



City of Pinole, California

Comprehensive Annual

Financial Report



For the Fiscal Year Ended June 30, 2019

City of Pinole

Comprehensive Annual Financial Report

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Introductory Section



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CITY OF PINOLE

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December 31, 2019

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, 2019. 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.

Badawi and Associates, 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, 2019, 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. Badawi and Associates 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, 2019, are fairly presented in conformity with GAAP. Their independent auditor's report is the first component presented in the financial section of this report.

The independent audit of the City's financial statements is part of a broader, federally mandated "Single Audit" designed to meet the needs of federal grantor agencies. The standards governing Single Audit engagements require the auditor to report not only on their fair presentation of the City's financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Reports. A Single Audit Report is not required for the fiscal year ended June 30, 2019 as a result of federal expenditures for the year below 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 19,498.

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 100 fulltime and 26 part-time authorized personnel in fiscal year 2018-19. 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 decreased to 3.2%, down from 3.5% in 2018. Contra Costa County, which includes Pinole, has an unemployment rate of 3.2%, which is less than the state's average rate of 4.2%.

Commercial Activity

The vacancy rate for commercial properties within the City's business districts held steady during the current fiscal year. Ace Hardware opened in August of 2019 in the space formerly occupied by Orchard Supply Hardware which closed in 2018. Staff is working to identify new businesses to occupy space vacated by Toy's R Us and Kmart during 2018.

- *CVS Pharmacy Project*

The 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) was completed in Summer of 2019. The project involved demolition of the existing multi-story medical building, relocation of two existing wireless communications facilities within the approximately 1.9-acre project site and the construction of a clock tower structure to camouflage the proposed relocated wireless communication facility antennas. The new store replaced the existing CVS store in the Appian 80 Shopping Center.

- *Gateway Shopping Center Project*

The 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 East portion of the project includes an approximately 11,000 square foot medical office building with an associated parking garage, and a 75-foot pylon sign, to be occupied by DaVita Dialysis Clinic and planned to open in the second half of 2019. The project also includes a drive through Starbucks which opened in November 2016. The Gateway West portion of the project is complete and includes Sprouts Farmers Market, Habit Burger, Orange Theory, and Jovance Salon and Barbering.

Major Initiatives

Budget Recovery Plan

During fiscal year 2018-19, 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 established a goal of funding a \$5.5 million reserve, or six months equivalent of operating expenses. Beginning in fiscal year 2016-17, \$200,000 was allocated to general reserves from Measure S 2014 funding. The City fully funded its reserve in the amount of \$6.9 million in November of 2018 with fiscal year ending June 30, 2018 surplus.

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 six years began in May of 2016. Construction is substantially completed with estimated completion in January of 2020.

The estimated project cost is \$53 million and is funded 50/50 by the cities of Pinole and Hercules. The City 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, and a new rate plan was adopted July 18, 2018. The rates for a Single-Family Residence (SFR) increased from \$62.55/month to \$65.40/month effective July 1, 2018.

Community Events

- The Pinole Police Department hosted several community outreach programs such as: National Night Out, Beat Team Meetings, Coffee with a Cop, Police/Clergy Coalition, School Liaison Officer Program, Paws on Patrol, and the Parent Program.
- The Annual Community Service Day was held in May 2019. 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, Coastal Clean-up, 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 reviewed and adopted on August 21, 2018 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. 83, "*Certain Asset Retirement Obligations*," and Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*." Refer to Note 1 on pages 55 and 56 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, 2018. This was the twenty-second consecutive year that the City has received the prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easy to read 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 Maria Mata, Anthony Colden and Jessica Rodriguez 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,

A handwritten signature in cursive script, appearing to read "Andrea Miller".

Andrea Miller
Finance Director



Government Finance Officers Association

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

Presented to

**City of Pinole
California**

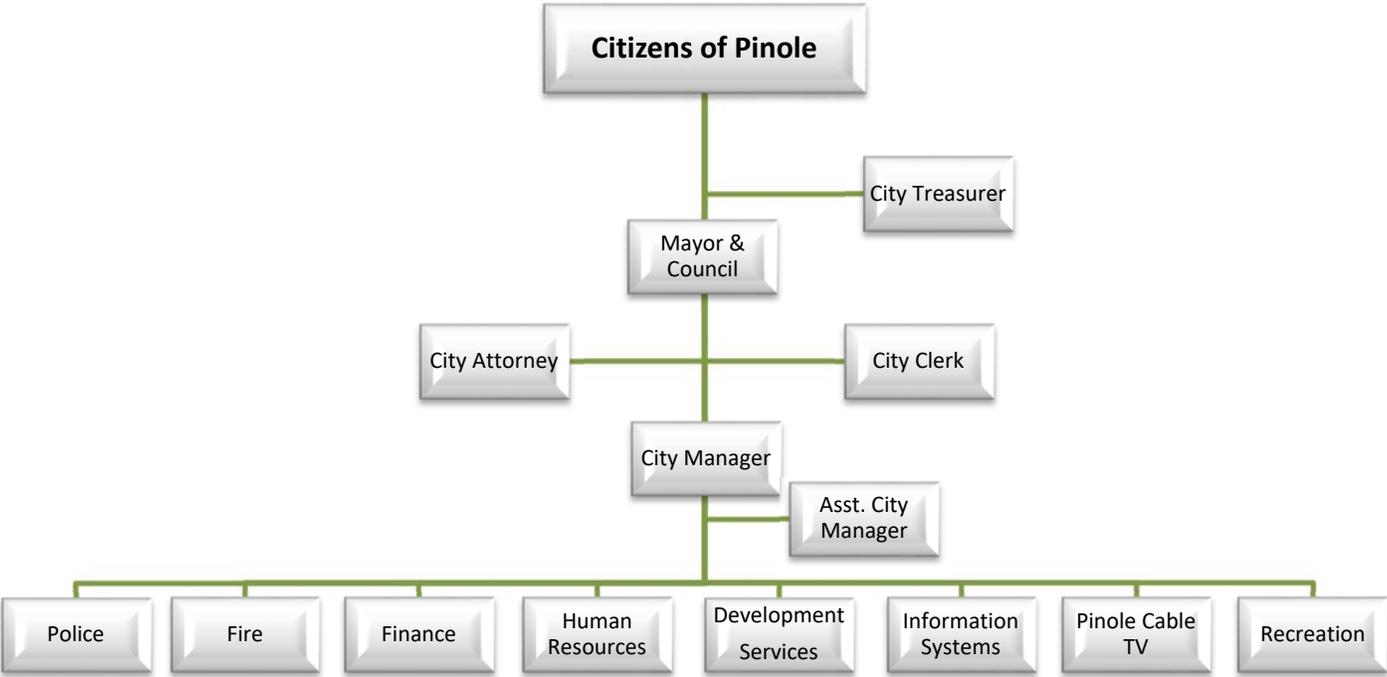
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

CITY OF PINOLE – ORGANIZATIONAL CHART



CITY OF PINOLE
ELECTED OFFICIALS AND
ADMINISTRATIVE PERSONNEL

JUNE 30, 2019

ELECTED OFFICIALS

Mayor	Peter Murray
Mayor Pro Tem	Roy Swearingen
Council Member	Norma Martinez-Rubin
Council Member	Vincent Salimi
Council Member	Anthony Tave
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	Heather Iopu



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Financial Section



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
of the 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, California (City) as of and for the year ended June 30, 2019, 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 as of June 30, 2019, 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, budgetary comparison information, pension information, and OPEB information on pages 5-19, 89-93 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's basic financial statements. The introductory section, budgetary comparison schedule for the City Capital Projects Fund, combining and individual nonmajor fund financial statements, budgetary comparison schedules on pages 96 to 122 and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

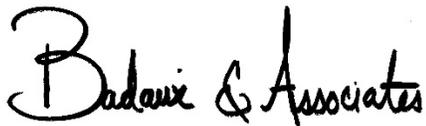
The budgetary comparison schedule for the combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 96 to 122 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 budgetary comparison schedule for the City Capital Projects Fund, combining and individual nonmajor fund financial statements, and the budgetary comparison schedules on pages 96 to 122 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.

To the Honorable Mayor and Members of the City Council
of the City of Pinole
Pinole, California
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi and Associates
Certified Public Accountants
Berkeley, California
December 31, 2019

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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, 2019 (FY 2018-19). 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 and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of FY 2018-19 by \$40.9 million (net position). Of this amount, \$31.1 million is restricted for specific purposes (restricted net position), \$43.1 million is the net investment in capital assets and \$33.2 million represents a deficit in unrestricted net position.
- The City's net position increased by \$5.3 million, a 14.8% increase at the close of FY 2018-19 as compared to FY 2017-18. This increase is primarily the result of the Section 115 Pension Fund in the amount of \$17.2 million, offset by a reduction in cash and investments with fiscal agent of \$6.2 million due to the sale of PALC related investments, and a reduction in liabilities due to the repayment of an outstanding loan due to the Successor Agency private-purpose trust fund. Overall, governmental activities net position increased by \$2.87 million while business-type activities increased by \$2.4 million.
- Governmental funds reported ending balances of \$51.9 million, an increase of \$5.4 million in comparison to the prior fiscal year ending June 30, 2018.
- The General Fund balance is \$34.8 million, of which \$10.2 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 2018-19 and FY 2017-18. 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, 2019 (2019) and June 30, 2018 (2018).

Summary of Net Position (in millions)						
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 53.5	\$ 49.2	\$ 15.6	\$ 12.7	\$ 69.1	\$ 61.9
Capital assets	30.2	31.9	42.1	36.1	72.3	68.0
Total assets	83.7	81.1	57.7	48.8	141.4	129.9
Deferred outflows of resources	7.8	9.0	0.9	0.5	8.7	9.5
Liabilities:						
Current liabilities	2.1	3.1	1.4	1.8	3.5	4.9
Long-term liabilities	63.6	65.8	35.5	27.4	99.1	93.2
Total liabilities	65.7	68.9	36.9	29.2	102.6	98.1
Deferred inflows of resources	5.9	5.6	0.7	0.5	6.6	6.1
Net position:						
Net investment in capital assets	29.9	31.8	13.1	13.4	43.0	45.2
Restricted	31.1	17.9			31.1	17.9
Unrestricted	(41.1)	(34.0)	7.9	6.2	(33.2)	(27.8)
Total net position	\$ 19.9	\$ 15.7	\$ 21.0	\$ 19.6	\$ 40.9	\$ 35.3

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 \$40.9 million at the close of FY 2018-19. The City's combined net position increased 15.9%, or \$5.6 million from the prior fiscal year. This is primarily a result of changes in governmental activities due to the establishment of a Section 115 Pension Fund, sale of investments in the amount of \$6.2 million related to the PALC sale in the prior fiscal year, and repayment of a loan advance from the Successor Agency from prior fiscal year-end surplus.

- *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 \$43.0 million (106% of the total). The City uses these capital assets to provide services to the community; consequently, these assets are not available 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 \$2.1 million (Note 5). The majority of the decrease was attributable to the depreciation of equipment.

- *Restricted net position* of \$31.1 million (76% of the total) represents resources that are subject to external restrictions on how they may be used. Of this amount, \$9.3 million represents housing net position with \$1.2 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, increased by \$5.4 million to negative \$33.2 million. Governmental activities unrestricted net position was a negative \$41.1 million (primarily as a result of implementing GASB Statement Nos. 45, 68, 71 and 75), and business-type activities net position was a positive \$7.9 million.

Analysis of Activities

The following table reflects the changes in net position for governmental and business-type activities as of June 30, 2019 (2019) and June 30, 2018 (2018).

	Statement of Changes in Net Position						Total % Change
	Governmental Activities		Business-type Activities		Totals		
	2019	2018	2019	2018	2019	2018	
Revenues:							
Program revenues:							
Charges for services	\$ 5,137,896	\$ 4,238,689	\$ 7,211,834	\$ 6,524,537	\$ 12,349,730	\$ 10,763,226	14.7%
Operating grants and contributions	2,136,212	11,483,081			2,136,212	11,483,081	-81.4%
Capital grants and contributions							
Total program revenue	7,274,108	15,721,770	7,211,834	6,524,537	14,485,942	22,246,307	-34.9%
General revenues:							
Taxes:							
Property tax	3,775,074	4,555,299			3,775,074	4,555,299	-17.1%
Sales tax	8,483,537	8,327,359			8,483,537	8,327,359	1.9%
Franchise tax	735,311	747,625			735,311	747,625	-1.6%
Utility tax	2,192,427	2,293,756			2,192,427	2,293,756	-4.4%
Transient occupancy tax	485,499	513,368			485,499	513,368	-5.4%
Other taxes	491,186	457,231			491,186	457,231	7.4%
Motor Vehicle in Lieu	1,806,640	1,701,939			1,806,640	1,701,939	6.2%
Investment Earnings	1,704,964	278,155	129,641	58,958	1,834,605	337,113	444.2%
Miscellaneous	29,163	135,059			29,163	135,059	-78.4%
Total general revenues	19,703,801	19,009,791	129,641	58,958	19,833,442	19,068,749	4.0%
Total revenues	26,977,909	34,731,561	7,341,475	6,583,495	34,319,384	41,315,056	-16.9%
Expenses:							
General government	4,931,705	3,482,534			4,931,705	3,482,534	41.6%
Public safety	12,060,171	12,202,527			12,060,171	12,202,527	-1.2%
Public services	3,416,574	3,217,759			3,416,574	3,217,759	6.2%
Recreation	1,069,375	1,145,227			1,069,375	1,145,227	-6.6%
Community development	2,338,177	1,642,031			2,338,177	1,642,031	42.4%
Interest and fiscal charges	287,729	331,464			287,729	331,464	-13.2%
Wastewater utility			4,930,113	5,193,994	4,930,113	5,193,994	-5.1%
Total expenses	24,103,731	22,021,542	4,930,113	5,193,994	29,033,844	27,215,536	6.7%
Revenues over (under) expenses	2,874,178	12,710,019	2,411,362	1,389,501	5,285,540	14,099,520	-62.5%
Changes in Net Position	2,874,178	12,710,019	2,411,362	1,389,501	5,285,540	14,099,520	-62.5%
Net position, beginning of year, restated	17,047,281	2,941,729	18,561,003	18,233,333	35,608,284	21,175,062	68.2%
Net position, end of year	19,921,459	15,651,748	20,972,365	19,622,834	40,893,824	35,274,582	15.9%

Governmental Activities

Governmental activities net position increased by \$2.9 million accounting for 54% of the total increase in net position of \$5.3 million. Key elements of the change in net position are as follows:

- Program revenue, charges for services reflected an increase of \$0.9 million (21.2%) over FY 2017-18. This is the result of increased permit and fee revenue resulting from development in the Gateway and Appian 80 areas, and increased dispatch fees for service to cities of Hercules and San Pablo.
- General revenue reflected an increase of \$0.8 million (4.0%) over FY 2017-18. This is largely attributable to an increase in Investment Earnings of \$1.4 million (513%) over FY2017-18 as a result of increased earnings in the Section 115 Pension Fund which is recorded as restricted cash in the General Fund.

Expenses increased by \$2.0 million (9.5%) in FY 2018-19. The most significant changes were in general government with an increase of \$1.4 million (41.6%), and community government with an increase of \$0.7 million (42.4%). The increases reflected are the result of one-time vehicle and equipment purchases made in the prior fiscal year that did not have similar expenditure amounts occur in the current fiscal year.

Business-type Activities

Business-type activities increased the City's net position by \$2.4 million accounting for 46% of the total increase in net position of \$5.3 million. Key elements of the change in net position are as follows:

- The City's sole business-type activity is the operation of its Water Pollution Control Plant (WPCP) Wastewater Utility, which is accounted for in a proprietary-type enterprise fund. The WPCP accounts for the collection, treatment and disposal of wastewater generated by city residents and businesses. The operation and maintenance of the City's Wastewater Utility should be a self-supporting enterprise that is paid for by monthly service charges to all residential and commercial users. The City's business-type activities provide the same type of information as the proprietary fund financial statements, but are presented in a more summarized format.
- Program revenues increased \$0.7 million (10.5%) over the prior fiscal year.
- There was a decrease in expenses over the prior fiscal year of \$0.3 million (-5.1%). Depreciation expense is considered a cost of service in proprietary funds, which accounted for \$0.4 million in FY 2018-19 (Note 5).
- 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 rate plan was amended July 17, 2018 by Resolution Number 2018-66. The 2018 monthly rate for single family residents was \$65.40.

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, 2019:

	Governmental Fund Balances		
	General Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable	\$ 13,178		\$ 13,178
Restricted	\$ 17,446,090	\$ 14,356,490	\$ 31,802,579
Assigned	\$ 7,167,912	\$ 2,800,614	\$ 9,923,756
Unassigned	\$ 10,173,374	\$ (33,827)	\$ 10,139,547
Total Fund Balances	\$ 34,800,553	\$ 17,078,507	\$ 51,879,060

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, 2019, the City's governmental funds reported combined fund balances of \$51.9 million, which is an increase of \$5.4 million (11.6%) when compared to the prior fiscal year, FY 2017-18. This is primarily the result of recording the Section 115 Pension Fund as restricted General Fund cash, and the sale of investments held with fiscal agent related to the sale of the Pinole Assisted Living Community (PALC) property in the prior fiscal year.

Nonspendable fund balances constitute \$13 thousand, (.03%) 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 \$31.8 million, (61.3%) of the combined governmental fund balance and are constrained for a specific purpose by external parties, constitutional provision, or enabling legislation.

Assigned fund balances constitute \$5.3 million (19.1%) 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.

Unassigned fund balances constitute \$14.9 million (28.7%) of the combined governmental fund balance and consist of amounts that have not been classified as *nonspendable, restricted, or assigned*.

Analysis of Governmental Funds

General Fund

The designated major Governmental funds in FY 2018-19 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 \$8.9 million, primarily reflecting the restricted Section 115 Pension Fund of \$17 million, and revenues in excess of expenditures in the current fiscal year of \$3.4 million, offset by other financing uses in the amount of \$5.4 million as a result of operating contributions to other operating funds.

General Fund revenue increased by \$0.3 million (1.3%) this fiscal year. The largest component of this increase is in the Investment Earnings revenue category of \$1.3 million (2681.6%). This is a result of recording the Section 115 Pension Fund as restricted cash in the General Fund.

General Fund expenditures increased \$1.9 million this fiscal year (12.4%). This is primarily attributed to salary and benefit increases.

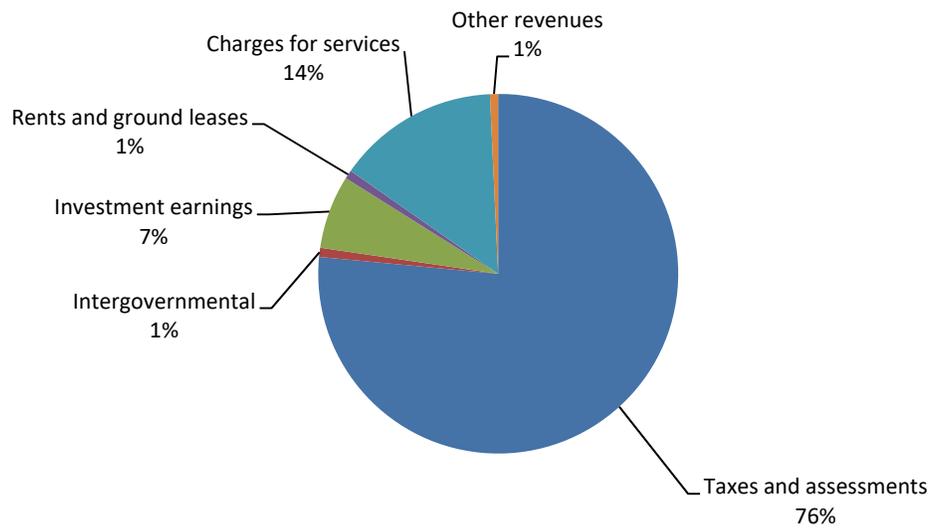
Revenue

The following table highlights the General Fund revenue by source as of June 30, 2019.

Revenue by Source

	<u>% of Total</u>	<u>FY 2018-19</u>
Taxes and assessments	76%	15,580,961
Intergovernmental	1%	167,019
Investment earnings	7%	1,345,845
Rents and ground leases	1%	160,333
Charges for services	15%	2,964,623
Other revenues	1%	151,011
Total	100%	<u>20,369,792</u>

Revenue by Source



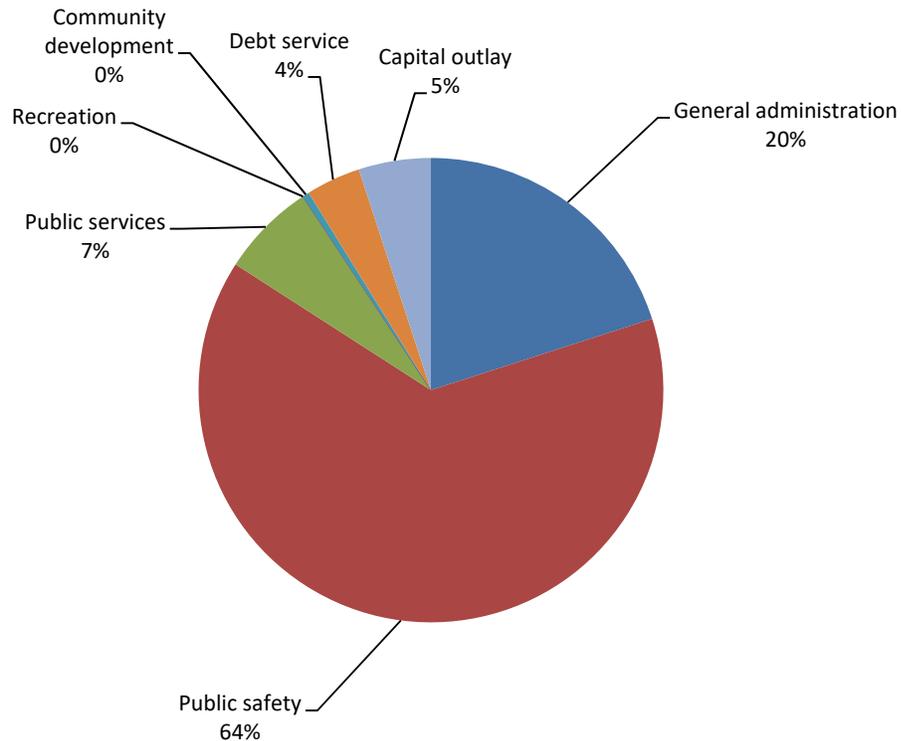
Expenditures

The following table highlights the General Fund expenditures by function as of June 30, 2019.

Expenditures by Function

	<u>% of Total</u>	<u>FY 2018-19</u>
General administration	20%	3,398,182
Public safety	64%	10,869,865
Public services	7%	1,119,762
Recreation	0%	0
Community development	0%	78,689
Debt service	4%	643,846
Capital outlay	5%	853,717
Total	100%	<u>16,964,061</u>

Expenditures by Function



Other Governmental Funds

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

Other governmental funds revenue increased by \$2.0 million this fiscal year as compared to the prior fiscal year. This is largely the result of fees associated with new development in the Gateway Shopping Center and Appian 80, and an increase in low-mod home loan repayments.

Other governmental funds expenditures increased by \$0.1 million this fiscal year as compared to the prior fiscal year. This is largely in the community development and 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 \$1.3 million (6.9%) over the prior fiscal year to a total of \$21.0 million. Operating income for FY 2018-19 was \$2.5 million, as revenues increased \$0.7 million, while expenditures decreased \$0.3 million.

The Fund's Net Position is comprised of \$13.1 million net investment in capital assets and \$7.9 million in unrestricted net assets at June 30, 2019. 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 was to 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. The City repaid the remaining balance of the Note Payable during fiscal year 2018-19, and the balance remaining at June 30, 2019 is \$0 (Note 6).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2019 was \$45.1 million. 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).

Net investment in capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

	Capital Assets at Year-end		
	2019	2018	Net Change
Governmental Activities			
Land (and Construction-in-progress)	\$ 6,952,738	\$ 6,907,421	\$ 45,317
Buildings & Improvements	15,073,795	16,232,126	(1,158,331)
Equipment	5,266,266	5,029,188	237,078
Vehicles	3,211,345	3,179,216	32,129
Streets & Roads	50,184,035	50,184,035	0
Storm Drains	2,829,488	2,829,488	0
Bridges	3,117,473	3,117,473	0
Parks	2,420,246	2,420,246	0
Less accumulated depreciation	(58,893,938)	(57,957,289)	(936,649)
Totals	\$ 30,161,448	\$ 31,941,904	\$ (1,780,456)
Business-type activities			
Construction in Progress	\$ 27,537,192	\$ 21,370,171	\$ 6,167,021
Sewer Lines	7,650,185	7,650,185	0
Buildings & Improvements	20,708,146	20,670,132	38,014
Vehicles	578,652	578,652	0
Equipment	3,279,275	3,272,597	6,678
Less accumulated depreciation	(17,645,351)	(17,420,246)	(225,105)
Totals	\$ 42,108,099	\$ 36,121,491	\$ 5,986,608

Debt Administration:

Each of the City's debt issues is discussed in detail in Note 7 to the financial statements. At June 30, 2019 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 June 30, 2019	Balance June 30, 2018	Net Change
Governmental Activity Debt:			
Pension Obligation bonds	\$ 3,194,853	\$ 3,436,175	\$ (241,322)
Capital Lease Obligations	68,695	183,490	(114,795)
Total Debt	\$ 3,263,548	\$ 3,619,665	\$ (356,117)

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

	Other Long-term Liabilities		
	Balance June 30, 2019	Balance June 30, 2018	Net Change
Other Long-term Liabilities:			
Compensated Absences	664,632	656,630	8,002
Total Other Long-term Liabilities	\$ 664,632	\$ 656,630	\$ 8,002

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 structural deficits 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.
- **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 September 17, 2019 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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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Pinole
Statement of Net Position
June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 27,897,060	\$ 14,289,062	\$ 42,186,122
Accounts receivable	2,627,727	1,264,266	3,891,993
Inventory	13,178	12,624	25,802
Prepaid bond insurance	332,555	-	332,555
Land held for redevelopment	1,222,070	-	1,222,070
Due from private-purpose trust fund	4,291,575	-	4,291,575
Restricted cash - pension	17,159,258	-	17,159,258
Capital assets:			
Land and construction in progress	6,952,738	27,537,192	34,489,930
Capital assets being depreciated, net	23,208,710	14,570,907	37,779,617
Total assets	83,704,871	57,674,051	141,378,922
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	6,686,920	743,083	7,430,003
OPEB related amounts	1,081,801	120,200	1,202,001
Total deferred outflows of resources	7,768,721	863,283	8,632,004
LIABILITIES			
Accounts Payable	1,473,112	1,066,717	2,539,829
Unearned revenue	12,081	-	12,081
Deposits payable	179,170	-	179,170
Long-term liabilities:			
Due within one year	398,556	325,534	724,090
Due in more than one year	3,529,624	28,843,898	32,373,522
Other postemployment benefits:			
Due in more than one year	31,802,321	3,533,591	35,335,912
Net pension liability:			
Due in more than one year	28,274,470	3,141,587	31,416,057
Total liabilities	65,669,334	36,911,327	102,580,661
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	2,008,763	223,194	2,231,957
OPEB related amounts	3,874,036	430,448	4,304,484
Total deferred inflows of resources	5,882,799	653,642	6,536,441
NET POSITION			
Net investment in capital assets	29,977,958	13,088,528	43,066,486
Restricted for:			
Streets & roads	2,190,457	-	2,190,457
Capital projects	1,477,416	-	1,477,416
Public safety	907,328	-	907,328
Storm sewer	46,621	-	46,621
Housing activities	9,281,269	-	9,281,269
Pension	17,159,258	-	17,159,258
Unrestricted	(41,118,848)	7,883,837	(33,235,011)
Total net position	\$ 19,921,459	\$ 20,972,365	\$ 40,893,824

City of Pinole
Statement of Activities
For the year ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	4,931,705	\$ 643,524	\$ 86,444	\$ -	\$ 729,968
Public safety	12,060,171	1,186,008	705,110	-	1,891,118
public services	3,416,574	169,758	1,005,678	-	1,175,436
Recreation	1,069,375	770,397	338,980	-	1,109,377
Community development	2,338,177	2,368,209	-	-	2,368,209
Interest and fiscal charges	287,729	-	-	-	-
Total governmental activities	24,103,731	5,137,896	2,136,212	-	7,274,108
Business-type activities:					
Wastewater utility	4,930,113	7,211,834	-	-	7,211,834
Total business-type activities	4,930,113	7,211,834	-	-	7,211,834
Total primary government	\$ 29,033,844	\$ 12,349,730	\$ 2,136,212	\$ -	\$ 14,485,942

General Revenues:

Taxes:

Property taxes

Sales taxes

Franchise taxes

Utility taxes

Transient occupancy tax

Other taxes

Unrestricted motor vehicle in lieu

Investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position - beginning of year, as restated

Net position - end of year

Primary Government		
Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (4,201,737)	\$ -	\$ (4,201,737)
(10,169,053)	-	(10,169,053)
(2,241,138)	-	(2,241,138)
40,002	-	40,002
30,032	-	30,032
(287,729)	-	(287,729)
(16,829,623)	-	(16,829,623)
-	2,281,721	2,281,721
-	2,281,721	2,281,721
(16,829,623)	2,281,721	(14,547,902)
3,775,074	-	3,775,074
8,483,537	-	8,483,537
735,311	-	735,311
2,192,427	-	2,192,427
485,499	-	485,499
491,186	-	491,186
1,806,640	-	1,806,640
1,704,964	129,641	1,834,605
29,163	-	29,163
19,703,801	129,641	19,833,442
2,874,178	2,411,362	5,285,540
17,047,281	18,561,003	35,608,284
\$ 19,921,459	\$ 20,972,365	\$ 40,893,824

See accompanying notes to the basic financial statements.

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Funds Financial Statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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 Property Tax Trust Funds, representing 20% set-aside for housing activities, funds are expended for approved housing activities.

City of Pinole
Balance Sheet
Governmental Funds
June 30, 2019

	Major Funds			Totals
	General Fund	Housing Programs Special Revenue Fund	Non-Major Governmental Funds	
ASSETS				
Cash and investments	\$ 16,902,123	\$ 3,777,761	\$ 7,217,177	\$ 27,897,061
Accounts receivable	1,750,527	640	876,561	2,627,728
Due from other funds	101,959	-	-	101,959
Due from private-purpose trust	-	4,291,575	-	4,291,575
Prepaid items and supplies	17,003	-	315,552	332,555
Inventory	13,178	-	-	13,178
Land held for redevelopment	-	1,222,070	-	1,222,070
Restricted cash - Pension	17,159,258	-	-	17,159,258
Total assets	\$ 35,944,048	\$ 9,292,046	\$ 8,409,290	\$ 53,645,384
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,104,934	\$ 834	\$ 367,347	\$ 1,473,115
Unearned revenue	2,137	9,943	-	12,080
Deposits payable	36,424	-	142,746	179,170
Due to other funds	-	-	101,959	101,959
Total liabilities	1,143,495	10,777	612,052	1,766,324
Fund Balances:				
Nonspendable	13,178	-	-	13,178
Restricted	17,446,089	9,281,269	5,075,221	31,802,579
Assigned	7,167,912	-	2,755,844	9,923,756
Unassigned	10,173,374	-	(33,827)	10,139,547
Total fund balances	34,800,553	9,281,269	7,797,238	51,879,060
Total liabilities, deferred inflows of resources, and fund balances	\$ 35,944,048	\$ 9,292,046	\$ 8,409,290	\$ 53,645,384

City of Pinole
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019

Total Fund Balances - Total Governmental Funds \$ 51,879,060

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 \$57,957,289 30,161,448

Deferred outflows of resources related to changes in the net pension and OPEB liabilities are not reported in the governmental funds 7,768,721

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Long-term debt	(3,928,180)
Net OPEB obligation	(31,802,321)
Net pension liability	(28,274,470)
Deferred inflows related to changes in the net pension liability	<u>(5,882,799)</u>

Net Position of Governmental Activities \$ 19,921,459

City of Pinole

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2019

	Major Funds			Totals
	General Fund	Housing Programs Special Revenue Fund	Non-Major Governmental Funds	
REVENUES:				
Taxes and assessments	\$ 15,580,961	\$ -	\$ 272,045	\$ 15,853,006
Intergovernmental revenues	167,019	-	2,021,328	2,188,347
Loan repayments	-	1,656,645	-	1,656,645
Contributions	325	-	22,421	22,746
Investment earnings	1,345,845	133,717	50,068	1,529,630
Rents and ground leases	160,333	-	113,820	274,153
Charges for services	2,964,623	-	1,651,938	4,616,561
Fines, forfeitures and penalties	51,741	-	38,170	89,911
Other revenues	98,945	5,795	642,169	746,909
Total revenues	20,369,792	1,796,157	4,811,959	26,977,908
EXPENDITURES:				
Current:				
General government	3,398,182	-	404,224	3,802,406
Public Safety	10,869,865	-	932,032	11,801,897
Public services	1,119,762	-	528,615	1,648,377
Recreation	-	-	1,069,375	1,069,375
Community development	78,689	170,110	989,093	1,237,892
Capital outlay	853,717	-	565,547	1,419,264
Debt service:				
Principal	356,117	-	-	356,117
Interest and fiscal charges	287,729	-	-	287,729
Total expenditures	16,964,061	170,110	4,488,886	21,623,057
REVENUES OVER (UNDER) EXPENDITURES	3,405,731	1,626,047	323,073	5,354,851
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of asset	1,290	1,150	700	3,140
Transfers in	6,290,688	-	844,517	7,135,205
Transfers out	(844,517)	(6,290,688)	-	(7,135,205)
Total other financing sources (uses)	5,447,461	(6,289,538)	845,217	3,140
Net change in fund balances	8,853,192	(4,663,491)	1,168,290	5,357,991
FUND BALANCES:				
Beginning of year	25,947,361	13,944,760	6,628,948	46,521,069
End of year	\$ 34,800,553	\$ 9,281,269	\$ 7,797,238	\$ 51,879,060

See accompanying notes to the basic financial statements.

City of Pinole

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities For the year ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds		\$	5,357,991
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	\$	857,024	
Loss on disposal of assets		(1,031,701)	
Proceed from sale of assets		(3,140)	
Depreciation expense		(1,602,639)	
Total capital assets	\$	(1,780,456)	(1,780,456)
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	\$	114,795	
Bond principal payments		241,322	
Total	\$	356,117	356,117
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		(8,002)	
Net difference between OPEB expense and contributions subsequent at the measurement date		(208,256)	
Net difference between pension expense and contributions subsequent at the measurement date		(843,216)	
Total	\$	(1,059,474)	(1,059,474)
Change in Net Position of Governmental Activities		\$	<u>2,874,178</u>

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PROPRIETARY FUND FINANCIAL STATEMENTS

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 Funds
June 30, 2019

	Business-type Activities Wastewater Utility Enterprise Fund
ASSETS	
Current assets:	
Cash and investments	\$ 14,289,062
Accounts receivable	1,264,266
Inventory	12,624
Total current assets	<u>15,565,952</u>
Noncurrent assets:	
Construction in progress	27,537,192
Capital assets being depreciated, net	14,570,907
Total assets	<u><u>\$ 57,674,051</u></u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pension and OPEB related amounts	863,283
Total deferred inflows of resources	<u>863,283</u>
LIABILITIES	
Current liabilities:	
Accounts Payable	\$ 1,066,717
Compensated absences - current	15,534
Bonds payable - current	310,000
Total current liabilities	<u>1,392,251</u>
Noncurrent liabilities:	
Compensated absences - noncurrent	134,327
Net OPEB Liability	3,533,591
Bonds payable - noncurrent	6,968,000
Notes payable - noncurrent	21,741,571
Net Pension Liability	3,141,587
Total noncurrent liabilities	<u>35,519,076</u>
Total liabilities	<u>36,911,327</u>
DEFERRED INFLOWS OF RESOURCES:	
Pension and OPEB related amounts	653,642
Total deferred inflows of resources	<u>653,642</u>
NET POSITION	
Net investment in capital assets	13,088,528
Unrestricted	7,883,837
Total deferred inflows of resources	<u><u>\$ 20,972,365</u></u>

City of Pinole

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the year ended June 30, 2019

	Business-type Activities Wastewater Utility Enterprise Fund
OPERATING REVENUES:	
Charges for services	\$ 7,210,207
Other operating revenue	1,627
Total operating revenues	<u>7,211,834</u>
OPERATING EXPENSES:	
Sewer Treatment Plant	3,996,586
Sewer Maintenance	177,634
Depreciation	540,698
Total operating expenses	<u>4,714,918</u>
OPERATING INCOME (LOSS):	<u>2,496,916</u>
NONOPERATING REVENUES (EXPENSES):	
Interest revenue	129,641
Interest expense	(215,195)
Total nonoperating revenues (expenses)	<u>(85,554)</u>
Change in net position	2,411,362
NET POSITION:	
Beginning of year, as restated	<u>18,561,003</u>
End of year	<u>\$ 20,972,365</u>

City of Pinole
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2019

	Business-type Activities Wastewater Utility Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 6,407,640
Cash paid to suppliers	(2,815,002)
Cash paid to employees	<u>(1,507,640)</u>
Net cash provided by operating activities	<u>2,084,998</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital debt drawdowns	6,577,214
Acquisition and construction of capital assets	(6,213,840)
Principal paid on capital debt	(298,000)
Interest paid on capital debt	<u>(215,195)</u>
Net cash used in capital and related financing activities	<u>(149,821)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and dividends	<u>129,641</u>
Net cash provided by investing activities	<u>129,641</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,064,818
CASH AND CASH EQUIVALENTS:	
Beginning of year	<u>12,224,244</u>
End of year	<u>\$ 14,289,062</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
Operating income (loss)	\$ 2,496,916
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	540,698
(Increase) decrease in assets:	
Accounts receivables	(804,194)
Prepaid items	-
Inventory	(11,426)
Deferred outflows of resources: pension	(365,121)
Increase (decrease) in liabilities:	
Accounts payable	(271,111)
Compensated absences	17,383
Net OPEB liability	(25,209)
Net Pension Liability	335,853
Deferred inflow of resources	<u>171,209</u>
Net cash provided by (used in) operating activities	<u>\$ 2,084,998</u>

City of Pinole
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Private-Purpose Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 7,601,178	\$ 161,731
Accounts receivable	4,618	-
Notes receivable, net of allowance	316,965	-
Advances to other funds	-	-
Land held for redevelopment	3,151,254	-
Capital assets, net of accumulated depreciation	12,126,571	-
Total assets	<u>23,200,586</u>	<u>\$ 161,731</u>
LIABILITIES		
Liabilities:		
Accounts payable	\$ 5,764	\$ -
Funds held in trust	122	161,731
Due to City	4,291,575	-
Due to County	18	-
Interest Payable	186,477	-
Bonds payable:		
Due within one year	4,890,000	-
Due in more than one year	14,950,000	-
Total liabilities	<u>24,323,956</u>	<u>\$ 161,731</u>
Net Position		
Held in trust for dissolution of RDA	<u>(1,123,370)</u>	
Total net position	<u>\$ (1,123,370)</u>	

City of Pinole
Statement of Changes in Fiduciary Net Position
All Fiduciary Funds - Private Purpose Trust Fund
For the year ended June 30, 2019

	<u>Successor Agency</u> <u>Former Pinole</u> <u>Redevelopment</u> <u>Agency</u>
ADDITIONS:	
Property taxes	\$ 5,448,993
Investment income	26,800
Other revenues	17,328
Total additions	<u>5,493,121</u>
DEDUCTIONS:	
Operating cost	237,071
Depreciation	283,622
Debt interest	458,057
Total Deductions	<u>978,750</u>
Change in fiduciary net position	4,514,371
NET ASSETS:	
Beginning of year	<u>(5,637,741)</u>
End of year	<u>\$ (1,123,370)</u>

NOTES TO BASIC FINANCIAL STATEMENTS

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

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, 2019 was 19,498.

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, 2019, the City's staff comprised 100 full-time and 26 part-time employees who are responsible for the following City-provided services:

Public Safety - The City employs 28 sworn and 22 non-sworn police personnel to provide 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 12 employees. Major projects may be contracted out to reduce costs.

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

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.

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. 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.

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:

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Presentation, Continued

- 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
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Presentation, 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.

Wastewater Utility Fund - The City has one enterprise 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. Basis of Accounting and Measurement Focus

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:

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Basis of Accounting and Measurement Focus, Continued

- 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.

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.

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Basis of Accounting and Measurement Focus, Continued

Basis of Accounting, Continued

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 and 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
For the year ended June 30, 2019

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 quarterly 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.

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 \$5,000 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. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value on the date donated.

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, while 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

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Capital Assets, Continued

Fund Financial Statements

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

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, 2019. 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.

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. *Deferred Outflows/Inflows of Resources, Continued*

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.

L. *Pension*

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. *Other Postemployment Benefits (OPEB)*

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

N. *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.

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. Net Position and Fund Equity

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 (Resolution) of the government's highest level of decision-making authority (City Council).
- d. Assigned - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor 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.

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

P. 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.

Q. 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.

R. 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.

S. 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.

T. Reclassifications

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

U. Implementation of Government Accounting Standards Board Statements

Effective July 1, 2019, the City implemented the following accounting and financial reporting standards:

- GASB Statement No. 83, *Certain Asset Retirement Obligations* - The objective of this statement is to provide financial statement users with information about asset retirement obligations (AROs) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. The requirements of this statement did not apply to the City for the current fiscal year.

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

U. Implementation of Government Accounting Standards Board Statements, Continued

- GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements – The objective of this statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. The City reviewed and updated as necessary disclosures relating to long term debt as part of implementing this standard.

2. CASH AND INVESTMENTS

The City maintains a cash and investment pool for all funds. Certain restricted funds that are held and invested by independent outside custodians through contractual agreements are not pooled. These restricted funds include cash and investment held by trustees.

A. Summary of Cash and Investments

Cash and investments as of June 30, 2019 were classified in the accompanying financial statements as follows:

	<u>Cash & Investments</u>
Governmental activities	\$ 45,056,318
Business-type activities	14,289,062
Total government-wide cash and investments	<u>59,345,380</u>
Fiduciary activities	<u>7,762,909</u>
Total cash and investments	<u>\$ 67,108,289</u>

Cash and investments were carried at fair value as of June 30, 2019 and consisted of the following:

Cash on hand	\$ 1,920
Deposits with financial institution	4,244,752
Total Cash on hand and deposits	<u>4,246,672</u>
Money Market	11,268,342
Local Agency Investment funds	22,636,191
CalTrust	3,220,504
Investments Held by custodian	6,189,866
Restricted Cash - PARS	<u>17,159,258</u>
Total investments	<u>60,474,161</u>
Restricted Cash	<u>2,387,456</u>
Total Cash & Investments	<u>\$ 67,108,289</u>

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

2. CASH AND INVESTMENTS, Continued

B. Deposits

The carrying amount of the City's cash deposit was \$4,244,752 at June 30 2019. Balance before reconciling amounts were a positive amount of \$4,451,344 at June 30, 2019. The City has waived collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remaining amount was collateralized with securities pledged by the pledging financial institution in the City's name.

The California Government Code (Code) requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. The Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

C. Investments Authorized by the California Government Code and the City's Investment Policy

Investments are reported at fair value. California statutes authorize Cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restricted) that address interest rate risk, credit risk, and concentration of credit risk. The table does not address investments of debt proceeds held by the bond trustee 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. The City's permissible investments include the following instruments:

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

2. CASH AND INVESTMENTS, Continued

C. Investments Authorized by the California Government Code and the City's Investment Policy, Continued

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
Repurchases 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

D. 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 of 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
For the year ended June 30, 2019

2. CASH AND INVESTMENTS, Continued

E. Investment Valuation

Investments (except money market accounts that are included as part of restricted cash and investments) are measured at fair value on a recurring basis. Recurring fair value measurements are those that 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, 2019:

Investments	Total Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Federal agency securities	\$ 1,993,760	\$ -	\$ 1,993,760	\$ -
Municipal bonds	-	-	-	-
Corporate notes	1,521,160	-	1,521,160	-
Certificates of Deposit	2,592,656	-	2,592,656	-
Mutual Funds	82,290	-	82,290	-
Restricted Cash - PARS	17,159,258	-	17,159,258	-
Total	23,349,124	\$ -	\$ 23,349,124	\$ -
<i>Investments not subject to levelling</i>				
Money Market	11,268,342			
Local Agency Investment Fund	22,636,191			
Caltrust	3,220,504			
	\$ 60,474,161			

Level 2 inputs are valued based on matrix pricing which use observable market inputs such as yield curves and market indices that are derived principally from or corroborated by observable market data by correlation to other means.

F. Disclosure Relating to Interest Rate Risk

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

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

2. CASH AND INVESTMENTS, Continued

F. Disclosure Relating to Interest Rate Risk, Continued

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, 2019:

	Remaining Maturity		Fair Value
	12 Months or less	1-5 years	
Money Market	\$ 11,268,342	\$ -	\$ 11,268,342
Local Agency Investment Fund	22,636,191	-	22,636,191
Caltrust	3,220,504	-	3,220,504
Securities of U.S. Government:			
Federal agency securities	-	1,993,760	1,993,760
Municipal bonds	-	-	-
Corporate notes	-	1,521,160	1,521,160
Certificates of deposit	373,982	2,218,674	2,592,656
Mutual funds	82,290	-	82,290
Restricted Cash - Pars	17,159,258	-	17,159,258
Total	\$ 54,740,567	\$ 5,733,594	\$ 60,474,161

G. 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.

		Rating as of Fiscal Year End		
		S&P	Moody's	N/A
Money Market	\$ 11,268,342			Not rated
Local Agency Investment Fund	22,636,191			Not rated
Caltrust	3,220,504	Aaf/S1		
Securities of U.S. Government				
Federal Agency Securities	1,000,370	AA+	Aaa	
Federal Agency Securities	993,390	AA+	Aaa	
Corporate Notes	501,785	AA+	Aa1	
Corporate Notes	505,250	AAA	Aaa	
Corporate Notes	514,125	A+	Aa2	
Certificates of Deposit	2,592,656			Not rated
Municipal Bonds				
Mutual funds	82,290			Not rated
Restricted Cash - Pars	17,159,258			Not rated
Total	\$ 60,474,161			

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

2. CASH AND INVESTMENTS, Continued

H. Disclosures Relating to Credit Risk

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 Mortgage Corp.	Federal Agency Securities	\$ 1,000,370
Federal Home Loan Banks	Federal Agency Securities	993,390
Apple Inc.	Corporate Note	501,785
Microsoft Corp	Corporate Note	505,250
Wells Fargo Bank	Corporate Note	514,125

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 for its investment or collateral securities that are in the possession of another party.

I. Investment in State and County Investment Pools

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2019 and 2018, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes - are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities - the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2019, the City had \$22,636,191 invested in LAIF, which had invested 1.77% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 2.67% in the previous year. The LAIF fair value factor of 1.001711790 was used to calculate the fair value of the investments in LAIF.

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.

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

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 2019.

These notes and loans receivable, including interest, comprised of the following at June 30, 2019 and are explained in detail below:

	Notes Receivable	Less: Allowance for Doubtful Notes
Housing Rehabilitation	\$ 63,798	\$ (63,798)
First Time Home-Buyer	324,771	(324,771)
Bridge Housing Loan	956,763	(956,763)
Alvarez Court	1,654,417	(1,654,417)
Eastbuff Apartment Loan	1,025,341	(1,025,341)
Total	\$ 4,025,090	\$ (4,025,090)

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 \$63,798 at June 30, 2019.

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, 2019 was \$324,771.

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, 2019, the outstanding balance was \$956,763.

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

3. NOTES AND LOANS RECEIVABLE, Continued

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, 2019, the total outstanding balance was \$1,654,417.

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, 2019, the outstanding balance was \$1,025,341.

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. During the fiscal year, PALC sold the facility and paid the City the proceeds from the sale to satisfy its obligation.

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, 2019.

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

4. LAND HELD FOR HOUSING

At June 30, 2019, the City held the following properties for resale or redevelopment with a total value of \$1,222,070:

811	San Pablo Avenue
612	Tennent Avenue
2100/2150	San Pablo Avenue

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Balance 7/1/2018	Additions	Retirements	Transfers	Balance 6/30/2019
<i>Governmental activities:</i>					
Nondepreciable assets:					
Land	\$ 6,837,195	\$ -	\$ -	\$ -	\$ 6,837,195
Construction in progress	70,226	45,317	-	-	115,543
Total nondepreciable assets	6,907,421	45,317	-	-	6,952,738
Capital assets being depreciated					
Buildings and improvements	16,232,126	69,543	(1,227,874)	-	15,073,795
Equipment	5,029,188	237,078	-	-	5,266,266
Vehicles	3,179,216	505,086	(472,957)	-	3,211,345
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	2,420,246	-	-	-	2,420,246
Total capital assets being depreciated	82,991,772	811,707	(1,700,831)	-	82,102,648
Less accumulated depreciation	57,957,289	1,602,639	(665,990)	-	58,893,938
Net depreciable assets	25,034,483	(790,932)	(1,034,841)	-	23,208,710
Total net capital assets	\$31,941,904	\$ (745,615)	\$ (1,034,841)	\$ -	\$30,161,448

Depreciation expense for capital assets was charged to functions as follows:

General administration	\$ 65,586
Public safety	585,885
Public Services	859,520
Recreation	90,156
Community development	1,492
	<u>\$ 1,602,639</u>

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

5. CAPITAL ASSETS, Continued

	Balance 7/1/2018	Adjustment	Additions	Deletions	Transfers	Balance 6/30/2019
<i>Business-type activities</i>						
Nondepreciable assets:						
Construction in progress	\$ 21,370,171	\$ -	\$ 6,205,035	\$ -	\$ (38,014)	\$ 27,537,192
Total nondepreciable assets	21,370,171	-	6,205,035	-	(38,014)	27,537,192
Depreciable assets:						
Buildings and improvements	20,670,132	-	-	-	38,014	20,708,146
Sewer lines	7,650,185	-	-	-	-	7,650,185
Equipment	3,272,599	-	6,676	-	-	3,279,275
Vehicles	578,652	-	-	-	-	578,652
Total depreciable assets	32,171,566	-	6,676	-	38,014	32,216,258
Less accumulated depreciation	17,420,248	(214,323)	439,426	-	-	17,645,351
Net depreciable assets	14,751,320	214,323	(432,750)	-	38,014	14,570,907
Total net capital assets	\$ 36,121,491	\$ 214,323	\$ 5,772,285	\$ -	\$ -	\$ 42,108,099

Depreciation expense for capital assets was charged to functions as follows:

Wastewater Utility	<u>\$ 439,426</u>
	<u>\$ 439,426</u>

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, 2019 the balance outstanding on the advance was \$0.

An advance of \$4,291,575 from the Housing Program Fund was to assist the Successor Agency with administrative, operation, program cost, repay SERAF payments (2009-10 and 2010-11) to the State of California funded by Housing Set Aside Fund.

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

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, 2019:

	Balance July 1, 2018	Addition	Retirements	Balance June 30, 2019	Current Portion
Governmental Activity Debt:					
2006 Pension Obligation Bond	\$ 3,436,175	\$ -	\$ (241,322)	\$ 3,194,853	\$ 233,014
Capital Lease Obligations	183,490	-	(114,795)	68,695	68,695
Compensated Absences	656,630	612,718	(604,716)	664,632	96,847
Total Governmental Activity Debt	\$ 4,276,295	\$ 612,718	\$ (960,833)	\$ 3,928,180	\$ 398,556

A description of the long-term liabilities related to governmental activities at June 30, 2019 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 General Fund revenues Non voter-approved debt. Principal payments are due annually in June until 2036. Future debt service payments are as follows:

Year Ending June 30,	2006 Pension Obligation Bond	
	Principal	Interest
2020	\$ 233,014	\$ 301,986
2021	227,389	327,611
2022	221,565	353,435
2023	215,586	379,414
2024	207,790	402,210
2025-2029	957,644	2,422,355
2030-2034	830,625	3,134,375
2035-2036	301,240	1,473,760
Total	<u>\$ 3,194,853</u>	<u>\$ 8,795,146</u>
Due within one year	\$ 233,014	\$ 301,986
Due after one year	2,961,839	8,493,160
Total	<u>\$ 3,194,853</u>	<u>\$ 8,795,146</u>

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.

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

7. LONG-TERM LIABILITIES, Continued

A. Governmental Activities, Continued

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

Equipment	\$ 402,514
Less: Accumulated amortization	<u>(333,819)</u>
Net Book Value	<u>\$ 68,695</u>

Future annual payments on capitalized lease obligations are as follows:

Year Ending June 30,	Capital Leases	
	Principal	Interest
2020	<u>68,695</u>	<u>1,738</u>
Total	<u>\$ 68,695</u>	<u>\$ 1,738</u>
Due within one year	\$ 68,695	\$ 1,738
Due after one year	-	-
Total	<u>\$ 68,695</u>	<u>\$ 1,738</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:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Current Portion	
General Administration	\$ 118,920	\$ 73,718	\$ (54,188)	\$ 138,450	\$ 5,013	A
Public Safety	370,509	453,422	(377,618)	446,313	78,664	A
Public Services	109,932	56,368	(120,635)	45,665	8,830	B
Recreation	28,829	29,210	(23,835)	34,204	4,340	B
Community Development	28,440	-	(28,440)	-	-	B
Total	<u>\$ 656,630</u>	<u>\$ 612,718</u>	<u>\$ (604,716)</u>	<u>\$ 664,632</u>	<u>\$ 96,847</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
For the year ended June 30, 2019

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, 2019.

	Balance June 30, 2018	Addition	Retirements	Balance June 30, 2019	Current Portion
Business-type Activity Debt:					
2016 Wastewater					
Revenue Refunding Bond	\$ 7,576,000	\$ -	\$ (298,000)	\$ 7,278,000	\$ 310,000
2016 Clean Water State					
Revolving Fund	15,164,357	6,577,214	-	21,741,571	-
Compensated Absences	132,477	106,544	(89,160)	149,861	15,534
Total Business-Type Activity Debt	\$ 22,872,834	\$ 6,683,758	\$ (387,160)	\$ 29,169,432	\$ 325,534

A description of the long-term liabilities related to business-type activities at June 30, 2019 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:

Year Ending June 30,	2016 Wastewater Revenue	
	Principal	Interest
2020	310,000	210,129
2021	318,000	200,866
2022	329,000	191,322
2023	341,000	181,440
2024	347,000	171,292
2025-2029	1,914,000	692,867
2030-2034	2,217,000	389,090
2035-2037	1,502,000	67,378
Total	\$ 7,278,000	\$ 2,104,383
Due within one year	\$ 310,000	\$ 210,129
Due after one year	6,968,000	1,894,254
Total	\$ 7,278,000	\$ 2,104,383

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

7. LONG-TERM LIABILITIES, Continued

B. Business-type Activities, 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. As of June 30, 2019, the total debt outstanding on the loan is \$21,741,571. Additional loan principal of \$6,577,214 was added to the outstanding loan balance during the fiscal year ended June 30, 2020, and as such, the table below includes future debt service requirements related to this amount.

Year Ending June 30,	<u>2016 Clean Water State Revolving</u>	
	<u>Principal</u>	<u>Interest</u>
2020	623,106	352,731
2021	716,571	405,922
2022	713,462	429,467
2023	725,026	417,903
2024	737,351	405,578
2025-2029	3,879,097	1,835,546
2030-2034	4,220,223	1,494,420
2035-2039	4,591,347	1,123,296
2040-2044	4,995,108	719,535
2045-2048	5,434,376	280,267
Total	<u>\$ 26,635,666</u>	<u>\$ 7,464,666</u>

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

8. INTERFUND TRANSACTIONS

A. Interfund Transfers to/from Other Funds

Transfers between funds during the fiscal year ended June 30, 2019 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Description of Transfer</u>	<u>Amount</u>
General Fund	Cable Television Fund	Cable TV contributions	\$ 132,303
General Fund	Recreation Fund	Recreation contributions	307,214
General Fund	Public Works Capital Projects Fund	Fund portion of Arterial Streets project	200,000
		Fund future street projects	200,000
		Fund Business Assistance Program	5,000
Housing Fund	General Fund	Sale of investments	6,290,688
			<u>\$ 7,135,205</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.

B. 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, 2019, is as follows:

<u>Due To</u>	<u>Due From</u>	<u>Description of Due From/Due to</u>	<u>Amount</u>
<u>Major Governmental Funds</u>			
General Fund	Storm Water Fund	Deficit cash balance	21,058
General Fund	Public Works Capital Projects Fund	Deficit cash balance	80,901
Total Major Governmental due From/Due To			<u>101,959</u>
Totals Governmental Due From/Due To			<u>\$ 101,959</u>

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

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 five rate plans (two miscellaneous and three 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.

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

9. DEFINED BENEFIT PENSION PLAN, Continued

A. General Information about the Pension Plans, Continued

The rate plan provisions and benefits in effect for the year ended June 30, 2019, are summarized as follows:

	Miscellaneous-Classic	Miscellaneous-PEPRA
Hire Date	Prior to July 1, 2013	On or after July 1, 2013
Benefit vesting schedule	5 years service	5 years service
Benefit payment	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits, as a % of annual salary	2.5%	2.0%
Required employee contribution rates	8.00%	6.250%
Required employer contribution rates*	10.609%	6.843%
Required UAL payment	\$ 893,081	\$ 1,737
	Safety -Classic	Safety -PEPRA (Fire)
Hire Date	Prior to July 1, 2013	On or after January 1, 2013
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 annual salary	3.0%	2.7%
Required employee contribution rates	9.000%	11.500%
Required employer contribution rates (Police)*	18.677%	12.141%
Required UAL payment (Police)	\$ 910,016	\$ 1,684
		Safety -PEPRA (Police)
Hire Date		On or after January 1, 2013
Benefit vesting schedule		5 years service
Benefit payments		Monthly for life
Retirement age		57
Monthly benefits, as a % of annual salary		2.7%
Required employee contribution rates		11.500%
Required employer contribution rates (Police)*		12.141%
Required UAL payment (Police)		\$ 2,236

* The employer contribution rate reflects the employer's normal cost rate and does not include unfunded accrued liability.

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.

The City's contribution to the Plan for the measurement period ended June 30, 2018 was \$2,298,114.

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

9. DEFINED BENEFIT PENSION PLAN, Continued

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

As of June 30, 2019, the City reported net pension liability for its proportionate share of the net pension liability of the Plan of \$31,416,057.

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, 2018, 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, 2017 rolled forward to June 30, 2018 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, 2017 and 2018 was as follows:

Proportion - June 30, 2017	0.31631 %
Proportion - June 30, 2018	<u>0.32602 %</u>
Change - Increase (Decrease)	0.00971 %

For the year ended June 30, 2019, the City recognized pension expense of \$3,823,508. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,886,708	\$ -
Differences between actual and expected experience	796,505	68,857
Changes in assumptions	3,306,853	623,554
Net differences between projected and actual earnings on plan investments	186,899	-
Change in employer's proportion	253,038	154,424
Differences between actual contributions and proportionate share of contributions	-	1,385,122
Total	<u>\$ 7,430,003</u>	<u>\$ 2,231,957</u>

\$2,886,708 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Miscellaneous
2020	2,359,512
2021	1,264,519
2022	(1,065,880)
2023	(246,813)

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

9. DEFINED BENEFIT PENSION PLAN, Continued

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

Actuarial Assumptions- The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15 %
Inflation	2.75 %
Salary Increases	Varies by Entry Age and Service
Projected Salary Increase	3.3 % - 14.2 %
Investment Rate of Return (1)	7.15 %
Mortality (2)	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) Net of pension plan investment expenses.

(2) 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.

All other actuarial assumptions used in the June 30, 2017 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, 2018. 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 7.15 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 7.15 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 7.15 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.

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

9. DEFINED BENEFIT PENSION PLAN, Continued

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

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.

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	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Infrastructure and Forestland	0.00%	0.00%	0.00%
Liquidity	1.00%	0.00%	-0.92%
Total	100%		

(a) An expected inflation of 2.00% used for this period.

(b) An expected inflation of 2.92% used for this period.

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

9. DEFINED BENEFIT PENSION PLAN, Continued

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

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:

1% Decrease		6.15%
Net Pension Liability	\$	47,126,857
Current Discount Rate		7.15%
Net Pension Liability	\$	31,416,057
1% Increase		8.15%
Net Pension Liability	\$	18,504,857

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payables to the Pension Plan - At June 30, 2019, the City reported \$0 for outstanding amounts of contributions for either the CalPERS Miscellaneous Cost Sharing Multiple-Employer Plan or the CalPERS Safety Cost Sharing Multiple-Employer Plan.

10. OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. 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.

B. Employees Covered

The City currently pays health insurance premiums of \$1,907 per month per family. For the year ended June 30, 2019, the City had 95 retired employees. The City currently has 80 active employees who may become eligible to retire and receive benefits in the future. Eligibility requirements include retirement directly from the City under CalPERS at age 55 years CalPERS service or disability.

Inactive employees or beneficiaries currently receiving benefits	94
Inactive entitled to but not yet receiving benefits	1
Active employees	80
Total	<u>175</u>

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

10. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

C. Contributions

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.

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

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

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

10. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

D. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement date.

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	3.87% at June 30, 2018
Inflation	2.75% annually
Salary Increases	3% - Aggregated
Mortality, Retirement, Disability, Termination ⁽¹⁾	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-17 for post-retirement mortality
Healthcare cost trend rates:	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years

E. Discount Rate

The discount rate used to measure the total OPEB liability was 3.87%. The City's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high quality 20-year municipal bonds, as of the valuation date.

F. Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	\$ 35,588,000
Changes in the year:	
Service cost	1,274,335
Interest on the total pension liability	1,298,734
Changes in assumptions	(1,655,481)
Benefit payments	(1,169,676)
Net changes	(252,088)
Balance at June 30, 2019	\$ 35,335,912

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

10. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

F. Changes in the Total OPEB Liability, Continued

Sensitivity of the Total OPEB liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City for the Plan, calculated using the discount rate for the Plan, as well as what the City’s total OPEB 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:

1% Decrease - 2.87%	
Total OPEB liability	\$ 41,600,666
Current Discount Rate - 3.87%	
Total OPEB liability	\$ 35,335,912
1% Increase - 4.87%	
Total OPEB liability	\$ 30,440,704

F. Changes in the Total OPEB Liability, Continued

Sensitivity of the Total OPEB liability to Changes in the Healthcare Cost Trend Rate – The following presents the total OPEB liability of the City for the Plan, calculated using the healthcare cost trend rate for the Plan, as well as what the City’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	
Total OPEB liability	\$ 29,852,584
Current Healthcare Trend Rate	
Total OPEB liability	\$ 35,335,912
1% Increase	
Total OPEB liability	\$ 42,394,984

G. Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

All amounts	Expected average remaining service lifetime (EARS�) (5.5 years at June 30, 2017)
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City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

10. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

H. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$1,432,522. For the fiscal year ended June 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,202,001	\$ -
Changes in assumptions	-	4,304,484
Total	\$ 1,202,001	\$ 4,304,484

The \$1,202,001 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/(Inflows) of
2020	\$ (1,143,997)
2021	(1,143,997)
2022	(1,143,997)
2023	(721,997)
2024	(150,496)

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.

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

11. FUND BALANCE, Continued

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

As of June 30, 2019, fund balances consisted of the following:

	General Fund	Housing Programs	Nonmajor Governmental Funds	Total
Fund Balances				
Nonspendable fund balance:				
Inventory	\$ 13,178	\$ -	\$ -	\$ 13,178
Total Nonspendable	13,178	-	-	13,178
Restricted fund balance for:				
Housing Redevelopment	-	9,281,269	-	9,281,269
Real estate maintenance	186,832	-	-	186,832
Police	-	-	804,826	804,826
Growth impact	-	-	73,367	73,367
Gas Tax	-	-	696,523	696,523
Measure C	-	-	1,493,934	1,493,934
Parkland Dedication	-	-	61,137	61,137
Storm Water	-	-	46,621	46,621
Refuse Management	-	-	309,195	309,195
Capital projects	-	-	318,895	318,895
Solid Waste	-	-	1,154,754	1,154,754
CASP Certification	-	-	13,467	13,467
Adjudicated Asset Seizure	-	-	102,502	102,502
Pension Fund	17,159,258	-	-	17,159,258
Total Restricted	17,346,090	9,281,269	5,075,221	31,702,580
Assigned fund balance for:				
Capital projects	-	-	2,203,365	2,203,365
General reserve	7,137,943	-	-	7,137,943
Emergency reserve	100,000	-	-	100,000
Equipment reserve	22,949	-	-	22,949
Police	-	-	2,105	2,105
Recreation	-	-	63,535	63,535
Building & Planning	-	-	486,839	486,839
Total Assigned fund balance	7,260,892	-	2,755,844	10,016,736
Unassigned fund balance				
Minimum fund balance reserve	10,180,393	-	(33,827)	10,146,566
	10,180,393	-	(33,827)	10,146,566
Total Fund Balances	\$ 34,800,553	\$ 9,281,269	\$ 7,797,238	\$ 51,879,060

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

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, 2019, the City contributed \$956,264 for coverage.

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

13. DEFICIT FUND BALANCES AND NET POSITION

As of June 30, 2019, the following funds had a fund deficit:

Fund	Deficit
Cable TV	\$ (31,535)
Development Services	(2,292)

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

14. SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

The Pinole Redevelopment Agency (the "former RDA") was formed in 1972 to finance redevelopment projects in the Agency of Pinole pursuant to the State of California Health and Safety Code, Section 3300. On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 that provided for the dissolution of all redevelopment agencies in the State of California as of February 1, 2012, at which time the City of Pinole elected to take over as the Successor Agency (the "Agency").

The asset and liabilities of the former RDA were transferred to the Successor Agency on February 1, 2012 as a result of the dissolution. The Successor Agency acts in a fiduciary capacity to wind down affairs of the former RDA which includes disposing of the assets and liabilities, and its activities are reported in the fiduciary private-purpose trust fund.

A. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Balance 7/1/2018	Additions	Retirements	Transfers	Balance 6/30/2019
Fiduciary Activities:					
Capital assets not being depreciated:					
Land	\$ 2,562,445	\$ -	\$ -	\$ -	\$ 2,562,445
Total assets not being depreciated	2,562,445	-	-	-	2,562,445
Capital assets being depreciated:					
Buildings and improvements	9,583,453	-	-	-	9,583,453
Equipment	224,867	-	(19,727)	(135,356)	69,784
Vehicles	44,631	-	-	-	44,631
Streets and roads	4,307,631	-	(4,555)	-	4,303,076
Storm drains	51,511	-	-	-	51,511
Bridges	433,276	-	-	-	433,276
Parks	107,013	-	-	135,356	242,369
Total capital assets being depreciated	14,752,382	-	(24,282)	-	14,728,100
Less accumulated depreciation	(4,904,634)	(283,622)	24,282	-	(5,163,974)
Total capital assets being depreciated, net	9,847,748	(283,622)	-	-	9,564,126
Total fiduciary activities capital assets, net	12,410,193	(567,244)	24,282	-	12,126,571

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

14. SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued

B. Long-term Liabilities

The following is a summary of changes in the Agency's long-term liabilities related to governmental activities for the fiscal year ended June 30, 2019:

	Balance at July 1, 2018	Additions	Reductions	Balance at June 30, 2019	Current Portion
Tax Allocation Bonds:					
2015 Series A Bonds	\$ 16,385,000	\$ -	\$ (380,000)	\$ 16,005,000	\$ 1,430,000
2015 Series B Bonds	7,220,000	-	(3,385,000)	3,835,000	3,460,000
Total long term debt	<u>\$ 23,605,000</u>	<u>\$ -</u>	<u>\$ (3,765,000)</u>	<u>\$ 19,840,000</u>	<u>\$ 4,890,000</u>

A description of the long-term liabilities related to fiduciary activities at June 30, 2019 follows:

Bonds Payable

On August 6, 2015, the Successor Agency to the Pinole Redevelopment Agency issued \$29,735,000 of tax allocation refunding bonds to redeem bonds held by the former Pinole Redevelopment Agency (1998A, 1998B, 1999, 2003A, 2003B, 2004 (Housing), 2004B (2nd Subordinate), 2004A (2nd Subordinate), 2004A (3rd Subordinate). The 2015A Tax Allocation Refunding Bond (Tax-Exempt) in the amount of \$19,810,000 bears an interest rate of 2.270% which is payable semi-annually on February 1 and August 1 of each year through 2023. Principal payments are due annually on August 1 through 2023. The 2015B Tax Allocation Refunding Bond (Taxable) bears an interest rate of 2.340% which is payable semi-annually on February 1 and August 1 of each year through 2020. Principal payments are due annually on August 1 through 2020.

2015 Series A Tax Allocation Bond

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

	For the Year Ending, June 30	Principal	Interest
2020		\$ 1,430,000	\$ 347,083
2021		2,660,000	300,661
2022		4,125,000	223,652
2023		4,220,000	128,936
2024		3,570,000	40,520
Total		<u>\$ 16,005,000</u>	<u>\$ 1,040,852</u>

City of Pinole
Notes to Basic Financial Statements
For the year ended June 30, 2019

14. SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued

B. Long-term Liabilities, Continued

2015 Series B Tax Allocation Bond

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

	<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 3,460,000	\$ 49,258	
2021	375,000	4,387	
Total	<u>\$ 3,835,000</u>	<u>\$ 53,645</u>	

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.

16. PRIOR PERIOD ADJUSTMENTS

The City prior period adjustments to allocate beginning of year pension related balances to the Wastewater Fund, to correct over depreciation of capital assets in prior year, and to correct beginning of year accounts payable as of June 30, 2019.

	Net Position, as Previously Reported at June 30, 2018	<u>Prior Period Adjustments</u>					Net Position, as Restated at June 30, 2019
		Accumulated Depreciation	Deferred Outflows	Accounts Payable	Net Pension Liability	Deferred Inflows	
<i>Governmental-Wide Financial Statements</i>							
Governmental activities	\$ 15,651,748	\$ -	\$ (454,249)	\$ 20,235	\$ 1,706,509	\$ 123,038	\$ 17,047,281
Business-type activities	\$ 19,622,834	\$ 313,467	\$ 454,249	\$ -	\$ (1,706,509)	\$ (123,038)	\$ 18,561,003
<i>Fund Financial Statements</i>							
	Fund Balance, as Previously Reported at June 30, 2018	Accumulated Depreciation	Deferred Outflows	Accounts Payable	Net Pension Liability	Deferred Inflows	Fund Balance, as Restated at June 30, 2019
General Fund	\$ 25,927,136	\$ -	\$ -	\$ 20,225	\$ -	\$ -	\$ 25,947,361
Wastewater Fund	\$ 19,622,834	\$ 313,467	\$ 454,249	\$ -	\$ (1,706,509)	\$ (123,038)	\$ 18,561,003

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**REQUIRED
SUPPLEMENTARY INFORMATION**

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City of Pinole

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

General Fund

For the year ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 14,863,641	\$ 15,531,620	\$ 15,580,961	\$ 49,341
Intergovernmental revenues	114,437	163,437	167,019	3,582
Contributions	-	-	325	325
Investment earnings	114,000	283,300	1,345,845	1,062,545
Rents and ground leases	115,450	115,450	160,333	44,883
Charges for services	2,949,520	2,964,320	2,964,623	303
Fines, forfeitures and penalties	59,050	59,050	51,741	(7,309)
Other revenues	111,115	111,715	98,945	(12,770)
Total revenues	18,327,213	19,228,892	20,369,792	1,140,900
EXPENDITURES:				
Current:				
General administration	3,297,941	3,307,941	3,398,182	(90,241)
Public safety	11,325,006	11,419,005	10,869,865	549,140
Public works	1,055,814	1,058,214	1,119,762	(61,548)
Community development	27,087	27,087	78,689	(51,602)
Capital outlay	2,671,818	2,657,924	853,717	1,804,207
Debt service:				
Principal	356,117	356,117	356,117	-
Interest and fiscal charges	284,098	284,098	287,729	(3,631)
Total expenditures	19,017,881	19,110,386	16,964,061	2,146,325
REVENUES OVER (UNDER) EXPENDITURES	(690,668)	118,506	3,405,731	(3,287,225)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of asset	11,000	11,000	1,290	(9,710)
Transfers in	-	-	6,290,688	6,290,688
Transfers out	(8,694,954)	(21,694,954)	(844,517)	20,850,437
Total other financing sources (uses)	(8,683,954)	(21,683,954)	5,447,461	27,131,415
Net change in fund balances	\$ (9,374,622)	\$ (21,565,448)	8,853,192	\$ 23,844,190
FUND BALANCES:				
Beginning of year			25,947,361	
End of year			<u>\$ 34,800,553</u>	

City of Pinole

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

Housing Programs Special Revenue Fund

For the year ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Loan Repayments	\$ 116,810	\$ 156,600	\$ 1,656,645	\$ 1,500,045
Investment earnings	35,000	136,800	133,717	(3,083)
Rents and ground leases	72,253	72,253	-	(72,253)
Other revenues	5,795	5,795	5,795	-
Total revenues	229,858	371,448	1,796,157	1,424,709
EXPENDITURES:				
Current:				
Community development	202,136	202,136	170,110	32,026
Total expenditures	202,136	202,136	170,110	32,026
REVENUES OVER (UNDER) EXPENDITURES	27,722	169,312	1,626,047	(1,456,735)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of asset	1,150	1,150	1,150	-
Transfers out	-	(6,290,688)	(6,290,688)	-
Total other financing sources (uses)	1,150	(6,289,538)	(6,289,538)	-
Net change in fund balances	\$ 28,872	\$ (6,120,226)	(4,663,491)	\$ (1,456,735)
FUND BALANCES:				
Beginning of year			13,944,760	
End of year			<u>\$ 9,281,269</u>	

City of Pinole
Notes to Required Supplementary Information
For the year ended June 30, 2019

1. BUDGETARY CONTROL AND BUDGETARY ACCOUNTING

A. *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.

Budgeted amounts are as originally adopted, or as amended by the City Council.

City of Pinole
Notes to Required Supplementary Information
For the year ended June 30, 2019

2. DEFINED BENEFIT PENSION PLAN

A. Schedule of the City's Proportionate Share of the Net Pension Liability - Last 10 Years*

Fiscal year:	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date:	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.32602%	0.31631%	0.31346%	0.30817%	0.30594%
Proportionate share of the net pension liability	\$ 31,416,057	\$ 31,369,644	\$ 27,123,752	\$ 21,152,634	\$ 18,565,336
Covered payroll	\$ 7,579,208	\$ 7,156,301	\$ 6,936,049	\$ 7,566,201	\$ 7,588,896
Proportionate Share of the net pension liability as percentage of covered payroll	414.50%	438.35%	391.05%	279.57%	244.64%
Plan fiduciary net position as a percentage of the total pension liability	73.31%	73.31%	74.06%	78.40%	79.82%

Notes to Schedule:

* Fiscal year 2015 was the 1st year of implementation.

B. Schedule of Contributions - Last 10 Years*

Fiscal year	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 2,886,708	\$ 2,298,114	\$ 2,067,225	\$ 1,529,134	\$ 1,403,576
Contribution in relation to the actuarially determined contributions	\$ 2,886,708	2,298,114	2,067,225	1,529,134	1,470,096
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (66,520)</u>
Covered payroll	\$ 7,893,697	\$ 7,579,208	\$ 7,156,301	\$ 6,936,049	\$ 7,566,201
Contributions as a percentage of covered payroll	-36.57%	-30.32%	-28.89%	-22.05%	-19.43%

Note to Schedule

Valuation date:**	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
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* Fiscal year 2015 was the 1st year of implementation.

** Date of actuarial valuation used to determine the contractually required contribution.

City of Pinole
Notes to Required Supplementary Information
For the year ended June 30, 2019

3. OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. Schedule of the City's Proportionate Share of the Net OPEB Liability and Related Ratios for the Measurement Periods Ended June 30⁽¹⁾

<i>Measurement Period</i>	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 1,274,335
Interest on the total OPEB liability	1,298,734
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(1,655,481)
Benefit payments, including refunds of employee contributions	<u>(1,169,676)</u>
Net change in total OPEB liability	(252,088)
Total OPEB liability - beginning	<u>35,588,000</u>
Total OPEB liability - ending	<u>\$ 35,335,912</u>
Covered-employee payroll	\$ 10,199,027
Net OPEB liability as a percentage of covered-employee payroll	346.46%

Notes to Schedule:

(1) Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

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SUPPLEMENTARY INFORMATION

City of Pinole
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2019

	Capital Projects Fund	Special Revenue Funds	
	Public Works Capital Projects	Growth Impact	Gas Tax
ASSETS			
Cash and investments	\$ 2,605,934	\$ 73,367	\$ 743,677
Accounts receivables	-	-	62,956
Prepaid and supplies			
Due from other funds	-	-	-
Total Asset	<u>2,605,934</u>	<u>73,367</u>	<u>806,633</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	2,773	-	110,110
Deposits payable	-	-	-
Due to other funds	80,901	-	-
Total liabilities	<u>83,674</u>	<u>-</u>	<u>110,110</u>
Fund Balances:			
Restricted	318,895	73,367	696,523
Assigned	2,203,365	-	-
Unassigned	-	-	-
Total fund balances	<u>2,522,260</u>	<u>73,367</u>	<u>696,523</u>
Total liabilities and fund balances	<u>\$ 2,605,934</u>	<u>\$ 73,367</u>	<u>\$ 806,633</u>

Special Revenue Funds

Parkland Dedication	Measure C	Storm Water	Refuse Management	Adjudicated Asset Seizure	Police
\$ 61,137	\$ 802,989	\$ (31,568)	\$ 304,199	\$ 103,386	\$ 672,288
-	379,583	107,593	4,996	-	134,650
-	315,552	-	-	-	-
<u>61,137</u>	<u>1,498,124</u>	<u>76,025</u>	<u>309,195</u>	<u>103,386</u>	<u>806,938</u>
-	4,190	2,346	-	884	7
-	-	6,000	-	-	-
-	-	21,058	-	-	-
<u>-</u>	<u>4,190</u>	<u>29,404</u>	<u>-</u>	<u>884</u>	<u>7</u>
61,137	1,493,934	46,621	309,195	102,502	804,826
-	-	-	-	-	2,105
-	-	-	-	-	-
<u>61,137</u>	<u>1,493,934</u>	<u>46,621</u>	<u>309,195</u>	<u>102,502</u>	<u>806,931</u>
<u>\$ 61,137</u>	<u>\$ 1,498,124</u>	<u>\$ 76,025</u>	<u>\$ 309,195</u>	<u>\$ 103,386</u>	<u>\$ 806,938</u>

City of Pinole
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2019

	Special Revenue Funds		
	Cable TV	Recreation	Building & Planning
ASSETS			
Cash and investments	\$ (85,605)	\$ 109,638	\$ 705,160
Accounts receivables	59,657	23,994	9,728
Due from other funds	-	-	-
Total Asset	<u>(25,948)</u>	<u>133,632</u>	<u>714,888</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	5,587	50,667	183,113
Deposits payable	-	19,430	44,936
Due to other funds	-	-	-
Total liabilities	<u>5,587</u>	<u>70,097</u>	<u>228,049</u>
Fund Balances:			
Restricted	-	-	-
Assigned	-	63,535	486,839
Unassigned	<u>(31,535)</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>(31,535)</u>	<u>63,535</u>	<u>486,839</u>
Total liabilities and fund balances	<u>\$ (25,948)</u>	<u>\$ 133,632</u>	<u>\$ 714,888</u>

Special Revenue Funds				Total
Development Services	Fire Department Grants	Solid Waste Fund	CASP Certification & Training	Non-Major Governmental Funds
\$ 77,670	\$ -	\$ 1,061,486	\$ 13,419	\$ 7,217,177
-	-	93,268	136	876,561
-	-	-	-	315,552
<u>77,670</u>	<u>-</u>	<u>1,154,754</u>	<u>13,555</u>	<u>\$ 8,409,290</u>
7,582	-	-	88	\$ 367,347
72,380	-	-	-	142,746
-	-	-	-	101,959
<u>79,962</u>	<u>-</u>	<u>-</u>	<u>88</u>	<u>612,052</u>
-	-	1,154,754	13,467	5,075,221
-	-	-	-	2,755,844
(2,292)	-	-	-	(33,827)
<u>(2,292)</u>	<u>-</u>	<u>1,154,754</u>	<u>13,467</u>	<u>7,797,238</u>
<u>\$ 77,670</u>	<u>\$ -</u>	<u>\$ 1,154,754</u>	<u>\$ 13,555</u>	<u>\$ 8,409,290</u>

City of Pinole

Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2019

	Capital Projects Fund	Special Revenue Funds	
	Public Works Capital Projects	Growth Impact	Gas Tax
REVENUES:			
Taxes and assessments	\$ 36,854	\$ -	\$ -
Intergovernmental revenues	344,163	-	754,674
Contributions	-	-	-
Investment earnings	261	733	5,879
Rents and ground leases	15,000	-	-
Charges for services	-	81,746	-
Fines, forfeitures and penalties	-	-	-
Other revenues	56,239	-	-
Total revenues	452,517	82,479	760,553
EXPENDITURES:			
Current:			
General administration	-	-	-
Public safety	-	-	-
Public works	47,686	-	408,966
Recreation	-	-	-
Community development	-	-	-
Capital outlay	100,299	-	96,422
Total expenditures	147,985	-	505,388
REVENUES OVER (UNDER) EXPENDITURES	304,532	82,479	255,165
OTHER FINANCING SOURCES (USES):			
Proceeds from sale of asset			
Transfers in	405,000	-	-
Transfers out	-	-	-
Total other financing sources (uses)	405,000	-	-
Net change in fund balances	709,532	82,479	255,165
FUND BALANCES:			
Beginning of year	1,812,728	(9,112)	441,358
End of year	<u>\$ 2,522,260</u>	<u>\$ 73,367</u>	<u>\$ 696,523</u>

Special Revenue Funds

Parkland Dedication	Measure C	Storm Water	Refuse Management	Adjudicated Asset Seizure	Police
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 202,489
-	379,583	-	66,161	-	476,747
-	-	-	-	-	120
345	9,353	29	6,383	1,339	6,511
-	-	-	-	-	-
36,184	-	-	-	-	-
-	-	-	-	2,989	35,181
-	-	251,004	-	-	-
<u>36,529</u>	<u>388,936</u>	<u>251,033</u>	<u>72,544</u>	<u>4,328</u>	<u>721,048</u>
-	47,049	13,163	-	-	-
-	-	-	-	32,640	495,975
-	77,280	291,751	103,346	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	25,542	-	307,432	-	13,892
-	149,871	304,914	410,778	32,640	509,867
<u>36,529</u>	<u>239,065</u>	<u>(53,881)</u>	<u>(338,234)</u>	<u>(28,312)</u>	<u>211,181</u>
-	-	-	700	-	-
-	-	-	-	-	-
-	-	-	700	-	-
<u>36,529</u>	<u>239,065</u>	<u>(53,881)</u>	<u>(337,534)</u>	<u>(28,312)</u>	<u>211,181</u>
<u>24,608</u>	<u>1,254,869</u>	<u>100,502</u>	<u>646,729</u>	<u>130,814</u>	<u>595,750</u>
<u>\$ 61,137</u>	<u>\$ 1,493,934</u>	<u>\$ 46,621</u>	<u>\$ 309,195</u>	<u>\$ 102,502</u>	<u>\$ 806,931</u>

City of Pinole
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2019

	Special Revenue Funds		
	Cable TV	Recreation	Building & Planning
REVENUES:			
Taxes and assessments	\$ 32,702	\$ -	\$ -
Intergovernmental revenues	-	-	-
Contributions	3,900	18,401	-
Investment earnings	-	(232)	8,569
Rents and ground leases	-	98,820	-
Charges for services	188,351	636,597	701,771
Fines, forfeitures and penalties	-	-	-
Other revenues	120	16,579	3,998
Total revenues	225,073	770,165	714,338
EXPENDITURES:			
Current:			
General administration	336,313	7,699	-
Public safety	-	-	-
Public works	-	-	-
Recreation	-	1,069,375	-
Community development	-	-	989,093
Capital outlay	21,063	897	-
Total expenditures	357,376	1,077,971	989,093
REVENUES OVER (UNDER) EXPENDITURES	(132,303)	(307,806)	(274,755)
OTHER FINANCING SOURCES (USES):			
Proceeds from sale of asset			
Transfers in	132,303	307,214	-
Transfers out	-	-	-
Total other financing sources (uses)	132,303	307,214	-
Net change in fund balances	-	(592)	(274,755)
FUND BALANCES:			
Beginning of year	(31,535)	64,127	761,594
End of year	<u>\$ (31,535)</u>	<u>\$ 63,535</u>	<u>\$ 486,839</u>

Special Revenue Funds				Total
Development Services	Fire Department Grants	Solid Waste Fund	CASP Certification & Training	Non-Major Funds Totals
\$ -	\$ -	\$ -	\$ -	\$ 272,045
-	-	-	-	2,021,328
-	-	-	-	22,421
734	-	10,164	-	50,068
-	-	-	-	113,820
-	-	-	7,289	1,651,938
-	-	-	-	38,170
-	-	314,229	-	642,169
734	-	324,393	7,289	4,811,959
-	-	-	-	404,224
-	-	-	-	528,615
-	-	3,003	-	932,032
-	-	-	-	1,069,375
-	-	-	-	989,093
-	-	-	-	565,547
-	-	3,003	-	4,488,886
734	-	321,390	7,289	323,073
-	-	-	-	700
-	-	-	-	844,517
-	-	-	-	-
-	-	-	-	844,517
734	-	321,390	7,289	1,168,290
(3,026)	-	833,364	6,178	6,628,948
\$ (2,292)	\$ -	\$ 1,154,754	\$ 13,467	\$ 7,797,238

City of Pinole

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

Public Works Capital Projects

For the year ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 43,565	\$ 43,565	\$ 36,854	\$ (6,711)
Intergovernmental revenues	-	5,200	344,163	338,963
Investment earnings	-	250	261	11
Rents and ground leases	15,000	15,000	15,000	-
Other revenues	-	-	56,239	56,239
Total revenues	58,565	64,015	452,517	388,502
EXPENDITURES:				
Current:				
Public works	55,627	55,627	47,686	7,941
Capital outlay	2,685,381	2,685,381	100,299	2,585,082
Total expenditures	2,741,008	2,741,008	147,985	2,593,023
REVENUES OVER (UNDER) EXPENDITURES	(2,682,443)	(2,676,993)	304,532	2,981,525
OTHER FINANCING SOURCES (USES):				
Transfers in	405,000	405,000	405,000	-
Total other financing sources (uses)	405,000	405,000	405,000	-
Net change in fund balances	\$ (2,277,443)	\$ (2,271,993)	709,532	\$ 2,981,525
FUND BALANCES:				
Beginning of year			1,812,728	
End of year			<u>\$ 2,522,260</u>	

City of Pinole

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

Growth Impact Special Revenue fund

For the year ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ -	\$ 675	\$ 733	\$ 58
Charges for services	-	26,650	81,746	55,096
Total revenues	-	27,325	82,479	55,154
Net change in fund balances	<u>\$ -</u>	<u>\$ 27,325</u>	<u>82,479</u>	<u>\$ 55,154</u>
FUND BALANCES:				
Beginning of year			<u>(9,112)</u>	
End of year			<u>\$ 73,367</u>	

City of Pinole

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

Gas Tax Special Revenue fund

For the year ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 804,375	\$ 804,375	\$ 754,674	\$ (49,701)
Investment earnings	2,000	5,200	5,879	679
Total revenues	806,375	809,575	760,553	(49,022)
EXPENDITURES:				
Current:				
Public works	436,601	436,601	408,966	27,635
Capital outlay	481,727	481,727	96,422	385,305
Total expenditures	918,328	918,328	505,388	412,940
REVENUES OVER (UNDER) EXPENDITURES	(111,953)	(108,753)	255,165	363,918
Net change in fund balances	\$ (111,953)	\$ (108,753)	255,165	\$ 363,918
FUND BALANCES:				
Beginning of year			441,358	
End of year			\$ 696,523	

City of Pinole

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

Parkland Dedication Special Revenue fund

For the year ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ -	\$ 300	\$ 345	\$ 45
Charges for services	-	16,028	36,184	20,156
Total revenues	-	16,328	36,529	20,201
EXPENDITURES:				
Capital outlay	15,509	15,509	-	15,509
Total expenditures	15,509	15,509	-	15,509
REVENUES OVER (UNDER) EXPENDITURES	(15,509)	819	36,529	35,710
Net change in fund balances	\$ (15,509)	\$ 819	36,529	\$ 35,710
FUND BALANCES:				
Beginning of year			24,608	
End of year			\$ 61,137	

City of Pinole

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

Measure C Special Revenue fund

For the year ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 303,590	\$ 303,590	\$ 379,583	\$ 75,993
Investment earnings	5,000	9,300	9,353	53
Total revenues	308,590	312,890	388,936	76,046
EXPENDITURES:				
Current:				
General administration	47,049	47,049	47,049	-
Public works	107,812	107,812	77,280	30,532
Capital outlay	493,922	493,922	25,542	468,380
Total expenditures	648,783	648,783	149,871	498,912
REVENUES OVER (UNDER) EXPENDITURES	(340,193)	(335,893)	239,065	574,958
Net change in fund balances	\$ (340,193)	\$ (335,893)	239,065	\$ 574,958
FUND BALANCES:				
Beginning of year			1,254,869	
End of year			\$ 1,493,934	

City of Pinole

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

Storm Water Special Revenue fund

For the year ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 150	\$ 150	\$ 29	\$ (121)
Other revenues	315,768	315,768	251,004	(64,764)
Total revenues	315,918	315,918	251,033	(64,885)
EXPENDITURES:				
Current:				
General administration	-	-	13,163	(13,163)
Public works	318,173	318,173	291,751	26,422
Total expenditures	318,173	318,173	304,914	13,259
REVENUES OVER (UNDER) EXPENDITURES	(2,255)	(2,255)	(53,881)	(51,626)
Net change in fund balances	\$ (2,255)	\$ (2,255)	(53,881)	\$ (51,626)
FUND BALANCES:				
Beginning of year			100,502	
End of year			\$ 46,621	

City of Pinole

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

Refuse Management Special Revenue fund

For the year ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 60,060	\$ 60,060	\$ 66,161	\$ 6,101
Investment earnings	1,000	7,000	6,383	(617)
Total revenues	61,060	67,060	72,544	5,484
EXPENDITURES:				
Current:				
Public works	116,508	116,508	103,346	13,162
Capital outlay	296,999	296,999	307,432	(10,433)
Total expenditures	413,507	413,507	410,778	2,729
REVENUES OVER (UNDER) EXPENDITURES	(352,447)	(346,447)	(338,234)	8,213
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of asset	-	-	700	700
Total other financing sources (uses)	-	-	700	700
Net change in fund balances	\$ (352,447)	\$ (346,447)	(337,534)	\$ 8,913
FUND BALANCES:				
Beginning of year			646,729	
End of year			\$ 309,195	

City of Pinole

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

Adjudicated Asset Seizure

For the year ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 250	\$ 1,425	\$ 1,339	\$ (86)
Fines, forfeitures and penalties	1,314	3,000	2,989	(11)
Total revenues	1,564	4,425	4,328	(97)
EXPENDITURES:				
Current:				
Public safety	6,750	32,639	32,640	(1)
Total expenditures	6,750	32,639	32,640	(1)
REVENUES OVER (UNDER) EXPENDITURES	(5,186)	(28,214)	(28,312)	(98)
Net change in fund balances	\$ (5,186)	\$ (28,214)	(28,312)	\$ (98)
FUND BALANCES:				
Beginning of year			130,814	
End of year			<u>\$ 102,502</u>	

City of Pinole

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

Police Special Revenue Fund

For the year ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 174,069	\$ 174,069	\$ 202,489	\$ 28,420
Intergovernmental revenues	420,000	468,747	476,747	8,000
Contributions	-	120	120	-
Investment earnings	1,600	6,000	6,511	511
Fines, forfeitures and penalties	57,750	35,000	35,181	181
Total revenues	653,419	683,936	721,048	37,112
EXPENDITURES:				
Current:				
Public safety	536,367	536,367	495,975	40,392
Capital outlay	7,500	21,394	13,892	7,502
Total expenditures	543,867	557,761	509,867	47,894
REVENUES OVER (UNDER) EXPENDITURES	109,552	126,175	211,181	85,006
Net change in fund balances	\$ 109,552	\$ 126,175	211,181	\$ 85,006
FUND BALANCES:				
Beginning of year			595,750	
End of year			\$ 806,931	

City of Pinole

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

Cable TV Special Revenue Fund

For the year ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 40,000	\$ 40,000	\$ 32,702	\$ (7,298)
Contributions	3,900	3,900	3,900	-
Charges for services	205,810	205,810	188,351	(17,459)
Other revenues	-	-	120	120
Total revenues	249,710	249,710	225,073	(24,637)
EXPENDITURES:				
Current:				
General administration	366,546	366,546	336,313	30,233
Capital outlay	58,000	58,000	21,063	36,937
Total expenditures	424,546	424,546	357,376	67,170
REVENUES OVER (UNDER) EXPENDITURES	(174,836)	(174,836)	(132,303)	42,533
OTHER FINANCING SOURCES (USES):				
Transfers in	178,736	178,736	132,303	46,433
Total other financing sources (uses)	178,736	178,736	132,303	(46,433)
Net change in fund balances	\$ 3,900	\$ 3,900	-	\$ (3,900)
FUND BALANCES:				
Beginning of year			(31,535)	
End of year			<u>\$ (31,535)</u>	

City of Pinole

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

Recreation Special Revenue Fund

For the year ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Contributions	\$ 5,000	\$ 5,000	\$ 18,401	\$ 13,401
Investment earnings	-	-	(232)	(232)
Rents and ground leases	77,820	77,820	98,820	21,000
Charges for services	632,444	632,444	636,597	4,153
Other revenues	17,500	17,500	16,579	(921)
Total revenues	732,764	732,764	770,165	37,401
EXPENDITURES:				
Current:				
General administration	-	-	7,699	(7,699)
Recreation	1,155,666	1,155,666	1,069,375	86,291
Capital outlay	-	-	897	(897)
Total expenditures	1,155,666	1,155,666	1,077,971	77,695
REVENUES OVER (UNDER) EXPENDITURES	(422,902)	(422,902)	(307,806)	115,096
OTHER FINANCING SOURCES (USES):				
Transfers in	422,902	422,902	307,214	115,688
Total other financing sources (uses)	422,902	422,902	307,214	(115,688)
Net change in fund balances	\$ -	\$ -	(592)	\$ (592)
FUND BALANCES:				
Beginning of year			64,127	
End of year			<u>\$ 63,535</u>	

City of Pinole

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

Building & Planning Special Revenue Fund

For the year ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 5,000	\$ 8,700	\$ 8,569	\$ (131)
Charges for services	737,050	778,450	701,771	(76,679)
Other revenues	31,000	8,500	3,998	(4,502)
Total revenues	773,050	795,650	714,338	(81,312)
EXPENDITURES:				
Current:				
Community development	1,096,753	1,196,753	989,093	207,660
Capital outlay	2,000	2,000	-	2,000
Total expenditures	1,098,753	1,198,753	989,093	209,660
REVENUES OVER (UNDER) EXPENDITURES	(325,703)	(403,103)	(274,755)	128,348
Net change in fund balances	\$ (325,703)	\$ (403,103)	(274,755)	\$ 128,348
FUND BALANCES:				
Beginning of year			761,594	
End of year			\$ 486,839	

City of Pinole

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

Development Services Special Revenue Fund

For the year ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ -	\$ 725	\$ 734	\$ 9
Total revenues	-	725	734	9
Net change in fund balances	\$ -	\$ 725	734	\$ 9
FUND BALANCES:				
Beginning of year			<u>(3,026)</u>	
End of year			<u>\$ (2,292)</u>	

City of Pinole

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

Fire Department Grants Special Revenue Fund

For the year ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-
Contributions	-	-	-	-
Investment earnings	-	-	-	-
Rents and ground leases	-	-	-	-
Charges for services	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Other revenues	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
General administration	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of asset	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ -	\$ -	-	\$ -
FUND BALANCES:				
Beginning of year			-	
End of year			\$ -	

City of Pinole

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

Solid Waste Special Revenue Fund

For the year ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 4,000	\$ 10,000	\$ 10,164	\$ 164
Other revenues	63,000	280,960	314,229	33,269
Total revenues	67,000	290,960	324,393	33,433
EXPENDITURES:				
Current:				
Public works	42,000	42,000	3,003	38,997
Total expenditures	42,000	42,000	3,003	38,997
REVENUES OVER (UNDER) EXPENDITURES	25,000	248,960	321,390	72,430
Net change in fund balances	\$ 25,000	\$ 248,960	321,390	\$ 72,430
FUND BALANCES:				
Beginning of year			833,364	
End of year			<u>\$ 1,154,754</u>	

City of Pinole

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

CASP Certification and Training

For the year ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ -	\$ -	\$ 7,289	\$ 7,289
Total revenues	<u>-</u>	<u>-</u>	<u>7,289</u>	<u>7,289</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>7,289</u>	<u>\$ 7,289</u>
FUND BALANCES:				
Beginning of year			<u>6,178</u>	
End of year			<u>\$ 13,467</u>	

City of Pinole
Combining Balance Sheet
Agency Fund
June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
ASSETS				
Cash and equivalents	\$ 97,999	\$ 63,732	\$ -	\$ 161,731
Accounts receivable	-	64	64	-
Total Assets	\$ 97,999	\$ 63,796	\$ 64	\$ 161,731
LIABILITIES				
Fund held in trust	\$ 97,999	438	64	161,731
Total liabilities	\$ 97,999	\$ 438	\$ 64	\$ 161,731

City of Pinole
Section 115 Pension Fund Schedule
(General Fund)
June 30, 2019

	Section 115 Pension Fund	*
ASSETS		
Restricted cash - Pension	<u>\$ 17,159,258</u>	
Total assets	<u><u>\$ 17,159,258</u></u>	
Fund Balances:		
Restricted	<u>\$ 17,159,258</u>	
Total fund balances	<u><u>\$ 17,159,258</u></u>	

* The City's Section 115 Pension Fund is included as part of the General Fund and is being separately reported above on stand-alone basis for informational purposes only. Interfund activities between the Section 115 Pension Fund and other internal-use funds included in the General Fund have been eliminated for reporting in the Basic Financial Statements.

City of Pinole
Section 115 Pension Fund Schedule
(General Fund)
For the year ended June 30, 2019

	Section 115 Pension Fund	*
REVENUES:		
Investment earnings	\$ 924,669	
Total revenues	<u>924,669</u>	
EXPENDITURES:		
Current:		
General government	<u>52,921</u>	
Total expenditures	<u>52,921</u>	
REVENUES OVER (UNDER)		
EXPENDITURES		871,748
OTHER FINANCING SOURCES (USES):		
Transfers in	<u>16,287,510</u>	
Total other financing sources (uses)	<u>16,287,510</u>	
Net change in fund balances		17,159,258
FUND BALANCES:		
Beginning of year		<u>-</u>
End of year	<u>\$ 17,159,258</u>	

* The City's Section 115 Pension Fund is included as part of the General Fund and is being separately reported above on stand-alone basis for informational purposes only. Interfund activities between the Section 115 Pension Fund and other internal-use funds included in the General Fund have been eliminated for reporting in the Basic Financial Statements.

Statistical Section



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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. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time:

1. Net Position by Component
2. Changes in Net Position
3. General Fund Tax Revenue by Source
4. Fund Balances of Governmental Funds
5. Changes in Fund Balance of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Direct and Overlapping Governments
3. Principal Property Taxpayers
4. Property Tax Levies and Collections
5. Taxable Sales by Category
6. Sales Tax Rates, All Direct and Overlapping Governments
7. Top 25 Sales Tax Producers

Debt Capacity

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:

1. Ratio of Outstanding Debt by Type
2. Ratio of General Bonded Debt Outstanding
3. Computation of Direct and Overlapping Debt
4. Computation of Legal Bonded Debt Margin
5. Revenue Bond Coverage – 2016 Wastewater Revenue Refunding Bond

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

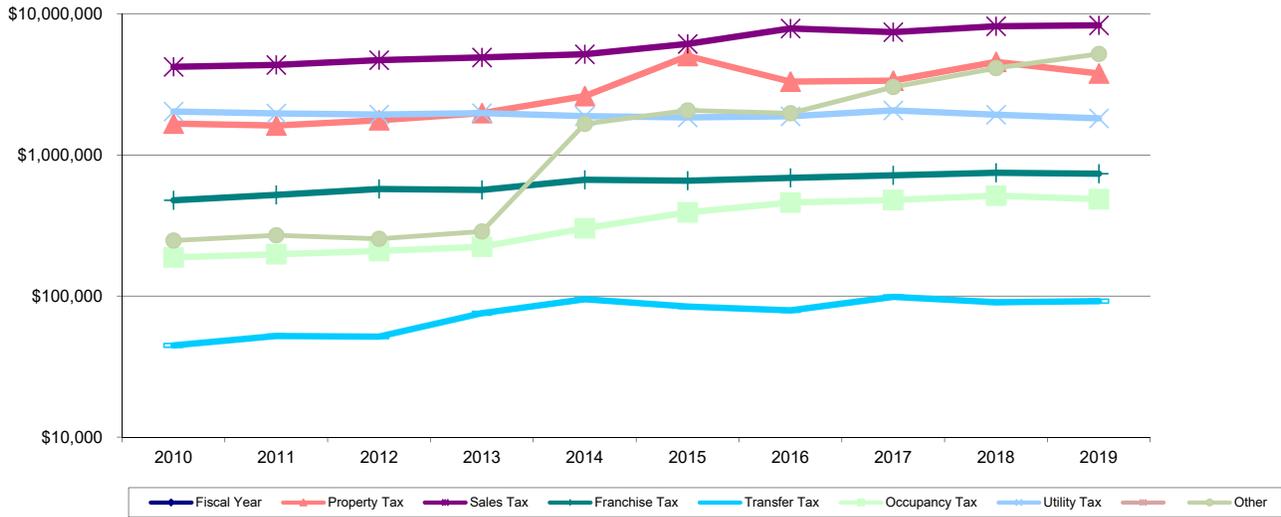
CITY OF PINOLE
NET POSITION BY COMPONENT, Last Ten Fiscal Years

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 42,630,150	\$ 43,395,278	\$ 35,021,089	\$ 35,773,981	\$ 36,296,765	\$ 34,962,909	\$ 33,764,294	\$ 32,700,833	\$ 31,758,414	\$ 29,977,958
Restricted	30,499,599	32,539,587	11,286,730	11,530,930	2,591,393	2,591,393	2,591,393	17,755,625	17,938,328	31,062,349
Unrestricted	(26,628,239)	(30,862,961)	14,727,078	11,842,896	(2,498,114)	(21,819,095)	(17,014,950)	(31,148,654)	(34,044,994)	(41,118,848)
Total governmental activities net position	\$ 46,501,510	\$ 45,071,904	\$ 61,034,897	\$ 59,147,807	\$ 36,390,044	\$ 15,735,207	\$ 19,340,737	\$ 19,307,804	\$ 15,651,748	\$ 19,921,459
Business-type activities										
Net investment in capital assets	\$ 10,112,367	\$ 10,302,367	\$ 9,444,118	\$ 9,051,860	\$ 9,921,073	\$ 11,223,296	\$ 13,869,394	\$ 14,364,860	\$ 13,381,134	\$ 13,088,528
Unrestricted	1,724,352	1,848,906	3,395,880	4,546,425	5,205,241	4,984,154	4,584,135	5,649,110	6,241,700	7,883,837
Total business-type activities net position	\$ 11,836,719	\$ 12,151,273	\$ 12,839,998	\$ 13,598,285	\$ 15,126,314	\$ 16,207,450	\$ 18,453,529	\$ 20,013,970	\$ 19,622,834	\$ 20,972,365
Primary government										
Net investment in capital assets	\$ 52,742,517	\$ 53,697,645	\$ 44,465,207	\$ 44,825,841	\$ 46,217,838	\$ 46,186,205	\$ 47,633,688	\$ 47,065,693	\$ 45,139,548	\$ 43,066,486
Restricted	30,499,599	32,539,587	11,286,730	11,530,930	2,591,393	2,591,393	2,591,393	17,755,625	17,938,328	31,062,349
Unrestricted	(24,903,887)	(29,014,055)	18,122,958	16,389,321	2,707,127	(16,834,941)	(12,430,815)	(25,499,544)	(27,803,294)	(33,235,011)
Total primary government net position	\$ 58,338,229	\$ 57,223,177	\$ 73,874,895	\$ 72,746,092	\$ 51,516,358	\$ 31,942,657	\$ 37,794,266	\$ 39,321,774	\$ 35,274,582	\$ 40,893,824

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities:										
General government	\$ 12,935,189	\$ 9,176,401	\$ 6,644,902	\$ 5,996,378	\$ 4,718,160	\$ 4,373,166	\$ 4,368,671	\$ 5,952,688	\$ 3,482,534	\$ 4,931,705
Public safety	10,627,109	9,937,972	9,153,942	8,855,816	9,281,461	9,321,934	10,086,963	10,326,947	12,202,527	12,060,171
Public services	2,388,079	2,395,243	2,472,400	1,488,713	2,685,493	2,673,746	3,878,498	2,568,265	3,217,759	3,416,574
Recreation	1,463,300	1,334,530	1,527,911	1,467,915	1,074,585	1,150,267	1,067,952	1,151,760	1,145,227	1,069,375
Community development	3,092,568	2,904,417	3,218,191	654,535	779,147	833,061	1,184,385	1,065,848	1,642,031	2,338,177
Interest and fiscal changes	2,686,711	2,625,791	1,345,952	149,097	280,173	290,860	305,569	338,507	331,464	287,729
Total governmental activity expenses	\$ 33,142,956	\$ 28,374,354	\$ 24,363,298	\$ 18,612,454	\$ 18,819,019	\$ 18,643,034	\$ 20,892,038	\$ 21,404,015	\$ 22,021,542	\$ 24,103,731
Business-type activities:										
Wastewater utility	5,798,474	5,081,468	4,998,178	5,427,396	4,859,118	4,883,256	5,316,022	4,597,454	5,193,994	4,930,113
Total business-type activities expenses	5,798,474	5,081,468	4,998,178	5,427,396	4,859,118	4,883,256	5,316,022	4,597,454	5,193,994	4,930,113
Total primary government expenses	\$ 38,941,430	\$ 33,455,822	\$ 29,361,476	\$ 24,039,850	\$ 23,678,137	\$ 23,526,290	\$ 26,208,060	\$ 26,001,469	\$ 27,215,536	\$ 29,033,844
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 247,304	\$ 269,339	\$ 1,068,236	\$ 286,722	\$ 502,094	\$ 590,359	\$ 236,512	\$ 354,357	\$ 648,409	\$ 643,524
Public safety	380,755	177,931	102,560	146,658	586,131	534,095	461,330	640,785	1,435,741	1,186,008
Public services	314,815	311,922	705,701	461,578	946,387	573,320	545,273	310,073	153,810	169,758
Recreation	926,243	860,274	1,163,599	927,758	1,195,728	998,792	871,497	783,783	846,822	770,397
Community development	1,653,268	1,990,099	534,533	1,083,517	527,441	666,863	244,449	162,634	1,153,907	2,368,209
Operating grants and contributions	777,009	1,025,928	2,127,097	948,062	1,026,339	1,203,058	1,464,456	227,184	11,483,081	2,136,212
Capital grants and contributions	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	5,606,365	7,233,359	5,798,612	4,609,728	5,425,004	5,634,574	4,917,868	3,741,629	15,721,770	7,274,108
Business-type activities:										
Charges for services:										
Wastewater utility	5,159,757	5,462,798	5,633,904	5,961,605	6,473,147	6,912,213	7,541,964	6,315,563	6,524,537	7,211,834
Capital grants and contributions	-	-	-	218,193	-	-	-	-	-	-
Total business-type program revenues	5,159,757	5,462,798	5,633,904	6,179,798	6,473,147	6,912,213	7,541,964	6,315,563	6,524,537	7,211,834
Total primary government program revenues	\$ 10,766,122	\$ 12,696,157	\$ 11,432,516	\$ 10,789,526	\$ 11,898,151	\$ 12,546,787	\$ 12,459,852	\$ 10,057,192	\$ 22,246,307	\$ 14,485,942
Net (Expense)/Revenue										
Net (Expense)/Revenue Governmental	(27,536,591)	(21,140,995)	(18,564,686)	(14,002,726)	(13,394,015)	(13,008,460)	(15,974,150)	(17,662,386)	(6,299,772)	(16,829,623)
Net (Expense)/Revenue Business-type	(638,717)	381,330	635,726	752,402	1,614,029	2,028,957	2,225,942	1,718,109	1,330,543	2,281,721
Total primary government net expense	(28,175,308)	(20,759,665)	(17,928,960)	(13,250,324)	(11,779,986)	(10,979,503)	(13,748,208)	(15,944,277)	(4,969,229)	(14,547,902)
Change in Net Position										
Governmental activities	(5,850,126)	(1,429,606)	15,894,132	(1,887,090)	(22,757,764)	(4,193,825)	(2,388,176)	(32,933)	12,710,019	2,874,178
Business-type activities	443,778	314,554	688,725	758,287	1,602,798	(2,037,223)	(2,246,079)	1,721,679	1,389,501	2,411,362
Total primary government	(5,406,348)	(1,115,052)	16,582,857	(1,128,803)	(21,154,966)	(6,231,048)	(4,634,255)	(1,688,746)	14,099,520	5,285,540

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



Fiscal Year	(b)		Franchise Tax	Transfer Tax	Occupancy Tax	(a)	(c)	Total
	Property Tax	Sales Tax				Utility Tax	Other	
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
2018	4,555,300	8,162,816	747,625	90,328	513,368	1,926,796	4,120,151	20,116,384
2019	3,775,074	8,281,048	735,311	91,954	485,499	1,812,844	5,188,089	20,369,819

(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, November 2012, and November 2018.

(b) Voter ratification November 2006 of 1/2-cent local user tax applied to retail sales effective April 2007. Voter ratification November 2014 of additional 1/2-cent local user tax applied to retail sales effective April 2015.

(c) Includes Business License Taxes

Source: City of Pinole Finance

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

	Fiscal Year																	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019								
General Fund																		
Nonspendable	\$	27,912,972	\$	11,299,227	\$	8,950,035	\$	11,157	\$	-	\$	7,275	\$	6,712	\$	12,669	\$	13,178
Restricted		1,128,091		-		-		-		-		-		-		133,586		17,446,089
Assigned		-		1,587,255		2,209,430		2,899,585		1,030,000		-		-		2,531,677		7,167,912
Committed		244,040		-		12,599,292		-		-		-		-		-		-
Unassigned		(3,079,187)		(4,808,526)		(3,464,498)		(2,914,406)		4,261,995		9,062,287		11,700,289		23,249,204		10,173,374
Total General Fund	\$	(3,079,187)	\$	24,476,577	\$	20,294,259	\$	(3,664)	\$	5,291,995	\$	9,069,562	\$	11,707,001	\$	25,927,136	\$	34,800,553
All Other Governmental Funds																		
Nonspendable	\$	3,213,536	\$	7,023,664	\$	2,591,393	\$	2,591,393	\$	6,882,968	\$	2,591,393	\$	6,882,968	\$	2,591,393	\$	-
Restricted		19,333,368		3,060,465		6,787,458		15,103,453		14,074,122		11,665,834		10,872,657		18,250,952		14,356,490
Assigned		-		-		1,340,327		783,083		3,661,477		-		-		2,366,429		2,755,844
Committed		-		-		-		-		-		-		2,304,515		-		-
Unassigned reported in:																		
Special revenue funds	441,901									(611,270)		4,248,108		(371,162)		(43,673)		(33,827)
Capital project funds	17,887,607					933,006		(24,842)		(265,778)		-		-		-		-
Debt service funds	4,882,602					-		(3,018,401)		-		-		-		-		-
Total all other governmental funds	\$	48,829,107	\$	18,895,824	\$	16,084,455	\$	15,434,686	\$	16,858,551	\$	18,505,335	\$	19,688,978	\$	20,573,708	\$	17,078,507

Notes:

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

[1]

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 18,229,886	\$ 18,011,799	\$ 13,474,038	\$ 10,373,826	\$ 11,456,712	\$ 15,111,311	\$ 15,111,374	\$ 15,453,213	\$ 16,599,387	\$ 15,853,006
Intergovernmental	3,444,800	4,483,867	3,427,388	2,745,954	3,426,928	3,313,973	3,462,621	877,090	1,460,655	2,188,347
Loan repayments	253,473	371,220	109,343	48,464	108,021	45,666	85,849	145,457	15,023	1,656,645
Contributions	33,654	487,733	96,886	174,153	94,032	51,313	65,317	146,112	30,595	22,746
Investment earnings	986,963	386,330	22,214	113,723	595,808	311,168	188,790	16,188	88,092	1,529,630
Rents and ground leases	585,663	935,524	821,723	301,537	273,435	264,301	224,952	300,441	303,618	274,153
Charges for service	2,828,314	2,601,486	2,694,734	2,543,872	2,645,656	2,929,952	3,892,535	3,997,423	5,307,234	4,616,561
Fines, forfeitures and penalties	108,408	72,555	58,172	50,170	60,734	58,863	41,564	48,442	75,670	89,911
Gain (loss) on sale of property	662,667	(324,000)	(1,192,929)							
Other revenues	586,121	189,455	451,942	405,411	137,713	778,737	365,857	532,173	834,086	746,909
Total revenues	27,719,949	27,215,969	19,963,511	16,757,110	18,799,039	22,865,284	23,438,859	21,516,539	24,714,360	26,977,908
Expenditures										
General administration	9,353,968	6,256,560	3,689,592	2,903,879	2,506,878	2,411,271	3,007,506	3,035,822	3,257,220	3,802,406
Public safety	10,346,903	9,795,550	9,051,515	8,807,959	9,206,393	9,165,922	9,635,264	10,067,977	10,535,903	11,801,897
Public services	787,202	699,286	904,149	696,343	1,822,928	1,628,204	2,460,827	1,712,315	1,485,090	1,648,377
Recreation	1,375,288	1,265,595	1,467,895	1,439,933	1,038,572	1,107,168	906,302	1,042,006	960,325	1,069,375
Community development	1,714,710	2,791,106	584,483	1,520,667	742,413	818,580	945,646	935,276	1,596,240	1,237,892
Debt service - Principal	3,315,659	3,141,278	3,148,966	334,287	381,144	373,007	369,177	363,151	361,674	356,117
Debt service - Interest	2,726,847	2,678,865	1,345,952	149,097	280,173	290,860	305,569	338,507	331,464	287,729
Capital outlay	3,488,787	3,065,250	1,002,678	1,209,901	1,598,513	368,007	1,289,967	200,403	1,098,789	1,419,264
Total expenditures	33,109,364	29,693,490	21,195,230	17,062,066	17,577,014	16,163,019	18,920,258	17,695,457	19,626,705	21,623,057
Other financing sources (uses)										
Bond, note and loan proceeds	-	-	296,926	-	458,000	-	-	-	-	-
Capital lease financing	-	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of property	(88,681)	-	-	6,064	6,559	17,259	1,909	1,909	10,017,210	3,140
Transfers in	-	-	-	-	-	447,050	446,000	671,364	826,926	7,135,205
Transfers out	-	-	-	-	-	(447,050)	(446,000)	(671,364)	(826,926)	(7,135,205)
Transfers from enterprise fund	100,000	100,000	(5,828,864)	-	(22,634,276)	-	-	-	-	-
Extraordinary item	-	-	(5,531,938)	6,064	(22,169,717)	17,259	1,909	-	10,017,210	3,140
Total other financing sources	11,319	100,000	(6,763,657)	(298,892)	(20,947,692)	6,719,524	4,520,510	3,821,082	15,104,865	5,357,991
Net change in fund balance	\$ (5,378,096)	\$ (2,377,521)	\$ (6,763,657)	\$ (298,892)	\$ (20,947,692)	\$ 6,719,524	\$ 4,520,510	\$ 3,821,082	\$ 15,104,865	\$ 5,357,991
Debt service as a % of noncapital expenditures	20.4%	21.9%	22.3%	3.0%	4.1%	4.2%	3.8%	4.0%	3.7%	3.2%

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

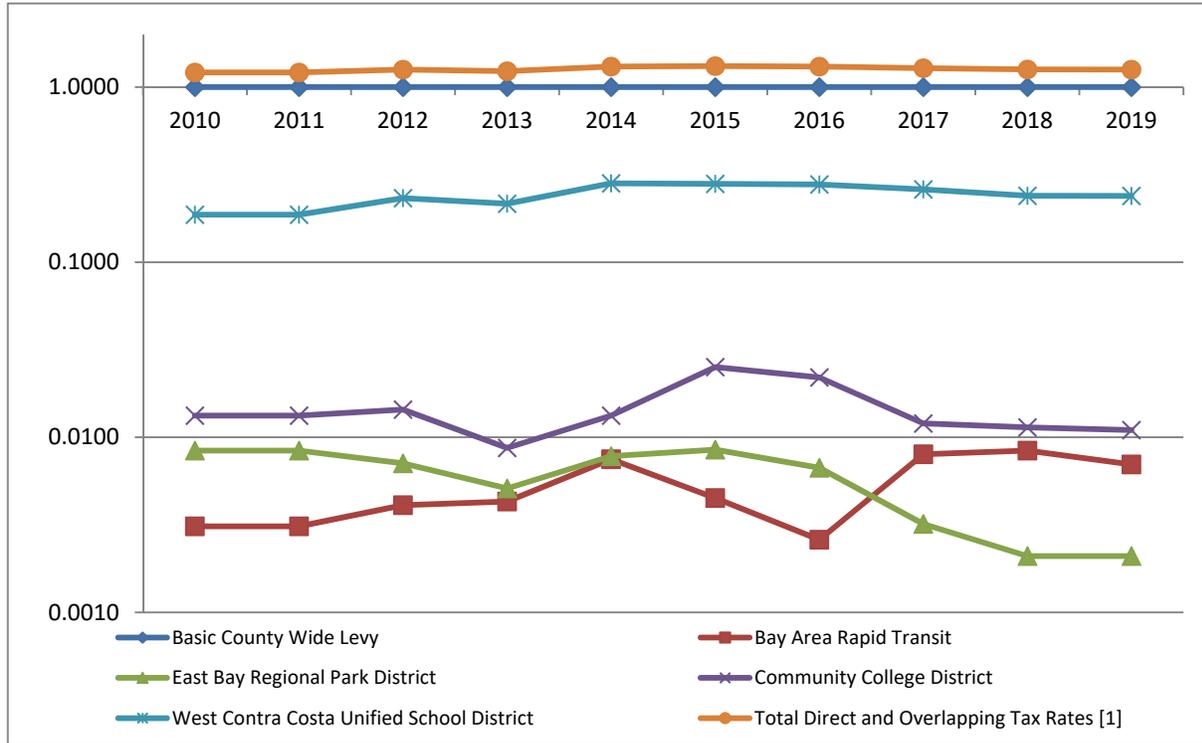
Fiscal Year	Real Property				Other	Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Property						
2010	1,379,735,626	350,603,828	17,544,314	43,074,299	1,790,958,067	52,691,843	1,843,649,910	2,190,993,553	0.1884%	
2011	1,355,128,439	347,394,282	17,133,761	39,988,606	1,759,645,088	52,456,924	1,812,102,012	2,153,502,031	0.1884%	
2012	1,307,568,620	344,375,136	2,504,602	32,746,389	1,687,194,747	54,954,754	1,742,149,501	2,070,370,467	0.1884%	
2013	1,260,099,385	336,541,044	2,554,690	32,245,615	1,631,440,734	51,157,272	1,682,598,006	1,999,599,470	0.1884%	
2014	1,322,470,290	326,179,820	2,605,779	53,249,619	1,704,505,508	55,296,246	1,759,801,754	2,091,348,404	0.1884%	
2015	1,496,137,773	339,520,240	2,617,605	72,710,914	1,910,986,532	63,501,588	1,974,488,120	2,346,481,682	0.1884%	
2016	1,607,057,208	373,896,531	2,669,901	71,708,925	2,055,332,565	57,423,148	2,112,755,713	2,510,798,889	0.1884%	
2017	1,712,024,334	424,465,946	2,710,613	40,142,846	2,179,343,739	52,646,667	2,231,990,406	2,652,497,398	0.1884%	
2018	1,815,946,452	437,410,538	2,764,822	52,717,127	2,308,838,939	50,669,026	2,359,507,965	2,804,039,266	0.1884%	
2019	1,930,860,892	481,974,623	21,572,321	17,844,755	2,452,252,591	54,318,451	2,506,571,042	2,978,809,026	0.1884%	

Source: Contra Costa County Assessor Combined Tax Rolls-HdL Coren & Cone report.

[a] The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local overrides. These values are considered to be full market values.

[b] California cities do not set their own direct tax rate. The State Constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.

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

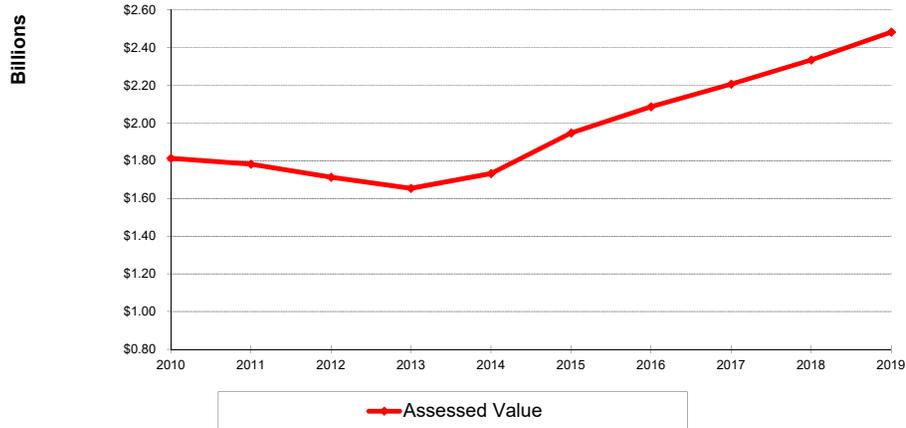
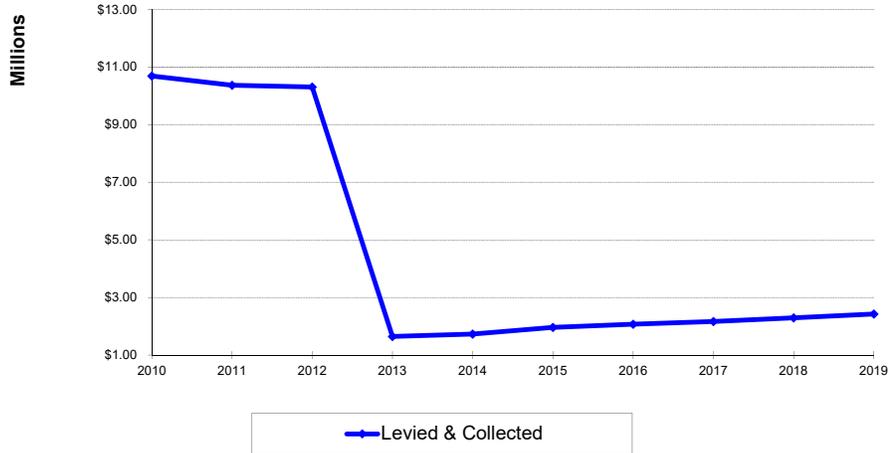


Fiscal Year	Basic County Wide Levy	Bay Area Rapid Transit	East Bay Regional Park District	Community College District	West Contra Costa Unified School District	Total Direct and Overlapping Tax Rates [1]
2010	1.0000	0.0031	0.0084	0.0133	0.1869	1.2117
2011	1.0000	0.0031	0.0084	0.0133	0.1869	1.2117
2012	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
2018	1.0000	0.0084	0.0021	0.0114	0.2397	1.2616
2019	1.0000	0.0070	0.0021	0.0110	0.2390	1.2591

Source : Contra Costa County Auditor-Controller Office

[1] Rates are per \$100 of assessed value.

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



Fiscal Year	City Property Tax Levied & Collected	Redevelopment/ Successor Agency Property Tax Levied & Collected	Total Property Tax Levied & Collected	Percent of Levy Collected [3]	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
2010	1,666,933	9,019,028	10,685,961	100%	889,861,914	923,122,635	1,812,984,549	0.19%	0.98%
2011	1,708,156	8,652,264	10,360,420	100%	882,752,227	899,021,556	1,781,773,783	0.19%	0.96%
2012	1,578,328	8,724,669 [1]	10,302,997	100%	859,343,223	853,177,005	1,712,520,228	0.18%	1.02%
2013	1,538,826	105,121 [2]	1,643,946	100%	824,577,292	829,059,723	1,653,637,015	0.19%	0.01%
2014	1,622,419	105,121 [2]	1,727,540	100%	868,918,982	862,888,372	1,731,807,354	0.19%	0.01%
2015	1,856,378	105,121 [2]	1,961,498	100%	990,967,092	956,240,628	1,947,207,720	0.19%	0.01%
2016	1,967,011	105,121 [2]	2,072,131	100%	1,048,130,045	1,037,786,268	2,085,916,313	0.19%	0.01%
2017	2,059,786	104,251 [2]	2,164,037	100%	1,105,435,408	1,100,258,798	2,205,694,206	0.19%	0.01%
2018	2,185,033	104,295 [2]	2,289,328	100%	1,170,940,384	1,162,783,781	2,333,724,165	0.19%	0.01%
2019	2,321,597	104,321 [2]	2,425,918	100%	1,242,741,110	1,238,557,132	2,481,298,242	0.19%	0.01%

Source: Contra Costa County

Notes:

- [1] Redevelopment Agency [Component Financial Unit] dissolved effective 02/01/2012 pursuant to State Law (ABx1-26)
- [2] The City of Pinole serves as the Successor Agency to the Pinole Redevelopment Agency which dissolved effective 02/01/2012 pursuant to State Law (ABx1-26)
- [3] 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

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Major Business Groups					[a]	[b]				
Autos and Transportation	\$ 114,282	\$ 120,748	\$ 121,195	\$ 127,938	\$ 124,234	\$ 128,585	\$ 143,531	\$ 142,634	\$ 129,758	\$ 149,328
Building and Construction	187,069	178,788	177,786	194,806	205,843	228,851	235,399	256,743	252,433	248,668
Business and Industry	98,042	94,315	90,571	114,078	90,046	74,621	74,664	69,064	68,148	81,173
Food and Drugs	310,750	318,983	322,851	327,071	332,824	369,426	354,347	366,064	376,151	408,251
Fuel and Service Stations	284,716	370,647	392,505	428,169	426,327	431,453	393,583	355,390	362,450	482,117
General Consumer Goods	1,080,208	1,107,978	1,147,145	1,182,031	1,182,294	1,229,774	1,298,176	1,343,309	1,347,691	1,323,599
Restaurants and Hotels	473,217	480,453	533,913	576,500	618,795	660,763	711,659	715,966	715,885	813,411
Adjustments & Others	-	-	-	-	35,173	(50,925)	24,448	-	506	5,972
Point of Sale s/totals	2,548,284	2,671,912	2,785,966	2,950,593	3,015,536	3,072,548	3,235,807	3,249,170	3,253,022	3,512,519
County Pool Allocations	248,972	336,207	320,353	311,692	366,939	408,386	431,500	499,708	490,660	519,400
State Pool Allocations	2,265	1,200	1,000	1,571	2,064	2,129	2,400	2,637	1,903	1,829
Local Transaction Tax [a]	1,384,641	1,530,888	1,592,160	1,684,995	1,796,832	1,894,578	3,789,711	3,953,872	4,089,586	4,402,698
Administrative Cost - SBE	(44,986)	(47,160)	(48,012)	(49,811)	(54,106)	(58,890)	(82,268)	(95,537)	(90,183)	(87,797)
Fiscal Year Totals	\$ 4,139,176	\$ 4,493,047	\$ 4,651,467	\$ 4,899,040	\$ 5,127,265	\$ 5,318,751	\$ 7,377,150	\$ 7,609,850	\$ 7,744,988	\$ 8,348,649
City Direct Sales Tax Rate	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.75%	1.75%	1.75%	1.75%

Notes:

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

[b] 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

Taxing Jurisdiction / Purpose	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
[c]										
Overlapping Sales Taxes										
State General Fund	5.50%	5.00%	5.00%	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%	0.00%	0.00%	0.00%
State Education Protection Account	0.00%	0.00%	0.00%	0.25%	0.25%	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	8.00%	7.50%	7.50%	7.75%	7.75%	7.75%	7.75%	7.50%	7.50%	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%	0.50%	0.50%	0.50%	0.50%	0.50%
Direct Sales Taxes	1.25%	1.25%	1.25%	1.25%	1.25%	1.75%	1.75%	1.75%	1.75%	1.75%
[d] Total Sales Tax Levy - City of Pinole	9.25%	8.75%	8.75%	9.00%	9.00%	9.50%	9.50%	9.25%	9.25%	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, 2019

BUSINESS NAME	BUSINESS CATEGORY
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
MICHAELS ARTS & CRAFTS	ART/GIFT/NOVELTY STORES
O'REILLY AUTO PARTS	AUTOMOTIVE SUPPLY STORES
ORIGINAL MELS DINER	CASUAL DINING
PETSMART	SPECIALTY STORES
PINOLE CHEVRON	SERVICE STATIONS
PINOLE FLYERS	SERVICE STATIONS
PINOLE SHELL	SERVICE STATIONS
PINOLE VALLEY ARCO	SERVICE STATIONS
SAFEWAY	GROCERY STORES
SMART STOP	SERVICE STATIONS
SUGAR CITY BUILDING MATERIALS	BUILDING MATERIALS
TARGET	DISCOUNT DEPARTMENT STORES
THE PUMP HOUSE	SERVICE STATIONS
TJ MAXX	FAMILY APPAREL
TRADER JOES	GROCERY STORES
ULTA	SPECIALTY STORES
VALERO CORNER STORE	SERVICE STATIONS

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

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	Clean Water State Revolving Fund	Wastewater Revenue Bonds	Capital Leases			
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	6,786,599			18,633,938	1.7%	\$ 982
2018	[a]	3,436,175	[a]	183,490	7,576,000	8,377,758			19,573,423	1.7%	\$ 1,018
2019	[a]	3,194,853	[a]	116,490	7,278,000	6,577,214			17,166,557	1.4%	\$ 880

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

[a] Due to the dissolution of Redevelopment Agencies effective February 1, 2012, these bonds and notes were transferred to the Successor Agency to the Pinole Redevelopment Agency.

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
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]	3,986,615	\$ -	3,986,615	0.36% [a]	\$ 210
2018	[b]	3,436,175	\$ -	3,436,175	0.29% [a]	\$ 179
2019	[b]	3,194,853	\$ -	3,194,853	0.26% [a]	\$ 164

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] Due to the dissolution of Redevelopment Agencies effective February 1, 2012, these bonds and notes were transferred to the Successor Agency to the Pinole Redevelopment Agency.

Sources:

City Finance Department

Contra Costa County Office of the Auditor-Controller

CITY OF PINOLE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2019

2018-19 Assessed Valuation: \$ 2,506,571,042

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt	[a]	City's Share of
	<u>6/30/2019</u>	<u>% Applicable</u>	<u>Debt 6/30/19</u>
Bay Area Rapid Transit District	\$ 809,660,000	0.334%	\$ 2,704,264
Contra Costa Community College District	397,065,000	1.227%	4,871,988
West Contra Costa Unified School District	1,124,506,606	7.824%	87,981,397
West Contra Costa Healthcare District	52,857,000	7.306%	3,861,732
East Bay Regional Park District	178,710,000	0.528%	943,589
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			100,362,970
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Contra Costa County General Fund Obligations	\$ 261,890,558	1.222%	\$ 3,200,303
Contra Costa County Pension Obligation Bonds	122,585,000	1.222%	1,497,989
Contra Costa County Fire Protection Pension Obligations	53,740,000	0.011%	5,911
West Contra Costa Unified School District Certificates of Participation	9,175,000	7.824%	717,852
City of Pinole Pension Obligation Bonds	3,194,853	100.000%	3,194,853
City of Pinole Capital Lease Obligations	116,490	100.000%	116,490
Alameda-Contra Costa Transit District Authority	11,465,000	0.037%	4,242
GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 8,737,640
Less: Contra Costa County obligations supported from revenue funds			1,279,886
NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 7,457,754
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$ 19,840,000	100.000%	\$ 19,840,000
TOTAL DIRECT DEBT			\$ 3,311,343
TOTAL GROSS OVERLAPPING DEBT			\$ 125,629,267
TOTAL NET OVERLAPPING DEBT			\$ 124,349,381
GROSS COMBINED TOTAL DEBT			\$ 128,940,610 [b]
NET COMBINED TOTAL DEBT			\$ 127,660,724

Ratios to 2018-19 Assessed Valuation:

Total Gross Direct and Overlapping Tax and Assessment Debt.....	4.00%
Combined Direct Debt.....	0.13%
Gross Combined Total Debt.....	5.14%
Net Combined Total Debt	5.09%

Ratios to Redevelopment Incremental Valuation (\$1,238,557,132):

Total Overlapping Tax Increment Debt	1.60%
--	-------

Notes:

- [a] The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
[b] Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source : California Municipal Statistics, Inc.

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

ASSESSED VALUATION:

Secured property assessed value, net of exempt e \$ 2,481,298,242

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) [a] \$ 93,048,684

AMOUNT OF DEBT SUBJECT TO LIMIT: \$ (3,194,854)

LEGAL BONDED DEBT MARGIN: \$ 89,853,830

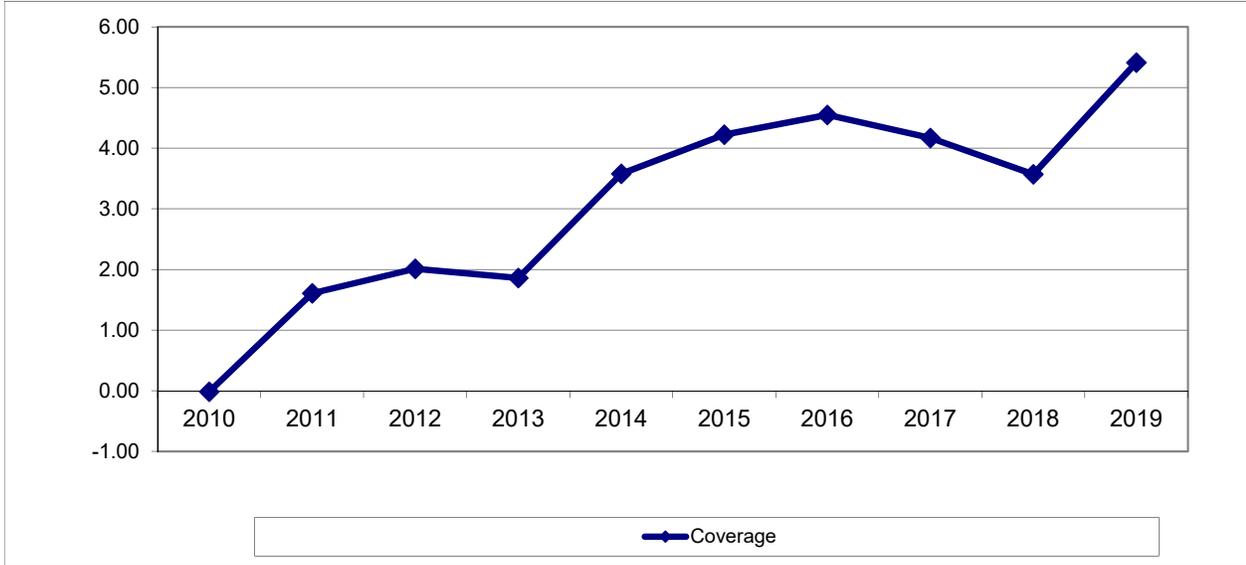
Fiscal Year	Total assessed value of all real and personal property	Debt Limit [a]	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net Debt applicable to the limit as a percentage of debt limit
2010	\$ 1,812,984,549	\$ 67,986,921	\$ 5,647,063	\$ 62,339,858	8.31%
2011	\$ 1,781,773,783	\$ 66,816,517	\$ 5,344,171	\$ 61,472,346	8.00%
2012	\$ 1,712,520,228	\$ 64,219,509	\$ 5,047,180	\$ 59,172,328	7.86%
2013	\$ 1,653,637,015	\$ 62,011,388	\$ 4,757,335	\$ 57,254,054	7.67%
2014	\$ 1,731,807,354	\$ 64,942,776	\$ 4,478,467	\$ 60,464,309	6.90%
2015	\$ 1,947,207,720	\$ 73,020,290	\$ 4,206,695	\$ 68,813,594	5.76%
2016	\$ 2,085,916,313	\$ 78,221,862	\$ 3,941,977	\$ 74,279,884	5.04%
2017	\$ 2,205,694,206	\$ 82,713,533	\$ 3,686,615	\$ 79,026,918	4.46%
2018	\$ 2,333,724,165	\$ 87,514,656	\$ 3,436,176	\$ 84,078,481	3.93%
2019	\$ 2,481,298,242	\$ 93,048,684	\$ 3,194,854	\$ 89,853,830	3.43%

Note:

[a] California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25 % of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

Source: City of Pinole Finance Department

**CITY OF PINOLE
REVENUE BOND COVERAGE
WASTEWATER REVENUE BONDS
LAST TEN FISCAL YEARS**



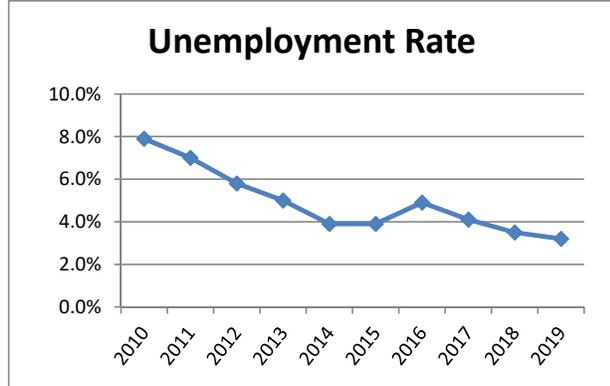
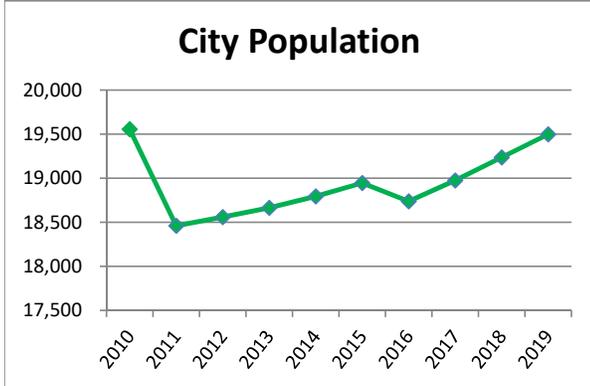
Fiscal Year	Gross Revenue [a]	Operating Expenses [b]	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2010	5,159,757	5,169,202	(9,445)	185,000	444,273	629,273	-0.02
2011	5,462,798	4,454,696	1,008,103	190,000	436,773	626,773	1.61
2012	5,633,904	4,369,206	1,264,699	200,000	428,973	628,973	2.01
2013	5,961,605	4,806,424	1,155,182	200,000	420,973	620,973	1.86
2014	6,473,147	4,232,789	2,240,358	215,000	411,329	626,329	3.58
2015	6,912,213	4,253,609	2,658,605	230,000	399,648	629,648	4.22
2016	7,541,964	4,688,712	2,853,252	240,000	387,310	627,310	4.55
2017	6,315,563	4,055,187	2,260,376	385,000	157,267	542,267	4.17
2018	6,524,537	4,676,225	1,848,313	290,000	227,770	517,770	3.57
2019	7,211,834	4,413,017	2,798,818	298,000	219,097	517,097	5.41

Notes:

- [a] Includes all wastewater operating revenue, non-operating interest revenue, connection fees and other non-operating revenue.
- [b] Includes all wastewater operating expenses less depreciation.

Source: City of Pinole Finance

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



Fiscal Year	City Population [a]	Personal Income [b]	Median Household Income [c]	Per Capita Personal Income	School Enrollment [d]	Unemployment Rate [e]
2010	19,555	1,131,726,070	90,300	57,874	4,049	7.9%
2011	18,460	1,046,737,380	92,300	56,703	3,740	7.0%
2012	18,560	1,029,430,400	93,500	55,465	3,543	5.8%
2013	18,665	1,064,110,315	93,500	57,011	3,603	5.0%
2014	18,794	1,158,424,572	93,500	61,638	3,483	3.9%
2015	18,946	1,207,845,392	93,500	63,752	3,348	3.9%
2016	18,739	1,007,052,599	93,600	53,741	3,260	4.9%
2017	18,975	1,069,696,650	97,400	56,374	3,192	4.1%
2018	19,236	1,150,235,856	104,400	59,796	3,123	3.5%
2019	19,498	1,239,234,386	111,700	63,557	3,118	3.2%

Data Sources:

- (a) State of California Department of Finance, estimated population.
- (b) Bureau of Economic Analysis, U.S. Department of Commerce.
- (c) State of California, Department of Housing and Community Development, Division of Housing Policy Development.
- (d) State of California Department of Education.
- (e) State of California Employment Development Department, Contra Costa County rates.

CITY OF PINOLE
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO

Employer	2019		Employer	2010	
	Employee Count	Percentage of City Total		Employee Count	Percentage of City Total
Target	207	4.32%	Lucky's/Food Maxx	171	3.68%
Kaiser Health Center	141	2.94%	Target	137	2.95%
City of Pinole	126	2.63%	City of Pinole	131	2.82%
Sprouts Farmers Market	105	2.19%	Best Buy	129	2.78%
MV Public Transportation, Inc.	96	2.00%	West Contra Costa USD	108	2.32%
In-N-Out Burger	90	1.88%	K-Mart	104	2.24%
Best Buy	88	1.84%	Safeway	84	1.81%
Safeway, Inc.	71	1.48%	Round Table Pizza	61	1.31%
West Contra Costa USD	68	1.42%	Trader Joe's	59	1.27%
Burlington	62	1.29%	Orchard Supply Hardware	52	1.12%
Top 10 Employer Count	1,054			1,036	
Total Workforce	4,793	21.99%		4,647	22.29%

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</u> <u>[a]</u>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
			[b]							
General government										
Administration	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.5
Finance	4.0	4.0	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Planning	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Building	3.0	2.0	1.0	1.0	2.0	2.0	2.0	2.5	3.5	3.5
Other	2.0	2.0	2.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0
Police										
Sworn	28.0	28.0	28.0	27.0	27.0	27.0	27.0	27.0	28.0	28.0
Non-sworn	23.0	21.0	13.0	13.0	13.0	13.0	14.5	14.5	17.5	18.0
Fire										
Sworn	19.0	17.0	15.0	15.0	15.0	15.0	15.0	14.0	14.0	14.0
Non-sworn	-	-	-	-	-	-	0.5	1.0	1.0	1.0
Public Works										
Engineering	5.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Maintenance	8.0	7.0	6.0	6.0	6.0	6.0	10.0	10.0	10.0	10.0
Redevelopment	4.0	3.0	3.0	-	-	-	-	-	-	-
Parks and recreation	13.0	14.0	8.0	8.0	11.0	11.0	13.0	13.0	13.0	13.0
Wastewater collection and treatment	15.0	15.0	13.0	13.0	13.0	13.0	10.5	10.5	10.5	10.5
Total	131.0	124.0	101.5	99.5	103.5	103.5	108.0	108.0	113.0	114.0

Notes:

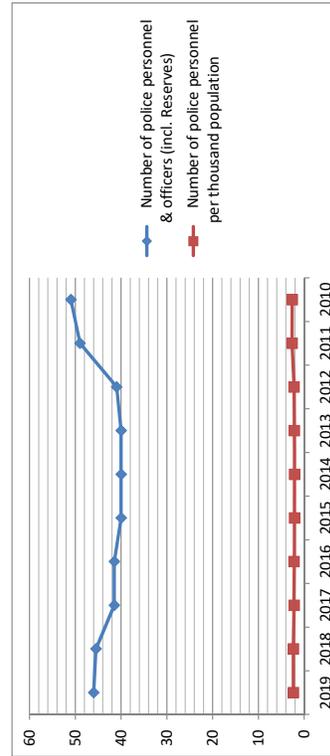
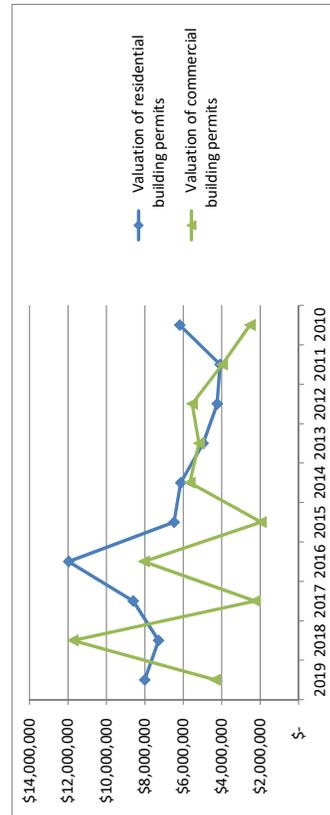
- [a] Paid employees only (excluding reserves and volunteers)
- [b] Redevelopment Staffing eliminated effective 02/01/2012, following dissolution of Agency pursuant to new State Legislation (ABx1-26)

Source: City of Pinole Annual Budget Documents

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Date of Incorporation	1903									
Form of Government	Council-Manager									
Number of Employees (including police & fire)										
Full-time	100									
Part-time	26									
Area in square miles	5 square miles									
Statistics by Fiscal Year										
Fire Protection :										
Number of fire personnel & officers (incl. Reserves)	15	15	15	15	15	17	15	15	17	19
Number of calls answered	2,493	2,515	2,647	2,406	1,908	2,205	2,250	2,000	2,134	2,283
Number of inspections conducted	156	26	20	404	60	7	48	55	515	210
Number of building plan reviews	2279	14	29	66	50	25	32	61	76	70
Number of fire investigations	Not Available	Not Available	Not Available	Not Available	2	Not Available	Not Available	51	98	90
Police Protection :										
Number of police personnel & officers (incl. Reserves)	46	45.5	41.5	41.5	40	40	40	41	49	51
Number of police personnel per thousand population	2.36	2.37	2.19	2.21	2.11	2.13	2.14	2.21	2.65	2.61
Community Development:										
Number of residential building permits	749	690	777	1027	1061	800	651	608	674	732
Valuation of residential building permits	\$ 8,012,647	\$ 7,293,429	\$ 8,613,376	\$ 11,969,126	\$ 6,485,860	\$ 6,140,140	\$ 4,974,080	\$ 4,240,627	\$ 4,090,024	\$ 6,187,203
Number of commercial building permits	153	84	92	46	22	43	59	46	21	30
Valuation of commercial building permits	\$ 4,354,070	\$ 11,752,779	\$ 2,275,774	\$ 8,053,064	\$ 1,961,346	\$ 5,671,577	\$ 5,187,465	\$ 5,547,362	\$ 3,982,285	\$ 2,536,324
Sewer System:										
Daily average treatment in gallons	2,277,331	2,151,096	2,914,000	2,381,151	2,449,863	2,579,625	2,776,986	2,907,205	3,147,397	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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
City Streets:										
Miles of streets	63									
Number of street lights	373 (city owned)									
	971 (electric & private utility)									
Statistics by Fiscal Year										
Fire Protection :										
Number of stations	1	1	1	1	1	1	1	1	1	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	15; 64 total acres	15; 64 total acres	15; 64 total acres	15; 64 total acres	15; 64 total acres	15; 64 total acres	15; 64 total acres	15; 64 total acres	15; 64 total acres
Sewer System:										
Sanitary sewers	50 miles	50 miles	50 miles	50 miles	50 miles	50 miles	50 miles	50 miles	50 miles	50 miles
Miles of storm drains	34 miles	34 miles	34 miles	34 miles	34 miles	34 miles	34 miles	34 miles	34 miles	34 miles
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of service connections	5,416	5,416	5,416	5,416	5,416	5,414	5,414	5,423	5,401	5,398
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