

# CITY OF PINOLE



## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**CITY OF PINOLE  
CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Prepared by  
FINANCE DEPARTMENT**

**CITY OF PINOLE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>INTRODUCTORY SECTION:</b>	
Transmittal Letter	i
GFOA Award	xi
Organization Chart	xii
Elected Officials and Administrative Personnel	xiii
City of Pinole Map	xiv
 <b>FINANCIAL SECTION:</b>	
Independent Auditor's Report on Basic Financial Statements	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	20
Statement of Activities	21
Fund Financial Statements	
Balance Sheet - Governmental Funds	23
Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Funds	26
Statement of Net Position - Proprietary Funds	28
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	29
Statement of Cash Flows - Proprietary Funds	30
Statement of Fiduciary Net Position - Fiduciary Funds	31
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	32
Notes to Basic Financial Statements	33
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - General Fund	60

**FINANCIAL SECTION (Continued):**

## Required Supplementary Information (Continued):

Notes to Required Supplementary Information on Budgetary Accounting and Control	61
Schedule of Funding Progress For Other Postemployment Benefits (OPEB)	62

## Combining Financial Statements and Other Supplementary Information

## Non-Major Governmental Funds:

Combining Balance Sheet	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	70
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual	
Public Works Capital Project	75
Growth Impact Fund	76
Housing Set-Aside Fund	77
Gas Tax Fund	78
Parkland Dedication Fund	79
Measure C Fund	80
NPDES Fund	81
AB 939 Fund	82
Adjudicated Asset Seizure Fund	83
Police Fund	84
Cable TV Fund	85
Recreation Fund	86
Building Inspection Fund	87
Development Services Fund	88
Fire Department Grants Fund	89
Solid Waste Water Fund	90
Statement of Changes in Assets and Liabilities - Agency Funds	91

**STATISTICAL SECTION**

## Financial Trends

Net Position by Component	92
Changes in Net Position	93
General Fund Revenues by Source	94
Fund Balance - Governmental Funds	95
Changes in Fund Balance - Governmental Funds	96

## Revenue Capacity

General Fund Tax Revenues by Source	97
Assessed Value and Estimated Actual Value of Taxable Property	98
Direct and Overlapping Property Tax Rates	99
Principal Property Taxpayers	100

**STATISTICAL SECTION (Continued):**

Property Tax Levies and Collections	101
Taxable Sales by Category	102
Direct and Overlapping Sales Tax Rates	103
Principal Sales Tax Remitters	104
Debt Capacity	
Ratios of Outstanding Debt by Type	105
Other Long-Term Liabilities	106
Ratios of Net General Bonded Debt Outstanding	107
Direct and Overlapping Governmental Activities Debt	108
Computation of Legal Debt Margin	109
Tax Allocation Bond Coverage	110
Economic and Demographic Information	
Demographic and Economic Statistics	111
Principal Employers	112
Operating Information	
Full-Time Equivalent City Government Employees by Function/Program	113
Operating Indicators and Capital Asset Statistics by Function/Program	114
Capital Asset Statistics by Function//Program	115

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# **Introductory Section**





# CITY OF PINOLE

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Pinole, CA 94564

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December 12, 2014

Honorable Mayor  
Members of the City Council and  
City Manager  
City of Pinole, California

The comprehensive annual financial report of the City of Pinole for the year ended June 30, 2014, is herein submitted as mandated by local ordinances and state statutes. These ordinances and statutes require that the City of Pinole issue annually a report on its financial condition and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City of Pinole. All disclosures necessary to enable the reader to gain an understanding of the City of Pinole's activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section, which is unaudited, includes this letter of transmittal, an organizational chart and a list of the City of Pinole's principal elected and appointed officials. The financial section includes management discussion and analysis, the basic financial statements, required supplemental information, and the combining financial statements for non-major funds as well as the independent auditor's report on these financial statements. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

The City provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of highways, streets and infrastructure; recreational programs, senior services and park and recreation services. The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Pinole as legally defined), as well as any component units, should they exist. 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 primary government's operations and would therefore be included as part of the primary government. The redevelopment Successor Agency is not reported as funds of the primary government, as was the case with the former Redevelopment Agency (RDA), but is accounted for as a Private Purpose Trust Fund, in the Fiduciary Funds segment of the financial reporting.

Included as a part of this letter are several attachments, which provide important information regarding the operations, economic environment and financial position of the City. The attachments are:

<u>Attachment</u>	<u>Content</u>
A	Governmental Structure, Local Economic Condition and Outlook
B	Major Initiatives for the Year
C	Financial Information
D	Other Information

The City has fully implemented the most recent (Statement on Accounting #65) "financial reporting standard" issued by the Government Accounting Standards Board. Also, as previously required, we continue to include a "Management Discussion and Analysis" section (pages 3-18) to this report, which attempts to enhance the usefulness of the financial report for "non-traditional" users, by summarizing the overall financial condition of the City in "plain English."

I would like to thank and commend the Pinole City Council and the City Manager for their interest and support in planning and conducting the financial operations of the City in a responsible, forthright and progressive manner in the best interests of the City of Pinole and its residents.

Respectfully submitted,



Richard Loomis  
Finance Director

## ATTACHMENT A

### GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

The City, incorporated in 1903, 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 18,794. The City has operated under the council-manager form of government since 1971. Policymaking and legislative authorities are vested in the City Council, which consists of a mayor and a four-member council. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City's manager and the City's attorney. 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 heads of the City's departments. The council is 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.

Until dissolution of the State's redevelopment agencies (February 1, 2012), the City Council members served as the governing board of the Pinole Redevelopment Agency. The City continues to provide accounting and administrative services to the redevelopment Successor Agency. Additional detail regarding the enactment of ABx1-26 (the Redevelopment Dissolution Legislation) is provided in the Notes to the Financial Statements.

Pinole is a full service city, and with its (authorized 2013/14) 94 full and 20 part-time personnel, provides public safety (Police and Fire), highways and streets maintenance, public improvement development, land use, building and housing standards regulation, recreation programs, senior services, parks and recreation areas, sewer utilities, economic development, administration and fiscal services.

The City continues to show sustained recovery from the fiscal impacts of the last (2008) recession, primarily in a strengthening of the local tax base (both retail sales and real property values) combined with a decrease in local unemployment (retail merchandising and building construction activities). The region has a varied manufacturing, industrial and commercial base, but the City's principle employers are engaged in merchandising and retail sales which accounts for a significant, and encouraging decrease in the local unemployment rate (decreasing from 5.0 to 3.9 percent) in this most recent reporting year. Contra Costa County, which includes the City, has an unemployment rate of 5.7 percent, which compares favorably to the state's average rate of 7.3 percent.

The City has a labor force of approximately 114 full and part-time employees. The vacancy rate for commercial properties within the City's business districts has declined with the re-opening of a variety of stores, specialty shops and commercial businesses.

## ATTACHMENT B

### MAJOR INITIATIVES FOR THE YEAR

**City Budget Recovery Plan.** Due to on-going budgetary challenges, the Recreation Department and Pinole Community Television (CATV Operations) are now subject to budget management as enterprise activities, which means that they must be operated on a full direct service cost recovery financial basis. The City is fortunate to have numerous community non-profit partners that have agreed to step-up to provide additional funding for the Youth and Senior Centers and a dedicated volunteer effort to raise funds to keep the Swim Center open.

The Pinole Youth Foundation donated \$6,000 to the Youth Center Programs this year, and the Pinole Senior Foundation and Senior Center Club donated approximately \$50,000 for Senior Center Operating Costs. Community Fundraising events included: a Fall and Spring Peddler's Faire events to support Cable Access Television, a Halloween Carnival, Christmas Tree Lighting and a Wine & Cheese Tasting Event to support Youth and Recreation Programs. In recent years, the "*Flippers to Feet 5K*" fun run has drawn as many as 500 participants and has raised over \$40,000 in the past four years to help fund the operating expense of the Community Pool.

Despite the on-going Budget Constraints and Financial Challenges, the City was able to sponsor a broad range of entertainment and social events in Oldtown Pinole this past movies in Fernandez Park, the American Cancer Society's annual Relay for Life, the Pinole Artisans annual Art & Wine in the Park and an annual Car Show event.

**Police Youth & Adult Academies.** In October the City Police Department hosted the 2013 Citizen Academy, and in April the City Police Department hosted a Youth Academy Outreach Program. A wide range of safety related topics and "hands-on" experiences including: Crime Scene Processing, Personal Safety Issues, Traffic Enforcement and Accident Investigation, Drug Enforcement, a tour of the County Jail Facility and Driving/Shooting Simulations.

**Community Service Day.** In June hundreds of civic-minded community members joined with their neighbors to volunteer in a variety of ½ day of community projects, including: park and trail clean-up, maintenance painting of park restroom facilities, assistance at school sites and visiting facility-bound seniors at retirement homes throughout Pinole. Sponsored by the Pinole Community Services Commission an appreciation lunch was provided in Fernandez Park following the completion of the Saturday Morning Work Assignments.

**Shopping Center News.** Thomas Properties, the new owners of the Del Monte Shopping Center (620 San Pablo Avenue), hosted a Grand Reopening of the renovated Center in August (2013). Krispy Kreme Donuts returned to Pinole opening a new store in the Pinole Valley Shopping Center. TJ Maxx moved into the Pinole Vista Shopping

Center, and Orchard Supply Hardware completed a major remodel of their store on Fitzgerald Drive.

The Planning department has been busy working behind the scenes over the past few months with a number of property owners and property managers regarding façade renovations for all of the older developments along Fitzgerald Drive bringing a fresh and inviting look to this regional shopping area. Recently, major renovations were completed at the Pinole Vista Crossings Shopping Complex (TJ Maxx, Staples and David's Bridal).

**Capital Facilities and Infrastructure Projects.** Last Fall (2013) construction of Phase-II of the Simas Avenue Roadway Overlay Project was completed. This segment of the street renovation included 2,400 linear feet of roadway overlay, curb and sidewalk replacement and the installation of handicap access ramps at street intersections. This 2<sup>nd</sup> Phase of the overall project included street surfaces from Diablo Circle to Lassen Way. The construction work was performed by MCK Construction using the Local Transportation Tax Funding (Measure "J") in the amount of \$348,000. Construction Crews also completed this year's Street Slurry Seal Project, repairing and restoring residential roadways in the Ridgecrest & Henry Avenue neighborhood, between Pinole Valley Road and Appian Way. In all 12 streets were repaired and sealed, including the widely traveled Canyon Drive.

The city has reached a large milestone on the upcoming Wastewater Treatment Plant Upgrade Project. This project, which has been in development for the past five years, is now in the final engineering stage. The final engineering should be completed by the end of Calendar 2014, and construction activity is scheduled to begin in early 2015, lasting approximately 24 to 30 months. The firm Carollo Engineers has been selected to lead the Construction Management Team, who bring another "set of eyes" on the engineering plans and will put in place the administrative and operational staffing resources to oversee the construction phase of this project.

**Redevelopment Dissolution.** 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, the City Council decided that it would not appeal the Court Ruling in this matter.

## FOR THE FUTURE

**Gateway West Commercial Development Project.** In April of 2013, Staff was contacted by a Commercial Real Estate Developer regarding the possibility of being the master developer for certain Gateway sites (the "Gateway Property"). This Developer has been in business for many years and has successfully developed commercial, medical, and residential sites in the Bay Area and the Central Valley, and. recently purchased the Del Monte Shopping Center in Pinole and invested in the renovation of the Shopping Center. In November 2013 the City executed an Exclusive Negotiating Agreement ("ENA") with the Developer for the development of the Gateway Property. This development project was included in the Successor Agency's Long-range Property Management Plan, which has been submitted to the State Department of Finance for review and approval.

**Infrastructure Capital Projects.** The 3<sup>rd</sup> and final phase of construction for the resurfacing of Simas Avenue from Lassen Way to Pinole Valley Road is scheduled for the Summer/Fall of 2014. Additionally, Construction Crews will be busy early this coming Fall (2014) repairing roadways, as well as curbs and gutters in advance of the annual slurry seal program. In the coming year the road maintenance activity will focus on the Pinole Valley streets of Wright and Doidge Avenues. Slurry Seal is a treatment process to improve and preserve the quality of roadways that are in relatively good condition. The construction costs will be funded with Measure J (voter approved 1/4-cent countywide additional sales tax) funding.

**Wastewater Pollution Control Plant Improvements.** City Staff has completed an application 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 State is currently reviewing the application and most recently requested additional information to complete review of the environmental section of the application. Once the environmental section review is completed, the State will commence review of the financial section of the application. This funding is essential to cover the City of Pinole's 50% share of the improvement identified for renovation of the sewage treatment facility. Final Approval of funding by the State was contingent upon adoption of a "Rate Schedule" for future user fees that will generate sufficient revenues to pay the annual debt service on the new State loan. On July 2, 2013 the City adopted a 5-year rate plan needed to generate the required debt service funding, increasing the current rate for a Single Family Residence (SFR) from \$52.77/month up to \$62.55/month effective July 1, 2017.

**Voter-Approved Use Tax Revenue Measure.** The City Council submitted a ballot measure for an ordinance that would enact a new half-cent (0.5%) Transactions and Use ("Sales") tax within the City of Pinole to the Pinole Electorate in November of 2014. This tax is a general purpose tax requiring a simple majority (50% + 1) vote. This local use tax measure was approved by City voters 52% to 48% at the General Election held on November 4, 2014. The tax will be 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 tax ordinance requires independent auditors to report on the collection, management and expenditure of tax revenue. An annual report will be prepared for public review at a public hearing. 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. The Measure authorizes a 0.5% transactions and use tax, increasing the total sales tax rate in Pinole from 9% to 9.5%. The tax increase proposed by this measure would go only to the City. These local funds may not be taken by the State or any other governmental entity.

## ATTACHMENT C

### FINANCIAL INFORMATION

City Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluation occurs within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded.

Monthly reports on expenditures activity are prepared to assist individual departments in controlling their budgets. The Finance Director reviews these reports for budgetary compliance with the City Manager who recommends amendments to budgetary appropriations to the City Council on a quarterly basis. At those times, the financial status of all budgetary activities are reviewed with the City Council in public session.

The City's accounting and budgeting records for the basic financial statements in this report conform to generally accepted accounting principles according to standards established by the Governmental Accounting Standards Board.

The City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund, special revenue funds and the debt service fund are included in the annual appropriated budget. Project-length budgets are prepared for the capital project funds. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the departmental level within each fund. The government also maintains an encumbrance accounting system as one method of maintaining budgetary control. Encumbered amounts lapse at year end. However, outstanding encumbrances generally are re-appropriated as part of the following year's budget.

As a recipient of federal, state and local financial assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to these programs covered by the federal Single Audit Act. This internal control structure is subject to periodic evaluation by management.

As part of the City's Single Audit Act audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance

programs as well as to determine that the City has complied with applicable laws and regulations. The City is confident that its internal control structure continues to ensure that there are no instances of material weakness in the City's internal control structure or significant violations of applicable laws and regulations.

As demonstrated by the statements included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Cash temporarily idle during the year was invested pursuant to the City's Investment Policy that conforms to the California Government Code and allows the City to invest in specific types of investments. The priority of investment goals in the City's investment policy are: safety, liquidity and yield. The Investment Policy is reviewed annually to ensure its consistency with respect to the overall objectives of safety, liquidity and yield, and its relevance to current laws and financial trends. Proposed amendments to the Policy are prepared by the City Treasurer and after review and approval by the City Manager are forwarded to the City Council for consideration and approval.

The City is a member of the Municipal Pooling Authority (MPA). This Joint Powers Authority (JPA) was formed to allow members agencies to pool together to provide cost effectiveness 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 including dental and orthodontic, life and long-term disability coverage.

## ATTACHMENT D

### OTHER INFORMATION

***Independent Audit.*** State statutes require an annual audit by independent certified public accountants. The firm of Mann, Urrutia, Nelson CPA's and Associates, LLP was awarded a contract by the City Council. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and the related U.S. Office of Management and Budget's Circular A-133. Generally accepted auditing standards and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditor's report on the basic financial statements and supplemental information is included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found in a separately issued single audit report.

***Awards.*** The Government Finance Officers Association (GFOA) last awarded a certificate of Achievement for Excellence in Financial Reporting to the City of Pinole for the June 30, 2013 CAFR. The City has received the prestigious award on seventeen occasions. In order to be awarded a Certificate of Achievement or the Certificate of Outstanding Financial Reporting, the City must publish an easily readable and efficiently organized comprehensive annual financial report. Additionally, this report satisfies both generally accepted accounting principles and applicable legal requirements mandated by the City and Redevelopment Agency's indentures for bonded debt.

Both a Certificate of Achievement and the Certificate of Outstanding Financial Reporting are only valid for a period of one year, and must be renewed annually. We believe this comprehensive annual financial report, which implements GASB Statements 34, 45, 54 and 65 continues to meet the Certificate of Achievement Program's requirements and we will be submitting it to the Government Finance Officers Association (GFOA) to determine it's continued eligibility for a certificate.



Government Finance Officers Association

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

Presented to

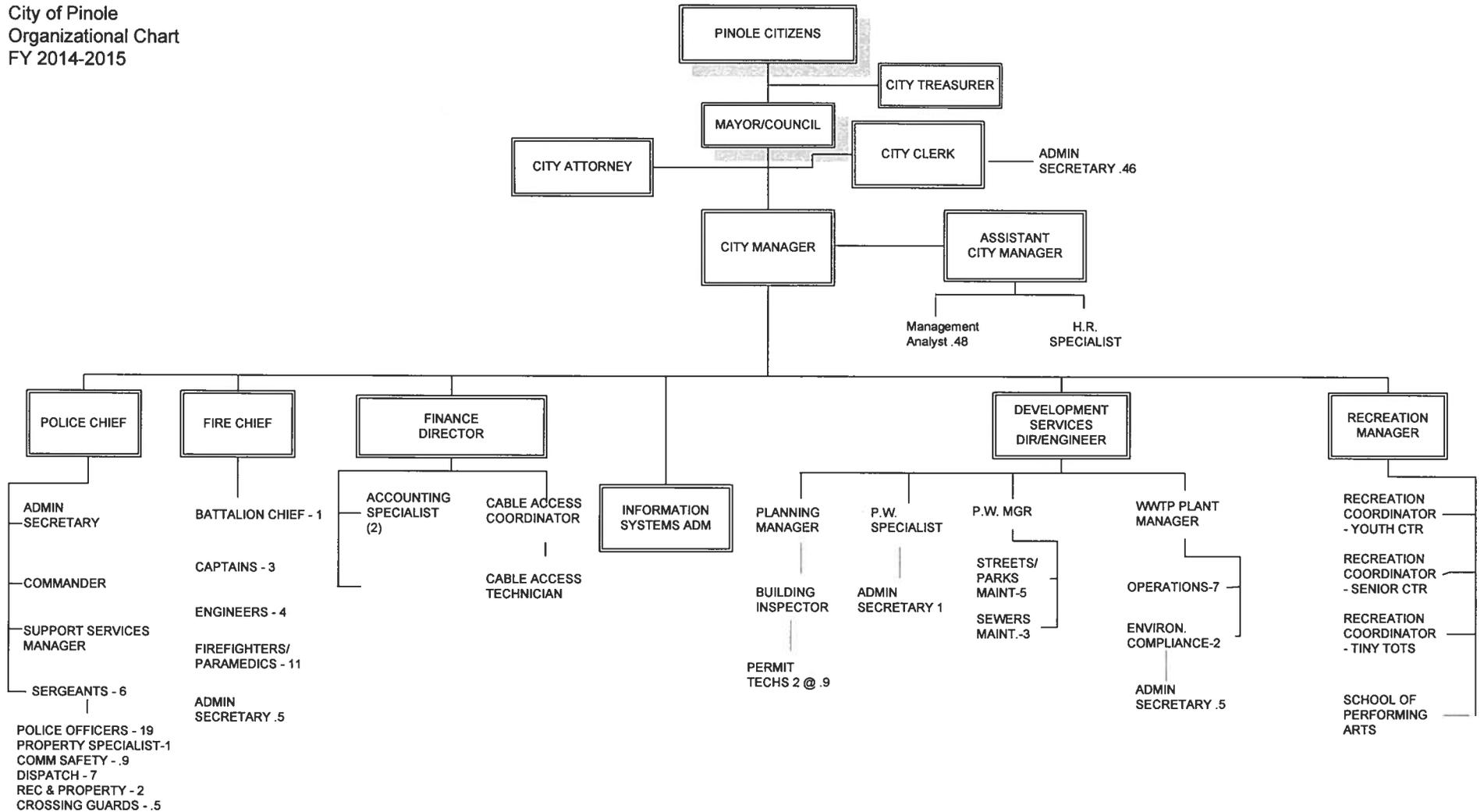
**City of Pinole  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

City of Pinole  
 Organizational Chart  
 FY 2014-2015



**CITY OF PINOLE**  
**ELECTED OFFICIALS AND**  
**ADMINISTRATIVE PERSONNEL**

**JUNE 30, 2014**

**ELECTED OFFICIALS**

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

**ADMINISTRATIVE PERSONNEL**

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



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# 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, 2014, 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, 2014, 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.

## **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, 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 December 12, 2014, 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  
December 12, 2014

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal 2014 marks the thirteenth year the City has issued its financial statements in the format prescribed by the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34) and the fifth year for inclusion of information related to Post Employment Benefits as prescribed by the provisions of GASB Statement 45. Statement 34 requires the City to provide this overview of its financial activities for the fiscal year. Please read it, in conjunction with the accompanying Transmittal Letter and Basic Financial Statements.

### **FISCAL 2014 FINANCIAL HIGHLIGHTS**

The City's overall financial condition declined (\$21,229,734) in this fiscal year as reflected in the decrease (\$22,757,763) in net position related to Governmental Activities, offset by an increase (\$1,528,029) in net position related to Business-type Activities. The decline in net position related to Governmental Activities was primarily due to the transfer of residual redevelopment assets (\$22,634,276) which were the subject of a legal dispute between the City and the State of California coupled with continued recognition of long-term debt (\$1,804,406) related to unfunded accrued actuarial liabilities for post employment health insurance benefits for retired employees (reference Footnote 10) offset by the discharge (\$440,023) of other long-term debt obligations (primarily Pension Obligation Bonds and Successor Agency Cash Advanced), as described in Footnotes 6 and 7. In contrast, the improvement in net position related to Business-type Activities primarily reflects the financial impact of revenue collections related to Sewer Enterprise programs in excess of operating expenditures.

Legal Title to some of the assets of the former Redevelopment Agency (formerly a component reporting unit of the City) was resolved by a decision in Superior Court in May (2014) wherein the City's legal complaint was rejected and the Asset Transfer Order of the State Controller was upheld. The Court upheld a determination by the State Department of Finance 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 Redevelopment Dissolution Legislation, the Judge's Ruling was not favorable to the City.*** Based upon an initial "validation judgment" issued by the Superior Court of Contra Costa County in July of 2011, these assets (Land Held for Redevelopment and Cash Held by Fiscal Agent having combined book value of \$22,634,276) had been transferred from the former Pinole Redevelopment Agency to the City. The State Controller ordered the transfer of those residual assets to the Redevelopment Successor Agency, for disposal pursuant to "clean-up" legislation (AB-1484), enacted in June of 2012. In June (2014), the City Council decided that it would not appeal the recent Court Ruling in this matter. Additional information regarding this matter is presented in Footnote 17, accompanying the Financial Statements.

As was the case in the immediate preceding fiscal year (2012-13) operating expenditures were restrained sufficiently (in this reporting period) to eliminate a persistent structural imbalance between operating revenues generated by the City's eroded tax base and a sustainable cost of maintaining modified service levels for Public Safety, General Government and Recreation programs in the City's General Fund (see discussion on page 14). There are strong recurring indications that a sustainable recovery of the tax revenues lost during the most recent (2008) Great Global Recession will continue to result in positive net results of operations for the City's Operating Funds, and will stabilize the City's financial condition into the future.

Also of note, significant capital improvements are required at the City's Water Pollution Control Plant (WPCP) to retain an effluent discharge permit compliant with the pollution standards established by the federal Clean Water Act and regulatory standards of the State of California's Regional Water Resources Control Board. June 2006 and 2009 increases in the sewage collection and treatment fees successfully restored positive cash flows to the City's Business-type Activity, in amounts sufficient to fund enterprise and General Fund cash flows (see discussion on Page 7).

The 2014 financial highlights report:

*Citywide:*

- The City's total net position decreased \$21,229,734 in fiscal 2014. At June 30, 2014, net position totaled \$51,516,358.
- Citywide revenues totaled \$25,157,447, including program revenues of \$11,898,151 and general revenues of \$13,259,296, an increase of \$2,246,400 from the prior year's \$22,911,047.
- Total Citywide expenses were \$23,678,136, a decrease of \$361,714 from the prior year's \$24,039,850.
- Net position in Governmental funds decreased \$22,757,763, while net position in business activities increased \$1,528,029.
- Governmental Program Revenues increased to \$5,425,004 from fiscal 2013's \$4,609,728.
- Governmental Program Expenses increased to \$18,819,018 in fiscal 2014, up \$206,564 from the prior year's \$18,612,454.
- Program revenues from Business-Type activities increased to \$6,473,147 in fiscal 2014, up \$293,349 from \$6,179,798 in the prior year.
- Expenses of Business-Type Activities decreased to \$4,859,118 in fiscal 2014, a \$568,278 decrease from the prior year's level of \$5,427,396.

*Fund Level:*

- Governmental Fund balances decreased to \$15,431,022 in fiscal 2014 from the prior year's \$36,378,714.
- Governmental Fund revenues increased to \$18,799,039 in fiscal 2014, up \$2,035,865 from the prior year's \$16,763,174.
- Governmental Fund expenditures increased to \$17,577,014 in fiscal 2014, up \$514,948 from fiscal 2013's level of \$17,062,066.
- General Fund revenues of \$13,358,424 increased substantially (\$779,606) from fiscal 2013's revenues of \$12,578,818.
- General Fund, fund balance of (\$3,664) at June 30, 2014 changed substantially due to an extraordinary item.

## **OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT**

This Comprehensive Annual Financial Report is in six parts:

- 1) Introductory section, which includes the Transmittal Letter and general information,
- 2) Management's Discussion and Analysis (**this part**),
- 3) The Basic Financial Statements, which include the Government-wide and the Fund financial statements, along with the Notes to these financial statements,
- 4) Required Supplemental Information,
- 5) Combining statements for Non-major Governmental Funds and Fiduciary Funds,
- 6) Statistical information.

### **The Basic Financial Statements**

The Basic Financial Statements comprise the Citywide Financial Statements and the Fund Financial Statements. These two sets of financial statements provide two different views of the City's financial activities and financial position—long-term and short-term.

The Citywide Financial Statements provide a longer-term view of the City's activities as a whole, and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by privately held corporations. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the City's programs. The Statement of Activities explains in detail the change in Net Position for the year.

The Citywide Financial Statements group all the City's activities into Government Activities and Business-type Activities, as explained below. All the amounts in the Statement of Net Position and the Statement of Activities are separated into Governmental Activities and Business-type Activities in order to provide a summary of these two activities of the City as a whole.

The Fund Financial Statements report the City's operations in more detail than the City-wide statements and focus primarily on the short-term activities of the City's General Fund and other Major Funds. The Fund Financial Statements measure only current revenues and expenditures, current assets, liabilities and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of the City and are presented individually, while the activities of Non-major Funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds. Major Funds are explained below.

The City acts solely as a depository agent for various community groups and functions. The fiduciary statements provide information about the cash balances and activities of these functions. These statements are separate from, and their balances are excluded from the City's financial statements.

Together, all these statements are now called the Basic Financial Statements; formerly they were called the general-purpose financial statements.

#### *The Citywide Financial Statements*

The Statement of Net Position and the Statement of Activities present information about the following:

- **Governmental activities**—All of the City's basic services are considered to be governmental activities, including general government, community development, public safety, public works, culture-recreation, public improvements, planning and zoning, and general administration services. These services are supported by general City revenues such as taxes, and by specific program revenues such as developer fees.
- **Business-type activities**—The City's enterprise activity is reported in the wastewater fund. Unlike governmental services, this service is supported by charges paid by users based on the amount of the service they use.

Citywide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the City as a whole.

#### *Fund Financial Statements*

Governmental Fund financial statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are presented only in the City-wide financial statements.

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

Subordinate schedules present the detail of these Non-major Funds. Major Funds present the major activities of the City for the year. The General fund is always a Major Fund, but other funds may change from year to year as a result of changes in the pattern of City's activities.

Due to the prior-year dissolution of the former Redevelopment Agency, the City no longer has any other Major Funds to report in 2014, in addition to the General Fund.

Comparisons of Budget and Actual financial information are presented for the General Fund and the City's discrete Special Revenue Funds.

*Fiduciary Statements*

The City is the agent for certain community organizations, for which it collects and disburses cash and maintains separate cash accounts. These fiduciary activities are reported in the separate Statements of Fiduciary Net Position. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations.

**FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE**

The City's combined net position changed from a year ago, decreasing from \$72,746,092 to \$51,516,358, primarily as a result of changes in net position for Governmental Activities, as described in Table 1, below:

**Table 1**  
**Net Position at June 30, 2014 (in millions)**

	Governmental Activities			Business Activities			Total Government		
	2014	2013	Net Change	2014	2013	Net Change	2014	2013	Net Change
Cash and investments	\$9.0	\$22.4	(\$13.4)	\$6.8	\$ 5.5	\$1.3	\$15.8	\$27.9	(\$12.1)
Other assets	12.5	20.7	(8.2)	0.6	0.6	0.0	13.1	21.3	(8.2)
Capital assets	36.4	36.0	0.4	18.9	18.3	0.6	55.3	54.3	1.0
<b>Total assets</b>	<b>57.9</b>	<b>79.1</b>	<b>(21.2)</b>	<b>26.3</b>	<b>24.4</b>	<b>1.9</b>	<b>84.2</b>	<b>103.5</b>	<b>(19.3)</b>
Long-term debt outstanding	17.8	16.0	1.8	10.3	10.3	0.0	28.1	26.3	1.8
Other liabilities	3.7	4.0	(0.3)	0.9	0.5	0.4	4.6	4.5	0.1
<b>Total liabilities</b>	<b>21.5</b>	<b>20.0</b>	<b>1.5</b>	<b>11.2</b>	<b>10.8</b>	<b>0.4</b>	<b>32.7</b>	<b>30.8</b>	<b>1.9</b>
Net position:									
Net investment of capital assets	36.3	35.8	0.5	9.9	9.1	0.8	46.2	44.9	1.3
Restricted	2.6	11.5	(8.9)	0.0	0.0	0.0	2.6	11.5	(8.9)
Unrestricted(deficit)	(2.5)	11.8	(14.3)	5.2	4.5	0.7	2.7	16.3	(13.6)
<b>Total net position</b>	<b>\$ 36.4</b>	<b>\$59.1</b>	<b>\$(22.7)</b>	<b>\$15.1</b>	<b>\$ 13.6</b>	<b>\$ 1.5</b>	<b>\$51.5</b>	<b>\$72.7</b>	<b>\$(21.2)</b>

The Net Position of the City's governmental activities decreased by 38.5% percent, from \$59.1 million in 2013 to \$36.4 million in 2014. 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 (\$14.3 million) primarily reflecting the transfer of residual redevelopment assets (\$22,634,276) which were the subject of a legal dispute between the City and the State of California coupled with continued recognition of long-term debt (\$1,804,406) related to unfunded accrued actuarial liabilities for post employment health insurance benefits for retired employees (reference Footnote 10) offset by the discharge (\$402,165) of other long-term debt obligations (primarily Pension Obligation Bonds and Compensated Absences). An additional decrease (\$8.9 million) in Restricted Net Position reflects the transfer of land held for redevelopment to the Successor Agency for disposal, pursuant to resolution of Asset Transfer Litigation between the City and the State of California, reference Footnote 17.

The net position of business-type activities increased from the prior year. Unrestricted net position increased by \$0.7 million in 2014, reflecting a decrease in operating expenses combined with an increase in user fees and reimbursements from the City of Hercules. Generally, an increase in Total Net Position for business-type activities is an indication that user rates are adequate to sustain the operation of an activity; however, additional rate increases are required to finance capital expenditure costs for the next round of facility renovations at the WPCP. The increase in Total Net Position (\$1.5 million) for business-type activities suggests a rate structure that has improved the overall financial position, and is adequate to begin to fund both capital replacement reserves and dry period (July through December) working capital, but must increase substantially to cover future financing costs of capital facility renovations.

The following Financial Ratios can be used to assess the financial stability of the City over an extended period of time. The Ratios of Working Capital and Days Cash demonstrate an entity's ability to finance on-going operations. The strengthening of total Working Capital on an entity-wide basis reflects a decrease in working capital available for Governmental Activities offset by an increase in working capital available for Business-type Activities. The decrease in working capital for Governmental Activities primarily reflects the impact of a decrease in "Cash," reflecting expenditure of accumulated Measure "C" sales tax revenue for roadway improvement capital projects and the transfer of residual cash from the Housing Program Fund to the Successor Agency, pursuant to an Order of the State Department of Finance (following completion of a Due Diligence Review on redevelopment dissolution procedures applied in Pinole). The increase in working capital for Business-type Activities reflects an increase in "Cash" resulting from a User Fee rate increase anticipating an increase in debt service expenses related to the financing of capital project renovations at the WPCP, coupled with a reduction in operating expenditures at the WPCP.

The City has reduced its working capital across all funds from a high point of \$79.6 million in 2007 to only \$25.1 million for the year ending June 30, 2014. A close examination of the decline in working capital reveals that while the amount of current liabilities (short-term payment obligations) has remained fairly constant over the past seven years, the amount of cash and investments available to finance short-term payment obligations have declined significantly. While the aggregate amount (\$25.1 million) of Working Capital remains large in comparison to the City's annual operating budget of approximately \$22.5 million, it is important to note that 65% of the current assets are accounted for in restricted/reserved investment accounts (cash and investments with fiscal agents), land held for resale and housing program funds due from the State, none of these assets are readily available to finance operations or capital project activities. The persistence of this deterioration in financial liquidity is best explained in terms of another commonly used Financial Statistic, "Days Cash and Investments Available."

Thee significant decline followed by subsequent improvement in the Days Cash statistic for entity-wide activities signals improvement in the City's cash flows, reflecting reductions in expenditure levels, coupled with increases in revenues, which are now generating positive results of operations. However, as of June 30, 2014, there was only enough cash available in the City Treasury to finance City activities for approximately four and one-half months. "Working Capital" is the amount by which current assets exceed current liabilities.

Working Capital	2010	2011	2012	2013	2014
Entity Wide	\$ 57,164,323	\$ 54,612,124	\$ 44,627,721	\$ 45,468,025	\$ 25,097,048
Governmental	\$ 54,923,992	\$ 51,641,900	\$ 40,260,117	\$ 39,649,790	\$ 18,401,403
Business-type	\$ 2,240,331	\$ 2,970,224	\$ 4,367,604	\$ 5,818,235	\$ 6,695,645

Days Cash	2010	2011	2012	2013	2014
Entity Wide	69	76	81	129	140
Governmental	67	63	51	73	58
Business-type	77	149	228	322	458

### **Governmental Activities**

This analysis focuses on the net positions and changes in net position of the City's Governmental Activities (Tables 2, 3 and 4), presented in the Citywide Statement of Net Position and Statement of Activities that follow:

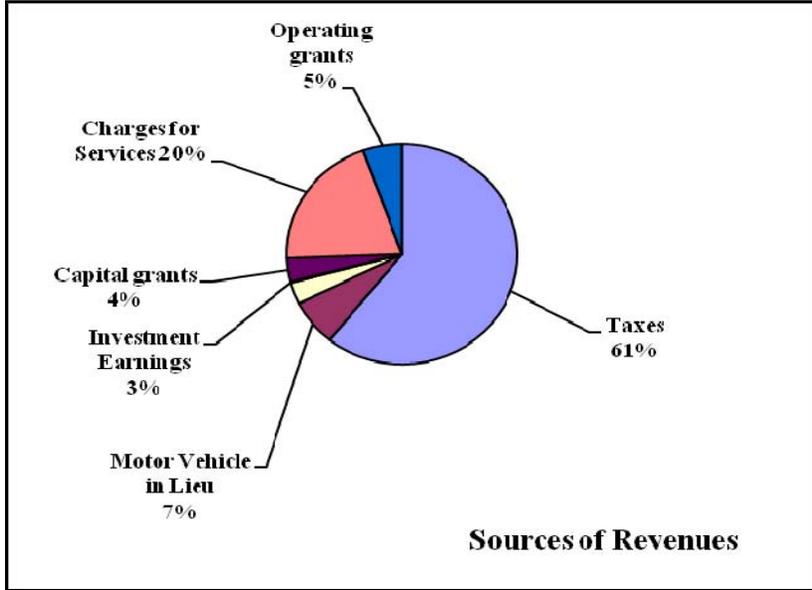
**Table 2  
Governmental Net Position at June 30, 2014**

	Governmental Activities		
	2014	2013	Net Change
Cash and investments	\$8,996,805	\$22,350,570	(\$13,353,765)
Other assets	12,554,752	20,723,606	(8,168,854)
Capital assets	36,392,893	36,033,611	359,282
<b>Total assets</b>	<b>57,944,450</b>	<b>79,107,787</b>	<b>(21,163,337)</b>
Long-term debt outstanding	18,354,674	16,494,433	1,860,241
Other liabilities	3,199,732	3,465,547	(265,815)
<b>Total liabilities</b>	<b>21,554,406</b>	<b>19,959,980</b>	<b>1,594,426</b>
Net position:			
Net investment of capital assets	36,296,765	35,773,981	522,784
Restricted	2,591,393	11,530,930	(8,939,537)
Unrestricted	(2,498,114)	11,842,896	(14,341,010)
<b>Total net position</b>	<b>\$ 36,390,044</b>	<b>\$ 59,147,807</b>	<b>\$ (22,757,763)</b>

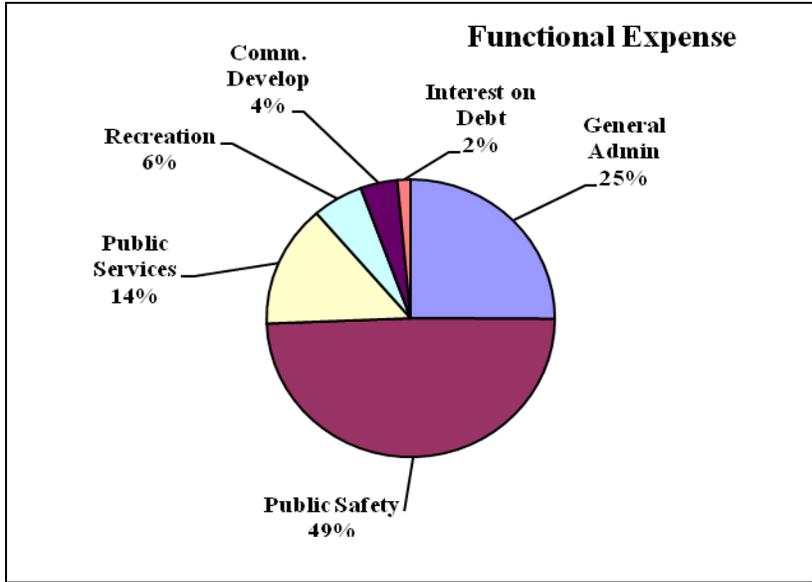
The City's net position for Governmental Activities decreased \$22.8 million in 2014. This decrease in the Change in Net Position is reflected in the Statement of Activities shown in Table 2, and is explained below:

- Cash and investments decreased \$13.4 million primarily reflecting a reduction in "Cash with Fiscal Agents" transferred to the Redevelopment Successor Agency (non-entity Private Purpose Trust) based on adverse resolution of Redevelopment Dissolution (Asset Transfer) litigation.
- Other assets decreased \$8.2 million reflecting a reduction in "Land held for redevelopment" transferred to the Redevelopment Successor Agency (non-entity Private Purpose Trust) based on adverse resolution of Redevelopment Dissolution (Asset Transfer) litigation.
- Capital assets increased \$0.4 million reflecting the capitalization of infrastructure renovations for City Streets and Roadways.
- Long-term debt was increased by an additional \$1.8 million, due to the combined effect of current year retirement (\$0.3 million) of pension obligation bonds and accrued compensated absences, offset by an additional (\$2.0 million) long-term Net Operating Obligation ("NOO") for unfunded actuarial accrued post employment health care liabilities (OPEB) as prescribed by GASB-45 reporting requirements (as described in Note 10), coupled with a net increase in capital lease obligations (related to the acquisition of new equipment for the Fire Department).
- Net position decreased (\$22.7 million) in 2014. Unrestricted net position is reported in the negative amount of \$2.5 million.

**Fiscal Year 2014 Government Activities**  
(See Table 3)



As the Sources of Revenue Chart shows, \$11,365,297, or 61% of the City's 2014 revenue, came from taxes. Another \$1,270,231 (7% of the total) came from Motor Vehicle licensing fees. Charges for services accounted for \$3,757,781 or 20% of revenues. Miscellaneous revenues (including investment earnings) accounted for 3% of the total, and grant revenues for the year of 9% amounted to \$1,667,223.



The Functional Expense Chart includes current year expenses, which are discussed in detail below. It does not include capital outlays. In fiscal 2014, Public Safety is the largest program single expenditure category at \$9,281,460 (49%), followed by General Administration \$4,718,160 (25%). All other activities accounted for the remaining 26%.

The Statement of Activities presents program revenues and expenses and general revenues in detail. All these are elements in the Changes in Governmental Net Position summarized below.

**Table 3**  
**Changes in Governmental Net Position**

	Governmental Activities		
	2014	2013	Net Change
<b>Expenses</b>			
General Administration	\$ 4,718,160	\$ 5,996,378	\$ (1,278,218)
Public Safety	9,281,460	8,855,816	425,644
Public Services	2,685,493	1,488,713	1,196,780
Recreation	1,074,585	1,467,915	(393,330)
Community Development	779,147	654,535	124,612
Interest on Long Term Debt	280,173	149,097	131,076
Total expenses	18,819,018	18,612,454	206,564
<b>Revenues</b>			
Program revenues:			
Charges for services	3,757,781	2,906,233	851,548
Operating contributions and grants	1,026,339	948,062	78,277
Capital grants	640,884	755,433	(114,549)
Total program revenue	5,425,004	4,609,728	815,276
General revenues:			
Taxes	11,365,297	10,373,826	991,471
Motor Vehicle In Lieu	1,270,231	1,216,612	53,619
Investment Earnings	595,808	113,723	482,085
Miscellaneous	34,679	411,475	(376,796)
Other Sources	4,512		4,512
Total general revenues	13,270,527	12,115,636	1,154,891
Total revenues	18,695,531	16,725,364	1,970,167
Extraordinary Loss(Note-17)	(22,634,276)		(22,634,276)
<b>Change in net position</b>	<b>\$ (22,757,763)</b>	<b>\$ (1,887,090)</b>	<b>\$ (20,870,673)</b>

Expenses increased \$0.2 million in fiscal 2014 reflecting an increase in overall program expenditures, resulting from an increase in Public Safety staffing in the Fire Department and across the board increases in employment benefit costs related to retirement and health insurance programs for all City employees. Program revenues increased (\$0.8 million) due to fee increases for all programs and activities. General revenues increased (\$1.2 million), primarily due to increases in property taxes (\$0.6 million, reflecting the implementation of "return to source/pass through" allocations of residual pledged tax revenues from the Successor Agency, coupled with an increase in sales taxes (\$0.4 million, reflecting continued economic recovery of retail sales following the last [2008] recession). Additionally, there was an "Extraordinary Loss" reported, reflecting the adverse fiscal impact (\$22.6 million) of the transfer of residual redevelopment assets (residual "cash" and real estate "land held for resale/development") which had been the subject of a legal dispute between the City and the State of California.

Table 4 presents the net cost of each of the City's Governmental Activity programs: general administration; public safety; public services; recreation, community development and interest on long-term debt. Net cost is defined as total program cost less the revenues generated by those specific activities.

**Table 4  
Governmental Activities**

	Net (Expense) Revenue		Net Change (Incr)/ Decr
	From Services		
	2014	2013	
General Administration	\$ (4,215,916)	\$ (5,709,506)	\$ 1,493,590
Public Safety	(7,704,951)	(7,959,128)	254,177
Public Services	(1,156,193)	(247,823)	(908,370)
Recreation	214,925	(366,154)	581,079
Community Development	(251,706)	428,982	(680,688)
Interest on Long Term Debt	(280,173)	(149,097)	(131,076)
<b>Totals</b>	<b>\$ (13,394,014)</b>	<b>\$ (14,002,726)</b>	<b>\$ 608,712</b>

Public Safety program activities net expense decreased in 2014, reflecting initial implementation of a Firefighting operating grant (Staffing for Adequate Fire and Emergency Response / SAFER), coupled with capital equipment grants for hose replacement. Net expense for Public Services increased substantially primarily due to the completion of a major roadway capital project (Simas Avenue Overlay Phase-III) in 2014 (which was funded with tax revenues accumulated in prior fiscal periods). Net expense for Recreation programs decreased from the previous operating period and management has achieved the budgetary goal of "full cost recovery funding." Community Development net Expense increased in response to a significant reduction in building permit and development fee collections generated by major commercial real estate renovation projects.

***Business-type Activities***

The City's sole business activity is the operation of its Enterprise Fund for the Water Pollution Control Plant (WPCP), which accounts for the collection, treatment and disposal of wastewater generated by city residents and businesses. The operation and maintenance of the City's Wastewater Treatment Plant and Collection System should be a self-supporting enterprise that is paid for by monthly service charges to all residential and commercial users. The focus on business-type funds is a cost of service measurement, including maintenance of capital (depreciation of assets used for the activity), which is reflected in the return on ending net position reported in Table 5.

In June 2009, the City Council adopted Resolution Number 2009-77 that authorized a significant increase in service fees effective for the three fiscal years beginning 2009-10 and ending 2011-12. The rate structure is based on the concept of an equivalent dwelling unit for residential users, and is based on flow usage and business classes for commercial users. These user fees are collected by the Contra Costa County Tax Collector at the same time (and in the same manner) as are ad valorem property taxes and voter approved bond assessments. In 2014, charges were enrolled for 5,414 users in the amount of \$4,200,623. The City of Pinole will be financing its share of a major facilities renovation project to upgrade the WPCP through financing a 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) scheduled rate increases over a five year period, beginning in July of 2013. The 2<sup>nd</sup> rate increase of 5% became effective on July 1, 2014. The 2014 monthly rate for single family residents was \$54.10 and increased to \$56.74 for FY 2015.

Table 5 documents the fiscal improvement of the Sewer Enterprise Activity. Notably, the net results of operations now generate financial returns on assets that are meaningful and sustainable. The enterprise now maintains a sound financial condition with anticipated revenues exceeding budgeted expenditures for operations. The activity has a positive fiscal outlook. The greatest challenge facing this program is the funding of sewage treatment facility upgrades as required by the current environmental discharge permit.

**Table 5**  
**Business-type Activities at June 30**

	2010	2011	2012	2013	2014
Other Assets	\$ 2,671,345	\$ 3,558,124	\$ 4,678,668	\$ 6,170,142	\$ 7,372,897
Capital Assets	19,922,367	19,534,432	18,864,118	18,271,860	18,926,003
<b>Total assets</b>	22,593,712	23,092,556	23,542,786	24,442,002	26,298,900
Other liabilities	431,014	587,900	311,064	351,907	677,252
Long-term liabilities	10,325,979	10,353,383	10,391,724	10,491,810	10,495,334
<b>Total liabilities</b>	10,756,993	10,941,283	10,702,788	10,843,717	11,172,586
Net investment of capital assets	10,112,367	10,302,367	9,444,118	9,051,860	9,921,073
Unrestricted net position	1,724,352	1,848,906	3,395,880	4,546,425	5,205,241
<b>Total net position</b>	\$ 11,836,719	\$ 12,151,273	\$ 12,839,998	\$ 13,598,285	\$ 15,126,314
Change in Net Position	\$(709,276)	\$ 314,554	\$ 688,725	\$ 758,287	\$ 1,528,029
Return on Ending Total Assets	-3.1%	1.4%	2.9%	3.1%	5.8%
Return on Ending Net Position	-6.0%	2.6%	5.4%	5.6%	10.1%

The increase (\$1.5 million) in net position during 2014 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 Wastewater Treatment 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 2015.

Table 6 (below) summarizes activity and balances for Business-type funds:

The increase (\$769,742) in program revenues reflects the combination of a decrease in operating expenses (reflecting a reduction in the cost of unanticipated emergency repairs for equipment at the Water Pollution Control Plant), coupled with an increase in User Fees. Additional future User Fee increases were approved for Pinole ratepayers in the Spring of 2013, as additional funding will be required for the financing of the significant renovations to the capital improvements at the Wastewater Treatment Plant.

**Table 6**  
**Changes in Business-type Net Position**

	Business-type Activities		
	2014	2013	Net Change
<b>Expenses</b>			
Wastewater utility	\$ (4,859,118)	\$ (5,427,396)	\$ 568,278
Total expenses	(4,859,118)	(5,427,396)	568,278
<b>Revenues</b>			
Program revenues:			
Charges for services	6,473,147	6,179,798	293,349
Operating contributions and grants	-	-	-
Capital grants	-	-	-
Total program revenue	6,473,147	6,179,798	293,349
General revenues:			
Investment Earnings	(11,231)	5,885	(17,116)
Transfers	-	-	-
Total general revenues	(11,231)	5,885	(17,116)
Total revenues	6,461,916	6,185,683	276,233
Prior period restatement	(74,769)		(74,769)
<b>Change in net position</b>	<b>\$ 1,528,029</b>	<b>\$ 758,287</b>	<b>\$ 769,742</b>

**The City's Fund Financial Statements**

Table 7 below summarizes activity and balances for Governmental funds:

**Table 7**  
**Financial Highlights Governmental Funds at June 30**

			Net Change
	2014	2013	Incr /(Decr)
Total assets	\$ 19,422,308	\$ 40,949,660	\$ (21,527,352)
Total liabilities	\$ 3,973,790	\$ 4,570,946	\$ (597,156)
Total fund balances	\$ 15,431,022	\$ 36,378,714	\$ (20,947,692)
Total revenues	\$ 18,799,039	\$ 16,763,174	\$ 2,035,865
Total expenditures	\$ 17,577,014	\$ 17,062,066	\$ 514,948
Total other financing sources (uses)	\$ 464,559	\$ (298,892)	\$ 763,451
Extraordinary item	\$ (22,634,276)	\$ -	\$ (22,634,276)

At June 30, 2014, the City's governmental funds reported combined fund balances of \$15,431,022, which is a significant reduction, when compared to the prior (2013) year. Fund Balance for the General Fund decreased by \$20.3 million, primarily reflecting 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). Additionally, Fund Balances for all "Other Governmental Funds" decreased by \$0.65 million, reflecting expenditures in excess of current period revenue collections (resulting in the use of funding resources accumulated in previous reporting periods).

The reported Extraordinary item reflects the impact of the transfer of assets to the Redevelopment Successor Agency following an adverse judicial ruling (May 2014), as described above and in Footnote-17 of the Financial Statements. Briefly, in a previous reporting period, commercial real estate assets (in the amount of \$27.9 million) held for redevelopment and resale by the Redevelopment Agency were transferred to the City for disposition and/or future economic development. Pursuant to the legislative mandates of the Redevelopment Dissolution Process (ABx1-26, Statutes of 2011), the State Controller completed (December 2012) a review of the asset transfers and ordered the non-housing components of the previous (February 2011) real estate property transfers be reversed and the non-housing properties transferred to the *Successor Agency* (Private Purpose Trust) for disposal with any sale proceeds returned to Affected Taxing Entities (*ATE's* are other local property tax jurisdictions). The City rejected the State Controller's Order on the basis of a legal proceeding 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 has decided not to Appeal the Court Decision in this matter.

As of June 30, 2014, the reported "cash with fiscal agents" (\$6.0 million) reflects the residual balance of the construction defect account held for repair of the City's premier Affordable Housing Project (the Pinole Senior Village Assisted Living facility).

### ***Analysis of Major Governmental Funds***

#### **General Fund**

General Fund revenues increased (\$779,606) this fiscal year. This reflects the effect of a continuing improvement in the collections of property tax revenues.

A significant increase (\$650,407) in Property Tax revenue collections is reported, reflecting the combined impact of the allocation of a 19% share of return to source (additional) property tax revenues (formerly restricted to redevelopment program activities), and the initial recovery of local property assessments. The distribution of these residual property tax revenues demonstrate that only about 65% of the debt service funding capacity of the former Pinole Redevelopment Agency, was committed/secured as pledge revenue to debt, at the time of dissolution (02/01/2012).

Stabilization of Sales Tax revenue collections (\$5.2 million) is also reported, reflecting a sustained recovery of taxes generated by the City's two (2) regional shopping centers (Pinole Valley and Pinole Vista). Additional retail sales, primarily reflect the opening of new businesses (both restaurants and general consumer goods) into commercial leased space that became vacant as a result of the last (2008) Economic Recession.

These improvements in the local tax base are offset by continued erosion (\$95,402) in Utility User (UUT) tax collections. The downward trend in UUT revenues reflects the impacts of "technological bypass," wherein traditional telecommunication services (local switching exchanges) are being replaced with tax exempt internet services (Voiceover Internet Communication Protocols). This tax revenue has declined by \$270,100, from a high of \$2,150,325 to \$1,880,224, over the past five (5) operating periods (reference *General Fund Tax Revenues by Source* [Page 97] in the Statistical Section of this document).

General Fund expenditures increased \$877,140, reflecting the effect of continuation of employee cost sharing for retirement and health insurance benefit programs (for all city employees), coupled with an increase in equipment expenditures (capital lease for replacement Fire Department Apparatus).

The implementation of expenditure cost containment coupled with improved revenue collections generated positive Net Results of Operations for the General Fund at year-end improving similar to the overall financial performance reported in the two (2) previous (2012 and 2013) fiscal years. The residual surplus of \$978,407 reflects the combined effect of the increase in revenues offset by an increase in expenditures.

As reported in Note-17, in a previous reporting period (2011), 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 06/30/2014 was \$2,331,700.

### **Other Governmental Funds**

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

This year, through amendment of the City's Solid Waste Collection and Disposal Franchise Agreement a new Special Revenue fund was created to account for the receipt of user fees charged and collected for solid waste projects and activities related to refuse disposal and "collection fee" rate stabilization. This fee is in addition to AB-939 Solid Waste Source Reduction fees previously established by statewide legislation. Additionally, another Special Revenue fund was created this year to account for the receipt and expenditure of "pre-development" project costs related to commercial property land entitlements for real property zoned for commercial and industrial uses.

Prior to dissolution of the Redevelopment Agency the Housing Set-Aside Fund was used to account for a portion of property tax revenue required under California law to be set aside to fund low and moderate-income housing program expenditures. This statutory allocation has been suspended. Residential and 1<sup>st</sup> time homebuyer loan programs for low and moderate-income residents and similar loans to non-profit corporations developing such housing are now accounted for in restricted Housing Program accounts, as a separate Special Revenue Fund. Additionally, the residual proceeds of a successful construction defect lawsuit related to the Pinole Assisted Living Center, are accounted for in this Housing Programs fund. At 06/30/2014, the amount held in segregated account for facility repairs was \$6.0 million.

Principal payments and in many cases interest payments on low and moderate income housing loans are generally deferred until the property is sold or re-financed, and are not considered revenues until they are received. Principal and interest on loans to non-profit developers of such properties typically are at below-market rates and payments are deferred for considerable periods of years to assist these non-profit organizations in their efforts to develop such housing. Often borrowings by the non-profit developers are forgiven upon the expiration of the "below-market rate" restrictions. All these loans are secured by deeds of trust on the underlying property, and if the facilities constructed with these loans are not used for the purposes intended, the loans become due and payable immediately. The balance of outstanding loans is recorded as a receivable, with an offsetting credit for that portion of the loans that have subordination provisions resulting in extended deferral of debt payments. At the end of fiscal 2014, the outstanding balances of such loans were \$26,926,627, against which a subordination allowance of \$26,909,132 has been established (as described in Note 3).

## ***Proprietary Fund***

### **Wastewater Utility**

Net position of the Wastewater Utility Fund increased by the amount \$1,528,029 in the current year to a total of \$15,126,314. Operating income for the current year was \$6,473,147, as revenues increased \$293,349 (primarily reflecting an increase in Sewer Use Fees by customers) while expenditures decreased \$553,399 (primarily reflecting the absence of significant unanticipated emergency repairs at the Water Pollution Control Plant, as was the case in the prior year) to a total of \$4,441,006.

The Fund's Net Position comprised \$9,921,073 of net investment of capital assets and \$5,205,241 in unrestricted net position at June 30, 2014. The improvement in unrestricted net position validates the City Council's decision (in June 2009) to increase user fees effective beginning July 1, 2009. 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.

### **CAPITAL ASSETS**

GASB 34 requires the City to record all its capital assets including infrastructure. Infrastructure includes: roads, bridges, signals and similar assets used by the entire population. In fiscal 2002, the City recorded the cost of those infrastructure assets listed below, and computed the amount of accumulated depreciation for all its capital assets.

At the end of fiscal 2014 the cost of infrastructure and other capital assets recorded on the City's financial statements was as shown in Table 8 below:

**Table 8**  
**Capital Assets at Year-end**

	<u>2014</u>	<u>2013</u>	<u>Net Change</u>
<b><i>Governmental Activities</i></b>			
Land (and Construction-in-progress)	\$ 6,846,727	\$ 7,920,416	\$ (1,073,689)
Buildings & Improvements	15,437,809	13,728,882	1,708,927
Equipment	4,523,107	4,517,981	5,126
Vehicles	2,390,375	2,474,954	(84,579)
Streets & Roads	50,130,106	49,086,264	1,043,842
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	(51,302,438)	(50,062,093)	(1,240,345)
<b>Totals</b>	<b><u>\$ 36,392,893</u></b>	<b><u>\$ 36,033,611</u></b>	<b><u>\$ 359,282</u></b>
<b><i>Business-type activities</i></b>			
Construction in Progress	\$ 1,357,895	\$ 61,543	\$ 1,296,352
Sewer Lines	7,650,185	7,650,185	0
Buildings & Improvements	20,490,356	20,480,348	10,008
Equipment	4,086,157	4,081,432	4,725
Less accumulated depreciation	(14,658,590)	(14,001,648)	(656,942)
<b>Totals</b>	<b><u>\$ 18,926,003</u></b>	<b><u>\$ 18,271,860</u></b>	<b><u>\$ 654,143</u></b>

The value for the capital assets used for Governmental Activities increased from the prior year, reflecting the completion of capital facility projects related to roadway renovation, energy conservation (solar energy generation/production) for recreation facilities and completion of Phase-III of construction defect repairs at the Pinole Assisted Living Community (PALC) the city's premier affordable housing project for assisted living for seniors.

The increase reported for capital assets used for Business-type activities reflects the combined effect of value reductions generated by annual depreciation charges offset by final engineering design work related to scheduled renovations and improvements to the sewage treatment plant (Water Pollution Control Plant). The City depreciates all its capital assets over their estimated useful lives, as required by GASB 34. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on capital assets and depreciable lives may be found in Notes 1(G) and 5.

### **DEBT ADMINISTRATION**

Each of the City's debt issues is discussed in detail in Note 7 to the financial statements. In 2012 a significant decline in value of the debt related to Governmental Activities was reported for the transfer of *Enforceable Obligation* liabilities (Tax Anticipation Bonds issued by the City's former Redevelopment Agency) pursuant to the provisions of Redevelopment Dissolution Legislation (ABx1-26, Statutes of 2011) enacted in June 2011, and are now accounted for in a *Successor Agency* fiduciary fund (Private Purpose Trust). At June 30, 2014 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:

**Table 9  
Outstanding Debt**

<b>Governmental Activity Debt:</b>	Balance	Balance	Net Change
	June 30, 2014	June 30, 2013	
Pension Obligation bonds	\$ 4,478,466	\$ 4,750,189	\$ (271,723)
Mortgage payable			-
Compensated Absences	629,136	650,157	(21,021)
Capital Lease Obligations	608,209	259,630	348,579
<b>Total Debt</b>	<b>\$ 5,715,811</b>	<b>\$ 5,659,976</b>	<b>\$ 55,835</b>

### **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 iv-v). The most significant financial initiatives facing the City are, as follows:

- Successor 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 has 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.

#### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This Comprehensive Annual Financial Report is intended to provide residents, ratepayers, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this Report should be directed to the Finance Department, at 2131 Pear Street, Pinole, CA 94564.

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## STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

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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 the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Position presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the City's net position, by subtracting total liabilities from total assets.

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 format of the Statement of Activities differs considerably from those used in the past. It 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, 2014**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Cash and investments (Note 2)	\$ 3,014,813	\$ 6,098,010	\$ 9,112,823
Cash and investments with fiscal agents (Note 2)	5,981,992	651,023	6,633,015
Receivables:			
Accounts	2,412,247	391,995	2,804,242
Interest	-	1	1
Notes and loans, net of allowance of \$26,909,132 (Note 3)	17,495	-	17,495
Prepaid items	289,157	27	289,184
Bond insurance costs	49,280	231,841	281,121
Net pension asset (Note 7)	2,903,605	-	2,903,605
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	6,846,727	1,357,894	8,204,621
Other capital assets, net of depreciation	<u>29,546,166</u>	<u>17,568,109</u>	<u>47,114,275</u>
Total capital assets	<u>36,392,893</u>	<u>18,926,003</u>	<u>55,318,896</u>
<b>Total Assets</b>	<b><u>\$ 57,944,450</u></b>	<b><u>\$ 26,298,900</u></b>	<b><u>\$ 84,243,350</u></b>
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued liabilities	\$ 804,664	\$ 677,252	\$ 1,481,916
Deposits	13,790	-	13,790
Advances from private-purpose trust fund (Note 6)	2,331,700	-	2,331,700
Long-term liabilities (Note 7):			
Due within one year	490,471	243,031	733,502
Due in more than one year	5,225,340	8,839,098	14,064,438
Claims payable (Note 12)			
Due within one year	49,578	-	49,578
Net OPEB Obligation (Note 10)			
Due in more than one year	<u>12,638,863</u>	<u>1,413,205</u>	<u>14,052,068</u>
<b>Total Liabilities</b>	<u>21,554,406</u>	<u>11,172,586</u>	<u>32,726,992</u>
<b><u>NET POSITION</u></b>			
Net investment of capital assets	36,296,765	9,921,073	46,217,838
Restricted for:			
Debt service	-	-	-
Housing activities	2,591,393	-	2,591,393
Unrestricted	<u>(2,498,114)</u>	<u>5,205,241</u>	<u>2,707,127</u>
<b>Total Net Position</b>	<u>36,390,044</u>	<u>15,126,314</u>	<u>51,516,358</u>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 57,944,450</u></b>	<b><u>\$ 26,298,900</u></b>	<b><u>\$ 84,243,350</u></b>

See accompanying notes to the basic financial statements.

**CITY OF PINOLE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<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>	
<b>PRIMARY GOVERNMENT</b>							
Governmental activities:							
General government	\$ 4,718,160	\$ 502,094	\$ 150	\$ -	\$ (4,215,916)	\$ -	\$ (4,215,916)
Public safety	9,281,461	586,131	932,407	57,971	(7,704,952)	-	(7,704,952)
Public services	2,685,493	946,387	-	582,913	(1,156,193)	-	(1,156,193)
Recreation	1,074,585	1,195,728	93,782	-	214,925	-	214,925
Community development	779,147	527,441	-	-	(251,706)	-	(251,706)
Interest and fiscal charges	280,173	-	-	-	(280,173)	-	(280,173)
Total governmental activities	<u>18,819,019</u>	<u>3,757,781</u>	<u>1,026,339</u>	<u>640,884</u>	<u>(13,394,015)</u>	<u>-</u>	<u>(13,394,015)</u>
Business-type activities:							
Wastewater utility	<u>4,859,118</u>	<u>6,473,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,614,029</u>	<u>1,614,029</u>
Total primary government	<u>\$ 23,678,137</u>	<u>\$ 10,230,928</u>	<u>\$ 1,026,339</u>	<u>\$ 640,884</u>	<u>\$ (13,394,015)</u>	<u>\$ 1,614,029</u>	<u>\$ (11,779,986)</u>
General revenues:							
Taxes:							
Property taxes					2,732,741	-	2,732,741
Sales taxes					5,164,841	-	5,164,841
Franchise taxes					667,030	-	667,030
Utility taxes					1,880,224	-	1,880,224
Transient occupancy tax					302,329	-	302,329
Gas tax					618,132	-	618,132
Unrestricted motor vehicle in lieu					1,270,231	-	1,270,231
Investment earnings					595,808	(11,231)	584,577
Miscellaneous					34,679	-	34,679
Gain on sale of equipment					4,512	-	4,512
Total general revenues and transfers					<u>13,270,527</u>	<u>(11,231)</u>	<u>13,259,296</u>
Extraordinary item - Redevelopment dissolution (Note 17)					(22,634,276)	-	(22,634,276)
Change in net position					(22,757,764)	1,602,798	(21,154,966)
Net position - beginning					59,147,807	13,598,285	72,746,092
Prior period restatement (Note 16)					-	(74,769)	(74,769)
Net position - beginning, restated					<u>59,147,807</u>	<u>13,523,516</u>	<u>72,671,323</u>
Net position - ending					<u>\$ 36,390,043</u>	<u>\$ 15,126,314</u>	<u>\$ 51,516,357</u>

See accompanying notes to the basic financial statements.

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## GOVERNMENTAL FUND FINANCIAL STATEMENTS

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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 2014. 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, 2014**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 1,498,100	\$ 1,516,713	\$ 3,014,813
Cash and investments with fiscal agents	-	5,981,992	5,981,992
Receivables:			
Accounts	1,042,931	1,369,316	2,412,247
Notes and loans	-	17,495	17,495
Due from other funds	265,899	557,737	823,636
Due from private-purpose trust fund	-	4,291,575	4,291,575
Prepaid items and supplies	289,157	-	289,157
Land held for redevelopment	-	<u>2,591,393</u>	<u>2,591,393</u>
Total Assets	<u>\$ 3,096,087</u>	<u>\$ 16,326,221</u>	<u>\$ 19,422,308</u>
<b><u>LIABILITIES</u></b>			
LIABILITIES:			
Accounts payable and accrued liabilities	\$ 606,705	\$ 197,959	\$ 804,664
Deposits payable	-	13,790	13,790
Due to other funds	161,346	662,290	823,636
Advances to private-purpose trust fund	<u>2,331,700</u>	<u>-</u>	<u>2,331,700</u>
Total Liabilities	<u>3,099,751</u>	<u>874,039</u>	<u>3,973,790</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred inflow of resources	-	17,496	17,496
<b>FUND BALANCES</b>			
Nonspendable	11,157	2,591,393	2,602,550
Restricted	-	15,103,453	15,103,453
Assigned	-	758,241	758,241
Unassigned	<u>(14,821)</u>	<u>(3,018,401)</u>	<u>(3,033,222)</u>
Total Fund Balances	<u>(3,664)</u>	<u>15,434,686</u>	<u>15,431,022</u>
Total Liabilities, Deferred inflows of resources, and Fund Balances	<u>\$ 3,096,087</u>	<u>\$ 16,326,221</u>	<u>\$ 19,422,308</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, 2014**

Total fund balances reported on the governmental funds balance sheet	\$ 15,431,022
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 \$51,302,438	36,392,893
Revenues which are deferred on the Fund Balance Sheet because they are not available currently are taken into revenue in the Statement of Activities	17,496
Prepaid bond issuance costs are not capitalized and are therefore not reported in the Governmental Funds	49,280
Net pension asset is not capitalized and is therefore not reported in the Governmental Funds	2,903,605
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(4,478,466)
Capital lease obligations payable	(608,209)
Compensated absences	(629,136)
Net OPEB obligation	(12,638,863)
Claims payable	<u>(49,578)</u>
Net position of governmental activities	<u>\$ 36,390,044</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, 2014**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES</u></b>			
Taxes and assessments	\$ 10,747,165	\$ 709,547	\$ 11,456,712
Intergovernmental	1,350,069	2,076,859	3,426,928
Loan repayments	-	108,021	108,021
Contributions	250	93,782	94,032
Investment earnings	247,709	348,099	595,808
Rents and ground leases	98,669	174,766	273,435
Charges for service	790,618	1,855,038	2,645,656
Fines, forfeitures and penalties	60,734	-	60,734
Other revenues	<u>63,210</u>	<u>74,503</u>	<u>137,713</u>
Total Revenues	<u>13,358,424</u>	<u>5,440,615</u>	<u>18,799,039</u>
<b><u>EXPENDITURES</u></b>			
Current operations:			
General administration	2,232,071	274,807	2,506,878
Public safety	8,324,429	881,964	9,206,393
Public services	664,878	1,158,050	1,822,928
Recreation	47	1,038,525	1,038,572
Community development	-	742,413	742,413
Debt service:			
Principal	381,144	-	381,144
Interest and fiscal charges	280,173	-	280,173
Capital outlay	<u>497,275</u>	<u>1,101,238</u>	<u>1,598,513</u>
Total Expenditures	<u>12,380,017</u>	<u>5,196,997</u>	<u>17,577,014</u>
Excess (deficiency) of revenues over expenditures	<u>978,407</u>	<u>243,618</u>	<u>1,222,025</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Proceeds from capital lease	458,000	-	458,000
Proceeds from sale of property	6,559	-	6,559
Transfers in	207,775	48,916	256,691
Transfers out	<u>(48,916)</u>	<u>(207,775)</u>	<u>(256,691)</u>
Total other financing sources (uses)	<u>623,418</u>	<u>(158,859)</u>	<u>464,559</u>
<b><u>EXTRAORDINARY ITEM</u></b>			
Redevelopment Dissolution (Note 17)	<u>(21,899,748)</u>	<u>(734,528)</u>	<u>(22,634,276)</u>
Net change in fund balances	(20,297,923)	(649,769)	(20,947,692)
Fund balances - beginning	<u>20,294,259</u>	<u>16,084,455</u>	<u>36,378,714</u>
Fund balances - ending	<u>\$ (3,664)</u>	<u>\$ 15,434,686</u>	<u>\$ 15,431,022</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, 2014**

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	\$ (20,947,692)
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	1,720,235
Depreciation expense	(1,358,906)
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.	(2,047)
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	109,421
Bond principal payments	271,723
Issuance of debt issues are an other financing source in governmental funds, but an increase in long-term liabilities in the Statement of Net Position	
Proceeds from capital lease	(458,000)
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	(108,021)
Loans made during the year	1,092,839
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	21,021
Net OPEB obligation	(1,804,406)
Claims payable	(8,417)
Provision for notes receivable	(1,092,844)
Net Pension Asset amortization expense	<u>(192,670)</u>
 Change in net position of governmental activities	 <u>\$ (22,757,764)</u>

See accompanying notes to the basic financial statements.

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## PROPRIETARY FUND FINANCIAL STATEMENTS

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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, 2014**

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

**ASSETS**

Current assets:

Cash and investments (Note 2)	\$ 6,098,010
Cash with fiscal agent (Note 2)	651,023
Accounts receivable	391,996
Prepays and supplies	<u>27</u>
<b>Total Current Assets</b>	<b><u>7,141,056</u></b>

Non-current assets:

Prepaid bond insurance costs (net of amortization)	231,841
Capital assets: (Note 5)	
Construction in progress	1,357,894
Sewer lines	7,650,185
Buildings and improvements	20,490,357
Machinery and equipment	4,086,158
Less: Accumulated depreciation	<u>(14,658,591)</u>
Total capital assets net of accumulated depreciation	<u>18,926,003</u>
<b>Total Non-Current Assets</b>	<b><u>19,157,844</u></b>
<b>Total Assets</b>	<b><u>\$ 26,298,900</u></b>

**LIABILITIES**

Current liabilities:

Accounts payable	\$ 635,933
Accrued wages	41,319
Accrued compensated absences - current (Note 7)	13,031
Bonds payable - current (Note 7)	<u>230,000</u>
<b>Total Current Liabilities</b>	<b><u>920,283</u></b>

Long-term liabilities:

Accrued compensated absences (Note 7)	64,098
Net OPEB obligation (Note 10)	1,413,205
Bonds payable (Note 7)	<u>8,775,000</u>
<b>Total Long-term Liabilities</b>	<b><u>10,252,303</u></b>
<b>Total Liabilities</b>	<b><u>11,172,586</u></b>

**NET POSITION:**

Net investment in capital assets	9,051,860
Unrestricted	<u>6,074,454</u>
<b>Total Net Position</b>	<b><u>\$ 15,126,314</u></b>

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, 2014

	<b>Business-type Activities Wastewater Utility Enterprise Fund</b>
<b><u>OPERATING REVENUES</u></b>	
Charges for services	\$ 5,676,773
Other	<u>796,374</u>
<b>Total Operating Revenue</b>	<b><u>6,473,147</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Sewer treatment plant	2,650,720
Sewer maintenance	1,131,492
Depreciation	<u>658,794</u>
<b>Total Operating Expenses</b>	<b><u>4,441,006</u></b>
<b>Operating Income</b>	<b><u>2,032,141</u></b>
<b><u>NON-OPERATING REVENUE AND EXPENSES</u></b>	
Investment earnings	(11,231)
Interest expense	<u>(418,112)</u>
<b>Total Non-Operating Revenues and Expenses</b>	<b><u>(429,343)</u></b>
<b>Change in net position</b>	<b>1,602,798</b>
<b>Total Net Position - Beginning of Year</b>	<b><u>13,598,285</u></b>
<b>Prior Period Adjustment</b>	<b><u>(74,769)</u></b>
<b>Total Net Position - Beginning of Year (Restated)</b>	<b><u>13,523,516</u></b>
<b>Total Net Position - End of Year</b>	<b><u>\$ 15,126,314</u></b>

See accompanying notes to the basic financial statements.

**CITY OF PINOLE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u><b>Business-type Activities Wastewater Utility Enterprise Fund</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 6,458,430
Cash paid to suppliers	(2,305,893)
Cash paid to employees	<u>(900,812)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>3,251,725</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(1,312,936)
Principal paid on capital debt	(215,000)
Interest paid on capital debt	<u>(418,112)</u>
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(1,946,048)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends	<u>(11,231)</u>
<b>Net Cash Used by Investing Activities</b>	<u>(11,231)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	1,294,446
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>5,454,587</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 6,749,033</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating Income	\$ 2,032,141
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	658,794
Amortization of bond issuance costs	99,572
Changes in assets and liabilities:	
Increase in accounts receivable	(14,717)
Increase in prepaid	(68,034)
Increase in accounts payable	321,701
Increase in accrued wages	3,744
Increase in net OPEB obligation	216,588
Increase in compensated absences	<u>1,936</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 3,251,725</u>

See accompanying notes to the basic financial statements.

**CITY OF PINOLE**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Private- Purpose Trust Fund</b>	<b>Agency Funds</b>
<b><u>ASSETS</u></b>		
Cash and cash equivalents (Note 2)	\$ 14,461,600	\$ 72,544
Cash and investments with fiscal agents (Note 2)	3,149,784	-
Accounts receivables	12,774	-
Notes receivable, net	1,216,317	-
Due from City	2,331,700	-
Land held for redevelopment	9,358,202	-
Capital assets, net of accumulated depreciation	13,827,848	-
Debt issuance costs (net of amortization)	679,630	-
Total Assets	\$ 45,037,855	\$ 72,544
<b><u>LIABILITIES</u></b>		
Accounts payable	\$ 6,316	\$ -
Deposits in trust	-	72,544
Due to City	4,291,575	-
Interest Payable	804,462	-
Notes payable	516,289	-
Bonds payable	39,295,000	-
Total Liabilities	44,913,642	72,544
<b><u>NET POSITION</u></b>		
Held in trust for private purposes	\$ 124,213	\$ -

See accompanying notes to the basic financial statements.

**CITY OF PINOLE**  
**STATEMENT OF CHANGES**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Private- Purpose Trust Fund</u>
<b><u>ADDITIONS</u></b>	
Property Taxes	\$ 4,971,158
Investment Earnings	125,975
Other Revenues	<u>23,173,876</u>
Total Additions	<u>28,271,009</u>
<b><u>DEDUCTIONS</u></b>	
Operating costs	843,917
Debt Interest	<u>2,035,582</u>
Total Deductions	<u>2,879,499</u>
Extraordinary loss due to dissolution of redevelopment agency (Note 17)	<u>(4,880,758)</u>
<b>Change in Net Position</b>	20,510,752
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>(16,955,022)</u>
<b>Prior Period Adjustment (Note 16)</b>	<u>(3,431,517)</u>
<b>NET POSITION - BEGINNING OF YEAR (RESTATED)</b>	<u>(20,386,539)</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 124,213</u>

See accompanying notes to the basic financial statements.

**CITY OF PINOLE**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014

**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, 2014 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, 2014, 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, 2014

**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, 2014

**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, 2014

**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, 2014 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, 2014

**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, 2014, 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 \$281,121. 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, 2014 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, 2014

**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.

**CITY OF PINOLE**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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".

*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.

**CITY OF PINOLE**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**O. Implementation of Government Accounting Standards Board Statements**

Effective July 1, 2013, the City implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 65

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. Implementation of this standard resulted in a prior period adjustment. See Note 16.

Government Accounting Standards Board Statement No. 66

In March 2012, GASB issued Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Implementation of this standard did not have a significant impact on the financial statements.

**P. Future Government Accounting Standards Board Statements**

These statements are not effective until July 1, 2014 or later. The City has not determined the effects on the financial statements.

**CITY OF PINOLE**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2014

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Government Accounting Standards Board Statement No. 68

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The 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. 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, 2015.

Government Accounting Standards Board Statement No. 69

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. 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, 2015.

Government Accounting Standards Board Statement No. 70

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. 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, 2015.

**NOTE 2: CASH AND INVESTMENTS**

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Governmental activities	\$ 3,014,813	\$ 5,981,992	\$ 8,996,805
Business-type activities	6,098,010	651,023	6,749,033
Fiduciary activities	<u>14,534,144</u>	<u>3,149,784</u>	<u>17,683,928</u>
Total cash and investments	<u>\$ 23,646,967</u>	<u>\$ 9,782,799</u>	<u>\$ 33,429,766</u>

Cash and investments are carried at fair value as of June 30, 2014 and consist of the following:

Cash in investment pools	\$ 114,243
Deposits with financial institutions	20,077,713
Cash on hand	1,970
Cash and investments held by fiscal agent	
Federal agency securities	1,743,499
Municipal bonds	3,301,269
Corporate notes	1,816,807
Certificates of deposit	2,654,097
Money market mutual funds	<u>3,720,168</u>
Total cash and investments	<u>\$ 33,429,766</u>

**CITY OF PINOLE**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
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

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.

**CITY OF PINOLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

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, 2014:

	Remaining Maturity			Fair Value
	12 months or less	1-5 years	More than 5 years	
Cash in investment pools	\$ 114,243	\$ -	\$ -	\$ 114,243
Cash and investments held by fiscal agent				
Federal agency securities	509,075	1,234,424	-	1,743,499
Municipal bonds	332,562	2,968,707	-	3,301,269
Corporate notes	-	1,816,808	-	1,816,808
Certificates of deposit	101,712	2,552,385	-	2,654,097
Money market mutual funds	<u>3,720,168</u>	<u>-</u>	<u>-</u>	<u>3,720,168</u>
	<u>\$ 4,777,760</u>	<u>\$ 8,572,324</u>	<u>\$ -</u>	<u>\$ 13,350,084</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.

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)	\$ 92,389	N/A			Not rated
CalTrust Investment Pool	21,854	N/A	AAf/S1+		
Cash and investments held by fiscal agent:					
Federal Agency Securities	1,743,499	N/A	AA+	AAA	
Corporate Notes	299,137	N/A	AA	AA2	
Corporate Notes	510,924	N/A	AA-	AA2	
Corporate Notes	166,860	N/A	AA-	A2	
Corporate Notes	252,674	N/A			Not rated
Corporate Notes	265,326	N/A	AA+	A1	
Corporate Notes	163,043	N/A	A	A2	
Corporate Notes	158,844	N/A			Not rated
Certificates of Deposit	2,654,097	N/A			Not rated
Municipal Bonds	1,280,531	N/A	A	AA3	
Municipal Bonds	125,151	N/A	A	BA1	
Municipal Bonds	837,659	N/A	A-	Not rated	
Municipal Bonds	296,811	N/A	A	Not rated	
Municipal Bonds	356,876	N/A	AA	A2	
Municipal Bonds	211,504	N/A	AA	A3	
Municipal Bonds	35,751	N/A	AA-	AA3	
Municipal Bonds	156,986	N/A	AA	Not rated	
Money Market Mutual Funds	<u>3,720,168</u>	N/A			Not rated
	<u>\$ 13,350,084</u>				

**CITY OF PINOLE**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2014

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

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	\$ 1,642,899
Federal National Mortgage Association	Federal agency securities	100,600
State of California	Municipal Bonds	1,280,531

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, 2014, the carrying amount of the City's deposits was \$20,077,713 and bank balances were \$16,911,968, of which \$500,000 was insured.

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.

**CITY OF PINOLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)**

These notes and loans receivable, including interest, comprised the following at June 30, 2014 and are explained in detail below:

	Notes Receivable	Less: Allowance for Doubtful Notes	Total
Housing Rehabilitation	\$ 151,585	\$ (151,585)	\$ -
First Time Home-Buyer	559,175	(541,680)	17,495
Alvarez Court	1,496,337	(1,496,337)	-
Eastbluff Apartment Loan	2,518,572	(2,518,572)	-
Pinole Assisted Living Community	22,200,958	(22,200,958)	-
Total	\$ 26,926,627	\$ (26,909,132)	\$ 17,495

**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 \$151,585 at June 30, 2014.

**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, 2014 was \$559,175.

**C. 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, 2014, the total outstanding balance was \$1,496,337.

**D. 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, 2014, the outstanding balance was \$2,518,572.

**CITY OF PINOLE**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)**

**E. 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, 2014, PALC owed the City the following amounts:

Construction cost advances	\$ 18,599,190
Advances for operating expenses	2,604,210
Lease payments	857,002
Emergency services	<u>140,556</u>
	<u>\$ 22,200,958</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.

**F. Allowance for Doubtful Notes**

The Agency 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, 2014.

**NOTE 4: LAND HELD FOR HOUSING**

At June 30, 2014, 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, 2014

**NOTE 5: CAPITAL ASSETS**

	<u>Balance at June 30, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2014</u>
<b>Governmental activities:</b>					
Capital assets not being depreciated					
Land	\$ 6,333,384	\$ -	\$ -	\$ -	\$ 6,333,384
Construction-in-progress	<u>1,587,032</u>	<u>492,560</u>	<u>-</u>	<u>(1,566,249)</u>	<u>513,343</u>
Total capital assets not being depreciated	<u>7,920,416</u>	<u>492,560</u>	<u>-</u>	<u>(1,566,249)</u>	<u>6,846,727</u>
Capital assets being depreciated					
Buildings and improvements	13,728,882	142,678	-	1,566,249	15,437,809
Equipment	4,517,981	14,142	(9,016)	-	4,523,107
Vehicles	2,474,954	27,013	(111,592)	-	2,390,375
Streets and roads	49,086,264	1,043,842	-	-	50,130,106
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>78,175,288</u>	<u>1,227,675</u>	<u>(120,608)</u>	<u>1,566,249</u>	<u>80,848,604</u>
Less accumulated depreciation					
Buildings and improvements	(6,934,360)	(417,876)	-	-	(7,352,236)
Equipment	(3,230,574)	(137,969)	9,016	-	(3,359,527)
Vehicles	(2,250,404)	(48,427)	109,545	-	(2,189,286)
Streets and roads	(32,943,249)	(642,455)	-	-	(33,585,704)
Storm drains	(1,179,143)	(36,888)	-	-	(1,216,031)
Bridges	(1,688,358)	(32,089)	-	-	(1,720,447)
Parks	<u>(1,836,005)</u>	<u>(43,202)</u>	<u>-</u>	<u>-</u>	<u>(1,879,207)</u>
Total accumulated depreciation	<u>(50,062,093)</u>	<u>(1,358,906)</u>	<u>118,561</u>	<u>-</u>	<u>(51,302,438)</u>
Governmental activities capital assets, net	<u>\$ 36,033,611</u>	<u>\$ 361,329</u>	<u>\$ (2,047)</u>	<u>\$ -</u>	<u>\$ 36,392,893</u>
<b>Business-type activities:</b>					
Capital assets not being depreciated					
Construction-in-progress	\$ 61,543	\$ 1,296,352	\$ -	\$ -	\$ 1,357,895
Capital assets being depreciated					
Sewer lines	7,650,185	-	-	-	7,650,185
Buildings and improvements	20,480,348	10,008	-	-	20,490,356
Equipment	<u>4,081,432</u>	<u>6,575</u>	<u>(1,850)</u>	<u>-</u>	<u>4,086,157</u>
Total assets being depreciated	<u>32,211,965</u>	<u>16,583</u>	<u>(1,850)</u>	<u>-</u>	<u>32,226,698</u>
Less accumulated depreciation					
Sewer lines	(3,946,148)	(141,012)	-	-	(4,087,160)
Buildings and improvements	(7,480,906)	(398,399)	-	-	(7,879,305)
Equipment	<u>(2,574,594)</u>	<u>(119,381)</u>	<u>1,850</u>	<u>-</u>	<u>(2,692,125)</u>
Total accumulated depreciation	<u>(14,001,648)</u>	<u>(658,792)</u>	<u>1,850</u>	<u>-</u>	<u>(14,658,590)</u>
Business-type capital assets, net	<u>\$ 18,271,860</u>	<u>\$ 654,143</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,926,003</u>

**CITY OF PINOLE**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2014

**NOTE 5: CAPITAL ASSETS (CONTINUED)**

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

Governmental Activities:	
General administration	\$ 231,015
Public safety	95,123
Public services	951,234
Recreation	40,767
Community development	<u>40,767</u>
Total governmental activities depreciation expense	<u>\$ 1,358,906</u>
Business-type Activities	
Wastewater Utility	<u>\$ 658,792</u>
Total business-type activities depreciation expense	<u>\$ 658,792</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, 2014 the balance outstanding on the advance was \$2,331,700.

**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, 2014:

	<u>Balance at June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2014</u>	<u>Current Portion</u>
Pension Obligation Bonds	\$ 4,750,189	\$ -	\$ (271,723)	\$ 4,478,466	\$ 271,772
Other liabilities:					
Capital Lease Obligations	259,630	458,000	(109,421)	608,209	101,236
Compensated Absences	<u>650,157</u>	<u>577,000</u>	<u>(598,021)</u>	<u>629,136</u>	<u>117,463</u>
Total other liabilities	<u>909,787</u>	<u>1,035,000</u>	<u>(707,442)</u>	<u>1,237,345</u>	<u>218,699</u>
Governmental activities long-term liabilities	<u>\$ 5,659,976</u>	<u>\$ 1,035,000</u>	<u>\$ (979,165)</u>	<u>\$ 5,715,811</u>	<u>\$ 490,471</u>

A description of the long-term liabilities related to governmental activities at June 30, 2014 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. The net pension asset as of June 30, 2014 was \$2,903,605. 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, 2014

**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>
2015	\$ 271,772	\$ 183,229
2016	264,718	205,282
2017	255,362	229,638
2018	250,440	254,560
2019	241,322	278,678
2020 - 2024	1,105,344	1,764,655
2025 - 2029	957,643	2,422,357
2030 - 2034	830,625	3,134,375
2035 - 2039	<u>301,240</u>	<u>1,473,760</u>
Total	<u>\$ 4,478,466</u>	<u>\$ 9,946,534</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	\$ 717,630
Less accumulated amortization	<u>(109,421)</u>
Net book value	<u>\$ 608,209</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>
2015	\$ 101,236	\$ 18,979
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>\$ 608,209</u>	<u>\$ 63,301</u>

**CITY OF PINOLE**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2014

**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, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2014</u>	<u>Current Portion</u>	
General administration	\$ 132,429	\$ 97,887	\$ (94,661)	\$ 135,655	\$ 18,955	A
Public safety	374,484	380,731	(409,972)	345,243	81,366	A
Public services	98,349	65,571	(60,248)	103,672	8,068	B
Recreation	29,430	26,765	(23,199)	32,996	7,242	B
Community development	<u>15,465</u>	<u>6,046</u>	<u>(9,941)</u>	<u>11,570</u>	<u>1,832</u>	B
Total	<u>\$ 650,157</u>	<u>\$ 577,000</u>	<u>\$ (598,021)</u>	<u>\$ 629,136</u>	<u>\$ 117,463</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, 2014.

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2014</u>	<u>Current Portion</u>
Bonds:					
2006 Wastewater Revenue Bonds	\$ 9,220,000	\$ -	\$ (215,000)	\$ 9,005,000	\$ 230,000
Other liabilities:					
Compensated absences	<u>75,193</u>	<u>75,453</u>	<u>(73,517)</u>	<u>77,129</u>	<u>13,031</u>
Business-type activities long-term liabilities	<u>\$ 9,295,193</u>	<u>\$ 75,453</u>	<u>\$ (288,517)</u>	<u>\$ 9,082,129</u>	<u>\$ 243,031</u>

A description of the long-term liabilities related to business-type activities at June 30, 2014 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 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, 2014

**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>
2015	\$ 230,000	\$ 399,647
2016	240,000	387,310
2017	255,000	374,316
2018	265,000	362,322
2019	275,000	351,523
2020 - 2024	1,575,000	1,569,843
2025 - 2029	1,960,000	1,186,313
2030 - 2034	2,445,000	694,181
2035 - 2037	<u>1,760,000</u>	<u>123,970</u>
Total	<u>\$ 9,005,000</u>	<u>\$ 5,449,425</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, 2014 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 recreation programs	<u>39,541</u>
<b>Total Major Governmental Interfund Transfers</b>			<u>48,916</u>
<u>Non-Major Governmental Funds</u>			
AB - 939	General Fund	Support for public facilities	15,000
Police	General Fund	Support for public safety programs	156,100
Measure C	General Fund	Support for public facilities	<u>36,675</u>
<b>Total Non-Major Governmental Interfund Transfers</b>			<u>207,775</u>
<b>Total Governmental Interfund Transfers</b>			<u>\$ 256,691</u>

**CITY OF PINOLE**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2014

**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	Capital Projects	Support for capital projects	\$ 161,346
		Total Major Governmental Due From/Due To	<u>161,346</u>
<u>Non-Major Governmental Funds</u>			
Fire Grants Fund	General Fund	Support for SAFER fire personnel	216,585
Growth Impact Fund	Capital Projects	Support for capital projects	298,662
RDA Projects	General Fund	To cover deficit cash balance	9,911
Growth Impact Fund	General Fund	To cover deficit cash balance	5,225
NPDES Fund	AB 939	To cover deficit cash balance	92,504
Cable TV	General Fund	Accounts receivable for local agency support services	<u>39,403</u>
		<b>Total Non-Major Governmental Due From/Due To</b>	<u>662,290</u>
		<b>Total Governmental Due From/Due To</b>	<u>\$ 823,636</u>

**NOTE 9: DEFINED BENEFIT PENSION PLAN**

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.

Funding Policy

Benefits are based on years of credited service; one year of credited service is equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The City's labor contracts require the City to pay employee contributions as well as its own.

The Plans' provisions and benefits in effect for the year ended June 30, 2014, are summarized as follows:

	<u>Safety</u>	<u>Miscellaneous</u>
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	50
Monthly benefits, as a % of annual salary	2.400% - 3.000%	2.0% - 2.5%
Required employee contribution rates	9%	8%
Required employer contribution rates	22.103%	16.874%
Actuarially required contributions	\$1,024,998	\$744,469

Annual Pension Cost

The City's required contribution was determined as part of the June 30, 2012, actuarial valuation using the entry age normal actuarial cost method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the total related payroll cost. Normal benefit cost under this method is the level amount the City must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities.

The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability. The City does not have a net pension obligation since it pays the actuarially required contributions monthly.

**CITY OF PINOLE**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2014

**NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.5% is assumed, including inflation at 3.0%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and ten percent of the net balance is amortized annually.

**Three Year Trend Information for PERS - Miscellaneous Employees**

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 868,879	100%	-
2013	\$ 870,920	100%	-
2014	\$ 907,887	100%	-

**Three Year Trend Information for PERS - Safety Employees**

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 1,306,970	100%	-
2013	\$ 1,128,912	100%	-
2014	\$ 1,175,214	100%	-

**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 \$1,479 per month per family. For the year ended June 30, 2014, 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:

**CITY OF PINOLE**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2014

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

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, 2014 was \$1,738 per month for actives and \$1,738 per month for retirees. As of June 30, 2014, the City is currently funding the benefits on a pay-as-you-go basis.

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 \$2,899,000. The City's annual OPEB cost contributed to the plan and the net OPEB obligation for the year ended June 30, 2014 were as follows:

Annual required contribution	
Service cost at year-end	\$ 1,184,000
30-year amortization of funded liability	<u>1,715,000</u>
Total annual required contribution	<u>2,899,000</u>
Interest on net OPEB obligation	458,000
Adjustment to net OPEB obligation	<u>(854,000)</u>
Total annual OPEB cost	<u>2,503,000</u>
Employer contributions	(878,006)
Net OPEB obligation, July 1, 2013	<u>12,031,074</u>
Net OPEB obligation, June 30, 2014	<u>\$ 14,052,068</u>

Year Ended	Annual OPEB cost	Actual Employer Contribution	Percentage Contributed	Net Ending OPEB
6/30/2012	\$ 3,499,000	\$ 589,513	17 %	\$ 9,387,980
6/30/2013	\$ 3,499,000	\$ 855,906	24 %	\$ 12,031,074
6/30/2014	\$ 2,899,000	\$ 878,006	30 %	\$ 14,052,068

As of June 30, 2014, \$12,638,863 of the net pension obligation was recorded in governmental activities and \$1,413,205 was recorded in business-type activities on the Statement of Net Position.

**CITY OF PINOLE**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2014

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

Funded Status and Funding Progress

The funded status of the plan based on an actuarial study using age-adjusted premiums as of June 30, 2014, was as follows:

Actuarial accrued liability (AAL)		
Active employees	\$	11,930,000
Retired employees		<u>16,110,000</u>
		<u>28,040,000</u>
Actuarial value of plan assets		<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$	<u>28,040,000</u>
Funded Ratio (actuarial value of plan assets / AAL)		0 %
Covered payroll (active plan members)	\$	8,255,590
UAAL as a percentage of covered payroll		340 %

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, a 3.25% merit increase, and a 3.0% inflation rate. Estimated retirement ages were based on a CalPERS 1997-2011 experience study.

**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.

**CITY OF PINOLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 11: FUND BALANCE (CONTINUED)**

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.

As of June 30, 2014, fund balances consisted of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Nonspendable:</b>			
Prepaid expenses	\$ 11,157	\$ -	\$ 11,157
Land held for redevelopment	-	2,591,393	2,591,393
Advances	-	-	-
<b>Restricted:</b>			
Redevelopment	-	13,283,856	13,283,856
Grants	-	4,380	4,380
Taxes & fees	-	1,815,217	1,815,217
Debt service	-	-	-
Capital Projects	-	-	-
<b>Committed:</b>			
Encumbrances	-	-	-
<b>Assigned:</b>			
Capital projects	-	758,241	758,241
Unassigned	<u>(14,821)</u>	<u>(3,018,219)</u>	<u>(3,033,040)</u>
<b>Total</b>	<b>\$ <u>(3,664)</u></b>	<b>\$ <u>15,434,868</u></b>	<b>\$ <u>15,431,204</u></b>

**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.

**CITY OF PINOLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 12: RISK MANAGEMENT (CONTINUED)**

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:

Type of Coverage (Deductible)	Coverage Limits
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

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, 2014, the City contributed \$887,045 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:

	<u>2014</u>	<u>2013</u>
Claims liability, beginning of the year	\$ 41,161	\$ 2,499
Provision for current year claims	18,299	16,160
Change in prior year claims estimates	<u>(9,882)</u>	<u>22,502</u>
Claims liability, end of year	<u>\$ 49,578</u>	<u>\$ 41,161</u>

**NOTE 13: EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

During fiscal year 2014, the following funds had excess expenditures over appropriations. These funds have sufficient resources to finance these expenditures:

Supplemental Law Enforcement	\$ 8,980
AB-939 (Source Reduction)	2,278
Measure J (County Road Tax)	167,496
Asset Seizure	179
Cable Television	6,863
Development Services Projects	29,215
Public Works Capital Projects	161,387

**NOTE 14: DEFICIT FUND BALANCES**

The RDA Projects Fund, Growth Impact Special Revenue Fund, NPDES Special Revenue Fund, and Fire Department Grants Fund had fund balance deficits of \$12,536, \$295,555, \$94,882 and \$164,297 respectively at June 30, 2014. These deficits are expected to be financed through future revenues of the funds.

**CITY OF PINOLE**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2014

**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**

The City made the following adjustments to net position at the beginning of the year:

<u>Fund</u>	<u>Description of Restatement</u>	<u>Amount</u>
<u>Proprietary funds</u>		
Wastewater Utility Enterprise Fund	To properly remove prepaid bond issuance costs pursuant to GASB 65	(74,769)
<u>Fiduciary funds</u>		
Private Purpose Trust Fund	To remove capital assets sold in 2012	(3,427,973)
Private Purpose Trust Fund	To properly remove prepaid bond issuance costs pursuant to GASB 65	<u>(3,544)</u>
Total Fund Balance Restatement		\$ <u>(3,506,286)</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, 2014

**NOTE 17: EXTRAORDINARY ITEM: SUCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPEMENT AGENCY (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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 9,963,539	\$ 10,112,884	\$ 10,747,165	\$ 634,281
Intergovernmental	1,294,117	1,294,117	1,350,069	55,952
Contributions	-	-	250	250
Investment earnings (losses)	333	333	247,709	247,376
Rents and ground leases	161,035	161,035	98,669	(62,366)
Charges for service	962,789	862,789	790,618	(72,171)
Fines, forfeitures and penalties	59,636	59,636	60,734	1,098
Other revenues	<u>37,775</u>	<u>37,775</u>	<u>63,210</u>	<u>25,435</u>
Total Revenues	<u>12,479,224</u>	<u>12,528,569</u>	<u>13,358,424</u>	<u>829,855</u>
<b><u>EXPENDITURES</u></b>				
Current operations:				
General administration	2,261,248	2,371,300	2,232,071	139,229
Public safety	8,863,023	8,785,180	8,324,429	460,751
Public services	654,361	671,497	664,878	6,619
Recreation	-	-	47	(47)
Debt service:				
Principal	-	-	381,144	(381,144)
Interest and fiscal charges	703,300	703,300	280,173	423,127
Capital outlay	<u>177,638</u>	<u>177,638</u>	<u>497,275</u>	<u>(319,637)</u>
Total Expenditures	<u>12,659,570</u>	<u>12,708,915</u>	<u>12,380,017</u>	<u>328,898</u>
Excess (deficiency) of revenues over expenditures	<u>(180,346)</u>	<u>(180,346)</u>	<u>978,407</u>	<u>1,158,753</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Proceeds from Capital Lease	-	-	458,000	458,000
Gain(Loss) on sale of property	10,000	10,000	-	(10,000)
Transfers in	245,980	245,980	207,775	(38,205)
Transfers out	<u>(98,314)</u>	<u>(98,314)</u>	<u>(48,916)</u>	<u>49,398</u>
Total other financing sources (uses)	<u>157,666</u>	<u>157,666</u>	<u>616,859</u>	<u>459,193</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(22,680)	(22,680)	(20,304,482)	(20,281,802)
Fund balances at beginning of year	<u>20,294,259</u>	<u>20,294,259</u>	<u>20,294,259</u>	<u>-</u>
Fund balances at end of year	<u>\$ 20,271,579</u>	<u>\$ 20,271,579</u>	<u>\$ (10,223)</u>	<u>\$ (20,281,802)</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, 2014

**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 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**

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## NON-MAJOR GOVERNMENTAL FUNDS

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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 Program 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, 2014**

	<u>Public Works Capital Projects</u>	<u>Growth Impact</u>	<u>Housing Set-Aside</u>	<u>Gas Tax</u>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 45,125	\$ -	\$ 259,614	\$ 146,107
Cash and investments with fiscal agents	-	-	5,981,992	-
Accounts receivables	273,136	-	146,823	28,796
Notes and loans	-	-	17,495	-
Due from other funds	460,008	5,225	-	-
Due from private-purpose trust fund	-	-	4,291,575	-
Land held for redevelopment	-	-	2,591,393	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 778,269</u>	<u>\$ 5,225</u>	<u>\$ 13,288,892</u>	<u>\$ 174,903</u>
 <b><u>LIABILITIES</u></b>				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 10,117	\$ -	\$ 13,042	\$ 39,050
Deposits payable	-	-	-	-
Due to other funds	<u>9,911</u>	<u>300,780</u>	<u>-</u>	<u>-</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>20,028</u>	<u>300,780</u>	<u>13,042</u>	<u>39,050</u>
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Deferred inflow of resources	-	-	17,496	-
 FUND BALANCES (DEFICITS):				
Nonspendable	-	-	2,591,393	-
Restricted	-	-	13,283,856	135,853
Assigned	758,241	-	-	-
Unassigned	<u>-</u>	<u>(295,555)</u>	<u>(2,616,895)</u>	<u>-</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances (deficits)	<u>758,241</u>	<u>(295,555)</u>	<u>13,258,354</u>	<u>135,853</u>
Total Liabilities, Deferred inflows of Resources, and Fund Balances (Deficits)	<u>\$ 778,269</u>	<u>\$ 5,225</u>	<u>\$ 13,288,892</u>	<u>\$ 174,903</u>

**CITY OF PINOLE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**(CONTINUED)**  
**JUNE 30, 2014**

	<u>Parkland Dedication</u>	<u>Measure C</u>	<u>NPDES</u>	<u>AB 939</u>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 4,380	\$ 122,175	\$ 107	\$ 203,732
Cash and investments with fiscal agents	-	-	-	-
Accounts receivables	-	330,683	-	10,277
Notes and loans	-	-	-	-
Due from other funds	-	-	-	92,504
Due from private-purpose trust fund	-	-	-	-
Land held for redevelopment	-	-	-	-
	<u>4,380</u>	<u>452,858</u>	<u>107</u>	<u>306,513</u>
Total Assets	<u>\$ 4,380</u>	<u>\$ 452,858</u>	<u>\$ 107</u>	<u>\$ 306,513</u>
 <b><u>LIABILITIES</u></b>				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 2,485	\$ 1,488
Deposits payable	-	-	-	-
Due to other funds	-	-	92,504	-
	<u>-</u>	<u>-</u>	<u>94,989</u>	<u>1,488</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>94,989</u>	<u>1,488</u>
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Deferred inflow of resources	-	-	-	-
FUND BALANCES (DEFICITS):				
Nonspendable	-	-	-	-
Restricted	4,380	452,858	-	305,025
Assigned	-	-	-	-
Unassigned	-	-	(94,882)	-
	<u>4,380</u>	<u>452,858</u>	<u>(94,882)</u>	<u>305,025</u>
Total fund balances (deficits)	<u>4,380</u>	<u>452,858</u>	<u>(94,882)</u>	<u>305,025</u>
Total Liabilities, Deferred inflows of Resources, and Fund Balances (Deficits)	<u>\$ 4,380</u>	<u>\$ 452,858</u>	<u>\$ 107</u>	<u>\$ 306,513</u>

**CITY OF PINOLE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**(CONTINUED)**  
**JUNE 30, 2014**

	<u>Adjudicated Asset Seizure</u>	<u>Police</u>	<u>Cable TV</u>	<u>Recreation</u>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 16,042	\$ 168,971	\$ -	\$ 173,288
Cash and investments with fiscal agents	-	-	-	-
Accounts receivables	-	176,392	67,487	28,712
Notes and loans	-	-	-	-
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>\$ 16,042</u>	<u>\$ 345,363</u>	<u>\$ 67,487</u>	<u>\$ 202,000</u>
<b><u>LIABILITIES</u></b>				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ -	\$ 25,861	\$ 9,581	\$ 50,378
Deposits payable	-	-	-	13,790
Due to other funds	-	-	42,510	-
	<u>-</u>	<u>-</u>	<u>42,510</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>25,861</u>	<u>52,091</u>	<u>64,168</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Deferred inflow of resources	-	-	-	-
FUND BALANCES (DEFICITS):				
Nonspendable	-	-	-	-
Restricted	16,042	319,502	-	-
Assigned	-	-	-	-
Unassigned	-	-	15,396	137,832
	<u>-</u>	<u>-</u>	<u>15,396</u>	<u>137,832</u>
Total fund balances (deficits)	<u>16,042</u>	<u>319,502</u>	<u>15,396</u>	<u>137,832</u>
Total Liabilities, Deferred inflows of Resources, and Fund Balances (Deficits)	<u>\$ 16,042</u>	<u>\$ 345,363</u>	<u>\$ 67,487</u>	<u>\$ 202,000</u>

**CITY OF PINOLE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**(CONTINUED)**  
**JUNE 30, 2014**

	<u>Building Inspection</u>	<u>Fire Department Grants</u>	<u>Development Services</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 375,367	\$ 1	\$ 1,804
Cash and investments with fiscal agents	-	-	-
Accounts receivables	26,084	57,971	-
Notes and loans	-	-	-
Due from other funds	-	-	-
Due from private-purpose trust fund	-	-	-
Land held for redevelopment	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 401,451</u>	<u>\$ 57,972</u>	<u>\$ 1,804</u>
 <b><u>LIABILITIES</u></b>			
LIABILITIES:			
Accounts payable and accrued liabilities	\$ 39,253	\$ 5,684	\$ 1,020
Deposits payable	-	-	-
Due to other funds	-	216,585	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>39,253</u>	<u>222,269</u>	<u>1,020</u>
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred inflow of resources	-	-	-
 FUND BALANCES (DEFICITS):			
Nonspendable	-	-	-
Restricted	362,198	-	784
Assigned	-	-	-
Unassigned	-	(164,297)	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances (deficits)	<u>362,198</u>	<u>(164,297)</u>	<u>784</u>
Total Liabilities, Deferred inflows of Resources, and Fund Balances (Deficits)	<u>\$ 401,451</u>	<u>\$ 57,972</u>	<u>\$ 1,804</u>

**CITY OF PINOLE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**(CONTINUED)**  
**JUNE 30, 2014**

	<b>Solid Waste Water Fund</b>	<b>Total Non-major Governmental Funds</b>
<b><u>ASSETS</u></b>		
Cash and investments	\$ -	\$ 1,516,713
Cash and investments with fiscal agents	-	5,981,992
Accounts receivables	222,955	1,369,316
Notes and loans	-	17,495
Due from other funds	-	557,737
Due from private-purpose trust fund	-	4,291,575
Land held for redevelopment	-	2,591,393
	222,955	16,326,221
Total Assets	\$ 222,955	\$ 16,326,221
 <b><u>LIABILITIES</u></b>		
LIABILITIES:		
Accounts payable and accrued liabilities	\$ -	\$ 197,959
Deposits payable	-	13,790
Due to other funds	-	662,290
	-	874,039
Total liabilities	-	874,039
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred inflow of resources	-	17,496
 FUND BALANCES (DEFICITS):		
Nonspendable	-	2,591,393
Restricted	222,955	15,103,453
Assigned	-	758,241
Unassigned	-	(3,018,401)
	222,955	15,434,686
Total fund balances (deficits)	222,955	15,434,686
Total Liabilities, Deferred inflows of Resources, and Fund Balances (Deficits)	\$ 222,955	\$ 16,326,221

**CITY OF PINOLE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Public Works Capital Projects</u>	<u>Growth Impact</u>	<u>Housing Set- Aside</u>	<u>Gas Tax</u>
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 347,482
Intergovernmental	616,274	-	-	270,650
Contributions	-	-	-	-
Investment earnings (losses)	21	-	347,671	21
Rents and ground leases	15,000	-	56,111	-
Charges for service	-	-	-	1,736
Loan Repayments	-	-	108,021	-
Other revenues	<u>5,800</u>	<u>-</u>	<u>-</u>	<u>7,773</u>
Total Revenues	<u>637,095</u>	<u>-</u>	<u>511,803</u>	<u>627,662</u>
<b><u>EXPENDITURES</u></b>				
Current operations:				
General administration	-	-	-	-
Public safety	-	-	-	-
Public services	289,509	-	-	504,720
Recreation	-	-	-	-
Community development	17,833	-	289,934	-
Capital outlay	<u>600,943</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>908,285</u>	<u>-</u>	<u>289,934</u>	<u>504,720</u>
Excess (deficiency) of revenues over expenditures	<u>(271,190)</u>	<u>-</u>	<u>221,869</u>	<u>122,942</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
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>
<b><u>EXTRAORDINARY ITEM</u></b>				
Redevelopment dissolution	<u>-</u>	<u>-</u>	<u>(734,528)</u>	<u>-</u>
Net change in fund balance	(271,190)	-	(512,659)	122,942
Fund balances (deficits) - beginning	<u>1,029,431</u>	<u>(295,555)</u>	<u>13,771,013</u>	<u>12,911</u>
Fund balances (deficits) - ending	<u>\$ 758,241</u>	<u>\$ (295,555)</u>	<u>\$ 13,258,354</u>	<u>\$ 135,853</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, 2014**

	<u>Parkland Dedication</u>	<u>Measure C</u>	<u>NPDES</u>	<u>AB 939</u>
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ -	\$ 330,683	\$ -	\$ -
Intergovernmental	-	-	263,895	10,474
Contributions	-	-	-	-
Investment earnings (losses)	4	176	(9)	69
Rents and ground leases	-	-	-	-
Charges for service	-	-	-	60,510
Loan Repayments	-	-	-	-
Other revenues	-	-	(182)	-
	<u>4</u>	<u>330,859</u>	<u>263,704</u>	<u>71,053</u>
Total Revenues	<u>4</u>	<u>330,859</u>	<u>263,704</u>	<u>71,053</u>
<b><u>EXPENDITURES</u></b>				
Current operations:				
General administration	-	-	-	-
Public safety	-	-	749	-
Public services	-	50,936	223,843	85,942
Recreation	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	441,560	-	-
	<u>-</u>	<u>441,560</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>492,496</u>	<u>224,592</u>	<u>85,942</u>
Excess (deficiency) of revenues over expenditures	<u>4</u>	<u>(161,637)</u>	<u>39,112</u>	<u>(14,889)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
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)	<u>-</u>	<u>(36,675)</u>	<u>-</u>	<u>(15,000)</u>
<b><u>EXTRAORDINARY ITEM</u></b>				
Redevelopment dissolution	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	4	(198,312)	39,112	(29,889)
Fund balances (deficits) - beginning	<u>4,376</u>	<u>651,170</u>	<u>(133,994)</u>	<u>334,914</u>
Fund balances (deficits) - ending	<u>\$ 4,380</u>	<u>\$ 452,858</u>	<u>\$ (94,882)</u>	<u>\$ 305,025</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, 2014**

	<u>Adjudicated Asset Seizure</u>	<u>Police</u>	<u>Cable TV</u>	<u>Recreation</u>
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ -	\$ -	\$ 31,382	\$ -
Intergovernmental	457	857,138	-	-
Contributions	-	-	30,286	63,496
Investment earnings (losses)	7	(30)	10	10
Rents and ground leases	-	-	-	103,655
Charges for service	-	48,118	99,806	904,654
Loan Repayments	-	-	-	-
Other revenues	-	-	56,206	-
	<u>-</u>	<u>-</u>	<u>56,206</u>	<u>-</u>
Total Revenues	<u>464</u>	<u>905,226</u>	<u>217,690</u>	<u>1,071,815</u>
<b><u>EXPENDITURES</u></b>				
Current operations:				
General administration	-	-	274,807	-
Public safety	180	713,284	-	-
Public services	-	-	-	-
Recreation	-	-	-	1,038,525
Community development	-	-	-	-
Capital outlay	-	1,185	-	-
	<u>-</u>	<u>1,185</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>180</u>	<u>714,469</u>	<u>274,807</u>	<u>1,038,525</u>
Excess (deficiency) of revenues over expenditures	<u>284</u>	<u>190,757</u>	<u>(57,117)</u>	<u>33,290</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	-	-	9,375	39,541
Transfers out	-	(156,100)	-	-
	<u>-</u>	<u>(156,100)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(156,100)</u>	<u>9,375</u>	<u>39,541</u>
<b><u>EXTRAORDINARY ITEM</u></b>				
Redevelopment dissolution	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	284	34,657	(47,742)	72,831
Fund balances (deficits) - beginning	<u>15,758</u>	<u>284,845</u>	<u>63,138</u>	<u>65,001</u>
Fund balances (deficits) - ending	<u>\$ 16,042</u>	<u>\$ 319,502</u>	<u>\$ 15,396</u>	<u>\$ 137,832</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, 2014**

	<u>Building Inspection</u>	<u>Fire Department Grants</u>	<u>Development Services</u>	<u>Solid Waste Water Fund</u>
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	57,971	-	-
Contributions	-	-	-	-
Investment earnings (losses)	149	-	-	-
Rents and ground leases	-	-	-	-
Charges for service	487,259	-	30,000	222,955
Loan Repayments	-	-	-	-
Other revenues	<u>4,906</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>492,314</u>	<u>57,971</u>	<u>30,000</u>	<u>222,955</u>
 <b><u>EXPENDITURES</u></b>				
Current operations:				
General administration	-	-	-	-
Public safety	-	167,751	-	-
Public services	3,100	-	-	-
Recreation	-	-	-	-
Community development	405,430	-	29,216	-
Capital outlay	<u>-</u>	<u>57,550</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>408,530</u>	<u>225,301</u>	<u>29,216</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>83,784</u>	<u>(167,330)</u>	<u>784</u>	<u>222,955</u>
 <b><u>OTHER FINANCING SOURCES (USES)</u></b>				
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>
 <b><u>EXTRAORDINARY ITEM</u></b>				
Redevelopment dissolution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	83,784	(167,330)	784	222,955
Fund balances (deficits) - beginning	<u>278,414</u>	<u>3,033</u>	<u>-</u>	<u>-</u>
Fund balances (deficits) - ending	<u>\$ 362,198</u>	<u>\$ (164,297)</u>	<u>\$ 784</u>	<u>\$ 222,955</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, 2014**

	<b>Total Non-major Governmental Funds</b>
<b><u>REVENUES</u></b>	
Taxes and assessments	\$ 709,547
Intergovernmental	2,076,859
Contributions	93,782
Investment earnings (losses)	348,099
Rents and ground leases	174,766
Charges for service	1,855,038
Loan Repayments	108,021
Other revenues	<u>74,503</u>
Total Revenues	<u>5,440,615</u>
 <b><u>EXPENDITURES</u></b>	
Current operations:	
General administration	274,807
Public safety	881,964
Public services	1,158,050
Recreation	1,038,525
Community development	742,413
Capital outlay	<u>1,101,238</u>
Total Expenditures	<u>5,196,997</u>
Excess (deficiency) of revenues over expenditures	<u>243,618</u>
 <b><u>OTHER FINANCING SOURCES (USES)</u></b>	
Transfers in	48,916
Transfers out	<u>(207,775)</u>
Total other financing sources (uses)	<u>(158,859)</u>
 <b><u>EXTRAORDINARY ITEM</u></b>	
Redevelopment dissolution	<u>(734,528)</u>
Net change in fund balance	(649,769)
Fund balances (deficits) - beginning	<u>16,084,455</u>
Fund balances (deficits) - ending	<u>\$ 15,434,686</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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental	190,000	190,000	616,274	426,274
Investment earnings (losses)	14,000	14,000	21	(13,979)
Rents and ground leases	15,000	15,000	15,000	-
Other revenues	<u>-</u>	<u>-</u>	<u>5,800</u>	<u>5,800</u>
Total Revenues	<u>219,000</u>	<u>219,000</u>	<u>637,095</u>	<u>418,095</u>
<b><u>EXPENDITURES</u></b>				
Current operations:				
Public services	296,000	296,000	289,509	6,491
Community development	-	-	17,833	17,833
Capital outlay	<u>425,000</u>	<u>425,000</u>	<u>600,943</u>	<u>(175,943)</u>
Total Expenditures	<u>721,000</u>	<u>721,000</u>	<u>908,285</u>	<u>(151,619)</u>
Excess (deficiency) of revenues over expenditures	<u>(502,000)</u>	<u>(502,000)</u>	<u>(271,190)</u>	<u>266,476</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
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	(502,000)	(502,000)	(271,190)	230,810
Fund balance at beginning of year	<u>1,029,431</u>	<u>1,029,431</u>	<u>1,029,431</u>	<u>-</u>
Fund balance at end of year	<u>\$ 527,431</u>	<u>\$ 527,431</u>	<u>\$ 758,241</u>	<u>\$ 230,810</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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Total Revenues	-	-	-	-
<b><u>EXPENDITURES</u></b>				
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-
Fund deficit at beginning of year	(295,555)	(295,555)	(295,555)	-
Fund deficit at end of year	<u>\$(295,555)</u>	<u>\$(295,555)</u>	<u>\$(295,555)</u>	<u>\$-</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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Investment earnings	2,000	2,000	347,671	345,671
Rents and ground leases	56,111	56,111	56,111	-
Loan Repayments	<u>9,989</u>	<u>9,989</u>	<u>108,021</u>	<u>98,032</u>
Total Revenues	<u>68,100</u>	<u>68,100</u>	<u>511,803</u>	<u>443,703</u>
<b><u>EXPENDITURES</u></b>				
Current operations:				
Community development	145,555	156,235	289,934	(133,699)
Total Expenditures	<u>145,555</u>	<u>156,235</u>	<u>289,934</u>	<u>(133,699)</u>
Excess (deficiency) of revenues over expenditures	<u>(77,455)</u>	<u>(88,135)</u>	<u>221,869</u>	<u>310,004</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>EXTRAORDINARY ITEM</u></b>				
Redevelopment dissolution	-	-	(734,528)	(734,528)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(77,455)	(88,135)	(512,659)	(424,524)
Fund balance at beginning of year	<u>13,771,013</u>	<u>13,771,013</u>	<u>13,771,013</u>	<u>-</u>
Fund balance at end of year	<u>\$ 13,693,558</u>	<u>\$ 13,682,878</u>	<u>\$ 13,258,354</u>	<u>\$ (424,524)</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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 283,433	\$ 283,433	\$ 347,482	\$ 64,049
Intergovernmental	171,191	171,191	270,650	99,459
Investment earnings	-	-	21	21
Charges for service	3,000	3,000	1,736	(1,264)
Other revenues	<u>-</u>	<u>-</u>	<u>7,773</u>	<u>7,773</u>
Total Revenues	<u>457,624</u>	<u>457,624</u>	<u>627,662</u>	<u>170,038</u>
<b><u>EXPENDITURES</u></b>				
Current operations:				
Public services	<u>512,904</u>	<u>521,993</u>	<u>504,720</u>	<u>17,273</u>
Total Expenditures	<u>512,904</u>	<u>521,993</u>	<u>504,720</u>	<u>17,273</u>
Excess (deficiency) of revenues over expenditures	<u>(55,280)</u>	<u>(64,369)</u>	<u>122,942</u>	<u>187,311</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
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	(55,280)	(64,369)	122,942	187,311
Fund balance at beginning of year	<u>12,911</u>	<u>12,911</u>	<u>12,911</u>	<u>-</u>
Fund balance at end of year	<u>\$ (42,369)</u>	<u>\$ (51,458)</u>	<u>\$ 135,853</u>	<u>\$ 187,311</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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Investment earnings	-	-	4	4
Total Revenues	-	-	4	4
<b><u>EXPENDITURES</u></b>				
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	4	4
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	4	4
Fund balance at beginning of year	4,376	4,376	4,376	-
Fund balance at end of year	\$ 4,376	\$ 4,376	\$ 4,380	\$ 4

**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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 307,000	\$ 307,000	\$ 330,683	\$ 23,683
Investment earnings	-	-	176	176
Total Revenues	<u>307,000</u>	<u>307,000</u>	<u>330,859</u>	<u>23,859</u>
<b><u>EXPENDITURES</u></b>				
Current operations:				
Public services	58,351	58,351	50,936	7,415
Capital outlay	<u>425,000</u>	<u>425,000</u>	<u>441,560</u>	<u>(16,560)</u>
Total Expenditures	<u>483,351</u>	<u>483,351</u>	<u>492,496</u>	<u>(9,145)</u>
Excess (deficiency) of revenues over expenditures	<u>(176,351)</u>	<u>(176,351)</u>	<u>(161,637)</u>	<u>14,714</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(36,675)</u>	<u>(36,675)</u>	<u>(36,675)</u>	<u>-</u>
Total other financing sources (uses)	<u>(36,675)</u>	<u>(36,675)</u>	<u>(36,675)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(213,026)	(213,026)	(198,312)	14,714
Fund balance at beginning of year	<u>651,170</u>	<u>651,170</u>	<u>651,170</u>	<u>-</u>
Fund balance at end of year	<u>\$ 438,144</u>	<u>\$ 438,144</u>	<u>\$ 452,858</u>	<u>\$ 14,714</u>

**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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ 263,915	\$ 263,915	\$ 263,895	\$ (20)
Investment earnings	-	-	(9)	(9)
Other revenues	-	-	(181)	(181)
Total Revenues	<u>263,915</u>	<u>263,915</u>	<u>263,705</u>	<u>(210)</u>
<b><u>EXPENDITURES</u></b>				
Current operations:				
Public safety	-	-	749	(749)
Public services	<u>250,478</u>	<u>250,478</u>	<u>223,843</u>	<u>26,635</u>
Total Expenditures	<u>250,478</u>	<u>250,478</u>	<u>224,592</u>	<u>25,886</u>
Excess (deficiency) of revenues over expenditures	<u>13,437</u>	<u>13,437</u>	<u>39,113</u>	<u>25,676</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	13,437	13,437	39,113	25,676
Fund deficit at beginning of year	<u>(133,994)</u>	<u>(133,994)</u>	<u>(133,994)</u>	<u>-</u>
Fund deficit at end of year	<u>\$ (120,557)</u>	<u>\$ (120,557)</u>	<u>\$ (94,881)</u>	<u>\$ 25,676</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ -	\$ -	\$ 10,474	\$ 10,474
Investment earnings	-	-	69	69
Charges for service	<u>60,060</u>	<u>60,060</u>	<u>60,510</u>	<u>450</u>
Total Revenues	<u>60,060</u>	<u>60,060</u>	<u>71,053</u>	<u>10,993</u>
<b><u>EXPENDITURES</u></b>				
Current operations:				
Public services	61,905	83,664	85,942	(2,278)
Total Expenditures	<u>61,905</u>	<u>83,664</u>	<u>85,942</u>	<u>(2,278)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,845)</u>	<u>(23,604)</u>	<u>(14,889)</u>	<u>8,715</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
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	(16,845)	(38,604)	(29,889)	8,715
Fund balance at beginning of year	<u>334,914</u>	<u>334,914</u>	<u>334,914</u>	<u>-</u>
Fund balance at end of year	<u>\$ 318,069</u>	<u>\$ 296,310</u>	<u>\$ 305,025</u>	<u>\$ 8,715</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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ 3,037	\$ 3,037	\$ 457	\$ (2,580)
Investment earnings	-	-	7	7
Total Revenues	<u>3,037</u>	<u>3,037</u>	<u>464</u>	<u>(2,573)</u>
<b><u>EXPENDITURES</u></b>				
Current operations:				
Public safety	-	-	180	(180)
Total Expenditures	-	-	180	(180)
Excess (deficiency) of revenues over expenditures	<u>3,037</u>	<u>3,037</u>	<u>284</u>	<u>(2,753)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	3,037	3,037	284	(2,753)
Fund balance at beginning of year	<u>15,758</u>	<u>15,758</u>	<u>15,758</u>	<u>-</u>
Fund balance at end of year	<u>\$ 18,795</u>	<u>\$ 18,795</u>	<u>\$ 16,042</u>	<u>\$ (2,753)</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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ 800,713	\$ 800,713	\$ 857,138	\$ 56,425
Investment earnings	-	-	(30)	(30)
Charges for service	<u>44,400</u>	<u>44,400</u>	<u>48,118</u>	<u>3,718</u>
Total Revenues	<u>845,113</u>	<u>845,113</u>	<u>905,226</u>	<u>60,113</u>
<b><u>EXPENDITURES</u></b>				
Current operations:				
Public safety	722,019	722,019	713,284	8,735
Capital outlay	<u>7,500</u>	<u>7,500</u>	<u>1,185</u>	<u>6,315</u>
Total Expenditures	<u>729,519</u>	<u>729,519</u>	<u>714,469</u>	<u>15,050</u>
Excess (deficiency) of revenues over expenditures	<u>115,594</u>	<u>115,594</u>	<u>190,757</u>	<u>75,163</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(156,100)</u>	<u>(156,100)</u>	<u>(156,100)</u>	<u>-</u>
Total other financing sources (uses)	<u>(156,100)</u>	<u>(156,100)</u>	<u>(156,100)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(40,506)	(40,506)	34,657	75,163
Fund balance at beginning of year	<u>284,845</u>	<u>284,845</u>	<u>284,845</u>	<u>-</u>
Fund balance at end of year	<u>\$ 244,339</u>	<u>\$ 244,339</u>	<u>\$ 319,502</u>	<u>\$ 75,163</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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ -	\$ -	\$ 31,382	\$ 31,382
Contributions	36,920	36,920	30,286	(6,634)
Investment earnings	-	-	10	10
Charges for service	91,532	91,532	99,806	8,274
Other revenues	<u>54,788</u>	<u>54,788</u>	<u>56,206</u>	<u>1,418</u>
Total Revenues	<u>183,240</u>	<u>183,240</u>	<u>217,690</u>	<u>34,450</u>
<b><u>EXPENDITURES</u></b>				
Current operations:				
General administration	<u>263,201</u>	<u>267,944</u>	<u>274,807</u>	<u>(6,863)</u>
Total Expenditures	<u>263,201</u>	<u>267,944</u>	<u>274,807</u>	<u>(6,863)</u>
Excess (deficiency) of revenues over expenditures	<u>(79,961)</u>	<u>(84,704)</u>	<u>(57,117)</u>	<u>27,587</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	<u>9,375</u>	<u>9,375</u>	<u>9,375</u>	<u>-</u>
Total other financing sources (uses)	<u>9,375</u>	<u>9,375</u>	<u>9,375</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(70,586)	(75,329)	(47,742)	27,587
Fund balance at beginning of year	<u>63,138</u>	<u>63,138</u>	<u>63,138</u>	<u>-</u>
Fund balance at end of year	<u>\$ (7,448)</u>	<u>\$ (12,191)</u>	<u>\$ 15,396</u>	<u>\$ 27,587</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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Contributions	\$ -	\$ -	\$ 63,496	\$ 63,496
Investment earnings (losses)	-	-	10	10
Rents and ground leases	63,300	63,300	103,655	40,355
Charges for service	<u>454,740</u>	<u>454,740</u>	<u>904,654</u>	<u>449,914</u>
Total Revenues	<u>518,040</u>	<u>518,040</u>	<u>1,071,815</u>	<u>553,775</u>
<b><u>EXPENDITURES</u></b>				
Current operations:				
Recreation	<u>1,223,586</u>	<u>1,227,383</u>	<u>1,038,525</u>	<u>188,858</u>
Total Expenditures	<u>1,223,586</u>	<u>1,227,383</u>	<u>1,038,525</u>	<u>188,858</u>
Excess (deficiency) of revenues over expenditures	<u>(705,546)</u>	<u>(709,343)</u>	<u>33,290</u>	<u>742,633</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	-	-	39,541	39,541
Transfers out	<u>(49,406)</u>	<u>(49,406)</u>	<u>-</u>	<u>49,406</u>
Total other financing sources (uses)	<u>(49,406)</u>	<u>(49,406)</u>	<u>39,541</u>	<u>88,947</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(754,952)	(758,749)	72,831	831,580
Fund balance at beginning of year	<u>65,001</u>	<u>65,001</u>	<u>65,001</u>	<u>-</u>
Fund balance at end of year	<u>\$ (689,951)</u>	<u>\$ (693,748)</u>	<u>\$ 137,832</u>	<u>\$ 831,580</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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Investment earnings	\$ 1,099	\$ 1,099	\$ 149	\$ (950)
Charges for service	353,096	353,096	487,259	134,163
Other revenues	<u>-</u>	<u>-</u>	<u>4,906</u>	<u>4,906</u>
Total Revenues	<u>354,195</u>	<u>354,195</u>	<u>492,314</u>	<u>138,119</u>
<b><u>EXPENDITURES</u></b>				
Current operations:				
Public services	-	-	3,100	(3,100)
Community development	<u>439,013</u>	<u>444,805</u>	<u>405,430</u>	<u>39,375</u>
Total Expenditures	<u>439,013</u>	<u>444,805</u>	<u>408,530</u>	<u>36,275</u>
Excess (deficiency) of revenues over expenditures	<u>(84,818)</u>	<u>(90,610)</u>	<u>83,784</u>	<u>174,394</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
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	(84,818)	(90,610)	83,784	174,394
Fund balance at beginning of year	<u>278,414</u>	<u>278,414</u>	<u>278,414</u>	<u>-</u>
Fund balance at end of year	<u>\$ 193,596</u>	<u>\$ 187,804</u>	<u>\$ 362,198</u>	<u>\$ 174,394</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Charges for service	\$ -	\$ -	\$ 30,000	\$ 30,000
Total Revenues	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
<b><u>EXPENDITURES</u></b>				
Current operations:				
Public services	-	-	29,216	(29,216)
Total Expenditures	<u>-</u>	<u>-</u>	<u>29,216</u>	<u>(29,216)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>784</u>	<u>784</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
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>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>-</u>	<u>-</u>	<u>784</u>	<u>784</u>
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 784</u>	<u>\$ 784</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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ 506,000	\$ 253,000	\$ 57,971	\$ (195,029)
Total Revenues	<u>506,000</u>	<u>253,000</u>	<u>57,971</u>	<u>(195,029)</u>
<b><u>EXPENDITURES</u></b>				
Current operations:				
Public safety	506,000	253,000	167,751	85,249
Capital outlay	<u>-</u>	<u>-</u>	<u>57,550</u>	<u>(57,550)</u>
Total Expenditures	<u>506,000</u>	<u>253,000</u>	<u>225,301</u>	<u>27,699</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(167,330)</u>	<u>(167,330)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
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>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	(167,330)	(167,330)
Fund balance at beginning of year	<u>3,033</u>	<u>3,033</u>	<u>3,033</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,033</u>	<u>\$ 3,033</u>	<u>\$ (164,297)</u>	<u>\$ (167,330)</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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Charges for service	\$ -	\$ -	\$ 222,955	\$ 222,955
Total Revenues	<u>-</u>	<u>-</u>	<u>222,955</u>	<u>222,955</u>
<b><u>EXPENDITURES</u></b>				
Current operations:				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>222,955</u>	<u>222,955</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>EXTRAORDINARY ITEM</u></b>				
Redevelopment dissolution	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	222,955	222,955
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 222,955</u>	<u>\$ 222,955</u>

**CITY OF PINOLE**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
<b><u>ASSETS</u></b>				
Restricted cash and investments (Note 2)	\$ <u>127,905</u>	\$ <u>4,317</u>	\$ <u>(59,678)</u>	\$ <u>72,544</u>
Total Assets	\$ <u>127,905</u>	\$ <u>4,317</u>	\$ <u>(59,678)</u>	\$ <u>72,544</u>
<b><u>LIABILITIES</u></b>				
Deposits in trust	\$ <u>127,905</u>	\$ <u>4,317</u>	\$ <u>(59,678)</u>	\$ <u>72,544</u>
Total Liabilities	\$ <u>127,905</u>	\$ <u>4,317</u>	\$ <u>(59,678)</u>	\$ <u>72,544</u>

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# 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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	92 - 96
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	97 - 104
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
<b>Debt Capacity</b>	105 - 110
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.	
<b>Demographic Information</b>	111 - 112
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.	
<b>Operating Information</b>	113 - 115
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.

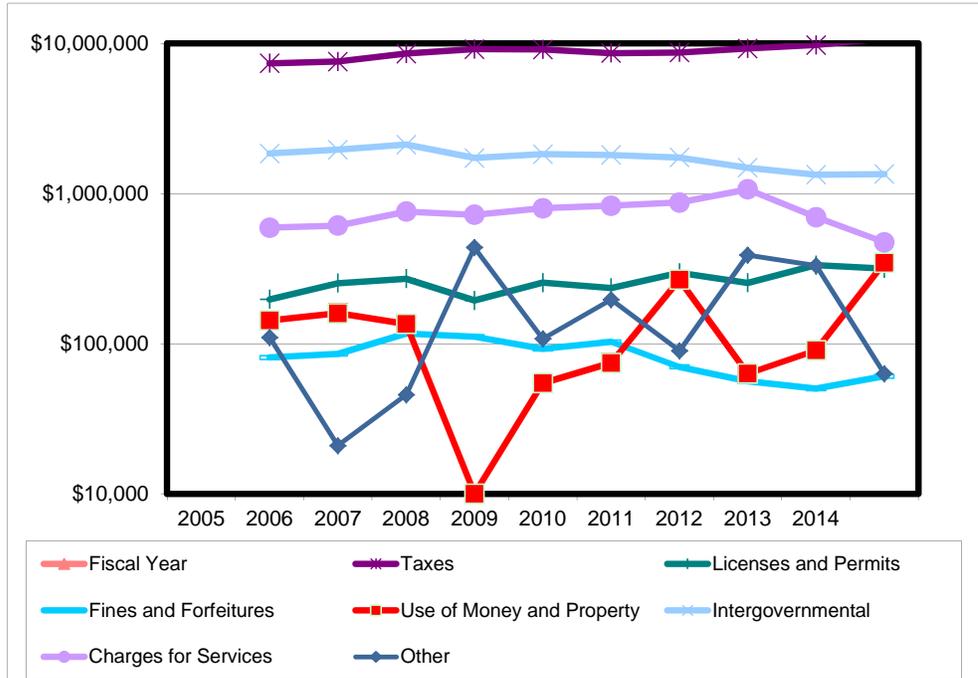
**CITY OF PINOLE**  
NET POSITION BY COMPONENT, Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 52,324,816	\$ 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
Restricted	30,458,219	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
Unrestricted	(35,722,550)	(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)
Total governmental activities net position	<u>\$ 47,060,485</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 8,019,324	\$ 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
Unrestricted	(117,846)	(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
Total business-type activities net position	<u>\$ 7,901,478</u>	<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>
Primary government										
Net investment in capital assets	\$ 60,344,140	\$ 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
Restricted	30,458,219	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
Unrestricted	(35,840,396)	(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
Total primary government net position	<u>\$ 54,961,963</u>	<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>

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental Activities:										
General government	\$ 4,663,893	\$ 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
Public safety	8,825,257	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
Public services	2,969,542	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
Recreation	1,563,110	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
Community development	2,646,277	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
Interest and fiscal chages	2,720,659	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
Total government activity expenses	\$ 23,388,738	\$ 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
Business-type activities:										
Wastewater utility	3,693,603	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
Total business-type activities expenses	3,693,603	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
Total primary government expenses	\$ 27,082,341	\$ 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
<b>Program Revenues</b>										
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
Public safety	718,947	866,627	400,687	406,321	445,951	380,755	177,931	102,560	146,658	586,131
Public services	117,709	624,918	512,065	357,204	355,579	314,815	311,922	705,701	461,578	946,387
Recreation	333,451	476,334	1,386,424	1,007,081	982,967	926,243	860,274	1,163,599	927,758	1,195,728
Community development	26,699	49,184	620,746	812,978	902,718	1,653,268	1,990,099	534,533	1,083,517	527,441
Operating grants and contributions	672,689	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
Capital grants and contributions	426,525	316,110	-	320,771	2,058,926	1,306,971	2,597,866	96,886	755,433	640,884
Total governmental program revenues	2,296,020	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
Business-type activities:										
Charges for services:										
Wastewater utility	3,227,371	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
Capital grants and contributions									218,193	
Total business-type program revenues	3,227,371	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
Total primary government program revenues	\$ 5,523,391	\$ 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
<b>Net (Expense)/Revenue</b>										
Net (Expense)/Revenue Governmental	(21,092,718)	(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)
Net (Expense)/Revenue Business-type	(466,232)	(469,615)	1,223,724	2,634,077	545,930	(638,717)	381,330	635,726	752,402	1,614,029
Total primary government net expense	(21,558,950)	(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)
<b>Change in Net Position</b>										
Governmental activities	(336,487)	(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)
Business-type activities	(539,355)	(564,568)	1,405,299	2,806,387	443,778	443,778	314,554	688,725	758,287	1,602,798
Total primary government	(875,842)	(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)

**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
2005	7,356,495	197,307	80,959	142,947	1,848,067	593,113	109,781	10,328,669
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

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.

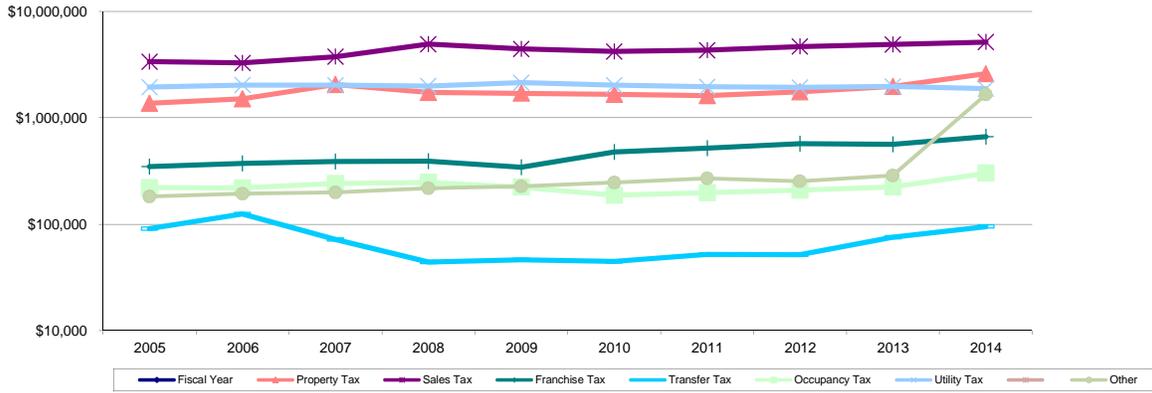
**CITY OF PINOLE**  
**FUND BALANCES, GOVERNMENTAL FUNDS, Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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
Committed							244,040	-	12,599,292	-
Unreserved / Unassigned	3,061,379	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)
<b>Total General Fund</b>	<b>\$ 3,061,379</b>	<b>\$ 1,837,111</b>	<b>\$ 576,396</b>	<b>\$ (644,334)</b>	<b>\$ (2,197,539)</b>	<b>\$ (3,079,187)</b>	<b>\$ 24,476,577</b>	<b>\$ 33,617,140</b>	<b>\$ 20,294,259</b>	<b>\$ (3,664)</b>
All Other Governmental Funds										
Nonspendable							\$ 3,213,536		\$ 7,023,664	\$ 2,591,393
Reserved	\$ 21,888,829	\$ 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
Assigned									1,340,327	783,083
Committed							-	-	-	-
Unreserved reported in:										
Special revenue funds	8,900,569	8,941,164	3,139,765	1,694,696	841,988	441,901	-	-	-	-
Capital project funds	20,970,809	17,752,067	30,117,057	22,281,974	19,786,143	17,887,607	(3,651,080)	-	933,006	(24,842)
Debt service funds	6,145,833	5,555,390	5,697,997	5,943,138	5,278,900	4,882,602	-	-	-	(3,018,401)
<b>Total all other governmental funds</b>	<b>\$ 57,906,040</b>	<b>\$ 55,242,602</b>	<b>\$ 60,929,042</b>	<b>\$ 55,080,634</b>	<b>\$ 51,128,016</b>	<b>\$ 48,829,107</b>	<b>\$ 18,895,824</b>	<b>\$ 3,060,465</b>	<b>\$ 16,084,455</b>	<b>\$ 15,434,686</b>

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Taxes	\$ 17,351,108	\$ 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
Intergovernmental	2,228,082	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
Loan repayments	4,746,724	595,875	629,106	1,036,202	211,784	253,473	371,220	109,343	48,464	108,021
Contributions	426,525	316,110	156,886	39,648	35,708	33,654	487,733	96,886	174,153	94,032
Investment earnings	894,548	1,338,465	2,084,651	1,651,436	1,027,361	986,963	386,330	22,214	113,723	595,808
Rents and ground leases	564,910	378,815	511,316	543,931	645,932	585,663	935,524	821,723	301,537	273,435
Charges for service	1,196,806	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
Fines, forfeitures and penalties	1,115,926	88,069	181,527	117,328	114,191	108,408	72,555	58,172	50,170	60,734
Gain (loss) on sale of property	(55,720)	2,919,551	-	-	-	662,667	(324,000)	(1,192,929)	-	-
Other revenues	255,067	159,971	7,731,173	891,559	177,180	586,121	189,455	451,942	405,411	137,713
<b>Total revenues</b>	<b>28,723,976</b>	<b>26,704,135</b>	<b>34,975,275</b>	<b>28,959,021</b>	<b>28,345,921</b>	<b>27,719,949</b>	<b>27,215,969</b>	<b>19,963,511</b>	<b>16,757,110</b>	<b>18,799,039</b>
<b>Expenditures</b>										
General administration	7,046,740	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
Public safety	8,314,765	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
Public services	1,692,011	2,146,205	2,017,619	1,989,480	832,163	787,202	699,286	904,149	696,343	1,822,928
Recreation	1,283,924	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
Community development	2,619,087	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
Debt service - Principal	1,633,991	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
Debt service - Interest	2,267,611	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
Capital outlay	1,938,505	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
<b>Total expenditures</b>	<b>26,796,634</b>	<b>35,834,859</b>	<b>31,133,113</b>	<b>35,935,794</b>	<b>32,398,539</b>	<b>33,109,364</b>	<b>29,693,490</b>	<b>21,195,230</b>	<b>17,062,066</b>	<b>17,577,014</b>
<b>Other financing sources (uses)</b>										
Bond, note and loan proceeds	29,995,000	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
Transfers from enterprise fund	75,000	75,000	182,277	100,000	100,000	100,000	100,000	-	-	-
Extraordinary item	-	-	-	-	-	-	-	(5,828,864)	-	(22,634,276)
<b>Total other financing sources</b>	<b>30,070,000</b>	<b>6,568,799</b>	<b>482,277</b>	<b>544,870</b>	<b>100,000</b>	<b>11,319</b>	<b>100,000</b>	<b>(5,531,938)</b>	<b>6,064</b>	<b>(22,169,717)</b>
<b>Net change in fund balance</b>	<b>\$ 31,997,342</b>	<b>\$ (2,561,925)</b>	<b>\$ 4,324,439</b>	<b>\$ (6,431,903)</b>	<b>\$ (3,952,618)</b>	<b>\$ (5,378,096)</b>	<b>\$ (2,377,521)</b>	<b>\$ (6,763,657)</b>	<b>\$ (298,892)</b>	<b>\$ (20,947,692)</b>
Debt service as a % of noncapital expenditures	15.7%	16.7%	17.7%	16.6%	19.3%	20.4%	21.9%	22.3%	3.0%	4.1%

**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		
2005	1,372,199	3,380,738	348,123	90,895	221,229	1,943,312	182,580	7,539,076	
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	

(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**  
**(BY ASSESSMENT PROPERTY CATEGORY)**  
**LAST TEN FISCAL YEARS**  
*(in thousands of dollars)*

Fiscal Year	Residential Property	Commercial Property	Industrial Property	All Other Assessment Categories	Total Taxable Assessed Value	Total Direct Tax Rate [a]	Estimated Actual Taxable Value [b]	Taxable Assessed Value as a % of Actual Taxable Value
2005	1,313,902	247,181	14,340	94,005	1,669,428	0.148	2,537,531	65.7895
2006	1,466,842	267,867	14,861	95,790	1,845,360	0.185	2,841,854	64.9351
2007	1,571,618	275,403	14,918	107,323	1,969,262	0.169	3,072,049	64.1026
2008	1,571,618	275,403	14,918	107,323	1,969,262	0.159	3,111,434	63.2911
2009	1,555,913	311,157	17,482	101,242	1,985,794	0.155	3,177,270	62.5000
2010	1,379,735	350,603	17,544	95,658	1,843,540	0.231	2,986,535	61.7284
2011	1,355,128	347,394	17,134	92,446	1,812,102	0.246	2,971,847	60.9756
2012	1,307,569	344,375	2,505	87,701	1,742,150	0.276	2,891,969	60.2410
2013	1,260,099	336,541	2,555	83,403	1,682,598	0.030	2,826,765	59.5238
2014	1,322,470	326,180	2,606	108,546	1,759,802	0.025	2,991,663	58.8235

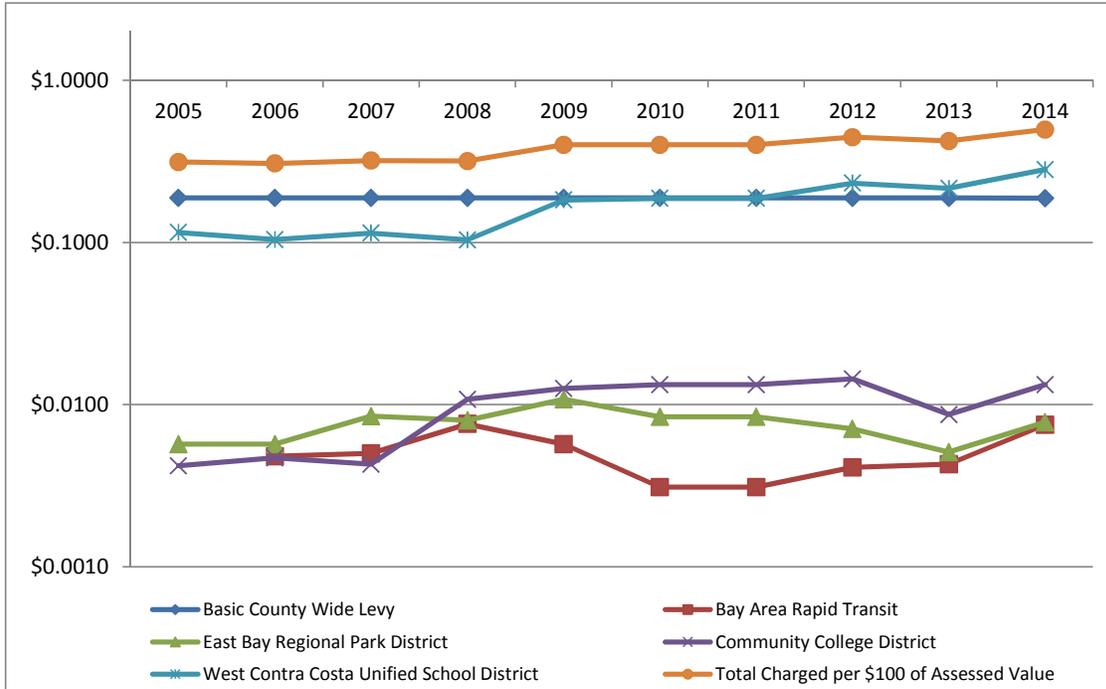
Notes:

[a] Tax rate expressed in terms \$1,000 / Assessed Value

[b] Estimated Actual Taxable Value is based upon Article XIII B (CA State Constitution) 2% assessment growth allowance beginning 1979.

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
2005	\$0.1880	\$0.0048	\$0.0057	\$0.0042	\$0.1153	\$0.3132
2006	\$0.1880	\$0.0048	\$0.0057	\$0.0047	\$0.1041	\$0.3073
2007	\$0.1880	\$0.0050	\$0.0085	\$0.0043	\$0.1143	\$0.3201
2008	\$0.1880	\$0.0076	\$0.0080	\$0.0108	\$0.1035	\$0.3179
2009	\$0.1880	\$0.0057	\$0.0108	\$0.0126	\$0.1828	\$0.3999
2010	\$0.1880	\$0.0031	\$0.0084	\$0.0133	\$0.1869	\$0.3997
2011	\$0.1880	\$0.0031	\$0.0084	\$0.0133	\$0.1869	\$0.3997
2012	\$0.1884	\$0.0041	\$0.0071	\$0.0144	\$0.2322	\$0.4462
2013	\$0.1884	\$0.0043	\$0.0051	\$0.0087	\$0.2157	\$0.4222
2014	\$0.1874	\$0.0075	\$0.0078	\$0.0133	\$0.2818	\$0.4978

Source : Contra Costa County Auditor-Controller Office

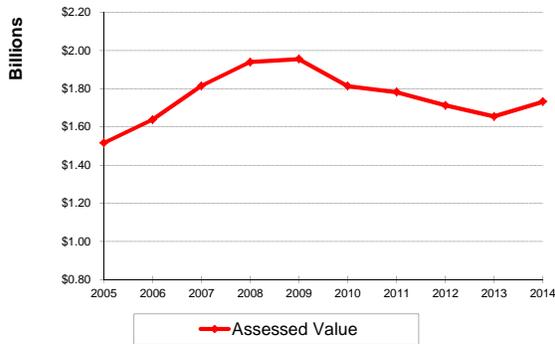
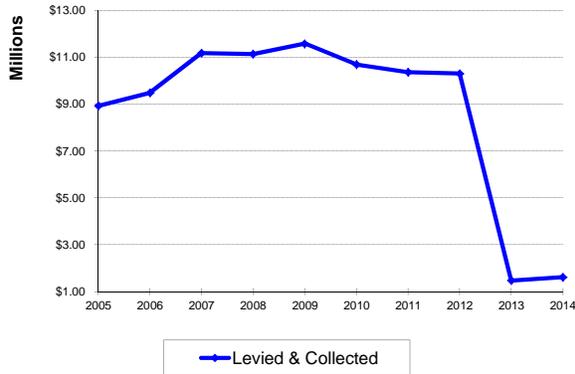
**CITY OF PINOLE**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**JUNE 30, 2014**

<u>Property Taxpayer</u>	<u>2004-05 Tax Assessment Value</u>	<u>2004-05 Tax Charge</u>	<u>2013-14 Tax Assessment Value</u>	<u>2013-14 Tax Charge</u>
Appian Associates	\$ 13,339,522	\$ 129,438	\$ 15,407,341	\$ 201,898
Che Chen and Shu Fen Liu	\$ 17,883,640	\$ 173,531	\$ 20,675,909	\$ 270,937
Dayton Hudson Corporation	\$ 24,633,146	\$ 239,023	\$ 19,444,067	\$ 254,795
KW Pinole LLC	\$ 13,871,220	\$ 127,032	\$ 21,837,738	\$ 286,162
Kaiser Foundation Health Plan	\$ 3,628,769	\$ 33,385	\$ 35,945,142	\$ 471,025
Peter L. Thigpen	\$ 5,806,419	\$ 53,175	\$ 20,991,311	\$ 275,070
Public Storage	\$ 7,327,677	\$ 69,553	\$ 13,197,567	\$ 172,941
ROIC Pinole Vista LLC	\$ 20,589,439	\$ 199,786	\$ 21,625,988	\$ 283,387
Thomas Fitzgerald Trust	\$ 12,225,790	\$ 118,631	\$ 12,614,060	\$ 165,295
TKG Pinole LLC	\$ 67,963,551	\$ 423,530	\$ 60,094,040	\$ 787,472

Source: Hdl Coren & Coren

Note: This information is shown in alphabetical order. Oldest data detail available is for FY 2004-05

**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
2005	1,394,621	7,533,216	8,927,837	100%	790,870,722	724,000,054	1,514,870,776	0.18%	1.04%
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%

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>2004-05</u>	<u>2005-06</u>	<u>2006-07</u> [a]	<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> [b]
Major Business Groups										
Autos and Transportation	\$ 116,602	\$ 100,976	\$ 131,112	\$ 112,746	\$ 112,522	\$ 114,282	\$ 120,748	\$ 121,195	\$ 127,938	\$ 124,234
Building and Construction	282,379	276,831	304,140	289,946	247,085	187,069	178,788	177,786	194,806	205,843
Business and Industry	126,185	119,094	121,634	109,766	115,425	98,042	94,315	90,571	114,078	90,046
Food and Drugs	266,094	275,781	291,706	280,445	298,175	310,750	318,983	322,851	327,071	332,824
Fuel and Service Stations	257,559	301,008	306,080	341,574	312,149	284,716	370,647	392,505	428,169	426,327
General Consumer Goods	1,500,426	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
Restaurants and Hotels	445,916	444,741	462,039	470,576	476,528	473,217	480,453	533,913	576,500	618,795
Adjustments & Others	(21,068)	(198,651)	166,214	37,372	(1,970)	-	-	-	-	35,173
Point of Sale s/totals	2,974,093	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
County Pool Allocations	423,808	439,379	440,545	414,865	280,676	248,972	336,207	320,353	311,692	366,939
State Pool Allocations	3,807	5,144	4,446	1,665	1,452	2,265	1,200	1,000	1,571	2,064
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
Administrative Cost - SBE	(20,970)	(19,828)	(26,649)	(57,048)	(43,193)	(44,986)	(47,160)	(48,012)	(49,811)	(54,106)
Fiscal Year Totals	\$ 3,380,738	\$ 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
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") authorized

Source: HdL Coren & Coren

[b] "Adjustment" reflects "True-up" reconciliation payment for "Triple-Flip" Reimbursement for State Fiscal Recovery Bond Financing Program.

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

Taxing Jurisdiction / Purpose	<u>2004-05</u> [b]	<u>2005-06</u>	<u>2006-07</u> [a]	<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>
<b>Overlapping Sales Taxes</b>										
State General Fund	5.00%	5.00%	5.00%	5.00%	5.50%	5.50%	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%	0.00%	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%
[c] 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>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>
<b>City Direct Sales Taxes</b>										
Bradley Burns Authority	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
[a] Measure "S" Authority	0.00%	0.00%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Direct Sales Taxes	<u>0.75%</u>	<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>
[d] Total Sales Tax Levy - City of Pinole	8.25%	8.25%	8.75%	8.75%	9.25%	9.25%	8.75%	8.75%	9.00%	9.00%

Notes:

- [a] Effective 04/01/07 additional 1/2% local transaction tax (Measure "S") authorized
- [b] Effective 07/01/04 Property for Sales Tax swap enacted by the State Legislature
- [c] Effective 01/01/94 SCA-1 (Proposition-172) additional 1/2% statewide sales tax restricted to public safety programs
- [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, 2014**

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

**PERCENT OF FISCAL YEAR TOTAL PAID BY TOP 25 ACCOUNTS = 63%**

Source: State Board of Equalization (HdL & Associates)

Note: This 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 [a]	Per Capita
	Redevelopment Bonds	Pension Obligation Bonds	Notes and Mortgages	Capital Leases	Wastewater Revenue Bonds			
2005	62,225,000	-	5,112,226	-	-	67,337,226	8.9%	\$ 3,435
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	[b]	4,750,189	[b]	259,630	9,220,000	14,229,819	1.7%	\$ 762
2014	[b]	4,478,467	[b]	608,209	9,005,000	14,091,676	1.7%	\$ 755

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

[a] Statistical data for 2014 not yet available from the California Department of Finance.

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

Source: City Finance Department / CA State Department of Finance

**CITY OF PINOLE**  
**OTHER LONG TERM LIABILITIES**  
**LAST SIX FISCAL YEARS**

Fiscal Year	Governmental Activities		Business-type Activities	Total Primary Government	Percentage of Personal Income [a]	Per Capita
	OPEB Unfunded NOO	Compensated Absences	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	1.2%	\$ 544
2013	10,834,457	650,157	1,196,617	12,681,231	1.5%	\$ 678
2014	12,638,863	629,136	1,413,205	14,681,204	1.7%	\$ 781

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

[a] Statistical data for 2014 not yet available from the California Department of Finance.

Source: City Finance Department / CA State Department of Finance

**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

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

Source: City Finance Department

**CITY OF PINOLE**  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT [c]  
JUNE 30, 2014

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Outstanding Debt 06/30/14	[a] % Applicable	Estimated Share of Debt 6/30/14
Bay Area Rapid Transit District	\$ 648,275,000	0.335%	\$ 2,171,721
Contra Costa Community College District	343,945,000	1.201%	4,130,779
West Contra Costa Unified School District	900,147,930	7.918%	71,273,713
West Contra Costa Healthcare District	59,945,000	7.187%	4,308,247
East Bay Regional Park District	202,210,000	0.517%	1,045,426
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>82,929,887</b>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Contra Costa County General Fund Obligations	\$ 274,600,301	1.197%	\$ 3,286,966
Contra Costa County Pension Obligations	258,500,000	1.197%	3,094,245
Alameda-Contra Costa Transit District Authority	99,945,000	0.009%	8,995
Contra Costa Community College District Certificates of Participation	700,000	1.201%	8,407
West Contra Costa Unified School District Certificates of Participation	7,390,000	7.918%	585,140
<b>City of Pinole Pension Obligations</b>	<b>4,478,466</b>	<b>100.000%</b>	<b>4,478,466</b>
Contra Costa County Fire Protection Pension Obligations	28,155,000	0.033%	9,291
GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 11,471,510
Less: Contra Costa County obligations supported from revenue funds			1,301,570
<b>NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 10,169,940</b>
 <u>OVERLAPPING TAX INCREMENT DEBT:</u>	 \$ 39,295,000	 100.000%	 \$ 39,295,000
 <b>TOTAL DIRECT DEBT</b>			 <b>\$ 4,478,466</b>
<b>TOTAL GROSS OVERLAPPING DEBT</b>			<b>\$ 129,217,931</b>
<b>TOTAL NET OVERLAPPING DEBT</b>			<b>\$ 127,916,361</b>
 GROSS COMBINED TOTAL DEBT			 \$ 133,696,397
NET COMBINED TOTAL DEBT			\$ 132,394,827

2013-2014 Assessed Valuation : \$ 1,759,801,754 [d]

Ratios to 2013-14 Assessed Valuation:

Total Gross Direct and Overlapping Tax and Assessment Debt.....	4.71%
<b>Combined Direct Debt.....</b>	<b>0.25%</b>
Gross Combined Total Debt.....	7.60%
Net Combined Total Debt .....	7.52%

Ratios to Redevelopment Incremental Valuation (\$862,888,372):

Total Overlapping Tax Increment Debt .....	4.55%
--	-------

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/13: \$-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]

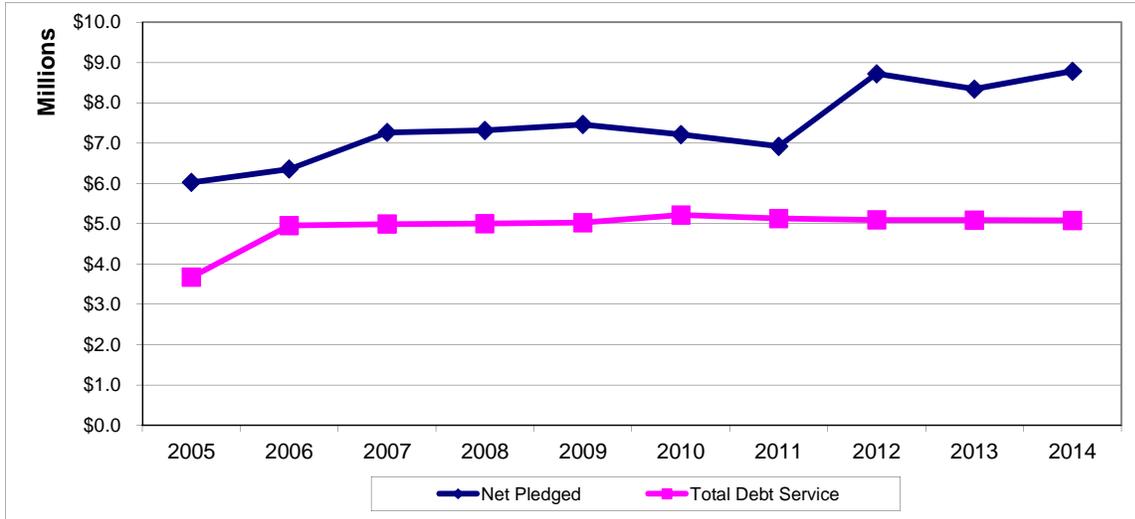
Fiscal Year	Total assessed value of all real and personal property	Legal debt limit - 15% of total assessed valuation	Amount of debt applicable to limit	Legal debt margin
2005	\$ 1,514,870,776	\$ 227,230,616	\$ -	\$ 227,230,616
2006	\$ 1,637,096,763	\$ 245,564,514	\$ (16,800,000)	\$ 228,764,514
2007	\$ 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

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**

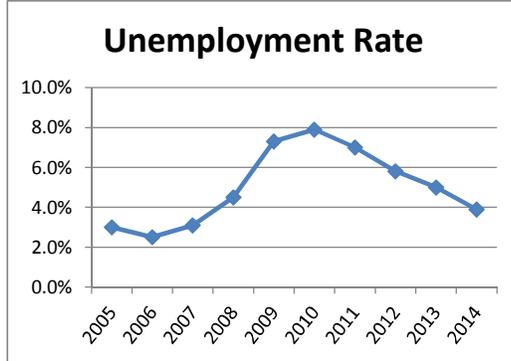
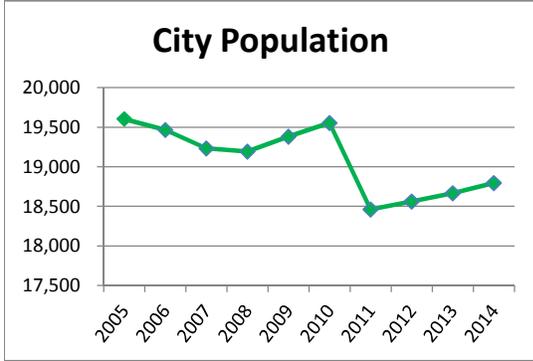


2005	Fiscal Year	[b] Pledged Tax Revenue	[a] Less Low and Moderate Income Housing Set-Aside	Net Pledged Tax Revenue Available for Debt Service	Debt Service		Total Debt Service
					Principal	Interest	
2005	2004-2005	7,533,216	1,506,643	6,026,573	1,605,000	2,068,572	3,673,572
2006	2005-2006	7,948,110	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

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
2005	19,604	934,562	82,800	4,202	3.0%
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%

- 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**

Employer	2014			2005	
	Rank	Employee Count	Percentage of City Total	Employee Count	Percentage of City Total
West Contra Costa USD	1	320	7.39%	310	7.16%
Lucky's / Food Maxx	2	140	3.23%	90	2.08%
Target	3	136	3.14%	210	4.85%
City of Pinole	4	112	2.59%	140	3.23%
K-mart	5	104	2.40%	95	2.20%
Best Buy	6	85	1.96%	102	2.36%
Kaiser Health Center	7	75	1.73%	-	0.00%
Trader Joe's	9	69	1.59%	-	0.00%
Safeway	8	67	1.55%	92	2.13%
Round Table Pizza	10	52	1.20%	75	1.73%
Top 10 Employer Count		1,160			
Total Work Force		4,332	26.78%	4,328	25.74%

Note: Oldest data detail available to report is for 2004-05

Data Source: City of Pinole (Business Licensing)

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

<u>Function / Program [a]</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	[b] <u>2012</u>	<u>2013</u>	<u>2014</u>
General government										
Management Services	5	7	7	7	6	5	5	5	5	5
Finance	4	4	4	4	5	4	4	3	3	3
Planning	2	2	2	2	2	2	2	1	1	1
Building	3	3	3	3	4	3	2	1	1	2
Other	2	2	2	1	3	2	2	2	4	4
Police										
Officers	27	28	28	31	32	28	28	28	27	27
Civilians	20	20	20	25	24	23	21	13	13	13
Fire										
Firefighters and officers	18	18	19	19	20	19	17	15	15	15
Civilians	1	1	1	1	1	-	-	-	-	-
Public Works										
Engineering	5	5	6	6	7	5	4	3	3	3
Maintenance	11	11	11	11	11	8	7	6	6	6
Redevelopment	4	5	5	5	5	4	3	3	-	-
Parks and recreation	13	12	12	13	13	13	14	8	8	11
Wastewater collection and treatment	14	16	16	16	16	15	15	13	13	13
Total	<u>129</u>	<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>

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**

**Form of Government**

Council-Manager

**Number of Employees(including police & fire)**

Full-time  
Part-time

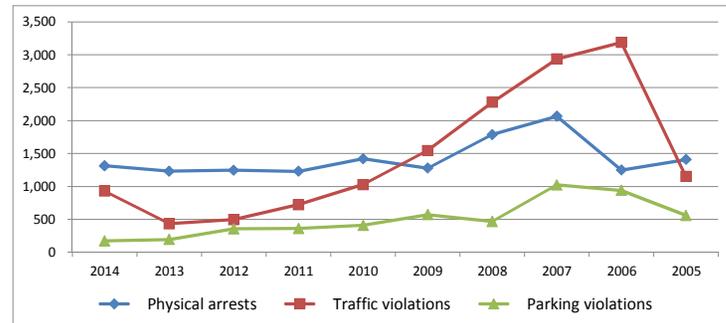
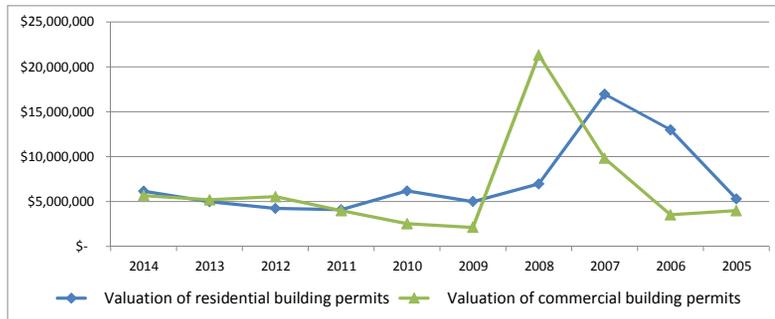
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**Area in square miles**

5 square miles

<b>Statistics by Fiscal Year</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Fire Protection :</b>										
Number of fire personnel & officers (incl. Reserves)	17	15	15	23	26	27	27	26	26	26
Number of calls answered	2,205	2,250	2,000	2,134	2,283	2,480	2,643	2,281	2,402	2,318
Number of inspections conducted	7	48	55	515	210	230	290	310	312	392
Number of building plan reviews	25	32	61	76	70	70	90	104	69	
Number of fire investigations	Not Available	Not Available	51	98	90	92	115	133	110	
<b>Police Protection :</b>										
Number of police personnel & officers (incl. Reserves)	40	40	43	51	53	56	56	48	48	47
Physical arrests	1,314	1,232	1,246	1,228	1,419	1,276	1,787	2,064	1,248	1,407
Traffic violations	928	434	496	723	1,029	1,546	2,278	2,934	3,187	1,151
Parking violations	172	195	356	362	410	571	468	1,023	938	559
Other violations (fix-it & pedestrians)	1,060	738	822	1,232	1,103	1,200	1,055	1,214		
<b>Community Development:</b>										
Number of residential building permits	800	651	608	674	732	660	863	993	715	646
Valuation of residential building permits	\$ 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	\$ 5,300,503
Number of commercial building permits	43	59	46	21	30	42	50	65	51	70
Valuation of commercial building permits	\$ 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	\$ 3,990,771
<b>Sewer System:</b>										
Daily average treatment in gallons	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	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>	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Fire Protection :</b>										
Number of stations	1	1	1	1	2	2	2	2	2	2
<b>Police Protection :</b>										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	13	13	13	13	13	13	13	12	12	12
Number of security units	2	2	2	2	2	2	2	1	1	1
<b>Recreation and culture :</b>										
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									
<b>Sewer System:</b>										
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	5,414	5,414	5,423	5,401	5,398	5,400	5,404	5,362	5,362	5,355
<b>Schools:</b>										
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