
| Use of money and property | - | - | - | - |
| Other | - | - | - | - |
| Total revenues | 729,312 | 729,312 | 693,719 | (35,593) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Recreation and culture | - | - | - | - |
| Community development | 729,312 | 1,031,299 | 437,106 | 594,193 |
| Total expenditures | 729,312 | 1,031,299 | 437,106 | 594,193 |
| REVENUES OVER (UNDER) EXPENDITURES | - | (301,987) | 256,613 | 558,600 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Debt Issuance | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | - | (301,987) | 256,613 | 558,600 |
| FUND BALANCES: | | | | |
| Beginning of year | - | (199,924) | (199,924) | - |
| End of year | \$ - | \$ (501,911) | \$ 56,689 | \$ 558,600 |

City of San Leandro

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

Non Major Fund

HOME Special Revenue Fund

For the year ended June 30, 2011

| | Budgeted Amounts | | Actual | Over/(Under) |
|---|------------------|---------------------|----------------|-------------------------------|
| | Adopted | Final | | Variance with Final Budget |
| REVENUES: | | | | |
| Intergovernmental | \$ 330,314 | \$ 330,314 | \$ 418,799 | \$ 88,485 |
| Total revenues | <u>330,314</u> | <u>330,314</u> | <u>418,799</u> | <u>88,485</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 330,314 | 1,070,296 | 418,799 | 651,497 |
| Total expenditures | <u>330,314</u> | <u>1,070,296</u> | <u>418,799</u> | <u>651,497</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>0</u> | <u>(739,982)</u> | <u>0</u> | <u>739,982</u> |
| FUND BALANCES: | | | | |
| Beginning of year | - | - | - | - |
| End of year | <u>\$ -</u> | <u>\$ (739,982)</u> | <u>\$ -</u> | <u>\$ 739,982</u> |

City of San Leandro

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

Non Major Fund

Housing In-Lieu Fund

For the year ended June 30, 2011

| | Budgeted Amounts | | Actual | Over/(Under) Variance with Final Budget |
|---|------------------|------------|------------|---|
| | Adopted | Final | | |
| REVENUES: | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Use of money and property | 538 | 538 | 519 | (19) |
| Total revenues | 538 | 538 | 519 | (19) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | - | - | - | - |
| Total expenditures | - | - | - | - |
| REVENUES OVER (UNDER) EXPENDITURES | 538 | 538 | 519 | (19) |
| FUND BALANCES: | | | | |
| Beginning of year | 66,044 | 65,967 | 65,967 | - |
| End of year | \$ 66,582 | \$ 66,505 | \$ 66,486 | \$ (19) |

City of San Leandro

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

Non Major Fund

Business Improvement District Fund

For the year ended June 30, 2011

| | Budgeted Amounts | | Actual | Over/(Under) Variance with Final Budget |
|--|------------------|-----------------|------------------|---|
| | Adopted | Final | | |
| REVENUES: | | | | |
| Licenses and permits | \$ 143,000 | \$ 143,000 | \$ 123,356 | \$ (19,644) |
| Intergovernmental | 210,000 | 210,000 | 96,602 | (113,398) |
| Use of money and property | 60 | 600 | 231 | (369) |
| Other | - | - | - | - |
| Total revenues | 353,060 | 353,600 | 220,189 | (133,411) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 365,000 | 415,000 | 320,800 | 94,200 |
| Total expenditures | 365,000 | 415,000 | 320,800 | 94,200 |
| REVENUES OVER (UNDER) EXPENDITURES | (11,940) | (61,400) | (100,611) | (39,211) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 50,000 | 50,000 | - |
| Total other financing sources (uses) | - | 50,000 | 50,000 | - |
| REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | (11,940) | (11,400) | (50,611) | (39,211) |
| FUND BALANCES: | | | | |
| Beginning of year | 44,655 | 12,520 | 12,520 | - |
| End of year | \$ 32,715 | \$ 1,120 | \$ (38,091) | \$ (39,211) |

City of San Leandro

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

Special Assessment District Debt Service Fund For the year ended June 30, 2011

| | Budgeted Amounts | | Actual | Over/(Under) |
|---|------------------|-----------------|----------------|-------------------------------|
| | Adopted | Final | | Variance with Final Budget |
| REVENUES: | | | | |
| Property and other taxes | \$ - | \$ - | \$ - | \$ - |
| Use of money and property | - | - | 2,373 | 2,373 |
| Total revenues | - | - | 2,373 | 2,373 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest and fees | 25,996 | 25,996 | 8,976 | 17,020 |
| Total expenditures | 25,996 | 25,996 | 8,976 | 17,020 |
| REVENUES OVER (UNDER) EXPENDITURES | (25,996) | (25,996) | (6,603) | 19,393 |
| FUND BALANCES: | | | | |
| Beginning of year | 54,510 | 87,260 | 87,260 | - |
| End of year | \$ 28,514 | \$ 61,264 | \$ 80,657 | \$ 19,393 |

City of San Leandro

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

San Leandro Public Financing Authority

For the year ended June 30, 2011

| | Budgeted Amounts | | Actual | Over/(Under) |
|---|-------------------|-------------------|-------------------|-------------------------------|
| | Adopted | Final | | Variance with Final Budget |
| REVENUES: | | | | |
| Intergovernmental | \$ 2,475,171 | \$ 2,475,171 | \$ 2,476,178 | \$ (1,007) |
| Use of money and property | - | 11,578 | - | (11,578) |
| Other | - | - | - | - |
| Total revenues | <u>2,475,171</u> | <u>2,486,749</u> | <u>2,476,178</u> | <u>(12,585)</u> |
| EXPENDITURES: | | | | |
| Current | | | | |
| Debt service: | | | | |
| Principal | 1,085,000 | 1,085,000 | 1,085,000 | - |
| Interest and fees | 1,388,119 | 1,388,119 | 1,393,179 | (5,060) |
| Total expenditures | <u>2,473,119</u> | <u>2,473,119</u> | <u>2,478,179</u> | <u>(5,060)</u> |
| REVENUES OVER (UNDER) EXPENDITURES | 2,052 | 13,630 | (2,001) | 15,631 |
| FUND BALANCES: | | | | |
| Beginning of year | 909,200 | 885,864 | 885,864 | - |
| End of year | <u>\$ 911,252</u> | <u>\$ 899,494</u> | <u>\$ 883,863</u> | <u>\$ (15,631)</u> |

City of San Leandro

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

Redevelopment Agency Debt Service Fund

For the year ended June 30, 2011

| | Budgeted Amounts | | Actual | Over/(Under) Variance with Final Budget |
|--|--------------------|--------------------|--------------------|---|
| | Adopted | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ - | \$ - | \$ - | \$ - |
| Total revenues | - | - | - | - |
| EXPENDITURES: | | | | |
| Debt service: | | | | |
| Principal | 1,720,000 | 1,720,000 | 1,470,000 | 250,000 |
| Interest and fees | 2,906,002 | 2,906,002 | 2,642,310 | 263,692 |
| Total expenditures | 4,626,002 | 4,626,002 | 4,112,310 | 513,692 |
| REVENUES OVER (UNDER) EXPENDITURES | (4,626,002) | (4,626,002) | (4,112,310) | 513,692 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 4,639,990 | 4,639,990 | 4,639,991 | 1 |
| Transfers (out) | - | - | - | - |
| Total other financing sources (uses) | 4,639,990 | 4,639,990 | 4,639,991 | 1 |
| REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | 13,988 | 13,988 | 527,681 | 513,693 |
| FUND BALANCES: | | | | |
| Beginning of year | 4,433,024 | 4,421,282 | 4,421,282 | - |
| End of year | \$ 4,447,012 | \$ 4,435,270 | \$ 4,948,963 | \$ 513,693 |

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 Assets
Non-Major Enterprise Funds
June 30, 2011

| | Storm Water Utility | Environmental Services | Total Non-Major Enterprise Funds |
|--|------------------------|---------------------------|---|
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | \$ 274,491 | \$ 1,242,142 | \$ 1,516,633 |
| Receivables: | | | |
| Accounts | 14,495 | 188,592 | 203,087 |
| Special assessment | - | - | - |
| Interest | 879 | 3,810 | 4,689 |
| Other assets | - | 1,863 | 1,863 |
| Total current assets | <u>289,865</u> | <u>1,436,407</u> | <u>1,726,272</u> |
| Total assets | <u>289,865</u> | <u>1,436,407</u> | <u>1,726,272</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 9,462 | 29,189 | 38,651 |
| Deferred revenue | - | 12,564 | 12,564 |
| Other | - | - | - |
| Compensated absences - due in one year | 3,187 | 12,233 | 15,420 |
| Total current liabilities | <u>12,649</u> | <u>53,986</u> | <u>66,635</u> |
| Noncurrent liabilities: | | | |
| Compensated absences - due in more than one year | 32,225 | 123,690 | 155,915 |
| Total noncurrent liabilities | <u>32,225</u> | <u>123,690</u> | <u>155,915</u> |
| Total liabilities | <u>44,874</u> | <u>177,676</u> | <u>222,550</u> |
| NET ASSETS | | | |
| Unrestricted | <u>244,991</u> | <u>1,258,731</u> | <u>1,503,722</u> |
| Total net assets | <u>\$ 244,991</u> | <u>\$ 1,258,731</u> | <u>\$ 1,503,722</u> |

City of San Leandro

Combining Statement of Revenues, Expenses, and Changes in Net Assets

Non-Major Enterprise Funds

For the year ended June 30, 2011

| | Storm Water Utility | Environmental Services | Total Non-Major Enterprise Funds |
|---|------------------------|---------------------------|---|
| OPERATING REVENUES: | | | |
| Charges for services | \$ 1,097,892 | \$ 331,635 | \$ 1,429,527 |
| Licenses and permits | - | 308,244 | 308,244 |
| Other operating revenue | 222 | 107,086 | 107,308 |
| Total operating revenues | 1,098,114 | 746,965 | 1,845,079 |
| OPERATING EXPENSES: | | | |
| Salaries and benefits | 418,542 | 868,504 | 1,287,046 |
| Contractual and other services | 193,353 | 118,295 | 311,648 |
| Materials and supplies | 9,135 | 30,880 | 40,015 |
| Other operating costs | 223,574 | 315,466 | 539,040 |
| Total operating expenses | 844,604 | 1,333,145 | 2,177,749 |
| OPERATING INCOME (LOSS) | 253,510 | (586,180) | (332,670) |
| NONOPERATING REVENUES (EXPENSES): | | | |
| Investment income | 1,236 | 9,304 | 10,540 |
| Intergovernmental | - | 338,196 | 338,196 |
| Total nonoperating revenues (expenses) | 1,236 | 347,500 | 348,736 |
| INCOME (LOSS) BEFORE TRANSFERS | 254,746 | (238,680) | 16,066 |
| Transfers in | - | 212,938 | 212,938 |
| Transfers out | (82,214) | - | (82,214) |
| Total transfers | (82,214) | 212,938 | 130,724 |
| Change in net assets | 172,532 | (25,742) | 146,790 |
| NET ASSETS: | | | |
| Beginning of year | 72,459 | 1,284,473 | 1,356,932 |
| End of year | \$ 244,991 | \$ 1,258,731 | \$ 1,503,722 |

City of San Leandro
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the year ended June 30, 2011

| | Storm Water Utility | Environmental Services | Total Non-Major Enterprise Funds |
|---|------------------------|---------------------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash received from customers/other funds | \$ 1,090,724 | \$ 657,001 | \$ 1,747,725 |
| Cash payment to other funds | (223,574) | (316,523) | (540,097) |
| Cash payments to suppliers for goods and services | (195,820) | (169,850) | (365,670) |
| Cash payments to employees for services | (429,332) | (857,962) | (1,287,294) |
| Net cash provided (used) by operating activities | 241,998 | (687,334) | (445,336) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| Intergovernmental revenue received | - | 338,196 | 338,196 |
| Transfers in from other funds | - | 212,938 | 212,938 |
| Transfers out to other funds | (82,214) | - | (82,214) |
| Net cash provided (used) by noncapital financing activities | (82,214) | 551,134 | 468,920 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest received | 1,236 | 9,304 | 10,540 |
| Net cash provided (used) by investing activities | 1,236 | 9,304 | 10,540 |
| Net increase (decrease) in cash and cash equivalents | 161,020 | (126,896) | 34,124 |
| CASH AND CASH EQUIVALENTS: | | | |
| Beginning of year | 113,471 | 1,369,038 | 1,482,509 |
| End of year | \$ 274,491 | \$ 1,242,142 | \$ 1,516,633 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | |
| Operating income (loss) | \$ 253,510 | \$ (586,180) | \$ (332,670) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Changes in assets and liabilities: | | | |
| Accounts receivable | 6,386 | (95,686) | (89,300) |
| Special assessments receivable | (13,775) | - | (13,775) |
| Other assets | - | (1,687) | (1,687) |
| Accounts payable | 6,667 | (11,628) | (4,961) |
| Other Liabilities | - | (597) | (597) |
| Compensated absences | (10,790) | 8,444 | (2,346) |
| Total adjustments | (11,512) | (101,154) | (112,666) |
| Net cash provided (used) by operating activities | \$ 241,998 | \$ (687,334) | \$ (445,336) |

INTERNAL SERVICE FUNDS

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

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

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

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

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

City of San Leandro
Combining Statement of Net Assets
All Internal Service Funds
June 30, 2011

| | Building Maintenance | Information Management Services | Self- Insurance | Equipment Maintenance | Total |
|---|-------------------------|---------------------------------------|--------------------|--------------------------|---------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 1,343,318 | \$ 1,367,874 | \$ 7,687,273 | \$ 1,273,005 | \$ 11,671,470 |
| Receivables: | | | | | |
| Accounts | - | - | 565,938 | - | 565,938 |
| Interest | 3,937 | 3,766 | 18,099 | 3,697 | 29,499 |
| Inventory | 12,087 | 11,725 | - | 108,533 | 132,345 |
| Other assets | - | 406 | 9,747 | - | 10,153 |
| Capital assets: | | | | | |
| Depreciable | 14,765 | 5,387,273 | - | 6,482,074 | 11,884,112 |
| Less accumulated depreciation | (3,789) | (3,294,130) | - | (4,349,943) | (7,647,862) |
| Net capital assets | 10,976 | 2,093,143 | - | 2,132,131 | 4,236,250 |
| Total assets | 1,370,318 | 3,476,914 | 8,281,057 | 3,517,366 | 16,645,655 |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable | 113,274 | 95,408 | 37,644 | 40,589 | 286,915 |
| Other Liabilities | - | - | - | 214 | 214 |
| Claims and judgments - due in one year | - | - | 1,824,151 | - | 1,824,151 |
| Compensated absences payable - due in one year | 7,376 | 10,124 | - | 5,715 | 23,215 |
| Total current liabilities | 120,650 | 105,532 | 1,861,795 | 46,518 | 2,134,495 |
| Noncurrent liabilities: | | | | | |
| Advances from other funds | - | - | - | - | - |
| Claims and judgements - due in more than one year | - | - | 6,106,942 | - | 6,106,942 |
| Compensated absences - due in more than one year | 74,577 | 102,361 | 4,216 | 57,785 | 238,939 |
| Total noncurrent liabilities | 74,577 | 102,361 | 6,111,158 | 57,785 | 6,345,881 |
| Total liabilities | 195,227 | 207,893 | 7,972,953 | 104,303 | 8,480,376 |
| NET ASSETS | | | | | |
| Unrestricted | 1,175,091 | 3,269,021 | 308,104 | 3,413,063 | 8,165,279 |
| Total net assets | \$ 1,175,091 | \$ 3,269,021 | \$ 308,104 | \$ 3,413,063 | \$ 8,165,279 |

City of San Leandro
Combining Statement of Revenues, Expenses and Changes in Net Assets
All Internal Service Funds
For the year ended June 30, 2011

| | Building Maintenance | Information Management Services | Self- Insurance | Equipment Maintenance | Total |
|---|-------------------------|---------------------------------------|--------------------|--------------------------|---------------------|
| OPERATING REVENUES: | | | | | |
| Service charges | \$ 2,681,928 | \$ 3,607,581 | \$ 2,197,496 | \$ 1,422,374 | \$ 9,909,379 |
| Other operating revenues | 382 | - | 151,874 | 83,842 | 236,098 |
| Total operating revenues | 2,682,310 | 3,607,581 | 2,349,370 | 1,506,216 | 10,145,477 |
| OPERATING EXPENSES: | | | | | |
| Salaries and benefits | 867,632 | 1,585,801 | 179,481 | 497,816 | 3,130,730 |
| Contractual and other services | 1,270,892 | 1,046,229 | 5,064,351 | 138,810 | 7,520,282 |
| Materials and supplies | 142,819 | 52,498 | - | 549,945 | 745,262 |
| Depreciation | 537 | 550,035 | - | 476,124 | 1,026,696 |
| Other operating costs | 306,959 | 534,180 | 96,097 | 289,534 | 1,226,770 |
| Total operating expenses | 2,588,839 | 3,768,743 | 5,339,929 | 1,952,229 | 13,649,740 |
| OPERATING INCOME (LOSS) | 93,471 | (161,162) | (2,990,559) | (446,013) | (3,504,263) |
| NONOPERATING REVENUES (EXPENSES): | | | | | |
| Interest income | 10,616 | 8,727 | 34,839 | 12,318 | 66,500 |
| Interest expense | - | - | - | - | - |
| Total nonoperating revenues (expenses) | 10,616 | 8,727 | 34,839 | 12,318 | 66,500 |
| INCOME (LOSS) BEFORE TRANSFERS | 104,087 | (152,435) | (2,955,720) | (433,695) | (3,437,763) |
| TRANSFERS: | | | | | |
| Transfers in | 50,000 | - | 1,500,000 | - | 1,550,000 |
| Transfers out | - | - | (500,000) | - | (500,000) |
| Total transfers | 50,000 | - | 1,000,000 | - | 1,050,000 |
| Net income (loss) | 154,087 | (152,435) | (1,955,720) | (433,695) | (2,387,763) |
| NET ASSETS: | | | | | |
| Beginning of the year | 1,021,004 | 3,421,456 | 2,263,824 | 3,846,758 | 10,553,042 |
| End of the year | \$ 1,175,091 | \$ 3,269,021 | \$ 308,104 | \$ 3,413,063 | \$ 8,165,279 |

City of San Leandro
Combining Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2011

| | Building Maintenance | Information Management Services | Self- Insurance | Equipment Maintenance | Total |
|---|-------------------------|---------------------------------------|---------------------|--------------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Cash received from customers/other funds | \$ 2,680,873 | \$ 3,663,603 | \$ 2,353,233 | \$ 1,506,315 | \$ 10,204,024 |
| Cash payments to suppliers for goods and services | (1,704,719) | (1,676,027) | (2,770,369) | (956,261) | (7,107,376) |
| Cash payments to employees for services | (862,519) | (1,580,821) | (178,253) | (489,459) | (3,111,052) |
| Net cash provided (used) by operating activities | 113,635 | 406,755 | (595,389) | 60,595 | (14,404) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Transfers in from other funds | 50,000 | - | 1,500,000 | - | 1,550,000 |
| Transfers out to other funds | - | - | (500,000) | - | (500,000) |
| Net cash provided (used) by noncapital financing activities | 50,000 | - | 1,000,000 | - | 1,050,000 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Acquisition of fixed assets | - | (62,782) | - | (252,812) | (315,594) |
| Net cash provided (used) by capital and related financing activities | - | (62,782) | - | (252,812) | (315,594) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Interest Income | 10,616 | 8,727 | 34,839 | 12,318 | 66,500 |
| Interest expense | - | - | - | - | - |
| Net cash provided (used) by investing activities | 10,616 | 8,727 | 34,839 | 12,318 | 66,500 |
| Net increase (decrease) in cash | 174,251 | 352,700 | 439,450 | (179,899) | 786,502 |
| CASH AND CASH EQUIVALENTS: | | | | | |
| Beginning of year | 1,169,067 | 1,015,174 | 7,247,823 | 1,452,904 | 10,884,968 |
| End of year | <u>\$ 1,343,318</u> | <u>\$ 1,367,874</u> | <u>\$ 7,687,273</u> | <u>\$ 1,273,005</u> | <u>\$ 11,671,470</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | | |
| Operating income (loss) | \$ 93,471 | \$ (161,162) | \$ (2,990,559) | \$ (446,013) | \$ (3,504,263) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Depreciation | 537 | 550,035 | - | 467,591 | 1,018,163 |
| Changes in assets and liabilities: | | | | | |
| Accounts receivable | (258) | (1,010) | 57 | (68) | (1,279) |
| Inventory | (954) | 5,795 | - | 23,535 | 28,376 |
| Accounts payable | 15,726 | 8,111 | 32,477 | 7,193 | 63,507 |
| Claims and judgments | - | - | 2,361,408 | - | 2,361,408 |
| Compensated absences | 5,113 | 4,986 | 1,228 | 8,357 | 19,684 |
| Total cash provided (used) by operating activities | \$ 113,635 | \$ 406,755 | \$ (595,389) | \$ 60,595 | \$ (14,404) |

FIDUCIARY FUND FINANCIAL STATEMENTS

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 Assets
Fiduciary Funds
June 30, 2011

| | Deposits | Cherrywood | Total |
|--|-------------------|---------------------|---------------------|
| ASSETS | | | |
| Cash and investments (Note 2) | \$ 899,945 | \$ 939,659 | \$ 1,839,604 |
| Cash and investments with fiscal agents (Note 2) | - | 448,960 | 448,960 |
| Accounts receivable | 318 | 1,192 | 1,510 |
| Special assessments receivable | - | 4,516 | 4,516 |
| Total assets | \$ 900,263 | \$ 1,394,327 | \$ 2,294,590 |
| LIABILITIES | | | |
| Accounts payable | \$ 5,279 | \$ - | \$ 5,279 |
| Deposits payable | 894,984 | - | 894,984 |
| Due to bondholders | - | 1,394,327 | 1,394,327 |
| Total liabilities | \$ 900,263 | \$ 1,394,327 | \$ 2,294,590 |

City of San Leandro
Combining Statement of Changes in Assets and Liabilities
Fiduciary Funds
For the year ended June 30, 2011

| <u>Deposits</u> | Balance July 1, 2010 | Additions | Deductions | Balance June 30, 2011 |
|--|-------------------------|----------------------|------------------------|--------------------------|
| Assets: | | | | |
| Cash and investments | \$ 838,575 | \$ 10,189,806 | \$ (10,128,436) | \$ 899,945 |
| Accounts receivable | 73 | 1,319 | (1,074) | 318 |
| Total assets | <u>\$ 838,648</u> | <u>\$ 10,191,125</u> | <u>\$ (10,129,510)</u> | <u>\$ 900,263</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 15,870 | \$ 5,504,321 | \$ (5,514,912) | \$ 5,279 |
| Deposits payable | 822,778 | 5,735,241 | (5,663,035) | 894,984 |
| Total liabilities | <u>\$ 838,648</u> | <u>\$ 11,239,562</u> | <u>\$ (11,177,947)</u> | <u>\$ 900,263</u> |
| | | | | |
| <u>Cherrywood</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 896,407 | \$ 1,934,627 | \$ (1,891,375) | \$ 939,659 |
| Cash and investments with fiscal agent | 448,960 | - | - | 448,960 |
| Accounts receivable | 5,904 | 345 | (5,057) | 1,192 |
| Special assessments receivable | 16,173 | 477,099 | (488,756) | 4,516 |
| Total assets | <u>\$ 1,367,444</u> | <u>\$ 2,412,071</u> | <u>\$ (2,385,188)</u> | <u>\$ 1,394,327</u> |
| Liabilities: | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - |
| Due to bondholders | 1,367,444 | 2,412,071 | (2,385,188) | 1,394,327 |
| Total liabilities | <u>\$ 1,367,444</u> | <u>\$ 2,412,071</u> | <u>\$ (2,385,188)</u> | <u>\$ 1,394,327</u> |
| | | | | |
| <u>All Agency Funds</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 1,734,982 | \$ 12,124,433 | \$ (12,019,811) | \$ 1,839,604 |
| Cash and investments with fiscal agent | 448,960 | - | - | 448,960 |
| Accounts receivable | 5,977 | 1,664 | (6,131) | 1,510 |
| Special assessments receivable | 16,173 | 477,099 | (488,756) | 4,516 |
| Total assets | <u>\$ 2,206,092</u> | <u>\$ 12,603,196</u> | <u>\$ (12,514,698)</u> | <u>\$ 2,294,590</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 15,870 | \$ 5,504,321 | \$ (5,514,912) | \$ 5,279 |
| Deposits payable | 822,778 | 5,735,241 | (5,663,035) | 894,984 |
| Due to bondholders | 1,367,444 | 2,412,071 | (2,385,188) | 1,394,327 |
| Total liabilities | <u>\$ 2,206,092</u> | <u>\$ 13,651,633</u> | <u>\$ (13,563,135)</u> | <u>\$ 2,294,590</u> |



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 | 139 |
| 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 | 144 |
| These schedules contain information to help the reader assess the city's most significant local revenue sources, sales tax and property tax. | |
| Debt Capacity | 151 |
| 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 | 155 |
| 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 | 157 |
| the information in the city's financial report relates to the services the city provides and the activities it performs. | |



**Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)**

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Governmental activities: | | | | | | | | | |
| Invested in capital assets | | | | | | | | | |
| net of related debt | \$ 275,539,820 | \$ 282,335,707 | \$ 271,398,035 | \$ 291,400,560 | \$ 287,403,594 | \$ 288,812,935 | \$ 281,144,018 | \$ 268,302,013 | \$ 256,542,629 |
| Restricted | 34,740,460 | 44,389,814 | 41,926,633 | 31,717,316 | 36,307,422 | 39,410,231 | 32,178,863 | 31,353,698 | 37,489,289 |
| Unrestricted | 16,480,000 | 2,785,163 | 9,245,677 | 9,290,497 | 20,105,122 | 10,029,629 | 1,326,448 | (2,174,686) | (3,737,046) |
| Total governmental activities net assets | \$ 326,760,280 | \$ 329,510,684 | \$ 322,570,345 | \$ 332,408,373 | \$ 343,816,138 | \$ 338,252,795 | \$ 314,649,329 | \$ 297,481,025 | \$ 290,294,873 |
| Business-Type Activities: | | | | | | | | | |
| Invested in capital assets | \$ 6,595,397 | \$ 9,445,171 | \$ 14,040,265 | \$ 11,028,943 | \$ 11,074,087 | \$ 11,197,748 | \$ 12,992,419 | \$ 20,162,046 | \$ 26,832,033 |
| net of related debt | - | - | - | - | - | - | - | - | - |
| Restricted | 7,015,805 | 6,222,818 | 6,406,958 | 13,364,147 | 16,526,068 | 20,001,036 | 20,122,930 | 17,044,724 | 15,133,537 |
| Total business-type activities net assets | \$ 13,611,202 | \$ 15,667,989 | \$ 20,447,223 | \$ 24,393,090 | \$ 27,600,155 | \$ 31,198,784 | \$ 33,115,349 | \$ 37,206,770 | \$ 41,965,570 |
| Primary government: | | | | | | | | | |
| Invested in capital assets | \$ 282,135,217 | \$ 291,780,878 | \$ 285,438,300 | \$ 302,429,503 | \$ 298,477,681 | \$ 300,010,683 | \$ 294,136,437 | \$ 288,464,059 | \$ 283,374,662 |
| net of related debt | 34,740,460 | 44,389,814 | 41,926,633 | 31,717,316 | 36,307,422 | 39,410,231 | 32,178,863 | 31,353,698 | 37,489,289 |
| Restricted | 23,495,805 | 9,007,981 | 15,652,635 | 22,654,644 | 36,631,190 | 30,030,665 | 21,449,378 | 14,870,038 | 11,396,491 |
| Unrestricted | 340,371,482 | 345,178,673 | 343,017,568 | 356,801,463 | 371,416,293 | 369,451,579 | 347,764,678 | 334,687,795 | 332,260,443 |
| Total primary government net assets | \$ 340,371,482 | \$ 345,178,673 | \$ 343,017,568 | \$ 356,801,463 | \$ 371,416,293 | \$ 369,451,579 | \$ 347,764,678 | \$ 334,687,795 | \$ 332,260,443 |

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

| Program/Function | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities: | | | | | | | | | |
| General government | \$ 3,446,599 | \$ 4,417,189 | \$ 4,458,257 | \$ 4,328,363 | \$ 6,597,981 | \$ 5,208,888 | \$ 4,871,544 | 5,342,619 | 5,242,934 |
| Public safety | 5,194,687 | 2,979,181 | 4,045,135 | 5,480,658 | 6,588,624 | 6,038,357 | 5,111,223 | 3,475,388 | 3,423,176 |
| Engineering and transportation | 9,542,893 | 10,929,637 | 8,583,331 | 13,157,731 | 11,789,460 | 10,797,882 | 11,376,411 | 13,195,059 | 7,469,186 |
| Recreation and culture | 1,803,286 | 3,366,714 | 3,476,619 | 3,470,771 | 4,576,105 | 4,353,066 | 3,414,103 | 3,614,696 | 4,368,731 |
| Community development | 4,975,147 | 10,118,875 | 1,750,940 | 3,741,298 | 3,470,491 | 8,867,688 | 3,279,368 | 1,995,686 | 6,923,466 |
| Subtotal governmental activities | 24,962,612 | 31,811,596 | 22,314,282 | 30,178,821 | 33,022,661 | 35,265,880 | 28,052,650 | 27,623,449 | 27,427,494 |
| Business-type activities: | | | | | | | | | |
| Water Pollution Control Plant | 9,115,046 | 8,530,652 | 9,306,736 | 10,267,776 | 10,647,063 | 11,016,298 | 10,445,163 | 10,081,964 | 10,478,066 |
| Shoreline | 1,971,297 | 1,721,631 | 2,379,343 | 2,234,105 | 2,303,029 | 2,134,271 | 2,062,949 | 1,941,119 | 1,944,513 |
| San Leandro Housing Finance Corp | - | - | - | 913,662 | - | - | - | - | - |
| Storm Water Utility | 1,098,687 | 1,074,565 | 1,048,228 | 1,055,105 | 1,054,947 | 1,059,667 | 1,052,608 | 1,079,178 | 1,098,114 |
| Environmental Services | 703,052 | 644,644 | 626,282 | 630,344 | 621,502 | 622,052 | 714,415 | 614,347 | 746,965 |
| Subtotal business-type activities | 12,888,082 | 11,971,492 | 13,360,589 | 15,100,992 | 14,626,541 | 14,832,288 | 14,275,135 | 13,716,608 | 14,267,658 |
| Total primary government | \$ 37,850,694 | \$ 43,783,088 | \$ 35,674,871 | \$ 45,279,813 | \$ 47,649,202 | \$ 50,098,168 | \$ 42,327,785 | \$ 41,340,057 | \$ 41,695,152 |

City of San Leandro
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

| Expenses: | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|-----------------|---------------|----------------|---------------|---------------|----------------|-----------------|-----------------|----------------|
| Governmental activities: | | | | | | | | | |
| General government | \$ 22,918,852 | \$ 25,530,287 | \$ 22,013,602 | \$ 22,864,200 | \$ 11,546,534 | \$ 17,379,663 | \$ 16,572,072 | 11,989,774 | 10,759,754 |
| Public safety | 35,703,556 | 33,414,314 | 35,819,441 | 37,415,908 | 41,972,128 | 44,061,645 | 44,229,183 | 45,063,334 | 45,936,832 |
| Engineering & Transportation | 11,477,536 | 7,592,091 | 9,108,518 | 2,260,498 | 11,989,696 | 16,292,698 | 15,101,806 | 18,209,182 | 22,720,292 |
| Recreation & Culture | 14,311,154 | 10,720,541 | 11,688,705 | 12,714,017 | 15,937,218 | 15,064,531 | 11,416,088 | 9,906,448 | 11,042,582 |
| Community Development | 11,203,292 | 9,212,795 | 7,509,785 | 11,238,106 | 9,351,983 | 15,725,787 | 28,119,209 | 24,202,918 | 17,541,152 |
| Interest on long-term debt | 4,530,711 | 4,217,408 | 3,766,213 | 3,924,447 | 4,275,336 | 3,237,381 | 5,349,826 | 4,525,710 | 4,182,409 |
| Total governmental activities expenses | 100,145,101 | 90,687,436 | 89,906,264 | 90,417,175 | 95,072,895 | 111,761,705 | 120,788,184 | 113,897,366 | 112,183,390 |
| Business-type activities: | | | | | | | | | |
| Water Pollution Control | 8,620,442 | 7,759,280 | 7,467,822 | 6,979,509 | 9,247,290 | 9,093,554 | 9,248,677 | 6,231,639 | 5,856,452 |
| Shoreline | 2,267,019 | 1,910,506 | 3,025,760 | 2,470,221 | 2,139,089 | 2,355,311 | 2,244,002 | 2,180,794 | 1,997,753 |
| San Leandro Housing Finance Corp | 590,425 | 600,094 | 669,147 | 946,776 | 928,752 | 896,951 | 993,330 | 886,379 | 844,604 |
| Storm Water Utility | 992,544 | 1,030,222 | 1,056,165 | 921,120 | 1,189,664 | 1,460,466 | 1,544,564 | 1,348,181 | 1,333,145 |
| Environmental Services | 1,307,149 | 1,235,675 | 1,171,903 | 1,453,306 | 1,189,664 | 1,460,466 | 1,544,564 | 1,348,181 | 1,333,145 |
| Total business-type activities expenses | 13,777,579 | 12,535,777 | 13,390,797 | 12,770,932 | 13,504,795 | 13,806,282 | 14,030,573 | 10,646,993 | 10,031,954 |
| Total primary government expenses | 113,922,680 | 103,223,213 | 103,297,061 | 103,188,107 | 108,577,690 | 125,567,987 | 134,818,757 | 124,544,359 | 122,215,344 |
| Program revenues: | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| Charges for services: | | | | | | | | | |
| General government | 14,257,571 | 15,456,837 | 18,883,832 | 21,167,178 | 24,742,722 | 26,200,221 | 27,654,817 | 27,087,224 | 26,720,790 |
| Property taxes | 20,680,473 | 20,089,952 | 20,704,782 | 22,144,559 | 23,407,407 | 22,251,900 | 19,095,799 | 17,594,934 | 21,811,494 |
| Sales taxes | 3,329,375 | 3,603,261 | 3,597,465 | 3,362,681 | 4,496,415 | 4,142,284 | 4,125,705 | 4,005,464 | 4,124,846 |
| Franchise Fees | 9,298,100 | 9,351,377 | 10,018,039 | 10,383,676 | 10,175,460 | 10,420,171 | 10,103,090 | 9,783,055 | 9,932,893 |
| Utility Users Tax | 3,851,858 | 5,106,985 | 5,891,509 | 6,417,694 | 4,539,402 | 2,924,656 | 2,870,441 | 2,297,145 | 2,528,604 |
| Property Transfer Tax | 174,031 | 311,522 | 323,466 | 315,382 | 322,160 | 361,261 | 294,496 | 333,079 | 381,122 |
| 911 Communication Access Tax | 4,680,544 | 3,705,763 | 530,076 | 530,525 | 472,542 | 278,615 | 242,416 | 1,419,378 | 506,280 |
| Other taxes | 2,335,395 | 2,033,764 | 2,506,853 | 3,150,513 | 4,498,742 | 3,836,259 | 3,025,658 | 3,100,000 | 1,300,123 |
| Motors Vehicle License Fees | 2,651,075 | 2,750,995 | 1,920,545 | 826,816 | 873,742 | 657,731 | 1,597,574 | 599,189 | 1,158,044 |
| Investment | 4,041 | - | - | 516,633 | 11,621 | - | - | - | 20,914 |
| Community Impact Reimbursement | (316,945) | (79,051) | (147,114) | (50,594) | (82,214) | (182,509) | 85,874 | (67,942) | 240,484 |
| Miscellaneous | 9,365,768 | 9,734,159 | 10,899,821 | 12,501,369 | 16,452,204 | 20,126,325 | 15,971,619 | 12,568,443 | 17,062,792 |
| Gain on sale of assets | 10,257,395 | 11,114,089 | 8,944,136 | 13,005,869 | 11,455,259 | 9,303,323 | 8,590,576 | 10,830,576 | 6,581,532 |
| Transfers | 5,339,449 | 10,963,348 | 2,470,325 | 4,603,121 | 5,115,198 | 5,836,232 | 3,490,973 | 4,224,429 | 3,783,171 |
| Charges for Service | 85,908,130 | 94,325,001 | 86,543,735 | 98,875,422 | 106,480,660 | 106,198,362 | 97,184,718 | 96,729,061 | 98,847,238 |
| Capital grants and contributions | 12,888,082 | 11,971,492 | 13,360,589 | 15,100,992 | 14,626,541 | 14,832,288 | 14,275,135 | 13,716,608 | 14,267,658 |
| Operating grants and contributions | 293,754 | 282,372 | 213,520 | 299,126 | 298,633 | 342,189 | 296,184 | 233,880 | 257,977 |
| Total Governmental activities program revenues | 791,459 | 795,829 | 577,242 | 723,250 | 1,378,939 | 1,616,038 | 928,796 | 454,893 | 167,407 |
| Business-type activities | 290,912 | 444,232 | 293,756 | 542,837 | 325,532 | 431,887 | 532,897 | 265,091 | 338,196 |
| Miscellaneous | 316,945 | 79,051 | 147,114 | 50,594 | 82,214 | 182,509 | (85,874) | 67,942 | (240,484) |
| Total Business activities program revenues | 14,581,152 | 13,572,976 | 14,592,221 | 16,716,799 | 16,711,859 | 17,404,911 | 15,947,138 | 14,738,414 | 14,790,754 |
| Total primary government program revenues | 100,489,282 | 107,897,977 | 101,135,956 | 115,592,221 | 123,192,519 | 123,603,273 | 113,131,856 | 111,467,475 | 113,637,992 |
| Net revenues (expenses): | | | | | | | | | |
| Governmental Activities | (14,236,971) | 3,637,565 | (3,362,529) | 8,458,247 | 11,407,765 | (5,563,343) | (23,603,466) | (17,168,305) | (13,336,152) |
| Business-type activities | 803,573 | 1,037,199 | 1,201,424 | 3,945,867 | 3,207,064 | 3,598,629 | 1,916,565 | 4,091,421 | 4,758,800 |
| Total net revenues (expenses) | \$ (13,433,398) | \$ 4,674,764 | \$ (2,161,105) | \$ 12,404,114 | \$ 14,614,829 | \$ (1,964,714) | \$ (21,686,901) | \$ (13,076,884) | \$ (8,577,352) |

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

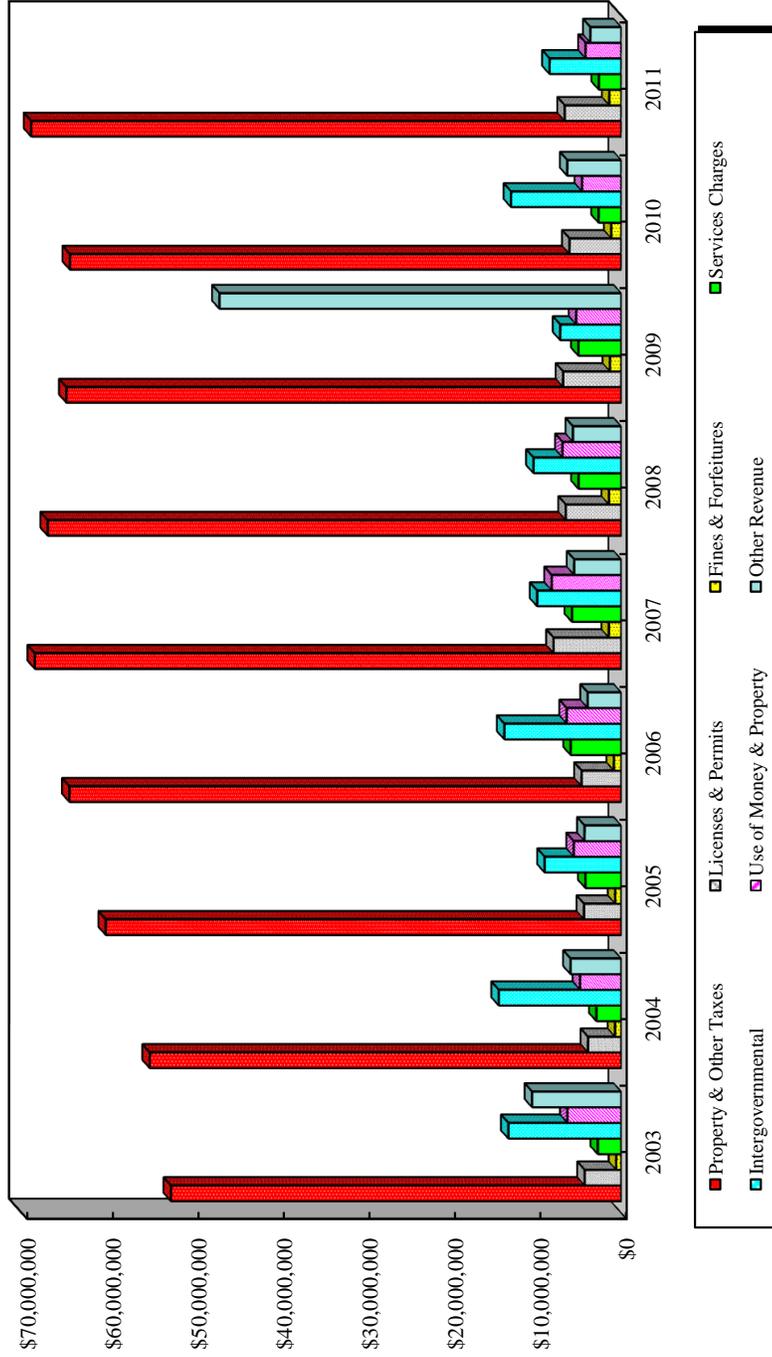
City of San Leandro
Fund Balance of Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund: | | | | | | | | | |
| Reserved | \$ 20,224,965 | \$ 19,132,113 | \$ 18,843,168 | \$ 19,835,830 | \$ 17,904,586 | \$ 18,149,255 | \$ 14,614,515 | \$ 13,730,510 | \$ - |
| Unreserved | 18,179,490 | 15,528,675 | 13,936,704 | 16,962,489 | 25,319,167 | 19,152,403 | 15,074,450 | 12,672,277 | - |
| Nonspendable | - | - | - | - | - | - | - | - | 10,377,840 |
| Restricted | - | - | - | - | - | - | - | - | 50,000 |
| Assigned | - | - | - | - | - | - | - | - | 3,437,827 |
| Unassigned | - | - | - | - | - | - | - | - | 11,814,319 |
| Total General Fund | 38,404,455 | 34,660,788 | 32,779,872 | 36,798,319 | 43,223,753 | 37,301,658 | 29,688,965 | 26,402,787 | 25,679,986 |
| All other governmental funds: | | | | | | | | | |
| Reserved | 11,183,159 | 32,703,722 | 15,974,817 | 20,344,382 | 21,797,518 | 20,775,067 | 33,916,323 | 21,700,213 | - |
| Unreserved, designated | 593,697 | 300,000 | 4,842,210 | 491,396 | - | - | - | - | - |
| Unreserved, undesignated, reported in: | | | | | | | | | |
| Special revenue funds | 5,396,061 | 6,333,411 | 4,028,438 | 4,684,942 | 7,013,915 | 6,907,672 | 5,760,645 | 6,827,714 | - |
| Capital projects funds | 16,516,912 | - | 14,935,095 | - | 333,153 | 337,211 | 3,973,218 | 4,803,372 | - |
| Nonspendable | - | - | - | - | - | - | - | - | 2,475,000 |
| Restricted | - | - | - | - | - | - | - | - | 33,274,967 |
| Assigned | - | - | - | - | - | - | - | - | (948,387) |
| Unassigned | - | - | - | - | - | - | - | - | - |
| Total all other governmental funds | \$ 33,689,829 | \$ 39,337,133 | \$ 39,780,560 | \$ 25,520,720 | \$ 29,144,586 | \$ 28,019,950 | \$ 43,650,186 | \$ 33,331,299 | \$ 34,801,580 |

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

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|----------------|---------------|----------------|-----------------|---------------|----------------|---------------|-----------------|-------------|
| Revenues: | | | | | | | | | |
| Property and other taxes | \$ 52,564,439 | \$ 55,045,102 | \$ 60,174,541 | \$ 64,418,048 | \$ 68,452,345 | \$ 66,945,559 | \$ 64,771,891 | \$ 64,359,726 | 68,879,116 |
| Licenses and permits | 4,255,912 | 3,863,441 | 4,333,781 | 4,612,703 | 7,884,927 | 6,461,407 | 6,768,204 | 6,027,904 | 6,585,076 |
| Fines and forfeitures | 568,776 | 704,309 | 685,984 | 837,602 | 1,431,689 | 1,296,568 | 1,419,193 | 1,377,230 | 1,377,230 |
| Service charges | 2,717,804 | 2,883,357 | 4,163,570 | 5,885,823 | 5,732,825 | 4,965,783 | 4,977,492 | 2,627,851 | 2,593,610 |
| Intergovernmental | 13,159,024 | 14,285,821 | 8,929,406 | 13,635,816 | 9,798,718 | 10,224,260 | 7,106,997 | 12,833,697 | 8,351,105 |
| Use of money and property | 6,268,966 | 4,789,470 | 5,528,100 | 6,351,559 | 8,102,189 | 6,841,974 | 5,244,637 | 4,558,887 | 4,152,296 |
| Intergovernmental | 5,027,499 | 1,750,728 | 1,675,142 | 1,783,790 | 1,746,385 | 1,799,108 | 1,858,477 | 2,272,568 | 2,295,293 |
| Other | 5,366,291 | 4,149,621 | 2,595,829 | 2,117,855 | 3,734,825 | 3,824,523 | 5,542,756 | 4,012,703 | 1,294,092 |
| Total revenues | 89,928,711 | 87,471,849 | 88,086,353 | 99,643,196 | 106,883,903 | 102,481,346 | 97,567,022 | 97,862,529 | 95,527,818 |
| Expenditures: | | | | | | | | | |
| Current: | | | | | | | | | |
| General government | 10,358,506 | 11,504,089 | 10,480,346 | 10,242,278 | 10,027,035 | 10,996,927 | 10,866,088 | 10,353,861 | 9,684,293 |
| Public safety | 38,039,189 | 33,942,876 | 37,694,476 | 39,807,817 | 41,571,598 | 44,084,646 | 45,409,707 | 45,420,060 | 43,727,641 |
| Engineering and transportation | 13,440,168 | 11,791,157 | 13,805,174 | 15,798,762 | 12,329,183 | 16,521,818 | 15,641,026 | 18,203,786 | 12,231,307 |
| Recreation and culture | 14,272,330 | 14,205,666 | 13,316,923 | 19,367,598 | 15,968,022 | 15,408,155 | 12,100,517 | 9,854,633 | 9,560,878 |
| Community development | 11,790,168 | 9,434,428 | 7,460,908 | 12,120,215 | 9,528,638 | 16,002,716 | 27,126,823 | 24,397,598 | 11,342,937 |
| Capital Outlay | 2,701,044 | 3,945,005 | 3,274,784 | 6,952,452 | 1,781,883 | 232,636 | - | - | - |
| Debt service: | | | | | | | | | |
| Principal | 1,887,323 | 2,535,740 | 2,485,071 | 2,959,219 | 2,150,594 | 2,610,861 | 3,372,481 | 3,305,968 | 3,175,797 |
| Interest and fees | 3,744,219 | 3,896,137 | 3,837,316 | 3,947,868 | 4,403,856 | 3,448,347 | 4,917,152 | 4,578,463 | 4,247,973 |
| Total expenditures | 96,232,947 | 91,255,098 | 92,354,998 | 111,196,209 | 97,760,809 | 109,306,106 | 119,433,794 | 116,114,369 | 93,970,826 |
| Excess (deficiency) of revenues over (under) expenditures | (6,304,236.00) | (3,783,249) | (4,268,645) | (11,553,013) | 9,123,094 | (6,824,760) | (21,866,772) | (18,251,840) | 1,556,992 |
| Other financing Sources (uses): | | | | | | | | | |
| Issuance of capital lease | - | - | 3,048,260 | - | - | - | - | - | - |
| Proceeds from refunding of bonds | 28,485,000 | 5,500,000 | - | - | 23,425,000 | - | - | - | - |
| Payment to refunded bonds escrows agents | (16,880,000) | - | - | - | (24,731,033) | - | - | - | - |
| Transfers in | 22,164,743 | 15,033,258 | 6,738,067 | 3,240,998 | 4,693,117 | 5,895,216 | 11,774,023 | 8,598,106 | 8,290,220 |
| Transfers out | (22,523,688) | (15,146,268) | (6,955,181) | (3,309,159) | (4,405,832) | (6,117,186) | (9,615,363) | (6,913,048) | (9,099,736) |
| Bonds Proceeds | - | - | - | - | - | - | 27,725,655 | - | - |
| Loan Proceeds | - | - | - | - | - | - | - | 2,500,000 | - |
| Lease Proceeds | - | - | - | - | - | - | - | 461,717 | - |
| Total other financing sources (uses) | 11,246,055 | 5,386,990 | 2,831,146 | (68,161) | (1,018,748) | (221,970) | 29,884,315 | 4,646,775 | (809,516) |
| Prior period restatement | (1,000,000) | - | - | 1,379,781 | 1,944,954 | - | - | - | - |
| Net change in fund balances | \$ 3,941,819 | \$ 1,603,741 | \$ (1,437,499) | \$ (10,241,393) | \$ 10,049,300 | \$ (7,046,730) | \$ 8,017,543 | \$ (13,605,065) | \$ 747,476 |
| Debt Services as a percentage of noncapital expenditures | 6.7% | 8.9% | 8.0% | 9.0% | 8.1% | 6.3% | 8.1% | 8.4% | 8.8% |

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



| Fiscal Year | Property & Other Taxes | Licenses & Permits | Fines & Forfeitures | Service Charges | Intergovernmental | Use of Money & Property | Other Revenue | Services Charges | Total |
|-------------|------------------------|--------------------|---------------------|-----------------|-------------------|-------------------------|---------------|------------------|-------|
| 2003 | \$ 52,564,439 | \$4,255,912 | \$ 568,776 | \$2,717,804 | \$ 13,159,024 | \$ 6,268,966 | \$ 10,393,790 | \$ 89,928,711 | |
| 2004 | 55,045,012 | 3,863,441 | 704,309 | 2,883,357 | 14,285,821 | 4,789,470 | 5,900,349 | 87,471,759 | |
| 2005 | 60,174,541 | 4,333,781 | 685,984 | 4,163,570 | 8,929,406 | 5,528,100 | 4,270,971 | 88,086,353 | |
| 2006 | 64,418,048 | 4,612,703 | 837,602 | 5,885,823 | 13,635,816 | 6,351,359 | 3,901,645 | 99,643,196 | |
| 2007 | 68,452,345 | 7,884,927 | 1,431,689 | 5,732,825 | 9,798,718 | 8,102,189 | 5,481,210 | 106,883,903 | |
| 2008 | 66,945,559 | 6,461,407 | 1,418,732 | 4,965,783 | 10,224,260 | 6,841,974 | 5,623,631 | 102,481,346 | |
| 2009 | 64,771,891 | 6,768,204 | 1,296,568 | 4,977,492 | 7,106,997 | 5,244,637 | 46,900,911 | 137,066,700 | |
| 2010 | 64,359,726 | 6,027,904 | 1,149,193 | 2,627,851 | 12,853,697 | 4,558,887 | 6,285,271 | 97,862,529 | |
| 2011 | 68,879,116 | 6,585,076 | 1,377,230 | 2,593,610 | 8,351,105 | 4,152,296 | 3,589,385 | 95,527,818 | |

**City of San Leandro
Assessed Value and Estimated Actual Value of Taxable Property
Last Nine Fiscal Years**

(In Thousands)

| Fiscal Year Ended June 30 | City | | | | Redevelopment | | | | Total Direct Tax Rate |
|---------------------------|--------------|------------|-----------------|------------------------|---------------|------------|-----------------|------------------------|-----------------------|
| | Secured | Unsecured | Less Exemptions | Taxable Assessed Value | Secured | Unsecured | Less Exemptions | Taxable Assessed Value | |
| 2003 | \$ 6,181,159 | \$ 544,303 | \$ (165,818) | \$ 6,559,644 | \$ 2,370,358 | \$ 386,932 | \$ (33,177) | \$ 2,724,113 | 1.00% |
| 2004 | 6,676,341 | 536,497 | (166,799) | 7,046,038 | 2,534,206 | 358,306 | (42,206) | 2,850,306 | 1.00% |
| 2005 | 7,221,647 | 526,799 | (182,526) | 7,565,920 | 2,738,684 | 346,422 | (63,818) | 3,021,288 | 1.00% |
| 2006 | 7,752,095 | 538,060 | (201,155) | 8,089,000 | 2,902,768 | 357,620 | (73,877) | 3,186,511 | 1.00% |
| 2007 | 8,490,385 | 577,326 | (193,142) | 8,874,569 | 3,174,542 | 396,648 | (65,057) | 3,506,133 | 1.00% |
| 2008 | 9,065,717 | 568,195 | (180,546) | 9,453,366 | 3,337,069 | 396,034 | (66,847) | 3,666,256 | 1.00% |
| 2009 | 9,525,308 | 556,811 | (207,657) | 9,874,462 | 3,593,007 | 393,869 | (87,613) | 3,899,263 | 1.00% |
| 2010 | 9,102,245 | 570,588 | (218,845) | 9,453,988 | 3,599,645 | 395,243 | (110,812) | 3,884,076 | 1.00% |
| 2011 | 9,094,918 | 559,970 | 238,681 | 9,893,569 | 3,568,829 | 406,084 | (208,631) | 3,766,282 | 1.00% |

Notes:

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

Source: Alameda County Tax Assessor's Office

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

| Fiscal Year | City Direct Rates | | | Overlapping Rates | | | Total |
|-------------|--------------------------|---------------------------------|---------------------------------|--|---|--------|-------|
| | Alameda County Wide Levy | Bay Area Rapid Transit District | East Bay Regional Park District | Chabot Las-Positas Community College Bonds | San Leandro Unified School District Bonds | | |
| 2003 | 1.0000 | 0.0000 | 0.0065 | 0.0000 | 0.0369 | 1.0434 | |
| 2004 | 1.0000 | 0.0000 | 0.0057 | 0.0000 | 0.0331 | 1.0388 | |
| 2005 | 1.0000 | 0.0000 | 0.0057 | 0.0186 | 0.0363 | 1.0606 | |
| 2006 | 1.0000 | 0.0048 | 0.0057 | 0.0158 | 0.0358 | 1.0621 | |
| 2007 | 1.0000 | 0.0076 | 0.0080 | 0.0164 | 0.0767 | 1.1087 | |
| 2008 | 1.0000 | 0.0076 | 0.0080 | 0.0164 | 0.0767 | 1.1087 | |
| 2009 | 1.0000 | 0.0090 | 0.0100 | 0.0183 | 0.0699 | 1.1072 | |
| 2010 | 1.0000 | 0.0057 | 0.0108 | 0.0195 | 0.0771 | 1.1131 | |
| 2011 | 1.0000 | 0.0031 | 0.0084 | 0.0211 | 0.0897 | 1.1223 | |

Notes:
In 1978 California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the property tax resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of San Leandro Unified School District and Chabot/Las Positas Community College bonds.

**City of San Leandro
Principal Property Tax Payers
June 30, 2011
Current Year and Ten Years Ago**

| Taxpayer | 2011 | | | 2001 | | |
|------------------------------|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percent of Total City Taxable Assessed Valuation | Taxable Assessed Value | Rank | Percent of Total City Taxable Assessed Valuation |
| Ghiradelli Chocolate Company | \$ 101,810,306 | 1 | 0.75% | 40,797,517 | 10 | 0.86% |
| Kaiser Foundation Hospitals | 99,829,604 | 2 | 0.73% | - | - | - |
| General Foods Corp | 79,025,896 | 3 | 0.58% | 50,525,002 | 4 | 1.07% |
| Madison Bay Fair LLC | 75,612,883 | 4 | 0.55% | | | |
| BCI Coca Bottling Co | 62,002,523 | 5 | 0.45% | 56,244,255 | 3 | 1.07% |
| AMB Property LP | 52,454,740 | 6 | 0.38% | - | - | - |
| SKB Westgate Investments LLC | 46,931,656 | 7 | 0.34% | - | - | - |
| Batarse Anthony A Jr TR | 38,501,413 | 8 | 0.28% | - | - | - |
| Emerald Properties | 29,146,517 | 9 | 0.21% | 30,926,355 | 6 | 0.65% |
| Lakeside Properties | 26,248,228 | 10 | 0.19% | 22,091,809 | 8 | 0.47% |
| Lucky Stores, Incorporated | - | - | 0.00% | 71,989,133 | 2 | 1.52% |
| Bayfair LLC | - | - | 0.00% | 114,694,739 | 1 | 2.42% |
| SLCO , Inc | - | - | 0.00% | - | - | - |
| Safeway Stores Inc. | - | - | 0.00% | - | - | - |
| Gateway Buena Park, Inc. | - | - | 0.00% | 29,196,803 | 9 | 0.62% |
| AMB Property LP | - | - | 0.00% | 6,352,953 | 7 | 1.34% |
| San Leandro Hospital | - | - | 0.00% | 37,580,755 | 5 | 0.79 |
| Totals | \$ 611,563,766 | | 4.48% | \$ 517,576,321 | | 10.64% |

Source: Alameda County Tax Assessor's Office

Notes: The amounts shown above include assessed value data for both the City and the Redevelopment Agency. Top ten taxpayers are based on secured property taxes.

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

| Fiscal Year Ended June 30 | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---------------------------|----------------------------------|--|-----------------|---------------------------------|---------------------------|-----------------|
| | | Amount | Percent of Levy | | Amount | Percent of Levy |
| 2003 | 7,212,155 | 7,002,239 | 97.09% | - | 7,002,239 | 97.09% |
| 2004 | 7,629,957 | 7,255,988 | 95.10% | - | 7,255,988 | 95.10% |
| 2005 | 8,151,531 | 7,610,802 | 93.37% | 165,308 | 7,776,110 | 95.39% |
| 2006 | 8,720,537 | 8,105,748 | 92.95% | 210,562 | 8,316,310 | 95.36% |
| 2007 | 9,483,392 | 8,908,943 | 93.94% | 393,199 | 9,302,142 | 98.09% |
| 2008 | 10,093,368 | 9,370,261 | 92.84% | 424,812 | 9,795,074 | 97.04% |
| 2009 | 10,425,968 | 9,686,655 | 92.91% | 322,758 | 10,009,413 | 96.00% |
| 2010 | 9,857,438 | 9,303,586 | 94.38% | 378,646 | 9,682,232 | 98.22% |
| 2011 | 9,800,011 | 9,307,532 | 94.97% | 230,948 | 9,538,480 | 97.33% |

Source: Alameda County Auditor-Controller's Office

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

| Tax Remitter | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|
| Department Stores | \$ 3,685 | \$ 3,759 | \$ 3,541 | \$ 3,253 | \$ 3,158 | \$ 2,847 | \$ 3,161 | \$ 3,093 | \$ 701 |
| Auto Sales - New | 2,395 | 2,443 | 2,557 | 2,440 | 2,171 | 1,957 | 1,343 | 1,476 | 431 |
| Building Materials - Wholesale | 2,211 | 2,255 | 2,557 | 2,643 | 2,171 | 1,779 | 1,150 | 1,192 | 310 |
| Light Industry | 1,290 | 1,503 | 1,377 | 1,830 | 1,777 | 1,246 | 809 | 708 | 176 |
| Building Materials - Retail | 1,106 | 1,128 | 1,180 | 1,220 | 987 | 890 | 901 | 886 | 201 |
| Heavy Industry | 921 | 940 | 983 | 1,220 | 1,184 | 1,246 | 1,138 | 1,156 | 306 |
| Restaurants | 921 | 940 | 983 | 1,016 | 1,184 | 1,068 | 1,097 | 1,100 | 276 |
| Miscellaneous Retail | 737 | 564 | 590 | 813 | 790 | 712 | 680 | 605 | 146 |
| Apparel Stores | 737 | 564 | 983 | 1,016 | 987 | 1,068 | 1,057 | 1,157 | 267 |
| Service Stations | 737 | 940 | 787 | 1,016 | 987 | 1,068 | 865 | 1,007 | 252 |
| Food Markets | 553 | 564 | - | 407 | - | 534 | 453 | 437 | 101 |
| Leasing | - | - | 590 | - | - | - | 281 | 120 | - |
| Auto Parts/Repair | - | - | - | - | 592 | - | 479 | 540 | 119 |
| All Others | 3,132 | 3,195 | 3,541 | 3,456 | 3,751 | 3,381 | 2,550 | 2,828 | 649 |
| | \$ 18,425 | \$ 18,794 | \$ 19,670 | \$ 20,330 | \$ 19,740 | \$ 17,794 | \$ 15,964 | \$ 16,305 | \$ 3,935 |

Source: Muni Financial Services

Notes: For Calendar year 2011 information is only available for the first quarter.

**City of San Leandro
Sewer Rates
Last Nine Fiscal Years**

| Fiscal Year | Sewer | | | Non-Residential | | |
|-------------|---------------|--------------|--|-----------------|---------------|--|
| | Single Family | Multi-Family | | Commercial | Institutional | |
| 2003 | 17.90 | 12.70 | | 2.23 - 4.56 | 1.75 - 2.17 | |
| 2004 | 19.99 | 14.18 | | 2.45 - 5.02 | 1.93 - 2.39 | |
| 2005 | 22.32 | 15.84 | | 2.70 - 5.52 | 2.42 - 2.63 | |
| 2006 | 24.93 | 17.69 | | 2.97 - 6.07 | 2.33 - 2.89 | |
| 2007 | 26.29 | 18.65 | | 3.13 - 6.40 | 2.45 - 3.05 | |
| 2008 | 26.29 | 18.65 | | 3.13 - 6.40 | 2.45 - 3.05 | |
| 2009 | 26.29 | 18.65 | | 3.13 - 6.40 | 2.45 - 3.05 | |
| 2010 | 27.60 | 19.59 | | 3.04 - 6.36 | 2.50 - 4.63 | |
| 2011 | 28.97 | 220.56 | | 3.19 - 6.67 | 2.63 - 4.87 | |

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

Source: City of San Leandro Public Works Department

**City of San Leandro
Ratio of General Bonded Debt by Type
Last Nine Fiscal Years**

| Fiscal Year Ended | Governmental Activities | | | | | | | | | | Business Type Activities | | | | |
|-------------------|--------------------------|---------------------|------------------------------------|------------------|---------------------|---------------|-----------------------|--------------------------|-----------------------------|------------------------|--------------------------|--------------------------------|--------------------------|-------------------------------|-----------------|
| | General Obligation Bonds | Redevelopment Bonds | Redevelopment Owners Participation | Guaranteed Notes | Special Assessments | CAD RMS Lease | Bayfair Tax Increment | Redevelopment Agreements | Total Government Activities | Mortgage Bonds Payable | Notes Payable | Total Business-type Activities | Total Primary Government | Percentage of Personal Income | Debt Per Capita |
| 2003 | 38,110,000 | 20,825,000 | 7,762,061 | 1,000,000 | 1,265,000 | - | 1,035,070 | - | 69,997,131 | 6,305,000 | 3,670,172 | 9,975,172 | 79,972,303 | 2.55% | 986 |
| 2004 | 37,360,000 | 26,200,000 | 6,666,345 | 1,000,000 | 1,045,000 | - | 690,046 | - | 72,961,391 | 6,175,000 | 3,535,979 | 9,710,979 | 82,672,370 | 2.48% | 1,016 |
| 2005 | 36,565,000 | 25,765,000 | 5,849,287 | 937,000 | 815,000 | 3,048,260 | 345,023 | - | 73,324,570 | - | 3,402,177 | 3,402,177 | 76,726,747 | 2.20% | 947 |
| 2006 | 35,745,000 | 25,315,000 | 5,256,610 | 874,000 | 565,000 | 2,609,740 | - | - | 70,365,350 | - | 3,262,354 | 3,262,354 | 73,627,704 | 1.99% | 910 |
| 2007 | 34,720,000 | 24,850,000 | 4,490,020 | 811,000 | 435,000 | 2,155,005 | - | - | 67,461,025 | - | 3,116,239 | 3,116,239 | 70,577,264 | - | - |
| 2008 | 33,790,000 | 24,365,000 | 3,913,706 | 748,000 | 300,000 | 1,683,459 | - | - | 64,800,165 | - | 2,963,509 | 2,963,509 | 67,763,674 | - | - |
| 2009 | 32,780,000 | 51,130,000 | 3,505,859 | 685,000 | 155,000 | 1,237,265 | - | 1,635,360 | 91,128,484 | - | 2,803,948 | 2,803,948 | 93,932,432 | - | - |
| 2010 | 31,730,000 | 50,005,000 | 4,688,993 | 3,122,000 | - | 1,238,241 | - | - | 90,784,234 | - | 2,637,207 | 2,637,207 | 93,421,441 | - | - |
| 2011 | 30,645,000 | 48,695,000 | 4,436,553 | 3,059,000 | - | 772,883 | - | - | 87,608,436 | - | 2,462,962 | 2,462,962 | 90,071,398 | - | - |

**City of San Leandro
Direct and Overlapping Debt
June 30, 2011**

| | |
|-------------------------------------|------------------------|
| 2009-10 Assessed Valuation | \$9,524,895,607 |
| Redevelopment Incremental Valuation | 1,481,690,316 |
| Adjusted Assessed Valuation | <u>\$8,043,205,291</u> |

| <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | Total Debt 6/30/2011 | % Applicable (1) | City's Share of Debt 6/30/11 |
|--|-------------------------|---------------------|---------------------------------|
| Bay Area Rapid Transit District | \$413,865,000 | 1.848% | \$7,648,225 |
| Chabot-Las Positas Community College District | 4,548,129,320 | 10.411 | 47,351,239 |
| San Leandro Unified School District | 167,576,387 | 89.86 | 150,584,141 |
| San Lorenzo Unified School District | 98,375,000 | 27.409 | 26,963,604 |
| East Bay Regional Park District | 153,990,000 | 2.864 | 4,410,274 |
| City of San Leandro Cherrywood Community Facilities District | 4,210,000 | 100 | 4,210,000 |
| TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT | | | \$241,167,483 |

Ratios to 2010-11 Assessed Valuation:
Total Overlapping Tax And Assessment Debt.....2.53%

| <u>DIRECT GENERAL FUND DEBT:</u> | | % |
|---|------------|----------------------|
| City of San Leandro Certificates of Participation | 34,420,000 | 100 |
| TOTAL DIRECT GENERAL FUND DEBT | | \$ 34,420,000 |

| <u>OVERLAPPING GENERAL FUND DEBT:</u> | | |
|--|---------------|---------------------|
| Alameda County General Fund Obligations | \$711,512,000 | 4.768 |
| Alameda County Pension Obligations | 154,584,741 | 4.768 |
| Alameda-Contra Costa Transit District Certificates of Participation | 37,465,000 | 5.818 |
| Chabot-Las Positas Community College District General Fund Obligations | 4,495,000 | 10.411 |
| San Leandro Unified School District Certificates of Participation | 21,535,000 | 27.409 |
| TOTAL OVERLAPPING GENERAL FUND DEBT | | \$49,845,708 |

| | |
|-----------------------------------|-----------------------|
| SUB-TOTAL DIRECT DEBT | \$ 38,630,000 |
| SUB-TOTAL OVERLAPPING DEBT | <u>286,803,191</u> |
| | \$ 325,433,191 |

TOTAL DIRECT AND OVERLAPPING DEBT (2)

1. The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the governments boundaries and dividing it by the county's total taxable assessed value.
2. Excludes tax and revenue anticipation notes, enterprise revenue mortgage revenue and tax allocation bonds and no-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

| <u>Ratios to Adjusted Assessed Valuation:</u> | |
|---|-------|
| Total Direct Debt (\$34,420,000) | 0.43% |
| Combined Total Debt | 4.05% |

| <u>Ratios to Adjusted Assessed Valuation:</u> | |
|---|-------|
| Combined Direct Debt (\$35,660,00) | 0.44% |
| Gross Combined Total Debt | 3.30% |

State School Building Aid Repayable as 6/30/11 : \$0

Source: California Municipal Statistics

**City of San Leandro
Pledged-Revenue Coverage
Last Nine Fiscal Years**

| Fiscal Year | Special Assessment Bonds | | | | Coverage |
|-------------|--------------------------------|------------|-----------------------|--------------|----------|
| | Special Assessment Collections | Principal | Debt Service Interest | Debt Service | |
| 2003 | \$ 319,723 | \$ 205,000 | \$ 83,804 | | 0.90 |
| 2004 | 429,881 | 466,915 | 216,647 | | 1.59 |
| 2005 | 239,560 | 230,000 | 61,698 | | 1.22 |
| 2006 | 92,235 | 250,000 | 49,338 | | 3.25 |
| 2007 | 175,866 | 130,000 | 35,775 | | 0.94 |
| 2008 | 80,036 | 135,000 | 26,441 | | 2.02 |
| 2009 | 66 | 145,000 | 16,416 | | 2,445.70 |
| 2010 | - | 155,000 | 5,592 | | - |
| 2011 | - | - | - | | - |

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

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

Source: City of San Leandro

**City of San Leandro
Computation of Legal Debt Margin
Last Nine Fiscal Years**

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Assessed Valuation: | | | | | | | | | |
| Secured property assessed value | \$ 6,016,771,705 | \$ 7,043,305,510 | \$ 7,554,407,513 | \$ 8,300,642,672 | \$ 8,886,531,894 | \$ 9,318,787,490 | \$ 8,890,723,914 | \$ 8,864,732,304 | \$ 8,893,409,893 |
| Addback: exempt real property | 164,387,247 | 178,341,424 | 197,687,046 | 190,742,425 | 179,186,095 | 206,520,301 | 211,520,769 | 230,185,749 | 216,131,933 |
| Total Assessed Valuation | \$ 6,181,158,952 | \$ 7,221,646,934 | \$ 7,752,094,559 | \$ 8,491,385,097 | \$ 9,065,717,989 | \$ 9,525,307,791 | \$ 9,102,244,683 | \$ 9,094,918,053 | \$ 9,109,541,826 |
| Bonded debt (15% of Assessed Value) | \$ 927,173,843 | \$ 1,083,247,040 | \$ 1,162,814,184 | \$ 1,273,707,765 | \$ 1,359,857,698 | \$ 1,428,796,169 | \$ 1,365,336,702 | \$ 1,364,237,708 | \$ 1,366,431,274 |
| Total Bonded Debt | 59,105,000 | 64,605,000 | 66,183,260 | 64,234,740 | 62,180,004 | 60,138,458 | 85,302,265 | 82,973,241 | 80,112,833 |
| Less: | | | | | | | | | |
| Special assessment bonds | (1,045,000) | (1,045,000) | (815,000) | (565,000) | (435,000) | (300,000) | (155,000) | - | - |
| Certificates of Participation | (42,125,000) | (42,125,000) | (41,200,000) | (40,245,000) | (39,085,000) | (38,015,000) | (37,015,000) | (35,660,000) | (34,420,000) |
| Lease CAD/RMS | - | - | (3,048,260) | (2,609,740) | (2,175,004) | (1,683,458) | (1,237,265) | (1,238,241) | (772,883) |
| Amount of Debt subject to Limit | 15,935,000 | 21,435,000 | 21,120,000 | 20,815,000 | 20,485,000 | 20,140,000 | 46,895,000 | 46,075,000 | 44,919,950 |
| Legal Debt Margin | \$ 911,238,843 | \$ 1,061,812,040 | \$ 1,141,694,184 | \$ 1,252,892,765 | \$ 1,339,372,698 | \$ 1,408,656,169 | \$ 1,318,441,702 | \$ 1,318,162,708 | \$ 1,321,511,324 |

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

Source: County of Alameda office of Auditor-Controller

**City of San Leandro
Demographic and Economic Statistics
Last Nine Fiscal Years**

| Calendar Year | Population | Personal Income | Per Capita Personnel Income | Median Age | School Enrollment | Median Home Price | Consumer Price Index | Unemployment Rate |
|---------------|------------|-----------------|-----------------------------|------------|-------------------|-------------------|----------------------|-------------------|
| 2003 | 81,101 | \$ - | \$ - | 37.7 | 8,749 | \$ 427,500 | 196.30 | 7.2% |
| 2004 | 81,352 | 3,328,517,080 | 40,915 | 38.4 | 8,654 | 450,000 | 199.00 | 6.0% |
| 2005 | 81,013 | 3,481,452,662 | 42,974 | 40.0 | 8,727 | 527,500 | 201.20 | 5.1% |
| 2006 | 80,928 | 3,697,519,392 | 45,689 | 37.7 | 8,724 | 552,500 | 209.10 | 4.6% |
| 2007 | 81,273 | 3,956,288,367 | 48,679 | 36.7 | 8,729 | 477,500 | 216.12 | 5.0% |
| 2008 | 81,851 | - | - | 37.7 | 8,722 | 363,000 | 225.18 | 6.9% |
| 2009 | 82,472 | - | - | 38.0 | 8,855 | 305,000 | 225.69 | 10.30% |
| 2010 | 83,183 | - | - | 38.9 | 8,801 | 334,194 | 227.70 | 10.80% |
| 2011 | 85,490 | - | - | 39.54 | 9,000 | 309,800 | 232.082 | 10.00% |

Notes: Personal and Per Capita income for 2008 through 2010 is not available.
The City implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation is not available.

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

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

| Employer | 2011 | | | 2001 | | |
|-------------------------------------|---------------------|------|-----------------------------|---------------------|------|-----------------------------|
| | Number of Employees | Rank | Percent of Total Employment | Number of Employees | Rank | Percent of Total Employment |
| San Leandro Unified School District | 1,262 | 1 | 4.30% | 1,157 | 1 | 4.33% |
| City of San Leandro | 453 | 2 | 1.54% | 462 | 5 | 1.73% |
| American Medical Response West | 402 | 3 | 1.37% | - | - | 0% |
| Coscto Wholesale | 333 | 4 | 1.13% | 308 | 10 | 1.15% |
| Coca Cola Bottling Co | 317 | 5 | 1.08% | - | - | 0% |
| North Face, Inc | 314 | 6 | 1.07% | - | - | 0% |
| Wal - Mart Store 2648 | 283 | 7 | 0.96% | 315 | 9 | 1.18% |
| Kindred Hospital- SF Bay Area | 268 | 8 | 0.91% | 657 | 2 | 2.46% |
| Wal - Mart Store 5434 | 257 | 9 | 0.88% | - | - | 0% |
| OSI Soft, Inc | 238 | 10 | 0.81% | - | - | 0% |
| Media Copy | - | - | - | 541 | 3 | 2.02% |
| Macy's Department Store | - | - | - | 322 | 8 | 1.20% |
| Winterland | - | - | - | 500 | 4 | 1.87% |
| Select Personnel Services | - | - | - | 415 | 6 | 1.55% |
| Otis Spunkmeyer | - | - | - | 351 | 7 | 1.31% |

Source: City of San Leandro

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

| Function | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|------------------------------|------|------|------|------|------|------|------|------|------|
| General Government | 64 | 62 | 58 | 59 | 57 | 59 | 62 | 55 | 49 |
| Police | 151 | 150 | 151 | 142 | 141 | 147 | 150 | 142 | 133 |
| Engineering & Transportation | 28 | 29 | 32 | 31 | 30 | 29 | 30 | 30 | 25 |
| Development Services | 34 | 34 | 24 | 24 | 24 | 24 | 23 | 19 | 18 |
| Public Works Services | 115 | 119 | 121 | 123 | 118 | 120 | 122 | 113 | 104 |
| Other Agencies | 8 | 6 | 6 | 6 | 8 | 9 | 8 | 9 | 8 |
| Library | 40 | 40 | 37 | 37 | 45 | 46 | 49 | 40 | 33 |
| Recreation & Human Services | 54 | 54 | 54 | 54 | 57 | 73 | 57 | 45 | 35 |
| Total | 494 | 494 | 483 | 476 | 480 | 507 | 501 | 453 | 405 |

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 Nine Fiscal years**

| | Fiscal Year | | | | | | | | |
|---------------------------------|-------------|---------|---------|---------|---------|---------|---------|--------|--------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| <u>Police Department:</u> | | | | | | | | | |
| Arrests | 4,678 | 4,853 | 4,775 | 4,769 | 3,769 | 3,939 | 4,026 | 3,722 | 3486 |
| <u>Building Department:</u> | | | | | | | | | |
| Permits Issued | 4,029 | 3,976 | 3,957 | 4,014 | 2,791 | 3,569 | 2,541 | 2,507 | 2,446 |
| <u>Public Works Department:</u> | | | | | | | | | |
| Street resurfacing (miles) | 3 | 2 | 2 | 3 | - | 2 | 2 | 3 | 4.5 |
| <u>Parks and Recreation:</u> | | | | | | | | | |
| Number of registrants | 20,393 | 20,372 | 17,848 | 13,203 | 18,033 | 21,850 | 18,413 | 16,584 | 17,099 |
| Number of facility rentals | 683 | 645 | 634 | 542 | 602 | 746 | 752 | 705 | 1,190 |
| <u>Golf Course:</u> | | | | | | | | | |
| Golf rounds played | 132,000 | 112,000 | 109,000 | 106,000 | 110,104 | 102,182 | 101,760 | 98,000 | 98,000 |

Notes:

Fire Services are contracted with the Alameda County Fire Department.
The City implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation is not available.

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

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

| | Fiscal Year | | | | | | | | |
|--|-------------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| <u>Police:</u> Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| <u>Fire:</u> Fire Stations | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| <u>Park and Recreation:</u> Parks | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Community Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 |
| <u>Public works:</u> Streets (miles) | 175 | 175 | 180 | 180 | 180 | 180 | 180 | 180 | 180 |
| Streetlights | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,005 | 5,005 | 5,005 | 5,005 |
| Traffic signals | 8,500 | 8,500 | 8,500 | 8,500 | 8,500 | 8,600 | 8,600 | 8,600 | 8,600 |
| <u>Wastewater:</u> Sanitary Sewer Lines (miles) | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| Storm Drainage Lines In the City (miles) | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 |
| <u>Golf Course:</u> Courses | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |

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

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

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

| Fiscal Year Ended | General Bonded Debt Outstanding | | | | Percentage of Actual Taxable Value of Property | Per Capita |
|-------------------|---------------------------------|---------------------|------------------------------------|---------------|--|------------|
| | General Obligation Bonds | Redevelopment Bonds | Redevelopment Owners Participation | Total | | |
| 2003 | \$ 28,485,000 | \$ 30,450,000 | \$ 4,862,061 | \$ 63,797,061 | 0.69% | \$ 59.95 |
| 2004 | 37,360,000 | 26,200,000 | 4,016,345 | 67,576,345 | 0.68% | 49.37 |
| 2005 | 36,565,000 | 25,765,000 | 3,699,287 | 66,029,287 | 0.62% | 45.66 |
| 2006 | 35,745,000 | 25,315,000 | 5,256,610 | 66,316,610 | 0.59% | 64.95 |
| 2007 | 34,720,000 | 24,850,000 | 4,490,020 | 64,060,020 | 0.52% | 55.25 |
| 2008 | 33,790,000 | 24,365,000 | 3,964,006 | 62,119,006 | 0.47% | 48.43 |
| 2009 | 32,780,000 | 51,130,000 | 3,505,859 | 87,415,859 | 0.63% | 42.83 |
| 2010 | 31,730,000 | 50,005,000 | 4,688,993 | 86,423,993 | 0.65% | 57.29 |
| 2011 | 30,645,000 | 48,695,000 | 4,436,553 | 83,776,553 | 0.64% | 54.20 |

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