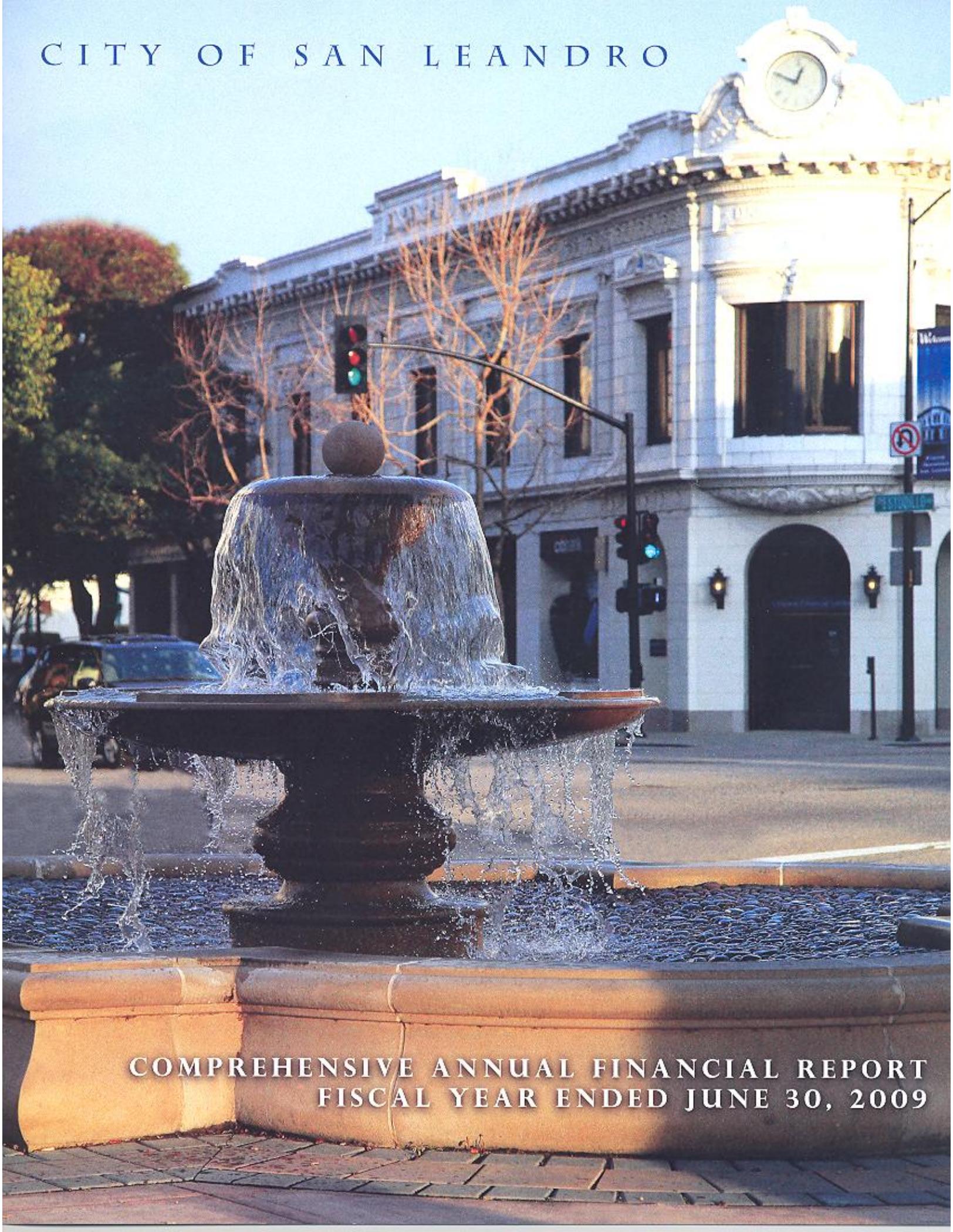


CITY OF SAN LEANDRO



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009

CITY OF SAN LEANDRO, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2009



PREPARED BY: City of San Leandro – Finance Department
Perry H. Carter, Interim Finance Director



City of San Leandro
Comprehensive Annual Financial Report
For the year ended June 30, 2009

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



December 24, 2009

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 Comprehensive Annual Financial Report (CAFR) of the City of San Leandro for the fiscal year ended June 30, 2009. 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 data 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 of San Leandro (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, 2009.

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 of the City 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.

Vavrinek, Trine, Day and Company, LLP, a public accounting firm fully licensed and qualified to perform audits of local governments within the State of California, has audited the City’s basic financial statements. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City for the fiscal year ended June 30, 2009, are free of

Tony Santos, Mayor

City Council:

Michael J. Gregory;
Diana M. Souza;

Jim Prola;
Joyce R. Starosciak;

Ursula Reed;
Bill Stephens



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 June 30, 2009 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.

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, 2008. 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 GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our 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.

THE REPORTING ENTITY

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 82,000 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.

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; highways and streets; recreation, library and cultural services; health services; public improvements; planning and zoning and general administrative services.

As of June 30, 2009 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, 2009 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 of San Leandro 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. 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.

The City Council is required to adopt a final budget through the passage of a resolution no later than June 30th, 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 of San Leandro'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.

ECONOMIC CONDITION OF THE CITY

The City of San Leandro has a diverse and strong economy, with its business community comprised of a diverse collection of 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 continued development of such projects as a new downtown parking structure, a 300 unit multi-family housing development, the siting of a new regional hospital, and the planned revitalization of downtown San Leandro.

In general, the economy at both the national level and for the City of San Leandro is projected to continue under duress for fiscal year 2009-10. The primary reasons for continued poor economic performance are the ongoing recession and significant problems with the State budget. The recession has dealt the City a double blow in terms of local revenue declines and fall out from the State's budget balancing actions.

In particular, sales tax, a major revenue source, continues to decline. As consumers, and business, cut back on spending, in response to the recession, less revenue is generated for the City. For example, in fiscal year 2004-05 the City's General Fund collected approximately \$21.7 million in sales tax revenue. This amount fell to \$19.3 million in 2008-09, a decrease of \$2.4 million (over 11%). Similarly, property tax revenue which generally shows positive growth of several percent each year is remaining flat due to continuing downward pressure on property values and the number of sale transactions.

The State is also facing significant budget challenges. Unfortunately, the state legislature has chosen to share those challenges with local government. More specifically, the state legislature enacted provisions under Proposition 1A which allow the diversion of local property taxes to the State treasury. While these "borrowed" funds must be paid back to local government in three years, local government is burdened with the immediate problem of reduced cash flows. In addition, the State has taken substantial property tax increment revenue from California redevelopment agencies to pay for State educational funding obligations. This action by the State is being challenged in court; however, the outcome is far from certain. Regardless, in the short term, important projects of the San Leandro RDA must be curtailed and/or postponed to meet this imposed financial crisis.

While San Leandro's underlying economy is viewed as robust in the long-term, the economic challenges presented to the City "today", most notably in the City's General Fund must be met head on. To that end staff has recommended and the City Council has approved various cost cutting measures applicable to both 2008-09 and 2009-10. Such actions result in unwanted, but unavoidable reductions in service to the community. From a financial perspective, the City has been able to maintain Council designated reserves, including those for emergencies and economic uncertainties of approximately \$15 million in the General Fund at June 30, 2009. These reserves, if needed, can be used by Council as a buffer during periods of economic downturn. That is, planned adjustments to service levels can be made versus "knee jerk" reactions to financial ups and downs.

Consequently, the City of San Leandro, along with the State and the nation in general, continues to navigate turbulent economic times. Unfortunately, the weather pattern does not indicate relief in the near term. As a result, the City continues to monitor revenues, examine expenditures and adjust its budget to maintain financial stability.

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 2008-09 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

Senior Center Project During 2007-08 the City's Redevelopment Agency completed financing for a new Senior Center. Construction began in earnest in 2008-09 and significant progress was made by 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 San Leandro Community for many years to come.

Downtown Parking Garage Key to development plans for the Downtown is a four story parking garage. During 2007-08, the City's Redevelopment Agency was successful in completing financing for the new structure. Design of the new garage began last year and construction of the new facility began in 2008-09. Also, in 2008-09 construction of a nearby surface lot was completed which will accommodate parking from the old structure during construction. The new facility replaces a smaller, outdated structure which is not adequate to meet current needs.

Major Housing Project A major (1,000 unit) multi-phased new housing development made significant progress in 2008-09. In April of 2009 the City Council and RDA authorized several actions including providing financing for a 100 unit affordable family apartment component of the overall project. The affordable family apartment's project will be the first development to implement the City's Transit Oriented Development Strategy adopted in September, 2007.

Transit Oriented Development (TOD) will shape the future of San Leandro's downtown development and create a more transit-oriented, pedestrian friendly environment. The new Transit Oriented Development Strategy creates a long-term vision on how San Leandro can transform itself to accommodate expected growth while taking advantage of existing assets such as transit, the downtown core, surrounding neighborhoods and the creek to create a vibrant and attractive downtown. The major housing project discussed briefly above is an example of how this important policy will be implemented in San Leandro.

COUNCIL FINANCIAL POLICIES

Over the years, the San Leandro City Council has followed a series of Financial Values which were used primarily to guide the budget process. In addition, the Council adopted, by resolution, specific Budget Administration guidelines which set out guidance for fund balance designations and reserves management.

More specifically, the Budget Administration guidelines noted above 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 funds 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 2009-10 the guideline requirement is approximately \$15.3 million.

I am happy to report that even during these difficult economic times, the designations reported in the accompanying financial statements come very close to meeting the guidelines referenced above. For example, the 2008-09 financial statements reflect Council designations for Major Emergencies, \$5.0 million, Economic Uncertainty, \$7.7 million, and Equipment and Capital Projects, \$1.8 million. Together these designations total approximately \$14.5 million. Again, these designations do not fully meet the guideline amount of \$15.3 million. However, \$14.5 million in designated fund balance does represent substantial progress toward the guidelines, particularly during a period of economic slowdown.

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.

CERTIFICATE OF ACHIEVEMENT

The City of San Leandro was awarded the Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008 from the Government Finance Officers Association of the United States and Canada (GFOA). 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 only. We believe that this comprehensive annual financial report for fiscal year 2008-09 continues to meet the Certificate of Achievement Program's requirements. Accordingly, we submit this year's CAFR to the GFOA for determination of eligibility for another certificate.

ACKNOWLEDGMENTS

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 timeliness of the report possible. Furthermore, I would like to thank Vavrinek, Trine, Day, and Company for their professional assistance and cooperation. Finally, I want to thank Steve Hollister, 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 in a responsible and progressive manner.

Respectfully submitted,

Perry H. Carter, CPA (inactive)
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, 2008

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.



President

Executive Director

PRINCIPAL OFFICERS
CITY OF SAN LEANDRO
For Fiscal Year Ended June 30, 2009

CITY COUNCIL

Mayor	Tony Santos
Vice Mayor	Joyce R. Starosciak
Councilmember	Michael J. Gregory
Councilmember	Jim Prola
Councilmember	Ursula Reed
Councilmember	Diana M. Souza
Councilmember	Bill Stephens

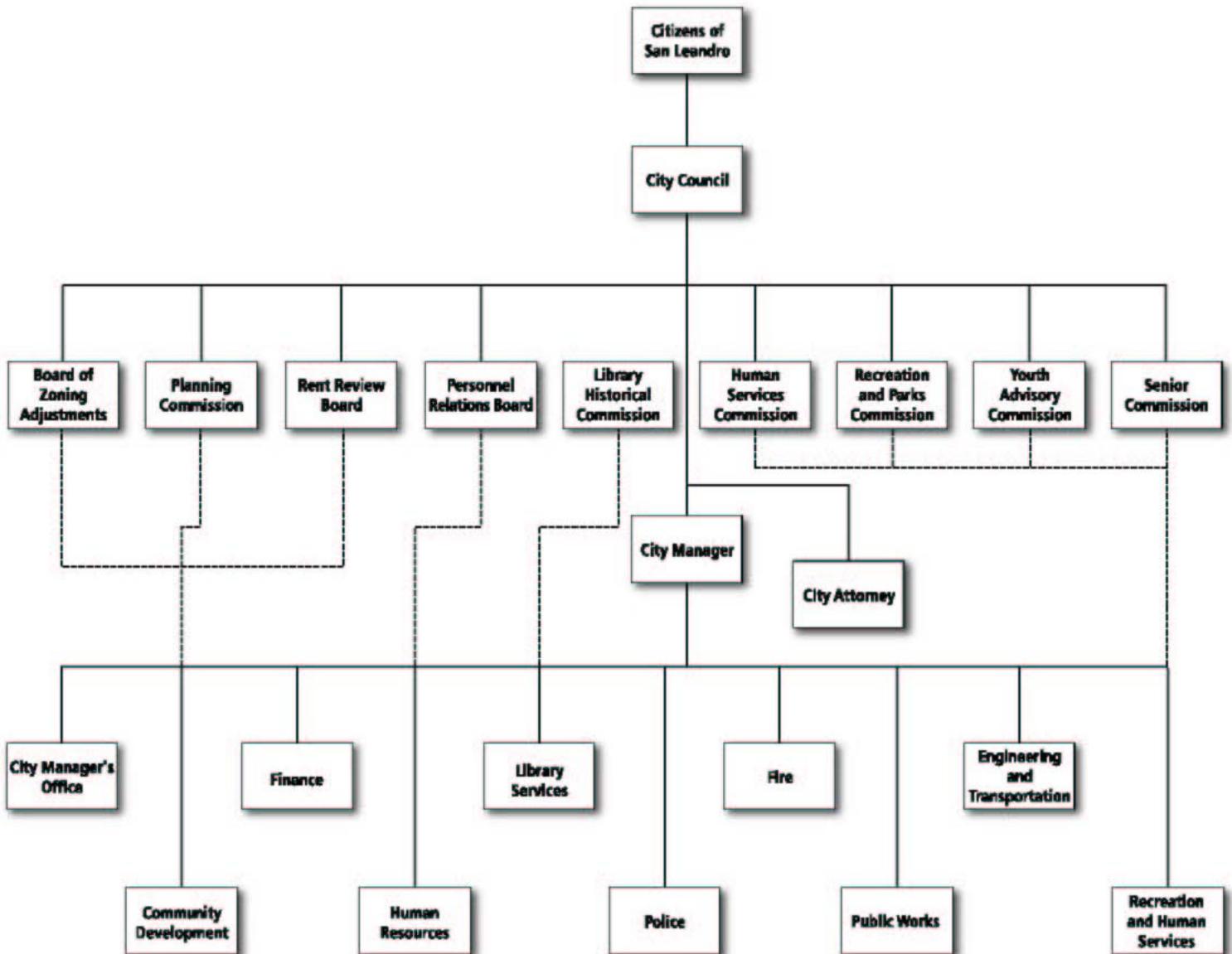
COUNCIL APPOINTEES

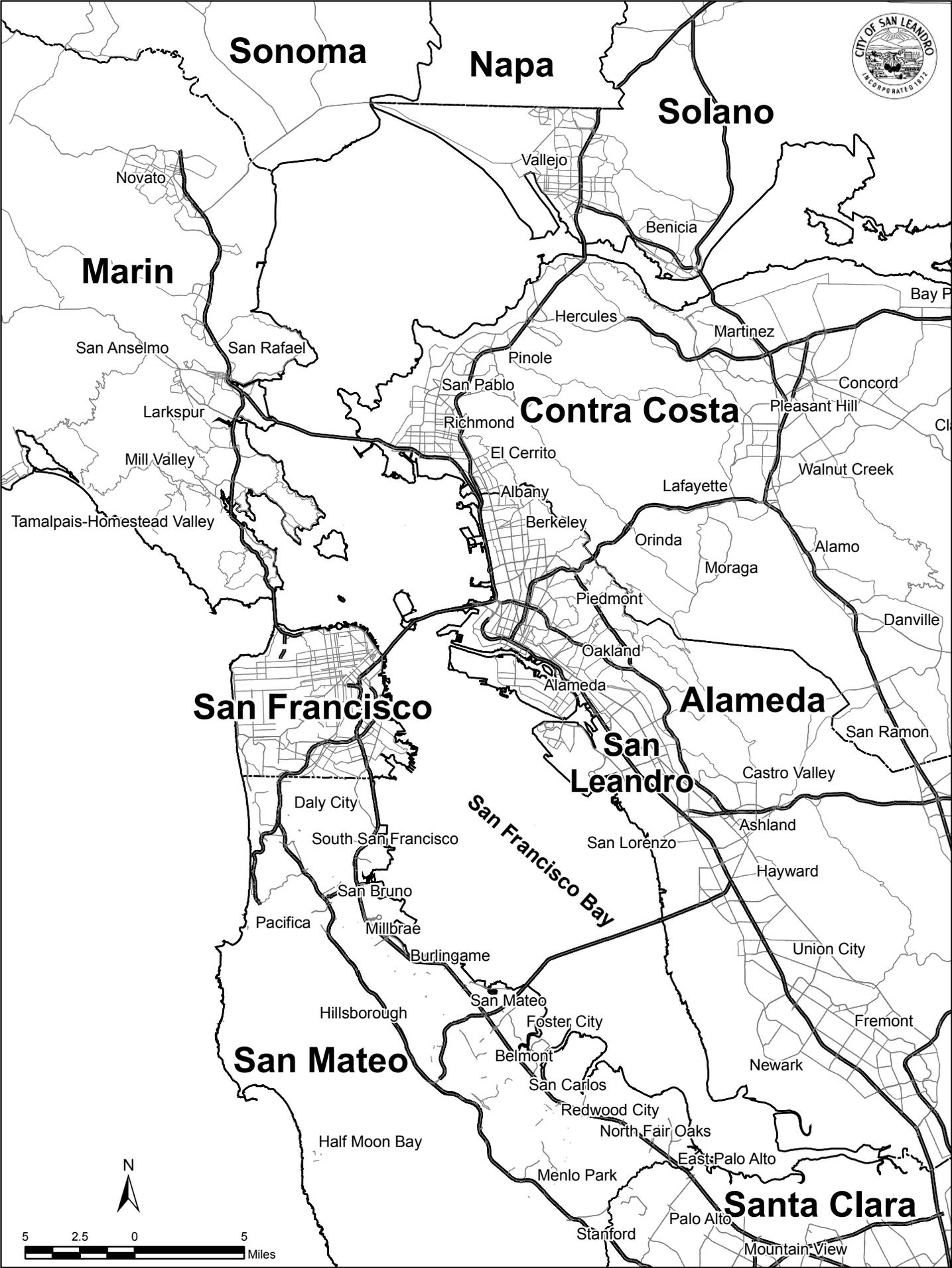
City Manager	Stephen L. Hollister
City Attorney	Jayne W. Williams

APPOINTED OFFICIALS

Interim Assistant City Manager	Jacqui Diaz
City Clerk	Marian Handa
Police Chief	Ian Willis
Community Development Director	Luke Sims
Interim Finance Director	Perry H. Carter
Library Services Director	David Bohne
Recreation and Human Services Director	Carolyn Knudtson
Human Resources Director	Justinian Caire
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.





Sonoma

Napa

Solano

Marin

Contra Costa

San Francisco

Alameda

San Leandro

San Mateo

Santa Clara







VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council
City of San Leandro, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Leandro, California, (City) as of and for the year ended June 30, 2009, 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Leandro, California, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 14 to the financial statements, the City adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, in the fiscal year ending on June 30, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2009 on our consideration of the City's internal control over financial reporting and 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 conjunction with this report in considering the results of our audit.

The management's discussion and analysis, schedule of funding progress for retirement and other postemployment benefits, and budgetary comparison information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. This required supplementary information is the responsibility of the management of the City. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and accordingly, we do not express an opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, statistical section, combining and individual fund financial statements and budgetary schedules as listed in the table of contents are presented for purpose of additional analysis and are not a required part of the basic financial statements of the City. These financial statements and schedules are also the responsibility of the management of the City. The combining and individual nonmajor fund financial statements and budgetary schedules as listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Varrinet, Trine, Day & Co., LLP.

Pleasanton, California
December 15, 2009

CITY OF SAN LEANDRO, CALIFORNIA
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

Management of the City of San Leandro (the "City") provides this Management Discussion and Analysis of the City's Comprehensive Annual Financial Report (CAFR) for readers of the City's financial statements. This narrative overview and analysis of the financial activities of the City is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal found in the preceding Introductory Section, and with the City's basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at fiscal year ending June 30, 2009 by \$347.7M. Of this amount, \$294.1M was invested in capital assets, net of related debt. The balance was restricted for capital projects of \$20.8M, debt service \$5.9M, special revenue \$5.5M, and unrestricted \$21.4M. This includes all City and Redevelopment Agency assets and liabilities. The City's total net assets decreased by almost \$21.7M; representing \$23.6M decrease in governmental and a \$1.9M increase in Business type activities.
- At the close of the current fiscal year, the City's governmental funds including the general, special revenue, debt service, capital projects and Redevelopment funds, reported combined ending fund balances off \$73.3M, an increase of \$8M in comparison with prior year. The change primarily reflects a \$10.9M increase in funding for capital projects from the new debt issued in July of 2008. Approximately \$48.5M is reserved for capital projects, debt, and operations, \$15.1M (all in general fund) is designated for various purposes, and \$9.7M (of which \$5.8M is in special revenue funds and \$3.9M in capital projects funds) undesignated. Governmental fund balances in various funds are subject to legal, contractual, or policy restrictions relating to those funds.
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$15.1M, or 19.3% of total general fund expenditures. This amount includes \$5M emergency designation, \$7.7 economic uncertainty, \$1M fire equipment acquisition, and a \$1.4M other designations.
- The City's long-term debt increased by \$26M due to the new Tax allocation bond issued for the Redevelopment Agency's Joint Project Area.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: government-wide financial statements; fund financial statements; and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to statements of a private-sector business. They 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 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 Water Pollution Control Plant, Environmental Services, Shoreline Enterprise, and Storm Water Utility.

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

The government-wide financial statements can be found on pages 21 through 23 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 most 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 90 through 120 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 financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial capacity.

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

The City has 25 governmental funds, of which 3 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 3 major funds are - the General Fund, Redevelopment Agency Capital Projects Fund, and the Redevelopment Agency Low/Moderate Housing Capital Projects Fund. Data from the other 22 governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 27 through 31 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 same 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 its fleet of vehicles, facilities, insurance services and its information systems.

Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the governmental-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 33 through 36 of this report.

Fiduciary Funds – Fiduciary funds, which consist 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 those funds are not available to support the City’s own programs. The fiduciary funds statement of net assets can be found on page 39.

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 41 through 80 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 participation in the California Public Employees Retirement System (CALPERS) 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 83 through 85 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets. As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the City, total assets exceeded liabilities by \$347.7M at the close of the fiscal year.

By far the largest portion of the City’s net assets, 84.6% reflect its investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment), less any outstanding related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, 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 i.e. future income, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, 9.2% represents resources that are subject to external restriction on how they may be used. The remaining balance of 6.2% or \$21.4M represents unrestricted net assets.

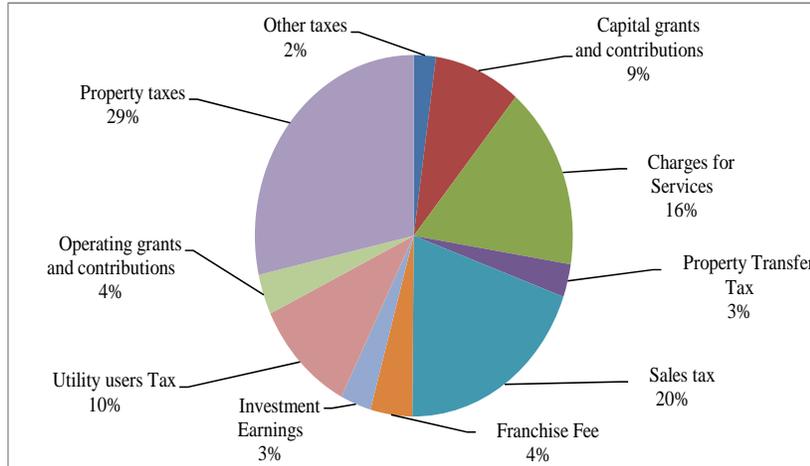
A summary of the government-wide statement of Net Assets is as follows:

City of San Leandro						
Net Assets at June 30, 2009						
(in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current Assets	\$ 98,402	\$ 85,234	\$ 30,720	\$ 29,820	\$ 129,122	\$ 115,054
Non-Current Assets	19,317	21,205	(7,648)	(8,312)	11,669	12,893
Capital Assets	318,237	323,223	15,796	14,161	334,034	337,384
Total assets	<u>435,956</u>	<u>429,662</u>	<u>38,868</u>	<u>35,669</u>	<u>474,824</u>	<u>465,331</u>
Current and other liabilities	24,066	19,877	2,563	1,134	26,629	21,011
Long-term liabilities	97,240	71,532	3,189	3,336	100,429	74,868
Total liabilities	<u>121,306</u>	<u>91,409</u>	<u>5,752</u>	<u>4,470</u>	<u>127,058</u>	<u>95,879</u>
Net assets:						
Invested in capital assets, net of related debt	281,144	288,813	12,992	11,198	294,136	300,011
Restricted	32,179	39,410	-	-	32,179	39,410
Unrestricted	1,326	10,030	20,123	20,001	21,449	30,031
Total net assets	<u>\$ 314,649</u>	<u>\$ 338,253</u>	<u>\$ 33,115</u>	<u>\$ 31,199</u>	<u>\$ 347,764</u>	<u>\$ 369,452</u>

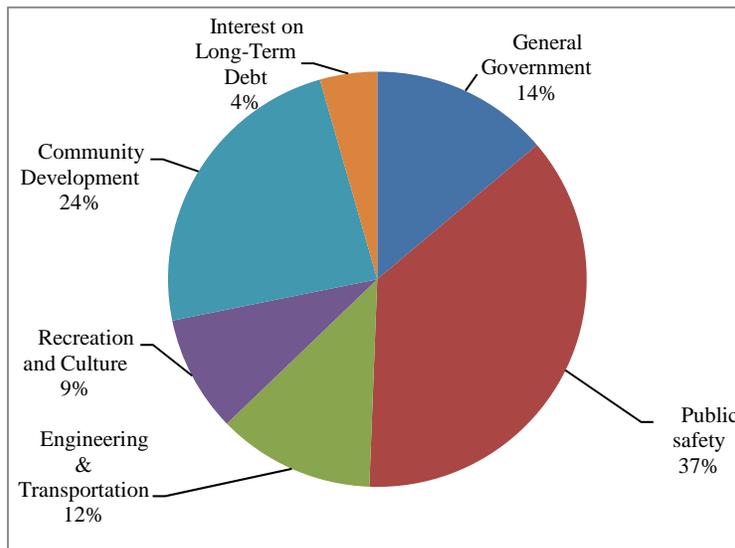
At the end of the fiscal year, the City is able to report positive balances in all three categories of net assets, both for government as a whole as well as for its business-type activities. The net assets decreased by (\$21.7M) during the fiscal year. The decrease is the net result of all revenues and expenses including the increase in capital projects due to the new debt incurred, and cannot be attributed to any specific items.

Governmental Activities – The two charts that follow show the revenues, program and general, and expenses by function for all City activities, including the Redevelopment Agency.

Revenues by Sources – Governmental Activities



Expenses by Function – Governmental Activities



City of San Leandro
Changes in Net Assets
Year Ended June 30,2009
(in thousands)

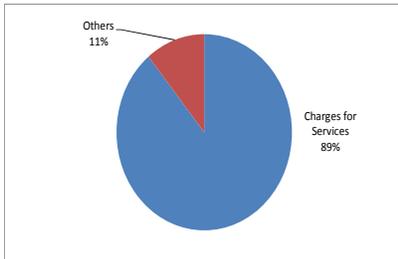
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for Services	\$ 15,972	\$ 20,126	\$ 14,275	\$ 14,833	\$ 30,247	\$ 34,959
Operating grants and contributions	3,491	5,836	-	-	3,491	5,836
Capital grants and contributions	8,590	9,303	-	-	8,590	9,303
General revenues:						
Property taxes	27,655	26,200	-	-	27,655	26,200
Sales tax	19,096	22,252	-	-	19,096	22,252
Franchise Fee	4,126	4,143	-	-	4,126	4,143
Utility users Tax	10,103	10,420	-	-	10,103	10,420
Property Transfer Tax	2,870	2,925	-	-	2,870	2,925
Motor Vehicle License Fees	279	361	-	-	279	361
Other taxes	294	320	296	342	590	662
Investment Earnings	3,025	3,836	929	1,616	3,954	5,452
Gain on sale of assets	-	-	-	-	-	-
Miscellaneous	1,597	658	533	432	2,130	1,090
Total Revenues	97,098	106,380	16,033	17,223	113,131	123,603
Expenses						
General Government	16,572	17,380	-	-	16,572	17,380
Public safety	44,229	44,061	-	-	44,229	44,061
Engineering & Transportation	15,102	16,293	-	-	15,102	16,293
Recreation and Culture	11,416	15,064	-	-	11,416	15,064
Community Development	28,119	15,726	-	-	28,119	15,726
Interest on Long-Term Debt	5,350	3,237	-	-	5,350	3,237
Water Pollution Control	-	-	9,249	9,094	9,249	9,094
Shoreline	-	-	2,244	2,355	2,244	2,355
Storm Water Utility	-	-	993	897	993	897
Environmental Services	-	-	1,545	1,460	1,545	1,460
Total Expenses	120,788	111,761	14,031	13,806	134,819	125,567
Excess(deficiency)of revenues over expenses before transfer	(23,690)	(5,381)	2,003	3,417	(21,687)	(1,964)
Transfer	86	(182)	(86)	182		
Increase in net assets	(23,604)	(5,563)	1,917	3,599	(21,687)	(1,964)
Beginning net assets	338,253	343,816	31,199	27,600	369,452	371,416
Ending net assets	\$314,649	\$338,253	\$33,116	\$31,199	\$ 347,765	\$ 369,452

- Charges for services in Governmental activities are primarily fees for recreation, building, fire, planning, and engineering. The decrease in charges of (\$4.2M) reflects the decline in economy due to consumer confidence especially in Community development indicating a (57%) decline in building permits from prior year. The decrease in charges for services in Business-Type activities is primarily due to the annual decrease in sewer charges.

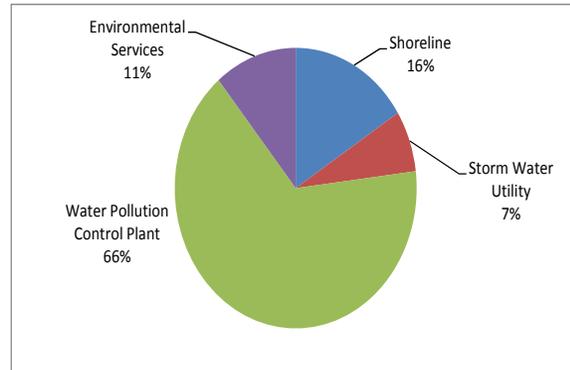
- Operating grants and capital grants and contributions include Federal and State grants and other governments and private contributions including impact fees. Operating grant revenues decreased by (\$2.3M) from prior year largely due to the completion of the Islander, a low-mod federal housing project for \$1.4M and the ending of the Federal grant After School Education and Safety Program which generated \$600K.
- Property taxes include the general, voter-approved, and the redevelopment property taxes. The increase in property tax revenue is due to increases in assessed values. Although the housing market experienced a decline in value, the annual assessment increased by \$1.5M for current fiscal year.
- Sales tax is an excise tax imposed on the sale of physical inventory. The City currently receives 1% out of the 9.75% sales tax collected by the State in Alameda County. For the 2008-09 fiscal year, sales tax revenue experienced a historical low, a (\$3.2M) or 14.2% decline from prior fiscal year, primarily due to the economic downturn.
- The City imposes a 6% Users Utility Users Tax (UUT) on services that provide gas, electric and cable and a 5.7% on telephone services. The UUT decreased by \$317K due to the decrease in natural gas and electric usage.
- General government expenses include City Council, City Clerk, City Manager, City Attorney, Human Resources, Finance, and Information Technology departments.
- Public Safety expenses cover Police and Fire services.
- 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. 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 as well as providing essential connection to people and their needs in the community and meeting the educational, cultural and informational needs of citizens of the City.
- Community Development expenses include planning, building, housing neighborhood improvements, code enforcement, economic development, and the Redevelopment Agency. Community Development expenses increased by \$12.4M compared to prior fiscal year which can be attributed to the increase in expenses in the Redevelopment Agency Capital Projects due to the new 2008 Tax Allocation Bond debt issued in July 2008.

Business-Type Activities. Business-Type activities net assets increased by \$2M from the prior fiscal year. In spite of the decline in revenues, expenditures were also reduced resulting in a nominal increase in net assets.

Revenues by Source – Business-Type Activities



Expenses by Function - Business-Type Activities



FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

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

As of June 30, 2009, the City’s governmental funds, including the general, special revenue, debt service, capital projects, and Redevelopment Agency funds, reported combined ending fund balances of \$73.3M, an increase of \$8M in comparison with the prior year. Approximately, \$48.5M is reserved to indicate that it is not available for new spending because it has already been committed (1) to pay for existing contracts and purchase orders, (2) to pay for debt services, and (3) capital projects. \$15.1M is not reserved (which is in the general fund), but is designated and is subject to restrictions relative to the various funding sources. The remaining \$9.7M is unreserved and undesignated to various funds.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year unreserved fund balance in the General Fund was \$15.1M, while total fund balance was \$29.7M. As a measure of the general fund’s liquidity, it may be useful to compare both unreserved fund balance and total fund balance to the total fund expenditures. Unreserved fund balance represents 19.3% of that same amount. The General Fund balance decreased by (\$7.6M) 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 the 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 reserved fund balance at the end of fiscal year was \$22.1M, an increase of \$10.9M from the prior fiscal year. The increase is attributable to the issuance of the new Tax Allocation Bonds, for \$27.7M in bond proceeds offset by a \$13.6M increase in expenditures for capital projects.

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 fiscal year 2008-09, the unreserved fund balance was \$2.3M, an increase of \$876K from the prior fiscal year.

Proprietary Funds

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

The total net assets of the enterprise funds slightly increased by \$2M which are primarily reflected in the Water Pollution Control Plant and Shoreline's net income of \$2.2M and \$136K respectively. Unrestricted net assets of internal service funds at June 30, 2009 amounted to \$13.8M, a slight decrease of \$440K due to increases in expenditures.

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 the community's wastewater and wastewater solids. As of June 30, 2009, the fund's net assets totaled almost \$34.5M, of which \$9.0M was restricted and \$25.6M was unrestricted.

Shoreline Enterprise Fund - The Shoreline Enterprise Fund was established in 2002-03 to combine the Marina Enterprise Fund and the Golf Course Enterprise Fund. This fund accounts for the operation of recreational berthing and food service facilities and the golf course for use by the general public. As of June 30, 2009, the fund's net assets totaled (\$2.9) million. The fund had a deficit fund balance of (\$6.9) million in the unrestricted portion of the net assets. The deficit has accumulated over the years and reflects the transfer of golf course assets in 2003 pursuant to the City's lease with American Golf Company. The deficit will be eliminated through cost containment and revenue enhancement.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund condition worsened during the year. The revenues came in at \$71.1M, below the original budget by (\$4.9M). The economic downturn continues and increasingly affects the labor market as unemployment continues to rise up. The surge in unemployment deteriorated the labor market which is affecting consumer confidence. The decline in consumer confidence is clearly confirmed in the City's financial reports as property and consumer good sales take a downward turn to approximately (\$4.7M) in comparison to the original budget for the current year. Another indication of the decline in consumer confidence is that property and sales tax combined decreased this current year by a (\$3.3M) or (6%) drop compared to prior fiscal year.

Overall expenditures came under budget by \$3.8M in the fiscal year 2008-09 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.

Significant amendments to the fiscal year 2008-09 budget include the transfer of \$316K from the Asset Seizure reserve for the purchase of the Police Mobile Command Post vehicle and a \$500K transfer to fund the Other Post Employment Benefit this fiscal year.

The following is a summary of the General Fund budget and actual for the current fiscal year.

CITY OF SAN LEANDRO
Summary Analysis of General Fund Budget, Fiscal Year 2008-09
(in thousands)

	Budget Amounts		Actual (budget basis)	Variance with final budget positive/ (negative)
	Adopted	Final		
Revenue				
Property and other taxes	\$58,159.1	\$58,159.1	\$53,445.2	(\$4,713.9)
Licenses and permits	5,925.4	5,925.3	5,879.1	(46.2)
Fines and forfeitures	1,210.0	1,210.0	1,296.6	86.6
Service charges	4,895.6	4,895.6	4,649.8	(245.8)
Intergovernmental	1,241.5	1,241.5	1,306.3	64.8
Use of money and property	2,251.0	2,251.0	1,835.4	(415.6)
Interdepartment charges	1,858.5	1,858.5	1,858.5	-
Other	482.3	611.8	862.2	250.4
Total Revenues	<u>76,023.4</u>	<u>76,152.8</u>	<u>71,133.1</u>	<u>(5,019.7)</u>
Expenditures				
General government	10,631.8	10,701.0	10,865.3	(164.3)
Public safety	45,923.2	46,202.3	45,198.5	1,003.8
Engineering and transportation	8,870.7	9,110.9	7,717.9	1,393.0
Recreation and culture	11,533.3	11,797.7	10,578.9	1,218.8
Community development	3,367.5	3,626.0	3,234.3	391.7
Debt Service:				
Principal	446.1	446.1	446.1	0.0
Interest and Fees	56.0	56.0	56.0	0.0
Total Expenditures	<u>80,828.6</u>	<u>81,940.0</u>	<u>78,097.0</u>	<u>3,843.0</u>
Total excess (deficiency of revenues) over expenditures	(4,805.2)	(5,787.2)	(6,963.9)	(1,176.7)
Other financing sources (uses)				
Transfers in	1,000.0	1,500.0	1,500.0	-
Transfers out	(1,605.0)	(2,149.0)	(2,149.0)	-
Total other financing sources (uses)	<u>(605.0)</u>	<u>(649.0)</u>	<u>(649.0)</u>	<u>-</u>
Net change in fund balance	<u>(\$5,410.2)</u>	<u>(\$6,436.2)</u>	<u>(\$7,612.9)</u>	<u>(\$1,176.7)</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of June 30, 2009, amounts to \$334M (net of accumulated depreciation), which is a decrease of \$3M. 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 items.

Major Capital asset activity during the current fiscal year included the following: Acquisition of land at Laura Ave, Citywide Street Rehabilitation specifically at the Davis/Doolittle intersection, West Estudillo and MacArthur Streetscape.

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

City of San Leandro Capital Assets (net of depreciation) Year Ended June 30, 2009 (in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$17,526	\$16,821	\$ 3,578	\$ 3,578	\$ 21,104	\$ 20,399
Construction in progress	28,352	31,133	2,724	850	31,076	31,983
Total non-depreciable assets	45,879	47,954	6,302	4,428	52,180	52,382
Depreciable assets (net of depreciation)						
Buildings	46,812	46,762	4,903	5,143	51,715	51,906
Improvements other than buildings	280	337	-	-	280	337
Machinery and equipment	4,087	4,736	2,921	2,994	7,008	7,730
Licensed Vehicles	3,818	3,386	40	45	3,858	3,430
Infrastructure	217,361	220,048	1,631	1,552	218,992	221,600
Total depreciable assets	272,358	275,269	\$9,495	\$9,734	281,853	285,003
Total capital assets	<u>\$ 318,237</u>	<u>\$ 323,223</u>	<u>\$ 15,797</u>	<u>\$ 14,162</u>	<u>\$ 334,033</u>	<u>\$ 337,385</u>

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 \$94.5M, an increase of \$26.3M from the prior fiscal year. The net increase primarily reflects the new 2008 Tax Allocation bond issued in July 2008 secured by specified revenue sources such as the Redevelopment Agency tax increments.

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 30,2009
(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenue bonds and notes (backed by specific tax and fee revenues)	\$47,323	\$20,358			\$47,323	\$20,358
Certificates of participation	37,274	38,450			37,274	38,450
Other loans	7,063	6,345	2,804	2,964	9,867	9,309
Total	<u>\$91,660</u>	<u>\$65,153</u>	<u>\$2,804</u>	<u>\$2,964</u>	<u>\$94,464</u>	<u>\$68,117</u>

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

Recent economic indicators show that the national economy is showing some signs of recovery. At the local level, however, indicators are mixed. Unemployment remains high and many forecasters think that unemployment will continue at present levels for some time. Also, for California, the State budget continues in a state of disarray. Some are forecasting a \$15 to \$25 billion dollar short fall for 2010-11. Without question, budget deficits of this magnitude will have negative impacts to local economies and city budgets. Unfortunately, when and where remains a guessing game at best and introduces significant uncertainty to budgeting at the local level.

Regardless, the City of San Leandro, along with many other local agencies, must react to falling revenues in the short term. For example, the mortgage “sub prime” meltdown and associated real estate market downturn which began to emerge during the second quarter, March 2007 has caused considerable belt tightening by consumers and businesses alike. Some of the impacts are property tax and real property transfer tax revenues which have been greatly reduced. Other consumer economic activity such as retail sales, including autos, food, gasoline, restaurant and general merchandise have plummeted. Compounding these events have been high energy prices, economic uncertainty, and tighter credit conditions. As a result, lower than expected retail sales are resulting in lower sales tax revenue for cities. Together, all of these factors, along with a less severe but still significant decline in the stock market, has caused local revenues to contract. The

result is that individuals, along with businesses are cautious about the economy and reluctant to make major financial commitments.

Fiscal year 2008-09 clearly reflects the beginning of the economic turmoil which began in 2007. For example, sales tax revenues of nearly \$19.1M were \$3.2M less than the \$22.3M received in fiscal year 2007-08. In the past few years, the City benefited in double digit percentage increases in property taxes prior to the downturn in the economy since fiscal year end 2007-08. However, a modest increase in property tax of about 5.5% increase or \$1.5M certainly helps with the weakened sales tax income for the current fiscal year. Other principal revenue sources including the Business License Tax and utility user taxes are holding their own as of June 30, 2009.

The 2009-10 budget continues to focus on City Council priorities which are directed toward essential services, and maintaining a strong commitment to neighborhoods. None the less, the 2009-10 operating budget for the General Fund reflects significant cut backs in staffing and programs. The City Manager recommended and the City Council approved general cutbacks of 5% in Police and Fire budgets and up to 15% in all other budgets. In terms of personnel, over 40 FTE's are eliminated in the 2009-10 budget. With the bleak economic condition of the national and local economies, the challenge to the City is to keep expenditures within available resources and balanced. Property related revenues are projected to grow but at a much lesser rate than experienced during that last three fiscal years, from 8% to as low as a 2% growth. With respect to expenditures, some belt tightening is being implemented in the middle of the 2009-10 fiscal year to soften the potential loss and to minimize the use of reserves. 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 some of the 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, 2009

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments (Note 2)	\$ 59,158,166	\$ 27,628,592	\$ 86,786,758
Cash and investments with fiscal agent	31,271,466	-	31,271,466
Unrestricted receivables:			
Accounts	5,108,943	1,339,734	6,448,677
Interest	641,591	94,555	736,146
Special assessments	156,051	40,534	196,585
Restricted receivables	1,560,425	-	1,560,425
Inventory and prepaid items	136,320	-	136,320
Other assets	368,692	1,616,500	1,985,192
Total current assets	<u>98,401,654</u>	<u>30,719,915</u>	<u>129,121,569</u>
Noncurrent assets:			
Loans receivable (Note 3)	10,961,742	-	10,961,742
Long-term internal balances	7,648,439	(7,648,439)	-
Deferred Charges	706,243	-	706,243
Capital assets (Note 6):			
Non Depreciable	45,878,711	6,301,411	52,180,122
Depreciable	440,312,912	18,752,455	459,065,367
Less accumulated depreciation	(167,954,201)	(9,257,499)	(177,211,700)
Capital assets, net	<u>318,237,422</u>	<u>15,796,367</u>	<u>334,033,789</u>
Total noncurrent assets	<u>337,553,846</u>	<u>8,147,928</u>	<u>345,701,774</u>
Total assets	<u>435,955,500</u>	<u>38,867,843</u>	<u>474,823,343</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accruals:			
Restricted	499,759	655,402	1,155,161
Unrestricted	9,965,738	-	9,965,738
Interest payable	1,070,149	-	1,070,149
Unearned revenue (Note 9):			
Restricted	183,405	1,624,064	1,807,469
Unrestricted	1,673,733	-	1,673,733
Other liabilities:			
Restricted	491,042	-	491,042
Unrestricted	4,848,497	116,321	4,964,818
Compensated absences payable - due within one year (Note 8)	407,622	-	407,622
Claims and judgments payable - due within one year (Note 11)	1,401,087	-	1,401,087
Long-term debt - due within one year (Note 7)	3,524,820	166,741	3,691,561
Total current liabilities	<u>24,065,852</u>	<u>2,562,528</u>	<u>26,628,380</u>
Noncurrent liabilities:			
Deposits	-	59,393	59,393
Compensated absences payable - due in more than one year (Note 8)	4,034,723	493,366	4,528,089
Claims and judgments payable - due in more than one year (Note 11)	4,690,596	-	4,690,596
Net OPEB	379,685	-	379,685
Long-term debt - due in more than a year (Note 7)	88,135,315	2,637,207	90,772,522
Total noncurrent liabilities	<u>97,240,319</u>	<u>3,189,966</u>	<u>100,430,285</u>
Total liabilities	<u>121,306,171</u>	<u>5,752,494</u>	<u>127,058,665</u>
NET ASSETS			
Invested in capital assets, net of related debt	281,144,018	12,992,419	294,136,437
Restricted for:			
Capital projects	20,834,712	-	20,834,712
Debt service	5,858,853	-	5,858,853
Special revenue funds	5,485,298	-	5,485,298
Total restricted	<u>32,178,863</u>	<u>-</u>	<u>32,178,863</u>
Unrestricted	1,326,448	20,122,930	21,449,378
Total net assets (deficit)	<u>\$ 314,649,329</u>	<u>\$ 33,115,349</u>	<u>\$ 347,764,678</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, 2009

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	\$ 16,572,072	\$ (468,177)	\$ 4,191,764	\$ -	\$ 679,780	\$ 4,871,544
Public safety	44,229,183	-	4,968,119	116,617	26,487	5,111,223
Engineering and transportation	15,101,806	275,729	2,387,270	2,350,990	6,638,151	11,376,411
Recreation and culture	11,416,088	-	1,755,270	413,194	1,245,639	3,414,103
Community development	28,119,209	192,448	2,669,196	610,172	-	3,279,368
Interest on long-term debt	5,349,826	-	-	-	-	-
Total governmental activities	120,788,184	-	15,971,619	3,490,973	8,590,057	28,052,650
Business-type activities:						
Water Pollution Control Plant	9,248,677	-	10,445,163	-	-	10,445,163
Shoreline	2,244,002	-	2,062,949	-	-	2,062,949
Storm Water Utility	993,330	-	1,052,608	-	-	1,052,608
Environmental Services	1,544,564	-	714,415	-	-	714,415
Total business-type activities	14,030,573	-	14,275,135	-	-	14,275,135
Total primary government	\$ 134,818,757	\$ -	\$ 30,246,754	\$ 3,490,973	\$ 8,590,057	\$ 42,327,785

General revenues:

Taxes:

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

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning of year

Net assets - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (11,232,351)	\$ -	\$ (11,232,351)
(39,117,960)	-	(39,117,960)
(4,001,124)	-	(4,001,124)
(8,001,985)	-	(8,001,985)
(25,032,289)	-	(25,032,289)
(5,349,826)	-	(5,349,826)
<u>(92,735,535)</u>	<u>-</u>	<u>(92,735,535)</u>
-	1,196,486	1,196,486
-	(181,053)	(181,053)
-	59,278	59,278
-	(830,149)	(830,149)
<u>-</u>	<u>244,562</u>	<u>244,562</u>
<u>(92,735,535)</u>	<u>244,562</u>	<u>(92,490,973)</u>
27,654,817	-	27,654,817
19,095,799	-	19,095,799
4,125,705	-	4,125,705
10,103,090	-	10,103,090
2,870,441	-	2,870,441
278,615	-	278,615
294,496	296,184	590,680
<u>64,422,963</u>	<u>296,184</u>	<u>64,719,147</u>
3,025,658	928,796	3,954,454
1,597,574	532,897	2,130,471
85,874	(85,874)	-
<u>69,132,069</u>	<u>1,672,003</u>	<u>70,804,072</u>
<u>(23,603,466)</u>	<u>1,916,565</u>	<u>(21,686,901)</u>
<u>338,252,795</u>	<u>31,198,784</u>	<u>369,451,579</u>
<u>\$ 314,649,329</u>	<u>\$ 33,115,349</u>	<u>\$ 347,764,678</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
Balance Sheet
June 30, 2009

	Major Funds				Total
	General	Redevelopment Agency Capital Projects	Redevelopment Agency Low/Moderate Housing Capital Projects	Non-Major Governmental Funds	
ASSETS					
Cash and investments	\$ 20,036,422	\$ 7,835,995	\$ 2,375,385	\$ 14,874,604	\$ 45,122,406
Cash and investments with fiscal agent	-	26,069,675	-	5,201,791	31,271,466
Receivables:					
Accounts	4,095,008	122,301	1,735	305,936	4,524,980
Federal, State, and local grants	-	-	-	1,232,658	1,232,658
Interest	80,490	22,692	401,746	86,997	591,925
Special Assessment	102,129	-	-	53,922	156,051
Sales tax - Measure B	-	-	-	327,767	327,767
Loans	-	1,480,619	7,857,877	3,107,510	12,446,006
Due from other funds	798,680	-	-	-	798,680
Other assets	342,018	495	-	26,179	368,692
Advances to other funds	14,019,946	2,475,000	-	-	16,494,946
Total assets	\$ 39,474,693	\$ 38,006,777	\$ 10,636,743	\$ 25,217,364	\$ 113,335,577
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accruals	\$ 7,678,700	\$ 1,896,336	\$ 65,650	\$ 390,702	\$ 10,031,388
Deferred Revenue	1,673,733	1,480,619	8,254,017	3,346,747	14,755,116
Due to other funds	-	-	-	798,680	798,680
Other liabilities	25,673	4,822,824	-	490,027	5,338,524
Advances from other funds	-	7,665,096	-	1,000,000	8,665,096
Compensated absences payable	407,622	-	-	-	407,622
Total liabilities	9,785,728	15,864,875	8,319,667	6,026,156	39,996,426
Fund Balances:					
Reserved for:					
Encumbrances	594,569	7,994,195	27,386	3,925,050	12,541,200
Advances to other funds	14,019,946	-	-	-	14,019,946
Capital Projects	-	14,147,707	2,289,690	-	16,437,397
Debt service	-	-	-	5,532,295	5,532,295
Unreserved:					
Designated:					
Internship program	50,000	-	-	-	50,000
Major emergencies	5,000,000	-	-	-	5,000,000
Economic uncertainty	7,694,184	-	-	-	7,694,184
Fire equipment acquisition	1,000,000	-	-	-	1,000,000
Computer purchase program	225,000	-	-	-	225,000
Capital projects	590,289	-	-	-	590,289
Asset seizure	514,977	-	-	-	514,977
Unreserved, undesignated, reported in:					
Special revenue funds	-	-	-	5,760,645	5,760,645
Capital projects funds	-	-	-	3,973,218	3,973,218
Total fund balances	29,688,965	22,141,902	2,317,076	19,191,208	73,339,151
Total liabilities and fund balances	\$ 39,474,693	\$ 38,006,777	\$ 10,636,743	\$ 25,217,364	\$ 113,335,577

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, 2009

Total Fund Balances - Total Governmental Funds **\$ 73,339,151**

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)	45,878,711	
Depreciable buildings, property, equipment and infrastructure, net	272,358,711	
Total capital assets		318,237,422

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.		(1,070,149)
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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.		7,867,396
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Recognition of unearned revenue		11,413,714
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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.		706,243
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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)	(3,524,820)	
Long-term debt - non-current portion (net)	(88,135,315)	
Compensated absences - non-current portion	(3,804,628)	
OPEB Liability	(379,685)	
Total long-term liabilities		(95,844,448)

Net Assets of Governmental Activities		\$ 314,649,329
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City of San Leandro
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2009

	Major Funds				Total
	General	Redevelopment	Redevelopment	Non-Major	
		Agency Capital Projects	Agency Low/ Moderate Housing Capital Projects	Governmental Funds	
REVENUES:					
Property and other taxes	\$ 53,445,212	\$ 8,186,154	\$ 2,770,986	\$ 369,539	\$ 64,771,891
Licenses and permits	5,879,122	-	-	889,082	6,768,204
Fines and forfeitures	1,296,568	-	-	-	1,296,568
Service charges	4,649,882	-	-	327,610	4,977,492
Intergovernmental	1,306,313	-	-	5,800,684	7,106,997
Use of money and property	1,835,368	1,009,180	98,763	2,301,326	5,244,637
Interdepartmental charges	1,858,477	-	-	-	1,858,477
Other	862,204	198,372	749,383	3,732,797	5,542,756
Total revenues	71,133,146	9,393,706	3,619,132	13,421,038	97,567,022
EXPENDITURES:					
Current:					
General government	10,865,272	-	-	816	10,866,088
Public safety	45,198,529	-	-	211,178	45,409,707
Engineering and transportation	7,717,876	-	-	7,923,150	15,641,026
Recreation and culture	10,578,857	-	-	1,521,660	12,100,517
Community development	3,234,315	19,231,797	2,624,782	2,035,929	27,126,823
Debt service:					
Principal	446,193	157,848	63,000	2,705,440	3,372,481
Interest and fees	55,955	388,150	55,016	4,418,031	4,917,152
Total expenditures	78,096,997	19,777,795	2,742,798	18,816,204	119,433,794
REVENUES OVER (UNDER) EXPENDITURES	(6,963,851)	(10,384,089)	876,334	(5,395,166)	(21,866,772)
OTHER FINANCING SOURCES (USES):					
Transfers in	1,500,000	-	-	10,274,023	11,774,023
Transfers (out)	(2,148,842)	(6,479,521)	-	(987,000)	(9,615,363)
Bond Proceeds	-	27,725,655	-	-	27,725,655
Total other financing sources (uses)	(648,842)	21,246,134	-	9,287,023	29,884,315
NET CHANGE IN FUND BALANCES	(7,612,693)	10,862,045	876,334	3,891,857	8,017,543
FUND BALANCES:					
Beginning of year, as previously reported	37,301,658	11,279,857	1,440,742	15,299,351	65,321,608
End of year	\$ 29,688,965	\$ 22,141,902	\$ 2,317,076	\$ 19,191,208	\$ 73,339,151

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, 2009

Net Change in Fund Balances - Total Governmental Funds	\$ 8,017,543
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.	9,182,780
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.	(13,945,887)
Debt proceeds provide current financial resources in government funds, but issuing debt increase long-term liabilities in the Government-Wide Statement of Net Assets.	(29,700,800)
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.	706,234
Change in OPEB liability is considered long-term debt and is not reported as an expenditure in the governmental funds.	(379,685)
Adjustment of unearned revenue from prior year	107,737
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.	(172,163)
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.	3,372,481
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.	104,588
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.	(449,797)
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.	(440,126)
Change in Net Assets of Governmental Activities	\$ (23,603,466)

See accompanying Notes to Basic Financial Statements.

City of San Leandro
Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
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
Restricted	34,740,460	44,389,814	41,926,633	31,717,316	36,307,422	39,410,231	32,178,863
Unrestricted	16,480,000	2,785,163	9,245,677	9,290,497	20,105,122	10,029,629	1,326,448
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
Business-Type Activities:							
Invested in capital assets net of related debt	\$ 6,595,397	\$ 9,445,171	\$ 14,040,265	\$ 11,028,943	\$ 11,074,087	\$ 11,197,748	\$ 12,992,419
Restricted	-	-	-	-	-	-	-
Unrestricted	7,015,805	6,222,818	6,406,958	13,364,147	16,526,068	20,001,036	20,122,930
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
Primary government:							
Invested in capital assets net of related debt	\$ 282,135,217	\$ 291,780,878	\$ 285,438,300	\$ 302,429,503	\$ 298,477,681	\$ 300,010,683	\$ 294,136,437
Restricted	34,740,460	44,389,814	41,926,633	31,717,316	36,307,422	39,410,231	32,178,863
Unrestricted	23,495,805	9,007,981	15,652,635	22,654,644	36,631,190	30,030,665	21,449,378
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

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



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, 2009

	Major Enterprise Funds			Total	Governmental
	Water	Shoreline	Non-Major Enterprise Funds		Activities
	Pollution Control Plant				Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	\$ 25,290,083	\$ 798,246	\$ 1,540,263	\$ 27,628,592	\$ 14,035,760
Receivables:					
Accounts	1,025,760	170,697	143,277	1,339,734	583,963
Interest	85,826	3,412	5,317	94,555	49,666
Special assessment	29,373	-	11,161	40,534	-
Other assets	1,611,500	-	5,000	1,616,500	-
Inventory	-	-	-	-	136,320
Total current assets	<u>28,042,542</u>	<u>972,355</u>	<u>1,705,018</u>	<u>30,719,915</u>	<u>14,805,709</u>
Noncurrent assets:					
Capital assets:					
Non-Depreciable	2,723,601	3,577,810	-	6,301,411	-
Depreciable	12,974,203	5,778,252	-	18,752,455	12,467,195
Less accumulated depreciation	(6,741,216)	(2,516,283)	-	(9,257,499)	(6,563,470)
Total capital assets, net	<u>8,956,588</u>	<u>6,839,779</u>	<u>-</u>	<u>15,796,367</u>	<u>5,903,725</u>
Total noncurrent assets	<u>8,956,588</u>	<u>6,839,779</u>	<u>-</u>	<u>15,796,367</u>	<u>5,903,725</u>
Total assets	<u>36,999,130</u>	<u>7,812,134</u>	<u>1,705,018</u>	<u>46,516,282</u>	<u>20,709,434</u>
LIABILITIES					
Current liabilities:					
Accounts payable	586,650	15,163	53,589	655,402	434,109
Unearned revenue	1,611,500	-	12,564	1,624,064	-
Other liabilities	-	115,746	575	116,321	1,015
Claims and judgments - due in one year	-	-	-	-	1,401,087
Compensated absences - due in one year	-	-	-	-	-
Notes payable - due in one year	-	166,741	-	166,741	-
Total current liabilities	<u>2,198,150</u>	<u>297,650</u>	<u>66,728</u>	<u>2,562,528</u>	<u>1,836,211</u>
Noncurrent liabilities:					
Deposits payable	3,006	56,387	-	59,393	-
Advances from other funds	-	7,648,439	-	7,648,439	181,411
Claims and judgments - due in more than one year	-	-	-	-	4,690,596
Compensated absences - due in more than one year	257,167	78,065	158,134	493,366	230,095
Notes Payable - due in more than one year	-	2,637,207	-	2,637,207	-
Total noncurrent liabilities	<u>260,173</u>	<u>10,420,098</u>	<u>158,134</u>	<u>10,838,405</u>	<u>5,102,102</u>
Total liabilities	<u>2,458,323</u>	<u>10,717,748</u>	<u>224,862</u>	<u>13,400,933</u>	<u>6,938,313</u>
NET ASSETS					
Invested in capital assets, net of related debt	8,956,588	4,035,831	-	12,992,419	-
Unrestricted	<u>25,584,219</u>	<u>(6,941,445)</u>	<u>1,480,156</u>	<u>20,122,930</u>	<u>13,771,121</u>
Total net assets (deficit)	<u>\$ 34,540,807</u>	<u>\$ (2,905,614)</u>	<u>\$ 1,480,156</u>	<u>\$ 33,115,349</u>	<u>\$ 13,771,121</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, 2009

	Major Enterprise Funds			Total	Governmental
	Water Pollution Control Plant	Shoreline	Non-Major Enterprise Funds		Activities Internal Service Funds
OPERATING REVENUES:					
Charges for services	\$ 9,905,080	\$ 604,702	\$ 1,388,538	\$ 11,898,320	\$ 11,586,904
Licenses and permits	204,238	16,527	313,064	533,829	-
Rents and concessions	-	1,271,079	-	1,271,079	-
Other operating revenues	335,845	170,641	65,421	571,907	56,247
Total operating revenues	10,445,163	2,062,949	1,767,023	14,275,135	11,643,151
OPERATING EXPENSES:					
Salaries and benefits	3,494,618	806,893	1,436,641	5,738,152	3,501,084
Contractual and other services	3,831,980	261,024	425,496	4,518,500	3,987,892
Materials and supplies	525,538	61,054	115,340	701,932	887,491
Depreciation	249,071	166,028	-	415,099	1,243,087
Other operating costs	1,147,470	388,368	560,417	2,096,255	797,766
Total operating expenses	9,248,677	1,683,367	2,537,894	13,469,938	10,417,320
OPERATING INCOME (LOSS)	1,196,486	379,582	(770,871)	805,197	1,225,831
NONOPERATING REVENUES (EXPENSES):					
Property and other taxes	6,585	289,599	-	296,184	-
Intergovernmental	181,700	-	351,197	532,897	-
Investment income	855,004	27,658	46,134	928,796	427,982
Interest expense	-	(560,635)	-	(560,635)	(21,153)
Total nonoperating revenues (expenses)	1,043,289	(243,378)	397,331	1,197,242	406,829
INCOME (LOSS) BEFORE TRANSFERS	2,239,775	136,204	(373,540)	2,002,439	1,632,660
TRANSFERS:					
Transfers in	-	-	264,107	264,107	43,900
Transfers out	(62,782)	(153,816)	(133,383)	(349,981)	(2,116,686)
Total operating transfers	(62,782)	(153,816)	130,724	(85,874)	(2,072,786)
Change in net assets	2,176,993	(17,612)	(242,816)	1,916,565	(440,126)
NET ASSETS (DEFICIT):					
Beginning of the year	32,363,814	(2,888,002)	1,722,972	31,198,784	14,211,247
End of the year	\$ 34,540,807	\$ (2,905,614)	\$ 1,480,156	\$ 33,115,349	\$ 13,771,121

See accompanying Notes to Basic Financial Statements.

City of San Leandro
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2009

	Major Enterprise Funds			Total	Governmental
	Water	Shoreline	Non-Major Enterprise Funds		Activities
	Pollution Control Plant				Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers/other funds	\$ 10,852,866	\$ 2,134,381	\$ 1,781,131	\$ 14,768,378	\$ 11,645,143
Cash payments or receipts to/from other funds	(1,160,240)	(104,106)	(446,172)	(1,710,518)	-
Cash payments to suppliers for goods and services	(4,120,836)	(682,119)	(657,982)	(5,460,937)	(6,107,026)
Cash payments to employees for services	(3,532,245)	(787,410)	(1,370,013)	(5,689,668)	(3,533,850)
Net cash provided (used) by operating activities	2,039,545	560,746	(693,036)	1,907,255	2,004,267
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Property and other taxes received	-	289,599	-	289,599	-
Intergovernmental revenue received	181,700	-	351,197	532,897	-
Repayment or receipt of advances to or from other funds	-	(664,081)	-	(664,081)	(171,142)
Transfers in from other funds	-	-	264,107	264,107	43,900
Transfers out to other funds	(62,782)	(153,816)	(133,383)	(349,981)	(2,116,686)
Net cash provided (used) by noncapital financing activities	118,918	(528,298)	481,921	72,541	(2,243,928)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Retirement of long-term debt	-	(159,561)	-	(159,561)	-
Acquisition or disposal of assets	(2,043,633)	-	-	(2,043,633)	(1,020,328)
Interest payments on bonds and notes payable	-	(560,635)	-	(560,635)	-
Net cash provided (used) by capital and related financing activities	(2,043,633)	(720,196)	-	(2,763,829)	(1,020,328)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest income	855,004	27,658	46,134	928,796	427,982
Interest expense	-	-	-	-	(21,153)
Net cash provided (used) by investing activities	855,004	27,658	46,134	928,796	406,829
Net increase (decrease) in cash and cash equivalents	969,834	(660,090)	(164,981)	144,763	(853,160)
CASH AND CASH EQUIVALENTS:					
Beginning of year	24,320,249	1,458,336	1,705,244	27,483,829	14,888,920
End of year	\$ 25,290,083	\$ 798,246	\$ 1,540,263	\$ 27,628,592	\$ 14,035,760
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 1,196,486	\$ 379,582	\$ (770,871)	\$ 805,197	1,225,831
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	249,071	166,028	-	415,099	1,243,087
Changes in assets and liabilities:					
Accounts receivable	333,980	63,610	(2,270)	395,320	10,503
Special assessment receivable	151	-	10,676	10,827	-
Inventory	-	-	-	-	(8,495)
Other assets	(1,161,000)	40	-	(1,160,960)	-
Accounts payable	305,168	(61,410)	16,271	260,029	(36,348)
Deposits	1,158,260	(4,753)	-	1,153,507	-
Claims & Judgements	-	-	-	-	(426,579)
Compensated absences	(42,571)	17,649	53,158	28,236	(3,732)
Total adjustments	843,059	181,164	77,835	1,102,058	778,436
Net cash provided (used) by operating activities	\$ 2,039,545	\$ 560,746	\$ (693,036)	\$ 1,907,255	\$ 2,004,267

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, 2009

	Agency Funds
	<u> </u>
ASSETS	
Cash and investments	\$ 1,720,366
Cash and investments with fiscal agents	449,034
Accounts receivable	2,798
Special assessments receivable	<u>41,767</u>
Total assets	<u><u>\$ 2,213,965</u></u>
LIABILITIES	
Accounts payable	\$ 66,292
Deposits payable	791,638
Due to bondholders	<u>1,356,035</u>
Total liabilities	<u><u>\$ 2,213,965</u></u>

See accompanying Notes to Basic Financial Statements.

City of San Leandro
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For the year ended June 30, 2009

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City of San Leandro
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For the year ended June 30, 2009

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City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

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 and the Seismic Retrofit Capital Projects 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, 2009

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, 2009

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 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, 2009

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, Continued

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 and proprietary fund types.

In the fund financial statements, 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, 2009 LAIF had invested 1.377% 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.

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.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Capital Assets

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

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

In June 1999, the GASB issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the City included all infrastructures into the 2008-09 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.

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.

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.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

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. Other Post Employment Benefits (OPEB) Other Than Pensions

The City provides post-retirement medical and dental benefits to all employee groups through the age of 65 as required by current association and management agreements. The City records premium payments on a “pay-as-you-go” basis. During the year ended June 30, 2009, the City paid \$911,315 in medical and dental premiums on behalf of participants. In 2008-09 fiscal year, the City established an irrevocable trust administered by Public Agency Retirement Services and deposited \$500K towards the OPEB cost reducing the obligation to \$380K, as presented in Note 14.

M. Use of Estimates

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

N. Net Assets

In the Government-Wide Financial Statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

In Fund Financial Statements, reservations of fund balances for governmental funds are created to either satisfy legal covenants, including State laws, that require a portion of the fund equity be segregated or identify the portion of the fund equity not available for future expenditures.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, Continued

O. Implementation of New GASB Pronouncements

The City implemented the provisions of GASB Statement No. 45, “*Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions,*” in fiscal year 2008-09. The required disclosures are presented in Note 14 which includes the plan description, funding policy, plan funded status information, and Actuarial methods and assumptions.

In November 2009, GASB issued Statement No. 49, “*Accounting and Financial Reporting for Pollution remediation Obligations,*” which provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The City implemented Statement No. 49 in fiscal year 2007-08 with no significant impact to the financial statements.

In June 2007, GASB has issued Statement No. 51, “*Accounting Financial Reporting for intangible Assets.*” This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements are effective for financial statements for periods beginning after June 15, 2009. The City has incorporated the intangible assets with the capital assets reporting in fiscal year 2007-08 and that current report is in compliance with this statement’s requirements.

In June 2009, GASB has issued Statement No. 53, “*Accounting and Financial Reporting for Derivative Instruments.*” This statement establishes standards for accounting and financial reporting for all state and local governments that enter into derivative instruments. The requirements are effective for financial statements for periods beginning after June 15, 2009. The City will comply with the requirements of this Statement and does not feel that the financial statements will be significantly impacted.

In March 2009, the GASB issued Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions.*” The objective of this statement is to enhance the usefulness of fund balance information by providing the existing governmental type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this statement are effective for the financial statements for periods beginning after June 15, 2010. Early implementation is encouraged. The City is currently evaluating the impact of adopting Statement No. 54.

In April 2009, the GASB issued Statement No. 55, “*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*” The objective of this statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for State and local governments into GASB authoritative literature. The “GAAP” hierarchy” consists of the sources of accounting principles used in the preparation of financial statements of State and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. GASB Statement No. 55 is effective immediately and did not have any impact on the financial statements.

In April 2009, the GASB issued Statement No. 56, “*Codification of Accounting and Financial Reporting guidance Contained in the AICPA Statements on Auditing Standards.*” The objective of this statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants’ Statements on Auditing Standards. The statement addresses three issues included in the authoritative literature that establishes accounting principles – related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature. GASB Statement No. 56 is effective immediately and did not have any impact on the financial statements.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, Continued

P. 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 \$9,411,213 at June 30, 2009. Bank balances before reconciling items were \$10,829,478 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 market 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, 2009

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, 2009, are classified as follows:

Statement of net assets:	
Cash and Investments	\$ 86,786,758
Cash and Investments held by trustee	31,271,466
Fiduciary Funds:	
Cash and Investments	1,720,366
Cash with fiscal agents	<u>449,034</u>
Total cash and investments	<u>\$ 120,227,624</u>

Cash and investments as of June 30, 2009, are classified as follows:	
Deposits with financial institutions	\$ 9,411,213
Investments	<u>110,816,411</u>
Total cash and investments	<u>\$ 120,227,624</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 Market Value	12 Months or Less	13 to 24 Months	25-60 Months	More Than 60 Months
Federal agency securities	\$ 16,339,832	\$ 7,867,282	\$ 3,589,220	\$ 4,883,330	\$ -
Money Market	2,246,046	2,246,046	-	-	-
U.S. Treasury Notes	8,706,410	1,337,008	4,812,782	2,556,620	-
U.S. Corporate	992,369	992,369	-	-	-
Mutual Fund	344,319	344,319	-	-	-
Local Agency Investment Fund (LAIF)	76,536,619	76,536,619	-	-	-
Held by Bond Trustee:					
U.S. Treasury Money Market Funds	<u>5,650,816</u>	<u>5,650,816</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 110,816,411</u>	<u>\$ 94,974,459</u>	<u>\$ 8,402,002</u>	<u>\$ 7,439,950</u>	<u>\$ -</u>

NOTE 2 - CASH AND INVESTMENTS, Continued

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

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, 2009, the City had \$76,536,619 (estimated fair value) invested in LAIF accounts, which had invested 14.71% 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, 2009, at the fair value. The fair value is calculated by multiplying the account balance with LAIF times a fair value factor of 1.00134743 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.

NOTE 2 - CASH AND INVESTMENTS, Continued

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

B. Investments, Continued

The City's investments with Local Agency Investment Funds (LAIF) at June 30, 2009, 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, however none Federal agency investments exhibited below exceeded 5% percent or more of the total investments in any one issuer:

U.S. Agencies	Amount Invested	Percentage of Investments
Federal agency securities:		
Federal Home Loan Banks (FHLB)	\$ 4,828,406	4.36%
Federal Home Loan Mortgage Corporation (FHMLC)	4,421,063	3.99%
Federal Farm Credit Banks (FFCB)	4,154,377	3.75%
Federal National Mortgage Association (FNMA)	2,935,986	2.65%
Total	\$ 16,339,832	14.74%

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

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 yearend 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 Market Value	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End AAA	Rating as of Year End AA	Not Rated
Federal agency securities	\$ 16,339,832	N/A	\$ -	\$ 16,339,832	\$ -	\$ -
Money Market	2,246,046	N/A	-	2,246,046	-	-
U.S. Treasury Notes	8,706,410	N/A	8,706,410	-	-	-
U.S. Corporate	992,369	N/A	-	-	992,369	-
Mutual Fund - Dreyfus	344,319	A	-	344,319	-	-
Local Agency Investment Fund	76,536,619	N/A	-	-	-	76,536,619
Held by Bond Trustee:						
U.S. Treasury Money Market Funds	5,650,816	A	-	5,650,816	-	-
Total	\$ 110,816,411		\$ 8,706,410	\$ 24,581,013	\$ 992,369	\$ 76,536,619

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

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, 2009.

	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	\$ 59,158,166	\$ 27,628,592	\$ 86,786,758	\$ 1,720,366	\$ 88,507,124
Restricted Cash and Investments	31,271,466	-	31,271,466	449,034	31,720,500
Total	\$ 90,429,632	\$ 27,628,592	\$ 118,058,224	\$ 2,169,400	\$ 120,227,624

Deposits and investments held by the City at June 30, 2009 consisted of the following:

City Treasury:	
Demand Deposits:	
Cash deposit	\$ 9,411,213
Total Demand Deposits	9,411,213
Investments:	
Securities of U.S. government agencies	27,292,288
Mutual Funds	344,319
U.S. Corporate	992,369
Local Agency Investment Fund:	50,466,935
Total Investments	79,095,911
Total City Treasury	88,507,124
Restricted Cash and Investments:	
Held by fiscal agents:	
Federal Money Market Funds	5,650,816
LAIF- RDA	26,069,684
Total Restricted Cash and Investment	31,720,500
Total Cash and Investments	\$ 120,227,624

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

NOTE 3 – LOANS RECEIVABLE

At June 30, 2009, the City had the following loans receivable reported in its Fund Financial Statements:

Governmental Funds:	
Special Revenue Funds:	
Non Major Funds:	
Community Development Block Grant (CDBG)	\$ 385,510
Housing In-Lieu	637,000
HOME Fund	2,085,000
Capital Projects Funds:	
Redevelopment Agency	1,480,619
Redevelopment Agency Low/Mod Housing	<u>7,857,877</u>
Total Governmental Funds	<u>12,446,006</u>
Less: CDBG	(319,801)
Less: RDA Capital	(456,137)
Less: RDA Low-Moderate	<u>(708,326)</u>
Total Government-wide Financials	<u><u>\$ 10,961,742</u></u>

At June 30, 2009, the City was owed, in its Community Development Block Grant Special Revenue Fund, \$385,510 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, \$319,801 of the receivable was eliminated.

At June 30, 2009, 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, 2009, the City was owed, in its HOME Special Revenue Fund, \$2,085,000 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.

At June 30, 2009, the City was owed, in its Redevelopment Agency Capital Projects Fund, \$1,480,619 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, \$456,137 of the receivable was eliminated.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

NOTE 3 – LOANS RECEIVABLE, Continued

At June 30, 2009, the City was owed, in its Redevelopment Agency Low and Moderate Housing Capital Projects Fund, \$7,857,877 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, \$708,326 of the receivable was eliminated.

NOTE 4 - NOTES RECEIVABLE

At June 30, 2009, the City received full payment from the Refuse Operations notes from February 2000 that was owed in the General Fund.

NOTE 5 - INTERFUND TRANSACTIONS

Fund Financial Statements

A. Interfund Receivables and Payables

At June 30, 2009, 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	\$ 5,999
	Gas Tax Fund	115,408
	Grant Fund	677,273
Total		<u>\$ 798,680</u>

The City has recorded due to/due from all funds requiring cash at the end of June 30, 2009 to the funds that had deficit year-end balances which will be repaid back to the General Fund during the 2009-10 fiscal year.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

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, 2009, consisted of:

Advances from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Redevelopment Agency	\$ 5,190,096
	Capital Improvement Project	1,000,000
	Internal Service Fund	181,410
	Enterprise Funds:	
	Marina	7,648,440
		<u>\$ 14,019,946</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, 2009, was \$5,190,096.

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, 2009, was \$3,401,337 and \$4,247,103 for the Marina and the Golf Course, respectively, for a total of \$7,648,440.

The City Council authorized a loan to the Information Management Services fund for computer equipment replacement. The loan is to be paid over 10 years and accrues interest annually at the rate of 6%. The balance as of June 30, 2009, was \$181,410.

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, 2009, was \$1,000,000.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

NOTE 5 - INTERFUND TRANSACTIONS, Continued

Fund Financial Statements, Continued

C. Transfers

Transfers during the fiscal year ended June 30, 2009, comprised the following:

Transfer In:	Transfers Out:							Total
	Governmental Funds				Enterprise Funds			
	General	Non-Major Governmental Funds	Internal Service Funds	Redevelopment Agency	Non-major Enterprise Funds	Water Pollution Control Plan	Shoreline Fund	
General Fund	\$ -	\$ -	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	1,500,000
Non-major Governmental Funds	2,037,000	987,000	616,686	6,479,521	-	-	153,816	10,274,023
Non-major Enterprise Funds	67,942	-	-	-	133,383	62,782	-	264,107
Internal Service Funds	43,900	-	-	-	-	-	-	43,900
Total	<u>\$ 2,148,842</u>	<u>\$ 987,000</u>	<u>\$ 2,116,686</u>	<u>\$ 6,479,521</u>	<u>\$ 133,383</u>	<u>\$ 62,782</u>	<u>\$ 153,816</u>	<u>\$ 12,082,030</u>

The City Council authorized transfers from the General Fund to various funds for fiscal year 2008-2009 to the following accounts and projects:

Capital Improvement Fund	\$ 1,050,000	For various Capital improvent projects in the 2008-09 Adopted Budgets and Amendments
Measure B Fund	987,000	To fund the shortage in the Gas Tax Fund
Environment Services Fund	67,942	For the Refuse contract
Equipment Maintenance Fund	43,900	For ancillary equipments of the Police SWAT van
	<u>\$ 2,148,842</u>	

The City Council authorized transfers from the Redevelopment Agency funds to the Redevelopment Agency Debt fund for Plaza, Joint Project, and West San Leandro Area Debt service payments in the amount of \$6,339,021 and an additional \$140,500 to the special revenue fund for a total of \$ 6,479,521.

The City Council authorized transfers from the Self-Insurance fund to the General Fund for GASB 45 OPEB funding in the amount of \$500,000 and \$1M for General fund operations.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

NOTE 6 – CAPITAL ASSETS

A. Government-Wide Financial Statements

At June 30, 2009, the City’s capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	\$ 17,526,442	\$ 3,577,810	\$ 21,104,252
Construction in Progress	28,352,269	2,723,601	31,075,870
Total non-depreciable assets	45,878,711	6,301,411	52,180,122
Depreciable assets:			
Buildings	61,564,094	10,066,422	71,630,516
Improvements	4,692,847	113,416	4,806,263
Machinery and Equipment	8,037,652	6,216,180	14,253,832
Licensed Vehicles	8,615,200	84,923	8,700,123
Infrastructure:			
Park Irrigation Systems	3,720,181	-	3,720,181
Medians Irrigation	2,848,650	-	2,848,650
Park Structures	10,145,502	-	750,611
Roadway	228,325,393	-	228,325,393
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	440,312,912	18,752,455	459,065,367
Less accumulated depreciation	(167,954,201)	(9,257,499)	(177,211,700)
Total depreciable assets, net	272,358,711	9,494,956	281,853,667
Total capital assets	\$ 318,237,422	\$ 15,796,367	\$ 334,033,789

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

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, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance June 30, 2009</u>
Non-Depreciable Assets:					
Land	\$ 16,820,835	\$ 705,607	\$ -	\$ -	\$ 17,526,442
Construction In Progress	31,133,170	7,027,213	(9,808,114)	-	28,352,269
Total Non-Depreciable Assets	<u>47,954,005</u>	<u>7,732,820</u>	<u>(9,808,114)</u>	<u>-</u>	<u>45,878,711</u>
Depreciable Assets:					
Buildings	60,323,080	1,241,014	-	-	61,564,094
Improvements	4,692,847	-	-	-	4,692,847
Machinery and equipment	7,906,077	177,372	(45,797)	-	8,037,652
Licensed Vehicles	7,437,065	1,171,444	(105,225)	111,916	8,615,200
Infrastructure	347,721,239	9,681,880	-	-	357,403,119
Total Depreciable Assets	<u>428,080,308</u>	<u>12,271,710</u>	<u>(151,022)</u>	<u>111,916</u>	<u>440,312,912</u>
Accumulated Depreciation:					
Buildings	(13,560,838)	(1,190,967)	-	-	(14,751,805)
Improvements	(4,355,857)	(57,023)	-	-	(4,412,880)
Machinery and equipment	(3,169,921)	(826,126)	45,045	-	(3,951,002)
Licensed Vehicles	(4,051,370)	(820,257)	74,925	-	(4,796,702)
Infrastructure	(127,673,038)	(12,368,774)	-	-	(140,041,812)
Total Accumulated Depreciation	<u>(152,811,024)</u>	<u>(15,263,147)</u>	<u>119,970</u>	<u>-</u>	<u>(167,954,201)</u>
Depreciable Assets, Net	<u>275,269,284</u>	<u>(2,991,437)</u>	<u>(31,052)</u>	<u>111,916</u>	<u>272,358,711</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 323,223,289</u>	<u>\$ 4,741,383</u>	<u>\$ (9,839,166)</u>	<u>\$ 111,916</u>	<u>\$ 318,237,422</u>

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2009, are as follows:

General Government	\$ 14,852,568
Public Safety	254,895
Transportation	131,263
Recreation and Human services	19,842
Community Development	4,579
Total Depreciation Expense	<u>\$ 15,263,147</u>

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

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</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2009</u>
Non-Depreciable Assets:					
Land	\$ 3,577,810	\$ -	\$ -	\$ -	\$ 3,577,810
Construction in Progress	849,545	1,992,366	(118,310)	-	2,723,601
Total Non-Depreciable Assets	<u>4,427,355</u>	<u>1,992,366</u>	<u>(118,310)</u>	<u>-</u>	<u>6,301,411</u>
Depreciable Assets:					
Buildings	10,566,323	-	(499,901)	-	10,066,422
Improvements	113,416	-	-	-	113,416
Machinery and equipment	6,495,130	73,244	(352,194)	-	6,216,180
Licensed Vehicles	78,750	6,173	-	-	84,923
Infrastructure	2,153,213	118,301	-	-	2,271,514
Total Depreciable Assets	<u>19,406,832</u>	<u>197,718</u>	<u>(852,095)</u>	<u>-</u>	<u>18,752,455</u>
Accumulated Depreciation:					
Buildings	(5,422,991)	(185,563)	-	444,818	(5,163,736)
Improvements	(113,416)	-	-	-	(113,416)
Machinery and equipment	(3,501,504)	(123,959)	330,631	-	(3,294,832)
Licensed Vehicles	(33,992)	(11,073)	-	-	(45,065)
Infrastructure	(601,027)	(39,423)	-	-	(640,450)
Total Accumulated Depreciation	<u>(9,672,930)</u>	<u>(360,018)</u>	<u>330,631</u>	<u>444,818</u>	<u>(9,257,499)</u>
Total Business-Type Activities Capital Assets, Net	<u>\$ 14,161,257</u>	<u>\$ 1,830,066</u>	<u>\$ (639,774)</u>	<u>\$ 444,818</u>	<u>\$ 15,796,367</u>
Depreciation Expense for 2008-09:					
Water Pollution Control	\$ 249,073				
Shoreline	110,945				
Total Depreciation Expense	<u>\$ 360,018</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, 2009

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, 2009, were as follows:

	Balance				Balance	Due within	Due in more
	July 1, 2008	Additions	Retirements	Adjustments	June 30, 2009	one year	than one year
Bonded Debt:							
Special Assessment Debt							
with City Commitment	\$ 300,000	\$ -	\$ (145,000)	\$ -	\$ 155,000	\$ 155,000	\$ -
2001 Certificates of Participation	4,225,000	-	(145,000)	-	4,080,000	150,000	3,930,000
2002 Tax Allocation Bonds	14,640,000	-	(525,000)	-	14,115,000	550,000	13,565,000
2003 Certificates of Participation	10,955,000	-	(350,000)	-	10,605,000	360,000	10,245,000
2004 Tax Allocation Bonds	5,500,000	-	(95,000)	-	5,405,000	100,000	5,305,000
2007 Certificates of Participation	22,835,000	-	(660,000)	-	22,175,000	690,000	21,485,000
2008 Tax Allocation Bonds	-	27,530,000	-	-	27,530,000	325,000	27,205,000
Total Bonded Debt	58,455,000	27,530,000	(1,920,000)	-	84,065,000	2,330,000	81,735,000
Capital Lease:							
2005 Police CAD/RMS	1,683,458	-	(446,193)	-	1,237,265	462,797	774,468
Bayfair Mall Debt							
with Agency Commitment	1,200,000	-	(250,000)	-	950,000	250,000	700,000
Owner Participation Agreements							
with Agency Commitment	2,713,707	-	(157,848)	-	2,555,859	68,305	2,487,554
HUD 108 Guarantee							
Notes	748,000	-	(63,000)	-	685,000	63,000	622,000
San Leandro USD-9th Grade		2,170,800	(535,440)		1,635,360	327,072	1,308,288
Total General Long-Term Obligations	\$ 64,800,165	\$ 29,700,800	\$ (3,372,481)	\$ -	\$ 91,128,484	\$ 3,501,174	\$ 87,627,310
Plus unamortized:							
Discount (2002 TAB)	\$ (82,143)	\$ -	\$ 4,107	\$ -	\$ (78,036)	\$ (4,107)	(73,929)
Discount (2007 COP)	(47,539)	-	2,264	-	(45,275)	(2,264)	(43,011)
Premium (2003 COP)	482,799	-	(23,493)	-	459,306	23,495	435,811
Premium (2008 TAB)	-	195,656	-	-	195,656	6,522	189,134
Total General Long-Term Obligations, net	\$ 65,153,282	\$ 29,896,456	\$ (3,389,603)	\$ -	\$ 91,660,135	\$ 3,524,820	\$ 88,135,315

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

NOTE 7 - LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

Special Assessment Debt With City Commitment

Special assessment districts are established in various parts of the City to provide improvements to properties located in those districts. Properties are assessed for the cost of improvements; these assessments are payable over the term of the debt issued to finance the improvements. The total amount of the assessment is recorded as receivable and deferred revenue at the time the related debt is issued, and reduced as assessments are collected. The City is obligated to be the purchaser of last resort or to advance available City funds to repay this debt in the event of default by any of these districts. These funds are paid from special assessment revenues levied on the property owners in each assessment district. At June 30, 2009, all these districts were in compliance with the repayment and other requirements of their respective debt issues.

Special assessment debt with City commitment is comprised of the following issue:

	Interest Rate	Maturity Date	Balance July 1, 2008	Retirements	Balance June 30, 2009
Davis Street	4.6-7.2%	10/1/2009	\$ 300,000	\$ (145,000)	\$ 155,000

At June 30, 2009, future debt service requirements for the Davis Street Special assessment debt with City commitment were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2010	\$ 155,000	\$ 5,592	\$ 160,592
Total	<u>\$ 155,000</u>	<u>\$ 5,592</u>	<u>\$ 160,592</u>

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

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, 2009, future debt service requirements for the 2001 Certificates of Participation were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2010	\$ 150,000	\$ 193,845	\$ 343,845
2011	155,000	187,858	342,858
2012	165,000	181,375	346,375
2013	170,000	174,423	344,423
2014	180,000	166,937	346,937
2015-2019	1,020,000	700,371	1,720,371
2020-2024	1,295,000	412,463	1,707,463
2025-2027	945,000	73,823	1,018,823
Total debt service	\$ 4,080,000	\$ 2,091,095	\$ 6,171,095

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

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, 2009, future debt service requirements for the 2002 Tax Allocation Bonds were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2010	\$ 550,000	\$ 783,500	\$ 1,333,500
2011	575,000	757,194	1,332,194
2012	605,000	728,412	1,333,412
2013	635,000	697,095	1,332,095
2014	670,000	663,483	1,333,483
2015-2019	3,935,000	2,714,218	6,649,218
2020-2024	2,580,000	1,716,998	4,296,998
2024-2029	2,520,000	997,609	3,517,609
2030-2033	2,045,000	237,749	2,282,749
Total debt service	<u>\$ 14,115,000</u>	<u>\$ 9,296,258</u>	<u>\$ 23,411,258</u>

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

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, 2009, future debt service requirements for the 2003 Certificates of Participation were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2010	\$ 360,000	\$ 516,400	\$ 876,400
2011	370,000	504,700	874,700
2012	385,000	489,900	874,900
2013	400,000	474,500	874,500
2014	420,000	454,500	874,500
2015-2019	2,445,000	1,935,250	4,380,250
2020-2024	3,120,000	1,259,250	4,379,250
2025-2028	3,105,000	397,750	3,502,750
Total debt service	<u>\$ 10,605,000</u>	<u>\$ 6,032,250</u>	<u>\$ 16,637,250</u>

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

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, 2009, future debt service requirements for the 2004 Tax Allocation Bonds were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2010	\$ 100,000	\$ 296,475	\$ 396,475
2011	105,000	290,606	395,606
2012	110,000	284,425	394,425
2013	115,000	277,956	392,956
2014	125,000	271,056	396,056
2015-2019	730,000	1,245,350	1,975,350
2020-2024	935,000	1,029,821	1,964,821
2025-2029	1,215,000	741,418	1,956,418
2030-2034	1,595,000	347,156	1,942,156
2035	375,000	10,780	385,780
Total debt service	\$ 5,405,000	\$ 4,795,043	\$ 10,200,043

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

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.

For the Year				
Ending				
June 30,	Principal	Interest	Total	
2010	\$ 690,000	\$ 911,519	\$ 1,601,519	
2011	715,000	883,419	1,598,419	
2012	745,000	854,219	1,599,219	
2013	775,000	823,819	1,598,819	
2014	805,000	792,219	1,597,219	
2015-2019	4,550,000	3,440,194	7,990,194	
2020-2024	5,535,000	2,426,391	7,961,391	
2025-2029	6,815,000	1,108,359	7,923,359	
2030	1,545,000	33,797	1,578,797	
Total Debt Service	<u>\$ 22,175,000</u>	<u>\$ 11,273,936</u>	<u>\$ 33,448,936</u>	

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

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

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, 2009, future debt service requirements for the 2008 Tax Allocation Bonds were as follows:

For year Ending June 30,	Principal	Interest	Total
2010	\$ 325,000	\$ 1,409,813	\$ 1,734,813
2011	475,000	1,389,813	1,864,813
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
2015-2019	2,980,000	6,145,438	9,125,438
2020-2024	3,690,000	5,337,606	9,027,606
2025-2029	4,660,000	4,318,278	8,978,278
2030-2034	6,030,000	2,949,787	8,979,787
2035-2038	7,835,000	1,100,925	8,935,925
Total debt service	<u>27,530,000</u>	<u>26,672,099</u>	<u>54,202,099</u>

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

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, 2009, future debt service requirements for the 2005 Master Equipment Lease Purchase Agreement were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2010	\$ 462,797	\$ 39,351	\$ 502,148
2011	380,095	23,447	403,542
2012	394,370	9,172	403,542
Total debt service	\$ 1,237,262	\$ 71,970	\$ 1,309,232

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 \$950,000.

At June 30, 2009, future debt service requirements for the Bay Fair Mall Debt with City Commitment were as follows:

For the Year Ending June 30,	Principal	Total
2010	\$ 250,000	\$ 250,000
2011	250,000	250,000
2012	250,000	250,000
2013	200,000	200,000
Total debt service	\$ 950,000	\$ 950,000

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

NOTE 7 - LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

Owner Participation Agreements with Agency Commitment

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

Ford Motor Company	\$ 2,165,859
Batarse Family Trust Disposition and Development	390,000
	<u>\$ 2,555,859</u>

- Ford Motor Company Owner Participation Agreement** - The agreement required the Agency to make annual payment equivalent to 50% of the sales tax generated above a base of \$277,000 by the sale of vehicles as part of the Ford Store San Leandro development. The amount due is \$2,165,859 to be paid over several years depending on the volume of auto sales at no interest.
- 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 \$390,000 to be paid over several years depending on the volume of auto sales at no interest.

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, 2009, future debt service requirements for the HUD 108 Guarantee loan were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2010	\$ 63,000	\$ 50,475	\$ 113,475
2011	63,000	45,861	108,861
2012	63,000	41,153	104,153
2013	63,000	36,382	99,382
2014	63,000	31,542	94,542
2015-2019	315,000	83,996	398,996
2020	55,000	2,188	57,188
Total debt service	<u>\$ 685,000</u>	<u>\$ 291,597</u>	<u>\$ 976,597</u>

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

NOTE 7 - LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

2008 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, 2014.

For year Ending June 30,	Principal	Total
2010	\$ 327,072	\$ 327,072
2011	327,072	327,072
2012	327,072	327,072
2013	327,072	327,072
2014	327,072	327,072
Total debt service	\$ 1,635,360	\$ 1,635,360

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, 2009:

Debt Issue	Balance July 1, 2008	Retirements	Balance June 30, 2009	Due within one year	Due in more than one year
Marina Cal Boating Notes Payable	\$ 2,963,509	\$ (159,561)	\$ 2,803,948	\$ 166,741	\$ 2,637,207

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.

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

Marina Cal Boating Notes Payable, continued

At June 30, 2009, future debt service requirements for the Marina Cal Boating Notes Payable were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2010	\$ 166,741	\$ 126,268	\$ 293,009
2011	174,245	118,764	293,009
2012	182,086	110,923	293,009
2013	190,280	102,730	293,010
2014	198,842	94,167	293,009
2015-2019	1,136,760	328,287	1,465,047
2020-2024	688,908	76,752	765,660
2025-2027	66,086	6,218	72,304
Totals	\$ 2,803,948	\$ 964,109	\$ 3,768,057

C. Debt Covenants and Restrictions

For June 30, 2009, the City complied with all general and specific covenants regarding debt proceeds usage and debt repayment. In accordance with bond official statements, the City also maintained adequate reserves for all debt issues.

NOTE 8 – COMPENSATED ABSENCES

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

Summary of changes in compensated absences for the year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009	Due within one year	Due in more one year
Governmental Activities	\$ 4,550,664	\$ 96,950	\$ (205,269)	\$ 4,442,345	\$ 407,622	\$ 4,034,723
Business-type Activities	465,130	70,807	(42,571)	493,366	-	493,366
Total	\$ 5,015,794	\$ 167,757	\$ (247,840)	\$ 4,935,711	\$ 407,622	\$ 4,528,089

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

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, 2009, unearned revenues in the Government-Wide Financial Statements were as follows:

	Governmental Activities	Business-Type Activities	Total
Accounts receivable	\$ 1,857,138	\$ 1,624,064	\$ 3,481,202

B. Fund Financial Statements

At June 30, 2009 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	\$ 1,673,733	\$ -	\$ -	\$ -	\$ 1,673,733
Long-term redevelopment loans	-	1,480,619	-	-	1,480,619
Long-term housing loans	-	-	8,254,017	3,163,342	11,417,359
Special Assessments	-	-	-	183,405	183,405
Total	\$ 1,673,733	\$ 1,480,619	\$ 8,254,017	\$ 3,346,747	\$ 14,755,116

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

NOTE 10 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Fund Deficits

At June 30, 2009, the funds below had the following deficit fund balance or net assets:

Governmental Funds:

Special Gas Tax	\$ 139,882
Measure B Paratransit	31,816
HOME	5,001

Enterprise Funds:

Shoreline	2,905,614
	<u>\$ 3,082,313</u>

The Special Gas Tax, Measure B Para-transit, and HOME fund has a deficit due to the increase in expenditures and will be reviewed and controlled in the next fiscal year. The Enterprise 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. Marina deficits will be eliminated in the next three years from the lease of golf course properties and as transient occupancy revenues are shifted to the Shoreline Fund for its hotel operations.

B. Expenditures in Excess of Appropriations

Excess of expenditures over appropriations approved by the City Council occurred in individual funds during the fiscal year 2008-09 as follows:

Fund	Expenditures	Appropriations	Excess Expenditure over Appropriations
Traffic Congestion Relief Special Revenue Fund	\$ 368,957	\$ 368,972	\$ (15)
Redevelopment Agency Debt Service Fund	4,462,334	4,472,793	(10,459)

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

NOTE 11 - INSURANCE

The City provides workers' compensation benefits under self-insurance programs. Such 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 \$2 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 Payments for Payments in Current and Prior Fiscal Years	Liability Balance June 30
2006-07	\$ 7,491,613	\$ 2,342,800	\$ (2,503,670)	\$ 7,330,743
2007-08	7,330,743	1,947,197	(2,759,678)	6,518,262
2008-09	6,518,262	1,333,273	(1,759,852)	6,091,683

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, 2009, is presented below:

Total Assets	\$ 94,162,284
Total Liabilities	(46,882,379)
Equity	<u>\$ 47,279,905</u>
Total Revenue	\$ 21,185,418
Total Expenses	(9,686,148)
Refunds to Member	(4,916,204)
Net Increase (Decrease) in Equity	<u><u>\$ 6,583,066</u></u>

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

NOTE 12 - 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 MOREA is 22.2%. The Agency's share for 2008-09 was \$62,000.

B. Century Theaters Reimbursement and Performance Agreement

The agreement requires the Agency to guarantee the ground lease by M&J Wilkow (or its successors and assigns) for property adjacent to the Bayfair Mall as part of the development of the Century Theatres complex. The obligation only occurs in the event of a default by the mall ownership. The amount of the obligation is subject to change over time as provided in the lease.

C. Alameda at San Leandro Crossing Financing

The Alameda at San Leandro Crossing is part of the 300 unit Phase I development in San Leandro Crossings which will be constructed by Bridge Housing Corporation and developed by Westlake Development Partners LLC. The Redevelopment Agency (RDA) of the City of San Leandro (Agency) will be assisting in financing \$9.1 million from the Housing Set Aside Funds of the Agency through the issuance of Tax Allocations Bonds (TABs). The TABs will be repaid over a 15 year period and as a result of the bonds being taxable, the interest rate, paid by the RDA will be approximately 7.7% to 8%. The Agency will be able to reimburse itself from the proceeds of future tax exempt financing for expenditures made in advance of the issuance of the financing.

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 11 to the Financial Statement, the City maintains in the Self Insurance Fund which has reserves of \$5.0M at the end of June 30, 2009. These reserves are available to satisfy any future liability.

NOTE 13 - EMPLOYEE RETIREMENT PLANS

Plan Description - The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS 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.

A cost-sharing multiple-employer plan 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

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

NOTE 13 - EMPLOYEE RETIREMENT PLANS, Continued

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, Firefighters, Fire Administrators, and Miscellaneous) Employee Plans.

A Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office located at 400 P Street, Sacramento, CA 95814.

Funding Policy - Active plan members are required by state statute to contribute 8% for miscellaneous 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 \$10,506,515 for the year ended June 30, 2009.

The City as employer is required to contribute an actuarially determined payment that is reflected as a percentage of annual covered payrolls for miscellaneous and safety employees.

Annual Pension Cost - For fiscal year 2008-09 the City's annual pension costs of \$7,680,976 for PERS was equal to the City's required contribution. The required contribution was determined as a part of the June 30, 2007, actuarial valuation using the entry age method. 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% depending on age, service, and type of employment, and (c) 2% per year cost-of-living adjustments for retirees. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over three year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payrolls on closed bases. The average remaining amortization period at June 30, 2007, was 26 years for miscellaneous and 17 years for safety employees for prior and current service unfunded liabilities.

THREE YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2007	\$ 6,798,718	100%	-
6/30/2008	7,341,953	100%	-
6/30/2009	7,680,976	100%	

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

NOTE 14 –OTHER POST EMPLOYMENT BENEFITS

The City implemented the provisions of GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, in fiscal year 2008-2009. 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 (expense) is calculated based upon the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45 which the City implemented in fiscal year 2008-09 prospectively. 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 thirty years.

Based upon the valuation dated June 30, 2007, the most recent valuation available, the actuarially required ARC was \$1,791,000, and the City contributed \$1,411,315 in current fiscal year.

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 2009 and two preceding years were as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of Annual</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2007	N/A	N/A	N/A
2008	N/A	N/A	N/A
2009	\$ 1,791,000	79%	\$ 379,685

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

NOTE 14 –OTHER POST EMPLOYMENT BENEFITS, Continued

C. Plan Funded Status Information

As of June 30, 2007, the latest valuation date, the funded status of the plan, was as follows:

Actuarial accrued liability (AAL)	\$ 20,977,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	20,977,000
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	32,564,000
UAAL as percentage of covered payroll	64.4%

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 multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

D. Actuarial Methods and Assumptions

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

In the June 30, 2007 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 rated for 2007 and an 11% increase for HMO and 12% increase for PPO plans. Future years were reduced to an ultimate rate 4.5% for both HMO and PPO plans by 2018.
- 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.
- 4.25% Investment rate of return (net of administrative expenses).

City of San Leandro
Notes to Basic Financial Statements
For the year ended June 30, 2009

NOTE 15 –SUBSEQUENT EVENTS

Emergency suspension of Proposition 1A was passed by State legislature and signed by the Governor on July 28, 2009. Under the provision, the State will borrow 8% of the amount of property tax revenue apportioned to cities, counties, and special districts and the State will be required to repay the obligation plus interest by June 2013. Proposition 1A Securitization Program authorized under ABX4 14 and ABX4 15, enables local agencies to sell the respective Proposition 1A receivables to California Communities. On October 19, 2009, the City Council approved the sale of the Proposition 1A receivable in connection with the Proposition 1A securitization. The benefits to the city includes the immediate cash relief, all financing will be borne by the State, and no bond obligations. The total amount of Proposition 1A securitization is \$1,734,000 payable on two equal installments on January 15, 2010 and May 3, 2010.

Included in the State Budget for 2009-10 is the two-year take from the redevelopment agencies to fund the Supplemental Education Revenue Augmentation Fund (SERAF). For the San Leandro Redevelopment Agency, this requirement equates to approximately \$5M, of which \$4.2M will be in 2009-10 and the remainder in 2010-11 fiscal year. Although the SERAF requirement is subject to a lawsuit filed by the California Redevelopment Association, the City of San Leandro Redevelopment Agency in the Joint Project Area will be borrowing from the Water Pollution Control Plant Fund \$2M payable in 5 years with a 2% interest rate. The agency will also restructure the current General Fund Loan, requesting a lower interest rate to at least 2% and extending the life of the loan through 2033-34 fiscal year.

NOTE 16 –JOINTLY GOVERNED ORGANIZATIONS

The City of San Leandro participates in the East Bay Dischargers Authority established on February 15, 1974. The Agency Members of the Joint Powers are the City of Hayward, City of San Leandro, Oro Loma Sanitary District, Castro Valley Sanitary District, and Union Sanitary 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 with 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, 2009

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	\$ 58,159,124	\$ 58,159,124	\$ 53,445,212	\$ (4,713,912)
Licenses and permits	5,925,349	5,925,349	5,879,122	(46,227)
Fines and forfeitures	1,210,000	1,210,000	1,296,568	86,568
Service charges	4,895,603	4,895,603	4,649,882	(245,721)
Intergovernmental	1,241,500	1,241,500	1,306,313	64,813
Use of money and property	2,251,039	2,251,039	1,835,368	(415,671)
Interdepartment charges	1,858,479	1,858,479	1,858,477	(2)
Other	482,300	611,804	862,204	250,400
Total revenues	76,023,394	76,152,898	71,133,146	(5,019,752)
EXPENDITURES:				
Current:				
General government	10,631,778	10,700,912	10,865,272	(164,360)
Public safety	45,923,208	46,202,284	45,198,529	1,003,755
Engineering and transportation	8,870,685	9,110,924	7,717,876	1,393,048
Recreation and culture	11,533,313	11,797,664	10,578,857	1,218,807
Community development	3,367,534	3,626,036	3,234,315	391,721
Debt service:				
Principal	446,193	446,193	446,193	-
Interest and fees	55,955	55,955	55,955	-
Total expenditures	80,828,666	81,939,968	78,096,997	3,842,971
REVENUES OVER (UNDER) EXPENDITURES	(4,805,272)	(5,787,070)	(6,963,851)	(1,176,781)
OTHER FINANCING SOURCES (USES):				
Transfer in	1,000,000	1,500,000	1,500,000	-
Transfers out	(1,604,962)	(2,148,842)	(2,148,842)	-
Total other financing sources (uses)	(604,962)	(648,842)	(648,842)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(5,410,234)	(6,435,912)	(7,612,693)	(1,176,781)
FUND BALANCES:				
Beginning of year	37,301,658	37,301,658	37,301,658	-
End of year	\$ 31,891,424	\$ 30,865,746	\$ 29,688,965	\$ (1,176,781)

See Accompanying Notes to Required Supplementary Information

City of San Leandro
Required Supplemental Information
For the year ended June 30, 2009

2. PENSION PLANS SCHEDULE OF FUNDING PROGRESS – PERS

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL as a % of Payroll
Miscellaneous:						
6/30/2006	\$ 166,960,830	\$ 153,337,179	\$ 13,623,651	91.8%	\$ 21,487,142	63.4%
6/30/2007	179,016,400	164,617,605	14,398,795	92.0%	22,688,537	63.5%
6/30/2008	187,424,677	173,324,193	14,100,484	92.5%	23,605,301	59.7%
Safety:						
6/30/2006	\$ 7,278,049,834	\$ 6,102,615,567	\$ 1,175,434,267	83.8%	\$ 754,730,438	155.7%
6/30/2007	7,986,055,176	6,826,599,459	1,159,455,717	85.5%	731,607,658	158.5%
6/30/2008	8,700,467,733	7,464,927,716	1,235,540,017	85.8%	914,840,596	135.1%

* 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.

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

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%

See Accompanying Notes to Required Supplementary Information

City of San Leandro
Required Supplemental Information
For the year ended June 30, 2009

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 13 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.

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

This schedule presents information that shows whether the actuarial value plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The requirements of GASB No. 45 were implemented in this fiscal year and accordingly, there are no factors that significantly affect the identification of trends in the amounts reported. Three year funding progress will be shown when data becomes available.



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 on-going 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.

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

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

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

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

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.

DEBT SERVICE FUNDS

NON-MAJOR GOVERNMENTAL 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, 2009

	Special Revenue					
	Street/Traffic Improvements	Park Development Fee	Parking	Special Gas Tax	Cherrywood Maintenance District	Traffic Congestion Relief
ASSETS						
Cash and investments	\$ 1,984,292	\$ 1,101,754	\$ 46,217	\$ -	\$ 171,898	\$ 538,381
Cash and investments with fiscal agent	-	-	-	-	-	-
Receivables:						
Accounts	-	-	1,269	-	-	-
Federal, State, and local grants	-	-	-	-	-	166,197
Interest	6,630	3,483	187	-	550	1,485
Special assessments	-	-	-	-	39,006	-
Sales Tax - Measure B	-	-	-	-	-	-
Other assets	-	-	-	600	-	-
Loans	-	-	-	-	-	-
Total assets	\$ 1,990,922	\$ 1,105,237	\$ 47,673	\$ 600	\$ 211,454	\$ 706,063
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 830	\$ -	\$ 2,441	\$ 25,074	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-
Due to other funds	-	-	-	115,408	-	-
Loans from other funds	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total liabilities	830	-	2,441	140,482	-	-
Fund Balances:						
Reserved:						
Encumbrances	5,684	-	2,653	-	-	-
Debt service	-	-	-	-	-	-
Unreserved designated for:						
Capital projects	-	-	-	-	-	-
Unreserved, undesignated						
Special Revenue Funds	1,984,408	1,105,237	42,579	(139,882)	211,454	706,063
Total fund balances	1,990,092	1,105,237	45,232	(139,882)	211,454	706,063
Total liabilities and fund balances	\$ 1,990,922	\$ 1,105,237	\$ 47,673	\$ 600	\$ 211,454	\$ 706,063

(Continued)

Special Revenue

Measure B Paratransit	Heron Bay	Proposition IB Local Streets & Roads	Special Grants	Measure B	C.D.B.G	HOME	Housing In-Lieu
\$ -	\$ 588,921	\$ 253,245	\$ -	\$ 2,558,445	\$ 77,364	\$ -	\$ 60,966
-	-	-	-	-	-	-	-
-	-	-	300,486	4,095	-	-	-
-	-	-	1,001,172	-	64,289	1,000	-
-	1,818	2,999	-	7,225	55,832	-	198
-	14,916	-	-	-	-	-	-
-	-	-	-	327,767	-	-	-
-	25,579	-	-	-	-	-	-
-	-	-	-	-	385,510	2,085,000	637,000
<u>\$ -</u>	<u>\$ 631,234</u>	<u>\$ 256,244</u>	<u>\$ 1,301,658</u>	<u>\$ 2,897,532</u>	<u>\$ 582,995</u>	<u>\$ 2,086,000</u>	<u>\$ 698,164</u>

\$ -	\$ 1,292	\$ 40,150	\$ 69,639	\$ 144,221	\$ 39,900	\$ 2	\$ -
-	-	-	-	-	441,342	2,085,000	637,000
31,816	-	-	645,457	-	-	5,999	-
-	-	-	-	-	-	-	-
-	-	-	1,552	-	-	-	-
<u>31,816</u>	<u>1,292</u>	<u>40,150</u>	<u>716,648</u>	<u>144,221</u>	<u>481,242</u>	<u>2,091,001</u>	<u>637,000</u>

-	9,121	157,000	585,010	1,311,742	101,753	-	-
-	-	-	-	-	-	-	-
-	300,000	-	-	-	-	-	-
(31,816)	320,821	59,094	-	1,441,569	-	(5,001)	61,164
<u>(31,816)</u>	<u>629,942</u>	<u>216,094</u>	<u>585,010</u>	<u>2,753,311</u>	<u>101,753</u>	<u>(5,001)</u>	<u>61,164</u>
<u>\$ -</u>	<u>\$ 631,234</u>	<u>\$ 256,244</u>	<u>\$ 1,301,658</u>	<u>\$ 2,897,532</u>	<u>\$ 582,995</u>	<u>\$ 2,086,000</u>	<u>\$ 698,164</u>

(Continued)

City of San Leandro
Combining Balance Sheet
Non-Major Governmental Funds, (Continued)
June 30, 2009

	Special Revenue		Debt Service	
	Business Improvement District	Special Assessment District	San Leandro Public Financing Authority	Redevelopment Agency Debt Service
ASSETS				
Cash and investments	\$ 4,793	\$ 311,803	\$ 12,229	\$ 535,803
Cash and investments with fiscal agent	-	84,510	885,618	3,887,033
Receivables:				
Accounts	86	-	-	-
Federal, State, and local grants	-	-	-	-
Interest	76	1,185	2,085	3,244
Special assessments	-	-	-	-
Sales tax - Measure B	-	-	-	-
Other assets	-	-	-	-
Loans	-	-	-	-
Total assets	\$ 4,955	\$ 397,498	\$ 899,932	\$ 4,426,080
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 2,310	\$ 5,500
Deferred revenue	-	183,405	-	-
Due to other funds	-	-	-	-
Loans from other funds	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	-	183,405	2,310	5,500
Fund Balances:				
Reserved:				
Encumbrances	-	-	-	-
Debt service	-	214,093	897,622	4,420,580
Unreserved designated for:				
Capital projects	-	-	-	-
Unreserved, undesignated				
Special Revenue Funds	4,955	-	-	-
Total fund balances	4,955	214,093	897,622	4,420,580
Total liabilities and fund balances	\$ 4,955	\$ 397,498	\$ 899,932	\$ 4,426,080

(Continued)

Capital Projects		
Capital Improvement Projects		Total Non-Major Governmental Funds
Capital Projects	GHAD	Funds
\$ 6,602,855	\$ 25,638	\$ 14,874,604
344,630	-	5,201,791
-	-	305,936
-	-	1,232,658
-	-	86,997
-	-	53,922
-	-	327,767
-	-	26,179
-	-	3,107,510
<u>\$ 6,947,485</u>	<u>\$ 25,638</u>	<u>\$ 25,217,364</u>

\$ 59,343	\$ -	\$ 390,702
-	-	3,346,747
-	-	798,680
1,000,000	-	1,000,000
488,475	-	490,027
<u>1,547,818</u>	<u>-</u>	<u>6,026,156</u>

1,752,087	-	3,925,050
-	-	5,532,295
-	-	-
3,647,580	25,638	3,973,218
-	-	5,760,645
<u>5,399,667</u>	<u>25,638</u>	<u>19,191,208</u>
<u>\$ 6,947,485</u>	<u>\$ 25,638</u>	<u>\$ 25,217,364</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, 2009

	Special Revenue					
	Street/Traffic	Park		Special	Cherrywood	Traffic
	Improvements	Development Fee	Parking	Gas Tax	Maintenance District	Congestion Relief
REVENUES:						
Property and other taxes	\$ -	\$ -	\$ -	\$ -	\$ 56,624	\$ -
Licenses and permits	451,730	-	292,114	-	-	-
Service charges	-	-	-	-	-	-
Intergovernmental	-	-	-	1,333,616	-	693,811
Use of money and property	56,255	29,876	1,689	-	4,748	12,267
Other	1,000	343,349	750	-	-	-
Total revenues	508,985	373,225	294,553	1,333,616	61,372	706,078
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Engineering and transportation	408,046	-	292,769	1,997,779	716	368,972
Recreation and culture	-	1,586	-	-	-	-
Community development	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-
Total expenditures	408,046	1,586	292,769	1,997,779	716	368,972
REVENUES OVER (UNDER) EXPENDITURES	100,939	371,639	1,784	(664,163)	60,656	337,106
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	987,000	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	987,000	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES						
	100,939	371,639	1,784	322,837	60,656	337,106
FUND BALANCES:						
Beginning of year	1,889,153	733,598	43,448	(462,719)	150,798	368,957
End of year	\$ 1,990,092	\$ 1,105,237	\$ 45,232	\$ (139,882)	\$ 211,454	\$ 706,063

(Continued)

Special Revenue

Measure B Paratransit	Heron Bay	Proposition IB Local Streets & Roads	Special Grants	Measure B	C.D.B.G	HOME	Housing In Lieu
\$ -	\$ 312,849	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	12,430
-	-	-	-	-	-	-	-
236,797	-	-	908,168	1,425,266	1,186,034	16,992	-
-	16,142	29,216	16,742	62,665	-	-	1,229
-	64,122	-	57,016	112,895	-	-	-
236,797	393,113	29,216	981,926	1,600,826	1,186,034	16,992	13,659
-	-	-	-	-	-	-	-
-	-	-	165,395	-	-	-	-
-	304,018	1,142,986	490,463	1,102,974	-	-	-
319,647	-	-	612,534	-	30,000	-	-
-	-	-	268	-	1,156,034	18,454	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
319,647	304,018	1,142,986	1,268,660	1,102,974	1,186,034	18,454	-
(82,850)	89,095	(1,113,770)	(286,734)	497,852	-	(1,462)	13,659
-	-	-	153,816	987,000	-	-	-
-	-	-	-	(987,000)	-	-	-
-	-	-	153,816	-	-	-	-
(82,850)	89,095	(1,113,770)	(132,918)	497,852	-	(1,462)	13,659
51,034	540,847	1,329,864	717,928	2,255,459	101,753	(3,539)	47,505
\$ (31,816)	\$ 629,942	\$ 216,094	\$ 585,010	\$ 2,753,311	\$ 101,753	\$ (5,001)	\$ 61,164

(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, 2009

	Special Revenue		Debt Service	
	Business Improvement District	Special Assessment District	San Leandro Public Financing Authority	Redevelopment Agency Debt Service
REVENUES:				
Property and other taxes	\$ -	\$ 66	\$ -	\$ -
Licenses and permits	132,808	-	-	-
Service charges	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	164	9,841	1,951,906	79,116
Other	-	-	-	-
Total revenues	<u>132,972</u>	<u>9,907</u>	<u>1,951,906</u>	<u>79,116</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Engineering and transportation	-	-	-	-
Recreation and culture	-	-	-	-
Community development	283,838	-	-	-
Debt service:				
Principal	-	145,000	1,010,000	1,550,440
Interest and fees	-	26,464	1,469,214	2,922,353
Total expenditures	<u>283,838</u>	<u>171,464</u>	<u>2,479,214</u>	<u>4,472,793</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(150,866)</u>	<u>(161,557)</u>	<u>(527,308)</u>	<u>(4,393,677)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	140,500	-	-	6,339,021
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>140,500</u>	<u>-</u>	<u>-</u>	<u>6,339,021</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	(10,366)	(161,557)	(527,308)	1,945,344
FUND BALANCES:				
Beginning of year	<u>15,321</u>	<u>375,650</u>	<u>1,424,930</u>	<u>2,475,236</u>
End of year	<u>\$ 4,955</u>	<u>\$ 214,093</u>	<u>\$ 897,622</u>	<u>\$ 4,420,580</u>

(Continued)

Capital Projects		
Capital Improvement Projects		Total Non-Major Governmental Funds
Capital Projects	GHAD	Funds
\$ -	\$ -	\$ 369,539
-	-	889,082
327,610	-	327,610
-	-	5,800,684
29,470	-	2,301,326
3,153,665	-	3,732,797
<u>3,510,745</u>	<u>-</u>	<u>13,421,038</u>
816	-	816
45,783	-	211,178
1,802,854	11,573	7,923,150
557,893	-	1,521,660
577,335	-	2,035,929
-	-	2,705,440
-	-	4,418,031
<u>2,984,681</u>	<u>11,573</u>	<u>18,816,204</u>
<u>526,064</u>	<u>(11,573)</u>	<u>(5,395,166)</u>
1,666,686	-	10,274,023
-	-	(987,000)
<u>1,666,686</u>	<u>-</u>	<u>9,287,023</u>
2,192,750	(11,573)	3,891,857
<u>3,206,917</u>	<u>37,211</u>	<u>15,299,351</u>
<u>\$ 5,399,667</u>	<u>\$ 25,638</u>	<u>\$ 19,191,208</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, 2009

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Licenses and permits	\$ 206,400	\$ 206,400	\$ 451,730	\$ 245,330
Use of money and property	78,468	78,468	56,255	(22,213)
Other	-	-	1,000	1,000
Total revenues	284,868	284,868	508,985	224,117
EXPENDITURES:				
Current:				
Engineering and transportation	447,120	1,313,361	408,046	905,315
Total expenditures	447,120	1,313,361	408,046	905,315
REVENUES OVER (UNDER) EXPENDITURES	(162,252)	(1,028,493)	100,939	(681,198)
FUND BALANCES:				
Beginning of year	1,889,153	1,889,153	1,889,153	-
End of year	\$ 1,726,901	\$ 860,660	\$ 1,990,092	\$ 1,129,432

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, 2009

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Use of money and property	\$ 37,526	\$ 37,526	\$ 29,876	\$ (7,650)
Licenses and permits	180,000	180,000	343,349	163,349
Total revenues	217,526	217,526	373,225	155,699
EXPENDITURES:				
Current:				
Recreation and culture	1,586	1,586	1,586	-
Total expenditures	1,586	1,586	1,586	-
REVENUES OVER (UNDER) EXPENDITURES	215,940	215,940	371,639	155,699
FUND BALANCES:				
Beginning of year	733,598	733,598	733,598	-
End of year	\$ 949,538	\$ 949,538	\$ 1,105,237	\$ 155,699

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, 2009

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Licenses and permits	\$ 284,222	\$ 284,222	\$ 292,114	\$ 7,892
Service charges	-	-	-	-
Use of money and property	1,356	1,356	1,689	333
Other	625	625	750	125
Total revenues	286,203	286,203	294,553	8,350
EXPENDITURES:				
Current:				
Engineering and transportation	333,519	335,735	292,769	42,966
Total expenditures	333,519	335,735	292,769	42,966
REVENUES OVER (UNDER) EXPENDITURES	(47,316)	(49,532)	1,784	51,316
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Total other financing sources (uses)	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(47,316)	(49,532)	1,784	51,316
FUND BALANCES:				
Beginning of year	43,448	43,448	43,448	-
End of year	\$ (3,868)	\$ (6,084)	\$ 45,232	\$ 51,316

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, 2009

	Budgeted Amounts		Actual	Over/(Under) Variance with Final Budget
	Adopted	Final		
REVENUES:				
Intergovernmental	\$ 1,655,322	\$ 1,655,322	\$ 1,333,616	\$ (321,706)
Use of money and property	-	-	-	-
Total revenues	1,655,322	1,655,322	1,333,616	(321,706)
EXPENDITURES:				
Current:				
Engineering and transportation	2,104,190	2,165,686	1,997,779	167,907
Total expenditures	2,104,190	2,165,686	1,997,779	167,907
REVENUES OVER (UNDER) EXPENDITURES	(448,868)	(510,364)	(664,163)	(153,799)
OTHER FINANCING SOURCES (USES):				
Transfers In	987,000	987,000	987,000	-
Total other financing sources (uses)	987,000	987,000	987,000	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	538,132	476,636	322,837	(153,799)
FUND BALANCES:				
Beginning of year	(462,719)	(462,719)	(462,719)	-
End of year	\$ 75,413	\$ 13,917	\$ (139,882)	\$ (153,799)

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, 2009

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Property and other taxes	\$ 20,329	\$ 20,329	\$ 56,624	\$ 36,295
Use of money and property	4,439	4,439	4,748	309
Total revenues	24,768	24,768	61,372	36,604
EXPENDITURES:				
Current:				
Engineering and transportation	387	1,227	716	511
Total expenditures	387	1,227	716	511
REVENUES OVER (UNDER) EXPENDITURES	24,381	23,541	60,656	37,115
FUND BALANCES:				
Beginning of year	150,798	150,798	150,798	-
End of year	\$ 175,179	\$ 174,339	\$ 211,454	\$ 37,115

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, 2009

	Budgeted Amounts		Actual	Over/(Under) Variance with Final Budget
	Adopted	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 693,811	\$ 693,811
Use of money and property	-	-	12,267	12,267
Total revenues	-	-	706,078	706,078
EXPENDITURES:				
Current:				
Engineering and transportation	40,803	368,957	368,972	(15)
Total expenditures	40,803	368,957	368,972	(15)
REVENUES OVER (UNDER) EXPENDITURES	(40,803)	(368,957)	337,106	706,063
FUND BALANCES:				
Beginning of year	368,957	368,957	368,957	-
End of year	\$ 328,154	\$ -	\$ 706,063	\$ 706,063

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, 2009

	Budgeted Amounts		Actual	Over/(Under) Variance with Final Budget
	Adopted	Final		
REVENUES:				
Intergovernmental	\$ 267,157	\$ 267,157	\$ 236,797	\$ (30,360)
Total revenues	<u>267,157</u>	<u>267,157</u>	<u>236,797</u>	<u>(30,360)</u>
EXPENDITURES:				
Current:				
Recreation and Culture	352,954	421,336	319,647	101,689
Total expenditures	<u>352,954</u>	<u>421,336</u>	<u>319,647</u>	<u>101,689</u>
REVENUES OVER (UNDER) EXPENDITURES	(85,797)	(154,179)	(82,850)	71,329
FUND BALANCES:				
Beginning of year	51,034	51,034	51,034	-
End of year	<u>\$ (34,763)</u>	<u>\$ (103,145)</u>	<u>\$ (31,816)</u>	<u>\$ 71,329</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, 2009

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Property and other taxes	\$ 309,552	\$ 309,552	\$ 312,849	\$ 3,297
Use of money and property	15,110	15,110	16,142	1,032
Intergovernmental	-	-	-	-
Other	-	-	64,122	64,122
Total revenues	324,662	324,662	393,113	68,451
EXPENDITURES:				
Current:				
Engineering and transportation	385,564	529,303	304,018	225,285
Total expenditures	385,564	529,303	304,018	225,285
REVENUES OVER (UNDER) EXPENDITURES	(60,902)	(204,641)	89,095	293,736
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Total other financing sources (uses)	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(60,902)	(204,641)	89,095	293,736
FUND BALANCES:				
Beginning of year	540,847	540,847	540,847	-
End of year	\$ 479,945	\$ 336,206	\$ 629,942	\$ 293,736

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, 2009

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	29,216	29,216
Other	-	-	-	-
Total revenues	-	-	29,216	29,216
EXPENDITURES:				
Current:				
Engineering and transportation	-	1,300,000	1,142,986	157,014
Total expenditures	-	1,300,000	1,142,986	157,014
REVENUES OVER (UNDER) EXPENDITURES	-	(1,300,000)	(1,113,770)	186,230
FUND BALANCES:				
Beginning of year	-	1,329,864	1,329,864	-
End of year	\$ -	\$ 29,864	\$ 216,094	\$ 186,230

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, 2009

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 2,436,780	\$ 4,627,381	\$ 908,168	\$ (3,719,213)
Use of money and property	-	-	16,742	16,742
Other	-	25,000	57,016	32,016
Total revenues	2,436,780	4,652,381	981,926	(3,670,455)
EXPENDITURES:				
Current:				
Public safety	-	282,743	165,395	117,348
Engineering and transportation	1,662,939	7,934,018	490,463	7,443,555
Community Development	300,000	315,000	268	314,732
Recreation and culture	473,904	914,199	612,534	
Total expenditures	2,436,843	9,445,960	1,268,660	8,177,300
REVENUES OVER (UNDER) EXPENDITURES	(63)	(4,793,579)	(286,734)	4,506,845
OTHER FINANCING SOURCES (USES):				
Transfers in	-	153,816	153,816	-
Total other financing sources (uses)	-	153,816	153,816	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(63)	(4,639,763)	(132,918)	4,506,845
FUND BALANCES:				
Beginning of year	717,928	717,928	717,928	-
End of year	\$ 717,865	\$ (3,921,835)	\$ 585,010	\$ 4,506,845

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, 2009

	Budgeted Amounts		Actual	Over/(Under) Variance with Final Budget
	Adopted	Final		
REVENUES:				
Intergovernmental	\$ 1,423,435	\$ 1,423,435	\$ 1,425,266	\$ 1,831
Use of money and property	82,037	82,037	62,665	(19,372)
Other	-	-	112,895	112,895
Total revenues	1,505,472	1,505,472	1,600,826	95,354
EXPENDITURES:				
Current				
Engineering and transportation	1,497,862	9,648,025	1,102,974	8,545,051
Total expenditures	1,497,862	9,648,025	1,102,974	8,545,051
REVENUES OVER (UNDER) EXPENDITURES	7,610	(8,142,553)	497,852	8,640,405
OTHER FINANCING SOURCES (USES):				
Transfers In	1,000,000	987,000	987,000	-
Transfers Out	(1,000,000)	(987,000)	(987,000)	-
Total other financing sources (uses)	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	7,610	(8,142,553)	497,852	8,640,405
FUND BALANCES:				
Beginning of year	2,255,459	2,255,459	2,255,459	-
End of year	\$ 2,263,069	\$ (5,887,094)	\$ 2,753,311	\$ 8,640,405

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, 2009

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 3,273,036	\$ 3,273,036	\$ 1,186,034	\$ (2,087,002)
Use of money and property	-	-	-	-
Other	-	-	-	-
Total revenues	3,273,036	3,273,036	1,186,034	(2,087,002)
EXPENDITURES:				
Current:				
Recreation and culture	2,857,610	3,394,519	30,000	3,364,519
Community development	415,426	423,210	1,156,034	(732,824)
Total expenditures	3,273,036	3,817,729	1,186,034	2,631,695
REVENUES OVER (UNDER) EXPENDITURES	-	(544,693)	-	544,693
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	(544,693)	-	544,693
FUND BALANCES:				
Beginning of year	101,753	101,753	101,753	-
End of year	\$ 101,753	\$ (442,940)	\$ 101,753	\$ 544,693

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, 2009

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 303,504	\$ 303,504	\$ 16,992	\$ (286,512)
Total revenues	303,504	303,504	16,992	(286,512)
EXPENDITURES:				
Current:				
Community development	303,959	447,313	18,454	428,859
Total expenditures	303,959	447,313	18,454	428,859
REVENUES OVER (UNDER) EXPENDITURES	\$ (455)	\$ (143,809)	\$ (1,462)	\$ 142,347
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Total other financing sources (uses)	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(455)	(143,809)	(1,462)	142,347
FUND BALANCES:				
Beginning of year	(3,539)	(3,539)	(3,539)	-
End of year	\$ (3,994)	\$ (147,348)	\$ (5,001)	\$ 142,347

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, 2009

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 12,430	\$ 12,430
Use of money and property	13,182	13,182	1,229	(11,953)
Total revenues	13,182	13,182	13,659	477
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	13,182	13,182	13,659	477
FUND BALANCES:				
Beginning of year	47,505	47,505	47,505	-
End of year	\$ 60,687	\$ 60,687	\$ 61,164	\$ 477

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, 2009

	Budgeted Amounts		Actual	Over/(Under) Variance with Final Budget
	Adopted	Final		
REVENUES:				
Licenses and permits	\$ 141,100	\$ 141,100	\$ 132,808	\$ (8,292)
Intergovernmental	80,000	80,000	-	(80,000)
Use of money and property	3,400	3,400	164	(3,236)
Other	35,000	35,000	-	(35,000)
Total revenues	259,500	259,500	132,972	(126,528)
EXPENDITURES:				
Current:				
Community development	400,000	400,000	283,838	116,162
Total expenditures	400,000	400,000	283,838	116,162
REVENUES OVER (UNDER) EXPENDITURES	(140,500)	(140,500)	(150,866)	(10,366)
OTHER FINANCING SOURCES (USES):				
Transfers in	140,500	140,500	140,500	-
Total other financing sources (uses)	140,500	140,500	140,500	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	(10,366)	(10,366)
FUND BALANCES:				
Beginning of year	15,321	15,321	15,321	-
End of year	\$ 15,321	\$ 15,321	\$ 4,955	\$ (10,366)

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, 2009

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Property and other taxes	\$ 166,449	\$ 166,449	\$ 66	\$ (166,383)
Use of money and property	14,000	14,000	9,841	(4,159)
Total revenues	180,449	180,449	9,907	(170,542)
EXPENDITURES:				
Current:				
Debt service:				
Principal	145,000	145,000	145,000	-
Interest and fees	29,787	29,787	26,464	3,323
Total expenditures	174,787	174,787	171,464	3,323
REVENUES OVER (UNDER) EXPENDITURES	5,662	5,662	(161,557)	(167,219)
FUND BALANCES:				
Beginning of year	375,650	375,650	375,650	-
End of year	\$ 381,312	\$ 381,312	\$ 214,093	\$ (167,219)

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, 2009

	Budgeted Amounts		Actual	Over/(Under)
	Adopted	Final		Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 2,380,380	\$ 2,380,380	\$ 1,951,906	\$ 428,474
Use of money and property	-	-	-	-
Other	-	-	-	-
Total revenues	2,380,380	2,380,380	1,951,906	428,474
EXPENDITURES:				
Current				
Debt service:				
Principal	1,010,000	1,010,000	1,010,000	-
Interest and fees	1,350,773	1,350,773	1,469,214	(118,441)
Total expenditures	2,360,773	2,360,773	2,479,214	(118,441)
REVENUES OVER (UNDER) EXPENDITURES	19,607	19,607	(527,308)	546,915
FUND BALANCES:				
Beginning of year	1,424,930	1,424,930	1,424,930	-
End of year	\$ 1,444,537	\$ 1,444,537	\$ 897,622	\$ (546,915)

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, 2009

	Budgeted Amounts		Actual	Over/(Under) Variance with Final Budget
	Adopted	Final		
REVENUES:				
Use of money and property	\$ 20,819	\$ 20,819	\$ 79,116	\$ 58,297
Total revenues	20,819	20,819	79,116	58,297
EXPENDITURES:				
Debt service:				
Principal	1,015,000	1,550,440	1,550,440	-
Interest and fees	1,326,237	2,911,894	2,922,353	(10,459)
Total expenditures	2,341,237	4,462,334	4,472,793	(10,459)
REVENUES OVER (UNDER) EXPENDITURES	(2,320,418)	(4,441,515)	(4,393,677)	47,838
OTHER FINANCING SOURCES (USES):				
Transfers in	2,130,834	6,339,021	6,339,021	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	2,130,834	6,339,021	6,339,021	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(189,584)	1,897,506	1,945,344	47,838
FUND BALANCES:				
Beginning of year	2,475,236	2,475,236	2,475,236	-
End of year	\$ 2,285,652	\$ 4,372,742	\$ 4,420,580	\$ 47,838



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, 2009

	Storm Water Utility	Environmental Services	Total Non-Major Enterprise Funds
ASSETS			
Current assets:			
Cash and investments	\$ 67,101	\$ 1,473,162	\$ 1,540,263
Receivables:			
Accounts	-	143,277	143,277
Special assessment	11,161	-	11,161
Interest	-	5,317	5,317
Other assets	-	5,000	5,000
Total current assets	<u>78,262</u>	<u>1,626,756</u>	<u>1,705,018</u>
Total assets	<u>78,262</u>	<u>1,626,756</u>	<u>1,705,018</u>
LIABILITIES			
Current liabilities:			
Accounts payable	17,402	36,187	53,589
Deferred revenue	-	12,564	12,564
Other	-	575	575
Compensated absences - due in one year	-	-	-
Total current liabilities	<u>17,402</u>	<u>49,326</u>	<u>66,728</u>
Noncurrent liabilities:			
Compensated absences - due in more than one year	48,950	109,184	158,134
Total noncurrent liabilities	<u>48,950</u>	<u>109,184</u>	<u>158,134</u>
Total liabilities	<u>66,352</u>	<u>158,510</u>	<u>224,862</u>
NET ASSETS			
Unrestricted	11,910	1,468,246	1,480,156
Total net assets	<u>\$ 11,910</u>	<u>\$ 1,468,246</u>	<u>\$ 1,480,156</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, 2009

	Storm Water Utility	Environmental Services	Total Non-Major Enterprise Funds
OPERATING REVENUES:			
Charges for services	\$ 1,051,743	\$ 336,795	\$ 1,388,538
Licenses and permits	-	313,064	313,064
Other operating revenue	865	64,556	65,421
Total operating revenues	1,052,608	714,415	1,767,023
OPERATING EXPENSES:			
Salaries and benefits	515,654	920,987	1,436,641
Contractual and other services	241,240	184,256	425,496
Materials and supplies	4,739	110,601	115,340
Other operating costs	231,697	328,720	560,417
Total operating expenses	993,330	1,544,564	2,537,894
OPERATING INCOME (LOSS)	59,278	(830,149)	(770,871)
NONOPERATING REVENUES (EXPENSES):			
Investment income	507	45,627	46,134
Intergovernmental	-	351,197	351,197
Total nonoperating revenues (expenses)	507	396,824	397,331
INCOME (LOSS) BEFORE TRANSFERS	59,785	(433,325)	(373,540)
Transfers in	-	264,107	264,107
Transfers out	(133,383)	-	(133,383)
Total transfers	(133,383)	264,107	130,724
Change in net assets	(73,598)	(169,218)	(242,816)
NET ASSETS:			
Beginning of year	85,508	1,637,464	1,722,972
End of year	\$ 11,910	\$ 1,468,246	\$ 1,480,156

City of San Leandro
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the year ended June 30, 2009

	Storm Water Utility	Environmental Services	Total Non-Major Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/other funds	\$ 1,064,117	\$ 717,014	\$ 1,781,131
Cash payment to other funds	(231,697)	(214,475)	(446,172)
Cash payments to suppliers for goods and services	(230,564)	(427,418)	(657,982)
Cash payments to employees for services	(474,607)	(895,406)	(1,370,013)
Net cash provided (used) by operating activities	127,249	(820,285)	(693,036)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Intergovernmental revenue received	-	351,197	351,197
Transfers in from other funds	-	264,107	264,107
Transfers out to other funds	(133,383)	-	(133,383)
Net cash provided (used) by noncapital financing activities	(133,383)	615,304	481,921
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	507	45,627	46,134
Net cash provided (used) by investing activities	507	45,627	46,134
Net increase (decrease) in cash and cash equivalents	(5,627)	(159,354)	(164,981)
CASH AND CASH EQUIVALENTS:			
Beginning of year	72,728	1,632,516	1,705,244
End of year	\$ 67,101	\$ 1,473,162	\$ 1,540,263
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 59,278	\$ (830,149)	\$ (770,871)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Changes in assets and liabilities:			
Accounts receivable	833	(3,103)	(2,270)
Special assessments receivable	10,676	-	10,676
Accounts payable	15,415	856	16,271
Compensated absences	41,047	12,111	53,158
Total adjustments	67,971	9,864	77,835
Net cash provided (used) by operating activities	\$ 127,249	\$ (820,285)	\$ (693,036)

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, 2009

	Building Maintenance	Information Management Services	Self- Insurance	Equipment Maintenance	Total
ASSETS					
Cash and investments	\$ 1,454,207	\$ 1,199,319	\$ 10,461,134	\$ 921,100	\$ 14,035,760
Receivables:					
Accounts	-	917	583,046	-	583,963
Interest	5,809	3,137	37,608	3,112	49,666
Inventory	14,177	10,186	-	111,957	136,320
Capital assets:					
Depreciable	14,764	5,705,672	-	6,746,759	12,467,195
Less accumulated depreciation	(2,714)	(2,575,998)	-	(3,984,758)	(6,563,470)
Net capital assets	12,050	3,129,674	-	2,762,001	5,903,725
Total assets	1,486,243	4,343,233	11,081,788	3,798,170	20,709,434
LIABILITIES					
Current Liabilities:					
Accounts payable	155,551	83,998	9,026	185,534	434,109
Other Liabilities	547	468	-	-	1,015
Claims and judgments - due in one year	-	-	1,401,087	-	1,401,087
Total current liabilities	156,098	84,466	1,410,113	185,534	1,836,211
Noncurrent liabilities:					
Advances from other funds	-	181,411	-	-	181,411
Claims and judgements - due in more than one year	-	-	4,690,596	-	4,690,596
Compensated absences - due in more than one year	58,678	108,613	2,988	59,816	230,095
Total noncurrent liabilities	58,678	290,024	4,693,584	59,816	5,102,102
Total liabilities	214,776	374,490	6,103,697	245,350	6,938,313
NET ASSETS					
Unrestricted	1,271,467	3,968,743	4,978,091	3,552,820	13,771,121
Total net assets	\$ 1,271,467	\$ 3,968,743	\$ 4,978,091	\$ 3,552,820	\$ 13,771,121

City of San Leandro
Combining Statement of Revenues, Expenses and Changes in Net Assets
All Internal Service Funds
For the year ended June 30, 2009

	Building Maintenance	Information Management Services	Self- Insurance	Equipment Maintenance	Total
OPERATING REVENUES:					
Service charges	\$ 3,198,703	\$ 4,155,581	\$ 1,694,243	\$ 2,538,377	\$ 11,586,904
Other operating revenues	961	4,943	36,833	13,510	56,247
Total operating revenues	3,199,664	4,160,524	1,731,076	2,551,887	11,643,151
OPERATING EXPENSES:					
Salaries and benefits	923,189	1,721,367	95,355	761,173	3,501,084
Contractual and other services	1,387,795	1,135,402	1,193,946	270,749	3,987,892
Materials and supplies	209,506	73,933	47	604,005	887,491
Depreciation	673	712,115	-	530,299	1,243,087
Other operating costs	255,068	498,773	43,925	-	797,766
Total operating expenses	2,776,231	4,141,590	1,333,273	2,166,226	10,417,320
OPERATING INCOME (LOSS)	423,433	18,934	397,803	385,661	1,225,831
NONOPERATING REVENUES (EXPENSES):					
Interest income	50,874	26,780	324,036	26,292	427,982
Interest expense	-	(21,153)	-	-	(21,153)
Total nonoperating revenues (expenses)	50,874	5,627	324,036	26,292	406,829
INCOME (LOSS) BEFORE TRANSFERS	474,307	24,561	721,839	411,953	1,632,660
TRANSFERS:					
Transfers in	-	-	-	43,900	43,900
Transfers out	(616,686)	-	(1,500,000)	-	(2,116,686)
Total transfers	(616,686)	-	(1,500,000)	43,900	(2,072,786)
Net income (loss)	(142,379)	24,561	(778,161)	455,853	(440,126)
NET ASSETS:					
Beginning of the year	1,413,846	3,944,182	5,756,252	3,096,967	14,211,247
End of the year	\$ 1,271,467	\$ 3,968,743	\$ 4,978,091	\$ 3,552,820	\$ 13,771,121

City of San Leandro
Combining Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2009

	Building Maintenance	Information Management Services	Self- Insurance	Equipment Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers/other funds	\$ 3,200,371	\$ 3,873,195	\$ 2,026,457	\$ 2,545,120	\$ 11,645,143
Cash payments to suppliers for goods and services	(1,897,207)	(1,456,039)	(1,952,430)	(801,350)	(6,107,026)
Cash payments to employees for services	(972,150)	(1,708,291)	(92,366)	(761,043)	(3,533,850)
Net cash provided (used) by operating activities	331,014	708,865	(18,339)	982,727	2,004,267
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Repayment of advances to other funds	-	(171,142)	-	-	(171,142)
Transfers in from other funds	-	-	-	43,900	43,900
Transfers out to other funds	(616,686)	-	(1,500,000)	-	(2,116,686)
Net cash provided (used) by noncapital financing activities	(616,686)	(171,142)	(1,500,000)	43,900	(2,243,928)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of fixed assets	-	(101,226)	-	(919,102)	(1,020,328)
Net cash provided (used) by capital and related financing activities	-	(101,226)	-	(919,102)	(1,020,328)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest Income	50,874	26,780	324,036	26,292	427,982
Interest expense	-	(21,153)	-	-	(21,153)
Net cash provided (used) by investing activities	50,874	5,627	324,036	26,292	406,829
Net increase (decrease) in cash	(234,798)	442,124	(1,194,303)	133,817	(853,160)
CASH AND CASH EQUIVALENTS:					
Beginning of year	1,689,005	757,195	11,655,437	787,283	14,888,920
End of year	<u>\$ 1,454,207</u>	<u>\$ 1,199,319</u>	<u>\$ 10,461,134</u>	<u>\$ 921,100</u>	<u>\$ 14,035,760</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 423,433	\$ 18,934	\$ 397,803	\$ 385,661	\$ 1,225,831
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	673	712,115	-	530,299	1,243,087
Changes in assets and liabilities:					
Accounts receivable	2,195	1,056	2,502	4,750	10,503
Inventory	(2,219)	3,951	-	(10,227)	(8,495)
Accounts payable	(73,142)	(40,267)	4,947	72,114	(36,348)
Claims and judgments	-	-	(426,579)	-	(426,579)
Compensated absences	(19,926)	13,076	2,988	130	(3,732)
Total cash provided (used) by operating activities	\$ 331,014	\$ 708,865	\$ (18,339)	\$ 982,727	\$ 2,004,267

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, 2009

	Deposits	Cherrywood	Total
ASSETS			
Cash and investments	\$ 855,830	\$ 864,536	\$ 1,720,366
Cash and investments with fiscal agents	-	449,034	449,034
Accounts receivable	2,100	698	2,798
Special assessments receivable	-	41,767	41,767
Total assets	\$ 857,930	\$ 1,356,035	\$ 2,213,965
LIABILITIES			
Accounts payable	\$ 66,292	\$ -	\$ 66,292
Deposits payable	791,638	-	791,638
Due to bondholders	-	1,356,035	1,356,035
Total liabilities	\$ 857,930	\$ 1,356,035	\$ 2,213,965

City of San Leandro
Combining Statement of Changes in Assets and Liabilities
Fiduciary Funds
For the year ended June 30, 2009

<u>Deposits</u>	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Assets:				
Cash and investments	\$ 1,335,036	\$ 24,364,899	\$ (24,844,105)	\$ 855,830
Accounts receivable	168,811	3,049	(169,760)	2,100
Total assets	<u>\$ 1,503,847</u>	<u>\$ 24,367,948</u>	<u>\$ (25,013,865)</u>	<u>\$ 857,930</u>
Liabilities:				
Accounts payable	\$ 121,625	\$ 12,000,367	\$ (12,055,700)	\$ 66,292
Deposits payable	1,382,222	13,266,588	(13,857,172)	791,638
Total liabilities	<u>\$ 1,503,847</u>	<u>\$ 25,266,955</u>	<u>\$ (25,912,872)</u>	<u>\$ 857,930</u>

Cherrywood

Assets:				
Cash and investments	\$ 825,152	\$ 1,911,447	\$ (1,872,063)	\$ 864,536
Cash and investments with fiscal agent	451,408	2,252	(4,626)	449,034
Accounts receivable	854	-	(156)	698
Special assessments receivable	53,810	476,471	(488,514)	41,767
Total assets	<u>\$ 1,331,224</u>	<u>\$ 2,390,170</u>	<u>\$ (2,365,359)</u>	<u>\$ 1,356,035</u>
Liabilities:				
Accounts Payable	\$ 446.00	\$ 9,858	\$ (10,304)	\$ -
Due to bondholders	1,330,778	485,854	(460,597)	1,356,035
Total liabilities	<u>\$ 1,331,224</u>	<u>\$ 495,712</u>	<u>\$ (470,901)</u>	<u>\$ 1,356,035</u>

All Agency Funds

Assets:				
Cash and investments	\$ 2,160,188	\$ 26,276,346	\$ (26,716,168)	\$ 1,720,366
Cash and investments with fiscal agent	451,408	2,252	(4,626)	449,034
Accounts receivable	169,665	3,049	(169,916)	2,798
Special assessments receivable	53,810	476,471	(488,514)	41,767
Total assets	<u>\$ 2,835,071</u>	<u>\$ 26,758,118</u>	<u>\$ (27,379,224)</u>	<u>\$ 2,213,965</u>
Liabilities:				
Accounts payable	\$ 122,071	\$ 12,010,225	\$ (12,066,004)	\$ 66,292
Deposits payable	1,382,222	13,266,588	(13,857,172)	791,638
Due to bondholders	1,330,778	485,854	(460,597)	1,356,035
Total liabilities	<u>\$ 2,835,071</u>	<u>\$ 25,762,667</u>	<u>\$ (26,383,773)</u>	<u>\$ 2,213,965</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	131
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	136
These schedules contain information to help the reader assess the city's most significant local revenue sources, sales tax and property tax.	
Debt Capacity	143
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	147
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	150
the information in the city's financial report relates to the services the city provides and the activities it performs.	



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

Program/Function	2003	2004	2005	2006	2007	2008	2009
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
Public safety	5,194,687	2,979,181	4,045,135	5,480,658	6,588,624	6,038,357	5,111,223
Engineering and transportation	9,542,893	10,929,637	8,583,331	13,157,731	11,789,460	10,797,882	11,376,411
Recreation and culture	1,803,286	3,366,714	3,476,619	3,470,771	4,576,105	4,353,066	3,414,103
Community development	4,975,147	10,118,875	1,750,940	3,741,298	3,470,491	8,867,688	3,279,368
Subtotal governmental activities	24,962,612	31,811,596	22,314,282	30,178,821	33,022,661	35,265,880	28,052,650
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
Shoreline	1,971,297	1,721,631	2,379,343	2,234,105	2,303,029	2,134,271	2,062,949
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
Environmental Services	703,052	644,644	626,282	630,344	621,502	622,052	714,415
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
Total primary government	\$ 37,850,694	\$ 43,783,088	\$ 35,674,871	\$ 45,279,813	\$ 47,649,202	\$ 50,098,168	\$ 42,327,785

Source: City of San Leandro

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

Expenses:	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
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
Public safety	35,703,556	33,414,314	35,819,441	37,415,908	41,972,128	44,061,645	44,229,183
Engineering & Transportation	11,477,536	7,592,091	9,108,518	2,260,498	11,989,696	16,292,698	15,101,806
Recreation & Culture	14,311,154	10,720,541	11,688,705	12,714,017	15,937,218	15,064,531	11,416,088
Community Development	11,203,292	9,212,795	7,509,785	11,238,106	9,351,983	15,725,787	28,119,209
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
Total governmental activities expenses	<u>100,145,101</u>	<u>90,687,436</u>	<u>89,906,264</u>	<u>90,417,175</u>	<u>\$ 95,072,895</u>	<u>\$ 111,761,705</u>	<u>\$ 120,788,184</u>
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
Shoreline	2,267,019	1,910,506	3,025,760	2,470,221	2,139,089	2,355,311	2,244,002
San Leandro Housing Finance Corp	590,425	600,094	669,147	946,776	-	-	-
Storm Water Utility	992,544	1,030,222	1,056,165	921,120	928,752	896,951	993,330
Environmental Services	1,307,149	1,235,675	1,171,903	1,453,306	1,189,664	1,460,466	1,544,564
Total business-type activities expenses	<u>13,777,579</u>	<u>12,535,777</u>	<u>13,390,797</u>	<u>12,770,932</u>	<u>13,504,795</u>	<u>13,806,282</u>	<u>14,030,573</u>
Total primary government expenses	<u>113,922,680</u>	<u>103,223,213</u>	<u>103,297,061</u>	<u>103,188,107</u>	<u>108,577,690</u>	<u>125,567,987</u>	<u>134,818,757</u>
Program revenues:							
Governmental activities:							
Charges for services:							
General government							
Property taxes	14,257,571	15,456,837	18,883,832	21,167,178	24,742,722	26,200,221	27,654,817
Sales taxes	20,680,473	20,089,952	20,704,782	22,144,559	23,407,407	22,251,900	19,095,799
Franchise Fees	3,329,375	3,605,261	3,597,465	3,362,681	4,496,415	4,142,284	4,125,705
Utility Users Tax	9,298,100	9,531,377	10,018,039	10,383,676	10,175,460	10,420,171	10,103,090
Property Transfer Tax	3,851,858	5,106,985	5,891,509	6,417,694	4,539,402	2,924,656	2,870,441
Other taxes	174,031	311,522	323,466	315,382	322,160	361,261	278,615
Motors Vehicle License Fees	4,680,544	3,705,763	530,076	530,525	472,542	320,508	294,496
Investment	2,335,395	2,033,764	2,506,853	3,150,513	4,498,742	3,836,259	3,025,658
Miscellaneous	2,651,075	2,750,995	1,920,545	826,816	873,742	657,731	1,597,574
Gain on sale of assets	4,041	-	-	516,633	11,621	-	-
Transfers	(316,945)	(79,051)	(147,114)	(50,594)	(82,214)	(182,509)	85,874
Charges for Service	9,365,768	9,734,159	10,899,821	12,501,369	16,452,204	20,126,325	15,971,619
Capital grants and contributions	10,257,395	11,114,089	8,944,136	13,005,869	11,455,259	9,303,323	8,590,057
Operating grants and contributions	5,339,449	10,963,348	2,470,325	4,603,121	5,115,198	5,836,232	3,490,973
Total Governmental activities program revenues	<u>85,908,130</u>	<u>94,325,001</u>	<u>86,543,735</u>	<u>98,875,422</u>	<u>106,480,660</u>	<u>106,198,362</u>	<u>97,184,718</u>
Business-type activities:							
Charges for services	12,888,082	11,971,492	13,360,589	15,100,992	14,626,541	14,832,288	14,275,135
Other taxes	293,754	282,372	213,520	299,126	298,633	342,189	296,184
Investment Earnings	791,459	795,829	577,242	723,250	1,378,939	1,616,038	928,796
Miscellaneous	290,912	444,232	293,756	542,837	325,532	431,887	532,897
Transfers	316,945	79,051	147,114	50,594	82,214	182,509	(85,874)
Total Business activities program revenues	<u>14,581,152</u>	<u>13,572,976</u>	<u>14,592,221</u>	<u>16,716,799</u>	<u>16,711,859</u>	<u>17,404,911</u>	<u>15,947,138</u>
Total primary government program revenues	<u>100,489,282</u>	<u>107,897,977</u>	<u>101,135,956</u>	<u>115,592,221</u>	<u>123,192,519</u>	<u>123,603,273</u>	<u>113,131,856</u>
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)
Business-type activities	803,573	1,037,199	1,201,424	3,945,867	3,207,064	3,598,629	1,916,565
Total net revenues (expenses)	<u>\$ (13,433,398)</u>	<u>\$ 4,674,764</u>	<u>\$ (2,161,105)</u>	<u>\$ 12,404,114</u>	<u>\$ 14,614,829</u>	<u>\$ (1,964,714)</u>	<u>\$ (21,686,901)</u>

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 Seven Fiscal Years
(modified accrual basis of accounting)

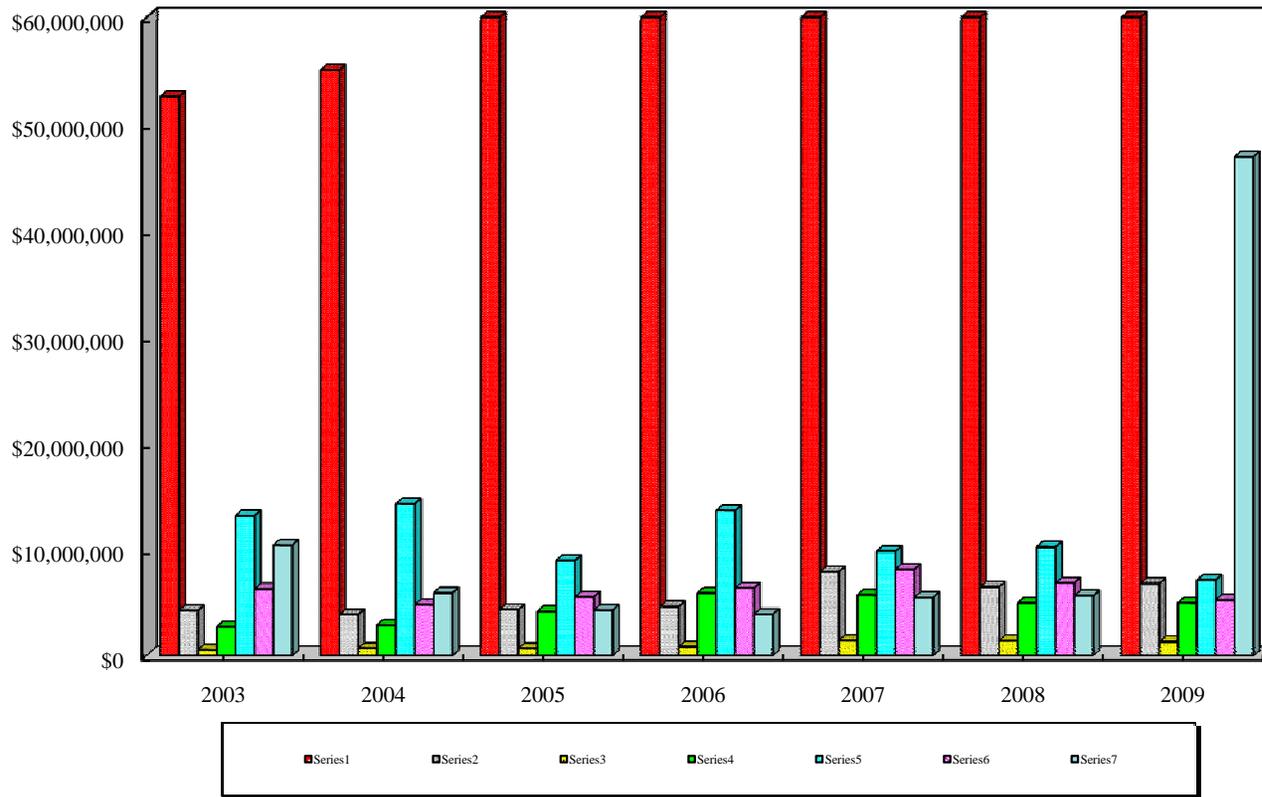
	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General Fund:							
Reserved	\$20,224,965	\$ 19,132,113	\$ 18,843,168	\$ 19,835,830	\$ 17,904,586	\$ 18,149,255	\$ 14,614,515
Unreserved	18,179,490	15,528,675	13,936,704	16,962,489	25,319,167	19,152,403	15,074,450
Total General Fund	<u>38,404,455</u>	<u>34,660,788</u>	<u>32,779,872</u>	<u>36,798,319</u>	<u>43,223,753</u>	<u>37,301,658</u>	<u>29,688,965</u>
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
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
Capital projects funds	16,516,912	-	14,935,095	-	333,153	337,211	3,973,218
Total all other governmental funds	<u>\$ 33,689,829</u>	<u>\$ 39,337,133</u>	<u>\$ 39,780,560</u>	<u>\$ 25,520,720</u>	<u>\$ 29,144,586</u>	<u>\$ 28,019,950</u>	<u>\$ 43,650,186</u>

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
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
Licenses and permits	4,255,912	3,863,441	4,333,781	4,612,703	7,884,927	6,461,407	6,768,204
Fines and forfeitures	568,776	704,309	685,984	837,602	1,431,689	1,418,732	1,296,568
Service charges	2,717,804	2,883,357	4,163,570	5,885,823	5,732,825	4,965,783	4,977,492
Intergovernmental	13,159,024	14,285,821	8,929,406	13,635,816	9,798,718	10,224,260	7,106,997
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
Intergovernmental	5,027,499	1,750,728	1,675,142	1,783,790	1,746,385	1,799,108	1,858,477
Other	5,366,291	4,149,621	2,595,829	2,117,855	3,734,825	3,824,523	5,542,756
Total revenues	89,928,711	87,471,849	88,086,353	99,643,196	106,883,903	102,481,346	97,567,022
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
Public safety	38,039,189	33,942,876	37,694,476	39,807,817	41,571,598	44,084,646	45,409,707
Engineering and transportation	13,440,168	11,791,157	13,805,174	15,798,762	12,329,183	16,521,818	15,641,026
Recreation and culture	14,272,330	14,205,666	13,316,923	19,367,598	15,968,022	15,408,155	12,100,517
Community development	11,790,168	9,434,428	7,460,908	12,120,215	9,528,638	16,002,716	27,126,823
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
Interest and fees	3,744,219	3,896,137	3,837,316	3,947,868	4,403,856	3,448,347	4,917,152
Total expenditures	96,232,947	91,255,098	92,354,998	111,196,209	97,760,809	109,306,106	119,433,794
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)
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
Transfers out	(22,523,688)	(15,146,268)	(6,955,181)	(3,309,159)	(4,405,832)	(6,117,186)	(9,615,363)
Bonds Proceeds							27,725,655
Total other financing sources (uses)	11,246,055	5,386,990	2,831,146	(68,161)	(1,018,748)	(221,970)	29,884,315
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
Debt Services as a percentage of noncapital expenditures	6.4%	8.0%	7.6%	7.1%	7.3%	5.9%	7.5%

Notes: The City of San Leandro has elected to show seven years data for this schedule.

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



Fiscal Year	Property & Other Taxes	Licenses & Permits	Fines & Forfeitures	Service Charges	Intergovernmental	Use of Money & Property	Other Revenue	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	6,351,559	3,901,645	99,643,196
2007	68,452,345	7,884,927	1,431,689	5,732,825	9,798,718	8,102,189	5,481,210	106,883,903
2008	66,945,559	6,461,407	1,418,732	4,965,783	10,224,260	6,841,974	5,623,631	102,481,346
2009	64,771,891	6,768,204	1,296,568	4,977,492	7,106,997	5,244,637	46,900,911	137,066,700

City of San Leandro
Assessed Value and Estimated Actual Value of Taxable Property
Last Seven 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%

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.

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

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 Seven Fiscal Years

Fiscal Year	City Direct Rates		Overlapping Rates			Total
	Basic 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

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.

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
Principal Property Tax Payers
June 30, 2009
Current Year and Ten Years Ago

Taxpayer	2009			1999		
	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	\$ 99,741,907	1	0.72%	-	-	-
Kaiser Foundation Hospitals	98,105,867	2	0.71%	-	-	-
Madison Bay Fair LLC	73,050,940	3	0.53%	110,395,011	1	2.51%
BCI Coca Cola Bottling Co	58,181,164	4	0.42%	53,610,511	3	1.22%
General Foods Corp	57,477,865	5	0.42%	-	-	-
AMB Property LP	51,548,832	6	0.37%	-	-	-
SKB Westgate Inviestments LLC	46,121,103	7	0.33%	-	-	0.00%
Batarse Anthony	38,332,791	8	0.28%	-	-	0.68%
Emereald Properties	28,708,338	9	0.21%	29,713,432	7	0.68%
Lakeside Village Associates	25,787,600	10	0.19%	-	-	-
Lucky Stores, Incorporated	-	-	0.00%	72,169,568	2	1.64%
Kraft Foods, Inc	-	-	0.00%	45,939,200	4	1.05%
SLCO , Inc	-	-	0.00%	38,706,514	5	0.88%
Safeway Stores Inc.	-	-	0.00%	33,229,251	6	0.76%
Gateway Buena Park, Inc.	-	-	0.00%	28,664,337	8	0.65%
AMB Property LP	-	-	0.00%	28,327,568	9	0.64%
Oakland Scavenger Company	-	-	0.00%	26,804,452	10	0.61%
Totals	\$ 577,056,407		4.19%	\$ 467,559,844		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 Seven 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%

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

Source: Alameda County Auditor-Controller's Office

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

Tax Remitter	Calendar Year						
	2003	2004	2005	2006	2007	2008	2009
Department Stores	\$ 3,685	\$ 3,759	\$ 3,541	\$ 3,253	\$ 3,158	\$ 2,847	\$ 600
Auto Sales - New	2,395	2,443	2,557	2,440	2,171	1,957	413
Building Materials - Wholesale	2,211	2,255	2,557	2,643	2,171	1,779	375
Light Industry	1,290	1,503	1,377	1,830	1,777	1,246	263
Building Materials - Retail	1,106	1,128	1,180	1,220	987	890	188
Heavy Industry	921	940	983	1,220	1,184	1,246	263
Restaurants	921	940	983	1,016	1,184	1,068	225
Miscellaneous Retail	737	564	590	813	790	712	150
Apparel Stores	737	564	983	1,016	987	1,068	225
Service Stations	737	940	787	1,016	987	1,068	225
Food Markets	553	564	-	407	-	534	113
Leasing	-	-	590	-	-	-	-
Auto Parts/Repair	-	-	-	-	592	-	-
All Others	3,132	3,195	3,541	3,456	3,751	3,381	713
	<u>\$ 18,425</u>	<u>\$ 18,794</u>	<u>\$ 19,670</u>	<u>\$ 20,330</u>	<u>\$ 19,740</u>	<u>\$ 17,794</u>	<u>\$ 3,750</u>

Source: Muni Financial Services

Notes: For Fiscal Calendar year 2009 information is only available for the first quarter.

City of San Leandro
Sewer Rates
Last Seven 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

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 Seven Fiscal Years

Fiscal Year Ended	Governmental Activities								Business Type Activities				Total Primary Government	Percentage of Personal Income	Debt Per Capita
	Certificates of Participation	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			
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	-	-

Notes: Personal Income not available for 2007 and 2008.

Source: City of San Leandro Finance Department

**City of San Leandro
Direct and Overlapping Debt
June 30, 2009**

2008-09 Assessed Valuation	\$9,984,438,431
Redevelopment Incremental Valuation	1,432,916,811
Adjusted Assessed Valuation	<u>\$8,551,521,620</u>

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/2009	% Applicable (1)	City's Share of Debt 6/30/09
Bay Area Rapid Transit District	\$441,360,000	1.940%	\$8,562,384
Chabot-Las Positas Community College District	470,174,226	10.416	48,973,347
San Leandro Unified School District	105,225,000	87.361	91,925,612
San Lorenzo Unified School District	73,430,000	28.146	20,667,608
East Bay Regional Park District	125,850,000	2.860	3,599,310
City of San Leandro Cherrywood Community Facilities District	4,530,000	100	4,530,000
City of San Leandro 1915 Act Bonds	155,000	100	155,000

TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT **\$178,413,261**

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		%	
Alameda County General Fund Obligations	\$445,402,000	4.890	\$21,780,158
Alameda County Pension Obligations	203,020,721	4.89	9,927,713
Alameda County Superintendent of Schools Certificates of Participation	42,765,000	5.9	2,523,135
Alameda-Contra Costa Transit District Certificates of Participation	4,830,000	10.416	503,093
Chabot-Las Positas Community College District General Fund Obligations	1,405,000	87.361	1,227,422
San Leandro Unified School District Certificates of Participation	22,960,000	28.146	6,462,322
City of San Leandro Certificates of Participation	36,860,000	100.00	36,860,000

TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT **\$79,283,843**

GROSS COMBINED TOTAL DEBT (2) **\$257,697,104**

NET COMBINED TOTAL DEBT **\$254,553,196**

1. Percentage of overlapping agency's assessed valuation located within boundaries of the city.
2. Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2008-09 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 1.79%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$36,860,000) 0.43%

Gross Combined Total Debt 3.01%

Net Combined Total Debt 2.98%

State School Building Aid Repayable as 6/30/09: \$0

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

Fiscal Year	Special Assessment Bonds			Coverage
	Special Assessment Collections	Debt Service		
		Principal	Interest	
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

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 2008-09 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 Seven Fiscal Years

	2003	2004	2005	2006	2007	2008	2009
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
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
Total Assessed Valuation	<u>\$ 6,181,158,952</u>	<u>\$ 7,221,646,934</u>	<u>\$ 7,752,094,559</u>	<u>\$ 8,491,385,097</u>	<u>\$ 9,065,717,989</u>	<u>\$ 9,525,307,791</u>	<u>\$ 9,102,244,683</u>
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
Total Bonded Debt	59,105,000	64,605,000	66,183,260	64,234,740	62,180,004	60,138,458	85,302,265
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)
Lease CAD/RMS	-	-	(3,048,260)	(2,609,740)	(2,175,004)	(1,683,458)	(1,237,265)
Amount of Debt subject to Limit	<u>15,935,000</u>	<u>21,435,000</u>	<u>21,120,000</u>	<u>20,815,000</u>	<u>20,485,000</u>	<u>20,140,000</u>	<u>46,895,000</u>
Legal Debt Margin	<u>\$ 911,238,843</u>	<u>\$ 1,061,812,040</u>	<u>\$ 1,141,694,184</u>	<u>\$ 1,252,892,765</u>	<u>\$ 1,339,372,698</u>	<u>\$ 1,408,656,169</u>	<u>\$ 1,318,441,702</u>

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 Seven 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	\$ 3,139,581,912	38,712	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	8,855	305,000	225.692	10.30%

Notes: Personal and Per Capita income for 2007 and 2008 not available. Median Age for 2008 not available.
The City implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation is not available.

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

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

Employer	2009			2000		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
San Leandro Unified School District	1,193	1	3.71%	1,150	1	4.30%
Ghirardelli Chocolae Co	650	2	2.02%	-	-	-
San Leandro Hospital	520	3	1.62%	657	2	2.46%
City of San Leandro	501	4	1.56%	449	5	1.68%
American Medical Response West	378	5	1.18%	-	-	-
North Face, Inc	376	6	1.17%	-	-	-
Wal - Mart Store 2648	346	7	1.08%	-	-	-
Costco Wholesale	324	8	1.01%	-	-	-
Wal - Mart Store 5434	321	9	1.00%	-	-	-
Coca Cola Bottling Co	315	10	0.98%	315	9	1.18%
Media Copy	-	-	-	541	3	2.02%
Macy's Department Store	-	-	-	322	8	1.20%
Otis Spunkmeyer	-	-	-	351	7	1.31%
Winterland	-	-	-	500	4	1.87%
Select Personnel Services	-	-	-	415	6	1.55%

Source: City of San Leandro

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

Function	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General Government	64	62	58	59	57	59	62
Police	151	150	151	142	141	147	150
Engineering & Transportation	28	29	32	31	30	29	30
Development Services	34	34	24	24	24	24	23
Public Works Services	115	119	121	123	118	120	122
Other Agencies	8	6	6	6	8	9	8
Library	40	40	37	37	45	46	49
Recreation & Human Services	54	54	54	54	57	73	57
Total	494	494	483	476	480	507	501

Notes:

Numbers represent Full-Time equivalents. Fire Services 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

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<u>Police Department:</u>							
Arrests	4,678	4,853	4,775	4,769	3,769	3,939	4,026
<u>Building Department:</u>							
Permits Issued	4,029	3,976	3,957	4,014	2,791	3,569	2,541
<u>Public Works Department:</u>							
Street resurfacing (miles)	3	2	2	3	-	2	2.1
<u>Parks and Recreation:</u>							
Number of registrants	20,393	20,372	17,848	13,203	18,033	21,850	18,413
Number of facility rentals	683	645	634	542	602	746	752
<u>Golf Course:</u>							
Golf rounds played	132,000	112,000	109,000	106,000	110,104	102,182	101,760

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 Seven Fiscal Years

	2003	2004	2005	2006	2007	2008	2009
<u>Police:</u>							
Stations	1	1	1	1	1	1	1
<u>Fire:</u>							
Fire Stations	5	5	5	5	5	5	5
<u>Park and Recreation:</u>							
Parks	16	16	16	16	16	16	16
Community Center	1	1	1	1	1	1	1
<u>Public works:</u>							
Streets (miles)	175	175	180	180	180	180	180
Streetlights	5,000	5,000	5,000	5,000	5,000	5,005	5005
Traffic signals	8,500	8,500	8,500	8,500	8,500	8,600	8600
<u>Wastewater:</u>							
Sanitary Sewer Lines (miles)	130	130	130	130	130	130	130
Storm Drainage Lines In the City (miles)	175	175	175	175	175	175	175
<u>Golf Course:</u>							
Courses	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 Seven Fiscal Years

General Bonded Debt Outstanding						
Fiscal Year Ended	Certificates of Participation	Redevelopment Bonds	Redevelopment Owners Participation	Total	Percentage of Actual Taxable Value of Property	Per Capita
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

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