

CITY OF PINOLE



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR

THE FISCAL YEAR ENDED JUNE 30, 2015

**CITY OF PINOLE
CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Prepared by
FINANCE DEPARTMENT**

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FOR THE YEAR ENDED JUNE 30, 2015

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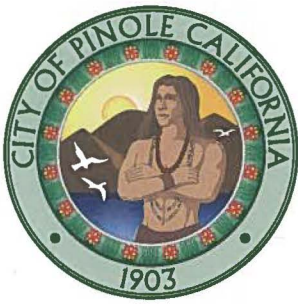
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Introductory Section





CITY OF PINOLE

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January 28, 2016

The Honorable Mayor, Members of the City Council
City Manager and Citizens of the City of Pinole

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Pinole, California for the fiscal year ended June 30, 2015. The City of Pinole is required to annually issue a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited by an independent firm of certified public accountants.

This report presents the finances of the City of Pinole. Management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government'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 GAAP. Because the cost of internal controls should not outweigh their 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. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

Mann, Urrutia, Nelson CPA's and Associates, LLP, a firm of licensed independent certified public accountants, has audited the City of Pinole's financial statements. The objective of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating overall financial management presentation. Mann, Urrutia, Nelson CPA's and Associates, LLP concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Pinole's financial statements for the year ended June 30, 2015, are fairly presented in conformity with GAAP. Their independent auditor's report is the first component presented in the financial section of this report.

The independent audit of the City's financial statements is part of a broader, federally mandated "Single Audit" designed to meet the needs of federal grantor agencies. The standards governing Single Audit engagements require the auditor to report not only on their fair presentation of the City's financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Reports. A Single Audit Report is not required for the fiscal year ended June 30, 2015 as a result of federal expenditures for the year below the \$500,000 threshold.

Accounting standards require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors report in the financial section of this report.

Profile of the Government

The City of Pinole was incorporated on June 25, 1903. Pinole is primarily a residential community located in West Contra Costa County, approximately 30 miles northeast of San Francisco and 20 miles north of Oakland along Interstate Highway 80. The City currently has a land area of 5 square miles and a population of 18,946.

The City operates under the Council-Manager form of government, with five Council members (consisting of a mayor and a four-member council) elected on a non-partisan basis. Council members are elected to four-year staggered terms with three council members alternating election with two council members at two-year intervals. The Council appoints the City Manager and City Attorney. Policymaking and legislative authorities are vested in the City Council, who among other things, passes ordinances, adopts the budget, and appoints committees. The City's manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the department directors.

Pinole is a full service city with 95 fulltime and 17 part-time authorized personnel in 2014-15. The City provides public safety (Police and Fire), public services (maintenance of streets and roads), community development (land use, building and housing standards regulation), recreation programs, parks and recreation areas, wastewater utilities, administration and fiscal services.

The financial statements included in the CAFR present the City (the primary government) and its component units if applicable. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's

operations and data from these units are combined with data from the City. Discreetly presented component units are reported in a separate column in the basic financial statements to emphasize their separateness from the City. The Successor Agency to the Pinole Redevelopment Agency is not a component unit of the City as was the case with the former Redevelopment Agency, but is accounted for in a Private Purpose Trust Fund in the Fiduciary Funds segment of the financial report.

Assessing the City's Economic Condition

Local Economy

The City continues to show sustained recovery from the fiscal impacts of the Great Recession of 2008, primarily in a strengthening local tax base in both retail sales and real property values. The region has a varied manufacturing, industrial and commercial base, but the City's principle businesses are engaged in merchandising and retail sales. The local unemployment rate decreased from 6.0% to 4.9% in 2015 compared to 2014. Contra Costa County, which includes Pinole, also has an unemployment rate of 4.9%, which compares favorably to the state's average rate of 6.2%.

The vacancy rate for commercial properties within the City's business districts continues to decline with the opening of a variety of stores, specialty shops and commercial businesses.

Voter-Approved Measure S Transactions and Use Tax

Voters approved Measure S, a new half-cent (0.5%) Transactions and Use ("Sales") tax on November 4, 2014. The Measure authorized a 0.5% transactions and use tax, which increased the total sales tax rate in Pinole from 9% to 9.5%. These local funds go directly to the City and may not be taken by the State or any other governmental entity. The tax is accounted for and budgeted separately from the general fund and will be used to pay for and prevent reduction in essential municipal services, such as police, fire, paramedic, parks, streets, youth, family and senior recreation services. The existing sales tax is a combination of "sales and use tax" and "transactions and use tax." Retailers collect both taxes at the time of sale and remit the funds to the State Board of Equalization, which administers the taxes. Both are levied on the retail sale or use of personal property, with certain exceptions. A sales tax is allocated to the jurisdiction where the sale is negotiated or the order for the sale is taken, but a transactions and use tax is allocated to the City where the merchandise or goods are delivered or placed into use. Merchandise purchased in a retail store is assumed by the state to be used within the city in which the store is located, unless the retailer is asked to ship the merchandise outside the city as part of the sale. This tax on retail sales is paid by non-residents as well as residents. Certain necessities of life, including purchases of food or medicine, are exempt from the tax.

Major Initiatives

Budget Recovery Plan

During the 2014-15 fiscal year, the City began to show signs of recovery from the effects of the downturn in the economy resulting from the 2008 recession. The General Fund's financial condition was improved by establishing a reserve of over \$3 million using one time revenues mostly from the sale of property from the former Redevelopment Agency, and has a goal of funding a \$5.5 million reserve.

The continued path towards financial recovery includes managing the Recreation Department and Pinole Community Television (PCTV) as enterprise activities on a full cost recovery basis. The City is fortunate to have numerous community non-profit partners that provide additional funding for the Youth and Senior Centers, and a dedicated volunteer effort to raise funds to keep the Swim Center open.

Community Events

- The Pinole Police Department hosted the 2014 Citizen Academy in October, and the Youth Academy in April. These outreach programs offer a wide range of safety related topics and “hands-on” experiences that include: Crime Scene Processing, Personal Safety Issues, Traffic Enforcement and Accident Investigation, Drug Enforcement, a tour of the County Jail Facility and Driving/Shooting Simulations.
- The Pinole Community Services Commission sponsored the fifth annual Community Service Day in June. This event was attended by hundreds of civic-minded community members who joined together to volunteer in a variety of hands-on community projects throughout Pinole that included: weeding at the creek and the native plant garden at the library, visiting with seniors, gardening at the Faria House rose garden, and more. The event concluded with an appreciation lunch at the Pinole Youth Center.
- Other community events include: a Halloween Carnival, Christmas Tree Lighting, movies in Fernandez Park, the American Cancer Society's annual Relay for Life, the Pinole Artisans annual Art and Wine in the Park, and the annual Classic Car Show.

Commercial Activity

- *Gateway Shopping Center Project*
The City of Pinole has received a request to develop four new commercial buildings totaling approximately 60,656 square feet with an accompanying 75-foot high pylon sign. The approximately 5.5-acre proposed development site is located on both the east and west sides of Pinole Valley Road, just north of Interstate Highway 80 and south of Henry Avenue. The site is bordered by Pinole Creek on the west, Henry Avenue on the north, the existing Kaiser Permanente

Medical facility on the east, and Interstate 80 and Pinole Valley Lanes on the south.

The Gateway East portion of the proposed project includes: a medical office building with an associated parking garage, a 75-foot pylon sign, and a drive through coffee shop. The Gateway West portion of the proposed project includes: a grocery market, a building for retail shops, restaurants, and associated parking. Landscape enhancements and a pedestrian connection are also proposed for the Pinole Creek Trail, west of the Gateway West portion of the project site.

- *Proposed New CVS Pharmacy Building*

The City has received an application for proposed development of a new approximately 15,000 square foot CVS store with a drive through pharmacy at 1617 Canyon Drive (southeast corner of the intersection of Appian Way and Canyon Drive). The project would involve the demolition of the existing multi-story medical building, and includes the relocation of two existing wireless communications facilities within the approximately 1.9-acre project site and the construction of a pylon structure to camouflage the proposed relocated wireless communication facility antennas. If approved, the new store would replace the existing CVS store in the Appian 80 Shopping Center.

Capital Facilities and Infrastructure Projects

- Several roadway projects were underway in FY 2014-15. Simas Avenue phase III resurfacing and slurry seal was completed. The construction costs were funded with Measure J funding.
- The City of Pinole prepares a Pavement Management Report every two years which assesses the condition of the City's roadways and recommends a pavement rehabilitation strategy. When that report was most recently prepared, the segment of San Pablo Avenue from Appian Way to Pinole Shores Drive was identified as a segment of the City's arterial network in need of rehabilitation. Construction is estimated to begin in early September and completed by November 2015. Total costs is approximately \$1.4 Million and is funded from a federal grant as well as Measure J transportation funds approved by the voters of Contra Costa County in 2004, and Measure S approved by voters in Pinole in 2014.
- Wastewater Pollution Control Plant Improvements
The Pinole-Hercules Wastewater Treatment Plant Upgrade Project, which has been in development for the past five years, is well underway. The final design phase is complete and construction activity is scheduled to begin in early 2016, lasting approximately 30 months. The firm, Carollo Engineers, will oversee the construction phase of this project to put in place the administrative and operational staffing resources to ensure this project proceeds on schedule.

The estimated project cost is \$48 million and will be funded 50/50 by the cities of Pinole and Hercules. City Staff has applied to the State Water Resources Control Board (SWRCB) for a State Revolving Loan Fund (SRF) low interest loan in the amount of \$24 million. The City adopted a 5-year rate plan on July 2, 2013 to generate the required debt service funding. This will increase the rate for a Single Family Residence (SFR) from \$52.77/month up to \$62.55/month effective July 1, 2017.

Financial Policies and Planning

The annual budget serves as the foundation for the City of Pinole's financial planning and control. The budget process begins in April with each department receiving a budget packet. The City Manager and Finance Director meets with each department director to discuss their budget requests and make adjustments where necessary. The Finance Subcommittee meets in May at which time the departments' proposed operating budgets are presented to the City Council for further review and preparation for the public hearing. Prior to July 1 of each year, the City Manager submits to the City Council a proposed operating budget for the coming fiscal year. The operating budget includes proposed expenditures and the financing sources. Public hearings are conducted in June to obtain taxpayers' comments. The budget is legally adopted through passage of a Council resolution no later than June 30. A budget review, including approved additions or changes, is presented to City Council on a quarterly basis. Any changes as a result of these reviews are legally adopted through Council resolution.

The Council exercises budgetary control at the functional department level. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Funds, and Internal Services Funds. The budgeted funds are adopted on a basis consistent with GAAP in the United States. Expenditures may not legally exceed budgeted appropriations at the fund level. Management does not have the authority to amend the budget without approval of the City Council.

Public funds held by the City Treasury were invested in accordance with the City's Investment Policy that was adopted on February 3, 2015 and conforms to the California Government Code Section 53601. The permitted investments include U.S. treasury notes, bonds, or bills; instruments issued by a U.S. federal agency or a U.S. government sponsored enterprise; negotiable certificates of deposit (with certain restrictions); medium term corporate notes with a rating category of "AA" or better; commercial paper of "prime quality"; bankers acceptances; repurchase agreements not to exceed 30 days; money market mutual funds; and with the State of California Local Agency Investment Fund. The objectives of the City's Investment Policy are to invest up to 100% of temporarily idle funds while maintaining safety, liquidity and yield. The Investment Policy is reviewed annually to ensure its consistency with respect to the overall objectives, and its relevance to current laws and financial trends.

The City is a member of the Municipal Pooling Authority (MPA). This Joint Powers Authority (JPA) was formed to allow member agencies to pool together to provide cost effective risk management services and programs to member agencies. The MPA provides for general liability, workers compensation, auto-physical damage, all risk fire and property, including earthquake, and boiler and machinery coverage. The City also purchases employee benefit coverage through this pool which includes dental and orthodontic, life and long-term disability coverage.

The City has fully implemented the most recent Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions.*"

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Pinole for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. This was the eighteenth consecutive year that the City has received the prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its continued eligibility for a certificate.

Acknowledgements

The preparation of the CAFR was made possible through the dedicated work of the Finance Department staff. Special thanks and acknowledgement are due to Alice Johnson and Maria Mata for their commitment and effectiveness in the maintenance of the City's financial records.

I wish to acknowledge and thank the City Council and City Manager for their leadership and commitment to ensuring the long-term fiscal health of the City.

Respectfully submitted,



Andrea Miller
Finance Director



Government Finance Officers Association

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

Presented to

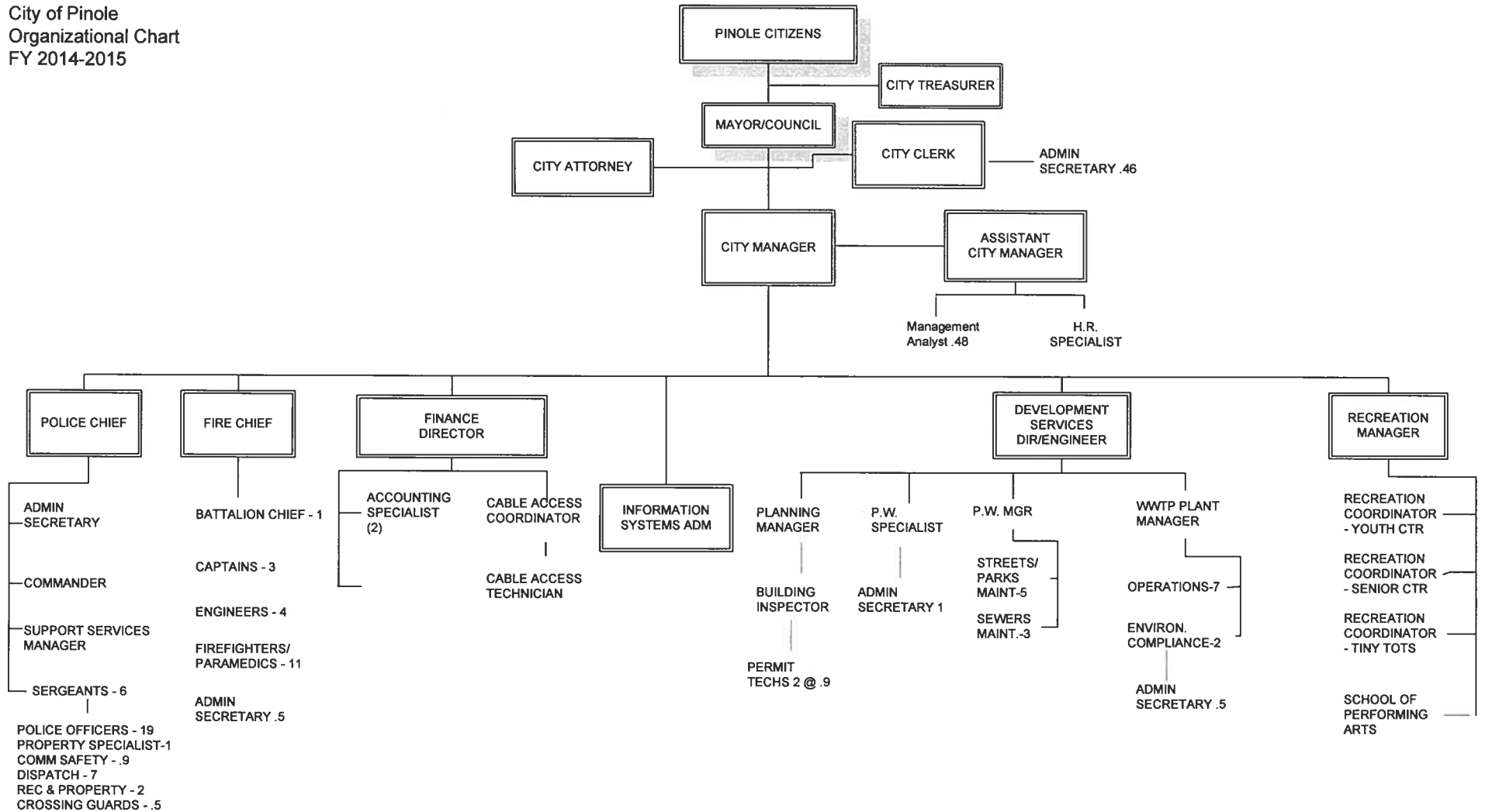
**City of Pinole
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

City of Pinole
 Organizational Chart
 FY 2014-2015



CITY OF PINOLE
ELECTED OFFICIALS AND
ADMINISTRATIVE PERSONNEL

JUNE 30, 2015

ELECTED OFFICIALS

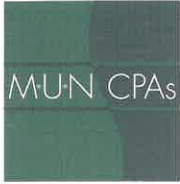
Mayor	Peter Murray
Mayor Pro Tem	Roy Swearingen
Council Member	Debbie Long
Council Member	Phil Green
Council Member	Tim Banuelos
City Treasurer	Judy Lee

ADMINISTRATIVE PERSONNEL

City Manager	Belinda Espinosa
Assistant City Manager	Hector De La Rosa
Public Works Director	Dean Allison
Finance Director	Andrea Miller
Police Chief	Neil Gang
Fire Chief	Robert Piper

Financial Section





INDEPENDENT AUDITOR'S REPORT

To The Honorable Mayor and Members of the City Council
City of Pinole
Pinole, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Pinole, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pinole, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 of the financial statements, in 2015, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pinole's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2016, on our consideration of the City of Pinole's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Pinole's internal control over financial reporting and compliance.



Sacramento, CA
January 28, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Pinole's (City) Comprehensive Annual Financial Report presents a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the City's basic financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of FY 2014-15 by \$31.9 million (net position). Of this amount, \$2.6 million is restricted for specific purposes (restricted net position), \$46.2 million is the net investment in capital assets and \$16.8 million represents a deficit in unrestricted net position.
- The City's net position decreased by \$19.6 million, a 38% decrease at the close of FY 2014-15 as compared to FY 2013-14. During fiscal year 2014-15, a prior period adjustment was recorded to restate the City's total net position at July 1, 2013, which took effect July 1, 2014, from \$51.5 million to \$31.9 million to implement GASB Statement Nos. 68 and 71 (Note 16). As a result of this restatement, governmental activities net position decreased by \$20.7 million (\$24.8 million decrease due to restatement, and \$4.2 million increase in net position), while business-type activities increased by \$1.0 million (\$956 thousand decrease due to restatement, and \$2.0 million increase in net position).
- Governmental funds reported ending balances of \$22.2 million, an increase of \$6.7 million in comparison to the prior fiscal year ending June 30, 2014.
- The General Fund balance is \$5.3 million, of which \$1.0 million is assigned, and \$4.3 million is unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

This 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: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information and related notes, combining statements for non-major governmental funds, and individual fund financial statements and schedules.

Government-wide Financial Statements

Government-wide Financial Statements are designed to provide readers with a broad overview of City finances, in a manner similar to a private-sector business. The government-wide financial statements include the City (primary government); the City does not have any component units.

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

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving

rise to the change occurs, regardless of the timing of related cash flows (accrual basis of accounting). Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to interest on long-term debt.

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a substantial portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public services, recreation, and community development. The business-type activities of the City include wastewater utility. As of February 1, 2012, the activity of the Successor Agency to Pinole Redevelopment Agency (Successor Agency) is reported with the City's fiduciary funds, which is not included in the government-wide statements since the resources of those funds are not available to support the City's own programs. The Successor Agency is included as a fiduciary fund as the activities are under the control of an Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency.

Fund Financial Statements

Fund Financial Statements use fund accounting to segregate accounts for specific activities or objectives, including demonstrating finance-related legal compliance. All of the funds of the City can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*, as described below.

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 funds 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.

The governmental funds focus is narrower than that of the government-wide financial statements. It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. This comparison facilitates a better understanding of the long-term impact associated with the government's near-term financing decisions. The governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds organized according to their type (general, special revenue, debt service, and capital projects). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the *major funds* (see *Notes to Basic Financial Statements*).

Data from the remaining non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided as supplementary information in the form of *combining statements*.

Proprietary funds are generally used to account for services for which the City charges customers – either outside customers or internal units of departments in the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains two types of proprietary funds, *enterprise funds* and *internal service funds*, as described below.

- *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the wastewater utility.
- *Internal service funds* are used by the City to establish reserves and account for employee benefits, equipment replacement, liability insurance, and retiree medical benefits. These funds serve both governmental and business-type functions and so they are allocated accordingly in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The fiduciary funds for the City consist of the Successor Agency to the Pinole Redevelopment Agency Private-Purpose Trust Fund.

Notes to Basic Financial Statements

Notes to 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.

Required Supplementary Information

Required Supplementary Information includes budgetary comparison schedules that have been provided for the major governmental funds to demonstrate compliance with the budget. Required supplementary information also includes schedules showing the City's progress towards funding its pension plan and other post-employment benefits (OPEB). The City participates in California's Public Employees Retirement System (CalPERS) for its pension plan and provides its employees with post-retirement health care benefits (OPEB).

Supplementary Information

Supplementary Information includes information for non-major governmental, non-major enterprise, internal service, and agency funds, and is presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following section provides a comparative analysis of government-wide data for FY 2014-15 and FY 2013-14. The Statement of Net Position will be discussed first, followed by a discussion of the Changes in Net Position.

The following table is a summary of the Statement of Net Position as of June 30, 2015 (2015) and June 30, 2014 (2014).

City of Pinole						
Net Position (in millions)						
	Governmental		Business-type		Totals	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	\$25.5	\$21.6	\$8.4	\$7.4	33.9	\$29.0
Capital assets	35.1	36.4	20.0	18.9	55.1	55.3
Total assets	60.6	58.0	28.4	26.3	89.0	84.3
Deferred outflows of resources	1.8		0.1		1.9	
Liabilities:						
Current liabilities	3.8	3.6	1.0	0.9	4.8	4.5
Long-term liabilities	37.1	17.9	11.0	10.3	48.1	28.2
Total liabilities	40.9	21.5	12.0	11.2	52.9	32.7
Deferred inflows of resources	5.8		0.2		6.0	
Net position:						
Invested in capital assets, net of debt	35.0	36.3	11.2	9.9	46.2	46.2
Restricted	2.6	2.6			2.6	2.6
Unrestricted	-21.8	-2.5	5.0	5.2	-16.8	2.7
Total net position	\$ 15.8	\$ 36.4	\$ 16.2	\$ 15.1	\$ 32.0	\$ 51.5

Analysis of Net Position

Net position may serve as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$32 million at the close of FY 2014-15. The City's combined net position decreased 37.9%, or \$19.5 million from the prior fiscal year. This is primarily a result of changes in unrestricted net position of governmental and business-type activities.

- *Net investment in capital assets* (e.g. infrastructure, land, buildings, improvements other than buildings, construction in progress, and equipment), less any related debt used to acquire assets still outstanding, is \$46.2 million (104% of the total). The City uses these capital assets to provide services to the community; consequently, these assets are not available to for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since generally capital assets are not used to liquidate these liabilities. The City's net investment in capital assets decreased slightly by \$0.2 million (Note 5). The majority of the decrease was attributable to the retirement of equipment under governmental activities that had reached their maximum useful life.
- *Restricted net position* of \$2.6 million (8% of the total) represents resources that are subject to external restrictions on how they may be used. This entire amount represents properties held for housing resale or redevelopment (Note 4).
- *Unrestricted net position*, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased substantially (\$16.8 million) primarily reflecting a prior period adjustment to restate the beginning net position at July 1, 2013 (Note 16) as a result of implementing GASB Statement Nos. 68 and 71. Governmental activities unrestricted net position was a negative \$21.8 million, and business-type activities net position was a positive \$5.0 million.

Analysis of Activities

The following table reflects the changes in net position for governmental and business-type activities as of June 30, 2015 (2015) and June 30, 2014 (2014).

City of Pinole Changes in Net Position

	Governmental Activities		Business-type Activities		Totals		Total % Change
	2015	2014	2015	2014	2,015	2,014	
Revenues:							
Program revenues:							
Charges for services	\$3,363,429	\$3,757,781	\$6,912,213	\$6,473,147	\$10,275,642	\$10,230,928	0.4%
Operating grants and contributions	1,203,058	1,026,339			1,203,058	1,026,339	17.2%
Capital grants and contributions	1,068,087	640,884			1,068,087	640,884	66.7%
Total program revenue	5,634,574	5,425,004	6,912,213	6,473,147	12,546,787	11,898,151	5.5%
General revenues:							
Taxes:							
Property tax	5,132,285	2,732,741			5,132,285	2,732,741	87.8%
Sales tax	6,120,157	5,164,841			6,120,157	5,164,841	18.5%
Franchise tax	713,896	667,030			713,896	667,030	7.0%
Utility tax	1,843,618	1,880,224			1,843,618	1,880,224	-1.9%
Transient occupancy tax	391,165	302,329			391,165	302,329	29.4%
Gas tax	531,714	618,132			531,714	618,132	-14.0%
Motor Vehicle in Lieu	1,423,895	1,270,231			1,423,895	1,270,231	12.1%
Investment Earnings	311,168	595,808	8,266	-11,231	319,434	584,577	-45.4%
Miscellaneous	717,146	34,679			717,146	34,679	1968.0%
Gain on Sale of Equipment	17,241	4,512			17,241	4,512	282.1%
Total general revenues	17,202,285	13,270,527	8,266	-11,231	17,210,552	13,259,296	29.8%
Total revenues	22,836,859	18,695,531	6,920,479	6,461,916	29,757,339	25,157,447	18.3%
Expenses:							
General government	4,420,529	4,718,160			4,420,529	4,718,160	-6.3%
Public safety	9,381,015	9,281,461			9,381,015	9,281,461	1.1%
Public services	2,576,588	2,685,493			2,576,588	2,685,493	-4.1%
Recreation	1,148,478	1,074,585			1,148,478	1,074,585	6.9%
Community development	825,564	779,147			825,564	779,147	6.0%
Interest and fiscal charges	290,860	280,173			290,860	280,173	3.8%
Wastewater utility			4,883,256	4,859,118	4,883,256	4,859,118	0.5%
Total expenses	18,643,034	18,819,019	4,883,256	4,859,118	23,526,290	23,678,137	-0.6%
Revenues over (under) expenses	4,193,825	-123,488	2,037,223	1,602,798	6,231,049	1,479,310	321.2%
Extraordinary item		22,634,276				-22,634,276	
Changes in Net Position	4,193,825	22,757,764	2,037,223	1,602,798	6,231,049	-21,154,966	-129.5%
Net position, beginning of year	11,541,382	59,147,807	14,170,227	13,523,516	25,711,609	72,671,323	-64.6%
Net position, end of year	15,735,207	36,390,043	16,207,450	15,126,314	31,942,658	51,516,357	-38.0%

Governmental Activities

Governmental activities decreased the City's net position by \$20.7 million accounting for 106% of the total decrease in net position of \$19.6 million. Key elements of the change in net position are as follows:

- Program revenue reflected a modest increase of \$0.2 million (4%) over FY 2013-14. Operating grants and contributions, and capital grants and contributions increased by \$0.2 million (17%) and \$0.4 million (67%) respectively over the prior fiscal year, while charges for services decreased \$0.4 million (10%).
- General revenue reflected an increase of \$3.9 million (30%) over FY 2013-14. This is largely attributable to an increase in Property Tax of \$2.4 million (88%) and Sales Tax of \$1.0 million (19%). This is indicative of a continued strengthening of the City's Property Tax (12.2%) and Sales Tax base with the voter-approved Measure S Use Tax.
- Prior period restatement of beginning net position effective July 1, 2014 to account for the implementation of GASB Statement Nos. 68 and 71 (Note 16).
- Capital assets decreased \$1.3 million reflecting the depreciation of infrastructure, roadways, buildings and equipment, and the retirement of equipment and vehicles that have reached their useful life.

Expenses held constant in FY 2014-15 with a minimal decrease of \$0.2 million (-1%). The most significant changes were in general government with a decrease of \$0.3 million (-6%) and public safety with an increase of \$0.1 million (1%).

Business-type Activities

Business-type activities increased the City's net position by \$1.1 million accounting for -6% of the total decrease in net position of \$19.6 million. Key elements of the change in net position are as follows:

- The City's sole business-type activity is the operation of its Water Pollution Control Plant (WPCP) Wastewater Utility, which is accounted for in a proprietary-type enterprise fund. The WPCP accounts for the collection, treatment and disposal of wastewater generated by city residents and businesses. The operation and maintenance of the City's Wastewater Utility should be a self-supporting enterprise that is paid for by monthly service charges to all residential and commercial users. The City's business-type activities provide the same type of information as the proprietary fund financial statements, but are presented in a more summarized format.
- Program revenues increased \$0.4 million over the prior fiscal year. This reflects the increase in User Fees which were approved for Pinole ratepayers in the spring of 2013, as a condition of additional funding required for the financing of the renovations to the WPCP.
- The City of Pinole will be financing its share of the Water Pollution Control Plant Upgrade project through a financing plan that focuses on a low interest loan from the State Revolving Loan Fund. This loan application is currently under review by the State. In order to repay the loan, the City Council approved (Resolution Number 2013-47) with scheduled rate increases over a five year period, beginning in July of 2013. The 2nd rate increase of 5% became effective on July 1, 2014. The 2015 monthly rate for single family residents was \$56.74.

- There were minimal increases in expenses over the prior fiscal year, less than \$0.1 million. Depreciation expense is considered a cost of service in proprietary funds, which accounted for \$0.6 million in FY 2014-15 (Note 5).
- The increase of \$1.1 million in net position during FY 2014-15 demonstrates that although the existing user fees are adequate to generate positive cash flows for this enterprise activity, they are not sufficient to provide both the required working capital necessary to fund current operations and also capital improvement renovations of the Water Pollution Control Plant on a “pay as you go” basis. Accordingly, City Staff has prepared and submitted an application to the State of California Revolving Loan Fund for financing of the final engineering and construction phases of major renovations to the Wastewater Treatment Plant. Should this funding application not be approved, the City will issue revenue bonds, the traditional debt financing alternative for enterprise activities. Engineering design of the required capital improvements began in the spring of 2012, with construction of the plant upgrades scheduled to begin in the spring of 2016.

Fund Financial Analysis

The City uses **fund accounting** to segregate accounts for specific activities or objectives, including demonstrating finance-related legal compliance.

Governmental Funds

The following table presents the Governmental Funds’ balances as of June 30, 2015:

Governmental Fund Balances

	General Fund	Other Governmental Funds	Total Governmental Funds
Restricted		\$ 14,074,122	\$ 14,074,122
Assigned	\$ 1,030,000	\$ 3,661,477	\$ 4,691,477
Unassigned	\$ 4,261,995	\$ -877,048	\$ 3,384,947
Total Fund Balances	\$ 5,291,995	\$ 16,858,551	\$ 22,150,546

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in fiscal year 2010-11 (Note 11). This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent.

At June 30, 2015, the City’s governmental funds reported combined fund balances of \$22.2 million, which is an increase of \$6.7 million (31%) when compared to the prior fiscal year, FY 2013-14.

Restricted fund balances constitute \$14.1 million, (64%) of the combined governmental fund balance and are constrained for a specific purpose by external parties, constitutional provision, or enabling legislation.

Assigned fund balances constitute \$4.7 million (21%) of the combined governmental fund balance and are intended to be used for specific purposes and have been identified as such by the City Council or the City Manager who has been delegated authority by the City Council to assign amounts.

Unassigned fund balances constitute \$3.4 million (15%) consist of amounts that have not been classified as committed, restricted, unrestricted, or assigned.

Analysis of Governmental Funds

General Fund

The General Fund is the primary operating fund of the City, and the only *major* governmental fund. A major fund is defined as those funds whose revenues, expenditures/expenses, assets or liabilities are at least 10 percent of the total for their fund category (governmental or enterprise) and 5 percent of the aggregate of all governmental and enterprise funds in total. The General Fund is used to report the financial results of the daily operations of the City. The major revenue sources are Property Tax, Sales Tax, and Utility Users' Tax. The major expenditures are salaries and administrative expenses.

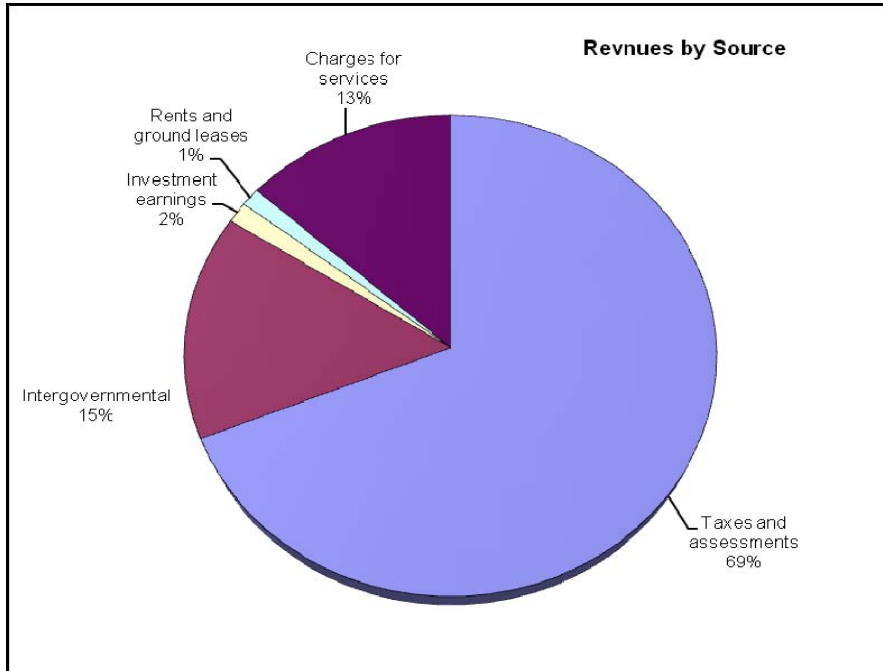
The fund balance for the General Fund increased by \$5.3 million, primarily reflecting revenues in excess of expenditures in the current fiscal year of \$4.9 million, offset by the prior year extraordinary item in the amount of -\$21.9 million resulting from the transfer of residual redevelopment assets which were the subject of a legal dispute between the City and the State of California to the Pinole Redevelopment Successor Agency (a Private Purpose Trust). In addition, fund balances for all "Other Governmental Funds" increased by \$1.4 million, reflecting revenues in excess of expenditures for the current period.

Additional information regarding the prior year reported extraordinary item referenced above is located in Note 17.

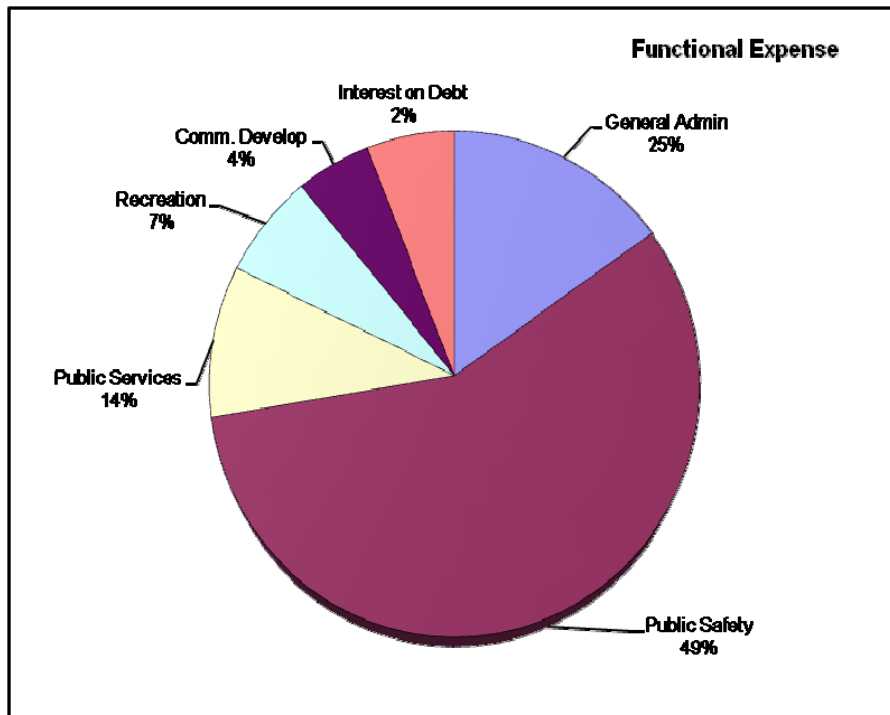
General Fund revenues increased \$3.5 million (21%) this fiscal year. The largest component of this increase is \$3.4 million (24%) in the Taxes and Assessments category. This is indicative of the improved Property, Sales and Use, and Utility Users Tax base.

General Fund expenditures decreased \$0.4 million this fiscal year. This is primarily attributed to a reclassification of development related revenue and expenditures which are now recorded in a special revenue fund.

The following chart highlights governmental funds revenue by source as of June 30, 2015.



The following chart highlights governmental funds expenditures by function as of June 30, 2015



Other Governmental Funds

These funds are not presented separately in the Basic Financial statements, but are presented individually as Supplemental Information.

Other governmental funds revenue increased \$0.5 million this fiscal year over the prior. This is largely attributed to an increase in Charges for services of \$0.1 million as a result of moving development related costs to a special revenue refund, and an increase in Taxes and Assessments of \$0.3 million to properly record Gas Tax #2103 as such.

Other governmental funds expenditures decreased by \$1.0 million (20%). This is largely in the capital outlay category as a result of fewer streets and roadway projects completed this fiscal year as compared to the prior fiscal year.

Proprietary Fund

Wastewater Utility

The Wastewater Utility Funds net position increased by \$1.1 million (7%) over the prior fiscal year to a total of \$16.2 million. Operating income for the current year was \$6.9 million, as revenues increased \$04 million (primarily reflecting an increase in Sewer Use Fees by customers) while expenditures increased minimally by less than \$0.1 million.

The Fund's Net Position is comprised of \$11.2 million invested in capital assets (net of related debt financing) and \$5.0 million in unrestricted net assets at June 30, 2015. The increased rates for the sewage collection and treatment fees have successfully restored positive cash flows to the City's Business-type Activities, stabilizing the fiscal condition of this enterprise activity.

Fiduciary Fund

The Successor Agency to the Pinole Redevelopment Agency Private Purpose Trust Fund

As reported in Note 17, on December 29, 2011, the California Supreme Court upheld Assembly Bill 1x-26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. In accordance with the timeline set forth in the bill, all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entity as of February 1, 2012.

The Successor Agency is a separate legal entity which was formed to hold the assets of the former Redevelopment Agency pursuant to City Council action. The activity of the Successor Agency is overseen by an Oversight Board comprised of individuals appointed by various government agencies.

During a previous fiscal year (2010-11), land held for redevelopment was transferred from the former Redevelopment Agency over to the City. The transfer of these real estate properties from the Agency to the City was contingent upon the existing development restrictions required by development agreements, reciprocal easements, ground leases and grant deeds. The intent of these property transfers was for retention of local agency control over these real estate assets for future use within the designated redevelopment project areas, and in accordance with the intent of the Redevelopment Plan most recently adopted by the Agency Board of Directors, regardless of the legislative changes (ABx1-26) implemented to Community Redevelopment Law (CRL). Although this action was reviewed by the Superior Court of the State of California and initially confirmed (July 2011) with a Judgment of Validation, the State Controller

later (December 2012) asserted the superiority of the subsequent legislative action (AB-1484, enacted in June of 2012), and ordered the transfer of these assets to the Private Purpose Trust (fiduciary fund) administered by the Pinole *Successor Agency*. The City filed a complaint challenging this Administrative Order and request for relief in Superior Court to dismiss the State Controller's Order. Additionally, this dispute involved "cash and investments held in trust" of \$12.6 million, resulting (net sale proceeds) from the sale of land interests in the Pinole Valley and Pinole Vista Crossings Shopping Centers. The City initially rejected the State Controller's Order on the basis of the legal proceeding ("Validation Judgment") that it undertook subsequent to the property transfers and following enactment of the dissolution legislation. Through litigation the Court has sustained the State Controller's Order, and the City decided (May 2014) not to Appeal the Court Decision in this matter.

Additionally, recognizing the need for short-term borrowing to finance the General Fund cash flow (Working Capital) needs following the fiscal distress resulting from the last (2008) Economic Recession, internal borrowing between the City and its former Redevelopment Agency was authorized in April of 2008. The amounts advanced (\$2.5 million) by the Redevelopment Agency will be repaid with interest over a period of no more than fifteen years commencing the 2013-14 fiscal year. Repayment of the debt was secured with a collateralized investment agreement pledging City assets (real property and facilities having commercial value in excess of the amount authorized for the borrowing) against the borrowing. The initial repayment of \$263,300 was made in 2014, and the remaining balance of the Note Payable at June 30, 2015 was \$2,157,005 (Note 6).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2015 was \$55.1 million (net of accumulated depreciation). This investment in capital assets includes: infrastructure, land, construction-in-progress, buildings, and improvements, equipment, vehicles, streets and roads, storm drains, bridges, parks, and sewer lines. Infrastructure assets are items that are normally immovable and of value to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

Capital assets, net of accumulated depreciation for the governmental and business-type activities are presented below to illustrate changes from the prior year:

Capital Assets at Year-end			
	2015	2014	Net Change
<i>Governmental Activities</i>			
Land (and Construction-in-progress)	\$ 6,883,394	\$ 6,846,727	\$ 36,667
Buildings & Improvements	15,511,646	15,437,809	73,837
Equipment	4,490,499	4,523,107	-32,608
Vehicles	2,489,580	2,390,375	99,205
Streets & Roads	50,184,035	50,130,106	53,929
Storm Drains	2,829,488	2,829,488	0
Bridges	3,117,473	3,117,473	0
Parks	2,420,246	2,420,246	0
Less accumulated depreciation	-52,783,418	-51,302,438	-1,480,980
Totals	\$ 35,142,943	\$ 36,392,893	\$ -1,249,950
<i>Business-type activities</i>			
Construction in Progress	\$ 3,077,030	\$ 1,357,895	\$ 1,719,135
Sewer Lines	7,650,185	7,650,185	0
Buildings & Improvements	20,490,356	20,490,356	0
Equipment	4,078,014	4,086,157	-8,143
Less accumulated depreciation	-15,297,289	-14,658,590	-638,699
Totals	\$ 19,998,296	\$ 18,926,003	\$ 1,072,293

Debt Administration:

Each of the City's debt issues is discussed in detail in Note 7 to the financial statements. At June 30, 2015 the City's remaining long-term debt comprised a Pension Obligation Bond bearing interest rates ranging from 5.67% to 6.12%, accrued payroll obligations (vested compensated absences accrued) and capital equipment leases, as follows:

Outstanding Debt			
	Balance	Balance	
	June 30, 2015	June 30, 2014	Net Change
Governmental Activity Debt:			
Pension Obligation bonds	\$ 4,206,695	\$ 4,478,466	\$ (271,771)
Compensated Absences	652,624	629,136	23,488
Capital Lease Obligations	506,973	608,209	(101,236)
Sub-Total Governmental Activity	\$ 5,366,292	\$ 5,715,811	\$ (349,519)
Business-Type Activity Debt:			
2006 Wastewater			
Revenue bonds	\$ 8,775,000	\$ 9,005,000	\$ (230,000)
Compensated Absences	103,355	77,129	26,226
Sub-Total Business-Type Activity	\$ 8,878,355	\$ 9,082,129	\$ (203,774)
Total Debt	14,244,647	14,797,940	(553,293)

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The economy of the City and its major initiatives for the coming year are discussed in detail in the accompanying Transmittal Letter (page iii-vi). The most significant financial initiatives facing the City are, as follows:

- Successful implementation of the **City's Budget Recovery Plan** has eliminated a structural deficit between the generation and collection of current period revenues and those on-going expenditures required to sustain basic service levels for all programs and activities. Full program cost recovery goals for Recreation Program Activities have been achieved and there has been a significant reduction in General Fund support for Cable Television and Swim Center operations.
- **Capital Facility and Public Infrastructure projects** have been progressing according to the design and construction scheduling, with primary focus on repairs to City streets/roadways and renovation of the joint use Wastewater Treatment Plant operated cooperatively with the City of Hercules.

- **Redevelopment Dissolution** activities are meeting State Department of Finance schedules, with completion of mandated Due Diligence Financial Reviews and submission of a Long Range Property Management Plan. Additionally, the City's legal complaint against the State regarding Asset Transfers was resolved in May of 2014, based on a Court Ruling. Despite strong language from the Court regarding the unfair consequences of the adopted dissolution legislation, the Judicial Decision was not favorable to the City. In June (2014), the City Council decided that it would not appeal the Court's decision in this matter.

REQUESTS FOR INFORMATION

This financial report is designed to provide our residential and business community, taxpayers, customers, investors, and creditors with a general overview of the City's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to the City of Pinole, Finance Department, 2131 Pear Street, Pinole, CA 94564. Alternatively, you may send your inquiries via email to Finance@ci.pinole.ca.us.

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STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

The Statement of Net Position and the Statement of Activities summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets and all of the City's transactions are taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Position reports the difference between the City's total assets and deferred outflows of resources and the City's total liabilities and deferred inflows or resources, including all the City's capital assets and all its long-term debt. The City's net position is calculated by subtracting total liabilities and deferred inflows of resources from total assets and deferred outflows of resources.

The Statement of Net Position summarizes the financial position of all the City's governmental activities in a single column, and the financial position of all the City's business-type activities in a single column; these are followed by a total column which presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. The City's Business-Type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The Statement of Activities presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues - that is, revenues which are generated directly by these programs - are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the governmental activities or business-type column, as appropriate, and the change in net position is computed and reconciled with the Statement of Net Position.

Both of these Statements include the financial activities of the City and the Pinole Joint Powers Financing Authority which is legally separate but is a component unit of the City because it is controlled by the City, which is financially accountable for its activities.

These financial statements along with the fund financial statements and the footnotes are called Basic Financial Statements.

CITY OF PINOLE
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and investments (Note 2)	\$ 10,123,770	\$ 6,833,339	\$ 16,957,109
Cash and investments with fiscal agents (Note 2)	6,067,887	648,465	6,716,352
Receivables:			
Accounts	2,117,142	665,395	2,782,537
Interest	-	1	1
Notes and loans, net of allowance of \$28,872,548 (Note 3)	-	-	-
Prepaid items	289,512	7,449	296,961
Bond insurance costs	47,040	221,298	268,338
Land held for housing (Note 4)	2,591,393	-	2,591,393
Due from private-purpose trust fund	4,291,575	-	4,291,575
Capital assets (Note 5)			
Land and construction in progress	6,883,394	3,077,029	9,960,423
Other capital assets, net of depreciation	<u>28,259,549</u>	<u>16,921,267</u>	<u>45,180,816</u>
Total capital assets	<u>35,142,943</u>	<u>19,998,296</u>	<u>55,141,239</u>
Total Assets	<u>\$ 60,671,262</u>	<u>\$ 28,374,243</u>	<u>\$ 89,045,505</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
2015 Pension contributions (Note 9)	1,405,706	64,390	1,470,096
Changes in the net pension liability (Note 9)	<u>360,935</u>	<u>13,218</u>	<u>374,153</u>
Total Deferred Outflows of Resources	<u>1,766,641</u>	<u>77,608</u>	<u>1,844,249</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	\$ 1,156,188	\$ 714,922	\$ 1,871,110
Deposits	17,540	-	17,540
Advances from private-purpose trust fund (Note 6)	2,157,005	-	2,157,005
Long-term liabilities (Note 7):			
Due within one year	511,633	263,058	774,691
Due in more than one year	4,854,659	8,615,297	13,469,956
Claims payable (Note 12)			
Due within one year	3,311	-	3,311
Net OPEB Obligation (Note 10)			
Due in more than one year	14,429,577	1,627,412	16,056,989
Net pension liability (Note 9)			
Due in more than one year	<u>17,784,406</u>	<u>780,930</u>	<u>18,565,336</u>
Total Liabilities	<u>40,914,319</u>	<u>12,001,619</u>	<u>52,915,938</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Changes in the net pension liability (Note 9)	<u>5,788,377</u>	<u>242,782</u>	<u>6,031,159</u>
<u>NET POSITION</u>			
Net investment of capital assets	34,962,909	11,223,296	46,186,205
Restricted for:			
Housing activities	2,591,393	-	2,591,393
Unrestricted	<u>(21,819,095)</u>	<u>4,984,154</u>	<u>(16,834,941)</u>
Total Net Position	<u>\$ 15,735,207</u>	<u>\$ 16,207,450</u>	<u>\$ 31,942,657</u>

See accompanying notes to the basic financial statements.

CITY OF PINOLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		<u>Total</u>
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	
PRIMARY GOVERNMENT							
Governmental activities:							
General government	\$ 4,373,166	\$ 590,359	\$ 208,544	\$ -	\$ (3,574,263)	\$ -	\$ (3,574,263)
Public safety	9,321,934	534,095	903,798	144,982	(7,739,059)	-	(7,739,059)
Public services	2,673,746	573,320	13,725	923,105	(1,163,596)	-	(1,163,596)
Recreation	1,150,267	998,792	76,991	-	(74,484)	-	(74,484)
Community development	833,061	666,863	-	-	(166,198)	-	(166,198)
Interest and fiscal charges	<u>290,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(290,860)</u>	<u>-</u>	<u>(290,860)</u>
Total governmental activities	<u>18,643,034</u>	<u>3,363,429</u>	<u>1,203,058</u>	<u>1,068,087</u>	<u>(13,008,460)</u>	<u>-</u>	<u>(13,008,460)</u>
Business-type activities:							
Wastewater utility	<u>4,883,256</u>	<u>6,912,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,028,957</u>	<u>2,028,957</u>
Total primary government	<u>\$ 23,526,290</u>	<u>\$ 10,275,642</u>	<u>\$ 1,203,058</u>	<u>\$ 1,068,087</u>	<u>\$ (13,008,460)</u>	<u>\$ 2,028,957</u>	<u>\$ (10,979,503)</u>
General revenues:							
Taxes:							
Property taxes					5,132,285	-	5,132,285
Sales taxes					6,120,157	-	6,120,157
Franchise taxes					713,896	-	713,896
Utility taxes					1,843,618	-	1,843,618
Transient occupancy tax					391,165	-	391,165
Gas tax					531,714	-	531,714
Unrestricted motor vehicle in lieu					1,423,895	-	1,423,895
Investment earnings					311,168	8,266	319,434
Miscellaneous					717,146	-	717,146
Gain on sale of equipment					<u>17,241</u>	<u>-</u>	<u>17,241</u>
Total general revenues and transfers					<u>17,202,285</u>	<u>8,266</u>	<u>17,210,551</u>
Change in net position					4,193,825	2,037,223	6,231,048
Net position - July 1, 2014					36,390,043	15,126,314	51,516,357
Prior period restatement (Note 16)					<u>(24,848,661)</u>	<u>(956,087)</u>	<u>(25,804,748)</u>
Net position - July 1, 2014, restated					<u>11,541,382</u>	<u>14,170,227</u>	<u>25,711,609</u>
Net position - June 30, 2015					<u>\$ 15,735,207</u>	<u>\$ 16,207,450</u>	<u>\$ 31,942,657</u>

See accompanying notes to the basic financial statements.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

GASB 34 revised the format of the Fund Financial Statements so that only individual major funds are presented, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year. No distinction is made between fund types and the practice of combining like funds and presenting their totals in separate columns (Combined Financial Statements) have been discontinued, along with the use of the General Capital Assets and General Long-term Debt Account Groups.

The funds described below were determined to be major governmental funds by the City for the fiscal year 2015. Individual non-major funds may be found in the Supplemental Section.

General Fund

The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds, and the related expenditures. The major revenue sources for this fund are property taxes, sales taxes, utility users tax, franchise fees, business licenses, unrestricted revenues from the State, fines and forfeitures and interest income. Expenditures are made for public safety, recreation, and the other services described above.

CITY OF PINOLE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments	\$ 6,117,489	\$ 4,006,281	\$ 10,123,770
Cash and investments with fiscal agents	-	6,067,887	6,067,887
Receivables:			
Accounts	1,494,800	622,342	2,117,142
Due from other funds	377,018	274,981	651,999
Due from private-purpose trust fund	-	4,291,575	4,291,575
Prepaid items and supplies	289,512	-	289,512
Land held for redevelopment	-	<u>2,591,393</u>	<u>2,591,393</u>
Total Assets	<u>\$ 8,278,819</u>	<u>\$ 17,854,459</u>	<u>\$ 26,133,278</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts payable and accrued liabilities	\$ 824,594	\$ 331,594	\$ 1,156,188
Deposits payable	-	17,540	17,540
Due to other funds	5,225	646,774	651,999
Advances to private-purpose trust fund	<u>2,157,005</u>	<u>-</u>	<u>2,157,005</u>
Total Liabilities	<u>2,986,824</u>	<u>995,908</u>	<u>3,982,732</u>
 FUND BALANCES			
Restricted	-	14,074,122	14,074,122
Assigned	1,030,000	3,661,477	4,691,477
Unassigned	<u>4,261,995</u>	<u>(877,048)</u>	<u>3,384,947</u>
Total Fund Balances	<u>5,291,995</u>	<u>16,858,551</u>	<u>22,150,546</u>
Total Liabilities and Fund Balances	<u>\$ 8,278,819</u>	<u>\$ 17,854,459</u>	<u>\$ 26,133,278</u>

See accompanying notes to the basic financial statements.

CITY OF PINOLE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total fund balances reported on the governmental funds balance sheet	\$ 22,150,546
Amounts reported for governmental activities in the statement of net position are different from those reported in the Governmental Funds above because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$52,783,418	35,142,943
Prepaid bond issuance costs are not capitalized and are therefore not reported in the Governmental Funds	47,040
Deferred outflows of resources related to 2015 pension contributions were made subsequent to the measurement date.	1,405,706
Deferred outflows related to changes in the net pension liability are not reported in the governmental funds	360,935
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(4,206,695)
Capital lease obligations payable	(506,973)
Compensated absences	(652,624)
Net OPEB obligation	(14,429,577)
Claims payable	(3,311)
Net pension liability	(17,784,406)
Deferred inflows related to changes in the net pension liability	<u>(5,788,377)</u>
Net position of governmental activities	<u>\$ 15,735,207</u>

See accompanying notes to the basic financial statements.

CITY OF PINOLE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Taxes and assessments	\$ 14,143,789	\$ 967,522	\$ 15,111,311
Intergovernmental	1,515,953	1,798,020	3,313,973
Loan repayments	-	45,666	45,666
Contributions	125	51,188	51,313
Investment earnings	1,045	310,123	311,168
Rents and ground leases	95,901	168,400	264,301
Charges for service	999,977	1,929,975	2,929,952
Fines, forfeitures and penalties	58,863	-	58,863
Other revenues	<u>81,988</u>	<u>696,749</u>	<u>778,737</u>
Total Revenues	<u>16,897,641</u>	<u>5,967,643</u>	<u>22,865,284</u>
<u>EXPENDITURES</u>			
Current operations:			
General administration	2,135,828	275,443	2,411,271
Public safety	8,335,562	830,360	9,165,922
Public services	724,765	903,439	1,628,204
Recreation	-	1,107,168	1,107,168
Community development	-	818,580	818,580
Debt service:			
Principal	373,007	-	373,007
Interest and fiscal charges	290,860	-	290,860
Capital outlay	<u>117,519</u>	<u>250,488</u>	<u>368,007</u>
Total Expenditures	<u>11,977,541</u>	<u>4,185,478</u>	<u>16,163,019</u>
Excess (deficiency) of revenues over expenditures	<u>4,920,100</u>	<u>1,782,165</u>	<u>6,702,265</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from sale of property	17,259	-	17,259
Transfers in	402,675	44,375	447,050
Transfers out	<u>(44,375)</u>	<u>(402,675)</u>	<u>(447,050)</u>
Total other financing sources (uses)	<u>375,559</u>	<u>(358,300)</u>	<u>17,259</u>
Net change in fund balances	5,295,659	1,423,865	6,719,524
Fund balances(deficit) - July 1, 2014	<u>(3,664)</u>	<u>15,434,686</u>	<u>15,431,022</u>
Fund balances - June 30, 2015	<u>\$ 5,291,995</u>	<u>\$ 16,858,551</u>	<u>\$ 22,150,546</u>

See accompanying notes to the basic financial statements.

CITY OF PINOLE
RECONCILIATION OF THE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

Reconciliation of the change in fund balances - total governmental funds to the change in net position of governmental activities:

Net change in fund balances - total governmental funds	\$	6,719,524
Governmental funds report capital outlays as expenditures while governmental activities report depreciation as expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized		367,856
Depreciation expense		(1,503,151)
Government funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.		(114,655)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:		
Capital lease obligation principal payments		101,236
Bond principal payments		271,771
Costs associated with the issuance of long-term liabilities is an expenditure in the governmental funds, but increases the assets in the Statement of Net Position		
Amortization of bond issuance costs		(49,260)
Receipts of payments and disbursements of funds related to notes and loans receivable are reported as revenues and expenditures, respectively, in governmental funds, but an increase and decrease, respectively, in notes receivable in the Statement of Net Position		
Loan program receipts		(45,666)
Loans made during the year		1,991,568
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Accrued compensated absences		(23,488)
Net OPEB obligation		(1,790,714)
Claims payable		46,267
Provision for notes receivable		(1,963,417)
Pension expense related to deferred outflows and inflows of resources		<u>185,954</u>
Change in net position of governmental activities	\$	<u>4,193,825</u>

See accompanying notes to the basic financial statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The concept of major funds established by GASB Statement No. 34 extends to proprietary funds. The City has one proprietary fund, the Wastewater Utility Fund, which is presented as a major fund and is described below.

GASB 34 does not provide for the disclosure of budget vs. actual comparisons regarding proprietary funds that are major funds.

Wastewater Utility Fund

This fund accounts for wastewater utility services provided by the City and it is the City's intent that the cost of providing these services be financed primarily through user charges.

CITY OF PINOLE
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2015

**Business-type
Activities
Wastewater Utility
Enterprise Fund**

ASSETS

Current assets:

Cash and investments (Note 2)	\$ 6,833,339
Cash with fiscal agent (Note 2)	648,465
Accounts receivable	665,396
Prepays and supplies	<u>7,449</u>

Total Current Assets 8,154,649

Non-current assets:

Prepaid bond insurance costs (net of amortization)	221,298
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Capital assets: (Note 5)

Construction in progress	3,077,029
Sewer lines	7,650,185
Buildings and improvements	20,490,357
Machinery and equipment	4,078,014
Less: Accumulated depreciation	<u>(15,297,289)</u>

Total capital assets net of accumulated depreciation 19,998,296

Total Non-Current Assets 20,219,594

Total Assets \$ 28,374,243

DEFERRED OUTFLOWS OF RESOURCES

2015 Pension contributions (Note 9)	64,390
Changes in net pension liability (Note 9)	<u>13,218</u>

Total Deferred Outflows 77,608

LIABILITIES

Current liabilities:

Accounts payable	\$ 671,909
Accrued wages	43,013
Accrued compensated absences - current (Note 7)	23,058
Bonds payable - current (Note 7)	<u>240,000</u>

Total Current Liabilities 977,980

Long-term liabilities:

Accrued compensated absences (Note 7)	80,297
Net OPEB obligation (Note 10)	1,627,412
Bonds payable (Note 7)	8,535,000
Net pension liability (Note 9)	<u>780,930</u>

Total Long-term Liabilities 11,023,639

Total Liabilities 12,001,619

DEFERRED INFLOWS OF RESOURCES

Changes in net pension liability (Note 9)	<u>242,782</u>
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NET POSITION:

Net investment in capital assets	11,223,296
Unrestricted	<u>4,984,154</u>

Total Net Position \$ 16,207,450

See accompanying notes to the basic financial statements.

CITY OF PINOLE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities Wastewater Utility Enterprise Fund
<u>OPERATING REVENUES</u>	
Charges for services	\$ 6,009,857
Other	<u>902,356</u>
Total Operating Revenue	<u>6,912,213</u>
<u>OPERATING EXPENSES</u>	
Sewer treatment plant	2,843,532
Sewer maintenance	986,695
Depreciation	<u>646,842</u>
Total Operating Expenses	<u>4,477,069</u>
Operating Income	<u>2,435,144</u>
<u>NON-OPERATING REVENUE AND EXPENSES</u>	
Investment earnings	8,266
Interest expense	<u>(406,187)</u>
Total Non-Operating Revenues and Expenses	<u>(397,921)</u>
Change in net position	2,037,223
Total Net Position - July 1, 2014	<u>15,126,314</u>
Prior Period Adjustment (Note 16)	<u>(956,087)</u>
Total Net Position - July 1, 2014, restated	<u>14,170,227</u>
Total Net Position - June 30, 2015	<u>\$ 16,207,450</u>

See accompanying notes to the basic financial statements.

CITY OF PINOLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Business-type Activities Wastewater Utility Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 6,638,813
Cash paid to suppliers	(2,432,866)
Cash paid to employees	<u>(1,126,120)</u>
Net Cash Provided by Operating Activities	<u>3,079,827</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(1,719,135)
Principal paid on capital debt	(230,000)
Interest paid on capital debt	<u>(406,187)</u>
Net Cash Used For Capital and Related Financing Activities	<u>(2,355,322)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	<u>8,266</u>
Net Cash Provided by Investing Activities	<u>8,266</u>
Net Increase in Cash and Cash Equivalents	732,771
Cash and Cash Equivalents - July 1, 2014	<u>6,749,033</u>
Cash and Cash Equivalents - June 30, 2015	<u>\$ 7,481,804</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income	\$ 2,435,144
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	646,842
Amortization of bond issuance costs	10,543
Pension expense	(9,983)
Changes in assets and liabilities:	
Increase in accounts receivable	(273,400)
Increase in prepaid	(7,422)
Increase in accounts payable	35,976
Increase in accrued wages	1,694
Increase in net OPEB obligation	214,207
Increase in compensated absences	<u>26,226</u>
Net Cash Provided by Operating Activities	<u>\$ 3,079,827</u>

See accompanying notes to the basic financial statements.

CITY OF PINOLE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	Private- Purpose Trust Fund	Agency Funds
<u>ASSETS</u>		
Cash and cash equivalents (Note 2)	\$ 5,458,343	\$ 79,701
Cash and investments with fiscal agents (Note 2)	3,142,134	-
Accounts receivables	20,787	-
Notes receivable, net of allowance	838,870	-
Due from City	2,157,005	-
Land held for redevelopment	8,794,675	-
Capital assets, net of accumulated depreciation	13,462,233	-
Debt issuance costs, net of amortization	617,845	-
Total Assets	\$ 34,491,892	\$ 79,701
<u>LIABILITIES</u>		
Accounts payable	\$ 6,458	\$ -
Deposits in trust	-	79,701
Due to City	4,291,575	-
Interest Payable	732,382	-
Notes payable	380,166	-
Bonds payable	36,050,000	-
Total Liabilities	41,460,581	79,701
<u>NET POSITION</u>		
Held in trust for private purposes	\$ (6,968,689)	\$ -

See accompanying notes to the basic financial statements.

CITY OF PINOLE
STATEMENT OF CHANGES
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Private- Purpose Trust Fund</u>
<u>ADDITIONS</u>	
Property Taxes	\$ 5,158,036
Investment Earnings	110,502
Other Revenues	<u>87,917</u>
Total Additions	<u>5,356,455</u>
<u>DEDUCTIONS</u>	
Operating costs	730,545
Debt Interest	<u>1,851,614</u>
Total Deductions	<u>2,582,159</u>
Dissolution transfer to State (Note 17)	<u>(9,867,196)</u>
Change in Net Position	(7,092,900)
Net Position - July 1, 2014	<u>124,211</u>
Net Position - June 30, 2015	<u>\$ (6,968,689)</u>

See accompanying notes to the basic financial statements.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Pinole was incorporated June 25, 1903. The City is primarily a residential community located in Contra Costa County, twenty-four miles east of San Francisco on Interstate 80. The City provides the following services: public safety (police and fire), parks, streets and highways, sanitation and health services, culture-recreation, public improvements, planning and zoning, and general administration services. The City's population has remained relatively stable for some years; population at June 30, 2015 was 18,794.

The City operates under the Council-Manager form of government, with five elected Council members served by a full-time City Manager and staff. At June 30, 2015, the City's staff comprised 95 full time and 20 part time employees who were responsible for the following City-provided services:

Public Safety - The City employs 27 sworn and 13 unsworn police personnel to provide a round-the-clock police services from a central station, and 15 personnel to provide round-the-clock fire services from two fire stations.

Sanitation and Health Service - The City maintains a sewage treatment plant with 13 employees, the plant provides wastewater treatment services to the residents of the City of Pinole and the City of Hercules.

Parks, Streets and Highways - The City builds and maintains its streets, curbs, gutters, parks and related public property with a force of 11 employees. Major projects may be contracted out to reduce costs.

Recreation, Public Improvements, Planning, Zoning, Administration - Recreation, Public Improvements, Planning, Zoning, Administration and other services are provided by a total of 36 employees.

A. The Reporting Entity

The accompanying basic financial statements present the financial activity of the City along with the financial activities of its blended component units, which are entities for which the City is financially accountable. Together these entities comprise the primary government for reporting purposes. Although they are separate legal entities, *blended* component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. The City's component units, which are described below, are all blended.

The Pinole Redevelopment Agency (Agency) is a separate government entity whose purpose was to prepare and implement plans for improvement, rehabilitation, and development of certain areas within the City. The Agency is controlled by the City and has the same governing board as the City, which also performed all accounting and administrative functions for the Agency. The financial activities of the Agency have been included in these financial statements in the Housing Set Aside Special Revenue Fund, Redevelopment Agency Capital Projects Fund and Debt Service Fund. During the 2012 fiscal year, redevelopment agencies in California were dissolved. See footnote 17 for more information.

Audited financial statements for the Successor Agency may be obtained from the City of Pinole, 2131 Pear Street, Pinole CA 94564.

The Pinole Joint Powers Financing Authority (Authority) is a separate government entity whose purpose is to assist with the financing or refinancing of public capital facilities within the City. The Authority has the power to purchase bonds issued by any local agency and may sell such bonds to public or private purchasers. The Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Authority. The financial activities of the Authority are included in the Redevelopment Capital Projects Fund.

B. Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These statements require that the financial statements described below be presented.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements:

The statement of net position and statement of activities display information about the reporting government as a whole. They include the activities of the overall City government except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. The statements distinguish between governmental and business-type activities of the City. The City's net position is reported in three parts - net investment of capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories with each major fund displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

All remaining governmental funds are aggregated and reported as nonmajor funds in a single column, regardless of their fund type.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund - The General Fund is the general operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Fund - Debt Service Funds are used to account for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City other than debt service payments made by enterprise funds.

Capital Project Fund - Capital Project Funds are used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by enterprise funds.

Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds (not included in government-wide statements)

Agency Fund - Agency Funds are clearing type funds for the collection of taxes or deposits held in trust, on behalf of individuals, private organizations and other governments. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-Purpose Trust Funds - Private Purpose Trust Funds are used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Major Funds

The City reported the following major governmental funds in the accompanying financial statements:

General Fund - This is the City'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 City has one enterprise fund, the Wastewater Utility Fund, which is a major fund. This fund is used to account for the collection of sewer service fees and the related cost of maintenance and repair of the sewer treatment plant.

The City also reports the following fund types:

Agency Funds - These funds are custodial in nature and do not involve measurement of the results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds account for assets held by the City as an agent for other governmental units and individuals.

Private Purpose Trust Fund - This fund was created as a result of the State order to dissolve California Redevelopment Agencies. As a Successor Agency, this fund is used to track the activity by the Oversight Board and the State Department of Finance to dissolve the Agency.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item "b" below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All Governmental Funds are accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. All Proprietary Funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or noncurrent) associated with the operation of these funds are reported. Proprietary fund equity is classified as net position.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City defines available to be within 60 days of year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds for governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position are available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Property tax revenue is recognized in the fiscal year for which the tax and assessment is levied. The County of Contra Costa levies, bills and collects property taxes and special assessments for the City; under the County's "Teeter Plan" the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1.

Secured property tax is due in two installments, on November 1 and February 1, becomes a lien on those dates and becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed.

All proprietary funds and fiduciary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used.

D. Cash and Investments

The City maintains a cash and investments pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and investments. Investments held at June 30, 2015 with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year end. All investments not required to be stated at fair value are stated at cost or amortized cost.

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments with a maturity of three months or less and pooled cash when purchased to be cash equivalents.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Accounts and Interest Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines and other fees. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Any doubtful accounts at June 30, 2015, were not considered material.

F. Prepaid Items, Bond Insurance Costs and Supplies

Supplies are valued at cost. Supplies of the General Fund consist of expendable supplies held for consumption. The cost is recorded as an expenditure in the General Fund at the time individual items are consumed. Reported General Fund prepaid supplies are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets. Enterprise Fund supplies consist primarily of items held for internal use.

Capitalized bond insurance costs related to the 2006 Waste Water Revenue bond issuance have been recorded in the statement of net position as prepaid items in the amount of \$221,298. The balance is amortized using the straight line method over the bond term of 30 years. Amortization expense for bond insurance costs for the year ended June 30, 2015 was \$10,543.

G. Capital Assets

The accounting treatment over property, plant and equipment depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, capital assets with a historical cost over \$1,000 are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets.

With the implementation of GASB Statement 34, the City has recorded all its public domain (infrastructure) capital assets, which include streets, bridges, roads, storm drains, and parks.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	50 years
Equipment	5-10 years
Vehicles	5-10 years
Streets and roads	50 years
Bridges	75 years
Street drainage	100 years
Parks	70 years
Wastewater infrastructure	50 years

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

H. Deferred Outflows/Inflows of Resources

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

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

I. Equity Classifications

Government-wide Statements

Net position is the excess of all the City's assets over all its liabilities, regardless of fund. Net position is divided into three categories under GASB Statement 34. These categories apply only to Net Position, which is determined at the Government-wide level, and are described below:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- a. Nonspendable - Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted - Amounts that are restricted for specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, laws, or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- c. Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
- d. Assigned - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed. Pursuant to City Council Resolution 2011-71, the designation of assignments of fund balance is determined by the City Manager.
- e. Unassigned - Amounts representing the residual classification for the general fund and residual negative fund balance of special revenue and capital project funds.

Further detail about the City's fund balance classification is described in Note 11.

J. Grant Funding

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. The City's policy is to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

K. Revenues for Enterprise Activities

Operating revenues for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue not related to capital and related financing, noncapital financing or investing activities.

L. Deferred Compensation

City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under these Plans, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.

M. Use of Estimates

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

N. Reclassifications

Certain accounts in prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Implementation of Government Accounting Standards Board Statements

Effective July 1, 2014, the City implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 68 and 71

In June 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27. This statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In November 2013, GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. This statement requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. See note 8 for more information.

P. Future Government Accounting Standards Board Statements

These statements are not effective until July 1, 2015 or later. The City has not determined the effects on the financial statements.

Government Accounting Standards Board Statement No. 72

In February 2015, GASB issued Statement No. 72, Fair Value Measurement and Application. This statement addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2016.

Government Accounting Standards Board Statement No. 75

In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB, and replaces Statements No. 45 and 57. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to OPEB. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2018.

Government Accounting Standards Board Statement No. 76

In June 2015, GASB issued Statement No. 76, the Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2016.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Governmental activities	\$ 10,123,770	\$ 6,067,887	\$ 16,191,657
Business-type activities	6,833,339	648,465	7,481,804
Fiduciary activities	<u>5,538,044</u>	<u>3,142,134</u>	<u>8,680,178</u>
Total cash and investments	<u>\$ 22,495,153</u>	<u>\$ 9,858,486</u>	<u>\$ 32,353,639</u>

Cash and investments are carried at fair value as of June 30, 2015 and consist of the following:

Cash in investment pools	\$ 3,119,620
Deposits with financial institutions	16,374,126
Cash on hand	1,970
Cash and investments held by fiscal agent	
Federal agency securities	3,936,128
Municipal bonds	2,680,337
Corporate notes	2,025,340
Certificates of deposit	3,241,237
Money market mutual funds	<u>974,881</u>
Total cash and investments	<u>\$ 32,353,639</u>

Authorized Investments of the City

The table below identifies the investment types that are authorized by the City's investment policy. This table does not address investments of debt issuances held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in one Issuer</u>
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	40%	None
Repurchase Agreements	30 days	10%	None
Banker's Acceptances	180 days	40%	10%
Commercial Paper (Minimum rating of "A" or higher)	180 days	15%	None
Medium-term Corporate Notes (Minimum rating of "AA" or higher)	5 years	15%	5%
Negotiable Certificates of Deposit issued in California	5 years	10%	None
Negotiable Certificates of Deposit	5 years	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Insured savings account or money market account	N/A	None	None
Mutual Funds	N/A	15%	None
Restricted Real Estate Asset Sale rated "AAA" or higher	10 years	15%	None

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Debt Agreements

Investment of debt issuances held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
State or Municipal Bonds or Notes rated "AA" or better	None	None	None
Repurchase Agreements rated "A" or better	30 days	None	None
Investment Agreements and Contracts	None	None	None
Money Market Funds rated "AA-m" or better	N/A	None	None
Certificates of Deposit	None	None	None
Commercial Paper rated "A-1" or better	None	None	None
Federal Funds or Bankers Acceptances	1 year	None	None
Local Agency Investment Fund (LAIF)	None	None	None

Disclosure Relating to 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, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City's interest rate risk is mitigated is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity as of June 30, 2015:

	Remaining Maturity			Fair Value
	12 months or less	1-5 years	More than 5 years	
Cash in investment pools	\$ 3,119,620	\$ -	\$ -	\$ 3,119,620
Cash and investments held by fiscal agent				
Federal agency securities	11,150	3,924,978	-	3,936,128
Municipal bonds	1,261,650	1,418,687	-	2,680,337
Corporate notes	-	2,025,340	-	2,025,340
Certificates of deposit	226,339	3,014,898	-	3,241,237
Money market mutual funds	974,881	-	-	974,881
	<u>\$ 5,593,640</u>	<u>\$ 10,383,903</u>	<u>\$ -</u>	<u>\$ 15,977,543</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City has no investments (including investments held by bond trustees) that are highly sensitive to interest rate fluctuations.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2: CASH AND 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 investment policy, or debt agreements, and the actual rating as of the fiscal year for each investment type.

	Total	Minimum Legal Rating	Rating as of Fiscal Year End		
			S&P	Moody's	N/A
State Investment Pool (LAIF)	\$ 92,615	N/A			Not rated
CalTrust Investment Pool	3,027,005	N/A	AAf/S1+		
Cash and investments held by fiscal agent:					
Federal Agency Securities	3,936,128	N/A	AA+	AAA	
Corporate Notes	156,989	N/A	A-	A2	
Corporate Notes	154,940	N/A	A+	AA2	
Corporate Notes	292,614	N/A	AA	AA2	
Corporate Notes	160,479	N/A	AA-	A2	
Corporate Notes	504,840	N/A	AA-	AA2	
Corporate Notes	255,398	N/A	AA+	A1	
Corporate Notes	500,080	N/A			Not rated
Certificates of Deposit	3,241,237	N/A			Not rated
Municipal Bonds	821,867	N/A	A-	Not rated	
Municipal Bonds	1,237,971	N/A	A	AA3	
Municipal Bonds	258,813	N/A	AA	A2	
Municipal Bonds	209,796	N/A	AA	A3	
Municipal Bonds	151,890	N/A	AA	Not rated	
Money Market Mutual Funds	974,881	N/A			Not rated
	<u>\$ 15,977,543</u>				

Concentration of Credit Risk

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal agency securities	\$ 1,495,300
Federal National Mortgage Association	Federal agency securities	1,243,493
State of California	Municipal Bonds	1,237,971

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2015, the carrying amount of the City's deposits was \$16,374,126 and bank balances were \$16,444,162, of which \$500,000 was insured.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investment in State and County Investment Pools

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California and the CalTrust Joint Powers Authority under the oversight of the Wachovia Portfolio Services. The fair value of the City's investment in these pools are reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Allocation of Interest Income Among Funds

Interest income from pooled investments is allocated to those funds which are required by law or administrative action to receive interest. Interest is allocated quarterly based on the average ending cash balances for the previous three months in each fund receiving interest.

NOTE 3: NOTES AND LOANS RECEIVABLE

The City and Agency engage in programs designed to encourage business enterprises, or construction or improvement in low-to-moderate income housing or other projects. Under these programs, grants or loans are provided under favorable terms to businesses, homeowners or developers who agree to spend these funds in accordance with the City's terms.

The balances of notes and loans receivable, net of allowance, has been offset in the fund financial statements by deferred revenue as they are not expected to be repaid during fiscal year 2015.

These notes and loans receivable, including interest, comprised the following at June 30, 2015 and are explained in detail below:

	Notes Receivable	Less: Allowance for Doubtful Notes	Total
Housing Rehabilitation	\$ 120,939	\$ (120,939)	\$ -
First Time Home-Buyer	557,024	(557,024)	-
Bridge Housing Loan	907,236	(907,236)	-
Alvarez Court	1,535,857	(1,535,857)	-
Eastbluff Apartment Loan	2,570,498	(2,570,498)	-
Pinole Assisted Living Community	23,180,994	(23,180,994)	-
Total	\$ 28,872,548	\$ (28,872,548)	\$ -

A. Housing Rehabilitation Notes Receivable

The City has provided loans to various homeowners for rehabilitation of property. These loans are secured by second deeds of trust on the property and have a range of interest rates from 2% to 6% with a maximum fifteen-year term. The balance of these notes receivable totaled \$120,939 at June 30, 2015.

B. First Time Home-Buyer Loans Receivable

In 1995, the City implemented a first time homebuyer program designed to encourage home ownership among low-income persons by providing down payment assistance. Under this program, loans are provided at no interest and are due upon sale or transfer of the property, refinance or payoff of the first mortgage, recordation of a third mortgage or default of the first mortgage. At the time of the loan repayment, the City shares in equity appreciation based on the City's loan share of the original purchase price. The balance of the notes receivable arising from this program at June 30, 2015 was \$557,024.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)

C. Bridge Housing Loan

The Agency assisted Bridge Housing Corporation with its acquisition and development of the Pinole Grove Senior Housing Project by providing \$900,000 in the form of land and cash in return for a Note bearing simple interest at a rate of 4% per year, secured by a deed of trust on the Project.

Principal and interest are due annually, but are payable only from surplus cash flow as defined in the Note. The Project is not expected to generate a surplus cash flow and under the terms of the Note, any unpaid principal and interest remaining at the expiration of the Note in the year 2024 will be forgiven if Bridge Housing maintains the affordability of the project for an additional nineteen years. As of June 30, 2015, the outstanding balance was \$907,236.

D. Alvarez Court

In August 2000, the City approved a loan of up to \$609,000 to assist the Resources for Community Development with the development of a housing project for persons with disabilities. In August 2002 the City amended the loan agreement, increasing the loan amount to \$988,000. The term of the loan is 40 years from the date of final closing by Housing and Urban Development, bearing a simple interest at a rate of 4% and is secured by first deed of trust. As of June 30, 2015, the total outstanding balance was \$1,535,857.

E. Eastbluff Apartments Loan

In 1996, the Pinole Redevelopment Agency assisted Eastbluff Associates with its development of the Eastbluff Apartments by providing \$975,000 in exchange for a Note. The Note was renegotiated in June 1998 and is secured by a deed of trust. The Note bears an annual compound interest rate of 7.5% for a term of 55 years or until the property is sold. Payments are the greater of \$63,375 per year or 50% of the surplus cash flow as defined in the terms of the Note. As of June 30, 2015, the outstanding balance was \$2,570,498.

F. Pinole Assisted Living Community

Pinole Assisted Living Community (PALC) is a tax-exempt non-profit corporation that constructed and operates a 72-unit-assisted-living facility for the elderly known as Pinole Valley Assisted Living. PALC is governed by a five-member Board of Directors; two of these members are City representatives.

The PALC facility is located on land leased from the Pinole Redevelopment Agency under the terms of a lease signed in 1999. The cost of the facility was borne by the City out of the proceeds of its 1999 Subordinate Tax Allocation Bonds issue. Under the terms of the PALC lease and related agreements, PALC is to reimburse the City for these costs and to pay for the lease and for emergency services rendered by the City. Unpaid amounts accrue interest at rates set forth in the agreements.

The facility was opened in early 2001, until recently occupancy rates had not reached levels that covered operating costs. As a result, PALC has made limited payments required under its lease or other agreements with the City. In the event that PALC cannot make the payments required, ownership of the entire facility passes to the City.

At June 30, 2015, PALC owed the City the following amounts:

Construction cost advances	\$ 19,445,725
Advances for operating expenses	2,692,743
Lease payments	901,891
Emergency services	<u>140,635</u>
	<u>\$ 23,180,994</u>

In 2007 PALC settled a legal dispute with the builder to make needed repairs to the building. Once the repairs are completed, it is anticipated that PALC will sell the building and repay the City with the proceeds from the sale. The City has provided a 100% allowance for the balance of the PALC note receivable due to the uncertainty of collectability.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)

G. Allowance for Doubtful Notes

The City has several programs under which it extends loans to qualifying individuals or groups for the purpose of improving the City's housing stock and/or its supply of low-and-moderate income housing. Certain of these loans provide for the eventual forgiveness of the loan balance if the borrower complies with all the terms of the loan over its full term. The City has provided a 100% allowance for all notes receivable subject to long-term deferral and/or payment from future refinancing as well as all notes receivable having subordination provisions except for those accounts that have current payment activity and are not delinquent at June 30, 2015.

NOTE 4: LAND HELD FOR HOUSING

At June 30, 2015, the City held these properties for resale or redevelopment:

- a) 811 San Pablo Avenue
- b) 2850 Estates Avenue
- c) 612 Tennent Avenue
- d) 2100/2150 San Pablo Avenue

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5: CAPITAL ASSETS

	<u>Balance at June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2015</u>
Governmental activities:					
Capital assets not being depreciated					
Land	\$ 6,333,384	\$ -	\$ -	\$ -	\$ 6,333,384
Construction-in-progress	<u>513,343</u>	<u>44,855</u>	<u>-</u>	<u>(8,188)</u>	<u>550,010</u>
Total capital assets not being depreciated	<u>6,846,727</u>	<u>44,855</u>	<u>-</u>	<u>(8,188)</u>	<u>6,883,394</u>
Capital assets being depreciated					
Buildings and improvements	15,437,809	65,649	-	8,188	15,511,646
Equipment	4,523,107	69,218	(101,826)	-	4,490,499
Vehicles	2,390,375	134,205	(35,000)	-	2,489,580
Streets and roads	50,130,106	53,929	-	-	50,184,035
Storm drains	2,829,488	-	-	-	2,829,488
Bridges	3,117,473	-	-	-	3,117,473
Parks	<u>2,420,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,420,246</u>
Total capital assets being depreciated	<u>80,848,604</u>	<u>323,001</u>	<u>(136,826)</u>	<u>8,188</u>	<u>81,042,967</u>
Less accumulated depreciation					
Buildings and improvements	(7,352,236)	(429,574)	-	-	(7,781,810)
Equipment	(3,359,527)	(137,133)	22,171	-	(3,474,489)
Vehicles	(2,189,286)	(61,019)	-	-	(2,250,305)
Streets and roads	(33,585,704)	(763,248)	-	-	(34,348,952)
Storm drains	(1,216,031)	(36,887)	-	-	(1,252,918)
Bridges	(1,720,447)	(32,088)	-	-	(1,752,535)
Parks	<u>(1,879,207)</u>	<u>(43,202)</u>	<u>-</u>	<u>-</u>	<u>(1,922,409)</u>
Total accumulated depreciation	<u>(51,302,438)</u>	<u>(1,503,151)</u>	<u>22,171</u>	<u>-</u>	<u>(52,783,418)</u>
Governmental activities capital assets, net	<u>\$ 36,392,893</u>	<u>\$ (1,135,295)</u>	<u>\$ (114,655)</u>	<u>\$ -</u>	<u>\$ 35,142,943</u>
Business-type activities:					
Capital assets not being depreciated					
Construction-in-progress	\$ 1,357,895	\$ 1,719,135	\$ -	\$ -	\$ 3,077,030
Capital assets being depreciated					
Sewer lines	7,650,185	-	-	-	7,650,185
Buildings and improvements	20,490,356	-	-	-	20,490,356
Equipment	<u>4,086,157</u>	<u>-</u>	<u>(6,207)</u>	<u>(1,936)</u>	<u>4,078,014</u>
Total assets being depreciated	<u>32,226,698</u>	<u>-</u>	<u>(6,207)</u>	<u>(1,936)</u>	<u>32,218,555</u>
Less accumulated depreciation					
Sewer lines	(4,087,160)	(141,012)	-	-	(4,228,172)
Buildings and improvements	(7,879,305)	(384,413)	-	-	(8,263,718)
Equipment	<u>(2,692,125)</u>	<u>(121,417)</u>	<u>6,207</u>	<u>1,936</u>	<u>(2,805,399)</u>
Total accumulated depreciation	<u>(14,658,590)</u>	<u>(646,842)</u>	<u>6,207</u>	<u>1,936</u>	<u>(15,297,289)</u>
Business-type capital assets, net	<u>\$ 18,926,003</u>	<u>\$ 1,072,293</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,998,296</u>

CITY OF PINOLE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 5: CAPITAL ASSETS (CONTINUED)

Depreciation was charged to functions based on their usage of the related assets as follows:

Governmental Activities:	
General administration	\$ 255,536
Public safety	105,221
Public services	1,052,206
Recreation	45,094
Community development	<u>45,094</u>
Total governmental activities depreciation expense	<u>\$ 1,503,151</u>
Business-type Activities	
Wastewater Utility	<u>\$ 646,842</u>
Total business-type activities depreciation expense	<u>\$ 646,842</u>

NOTE 6: ADVANCES FROM PRIVATE-PURPOSE TRUST FUND

On May 6, 2008 the City Council and former Pinole Redevelopment Agency approved a resolution for the former Pinole Redevelopment Agency to advance the City \$2,500,000 to provide sufficient working capital to address the structural deficit in the City's General Fund. The terms of the advance, as amended in April of 2011, provide for the payment of interest at the rate of 3.8% over 15 years and additional one-year deferral of commencement of payments to fiscal year 2014. The agreement terms allow for a capitalized interest payment deferral period of three years followed by amortization of the principal and interest in equal annual payments of \$263,300 for the succeeding twelve years. As of June 30, 2015 the balance outstanding on the advance was \$2,157,005.

NOTE 7: LONG-TERM LIABILITIES

Governmental Activities

The following is a summary of long-term liabilities transactions related to governmental activities of the City for the year ended June 30, 2015:

	<u>Balance at June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>	<u>Current Portion</u>
Pension Obligation Bonds	\$ 4,478,466	\$ -	\$ (271,771)	\$ 4,206,695	\$ 264,718
Other liabilities:					
Capital Lease Obligations	608,209	-	(101,236)	506,973	104,459
Compensated Absences	<u>629,136</u>	<u>592,937</u>	<u>(569,449)</u>	<u>652,624</u>	<u>142,456</u>
Total other liabilities	<u>1,237,345</u>	<u>592,937</u>	<u>(670,685)</u>	<u>1,159,597</u>	<u>246,915</u>
Governmental activities long-term liabilities	<u>\$ 5,715,811</u>	<u>\$ 592,937</u>	<u>\$ (942,456)</u>	<u>\$ 5,366,292</u>	<u>\$ 511,633</u>

A description of the long-term liabilities related to governmental activities at June 30, 2015 follows:

A. Pension Obligation Bonds

In June 2006 the City authorized the issuance of \$16,800,000 of 2006 Series A-1 and A-2 Bonds. The Taxable Pension Obligation Bonds in the aggregate principal of \$6,214,630 were issued to finance the City's unfunded accrued actuarial liability with CalPERS. Repayment on the Bonds will be from property tax revenues allocated to the pension obligation. Principal payments are due annually in June until 2036.

CITY OF PINOLE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

B. Bonds Payable Debt Service Requirements

Debt service requirements are shown below for bonds payable long-term debt:

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 264,718	\$ 205,282
2017	255,362	229,638
2018	250,440	254,560
2019	241,322	278,678
2020	233,014	301,986
2021 - 2025	1,075,652	1,894,348
2026 - 2030	929,281	2,555,720
2031 - 2035	808,705	3,291,296
2036	<u>148,201</u>	<u>751,797</u>
Total	<u>\$ 4,206,695</u>	<u>\$ 9,763,305</u>

C. Capitalized Lease Obligations

The City leases equipment under an agreement which provides for title to pass upon expiration of the lease period.

The assets acquired through the capital lease for governmental activities are as follows:

Equipment	\$ 608,209
Less accumulated amortization	<u>(101,236)</u>
Net book value	<u>\$ 506,973</u>

Future annual payments on capitalized lease obligations are as follows:

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 104,459	\$ 15,757
2017	107,790	12,426
2018	111,234	8,981
2019	114,795	5,420
2020	<u>68,695</u>	<u>1,738</u>
Total	<u>\$ 506,973</u>	<u>\$ 44,322</u>

CITY OF PINOLE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

D. Accumulated Compensated Absences

Compensated absences comprise unused vacation leave and compensatory time off, which are accrued as earned. No compensation is payable for sick leave. The City's liability for compensated absences is recorded in various governmental funds as appropriate. The liability for compensated absences is determined annually.

The net changes of the long-term portion of accrued vacation and sick leave liabilities are allocated among departments on the statement of activities as follows:

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2015</u>	<u>Current Portion</u>	
General administration	\$ 135,655	\$ 66,010	\$ (70,427)	\$ 131,238	\$ 14,782	A
Public safety	345,243	433,297	(399,071)	379,469	105,359	A
Public services	103,672	53,207	(61,619)	95,260	7,935	B
Recreation	32,996	29,546	(32,293)	30,249	11,395	B
Community development	<u>11,570</u>	<u>10,877</u>	<u>(6,039)</u>	<u>16,408</u>	<u>2,985</u>	B
Total	<u>\$ 629,136</u>	<u>\$ 592,937</u>	<u>\$ (569,449)</u>	<u>\$ 652,624</u>	<u>\$ 142,456</u>	

The following funds have been used to liquidate compensated absences:

- A - General Fund
- B - Non-Major Funds

Business - Type Activities

The following is a summary of long-term liabilities transactions related to business-type activities of the City for the year ended June 30, 2015.

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>	<u>Current Portion</u>
Bonds:					
2006 Wastewater Revenue Bonds	\$ 9,005,000	\$ -	\$ (230,000)	\$ 8,775,000	\$ 240,000
Other liabilities:					
Compensated absences	<u>77,129</u>	<u>99,752</u>	<u>(73,526)</u>	<u>103,355</u>	<u>23,058</u>
Business-type activities long-term liabilities	<u>\$ 9,082,129</u>	<u>\$ 99,752</u>	<u>\$ (303,526)</u>	<u>\$ 8,878,355</u>	<u>\$ 263,058</u>

A description of the long-term liabilities related to business-type activities at June 30, 2015 is as follows:

E. 2006 Wastewater Revenue Bonds

During the year ended June 30, 2007, the City of Pinole Wastewater Utility Fund issued Wastewater Revenue Bonds Series 2006 through the Pinole Joint Power Financing Authority for the purpose of financing certain capital improvements to the City's wastewater system, including the construction of a 4th anaerobic digester, renovation and improvement of the three existing digesters, and other projects. The 2006 Bonds will be repaid from the net wastewater revenues. Commencing on September 1, 2009, principal payments are due annually on September 1 until 2037. The Bonds bear interest between 4.0% and 4.4% annually. Interest is due semi-annually on March 1 and September 1 through 2037.

CITY OF PINOLE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Debt service requirements are shown below for all business-type bonds payable long-term debt:

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 240,000	\$ 387,310
2017	255,000	374,316
2018	265,000	362,322
2019	275,000	351,523
2020	290,000	340,041
2021 - 2025	1,645,000	1,500,942
2026 - 2030	2,045,000	1,097,191
2031 - 2035	2,560,000	580,243
2036 - 2037	<u>1,200,000</u>	<u>55,890</u>
Total	<u>\$ 8,775,000</u>	<u>\$ 5,049,778</u>

F. Accumulated Compensated Absences

Compensated absences comprise unused vacation leave and compensatory time off, which are accrued as earned. No compensation is payable for sick leave. The Business-type activities liability for compensated absences is recorded in the proprietary fund. The liability for compensated absences is determined annually.

NOTE 8: INTERFUND TRANSACTIONS

Transfers between funds during the fiscal year ended June 30, 2015 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Description of Transfer</u>	<u>Amount</u>
<u>Major Governmental Funds</u>			
General Fund	Cable TV	Support for cable TV program	\$ 9,375
General Fund	Recreation Fund	Support for Swim Center program	<u>35,000</u>
Total Major Governmental Interfund Transfers			<u>44,375</u>
<u>Non-Major Governmental Funds</u>			
Police	General Fund	Support for police services	271,000
AB 939	General Fund	Support for public facilities	15,000
Measure C	General Fund	Support for public facilities	36,675
Housing Programs	General Fund	Infrastructure maintenance	<u>80,000</u>
Total Non-Major Governmental Interfund Transfers			<u>402,675</u>
Total Governmental Interfund Transfers			<u>\$ 447,050</u>

CITY OF PINOLE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 8: INTERFUND TRANSACTIONS (CONTINUED)

<u>Due From</u>	<u>Due To</u>	<u>Description of Due From/Due To</u>	<u>Amount</u>
<u>Major Governmental Funds</u>			
General Fund	Development Services	To cover deficit cash balance	\$ 59,096
General Fund	Police	Support for School Resource Officers	28,515
General Fund	Fire Grants Fund	Support for SAFER fire personnel	228,943
General Fund	Growth Impact Fund	To cover deficit cash balance	2,117
General Fund	Capital Projects	To cover deficit cash balance	230
General Fund	Cable TV	Accounts receivable for local agency support services	<u>58,116</u>
		Total Major Governmental Due From/Due To	<u>377,017</u>
<u>Non-Major Governmental Funds</u>			
Growth Impact Fund	Capital Projects	Support for capital projects	260,253
Growth Impact Fund	General Fund	Reduction for payment of cash advance	5,225
NPDES Fund	AB 939	To cover deficit cash balance	<u>9,504</u>
		Total Non-Major Governmental Due From/Due To	<u>274,982</u>
		Total Governmental Due From/Due To	<u>\$ 651,999</u>

NOTE 9: DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plans

Plan Description

The City of Pinole contributes to the California Public Employees Retirement System (CALPERS), a cost sharing multiple employer public employee defined benefit pension plan. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. CALPERS acts as a common investment and administrative agent for the participating public entities with the State of California. Copies of CALPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (age 52 for Miscellaneous Plan members if membership date is on or after January 1, 2013) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Special Death Benefit (Safety only), the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect for the year ended June 30, 2015, are summarized as follows:

Hire Date	Miscellaneous	
	Classic	PEPRA
	<u>Prior to January 1, 2013</u>	<u>On or After January 1, 2013</u>
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits, as a % of annual salary	2.5%	2.0%
Required employee contribution rates	8%	8%
Required employer contribution rates	18.179%	18.179%

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Hire Date	Safety	
	Classic Prior To January 1, 2013	PEPRA On or After January 1, 2013
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	57
Monthly benefits, as a % of annual salary	3.0%	2.7%
Required employee contribution rates	9%	9%
Required employer contribution rates	22.696%	22.696%

Contributions

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

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

	Miscellaneous		Safety	
	Classic	PEPRA	Classic	PEPRA
Contributions - Employer	\$ 620,991	\$ 22,910	\$ 746,838	\$ 79,357
Contributions - Employee	\$ 273,278	\$ 22,910	\$ 296,157	\$ 79,357

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the City reported net pension liabilities for its proportionate share of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	
Classic	\$ 7,809,244
PEPRA	53
Safety	
Classic	10,753,040
PEPRA	2,999
Total Net Pension Liability	<u>\$ 18,565,336</u>

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	Miscellaneous		Safety	
	Classic	PEPRA	Classic	PEPRA
Proportion - June 30, 2013	0.12591 %	0.00000 %	0.17535 %	0.00000 %
Proportion - June 30, 2014	0.12550 %	0.00000 %	0.17281 %	0.00005 %
Change - Increase (Decrease)	(0.00041)%	0.00000 %	(0.00254)%	0.00005 %

For the year ended June 30, 2015, the City recognized pension expense of \$1,945,861. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 1,470,096	\$ -
Difference between actual contributions made by employer and the employer's proportionate share of the risk pool's total contribution	46,844	657,672
Adjustment due to differences in proportions	327,309	-
Net differences between projected and actual earnings on plan investments	<u>-</u>	<u>5,373,487</u>
Total	<u>\$ 1,844,249</u>	<u>\$ 6,031,159</u>

\$1,470,096 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30,	
2015	\$ (1,444,628)
2016	\$ (1,444,628)
2017	\$ (1,424,377)
2018	\$ (1,343,372)

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

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

	<u>Cost-Sharing Miscellaneous & Safety Plans</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% net of pension plan investment and administrative expenses; includes inflation
Mortality (1)	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 201 Experience Study Report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

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

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

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

<u>Net Pension Liability (Asset)</u>	<u>Discount Rate -1% (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>Discount Rate +1% (8.50%)</u>
Miscellaneous - Classic	\$ 2,983,998	\$ 7,809,244	\$ 825,683
Miscellaneous - PEPR	\$ 96	\$ 53	\$ 19
Safety - Classic	\$ 18,340,461	\$ 10,753,040	\$ 4,501,332
Safety - PEPR	\$ 5,160	\$ 2,999	\$ 1,218

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (OPEB)

This note includes the information required by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

Description of the Plan

The City sponsors and administers a single-employer health care plan for its employees. The plan includes healthcare coverage to long-service retirees. At retirement, City employees can elect Blue Shield, Kaiser, PERS Care, or PERS Choice medical coverage through the City at the City's expense. As the City's OPEB benefits are administered by City personnel, no separate financial statements are issued.

The City currently pays health insurance premiums of \$1,858 per month per family. For the year ended June 30, 2015, the City had 92 retired employees. The City currently has 92 active employees who may become eligible to retire and receive benefits in the future. Of the 92 active employees who may become eligible, 12 of them are not restricted to the Government Code 22893 "benefit vesting" criterion. Eligibility requirements include retirement directly from the City under CalPERS at age 50 & 55 years CalPERS service or disability.

Employees hired before July 1, 2010 receive a City contribution toward their retiree health premium equal to that provided to current active employees. Employees hired before July 1, 2010 shall be offered the option to opt into the vesting program as soon after the program implementation as allowed per CalPERS regulations.

Employees hired on or after July 1, 2010 receive a City contribution toward their retiree health premium in an amount as described by Government Code Section 22893 (the PERS vesting schedule). Government Code Section 22893 currently reads that the percentage of employer contribution payable for postretirement health benefits for an employee of a contracting agency subject to this section shall, except as provided in subdivision (b) be based on the member's completed years of credited state service at retirement as shown in the following table:

Credited Years of Service	Percentage of Employer Contribution:
10	50
11	55
12	60
13	65
14	70
15	75
16	80
17	85
18	90
19	95
20 or more	100

Funding Policy

The City's contribution for each retiree is capped at the Kaiser Bay Area/Sacramento family premium. The premium for the year ended June 30, 2015 was \$1,858 per month for actives and \$1,858 per month for retirees. As of June 30, 2015, the City is currently funding the benefits on a pay-as-you-go basis.

CITY OF PINOLE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

The City's required contribution was determined as part of the June 30, 2014, actuarial valuation. The City's annual cost for the healthcare plan was \$2,548,000. The City's annual OPEB cost contributed to the plan and the net OPEB obligation for the year ended June 30, 2015 were as follows:

Annual required contribution		
Service cost at year-end	\$	1,111,000
30-year amortization of funded liability		<u>1,437,000</u>
 Total annual OPEB cost		 <u>2,548,000</u>
Interest on net OPEB obligation		567,000
Adjustment to net OPEB obligation		<u>(1,034,000)</u>
 Total annual OPEB cost		 <u>2,081,000</u>
Employer contributions		(894,079)
Net OPEB obligation, July 1, 2014		<u>14,052,068</u>
 Net OPEB obligation, June 30, 2015	\$	 <u>15,705,989</u>

Funded Status

<u>Year Ended</u>	<u>Annual OPEB cost</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Ending OPEB</u>
6/30/2013	\$ 3,499,000	\$ 855,906	24 %	\$ 12,031,074
6/30/2014	\$ 2,548,000	\$ 878,006	34 %	\$ 14,052,068
6/30/2015	\$ 2,548,000	\$ 894,079	35 %	\$ 15,705,989

As of June 30, 2015, \$14,429,577 of the net pension obligation was recorded in governmental activities and \$1,627,412 was recorded in business-type activities on the Statement of Net Position.

Funding Progress

The funded status of the plan based on an actuarial study using age-adjusted premiums as of June 30, 2015, was as follows:

Actuarial accrued liability (AAL)		
Active employees	\$	8,272,000
Retired employees		<u>18,973,000</u>
		<u>27,245,000</u>
 Actuarial value of plan assets		 <u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$	<u>27,245,000</u>
 Funded Ratio (actuarial value of plan assets / AAL)		 0 %
Covered payroll (active plan members)	\$	7,270,000
 UAAL as a percentage of covered payroll		 35 %

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on the values which the City's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Calculations 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 of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the 2014 actuarial valuation, the entry age normal cost method was used. The initial UAAL was amortized as a level percent of payroll over a closed 30-year period, with rolling 15-year amortization for gains/losses. The actuarial assumptions included a 4% discount rate of return, a 3.25% salary increase, and a 3.0% inflation rate. Estimated retirement ages were based on a CalPERS 1997-2011 experience study. The health care cost trend for 2014-2015 year is based on actual health care plan premiums, with rate reductions of 0.5% annually through 2021. Post-employment benefits for employees hired during or after July 2010, are based on a vesting schedule.

NOTE 11: FUND BALANCE

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

The City of Pinole has established the following fund balance policies:

Committed Fund Balance: Only the City Council may have the authority to create or change a fund balance commitment. Committing fund balance is accomplished by approval of a resolution by the City Council.

Assigned Fund Balance: The City Council delegates authority to the City Manager to assign amounts to be used for specific purpose. Assignments are less formal than commitments and can be changed by the Finance Director. An example of an assignment would be the encumbrance of funds for purchase orders approved but not fulfilled by the end of a fiscal year.

The accounting policies of the City consider restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts, and unassigned amounts.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11: FUND BALANCE (CONTINUED)

As of June 30, 2015, fund balances consisted of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Restricted:			
Redevelopment	-	14,074,122	14,074,122
Assigned:			
Measure "C"	-	732,872	732,872
NPDES	-	58,707	58,707
AB - 939	-	293,179	293,179
Capital projects	1,030,000	1,064,272	2,094,272
Police services	-	389,587	389,587
Recreation	-	158,566	158,566
Building Inspection	-	373,727	373,727
Solid Waste	-	435,209	435,209
Gas tax	-	155,358	155,358
Unassigned	<u>4,261,995</u>	<u>(877,048)</u>	<u>3,384,947</u>
Total	<u>\$ 5,291,995</u>	<u>\$ 16,858,551</u>	<u>\$ 22,150,546</u>

NOTE 12: RISK MANAGEMENT

The City manages risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters by participating in the public entity risk pools described below and by retaining certain risks.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California which exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the member's responsibility.

Risk Coverage

The City is a member of the Contra Costa County Municipal Risk Management Insurance Authority (CCCMRMIA). CCCMRMIA provides coverage against the following types of loss risks under terms of joint-powers agreement with the City and several other cities and governmental agencies as follows:

<u>Type of Coverage (Deductible)</u>	<u>Coverage Limits</u>
Liability (\$25,000) including errors and omissions for Public Officials	\$ 29,000,000
All Risk Fire and Property (\$5,000)	\$ 1,000,000,000
Workers' Compensation (no deductible)	\$ 50,000,000
Vehicle Physical Damage (\$3,000 for police, \$2,000 all others)	\$ 250,000

CITY OF PINOLE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 12: RISK MANAGEMENT (CONTINUED)

The CCCMRMIA is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of the CCCMRMIA, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

The City's deposits with the CCCMRMIA are in accordance with formulas established by the CCCMRMIA. 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.

During the fiscal year ended June 30, 2015, the City contributed \$787,766 for coverage.

Financial statements may be obtained from CCCMRMIA, 1911 San Miguel Drive, Suite 200, Walnut Creek, CA 94596.

Claims Liability

The City's retained risk liability for uninsured claims is limited to general liability claims, as discussed above, and was estimated by management based on prior years claims experience as follows at June 30:

	2015	2014
Claims liability, beginning of the year	\$ 49,578	\$ 41,161
Provision for current year claims	18,060	18,299
Change in prior year claims estimates	(64,327)	(9,882)
Claims liability, end of year	\$ 3,311	\$ 49,578

NOTE 13: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During fiscal year 2015, the following funds had excess expenditures over appropriations. These funds have sufficient resources to finance these expenditures:

Fund	Final Budget	Actual	Variance
Public Works Capital Projects	\$ 25,686	\$ 303,598	\$ 277,912
Housing Programs Fund	73,547	105,375	31,828
Measure C	-	61,969	61,969
Police	681,290	707,031	25,741
Cable TV	270,532	275,443	4,911
Development Services	-	158,422	158,422
Fire Department Grants	108,000	209,913	101,913

NOTE 14: DEFICIT FUND BALANCES

As of June 30, 2015, the following funds had a fund deficit:

Fund	Deficit
Growth Impact	\$ 257,145
NPDES	10,168
Cable TV	32,047
Fire Department Grants	229,228
Development Services	123,068

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 15: CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities

The City has received federal and state grants for specific purposes that are subject to review and audit by the federal and state government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material.

NOTE 16: PRIOR PERIOD ADJUSTMENT

As a result of implementing GASB Statement Nos. 68 and 71, the City has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2013 by \$24,848,661. The City made the following adjustments to net position at the beginning of the year:

<u>Description of Restatement</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Recording of net pension liability	\$ (23,274,010)	\$ (1,014,981)	\$ (24,288,991)
Application of 2014 contributions	1,281,914	58,894	1,340,808
Removal of pension asset	<u>(2,856,565)</u>	<u>-</u>	<u>(2,856,565)</u>
Total Prior Period Adjustment	<u>\$ (24,848,661)</u>	<u>\$ (956,087)</u>	<u>\$ (25,804,748)</u>

<u>Fund</u>	<u>Description of Restatement</u>	<u>Amount</u>
<u>Proprietary funds</u>		
Wastewater Utility Enterprise Fund	Implementation of GASB 68	<u>(956,087)</u>
	Total Fund Balance Restatement	<u>\$ (956,087)</u>

NOTE 17: CONTINGENT LIABILITY REDEVELOPMENT DISSOLUTION

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X-26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Pinole that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit. In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

On December 12, 2012 the California State Controller's office issued the Pinole Redevelopment Agency Asset Transfer Review Final Report. In the Final Report, the Controller has indicated that the Pinole Redevelopment Agency made unallowable transfers of \$24,514,621 in assets to the City of Pinole, and ordered that the City transfer the assets back to the Successor Agency to the Pinole Redevelopment Agency.

The City of Pinole disagreed with the findings of the State Controller. As referenced in the Final Report, the Pinole Redevelopment Agency transferred several properties to the City pursuant to City Resolution No. 2011-11 and Agency Resolution 05-11. On July 5, 2011, the Superior Court of the State of California entered a judgment of Validation with respect to the asset transfers made by the Pinole Redevelopment Agency. The City of Pinole believes that the court judgment filed on July 5, 2011 prevents the California State Controller from requiring that the assets set forth in the Final Report be turned over to the Successor Agency for disposition under ABX1-26 and AB-1484.

On November 8, 2013 the State Department of Finance ordered the City of Pinole to remit to the Contra Costa County Auditor-Controller the sum of \$13,831,059, representing that portion of the net sale proceeds resulting from the sale of a portion of the transferred properties, for disposition to All Taxing Entities (ATE's) within the boundaries of the former Pinole Redevelopment Agency.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 17: CONTINGENT LIABILITY REDEVELOPMENT DISSOLUTION (CONTINUED)

In response to payment demand issued by the State Department of Finance, on November 22, 2013 the City filed a Petition for Writ of Mandated and Complaint for Declaratory and Injunctive Relief challenging the payment demand of the State Department of Finance and the State Controller's Order to reverse real estate asset transfers, as described above. Management believes, in consultation with legal counsel, that the Order of the State Controller and the Payment Demand from the Department of Finance are unlawful.

In May 2014, the City's legal complaint against the State Department of Finance determination regarding Asset Transfers related to the close-out of the City's former Redevelopment Agency was heard in Superior Court. The City initiated its legal challenge in an attempt to protect \$13 million in net sale proceeds from the disposal of its land ownership interests in the Pinole Vista and Pinole Valley Shopping Centers, and an extensive \$11 million portfolio of commercial real estate holdings assembled to facilitate future public private partnership development projects. Following consideration of pleadings and testimony by both the State Department of Finance and City Officials, the Judge opined that the City must turn over the residual redevelopment assets to the Successor Agency. Despite strong language from the Court regarding the unfair consequences of the dissolution legislation, the Judge's Order was not favorable to the City. In June of 2014, the City Council decided that it would not appeal the Court Ruling in this matter.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PINOLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 10,542,251	\$ 14,115,870	\$ 14,143,789	\$ 27,919
Intergovernmental	1,377,981	1,515,953	1,515,953	-
Contributions	-	125	125	-
Investment earnings (losses)	500	1,656	1,045	(611)
Rents and ground leases	98,160	98,503	95,901	(2,602)
Charges for service	744,392	995,179	999,977	4,798
Fines, forfeitures and penalties	52,869	57,252	58,863	1,611
Other revenues	<u>15,000</u>	<u>42,956</u>	<u>81,988</u>	<u>39,032</u>
Total Revenues	<u>12,831,153</u>	<u>16,827,494</u>	<u>16,897,641</u>	<u>70,147</u>
<u>EXPENDITURES</u>				
Current operations:				
General administration	2,356,205	2,393,476	2,135,828	257,648
Public safety	9,404,733	8,907,948	8,335,562	572,386
Public services	707,703	863,578	724,765	138,813
Debt service:				
Principal	263,300	-	373,007	(373,007)
Interest and fiscal charges	455,000	718,300	290,860	427,440
Capital outlay	<u>-</u>	<u>158,987</u>	<u>117,519</u>	<u>41,468</u>
Total Expenditures	<u>13,186,941</u>	<u>13,042,289</u>	<u>11,977,541</u>	<u>1,064,748</u>
Excess (deficiency) of revenues over expenditures	<u>(355,788)</u>	<u>3,785,205</u>	<u>4,920,100</u>	<u>1,134,895</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Gain (Loss) on sale of property	10,000	17,184	17,259	75
Transfers in	372,073	(372,073)	402,675	774,748
Transfers out	<u>103,773</u>	<u>135,862</u>	<u>(44,375)</u>	<u>(180,237)</u>
Total other financing sources (uses)	<u>485,846</u>	<u>(219,027)</u>	<u>375,559</u>	<u>594,586</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	130,058	3,566,178	5,295,659	1,729,481
Fund balances at beginning of year	<u>(3,664)</u>	<u>(3,664)</u>	<u>(3,664)</u>	<u>-</u>
Fund balances at end of year	<u>\$ 126,394</u>	<u>\$ 3,562,514</u>	<u>\$ 5,291,995</u>	<u>\$ 1,729,481</u>

See accompanying notes to the required supplementary information.

CITY OF PINOLE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION ON
BUDGETARY ACCOUNTING AND CONTROL
FOR THE YEAR ENDED JUNE 30, 2015

NOTE A: GENERAL BUDGET POLICIES

Annually, the City Manager submits to the City Council a proposed operating budget for the following fiscal year. This budget includes proposed expenditures, by fund and department, and the revenues expected to finance them. Public hearings are conducted to obtain taxpayer comments and the budget is legally enacted through passage of a resolution. Any revisions which alter total expenditures of any fund must be approved by the City Council.

Budgets are adopted on a basis consistent with generally accepted accounting principles. Budget to actual comparisons in this report use this budgetary basis. Unexpended appropriations lapse at year-end and must be re-appropriated in the following year.

**CITY OF PINOLE
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Prepared for the City's Miscellaneous and Safety Plans, Cost Sharing Defined Benefit Pension Plans
As of June 30, 2015
Last 10 Years***

	2015			
	Miscellaneous		Safety	
	Classic	PEPRA	Classic	PEPRA
Proportion of the net pension liability	0.12550 %	0.00000 %	0.17281 %	0.00005 %
Proportionate share of the net pension liability	\$ 7,809,244	\$ 53	\$ 10,753,040	\$ 2,999
Covered - employee payroll	\$ 3,685,508	\$ 89,694	\$ 3,254,772	\$ 81,208
Proportionate share of the net pension liability as a percentage of covered - employee payroll	211.89 %	0.06 %	330.38 %	3.69 %
Plan's fiduciary net position	32,178,546	262	45,891,695	2,999
Plan fiduciary net position as a percentage of the total pension liability	80.47 %	82.91 %	81.02 %	81.41 %

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

**CITY OF PINOLE
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CONTRIBUTIONS
Prepared for the City's Miscellaneous and Cost Sharing Plans,
Cost Sharing Defined Benefit Pension Plans
As of June 30, 2015
Last 10 Years***

	2015			
	Miscellaneous		Safety	
	Classic	PEPRA	Classic	PEPRA
Contractually required contribution (actuarially determined)	\$ 544,336	\$ 14,393	\$ 807,063	\$ 37,784
Contributions in relation to the actuarially determined contributions	<u>620,991</u>	<u>22,910</u>	<u>746,838</u>	<u>79,357</u>
Contribution deficiency (excess)	<u>\$ (76,655)</u>	<u>\$ (8,517)</u>	<u>\$ 60,225</u>	<u>\$ (41,573)</u>
Covered - employee payroll	3,685,508	89,694	3,254,772	81,208
Contributions as a percentage of covered - employee payroll	16.85 %	25.54 %	22.95 %	97.72 %

Notes to Schedule:

Valuation Date: June 30, 2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level of percentage payroll
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, includes inflation
Post retirement benefit increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies; 2.75% thereafter
Mortality rate table	Derived using CalPERS' membership data for all funds

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

**CITY OF PINOLE
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)

<u>Actuarial Valuation Date</u>	<u>Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Liability (Excess of Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
June 30, 2008	\$ 21,826,000	\$ -	\$ 21,826,000	0%	\$ 10,132,000	215 %
June 30, 2011	\$ 28,040,000	\$ -	\$ 28,040,000	0%	\$ 8,893,000	315 %
June 30, 2014	\$ 27,245,000	\$ -	\$ 27,245,000	0%	\$ 7,270,000	375 %

COMBINING FINANCIAL STATEMENTS AND OTHER SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

The following funds are reported in total on the Governmental Fund Financial Statements under the column Other Governmental Funds.

CAPITAL PROJECTS FUND

Public Works Capital Projects Fund

This fund is used to account for major capital improvement projects under City management.

SPECIAL REVENUE FUNDS

Growth Impact Fund

This fund receives fees from building activities and uses these funds to offset costs associated with City growth.

Housing Programs Fund

This fund receives tax increment funds through Redevelopment activity, representing 20% set-aside for housing activities; funds are expended for approved housing activities.

Gas Tax Fund

This fund receives and disburses the City's share of state gasoline tax collections in accordance with the provisions of the State of California Streets and Highway Code.

Parkland Dedication Fund

This fund receives impact fees from developers paid under the Quimby Act. These funds are disbursed for approved park projects.

Measure C Fund

This fund receives voter-approved, half-cent countywide sales taxes levied to fund transportation improvements and disburses these funds to pay for local street improvements.

N.P.D.E.S. Fund

This fund received assessments levied by the County on properties and disburses funds in compliance with the provisions of the National Pollution Discharge Elimination System.

AB 939 Fund

This fund was established to account for the recycling fee imposed on residents for garbage collection. The funds will be used to comply with State mandates.

Adjudicated Asset Seizure Fund

This fund receives proceeds from sales of assets seized during drug-related arrests and disburses those funds for authorized public safety activities.

Police Fund

This fund receives proceeds from AB 172 special sales tax from the County, supplemental law enforcement funds from the State, traffic safety funds Penal Code 246.1 restitution from drive by shootings, littering fines, and state and federal grants, and is disbursed for public safety purposes.

Cable TV Fund

This fund receives participant fees and disburses funds to pay for the cost of programs.

Recreation Fund

This fund receives participant fees from recreation activities and disburses funds to pay for costs of recreation programs. Recreation activities include the following: Tennis, Memorial Hall, Drama Workshop, Summer Camp, Tiny Tots, Swim Center, Summer Park Playground Program, Youth Center and Senior Center.

Building Inspection Fund

This fund receives revenues generated from permit and inspection fees and disburses funds to support this activity.

Fire Department Grants Fund

This fund receives revenues from federal grants.

Development Services Fund

This fund receives proceeds for work being performed for land development for the successor agency.

Solid Waste Water Fund

This fund receives rate savings for solid waste service from Republic Services, a collection franchise, and West Contra Costa Integrated Management Authority (WCCIMA), a post collection agreement. The money will be refunded back to residential, commercial, and industrial customers.

CITY OF PINOLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2015

	<u>Public Works Capital Projects</u>	<u>Growth Impact</u>	<u>Housing Programs</u>	<u>Gas Tax</u>
<u>ASSETS</u>				
Cash and investments	\$ 799,139	\$ -	\$ 1,119,756	\$ 203,537
Cash and investments with fiscal agents	-	-	6,067,887	-
Accounts receivables	-	-	7,776	-
Due from other funds	260,252	5,225	-	-
Due from private-purpose trust fund	-	-	4,291,575	-
Land held for redevelopment	-	-	<u>2,591,393</u>	-
Total Assets	<u>\$ 1,059,391</u>	<u>\$ 5,225</u>	<u>\$ 14,078,387</u>	<u>\$ 203,537</u>
<u>LIABILITIES</u>				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 11,292	\$ -	\$ 8,366	\$ 48,179
Deposits payable	-	-	-	-
Due to other funds	<u>230</u>	<u>262,370</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>11,522</u>	<u>262,370</u>	<u>8,366</u>	<u>48,179</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
FUND BALANCES (DEFICITS):				
Restricted	-	-	14,074,122	-
Assigned	1,047,869	-	-	155,358
Unassigned	<u>-</u>	<u>(257,145)</u>	<u>(4,101)</u>	<u>-</u>
Total fund balances (deficits)	<u>1,047,869</u>	<u>(257,145)</u>	<u>14,070,021</u>	<u>155,358</u>
Total Liabilities, Deferred inflows of Resources, and Fund Balances (Deficits)	<u>\$ 1,059,391</u>	<u>\$ 5,225</u>	<u>\$ 14,078,387</u>	<u>\$ 203,537</u>

CITY OF PINOLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
(CONTINUED)
JUNE 30, 2015

	Parkland Dedication	Measure C	NPDES	AB 939
<u>ASSETS</u>				
Cash and investments	\$ 16,403	\$ 404,396	\$ 431	\$ 279,812
Cash and investments with fiscal agents	-	-	-	-
Accounts receivables	-	328,476	-	4,988
Due from other funds	-	-	-	9,504
Due from private-purpose trust fund	-	-	-	-
Land held for redevelopment	-	-	-	-
	-	-	-	-
Total Assets	\$ 16,403	\$ 732,872	\$ 431	\$ 294,304
 <u>LIABILITIES</u>				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 1,095	\$ 1,125
Deposits payable	-	-	-	-
Due to other funds	-	-	9,504	-
	-	-	9,504	-
Total liabilities	-	-	10,599	1,125
 <u>DEFERRED INFLOWS OF RESOURCES</u>				
FUND BALANCES (DEFICITS):				
Restricted	-	-	-	-
Assigned	16,403	732,872	58,707	293,179
Unassigned	-	-	(68,875)	-
	-	-	(68,875)	-
Total fund balances (deficits)	16,403	732,872	(10,168)	293,179
Total Liabilities, Deferred inflows of Resources, and Fund Balances (Deficits)	\$ 16,403	\$ 732,872	\$ 431	\$ 294,304

CITY OF PINOLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
(CONTINUED)
JUNE 30, 2015

	<u>Adjudicated Asset Seizure</u>	<u>Police</u>	<u>Cable TV</u>	<u>Recreation</u>
<u>ASSETS</u>				
Cash and investments	\$ 16,049	\$ 86,854	\$ -	\$ 223,363
Cash and investments with fiscal agents	-	-	-	-
Accounts receivables	2,324	172,189	51,268	1,491
Due from other funds	-	-	-	-
Due from private-purpose trust fund	-	-	-	-
Land held for redevelopment	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 18,373</u>	<u>\$ 259,043</u>	<u>\$ 51,268</u>	<u>\$ 224,854</u>
 <u>LIABILITIES</u>				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ -	\$ 21,898	\$ 25,199	\$ 48,748
Deposits payable	-	-	-	17,540
Due to other funds	-	28,515	58,116	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>50,413</u>	<u>83,315</u>	<u>66,288</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>				
FUND BALANCES (DEFICITS):				
Restricted	-	-	-	-
Assigned	18,373	371,214	-	158,566
Unassigned	-	(162,584)	(32,047)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficits)	<u>18,373</u>	<u>208,630</u>	<u>(32,047)</u>	<u>158,566</u>
Total Liabilities, Deferred inflows of Resources, and Fund Balances (Deficits)	<u>\$ 18,373</u>	<u>\$ 259,043</u>	<u>\$ 51,268</u>	<u>\$ 224,854</u>

CITY OF PINOLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
(CONTINUED)
JUNE 30, 2015

	<u>Building Inspection</u>	<u>Fire Department Grants</u>	<u>Development Services</u>
<u>ASSETS</u>			
Cash and investments	\$ 474,848	\$ -	\$ -
Cash and investments with fiscal agents	-	-	-
Accounts receivables	314	-	-
Due from other funds	-	-	-
Due from private-purpose trust fund	-	-	-
Land held for redevelopment	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 475,162</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>LIABILITIES</u>			
LIABILITIES:			
Accounts payable and accrued liabilities	\$ 101,435	\$ 285	\$ 63,972
Deposits payable	-	-	-
Due to other funds	-	<u>228,943</u>	<u>59,096</u>
	<u>101,435</u>	<u>229,228</u>	<u>123,068</u>
Total liabilities	<u>101,435</u>	<u>229,228</u>	<u>123,068</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>			
FUND BALANCES (DEFICITS):			
Restricted	-	-	-
Assigned	373,727	-	-
Unassigned	-	<u>(229,228)</u>	<u>(123,068)</u>
	<u>373,727</u>	<u>(229,228)</u>	<u>(123,068)</u>
Total fund balances (deficits)	<u>373,727</u>	<u>(229,228)</u>	<u>(123,068)</u>
Total Liabilities, Deferred inflows of Resources, and Fund Balances (Deficits)	<u>\$ 475,162</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PINOLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
(CONTINUED)
JUNE 30, 2015

	Solid Waste Water Fund	Total Non-major Governmental Funds
<u>ASSETS</u>		
Cash and investments	\$ 381,693	\$ 4,006,281
Cash and investments with fiscal agents	-	6,067,887
Accounts receivables	53,516	622,342
Due from other funds	-	274,981
Due from private-purpose trust fund	-	4,291,575
Land held for redevelopment	-	2,591,393
Total Assets	\$ 435,209	\$ 17,854,459
 <u>LIABILITIES</u>		
LIABILITIES:		
Accounts payable and accrued liabilities	\$ -	\$ 331,594
Deposits payable	-	17,540
Due to other funds	-	646,774
Total liabilities	-	995,908
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
FUND BALANCES (DEFICITS):		
Restricted	-	14,074,122
Assigned	435,209	3,661,477
Unassigned	-	(877,048)
Total fund balances (deficits)	435,209	16,858,551
Total Liabilities, Deferred inflows of Resources, and Fund Balances (Deficits)	\$ 435,209	\$ 17,854,459

CITY OF PINOLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Public Works Capital Projects</u>	<u>Growth Impact</u>	<u>Housing Programs</u>	<u>Gas Tax</u>
<u>REVENUES</u>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 531,714
Intergovernmental	565,030	-	-	-
Contributions	-	-	-	-
Investment earnings (losses)	21	13	309,293	66
Rents and ground leases	15,000	-	42,083	-
Charges for service	-	38,397	-	2,100
Loan Repayments	-	-	45,666	-
Other revenues	<u>13,175</u>	<u>-</u>	<u>600,000</u>	<u>650</u>
Total Revenues	<u>593,226</u>	<u>38,410</u>	<u>997,042</u>	<u>534,530</u>
<u>EXPENDITURES</u>				
Current operations:				
General administration	-	-	-	-
Public safety	-	-	-	-
Public services	87,578	-	-	515,025
Recreation	25,686	-	-	-
Community development	29,430	-	105,375	-
Capital outlay	<u>160,904</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>303,598</u>	<u>-</u>	<u>105,375</u>	<u>515,025</u>
Excess (deficiency) of revenues over expenditures	<u>289,628</u>	<u>38,410</u>	<u>891,667</u>	<u>19,505</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(80,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(80,000)</u>	<u>-</u>
Net change in fund balance	289,628	38,410	811,667	19,505
Fund balances - July 1, 2014	<u>758,241</u>	<u>(295,555)</u>	<u>13,258,354</u>	<u>135,853</u>
Fund balances - June 30, 2015	<u>\$ 1,047,869</u>	<u>\$ (257,145)</u>	<u>\$ 14,070,021</u>	<u>\$ 155,358</u>

CITY OF PINOLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Parkland Dedication</u>	<u>Measure C</u>	<u>NPDES</u>	<u>AB 939</u>
<u>REVENUES</u>				
Taxes and assessments	\$ -	\$ 378,476	\$ -	\$ -
Intergovernmental	-	-	267,008	-
Contributions	-	-	-	-
Investment earnings (losses)	3	182	-	86
Rents and ground leases	-	-	-	-
Charges for service	12,020	-	-	60,641
Loan Repayments	-	-	-	-
Other revenues	-	-	2,000	-
	<u>12,023</u>	<u>378,658</u>	<u>269,008</u>	<u>60,727</u>
Total Revenues				
<u>EXPENDITURES</u>				
Current operations:				
General administration	-	-	-	-
Public safety	-	-	-	-
Public services	-	58,969	184,294	57,573
Recreation	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	3,000	-	-
	<u>-</u>	<u>61,969</u>	<u>184,294</u>	<u>57,573</u>
Total Expenditures				
Excess (deficiency) of revenues over expenditures	<u>12,023</u>	<u>316,689</u>	<u>84,714</u>	<u>3,154</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	-	(36,675)	-	(15,000)
	<u>-</u>	<u>(36,675)</u>	<u>-</u>	<u>(15,000)</u>
Total other financing sources (uses)				
Net change in fund balance	12,023	280,014	84,714	(11,846)
Fund balances - July 1, 2014	<u>4,380</u>	<u>452,858</u>	<u>(94,882)</u>	<u>305,025</u>
Fund balances - June 30, 2015	<u>\$ 16,403</u>	<u>\$ 732,872</u>	<u>\$ (10,168)</u>	<u>\$ 293,179</u>

CITY OF PINOLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Adjudicated Asset Seizure</u>	<u>Police</u>	<u>Cable TV</u>	<u>Recreation</u>
<u>REVENUES</u>				
Taxes and assessments	\$ -	\$ -	\$ 57,332	\$ -
Intergovernmental	2,324	818,676	-	-
Contributions	-	-	10,069	41,119
Investment earnings (losses)	7	10	-	90
Rents and ground leases	-	-	-	111,317
Charges for service	-	48,473	93,609	914,690
Loan Repayments	-	-	-	-
Other revenues	-	-	57,615	-
	<u>2,331</u>	<u>867,159</u>	<u>218,625</u>	<u>1,067,216</u>
Total Revenues				
<u>EXPENDITURES</u>				
Current operations:				
General administration	-	-	275,443	-
Public safety	-	620,447	-	-
Public services	-	-	-	-
Recreation	-	-	-	1,081,482
Community development	-	-	-	-
Capital outlay	-	86,584	-	-
	<u>-</u>	<u>707,031</u>	<u>275,443</u>	<u>1,081,482</u>
Total Expenditures				
Excess (deficiency) of revenues over expenditures	<u>2,331</u>	<u>160,128</u>	<u>(56,818)</u>	<u>(14,266)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	9,375	35,000
Transfers out	-	(271,000)	-	-
	<u>-</u>	<u>(271,000)</u>	<u>9,375</u>	<u>35,000</u>
Total other financing sources (uses)				
Net change in fund balance	2,331	(110,872)	(47,443)	20,734
Fund balances - July 1, 2014	<u>16,042</u>	<u>319,502</u>	<u>15,396</u>	<u>137,832</u>
Fund balances - June 30, 2015	<u>\$ 18,373</u>	<u>\$ 208,630</u>	<u>\$ (32,047)</u>	<u>\$ 158,566</u>

CITY OF PINOLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Building Inspection</u>	<u>Fire Department Grants</u>	<u>Development Services</u>	<u>Solid Waste Water Fund</u>
<u>REVENUES</u>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	144,982	-	-
Contributions	-	-	-	-
Investment earnings (losses)	220	-	-	132
Rents and ground leases	-	-	-	-
Charges for service	513,353	-	34,570	212,122
Loan Repayments	-	-	-	-
Other revenues	<u>23,309</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>536,882</u>	<u>144,982</u>	<u>34,570</u>	<u>212,254</u>
<u>EXPENDITURES</u>				
Current operations:				
General administration	-	-	-	-
Public safety	-	209,913	-	-
Public services	-	-	-	-
Recreation	-	-	-	-
Community development	525,353	-	158,422	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>525,353</u>	<u>209,913</u>	<u>158,422</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>11,529</u>	<u>(64,931)</u>	<u>(123,852)</u>	<u>212,254</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	11,529	(64,931)	(123,852)	212,254
Fund balances - July 1, 2014	<u>362,198</u>	<u>(164,297)</u>	<u>784</u>	<u>222,955</u>
Fund balances - June 30, 2015	<u>\$ 373,727</u>	<u>\$ (229,228)</u>	<u>\$ (123,068)</u>	<u>\$ 435,209</u>

CITY OF PINOLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	Total Non-major Governmental Funds
REVENUES	
Taxes and assessments	\$ 967,522
Intergovernmental	1,798,020
Contributions	51,188
Investment earnings (losses)	310,123
Rents and ground leases	168,400
Charges for service	1,929,975
Loan Repayments	45,666
Other revenues	<u>696,749</u>
Total Revenues	<u>5,967,643</u>
EXPENDITURES	
Current operations:	
General administration	275,443
Public safety	830,360
Public services	903,439
Recreation	1,107,168
Community development	818,580
Capital outlay	<u>250,488</u>
Total Expenditures	<u>4,185,478</u>
Excess (deficiency) of revenues over expenditures	<u>1,782,165</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	44,375
Transfers out	<u>(402,675)</u>
Total other financing sources (uses)	<u>(358,300)</u>
Net change in fund balance	1,423,865
Fund balances - July 1, 2014	<u>15,434,686</u>
Fund balances - June 30, 2015	<u>\$ 16,858,551</u>

CITY OF PINOLE
PUBLIC WORKS CAPITAL PROJECTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ -	\$ 565,030	\$ 565,030
Investment earnings (losses)	-	-	21	21
Rents and ground leases	-	-	15,000	15,000
Other revenues	-	-	<u>13,175</u>	<u>13,175</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>593,226</u>	<u>593,226</u>
<u>EXPENDITURES</u>				
Current operations:				
Public services	-	-	87,578	(87,578)
Recreation	-	25,686	25,686	-
Community development	-	-	29,430	(29,430)
Capital outlay	-	-	<u>160,904</u>	<u>(160,904)</u>
Total Expenditures	<u>-</u>	<u>25,686</u>	<u>303,598</u>	<u>(277,912)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(25,686)</u>	<u>289,628</u>	<u>315,314</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(25,686)	289,628	315,314
Fund balance - July 1, 2014	<u>758,241</u>	<u>758,241</u>	<u>758,241</u>	<u>-</u>
Fund balance - June 30, 2015	<u>\$ 758,241</u>	<u>\$ 732,555</u>	<u>\$ 1,047,869</u>	<u>\$ 315,314</u>

CITY OF PINOLE
GROWTH IMPACT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings (losses)	\$ -	\$ -	\$ 13	\$ 13
Charges for service	-	-	<u>38,397</u>	<u>38,397</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>38,410</u>	<u>38,410</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>38,410</u>	<u>38,410</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	38,410	38,410
Fund deficit - July 1, 2014	<u>(295,555)</u>	<u>(295,555)</u>	<u>(295,555)</u>	<u>-</u>
Fund balance - June 30, 2015	<u>\$ (295,555)</u>	<u>\$ (295,555)</u>	<u>\$ (257,145)</u>	<u>\$ 38,410</u>

CITY OF PINOLE
HOUSING PROGRAMS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ -	\$ -	\$ 309,293	\$ 309,293
Rents and ground leases	65,111	65,111	42,083	(23,028)
Loan Repayments	-	-	45,666	45,666
Other revenues	-	-	<u>600,000</u>	<u>600,000</u>
Total Revenues	<u>65,111</u>	<u>65,111</u>	<u>997,042</u>	<u>931,931</u>
<u>EXPENDITURES</u>				
Current operations:				
Community development	<u>64,547</u>	<u>73,547</u>	<u>105,375</u>	<u>(31,828)</u>
Total Expenditures	<u>64,547</u>	<u>73,547</u>	<u>105,375</u>	<u>(31,828)</u>
Excess (deficiency) of revenues over expenditures	<u>564</u>	<u>(8,436)</u>	<u>891,667</u>	<u>900,103</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	-	<u>(80,000)</u>	<u>(80,000)</u>
Total other financing sources (uses)	-	-	<u>(80,000)</u>	<u>(80,000)</u>
<u>EXTRAORDINARY ITEM</u>				
Excess (deficiency) of revenues and other sources over expenditures and other uses	564	(8,436)	811,667	820,103
Fund balance - July 1, 2014	<u>13,771,013</u>	<u>13,258,354</u>	<u>13,258,354</u>	<u>-</u>
Fund balance - June 30, 2015	<u>\$ 13,771,577</u>	<u>\$ 13,249,918</u>	<u>\$ 14,070,021</u>	<u>\$ 820,103</u>

CITY OF PINOLE
GAS TAX - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 496,931	\$ 291,996	\$ 531,714	\$ 239,718
Intergovernmental	-	204,935	-	(204,935)
Investment earnings	-	-	66	66
Charges for service	1,000	1,000	2,100	1,100
Other revenues	-	-	<u>650</u>	<u>650</u>
Total Revenues	<u>497,931</u>	<u>497,931</u>	<u>534,530</u>	<u>36,599</u>
<u>EXPENDITURES</u>				
Current operations:				
Public services	<u>516,657</u>	<u>516,657</u>	<u>515,025</u>	<u>1,632</u>
Total Expenditures	<u>516,657</u>	<u>516,657</u>	<u>515,025</u>	<u>1,632</u>
Excess (deficiency) of revenues over expenditures	<u>(18,726)</u>	<u>(18,726)</u>	<u>19,505</u>	<u>38,231</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(18,726)	(18,726)	19,505	38,231
Fund balance - July 1, 2014	<u>12,911</u>	<u>135,853</u>	<u>135,853</u>	<u>-</u>
Fund balance - June 30, 2015	<u>\$ (5,815)</u>	<u>\$ 117,127</u>	<u>\$ 155,358</u>	<u>\$ 38,231</u>

CITY OF PINOLE
PARKLAND DEDICATION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ -	\$ -	\$ 3	\$ 3
Charges for service	-	-	12,020	12,020
Total Revenues	<u>-</u>	<u>-</u>	<u>12,023</u>	<u>12,023</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>12,023</u>	<u>12,023</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	12,023	12,023
Fund balance - July 1, 2014	<u>4,376</u>	<u>4,380</u>	<u>4,380</u>	<u>-</u>
Fund balance - June 30, 2015	<u>\$ 4,376</u>	<u>\$ 4,380</u>	<u>\$ 16,403</u>	<u>\$ 12,023</u>

CITY OF PINOLE
MEASURE C - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ -	\$ -	\$ 378,476	\$ 378,476
Investment earnings	-	-	182	182
Total Revenues	-	-	378,658	378,658
<u>EXPENDITURES</u>				
Current operations:				
Public services	-	-	58,969	(58,969)
Capital outlay	-	-	3,000	(3,000)
Total Expenditures	-	-	61,969	(61,969)
Excess (deficiency) of revenues over expenditures	-	-	316,689	316,689
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	(36,675)	(36,675)	(36,675)	-
Total other financing sources (uses)	(36,675)	(36,675)	(36,675)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(36,675)	(36,675)	280,014	316,689
Fund balance - July 1, 2014	452,858	452,858	452,858	-
Fund balance - June 30, 2015	\$ 416,183	\$ 416,183	\$ 732,872	\$ 316,689

CITY OF PINOLE
NPDES - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ 269,799	\$ 269,799	\$ 267,008	\$ (2,791)
Other revenues	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>
Total Revenues	<u>269,799</u>	<u>269,799</u>	<u>269,008</u>	<u>(791)</u>
<u>EXPENDITURES</u>				
Current operations:				
Public services	<u>271,718</u>	<u>271,718</u>	<u>184,294</u>	<u>87,424</u>
Total Expenditures	<u>271,718</u>	<u>271,718</u>	<u>184,294</u>	<u>87,424</u>
Excess (deficiency) of revenues over expenditures	<u>(1,919)</u>	<u>(1,919)</u>	<u>84,714</u>	<u>86,633</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,919)	(1,919)	84,714	86,633
Fund deficit - July 1, 2014	<u>(94,882)</u>	<u>(94,882)</u>	<u>(94,882)</u>	<u>-</u>
Fund balance - June 30, 2015	<u>\$ (96,801)</u>	<u>\$ (96,801)</u>	<u>\$ (10,168)</u>	<u>\$ 86,633</u>

CITY OF PINOLE
 AB 939 - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ -	\$ -	\$ 86	\$ 86
Charges for service	<u>60,060</u>	<u>60,060</u>	<u>60,641</u>	<u>581</u>
Total Revenues	<u>60,060</u>	<u>60,060</u>	<u>60,727</u>	<u>667</u>
<u>EXPENDITURES</u>				
Current operations:				
Public services	<u>77,692</u>	<u>77,692</u>	<u>57,573</u>	<u>20,119</u>
Total Expenditures	<u>77,692</u>	<u>77,692</u>	<u>57,573</u>	<u>20,119</u>
Excess (deficiency) of revenues over expenditures	<u>(17,632)</u>	<u>(17,632)</u>	<u>3,154</u>	<u>20,786</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>15,000</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>15,000</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(2,632)	(32,632)	(11,846)	20,786
Fund balance - July 1, 2014	<u>305,025</u>	<u>305,025</u>	<u>305,025</u>	<u>-</u>
Fund balance - June 30, 2015	<u>\$ 302,393</u>	<u>\$ 272,393</u>	<u>\$ 293,179</u>	<u>\$ 20,786</u>

CITY OF PINOLE
ADJUDICATED ASSET SEIZURE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ 3,037	\$ 3,037	\$ 2,324	\$ (713)
Investment earnings	-	-	7	7
Total Revenues	<u>3,037</u>	<u>3,037</u>	<u>2,331</u>	<u>(706)</u>
<u>EXPENDITURES</u>				
Current operations:				
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>3,037</u>	<u>3,037</u>	<u>2,331</u>	<u>(706)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	3,037	3,037	2,331	(706)
Fund balance - July 1, 2014	<u>16,042</u>	<u>16,042</u>	<u>16,042</u>	-
Fund balance - June 30, 2015	<u>\$ 19,079</u>	<u>\$ 19,079</u>	<u>\$ 18,373</u>	<u>\$ (706)</u>

CITY OF PINOLE
POLICE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ 773,480	\$ 772,080	\$ 818,676	\$ 46,596
Investment earnings	-	-	10	10
Charges for service	<u>43,000</u>	<u>44,466</u>	<u>48,473</u>	<u>4,007</u>
Total Revenues	<u>816,480</u>	<u>816,546</u>	<u>867,159</u>	<u>50,613</u>
<u>EXPENDITURES</u>				
Current operations:				
Public safety	681,290	598,790	620,447	(21,657)
Capital outlay	<u>-</u>	<u>82,500</u>	<u>86,584</u>	<u>(4,084)</u>
Total Expenditures	<u>681,290</u>	<u>681,290</u>	<u>707,031</u>	<u>(25,741)</u>
Excess (deficiency) of revenues over expenditures	<u>135,190</u>	<u>135,256</u>	<u>160,128</u>	<u>24,872</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(261,000)</u>	<u>(271,000)</u>	<u>(271,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(261,000)</u>	<u>(271,000)</u>	<u>(271,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(125,810)	(135,744)	(110,872)	24,872
Fund balance - July 1, 2014	<u>319,502</u>	<u>319,502</u>	<u>319,502</u>	<u>-</u>
Fund balance - June 30, 2015	<u>\$ 193,692</u>	<u>\$ 183,758</u>	<u>\$ 208,630</u>	<u>\$ 24,872</u>

CITY OF PINOLE
CABLE TV - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 43,068	\$ 43,068	\$ 57,332	\$ 14,264
Contributions	25,000	25,000	10,069	(14,931)
Charges for service	95,000	95,000	93,609	(1,391)
Other revenues	<u>56,000</u>	<u>56,000</u>	<u>57,615</u>	<u>1,615</u>
Total Revenues	<u>219,068</u>	<u>219,068</u>	<u>218,625</u>	<u>(443)</u>
<u>EXPENDITURES</u>				
Current operations:				
General administration	<u>270,533</u>	<u>270,532</u>	<u>275,443</u>	<u>(4,911)</u>
Total Expenditures	<u>270,533</u>	<u>270,532</u>	<u>275,443</u>	<u>(4,911)</u>
Excess (deficiency) of revenues over expenditures	<u>(51,465)</u>	<u>(51,464)</u>	<u>(56,818)</u>	<u>(5,354)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	9,375	-	9,375	9,375
Transfers out	<u>-</u>	<u>(51,464)</u>	<u>-</u>	<u>51,464</u>
Total other financing sources (uses)	<u>9,375</u>	<u>(51,464)</u>	<u>9,375</u>	<u>60,839</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(42,090)	(102,928)	(47,443)	55,485
Fund balance - July 1, 2014	<u>15,396</u>	<u>15,396</u>	<u>15,396</u>	<u>-</u>
Fund balance - June 30, 2015	<u>\$ (26,694)</u>	<u>\$ (87,532)</u>	<u>\$ (32,047)</u>	<u>\$ 55,485</u>

CITY OF PINOLE
RECREATION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Contributions	\$ 66,500	\$ 16,500	\$ 41,119	\$ 24,619
Investment earnings (losses)	-	69	90	21
Rents and ground leases	76,300	66,235	111,317	45,082
Charges for service	967,570	1,018,053	914,690	(103,363)
Other revenues	<u>13,400</u>	<u>14,913</u>	<u>-</u>	<u>(14,913)</u>
Total Revenues	<u>1,123,770</u>	<u>1,115,770</u>	<u>1,067,216</u>	<u>(48,554)</u>
<u>EXPENDITURES</u>				
Current operations:				
Recreation	<u>1,169,277</u>	<u>1,169,277</u>	<u>1,081,482</u>	<u>87,795</u>
Total Expenditures	<u>1,169,277</u>	<u>1,169,277</u>	<u>1,081,482</u>	<u>87,795</u>
Excess (deficiency) of revenues over expenditures	<u>(45,507)</u>	<u>(53,507)</u>	<u>(14,266)</u>	<u>39,241</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	35,000	35,000
Transfers out	<u>(114,780)</u>	<u>(35,000)</u>	<u>-</u>	<u>35,000</u>
Total other financing sources (uses)	<u>(114,780)</u>	<u>(35,000)</u>	<u>35,000</u>	<u>70,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(160,287)	(88,507)	20,734	109,241
Fund balance - July 1, 2014	<u>137,832</u>	<u>137,832</u>	<u>137,832</u>	<u>-</u>
Fund balance - June 30, 2015	<u>\$ (22,455)</u>	<u>\$ 49,325</u>	<u>\$ 158,566</u>	<u>\$ 109,241</u>

CITY OF PINOLE
BUILDING INSPECTION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ 1,099	\$ 1,099	\$ 220	\$ (879)
Charges for service	402,796	514,242	513,353	(889)
Other revenues	<u>(27)</u>	<u>-</u>	<u>23,309</u>	<u>23,309</u>
Total Revenues	<u>403,868</u>	<u>515,341</u>	<u>536,882</u>	<u>21,541</u>
<u>EXPENDITURES</u>				
Current operations:				
Community development	<u>519,992</u>	<u>535,494</u>	<u>525,353</u>	<u>10,141</u>
Total Expenditures	<u>519,992</u>	<u>535,494</u>	<u>525,353</u>	<u>10,141</u>
Excess (deficiency) of revenues over expenditures	<u>(116,124)</u>	<u>(20,153)</u>	<u>11,529</u>	<u>31,682</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(116,124)	(20,153)	11,529	31,682
Fund balance - July 1, 2014	<u>362,198</u>	<u>362,198</u>	<u>362,198</u>	<u>-</u>
Fund balance - June 30, 2015	<u>\$ 246,074</u>	<u>\$ 342,045</u>	<u>\$ 373,727</u>	<u>\$ 31,682</u>

CITY OF PINOLE
DEVELOPMENT SERVICES - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Charges for service	\$ -	\$ -	\$ 34,570	\$ 34,570
Total Revenues	<u>-</u>	<u>-</u>	<u>34,570</u>	<u>34,570</u>
<u>EXPENDITURES</u>				
Current operations:				
Public services	-	-	158,422	(158,422)
Total Expenditures	<u>-</u>	<u>-</u>	<u>158,422</u>	<u>(158,422)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(123,852)</u>	<u>(123,852)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	(123,852)	(123,852)
Fund balance - July 1, 2014	<u>-</u>	<u>784</u>	<u>784</u>	<u>-</u>
Fund balance - June 30, 2015	<u>\$ -</u>	<u>\$ 784</u>	<u>\$ (123,068)</u>	<u>\$ (123,852)</u>

CITY OF PINOLE
FIRE DEPARTMENT GRANTS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ 439,318	\$ 108,047	\$ 144,982	\$ 36,935
Total Revenues	<u>439,318</u>	<u>108,047</u>	<u>144,982</u>	<u>36,935</u>
<u>EXPENDITURES</u>				
Current operations:				
Public safety	-	108,000	209,913	(101,913)
Capital outlay	<u>439,271</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>439,271</u>	<u>108,000</u>	<u>209,913</u>	<u>(101,913)</u>
Excess (deficiency) of revenues over expenditures	<u>47</u>	<u>47</u>	<u>(64,931)</u>	<u>(64,978)</u>
Fund balance - July 1, 2014	<u>(164,297)</u>	<u>(164,297)</u>	<u>(164,297)</u>	<u>-</u>
Fund balance - June 30, 2015	<u>\$ (164,250)</u>	<u>\$ (164,250)</u>	<u>\$ (229,228)</u>	<u>\$ (64,978)</u>

CITY OF PINOLE
SOLID WASTE WATER FUND - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Charges for service	\$ -	\$ -	\$ 212,122	\$ 212,122
Total Revenues	<u>-</u>	<u>-</u>	<u>212,122</u>	<u>212,122</u>
<u>EXPENDITURES</u>				
Current operations:				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>212,122</u>	<u>212,122</u>
Fund balance - July 1, 2014	<u>-</u>	<u>222,955</u>	<u>222,955</u>	<u>-</u>
Fund balance - June 30, 2015	<u>\$ -</u>	<u>\$ 222,955</u>	<u>\$ 435,077</u>	<u>\$ 212,122</u>

CITY OF PINOLE
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS</u>				
Restricted cash and investments (Note 2)	\$ <u>72,544</u>	\$ <u>9,388</u>	\$ <u>(2,231)</u>	\$ <u>79,701</u>
Total Assets	\$ <u>72,544</u>	\$ <u>9,388</u>	\$ <u>(2,231)</u>	\$ <u>79,701</u>
<u>LIABILITIES</u>				
Deposits in trust	\$ <u>72,544</u>	\$ <u>9,388</u>	\$ <u>(2,231)</u>	\$ <u>79,701</u>
Total Liabilities	\$ <u>72,544</u>	\$ <u>9,388</u>	\$ <u>(2,231)</u>	\$ <u>79,701</u>

Statistical Section



STATISTICAL SECTION

This part of the City'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	98 - 102
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	103 - 110
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
Debt Capacity	111 - 116
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 Information	117 - 118
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.	
Operating Information	119 - 121
These schedules contain contextual information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

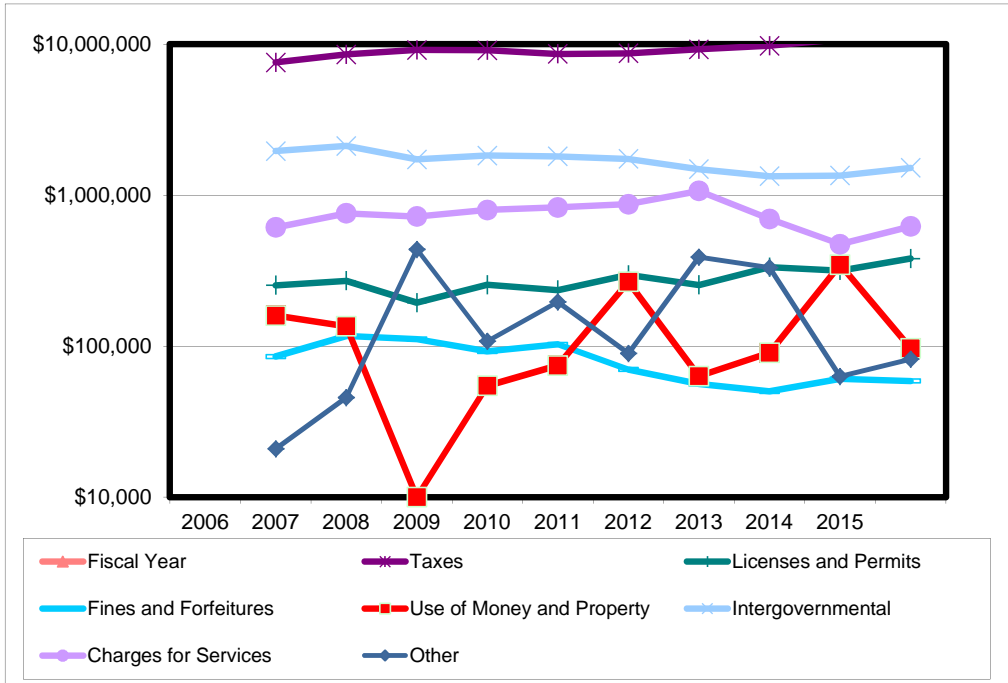
CITY OF PINOLE
NET POSITION BY COMPONENT, Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 53,336,318	\$ 40,790,557	\$ 42,245,276	\$ 48,481,644	\$ 42,630,150	\$ 43,395,278	\$ 35,021,089	\$ 35,773,981	\$ 36,296,765	\$ 34,962,909
Restricted	32,520,523	27,672,220	31,103,964	30,499,599	30,499,599	32,539,587	11,286,730	11,530,930	2,591,393	2,591,393
Unrestricted	(43,319,096)	(9,211,428)	(15,332,443)	(26,814,858)	(26,628,239)	(30,862,961)	14,727,078	11,842,896	(2,498,114)	(21,819,095)
Total governmental activities net position	<u>\$ 42,537,745</u>	<u>\$ 59,251,349</u>	<u>\$ 58,016,797</u>	<u>\$ 52,166,385</u>	<u>\$ 46,501,510</u>	<u>\$ 45,071,904</u>	<u>\$ 61,034,897</u>	<u>\$ 59,147,807</u>	<u>\$ 36,390,044</u>	<u>\$ 15,735,207</u>
Business-type activities										
Net investment in capital assets	\$ 9,547,421	\$ 9,037,897	\$ 8,536,063	\$ 7,816,726	\$ 10,112,367	\$ 10,302,367	\$ 9,444,118	\$ 9,051,860	\$ 9,921,073	\$ 11,223,296
Unrestricted	(2,210,511)	(295,688)	3,566,154	4,729,269	1,724,352	1,848,906	3,395,880	4,546,425	5,205,241	4,984,154
Total business-type activities net position	<u>\$ 7,336,910</u>	<u>\$ 8,742,209</u>	<u>\$ 12,102,217</u>	<u>\$ 12,545,995</u>	<u>\$ 11,836,719</u>	<u>\$ 12,151,273</u>	<u>\$ 12,839,998</u>	<u>\$ 13,598,285</u>	<u>\$ 15,126,314</u>	<u>\$ 16,207,450</u>
Primary government										
Net investment in capital assets	\$ 62,883,739	\$ 49,828,454	\$ 50,781,339	\$ 56,298,370	\$ 52,742,517	\$ 53,697,645	\$ 44,465,207	\$ 44,825,841	\$ 46,217,838	\$ 46,186,205
Restricted	32,520,523	27,672,220	31,103,964	30,499,599	30,499,599	32,539,587	11,286,730	11,530,930	2,591,393	2,591,393
Unrestricted	(45,529,607)	(9,507,116)	(11,766,289)	(22,085,589)	(24,903,887)	(29,014,055)	18,122,958	16,389,321	2,707,127	(16,834,941)
Total primary government net position	<u>\$ 49,874,655</u>	<u>\$ 67,993,558</u>	<u>\$ 70,119,014</u>	<u>\$ 64,712,380</u>	<u>\$ 58,338,229</u>	<u>\$ 57,223,177</u>	<u>\$ 73,874,895</u>	<u>\$ 72,746,092</u>	<u>\$ 51,516,358</u>	<u>\$ 31,942,657</u>

CITY OF PINOLE
CHANGES IN NET POSITION, Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
General government	\$ 9,568,735	\$ 6,390,318	\$ 8,287,102	\$ 9,203,481	\$ 12,935,189	\$ 9,176,401	\$ 6,644,902	\$ 5,996,378	\$ 4,718,160	\$ 4,373,166
Public safety	9,863,797	10,799,940	11,931,756	11,086,383	10,627,109	9,937,972	9,153,942	8,855,816	9,281,461	9,321,934
Public services	3,304,662	3,210,107	3,014,880	2,120,368	2,338,079	2,395,243	2,472,400	1,488,713	2,685,493	2,673,746
Recreation	1,756,906	1,790,106	1,903,863	1,653,907	1,463,300	1,334,530	1,527,911	1,467,915	1,074,585	1,150,267
Community development	2,559,072	2,125,453	1,919,348	7,202,650	3,092,568	2,904,417	3,218,191	654,535	779,147	833,061
Interest and fiscal changes	3,652,828	2,879,591	2,187,182	2,817,474	2,686,711	2,625,791	1,345,952	149,097	280,173	290,860
Total government activity expenses	\$ 30,706,000	\$ 27,195,515	\$ 29,244,131	\$ 34,084,263	\$ 33,142,956	\$ 28,374,354	\$ 24,363,298	\$ 18,612,454	\$ 18,819,019	\$ 18,643,034
Business-type activities:										
Wastewater utility	4,477,690	5,044,560	5,338,607	5,312,229	5,798,474	5,081,468	4,998,178	5,427,396	4,859,118	4,883,256
Total business-type activities expenses	4,477,690	5,044,560	5,338,607	5,312,229	5,798,474	5,081,468	4,998,178	5,427,396	4,859,118	4,883,256
Total primary government expenses	\$ 35,183,690	\$ 32,240,075	\$ 34,582,738	\$ 39,396,492	\$ 38,941,430	\$ 33,455,822	\$ 29,361,476	\$ 24,039,850	\$ 23,678,137	\$ 23,526,290
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 83,977	\$ 197,176	\$ 371,465	\$ 327,329	\$ 247,304	\$ 269,339	\$ 1,068,236	\$ 286,722	\$ 502,094	\$ 590,359
Public safety	866,627	400,687	406,321	445,951	380,755	177,931	102,560	146,658	586,131	534,095
Public services	624,918	512,065	357,204	355,579	314,815	311,922	705,701	461,578	946,387	573,320
Recreation	476,334	1,386,424	1,007,081	982,967	926,243	860,274	1,163,599	927,758	1,195,728	998,792
Community development	49,184	620,746	812,978	902,718	1,653,268	1,990,099	534,533	1,083,517	527,441	666,863
Operating grants and contributions	1,708,702	1,583,095	1,454,497	1,315,613	777,009	1,025,928	2,127,097	948,062	1,026,339	1,203,058
Capital grants and contributions	316,110	-	320,771	2,058,926	1,306,971	2,597,866	96,886	755,433	640,884	1,068,087
Total governmental program revenues	4,125,852	4,700,193	4,730,317	6,389,083	5,606,365	7,233,359	5,798,612	4,609,728	5,425,004	5,634,574
Business-type activities:										
Charges for services:										
Wastewater utility	4,008,075	6,268,284	7,972,684	5,858,159	5,159,757	5,462,798	5,633,904	5,961,605	6,473,147	6,912,213
Capital grants and contributions								218,193		
Total business-type program revenues	4,008,075	6,268,284	7,972,684	5,858,159	5,159,757	5,462,798	5,633,904	6,179,798	6,473,147	6,912,213
Total primary government program revenues	\$ 8,133,927	\$ 10,968,477	\$ 12,703,001	\$ 12,247,242	\$ 10,766,122	\$ 12,696,157	\$ 11,432,516	\$ 10,789,526	\$ 11,898,151	\$ 12,546,787
Net (Expense)/Revenue										
Net (Expense)/Revenue Governmental	(26,580,148)	(22,495,322)	(24,513,814)	(27,695,180)	(27,536,591)	(21,140,995)	(18,564,686)	(14,002,726)	(13,394,015)	(13,008,460)
Net (Expense)/Revenue Business-type	(469,615)	1,223,724	2,634,077	545,930	(638,717)	381,330	635,726	752,402	1,614,029	2,028,957
Total primary government net expense	(27,049,763)	(21,271,598)	(21,879,737)	(27,149,250)	(28,175,308)	(20,759,665)	(17,928,960)	(13,250,324)	(11,779,986)	(10,979,503)
Change in Net Position										
Governmental activities	(4,522,740)	11,680,585	(1,234,552)	(5,850,126)	(5,850,126)	(1,429,606)	15,894,132	(1,887,090)	(22,757,764)	(4,193,825)
Business-type activities	(564,568)	1,405,299	2,806,387	443,778	443,778	314,554	688,725	758,287	1,602,798	(2,037,223)
Total primary government	(5,087,308)	13,085,884	1,571,835	(5,406,348)	(5,406,348)	(1,115,052)	16,582,857	(1,128,803)	(21,154,966)	(6,231,048)

CITY OF PINOLE
GENERAL FUND REVENUES BY SOURCE
LAST TEN FISCAL YEARS



[a]

Fiscal Year	Taxes	Licenses and Permits	Fines and Forfeitures	Use of Money and Property	Intergovernmental	Charges for Services	Other	Total
2006	7,558,516	253,162	85,366	159,480	1,958,287	612,208	20,972	10,647,991
2007	8,548,852	271,067	117,017	135,571	2,116,230	758,350	45,697	11,992,784
2008	9,142,141	193,829	111,601	10,000	1,725,388	721,921	437,101	12,341,981
2009	9,099,405	255,058	92,339	54,704	1,827,646	798,562	107,996	12,235,710
2010	8,614,947	234,870	102,911	74,618	1,808,552	829,424	196,797	11,862,119
2011	8,694,631	296,656	70,090	266,877	1,737,225	871,492	89,656	12,026,627
2012	9,244,495	254,140	56,190	63,260	1,485,968	1,068,236	389,207	12,561,496
2013	9,742,628	333,489	50,170	90,380	1,334,648	696,781	330,722	12,578,818
2014	10,747,165	317,022	60,734	346,378	1,350,069	473,596	63,210	13,358,174
2015	14,143,789	379,803	58,863	97,071	1,515,953	620,174	81,988	16,897,641

Source: City of Pinole Finance

The term general government encompasses the General Fund.
 Excludes "Other Financing Sources" (non-recurring revenues) of funds.

Notes

[a] FY 2011-12 includes loss on the disposal of Mixed Use Property Development [Fernandez Corners] following Mortgage Default on 2nd Trust Deed by Project Developer.

CITY OF PINOLE
FUND BALANCES, GOVERNMENTAL FUNDS, Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Nonspendable						\$ 27,912,972	\$ 11,299,227	\$ 8,950,035	\$ 11,157	\$ -
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-
Restricted						1,128,091	-	-	-	-
Assigned							1,587,255	2,209,430	2,899,585	1,030,000
Committed						244,040	-	12,599,292	-	-
Unreserved / Unassigned	1,837,111	576,396	(644,334)	(2,197,539)	(3,079,187)	(4,808,526)	20,730,658	(3,464,498)	(2,914,406)	4,261,995
Total General Fund	<u>\$ 1,837,111</u>	<u>\$ 576,396</u>	<u>\$ (644,334)</u>	<u>\$ (2,197,539)</u>	<u>\$ (3,079,187)</u>	<u>\$ 24,476,577</u>	<u>\$ 33,617,140</u>	<u>\$ 20,294,259</u>	<u>\$ (3,664)</u>	<u>\$ 5,291,995</u>
All Other Governmental Funds										
Nonspendable						\$ 3,213,536		\$ 7,023,664	\$ 2,591,393	\$ -
Reserved	\$ 22,993,981	\$ 21,974,223	\$ 25,160,826	\$ 25,220,985	\$ 25,616,997	-	-	-	-	-
Restricted						19,333,368	3,060,465	6,787,458	15,103,453	14,074,122
Assigned								1,340,327	783,083	3,661,477
Committed						-	-	-	-	-
Unreserved reported in:										
Special revenue funds	8,941,164	3,139,765	1,694,696	841,988	441,901	-	-	-	-	(611,270)
Capital project funds	17,752,067	30,117,057	22,281,974	19,786,143	17,887,607	(3,651,080)	-	933,006	(24,842)	(265,778)
Debt service funds	5,555,390	5,697,997	5,943,138	5,278,900	4,882,602	-	-	-	(3,018,401)	-
Total all other governmental funds	<u>\$ 55,242,602</u>	<u>\$ 60,929,042</u>	<u>\$ 55,080,634</u>	<u>\$ 51,128,016</u>	<u>\$ 48,829,107</u>	<u>\$ 18,895,824</u>	<u>\$ 3,060,465</u>	<u>\$ 16,084,455</u>	<u>\$ 15,434,686</u>	<u>\$ 16,858,551</u>

CITY OF PINOLE
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS, Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 15,700,753	\$ 18,194,789	\$ 19,063,268	\$ 19,060,207	\$ 18,229,886	\$ 18,011,799	\$ 13,474,038	\$ 10,373,826	\$ 11,456,712	\$ 15,111,311
Intergovernmental	3,105,486	2,880,045	3,165,282	4,496,696	3,444,800	4,483,867	3,427,388	2,745,954	3,426,928	3,313,973
Loan repayments	595,875	629,106	1,036,202	211,784	253,473	371,220	109,343	48,464	108,021	45,666
Contributions	316,110	156,886	39,648	35,708	33,654	487,733	96,886	174,153	94,032	51,313
Investment earnings	1,338,465	2,084,651	1,651,436	1,027,361	986,963	386,330	22,214	113,723	595,808	311,168
Rents and ground leases	378,815	511,316	543,931	645,932	585,663	935,524	821,723	301,537	273,435	264,301
Charges for service	2,101,040	2,605,782	2,450,367	2,576,862	2,828,314	2,601,486	2,694,734	2,543,872	2,645,656	2,929,952
Fines, forfeitures and penalties	88,069	181,527	117,328	114,191	108,408	72,555	58,172	50,170	60,734	58,863
Gain (loss) on sale of property	2,919,551	-	-	-	662,667	(324,000)	(1,192,929)	-	-	-
Other revenues	159,971	7,731,173	891,559	177,180	586,121	189,455	451,942	405,411	137,713	778,737
Total revenues	26,704,135	34,975,275	28,959,021	28,345,921	27,719,949	27,215,969	19,963,511	16,757,110	18,799,039	22,865,284
Expenditures										
General administration	11,290,065	5,217,844	7,692,393	6,950,440	9,353,968	6,256,560	3,689,592	2,903,879	2,506,878	2,411,271
Public safety	9,357,468	10,281,406	11,357,795	10,602,829	10,346,903	9,795,550	9,051,515	8,807,959	9,206,393	9,165,922
Public services	2,146,205	2,017,619	1,989,480	832,163	787,202	699,286	904,149	696,343	1,822,928	1,628,204
Recreation	1,463,436	1,509,978	1,683,390	1,444,232	1,375,288	1,265,595	1,467,895	1,439,933	1,038,572	1,107,168
Community development	2,028,910	4,813,314	4,505,768	4,326,084	1,714,710	2,791,106	584,483	1,520,667	742,413	818,580
Debt service - Principal	2,260,239	2,205,340	2,570,118	2,940,181	3,315,659	3,141,278	3,148,966	334,287	381,144	373,007
Debt service - Interest	2,999,026	2,928,681	2,864,311	2,849,081	2,726,847	2,678,865	1,345,952	149,097	280,173	290,860
Capital outlay	4,289,510	2,158,931	3,272,539	2,453,529	3,488,787	3,065,250	1,002,678	1,209,901	1,598,513	368,007
Total expenditures	35,834,859	31,133,113	35,935,794	32,398,539	33,109,364	29,693,490	21,195,230	17,062,066	17,577,014	16,163,019
Other financing sources (uses)										
Bond, note and loan proceeds	6,217,630	-	-	-	-	-	296,926	-	458,000	-
Capital lease financing	276,169	300,000	444,870	-	-	-	-	-	-	-
Gain (loss) on sale of property	-	-	-	-	(88,681)	-	-	6,064	6,559	17,259
Transfers in	-	-	-	-	-	-	-	-	-	447,050
Transfers out	-	-	-	-	-	-	-	-	-	(447,050)
Transfers from enterprise fund	75,000	182,277	100,000	100,000	100,000	100,000	-	-	-	-
Extraordinary item	-	-	-	-	-	-	(5,828,864)	-	(22,634,276)	-
Total other financing sources	6,568,799	482,277	544,870	100,000	11,319	100,000	(5,531,938)	6,064	(22,169,717)	17,259
Net change in fund balance	\$ (2,561,925)	\$ 4,324,439	\$ (6,431,903)	\$ (3,952,618)	\$ (5,378,096)	\$ (2,377,521)	\$ (6,763,657)	\$ (298,892)	\$ (20,947,692)	\$ 6,719,524
Debt service as a % of noncapital expenditures	16.7%	17.7%	16.6%	19.3%	20.4%	21.9%	22.3%	3.0%	4.1%	4.2%

CITY OF PINOLE
GENERAL FUND TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS



Fiscal Year	(b)				(a)		(c)		Total
	Property Tax	Sales Tax	Franchise Tax	Transfer Tax	Occupancy Tax	Utility Tax	Other		
2006	1,511,131	3,293,801	372,272	125,025	219,525	2,037,499	193,390	7,752,643	
2007	2,053,511	3,761,128	389,156	71,909	241,401	2,031,747	199,743	8,748,595	
2008	1,729,637	4,936,111	390,673	44,065	247,639	1,996,181	218,567	9,562,873	
2009	1,703,228	4,442,990	343,904	46,397	223,294	2,150,325	226,464	9,136,602	
2010	1,665,429	4,209,559	477,315	44,699	187,746	2,030,198	247,304	8,862,250	
2011	1,616,403	4,341,619	520,446	52,049	198,027	1,966,077	269,339	8,963,960	
2012	1,757,441	4,688,836	572,499	51,630	208,498	1,930,758	254,140	9,463,802	
2013	1,974,485	4,896,120	565,095	75,542	223,413	1,975,666	286,721	9,997,042	
2014	2,606,245	5,164,841	667,030	94,992	302,329	1,880,224	1,657,596	12,373,257	
2015	5,016,239	6,120,157	656,564	84,136	391,165	1,843,618	2,063,629	16,175,509	

(a) City of Pinole utility tax went into effect July 1991. This tax was repealed by the voters in November 1997 and reinstated in November 1998, and reaffirmed by voters in November 2004 and November 2012.

(b) Voter ratification (November 2006) of 1/2-cent local user tax (applied to retail sales) effective April 2007.

(c) Includes Business License Taxes

Source: City of Pinole Finance

CITY OF PINOLE
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

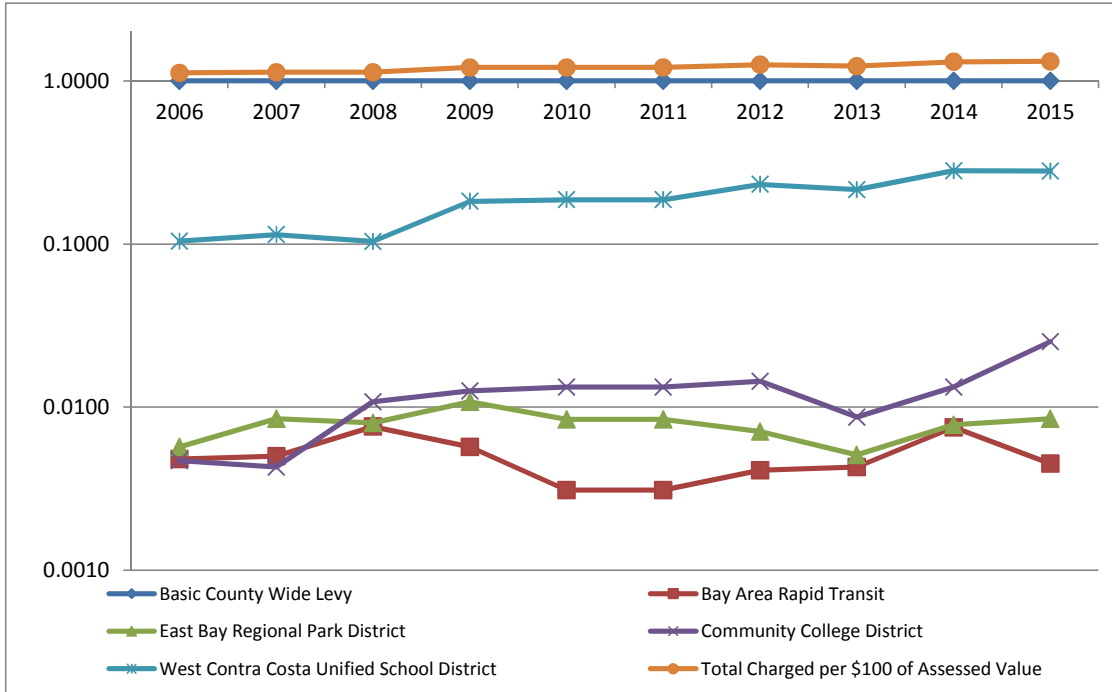
Fiscal Year	Residential	Commercial	Unsecured	All Other Assessment Categories	Net Taxable Assessed Value [1]	Total Direct Tax Rate	Estimated Actual Taxable Value
2006	1,313,902,455	247,180,867	47,154,239	61,190,217	1,669,427,778	0.1884%	1,983,947,971
2007	1,466,841,618	267,867,478	46,806,329	63,845,221	1,845,360,646	0.1884%	2,193,026,592
2008	1,571,618,166	275,402,885	49,049,184	73,191,851	1,969,262,086	0.1884%	2,340,271,063
2009	1,555,912,705	311,156,753	50,175,451	67,946,873	1,985,191,782	0.1884%	2,359,201,914
2010	1,379,735,626	350,603,828	52,691,843	60,618,613	1,843,649,910	0.1884%	2,190,993,553
2011	1,355,128,439	347,394,282	52,456,924	57,122,367	1,812,102,012	0.1884%	2,153,502,031
2012	1,307,568,620	344,375,136	54,954,754	35,250,991	1,742,149,501	0.1884%	2,070,370,467
2013	1,260,099,385	336,541,044	51,157,272	34,800,305	1,682,598,006	0.1884%	1,999,599,470
2014	1,322,470,290	326,179,820	55,296,246	55,855,398	1,759,801,754	0.1884%	2,091,348,404
2015	1,496,137,773	339,520,240	63,501,588	75,328,519	1,974,488,120	0.1884%	2,346,481,682

Notes:

[1] Actual market value of taxable property.

Source : Contra Costa County Assessor's Office

CITY OF PINOLE
DIRECT AND OVERLAPPING
PROPERTY TAX LEVIED
PER \$100 OF ASSESSED VALUE
LAST TEN FISCAL YEARS



Fiscal Year	Basic County Wide Levy	Bay Area Rapid Transit	East Bay Regional Park District	Community College District	West Contra Costa Unified School District	Total Charged per \$100 of Assessed Value
2006	1.0000	0.0048	0.0057	0.0047	0.1041	1.1193
2007	1.0000	0.0050	0.0085	0.0043	0.1143	1.1321
2008	1.0000	0.0076	0.0080	0.0108	0.1035	1.1299
2009	1.0000	0.0057	0.0108	0.0126	0.1828	1.2119
2010	1.0000	0.0031	0.0084	0.0133	0.1869	1.2117
2011	1.0000	0.0031	0.0084	0.0133	0.1869	1.2117
2012	1.0000	0.0041	0.0071	0.0144	0.2322	1.2578
2013	1.0000	0.0043	0.0051	0.0087	0.2157	1.2338
2014	1.0000	0.0075	0.0078	0.0133	0.2818	1.3104
2015	1.0000	0.0045	0.0085	0.0252	0.2803	1.3185

Source : Contra Costa County Auditor-Controller Office

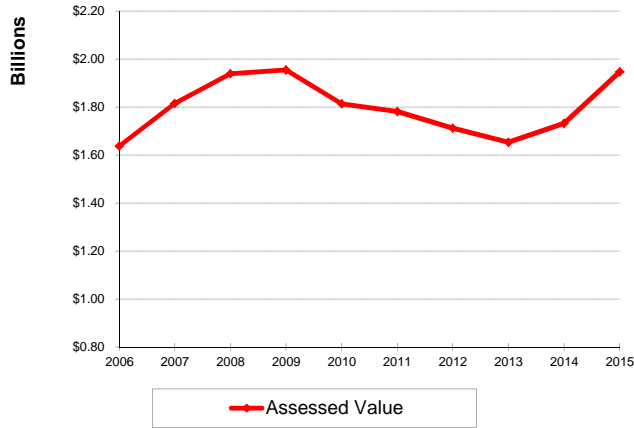
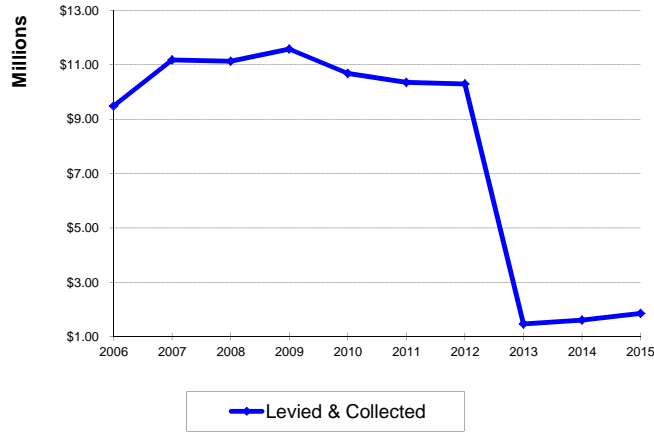
CITY OF PINOLE
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2015

2005-06			2014-15		
Taxpayer	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Appian Associates	\$ 13,606,309	0.77%	Appian Associates	\$ 15,477,287	0.78%
City of Pinole	\$ 21,267,566	1.20%	Che Chen and Shu Fen Liu Trust	\$ 36,909,755	1.87%
Dayton Hudson Corporation	\$ 17,478,893	0.98%	Gateway Pinole Vista	\$ 24,158,860	1.22%
John M. & Nancy L. Don Konics	\$ 10,943,941	0.62%	Joe Cheuk W Chan Living Trust	\$ 13,411,455	0.68%
KW Pinole LLC	\$ 14,148,640	0.82%	KW Pinole LLC	\$ 21,925,133	1.11%
Peter & Shelly Thigpen Trust	\$ 19,737,116	1.11%	Kaiser Foundation Health Plan	\$ 35,996,507	1.82%
Pinole Redevelopment Agency	\$ 70,034,956	3.94%	NHI-Reit of Next House LLC	\$ 19,102,106	0.97%
Pinole Ridge LLC	\$ 11,967,855	0.67%	ROIC Pinole Vista LLC	\$ 21,724,166	1.10%
Pinole Vista LLC	\$ 21,592,398	1.22%	SCG Pinole Valley Shopping Center	\$ 38,046,950	1.93%
Thomas J. Fitzgerald Trust	\$ 12,470,299	0.70%	Target Corporation	\$ 19,409,017	0.98%
	<u>\$ 213,247,973</u>	<u>12.00%</u>		<u>\$ 246,161,236</u>	<u>12.47%</u>

Source: Hdl Coren & Cone
 Contra Costa County Assessor

Note: Information is shown in alphabetical order.

CITY OF PINOLE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS



Fiscal Year	City Property Tax Levied & Collected	Redevelopment Property Tax Levied & Collected	Total Property Tax Levied & Collected	Percent of Levy Collected [2]	Value of City Property Subject to Local Tax Rate	Value of Redevelopment Property Subject to Local Tax Rate	Local Tax Rate Applied to Assessed Value	Effective Taxrate for City Levy	Effective Taxrate for Redevelopment Agency Levy
2006	1,533,652	7,948,110	9,481,762	100%	849,010,508	788,086,255	1,637,096,763	0.18%	1.01%
2007	2,095,732	9,083,038	11,178,770	100%	933,658,809	880,338,468	1,813,997,277	0.22%	1.03%
2008	1,992,289	9,147,167	11,139,456	100%	1,002,739,234	935,749,364	1,938,488,598	0.20%	0.98%
2009	2,248,837	9,329,281	11,578,118	100%	985,961,247	968,900,856	1,954,862,103	0.23%	0.96%
2010	1,666,933	9,019,028	10,685,961	100%	889,861,914	923,122,635	1,812,984,549	0.19%	0.98%
2011	1,708,156	8,652,264	10,360,420	100%	882,752,227	899,021,556	1,781,773,783	0.19%	0.96%
2012	1,578,328	8,724,669 [1]	10,302,997	100%	859,343,223	853,177,005	1,712,520,228	0.18%	1.02%
2013	1,478,778	0 [1]	1,478,778	100%	824,577,292	829,059,723	1,653,637,015	0.18%	0.00%
2014	1,620,380	0 [1]	1,620,380	100%	868,918,982	862,888,372	1,731,807,354	0.19%	0.00%
2015	1,856,378	0 [1]	1,856,378	100%	990,967,092	956,240,628	1,947,207,720	0.19%	0.00%

Source: Contra Costa County

Notes:

- [1] Redevelopment Agency [Component Financial Unit] dissolved effective 02/01/2012 pursuant to State Law (ABx1-26)
- [2] Pursuant to Revenue & Taxation Code 4701 all property taxes levied are distributed by County Costa County to the City (reference Footnote 1)

CITY OF PINOLE
TAXABLE SALES BY CATEGORY
LAST TEN FISCAL YEARS YEARS

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
		[a]							[b]	[c]
Major Business Groups										
Autos and Transportation	\$ 100,976	\$ 131,112	\$ 112,746	\$ 112,522	\$ 114,282	\$ 120,748	\$ 121,195	\$ 127,938	\$ 124,234	\$ 128,585
Building and Construction	276,831	304,140	289,946	247,085	187,069	178,788	177,786	194,806	205,843	228,851
Business and Industry	119,094	121,634	109,766	115,425	98,042	94,315	90,571	114,078	90,046	74,621
Food and Drugs	275,781	291,706	280,445	298,175	310,750	318,983	322,851	327,071	332,824	369,426
Fuel and Service Stations	301,008	306,080	341,574	312,149	284,716	370,647	392,505	428,169	426,327	431,453
General Consumer Goods	1,549,326	1,559,861	1,372,677	1,233,117	1,080,208	1,107,978	1,147,145	1,182,031	1,182,294	1,229,774
Restaurants and Hotels	444,741	462,039	470,576	476,528	473,217	480,453	533,913	576,500	618,795	660,763
Adjustments & Others	(198,651)	166,214	37,372	(1,970)	-	-	-	-	35,173	(50,925)
Point of Sale s/totals	2,869,106	3,342,786	3,015,102	2,793,031	2,548,284	2,671,912	2,785,966	2,950,593	3,015,536	3,072,548
County Pool Allocations	439,379	440,545	414,865	280,676	248,972	336,207	320,353	311,692	366,939	408,386
State Pool Allocations	5,144	4,446	1,665	1,452	2,265	1,200	1,000	1,571	2,064	2,129
Local Transaction Tax [a]	-	-	1,561,527	1,411,024	1,384,641	1,530,888	1,592,160	1,684,995	1,796,832	1,894,578
Administrative Cost - SBE	(19,828)	(26,649)	(57,048)	(43,193)	(44,986)	(47,160)	(48,012)	(49,811)	(54,106)	(58,890)
Fiscal Year Totals	\$ 3,293,801	\$ 3,761,128	\$ 4,936,111	\$ 4,442,990	\$ 4,139,176	\$ 4,493,047	\$ 4,651,467	\$ 4,899,040	\$ 5,127,265	\$ 5,318,751
City Direct Sales Tax Rate	0.75%	0.75%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%

Notes:

- [a] Effective 04/01/07 additional 1/2% local transaction tax (Measure "S" 2006) authorized
- [b] "Adjustment" reflects "True-up" reconciliation payment for "Triple-Flip" Reimbursement for State Fiscal Recovery Bond Financing Program.
- [c] Effective 04/01/15 additional 1/2% local transaction tax (Measure "S" 2014) authorized

Source: HdL Coren & Cone

CITY OF PINOLE
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS YEARS

Taxing Jurisdiction / Purpose	<u>2005-06</u>	<u>2006-07</u> [b]	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u> [c]
Overlapping Sales Taxes										
State General Fund	5.00%	5.00%	5.00%	5.50%	5.50%	5.00%	5.00%	5.00%	5.00%	5.00%
State Fiscal Recovery Fund	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
State Education Protection Account	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.25%	0.25%	0.25%
County Health & Welfare Programs	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
[a] City/County Public Safety Programs	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Contra Costa Transportation Authority	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Bay Area Rapid Transit	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
West County Transit Authority	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Overlapping Sales Taxes	<u>7.50%</u>	<u>7.50%</u>	<u>7.50%</u>	<u>8.00%</u>	<u>8.00%</u>	<u>7.50%</u>	<u>7.50%</u>	<u>7.75%</u>	<u>7.75%</u>	<u>7.75%</u>
City Direct Sales Taxes										
Bradley Burns Authority	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
[b] Measure "S" Authority - 2006	0.00%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
[c] Measure "S" Authority - 2014	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.50%
Direct Sales Taxes	<u>0.75%</u>	<u>1.25%</u>	<u>1.25%</u>	<u>1.25%</u>	<u>1.25%</u>	<u>1.25%</u>	<u>1.25%</u>	<u>1.25%</u>	<u>1.25%</u>	<u>1.75%</u>
[d] Total Sales Tax Levy - City of Pinole	8.25%	8.75%	8.75%	9.25%	9.25%	8.75%	8.75%	9.00%	9.00%	9.50%

Notes:

- [a] Effective 01/01/94 SCA-1 (Proposition-172) additional 1/2% statewide sales tax restricted to public safety programs
- [b] Effective 04/01/07 additional 1/2% local transaction tax (Measure "S" 2006) authorized
- [c] Effective 04/01/15 additional 1/2% local transaction tax (Measure "S" 2014) authorized
- [d] The City direct sales tax rate may only be changed with ratification by the electors of the City. The maximum levy permitted by the State Legislature for combined direct and overlapping sales tax is 9.5%

Source: California State Board of Equalization

CITY OF PINOLE
TOP 25 SALES TAX PRODUCERS
YEAR ENDED JUNE 30, 2015

<u>BUSINESS NAME</u>	<u>Ranking</u>	<u>BUSINESS CATEGORY</u>
APPLEBEES	18	CASUAL DINING
BEST BUY	2	CONSUMER ELECTRONICS/APPLIANCE
BEVERAGES & MORE	16	PACKAGE LIQUOR STORES
BURLINGTON COAT FACTORY	7	FAMILY APPAREL
DOLAN'S PINOLE LUMBER	12	LUMBER/BUILDING MATERIALS
FOOD MAXX	4	GROCERY STORES LIQUOR
IN-N-OUT BURGER	8	RESTAURANTS NO ALCOHOL
K-MART	9	DISCOUNT DEPARTMENT STORES
ORCHARD SUPPLY HARDWARE	6	HARDWARE SUPPLY STORES
O'REILLY AUTO PARTS	24	AUTOMOTIVE SUPPLY STORE
ORIGINAL MELS DINER	22	CASUAL DINING
OUTBACK STEAKHOUSE	23	CASUAL DINING
PETSMART	13	SPECIALTY STORES
PINOLE CHEVRON	10	SERVICE STATIONS
PINOLE VALLEY ARCO	21	SERVICE STATIONS
PINOLE VISTA SHELL	11	SERVICE STATIONS
PUMP HOUSE	20	SERVICE STATIONS
SAFEWAY	17	GROCERY STORES LIQUOR
STAPLES	25	OFFICE SUPPLIES/FURNITURE
SUGAR CITY BUILDING MATERIALS	5	LUMBER/BUILDING MATERIALS
TARGET	1	DISCOUNT DEPARTMENT STORES
TJ MAXX	14	FAMILY APPAREL
TOYS "R" US	15	SPECIALTY STORES
TRADER JOES	19	GROCERY STORES LIQUOR
VALERO CORNER STORE	3	SERVICE STATIONS

PERCENT OF FISCAL YEAR TOTAL PAID BY TOP 25 ACCOUNTS = 61%

Source: State Board of Equilization (HdL Companies)

Note: Information is shown in alphabetical order.

CITY OF PINOLE
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS YEARS

Fiscal Year	Governmental Activities				Business-type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	Redevelopment Bonds	Pension Obligation Bonds	Notes and Mortgages	Capital Leases	Wastewater Revenue Bonds			
2006	60,205,000	6,214,630	5,362,334	192,344	-	71,974,308	8.9%	\$ 3,698
2007	58,065,000	6,214,630	949,340	384,433	9,995,000	75,608,403	9.1%	\$ 3,931
2008	55,820,000	6,214,630	879,094	574,431	9,995,000	73,483,155	8.7%	\$ 3,829
2009	53,455,000	5,960,143	801,398	281,536	9,995,000	70,493,077	8.8%	\$ 3,637
2010	50,790,000	5,647,063	719,797	75,456	9,810,000	67,042,316	8.7%	\$ 3,428
2011	48,115,000	5,344,171	631,867	-	9,620,000	63,711,038	7.9%	\$ 3,451
2012	45,315,000	5,047,180	987,385	296,925	9,420,000	61,066,490	7.3%	\$ 3,308
2013	[a]	4,750,189	[a]	259,630	9,220,000	14,229,819	1.7%	\$ 762
2014	[a]	4,478,467	[a]	608,209	9,005,000	14,091,676	1.7%	\$ 755
2015	[a]	4,206,695	[a]	506,973	8,775,000	13,488,668	1.4%	\$ 718

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

[a] Judicial Review upholding the constitutionality of ABx1-26 resulted in legal discharge of Redevelopment Agency Debt effective 02/01/2012

Sources:

- City of Pinole Finance Department
- State of California Department of Finance
- US Department of Commerce, Bureau of Economic Analysis

CITY OF PINOLE
OTHER LONG TERM LIABILITIES
LAST SIX FISCAL YEARS

Fiscal Year	Governmental Activities		Business-type	Total Primary Government	Percentage of Personal Income [a]	Per Capita
	OPEB Unfunded NOO	Compensated Absences	Activities OPEB Unfunded NOO			
2010	3,722,892	855,812	388,798	4,967,502	0.6%	\$ 254
2011	6,036,285	824,059	655,208	7,515,552	0.9%	\$ 407
2012	8,479,288	717,352	908,692	10,105,332	1.1%	\$ 544
2013	10,834,457	650,157	1,196,617	12,681,231	1.4%	\$ 678
2014	12,638,863	629,136	1,413,205	14,681,204	1.6%	\$ 781
2015	14,429,577	652,624	1,627,412	16,709,613	1.8%	\$ 882

Notes:

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

[a] Statistical data for 2015 not yet available from the Bureau of Economic Analysis.

Sources:

City of Pinole Finance Department

State of California Department of Finance

US Department of Commerce, Bureau of Economic Analysis

CITY OF PINOLE
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING,
LAST TEN FISCAL YEARS YEARS

General Bonded Debt Outstanding						
Fiscal Year	Redevelopment Bonds	Pension Obligation Bonds	Bonds Paid with Restricted Redevelopment Tax Increments	Total - Net of Bonds Paid with Restricted Tax Levies	Percentage of Taxable Value of Property	Per Capita
2005	62,225,000	-	\$ (62,225,000)	-	0.00%	\$ -
2006	60,205,000	6,214,630	\$ (60,205,000)	6,214,630	0.73% [a]	\$ 319
2007	58,065,000	6,214,630	\$ (58,065,000)	6,214,630	0.67% [a]	\$ 323
2008	55,820,000	6,214,630	\$ (55,820,000)	6,214,630	0.62% [a]	\$ 324
2009	53,455,000	5,960,143	\$ (53,455,000)	5,960,143	0.60% [a]	\$ 307
2010	50,790,000	5,647,063	\$ (50,790,000)	5,647,063	0.63% [a]	\$ 289
2011	48,115,000	5,344,171	\$ (48,115,000)	5,344,171	0.61% [a]	\$ 290
2012	45,315,000	5,047,180	\$ (45,315,000)	5,047,180	0.59% [a]	\$ 272
2013	[b]	4,750,189	-	4,750,189	0.58% [a]	\$ 254
2014	[b]	4,478,467	-	4,478,467	0.52% [a]	\$ 238
2015	[b]	4,206,695	-	4,206,695	0.42% [a]	\$ 222

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

[a] Based on Assessment Value net of restricted Redevelopment Tax Increment

[b] Enactment of ABx1-26 resulted in legal discharge of Redevelopment Agency Debt effective 02/01/2012

Sources:

City Finance Department

Contra Costa County Office of the Auditor-Controller

CITY OF PINOLE
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT [c]
 JUNE 30, 2015

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Outstanding Debt 06/30/15	[a] % Applicable	Estimated Share of Debt 6/30/15
Bay Area Rapid Transit District	\$ 630,795,000	0.352%	\$ 2,220,398
Contra Costa Community College District	455,860,000	1.235%	5,629,871
West Contra Costa Unified School District	996,920,965	8.023%	79,982,969
West Contra Costa Healthcare District	59,010,000	7.446%	4,393,885
East Bay Regional Park District	176,790,000	0.541%	956,434
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			93,183,557
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Contra Costa County General Fund Obligations	\$ 252,508,977	1.230%	\$ 3,105,860
Contra Costa County Pension Obligations	236,920,000	1.230%	2,914,116
Alameda-Contra Costa Transit District Authority	92,805,000	0.011%	10,209
Contra Costa Community College District Certificates of Participation	615,000	1.235%	7,595
West Contra Costa Unified School District Certificates of Participation	6,835,000	8.023%	548,372
City of Pinole Pension Obligations	4,206,694	100.000%	4,206,694
Contra Costa County Fire Protection Pension Obligations	24,790,000	0.039%	9,668
GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 10,802,514
Less: Contra Costa County obligations supported from revenue funds			1,214,705
NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 9,587,809
 <u>OVERLAPPING TAX INCREMENT DEBT:</u>			
	\$ 36,050,000	100.000%	\$ 36,050,000
TOTAL DIRECT DEBT			\$ 4,206,694
TOTAL GROSS OVERLAPPING DEBT			\$ 135,829,377
TOTAL NET OVERLAPPING DEBT			\$ 134,614,672
 GROSS COMBINED TOTAL DEBT			
			\$ 140,036,071
 NET COMBINED TOTAL DEBT			
			\$ 138,821,366

2014-2015 Assessed Valuation : \$ 1,974,488,120 [d]

Ratios to 2014-15 Assessed Valuation:

Total Gross Direct and Overlapping Tax and Assessment Debt.....	4.72%
Combined Direct Debt.....	0.21%
Gross Combined Total Debt.....	7.09%
Net Combined Total Debt	7.03%

Ratios to Redevelopment Incremental Valuation (\$956,240,628):

Total Overlapping Tax Increment Debt	3.77%
--	-------

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/15: \$-0-

Notes:

- [a] Percentage of overlapping agency's assessed valuation located within boundaries of the city.
- [b] Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.
- [c] Overlapping governments are those that coincide with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Pinole.
- [d] Final Assessment Roll value

Source : California Municipal Statistics, Inc.

CITY OF PINOLE
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

[a]

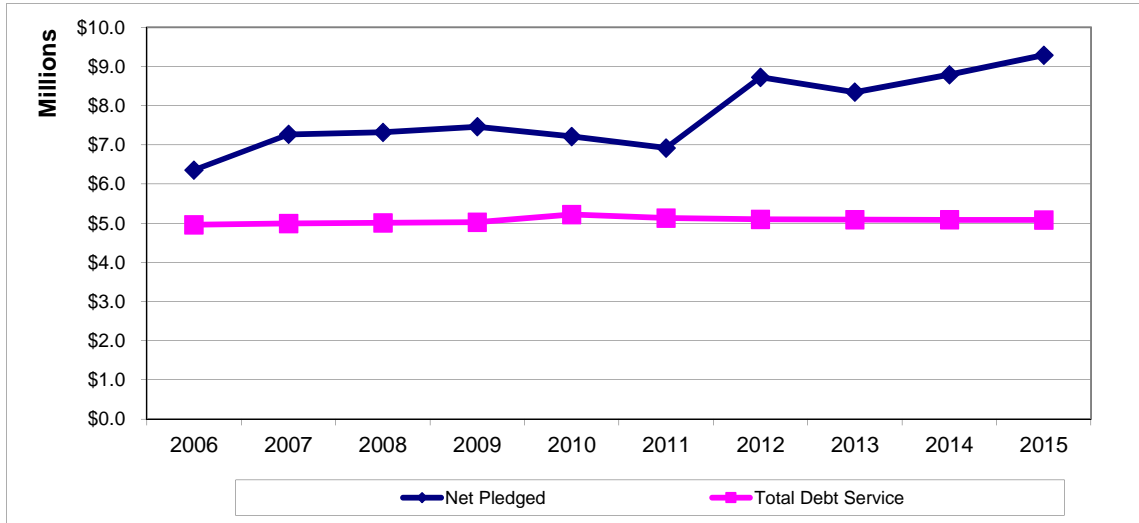
Fiscal Year	Total assessed value of all real and personal property	Legal debt limit - 15% of total assessed valuation	Amount of debt applicable to limit	Legal debt margin
2006	\$ 1,637,096,763	\$ 245,564,514	\$ (16,800,000)	\$ 228,764,514
2007	\$ 1,813,997,277	\$ 272,099,592	\$ (16,800,000)	\$ 255,299,592
2008	\$ 1,938,488,598	\$ 290,773,290	\$ (16,800,000)	\$ 273,973,290
2009	\$ 1,954,862,103	\$ 293,229,315	\$ (16,500,000)	\$ 276,729,315
2010	\$ 1,812,984,549	\$ 271,947,682	\$ (16,110,000)	\$ 255,837,682
2011	\$ 1,781,773,783	\$ 267,266,067	\$ (15,710,000)	\$ 251,556,067
2012	\$ 1,712,520,228	\$ 256,878,034	\$ (15,295,000)	\$ 241,583,034
2013	\$ 1,653,637,015	\$ 248,045,552	\$ (14,865,000)	\$ 233,180,552
2014	\$ 1,731,807,354	\$ 259,771,103	\$ (14,425,000)	\$ 245,346,103
2015	\$ 1,947,207,720	\$ 292,081,158	\$ (13,970,000)	\$ 278,111,158

Note

[a] Per California Government Code Section 43605

Source: City of Pinole Finance Department

**CITY OF PINOLE
TAX ALLOCATION BOND COVERAGE
LAST TEN FISCAL YEARS**

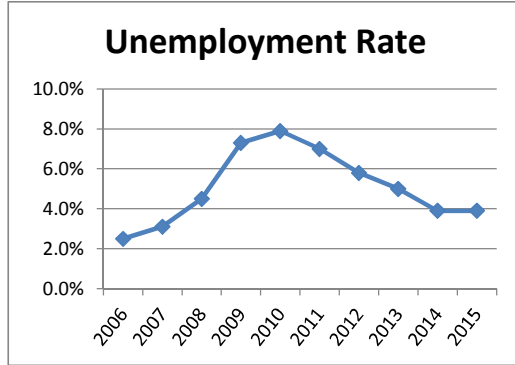
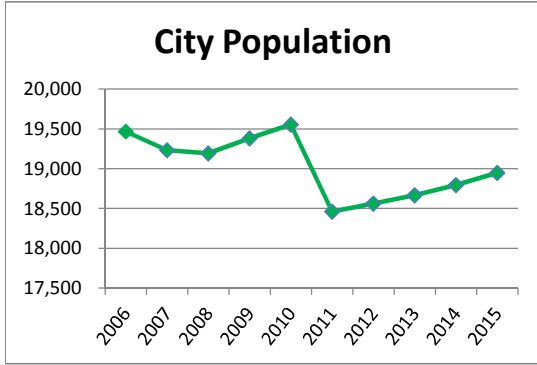


Fiscal Year	[b] Pledged Tax Revenue	[a] Less Low and Moderate Income Housing Set-Aside	Net Pledged Tax Revenue Available for Debt Service	Debt Service		Total Debt Service	
				Principal	Interest		
2006	2005-2006	7,948,110	1,589,622	6,358,488	2,020,000	2,936,370	4,956,370
2007	2006-2007	9,083,038	1,816,608	7,266,430	2,140,000	2,852,437	4,992,437
2008	2007-2008	9,147,167	1,829,433	7,317,734	2,245,000	2,761,033	5,006,033
2009	2008-2009	9,329,281	1,865,856	7,463,425	2,365,000	2,660,527	5,025,527
2010	2009-2010	9,016,903	1,803,806	7,213,097	2,665,000	2,555,078	5,220,078
2011	2010-2011	8,652,264	1,730,454	6,921,810	2,675,000	2,453,236	5,128,236
2012	2011-2012	8,724,669	0	8,724,669	2,800,000	2,294,792	5,094,792
2013	2012-2013	8,343,800	0	8,343,800	2,935,000	2,153,518	5,088,518
2014	2013-2014	8,788,383	0	8,788,383	3,085,000	1,999,924	5,084,924
2015	2014-2015	9,287,768	0	9,287,768	3,245,000	1,834,317	5,079,317

Source: City of Pinole Finance

- [a] Enactment of State Legislation (ABx1-26) suspends funding mandate for 20% Housing Set-Aside.
- [b] Successor Agency is now accounted for as a Private Purpose Trust (non-entity)

**CITY OF PINOLE
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**



Fiscal Year	(a) City Population	(a) Personal Income (thousands of dollars)	(b) Median Household Income	(c) School Enrollment	(d) Unemployment Rate
2006	19,465	977,435	83,800	4,357	2.5%
2007	19,234	1,014,209	83,800	4,294	3.1%
2008	19,193	1,066,747	86,100	4,082	4.5%
2009	19,383	1,088,080	89,300	4,073	7.3%
2010	19,555	1,131,726	90,300	4,049	7.9%
2011	18,460	1,046,737	92,300	3,740	7.0%
2012	18,560	1,029,430	93,500	3,543	5.8%
2013	18,665	1,064,110	93,500	3,603	5.0%
2014	18,794	1,158,425	93,500	3,483	3.9%
2015	18,946	1,207,845	93,500	3,348	3.9%

- Data Source :
- (a) State of California Department of Finance, estimated population.
 - (b) State of California, Department of Housing and Community Development.
 - (c) California Department of Education. Enrollment decreased (2002) decrease due to a new Middle & High School opening in Hercules.
 - (d) State of California Employment Development Department, Contra Costa County rates.

CITY OF PINOLE
PRINCIPAL EMPLOYERS
CURRENT AND TEN YEARS AGO

Employer	2015		Employer	2006	
	Employee Count	Percentage of City Total		Employee Count	Percentage of City Total
West Contra Costa USD	273	6.35%	West Contra Costa USD	325	7.51%
Target	240	5.58%	Mervyn's	196	4.53%
K-mart	124	2.88%	Target	193	4.46%
Best Buy	108	2.51%	City of Pinole	134	3.10%
City of Pinole	103	2.40%	Best Buy	108	2.50%
Lucky's / Food Maxx	101	2.35%	Albertson's	100	2.31%
Kaiser Health Center	101	2.35%	Safeway	92	2.13%
Pathway to Choices	85	1.98%	K-mart	83	1.92%
MV Public Transportation, Inc.	79	1.84%	Round Table Pizza	74	1.71%
Applebees	75	1.74%	Orchard Supply Hardware	70	1.62%
Top 10 Employer Count	1,289			1,375	
Total Workforce	4,299	29.98%		4,328	31.77%

NOTE: "Total Workforce" as used above represents the total of all employers located within City limits.

Data Sources:

- City of Pinole (Business Licensing)
- California Department of Education
- United States Census Bureau

CITY OF PINOLE
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS YEARS

<u>Function / Program [a]</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>[b]</u> <u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government										
Administration	7	7	7	6	5	5	5	5	5	5
Finance	4	4	4	5	4	4	3	3	3	3
Planning	2	2	2	2	2	2	1	1	1	1
Building	3	3	3	4	3	2	1	1	2	2
Other	2	2	1	3	2	2	2	4	4	4
Police										
Sworn	28	28	31	32	28	28	28	27	27	27
Non-sworn	20	20	25	24	23	21	13	13	13	13
Fire										
Sworn	18	19	19	20	19	17	15	15	15	15
Non-sworn	1	1	1	1	-	-	-	-	-	-
Public Works										
Engineering	5	6	6	7	5	4	3	3	3	3
Maintenance	11	11	11	11	8	7	6	6	6	6
Redevelopment	5	5	5	5	4	3	3	-	-	-
Parks and recreation	12	12	13	13	13	14	8	8	11	11
Wastewater collection and treatment	16	16	16	16	15	15	13	13	13	13
Total	<u>134</u>	<u>136</u>	<u>144</u>	<u>149</u>	<u>131</u>	<u>124</u>	<u>101</u>	<u>99</u>	<u>103</u>	<u>103</u>

Notes:

[a] Paid employees only (excluding reserves and volunteers)

[b] Redevelopment Staffing eliminated effective 02/01/2012, following dissolution of Agency pursuant to new State Legislation (ABx1-26)

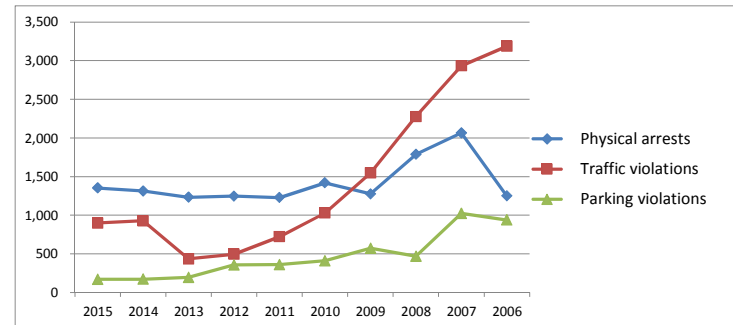
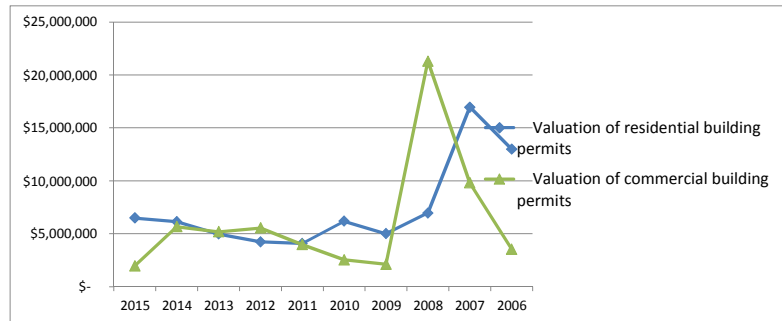
Source: City of Pinole Annual Budget Documents

**CITY OF PINOLE
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Date of Incorporation 1903
Form of Government Council-Manager
Number of Employees(including police & fire)
 Full-time 95
 Part-time 20
Area in square miles 5 square miles

Statistics by Fiscal Year	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Fire Protection :										
Number of fire personnel & officers (incl. Reserves)	15	17	15	15	23	26	27	27	26	26
Number of calls answered	1,908	2,205	2,250	2,000	2,134	2,283	2,480	2,643	2,281	2,402
Number of inspections conducted	60	7	48	55	515	210	230	290	310	312
Number of building plan reviews	50	25	32	61	76	70	70	90	104	69
Number of fire investigations	2	Not Available	Not Available	51	98	90	92	115	133	110
Police Protection :										
Number of police personnel & officers (incl. Reserves)	38	40	40	43	51	53	56	56	48	48
Physical arrests	1,353	1,314	1,232	1,246	1,228	1,419	1,276	1,787	2,064	1,248
Traffic violations	899	928	434	496	723	1,029	1,546	2,278	2,934	3,187
Parking violations	171	172	195	356	362	410	571	468	1,023	938
Other violations (fix-it & pedestrians)	1,000	1,060	738	822	1,232	1,103	1,200	1,055	1,214	
Community Development:										
Number of residential building permits	1061	800	651	608	674	732	660	863	993	715
Valuation of residential building permits	\$ 6,485,860	\$ 6,140,140	\$ 4,974,080	\$ 4,240,627	\$ 4,090,024	\$ 6,187,203	\$ 5,000,929	\$ 6,956,216	\$ 16,958,888	\$ 12,977,449
Number of commercial building permits	22	43	59	46	21	30	42	50	65	51
Valuation of commercial building permits	\$ 1,961,346	\$ 5,671,577	\$ 5,187,465	\$ 5,547,362	\$ 3,982,285	\$ 2,536,324	\$ 2,128,384	\$ 21,307,589	\$ 9,810,992	\$ 3,533,363
Sewer System:										
Daily average treatment in gallons	2,449,863	2,579,625	2,776,986	2,907,205	3,147,397	3,620,000	3,620,000	3,620,000	3,620,000	3,620,000
Maximum daily capacity of treatment plant in gallons	4,060,000	4,060,000	4,060,000	4,060,000	4,060,000	4,060,000	4,060,000	4,060,000	4,060,000	4,060,000

Source: City of Pinole Finance



**CITY OF PINOLE
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

City Streets:

Miles of streets 63
 Number of street lights 373 (city owned)
 971 (electric & private utility)

<u>Statistics by Fiscal Year</u>	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Fire Protection :										
Number of stations	1	1	1	1	1	2	2	2	2	2
Police Protection :										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	13	13	13	13	13	13	13	13	12	12
Number of security units	2	2	2	2	2	2	2	2	1	1
Recreation and culture :										
Swim Center	1	1	1	1	1	1	1	1	1	1
Community Theater	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
Youth Center	1	1	1	1	1	1	1	1	1	1
Pre-school Center	1	1	1	1	1	1	1	1	1	1
Number of parks & park acreage	15; 64 total acres	15; 64 total acres	15; 64 total acres	15; 64 total acres	15; 64 total acres	15; 64 total acres	15; 64 total acres	15; 64 total acres	15; 64 total acres	15; 64 total acres
Sewer System:										
Sanitary sewers	50 miles	50 miles	50 miles	50 miles	50 miles	50 miles	50 miles	50 miles	50 miles	50 miles
Miles of storm drains	34 miles	34 miles	34 miles	34 miles	34 miles	34 miles	34 miles	34 miles	34 miles	34 miles
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of service connections	5,416	5,414	5,414	5,423	5,401	5,398	5,400	5,404	5,362	5,362
Schools:										
Elementary-public	4	4	4	4	4	4	4	4	4	4
Elementary-private	1	1	1	1	1	1	1	1	1	1
Junior High School-public	1	1	1	1	1	1	1	1	1	1
High School-public	1	1	1	1	1	1	1	1	1	1

Source: City of Pinole Finance