

CITY OF PINOLE



PINOLE VALLEY AND VISTA SHOPPING CENTERS WELCOME NEW BUSINESSES

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010



**CITY OF PINOLE
CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Prepared by
FINANCE DEPARTMENT**

CITY OF PINOLE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION:	
Transmittal Letter	i
GFOA Award	viii
Organization Chart	ix
Elected Officials and Administrative Personnel	x
City of Pinole Map	xi
 FINANCIAL SECTION:	
Independent Auditor's Report on Basic Financial Statements	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Assets	20
Statement of Activities	21
Fund Financial Statements	
Balance Sheet - Governmental Funds	23
Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Assets	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Funds	26
Statement of Net Assets - Proprietary Funds	28
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	29
Statement of Cash Flows - Proprietary Funds	30
Statement of Net Assets - Fiduciary Funds	32
Notes to Basic Financial Statements	33
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - General Fund	60
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Housing Set-Aside Special Revenue Fund	61

FINANCIAL SECTION (Continued):

Required Supplementary Information (Continued):

Notes to Required Supplementary Information	62
---	----

Combining Financial Statements and Other Supplementary Information

Budgetary Comparison Schedule - Redevelopment Agency Projects Fund	63
--	----

Budgetary Comparison Schedule - Debt Service Fund	64
---	----

Non-Major Governmental Funds:

Combining Balance Sheet	66
-------------------------	----

Combining Statement of Revenues, Expenditures and Changes in Fund Equity	69
--	----

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

Growth Impact Fund	72
--------------------	----

Gas Tax Fund	73
--------------	----

Parkland Dedication Fund	74
--------------------------	----

Measure C Fund	75
----------------	----

NPDES Fund	76
------------	----

AB 939 Fund	77
-------------	----

Adjudicated Asset Seizure Fund	78
--------------------------------	----

Police Fund	79
-------------	----

Cable TV Fund	80
---------------	----

Recreation Fund	80
-----------------	----

Building Inspection Fund	81
--------------------------	----

Congestion Relief Fund	82
------------------------	----

Statement of Changes in Assets and Liabilities - Agency Funds	84
---	----

STATISTICAL SECTION

Financial Trends

Net Assets by Component	86
-------------------------	----

Changes in Net Assets	87
-----------------------	----

General Fund Revenues by Source	88
---------------------------------	----

Fund Balances, Governmental Funds	89
-----------------------------------	----

Changes in Fund Balances, Governmental Funds	90
--	----

Revenue Capacity

General Fund Tax Revenues by Source	91
-------------------------------------	----

Assessed Value and Estimated Actual Value of Taxable Property	92
---	----

Direct and Overlapping Property Tax Rates	93
---	----

Principal Property Taxpayers	94
------------------------------	----

Property Tax Levies and Collections	95
-------------------------------------	----

Taxable Sales by Category	96
---------------------------	----

Direct and Overlapping Sales Tax Rates	97
--	----

STATISTICAL SECTION (Continued):

Principal Sales Tax Remitters	98
Debt Capacity	
Ratios of Outstanding Debt by Type	99
Ratios of Net General Bonded Debt Outstanding	100
Direct and Overlapping Governmental Activities Debt	101
Computation of Legal Debt Margin	102
Tax Allocation Bond Coverage	103
Economic and Demographic Information	
Demographic and Economic Statistics	104
Principal Employers	105
Operating Information	
Full-Time Equivalent City Government Employees by Function/Program	106
Operating Indicators and Capital Asset Statistics by Function/Program	107
Capital Asset Statistics by Function//Program	108



CITY OF PINOLE

2131 Pear Street
Pinole, CA 94564

Tel: (510) 724-9000
Fax: (510) 724-9826

January 5, 2011

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

The comprehensive annual financial report of the City of Pinole for the year ended June 30, 2010, is herein submitted as mandated by local ordinances and state statutes. These ordinances and statutes require that the City of Pinole issue annually a report on its financial condition and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City of Pinole. All disclosures necessary to enable the reader to gain an understanding of the City of Pinole's activities have been included.

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

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Pinole as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The City provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of highways, streets and infrastructure; recreational programs, senior services and park and recreation services.

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Redevelopment Agency (RDA) is reported as funds of the primary government in the Special Revenue, Capital Project, and Debt Service.

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

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

The City has fully implemented the most recent (Statement on Accounting #45) "financial reporting standard" issued by the Government Accounting Standards Board. Also, as previously required, we continue to include a "Management Discussion and Analysis" section (pages 3-18) to this report, which attempts to enhance the usefulness of the financial report for "non-traditional" users, by summarizing the overall financial condition of the City in "plain English."

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Richard Loomis", with a long, sweeping horizontal stroke extending to the right.

Richard Loomis
Finance Director

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

The City, incorporated in 1903, is primarily a residential community located in West Contra Costa County, approximately 30 miles northeast of San Francisco and 20 miles north of Oakland along Interstate Highway 80. The City currently has a land area of 5 square miles and a population of 19,555.

The City has operated under the council-manager form of government since 1971. Policymaking and legislative authorities are vested in the City Council, which consists of a mayor and a four-member council. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City's manager and the City's attorney. The City's manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the City's departments. The council is elected on a non-partisan basis. Council members are elected to four-year staggered terms with three council members alternating election with two council members at two-year intervals.

City Council members serve as the governing board of the Redevelopment Agency. The City provides accounting and administrative services to the Redevelopment Agency. Additional detail is provided in the Notes to the Financial Statements.

Pinole is a full service city, and with its 119 (authorized 2009/10) full and 20 part-time personnel, provides public safety (Police and Fire), highways and streets maintenance, public improvement development, land use, building and housing standards regulation, recreation programs, senior services, parks and recreation areas, sewer utilities, redevelopment, administration and fiscal services.

The City currently suffers with fiscal impacts of an on-going recession primarily manifesting itself in a deterioration in the local tax base (both retail sales and real property values) combined with an increase in local unemployment (retail merchandising and building construction activities). The region has a varied manufacturing, industrial and commercial base, but the City's principle employers are engaged in merchandising and retail sales which accounts for a persistent and sustained increase in the local unemployment rate (increasing from 7.3 to 7.9 percent in the past year) in recent reporting years. Contra Costa County, which includes the City, has an unemployment rate of 11.3 percent, which compares favorably to the state's average rate of 12.4 percent.

The City has an employed labor force of approximately 139 full and part-time. The City's business districts have declined to about an 85 percent occupancy rate with a variety of stores, specialty shops and commercial businesses. Given the fact that the City is essentially built-out, residential growth has been very slow.

MAJOR INITIATIVES FOR THE YEAR

Kaiser Development Site. The City's Redevelopment Agency completed its acquisition of a surplus piece of CalTrans Right Of Way adjacent to the Interstate-80 Westbound Off-ramp at Pinole Valley Road. This land will be used for parking for a restaurant use at the development site. A commercial real estate broker has been selected to market and sell the properties for a sit down restaurant. The marketing plan is to seek out national or large regional restaurants as a potential new business. This particular location, with its easy access to Interstate-80, its large traffic volume, and its great visibility, as all of the amenities that a national franchise looks for when selecting a building site.

Affordable Housing Program. In November 2009, the Redevelopment Agency awarded a construction contract to Pacific Mountain Contractors to complete the Heritage Park Project. This project includes three (3) single family affordable homes, sewer street and sidewalk improvements and a public trail that accommodates pedestrian access between Buena Vista Drive and San Pablo Avenue. Construction on the new homes began in December of 2009 and sale of the homes is anticipated for December of 2010. The homes are being sold as Below Market Rate (BMR) affordable housing. The construction and resale of these affordable housing units reflect the Agency's commitment to meet its affordable housing mandate by augmenting the supply of moderate-income units in Pinole.

First Time Home Buyer Program Update. Since 1995, the Redevelopment Agency has provided financial assistance to lower income families interested in home ownership. The Program has provided for zero interest, deferred payment second mortgages of up to \$50,000 based on a shared equity repayment formula. The Program policies and procedures were revised in January 2010, to offer loans of up to \$100,000 on sliding scale based on qualifying household income; featuring a five to ten year deferment and repaid over a thirty years. During the last fiscal year, the Agency completed six new loans under this program.

Shopping Center News. Two new businesses have moved into the recently renovated Pinole Valley Shopping Center. Chipotle Mexican Grill is the newest addition opening its doors in October 2010. Jenny Craig opened in June. The mutual goal of the Redevelopment Agency and its business partner (TKG Pinole Valley, LLC) is to maintain a first class shopping center that will sell for the highest possible price, when it is nearly fully occupied. The Agency continues to work closely with its developer to attract high credit tenants into the center.

The Redevelopment and Planning departments have been busy working behind the scenes over the past few months with a number of property owners and property managers regarding some of the vacant stores along Fitzgerald Drive. Two of the new stores that have or will be opening soon are: The Grocery Outlet, a Berkeley based food store, which held its grand opening in June. Together with Chuck E. Cheese, which opened late last year (December 2009), these two new businesses fill the entire space formerly occupied by Levitz.

FOR THE FUTURE

Pinole Shores Business Park. The Redevelopment Agency planned to complete the sale of the land required for Phase-II (90,000 square feet in four free standing buildings) of development in December of 2008. Due to the deteriorating state of the national economy, and the very low potential marketability of the Phase-II improvements, the Agency and its development partner (Panattoni Development Company) renegotiated the terms of the contract to delay the transfer of ownership (sale) of land for Phase-II development until October 2011. Panattoni is compensating the Agency for the "carrying cost" (interest computed at the rate of 6% per annum) of the land sale, during this contract extension period. A deposit (\$244,200) for the purchase of the Phase-II parcel was made by the Developer in December of 2008.

Phase-I of this development project was completed in September of 2008 just as the real estate market for industrial space nationwide was severely impacted by the current financial crisis of confidence in capital markets. In October 2010, the Redevelopment Agency approved an Economic Development Incentive Package, including a loan in an amount of \$144,000 and a New Business Development grant in the amount of \$51,200 with Pro2 Solutions, Inc. for expansion of this business into Pinole and to become the primary occupant in Phase-I of the business park. Pro2 Solutions is a wholesale distributor of latex gloves for medical use (principally dental professionals) and distributes these products worldwide (across 5 continents). Pro2 Solutions products have consistently been in the Top 5 Most Preferred Dental Glove brand in the United States for the past twenty years, and has recently launched a new product line (BeeSure), which is designed to accommodate an increasingly "green friendly" customer base. Pro2 Solutions has executed a Purchase and Sale Agreement with River City Bank for the purchase of Business Park buildings C and D totally 34,399 square feet (58% of the Phase-I development), for the sum of \$2,138,000.

Gateway West Medical Office Development Project. Complementing the Kaiser Medical Office Building (MOB) development the Agency has discussed the possibility of a sale of the 5 acre site opposite the Kaiser MOB to Alta Bates/Summit. It is hoped that this project will proceed with a commitment for development of additional medical service facilities for residents of Pinole and neighboring communities.

Fitzgerald Drive Shopping Centers. Burlington Coat Factory had its Fall Grand Opening in September 2010. This national retailer offers a wide variety of merchandise for the entire family. In addition to coats and shoes, they sell designer and name brand clothing. Their new store also has bed & bath, kitchen and home furnishings departments. In addition to replacing the significant loss of sales tax revenues resulting from the closure of the previous tenant (Mervyn's of California); this new store will create over 100 new jobs in our community. Additionally, Chase Bank has submitted applications for building permits for a new branch, to be located at the site formers occupied by Long John Silver's Restaurant. Chase Bank plans to demolish the existing restaurant and construct a new building with a new parking lot and landscaping. Construction activity should begin this Winter (2010), and it is anticipated that the new business will bring back 15 jobs to Pinole. Also, subsequent to the Krispy Kreme store closure (July 2009), the property ownership group began discussing future uses and marketing strategy for the closed store. A number of potential users have been contacted, and the landowner has completed negotiations for a new lease with Mel's Diner, a chain restaurant with a 1950's Era décor. Mel's will be serving the Pinole community 24 hours a day, 7 days a week, beginning in April 2011. This new business will employ up to 70 local residents.

Pinole Creek Restoration Project. Construction is underway on the Pinole Creek Demonstration Project. The first phase of this project will bring flood control, recreational and environmental improvements to Pinole Creek from Railroad Avenue to Orleans Drive. When subsequent phases of this project are finished modifications to the existing flood control channel will enhance flood protection for the residential neighborhoods adjacent to the creek between the Senior Center and San Pablo Bay. The product of a local community-based planning effort spearheaded by the "Friends of Pinole Creek," the project will implement a comprehensive restoration of this important community amenity. The City successfully competed for a grant from the State Water Resources Agency of \$2.6 million to design and construct these improvements; however, construction of the Project (originally planned for the Summer of 2009) was delayed due to temporary suspension of project funding allocations from the State's Pooled Money Investment Account. The Agency plans to move the Project forward with public bidding for the construction in January 2010, with Project construction anticipated for the Fall and Winter of 2010.

FINANCIAL INFORMATION

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

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

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

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

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

As part of the City's Single Audit Act audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs as well as to determine that the City has complied with applicable laws and regulations. The City is confident that its internal control structure continues to ensure that there are no instances of material weakness in the City's internal control structure or significant violations of applicable laws and regulations.

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

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

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

ATTACHMENT D

OTHER INFORMATION

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

Awards. The Government Finance Officers Association (GFOA) last awarded a certificate of Achievement for Excellence in Financial Reporting to the City of Pinole for the June 30, 2009 CAFR. The City has received the prestigious award on thirteen occasions. For the fiscal year ending June 30, 2006, the City received a Certificate of Outstanding Financial Reporting from the California Society of Municipal Finance Officers. In order to be awarded a Certificate of Achievement or the Certificate of Outstanding Financial Reporting, the City must publish an easily readable and efficiently organized comprehensive annual financial report. Additionally, this report satisfies both generally accepted accounting principles and applicable legal requirements mandated by the City and Redevelopment Agency's indentures for bonded debt.

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

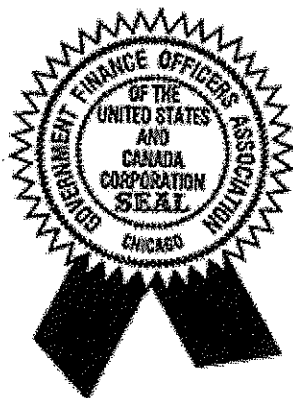
Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pinole
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

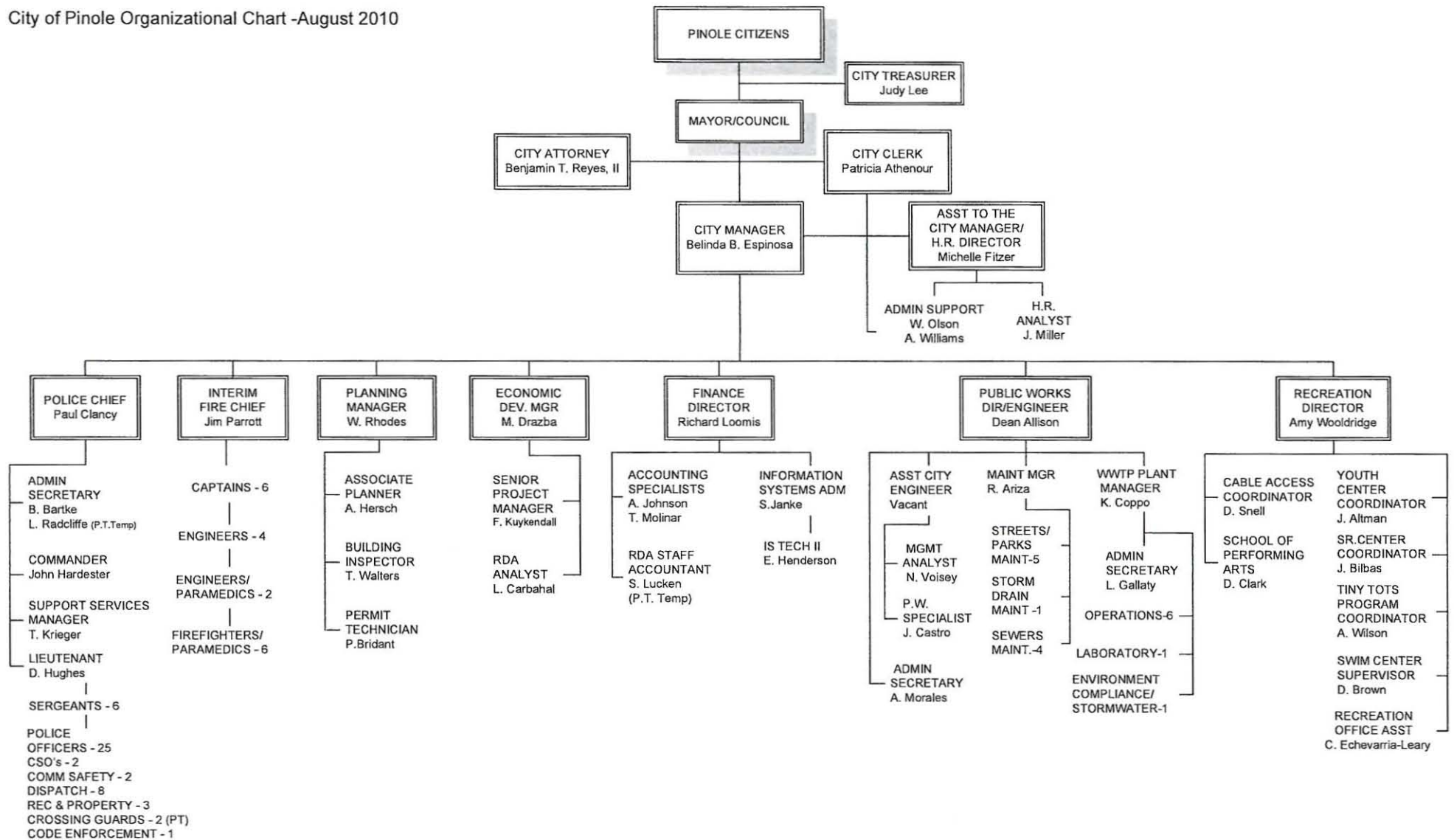
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

City of Pinole Organizational Chart -August 2010



CITY OF PINOLE
ELECTED OFFICIALS AND
ADMINISTRATIVE PERSONNEL

JUNE 30, 2010

ELECTED OFFICIALS

Mayor	Debbie Long
Mayor Pro Tem	Roy Swearingen
Council Member	Virginia Fujita
Council Member	Peter Murray
Council Member	Tim Banuelos
City Clerk	Patricia Athenour
City Treasurer	Judy Lee

ADMINISTRATIVE PERSONNEL

City Manager	Belinda Espinosa
Assistant to the City Manager	Michelle Fitzer
Public Works Director	Dean Allison
Finance Director	Richard Loomis
Police Chief	Paul Clancy
Fire Chief	James Parrott



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pinole (the City) as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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 of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pinole as of June 30, 2010, and the respective changes in the financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2011, on our consideration of the City of Pinole's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

PRINCIPALS

Chris A. Mann, CPA , CFP ♦ John R. Urrutia, CPA ♦ Michelle O. Nelson, CPA, CFE, CVA ♦ Christine L. Collins, EA

Kriss Ann Mann, CPA, CCPS ♦ Justin J. Williams, CPA

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pinole's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 it.

Man Unt. NulCPAs

Sacramento, CA
January 5, 2011

CITY OF PINOLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

Fiscal 2010 marks the ninth year the City has issued its financial statements in the format prescribed by the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34) and the second year for inclusion of information related to Post Employment Benefits as prescribed by the provisions of GASB Statement 45. Statement 34 requires the City to provide this overview of its financial activities for the fiscal year. Please read it in conjunction with the accompanying Transmittal Letter and Basic Financial Statements.

FISCAL 2010 FINANCIAL HIGHLIGHTS

The City's overall financial condition has weakened this fiscal year as reflected in a reduction in net assets related to Governmental Activities resulting from an ongoing structural imbalance between revenues generated by its tax base and unsustainable increases in the cost of maintaining existing program service levels in the City's General Fund (see discussion on page 14). The overall deterioration in net assets reflects the combined effect of a weakening financial condition of Business-type Activities (the City's Wastewater Collection and Treatment Enterprise) coupled with a decline in net assets for Government-type Activities. These extraordinary events will be recurring over the next several years, as net assets in Governmental Activities will continue to decline reflecting operating deficits in the City's General Fund, and shifting \$3.5 million in 2010 (and an additional \$750 thousand scheduled for 2011) of accumulated redevelopment property taxes to the recently authorized Supplemental Educational Revenue Augmentation Fund (SERAF). The tax transfers authorized for the SERAF are being challenged on a statewide basis through litigation has advanced to the State Court of Appeals; however, the State's right to make the transfers was upheld at the Trial Court level. The WPCP renovations are required to retain an effluent discharge permit compliant with the pollution standards established by the federal Clean Water Act and regulatory standards of the State of California's Regional Water Resources Control Board. June 2006 and 2009 increases in the sewage collection and treatment fees have successfully restored positive cash flows to the City's Business-type Activity, in amounts sufficient to fund enterprise cash flows and also assist in financing operating deficiencies (Reference F/S Note 9) in the City's General and Special Revenue funds. The 2010 financial highlights report:

Citywide:

- The City's total net assets decreased \$6,374,437 in fiscal 2010. At June 30, 2010, net assets totaled \$58,338,229.
- Citywide revenues totaled \$32,566,993, including program revenues of \$10,766,122 and general revenues of \$21,266,885, an increase of \$57,969 from the prior year's \$21,742,902.
- Total Citywide expenses were \$38,941,430, a decrease of \$455,062 from the prior year's \$39,396,492.
- Net assets in Governmental funds decreased \$5,665,161, while net assets in business activities decreased \$709,276.
- Governmental Program Revenues decreased to \$5,606,365 from fiscal 2009's \$6,389,083.
- Governmental Program Expenses decreased to \$33,142,956 in fiscal 2010, down \$941,307 from the prior year's \$34,084,263.
- Program revenues from Business-Type activities decreased to \$5,159,757 in fiscal 2010, down from \$5,858,159 in the prior year.
- Expenses of Business-Type Activities increased to \$5,798,474 in fiscal 2010, a \$486,245 increase from the prior year's level of \$5,312,229.

Fund Level:

- Governmental Fund balances decreased to \$45,749,920 in fiscal 2010 from the prior year's \$51,128,016.
- Governmental Fund revenues decreased to \$27,719,949 in fiscal 2010, down \$625,972 from the prior year's \$28,345,921.
- Governmental Fund expenditures increased to \$33,109,634 in fiscal 2010, up \$711,095 from fiscal 2009's level of \$32,398,539.
- General Fund revenues of \$11,864,026 represented a decrease of \$372,309 from fiscal 2009's revenues of \$12,236,335.
- General Fund balance of \$(3,079,187) at June 30, 2010 was lower by \$881,648 than fiscal 2009's fund balance of \$(2,197,539).

CITY OF PINOLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report is in six parts:

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

The Basic Financial Statements

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

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

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

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

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

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

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

CITY OF PINOLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

The Citywide Financial Statements

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

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

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

Fund Financial Statements

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

The Fund financial statements provide detailed information about each of the City's most significant funds, called Major Funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Subordinate schedules present the detail of these Non-major Funds. Major Funds present the major activities of the City for the year. The General fund is always a Major Fund, but other funds may change from year to year as a result of changes in the pattern of City's activities.

The City has three Major Funds in 2010 in addition to the General Fund. These are the Redevelopment Agency Projects Fund, Housing Set-Aside Fund and the Debt Service Fund, each of which is discussed in detail below.

Comparisons of Budget and Actual financial information are presented for the General Fund and the Housing Set-aside Special Revenue Fund.

Fiduciary Statements

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

CITY OF PINOLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

The City's combined net assets changed from a year ago, decreasing from \$64,712,666 to \$58,338,229, primarily as a result of changes in net assets used in Governmental Activities, as described in Table 1, below:

Table 1
Net Assets at June 30, 2010 (in millions)

	Governmental Activities			Business Activities			Total Government		
	2010	2009	Net Change	2010	2009	Net Change	2010	2009	Net Change
Cash and investments	\$20.7	\$26.2	(\$5.5)	\$1.4	\$0.9	\$0.5	\$22.1	\$27.1	(\$5.0)
Other assets	36.7	38.1	(1.4)	1.3	1.8	(0.5)	38.0	39.9	(1.9)
Capital assets	54.3	54.2	0.1	19.9	20.5	(0.6)	74.2	74.7	(0.5)
Total assets	111.7	118.5	(6.8)	22.6	23.2	(0.6)	134.3	141.7	(7.4)
Long-term debt outstanding	62.8	64.3	(1.5)	10.3	10.1	0.2	73.2	74.5	1.4
Other liabilities	2.4	2.0	0.4	0.4	0.5	(0.1)	2.8	2.5	0.3
Total liabilities	65.2	66.3	(1.1)	10.8	10.6	0.1	76.0	77.0	(1.0)
Net assets:									
Invested in capital assets, net of debt	42.6	48.5	(5.9)	10.1	7.8	2.3	52.7	56.3	(3.6)
Restricted	30.5	30.5					30.5	30.5	
Unrestricted(deficit)	(26.6)	(26.8)	0.2	1.7	4.7	(3.0)	(24.9)	(22.1)	(2.8)
Total net assets	\$46.5	\$52.2	\$(5.7)	\$11.8	\$12.5	\$(0.7)	\$58.3	\$64.7	\$(6.4)

The Net Assets of the City's governmental activities decreased by 11.0% percent, from \$52.2 million in 2009 to \$46.5 million in 2010. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, remained essentially unchanged reflecting the modest improvement in the City's budget recovery efforts to reduce the on-going structural deficit in the City's General Fund (down from \$1.5 million in 2009 to \$0.9 million in 2010). Restricted net assets, those restricted primarily for housing programs and redevelopment capital projects, also remained unchanged reflecting a reduction in program activities matched to the decline in the property taxes collected and set-aside for future development of low and moderate income housing projects.

The net assets of business-type activities decreased from the prior year. Unrestricted net assets decreased by \$3.0 million in 2010, reflecting the recognition of a portion (\$266 thousand) of the unfunded Post Employment Health Insurance Program for retirees combined with an increase in the value of capital investments net of outstanding debt (\$2.3 million). The reduction in Total Net Assets is a preliminary sign that an increase in user rates may be necessary to sustain the operation of this activity. The City can only use these net assets for operations related to the collection, treatment and disposal of wastewater. The decrease in Total Net Assets (\$0.7 million) for business-type activities suggests a rate structure that may not be adequate to fund capital replacement reserves couple with a lack of dry period (July through December) working capital, that requires internal borrowing to sustain payment of operating expenses at the Wastewater Treatment Plant.

CITY OF PINOLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

The following Financial Ratios can be used to assess the financial stability of the City over an extended period of time. The Ratios of Working Capital and Days Cash demonstrate an entity's ability to finance on-going operations. The weakening of Working Capital on an entity-wide, governmental and business-type basis reflects the combined effects of depletion of operating reserves for governmental activities needed to close the on-going structural deficit in operating activities coupled with mandated tax transfer (\$3.5 million in May of 2009) from the City's Redevelopment Agency to the County Special Revenue Education Augmentation Fund (SERAF). The deterioration in the Days Cash statistic for all activities signals a weakening in the City's overall financial condition, and reflects continued reliance on a drawdown of cash reserves (accumulated in prior fiscal periods) to maintain service levels at current performance levels. Recognizing depletion of its operating reserves the City Council adopted a new three-year Budget Recovery Plan for the fiscal years beginning July 1, 2008. It is hoped that prudent fiscal management of a local transaction tax (augmenting the tax base) coupled with significant reductions in operating expenses over the course of three fiscal periods will restore a sustainable balance between current period revenues and expenditures while maintaining existing service levels in governmental type program activities. These statistics validate the prudence of and necessity of the local tax increase ratified by the electorate in November of 2006 (a local transaction tax – Measure "S") increasing general taxing authority, in order to maintain and enhance public safety program activities.

In order to assure that sufficient Working Capital is available for successful implementation of the City's Budget and Workplans **temporary cash borrowing** in the form of a revolving Line-of-Credit was authorized (08/03/10) for the 2010-11 Budget Year, in an amount not to exceed \$3 million. Normally, reserve accounts are used to cover the payment of expenditure obligations during the "dry periods" between the distribution dates (April and December) for property taxes. However, since the City does not have cash reserves this funding alternative must be used. Continuation of this temporary borrowing will be reauthorized annually as needed, at the same time as the City Budget Appropriations are adopted.

"Working Capital" is the amount by which current assets exceed current liabilities.

Working Capital	2006	2007	2008	2009	2010
Entity Wide	\$ 59,161,286	\$79,576,088	\$71,552,626	\$63,567,734	\$57,164,323
Governmental	\$ 61,178,765	\$73,097,818	\$68,449,924	\$61,233,758	\$54,923,992
Business-type	\$(2,017,449)	\$ 6,478,270	\$ 3,102,702	\$ 2,333,976	\$ 2,240,331

"Days Cash" represents the number of days normal operations could continue with no revenue collection.

Days Cash	2006	2007	2008	2009	2010
Entity Wide	138	180	149	95	69
Governmental	158	210	167	98	67
Business-type	0	17	50	79	77

CITY OF PINOLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

Governmental Activities

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

Table 2
Governmental Net Assets at June 30, 2010

	Governmental Activities		
	2010	2009	Net Change
Cash and investments	\$20,693,266	\$26,163,603	(\$5,470,337)
Other assets	36,704,174	38,143,636	(1,439,462)
Capital assets	54,328,787	54,180,281	148,506
Total assets	\$111,726,227	\$118,487,520	\$(6,761,293)
Long-term debt outstanding	58,088,127	61,347,470	(3,259,343)
Other liabilities	7,136,590	4,973,379	2,163,211
Total liabilities	\$65,224,717	\$66,320,849	\$ (1,096,132)
Net assets:			
Invested in capital assets, net of debt	42,630,150	48,481,644	(5,851,494)
Restricted	30,499,599	30,499,885	(286)
Unrestricted	(26,628,239)	(26,814,858)	186,619
Total net assets	\$ 46,501,510	\$52,166,671	\$ (5,665,161)

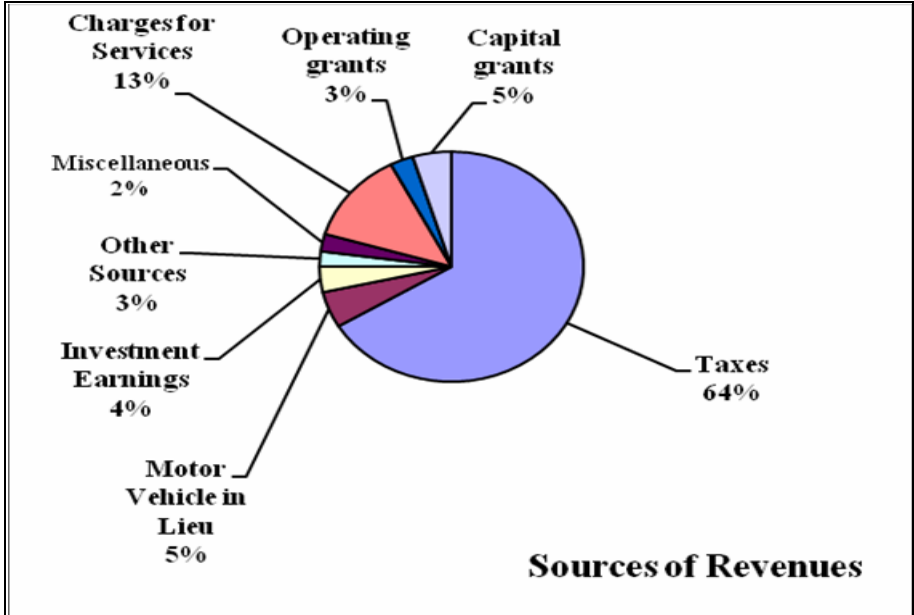
The City's net assets for Governmental Activities decreased \$5.6 million in 2010. This decrease in the Change in Net Assets is reflected in the Statement of Activities shown in Table 2, and is explained below:

- Cash and investments decreased \$5.5 million reflecting the combined effects of: the on-going structural deficit in the City's General Fund (\$ 0.9 million), payment (\$3.5 million) of a mandatory property tax transfer from the City's Redevelopment Agency to the County Supplemental Education Revenue Augmentation Fund (SERAF), and reimbursement of capital project infrastructure expenses (\$1.1 million) related to the construction roadway medians to the Kaiser Health Foundation the private partner in a Health Center Development, on an arterial roadway (Pinole Valley Road) adjacent to the project.
- Other assets decreased substantially (\$1.4 million), reflecting liquidation/discharge (1.0 million) of a business development and relocation loan for Ocu-ease located at 920 San Pablo Avenue in the Sunnyview Business Park Project coupled with a 100% reserve for doubtful collection of disputed Deferred Rent (\$0.4 million) for the Shopping Center Ground Lease with TKG Pinole Valley, LLC as reported in Note 3(i).
- Capital assets increased \$148,506, reflecting the combined effect of additions to the value of City roadways resulting from renovation (residential neighborhood slurry seal on Simas Avenue) and overlay (Phase 2 of a major arterial - Appian Way) projects offset by depreciation of infrastructure (primarily public buildings and roadways) and equipment as reported in Note 5.
- Long-term debt was decreased by \$3.3 million, due to the retirement of tax anticipation and pension obligation bonds in the amount of \$2,978,080, coupled with liquidation of capital lease financing obligations for equipment (\$255,977, see Note 7[h]) and compensated absences vested by employees (\$56,316, Note 7[j]).

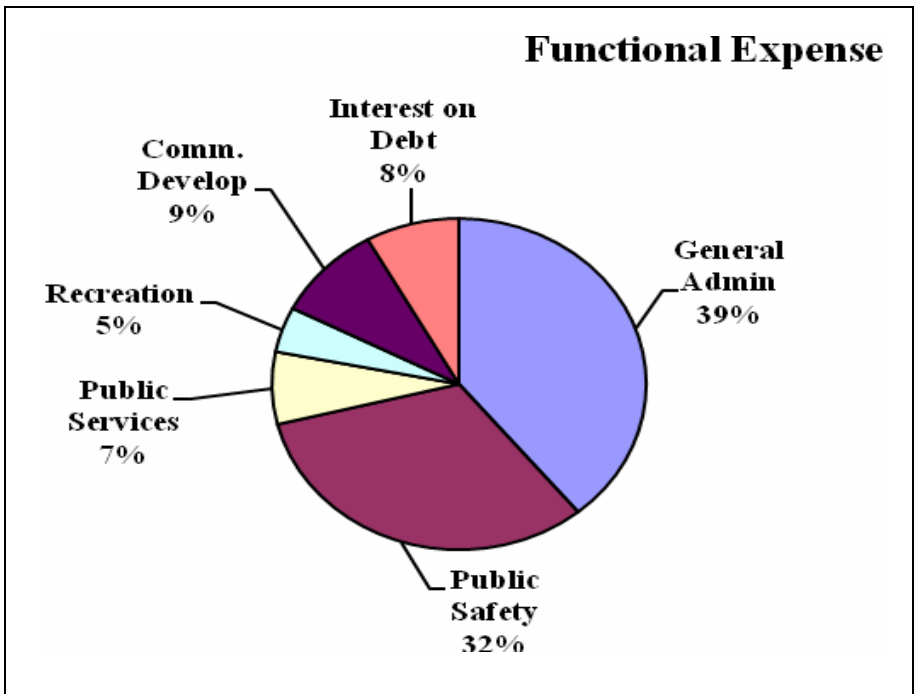
CITY OF PINOLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

- Other liabilities increased by \$2.2 million reflecting recognition of the unfunded portion (Net OPEB Obligation of \$1,976,442) of the Annual Required Contribution (ARC) required for the City's unfunded liability for its post employment health insurance benefit program for retirees (as described in Note 11) coupled with an increase in year-end Accounts Payable obligations at Year End (June 30, 2010).
- Net assets decreased (\$5.7 million) in 2010. Unrestricted net assets are reported in the amount of \$(26.6) million.

Fiscal Year 2010 Government Activities
(See Table 3)



As the Sources of Revenue Chart shows, \$18,229,886, or 64% of the City's 2010 revenue, came from taxes. Another \$1,394,474 (5% of the total) came from Motor Vehicle licensing fees. Charges for services accounted for \$3,522,384 or 13% of revenues. Investment Earnings accounted for \$986,963 (4%), and grants \$2,083,980 (8%).



The Functional Expense Chart includes current year expenses, which are discussed in detail below. It does not include capital outlays. In fiscal 2010, the City increased capital assets (net of depreciation) in the amount of \$148,506; a breakdown of Fiscal 2010's changes in capital assets by use category is shown in detail at Table 8. Public Safety would normally be the largest program single expenditure category at \$10,627,109 (32%), but General Administration is significantly (12%) larger in 2010 due to the mandated SERAF tax transfer (May 2010).

CITY OF PINOLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

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

Table 3
Changes in Governmental Net Assets

	Governmental Activities		
	2010	2009	Net Change
Expenses			
General Administration	\$ 12,935,189	\$ 9,203,481	\$ 3,731,708
Public Safety	10,627,109	11,086,383	(459,274)
Public Services	2,338,079	2,120,368	217,711
Recreation	1,463,300	1,653,907	(190,607)
Community Development	3,092,568	7,202,650	(4,110,082)
Interest on Long Term Debt	2,686,711	2,817,474	(130,763)
Total expenses	33,142,956	34,084,263	(941,307)
Revenues			
Program revenues:			
Charges for services	3,522,385	3,014,544	507,841
Operating contributions and grants	777,009	1,315,613	(538,604)
Capital grants	1,306,971	2,058,926	(751,955)
Total program revenue	5,606,365	6,389,083	(782,718)
General revenues:			
Taxes	18,229,886	19,060,207	(830,321)
Motor Vehicle In Lieu	1,394,474	1,480,306	(85,832)
Investment Earnings	986,963	1,027,361	(40,398)
Miscellaneous	586,121	177,180	408,941
Other Sources	673,986	100,000	573,986
Total general revenues	21,871,430	21,845,054	26,376
Total revenues	27,477,795	28,234,137	(756,342)
Change in net assets	\$ (5,665,161)	\$ (5,850,126)	\$ (184,965)

Expenses decreased \$941,307 in fiscal 2010 reflecting a significant decline (\$4.1 million) in redevelopment capital project activity offset by a mandatory tax property tax transfer of \$3.5 million (General Administration) from the City's Redevelopment Agency to the County Supplemental Educational Revenue Augmentation Fund, and a decline (\$0.5 million) Public Safety Program expenditures (reflecting labor concessions and staffing reductions related to the City's Budget Recovery Plan). Non-housing redevelopment project expenditures declined to approximately \$3.0 million, the low and moderate income housing program efforts continued with the construction of Heritage Park Cottages on Buena Vista Drive. Program Revenues decreased by \$782,718 reflecting, a significant decline (\$1.3 million) in grant funds from the State and Federal government primarily for roadway renovation projects and the initial reimbursements for the engineering design of the Pinole Creek Restoration Project, offset by an increase in charges for services related to community development programs. General revenues remained unchanged from the prior year, with a significant (\$0.9 million) decline in taxes generated from retail sales and real estate assessments offset by a substantial non-recurring revenue gain on the sale of a commercial ground lease (The Outback Property) coupled with early repayment of some redevelopment loans.

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

CITY OF PINOLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

Table 4
Governmental Activities

	Net (Expense) Revenue		Net Change (Incr)/Decr
	From Services		
	2010	2009	
General Administration	\$ (12,687,885)	\$ (8,876,152)	\$ (3,811,733)
Public Safety	(9,832,448)	(9,488,098)	(344,350)
Public Services	(386,844)	456,916	(843,760)
Recreation	(503,403)	(670,940)	167,537
Community Development	(1,439,300)	(6,299,432)	4,860,132
Interest on Long Term Debt	(2,686,711)	(2,817,474)	130,763
Totals	\$ (27,536,591)	\$ (27,695,180)	\$ 158,589

Net Expense for General Administration increased substantially (\$3.8 million) primarily reflecting the impact of a State mandated property tax transfer from the City's Redevelopment Agency. Public Safety program activities net expense increased in 2010 due to a reduction in Federal Grants for Fire Assistance. In 2009, the City's Fire Department received a non-recurring Equipment Grant from the Office of Federal Emergency Management Assistance (FEMA). Net expense for Community Development programs and activities would have increased in response to a decline in redevelopment tax revenues; however a decline in Capital Project activity was significant in contrast to 2009 expenditures that included completion of roadway infrastructure (Appian Phase-I and Fitzgerald Drive) and forgiveness of an infrastructure development loan for the Pinole Shores Business Park (\$2.7 million). Retirement of bond principle accounts for the decrease in interest expenditures for long-term debt service commitments.

Business-type Activities

The City's sole business activity is the operation of its Enterprise Fund for the Water Pollution Control Plant, which accounts for the collection, treatment and disposal of wastewater generated by city residents and businesses. The focus on business-type funds is a cost of service measurement, including maintenance of capital (depreciation of assets used for the activity), which is reflected in the return on ending net assets reported in Table 5.

The operation and maintenance of the City's Wastewater Treatment Plant and Collection System should be a self-supporting enterprise that is paid for by monthly service charges to all residential and commercial users. Prior to the 2007 fiscal year, the rates charged were deficient in this regard, and did not provide sufficient cash flows to fund ongoing operations and maintenance, or for the accumulation of cash reserves for future renovation and expansion of the enterprise.

CITY OF PINOLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

Table 5
Business-type Activities at June 30

	2006	2007	2008	2009	2010
Other Assets	\$(1,627,287)	\$ 6,726,784	\$ 4,123,436	\$ 2,676,812	\$ 2,671,345
Capital Assets	9,547,421	12,487,442	19,165,428	20,527,706	19,922,367
Total assets	7,920,134	19,214,226	23,288,864	23,204,518	22,593,712
Other liabilities	390,162	298,934	1,098,258	782,522	431,014
Long-term liabilities	193,062	10,173,083	10,088,389	9,876,001	10,325,979
Total liabilities	583,224	10,472,017	11,186,647	10,658,523	10,756,993
Invested in capital assets, net of debt	9,547,421	12,387,053	8,536,063	7,816,726	10,112,367
Unrestricted net assets	(2,210,511)	(3,644,844)	3,566,154	4,729,269	1,724,352
Total net assets	\$ 7,336,910	\$ 8,742,209	\$12,102,217	\$12,545,995	\$11,836,719
Change in Net Assets	\$(564,568)	\$ 1,405,299	\$ 2,806,387	\$ 443,778	\$(709,276)
Return on Ending Total Assets	-7.1%	7.3%	12.1%	1.9%	-3.1%
Return on Ending Net Assets	-7.7%	16.1%	23.2%	3.5%	-6.0%

In June 2009, the City Council adopted Resolution Number 2009-77 that authorizes a significant increase in service fees effective for the three fiscal years beginning 2009-10 and ending 2011-12. The rate structure is based on the concept of an equivalent dwelling unit for residential users, and is based on flow usage and business classes for commercial users. These user fees are collected by the Contra Costa County Tax Collector at the same time (and in the same manner) as to ad valorem property taxes and voter approved bond assessments. In 2010, charges were enrolled for 5,400 users in the amount of \$3,282,831.

The decrease (\$0.7 million) in net assets during 2010 demonstrates that although the existing user fees are sufficient to generate positive cash flows for this enterprise activity, they are not adequate to provide sufficient working capital to fund capital depreciation charges to begin the process of replacement of infrastructure used in this activity over the long term.

Work on significant capital improvements (construction of a 4th Digester to accommodate increasing demands for additional treatment capacity combined with replacement of a substantial portion of the existing Force Main [Parker Avenue] used to convey treated effluent to the deep water outfall discharge) were begun in 2006, and were completed in the Spring of 2008, which required the securing of long-term debt financing (in the form of a Revenue Bond Issuance in August of 2006). Additional bonding will be required to furnish facility and equipment upgrades to meet the water quality standards prescribed for renewal of the City's Wastewater Discharge Permit. Engineering design of the required capital improvements will begin in the Spring of 2011, with construct of the plant upgrades anticipated in the November of 2012.

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

The increase (\$294,618) in program revenues primarily reflects a scheduled (second annual of three) increase in user fees, coupled with a decline (\$993,020) capital improvement reimbursements received from the City's business partner (the City of Hercules) for this enterprise activity for their proportional share of the capital expenditures for renovation of the Wastewater Treatment Plant, as the replacement of Digester Lid Project reached completion. Operating expenses for the utility increased (\$486,245) for 2010, reflecting the combined effect of continued increases in the cost for chemicals used in the treatment process and disposal fees for residual solids transported to the Keller Canyon Landfill.

CITY OF PINOLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

Table 6
Changes in Business-type Net Assets

	Business-type Activities		
	2010	2009	Net Change
Expenses			
Wastewater utility	\$ (5,798,474)	\$ (5,312,229)	\$ (486,245)
Total expenses	(5,798,474)	(5,312,229)	(486,245)
Revenues			
Program revenues:			
Charges for services	5,101,066	4,806,448	294,618
Operating contributions and grants	-	-	-
Capital grants	58,691	1,051,711	(993,020)
Total program revenue	5,159,757	5,858,159	(698,402)
General revenues:			
Investment Earnings	29,441	(2,152)	27,289
Miscellaneous			
Transfers	(100,000)	(100,000)	-
Total general revenues	(70,559)	(102,152)	31,593
Total revenues	5,089,198	5,756,007	(666,809)
Change in net assets	\$ (709,276)	\$ 443,778	\$ (1,153,054)

The City's Fund Financial Statements

Table 7 below summarizes activity and balances for Governmental funds:

Table 7
Financial Highlights Governmental Funds at June 30

	2010	2009	Net Change Incr(Decr)
Total assets	\$ 56,791,360	\$ 62,622,168	\$ (5,830,808)
Total liabilities	\$ 11,041,440	\$ 11,494,152	\$ (452,712)
Total fund balances	\$ 45,749,920	\$ 51,128,016	\$ (5,378,096)
Total revenues	\$ 27,719,949	\$ 28,345,921	\$ (625,972)
Total expenditures	\$ 33,109,364	\$ 32,398,539	\$ 710,825
Total other financing sources(uses)	\$ 11,319	\$ 100,000	\$ (88,681)

At June 30, 2010, the City's governmental funds reported combined fund balances of \$45,749,920, which is a decrease of \$5.4 million when compared with last year. Fund Balances for the General Fund decreased in total by \$0.9 million, reflecting the impact of a structural imbalance in the City's Budget leading to an operating deficit for the year. Similarly, the Fund Balance reported for Debt Service, Housing Set-Aside and Redevelopment Capital funds decreased substantially (\$4.3 million) resulting from the combined effect the retirement of redevelopment debt (\$2,947,000, as described in Note 7) and capital project expenditures (as described on page iv of the Transmittal Letter).

As of June 30, 2010, a substantial (\$1.8 million) decline of the cash "with fiscal agents" reflects the capital project expenditures for the construction of three Below Market Rate (BMR) affordable single family residences (the Heritage Park Cottage Project) located on Buena Vista Drive and local matching funds for completion of Phase-II of the Appian Way roadway reconstruction project, primarily fund with a Federal Stimulus Grant (American Recovery and Reinvestment Act [ARRA]). The majority (\$6.5 million) of the remainder of these funds are held for repair of

CITY OF PINOLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

construction defects at the Pinole Assisted Living Center, located on Estates Avenue, and a portion of these funds (up to \$3 million) have been authorized to fund a revolving line of credit for the City's Redevelopment Agency for temporary cash flow financing for the 2010-11 Budget Year. The remainder of these funds (\$7.6 million) is allocated between mandatory debt service reserves (\$4.9 million) and the remaining balance (\$2.7 million) of the project financing from the 2004 sale of tax allocation bonds (still available for expenditure on redevelopment projects in future fiscal periods).

Revenues at the fund level decreased \$(625,972) this year to \$27.7 million, reflecting a continued decline (\$233,431) in local sales tax revenues combined with an additional decline (312,377) in property taxes reflecting declines in the assessed valuation of commercial real estate. Expenditures increased \$710,825 in fiscal 2010 to a total of \$33.1 million. General Fund expenditures decreased \$749,090, reflecting continued reductions in Public Safety and Public Services program expenses, which were offset by an increase in expenditures in non-major governmental funds (primarily public works capital outlays for roadway reconstruction) of \$1.0 million, and spending on redevelopment activities declined significantly (the prior year expenditures recognized the forgiveness of a \$2.7 million infrastructure development loan for the Pinole Shores Business Park) offset by the first (of two) mandated tax transfers (\$3.5 million) to the Contra Costa County Supplemental Revenue Augmentation Fund.

Analysis of Major Governmental Funds

General Fund

General Fund revenues decreased \$372,309 this fiscal year. Primarily the decrease reflects reductions in the local taxes (combined reduction of \$274,352) combined with a decrease (\$89,672) Other Revenues (reflecting a "close-out" and refund of Association of Bay Area Government's Energy Cooperative Joint Powers Authority). The overall decline (\$376,781) in deficit spending resulted in less interest expense from internal borrowing of working capital to meet cash flow requirements for 2010.

There were reductions in most sources of tax revenue (as compared to the prior year, refer to the 10-Year Trend Schedule in the Statistical Section of this document) except for Solid Waste Franchise Fees and Business License Taxes. The most substantial decline reported was for sales/use taxes in the amount of \$233,431.

Investment earnings are reported at \$10,328 an increase from the previous year reflecting a decline in interest charges to the City's General Fund for borrowing of working capital to meet cash flow needs in 2010. This internal borrowing is repaid with interest at the "pooled treasury" rate. At the end of the fiscal period, the City's General Fund had borrowed the sum of \$2,289,325 from the City's Redevelopment Agency and also \$500,000 from the City's Wastewater Enterprise fund (a decrease of \$582,409 from the previous year).

General Fund expenditures decreased \$749,090, reflecting the effect of the latest (fifth) round of budget spending reductions including a twelve (12) day Furlough Program negotiated with employee labor groups and adopted by the City Council in September of 2009, in the amount of \$345,351. Transfers out of the General Fund decreased (\$237,944) in fiscal 2010 reflecting a reduction in the amount of tax subsidies allocated for support of Recreation programs (accounted for separately in special revenue funds).

With the implementation of additional expenditure reductions Net Results of Operations for the General Fund at year-end improved by \$376,781 as compared to the previous (2009) fiscal year. The residual deficiency of \$952,540 reflects the financial impact of the extraordinary decline in the City's tax revenues (from the combined effects of a collapse in both residential and commercial real estate values coupled with the adverse impact of the Global Recession on local retail sales activity). The reduction to Fund Balance for 2010 was \$881,648, reflecting the combined effects of adopting a deficit spending plan (deficit budget) coupled with continued declines in tax collections for the fiscal year.

By June 30, 2010, the General Fund Balance had been reduced to a negative balance of \$3,079,187. In recognition of the depletion of reserve accounts and the creation of negative fund balance, the City Council adopted (June 2008) a three-year Budget Recovery Plan, providing for a 10% "across the board" reduction in expenditure appropriations

CITY OF PINOLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

for all operating programs and activities no later than June 30, 2011. Expenditure reductions in this amount would have provided a sustainable balance between current period revenues and expenditures beginning in the 2011-12 fiscal year, were it not for an extraordinary decline in the City's tax-base reflecting the combined impacts of a collapse in real estate property values coupled with a precipitous decline in retail sales activity accompanying expansion of the Global Recession in 2009. Recognizing the need for short-term borrowing to finance the General Fund cash flow needs during the expenditure reduction period of a three-year recovery plan, internal borrowing between the City and its Redevelopment Agency was authorized in April of 2008. The amounts advanced (not to exceed \$2.5 million) by the Redevelopment Agency will be repaid with interest over a period of no more than fifteen years commencing the 2011-12 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.

Redevelopment Agency Capital Project Fund

The Redevelopment Agency Project Fund accounts for capital improvement projects and loans to developers in the Agency's project areas.

The Agency decreased (\$1,529,596) the amount of loans to local businesses to assist them in rehabilitating their properties and in construction funding. Loans of this type are secured by second deeds of trust on the respective properties and are interest bearing. The substantial decrease in the unreserved amount reflects discharge (March 2010) of the development loan (991,281) to Ocu-ease for property (920 San Pablo Avenue) located in the Sunnyview Plaza, coupled with a 100% reserve for doubtful collection of disputed Deferred Rent (\$369,268) for the Shopping Center Ground Lease with TKG Pinole Valley, LLC (Note 3i).

Property tax revenues for the Fund were \$7,213,098 in fiscal 2010, down \$250,327 from fiscal 2009, as assessed valuations declined in fiscal 2010, reflecting negligible sales of existing and limited new construction activity of privately owned properties combined with downward reassessment of commercial property values within the project area. Rents and ground leases remained largely unchanged from the prior year.

Fund expenditures (\$6,309,422) decreased by \$2,615,457 fiscal 2010, down from \$8,924,879 in fiscal 2009, primarily reflecting the absence of the extraordinary (\$2,700,000) prior year increase in economic development expenditures related to the forgiveness of infrastructure development loans for the Phase-I development of the Pinole Shores Business Park reported in 2009.

Housing Set Aside Fund

This fund accounts for the portion of Redevelopment Agency property tax increment required under California law to be set aside to fund low and moderate-income housing expenditures. The City's residential and 1st time homebuyer loan programs for low and moderate-income residents and similar loans to non-profit corporations developing such housing are accounted for in this Fund (further details on these programs may be found in Note 3). In this Fund, new loans are accounted for as expenditures and repayments on loans are accounted for as revenues.

Principal payments and in many cases interest payments are deferred on these low and moderate income loans until the property is sold or re-financed, and are not considered revenues until they are received. Principal and interest on loans to non-profit developers of such properties typically are at below-market rates and payments are deferred for considerable periods of years to assist these non-profit organizations in their efforts to develop such housing. All these loans are secured by deeds of trust on the underlying property, and if the facilities constructed with these loans are not used for the purposes intended, the loans become due and payable immediately.

Expenditures increased significantly (\$3,513,966) as compared to the prior year reflecting the initial payment of residual funds to local schools (SERAF). Capital Outlay expenditures declined from the capitalization of project expenditures for a major housing project activity (the Heritage Park Cottages) held for resale in the Fall of 2010. Revenues in fiscal 2010 were essentially unchanged, as a decline in tax increment and investment earnings revenues were offset by an increase in loan repayments. Interest income from inactive funds decreased (\$74,558) markedly this fiscal period, reflecting the impact of an overall deterioration in fixed income market rates of interest accompanying the Global Recession of 2009. The aggregate investment rate (for the Pooled Treasury) declined during the fiscal year from 2.09% to 1.56%.

CITY OF PINOLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

The Fund's fiscal year end fund balance of \$12,777,315 is committed to fund future low and moderate-income housing expenditures; however, some portion of these funds will be required to repair construction defects and/or liquidate the Agency's debt financing of the Pinole Assisted Living Center. At 06/30/2010 the amount held in trust for the repairs was \$6,743,734.

The balance of outstanding loans is recorded as a receivable, with an offsetting credit for that portion of the loans that have subordination provisions resulting in extended deferral of debt payments. At the end of fiscal 2010, the outstanding balances of such loans were \$32,202,169, against which a subordination allowance of \$27,526,997 was established (as described in Note 3).

Debt Service Fund

This fund accounts for payments of principal and interest on the City's Tax Allocation Bonds. These Bonds were issued by the Redevelopment Agency to finance improvements in blighted areas in the Agency's project areas, and are serviced out of property tax increments received by the Agency. Financial resources are transferred into the Fund from the Agency funds collecting those increments in sufficient amounts to service this debt. The reserves required under the Tax allocation Bond indentures are also accounted for in this fund.

In fiscal 2010, \$2,665,000 in principal and \$2,555,079 in interest and fiscal charges were paid out of this Fund to service these Bonds. Transfers of \$4,688,633 into the Fund provided the resources for these payments. The fund ended fiscal 2010 with \$4,882,602 fund balance, \$396,298 less than fiscal 2009. Maintaining fund balance at this level reflects requirements of the Agency's indentures for funding of debt service reserve accounts, in amounts sufficient to cover one year's anticipated debt service payments.

Other Governmental Funds

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

Proprietary Fund

Wastewater Utility

Net assets of the Wastewater Utility Fund decreased by the amount of \$709,276 in the current year to a total of \$11,836,719. Operating income for the current year was \$5,101,066, as revenues increased \$294,618 (reflecting an increase in User Fees) while expenses increased \$290,862 (reflecting an increase in maintenance repairs to the sewage collection system improvements) to a total of \$5,190,654.

The Fund's Net Assets comprised \$10,112,367 invested in capital assets and \$1,724,352 in unrestricted net assets at June 30, 2010. The significant decline in unrestricted net asset value validate the City Council's decision (in June 2009) to increase user fees effective on July 1, 2009. The increased rates for the sewage collection and treatment fees have successfully restored positive cash flows to the City's Business-type Activities, stabilizing the fiscal condition of this enterprise activity.

CAPITAL ASSETS

GASB 34 requires the City to record all its capital assets including infrastructure, which was not recorded prior to implementation of GASB 34. Infrastructure includes roads, bridges, signals and similar assets used by the entire population. In fiscal 2002, the City recorded the cost of those infrastructure assets listed below, and computed the amount of accumulated depreciation for all its capital assets.

CITY OF PINOLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

At the end of fiscal 2010 the cost of infrastructure and other capital assets recorded on the City's financial statements was as shown in Table 8 below:

Table 8
Capital Assets at Year-end

	2010	2009	Net Change
<i>Governmental Activities</i>			
Land (and Construction-in-progress)	\$ 10,297,473	\$ 10,196,471	\$ 101,002
Buildings & Improvements	25,997,477	25,983,398	14,079
Equipment	4,307,188	4,445,198	(138,010)
Vehicles	2,650,387	2,605,993	44,394
Streets & Roads	51,780,869	49,376,088	2,404,781
Storm Drains	2,831,039	2,797,541	33,498
Bridges	3,550,749	3,550,749	0
Parks	2,438,479	2,438,479	0
Less accumulated depreciation	(49,524,874)	(47,213,636)	(2,311,238)
Totals	\$ 54,328,787	\$ 54,180,281	\$ 148,506
<i>Business-type activities</i>			
Construction in Progress	\$ 105,492	\$ 82,153	\$ 23,339
Sewer Lines	7,544,298	7,544,298	0
Buildings & Improvements	20,480,349	20,398,196	82,153
Equipment	3,920,864	3,990,295	(69,431)
Less accumulated depreciation	(12,128,636)	(11,487,236)	(641,400)
Totals	\$ 19,922,367	\$ 20,527,706	\$ (605,339)

The City depreciates all its capital assets over their estimated useful lives, as required by GASB 34. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on capital assets and depreciable lives may be found in Notes 1(g) and 5.

CITY OF PINOLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

DEBT ADMINISTRATION

Each of the City's debt issues is discussed in detail in Note 7 to the financial statements. At June 30, the City's debt comprised six Tax Allocation bond issues with interest rates ranging from 2.0% to 6.75% (all secured by property tax increment revenues) and a Pension Obligation Bond bearing interest rates ranging from 5.67% to 6.12%. During 2010, Compensated Absences for vested payroll liabilities increased slightly (\$56,316), while Capital Lease Obligations for equipment declined significantly (\$255,977) for equipment. At the end of fiscal 2010 the City's debt comprised:

Table 9
Outstanding Debt

Governmental Activity Debt:	Balance June 30, 2010	Balance June 30, 2009	Net Change
Tax Allocation bonds	\$ 50,790,000	\$ 53,455,000	\$ (2,665,000)
Pension Obligation bonds	5,647,063	5,960,143	(313,080)
Mortgage payable	719,796	801,398	(81,602)
Compensated Absences	855,812	799,496	56,316
Capital Lease Obligations	75,456	331,433	(255,977)
Total Debt	\$ 58,088,127	\$ 61,347,470	\$ (3,259,343)

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.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

This page is intentionally left blank.

STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES

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

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

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

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

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

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

Both of these Statements include the financial activities of the City, the City of Pinole Redevelopment Agency, and the Pinole Joint Powers Financing Authority which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for their activities.

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

CITY OF PINOLE
STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments (Note 2)	\$ 6,589,102	\$ 725,820	\$ 7,314,922
Cash and investments with fiscal agents (Note 2)	14,104,164	647,234	14,751,398
Receivables:			
Accounts	1,291,502	422,364	1,713,866
Interest	2,241	-	2,241
Notes and loans, net of allowance of \$(27,526,997) (Note 3)	4,675,172	-	4,675,172
Prepaid items	9,501	1,329	10,830
Bond issuance costs	962,585	374,598	1,337,183
Net pension asset (Note 7)	3,871,456	-	3,871,456
Internal balances (Note 9)	(500,000)	500,000	-
Land held for redevelopment (Note 4)	26,391,717	-	26,391,717
Capital assets (Note 5)			
Land and construction in progress	10,297,473	105,492	10,402,965
Other capital assets, net of depreciation	<u>44,031,314</u>	<u>19,816,875</u>	<u>63,848,189</u>
Total capital assets	<u>54,328,787</u>	<u>19,922,367</u>	<u>74,251,154</u>
Total Assets	<u>\$ 111,726,227</u>	<u>\$ 22,593,712</u>	<u>\$ 134,319,939</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	\$ 1,347,476	\$ 431,014	\$ 1,778,490
Accrued interest	1,045,336	-	1,045,336
Deposits	16,115	-	16,115
Mortgage notes on land held for redevelopment (Note 6)			
Due within one year	64,521	-	64,521
Due in more than one year	710,199	-	710,199
Long-term liabilities (Note 7):			
Due within one year	3,280,087	216,454	3,496,541
Due in more than one year	54,808,040	9,703,175	64,511,215
Claims payable (Note 12)	76,603	-	76,603
Net OPEB Obligation (Note 11)	<u>3,876,340</u>	<u>406,350</u>	<u>4,282,690</u>
Total Liabilities	<u>65,224,717</u>	<u>10,756,993</u>	<u>75,981,710</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	42,630,150	10,112,367	52,742,517
Restricted for:			
Debt service	4,882,602	-	4,882,602
Housing projects	2,953,498	-	2,953,498
Redevelopment activities	22,663,499	-	22,663,499
Unrestricted	<u>(26,628,239)</u>	<u>1,724,352</u>	<u>(24,903,887)</u>
Total Net Assets	<u>46,501,510</u>	<u>11,836,719</u>	<u>58,338,229</u>
Total Liabilities and Net Assets	<u>\$ 111,726,227</u>	<u>\$ 22,593,712</u>	<u>\$ 134,319,939</u>

See accompanying notes to the basic financial statements.

CITY OF PINOLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		<u>Total</u>
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	
PRIMARY GOVERNMENT							
Governmental activities:							
General government	\$ 12,935,189	\$ 247,304	\$ -	\$ -	\$ (12,687,885)	\$ -	\$ (12,687,885)
Public safety	10,627,109	380,755	313,906	100,000	(9,832,448)	-	(9,832,448)
Public services	2,338,079	314,815	429,449	1,206,971	(386,844)	-	(386,844)
Recreation	1,463,300	926,243	33,654	-	(503,403)	-	(503,403)
Community development	3,092,568	1,653,268	-	-	(1,439,300)	-	(1,439,300)
Interest and fiscal charges	<u>2,686,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,686,711)</u>	<u>-</u>	<u>(2,686,711)</u>
Total governmental activities	<u>33,142,956</u>	<u>3,522,385</u>	<u>777,009</u>	<u>1,306,971</u>	<u>(27,536,591)</u>	<u>-</u>	<u>(27,536,591)</u>
Business-type activities:							
Wastewater utility	<u>5,798,474</u>	<u>5,101,066</u>	<u>-</u>	<u>58,691</u>	<u>-</u>	<u>(638,717)</u>	<u>(638,717)</u>
Total primary government	<u>\$ 38,941,430</u>	<u>\$ 8,623,451</u>	<u>\$ 777,009</u>	<u>\$ 1,365,662</u>	<u>\$ (27,536,591)</u>	<u>\$ (638,717)</u>	<u>\$ (28,175,308)</u>
General revenues:							
Taxes:							
Property taxes					11,018,085	-	11,018,085
Sales taxes					4,192,988	-	4,192,988
Franchise taxes					477,315	-	477,315
Utility taxes					2,030,198	-	2,030,198
Transient occupancy tax					187,746	-	187,746
Gas tax					323,554	-	323,554
Unrestricted motor vehicle in lieu					1,394,474	-	1,394,474
Investment earnings (losses)					986,963	29,441	1,016,404
Miscellaneous					586,121	-	586,121
Gain from sale of property held for resale					662,667	-	662,667
Loss on sale of property					(88,681)	-	(88,681)
Transfers (Note 9)					<u>100,000</u>	<u>(100,000)</u>	<u>-</u>
Total general revenues and transfers					<u>21,871,430</u>	<u>(70,559)</u>	<u>21,800,871</u>
Change in net assets					(5,665,161)	(709,276)	(6,374,437)
Net assets - beginning					<u>52,166,671</u>	<u>12,545,995</u>	<u>64,712,666</u>
Net assets - ending					<u>\$ 46,501,510</u>	<u>\$ 11,836,719</u>	<u>\$ 58,338,229</u>

See accompanying notes the basic financial statements.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

The funds described below were determined to be major governmental funds by the City for the fiscal year 2010. Individual non-major funds may be found in the Supplemental Section.

General Fund

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

Redevelopment Agency

This fund is used to account for major capital improvement projects under the management of the City's Redevelopment Agency.

Housing Set-Aside Fund

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

Debt Service

The Debt Service Fund is used to account for the payment of interest and principal on the long-term liabilities of the City and related entities.

CITY OF PINOLE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>General Fund</u>	<u>Redevelopment Agency Projects Fund</u>	<u>Housing Set-Aside Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>						
Cash and investments	\$ 255,821	\$ 2,766,161	\$ 1,863,368	\$ -	\$ 1,703,752	\$ 6,589,102
Cash and investments with fiscal agents	-	1,222,508	7,987,719	4,893,937	-	14,104,164
Receivables:						
Accounts	682,302	22,808	1,447	-	584,945	1,291,502
Interest	120	2,121	-	-	-	2,241
Notes and loans	-	4,363,263	311,909	-	-	4,675,172
Due from other funds	82,415	2,300,660	-	-	1,344,886	3,727,961
Prepaid items and supplies	8,342	-	-	-	1,159	9,501
Land held for redevelopment	-	23,002,811	3,388,906	-	-	26,391,717
Total Assets	<u>\$ 1,029,000</u>	<u>\$ 33,680,332</u>	<u>\$ 13,553,349</u>	<u>\$ 4,893,937</u>	<u>\$ 3,634,742</u>	<u>\$ 56,791,360</u>
<u>LIABILITIES AND FUND BALANCES</u>						
LIABILITIES:						
Accounts payable and accrued liabilities	\$ 736,447	\$ 246,857	\$ 28,717	\$ -	\$ 335,455	\$ 1,347,476
Mortgage notes on land held for redevelopment	-	339,312	435,408	-	-	774,720
Deferred revenue	-	4,363,259	311,909	-	-	4,675,168
Deposits payable	-	6,750	-	-	9,365	16,115
Due to other funds	2,871,740	-	-	11,335	844,886	3,727,961
Due to proprietary fund	500,000	-	-	-	-	500,000
Total Liabilities	<u>4,108,187</u>	<u>4,956,178</u>	<u>776,034</u>	<u>11,335</u>	<u>1,189,706</u>	<u>11,041,440</u>
FUND BALANCES						
Reserved for:						
Debt service	-	-	-	4,882,602	-	4,882,602
Land held for redevelopment net of related mortgages	-	22,663,499	2,953,498	-	-	25,616,997
Unreserved: Designated for capital projects	-	-	9,823,817	-	2,003,135	11,826,952
Unreserved: Undesignated	(3,079,187)	6,060,655	-	-	-	2,981,468
Unreserved: Reported in nonmajor:						
Special revenue funds	-	-	-	-	441,901	441,901
Total Fund Balances	<u>(3,079,187)</u>	<u>28,724,154</u>	<u>12,777,315</u>	<u>4,882,602</u>	<u>2,445,036</u>	<u>45,749,920</u>
Total Liabilities and Fund Balances	<u>\$ 1,029,000</u>	<u>\$ 33,680,332</u>	<u>\$ 13,553,349</u>	<u>\$ 4,893,937</u>	<u>\$ 3,634,742</u>	<u>\$ 56,791,360</u>

See accompanying notes to the basic financial statements.

CITY OF PINOLE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE STATEMENT OF NET ASSETS
JUNE 30, 2010

Total fund balances reported on the governmental funds balance sheet	\$ 45,749,920
Amounts reported for governmental activities in the statement of net assets are different from those reported in the Governmental Funds above because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$49,524,874	54,328,787
Revenues which are deferred on the Fund Balance Sheet because they are not available currently are taken into revenue in the Statement of Activities	4,675,168
Prepaid bond issuance costs are not capitalized and are therefore not reported in the Governmental Funds	962,585
Net pension asset is not capitalized and is therefore not reported in the Governmental Funds	3,871,456
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(56,437,063)
Loans and mortgages payable	(719,796)
Capital lease obligations payable	(75,456)
Accrued interest	(1,045,336)
Compensated absences	(855,812)
Net OPEB obligation	(3,876,340)
Claims payable	<u>(76,603)</u>
Net assets of governmental activities	<u>\$ 46,501,510</u>

See accompanying notes to the basic financial statements.

CITY OF PINOLE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>Redevelopment Agency Projects Fund</u>	<u>Housing Set-Aside Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>						
Taxes and assessments	\$ 8,635,593	\$ 7,213,098	\$ 1,803,806	\$ -	\$ 577,389	\$ 18,229,886
Intergovernmental	1,564,352	-	-	-	1,880,448	3,444,800
Loan repayments	-	116,060	137,413	-	-	253,473
Contributions	-	-	-	-	33,654	33,654
Investment earnings (losses)	10,328	376,306	419,971	158,359	21,999	986,963
Rents and ground leases	81,595	401,825	-	-	102,243	585,663
Charges for service	1,270,860	-	-	-	1,557,454	2,828,314
Fines, forfeitures and penalties	108,408	-	-	-	-	108,408
Gain from sale of property held for resale	-	662,667	-	-	-	662,667
Other revenues	<u>192,890</u>	<u>328,206</u>	<u>10,497</u>	<u>-</u>	<u>54,528</u>	<u>586,121</u>
Total Revenues	<u>11,864,026</u>	<u>9,098,162</u>	<u>2,371,687</u>	<u>158,359</u>	<u>4,227,715</u>	<u>27,719,949</u>
<u>EXPENDITURES</u>						
Current operations:						
General administration	2,262,686	3,158,940	3,890,176	23,211	18,955	9,353,968
Public safety	9,596,825	-	-	-	750,078	10,346,903
Public services	378,486	-	-	-	408,716	787,202
Recreation	150	-	-	-	1,375,138	1,375,288
Community development	149,971	753,416	375,507	-	435,816	1,714,710
Debt service:						
Principal	313,080	81,602	-	2,665,000	255,977	3,315,659
Interest and fiscal charges	78,797	46,314	31,127	2,555,079	15,530	2,726,847
Capital outlay	<u>36,571</u>	<u>2,269,150</u>	<u>-</u>	<u>-</u>	<u>1,183,066</u>	<u>3,488,787</u>
Total Expenditures	<u>12,816,566</u>	<u>6,309,422</u>	<u>4,296,810</u>	<u>5,243,290</u>	<u>4,443,276</u>	<u>33,109,364</u>
Excess (deficiency) of revenues over expenditures	<u>(952,540)</u>	<u>2,788,740</u>	<u>(1,925,123)</u>	<u>(5,084,931)</u>	<u>(215,561)</u>	<u>(5,389,415)</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Loss on sale of property	-	-	(88,681)	-	-	(88,681)
Transfers from Proprietary Fund	100,000	-	-	-	-	100,000
Transfers in	220,832	-	-	4,688,633	249,940	5,159,405
Transfers out	<u>(249,940)</u>	<u>(3,413,787)</u>	<u>(1,274,846)</u>	<u>-</u>	<u>(220,832)</u>	<u>(5,159,405)</u>
Total other financing sources (uses)	<u>70,892</u>	<u>(3,413,787)</u>	<u>(1,363,527)</u>	<u>4,688,633</u>	<u>29,108</u>	<u>11,319</u>
Net change in fund balances	(881,648)	(625,047)	(3,288,650)	(396,298)	(186,453)	(5,378,096)
Fund balances - beginning	<u>(2,197,539)</u>	<u>29,349,201</u>	<u>16,065,965</u>	<u>5,278,900</u>	<u>2,631,489</u>	<u>51,128,016</u>
Fund balances - ending	<u>\$ (3,079,187)</u>	<u>\$ 28,724,154</u>	<u>\$ 12,777,315</u>	<u>\$ 4,882,602</u>	<u>\$ 2,445,036</u>	<u>\$ 45,749,920</u>

See accompanying notes to the basic financial statements.

CITY OF PINOLE
RECONCILIATION OF THE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

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

Net change in fund balances - total governmental funds	\$ (5,378,096)
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	3,340,694
Depreciation expense	(2,508,248)
Capital asset disposals	(682,764)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:	
Capital lease obligation principal payments	255,977
Bond principal payments	2,978,080
Loan and mortgage principal payments	81,602
Costs associated with the issuance of long-term liabilities is an expenditure in the governmental funds, but increases the assets in the Statement of Net Assets	
Amortization of bond issuance costs	(72,542)
Receipts of payments and disbursements of funds related to notes and loans receivable are reported as revenues and expenditures, respectively, in governmental funds, but an increase and decrease, respectively, in notes receivable in the Statement of Net Assets	
Loan program receipts	(141,277)
Loans made during the year	1,351,670
Loans written off and forgiven	(4,196,050)
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	(56,316)
Net OPEB obligation	(1,976,442)
Claims payable	31,259
Interest payable on long-term debt	40,136
Provision for notes receivable	1,509,123
Net Pension Asset amortization expense	<u>(241,967)</u>
Change in net assets of governmental activities	<u>\$ (5,665,161)</u>

See accompanying notes to the basic financial statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

Wastewater Utility Fund

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

CITY OF PINOLE
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2010

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

ASSETS

Current assets:

Cash and investments (Note 2)	\$ 725,820
Cash with fiscal agent (Note 2)	647,234
Accounts receivable	422,364
Due from other funds (Note 9)	500,000
Prepays and supplies	<u>1,329</u>
Total Current Assets	<u>2,296,747</u>

Non-current assets:

Debt issuance costs (net of amortization)	374,598
Capital assets: (Note 5)	
Construction in progress	105,492
Sewer lines	7,544,298
Buildings and improvements	20,480,349
Machinery and equipment	3,920,864
Less: Accumulated depreciation	<u>(12,128,636)</u>
Total capital assets net of accumulated depreciation	<u>19,922,367</u>
Total Non-Current Assets	<u>20,296,965</u>
Total Assets	<u>22,593,712</u>

LIABILITIES

Current liabilities:

Accounts payable	382,915
Accrued wages	48,099
Accrued compensated absences - current (Note 7)	26,454
Bonds payable - current (Note 7)	<u>190,000</u>
Total Current Liabilities	<u>647,468</u>

Long-term liabilities:

Accrued compensated absences (Note 7)	83,175
Net OPEB obligation (Note 11)	406,350
Bonds payable (Note 7)	<u>9,620,000</u>
Total Long-term Liabilities	<u>10,109,525</u>
Total Liabilities	<u>10,756,993</u>

NET ASSETS:

Invested in capital assets, net of related debt	10,112,367
Unrestricted	<u>1,724,352</u>
Total Net Assets	<u>\$ 11,836,719</u>

See accompanying notes to the basic financial statements.

CITY OF PINOLE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities Wastewater Utility Enterprise Fund
<u>OPERATING REVENUES</u>	
Charges for services	\$ 5,099,659
Other	<u>1,407</u>
Total Operating Revenue	<u>5,101,066</u>
<u>OPERATING EXPENSES</u>	
Sewer treatment plant	2,625,890
Sewer maintenance	1,838,356
Depreciation	<u>726,408</u>
Total Operating Expenses	<u>5,190,654</u>
Operating Loss	<u>(89,588)</u>
<u>NON-OPERATING REVENUE AND EXPENSES</u>	
Investment earnings	29,441
Interest expense	<u>(607,820)</u>
Total Non-Operating Revenues and Expenses	<u>(578,379)</u>
Loss Before Contributions and Transfers	<u>(667,967)</u>
Capital contributions	58,691
Transfers out	<u>(100,000)</u>
Change in net assets	(709,276)
Total Net Assets - Beginning of Year	<u>12,545,995</u>
Total Net Assets - End of Year	<u>\$ 11,836,719</u>

See accompanying notes to the basic financial statements.

CITY OF PINOLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Business-type Activities Wastewater Utility Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 5,013,427
Cash paid to suppliers	(2,933,032)
Cash paid to employees	(1,181,546)
Internal activity - payments from other funds	<u>582,409</u>
Net Cash Provided by Operating Activities	<u>1,481,258</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	<u>(100,000)</u>
Net Cash Used by Noncapital Financing Activities	<u>(100,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital contributions	58,691
Acquisition and construction of capital assets	(121,069)
Principal paid on capital leases	(49,937)
Principal paid on capital debt	(185,000)
Interest paid on capital debt	<u>(607,820)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(905,135)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	<u>29,441</u>
Net Cash Provided by Investing Activities	<u>29,441</u>
Net Increase in Cash and Cash Equivalents	505,564
Cash and Cash Equivalents at Beginning of Year	<u>867,490</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,373,054</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (89,588)
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation expense	726,408
Amortization of bond issuance costs	14,362
Changes in assets and liabilities:	
Increase in accounts receivable	(87,639)
Decrease in prepaids	1,899
Increase in accounts payable	47,425
Increase in accrued wages	40,753
Increase in net OPEB obligation	225,992
Increase in due to (from) other funds	582,409
Increase in compensated absences	<u>19,237</u>
Net Cash Provided by Operating Activities	<u>\$ 1,481,258</u>

See accompanying notes to the basic financial statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

These funds account for assets held by the City as an agent for various community groups and functions. The financial activities of these funds are excluded from the Government-wide Financial Statements, but are presented in the separate Fiduciary Fund financial statements.

CITY OF PINOLE
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Restricted cash and investments (Note 2)	\$ <u>153,055</u>
Total Assets	\$ <u><u>153,055</u></u>
<u>LIABILITIES</u>	
Deposits in trust	\$ <u>153,055</u>
Total Liabilities	\$ <u><u>153,055</u></u>

See accompanying notes to the basic financial statements.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Pinole was incorporated June 25, 1903. The City is primarily a residential community located in Contra Costa County, twenty-four miles east of San Francisco on Interstate 80. The City provides the following services: public safety (police and fire), parks, streets and highways, sanitation and health services, culture-recreation, public improvements, planning and zoning, and general administration services. The City's population has remained relatively stable for some years; population at June 30, 2010 was 19,555.

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, 2010, the City's staff comprised 119 full time and 20 part time employees who were responsible for the following City-provided services:

Public Safety - The City employs 28 sworn and 23 unsworn police personnel to provide a round-the-clock police services from a central station, and 19 personnel to provide round-the-clock fire services from two fire stations.

Sanitation and Health Service - The City maintains a sewage treatment plant with 15 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 13 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 33 employees.

A. The Reporting Entity

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

The Pinole Redevelopment Agency (Agency) is a separate government entity whose purpose is to prepare and implement plans for improvement, rehabilitation, and development of certain areas within the City. The Agency is controlled by the City and has the same governing board as the City, which also performs all accounting and administrative functions for the Agency. The financial activities of the Agency have been included in these financial statements in the Housing Set Aside Special Revenue Fund, Redevelopment Agency Capital Projects Fund and Debt Service Fund.

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

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

B. Basis of Presentation

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

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

Government-wide Financial Statements:

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

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements:

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

- a. Total assets, liabilities, 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, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

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

The funds of the financial reporting entity are described below:

Governmental Funds

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

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

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

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

Proprietary Funds

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

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.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

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

General Fund - This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Redevelopment Agency Projects Fund - This fund is used to account for major capital improvement projects under the management of the City's Redevelopment Agency.

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

Debt Service - The Debt Service Fund is used to account for the payment of interest and principal on the governmental long-term debt of the City and related entities.

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

The City also reports the following fund type:

Fiduciary Funds - These funds account for the assets held by the City as an agent for various community groups and functions. The financial activities of these funds are excluded from the government-wide financial statements, but are presented in the separate fiduciary fund financial statements.

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

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

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

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

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

The City follows Statements and Interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, which do not conflict with Government Accounting Standards Board Pronouncements.

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

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

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

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

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

D. Cash and Investments

The City maintains a cash and investments pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and investments. Investments held at June 30, 2010 with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year end. All investments not required to be stated at fair value are stated at cost or amortized cost.

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

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Accounts and Interest Receivable

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

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Any doubtful accounts at June 30, 2010, were not considered material.

F. Prepaid Items, Bond Issuance Costs and Supplies

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

Capitalized bond costs related to the 2004 A and B Bonds, Pension Obligation Bond issuances, and the 2006 Waste Water Revenue bond issuance have been recorded in the statement of net assets as prepaid items in the amount of \$1,337,183. The balance is amortized using the straight line method over the bond terms which range from 17 to 30 years. Amortization expense for bond costs for the year ended June 30, 2010 was \$86,903.

G. Capital Assets

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

Government-wide Statements

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

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

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

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

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

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

H. Equity Classifications

Government-wide Statements

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

- a. Invested in capital assets, net of related debt - 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 assets - Consists of net assets 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 assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

Reserves for supplies, advances, land held for redevelopment net of related mortgages are the portions of fund balances set aside to indicate these items do not represent available, spendable resources even though they are an asset of the Fund.

Reserve for debt service is the portion of fund balance legally restricted for the payment of principal and interest on long-term liabilities.

I. 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 assets available to finance the program. The City's policy is to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

J. Operating Revenues

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.

K. 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.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

	Cash	Investments	Total
Governmental activities	\$ 6,589,102	\$ 14,104,164	\$ 20,693,266
Business-type activities	725,820	647,234	1,373,054
Fiduciary activities	153,055	-	153,055
Total cash and investments	\$ 7,467,977	\$ 14,751,398	\$ 22,219,375

Cash and investments are carried at fair value as of June 30, 2010 and consist of the following:

Cash in investment pools	\$ 1,967,016
Deposits with financial institutions	5,299,241
Certificates of deposit	200,000
Cash on hand	1,720
Cash and investments held by fiscal agent	
Federal agency securities	7,970,204
Money market funds	5,549,160
Certificates of deposit	1,232,034
Total cash and investments	\$ 22,219,375

Authorized Investments of the City

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	40%	None
Repurchase Agreements	30 days	10%	None
Banker's Acceptances	180 days	40%	10%
Commercial Paper (Minimum rating of "A" or higher)	180 days	15%	None
Medium-term Corporate Notes (Minimum rating of "AA" or higher)	5 years	30%	None
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

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Debt Agreements

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

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

Disclosure Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity as of June 30, 2010:

	Remaining Maturity		
	12 months or less	1-5 years	Fair Value
Cash in investment pools	\$ 1,967,016	\$ -	\$ 1,967,016
Certificates of deposit	200,000	-	200,000
Cash and investments held by fiscal agent			
Federal agency securities	-	7,970,204	7,970,204
Money market funds	5,549,160	-	5,549,160
Certificates of deposit	-	1,232,034	1,232,034
	<u>\$ 7,716,176</u>	<u>\$ 9,202,238</u>	<u>\$ 16,918,414</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk

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

	Total	Minimum Legal Rating	Rating as of Fiscal Year End		
			S&P	Moody's	N/A
State Investment Pool (LAIF)	\$ 1,621,109	N/A			Not rated
CalTrust Investment Pool	345,907	N/A	AAf/S1+		Not rated
Certificates of Deposit	200,000	N/A			Not rated
Cash and investments held by fiscal agent:					
1st American Treasury Obligation Fund	5,549,160	AA-m	AAA	Aaa	
Certificates of Deposit	1,232,034	N/A			Not rated
Federal Farm Credit Banks Funding Corporation	3,281,623	N/A	AAA	Aaa	
Federal Home Loan Bank	3,950,634	N/A	AAA	Aaa	
CA Statewide Communities Development Authority	<u>737,947</u>	N/A	A-	A1	
	<u>\$ 16,918,414</u>				

Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal agency securities	\$ 3,950,634
Federal Farm Credit	Federal agency securities	\$ 3,281,622

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2010, the carrying amount of the City's deposits was \$5,299,241 and bank balances were \$5,902,290, of which \$1,250,000 was insured.

Investment in State and County Investment Pools

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

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Allocation of Interest Income Among Funds

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

NOTE 3: NOTES AND LOANS RECEIVABLE

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

The balances of notes and loans receivable, net of allowance, has been offset in the fund financial statements by deferred revenue as they are not expected to be repaid during fiscal year 2011.

These notes and loans receivable, including interest, comprised the following at June 30, 2010 and are explained in detail below:

	Notes Receivable	Less: Allowance for Doubtful Notes		Total
Housing Rehabilitation	\$ 283,860	\$ (166,951)	\$	116,909
Commercial Rehabilitation	1,062,512	(483,709)		578,803
First Time Home-Buyer	669,175	(474,175)		195,000
Mixed-Use	416,674	(266,254)		150,420
Bridge Housing Loan	1,462,376	(1,462,376)		-
Alvarez Court	1,338,257	(1,338,257)		-
Eastbluff Apartment Loan	2,004,997	(2,004,997)		-
Downtown Partners - General Construction Loan	2,280,171	(2,280,171)		4,560,342
Pinole Valley Shopping Center	369,268	(369,268)		-
Sunnyview Plaza	1,334,040	-		1,334,040
Pinole Assisted Living Community	18,621,113	(18,621,113)		-
Pinole Shores Business Park Project	2,300,000	-		2,300,000
Happy Sashimi Restaurant Project	59,726	(59,726)		-
Total	\$ 32,202,169	\$ (27,526,997)	\$	9,235,514

A. Housing Rehabilitation Notes Receivable

The Agency 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 \$283,860 at June 30, 2010.

B. Commercial Rehabilitation Notes Receivable

The Agency has provided loans to various businesses for rehabilitation of property. These loans are secured by the deeds of trust on the property and have a range of interest rates from 0% to 2% with a maximum fifteen-year term. The balance of these notes receivable totaled \$1,062,512 at June 30, 2010.

C. First Time Home-Buyer Loans Receivable

In 1995, the Agency 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 Agency shares in equity appreciation based on the Agency's loan share of the original purchase price. The balance of the notes receivable arising from this program at June 30, 2010 was \$669,175, of which \$114,600 was borrowed by the City's employees.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)

D. Mixed-Use Notes Receivable

In 1998, the City and Agency implemented a mixed-use property rehabilitation loan program. These loans are secured by the deeds of trust on the property. For loans that bear no interest the term of the loan is 10 years. For the loans that bear 2% and 6% interest rates, the term is 15 years. As of June 30, 2010, one loan was outstanding with a balance of \$416,674.

E. Bridge Housing Loan

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

Principal and interest are due annually, but are payable only from surplus cash flow as defined in the Note. The Project is not expected to generate a surplus cash flow and under the terms of the Note, any unpaid principal and interest remaining at the expiration of the Note in the year 2024 will be forgiven if Bridge Housing maintains the affordability of the project for an additional nineteen years. As of June 30, 2010, the outstanding balance was \$1,462,376.

F. Alvarez Court

In August 2000, the Agency 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 Agency 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, 2010, the total outstanding balance was \$1,338,257.

G. Eastbluff Apartments Loan

In 1996, the Pinole Redevelopment Agency assisted Eastbluff Associates with its development of the Eastbluff Apartments by providing \$975,000 in exchanges 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, 2010, the outstanding balance was \$2,004,997.

H. Downtown Partners

In November 2003, the Agency loaned Downtown Partners, LLC \$4,100,000 at an interest rate of 7%, with principal and accrued interest becoming due in 18 months. The overall development for this project included the demolition of existing structures and the construction of a new three-story and two-story mixed use commercial and multi-family residential building which will contain a total of 24 new rental-housing units, commercial and retail tenants.

The Agency loaned Downtown Partners, LLC an additional \$300,000 at an interest rate of 0% for an economic development assistance loan through the commercial rehabilitation program. The loan principal shall be due in a balloon payment on or before December 31, 2052. Downtown Partners has two ten-year renewable option terms that may extend the due date.

In March 2005, Downtown Partners, LLC paid off \$2,400,000 of the above notes and refinanced the remaining balance at 6% interest compounded annually with Mechanics Bank. The new Note was due in full by March 31, 2010. At that point, the Agency granted a 90-day extension to negotiate restructuring of the loan. As of June 30, 2010, the outstanding balance including accrued interest was \$2,280,171.

Subsequent to the close of the fiscal year in July 2010, the Agency authorized the Executive Director to execute a transfer of property and settlement agreement with the Downtown Pinole Partners LLC for the property at 2401 San Pablo Avenue. Per the agreement, Downtown Partners will transfer all interest and rights in the property to the Agency; the Agency will accept title to the property, pay off the Mechanics Bank loan, and terminate the Agency loan. For further information, see note 16.

I. Pinole Valley Shopping Center

The Agency owns the Pinole Valley Shopping Center and its land. On June 28, 2001, the Redevelopment Agency signed a ground lease with The Kivel Stadt Group (TKG) Pinole Valley, LLC to operate the Shopping Center. Under the agreement, TKG is authorized to manage and make improvements to the Shopping Center, and to share lease revenue generated from the Shopping Center. The lease lasts for 50 years with 2 ten-year options. After 20 years, the Shopping Center may be sold if both the Agency and TKG agree. Ground lease payments (base rent) due to the Redevelopment Agency are determined on the

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)

basis of the Redevelopment Agency's investment in acquiring the Shopping Center, but are deferred (without interest penalty) when the center's net cash flows are not sufficient to pay base rent. As of June 30, 2010, the Agency's investment in the Shopping Center was \$7,555,020, and the amount of deferred rent owed to the City was \$369,268 which represents the minimum amount due under the agreement. The City has provided an allowance on 100% of the deferred rent due to uncertainty regarding collectibility.

J. Sunnyview Plaza

The Agency acquired property and constructed new buildings at the corner of Sunnyview and San Pablo Avenue for a light industrial business center. The project was part of an economic plan to facilitate the development of underutilized parcels along the West San Pablo Corridor to strengthen the City's industrial base. The City has loans outstanding for three of the consolidated land parcels comprising the majority of the business center. Two of the loans are held by D&B Western Properties in the amounts of \$244,000 (920 San Pablo Avenue) and \$340,000 (930 San Pablo Avenue) both loans accrue interest at the rate of 5% and will be fully amortized over 15 years (2025). The third loan is held by Pinole Premier, LLC (dba Crockett Premium Auto Body at 940 San Pablo Avenue). This loan accrues interest at the rate of 6% and will also be fully amortized over 15 years (2016). As of June 30, 2010, the outstanding gross balance including accrued interest was \$1,334,040.

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

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

At June 30, 2010, PALC owed the City the following amounts:

Construction cost advances	\$ 15,591,091
Advances for operating expenses	2,250,078
Lease payments	655,002
Emergency services	<u>124,942</u>
	<u>\$ 18,621,113</u>

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

L. Pinole Shores Business Park Project

In August 2006, the Agency loaned \$2,697,000 to Pinole Shores, LLC for the Pinole Shores Business Park. During the year ending June 30, 2008, an additional \$2,300,000 was loaned by the agency. The loan assists with the acquisition and development of the 850 - 870 San Pablo Avenue property. The loan accrues interest at 7% simple interest for 31 years. The interest is forgiven upon repayment of principal. The loan principal was originally going to be repaid from revenues received by the City from special taxes derived from the formation of a Community Facilities District. However, in November 2009, the City Council approved to dissolve the Community Facilities District and the special taxes to repay the remaining portion of the loan. The developer will repay the \$2,300,000 loan upon purchase of phase II property. As of June 30, 2010, the outstanding gross balance was \$2,300,000.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)

M. Happy Sashimi Restaurant Project

In August 2006, the Agency and Happy Sashimi, LLC entered into a loan for building improvements. The loan is secured by a Financing statement. The loan accrues interest at 5 percent simple interest for 7 years. On each anniversary of the date of the note while the property is operated by the borrower as a restaurant, one-seventh of the original amount of the note, together with accrued interest, will be forgiven by the Agency and deemed to have been paid by the borrower. As of June 30, 2010, the outstanding balance including accrued interest was \$59,726.

N. Allowance for Doubtful Notes

The Agency has several programs under which it extends loans to qualifying individuals or groups for the purpose of improving the City's housing stock and/or its supply of low-and-moderate income housing. Certain of these loans provide for the eventual forgiveness of the loan balance if the borrower complies with all the terms of the loan over its full term. The City has provided a 100% allowance for all notes receivable subject to long-term deferral and/or payment from future refinancing as well as all notes receivable having subordination provisions except for those accounts that have current payment activity and are not delinquent at June 30, 2010.

NOTE 4: LAND HELD FOR REDEVELOPMENT

At June 30, 2010, the Agency held these properties for resale or redevelopment:

- a) 811 San Pablo Avenue
- b) 1300 and 1400 Pinole Valley Road
- c) 2850 Estates Avenue
- d) Pinole Vista
- e) 600 Tennent Avenue
- f) 850 San Pablo Avenue
- g) Henry Parcel
- h) Patel Property
- i) 870 San Pablo Avenue
- j) 2301 San Pablo Avenue
- k) 2425-2433 and 2441 San Pablo Avenue
- l) Pinole Valley Shopping Center
- m) 612 Tennent Avenue
- n) 2150 San Pablo Avenue
- o) 648 Tennent Avenue
- p) Heritage Park Housing
- q) 940 San Pablo Avenue
- r) I-80 at Pinole Valley Road

d) In August 2009 , the Pinole Redevelopment Agency sold a portion of the Pinole Vista property for \$1,054,105.

l) The Pinole Valley Shopping Center land held for redevelopment is a pledged asset against the \$20,500,000 loan from Mechanics Bank to TKG Pinole Valley, LLC for the construction of the Pinole Valley Shopping Center. The City is not a guarantor for the loan and therefore the liability is not recorded on the City's financial statements.

The balance of these properties for resale or redevelopment at June 30, 2010 was \$26,391,717.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5: CAPITAL ASSETS

	<u>Balance at June 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2010</u>
Governmental activities:					
Capital assets not being depreciated					
Land	\$ 9,231,414	\$ -	\$ -	\$ -	\$ 9,231,414
Construction-in-progress	<u>965,057</u>	<u>3,236,124</u>	<u>(682,764)</u>	<u>(2,452,358)</u>	<u>1,066,059</u>
Total capital assets not being depreciated	<u>10,196,471</u>	<u>3,236,124</u>	<u>(682,764)</u>	<u>(2,452,358)</u>	<u>10,297,473</u>
Capital assets being depreciated					
Buildings and improvements	25,983,398	-	-	14,079	25,997,477
Equipment	4,445,198	4,800	(141,634)	(1,176)	4,307,188
Vehicles	2,605,993	99,770	(55,376)	-	2,650,387
Streets and roads	49,376,088	-	-	2,404,781	51,780,869
Storm drains	2,797,541	-	-	33,498	2,831,039
Bridges	3,550,749	-	-	-	3,550,749
Parks	<u>2,438,479</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,438,479</u>
Total capital assets being depreciated	<u>91,197,446</u>	<u>104,570</u>	<u>(197,010)</u>	<u>2,451,182</u>	<u>93,556,188</u>
Less accumulated depreciation					
Buildings and improvements	(8,217,352)	(854,958)	-	-	(9,072,310)
Equipment	(3,111,322)	(278,817)	141,634	-	(3,248,505)
Vehicles	(1,711,042)	(353,719)	55,376	-	(2,009,385)
Streets and roads	(29,980,552)	(870,905)	-	-	(30,851,457)
Storm drains	(1,033,006)	(36,692)	-	-	(1,069,698)
Bridges	(1,546,825)	(44,184)	-	-	(1,591,009)
Parks	<u>(1,613,537)</u>	<u>(68,973)</u>	<u>-</u>	<u>-</u>	<u>(1,682,510)</u>
Total accumulated depreciation	<u>(47,213,636)</u>	<u>(2,508,248)</u>	<u>197,010</u>	<u>-</u>	<u>(49,524,874)</u>
Governmental activities capital assets, net	<u>\$ 54,180,281</u>	<u>\$ 832,446</u>	<u>\$ (682,764)</u>	<u>\$ (1,176)</u>	<u>\$ 54,328,787</u>
Business-type activities:					
Capital assets not being depreciated					
Construction-in-progress	\$ 82,153	\$ 105,492	\$ -	\$ (82,153)	\$ 105,492
Capital assets being depreciated					
Sewer lines	7,544,298	-	-	-	7,544,298
Buildings and improvements	20,398,196	-	-	82,153	20,480,349
Equipment	<u>3,990,295</u>	<u>14,401</u>	<u>(85,008)</u>	<u>1,176</u>	<u>3,920,864</u>
Total assets being depreciated	<u>31,932,789</u>	<u>14,401</u>	<u>(85,008)</u>	<u>83,329</u>	<u>31,945,511</u>
Less accumulated depreciation					
Sewer lines	(3,349,685)	(159,681)	-	-	(3,509,366)
Buildings and improvements	(5,748,423)	(411,510)	-	-	(6,159,933)
Equipment	<u>(2,389,128)</u>	<u>(155,217)</u>	<u>85,008</u>	<u>-</u>	<u>(2,459,337)</u>
Total accumulated depreciation	<u>(11,487,236)</u>	<u>(726,408)</u>	<u>85,008</u>	<u>-</u>	<u>(12,128,636)</u>
Business-type capital assets, net	<u>\$ 20,527,706</u>	<u>\$ (606,515)</u>	<u>\$ -</u>	<u>\$ 1,176</u>	<u>\$ 19,922,367</u>

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5: CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
General administration	\$ 609,310
Public safety	227,361
Public services	1,459,629
Recreation	68,972
Community development	<u>142,976</u>
 Total governmental activities depreciation expense	 \$ <u>2,508,248</u>
 Business-type Activities	
Wastewater Utility	\$ <u>726,408</u>
 Total business-type activities depreciation expense	 \$ <u>726,408</u>

NOTE 6: MORTGAGE NOTES ON LAND HELD FOR REDEVELOPMENT

The long-term mortgage notes associated with land purchased for redevelopment are reported on the fund financial statements as they are related to the non-operating assets also reported on the fund financial statements. These mortgages are explained in detail below:

The Agency executed a promissory note for \$195,235 in connection with the purchase of land at 870 San Pablo Avenue in March 2004. This property is the site of the Pinole Shores Business Park. The Agency is required to make interest only payments for ninety-six (96) months. Interest is computed at the rate of 5% with a final balloon payment of the principal due in April 2012. As of June 30, 2010, the balance outstanding on the note payable was \$195,235.

The Agency executed a promissory note for \$181,500 in connection with the purchase of land at 648 Tennent Avenue in November 2007. The Agency is required to make principal and interest payments for 120 months. Interest is computed at the rate of 5.75%. The loan maturity date is November 2017. As of June 30, 2010 the balance outstanding on the note payable was \$144,077.

The Agency executed a promissory note for \$548,500 in connection with the purchase of land at 612 Tennent Avenue in November 2007. The Agency is required to make principal and interest payments for 120 months. Interest is computed at the rate of 5.75%. The loan maturity date is November 2017. As of June 30, 2010 the balance outstanding on the note payable was \$435,408.

Debt service requirements are shown below for the above mortgages on land held for redevelopment:

<u>For the Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 64,521	\$ 41,400
2012	263,565	35,150
2013	72,363	24,094
2014	76,636	19,522
2015	81,161	14,998
2016 - 2020	<u>216,474</u>	<u>15,906</u>
 Total	 \$ <u>774,720</u>	 \$ <u>151,070</u>

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7: LONG-TERM LIABILITIES

Governmental Activities

The following is a summary of long-term liabilities transactions related to governmental activities of the City for the year ended June 30, 2010:

	<u>Balance at June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>	<u>Current Portion</u>
Pension Obligation Bonds	\$ 5,960,143	\$ -	\$ (313,080)	\$ 5,647,063	\$ 302,892
Tax Allocation Bonds:					
2004 Series A Subordinate Bonds	21,600,000	-	-	21,600,000	45,000
2004 Series B Subordinate Bonds	8,395,000	-	(325,000)	8,070,000	345,000
2003 Series A Subordinate Bonds	6,310,000	-	(605,000)	5,705,000	620,000
1999 Subordinate Bonds	6,035,000	-	(745,000)	5,290,000	625,000
1998 Series A Bonds	6,565,000	-	(600,000)	5,965,000	625,000
1998 Series B Bonds	<u>4,550,000</u>	<u>-</u>	<u>(390,000)</u>	<u>4,160,000</u>	<u>415,000</u>
Total Bonds Payable	<u>59,415,143</u>	<u>-</u>	<u>(2,978,080)</u>	<u>56,437,063</u>	<u>2,977,892</u>
Mortgages:					
613-635 Tennent Avenue	440,900	-	(39,918)	400,982	42,554
2810 Pinole Valley Road	<u>360,498</u>	<u>-</u>	<u>(41,684)</u>	<u>318,814</u>	<u>45,376</u>
Total Mortgages	<u>801,398</u>	<u>-</u>	<u>(81,602)</u>	<u>719,796</u>	<u>87,930</u>
Other liabilities:					
Capital Lease Obligations	331,433	-	(255,977)	75,456	75,456
Compensated Absences	<u>799,496</u>	<u>799,163</u>	<u>(742,847)</u>	<u>855,812</u>	<u>138,809</u>
Total other liabilities	<u>1,130,929</u>	<u>799,163</u>	<u>(998,824)</u>	<u>931,268</u>	<u>214,265</u>
Governmental activities long-term liabilities	<u>\$ 61,347,470</u>	<u>\$ 799,163</u>	<u>\$ (4,058,506)</u>	<u>\$ 58,088,127</u>	<u>\$ 3,280,087</u>

A description of the long-term liabilities related to governmental activities at June 30, 2010 follows:

A. Pension Obligation Bonds

In June 2006 the City authorized the issuance of \$16,800,000 of 2006 Series A-1 and A-2 Bonds. The Taxable Pension Obligation Bonds in the aggregate principal of \$6,214,630 were issued to finance the City's unfunded accrued actuarial liability with CalPERS. The net pension asset as of June 30, 2010 was \$3,871,456. Repayment on the Bonds will be from tax increment revenues allocated to the pension obligation. Principal payments are due annually in June until 2036.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

B. 2004 Series A and B Tax Allocation Bonds

In September 2005 the City authorized the issuance of \$21,600,000 of 2004A and \$8,395,000 of 2004B Subordinate Tax Allocation Bonds. The 2004A bonds were issued for the following purposes:

- 1) \$3,215,000 of Taxable Subordinate Housing Set Aside Tax Allocation Bonds to provide for financing of certain capital improvements within the Agency's Pinole Vista Redevelopment Project Area. The Bonds will be repaid from Housing Set-Aside revenue. Principal payments are due semiannually in February and August until 2019. The interest rate on the Bonds range from 5.40% to 5.60% annually. Interest is due annually on February 1 through 2019.
- 2) \$7,195,000 of Tax-Exempt Second-Subordinate Tax Allocation Bonds to finance and refinance certain public capital improvements within the Agency's Pinole Vista Redevelopment Project Area. The Bonds will be repaid from tax increment revenues allocated to the Agency from the Project Area. Principal payments are due semiannually in February and August until 2022. The interest rate on the Bonds range from 4.25% to 4.50% annually. Interest is due annually on February 1 through 2022.
- 3) \$11,190,000 of Third-Subordinate Tax Allocation Bonds to finance public capital improvements within the Pinole Vista Redevelopment Project Area. The Bonds will be repaid from tax increment revenues allocated to the Agency from the Project Area. Principal payments are due semiannually in February and August until 2023. The interest rate on the Bonds range from 3.75% to 4.50% annually. Interest is due annually on February 1 through 2023.

The 2004B Taxable Second-Subordinate Tax Allocation Bonds in the aggregate principal of \$8,395,000 were issued to finance and refinance certain public capital improvements within the Agency's Pinole Vista Redevelopment Project Area. Repayment on the Bonds will be from tax increment revenues allocated to the Agency from the Project Area. Principal payments are due semiannually in February and August until 2020. The interest rate on the Bonds range from 4.54% to 5.60% annually. Interest is due annually on February 1 through 2020.

C. 2003 Series A Tax Allocation Bonds

In 2003 the Agency issued \$8,830,000 of Subordinate Tax Allocation Bonds for the purpose of financing and refinancing public capital improvements within the Pinole Vista Redevelopment Project Area as well as the refunding of the outstanding principal amount of the Series 1993A Bonds. The 2003A Bonds will be repaid from tax increment revenues allocated to the Agency from the Project Area. Principal payments are due annually on August 1 until 2018. The Bonds bear interest at 2.0% and 4.5% annually. Interest is due semi-annually on February 1 and August 1 through 2018.

D. 1999 Subordinate Tax Allocation Bonds

In 1999, the Agency issued \$10,800,000 of Subordinate Tax Allocation Bonds, Series 1999 for the purpose of making a loan to Pinole Assisted Living Community to aid in the construction of an assisted living facility, known as Pinole Valley Assisted Living located in the City. The 1999 Bonds will be repaid from the subordinated pledged tax revenues defined in the bond indenture. Principal payments are due annually on August 1 until 2016. The Bonds bear interest between 4.0% and 5.25% annually. Interest is due semi-annually on August 1 and February 1 through 2016.

E. 1998 Series A and Series B Tax Allocation Bonds

In 1998, the Agency issued \$11,920,000 of Tax Allocation Refunding Bonds, Series 1998A and \$7,725,000 of Tax Allocation Refunding Bonds, Series 1998B for the purpose of refunding the Series 1992A and Series 1992B Tax Allocation Bonds, issued in 1992 to fund certain capital improvements. The 1998 Bonds will be repaid from pledged tax revenues. Principal payments are due annually on August 1 until 2017. The Bonds bear interest between 4.0% and 6.75% annually. Interest is due semi-annually on August 1 and February 1 through 2017.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

F. Bonds Payable Debt Service Requirements

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

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 2,977,892	\$ 2,531,398
2012	3,096,991	2,422,052
2013	3,224,846	2,304,028
2014	3,363,868	2,171,645
2015	3,516,772	2,028,502
2016 - 2020	22,124,856	7,779,857
2021 - 2025	16,245,652	3,575,163
2026 - 2030	929,281	2,555,720
2031 - 2035	808,705	3,291,296
2036 - 2037	<u>148,200</u>	<u>751,797</u>
Total	<u>\$ 56,437,063</u>	<u>\$ 29,411,458</u>

G. Mortgage Payables

In September 2002, the Agency acquired the property adjacent to Memorial Hall at Tennent Avenue for \$650,000 to construct a community center in Old Town Pinole with indoor access to the Memorial Hall. The entire purchase price was carried back by the sellers in a note. Principal and interest on the note at 6.5% are due semi-annually for fifteen years in March and September.

The Agency signed a promissory note for \$560,000 in connection with the purchase of land at 2810 Pinole Valley Road in March 2004. Payments are \$4,500 - \$5,500 per month including interest at 4.5% - 5.5%. Final balloon principal payment of \$129,909 is due March 2014.

H. Mortgage Payables Debt Service Requirements

Debt service requirements are shown below for all mortgage payables:

<u>For the Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	87,930	42,016
2012	96,961	36,986
2013	102,548	31,399
2014	219,212	2,262
2015	54,962	12,984
2016 - 2020	<u>158,183</u>	<u>16,195</u>
Total	<u>\$ 719,796</u>	<u>\$ 141,842</u>

CITY OF PINOLE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

I. Capitalized Lease Obligations

The City leases vehicles and equipment under agreements which provide for title to pass upon expiration of the lease period.

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

Vehicles	\$ 300,000
Equipment	<u>455,323</u>
Total	755,323
Less accumulated amortization	<u>(171,418)</u>
Net book value	<u>\$ 583,905</u>

Future annual payments on capitalized lease obligations are as follows:

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ <u>75,456</u>	\$ <u>3,254</u>

J. Accumulated Compensated Absences

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

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

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2010</u>	<u>Current Portion</u>	
General administration	\$ 60,486	\$ 36,903	\$ (42,990)	\$ 54,399	\$ 6,808	A
Public safety	495,597	495,842	(517,969)	473,470	85,927	B
Public services	73,848	56,773	(49,736)	80,885	13,785	B
Recreation	41,584	37,945	(40,278)	39,251	2,918	C
Community development	<u>127,981</u>	<u>171,700</u>	<u>(91,874)</u>	<u>207,807</u>	<u>29,451</u>	A
Total	<u>\$ 799,496</u>	<u>\$ 799,163</u>	<u>\$ (742,847)</u>	<u>\$ 855,812</u>	<u>\$ 138,889</u>	

The following funds have been used to liquidate compensated absences:

- A - General Fund and Redevelopment Agency Capital Projects Fund
- B - General Fund
- C - Non-Major Funds

CITY OF PINOLE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Business - Type Activities

The following is a summary of long-term liabilities transactions related to business-type activities of the City for the year ended June 30, 2010.

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>	<u>Current Portion</u>
Bonds:					
2006 Wastewater Revenue Bonds	9,995,000	-	(185,000)	9,810,000	190,000
Other liabilities:					
Capital lease obligations	\$ 49,937	\$ -	\$ (49,937)	\$ -	\$ -
Compensated absences	<u>90,392</u>	<u>67,234</u>	<u>(47,997)</u>	<u>109,629</u>	<u>26,454</u>
Business-type activities long-term liabilities	<u>\$ 10,135,329</u>	<u>\$ 67,234</u>	<u>\$ (282,934)</u>	<u>\$ 9,919,629</u>	<u>\$ 216,454</u>

A description of the long-term liabilities related to business-type activities at June 30, 2010 is as follows:

K. 2006 Wastewater Revenue Bonds

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

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

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 190,000	\$ 436,772
2012	200,000	428,973
2013	200,000	420,972
2014	215,000	411,329
2015	230,000	399,647
2016 - 2020	1,325,000	1,815,512
2021 - 2025	1,645,000	1,500,942
2026 - 2030	2,045,000	1,097,191
2031 - 2035	2,560,000	580,243
2036 - 2040	<u>1,200,000</u>	<u>55,890</u>
Total	<u>\$ 9,810,000</u>	<u>\$ 7,147,471</u>

L. Accumulated Compensated Absences

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

NOTE 8: DEBT WITHOUT CITY COMMITMENT

In 1998, the Pinole Redevelopment Agency assisted the Eastbluff Apartments in the issuance of \$4,959,000 of Multi-family Housing Revenue Bonds to rehabilitate the 144 unit Eastbluff Apartments. The City and Agency have no direct or contingent liability or moral obligation for the payment of this debt, which is payable only out of the Eastbluff Apartments rental revenues. Therefore, this debt is not included in long-term debt of the City or Agency.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 9: INTERFUND TRANSACTIONS

Transfers between funds during the fiscal year ended June 30, 2010 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Description of Transfer</u>	<u>Amount</u>
Major Governmental Funds			
Housing Set-Aside Fund	Debt Service Fund	To retire debt	\$ 1,274,846
RDA Capital Projects Fund	Debt Service Fund	To retire debt	3,413,787
General Fund	Recreation Fund	Support for recreation programs	<u>249,940</u>
Total Major Governmental Interfund Transfers			<u>4,938,573</u>
Non-Major Governmental Funds			
AB - 939	General Fund	Support to public safety programs	7,000
Police	General Fund	Support to public safety programs	171,060
Measure C	General Fund	Support to public safety programs	42,772
Total Non-Major Governmental Interfund Transfers			<u>220,832</u>
Proprietary Funds			
Wastewater Utility Fund	General Fund	Reimbursement of administrative and management expenses.	<u>100,000</u>
Total Governmental Interfund Transfers			<u>\$ 5,259,405</u>
<u>Due From</u>	<u>Due To</u>	<u>Description of Due From/Due To</u>	<u>Amount</u>
Major Governmental Funds			
General Fund	RDA Capital Projects	To provide sufficient working capital	\$ 2,289,325
General Fund	Capital Projects	To provide sufficient working capital	405,360
General Fund	Parkland	To provide sufficient working capital	105,867
General Fund	Adj. Asset Seizure	To provide sufficient working capital	29,255
General Fund	Congestion Relief	To provide sufficient working capital	41,933
Debt Service Fund	RDA Capital Projects	To cover deficit cash balance	<u>11,335</u>
Total Major Governmental Due From/Due To			<u>2,883,075</u>
Non-Major Governmental Funds			
Growth Impact Fund	General Fund	To cover deficit cash balance	32,015
Growth Impact Fund	Capital Projects	Support for capital projects	178,723
Gas Tax	Capital Projects	Support for capital projects	249,486
Recreation Fund	Capital Projects	To cover deficit cash balance	7,489
Police	General Fund	To cover deficit cash balance	50,400
NPDES Fund	AB 939	To cover deficit cash balance	<u>326,773</u>
Total Non-Major Governmental Due From/Due To			<u>844,886</u>
Total Governmental Interfund Transfers			<u>\$ 3,727,961</u>
Proprietary Funds			
General Fund	Wastewater Utility Fund	Reimbursement of administrative and management expenses.	<u>500,000</u>
Total Governmental Interfund Transfers			<u>\$ 4,227,961</u>

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 10: PENSION PLAN

Plan Description

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

Funding Policy

Benefits are based on years of credited service; one year of credited service is equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The City's labor contracts require the City to pay employee contributions as well as its own. The Plans' provisions and benefits in effect for the year ended June 30, 2010, are summarized as follows:

	<u>Safety</u>	<u>Miscellaneous</u>
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	50
Monthly benefits, as a % of annual salary	2.400% - 3.000%	2.0% - 2.5%
Required employee contribution rates	9%	8%
Required employer contribution rates	16.407%	11.114%
Actuarially required contributions	\$909,072	\$670,961

Annual Pension Cost

The City's required contribution was determined as part of the June 30, 2008, actuarial valuation using the entry age normal actuarial cost method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the total related total payroll cost. Normal benefit cost under this method is the level amount the City must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities.

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

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.0%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and ten percent of the net balance is amortized annually.

<u>Fiscal Year</u>	Three Year Trend Information for PERS		
	<u>Annual Pension Cost (APC)*</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2008	1,937,621	100%	-
2009	2,173,558	100%	-
2010	1,959,638	100%	-

CITY OF PINOLE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 10: PENSION PLAN (CONTINUED)

**Schedule of Funding Progress for PERS
 (Risk Pool as a Whole)**

Safety Plan:

Actuarial Valuation Date	Normal Accrued Liability	Actuarial Value of Assets	Liability (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL* as a % of Covered Payroll
6/30/06**	\$ 1,473,284,852	\$ 1,252,059,468	\$ 221,225,384	85.0%	\$ 177,088,890	124.9%
6/30/07**	\$ 1,648,159,522	\$ 1,422,143,105	\$ 226,016,417	86.3%	\$ 200,537,256	112.7%
6/30/08**	\$ 1,755,559,311	\$ 1,517,609,609	\$ 237,949,702	86.5%	\$ 210,590,567	113.0%

Miscellaneous Plan:

Actuarial Valuation Date	Normal Accrued Liability	Actuarial Value of Assets	Liability (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL* as a % of Covered Payroll
6/30/06*	\$ 912,988,585	\$ 787,758,909	\$ 125,229,676	86.3%	\$ 200,320,145	62.5%
6/30/07**	\$ 1,315,454,361	\$ 1,149,247,298	\$ 166,207,063	87.4%	\$ 289,090,187	57.5%
6/30/08**	\$ 1,537,909,933	\$ 1,353,157,484	\$ 200,202,098	88.0%	\$ 333,307,600	60.1%

* UAAL - Unfunded actuarial accrued liability

** A new State Law authorized the creation of risk pools by PERS and required mandatory participation of small employers to help reduce large fluctuations in their contribution rates. As an employer with less than 100 active members, the City of Pinole is now required to participate in the risk pool. Under this pooling method, assets and liabilities of the participant employers are aggregated. As such, individual employer's retirement data is no longer available.

NOTE 11: OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

Description of the Plan

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

The City currently pays health insurance premiums of \$1,385 per month per family. For the year ended June 30, 2010, the City had 69 retired employees. The City currently has 119 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 50 & 5 years CalPERS service or disability.

Funding Policy

The City's contribution for each retiree is capped at the Kaiser Bay Area/Sacramento family premium. The premium for the year ended June 30, 2010 was \$1,385. As of June 30, 2010, the City is currently funding the benefits on a pay-as-you-go basis.

CITY OF PINOLE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 11: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

The City's required contribution was determined as part of the June 30, 2008, actuarial valuation. The City's annual cost for the healthcare plan was \$2,766,000. The City's annual OPEB cost contributed to the plan and the net OPEB obligation for the year ended June 30, 2010 were as follows:

Annual required contribution	
Service cost at year-end	\$ 1,897,000
30-year amortization of funded liability	<u>869,000</u>
Total annual required contribution	<u>2,766,000</u>
Employer contributions	(563,566)
Net pension obligation, July 1, 2009	<u>2,080,256</u>
Net pension obligation, June 30, 2010	<u>4,282,690</u>

Year Ended	Annual OPEB cost	Actual Employer Contribution	Percentage Contributed	Net Ending OPEB
6/30/2009	\$ 2,595,000	\$ 514,744	20 %	\$ 2,080,256
6/30/2010	\$ 2,766,000	\$ 563,566	20 %	\$ 4,282,690

As of June 30, 2010, \$3,876,340 of the net pension obligation was recorded in governmental activities and \$406,350 was recorded in business-type activities on the Statement of Net Assets.

Fiscal year 2009 was the year of implementation of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The City has elected to implement the statement prospectively. Therefore, prior year comparative data is not available. In future years, three-year trend information will be presented.

Funded Status and Funding Progress

The funded status of the plan based on an actuarial study using age-adjusted premiums as of June 30, 2010, was as follows:

Actuarial accrued liability (AAL)	
Active employees	\$ 10,237,000
Retired employees	<u>11,590,000</u>
	<u>21,827,000</u>
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 21,827,000</u>
Funded Ratio (actuarial value of plan assets / AAL)	0 %
Covered payroll (active plan members)	\$ 10,461,000
UAAL as a percentage of covered payroll	209 %

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

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 11: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Because 2009 was the year of implementation of GASB Statement No. 45 and the City elected to apply the statement prospectively, only two years are presented in the schedule at this time. In future years, required trend data will be presented.

Actuarial Methods and Assumptions

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

In the 2008 actuarial valuation, the entry age normal cost method was used. The initial UAAL was amortized as a level percent of payroll over a closed 30-year period, with rolling 15-year amortization for gains/losses. The actuarial assumptions included a 4.25% discount rate, a 3.25% merit increase, and a 3.0% inflation rate. Predictive retirement age was 59.9 and benefits were calculated at 2% @ 55. Mortality, withdrawal, and disability were based on a CalPERS 1997-2002 experience study.

NOTE 12: RISK MANAGEMENT

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

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

Risk Coverage

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

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

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

The City's deposits with the CCCMRMIA are in accordance with formulas established by the CCCMRMIA. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

During the fiscal year ended June 30, 2010, the City contributed \$845,784 for coverage.

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

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 12: RISK MANAGEMENT (CONTINUED)

Claims Liability

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

	2010	2009
Claims liability, beginning of the year	\$ 107,862	\$ 116,502
Provision for current year claims	56,108	3,965
Change in prior year claims estimates	(70,969)	(860)
Claims paid	(16,398)	(11,745)
Claims liability, end of year	\$ 76,603	\$ 107,862

NOTE 13: CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities

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

NOTE 14: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During fiscal year 2010, the following funds had excess expenditures over appropriations:

Measure C	\$	525,807
AB 939	\$	18,915

The funds have sufficient resources to finance these expenditures.

NOTE 15: DEFICIT FUND BALANCES

The General Fund, Growth Impact Special Revenue Fund, Gas Tax Special Revenue Fund, NPDES Special Revenue Fund, Building Inspection Special Revenue Fund, and Emergency Preparedness Special Revenue Fund had fund balance deficits of \$3,079,187, \$210,736, \$188,396, \$330,532, \$2,087, \$6,517, respectively at June 30, 2010. These deficits are expected to be financed through future revenues of the funds.

CITY OF PINOLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 16. SUBSEQUENT EVENTS

Government Accounting Standards Board Statement No. 54

In March 2009, GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The objective to this statements is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Application of this statement is effective for the City's fiscal year ending June 30, 2011.

Mixed Use Transfer of Loan and Property

As indicated in note 4H, in July 2010, the City was in negotiations to restructure the loan outstanding totaling \$2,280,171 due from Downtown Partners, LLC. The City was authorized to enter into a transfer of property and settlement agreement with Downtown Partners, LLC. to transfer all of the interest and rights in the property to the City. In return, the City will accept title to the property, pay off the Mechanics Bank loan, and terminate the City loan. The City will own the building and will carry the value of the asset on its books, which is estimated to be appraised for \$3.1 million.

NOTE 17. SUPPLEMENTAL EDUCATIONAL REVENUE AUGMENTATION FUND

In July 2009, the California Legislature passed ABX4-26 as part of the State's budget package which requires redevelopment agencies to remit approximately \$2.05 billion in redevelopment revenues back to the State. Under ABX4-26, each redevelopment agency must contribute a proportionate share of revenue to the newly created Supplemental Educational Revenue Augmentation Fund (SERAF). The bill authorized redevelopment agencies, from July 1, 2009, to June 30, 2010, to suspend all or part of its required 20% allocation to its Low and Moderate Income Housing Fund in order to make the required payments. The Housing Fund must be repaid by June 30, 2015. If the agency fails to repay the Housing Fund, the required allocation of tax increment to the Housing Fund is increased to 25% for most agencies as long as the project area continues to receive tax increment. This will result in the delay or elimination of many affordable housing projects where redevelopment funding is a key funding component. Payments were to be made in two parts, one in FY 2010 and the other in FY 2011. In October 2009, the California Redevelopment Association and two of its members filed a lawsuit to challenge the constitutionality of the bill. In May 2010, the ruling was upheld and the California Redevelopment Association submitted for another appeal in August 2010. The appeal seeks repayment of the funds paid out in FY 2010 and a prohibition of the funds to be paid in FY 2011. A ruling is expected before May 2011, the date redevelopment agencies must make their FY 2011 payment to the State. The amount paid to the State from the Agency was \$3,558,867 in FY 2010 and the amount to be paid in FY 2011 totals \$732,708.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PINOLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 9,745,217	\$ 7,820,519	\$ 8,635,593	\$ 815,074
Intergovernmental	1,454,893	1,467,345	1,564,352	97,007
Investment earnings (losses)	1,000	18,062	10,328	(7,734)
Rents and ground leases	85,463	85,463	81,595	(3,868)
Charges for service	1,300,672	1,450,649	1,270,860	(179,789)
Fines, forfeitures and penalties	90,403	121,911	108,408	(13,503)
Other revenues	<u>36,799</u>	<u>38,975</u>	<u>192,890</u>	<u>153,915</u>
Total Revenues	<u>12,714,447</u>	<u>11,002,924</u>	<u>11,864,026</u>	<u>861,102</u>
<u>EXPENDITURES</u>				
Current operations:				
General administration	1,670,178	2,139,142	2,262,686	(123,544)
Public safety	10,137,817	9,413,299	9,596,825	(183,526)
Public services	697,674	438,420	378,486	59,934
Recreation	108,954	1,440	150	1,290
Community development	87,796	146,159	149,971	(3,812)
Debt service:				
Principal	-	-	313,080	(313,080)
Interest and fiscal charges	390,000	390,000	78,797	311,203
Capital outlay	<u>-</u>	<u>5,540</u>	<u>36,571</u>	<u>(31,031)</u>
Total Expenditures	<u>13,092,419</u>	<u>12,534,000</u>	<u>12,816,566</u>	<u>(282,566)</u>
Excess (deficiency) of revenues over expenditures	<u>(377,972)</u>	<u>(1,531,076)</u>	<u>(952,540)</u>	<u>578,536</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from enterprise fund	100,000	100,000	100,000	-
Transfers in	258,022	258,022	220,832	(37,190)
Transfers out	<u>(289,190)</u>	<u>(285,880)</u>	<u>(249,940)</u>	<u>35,940</u>
Total other financing sources (uses)	<u>68,832</u>	<u>72,142</u>	<u>70,892</u>	<u>(1,250)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(309,140)	(1,458,934)	(881,648)	577,286
Fund balances at beginning of year	<u>(2,197,539)</u>	<u>(2,197,539)</u>	<u>(2,197,539)</u>	<u>-</u>
Fund deficit at end of year	<u>\$ (2,506,679)</u>	<u>\$ (3,656,473)</u>	<u>\$ (3,079,187)</u>	<u>\$ 577,286</u>

See accompanying notes to the required supplementary information.

CITY OF PINOLE
HOUSING SET-ASIDE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 1,834,510	\$ 1,834,510	\$ 1,803,806	\$ (30,704)
Loan repayments	16,601	16,601	137,413	120,812
Investment earnings	890,872	890,872	419,971	(470,901)
Rents and ground leases	7,886	7,886	-	(7,886)
Other revenues	<u>760,000</u>	<u>760,000</u>	<u>10,497</u>	<u>(749,503)</u>
Total Revenues	<u>3,509,869</u>	<u>3,509,869</u>	<u>2,371,687</u>	<u>(1,138,182)</u>
<u>EXPENDITURES</u>				
Current operations:				
General administration	180,219	3,739,086	3,890,176	(151,090)
Community development	990,000	990,000	375,507	614,493
Debt service - principal	60,923	60,923	-	-
Debt service - interest	44,996	44,996	31,127	13,869
Capital outlay	<u>725,000</u>	<u>725,000</u>	<u>-</u>	<u>725,000</u>
Total Expenditures	<u>2,001,138</u>	<u>5,560,005</u>	<u>4,296,810</u>	<u>1,202,272</u>
Excess (deficiency) of revenues over expenditures	<u>1,508,731</u>	<u>(2,050,136)</u>	<u>(1,925,123)</u>	<u>64,090</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Gain on sale of property	-	-	(88,681)	(88,681)
Transfers out	<u>(1,231,263)</u>	<u>(1,231,263)</u>	<u>(1,274,846)</u>	<u>(43,583)</u>
Total other financing sources (uses)	<u>(1,231,263)</u>	<u>(1,231,263)</u>	<u>(1,363,527)</u>	<u>(132,264)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	277,468	(3,281,399)	(3,288,650)	(7,251)
Fund balance at beginning of year	<u>16,065,965</u>	<u>16,065,965</u>	<u>16,065,965</u>	<u>-</u>
Fund balance at end of year	<u>\$ 16,343,433</u>	<u>\$ 12,784,566</u>	<u>\$ 12,777,315</u>	<u>\$ (7,251)</u>

See accompanying notes to the required supplementary information.

CITY OF PINOLE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION ON
BUDGETARY ACCOUNTING AND CONTROL
FOR THE YEAR ENDED JUNE 30, 2010

NOTE A: GENERAL BUDGET POLICIES

Annually, the City Manager submits to the City Council a proposed operating budget for the following fiscal year. This budget includes proposed expenditures, by fund and department, and the revenues expected to finance them. Public hearings are conducted to obtain taxpayer comments and the budget is legally enacted through passage of a resolution. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, 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. Encumbrances outstanding at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities and are re-appropriated in the following year. Unexpended appropriations lapse at year-end and must be re-appropriated in the following year.

COMBINING FINANCIAL STATEMENTS AND OTHER SUPPLEMENTARY INFORMATION

CITY OF PINOLE
REDEVELOPMENT AGENCY PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 7,338,039	\$ 7,338,039	\$ 7,213,098	\$ (124,941)
Loan repayments	195,183	195,183	116,060	(79,123)
Investment earnings	363,613	363,613	376,306	12,693
Rents and ground leases	370,603	370,603	401,825	31,222
Gain from sale of property held for resale	-	-	662,667	662,667
Other revenues	<u>1,459,156</u>	<u>1,459,156</u>	<u>328,206</u>	<u>(1,130,950)</u>
Total Revenues	<u>9,726,594</u>	<u>9,726,594</u>	<u>9,098,162</u>	<u>(628,432)</u>
<u>EXPENDITURES</u>				
Current operations:				
General administration	3,216,066	3,216,066	3,158,940	57,126
Community development	1,937,908	1,937,908	753,416	1,184,492
Debt service	183,646	183,646	127,916	55,730
Capital outlay	<u>4,328,575</u>	<u>4,328,575</u>	<u>2,269,150</u>	<u>2,059,425</u>
Total Expenditures	<u>9,666,195</u>	<u>9,666,195</u>	<u>6,309,422</u>	<u>3,356,773</u>
Excess (deficiency) of revenues over expenditures	<u>60,399</u>	<u>60,399</u>	<u>2,788,740</u>	<u>2,728,341</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(4,006,335)</u>	<u>(4,006,335)</u>	<u>(3,413,787)</u>	<u>592,548</u>
Total other financing sources (uses)	<u>(4,006,335)</u>	<u>(4,006,335)</u>	<u>(3,413,787)</u>	<u>592,548</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(3,945,936)	(3,945,936)	(625,047)	3,320,889
Fund balance at beginning of year	<u>29,349,201</u>	<u>29,349,201</u>	<u>29,349,201</u>	<u>-</u>
Fund balance at end of year	<u>\$ 25,403,265</u>	<u>\$ 25,403,265</u>	<u>\$ 28,724,154</u>	<u>\$ 3,320,889</u>

CITY OF PINOLE
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	-	41,525	158,359	116,834
Fines, forfeitures and penalties	<u>41,525</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>41,525</u>	<u>41,525</u>	<u>158,359</u>	<u>116,834</u>
<u>EXPENDITURES</u>				
Current operations:				
General administration	21,000	21,000	23,211	(2,211)
Debt service - principle	2,665,000	2,665,000	2,665,000	-
Debt service - interest	<u>2,551,959</u>	<u>2,551,959</u>	<u>2,555,079</u>	<u>(3,120)</u>
Total Expenditures	<u>5,237,959</u>	<u>5,237,959</u>	<u>5,243,290</u>	<u>(5,331)</u>
Excess (deficiency) of revenues over expenditures	<u>(5,196,434)</u>	<u>(5,196,434)</u>	<u>(5,084,931)</u>	<u>111,503</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>5,237,598</u>	<u>5,237,598</u>	<u>4,688,633</u>	<u>(548,965)</u>
Total other financing sources (uses)	<u>5,237,598</u>	<u>5,237,598</u>	<u>4,688,633</u>	<u>(548,965)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	41,164	41,164	(396,298)	(437,462)
Fund balance at beginning of year	<u>5,278,900</u>	<u>5,278,900</u>	<u>5,278,900</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,320,064</u>	<u>\$ 5,320,064</u>	<u>\$ 4,882,602</u>	<u>\$ (437,462)</u>

NON-MAJOR GOVERNMENTAL FUNDS

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

CAPITAL PROJECTS FUND

Public Works Capital Projects Fund

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

SPECIAL REVENUE FUNDS

Growth Impact Fund

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

Gas Tax Fund

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

Parkland Dedication Fund

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

Measure C Fund

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

N.P.D.E.S. Fund

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

AB 939

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

Adjudicated Asset Seizure Fund

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

Police Fund

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

Recreation Fund

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

Building Inspection Fund

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

Congestion Relief Fund

This fund receives revenues from the State of California under AB 2928. Disbursements from this fund must be spent on local streets and roads maintenance, rehabilitation and reconstruction projects.

CITY OF PINOLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2010

	<u>Public Works Capital Projects Fund</u>	<u>Growth Impact</u>	<u>Gas Tax</u>	<u>Parkland Dedication</u>	<u>Measure C</u>
<u>ASSETS</u>					
Cash and investments	\$ 825,011	\$ 2	\$ 134,078	\$ 3	\$ 566,074
Accounts receivables	345,002	-	4,086	-	-
Due from other funds	841,058	-	-	105,867	-
Prepaid items and supplies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 2,011,071</u>	<u>\$ 2</u>	<u>\$ 138,164</u>	<u>\$ 105,870</u>	<u>\$ 566,074</u>
<u>LIABILITIES AND FUND BALANCES (DEFICITS)</u>					
LIABILITIES:					
Accounts payable and accrued liabilities	\$ 7,936	\$ -	\$ 77,074	\$ 5,211	\$ 4,956
Deposits payable	-	-	-	-	-
Due to other funds	<u>-</u>	<u>210,738</u>	<u>249,486</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>7,936</u>	<u>210,738</u>	<u>326,560</u>	<u>5,211</u>	<u>4,956</u>
FUND BALANCES (DEFICITS):					
Unreserved: Designated for:					
Capital projects	2,003,135	-	-	-	-
Unreserved: Undesignated	<u>-</u>	<u>(210,736)</u>	<u>(188,396)</u>	<u>100,659</u>	<u>561,118</u>
Total fund balances (deficits)	<u>2,003,135</u>	<u>(210,736)</u>	<u>(188,396)</u>	<u>100,659</u>	<u>561,118</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 2,011,071</u>	<u>\$ 2</u>	<u>\$ 138,164</u>	<u>\$ 105,870</u>	<u>\$ 566,074</u>

CITY OF PINOLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
(CONTINUED)
JUNE 30, 2010

	NPDES	AB 939	Adjudicated Asset Seizure	Police	Recreation
<u>ASSETS</u>					
Cash and investments	\$ -	\$ 6,811	\$ 3	\$ 5	\$ 63,851
Accounts receivables	-	4,765	-	123,732	48,183
Due from other funds	-	326,773	29,255	-	-
Prepaid items and supplies	-	-	-	-	1,159
	-	-	-	-	1,159
Total Assets	\$ -	\$ 338,349	\$ 29,258	\$ 123,737	\$ 113,193
<u>LIABILITIES AND FUND BALANCES (DEFICITS)</u>					
LIABILITIES:					
Accounts payable and accrued liabilities	\$ 3,759	\$ 2,844	\$ -	\$ 11,822	\$ 86,069
Deposits payable	-	-	-	-	9,365
Due to other funds	326,773	-	-	50,400	7,489
	326,773	-	-	50,400	7,489
Total liabilities	330,532	2,844	-	62,222	102,923
FUND BALANCES (DEFICITS):					
Unreserved: Designated for:					
Capital projects	-	-	-	-	-
Unreserved: Undesignated	(330,532)	335,505	29,258	61,515	10,270
	(330,532)	335,505	29,258	61,515	10,270
Total fund balances (deficits)	(330,532)	335,505	29,258	61,515	10,270
Total Liabilities and Fund Balances (Deficits)	\$ -	\$ 338,349	\$ 29,258	\$ 123,737	\$ 113,193

CITY OF PINOLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
(CONTINUED)
JUNE 30, 2010

	Building Inspection	Congestion Relief	Emergency Preparedness	Total Non-major Governmental Funds
<u>ASSETS</u>				
Cash and investments	\$ 39,390	\$ 43,109	\$ 25,415	\$ 1,703,752
Accounts receivables	10,205	48,972	-	584,945
Due from other funds	-	41,933	-	1,344,886
Prepaid items and supplies	-	-	-	1,159
Total Assets	\$ 49,595	\$ 134,014	\$ 25,415	\$ 3,634,742
<u>LIABILITIES AND FUND BALANCES (DEFICITS)</u>				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 51,682	\$ 52,170	\$ 31,932	\$ 335,455
Deposits payable	-	-	-	9,365
Due to other funds	-	-	-	844,886
Total liabilities	51,682	52,170	31,932	1,189,706
FUND BALANCES (DEFICITS):				
Unreserved: Designated for:				
Capital projects	-	-	-	2,003,135
Unreserved: Undesignated	(2,087)	81,844	(6,517)	441,901
Total fund balances (deficits)	(2,087)	81,844	(6,517)	2,445,036
Total Liabilities and Fund Balances (Deficits)	\$ 49,595	\$ 134,014	\$ 25,415	\$ 3,634,742

CITY OF PINOLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Public Works Capital Projects Fund</u>	<u>Growth Impact</u>	<u>Gas Tax</u>	<u>Parkland Dedication</u>	<u>Measure C</u>
<u>REVENUES</u>					
Taxes and assessments	\$ -	\$ -	\$ 323,554	\$ -	\$ 253,835
Intergovernmental	909,110	-	-	-	-
Contributions	-	-	-	-	-
Investment earnings (losses)	-	(3,890)	(2,654)	1,643	14,740
Rents and ground leases	15,000	-	-	-	-
Charges for service	-	22,800	6,653	30,099	-
Other revenues	-	-	84	-	-
	<u>-</u>	<u>-</u>	<u>84</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>924,110</u>	<u>18,910</u>	<u>327,637</u>	<u>31,742</u>	<u>268,575</u>
<u>EXPENDITURES</u>					
Current operations:					
General administration	-	-	-	-	-
Public safety	-	-	81,188	-	-
Public services	1,542	-	322,715	-	-
Recreation	-	-	-	(13,588)	-
Community development	72,174	-	-	-	-
Debt service:					
Principal	-	207,995	-	-	-
Interest and fiscal charges	-	13,623	-	-	-
Capital outlay	<u>636,760</u>	<u>-</u>	<u>13,840</u>	<u>5,432</u>	<u>525,382</u>
Total Expenditures	<u>710,476</u>	<u>221,618</u>	<u>417,743</u>	<u>(8,156)</u>	<u>525,382</u>
Excess (deficiency) of revenues over expenditures	<u>213,634</u>	<u>(202,708)</u>	<u>(90,106)</u>	<u>39,898</u>	<u>(256,807)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,772)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,772)</u>
Net change in fund balance	213,634	(202,708)	(90,106)	39,898	(299,579)
Fund balances (deficits) - beginning	<u>1,789,501</u>	<u>(8,028)</u>	<u>(98,290)</u>	<u>60,761</u>	<u>860,697</u>
Fund balances (deficits) - ending	<u>\$ 2,003,135</u>	<u>\$ (210,736)</u>	<u>\$ (188,396)</u>	<u>\$ 100,659</u>	<u>\$ 561,118</u>

CITY OF PINOLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010

	<u>NPDES</u>	<u>AB 939</u>	<u>Adjudicated Asset Seizure</u>	<u>Police</u>	<u>Recreation</u>
<u>REVENUES</u>					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	262,850	5,000	3,829	480,199	-
Contributions	-	-	-	-	33,654
Investment earnings (losses)	-	7,277	592	1,098	1,804
Rents and ground leases	-	-	-	-	87,243
Charges for service	-	53,120	-	65,940	1,043,907
Other revenues	-	10,001	-	-	44,443
	<u>-</u>	<u>10,001</u>	<u>-</u>	<u>-</u>	<u>44,443</u>
Total Revenues	<u>262,850</u>	<u>75,398</u>	<u>4,421</u>	<u>547,237</u>	<u>1,211,051</u>
<u>EXPENDITURES</u>					
Current operations:					
General administration	-	-	-	-	-
Public safety	158,263	-	937	410,454	-
Public services	-	-	-	-	-
Recreation	-	-	-	-	1,388,726
Community development	-	68,211	-	-	45
Debt service:					
Principal	-	-	-	-	47,982
Interest and fiscal charges	-	-	-	-	1,907
Capital outlay	-	-	-	1,652	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,652</u>	<u>-</u>
Total Expenditures	<u>158,263</u>	<u>68,211</u>	<u>937</u>	<u>412,106</u>	<u>1,438,660</u>
Excess (deficiency) of revenues over expenditures	<u>104,587</u>	<u>7,187</u>	<u>3,484</u>	<u>135,131</u>	<u>(227,609)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	-	-	-	-	249,940
Transfers out	-	(7,000)	-	(171,060)	-
	<u>-</u>	<u>(7,000)</u>	<u>-</u>	<u>(171,060)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(7,000)</u>	<u>-</u>	<u>(171,060)</u>	<u>249,940</u>
Net change in fund balance	104,587	187	3,484	(35,929)	22,331
Fund balances (deficits) - beginning	<u>(435,119)</u>	<u>335,318</u>	<u>25,774</u>	<u>97,444</u>	<u>(12,061)</u>
Fund balances (deficits) - ending	<u>\$ (330,532)</u>	<u>\$ 335,505</u>	<u>\$ 29,258</u>	<u>\$ 61,515</u>	<u>\$ 10,270</u>

CITY OF PINOLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Building Inspection</u>	<u>Congestion Relief</u>	<u>Emergency Preparedness</u>	<u>Total Non-major Governmental Funds</u>
<u>REVENUES</u>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 577,389
Intergovernmental	-	126,741	92,719	1,880,448
Contributions	-	-	-	33,654
Investment earnings (losses)	965	424	-	21,999
Rents and ground leases	-	-	-	102,243
Charges for service	334,935	-	-	1,557,454
Other revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,528</u>
Total Revenues	<u>335,900</u>	<u>127,165</u>	<u>92,719</u>	<u>4,227,715</u>
<u>EXPENDITURES</u>				
Current operations:				
General administration	18,955	-	-	18,955
Public safety	-	-	99,236	750,078
Public services	-	84,459	-	408,716
Recreation	-	-	-	1,375,138
Community development	295,386	-	-	435,816
Debt service:				
Principal	-	-	-	255,977
Interest and fiscal charges	-	-	-	15,530
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,183,066</u>
Total Expenditures	<u>314,341</u>	<u>84,459</u>	<u>99,236</u>	<u>4,443,276</u>
Excess (deficiency) of revenues over expenditures	<u>21,559</u>	<u>42,706</u>	<u>(6,517)</u>	<u>(215,561)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	249,940
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(220,832)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,108</u>
Net change in fund balance	21,559	42,706	(6,517)	(186,453)
Fund balances (deficits) - beginning	<u>(23,646)</u>	<u>39,138</u>	<u>-</u>	<u>2,631,489</u>
Fund balances (deficits) - ending	<u>\$ (2,087)</u>	<u>\$ 81,844</u>	<u>\$ (6,517)</u>	<u>\$ 2,445,036</u>

CITY OF PINOLE
GROWTH IMPACT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings (losses)	500	500	(3,890)	(4,390)
Charges for service	<u>46,650</u>	<u>46,650</u>	<u>22,800</u>	<u>(23,850)</u>
Total Revenues	<u>47,150</u>	<u>47,150</u>	<u>18,910</u>	<u>(28,240)</u>
<u>EXPENDITURES</u>				
Current operations:				
Recreation	75,000	75,000	-	75,000
Debt service				
Interest and fiscal charges	<u>222,774</u>	<u>222,774</u>	<u>221,618</u>	<u>1,156</u>
Total Expenditures	<u>297,774</u>	<u>297,774</u>	<u>221,618</u>	<u>76,156</u>
Excess (deficiency) of revenues over expenditures	<u>(250,624)</u>	<u>(250,624)</u>	<u>(202,708)</u>	<u>47,916</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(250,624)	(250,624)	(202,708)	47,916
Fund balance at beginning of year	<u>(8,028)</u>	<u>(8,028)</u>	<u>(8,028)</u>	<u>-</u>
Fund deficit at end of year	<u><u>\$ (258,652)</u></u>	<u><u>\$ (258,652)</u></u>	<u><u>\$ (210,736)</u></u>	<u><u>\$ 47,916</u></u>

CITY OF PINOLE
GAS TAX - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 365,054	\$ 365,054	\$ 323,554	\$ (41,500)
Investment earnings	6,500	6,500	(2,654)	(9,154)
Charges for service	4,000	4,000	6,653	2,653
Other revenues	-	-	84	84
Total Revenues	<u>375,554</u>	<u>375,554</u>	<u>327,637</u>	<u>(47,917)</u>
<u>EXPENDITURES</u>				
Current operations:				
Public safety	87,742	87,742	81,188	6,554
Public services	315,786	315,786	322,715	(6,929)
Capital outlay	-	-	13,840	(13,840)
Total Expenditures	<u>403,528</u>	<u>403,528</u>	<u>417,743</u>	<u>(14,215)</u>
Excess (deficiency) of revenues over expenditures	<u>(27,974)</u>	<u>(27,974)</u>	<u>(90,106)</u>	<u>(62,132)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(27,974)	(27,974)	(90,106)	(62,132)
Fund balance at beginning of year	<u>(98,290)</u>	<u>(98,290)</u>	<u>(98,290)</u>	<u>-</u>
Fund deficit at end of year	<u>\$ (126,264)</u>	<u>\$ (126,264)</u>	<u>\$ (188,396)</u>	<u>\$ (62,132)</u>

CITY OF PINOLE
PARKLAND DEDICATION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	2,250	2,250	1,643	(607)
Charges for service	<u>6,057</u>	<u>6,057</u>	<u>30,099</u>	<u>24,042</u>
Total Revenues	<u>8,307</u>	<u>8,307</u>	<u>31,742</u>	<u>23,435</u>
<u>EXPENDITURES</u>				
Current operations:				
Recreation	-	-	(13,588)	13,588
Capital outlay	<u>-</u>	<u>-</u>	<u>5,432</u>	<u>(5,432)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>(8,156)</u>	<u>8,156</u>
Excess (deficiency) of revenues over expenditures	<u>8,307</u>	<u>8,307</u>	<u>39,898</u>	<u>31,591</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	8,307	8,307	39,898	31,591
Fund balance at beginning of year	<u>60,761</u>	<u>60,761</u>	<u>60,761</u>	<u>-</u>
Fund balance at end of year	<u>\$ 69,068</u>	<u>\$ 69,068</u>	<u>\$ 100,659</u>	<u>\$ 31,591</u>

CITY OF PINOLE
MEASURE C - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 239,000	\$ 239,000	\$ 253,835	\$ 14,835
Investment earnings	<u>30,000</u>	<u>30,000</u>	<u>14,740</u>	<u>(15,260)</u>
Total Revenues	<u>269,000</u>	<u>269,000</u>	<u>268,575</u>	<u>(425)</u>
<u>EXPENDITURES</u>				
Current operations:				
Capital outlay	-	-	<u>525,382</u>	<u>525,382</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>525,382</u>	<u>525,382</u>
Excess (deficiency) of revenues over expenditures	<u>269,000</u>	<u>269,000</u>	<u>(256,807)</u>	<u>(525,807)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	<u>(42,772)</u>	<u>(42,772)</u>	<u>(42,772)</u>	<u>-</u>
Total other financing sources (uses)	<u>(42,772)</u>	<u>(42,772)</u>	<u>(42,772)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	226,228	226,228	(299,579)	(525,807)
Fund balance at beginning of year	<u>860,697</u>	<u>860,697</u>	<u>860,697</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,086,925</u>	<u>\$ 1,086,925</u>	<u>\$ 561,118</u>	<u>\$ (525,807)</u>

CITY OF PINOLE
NPDES - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	<u>235,000</u>	<u>235,000</u>	<u>262,850</u>	<u>27,850</u>
Total Revenues	<u>235,000</u>	<u>235,000</u>	<u>262,850</u>	<u>27,850</u>
<u>EXPENDITURES</u>				
Current operations:				
Public safety	<u>182,442</u>	<u>182,442</u>	<u>158,263</u>	<u>24,179</u>
Total Expenditures	<u>182,442</u>	<u>182,442</u>	<u>158,263</u>	<u>24,179</u>
Excess (deficiency) of revenues over expenditures	<u>52,558</u>	<u>52,558</u>	<u>104,587</u>	<u>52,029</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	52,558	52,558	104,587	52,029
Fund balance at beginning of year	<u>(435,119)</u>	<u>(435,119)</u>	<u>(435,119)</u>	<u>-</u>
Fund deficit at end of year	<u>\$ (382,561)</u>	<u>\$ (382,561)</u>	<u>\$ (330,532)</u>	<u>\$ 52,029</u>

CITY OF PINOLE
 AB 939 - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	5,000	5,000	5,000	-
Investment earnings	20,000	20,000	7,277	(12,723)
Charges for service	60,000	60,000	53,120	(6,880)
Other revenues	-	-	<u>10,001</u>	<u>10,001</u>
Total Revenues	<u>85,000</u>	<u>85,000</u>	<u>75,398</u>	<u>(9,602)</u>
<u>EXPENDITURES</u>				
Current operations:				
Community development	<u>77,524</u>	<u>77,524</u>	<u>68,211</u>	<u>9,313</u>
Total Expenditures	<u>77,524</u>	<u>77,524</u>	<u>68,211</u>	<u>9,313</u>
Excess (deficiency) of revenues over expenditures	<u>7,476</u>	<u>7,476</u>	<u>7,187</u>	<u>(18,915)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	<u>(7,000)</u>	<u>(7,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(7,000)</u>	<u>(7,000)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	7,476	7,476	187	(7,289)
Fund balance at beginning of year	<u>335,318</u>	<u>335,318</u>	<u>335,318</u>	<u>-</u>
Fund balance at end of year	<u>\$ 342,794</u>	<u>\$ 342,794</u>	<u>\$ 335,505</u>	<u>\$ (7,289)</u>

CITY OF PINOLE
ADJUDICATED ASSET SEIZURE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	1,000	1,000	3,829	2,829
Investment earnings	300	300	592	292
Total Revenues	<u>1,300</u>	<u>1,300</u>	<u>4,421</u>	<u>3,121</u>
<u>EXPENDITURES</u>				
Current operations:				
Public safety	-	-	937	(937)
Total Expenditures	<u>-</u>	<u>-</u>	<u>937</u>	<u>(937)</u>
Excess (deficiency) of revenues over expenditures	<u>1,300</u>	<u>1,300</u>	<u>3,484</u>	<u>4,058</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,300	1,300	3,484	2,184
Fund balance at beginning of year	<u>25,774</u>	<u>25,774</u>	<u>25,774</u>	<u>-</u>
Fund balance at end of year	<u>\$ 27,074</u>	<u>\$ 27,074</u>	<u>\$ 29,258</u>	<u>\$ 2,184</u>

CITY OF PINOLE
POLICE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	467,480	467,480	480,199	12,719
Investment earnings	4,750	4,750	1,098	(3,652)
Charges for service	<u>41,095</u>	<u>41,095</u>	<u>65,940</u>	<u>24,845</u>
Total Revenues	<u>513,325</u>	<u>513,325</u>	<u>547,237</u>	<u>33,912</u>
<u>EXPENDITURES</u>				
Current operations:				
Public safety	356,190	356,190	410,454	(54,264)
Capital outlay	<u>4,640</u>	<u>4,640</u>	<u>1,652</u>	<u>2,988</u>
Total Expenditures	<u>360,830</u>	<u>360,830</u>	<u>412,106</u>	<u>(51,276)</u>
Excess (deficiency) of revenues over expenditures	<u>152,495</u>	<u>152,495</u>	<u>135,131</u>	<u>85,188</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	<u>(171,060)</u>	<u>(171,060)</u>	<u>(171,060)</u>	<u>-</u>
Total other financing sources (uses)	<u>(171,060)</u>	<u>(171,060)</u>	<u>(171,060)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(18,565)	(18,565)	(35,929)	(17,364)
Fund balance at beginning of year	<u>97,444</u>	<u>97,444</u>	<u>97,444</u>	<u>-</u>
Fund balance at end of year	<u>\$ 78,879</u>	<u>\$ 78,879</u>	<u>\$ 61,515</u>	<u>\$ (17,364)</u>

CITY OF PINOLE
RECREATION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Contributions	57,000	57,000	33,654	(23,346)
Investment earnings (losses)	-	-	1,804	1,804
Rents and ground leases	42,500	42,500	87,243	44,743
Charges for service	559,411	559,411	1,043,907	484,496
Other revenues	<u>322,900</u>	<u>322,900</u>	<u>44,443</u>	<u>(278,457)</u>
Total Revenues	<u>981,811</u>	<u>981,811</u>	<u>1,211,051</u>	<u>229,240</u>
<u>EXPENDITURES</u>				
Current operations:				
Recreation	1,213,421	1,213,421	1,388,726	(175,305)
Community development	-	-	45	45
Debt service				
Interest and fiscal charges	<u>49,380</u>	<u>49,380</u>	<u>49,889</u>	<u>(509)</u>
Total Expenditures	<u>1,262,801</u>	<u>1,262,801</u>	<u>1,438,660</u>	<u>(175,769)</u>
Excess (deficiency) of revenues over expenditures	<u>(280,990)</u>	<u>(280,990)</u>	<u>(227,609)</u>	<u>53,471</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	254,190	254,190	249,940	(4,250)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>254,190</u>	<u>254,190</u>	<u>249,940</u>	<u>(4,250)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(26,800)	(26,800)	22,331	49,131
Fund balance at beginning of year	<u>(12,061)</u>	<u>(12,061)</u>	<u>(12,061)</u>	<u>-</u>
Fund deficit at end of year	<u>\$ (38,861)</u>	<u>\$ (38,861)</u>	<u>\$ 10,270</u>	<u>\$ 49,131</u>

CITY OF PINOLE
BUILDING INSPECTION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	1,500	1,500	965	(535)
Charges for service	<u>325,370</u>	<u>325,370</u>	<u>334,935</u>	<u>9,565</u>
Total Revenues	<u>326,870</u>	<u>326,870</u>	<u>335,900</u>	<u>9,030</u>
<u>EXPENDITURES</u>				
Current operations:				
General administration	85,000	85,000	18,955	(66,045)
Community development	<u>366,504</u>	<u>366,504</u>	<u>295,386</u>	<u>71,118</u>
Total Expenditures	<u>451,504</u>	<u>451,504</u>	<u>314,341</u>	<u>5,073</u>
Excess (deficiency) of revenues over expenditures	<u>(124,634)</u>	<u>(124,634)</u>	<u>21,559</u>	<u>14,103</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(124,634)	(124,634)	21,559	146,193
Fund balance at beginning of year	<u>(23,646)</u>	<u>(23,646)</u>	<u>(23,646)</u>	<u>-</u>
Fund deficit at end of year	<u>\$ (148,280)</u>	<u>\$ (148,280)</u>	<u>\$ (2,087)</u>	<u>\$ 146,193</u>

CITY OF PINOLE
CONGESTION RELIEF - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	126,741	126,741	126,741	-
Investment earnings	<u>424</u>	<u>424</u>	<u>424</u>	-
Total Revenues	<u>127,165</u>	<u>127,165</u>	<u>127,165</u>	-
<u>EXPENDITURES</u>				
Current operations:				
Public services	<u>84,459</u>	<u>84,459</u>	<u>84,459</u>	-
Total Expenditures	<u>84,459</u>	<u>84,459</u>	<u>84,459</u>	-
Excess (deficiency) of revenues over expenditures	<u>42,706</u>	<u>42,706</u>	<u>42,706</u>	-
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	42,706	42,706	42,706	-
Fund balance at beginning of year	<u>39,138</u>	<u>39,138</u>	<u>39,138</u>	-
Fund balance at end of year	<u>\$ 81,844</u>	<u>\$ 81,844</u>	<u>\$ 81,844</u>	<u>\$ -</u>

CITY OF PINOLE
EMERGENCY PREPAREDNESS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	92,719	92,719	92,719	-
Total Revenues	<u>92,719</u>	<u>92,719</u>	<u>92,719</u>	<u>-</u>
<u>EXPENDITURES</u>				
Current operations:				
Public safety	99,236	99,236	99,236	-
Total Expenditures	<u>99,236</u>	<u>99,236</u>	<u>99,236</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(6,517)</u>	<u>(6,517)</u>	<u>(6,517)</u>	<u>-</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(6,517)	(6,517)	(6,517)	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ (6,517)</u>	<u>\$ (6,517)</u>	<u>\$ (6,517)</u>	<u>\$ -</u>

CITY OF PINOLE
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>ASSETS</u>				
Restricted cash and investments (Note 2)	\$ <u>132,874</u>	\$ <u>29,645</u>	\$ <u>(9,464)</u>	\$ <u>153,055</u>
Total Assets	\$ <u>132,874</u>	\$ <u>29,645</u>	\$ <u>(9,464)</u>	\$ <u>153,055</u>
<u>LIABILITIES</u>				
Deposits in trust	\$ <u>132,874</u>	\$ <u>29,645</u>	\$ <u>(9,464)</u>	\$ <u>153,055</u>
Total Liabilities	\$ <u>132,874</u>	\$ <u>29,645</u>	\$ <u>(9,464)</u>	\$ <u>153,055</u>

STATISTICAL SECTION

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	86 - 90
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	91 - 98
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
Debt Capacity	99 - 103
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic Information	104 - 105
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.	
Operating Information	106 - 108
These schedules contain contextual information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

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

CITY OF PINOLE
NET ASSETS BY COMPONENT, Last Nine Fiscal Years

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities									
Invested in capital assets, net of debt	\$ 22,610,460	\$ 22,703,452	\$ 16,769,905	\$ 52,324,816	\$ 53,336,318	\$ 40,790,557	\$ 42,245,276	\$ 48,481,644	\$ 42,630,150
Restricted	22,127,763	24,564,844	25,402,082	30,458,219	32,520,523	27,672,220	31,103,964	30,499,885	30,499,599
Unrestricted	1,875,562	1,530,853	1,222,744	(35,722,550)	(43,319,096)	(9,211,428)	(15,332,443)	(26,814,858)	(26,628,239)
Total governmental activities net assets	<u>\$ 46,613,785</u>	<u>\$ 48,799,149</u>	<u>\$ 43,394,731</u>	<u>\$ 47,060,485</u>	<u>\$ 42,537,745</u>	<u>\$ 59,251,349</u>	<u>\$ 58,016,797</u>	<u>\$ 52,166,671</u>	<u>\$ 46,501,510</u>
Business-type activities									
Invested in capital assets, net of debt	\$ 6,821,212	\$ 7,828,860	\$ 7,615,873	\$ 8,019,324	\$ 9,547,421	\$ 9,037,897	\$ 8,536,063	\$ 7,816,726	\$ 10,112,367
Unrestricted	2,292,737	1,044,925	273,960	(117,846)	(2,210,511)	(295,688)	3,566,154	4,729,269	1,724,352
Total business-type activities net assets	<u>\$ 9,113,949</u>	<u>\$ 8,873,785</u>	<u>\$ 7,889,833</u>	<u>\$ 7,901,478</u>	<u>\$ 7,336,910</u>	<u>\$ 8,742,209</u>	<u>\$ 12,102,217</u>	<u>\$ 12,545,995</u>	<u>\$ 11,836,719</u>
Primary government									
Invested in capital assets, net of debt	\$ 29,431,672	\$ 30,532,312	\$ 24,385,778	\$ 60,344,140	\$ 62,883,739	\$ 49,828,454	\$ 50,781,339	\$ 56,298,370	\$ 52,742,517
Restricted	22,127,763	24,564,844	25,402,082	30,458,219	32,520,523	27,672,220	31,103,964	30,499,885	30,499,599
Unrestricted	4,168,299	2,575,778	1,496,704	(35,840,396)	(45,529,607)	(9,507,116)	(11,766,289)	(22,085,589)	(24,903,887)
Total primary government net assets	<u>\$ 55,727,734</u>	<u>\$ 57,672,934</u>	<u>\$ 51,284,564</u>	<u>\$ 54,961,963</u>	<u>\$ 49,874,655</u>	<u>\$ 67,993,558</u>	<u>\$ 70,119,014</u>	<u>\$ 64,712,666</u>	<u>\$ 58,338,229</u>

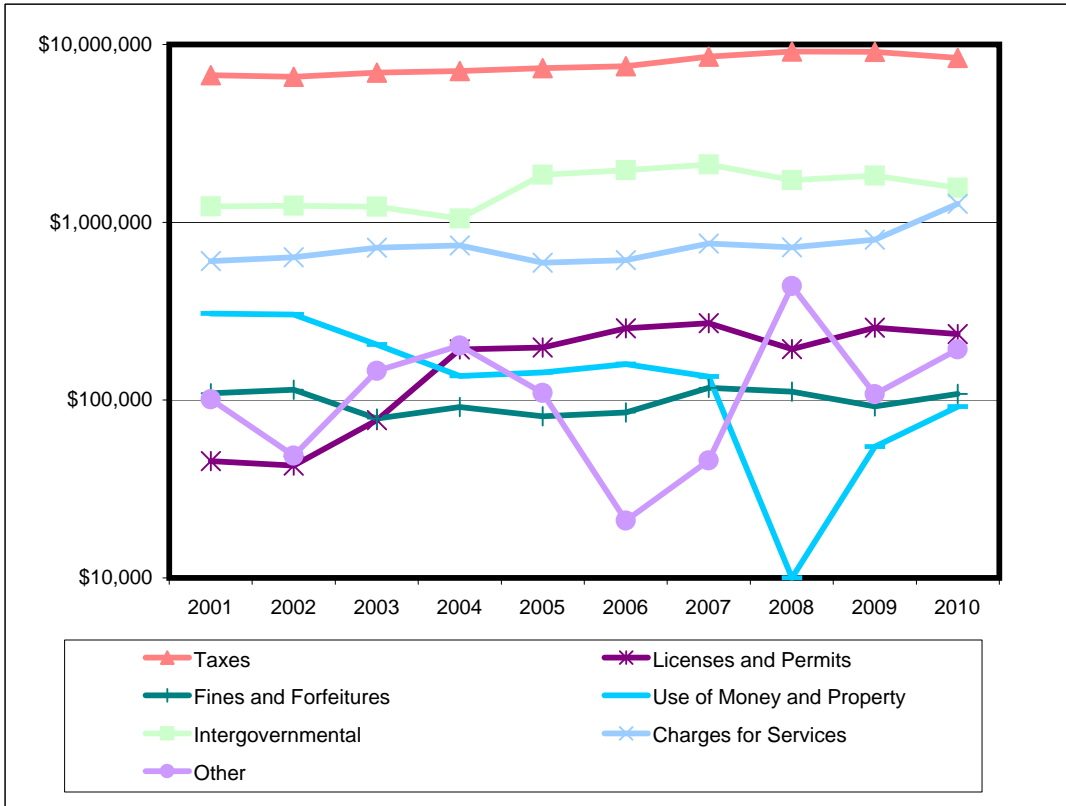
The City implemented GASB 34 for the year ending June 30, 2002. Information is not available for years prior to implementation.

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

	Fiscal Year								
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses									
Governmental Activities:									
General government	\$ 4,264,314	\$ 4,002,779	\$ 4,348,402	\$ 4,663,893	\$ 9,568,735	\$ 6,390,318	\$ 8,287,102	\$ 9,203,481	\$ 12,935,189
Public safety	6,389,070	7,070,808	8,362,415	8,825,257	9,863,797	10,799,940	11,931,756	11,086,383	10,627,109
Public services	3,328,249	3,288,372	4,802,292	2,969,542	3,304,662	3,210,107	3,014,880	2,120,368	2,338,079
Recreation	768,897	1,041,397	1,226,189	1,563,110	1,756,906	1,790,106	1,903,863	1,653,907	1,463,300
Community development	916,900	901,459	1,213,177	2,646,277	2,559,072	2,125,453	1,919,348	7,202,650	3,092,568
Interest and fiscal chages	2,517,046	1,747,257	2,017,494	2,720,659	3,652,828	2,879,591	2,187,182	2,817,474	2,686,711
Total government activity expenses	\$ 18,184,476	\$ 18,052,072	\$ 21,969,969	\$ 23,388,738	\$ 30,706,000	\$ 27,195,515	\$ 29,244,131	\$ 34,084,263	\$ 33,142,956
Business-type activities:									
Wastewater utility	2,737,480	3,011,536	4,001,049	3,693,603	4,477,690	5,044,560	5,338,607	5,312,229	5,798,474
Total business-type activities expenses	2,737,480	3,011,536	4,001,049	3,693,603	4,477,690	5,044,560	5,338,607	5,312,229	5,798,474
Total primary government expenses	\$ 20,921,956	\$ 21,063,608	\$ 25,971,018	\$ 27,082,341	\$ 35,183,690	\$ 32,240,075	\$ 34,582,738	\$ 39,396,492	\$ 38,941,430
Program Revenues									
Governmental Activities:									
Charges for services:									
General government	\$ 514,392	\$ -	\$ 1,344,495	\$ -	\$ 83,977	\$ 197,176	\$ 371,465	\$ 327,329	\$ 247,304
Public safety	859,929	868,449	901,799	718,947	866,627	400,687	406,321	445,951	380,755
Public services	467,090	636,707	424,143	117,709	624,918	512,065	357,204	355,579	314,815
Recreation	713,448	222,156	263,162	333,451	476,334	1,386,424	1,007,081	982,967	926,243
Community development	-	-	43,053	26,699	49,184	620,746	812,978	902,718	1,653,268
Operating grants and contributions	1,407,303	1,743,820	1,020,066	672,689	1,708,702	1,583,095	1,454,497	1,315,613	777,009
Capital grants and contributions	633,889	-	659,798	426,525	316,110	-	320,771	2,058,926	1,306,971
Total governmental program revenues	4,596,051	3,471,132	4,656,516	2,296,020	4,125,852	4,700,193	4,730,317	6,389,083	5,606,365
Business-type activities:									
Charges for services:									
Wastewater utility	3,061,993	2,950,242	3,199,001	3,227,371	4,008,075	6,268,284	7,972,684	5,858,159	5,101,066
Capital grants and contributions	-	-	-	-	-	-	-	-	58,691
Total business-type program revenues	3,061,993	2,950,242	3,199,001	3,227,371	4,008,075	6,268,284	7,972,684	5,858,159	5,159,757
Total primary government program revenues	\$ 7,658,044	\$ 6,421,374	\$ 7,855,517	\$ 5,523,391	\$ 8,133,927	\$ 10,968,477	\$ 12,703,001	\$ 12,247,242	\$ 10,766,122
Net (Expense)/Revenue									
Net (Expense)/Revenue Governmental	(13,588,425)	(14,580,940)	(17,313,453)	(21,092,718)	(26,580,148)	(22,495,322)	(24,513,814)	(27,695,180)	(27,536,591)
Net (Expense)/Revenue Business-type	324,513	(61,294)	(802,048)	(466,232)	(469,615)	1,223,724	2,634,077	545,930	(638,717)
Total primary government net expense	(13,263,912)	(14,642,234)	(18,115,501)	(21,558,950)	(27,049,763)	(21,271,598)	(21,879,737)	(27,149,250)	(28,175,308)
Change in Net Assets									
Governmental activities	1,569,240	2,185,364	(1,592,463)	(336,487)	(4,522,740)	11,680,585	(1,234,552)	(5,850,126)	(5,665,161)
Business-type activities	223,208	(240,163)	(983,952)	(539,355)	(564,568)	1,405,299	2,806,387	443,778	(709,276)
Total primary government	1,792,448	1,945,201	(2,576,415)	(875,842)	(5,087,308)	13,085,884	1,571,835	(5,406,348)	(6,374,437)

The City implemented GASB 34 for the year ending June 30, 2002. Information is not available for years prior to implementation.

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



Fiscal Year	Taxes	Licenses and Permits	Fines and Forfeitures	Use of Money and Property	Intergovernmental	Charges for Services	Other	Total
2001	6,710,844	45,471	109,050	306,721	1,227,359	603,961	100,862	9,104,268
2002	6,573,285	42,863	114,268	303,113	1,238,285	635,526	48,776	8,956,116
2003	6,931,210	77,284	78,704	205,062	1,221,877	720,144	146,288	9,380,569
2004	7,083,816	192,462	91,456	136,367	1,049,356	741,924	202,781	9,498,162
2005	7,356,495	197,307	80,959	142,947	1,848,067	593,113	109,781	10,328,669
2006	7,558,516	253,162	85,366	159,480	1,958,287	612,208	20,972	10,647,991
2007	8,548,852	271,067	117,017	135,571	2,116,230	758,350	45,697	11,992,784
2008	9,142,141	193,829	111,601	10,000	1,725,388	721,921	437,101	12,341,981
2009	9,099,405	255,058	92,339	54,704	1,827,646	798,562	107,996	12,235,710
2010	8,400,723	234,870	108,408	91,923	1,564,352	1,270,860	192,890	11,864,026

Source: City of Pinole Finance

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

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

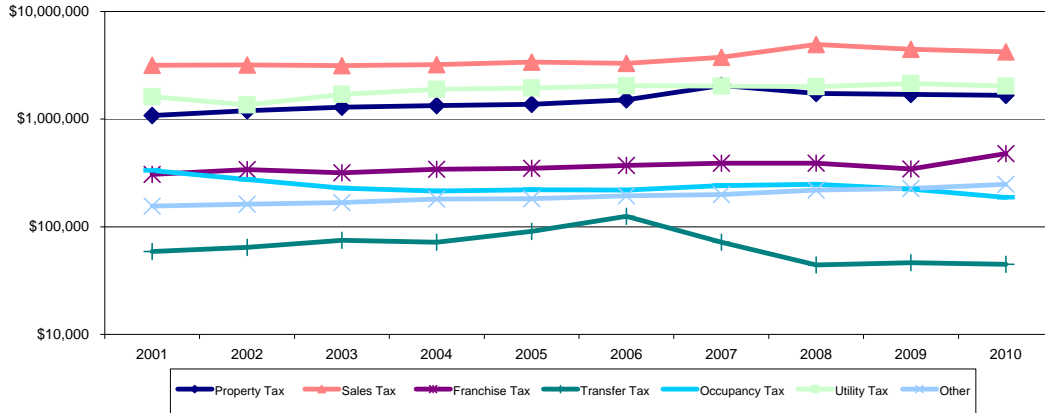
	Fiscal Year								
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund									
Reserved	\$ 114,036	\$ 320,410	\$ 1,518,923	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,600,731	3,910,158	1,698,675	3,061,379	1,837,111	576,396	(644,334)	(2,197,539)	(3,079,187)
Total General Fund	<u>\$ 3,714,767</u>	<u>\$ 4,230,568</u>	<u>\$ 3,217,598</u>	<u>\$ 3,061,379</u>	<u>\$ 1,837,111</u>	<u>\$ 576,396</u>	<u>\$ (644,334)</u>	<u>\$ (2,197,539)</u>	<u>\$ (3,079,187)</u>
All Other Governmental Funds									
Reserved	\$ 20,012,479	\$ 22,757,185	\$ 22,831,016	\$ 21,888,829	\$ 22,993,981	\$ 21,974,223	\$ 25,160,826	\$ 25,220,985	\$ 31,677,652
Unreserved reported in:									
Special revenue funds	4,456,247	722,737	1,724,621	8,900,569	8,941,164	3,139,765	1,694,696	841,988	441,901
Capital project funds	1,281,832	1,963,718	1,322,520	20,970,809	17,752,067	30,117,057	22,281,974	19,786,143	11,826,952
Debt service funds	732,242	655,177	1,151,270	6,145,833	5,555,390	5,697,997	5,943,138	5,278,900	4,882,602
Total all other governmental funds	<u>\$ 26,482,800</u>	<u>\$ 26,098,817</u>	<u>\$ 27,029,427</u>	<u>\$ 57,906,040</u>	<u>\$ 55,242,602</u>	<u>\$ 60,929,042</u>	<u>\$ 55,080,634</u>	<u>\$ 51,128,016</u>	<u>\$ 48,829,107</u>

The City implemented GASB 34 for the year ending June 30, 2002. Information is not available for years prior to implementation.

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

	Fiscal Year								
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues									
Taxes	\$ 13,307,295	\$ 14,087,378	\$ 14,488,518	\$ 17,351,108	\$ 15,700,753	\$ 18,194,789	\$ 19,063,268	\$ 19,060,207	\$ 18,229,886
Intergovernmental	2,714,792	2,012,077	2,663,666	2,228,082	3,105,486	2,880,045	3,165,282	4,496,696	3,444,800
Loan repayments	683,608	944,756	1,353,672	4,746,724	595,875	629,106	1,036,202	211,784	253,473
Contributions	-	-	-	426,525	316,110	156,886	39,648	35,708	33,654
Investment earnings	946,834	290,313	411,812	894,548	1,338,465	2,084,651	1,651,436	1,027,361	986,963
Rents and ground leases	456,605	705,283	729,913	564,910	378,815	511,316	543,931	645,932	585,663
Charges for service	1,803,600	1,529,573	1,612,582	1,196,806	2,101,040	2,605,782	2,450,367	2,576,862	2,828,314
Fines, forfeitures and penalties	165,082	128,988	75,441	1,115,926	88,069	181,527	117,328	114,191	108,408
Gain (loss) on sale of property held for resale	10,190	2,048,325	-	(55,720)	2,919,551	-	-	-	662,667
Other revenues	281,610	931,516	169,676	255,067	159,971	7,731,173	891,559	177,180	586,121
Total revenues	20,369,616	22,678,209	21,505,280	28,723,976	26,704,135	34,975,275	28,959,021	28,345,921	27,719,949
Expenditures									
General administration	4,234,642	3,941,463	4,306,759	7,046,740	11,290,065	5,217,844	7,692,393	6,950,440	9,353,968
Public safety	6,055,568	6,446,603	7,546,000	8,314,765	9,357,468	10,281,406	11,357,795	10,602,829	10,346,903
Public services	3,147,040	2,921,398	5,061,189	1,692,011	2,146,205	2,017,619	1,989,480	832,163	787,202
Recreation	583,672	808,015	852,098	1,283,924	1,463,436	1,509,978	1,683,390	1,444,232	1,375,288
Community development	1,994,608	3,494,023	1,109,568	2,619,087	2,028,910	4,813,314	4,505,768	4,326,084	1,714,710
Debt service - Principal	910,000	1,546,494	1,642,194	1,633,991	2,260,239	2,205,340	2,570,118	2,940,181	3,315,659
Debt service - Interest	1,791,151	1,760,400	2,346,618	2,267,611	2,999,026	2,928,681	2,864,311	2,849,081	2,726,847
Capital outlay	2,130,743	2,664,172	3,045,914	1,938,505	4,289,510	2,158,931	3,272,539	2,453,529	3,488,787
Total expenditures	20,847,424	23,582,568	25,910,340	26,796,634	35,834,859	31,133,113	35,935,794	32,398,539	33,109,364
Other financing sources (uses)									
Bond, note and loan proceeds	2,500,000	827,500	4,134,023	29,995,000	6,217,630	-	-	-	-
Capital lease financing	-	-	-	-	276,169	300,000	444,870	-	-
Gain (loss) on sale of property	-	-	-	-	-	-	-	-	(88,681)
Transfers from enterprise fund	169,178	208,677	188,677	75,000	75,000	182,277	100,000	100,000	100,000
Total other financing sources	2,669,178	1,036,177	4,322,700	30,070,000	6,568,799	482,277	544,870	100,000	11,319
Net change in fund balance	\$ 2,191,370	\$ 131,818	\$ (82,360)	\$ 31,997,342	\$ (2,561,925)	\$ 4,324,439	\$ (6,431,903)	\$ (3,952,618)	\$ (5,378,096)
Debt service as a % of noncapital expenditures	14.4%	15.8%	17.4%	15.7%	16.7%	17.7%	16.6%	19.3%	20.4%

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



Fiscal Year	(b)				(a)		(c)	Total
	Property Tax	Sales Tax	Franchise Tax	Transfer Tax	Occupancy Tax	Utility Tax	Other	
2001	1,081,429	3,160,263	307,241	58,947	333,220	1,613,657	156,087	6,710,844
2002	1,196,476	3,181,254	338,685	64,439	274,528	1,355,403	162,500	6,573,285
2003	1,292,118	3,151,629	316,301	74,851	228,562	1,699,323	168,425	6,931,210
2004	1,336,452	3,217,736	343,167	71,862	214,380	1,900,219	181,064	7,264,880
2005	1,372,199	3,380,738	348,123	90,895	221,229	1,943,312	182,580	7,539,076
2006	1,511,131	3,293,801	372,272	125,025	219,525	2,037,499	193,390	7,752,643
2007	2,053,511	3,761,128	389,156	71,909	241,401	2,031,747	199,743	8,748,595
2008	1,729,637	4,936,111	390,673	44,065	247,639	1,996,181	218,567	9,562,873
2009	1,703,228	4,442,990	343,904	46,397	223,294	2,150,325	226,464	9,136,602
2010	1,665,429	4,209,559	477,315	44,699	187,746	2,030,198	247,304	8,862,250

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

Source: City of Pinole Finance

CITY OF PINOLE
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
(BY ASSESSMENT PROPERTY CATEGORY)
LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	All Other Assessment Categories	Total Taxable Assessed Value	Total Gross Directand Overlapping Debt Tax Rate [a]	Estimated Actual Taxable Value [b]	Taxable Assessed Value as a % of Actual Taxable Value
2001	Not Available							
2002	\$ 966,122	\$ 205,241	\$ 12,617	\$ 82,212	\$ 1,266,192	\$ 0.155	\$ 1,848,640	68.493
2003	1,128,770	224,136	13,126	74,830	1,440,862	0.190	2,132,476	67.568
2004	1,212,948	225,744	13,370	92,447	1,544,509	0.126	2,316,764	66.667
2005	1,313,902	247,181	14,340	94,005	1,669,428	0.148	2,537,531	65.789
2006	1,466,842	267,867	14,861	95,790	1,845,360	0.185	2,841,854	64.935
2007	1,571,618	275,403	14,918	107,323	1,969,262	0.169	3,072,049	64.103
2008	1,571,618	275,403	14,918	107,323	1,969,262	0.159	3,111,434	63.291
2009	1,555,913	311,157	17,482	101,242	1,985,794	0.155	3,177,270	62.500
2010	1,379,735	350,603	17,544	95,658	1,843,540	0.231	2,986,535	61.728

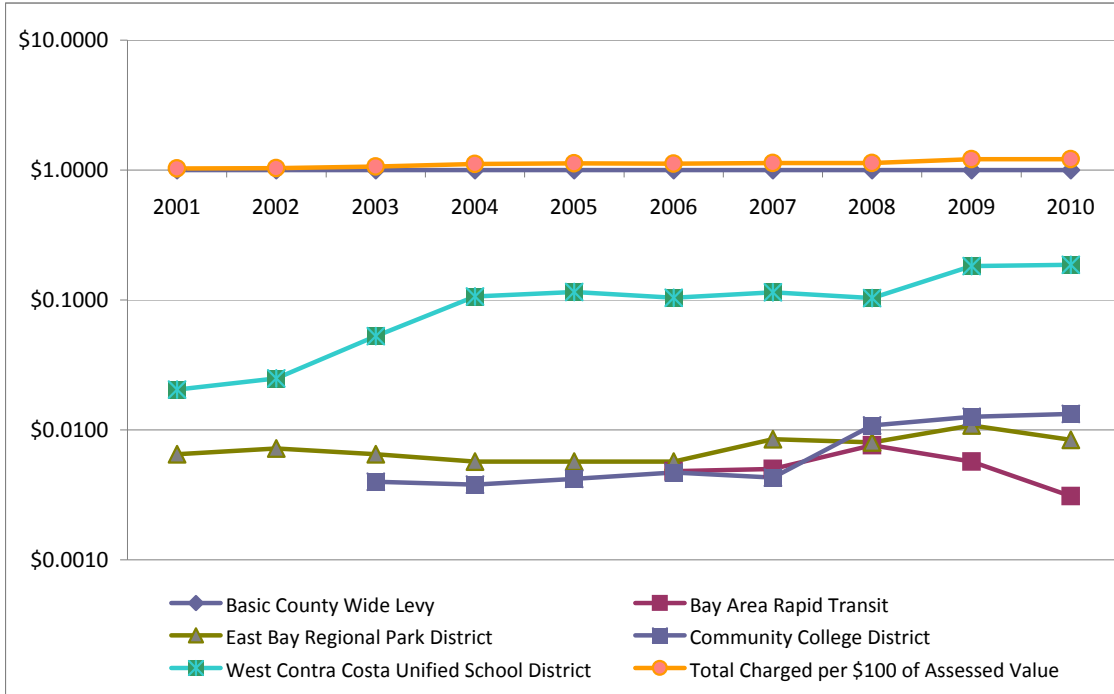
Notes:

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

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

Source : Contra Costa County Assessor's Office

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



Fiscal Year	Basic County Wide Levy	Bay Area Rapid Transit	East Bay Regional Park District	Community College District	West Contra Costa Unified School District	Total Charged per \$100 of Assessed Value
2001	\$1.0000		\$0.0065		\$0.0204	\$1.0269
2002	\$1.0000		\$0.0072		\$0.0249	\$1.0321
2003	\$1.0000		\$0.0065	\$0.0040	\$0.0526	\$1.0631
2004	\$1.0000		\$0.0057	\$0.0038	\$0.1064	\$1.1159
2005	\$1.0000		\$0.0057	\$0.0042	\$0.1153	\$1.1252
2006	\$1.0000	\$0.0048	\$0.0057	\$0.0047	\$0.1041	\$1.1193
2007	\$1.0000	\$0.0050	\$0.0085	\$0.0043	\$0.1143	\$1.1321
2008	\$1.0000	\$0.0076	\$0.0080	\$0.0108	\$0.1035	\$1.1299
2009	\$1.0000	\$0.0057	\$0.0108	\$0.0126	\$0.1828	\$1.2119
2010	\$1.0000	\$0.0031	\$0.0084	\$0.0133	\$0.1869	\$1.2117

Source : Contra Costa County Auditor-Controller Office

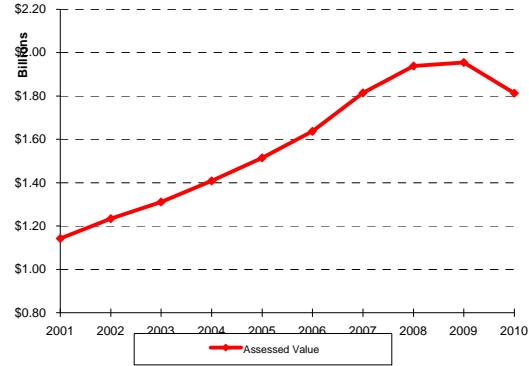
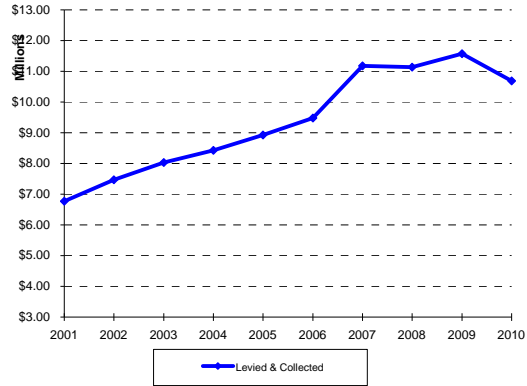
CITY OF PINOLE
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2010

<u>Property Taxpayer</u>	<u>2004-05 Tax Assessment Value</u>	<u>2004-05 Tax Charge</u>	<u>2009-10 Tax Assessment Value</u>	<u>2009-10 Tax Charge</u>
Alpha Beta Company			\$ 14,250,503	\$ 138,704
Appian Associates	\$ 13,339,522	\$ 128,339	\$ 14,733,306	\$ 143,403
Dayton Hudson Corporation	\$ 24,633,146	\$ 236,995	\$ 16,815,662	\$ 163,671
Jackson Retail Venture, LLC			\$ 15,300,000	\$ 148,919
KW Pinole LLC			\$ 20,799,670	\$ 192,857
Kaiser Foundation Health Plan			\$ 32,296,691	\$ 296,107
Peter L. Thigpen	\$ 5,806,419	\$ 51,963	\$ 20,144,504	\$ 186,782
Pinole Dundee One LLC			\$ 19,897,650	\$ 193,669
Pinole Vista LLC	\$ 20,589,439	\$ 198,090	\$ 23,372,283	\$ 227,489
Thomas Fitzgerald Trust	\$ 12,225,790	\$ 117,624	\$ 13,612,456	\$ 132,494

Source: Hdl Coren & Coren

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

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



Fiscal Year	City Property Tax Levied & Collected	Redevelopment Property Tax Levied & Collected	Total Property Tax Levied & Collected	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
2001	1,081,429	5,692,766	6,774,195	604,757,326	537,775,266	1,142,532,592	0.18%	1.06%
2002	1,196,476	6,277,301	7,473,777	650,554,381	583,587,174	1,234,141,555	0.18%	1.08%
2003	1,292,118	6,740,128	8,032,246	683,665,202	626,879,369	1,310,544,571	0.19%	1.08%
2004	1,336,452	7,089,550	8,426,002	729,371,523	678,867,380	1,408,238,903	0.18%	1.04%
2005	1,394,621	7,533,216	8,927,837	790,870,722	724,000,054	1,514,870,776	0.18%	1.04%
2006	1,533,652	7,948,110	9,481,762	849,010,508	788,086,255	1,637,096,763	0.18%	1.01%
2007	2,095,732	9,083,038	11,178,770	933,658,809	880,338,468	1,813,997,277	0.22%	1.03%
2008	1,992,289	9,147,167	11,139,456	1,002,739,234	935,749,364	1,938,488,598	0.20%	0.98%
2009	2,248,837	9,329,281	11,578,118	985,961,247	968,900,856	1,954,862,103	0.23%	0.96%
2010	1,666,933	9,019,028	10,685,961	889,861,914	923,122,635	1,812,984,549	0.19%	0.98%

Source: Contra Costa County

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

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
	[b]	[b]			[a]			
Major Business Groups								
Autos and Transportation	\$ 114,742	\$ 105,616	\$ 116,602	\$ 100,976	\$ 131,112	\$ 112,746	\$ 112,522	\$ 114,282
Building and Construction	369,627	318,400	282,379	276,831	304,140	289,946	247,085	187,069
Business and Industry	96,573	93,984	126,185	119,094	121,634	109,766	115,425	98,042
Food and Drugs	299,711	259,204	266,094	275,781	291,706	280,445	298,175	310,750
Fuel and Service Stations	298,324	258,036	257,559	301,008	306,080	341,574	312,149	284,716
General Consumer Goods	1,534,316	1,369,332	1,500,426	1,549,326	1,559,861	1,372,677	1,233,117	1,080,208
Restaurants and Hotels	119,382	416,448	445,916	444,741	462,039	470,576	476,528	473,217
Adjustments & Others	(80,320)	(10,413)	(21,068)	(198,651)	166,214	37,372	(1,970)	-
Point of Sale s/totals	2,752,356	2,810,607	2,974,093	2,869,106	3,342,786	3,015,102	2,793,031	2,548,284
County Pool Allocations	412,908	423,808	423,808	439,379	440,545	414,865	280,676	248,972
State Pool Allocations	7,044	3,807	3,807	5,144	4,446	1,665	1,452	2,265
Local Transaction Tax [a]	-	-	-	-	-	1,561,527	1,411,024	1,384,641
Administrative Cost - SBE	(20,678)	(20,486)	(20,970)	(19,828)	(26,649)	(57,048)	(43,193)	(44,986)
Fiscal Year Totals	\$ 3,151,629	\$ 3,217,736	\$ 3,380,738	\$ 3,293,801	\$ 3,761,128	\$ 4,936,111	\$ 4,442,990	\$ 4,139,176
City Direct Sales Tax Rate	1.00%	1.00%	0.75%	0.75%	1.25%	1.25%	1.25%	1.25%

Notes:

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

[b] Estimated allocations based actual tax allocations for the the Top-25 Retailers

Source: Hdl Coren & Coren

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

Taxing Jurisdiction / Purpose	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
					[b]		[a]			
<u>Overlapping Sales Taxes</u>										
State General Fund	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
State Fiscal Recovery Fund	0.00%	0.00%	0.00%	0.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
County Health & Welfare Programs	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
[c] City/County Public Safety Programs	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Contra Costa Transportation Authority	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Bay Area Rapid Transit	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
West County Transit Authority	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Overlapping Sales Taxes	<u>7.25%</u>	<u>7.25%</u>	<u>7.25%</u>	<u>7.25%</u>	<u>7.50%</u>	<u>7.50%</u>	<u>7.50%</u>	<u>7.50%</u>	<u>7.50%</u>	<u>7.50%</u>
<u>City Direct Sales Taxes</u>										
Bradley Burns Authority	1.00%	1.00%	1.00%	1.00%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
[a] Measure "S" Authority	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%	0.50%	0.50%
Direct Sales Taxes	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>0.75%</u>	<u>0.75%</u>	<u>1.25%</u>	<u>1.25%</u>	<u>1.25%</u>	<u>1.25%</u>
[d] Total Sales Tax Levy - City of Pinole	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.75%	8.75%	8.75%	8.75%

Notes:

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

[b] Effective 07/01/04 Property for Sales Tax swap enacted by the State Legislature

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

[d] The City direct sales tax rate may only be changed with ratification by the electors of the City. The maximum levy permitted by the State Legislature for combined direct and overlapping sales tax is 9.25%

Source: City of Pinole

CITY OF PINOLE
TOP 25 SALES TAX PRODUCERS
YEAR ENDED JUNE 30, 2010

BUSINESS NAME	Ranking	BUSINESS CATEGORY
APPLEBEE'S	16	RESTAURANTS LIQUOR
BEST BUY	2	CONSUMER ELECTRONICS/APPLIANCE
BEVERAGES & MORE	14	PACKAGE LIQUOR STORES
CVS PHARMACY	19	DRUG STORES
CROCKETT AUTO BODY	25	AUTOMOTIVE REPAIR SHOPS
DAVIDS BRIDAL	24	WOMEN'S APPAREL
DOLAN'S PINOLE LUMBER	17	LUMBER/BUILDING MATERIALS
HOMETOWN BUFFET	18	RESTAURANTS NO ALCOHOL
IN-N-OUT BURGER	10	RESTAURANTS NO ALCOHOL
K-MART	7	DISCOUNT DEPARTMENT STORES
KRAGEN AUTO PARTS	21	AUTOMOTIVE SUPPLY STORES
LUCKY'S / FOOD MAXX	3	GROCERY STORES LIQUOR
ORCHARD SUPPLY HARDWARE	5	HARDWARE SUPPLY STORES
OUTBACK STEAKHOUSE	23	RESTAURANTS LIQUOR
PINOLE CHEVRON	8	SERVICE STATIONS
PINOLE SHELL	9	SERVICE STATIONS
PINOLE VALLEY ARCO	12	SERVICE STATIONS
SAFEWAY	15	GROCERY STORES LIQUOR
STAPLES	13	OFFICE SUPPLIES/FURNITURE
SUGAR CITY BUILDING MATERIALS	6	LUMBER/BUILDING MATERIALS
TARGET	1	DISCOUNT DEPARTMENT STORES
TOYS "R" US	11	SPECIALTY STORES
TRADER JOES	20	GROCERY STORES LIQUOR
VALERO CORNER STORE	4	SERVICE STATIONS
WALGREENS	22	DRUG STORES

PERCENT OF FISCAL YEAR TOTAL PAID BY TOP 25 ACCOUNTS = 69%

Source: State Board of Equalization (HdL & Associates)

Note: This information is shown in alphabetical order.

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

Fiscal Year	Governmental Activities						Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Redevelopment Bonds	Pension Obligation Bonds	OPEB Unfunded NOO	Notes and Mortgages	Compensated Absences	Capital Leases	OPEB Unfunded NOO	Wastewater Revenue Bonds			
2001	34,590,000	-	-	-	516,366	-	-	-	35,106,366	5.3%	\$ 1,794
2002	36,180,000	-	-	-	563,743	-	-	-	36,743,743	5.6%	\$ 1,891
2003	35,050,015	-	-	811,006	625,480	-	-	-	36,486,501	5.5%	\$ 1,916
2004	33,835,000	-	-	4,316,221	574,031	-	-	-	38,725,252	5.4%	\$ 1,982
2005	62,225,000	-	-	5,112,226	613,101	-	-	-	67,950,327	9.0%	\$ 3,466
2006	60,205,000	6,214,630	-	5,362,334	674,106	192,344	-	-	72,648,414	9.0%	\$ 3,732
2007	58,065,000	6,214,630	-	949,340	722,260	384,433	-	9,995,000	76,330,663	9.2%	\$ 3,969
2008	55,820,000	6,214,630	-	879,094	771,444	574,431	-	9,995,000	74,254,599	8.9%	\$ 3,869
2009	53,455,000	5,960,143	1,899,898	801,398	889,888	281,536	180,350	9,995,000	73,463,213	8.8%	\$ 3,790
2010	50,790,000	5,647,063	3,722,892	719,797	855,812	75,456	406,350	9,810,000	72,027,370	[a]	\$ 3,683

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

[a] Statistical data for 2010 not yet available from the California Department of Finance.

Source: City Finance Department

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
2001	34,590,000	-	\$ (34,590,000)	-	0.00%	\$ -
2002	36,180,000	-	\$ (36,180,000)	-	0.00%	\$ -
2003	35,050,015	-	\$ (35,050,015)	-	0.00%	\$ -
2004	33,835,000	-	\$ (33,835,000)	-	0.00%	\$ -
2005	62,225,000	-	\$ (62,225,000)	-	0.00%	\$ -
2006	60,205,000	6,214,630	\$ (60,205,000)	6,214,630	0.73% [a]	\$ 319
2007	58,065,000	6,214,630	\$ (58,065,000)	6,214,630	0.67% [a]	\$ 323
2008	55,820,000	6,214,630	\$ (55,820,000)	6,214,630	0.62% [a]	\$ 324
2009	53,455,000	5,960,143	\$ (53,455,000)	5,960,143	0.60% [a]	\$ 307
2010	50,790,000	5,647,063	\$ (50,790,000)	5,647,063	0.63% [a]	\$ 289

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

Source: City Finance Department

CITY OF PINOLE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT [c]
JUNE 30, 2010

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Outstanding	[a]	Estimated Share of
	<u>Debt 06/30/10</u>	<u>% Applicable</u>	<u>Debt 6/30/10</u>
Bay Area Rapid Transit District	\$ 420,000,000	0.211%	\$ 886,200
Contra Costa Community College District	245,795,000	0.713%	1,752,518
West Contra Costa Unified School District	758,262,825	5.037%	38,193,698
West Contra Costa Healthcare District	23,175,000	4.605%	1,067,209
East Bay Regional Park District	196,775,000	0.321%	631,648
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			42,531,273
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Contra Costa County General Fund Obligations	\$ 296,478,318	0.711%	\$ 2,107,961
Contra Costa County Pension Obligations	435,310,000	0.711%	3,095,054
Alameda-Contra Costa Transit District Authority	40,335,000	0.008%	3,227
Contra Costa Community College District Certificates of Participation	990,000	0.713%	7,059
West Contra Costa Unified School District Certificates of Participation	21,830,000	5.037%	1,099,577
City of Pinole Pension Obligations	5,647,063	100.000%	5,647,063
Contra Costa County Fire Protection Pension Obligations	120,180,000	0.015%	18,027
GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 11,977,968
Less: Contra Costa County obligations supported from revenue funds			896,303
NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 11,081,665
GROSS COMBINED TOTAL DEBT			\$ 54,509,241

2009-2010 Assessed Valuation : \$920,526,114 (after deducting \$923,122,635 redevelopment increment valuation)

Ratios to 2009-10 Assessed Valuation:

Total Gross Direct and Overlapping Tax and Assessment Debt.....	2.31%
Combined Direct Debt.....	0.61%
Direct and Combined Total Debt.....	5.92%
Net Direct and Combined Total Debt	5.82%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: \$-0-

Notes:

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

Source : California Municipal Statistics, Inc.

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

[a]

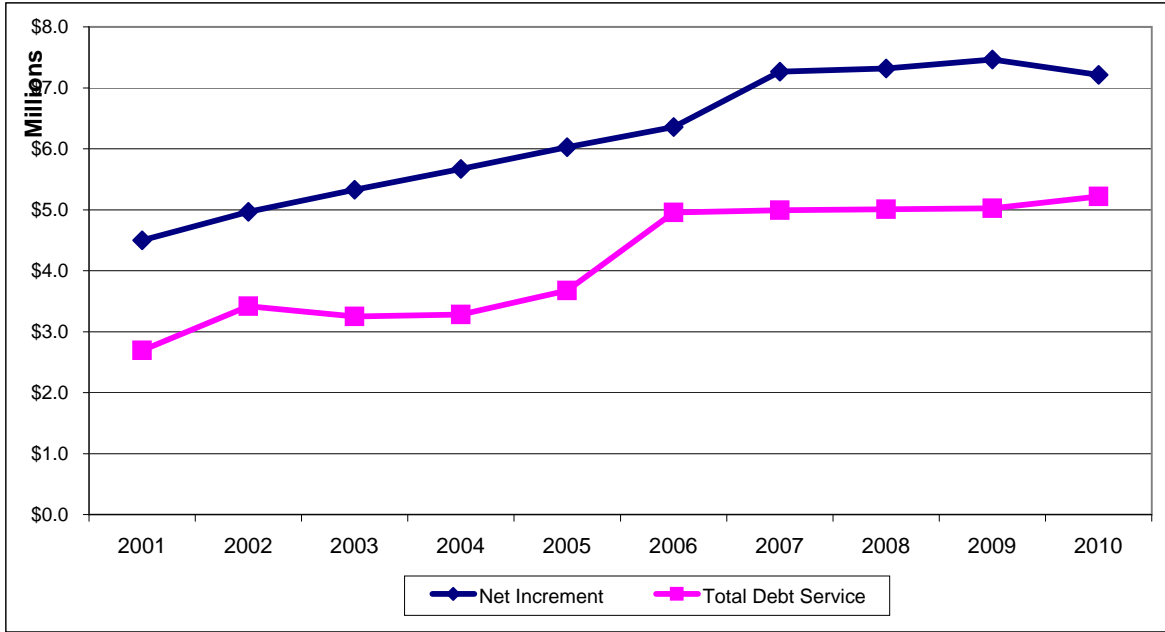
Fiscal Year	Total assessed value of all real and personal property	Legal debt limit - 15% of total assessed valuation	Amount of debt applicable to limit	Legal debt margin
2000	\$ 1,060,289,724	\$ 159,043,459	\$ -	\$ 159,043,459
2001	\$ 1,142,532,592	\$ 171,379,889	\$ -	\$ 171,379,889
2002	\$ 1,234,141,555	\$ 185,121,233	\$ -	\$ 185,121,233
2003	\$ 1,343,707,771	\$ 201,556,166	\$ -	\$ 201,556,166
2004	\$ 1,408,238,903	\$ 211,235,835	\$ -	\$ 211,235,835
2005	\$ 1,514,870,776	\$ 227,230,616	\$ -	\$ 227,230,616
2006	\$ 1,637,096,763	\$ 245,564,514	\$ (16,800,000)	\$ 228,764,514
2007	\$ 1,813,997,277	\$ 272,099,592	\$ (16,800,000)	\$ 255,299,592
2008	\$ 1,938,488,598	\$ 290,773,290	\$ (16,800,000)	\$ 273,973,290
2009	\$ 1,954,862,103	\$ 293,229,315	\$ (16,500,000)	\$ 276,729,315
2010	\$ 1,812,984,549	\$ 271,947,682	\$ (16,110,000)	\$ 255,837,682

Note

[a] Per California Government Code Section 43605

Source: City of Pinole Finance Department

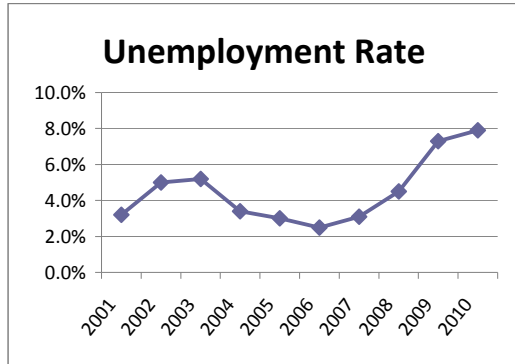
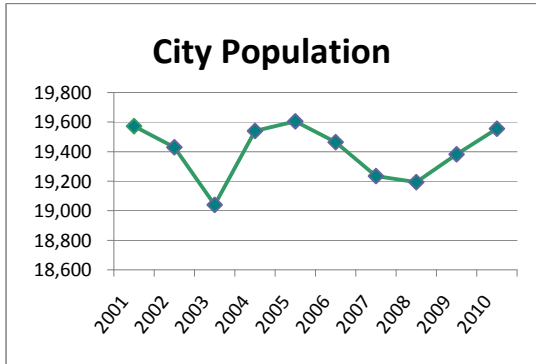
CITY OF PINOLE
TAX ALLOCATION BOND COVERAGE
LAST TEN FISCAL YEARS



Fiscal Year	Redevelopment Agency Property Increments	Less Low and Moderate Income Housing Set-Aside	Net Increment Revenue Available for Debt Service	Debt Service		Total Debt Service	
				Principal	Interest		
2001	2000-2001	5,625,406	1,125,081	4,500,325	875,000	1,816,678	2,691,678
2002	2001-2002	6,210,610	1,242,122	4,968,488	910,000	2,505,067	3,415,067
2003	2002-2003	6,661,647	1,332,329	5,329,318	1,530,000	1,718,714	3,248,714
2004	2003-2004	7,089,550	1,417,910	5,671,640	1,615,000	1,668,208	3,283,208
2005	2004-2005	7,533,216	1,506,643	6,026,573	1,605,000	2,068,572	3,673,572
2006	2005-2006	7,948,110	1,589,622	6,358,488	2,020,000	2,936,370	4,956,370
2007	2006-2007	9,083,038	1,816,608	7,266,430	2,140,000	2,852,437	4,992,437
2008	2007-2008	9,147,167	1,829,433	7,317,734	2,245,000	2,761,033	5,006,033
2009	2008-2009	9,329,281	1,865,856	7,463,425	2,365,000	2,660,527	5,025,527
2010	2009-2010	9,016,903	1,803,806	7,213,097	2,665,000	2,555,078	5,220,078

Source: City of Pinole Finance

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



Fiscal Year	(a) City Population	(a) Personal Income (thousands of dollars)	(b) Median Household Income	(c) School Enrollment	(d) Unemployment Rate
2001	19,573	870,822	70,000	5,094	3.2%
2002	19,429	868,399	74,500	4,015	5.0%
2003	19,039	838,896	80,100	4,514	5.2%
2004	19,540	870,917	82,800	3,987	3.4%
2005	19,604	934,562	82,800	4,202	3.0%
2006	19,465	977,435	83,800	4,357	2.5%
2007	19,234	1,014,209	83,800	4,294	3.1%
2008	19,193	1,066,747	86,100	4,082	4.5%
2009	19,383	1,088,080	89,300	4,073	7.3%
2010	19,555	1,143,043	90,300	4,073	7.9%

Data Source :

- (a) State of California Department of Finance, estimated population.
- (b) State of California, Department of Housing and Community Development.
- (c) California Department of Education. Enrollment decreased (2002) decreased due to a new Middle & High School opening in Hercules. 2009-10 data not yet available.
- (d) State of California Employment Development Department, Contra Costa County rates.

CITY OF PINOLE
PRINCIPAL EMPLOYERS

Employer	2009			2005	
	Rank	Employee Count	Percentage of City Total	Employee Count	Percentage of City Total
West County Costa USD	1	230	4.95%	200	4.62%
Meryvn's		-	0.00%	195	4.51%
Lucky's / Food Maxx	2	171	3.68%	90	2.08%
Target	3	137	2.95%	210	4.85%
City of Pinole	4	131	2.82%	140	3.23%
Best Buy	5	129	2.78%	102	2.36%
K-mart	6	104	2.24%	95	2.20%
Safeway	7	84	1.81%	92	2.13%
Round Table Pizza	8	61	1.31%	75	1.73%
Trader Joe's	9	59	1.27%	-	0.00%
Orchard Supply Hardware	10	52	1.12%	75	1.73%
Total Work Force		4,647	24.92%	4,328	29.44%

Note: Oldest data detail available to report is for 2004-05
[a] Business Closed 11/26/08.

Data Source: City of Pinole (Business Licensing)

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

<u>Function / Program [a]</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government										
Management Services	5	5	5	5	5	7	7	7	6	5
Finance	4	4	4	4	4	4	4	4	5	4
Planning	2	2	2	2	2	2	2	2	2	2
Building	3	3	3	3	3	3	3	3	4	3
Other	2	2	2	2	2	2	2	1	3	2
Police										
Officers	23	23	24	24	27	28	28	31	32	28
Civilians	20	20	20	20	20	20	20	25	24	23
Fire										
Firefighters and officers	18	18	18	18	18	18	19	19	20	19
Civilians	1	1	1	1	1	1	1	1	1	-
Public Works										
Engineering	5	5	5	5	5	5	6	6	7	5
Maintenance	10	10	10	11	11	11	11	11	11	8
Redevelopment	4	4	4	4	4	5	5	5	5	4
Parks and recreation	12	12	12	13	13	12	12	13	13	13
Wastewater collection and treatment	13	13	13	14	14	16	16	16	16	15
Total	<u>122</u>	<u>122</u>	<u>123</u>	<u>126</u>	<u>129</u>	<u>134</u>	<u>136</u>	<u>144</u>	<u>149</u>	<u>131</u>

Notes:

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

Source: City of Pinole Annual Budget Documents

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

Date of Incorporation June 25, 1903

Form of Government Council-Manager

Number of Employees(including police & fire)

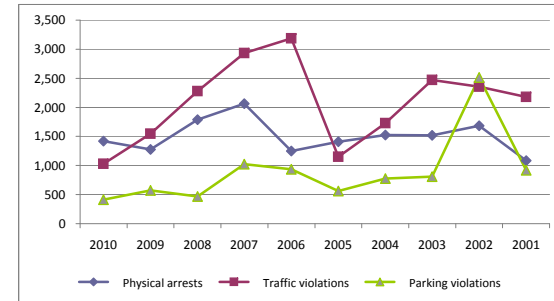
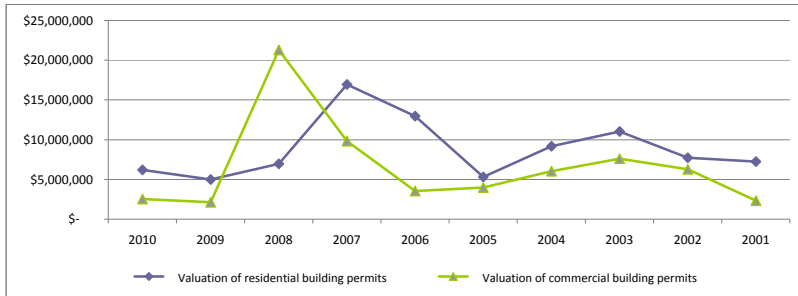
Full-time 119

Part-time 20

Area in square miles 5 square miles

<u>Statistics by Fiscal Year</u>	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Fire Protection :										
Number of fire personnel & officers (incl. Reserves)	26	27	27	26	26	26	26	22	21	24
Number of calls answered	2,283	2,480	2,643	2,281	2,402	2,318	2,406	2,425	2,267	2,064
Number of inspections conducted	230	230	290	310	312	392	376	440	440	403
Number of building plan reviews	70	70	90	104	69					
Number of fire investigations	92	92	115	133	110					
Police Protection :										
Number of police personnel & officers (incl. Reserves)	53	56	56	48	48	47	44	44	42	39
Physical arrests	1,419	1,276	1,787	2,064	1,248	1,407	1,523	1,520	1,684	1,085
Traffic violations	1,029	1,546	2,278	2,934	3,187	1,151	1,727	2,473	2,354	2,181
Parking violations	410	571	468	1,023	938	559	777	809	2513	919
Other violations (fix-it & pedestrians)	1,103	1,200	1,055	1,214						
Community Development:										
Number of residential building permits	732	660	863	993	715	646	909	804	667	626
Valuation of residential building permits	\$ 6,187,203	\$ 5,000,929	\$ 6,956,216	\$ 16,958,888	\$ 12,977,449	\$ 5,300,503	\$ 9,184,843	\$ 11,040,707	\$ 7,741,969	\$ 7,236,263
Number of commercial building permits	30	42	50	65	51	70	69	48	72	67
Valuation of commercial building permits	\$ 2,536,324	\$ 2,128,384	\$ 21,307,589	\$ 9,810,992	\$ 3,533,363	\$ 3,990,771	\$ 6,042,292	\$ 7,591,706	\$ 6,270,042	\$ 2,348,850
Sewer System:										
Daily average treatment in gallons	3,620,000	3,620,000	3,620,000	3,620,000	3,620,000	3,620,000	3,620,000	3,620,000	3,200,000	2,480,000
Maximum daily capacity of treatment plant in gallons	4,060,000	4,060,000	4,060,000	4,060,000	4,060,000	4,060,000	4,060,000	4,060,000	4,060,000	4,060,000

Source: City of Pinole Finance



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

City Streets:

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

<u>Statistics by Fiscal Year</u>	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Fire Protection :										
Number of stations	2	2	2	2	2	2	2	2	2	1
Police Protection :										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	13	13	13	12	12	12	12	14	14	14
Number of security units	2	2	2	1	1	1	1	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	5,398	5,400	5,404	5,362	5,362	5,355	5,389	5,389	5,389	5,389
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