

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2016 CITY OF PLEASANTON, CALIFORNIA



City of Pleasanton

Pleasanton, California

Comprehensive Annual Financial Report

For the year ended June 30, 2016

Prepared by the Finance Department

City of Pleasanton

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To the Honorable Mayor, Members of the City Council
and Citizens of the City of Pleasanton:

December 29, 2016

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Pleasanton, California, for the fiscal year ended June 30, 2016. The City of Pleasanton is required to annually publish a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited by an independent, certified public accounting firm. Pursuant to these requirements, we hereby issue the Comprehensive Annual Financial Report of the City of Pleasanton, California, for the fiscal year ended June 30, 2016.

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

Maze and Associates Accountancy Corporation (Maze and Associates), a firm of licensed certified public accountants, has audited the City of Pleasanton's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Pleasanton for the fiscal year ended June 30, 2016, taken as a whole, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial management presentation. Maze and Associates, the independent auditor, concluded based on the audit that there was a reasonable basis for rendering an unmodified opinion that the City of Pleasanton's financial statements for the fiscal year ending June 30, 2016, are fairly presented in conformity with GAAP. Their independent auditor's report is the first component presented in the financial section of this report.

The independent audit of the City's financial statements is part of a broader, federally mandated "Single Audit" designed to meet the needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the City's financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The

City of Pleasanton's MD&A can be found immediately following the independent auditor's report in the financial section of this report.

Profile of the Government

The City of Pleasanton was incorporated on June 18, 1894. Pleasanton's history has been shaped largely by its geographic location, from its days as a stop on the transcontinental railroad to its modern day position as a center of commerce at the intersection of interstate freeways 580 and 680. Pleasanton enjoys a rich blend of historic turn-of-the-century charm and vital modern facilities that provide the quality of life and economic well-being desired by residents and businesses. This successful balance has been achieved through Pleasanton's active and involved citizenry, strong community leadership and committed City government.

Pleasanton occupies a land area of 24.2 square miles and serves a residential population of 79,510. Pleasanton is a full service general law city providing police, fire, sewer, water, street, parks, support services, economic development, community development (planning, building and inspection services), community services (recreation, sports, senior center, preschool, etc.) and library services. The City operates under the Council-Manager form of government, with four Council members elected at-large for staggered four-year terms and the Mayor elected for a two-year term. The Council appoints the City Manager and the City Attorney. The City 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 appointing department directors.

The financial statements included in this CAFR present the City (the primary government), the Housing Authority of the City of Pleasanton (Housing Authority) and the Pleasanton Joint Powers Financing Authority (PJFPA) as component units. The Housing Authority and the PJFPA are separate legal entities; however, the members of the City Council also serve as members of the boards for these entities. Therefore, financial information for the Housing Authority and the PJFPA is blended with the City's financial information.

The biennial budget serves as the foundation for the City of Pleasanton's financial planning and control. The budget process begins in January in odd numbered years with each department receiving a budget packet. The City Manager meets with each department director to discuss their budget requests and make adjustments where necessary. Prior to July 1 (of each odd numbered year), the City Manager submits to the City Council a proposed operating budget for the coming two fiscal years. The operating budget includes proposed expenditures and the financing sources. Public hearings are conducted to obtain taxpayers' comments. The budget is legally adopted through passage of a Council resolution no later than June 30. A budget review, including approved additions or changes, is presented to the City Council by the City Manager at mid-year of each fiscal year (January) and mid-term (June of each even numbered year). Any changes as a result of these reviews are legally adopted through Council resolution.

The Council exercises budgetary control at the fund level. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund, Special Revenue Funds, Capital Projects Funds, Enterprise Funds and Internal Service Funds. The budgeted funds are adopted on a basis consistent with GAAP in the United States. Expenditures may not legally exceed budgeted appropriations at the fund level. Management does not have the authority to amend the budget without the approval of the City Council. However, the City Manager may authorize budgetary transfers from one account to another within the same fund.

Assessing the City's Economic Condition

The City's geographic location is a major factor affecting its economic position. The City is located at the intersection of two interstate freeways (I-580 and I-680), linking Pleasanton to Sacramento to the north, San Francisco/Oakland to the west, the Silicon Valley to the south and the San Joaquin Valley to the east. The Bay Area Rapid Transit system (BART) has two stations located in the City and provides service from Pleasanton to San Francisco/Oakland and the surrounding areas. The Altamont Commuter Express (ACE) provides commuter service between the San Joaquin Valley and Silicon Valley, stopping in Pleasanton.

Besides Pleasanton's proximity to San Francisco and Silicon Valley and its transportation access, other factors contribute to its attractiveness to businesses and their ability to attract and retain quality employees. These factors include the low crime rate, moderate climate, well-educated labor pool, excellent schools, diversified housing stock, exceptional parks and recreational facilities and the hometown feel of the historic downtown.

Pleasanton's business community consists of more than 55,000 employees working within the more than 22 million square feet of commercial, office and industrial space throughout the City. Pleasanton boasts five distinct business parks, among them the nationally recognized Hacienda Business Park. Businesses indicate that they are attracted to Pleasanton for the highly educated and skilled workforce. In addition to the diversified regional labor force, the Pleasanton area has a good base of executive, managerial, and professional people giving employers access to people with a wide range of skill levels including one of the nation's largest concentrations of scientific and engineering talent. In 2016, Pleasanton had one of the highest median household incomes in the nation (in cities with populations from 65,000 to 249,999) at approximately \$145,000.

We are pleased to say, Pleasanton's economy has fully recovered from the Great Recession:

- Median home prices values in 2016 were \$962,000 which is \$118,258 or 14% greater than they were in 2005 or the highest pre-recession year for Pleasanton's home values.
- The unemployment rate remains at 3.7%, down from a high of 8.8% in 2010.
- Office vacancies are 6.6%, down from 18.5% in 2011.

Commercial Office Activity

Across the Tri-Valley region the total office vacancy rate is 8.9%, down 2.2% from one year ago and down 1% from the first quarter of 2016. As of the end of the third quarter 2016, the Pleasanton office vacancy rate was 6.6% as compared to the 9.1% vacancy rate of the same time in the prior year. Expectations are for continued progress with more tenant migration from the inner East Bay, San Francisco and Silicon Valley to the Tri-Valley to enjoy lower rents for high quality office product, ample parking, and BART access.

An integral part of this fiscal year's economic success is the repositioning of Rosewood Commons. The reduction of the large block of vacancy – more than 410,000 square feet – at Rosewood Commons, lowered the Class A vacancy at the end of the third quarter 2015 was 4.5 percent. The foundation was set with last year's sale of a building to The Gap, which had executed its option to purchase after leasing the space the prior four years, and ServiceMax's move into 62,559 square feet, relocating from a smaller space also in Hacienda business park. Indicative of the progressively positive economic climate, on-demand mortgage services provider Ellie Mae increased its total footprint at Rosewood Commons to

280,000 square feet. Cisco Systems signed a lease for 21,000 square feet followed Zeltiq Aesthetics' lease of 109,791 square feet (and another 37,002 square feet that's being held off the market presumably to accommodate the company's anticipated expansion). By mid-2016 Rosewood Commons had an asking rent of \$3.00 full service gross on its remaining vacancy; the Tri-Valley market had not seen a Class A office project with an asking rent of \$3.00 or higher since 2001. Vacancy at the campus is now about 10%.

There was also significant activity throughout Hacienda during the fiscal year. Adding to Robert Half International's leased 28,634 square feet at Britannia Business Center as the company affirmed its place in the Pleasanton business community, long-time Pleasanton tenant Acosta leased 27,532 square feet in Hacienda, moving from its well-known location in Bernal Corporate Park. Venture capital backed Steelwedge Software, which offers cloud-based integration of 451 square feet of class A space. Roche Molecular Systems also solidified its long-term presence in the city as it leased 35,910 square feet and started construction on a new 70,000 square foot administration building to add to its campus. Also noteworthy: the 352,441 square foot Clorox administrative and R&D campus on Johnson Drive changed ownership in a large investment sale with Cole Capital Partners as the seller and Gateway Pleasanton LLC as the buyer, trading business planning solutions, grew into 17, for \$113.5 million or \$322 per square foot.

The strength of Pleasanton's commercial market was further demonstrated in other business hubs across the city. Workday remains in continued expansion mode in the Stoneridge Shopping Center area, taking 82,177 square feet at two buildings at Pleasanton Corporate Commons in the third quarter 2015 followed by its leasing an additional 59,276 square feet building from Safeway with an option to purchase. Subsequently, Workday purchased a 58,100 square foot former Safeway building directly adjacent to the West Dublin/Pleasanton BART station to provide immediate expansion space for the company. And none of these transactions altered Workday's plans to construct a new 410,000 square foot headquarters building which was entitled in early 2016 and is currently under construction. The project includes traffic, pedestrian and design site improvements to the area creating an entryway to the BART station and a police substation in the parking garage. In the same area, Blackhawk Network leased 148,902 square feet, which is the entirety of one of the four buildings that comprise Pleasanton Corporate Commons. As a reflection of the heft of Pleasanton's information technology cluster, five of the Bay Area's largest software companies are based in Pleasanton: Workday, Ellie Mae, SmartZip Analytics, Veeva and Rimini Street.

Bernal Corporate Park offered equally significant contributions to Pleasanton's market activity, in particular adding to the emerging cluster of biotech companies in that business park. 10X Genomics leased 16,854 square feet; Purigen Biosystems leased 16,165 square feet; and Unchained Labs expanded into 34,997 square feet, taking the entirety of the building it is in. Add to this, Bay East Association of Realtors purchased a 17,157 square foot for \$309 per square foot, setting a high water mark for an owner/user purchase. At the end of the third quarter 2016, vacancy in the office/flex product sector was at 3.7% compared to 5.4% one year ago.

Implementation of the Johnson Drive Economic Development Zone program continued. City staff completed the required environmental work as well as additional economic and transportation impact analysis based on community feedback. This process carried on throughout the fiscal year as a ballot measure to limit the size of individual building footprints within the zone was unsuccessful, thereby allowing the proposed zoning changes to include warehouse retail and other large format retailers along

with hotels/lodging. The project will be considered by the Planning Commission and City Council in early 2017. Approval of the project would likely bring a development application shortly thereafter.

Retail Activity

Past the recession, Pleasanton maintains its retail position within the Tri-Valley with sales tax revenues exceeding a previous high point at more than \$24 million for FY 2015/16. With an inventory of almost 3 million square feet of retail space, vacancy remains low at below 10% which still allows some room for new additions to meet the community's ongoing demand for retail. Stoneridge Shopping Center continues to serve the regional market and throughout the year opened several new stores, restaurants and services to offer more reasons for patrons to visit often and stay longer. Shopping centers within the city are benefitting from investment by property owners and tenants; one notable example is the application to renovate Pleasanton Plaza to take advantage of the increased commercial activity around Stoneridge mall.

A new 112,000 square foot community shopping center— Pacific Pearl — was entitled in early 2015, and is now under construction for a mid-2017 completion. The center will be anchored by 99 Ranch Market and will also include a complement of 20-30 restaurants, retail, and service businesses; the center is currently about 50% leased. Pacific Pearl will attract local shoppers from across the Tri-Valley as well as the more than 7 million annual visitors (in 2015) to the adjacent San Francisco Premium Outlets in Livermore.

Activity among Pleasanton's auto dealerships continues throughout 2016. At Pleasanton Auto Mall, upgrades to the Mini and BMW facilities were completed and the new 83,000 square foot Lexus showroom and service facility started construction. On the Staples Ranch site, both the Chrysler Jeep Dodge and CarMax dealerships are open and generating sales tax revenues to the city. City staff continues efforts to attract additional auto dealerships to the remaining auto mall-zoned portion of the property (approximately 15 acres), although there is competition between neighboring cities for brands unrepresented in the Tri-Valley.

The current retail vacancy rate in downtown Pleasanton is less 10% with a handful of Main Street locations available as a few key property owners focused on repositioning and redeveloping their tenant spaces. Well received by the community, the Pastime Plaza project serves as a positive example of private redevelopment and a template for similar future projects. Several new establishments joined the downtown scene adding to the collection of distinctive downtown gathering spaces: Inklings Coffee opened in the formerly vacant Round Table Pizza space, wine and tapas bar Pairings Cellars slotted into an inline space on the southern end of Main Street, and Beer Baron successfully replaced the former Redcoats Pub.

Other neighborhood centers are seeing similar activity. After a long-term vacancy, the former Borders space was occupied by Party City which moved across I-580 from Dublin's Hacienda Crossing shopping center. In the space next door, which was vacated by the closure of Sports Chalet, Orchard Supply Hardware started on tenant improvements toward opening in spring 2017. Once OSH opens, the Metro 580 shopping center will be fully occupied for the first time in several years.

Other Business Activity

Other indicators reveal Pleasanton's recovery from the recession. For example, the number of jobs has again exceeded 55,000 across all employers in the city and the revenues from more than 9,800 business licenses — based on gross receipts — was its highest at \$3.7 million for the fiscal year. Similarly, downtown business improvement district assessment revenues — based on gross receipts factored by

location within the downtown district – have been slowly increasing, providing more than \$66,000 annually to support the Pleasanton Downtown Association.

General Plan Build-Out

The City's General Plan is the official document used by City decision makers and citizens to guide the long-range development of land and conservation of resources as the City grows and changes. It is the City's "constitution" for all future development, containing goals, policies and maps. A new General Plan was adopted in July 2009, and assumes that the holding capacity is theoretically reached in 2025. The City's Housing Element of the General Plan was adopted on January 6, 2015, and certified by the State Housing and Community Development Department on January 30, 2015. The Housing Element identified sites which had been zoned for multifamily development in 2012, several of which have projects currently under construction. In FY 2015/16 the following major housing development projects commenced construction in the City: The SummerHill project (Andares) at 5850 W. Las Positas Boulevard with 94 residential condo units; Kottinger Gardens at 240 – 258 Kottinger Drive which includes demolition of 90 existing units and construction of 185 senior units in apartment buildings and cottages; Sunrise Senior Living at 5700 Pleasant Hill Road, a 103 bed senior assisted living facility; and Ivy Lane (Ponderosa Homes) a 12 unit single family home development at 4202 Stanley Boulevard. In addition, there are several in-fill single family homes in construction during FY 2015/16. Many of these housing units are coming on line for occupancy starting in FY 2016/17. Significant commercial projects that have been construction or are currently under construction include: CarMax sales and service facility (approximately 61,000 square feet) and the Pacific Pearl Shopping center (approximately 112,000 square feet), both located at Staples Ranch; construction of a new 70,700 square foot 3-story office building for Roche Molecular Diagnostics; and construction of a 6-story 410,000 square foot office building for Workday, Inc. As the City approaches build-out, its annual revenue growth rate will naturally slow.

Major City Sponsored Initiatives

In FY 2015/16 the City completed the following major projects:

- Phase II of Bernal Community Park project that includes three synthetic sports fields, open space features, a shade structure, riparian habitat, native plants, and an oak woodlands area
- The Dog Park adjacent to the Marilyn Kane Trail on the Bernal Property
- The Recycled Water Infrastructure Expansion Project which includes installation of approximately 50,600 linear feet of recycled water mains and 134 recycled water connections
- The Veteran's Memorial in the Pioneer Cemetery
- Civic Center/Library Master Plan
- Implementation of the City's Enterprise Resource Program (ERP) that replaced the City's financial, payroll, and human resources systems

In addition, the City began the following major projects in FY 2015/16:

- Automated Water Meter Infrastructure Upgrade
- Kottinger Place and Pleasanton Gardens affordable senior housing redevelopment project
- Stanley Boulevard Reconstruction and Utility Undergrounding
- Utility Billing system conversion

Long Term Financial Policies and Planning

The City financial policies place an emphasis on building reserves to:

- Reduce the risk of financial impacts resulting from natural disasters or other catastrophic events
- Respond to the challenges of a changing economic environment, including prolonged downturns in the local, state, or national economy
- Demonstrate continued prudent fiscal management and creditworthiness
- Ensure the City can fund capital projects without relying on issuing debt

The City maintains a reserve equal to 20% of operating expenses in the General Fund¹, currently totaling \$20 million at June 30, 2016. The City also has a total \$48.8 million in capital project reserves and fund balances available for future projects, and \$25.3 million in reserves that have been set aside for insurance reserves, employee benefits, public art acquisition and maintenance, PERS rate stabilization and long term replacement and renovation of equipment, vehicles, parks and facilities, excluding the City's net pension liability. Finally the City has reserves set aside for Retiree Medical Benefits of \$20.4 million. If needed, these reserves could be drawn upon temporarily to sustain operations during a prolonged economic downturn or until the City could make operational changes to fit the constraints of its resources. While the City's financial policies require that one-time funds be used for one-time purposes, they do allow the temporary use of surplus fund balances (in excess of required minimum reserves) to help stabilize services. Therefore, if any of these reserves were drawn upon for stabilization of services, the goal would be to begin restoring them as soon as possible.

In FY 2014/15, the City used \$12.5 million of the Retiree Medical Reserve Fund and \$2.7 million from FY 2013/14 and 2014/15 year-end General Fund surpluses for a total of \$15.2 million to prefund the City's pension related liabilities (CalPERS and OPEB). In addition, in FY 2015/16 the City used \$2.9 million in budget surpluses to prefund the City's pension liabilities. These contributions demonstrate the City's commitment to reduce its pension related liabilities which will help reduce increases to the City's annual payments to CalPERS required to pay down the City's pension liability.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pleasanton for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This was the nineteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for a certificate.

¹ In October of 2016, the City Council adopted a new reserve policy that requires the General Fund to maintain minimum reserves equal to 20% of operating expenses and target reserves equal to 25% of operating expenses.

Acknowledgments

The preparation of the CAFR was made possible through the dedicated work of all of the members of the Accounting, Treasury and Administrative divisions of the Finance Department. We would like to extend special thanks and acknowledgment to Diane Punzo and Nicholas Johnson who were primarily responsible for managing the year-end closing of the City's books and preparing the CAFR. Other contributing staff include: Charly Yang, Juan Gomez, John Furtado, Kathy Kitterman, Steven Lam, Margaret Lyons, Melissa Winsby, Annette Gibson, and Cheryl Caraballo.

The City Council should be acknowledged and thanked for its leadership and commitment to ensuring the long-term fiscal health of the City.

Respectfully submitted,



Tina Olson
Director of Finance



Nelson Fialho
City Manager



Government Finance Officers Association

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

Presented to

**City of Pleasanton
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

CITY OF PLEASANTON

**LISTING OF PUBLIC OFFICIALS
AS OF JUNE 30, 2016**

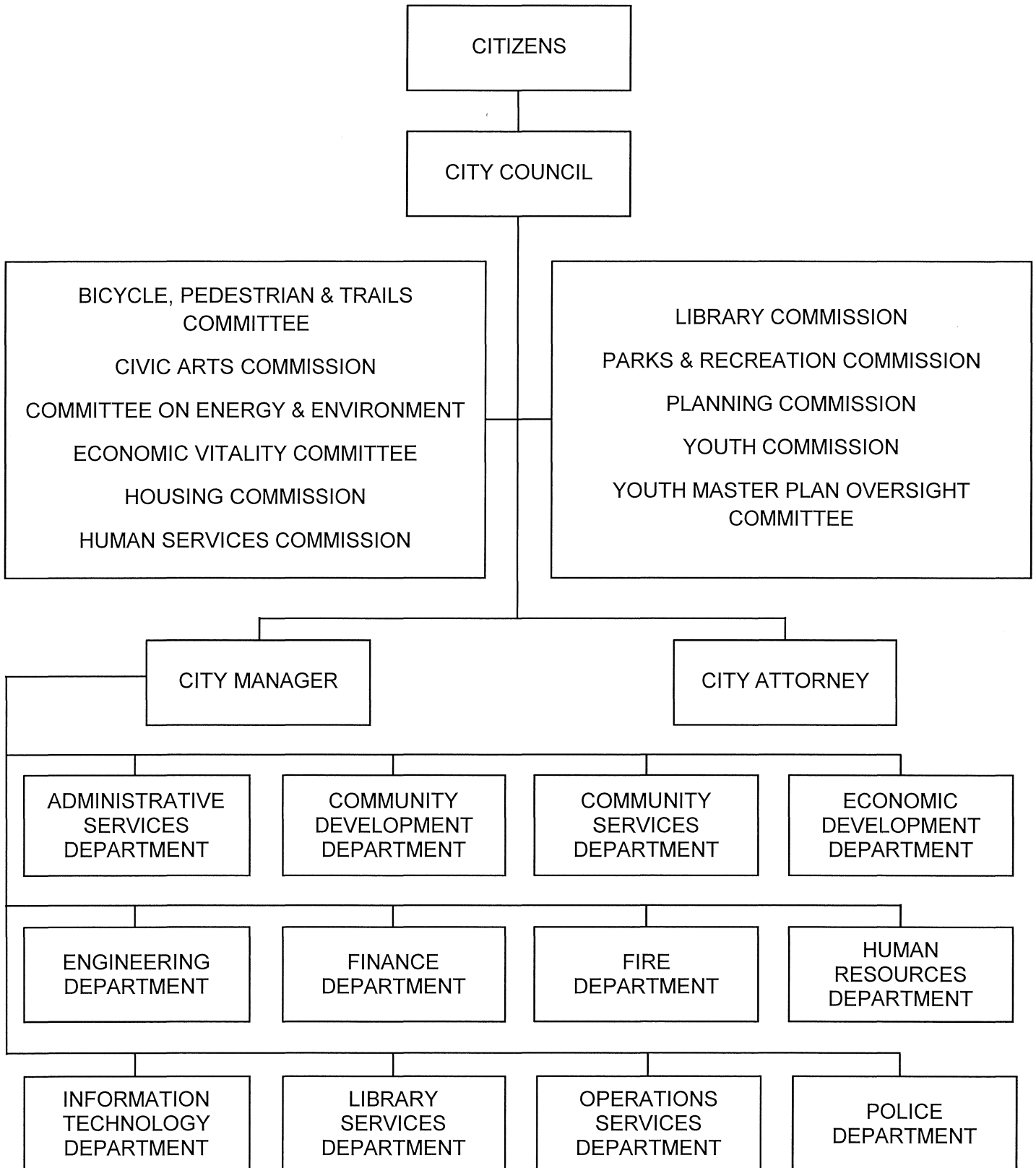
ELECTED OFFICIALS:

Mayor	Jerry Thorne
Vice Mayor	Karla Brown
Council Member	Kathy Narum
Council Member	Arne Olson
Council Member	Jerry Pentin

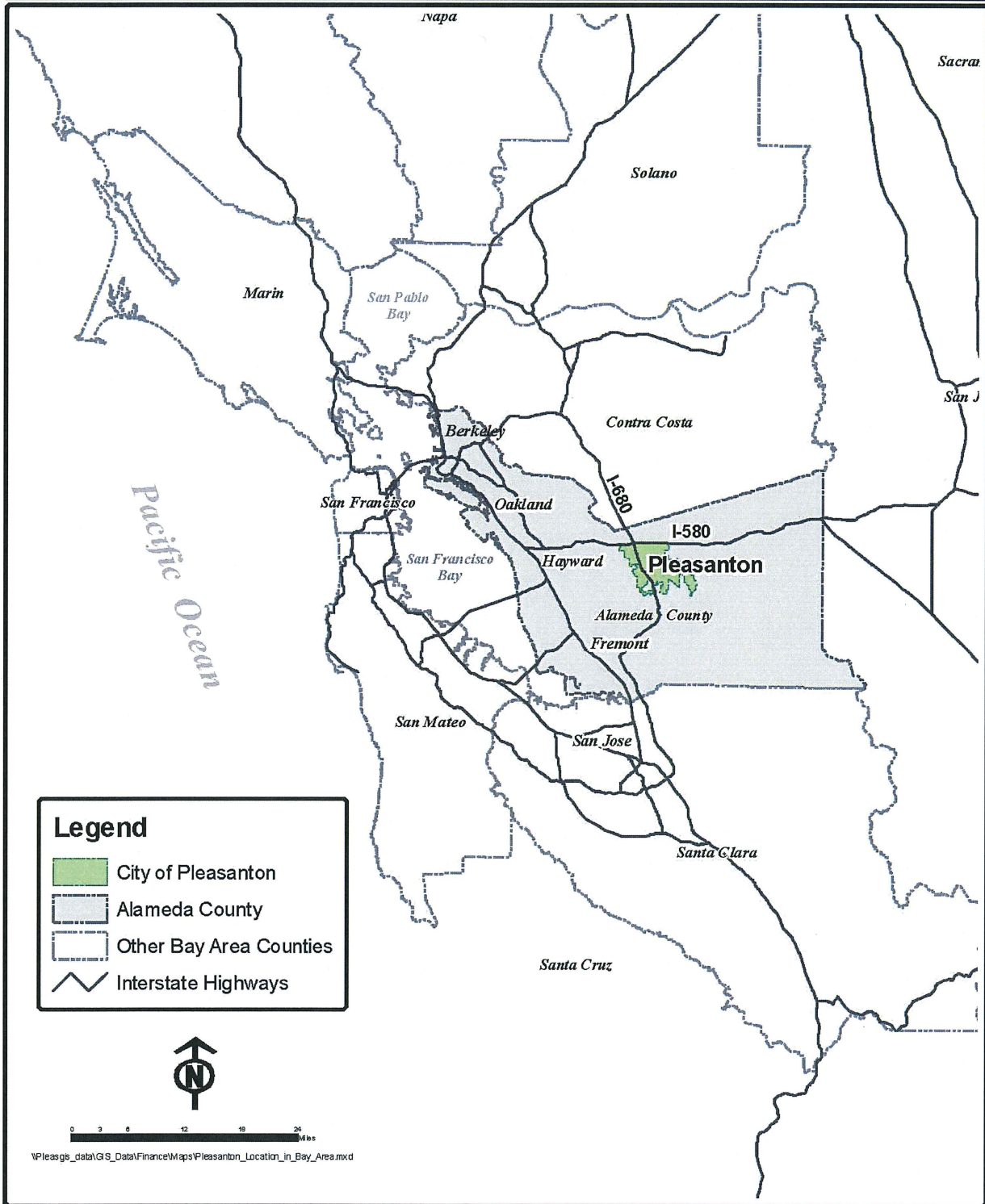
ADMINISTRATIVE PERSONNEL:

City Manager	Nelson Fialho
City Attorney	Daniel Sodergren
Assistant City Manager	Brian Dolan
Director of Finance	Tina Olson
Director of Community Development	Gerry Beaudin
Director of Community Services	Susan Andrade-Wax
Director of Economic Development	Pamela Ott
Director of Engineering	Steve Kirkpatrick
Director of Human Resources	Debra Gill
Director of Information Technology	Allen Hammond
Director of Library Services	Heidi Murphy
Director of Operations Services	Kathleen Yurchak
Chief of Police	David Spiller
Fire Chief	Ruben Torres
City Clerk	Karen Diaz

CITY OF PLEASANTON ORGANIZATION CHART FOR FY 2015/16



Pleasanton, California.



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
of City of Pleasanton, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pleasanton as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Management adopted the provisions of the Governmental Accounting Standards Board Statement No. 72 – *Fair Value Measurement and Application*, which became effective during the year ended June 30, 2016 as discussed in Note 1Q and 2D to the financial statements.

The emphasis of this matter does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements as a whole. The Introductory Section, Supplemental Information, and Statistical Section listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
December 27, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Pleasanton's (City) Comprehensive Annual Financial Report presents a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2016 (FY 2015/16). We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the City's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of FY 2015/16 by \$771.6 million (net position). Of this amount, \$12.3 million (unrestricted net position) represents the City's obligations which are offset by various City reserves, \$78.7 million is restricted for specific purposes (restricted net position), and \$680.6 million is the net investment in capital assets.
- The City's total net position increased by \$24.6 million or 3.3% from FY 2014/15. Of this amount, an increase of \$20.3 million or 3.9% in net position was attributable to new capital assets under governmental activities and an increase of \$4.3 million or 1.9% in net position was due to new capital assets under business-type activities.
- Taxes increased by \$6.0 million from FY 2014/15 as a result of the continued improvement of the economy and new developments throughout the City. Increased housing units resulted in an increased tax base for property tax revenues while new commercial developments contributed to increased sales tax revenues.
- The City's governmental funds reported ending fund balances of \$98.7 million, a decrease of \$5 million (4.8%) from FY 2014/15 which is primarily the result of the following projects:
 - The Kottinger Gardens project is replacing and expanding the Kottinger Place and Pleasanton Gardens housing complexes that provided 90 housing units for low income seniors with 185 new apartments for low income seniors. During FY 2015/16, the City provided \$4.4 million in loans to assist with the development.
 - The Bernal Community Park, Phase II project is developing 54-acres of land into a new sports complex and oak woodland. The sports complex includes three lighted synthetic multi-use fields with a park and picnic area. The 40 acre oak woodland includes walking paths, benches and water features throughout. During FY 2015/16, the construction costs totaled \$10.9 million. The sports complex will open to the public in FY 2016/17.
- The General Fund fund balance is \$20.6 million, of which \$12.0 million is committed for economic uncertainties, upcoming capital improvement projects and repair and replacement of existing assets, \$8.5 million is unassigned and \$1.1 million is non-spendable. The \$20.6 million fund balance is roughly the same as the General Fund fund balance at the end of FY 2014/15.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report consists of four parts – the Independent Auditors' Report, Management's Discussion and Analysis (this portion), the basic financial statements including the required supplementary information, and other supplemental information. The basic financial statements include two kinds of statements that present different views of the City as described below:

- The **Government-wide** financial statements provide both long-term and short-term information about the City's overall financial status.
- The **Fund** financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - **Governmental fund** statements tell how general government services such as police, fire and operations services were financed in the short-term, as well as what remains for future spending.

- **Proprietary fund** statements offer short and long-term financial information about the activities the City operates like businesses, such as water and sewer services.
- **Fiduciary fund** statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes are followed by required supplementary information that consists of major governmental fund budgetary comparison schedules and the Pension Plan and Other Postemployment Benefits Schedule of Funding Progress. After these required elements, we have included supplemental information consisting of combining statements that provide details about our non-major governmental funds, non-major enterprise funds, internal service funds and agency funds.

The government-wide financial statements and the fund financial statements present different views of the City, as further described below.

Government-wide Financial Statements are designed to provide readers with a broad overview of City finances, in a manner similar to a private-sector business. The government-wide financial statements include the City (primary government) and the Housing Authority of the City of Pleasanton (Housing Authority) as a component unit. The City Council serves as the Board for the Housing Authority. Financial information for the Housing Authority is blended with the City's financial information. Although it is a legally separate entity, in substance the Housing Authority is an integral part of the City's operations.

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

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

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a substantial portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, community development, operations services, and community activities (parks, recreation, and library). The business-type activities of the City include water, sewer, golf, transit, storm drain, cemetery, and electric vehicle, as well as the Housing Authority as a component unit.

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

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

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

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

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

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

- *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for water, sewer, golf, transit, storm drain, cemetery, electric vehicle, and the Housing Authority.
- *Internal service funds* are used by the City to establish reserves and account for employee benefits, public art acquisition and maintenance, replacement/renovation, liability insurance, and retiree medical benefits. These funds serve both governmental and business-type functions and so they are allocated accordingly in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided as supplementary information in the form of *combining statements*.

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements.

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

Required Supplementary Information includes budgetary comparison schedules that have been provided for the major governmental funds to demonstrate compliance with the budget. The City adopts a two-year budget in June of every odd numbered year. An update of the second year is presented to the City Council in June preceding the start of the second year (even numbered year). Required supplementary information also includes schedules showing the City's progress towards funding its pension plan and other post-employment benefits (OPEB). The City participates in California's Public Employees Retirement System (CalPERS) for its pension plan and provides its employees with post-retirement health care benefits (OPEB).

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

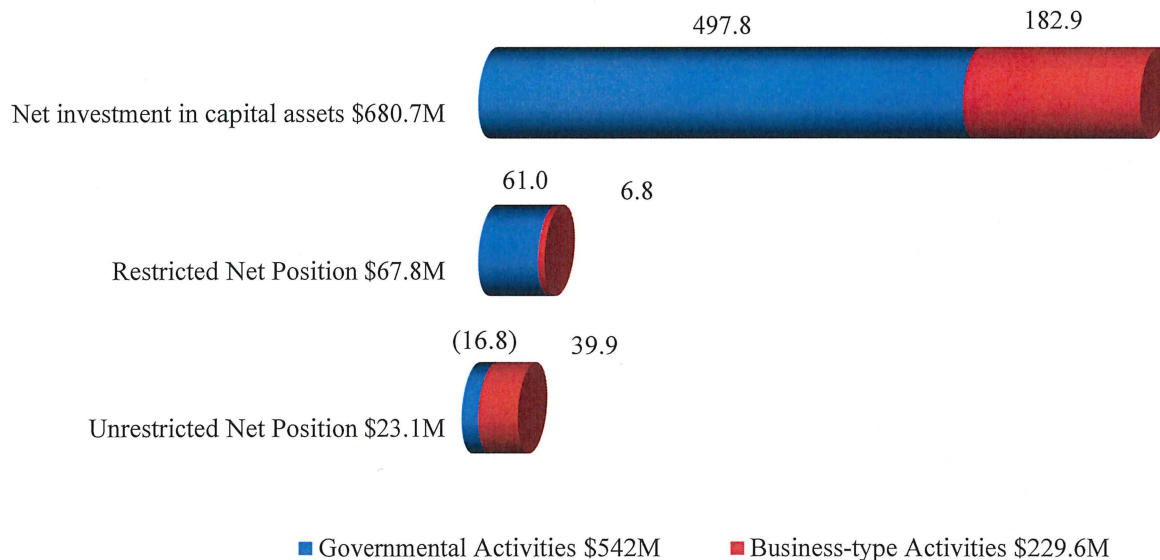
The following section provides a comparative analysis of government-wide data for FY 2014/15 and FY 2015/16. The Statement of Net Position for the two years will be discussed first, followed by a discussion of the Changes in Net Position for the two years.

The following table is a summary of the Statement of Net Position as of June 30, 2015 (2015) and June 30, 2016 (2016):

City of Pleasanton Net Position (in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2015 to 2016
	2015	2016	2015	2016	2015	2016	
Assets:							
Current and other assets	\$176.6	\$179.5	\$59.8	\$65.1	\$236.4	\$244.6	3.5%
Capital assets	487.3	500.0	176.6	188.9	663.9	688.9	3.8%
Total assets	663.9	679.5	236.4	254.0	900.3	933.5	3.7%
Deferred outflows of resources	20.8	24.8	1.3	1.5	22.1	26.3	0.0%
Liabilities:							
Other liabilities	11.3	10.4	3.8	11.2	15.1	21.6	43.0%
Long-term liabilities	130.2	130.0	7.6	13.4	137.8	143.4	4.1%
Total liabilities	141.5	140.4	11.4	24.6	152.9	165.0	7.9%
Deferred inflows of resources	21.4	21.8	1.1	1.3	22.5	23.1	100.0%
Net Position:							
Net investment in capital assets	487.2	497.8	176.5	182.9	663.7	680.7	2.6%
Restricted	62.3	61.0	6.0	6.8	68.3	67.8	-0.7%
Unrestricted	(27.7)	(16.8)	42.7	39.9	15.0	23.1	54.0%
Total net position	\$521.8	\$542.0	\$225.2	\$229.6	\$747.0	\$771.6	3.3%

Statement of Net Position as of June 30, 2016 (in millions of dollars)



Analysis of Net Position – With the consolidation of government-wide net position into one statement and the exclusion of fiduciary funds, net position serves as a useful indicator of a government’s financial position. For the City, assets exceeded liabilities by \$771.6 million at the close of FY 2015/16, a \$24.6 million or 3.3% increase over the FY 2014/15.

The City reported positive balances in all three categories of net position, as well as for its separate governmental and business-type activities. The following are the primary components of the City’s net position:

- The *net investment in capital assets* (e.g. infrastructure, land, buildings, improvements other than buildings, construction in progress, and equipment), less any related debt used to acquire assets still outstanding, is \$680.6 million (88.2% of the total). The City uses these capital assets to provide services to the community; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since generally capital assets are not used to liquidate these liabilities. The City’s net investment in capital assets increased by \$16.9 million (2.5%) in FY 2015/16. The increase is primarily attributable to the additions to work in progress for the Bernal Community Park, Phase II and the Recycled Water Infrastructure Expansion project of \$10.9 million and \$15.1 million, respectively. These additions were partially offset by the reduction of capital assets due annual depreciation expense.
- The *restricted net position* of \$67.8 million (8.8% of the total) represents resources that are subject to external restrictions on how they may be used. Among these amounts are \$48.5 million restricted in the capital project funds for the construction of major capital projects (including improvements to streets, bridges and bicycle and pedestrian trail and park improvements throughout the City including the Lions Wayside and Delucchi Parks design and construction and), \$14.8 million restricted for community development (the majority of which is in the Lower Income Housing Fund for the redevelopment of Kottinger Place and Pleasanton Gardens), and \$4.5 million in a variety of special revenue funds to support specific City programs.
- The *unrestricted net position* of \$23.1 million (3.0% of the total) reflects the City’s net pension liability of \$115 million which is offset by various reserves including amounts set aside for future capital improvements in the capital projects funds, and reserves held in internal service funds to pay for retiree medical costs, general liability claims, and repair and replacement of City facilities and equipment. Business-type activities account for \$39.9 million, the majority of which is held in the utility funds for future capital projects and emergency repairs and replacement.

The following table reflects the change in net position for governmental and business-type activities for the year ended June 30:

City of Pleasanton
Changes in Net Position (in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total % Change
	2015	2016	2015	2016	2015	2016	
Revenues:							
Program revenues:							
Charges for Services	\$13.5	\$15.3	\$36.3	\$36.3	\$49.8	\$51.6	3.6%
Operating grants & contributions	2.5	2.8	0.3	4.9	2.8	7.7	175.0%
Capital grants & contributions	13.5	12.8	-	3.6	13.5	16.4	21.5%
Interfund charges	0.6		-	0.7	0.6	0.7	16.7%
General revenues:							
Property taxes	53.7	57.3	-	-	53.7	57.3	6.7%
Sales taxes	22.4	23.5	-	-	22.4	23.5	4.9%
All other taxes	11.7	13.2	-	-	11.7	13.2	12.8%
All other general revenues	1.8	3.5	1.9	0.8	3.7	4.3	16.2%
Total revenues	<u>119.7</u>	<u>128.4</u>	<u>38.5</u>	<u>46.3</u>	<u>158.2</u>	<u>174.7</u>	10.4%
Expenses:							
General government	12.7	11.6	-	-	12.7	11.6	-8.7%
Public safety	45.0	44.7	-	-	45.0	44.7	-0.7%
Community development	15.8	14.7	-	-	15.8	14.7	-7.0%
Operations services	14.1	23.6	-	-	14.1	23.6	67.4%
Community Activities	12.6	13.2	-	-	12.6	13.2	4.8%
Water	-	-	17.6	18.4	17.6	18.4	4.5%
Sewer	-	-	13.8	15.0	13.8	15.0	8.7%
Golf	-	-	4.9	4.9	4.9	4.9	0.0%
Other	-	-	2.2	3.3	2.2	3.3	50.0%
Indirect charges	-	0.7	0.6		0.6	0.7	16.7%
Total expenses	<u>100.2</u>	<u>108.5</u>	<u>39.1</u>	<u>41.6</u>	<u>139.3</u>	<u>150.1</u>	7.8%
Revenues over (under) expenses	<u>19.50</u>	<u>19.90</u>	<u>(0.60)</u>	<u>4.7</u>	<u>18.9</u>	<u>24.6</u>	30.2%
Transfer In/(Out)	(0.8)	0.3	0.8	(0.3)	0.0	0.0	0.0%
Change in net position	18.7	20.2	0.2	4.4	18.9	24.6	30.2%
Net position, beginning of year	631.1	521.8	232.9	225.2	864.0	747.0	-13.5%
Prior period adjustment	(128.0)		(7.9)		(135.9)		
Net position, end of year	<u>\$521.8</u>	<u>\$542.0</u>	<u>\$225.2</u>	<u>\$229.6</u>	<u>\$747.0</u>	<u>\$771.6</u>	3.3%

Changes in Net Position

Governmental Activities increased the City's net position by \$20.2 million in FY 2015/16. Key factors in the increase are as follows:

Total governmental activities revenues increased approximately \$8.7 million over FY 2014/15.

Program Revenues - \$0.8 million increase

- Community Development's charges for services increased \$1.2 million over FY 2014/15 and accounted for the majority of the increase. The significant increase in charges for services is related to plan check fees and issued permits. In FY 2015/16 there were multiple housing and commercial developments underway which contributed to these increases. Community Development fee increases approved in June 2015 contributed to the increased revenues.

General Revenues - \$8.5 million increase

- Property Tax increased by \$3.6 million in FY 2015/16 primarily due to the increase in assessed property values attributed to the continued upward growth of the economy and additional housing units.
- Sales Tax revenue increased by \$1.1 million primarily due to the continuing upward growth of the economy.
- Other taxes increased by \$1.5 million which is primarily due to Hotel Tax (\$0.9 million) as a result of the improved economy.

The City's governmental activities expenses increased \$8.3 million over FY 2014/15.

- Personnel expenses increased \$1.8 million as a result of salary increases as well as increased health benefits and pension contributions.
- Community Development expenses remained relatively constant in FY 2015/16 even with significant work being performed on the development of the Kottinger Gardens project, a 185 unit senior apartment complex. During the FY 2015/16 the City provided \$4.4 million in loans to assist with the development of Kottinger Gardens.
- Operations Services expenses increased \$9.5 million over FY 2014/15. A portion of this increase is related to the additional funding of the City's facilities replacement and renovation program. Total funding during FY 2015/16 increased \$1.0 million with \$0.5 funded by the year end General Fund surplus. Also, during FY 2015/16 depreciation expense was reallocated, increasing Operation Service expenses. The City's depreciation expenses as a whole were relatively the same as FY 2014/15 and this change does not represent a substantive increase over FY 2014/15.

Business-type activities increased the City's net position by \$4.4 million.

The City's Business-type activities provide the same type of information as the proprietary fund financial statements, but are presented in a more summarized format. Key changes in the Business-type activities are as follows:

- Significant work on the Recycled Water Infrastructure Expansion project was performed in FY 2015/16. In FY 2015/16, \$15.1 million of work was completed on the project and capitalized as Construction in Progress. To help fund the project the City entered into an agreement with the California State Water Resources Control Board to provide the City a loan and a grant in the amounts up to \$11.3 million and \$6 million, respectively. During the year, the City received \$5.8 million in loan proceeds and \$4.6 million in grant revenue.
- Other Business-type activities remained relatively constant between FY 2015/16 and FY 2014/15.

An analysis of key changes at the governmental funds level and proprietary funds level is provided in the following **Fund Financial Analysis** section.

FUND FINANCIAL ANALYSIS

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available to provide services and capital project construction.

Fund Balances

On June 21, 2011, the City Council adopted Resolution No. 11-463 to establish the classification of fund balances in conformance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. That resolution also identified the fund balance category, the Economic Uncertainty Reserve as *Committed fund balance*. Additionally, during FY 2014/15 the City Council committed additional fund balance categories for Capital Improvement Projects and Repair and Replacement Reserves.

Funds reserved under Economic Uncertainty will be used to mitigate costs associated with unforeseen emergencies, including natural disasters or catastrophic events where the state or federal government declares a natural disaster. Should unforeseen and unavoidable events occur that require the expenditure of City resources beyond those provided for in the annual budget, the City Council must approve by Resolution any appropriations from the Economic Uncertainty Reserve. The detail of the fund balance classifications are disclosed in *Note 9* in the **Notes to the Basic Financial Statements**.

As of June 30, 2016, the City's governmental funds reported combined fund balances of \$98.7 million, a decrease of \$5.0 million in comparison with FY 2014/15. During the year there were increases in property tax revenues (\$3.6 million), sales tax revenues (\$1.1 million) and hotel tax revenues (\$1.0 million). These revenue increases were offset by increases in construction expenditures related to the Bernal Community Park, Phase II (\$10.9 million). In addition housing loan expenditures increased \$4.3 million related to the development of the Kottinger Gardens project.

Restricted fund balances constitute \$61.0 million of the combined governmental fund balance and are constrained for a specific purpose by external parties, constitutional provision, or enabling legislation, for example; low income housing projects, projects funded by park development fees and street projects funded by gas tax, Measure B and Measure BB funds. *Committed fund balances* of \$14.0 million have been constrained by the City Council for reserves for economic uncertainty as well as certain capital projects. *Assigned fund balances* of \$15.6 million represent funds to be used for City funded capital projects that have not been specifically identified or constrained by City Council. *Unassigned fund balances* of \$8.0 million consist of amounts that have not been classified as nonspendable, restricted, committed or assigned.

The following table presents the Governmental Funds' fund balances by classification as of June 30, 2016:

	General Fund	Lower Income Housing Fund	Park Capital Improvement Program Fund	Other Funds	Total
<u>Nonspendable</u>					
Notes Receivable	\$ 121,900	\$ -	\$ -	\$ -	\$ 121,900
<u>Restricted</u>					
Assessment District Construction	-	-	-	1,371,769	1,371,769
Asset Forfeiture	-	-	-	88,049	88,049
Budgeted Developer Projects	-	-	-	7,087,289	7,087,289
Community Access Television	-	-	-	901,220	901,220
Donations	-	-	-	494,105	494,105
Downtown & North Pleasanton	-	-	-	3,621,693	3,621,693
Geological Hazard Assessment District	-	-	-	1,027,505	1,027,505
Grants	-	-	-	83,163	83,163
Housing	-	14,018,708	-	-	14,018,708
Landscape and Lighting District	-	-	-	410,837	410,837
Landscape Maintenance NPID	-	-	-	946,336	946,336
Marilyn Kane Trail Reserve	-	-	-	107,762	107,762
Park Development	-	-	-	8,596,730	8,596,730
Public Facilities Capital Improvements	-	-	-	5,495,958	5,495,958
Public Safety	-	-	-	270,401	270,401
Resource Management	-	-	-	795,479	795,479
Street Maintenance	-	-	-	5,611,843	5,611,843
Traffic Impact	-	-	-	6,144,566	6,144,566
Traffic Impact - Bernal	-	-	-	1,658,487	1,658,487
Tri-Valley Transportation	-	-	-	875,925	875,925
Various Specific Plan	-	-	-	1,421,747	1,421,747
<u>Committed</u>					
Economic Uncertainty	11,179,088	-	-	-	11,179,088
Capital Projects/Repair and Replacement	840,000	-	1,980,559	-	2,820,559
<u>Assigned</u>					
Capital Projects	-	-	-	15,092,443	15,092,443
Other Purposes	-	-	-	515,359	515,359
<u>Unassigned</u>					
	8,481,624	-	-	(521,393)	7,960,231
Total Fund Balances	\$ 20,622,612	\$ 14,018,708	\$ 1,980,559	\$ 62,097,273	\$ 98,719,152

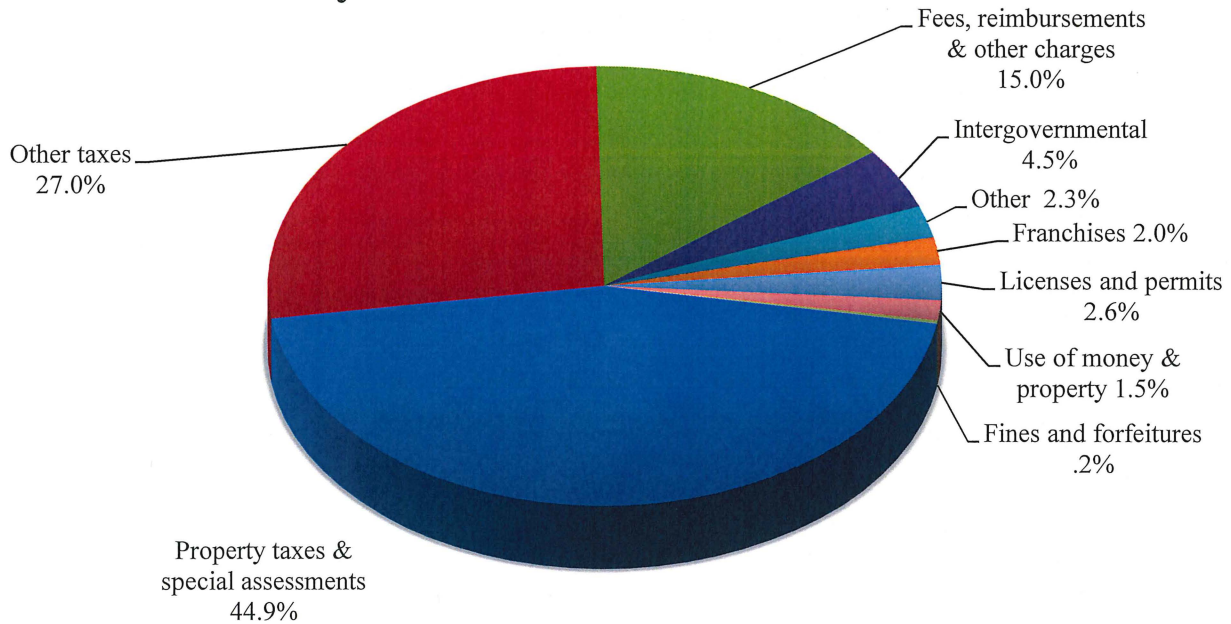
Revenues

The following table presents the FY 2015/16 revenues from various sources, as well as the increase or decrease in these revenues over FY 2014/15.

**City of Pleasanton
Revenues Classified by Source
Governmental Funds
(in millions of dollars)**

Revenues by Source	FY 2015		FY 2016		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	Percent
Property taxes & special assessments	\$ 53.7	44.6%	\$ 57.5	44.9%	\$ 3.8	7.1%
Other taxes	32.3	26.8%	34.6	27.0%	2.3	7.1%
Licenses and permits	3.3	2.7%	3.3	2.6%	-	0.0%
Fines and forfeitures	0.5	0.4%	0.3	0.2%	(0.2)	-40.0%
Use of money & property	1.4	1.2%	1.9	1.5%	0.5	35.7%
Intergovernmental	5.6	4.6%	5.8	4.5%	0.2	3.6%
Franchises	2.5	2.1%	2.6	2.0%	0.1	4.0%
Fees, reimbursements & other charges	18.1	15.0%	19.2	15.0%	1.1	6.1%
Other	3.1	2.6%	3.0	2.3%	(0.1)	-3.2%
Total	\$ 120.5	100.0%	\$ 128.2	100.0%	\$ 7.7	6.4%

Revenues by Source - Governmental Funds



The following provides an explanation of significant changes in revenues by source in FY 2015/16.

- **Property tax** increased \$3.8 million primarily due to the increase in assessed property values (5.9%).

- **Other taxes** increased \$2.3 million primarily due to increases in sales tax (\$1.4 million) and hotel tax (\$0.9 million) as a result of the improved economy.

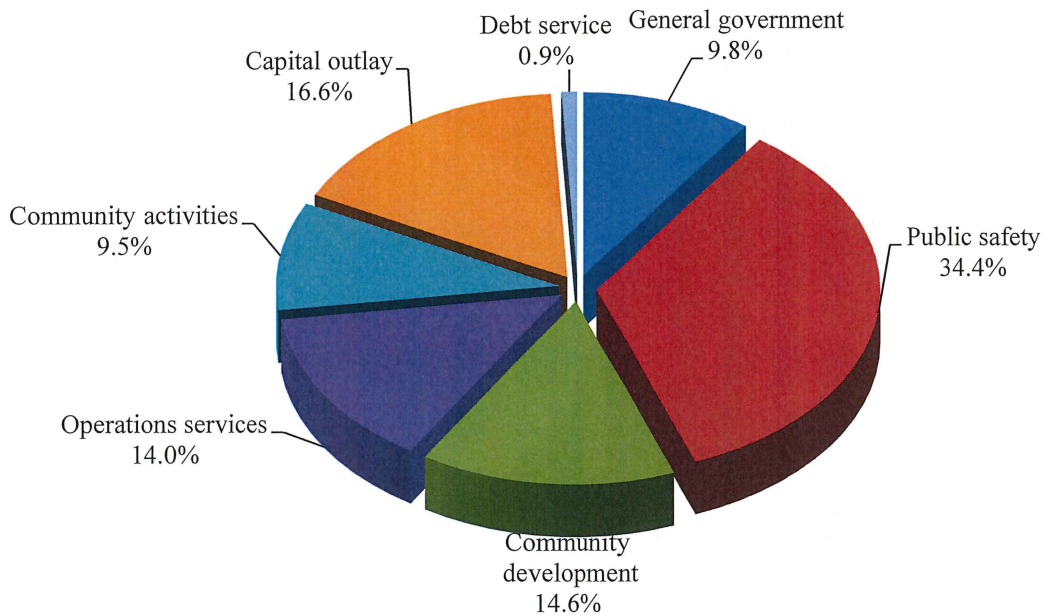
Expenditures

The following table presents expenditures by function in FY 2015/16 and the increase and decrease in expenditures as compared to FY 2014/15.

**City of Pleasanton
Expenditures Classified by Function
Governmental Funds
(in millions of dollars)**

Expenditures by Function	FY 2015		FY 2016		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	Percent
Current:						
General government	\$12.4	11.3%	\$12.7	9.8%	\$0.3	2.4%
Public safety	42.7	39.0%	44.5	34.4%	1.8	4.2%
Community development	13.4	12.2%	18.9	14.6%	5.5	41.0%
Operations services	16.6	15.2%	18.1	14.0%	1.5	9.0%
Community activities	11.5	10.5%	12.3	9.5%	0.8	7.0%
Capital outlay	11.1	10.1%	21.5	16.6%	10.4	93.7%
Debt service						
Principal	1.8	1.6%	1.2	0.9%	-0.6	-33.3%
Total	\$109.5	100.0%	\$129.2	100.0%	\$19.7	18.0%

Expenditures by Function - Governmental Funds



The following provides an explanation of significant changes in expenditures in FY 2015/16.

- Community development expenditures increased by \$6.7 million. An increase of \$4.3 million is related to the loan provided for the Kottinger Gardens project. An increase of \$1.1 million additional funding of the reserve for future facility improvements. In addition, with the increased development throughout the City there was an increase in contractors being used for services such as permit and design reviews and inspections.
- Capital outlay expenditures increased \$10.4 million. This is primarily attributable to the construction of the Bernal Community Park, Phase II. Construction started in FY2014/15 with \$1.6 million of expenditures incurred during the period. During FY2015/16, \$10.9 million of expenditures were incurred. Project completion is expected to occur in FY2016/17.

Major Governmental Funds

The designated major *Governmental funds* in FY 2015/16 are the General Fund, Lower Income Housing Fund, and the Park Capital Improvement Program Fund.

The **General Fund** is the primary operating fund of the City which accounts for most City services, including: public safety, operations services, parks and community services, library, community development, and general government.

By policy, the City maintains a reserve for economic uncertainties equal to 10% of annual General Fund revenues. Also by policy, any one-time revenues are used for one-time purposes, such as capital projects.

General Fund budget-to-actual variances for FY 2015/16 are reflected in more detail in the **Required Supplementary Information**. The following is a summary of these variances:

- Revenues were greater than projected at the mid-year budget by \$1.9 million or 1.7%.
- Expenditures including net transfers were less than expected by \$2.3 million or 2.26%.

The City Council has committed or assigned certain General Fund reserves in conformance with GASB Statement No. 54. The City maintains these commitments and assignments consistent with its formal financial policies. The following table summarizes all General Fund reserves, as well as non-spendable or unassigned fund balance, showing the beginning balances, plus changes resulting from FY 2015/16 operations and the resulting ending balances.

General Fund Reserves and Fund Balance as of 6/30/2016¹

	Balance 6/30/2015	Budgeted Additions and Deletions	Actual Additions and Deletions	Budget to Actual Variance	Balance 6/30/2016
Committed Reserves					
Economic Uncertainty	\$ 10,411,000	\$ 768,088	\$ 768,088	\$ -	\$ 11,179,088
CIP and Repair and Replacement	2,908,218	(2,068,218)	(2,068,218)	-	840,000
Unassigned	7,085,423	1,307,810	1,396,201	(88,391)	8,481,624
Nonspendable	163,689	-	(41,789)	41,789	121,900
Total Fund Balance	\$ 20,568,330	\$ 7,680	\$ 54,282	\$ (46,602)	\$ 20,622,612

¹ The ending fund balance of \$20,622,612 is \$46,602 more than the ending fund balance in the FY 2015/16 year-end budget report of \$20,576,010 as a result of adjustments for unrecognized gains and losses of investments that do not affect the cash fund balance. The FY 2015/16 year-end budget report reflects the cash fund balance that is available to spend. As of June 30, 2016 the City is in process of updating its reserve policy. The year-end budget report was presented using the proposed updated policy.

The **Lower Income Housing Fund** is funded with developer fees. The money is used to provide both rental and ownership affordable housing in the City through programs that subsidize rents and provide secondary financing to first-time homebuyers. The Lower Income Housing Fee, which may be paid by developers in lieu of constructing new affordable housing amounted to \$1.4 million in FY 2015/16. Housing loan repayments totaled \$0.4 million and included a \$249,000 interest payment from BLP Partnership, Inc. During FY 2015/16 significant work on the Kottinger Gardens project was performed. The City has entered into an agreement to provide up to \$13.5 million in loans for the development of Kottinger Gardens. During FY 2015/16 \$4.4 million of the loans were disbursed.

The **Park Capital Improvement Program Fund** receives support from other City funds for the construction, reconstruction and maintenance of City parks. In FY 2015/16 significant construction of the Bernal Community Park Phase II, Lighted Multi-Purpose Sports Fields was completed with \$8.8 million of the expenditures incurred by the Park Capital Improvement Program Fund. Funding for this project was from prior years' transfers from the General Fund as well as an additional \$2.0 million loan from the General Fund.

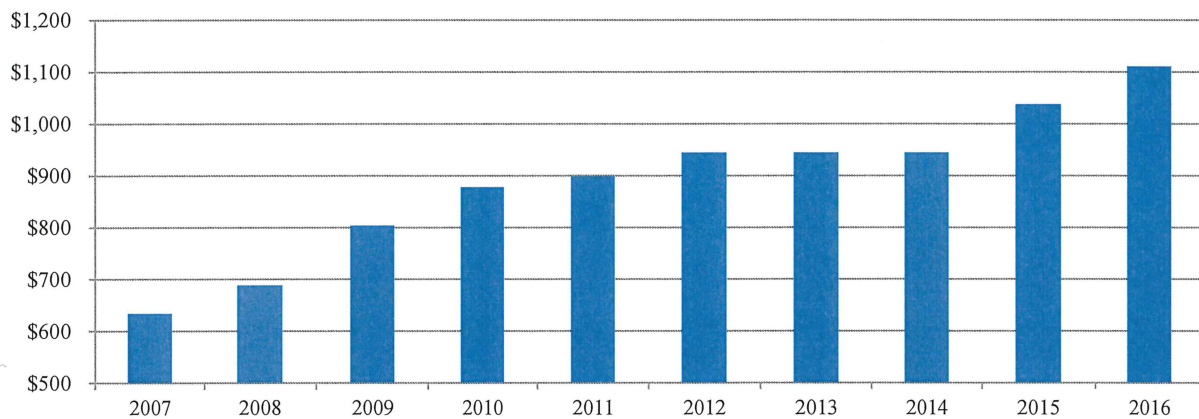
Major Proprietary Funds

The designated major *Proprietary funds* in FY 2015/16 are the Water, Sewer, Golf, and Storm Drain funds.

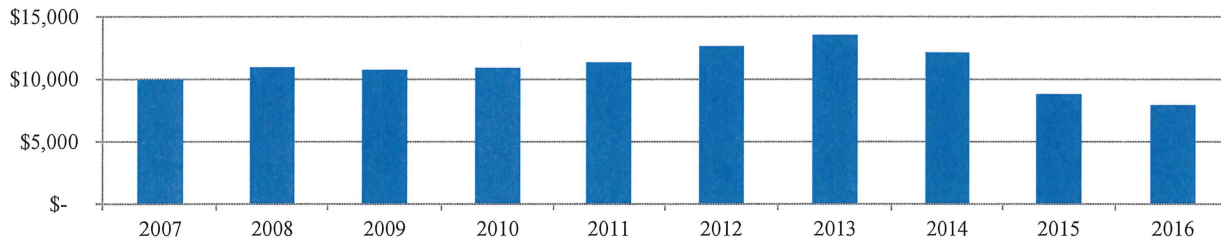
The **Water Fund's** net position increased by \$5.7 million or 5.9% in FY 2015/16. During FY 2015/16 significant work was completed on the City's Recycled Water Infrastructure Expansion project. Planning and construction costs amounted to \$15.1 million during FY 2015/16. This amount was capitalized and recorded as a City asset. To help fund this project the City received \$4.6 million in grant revenue and \$5.7 million in loan proceeds.

Despite the Zone 7 rate increases over the past several years in treated wholesale water the City's water costs decreased due to the ongoing water conservation efforts. The graphs below depict the price increases over the last ten years in the Zone 7 treated water rates per acre-foot and the total expended by the City over that period to purchase water from Zone 7. The City's water rate ordinance requires the City to increase its water rates to offset the increase in Zone 7 water rates in order to remain fiscally solvent. The City continues to monitor the revenues and expenses of the Water Fund and the City annually increases the City's water rates based on the change in consumer price index (CPI).

Summary of Zone 7 Treated Water Rates (\$ per acre-foot)



Summary of Zone 7 Water Costs (in thousands)



The **Sewer Fund's** net position increased by \$1.0 million in FY 2015/16. Operating income and operating expenses remained relatively constant, declining by \$0.2 million and \$0.3 million, respectively. Other financing sources which is composed of connection fees, capital contributions received, interest income and transfers increased by \$0.9 million. Capital contributions increased by \$0.9 million as a result of increased housing development throughout the City. During development of the housing units, developers installed sewer lines, catch basins, and manholes required for the project. These assets were donated to the City and recorded as infrastructure. The City's sewer rate ordinance requires the City to increase its sewer rates to pass through the increase in DSRSD rates in order to remain fiscally solvent. Similar to the Water operation, in order to remain fiscally solvent in the Sewer Fund, the City annually increases the sewer rates based on the change in the consumer price index (CPI).

The **Golf Fund's** net position decreased by \$1.5 million in FY 2015/16 due largely to depreciation expense of \$1.7 million for golf course facilities.

The **Storm Drain Fund's** net position decreased by \$0.5 million in FY 2015/16. Personnel expenses increased by \$0.3 million as a result of the increased personnel expenses attributable to the allocation of pension related liabilities and expenses during FY 2015/16.

Fiduciary Funds

There were no designated major funds in the *Fiduciary funds* in FY 2015/16.

GENERAL FUND BUDGETARY HIGHLIGHTS

The following table displays the General Fund's budget to actual variances for FY 2015/16. The Original Budget was established in December 2015 when the City adopted the two year budget for fiscal years 2015/16 and 2016/17. The Final Budget was adopted in December 2016 when the City Council approved the year-end report for FY 2015/16. Actual revenues were greater than final budget by \$1.9 million or 1.8% and expenditures were less than budget by about \$2.3 million or 2.3%.

The fund balance of \$20.6 million remained constant with FY 2014/15. At the fiscal year end there was a budget surplus of \$4.4 million. It was approved to transfer \$1.5 million to Capital Improvement Project reserves, \$1.5 million to fund the reduction of the City's pension liability and \$0.5 million to the Repair and Replacement Fund reserves. The improved housing market and increased economic activity throughout the City contributed to the growth in the City's General Fund revenues.

General Fund FY 2015/16 Budgetary Comparison

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
Revenues	\$ 106,461,744	\$ 109,805,361	\$ 111,790,882	\$ 1,985,521
Expenditures	(100,742,458)	(102,077,856)	(99,771,227)	2,306,629
Other Financing Sources(Uses):				
Transfers in	993,475	1,000,975	1,043,959	42,984
Transfers out	(6,442,524)	(13,095,329)	(13,009,332)	85,997
Net change in fund balance	\$ 270,237	\$ (4,366,849)	\$ 54,282	\$ 4,421,131

Actual General Fund revenues exceeded final budget estimates by \$1.9 million in FY 2015/16. The major reason for the increase is the improved economy. The increase of \$1.9 million in revenues is summarized below:

General Fund FY 2015/16 Revenues Budgetary Comparison

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
Property Tax	\$ 56,600,000	\$ 57,100,000	\$ 57,276,491	\$ 176,491
Sales Tax	24,500,000	24,500,000	23,975,785	(524,215)
Documentary Transfer Tax	725,000	750,000	823,790	73,790
Business License Tax	3,350,000	3,400,000	3,700,568	300,568
Hotel Tax	4,500,000	5,800,000	6,037,902	237,902
Development Services Fees	3,677,197	5,277,487	6,151,137	873,650
Franchise Fees	2,435,000	2,455,000	2,570,130	115,130
Recreation Fees	3,797,820	3,997,170	4,242,435	245,265
Library Revenues	122,200	142,200	119,714	(22,486)
Other Fees	985,400	1,018,800	1,102,458	83,658
Grants & Intergovernmental	493,000	571,200	543,188	(28,012)
Reimbursements	1,901,503	1,813,020	2,089,362	276,342
Interest Income	210,000	220,000	287,606	67,606
Inter-fund Labor Charges	2,610,924	2,253,784	2,133,689	(120,095)
Other Revenues	553,700	506,700	736,627	229,927
Total	\$ 106,461,744	\$ 109,805,361	\$ 111,790,882	\$ 1,985,521

Actual General Fund expenditures of \$99.8 million were less than the final budget estimates by \$2.3 million (2.3%). The majority of the decrease was primarily due to reductions in materials, supplies and services. The decrease of \$2.3 million in expenditures is summarized below.

General Fund FY 2015/16 Expenditures Budgetary Comparison

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
Personnel Expenses	\$ 75,248,574	\$ 74,003,511	\$ 73,094,667	\$ 908,844
Transportation and Training	2,427,943	2,957,635	2,632,610	325,025
Repairs and Maintenance	4,293,372	5,996,735	5,788,049	208,686
Material, Supplies and Services	18,219,219	18,610,025	17,775,590	834,435
Capital Outlay	553,350	509,950	480,311	29,639
Debt Service	21,147	21,147	21,147	-
Total	\$ 100,742,458	\$ 102,077,856	\$ 99,771,227	\$ 2,306,629

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2016 was \$689 million (net of accumulated depreciation). This investment in capital assets includes: infrastructure, land, right-of-ways, buildings, improvements other than buildings, vehicles and equipment, and construction-in-progress. The City’s investment in capital assets (net of accumulated depreciation) increased by \$25.0 million from the prior fiscal year. Major capital asset events during the current fiscal year included:

- Governmental activities net capital assets increased overall by \$12.7 million in the FY 2015/16. Additions in capital assets of \$27.1 million were offset by decreases of \$14.4 million from the retirement of assets (\$1.2 million) and depreciation (\$13.2 million). Capital assets activity included:
 - Various construction-in-progress projects were added in FY 2015/16 and totaled \$22.5 million, including, the Bernal Road/I-680 Landscaping Improvements (\$1.3 million), construction of the Bernal Community Park, Phase II (\$10.9 million), Old Stanley improvements from Main to First Street (\$1.8 million) and annual street resurfacing of various City streets (\$2.6 million). Completed construction projects of \$5.2 million were transferred to various asset categories. The major completed projects included the Bernal/I-680 interchange (\$1.5 million), annual bike and pedestrian related improvements (\$0.9 million), annual street resurfacing of various City streets (\$2.3 million).
 - Capital asset additions totaling \$4.6 million including \$1.0 million in contributions of infrastructure and land improvements from developers associated with housing developments throughout the City. During the development of the projects, developers installed lighting, landscaping and street improvements. These assets were donated to the City and recorded as infrastructure and land improvements by the City. The City replaced vehicles in its fleet and added new vehicles in the amount of \$2.7 million.
 - These additions were offset by the retirement of assets (\$1.3 million) and net depreciation expense (\$13.2 million).

- Business-type activities net capital assets increased overall by \$12.3 million in FY 2015/16. Additions in capital assets of \$21.4 million were offset by decreases of \$9.0 million from the depreciation of assets. Capital assets activity included:
 - Additions to construction-in-progress projects totaled \$18 million including \$15.0 million for the Recycled Water Infrastructure Expansion project and \$2.7 million for Recycled Water Capacity Expansion project.
 - Contributed assets totaled \$3.0 million. During development of the Staples Ranch project as well as multiple housing developments throughout the City, the developers installed water and sewer lines, meters and hydrants required for the project. These assets were donated to the City and recorded as infrastructure in the City's Water and Sewer Funds.
 - These additions were offset by net depreciation expense of \$9.0 million.

For the government-wide financial statements presentation, all depreciable capital assets are depreciated from their acquisition date over their useful lives. Governmental Fund financial statements report capital asset purchases as expenditures.

Capital assets for the governmental and business-type activities are presented in the following table to illustrate changes in FY 2015/16.

City of Pleasanton
Capital Assets
 (net of depreciation, in millions of dollars)

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2015	2016	2015	2016	2015	2016	% Change
Infrastructure	\$117.8	\$114.8	\$113.5	\$110.4	\$231.3	\$225.2	-2.6%
Land	240.1	240.3	14.5	14.5	254.6	254.8	0.1%
Right-of-ways	36.4	36.4	-	-	36.4	36.4	0.0%
Buildings	56.0	54.4	21.8	20.9	77.8	75.3	-3.2%
Improvements other than buildings	20.8	20.4	16.0	14.5	36.8	34.9	-5.2%
Vehicles & equipment	9.1	10.4	7.7	7.5	16.8	17.9	6.5%
Public Art	0.7	0.7	-	-	0.7	0.7	-7.0%
Construction in progress	6.6	22.6	3.1	21.1	9.7	43.7	350.5%
Total	\$487.5	\$500.0	\$176.6	\$188.9	\$664.1	\$688.9	3.7%

Additional information about the City's capital assets can be found in *Note 5* in the **Notes to Basic Financial Statements**.

Debt Administration

Debt, considered a liability of governmental activities remained constant at \$2.2 million in FY 2015/16.

- The County of Alameda note payable for the purchase of the Alameda County Transportation Corridor decreased by \$1.0 million from the normal amortization of the note payable. The note was fully repaid as of June 30, 2016
- Payments on the LifePak cardiac monitor/defibrillators capital lease during the fiscal year totaled \$21,147. Lease payments are equally shared between the City of Pleasanton and the City of Livermore. The lease is the obligation of the City of Pleasanton and the activity is reflected in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances.
- The City received an additional \$0.2 million loan from the California Energy Commission for the LED Lighting Upgrade project in FY 2015/16. During the year the loan was decreased by \$0.2 million from the normal amortization of the loan payable.

Debt of the business-type activities increased in the FY 2015/16 by \$6.0 million.

- During the year the City received \$5.8 million in California Clean Water State Revolving Fund Loans. These loans are to assist in funding the Recycled Water Infrastructure Expansion project.
- A new golf course maintenance equipment capital lease was entered into in FY 2015/16 increasing the City's liability by \$0.3 million. Payments made on the existing golf course maintenance equipment capital lease during the fiscal year totaled \$0.1 million.

The following table compares the outstanding balances on long-term debt of the City as of June 30, 2015 and 2016:

City of Pleasanton Long Term Debt Outstanding

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Alameda County Transportation Corridor Purchase Agmt	1,030,416	-	-	-	1,030,416	-
California Energy Commission (CEC)	1,118,014	1,195,879	-	-	1,118,014	1,195,879
Fire Equipment Capital Lease	31,895	10,748	-	-	31,895	10,748
HUD Section 108 Loan	-	950,000	-	-	-	950,000
Golf Course Capital Lease	-	-	113,796	321,524	113,796	321,524
California Clean Water SRF Loan	-	-	-	5,762,772	-	5,762,772
TOTAL	\$ 2,180,325	\$ 2,156,627	\$ 113,796	\$ 6,084,296	\$ 2,294,121	\$ 8,240,923

Additional information about the City's long-term obligations can be found in *Note 6* in the **Notes to Basic Financial Statements**.

ECONOMIC FACTORS, FY 2015/16 and FY 2016/17 BUDGET, AND CALPERS PENSION RATES

The unemployment rate in Alameda County remained relatively constant at 4.7% as of June 2016, as compared with 4.6% for June 2015, and the unemployment rate in the City of Pleasanton remained constant at 3.7%.

As of the adoption of the two-year budget for the FY 2015/16 and FY 2016/17 by the City Council on June 16, 2015, the economic outlook for the City was considered to be stable with some modest improvement. The FY 2016/17 Mid-Term Budget, adopted June 21, 2016, with a General Fund Budget of approximately \$105.4 million is an increase of 4.7% from the final FY 2015/16 budget, and the City is anticipating that current revenue sources will match expenditures and net transfers.

The required contribution rates as a percentage of payroll for the City's employer share of retirement funding will change effective July 1, 2016 to the following:

July 1, 2016

- Miscellaneous Plan 26.902%
- Safety Fire Plan 42.668%
- Safety Police Plan (pooled) 19.536% (1st Tier) *
16.656% (2nd Tier)
12.082% (PEPRA)

* Assuming employer prepayment of unfunded liability in the amount of \$1,061,727

July 1, 2015

- Miscellaneous Plan 24.918%
- Safety Fire Plan 39.060%
- Safety Police Plan (pooled) 18.524% (1st Tier) *
15.627% (2nd Tier)
11.153% (PEPRA)

* Assuming employer prepayment of unfunded liability in the amount of \$1,164,272

REQUEST FOR INFORMATION

This financial report is designed to provide our residential and business community, taxpayers, customers, investors and creditors with a general overview of the City's finances. Additional information regarding the City's component unit may be found in the separately-issued financial statements for the Housing Authority of the City of Pleasanton, California. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, P.O. Box 520, Pleasanton, CA 94566.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Pleasanton
Statement of Net Position
June 30, 2016

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash and investments (Note 2)	\$ 150,174,586	\$ 46,485,097	\$ 196,659,683
Receivables (net):			
Accounts	2,656,939	6,593,184	9,250,123
Taxes	8,954,689	-	8,954,689
Grants	1,468,318	-	1,468,318
Interest	871,470	85,095	956,565
Lease	594,117	-	594,117
Internal balances (Note 1H)	(532,833)	532,833	-
Inventory and prepaid expenses	-	120,269	120,269
Prepaid other post employment benefits (Note 11)	3,600,000	-	3,600,000
Notes receivable (Note 3)	11,726,673	-	11,726,673
Net investment in joint ventures (Note 8)	-	11,264,745	11,264,745
Capital assets (Note 5):			
Nondepreciable	299,974,108	35,622,276	335,596,384
Depreciable, net	200,021,752	153,303,830	353,325,582
Total assets	679,509,819	254,007,329	933,517,148
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions (Note 10)	24,769,585	1,497,064	26,266,649
Total deferred outflows of resources	24,769,585	1,497,064	26,266,649
LIABILITIES			
Accounts payable	9,090,471	10,355,935	19,446,406
Payroll payable	1,229,702	132,322	1,362,024
Refundable deposits	-	116,602	116,602
Unearned revenue	60,557	605,627	666,184
Compensated absences (Note 1K):			
Due within one fiscal year	1,312,782	-	1,312,782
Due in more than one fiscal year	2,980,274	-	2,980,274
Long term debt (Note 6):			
Due within one fiscal year	239,863	77,840	317,703
Due in more than one fiscal year	1,916,764	6,006,456	7,923,220
Claims liability (Note 7):			
Due within one fiscal year	2,589,029	-	2,589,029
Due in more than one fiscal year	5,896,903	-	5,896,903
Net pension liability (Note 10)	115,056,711	7,355,677	122,412,388
Total liabilities	140,373,056	24,650,459	165,023,515
DEFERRED INFLOWS OF RESOURCES			
Related to pensions (Note 10)	21,813,896	1,296,238	23,110,134
NET POSITION (Note 9)			
Net investment in capital assets	497,839,233	182,841,810	680,681,043
Restricted for:			
Capital projects	41,669,938	6,613,094	48,283,032
Transportation	-	184,238	184,238
Special projects	4,545,449	-	4,545,449
Community development	14,814,185	-	14,814,185
Total restricted net position	61,029,572	6,797,332	67,826,904
Unrestricted net position	(16,776,353)	39,918,554	23,142,201
Total net position	\$ 542,092,452	\$ 229,557,696	\$ 771,650,148

See accompanying Notes to Basic Financial Statements.

City of Pleasanton
Statement of Activities and Changes in Net Position
For the year ended June 30, 2016

Functions / Programs	Expenses	Indirect Charges	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:					
Governmental activities:					
General government	\$ 11,626,959	\$ (1,059,835)	\$ 489,842	\$ 256,514	\$ -
Public safety	44,667,204	-	2,252,106	629,259	76,407
Community development	14,680,399	(358,339)	7,434,666	1,886,709	4,486,832
Operations services	23,621,666	706,045	385,681	-	5,531,474
Community activities	13,158,251	-	4,721,811	64,697	2,682,584
Interest on long-term debt	22,828	-	-	-	-
Total governmental activities	107,777,307	(712,129)	15,284,106	2,837,179	12,777,297
Business-type activities:					
Water	18,390,589	(126,732)	17,639,091	-	6,021,918
Sewer	14,986,417	902,072	13,861,477	-	1,378,439
Golf	4,896,052	-	3,825,552	-	-
Storm Drain	2,426,049	(64,619)	788,101	-	815,107
Transit	647,326	-	25,560	125,433	-
Cemetery	20,755	1,408	72,743	-	-
Pleasanton Housing Authority	347,495	-	129,879	119,316	-
Electric Vehicle	2,500	-	4,054	-	-
Total business-type activities	41,717,183	712,129	36,346,457	244,749	8,215,464
Total primary government	\$ 149,494,490	\$ -	\$ 51,630,563	\$ 3,081,928	\$ 20,992,761

General Revenues:

Taxes:

Property

Other

Sales tax

Franchise taxes

Total taxes - unrestricted

Investment income not restricted to specific programs

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (11,940,438)	\$ -	\$ (11,940,438)
(41,709,432)	-	(41,709,432)
(1,230,531)	-	(1,230,531)
(16,998,466)	-	(16,998,466)
(5,689,159)	-	(5,689,159)
(22,828)	-	(22,828)
(77,590,854)	-	(77,590,854)
-	5,143,688	5,143,688
-	1,155,571	1,155,571
-	(1,070,500)	(1,070,500)
-	(887,460)	(887,460)
-	(496,333)	(496,333)
-	53,396	53,396
-	(98,300)	(98,300)
-	1,554	1,554
-	3,801,616	3,801,616
(77,590,854)	3,801,616	(73,789,238)
57,276,734	-	57,276,734
10,680,021	-	10,680,021
23,543,972	-	23,543,972
2,570,130	-	2,570,130
94,070,857	-	94,070,857
1,878,574	486,865	2,365,439
1,647,178	314,805	1,961,983
291,205	(291,205)	-
97,887,814	510,465	98,398,279
20,296,960	4,312,081	24,609,041
521,795,492	225,245,615	747,041,107
<u>\$ 542,092,452</u>	<u>\$ 229,557,696</u>	<u>\$ 771,650,148</u>

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as general government, public safety, community development, operations services and community activities.

Lower Income Housing Fund is a special revenue fund used to account for and report the proceeds of housing in-lieu fees paid by developers of residential, commercial, and office property, as well as revenue from the repayment of housing loans. These revenues are used to provide financial assistance toward meeting the affordable housing guidelines detailed in the housing element of the City's General Plan.

Park Capital Improvement Program Fund is a capital projects fund used to account for the construction, reconstruction, and maintenance of the City parks as adopted in the annual parks capital improvement programs.

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**City of Pleasanton
Balance Sheet
Governmental Funds
June 30, 2016**

	General Fund	Lower Income Housing Fund	Park Capital Improvement Program Fund	Non-major Governmental Funds	Total
ASSETS					
Cash and investments (Note 2)	\$ 11,814,190	\$ 13,796,992	\$ 5,443,797	\$ 64,493,509	\$ 95,548,488
Receivables (net):					
Accounts	1,856,159	14,000	-	719,954	2,590,113
Taxes	8,954,689	-	-	-	8,954,689
Grants	-	-	-	1,468,318	1,468,318
Interest	62,265	353,897	13,728	345,611	775,501
Lease	-	594,117	-	-	594,117
Due from other funds (Note 4)	2,005,917	-	-	-	2,005,917
Notes receivable, net (Note 3)	121,900	9,149,252	-	2,455,521	11,726,673
Total assets	\$ 24,815,120	\$ 23,908,258	\$ 5,457,525	\$ 69,482,913	\$ 123,663,816
LIABILITIES					
Accounts payable	\$ 2,933,606	\$ 65,041	\$ 1,476,966	\$ 2,692,699	\$ 7,168,312
Payroll payable	1,221,770	5,406	-	2,526	1,229,702
Due to other funds (Note 4)	-	-	-	1,977,229	1,977,229
Advances from other funds (Note 4)	-	-	2,000,000	-	2,000,000
Unearned revenue	37,132	-	-	23,425	60,557
Total liabilities	4,192,508	70,447	3,476,966	4,695,879	12,435,800
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	9,819,103	-	2,689,761	12,508,864
FUND BALANCES					
Nonspendable	121,900	-	-	-	121,900
Restricted	-	14,018,708	-	47,010,864	61,029,572
Committed	12,019,088	-	1,980,559	-	13,999,647
Assigned	-	-	-	15,607,802	15,607,802
Unassigned	8,481,624	-	-	(521,393)	7,960,231
Total fund balances	20,622,612	14,018,708	1,980,559	62,097,273	98,719,152
Total liabilities, deferred inflows of resources, and fund balances	\$ 24,815,120	\$ 23,908,258	\$ 5,457,525	\$ 69,482,913	\$ 123,663,816

See accompanying Notes to Basic Financial Statements.

City of Pleasanton

**Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide
Statement of Net Position - Governmental Activities
June 30, 2016**

Fund Balances - Total Governmental Funds	\$ 98,719,152
Amounts reported for governmental activities in the Statement of Net Position were different because:	
Capital assets used in governmental activities are not current financial resources. Therefore they were not reported in the Governmental Funds Balance Sheet. This amount is net of capital assets of the internal service funds in the amount of \$12,057,285.	487,938,575
Notes and lease receivables are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the fund financial statements.	12,508,864
Internal service funds are used by management to charge the costs of employee benefits, public art acquisition and maintenance, assessment district administration, equipment replacement/renovation and self-insurance programs to individual departments or to other governments. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in governmental activities in the Statement of Net Position.	(54,917,512)
Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the Governmental Fund Financial Statements:	
Note payable to California Energy Commission	(1,195,879)
Capital lease	(10,748)
HUD Section 108 Loan	(950,000)
Net Position of Governmental Activities	<u><u>\$ 542,092,452</u></u>

See accompanying Notes to Basic Financial Statements.

City of Pleasanton
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2016

	General Fund	Lower Income Housing Fund	Park Capital Improvement Program Fund	Non-major Governmental Funds	Total
REVENUES:					
Taxes	\$ 91,902,097	\$ -	\$ -	\$ -	\$ 91,902,097
Special assessments	-	-	-	206,219	206,219
Licenses	10,270	-	-	-	10,270
Permits	3,307,959	-	-	-	3,307,959
Fines and forfeitures	308,911	-	-	-	308,911
Use of money and property	341,881	862,684	86,148	605,601	1,896,314
Intergovernmental	516,657	-	-	5,346,127	5,862,784
Franchises	2,570,130	-	-	-	2,570,130
Charges for services	1,851,648	-	-	244,260	2,095,908
Development fees	374,910	1,392,940	-	6,023,733	7,791,583
Plan check fees	2,776,668	-	-	-	2,776,668
Reimbursements	2,089,362	105,028	-	269,188	2,463,578
Contributions and donations	18,751	-	-	845,890	864,641
Other revenues	1,479,203	-	4,816	381,198	1,865,217
Recreation charges	4,242,435	-	-	-	4,242,435
Total revenues	111,790,882	2,360,652	90,964	13,922,216	128,164,714
EXPENDITURES:					
Current:					
General government	12,709,762	-	-	-	12,709,762
Public safety	44,349,171	-	-	172,301	44,521,472
Community development	12,580,212	4,897,961	-	1,471,235	18,949,408
Operations services	17,485,978	-	-	542,081	18,028,059
Community activities	12,144,646	-	-	169,503	12,314,149
Capital outlay	480,311	600,797	8,820,667	11,598,001	21,499,776
Debt Service:					
Principal	21,147	-	-	1,201,513	1,222,660
Interest	-	-	-	22,828	22,828
Total expenditures	99,771,227	5,498,758	8,820,667	15,177,462	129,268,114
REVENUES OVER (UNDER) EXPENDITURES	12,019,655	(3,138,106)	(8,729,703)	(1,255,246)	(1,103,400)
OTHER FINANCING SOURCES (USES):					
Loan proceeds (Note 6)	-	-	-	1,198,962	1,198,962
Transfers in (Note 4)	1,043,959	-	-	8,740,489	9,784,448
Transfers out (Note 4)	(13,009,332)	-	-	(1,828,807)	(14,838,139)
Total other financing sources (uses)	(11,965,373)	-	-	8,110,644	(3,854,729)
Net change in fund balances	54,282	(3,138,106)	(8,729,703)	6,855,398	(4,958,129)
FUND BALANCES:					
Beginning of year	20,568,330	17,156,814	10,710,262	55,241,875	103,677,281
End of year	\$ 20,622,612	\$ 14,018,708	\$ 1,980,559	\$ 62,097,273	\$ 98,719,152

See accompanying Notes to Basic Financial Statements.

City of Pleasanton
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Government-Wide Statement of Activities - Governmental Activities
For the year ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds \$ (4,958,129)

Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position were different because:

Governmental funds report acquisition of capital assets as part of capital outlay expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets were allocated over their estimated useful lives as depreciation expense.

Capital outlay	21,212,830
Depreciation (net of internal service funds of \$1,600,133)	(11,583,208)

In the Statement of Activities, only the gain (loss) on the sale or disposal of capital assets is reported and allocated to the various program revenues and expenses, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the asset sold.

953,682

Loans receivable are not considered available revenue and are classified as deferred inflows of resources in the governmental funds.

4,241,706

Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds. Accrued interest payable decreased by this amount.

Issuance of long-term notes is other financing sources in the governmental funds, but the issuance increases long-term liabilities in the Statement of Net Position.

(1,198,962)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal repayments:

Alameda County Corridor Purchase	1,030,416
Note payable to California Energy Commission	171,097
Capital lease	21,147

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities.

10,406,381

Change in Net Position of Governmental Activities \$ 20,296,960

See accompanying Notes to Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

Water Fund – accounts for the operation and maintenance of the City’s water utility, a self-supporting activity, which provides services on a user-charge basis to residences and businesses.

Sewer Fund – accounts for the operation and maintenance of the City’s sewer collection system and related facilities. It is a self-supporting activity, which provides services on a user-charge basis to residences and businesses.

Golf Fund – accounts for the daily operation and maintenance of the City’s golf course, Callippe Preserve Golf Course. The City currently contracts with Pleasanton Golf, LLC (CourseCo, Inc.) to manage and maintain the golf course and its facilities. This fund also accounts for golf course capital assets, accumulation of funds for payment of golf debt service, and reimbursement for infrastructure expenses necessitated by the development of the golf course.

Storm Drain Fund – accounts for the operation and maintenance of the City’s storm system. The revenue source for this fund is the urban runoff annual assessment fee levied on property owners beginning in fiscal year 1992/93 and a subsidy from the General Fund. The expenses accounted for in this fund are for the federally mandated program to reduce pollutants to the Bay and other expenses related to maintaining the City’s storm drain system.

**City of Pleasanton
Statement of Fund Net Position
Proprietary Funds
June 30, 2016**

	Business-type Activities - Enterprise Funds						Governmental Activities
	Water	Sewer	Golf	Storm Drain	Other Non-major Enterprise Funds	Total	Internal Service Funds
ASSETS							
Current assets:							
Cash and investments (Note 2)	\$ 24,886,866	\$ 18,473,403	\$ 483,068	\$ 1,564,647	\$1,077,113	\$ 46,485,097	\$ 54,626,098
Receivables (net):							
Accounts	4,693,554	1,807,988	75	2,791	88,776	6,593,184	66,826
Interest	44,407	36,207	904	2,486	1,091	85,095	95,969
Inventory and prepaid expenses	-	-	120,269	-	-	120,269	-
Total current assets	29,624,827	20,317,598	604,316	1,569,924	1,166,980	53,283,645	54,788,893
Noncurrent assets:							
Prepaid other post employment benefits (Note 11)	-	-	-	-	-	-	3,600,000
Net investment in joint ventures (Note 8)	-	11,264,745	-	-	-	11,264,745	-
Advances to other funds (Note 4)	-	-	-	-	-	-	4,826,729
Capital assets (Note 5):							
Nondepreciable	21,737,460	1,364,692	12,434,327	24,047	61,750	35,622,276	1,147,630
Depreciable, net	63,933,165	49,794,515	16,623,741	22,937,489	14,920	153,303,830	10,909,655
Total noncurrent assets	85,670,625	62,423,952	29,058,068	22,961,536	76,670	200,190,851	20,484,014
Total assets	115,295,452	82,741,550	29,662,384	24,531,460	1,243,650	253,474,496	75,272,907
DEFERRED OUTFLOWS OF RESOURCES							
Related to pensions (Note 10)	959,982	384,839	-	152,243	-	1,497,064	24,769,585
Total deferred outflows of resources	959,982	384,839	-	152,243	-	1,497,064	24,769,585
LIABILITIES							
Current liabilities:							
Accounts payable	7,393,978	2,578,680	303,821	78,267	1,189	10,355,935	1,922,159
Payroll payable	84,533	25,308	-	10,939	11,542	132,322	-
Due to other funds (Note 4)	-	-	-	-	28,688	28,688	-
Refundable deposits	-	-	116,602	-	-	116,602	-
Unearned revenue	353,602	-	245,831	-	6,194	605,627	-
Accrued compensated absences (Note 1K)	-	-	-	-	-	-	1,312,782
Claims payable (Note 7)	-	-	-	-	-	-	2,589,029
Capital leases payable (Note 6B)	-	-	77,840	-	-	77,840	-
Total current liabilities	7,832,113	2,603,988	744,094	89,206	47,613	11,317,014	5,823,970
Noncurrent liabilities:							
Accrued compensated absences (Note 1K)	-	-	-	-	-	-	2,980,274
Advances from other funds (Note 4)	-	-	-	-	-	-	2,826,729
Claims payable (Note 7)	-	-	-	-	-	-	5,896,903
Capital leases payable (Note 6B)	-	-	243,684	-	-	243,684	-
Loan payable (Note 6B)	5,762,772	-	-	-	-	5,762,772	-
Net pension liability (Note 10)	4,716,776	1,890,866	-	748,035	-	7,355,677	115,056,711
Total noncurrent liabilities	10,479,548	1,890,866	243,684	748,035	-	13,362,133	126,760,617
Total liabilities	18,311,661	4,494,854	987,778	837,241	47,613	24,679,147	132,584,587
DEFERRED INFLOWS OF RESOURCES							
Related to pensions (Note 10)	831,203	333,213	-	131,822	-	1,296,238	21,813,896
Total deferred inflows of resources	831,203	333,213	-	131,822	-	1,296,238	21,813,896
NET POSITION							
Net investment in capital assets	79,907,853	51,159,207	28,736,544	22,961,536	76,670	182,841,810	12,057,285
Restricted for:							
Debt service	-	-	-	-	-	-	-
Transportation	-	-	-	-	184,238	184,238	-
Capital improvements	4,020,768	2,592,326	-	-	-	6,613,094	-
Unrestricted	13,183,949	24,546,789	(61,938)	753,104	935,129	39,357,033	(66,413,276)
Total net position	\$ 97,112,570	\$ 78,298,322	\$ 28,674,606	\$ 23,714,640	\$ 1,196,037	228,996,175	\$ (54,355,991)

Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities.

561,521
Net position of business-type activities \$ 229,557,696

See accompanying Notes to Basic Financial Statements.

City of Pleasanton
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2016

	Business-type Activities - Enterprise Funds					Governmental Activities	
	Water	Sewer	Golf	Storm Drain	Other Non-major Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES:							
Charges for services	\$ 17,631,932	\$ 13,854,277	\$ 3,825,552	\$ 515,881	\$ 227,223	\$ 36,054,865	\$ 33,853,901
Reimbursements	-	-	-	261,308	-	261,308	61,717
Miscellaneous	7,159	7,200	-	10,912	5,013	30,284	1,527
Total operating revenues	<u>17,639,091</u>	<u>13,861,477</u>	<u>3,825,552</u>	<u>788,101</u>	<u>232,236</u>	<u>36,346,457</u>	<u>33,917,145</u>
OPERATING EXPENSES:							
Personnel services	3,430,142	1,130,677	126,351	843,453	480,066	6,010,689	21,435,568
Transportation	129,600	56,394	-	3,334	118,196	307,524	133
Repairs and maintenance	143,403	67,090	513,882	20,951	65,997	811,323	607,404
Materials, supplies, and services	11,367,872	10,866,655	2,571,324	464,707	290,793	25,561,351	5,784,203
Depreciation (Note 5)	3,319,572	2,865,601	1,681,556	1,093,604	63,024	9,023,357	1,600,133
Total operating expenses	<u>18,390,589</u>	<u>14,986,417</u>	<u>4,893,113</u>	<u>2,426,049</u>	<u>1,018,076</u>	<u>41,714,244</u>	<u>29,427,441</u>
OPERATING INCOME (LOSS)	<u>(751,498)</u>	<u>(1,124,940)</u>	<u>(1,067,561)</u>	<u>(1,637,948)</u>	<u>(785,840)</u>	<u>(5,367,787)</u>	<u>4,489,704</u>
NONOPERATING REVENUES (EXPENSES):							
Grants	-	-	-	-	244,749	244,749	-
Intergovernmental	-	-	-	-	271,636	271,636	-
Interest income	266,052	195,952	4,376	13,393	7,092	486,865	522,787
Interest (expense)	-	-	(2,939)	-	-	(2,939)	-
Equity interest in gain from joint ventures	-	464,055	-	-	-	464,055	-
Gain (loss) from sale of capital assets	3,742	-	1,200	-	-	4,942	234,877
Total nonoperating revenues (expenses)	<u>269,794</u>	<u>660,007</u>	<u>2,637</u>	<u>13,393</u>	<u>523,477</u>	<u>1,469,308</u>	<u>757,664</u>
OTHER FINANCING SOURCES (USES):							
Capital contributions received	5,641,118	1,226,679	-	815,107	-	7,682,904	100,418
Connection fees	380,800	151,760	-	-	-	532,560	-
Transfers in (Note 4)	267,622	126,805	-	330,000	384,359	1,108,786	5,373,767
Transfers out (Note 4)	(125,916)	(55,100)	(489,046)	(17,800)	-	(687,862)	(741,000)
Total contributions and transfers	<u>6,163,624</u>	<u>1,450,144</u>	<u>(489,046)</u>	<u>1,127,307</u>	<u>384,359</u>	<u>8,636,388</u>	<u>4,733,185</u>
Change in net position	<u>5,681,920</u>	<u>985,211</u>	<u>(1,553,970)</u>	<u>(497,248)</u>	<u>121,996</u>	<u>4,737,909</u>	<u>9,980,553</u>
NET POSITION:							
Beginning of year	<u>91,430,650</u>	<u>77,313,111</u>	<u>30,228,576</u>	<u>24,211,888</u>	<u>1,074,041</u>		<u>(64,336,544)</u>
End of year	<u>\$ 97,112,570</u>	<u>\$ 78,298,322</u>	<u>\$ 28,674,606</u>	<u>\$ 23,714,640</u>	<u>\$ 1,196,037</u>		<u>\$(54,355,991)</u>

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.

(425,828)
Change in net position of business-type activities \$ 4,312,081

See accompanying Notes to Basic Financial Statements.

**City of Pleasanton
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2016**

	Business-type Activities - Enterprise Funds					Governmental Activities	
	Water	Sewer	Golf	Storm Drain	Other Non-major Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:							
Cash receipt from customers	\$ 16,036,427	\$ 13,785,790	\$ 3,825,552	\$ 788,170	\$ 233,469	\$ 34,669,408	\$ 34,080,192
Cash payment to suppliers for goods and services	(5,295,995)	(10,088,818)	(2,967,319)	(420,825)	(566,024)	(19,338,981)	(6,212,122)
Cash payment to and in behalf of employees for services	(3,350,473)	(1,506,719)	(126,351)	(649,592)	(471,887)	(6,105,022)	(28,257,591)
Net cash provided (used) by operating activities	<u>7,389,959</u>	<u>2,190,253</u>	<u>731,882</u>	<u>(282,247)</u>	<u>(804,442)</u>	<u>9,225,405</u>	<u>(389,521)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Grants received	-	-	-	-	221,563	221,563	-
Intergovernmental funds received	-	-	-	-	287,179	287,179	-
Transfers in	267,622	126,805	-	330,000	384,359	1,108,786	5,373,767
Transfers out	(125,916)	(55,100)	(489,046)	(17,800)	-	(687,862)	(741,000)
Net cash provided (used) by noncapital financing activities	<u>141,706</u>	<u>71,705</u>	<u>(489,046)</u>	<u>312,200</u>	<u>893,101</u>	<u>929,666</u>	<u>4,632,767</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Proceeds of long-term debt	5,762,772	-	321,373	-	-	6,084,145	-
Principal payments on long-term debt	-	-	(113,645)	-	-	(113,645)	-
Interest payments	-	-	(2,939)	-	-	(2,939)	-
Net investment in joint ventures	-	(464,055)	-	-	-	(464,055)	-
Gain (loss) from sale of capital assets	3,742	-	1,200	-	-	4,942	234,877
Capital asset (acquisitions) disposals	(13,383,069)	-	(321,372)	-	64,322	(13,640,119)	(3,578,720)
Connection fees received	380,800	151,760	-	-	-	532,560	-
Net cash provided (used) by capital and related financing activities	<u>(7,235,755)</u>	<u>(312,295)</u>	<u>(115,383)</u>	<u>-</u>	<u>64,322</u>	<u>(7,599,111)</u>	<u>(3,343,843)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest and investment income received	263,244	652,487	3,755	12,985	6,721	939,192	531,451
Net cash provided by (used in) noncapital investing activities	<u>263,244</u>	<u>652,487</u>	<u>3,755</u>	<u>12,985</u>	<u>6,721</u>	<u>939,192</u>	<u>531,451</u>
Net increase (decrease) in cash and cash equivalents	<u>559,154</u>	<u>2,602,150</u>	<u>131,208</u>	<u>42,938</u>	<u>159,702</u>	<u>3,495,152</u>	<u>1,430,854</u>
CASH AND CASH EQUIVALENTS:							
Beginning of year	24,327,712	15,871,253	351,860	1,521,709	917,411	42,989,945	53,195,244
End of year	<u>\$ 24,886,866</u>	<u>\$ 18,473,403</u>	<u>\$ 483,068</u>	<u>\$ 1,564,647</u>	<u>\$ 1,077,113</u>	<u>\$ 46,485,097</u>	<u>\$ 54,626,098</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
Operating income (loss)	\$ (751,498)	\$ (1,124,940)	\$ (1,067,561)	\$ (1,637,948)	\$ (785,840)	\$ (5,367,787)	\$ 4,489,704
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	3,319,572	2,865,601	1,681,556	1,093,604	63,024	9,023,357	1,600,133
Decrease (increase) in:							
Accounts receivable	(1,602,664)	(75,687)	-	69	6,490	(1,671,792)	163,047
Inventory and prepaid items	-	-	(5,197)	-	-	(5,197)	-
Increase (decrease) in:							
Accounts payable	6,273,407	901,321	97,742	68,167	(33,449)	7,307,188	(2,776,656)
Payroll payable	27,878	(2,530)	-	2,561	3,881	31,790	(27,099)
Refundable deposits	-	-	12,766	-	(12,380)	386	-
Due to other funds	-	-	-	-	3,548	3,548	-
Unearned revenue	71,473	-	12,576	-	(49,716)	34,333	-
Compensated absences	-	-	-	-	-	-	126,474
Claims payable	-	-	-	-	-	-	605,357
Net pension liability	51,791	(373,512)	-	191,300	-	(130,421)	(4,570,481)
Net cash provided (used) by operating activities	<u>\$ 7,389,959</u>	<u>\$ 2,190,253</u>	<u>\$ 731,882</u>	<u>\$ (282,247)</u>	<u>\$ (804,442)</u>	<u>\$ 9,225,405</u>	<u>\$ (389,521)</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:							
Capital contributions received	\$ 5,641,118	\$ 1,226,679	\$ -	\$ 815,107	\$ -	\$ 7,682,904	\$ 100,418
Total noncash capital and related financing activities	<u>\$ 5,641,118</u>	<u>\$ 1,226,679</u>	<u>\$ -</u>	<u>\$ 815,107</u>	<u>\$ -</u>	<u>\$ 7,682,904</u>	<u>\$ 100,418</u>

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

Private-Purpose Trust Funds – accounts for the P.T.C.W.D. #3 Trust Fund. The Trust received money in 1973 from the Pleasanton Township County Water District #3 and the funds may be used in the future to maintain the private road that serves the City's water tanks.

Agency Funds – account for assets held by the City as an agent for various local government agencies, insurance companies, developers and bond trustees.

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City of Pleasanton
Statement of Fund Net Position
Fiduciary Funds
June 30, 2016

	Private-Purpose Trust	Agency
ASSETS		
Cash and investments (Note 2)	\$ 436,230	\$ 8,222,688
Receivables (net):		
Accounts	1,825	652,490
Interest	856	5,913
Notes receivable	-	21,616
Total assets	438,911	\$ 8,902,707
LIABILITIES		
Accounts payable	161	\$ 2,723,649
Claims	-	3,552,500
Accrued compensated absences	-	579,369
Loans payable	-	21,616
Deposits	-	2,025,573
Total liabilities	161	\$ 8,902,707
NET POSITION		
Net position held in trust for others	\$ 438,750	

See accompanying Notes to Basic Financial Statements.

**City of Pleasanton
Statement of Changes in Fiduciary Net Position
Private - Purpose Trust
For the Year Ended June 30, 2016**

ADDITIONS:	Private-Purpose Trust
Investment income	\$ 4,791
Miscellaneous	2,025
Total additions	6,816
 DEDUCTIONS:	
Operations services	17,037
Total deductions	17,037
 Change in net position	 10,221
 NET POSITION HELD IN TRUST:	
Beginning of year	448,971
End of year	\$ 438,750

See accompanying Notes to Basic Financial Statements.

City of Pleasanton
Index to Notes to Basic Financial Statements
For the year ended June 30, 2016

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City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Pleasanton (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant of the City's accounting policies are described below.

A. Reporting Entity

The City of Pleasanton (City) was incorporated on June 18, 1894, and operates under a Council-Manager form of government. The City Council consists of five elected members. The following services are provided by the City to its citizens: police, fire, operations services, water, sewer, economic development, parks and recreation, planning and community development, general administration, library, golf and cemetery.

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations, and data from these units are combined with data of the City. Each blended component unit has a June 30 year-end. The City had no discretely presented component units. The following entities is reported as a blended component units of the City as the component units governing bodies are the same as the governing body of the City and City management has operational responsibility for the component unit:

Housing Authority of the City of Pleasanton, California (Housing Authority) - The Housing Authority was established in 1943. The purpose of the Housing Authority is to provide and maintain the maximum number of housing units and services for low and moderate income families at rents they can afford, making the most effective and economical use of its resources. In accordance with Section 2.36 of the Municipal Code, the Pleasanton City Council serves as the Board of Directors for the Housing Authority of the City of Pleasanton. Separate financial statements for the Housing Authority may be obtained from the City's Finance Department located in City Hall at 123 Main Street, Pleasanton, CA 94566.

Pleasanton Joint Powers Financing Authority

In June 1993, the Pleasanton Joint Powers Financing Authority (PJPFPA) was formed by a Joint Exercise of Powers Agreement between the City of Pleasanton and the Housing Authority. The PJPFPA has facilitated lease financings (through the issuance of Certificates of Participation) for many of the City's public buildings, although no PJPFPA debt obligations remained outstanding in FY 2015/16. The PJPFPA is a blended component unit of the City and the financial operations of the PJPFPA are included in the City of Pleasanton's financial statements.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenditures or expenses as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government-Wide Financial Statements

The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These government-wide financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities and Changes in Net Position presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities and Changes in Net Position, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out
- Interfund charges

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are recorded when received in cash, except that revenues subject to accrual (generally 90 days after year-end, with the exception of property tax for which the accrual period is 60 days after year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the City are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The City reports the following major governmental funds:

The *General Fund* – is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as general government, public safety, community development, operations services and community activities.

The *Lower Income Housing Fund* – is a special revenue fund used to account for and report the proceeds of housing in-lieu fees paid by developers of residential, commercial, and office property, as well as revenue from the repayment of housing loans. These revenues are used to provide financial assistance toward meeting the affordable housing guidelines detailed in the housing element of the City’s General Plan.

The *Park Capital Improvement Program Fund* – is a capital projects fund used to account for the construction, reconstruction, and maintenance of the City parks as adopted in the annual parks capital improvement programs.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Fund Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental and business-type activities in the government-wide financial statements as appropriate.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Fund Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following major enterprise funds:

The *Water Fund* – accounts for the operation and maintenance of the City’s water utility, a self-supporting activity, which provides services on a user-charge basis to residences and businesses.

The *Sewer Fund* – accounts for the operation and maintenance of the City’s sewer collection system and related facilities. It is a self-supporting activity, which provides services on a user-charge basis to residences and businesses.

The *Golf Fund* – accounts for the daily operation and maintenance of the City’s golf course, Callippe Preserve Golf Course. The City currently contracts with Pleasanton Golf, LLC (CourseCo, Inc.) to manage and maintain the golf course and its facilities. This fund also accounts for golf course capital assets, accumulation of funds for payment of golf debt service, and reimbursement for infrastructure expenses necessitated by the development of the golf course.

The *Storm Drain Fund* – accounts for the operation and maintenance of the City’s storm system. The revenue source for this fund is the urban runoff annual assessment fee levied on property owners beginning in fiscal year 1992/93 and a subsidy from the General Fund. The expenses accounted for in this fund are for the federally mandated program to reduce pollutants to the Bay and other expenses related to maintaining the City’s storm drain system.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

The City also reports the following types of funds:

Internal Service Funds – account for the City’s employee benefits, public art acquisition and maintenance, equipment replacement and renovations provided to City departments or to other governments, and self-insurance programs – workers' compensation and general liability - on a cost-reimbursement basis.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City’s fiduciary funds represent agency funds and a private purpose trust fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The private purpose trust fund is accounted for using the economic resources measurement focus. The fiduciary funds are accounted for using the accrual basis of accounting.

The City reports the following fiduciary funds:

The *Agency Funds* – account for assets held by the City as an agent for various local government agencies, insurance companies, developers and bond trustees.

The *Private-Purpose Trust Funds* – accounts for the P.T.C.W.D. #3 Trust Fund. The Trust received money in 1973 from the Pleasanton Township County Water District #3 and the funds may be used in the future to maintain the private road that serves the City’s water tanks.

C. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in the Local Agency Investment Fund (LAIF), an investment pool managed by the State of California which invests a portion of the pooled funds in Structured Notes and Asset-backed Securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-backed Securities are subject to market risk due to change in interest rates.

For purposes of the statement of cash flows of the proprietary funds types, cash and cash equivalents include all investments, as the City operates an internal cash management pool which maintains the general characteristics of a demand deposit account.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt and for acquisition and construction of capital projects. Cash and investments are also restricted for deposits held for others within the enterprise funds.

E. Receivables

During the course of normal operations, the City carries various receivable balances that are shown net of allowances for doubtful accounts for taxes, interest, services, utilities and special assessments. The City maintains allowances for doubtful accounts of \$30,000 in the Water Fund and \$20,000 in the Sewer Fund.

F. Notes Receivable

For the purposes of the governmental fund financial statements, expenditures related to long-term notes arising from subsidy programs are charges to operations upon funding and the notes are recorded with an offset to an unavailable revenue account under the deferred inflows of resources section. For the purposes of the government-wide financial statements, long-term loans are not offset by unavailable revenue accounts.

G. Deferred Inflows/Outflows of Resources

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

H. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans).

Advances between funds, reported in the fund financial statements, are classified as nonspendable fund balance in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Inventory

Inventory at the City's Callippe Golf Course is valued at the lower of cost or market; cost is determined using the moving average costing method for the golf shop merchandise and the first-in first-out costing method for the restaurant inventory.

J. Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting general capital assets at \$5,000, for CIP projects at \$50,000, and for reporting infrastructure (streets, water, sewer and storm drains) at \$100,000. All streetlights and traffic signals are included. Donated capital assets are recorded at fair market value when received. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Machinery and Equipment	5-20 years
Infrastructure	20-40 years
Buildings and Improvements	20-50 years

The City has included the value of all infrastructure in the current Basic Financial Statements. Capital assets that meet the definition of a major infrastructure network or extend the life of existing infrastructure networks are capitalized as infrastructure. Infrastructure networks include: roads, bridges, water, sewer, drainage systems and lighting systems.

K. Compensated Absences

Accumulated unpaid vacation and compensatory time is accrued in and liquidated from the Employee Benefit Internal Service Fund using the accrual basis of accounting. Sick leave with pay is granted to all eligible employees. Sick leave is not considered a right which employees may use at their discretion, but is allowed only for specific purposes as explained in the City's personnel policies. The City accrues accumulated unpaid compensated absences when earned by the employee.

	Governmental Activities
Balance June 30, 2015	\$ 4,166,582
Additions	2,919,066
Payments	(2,792,592)
Balance June 30, 2016	<u>\$ 4,293,056</u>
Due within one year	<u>\$ 1,312,782</u>

The City records both an asset funded by the operating funds and a liability in its Employee Benefits Internal Service Fund to recognize the financial effect of unused vacation and other compensated leaves.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized in the period in which they occur.

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

M. Interest Payable

In the government-wide financial statements, interest payable on long-term debt is recognized when the liability is incurred for governmental activities and business-type activities.

In the fund financial statements, proprietary fund types recognize the interest payable when the liability is incurred.

N. Property Taxes

Property taxes are levied based on a fiscal year (July 1 – June 30). The property tax assessments are formally due on November 1 and February 1, and become delinquent as of December 10 and April 10, respectively. Taxes become a lien on the property effective January 1 of the preceding year.

O. Use of Restricted and Unrestricted Net Position/Fund Balance

When an expense is incurred for purposes for which both restricted and unrestricted net position and fund balance are available, the City's policy is to apply restricted net position or fund balance first.

P. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and the disclosures of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Q. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

R. Implementation of New GASB Pronouncements

GASB Statement No. 72 – In 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The Statement provided guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The City implemented this Statement in fiscal year ending June 30, 2016, see Notes 1Q and 2D.

GASB Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to reduce the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55. The statement is effective for fiscal year ended June 30, 2016.

GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants*. The objective of this Statement is to address for certain external investment pool and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. This statement is effective for the fiscal year ended June 30, 2016.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

2. CASH AND INVESTMENTS

The City maintains a cash and investments pool, which includes cash balances and authorized investments of all funds, that is available for use by all funds. The City had no restricted cash and investments at June 30, 2016.

The following is a summary of pooled cash and investments at June 30, 2016:

	Government-Wide Statement of Net Position		Fiduciary Funds	Total
	Governmental Activities	Business-Type Activities	Statement of Net Position	
Cash and investments	\$ 150,174,586	\$ 46,485,097	\$ 8,658,918	\$ 205,318,601

At June 30, 2016, the City's pooled cash and investments consisted of the following:

	Fair Value at June 30, 2016
Deposits:	
Cash on hand	\$ 7,525
Deposits with banks	3,300,065
Certificates of deposit	96,249
Total Deposits	<u>3,403,839</u>
Investments:	
U.S. Government agencies	149,653,281
Medium-term corporate notes	2,004,920
Certificates of deposit	1,226,121
California Local Agency Investment Fund	49,030,440
Total Investments	<u>201,914,762</u>
Total City Treasury	<u>\$ 205,318,601</u>

A. Deposits

At June 30, 2016, the carrying amount of the City's cash deposits with the bank had a balance of \$3,300,065 and the banks' balance was \$8,372,901. The difference between the bank balance and the City's carrying amount represents outstanding checks and deposits in transit. Of the bank balance, \$1,716,539 was covered by federal depository insurance and \$6,656,362 was collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code. The California Government Code requires California banks to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits, or by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, Continued

B. Investments

Under the provisions of the City's investment policy, and in accordance with Section 53601 of California Government Code, the City may invest or deposit in the following:

- Banker's acceptances
- Commercial paper
- Local Agency Investment Fund
- Mutual funds
- Medium-term corporate notes
- Money market funds
- Negotiable certificates of deposit
- Repurchase agreements
- Securities of the Federal government or its agencies

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires that the City's investments be carried at fair market value instead of cost. Accordingly, the City adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end and the effects of these adjustments are included in income for that fiscal year. Changes in market value at the fiscal year ended June 30, 2016 from the fiscal year ended June 30, 2015 amounted to an unrealized gain of \$356,246.

C. Interest Rate Risk

As a means of limiting its exposure to fair market value losses arising from interest rates, the City's investment policy limits investments to a maximum maturity of five years. At June 30, 2016, the City had the following investment maturities:

Investment Type	Investment Maturities (In Years)		Total
	Less than 1	1 to 5	
U.S. Government agencies	\$ 24,117,588	\$ 125,535,693	\$ 149,653,281
Medium-term corporate notes	-	2,004,920	2,004,920
Certificates of deposit	735,000	491,121	1,226,121
California Local Agency Investment Fund	49,030,440	-	49,030,440
Total Investments	\$ 73,883,028	\$ 128,031,734	\$ 201,914,762

During the year, the City held callable notes. Callable notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options. They are issued by corporations and by government-sponsored enterprises such as the Federal National Mortgage Association (FNMA) and the Federal Home Loan Bank (FHLB). These securities could be called prior to maturity, depending on changes in interest rates. As of June 30, 2016, the City held \$103,944,182 in callable notes, which amounted to 51.46% of total investments.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, Continued

D. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2016:

	<u>Level 2</u>	<u>Total</u>
<i>Investments by Fair Value Level:</i>		
U.S. Government agencies	\$ 149,653,281	\$ 149,653,281
California Local Agency Investment Fund	49,030,440	49,030,440
Medium-term Corporate Notes	2,004,920	2,004,920
Negotiable Certificates of Deposit	246,121	246,121
Total Investments	<u>\$ 200,934,762</u>	<u>200,934,762</u>
 <i>Investments reported at Cost:</i>		
Non-negotiable Certificates of Deposit		<u>980,000</u>
Total Investments		<u>\$ 201,914,762</u>

U.S. Government agency securities, medium term notes and negotiable certificates of deposit, classified in Level 2 of the fair value hierarchy, are valued using inputs other than quoted prices under Level 1 that are observable for the asset or liability, either directly or indirectly on the measurement date. The California Local Agency Investment Fund, classified in Level 2 of the fair value hierarchy, is valued using the fair value factor provided by the Treasurer of the State of California, which is calculated as the fair value divided by the amortized cost of the investment pool.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, Continued

E. Credit Risk

The City's policy, consistent with State law, limits investments in corporate notes to notes rated "A" or better by a nationally recognized statistical rating organization, including Moody's Investor's Service and Standard & Poor's.

The City's investments are rated by the nationally recognized rating organizations, and as of June 30, 2016, the ratings, as well as the percentage of credit risk expressed on a percentage basis, are as follows:

	Moody's	Standard & Poor's	Percentage
U.S. Government Agencies:			
Federal Farm Credit Bank	Aaa	AA+	23.2%
Federal Home Loan Bank	Aaa	AA+	17.0%
Federal Home Loan Mortgage Corporation	Aaa	AA+	21.4%
Federal National Mortgage Association	Aaa	AA+	12.5%
Medium Term Corporate Notes:			
Apple, Inc.	Aa1	AA+	1.0%

Concentration of Credit Risk – The City's Policy has the same maturity limits as the California Government Code. The City is allowed to purchase mutual funds up to 20% of the value of the portfolio. There are no specified maximum percentages for U.S. Treasury Obligations, U.S. Agencies, and the external investment pool (State of California – Local Agency Investment Fund). The City is in compliance with these provisions of the Policy.

The following is a chart of investments not guaranteed by the U.S. Government that represent five (5) percent or more of the total investments:

U.S. Government Agencies	Amount Invested	Percentage of Investments
Federal Farm Credit Bank	\$ 46,914,607	23.2%
Federal Home Loan Mortgage Corporation	43,187,348	21.4%
Federal Home Loan Bank	34,383,035	17.0%
Federal National Mortgage Association	25,168,290	12.5%

For investments, custodial risk is the risk that in the event of failure of a depository financial institution or a counter party (e.g., broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investments, with the exception of money market funds, certificates of deposit and LAIF, are held in the name of the City for safekeeping by a third-party custodian, Bank of New York Mellon (BNYM). BNYM is a registered member of the Federal Reserve Bank. Securities held on the City's behalf by its third-party custodian are not at risk or commingled with other entities' securities, therefore removing the custodial risk for the City.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, Continued

F. External Investment Pool

As of June 30, 2016, the City had \$49,030,440 invested in the California Local Agency Investment Fund (LAIF), a State of California external investment pool. LAIF is part of the Pooled Money Investment Account (PMIA). The PMIA began in 1955 and oversight is provided by the Pooled Money Investment Board (PMIB) and a State in-house Investment Committee. The PMIB members are the State Treasurer, Director of Finance, and the State Controller. The LAIF determines the fair value of its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available. At June 30, 2016, 44.92% of LAIF's portfolio was invested in government guaranteed U.S. Treasuries.

As of June 30 2016, 1.55% of LAIF's portfolio was invested in Structured Notes and Asset-Backed Securities. These investments included the following:

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

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

The fair value of LAIF was calculated by applying a factor of 1.000621222 to total investments held by LAIF. The fair value of the City's position in the pool is substantially equivalent to the value of the pool share. At June 30, 2016, these investments matured on an average of 167 days. Separate financial statements for the PMIB may be obtained from the California State Treasurer's Office, 915 Capital Mall, Sacramento, CA 95814.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

3. NOTES RECEIVABLE

The following table summarizes the notes receivable outstanding as of June 30, 2016, and a brief description of each of the loan categories appears below the table:

Housing Loans:	
Multifamily Housing Projects-Developers	\$ 3,553,062
Revolving Home Loans-Individuals	525,899
Senior Housing Projects-Developers	4,953,623
Nonprofit Public Benefit Corporations	65,000
HOME Grant Program Loans	1,719,372
CDBG Program Loans	549,980
Tri-Valley Housing Opportunity Center Loan	51,667
In-Lieu Parking Fee Loans	43,500
Sewer Connection Fee Loans	121,900
Hacienda Business Park LED Project	142,670
	<u>\$ 11,726,673</u>

Housing Loans – The City has loaned City funds to private developers, individuals, and corporations for the development of affordable housing for seniors and low income residents.

HOME Grant Program Loans – Through its membership in the Alameda County HOME Consortium, the City receives an annual allocation of federal funds through the HOME Investment Partnership Program (HOME). The City receives approximately \$75,000 annually through a formula administered by the County of Alameda. The City has allocated its HOME funds primarily to agencies and programs that provide housing to low-income persons and households.

CDBG Program Loans – As an “entitlement city” with a population greater than 50,000, the City receives an annual allocation of federal funds directly from the U.S. Department of Housing and Urban Development (HUD) through the Community Development Block Grant (CDBG) Program. The City receives approximately \$250,000 annually and makes its CDBG funds available annually for application by agencies that provide housing and services to low-income persons and households.

Tri-Valley Housing Opportunity Center Loan – The Tri-Valley Housing Opportunity Center (TVHOC) is a non-profit public charity that provides financial and housing counseling and education services to residents of the cities of Danville, Dublin, Livermore, Pleasanton, and San Ramon. In April 2013, the City joined with Dublin and Livermore in funding a \$155,001 loan to TVHOC to enable it to meet its outstanding financial obligations. The City's share of the loan to TVHOC was \$51,667, and the full amount was outstanding as of June 30, 2016.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

3. NOTES RECEIVABLE, Continued

In-Lieu Parking Fee Loans – Loans are provided to property owners within the Downtown Revitalization District to finance the cost of off-street parking required for a development project pursuant to the Pleasanton Municipal Code Chapter 18.88 Off Street Parking Facilities. This loan program was adopted by Ordinance No. 1898 in 2003 and is set forth in Pleasanton Municipal Code section 18.88.120. Since the program's inception, several property owners have utilized this loan program and repaid their loans. The outstanding amount as of June 30, 2016 was \$43,500.

Sewer Loans – Loans are granted to restaurant owners to finance sewer connection fees. The loan program was adopted in 1989 to encourage restaurants to locate in the downtown area. In 1997, the City expanded the loan program to restaurants outside downtown Pleasanton. The outstanding amount as of June 30, 2016 was \$121,900.

Hacienda Business Park LED Loan – In 2015, the City loaned \$251,668 to the Hacienda Business Park Owners Association (HBPOA) for their share of the City LED Street Light Retrofit Capital Improvement Project. There are twenty-one (21) semi-annual payments due on the loan; each payment is due by June 22nd and December 22nd of each year. The interest rate adjusts annually based on the Local Agency Investment Fund interest calculated each January 2nd. The outstanding amount as of June 30, 2016 was \$142,670.

A detailed summary of each of the housing-related loans is presented below:

- *Eden Housing/Ridge View Commons Associates* – In 1988, the City loaned \$4,000,000 to Eden Housing, Inc. for the development of Ridge View Commons, a rental housing development for low and very low income seniors. Funding for this loan came from a Department of Housing and Urban Development (HUD) grant through the Housing Development Grant (HODAG) program. This loan bears interest of 5% per annum and both principal and interest are payable only to the extent that surplus cash is available. In 1999, the City loaned \$2,250,000 from the Lower Income Housing Fund to Ridgeview Commons Associates, a California Limited Partnership affiliated with Eden Housing, Inc., for this same housing project. In FY 2009/10, the City loaned an additional \$225,000 to Ridgeview Commons Associates to buy out the financial interests of the limited partner (Chevron USA, Inc.) in this project. This loan, totaling \$2,475,000, bears interest of 5.5% per annum and is payable only to the extent that surplus cash is available. Due to the contingent nature of the loan repayments, the City has recorded an allowance for doubtful accounts in its Lower Income Housing Fund for both principal and interest.
- *Tri-Valley REACH, Inc. Loans* – Beginning in January 1992, the City has entered into a series of agreements with REACH, Inc. (formerly HOUSE, Inc.), a local nonprofit agency, to provide funding to purchase below-market priced homes in Pleasanton for developmentally disabled adults who can live independently with supportive services. These loans do not include interest payments and no repayment of principal is due as long as REACH, Inc. owns the property and continues to use it for the intended purpose. Total REACH, Inc. loans outstanding as of June 30, 2016 were \$1,147,531. Of this amount, \$1,034,967 is funded by the HOME Grant Program, \$65,000 is funded from the City's Lower Income Housing Fund, and \$47,564 is funded by the CDBG Program.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

3. NOTES RECEIVABLE, Continued

The five loans to REACH, Inc. currently outstanding are summarized in the following table:

Date of Loan	Loan Amount	Funding Sources
January 1992	\$ 75,000	HOME Grant (\$75,000)
January 1997	201,440	HOME Grant (\$136,440); Lowever Income Housing Fund (\$65,000)
August 2006	476,091	HOME Grant (\$75,000); CDBG Grant (\$47,564)
February 2009	195,000	HOME Grant (\$195,000)
May 2010	200,000	HOME Grant (\$200,000)
Total	<u>\$ 1,147,531</u>	

- Case Avenue Associates - In 1996, the City loaned \$766,063 to Case Avenue Associates to finance the construction of the Promenade Apartments, a mixed income rental housing development of very low income, low income and market rate units. This loan was to finance the construction of the low income and very low income units in the project and was comprised of two components: \$636,063 funded by the City, and \$130,000 funded through the City's allocation of HOME Program funds. Both loans are reported in the Lower Income Housing Fund. The \$636,063 portion did not bear interest through 2007. Beginning in 2008, interest accrues at 2% and is payable from available cash flow from the project. Any interest not paid due to insufficient cash flow is deferred until the first year cash flow is available. All deferred interest and principal are due in full on the date of maturity, April 1, 2051. The \$130,000 HOME portion bears no interest, and principal is to be paid in full on the date of maturity, April 1, 2051. Interest outstanding on the City-funded portion of the loan at June 30, 2016, was \$9,270. The principal amounts outstanding at June 30, 2016, for the City funded and the HOME funded portions were \$636,063 and \$130,000, respectively.

- Promenade Housing Associates - In 1996, the City loaned \$231,999 to Promenade Housing Associates to finance the construction of the Promenade Apartments, a mixed income rental housing development of very low income, low income and market rate units. This loan was to finance the construction of affordable units in the project and was comprised of two components: \$101,999 funded by the City, and \$130,000 funded through the City's allocation of HOME Program funds. Both loans are reported in the Lower Income Housing Fund. The \$101,999 portion did not bear interest through 2007. Beginning in 2008, interest accrues at 2% and is payable from available cash flow from the project. Any interest not paid due to insufficient cash flow is deferred until the first year cash flow is available. All deferred interest and principal are due in full on the date of maturity, April 1, 2051. The \$130,000 HOME portion bears no interest and principal is to be paid in full on the date of maturity, April 1, 2051. Interest outstanding on the City funded portion of the loan at June 30, 2016, was \$1,487. The principal amounts outstanding at June 30, 2016, for the City funded and the HOME funded portions were \$101,999 and \$130,000, respectively.

- Busch Garden Investors - In 2003, the City loaned Busch Garden Investors \$205,000 for the construction of the Gardens at Ironwood senior apartment project. The loan is a zero interest rate loan with annual principal payments in the amount of \$14,000. The amount outstanding at June 30, 2016, was \$65,000.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

3. NOTES RECEIVABLE, Continued

- Pleasanton Homeownership Assistance Program - As part of the Pleasanton Homeownership Assistance Program (PHAP) developed by the City to provide affordable housing opportunities for households of low and moderate income, loans are provided to eligible low and moderate income homebuyers for second mortgages and down payment assistance. For the City's Down Payment Assistance (DPA) program, which was started in 2004, amortized payments are made on half of the loan for the first ten years while payments are partially deferred for ten years on the other half. During FY 2015/16, the City received loan repayments totaling \$81,600. The outstanding amount due to the City for these types of loans as of June 30, 2016 was \$525,899.
- Kottinger Gardens Phase 1 Associates, L.P. (Successor of MidPen Housing Corporation) – On November 12, 2013, the City approved a Disposition, Development and Loan Agreement with MidPen Housing Corporation that provides for a \$10,000,000 loan from the City's Lower Income Housing Fund for the development of the Kottinger Place and Pleasanton Gardens affordable senior housing project. During FY 2014/15, the City appropriated an additional \$3,750,000 from the Lower Income Housing Fund for this project, increasing the project funding to \$13,750,000. Interest accrues on the principal amount at 3% per annum. The term of the loan expires fifty-five years from the date of conversion to permanent financing. On March 1, 2016, MidPen Housing Corporation entered into an Assignment and Modification Agreement with Kottinger Gardens Phase 1 Associates, L.P. and the City of Pleasanton where MidPen assigned all rights, titles, interest and obligations of the loan to Kottinger Gardens Phase 1 Associates, L.P. During FY 2015/16, the City disbursed an additional \$4,420,421. The principal and interest outstanding at June 30, 2016 were \$4,953,623 and \$64,977, respectively.

During FY 2014/15, the City agreed to provide a separate predevelopment loan up to a maximum of \$450,000 for the predevelopment costs of the Kottinger Place and Pleasanton Gardens senior housing project. The loan was funded through the City's annual formula allocation of federal HOME Program funds. Interest accrues on the principal amount at 3% per annum. The term of the loan expires fifty-five years from the date of conversion to permanent financing. During FY 2015/16, the City disbursed an additional \$174,652. The principal and interest outstanding at June 30, 2016 were \$363,063 and \$11,041, respectively.

- BLP Partnership, Inc. – In 2005, the City loaned \$2,490,000 to BLP Partnership, Inc. for the predevelopment and construction of the Parkview assisted living facility. The loan requires an annual interest-only payment of 10% (\$249,000) for 55 years or until the loan is paid in full. Annual payments are based on the availability of surplus cash from the operation of the facility according to a "waterfall of payments" provision in the Loan Agreement, and any unpaid amounts are accrued to be paid from surplus cash in subsequent years. At maturity, on September 1, 2060, any unpaid principal and interest will be forgiven. Consequently, the City has recorded the accrued unpaid interest in an allowance for doubtful accounts in its Lower Income Housing Fund. During FY 2015/16, BLP paid the City \$249,000 representing a portion of the accrued unpaid interest. As of June 30, 2016, the accrued unpaid interest in the allowance for doubtful accounts was \$1,372,399 and the principal amount outstanding was \$2,490,000.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

3. NOTES RECEIVABLE, Continued

- *Regional Affordable Housing Projects* – The City has also allocated HOME funding via loans and grants to several regional affordable housing projects that have been deemed to provide a benefit to Pleasanton residents due to the unique populations they serve. There are three affordable housing loans outstanding which include: \$80,000 to Housing Alliance for the construction of Lorenzo Creek apartments (28 units of rental housing in Castro Valley for homeless individuals and families with disabilities); \$30,000 to the Deaf Senior Retirement Corporation for the construction of the Fremont Oak Gardens (50 units of rental housing in Fremont for very low income deaf seniors); and \$50,000 to Affordable Housing Associates for the construction of the Carmen Avenue apartments (30 units of rental housing in Livermore for families that were formerly homeless and have special needs). All three loans are deferred and the Fremont Oak Gardens and Carmen Avenue loans bear no interest. The Housing Alliance loan is subject to 3% interest, and payments are deferred for 15 years. Starting March 2021, payments are subject to available cash flow as determined by Alameda County (the lead agency in the multi-jurisdictional funding agreement). Interest outstanding on the Housing Alliance loan at June 30, 2016 was \$24,600. The principal amount outstanding for all three loans at June 30, 2016, was \$160,000.

- *Housing Rehabilitation Program* - The Housing Rehabilitation Program provides financial assistance for the improvement of properties occupied by very low or low-income homeowners. These loans accrue 3% simple interest. Principal and interest is deferred for thirty years or until such time the property is sold or ceases to be the principal residence of the borrower. The majority of loans issued through the Housing Rehabilitation Program have been funded using CDBG funds, with the exception of several loans that have been funded with HOME funds. The City currently contracts with Amerinational Community Services to service the City's Housing Rehabilitation Program loan portfolio. The outstanding principal and interest amounts of Housing Rehabilitation Program loans funded by CDBG funds as of June 30, 2016 were \$502,415 and \$177,774, respectively. The outstanding principal and interest amounts of Housing Rehabilitation Program loans funded by HOME funds as of June 30, 2016, were \$161,341 and \$20,825, respectively.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

4. INTERFUND TRANSACTIONS

A. Interfund Receivables / Payables

The composition of interfund balances as of June 30, 2016 is as follows:

Due to/from Other Funds

As of June 30, 2016, the General Fund provided \$1,977,229 to various non-major special revenue funds and \$28,688 to the Transit Fund Enterprise Fund.

<u>Due From Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund	Non-Major Governmental Funds	\$ 1,977,229
	Non-Major Enterprise Funds	<u>28,688</u>
		<u>\$ 2,005,917</u>

Long-Term Advances

On July 1, 2012, the Retirees Insurance Reserve Internal Service Fund advanced \$7,840,284 to the Employee Benefits Internal Service Fund to internally finance the payoff of the PERS Police Retirement Group side fund loan. In FY 2015/16, \$901,592 of the advance was repaid, and the remaining \$2,826,729 will be repaid over the next three years.

On April 17, 2015, the Replacement/Renovation Internal Service Fund advanced \$2,000,000 to the Park Capital Improvement Program Fund to be used for costs associated with the Bernal Community Park, Phase II Lighted Multi-Purpose Sports Fields project. The advance will be repaid through private fundraising efforts within ten years after the date of the park's opening. At June 30, 2016, \$190,000 had been raised which will be applied against the interfund loan during FY 2016/17.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

4. INTERFUND TRANSACTIONS, Continued

B. Transfers In/Out

Transfers in/out for the year ended June 30, 2016 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred	
General Fund	Internal Service Funds	\$ 681,000	(C)
	Golf Enterprise Fund	287,046	(C)
	Non-Major Governmental Funds	75,913	(C)
Water Enterprise Fund	General Fund	221,699	(E)
	Internal Service Funds	40,300	(C)
	Non-Major Governmental Funds	5,623	(C)
Sewer Enterprise Fund	General Fund	107,105	(E)
	Internal Service Funds	19,700	(C)
Storm Drain Enterprise Fund	General Fund	330,000	(A)
Non-Major Governmental Funds	General Fund	6,993,218	(B)
	Non-Major Governmental Funds	1,747,271	(B)
Non-Major Enterprise Funds	General Fund	384,359	(A)
Internal Service Funds	General Fund	4,972,951	(D)
	Golf Enterprise Fund	202,000	(D)
	Water Enterprise Fund	125,916	(D)
	Sewer Enterprise Fund	55,100	(D)
	Storm Drain Enterprise Fund	17,800	(D)
		<u>\$ 16,267,001</u>	

- (A) Transfers to fund operation expenditures
- (B) Transfers to fund capital improvements
- (C) Transfers to return excess funds to sources
- (D) Transfer of assets to Internal Service Funds
- (E) Transfer to fund senior and low income discounts

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance at June 30, 2015	Additions	Retirements and Adjustments	Transfers	Balance at June 30, 2016
Governmental Activities					
Nondepreciable assets:					
Land	\$ 240,068,255	\$ -	\$ -	\$ 220,010	\$ 240,288,265
Right-of-ways	36,354,674	-	-	-	36,354,674
Public art	651,236	-	-	65,116	716,352
Construction in progress	6,566,676	22,457,063	(1,196,226)	(5,212,696)	22,614,817
Total nondepreciable assets	283,640,841	22,457,063	(1,196,226)	(4,927,570)	299,974,108
Depreciable assets:					
Infrastructure	285,006,919	985,327	(1,419,628)	3,592,733	288,165,351
Buildings	79,884,554	-	-	-	79,884,554
Improvements other than buildings	57,977,693	73,355	-	1,334,837	59,385,885
Machinery and equipment	22,948,186	925,360	(872,562)	-	23,000,984
Vehicles	10,870,366	2,669,539	(1,146,678)	-	12,393,227
Total depreciable assets	456,687,718	4,653,581	(3,438,868)	4,927,570	462,830,001
Less accumulated depreciation:					
Infrastructure	167,251,665	7,485,753	(1,391,072)	-	173,346,346
Buildings	23,878,084	1,596,732	-	-	25,474,816
Improvements other than buildings	37,158,157	1,804,658	-	-	38,962,815
Machinery and equipment	16,417,536	1,617,225	(835,662)	-	17,199,099
Vehicles	8,289,566	678,973	(1,143,366)	-	7,825,173
Total accumulated depreciation	252,995,008	13,183,341	(3,370,100)	-	262,808,249
Net depreciable assets	203,692,710	(8,529,760)	(68,768)	4,927,570	200,021,752
Governmental activities capital assets, net	\$ 487,333,551	\$ 13,927,303	\$ (1,264,994)	\$ -	\$ 499,995,860
Business-type Activities					
Nondepreciable assets:					
Land	\$ 14,512,340	\$ -	\$ -	\$ -	\$ 14,512,340
Construction in progress	3,087,520	18,022,416	-	-	21,109,936
Total nondepreciable assets	17,599,860	18,022,416	-	-	35,622,276
Depreciable assets:					
Infrastructure	261,855,905	3,037,384	-	-	264,893,289
Buildings	37,608,657	-	(1,805,808)	-	35,802,849
Improvements other than buildings	31,481,268	-	-	-	31,481,268
Machinery and equipment	14,028,882	327,544	(232,084)	-	14,124,342
Vehicles	608,088	-	-	-	608,088
Total depreciable assets	345,582,800	3,364,928	(2,037,892)	-	346,909,836
Less accumulated depreciation:					
Infrastructure	148,399,690	6,052,370	-	-	154,452,060
Buildings	15,803,244	849,753	(1,763,175)	-	14,889,822
Improvements other than buildings	15,445,938	1,567,608	-	-	17,013,546
Machinery and equipment	6,334,976	532,832	(210,396)	-	6,657,412
Vehicles	572,372	20,794	-	-	593,166
Total accumulated depreciation	186,556,220	9,023,357	(1,973,571)	-	193,606,006
Net depreciable assets	159,026,580	(5,658,429)	(64,321)	-	153,303,830
Business-type activities capital assets, net	\$ 176,626,440	\$ 12,363,987	\$ (64,321)	\$ -	\$ 188,926,106

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

5. CAPITAL ASSETS, Continued

Depreciation expense was charged to various governmental functions as follows:

Governmental Activities		
General government		\$ 25,380
Public safety		641,010
Community development		1,187,185
Operations services		8,255,728
Community activities		1,473,905
	Total Governmental Functions	<u>11,583,208</u>
Internal Service Fund		1,600,133
	Total Governmental Activities	<u>\$ 13,183,341</u>

Depreciation expense was charged to the business-type functions as follows:

Business-Type Activities		
Water		\$ 3,319,572
Sewer		2,865,601
Golf		1,681,556
Transit		20,794
Storm Drain		1,093,604
Housing Authority		42,230
	Total Business-Type Activities	<u>\$ 9,023,357</u>

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

6. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

	Balance			Amounts		
	June 30, 2015	Additions	Retirements	Balance	Due Within	Due in More
	June 30, 2015			June 30, 2016	One Year	Than One Year
Governmental Activity Debt:						
Note payable, County of Alameda	\$ 1,030,416	\$ -	\$ 1,030,416	\$ -	\$ -	\$ -
Emergency Medical Equipment Capital Lease*	31,895	-	21,147	10,748	10,748	-
California Energy Commission (CEC) 1.0%, due 2022	1,118,014	248,962	171,097	1,195,879	179,115	1,016,764
HUD Section 108 Loan Variable rate, due 2032	-	950,000	-	950,000	50,000	900,000
Total Governmental Activity Debt	\$ 2,180,325	\$1,198,962	\$ 1,222,660	\$ 2,156,627	\$ 239,863	\$ 1,916,764
Business-type Activity Debt:						
Golf Course Capital Lease	\$ 113,796	\$ 321,373	\$ 113,645	\$ 321,524	\$ 77,840	\$ 243,684
California Clean Water SRF Loan	-	5,762,772	-	5,762,772	-	5,762,772
Total Business-type Activity Debt	\$ 113,796	\$6,084,145	\$ 113,645	\$ 6,084,296	\$ 77,840	\$ 6,006,456

*Amount included Livermore's 50% share of LPFD's capital lease obligation.

A. Governmental Activities

Note Payable, County of Alameda

On July 8, 2008, the City signed a Purchase Agreement with the County of Alameda for the acquisition of approximately ten acres of vacant property, known as the Alameda County Transportation Corridor, located between Bernal Avenue and Stanley Boulevard and parallel to First Street in the Downtown area. For purposes of the Purchase Agreement, the property is divided into two sections, the Southern Property and the Northern Property. The purchase prices of the Southern and Northern Properties are \$5,500,000 and \$2,000,000, respectively. The City paid the County \$2,100,000 for the Southern Property at the close of escrow in July 2008, with the balance of \$3,400,000 to be paid to the County in seven, roughly equal, installments, of which the first two installments are interest free. The remaining installments bear interest at the Local Agency Investment Fund (LAIF) rate prevailing on the payment date. The purchase of a portion of the Northern Property was contingent upon the remedial cleanup action of a recognized environmental condition on the property. On September 30, 2013, the City purchased the uncontaminated segments of the Northern Property for a purchase price of \$1,687,250. The \$1,000,000 which had been held in escrow by the County as a security deposit was applied to pay the first of three annual purchase installments, \$562,417, with the residual amount returned to the City. The County will continue its efforts to complete the cleanup of contamination on the remaining segment of the Northern Property not purchased by the City. The note was fully repaid as of June 30, 2016.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

6. LONG-TERM LIABILITIES, Continued

A. Governmental Activities, Continued

Emergency Medical Equipment Capital Lease

On November 8, 2011, the City entered into a lease purchase agreement with Bank of America for emergency medical equipment. The cost of the leased equipment was \$102,371. The City makes quarterly payments of \$5,418 over a lease period of 60 months, including interest payments at a rate of 2.194%. At the end of the term, the equipment becomes the property of the City. After the first 30 months of the lease, the City will have the option to pre-pay the lease on any payment date for a premium of 1% on the then-outstanding balance. The City and the City of Livermore, through the Livermore-Pleasanton Fire Department, are expected to share the cost of the equipment lease payments, but the General Fund has provided the repayment pledge.

Annual debt service requirements to maturity are as follows:

For the Year Ending June 30	Emergency Medical Equipment Capital Lease		
	Principal	Interest	Total
2017	\$ 10,748	\$ 89	\$ 10,837
Total	\$ 10,748	\$ 89	\$ 10,837

California Energy Commission (CEC) Loan

On June 7, 2013, the City entered into an agreement with the California Energy Resources Conservation and Development Commission to borrow up to \$2,755,000 for the LED Street Light Retrofit Capital Improvement Project. Loan funds are to be disbursed to the City on a reimbursement basis based on eligible invoices paid. Interest accrues at 1% per annum on the unpaid principal, computed from each disbursement date. Payments begin on or before December 22nd of the fiscal year following the year in which the project is completed, and continues thereafter on each June 22nd and December 22nd until principal and interest is paid in full. The CEC also disbursed \$248,962 to the City during FY 2015/16, of which the City repaid \$171,097 by the end of the fiscal year. The outstanding balance at June 30, 2016 was \$1,195,879.

Annual debt service requirements to maturity are as follows:

For the Year Ending June 30	California Energy Commission (CEC)		
	Principal	Interest	Total
2017	\$ 179,115	\$ 11,514	\$ 190,629
2018	180,910	9,718	190,628
2019	182,724	7,904	190,628
2020	184,541	6,088	190,629
2021	186,406	4,222	190,628
2022-2023	282,183	2,825	285,008
Total	\$ 1,195,879	\$ 42,271	\$ 1,238,150

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

6. LONG-TERM LIABILITIES, Continued

A. Governmental Activities, Continued

HUD Section 108 Loan

On August 28, 2015, the City entered into an agreement with the U.S. Department of Housing and Urban Development to borrow up to \$1,250,000. The City used these funds to reimburse Axis Community Health, Inc. for construction costs of their new health clinic. In FY16, the City requested an advance of \$950,000 on this loan and principal payments are due August 1 each year. The outstanding balance at June 30, 2016 was \$950,000.

Annual debt service requirements to maturity are as follows:

For the Year Ending June 30	HUD Section 108 Loan		
	Principal	Interest	Total
2017	\$ 50,000	\$ 15,568	\$ 65,568
2018	50,000	17,250	67,250
2019	50,000	16,250	66,250
2020	50,000	15,250	65,250
2021	50,000	14,250	64,250
2022-2026	250,000	56,250	306,250
2027-2031	250,000	31,250	281,250
2032-2035	200,000	7,000	207,000
Total	\$ 950,000	\$ 173,068	\$ 1,123,068

B. Business-Type Activities

Golf Course Capital Leases

On January 24, 2011, the City entered into a lease purchase agreement with Bank of America for golf course maintenance equipment. The cost of the leased equipment was \$350,144. This lease was paid in full as of June 30, 2016.

On September 30, 2011, the City entered into a lease purchase agreement with Bank of America for golf course maintenance equipment. The cost of a leased equipment was \$293,125. The City makes quarterly payments of \$15,637 over a lease period of 60 months, including interest payments at a rate of 2.194%. At the end of the term, the equipment becomes the property of the City.

On January 21, 2016, the City entered into an additional lease purchase agreement with Bank of America for golf course maintenance equipment. The cost of the leased equipment was \$321,373. The City makes quarterly payments of \$15,637 over a lease period of 60 months, including interest payments at a rate of 1.78%. At the end of the term, the equipment becomes the property of the City.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

6. LONG-TERM LIABILITIES, Continued

B. Business-Type Activities, Continued

After the first 30 months of each of the golf course equipment leases, the City will have the option to pre-pay the lease on any payment date for a premium of 1% on the then-outstanding balance. Revenues of the golf course are expected to pay for the equipment lease payments, but the General Fund has provided the pledge for repayment.

Annual debt service requirements to maturity are as follows:

For the Year Ending June 30	Golf Course Capital Lease		
	Principal	Interest	Total
2017	\$ 77,838	\$ 5,118	\$ 82,956
2018	63,405	3,915	67,320
2019	64,541	2,779	67,320
2020	65,697	1,623	67,320
2021	50,043	446	50,489
Total	<u>\$ 321,524</u>	<u>\$ 13,881</u>	<u>\$ 335,405</u>

California Clean Water State Revolving Fund (SRF) Loan

In June 2015, the City entered into an agreement with the California State Water Resources Control Board for State Revolving Fund project financing in the amount of \$19,875,720 to fund the City of Pleasanton Recycled Water Project. The loan is secured by and payable solely from net revenues from the ownership or operation of the City's Water Enterprise. The agreement was amended in September 2015 to reduce the project funding to \$11,317,177. As of June 30, 2016, the City has drawn down \$5,762,772 on the loan. The loan bears annual interest of 1.00%, and annual principal and interest payments are not due until one year after the project has been completed.

C. Debt Without City Commitment

Conduit Debt

The City has issued two separate Multifamily Housing Revenue Bonds, the proceeds of which were used to fund mortgage loans to finance the acquisition and construction of multifamily rental housing facilities located in the City. The projects include the Bernal Apartments Project (original bond issue date 2001 in the amount of \$18,925,000; final maturity on September 15, 2034) and the Busch Senior Housing Apartments (original bond issue date 2003 in the amount of \$13,360,000; final maturity on June 15, 2037). Each facility is required to be occupied in part by low or moderate income families. In addition, the Busch Senior Housing Project is restricted to apartment units exclusively for seniors.

The bonds are secured by a first lien priority deed of trust, assignment of rents and security agreement encumbering the project. In addition, the required payments under the mortgage notes are secured by a pledge and security interest granted by the Federal National Mortgage Association (FNMA) to the trustee of interests in certain collateral owned by FNMA pursuant to the terms of each agreement.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

6. LONG-TERM LIABILITIES, Continued

C. Debt Without City Commitment, Continued

Conduit Debt, Continued

The bonds are payable solely from payments received on the underlying mortgage loans. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as a liability in the accompanying basic financial statements.

In September 2005, the City issued Variable Rate Demand Certificates of Participation (COP) for the Pleasanton Assisted Living Project (The Parkview) Financing in the amount of \$19,700,000. The COPs have a final maturity date of November 1, 2040. The Assisted Living facility is owned and operated by BLP Partnership, Inc. and payments on the COP debt will be made by the corporation from revenues derived from the operation of the facility. The City is not obligated in any manner for repayment of the COPs. Accordingly, the COPs are not reported as a liability in the accompanying basic financial statements.

The aggregate amount of all conduit debt outstanding as of June 30, 2016, was \$44,389,075.

D. Legal Debt Limit

As of June 30, 2016, the City's debt limit based on the legal debt margin (15% of 25% of the City's assessed valuation subject to taxation) was \$740,515,307.

E. Arbitrage and Debt Covenant Compliance

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations pertain to the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the U.S. Treasury at least every five years. The City has evaluated each bond issued subject to the arbitrage rebate requirements and has determined that no arbitrage liability exists at June 30, 2016.

As of June 30, 2016, the City was in compliance with all bond covenants as they pertain to reserve and sinking fund requirements.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

7. RISK MANAGEMENT

The City is exposed to various risks of loss related to third party personal injuries and/or damage to property, employment practices liability, workers compensation claims, and damage to or destruction of City property and vehicles. The City has a self-retained limit for these various risks as shown below in the table. Over the City's self-retained limits, the City has coverage through a number of risk sharing public entity pools. For example, general liability claims over \$250,000 are covered through the Bay Cities Joint Powers Insurance Authority (BCJPIA) and the California Affiliated Risk Management Authority (CARMA). Similarly, employment practices liability claims between \$75,000 and \$1,000,000 are covered through the Employment Risk Management Authority (ERMA) and claims between \$1,000,000 and \$3,000,000 through Beazley Insurance, a Lloyd Company. In the opinion of City management, premiums paid to BCJPIA (which in turn pays premiums to others including CARMA and ERMA, depending on the risk involved) represent the best available estimate of the ultimate cost of its participation in these various risk sharing pools.

The City's self-insured retained limits and maximum coverage for its significant risk sharing public entity pools are as follows:

Coverage	Self - insured Retained Limit	Maximum Coverage	Maximum Coverage Through
General Liability	\$ 250,000	\$ 29,000,000	BCJPIA/CARMA
Employment Practices Liability	75,000	3,000,000	ERMA/Beazley Insurance, a Lloyd Company
Workers Compensation	N/A	Up to Statutory Limit	BCJPIA/LAWCX
All Risk Property	10,000	Up to Replacement Cost	BCJPIA/APIP
Auto Physical Damage	1,000	Up to Replacement Cost	BCJPIA/APIP
Cyber Liability	50,000	25,000,000	APIP
Commercial Crime Bond	5,000	1,000,000	FDCM/GAIC

Within the past three fiscal years, all claims that have settled have been within the maximum coverage.

The City accounts for and finances its uninsured risks of loss and liability insurance premiums in a Self Insurance Retention Fund and its Worker's Compensation Program in an Employee Benefits Fund. Both funds are classified as Internal Service Funds.

The Workers' Compensation Program makes payments needed to pay prior and current year claims and to establish a reserve for future losses. The net position of the Workers' Compensation Program at June 30, 2016, had a negative balance of \$1,643,416, reflecting an increase in claims liability from the prior year. The claims liability of \$7,761,512 is reported as claims payable as of June 30, 2016. Payments in future years from funds of the City participating in the Worker's Compensation Program are anticipated to recover the full cost of the claims liability.

In the Self Insurance Retention Fund, at June 30, 2016, reserves of \$5,318,257 are reported in net position and claims liabilities of \$724,420 are reported as claims payable.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

7. RISK MANAGEMENT, Continued

The Workers' Compensation Program claims liabilities in the Employee Benefits Fund for miscellaneous and police public safety employees are based on the City's historical incurred claims and paid loss experience and include amounts for claims incurred but not reported (IBNR). The Workers' Compensation Program claims liabilities in the Employee Benefits Fund for fire public safety employees are based on the result of an actuarial study and include IBNR claims amounts. The general and employment practices claims liabilities in the Self Insurance Retention Fund are based on the results of actuarial studies and include IBNR claims amounts. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

The aggregate change in the balance of claims liabilities for the internal service self-insurance funds were as follows:

	June 30,	
	2016	2015
Unpaid claims, beginning of year	\$ 7,880,575	\$ 6,811,441
Incurred claims and changes in estimates	2,233,766	2,814,201
Claim payments	(1,628,409)	(1,745,067)
Unpaid claims, end of year	<u>\$ 8,485,932</u>	<u>\$ 7,880,575</u>

8. INVESTMENT IN JOINT VENTURES AND MEMBERSHIP IN INSURANCE POOL

The City participates in nine joint venture activities through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these entities 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.

Bay Cities Joint Powers Insurance Authority

The City is a member of Bay Cities Joint Powers Insurance Authority (Bay Cities). Bay Cities was created in 1986 to develop effective risk management programs to reduce the amount and frequency of losses, to provide for pooled self-insurance among member agencies and to jointly purchase and provide administrative and other services including, but not limited to claims adjusting, data processing, risk management, loss prevention, accounting services, actuarial services, and legal services in connection with the program. Bay Cities consists of fifteen cities, three towns and one police authority all located within the metropolitan Bay Area.

The City's proportionate share of Bay Cities net position depends on a number of factors as there are inflows into the City's account with Bay Cities based on premium deposits and interest earned and there are outflows for expenditures for matters such as administration, claims handling, incurred losses and a reserve for claims incurred but not yet reported (IBNR). Accordingly, it is difficult to ascertain what the City's proportionate share is at any given time.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

8. INVESTMENT IN JOINT VENTURES AND MEMBERSHIP IN INSURANCE POOL, Continued

Nevertheless, if there is excess equity in the City's account for a program year that is five years old and for which there are no longer any outstanding claims for that program year, the Bay Cities Board of Directors may declare a dividend and distribute such dividend to the member entities based on what is in each member's equity account. Financial statements for Bay Cities may be obtained from Bay Cities, 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

Local Agency Workers' Compensation Excess Joint Powers Authority

In 2010, the City joined the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX). LAWCX was formed on July 1, 1992 as a state-wide joint powers authority to self-insure and pool excess workers' compensation losses. LAWCX was established for California self-insured workers' compensation joint powers authorities, individual agencies and special districts. LAWCX is governed by a Board of Directors with a representative from each member entity. Prior to 2010, the City had excess workers' compensation coverage through its membership in the Bay Cities Joint Powers Insurance Authority (BCJPIA), who in turn provided the coverage through their membership with LAWCX. The City found that there would be a substantial cost savings if the City participated directly as a member in LAWCX rather than to continue to participate in LAWCX through BCJPIA. Financial statements for LAWCX may be obtained from LAWCX, 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

Livermore-Amador Valley Waste Management Agency

Livermore-Amador Valley Waste Management Agency (LAVWMA) was formed in 1974. LAVWMA operates the export pipeline connecting with the East Bay Discharge Authority's systems and discharges treated wastewater into San Francisco Bay. The current members of the Agency are Dublin San Ramon Services District (DSRSD), the City of Livermore, and the City of Pleasanton. Sewer revenue bonds issued by LAVWMA are being repaid with user charges assessed to member agencies.

The City accounts for its investment in LAVWMA by the equity method in the Sewer Enterprise Fund. The City records its share of earnings and losses in the Proprietary Funds Statement of Revenues, Expenses and Changes in Fund Net Position as "Equity Interest in Gain (Loss) from Joint Ventures," and the carrying value of the City's investment in LAVWMA is recorded in the Proprietary Funds Statement of Fund Net Position as "Net Investment in Joint Ventures." The City's equity interest in LAVWMA was \$11,264,745 as of June 30, 2016. Financial statements for LAVWMA may be obtained from DSRSD, 7051 Dublin Boulevard, Dublin, CA 94568.

Pleasanton Joint Powers Financing Authority

In June 1993, the Pleasanton Joint Powers Financing Authority (PJPPFA) was formed by a Joint Exercise of Powers Agreement between the City of Pleasanton and the Housing Authority. The PJPPFA has facilitated lease financings (through the issuance of Certificates of Participation) for many of the City's public buildings, although no PJPPFA debt obligations remained outstanding in FY 2015/16. The PJPPFA is a blended component unit of the City and the financial operations of the PJPPFA are included in the City of Pleasanton's financial statements.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

8. INVESTMENT IN JOINT VENTURES AND MEMBERSHIP IN INSURANCE POOL, Continued

Livermore-Amador Valley Transit Authority

Livermore-Amador Valley Transit Authority (LAVTA) was formed in 1985 by a joint exercise of powers agreement between the County of Alameda and the cities of Dublin, Livermore and Pleasanton to provide transportation services within the cities' limits and portions of the unincorporated County. LAVTA operates under the name "Wheels." Financial statements for LAVTA may be obtained from LAVTA, 1362 Rutan Court, Suite 100, Livermore, CA 94551.

Tri-Valley Transportation Council

The Tri-Valley Transportation Council (TVTC) was formed in 1991 by a joint exercise of powers agreement between the cities of Dublin, Livermore, Pleasanton and San Ramon, the Town of Danville and the Counties of Alameda and Contra Costa for the purposes of preparing a transportation plan and providing transportation facilities within the Tri-Valley area. Financial statements for TVTC may be obtained from the City of San Ramon, 2226 Camino Ramon, San Ramon, CA 94583.

Livermore-Pleasanton Fire Department

On December 3, 1996, the cities of Pleasanton and Livermore signed a Joint Powers Agreement (JPA) to form a joint fire department, Livermore-Pleasanton Fire Department (LPFD), covering both cities. LPFD may not own or enter into a contract without the approval of the governing board. The LPFD budget includes the contributions required from each City to fund operating and capital needs for the year. For the fiscal year ending June 30, 2016, the City of Pleasanton's net contribution was \$15,899,168. The City of Pleasanton's share of revenues and expenditures is reported in the General Fund. No separate financial statements are prepared for the JPA.

East Bay Regional Communications System Authority

In 2007, the City joined the East Bay Regional Communications System Authority (EBRCSA). The EBRCSA was formed to govern the regional communications system servicing Alameda and Contra Costa Counties, as well as many cities and special districts within the East Bay. Currently there are forty-three member agencies consisting of both counties, thirty cities, six special districts, three colleges, Dublin-San Ramon Services District, and the California Department of Transportation, serving a population of over 2.5 million people. The EBRCSA is governed by a twenty-three member board of directors selected from participating counties, cities and districts. Financial statements for EBRCSA may be obtained from EBRCSA, 4985 Broder Boulevard, Dublin, CA 94568.

Alameda County Transportation Commission

The Alameda County Transportation Commission (Alameda CTC) was formed in 2010 as a result of the merger between the Alameda County Congestion Management Agency (ACCMA) and the Alameda County Transportation Improvement Agency (ACTIA) to more cost effectively plan and deliver transportation programs in Alameda County. Members include the fourteen cities in Alameda County, the County of Alameda, AC Transit and BART. Financial statements for Alameda CTC may be obtained from Alameda CTC, 1111 Broadway, Suite 800, Oakland, CA 94607.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

9. NET POSITION/ FUND BALANCES

A. Net Position

The government-wide and business-type activities financial statements utilize a net position presentation. Net position is categorized as: net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets

This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position

This category represents net position subject to external restrictions imposed by creditors, grantors, contributors, laws or regulations of governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This category represents the net position of the City, not restricted for any project or other purpose.

B. Fund Balance

In the fund financial statements, governmental funds report five classifications of fund balance as follows:

Nonspendable – amounts that cannot be spent due to not being in a spendable form (long-term assets, prepaid expenses, inventory) or are legally or contractually required to be maintained intact.

Restricted – amounts constrained for a specific purpose by external parties, constitutional provision, or enabling legislation.

Committed – amounts constrained for a specific purpose by the governmental entity and designated as such by its highest level of decision-making authority.

Assigned – amounts set aside for a specific purpose by a governing board or official that has been delegated the authority to assign amounts.

Unassigned – portion of a fund that is not classified as nonspendable, restricted, committed, or assigned. The General Fund is the only fund that reports a positive unassigned fund balance amount.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

9. NET POSITION/ FUND BALANCES, Continued

B. Fund Balance, Continued

On June 21, 2011, the City Council adopted Resolution No. 11-463 classifying the City's fund balances in conformance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balance commitments may be established only by formal action (either resolution or ordinance, as each is equally binding) of the City Council, the City's highest level of decision-making authority. Commitments may be modified or rescinded only by the City Council taking the same formal action that established the commitment originally.

Assignment of fund balances to specific purposes may be established, modified, or rescinded by the City Council or the City's Director of Finance. Resolution No. 11-463 designated the Director of Finance as the City official to determine and define the amounts of those components of fund balance that are classified as "Assigned Fund Balance." When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, the City's policy is to apply committed fund balance first, followed by assigned fund balance and then unassigned fund balance. The General Fund is the only fund that reports a positive unassigned fund balance amount.

Additionally, the City Council committed the General Fund reserves in accordance with the City's fiscal policies for the Economic Uncertainty Reserve and the CIP and Repair & Replacement Reserves. These commitments may only be changed by approval of a subsequent resolution of the City Council. Resolution No. 11-463 also specified that the Economic Uncertainty Reserve would be maintained at a level equal to 10% of General Fund revenues.

Funds committed under the Economic Uncertainty Reserve will be used to mitigate costs associated with unforeseen emergencies, including natural disasters or catastrophic events where the state or federal government declares a natural disaster. Should unforeseen and unavoidable events occur that require the expenditure of City resources beyond those provided for in the annual budget, the City Council must approve appropriations from the Economic Uncertainty Reserve.

Funds committed under the CIP Reserve will be used for future City projects as identified in the Capital Improvement Program.

Funds committed under the Repair & Replacement Reserve will be used to provide ongoing replacement of City equipment, vehicles, traffic signals, streetlights, and to make major repairs/renovations to City facilities, parks, and medians, in order to extend their useful lives.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

9. NET POSITION/ FUND BALANCES, Continued

B. Fund Balance, Continued

As of June 30, 2016, fund balances are composed of the following:

GASB 54 Fund Balances:	General Fund	Lower Income Housing Fund	Park Capital Improvement Program Fund	Non-Major Governmental Funds	Total
Nonspendable					
Notes Receivable	\$ 121,900	-	-	-	\$ 121,900
Total Nonspendable	<u>121,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,900</u>
Restricted					
Assessment District Construction	-	-	-	\$ 1,371,769	1,371,769
Asset Forfeiture	-	-	-	88,049	88,049
Budgeted Developer Projects	-	-	-	7,087,289	7,087,289
Community Access Television	-	-	-	901,220	901,220
Miscellaneous Donations	-	-	-	494,105	494,105
CIP for Downtown & North Pleasanton	-	-	-	3,621,693	3,621,693
Geological Hazard Assessment District	-	-	-	1,027,505	1,027,505
Grants	-	-	-	83,163	83,163
Housing	-	\$ 14,018,708	-	-	14,018,708
Landscape and Lighting District	-	-	-	410,837	410,837
Landscape Maintenance NPID	-	-	-	946,336	946,336
Marilyn Kane Trail Reserve	-	-	-	107,762	107,762
Park Development	-	-	-	8,596,730	8,596,730
Public Facilities Capital Improvements	-	-	-	5,495,958	5,495,958
Public Safety	-	-	-	270,401	270,401
Resource Management	-	-	-	795,479	795,479
Street Maintenance	-	-	-	5,611,843	5,611,843
Traffic Impact	-	-	-	6,144,566	6,144,566
Traffic Impact - Bernal	-	-	-	1,658,487	1,658,487
Tri-Valley Transportation	-	-	-	875,925	875,925
Various Specific Plan	-	-	-	1,421,747	1,421,747
Total Restricted	<u>-</u>	<u>14,018,708</u>	<u>-</u>	<u>47,010,864</u>	<u>61,029,572</u>
Committed					
Economic Uncertainty	11,179,088	-	-	-	11,179,088
Capital Projects/Repair & Replacement	840,000	-	1,980,559	-	2,820,559
Total Committed	<u>12,019,088</u>	<u>-</u>	<u>1,980,559</u>	<u>-</u>	<u>13,999,647</u>
Assigned					
Capital Projects	-	-	-	15,092,443	15,092,443
Other Purposes	-	-	-	515,359	515,359
Total Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,607,802</u>	<u>15,607,802</u>
Unassigned					
Total Unassigned	<u>8,481,624</u>	<u>-</u>	<u>-</u>	<u>(521,393)</u>	<u>7,960,231</u>
Total Fund Balances	<u>\$ 20,622,612</u>	<u>\$ 14,018,708</u>	<u>\$ 1,980,559</u>	<u>\$ 62,097,273</u>	<u>\$ 98,719,152</u>

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

9. NET POSITION/ FUND BALANCES, Continued

C. Deficit Fund Balances and Deficit Net Position

At June 30, 2016, the following funds had a deficit fund balance or deficit net position:

- Employee Benefits Internal Service Fund - \$116,611,302.
- Miscellaneous Grants Special Revenue Fund - \$521,393.

The Employee Benefits Internal Service Fund finished FY 2015/16 with a net position deficit of \$116,611,302 as shown in the Internal Service Funds Combining Statement of Fund Net Position. This net position deficit is primarily due to the recording of the net pension liability of \$115,056,711 as a result of the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The City will continue to make the required contributions each year based on the 30 year CalPERS payment amortization schedule. In addition, the City will periodically make one-time payments beyond the minimum required by CalPERS to reduce the liability.

The deficit is also attributable to the balance remaining on the advance from the Retirees Insurance Reserve Fund to pay off the PERS Police Retirement Group side fund of \$2,826,729 and an increase of \$676,030 in workers' compensation claims liability. The City will continue to monitor the workers' compensation portion of the deficit and ensure it has sufficient cash to pay current claims. The deficit related to the advance from the Retirees Insurance Reserve Fund is being eliminated through annual payments from the General Fund over an eight year period beginning in FY 2011/12. The annual payment from the General Fund for FY 2015/16 was \$901,592.

The Miscellaneous Grants Special Revenue Fund concluded FY 2015/16 with a deficit fund balance of \$521,393. This amount will be eliminated through grant draw-downs to reimburse for allowable expenses.

10. DEFINED BENEFIT PENSION PLAN

The City participates in the following Pension Plans administered by the California Public Employees Retirement System (CalPERS):

1. ***Agent Multiple-Employer Defined Benefit Pension Plans*** (Agent Multiple) for its Miscellaneous and Safety Fire employees.

An agent multiple-employer plan is one in which the assets of the participating government employers are pooled for investment purposes but separate accounts are maintained for each individual employer.

2. ***Cost-Sharing Multiple-Employer Defined Benefit Pension Plan*** (Cost Sharing) for its Safety Police employees.

A cost-sharing multiple-employer defined benefit pension plan is a plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay benefits of the employees of any employer that provides pensions through the plan.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

10. DEFINED BENEFIT PENSION PLAN, Continued

A. General Information about the Pension Plans and Summary of Balances by Plan

Plan Descriptions - All qualified permanent employees are eligible to participate in the City's separate Safety (police) cost-sharing plans, Safety Fire agent multiple-employer defined benefit pension plan, and Miscellaneous (all other) agent multiple employer defined benefit pension plan that are administered by CalPERS.

The Miscellaneous and Safety Fire Plans are agent multiple-employer defined benefit pension plans which act as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website. As discussed in Note 8, the City is a member of a Joint Powers Agreement (JPA), along with the City of Livermore, of the Livermore-Pleasanton Fire Department (LFPD). The employees of the LFPD are the City of Pleasanton's employees, however, as agreed to in the JPA, the City shares the Safety Fire Plan affiliated with the LFPD with the City of Livermore with a share of 50%, therefore, the following tables show only the City of Pleasanton's 50% share.

The City's Safety Police Plans are cost-sharing multiple-employer defined benefit pension plans administered by CalPERS since the plans have less than 100 active members, commonly referred to as risk pool. The City has two retirement benefit tiers in the Safety Police Plans. Tier 1 is for employees hired prior to January 1, 2013. Tier 2 is for employees hired on or after January 1, 2013.

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

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

10. DEFINED BENEFIT PENSION PLAN, Continued

A. General Information about the Pension Plans and Summary of Balances by Plan, Continued

Below is a summary of the deferred outflows of resources, net pension liabilities and deferred inflows of resources, by Plan:

	Deferred Outflows of Resources	Net Pension Liability/ Proportionate Share of Net Pension Liability	Deferred Inflows of Resources
Miscellaneous	\$ 14,096,652	\$ 69,262,503	\$ (12,205,616)
Safety (Fire)	5,490,007	30,318,696	(5,278,659)
Safety (Police)	6,679,990	22,831,189	(5,625,859)
Total	\$ 26,266,649	\$ 122,412,388	\$ (23,110,134)

Each Plan is discussed in detail below.

B. Miscellaneous and Safety (Fire) Plans

Benefits Provided – CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees, and their beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment, age and the average of the final 3 years’ compensation. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The plans’ provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous Plan	Safety (Fire) Plan
Benefit formula	2.7% @ 55 ⁽¹⁾	3.0% @ 50 ⁽²⁾
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	50
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	3.0% ⁽²⁾
Required employee contribution rates	8.0%	9.0%
Required employer contribution rates	27.290%	39.060%

⁽¹⁾ Newly hired Misc Employees will be enrolled in the 2% @ 62 formula, dependent on the individual's eligibility, as per AB 340

⁽²⁾ Newly hired Safety (Fire) Employees will be enrolled in the 3% at 55 or 2.7% @ 57 formula, dependent on the individual's eligibility, as per AB340

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

10. DEFINED BENEFIT PENSION PLAN, Continued

B. Miscellaneous and Safety (Fire) Plans, Continued

Employees Covered – At June 30, 2016, the following employees were covered by the benefit terms of the Miscellaneous Plan and Safety (Fire) Plan:

	<u>Miscellaneous</u>	<u>Safety (Fire)</u>
Inactive employees or beneficiaries currently receiving benefits	312	138
Inactive employees entitled to but not yet receiving benefits	167	27
Active employees	<u>299</u>	<u>110</u>
Total	<u><u>778</u></u>	<u><u>275</u></u>

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

Net Pension Liability – The City’s net pension liability for the Miscellaneous and Safety (Fire) Plans are measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

10. DEFINED BENEFIT PENSION PLAN, Continued

B. Miscellaneous and Safety (Fire) Plans, Continued

Changes in the Net Pension Liability – The changes in the Net Pension Liability for the Miscellaneous and Safety (Fire) Plans are as follows:

	Miscellaneous		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	\$ 229,099,017	\$ 157,482,372	\$ 71,616,645
Changes in the year:			
Service cost	4,620,237	-	4,620,237
Interest on the total pension liability	16,848,783	-	16,848,783
Changes in benefit terms	-	-	-
Changes in assumptions	(4,043,655)	-	(4,043,655)
Differences between actual and expected experience	(1,853,569)	-	(1,853,569)
Plan to plan resource movement	-	47	(47)
Contribution - employer	-	12,476,826	(12,476,826)
Contribution - employee	-	1,936,755	(1,936,755)
Net investment income	-	3,697,901	(3,697,901)
Benefit payments, including refunds of employee contributions	(10,532,758)	(10,532,758)	-
Administrative expense	-	(185,591)	185,591
Net changes	5,039,038	7,393,180	(2,354,142)
Balance at June 30, 2015	\$ 234,138,055	\$ 164,875,552	\$ 69,262,503

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

10. DEFINED BENEFIT PENSION PLAN, Continued

B. Miscellaneous and Safety (Fire) Plans, Continued

	Safety (Fire)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	\$ 93,955,870	\$ 65,365,563	\$ 28,590,307
Changes in the year:			
Service cost	1,720,379	-	1,720,379
Interest on the total pension liability	6,880,657	-	6,880,657
Changes in benefit terms	-	-	-
Changes in assumptions	(1,582,037)	-	(1,582,037)
Differences between actual and expected experience	(860,184)	-	(860,184)
Plan to plan resource movement	-	(143)	143
Contribution - employer	-	2,465,155	(2,465,155)
Contribution - employee	-	610,775	(610,775)
Net investment income	-	1,427,717	(1,427,717)
Benefit payments, including refunds of employee contributions	(4,861,219)	(4,861,219)	-
Administrative expense	-	(73,078)	73,078
Net changes	<u>1,297,596</u>	<u>(430,793)</u>	<u>1,728,389</u>
Balance at June 30, 2015	<u>\$ 95,253,466</u>	<u>\$ 64,934,770</u>	<u>\$ 30,318,696</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for the Miscellaneous and Safety (Fire) Plans, calculated using the discount rate for the Plans, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1- percentage point lower or 1- percentage point higher than the current rate:

	Miscellaneous	Safety (Fire)
1% Decrease	6.65%	6.65%
Net Pension Liability	\$ 99,944,094	\$ 42,213,055
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$ 69,262,503	\$ 30,318,696
1% Increase	8.65%	8.65%
Net Pension Liability	\$ 43,778,632	\$ 20,402,727

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

10. DEFINED BENEFIT PENSION PLAN, Continued

B. Miscellaneous and Safety (Fire) Plans, Continued

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension – Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings on investments – 5 year straight-line amortization

All other amounts – Straight-line amortization over the average expected remaining services lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

For the year ended June 30, 2016, the City recognized pension expense of \$4,834,672 and \$2,130,263, for the Miscellaneous and Safety Fire Plan, respectively. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety (Fire)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 7,326,646	\$ -	\$ 2,695,029	\$ -
Changes in assumptions	-	(2,854,345)	-	(1,222,483)
Differences between actual and expected experience	-	(1,308,402)	-	(664,688)
Net differences between projected and actual earnings on plan investments	6,770,006	(8,042,869)	2,794,978	(3,391,488)
Total	\$ 14,096,652	\$ (12,205,616)	\$ 5,490,007	\$ (5,278,659)

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

10. DEFINED BENEFIT PENSION PLAN, Continued

B. Miscellaneous and Safety (Fire) Plans, Continued

The \$7,326,646 and \$2,695,029, reported as deferred outflows of resources related to contributions subsequent to the measurement date for the Miscellaneous Plan and Safety (Fire) Plan, respectively, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Miscellaneous	Safety (Fire)
	Annual Amortization	Annual Amortization
2017	\$ (2,722,933)	\$ (986,801)
2018	(2,722,933)	(986,801)
2019	(1,682,247)	(986,801)
2020	1,692,503	476,722
2021	-	-
Thereafter	-	-

Actuarial assumptions and information regarding the discount rate are discussed in Note 10D below.

C. Safety (Police) Plan

Benefits Provided – CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees, and their beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment, age and the average of the final 3 years’ compensation. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Safety (Police) Plan	
	Tier 1	Tier 2
Hire date	prior to 1/1/13	starting 1/1/2013
Benefit formula	3.0% @ 50	3.0% @ 55
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50-55
Monthly benefits, as a % of eligible compensation	3%	2.4% to 3.0%
Required employee contribution rates	9.0%	9.0%
Required employer contribution rates	18.524%	15.627%

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

10. DEFINED BENEFIT PENSION PLAN, Continued

C. Safety (Police) Plan, Continued

Beginning in fiscal year 2016, CalPERS collects employer contributions for the cost-sharing plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The City's required contribution for the unfunded liability and side fund was \$812,846 in fiscal year 2016.

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

For the year ended June 30, 2016, the contributions recognized as part of pension expense for each Plan were as follows:

	Safety (Police)	
	Tier 1	Tier 2
Contributions - employer	\$ 3,028,880	\$ 161,243

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – As of June 30, 2016, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability (Asset)
Safety (Police) Tier 1	\$ 22,836,410
Safety (Police) Tier 2	(5,221)
Total Net Pension Liability	\$ 22,831,189

The City's net pension liability for each Plan is measured as the proportionate share of net pension liability. The net pension liability of the Plan is measured as of June 30, 2015 and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

	Safety (Police)		Total
	Tier 1	Tier 2	
Proportion - June 30, 2014	0.62063%	0.00004%	0.62067%
Proportion - June 30, 2015	0.55422%	-0.00013%	0.55410%
Change - Increase (Decrease)	-0.06641%	-0.00017%	-0.06658%

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

10. DEFINED BENEFIT PENSION PLAN, Continued

C. Safety (Police) Plan, Continued

For the year ended June 30, 2016, the City recognized pension expense of \$2,400,046 for the Safety (Police) Plan. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,044,211	\$ -
Differences between actual and expected experience	-	(347,178)
Changes in assumptions	-	(1,596,798)
Net differences between projected and actual earnings on plan investments	-	(809,267)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	<u>2,635,779</u>	<u>(2,872,616)</u>
Total	<u>\$ 6,679,990</u>	<u>\$ (5,625,859)</u>

The \$4,044,211 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2017	\$ (1,411,514)
2018	(1,393,733)
2019	(1,178,260)
2020	993,427
2021	-
Thereafter	-

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

10. DEFINED BENEFIT PENSION PLAN, Continued

C. Safety (Police) Plan, Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate– The following presents the City’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Safety (Police)	
	Tier 1	Tier 2
1% Decrease	6.65%	6.65%
Net Pension Liability	\$ 40,301,310	\$ 12,256
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$ 22,836,410	\$ (5,221)
1% Increase	8.65%	8.65%
Net Pension Liability	\$ 8,515,513	\$ 19,552

Actuarial assumptions and information regarding the discount rate are discussed in Note 10D below.

D. Information Common to the Miscellaneous and Safety Plans

Actuarial Assumptions – The total pension liabilities in June 30, 2014 actuarial valuations were determined using the following actuarial assumptions for the Miscellaneous and Safety Plans:

	Miscellaneous & Safety
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.65% Net of Pension Plan Investment Expenses, includes Inflation
Mortality	Derived using CalPERS Membership Data for all Funds (1)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on the CalPERS website under Forms and Publications.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

10. DEFINED BENEFIT PENSION PLAN, Continued

D. Information Common to the Miscellaneous and Safety Plans, Continued

Changes of Assumptions – GASB 68, paragraph 68, states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate – The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS’ website under GASB 68 section.

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

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

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

10. DEFINED BENEFIT PENSION PLAN, Continued

D. Information Common to the Miscellaneous and Safety Plans, Continued

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

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

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

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

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

11. POST EMPLOYMENT HEALTH CARE BENEFITS

A. Plan Description

Through its post employment health care plan, the City provides post retirement health care benefits, in accordance with certain employee agreements, to all employees who retire directly from the City with a minimum of five years of service. The plan benefit provisions and obligations to contribute are established, or may be amended, by City Council action. The effective date and benefit varies based upon the employee's classification and related memorandum of understanding (MOU).

- If retiring from service, the City shall pay for each year of service, four percent (4%) of the Kaiser Early Retiree Health Plan coverage 2-party rate for: PCEA/AFSCME Local 955 (Pleasanton City Employees' Association) who retired before 7/1/12; POA (Police Officers' Association) who retired prior to 7/1/09; IAFF (International Association of Firefighters) who retired prior to 1/1/08; and Management and Confidential who retired prior to 7/1/09. For purposes of calculating service credit, Management and Confidential employees who were hired prior to 1/1/09 and retire with at least five years of City service may include years of non-City municipal CalPERS service, as agreed to in its Management/Confidential Employee Performance Compensation Plan.
- For employees classified as PCEA/AFSCME Local 955 who were hired prior to 6/1/11 and retire after 7/1/12, the City shall pay for each year of service, four percent (4%) of the lowest cost HMO 2-party rate. If hired after 6/1/11, the City shall pay for each year of service four percent (4%) of the lowest cost HMO single rate, until age 65. Upon reaching 65, all retiree medical benefits will cease.
- For POA who were hired prior to 1/1/09 and retire after 7/1/09, the City shall pay for each year of service, four percent (4%) of the lowest cost HMO, 2-party rate. If hired after 1/1/09, the City shall pay for each year of service, four percent (4%) of the lowest cost HMO, single rate if employment is less than 20 years. If employed for more than 20 years, the City shall pay for each year of service, four percent (4%) of the lowest cost HMO, 2-party rate. If hired after 1/1/12, the City shall pay for each year of service, four percent (4%) of the lowest cost HMO, single rate, until age 65. Upon reaching 65, all retiree medical benefits will cease.
- For IAFF who retire after 1/1/08, the City shall pay for each year of service, four percent (4%) of the lowest cost HMO, 2-party rate. If hired on or after 7/1/12, the City shall pay for each year of service, four percent (4%) of the lowest cost HMO, single rate, until age 65. Upon reaching 65, all retiree medical benefits will cease.
- For employees classified as Management and Confidential who were hired prior to 1/21/09 and retire after 7/1/09, the City shall pay for each year of service, four percent (4%) of the lowest cost HMO, 2-party rate. For purposes of calculating service credit, Management and Confidential employees who were hired prior to 1/1/09 and retire with at least five years of City service may include years of non-City municipal CalPERS service. If hired after 1/21/09, the City shall pay for each year of service, four percent (4%) of the lowest cost HMO, single rate, until age 65. Upon reaching 65, all retiree medical benefits will cease.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

11. POST EMPLOYMENT HEALTH CARE BENEFITS, Continued

A. Plan Description, Continued

Surviving spouses are eligible for one-half of the retiree benefit for those retirees eligible for the 2-party benefit. If a spouse remarries the benefit terminates.

For all employees mentioned above who retire for disability, the City shall pay a percentage of the monthly premium in accordance with the applicable MOU.

The City allows retirees to participate in the same medical plan as active employees at the same premium rates. Because the rate is a “blended rate,” payments for the active employees include an implied subsidy of what would normally be a higher rate for retirees if the retirees were in a stand-alone health plan. GASB 45 requires that this implied subsidy be reclassified when reporting the contributions to retiree medical costs. The premium rate paid by a retiree depends on the retiree's former classification, years of service, and the formula specified in the applicable MOU.

As of June 30, 2015 (the most recent valuation date), plan membership consisted of 463 active participants, consisting of 342 Non-Fire (Miscellaneous and Police) and 121 Fire active participants, and 374 retirees, consisting of 295 Non-Fire and 79 Fire retirees.

B. Funding Policy

In April 2011, the City established an Other Post Employment Health Benefit (OPEB) irrevocable trust, the City of Pleasanton Group Account, with the California Employer’s Retiree Benefit Trust Program (CERBT) administered by the California Public Employees’ Retirement System (CalPERS) as an agent multiple-employer plan. This trust is used to accumulate resources to fund future benefits, however, it does not represent the activities of the plan. Financial statements of CERBT are included in the CalPERS Comprehensive Annual Financial Report (CAFR). Copies of the CalPERS CAFR may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814.

The following table summarizes the City’s contributions toward the City's FY 2015/16 ARC:

	Non-Fire	Fire ⁽¹⁾	Total
Prefunding OPEB Trust	\$ 2,269,678	\$ 1,182,855	\$ 3,452,533
Benefit to retirees	2,664,867	939,618	3,604,485
Legal and actuarial services	19,455	7,527	26,982
Implied subsidy	741,000	293,000	1,034,000
Total	\$ 5,695,000	\$ 2,423,000	\$ 8,118,000

(1) Includes City of Livermore's portion of costs, which is approximately 50%.

The City’s ARC was \$8,118,000 (\$5,695,000 for Non-Fire and \$2,423,000 for Fire) for FY 2015/16 (See Note 11C).

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

11. POST EMPLOYMENT HEALTH CARE BENEFITS, Continued

C. Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table, based on the City's actuarial valuation as of June 30, 2015, shows the components of the City's annual OPEB cost for FY 2015/16, the amount actually contributed to the plan, and changes in the City's Net OPEB obligation:

	Non-Fire	Fire ⁽¹⁾	Total
Annual required contribution	\$ 5,695,000	\$ 2,423,000	\$ 8,118,000
Adjustment to annual required contribution	18,000	-	18,000
Interest on net OPEB obligation	(274,000)	-	(274,000)
Amortization of net OPEB obligation	256,000	-	256,000
Annual OPEB cost (expense)	5,695,000	2,423,000	8,118,000
Prefunding OPEB trust	(2,269,678)	(1,182,855)	(3,452,533)
Unfunded Actuarial Liability Paydown	-	-	-
Benefit payments to retirees	(2,664,867)	(939,618)	(3,604,485)
Legal and actuarial services	(19,455)	(7,527)	(26,982)
Implied subsidy	(741,000)	(293,000)	(1,034,000)
Increase in net OPEB obligation (asset)	-	-	-
Net OPEB obligation (asset) - beginning of year	(3,600,000)	-	(3,600,000)
Net OPEB obligation (asset) - end of year	<u>\$ (3,600,000)</u>	<u>\$ -</u>	<u>\$ (3,600,000)</u>

⁽¹⁾ Includes City of Livermore's portion of costs, which is approximately 50%.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

11. POST EMPLOYMENT HEALTH CARE BENEFITS, Continued

C. Annual OPEB Cost and Net OPEB Obligation, Continued

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for Fiscal Years 2013/14 through 2015/16 are as follows:

Fiscal Year Ended	Annual OPEB Cost	None-Fire	
		Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 6,988,973	100%	\$ -
June 30, 2015	5,570,595	165%	-
June 30, 2016	5,695,000	100%	-

Fiscal Year Ended	Annual OPEB Cost	Fire ⁽¹⁾	
		Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 2,707,004	100%	\$ -
June 30, 2015	2,358,361	100%	-
June 30, 2016	2,423,000	100%	-

⁽¹⁾ Includes City of Livermore's portion of costs, which is approximately 50%.

Funded Status and Funding Progress. The June 30, 2013 actuarial valuation was used to develop the FY 2015/16 ARC. The funded status of the plan as of June 30, 2016 was:

	Non-Fire	Fire ⁽¹⁾	Total
Actuarial accrued liability (AAL)	\$ 77,076,000	\$ 31,195,000	\$ 108,271,000
Actuarial value of plan assets	33,015,000	13,294,000	46,309,000
Unfunded actuarial accrued liability (UAAL)	\$ 44,061,000	\$ 17,901,000	\$ 61,962,000
Funded ration (actuarial value of plan assets/AAL)	42.8%	42.6%	42.8%
Projected covered payroll (active Plan members)	\$ 34,414,000	\$ 15,019,000	\$ 49,433,000
UAAL as a percentage of covered payroll	128.0%	119.2%	125.3%

⁽¹⁾ Includes City of Livermore's portion of costs, which is approximately 50%.

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

11. POST EMPLOYMENT HEALTH CARE BENEFITS, Continued

C. Annual OPEB Cost and Net OPEB Obligation, Continued

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 consistent with the long-term perspective of the calculations.

For the June 30, 2013 actuarial valuation that was used to develop the FY 2015/16 ARC, the entry age normal actuarial cost method was used. The actuarial assumptions included: (a) discount rate of 7.61%, prefunded with CERBT Investment Option 1; (b) 3.25% annual aggregate payroll increase rate; and (c) projected healthcare cost increases of 8.0% and 8.3% for HMO and PPO plans, respectively, for 2016 decreasing to 5.5% and 5.6% for HMO and PPO plans, respectively, after 5 years. Both (a) and (b) include an inflation component of 3.0%. The unfunded actuarial accrued liability (or excess assets) is being amortized over a closed fixed 30-year period as a level percentage of projected payroll beginning with the year ended June 30, 2008. For purposes of determining the actuarial value of assets, investment gains and losses are spread over a five-year rolling period, but valuation assets cannot be outside the range of 80% to 120% of the market value of assets. As of June 30, 2016, the actuarial value of assets was \$33,015,000 for Non-Fire and \$13,294,000 for Fire.

D. Retiree Medical Reserves

The City has accumulated reserves in two Internal Service Funds, the Retirees' Insurance Reserve and the Livermore-Pleasanton Fire Retirees' Insurance Reserve, for payment of retiree medical benefits. The following schedule identifies the beginning net position; plus contributions from Operating Funds and annual interest income; less payment of benefits for current retirees (pay-as-you-go) and the City's Annual Required Contribution (ARC) to the OPEB trust. The ending net position for the reserves reflects the amounts that are being accumulated for the purpose of paying retiree medical benefits.

	Retirees Insurance Reserve	LPFD Reserve (1)	Total
June 30, 2015 Net Position	\$ 18,093,921	\$ 3,123,666	\$ 21,217,587
FY 2015/16 Contributions from operating funds	5,694,991	1,150,000	6,844,991
FY 2015/16 Interest Income	137,403	28,876	166,279
FY 2015/16 Prefunding OPEB Trust	(2,269,678)	(1,182,856)	(3,452,534)
Benefit payments to retirees ⁽²⁾	(2,664,867)	(939,618)	(3,604,485)
Legal and actuarial services	(19,455)	(7,526)	(26,981)
Transfer in from operating funds	1,081,067	-	1,081,067
Transfer out implied subsidy to operating funds	(741,000)	-	(741,000)
June 30, 2016 Net Position	<u>\$ 19,312,382</u>	<u>\$ 2,172,542</u>	<u>\$ 21,484,924</u>

(1) Includes City of Livermore's portion, which is approximately 50%

(2) Does not include an implicit rate subsidy of \$1,034,000.

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

12. COMMITMENTS AND CONTINGENCIES

A. Animal Shelter

The County of Alameda owns and operates the East County Animal Shelter. The facility was placed in service during fiscal year 1996. The cities of Pleasanton, Dublin and Livermore and the County of Alameda (County) entered into an agreement under which the County constructed the animal shelter on County property. The cities pay their prorata share of the debt service and operating costs based on their usage of the animal shelter. The City's share of FY 2015/16 debt service and operating costs for the facility was \$180,392.

B. Lawsuits in the Normal Course of Business

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's risk sharing programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

C. LAVWMA Bonds

The City has recorded an investment in joint venture for its participation in the Livermore-Amador Valley Water Management Agency (LAVWMA). LAVWMA issued \$105,345,000 of the 2011 Sewer Revenue Refunding Bonds (2011 Bonds) on September 28, 2011 to refinance the costs of improvements to the wastewater disposal system, including the Export Pipeline Expansion/Rehabilitation Project originally constructed with bonds issued in 2001. The 2011 Bonds are secured by the pledge of the net revenues of the Agency.

D. Construction Commitments

The City had several outstanding or planned construction projects as of June 30, 2016. These projects are evidenced by contractual commitments with consultants and contractors, and include the following major projects:

Project Description	Amount
Redevelopment of Kottinger Place and Pleasanton Gardens	\$ 8,112,438
Stanley Boulevard Reconstruction and Utility Undergrounding	6,508,697
Bernal Community Park - Phase II Lighted Multi-Purpose Sports Fields	3,887,689
Recycled Water Infrastructure Expansion - Phase 1A	1,787,695
Bernal Avenue Resurfacing (Foothill Road to Valley Avenue)	856,483
Total	<u>\$ 21,153,002</u>

City of Pleasanton
Notes to Basic Financial Statements
For the year ended June 30, 2016

12. COMMITMENTS AND CONTINGENCIES, Continued

E. Operating Leases

The City has ongoing commitments under operating lease agreements for office equipment necessary for City operations, which expire at various dates through 2020. Each governmental fund includes the expenditures related to such lease agreements. There are both cancelable and non-cancelable lease agreements. Rental expenditures reported in the General Fund under these operating lease agreements for the fiscal year ended June 30, 2016, amounted to approximately \$157,546.

The future minimum lease payments anticipated under the existing lease commitments in governmental activities are as follows:

	2016/17	2017/18	2018/19	2019/20	Total
General Fund	\$ 121,704	\$ 75,986	\$ 28,884	\$ 11,643	\$ 238,217
Total Governmental Activities	<u>\$ 121,704</u>	<u>\$ 75,986</u>	<u>\$ 28,884</u>	<u>\$ 11,643</u>	<u>\$ 238,217</u>

The City has ongoing commitments under operating lease agreements for golf carts, the GPS system, and office equipment at Callippe Preserve Golf Course, which expire at various dates through 2018. Rental expenses reported in the Golf Fund under these operating lease agreements for the fiscal year ended June 30, 2016 amounted to \$113,368.

The future minimum lease payments anticipated under the existing lease commitments for business-type activities, as of June 30, 2016, are as follow:

	2016/17	2017/18	2018/19	Total
Golf Fund	\$ 81,456	\$ 81,308	\$ 6,640	\$ 169,404
Total Business-Type Activities	<u>\$ 81,456</u>	<u>\$ 81,308</u>	<u>\$ 6,640</u>	<u>\$ 169,404</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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City of Pleasanton
Required Supplementary Information
For the year ended June 30, 2016

1. BUDGETARY INFORMATION

Budgetary Information

The following procedures are performed by the City in establishing the budgetary data reflected in the basic financial statements:

1. Prior to July 1, the City Manager submits to the City Council a proposed operating budget for the coming fiscal year. The operating budget includes proposed expenditures and projected revenues.
2. Public hearings are conducted to obtain taxpayers' comments.
3. The budget is legally adopted through passage of a Council resolution.
4. The transfer of budgeted amounts between funds must be approved by the City Council.
5. A budget review is presented to the City Council by the City Manager mid-year and approved additions or changes are legally adopted through Council resolution.
6. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund, Special Revenue Funds, Debt Service funds and certain Capital Projects Funds, Enterprise Funds and Internal Service Funds.
7. The budgeted funds are adopted on a basis consistent with generally accepted accounting principles in the United States.
8. Expenditures may not legally exceed budgeted appropriations at the fund level. Management does not have the authority to amend the budget without the approval of the City Council. However, the City Manager may authorize transfers from one account to another within the same fund.
9. The following funds have expenditures in excess of appropriation:
 - Abandoned Vehicle Special Revenue Fund - \$1,908
 - Urban Forestry Program Special Revenue Fund - \$8,648
 - Landscape Maintenance N.P.I.D. Capital Projects Fund - \$21,338

**City of Pleasanton
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2016**

2. BUDGETARY COMPARISON SCHEDULES

Budgetary Comparison Schedule - General Fund

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 89,775,000	\$ 91,640,000	\$ 91,902,097	\$ 262,097
Licenses	11,000	11,000	10,270	(730)
Permits	2,546,500	3,184,500	3,307,959	123,459
Fines and forfeitures	400,000	350,000	308,911	(41,089)
Use of money and property	210,000	220,000	341,881	121,881
Intergovernmental	448,300	546,500	516,657	(29,843)
Franchises	2,435,000	2,455,000	2,570,130	115,130
Charges for services	1,542,800	1,779,400	1,851,648	72,248
Development fees	245,900	342,050	374,910	32,860
Plan check fees	1,780,000	2,065,000	2,776,668	711,668
Reimbursements	1,901,503	1,813,020	2,089,362	276,342
Contribution and donations	5,800	10,600	18,751	8,151
Other revenues	1,362,121	1,391,121	1,479,203	88,082
Recreation charges	3,797,820	3,997,170	4,242,435	245,265
Total revenues	106,461,744	109,805,361	111,790,882	1,985,521
EXPENDITURES:				
Current:				
General government	14,097,248	13,443,610	12,709,762	733,848
Public safety	44,170,780	44,721,006	44,349,171	371,835
Community development	12,805,298	12,785,352	12,580,212	205,140
Operations service	17,238,546	18,543,350	17,485,978	1,057,372
Community activities	11,856,089	12,053,441	12,144,646	(91,205)
Capital outlay	553,350	509,950	480,311	29,639
Debt service:				
Principal	21,147	21,147	21,147	-
Total expenditures	100,742,458	102,077,856	99,771,227	2,306,629
REVENUES OVER (UNDER) EXPENDITURES	5,719,286	7,727,505	12,019,655	4,292,150
OTHER FINANCING SOURCES (USES):				
Transfers in	993,475	1,000,975	1,043,959	42,984
Transfers out	(6,442,524)	(13,095,329)	(13,009,332)	(85,997)
Total other financing sources	(5,449,049)	(12,094,354)	(11,965,373)	(43,013)
Net change in fund balances	\$ 270,237	\$ (4,366,849)	54,282	\$ 4,249,137
FUND BALANCES:				
Beginning of year			20,568,330	
End of year			\$ 20,622,612	

City of Pleasanton
Budgetary Comparison Schedule - Lower Income Housing Fund
For the Year Ended June 30, 2016

2. BUDGETARY COMPARISON SCHEDULES, Continued

Budgetary Comparison Schedule - Lower Income Housing Fund

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$ 345,000	\$ 345,000	\$ 862,684	\$ 517,684
Development fees	-	-	1,392,940	1,392,940
Reimbursements	160,000	160,000	105,028	(54,972)
Other	600,000	600,000	-	(600,000)
Total revenues	<u>1,105,000</u>	<u>1,105,000</u>	<u>2,360,652</u>	<u>1,255,652</u>
EXPENDITURES:				
Current:				
Community development	528,430	13,598,156	4,897,961	8,700,195
Capital outlay	600,000	600,000	600,797	(797)
Total expenditures	<u>1,128,430</u>	<u>14,198,156</u>	<u>5,498,758</u>	<u>8,699,398</u>
Net change in fund balances	<u>\$ (23,430)</u>	<u>\$ (13,093,156)</u>	<u>(3,138,106)</u>	<u>\$ 9,955,050</u>
FUND BALANCES:				
Beginning of year			<u>17,156,814</u>	
End of year			<u>\$ 14,018,708</u>	

City of Pleasanton
Required Supplementary Information, Continued
For the year ended June 30, 2016

3. OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULE OF FUNDING PROGRESS,

Schedule of Funding Progress
Other Postemployment Benefits⁽¹⁾

Non-Fire						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (B)	Overfunded (Underfunded) Actuarial Liability (A – B)	Funded Ratio (A/B)	Covered Payroll (C)	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A – B)/C]
6/30/2011	\$ 10,109,000	\$ 74,712,000	\$ 64,603,000	13.5%	\$ 38,985,000	165.7%
6/30/2013	19,361,000	74,631,000	55,270,000	25.9%	40,252,000	137.3%
6/30/2015	33,015,000	77,076,000	(44,061,000)	42.8%	34,414,000	128.0%

Fire⁽²⁾						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (B)	Overfunded (Underfunded) Actuarial Liability (A – B)	Funded Ratio (A/B)	Covered Payroll (C)	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A – B)/C]
6/30/2011	\$ 4,708,000	\$ 30,857,000	\$ 26,149,000	15.3%	\$ 16,582,000	157.7%
6/30/2013	8,696,000	32,064,000	23,368,000	27.1%	17,121,000	136.5%
6/30/2015	13,294,000	31,195,000	(17,901,000)	42.6%	15,019,000	119.2%

(1) The actuarial valuations are performed biennially.

(2) Includes City of Livermore's portion of obligation, which is approximately 50%.

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City of Pleasanton
Required Supplementary Information, Continued
For the year ended June 30, 2016

4. SCHEDULES OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS – AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN

Miscellaneous Plan
As of June 30, 2016
Last 10 Years *

Measurement Date	6/30/2014	6/30/2015
Total Pension Liability		
Service Cost	\$ 4,784,381	\$ 4,620,237
Interest on total pension liability	16,162,509	16,848,783
Changes of benefit terms	-	-
Changes of assumptions	-	(4,043,655)
Differences between expected and actual experience	-	(1,853,569)
Benefit payments, including refunds of employee contributions	(9,911,617)	(10,532,758)
Net change in total pension liability	11,035,273	5,039,038
Total pension liability - beginning	218,063,744	229,099,017
Total pension liability - ending (a)	\$ 229,099,017	\$ 234,138,055
Plan fiduciary net position		
Contributions - employer	\$ 6,912,621	\$ 12,476,826
Contributions - employee	1,956,863	1,936,755
Net investment income	23,466,228	3,697,901
Other miscellaneous income	-	-
Benefit payments, including refunds of employee contributions	(9,911,617)	(10,532,758)
Plan to plan resource movement	-	47
Administrative expense	-	(185,591)
Net change in plan fiduciary net position	22,424,095	7,393,180
Plan fiduciary net position - beginning	135,058,277	157,482,372
Plan fiduciary net position - ending (b)	\$ 157,482,372	\$ 164,875,552
Net pension liability - ending (a)-(b)	\$ 71,616,645	\$ 69,262,503
Plan fiduciary net position as a percentage of the total pension liability	68.74%	70.42%
Covered payroll	\$ 24,742,104	\$ 25,009,403
Net pension liability as percentage of covered payroll	289.45%	276.95%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the actuarial valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 measurement date.

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

City of Pleasanton
Required Supplementary Information, Continued
For the year ended June 30, 2016

4. SCHEDULES OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS – AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN, (Continued)

Safety (Fire) Plan
As of June 30, 2016
Last 10 Years *

Measurement Date	6/30/2014	6/30/2015
Total Pension Liability		
Service Cost	\$ 3,647,581	\$ 3,440,756
Interest on total pension liability	13,303,540	13,761,314
Changes of benefit terms	-	-
Changes of assumptions	-	(3,164,073)
Differences between expected and actual experience	-	(1,720,368)
Benefit payments, including refunds of employee contributions	(9,192,267)	(9,722,438)
Net change in total pension liability	7,758,854	2,595,191
Total pension liability - beginning	180,152,886	187,911,740
Total pension liability - ending (a)	\$ 187,911,740	\$ 190,506,931
Plan fiduciary net position		
Contributions - employer	\$ 4,539,230	\$ 4,930,309
Contributions - employee	1,168,645	1,221,550
Net investment income	19,743,524	2,855,434
Other miscellaneous income	-	-
Benefit payments, including refunds of employee contributions	(9,192,267)	(9,722,438)
Plan to plan resource movement	-	(285)
Administrative expense	-	(146,155)
Net change in plan fiduciary net position	16,259,132	(861,585)
Plan fiduciary net position - beginning	114,471,993	130,731,125
Plan fiduciary net position - ending (b)	\$ 130,731,125	\$ 129,869,540
Net pension liability - ending (a)-(b)	\$ 57,180,615	\$ 60,637,391
Less: City of Livermore's Share of net pension liability	(28,590,307)	(30,318,695)
City of Pleasanton's Share of net pension liability	\$ 28,590,308	\$ 30,318,696
Plan fiduciary net position as a percentage of the total pension liability	69.57%	68.17%
Covered payroll	\$ 13,543,667	\$ 13,131,650
Net pension liability as percentage of covered payroll	422.19%	461.77%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the actuarial valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 measurement date.

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

City of Pleasanton
Required Supplementary Information, Continued
For the year ended June 30, 2016

**5. SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY COST-SHARING
MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN**

Measurement Date	Safety (Police) Plan	
	As of June 30, 2016	
	Last 10 Years *	
	<u>6/30/2014</u>	<u>6/30/2015</u>
Safety (Police) - Tier 1		
Plan's proportion of the Net Pension Liability (Asset)	0.62063%	0.55422%
Plan's proportion share of the Net Pension Liability (Asset)		
(Asset)	<u>\$23,279,722</u>	<u>\$22,836,410</u>
Plan's Covered Payroll	<u>\$7,810,882</u>	<u>\$7,552,757</u>
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	298.04%	302.36%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	0.57568%	0.57657%
Safety (Police) - Tier 2		
Plan's proportion of the Net Pension Liability (Asset)	0.00004%	(0.00013%)
Plan's proportion share of the Net Pension Liability		
(Asset)	<u>\$1,521</u>	<u>(\$5,221)</u>
Plan's Covered Payroll	<u>\$0</u>	<u>\$11,468</u>
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	100.00%	(45.53%)
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	0.00004%	0.00073%
Safety - Total		
Plan's proportion of the Net Pension Liability (Asset)	0.62067%	0.5540953%
Plan's proportion share of the Net Pension Liability		
(Asset)	<u>\$23,281,243</u>	<u>\$22,831,189</u>
Plan's Covered Payroll	<u>\$7,810,882</u>	<u>\$7,564,225</u>
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	298.06%	301.83%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	0.57572%	0.57730%

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

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City of Pleasanton
Required Supplementary Information, Continued
For the year ended June 30, 2016

6. SCHEDULES OF CONTRIBUTIONS

Miscellaneous Plan
Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Years *

Fiscal Year Ended June 30	2015	2016
Actuarially determined contribution	\$ 6,476,826	\$ 7,326,646
Contributions in relation to the actuarially determined contributions	(12,476,826)	(7,326,646)
Contribution deficiency (excess)	\$ (6,000,000)	\$ -
 Covered payroll	 \$ 25,009,403	 \$ 24,034,312
 Contributions as a percentage of covered payroll	 49.89%	 30.48%

Notes to Schedule

Valuation date: 6/30/2012 6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	13 years as of the Valuation Date
Asset valuation method	15-year smoothed market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on Age, Service, and type of employment
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries

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

City of Pleasanton
Required Supplementary Information, Continued
For the year ended June 30, 2016

6. SCHEDULES OF CONTRIBUTIONS, Continued

Safety (Fire) Plan
Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Years *

Fiscal Year Ended June 30	2015	2016
Actuarially determined contribution	\$ 4,880,354	\$ 5,390,058
Contributions in relation to the actuarially determined contributions (City of Livermore's Share)	(2,440,177)	(2,695,029)
Contributions in relation to the actuarially determined contributions (City of Pleasanton's Share)	(2,440,177)	(2,695,029)
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 13,131,650	\$ 12,129,974
Contributions as a percentage of covered payroll	18.58%	22.22%
Notes to Schedule		
Valuation date:	6/30/2012	6/30/2013
Methods and assumptions used to determine contribution rates:		
Actuarial cost method	Entry age	
Amortization method	Level percentage of payroll	
Remaining amortization period	13 years as of the Valuation Date	
Asset valuation method	15-year smoothed market	
Inflation	2.75%	
Salary increases	3.30% to 14.20% depending on Age, Service, and type of employment	
Investment rate of return	7.50%, net of pension plan investment expense, including inflation	
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007	
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries	

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

City of Pleasanton
Required Supplementary Information, Continued
For the year ended June 30, 2016

6. SCHEDULES OF CONTRIBUTIONS, Continued

Safety (Police) Plans
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Last 10 Years *

Fiscal Year Ended June 30	2015	2016
Safety - Tier 1		
Actuarially determined contribution	\$2,446,129	\$1,438,180
Contributions in relation to the actuarially determined contributions	(6,946,129)	(3,028,880)
Contribution deficiency (excess)	\$ (4,500,000)	\$ (1,590,700)
Covered payroll	\$ 7,552,757	\$ 7,477,830
Contributions as a percentage of covered payroll	91.97%	40.50%
Safety - Tier 2		
Actuarially determined contribution	\$192,226	\$161,243
Contributions in relation to the actuarially determined contributions	(192,226)	(161,243)
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 11,468	\$ 47,521
Contributions as a percentage of covered payroll	1676.19%	339.31%
Safety - Total		
Actuarially determined contribution	\$ 2,638,355	\$ 1,599,423
Contributions in relation to the actuarially determined contributions	(7,138,355)	(3,190,123)
Contribution deficiency (excess)	\$ (4,500,000)	\$ (1,590,700)
Covered payroll	\$ 7,564,225	\$ 7,525,351
Contributions as a percentage of covered payroll	94.37%	42.39%

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

SUPPLEMENTARY INFORMATION

City of Pleasanton
Budgetary Comparison Schedule
Major Capital Project Fund
Park Capital Improvement Program Fund
For the year ended June 30, 2016

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$ 30,000	\$ 30,000	\$ 86,148	\$ 56,148
Other revenues	-	-	4,816	4,816
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>90,964</u>	<u>60,964</u>
EXPENDITURES:				
Capital outlay	<u>12,766,939</u>	<u>12,766,939</u>	<u>8,820,667</u>	<u>3,946,272</u>
Total expenditures	<u>12,766,939</u>	<u>12,766,939</u>	<u>8,820,667</u>	<u>3,946,272</u>
Net change in fund balances	<u>\$ (12,736,939)</u>	<u>\$ (12,736,939)</u>	(8,729,703)	<u>\$ 4,007,236</u>
FUND BALANCES:				
Beginning of year			<u>10,710,262</u>	
End of year			<u>\$ 1,980,559</u>	

**City of Pleasanton
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016**

	Special Revenue Funds	Capital Project Funds	Total
ASSETS			
Cash and investments	\$ 11,965,200	\$ 52,528,309	\$ 64,493,509
Receivables:			
Accounts	642,867	77,087	719,954
Grants	1,468,318	-	1,468,318
Interest	256,182	89,429	345,611
Notes receivable	2,312,851	142,670	2,455,521
Total assets	<u>\$ 16,645,418</u>	<u>\$ 52,837,495</u>	<u>\$ 69,482,913</u>
LIABILITIES			
Accounts payable	\$ 889,070	\$ 1,803,629	\$ 2,692,699
Payroll payable	2,526	-	2,526
Due to other funds	1,977,229	-	1,977,229
Unearned revenue	23,425	-	23,425
Total liabilities	<u>2,892,250</u>	<u>1,803,629</u>	<u>4,695,879</u>
DEFERRED INFLOWS OF RESOURCES	<u>2,547,091</u>	<u>142,670</u>	<u>2,689,761</u>
FUND BALANCES			
Restricted	11,212,111	35,798,753	47,010,864
Assigned	515,359	15,092,443	15,607,802
Unassigned	(521,393)	-	(521,393)
Total fund balances	<u>11,206,077</u>	<u>\$50,891,196</u>	<u>62,097,273</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,645,418</u>	<u>\$ 52,837,495</u>	<u>\$ 69,482,913</u>

City of Pleasanton

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the year ended June 30, 2016

	Special Revenue Funds	Capital Project Funds	Total
REVENUES:			
Special assessments	\$ 206,219	\$ -	\$ 206,219
Use of money and property	118,606	486,995	605,601
Intergovernmental	5,346,127	-	5,346,127
Charges for service	244,260	-	244,260
Development fees	82,520	5,941,213	6,023,733
Reimbursements	94,352	174,836	269,188
Contributions and donations	467,107	378,783	845,890
Other revenues	271,251	109,947	381,198
Total revenues	<u>6,830,442</u>	<u>7,091,774</u>	<u>13,922,216</u>
EXPENDITURES:			
Current:			
Public safety	172,301	-	172,301
Community development	1,471,235	-	1,471,235
Operations services	484,448	57,633	542,081
Community activities	169,503	-	169,503
Capital outlay	5,451,401	6,146,600	11,598,001
Debt service:			
Principal	-	1,201,513	1,201,513
Interest	-	22,828	22,828
Total expenditures	<u>7,748,888</u>	<u>7,428,574</u>	<u>15,177,462</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(918,446)</u>	<u>(336,800)</u>	<u>(1,255,246)</u>
OTHER FINANCING SOURCES (USES):			
Loan proceeds	950,000	248,962	1,198,962
Transfers in	372,271	8,368,218	8,740,489
Transfers out	(81,536)	(1,747,271)	(1,828,807)
Total other financing sources (uses)	<u>1,240,735</u>	<u>6,869,909</u>	<u>8,110,644</u>
Net change in fund balances	322,289	6,533,109	6,855,398
FUND BALANCES:			
Beginning of year	10,883,788	44,358,087	55,241,875
End of year	<u>\$ 11,206,077</u>	<u>\$ 50,891,196</u>	<u>\$ 62,097,273</u>

NON-MAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

D.A.R.E Trust

The Drug Abuse Resistance Education (D.A.R.E) fund accounts for private donations made to specifically enhance the City's D.A.R.E program.

Asset Forfeiture

This fund accounts for the proceeds from assets forfeited as a result of investigations of criminal offenses, generally narcotics related. In accordance with the Health and Safety Code section 11489, the funds must be used for law enforcement and prosecution efforts.

Central Business District (CBD) Parking In-Lieu

This fund accounts for fees collected from developers in the downtown area in lieu of providing required parking. The City will use this money to build downtown parking structures in the future.

Resource Management

This fund accounts for Measure D revenues from Alameda County as well as other mitigation revenues. The City has developed a variety of recycling programs in accordance with state and county requirements.

Miscellaneous Donations

This fund is used to account for donations made to the City for equipment or to enhance services in accordance with the donor's requests.

Landscape and Lighting Districts

Residents of five different subdivisions (Ponderosa 84-1, Windsor 93-1, Bond 93-2, Moller 95-1 and Oak Tree Farms 94-1) participate in landscape maintenance districts that pay to maintain and repair designated landscaped and open space areas. It is administered by the City but paid for by the homeowners through annual assessments placed on their property tax bills.

Geologic Hazard Assessment Districts (GHADs)

Residents of four different subdivisions (Lemoine, Laurel Creek, Moller and Oak Tree Farm) participate in assessment districts that will pay for any landslide repairs and related geologic work. It is administered by the City but paid for by the homeowners through annual assessments placed on their property tax bills.

Measure B Transportation Improvements

This fund accounts for moneys received from voter-approved Measure B which is to be used for street construction, repair and maintenance and for bicycle and pedestrian safety projects.

Gas Tax

The City receives its share of gas tax from the State and uses the funds to construct, reconstruct and maintain streets throughout the City as designated in the annual capital improvement program.

NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)

H.O.M.E Program

The Housing Opportunities Made Easy program is funded through a federal grant from the U.S. Department of Housing and Urban Development. The City receives its annual formula allocation and the funds must be used for housing projects that benefit lower income persons.

Abandoned Vehicle

The City receives funds from a vehicle registration surcharge for abatement of abandoned vehicles. The funds are used to cover the costs associated with the handling of abandoned vehicles.

Urban Forestry Program

This fund was created to promote conservation and public education in regard to Pleasanton's street trees, park trees and trees on private property. Revenue sources include donations and fines assessed for damaging heritage trees.

Library Trust Fund

This fund was established in 2000-01 to account for donations made to the library. Funds will be expended for equipment and enhanced services in accordance with donor's requests.

Miscellaneous Grants

This fund includes various grant revenues received for the Used Oil program, AB3229 revenues for front line law enforcement expenditures, and Federal Block Grants for law enforcement programs.

HBPOA Maintenance District

This fund receives revenue from the Hacienda Business Park Owners Association to maintain the traffic signals within their business park. The City administers the maintenance contracts.

Community Development Block Grant

The Community Development Block Grant (CDBG) program is funded through a federal grant from the U.S. Department of Housing and Urban Development. CDBG funds must be used for projects and activities that benefit at least 70 percent lower income persons. Eligible projects include capital improvements, housing rehabilitation, public services, and economic development activities.

Traffic Grants

This fund receives grants from State and Federal agencies for various traffic related projects.

Downtown Economic Loan

This fund was established in 1995-96 to provide design and other assistance to downtown merchants to improve their facades. Proposed expenditures in the future will be loans to merchants.

NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Federal ISTEA Program

This fund accounts for grant revenues from the Federal Intermodal Surface Transportation Efficiency Act (ISTEA).

Community Access Television

Under City Ordinance No. 2013, Section 6.54.060 of the Pleasanton Municipal Code, the City collects one percent (1%) of gross revenues from Cable Operators to support PEG (public, educational and governmental) channel facilities. This fund accounts for collection of PEG revenues and the capital expenditures related to PEG channel facilities.

Marilyn Murphy Kane Trail Reserve

This fund accounts for the unspent portion of a donation received for the construction of the Marilyn Murphy Kane Trail. The remaining funds will be spent on design and construction services to install additional trees along the Marilyn Murphy Kane Trail on the City's Bernal property.

Specific Plan Funds

Under Government Code Section 65450-65457, the City has established specific plans to develop policies, programs, and regulations for implementing its general plan in site-specific areas. Fees collected under these plans for the construction of infrastructure in these specific areas of the City are accounted for in this fund. This fund currently consists of the Happy Valley Specific Plan, the Vineyard Avenue Corridor Specific Plan and the Stoneridge Drive Specific Plan.

Vehicle Registration Fees

This fund accounts for monies received from voter approved Measure F which is to be used for repair and maintenance of local streets and roads and the improvement of traffic flow, public transportation, and bicyclist, pedestrian and driver safety.

Measure BB Transportation Improvements

This fund accounts for moneys received from voter-approved Measure BB which is to be used for transportation priorities that includes streets and roads improvements, bicycle/pedestrian enhancements, and transit related projects.

**City of Pleasanton
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2016**

	D.A.R.E. Trust	Asset Forfeiture	CBD Parking In-Lieu	Resource Management	Miscellaneous Donations
ASSETS					
Cash and investments	\$ 20,703	\$ 87,936	\$ 487,926	\$ 776,233	\$ 495,155
Receivables:					
Accounts	-	-	-	48,432	-
Grants	-	-	-	-	-
Interest	40	113	226	1,491	168
Notes receivable	-	-	43,500	-	-
Total assets	<u>\$ 20,743</u>	<u>\$ 88,049</u>	<u>\$ 531,652</u>	<u>\$ 826,156</u>	<u>\$ 495,323</u>
LIABILITIES					
Accounts payable	\$ 3,500	\$ -	\$ -	\$ 30,677	\$ 1,218
Payroll payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>30,677</u>	<u>1,218</u>
DEFERRED INFLOWS OF RESOURCES					
Resources related to loans	-	-	43,500	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>43,500</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	17,243	88,049	-	795,479	494,105
Assigned	-	-	488,152	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>17,243</u>	<u>88,049</u>	<u>488,152</u>	<u>795,479</u>	<u>494,105</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,743</u>	<u>\$ 88,049</u>	<u>\$ 531,652</u>	<u>\$ 826,156</u>	<u>\$ 495,323</u>

Landscape and Lighting Districts	Geologic Hazard Assessment Districts	Measure B Transportation Improvements	Gas Tax	H.O.M.E. Program	Abandoned Vehicle	Urban Forestry Program
\$ 479,893	\$ 1,024,579	\$ 859,819	\$ 3,724,876	\$ -	\$ 252,612	\$ 28,361
790	911	162,482	116,908	-	-	-
-	-	-	-	59,060	-	-
937	2,015	2,652	6,188	56,467	546	78
-	-	-	-	1,719,371	-	-
<u>\$ 481,620</u>	<u>\$ 1,027,505</u>	<u>\$ 1,024,953</u>	<u>\$ 3,847,972</u>	<u>\$ 1,834,898</u>	<u>\$ 253,158</u>	<u>\$ 28,439</u>
\$ 70,783	\$ -	\$ 328,790	\$ 244,306	\$ -	\$ -	\$ 4,375
-	-	-	-	225	-	-
-	-	-	-	58,835	-	-
-	-	-	-	-	-	-
<u>70,783</u>	<u>-</u>	<u>328,790</u>	<u>244,306</u>	<u>59,060</u>	<u>-</u>	<u>4,375</u>
-	-	-	-	1,775,838	-	-
-	-	-	-	1,775,838	-	-
410,837	1,027,505	696,163	3,603,666	-	253,158	24,064
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>410,837</u>	<u>1,027,505</u>	<u>696,163</u>	<u>3,603,666</u>	<u>-</u>	<u>253,158</u>	<u>24,064</u>
<u>\$ 481,620</u>	<u>\$ 1,027,505</u>	<u>\$ 1,024,953</u>	<u>\$ 3,847,972</u>	<u>\$ 1,834,898</u>	<u>\$ 253,158</u>	<u>\$ 28,439</u>

(Continued)

**City of Pleasanton
Combining Balance Sheet
Non-Major Special Revenue Funds, Continued
June 30, 2016**

	Library Trust Fund	Miscellaneous Grants	HBPOA Maintenance District	Community Development Block Grant	Traffic Grants
ASSETS					
Cash and investments	\$ 59,099	\$ -	\$ -	\$ -	\$ -
Receivables:					
Accounts	-	12,000	30,622	-	-
Grants	-	708,288	-	58,970	275,000
Interest	-	375	-	177,773	-
Notes receivable	-	-	-	549,980	-
Total assets	<u>\$ 59,099</u>	<u>\$ 720,663</u>	<u>\$ 30,622</u>	<u>\$ 786,723</u>	<u>\$ 275,000</u>
LIABILITIES					
Accounts payable	\$ -	\$ 22,180	\$ 4,984	\$ 2,364	\$ -
Payroll Payable	-	-	-	2,301	-
Due to other funds	-	1,196,451	25,638	54,305	275,000
Unearned revenue	-	23,425	-	-	-
Total liabilities	<u>-</u>	<u>1,242,056</u>	<u>30,622</u>	<u>58,970</u>	<u>275,000</u>
DEFERRED INFLOWS OF RESOURCES					
Resources related to loans	-	-	-	727,753	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>727,753</u>	<u>-</u>
FUND BALANCES					
Restricted	59,099	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	(521,393)	-	-	-
Total fund balances	<u>59,099</u>	<u>(521,393)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 59,099</u>	<u>\$ 720,663</u>	<u>\$ 30,622</u>	<u>\$ 786,723</u>	<u>\$ 275,000</u>

Downtown Economic Loan	Federal ISTE Program	Community Access Television	Marilyn Murphy Kane Trail Reserve	Specific Plan Funds	Vehicle Registration Fees	Measure BB Transportation Improvements	Total
\$ 27,154	\$ -	\$ 835,885	\$ 107,552	1,418,831	\$ 328,257	\$ 950,329	\$ 11,965,200
-	-	63,901	-	-	66,580	140,241	642,867
-	367,000	-	-	-	-	-	1,468,318
53	-	1,592	210	2,916	835	1,507	256,182
-	-	-	-	-	-	-	2,312,851
<u>\$ 27,207</u>	<u>\$ 367,000</u>	<u>\$ 901,378</u>	<u>\$ 107,762</u>	<u>\$ 1,421,747</u>	<u>\$ 395,672</u>	<u>\$ 1,092,077</u>	<u>\$ 16,645,418</u>
\$ -	\$ -	\$ 158	\$ -	\$ -	\$ -	\$ 175,735	\$ 889,070
-	-	-	-	-	-	-	2,526
-	367,000	-	-	-	-	-	1,977,229
-	-	-	-	-	-	-	23,425
-	<u>367,000</u>	<u>158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,735</u>	<u>2,892,250</u>
-	-	-	-	-	-	-	2,547,091
-	-	-	-	-	-	-	2,547,091
-	-	901,220	107,762	1,421,747	395,672	916,342	11,212,111
27,207	-	-	-	-	-	-	515,359
-	-	-	-	-	-	-	(521,393)
<u>27,207</u>	<u>-</u>	<u>901,220</u>	<u>107,762</u>	<u>1,421,747</u>	<u>395,672</u>	<u>916,342</u>	<u>11,206,077</u>
<u>\$ 27,207</u>	<u>\$ 367,000</u>	<u>\$ 901,378</u>	<u>\$ 107,762</u>	<u>\$ 1,421,747</u>	<u>\$ 395,672</u>	<u>\$ 1,092,077</u>	<u>\$ 16,645,418</u>

City of Pleasanton
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the year ended June 30, 2016

	D.A.R.E. Trust	Asset Forfeiture	CBD Parking In-Lieu	Resource Management	Miscellaneous Donations
REVENUES:					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	232	534	1,229	8,181	2,801
Intergovernmental	-	76,407	-	-	-
Charges for service	-	-	-	212,352	-
Reimbursements	-	-	-	-	-
Contributions and donations	1,700	-	-	-	447,927
Development fees	-	-	14,500	-	-
Other	-	-	-	-	-
Total revenues	1,932	76,941	15,729	220,533	450,728
EXPENDITURES:					
Current:					
Public safety	9,424	31,021	-	-	-
Community development	-	-	-	-	-
Operations services	-	-	-	195,555	6,346
Community activities	-	-	-	-	68,652
Capital outlay	-	-	-	557	17,870
Total expenditures	9,424	31,021	-	196,112	92,868
REVENUES OVER (UNDER) EXPENDITURES	(7,492)	45,920	15,729	24,421	357,860
OTHER FINANCING SOURCES (USES):					
Loan proceeds	-	-	-	-	-
Transfers in	-	-	372,271	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	372,271	-	-
Net change in fund balances	(7,492)	45,920	388,000	24,421	357,860
FUND BALANCES:					
Beginning of year	24,735	42,129	100,152	771,058	136,245
End of year	<u>\$ 17,243</u>	<u>\$ 88,049</u>	<u>\$ 488,152</u>	<u>\$ 795,479</u>	<u>\$ 494,105</u>

Landscape and Lighting Districts	Geologic Hazard Assessment Districts	Measure B Transportation Improvements	Gas Tax	H.O.M.E. Program	Abandoned Vehicle	Urban Forestry Program
\$ 130,831	\$ 75,388	\$ -	\$ -	\$ -	\$ -	\$ -
4,913	10,908	13,548	33,933	-	2,964	494
-	-	1,033,348	1,552,487	232,151	-	-
-	-	-	-	-	31,908	-
-	-	-	-	-	-	-
-	-	-	-	-	-	14,480
-	-	-	-	-	-	-
11,560	1,195	-	-	-	-	-
<u>147,304</u>	<u>87,491</u>	<u>1,046,896</u>	<u>1,586,420</u>	<u>232,151</u>	<u>34,872</u>	<u>14,974</u>
-	-	-	-	-	31,908	-
-	17,143	-	7,500	232,151	-	-
155,547	-	-	-	-	-	32,648
-	-	-	-	-	-	-
-	-	1,881,510	2,428,325	-	-	-
<u>155,547</u>	<u>17,143</u>	<u>1,881,510</u>	<u>2,435,825</u>	<u>232,151</u>	<u>31,908</u>	<u>32,648</u>
(8,243)	70,348	(834,614)	(849,405)	-	2,964	(17,674)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(7,500)
-	-	-	-	-	-	(7,500)
<u>(8,243)</u>	<u>70,348</u>	<u>(834,614)</u>	<u>(849,405)</u>	<u>-</u>	<u>2,964</u>	<u>(25,174)</u>
419,080	957,157	1,530,777	4,453,071	-	250,194	49,238
<u>\$ 410,837</u>	<u>\$ 1,027,505</u>	<u>\$ 696,163</u>	<u>\$ 3,603,666</u>	<u>\$ -</u>	<u>\$ 253,158</u>	<u>\$ 24,064</u>

(Continued)

City of Pleasanton
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds, Continued
For the year ended June 30, 2016

	Library Trust Fund	Miscellaneous Grants	HBPOA Maintenance District	Community Development Block Grant	Traffic Grants
REVENUES:					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	522	2,097	-	-	-
Intergovernmental	-	914,021	-	261,619	-
Charges for service	-	-	-	-	-
Reimbursements	-	-	94,352	-	-
Contributions and donations	3,000	-	-	-	-
Development fees	-	-	-	-	-
Other	-	-	-	2,822	-
Total revenues	3,522	916,118	94,352	264,441	-
EXPENDITURES:					
Current:					
Public safety	-	99,948	-	-	-
Community development	-	-	-	1,214,441	-
Operations services	-	-	94,352	-	-
Community activities	-	61,658	-	-	-
Capital outlay	-	814,982	-	-	-
Total expenditures	-	976,588	94,352	1,214,441	-
REVENUES OVER (UNDER) EXPENDITURES	3,522	(60,470)	-	(950,000)	-
OTHER FINANCING SOURCES (USES):					
Loan proceeds	-	-	-	950,000	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	950,000	-
Net change in fund balances	3,522	(60,470)	-	-	-
FUND BALANCES:					
Beginning of year	55,577	(460,923)	-	-	-
End of year	\$ 59,099	\$ (521,393)	\$ -	\$ -	\$ -

Downtown Economic Loan	Federal ISTEA Program	Community Access Television	Marilyn Murphy Kane Trail Reserve	Specific Plan Funds	Vehicle Registration Fees	Measure BB Transportation Improvements	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 206,219
294	-	8,374	1,162	16,407	3,421	6,592	118,606
-	-	-	-	-	366,344	909,750	5,346,127
-	-	-	-	-	-	-	244,260
-	-	-	-	-	-	-	94,352
-	-	-	-	-	-	-	467,107
-	-	-	-	68,020	-	-	82,520
-	-	255,674	-	-	-	-	271,251
294	-	264,048	1,162	84,427	369,765	916,342	6,830,442
-	-	-	-	-	-	-	172,301
-	-	-	-	-	-	-	1,471,235
-	-	-	-	-	-	-	484,448
-	-	39,193	-	-	-	-	169,503
-	-	-	-	-	132,422	175,735	5,451,401
-	-	39,193	-	-	132,422	175,735	7,748,888
294	-	224,855	1,162	84,427	237,343	740,607	(918,446)
-	-	-	-	-	-	-	950,000
-	-	-	-	-	-	-	372,271
-	-	-	-	(74,036)	-	-	(81,536)
-	-	-	-	(74,036)	-	-	-
-	-	-	-	(74,036)	-	-	1,240,735
294	-	224,855	1,162	10,391	237,343	740,607	322,289
26,913	-	676,365	106,600	1,411,356	158,329	175,735	10,883,788
\$ 27,207	\$ -	\$ 901,220	\$ 107,762	\$ 1,421,747	\$ 395,672	\$ 916,342	\$ 11,206,077

City of Pleasanton
Combining Budgetary Comparison Schedules
Non-Major Special Revenue Funds
For the year ended June 30, 2016

	SPECIAL REVENUE					
	D.A.R.E. Trust			Asset Forfeiture		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	200	232	32	100	534	434
Intergovernmental	-	-	-	-	6,543	6,543
Charges for service	-	-	-	-	-	-
Development fees	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-
Contributions and donations	1,700	1,700	-	-	-	-
Other revenues	-	-	-	42,900	69,864	26,964
Total revenues	<u>1,900</u>	<u>1,932</u>	<u>32</u>	<u>43,000</u>	<u>76,941</u>	<u>33,941</u>
EXPENDITURES:						
Current:						
Public safety	-	9,424	(9,424)	-	-	-
Community development	-	-	-	-	-	-
Operations services	-	-	-	41,600	31,021	10,579
Community activities	10,000	-	10,000	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>10,000</u>	<u>9,424</u>	<u>576</u>	<u>41,600</u>	<u>31,021</u>	<u>10,579</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(8,100)</u>	<u>(7,492)</u>	<u>608</u>	<u>1,400</u>	<u>45,920</u>	<u>44,520</u>
OTHER FINANCING SOURCES (USES):						
Loan proceeds	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (8,100)</u>	<u>(7,492)</u>	<u>\$ 608</u>	<u>\$ 1,400</u>	<u>45,920</u>	<u>\$ 44,520</u>
FUND BALANCES:						
Beginning of year		<u>24,735</u>			<u>42,129</u>	
End of year		<u>\$ 17,243</u>			<u>\$ 88,049</u>	

SPECIAL REVENUE

CBD Parking In-Lieu			Resource Management			Miscellaneous Donations		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	1,229	1,229	1,229	2,000	771	900	2,801	1,901
-	-	-	-	-	-	-	-	-
-	-	-	-	19,443	19,443	-	-	-
14,500	14,500	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	198,850	447,927	249,077
-	-	-	200,000	192,909	(7,091)	-	-	-
14,500	15,729	1,229	201,229	214,352	13,123	199,750	450,728	250,978
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	290,000	195,555	94,445	6,500	6,346	154
-	-	-	-	-	-	129,100	68,652	60,448
-	-	-	-	557	(557)	40,000	17,870	22,130
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	290,000	196,112	93,888	175,600	92,868	82,732
14,500	15,729	1,229	(88,771)	18,240	107,011	24,150	357,860	333,710
-	-	-	-	-	-	-	-	-
-	372,271	372,271	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	372,271	372,271	-	-	-	-	-	-
<u>\$ 14,500</u>	<u>388,000</u>	<u>\$ 373,500</u>	<u>\$ (88,771)</u>	<u>18,240</u>	<u>\$ 107,011</u>	<u>\$ 24,150</u>	<u>357,860</u>	<u>\$ 333,710</u>
	<u>100,152</u>			<u>771,058</u>			<u>136,245</u>	
	<u>\$ 488,152</u>			<u>\$ 789,298</u>			<u>\$ 494,105</u>	

(Continued)

City of Pleasanton
Combining Budgetary Comparison Schedules
Non-Major Special Revenue Funds
For the year ended June 30, 2016

	SPECIAL REVENUE					
	Landscape and Lighting Districts			Geologic Hazard Assessment Districts		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Special assessments	\$ 129,947	\$ 130,831	\$ 884	\$ 76,471	\$ 75,388	\$ (1,083)
Use of money and property	2,600	4,913	2,313	6,800	10,908	4,108
Intergovernmental	-	-	-	-	-	-
Charges for service	-	-	-	-	-	-
Development fees	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-
Other revenues	11,559	11,560	1	1,193	1,195	2
Total revenues	<u>14,159</u>	<u>16,473</u>	<u>2,314</u>	<u>7,993</u>	<u>12,103</u>	<u>4,110</u>
EXPENDITURES:						
Current:						
Public safety	-	-	-	-	-	-
Community development	-	-	-	67,743	17,143	50,600
Operations services	164,320	155,547	8,773	-	-	-
Community activities	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>164,320</u>	<u>155,547</u>	<u>8,773</u>	<u>67,743</u>	<u>17,143</u>	<u>50,600</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(150,161)</u>	<u>(139,074)</u>	<u>11,087</u>	<u>(59,750)</u>	<u>(5,040)</u>	<u>54,710</u>
OTHER FINANCING SOURCES (USES):						
Loan proceeds	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (150,161)</u>	<u>(139,074)</u>	<u>\$ 11,087</u>	<u>\$ (59,750)</u>	<u>(5,040)</u>	<u>\$ 54,710</u>
FUND BALANCES (DEFICITS):						
Beginning of year		<u>419,080</u>			<u>957,157</u>	
End of year		<u>\$ 280,006</u>			<u>\$ 952,117</u>	

SPECIAL REVENUE

Measure B Transportation Improvements			Gas Tax			H.O.M.E. Program		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12,000	13,548	1,548	19,000	33,933	14,933	-	-	-
1,044,165	1,033,348	(10,817)	1,546,660	1,552,487	5,827	1,552,487	529,500	(1,022,987)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,056,165	1,046,896	(9,269)	1,565,660	1,586,420	20,760	1,552,487	529,500	(1,022,987)
-	-	-	-	-	-	-	-	-
-	-	-	7,500	7,500	-	532,830	232,151	300,679
-	-	-	-	-	-	-	-	-
2,483,888	1,881,510	602,378	4,909,042	2,428,325	2,480,717	-	-	-
-	-	-	-	-	-	-	-	-
2,483,888	1,881,510	602,378	4,916,542	2,435,825	2,480,717	532,830	232,151	300,679
(1,427,723)	(834,614)	593,109	(3,350,882)	(849,405)	2,501,477	1,019,657	297,349	(722,308)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ (1,427,723)</u>	<u>(834,614)</u>	<u>\$ 593,109</u>	<u>\$ (3,350,882)</u>	<u>(849,405)</u>	<u>\$ 2,501,477</u>	<u>\$ 1,019,657</u>	<u>297,349</u>	<u>\$ (722,308)</u>
	<u>1,530,777</u>			<u>4,453,071</u>			<u>-</u>	
	<u>\$ 696,163</u>			<u>\$ 3,603,666</u>			<u>\$ 297,349</u>	

(Continued)

City of Pleasanton
Combining Budgetary Comparison Schedules
Non-Major Special Revenue Funds
For the year ended June 30, 2016

	SPECIAL REVENUE					
	Abandoned Vehicle			Urban Forestry Program		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	2,000	2,964	964	500	494	(6)
Intergovernmental	-	-	-	-	-	-
Charges for service	30,000	31,908	1,908	-	-	-
Development fees	-	-	-	-	-	-
Reimbursements	-	-	-	500	-	(500)
Contributions and donations	-	-	-	6,000	14,480	8,480
Other revenues	-	-	-	-	-	-
Total revenues	<u>32,000</u>	<u>34,872</u>	<u>2,872</u>	<u>7,000</u>	<u>14,974</u>	<u>7,974</u>
EXPENDITURES:						
Current:						
Public safety	30,000	31,908	(1,908)	-	-	-
Community development	-	-	-	-	-	-
Operations services	-	-	-	24,000	32,648	(8,648)
Community activities	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>30,000</u>	<u>31,908</u>	<u>(1,908)</u>	<u>24,000</u>	<u>32,648</u>	<u>(8,648)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,000</u>	<u>2,964</u>	<u>964</u>	<u>(17,000)</u>	<u>(17,674)</u>	<u>(674)</u>
OTHER FINANCING SOURCES (USES):						
Loan proceeds	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(7,500)	(7,500)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,500)</u>	<u>(7,500)</u>	<u>-</u>
Net change in fund balances	<u>\$ 2,000</u>	<u>2,964</u>	<u>\$ 964</u>	<u>\$ (24,500)</u>	<u>(25,174)</u>	<u>\$ (674)</u>
FUND BALANCES (DEFICITS):						
Beginning of year		<u>250,194</u>			<u>49,238</u>	
End of year		<u>\$ 253,158</u>			<u>\$ 24,064</u>	

SPECIAL REVENUE

Library Trust Fund			Miscellaneous Grants			HBPOA Maintenance District		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
300	522	222	1,000	2,097	1,097	-	-	-
-	-	-	1,940,050	914,021	(1,026,029)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,000	3,000	-	-	-	-	100,000	94,352	(5,648)
-	-	-	-	-	-	-	-	-
3,300	3,522	222	1,941,050	916,118	(1,024,932)	100,000	94,352	(5,648)
-	-	-	69,000	99,948	(30,948)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	100,000	94,352	5,648
-	-	-	750	61,658	(60,908)	-	-	-
3,000	-	3,000	2,791,748	814,982	1,976,766	-	-	-
-	-	-	-	-	-	-	-	-
3,000	-	3,000	2,861,498	976,588	1,884,910	100,000	94,352	5,648
300	3,522	3,222	(920,448)	(60,470)	859,978	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
\$ 300	3,522	\$ 3,222	\$ (920,448)	(60,470)	\$ 859,978	\$ -	-	\$ -
	55,577			(460,923)			-	
	\$ 59,099			\$ (521,393)			\$ -	

(Continued)

City of Pleasanton
Combining Budgetary Comparison Schedules
Non-Major Special Revenue Funds
For the year ended June 30, 2016

	SPECIAL REVENUE					
	Community Development Block Grant			Traffic Grants		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	-	-	-	-
Intergovernmental	368,922	261,619	(107,303)	-	-	-
Charges for service	-	-	-	-	-	-
Development fees	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-
Other revenues	-	2,822	2,822	-	-	-
Total revenues	<u>368,922</u>	<u>264,441</u>	<u>(104,481)</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:						
Current:						
Public safety	-	-	-	-	-	-
Community development	1,347,751	1,214,441	133,310	-	-	-
Operations services	-	-	-	-	-	-
Community activities	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>1,347,751</u>	<u>1,214,441</u>	<u>133,310</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(978,829)</u>	<u>(950,000)</u>	<u>28,829</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):						
Loan proceeds	-	950,000	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>950,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (978,829)</u>	<u>-</u>	<u>\$ 28,829</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCES (DEFICITS):						
Beginning of year		-			-	
End of year		<u>\$ -</u>			<u>\$ -</u>	

SPECIAL REVENUE

Downtown Economic Loan			Federal ISTE A Program			Community Access Television		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
200	294	94	-	-	-	3,000	8,374	5,374
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	240,000	255,674	15,674
200	294	94	-	-	-	243,000	264,048	21,048
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	39,035	39,193	(158)
-	-	-	-	-	-	50,000	-	50,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	89,035	39,193	49,842
200	294	94	-	-	-	153,965	224,855	70,890
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 200</u>	<u>294</u>	<u>\$ 94</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 153,965</u>	<u>224,855</u>	<u>\$ 70,890</u>
	<u>26,913</u>			<u>-</u>			<u>676,365</u>	
	<u>\$ 27,207</u>			<u>\$ -</u>			<u>\$ 901,220</u>	

(Continued)

City of Pleasanton
Combining Budgetary Comparison Schedules
Non-Major Special Revenue Funds
For the year ended June 30, 2016

SPECIAL REVENUE						
	Marilyn Murphy Kane Trail Reserve			Specific Plan Funds		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	800	1,162	362	9,000	16,407	7,407
Intergovernmental	-	-	-	-	-	-
Charges for service	-	-	-	-	-	-
Development fees	-	-	-	-	68,020	68,020
Reimbursements	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
Total revenues	<u>800</u>	<u>1,162</u>	<u>362</u>	<u>9,000</u>	<u>84,427</u>	<u>75,427</u>
EXPENDITURES:						
Current:						
Public safety	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Operations services	-	-	-	-	-	-
Community activities	-	-	-	-	-	-
Capital outlay	88,600	-	88,600	672,734	-	672,734
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>88,600</u>	<u>-</u>	<u>88,600</u>	<u>672,734</u>	<u>-</u>	<u>672,734</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(87,800)</u>	<u>1,162</u>	<u>88,962</u>	<u>(663,734)</u>	<u>84,427</u>	<u>748,161</u>
OTHER FINANCING SOURCES (USES):						
Loan proceeds	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(74,036)	(74,036)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(74,036)</u>	<u>(74,036)</u>
Net change in fund balances	<u>\$ (87,800)</u>	<u>1,162</u>	<u>\$ 88,962</u>	<u>\$ (663,734)</u>	<u>10,391</u>	<u>\$ 674,125</u>
FUND BALANCES (DEFICITS):						
Beginning of year		<u>106,600</u>			<u>1,411,356</u>	
End of year		<u>\$ 107,762</u>			<u>\$ 1,421,747</u>	

SPECIAL REVENUE

Vehicle Registration fees			Measure BB Transportation Improvements		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,500	3,421	1,921	3,200	6,592	3,392
338,116	366,344	28,228	906,547	909,750	3,203
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>339,616</u>	<u>369,765</u>	<u>30,149</u>	<u>909,747</u>	<u>916,342</u>	<u>6,595</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
418,921	132,422	286,499	901,735	175,735	726,000
-	-	-	-	-	-
-	-	-	-	-	-
<u>418,921</u>	<u>132,422</u>	<u>286,499</u>	<u>901,735</u>	<u>175,735</u>	<u>726,000</u>
<u>(79,305)</u>	<u>237,343</u>	<u>316,648</u>	<u>8,012</u>	<u>740,607</u>	<u>732,595</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ (79,305)</u>	<u>237,343</u>	<u>\$ 316,648</u>	<u>\$ 8,012</u>	<u>740,607</u>	<u>\$ 732,595</u>
	<u>158,329</u>			<u>175,735</u>	
	<u>\$ 395,672</u>			<u>\$ 916,342</u>	

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NON-MAJOR CAPITAL PROJECTS FUNDS

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by Proprietary and Special Revenue Funds.

Miscellaneous Capital Improvement Programs

This fund receives contributions from the General Fund to be used for the purchase of equipment or the construction of facilities as adopted in the annual miscellaneous capital improvement program.

CIP for Downtown and North Pleasanton

This fund was set up in 2007-08 to account for the purchase of land and to construct parking facilities and other improvements in the Downtown Area and in North Pleasanton.

Public Facilities

This fund receives revenues from developers of properties. The moneys are used for the purchase of equipment or construction of facilities related to the new property development as adopted in the annual miscellaneous capital improvement program.

Park Development

This fund receives revenues from developers of properties and the funds may only be used for the design, development, and construction of new parks within the City.

Street Capital Improvement Program

This fund receives contributions from the General Fund to be used for the construction, reconstruction and maintenance of City streets as adopted in the annual streets capital improvement program.

Traffic Impact

This fund receives revenues from developers of commercial and residential properties. The funds may only be used for traffic/ street improvements.

Landscape Maintenance North Pleasanton Improvement District

This fund accounts for the portion of the N.P.I.D. #3 funds that have been designated for the temporary maintenance of freeway onramps landscape.

Traffic Impact - Bernal Property

This fund was set up in 2000-01. A percentage of the traffic impact fees collected from developers are deposited in this fund and used for the construction of the Bernal interchange.

Budgeted Developer Projects

This fund receives revenue from developers for specific capital improvement projects.

Assessment District Construction

This fund includes the construction funds of Assessment District NPID 1 and Assessment District Stoneridge Business Center. The projects include street and intersection improvements.

Tri-Valley Transportation

The City, as a member of the Tri-Valley Transportation Council, collects a fee from developers to finance projects to reduce traffic related impacts caused by future developments.

**City of Pleasanton
Combining Balance Sheet
Non-Major Capital Project Funds
June 30, 2016**

	Miscellaneous Capital Improvement Programs	CIP for Downtown & North Pleasanton	Public Facilities	Park Development	Street Capital Improvement Program
ASSETS					
Cash and investments	\$ 8,050,595	\$ 3,614,630	\$ 5,484,703	\$ 8,711,236	\$ 7,737,805
Receivables:					
Accounts	-	-	-	-	73,597
Interest	5,705	7,063	11,255	16,180	12,190
Notes receivable	-	-	-	-	-
Total assets	<u>\$ 8,056,300</u>	<u>\$ 3,621,693</u>	<u>\$ 5,495,958</u>	<u>\$ 8,727,416</u>	<u>\$ 7,823,592</u>
LIABILITIES					
Accounts payable	\$ 88,767	\$ -	\$ -	\$ 130,686	\$ 698,682
Total liabilities	<u>88,767</u>	<u>-</u>	<u>-</u>	<u>130,686</u>	<u>698,682</u>
DEFERRED INFLOWS OF RESOURCES					
	-	-	-	-	-
FUND BALANCES					
Restricted	-	3,621,693	5,495,958	8,596,730	-
Assigned	7,967,533	-	-	-	7,124,910
Total fund balances	<u>7,967,533</u>	<u>3,621,693</u>	<u>5,495,958</u>	<u>8,596,730</u>	<u>7,124,910</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,056,300</u>	<u>\$ 3,621,693</u>	<u>\$ 5,495,958</u>	<u>\$ 8,727,416</u>	<u>\$ 7,823,592</u>

<u>Traffic Impact</u>	<u>Landscape Maintenance N.P.I.D.</u>	<u>Traffic Impact Bernal Property</u>	<u>Budgeted Developer Projects</u>	<u>Assessment District Construction</u>	<u>Tri-Valley Transportation</u>	<u>Total</u>
\$ 6,538,349	\$ 944,503	\$ 2,129,573	\$ 7,073,485	\$ 1,369,035	\$ 874,395	\$ 52,528,309
-	3,490	-	-	-	-	77,087
12,758	1,839	4,371	13,804	2,734	1,530	89,429
-	142,670	-	-	-	-	142,670
<u>\$ 6,551,107</u>	<u>\$ 1,092,502</u>	<u>\$ 2,133,944</u>	<u>\$ 7,087,289</u>	<u>\$ 1,371,769</u>	<u>\$ 875,925</u>	<u>\$ 52,837,495</u>
\$ 406,541	\$ 3,496	\$ 475,457	\$ -	\$ -	\$ -	\$ 1,803,629
406,541	3,496	475,457	-	-	-	1,803,629
-	142,670	-	-	-	-	142,670
6,144,566	946,336	1,658,487	7,087,289	1,371,769	875,925	35,798,753
-	-	-	-	-	-	15,092,443
6,144,566	946,336	1,658,487	7,087,289	1,371,769	875,925	50,891,196
<u>\$ 6,551,107</u>	<u>\$ 1,092,502</u>	<u>\$ 2,133,944</u>	<u>\$ 7,087,289</u>	<u>\$ 1,371,769</u>	<u>\$ 875,925</u>	<u>\$ 52,837,495</u>

City of Pleasanton
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Project Funds
For the year ended June 30, 2016

	Miscellaneous Capital Improvement Programs	CIP for Downtown & North Pleasanton	Public Facilities	Park Development	Street Capital Improvement Program
REVENUES:					
Use of money and property	\$ 32,712	\$ 39,037	\$ 60,719	\$ 89,335	\$ 68,717
Development fees	-	-	570,469	1,666,037	51,450
Reimbursements	-	-	-	-	171,346
Contributions and donations	-	-	-	7,350	-
Other revenues	-	-	-	-	-
Total revenues	32,712	39,037	631,188	1,762,722	291,513
EXPENDITURES:					
Current:					
Operations services	-	-	-	-	-
Capital outlay	565,457	-	167,195	1,994,899	967,814
Debt service:					
Principal	1,201,513	-	-	-	-
Interest	22,828	-	-	-	-
Total expenditures	1,789,798	-	167,195	1,994,899	967,814
REVENUES OVER (UNDER) EXPENDITURES	(1,757,086)	39,037	463,993	(232,177)	(676,301)
OTHER FINANCING SOURCES (USES):					
Loan proceeds	248,962	-	-	-	-
Transfers in	6,993,218	-	-	200,000	1,175,000
Transfers out	(1,547,271)	-	(200,000)	-	-
Total other financing sources (uses)	5,694,909	-	(200,000)	200,000	1,175,000
Net change in fund balances	3,937,823	39,037	263,993	(32,177)	498,699
FUND BALANCES:					
Beginning of year	4,029,710	3,582,656	5,231,965	8,628,907	6,626,211
End of year	\$7,967,533	\$ 3,621,693	\$ 5,495,958	\$ 8,596,730	\$ 7,124,910

Traffic Impact	Landscape Maintenance N.P.I.D.	Traffic Impact Bernal Property	Budgeted Developer Projects	Assessment District Construction	Tri-Valley Transportation	Total
\$ 60,960	\$ 9,993	\$ 26,857	75,560	\$ 15,123	\$ 7,982	\$ 486,995
3,313,497	-	-	-	-	339,760	5,941,213
-	3,490	-	-	-	-	174,836
-	-	-	371,433	-	-	378,783
-	109,947	-	-	-	-	109,947
3,374,457	123,430	26,857	446,993	15,123	347,742	7,091,774
-	27,428	-	-	30,205	-	57,633
621,666	-	1,328,456	501,113	-	-	6,146,600
-	-	-	-	-	-	1,201,513
-	-	-	-	-	-	22,828
621,666	27,428	1,328,456	501,113	30,205	-	7,428,574
2,752,791	96,002	(1,301,599)	(54,120)	(15,082)	347,742	(336,800)
-	-	-	-	-	-	248,962
-	-	-	-	-	-	8,368,218
-	-	-	-	-	-	(1,747,271)
-	-	-	-	-	-	6,869,909
2,752,791	96,002	(1,301,599)	(54,120)	(15,082)	347,742	6,533,109
3,391,775	850,334	2,960,086	7,141,409	1,386,851	528,183	44,358,087
\$ 6,144,566	\$ 946,336	\$ 1,658,487	\$ 7,087,289	\$ 1,371,769	\$ 875,925	\$ 50,891,196

City of Pleasanton
Combining Budgetary Comparison Schedules
Non-Major Capital Projects Funds
For the year ended June 30, 2016

	CAPITAL PROJECT FUNDS					
	Miscellaneous Capital Improvement Programs			CIP for Downtown & North Pleasanton		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	26,000	32,712	6,712	26,000	39,037	13,037
Intergovernmental	-	-	-	-	-	-
Charges for service	-	-	-	-	-	-
Development fees	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
Total revenues	<u>26,000</u>	<u>32,712</u>	<u>6,712</u>	<u>26,000</u>	<u>39,037</u>	<u>13,037</u>
EXPENDITURES:						
Current:						
Public safety	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Operations services	-	-	-	-	-	-
Community activities	-	-	-	-	-	-
Capital outlay	8,005,652	565,457	7,440,195	-	-	-
Debt service:						
Principal	1,501,779	1,201,513	300,266	-	-	-
Interest	19,531	22,828	(3,297)	-	-	-
Total expenditures	<u>9,526,962</u>	<u>1,789,798</u>	<u>7,737,164</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(9,500,962)</u>	<u>(1,757,086)</u>	<u>7,743,876</u>	<u>26,000</u>	<u>39,037</u>	<u>13,037</u>
OTHER FINANCING SOURCES (USES):						
Loan proceeds	248,961	248,962	1	-	-	-
Transfers in	6,993,218	6,993,218	-	-	-	-
Transfers out	(1,547,271)	(1,547,271)	-	-	-	-
Total other financing sources (uses)	<u>5,694,908</u>	<u>5,694,909</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (3,806,054)</u>	<u>3,937,823</u>	<u>\$ 7,743,877</u>	<u>\$ 26,000</u>	<u>39,037</u>	<u>\$ 13,037</u>
FUND BALANCES (DEFICITS):						
Beginning of year		<u>4,029,710</u>			<u>3,582,656</u>	
End of year		<u>\$ 7,967,533</u>			<u>\$ 3,621,693</u>	

CAPITAL PROJECT FUNDS

Public Facilities			Park Development			Street Capital Improvement Program		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26,000	60,719	34,719	45,000	89,335	44,335	45,000	68,717	23,717
-	-	-	-	-	-	-	-	-
1,433,254	570,469	(862,785)	2,339,964	1,666,037	(673,927)	23,850	51,450	27,600
-	-	-	-	-	-	74,633	171,346	96,713
-	-	-	7,350	7,350	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>1,459,254</u>	<u>631,188</u>	<u>(828,066)</u>	<u>2,392,314</u>	<u>1,762,722</u>	<u>(629,592)</u>	<u>143,483</u>	<u>291,513</u>	<u>148,030</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
4,693,075	167,195	4,525,880	8,086,675	1,994,899	6,091,776	10,706,067	967,814	9,738,253
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>4,693,075</u>	<u>167,195</u>	<u>4,525,880</u>	<u>8,086,675</u>	<u>1,994,899</u>	<u>6,091,776</u>	<u>10,706,067</u>	<u>967,814</u>	<u>9,738,253</u>
<u>(3,233,821)</u>	<u>463,993</u>	<u>3,697,814</u>	<u>(5,694,361)</u>	<u>(232,177)</u>	<u>5,462,184</u>	<u>(10,562,584)</u>	<u>(676,301)</u>	<u>9,886,283</u>
-	-	-	-	-	-	-	-	-
-	-	-	200,000	200,000	-	1,175,000	1,175,000	-
(200,000)	(200,000)	-	-	-	-	-	-	-
(200,000)	(200,000)	-	200,000	200,000	-	1,175,000	1,175,000	-
<u>\$ (3,433,821)</u>	<u>263,993</u>	<u>\$ 3,697,814</u>	<u>\$ (5,494,361)</u>	<u>(32,177)</u>	<u>\$ 5,462,184</u>	<u>\$ (9,387,584)</u>	<u>498,699</u>	<u>\$ 9,886,283</u>
	<u>5,231,965</u>			<u>8,628,907</u>			<u>6,626,211</u>	
	<u>\$ 5,495,958</u>			<u>\$ 8,596,730</u>			<u>\$ 7,124,910</u>	

(Continued)

City of Pleasanton
Combining Budgetary Comparison Schedules
Non-Major Capital Projects Funds
For the year ended June 30, 2016

	CAPITAL PROJECTS					
	Traffic Impact			Landscape Maintenance N.P.I.D		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	20,000	60,960	40,960	7,000	9,993	2,993
Intergovernmental	-	-	-	-	-	-
Charges for service	-	-	-	-	-	-
Development fees	2,661,460	3,313,497	652,037	-	-	-
Reimbursements	-	-	-	3,490	3,490	-
Contributions and donations	-	-	-	-	-	-
Other revenues	-	-	-	109,947	109,947	-
Total revenues	<u>2,681,460</u>	<u>3,374,457</u>	<u>692,997</u>	<u>120,437</u>	<u>123,430</u>	<u>2,993</u>
EXPENDITURES:						
Current:						
Public safety	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Operations services	-	-	-	6,090	27,428	(21,338)
Community activities	-	-	-	-	-	-
Capital outlay	2,687,969	621,666	2,066,303	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>2,687,969</u>	<u>621,666</u>	<u>2,066,303</u>	<u>6,090</u>	<u>27,428</u>	<u>(21,338)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(6,509)</u>	<u>2,752,791</u>	<u>2,759,300</u>	<u>114,347</u>	<u>96,002</u>	<u>(18,345)</u>
OTHER FINANCING SOURCES (USES):						
Loan proceeds	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (6,509)</u>	<u>2,752,791</u>	<u>\$ 2,759,300</u>	<u>\$ 114,347</u>	<u>96,002</u>	<u>\$ (18,345)</u>
FUND BALANCES (DEFICITS):						
Beginning of year		<u>3,391,775</u>			<u>850,334</u>	
End of year		<u>\$ 6,144,566</u>			<u>\$ 946,336</u>	

CAPITAL PROJECTS

Traffic Impact - Bernal Property			Budgeted Developer Projects			Assessment District Construction		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20,000	26,857	6,857	51,600	75,560	23,960	10,000	15,123	5,123
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	950,000	371,433	(578,567)	-	-	-
-	-	-	-	-	-	-	-	-
<u>20,000</u>	<u>26,857</u>	<u>6,857</u>	<u>1,001,600</u>	<u>446,993</u>	<u>(554,607)</u>	<u>10,000</u>	<u>15,123</u>	<u>5,123</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	25,305	30,205	(4,900)
-	-	-	-	-	-	-	-	-
2,557,892	1,328,456	1,229,436	6,409,686	501,113	5,908,573	1,086,118	-	1,086,118
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>2,557,892</u>	<u>1,328,456</u>	<u>1,229,436</u>	<u>6,409,686</u>	<u>501,113</u>	<u>5,908,573</u>	<u>1,111,423</u>	<u>30,205</u>	<u>1,081,218</u>
<u>(2,537,892)</u>	<u>(1,301,599)</u>	<u>1,236,293</u>	<u>(5,408,086)</u>	<u>(54,120)</u>	<u>5,353,966</u>	<u>(1,101,423)</u>	<u>(15,082)</u>	<u>1,086,341</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ (2,537,892)</u>	<u>(1,301,599)</u>	<u>\$ 1,236,293</u>	<u>\$ (5,408,086)</u>	<u>(54,120)</u>	<u>\$ 5,353,966</u>	<u>\$ (1,101,423)</u>	<u>(15,082)</u>	<u>\$ 1,086,341</u>
	<u>2,960,086</u>			<u>7,141,409</u>			<u>1,386,851</u>	
	<u>\$ 1,658,487</u>			<u>\$ 7,087,289</u>			<u>\$ 1,371,769</u>	

(Continued)

City of Pleasanton
Combining Budgetary Comparison Schedules
Non-Major Capital Projects Funds
For the year ended June 30, 2016

	<u>CAPITAL PROJECTS</u>		
	<u>Tri-Valley Transportation</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Special assessments	\$ -	\$ -	\$ -
Use of money and property	3,000	7,982	4,982
Intergovernmental	-	-	-
Charges for service	-	-	-
Development fees	195,192	339,760	144,568
Reimbursements	-	-	-
Contributions and donations	-	-	-
Other revenues	-	-	-
Total revenues	<u>198,192</u>	<u>347,742</u>	<u>149,550</u>
EXPENDITURES:			
Current:			
Public safety	-	-	-
Community development	-	-	-
Operations services	-	-	-
Community activities	-	-	-
Capital outlay	525,365	-	525,365
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>525,365</u>	<u>-</u>	<u>525,365</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(327,173)</u>	<u>347,742</u>	<u>674,915</u>
OTHER FINANCING SOURCES (USES):			
Loan proceeds	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (327,173)</u>	<u>347,742</u>	<u>\$ 674,915</u>
FUND BALANCES (DEFICITS):			
Beginning of year		<u>528,183</u>	
End of year		<u>\$ 875,925</u>	

NON-MAJOR ENTERPRISE FUNDS

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (including depreciation) of providing goods and services to the general public on a continuing basis be recovered through user charges.

Transit

This fund receives revenue from Metropolitan Transportation Commission grants, fares from passengers and Measure B and Measure BB sales tax. This fund provides transit service to seniors and the disabled in Pleasanton.

Cemetery

This fund accounts for the operations of the Pleasanton Memorial Gardens Cemetery. The City currently contracts with Catholic Funeral & Cemetery Services for burial and monument services for previously purchased plots. The Cemetery Fund currently generates no revenue and is supported by an operating subsidy contribution from the General Fund.

Housing Authority

This fund represents the activities of the Pleasanton Housing Authority. The purpose is to provide and maintain the maximum number of housing units and services for low and moderate income families at rents they can afford.

Electric Vehicle

This fund accounts for the collection of fees from the use of city-owned electric vehicle charging stations and the expenses associated with this activity, including charging station maintenance and repair, marketing, and payment processing.

City of Pleasanton
Combining Statement of Fund Net Position
Non-Major Enterprise Funds
June 30, 2016

	Transit	Cemetery	Pleasanton Housing Authority	Electric Vehicle	Total
ASSETS					
Current assets:					
Cash and investments	\$ 158,221	\$ 558,931	\$ 351,998	\$ 7,963	\$ 1,077,113
Receivables (net):					
Accounts	71,965	16,811	-	-	88,776
Interest	255	821	-	15	1,091
Total current assets	230,441	576,563	351,998	7,978	1,166,980
Noncurrent assets:					
Capital assets:					
Nondepreciable	-	10,000	51,750	-	61,750
Depreciable	14,920	-	-	-	14,920
Total noncurrent assets	14,920	10,000	51,750	-	76,670
Total assets	245,361	586,563	403,748	7,978	1,243,650
LIABILITIES					
Current liabilities:					
Accounts payable	75	1,114	-	-	1,189
Payroll payable	11,246	296	-	-	11,542
Due to other funds	28,688	-	-	-	28,688
Refundable deposits	-	-	-	-	-
Unearned revenue	6,194	-	-	-	6,194
Total current liabilities	46,203	1,410	-	-	47,613
Total liabilities	46,203	1,410	-	-	47,613
NET POSITION					
Net investment in capital assets	14,920	10,000	51,750	-	76,670
Restricted for:					
Transportation	184,238	-	-	-	184,238
Unrestricted	-	575,153	351,998	7,978	935,129
Total net position	\$ 199,158	\$ 585,153	\$ 403,748	\$ 7,978	\$ 1,196,037

City of Pleasanton
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Non-Major Enterprise Funds
For the year ended June 30, 2016

	Transit	Cemetery	Pleasanton Housing Authority	Electric Vehicle	Total
OPERATING REVENUES:					
Charges for services	\$ 25,560	\$ 72,743	\$ 128,920	\$ -	\$ 227,223
Miscellaneous	-	-	959	4,054	5,013
Total operating revenues	25,560	72,743	129,879	4,054	232,236
OPERATING EXPENSES:					
Personnel services	479,765	301	-	-	480,066
Transportation	118,196	-	-	-	118,196
Repairs and maintenance	11,237	-	54,760	-	65,997
Materials, supplies, and services	17,334	20,454	250,505	2,500	290,793
Depreciation	20,794	-	42,230	-	63,024
Total operating expenses	647,326	20,755	347,495	2,500	1,018,076
OPERATING INCOME (LOSS)	(621,766)	51,988	(217,616)	1,554	1,250,312
NONOPERATING REVENUES (EXPENSES):					
Grants	125,433	-	119,316	-	244,749
Intergovernmental	271,636	-	-	-	271,636
Interest income	1,192	4,552	1,271	77	7,092
Total non-operating revenues (expenses)	398,261	4,552	120,587	77	523,477
Net income (loss) before contributions and transfers	(223,505)	56,540	(97,029)	1,631	(262,363)
Transfers in	354,359	30,000	-	-	384,359
Change in net position	130,854	86,540	(97,029)	1,631	121,996
NET POSITION:					
Beginning of year	68,304	498,613	500,777	6,347	1,074,041
End of year	\$ 199,158	\$ 585,153	\$ 403,748	\$ 7,978	\$ 1,196,037

City of Pleasanton
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the year ended June 30, 2016

	Transit	Cemetery	Pleasanton Housing Authority	Electric Vehicle	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash receipts from customers	\$ 25,560	\$ 78,989	\$ 128,920	\$ 4,298	\$ 237,767
Cash payments to suppliers for goods and services	(139,618)	(37,358)	(386,548)	(2,500)	(566,024)
Cash payments to employees for services	(476,180)	(5)	-	-	(476,185)
Net cash provided (used) by operating activities	(590,238)	41,626	(257,628)	1,798	(804,442)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital assets (acquisition) disposals	-	-	64,322	-	64,322
Net cash provided (used) by capital financing activities	-	-	64,322	-	64,322
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Grants received	102,247	-	119,316	-	221,563
Intergovernmental funds received	287,179	-	-	-	287,179
Transfer in	354,359	30,000	-	-	384,359
Net cash provided (used) by noncapital financing activities	743,785	30,000	119,316	-	893,101
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	937	4,441	1,271	72	6,721
Net cash provided (used) by investing activities	937	4,441	1,271	72	6,721
Net increase (decrease) in cash and cash equivalents	154,484	76,067	(72,719)	1,870	159,702
CASH AND CASH EQUIVALENTS:					
Beginning of year	3,737	482,864	424,717	6,093	917,411
End of year	<u>\$ 158,221</u>	<u>\$ 558,931</u>	<u>\$ 351,998</u>	<u>\$ 7,963</u>	<u>\$ 1,077,113</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating income (loss)	\$ (621,766)	\$ 51,988	\$ (217,616)	\$ 1,554	\$ (785,840)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	20,794	-	42,230	-	63,024
Change in operating assets and liabilities:					
Accounts receivable	-	6,246	-	244	6,490
Accounts payable	64	(16,904)	(16,609)	-	(33,449)
Payroll payable	3,585	296	-	-	3,881
Refundable deposits	-	-	(12,380)	-	(12,380)
Due to other funds	3,548	-	-	-	3,548
Unearned revenue	3,537	-	(53,253)	-	(49,716)
Net cash provided (used) by operating activities	\$ (590,238)	\$ 41,626	\$ (257,628)	\$ 1,798	\$ (804,442)

INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods or services provided by a department for other departments on a cost-reimbursement basis.

Employee Benefits

This fund accounts for all employee benefit costs including accrued unused employee vacation leave, employees' retirement, medical, dental, life insurance and long-term disability costs. Revenues come from benefit accrual charges placed on all City operating programs. This fund also includes the accounting for workers' compensation benefits.

Public Art Acquisition and Maintenance

This fund is to provide a source of public funding for the design, selection, acquisition, purchase, renovation, conservation and installation of City-owned public art.

Replacement / Renovation

The replacement fund charges various user departments based on usage of equipment, vehicles, and facilities and uses the money to replace or renovate these items.

LPFD Retirees Insurance Reserve (Pleasanton Share Only)

This fund is establishing reserves for future medical insurance obligations for retirees from the Livermore/Pleasanton Fire Department.

Self Insurance Retention

This fund pays insurance premiums and claims that fall under the City's various limits.

Retiree Insurance Reserve

This fund is establishing reserves for future medical insurance obligations for retirees.

PERS Rate Stabilization

This fund is to provide additional annual payments to PERS that are needed to offset the impact of smoothing or negative amortization of the City's Unfunded Pension Liability.

City of Pleasanton
Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2016

	Employee Benefits	Public Art Acquisition and Maintenance	Replacement / Renovation	LPFD Retirees Insurance Reserve (Pleasanton Share Only)
ASSETS				
Current assets:				
Cash and investments	\$ 10,590,996	\$ 220,037	\$ 21,022,342	\$ 1,246,623
Accounts receivable	65,918	-	908	-
Interest receivable	18,142	412	40,345	2,617
Prepaid other post employment benefits	-	-	-	-
Total current assets	10,675,056	220,449	21,063,595	1,249,240
Noncurrent assets:				
Advances to other funds	-	-	2,000,000	-
Capital assets:				
Nondepreciable	-	318,893	828,737	-
Depreciable	-	-	10,909,655	-
Total noncurrent assets	-	318,893	13,738,392	-
Total assets	10,675,056	539,342	34,801,987	1,249,240
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	24,769,585	-	-	-
Total deferred outflows of resources	24,769,585	-	-	-
LIABILITIES				
Current liabilities:				
Accounts payable	304,039	-	302,883	163,014
Accrued compensated absences	1,312,782	-	-	-
Claims payable	2,421,813	-	-	-
Total current liabilities	4,038,634	-	302,883	163,014
Noncurrent liabilities:				
Advances from other funds	2,826,729	-	-	-
Accrued compensated absences	2,980,274	-	-	-
Net pension liability	115,056,711	-	-	-
Claims payable	5,339,699	-	-	-
Total noncurrent liabilities	126,203,413	-	-	-
Total liabilities	130,242,047	-	302,883	163,014
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	21,813,896	-	-	-
Total deferred inflows of resources	21,813,896	-	-	-
NET POSITION				
Net investment in capital assets	-	318,893	11,738,392	-
Unrestricted	(116,611,302)	220,449	22,760,712	1,086,226
Total net position	\$ (116,611,302)	\$ 539,342	\$ 34,499,104	\$ 1,086,226

Self Insurance Retention	Retiree Insurance Reserve	PERS Rate Stabilization	Total
\$ 6,040,273	\$ 14,005,827	\$ 1,500,000	\$ 54,626,098
-	-	-	66,826
9,650	24,803	-	95,969
-	3,600,000	-	3,600,000
<u>6,049,923</u>	<u>17,630,630</u>	<u>1,500,000</u>	<u>58,388,893</u>
-	2,826,729	-	4,826,729
-	-	-	1,147,630
-	-	-	10,909,655
-	2,826,729	-	16,884,014
<u>6,049,923</u>	<u>20,457,359</u>	<u>1,500,000</u>	<u>75,272,907</u>
-	-	-	24,769,585
-	-	-	24,769,585
7,246	1,144,977	-	1,922,159
-	-	-	1,312,782
167,216	-	-	2,589,029
<u>174,462</u>	<u>1,144,977</u>	<u>-</u>	<u>5,823,970</u>
-	-	-	2,826,729
-	-	-	2,980,274
-	-	-	115,056,711
557,204	-	-	5,896,903
<u>557,204</u>	<u>-</u>	<u>-</u>	<u>126,760,617</u>
<u>731,666</u>	<u>1,144,977</u>	<u>-</u>	<u>132,584,587</u>
-	-	-	21,813,896
-	-	-	21,813,896
-	-	-	12,057,285
<u>5,318,257</u>	<u>19,312,382</u>	<u>1,500,000</u>	<u>(66,413,276)</u>
<u>\$ 5,318,257</u>	<u>\$ 19,312,382</u>	<u>\$ 1,500,000</u>	<u>\$ (54,355,991)</u>

City of Pleasanton
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2016

	Employee Benefits	Public Art Acquisition and Maintenance	Replacement / Renovation	LFPD Retirees Insurance Reserve (Pleasanton Share Only)
OPERATING REVENUES:				
Charges for services	\$ 19,874,287	\$ 15,000	\$ 6,594,623	\$ 575,000
Reimbursements	45,958	-	15,309	-
Other revenues	-	-	1,527	-
Total operating revenues	19,920,245	15,000	6,611,459	575,000
OPERATING EXPENSES:				
Personnel services	12,849,086	-	-	1,061,237
Transportation	-	-	133	-
Repairs and maintenance	1,148	-	606,256	-
Materials, supplies, and services	2,418,601	67,084	2,193,941	3,763
Depreciation and amortization	-	-	1,600,133	-
Total operating expenses	15,268,835	67,084	4,400,463	1,065,000
OPERATING INCOME (LOSS)	4,651,410	(52,084)	2,210,996	(490,000)
NONOPERATING REVENUES/EXPENSES:				
Interest income	90,786	2,471	217,644	18,586
Gain (loss) from disposal of capital assets	-	-	234,877	-
Total non-operating revenues (expenses)	90,786	2,471	452,521	18,586
Income before Transfers in (out)	4,742,196	(49,613)	2,663,517	(471,414)
Capital contributions	-	-	104,611	(4,193)
Transfers in	-	-	202,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	306,611	(4,193)
Change in net position	4,742,196	(49,613)	2,970,128	(475,607)
NET POSITION (DEFICIT):				
Beginning of year	(121,353,498)	588,955	31,528,976	1,561,833
End of year	<u>\$ (116,611,302)</u>	<u>\$ 539,342</u>	<u>\$ 34,499,104</u>	<u>\$ 1,086,226</u>

Self Insurance Retention	Retirees Insurance Reserve	PERS Rate Stabilization	Total
\$ 1,100,000	\$ 5,694,991	\$ -	\$ 33,853,901
450	-	-	61,717
-	-	-	1,527
<u>1,100,450</u>	<u>5,694,991</u>	<u>-</u>	<u>33,917,145</u>
-	4,934,545	2,590,700	21,435,568
-	-	-	133
-	-	-	607,404
1,081,359	19,455	-	5,784,203
-	-	-	1,600,133
<u>1,081,359</u>	<u>4,954,000</u>	<u>2,590,700</u>	<u>29,427,441</u>
<u>19,091</u>	<u>740,991</u>	<u>(2,590,700)</u>	<u>4,489,704</u>
55,897	137,403	-	522,787
-	-	-	234,877
<u>55,897</u>	<u>137,403</u>	<u>-</u>	<u>757,664</u>
74,988	878,394	(2,590,700)	5,247,368
-	-	-	100,418
-	1,081,067	4,090,700	5,373,767
-	(741,000)	-	(741,000)
<u>-</u>	<u>340,067</u>	<u>4,090,700</u>	<u>4,733,185</u>
74,988	1,218,461	1,500,000	9,980,553
<u>5,243,269</u>	<u>18,093,921</u>	<u>-</u>	<u>(64,336,544)</u>
<u>\$ 5,318,257</u>	<u>\$ 19,312,382</u>	<u>\$ 1,500,000</u>	<u>\$ (54,355,991)</u>

City of Pleasanton
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2016

	Employee Benefits	Public Art Acquisition and Maintenance	Replacement / Renovation	LFPD Retirees Insurance Reserve (Pleasanton Share Only)
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipt from customer/other funds	\$ 20,051,116	\$ 15,000	\$ 6,638,211	\$ 575,000
Cash payment to suppliers for goods and services	(1,717,018)	(72,390)	(3,090,773)	(2,999)
Cash payment to and on behalf of employees for services	(17,320,192)	-	-	(916,869)
Net cash provided (used) by operating activities	<u>1,013,906</u>	<u>(57,390)</u>	<u>3,547,438</u>	<u>(344,868)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer in	-	-	202,000	-
Transfer out	-	-	-	-
Interfund payments	(901,592)	-	-	-
Net cash provided (used) by noncapital financing activities	<u>(901,592)</u>	<u>-</u>	<u>202,000</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital assets acquisition	-	-	(3,574,527)	(4,193)
Proceeds from sale of capital assets	-	-	234,877	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(3,339,650)</u>	<u>(4,193)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	88,773	2,541	215,444	18,916
Net cash provided (used) by investing activities	<u>88,773</u>	<u>2,541</u>	<u>215,444</u>	<u>18,916</u>
Net (decrease) in cash and cash equivalents	201,087	(54,849)	625,232	(330,145)
CASH AND CASH EQUIVALENTS:				
Beginning of year	10,389,909	274,886	20,397,110	1,576,768
End of year	<u>\$ 10,590,996</u>	<u>\$ 220,037</u>	<u>\$ 21,022,342</u>	<u>\$ 1,246,623</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 4,651,410	\$ (52,084)	\$ 2,210,996	\$ (490,000)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	-	-	1,600,133	-
Change in operating assets and liabilities:				
Accounts receivable	130,871	-	26,752	-
Prepaid other post employment benefits	-	-	-	-
Accounts payable	26,701	(5,306)	(290,443)	145,132
Payroll payable	(27,099)	-	-	-
Accrued compensated absences	126,474	-	-	-
Net pension liability	(4,570,481)	-	-	-
Claims payable	676,030	-	-	-
Net cash provided (used) by operating activities	<u>\$ 1,013,906</u>	<u>\$ (57,390)</u>	<u>\$ 3,547,438</u>	<u>\$ (344,868)</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Contributed capital assets	\$ -	\$ -	\$ 104,611	\$ (4,193)
Total noncash capital and related financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,611</u>	<u>\$ (4,193)</u>

Self Insurance Retention	Retirees Insurance Reserve	PERS Rate Stabilization	Total
\$ 1,105,874	\$ 5,694,991	\$ -	\$ 34,080,192
(1,312,699)	(16,243)	-	(6,212,122)
-	(7,429,830)	(2,590,700)	(28,257,591)
(206,825)	(1,751,082)	(2,590,700)	(389,521)
-	1,081,067	4,090,700	5,373,767
-	(741,000)	-	(741,000)
-	901,592	-	-
-	1,241,659	4,090,700	4,632,767
-	-	-	(3,578,720)
-	-	-	234,877
-	-	-	(3,343,843)
55,548	150,229	-	531,451
55,548	150,229	-	531,451
(151,277)	(359,194)	1,500,000	1,430,854
6,191,550	14,365,021	-	53,195,244
<u>\$ 6,040,273</u>	<u>\$ 14,005,827</u>	<u>\$ 1,500,000</u>	<u>\$ 54,626,098</u>
\$ 19,091	\$ 740,991	\$ (2,590,700)	\$ 4,489,704
-	-	-	1,600,133
5,424	-	-	163,047
-	-	-	-
(160,667)	(2,492,073)	-	(2,776,656)
-	-	-	(27,099)
-	-	-	126,474
-	-	-	(4,570,481)
(70,673)	-	-	605,357
<u>\$ (206,825)</u>	<u>\$ (1,751,082)</u>	<u>\$ (2,590,700)</u>	<u>\$ (389,521)</u>
\$ -	\$ -	\$ -	\$ 100,418
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,418</u>

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AGENCY FUNDS

Agency Funds account for assets held by the City as agent for individuals, private organizations, other governmental units, or other funds. Assets equal liabilities and the measurement of operations is not a focus.

Employee Insurance and Retirement Agency

This fund collects money from employees and former employees and pays their share of insurance bills. Former employees have the legal right to pay their share of insurance bills for a specified period of time.

Downtown Merchant Improvements

This fund collects annual assessments from downtown businesses and passes it on to the Pleasanton Downtown Association.

Asset Forfeiture Agency

This fund collects the assets forfeited as a result of investigations of criminal offences, generally narcotics related. The money is passed on to various other governmental agencies.

Miscellaneous Agencies and Trusts

This fund collects various fees and contributions from developers and others and passes the money on to various government agencies (i. e. Zone 7 water, DSRSD, Tri-Valley Transportation Council, etc.), or organizations.

Cash Bonds Agency

This fund collects cash bond deposits from developers and returns the money when their project is completed.

Art Gallery Fund

This fund collects money from the sale of art displayed at the Firehouse Arts Center Gallery and remits the proceeds to the artists less any reimbursements to the General Fund for administrative costs.

Livermore-Pleasanton Fire Department Agency (Livermore Share Only)

This fund accounts for the City of Livermore's share of Livermore-Pleasanton Fire Department activity related to operations, replacement and renovation of equipment, vehicles and facilities, retiree medical and workers' compensation.

City of Pleasanton
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2016

	Employee Insurance & Retirement Agency	Downtown Merchant Improvements	Asset Forfeiture	Miscellaneous Agencies and Trusts	Cash Bonds
ASSETS					
Cash and investments	\$ 38,782	\$ 41,261	\$ 49,818	\$ 2,330,241	\$ 2,927,657
Receivables:					
Accounts	42,162	-	-	454,075	-
Interest	-	76	-	-	-
Notes receivable	-	-	-	21,616	-
Total assets	\$ 80,944	\$ 41,337	\$ 49,818	\$ 2,805,932	\$ 2,927,657
LIABILITIES					
Accounts payable	\$ 14,654	\$ -	\$ -	\$ 2,481,633	\$ -
Claims	-	-	-	-	-
Accrued compensated absences	-	-	-	-	-
Loan payable	-	-	-	21,616	-
Deposits	66,290	41,337	49,818	302,683	2,927,657
Total liabilities	\$ 80,944	\$ 41,337	\$ 49,818	\$ 2,805,932	\$ 2,927,657

Art Gallery Fund	Livermore- Pleasanton Fire Department (Livermore Share Only)	Total
\$ -	\$ 2,834,929	\$ 8,222,688
-	156,253	652,490
-	5,837	5,913
-		21,616
<u>\$ -</u>	<u>\$ 2,997,019</u>	<u>\$ 8,902,707</u>
\$ -	\$ 227,362	\$ 2,723,649
-	3,552,500	3,552,500
-	579,369	579,369
-	-	21,616
-	(1,362,212)	2,025,573
<u>\$ -</u>	<u>\$ 2,997,019</u>	<u>\$ 8,902,707</u>

City of Pleasanton
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>Employee Insurance and Retirement Agency</u>				
Assets:				
Cash and investments	\$ 26,078	\$ 823,142	\$ (810,438)	\$ 38,782
Accounts receivable	39,105	487,427	(484,370)	42,162
Total assets	\$ 65,183	\$ 1,310,569	\$ (1,294,808)	\$ 80,944
Liabilities:				
Accounts payable	\$ 14,073	\$ 542,807	\$ (542,226)	\$ 14,654
Deposits	51,110	810,661	(795,481)	66,290
Total liabilities	\$ 65,183	\$ 1,353,468	\$ (1,337,707)	\$ 80,944
<u>Downtown Merchant Association</u>				
Assets:				
Cash and investments	\$ 36,217	\$ 73,454	\$ (68,410)	\$ 41,261
Interest receivable	78	76	(78)	76
Total assets	\$ 36,295	\$ 73,530	\$ (68,488)	\$ 41,337
Liabilities:				
Accounts payable	\$ -	\$ 68,310	\$ (68,310)	\$ -
Deposits	36,295	73,352	(68,310)	41,337
Total liabilities	\$ 36,295	\$ 141,662	\$ (136,620)	\$ 41,337
<u>Asset Forfeiture</u>				
Assets:				
Cash and investments	\$ 48,687	\$ 20,385	\$ (19,254)	\$ 49,818
Total assets	\$ 48,687	\$ 20,385	\$ (19,254)	\$ 49,818
Liabilities:				
Accounts payable	\$ 4,354	\$ 14,900	\$ (19,254)	\$ -
Deposits	44,333	20,385	(14,900)	49,818
Total liabilities	\$ 48,687	\$ 35,285	\$ (34,154)	\$ 49,818
<u>Miscellaneous Agencies and Trust</u>				
Assets:				
Cash and investments	\$ 6,576,832	\$ 19,844,304	\$ (24,090,895)	\$ 2,330,241
Receivables:				
Accounts	423,197	608,840	(577,962)	454,075
Notes	24,830	-	(3,214)	21,616
Total assets	\$ 7,024,859	\$ 20,453,144	\$ (24,672,071)	\$ 2,805,932
Liabilities:				
Payables:				
Accounts	\$ 6,815,497	\$ 19,238,968	\$ (23,572,832)	\$ 2,481,633
Notes	24,830	-	(3,214)	21,616
Deposits	184,532	18,794,485	(18,676,334)	302,683
Total liabilities	\$ 7,024,859	\$ 38,033,453	\$ (42,252,380)	\$ 2,805,932

(Continued)

City of Pleasanton
Combining Statement of Changes in Assets and Liabilities
Agency Funds, Continued
For the year ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>Cash Bonds</u>				
Assets:				
Cash and investments	\$ 2,083,134	\$ 2,154,011	\$ (1,309,488)	\$ 2,927,657
Total assets	\$ 2,083,134	\$ 2,154,011	\$ (1,309,488)	\$ 2,927,657
Liabilities:				
Accounts payable	\$ -	\$ 367,300	\$ (367,300)	\$ -
Deposits	2,083,134	2,129,504	(1,284,981)	2,927,657
Total liabilities	\$ 2,083,134	\$ 2,496,804	\$ (1,652,281)	\$ 2,927,657
<u>Art Gallery Fund</u>				
Assets:				
Cash and investments	\$ 552	\$ 5,119	\$ (5,671)	\$ -
Total assets	\$ 552	\$ 5,119	\$ (5,671)	\$ -
Liabilities:				
Accounts payable	\$ 552	\$ 210	\$ (762)	\$ -
Deposits	-	4,675	(4,675)	-
Total liabilities	\$ 552	\$ 4,885	\$ (5,437)	\$ -
<u>Livermore-Pleasanton Fire Department (Livermore Share Only)</u>				
Assets:				
Cash and investments	\$ 3,296,246	\$ 2,875,065	\$ (3,336,382)	\$ 2,834,929
Receivables:				
Accounts	72,700	156,253	(72,700)	156,253
Interest	5,776	5,837	(5,776)	5,837
Total assets	\$ 3,374,722	\$ 3,037,155	\$ (3,414,858)	\$ 2,997,019
Liabilities:				
Accounts payable	\$ 81,467	\$ 227,362	\$ (81,467)	\$ 227,362
Claims payable	3,397,500	155,000	-	3,552,500
Accrued compensated absences	579,365	4	-	579,369
Unearned revenue	-	-	-	-
Deposits	(683,610)	1,290,592	(1,969,194)	(1,362,212)
Total liabilities	\$ 3,374,722	\$ 1,672,958	\$ (2,050,661)	\$ 2,997,019
<u>Total of All Agency Funds</u>				
Assets:				
Cash and investments	\$ 12,067,746	\$ 25,795,480	\$ (29,640,538)	\$ 8,222,688
Receivables:				
Accounts	535,002	1,252,520	(1,135,032)	652,490
Interest	5,854	5,913	(5,854)	5,913
Notes receivable	24,830	-	(3,214)	21,616
Total assets	\$ 12,633,432	\$ 27,053,913	\$ (30,784,638)	\$ 8,902,707
Liabilities:				
Payables:				
Accounts	\$ 6,915,943	\$ 20,459,857	\$ (24,652,151)	\$ 2,723,649
Claims	3,397,500	155,000	-	3,552,500
Accrued compensated absences	579,365	4	-	579,369
Loan	24,830	-	(3,214)	21,616
Deposits	1,715,794	23,123,654	(22,813,875)	2,025,573
Total liabilities	\$ 12,633,432	\$ 43,738,515	\$ (47,469,240)	\$ 8,902,707

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STATISTICAL SECTION

This part of the City of Pleasanton's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information says about the City's overall financial health.

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<i>Debt Capacity Information</i> This information is intended to assist users in understanding and assessing a government's debt burden and its ability to issue additional debt.	196
<i>Demographic and Economic Information</i> This information is intended to assist users in understanding socioeconomic environment within which a government operates and provide information that facilitates comparison of financial statement information over time and among governments.	204
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Financial Trends Information

Net Position by Component – Last Ten Fiscal Years

Changes in Net Position – Last Ten Fiscal Years

Fund Balances – Last Ten Fiscal Years

Changes in Fund Balances – Last Ten Fiscal Years

City of Pleasanton
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30			
	2007	2008	2009	2010
Governmental Activities				
Net investment in capital assets (1)	\$ 378,710,205	\$ 387,184,839	\$ 408,670,524	\$ 447,001,813
Restricted	50,280,585	56,544,224	49,187,538	52,277,108
Unrestricted (2)	141,297,679	153,668,288	145,009,695	129,218,569
Total government activities net position	\$ 570,288,469	\$ 597,397,351	\$ 602,867,757	\$ 628,497,490
Business-Type Activities				
Net investment in capital assets	\$ 204,187,116	\$ 210,923,039	\$ 214,389,793	\$ 210,069,900
Restricted	686,964	620,850	610,294	264,948
Unrestricted	56,449,170	52,522,039	49,036,181	42,260,016
Total business-type activities net position	\$ 261,323,250	\$ 264,065,928	\$ 264,036,268	\$ 252,594,864
Primary Government				
Net investment in capital assets	\$ 582,897,321	\$ 598,107,878	\$ 623,060,317	\$ 657,071,713
Restricted	50,967,549	57,165,074	49,797,832	52,542,056
Unrestricted	197,746,849	206,190,327	194,045,876	171,478,585
Total primary government activities net position	\$ 831,611,719	\$ 861,463,279	\$ 866,904,025	\$ 881,092,354

Notes:

(1) The increase in net investment in capital assets in 2013 primarily reflects the redemption of the City's \$20.7 million outstanding 2003 Certificates of Participation (COPs).

(2) The reduction in unrestricted net position primarily reflects the use of General Fund reserves (\$13.2 million) and the Retirees Medical Reserve (\$6.5 million) to redeem the 2003 COPs. Additionally, \$3.7 million of the reduction resulted from the reclassification of the City of Livermore's share of LPFD financial activity from Governmental Funds to Agency Funds.

Fiscal Year Ended June 30					
2011	2012	2013	2014	2015	2016
\$ 442,888,249	\$ 459,571,666	\$ 478,640,595	\$ 478,618,864	\$ 487,153,226	\$ 497,839,233
53,388,353	53,945,028	54,730,098	59,542,954	62,296,241	61,029,572
125,477,861	116,496,384	88,466,476	92,908,491	(27,653,975)	(16,776,353)
<u>\$ 621,754,463</u>	<u>\$ 630,013,078</u>	<u>\$ 621,837,169</u>	<u>\$ 631,070,309</u>	<u>\$ 521,795,492</u>	<u>\$ 542,092,452</u>
\$ 202,753,118	\$ 196,819,739	\$ 189,306,314	\$ 182,419,601	\$ 176,512,644	\$ 182,841,810
2,267,923	4,273,502	4,630,314	5,245,338	6,081,192	6,797,332
40,528,824	41,306,525	41,910,981	45,209,251	42,651,779	39,918,554
<u>\$ 245,549,865</u>	<u>\$ 242,399,766</u>	<u>\$ 235,847,609</u>	<u>\$ 232,874,190</u>	<u>\$ 225,245,615</u>	<u>\$ 229,557,696</u>
\$ 645,641,367	\$ 656,391,405	\$ 667,946,909	\$ 661,038,465	\$ 663,665,870	\$ 680,681,043
55,656,276	58,218,530	59,360,412	64,788,292	68,377,433	67,826,904
166,006,685	157,802,909	130,377,457	138,117,742	14,997,804	23,142,201
<u>\$ 867,304,328</u>	<u>\$ 872,412,844</u>	<u>\$ 857,684,778</u>	<u>\$ 863,944,499</u>	<u>\$ 747,041,107</u>	<u>\$ 771,650,148</u>

City of Pleasanton
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30			
	2007	2008	2009	2010
Program Revenues				
Governmental Activities:				
Charges for Services				
General Government	\$ 540,607	\$ 539,443	\$ 553,377	\$ 552,655
Public Safety (1)	14,495,113	15,748,044	15,222,341	15,438,986
Community Development (2)	599,131	579,215	2,143,307	1,881,698
Operations Services (2)	3,216,986	3,074,811	115,257	180,938
Community Activities	3,899,454	4,005,599	3,794,922	3,316,593
Operating Grants & Contributions	3,641,293	3,090,744	4,238,873	2,352,064
Capital Grants & Contributions	10,113,847	21,607,143	15,900,420	7,684,713
Total Government Activities:	<u>36,506,431</u>	<u>48,644,999</u>	<u>41,968,497</u>	<u>31,407,647</u>
Business-Type Activities:				
Charges for Services				
Water	15,964,135	15,535,004	14,882,156	14,045,288
Sewer	13,489,859	11,178,802	10,461,999	10,693,533
Golf	4,564,478	4,578,857	4,374,085	4,182,190
Transit	39,284	43,130	42,289	40,306
Storm Drain	363,353	356,724	361,563	365,816
Cemetery	-	-	-	-
Pleasanton Housing Authority	142,447	159,226	175,873	160,093
Electric Vehicle	-	-	-	-
Operating Grants & Contributions	-	-	-	-
Capital Grants & Contributions	12,107,855	7,075,196	10,913,306	665,225
Total Business-Type Activities	<u>46,671,411</u>	<u>38,926,939</u>	<u>41,211,271</u>	<u>30,152,451</u>
Total Primary Government Revenues	<u>\$ 83,177,842</u>	<u>\$ 87,571,938</u>	<u>\$ 83,179,768</u>	<u>\$ 61,560,098</u>
Expenses				
Governmental Activities:				
General Government	\$ 11,598,637	\$ 9,928,811	\$ 10,751,657	\$ 14,462,794
Public Safety (1)	45,396,698	47,939,264	53,586,653	53,923,103
Community Development (2)	5,527,218	5,054,123	12,485,756	10,931,688
Operations Services (2)	25,333,753	27,080,827	16,774,701	16,120,414
Community Activities	20,576,380	20,866,873	25,180,011	21,559,193
Interest on Long-Term Debt	1,232,732	1,202,153	1,159,175	1,122,135
Total Government Activities:	<u>109,665,418</u>	<u>112,072,051</u>	<u>119,937,953</u>	<u>118,119,327</u>
Business-Type Activities:				
Water	16,863,032	16,671,095	20,941,922	17,710,045
Sewer	12,906,227	13,883,619	13,968,779	14,794,022
Golf	5,904,610	5,737,159	5,249,520	5,530,246
Transit	508,760	557,103	708,954	687,793
Storm Drain	1,529,192	1,531,754	1,894,830	1,866,985
Cemetery	90,274	58,407	47,983	207,186
Pleasanton Housing Authority	397,526	372,050	413,767	425,771
Electric Vehicle	-	-	-	-
Total Business-Type Activities	<u>38,199,621</u>	<u>38,811,187</u>	<u>43,225,755</u>	<u>41,222,048</u>
Total Primary Government Expense	<u>\$ 147,865,039</u>	<u>\$ 150,883,238</u>	<u>\$ 163,163,708</u>	<u>\$ 159,341,375</u>

Notes:

(1) The reduction in public safety charges for services revenue and public safety expenditures from 2012 to 2013 primarily reflects the reclassification of the City of Livermore's share of LFPD financial activity (approximately \$13.6 million) from Governmental Funds to Agency Funds.

(2) In 2009, Planning & Community Development and Public Works were reorganized into two functions: Community Development and Operations Services.

Fiscal Year Ended June 30

2011	2012	2013	2014	2015	2016
\$ 600,615	\$ 530,379	\$ 847,400	\$ 351,432	\$ 576,781	\$ 489,842
15,133,410	15,349,962	1,925,017	1,871,706	1,864,000	2,252,106
1,263,487	4,213,319	5,070,801	5,406,350	6,193,038	7,434,666
254,425	172,033	488,833	615,063	464,764	385,681
3,409,771	3,814,092	3,786,304	3,920,184	4,429,931	4,721,811
2,344,348	1,981,223	2,339,740	1,446,304	2,472,764	2,837,179
9,269,252	30,930,426	8,257,001	13,322,657	13,467,743	12,777,297
32,275,308	56,991,434	22,715,096	26,933,696	29,469,021	30,898,582
15,906,217	17,858,731	19,874,140	19,542,181	17,700,120	17,639,091
11,201,749	12,450,545	12,873,074	13,591,371	14,274,645	13,861,477
3,871,138	3,924,212	3,921,815	3,781,952	3,620,949	3,825,552
40,278	36,393	32,728	29,287	26,934	25,560
370,024	365,155	347,612	361,348	451,835	788,101
349,941	102,046	77,242	49,142	58,310	72,743
155,609	153,255	163,515	176,432	182,096	129,879
-	-	-	-	-	4,054
-	370,989	182,854	114,771	259,729	244,749
-	99,596	78,595	-	-	8,215,464
31,894,956	35,360,922	37,551,575	37,646,484	36,574,618	44,806,670
\$ 64,170,264	\$ 92,352,356	\$ 60,266,671	\$ 64,580,180	\$ 66,043,639	\$ 75,705,252
\$ 11,320,194	\$ 11,287,857	\$ 10,983,778	\$ 10,360,977	\$ 11,664,448	\$ 11,626,959
53,346,944	61,545,745	47,486,526	42,173,584	45,039,711	44,667,204
11,383,162	12,614,316	18,502,872	15,690,263	15,545,862	14,680,399
25,859,451	25,072,278	20,676,081	23,101,587	14,765,337	23,621,666
13,238,584	12,186,269	11,705,687	10,767,100	12,625,484	13,158,251
1,077,908	1,048,843	1,528,110	36,565	3,196	22,828
116,226,243	123,755,308	110,883,054	102,130,076	99,644,038	107,777,307
18,783,261	20,624,535	22,028,379	19,955,880	17,297,973	18,390,589
13,818,267	14,216,171	14,050,710	14,397,652	14,585,270	14,986,417
5,048,601	5,146,812	5,154,023	5,217,734	4,923,007	4,896,052
694,687	690,067	668,192	656,825	576,286	647,326
1,822,769	1,746,357	1,758,604	1,661,216	1,166,224	2,426,049
36,998	22,544	29,656	88,195	50,420	20,755
453,270	380,940	375,950	400,015	386,248	347,495
-	-	-	-	-	2,500
40,657,853	42,827,426	44,065,514	42,377,517	38,985,428	41,717,183
\$ 156,884,096	\$ 166,582,734	\$ 154,948,568	\$ 144,507,593	\$ 138,629,466	\$ 149,494,490

City of Pleasanton
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30			
	2007	2008	2009	2010
Net (Expenses)/Revenue:				
Governmental Activities:	\$ (73,158,987)	\$ (63,427,052)	\$ (77,969,456)	\$ (86,711,680)
Business-Type Activities:	8,471,790	115,752	(2,014,484)	(11,069,597)
Total Net (Expense)/Revenue	<u>(64,687,197)</u>	<u>(63,311,300)</u>	<u>(79,983,940)</u>	<u>(97,781,277)</u>
General Revenues & Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property taxes	45,341,149	47,973,499	50,414,405	49,724,115
Other taxes	7,534,768	7,257,360	6,031,852	5,957,264
Sales tax	21,060,115	21,130,683	17,535,784	15,420,066
Motor vehicle in lieu	403,401	304,886	236,475	206,180
Franchise fees	1,727,617	1,783,405	1,829,153	1,955,493
Infrastructure maintenance contribution	-	-	-	-
Unrestricted investment earnings	9,654,142	10,554,711	6,863,523	1,766,743
Miscellaneous	792,476	641,888	663,770	647,235
Interfund charges	-	-	-	-
Gain/(loss) on sale of capital assets	-	-	-	-
Transfers	597,694	889,502	144,302	393,080
Total Government Activities:	<u>87,111,362</u>	<u>90,535,934</u>	<u>83,719,264</u>	<u>76,070,176</u>
Business-Type Activities:				
Unrestricted investment earnings	2,181,462	1,898,546	1,176,950	267,730
Equity interest in gain from joint ventures	-	-	-	-
Miscellaneous	802,445	1,617,882	1,078,280	1,151,141
Interfund charges	-	-	-	-
Gain/(loss) on sale of capital assets	-	-	-	-
Transfers	(597,694)	(889,502)	(144,302)	(393,080)
Total Business-Type Activities	<u>2,386,213</u>	<u>2,626,926</u>	<u>2,110,928</u>	<u>1,025,791</u>
Total Primary Government	<u>89,497,575</u>	<u>93,162,860</u>	<u>85,830,192</u>	<u>77,095,967</u>
Change in Net Position				
Governmental Activities:	13,952,375	27,108,882	5,749,808	(10,641,503)
Business-Type Activities:	10,858,003	2,742,678	96,444	(10,043,806)
Total Primary Government	<u>\$ 24,810,378</u>	<u>\$ 29,851,560</u>	<u>\$ 5,846,252</u>	<u>\$ (20,685,309)</u>

Fiscal Year Ended June 30

	2011	2012	2013	2014	2015	2016
\$	(83,950,935)	\$ (66,763,874)	\$ (88,167,958)	\$ (75,196,380)	\$ (70,175,017)	\$ (77,590,854)
	(8,762,897)	(7,466,504)	(6,513,938)	(4,731,033)	(2,410,810)	3,801,616
	(92,713,832)	(74,230,378)	(94,681,897)	(79,927,413)	(72,585,827)	(73,789,238)
	48,569,049	47,923,732	48,648,728	50,366,818	53,744,273	57,276,734
	6,245,758	6,962,201	7,866,876	8,278,095	9,292,582	10,680,021
	18,503,316	19,107,418	19,102,977	20,993,123	22,410,654	23,543,972
	356,653	36,534	30,491	-	-	-
	2,001,934	2,012,970	2,114,954	2,371,125	2,455,508	2,570,130
	-	-	-	-	-	-
	1,585,593	1,439,639	230,933	2,326,506	1,493,023	1,878,574
	568,212	983,690	1,076,858	868,797	275,323	1,647,178
	-	-	-	-	-	-
	-	-	-	-	-	-
	(622,606)	(3,443,695)	920,232	(774,943)	(755,609)	291,205
	77,207,909	75,022,489	79,992,049	84,429,521	88,915,754	97,887,814
	264,762	282,760	(100,734)	525,766	325,838	486,865
	-	-	-	-	-	-
	830,530	589,950	982,747	456,905	1,635,657	314,805
	-	-	-	-	-	-
	-	-	-	-	-	-
	622,606	3,443,695	(920,232)	774,943	755,609	(291,205)
	1,717,898	4,316,405	(38,219)	1,757,614	2,717,104	510,465
	78,925,807	79,338,894	79,953,830	86,187,135	91,632,858	98,398,279
	(6,743,027)	8,258,615	(8,175,909)	9,233,141	18,740,737	20,296,960
	(7,044,999)	(3,150,099)	(6,552,157)	(2,973,419)	306,294	4,312,081
\$	(13,788,026)	\$ 5,108,516	\$ (14,728,066)	\$ 6,259,722	\$ 19,047,031	\$ 24,609,041

City of Pleasanton
Fund Balances of Government Funds
Last Ten Fiscal Years (1)
(accrual basis of accounting)

	Fiscal Year Ended June 30			
	2007	2008	2009	2010
General Fund				
Reserved	\$ 1,360,798	\$ 643,256	\$ 1,756,537	\$ -
Unreserved	24,713,932	24,807,190	23,694,199	25,282,385
Total General Fund	<u>26,074,730</u>	<u>25,450,446</u>	<u>25,450,736</u>	<u>25,282,385</u>
All Other Governmental Funds				
Reserved	\$ 412,354	\$ 406,282	\$ 404,188	\$ 394,945
Unreserved, reported in:				
Special Revenue Funds	20,877,745	24,006,111	22,754,570	23,681,256
Capital Projects Funds	64,812,331	70,880,985	57,965,409	52,325,470
Total All Other Governments Funds	<u>\$ 86,102,430</u>	<u>\$ 95,293,378</u>	<u>\$ 81,124,167</u>	<u>\$ 76,401,671</u>

	Fiscal Year Ended June 30					
	2011	2012	2013	2014	2015	2016
General Fund						
Nonspendable	\$ 168,033	\$ 218,658	\$ 264,456	\$ 218,082	\$ 163,689	\$ 121,900
Restricted	-	-	-	-	-	-
Committed (2)	19,953,285	20,029,711	9,229,188	9,650,614	13,319,218	12,019,088
Assigned (2)	2,000,000	2,000,000	-	-	-	-
Unassigned	3,207,664	3,083,456	3,425,359	5,136,347	7,085,423	8,481,624
Total General Fund	<u>\$ 25,328,982</u>	<u>\$ 25,331,825</u>	<u>\$ 12,919,003</u>	<u>\$ 15,005,043</u>	<u>\$ 20,568,330</u>	<u>\$ 20,622,612</u>
All Other Governmental Funds						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	53,388,353	53,945,028	54,730,098	59,542,954	62,296,241	61,029,572
Committed	-	-	-	-	-	1,980,559
Assigned	22,584,906	22,174,209	20,544,393	19,872,240	21,493,248	15,607,802
Unassigned	-	-	-	(732,151)	(680,538)	(521,393)
Total All Other Governments Funds	<u>\$ 75,973,259</u>	<u>\$ 76,119,237</u>	<u>\$ 75,274,491</u>	<u>\$ 78,683,043</u>	<u>\$ 83,108,951</u>	<u>\$ 78,096,540</u>

Notes:

(1) Per GASB 54, Fund Balance designations changed for reporting purposes effective June 30, 2011.

(2) The reduction in the General Fund of committed and assigned fund balance from 2012 to 2013 reflects the use of the committed Temporary Recession Reserve (\$11,700,000) and the assigned Golf Course Debt Service Reserve (\$2,000,000) to pay off the City's 2003 Certificates of Participation.

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City of Pleasanton
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30				
	2007	2008	2009	2010	2011
Revenues:					
Taxes	\$ 75,235,506	\$ 76,668,560	\$ 74,321,964	\$ 71,408,195	\$ 73,637,299
Special Assessments	190,362	196,784	194,311	203,798	202,642
Licenses	11,259	11,591	11,536	11,424	10,978
Permits	1,950,100	1,701,275	974,211	852,900	1,453,709
Fines and Forfeitures	526,208	557,615	471,606	453,118	554,089
Use of Money & Property	5,926,569	6,306,432	3,840,218	1,211,827	1,201,627
Intergovernmental	5,933,046	5,916,548	5,585,376	5,382,179	7,204,939
Franchises	1,727,617	1,783,405	1,829,153	1,955,493	2,001,935
Charges for Services (1)	13,268,001	14,320,932	14,409,775	14,741,021	14,382,797
Development Fees	3,824,811	6,403,102	4,747,036	1,646,586	3,104,570
Plan Check fees	924,558	995,038	483,500	428,476	918,878
Reimbursements	2,147,204	2,043,745	2,142,775	2,368,673	1,387,642
Contributions and Donations	748,144	6,027,436	1,145,881	1,659,234	461,576
Other Revenues	3,313,780	3,836,587	3,707,092	3,053,264	3,061,797
Recreation Charges	3,659,920	3,731,918	3,708,827	3,210,480	3,295,411
	<u>119,387,085</u>	<u>130,500,968</u>	<u>117,573,261</u>	<u>108,586,668</u>	<u>112,879,889</u>
Expenditures:					
Current:					
General Government	11,362,742	12,405,156	12,127,645	11,896,618	11,172,110
Public Safety (1)	47,626,223	50,030,665	50,354,468	51,761,407	50,091,867
Community Development (2)	5,250,750	5,841,161	12,453,559	11,490,516	11,991,350
Operations Services (2)	15,780,590	15,791,053	8,006,599	8,130,826	14,377,543
Community Activities	17,850,952	18,580,800	17,621,844	16,885,312	10,644,722
Capital Outlay	16,521,137	18,073,711	30,476,317	12,720,830	9,199,072
Debt Service:					
Principal (3)	1,345,000	1,385,000	1,425,000	1,825,000	1,860,000
Interest & Fiscal Charges (3)	1,204,063	1,167,388	1,129,603	1,091,998	1,053,120
Total Expenditures	<u>116,941,457</u>	<u>123,274,934</u>	<u>133,595,035</u>	<u>115,802,507</u>	<u>110,389,784</u>
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	<u>2,445,628</u>	<u>7,226,034</u>	<u>(16,021,774)</u>	<u>(7,215,839)</u>	<u>2,490,105</u>
Other Financing Sources (Uses):					
Proceeds from Issuance of Debt	-	227,487	20,000	-	-
Capital Lease	-	-	-	-	-
Loan Proceeds					
Transfers In (4)	17,317,214	11,085,480	11,193,907	6,702,172	5,610,956
Transfers Out (4)	(16,429,835)	(9,972,337)	(9,361,054)	(4,377,180)	(8,482,876)
Total Other Financing Sources (Uses)	<u>887,379</u>	<u>1,340,630</u>	<u>1,852,853</u>	<u>2,324,992</u>	<u>(2,871,920)</u>
Net Change in Fund Balances	<u>3,333,007</u>	<u>8,566,664</u>	<u>(14,168,921)</u>	<u>(4,890,847)</u>	<u>(381,815)</u>
Fund Balances:					
Beginning of Year	109,661,611	112,177,160	120,743,824	106,574,903	101,684,056
Prior Period Adjustment	(817,458)	-	-	-	-
End of Year	<u>\$ 112,177,160</u>	<u>\$ 120,743,824</u>	<u>\$ 106,574,903</u>	<u>\$ 101,684,056</u>	<u>\$ 101,302,241</u>
Debt Service as a Percentage of Noncapital Expenditure (5)					
	2.37%	2.26%	2.32%	2.75%	2.76%

Notes:

(1) The reduction in charges for services revenue and public safety expenditures from 2012 to 2013 primarily reflects the reclassification of the City of Livermore's share of LPPD financial activity (approximately \$13.6 million) from Governmental Funds to Agency Funds.

(2) In 2009, Planning & Community Development and Public Works were reorganized into two functions: Community Development and Operations Services.

(3) Debt service expenditures in 2013 reflects the redemption of the City's outstanding 2003 Certificates of Participation and payment of accrued interest (approximately \$20.7 million principal and \$191,000 interest).

(4) Transfers in 2013 reflect transfers from the General Fund (\$13.2 million, also included in transfers out), the Golf Fund (\$1.2 million), and the Retiree Medical Fund (\$6.5 million) to the 2003 Certificates of Participation Debt Service Fund totaling approximately \$20.9 million.

(5) The amount of capital outlay used to calculate the ratio of total debt service expenditures to noncapital expenditures is presented as the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance.

Fiscal Year Ended June 30

	2012	2013	2014	2015	2016
\$	74,342,216	\$ 75,998,183	\$ 80,036,078	\$ 85,842,939	\$ 91,902,097
	198,710	210,276	204,912	204,755	206,219
	11,180	10,548	15,534	10,018	10,270
	1,775,254	1,963,950	1,809,142	3,276,533	3,307,959
	514,613	606,483	528,070	535,269	308,911
	1,169,435	966,403	2,002,307	1,445,331	1,896,314
	5,398,749	7,470,232	5,665,356	5,616,638	5,862,784
	2,012,970	2,114,955	2,371,125	2,455,509	2,570,130
	14,624,998	955,963	1,003,549	1,002,509	2,095,908
	3,822,464	3,117,578	8,559,519	8,684,756	7,791,583
	1,616,141	1,200,174	2,124,937	1,963,429	2,776,668
	1,525,030	2,422,053	1,759,826	2,239,210	2,463,578
	4,341,337	414,842	547,642	181,937	864,641
	3,326,512	3,139,666	2,985,310	3,067,997	1,865,217
	3,504,924	3,457,871	3,772,872	4,063,003	4,242,435
	<u>118,184,533</u>	<u>104,049,177</u>	<u>113,386,179</u>	<u>120,589,833</u>	<u>128,164,714</u>
	11,671,393	11,942,389	11,269,902	12,590,280	12,709,762
	52,128,400	39,771,835	41,687,750	42,781,587	44,521,472
	12,658,878	12,851,491	13,761,593	15,875,983	18,949,408
	14,109,244	14,526,304	15,943,523	7,624,563	18,028,059
	10,551,455	10,976,770	11,462,498	11,518,746	12,314,149
	10,123,534	10,294,297	12,510,682	17,322,318	21,499,776
	1,852,741	22,132,902	1,753,025	1,781,107	1,222,660
	1,009,993	1,173,287	29,335	10,955	22,828
	<u>114,105,638</u>	<u>123,669,275</u>	<u>108,418,308</u>	<u>109,505,539</u>	<u>129,268,114</u>
	<u>4,078,895</u>	<u>(19,620,098)</u>	<u>4,967,871</u>	<u>11,084,294</u>	<u>(1,103,400)</u>
	-	-	-	-	-
	102,372	-	-	-	-
	10,172,452	25,318,583	1,687,250	1,468,014	1,198,962
	(14,204,898)	(18,956,053)	2,853,819	3,339,742	9,784,448
	<u>(3,930,074)</u>	<u>6,362,530</u>	<u>(4,014,347)</u>	<u>(5,902,855)</u>	<u>(14,838,139)</u>
			526,722	(1,095,099)	(3,854,729)
	<u>148,821</u>	<u>(13,257,568)</u>	<u>5,494,593</u>	<u>9,989,195</u>	<u>(4,958,129)</u>
	101,302,241	101,451,062	88,193,494	93,688,087	103,677,282
	-	-	-	-	-
\$	<u>101,451,062</u>	<u>\$ 88,193,494</u>	<u>\$ 93,688,087</u>	<u>\$ 103,677,282</u>	<u>\$ 98,719,153</u>
	2.70%	20.14%	1.86%	1.94%	1.06%

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Revenue Capacity Information

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years

Principal Property Tax Payers – Current Year and Ten Years Ago

Property Tax Levies and Collections – Last Ten Fiscal Years

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City of Pleasanton
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Net Secured	Public Utilities	Net Unsecured	Net Taxable Assessed Value (1)	Total Direct Tax Rate (2)
2007	\$ 14,878,786,916	\$ 2,146,073	\$ 575,007,837	\$ 15,455,940,826	0.2971%
2008	15,884,626,870	1,520,242	634,144,021	16,520,291,133	0.2971%
2009	16,703,488,099	1,520,242	667,916,119	17,372,924,460	0.2971%
2010	16,608,342,939	1,520,242	678,842,286	17,288,705,467	0.2971%
2011	16,330,693,261	1,583,493	639,791,920	16,972,068,674	0.2971%
2012	16,118,033,742	1,583,493	624,006,570	16,743,623,805	0.2971%
2013	16,310,521,666	1,583,493	610,478,023	16,922,583,182	0.2971%
2014	17,035,804,215	1,583,362	605,798,375	17,643,185,952	0.2971%
2015	17,986,025,380	1,398,984	674,719,475	18,662,143,839	0.2971%
2016	18,941,502,719	865,618	804,706,503	19,747,074,840	0.2971%

(1) The net taxable assessed value provided by Alameda County is the only data currently available with respect to the actual market value of taxable property.

(2) Unsecured property is taxed at the prior year direct tax rate.

Source: Alameda County Office of the Auditor-Controller

City of Pleasanton
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	Fiscal Year Ended June 30			
	2007	2008	2009	2010
County Wide Levy (Net Pleasanton)	0.7029	0.7029	0.7029	0.7029
City of Pleasanton	0.2971	0.2971	0.2971	0.2971
Pleasanton Unified School District	0.0721	0.0756	0.0777	0.0809
Community College District	0.0159	0.0164	0.0183	0.0195
Flood Zone 7	0.0151	0.0150	0.0169	0.0203
Bay Area Rapid Transit District	0.0050	0.0076	0.0090	0.0057
East Bay Regional Park District	0.0085	0.0080	0.0100	0.0108
Total	1.1166	1.1226	1.1319	1.1372

Note: Rates are percentage of total assessed value

Source: HDL Companies

Fiscal Year Ended June 30					
2011	2012	2013	2014	2015	2016
0.7029	0.7029	0.7029	0.7029	0.7029	0.7029
0.2971	0.2971	0.2971	0.2971	0.2971	0.2971
0.0891	0.0908	0.0963	0.2390	0.2390	0.2390
0.0211	0.0214	0.0219	0.0262	0.0262	0.0262
0.0250	0.0307	0.0228	0.0219	0.0219	0.0219
0.0031	0.0041	0.0043	0.0064	0.0064	0.0064
0.0084	0.0071	0.0051	0.0305	0.0305	0.0305
1.1467	1.1541	1.1504	1.3240	1.3240	1.3240

City of Pleasanton
Principal Property Tax Payers
Current Year and Ten Years Ago

FY 2015/16			FY 2006/07		
Taxpayer	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Kaiser	\$ 282,061,589	1.42%	Stoneridge Properties	\$ 212,780,782	1.37%
Stoneridge Properties	248,226,241	1.25%	Pleasanton Property LLC	198,645,778	1.28%
Stoneridge Creek Pleasanton CCRC LI	179,354,560	0.90%	NNN Britannia Business Ctr	186,729,481	1.20%
SFI Pleasanton LLC	164,669,195	0.83%	Oracle America Inc/Peoplesoft	180,942,082	1.16%
Stoneridge Residential LLC	151,025,264	0.76%	6200 Stoneridge Mall Road Inv	177,576,444	1.14%
Safeway Inc.	140,614,757	0.71%	Applera Corporation	135,262,272	0.87%
Oracle America Inc/Peoplesoft	136,071,546	0.69%	Safeway Inc.	126,296,597	0.81%
6200 Stoneridge Mall Rd Inv	136,055,226	0.69%	ND Properties	115,863,840	0.74%
Tishman Speyer Archstone Smith	130,800,405	0.66%	State Compensation Ins Fund	102,146,129	0.66%
Applera Corporation	107,085,334	0.54%	Clorox Services Company	98,254,796	0.63%
	<u>\$ 1,675,964,117</u>	<u>8.45%</u>		<u>\$ 1,534,498,201</u>	<u>9.86%</u>

Source: HdL Companies

City of Pleasanton
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (1)	Collection within the Fiscal Year of Levy		Delinquent Tax Collections (2)
		Amount	Percent of Levy	
2007	\$ 52,176,573	\$ 50,841,540	97.44%	\$ 856,922
2008	55,187,206	52,552,853	95.23%	1,342,062
2009	55,938,376	53,700,031	96.00%	2,219,607
2010	53,217,192	50,776,973	95.41%	2,281,671
2011	52,430,338	51,798,923	98.80%	1,515,544
2012	52,910,059	52,215,414	98.69%	1,445,750
2013	53,198,430	51,821,281	97.41%	1,265,459
2014	54,769,569	54,438,909	99.40%	1,001,164
2015	59,017,605	58,536,604	99.18%	971,138
2016 (3)	57,899,616	57,173,499	98.75%	726,117

- (1) Total Tax Levy includes estimated Unitary Tax, estimated supplemental assessments, home owners' exemptions, In Lieu Vehicle License Fees and In Lieu Sales and Use Tax. Educational Revenue Augmentation Fund payments have been deducted from the Total Tax Levy beginning in Fiscal Year 1992-93.
- (2) Alameda County does not provide delinquent tax collection data by levy year or distinguish between delinquent taxes and penalties and interest, so the amounts shown in the delinquent tax collections column include the delinquency collections for all prior years, including penalties and interest, that were remitted to the City in each fiscal year.
- (3) Backfill payments from Proposition 57, The California Economic Recovery Bond Act (Triple Flip) ended during FY 15/16. Local agencies now receive the full one percent local sales tax, and no backfill payment will be required in the future.

Source: Alameda County Office of the Auditor-Controller

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Debt Capacity Information

Ratios of Outstanding Debt by Type – Last Ten Fiscal Years

Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years

Direct and Overlapping Debt – Year Ended June 30, 2016

Legal Debt Margin – Last Ten Fiscal Years

Pledged-Revenue Coverage for the Sewer Fund – Last Ten Fiscal Years

City of Pleasanton
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			Total Governmental Activities
	General Obligation Bonds	Certificates of Participation	Notes and Capital Lease Payable	
2007	\$ -	\$ 29,215,000	\$ 1,595,000	\$ 30,810,000
2008	-	27,830,000	1,822,487	29,652,487
2009	-	26,405,000	5,242,487	31,647,487
2010	-	25,110,000	4,712,487	29,822,487
2011	-	23,780,000	2,682,487	26,462,487
2012	-	22,405,000	2,307,117	24,712,117
2013	-	750,000	1,829,215	2,579,215
2014	-	380,000	2,113,419	2,493,419
2015	-	-	2,180,326	2,180,326
2016	-	-	2,156,627	2,156,627

Business-Type Activities						
Sewer Revenue Bonds	Water Revenue Bonds	Notes Payable	Capital Lease	Total Primary Government	Percentage of Personal Income	Debt Per Capita
\$ 2,575,000	\$ 2,300,000	\$ 319,204	\$ 448,682	\$ 36,452,886	1.0%	537.74
2,010,000	1,645,000	274,117	296,531	33,878,135	0.8%	494.15
1,415,000	975,000	226,105	149,158	34,412,750	0.8%	496.31
840,000	825,000	174,875	-	31,662,362	0.8%	451.38
685,000	-	120,263	316,939	27,584,689	0.8%	390.10
520,000	-	-	502,508	25,734,625	0.8%	361.09
355,000	-	-	375,864	3,310,079	0.1%	46.06
180,000	-	-	246,316	2,919,735	0.1%	39.96
-	-	-	113,797	2,294,123	0.1%	31.41
-	-	5,762,772	321,524	8,240,923	0.2%	109.91

City of Pleasanton
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			Percent of Assessed Value	Per Capita
	General Obligation Bonds	Tax Allocation Bonds	Total		
2007	\$ -	\$ -	\$ -	0.000%	-
2008	-	-	-	0.000%	-
2009	-	-	-	0.000%	-
2010	-	-	-	0.000%	-
2011	-	-	-	0.000%	-
2012	-	-	-	0.000%	-
2013	-	-	-	0.000%	-
2014	-	-	-	0.000%	-
2015	-	-	-	0.000%	-
2016	-	-	-	0.000%	-

City of Pleasanton
Direct and Overlapping Debt
For the year ended June 30, 2016

2015/16 Net Assessed Valuation: \$19,747,074,840

Overlapping Tax Debt:	Outstanding Debt 06/30/16	Percentage Applicable (1)	Estimated Share of Overlapping Debt
Bay Area Rapid Transit District	\$527,065,000	3.296%	\$17,372,062
Chabot-Las Positas Community College District	420,427,539	19.104%	80,318,477
Dublin Joint Unified School District	284,743,405	0.006%	17,085
Livermore Valley Joint Unified School District	70,845,000	1.974%	1,398,480
Pleasanton Unified School District	24,299,976	97.480%	23,687,617
Sunol Glen Unified School District	664,070	0.002%	13
East Bay Regional Park District	149,945,000	5.050%	7,572,223
Total Overlapping Tax Debt:			\$130,365,957

Ratios to Net Assessed Valuation:

Total Overlapping Tax Debt 0.66%

Direct and Overlapping General Fund Debt:

Alameda County General Fund Obligations	\$893,097,000	8.357%	\$74,636,116
Alameda County Pension Obligation Bonds	47,111,094	8.357%	3,937,074
Pleasanton Unified School District Certificates of Participation	16,635,000	97.480%	16,215,798
City of Pleasanton Notes and Capital Lease	2,156,627	100.000%	2,156,627
Total Direct and Overlapping General Fund Debt:			96,945,615
Combined Total Debt			\$227,311,572 (2)
Total Direct Debt			\$2,156,627
Total Overlapping Debt			225,154,945
Combined Total Debt			\$227,311,572 (2)

(1) The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the City divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to Assessed Valuation:

Total Overlapping Tax and Assessment Debt 0.66%
 Total Direct Debt (\$2,156,627) 0.01%
 Combined Total Debt 1.15%

Sources: California Municipal Statistics, Inc., Alameda County Office of the Auditor-Controller, and City of Pleasanton Department of Finance.

City of Pleasanton
Legal Debt Margin
Last Ten Fiscal Years

	Fiscal Year Ended June 30			
	2007	2008	2009	2010
Net Assessed Valuation	\$15,455,940,826	\$16,520,291,133	\$17,372,924,460	\$17,288,705,467
Conversion Percentage for Calculation of Debt Limit	25%	25%	25%	25%
Adjusted Assessed Valuation	3,863,985,207	4,130,072,783	4,343,231,115	4,322,176,367
Debt Limit Percentage	15%	15%	15%	15%
Legal Debt Limit	<u>579,597,781</u>	<u>619,510,917</u>	<u>651,484,667</u>	<u>648,326,455</u>
Amount of Debt Subject to Limit	-	-	-	-
Legal Debt Margin	<u>\$579,597,781</u>	<u>\$619,510,917</u>	<u>\$651,484,667</u>	<u>\$648,326,455</u>
Total Debt Applicable to Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%

Source: City of Pleasanton Finance Department
Alameda County Office of the Auditor-Controller

Fiscal Year Ended June 30					
2011	2012	2013	2014	2015	2016
\$16,972,068,674	\$16,743,623,805	\$16,922,583,182	\$17,643,185,952	\$18,662,143,839	\$19,747,074,840
25%	25%	25%	25%	25%	25%
4,243,017,169	4,185,905,951	4,230,645,796	4,410,796,488	4,665,535,960	4,936,768,710
15%	15%	15%	15%	15%	15%
<u>636,452,575</u>	<u>627,885,893</u>	<u>634,596,869</u>	<u>661,619,473</u>	<u>699,830,394</u>	<u>740,515,307</u>
-	-	-	-	-	-
<u>\$636,452,575</u>	<u>\$627,885,893</u>	<u>\$634,596,869</u>	<u>\$661,619,473</u>	<u>\$699,830,394</u>	<u>\$740,515,307</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

City of Pleasanton
Pledged-Revenue Coverage for the Sewer Fund
Last Ten Fiscal Years

Sewer Revenue Bonds							
Fiscal Year Ended June 30	Sewer Revenues	Less Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2007	\$ 11,681,865	\$ 10,048,466	\$ 1,633,399	\$ 545,000	\$ 88,744	\$ 633,744	2.58
2008	11,813,279	10,029,648	1,783,631	565,000	73,500	638,500	2.79
2009	10,944,451	9,605,229	1,339,222	595,000	56,434	651,434	2.06
2010	10,949,878	9,500,116	1,449,762	575,000	37,163	612,163	2.37
2011	11,360,283	9,602,747	1,757,536	155,000	24,638	179,638	9.78
2012	12,636,013	10,804,143	1,831,870	165,000	19,838	184,838	9.91
2013	13,027,481	11,609,263	1,418,218	165,000	14,784	179,784	7.89
2014	13,774,609	11,945,218	1,829,391	175,000	9,253	184,253	9.93
2015	14,037,443	11,937,216	2,100,227	180,000	3,150	183,150	11.47
2016	14,166,889	12,110,846	2,056,043	-	-	-	N/A

Note: Revenue and expenditure totals differ from totals in the financial statements because bond rate covenants include and exclude various line item amounts (e.g. depreciation and General Fund interfund transfer that was subordinate to the payment of Bonds).

Source: City of Pleasanton, Finance Department

Demographic and Economic Information

Demographic and Economic Statistics – Last Ten Fiscal Years

Principal Employers – Current Year and Ten Years Ago

City Employees by Function – Last Ten Fiscal Years

City of Pleasanton
Demographic and Economic Statistics
Last Ten Years

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2006	67,789	\$ 3,747,727,000	\$ 55,285	2.2%
2007	68,558	4,007,301,000	58,451	2.3%
2008	69,337	4,103,578,000	59,183	3.0%
2009	70,145	3,990,557,000	56,890	5.4%
2010	70,711	3,297,749,000	46,637	5.8%
2011	71,269	3,338,739,000	46,847	5.3%
2012	71,871	3,512,480,000	48,872	3.5%
2013	73,067	3,610,971,000	49,420	2.8%
2014	73,028	3,612,987,000	49,474	4.6%
2015	74,982	3,729,303,000	49,736	3.7%

Source: HDL Companies - Statistical Package

City of Pleasanton
Principal Employers
Current Year and Ten Years Ago

Employer	FY 2015/16		Employer	FY 2006/07	
	Number of Employees	Percent of Total Employment		Number of Employees	Percent of Total Employment
Kaiser Permanente	3,741	6.79%	Safeway Inc.	2,400	4.16%
Workday	2,250	4.09%	EMC Corporation	2,200	3.81%
Safeway Inc.	1,681	3.05%	Oracle	1,800	3.12%
Oracle	1,557	2.83%	Washington Mutual	1,400	2.43%
Pleasanton Unified School Dist.	1,444	2.62%	Valley Care Medical Center	1,300	2.25%
Valleycare Medical Center	1,400	2.54%	Kaiser Permanente	1,200	2.08%
Ellie Mae	1,000	1.82%	Pleasanton Unified School Dist.	1,168	2.03%
State Compensation Ins. Fund	787	1.43%	Robert Half International	1,102	1.91%
Roche Molecular Systems Inc.	750	1.36%	E-Loan	825	1.43%
Blackhawk Network Inc.	736	1.34%	AT&T	750	1.30%
The Clorox Company	715	1.30%	Macy's	750	1.30%
Thermo Fisher Scientific	579	1.05%	Farmers Insurance	601	1.04%
Veeva Systems	538	0.98%	Ross Stores	550	0.95%
Macy's	523	0.95%	Clorox Services Company	530	0.92%
EMC Corporation	507	0.92%	City of Pleasanton ⁽¹⁾	504	0.87%

Sources: City of Pleasanton Economic Development Department

⁽¹⁾ Does not include City of Livermore fire personnel in Livermore Pleasanton Joint Powers Authority.

City of Pleasanton
Full-Time and Part-Time and Limited Term Employees by Function
Last Ten Fiscal Years

Function	Full-Time, Part-Time and Limited Term Employees as of June 30										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government (1)	44	45	45	46	45	41	38	37	37	38	39
Public Safety (2)	185	187	186	186	184	181	175	175	175	175	178
Community Development (3)	20	20	22	59	51	50	48	48	48	48	52
Public Works - Admin, Engr, Bldg (3)	38	38	40	-	-	-	-	-	-	-	-
Public Works - Field, Streets, Support (4)	38	37	36	-	-	-	-	-	-	-	-
Operations Services (4) (5)	-	-	-	35	36	63	59	58	57	60	62
Community Activities (5)	85	85	85	83	79	44	47	47	46	45	45
Utilities	35	35	35	40	39	36	35	35	38	38	39
Total	445	447	449	449	434	415	402	400	402	405	413

- (1) In 2011 Business License was transferred from Finance (General Government) to Economic Development (Community Development).
- (2) Public Safety includes Police personnel and the City of Pleasanton's cost share allocation of Livermore-Pleasanton Fire Department (LFPD) personnel per Joint Powers Agreement; does not include Livermore fire personnel in LFPD.
- (3) In 2009 Public Works Administration, Engineering & Inspection and Building & Safety transferred to Community Development.
- (4) In 2009 Public Works Field Services, Streets and Support Services transferred to Operations Services.
- (5) In 2011 Parks Division was transferred from Community Activities to Operations Services.

Source: City of Pleasanton Budget

Operating Information

Operating Indicators by Function – Last Ten Fiscal Years

Capital Asset Statistics by Function – Last Ten Fiscal Years

City of Pleasanton
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year Ended June 30			
	2007	2008	2009	2010
Police:				
Arrests	2,414	2,563	2,772	2,970
Parking Citations Issued	1,175	1,019	911	1,133
Administrative Citations Issue	129	150	92	108
Fire:				
Number of Responses (Pleasanton only)	4,886	5,129	5,007	4,952
Number of Inspections (Pleasanton only)	1,701	1,604	1,269	861
Library:				
Annual Circulation	1,237,543	1,303,995	1,433,876	1,475,666
Gate Count (# of people thru the doors)	472,633	498,614	530,738	552,779
e-Resources				
Economic Development:				
Business Licenses Issued	9,206	9,368	8,783	9,067
Parks & Community Services:				
Paratransit Trips (1)	19,122	18,656	22,122	20,393
Golf Rounds Played	73,365	72,092	68,294	63,591
Aquatics Programs (No. of Participants) (2)	16,838	17,756	21,185	21,982
Sports, Camps, Classes and Leagues (No. of Participants) (2)	11,755	12,782	12,683	13,400
Amador Theater & Firehouse Arts Center (No. of Patrons)	70,900	42,500	50,100	28,380
Operations Services:				
Streets Resurfacing (miles)	10.0	9.0	9.0	6.0
Utility Bills Generated	131,027	131,290	131,500	134,651
New Water Connections	113	52	21	26
Gallons Delivered (in million gallons/day)	16.2 mgd	16.0 mgd	15.0 mgd	14.1 mgd
New Sewer Connections	185	65	24	26

(1) In FY 2012/13, Downtown Route Service was reduced from 5 days a week to 3 days a week to meet the service demands.

(2) In FY 2012/13, the category was widened from youth to all participants.

Fiscal Year Ended June 30

2011	2012	2013	2014	2015	2016
3,283	2,675	2,387	2,239	1,992	1,795
1,634	1,263	909	1,421	1,486	1,377
144	105	62	42	50	56
4,146	4,342	4,548	4,753	4,849	5,133
988	1,194	1,032	1,415	1,552	1,912
1,465,716	1,438,609	1,428,665	1,422,134	1,309,117	353,184
562,757	561,351	551,297	556,810	529,996	521,042
				50,000	87,876
8,534	9,147	9,275	9,625	9,776	9,817
17,506	15,499	13,486	11,921	10,725	10,291
58,559	58,272	56,104	54,998	56,066	55,389
23,907	25,494	34,334	25,861	40,803	39,992
13,580	22,480	54,579	52,589	55,054	62,817
43,048	51,096	45,291	44,762	42,759	48,809
11.5	12.0	11.8	2.0	12.9	1.0
132,141	126,104	127,955	128,277	134,559	134,741
44	51	88	74	124	99
11.4 mgd	13.4 mgd	14.8 mgd	14.2 mgd	10.8 mgd	10.8 mgd
82	49	136	231	285	374

City of Pleasanton
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year Ended June 30			
	2007	2008	2009	2010
Police:				
Stations	1	1	1	1
Fire:				
Stations (Pleasanton only)	5	5	5	5
Library:				
Branches	1	1	1	1
Parks & Community Services:				
Acres of Parks Maintained*	378	385	385	385
Municipal Golf Courses	1	1	1	1
Aquatic Centers	1	1	1	1
Senior Centers	1	1	1	1
Operations Services:				
Streets (miles)	204	206	213	213
Streetlights	5,320	5,379	5,992	6,007
Traffic Signals	92	93	93	93
Water:				
Water mains (miles)	318	318	320	320
Pumping Capacity (gallons/day)	37.0M	37.0M	37.0M	32.0M
Wastewater:				
Sanitary Sewers (miles)	253	253	255	255
Storm Sewers (miles)	188	188	191	192

Source: City of Pleasanton Community Services and Operations Services

* In 2016, the Parks Dept began using GPS technology to better calculate the acres of parks in the City. The true number of acres has decreased to 335 based on the current audit of the parks.

Fiscal Year Ended June 30

2011	2012	2013	2014	2015	2016
1	1	1	1	1	1
5	5	5	5	5	5
1	1	1	1	1	1
385	385	385	390	390	335
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
214	214	214	215	215	215
6,007	6,007	6,025	6,200	6,247	6,262
93	95	96	101	104	104
321	324	324	327	329	329
30.0M	31.0M	31.0M	31.0M	31.0M	31.0M
255	257	257	257	258	258
192	194	194	194	194	194

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