

CITY OF PINOLE, CALIFORNIA



Fiscal Year Ended June 30, 2017



Comprehensive Annual Financial Report

**CITY OF PINOLE
CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Prepared by
FINANCE DEPARTMENT**

CITY OF PINOLE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

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Introductory Section





CITY OF PINOLE

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March 12, 2018

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Pinole, California for the fiscal year ended June 30, 2017. The City of Pinole is required to annually issue a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited by an independent, certified public accounting firm.

This report presents the finances of the City of Pinole. Management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

Mann, Urrutia, Nelson CPA's and Associates, LLP, a firm of licensed certified public accountants, has audited the City of Pinole's financial statements. The objective of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating overall financial management presentation. Mann, Urrutia, Nelson CPA's and Associates, LLP concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Pinole's financial statements for the year ended June 30, 2017, are fairly presented in conformity with GAAP. Their independent auditor's report is the first component presented in the financial section of this report.

The independent audit of the City's financial statements is part of a broader, federally mandated "Single Audit" designed to meet the needs of federal grantor agencies. The standards governing Single Audit engagements require the auditor to report not only on their fair presentation of the City's financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Reports. A Single Audit Report is required for the fiscal year ended June 30, 2017 as a result of federal expenditures for the year above the \$750,000 threshold.

Accounting standards require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in

conjunction with it. The City's MD&A can be found immediately following the independent auditors report in the financial section of this report.

Profile of the Government

The City of Pinole was incorporated on June 25, 1903. Pinole is primarily a residential community located in West Contra Costa County, approximately 30 miles northeast of San Francisco and 20 miles north of Oakland along Interstate Highway 80. The City currently has a land area of 5 square miles and a population of 18,975.

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

Pinole is a full service city with 95 fulltime and 38 part-time authorized personnel in 2016-17. The City provides public safety (Police and Fire), public services (maintenance of streets and roads), community development (land use, building and housing standards regulation), recreation programs, parks and recreation areas, wastewater utilities, administration and fiscal services.

The financial statements included in the CAFR present the City (the primary government) and its component units if applicable. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data from the City. Discreetly presented component units are reported in a separate column in the basic financial statements to emphasize their separateness from the City. The Successor Agency to the Pinole Redevelopment Agency is not a component unit of the City as was the case with the former Redevelopment Agency, but is accounted for in a Private Purpose Trust Fund in the Fiduciary Funds segment of the financial report.

Assessing the City's Economic Condition

Local Economy

The City continues to show improvement in its economy with a strengthening local tax base in both retail sales and real property values. The region has a varied manufacturing, industrial and commercial base, but the City's principle businesses are engaged in merchandising and retail sales. The local unemployment rate remained at 4.9% in 2017 and 2016. Contra Costa County, which includes Pinole, has an unemployment rate of 4.1%, which compares favorably to the state's average rate of 4.8%.

Commercial Activity

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

- *Gateway Shopping Center Project*

The new Gateway Shopping Center is an approximately 5.5-acre site located on both the east and west sides of Pinole Valley Road, just north of Interstate Highway 80 and south of Henry Avenue. The site is bordered by Pinole Creek on the west, Henry Avenue on the north, the

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

The Gateway West portion of the project is complete and includes Sprouts Farmers Market and Habit Burger which opened in December 2016. Other retail shops and restaurants that opened during the 2016-17 fiscal year include: Orange Theory, Cookie Dough Parlor, Tropical Smoothie Café, and Jovance Salon and Barbering. The Gateway East portion of the project includes: an approximately 11,000 square foot medical office building with an associated parking garage planned to open in the first half of 2019, a 75-foot pylon sign, and a drive through Starbucks which opened in November 2016. Landscape enhancements and a pedestrian connection for the Pinole Creek Trail, west of the Gateway West portion of the project site is underway.

- *CVS Pharmacy Project*
The City has approved building permits for development of a new approximately 15,000 square foot CVS store with a drive through pharmacy at 1617 Canyon Drive (southeast corner of the intersection of Appian Way and Canyon Drive) that is under construction. The project involves the demolition of the existing multi-story medical building, and includes the relocation of two existing wireless communications facilities within the approximately 1.9-acre project site and the construction of a pylon structure to camouflage the proposed relocated wireless communication facility antennas. The new store will replace the existing CVS store in the Appian 80 Shopping Center. The project is estimated to be completed in spring of 2019.

Major Initiatives

Budget Recovery Plan

During fiscal year 2016-17, the City maintained its commitment towards improving the General Fund's financial condition. The General Fund reserve was established in fiscal year 2014-15 in the amount of \$3 million using one time revenues mainly from the sale of property from the former Redevelopment Agency. City Council has a goal of funding a \$5.5 million reserve. Beginning in fiscal year 2016-17, \$200,000 is allocated to general reserves from Measure S 2014 funding.

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

Capital Facilities and Infrastructure Projects

- *Wastewater Pollution Control Plant Improvements*
Construction of the Pinole-Hercules Wastewater Treatment Plant upgrade project which has been in development for the past five years began in May of 2016. Construction is anticipated to last approximately 30 months with an estimated completion in December of 2018.

The estimated project cost is \$53 million and is funded 50/50 by the cities of Pinole and Hercules. The City has received a low interest State Revolving Fund (SRF) loan in the amount of \$26.6 million from the State Water Resources Control Board (SWRCB) for its proportionate share of construction costs. The City adopted a 5-year rate plan on July 2, 2013 to generate the required debt service funding. The rates for a Single Family Residence (SFR) increased from \$60.55/month to \$62.55/month effective July 1, 2017.

- The City of Pinole expanded the street light replacement program in conjunction with PG&E to include an additional 260 street lights. The program replaced high pressure sodium street lights with energy saving LEDs. The estimated energy savings and decreased maintenance costs will pay for the retrofit project in less than five years.

Community Events

- The Pinole Police Department hosted the annual Youth Academy in October 2016. This outreach program offers a wide range of safety related topics and experiences that include: criminal investigations, physical agility, crime scene processing/evidence collection, K9 policing, and traffic enforcement and accident investigation.
- Other Pinole Police Department community outreach activities include: National Night Out, Bears and Blankets Program, Coffee with a Cop, School Liaison Officer Program, Police/Community meetings, Police/Clergy Coalition, and Paws on Patrol.
- The Seventh Annual Community Service Day was held in May 2017. This event was attended by more than a hundred civic-minded community members who joined together to volunteer in a variety of hands-on community projects throughout Pinole. The event concluded with an appreciation lunch at the Pinole Youth Center.
- Other community events include: a Halloween Carnival, Christmas Tree Lighting, concerts and movies in the park, the American Cancer Society's annual Relay for Life, cookies and canvas fundraiser, wine tasting fundraiser, annual crab feed, Classic Car Show, and Special Olympics Northern California Bike the Bridges.

Financial Policies and Planning

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

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

Public funds held by the City Treasury were invested in accordance with the City's Investment Policy that was adopted on June 6, 2017 and conforms to the California Government Code Section 53601. The permitted investments include U.S. treasury notes, bonds, or bills; instruments issued by a U.S. federal agency or a U.S. government sponsored enterprise; negotiable certificates of deposit (with certain restrictions); medium term corporate notes with a rating category of "AA" or better; commercial paper of "prime quality"; bankers acceptances; repurchase agreements not to exceed 30 days; money market mutual funds; and with the State of California Local Agency Investment Fund. The objectives of the City's Investment Policy are to invest up to 100% of temporarily idle funds while maintaining safety, liquidity and yield. The Investment Policy is reviewed annually in conjunction with all financial policies to ensure its consistency with respect to the overall objectives, and its relevance to current laws and financial trends.

The City is a member of the Municipal Pooling Authority (MPA). This Joint Powers Authority (JPA) was formed to allow member agencies to pool together to provide cost effective risk management services

and programs to member agencies. The MPA provides for general liability, workers compensation, auto-physical damage, all risk fire and property, including earthquake, and boiler and machinery coverage. The City also purchases employee benefit coverage through this pool which includes dental and orthodontic, life and long-term disability coverage.

The City has fully implemented the following most recent Governmental Accounting Standards Board (GASB) Statements: Statement No. 77, "*Tax Abatement Disclosures*" and Statement No. 80, "*Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14.*" Refer to Note 1 on page 40 for more information.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Pinole for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. This was the twentieth consecutive year that the City has received the prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its continued eligibility for a certificate.

Acknowledgements

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

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

Respectfully submitted,



Andrea Miller
Finance Director



Government Finance Officers Association

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

Presented to

**City of Pinole
California**

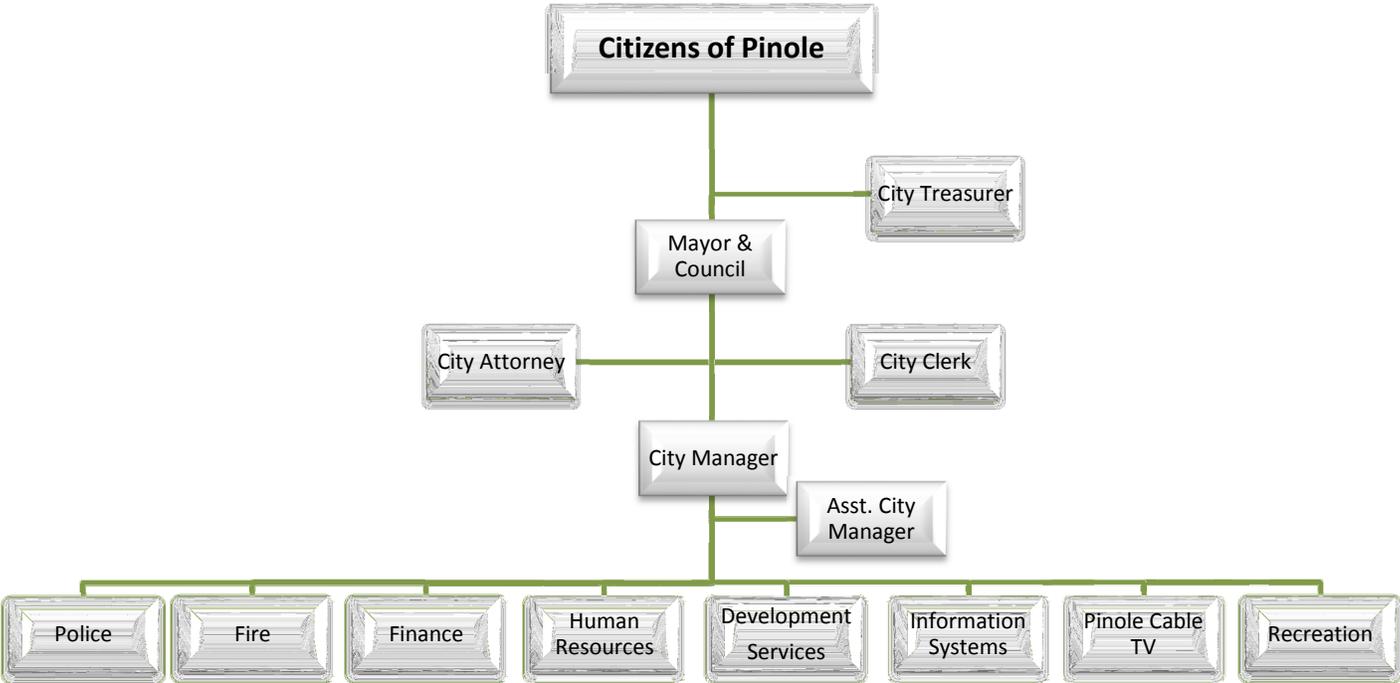
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morill

Executive Director/CEO

CITY OF PINOLE – ORGANIZATIONAL CHART



CITY OF PINOLE
ELECTED OFFICIALS AND
ADMINISTRATIVE PERSONNEL

JUNE 30, 2017

ELECTED OFFICIALS

Mayor	Debbie Long
Mayor Pro Tem	Tim Banuelos
Council Member	Peter Murray
Council Member	Roy Swearingen
Council Member	Maureen Toms
City Treasurer	Dina Rosales

ADMINISTRATIVE PERSONNEL

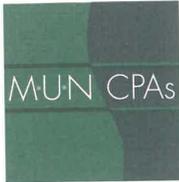
City Manager	Michelle Fitzer
Assistant City Manager	Hector De La Rosa
City Attorney (Contract)	Eric Casher
Development Services Director	Tamara Miller
Finance Director	Andrea Miller
Police Chief	Neil Gang
Fire Chief	Scott Kouns
City Clerk	Rosa Acosta





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 the City of Pinole, as of and for the year ended June 30, 2017, 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, 2017, 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, pension related schedules, and the schedules of funding progress for other postemployment benefits 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 March 12, 2018, 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, California
March 12, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Pinole's (City) Comprehensive Annual Financial Report presents a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2017 (FY 2016-17). We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the City's basic financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of FY 2016-17 by \$39.3 million (net position). Of this amount, \$17.8 million is restricted for specific purposes (restricted net position), \$47.1 million is the net investment in capital assets and \$25.5 million represents a deficit in unrestricted net position.
- The City's net position increased by \$1.5 million, a 4% increase at the close of FY 2016-17 as compared to FY 2015-16. During fiscal year 2016-17, a prior period adjustment in the amount of \$161,238 was recorded to reflect a reduction in related FY 2015-16 bond issuance costs. Overall, governmental activities net position decreased by \$33 thousand while business-type activities increased by \$1.7 million as a result of an increase in net position.
- Governmental funds reported ending balances of \$31.4 million, an increase of \$3.8 million in comparison to the prior fiscal year ending June 30, 2016.
- The General Fund balance is \$11.7 million, of which \$11.7 million is unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information and related notes, combining statements for non-major governmental funds, and individual fund financial statements and schedules.

Government-wide Financial Statements

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

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

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows (accrual basis of accounting). Thus, revenues and expenses are reported in this statement for some items that will result in cash flows

in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to interest on long-term debt.

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

Fund Financial Statements

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows* and *outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

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

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

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

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

- *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the wastewater utility.

- *Internal service funds* are used by the City to establish reserves and account for employee benefits, equipment replacement, liability insurance, and retiree medical benefits. These funds serve both governmental and business-type functions and so they are allocated accordingly in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided as supplementary information in the form of *combining statements*.

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

Notes to Basic Financial Statements

Notes to Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

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

Supplementary Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following section provides a comparative analysis of government-wide data for FY 2016-17 and FY 2015-16. The Statement of Net Position will be discussed first, followed by a discussion of the Changes in Net Position.

The following table is a summary of the Statement of Net Position as of June 30, 2017 (2017) and June 30, 2016 (2016).

City of Pinole						
Net Position (in millions)						
	Governmental		Business-type		Totals	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other assets	\$34.2	\$31.2	\$10.6	\$7.6	\$44.9	\$38.8
Capital assets	33.0	34.3	29.0	22.1	62.0	56.4
Total assets	67.2	65.5	39.6	29.7	106.9	95.2
Deferred outflows of resources	5.7	1.7	0.3	0.1	6.0	1.8
Liabilities:						
Current liabilities	3.3	4.0	2.2	0.4	5.5	4.4
Long-term liabilities	47.5	40.3	17.7	10.9	65.2	51.2
Total liabilities	50.8	44.3	19.9	11.3	70.7	55.6
Deferred inflows of resources	2.9	3.5	-	0.1	2.9	3.6
Net position:						
Invested in capital assets, net of debt	32.7	33.8	14.4	13.9	47.1	47.6
Restricted	17.8	2.6			17.8	2.6
Unrestricted	(31. 2)	(17. 1)	5.6	4.5	(25. 6)	(12.4)
Total net position	\$ 19.3	\$ 19.3	\$ 20.0	\$ 18.4	\$ 39.3	\$ 37.8

Analysis of Net Position

Net position may serve as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$39.3 million at the close of FY 2016-17. The City's combined net position increased 4%, or \$1.5 million from the prior fiscal year. This is primarily a result of changes in unrestricted net position of governmental and business-type activities.

- *Net investment in capital assets* (e.g. infrastructure, land, buildings, improvements other than buildings, construction in progress, and equipment), less any related debt used to acquire assets still outstanding, is \$47.1 million (120% of the total). The City uses these capital assets to provide services to the community; consequently, these assets are not available to for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since generally capital assets are not used to liquidate these liabilities. The City's net investment in capital assets decreased by \$500 thousand (Note 5). The majority of the decrease was attributable to the depreciation of equipment under governmental activities.
- *Restricted net position* of \$17.8 million (46% of the total) represents resources that are subject to external restrictions on how they may be used. Of this amount, \$14.4 million represents housing activities with \$2.6 million of that amount representing properties held for housing resale or redevelopment (Note 4).
- *Unrestricted net position*, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased by \$13.1 million to negative \$25.5 million. Governmental activities unrestricted net position was a negative \$31.1 million (primarily as a result of implementing GASB Statement Nos. 45, 68 and 71), and business-type activities net position was a positive \$5.6 million.

Analysis of Activities

The following table reflects the changes in net position for governmental and business-type activities as of June 30, 2017 (2017) and June 30, 2016 (2016).

City of Pinole Changes in Net Position

	Governmental Activities		Business-type Activities		Totals		Total % Change
	2017	2016	2017	2016	2017	2016	
Revenues:							
Program revenues:							
Charges for services	\$ 2,251,632	\$ 2,359,061	\$ 6,315,563	\$ 7,541,964	\$ 8,567,195	\$ 9,901,025	-13.5%
Operating grants and contributions	227,184	1,464,456	-	-	227,184	1,464,456	-84.5%
Capital grants and contributions	1,262,813	1,094,371	-	-	1,262,813	1,094,371	15.4%
Total program revenue	3,741,629	4,917,888	6,315,563	7,541,964	10,057,192	12,459,852	-19.3%
General revenues:							
Taxes:							
Property tax	3,491,463	3,412,893	-	-	3,491,463	3,412,893	2.3%
Sales tax	7,596,645	7,859,195	-	-	7,596,645	7,859,195	-3.3%
Franchise tax	762,726	747,330	-	-	762,726	747,330	2.1%
Utility tax	2,066,622	1,876,317	-	-	2,066,622	1,876,317	10.1%
Transient occupancy tax	478,940	459,393	-	-	478,940	459,393	4.3%
Gas tax	365,346	417,473	-	-	365,346	417,473	-12.5%
Motor Vehicle in Lieu	1,608,906	1,522,654	-	-	1,608,906	1,522,654	5.7%
Licenses, permits and fees	1,172,801	1,601,346	-	-	1,172,801	1,601,346	-26.8%
Investment Earnings	15,638	188,790	3,570	20,137	19,208	208,927	-90.8%
Miscellaneous	70,366	276,935	-	-	70,366	276,935	-74.6%
Total general revenues	17,629,453	18,362,326	3,570	20,137	17,633,023	18,382,463	-4.1%
Total revenues	21,371,082	23,280,214	6,319,133	7,562,101	27,690,215	30,842,315	-10.2%
Expenses:							
General government	5,952,688	4,368,671	-	-	5,952,688	4,368,671	36.3%
Public safety	10,326,947	10,086,963	-	-	10,326,947	10,086,963	2.4%
Public services	2,568,265	3,878,498	-	-	2,568,265	3,878,498	-33.8%
Recreation	1,151,760	1,067,952	-	-	1,151,760	1,067,952	7.8%
Community development	1,065,848	1,184,385	-	-	1,065,848	1,184,385	-10.0%
Interest and fiscal charges	338,507	305,569	-	-	338,507	305,569	10.8%
Wastewater utility	-	-	4,597,454	5,316,022	4,597,454	5,316,022	-13.5%
Total expenses	21,404,015	20,892,038	4,597,454	5,316,022	26,001,469	26,208,060	-0.8%
Revenues over (under) expenses	(32,933)	2,388,176	1,721,679	2,246,079	1,688,746	4,634,255	-63.6%
Changes in Net Position	(32,933)	2,388,176	1,721,679	2,246,079	1,688,746	4,634,255	-63.6%
Net position, beginning of year	19,340,737	16,952,561	18,292,291	16,207,450	37,633,028	33,160,011	13.5%
Net position, end of year	19,307,804	19,340,737	20,013,970	18,453,529	39,321,774	37,794,266	4.0%

Governmental Activities

Governmental activities net position decreased by \$33 thousand accounting for -2% of the total increase in net position of \$1.7 million. Key elements of the change in net position are as follows:

- Program revenue reflected a decrease of \$1.2 million (-24%) over FY 2015-16. Operating grants and contributions decreased by \$1.2 million (-84.5%), capital grants and contributions increased by \$0.2 million (15.4%) over the prior fiscal year, while charges for services decreased \$0.1 million (-4.6%).
- General revenue reflected a decrease of \$0.7 million (-4.1%) over FY 2015-16. This is largely attributable to a slight decrease in Sales Tax of \$0.3 million (-3.3%) as a result of an increase in online shopping and delayed apportionment from the county pools to the local agencies, decrease in Licenses, Permits and Fee revenue of \$0.4 million (-26.8%) as a result of a new development in the Gateway Shopping Center area reflected in the prior fiscal year 2015-16 as compared to FY 2016-17, and a decrease in Investment Earnings of \$0.2 million (-91.7%) as a result of market fluctuations typical during an election year. Overall, this is indicative of a continued strengthening of the City's economy with new development, a strong Sales Tax base, and stabilized home sales.

Expenses increased by \$0.5 million (2.5%) in FY 2016-17. The most significant changes were in general government with an increase of \$1.6 million (36.3%), public safety with an increase of \$0.2 million (2.4%) and public services with a decrease of \$1.3 million (-33.8%). These changes are largely due to new financial software purchased in general government, and reduced use of contracted services in public services with major components of prior year new development completed.

Business-type Activities

Business-type activities increased the City's net position by \$1.7 million accounting for 102% of the total increase in net position of \$1.7 million. Key elements of the change in net position are as follows:

- The City's sole business-type activity is the operation of its Water Pollution Control Plant (WPCP) Wastewater Utility, which is accounted for in a proprietary-type enterprise fund. The WPCP accounts for the collection, treatment and disposal of wastewater generated by city residents and businesses. The operation and maintenance of the City's Wastewater Utility should be a self-supporting enterprise that is paid for by monthly service charges to all residential and commercial users. The City's business-type activities provide the same type of information as the proprietary fund financial statements, but are presented in a more summarized format.
- Program revenues decreased \$1.2 million (-16.3%) over the prior fiscal year. This reflects the decrease in water use due to the drought.
- There was a decrease in expenses over the prior fiscal year of \$0.7 million (-13.5%). Depreciation expense is considered a cost of service in proprietary funds, which accounted for \$0.6 million in FY 2016-17 (Note 5).
- The increase of \$1.7 million in net position during FY 2016-17 demonstrates that although the existing user fees are adequate to generate positive cash flows for this enterprise activity, they are not sufficient to provide both the required working capital necessary to fund current operations and also capital improvement renovations of the Water Pollution Control Plant on a "pay as you go" basis.

- The City of Pinole is financing its share of the Water Pollution Control Plant Upgrade project through a low interest loan from the State Revolving Loan Fund. The City has been approved for a loan in the amount of \$26.6 million by the State Water Resources Control Board. In order to repay the loan, the City Council approved Resolution Number 2013-47 with scheduled rate increases over a five year period, beginning July 1, 2013. The 2016 monthly rate for single family residents was \$60.55.
- There was prior period restatement of beginning net position effective July 1, 2016 to account for an adjustment related to FY 2015-16 bond issuance costs (Note 16).

Fund Financial Analysis

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

Governmental Funds

The following table presents the Governmental Funds' balances as of June 30, 2017:

Governmental Fund Balances

	General Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable	\$ 6,712	\$ 6,882,968	\$ 6,889,680
Restricted		\$ 10,872,657	\$ 10,872,657
Committed		\$ 2,304,515	\$ 2,304,515
Unassigned	\$ 11,700,289	\$ (371,162)	\$ 11,329,127
Total Fund Balances	\$ 11,707,001	\$ 19,688,978	\$ 31,395,979

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

At June 30, 2017, the City's governmental funds reported combined fund balances of \$31.4 million, which is an increase of \$3.8 million (13.9%) when compared to the prior fiscal year, FY 2015-16.

Nonspendable fund balances constitute \$6.9 million, (21.9%) of the combined governmental fund balance and cannot be spent either because the underlying resources are not in a spendable form or because the government is legally or contractually required to maintain the resources intact.

Restricted fund balances constitute \$10.9 million, (34.6%) of the combined governmental fund balance and are constrained for a specific purpose by external parties, constitutional provision, or enabling legislation.

Committed fund balances constitute \$2.3 million (7.3%) of the combined governmental fund balance and are constrained by City Council for reserves for economic uncertainty as well as certain capital projects. *Assigned fund balances* are intended to be used for specific purposes and have been identified as such by the City Council or the City Manager who has been delegated authority by the City Council to assign amounts. No portion of the governmental fund balances is currently *assigned*.

Unassigned fund balances constitute \$11.3 million (36.1%) of the combined governmental fund balance and consist of amounts that have not been classified as *nonspendable, restricted, committed, or assigned*.

Analysis of Governmental Funds

General Fund

The designated major Governmental funds in FY 2016-17 are the General Fund and the Housing Fund. A **major fund** is defined as those funds whose revenues, expenditures/expenses, assets or liabilities are at least 10 percent of the total for their fund category (governmental or enterprise) and 5 percent of the aggregate of all governmental and enterprise funds in total.

The **General Fund** is the primary operating fund of the City. The General Fund is used to report the financial results of the daily operations of the City. The major revenue sources are Property Tax, Sales Tax, and Utility Users' Tax. The major expenditures are salaries and administrative expenses.

The fund balance for the General Fund increased by \$2.6 million, primarily reflecting revenues in excess of expenditures in the current fiscal year of \$3.3 million, offset by other financing uses in the amount of \$0.7 million as a result of bond payments and operating contributions to other operating funds.

General Fund revenue decreased by \$0.2 million (1.4%) this fiscal year. The largest component of this decrease is a decrease in the Intergovernmental revenue category of \$1.7 million (-93.3%), offset by an increase in the Charges for Services category of \$1.3 million (152.6%). This is a result of an increase in police communication fees and vehicle license fees grouped with Charges of Services this fiscal year instead of Intergovernmental revenue category.

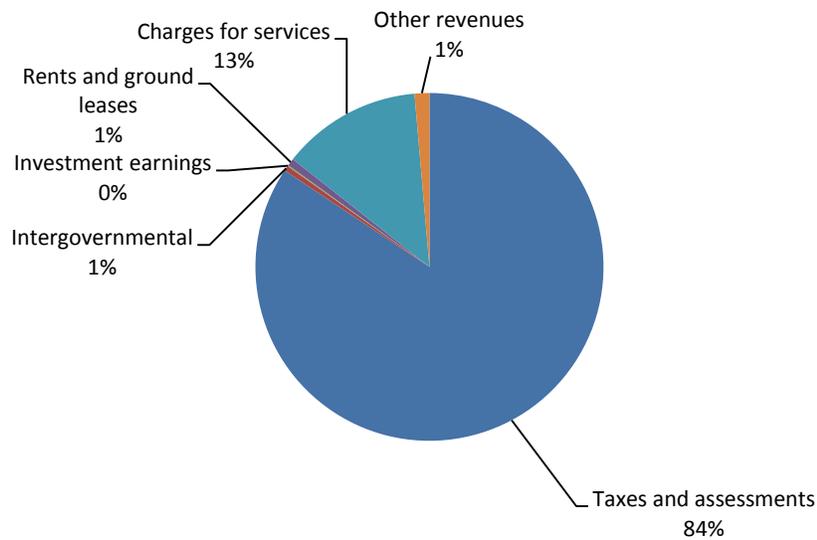
General Fund expenditures decreased \$0.2 million this fiscal year. This is primarily attributed to funded positions that remained vacant during the fiscal year.

Revenue

The following table highlights the General Fund revenue by source as of June 30, 2017.

Revenue by Source	% of Total	FY 2016-17
Taxes and assessments	85%	14,499,421
Intergovernmental	0%	83,902
Investment earnings	0%	(17,854)
Rents and ground leases	1%	117,721
Charges for services	13%	2,233,571
Other revenues	1%	236,143
Total	100%	<u>17,152,904</u>

Revenue by Source

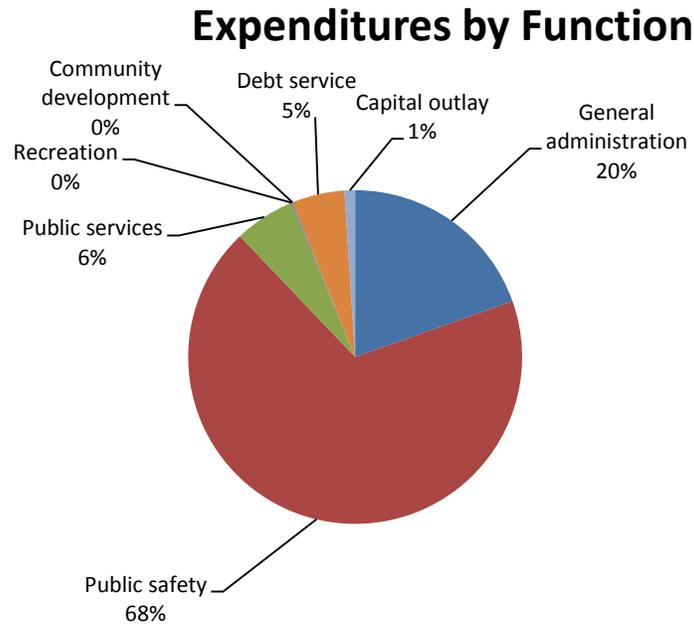


Expenditures

The following table highlights the General Fund expenditures by function as of June 30, 2017.

City of Pinole Expenditures Classified by Function

Expenditures by Function	% of Total	FY 2016-17
General administration	20%	2,708,417
Public safety	68%	9,458,536
Public services	6%	813,107
Recreation	0%	12,784
Community development	0%	7,959
Debt service	5%	701,658
Capital outlay	1%	141,640
Total	100%	<u>13,844,101</u>



Other Governmental Funds

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

Other governmental funds revenue decreased by \$1.7 million this fiscal year as compared to the prior fiscal year. This is largely the result of fees associated with the development of Gateway Shopping Center that were received in the prior fiscal year.

Other governmental funds expenditures decreased by \$1.0 million this fiscal year as compared to the prior fiscal year. This is largely in the capital outlay category as a result of infrastructure projects completed this fiscal year.

Proprietary Fund

Wastewater Utility

The Wastewater Utility Funds net position increased by \$1.6 million (8.5%) over the prior fiscal year to a total of \$20.0 million. Operating income for FY 2016-17 was \$6.3 million, as revenues decreased \$1.2 million (primarily the result of charges to City of Hercules for capital project reimbursements no longer apply with the payment of project invoices directly from each City's respective escrow accounts for the plant upgrade project), while expenditures decreased minimally by less than \$0.2 million.

The Fund's Net Position is comprised of \$14.4 million invested in capital assets (net of related debt financing) and \$5.6 million in unrestricted net assets at June 30, 2017. The increased rates for the sewage collection and treatment fees have successfully restored positive cash flows to the City's Business-type Activities, stabilizing the fiscal condition of this enterprise activity.

Fiduciary Fund

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

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

The Successor Agency is a separate legal entity which was formed to hold the assets of the former Redevelopment Agency pursuant to City Council action. The activity of the Successor Agency is overseen by an Oversight Board comprised of individuals appointed by various government agencies (Note 1).

Recognizing the need for short-term borrowing to finance the General Fund cash flow (Working Capital) needs following the fiscal distress resulting from the Economic Recession of 2008, internal borrowing between the City and its former Redevelopment Agency was authorized in April of 2008. The amounts advanced (\$2.5 million) by the Redevelopment Agency will be repaid with interest over a period of no more than fifteen years commencing the 2013-14 fiscal year. Repayment of the debt was secured with a collateralized investment agreement pledging City assets (real property and facilities having commercial value in excess of the amount authorized for the borrowing) against the borrowing. The initial repayment of \$263,300 was made in 2014, and the remaining balance of the Note Payable at June 30, 2017 was \$1,787,448 (Note 6).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2017 was \$62.0 million (net of accumulated depreciation). This investment in capital assets includes: infrastructure, land, construction-in-progress, buildings, and improvements, equipment, vehicles, streets and roads, storm drains, bridges, parks, and sewer lines. Infrastructure assets are items that are normally immovable and of value to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items (Note 5).

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

Capital Assets at Year-end			
	2017	2016	Net Change
<i>Governmental Activities</i>			
Land (and Construction -in-progress)	\$ 6,842,167	\$ 6,837,195	\$ 4,972
Buildings & Improvements	16,183,966	16,171,174	12,792
Equipment	4,640,805	4,570,224	70,581
Vehicles	2,935,519	3,077,730	(142,211)
Streets & Roads	50,184,035	50,184,035	-
Storm Drains	2,829,488	2,829,488	-
Bridges	3,117,473	3,117,473	-
Parks	2,420,246	2,420,246	-
Less accumulated depreciation	(56,158,142)	(5 4,878,090)	(1,280,052)
Totals	\$ 32,995,557	\$ 34,329,475	\$ (1,333,918)
<i>Business-type activities</i>			
Construction in Progress	\$ 13,236,260	\$ 5,960,049	\$ 7,276,211
Sewer Lines	7,650,185	7,650,185	-
Buildings & Improvements	20,670,132	20,490,357	179,775
Vehicles	578,652	578,652	-
Equipment	3,272,597	3,189,179	83,418
Less accumulated depreciation	(16,390,367)	(15,748,028)	(642,339)
Totals	\$ 29,017,459	\$ 22,120,394	\$ 6,897,065

Debt Administration:

Each of the City's debt issues is discussed in detail in Note 7 to the financial statements. At June 30, 2017 the City's remaining long-term debt is comprised of a Pension Obligation Bond bearing interest rates ranging from 5.67% to 6.12%, and capital equipment leases, as follows:

Outstanding Debt			
	Balance	Balance	
Governmental Activity Debt:	June 30, 2017	June 30, 2016	Net Change
Pension Obligation bonds	\$ 3,686,615	\$ 3,941,977	\$ (255,362)
Capital Lease Obligations	294,724	402,514	(107,790)
Total Debt	\$ 3,981,339	\$ 4,344,491	\$ (363,152)

Other long-term liabilities include accrued payroll obligations (vested compensated absences accrued).

Other Long-term Liabilities			
	Balance	Balance	
Other Long-term Liabilities:	June 30, 2017	June 30, 2016	Net Change
Compensated Absences	598,774	565,181	33,593
Total Other Long-term Liabilities	\$ 598,774	\$ 565,181	\$ 33,593

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

- Successful implementation of the **City's Budget Recovery Plan** has eliminated a structural deficit between the generation and collection of current period revenues and those on-going expenditures required to sustain basic service levels for all programs and activities. Full program cost recovery goals for Recreation Program Activities are in place and plans to reduce General Fund support for Cable Television and Swim Center operations are in progress.
- **Capital Facility and Public Infrastructure projects** are progressing according to 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. The City adopted a Five-Year Capital Improvement Plan on August 15, 2017 which identifies capital needs and funding for the next five years.
- **Redevelopment Dissolution** activities are progressing with the submission of a Long-Range Property Management Plan and annual Recognized Obligation Payment Schedules to the State Department of Finance. The City's legal complaint against the State regarding Asset Transfers was resolved in May of 2014, based on a Court Ruling. Despite strong language from the Court regarding the unfair consequences of the adopted dissolution legislation, the Judicial Decision was not favorable to the City. In June (2014), the City Council decided that it would not appeal the Court's decision in this matter.

REQUESTS FOR INFORMATION

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

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STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

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

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

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

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

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

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

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

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

CITY OF PINOLE
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments (Note 2)	\$ 15,270,325	\$ 10,241,196	\$ 25,511,521
Cash and investments with fiscal agents (Note 2)	9,243,571	-	9,243,571
Accounts receivable	2,798,064	357,521	3,155,585
Notes and loans, net of allowance of \$31,219,362 (Note 3)	-	-	-
Prepaid items	-	575	575
Inventory	6,712	5,364	12,076
Bond insurance costs	44,800	-	44,800
Land held for redevelopment (Note 4)	2,591,393	-	2,591,393
Due from private-purpose trust fund (Note 6)	4,291,575	-	4,291,575
Capital assets (Note 5)			
Land and construction in progress	6,842,167	13,236,260	20,078,427
Capital assets being depreciated, net	<u>26,153,390</u>	<u>15,781,199</u>	<u>41,934,589</u>
Total capital assets	<u>32,995,557</u>	<u>29,017,459</u>	<u>62,013,016</u>
Total Assets	<u>\$ 67,241,997</u>	<u>\$ 39,622,115</u>	<u>\$ 106,864,112</u>
DEFERRED OUTFLOWS OF RESOURCES			
Changes in the net pension liability (Note 9)	<u>5,685,851</u>	<u>263,961</u>	<u>5,949,812</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 842,449	\$ 1,903,755	\$ 2,746,204
Unearned revenue	2,572	-	2,572
Deposits payable	173,192	-	173,192
Advances from private-purpose trust fund (Note 6)	1,787,448	-	1,787,448
Long-term liabilities (Note 7):			
Due within one year	489,861	312,381	802,242
Due in more than one year	4,090,252	14,458,565	18,548,817
Other postemployment benefits (Note 10)			
Due in more than one year	17,495,525	1,981,763	19,477,288
Net pension liability (Note 9)			
Due in more than one year	<u>25,886,926</u>	<u>1,236,826</u>	<u>27,123,752</u>
Total Liabilities	<u>50,768,225</u>	<u>19,893,290</u>	<u>70,661,515</u>
DEFERRED INFLOWS OF RESOURCES			
Changes in the net pension liability (Note 9)	<u>2,851,819</u>	<u>(21,184)</u>	<u>2,830,635</u>
NET POSITION			
Net investment in capital assets	32,700,833	14,364,860	47,065,693
Restricted for:			
Streets & roads	1,293,384	-	1,293,384
Capital projects	1,295,396	-	1,295,396
Public safety	691,306	-	691,306
Storm sewer	77,976	-	77,976
Housing activities	14,397,563	-	14,397,563
Unrestricted	<u>(31,148,654)</u>	<u>5,649,110</u>	<u>(25,499,544)</u>
Total Net Position	<u>\$ 19,307,804</u>	<u>\$ 20,013,970</u>	<u>\$ 39,321,774</u>

See accompanying notes to the basic financial statements.

CITY OF PINOLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
PRIMARY GOVERNMENT							
Governmental activities:							
General government	\$ 5,952,688	\$ 354,357	\$ 10,674	\$ 162,851	\$ (5,424,806)	\$ -	\$ (5,424,806)
Public safety	10,326,947	640,785	1,000	424,076	(9,261,086)	-	(9,261,086)
Public services	2,568,265	310,073	70,364	675,886	(1,511,942)	-	(1,511,942)
Recreation	1,151,760	783,783	145,146	-	(222,831)	-	(222,831)
Community development	1,065,848	162,634	-	-	1,228,482	-	1,228,482
Interest and fiscal charges	<u>338,507</u>	-	-	-	<u>(338,507)</u>	-	<u>(338,507)</u>
Total governmental activities	<u>21,404,015</u>	<u>2,251,632</u>	<u>227,184</u>	<u>1,262,813</u>	<u>(17,662,386)</u>	<u>-</u>	<u>(17,662,386)</u>
Business-type activities:							
Wastewater utility	<u>4,597,454</u>	<u>6,315,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,718,109</u>	<u>1,718,109</u>
Total primary government	<u>\$ 26,001,469</u>	<u>\$ 8,567,195</u>	<u>\$ 227,184</u>	<u>\$ 1,262,813</u>	<u>\$ (17,662,386)</u>	<u>\$ 1,718,109</u>	<u>\$ (15,944,277)</u>
General revenues:							
Taxes:							
Property taxes					3,491,463	-	3,491,463
Sales taxes					7,596,645	-	7,596,645
Franchise taxes					762,726	-	762,726
Utility taxes					2,066,622	-	2,066,622
Transient occupancy tax					478,940	-	478,940
Gas tax					365,346	-	365,346
Unrestricted motor vehicle in lieu					1,608,906	-	1,608,906
Licenses, permits and fees					1,172,801	-	1,172,801
Investment earnings					15,638	3,570	19,208
Miscellaneous					<u>70,366</u>	<u>-</u>	<u>70,366</u>
Total general revenues					<u>17,629,453</u>	<u>3,570</u>	<u>17,633,023</u>
Change in net position					(32,933)	1,721,679	1,688,746
Net position - July 1, 2016					19,340,737	18,453,529	37,794,266
Prior period restatement (Note 16)					<u>-</u>	<u>(161,238)</u>	<u>(161,238)</u>
Net position - July 1, 2016, restated					<u>19,340,737</u>	<u>18,292,291</u>	<u>37,633,028</u>
Net position - June 30, 2017					<u>\$ 19,307,804</u>	<u>\$ 20,013,970</u>	<u>\$ 39,321,774</u>

See accompanying notes to the basic financial statements.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

GASB 34 revised the format of the Fund Financial Statements so that only individual major funds are presented, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year.

The funds described below were determined to be major governmental funds by the City for the fiscal year 2017. Individual non-major funds can 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.

Housing Programs Fund

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

CITY OF PINOLE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Housing Programs	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and investments	\$ 8,359,940	\$ 1,340,191	\$ 5,570,194	\$ 15,270,325
Cash and investments with fiscal agents	3,052,381	6,191,190	-	9,243,571
Accounts receivable	1,973,324	1,011	823,729	2,798,064
Due from other funds	780,313	-	112,369	892,682
Due from private-purpose trust fund	-	4,291,575	-	4,291,575
Prepaid items and supplies	6,712	-	-	6,712
Land held for redevelopment	-	<u>2,591,393</u>	-	<u>2,591,393</u>
 Total Assets	 <u>\$ 14,172,670</u>	 <u>\$ 14,415,360</u>	 <u>\$ 6,506,292</u>	 <u>\$ 35,094,322</u>
 <u>LIABILITIES:</u>				
Accounts payable and accrued liabilities	\$ 614,760	\$ 17,797	\$ 209,892	\$ 842,449
Unearned revenue	2,137	-	435	2,572
Deposits payable	61,324	-	111,868	173,192
Due to other funds	-	-	892,682	892,682
Advances to private-purpose trust fund	<u>1,787,448</u>	-	-	<u>1,787,448</u>
 Total Liabilities	 <u>2,465,669</u>	 <u>17,797</u>	 <u>1,214,877</u>	 <u>3,698,343</u>
 FUND BALANCES				
Nonspendable	6,712	6,882,968	-	6,889,680
Restricted	-	7,514,595	3,358,062	10,872,657
Committed	-	-	2,304,515	2,304,515
Unassigned	<u>11,700,289</u>	-	<u>(371,162)</u>	<u>11,329,127</u>
 Total Fund Balances	 <u>11,707,001</u>	 <u>14,397,563</u>	 <u>5,291,415</u>	 <u>31,395,979</u>
 Total Liabilities and Fund Balances	 <u>\$ 14,172,670</u>	 <u>\$ 14,415,360</u>	 <u>\$ 6,506,292</u>	 <u>\$ 35,094,322</u>

See accompanying notes to the basic financial statements.

CITY OF PINOLE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
WITH THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total fund balances of governmental funds	\$ 31,395,979
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 governmental funds, net of accumulated depreciation of \$56,158,142	32,995,557
Prepaid bond insurance costs are not capitalized and are therefore not reported in the governmental funds	44,800
Deferred outflows of resources related to changes in the net pension liability are not reported in the governmental funds	5,685,851
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(3,686,615)
Capital lease obligations payable	(294,724)
Compensated absences	(598,774)
Net OPEB obligation	(17,495,525)
Net pension liability	(25,886,926)
Deferred inflows related to changes in the net pension liability	<u>(2,851,819)</u>
Net position of governmental activities	<u>\$ 19,307,804</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, 2017

	General Fund	Housing Programs	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Taxes and assessments	\$ 14,499,421	\$ -	\$ 953,792	\$ 15,453,213
Intergovernmental revenues	83,902	-	793,188	877,090
Loan repayments	-	145,457	-	145,457
Contributions	924	-	145,188	146,112
Investment earnings	(17,854)	33,332	710	16,188
Rents and ground leases	117,721	72,253	110,467	300,441
Charges for services	2,233,571	-	1,763,852	3,997,423
Fines, forfeitures and penalties	43,051	-	5,391	48,442
Other revenues	<u>192,168</u>	<u>35,000</u>	<u>305,005</u>	<u>532,173</u>
Total Revenues	<u>17,152,904</u>	<u>286,042</u>	<u>4,077,593</u>	<u>21,516,539</u>
 <u>EXPENDITURES</u>				
Current operations:				
General administration	2,708,417	-	327,405	3,035,822
Public safety	9,458,536	-	609,441	10,067,977
Public works	813,107	-	899,208	1,712,315
Recreation	12,784	-	1,029,222	1,042,006
Community development	7,959	145,706	781,611	935,276
Debt service:				
Principal	363,151	-	-	363,151
Interest and fiscal charges	338,507	-	-	338,507
Capital Outlay	<u>141,640</u>	<u>-</u>	<u>58,763</u>	<u>200,403</u>
Total Expenditures	<u>13,844,101</u>	<u>145,706</u>	<u>3,705,650</u>	<u>17,695,457</u>
Excess of revenues over (under) expenditures	<u>3,308,803</u>	<u>140,336</u>	<u>371,943</u>	<u>3,821,082</u>
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	671,364	671,364
Transfers out	<u>(671,364)</u>	<u>-</u>	<u>-</u>	<u>(671,364)</u>
Total Other Financing Sources (Uses)	<u>(671,364)</u>	<u>-</u>	<u>671,364</u>	<u>-</u>
Net Change in Fund Balances	2,637,439	140,336	1,043,307	3,821,082
Fund Balances - July 1, 2016	<u>9,069,562</u>	<u>14,257,227</u>	<u>4,248,108</u>	<u>27,574,897</u>
Fund Balances - June 30, 2017	<u>\$ 11,707,001</u>	<u>\$ 14,397,563</u>	<u>\$ 5,291,415</u>	<u>\$ 31,395,979</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, 2017

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	\$	3,821,082
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		185,834
Depreciation expense		(1,519,752)
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		107,790
Bond principal payments		255,362
Costs associated with the issuance of long-term liabilities is an expenditure in the governmental funds, but increases the assets in the Statement of Net Position		
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		(142,146)
Loans made during the year		1,315,683
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		(33,593)
Change in net pension liability		(5,749,212)
Net OPEB obligation		(1,808,634)
Provision for notes receivable		(1,170,226)
Pension expense related to deferred outflows and inflows of resources		<u>4,704,879</u>
Change in net position of governmental activities	\$	<u><u>(32,933)</u></u>

See accompanying notes to the basic financial statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

Wastewater Utility Fund

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

CITY OF PINOLE
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2017

	<u>Business-type Activities Wastewater Utility Enterprise Fund</u>
<u>ASSETS</u>	
Current assets:	
Cash and investments (Note 2)	\$ 10,241,196
Accounts receivable	357,521
Prepaid items	575
Inventory	<u>5,364</u>
Total Current Assets	<u>10,604,656</u>
Non-current assets:	
Capital assets: (Note 5)	
Construction in progress	13,236,260
Sewer lines	7,650,185
Buildings and improvements	20,670,132
Vehicles	578,652
Machinery and equipment	3,272,597
Less: Accumulated depreciation	<u>(16,390,367)</u>
Total Non-Current Assets	<u>29,017,459</u>
Total Assets	<u>\$ 39,622,115</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Changes in net pension liability (Note 9)	<u>263,961</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 1,903,755
Compensated absences - current (Note 7)	22,381
Bonds payable - current (Note 7)	<u>290,000</u>
Total Current Liabilities	<u>2,216,136</u>
Non-Current Liabilities:	
Compensated absences - noncurrent (Note 7)	95,966
Net OPEB obligation (Note 10)	1,981,763
Bonds payable - noncurrent (Note 7)	7,576,000
Notes payable - noncurrent (Note 7)	6,786,599
Net pension liability (Note 9)	<u>1,236,826</u>
Total Non-Current Liabilities	<u>17,677,154</u>
Total Liabilities	<u>19,893,290</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Changes in net pension liability (Note 9)	<u>(21,184)</u>
<u>NET POSITION:</u>	
Net investment in capital assets	14,364,860
Unrestricted	<u>5,649,110</u>
Total Net Position	<u>\$ 20,013,970</u>

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, 2017

	Business-type Activities Wastewater Utility Enterprise Fund
<u>OPERATING REVENUES</u>	
Charges for services	\$ 6,282,892
Other	<u>32,671</u>
Total Operating Revenue	<u>6,315,563</u>
<u>OPERATING EXPENSES</u>	
Sewer treatment plant	3,552,558
Sewer maintenance	168,991
Depreciation	<u>642,339</u>
Total Operating Expenses	<u>4,363,888</u>
Operating Income	<u>1,951,675</u>
<u>NON-OPERATING REVENUE (EXPENSES)</u>	
Investment earnings	3,570
Interest expense	<u>(233,566)</u>
Total Non-Operating Revenues (Expenses)	<u>(229,996)</u>
Change in net position	1,721,679
Net Position - July 1, 2016	<u>18,453,529</u>
Prior Period Adjustment (Note 16)	<u>(161,238)</u>
Total Net Position - July 1, 2016, restated	<u>18,292,291</u>
Net Position - June 30, 2017	<u>\$ 20,013,970</u>

See accompanying notes to the basic financial statements.

CITY OF PINOLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities Wastewater Utility Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 7,974,413
Cash paid to suppliers	(679,124)
Cash paid to employees	<u>(1,104,915)</u>
Net Cash Provided by Operating Activities	<u>6,190,374</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital debt issuance	6,625,361
Acquisition and construction of capital assets	(7,539,404)
Principal paid on capital debt	(385,000)
Interest paid on capital debt	<u>(233,566)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(1,532,609)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	<u>3,570</u>
Net Cash Provided by Investing Activities	<u>3,570</u>
Net Increase in Cash and Cash Equivalents	4,661,335
Cash and Cash Equivalents - July 1, 2016	<u>5,579,861</u>
Cash and Cash Equivalents - June 30, 2017	<u>\$ 10,241,196</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income	\$ 1,951,675
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	642,339
Pension expense	(25,648)
Changes in assets and liabilities:	
Decrease in accounts receivable	1,658,850
Increase in prepaid items	(2)
Increase in accounts payable	1,791,607
Decrease in accrued wages	(52,769)
Increase in net OPEB obligation	209,705
Increase in compensated absences	<u>14,617</u>
Net Cash Provided by Operating Activities	<u>\$ 6,190,374</u>

See accompanying notes to the basic financial statements.

CITY OF PINOLE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Private- Purpose Trust Fund</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash and cash equivalents (Note 2)	\$ 6,147,099	\$ 97,561
Accounts receivable	4,618	64
Notes receivable, net of allowance	399,237	-
Due from City	1,787,448	-
Land held for redevelopment	3,151,254	-
Capital assets, net of accumulated depreciation	<u>12,694,647</u>	<u>-</u>
Total Assets	<u>24,184,303</u>	<u>97,625</u>
<u>LIABILITIES</u>		
Accounts payable	5,857	-
Funds held in trust	-	97,625
Due to City	4,291,575	-
Due to County	11,756	-
Interest Payable	257,061	-
Notes payable	81,718	-
Bonds payable	<u>27,230,000</u>	<u>-</u>
Total Liabilities	<u>31,877,967</u>	<u>\$ 97,625</u>
<u>NET POSITION</u>		
Held in trust for private purposes	<u>\$ (7,693,664)</u>	

See accompanying notes to the basic financial statements.

CITY OF PINOLE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Private- Purpose Trust Fund</u>
<u>ADDITIONS</u>	
Property taxes	\$ 4,685,151
Investment earnings	6,380
Other revenues	<u>97,357</u>
Total Additions	<u>4,788,888</u>
<u>DEDUCTIONS</u>	
Operating costs	585,496
Debt interest	<u>611,034</u>
Total Deductions	<u>1,196,530</u>
Change in Fiduciary Net Position	3,592,358
Fiduciary Net Position - July 1, 2016	<u>(11,286,022)</u>
Fiduciary Net Position - June 30, 2017	<u>\$ (7,693,664)</u>

See accompanying notes to the basic financial statements.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017 was 18,975.

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, 2017, the City's staff comprised 95 full-time and 38 part-time employees who are 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 one fire station.

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 8 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 49 employees.

The financial statements and accounting policies of the City conform with generally accepted accounting principles applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are summarized below:

A. The Reporting Entity

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

City of Pinole Joint Powers Financing Authority

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 Wastewater Utility Fund and the Private-Purpose Trust 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 United States of America.

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

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 in 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.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 its blended component unit. 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 and deferred outflows of resources, liabilities and 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 and deferred outflows of resources, liabilities and 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 restricted or committed to expenditure for specified purpose other than debt service or capital projects.

Debt Service Fund - Debt service funds are used to account for financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Project Funds - Capital project funds are used to account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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.

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.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

The City reports 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.

Housing Programs Fund - This fund receives tax increment funds from the Successor Agency representing 20% set-aside for housing activities; funds are expended for approved housing activities.

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 or 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. Separate audited financial statements for the Successor Agency may be obtained from the City.

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-type 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. The government-wide financial statements 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 deferred outflows of resources and all liabilities and deferred inflows of resources (whether current or noncurrent) associated with the operation of these funds are reported. Proprietary fund equity is classified as net position.
- c. As agency funds report only assets and liabilities, they do not have a measurement focus. However, they use the accrual basis of accounting to recognize receivables and payables. The "economic resources" measurement focus and the accrual basis of accounting is used for trust funds.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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-type activities are presented using the accrual basis of accounting. In addition, all fiduciary funds use 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. Certain indirect costs are included in program expenses reported for individual functions and activities.

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.

All proprietary 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. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal operations. The principal operating revenues of the sewer and enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Property Taxes

California Constitution Article XIII A, limits the combined property tax rate to one percent of a property's assessed valuation. Additional taxes may be imposed with voter approval. Assessed value is calculated at one hundred percent of a property's fair value, as defined by Article XIII A, and may be increased no more than two percent per year unless a change in ownership occurs. The state legislature has determined the method of distributing the one percent tax levy among the various taxing jurisdictions.

Property tax revenues are recognized in the fiscal year for which taxes and assessments are 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.

Tax collections are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments; the first is due November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on February 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the tax becomes delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payment.

Tax levy dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property, as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments

The City pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. The cash and investments balance in each fund represents that fund's equity share of the City's cash and investment pool. As the City places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

Interest income earned on pooled cash and investments is allocated monthly to the various funds based on month-end balances and is adjusted at fiscal year-end. Interest income on restricted cash and investments with fiscal agents is credited directly to the related funds.

The City's investments are carried at fair value. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from SEC-registered securities exchanges or NASDAQ dealers. LAIF determines the fair value of their portfolio quarterly and reports a factor to the City; the City applies that factor to convert its share of LAIF from amortized cost to fair value. This amount is included in cash and cash equivalents in the balance sheet of the governmental funds. Changes in fair value are allocated to each participating fund.

For purposes of the statement of cash flows, the City has defined cash and cash equivalents to be change and petty cash funds, equity in the City's cash and investment pool, and restricted non-pooled investments with initial maturities of three months or less.

F. 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 if applicable, and estimated refunds due. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines and other fees. Federal and state grants are considered receivable and accrue as revenue when reimbursable costs are incurred. 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 recorded as deferred inflows of resources in the fund financial statements in accordance with modified accrual, but not 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. Long-term loans in governmental funds are treated as expenditures in the year advanced and as revenues in the year repayment is measurable and available. Loans receivable are recorded in the fund statements, but are offset by deferred inflows of resources to indicate they do not represent current financial resources. 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.

G. Prepaid Expenses and Inventory

Inventories are stated at cost (average cost per unit) for governmental and proprietary funds. Supplies of the General Fund consist of expendable supplies held for consumption. The cost is recorded as an expenditure/expense in the General Fund at the time individual items are consumed, rather than purchased. Inventories of governmental funds are offset by nonspendable fund balance to indicate they do not constitute resources available for future appropriation. Enterprise Fund supplies consist primarily of items held for internal use.

Prepaid items are also recognized under the consumption method. Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

H. 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. Contributed capital assets are valued at their estimated fair market value on the date contributed.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation is reflected in the Statement of Net Position. The City has assigned the useful lives listed below to capital assets:

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

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.

I. Long Term Liabilities

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term liabilities, and other long term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Initial issue bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bond issuance costs, except for insurance, are expensed in the period incurred. Amortization of bond premiums or discounts, insurance costs, and deferred amounts on refunding is included in interest expense.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Compensated Absences

Compensated absences comprise unused vacation leave and compensatory time off, which are accrued as earned. The City's liability for compensated absences is recorded in the government-wide Statement of Net Position for governmental funds and the Statement of Net Position for proprietary funds as appropriate. A liability is calculated for all the costs of compensated absences based upon benefits earned by employees in the current period for which there is a probability of payment at termination. The salary and related payroll costs are those in effect at June 30, 2017. The amount of accrued sick pay is not due upon termination and therefore is not recorded as a liability for the City. The liability for compensated absences is determined annually.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net 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 so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, and are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

N. Equity Classifications

Government-wide Statements

Net position is the excess of all the City's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net position is divided into three categories. 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.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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.

O. 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.

P. 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.

Q. 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.

R. 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.

S. 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.

T. Implementation of Government Accounting Standards Board Statements

Effective July 1, 2016, the City implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 77

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The City did not have any such agreements as of June 30, 2017.

Government Accounting Standards Board Statement No. 80

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The City does not have such a component unit; therefore is not affected by the implementation of this standard.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Future Government Accounting Standards Board Statements

These statements are not effective until July 1, 2017 or later. The City has not determined the effects on the financial statements.

Government Accounting Standards Board Statement No. 75

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

Government Accounting Standards Board Statement No. 83

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. 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, 2019.

Government Accounting Standards Board Statement No. 84

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. 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, 2020.

Government Accounting Standards Board Statement No. 85

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2018.

Government Accounting Standards Board Statement No. 86

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishments Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for insubstance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. 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, 2019.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. 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, 2021.

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2017 were classified in the accompanying financial statements as follows:

	Cash	Investments	Total
Governmental activities	\$ 15,270,325	\$ 9,243,571	\$ 24,513,896
Business-type activities	10,241,196	-	10,241,196
Total government-wide cash and investments	25,511,521	9,243,571	34,755,092
Fiduciary activities	6,244,660	-	6,244,660
Total cash and investments	\$ 31,756,181	\$ 9,243,571	\$ 40,999,752

Cash and investments were carried at fair value as of June 30, 2017 and consisted of the following:

Cash in investment pools	\$ 18,176,019
Deposits with financial institutions	13,578,242
Cash on hand	1,920
Cash and investments held by fiscal agent	
Federal agency securities	2,950,275
Municipal bonds	95,751
Corporate notes	929,151
Certificates of deposit	3,714,728
Money market mutual funds	1,553,666
Total cash and investments	\$ 40,999,752

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements are as follows at June 30, 2017:

Investments	Fair Value Measurements Using			Total Fair Value
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Federal agency securities	\$ -	\$ 2,950,275	\$ -	\$ 2,950,275
Municipal bonds	-	95,751	-	95,751
Corporate notes	-	929,151	-	929,151
Certificates of deposit	-	3,714,728	-	3,714,728
Money market mutual funds	-	1,553,666	-	1,553,666
Total	\$ -	\$ 9,243,571	\$ -	\$ 9,243,571

Disclosure Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity as of June 30, 2017:

	Remaining Maturity		Fair Value
	12 months or less	1-5 years	
Cash in investment pools	\$ 18,176,019	\$ -	\$ 18,176,019
Cash and investments held by fiscal agent			
Federal agency securities	-	2,950,275	2,950,275
Municipal bonds	-	95,751	95,751
Corporate notes	-	929,151	929,151
Certificates of deposit	-	3,714,728	3,714,728
Money market mutual funds	1,553,666	-	1,553,666
	\$ 19,729,685	\$ 7,689,905	\$ 27,419,590

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 as of June 30, 2017.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or debt agreements, and the actual rating as of the fiscal year for each investment type.

	Total	Rating as of Fiscal Year End		
		S&P	Moody's	N/A
State Investment Pool (LAIF)	\$ 15,093,553			Not rated
CalTrust Investment Pool	3,082,466	AAf/S1+		
Cash and investments held by fiscal agent:				
Federal Agency Securities	974,610	AA+	AA1	
Federal Agency Securities	493,490	AA+	AA2	
Federal Agency Securities	495,515	AA+	AA3	
Federal Agency Securities	986,660	AA+	AA4	
Corporate Notes	503,316	AA+	AA1	
Corporate Notes	425,835	AA	AA2	
Certificates of Deposit	3,714,728			Not rated
Municipal Bonds	95,751	AA-	AA3	
Money Market Mutual Funds	1,553,666			Not rated
	<u>\$ 27,419,590</u>			

Concentration of Credit Risk

The City complies with the limitations on the amount that can be invested in any one issuer as stipulated by the California Government Code. 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 Banks	Federal Agency Securities	\$ 974,610
Federal National Mortgage Assn.	Federal Agency Securities	493,490
Federal Farm Credit Banks	Federal Agency Securities	495,515
Federal Home Loan Mortgage Corp.	Federal Agency Securities	986,660
Apple Inc.	Corporate Note	503,315

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 does 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, 2017, the carrying amount of the City's deposits was \$13,578,242 and bank balances were \$11,406,292, of which \$278,523 was insured.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investment in State and County Investment Pools

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

Allocation of Interest Income Among Funds

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

NOTE 3: NOTES AND LOANS RECEIVABLE

The City engages in programs designed to encourage 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 inflows of resources as they are not expected to be repaid during fiscal year 2017.

These notes and loans receivable, including interest, comprised of the following at June 30, 2017 and are explained in detail below:

	Notes Receivable	Less: Allowance for Doubtful Notes
Housing Rehabilitation	\$ 98,854	\$ (98,854)
First Time Home-Buyer	448,519	(448,519)
Bridge Housing Loan	950,712	(950,712)
Alvarez Court	1,614,897	(1,614,897)
Eastbluff Apartment Loan	2,910,681	(2,910,681)
Pinole Assisted Living Community	25,195,699	(25,195,699)
Total	\$ 31,219,362	\$ (31,219,362)

A. Housing Rehabilitation

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 \$98,854 at June 30, 2017.

B. First Time Home-Buyer

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, 2017 was \$448,519.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)

C. Bridge Housing

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

Principal and interest are due annually, but are payable only from surplus cash flow as defined in the note. The Project is not expected to generate a surplus cash flow and under the terms of the note, any unpaid principal and interest remaining at the expiration of the note in the year 2024 will be forgiven if Bridge Housing maintains the affordability of the project for an additional nineteen years. As of June 30, 2017, the outstanding balance was \$950,712.

D. Alvarez Court

In August 2000, the City approved a loan of up to \$609,000 to assist the Resources for Community Development with the development of a housing project for persons with disabilities. In August 2002 the City amended the loan agreement, increasing the loan amount to \$988,000. The term of the loan is 40 years from the date of final closing by Housing and Urban Development, bearing a simple interest at a rate of 4% and is secured by first deed of trust. As of June 30, 2017, the total outstanding balance was \$1,614,897.

E. Eastbluff Apartments

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, 2017, the outstanding balance was \$2,910,681.

F. Pinole Assisted Living Community

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

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

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

At June 30, 2017, PALC owed the City the following amounts:

Construction cost advances	\$ 21,182,753
Advances for operating expenses	2,869,810
Lease payments	1,002,253
Emergency services	<u>140,883</u>
	<u>\$ 25,195,699</u>

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

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)

G. Allowance for Doubtful Notes

The City has several programs under which it extends loans to qualifying individuals or groups for the purpose of improving the City's housing stock and/or its supply of low-and-moderate income housing. Some 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, 2017.

NOTE 4: LAND HELD FOR HOUSING

At June 30, 2017, the City held the following properties for resale or redevelopment with a total value of \$2,591,393:

- 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, 2017

NOTE 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2017</u>
Governmental activities:					
Capital assets not being depreciated					
Land	\$ 6,837,195	\$ -	\$ -	\$ -	\$ 6,837,195
Construction-in-progress	<u>-</u>	<u>4,972</u>	<u>-</u>	<u>-</u>	<u>4,972</u>
Total capital assets not being depreciated	<u>6,837,195</u>	<u>4,972</u>	<u>-</u>	<u>-</u>	<u>6,842,167</u>
Capital assets being depreciated					
Buildings and improvements	16,171,174	12,792	-	-	16,183,966
Equipment	4,570,224	70,581	-	-	4,640,805
Vehicles	3,077,730	97,489	(239,700)	-	2,935,519
Streets and roads	50,184,035	-	-	-	50,184,035
Storm drains	2,829,488	-	-	-	2,829,488
Bridges	3,117,473	-	-	-	3,117,473
Parks	<u>2,420,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,420,246</u>
Total capital assets being depreciated	<u>82,370,370</u>	<u>180,862</u>	<u>(239,700)</u>	<u>-</u>	<u>82,311,532</u>
Less accumulated depreciation	<u>(54,878,090)</u>	<u>(1,519,752)</u>	<u>239,700</u>	<u>-</u>	<u>(56,158,142)</u>
Governmental activities capital assets, net	<u>\$ 34,329,475</u>	<u>\$ (1,333,918)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,995,557</u>
Business-type activities:					
Capital assets not being depreciated					
Construction-in-progress	\$ 5,960,049	\$ 7,392,421	\$ -	\$ (116,210)	\$ 13,236,260
Capital assets being depreciated					
Sewer lines	7,650,185	-	-	-	7,650,185
Buildings and improvements	20,490,357	63,565	-	116,210	20,670,132
Vehicles	578,652	-	-	-	578,652
Equipment	<u>3,189,179</u>	<u>83,418</u>	<u>-</u>	<u>-</u>	<u>3,272,597</u>
Total capital assets being depreciated	<u>31,908,373</u>	<u>146,983</u>	<u>-</u>	<u>116,210</u>	<u>32,171,566</u>
Less accumulated depreciation	<u>(15,748,028)</u>	<u>(642,339)</u>	<u>-</u>	<u>-</u>	<u>(16,390,367)</u>
Business-type capital assets, net	<u>\$ 22,120,394</u>	<u>\$ 6,897,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,017,459</u>

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

Governmental Activities:	
General administration	\$ 60,557
Public safety	236,563
Public services	844,430
Recreation	106,647
Community development	<u>271,555</u>
Total governmental activities depreciation expense	<u>\$ 1,519,752</u>
Business-type Activities	
Wastewater Utility	<u>\$ 642,339</u>
Total business-type activities depreciation expense	<u>\$ 642,339</u>

CITY OF PINOLE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 6: ADVANCES TO/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, 2017 the balance outstanding on the advance was \$1,787,448,

An advance of \$4,291,575 from the General Fund was to assist the Successor Agency with administrative, operation, and program cost.

NOTE 7: LONG-TERM LIABILITIES

A. Governmental Activities

The following is a summary of changes in the City's long-term liabilities related to governmental activities for the fiscal year ended June 30, 2017:

	Balance at July 1, 2016	Additions	Reductions	Balance June 30, 2017	Current Portion
Governmental Activities:					
Pension Obligation Bonds	\$ 3,941,977	\$ -	\$ (255,362)	\$ 3,686,615	\$ 250,440
Capital Lease Obligations	402,514	-	(107,790)	294,724	111,234
Other liabilities:					
Compensated Absences	565,181	537,225	(503,632)	598,774	128,187
Total Governmental Activities	<u>\$ 4,909,672</u>	<u>\$ 537,225</u>	<u>\$ (866,784)</u>	<u>\$ 4,580,113</u>	<u>\$ 489,861</u>

A description of the long-term liabilities related to governmental activities at June 30, 2017 follows:

Pension Obligation Bonds

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

For the Year Ending, June 30	Principal	Interest
2018	\$ 250,440	\$ 254,560
2019	241,322	278,678
2020	233,014	301,986
2021	227,389	327,611
2022	221,565	353,435
2023 - 2027	1,013,511	2,151,490
2028 - 2032	879,365	2,840,635
2033 - 2036	<u>620,009</u>	<u>2,819,990</u>
Total	<u>\$ 3,686,615</u>	<u>\$ 9,328,385</u>

CITY OF PINOLE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Capital Lease Obligations

The City has entered into lease agreements as lessee for financing the acquisition of capital assets. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of inception date.

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

Equipment	\$ 402,514
Less accumulated amortization	<u>(107,790)</u>
Net book value	<u>\$ 294,724</u>

Future annual payments on capitalized lease obligations are as follows:

For the Year Ending, June 30	Principal	Interest
2018	\$ 111,234	\$ 8,981
2019	114,795	5,420
2020	<u>68,695</u>	<u>1,738</u>
Total	<u>\$ 294,724</u>	<u>\$ 16,139</u>

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:

	July 1, 2016	Additions	Retirements	June 30, 2017	Current Portion	
General administration	\$ 50,297	\$ 72,794	\$ (31,479)	\$ 91,612	\$ 8,436	A
Public safety	394,544	365,685	(403,236)	356,993	97,605	A
Public services	73,959	56,740	(36,631)	94,068	8,492	B
Recreation	24,316	29,820	(23,151)	30,985	9,898	B
Community development	<u>22,065</u>	<u>12,186</u>	<u>(9,135)</u>	<u>25,116</u>	<u>3,756</u>	B
Total	<u>\$ 565,181</u>	<u>\$ 537,225</u>	<u>\$ (503,632)</u>	<u>\$ 598,774</u>	<u>\$ 128,187</u>	

The following funds have been used to liquidate compensated absences:

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

CITY OF PINOLE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

B. Business-type Activities

The following is a summary of changes in the City's long-term liabilities related to business-type activities for the fiscal year ended June 30, 2017.

Business-type Activities:	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Current Portion</u>
2016 Wastewater Revenue Refunding Bonds	\$ 8,251,000	\$ -	\$ (385,000)	\$ 7,866,000	\$ 290,000
2016 Clean Water State Revolving Fund	-	6,786,599	-	6,786,599	-
Other liabilities:					
Compensated absences	<u>103,730</u>	<u>115,176</u>	<u>(100,559)</u>	<u>118,347</u>	<u>22,381</u>
Total Business-type Activities	<u>\$ 8,354,730</u>	<u>\$ 6,901,775</u>	<u>\$ (485,559)</u>	<u>\$ 14,770,946</u>	<u>\$ 312,381</u>

A description of the long-term liabilities related to business-type activities at June 30, 2017 is as follows:

2016 Wastewater Revenue Refunding Bonds

On June 30, 2016, the City of Pinole issued an \$8,251,000 2016 Wastewater Revenue Refunding Bond (Bank Qualified) to redeem its 2006 Wastewater Revenue Bonds. The bonds bear annual interest at 2.95% which is payable semi-annually on March 1 and September 1 of each year through 2036. Principal payments are due annually beginning on September 1, 2016 through 2036. The bond is secured with pledged net wastewater revenues. Future debt service payments are as follows:

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 290,000	\$ 227,770
2019	298,000	219,097
2020	310,000	210,129
2021	318,000	200,866
2022	329,000	191,323
2023 - 2027	1,803,000	802,474
2028 - 2032	2,089,000	516,029
2033 - 2037	<u>2,429,000</u>	<u>183,566</u>
Total	<u>\$ 7,866,000</u>	<u>\$ 2,551,254</u>

CITY OF PINOLE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

2016 Clean Water State Revolving Fund

In May 2016, the City entered into a loan agreement with the State of California Water Resources Control Board to provide funding for its 50% share of upgrades to the Pinole-Hercules Wastewater Pollution Control Plant to achieve compliance with Regional Water Quality Board NPDES. Funds are drawn on the agreement as work is completed up to a maximum amount of \$26.7 million plus any construction period interest. The loan accrues interest at a rate of 1.7 percent annually. Annual principal payments are due each August 31, commencing August 31, 2019. Final payment is due August 2048. Net revenues, defined as all sewer enterprise fund revenues less operations and maintenance costs (excluding depreciation and amortization expenses), is pledged for future debt service. For the year ended June 30, 2017 the City incurred a total cost of \$6,786,599, and submitted a drawdown request. As such, at June 30, 2017, debt outstanding on the loan is \$6,786,599.

For the Year Ending, June 30	Principal	Interest
2019	\$ 176,370	\$ 116,081
2020	179,368	113,083
2021	182,417	110,034
2022	185,519	106,932
2023	188,672	103,779
2024 - 2028	992,578	469,677
2029 - 2033	1,079,865	382,390
2034 - 2038	1,174,827	287,427
2039 - 2043	1,278,141	184,114
2034 - 2048	<u>1,348,842</u>	<u>71,714</u>
Total	<u>\$ 6,786,599</u>	<u>\$ 1,945,231</u>

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

Interfund Transfers to/from Other Funds

Transfers between funds during the fiscal year ended June 30, 2017 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	Public Works Project	To support capital projects	\$ 530,000
General Fund	Recreation Fund	Swim center contribution	45,000
General Fund	Cable TV Fund	Cable TV contribution	<u>96,364</u>
Total Major Governmental Interfund Transfers			<u>671,364</u>
Total Governmental Interfund Transfers			<u>\$ 671,364</u>

CITY OF PINOLE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 8: INTERFUND TRANSACTIONS (CONTINUED)

Intra-Fund Transfers between Fund

The following table represents intra-fund transfers made during the fiscal year ended June 30, 2017:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Description of Transfer</u>	<u>Amount</u>
Measure S 2014 Fund	General Reserve Fund	General fund reserve	\$ 200,000
Senior Center Fund	Recreation Fund	Reimbursement for cook's payroll	<u>46,000</u>
Total Intra-Fund Transfers			\$ <u>246,000</u>

Intra-fund transfers are not presented on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the governmental funds as they are presented on a net basis.

Due to/from Other Funds

Current interfund balances arise from one fund advancing monies to another fund with the intent of being repaid in the next fiscal year. The composition of interfund balances at June 30, 2017, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Description</u>	<u>Amount</u>
<u>Major Funds</u>	<u>Non-major Funds</u>		
General Fund	Police Fund	Deficit cash balance	\$ 33,517
General Fund	Storm Water Fund	Deficit cash balance	9,385
General Fund	Fire Department Grants	Deficit cash balance	228,943
General Fund	Cable TV Fund	Deficit cash balance	87,522
General Fund	Public Works Capital Projects Fund	Deficit cash balance	<u>420,946</u>
Total Major Fund Receivables			<u>780,313</u>
<u>Non-major Fund</u>	<u>Non-major Fund</u>		
Public Works Capital Projects Fund	Growth Impact Fund	To cover public safety equipment replacement	<u>112,369</u>
Total Non-Major Fund Receivables			<u>112,369</u>
Total Due to/From			\$ <u>892,682</u>

Intra-Fund Receivables and Payables

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Description</u>	<u>Amount</u>
General Fund	General Reserve Fund	Deficit cash balance	\$ 852,709
General Fund	Information System Fund	Deficit cash balance	<u>152,286</u>
Total Intra-Fund Transfers			\$ <u>1,004,995</u>

Intra-fund receivables and payables are not presented on the Balance Sheet for the governmental funds as they are presented on a net basis.

CITY OF PINOLE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors four rate plans (two miscellaneous and two safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

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

The rate plan provisions and benefits in effect for the year ended June 30, 2017, are summarized as follows:

Hire Date	Miscellaneous	
	Classic	(PEPRA)
	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Monthly Benefits, as a % of Eligible Compensation	2.5%	2.0%
Required Employee Contribution Rates	8.000%	8.000%
Required Employer Contribution Rates*	25.672%	6.677%

Hire Date	Safety	
	Classic	(PEPRA)
	Prior To January 1, 2013	On or After January 1, 2013
Benefit Formula	3.0% @ 55	2.7% @ 57
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	57
Monthly Benefits, as a % of Eligible Compensation	3.0%	2.7%
Required Employee Contribution Rates	9.000%	9.000%
Required Employer Contribution Rates*	34.426%	12.464% (Fire) 12.082% (Police)

*The employer contribution rate includes the employer's normal cost rate and unfunded accrued liability.

CITY OF PINOLE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

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

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

As of June 30, 2017, the City reported net pension liability for its proportionate share of the net pension liability of the Plan of \$27,123,752.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2015 and 2016 was as follows:

Proportion - June 30, 2015	0.30817 %
Proportion - June 30, 2016	0.31346 %
Change - Increase (Decrease)	0.00529 %

For the year ended June 30, 2017, the City recognized pension expense of \$3,085,910. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 2,067,225	\$ -
Difference between actual contributions made by employer and the employer's proportionate share of the risk pool's total contribution	-	1,532,029
Differences between actual and expected experience	-	58,641
Changes in assumptions	-	647,531
Adjustment due to differences in proportions	616,953	592,434
Net differences between projected and actual earnings on plan investments	<u>3,265,634</u>	<u>-</u>
Total	<u>\$ 5,949,812</u>	<u>\$ 2,830,635</u>

\$2,067,225 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Measurement Period Ended June 30,</u>	
2018	\$ (745,609)
2019	\$ (459,490)
2029	\$ 1,408,895
2021	\$ 848,156

CITY OF PINOLE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous & Safety Plan
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% net of pension plan investment expenses; includes inflation
Mortality (1)	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

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

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Changes in Assumptions

There were no changes of assumptions during the measurement period ended June 30, 2016. Deferred inflows of resources for changes in assumptions presented in the deferred outflows/inflows table above represents the portion of the changes of assumptions related to prior measurement periods.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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

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

CITY OF PINOLE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective July 1, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	(0.55%)	(1.05%)

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

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

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

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

	Discount Rate -1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Net Pension Liability (Asset)	\$ 40,765,344	\$ 27,123,752	\$ 15,894,733

Pension Plan Fiduciary Net Position

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

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (OPEB)

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 \$1,907 per month per family. For the year ended June 30, 2017, the City had 80 retired employees. The City currently has 95 active employees who may become eligible to retire and receive benefits in the future. Of the 95 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 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 shall be offered the option to opt into the vesting program as soon after the program implementation as allowed per CalPERS regulations.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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

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:

<u>Credited Years of Service</u>	<u>Percentage of Employer Contribution:</u>
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

As of June 30, 2014, the most recent actuarial valuation date, the funding status of the plan, was as follows:

Actuarial accrued liability (AAL)	
Active employees	\$ 8,272,000
Retired employees	<u>18,973,000</u>
Total actuarial accrued liability (AAL)	<u>27,245,000</u>
Actuarial value of assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 27,245,000</u>
Funded Ratio	0 %
Covered payroll	\$ 8,945,168
UAAL as a percentage of covered payroll	305 %

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation.

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		 660,000
Adjustment to net OPEB obligation		<u>(1,285,000)</u>
 Total annual OPEB cost		 <u>2,274,000</u>
 Employer contributions		 (880,661)
Net OPEB obligation, July 1, 2016		<u>17,458,949</u>
 Net OPEB obligation, June 30, 2017	\$	 <u><u>19,477,288</u></u>

As of June 30, 2017, \$17,495,525 of the net pension obligation was recorded in governmental activities and \$1,981,763 was recorded in business-type activities on the Statement of Net Position.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2017 and the preceding fiscal years were as follows:

<u>Year Ended</u>	<u>Annual OPEB cost</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Ending OPEB</u>
June 30, 2015	\$ 2,081,000	\$ 894,079	43 %	\$ 15,705,989
June 30, 2016	\$ 2,176,000	\$ 963,040	44 %	\$ 17,458,949
June 30, 2017	\$ 2,274,000	\$ 880,661	39 %	\$ 19,477,288

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, presents 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.

CITY OF PINOLE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2017

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

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

NOTE 11: FUND BALANCE

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* 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. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally.

Assigned Fund Balance: Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. The policy hereby delegates the authority to assign amounts to be used for specific purposes to the City Manager and the Finance Director for the purpose of reporting these amounts in the annual financial statements.

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, 2017, fund balances consisted of the following:

	<u>General Fund</u>	<u>Housing Programs</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:				
Prepaid items and supplies	\$ 6,712	\$ -	\$ -	\$ 6,712
Land held for redevelopment	-	2,591,393	-	2,591,393
Advances	-	4,291,575	-	4,291,575
Total Nonspendable	<u>6,712</u>	<u>6,882,968</u>	<u>-</u>	<u>6,889,680</u>
Restricted for:				
Housing Redevelopment	-	7,514,595	-	7,514,595
Streets & Roads	-	-	1,293,384	1,293,384
Capital Projects	-	-	1,295,396	1,295,396
Public safety	-	-	691,306	691,306
Storm sewer	-	-	77,976	77,976
Total Restricted	<u>-</u>	<u>7,514,595</u>	<u>3,358,062</u>	<u>10,872,657</u>
Committed for:				
Capital Projects	-	-	1,439,128	1,439,128
Community Services	-	-	211,735	211,735
Development Services	-	-	653,652	653,652
Total Committed	<u>-</u>	<u>-</u>	<u>2,304,515</u>	<u>2,304,515</u>
Unassigned	<u>11,700,289</u>	<u>-</u>	<u>(371,162)</u>	<u>11,329,127</u>
Total	<u>\$ 11,707,001</u>	<u>\$ 14,397,563</u>	<u>\$ 5,291,415</u>	<u>\$ 31,395,979</u>

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12: RISK MANAGEMENT

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

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

Risk Coverage

The City is a member of the Municipal Pooling Authority of Northern California (MPA). MPA 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 MPA is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of the MPA, 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 MPA are in accordance with formulas established by the MPA. 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, 2017, the City contributed \$770,583 for coverage.

Financial statements may be obtained from Municipal Pooling Authority of Northern California, 1911 San Miguel Drive, Suite 200, Walnut Creek, CA 94596.

NOTE 13: EXCESS OF EXPENDITURES AND TRANSFERS OVER APPROPRIATIONS

The following funds incurred expenditures and/or transfers in excess of appropriations in the following amounts for the year ended June 30, 2017:

Fund	Final Budget	Actual	Variance
Major Fund:			
Housing Programs	\$ 143,370	\$ 145,706	\$ 2,336
Non-major Funds:			
Refuse Management	\$ 92,712	\$ 94,479	\$ 1,767
Adjudicated asset seizures	\$ -	\$ 3,790	\$ 3,790
Police	\$ 588,097	\$ 605,651	\$ 17,554
Recreation	\$ 1,024,951	\$ 1,041,074	\$ 16,123
Development services	\$ -	\$ 2,310	\$ 2,310

The excess expenditures were covered by available fund balances in the funds.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14: DEFICIT FUND BALANCES AND NET POSITION

As of June 30, 2017, the following funds had a fund deficit:

<u>Fund</u>	<u>Deficit</u>
Growth Impact	\$ 100,460
Cable TV	38,016
Development Services	3,458
Fire Department Grants	229,228

NOTE 15: CONTINGENCIES AND COMMITMENTS

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

Grant Awards

The City participates in certain Federal and State assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 16: PRIOR PERIOD ADJUSTMENT

The prior period adjustment for \$161,238 relate to the FY 2016 bond issuance cost.

NOTE 17: MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through the date of this report, which is March 12, 2018, the date these financial statements were available to be issued, and has determined there were no material events requiring disclosures.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PINOLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 13,487,677	\$ 14,458,581	\$ 14,499,421	\$ 40,840
Intergovernmental revenues	116,037	129,546	83,902	(45,644)
Contributions	-	-	924	924
Investment earnings (losses)	-	11,500	(17,854)	(29,354)
Rents and ground leases	125,148	118,073	117,721	(352)
Charges for service	1,931,431	2,066,712	2,233,571	166,859
Fines, forfeitures and penalties	56,050	56,050	43,051	(12,999)
Other revenues	<u>178,283</u>	<u>185,585</u>	<u>192,168</u>	<u>6,583</u>
Total Revenues	<u>15,894,626</u>	<u>17,026,047</u>	<u>17,152,904</u>	<u>126,857</u>
<u>EXPENDITURES</u>				
Current operations:				
General administration	2,252,280	6,047,972	2,708,417	3,339,555
Public safety	8,764,375	10,537,988	9,458,536	1,079,452
Public works	2,796,906	1,306,928	813,107	493,821
Recreation	7,000	12,588	12,784	(196)
Community development	-	8,084	7,959	125
Debt service:				
Principal	579,290	579,290	363,151	216,139
Interest and fiscal charges	239,443	239,443	338,507	(99,064)
Capital outlay	<u>3,240</u>	<u>49,798</u>	<u>141,640</u>	<u>(91,842)</u>
Total Expenditures	<u>14,642,534</u>	<u>18,782,091</u>	<u>13,844,101</u>	<u>4,937,990</u>
Excess of revenues over (under) expenditures	<u>1,252,092</u>	<u>(1,756,044)</u>	<u>3,308,803</u>	<u>5,064,847</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(871,364)</u>	<u>(871,364)</u>	<u>(671,364)</u>	<u>200,000</u>
Total Other Financing Sources (Uses)	<u>(871,364)</u>	<u>(871,364)</u>	<u>(671,364)</u>	<u>200,000</u>
Net Change in Fund Balance	<u>\$ 380,728</u>	<u>\$ (2,627,408)</u>	<u>2,637,439</u>	<u>\$ 5,264,847</u>
Fund balance - July 1, 2016			<u>9,069,562</u>	
Fund balance - June 30, 2017			<u>\$ 11,707,001</u>	

See accompanying notes to the required supplementary information.

CITY OF PINOLE
HOUSING PROGRAMS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Loan repayments	\$ 21,000	\$ 144,700	\$ 145,457	\$ 757
Investment earnings	75,000	75,000	33,332	(41,668)
Rents and ground leases	72,253	72,253	72,253	-
Other revenues	<u>-</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Total Revenues	<u>168,253</u>	<u>326,953</u>	<u>286,042</u>	<u>(40,911)</u>
<u>EXPENDITURES</u>				
Current operations:				
Community development	<u>82,870</u>	<u>143,370</u>	<u>145,706</u>	<u>(2,336)</u>
Total Expenditures	<u>82,870</u>	<u>143,370</u>	<u>145,706</u>	<u>(2,336)</u>
Excess of revenues over (under) expenditures	<u>85,383</u>	<u>183,583</u>	<u>140,336</u>	<u>(43,247)</u>
Net Change in Fund Balance	<u>\$ 85,383</u>	<u>\$ 183,583</u>	<u>140,336</u>	<u>\$ (43,247)</u>
Fund Balance - July 1, 2016			<u>14,257,227</u>	
Fund Balance - June 30, 2017			<u>\$ 14,397,563</u>	

CITY OF PINOLE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

BUDGETARY CONTROL AND BUDGETARY ACCOUNTING

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

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

**CITY OF PINOLE
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Prepared for the City's Miscellaneous and Safety Plan, Cost Sharing Defined Benefit Pension Plan
As of June 30, 2017
Last 10 Years***

	Measurement Period		
	2016	2015	2014
Proportion of the net pension liability	0.31346 %	0.30817 %	0.30594 %
Proportionate share of the net pension liability	\$ 27,123,752	\$ 21,152,561	\$ 18,565,336
Covered - employee payroll	\$ 7,667,015	\$ 7,727,991	\$ 7,111,182
Proportionate share of the net pension liability as a percentage of covered - employee payroll	353.77 %	273.71 %	261.07 %
Plan fiduciary net position as a percentage of the total pension liability	74.06 %	78.40 %	79.82 %

Notes to Schedule:

Changes in assumptions - In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

**CITY OF PINOLE
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CONTRIBUTIONS
Prepared for the City's Miscellaneous and Safety Plan, Cost Sharing Defined Benefit Pension Plan
As of June 30, 2017
Last 10 Years***

	Fiscal Year-End		
	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 2,067,225	\$ 1,529,134	\$ 1,403,576
Contributions in relation to the actuarially determined contributions	<u>2,067,225</u>	<u>1,529,134</u>	<u>1,470,096</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (66,520)</u>
Covered - employee payroll	7,573,901	7,667,015	7,727,991
Contributions as a percentage of covered - employee payroll	27.29 %	19.94 %	19.02 %

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

**CITY OF PINOLE
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)

<u>Actuarial Valuation Date</u>	<u>Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Liability (Excess of Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
June 30, 2011	\$ 28,040,000	\$ -	\$ 28,040,000	0%	\$ 8,893,000	315 %
June 30, 2014	\$ 27,245,000	\$ -	\$ 27,245,000	0%	\$ 8,945,168	305 %

COMBINING FINANCIAL STATEMENTS AND OTHER SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

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

CAPITAL PROJECTS FUND

Public Works Capital Projects Fund

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

SPECIAL REVENUE FUNDS

Growth Impact Fund

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

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.

Storm Water Fund

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

Refuse Management 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 and Planning Fund

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

Development Services Fund

This fund receives impact fees from land development. Funds are disbursed for approved development projects.

Fire Department Grants Fund

This fund receives revenues from federal grants.

Solid Waste 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 is used for solid waste capital projects.

CITY OF PINOLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

	<u>Public Works Capital Projects</u>	<u>Growth Impact</u>	<u>Gas Tax</u>	<u>Parkland Dedication</u>
<u>ASSETS:</u>				
Cash and investments	\$ 1,763,525	\$ 11,909	\$ 298,089	\$ 16,454
Accounts receivables	1,250	-	-	-
Due from other funds	<u>112,369</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,877,144</u>	<u>\$ 11,909</u>	<u>\$ 298,089</u>	<u>\$ 16,454</u>
<u>LIABILITIES:</u>				
Accounts payable and accrued liabilities	\$ 33,524	\$ -	\$ 21,618	\$ -
Unearned revenue	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	<u>420,946</u>	<u>112,369</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>454,470</u>	<u>112,369</u>	<u>21,618</u>	<u>-</u>
<u>FUND BALANCES (DEFICITS):</u>				
Restricted	-	-	276,471	-
Committed	1,422,674	-	-	16,454
Unassigned	<u>-</u>	<u>(100,460)</u>	<u>-</u>	<u>-</u>
Total Fund Balances (Deficits)	<u>1,422,674</u>	<u>(100,460)</u>	<u>276,471</u>	<u>16,454</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 1,877,144</u>	<u>\$ 11,909</u>	<u>\$ 298,089</u>	<u>\$ 16,454</u>

CITY OF PINOLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2017

	<u>Measure C</u>	<u>Storm Water</u>	<u>Refuse Management</u>	<u>Adjudicated Asset Seizure</u>
<u>ASSETS:</u>				
Cash and investments	\$ 660,417	\$ -	\$ 706,440	\$ 147,836
Accounts receivables	356,789	93,166	10,063	-
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,017,206</u>	<u>\$ 93,166</u>	<u>\$ 716,503</u>	<u>\$ 147,836</u>
<u>LIABILITIES:</u>				
Accounts payable and accrued liabilities	\$ 293	\$ 5,805	\$ 3,138	\$ 884
Unearned revenue	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	<u>-</u>	<u>9,385</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>293</u>	<u>15,190</u>	<u>3,138</u>	<u>884</u>
<u>FUND BALANCES (DEFICITS):</u>				
Restricted	1,016,913	77,976	713,365	146,952
Committed	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances (Deficits)	<u>1,016,913</u>	<u>77,976</u>	<u>713,365</u>	<u>146,952</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 1,017,206</u>	<u>\$ 93,166</u>	<u>\$ 716,503</u>	<u>\$ 147,836</u>

CITY OF PINOLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2017

	<u>Police</u>	<u>Cable TV</u>	<u>Recreation</u>	<u>Building & Planning</u>
<u>ASSETS:</u>				
Cash and investments	\$ 408,832	\$ -	\$ 239,818	\$ 720,652
Accounts receivables	171,509	54,204	47,240	29,252
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 580,341</u>	<u>\$ 54,204</u>	<u>\$ 287,058</u>	<u>\$ 749,904</u>
<u>LIABILITIES:</u>				
Accounts payable and accrued liabilities	\$ 2,470	\$ 4,698	\$ 56,123	\$ 73,302
Unearned revenue	-	-	150	-
Deposits payable	-	-	19,050	22,950
Due to other funds	<u>33,517</u>	<u>87,522</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>35,987</u>	<u>92,220</u>	<u>75,323</u>	<u>96,252</u>
<u>FUND BALANCES (DEFICITS):</u>				
Restricted	544,354	-	-	-
Committed	-	-	211,735	653,652
Unassigned	<u>-</u>	<u>(38,016)</u>	<u>-</u>	<u>-</u>
Total Fund Balances (Deficits)	<u>544,354</u>	<u>(38,016)</u>	<u>211,735</u>	<u>653,652</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 580,341</u>	<u>\$ 54,204</u>	<u>\$ 287,058</u>	<u>\$ 749,904</u>

CITY OF PINOLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2017

	<u>Development Services</u>	<u>Fire Department Grants</u>	<u>Solid Waste Fund</u>	<u>Total Non-major Governmental Funds</u>
<u>ASSETS:</u>				
Cash and investments	\$ 74,447	\$ -	\$ 521,775	\$ 5,570,194
Accounts receivables	-	-	60,256	823,729
Due from other funds	-	-	-	<u>112,369</u>
Total Assets	<u>\$ 74,447</u>	<u>\$ -</u>	<u>\$ 582,031</u>	<u>\$ 6,506,292</u>
<u>LIABILITIES:</u>				
Accounts payable and accrued liabilities	\$ 8,037	\$ -	\$ -	\$ 209,892
Unearned revenue	-	285	-	435
Deposits payable	69,868	-	-	111,868
Due to other funds	-	<u>228,943</u>	-	<u>892,682</u>
Total Liabilities	<u>77,905</u>	<u>229,228</u>	<u>-</u>	<u>1,214,877</u>
<u>FUND BALANCES (DEFICITS):</u>				
Restricted	-	-	582,031	3,358,062
Committed	-	-	-	2,304,515
Unassigned	<u>(3,458)</u>	<u>(229,228)</u>	<u>-</u>	<u>(371,162)</u>
Total Fund Balances (Deficits)	<u>(3,458)</u>	<u>(229,228)</u>	<u>582,031</u>	<u>5,291,415</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 74,447</u>	<u>\$ -</u>	<u>\$ 582,031</u>	<u>\$ 6,506,292</u>

CITY OF PINOLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Public Works Capital Projects</u>	<u>Growth Impact</u>	<u>Gas Tax</u>	<u>Parkland Dedication</u>
<u>REVENUES</u>				
Taxes and assessments	\$ -	\$ -	\$ 365,346	\$ -
Intergovernmental revenues	70,364	-	-	-
Contributions	-	-	-	-
Investment earnings	15	17	317	1
Rents and ground leases	15,000	-	-	-
Charges for services	34,222	6,600	-	-
Fines, forfeitures and penalties	-	-	-	-
Other revenues	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>119,601</u>	<u>6,617</u>	<u>365,663</u>	<u>1</u>
<u>EXPENDITURES</u>				
Current operations:				
General administration	-	-	-	-
Public safety	-	-	-	-
Public works	55,057	-	392,161	-
Recreation	-	-	-	-
Community development	-	-	-	-
Capital outlay	<u>58,763</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>113,820</u>	<u>-</u>	<u>392,161</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>5,781</u>	<u>6,617</u>	<u>(26,498)</u>	<u>1</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>530,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>530,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>535,781</u>	<u>6,617</u>	<u>(26,498)</u>	<u>1</u>
Fund Balances (Deficits) - July 1, 2016	<u>886,893</u>	<u>(107,077)</u>	<u>302,969</u>	<u>16,453</u>
Fund Balance (Deficits) - June 30, 2017	<u>\$ 1,422,674</u>	<u>\$ (100,460)</u>	<u>\$ 276,471</u>	<u>\$ 16,454</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, 2017

	<u>Measure C</u>	<u>Storm Water</u>	<u>Refuse Management</u>	<u>Adjudicated Asset Seizure</u>
<u>REVENUES</u>				
Taxes and assessments	\$ 356,432	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	70,850	135,551
Contributions	-	-	-	-
Investment earnings	-	-	38	205
Rents and ground leases	-	-	-	-
Charges for services	-	239,425	-	-
Fines, forfeitures and penalties	-	-	-	-
Other revenues	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>356,432</u>	<u>239,425</u>	<u>70,888</u>	<u>135,756</u>
<u>EXPENDITURES</u>				
Current operations:				
General administration	-	14,087	-	-
Public safety	-	-	-	3,790
Public works	116,429	241,082	94,479	-
Recreation	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>116,429</u>	<u>255,169</u>	<u>94,479</u>	<u>3,790</u>
Excess of revenues over (under) expenditures	<u>240,003</u>	<u>(15,744)</u>	<u>(23,591)</u>	<u>131,966</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>240,003</u>	<u>(15,744)</u>	<u>(23,591)</u>	<u>131,966</u>
Fund Balances (Deficits) - July 1, 2016	<u>776,910</u>	<u>93,720</u>	<u>736,956</u>	<u>14,986</u>
Fund Balance (Deficits) - June 30, 2017	<u>\$ 1,016,913</u>	<u>\$ 77,976</u>	<u>\$ 713,365</u>	<u>\$ 146,952</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, 2017

	<u>Police</u>	<u>Cable TV</u>	<u>Recreation</u>	<u>Building & Planning</u>
<u>REVENUES</u>				
Taxes and assessments	\$ 184,740	\$ 45,713	\$ -	\$ 1,561
Intergovernmental revenues	516,423	-	-	-
Contributions	-	4,550	140,638	-
Investment earnings	71	-	-	43
Rents and ground leases	-	-	95,467	-
Charges for services	-	145,211	708,161	630,233
Fines, forfeitures and penalties	356	-	-	5,035
Other revenues	-	-	6,299	64,075
	<u>-</u>	<u>-</u>	<u>6,299</u>	<u>64,075</u>
Total Revenues	<u>701,590</u>	<u>195,474</u>	<u>950,565</u>	<u>700,947</u>
<u>EXPENDITURES</u>				
Current operations:				
General administration	-	298,898	11,852	2,568
Public safety	605,651	-	-	-
Public works	-	-	-	-
Recreation	-	-	1,029,222	-
Community development	-	-	-	779,301
Capital outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>605,651</u>	<u>298,898</u>	<u>1,041,074</u>	<u>781,869</u>
Excess of revenues over (under) expenditures	<u>95,939</u>	<u>(103,424)</u>	<u>(90,509)</u>	<u>(80,922)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	96,364	45,000	-
	<u>-</u>	<u>96,364</u>	<u>45,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>96,364</u>	<u>45,000</u>	<u>-</u>
Net Change in Fund Balances	<u>95,939</u>	<u>(7,060)</u>	<u>(45,509)</u>	<u>(80,922)</u>
Fund Balances (Deficits) - July 1, 2016	<u>448,415</u>	<u>(30,956)</u>	<u>257,244</u>	<u>734,574</u>
Fund Balance (Deficits) - June 30, 2017	<u>\$ 544,354</u>	<u>\$ (38,016)</u>	<u>\$ 211,735</u>	<u>\$ 653,652</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, 2017

	<u>Development Services</u>	<u>Fire Department Grants</u>	<u>Solid Waste Fund</u>	<u>Total Non-major Governmental Funds</u>
<u>REVENUES</u>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 953,792
Intergovernmental revenues	-	-	-	793,188
Contributions	-	-	-	145,188
Investment earnings	3	-	-	710
Rents and ground leases	-	-	-	110,467
Charges for services	-	-	-	1,763,852
Fines, forfeitures and penalties	-	-	-	5,391
Other revenues	-	-	234,631	305,005
	<u>-</u>	<u>-</u>	<u>234,631</u>	<u>305,005</u>
Total Revenues	<u>3</u>	<u>-</u>	<u>234,631</u>	<u>4,077,593</u>
<u>EXPENDITURES</u>				
Current operations:				
General administration	-	-	-	327,405
Public safety	-	-	-	609,441
Public works	-	-	-	899,208
Recreation	-	-	-	1,029,222
Community development	2,310	-	-	781,611
Capital outlay	-	-	-	58,763
	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,763</u>
Total Expenditures	<u>2,310</u>	<u>-</u>	<u>-</u>	<u>3,705,650</u>
Excess of revenues over (under) expenditures	<u>(2,307)</u>	<u>-</u>	<u>234,631</u>	<u>371,943</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	671,364
	<u>-</u>	<u>-</u>	<u>-</u>	<u>671,364</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>671,364</u>
Net Change in Fund Balances	<u>(2,307)</u>	<u>-</u>	<u>234,631</u>	<u>1,043,307</u>
Fund Balances (Deficits) - July 1, 2016	<u>(1,151)</u>	<u>(229,228)</u>	<u>347,400</u>	<u>4,248,108</u>
Fund Balance (Deficits) - June 30, 2017	<u>\$ (3,458)</u>	<u>\$ (229,228)</u>	<u>\$ 582,031</u>	<u>\$ 5,291,415</u>

CITY OF PINOLE
PUBLIC WORKS CAPITAL PROJECTS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental revenues	\$ -	\$ 70,364	\$ 70,364	\$ -
Investment earnings	-	-	15	15
Rents and ground leases	15,000	15,000	15,000	-
Charges for service	<u>33,870</u>	<u>33,870</u>	<u>34,222</u>	<u>352</u>
Total Revenues	<u>48,870</u>	<u>119,234</u>	<u>119,601</u>	<u>367</u>
<u>EXPENDITURES</u>				
Current operations:				
Public works	45,385	45,373	55,057	(9,684)
Capital outlay	<u>946,301</u>	<u>949,206</u>	<u>58,763</u>	<u>890,443</u>
Total Expenditures	<u>991,686</u>	<u>994,579</u>	<u>113,820</u>	<u>880,759</u>
Excess of revenues over (under) expenditures	<u>(942,816)</u>	<u>(875,345)</u>	<u>5,781</u>	<u>881,126</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>530,000</u>	<u>530,000</u>	<u>530,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>530,000</u>	<u>530,000</u>	<u>530,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (412,816)</u>	<u>\$ (345,345)</u>	<u>535,781</u>	<u>\$ 881,126</u>
Fund Balance (Deficit) - July 1, 2016			<u>886,893</u>	
Fund Balance (Deficit) - June 30, 2017			<u>\$ 1,422,674</u>	

CITY OF PINOLE
GROWTH IMPACT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original*</u>	<u>Final*</u>		
<u>REVENUES</u>				
Investment earnings	\$ -	\$ -	\$ 17	\$ 17
Charges for service	-	-	<u>6,600</u>	<u>6,600</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>6,617</u>	<u>6,617</u>
<u>EXPENDITURES</u>				
Current operations:				
General administration	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>6,617</u>	<u>\$ 6,617</u>
Fund Balance (Deficit) - July 1, 2016			<u>(107,077)</u>	
Fund Balance (Deficit) - June 30, 2017			<u>\$ (100,460)</u>	

* The City did not adopt a budget for the Growth Impact Fund for the year ended June 30, 2017.

CITY OF PINOLE
GAS TAX - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 393,895	\$ 393,895	\$ 365,346	\$ (28,549)
Investment earnings	<u>-</u>	<u>-</u>	<u>317</u>	<u>317</u>
Total Revenues	<u>393,895</u>	<u>393,895</u>	<u>365,663</u>	<u>(28,232)</u>
<u>EXPENDITURES</u>				
Current operations:				
Public works	<u>414,230</u>	<u>432,280</u>	<u>392,161</u>	<u>40,119</u>
Total Expenditures	<u>414,230</u>	<u>432,280</u>	<u>392,161</u>	<u>40,119</u>
Net Change in Fund Balance	<u>\$ (20,335)</u>	<u>\$ (38,385)</u>	<u>(26,498)</u>	<u>\$ 11,887</u>
Fund Balance (Deficit) - July 1, 2016			<u>302,969</u>	
Fund Balance (Deficit) - June 30, 2017			<u>\$ 276,471</u>	

CITY OF PINOLE
PARKLAND DEDICATION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original*</u>	<u>Final*</u>		
<u>REVENUES</u>				
Investment earnings	\$ -	\$ -	\$ 1	\$ 1
Total Revenues	-	-	1	1
<u>EXPENDITURES</u>				
Current operations:				
General administration	-	-	-	-
Total Expenditures	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	1	<u>\$ 1</u>
Fund Balance (Deficit) - July 1, 2016			16,453	
Fund Balance (Deficit) - June 30, 2017			<u>\$ 16,454</u>	

* The City did not adopt a budget for the Parkland Dedication Fund for the year ended June 30, 2017.

CITY OF PINOLE
MEASURE C - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ <u>303,590</u>	\$ <u>303,590</u>	\$ <u>356,432</u>	\$ <u>52,842</u>
Total Revenues	<u>303,590</u>	<u>303,590</u>	<u>356,432</u>	<u>52,842</u>
<u>EXPENDITURES</u>				
Current operations:				
Public works	<u>149,356</u>	<u>270,533</u>	<u>116,429</u>	<u>154,104</u>
Total Expenditures	<u>149,356</u>	<u>270,533</u>	<u>116,429</u>	<u>154,104</u>
Net Change in Fund Balance	<u>\$ 154,234</u>	<u>\$ 33,057</u>	<u>240,003</u>	<u>\$ 206,946</u>
Fund Balance (Deficit) - July 1, 2016			<u>776,910</u>	
Fund Balance (Deficit) - June 30, 2017			<u>\$ 1,016,913</u>	

CITY OF PINOLE
STORM WATER - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Charges for service	\$ <u>315,768</u>	\$ <u>315,768</u>	\$ <u>239,425</u>	\$ <u>(76,343)</u>
Total Revenues	<u>315,768</u>	<u>315,768</u>	<u>239,425</u>	<u>(76,343)</u>
<u>EXPENDITURES</u>				
Current operations:				
General administration	-	-	14,087	(14,087)
Public works	<u>315,768</u>	<u>297,856</u>	<u>241,082</u>	<u>56,774</u>
Total Expenditures	<u>315,768</u>	<u>297,856</u>	<u>255,169</u>	<u>42,687</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 17,912</u>	<u>(15,744)</u>	<u>\$ (33,656)</u>
Fund Balance (Deficit) - July 1, 2016			<u>93,720</u>	
Fund Balance (Deficit) - June 30, 2017			<u>\$ <u>77,976</u></u>	

CITY OF PINOLE
 REFUSE MANAGEMENT - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental revenues	\$ 60,060	\$ 60,060	\$ 70,850	\$ 10,790
Investment earnings	<u>-</u>	<u>-</u>	<u>38</u>	<u>38</u>
Total Revenues	<u>60,060</u>	<u>60,060</u>	<u>70,888</u>	<u>10,828</u>
<u>EXPENDITURES</u>				
Current operations:				
Public works	112,712	92,712	94,479	(1,767)
Capital outlay	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>212,712</u>	<u>92,712</u>	<u>94,479</u>	<u>(1,767)</u>
Net Change in Fund Balance	<u>\$ (152,652)</u>	<u>\$ (32,652)</u>	<u>(23,591)</u>	<u>\$ 9,061</u>
Fund Balance (Deficit) - July 1, 2016			<u>736,956</u>	
Fund Balance (Deficit) - June 30, 2017			<u>\$ 713,365</u>	

CITY OF PINOLE
ADJUDICATED ASSET SEIZURE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (unfavorable)</u>
	<u>Original*</u>	<u>Final*</u>		
<u>REVENUES</u>				
Intergovernmental revenues	\$ -	\$ -	\$ 135,551	\$ 135,551
Investment earnings	-	-	<u>205</u>	<u>205</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>135,756</u>	<u>135,756</u>
<u>EXPENDITURES</u>				
Current operations:				
Public safety	-	-	<u>3,790</u>	<u>(3,790)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>3,790</u>	<u>(3,790)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>131,966</u>	<u>\$ 131,966</u>
Fund Balance (Deficit) - July 1, 2016			<u>14,986</u>	
Fund Balance (Deficit) - June 30, 2017			<u>\$ 146,952</u>	

* The City did not adopt a budget for the Adjudicated Asset Seizure Fund for the year ended June 30, 2017.

CITY OF PINOLE
POLICE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 150,000	\$ 150,000	\$ 184,740	\$ 34,740
Intergovernmental revenues	477,750	490,868	516,423	25,555
Investment earnings	-	-	71	71
Fines, forfeitures and penalties	<u>-</u>	<u>-</u>	<u>356</u>	<u>356</u>
Total Revenues	<u>627,750</u>	<u>640,868</u>	<u>701,590</u>	<u>60,722</u>
<u>EXPENDITURES</u>				
Current operations:				
Public safety	<u>246,895</u>	<u>588,097</u>	<u>605,651</u>	<u>(17,554)</u>
Total Expenditures	<u>246,895</u>	<u>588,097</u>	<u>605,651</u>	<u>(17,554)</u>
Net Change in Fund Balance	<u>\$ 380.855</u>	<u>\$ 52,771</u>	<u>95,939</u>	<u>\$ 43,168</u>
Fund Balance (Deficit) - July 1, 2016			<u>448,415</u>	
Fund Balance (Deficit) - June 30, 2017			<u>\$ 544,354</u>	

CITY OF PINOLE
CABLE TV - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 62,651	\$ 62,651	\$ 45,713	\$ (16,938)
Contributions	5,500	5,500	4,550	(950)
Charges for service	<u>155,700</u>	<u>155,700</u>	<u>145,211</u>	<u>(10,489)</u>
Total Revenues	<u>223,851</u>	<u>223,851</u>	<u>195,474</u>	<u>(28,377)</u>
<u>EXPENDITURES</u>				
Current operations:				
General administration	<u>361,547</u>	<u>319,857</u>	<u>298,898</u>	<u>20,959</u>
Total Expenditures	<u>361,547</u>	<u>319,857</u>	<u>298,898</u>	<u>20,959</u>
Excess of revenues over (under) expenditures	<u>(137,696)</u>	<u>(96,006)</u>	<u>(103,424)</u>	<u>(7,418)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>96,364</u>	<u>96,364</u>	<u>96,364</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>96,364</u>	<u>96,364</u>	<u>96,364</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (41,332)</u>	<u>\$ 358</u>	<u>(7,060)</u>	<u>\$ (7,418)</u>
Fund Balance (Deficit) - July 1, 2016			<u>(30,956)</u>	
Fund Balance (Deficit) - June 30, 2017			<u>\$ (38,016)</u>	

CITY OF PINOLE
RECREATION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Contributions	\$ 151,500	\$ 150,000	\$ 140,638	\$ (9,362)
Rents and ground leases	88,300	88,300	95,467	7,167
Charges for service	844,210	827,210	708,161	(119,049)
Other revenues	<u>400</u>	<u>400</u>	<u>6,299</u>	<u>5,899</u>
Total Revenues	<u>1,084,410</u>	<u>1,065,910</u>	<u>950,565</u>	<u>(115,345)</u>
<u>EXPENDITURES</u>				
Current operations:				
General administration	-	-	11,852	(11,852)
Recreation	<u>1,063,517</u>	<u>1,024,951</u>	<u>1,029,222</u>	<u>(4,271)</u>
Total Expenditures	<u>1,063,517</u>	<u>1,024,951</u>	<u>1,041,074</u>	<u>(16,123)</u>
Excess of revenues over (under) expenditures	<u>20,893</u>	<u>40,959</u>	<u>(90,509)</u>	<u>(131,468)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	91,000	91,000	45,000	(46,000)
Transfers out	<u>(46,000)</u>	<u>(46,000)</u>	<u>-</u>	<u>46,000</u>
Total Othe Financing Sources (Uses)	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 65,893</u>	<u>\$ 85,959</u>	<u>(45,509)</u>	<u>\$ (131,468)</u>
Fund Balance (Deficit) - July 1, 2016			<u>257,244</u>	
Fund Balance (Deficit) - June 30, 2017			<u>\$ 211,735</u>	

CITY OF PINOLE
BUILDING & PLANNING - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 1,800	\$ 1,800	\$ 1,561	\$ (239)
Investment earnings	1,000	1,000	43	(957)
Charges for service	780,300	777,900	630,233	(147,667)
Fines, forfeitures and penalties	800	100	5,035	4,935
Other revenues	<u>65,500</u>	<u>55,500</u>	<u>64,075</u>	<u>8,575</u>
Total Revenues	<u>849,400</u>	<u>836,300</u>	<u>700,947</u>	<u>(135,353)</u>
<u>EXPENDITURES</u>				
Current operations:				
General administration	-	-	2,568	(2,568)
Community development	<u>940,340</u>	<u>901,094</u>	<u>779,301</u>	<u>121,793</u>
Total Expenditures	<u>940,340</u>	<u>901,094</u>	<u>781,869</u>	<u>119,225</u>
Net Change in Fund Balance	<u><u>\$ (90,940)</u></u>	<u><u>\$ (64,794)</u></u>	<u><u>(80,922)</u></u>	<u><u>\$ (16,128)</u></u>
Fund Balance (Deficit) - July 1, 2016			<u>734,574</u>	
Fund Balance (Deficit) - June 30, 2017			<u><u>\$ 653,652</u></u>	

CITY OF PINOLE
DEVELOPMENT SERVICES - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original*</u>	<u>Final*</u>		
<u>REVENUES</u>				
Investment earnings	\$ _____ -	\$ _____ -	\$ _____ 3	\$ _____ 3
Total Revenues	_____ -	_____ -	_____ 3	_____ 3
<u>EXPENDITURES</u>				
Current operations:				
Public works	_____ -	_____ -	_____ 2,310	_____ (2,310)
Total Expenditures	_____ -	_____ -	_____ 2,310	_____ (2,310)
Net Change in Fund Balance	\$ _____ -	\$ _____ -	_____ (2,307)	\$ _____ (2,307)
Fund Balance (Deficit) - July 1, 2016			_____ (1,151)	
Fund Balance (Deficit) - June 30, 2017			\$ _____ (3,458)	

* The City did not adopt a budget for the Development Services Fund for the year ended June 30, 2017.

CITY OF PINOLE
FIRE DEPARTMENT GRANTS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original*</u>	<u>Final*</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
Total Revenues	_____ -	_____ -	_____ -	_____ -
<u>EXPENDITURES</u>				
Current operations:				
General administration	-	-	-	-
Total Expenditures	_____ -	_____ -	_____ -	_____ -
Excess of revenues over (under) expenditures	_____ -	_____ -	_____ -	_____ -
Fund Balance (Deficit) - July 1, 2016			_____ (229,228)	
Fund Balance (Deficit) - June 30, 2017			\$ _____ (229,228)	

* The City did not adopt a budget for the Fire Department Grants for the year ended June 30, 2017.

CITY OF PINOLE
SOLID WASTE FUND - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Other revenues	\$ -	\$ 234,738	\$ 234,631	\$ (107)
Total Revenues	<u>-</u>	<u>234,738</u>	<u>234,631</u>	<u>(107)</u>
<u>EXPENDITURES</u>				
Current operations:				
General administration	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 234,738</u>	<u>234,631</u>	<u>\$ (107)</u>
Fund Balance (Deficit) - July 1, 2016			<u>347,400</u>	
Fund Balance (Deficit) - June 30, 2017			<u>\$ 582,031</u>	

CITY OF PINOLE
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS</u>				
Cash and cash equivalents (Note 2)	\$ 96,884	\$ 1,298	\$ (621)	\$ 97,561
Accounts receivable	<u>-</u>	<u>64</u>	<u>-</u>	<u>64</u>
Total Assets	<u>\$ 96,884</u>	<u>\$ 1,362</u>	<u>\$ (621)</u>	<u>\$ 97,625</u>
<u>LIABILITIES</u>				
Fund held in trust	<u>\$ 96,884</u>	<u>\$ 1,362</u>	<u>\$ (621)</u>	<u>\$ 97,625</u>
Total Liabilities	<u>\$ 96,884</u>	<u>\$ 1,362</u>	<u>\$ (621)</u>	<u>\$ 97,625</u>

Statistical Section



STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	93 - 97
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	98 - 105
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
Debt Capacity	106 - 111
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.	
Economic and Demographic Information	112 - 113
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.	
Operating Information	114 - 116
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.

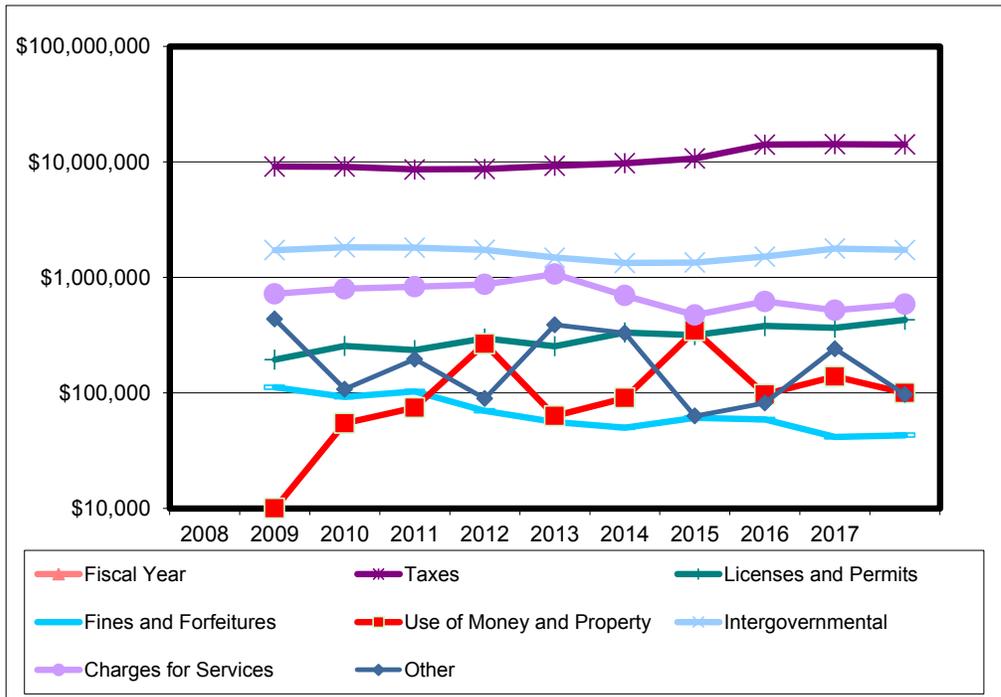
CITY OF PINOLE
NET POSITION BY COMPONENT, Last Ten Fiscal Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 42,245,276	\$ 48,481,644	\$ 42,630,150	\$ 43,395,278	\$ 35,021,089	\$ 35,773,981	\$ 36,296,765	\$ 34,962,909	\$ 33,764,294	\$ 32,700,833
Restricted	31,103,964	30,499,599	30,499,599	32,539,587	11,286,730	11,530,930	2,591,393	2,591,393	2,591,393	17,755,625
Unrestricted	(15,332,443)	(26,814,858)	(26,628,239)	(30,862,961)	14,727,078	11,842,896	(2,498,114)	(21,819,095)	(17,014,950)	(31,148,654)
Total governmental activities net position	\$ 58,016,797	\$ 52,166,385	\$ 46,501,510	\$ 45,071,904	\$ 61,034,897	\$ 59,147,807	\$ 36,390,044	\$ 15,735,207	\$ 19,340,737	\$ 19,307,804
Business-type activities										
Net investment in capital assets	\$ 8,536,063	\$ 7,816,726	\$ 10,112,367	\$ 10,302,367	\$ 9,444,118	\$ 9,051,860	\$ 9,921,073	\$ 11,223,296	\$ 13,869,394	\$ 14,364,860
Unrestricted	3,566,154	4,729,269	1,724,352	1,848,906	3,395,880	4,546,425	5,205,241	4,984,154	4,584,135	5,649,110
Total business-type activities net position	\$ 12,102,217	\$ 12,545,995	\$ 11,836,719	\$ 12,151,273	\$ 12,839,998	\$ 13,598,285	\$ 15,126,314	\$ 16,207,450	\$ 18,453,529	\$ 20,013,970
Primary government										
Net investment in capital assets	\$ 50,781,339	\$ 56,298,370	\$ 52,742,517	\$ 53,697,645	\$ 44,465,207	\$ 44,825,841	\$ 46,217,838	\$ 46,186,205	\$ 47,633,688	\$ 47,065,693
Restricted	31,103,964	30,499,599	30,499,599	32,539,587	11,286,730	11,530,930	2,591,393	2,591,393	2,591,393	17,755,625
Unrestricted	(11,766,289)	(22,085,589)	(24,903,887)	(29,014,055)	18,122,958	16,389,321	2,707,127	(16,834,941)	(12,430,815)	(25,499,544)
Total primary government net position	\$ 70,119,014	\$ 64,712,380	\$ 58,338,229	\$ 57,223,177	\$ 73,874,895	\$ 72,746,092	\$ 51,516,358	\$ 31,942,657	\$ 37,794,266	\$ 39,321,774

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
General government	\$ 8,287,102	\$ 9,203,481	\$ 12,935,189	\$ 9,176,401	\$ 6,644,902	\$ 5,996,378	\$ 4,718,160	\$ 4,373,166	\$ 4,368,671	\$ 5,952,688
Public safety	11,931,756	11,086,383	10,627,109	9,937,972	9,153,942	8,855,816	9,281,461	9,321,934	10,086,963	10,326,947
Public services	3,014,880	2,120,368	2,338,079	2,395,243	2,472,400	1,488,713	2,685,493	2,673,746	3,878,498	2,568,265
Recreation	1,903,863	1,653,907	1,463,300	1,334,530	1,527,911	1,467,915	1,074,585	1,150,267	1,067,952	1,151,760
Community development	1,919,348	7,202,650	3,092,568	2,904,417	3,218,191	654,535	779,147	833,061	1,184,385	1,065,848
Interest and fiscal changes	2,187,182	2,817,474	2,686,711	2,625,791	1,345,952	149,097	280,173	290,860	305,569	338,507
Total government activity expenses	\$ 29,244,131	\$ 34,084,263	\$ 33,142,956	\$ 28,374,354	\$ 24,363,298	\$ 18,612,454	\$ 18,819,019	\$ 18,643,034	\$ 20,892,038	\$ 21,404,015
Business-type activities:										
Wastewater utility	5,338,607	5,312,229	5,798,474	5,081,468	4,998,178	5,427,396	4,859,118	4,883,256	5,316,022	4,597,454
Total business-type activities expenses	5,338,607	5,312,229	5,798,474	5,081,468	4,998,178	5,427,396	4,859,118	4,883,256	5,316,022	4,597,454
Total primary government expenses	\$ 34,582,738	\$ 39,396,492	\$ 38,941,430	\$ 33,455,822	\$ 29,361,476	\$ 24,039,850	\$ 23,678,137	\$ 23,526,290	\$ 26,208,060	\$ 26,001,469
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 371,465	\$ 327,329	\$ 247,304	\$ 269,339	\$ 1,068,236	\$ 286,722	\$ 502,094	\$ 590,359	\$ 236,512	\$ 354,357
Public safety	406,321	445,951	380,755	177,931	102,560	146,658	586,131	534,095	461,330	640,785
Public services	357,204	355,579	314,815	311,922	705,701	461,578	946,387	573,320	545,273	310,073
Recreation	1,007,081	982,967	926,243	860,274	1,163,599	927,758	1,195,728	998,792	871,497	783,783
Community development	812,978	902,718	1,653,268	1,990,099	534,533	1,083,517	527,441	666,863	244,449	162,634
Operating grants and contributions	1,454,497	1,315,613	777,009	1,025,928	2,127,097	948,062	1,026,339	1,203,058	1,464,456	227,184
Capital grants and contributions	320,771	2,058,926	1,306,971	2,597,866	96,886	755,433	640,884	1,068,087	1,094,371	1,262,813
Total governmental program revenues	4,730,317	6,389,083	5,606,365	7,233,359	5,798,612	4,609,728	5,425,004	5,634,574	4,917,888	3,741,629
Business-type activities:										
Charges for services:										
Wastewater utility	7,972,684	5,858,159	5,159,757	5,462,798	5,633,904	5,961,605	6,473,147	6,912,213	7,541,964	6,315,563
Capital grants and contributions						218,193				
Total business-type program revenues	7,972,684	5,858,159	5,159,757	5,462,798	5,633,904	6,179,798	6,473,147	6,912,213	7,541,964	6,315,563
Total primary government program revenues	\$ 12,703,001	\$ 12,247,242	\$ 10,766,122	\$ 12,696,157	\$ 11,432,516	\$ 10,789,526	\$ 11,898,151	\$ 12,546,787	\$ 12,459,852	\$ 10,057,192
Net (Expense)/Revenue										
Net (Expense)/Revenue Governmental	(24,513,814)	(27,695,180)	(27,536,591)	(21,140,995)	(18,564,686)	(14,002,726)	(13,394,015)	(13,008,460)	(15,974,150)	(17,662,386)
Net (Expense)/Revenue Business-type	2,634,077	545,930	(638,717)	381,330	635,726	752,402	1,614,029	2,028,957	2,225,942	1,718,109
Total primary government net expense	(21,879,737)	(27,149,250)	(28,175,308)	(20,759,665)	(17,928,960)	(13,250,324)	(11,779,986)	(10,979,503)	(13,748,208)	(15,944,277)
Change in Net Position										
Governmental activities	(1,234,552)	(5,850,126)	(5,850,126)	(1,429,606)	15,894,132	(1,887,090)	(22,757,764)	(4,193,825)	(2,388,176)	(32,933)
Business-type activities	2,806,387	443,778	443,778	314,554	688,725	758,287	1,602,798	(2,037,223)	(2,246,079)	1,721,679
Total primary government	\$ 1,571,835	\$ (5,406,348)	\$ (5,406,348)	\$ (1,115,052)	\$ 16,582,857	\$ (1,128,803)	\$ (21,154,966)	\$ (6,231,048)	\$ (4,634,255)	\$ 1,688,746

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



Fiscal Year	Taxes	Licenses and Permits	Fines and Forfeitures	Use of Money and Property	Intergovernmental	Charges for Services	Other	Total
2008	9,142,141	193,829	111,601	10,000	1,725,388	721,921	437,101	12,341,981
2009	9,099,405	255,058	92,339	54,704	1,827,646	798,562	107,996	12,235,710
2010	8,614,947	234,870	102,911	74,618	1,808,552	829,424	196,797	11,862,119
2011	8,694,631	296,656	70,090	266,877	1,737,225	871,492	89,656	12,026,627
2012	9,244,495	254,140	56,190	63,260	1,485,968	1,068,236	389,207	12,561,496
2013	9,742,628	333,489	50,170	90,380	1,334,648	696,781	330,722	12,578,818
2014	10,747,165	317,022	60,734	346,378	1,350,069	473,596	63,210	13,358,174
2015	14,143,789	379,803	58,863	97,071	1,515,953	620,174	81,988	16,897,641
2016	14,295,535	366,842	41,564	138,721	1,785,007	520,881	241,328	17,389,878
2017	14,165,943	429,698	43,051	99,867	1,731,199	586,274	96,871	17,152,904

Source: City of Pinole Finance

Notes:

Encompasses general government revenue within the General Fund and Measure S funds.

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ 27,912,972	\$ 11,299,227	\$ 8,950,035	\$ 11,157	\$ -	\$ 7,275	\$ 6,712
Restricted	-	-	-	1,128,091	-	-	-	-	-	-
Assigned	-	-	-	-	1,587,255	2,209,430	2,899,585	1,030,000	-	-
Committed	-	-	-	244,040	-	12,599,292	-	-	-	-
Unassigned	(644,334)	(2,197,539)	(3,079,187)	(4,808,526)	20,730,658	(3,464,498)	(2,914,406)	4,261,995	9,062,287	11,700,289
Total General Fund	<u>\$ (644,334)</u>	<u>\$ (2,197,539)</u>	<u>\$ (3,079,187)</u>	<u>\$ 24,476,577</u>	<u>\$ 33,617,140</u>	<u>\$ 20,294,259</u>	<u>\$ (3,664)</u>	<u>\$ 5,291,995</u>	<u>\$ 9,069,562</u>	<u>\$ 11,707,001</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ 3,213,536	-	\$ 7,023,664	\$ 2,591,393	\$ -	\$ 2,591,393	\$ 6,882,968
Restricted	25,160,826	25,220,985	25,616,997	19,333,368	3,060,465	6,787,458	15,103,453	14,074,122	11,665,834	10,872,657
Assigned	-	-	-	-	-	1,340,327	783,083	3,661,477	-	-
Committed	-	-	-	-	-	-	-	-	-	2,304,515
Unassigned reported in:	-	-	-	-	-	-	-	-	-	-
Special revenue funds	1,694,696	841,988	441,901	-	-	-	-	(611,270)	4,248,108	(371,162)
Capital project funds	22,281,974	19,786,143	17,887,607	(3,651,080)	-	933,006	(24,842)	(265,778)	-	-
Debt service funds	5,943,138	5,278,900	4,882,602	-	-	-	(3,018,401)	-	-	-
Total all other governmental funds	<u>\$ 55,080,634</u>	<u>\$ 51,128,016</u>	<u>\$ 48,829,107</u>	<u>\$ 18,895,824</u>	<u>\$ 3,060,465</u>	<u>\$ 16,084,455</u>	<u>\$ 15,434,686</u>	<u>\$ 16,858,551</u>	<u>\$ 18,505,335</u>	<u>\$ 19,688,978</u>

[1]

Notes:

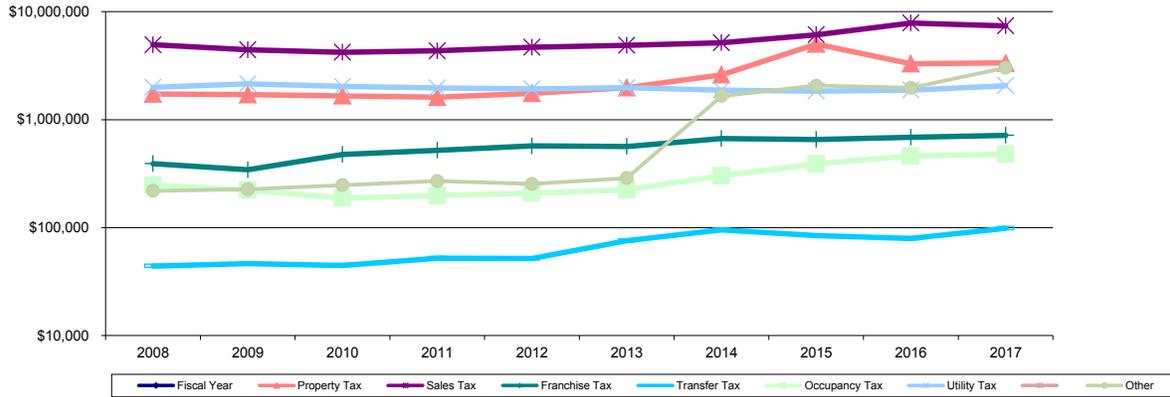
[1] Fund balance increased as a result of revenue in excess of expenditures at fiscal year-end.

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

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues										
Taxes	\$ 19,063,268	\$ 19,060,207	\$ 18,229,886	\$ 18,011,799	\$ 13,474,038	\$ 10,373,826	\$ 11,456,712	\$ 15,111,311	\$ 15,111,374	\$ 15,453,213
Intergovernmental	3,165,282	4,496,696	3,444,800	4,483,867	3,427,388	2,745,954	3,426,928	3,313,973	3,462,621	877,090
Loan repayments	1,036,202	211,784	253,473	371,220	109,343	48,464	108,021	45,666	85,849	145,457
Contributions	39,648	35,708	33,654	487,733	96,886	174,153	94,032	51,313	65,317	146,112
Investment earnings	1,651,436	1,027,361	986,963	386,330	22,214	113,723	595,808	311,168	188,790	16,188
Rents and ground leases	543,931	645,932	585,663	935,524	821,723	301,537	273,435	264,301	224,952	300,441
Charges for service	2,450,367	2,576,862	2,828,314	2,601,486	2,694,734	2,543,872	2,645,656	2,929,952	3,892,535	3,997,423
Fines, forfeitures and penalties	117,328	114,191	108,408	72,555	58,172	50,170	60,734	58,863	41,564	48,442
Gain (loss) on sale of property	-	-	662,667	(324,000)	(1,192,929)	-	-	-	-	-
Other revenues	891,559	177,180	586,121	189,455	451,942	405,411	137,713	778,737	365,857	532,173
Total revenues	28,959,021	28,345,921	27,719,949	27,215,969	19,963,511	16,757,110	18,799,039	22,865,284	23,438,859	21,516,539
Expenditures										
General administration	7,692,393	6,950,440	9,353,968	6,256,560	3,689,592	2,903,879	2,506,878	2,411,271	3,007,506	3,035,822
Public safety	11,357,795	10,602,829	10,346,903	9,795,550	9,051,515	8,807,959	9,206,393	9,165,922	9,635,264	10,067,977
Public services	1,989,480	832,163	787,202	699,286	904,149	696,343	1,822,928	1,628,204	2,460,827	1,712,315
Recreation	1,683,390	1,444,232	1,375,288	1,265,595	1,467,895	1,439,933	1,038,572	1,107,168	906,302	1,042,006
Community development	4,505,768	4,326,084	1,714,710	2,791,106	584,483	1,520,667	742,413	818,580	945,646	935,276
Debt service - Principal	2,570,118	2,940,181	3,315,659	3,141,278	3,148,966	334,287	381,144	373,007	369,177	363,151
Debt service - Interest	2,864,311	2,849,081	2,726,847	2,678,865	1,345,952	149,097	280,173	290,860	305,569	338,507
Capital outlay	3,272,539	2,453,529	3,488,787	3,065,250	1,002,678	1,209,901	1,598,513	368,007	1,289,967	200,403
Total expenditures	35,935,794	32,398,539	33,109,364	29,693,490	21,195,230	17,062,066	17,577,014	16,163,019	18,920,258	17,695,457
Other financing sources (uses)										
Bond, note and loan proceeds	-	-	-	-	296,926	-	458,000	-	-	-
Capital lease financing	444,870	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of property	-	-	(88,681)	-	-	6,064	6,559	17,259	1,909	-
Transfers in	-	-	-	-	-	-	-	447,050	446,000	671,364
Transfers out	-	-	-	-	-	-	-	(447,050)	(446,000)	(671,364)
Transfers from enterprise fund	100,000	100,000	100,000	100,000	-	-	-	-	-	-
Extraordinary item	-	-	-	-	(5,828,864)	-	(22,634,276)	-	-	-
Total other financing sources	544,870	100,000	11,319	100,000	(5,531,938)	6,064	(22,169,717)	17,259	1,909	-
Net change in fund balance	\$ (6,431,903)	\$ (3,952,618)	\$ (5,378,096)	\$ (2,377,521)	\$ (6,763,657)	\$ (298,892)	\$ (20,947,692)	\$ 6,719,524	\$ 4,520,510	\$ 3,821,082

Debt service as a % of noncapital expenditures	16.6%	19.3%	20.4%	21.9%	22.3%	3.0%	4.1%	4.2%	3.8%	4.0%
------------------------------------------------	-------	-------	-------	-------	-------	------	------	------	------	------

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		
2008	1,729,637	4,936,111	390,673	44,065	247,639	1,996,181	218,567	9,562,873	
2009	1,703,228	4,442,990	343,904	46,397	223,294	2,150,325	226,464	9,136,602	
2010	1,665,429	4,209,559	477,315	44,699	187,746	2,030,198	247,304	8,862,250	
2011	1,616,403	4,341,619	520,446	52,049	198,027	1,966,077	269,339	8,963,960	
2012	1,757,441	4,688,836	572,499	51,630	208,498	1,930,758	254,140	9,463,802	
2013	1,974,485	4,896,120	565,095	75,542	223,413	1,975,666	286,721	9,997,042	
2014	2,606,245	5,164,841	667,030	94,992	302,329	1,880,224	1,657,596	12,373,257	
2015	5,016,239	6,120,157	656,564	84,136	391,165	1,843,618	2,063,629	16,175,509	
2016	3,302,472	7,859,195	687,737	79,181	459,393	1,876,318	1,971,889	16,236,185	
2017	3,354,479	7,411,905	717,013	98,593	478,940	2,066,623	3,025,352	17,152,904	

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

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

(c) Includes Business License Taxes

Source: City of Pinole Finance

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

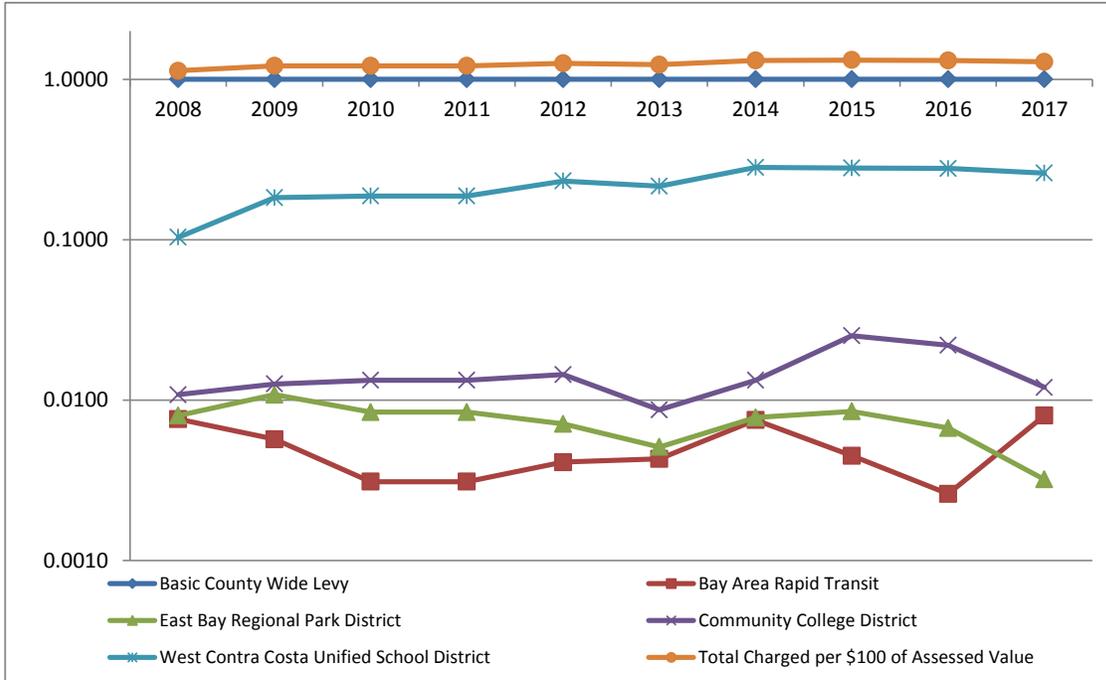
Fiscal Year	Residential	Commercial	Unsecured	All Other Assessment Categories	Net Taxable Assessed Value [1]	Total Direct Tax Rate	Estimated Actual Taxable Value
2008	1,571,618,166	275,402,885	49,049,184	73,191,851	1,969,262,086	0.1884%	2,340,271,063
2009	1,555,912,705	311,156,753	50,175,451	67,946,873	1,985,191,782	0.1884%	2,359,201,914
2010	1,379,735,626	350,603,828	52,691,843	60,618,613	1,843,649,910	0.1884%	2,190,993,553
2011	1,355,128,439	347,394,282	52,456,924	57,122,367	1,812,102,012	0.1884%	2,153,502,031
2012	1,307,568,620	344,375,136	54,954,754	35,250,991	1,742,149,501	0.1884%	2,070,370,467
2013	1,260,099,385	336,541,044	51,157,272	34,800,305	1,682,598,006	0.1884%	1,999,599,470
2014	1,322,470,290	326,179,820	55,296,246	55,855,398	1,759,801,754	0.1884%	2,091,348,404
2015	1,496,137,773	339,520,240	63,501,588	75,328,519	1,974,488,120	0.1884%	2,346,481,682
2016	1,607,057,208	373,896,531	57,423,148	74,378,826	2,112,755,713	0.1884%	2,510,798,889
2017	1,712,024,334	424,465,946	52,646,667	42,853,459	2,231,990,406	0.1884%	2,652,497,398

Notes:

[1] Actual market value of taxable property.

Source : Contra Costa County Assessor's Office

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



Fiscal Year	Basic County Wide Levy	Bay Area Rapid Transit	East Bay Regional Park District	Community College District	West Contra Costa Unified School District	Total Charged per \$100 of Assessed Value
2008	1.0000	0.0076	0.0080	0.0108	0.1035	1.1299
2009	1.0000	0.0057	0.0108	0.0126	0.1828	1.2119
2010	1.0000	0.0031	0.0084	0.0133	0.1869	1.2117
2011	1.0000	0.0031	0.0084	0.0133	0.1869	1.2117
2012	1.0000	0.0041	0.0071	0.0144	0.2322	1.2578
2013	1.0000	0.0043	0.0051	0.0087	0.2157	1.2338
2014	1.0000	0.0075	0.0078	0.0133	0.2818	1.3104
2015	1.0000	0.0045	0.0085	0.0252	0.2803	1.3185
2016	1.0000	0.0026	0.0067	0.0220	0.2781	1.3094
2017	1.0000	0.0080	0.0032	0.0120	0.2604	1.2836

Source : Contra Costa County Auditor-Controller Office

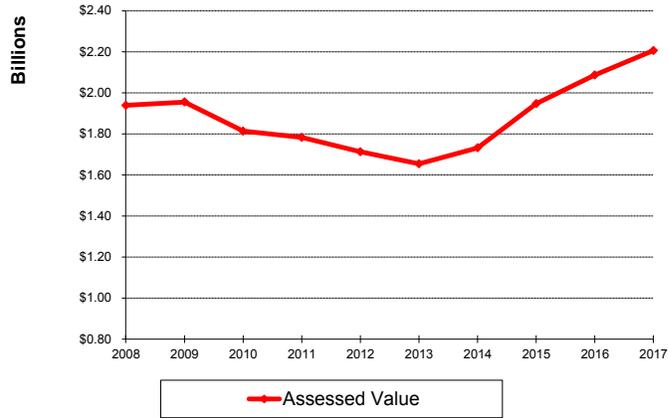
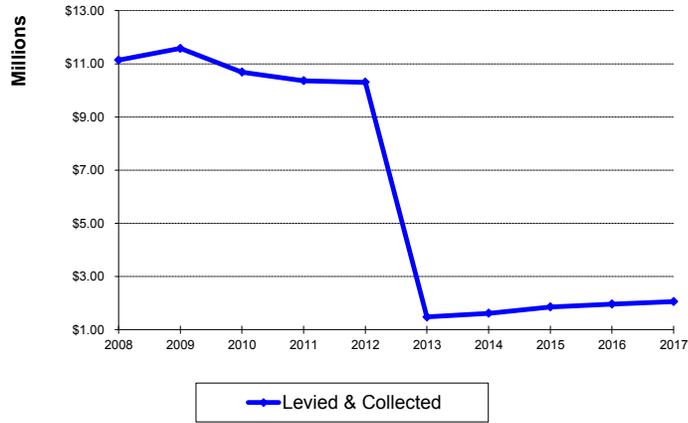
CITY OF PINOLE
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2017

2007-08			2016-17		
Taxpayer	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Alpha Beta Company	\$ 13,697,140	1.21%	AMFP III Bayside	\$ 25,176,110	1.16%
Appian Associates	\$ 14,161,199	1.25%	Appian Associates	\$ 16,027,261	0.74%
Dayton Hudson Corporation	\$ 16,162,691	1.43%	Che Chen and Shu Fen Liu Trust	\$ 21,507,821	0.99%
KW Pinole LLC	\$ 19,992,000	1.70%	Gateway Pinole Vista LLC	\$ 66,783,848	3.06%
Peter L. Thigpen LLC	\$ 20,568,228	1.75%	Kaiser Foundation Health Plan	\$ 35,133,187	1.61%
Pinole Dundee One LLC	\$ 19,125,000	1.69%	NHI-Reit of Next House LLC	\$ 19,774,348	0.91%
Pinole Redevelopment Agency	\$ 72,263,698	4.31%	Peter L & Shelly Thigpen Trust	\$ 16,180,084	0.74%
Pinole Ridge LLC	\$ 12,499,158	1.11%	ROIC Pinole Vista LLC	\$ 22,496,117	1.03%
Pinole Vista LLC	\$ 22,464,720	1.99%	SCG Pinole Valley Shopping Center	\$ 39,398,934	1.81%
Thomas J. Fitzgerald Trust	\$ 12,350,184	1.09%	Target Corporation	\$ 18,292,519	0.84%
	<u>\$ 223,284,018</u>	<u>17.53%</u>		<u>\$ 280,770,229</u>	<u>12.89%</u>

Source: Hdl Coren & Cone
 Contra Costa County Assessor

Note: Information is shown in alphabetical order.

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



Fiscal Year	City Property Tax Levied & Collected	Redevelopment Property Tax Levied & Collected	Total Property Tax Levied & Collected	Percent of Levy Collected [2]	Value of City Property Subject to Local Tax Rate	Value of Redevelopment Property Subject to Local Tax Rate	Local Tax Rate Applied to Assessed Value	Effective Taxrate for City Levy	Effective Taxrate for Redevelopment Agency Levy
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	10,302,997	100%	859,343,223	853,177,005	1,712,520,228	0.18%	1.02%
2013	1,478,778	0	1,478,778	100%	824,577,292	829,059,723	1,653,637,015	0.18%	0.00%
2014	1,620,380	0	1,620,380	100%	868,918,982	862,888,372	1,731,807,354	0.19%	0.00%
2015	1,856,378	0	1,856,378	100%	990,967,092	956,240,628	1,947,207,720	0.19%	0.00%
2016	1,967,011	0	1,967,011	100%	1,048,130,045	1,037,786,268	2,085,916,313	0.19%	0.00%
2017	2,059,786	0	2,059,786	100%	1,105,435,408	1,100,258,798	2,205,694,206	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>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	[a]						[b]	[c]		
Major Business Groups										
Autos and Transportation	\$ 112,746	\$ 112,522	\$ 114,282	\$ 120,748	\$ 121,195	\$ 127,938	\$ 124,234	\$ 128,585	\$ 143,531	\$ 142,634
Building and Construction	289,946	247,085	187,069	178,788	177,786	194,806	205,843	228,851	235,399	256,743
Business and Industry	109,766	115,425	98,042	94,315	90,571	114,078	90,046	74,621	74,664	69,064
Food and Drugs	280,445	298,175	310,750	318,983	322,851	327,071	332,824	369,426	354,347	366,064
Fuel and Service Stations	341,574	312,149	284,716	370,647	392,505	428,169	426,327	431,453	393,583	355,390
General Consumer Goods	1,372,677	1,233,117	1,080,208	1,107,978	1,147,145	1,182,031	1,182,294	1,229,774	1,298,176	1,343,309
Restaurants and Hotels	470,576	476,528	473,217	480,453	533,913	576,500	618,795	660,763	711,659	715,966
Adjustments & Others	37,372	(1,970)	-	-	-	-	35,173	(50,925)	24,448	-
Point of Sale s/totals	3,015,102	2,793,031	2,548,284	2,671,912	2,785,966	2,950,593	3,015,536	3,072,548	3,235,807	3,249,170
County Pool Allocations	414,865	280,676	248,972	336,207	320,353	311,692	366,939	408,386	431,500	499,708
State Pool Allocations	1,665	1,452	2,265	1,200	1,000	1,571	2,064	2,129	2,400	2,637
Local Transaction Tax [a]	1,561,527	1,411,024	1,384,641	1,530,888	1,592,160	1,684,995	1,796,832	1,894,578	3,789,711	3,953,872
Administrative Cost - SBE	(57,048)	(43,193)	(44,986)	(47,160)	(48,012)	(49,811)	(54,106)	(58,890)	(82,268)	(95,537)
Fiscal Year Totals	\$ 4,936,111	\$ 4,442,990	\$ 4,139,176	\$ 4,493,047	\$ 4,651,467	\$ 4,899,040	\$ 5,127,265	\$ 5,318,751	\$ 7,377,150	\$ 7,609,850
City Direct Sales Tax Rate	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.75%	1.75%	1.75%

Notes:

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

Source: HdL Coren & Cone

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

Taxing Jurisdiction / Purpose	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	[c]									
Overlapping Sales Taxes										
State General Fund	5.00%	5.50%	5.50%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
State Fiscal Recovery Fund	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%
State Education Protection Account	0.00%	0.00%	0.00%	0.00%	0.00%	0.25%	0.25%	0.25%	0.25%	0.25%
County Health & Welfare Programs	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
[a] City/County Public Safety Programs	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Contra Costa Transportation Authority	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Bay Area Rapid Transit	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
West County Transit Authority	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Overlapping Sales Taxes	7.50%	8.00%	8.00%	7.50%	7.50%	7.75%	7.75%	7.75%	7.75%	7.50%
City Direct Sales Taxes										
Bradley Burns Authority	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
[b] Measure "S" Authority - 2006	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
[c] Measure "S" Authority - 2014	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%	0.50%
Direct Sales Taxes	1.25%	1.75%	1.75%	1.75%						
[d] Total Sales Tax Levy - City of Pinole	8.75%	9.25%	9.25%	8.75%	8.75%	9.00%	9.00%	9.50%	9.50%	9.25%

Notes:

[a] Effective 01/01/94 SCA-1 (Proposition-172) additional 1/2% statewide sales tax restricted to public safety programs

[b] Effective 04/01/07 additional 1/2% local transaction tax (Measure "S" 2006) authorized

[c] Effective 04/01/15 additional 1/2% local transaction tax (Measure "S" 2014) authorized

[d] The City direct sales tax rate may only be changed with ratification by the electors of the City. The maximum levy permitted by the State Legislature for combined direct and overlapping sales tax is 9.5%

Source: California State Board of Equalization

CITY OF PINOLE
TOP 25 SALES TAX PRODUCERS
YEAR ENDED JUNE 30, 2017

BUSINESS NAME	BUSINESS CATEGORY
7 ELEVEN	SERVICE STATIONS
APPIAN CHEVRON	SERVICE STATIONS
APPLEBEES	CASUAL DINING
BEST BUY	ELECTRONICS/APPLIANCE STORES
BEVERAGES & MORE	CONVENIENCE STORES/LIQUOR
BURLINGTON COAT FACTORY	FAMILY APPAREL
DOLAN'S PINOLE LUMBER	BUILDING MATERIALS
FOOD MAXX	GROCERY STORES
IN-N-OUT BURGER	QUICK-SERVICE RESTAURANTS
K-MART	DISCOUNT DEPARTMENT STORES
MICHAELS ARTS & CRAFTS	ART/GIFT/NOVELTY STORES
ORCHARD SUPPLY HARDWARE	BUILDING MATERIALS
O'REILLY AUTO PARTS	AUTOMOTIVE SUPPLY STORES
PETSMART	SPECIALTY STORES
PINOLE CHEVRON	SERVICE STATIONS
PINOLE FLYERS	SERVICE STATIONS
PINOLE VISTA SHELL	SERVICE STATIONS
SAFEWAY	GROCERY STORES
STAPLES	OFFICE SUPPLIES/FURNITURE
SUGAR CITY BUILDING MATERIALS	BUILDING MATERIALS
TARGET	DISCOUNT DEPARTMENT STORES
TJ MAXX	FAMILY APPAREL
TOYS "R" US	SPECIALTY STORES
TRADER JOES	GROCERY STORES
ULTA	SPECIALTY STORES

PERCENT OF FISCAL YEAR TOTAL PAID BY TOP 25 ACCOUNTS = 59%

Source: State Board of Equalization (HdL Companies)

Note: Information is shown in alphabetical order.

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

Fiscal Year	Governmental Activities				Business-type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	Redevelopment Bonds	Pension Obligation Bonds	Notes and Mortgages	Capital Leases	Wastewater Revenue Bonds			
2008	55,820,000	6,214,630	879,094	574,431	9,995,000	73,483,155	8.7%	\$ 3,829
2009	53,455,000	5,960,143	801,398	281,536	9,995,000	70,493,077	8.8%	\$ 3,637
2010	50,790,000	5,647,063	719,797	75,456	9,810,000	67,042,316	8.7%	\$ 3,428
2011	48,115,000	5,344,171	631,867	-	9,620,000	63,711,038	7.9%	\$ 3,451
2012	45,315,000	5,047,180	987,385	296,925	9,420,000	61,066,490	7.3%	\$ 3,308
2013	[a]	4,750,189	[a]	259,630	9,220,000	14,229,819	1.7%	\$ 762
2014	[a]	4,478,467	[a]	608,209	9,005,000	14,091,676	1.7%	\$ 755
2015	[a]	4,206,695	[a]	506,973	8,775,000	13,488,668	1.4%	\$ 718
2016	[a]	3,941,977	[a]	402,514	8,251,000	12,595,491	1.3%	\$ 665
2017	[a]	3,686,615	[a]	294,724	7,866,000	11,847,339	1.1%	\$ 624

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

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

Sources:

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

CITY OF PINOLE
OTHER LONG TERM LIABILITIES
LAST EIGHT FISCAL YEARS

Fiscal Year	Governmental Activities		Business-type Activities	Total Primary Government	Percentage of Personal Income	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	1.1%	\$ 544
2013	10,834,457	650,157	1,196,617	12,681,231	1.4%	\$ 678
2014	12,638,863	629,136	1,413,205	14,681,204	1.6%	\$ 781
2015	14,429,577	652,624	1,627,412	16,709,613	1.8%	\$ 882
2016	15,686,891	565,181	1,772,058	18,024,130	1.8%	\$ 962
2017	17,495,525	598,774	1,981,763	20,076,062	1.9%	\$ 1,058

Notes:

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

Sources:

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

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

General Bonded Debt Outstanding						
Fiscal Year	Redevelopment Bonds	Pension Obligation Bonds	Bonds Paid with Restricted Redevelopment Tax Increments	Total - Net of Bonds Paid with Restricted Tax Levies	Percentage of Taxable Value of Property	Per Capita
2008	55,820,000	6,214,630	\$ (55,820,000)	6,214,630	0.62% [a]	\$ 324
2009	53,455,000	5,960,143	\$ (53,455,000)	5,960,143	0.60% [a]	\$ 307
2010	50,790,000	5,647,063	\$ (50,790,000)	5,647,063	0.63% [a]	\$ 289
2011	48,115,000	5,344,171	\$ (48,115,000)	5,344,171	0.61% [a]	\$ 290
2012	45,315,000	5,047,180	\$ (45,315,000)	5,047,180	0.59% [a]	\$ 272
2013	[b]	4,750,189	\$ -	4,750,189	0.58% [a]	\$ 254
2014	[b]	4,478,467	\$ -	4,478,467	0.52% [a]	\$ 238
2015	[b]	4,206,695	\$ -	4,206,695	0.42% [a]	\$ 222
2016	[b]	3,941,977	\$ -	3,941,977	0.38% [a]	\$ 210
2017	[b]	3,686,615	\$ -	3,686,615	0.33% [a]	\$ 194

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

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

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

Sources:

City Finance Department

Contra Costa County Office of the Auditor-Controller

CITY OF PINOLE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT [c]
JUNE 30, 2017

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Outstanding <u>Debt 06/30/17</u>	[a] <u>% Applicable</u>	Estimated Share of <u>Debt 6/30/17</u>
Bay Area Rapid Transit District	\$ 891,135,000	0.345%	\$ 3,074,416
Contra Costa Community College District	409,580,000	1.226%	5,021,451
West Contra Costa Unified School District	1,054,408,300	7.856%	82,834,316
West Contra Costa Healthcare District	57,035,000	7.333%	4,182,377
East Bay Regional Park District	123,590,000	0.533%	658,735
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			95,771,294
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Contra Costa County General Fund Obligations	\$ 321,225,500	1.222%	\$ 3,925,376
Contra Costa County Pension Obligations	185,830,000	1.222%	2,270,843
Alameda-Contra Costa Transit District Authority	17,625,000	0.041%	7,226
Contra Costa Community College District Certificates of Participation	430,000	1.226%	5,272
West Contra Costa Unified School District Certificates of Participation	10,895,000	7.856%	855,911
City of Pinole Pension Obligations	3,686,614	100.000%	3,686,614
City of Pinole Capital Lease Obligations	294,724	100.000%	294,724
Contra Costa County Fire Protection Pension Obligations	75,540,000	0.011%	8,309
GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 11,054,275
Less: Contra Costa County obligations supported from revenue funds			1,571,927
NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 9,482,348
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>			
	\$ 27,230,000	100.000%	\$ 27,230,000
 TOTAL DIRECT DEBT			
			\$ 3,981,338
TOTAL GROSS OVERLAPPING DEBT			
			\$ 130,074,231
TOTAL NET OVERLAPPING DEBT			
			\$ 128,502,304
 GROSS COMBINED TOTAL DEBT			
			\$ 134,055,569
NET COMBINED TOTAL DEBT			
			\$ 132,483,642

2016-2017 Assessed Valuation : \$ 2,231,990,406 [d]

<u>Ratios to 2016-17 Assessed Valuation:</u>	
Total Gross Direct and Overlapping Tax and Assessment Debt.....	4.29%
Combined Direct Debt.....	0.18%
Gross Combined Total Debt.....	6.01%
Net Combined Total Debt	5.94%

<u>Ratios to Redevelopment Incremental Valuation (\$1,037,786,268):</u>	
Total Overlapping Tax Increment Debt	2.47%

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]

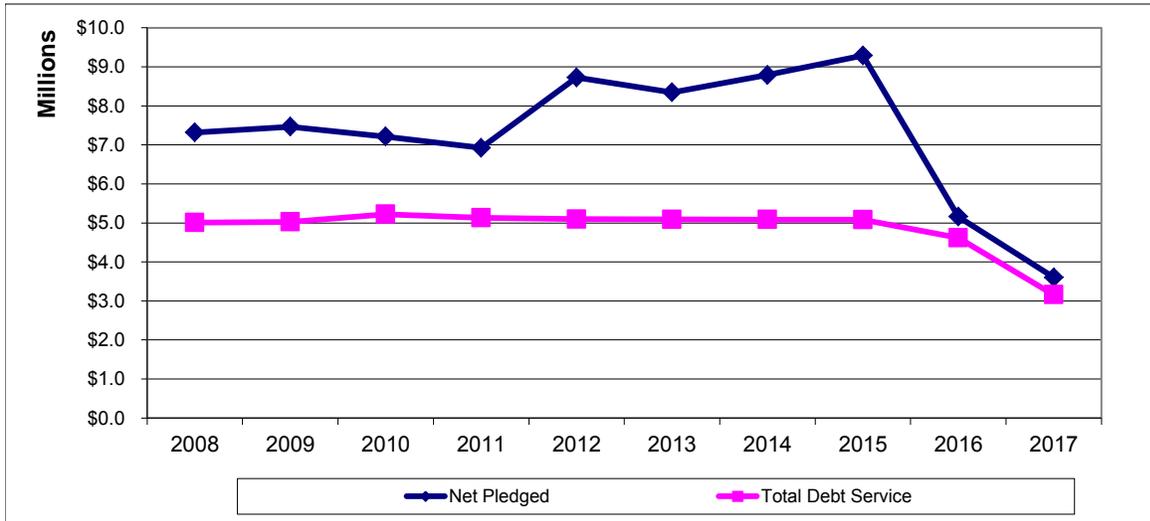
Fiscal Year	Total assessed value of all real and personal property	Legal debt limit - 15% of total assessed valuation	Amount of debt applicable to limit	Legal debt margin
2008	\$ 1,938,488,598	\$ 290,773,290	\$ (16,800,000)	\$ 273,973,290
2009	\$ 1,954,862,103	\$ 293,229,315	\$ (16,500,000)	\$ 276,729,315
2010	\$ 1,812,984,549	\$ 271,947,682	\$ (16,110,000)	\$ 255,837,682
2011	\$ 1,781,773,783	\$ 267,266,067	\$ (15,710,000)	\$ 251,556,067
2012	\$ 1,712,520,228	\$ 256,878,034	\$ (15,295,000)	\$ 241,583,034
2013	\$ 1,653,637,015	\$ 248,045,552	\$ (14,865,000)	\$ 233,180,552
2014	\$ 1,731,807,354	\$ 259,771,103	\$ (14,425,000)	\$ 245,346,103
2015	\$ 1,947,207,720	\$ 292,081,158	\$ (13,970,000)	\$ 278,111,158
2016	\$ 2,085,916,313	\$ 312,887,447	\$ (13,500,000)	\$ 299,387,447
2017	\$ 2,205,694,206	\$ 330,854,131	\$ (13,015,000)	\$ 317,839,131

Note

[a] Per California Government Code Section 43605

Source: City of Pinole Finance Department

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

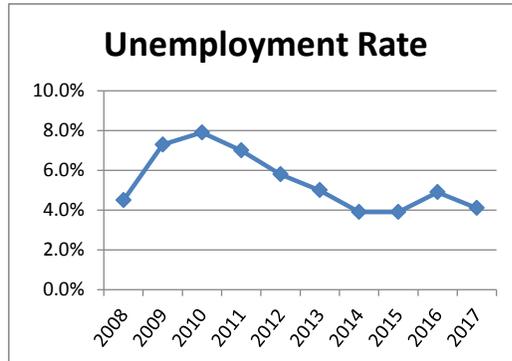
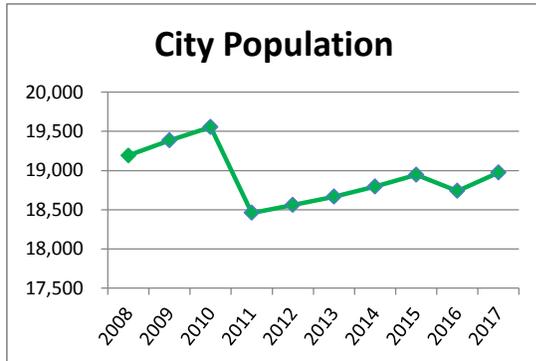


Fiscal Year	[b] Pledged Tax Revenue	[a] Less Low and Moderate Income Housing Set-Aside	Net Pledged Tax Revenue Available for Debt Service	Debt Service		Total Debt Service	
				Principal	Interest		
2008	2007-2008	9,147,167	1,829,433	7,317,734	2,245,000	2,761,033	5,006,033
2009	2008-2009	9,329,281	1,865,856	7,463,425	2,365,000	2,660,527	5,025,527
2010	2009-2010	9,016,903	1,803,806	7,213,097	2,665,000	2,555,078	5,220,078
2011	2010-2011	8,652,264	1,730,454	6,921,810	2,675,000	2,453,236	5,128,236
2012	2011-2012	8,724,669	0	8,724,669	2,800,000	2,294,792	5,094,792
2013	2012-2013	8,343,800	0	8,343,800	2,935,000	2,153,518	5,088,518
2014	2013-2014	8,788,383	0	8,788,383	3,085,000	1,999,924	5,084,924
2015	2014-2015	9,287,768	0	9,287,768	3,245,000	1,834,317	5,079,317
2016	2015-2016	5,158,035	0	5,158,035	3,410,000	1,206,137	4,616,137
2017	2016-2017	3,603,311	0	3,603,311	2,505,000	653,234	3,158,234

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
2008	19,193	1,066,747	86,100	4,082	4.5%
2009	19,383	1,088,080	89,300	4,073	7.3%
2010	19,555	1,131,726	90,300	4,049	7.9%
2011	18,460	1,046,737	92,300	3,740	7.0%
2012	18,560	1,029,430	93,500	3,543	5.8%
2013	18,665	1,064,110	93,500	3,603	5.0%
2014	18,794	1,158,425	93,500	3,483	3.9%
2015	18,946	1,207,845	93,500	3,348	3.9%
2016	18,739	1,007,053	93,600	3,260	4.9%
2017	18,975	1,069,697	97,400	3,192	4.1%

Data Source :

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

CITY OF PINOLE
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO

Employer	2017		Employer	2008	
	Employee Count	Percentage of City Total		Employee Count	Percentage of City Total
West Contra Costa USD	420	8.86%	Target	290	6.55%
Target	210	4.43%	West Contra Costa USD	276	6.23%
Kaiser Health Center	123	2.59%	Mervyn's	187	4.22%
Sprouts Farmers Market	117	2.47%	Lucky's/Food Maxx	146	3.30%
City of Pinole	106	2.23%	City of Pinole	142	3.21%
In-N-Out Burger	105	2.21%	Safeway	111	2.51%
Best Buy	98	2.07%	Best Buy	108	2.44%
K-mart	95	2.00%	K-Mart	103	2.33%
Lucky Supermarket	92	1.94%	Round Table Pizza	71	1.60%
MV Public Transportation, Inc.	79	1.67%	Orchard Supply Hardware	57	1.29%
Top 10 Employer Count	1,445			1,491	
Total Workforce	4,743	30.47%		4,429	33.66%

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

Data Sources:

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

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

<u>Function / Program [a]</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>[b]</u> <u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government										
Administration	7	6	5	5	5	5	5	5	5	5
Finance	4	5	4	4	3	3	3	3	3	3
Planning	2	2	2	2	1	1	1	1	1	1
Building	3	4	3	2	1	1	2	2	2	1
Other	1	3	2	2	2	4	4	4	3	3
Police										
Sworn	31	32	28	28	28	27	27	27	27	27
Non-sworn	25	24	23	21	13	13	13	13	14	14
Fire										
Sworn	19	20	19	17	15	15	15	15	15	15
Non-sworn	1	1	-	-	-	-	-	-	-	-
Public Works										
Engineering	6	7	5	4	3	3	3	3	4	4
Maintenance	11	11	8	7	6	6	6	6	6	6
Redevelopment	5	5	4	3	3	-	-	-	-	-
Parks and recreation	13	13	13	14	8	8	11	11	13	13
Wastewater collection and treatment	16	16	15	15	13	13	13	13	13	13
Total	144	149	131	124	101	99	103	103	106	105

Notes:

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

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

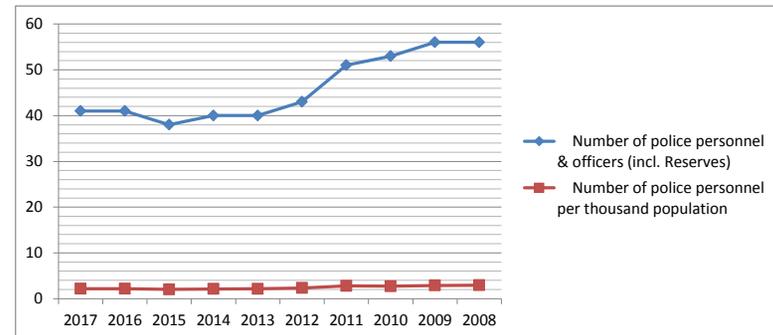
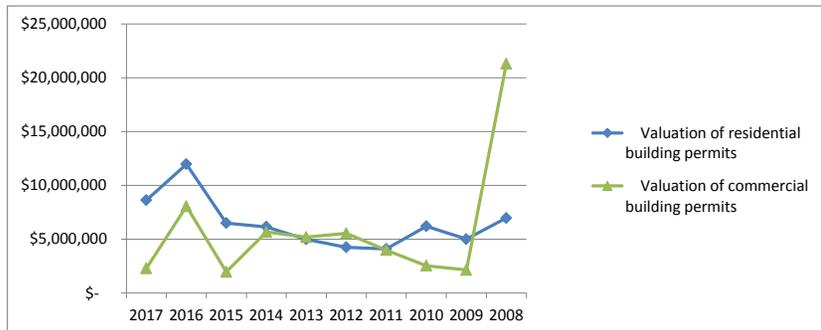
Source: City of Pinole Annual Budget Documents

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

Date of Incorporation 1903
Form of Government Council-Manager
Number of Employees(including police & fire)
 Full-time 95
 Part-time 38
Area in square miles 5 square miles

<u>Statistics by Fiscal Year</u>	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Fire Protection :										
Number of fire personnel & officers (incl. Reserves)	15	15	15	17	15	15	23	26	27	27
Number of calls answered	2,647	2,406	1,908	2,205	2,250	2,000	2,134	2,283	2,480	2,643
Number of inspections conducted	20	404	60	7	48	55	515	210	230	290
Number of building plan reviews	29	66	50	25	32	61	76	70	70	90
Number of fire investigations	Not Available	Not Available	2	Not Available	Not Available	51	98	90	92	115
Police Protection :										
Number of police personnel & officers (incl. Reserves)	41	41	38	40	40	43	51	53	56	56
Number of police personnel per thousand population	2.16	2.19	2.01	2.13	2.14	2.32	2.76	2.71	2.89	2.92
Community Development:										
Number of residential building permits	777	1027	1061	800	651	608	674	732	660	863
Valuation of residential building permits	\$ 8,613,376	\$ 11,969,126	\$ 6,485,860	\$ 6,140,140	\$ 4,974,080	\$ 4,240,627	\$ 4,090,024	\$ 6,187,203	\$ 5,000,929	\$ 6,956,216
Number of commercial building permits	92	46	22	43	59	46	21	30	42	50
Valuation of commercial building permits	\$ 2,275,774	\$ 8,053,064	\$ 1,961,346	\$ 5,671,577	\$ 5,187,465	\$ 5,547,362	\$ 3,982,285	\$ 2,536,324	\$ 2,128,384	\$ 21,307,589
Sewer System:										
Daily average treatment in gallons	2,914,000	2,381,151	2,449,863	2,579,625	2,776,986	2,907,205	3,147,397	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
Number of street lights

63
373 (city owned)
971 (electric & private utility)

<u>Statistics by Fiscal Year</u>	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Fire Protection :										
Number of stations	1	1	1	1	1	1	1	2	2	2
Police Protection :										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	13	13	13	13	13	13	13	13	13	13
Number of security units	2	2	2	2	2	2	2	2	2	2
Recreation and culture :										
Swim Center	1	1	1	1	1	1	1	1	1	1
Community Theater	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
Youth Center	1	1	1	1	1	1	1	1	1	1
Pre-school Center	1	1	1	1	1	1	1	1	1	1
Number of parks & park acreage	15; 64 total acres									
Sewer System:										
Sanitary sewers	50 miles									
Miles of storm drains	34 miles									
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of service connections	5,416	5,416	5,416	5,414	5,414	5,423	5,401	5,398	5,400	5,404
Schools:										
Elementary-public	4	4	4	4	4	4	4	4	4	4
Elementary-private	1	1	1	1	1	1	1	1	1	1
Junior High School-public	1	1	1	1	1	1	1	1	1	1
High School-public	1	1	1	1	1	1	1	1	1	1

Source: City of Pinole Finance