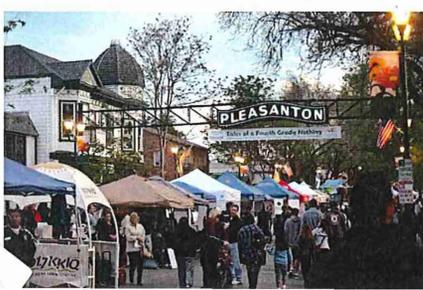
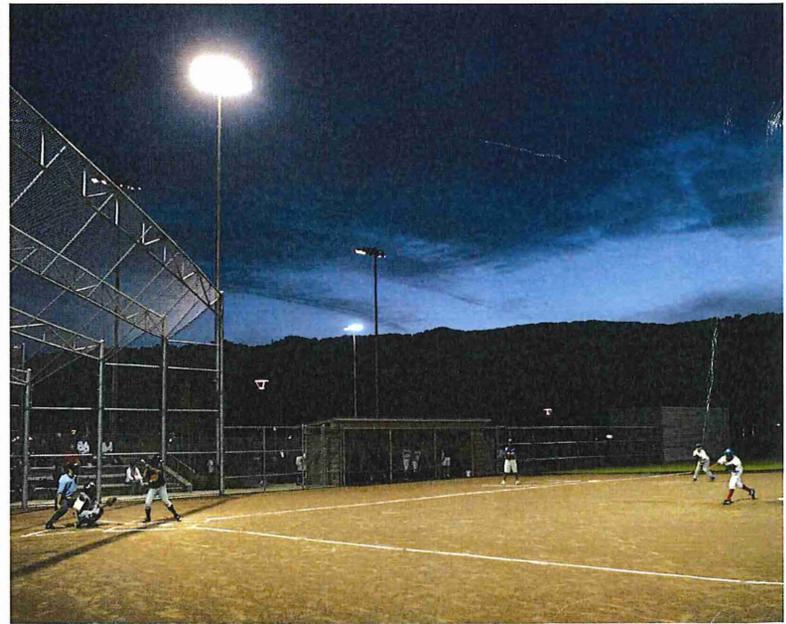
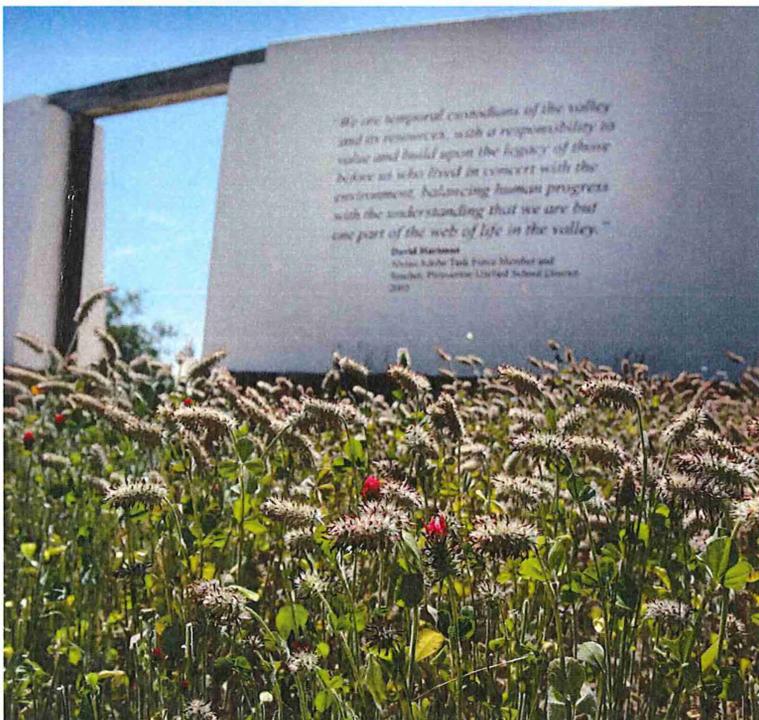


# COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2018 CITY OF PLEASANTON, CALIFORNIA



# City of Pleasanton

Pleasanton, California

*Comprehensive Annual Financial Report*

*For the year ended June 30, 2018*

*Prepared by the Finance Department*

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# City of Pleasanton

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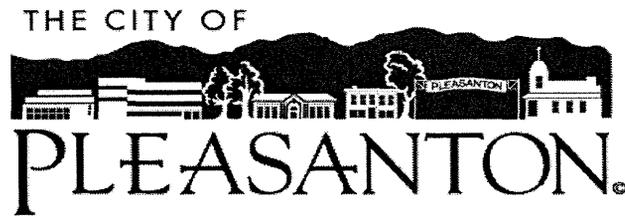
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To the Honorable Mayor, Members of the City Council  
and Citizens of the City of Pleasanton:

December 13, 2018

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Pleasanton, California, for the fiscal year ended June 30, 2018. 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, 2018.

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, 2018, 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 City's overall financial management. 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, 2018, 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. Maze and Associates will issue the Single Audit in March of 2019. However, Maze and Associates will issue the Memorandum of Internal Control (MOIC) with the City's CAFR and will issue an update to the MOIC, if necessary, when they issue the Single Audit in March of 2019.

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 75,365. 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 (PJPPFA) as component units. The Housing Authority and the PJPPFA 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 PJPPFA 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 increase 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 56,000 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 2018, 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 continues to be robust:

- Median home prices values in 2018 were \$1,253,000, which is \$409,000 or 48% greater than they were in 2005 or the highest pre-recession year for Pleasanton's home values.
- The unemployment rate is 2.9%, down from a high of 8.8% in 2010 and down from 3.3% in June of 2017.
- Office vacancies are 6.1%, down from 18.5% in 2011.

### Commercial Office Activity

Pleasanton's overall office vacancy rate at the end of calendar year 2017 was 6.1%, effectively the same when compared to the 6.3% vacancy rate at the same time one year earlier. Pleasanton Class A average asking rents were \$2.94 per square foot full service gross with 44,481 square feet of negative absorption for the final quarter of 2017, although annual absorption was a positive 65,245 square feet. The Class A vacancy rate ended 2017 at 5.5%, down one percentage point from the close of 2016. Class B average asking rents closed the year at \$2.57 per square foot full service gross, an increase of \$0.10 from the prior year, and the vacancy rate was 10.4%, up from 2016's year-end 9.3% vacancy rate. Class B net absorption for the final quarter of 2017 was positive but overall a negative 29,610 square feet for the year. Office/flex average asking rents closed the final quarter at \$2.39 per square foot with 21,008 square feet of positive net absorption helping to erode the annual negative total net absorption; vacancy was at 3.4%, up slightly from the close of 2016 when vacancy was just 3%. Just as with the overall Tri-Valley market, at mid-2018, Pleasanton rents were up by a few cents per square foot while the office vacancy rate was up a few percent to 9.8% (a rate that was already beginning to decrease in the third quarter of 2018). Pleasanton's amenities – affordable office and flex space relative to other Bay Area markets with access and proximity to housing and workforce – continued to sustain the city's commercial real estate market into 2018 and beyond.

The Tri-Valley industrial market continued to largely benefit property owners, given the overall scarcity of existing land and buildings to purchase or lease. With industrial tenants and buyers wanting to expand and stay as close as possible to the I-580/I-680 corridor, and with an inventory of only 127 buildings comprising 2,735,323 square feet, Pleasanton's industrial rates commanded a significant premium over the Livermore market at an average \$1.22 per square foot asking triple-net rental rates. Pleasanton's third-quarter vacancy rate increased from 2017 (only 34,551 square feet available for lease) to 4.5% in 2018, although 80% of this vacancy was due to the availability of an 11.34 acre, 96,803 square foot cooler/freezer campus on Sunol Boulevard which was purchased by Westcore after MeadowBrook Meat Company vacated the site.

Other significant industrial transactions in the city included the sale of a 15.6-acre site to the Costco Wholesale Corporation and the sale of a 5-acre site to Tharaldson Hospitality Management, a hotel developer with plans to build a 231-unit hotel with 2,300 square feet of retail, both included within the Johnson Drive Economic Development Zone. In the Valley Business Park area, Blocka Construction expected completion by the end of 2018 of its new 20,000 square foot light industrial on Boulder Court. In all, local commercial brokers expect the industrial market to continue to be strong into FY 2018/19.

As well, there was notable office sales activity reflecting the solid investment value of Pleasanton commercial real estate. Crosspoint Chinese Church of Silicon Valley purchased a 34,975 square foot flex building in Hacienda Business Park for its permanent location. The former Alameda County Courthouse on Stoneridge Drive sold to Embarcadero Capital Partners and PV ACRE Stoneridge and will offer this two-story vacant 56,146 square foot office building as a new opportunity for users in the market. Ellis Partners sold Saratoga Center to Ridge Capital Investors for \$18.2 million or \$216 per square foot. That project is comprised of two buildings: a two-story 41,656 square foot Class B office building and a single-story 42,620 square foot R&D building leased to immunotherapy bio-manufacturer Gritstone Oncology earlier in 2017. Also selling in late 2017 were two of the four buildings – totaling 95,325 square feet – that comprise Birch Lakes in Bernal Corporate Park; the buyer, Acre Investment Company, will hold one building as a leased investment but sell office condos in the second building.

There was commensurate leasing activity that served to offer additional depth and breadth to Pleasanton's commercial community; Hacienda realized much of this activity as well. Barrick Gold of North America, a tenant new to the Tri-Valley market, leased 12,106 square feet and Quotient Technology leased 8,291 square feet. Dimension Data relocated from another Pleasanton location into 16,725 square feet at the essentially fully-occupied Rosewood Commons campus. Safari Kid made plans to facilitate its relocation and expansion with its new lease of 28,069 square feet as it grows to meet increasing demand, while the Roman Catholic Diocese of Oakland leased 10,390 square feet as it also relocated. There was similar activity elsewhere in Pleasanton; for example, Panasonic Corporation of North America leased 8,623 square feet, and GTT Communications leased 6,887 square feet of office space, both at Bernal Corporate Plaza.

Progressing Pleasanton's medical technology and advanced manufacturing sectors, TriReme Medical renewed the lease for its 10,667 square foot flex space in which it produces medical devices dedicated to developing, manufacturing and distributing advanced therapeutic solutions for the treatment of complex vascular disease, while urological solutions developer and manufacturer NeoTract expanded its footprint within the city with its lease of 76,510 square feet of flex space. As well, Gatan inked its renewal of 37,628 square feet of flex space for the manufacturing of instrumentation and software used to enhance and extend the operation and performance of electron microscopes. Natus Medical leased 14,417 square feet to continue its work for the diagnosis, monitoring and treatment of impairments and disorders affecting newborns' brains, nerves, muscles, balance, mobility and hearing. This pattern wherein new companies locate in a relatively small space and then find suitable square footage in which to expand and remain in

Pleasanton over their life cycle is a defining marker of finding success in Pleasanton's business environment.

Workday, a financial, human resources and planning software company, has continued to expand rapidly over the past several years. It was expected that Workday would vacate its leased footage at Pleasanton Corporate Commons once construction is complete on its 410,000 square foot, 5-story building between the West Dublin/Pleasanton BART station and integrated the 5-building Stoneridge Corporate Plaza it purchased in 2013. Over the past months, this more fully played out: early in the fiscal year, Workday extended its lease for 76,571 square feet at 6200 Stoneridge Mall Road (giving it 221,120 square feet in the Pleasanton Corporate Commons complex overall), and then in the second half of 2018, Workday vacated the entirety of the 148,902 square foot Class A building at 6230 Stoneridge Mall Road as the company began to consolidate its employees into its newly formed campus. Notably, this give-back of space was the main contributor to the year's overall negative absorption. Construction on Workday's headquarters building, and the accompanying parking garage, is anticipated to be completed in early 2019, with early signs that Workday is already looking ahead to additional space needs. Concurrently, significant work is underway to implement planned traffic, pedestrian and design site improvements that will add an entryway to the BART station and a police substation in the parking garage, augmented by traffic circulation improvements at key intersections along Stoneridge Mall Road to accommodate anticipated employment growth in the commercial area.

As projected, Workday's investment in Pleasanton has served to spur redevelopment of the Stoneridge Shopping Center area. In 2017, investors purchased the adjacent Sheraton hotel and are currently renovating the property under the AC Marriott flag to leverage the travel activity created by Workday's training programs. As of late 2018, Pleasanton-based biologics firm 10X Genomics signed a lease to backfill the building at 6230 Stoneridge Mall Road that was earlier vacated by Workday, as 10X deepens its commitment to remaining in Pleasanton. Interestingly, this move by 10X Genomics will reshape the model of how biotech firms can creatively use space as the company demonstrates that multi-story commercial buildings can successfully accommodate R&D space above the first floor. As well, Simon Property Group, owner of Stoneridge Shopping Center, has purchased two of the mall's anchor properties – the 177,930 square foot Sears and the 172,000 square foot Macy's men's and children's stores – as it prepares to submit an application to renovate and reposition the center to better compete with other Tri-Valley retail centers. Additionally, the owner of the adjacent Pleasanton Plaza shopping center (Regency Centers) has been exploring how to redevelop that site to best complement and benefit from the recent improvements in the area.

Implementation of the Johnson Drive Economic Development Zone program continued throughout the fiscal year. Following an unsuccessful ballot measure in late 2016 that would have limited the size of individual building footprints within the zone, the City Council approved the JDEDZ in November 2017 and then followed with adoption of the JDEDZ transportation fee to recoup costs for transportation infrastructure from future development within the zone. In late 2017, a group of citizens filed a lawsuit challenging the California Environmental Quality Act (CEQA) document that was certified for the project. The City Council – in agreement with Costco – subsequently voted to rescind the JDEDZ approval to allow the requested additional analysis and review, which is expected to be recirculated for public comment and then reconsidered by the Planning Commission and City Council in early 2019.

### Retail Activity

Citywide retail space vacancy remains below 10% which still allows some room for new additions to meet the community's, and the region's, constant demand for new retail. Stoneridge Shopping Center continues to serve the regional market and throughout the year opened several new stores to entice patrons to visit more often, stay longer and increase per person spending. The Simon Property Group hosted several meetings with City staff to explore options for adding additional shopping, dining and entertainment at the center; the recently extended development agreement outlines existing entitlement for more than 250,000 square feet of such uses. Given the collaboration between Workday and Simon on transportation and design improvements to the area, the City anticipates Simon will submit an application for improvements to the mall in late-2018.

The 112,000 square foot Pacific Pearl community shopping center which is anchored by 99 Ranch Market and complemented by nearly 30 restaurants, retail, and service businesses, held its grand-opening in mid-2018. As anticipated, the center has already shown itself to be a desired destination for local and regional shoppers given a population of more than 4.5 million within a 30-mile radius of the center, as well as the more than 9 million annual visitors to the adjacent San Francisco Premium Outlets in Livermore.

The current retail vacancy rate in downtown Pleasanton remained near 10%, with a few Main Street locations available at mid-2018 and several others with tenant improvements underway. One long-awaited project – a 2-story restaurant/retail building at 725 Main Street – was completed, with one tenant dining establishments joined the downtown scene including Salt Craft and Uptown Burger, while others like Ramen 101, The Patio Café and regional-favorite Zachary's Chicago Pizza are currently working on tenant improvements. New retail shops such as men's furnishings purveyor Baqchi, Change of Heart consignment shop, and ceramics studio Color Me Mine expanded the tenant mix. Even with some retail rents at \$3.00 per square foot, downtown Pleasanton is still a sought-after destination.

### Other Business Activity

Other metrics continue to demonstrate robust commercial activity in Pleasanton. For example, the number of jobs in Pleasanton is now greater than 56,000 and this is in advance of fully staffing the new Workday headquarters in 2019. As well, the revenues from more than 9,800 business licenses – based on gross receipts – reached \$4.2 million exceeding the previous fiscal year's high mark of \$4 million. Similarly, downtown business improvement district assessment revenues – based on gross receipts factored by location within the downtown district – have been slowly increasing, now providing almost \$70,000 annually to support the Pleasanton Downtown Association. Transient occupancy tax revenues reached another high mark of more than \$6.4 million for the fiscal year.

Valuation is another way in which Pleasanton-based companies reveal their achievement. Natus Medical's recent IPO, generated more than \$1 billion for the company. Teleflex acquired NeoTract in mid-2017 in a transaction valued around \$1.1 billion, following Allergan's early-2017 acquisition of Zeltiq for \$2.5 billion, illustrating the ability to be highly successful in Pleasanton's market. Both companies will continue their operations in the city.

Another measurement by which Pleasanton companies demonstrated significance in our market is capital investment: notably, from mid-2017 through third-quarter 2018, Pleasanton companies received more than \$234 million. Leading examples include AEye for its advanced vision hardware, software and algorithms that act as the eyes and visual cortex of autonomous vehicles; Fulcrum Bioenergy for its process to make low-carbon, low-cost transportation fuels from household garbage; Bolt Therapeutics for using technology

from Stanford University to develop complete cures in numerous cancer models; Unchained Labs for its manufacturing of life sciences tools; ThinkHR for its technology and knowledge applications that deliver human resources solutions; Spirosure which is focused on research, development and commercialization of novel breath based analysis devices for disease diagnosis and management; and 10X Genomics for its DNA sequencing technology and tools. In fact, 10X Genomics was named the fastest growing private company in the Bay Area, with a 2-year growth rate of 2,044%, from 2016 to 2018. Notably, such capital investment across early, mid and late-stage companies – particularly in the life sciences sector – affirms the aforementioned pattern that companies can start, grow and stay in Pleasanton.

### **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. The most recent General Plan was adopted in July 2009 and the City's Housing Element 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 or nearing completion. In FY 2017/18, the following major housing development projects were under construction or completed: the Andares project at 5850 W. Las Positas Boulevard with 94 residential condo units; Irby Ranch, a 87 unit single family home development at 3780 Stanley Boulevard; Valley Trails (Ponderosa Homes), a 36 unit single family home development at 6900 Valley Trails Drive; and Phase 2 of the Kottinger Gardens senior residential development, with 54 apartment units. Projects entitled that are expected to begin construction in FY 2018/19 include the Lund Ranch project, a 43 lot single-family development on Lund Ranch Road. In addition, there are several in-fill residential projects under construction during FY 2017/18 including several projects within downtown Pleasanton. Many of these housing units are coming on line for occupancy starting in FY 2019/20.

### **Major City Sponsored Initiatives**

In addition to construction activity underway in the private sector, the City completed the following major construction and technology projects in FY 2017/18 that improved the City's infrastructure and facilities and enhanced business processes with contemporary technology:

- Fire Station #2 – Assessment Study
- Main Street/Santa Rita Water Main Replacement
- Cubby Dog Park – Parking Lot Expansion
- Various Street Resurfacing and Street Signal projects
- Two New Lighted Tennis Courts
- Pioneer Cemetery Storage Area Improvements
- Various Playground Equipment Replacement
- Foothill Road / Stoneridge Mall Sidewalk Replacement
- Meadowlark Sewer Siphon
- Annual Curb and Gutter Repairs and Replacements
- Integration of the City's building permit system, Accela, with the City's financial and cashing system, Tyler-Munis and integration with Tyler-Munis Utility Billing system and wireless meters
- Integration of cemetery software with GIS.

- Various system upgrades including Tyler-Munis, dispatching software, Laserfiche, and downtown WiFi network.

In addition, the City began the following major construction and technology projects in FY 2017/18:

- Recycled Water Infrastructure – Pump Station at Sports Park
- Fire Station #3 Construction Document Preparation
- Dolores Bengtson Aquatic Center Locker Room Remodel
- Fire Station #4 Parapet Wall and Roofing Replacement
- Resurface Six Basketball Courts Including New Standards, Backboards, Hoops and Site Furnishing
- Resurface Hand Ball Court
- Library Office Remodel Design
- Century House Condition and Fitness for Use Assessment
- Design of Second Bernal Bridge
- Vineyard Avenue Sewer Line Trench Stabilization
- Design of Three Water Tank Corrosion Control
- Second Bridge at Arroyo Da La Laguna-Feasibility Study
- Downtown Parking Lot – Transportation Corridor - Design
- Hopyard and Owens Intersection Reconfiguration Design
- Fire Hydrant and Valve Replacement
- Tassajara Potable Water Line Fill (DSRSD Lead Engineering reviewed and inspected.)
- Annual Curb, Gutter and Sidewalk Replacement
- Annual Street Resurfacing
- Upgrade of the City’s building permit system, Accela

### **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

Consistent with the City Council policy adopted in November of 2016, the City maintains a reserve at least equal to 20% of operating expenses in the General Fund<sup>1</sup>, currently totaling \$26 million at June 30, 2018, which equals 25.3% of FY 2017/18 actual operating expenses. The City also has a total \$47.4 million in capital project reserves and fund balances available for future projects, and \$57 million in reserves<sup>2</sup> that have been set aside for claims, 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. If needed, these reserves could be drawn upon temporarily to

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<sup>1</sup> In November 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.

<sup>2</sup> Funds available excluding long-term commitments and liabilities.

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 to help stabilize services in the event of an emergency situation such as after a major earthquake. If any of these reserves were drawn upon for stabilization of services, the goal would be to begin restoring them as soon as possible.

Through June 30, 2018, the City has allocated a total of \$25.4 million to prefund pension related liabilities. In addition, in June of 2018, the City established a Section 115 Pension Trust fund with PARS with an initial contribution of \$28 million that was invested in tranches over the subsequent five months. In addition, City Council adopted the following Section 115 Pension Trust Withdrawal Policy Guidelines (Guidelines) to help ensure there are monies available to help the City make pension contributions when necessary:

- a. Annual CalPERS employer pension contribution rate increase (in dollars) is greater than the growth rate (in dollars) of the City's General Fund.
  - ✓ Example: the pension contribution increases by \$2 million from the previous year while General Fund growth is \$1.5 million.
- b. The General Fund has a structural deficit that needs to be addressed (i.e. non-discretionary expenditures exceed revenues).
- c. General Fund reserves have been used and need to be replenished in order to maintain a reserve equal to 20 percent of General Fund expenditures.
- d. Paying off specific pension liabilities that will result in interest savings greater than interest earnings on the Trust Fund.

These prefunding contributions and the establishment of the Section 115 Pension Trust Fund demonstrate the City's commitment to address its pension related liabilities.

### **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, 2017. This was the twenty-first 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.

## Acknowledgments

The preparation of the CAFR was made possible through the dedicated work of all members 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 Cheryl Caraballo, Karen Chang, John Furtado, Annette Gibson, Steven Lam, Margaret Lyons, Becky Perry, Charly Yang and Raquel Zegarra.

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, 2017**

*Christopher P. Morrill*

Executive Director/CEO

**CITY OF PLEASANTON**

**LISTING OF PUBLIC OFFICIALS  
AS OF JUNE 30, 2018**

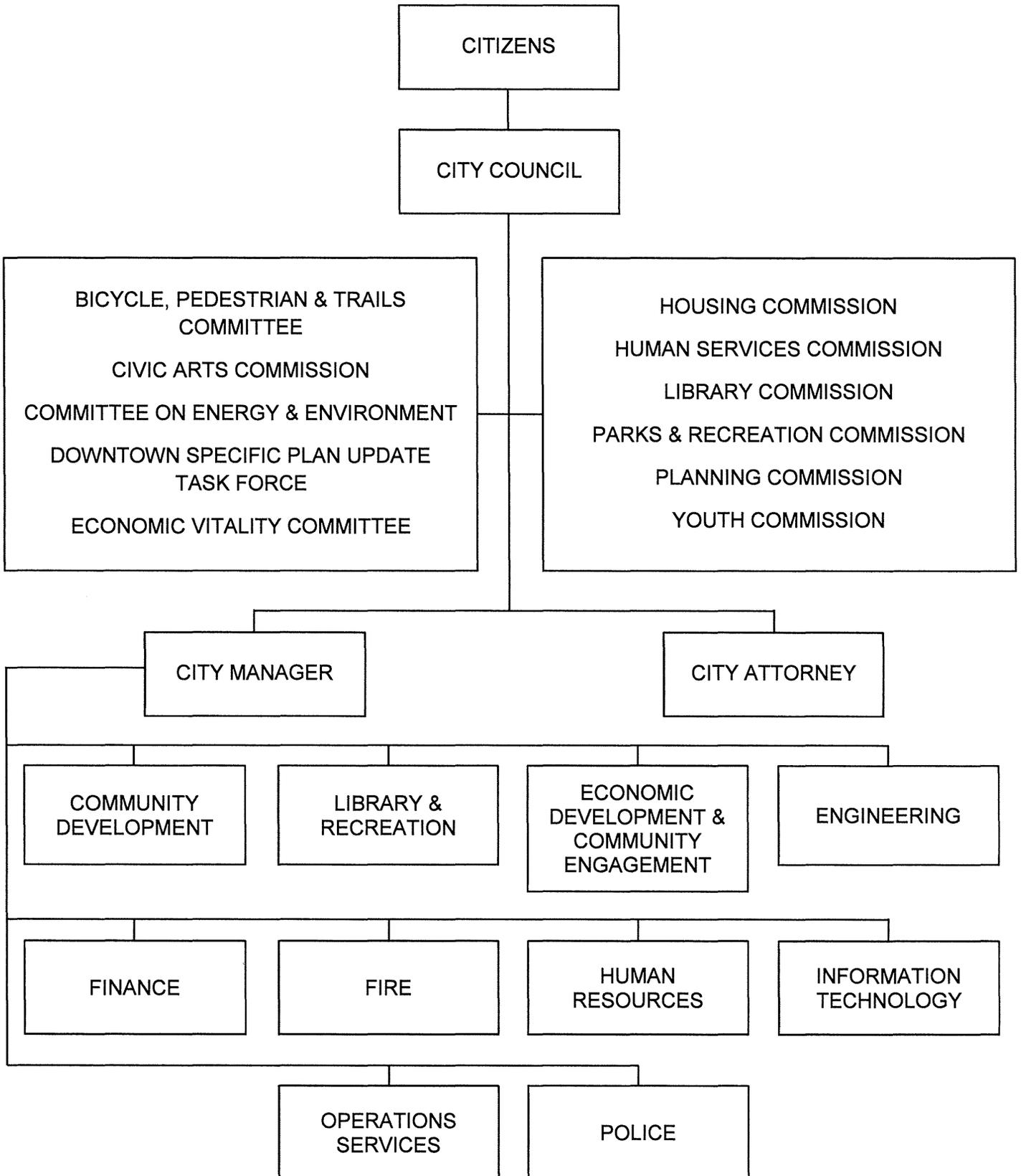
**ELECTED OFFICIALS:**

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

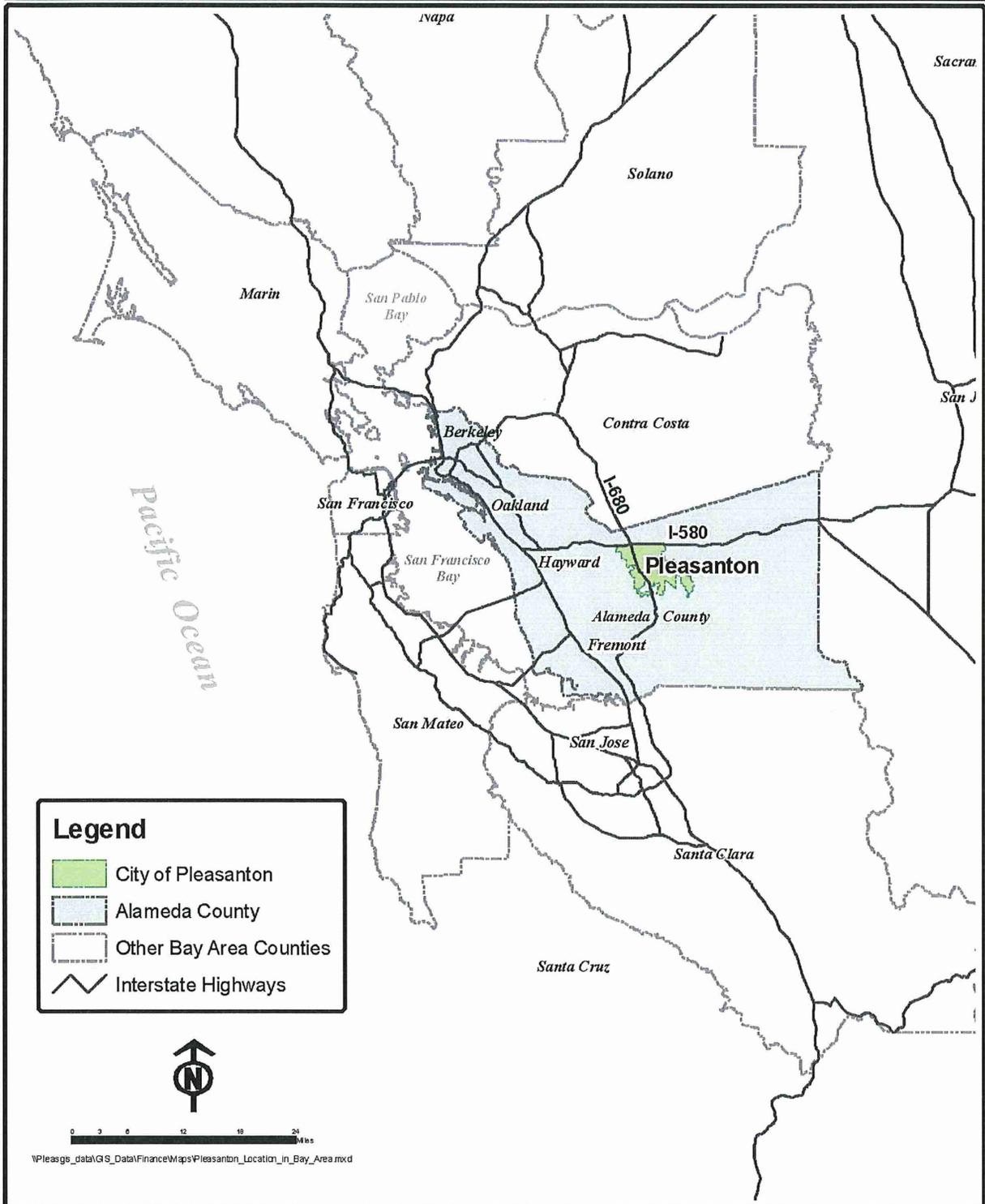
**ADMINISTRATIVE PERSONNEL:**

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 Economic Development	Pamela Ott
Director of Engineering	Steve Kirkpatrick
Director of Human Resources	Debra Gill
Director of Information Technology	Allen Hammond
Director of Library & Recreation	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 2017/18



# 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 (City) as of and for the year ended June 30, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Changes in Accounting Principles***

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which became effective during the year ended June 30, 2018 and required a prior period adjustment to the financial statements and required the restatement of net position as discussed in Note 9D.

Management also changed the method in which it accounts for and reports its interest in the Livermore-Pleasanton Fire Department to the equity method of accounting. This change required the restatement of net position as discussed in Note 9D.

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory Section, Supplementary 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 Supplementary 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 Supplementary 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 13, 2018 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 13, 2018

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2018 (FY 2017/18). 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 follows this section.

### FINANCIAL HIGHLIGHTS

- The City's total net position increased by \$3.4 million as a result of FY 2017/18 activities. Of this amount, there was an increase of \$3.7 million in net position attributable to governmental activities offset by a slight decrease of \$0.3 million in net position due to business-type activities. During FY 2017/18, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension, which resulted in a restatement of net position to record Other Post-Employment Benefits (OPEB) liabilities. The City also restated its net position to record its deficit investment in the Livermore-Pleasanton Fire Department (LFPD), which includes LFPD's pension and OPEB liabilities. The City equally shares its investment in LFPD with the City of Livermore. As a result of these restatements, the beginning net position of governmental and business-type activities decreased by \$54.0 million and \$4.2 million, respectively.
- Taxes increased by \$3.4 million from FY 2016/17 as a result of the continued development throughout the City and increased property values. Additional housing units contributed to a higher tax base for property tax revenues as well as properties sold at a higher cost.
- The City's governmental funds reported ending fund balances of \$116.7 million, an increase of \$8.6 million (8.0%) from FY 2016/17.
- The General Fund's fund balance at fiscal year-end was \$27.7<sup>1</sup> million, of which \$27.6 million was unassigned and \$0.05 million was non-spendable. The \$27.7 million fund balance is a \$5.2 million increase over the fund's fund balance at the end of FY 2016/17.

### 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.

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<sup>1</sup> The FY 2017/18 year-end operating budget report identified \$27,984,942 as the General Fund fund balance or \$328,758 more than the audited FY 2017/18 financial statements. The \$328,758 reflects GASB adjustments to investment earnings based on the market value of the City's investments as of June 30, 2018 that staff excluded from the FY 2017/18 year-end budget report since those are unrealized losses. The FY 2017/18 year-end budget report also identified \$1,921,177 of the \$27,984,942 General Fund fund balance as committed. Of that, \$1.2 million will be deposited to the LFPD Workers Compensation Reserve Fund when Livermore allocates its \$1.2 million during the FY 2018/19 mid-year budget. The balance of \$721,177 was allocated during the FY 2017/18 Mid-year budget to the Section 115 PARS pension trust fund but had not been deposited into the PARS fund by June 30, 2018. Thus, the City's available General Fund reserve is \$26 million.

- **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 schedules of changes in net liabilities and related ratios and on contributions on the City's pension and retiree healthcare plans. 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, and cemetery, 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 below.

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

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

The City maintains several individual governmental funds organized according to their type (general, special revenue, debt service, and capital projects). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the *major funds* (see *Notes to Basic Financial Statements*). Data from the remaining non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided as supplementary information in the form of *combining statements*.

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

- *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for water, sewer, golf, transit, storm drain, cemetery, 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 of changes in net liabilities and related ratios and on contributions on the City's pension and retiree healthcare plans. 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**

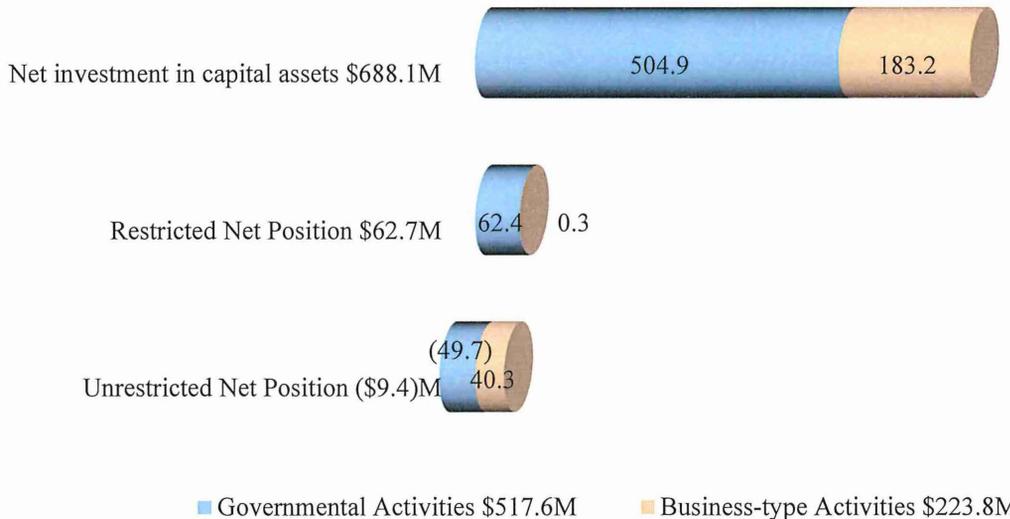
The following section provides a comparative analysis of government-wide data for FY 2016/17 and FY 2017/18. The Statement of Net Position for the two years will be discussed first, followed by a discussion of the Changes in Net Position for the two years.

The following table is a summary of the Statement of Net Position as of June 30, 2017 (2017) and June 30, 2018 (2018):

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2017 to 2018
	2017	2018	2017	2018	2017	2018	
<b>Assets:</b>							
Current and other assets	\$198.4	\$211.5	\$65.0	\$67.1	\$263.4	\$278.6	5.8%
Capital assets	511.0	506.6	193.8	193.4	704.8	700.0	-0.7%
Total assets	<u>709.4</u>	<u>718.1</u>	<u>258.8</u>	<u>260.5</u>	<u>968.2</u>	<u>978.6</u>	1.1%
Deferred outflows of resources	<u>40.7</u>	<u>35.5</u>	<u>1.8</u>	<u>2.3</u>	<u>42.5</u>	<u>37.8</u>	-11.1%
<b>Liabilities:</b>							
Other liabilities	13.8	16.3	8.4	10.6	22.2	26.9	21.2%
Long-term liabilities	153.4	212.3	23.2	28.2	176.6	240.5	36.2%
Total liabilities	<u>167.2</u>	<u>228.6</u>	<u>31.6</u>	<u>38.8</u>	<u>198.8</u>	<u>267.4</u>	34.5%
Deferred inflows of resources	<u>15.0</u>	<u>7.4</u>	<u>0.7</u>	<u>0.2</u>	<u>15.7</u>	<u>7.6</u>	-51.6%
<b>Net Position:</b>							
Net investment in capital assets	509.1	504.9	183.3	183.2	692.4	688.1	-0.6%
Restricted	74.1	62.4	0.3	0.3	74.4	62.7	-15.7%
Unrestricted	(15.3)	(49.7)	44.7	40.3	29.4	(9.4)	-132.0%
Total net position	<u>\$567.9</u>	<u>\$517.6</u>	<u>\$228.3</u>	<u>\$223.8</u>	<u>\$796.2</u>	<u>\$741.4</u>	-6.9%

**Statement of Net Position as of June 30, 2018  
(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 \$741.4 million at the close of FY 2017/18.

The City reported positive balances in net investment in capital assets and in restricted net position for both governmental and business-type activities. Governmental activities concluded the fiscal year with a negative unrestricted net position due primarily to its share of OPEB liabilities, and business-type activities reported a positive unrestricted net position at year-end. 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 \$688.1 million (92.8% of the total). The City uses these capital assets to provide services to the community; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since generally capital assets are not used to liquidate these liabilities. The City’s net investment in capital assets decreased by \$4.3 million (0.6%) in FY 2017/18. The decrease is primarily attributable to the reduction of capital assets due to annual depreciation expense.
- The *restricted net position* of \$62.7 million (8.5% of the total) represents resources that are subject to external restrictions on how they may be used. Among these amounts are \$43.4 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 expansion of parking in the Downtown Transportation Corridor and the New Fire Station #3 project); \$9.5 million in a variety of special revenue funds to support specific City programs; \$9.5 million restricted for community development in the Lower Income Housing Fund for housing related projects, which includes \$2.1 million for the Sunflower Hill development; and \$0.3 million for the City’s transportation program.
- The *unrestricted net position* of (\$9.4) million (negative 1.3% of the total) reflects the City’s net pension and OPEB liabilities of \$121.6 million and \$48.1 million, respectively, 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 expenses, general liability claims, and repair and replacement of City facilities and equipment. Governmental Activities account for (\$49.7) million of the unrestricted net position. Business-type activities account for \$40.3 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
	2017	2018	2017	2018	2017	2018	
Revenues:							
Program revenues:							
Charges for Services	\$14.2	\$15.3	\$44.4	\$47.9	\$58.6	\$63.2	7.8%
Operating grants & contributions	2.2	2.5	0.1	0.1	2.3	2.6	13.0%
Capital grants & contributions	29.3	12.0	5.1	1.9	34.4	13.9	-59.6%
Indirect charges			0.3	0.2	0.3	0.2	-33.3%
General revenues:							
Property taxes	61.2	65.7	-	-	61.2	65.7	7.4%
Sales taxes	23.4	21.8	-	-	23.4	21.8	-6.8%
All other taxes	13.9	14.4	-	-	13.9	14.4	3.6%
All other general revenues	1.8	1.2	0.5	1.1	2.3	2.3	0.0%
Total revenues	146.0	132.9	50.4	51.2	196.4	184.1	-6.3%
Expenses:							
General government	13.3	13.6	-	-	13.3	13.6	2.3%
Public safety	50.4	49.3	-	-	50.4	49.3	-2.2%
Community development	15.0	20.1	-	-	15.0	20.1	34.0%
Operations services	26.3	29.6	-	-	26.3	29.6	12.5%
Community activities	14.3	15.3	-	-	14.3	15.3	7.0%
Water	-	-	27.8	28.5	27.8	28.5	2.5%
Sewer	-	-	16.0	16.2	16.0	16.2	1.3%
Golf	-	-	5.0	5.1	5.0	5.1	2.0%
Other	-	-	3.4	2.8	3.4	2.8	-17.6%
Indirect charges	0.3	0.2			0.3	0.2	-33.3%
Total expenses	119.6	128.1	52.2	52.6	171.8	180.7	5.2%
Revenues over (under) expenses	26.4	4.8	(1.8)	(1.4)	24.6	3.4	-86.2%
Transfer In/(Out)	(0.5)	(1.1)	0.5	1.1	0.0	0.0	0.0%
Change in net position	25.9	3.7	(1.3)	(0.3)	24.6	3.4	-86.2%
Net position, beginning of year, as restated	542.0	513.9	229.6	224.1	771.6	738.0	-4.4%
Net position, end of year	\$567.9	\$517.6	\$228.3	\$223.8	\$796.2	\$741.4	-6.9%

### Changes in Net Position

During FY 2017/18, the City Implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pension, which resulted in a restatement of net position to record OPEB liabilities. The City also restated its net position to record its deficit investment in LPPFD, which includes the agency's pension and OPEB liabilities. As a result of these restatements, the net position of governmental and business-type activities decreased by \$54.0 million and \$4.2 million, respectively.

*Governmental Activities* increased the City's net position by \$3.7 million in FY 2017/18, as a result of revenues exceeding expenses and net transfers.

However, total governmental activities revenues decreased by approximately \$13.1 million over FY 2016/17.

#### Program Revenues - \$15.9 million decrease

- Charges for services increased \$1.1 million primarily due to increased development fees. Of the increase, \$0.5 million is attributable to a change in the accounting method used to record recreation class fee revenue.
- Capital grants and contributions decreased \$17.3 million from FY 2016/17 primarily due to a decrease in development impact fees. Significant one-time development impact fees were received in the prior fiscal year for the Vintage Village apartment complex and Township Square single-family home housing developments, and for the Workday corporate headquarters development.

#### General Revenues - \$2.8 million increase

- Property tax increased by \$4.5 million in FY 2017/18 primarily due to the increase in assessed property values attributed to the continued upward growth of the economy and additional housing units.
- Sales tax decreased by \$1.6 million in FY 2017/18 caused by declining sales and \$0.4 million of net sales tax receipts from the first and second quarters of calendar year 2018 not scheduled to be sent to the City until FY 2018/19 due to a State financial system conversion glitch. This decrease offset a slight increase of other tax revenues of \$0.5 million over FY 2016/17.

The City's governmental activities expenses increased \$8.5 million over FY 2016/17.

- During FY 2017/18, claims liability increased by \$1.2 million over FY 2016/17 as a result of a couple of expensive claims settled in FY 2017/18.
- Community development activities increased by \$5.1 million. A significant portion of this increase is related to the net retirement of capital assets, which increased by \$3.9 million from FY 2016/17 to FY 2017/18.
- The City incurred an additional \$0.9 million in expenses reflecting the change in its proportionate share of equity in LPPFD.

Business-type activities decreased the City's net position by \$0.3 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:

- Work was substantially completed on the water main replacements between Main Street and Santa Rita Road. Costs incurred for this project totaled \$2.2 million in FY 2017/18.
- During FY 2017/18, the City paid \$1.6 million in capital contributions to assist with the DERWA facilities expansion project, bringing total contributions to \$7.6 million. This project is required in order to increase recycled water capacity to meet the City's recycled water demands. The City issued \$7.1 million in water revenue bonds in February 2017 to assist with funding this project.
- Personnel costs increased \$2.0 million as a result of the increased pension liability. That \$2.0 million increased personnel cost is a calculated expense and not an actual expenditure of the City's funds.
- Other business-type activities remained relatively constant between FY 2017/18 and FY 2016/17. 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

In November of 2016, the City Council adopted a 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. 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 unassigned fund balance. Details of the fund balance classifications are disclosed in *Note 9* in the **Notes to the Basic Financial Statements**.

As of June 30, 2018, the City's governmental funds reported combined fund balances of \$116.7 million, an increase of \$8.6 million in comparison with FY 2016/17. During the year, there were increases in property tax revenues (\$4.5 million) and a decrease in development impact fees (\$10.9 million). In FY 2016/17, the City experienced a significant increase in development impact fees due to one-time payments for the Vintage Village and Township Square housing developments and the Workday corporate headquarters development. The decrease in development impact fees was partially offset by a reduction in community development and capital outlay expenditures of \$2.6 million and \$5.3 million, respectively.

*Restricted fund balances* constitute \$62.4 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. *Assigned fund balances* of \$26.6 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 \$27.6 million consist of amounts that City officials have not classified as non-spendable, restricted, committed or assigned.

The following table presents the Governmental Funds' fund balances by classification as of June 30, 2018:

	General	Lower Income	Miscellaneous Capital Improvement	Other	Total
	Fund	Housing Fund	Programs Fund	Funds	
<b><u>Nonspendable</u></b>					
Notes Receivable	\$ 45,688	\$ -	\$ -	\$ -	\$ 45,688
<b><u>Restricted</u></b>					
Accessibility Programs	-	-	-	29,947	29,947
Assessment District Construction	-	-	-	1,334,060	1,334,060
Asset Forfeiture	-	-	-	52,741	52,741
Budgeted Developer Projects	-	-	-	8,222,682	8,222,682
Community Access Television	-	-	-	1,238,515	1,238,515
Downtown & North Pleasanton	-	-	-	3,667,656	3,667,656
Geological Hazard Assessment District	-	-	-	1,134,652	1,134,652
Grants	-	-	-	334,770	334,770
Housing	-	9,481,422	-	-	9,481,422
Landscape and Lighting District	-	-	-	384,551	384,551
Landscape Maintenance NPID	-	-	-	968,744	968,744
Marilyn Kane Trail Reserve	-	-	-	109,129	109,129
Miscellaneous Donations/Developer Contributions	-	-	-	711,529	711,529
Park Development	-	-	-	12,397,241	12,397,241
Public Facilities Capital Improvements	-	-	-	5,858,408	5,858,408
Public Safety	-	-	-	128,441	128,441
Resource Management	-	-	-	913,017	913,017
Street Maintenance	-	-	-	3,584,317	3,584,317
Traffic Impact	-	-	-	8,603,106	8,603,106
Traffic Impact - Bernal	-	-	-	759,622	759,622
Tri-Valley Transportation	-	-	-	1,621,640	1,621,640
Various Specific Plan	-	-	-	897,543	897,543
<b><u>Assigned</u></b>					
Capital Projects	-	-	16,319,624	9,592,429	25,912,053
Other Purposes	-	-	-	686,424	686,424
<b><u>Unassigned</u></b>					
	27,610,496	-	-	-	27,610,496
Total Fund Balances	\$ 27,656,184	\$ 9,481,422	\$ 16,319,624	\$ 63,231,164	\$ 116,688,394

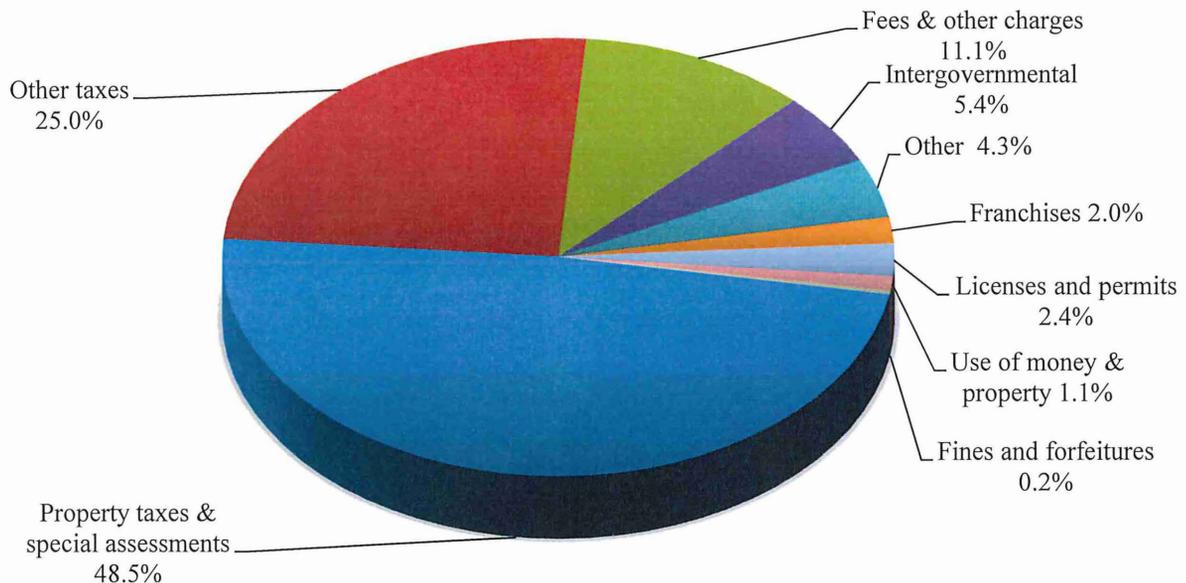
## Revenues

The following table presents the FY 2017/18 revenues from various sources, as well as the increase or decrease in these revenues over FY 2016/17.

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

Revenues by Source	FY 2017		FY 2018		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	Percent
Property taxes & special assessments	\$ 61.4	42.3%	\$ 65.9	48.5%	\$ 4.5	7.3%
Other taxes	35.1	24.2%	34.0	25.0%	(1.1)	-3.1%
Licenses and permits	3.6	2.5%	3.2	2.4%	(0.4)	-11.1%
Fines and forfeitures	0.4	0.3%	0.3	0.2%	(0.1)	-25.0%
Use of money & property	1.3	0.9%	1.5	1.1%	0.2	15.4%
Intergovernmental	6.8	4.6%	7.3	5.4%	0.5	7.4%
Franchises	2.6	1.8%	2.7	2.0%	0.1	3.8%
Fees & other charges	31.7	21.8%	15.0	11.1%	(16.7)	-52.7%
Other	2.3	1.6%	5.9	4.3%	3.6	156.5%
<b>Total</b>	<b>\$ 145.2</b>	<b>100.0%</b>	<b>\$ 135.8</b>	<b>100.0%</b>	<b>\$ (9.4)</b>	<b>-6.5%</b>

## Revenues by Source - Governmental Funds



The following provides an explanation of significant changes in revenues by source in FY 2017/18.

- **Property tax** increased \$4.5 million primarily due to the increase in assessed property values (7.3%).

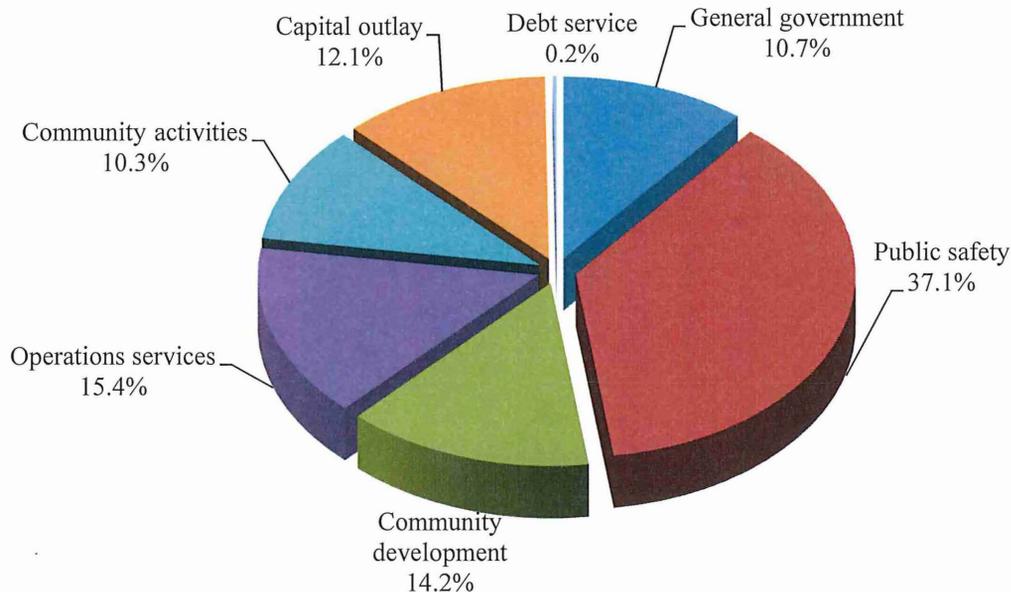
- **Other taxes** decreased slightly by \$1.1 million (-3.1%) during FY 2017/18, driven by a decrease of \$1.6 million in sale tax.
- **Fees and other charges** decreased by \$16.7 million (-52.7%), with \$10.9 million of the decrease attributable to development impact fees. This is due to several significant one-time developer fee payments received during FY 2016/17. The major projects that generated the fees in the prior fiscal year were the Township Square and Vintage Village housing projects and the Workday corporate headquarters development. In addition, reimbursement revenue, included in this category in the prior fiscal year of \$6.7 million, was reclassified as other revenue in FY 2017/18.
- **Other revenue** increased by \$3.6 million (156.5%) due mainly to the reclassification of reimbursement revenue from fees and other charges in the prior fiscal year to this classification in FY 2017/18. Reimbursements totaled \$4.4 million. Revenue other than reimbursements decreased by \$0.7 million from the prior fiscal year. This is mainly attributable to \$0.8 million received in the prior fiscal year from the City sale of a below-market-rate home to a qualified homeowner.

**Expenditures**

The following table presents expenditures by function in FY 2017/18 and the increase and decrease in expenditures as compared to FY 2016/17.

City of Pleasanton Expenditures Classified by Function Governmental Funds (in millions of dollars)						
Expenditures by Function	FY 2017		FY 2018		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	Percent
Current:						
General government	\$13.2	10.1%	\$13.7	10.7%	\$0.5	3.8%
Public safety	45.5	34.9%	47.4	37.1%	1.9	4.2%
Community development	20.8	15.9%	18.2	14.2%	-2.6	-12.5%
Operations services	17.5	13.4%	19.6	15.4%	2.1	12.0%
Community activities	12.5	9.6%	13.2	10.3%	0.7	5.6%
Capital outlay	20.7	15.9%	15.4	12.1%	-5.3	-25.6%
Debt service						
Principal and interest	0.3	0.2%	0.3	0.2%	0.0	0.0%
Total	<u>\$130.5</u>	<u>100.0%</u>	<u>\$127.8</u>	<u>100.0%</u>	<u>-\$2.7</u>	<u>-2.1%</u>

## Expenditures by Function - Governmental Funds



The following provides an explanation of significant changes in expenditures in FY 2017/18.

- Governmental expenditures decreased \$2.7 million or 2.1% from FY 2017/18.
- Community development and capital outlay expenses contributed to decreases in expenditures of \$2.6 million and \$5.3 million, respectively. The reduction in development and capital outlay expenditures is offset by a reduction in development services fees and one-time development impact fees for major projects received in FY 2016/17.

### Major Governmental Funds

The designated major *Governmental Funds* in FY 2017/18 are the General Fund, the Lower Income Housing Fund, and the Miscellaneous Capital Improvement Programs 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 equal to at least 20% of annual General Fund expenditures. Also by policy, any one-time revenues are used for one-time purposes, such as capital projects or pre-funding pension liabilities.

General Fund budget-to-actual variances for FY 2017/18 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 \$2.9 million or 2.5%.
- Expenditures were less than expected by \$3.6 million or 3.3%.

The City Council has allocated the City’s General Funds’ fund balance in conformance with GASB Statement No. 54. The City maintains the fund balance consistent with its formal financial policies.

The following table summarizes the General Funds’ fund balance allocation, showing the beginning balances, plus changes resulting from FY 2017/18 operations and the resulting ending balances.

**General Fund Reserves and Fund Balance as of 6/30/2018**

	Balance 6/30/2017	Actual Additions and Deletions	Balance 6/30/2018
Unassigned	\$ 22,397,115	\$ 5,213,381	\$ 27,610,496
Nonspendable	75,199	(29,511)	45,688
<b>Total Fund Balance</b>	<b>\$ 22,472,314</b>	<b>\$ 5,183,870</b>	<b>\$ 27,656,184</b>

The **Lower Income Housing Fund** is funded with developer fees that are 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 is paid by developers in lieu of constructing new affordable housing, amounted to \$0.4 million in FY 2017/18, a \$6.0 million decrease from FY 2016/17. Two large one-time housing fee payments were received in the prior fiscal year; no significant payments were received in FY 2017/18. In FY 2016/17, the City received a one-time \$4.5 million payment for the Vintage Village housing development and a one-time \$1.2 million payment for the Workday headquarters development. Housing loan repayments totaled \$0.3 million and included a \$249,000 interest payment from BLP Partnership, Inc. During FY 2017/18, work continued on the Kottinger Gardens senior housing project and an additional \$2.7 million of loan payments were provided to the developer. In addition, the City executed a \$250,000 loan agreement with Sunflower Irby, LLC to provide pre-development funding for the construction of Sunflower Hill, a 31-unit rental housing development for special needs residents. During the fiscal year, \$0.2 million was disbursed to Sunflower Irby, LLC.

The **Miscellaneous Capital Improvement Programs Fund** receives contributions from the General Fund to be used for design and construction of facilities and infrastructure as adopted in the annual miscellaneous capital improvement program (CIP). In FY 2017/18, the fund received \$5.2 million from the General Fund. Future CIP projects include the library roof replacement (\$0.9 million) and the expansion of downtown parking (\$2.2 million).

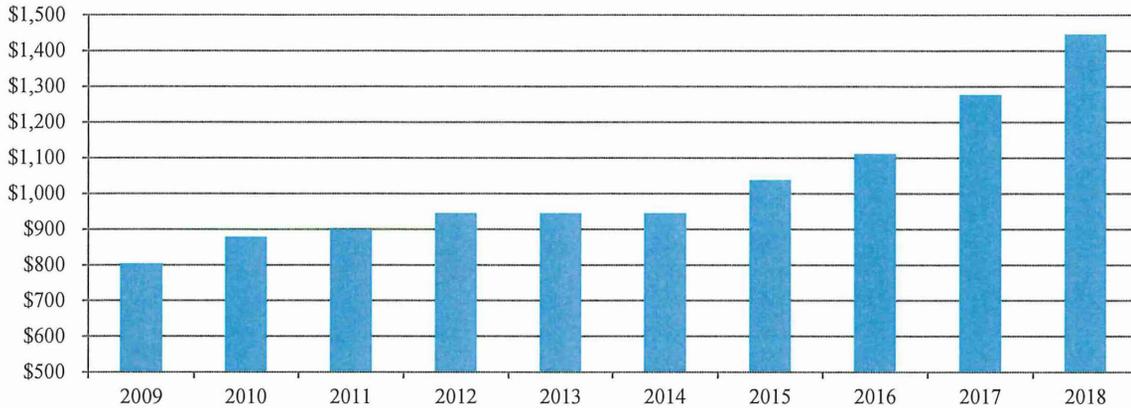
**Major Proprietary Funds**

The designated major *Proprietary funds* in FY 2017/18 are the Water, Sewer, Golf, and Storm Drain funds.

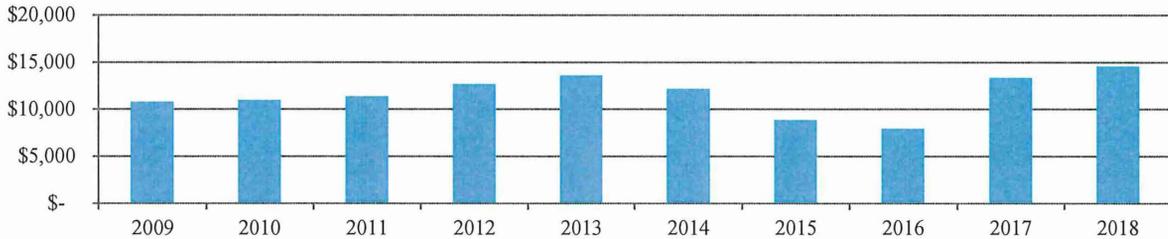
The **Water Fund’s** beginning net position was restated and reduced by \$2.6 million as a result of the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pension, to record the City’s OPEB liabilities. During FY 2017/18, the Water Fund’s net position increased by \$1.6 million. Charges for services increased \$3.0 million due to increased water rates and consumption. Slightly offsetting this revenue increase was an increase in net pension liability and associated costs of \$1.1 million.

Due to Zone 7 rate increases in treated wholesale water and consumption moving closer to pre-drought use, the City’s water costs increased during FY 2017/18. 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.

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



**Summary of Total Water Costs (in thousands)**



The **Sewer Fund’s** beginning net position was restated and reduced by \$1.1 million as a result of the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pension, to record the City’s OPEB liabilities. During FY 2017/18, net position decreased slightly by \$0.1 million. Operating income decreased by \$0.1 million and operating expenses increased by \$0.3 million. Other non-operating revenues and financing sources of interest income, equity interest in gain from joint ventures (See *Note 8.C.* in the **Notes to Basic Financial Statements**), and transfers remained relatively constant at \$0.9 million. Capital contributions decreased by \$0.8 million due to decreased developer contributions (prior year contributions included significant donated assets attributable to the Township Square housing development project) and net pension liability increased by \$0.6 million over the prior fiscal year. Similar to the Water Fund, 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.

The **Golf Fund's** net position decreased by \$1.6 million in FY 2017/18 due largely to depreciation expense of \$1.7 million for golf course facilities.

The **Storm Drain Fund's** beginning net position was restated and reduced by \$0.4 million as a result of the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pension, to record the City's OPEB liabilities. The Storm Drain Fund's net position remained relatively constant, decreasing \$0.1 million in FY 2017/18.

***Fiduciary Funds***

There were no designated major funds in the *Fiduciary funds* in FY 2017/18.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The following table displays the General Fund's budget to actual variances for FY 2017/18. The Original Budget was established in July 2017 when the City adopted the two-year budget for fiscal years 2017/18 and 2018/19. The Final Budget was adopted in November 2018 when the City Council approved the year-end report for FY 2017/18. Actual revenues were greater than final budget by \$2.9 million or 2.5% and expenditures were less than final budget by \$3.6 million or 3.3%.

The fund balance of \$27.7 million is an increase of \$5.2 million over FY 2016/17. At the fiscal year end, there was a budget surplus of \$6.6 million. The City Council approved allocating the surplus to the following: Operating Reserve (\$2.0 million), LPFD Workers' Compensation Reserve (\$1.2 million), Downtown Beautification Reserve (\$1.0 million), CIP Reserves (\$1.2 million), and the Repair and Replacement Reserve (\$1.2 million). Of that amount, the \$1.2 million allocation to LPFD Workers Compensation Reserve remains in the General Fund pending the City of Livermore allocating \$1.2 million to LPFD's Worker's Compensation Reserve which is expected in the FY 2018/19 Mid-term budget.

**General Fund FY 2017/18 Budgetary Comparison**

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
Revenues	\$ 115,155,893	\$117,963,500	\$120,854,249	\$ 2,890,749
Expenditures	(107,938,638)	(110,655,701)	(107,029,451)	3,626,250
Other Financing Sources(Uses):				
Transfers in	793,743	793,743	807,338	13,595
Transfers out	(7,178,334)	(9,453,276)	(9,448,266)	5,010
Net change in fund balance	\$ 832,664	\$ (1,351,734)	\$ 5,183,870	\$ 6,535,604

Actual General Fund revenues exceeded final budget estimates by \$2.9 million in FY 2017/18 mainly as a result of increased property tax, development services fees, and recreation fees (due to a change in recreation revenue recognition), and additional grants and cost recoveries for LPFD. These increased revenues offset a decrease of sales tax revenue of \$1.2 million caused by declining sales (\$0.8 million) and \$0.4 million of net sales tax receipts from the first and second quarters of calendar year 2018 not scheduled to be sent to the City until FY 2018/19 due to a State financial system conversion glitch. The increase in revenues is summarized below:

**General Fund FY 2017/18 Revenues Budgetary Comparison**

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
Property Tax	\$ 62,893,000	\$ 64,863,275	\$ 65,730,410	\$ 867,135
Sales & Use Tax	23,000,000	23,000,000	21,764,560	(1,235,440)
Hotel & Motel Tax	6,300,000	6,300,000	6,475,080	175,080
Business License Tax	3,888,196	4,050,000	4,236,737	186,737
Other Taxes	1,412,250	1,452,250	1,509,826	57,576
Development Services Fees	5,580,302	5,678,302	6,534,653	856,351
Franchise Fees	2,647,100	2,667,650	2,685,070	17,420
Recreation Fees	4,424,751	4,424,751	5,204,196	779,445
Department Service Fees	1,494,784	1,487,340	1,624,583	137,243
Other Revenues	3,128,910	3,124,688	4,028,469	903,781
Grants & Intergovernmental	55,600	449,244	745,293	296,049
Interest Income	331,000	466,000	315,372	(150,628)
<b>Total</b>	<b>\$ 115,155,893</b>	<b>\$ 117,963,500</b>	<b>\$ 120,854,249</b>	<b>\$ 2,890,749</b>

Actual General Fund expenditures of \$107.0 million were less than the final budget estimates by \$3.6 million (3.3%). The majority of the decrease was related to personnel services being less than budgeted (attrition savings) by \$1.1 million and a reduction in Material, Supplies, and Services of \$2.2 million, mainly attributable to reduced contractual services expenses (\$1.6 million).

**General Fund FY 2017/18 Expenditures Budgetary Comparison**

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
Personnel Expenses	\$79,588,087	\$80,006,868	\$78,904,639	\$1,102,229
Transportation and Training	5,844,118	7,107,938	6,967,656	140,282
Repairs and Maintenance	1,187,867	1,281,867	1,252,839	29,028
Material, Supplies and Services	20,880,576	21,779,318	19,559,089	2,220,229
Capital Outlay	437,990	479,710	345,228	134,482
<b>Total</b>	<b>\$107,938,638</b>	<b>\$110,655,701</b>	<b>\$107,029,451</b>	<b>\$3,626,250</b>

## 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, 2018 was \$700.0 million (net of accumulated depreciation). This investment in capital assets includes: infrastructure, land, right-of-ways, buildings, improvements other than buildings, vehicles and equipment, public art, and construction-in-progress. The City's investment in capital assets (net of accumulated depreciation) decreased by \$4.8 million from the prior fiscal year. Major capital asset changes during the fiscal year were as follows:

- Governmental activities net capital assets decreased overall by \$4.4 million in FY 2017/18. Additions in capital assets of \$14.6 million were offset by decreases of \$19.0 million from the retirement of assets (\$4.3 million) and depreciation (\$14.7 million). Capital assets activity included:
  - Various construction-in-progress projects were added in FY 2017/18 and totaled \$12.8 million and included two tennis courts at Pleasanton Community Park (\$1.0 million), replacement of curb and gutter (\$0.5 million), design and construction of Fire Station #3 (\$0.2 million), Hopyard/Owens intersection improvements (\$0.1 million), and various street resurfacing projects throughout the City (\$10.5 million). The following completed construction projects of \$11.2 million were transferred to various asset categories: Old Stanley between Main and 1<sup>st</sup> Street (\$7.1 million), 2 Tennis Courts (\$1.0 million), Street Reconstruction – Valley and Hopyard (\$1.5 million), various curb and gutter replacement throughout the City (\$0.7 million), and capitalization of City's Enterprise Resource Planning (ERP) system (\$0.9 million).
- Business-type activities net capital assets decreased overall by \$0.4 million in FY 2017/18. Additions in capital assets of \$8.8 million were offset by decreases of \$9.2 million from depreciation. Capital assets activity included:
  - Additions to construction-in-progress projects totaled \$5.8 million and included \$2.5 million for the Recycled Water Infrastructure Expansion project, \$2.1 million for the Water Main Replacement project, and \$1.0 million for the Meadowlark Sewer Siphon project.
  - The following completed construction-in-progress projects were added to the infrastructure during the year: Advance Metering Infrastructure (\$4.6 million) and Meadowlark Sewer Casing Pipe (\$1.2 million) projects.
  - Contributed assets totaled \$1.3 million. During development of the Silver Oaks Estate housing development, Kottinger Gardens senior housing project, and offsite at the Fairgrounds, developers installed water and sewer lines, meters and hydrants required for the projects. 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 (\$9.2 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 2017/18.

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

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2017	2018	2017	2018	2017	2018	% Change
Infrastructure	\$111.6	\$113.9	\$108.0	\$110.2	\$219.6	\$224.1	2.0%
Land	244.6	244.6	14.5	14.5	259.1	259.1	0.0%
Right-of-ways	36.4	36.4	-	-	36.4	36.4	0.0%
Buildings	54.4	52.7	20.3	19.2	74.7	71.9	-3.7%
Improvements other than buildings	33.9	32.3	12.7	11.4	46.6	43.7	-6.2%
Vehicles & equipment	13.9	13.1	8.2	8.1	22.1	21.2	-4.1%
Public Art	0.8	0.8	-	-	0.8	0.8	0.0%
Construction in progress	15.4	12.8	30.1	30.0	45.5	42.8	-6.0%
<b>Total</b>	<b>\$511.0</b>	<b>\$506.6</b>	<b>\$193.8</b>	<b>\$193.4</b>	<b>\$704.8</b>	<b>\$700.0</b>	<b>-0.7%</b>

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

## Debt Administration

Governmental activities debt decreased to \$1.7 million in FY 2017/18.

- During the year, the City made its annual payment on the HUD Section 108 loan of \$50,000 to bring the remaining balance to \$0.9 million.
- The City's loan from the California Energy Commission for the LED Lighting Upgrade project decreased by \$0.2 million from the normal amortization of the loan payable.

Debt of the business-type activities decreased to \$16.5 million in FY 2017/18.

- Payments made on the existing golf course maintenance equipment capital lease during the fiscal year totaled \$0.1 million.
- The City's loan from the California Clean Water State Revolving Fund for the Recycled Water Infrastructure Expansion project decreased by \$0.3 million from the normal amortization of the loan payable.
- Debt service payments of \$0.8 million were made on the Water Revenue Bonds, Series 2017 bonds during FY 2017/18. The bonds will assist with the City's participation in the DERWA facilities expansion project that is needed to meet recycled water demands throughout the City.

The following table compares the outstanding balances on long-term debt of the City as of June 30, 2017 and 2018:

### City of Pleasanton Long Term Debt Outstanding

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
California Energy Commission (CEC)	\$ 1,016,764	\$ 835,853	\$ -	\$ -	\$ 1,016,764	\$ 835,853
HUD Section 108 Loan	900,000	850,000	-	-	900,000	850,000
Golf Course Capital Lease	-	-	254,072	187,767	254,072	187,767
California Clean Water SRF Loan	-	-	10,281,920	9,979,419	10,281,920	9,979,419
Water Revenue Bonds, Series 2017	-	-	7,100,000	6,305,000	7,100,000	6,305,000
<b>TOTAL</b>	<b>\$ 1,916,764</b>	<b>\$ 1,685,853</b>	<b>\$ 17,635,992</b>	<b>\$ 16,472,186</b>	<b>\$ 19,552,756</b>	<b>\$ 18,158,039</b>

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 2017/18 and FY 2018/19 BUDGET, AND CALPERS PENSION RATES**

The unemployment rate in Alameda County decreased to 3.3% as of June 2018, as compared with 4.0% for June 2017, and the unemployment rate in the City of Pleasanton decreased to 2.9% as of June 30, 2018 compared with 3.3% as of June 2017.

As of the adoption of the two-year budget for the FY 2017/18 and FY 2018/19 by the City Council on June 20, 2017, the economic outlook for the City was considered to be stable with some modest improvement. The FY 2018/19 Mid-Term Budget, adopted June 5, 2018, with a General Fund Budget of approximately \$114.8 million is an increase of 4.9% from the FY 2017/18 Mid-year 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, 2018 to the following:

### **July 1, 2018**

- Miscellaneous Plan 11.477% \*
- Safety Fire Plan 17.927% \*
- Safety Police Plan (pooled) 20.556% (1<sup>st</sup> Tier) \*  
17.614% (2<sup>nd</sup> Tier)  
12.141% (PEPRA)

\* Assuming employer prepayment of unfunded liability in the amount of \$5,146,747 (19.0% of projected covered payroll) for the Miscellaneous Plan, \$4,351,594 (26.7% of projected covered payroll) for the Safety Fire Plan, and \$1,389,079 (16.1% of projected covered payroll) for the Safety Police Plan.

### **July 1, 2017**

- Miscellaneous Plan 10.837% \*
- Safety Fire Plan 17.786% \*
- Safety Police Plan (pooled) 19.723% (1<sup>st</sup> Tier) \*  
16.842% (2<sup>nd</sup> Tier)  
11.99% (PEPRA)

\* Assuming employer prepayment of unfunded liability in the amount of \$4,482,420 (16.9% of projected covered payroll) for the Miscellaneous Plan, \$3,759,886 (27.0% of projected covered payroll) for the Safety Fire Plan, and \$939,905 (9.5% of projected covered payroll) for the Safety Police Plan.

## **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. 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.

## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**City of Pleasanton**  
**Statement of Net Position**  
**June 30, 2018**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments (Note 2)	\$ 166,417,047	\$ 46,069,283	\$ 212,486,330
Restricted cash and investments (Note 2)	11,465,195	1,004,059	12,469,254
Receivables (net):			
Accounts	3,230,930	7,688,440	10,919,370
Taxes	5,962,443	-	5,962,443
Grants	453,352	-	453,352
Interest	1,632,113	151,657	1,783,770
Lease	310,377	-	310,377
Internal balances (Note 1H)	503,491	(503,491)	-
Inventory and prepaid expenses	-	112,648	112,648
Prepaid expenses	766,002	-	766,002
Notes receivable (Note 3)	20,791,714	-	20,791,714
Net investment in LAVWMA (Note 8C)	-	12,543,300	12,543,300
Capital assets (Note 5):			
Nondepreciable	294,517,925	44,488,327	339,006,252
Depreciable, net	212,050,241	148,910,006	360,960,247
<b>Total assets</b>	<b>718,100,830</b>	<b>260,464,229</b>	<b>978,565,059</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions (Note 10)	31,102,512	1,848,845	32,951,357
Related to OPEB (Note 11)	4,360,679	439,321	4,800,000
<b>Total deferred outflows of resources</b>	<b>35,463,191</b>	<b>2,288,166</b>	<b>37,751,357</b>
<b>LIABILITIES</b>			
Accounts payable	10,868,919	8,391,424	19,260,343
Payroll payable	1,479,781	161,823	1,641,604
Refundable deposits	-	128,544	128,544
Unearned revenue	108,987	733,185	842,172
Compensated absences (Note 1K):			
Due within one fiscal year	1,183,689	-	1,183,689
Due in more than one fiscal year	3,203,713	-	3,203,713
Long-term debt (Note 6):			
Due within one fiscal year	232,724	1,210,957	1,443,681
Due in more than one fiscal year	1,453,129	15,261,229	16,714,358
Claims liability (Note 7):			
Due within one fiscal year	2,408,814	-	2,408,814
Due in more than one fiscal year	10,865,663	-	10,865,663
Net investment (deficit) in LPFD (Note 8G)	39,821,759	-	39,821,759
Net pension liability, due in more than one fiscal year (Note 10)	113,138,003	8,465,612	121,603,615
Net OPEB liability, due in more than one fiscal year (Note 11)	43,733,064	4,405,936	48,139,000
<b>Total liabilities</b>	<b>228,498,245</b>	<b>38,758,710</b>	<b>267,256,955</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions (Note 10)	6,479,590	144,827	6,624,417
Related to OPEB (Note 11)	945,722	95,278	1,041,000
<b>Total deferred inflows of resources</b>	<b>7,425,312</b>	<b>240,105</b>	<b>7,665,417</b>
<b>NET POSITION (Note 9)</b>			
Net investment in capital assets	504,882,313	183,231,147	688,113,460
Restricted for:			
Capital projects	43,433,158	-	43,433,158
Transportation	-	286,274	286,274
Special projects	9,519,153	-	9,519,153
Community development	9,481,422	-	9,481,422
<b>Total restricted net position</b>	<b>62,433,733</b>	<b>286,274</b>	<b>62,720,007</b>
Unrestricted net position	(49,675,582)	40,236,159	(9,439,423)
<b>Total net position</b>	<b>\$ 517,640,464</b>	<b>\$ 223,753,580</b>	<b>\$ 741,394,044</b>

See accompanying Notes to Basic Financial Statements.

**City of Pleasanton**  
**Statement of Activities**  
**For the year ended June 30, 2018**

Functions / Programs	Expenses	Indirect Charges	Program Revenues	
			Charges for Services	Operating Grants and Contributions
<b>Primary government:</b>				
<b>Governmental activities:</b>				
General government	\$ 13,642,305	\$ (1,353,064)	\$ 377,968	\$ 681,974
Public safety	49,340,797	-	2,241,723	1,043,631
Community development	20,126,026	(477,388)	7,283,955	300,876
Operations services	29,609,753	1,635,039	13,273	457,535
Community activities	15,343,079	-	5,388,824	47,911
Interest on long-term debt	24,728	-	-	-
Total governmental activities	128,086,688	(195,413)	15,305,743	2,531,927
<b>Business-type activities:</b>				
Water	28,476,375	(950,229)	28,469,053	-
Sewer	16,243,756	1,169,371	14,635,697	-
Golf	5,129,759	-	3,772,104	-
Storm Drain	1,866,129	(25,555)	747,726	-
Transit	724,243	-	27,592	72,092
Cemetery	187,186	1,826	283,690	-
Pleasanton Housing Authority	166	-	-	-
Total business-type activities	52,627,614	195,413	47,935,862	72,092
<b>Total primary government</b>	<b>\$ 180,714,302</b>	<b>\$ -</b>	<b>\$ 63,241,605</b>	<b>\$ 2,604,019</b>

**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, as restated (Note 9D)**

**Net position - end of year**

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position			
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ -	\$ (13,935,427)		\$ (13,935,427)
347,144	(45,708,299)		(45,708,299)
5,578,269	(7,440,314)		(7,440,314)
5,661,347	(21,842,559)		(21,842,559)
496,556	(9,409,788)		(9,409,788)
-	(24,728)		(24,728)
12,083,316	(98,361,115)		(98,361,115)
685,366		\$ (272,185)	(272,185)
489,420		50,732	50,732
-		(1,357,655)	(1,357,655)
704,378		(439,580)	(439,580)
-		(624,559)	(624,559)
-		98,330	98,330
-		(166)	(166)
1,879,164		(2,545,083)	(2,545,083)
\$ 13,962,480	(98,361,115)	(2,545,083)	(100,906,198)
	65,730,411	-	65,730,411
	11,734,873	-	11,734,873
	21,764,560	-	21,764,560
	2,685,070	-	2,685,070
	101,914,914	-	101,914,914
	1,087,214	353,862	1,441,076
	165,541	714,489	880,030
	(1,100,016)	1,100,016	-
	102,067,653	2,168,367	104,236,020
	3,706,538	(376,716)	3,329,822
	513,933,926	224,130,296	738,064,222
\$ 517,640,464	\$ 223,753,580	\$ 741,394,044	

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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.

*Miscellaneous Capital Improvement Programs Fund* is a capital projects fund that receives contributions from the General Fund to be used for design and construction of facilities and infrastructure as adopted in the annual miscellaneous capital improvement program.

**City of Pleasanton  
Balance Sheet  
Governmental Funds  
June 30, 2018**

	General Fund	Lower Income Housing Fund	Miscellaneous Capital Improvement Programs Fund	Non-major Governmental Funds	Total
<b>ASSETS</b>					
Cash and investments (Note 2)	\$ 19,320,866	\$ 9,587,672	\$ 16,304,121	\$ 67,364,850	\$ 112,577,509
Restricted cash and investments (Note 2)	6,140,195	-	-	-	6,140,195
Receivables (net):					
Accounts	2,075,189	544	-	1,152,197	3,227,930
Taxes	5,962,443	-	-	-	5,962,443
Grants	-	-	-	453,352	453,352
Interest	171,594	769,885	42,756	480,296	1,464,531
Lease	-	310,377	-	-	310,377
Due from other funds (Note 4)	68,186	-	-	-	68,186
Notes receivable, net (Note 3)	45,688	18,276,885	-	2,469,141	20,791,714
<b>Total assets</b>	<b>\$ 33,784,161</b>	<b>\$ 28,945,363</b>	<b>\$ 16,346,877</b>	<b>\$ 71,919,836</b>	<b>\$ 150,996,237</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 4,602,137	\$ 130,602	\$ 27,253	\$ 4,782,167	\$ 9,542,159
Payroll payable	1,470,300	6,529	-	2,952	1,479,781
Due to other funds (Note 4)	-	-	-	49,985	49,985
Advances from other funds (Note 4)	-	-	-	1,048,070	1,048,070
Unearned revenue	36,598	-	-	53,447	90,045
Refundable deposits	18,942	-	-	-	18,942
<b>Total liabilities</b>	<b>6,127,977</b>	<b>137,131</b>	<b>27,253</b>	<b>5,936,621</b>	<b>12,228,982</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	19,326,810	-	2,752,051	22,078,861
<b>FUND BALANCES (Note 9)</b>					
Nonspendable	45,688	-	-	-	45,688
Restricted	-	9,481,422	-	52,952,311	62,433,733
Assigned	-	-	16,319,624	10,278,853	26,598,477
Unassigned	27,610,496	-	-	-	27,610,496
<b>Total fund balances</b>	<b>27,656,184</b>	<b>9,481,422</b>	<b>16,319,624</b>	<b>63,231,164</b>	<b>116,688,394</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 33,784,161</b>	<b>\$ 28,945,363</b>	<b>\$ 16,346,877</b>	<b>\$ 71,919,836</b>	<b>\$ 150,996,237</b>

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, 2018**

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**Fund Balances - Total Governmental Funds** \$ 116,688,394

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 \$12,108,404. 494,459,762

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. 22,078,861

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. (74,078,941)

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 (835,853)  
HUD Section 108 Loan (850,000)  
Net investment (deficit) in LPFD (39,821,759)

**Net Position of Governmental Activities** \$ 517,640,464

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, 2018**

	General Fund	Lower Income Housing Fund	Miscellaneous Capital Improvement Programs Fund	Non-major Governmental Funds	Total
<b>REVENUES:</b>					
Taxes	\$ 99,707,057	\$ -	\$ -	\$ -	\$ 99,707,057
Special assessments	-	-	-	205,355	205,355
Licenses	9,558	-	-	-	9,558
Permits	3,190,162	-	-	-	3,190,162
Fines and forfeitures	286,392	-	-	3,260	289,652
Use of money and property	315,372	685,480	75,757	464,889	1,541,498
Intergovernmental	744,382	80,189	-	6,504,170	7,328,741
Franchises	2,685,070	-	-	-	2,685,070
Charges for services	1,624,583	-	-	-	1,624,583
Development fees	784,991	417,000	-	4,374,893	5,576,884
Plan check fees	2,559,503	-	-	-	2,559,503
Contributions and donations	22,825	-	-	595,667	618,492
Other revenues	3,720,158	384,662	-	1,192,705	5,297,525
Recreation charges	5,204,196	-	-	-	5,204,196
<b>Total revenues</b>	<b>120,854,249</b>	<b>1,567,331</b>	<b>75,757</b>	<b>13,340,939</b>	<b>135,838,276</b>
<b>EXPENDITURES:</b>					
Current:					
General government	13,699,733	-	-	-	13,699,733
Public safety	47,193,054	-	-	216,106	47,409,160
Community development	13,988,380	3,715,747	-	537,512	18,241,639
Operations services	18,978,796	-	-	631,209	19,610,005
Community activities	12,824,260	-	-	360,016	13,184,276
Capital outlay	345,228	-	514,566	14,497,537	15,357,331
Debt Service:					
Principal	-	-	180,911	50,000	230,911
Interest	-	-	9,718	15,010	24,728
<b>Total expenditures</b>	<b>107,029,451</b>	<b>3,715,747</b>	<b>705,195</b>	<b>16,307,390</b>	<b>127,757,783</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>13,824,798</b>	<b>(2,148,416)</b>	<b>(629,438)</b>	<b>(2,966,451)</b>	<b>8,080,493</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in (Note 4)	807,338	-	5,161,295	8,083,203	14,051,836
Transfers out (Note 4)	(9,448,266)	-	(2,059,779)	(2,018,628)	(13,526,673)
<b>Total other financing sources (uses)</b>	<b>(8,640,928)</b>	<b>-</b>	<b>3,101,516</b>	<b>6,064,575</b>	<b>525,163</b>
<b>Net change in fund balances</b>	<b>5,183,870</b>	<b>(2,148,416)</b>	<b>2,472,078</b>	<b>3,098,124</b>	<b>8,605,656</b>
<b>FUND BALANCES:</b>					
Beginning of year	22,472,314	11,629,838	13,847,546	60,133,040	108,082,738
End of year	\$ 27,656,184	\$ 9,481,422	\$ 16,319,624	\$ 63,231,164	\$ 116,688,394

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, 2018**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 8,605,656</b>
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	13,814,109
Capital contributions	226,064
Retirements	(4,254,247)
Depreciation (net of internal service funds of \$1,835,025)	(12,852,391)
Loans receivable are not considered available revenue and are classified as deferred inflows of resources in the governmental funds.	3,118,644
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:	
Note payable to California Energy Commission	180,911
HUD Section 108 Loan	50,000
Losses in the equity investment in LPFD is an expenditure in the governmental funds, but the losses increase the net investment deficit in the Statement of Net Position.	(894,079)
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	(4,288,129)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 3,706,538</b>

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See accompanying Notes to Basic Financial Statements.

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## **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, 2018**

	Business-type Activities - Enterprise Funds						Governmental Activities
	Water	Sewer	Golf	Storm Drain	Other Non-major Enterprise Funds	Total	Internal Service Funds
<b>ASSETS</b>							
Current assets:							
Cash and investments (Note 2)	\$ 22,289,068	\$ 20,576,526	\$ 565,414	\$ 1,403,836	\$ 1,234,439	\$ 46,069,283	\$ 53,839,538
Restricted cash (Note 2)	824,752	179,307	-	-	-	1,004,059	5,325,000
Receivables (net):							
Accounts	5,056,821	2,519,037	16,678	2,083	93,821	7,688,440	3,000
Interest	77,349	67,328	820	3,370	2,790	151,657	167,582
Inventory and prepaid expenses	-	-	112,648	-	-	112,648	766,002
<b>Total current assets</b>	<b>28,247,990</b>	<b>23,342,198</b>	<b>695,560</b>	<b>1,409,289</b>	<b>1,331,050</b>	<b>55,026,087</b>	<b>60,101,122</b>
Noncurrent assets:							
Net investment in joint ventures (Note 8C)	-	12,543,300	-	-	-	12,543,300	-
Advances to other funds (Note 4)	-	-	-	-	-	-	2,011,092
Capital assets (Note 5):							
Nondepreciable	29,961,515	1,581,158	12,434,327	24,047	487,280	44,488,327	322,893
Depreciable, net	65,169,486	47,427,263	13,236,412	23,002,225	74,620	148,910,006	11,785,511
<b>Total noncurrent assets</b>	<b>95,131,001</b>	<b>61,551,721</b>	<b>25,670,739</b>	<b>23,026,272</b>	<b>561,900</b>	<b>205,941,633</b>	<b>14,119,496</b>
<b>Total assets</b>	<b>123,378,991</b>	<b>84,893,919</b>	<b>26,366,299</b>	<b>24,435,561</b>	<b>1,892,950</b>	<b>260,967,720</b>	<b>74,220,618</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Related to pensions (Note 10)	1,115,334	553,351	-	180,160	-	1,848,845	31,102,512
Related to OPEB (Note 11)	272,816	119,203	-	47,302	-	439,321	4,360,679
<b>Total deferred outflows of resources</b>	<b>1,388,150</b>	<b>672,554</b>	<b>-</b>	<b>227,462</b>	<b>-</b>	<b>2,288,166</b>	<b>35,463,191</b>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	4,023,376	3,701,368	332,049	18,328	316,303	8,391,424	1,326,760
Payroll payable	92,586	38,304	-	15,524	15,409	161,823	-
Due to other funds (Note 4)	-	-	-	-	18,201	18,201	-
Refundable deposits	-	-	128,544	-	-	128,544	-
Unearned revenue	298,766	-	278,408	-	156,011	733,185	-
Accrued compensated absences (Note 1K)	-	-	-	-	-	-	1,183,689
Claims payable (Note 7)	-	-	-	-	-	-	2,408,814
Capital leases payable (Note 6B)	-	-	67,622	-	-	67,622	-
Loan payable (Note 6B)	298,335	-	-	-	-	298,335	-
Bonds payable (Note 6B)	845,000	-	-	-	-	845,000	-
<b>Total current liabilities</b>	<b>5,558,063</b>	<b>3,739,672</b>	<b>806,623</b>	<b>33,852</b>	<b>505,924</b>	<b>10,644,134</b>	<b>4,919,263</b>
Noncurrent liabilities:							
Accrued compensated absences (Note 1K)	-	-	-	-	-	-	3,203,713
Advances from other funds (Note 4)	-	-	-	-	-	-	963,022
Claims payable (Note 7)	-	-	-	-	-	-	10,865,663
Capital leases payable (Note 6B)	-	-	120,145	-	-	120,145	-
Loan payable (Note 6B)	9,681,084	-	-	-	-	9,681,084	-
Bonds payable (Note 6B)	5,460,000	-	-	-	-	5,460,000	-
Net pension liability (Note 10)	5,106,962	2,533,717	-	824,933	-	8,465,612	113,138,003
Net OPEB liability (Note 11)	2,736,065	1,195,481	-	474,390	-	4,405,936	43,733,064
<b>Total noncurrent liabilities</b>	<b>22,984,111</b>	<b>3,729,198</b>	<b>120,145</b>	<b>1,299,323</b>	<b>-</b>	<b>28,132,777</b>	<b>171,903,465</b>
<b>Total liabilities</b>	<b>28,542,174</b>	<b>7,468,870</b>	<b>926,768</b>	<b>1,333,175</b>	<b>505,924</b>	<b>38,776,911</b>	<b>176,822,728</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Related to pensions (Note 10)	87,368	43,346	-	14,113	-	144,827	6,479,590
Related to OPEB (Note 11)	59,167	25,852	-	10,259	-	95,278	945,722
<b>Total deferred inflows of resources</b>	<b>146,535</b>	<b>69,198</b>	<b>-</b>	<b>24,372</b>	<b>-</b>	<b>240,105</b>	<b>7,425,312</b>
<b>NET POSITION</b>							
Net investment in capital assets	85,151,582	49,008,421	25,482,972	23,026,272	561,900	183,231,147	12,108,404
Restricted for:							
Transportation	-	-	-	-	286,274	286,274	-
Unrestricted	10,926,850	29,019,984	(43,441)	279,204	538,852	40,721,449	(86,672,635)
<b>Total net position</b>	<b>\$ 96,078,432</b>	<b>\$ 78,028,405</b>	<b>\$ 25,439,531</b>	<b>\$ 23,305,476</b>	<b>\$ 1,387,026</b>	<b>224,238,870</b>	<b>\$ (74,564,231)</b>
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.							
						(485,290)	
Net position of business-type activities						<u>\$ 223,753,580</u>	

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, 2018

	Business-type Activities - Enterprise Funds					Governmental Activities	
	Water	Sewer	Golf	Storm Drain	Other Non-major Enterprise Funds	Total	Internal Service Funds
<b>OPERATING REVENUES:</b>							
Charges for services	\$ 28,003,761	\$ 14,634,839	\$ 3,772,104	\$ 516,460	\$ 291,952	\$ 47,219,116	\$ 15,588,968
Miscellaneous	465,292	858	-	231,266	19,330	716,746	24,991
<b>Total operating revenues</b>	<b>28,469,053</b>	<b>14,635,697</b>	<b>3,772,104</b>	<b>747,726</b>	<b>311,282</b>	<b>47,935,862</b>	<b>15,613,959</b>
<b>OPERATING EXPENSES:</b>							
Personnel services	4,573,907	2,364,507	-	595,375	574,214	8,108,003	9,301,974
Transportation	128,325	62,273	-	3,060	84,664	278,322	-
Repairs and maintenance	95,303	54,449	531,309	19,497	10,164	710,722	403,818
Materials, supplies, and services	19,962,189	10,853,949	2,905,306	93,272	234,513	34,049,229	7,306,831
Depreciation (Note 5)	3,475,071	2,908,578	1,688,686	1,154,925	8,040	9,235,300	1,835,025
<b>Total operating expenses</b>	<b>28,234,795</b>	<b>16,243,756</b>	<b>5,125,301</b>	<b>1,866,129</b>	<b>911,595</b>	<b>52,381,576</b>	<b>18,847,648</b>
<b>OPERATING INCOME (LOSS)</b>	<b>234,258</b>	<b>(1,608,059)</b>	<b>(1,353,197)</b>	<b>(1,118,403)</b>	<b>(600,313)</b>	<b>(4,445,714)</b>	<b>(3,233,689)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>							
Grants	-	-	-	222,086	72,092	294,178	-
Intergovernmental	-	-	-	-	307,392	307,392	-
Interest income	183,500	154,223	2,036	7,135	6,968	353,862	365,728
Interest (expense)	(241,580)	-	(4,458)	-	-	(246,038)	-
Equity interest in gain from joint ventures	-	705,025	-	-	-	705,025	-
Gain (loss) from sale of capital assets	225	-	-	-	-	225	53,271
<b>Total nonoperating revenues (expenses)</b>	<b>(57,855)</b>	<b>859,248</b>	<b>(2,422)</b>	<b>229,221</b>	<b>386,452</b>	<b>1,414,644</b>	<b>418,999</b>
<b>Income (Loss) Before Capital Contributions and Transfers</b>							
Capital contributions received	685,366	489,420	-	482,292	-	1,657,078	49,000
Transfers in (Note 4)	725,774	114,829	-	330,000	403,977	1,574,580	894,408
Transfers out (Note 4)	-	-	(279,151)	-	-	(279,151)	(2,715,000)
<b>Total contributions and transfers</b>	<b>1,411,140</b>	<b>604,249</b>	<b>(279,151)</b>	<b>812,292</b>	<b>403,977</b>	<b>2,952,507</b>	<b>(1,771,592)</b>
<b>Change in net position</b>	<b>1,587,543</b>	<b>(144,562)</b>	<b>(1,634,770)</b>	<b>(76,890)</b>	<b>190,116</b>	<b>(78,563)</b>	<b>(4,586,282)</b>
<b>NET POSITION:</b>							
Beginning of year, as restated (Note 9D)	94,490,889	78,172,967	27,074,301	23,382,366	1,196,910		(69,977,949)
End of year	\$ 96,078,432	\$ 78,028,405	\$ 25,439,531	\$ 23,305,476	\$ 1,387,026		\$ (74,564,231)
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.						(298,153)	
Change in net position of business-type activities						\$ (376,716)	

See accompanying Notes to Basic Financial Statements.

City of Pleasanton  
Statement of Cash Flows  
Proprietary Funds  
For the year ended June 30, 2018

	Business-type Activities - Enterprise Funds					Governmental Activities	
	Water	Sewer	Golf	Storm Drain	Other Non-major Enterprise Funds	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Cash receipt from customers	\$ 28,735,075	\$ 14,512,945	\$ 3,761,705	\$ 748,041	\$ 418,786	\$ 48,176,552	\$ 14,869,108
Cash payment to suppliers for goods and services	(19,973,541)	(9,335,361)	(3,446,283)	(165,909)	(311,321)	(33,232,415)	(5,948,125)
Cash payment to and on behalf of employees for services	(3,901,776)	(2,022,020)	-	(640,124)	(575,110)	(7,139,030)	(5,261,612)
Net cash provided (used) by operating activities	4,859,758	3,155,564	315,422	(57,992)	(467,645)	7,805,107	3,659,371
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Grants received	-	-	-	222,086	96,144	318,230	-
Intergovernmental funds received	-	-	-	-	302,200	302,200	509,424
Amounts paid to joint ventures	-	(705,025)	-	-	-	(705,025)	-
Transfers in	725,774	114,829	-	330,000	403,977	1,574,580	894,408
Transfers out	-	-	(279,151)	-	-	(279,151)	(2,715,000)
Net cash provided (used) by noncapital financing activities	725,774	(590,196)	(279,151)	552,086	802,321	1,210,834	(1,311,168)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Principal payments on long-term debt	(1,097,501)	-	(66,305)	-	-	(1,163,806)	-
Interest payments	(241,580)	-	(4,458)	-	-	(246,038)	-
Capital asset (acquisitions)	(4,604,161)	(\$1,824,183)	-	(426,463)	(239,441)	(7,094,248)	(439,681)
Proceeds from sale of capital assets	193,862	22,044	-	-	-	215,906	53,271
Net cash provided (used) by capital and related financing activities	(5,749,380)	(1,802,139)	(70,763)	(426,463)	(239,441)	(8,288,186)	(386,410)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Interest and investment income received	180,415	864,853	2,204	7,368	6,421	1,061,261	351,766
Net cash provided by (used in) noncapital investing activities	180,415	864,853	2,204	7,368	6,421	1,061,261	351,766
Net increase (decrease) in cash and cash equivalents	16,567	1,628,082	(32,288)	74,999	101,656	1,789,016	2,313,559
<b>CASH AND CASH EQUIVALENTS:</b>							
Beginning of year	23,097,253	19,127,751	597,702	1,328,837	1,132,783	45,284,326	56,850,979
End of year	\$ 23,113,820	\$ 20,755,833	\$ 565,414	\$ 1,403,836	\$ 1,234,439	\$ 47,073,342	\$ 59,164,538
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>							
Operating income (loss)	\$ 234,258	\$ (1,608,059)	\$ (1,353,197)	\$ (1,118,403)	\$ (600,313)	\$ (4,445,714)	\$ (3,233,689)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	3,475,071	2,908,578	1,688,686	1,154,925	8,040	9,235,300	1,835,025
Decrease (increase) in:							
Accounts receivable	266,022	(122,752)	(10,399)	315	(40,637)	92,549	21,151
Inventory and prepaid items	-	-	16,515	-	-	16,515	(766,002)
Prepaid other post employment benefits	-	-	-	-	-	-	3,884,748
Increase (decrease) in:							
Accounts payable	152,470	1,635,310	(19,681)	(50,080)	16,148	1,734,167	316,948
Payroll payable	1,936	(8,282)	-	757	(896)	(6,485)	-
Refundable deposits	-	-	(20,633)	-	-	(20,633)	-
Due to other funds	-	-	-	-	1,872	1,872	-
Unearned revenue	59,806	-	14,131	-	148,141	222,078	-
Compensated absences	-	-	-	-	-	-	156,524
Claims payable	-	-	-	-	-	-	1,197,006
Net pension liability	738,336	380,542	-	(33,692)	-	1,085,186	5,221,566
Net OPEB liability	(68,141)	(29,773)	-	(11,814)	-	(109,728)	(4,973,906)
Net cash provided (used) by operating activities	\$ 4,859,758	\$ 3,155,564	\$ 315,422	\$ (57,992)	\$ (467,645)	\$ 7,805,107	\$ 3,659,371
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Capital contributions received	\$ 685,366	\$ 489,420	\$ -	\$ 482,292	\$ -	\$ 1,657,078	\$ 49,000
Total noncash capital and related financing activities	\$ 685,366	\$ 489,420	\$ -	\$ 482,292	\$ -	\$ 1,657,078	\$ 49,000

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.

**City of Pleasanton  
Statement of Fund Net Position  
Fiduciary Funds  
June 30, 2018**

	Private-Purpose Trust	Agency
<b>ASSETS</b>		
Cash and investments (Note 2)	\$ 410,622	\$ 6,675,588
Receivables (net):		
Accounts	3,025	553,526
Interest	1,325	8,767
Notes receivable	-	14,072
<b>Total assets</b>	<u>414,972</u>	<u>\$ 7,251,953</u>
<b>LIABILITIES</b>		
Accounts payable	-	\$ 1,662,641
Claims	-	4,182,000
Accrued compensated absences	-	579,369
Loans payable	-	14,072
Deposits	-	813,871
<b>Total liabilities</b>	<u>-</u>	<u>\$ 7,251,953</u>
<b>NET POSITION</b>		
Net position held in trust for others	<u>\$ 414,972</u>	

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, 2018**

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	Private-Purpose Trust
<b>ADDITIONS:</b>	
Investment income	\$ 3,253
Miscellaneous	1,424
<b>Total additions</b>	<u>4,677</u>
<b>DEDUCTIONS:</b>	
Operations services	14,843
<b>Total deductions</b>	<u>14,843</u>
<b>Change in net position</b>	<u>10,166</u>
<b>NET POSITION HELD IN TRUST:</b>	
Beginning of year	<u>425,138</u>
End of year	<u>\$ 414,972</u>

See accompanying Notes to Basic Financial Statements.

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**City of Pleasanton**  
**Index to Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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# City of Pleasanton

## Notes to Basic Financial Statements

### For the year ended June 30, 2018

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#### 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 are reported as blended component units of the City as the component units' governing bodies are the same as the governing body of the City and management of the primary government has operational responsibility for the component units:

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 advocate for housing units and services for low and moderate income families. 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.

Pleasanton Joint Powers Financing Authority - In June 1993, the Pleasanton Joint Powers Financing Authority (PJFPA) was formed by a Joint Exercise of Powers Agreement between the City of Pleasanton and the Housing Authority. The PJFPA is a blended component unit of the City and the financial operations of the PJFPA 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, 2018**

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**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, 2018**

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**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 *Miscellaneous Capital Improvement Programs Fund* – is a capital projects fund that 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.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**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, 2018**

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**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, 2018**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***D. Restricted Cash and Investments***

Restricted cash and investments include amounts held by fiscal agents for the redemption of bonded debt and for acquisition and construction of capital projects, for deposits held for others within the enterprise funds, and for amounts held in an irrevocable trust for pension activities.

***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 net 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 net 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, 2018**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**I. Inventory**

Inventory held for resale 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. Inventory supplies at the golf course restaurant is valued at cost, using the first-in first out costing method.

**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, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition 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, 2017	\$ 4,230,878
Additions	2,831,112
Payments	(2,674,588)
Balance June 30, 2018	<u>\$ 4,387,402</u>
Due within one year	<u>\$ 1,183,689</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, 2018**

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**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, 2018**

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**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. 75 – Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions.** The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement required the restatement of net position and additional footnote disclosures as noted in Note 9D and 11, respectively.

**GASB Statement No. 81 – Irrevocable Split-Interest Agreements.** This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This Statement had no significant effect on the financial statements.

**GASB Statement No. 85 – Omnibus 2017.** The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement had no significant effect on the financial statements.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***R. Implementation of New GASB Pronouncements, Continued***

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

***S. Closed and New Funds***

During the fiscal year ended June 30, 2018, the City closed the Traffic Grants and Federal ISTEA Program Non-Major Special Revenue Funds.

The City also established two new funds during the fiscal year. The AB1379 CASp Certification and Training Non-Major Special Revenue Fund was established pursuant to Assembly Bill No. 1379 to account for the collection of fees from business license applicants to be used for increased certified access specialist (CASp) training and certification within the City and to facilitate compliance with construction-related accessibility requirements. The City Enhancement Internal Service Fund was established to provide funding for unplanned and traditionally unfunded priority projects that arise such as employee workplace enhancement and miscellaneous emergency renovation projects which are not part of the City's Repair and Replacement Plan.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

**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 following is a summary of pooled cash and investments at June 30, 2018:

	Government-Wide		Fiduciary Funds	Total
	Statement of Net Position			
	Governmental	Business-Type	Statement of Net	
	Activities	Activities	Position	
Cash and investments	\$ 166,417,047	\$ 46,069,283	\$ 7,086,210	\$ 219,572,540
Restricted cash and investments	11,465,195	1,004,059	-	12,469,254
<b>Total Cash and investments</b>	<b>\$ 177,882,242</b>	<b>\$ 47,073,342</b>	<b>\$ 7,086,210</b>	<b>\$ 232,041,794</b>

At June 30, 2018, the City's pooled cash and investments consisted of the following:

	Fair Value at
	June 30, 2018
<b>Deposits:</b>	
Cash on hand	\$ 8,025
Restricted cash	444,254
Deposits with banks	14,428,771
<b>Total Deposits</b>	<b>14,881,050</b>
<b>Investments:</b>	
U.S. government agencies	132,385,027
U.S. treasury notes	8,856,810
Medium-term corporate notes	13,000,404
Certificates of deposit	987,160
California Local Agency Investment Fund	49,906,343
PARS Trust - mutual funds	12,025,000
<b>Total Investments</b>	<b>217,160,744</b>
<b>Total City Treasury</b>	<b>\$ 232,041,794</b>

**A. Deposits**

At June 30, 2018, the carrying amount of the City's cash deposits with the bank had a balance of \$14,873,025 and the banks' balance was \$17,580,117. The difference between the bank balance and the City's carrying amount represents outstanding checks and deposits in transit. Of the bank balance, \$1,825,023 was covered by federal depository insurance and \$15,755,094 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, 2018**

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**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, 2018 from the fiscal year ended June 30, 2017 amounted to an unrealized loss of \$1,832,902.

**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, 2018, the City had the following investment maturities:

Investment Type	Investment Maturities (In Years)		Total
	Less than 1	1 to 5	
U.S. Government agencies	\$ 57,265,129	\$ 75,119,898	\$ 132,385,027
U.S. Treasury notes	996,090	7,860,720	8,856,810
Medium-term corporate notes	-	13,000,404	13,000,404
Certificates of deposit	738,954	248,206	987,160
California Local Agency Investment Fund	49,906,343	-	49,906,343
PARS Trust - mutual funds	12,025,000	-	12,025,000
<b>Total Investments</b>	<b>\$ 120,931,516</b>	<b>\$ 96,229,228</b>	<b>\$ 217,160,744</b>

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, 2018, the City held \$97,149,518 in callable government agencies, which amounted to 45% of total investments.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

**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, 2018:

	Level 1	Level 2	Total
<i>Investments by Fair Value Level:</i>			
U.S. Government agencies	\$ -	\$ 132,385,027	\$ 132,385,027
U.S. Treasury notes	8,856,810	-	8,856,810
Medium-term Corporate Notes	-	13,000,404	13,000,404
Sub-total	<u>\$ 8,856,810</u>	<u>\$ 145,385,431</u>	154,242,241
<i>Investments Reported at Cost:</i>			
Non-negotiable Certificates of Deposit			987,160
<i>Investments Exempt from Fair Value Hierarchy:</i>			
California Local Agency Investment Fund			49,906,343
PARS Trust - mutual funds			<u>12,025,000</u>
Total Investments			<u>\$ 217,160,744</u>

U.S. Treasury notes, classified in Level 1 of the fair value hierarchy, are valued using unadjusted quoted prices in an active market for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. U.S. Government agency securities, medium term corporate 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.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

**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, 2018, 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+	19.3%
Federal Home Loan Bank	Aaa	AA+	10.5%
Federal Home Loan Mortgage Corporation	Aaa	AA+	14.9%
Federal National Mortgage Association	Aaa	AA+	16.3%
Medium Term Corporate Notes:			
Apple, Inc.	Aa1	AA+	1.3%
Microsoft Inc.	Aaa	AAA	1.8%
Wells Fargo Bank	Aa2	A+	0.9%

*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 (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	\$ 41,931,051	19%
Federal Home Loan Mortgage Corporation	32,260,218	15%
Federal Home Loan Bank	22,867,778	11%
Federal National Mortgage Association	35,325,981	16%

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. The City's PARS Trust is held by a third-party custodian, U.S. 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, 2018**

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**2. CASH AND INVESTMENTS, Continued**

**F. External Investment Pool**

As of June 30, 2018, the City had \$49,906,343 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, 2018, 47.60% of LAIF's portfolio was invested in government guaranteed U.S. Treasuries.

As of June 30 2018, 1.89% 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 0.9981268690 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, 2018, these investments matured on an average of 193 days. Separate financial statements for the PMIB may be obtained from the California State Treasurer's Office, 915 Capital Mall, Sacramento, CA 95814.

**3. NOTES RECEIVABLE**

The following table summarizes the notes receivable outstanding as of June 30, 2018, and a brief description of each of the loan categories appears below the table:

Housing Loans:	
Multifamily Housing Projects-Developers	\$ 998,062
Revolving Home Loans-Individuals	411,520
Senior Housing Projects-Developers	16,563,000
Nonprofit Public Benefit Corporations	65,000
Sunflower Hill Loan	187,636
HOME Grant Program Loans	1,806,308
CDBG Program Loans	535,762
Tri-Valley Housing Opportunity Center Loan	51,667
In-Lieu Parking Fee Loans	14,500
Sewer Connection Fee Loans	45,688
Hacienda Business Park LED Project	112,571
	\$ 20,791,714

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**3. NOTES RECEIVABLE, Continued**

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 its annual allocation based on 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. HOME funds of \$60,667 were received in FY 2017/18.

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 makes its CDBG funds available annually for application by agencies that provide housing and services to low-income persons and households. CDBG funds of \$129,562 were received in FY 2017/18.

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, 2018.

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, 2018 was \$14,500.

Sewer Connection Fee 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, 2018 was \$45,688.

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 22 and December 22 of each year. The interest rate adjusts annually based on the Local Agency Investment Fund interest calculated each January 2. The outstanding amount as of June 30, 2018 was \$112,571.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

**3. NOTES RECEIVABLE, Continued**

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 the entire 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, 2018 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.

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

<u>Date of Loan</u>	<u>Loan Amount</u>	<u>Funding Sources</u>
January 1992	\$ 75,000	HOME Grant (\$75,000)
January 1997	201,440	HOME Grant (\$136,440); Lower Income Housing Fund (\$65,000)
August 2006	476,091	HOME Grant (\$428,527); 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, 2018, was \$9,270. The principal amounts outstanding at June 30, 2018, for the City funded and the HOME funded portions were \$636,063 and \$130,000, respectively.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**3. NOTES RECEIVABLE, Continued**

- *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, 2018, was \$1,486. The principal amounts outstanding at June 30, 2018, 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, 2018, was \$37,000.
- *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 2017/18, the City received loan repayments totaling \$65,571. The outstanding amount due to the City for these types of loans as of June 30, 2018 was \$411,520.
- *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 2017/18, the City disbursed an additional \$2,735,785. The principal and interest outstanding at June 30, 2018 were \$14,036,000 and \$728,790, 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. The principal and interest outstanding at June 30, 2018 were \$450,000 and \$40,442, respectively.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**3. NOTES RECEIVABLE, Continued**

- 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 2017/18, BLP paid the City \$249,000 representing a portion of the accrued unpaid interest. As of June 30, 2018, the accrued unpaid interest in the allowance for doubtful accounts was \$1,372,399 and the principal amount outstanding was \$2,490,000.
- 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, 2018 was \$29,400. The principal amount outstanding for all three loans at June 30, 2018, 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 are 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, 2018 were \$488,197 and \$182,543 respectively. The outstanding principal and interest amounts of Housing Rehabilitation Program loans funded by HOME funds as of June 30, 2018, were \$161,341 and \$30,526, respectively.
- Sunflower Irby, LLC – On April 13, 2018, the City executed a \$250,000 loan agreement with Sunflower Irby, LLC to provide pre-development funding for the construction of Sunflower Hill, a 31-unit affordable rental housing development for special needs residents. The loan, from the Lower Income Housing Fund, does not accrue interest. The City disbursed \$187,636 during the fiscal year and the entire amount remained outstanding at June 30, 2018.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**4. INTERFUND TRANSACTIONS**

**A. *Interfund Receivables / Payables***

The composition of interfund balances as of June 30, 2018 is as follows:

*Due to/from Other Funds*

As of June 30, 2018, the General Fund provided \$49,985 to various non-major special revenue funds and \$18,201 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	\$ 49,985
	Non-Major Enterprise Funds	<u>18,201</u>
		<u>\$ 68,186</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 2017/18, \$942,101 of the advance was repaid. The remaining \$963,022 will be repaid in FY 2018/19.

On April 17, 2015, the Replacement/Renovation Internal Service Fund advanced \$2,000,000 to the Park Capital Improvement Program Capital Projects 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 park's opening date of October 6, 2016. In FY 2017/18, \$509,424 of the advance was repaid. The remaining \$1,048,070 will be repaid over the next eight years.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

**4. INTERFUND TRANSACTIONS, Continued**

**B. Transfers In/Out**

Transfers in/out for the year ended June 30, 2018 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred	
General Fund	Golf Enterprise Fund	\$ 79,743	(A)
	Non-Major Governmental Funds	32,595	(B)
	Internal Service Funds	695,000	(C)
Miscellaneous Capital Improvement Programs Fund	General Fund	5,161,295	(A), (D)
Water Enterprise Fund	General Fund	263,165	(E)
	Non-Major Governmental Funds	421,609	(A)
	Internal Service Funds	41,000	(C)
Sewer Enterprise Fund	General Fund	94,829	(E)
	Internal Service Funds	20,000	(C)
Storm Drain Enterprise Fund	General Fund	330,000	(F)
Non-Major Governmental Funds	General Fund	2,500,000	(D)
	Miscellaneous Capital Improvement Programs Fund	2,059,779	(D)
	Non-Major Governmental Funds	1,564,424	(D), (G)
	Internal Service Funds	1,959,000	(D)
Non-Major Enterprise Funds	General Fund	403,977	(H)
Internal Service Funds	General Fund	695,000	(I)
	Golf Enterprise Fund	199,408	(D)
Total Interfund Transfers		<u>\$ 16,520,824</u>	

- (A) Transfers to fund partial repayment of loan
- (B) Transfers to fund operation expenditures
- (C) Transfers to return excess funds to sources
- (D) Transfer to fund capital improvement projects
- (E) Transfer to fund senior and low income discounts
- (F) Transfer to subsidize operations
- (G) Transfer to fund partial repayment of advance
- (H) Transfer to subsidize cemetery and transit operations
- (I) Transfer of assets to Internal Service Funds

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance at June 30, 2017	Additions	Retirements and Adjustments	Transfers	Balance at June 30, 2018
<b>Governmental Activities</b>					
Nondepreciable assets:					
Land	\$ 244,572,555	\$ -	\$ 73,354	\$ -	\$ 244,645,909
Right-of-ways	36,354,674	-	-	-	36,354,674
Public art	798,018	10,000	-	-	808,018
Construction in progress	15,418,837	12,770,217	(4,216,467)	(11,263,263)	12,709,324
<b>Total nondepreciable assets</b>	<b>297,144,084</b>	<b>12,780,217</b>	<b>(4,143,113)</b>	<b>(11,263,263)</b>	<b>294,517,925</b>
Depreciable assets:					
Infrastructure	291,485,083	801,207	(1,549,779)	9,264,384	300,000,895
Buildings	81,526,466	-	(81,665)	-	81,444,801
Improvements other than buildings	75,002,853	-	(73,356)	1,046,331	75,975,828
Machinery and equipment	26,313,908	962,462	110,711	952,548	28,339,629
Vehicles	13,178,024	41,700	(99,742)	-	13,119,982
<b>Total depreciable assets</b>	<b>487,506,334</b>	<b>1,805,369</b>	<b>(1,693,831)</b>	<b>11,263,263</b>	<b>498,881,135</b>
Less accumulated depreciation:					
Infrastructure	179,889,342	7,773,387	(1,549,779)	-	186,112,950
Buildings	27,083,704	1,629,630	-	-	28,713,334
Improvements other than buildings	41,101,000	2,562,427	-	-	43,663,427
Machinery and equipment	17,818,727	1,766,926	88,091	-	19,673,744
Vehicles	7,776,670	955,046	(64,277)	-	8,667,439
<b>Total accumulated depreciation</b>	<b>273,669,443</b>	<b>14,687,416</b>	<b>(1,525,965)</b>	<b>-</b>	<b>286,830,894</b>
<b>Net depreciable assets</b>	<b>213,836,891</b>	<b>(12,882,047)</b>	<b>(167,866)</b>	<b>11,263,263</b>	<b>212,050,241</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 510,980,975</b>	<b>\$ (101,830)</b>	<b>\$ (4,310,979)</b>	<b>\$ -</b>	<b>\$ 506,568,166</b>
<b>Business-type Activities</b>					
Nondepreciable assets:					
Land	\$ 14,512,340	\$ -	\$ -	\$ -	\$ 14,512,340
Construction in progress	30,079,681	5,820,075	(134,898)	(5,788,871)	29,975,987
<b>Total nondepreciable assets</b>	<b>44,592,021</b>	<b>5,820,075</b>	<b>(134,898)</b>	<b>(5,788,871)</b>	<b>44,488,327</b>
Depreciable assets:					
Infrastructure	268,568,381	2,643,615	-	5,788,871	277,000,867
Buildings	35,802,849	-	(83,718)	-	35,719,131
Improvements other than buildings	31,481,268	-	83,718	-	31,564,986
Machinery and equipment	15,052,514	392,943	-	-	15,445,457
Vehicles	608,088	70,177	-	-	678,265
<b>Total depreciable assets</b>	<b>351,513,100</b>	<b>3,106,735</b>	<b>-</b>	<b>5,788,871</b>	<b>360,408,706</b>
Less accumulated depreciation:					
Infrastructure	160,564,390	6,282,248	-	-	166,846,638
Buildings	15,518,849	816,878	186,220	-	16,521,947
Improvements other than buildings	18,767,370	1,576,201	(186,220)	-	20,157,351
Machinery and equipment	6,806,244	553,316	-	-	7,359,560
Vehicles	606,547	6,657	-	-	613,204
<b>Total accumulated depreciation</b>	<b>202,263,400</b>	<b>9,235,300</b>	<b>-</b>	<b>-</b>	<b>211,498,700</b>
<b>Net depreciable assets</b>	<b>149,249,700</b>	<b>(6,128,565)</b>	<b>-</b>	<b>5,788,871</b>	<b>148,910,006</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 193,841,721</b>	<b>\$ (308,490)</b>	<b>\$ (134,898)</b>	<b>\$ -</b>	<b>\$ 193,398,333</b>

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**5. CAPITAL ASSETS, Continued**

Depreciation expense was charged to various governmental functions as follows:

<b>Governmental Activities</b>		
General government		\$ 17,177
Public safety		660,542
Community development		1,345,144
Operations services		9,253,828
Community activities		1,575,700
	Total Governmental Functions	<u>12,852,391</u>
Internal Service Funds		1,835,025
	Total Governmental Activities	<u>\$ 14,687,416</u>

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

<b>Business-Type Activities</b>		
Water		\$ 3,475,071
Sewer		2,908,578
Golf		1,688,686
Storm Drain		1,154,925
Transit		6,657
Cemetery		1,383
	Total Business-Type Activities	<u>\$ 9,235,300</u>

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

**6. LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

	Balance June 30, 2017	Retirements	Balance June 30, 2018	Due Within One Year	Due in More Than One Year
<b>Governmental Activity Debt:</b>					
California Energy Commission (CEC) 1.0%, due 2022	\$ 1,016,764	\$ 180,911	\$ 835,853	\$ 182,724	\$ 653,129
HUD Section 108 Loan Variable rate, due 2032	900,000	50,000	850,000	50,000	800,000
<b>Total Governmental Activity Debt</b>	<b>\$ 1,916,764</b>	<b>\$ 230,911</b>	<b>\$ 1,685,853</b>	<b>\$ 232,724</b>	<b>\$ 1,453,129</b>
<b>Business-type Activity Debt:</b>					
Golf Course Capital Lease	\$ 254,072	\$ 66,305	\$ 187,767	\$ 67,622	\$ 120,145
California Clean Water SRF Loan	10,281,920	302,501	9,979,419	298,335	9,681,084
Water Revenue Bonds, Series 2017	7,100,000	795,000	6,305,000	845,000	5,460,000
<b>Total Business-type Activity Debt</b>	<b>\$ 17,635,992</b>	<b>\$ 1,163,806</b>	<b>\$ 16,472,186</b>	<b>\$ 1,210,957</b>	<b>\$ 15,261,229</b>

**A. Governmental Activities**

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 totaled \$1,716,976 and were 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. Principal and interest payments began on December 22, 2016 and continues on each June 22 and December 22 of each year until the loan is paid in full. Loan payments are made from the Miscellaneous Capital Improvement Programs Capital Project Fund. The outstanding balance at June 30, 2018 was \$835,853.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**6. LONG-TERM LIABILITIES, Continued**

**A. Governmental Activities, Continued**

Annual debt service requirements to maturity are as follows:

For the Year Ending June 30	California Energy Commission (CEC)		
	Principal	Interest	Total
2019	\$ 182,724	\$ 7,904	\$ 190,628
2020	184,541	6,088	190,629
2021	186,406	4,222	190,628
2022	188,274	2,354	190,628
2023	93,908	471	94,379
Total	<u>\$ 835,853</u>	<u>\$ 21,039</u>	<u>\$ 856,892</u>

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 FY 2015/16, the City requested an advance of \$950,000 on this loan. Principal payments are due August 1 each year. Loan payments are made from the Community Development Block Grant Special Revenue Fund. The outstanding balance at June 30, 2018 was \$850,000.

Annual debt service requirements to maturity are as follows:

For the Year Ending June 30	HUD Section 108 Loan		
	Principal	Interest	Total
2019	\$ 50,000	\$ 16,250	\$ 66,250
2020	50,000	15,250	65,250
2021	50,000	14,250	64,250
2022	50,000	13,250	63,250
2023	50,000	12,250	62,250
2024-2028	250,000	46,250	296,250
2029-2033	250,000	21,250	271,250
2034-2035	100,000	1,500	101,500
Total	<u>\$ 850,000</u>	<u>\$ 140,250</u>	<u>\$ 990,250</u>

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**6. LONG-TERM LIABILITIES, Continued**

**B. Business-Type Activities**

Golf Course Capital Leases

On February 10, 2016, the City entered into an additional lease purchase agreement with U.S. Bank 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.

On November 7, 2016, the City entered into an additional lease purchase agreement with Yamaha Motor Finance for golf course maintenance equipment. The cost of the leased equipment was \$12,391. The City makes monthly payments of \$287 over a lease period of 48 months, including interest payments at a rate of 5.98%. At the end of the term, the equipment becomes the property of the City.

Annual debt service requirements to maturity are as follows:

For the Year Ending June 30	Golf Course Capital Lease		
	Principal	Interest	Total
2019	\$ 67,642	\$ 3,121	\$ 70,763
2020	68,977	1,788	70,765
2021	51,148	459	51,607
Total	<u>\$ 187,767</u>	<u>\$ 5,368</u>	<u>\$ 193,135</u>

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**6. LONG-TERM LIABILITIES, Continued**

***B. Business-Type Activities, Continued***

*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. The project was completed in October 2016 and the City had drawn a total of \$10,281,920. The loan bears annual interest of 1.00%, and principal and interest payments are due October 31 of each year. The outstanding balance at June 30, 2018 was \$9,979,419.

Annual debt service requirements to maturity are as follows:

For the Year Ending June 30	California Clean Water SRF Loan		
	Principal	Interest	Total
2019	\$ 298,335	\$ 99,794	\$ 398,129
2020	301,318	96,811	398,129
2021	304,331	93,798	398,129
2022	307,375	90,754	398,129
2023	310,449	87,681	398,130
2024-2028	1,599,436	391,211	1,990,647
2029-2033	1,681,022	309,623	1,990,645
2034-2038	1,766,772	223,875	1,990,647
2039-2043	1,856,895	133,751	1,990,646
2044-2047	1,553,486	39,027	1,592,513
Total	<u>\$ 9,979,419</u>	<u>\$ 1,566,325</u>	<u>\$ 11,545,744</u>

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**6. LONG-TERM LIABILITIES, Continued**

***B. Business-Type Activities, Continued***

*Water Revenue Bonds, Series 2017*

In February 2017, the City issued \$7,100,000 of Water Revenue Bonds, Series 2017. The bonds bear interest at 2.15% with interest payments made semi-annually on February 1 and August 1 commencing August 1, 2017. Principal payments are due annually on February 1 commencing February 1, 2018. The Bonds are payable solely from net water revenues. The outstanding balance at June 30, 2018 was \$6,305,000.

Annual debt service requirements to maturity are as follows:

For the Year Ending June 30	Water Revenue Bonds, Series 2017		
	Principal	Interest	Total
2019	\$ 845,000	\$ 135,558	\$ 980,558
2020	860,000	117,390	977,390
2021	880,000	98,900	978,900
2022	900,000	79,980	979,980
2023	920,000	60,630	980,630
2024-2025	1,900,000	61,490	1,961,490
Total	<u>\$ 6,305,000</u>	<u>\$ 553,948</u>	<u>\$ 6,858,948</u>

***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.

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.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**6. LONG-TERM LIABILITIES, Continued**

***C. Debt Without City Commitment, Continued***

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, 2018 was \$43,927,611.

***D. Legal Debt Limit***

As of June 30, 2018, the City's debt limit based on the legal debt margin (15% of 25% of the City's assessed valuation subject to taxation) was \$830,189,336.

***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, 2018.

As of June 30, 2018, 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, 2018**

**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/LA WCX
All Risk Property	10,000	Up to Replacement Cost	BCJPIA/APIP
Auto Physical Damage	Various	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, 2018, had a negative balance of \$4,707,855, reflecting an increase in claims liability from the prior year. The claims liability of \$12,032,000 is reported as claims payable as of June 30, 2018. 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 Internal Service Fund, at June 30, 2018, reserves of \$4,354,960 are reported in net position and claims liabilities of \$1,242,477 are reported as claims payable.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**7. RISK MANAGEMENT, Continued**

The Workers' Compensation Program claims liabilities in the Employee Benefits Fund and 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 funds were as follows:

	June 30,	
	2018	2017
Unpaid claims, beginning of year	\$ 12,077,471	\$ 8,485,932
Incurred claims and changes in estimates	2,945,080	4,982,951
Claim payments	(1,748,074)	(1,391,412)
Unpaid claims, end of year	<u>\$ 13,274,477</u>	<u>\$ 12,077,471</u>
Current portion	<u>\$ 2,408,814</u>	<u>\$ 2,656,690</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.

**A. 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, 2018**

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

**A. Bay Cities Joint Powers Insurance Authority, 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.

**B. 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.

**C. Livermore-Amador Valley Waste Management Agency**

The 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 \$12,543,300 as of June 30, 2018. Financial statements for LAVWMA may be obtained from DSRSD, 7051 Dublin Boulevard, Dublin, CA 94568.

**D. 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 and infrastructure. The PJPPFA issued \$7,100,000 of Water Revenue Bonds during FY 2016/17 (see Note 6B). The outstanding balance at June 30, 2018 was \$6,305,000. 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, 2018**

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

**E. Livermore-Amador Valley Transit Authority**

The 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.

**F. 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:

Franklin Management Systems, Inc.  
Attn: Mr. Jack Harrington  
3037 Hopyard Road, Suite M  
Pleasanton, CA 94588

**G. 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 (LPPFD), covering both cities. Fire protection services are provided by the City of Pleasanton employees under the joint power agreement. The LPPFD prepares its budget including contributions required from each City to fund operating and capital needs for the year. In January 2013, the City of Livermore began functioning as Treasurer for LPPFD. The City of Pleasanton's share of LPPFD's costs is approximately 50%. The City accounts for its investment in LPPFD by the equity method in the Governmental Activities in the Statement of Net Position. During the year ended June 30, 2018, the City contributed \$17,762,103 to LPPFD representing its share of costs. The City's equity/(deficit) interest in LPPFD was \$(39,821,759) as of June 30, 2018.

The City records its share of earnings and losses in the Governmental Activities in the Statement of Activities as a Public Safety expense and the carrying value of the City's investment in LPPFD is recorded in the Statement of Net Position as "Net Investment (Deficit) in LPPFD." Financial statements for LPPFD may be obtained from the City of Livermore at 1052 South Livermore Avenue, Livermore, California 94550.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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

*H. 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 member agencies consisting of both counties, thirty cities, six special districts, the University of California, Berkeley, 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.

*I. 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, Alameda/Oakland Ferry, Livermore Amador Valley Transit Authority, Union City Transit and BART. Financial statements for Alameda CTC may be obtained from Alameda CTC, 1111 Broadway, Suite 800, Oakland, CA 94607.

**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.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**9. NET POSITION/ FUND BALANCES, Continued**

***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.

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.

The City has earmarked a portion of the unassigned fund balance to meet the City's operating reserve policy. In November of 2016, the City Council adopted the 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. The City's objective is to utilize General Fund operating reserves to cover revenue shortfalls that would likely occur after a natural disaster. The target level of reserves equal three months of operating expenses that will ensure the City can continue to make payroll and cover other operating expenses while the City recovers from the event.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

**9. NET POSITION/ FUND BALANCES, Continued**

**B. Fund Balance, Continued**

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

As of June 30, 2018, fund balances are composed of the following:

GASB 54 Fund Balances:	General Fund	Lower Income Housing Fund	Miscellaneous Capital Improvement Programs Fund	Non-Major Governmental Funds	Total
<b>Nonspendable</b>					
Notes Receivable	\$ 45,688	\$ -	\$ -	\$ -	\$ 45,688
Total Nonspendable	<u>45,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,688</u>
<b>Restricted</b>					
Accessibility Programs				29,947	29,947
Assessment District Construction	-	-	-	1,334,060	1,334,060
Asset Forfeiture	-	-	-	52,741	52,741
Budgeted Developer Projects	-	-	-	8,222,682	8,222,682
Community Access Television	-	-	-	1,238,515	1,238,515
CIP for Downtown & North Pleasanton	-	-	-	3,667,656	3,667,656
Geological Hazard Assessment District	-	-	-	1,134,652	1,134,652
Grants	-	-	-	334,770	334,770
Housing	-	9,481,422	-	-	9,481,422
Landscape and Lighting District	-	-	-	384,551	384,551
Landscape Maintenance NPID	-	-	-	968,744	968,744
Marilyn Kane Trail Reserve	-	-	-	109,129	109,129
Miscellaneous Donations/Developer Contributions	-	-	-	711,529	711,529
Park Development	-	-	-	12,397,241	12,397,241
Public Facilities Capital Improvements	-	-	-	5,858,408	5,858,408
Public Safety	-	-	-	128,441	128,441
Resource Management	-	-	-	913,017	913,017
Street Maintenance	-	-	-	3,584,317	3,584,317
Traffic Impact	-	-	-	8,603,106	8,603,106
Traffic Impact - Bernal	-	-	-	759,622	759,622
Tri-Valley Transportation	-	-	-	1,621,640	1,621,640
Various Specific Plan	-	-	-	897,543	897,543
Total Restricted	<u>-</u>	<u>9,481,422</u>	<u>-</u>	<u>52,952,311</u>	<u>62,433,733</u>
<b>Assigned</b>					
Capital Projects	-	-	16,319,624	9,592,429	25,912,053
Other Purposes	-	-	-	686,424	686,424
Total Assigned	<u>-</u>	<u>-</u>	<u>16,319,624</u>	<u>10,278,853</u>	<u>26,598,477</u>
<b>Unassigned</b>					
Total Unassigned	<u>27,610,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,610,496</u>
<b>Total Fund Balances</b>	<u>\$ 27,656,184</u>	<u>\$ 9,481,422</u>	<u>\$ 16,319,624</u>	<u>\$ 63,231,164</u>	<u>\$ 116,688,394</u>

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**9. NET POSITION/ FUND BALANCES, Continued**

**C. Deficit Fund Balances and Deficit Net Position**

At June 30, 2018, the following funds had a deficit fund balance or deficit net position:

- Employee Benefits Internal Service Fund - \$94,245,817.
- Retiree Insurance Reserve Internal Service Fund - \$22,920,094.

The Employee Benefits Internal Service Fund finished FY 2017/18 with a net position deficit of \$94,245,817 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 required by 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. As described in Note 10A Funding Policy, in June of 2018, the City established a Section 115 Pension Trust (Section 115 Trust) with an initial contribution of \$28 million that was invested in tranches over the subsequent five months. The City intends to use the Section 115 Trust to help make future pension contributions under the following conditions:

- Annual CalPERS employer pension contribution rate increase (in dollars) is greater than the growth rate of the City's General Fund.
- The General Fund has a structural deficit that needs to be addressed (i.e. non-discretionary expenditures exceed revenues).
- General Fund reserves have been used and need to be replenished in order to maintain a reserve equal to 20% of General Fund expenditures.
- Paying off specific pension liabilities that will result in interest savings greater than interest earnings on the Trust Fund.

The Retiree Insurance Reserve Internal Service Fund finished FY 2017/18 with a net position deficit of \$22,920,094 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 OPEB liability as a result of the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. As described in Note 11B Funding Policy, in April of 2011, the City established an OPEB irrevocable Trust (OPEB Trust). The City has been annually contributing to the OPEB Trust the City's amortized 30-year unfunded OPEB liability. As of June 30, 2018, the OPEB Trust had a balance of \$63.4 million. The City will use the OPEB Trust to fund future OPEB benefit payments.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**9. NET POSITION/ FUND BALANCES, Continued**

***D. Net Position Restatements***

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)*, which became effective during the year ended June 30, 2018. In June 2015, GASB issued Statement No. 75 and the intention of this Statement is to improve the usefulness of information for decisions made by the various users of the financial reports of governments whose employees – both active employees and inactive employees – are provided with postemployment benefits other than pensions by requiring recognition of the entire net OPEB liability and a more comprehensive measure of OPEB expense. The implementation of GASB 75 required the City to make prior period adjustments.

In addition, during FY 2017/18, the City changed its method of accounting and recording its share of the Livermore-Pleasanton Fire Department to the equity method of accounting. As a result of this change, beginning net positions of the Governmental Activities and Internal Service Funds were also restated.

The beginning net positions of the Governmental Activities, Business-Type Activities, and proprietary funds were restated as follows:

<i>Governmental Activities</i>	\$	(53,916,580)
<i>Business-Type Activities</i>		(4,171,621)
Enterprise Funds:		
Water		(2,590,557)
Sewer		(1,131,903)
Storm Drain		(449,161)
Internal Service Funds:		
Employee Benefits		30,303,113
LPFD Retiree Insurance Reserve		(42,959)
Retiree Insurance Reserve		(45,249,054)

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**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.

**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 8G, 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%. As the City uses the equity method to report its Net Investment (Deficit) in LFPD, the pension related liabilities and deferred inflows/outflows are included in the "Net Investment (Deficit) in LFPD" on the Governmental Activities Statement of Net Position. Information specific to the City's share of net pension liability and deferred outflows/inflows are included in Note 10D.

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

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**10. DEFINED BENEFIT PENSION PLAN, Continued**

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

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 plan and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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	\$ 19,822,135	\$ 90,762,853	\$ (1,552,725)
Safety (Police)	13,129,222	30,840,762	(5,071,692)
Total	<u>\$ 32,951,357</u>	<u>\$ 121,603,615</u>	<u>\$ (6,624,417)</u>

Each plan is discussed in detail below.

**Funding Policy** – In March 2018, the City established a Section 115 Pension Trust with Public Agency Retirement Services (PARS). PARS, the trust administrator, partners with U.S. Bank and HighMark Capital Management to provide trustee and investment advisory services, respectively. This trust was established to set aside moneys to meet the City’s future pension contributions or unfunded liabilities. In June of 2018, the City Council appropriated \$28 million to the PARS account. Financial statements of PARS may be obtained from PARS, 4350 Von Karman Avenue, Suite 100, Newport Beach, CA 92660.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

**10. DEFINED BENEFIT PENSION PLAN, Continued**

**B. Miscellaneous 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 three years’ compensation. Members with at least 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 plan’s provisions and benefits in effect at June 30, 2018 are summarized as follows:

	Miscellaneous Plan	
	Tier 1	PEPRA
Benefit formula	2.7% @ 55	2% @ 62 <sup>(1)</sup>
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	2% to 2.7%	2% to 2.5%
Required employee contribution rates	8.0%	6.25%
Required employer contribution rates	10.837%	10.837%

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

**Employees Covered** – At June 30, 2018, the following employees were covered by the benefit terms of the Miscellaneous Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	364
Inactive employees entitled to but not yet receiving benefits	179
Active employees	301
Total	<u>844</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 the plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

**Net Pension Liability** – The City’s net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the plan is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

**10. DEFINED BENEFIT PENSION PLAN, Continued**

**B. Miscellaneous Plan, Continued**

*Changes in the Net Pension Liability* – The changes in the Net Pension Liability for the Miscellaneous Plan is as follows:

	Miscellaneous		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2016 Measurement Date</b>	<b>\$ 243,634,945</b>	<b>\$ 162,801,787</b>	<b>\$ 80,833,158</b>
<b>Changes in the year:</b>			
Service cost	5,161,399	-	5,161,399
Interest on the total pension liability	18,145,556	-	18,145,556
Changes in benefit terms	-	-	-
Changes in assumptions	14,750,758	-	14,750,758
Differences between actual and expected experience	(892,842)	-	(892,842)
Plan to plan resource movement	-	-	-
Contribution - employer	-	6,881,221	(6,881,221)
Contribution - employee	-	2,201,929	(2,201,929)
Net investment income	-	18,392,392	(18,392,392)
Benefit payments, including refunds of employee contributions	(12,579,145)	(12,579,145)	-
Administrative expense	-	(240,366)	240,366
Other miscellaneous income	-	-	-
<b>Net changes</b>	<b>24,585,726</b>	<b>14,656,031</b>	<b>9,929,695</b>
<b>Balance at June 30, 2017 Measurement Date</b>	<b>\$ 268,220,671</b>	<b>\$ 177,457,818</b>	<b>\$ 90,762,853</b>

*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 Plan, calculated using the discount rate for the Plan, 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
1% Decrease	6.15%
Net Pension Liability	\$ 126,226,734
Current Discount Rate	7.15%
Net Pension Liability	\$ 90,762,853
1% Increase	8.15%
Net Pension Liability	\$ 61,383,688

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**10. DEFINED BENEFIT PENSION PLAN, Continued**

***B. Miscellaneous Plan, 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, 2018, the City recognized pension expense of \$12,069,664 for the Miscellaneous Plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 7,475,803	\$ -
Changes in assumptions	10,280,832	(475,725)
Differences between actual and expected experience	-	(1,077,000)
Net differences between projected and actual earnings on plan investments	2,065,500	-
Total	<u>\$ 19,822,135</u>	<u>\$ (1,552,725)</u>

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

**10. DEFINED BENEFIT PENSION PLAN, Continued**

**B. Miscellaneous Plan, Continued**

The \$7,475,803 reported as deferred outflows of resources related to contributions subsequent to the measurement date for the Miscellaneous Plan will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Miscellaneous	
Year Ended June 30	Annual Amortization
2019	\$ 3,249,240
2020	6,751,413
2021	2,173,963
2022	(1,381,009)

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

**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 plan’s provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Safety (Police) Plan		
	Tier 1	Tier 2	PEPRA
Hire date	prior to 1/1/13	starting 1/1/2013	starting 1/1/2013
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50-55	50-57
Monthly benefits, as a % of eligible compensation	3%	2.4% to 3.0%	2% to 2.7%
Required employee contribution rates	9%	9%	11.5%
Required employer contribution rates	19.723%	16.842%	11.990%

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**10. DEFINED BENEFIT PENSION PLAN, Continued**

**C. Safety (Police) Plan, Continued**

Beginning in fiscal year 2017, 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 \$5,422,325 in fiscal year 2018.

**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 the plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

For the year ended June 30, 2018, the contributions recognized as part of pension expense for the plan were as follows:

	<u>Safety (Police)</u>
Contributions - employer	<u>\$ 2,516,590</u>

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions** – As of June 30, 2018, the City reported net pension liabilities for its proportionate shares of the net pension liability of the plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Safety (Police)	<u>\$ 30,840,762</u>

The City’s net pension liability for the plan is measured as the proportionate share of net pension liability. The net pension liability of the plan is measured as of June 30, 2017 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, 2016 rolled forward to June 30, 2017 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the plan as of June 30, 2016 and 2017 was as follows:

	<u>Safety (Police)</u>
Proportion - June 30, 2016	<u>0.57268%</u>
Proportion - June 30, 2017	<u>0.51615%</u>
Change - Increase (Decrease)	<u>(0.05653%)</u>

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

**10. DEFINED BENEFIT PENSION PLAN, Continued**

**C. Safety (Police) Plan, Continued**

For the year ended June 30, 2018, the City recognized pension expense of \$4,229,481 for the Safety (Police) Plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Safety (Police)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,516,590	\$ -
Differences between actual and expected experience	435,599	(113,573)
Changes in assumptions	6,317,283	(484,679)
Net differences between projected and actual earnings on plan investments	1,377,415	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	2,482,335	(4,473,440)
<b>Total</b>	<b>\$ 13,129,222</b>	<b>\$ (5,071,692)</b>

The \$2,516,590 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Safety (Police)	
Year Ended June 30	Annual Amortization
2019	\$ 960,255
2020	3,320,875
2021	2,065,785
2022	(805,975)

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**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:

	<u>Safety (Police)</u>
1% Decrease	6.15%
Net Pension Liability	\$ 51,710,447
Current Discount Rate	7.15%
Net Pension Liability	\$ 30,840,762
1% Increase	8.15%
Net Pension Liability	\$ 13,780,836

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

**D. LPFD Safety (Fire) Plan**

As discussed in Note 8G and 10A, the employees of the LPFD are the City of Pleasanton’s employees, however, as agreed to in the JPA, the City shares the Safety Fire Plan affiliated with the LPFD with the City of Livermore with a share of 50%, therefore the following tables show only the City of Pleasanton’s 50% share.

**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.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

**10. DEFINED BENEFIT PENSION PLAN, Continued**

**D. LFPD Safety (Fire) Plan, Continued**

The plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Safety (Fire) Plan		
	Tier 1	Tier 2	PEPRA
Benefit formula	3% @ 50	3% @ 55 <sup>(1)</sup>	2.7% @ 57 <sup>(1)</sup>
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	55	57
Monthly benefits, as a % of eligible compensation	3%	3% <sup>(2)</sup>	2.7% <sup>(2)</sup>
Required employee contribution rates	9%	9%	10.5%
Required employer contribution rates	17.786%	17.786%	17.786%

<sup>(1)</sup> 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

**Employees Covered** – At June 30, 2018, the following employees were covered by the benefit terms of the Safety (Fire) Plan:

	Safety (Fire)
Inactive employees or beneficiaries currently receiving benefits	144
Inactive employees entitled to but not yet receiving benefits	28
Active employees	121
<b>Total</b>	<b>293</b>

**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 the plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

**Net Pension Liability** – The City's net pension liability for the Safety (Fire) Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each plan is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

**10. DEFINED BENEFIT PENSION PLAN, Continued**

**D. LPPD Safety (Fire) Plan, Continued**

**Changes in the Net Pension Liability** – The changes in the Net Pension Liability for the Safety (Fire) Plan (City of Pleasanton only) is as follows:

	Safety (Fire)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2016 Measurement Date</b>	\$ 99,025,850	\$ 63,514,335	\$ 35,511,515
<b>Changes in the year:</b>			
Service cost	2,190,321	-	2,190,321
Interest on the total pension liability	7,320,365	-	7,320,365
Changes in benefit terms	-	-	-
Changes in assumptions	5,742,407	-	5,742,407
Differences between actual and expected experience	(854,691)	-	(854,691)
Plan to plan resource movement	-	-	-
Contribution - employer	-	3,035,840	(3,035,840)
Contribution - employee	-	775,985	(775,985)
Net investment income	-	7,049,370	(7,049,370)
Benefit payments, including refunds of employee contributions	(5,251,999)	(5,251,999)	-
Administrative expense	-	(93,774)	93,774
Other miscellaneous income	-	-	-
<b>Net changes</b>	<u>9,146,403</u>	<u>5,515,422</u>	<u>3,630,981</u>
<b>Balance at June 30, 2017 Measurement Date</b>	<u>\$ 108,172,253</u>	<u>\$ 69,029,757</u>	<u>\$ 39,142,496</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following presents the net pension liability of the City of Pleasanton for the Safety (Fire) Plan, 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:

	Safety (Fire)
1% Decrease	6.15%
Net Pension Liability	\$ 52,892,530
Current Discount Rate	7.15%
Net Pension Liability	\$ 39,142,496
1% Increase	8.15%
Net Pension Liability	\$ 27,697,844

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
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**10. DEFINED BENEFIT PENSION PLAN, Continued**

**D. LPFD Safety (Fire) Plan, 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, 2018, the City recognized pension expense of \$4,870,714 for the Safety (Fire) Plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Safety (Fire)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,004,779	\$ -
Changes in assumptions	4,546,072	(503,375)
Differences between actual and expected experience	-	(1,020,014)
Net differences between projected and actual earnings on plan investments	945,986	-
Total	\$ 8,496,837	\$ (1,523,389)

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**10. DEFINED BENEFIT PENSION PLAN, Continued**

***D. LPFD Safety (Fire) Plan, Continued***

The \$3,004,779 reported as deferred outflows of resources related to contributions subsequent to the measurement date for the Safety (Fire) Plan (City of Pleasanton only) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Safety (Fire)	
Year Ended June 30	Annual Amortization
2019	\$ 401,212
2020	1,864,739
2021	1,401,951
2022	300,767

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

***E. Information Common to the Miscellaneous and Safety Plans***

***Actuarial Assumptions*** – The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions for the Miscellaneous and Safety Plans:

	Miscellaneous & Safety
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service
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, 2018**

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**10. DEFINED BENEFIT PENSION PLAN, Continued**

***E. 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 7.15% used for the June 30, 2017 measurement date is without reduction of pension plan administrative expense.

***Discount Rate*** – The discount rate used to measure the total pension liability was 7.15%. 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 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% 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.

***Expected Changes in Discount and Contribution Rates*** – In December 2016, CalPERS’ Board of Directors voted to lower the discount rate used in its actuarial valuations from 7.5% to 7.0% over three fiscal years, beginning in fiscal year 2018. The change in discount rate will affect the contribution rates for employers beginning in fiscal year 2019, and result in increases to employers’ normal costs and unfunded actuarial liabilities.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
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**10. DEFINED BENEFIT PENSION PLAN, Continued**

***E. 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	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
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, 2018**

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**11. POST EMPLOYMENT HEALTH CARE BENEFITS**

***A. Plan Description and Benefits Provided***

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. 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).

**PCEA/AFSCME Local 955 (Pleasanton City Employees' Association) MOU**

- For PCEA employees who service retired before 7/1/2012, the City shall pay 4% for each year of service of the City's contribution toward the monthly premium for employee and one dependent at the rate of the lowest cost HMO early retiree plan. Retirees will retire with the same retiree benefit co-pay and plan design as provided to retirees on 6/30/2011.
- For PCEA employees who were hired prior to 6/1/2011 and retire after 7/1/2012, the City shall pay 4% for each year of service of the City's contribution toward the monthly premium for employee and one dependent. The City's contribution for retiree medical is established as the same dollar contribution paid for active employees at the employee plus one rate of the lowest cost HMO early retiree plan.
- 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.
- If hired after 6/1/2011, the City shall pay for each year of service equivalent to 4% of the City's contribution toward the monthly premium for single coverage. The City's contribution for the retiree medical is established as the same dollar contribution paid for active employees at the single rate of the lowest cost HMO early retiree plan. Retiree health benefits will cease once the employee becomes Medicare eligible.

**POA (Police Officer's Association) MOU**

- For POA employees who retired prior to 7/1/2009, the City shall pay for each year of service with the City of Pleasanton, 4% of the monthly premium for employee and one dependent of the City's current Kaiser S-1 Health Plan.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**11. POST EMPLOYMENT HEALTH CARE BENEFITS, Continued**

***A. Plan Description and Benefits Provided, Continued***

- For POA employees who were hired prior to 1/1/2009 and retire on or after 7/1/2009, the City shall pay for each year of service with the City of Pleasanton, 4% of the monthly premium for employee and one dependent of the City's lowest cost HMO health plan. Effective July 1<sup>st</sup> of each year of the agreement, the monthly contribution paid by the City shall be increased by the same dollar increase in medical insurance as is provided to active employees as set forth in Section 14.1 of the agreement up to the lowest cost HMO two-party rate.
- If hired after 1/1/2009 and retired from service, the City shall provide the following benefit: Employees who service retire prior to the completion of 20 years of full-time service shall receive 4% for each year of service of the single plan rate for the lowest cost HMO. Employees who retire after the completion of the 20 years of full time service will receive 4% for each year of service of the two-party rate for the lowest cost HMO.

**IAFF (International Association of Firefighters) MOU**

- For IAFF employees who retired prior to 1/1/2008, the City shall pay for each year of service, 4% of the monthly premium for employee and one dependent of the City's current Kaiser Health Plan coverage.
- For IAFF employees who were hired before 7/1/2012 and retire after 1/1/2008, the City shall pay 4% for each year of service of the City's contribution toward the monthly premium for employee and one dependent. The City's contribution for retiree medical is established as the same dollar contribution paid for active employees at the employee plus one rate of the lowest cost HMO early retiree plan.
- If hired on or after 7/1/2012, the City shall pay for each year of service equivalent to 4% of the City's contribution toward the monthly premium for single coverage. The City's contribution for retiree medical is established as the same dollar contribution paid for active employees at the single rate of the lowest cost HMO early retiree plan. Retiree health benefits will cease once the employee becomes Medicare eligible.

**Management and Confidential MOU**

- For Management and Confidential employees hired before 1/1/2009, who retired prior to 7/1/2009, the City shall pay for each year of service 4% of the monthly premium for the employee and one dependent of the City's current Kaiser early retiree (under age 65) health plan rate.
- Managers hired prior to 1/1/2009 who work a minimum of five years as full-time managers with the City of Pleasanton are eligible to count prior years of service completed with another PERS municipal agency toward service requirements for retiree medical benefits. Employees hired before 1/1/2009 who promote to management positions may count prior years of service completed with another PERS municipal agency for the retiree medical benefit.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**11. POST EMPLOYMENT HEALTH CARE BENEFITS, Continued**

**A. Plan Description and Benefits Provided, Continued**

- For Management and Confidential employees who were hired prior to 1/21/2009 and retire on a service retirement from the City of Pleasanton, the City shall pay 4% for each year of service of the City’s contribution toward the monthly premium for employee and one dependent. For all service retirements the formula accelerates beginning with 10 years of service (10 years = 75%, 15 years = 80%, 20 years = 90%, 25 years =100%). Managers hired prior to 1/1/2009 who work a minimum of five years as a full-time manager with the City of Pleasanton are eligible to count prior years of service completed with another PERS municipal agency toward service requirements for retiree medical benefits.
- If hired on or after 1/21/2009, the City shall pay 4% for each year of service of the City’s contribution toward the monthly premium for single coverage. For all service retirements the formula accelerates beginning with 10 years of service (10 years = 75%, 15 years = 80%, 20 years =90%, 25 years =100%). The City’s contribution for retiree medical is established as the same dollar contribution paid for active employees at the single rate of the lowest cost HMO early retiree plan. Retiree health benefits including reimbursements will cease once employee becomes Medicare eligible.

In the case where the employee eligible for two-party coverage is deceased, the amount the City is obligated to pay shall be reduced by one half (1/2). If a spouse remarries, the obligations by the City shall terminate. Domestic Partners shall be treated in the same manner as spouses for continuation of benefits.

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 early retiree medical plan, which at the time of retirement has the same premium rates as active employees. Because the rate is a “blended rate,” payments for the active employees include an implied subsidy of what would be normally be a higher rate for retirees if the retirees were enrolled in a stand-alone health plan. 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.

**Employees Covered by Benefit Terms** – Membership in the plans consisted of the following at the measurement date of June 30, 2017:

	<u>Non-Fire</u>	<u>Fire</u>
Active plan members	343	119
Inactive employees or beneficiaries currently receiving benefit payments	302	86
Inactive employees entitled to but not yet receiving benefit payments	<u>35</u>	<u>3</u>
Total	<u><u>680</u></u>	<u><u>208</u></u>

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**11. POST EMPLOYMENT HEALTH CARE BENEFITS, Continued**

**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.

**C. Net OPEB Liability**

**Actuarial Methods and Assumptions** – The City’s net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 that was rolled forward using standard update procedures to determine the June 30, 2018 total OPEB liability as of June 30, 2017, based on the following actuarial methods and assumptions:

	<u>Actuarial Assumptions</u>
Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.75%
	Aggregate - 3%
Payroll Growth	Merit - CalPERS 1997-2015 experience study
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 experience study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2017
Medical Trend	-Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years -Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
Healthcare Participation for Future Retirees	-Current actives -100% -Current retirees -100% if in payment status, 50% will re-elect at age 65 if not currently in payment

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**11. POST EMPLOYMENT HEALTH CARE BENEFITS, Continued**

**C. Net OPEB Liability, Continued**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57%	4.82%
Fixed Income	27%	1.47%
TIPS	5%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Total	100%	
Assumed Long-Term Rate of Inflation		2.75%
Assumed Long-Term Net Rate of Return, Rounded		6.75%

**Discount Rate** – The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

**11. POST EMPLOYMENT HEALTH CARE BENEFITS, Continued**

**D. City of Pleasanton Retiree Healthcare Plan**

**Changes in Net OPEB Liability**

The changes in the net OPEB liability for the City of Pleasanton Retiree Healthcare Plan is as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2017	\$84,019,000	\$33,689,000	\$50,330,000
Changes Recognized for the Measurement Period:			
Service cost	1,677,000	-	1,677,000
Interest	5,673,000	-	5,673,000
Benefit changes	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions from the employer	-	5,898,000	(5,898,000)
Net investment income	-	3,662,000	(3,662,000)
Benefit payments and refunds	(3,285,000)	(3,285,000)	-
Administrative expenses	-	(19,000)	19,000
Net Changes	4,065,000	6,256,000	(2,191,000)
Balance at June 30, 2018	\$88,084,000	\$39,945,000	\$48,139,000

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report that may be obtained from CERBT. The benefit payments and refunds include implied subsidy benefit payments in the amount of \$693,000.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates**

The following presents the net OPEB liability of the City for the City of Pleasanton Retiree Healthcare Plan, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current discount rate:

Plan's Net OPEB Liability/(Asset)		
Discount Rate -1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate +1% (7.75%)
\$60,438,000	\$48,139,000	\$38,075,000

The following presents the net OPEB liability of the City for the City of Pleasanton Retiree Healthcare Plan, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Plan's Net OPEB Liability/(Asset)		
Decrease 1%	Healthcare Cost Trend Rates	Increase 1%
\$37,399,000	\$48,139,000	\$61,322,000

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**11. POST EMPLOYMENT HEALTH CARE BENEFITS, Continued**

***D. City of Pleasanton Retiree Healthcare Plan, Continued***

***OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB***

For the year ended June 30, 2018, the City recognized OPEB expense of \$1,532,115 for the City of Pleasanton Retiree Healthcare Plan. At June 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions made subsequent to the measurement date	\$ 4,800,000	\$ -
Difference between expected and actual experience	-	-
Changes in assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	1,041,000
Total	<u>\$ 4,800,000</u>	<u>\$ 1,041,000</u>

The \$4,800,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

<u>Measurement Period Ended June 30</u>	<u>Annual Amortization</u>
2019	(\$260,000)
2020	(260,000)
2021	(260,000)
2022	(261,000)

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

**11. POST EMPLOYMENT HEALTH CARE BENEFITS, Continued**

***E. Livermore-Pleasanton Fire Department Retiree Healthcare Plan***

As discussed in Note 8G, the City is a member of a Joint Powers Agreement (JPA), along with the City of Livermore, of the Livermore-Pleasanton Fire Department (LPFD). The employees of the LPFD are the City of Pleasanton's employees, however, as agreed to in the JPA, the City shares the Safety Fire Plan affiliated with the LPFD with the City of Livermore with a share of 50%. As the City uses the equity method to report its Net Investment (Deficit) in LPFD, the pension related liabilities and deferred inflows/outflows are included in the "Net Investment (Deficit) in LPFD" on the Governmental Activities Statement of Net Position. Information specific to the City's share of net pension liability and deferred outflows/inflows are included in Note 10.

***Changes in Net OPEB Liability***

The changes in the net OPEB liability for the Livermore-Pleasanton Fire Department (LPFD) (City of Pleasanton only) Retiree Healthcare Plan is as follows:

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability/(Asset) (c) = (a) - (b)</b>
Balance at June 30, 2017	\$ 16,802,000	\$ 7,145,000	\$ 9,657,000
Changes Recognized for the Measurement Period:			
Service cost	386,000	-	386,000
Interest	1,140,500	-	1,140,500
Benefit changes	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions from the employer	-	1,189,500	(1,189,500)
Net investment income	-	777,500	(777,500)
Benefit payments and refunds	(580,000)	(580,000)	-
Administrative expenses	-	(4,000)	4,000
Net Changes	<u>946,500</u>	<u>1,383,000</u>	<u>(436,500)</u>
Balance at June 30, 2018	<u>\$ 17,748,500</u>	<u>\$ 8,528,000</u>	<u>\$ 9,220,500</u>

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

**11. POST EMPLOYMENT HEALTH CARE BENEFITS, Continued**

***E. Livermore-Pleasanton Fire Department Retiree Healthcare Plan, Continued***

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates***

The following presents the City's portion of the net OPEB liability for the LPFD Retiree Healthcare Plan, as well as what City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current discount rate:

<b>Plan's Net OPEB Liability/(Asset)</b>		
<b>Discount Rate -1% (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>Discount Rate +1% (7.75%)</b>
\$ 11,799,000	\$ 9,220,500	\$ 7,117,000

The following presents the net OPEB liability of City for the LPFD Retiree Healthcare Plan, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<b>Plan's Net OPEB Liability/(Asset)</b>		
<b>Decrease 1%</b>	<b>Healthcare Cost Trend Rates</b>	<b>Increase 1%</b>
\$ 6,948,000	\$ 9,220,500	\$ 12,024,500

***OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB***

For the year ended June 30, 2018, the City recognized OPEB expense of \$837,933 for the LPFD Retiree Healthcare Plan. At June 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Employer contributions made subsequent to the measurement date	\$ 1,055,000	\$ -
Difference between expected and actual experience	-	-
Changes in assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	219,500
Total	\$ 1,055,000	\$ 219,500

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**11. POST EMPLOYMENT HEALTH CARE BENEFITS, Continued**

***E. Livermore-Pleasanton Fire Department Retiree Healthcare Plan, Continued***

The \$1,055,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Measurement Period Ended June 30	Annual Amortization
2019	\$ (55,000)
2020	(55,000)
2021	(55,000)
2022	(54,500)

**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 2017/18 debt service and operating costs for the facility was \$229,014. Debt service will be fully repaid by the County by June 30, 2022. The City's proportionate share of debt service is approximately 14.0% and the outstanding balance due to the County for remaining debt service payments is approximately \$147,196 at June 30, 2018.

***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.

**City of Pleasanton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2018**

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**12. COMMITMENTS AND CONTINGENCIES, Continued**

***D. Construction Commitments***

The City had several outstanding or planned construction projects as of June 30, 2018. These projects are evidenced by contractual commitments with consultants and contractors, and include the following major projects:

Project Description	Amount
Recycled Water Treatment Plant Expansion	\$ 3,854,384
Dolores Bengtson Aquatic Center Facility and Locker Room Project	2,009,521
Redevelopment of Kottinger Place and Pleasanton Gardens	1,765,846
Recycled Water Infrastructure Expansion - Phase 1A	1,615,142
Total	<u>\$ 9,244,893</u>

***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, 2018, amounted to approximately \$75,950.

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

	2018/19	2019/20	2020/21	Total
General Fund	<u>\$ 75,909</u>	<u>\$ 59,573</u>	<u>\$ 23,052</u>	<u>\$ 158,534</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 July 2019. Rental expenses reported in the Golf Fund under these operating lease agreements for the fiscal year ended June 30, 2018 amounted to \$102,310.

The future minimum lease payments anticipated under the existing lease commitments for business-type activities, as of June 30, 2018, are as follow:

	2018/19	2019/20	Total
Golf Fund	<u>\$ 79,680</u>	<u>\$ 6,640</u>	<u>\$ 86,320</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

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**City of Pleasanton**  
**Required Supplementary Information**  
**For the year ended June 30, 2018**

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**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 public 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. After adoption, the budget is transferred to the general ledger for staff to manage expenses and revenues against the budget.
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:
  - Landscape and Lighting Districts Special Revenue Fund- \$779
  - Abandoned Vehicle Special Revenue Fund - \$1,892
  - HBPOA Maintenance District Special Revenue Fund - \$2,840
  - Federal ISTEA Program Special Revenue Fund - \$1,000

**City of Pleasanton  
Budgetary Comparison Schedule - General Fund  
For the Year Ended June 30, 2018**

**2. BUDGETARY COMPARISON SCHEDULES**

*Budgetary Comparison Schedule - General Fund*

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 97,482,446	\$ 99,654,525	\$ 99,707,057	\$ 52,532
Licenses	11,000	11,000	9,558	(1,442)
Permits	2,956,402	2,654,402	3,190,162	535,760
Fines and forfeitures	190,956	190,956	286,392	95,436
Use of money and property	331,000	466,000	315,372	(150,628)
Intergovernmental	50,000	443,644	744,382	300,738
Franchises	2,647,100	2,667,650	2,685,070	17,420
Charges for services	1,494,784	1,487,340	1,624,583	137,243
Development fees	370,900	536,900	784,991	248,091
Plan check fees	2,253,000	2,487,000	2,559,503	72,503
Contribution and donations	8,450	6,250	22,825	16,575
Other revenues	2,935,104	2,933,082	3,720,158	787,076
Recreation charges	4,424,751	4,424,751	5,204,196	779,445
<b>Total revenues</b>	<b>115,155,893</b>	<b>117,963,500</b>	<b>120,854,249</b>	<b>2,890,749</b>
<b>EXPENDITURES:</b>				
Current:				
General government	14,518,757	14,139,741	13,699,733	440,008
Public safety	47,387,327	48,324,400	47,193,054	1,131,346
Community development	14,782,560	15,141,423	13,988,380	1,153,043
Operations service	18,076,109	19,580,738	18,978,796	601,942
Community activities	12,735,895	12,989,689	12,824,260	165,429
Capital outlay	437,990	479,710	345,228	134,482
<b>Total expenditures</b>	<b>107,938,638</b>	<b>110,655,701</b>	<b>107,029,451</b>	<b>3,626,250</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>7,217,255</b>	<b>7,307,799</b>	<b>13,824,798</b>	<b>6,516,999</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	793,743	793,743	807,338	13,595
Transfers out	(7,178,334)	(9,453,276)	(9,448,266)	5,010
<b>Total other financing sources</b>	<b>(6,384,591)</b>	<b>(8,659,533)</b>	<b>(8,640,928)</b>	<b>18,605</b>
<b>Net change in fund balances</b>	<b>\$ 832,664</b>	<b>\$ (1,351,734)</b>	<b>5,183,870</b>	<b>\$ 6,535,604</b>
<b>FUND BALANCES:</b>				
Beginning of year			22,472,314	
End of year			<b>\$ 27,656,184</b>	

**City of Pleasanton  
 Budgetary Comparison Schedule - Lower Income Housing Fund  
 For the Year Ended June 30, 2018**

**2. BUDGETARY COMPARISON SCHEDULES, Continued**

*Budgetary Comparison Schedule - Lower Income Housing Fund*

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Use of money and property	\$ 345,000	\$ 620,000	\$ 685,480	\$ 65,480
Intergovernmental	-	-	80,189	80,189
Development fees	1,764,190	1,764,190	417,000	(1,347,190)
Other	760,000	996,000	384,662	(611,338)
<b>Total revenues</b>	<u>2,869,190</u>	<u>3,380,190</u>	<u>1,567,331</u>	<u>(1,812,859)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	492,918	5,470,729	3,715,747	1,754,982
Capital outlay	600,000	600,000	-	600,000
<b>Total expenditures</b>	<u>1,092,918</u>	<u>6,070,729</u>	<u>3,715,747</u>	<u>2,354,982</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(747,918)</u>	<u>(5,450,729)</u>	<u>(2,148,416)</u>	<u>2,420,462</u>
<b>Net change in fund balances</b>	<u>\$ 1,776,272</u>	<u>\$ (2,690,539)</u>	<u>(2,148,416)</u>	<u>\$ 542,123</u>
<b>FUND BALANCES:</b>				
Beginning of year			<u>11,629,838</u>	
End of year			<u>\$ 9,481,422</u>	

**City of Pleasanton**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2018**

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

City of Pleasanton - Miscellaneous Plan, an Agent Multiple-Employer Defined Pension Plan

As of June 30, 2018

Last 10 Years\*

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017
<b>Total Pension Liability</b>				
Service Cost	\$ 4,784,381	\$ 4,620,237	\$ 4,642,360	\$ 5,161,399
Interest on total pension liability	16,162,509	16,848,783	17,579,426	18,145,556
Changes of benefit terms	-	-	-	-
Changes of assumptions	-	(4,043,655)	-	14,750,758
Differences between expected and actual experience	-	(1,853,569)	(600,717)	(892,842)
Benefit payments, including refunds of employee contributions	(9,911,617)	(10,532,758)	(12,124,179)	(12,579,145)
<b>Net change in total pension liability</b>	<b>11,035,273</b>	<b>5,039,038</b>	<b>9,496,890</b>	<b>24,585,726</b>
<b>Total pension liability - beginning</b>	<b>218,063,744</b>	<b>229,099,017</b>	<b>234,138,055</b>	<b>243,634,945</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 229,099,017</b>	<b>\$ 234,138,055</b>	<b>\$ 243,634,945</b>	<b>\$ 268,220,671</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 6,912,621	\$ 12,476,826	\$ 7,313,803	\$ 6,881,221
Contributions - employee	1,956,863	1,936,755	1,841,400	2,201,929
Net investment income	23,466,228	3,697,901	995,694	18,392,392
Other miscellaneous income	-	-	-	-
Benefit payments, including refunds of employee contributions	(9,911,617)	(10,532,758)	(12,124,179)	(12,579,145)
Plan to plan resource movement	-	47	-	-
Administrative expense	-	(185,591)	(100,483)	(240,366)
<b>Net change in plan fiduciary net position</b>	<b>22,424,095</b>	<b>7,393,180</b>	<b>(2,073,765)</b>	<b>14,656,031</b>
<b>Plan fiduciary net position - beginning</b>	<b>135,058,277</b>	<b>157,482,372</b>	<b>164,875,552</b>	<b>162,801,787</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 157,482,372</b>	<b>\$ 164,875,552</b>	<b>\$ 162,801,787</b>	<b>\$ 177,457,818</b>
<b>Net pension liability - ending (a)-(b)</b>	<b>\$ 71,616,645</b>	<b>\$ 69,262,503</b>	<b>\$ 80,833,158</b>	<b>\$ 90,762,853</b>
Plan fiduciary net position as a percentage of the total pension liability	68.74%	70.42%	66.82%	66.16%
Covered payroll	\$ 24,742,104	\$ 25,009,403	\$ 24,034,312	\$ 25,673,931
Net pension liability as percentage of covered payroll	289.45%	276.95%	336.32%	353.52%

**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 June 30, 2016 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:** In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

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

**City of Pleasanton**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2018**

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

**City of Pleasanton - Safety (Fire) Plan, an Agent Multiple-Employer Defined Pension Plan**  
**As of June 30, 2018**  
**Last 10 Years\***

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

<b>Measurement Date</b>	<b>6/30/2014</b>	<b>6/30/2015</b>	<b>6/30/2016</b>	<b>6/30/2017</b>
<b>Total Pension Liability</b>				
Service Cost	\$ 3,647,581	\$ 3,440,755	\$ 3,675,812	\$ 4,380,642
Interest on total pension liability	13,303,540	13,761,314	14,305,583	14,640,730
Changes of benefit terms	-	-	-	-
Changes of assumptions	-	(3,164,073)	-	11,484,814
Differences between expected and actual experience	-	(1,720,368)	(250,882)	(1,709,382)
Benefit payments, including refunds of employee contributions	(9,192,267)	(9,722,438)	(10,185,743)	(10,503,998)
<b>Net change in total pension liability</b>	<b>7,758,854</b>	<b>2,595,190</b>	<b>7,544,770</b>	<b>18,292,806</b>
<b>Total pension liability - beginning</b>	<b>180,152,886</b>	<b>187,911,740</b>	<b>190,506,930</b>	<b>198,051,700</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 187,911,740</b>	<b>\$ 190,506,930</b>	<b>\$ 198,051,700</b>	<b>\$ 216,344,506</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 4,539,230	\$ 4,930,309	\$ 5,361,714	\$ 6,071,682
Contributions - employee	1,168,645	1,221,550	1,391,002	1,551,969
Net investment income	19,743,524	2,855,434	671,305	14,098,740
Other miscellaneous income	-	-	-	-
Benefit payments, including refunds of employee contributions	(9,192,267)	(9,722,438)	(10,185,743)	(10,503,998)
Plan to plan resource movement	-	(285)	-	-
Administrative expense	-	(146,155)	(79,149)	(187,549)
<b>Net change in plan fiduciary net position</b>	<b>16,259,132</b>	<b>(861,585)</b>	<b>(2,840,871)</b>	<b>11,030,844</b>
<b>Plan fiduciary net position - beginning</b>	<b>114,471,993</b>	<b>130,731,125</b>	<b>129,869,540</b>	<b>127,028,669</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 130,731,125</b>	<b>\$ 129,869,540</b>	<b>\$ 127,028,669</b>	<b>\$ 138,059,513</b>
Net pension liability - ending (a)-(b)	\$ 57,180,615	\$ 60,637,390	\$ 71,023,031	\$ 78,284,993
Less: City of Livermore's Share of net pension liability	(28,590,307)	(30,318,694)	(35,511,516)	(39,142,497)
City of Pleasanton's Share of net pension liability	<b>\$ 28,590,308</b>	<b>\$ 30,318,696</b>	<b>\$ 35,511,515</b>	<b>\$ 39,142,496</b>
Plan fiduciary net position as a percentage of the total pension liability	69.57%	68.17%	64.14%	63.81%
Covered payroll	\$ 13,543,667	\$ 13,131,650	\$ 12,129,974	\$ 13,389,302
Net pension liability as percentage of covered payroll	422.19%	461.77%	585.52%	584.68%

**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 June 30, 2016 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:** In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

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

**City of Pleasanton**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2018**

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

**City of Pleasanton - Safety (Police) Plan, Cost-Sharing Multiple-Employer Defined Pension Plan**

**As of June 30, 2018**

**Last 10 Years\***

**SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS  
AS OF THE MEASUREMENT DATE**

<b>Measurement Date</b>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
<b>Safety (Police)</b>				
Plan's proportion of the Net Pension Liability (Asset)	0.62067%	0.55410%	0.57268%	0.51615%
Plan's proportion share of the Net Pension Liability (Asset)	<u>\$ 23,281,243</u>	<u>\$ 22,831,189</u>	<u>\$ 29,660,239</u>	<u>\$ 30,840,762</u>
Plan's Covered Payroll	<u>\$ 7,810,882</u>	<u>\$ 7,564,225</u>	<u>\$ 7,525,351</u>	<u>\$ 9,064,484</u>
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	298.06%	301.83%	394.14%	340.24%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	0.57572%	0.57730%	0.55691%	0.55955%

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**City of Pleasanton**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2018**

**5. SCHEDULES OF CONTRIBUTIONS**

**City of Pleasanton - Miscellaneous Plan, an Agent Multiple-Employer Defined Pension Plan**  
**For the fiscal year ending June 30, 2018**  
**Last 10 Years\***  
**SCHEDULE OF CONTRIBUTIONS**

Fiscal Year Ended June 30	2015	2016	2017	2018
Actuarially determined contribution	\$ 6,476,826	\$ 7,326,646	\$ 6,884,294	\$ 7,475,803
Contributions in relation to the actuarially determined contributions	(12,476,826)	(7,326,646)	(6,884,294)	(7,475,803)
Contribution deficiency (excess)	<u>\$ (6,000,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 25,009,403	\$ 24,034,312	\$ 25,673,931	\$ 27,619,053
Contributions as a percentage of covered payroll	49.89%	30.48%	26.81%	27.07%

**Notes to Schedule**

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	For details, see June 30, 2014 Funding Valuation Report
Remaining amortization period	For details, see June 30, 2014 Funding Valuation Report
Asset valuation method	Market Value of Assets. For details, see June 30, 2014 Funding Valuation Report
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll growth	3.00%
Investment rate of return	7.50%, Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries

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

**City of Pleasanton**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2018**

**5. SCHEDULES OF CONTRIBUTIONS, Continued**

**City of Pleasanton - Safety (Fire) Plan, an Agent Multiple-Employer Defined Pension Plan**  
**For the fiscal year ending June 30, 2018**  
**Last 10 Years\***  
**SCHEDULE OF CONTRIBUTIONS**

<b>Fiscal Year Ended June 30</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Actuarially determined contribution	\$ 4,880,354	\$ 5,390,058	\$ 6,313,962	\$ 6,009,558
Contributions in relation to the actuarially determined contributions (City of Livermore's Share)	(2,440,177)	(2,695,029)	(3,156,981)	(3,004,779)
Contributions in relation to the actuarially determined contributions (City of Pleasanton's Share)	(2,440,177)	(2,695,029)	(3,156,981)	(3,004,779)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 13,131,650	\$ 12,129,974	\$ 13,389,302	\$ 12,928,912
Contributions as a percentage of covered payroll	18.58%	22.22%	23.58%	23.24%

**Notes to Schedule**

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	For details, see June 30, 2014 Funding Valuation Report
Remaining amortization period	For details, see June 30, 2014 Funding Valuation Report
Asset valuation method	Market Value of Assets. For details, see June 30, 2014 Funding Valuation Report
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll growth	3.00%
Investment rate of return	7.50%, Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries

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

**City of Pleasanton**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2018**

**5. SCHEDULES OF CONTRIBUTIONS, Continued**

**City of Pleasanton - Safety (Police) Plan, Cost-Sharing Multiple-Employer Defined Pension Plan**  
**For the year ending June 30, 2018**  
**Last 10 Years\***  
**SCHEDULE OF CONTRIBUTIONS**

<b>Fiscal Year Ended June 30</b>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Safety (Police)</b>				
Actuarially determined contribution	\$ 2,638,355	\$ 1,599,423	\$ 3,542,737	\$ 2,516,591
Contributions in relation to the actuarially determined contributions	<u>(7,138,355)</u>	<u>(3,190,123)</u>	<u>(6,159,217)</u>	<u>(2,516,591)</u>
Contribution deficiency (excess)	<u>\$ (4,500,000)</u>	<u>\$ (1,590,700)</u>	<u>\$ (2,616,480)</u>	<u>\$ -</u>
Covered payroll	\$ 7,564,225	\$ 7,525,351	\$ 9,064,484	\$ 8,659,767
Contributions as a percentage of covered payroll	94.37%	42.39%	67.95%	29.06%

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

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**City of Pleasanton**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2018**

**6. SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS –  
AGENT MULTIPLE-EMPLOYER OTHER POST-EMPLOYMENT BENEFIT PLAN**

**CITY OF PLEASANTON RETIREE HEALTHCARE PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**For the Year Ended June 30, 2018**

**Last Ten Fiscal Years \***

**Other Post-Employment Benefits (OPEB)**

Measurement date	<u>June 30, 2017</u>
<b>Total OPEB liability</b>	
Service cost	\$ 1,677,000
Interest	5,673,000
Benefit changes	-
Differences between expected and actual experience	-
Assumption changes	-
Benefit payments	(3,285,000)
Changes of benefit terms	<u>-</u>
<b>Net change in total OPEB liability</b>	4,065,000
<b>Total OPEB liability - beginning</b>	<u>84,019,000</u>
<b>Total OPEB liability - ending (a)</b>	<u><u>\$ 88,084,000</u></u>
<b>OPEB fiduciary net position</b>	
Contributions - employer	\$ 5,898,000
Contributions - employee	-
Net investment income	3,662,000
Benefit payments	(3,285,000)
Administrative expense	(19,000)
Other changes	<u>-</u>
<b>Net change in plan fiduciary net position</b>	6,256,000
<b>Plan fiduciary net position - beginning</b>	<u>33,689,000</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 39,945,000</u></u>
<b>Plan net OPEB liability - ending (a) - (b)</b>	<u><u>\$ 48,139,000</u></u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<u>45.35%</u>
<b>Covered-employee payroll</b>	<u>\$ 37,661,000</u>
<b>Plan net OPEB liability as a percentage of covered-employee payroll</b>	<u>127.82%</u>

\*Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

**City of Pleasanton**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2018**

**6. SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS –  
AGENT MULTIPLE-EMPLOYER OTHER POST-EMPLOYMENT BENEFIT PLAN, Continued**

**CITY OF PLEASANTON**  
**LIVERMORE-PLEASANTON FIRE DEPARTMENT RETIREE HEALTHCARE PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**For the Year Ended June 30, 2018**

**Last Ten Fiscal Years \***

**Other Post-Employment Benefits (OPEB)**

Measurement date	<u>June 30, 2017</u>
<b>Total OPEB liability</b>	
Service cost	\$ 772,000
Interest	2,281,000
Benefit changes	-
Differences between expected and actual experience	-
Assumption changes	-
Benefit payments	(1,160,000)
Changes of benefit terms	-
<b>Net change in total OPEB liability</b>	<u>1,893,000</u>
<b>Total OPEB liability - beginning</b>	<u>33,604,000</u>
<b>Total OPEB liability - ending (a)</b>	<u><u>\$ 35,497,000</u></u>
<b>OPEB fiduciary net position</b>	
Contributions - employer	\$ 2,379,000
Contributions - employee	-
Net investment income	1,555,000
Benefit payments	(1,160,000)
Administrative expense	(8,000)
Other changes	-
<b>Net change in plan fiduciary net position</b>	<u>2,766,000</u>
<b>Plan fiduciary net position - beginning</b>	<u>14,290,000</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 17,056,000</u></u>
<b>Plan net OPEB liability - ending (a) - (b)</b>	<u>\$ 18,441,000</u>
Less: City of Livermore's Share of net OPEB liability	<u>(9,220,500)</u>
City of Pleasanton's Share of net OPEB liability	<u><u>\$ 9,220,500</u></u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<u>48.05%</u>
<b>Covered-employee payroll</b>	<u>\$ 19,761,000</u>
<b>Plan net OPEB liability as a percentage of covered-employee payroll</b>	<u>93.32%</u>

\*Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

**City of Pleasanton**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2018**

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**7. SCHEDULES OF OPEB CONTRIBUTIONS**

**CITY OF PLEASANTON RETIREE HEALTHCARE PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)**  
**SCHEDULE OF CONTRIBUTIONS**  
**For the Year Ended June 30, 2018**

**Last Ten Fiscal Years \***

**Other Post-Employment Benefits (OPEB)**

Fiscal Year	2017/18
Actuarially determined contribution	\$ 4,971,000
Contributions in relation to the actuarially determined contribution	4,800,000
Contribution deficiency (excess)	\$ 171,000
Covered-employee payroll	\$ 39,630,000
Contributions as a percentage of covered-employee payroll	12.11%

**Notes to Schedule:**

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level percentage of pay
Remaining Amortization	21-year fixed period for 2017/18
Asset Valuation Method	Investment gains and losses spread over 5- year rolling period
Discount Rate	7.25%
General Inflation	3.00%
	Non-Medicare - 7.0% for 2017/18, decreasing to an ultimate rate of 5.5% in 2020/21
Medical Trend	Medicare - 7.2% for 2017/18, decreasing to an ultimate rate of 5.6% in 2020/21
Mortality	CalPERS 1997-2011 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-14 with 15 year convergence in 2022

\*Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

**City of Pleasanton**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2018**

**7. SCHEDULES OF OPEB CONTRIBUTIONS, Continued**

**CITY OF PLEASANTON**  
**LIVERMORE-PLEASANTON FIRE DEPARTMENT RETIREE HEALTHCARE PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)**  
**SCHEDULE OF CONTRIBUTIONS**  
**For the Year Ended June 30, 2018**

Last Ten Fiscal Years \*

**Other Post-Employment Benefits (OPEB)**

Fiscal Year	2017/18
Actuarially determined contribution	\$ 2,143,000
Contributions in relation to the actuarially determined contributions (City of Livermore's Share)	1,055,000
Contributions in relation to the actuarially determined contributions (City of Pleasanton's Share)	1,055,000
Contribution deficiency (excess)	\$ 33,000
Covered-employee payroll	\$ 21,285,000
Contributions as a percentage of covered-employee payroll	9.91%

**Notes to Schedule:**

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level percentage of pay
Remaining Amortization	21-year fixed period for 2017/18
Asset Valuation Method	Investment gains and losses spread over 5- year rolling period
Discount Rate	7.25%
General Inflation	3.00%
	Non-Medicare - 7.0% for 2017/18, decreasing to an ultimate rate of 5.5% in 2020/21
Medical Trend	Medicare - 7.2% for 2017/18, decreasing to an ultimate rate of 5.6% in 2020/21
Mortality	CalPERS 1997-2011 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-14 with 15 year convergence in 2022

\*Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

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**SUPPLEMENTARY INFORMATION**

**City of Pleasanton**  
**Budgetary Comparison Schedule**  
**Major Capital Project Fund**  
**Miscellaneous Capital Improvement Programs Fund**  
**For the year ended June 30, 2018**

*Budgetary Comparison Schedule - Miscellaneous Capital Improvement Programs Fund*

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES:</b>				
Use of money and property	\$ 26,000	\$ -	\$ 75,757	\$ 75,757
<b>Total revenues</b>	<u>26,000</u>	<u>-</u>	<u>75,757</u>	<u>75,757</u>
<b>EXPENDITURES:</b>				
Community activities	250,000	250,000	-	250,000
Capital outlay	5,725,387	16,249,133	514,566	15,734,567
Debt service:				
Principal	115,000	180,911	180,911	-
Interest	-	9,718	9,718	-
<b>Total expenditures</b>	<u>5,840,387</u>	<u>16,439,762</u>	<u>705,195</u>	<u>15,734,567</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(5,814,387)</u>	<u>(16,439,762)</u>	<u>(629,438)</u>	<u>(15,658,810)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	3,260,000	5,161,295	5,161,295	-
Transfers out	(1,175,000)	(16,200)	(2,059,779)	2,043,579
<b>Total other financing sources</b>	<u>2,085,000</u>	<u>5,145,095</u>	<u>3,101,516</u>	<u>2,043,579</u>
<b>Net change in fund balances</b>	<u>\$ (3,729,387)</u>	<u>\$ (11,294,667)</u>	<u>2,472,078</u>	<u>\$ (13,615,231)</u>
<b>FUND BALANCES:</b>				
Beginning of year			<u>13,847,546</u>	
End of year			<u>\$ 16,319,624</u>	

**City of Pleasanton  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2018**

	Special Revenue Funds	Capital Project Funds	Total
<b>ASSETS</b>			
Cash and investments	\$ 12,037,137	\$ 55,327,713	\$ 67,364,850
Receivables:			
Accounts	858,148	294,049	1,152,197
Grants	453,352	-	453,352
Interest	323,727	156,569	480,296
Notes receivable	2,469,141	-	2,469,141
<b>Total assets</b>	<b>\$ 16,141,505</b>	<b>\$ 55,778,331</b>	<b>\$ 71,919,836</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 2,108,750	\$ 2,673,417	\$ 4,782,167
Payroll payable	2,952	-	2,952
Due to other funds	49,985	-	49,985
Advances from other funds	-	1,048,070	1,048,070
Unearned revenue	53,447	-	53,447
<b>Total liabilities</b>	<b>2,215,134</b>	<b>3,721,487</b>	<b>5,936,621</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>2,752,051</b>	<b>-</b>	<b>2,752,051</b>
<b>FUND BALANCES</b>			
Restricted	10,487,897	42,464,414	52,952,311
Assigned	686,423	9,592,430	10,278,853
<b>Total fund balances</b>	<b>11,174,320</b>	<b>52,056,844</b>	<b>63,231,164</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 16,141,505</b>	<b>\$ 55,778,331</b>	<b>\$ 71,919,836</b>

**City of Pleasanton**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the year ended June 30, 2018**

	Special Revenue Funds	Capital Project Funds	Total
<b>REVENUES:</b>			
Special assessments	\$ 205,355	\$ -	\$ 205,355
Fines and forfeitures	3,260	-	3,260
Use of money and property	108,321	356,568	464,889
Intergovernmental	6,504,170	-	6,504,170
Development fees	482,960	3,891,933	4,374,893
Contributions and donations	477,667	118,000	595,667
Other revenues	686,431	506,274	1,192,705
<b>Total revenues</b>	<b>8,468,164</b>	<b>4,872,775</b>	<b>13,340,939</b>
<b>EXPENDITURES:</b>			
Current:			
Public safety	216,106	-	216,106
Community development	284,661	252,851	537,512
Operations services	602,932	28,277	631,209
Community activities	110,016	250,000	360,016
Capital outlay	10,000,866	4,496,671	14,497,537
Debt service:			
Principal	50,000	-	50,000
Interest	15,010	-	15,010
<b>Total expenditures</b>	<b>11,279,591</b>	<b>5,027,799</b>	<b>16,307,390</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,811,427)</b>	<b>(155,024)</b>	<b>(2,966,451)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	1,000	8,082,203	8,083,203
Transfers out	(950,033)	(1,068,595)	(2,018,628)
<b>Total other financing sources (uses)</b>	<b>(949,033)</b>	<b>7,013,608</b>	<b>6,064,575</b>
<b>Net change in fund balances</b>	<b>(3,760,460)</b>	<b>6,858,584</b>	<b>3,098,124</b>
<b>FUND BALANCES:</b>			
Beginning of year	14,934,780	45,198,260	60,133,040
End of year	<u>\$ 11,174,320</u>	<u>\$ 52,056,844</u>	<u>\$ 63,231,164</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.

### **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 on-ramps landscape.

### **Geologic Hazard Assessment Districts**

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**

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, law enforcement expenditures, and literacy and surface transportation 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**

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 moneys 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.

### **AB1379 CASp Certification and Training**

This fund accounts for the fees collected from business license applicants as mandated by Assembly Bill No. 1379 and are to be used for increased certified access specialist (CASp) training and certification within the City and to facilitate compliance with construction-related accessibility requirements.

**City of Pleasanton  
Combining Balance Sheet  
Non-Major Special Revenue Funds  
June 30, 2018**

	D.A.R.E. Trust	Asset Forfeiture	CBD Parking In-Lieu	Resource Management	Miscellaneous Donations
<b>ASSETS</b>					
Cash and investments	\$ 17,495	\$ 52,621	\$ 656,760	\$ 867,586	\$ 362,706
Receivables:					
Accounts	-	-	-	81,962	-
Grants	-	-	-	-	-
Interest	56	120	2,112	2,112	1,024
Notes receivable	-	-	14,500	-	-
<b>Total assets</b>	<b>\$ 17,551</b>	<b>\$ 52,741</b>	<b>\$ 673,372</b>	<b>\$ 951,660</b>	<b>\$ 363,730</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 38,642	\$ 3,505
Payroll payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,642</b>	<b>3,505</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Resources related to loans	-	-	14,500	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>14,500</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Restricted	17,551	52,741	-	913,018	360,225
Assigned	-	-	658,872	-	-
<b>Total fund balances</b>	<b>17,551</b>	<b>52,741</b>	<b>658,872</b>	<b>913,018</b>	<b>360,225</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 17,551</b>	<b>\$ 52,741</b>	<b>\$ 673,372</b>	<b>\$ 951,660</b>	<b>\$ 363,730</b>

Landscape and Lighting Districts	Landscape Maintenance N.P.I.D.	Geologic Hazard Assessment Districts	Measure B Transportation Improvements	Gas Tax	H.O.M.E. Program
\$ 391,506	\$ 957,033	\$ 1,146,954	\$ 402,468	\$ 2,716,039	\$ -
474	11,225	280	175,215	287,797	-
-	-	-	-	-	60,667
1,308	3,087	3,716	2,898	7,639	100,368
-	112,571	-	-	-	1,806,308
<u>\$ 393,288</u>	<u>\$ 1,083,916</u>	<u>\$ 1,150,950</u>	<u>\$ 580,581</u>	<u>\$ 3,011,475</u>	<u>\$ 1,967,343</u>
\$ 8,735	\$ 2,601	\$ 16,300	\$ 111,197	\$ 1,136,054	\$ 16,585
-	-	-	-	-	262
-	-	-	-	-	43,820
-	-	-	-	-	-
<u>8,735</u>	<u>2,601</u>	<u>16,300</u>	<u>111,197</u>	<u>1,136,054</u>	<u>60,667</u>
-	112,571	-	-	-	1,906,676
-	112,571	-	-	-	1,906,676
384,553	968,744	1,134,650	469,384	1,875,421	-
-	-	-	-	-	-
<u>384,553</u>	<u>968,744</u>	<u>1,134,650</u>	<u>469,384</u>	<u>1,875,421</u>	<u>-</u>
<u>\$ 393,288</u>	<u>\$ 1,083,916</u>	<u>\$ 1,150,950</u>	<u>\$ 580,581</u>	<u>\$ 3,011,475</u>	<u>\$ 1,967,343</u>

(Continued)

**City of Pleasanton  
Combining Balance Sheet  
Non-Major Special Revenue Funds, Continued  
June 30, 2018**

	Abandoned Vehicle	Urban Forestry Program	Library Trust	Miscellaneous Grants	HBPOA Maintenance District
<b>ASSETS</b>					
Cash and investments	\$ 102,225	\$ 288,305	\$ 58,995	\$ 22,440	\$ -
Receivables:					
Accounts	8,238	3,260	-	-	14,019
Grants	-	-	-	359,635	-
Interest	427	986	-	1,008	-
Notes receivable	-	-	-	-	-
<b>Total assets</b>	<b>\$ 110,890</b>	<b>\$ 292,551</b>	<b>\$ 58,995</b>	<b>\$ 383,083</b>	<b>\$ 14,019</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 242	\$ -	\$ 49,448	\$ 8,908
Payroll Payable	-	-	-	-	-
Due to other funds	-	-	-	-	5,111
Unearned revenue	-	-	-	27,928	-
<b>Total liabilities</b>	<b>-</b>	<b>242</b>	<b>-</b>	<b>77,376</b>	<b>14,019</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Resources related to loans	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Restricted	110,890	292,309	58,995	305,707	-
Assigned	-	-	-	-	-
<b>Total fund balances</b>	<b>110,890</b>	<b>292,309</b>	<b>58,995</b>	<b>305,707</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 110,890</b>	<b>\$ 292,551</b>	<b>\$ 58,995</b>	<b>\$ 383,083</b>	<b>\$ 14,019</b>

Community Development Block Grant	Traffic Grants	Downtown Economic Loan	Federal ISTE A Program	Community Access Television	Marilyn Murphy Kane Trail Reserve
\$ -	\$ -	\$ 27,463	\$ -	\$ 1,175,540	\$ 108,780
-	-	-	-	59,299	-
33,050	-	-	-	-	-
182,542	-	88	-	3,676	350
535,762	-	-	-	-	-
<u>\$ 751,354</u>	<u>\$ -</u>	<u>\$ 27,551</u>	<u>\$ -</u>	<u>\$ 1,238,515</u>	<u>\$ 109,130</u>
\$ 3,787	\$ -	\$ -	\$ -	\$ -	\$ -
2,690	-	-	-	-	-
1,054	-	-	-	-	-
25,519	-	-	-	-	-
<u>33,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
718,304	-	-	-	-	-
<u>718,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	1,238,515	109,130
-	-	27,551	-	-	-
-	-	27,551	-	1,238,515	109,130
<u>\$ 751,354</u>	<u>\$ -</u>	<u>\$ 27,551</u>	<u>\$ -</u>	<u>\$ 1,238,515</u>	<u>\$ 109,130</u>

(Continued)

**City of Pleasanton**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds, Continued**  
**June 30, 2018**

	Specific Plan	Vehicle Registration Fees	Measure BB Transportation Improvements	AB1379 CASp Certification and Training	Total
<b>ASSETS</b>					
Cash and investments	\$ 1,013,436	\$ 332,572	\$ 1,306,359	\$ 29,854	\$ 12,037,137
Receivables:					
Accounts	-	62,184	154,195	-	858,148
Grants	-	-	-	-	453,352
Interest	4,877	1,510	3,731	92	323,727
Notes receivable	-	-	-	-	2,469,141
<b>Total assets</b>	<b>\$ 1,018,313</b>	<b>\$ 396,266</b>	<b>\$ 1,464,285</b>	<b>\$ 29,946</b>	<b>\$ 16,141,505</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 120,769	\$ 121,538	\$ 470,439	\$ -	\$ 2,108,750
Payroll Payable	-	-	-	-	2,952
Due to other funds	-	-	-	-	49,985
Unearned revenue	-	-	-	-	53,447
<b>Total liabilities</b>	<b>120,769</b>	<b>121,538</b>	<b>470,439</b>	<b>-</b>	<b>2,215,134</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Resources related to loans	-	-	-	-	2,752,051
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,752,051</b>
<b>FUND BALANCES</b>					
Restricted	897,544	274,728	993,846	29,946	10,487,897
Assigned	-	-	-	-	686,423
<b>Total fund balances</b>	<b>897,544</b>	<b>274,728</b>	<b>993,846</b>	<b>29,946</b>	<b>11,174,320</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,018,313</b>	<b>\$ 396,266</b>	<b>\$ 1,464,285</b>	<b>\$ 29,946</b>	<b>\$ 16,141,505</b>

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**City of Pleasanton**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**For the year ended June 30, 2018**

	D.A.R.E. Trust	Asset Forfeiture	CBD Parking In-Lieu	Resource Management	Miscellaneous Donations
<b>REVENUES:</b>					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-
Use of money and property	139	428	4,560	5,249	1,918
Intergovernmental	-	3,263	-	259,921	-
Development fees	-	-	71,852	-	-
Contributions and donations	1,500	-	-	-	394,262
Other revenues	-	-	-	80,000	80,925
<b>Total revenues</b>	<b>1,639</b>	<b>3,691</b>	<b>76,412</b>	<b>345,170</b>	<b>477,105</b>
<b>EXPENDITURES:</b>					
Current:					
Public safety	1,500	-	-	-	4,008
Community development	-	-	-	-	-
Operations services	-	-	-	285,308	-
Community activities	-	-	-	-	10,923
Capital outlay	-	-	-	-	6,000
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total expenditures</b>	<b>1,500</b>	<b>-</b>	<b>-</b>	<b>285,308</b>	<b>20,931</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>139</b>	<b>3,691</b>	<b>76,412</b>	<b>59,862</b>	<b>456,174</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(509,424)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(509,424)</b>
<b>Net change in fund balances</b>	<b>139</b>	<b>3,691</b>	<b>76,412</b>	<b>59,862</b>	<b>(53,250)</b>
<b>FUND BALANCES:</b>					
Beginning of year	17,412	49,050	582,460	853,156	413,475
End of year	<u>\$ 17,551</u>	<u>\$ 52,741</u>	<u>\$ 658,872</u>	<u>\$ 913,018</u>	<u>\$ 360,225</u>

Landscape and Lighting Districts	Landscape Maintenance N.P.I.D.	Geologic Hazard Assessment Districts	Measure B Transportation Improvements	Gas Tax	H.O.M.E. Program	Abandoned Vehicle
\$ 128,468	\$ -	\$ 76,887	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
3,221	7,362	8,337	8,113	27,911	-	1,450
-	-	-	1,110,310	2,035,314	60,667	31,893
-	-	-	-	-	-	-
-	-	-	-	-	-	-
11,560	16,544	1,210	-	-	6,328	-
143,249	23,906	86,434	1,118,423	2,063,225	66,995	33,343
-	-	-	-	-	-	31,892
-	-	33,823	-	7,500	66,995	-
180,099	14,747	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	2,073,672	4,201,491	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
180,099	14,747	33,823	2,073,672	4,208,991	66,995	31,892
(36,850)	9,159	52,611	(955,249)	(2,145,766)	-	1,451
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(36,850)	9,159	52,611	(955,249)	(2,145,766)	-	1,451
421,403	959,585	1,082,039	1,424,633	4,021,187	-	109,439
\$ 384,553	\$ 968,744	\$ 1,134,650	\$ 469,384	\$ 1,875,421	\$ -	\$ 110,890

(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, 2018**

	Urban Forestry Program	Library Trust	Miscellaneous Grants	HBPOA Maintenance District	Community Development Block Grant
<b>REVENUES:</b>					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	3,260	-	-	-	-
Use of money and property	2,011	-	2,157	-	-
Intergovernmental	-	-	1,543,477	-	129,562
Development fees	-	-	-	-	-
Contributions and donations	81,905	-	-	-	-
Other revenues	-	-	-	102,840	110,791
<b>Total revenues</b>	<b>87,176</b>	<b>-</b>	<b>1,545,634</b>	<b>102,840</b>	<b>240,353</b>
<b>EXPENDITURES:</b>					
Current:					
Public safety	-	-	178,706	-	-
Community development	-	-	-	-	175,343
Operations services	19,938	-	-	102,840	-
Community activities	-	-	33,914	-	-
Capital outlay	-	-	902,715	-	-
Debt Service:					
Principal	-	-	-	-	50,000
Interest	-	-	-	-	15,010
<b>Total expenditures</b>	<b>19,938</b>	<b>-</b>	<b>1,115,335</b>	<b>102,840</b>	<b>240,353</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>67,238</b>	<b>-</b>	<b>430,299</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	(19,000)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(19,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>48,238</b>	<b>-</b>	<b>430,299</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>					
Beginning of year	244,071	58,995	(124,592)	-	-
End of year	\$ 292,309	\$ 58,995	\$ 305,707	\$ -	\$ -

Traffic Grants	Downtown Economic Loan	Federal ISTEA Program	Community Access Television	Marilyn Murphy Kane Trail Reserve	Specific Plan	Vehicle Registration Fees
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	185	-	6,956	805	12,751	4,614
-	-	-	-	-	-	359,177
-	-	-	-	-	411,108	-
-	-	-	-	-	-	-
-	-	-	246,319	-	-	-
-	185	-	253,275	805	423,859	363,791
-	-	-	-	-	-	-
-	-	1,000	-	-	-	-
-	-	-	-	-	-	-
-	-	-	65,179	-	-	-
-	-	-	-	-	525,264	850,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,000	65,179	-	525,264	850,000
-	185	(1,000)	188,096	805	(101,405)	(486,209)
-	-	1,000	-	-	-	-
-	-	-	-	-	(421,609)	-
-	-	1,000	-	-	(421,609)	-
-	185	-	188,096	805	(523,014)	(486,209)
-	27,366	-	1,050,419	108,325	1,420,558	760,937
\$ -	\$ 27,551	\$ -	\$ 1,238,515	\$ 109,130	\$ 897,544	\$ 274,728

(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, 2018**

	Measure BB Transportation Improvements	AB1379 CASp Certification and Training	Total
<b>REVENUES:</b>			
Special assessments	\$ -	\$ -	\$ 205,355
Fines and forfeitures	-	-	3,260
Use of money and property	10,122	32	108,321
Intergovernmental	970,586	-	6,504,170
Development fees	-	-	482,960
Contributions and donations	-	-	477,667
Other revenues	-	29,914	686,431
<b>Total revenues</b>	<b>980,708</b>	<b>29,946</b>	<b>8,468,164</b>
<b>EXPENDITURES:</b>			
Current:			
Public safety	-	-	216,106
Community development	-	-	284,661
Operations services	-	-	602,932
Community activities	-	-	110,016
Capital outlay	1,441,724	-	10,000,866
Debt Service:			
Principal	-	-	50,000
Interest	-	-	15,010
<b>Total expenditures</b>	<b>1,441,724</b>	<b>-</b>	<b>11,279,591</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(461,016)</b>	<b>29,946</b>	<b>(2,811,427)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	1,000
Transfers out	-	-	(950,033)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(949,033)</b>
<b>Net change in fund balances</b>	<b>(461,016)</b>	<b>29,946</b>	<b>(3,760,460)</b>
<b>FUND BALANCES:</b>			
Beginning of year	1,454,862	-	14,934,780
End of year	\$ 993,846	\$ 29,946	\$ 11,174,320

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**City of Pleasanton**  
**Combining Budgetary Comparison Schedules**  
**Non-Major Special Revenue Funds**  
**For the year ended June 30, 2018**

**SPECIAL REVENUE**

	D.A.R.E. Trust			Asset Forfeiture		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	200	139	(61)	500	428	(72)
Intergovernmental	-	-	-	7,000	3,263	(3,737)
Development fees	-	-	-	-	-	-
Contributions and donations	1,500	1,500	-	-	-	-
Other revenues	-	-	-	-	-	-
<b>Total revenues</b>	<u>1,700</u>	<u>1,639</u>	<u>(61)</u>	<u>7,500</u>	<u>3,691</u>	<u>(3,809)</u>
<b>EXPENDITURES:</b>						
Current:						
Public safety	6,000	1,500	4,500	6,000	-	6,000
Community development	-	-	-	-	-	-
Operations services	-	-	-	-	-	-
Community activities	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total expenditures</b>	<u>6,000</u>	<u>1,500</u>	<u>4,500</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,300)</u>	<u>139</u>	<u>4,439</u>	<u>1,500</u>	<u>3,691</u>	<u>2,191</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ (4,300)</u>	<u>139</u>	<u>\$ 4,439</u>	<u>\$ 1,500</u>	<u>3,691</u>	<u>\$ 2,191</u>
<b>FUND BALANCES:</b>						
Beginning of year		<u>17,412</u>			<u>49,050</u>	
End of year		<u>\$ 17,551</u>			<u>\$ 52,741</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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
6,000	4,560	(1,440)	6,600	5,249	(1,351)	3,000	1,918	(1,082)
-	-	-	219,000	259,921	40,921	-	-	-
72,000	71,852	(148)	-	-	-	-	-	-
-	-	-	-	-	-	253,000	394,262	141,262
-	-	-	-	80,000	80,000	-	80,925	80,925
<u>78,000</u>	<u>76,412</u>	<u>(1,588)</u>	<u>225,600</u>	<u>345,170</u>	<u>119,570</u>	<u>256,000</u>	<u>477,105</u>	<u>221,105</u>
-	-	-	-	-	-	3,000	4,008	(1,008)
-	-	-	-	-	-	-	-	-
-	-	-	388,600	285,308	103,292	-	-	-
-	-	-	-	-	-	10,000	10,923	(923)
-	-	-	-	-	-	40,000	6,000	34,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	<u>388,600</u>	<u>285,308</u>	<u>103,292</u>	<u>53,000</u>	<u>20,931</u>	<u>32,069</u>
<u>78,000</u>	<u>76,412</u>	<u>(1,588)</u>	<u>(163,000)</u>	<u>59,862</u>	<u>222,862</u>	<u>203,000</u>	<u>456,174</u>	<u>253,174</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(203,000)	(509,424)	(306,424)
-	-	-	-	-	-	(203,000)	(509,424)	(306,424)
<u>\$ 78,000</u>	<u>76,412</u>	<u>\$ (1,588)</u>	<u>\$ (163,000)</u>	<u>59,862</u>	<u>\$ 222,862</u>	<u>\$ -</u>	<u>(53,250)</u>	<u>\$ (53,250)</u>

<u>582,460</u>	<u>853,156</u>	<u>413,475</u>
<u>\$ 658,872</u>	<u>\$ 913,018</u>	<u>\$ 360,225</u>

(Continued)

**City of Pleasanton**  
**Combining Budgetary Comparison Schedules**  
**Non-Major Special Revenue Funds**  
**For the year ended June 30, 2018**

	SPECIAL REVENUE					
	Landscape and Lighting Districts			Landscape Maintenance N.P.I.D.		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Special assessments	\$ 129,947	\$ 128,468	\$ (1,479)	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	4,350	3,221	(1,129)	10,000	7,362	(2,638)
Intergovernmental	-	-	-	-	-	-
Development fees	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-
Other revenues	11,559	11,560	1	15,502	16,544	1,042
<b>Total revenues</b>	<u>145,856</u>	<u>143,249</u>	<u>(1,128)</u>	<u>25,502</u>	<u>23,906</u>	<u>(1,596)</u>
<b>EXPENDITURES:</b>						
Current:						
Public safety	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Operations services	179,320	180,099	(779)	27,000	14,747	12,253
Community activities	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total expenditures</b>	<u>179,320</u>	<u>180,099</u>	<u>(779)</u>	<u>27,000</u>	<u>14,747</u>	<u>12,253</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(33,464)</u>	<u>(36,850)</u>	<u>(1,907)</u>	<u>(1,498)</u>	<u>9,159</u>	<u>10,657</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ (33,464)</u>	<u>(36,850)</u>	<u>\$ (1,907)</u>	<u>\$ (1,498)</u>	<u>9,159</u>	<u>\$ 10,657</u>
<b>FUND BALANCES (DEFICITS):</b>						
Beginning of year		<u>421,403</u>			<u>959,585</u>	
End of year		<u>\$ 384,553</u>			<u>\$ 968,744</u>	

SPECIAL REVENUE

Geologic Hazard Assessment Districts			Measure B Transportation Improvements			Gas Tax		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ 77,650	\$ 76,887	\$ (763)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
11,000	8,337	(2,663)	12,000	8,113	(3,887)	19,000	27,911	8,911
-	-	-	1,045,000	1,110,310	65,310	2,092,748	2,035,314	(57,434)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,209	1,210	1	-	-	-	-	-	-
<u>89,859</u>	<u>86,434</u>	<u>(3,425)</u>	<u>1,057,000</u>	<u>1,118,423</u>	<u>61,423</u>	<u>2,111,748</u>	<u>2,063,225</u>	<u>(48,523)</u>
-	-	-	-	-	-	-	-	-
68,123	33,823	34,300	-	-	-	7,500	7,500	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	2,126,698	2,073,672	53,026	5,896,644	4,201,491	1,695,153
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>68,123</u>	<u>33,823</u>	<u>34,300</u>	<u>2,126,698</u>	<u>2,073,672</u>	<u>53,026</u>	<u>5,904,144</u>	<u>4,208,991</u>	<u>1,695,153</u>
<u>21,736</u>	<u>52,611</u>	<u>30,875</u>	<u>(1,069,698)</u>	<u>(955,249)</u>	<u>114,449</u>	<u>(3,792,396)</u>	<u>(2,145,766)</u>	<u>1,646,630</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 21,736</u>	<u>52,611</u>	<u>\$ 30,875</u>	<u>\$(1,069,698)</u>	<u>(955,249)</u>	<u>\$ 114,449</u>	<u>\$(3,792,396)</u>	<u>(2,145,766)</u>	<u>\$ 1,646,630</u>
	<u>1,082,039</u>			<u>1,424,633</u>			<u>4,021,187</u>	
	<u>\$ 1,134,650</u>			<u>\$ 469,384</u>			<u>\$ 1,875,421</u>	

(Continued)

**City of Pleasanton**  
**Combining Budgetary Comparison Schedules**  
**Non-Major Special Revenue Funds**  
**For the year ended June 30, 2018**

**SPECIAL REVENUE**

	H.O.M.E. Program			Abandoned Vehicle		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	-	-	-	1,200	1,450	250
Intergovernmental	524,744	60,667	(464,077)	30,000	31,893	1,893
Development fees	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-
Other revenues	-	6,328	6,328	-	-	-
<b>Total revenues</b>	<b>524,744</b>	<b>66,995</b>	<b>(457,749)</b>	<b>31,200</b>	<b>33,343</b>	<b>2,143</b>
<b>EXPENDITURES:</b>						
Current:						
Public safety	-	-	-	30,000	31,892	(1,892)
Community development	531,187	66,995	464,192	-	-	-
Operations services	-	-	-	-	-	-
Community activities	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total expenditures</b>	<b>531,187</b>	<b>66,995</b>	<b>464,192</b>	<b>30,000</b>	<b>31,892</b>	<b>(1,892)</b>
<b>REVENUES OVER (UNDER)</b>						
<b>EXPENDITURES</b>	<b>(6,443)</b>	<b>-</b>	<b>6,443</b>	<b>1,200</b>	<b>1,451</b>	<b>251</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (6,443)</b>	<b>-</b>	<b>\$ 6,443</b>	<b>\$ 1,200</b>	<b>1,451</b>	<b>\$ 251</b>
<b>FUND BALANCES (DEFICITS):</b>						
Beginning of year	-	-	-	-	109,439	-
End of year	\$ -	-	-	-	\$ 110,890	-

SPECIAL REVENUE

Urban Forestry Program			Library Trust			Miscellaneous Grants		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	3,260	3,260	-	-	-	-	-	-
3,000	2,011	(989)	-	-	-	2,800	2,157	(643)
-	-	-	-	-	-	2,832,791	1,543,477	(1,289,314)
-	-	-	-	-	-	-	-	-
72,000	81,905	9,905	-	-	-	-	-	-
5,500	-	(5,500)	-	-	-	-	-	-
80,500	87,176	3,416	-	-	-	2,835,591	1,545,634	(1,289,957)
-	-	-	-	-	-	221,333	178,706	42,627
-	-	-	-	-	-	-	-	-
22,500	19,938	2,562	-	-	-	-	-	-
-	-	-	-	-	-	-	33,914	(33,914)
-	-	-	-	-	-	2,051,493	902,715	1,148,778
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
22,500	19,938	2,562	-	-	-	2,272,826	1,115,335	1,157,491
58,000	67,238	5,978	-	-	-	562,765	430,299	(132,466)
-	-	-	-	-	-	-	-	-
(19,000)	(19,000)	-	-	-	-	-	-	-
(19,000)	(19,000)	-	-	-	-	-	-	-
\$ 39,000	48,238	\$ 5,978	\$ -	-	\$ -	\$ 562,765	430,299	\$ (132,466)
	244,071			58,995			(124,592)	
	<u>\$ 292,309</u>			<u>\$ 58,995</u>			<u>\$ 305,707</u>	

(Continued)

**City of Pleasanton**  
**Combining Budgetary Comparison Schedules**  
**Non-Major Special Revenue Funds**  
**For the year ended June 30, 2018**

	SPECIAL REVENUE					
	HBPOA Maintenance District			Community Development Block Grant		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-
Intergovernmental	-	-	-	368,922	129,562	(239,360)
Development fees	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-
Other revenues	100,000	102,840	2,840	61,750	110,791	49,041
<b>Total revenues</b>	<u>100,000</u>	<u>102,840</u>	<u>2,840</u>	<u>430,672</u>	<u>240,353</u>	<u>(190,319)</u>
<b>EXPENDITURES:</b>						
Current:						
Public safety	-	-	-	-	-	-
Community development	-	-	-	410,610	175,343	235,267
Operations services	100,000	102,840	(2,840)	-	-	-
Community activities	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	20,062	50,000	(29,938)
Interest	-	-	-	-	15,010	(15,010)
<b>Total expenditures</b>	<u>100,000</u>	<u>102,840</u>	<u>(2,840)</u>	<u>430,672</u>	<u>240,353</u>	<u>190,319</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>FUND BALANCES (DEFICITS):</b>						
Beginning of year		-			-	
End of year		<u>\$ -</u>			<u>\$ -</u>	

SPECIAL REVENUE

Traffic Grants			Downtown Economic Loan			Federal ISTE A Program		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	300	185	(115)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	300	185	(115)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,000	(1,000)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,000	(1,000)
-	-	-	300	185	(115)	-	(1,000)	(1,000)
-	-	-	-	-	-	-	1,000	1,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,000	1,000
<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>185</u>	<u>\$ (115)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>

-	27,366	-
<u>\$ -</u>	<u>\$ 27,551</u>	<u>\$ -</u>

(Continued)

**City of Pleasanton**  
**Combining Budgetary Comparison Schedules**  
**Non-Major Special Revenue Funds**  
**For the year ended June 30, 2018**

**SPECIAL REVENUE**

	Community Access Television			Marilyn Murphy Kane Trail Reserve		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	10,000	6,956	(3,044)	800	805	5
Intergovernmental	-	-	-	-	-	-
Development fees	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-
Other revenues	250,000	246,319	(3,681)	-	-	-
<b>Total revenues</b>	<b>260,000</b>	<b>253,275</b>	<b>(6,725)</b>	<b>800</b>	<b>805</b>	<b>5</b>
<b>EXPENDITURES:</b>						
Current:						
Public safety	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Operations services	-	-	-	-	-	-
Community activities	208,000	65,179	142,821	-	-	-
Capital outlay	-	-	-	197,005	-	197,005
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total expenditures</b>	<b>208,000</b>	<b>65,179</b>	<b>142,821</b>	<b>197,005</b>	<b>-</b>	<b>197,005</b>
<b>REVENUES OVER (UNDER)</b>						
<b>EXPENDITURES</b>	<b>52,000</b>	<b>188,096</b>	<b>136,096</b>	<b>(196,205)</b>	<b>805</b>	<b>197,010</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 52,000</b>	<b>188,096</b>	<b>\$ 136,096</b>	<b>\$ (196,205)</b>	<b>805</b>	<b>\$ 197,010</b>
<b>FUND BALANCES (DEFICITS):</b>						
Beginning of year		1,050,419			108,325	
End of year		<u>\$ 1,238,515</u>			<u>\$ 109,130</u>	

SPECIAL REVENUE

Specific Plan			Vehicle Registration Fees			Measure BB Transportation Improvements		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
5,000	12,751	7,751	1,500	4,614	3,114	-	10,122	10,122
-	-	-	338,116	359,177	21,061	910,000	970,586	60,586
-	411,108	411,108	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>5,000</u>	<u>423,859</u>	<u>418,859</u>	<u>339,616</u>	<u>363,791</u>	<u>24,175</u>	<u>910,000</u>	<u>980,708</u>	<u>70,708</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	36,500	-	36,500	-	-	-
-	-	-	-	-	-	-	-	-
771,962	525,264	246,698	850,000	850,000	-	1,614,557	1,441,724	172,833
-	-	-	-	-	-	-	-	-
<u>771,962</u>	<u>525,264</u>	<u>246,698</u>	<u>886,500</u>	<u>850,000</u>	<u>36,500</u>	<u>1,614,557</u>	<u>1,441,724</u>	<u>172,833</u>
<u>(766,962)</u>	<u>(101,405)</u>	<u>665,557</u>	<u>(546,884)</u>	<u>(486,209)</u>	<u>60,675</u>	<u>(704,557)</u>	<u>(461,016)</u>	<u>243,541</u>
-	-	-	-	-	-	-	-	-
-	(421,609)	(421,609)	-	-	-	-	-	-
-	(421,609)	(421,609)	-	-	-	-	-	-
<u>\$ (766,962)</u>	<u>(523,014)</u>	<u>\$ 243,948</u>	<u>\$ (546,884)</u>	<u>(486,209)</u>	<u>\$ 60,675</u>	<u>\$ (704,557)</u>	<u>(461,016)</u>	<u>\$ 243,541</u>

1,420,558

760,937

1,454,862

\$ 897,544

\$ 274,728

\$ 993,846

(Continued)

**City of Pleasanton**  
**Combining Budgetary Comparison Schedules**  
**Non-Major Special Revenue Funds**  
**For the year ended June 30, 2018**

	SPECIAL REVENUE		
	AB1379 CASp Certification and Training		
	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Special assessments	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-
Use of money and property	-	32	32
Intergovernmental	-	-	-
Development fees	-	-	-
Contributions and donations	-	-	-
Other revenues	-	29,914	29,914
<b>Total revenues</b>	<b>-</b>	<b>29,946</b>	<b>29,946</b>
<b>EXPENDITURES:</b>			
Current:			
Public safety	-	-	-
Community development	-	-	-
Operations services	-	-	-
Community activities	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	<b>-</b>	<b>29,946</b>	<b>29,946</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>29,946</b>	<b>\$ 29,946</b>
<b>FUND BALANCES (DEFICITS):</b>			
Beginning of year		-	
End of year		<u>\$ 29,946</u>	

## 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.

### **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.

### **Park Capital Improvement Program**

This fund is used to account for the construction, reconstruction, and maintenance of City parks as adopted in the annual parks capital improvement program.

### **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 and street improvements.

### **Traffic Impact - Bernal Property**

This fund was set up in 2000-01. A percentage of the traffic impact fees collected from developers were 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, 2018**

	CIP for Downtown & North Pleasanton	Public Facilities	Park Development	Park Capital Improvement Program	Street Capital Improvement Program
<b>ASSETS</b>					
Cash and investments	\$ 3,655,898	\$ 5,836,300	\$ 12,372,537	\$ 3,421,052	\$ 9,122,313
Receivables:					
Accounts	-	-	2,500	-	242,049
Interest	11,758	22,108	37,902	1,313	21,986
<b>Total assets</b>	<b>\$ 3,667,656</b>	<b>\$ 5,858,408</b>	<b>\$ 12,412,939</b>	<b>\$ 3,422,365</b>	<b>\$ 9,386,348</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 15,697	\$ 12,817	\$ 2,155,396
Advances from other funds	-	-	-	1,048,070	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>15,697</b>	<b>1,060,887</b>	<b>2,155,396</b>
<b>FUND BALANCES</b>					
Restricted	3,667,656	5,858,408	12,397,242	-	-
Assigned	-	-	-	2,361,478	7,230,952
<b>Total fund balances</b>	<b>3,667,656</b>	<b>5,858,408</b>	<b>12,397,242</b>	<b>2,361,478</b>	<b>7,230,952</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 3,667,656</b>	<b>\$ 5,858,408</b>	<b>\$ 12,412,939</b>	<b>\$ 3,422,365</b>	<b>\$ 9,386,348</b>

<u>Traffic Impact</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>
\$ 8,707,501	\$ 757,186	\$ 8,508,764	\$ 1,329,691	\$ 1,616,471	\$ 55,327,713
49,500	-	-	-	-	294,049
28,118	2,435	21,413	4,367	5,169	156,569
<u>\$ 8,785,119</u>	<u>\$ 759,621</u>	<u>\$ 8,530,177</u>	<u>\$ 1,334,058</u>	<u>\$ 1,621,640</u>	<u>\$ 55,778,331</u>
\$ 182,013	\$ -	\$ 307,494	\$ -	\$ -	\$ 2,673,417
-	-	-	-	-	1,048,070
182,013	-	307,494	-	-	3,721,487
8,603,106	759,621	8,222,683	1,334,058	1,621,640	42,464,414
-	-	-	-	-	9,592,430
8,603,106	759,621	8,222,683	1,334,058	1,621,640	52,056,844
<u>\$ 8,785,119</u>	<u>\$ 759,621</u>	<u>\$ 8,530,177</u>	<u>\$ 1,334,058</u>	<u>\$ 1,621,640</u>	<u>\$ 55,778,331</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, 2018**

	CIP for Downtown & North Pleasanton	Public Facilities	Park Development	Park Capital Improvement Program	Street Capital Improvement Program
<b>REVENUES:</b>					
Use of money and property	\$ 28,016	\$ 48,679	\$ 81,738	\$ 4,053	\$ 52,818
Development fees	-	525,531	2,426,234	-	30,900
Contributions and donations	-	-	-	-	-
Other revenues	-	-	-	-	456,774
<b>Total revenues</b>	<b>28,016</b>	<b>574,210</b>	<b>2,507,972</b>	<b>4,053</b>	<b>540,492</b>
<b>EXPENDITURES:</b>					
Current:					
Operations services	-	-	-	-	-
Community activities	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	11,112	1,094,338	123,884	2,631,039
<b>Total expenditures</b>	<b>-</b>	<b>11,112</b>	<b>1,094,338</b>	<b>123,884</b>	<b>2,631,039</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>28,016</b>	<b>563,098</b>	<b>1,413,634</b>	<b>(119,831)</b>	<b>(2,090,547)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	16,200	3,522,424	2,500,000
Transfers out	-	(1,054,000)	-	-	(1,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(1,054,000)</b>	<b>16,200</b>	<b>3,522,424</b>	<b>2,499,000</b>
<b>Net change in fund balances</b>	<b>28,016</b>	<b>(490,902)</b>	<b>1,429,834</b>	<b>3,402,593</b>	<b>408,453</b>
<b>FUND BALANCES:</b>					
Beginning of year	3,639,640	6,349,310	10,967,408	(1,041,115)	6,822,499
End of year	<u>\$ 3,667,656</u>	<u>\$ 5,858,408</u>	<u>\$ 12,397,242</u>	<u>\$ 2,361,478</u>	<u>\$ 7,230,952</u>

<u>Traffic Impact</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>
\$ 62,802	\$ 6,142	\$ 51,855	\$ 10,473	\$ 9,992	\$ 356,568
857,042	-	-	-	52,226	3,891,933
-	-	118,000	-	-	118,000
49,500	-	-	-	-	506,274
<u>969,344</u>	<u>6,142</u>	<u>169,855</u>	<u>10,473</u>	<u>62,218</u>	<u>4,872,775</u>
-	-	-	28,277	-	28,277
-	-	250,000	-	-	250,000
-	-	252,851	-	-	252,851
426,204	-	210,094	-	-	4,496,671
<u>426,204</u>	<u>-</u>	<u>712,945</u>	<u>28,277</u>	<u>-</u>	<u>5,027,799</u>
<u>543,140</u>	<u>6,142</u>	<u>(543,090)</u>	<u>(17,804)</u>	<u>62,218</u>	<u>(155,024)</u>
-	-	2,043,579	-	-	8,082,203
-	-	(13,595)	-	-	(1,068,595)
-	-	2,029,984	-	-	7,013,608
543,140	6,142	1,486,894	(17,804)	62,218	6,858,584
<u>8,059,966</u>	<u>753,479</u>	<u>6,735,789</u>	<u>1,351,862</u>	<u>1,559,422</u>	<u>45,198,260</u>
<u>\$ 8,603,106</u>	<u>\$ 759,621</u>	<u>\$ 8,222,683</u>	<u>\$ 1,334,058</u>	<u>\$ 1,621,640</u>	<u>\$ 52,056,844</u>

**City of Pleasanton**  
**Combining Budgetary Comparison Schedules**  
**Non-Major Capital Projects Funds**  
**For the year ended June 30, 2018**

**CAPITAL PROJECTS**

	CIP for Downtown & North Pleasanton			Public Facilities		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Use of money and property	\$ 36,000	\$ 28,016	\$ (7,984)	\$ 37,000	\$ 48,679	\$ 11,679
Development fees	-	-	-	629,178	525,531	(103,647)
Contributions and donations	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
<b>Total revenues</b>	<u>36,000</u>	<u>28,016</u>	<u>(7,984)</u>	<u>666,178</u>	<u>574,210</u>	<u>(91,968)</u>
<b>EXPENDITURES:</b>						
Current:						
Community development	-	-	-	-	-	-
Operations services	-	-	-	-	-	-
Community activities	-	-	-	-	-	-
Capital outlay	-	-	-	5,903,522	11,112	5,892,410
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,903,522</u>	<u>11,112</u>	<u>5,892,410</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>36,000</u>	<u>28,016</u>	<u>(7,984)</u>	<u>(5,237,344)</u>	<u>563,098</u>	<u>5,800,442</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(1,054,000)	(1,054,000)	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,054,000)</u>	<u>(1,054,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 36,000</u>	<u>28,016</u>	<u>\$ (7,984)</u>	<u>\$ (6,291,344)</u>	<u>(490,902)</u>	<u>\$ 5,800,442</u>
<b>FUND BALANCES:</b>						
Beginning of year		<u>3,639,640</u>			<u>6,349,310</u>	
End of year		<u>\$ 3,667,656</u>			<u>\$ 5,858,408</u>	

CAPITAL PROJECTS

Park Development			Park Capital Improvement Program			Street Capital Improvement Program		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ 29,000	\$ 81,738	\$ 52,738	\$ -	\$ 4,053	\$ 4,053	\$ 46,200	\$ 52,818	\$ 6,618
610,691	2,426,234	1,815,543	-	-	-	8,000	30,900	22,900
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	19,640	456,774	437,134
<u>639,691</u>	<u>2,507,972</u>	<u>1,868,281</u>	<u>-</u>	<u>4,053</u>	<u>4,053</u>	<u>73,840</u>	<u>540,492</u>	<u>466,652</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
12,293,101	1,094,338	11,198,763	3,572,032	123,884	3,448,148	8,146,189	2,631,039	5,515,150
<u>12,293,101</u>	<u>1,094,338</u>	<u>11,198,763</u>	<u>3,572,032</u>	<u>123,884</u>	<u>3,448,148</u>	<u>8,146,189</u>	<u>2,631,039</u>	<u>5,515,150</u>
(11,653,410)	1,413,634	13,067,044	(3,572,032)	(119,831)	3,452,201	(8,072,349)	(2,090,547)	5,981,802
16,200	16,200	-	3,216,000	3,522,424	306,424	2,500,000	2,500,000	-
-	-	-	-	-	-	-	(1,000)	(1,000)
<u>16,200</u>	<u>16,200</u>	<u>-</u>	<u>3,216,000</u>	<u>3,522,424</u>	<u>306,424</u>	<u>2,500,000</u>	<u>2,499,000</u>	<u>(1,000)</u>
<u>\$ (11,637,210)</u>	<u>1,429,834</u>	<u>\$ 13,067,044</u>	<u>\$ (356,032)</u>	<u>3,402,593</u>	<u>\$ 3,758,625</u>	<u>\$ (5,572,349)</u>	<u>408,453</u>	<u>\$ 5,980,802</u>
	<u>10,967,408</u>			<u>(1,041,115)</u>			<u>6,822,499</u>	
	<u>\$ 12,397,242</u>			<u>\$ 2,361,478</u>			<u>\$ 7,230,952</u>	

(Continued)

**City of Pleasanton**  
**Combining Budgetary Comparison Schedules**  
**Non-Major Capital Projects Funds**  
**For the year ended June 30, 2018**

**CAPITAL PROJECTS**

	Traffic Impact			Traffic Impact - Bernal Property		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Use of money and property	\$ 20,000	\$ 62,802	\$ 42,802	\$ 20,000	\$ 6,142	\$ (13,858)
Development fees	2,834,084	857,042	(1,977,042)	-	-	-
Contributions and donations	-	-	-	-	-	-
Other revenues	-	49,500	49,500	-	-	-
<b>Total revenues</b>	<b>2,854,084</b>	<b>969,344</b>	<b>(1,884,740)</b>	<b>20,000</b>	<b>6,142</b>	<b>(13,858)</b>
<b>EXPENDITURES:</b>						
Current:						
Community development	-	-	-	-	-	-
Operations services	-	-	-	-	-	-
Community activities	-	-	-	-	-	-
Capital outlay	3,500,001	426,204	3,073,797	3,756	-	3,756
<b>Total expenditures</b>	<b>3,500,001</b>	<b>426,204</b>	<b>3,073,797</b>	<b>3,756</b>	<b>-</b>	<b>3,756</b>
<b>REVENUES OVER (UNDER)</b>						
<b>EXPENDITURES</b>	<b>(645,917)</b>	<b>543,140</b>	<b>1,189,057</b>	<b>16,244</b>	<b>6,142</b>	<b>(10,102)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (645,917)</b>	<b>543,140</b>	<b>\$ 1,189,057</b>	<b>\$ 16,244</b>	<b>6,142</b>	<b>\$ (10,102)</b>
<b>FUND BALANCES:</b>						
Beginning of year		<u>8,059,966</u>			<u>753,479</u>	
End of year		<u>\$ 8,603,106</u>			<u>\$ 759,621</u>	

CAPITAL PROJECTS

Budgeted Developer Projects			Assessment District Construction			Tri-Valley Transportation		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ 54,500	\$ 51,855	\$ (2,645)	\$ 8,000	\$ 10,473	\$ 2,473	\$ 3,000	\$ 9,992	\$ 6,992
-	-	-	-	-	-	457,674	52,226	(405,448)
2,243,579	118,000	(2,125,579)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>2,298,079</u>	<u>169,855</u>	<u>(2,128,224)</u>	<u>8,000</u>	<u>10,473</u>	<u>2,473</u>	<u>460,674</u>	<u>62,218</u>	<u>(398,456)</u>
-	252,851	(252,851)	-	-	-	-	-	-
-	-	-	27,905	28,277	(372)	-	-	-
-	250,000	(250,000)	-	-	-	-	-	-
1,993,579	210,094	1,783,485	1,086,118	-	1,086,118	2,023,789	-	2,023,789
<u>1,993,579</u>	<u>712,945</u>	<u>1,280,634</u>	<u>1,114,023</u>	<u>28,277</u>	<u>1,085,746</u>	<u>2,023,789</u>	<u>-</u>	<u>2,023,789</u>
304,500	(543,090)	(847,590)	(1,106,023)	(17,804)	1,088,219	(1,563,115)	62,218	1,625,333
-	2,043,579	2,043,579	-	-	-	-	-	-
(12,781)	(13,595)	(814)	-	-	-	-	-	-
(12,781)	2,029,984	2,042,765	-	-	-	-	-	-
<u>\$ 291,719</u>	<u>1,486,894</u>	<u>\$ 1,195,175</u>	<u>\$(1,106,023)</u>	<u>(17,804)</u>	<u>\$ 1,088,219</u>	<u>\$(1,563,115)</u>	<u>62,218</u>	<u>\$ 1,625,333</u>
	<u>6,735,789</u>			<u>1,351,862</u>			<u>1,559,422</u>	
	<u>\$ 8,222,683</u>			<u>\$ 1,334,058</u>			<u>\$ 1,621,640</u>	

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## 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 Pioneer Cemetery. The City currently contracts with Graham-Hitch Mortuary for cemetery management, sales and burial coordination. The Cemetery Fund 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.

**City of Pleasanton**  
**Combining Statement of Fund Net Position**  
**Non-Major Enterprise Funds**  
**June 30, 2018**

	Transit	Cemetery	Pleasanton Housing Authority	Total
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 318,303	\$ 562,088	\$ 354,048	\$ 1,234,439
Receivables (net):				
Accounts	48,713	45,108	-	93,821
Interest	917	1,873	-	2,790
Total current assets	<u>367,933</u>	<u>609,069</u>	<u>354,048</u>	<u>1,331,050</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable	-	435,530	51,750	487,280
Depreciable	65,060	9,560	-	74,620
Total noncurrent assets	<u>65,060</u>	<u>445,090</u>	<u>51,750</u>	<u>561,900</u>
<b>Total assets</b>	<u>432,993</u>	<u>1,054,159</u>	<u>405,798</u>	<u>1,892,950</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	39,036	277,267	-	316,303
Payroll payable	14,587	822	-	15,409
Due to other funds	18,201	-	-	18,201
Unearned revenue	9,835	146,176	-	156,011
Total current liabilities	<u>81,659</u>	<u>424,265</u>	<u>-</u>	<u>505,924</u>
<b>Total liabilities</b>	<u>81,659</u>	<u>424,265</u>	<u>-</u>	<u>505,924</u>
<b>NET POSITION</b>				
Net investment in capital assets	65,060	445,090	51,750	561,900
Restricted for:				
Transportation	286,274	-	-	286,274
Unrestricted	-	184,804	354,048	538,852
<b>Total net position</b>	<u>\$ 351,334</u>	<u>\$ 629,894</u>	<u>\$ 405,798</u>	<u>\$ 1,387,026</u>

**City of Pleasanton**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Non-Major Enterprise Funds**  
**For the year ended June 30, 2018**

	Transit	Cemetery	Pleasanton Housing Authority	Total
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 22,665	\$ 269,287	\$ -	\$ 291,952
Miscellaneous	4,927	14,403	-	19,330
<b>Total operating revenues</b>	<b>27,592</b>	<b>283,690</b>	<b>-</b>	<b>311,282</b>
<b>OPERATING EXPENSES:</b>				
Personnel services	534,186	40,028	-	574,214
Transportation	84,664	-	-	84,664
Repairs and maintenance	10,164	-	-	10,164
Materials, supplies, and services	88,572	145,775	166	234,513
Depreciation	6,657	1,383	-	8,040
<b>Total operating expenses</b>	<b>724,243</b>	<b>187,186</b>	<b>166</b>	<b>911,595</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(696,651)</b>	<b>96,504</b>	<b>(166)</b>	<b>(600,313)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Grants	72,092	-	-	72,092
Intergovernmental	307,392	-	-	307,392
Interest income	2,291	3,489	1,188	6,968
<b>Total non-operating revenues (expenses)</b>	<b>381,775</b>	<b>3,489</b>	<b>1,188</b>	<b>386,452</b>
<b>Net income (loss) before contributions and transfers</b>	<b>(314,876)</b>	<b>99,993</b>	<b>1,022</b>	<b>(213,861)</b>
Transfers in	358,977	45,000	-	403,977
<b>Change in net position</b>	<b>44,101</b>	<b>144,993</b>	<b>1,022</b>	<b>190,116</b>
<b>NET POSITION:</b>				
Beginning of year	307,233	484,901	404,776	1,196,910
End of year	<u>\$ 351,334</u>	<u>\$ 629,894</u>	<u>\$ 405,798</u>	<u>\$ 1,387,026</u>

**City of Pleasanton**  
**Combining Statement of Cash Flows**  
**Non-Major Enterprise Funds**  
**For the year ended June 30, 2018**

	Transit	Cemetery	Pleasanton Housing Authority	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash receipts from customers	\$ 29,557	\$ 389,229	\$ -	\$ 418,786
Cash payments to suppliers for goods and services	(154,292)	(156,863)	(166)	(311,321)
Cash payments to employees for services	(535,072)	(40,038)	-	(575,110)
<b>Net cash provided (used) by operating activities</b>	<b>(659,807)</b>	<b>192,328</b>	<b>(166)</b>	<b>(467,645)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Capital assets (acquisition)	(70,178)	(169,263)	-	(239,441)
<b>Net cash provided (used) by capital financing activities</b>	<b>(70,178)</b>	<b>(169,263)</b>	<b>-</b>	<b>(239,441)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Grants received	96,144	-	-	96,144
Intergovernmental funds received	302,200	-	-	302,200
Transfer in	358,977	45,000	-	403,977
<b>Net cash provided (used) by noncapital financing activities</b>	<b>757,321</b>	<b>45,000</b>	<b>-</b>	<b>802,321</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received	2,386	2,847	1,188	6,421
<b>Net cash provided (used) by investing activities</b>	<b>2,386</b>	<b>2,847</b>	<b>1,188</b>	<b>6,421</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>29,722</b>	<b>70,912</b>	<b>1,022</b>	<b>101,656</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	288,581	491,176	353,026	1,132,783
End of year	<u>\$ 318,303</u>	<u>\$ 562,088</u>	<u>\$ 354,048</u>	<u>\$ 1,234,439</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (696,651)	\$ 96,504	\$ (166)	\$ (600,313)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	6,657	1,383	-	8,040
Change in operating assets and liabilities:				
Accounts receivable	-	(40,637)	-	(40,637)
Accounts payable	27,236	(11,088)	-	16,148
Payroll payable	(886)	(10)	-	(896)
Due to other funds	1,872	-	-	1,872
Unearned revenue	1,965	146,176	-	148,141
<b>Net cash provided (used) by operating activities</b>	<b>\$ (659,807)</b>	<b>\$ 192,328</b>	<b>\$ (166)</b>	<b>\$ (467,645)</b>

## 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 unemployment insurance benefit costs and accrued unused employee vacation leave. Revenues come from benefit accrual charges placed on all City operating programs. This fund also includes the accounting for workers' compensation benefits and the majority of the City's Net Pension Liability.

### **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 Enhancement**

This fund is to provide for unplanned and traditionally unfunded priority projects that arise such as employee workplace enhancement and miscellaneous emergency renovation projects which are not part of the City's Repair and Replacement Plan.

**City of Pleasanton**  
**Combining Statement of Fund Net Position**  
**Internal Service Funds**  
**June 30, 2018**

	Employee Benefits	Public Art Acquisition and Maintenance	Replacement / Renovation	LPFD Retirees Insurance Reserve (Pleasanton Share Only)
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 12,481,436	\$ 174,750	\$ 21,683,317	\$ 614,839
Restricted cash and investments	-	-	-	-
Accounts receivable	-	3,000	-	-
Interest receivable	35,770	512	67,719	2,169
Prepaid expenses	-	-	766,002	-
<b>Total current assets</b>	<b>12,517,206</b>	<b>178,262</b>	<b>22,517,038</b>	<b>617,008</b>
Noncurrent assets:				
Advances to other funds	-	-	1,048,070	-
Capital assets:				
Nondepreciable	-	322,893	-	-
Depreciable, net	-	-	11,785,511	-
<b>Total noncurrent assets</b>	<b>-</b>	<b>322,893</b>	<b>12,833,581</b>	<b>-</b>
<b>Total assets</b>	<b>12,517,206</b>	<b>501,155</b>	<b>35,350,619</b>	<b>617,008</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to pensions	31,102,512	-	-	-
Related to OPEB	-	-	-	-
<b>Total deferred outflows of resources</b>	<b>31,102,512</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	865,518	5,085	415,501	7,294
Accrued compensated absences	1,183,689	-	-	-
Claims payable	2,082,444	-	-	-
<b>Total current liabilities</b>	<b>4,131,651</b>	<b>5,085</b>	<b>415,501</b>	<b>7,294</b>
Noncurrent liabilities:				
Advances from other funds	963,022	-	-	-
Accrued compensated absences	3,203,713	-	-	-
Net pension liability	113,138,003	-	-	-
Net OPEB Liability	-	-	-	-
Claims payable	9,949,556	-	-	-
<b>Total noncurrent liabilities</b>	<b>127,254,294</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>131,385,945</b>	<b>5,085</b>	<b>415,501</b>	<b>7,294</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to pensions	6,479,590	-	-	-
Related to OPEB	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>6,479,590</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	-	322,893	11,785,511	-
Unrestricted	(94,245,817)	173,177	23,149,607	609,714
<b>Total net position</b>	<b>\$ (94,245,817)</b>	<b>\$ 496,070</b>	<b>\$ 34,935,118</b>	<b>\$ 609,714</b>

<u>Self Insurance Retention</u>	<u>Retiree Insurance Reserve</u>	<u>PERS Rate Stabilization</u>	<u>City Enhancement</u>	<u>Total</u>
\$ 5,587,547	\$ 11,091,831	\$ 2,005,818	\$ 200,000	\$ 53,839,538
-	5,325,000	-	-	5,325,000
-	-	-	-	3,000
14,445	46,967	-	-	167,582
-	-	-	-	766,002
<u>5,601,992</u>	<u>16,463,798</u>	<u>2,005,818</u>	<u>200,000</u>	<u>60,101,122</u>
-	963,022	-	-	2,011,092
-	-	-	-	322,893
-	-	-	-	11,785,511
-	963,022	-	-	14,119,496
<u>5,601,992</u>	<u>17,426,820</u>	<u>2,005,818</u>	<u>200,000</u>	<u>74,220,618</u>
-	-	-	-	31,102,512
-	4,360,679	-	-	4,360,679
-	4,360,679	-	-	35,463,191
4,555	28,807	-	-	1,326,760
-	-	-	-	1,183,689
326,370	-	-	-	2,408,814
<u>330,925</u>	<u>28,807</u>	<u>-</u>	<u>-</u>	<u>4,919,263</u>
-	-	-	-	963,022
-	-	-	-	3,203,713
-	-	-	-	113,138,003
-	43,733,064	-	-	43,733,064
916,107	-	-	-	10,865,663
<u>916,107</u>	<u>43,733,064</u>	<u>-</u>	<u>-</u>	<u>171,903,465</u>
<u>1,247,032</u>	<u>43,761,871</u>	<u>-</u>	<u>-</u>	<u>176,822,728</u>
-	-	-	-	6,479,590
-	945,722	-	-	945,722
-	945,722	-	-	7,425,312
-	-	-	-	12,108,404
4,354,960	(22,920,094)	2,005,818	200,000	(86,672,635)
<u>\$ 4,354,960</u>	<u>\$ (22,920,094)</u>	<u>\$ 2,005,818</u>	<u>\$ 200,000</u>	<u>\$ (74,564,231)</u>

**City of Pleasanton**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the year ended June 30, 2018**

	Employee Benefits	Public Art Acquisition and Maintenance	Replacement / Renovation	LPPD Retirees Insurance Reserve (Pleasanton Share Only)
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 2,885,937	\$ 65,000	\$ 5,616,061	\$ 750,000
Other revenues	13,669	3,000	-	-
<b>Total operating revenues</b>	<b>2,899,606</b>	<b>68,000</b>	<b>5,616,061</b>	<b>750,000</b>
<b>OPERATING EXPENSES:</b>				
Personnel services	5,445,070	-	-	921,235
Repairs and maintenance	-	-	403,818	-
Materials, supplies, and services	2,512,578	67,545	2,763,400	5,383
Depreciation	-	-	1,835,025	-
<b>Total operating expenses</b>	<b>7,957,648</b>	<b>67,545</b>	<b>5,002,243</b>	<b>926,618</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(5,058,042)</b>	<b>455</b>	<b>613,818</b>	<b>(176,618)</b>
<b>NONOPERATING REVENUES/EXPENSES:</b>				
Interest income	79,171	1,147	149,322	4,007
Gain (loss) from disposal of capital assets	-	-	53,271	-
<b>Total non-operating revenues (expenses)</b>	<b>79,171</b>	<b>1,147</b>	<b>202,593</b>	<b>4,007</b>
<b>Income before Transfers in (out)</b>	<b>(4,978,871)</b>	<b>1,602</b>	<b>816,411</b>	<b>(172,611)</b>
Capital contributions	-	-	49,000	-
Transfers in	-	-	199,408	-
Transfers out	-	-	(1,959,000)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(1,710,592)</b>	<b>-</b>
<b>Change in net position</b>	<b>(4,978,871)</b>	<b>1,602</b>	<b>(894,181)</b>	<b>(172,611)</b>
<b>NET POSITION (DEFICIT):</b>				
Beginning of year, as restated	(89,266,946)	494,468	35,829,299	782,325
End of year	<u>\$ (94,245,817)</u>	<u>\$ 496,070</u>	<u>\$ 34,935,118</u>	<u>\$ 609,714</u>

Self Insurance Retention	Retirees Insurance Reserve	PERS Rate Stabilization	City Enhancement	Total
\$ 1,100,000	\$ 4,971,970	\$ -	\$ 200,000	\$ 15,588,968
8,322	-	-	-	24,991
<u>1,108,322</u>	<u>4,971,970</u>	<u>-</u>	<u>200,000</u>	<u>15,613,959</u>
-	2,935,669	-	-	9,301,974
-	-	-	-	403,818
1,940,379	17,546	-	-	7,306,831
-	-	-	-	1,835,025
<u>1,940,379</u>	<u>2,953,215</u>	<u>-</u>	<u>-</u>	<u>18,847,648</u>
<u>(832,057)</u>	<u>2,018,755</u>	<u>-</u>	<u>200,000</u>	<u>(3,233,689)</u>
37,350	94,731	-	-	365,728
-	-	-	-	53,271
<u>37,350</u>	<u>94,731</u>	<u>-</u>	<u>-</u>	<u>418,999</u>
(794,707)	2,113,486	-	200,000	(2,814,690)
-	-	-	-	49,000
-	695,000	-	-	894,408
-	(756,000)	-	-	(2,715,000)
-	(61,000)	-	-	(1,771,592)
(794,707)	2,052,486	-	200,000	(4,586,282)
<u>5,149,667</u>	<u>(24,972,580)</u>	<u>2,005,818</u>	<u>-</u>	<u>(69,977,949)</u>
<u>\$ 4,354,960</u>	<u>\$ (22,920,094)</u>	<u>\$ 2,005,818</u>	<u>\$ 200,000</u>	<u>\$ (74,564,231)</u>

**City of Pleasanton**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended June 30, 2018**

	Employee Benefits	Public Art Acquisition and Maintenance	Replacement / Renovation	LPFD Retirees Insurance Reserve (Pleasanton Share Only)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash receipt from customer/other funds	\$ 2,919,363	\$ 65,000	\$ 4,854,453	\$ 750,000
Cash payment to suppliers for goods and services	(912,331)	(73,810)	(3,281,079)	(4,619)
Cash payment to and on behalf of employees for services	(66,980)	-	-	(963,825)
<b>Net cash provided (used) by operating activities</b>	<b>1,940,052</b>	<b>(8,810)</b>	<b>1,573,374</b>	<b>(218,444)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfer in	-	-	199,408	-
Transfer out	-	-	(1,959,000)	-
Interfund (payments) receipts	(942,101)	-	509,424	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(942,101)</b>	<b>-</b>	<b>(1,250,168)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Capital assets acquisition	-	(4,000)	(435,681)	-
Proceeds from sale of capital assets	-	-	53,271	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>-</b>	<b>(4,000)</b>	<b>(382,410)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received	77,510	1,162	144,036	3,414
<b>Net cash provided (used) by investing activities</b>	<b>77,510</b>	<b>1,162</b>	<b>144,036</b>	<b>3,414</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>1,075,461</b>	<b>(11,648)</b>	<b>84,832</b>	<b>(215,030)</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	11,405,975	186,398	21,598,485	829,869
End of year	\$ 12,481,436	\$ 174,750	\$ 21,683,317	\$ 614,839
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (5,058,042)	\$ 455	\$ 613,818	\$ (176,618)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	-	-	1,835,025	-
Change in operating assets and liabilities:				
Accounts receivable	19,757	(3,000)	4,394	-
Prepaid expenses	-	-	(766,002)	-
Prepaid other post employment benefits	-	-	-	42,959
Accrued liabilities	689,439	(6,265)	(113,861)	(41,826)
Accrued compensated absences	156,524	-	-	-
Net pension liability	5,221,566	-	-	-
Net OPEB liability	-	-	-	(42,959)
Claims payable	910,808	-	-	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ 1,940,052</b>	<b>\$ (8,810)</b>	<b>\$ 1,573,374</b>	<b>\$ (218,444)</b>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Contributed capital assets	\$ -	\$ -	\$ 49,000	\$ -
<b>Total noncash capital and related financing activities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49,000</b>	<b>\$ -</b>

Self Insurance Retention	Retirees Insurance Reserve	PERS Rate Stabilization	City Enhancement	Total
\$ 1,108,322	\$ 4,971,970	\$ -	\$ 200,000	\$ 14,869,108
(1,658,740)	(17,546)	-	-	(5,948,125)
-	(4,230,807)	-	-	(5,261,612)
(550,418)	723,617	-	200,000	3,659,371
-	695,000	-	-	894,408
-	(756,000)	-	-	(2,715,000)
-	942,101	-	-	509,424
-	881,101	-	-	(1,311,168)
-	-	-	-	(439,681)
-	-	-	-	53,271
-	-	-	-	(386,410)
41,017	84,627	-	-	351,766
41,017	84,627	-	-	351,766
(509,401)	1,689,345	-	200,000	2,313,559
6,096,948	14,727,486	2,005,818	-	56,850,979
\$ 5,587,547	\$ 16,416,831	\$ 2,005,818	\$ 200,000	\$ 59,164,538
\$ (832,057)	\$ 2,018,755	\$ -	\$ 200,000	\$ (3,233,689)
-	-	-	-	1,835,025
-	-	-	-	21,151
-	-	-	-	(766,002)
-	3,841,789	-	-	3,884,748
(4,559)	(205,980)	-	-	316,948
-	-	-	-	156,524
-	-	-	-	5,221,566
-	(4,930,947)	-	-	(4,973,906)
286,198	-	-	-	1,197,006
\$ (550,418)	\$ 723,617	\$ -	\$ 200,000	\$ 3,659,371
\$ -	\$ -	\$ -	\$ -	\$ 49,000
\$ -	\$ -	\$ -	\$ -	\$ 49,000

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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.

### **Retiree Insurance**

This fund collects money from retired employees and pays their share of insurance bills. Retired employees pay their share of insurance bills for a specific 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**

This fund collects the assets forfeited as a result of investigations of criminal offenses, 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 Agency, DSRSD, Tri-Valley Transportation Council, etc.), or organizations.

### **Cash Bonds**

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

### **Livermore-Pleasanton Fire Department (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, 2018**

	Retiree Insurance	Downtown Merchant Improvements	Asset Forfeiture	Miscellaneous Agencies and Trusts	Cash Bonds
<b>ASSETS</b>					
Cash and investments	\$ 4,493	\$ 41,626	\$ 143,901	\$ 907,695	\$ 2,370,061
Receivables:					
Accounts	-	-	-	438,669	-
Interest	-	139	-	-	-
Notes receivable	-	-	-	14,072	-
<b>Total assets</b>	<u>\$ 4,493</u>	<u>\$ 41,765</u>	<u>\$ 143,901</u>	<u>\$ 1,360,436</u>	<u>\$ 2,370,061</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 291	\$ -	\$ -	\$ 1,055,822	\$ -
Claims	-	-	-	-	-
Accrued compensated absences	-	-	-	-	-
Loan payable	-	-	-	14,072	-
Deposits	4,202	41,765	143,901	290,542	2,370,061
<b>Total liabilities</b>	<u>\$ 4,493</u>	<u>\$ 41,765</u>	<u>\$ 143,901</u>	<u>\$ 1,360,436</u>	<u>\$ 2,370,061</u>

Livermore- Pleasanton Fire Department (Livermore Share Only)	Total
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\$ 3,207,812	\$ 6,675,588
--------------	--------------

114,857	553,526
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8,628	8,767
-------	-------

-	14,072
---	--------

<u>\$ 3,331,297</u>	<u>\$ 7,251,953</u>
---------------------	---------------------

\$ 606,528	\$ 1,662,641
------------	--------------

4,182,000	4,182,000
-----------	-----------

579,369	579,369
---------	---------

-	14,072
---	--------

(2,036,600)	813,871
-------------	---------

<u>\$ 3,331,297</u>	<u>\$ 7,251,953</u>
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**City of Pleasanton**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2018**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<b><u>Retiree Insurance</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 6,828	\$ 528,926	\$ (531,261)	\$ 4,493
Accounts receivable	759	516,317	(517,076)	-
<b>Total assets</b>	<b>\$ 7,587</b>	<b>\$ 1,045,243</b>	<b>\$ (1,048,337)</b>	<b>\$ 4,493</b>
<b>Liabilities:</b>				
Accounts payable	\$ 1,127	\$ 503,230	\$ (504,066)	\$ 291
Deposits	6,460	508,028	(510,286)	4,202
<b>Total liabilities</b>	<b>\$ 7,587</b>	<b>\$ 1,011,258</b>	<b>\$ (1,014,352)</b>	<b>\$ 4,493</b>
<b><u>Downtown Merchant Association</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 39,291	\$ 77,872	\$ (75,537)	\$ 41,626
Interest receivable	253	139	(253)	139
<b>Total assets</b>	<b>\$ 39,544</b>	<b>\$ 78,011</b>	<b>\$ (75,790)</b>	<b>\$ 41,765</b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 74,544	\$ (74,544)	\$ -
Deposits	39,544	76,765	(74,544)	41,765
<b>Total liabilities</b>	<b>\$ 39,544</b>	<b>\$ 151,309</b>	<b>\$ (149,088)</b>	<b>\$ 41,765</b>
<b><u>Asset Forfeiture</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 80,981	\$ 86,850	\$ (23,930)	\$ 143,901
<b>Total assets</b>	<b>\$ 80,981</b>	<b>\$ 86,850</b>	<b>\$ (23,930)</b>	<b>\$ 143,901</b>
<b>Liabilities:</b>				
Accounts payable	\$ 6,000	\$ 17,930	\$ (23,930)	\$ -
Deposits	74,981	86,850	(17,930)	143,901
<b>Total liabilities</b>	<b>\$ 80,981</b>	<b>\$ 104,780</b>	<b>\$ (41,860)</b>	<b>\$ 143,901</b>
<b><u>Miscellaneous Agencies and Trust</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 4,573,431	\$ 20,028,236	\$ (23,693,972)	\$ 907,695
Receivables:				
Accounts	504,265	1,168,610	(1,234,206)	438,669
Notes	18,252	-	(4,180)	14,072
<b>Total assets</b>	<b>\$ 5,095,948</b>	<b>\$ 21,196,846</b>	<b>\$ (24,932,358)</b>	<b>\$ 1,360,436</b>
<b>Liabilities:</b>				
Payables:				
Accounts	\$ 4,683,087	\$ 20,447,218	\$ (24,074,483)	\$ 1,055,822
Notes	18,252	-	(4,180)	14,072
Deposits	394,609	19,251,825	(19,355,892)	290,542
<b>Total liabilities</b>	<b>\$ 5,095,948</b>	<b>\$ 39,699,043</b>	<b>\$ (43,434,555)</b>	<b>\$ 1,360,436</b>

(Continued)

**City of Pleasanton**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds, Continued**  
**For the year ended June 30, 2018**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<b><u>Cash Bonds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 2,509,855	\$ 321,650	\$ (461,444)	\$ 2,370,061
<b>Total assets</b>	<b>\$ 2,509,855</b>	<b>\$ 321,650</b>	<b>\$ (461,444)</b>	<b>\$ 2,370,061</b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 422,544	\$ (422,544)	\$ -
Deposits	2,509,855	321,650	(461,444)	2,370,061
<b>Total liabilities</b>	<b>\$ 2,509,855</b>	<b>\$ 744,194</b>	<b>\$ (883,988)</b>	<b>\$ 2,370,061</b>
<b><u>Livermore-Pleasanton Fire Department (Livermore Share Only)</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 2,718,764	\$ 3,169,218	\$ (2,680,170)	\$ 3,207,812
Receivables:				
Accounts	66,506	114,857	(66,506)	114,857
Interest	7,933	8,629	(7,934)	8,628
Prepaid other post-employment benefits	42,959	-	(42,959)	-
<b>Total assets</b>	<b>\$ 2,836,162</b>	<b>\$ 3,292,704</b>	<b>\$ (2,797,569)</b>	<b>\$ 3,331,297</b>
<b>Liabilities:</b>				
Accounts payable	\$ 183,658	\$ 606,528	\$ (183,658)	\$ 606,528
Claims payable	4,013,192	4,182,000	(4,013,192)	4,182,000
Accrued compensated absences	579,369	-	-	579,369
Deposits	(1,940,057)	1,566,721	(1,663,264)	(2,036,600)
<b>Total liabilities</b>	<b>\$ 2,836,162</b>	<b>\$ 6,355,249</b>	<b>\$ (5,860,114)</b>	<b>\$ 3,331,297</b>
<b><u>Total of All Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 9,929,150	\$ 24,212,752	\$ (27,466,314)	\$ 6,675,588
Receivables:				
Accounts	571,530	1,799,784	(1,817,788)	553,526
Interest	8,186	8,768	(8,187)	8,767
Notes receivable	18,252	-	(4,180)	14,072
Prepaid other post-employment benefits	42,959	-	(42,959)	-
<b>Total assets</b>	<b>\$ 10,570,077</b>	<b>\$ 26,021,304</b>	<b>\$ (29,339,428)</b>	<b>\$ 7,251,953</b>
<b>Liabilities:</b>				
Payables:				
Accounts	\$ 4,873,872	\$ 22,071,994	\$ (25,283,225)	\$ 1,662,641
Claims	4,013,192	4,182,000	(4,013,192)	4,182,000
Accrued compensated absences	579,369	-	-	579,369
Loan	18,252	-	(4,180)	14,072
Deposits	1,085,392	21,811,839	(22,083,360)	813,871
<b>Total liabilities</b>	<b>\$ 10,570,077</b>	<b>\$ 48,065,833</b>	<b>\$ (51,383,957)</b>	<b>\$ 7,251,953</b>

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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.

Contents	<u>Page</u>
<b><i>Financial Trends Information</i></b> This information is intended to assist in understanding and assessing how a government's financial position has changed over time.	191
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<b><i>Debt Capacity Information</i></b> This information is intended to assist users in understanding and assessing a government's debt burden and its ability to issue additional debt.	211
<b><i>Demographic and Economic Information</i></b> 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.	219
<b><i>Operating Information</i></b> This information is intended to provide information about operations and resources to assist readers in using financial statements information to understand and assess a government's economic condition.	223

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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			
	2009	2010	2011	2012
<b>Governmental Activities</b>				
Net investment in capital assets (1)	\$ 408,670,524	\$ 447,001,813	\$ 442,888,249	\$ 459,571,666
Restricted	49,187,538	52,277,108	53,388,353	53,945,028
Unrestricted (2)	145,009,695	129,218,569	125,477,861	116,496,384
<b>Total governmental activities net position</b>	<b>\$ 602,867,757</b>	<b>\$ 628,497,490</b>	<b>\$ 621,754,463</b>	<b>\$ 630,013,078</b>
<b>Business-Type Activities</b>				
Net investment in capital assets	\$ 214,389,793	\$ 210,069,900	\$ 202,753,118	\$ 196,819,739
Restricted	610,294	264,948	2,267,923	4,273,502
Unrestricted	49,036,181	42,260,016	40,528,824	41,306,525
<b>Total business-type activities net position</b>	<b>\$ 264,036,268</b>	<b>\$ 252,594,864</b>	<b>\$ 245,549,865</b>	<b>\$ 242,399,766</b>
<b>Primary Government</b>				
Net investment in capital assets	\$ 623,060,317	\$ 657,071,713	\$ 645,641,367	\$ 656,391,405
Restricted	49,797,832	52,542,056	55,656,276	58,218,530
Unrestricted	194,045,876	171,478,585	166,006,685	157,802,909
<b>Total primary government activities net position</b>	<b>\$ 866,904,025</b>	<b>\$ 881,092,354</b>	<b>\$ 867,304,328</b>	<b>\$ 872,412,844</b>

**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) In 2013, 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. In 2015, the negative unrestricted net position in Governmental Activities was attributable to the recording of net pension liability as a result of the implementation of GASB 68, Accounting and Financial Reporting for Pensions. In 2018, the negative unrestricted net position increased further due to the recording of net OPEB liability as a result of the implementation of GASB 75, Accounting and Financial Reporting for Post-employment

Fiscal Year Ended June 30

2013	2014	2015	2016	2017	2018
\$ 478,640,595	\$ 478,618,864	\$ 487,153,226	\$ 497,839,233	\$ 509,064,211	\$ 504,882,313
54,730,098	59,542,954	62,296,241	61,029,572	74,105,178	62,433,733
88,466,476	92,908,491	(27,653,975)	(16,776,353)	(15,318,883)	(49,675,582)
<u>\$ 621,837,169</u>	<u>\$ 631,070,309</u>	<u>\$ 521,795,492</u>	<u>\$ 542,092,452</u>	<u>\$ 567,850,506</u>	<u>\$ 517,640,464</u>
\$ 189,306,314	\$ 182,419,601	\$ 176,512,644	\$ 182,841,810	\$ 183,305,729	\$ 183,231,147
4,630,314	5,245,338	6,081,192	6,797,332	305,694	286,274
41,910,981	45,209,251	42,651,779	39,918,554	44,690,494	40,236,159
<u>\$ 235,847,609</u>	<u>\$ 232,874,190</u>	<u>\$ 225,245,615</u>	<u>\$ 229,557,696</u>	<u>\$ 228,301,917</u>	<u>\$ 223,753,580</u>
\$ 667,946,909	\$ 661,038,465	\$ 663,665,870	\$ 680,681,043	\$ 692,369,940	\$ 688,113,460
59,360,412	64,788,292	68,377,433	67,826,904	74,410,872	62,720,007
130,377,457	138,117,742	14,997,804	23,142,201	29,371,611	(9,439,423)
<u>\$ 857,684,778</u>	<u>\$ 863,944,499</u>	<u>\$ 747,041,107</u>	<u>\$ 771,650,148</u>	<u>\$ 796,152,423</u>	<u>\$ 741,394,044</u>

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

	Fiscal Year Ended June 30			
	2009	2010	2011	2012
<b>Program Revenues</b>				
<b>Governmental Activities:</b>				
<b>Charges for Services</b>				
General Government	\$ 553,377	\$ 552,655	\$ 600,615	\$ 530,379
Public Safety (1)	15,222,341	15,438,986	15,133,410	15,349,962
Community Development	2,143,307	1,881,698	1,263,487	4,213,319
Operations Services	115,257	180,938	254,425	172,033
Community Activities	3,794,922	3,316,593	3,409,771	3,814,092
Operating Grants & Contributions	4,238,873	2,352,064	2,344,348	1,981,223
Capital Grants & Contributions	15,900,420	7,684,713	9,269,252	30,930,426
<b>Total Government Activities:</b>	<u>41,968,497</u>	<u>31,407,647</u>	<u>32,275,308</u>	<u>56,991,434</u>
<b>Business-Type Activities:</b>				
<b>Charges for Services</b>				
Water	14,882,156	14,045,288	15,906,217	17,858,731
Sewer	10,461,999	10,693,533	11,201,749	12,450,545
Golf	4,374,085	4,182,190	3,871,138	3,924,212
Transit	42,289	40,306	40,278	36,393
Storm Drain	361,563	365,816	370,024	365,155
Cemetery	-	-	349,941	102,046
Pleasanton Housing Authority	175,873	160,093	155,609	153,255
Electric Vehicle	-	-	-	-
Operating Grants & Contributions	-	-	-	370,989
Capital Grants & Contributions	10,913,306	665,225	-	99,596
<b>Total Business-Type Activities</b>	<u>41,211,271</u>	<u>30,152,451</u>	<u>31,894,956</u>	<u>35,360,922</u>
<b>Total Primary Government Revenues</b>	<u>\$ 83,179,768</u>	<u>\$ 61,560,098</u>	<u>\$ 64,170,264</u>	<u>\$ 92,352,356</u>
<b>Expenses</b>				
<b>Governmental Activities:</b>				
General Government	\$ 10,751,657	\$ 14,462,794	\$ 11,320,194	\$ 11,287,857
Public Safety (1)	53,586,653	53,923,103	53,346,944	61,545,745
Community Development	12,485,756	10,931,688	11,383,162	12,614,316
Operations Services	16,774,701	16,120,414	25,859,451	25,072,278
Community Activities	25,180,011	21,559,193	13,238,584	12,186,269
Interest on Long-Term Debt	1,159,175	1,122,135	1,077,908	1,048,843
<b>Total Government Activities:</b>	<u>119,937,953</u>	<u>118,119,327</u>	<u>116,226,243</u>	<u>123,755,308</u>
<b>Business-Type Activities:</b>				
Water	20,941,922	17,710,045	18,783,261	20,624,535
Sewer	13,968,779	14,794,022	13,818,267	14,216,171
Golf	5,249,520	5,530,246	5,048,601	5,146,812
Transit	708,954	687,793	694,687	690,067
Storm Drain	1,894,830	1,866,985	1,822,769	1,746,357
Cemetery	47,983	207,186	36,998	22,544
Pleasanton Housing Authority	413,767	425,771	453,270	380,940
Electric Vehicle	-	-	-	-
<b>Total Business-Type Activities</b>	<u>43,225,755</u>	<u>41,222,048</u>	<u>40,657,853</u>	<u>42,827,426</u>
<b>Total Primary Government Expense</b>	<u>\$ 163,163,708</u>	<u>\$ 159,341,375</u>	<u>\$ 156,884,096</u>	<u>\$ 166,582,734</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 LPFD financial activity (approximately \$13.6 million) from Governmental Funds to Agency Funds.

Fiscal Year Ended June 30

	2013	2014	2015	2016	2017	2018
\$	847,400	\$ 351,432	\$ 576,781	\$ 489,842	\$ 380,148	\$ 377,968
	1,925,017	1,871,706	1,864,000	2,252,106	2,209,630	2,241,723
	5,070,801	5,406,350	6,193,038	7,434,666	7,137,220	7,283,955
	488,833	615,063	464,764	385,681	245,567	13,273
	3,786,304	3,920,184	4,429,931	4,721,811	4,238,718	5,388,824
	2,339,740	1,446,304	2,472,764	2,837,179	2,144,568	2,531,927
	8,257,001	13,322,657	13,467,743	12,777,297	29,268,836	12,083,316
	<u>22,715,096</u>	<u>26,933,696</u>	<u>29,469,021</u>	<u>30,898,582</u>	<u>45,624,687</u>	<u>29,920,986</u>
	19,874,140	19,542,181	17,700,120	17,639,091	24,979,440	28,469,053
	12,873,074	13,591,371	14,274,645	13,861,477	14,756,465	14,635,697
	3,921,815	3,781,952	3,620,949	3,825,552	3,678,545	3,772,104
	32,728	29,287	26,934	25,560	25,229	27,592
	347,612	361,348	451,835	788,101	872,260	747,726
	77,242	49,142	58,310	72,743	120,202	283,690
	163,515	176,432	182,096	129,879	-	-
	-	-	-	4,054	-	-
	182,854	114,771	259,729	244,749	107,176	72,092
	78,595	-	-	8,215,464	5,072,145	1,879,164
	<u>37,551,575</u>	<u>37,646,484</u>	<u>36,574,618</u>	<u>44,806,670</u>	<u>49,611,462</u>	<u>49,887,118</u>
\$	<u>60,266,671</u>	<u>\$ 64,580,180</u>	<u>\$ 66,043,639</u>	<u>\$ 75,705,252</u>	<u>\$ 95,236,149</u>	<u>\$ 79,808,104</u>
	10,983,778	\$ 10,360,977	\$ 11,664,448	\$ 11,626,959	\$ 13,262,964	\$ 13,642,305
	47,486,526	42,173,584	45,039,711	44,667,204	50,423,097	49,340,797
	18,502,872	15,690,263	15,545,862	14,680,399	15,053,634	20,126,026
	20,676,081	23,101,587	14,765,337	23,621,666	26,341,007	29,609,753
	11,705,687	10,767,100	12,625,484	13,158,251	14,281,965	15,343,079
	1,528,110	36,565	3,196	22,828	21,469	24,728
	<u>110,883,054</u>	<u>102,130,076</u>	<u>99,644,038</u>	<u>107,777,307</u>	<u>119,384,136</u>	<u>128,086,688</u>
	22,028,379	19,955,880	17,297,973	18,390,589	27,775,558	28,476,375
	14,050,710	14,397,652	14,585,270	14,986,417	15,952,170	16,243,756
	5,154,023	5,217,734	4,923,007	4,896,052	4,955,932	5,129,759
	668,192	656,825	576,286	647,326	647,029	724,243
	1,758,604	1,661,216	1,166,224	2,426,049	2,502,935	1,866,129
	29,656	88,195	50,420	20,755	266,740	187,186
	375,950	400,015	386,248	347,495	134	166
	-	-	-	2,500	-	-
	<u>44,065,514</u>	<u>42,377,517</u>	<u>38,985,428</u>	<u>41,717,183</u>	<u>52,100,498</u>	<u>52,627,614</u>
\$	<u>154,948,568</u>	<u>\$ 144,507,593</u>	<u>\$ 138,629,466</u>	<u>\$ 149,494,490</u>	<u>\$ 171,484,634</u>	<u>\$ 180,714,302</u>

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

	Fiscal Year Ended June 30			
	2009	2010	2011	2012
<b>Net (Expenses)/Revenue:</b>				
<b>Governmental Activities:</b>	\$ (77,969,456)	\$ (86,711,680)	\$ (83,950,935)	\$ (66,763,874)
<b>Business-Type Activities:</b>	(2,014,484)	(11,069,597)	(8,762,897)	(7,466,504)
<b>Total Net (Expense)/Revenue</b>	<u>(79,983,940)</u>	<u>(97,781,277)</u>	<u>(92,713,832)</u>	<u>(74,230,378)</u>
<b>General Revenues &amp; Other Changes in Net Position</b>				
<b>Governmental Activities:</b>				
<b>Taxes</b>				
Property taxes	50,414,405	49,724,115	48,569,049	47,923,732
Other taxes	6,031,852	5,957,264	6,245,758	6,962,201
Sales tax	17,535,784	15,420,066	18,503,316	19,107,418
Motor vehicle in lieu	236,475	206,180	356,653	36,534
Franchise fees	1,829,153	1,955,493	2,001,934	2,012,970
Unrestricted investment earnings	6,863,523	1,766,743	1,585,593	1,439,639
Miscellaneous	663,770	647,235	568,212	983,690
<b>Transfers</b>	144,302	393,080	(622,606)	(3,443,695)
<b>Total Government Activities:</b>	<u>83,719,264</u>	<u>76,070,176</u>	<u>77,207,909</u>	<u>75,022,489</u>
<b>Business-Type Activities:</b>				
Unrestricted investment earnings	1,176,950	267,730	264,762	282,760
Equity interest in gain from joint ventures	-	-	-	-
Miscellaneous	1,078,280	1,151,141	830,530	589,950
<b>Transfers</b>	(144,302)	(393,080)	622,606	3,443,695
<b>Total Business-Type Activities</b>	<u>2,110,928</u>	<u>1,025,791</u>	<u>1,717,898</u>	<u>4,316,405</u>
<b>Total Primary Government</b>	<u>85,830,192</u>	<u>77,095,967</u>	<u>78,925,807</u>	<u>79,338,894</u>
<b>Change in Net Position</b>				
<b>Governmental Activities:</b>	5,749,808	(10,641,504)	(6,743,027)	8,258,615
<b>Business-Type Activities:</b>	96,444	(10,043,806)	(7,044,999)	(3,150,099)
<b>Total Primary Government</b>	<u>\$ 5,846,252</u>	<u>\$ (20,685,310)</u>	<u>\$ (13,788,026)</u>	<u>\$ 5,108,516</u>

Fiscal Year Ended June 30

	2013	2014	2015	2016	2017	2018
\$	(88,167,958)	\$ (75,196,380)	\$ (70,175,017)	\$ (77,590,854)	\$ (74,023,542)	\$ (98,361,115)
	(6,513,939)	(4,731,033)	(2,410,810)	3,801,616	(2,224,943)	(2,545,083)
	<u>(94,681,897)</u>	<u>(79,927,413)</u>	<u>(72,585,827)</u>	<u>(73,789,238)</u>	<u>(76,248,485)</u>	<u>(100,906,198)</u>
	48,648,728	50,366,818	53,744,273	57,276,734	61,203,788	65,730,411
	7,866,876	8,278,095	9,292,582	10,680,021	11,286,091	11,734,873
	19,102,977	20,993,123	22,410,654	23,543,972	23,362,536	21,764,560
	30,491	-	-	-	-	-
	2,114,954	2,371,125	2,455,508	2,570,130	2,637,490	2,685,070
	230,933	2,326,506	1,493,023	1,878,574	1,029,883	1,087,214
	1,076,858	868,797	275,323	1,647,178	750,129	165,541
	920,232	(774,943)	(755,609)	291,205	(488,321)	(1,100,016)
	<u>79,992,049</u>	<u>84,429,521</u>	<u>88,915,754</u>	<u>97,887,814</u>	<u>99,781,596</u>	<u>102,067,653</u>
	(100,734)	525,766	325,838	486,865	208,100	353,862
	-	-	-	-	-	-
	982,747	456,905	1,635,657	314,805	272,743	714,489
	(920,232)	774,943	755,609	(291,205)	488,321	1,100,016
	<u>(38,219)</u>	<u>1,757,614</u>	<u>2,717,104</u>	<u>510,465</u>	<u>969,164</u>	<u>2,168,367</u>
	<u>79,953,830</u>	<u>86,187,135</u>	<u>91,632,858</u>	<u>98,398,279</u>	<u>100,750,760</u>	<u>104,236,020</u>
	(8,175,909)	9,233,141	18,740,737	20,296,960	25,758,054	3,706,538
	(6,552,158)	(2,973,419)	306,294	4,312,081	(1,255,779)	(376,716)
\$	<u>(14,728,067)</u>	<u>\$ 6,259,722</u>	<u>\$ 19,047,031</u>	<u>\$ 24,609,041</u>	<u>\$ 24,502,275</u>	<u>\$ 3,329,822</u>

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

	Fiscal Year	
	2009	2010
<b>General Fund</b>		
Reserved	\$ 1,756,537	\$ -
Unreserved	23,694,199	25,282,385
<b>Total General Fund</b>	<u>25,450,736</u>	<u>25,282,385</u>
<b>All Other Governmental Funds</b>		
Reserved	\$ 404,188	\$ 394,945
Unreserved, reported in:		
Special Revenue Funds	22,754,570	23,681,256
Capital Projects Funds	57,965,409	52,325,470
<b>Total All Other Governments Funds</b>	<u>\$ 81,124,167</u>	<u>\$ 76,401,671</u>

	Fiscal Year Ended June 30							
	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund</b>								
Nonspendable	\$ 168,033	\$ 218,658	\$ 264,456	\$ 218,082	\$ 163,689	\$ 121,900	\$ 75,199	\$ 45,688
Restricted	-	-	-	-	-	-	-	-
Committed (2)	19,953,285	20,029,711	9,229,188	9,650,614	13,319,218	12,019,088	11,634,112	-
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	10,763,003	27,610,496
<b>Total General Fund</b>	<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>	<u>\$ 22,472,314</u>	<u>\$ 27,656,184</u>
<b>All Other Governmental Funds</b>								
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	53,388,353	53,945,028	54,730,098	59,542,954	62,296,241	61,029,572	65,496,260	62,433,733
Committed	-	-	-	-	-	1,980,559	-	-
Assigned	22,584,906	22,174,209	20,544,393	19,872,240	21,493,248	15,607,802	21,279,871	26,598,477
Unassigned	-	-	-	(732,151)	(680,538)	(521,393)	(1,165,707)	-
<b>Total All Other Governments Funds</b>	<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>	<u>\$ 85,610,424</u>	<u>\$ 89,032,210</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. In 2018, the City reclassified the amounts set aside to meet its operating reserve policy from Committed to Unassigned Fund Balance.

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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				
	2009	2010	2011	2012	2013
<b>Revenues:</b>					
Taxes	\$ 74,321,964	\$ 71,408,195	\$ 73,637,299	\$ 74,342,216	\$ 75,998,183
Special Assessments	194,311	203,798	202,642	198,710	210,276
Licenses	11,536	11,424	10,978	11,180	10,548
Permits	974,211	852,900	1,453,709	1,775,254	1,963,950
Fines and Forfeitures	471,606	453,118	554,089	514,613	606,483
Use of Money & Property	3,840,218	1,211,827	1,201,627	1,169,435	966,402
Intergovernmental	5,585,376	5,382,179	7,204,939	5,398,749	7,470,232
Franchises	1,829,153	1,955,493	2,001,935	2,012,970	2,114,955
Charges for Services (1)	14,409,775	14,741,021	14,382,797	14,624,998	955,963
Development Fees	4,747,036	1,646,586	3,104,570	3,822,464	3,117,578
Plan Check fees	483,500	428,476	918,878	1,616,141	1,200,174
Reimbursements	2,142,775	2,368,673	1,387,642	1,525,030	2,422,053
Contributions and Donations	1,145,881	1,659,234	461,576	4,341,337	414,842
Other Revenues	3,707,092	3,053,264	3,061,797	3,326,512	3,139,666
Recreation Charges	3,708,827	3,210,480	3,295,411	3,504,924	3,457,871
	<u>117,573,261</u>	<u>108,586,668</u>	<u>112,879,889</u>	<u>118,184,533</u>	<u>104,049,176</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	12,127,645	11,896,618	11,172,110	11,671,393	11,942,389
Public Safety (1)	50,354,468	51,761,407	50,091,867	52,128,400	39,771,835
Community Development	12,453,559	11,490,516	11,991,350	12,658,878	12,851,491
Operations Services	8,006,599	8,130,826	14,377,543	14,109,244	14,526,304
Community Activities	17,621,844	16,885,312	10,644,722	10,551,455	10,976,770
Capital Outlay	30,476,317	12,720,830	9,199,072	10,123,534	10,294,297
<b>Debt Service:</b>					
Principal (2)	1,425,000	1,825,000	1,860,000	1,852,741	22,132,902
Interest & Fiscal Charges (2)	1,129,603	1,091,998	1,053,120	1,009,993	1,173,287
<b>Total Expenditures</b>	<u>133,595,035</u>	<u>115,802,507</u>	<u>110,389,784</u>	<u>114,105,638</u>	<u>123,669,275</u>
Excess/(Deficiency of Revenues Over/(Under) Expenditures	<u>(16,021,774)</u>	<u>(7,215,839)</u>	<u>2,490,105</u>	<u>4,078,895</u>	<u>(19,620,099)</u>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Issuance of Debt	20,000	-	-	-	-
Capital Lease	-	-	-	102,372	-
Loan Proceeds	-	-	-	-	-
Transfers In (3)	11,193,907	6,702,172	5,610,956	10,172,452	25,318,583
Transfers Out (3)	(9,361,054)	(4,377,180)	(8,482,876)	(14,204,898)	(18,956,053)
<b>Total Other Financing Sources (Uses)</b>	<u>1,852,853</u>	<u>2,324,992</u>	<u>(2,871,920)</u>	<u>(3,930,074)</u>	<u>6,362,530</u>
<b>Net Change in Fund Balances</b>	<u>(14,168,921)</u>	<u>(4,890,847)</u>	<u>(381,815)</u>	<u>148,821</u>	<u>(13,257,569)</u>
<b>Fund Balances:</b>					
Beginning of Year	120,743,824	106,574,903	101,684,056	101,302,241	101,451,062
Prior Period Adjustment	-	-	-	-	-
<b>End of Year</b>	<u>\$ 106,574,903</u>	<u>\$ 101,684,056</u>	<u>\$ 101,302,241</u>	<u>\$ 101,451,062</u>	<u>\$ 88,193,493</u>
<b>Debt Service as a Percentage of Noncapital Expenditure (4)</b>	2.32%	2.75%	2.76%	2.70%	20.14%

**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 LPFD financial activity (approximately \$13.6 million) from Governmental Funds to Agency Funds.

(2) 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).

(3) 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.

(4) 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

	2014	2015	2016	2017	2018
\$	80,036,078	\$ 85,842,939	\$ 91,902,097	\$ 96,300,774	\$ 99,707,057
	204,912	204,755	206,219	207,293	205,355
	15,534	10,018	10,270	9,409	9,558
	1,809,142	3,276,533	3,307,959	3,598,675	3,190,162
	528,070	535,269	308,911	355,300	289,652
	2,002,307	1,445,331	1,896,314	1,329,461	1,541,498
	5,665,356	5,616,638	5,862,784	6,756,014	7,328,741
	2,371,125	2,455,509	2,570,130	2,637,490	2,685,070
	1,003,549	1,002,509	2,095,908	1,578,779	1,624,583
	8,559,519	8,684,756	7,791,583	16,489,666	5,576,884
	2,124,937	1,963,429	2,776,668	2,856,220	2,559,503
	1,759,826	2,239,210	2,463,578	6,682,770	-
	547,642	181,937	864,641	676,935	618,492
	2,985,310	3,067,997	1,865,217	1,584,539	5,297,525
	3,772,872	4,063,003	4,242,435	4,107,359	5,204,196
	<u>113,386,179</u>	<u>120,589,833</u>	<u>128,164,714</u>	<u>145,170,684</u>	<u>135,838,276</u>
	11,269,902	12,590,280	12,709,762	13,221,537	13,699,733
	41,687,750	42,781,587	44,521,472	45,505,980	47,409,160
	13,761,593	15,875,983	18,949,408	20,792,152	18,241,639
	15,943,523	7,624,563	18,028,059	17,439,410	19,610,005
	11,462,498	11,518,746	12,314,149	12,522,912	13,184,276
	12,510,682	17,322,318	21,499,776	20,737,214	15,357,331
				-	-
	1,753,025	1,781,107	1,222,660	239,863	230,911
	29,335	10,955	22,828	21,469	24,728
	<u>108,418,308</u>	<u>109,505,539</u>	<u>129,268,114</u>	<u>130,480,537</u>	<u>127,757,783</u>
	<u>4,967,871</u>	<u>11,084,294</u>	<u>(1,103,400)</u>	<u>14,690,147</u>	<u>8,080,493</u>
	-	-	-	-	-
	-	-	-	-	-
	1,687,250	1,468,014	1,198,962	-	-
	2,853,819	3,339,742	9,784,448	12,590,762	14,051,836
	(4,014,347)	(5,902,855)	(14,838,139)	(17,917,323)	(13,526,673)
	<u>526,722</u>	<u>(1,095,099)</u>	<u>(3,854,729)</u>	<u>(5,326,561)</u>	<u>525,163</u>
	<u>5,494,593</u>	<u>9,989,195</u>	<u>(4,958,129)</u>	<u>9,363,586</u>	<u>8,605,656</u>
	88,193,493	93,688,086	103,677,281	98,719,152	108,082,738
	-	-	-	-	-
\$	<u>93,688,086</u>	<u>\$ 103,677,281</u>	<u>\$ 98,719,152</u>	<u>\$ 108,082,738</u>	<u>\$ 116,688,394</u>
	1.86%	1.94%	1.15%	0.24%	0.22%

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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)
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%
2017	20,020,565,177	848,576	850,802,064	20,872,215,817	0.2971%
2018	21,273,403,047	184,502	864,794,746	22,138,382,295	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			
	2009	2010	2011	2012
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	0.0777	0.0809	0.0891	0.0908
Community College District	0.0183	0.0195	0.0211	0.0214
Flood Zone 7	0.0169	0.0203	0.0250	0.0307
Bay Area Rapid Transit District	0.0090	0.0057	0.0031	0.0041
East Bay Regional Park District	0.0100	0.0108	0.0084	0.0071
<b>Total</b>	<b>1.1319</b>	<b>1.1372</b>	<b>1.1467</b>	<b>1.1541</b>

**Note:** Rates are percentage of total assessed value

**Source:** HDL Companies

Fiscal Year Ended June 30

2013	2014	2015	2016	2017	2018
0.7029	0.7029	0.7029	0.7029	0.7029	0.7029
0.2971	0.2971	0.2971	0.2971	0.2971	0.2971
0.0963	0.0916	0.0695	0.0239	0.0224	0.0672
0.0219	0.0214	0.0217	0.0198	0.0246	0.0445
0.0228	0.0257	0.0250	0.0343	0.0333	0.0359
0.0043	0.0075	0.0045	0.0026	0.0080	0.0084
0.0051	0.0078	0.0085	0.0067	0.0032	0.0021
<u>1.1504</u>	<u>1.1540</u>	<u>1.1292</u>	<u>1.0873</u>	<u>1.0915</u>	<u>1.1581</u>

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

FY 2017/2018			FY 2007/2008		
Taxpayer	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Kaiser	\$ 297,398,764	1.34%	Kaiser Foundation Health Plan Inc.	\$ 236,387,570	1.35%
Stoneridge Properties	256,416,090	1.15%	Stoneridge Properties	222,006,753	1.27%
Stoneridge Creek Pleasanton CCRC LLC	209,496,089	0.94%	Pleasanton Property LLC	205,277,573	1.17%
6200 Stoneridge Mall Rd. Investors LLC	171,314,021	0.77%	6200 Stoneridge Mall Rd Inv	187,618,953	1.07%
Stoneridge Residential LLC	156,696,600	0.70%	C-T Stoneridge LLC	156,568,980	0.90%
Oracle America Inc/PeopleSoft	155,704,720	0.70%	Applera Corporation	142,586,338	0.82%
Tishman Speyer Archstone Smith	154,950,884	0.70%	Safeway Inc.	138,571,411	0.79%
Workday Inc.	152,951,373	0.69%	Stoneridge Residential LLC	138,217,900	0.79%
SFI Pleasanton LLC	150,179,616	0.68%	Tishman Speyer Archstone Smith	114,986,547	0.66%
GS Springhouse LLC	130,001,770	0.58%	NNN Britannia Business Ctr	108,227,160	0.62%
	<u>\$ 1,835,109,927</u>	<u>8.25%</u>		<u>\$ 1,650,449,185</u>	<u>9.44%</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	
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)	57,899,615	57,173,499	98.75%	726,117
2017	61,659,431	60,767,127	98.55%	892,304
2018	66,218,618	65,322,759	98.65%	895,859

- (1) Total Tax Levy includes estimated Unitary Tax, estimated supplemental assessments, homeowners' 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 1993.
- (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 2016. 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, 2018**

**Legal Debt Margin – Last Ten Fiscal Years**

**Pledged-Revenue Coverage for the Water Fund – Last Three Fiscal Years**

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

Fiscal Year Ended June 30	Governmental Activities			
	General Obligation Bonds	Certificates of Participation	Notes and Capital Lease Payable	Total Governmental Activities
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
2017	-	-	1,916,764	1,916,764
2018	-	-	1,685,853	1,685,853

<b>Business-Type Activities</b>				<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Debt Per Capita</b>
<b>Sewer Revenue Bonds</b>	<b>Water Revenue Bonds</b>	<b>Notes Payable</b>	<b>Capital Lease</b>			
\$ 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
-	7,100,000	10,281,920	254,072	19,552,756	0.5%	257.56
-	6,305,000	9,979,419	187,767	18,158,039	0.4%	229.27

**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		
2009	\$ -	\$ -	\$ -	0.000%	\$ -
2010	-	-	-	0.000%	-
2011	-	-	-	0.000%	-
2012	-	-	-	0.000%	-
2013	-	-	-	0.000%	-
2014	-	-	-	0.000%	-
2015	-	-	-	0.000%	-
2016	-	-	-	0.000%	-
2017	-	-	-	0.000%	-
2018	-	-	-	0.000%	-

**City of Pleasanton**  
**Direct and Overlapping Debt**  
**For the year ended June 30, 2018**

2017/18 Net Assessed Valuation: \$22,138,382,295

Overlapping Tax Debt:	Outstanding Debt 06/30/18	Percentage Applicable (1)	Estimated Share of Overlapping Debt
Alameda County	\$ 240,000,000	8.207%	\$ 19,696,800
Bay Area Rapid Transit District	837,820,000	3.198%	26,793,484
Chabot-Las Positas Community College District	693,595,000	19.004%	131,810,794
Dublin Joint Unified School District	437,094,766	0.005%	21,855
Livermore Valley Joint Unified School District	135,970,000	1.891%	2,571,193
Pleasanton Unified School District	85,286,399	97.632%	83,266,817
Sunol Glen Unified School District	565,634	0.002%	11
East Bay Regional Park District	187,800,000	4.999%	9,388,122
Total Overlapping Tax Debt:			\$ 273,549,075

Ratios to Net Assessed Valuation:

Total Overlapping Tax Debt 1.24%

Direct and Overlapping General Fund Debt:

Alameda County General Fund Obligations	\$ 905,132,500	8.207%	\$ 74,284,224
Alameda County Pension Obligation Bonds	8,937,324	8.207%	733,486
Pleasanton Unified School District Certificates of Participation	1,475,000	97.632%	1,440,072
City of Pleasanton Notes and Capital Lease	1,685,853	100.000%	1,685,853
Total Direct and Overlapping General Fund Debt:			78,143,635
Combined Total Debt			\$ 351,692,710 (2)
Total Direct Debt			\$ 1,685,853
Total Overlapping Debt			350,006,857
Combined Total Debt			\$ 351,692,710 (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	1.24%
Total Direct Debt (\$1,685,583)	0.01%
Combined Total Debt	1.59%

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			
	2009	2010	2011	2012
<b>Net Assessed Valuation</b>	\$ 17,372,924,460	\$ 17,288,705,467	\$ 16,972,068,674	\$ 16,743,623,805
<b>Conversion Percentage for Calculation of Debt Limit</b>	25%	25%	25%	25%
<b>Adjusted Assessed Valuation</b>	4,343,231,115	4,322,176,367	4,243,017,169	4,185,905,951
<b>Debt Limit Percentage</b>	15%	15%	15%	15%
<b>Legal Debt Limit</b>	<u>651,484,667</u>	<u>648,326,455</u>	<u>636,452,575</u>	<u>627,885,893</u>
<b>Amount of Debt Subject to Limit</b>	-	-	-	-
<b>Legal Debt Margin</b>	<u>\$ 651,484,667</u>	<u>\$ 648,326,455</u>	<u>\$ 636,452,575</u>	<u>\$ 627,885,893</u>
<b>Total Debt Applicable to Limit as a Percentage of Debt Limit</b>	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					
2013	2014	2015	2016	2017	2018
\$ 16,922,583,182	\$ 17,643,185,952	\$ 18,662,143,839	\$ 19,747,074,840	\$ 20,872,215,817	\$ 22,138,382,295
25%	25%	25%	25%	25%	25%
4,230,645,796	4,410,796,488	4,665,535,960	4,936,768,710	5,218,053,954	5,534,595,574
15%	15%	15%	15%	15%	15%
634,596,869	661,619,473	699,830,394	740,515,307	782,708,093	830,189,336
-	-	-	-	-	-
<u>\$ 634,596,869</u>	<u>\$ 661,619,473</u>	<u>\$ 699,830,394</u>	<u>\$ 740,515,307</u>	<u>\$ 782,708,093</u>	<u>\$ 830,189,336</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**City of Pleasanton**  
**Pledged-Revenue Coverage for the Water Fund**  
**Last Three Fiscal Years**

Fiscal Year Ended June 30	Water Revenues	Less Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2016	\$ 18,236,204	\$ 14,034,696	\$ 4,201,508	\$ -	\$ -	\$ -	N/A
2017	25,664,616	19,784,665	5,879,951	-	152,756	152,756	38.49
2018	28,778,209	22,214,564	6,563,645	1,097,501	241,580	1,339,081	4.90

**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 Nine Years Ago**

**City Employees by Function – Last Ten Fiscal Years**

**City of Pleasanton**  
**Demographic and Economic Statistics**  
**Last Ten Years**

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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%
2016	75,916	3,926,999,000	51,728	3.3%
2017	79,201	4,296,377,000	54,246	2.2%

**Source:** HDL Companies - Statistical Package  
Most current year available from HDL is for 2017.

**City of Pleasanton  
Principal Employers  
Current Year and Nine Years Ago**

Employer	FY 2017/2018		Employer	FY 2008/2009	
	Number of Employees	Percent of Total Employment		Number of Employees	Percent of Total Employment
Workday Inc.	3,865	6.89%	Safeway	3,200	6.12%
Kaiser Foundation Hospitals	3,743	6.68%	Kaiser Permanente	2,155	4.12%
Oracle America Inc.	1,500	2.68%	Oracle	1,500	2.87%
Safeway Inc.	1,386	2.47%	District	1,270	2.43%
Pleasanton Unified School District	1,300	2.32%	Robert Half International	1,000	1.91%
Ellie Mae Inc.	752	1.34%	Valley Care Medical Center	850	1.63%
Roche Molecular Systems Inc.	750	1.34%	Macy's	705	1.35%
Clorox Services Company	710	1.27%	EMC Corporation	685	1.31%
Veeva Systems Inc.	650	1.16%	Insurance	652	1.25%
Blackhawk Network Inc.	639	1.14%	Incorporated	550	1.05%
Thermo Fisher Scientific	573	1.02%	City of Pleasanton (1)	510	0.98%
ServiceMax Inc.	535	0.95%	Roche Molecular Systems Inc.	425	0.81%
Gap Inc	450	0.80%	AT&T	415	0.79%
City of Pleasanton	447	0.80%	Clorox Services Company	412	0.79%
Macy's Womens	442	0.79%	Fireside Bank	380	0.73%

Sources: City of Pleasanton Economic Development Department

<sup>(1)</sup> 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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government (1)	46	45	41	38	37	37	38	39	40	39
Public Safety (2)	186	184	181	175	175	175	175	178	178	182
Community Development	59	51	50	48	48	48	48	52	52	55
Operations Services (3)	35	36	63	59	58	57	60	62	62	61
Community Activities (3)	83	79	44	47	47	46	45	45	46	47
Utilities & Paratransit	40	39	36	35	35	38	38	38	41	41
<b>Total</b>	<b>449</b>	<b>434</b>	<b>415</b>	<b>402</b>	<b>400</b>	<b>402</b>	<b>405</b>	<b>413</b>	<b>418</b>	<b>424</b>

- (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 (LPFD) personnel per Joint Powers Agreement; does not include Livermore fire personnel in LPFD.
- (3) In 2011, the 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			
	2009	2010	2011	2012
<b>Fire:</b>				
Number of Responses (Pleasanton only)	5,007	4,952	4,146	4,342
Number of Inspections (Pleasanton only)	1,269	861	988	1,194
<b>Library:</b>				
Annual Circulation	1,433,876	1,475,666	1,465,716	1,438,609
Gate Count (# of people thru the doors)	530,738	552,779	562,757	561,351
e-Resources				
<b>Economic Development:</b>				
Business Licenses Issued	8,783	9,067	8,534	9,147
<b>Parks &amp; Community Services:</b>				
Paratransit Trips (1)	22,122	20,393	17,506	15,499
Golf Revenue Rounds Played	68,294	63,591	58,559	58,272
Aquatics Programs (No. of Participants) (2)	21,185	21,982	23,907	25,494
Sports, Camps, Classes and Leagues (No. of Participants) (2)	12,683	13,400	13,580	22,480
Amador Theater & Firehouse Arts Center (No. of Patrons)	50,100	28,380	43,048	51,096
<b>Operations Services:</b>				
Streets Resurfacing (miles)	9.0	6.0	11.5	12.0
Utility Bills Generated	131,500	134,651	132,141	126,104
New Water Connections	21	26	44	51
Gallons Delivered (in million gallons/day)	15.0 mgd	14.1 mgd	11.4 mgd	13.4 mgd
New Sewer Connections	24	26	82	49

(1) In 2013, the Downtown Route Service was reduced from 5 days a week to 3 days a week to meet the service demands.

(2) In 2013, the category was widened from youth to all participants.

**Fiscal Year Ended June 30**

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
4,548	4,753	4,849	5,133	5,579	6,010
1,032	1,415	1,552	1,912	1,538	1,301
1,428,665	1,422,134	1,309,117	353,184	1,223,999	1,217,063
551,297	556,810	529,996	521,042	527,240	607,451
		50,000	87,876	71,667	69,826
9,275	9,625	9,776	9,817	9,729	9,461
13,486	11,921	10,725	10,291	8,932	8,024
56,104	54,998	56,066	55,389	51,485	50,317
34,334	25,861	40,803	39,992	39,992	32,296
54,579	52,589	55,054	62,817	56,155	58,405
45,291	44,762	42,759	48,809	50,121	66,250
11.8	2.0	12.9	1.0	1.0	2.0
127,955	128,277	134,559	134,741	123,571	134,405
88	74	124	99	54	42
14.8 mgd	14.2 mgd	10.8 mgd	10.9 mgd	11.2 mgd	11.8 mgd
136	231	285	374	79	83

**City of Pleasanton**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

	Fiscal Year Ended June 30			
	2009	2010	2011	2012
<b>Police:</b>				
Stations	1	1	1	1
<b>Fire:</b>				
Stations (Pleasanton only)	5	5	5	5
<b>Library:</b>				
Branches	1	1	1	1
<b>Parks &amp; Community Services:</b>				
Acres of Parks Maintained*	385	385	385	385
Municipal Golf Courses	1	1	1	1
Aquatic Centers	1	1	1	1
Senior Centers	1	1	1	1
<b>Operations Services:</b>				
Streets ( miles)	213	213	214	214
Streetlights	5,992	6,007	6,007	6,007
Traffic Signals	93	93	93	95
<b>Water:</b>				
Water mains (miles)	320	320	321	324
Pumping Capacity (gallons/day)	37.0M	32.0M	30.0M	31.0M
<b>Wastewater:</b>				
Sanitary Sewers (miles)	255	255	255	257
Storm Sewers (miles)	191	192	192	194

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**

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
1	1	1	1	1	1
5	5	5	5	5	5
1	1	1	1	1	1
385	390	390	335	447	451
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
214	215	215	215	216	208
6,025	6,200	6,247	6,262	6,534	6,534
96	101	104	104	106	106
324	327	329	329	314	331
31.0M	31.0M	31.0M	31.0M	31.0M	31.0M
257	257	258	258	259	259
194	194	194	194	194	194

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