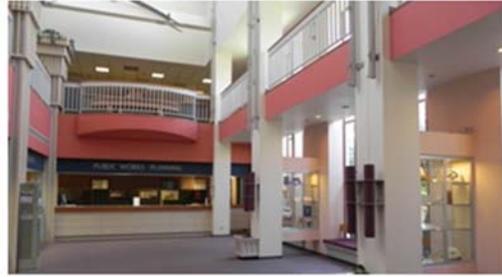


City of Pleasant Hill, California



*Comprehensive Annual Financial Report
Year Ended June 30, 2015*



CITY OF PLEASANT HILL
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2015

Prepared by

FINANCE DEPARTMENT

CITY OF PLEASANT HILL
Comprehensive Annual Financial Report
Year Ended June 30, 2015

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CITY OF PLEASANT HILL
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Year Ended June 30, 2015

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City of Pleasant Hill

December 31, 2015

To the Members of the City Council and
Citizens of the City of Pleasant Hill

I am pleased to submit the City of Pleasant Hill's (City) Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2015. The information in this report is intended to present the reader with a comprehensive view of the City's financial position and the results of its operations for the year ended June 30, 2015 along with additional disclosures and financial information designed to enable the reader to gain an understanding of the City's financial activities.

This report was prepared by the Finance Department, which assumes responsibility for the accuracy of the data and the completeness and fairness of the presentation and all disclosures, based upon a comprehensive framework of internal controls that it has established for this purpose. The objective of the internal controls is to obtain reasonable assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles (GAAP). The format and content of this CAFR complies with the principles and standards of accounting and financial reporting adopted by the Governmental Accounting Standards Board (GASB).

The City's financial statements have been audited by Macias Gini & O'Connell LLP, the City's independent certified public accountants. Macias Gini & O'Connell LLP issued an unmodified opinion, the highest possible rating, for this year's financial statements.

An overview of the City's financial activities for the fiscal year is provided in the Management's Discussion and Analysis (MD&A) section of the CAFR. MD&A complements this transmittal letter and should be read in conjunction with it.

THE CITY OF PLEASANT HILL GOVERNMENT

As a general law city incorporated in 1961, the City delivers a range of municipal services under the council-manager form of government, and offers outstanding quality of life for its 33,917 residents and covers 8.2 square miles.

City Council

The City Council consists of five members who are elected at large for staggered four-year terms. The City Clerk and City Treasurer are also elected for four-year terms. The Mayor and Vice-Mayor are elected by the Council from their own ranks and serve for one-year terms. The City Council is the appointing authority for the position of City Manager. The City Attorney is a contract position.

Budget Committee

While retaining their authority to approve all actions, the City Council has established a subcommittee to review financial matters. Staff provides the Budget Committee and Council with reports such as the CAFR and quarterly budget-versus-actual results, which are utilized in evaluating the City's financial position.

ECONOMIC OUTLOOK

The City, like much of the surrounding region, continues to emerge from the impact of the recent global recession. Consumer spending has begun to bounce back and retail sales have been increasing. The economic recovery has also resulted in higher transient occupancy tax revenues and property tax revenues.

However, even with the economic recovery, there are still challenges that the City must consider when making financial decisions. There have been significant increases in pension and healthcare benefit costs. The City has proactively taken steps over the past several years to mitigate these increased costs by negotiating increased employee contributions to the California Public Employees' Retirement System (CalPERS) retirement plan and health care premiums. Addressing critical capital asset and infrastructure needs is another priority. While staff has been successful in obtaining funding through grants, the magnitude of deferred infrastructure needs requires a larger infusion than the City can currently generate on an annual basis.

LONG-TERM FINANCIAL PLAN

During the past fiscal year, the City completed the preparation of a Long-Term Financial Plan for Fiscal Years (FY) 2015-2020. The goal of the plan was to create a realistic long-term financial plan that addresses major revenue and expenditure issues and reflects the priorities of the City Council and community. The Long-Term Financial Plan will be used as guide when preparing the upcoming FY 2016/2017 and FY 2017/2018 biennial budget, preparing other planning documents, and making operational and financial decisions.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting for the City's CAFR for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENT

The preparation of this CAFR is the result of the combined efforts the City's Finance Department and other City departments. Macias Gini & O'Connell LLP, the City's independent external auditors, assisted and contributed to the preparation of this CAFR. Acknowledgment should also be given to the City Council Budget Committee for its support in directing the financial affairs of the City in a responsible and professional manner.

Respectfully submitted,



June Catalano
City Manager



**CITY OF PLEASANT HILL
LIST OF PRINCIPAL OFFICIALS**

June 30, 2015

ELECTED OFFICIALS

Kenneth Carlson, Mayor

David Durant, Vice Mayor

Timothy Flaherty, Councilmember

Michael Harris, Councilmember

Susan Noack, Councilmember

Mark W. Celio, City Treasurer

Paige A. Kremser Stenrud, City Clerk

CITY STAFF

June Catalano, *City Manager*

Andrew Murray, *Assistant City Manager*

Janet Coleson, *City Attorney*

Kelly Calhoun, *Economic Development Manager*

Greg Fuz, *City Planner*

Ling King, *Chief Technology Officer*

Mary McCarthy, *Finance Manager*

John Moore, *Chief of Police*

Mario Moreno, *City Engineer*

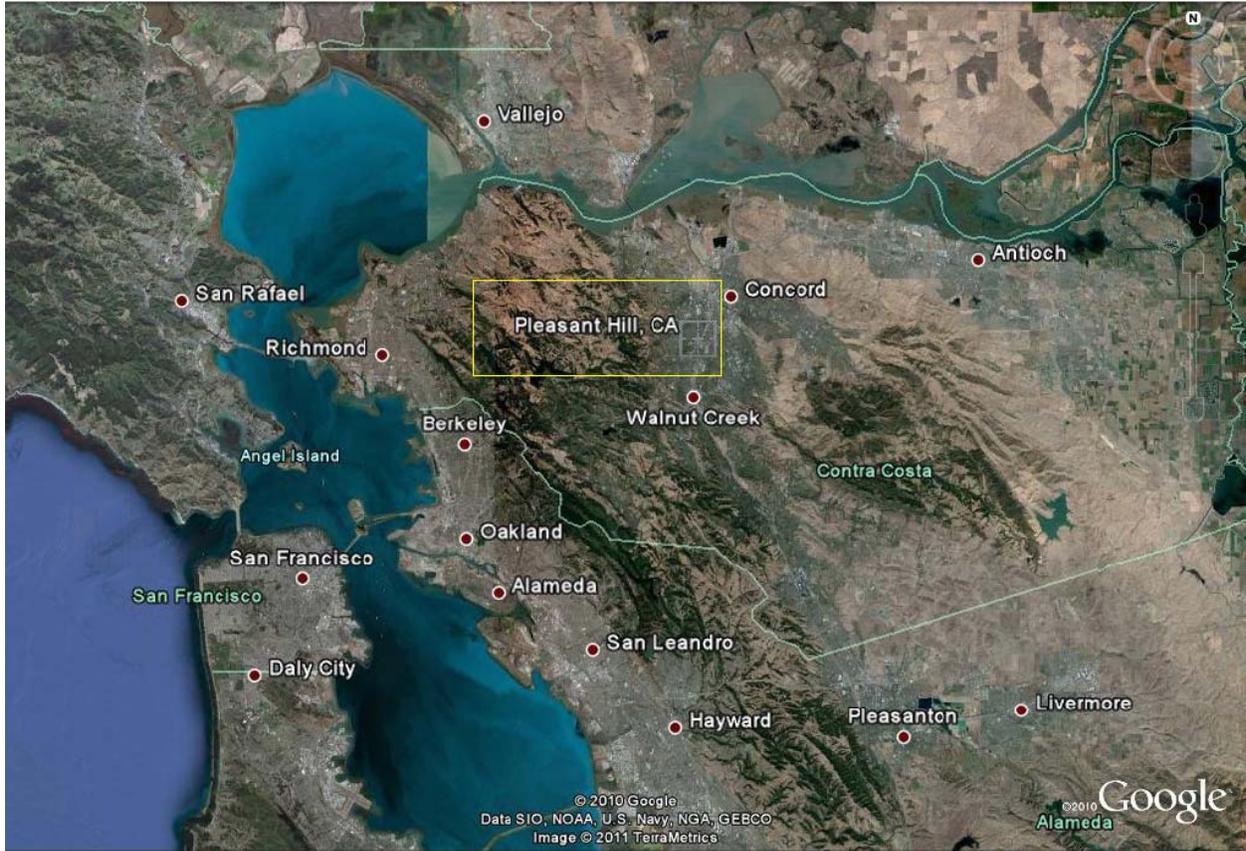
Martin Nelis, *Public Information Officer*

Cecelia Nichols - Fritzler, *Human Resources Manager*

Mike Nielsen, *Chief Building Official and Maintenance Superintendent*

CITY OF PLEASANT HILL

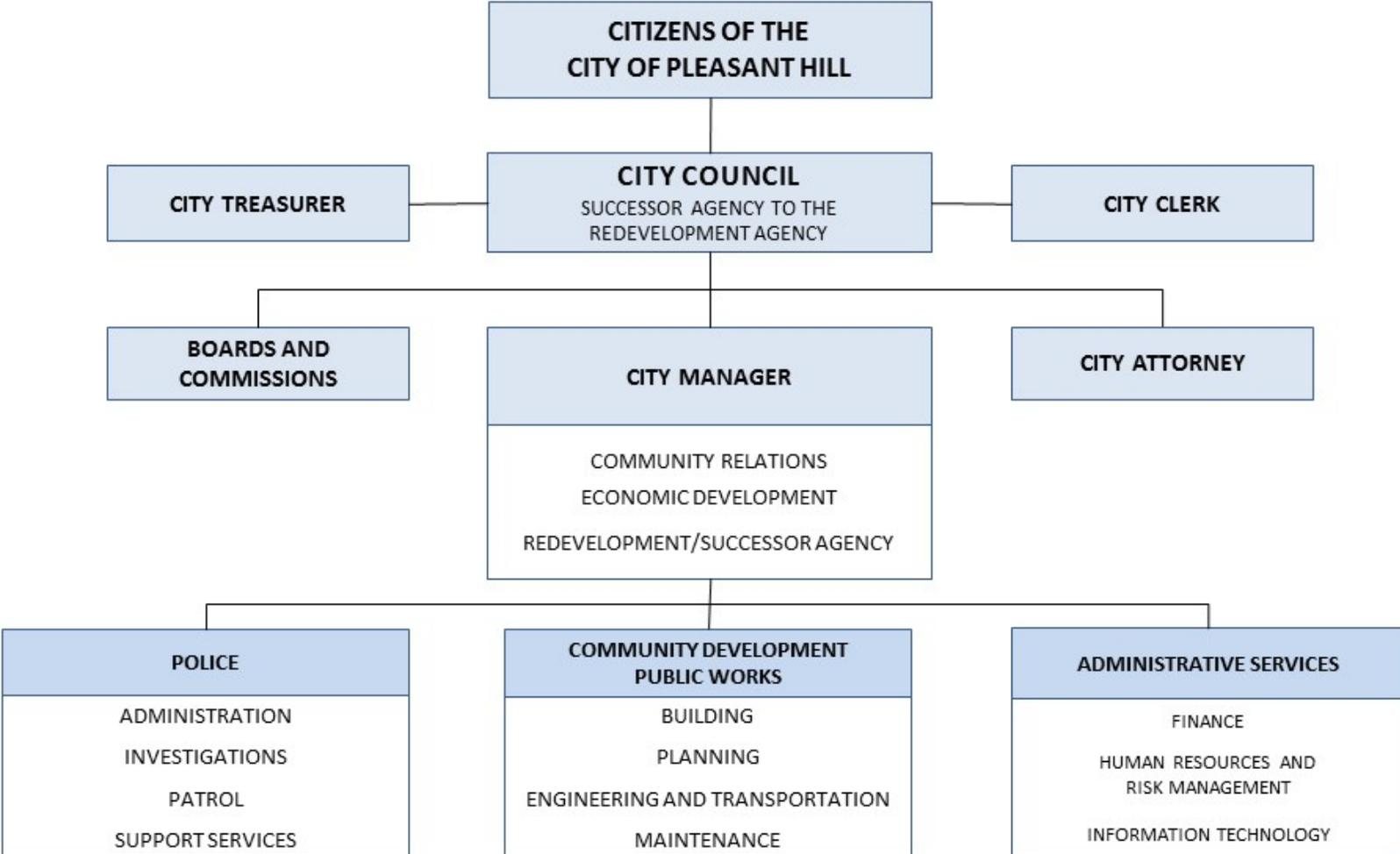
California Map





CITY OF PLEASANT HILL

Organization Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Pleasant Hill
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Pleasant Hill, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pleasant Hill (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Traffic Mitigation Fund, the Measure J Growth Management Fund, and the Gas Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1N to the basic financial statements, effective July 1, 2014, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* and reduced the net position of governmental activities by \$33,611,993. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, the schedule of City’s proportionate share of the net pension liability, and the schedule of City contributions, 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 GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The introductory section, combining and individual fund financial statements and schedules listed as other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2015 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.



Walnut Creek, California
December 31, 2015

CITY OF PLEASANT HILL
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2015

The Management's Discussion and Analysis (MD&A) section of the Comprehensive Annual Financial Report (CAFR) provides a summary of the financial statements and management's assessment of the City's financial condition. To obtain a complete understanding of the City's financial condition, the MD&A should be read in conjunction with the accompanying Transmittal Letter, Basic Financial Statements, and other information.

Financial Highlights

- The City's governmental activities' net position decreased by \$33.3 million due primarily to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (GASB 71). However, the City still reported a positive overall net position of \$56.7 million. Beginning Fiscal Year (FY) 2015 balances were restated to reflect the impact.
- The City's governmental funds reported a combined fund balances of \$25.2 million. Approximately \$4.7 million, or 18.8% of the total fund balances, is available for spending at the City's discretion (unassigned fund balance).
- The City's General Fund reported a \$6,086 deficit for the year, resulting in an ending fund balance of \$14.1 million.

Overview of the Comprehensive Annual Financial Report

This Comprehensive Annual Financial Report is organized into five sections:

- An introduction which includes the Transmittal Letter;
- The Management's Discussion and Analysis;
- A financial section containing the Basic Financial Statements and Notes;
- Supplemental Information; and
- Statistical Information.

Basic Financial Statements

The Basic Financial Statements provide a summary on the City's operations and financial position and contain the Government-Wide Financial Statements, the Fund Financial Statements and the Notes to these financial statements.

Government-wide Financial Statements

The Government-Wide Financial Statements provide a longer-term view of the City's activities as a whole. They include the Statement of Net Position and the Statement of Activities.

The Statement of Net Position includes the City's capital assets and long-term liabilities on a full accrual basis of accounting similar to that used by private sector companies. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Long-term is defined as a period in excess of one year.

The Statement of Activities provides information about the City's revenues and expenses on a full accrual basis, with an emphasis on measuring net revenues or expenses for each of the City's functions. The Statement of Activities explains in detail the change in net position for the year.

The amounts in the Statement of Net Position and the Statement of Activities are separated into Governmental and Business-Type Activities in order to provide a summary of each type of activity.

CITY OF PLEASANT HILL
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2015

Governmental Activities- Governmental activities include all of the City's basic services: general government, public safety, transportation, and community development. These services are supported by the City's general revenues such as taxes and by specific program revenues such as fees.

Business-type Activities- The City's only enterprise activity, Diablo Vista Water System, is reported as a business-type activity. The activity is supported by charges paid by users as well as by property taxes on those properties in the district.

The Government-Wide Financial Statements can be found on pages 15-16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. A fund is an independent accounting entity with a self-balancing set of accounts. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Fund Financial Statements provide detailed information about each of the City's most significant funds, called major funds. Non-major funds are combined into a single column on each fund statement. The General Fund is always considered a major fund. The other funds that the City considers major funds may change from year to year based on City activities.

The Fund Financial Statements display the City's operations in more detail than the Government-Wide Financial Statements. Their focus is primarily on the short-term (i.e. less than one year) activities of the City's General Fund and other major funds such as Traffic Mitigation, Measure J Growth Management, Gas Tax and Low and Moderate Income Housing Asset Fund.

There are basically three groups of funds in governmental accounting: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds:** These are the funds through which most governmental functions typically are financed. The fund types in this category include general, special revenue, debt service, and capital project funds.
- **Proprietary funds:** These funds are used to account for a government's ongoing activities that are similar to those found in the private sector. The fund types included in this category are enterprise and internal service funds.
- **Fiduciary funds:** These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, and other governments.

Governmental Funds

Governmental Fund Financial Statements are prepared on the modified accrual basis of accounting, which means they measure only current financial resources and uses. Long-lived assets, such as capital assets, and liabilities are only presented in the Government-Wide Financial Statements.

Because the focus for government funds is narrower than Government-Wide Financial Statements, it is useful to compare the information. It will help readers to develop a better understanding of the long-term impact of the City's decisions. Reconciliation between the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances facilitates this analysis.

The Governmental Fund Financial Statements can be found on pages 17-24 of this report.

Proprietary Funds

Proprietary Funds are prepared on the full accrual basis of accounting. These statements include all of their assets and liabilities, both current and long-term.

The Proprietary Fund Financial Statements can be found on pages 25-27 of this report.

CITY OF PLEASANT HILL
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2015

Fiduciary Funds

Fiduciary Funds are used to account for resources held for the benefit of parties outside of the City. They are not reported in the Government-Wide Financial Statements because the resources of those funds are not available to support the City's own programs.

The City has two different types of fiduciary funds: 1) Private-Purpose Trust Fund, which is used to report trust or similar arrangements that benefit other entities, and 2) Agency Fund is used to report resources held in a custodial capacity for other entities.

The Fiduciary Fund Financial Statements can be found on pages 28-29 of this report.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is necessary to acquire a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Financial Statements can be found on pages 31-62 of this report.

Required Supplementary Information

The Required Supplementary Information related to the City's pension plan is included after the Notes to the Financial Statements on pages 63-65 of this report.

Other Supplementary Information

The combining statements and schedules referred to earlier in connection with non-major Governmental Funds are presented immediately following the Required Supplementary Information to the financial statements. Combining statements and schedules can be found on pages 70-89 of this report.

CITY OF PLEASANT HILL
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2015

Financial Analysis of Government-Wide Financial Statements

The City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$56.7 million at the end of the fiscal year, a decrease in net position of \$33.3 million primarily due to the implementation of GASB 68 and 71, which required the City to report its net pension liability and pension-related deferred outflows and inflows of resources on the Statement of Net Position for the first time this fiscal year. FY 2014 amounts have not been restated for GASB 68 and 71.

Governmental Activities Net Position at June 30 (in Millions)

	2015	2014
Cash and investments	\$ 21.3	\$ 19.2
Other assets	9.4	12.8
Capital assets	66.7	68.3
Total assets	97.4	100.3
Deferred outflows of resources - pension items	2.4	-
Net pension liability	24.4	-
Long-term debt	4.1	5.6
Other liabilities	7.1	4.7
Total liabilities	35.6	10.3
Deferred inflows of resources - pension items	7.5	-
Net position:		
Net investment in capital assets	65.1	66.0
Restricted	11.5	11.6
Unrestricted	(19.9)	12.4
Total net position	\$ 56.7	\$ 90.0

The largest portion of the City's net position is its net investment in capital assets such as buildings, infrastructure (such as streets and roads) and vehicles, less any related debt used to acquire those assets. The City uses these assets to provide services to citizens. This amount is reported separately because it cannot easily be liquidated to pay liabilities.

The restricted portion of the City's net position represents resources that are subject to external restrictions on how they are used.

As mentioned above, the City implemented GASB 68 and 71 effective July 1, 2014. There are 3 major components of GASB 68 and 71 that affect the Statement of Net Position for the Governmental Activities:

- Deferred outflows of resources for pension contributions is the amount of FY 2015 contributions. The contributions are deferred to FY 2016 because the net pension liability balance is one year in arrears.
- The net pension liability represents the City's proportionate share of the net pension liability related to its participation in the CalPERS public agency multiple-employer cost-sharing plan for safety and miscellaneous members. The plan net pension liability is based upon the plan's actuarially determined total pension liability reduced by the plan's fiduciary net position as of June 30, 2014. The City's proportionate share is based on CalPERS allocations of the City's safety and miscellaneous rate plans within the cost-sharing plan as of June 30, 2014.
- Deferred inflows of resources primarily represent the difference between expected and actual earnings on plan investments. The new accounting standard requires the difference between projected and actual

CITY OF PLEASANT HILL
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2015

Compliance with GASB 68 and 71 resulted in the City's net pension liability and pension-related deferred outflows and inflows of resources being recorded on the Statement of Net Position, which reduced unrestricted net position and created a negative unrestricted net position for FY 2015. Components of the change in total net position are discussed in the following section for governmental activities.

Governmental Activities

The table below shows that Governmental activities net position increased by \$.3 million in FY 2015, excluding the restatement of the beginning balance due to the implementation of GASB 68 and 71 as previously discussed. FY 2014 amounts have not been restated for GASB 68 and 71. Key elements of this change were as follows:

<u>Changes in Governmental Activities Net Position (in Millions)</u>	<u>2015</u>	<u>2014</u>
Expenses		
General government	\$ 4.8	\$ 4.5
Public safety	8.8	8.9
Transportation	16.7	6.6
Community development	2.4	2.6
Interest and fiscal charges	0.2	0.2
Total expenses	32.9	22.8
Revenue		
Program revenues		
Charges for services	2.0	2.8
Operating contributions and grants	4.0	1.9
Capital contributions and grants	6.8	7.4
Subtotal program revenues	12.8	12.1
General revenues		
Property taxes	6.0	5.7
Sales taxes	7.7	7.5
Other taxes	6.6	6.0
Investment earnings	0.1	-
Miscellaneous	-	0.1
Subtotal general revenues	20.4	19.3
Total revenues	33.2	31.4
Changes in net position	0.3	8.6
Beginning net position	90.0	81.4
Restatement due to implementation of GASB 68 and 71	(33.6)	-
Net position, beginning of year, as restated	56.4	81.4
Net Position, end of year	\$ 56.7	\$ 90.0

Revenue Highlights

Total revenues for governmental activities were \$33.2 million, which was \$1.8 million higher than the prior year. The primary reason for the increase was higher grant and contribution revenues relating to transportation projects and higher other tax revenues due to the economic recovery.

Total property tax revenue increased by \$0.3 million from the prior year due to the economic recovery.

Sales tax increased by \$0.2 million due to increased consumer spending and additional sales tax revenue from new businesses.

Program revenues increased by \$0.7 million to \$12.8 million when compared to FY 2014 mainly due to an increase in operating contributions and grants offset by a reduction in charges for services. The increase in operating grants were mainly due to the increase in the City's Measure J Return to Source funds for the street maintenance. The decreases in charges for services were mainly due to a slight decrease in engineering, planning, and Traffic Mitigation fees. Additionally, the final community impact fee payment from Allied Waste was received in FY 2014.

CITY OF PLEASANT HILL
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2015

Expense Highlights

Expenses are classified by governmental function. Total expenses for governmental activities were \$32.9 million, which was \$10.1 million higher than the prior year. Major reasons for the increase are explained below.

Transportation expenses were \$16.7 million, which was \$10.1 million higher than the prior year. During the year, the City incurred additional costs on maintenance projects and several infrastructure projects such as the Buskirk Avenue Widening and the Golf Club Road Bridge Replacement projects. Project costs that did not result in infrastructure were expensed.

The following table presents the net revenue (expense) of each of the City's governmental activities, including interest on long-term debt. Net revenue (expense) is defined as total program cost less the revenue generated by those specific activities through charges for services, grants and contributions.

Net Revenue (Expense) of Governmental Activities (in Millions)

	2015	2014
General government	\$ (4.3)	\$ (4.2)
Public safety	(8.5)	(8.6)
Transportation	(5.9)	2.9
Community development	(1.2)	(0.7)
Interest and fiscal charges	(0.2)	(0.2)
Total	\$ (20.1)	\$ (10.8)

Overall, program revenues collected are significantly lower than the program expenses. Consequently, the City is very dependent on general revenues, particularly property and sales taxes. The City Council by resolution designated \$8.0 million for contingency reserves in the General Fund. The contingency reserve is available for working capital needs and to mitigate the impact of an economic downturn or a natural disaster.

Business-Type Activities

The Statement of Fund Net Position and Statement of Revenues, Expenses and Changes in Fund Net Position present a summary of the City's Business-Type Activities, which is only comprised of the City's Diablo Vista Water System enterprise fund.

Business-Type Activities Net Position

	2015	2014
Cash and investments	\$ 0.6	\$ 0.6
Capital assets	0.5	0.4
Total assets	1.1	1.0
Net position:		
Net investment in capital assets	0.5	0.4
Unrestricted	0.6	0.6
Total net position	\$ 1.1	\$ 1.0

CITY OF PLEASANT HILL
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2015

The net position of the business-type activities was \$1.1 million at June 30, 2015. The net position of the business-type activity consists of \$0.5 million investment in capital assets and \$0.6 million unrestricted net position. The overall net position increased \$0.1 million over the prior fiscal year.

Changes in Business-type Activities Net Position (in Millions)

	2015	2014
Expenses		
Diablo Vista Water	\$ 0.2	\$ 0.2
Revenue		
Program revenues:		
Charges for services	0.1	0.1
General revenues	0.2	0.2
Total revenues	0.3	0.3
Changes in net position	0.1	0.1
Beginning net position	1.0	0.9
Ending net position	\$ 1.1	\$ 1.0

Expenses, program revenues, and general revenues changed minimally when compared to the previous year.

Financial Analysis of Governmental Funds

As discussed earlier, the City uses governmental fund accounting to ensure compliance with finance-related legal requirements.

Governmental Funds

The City's Governmental Funds Balance Sheet provides information on near-term inflows, outflows and the balance of spendable resources. Such information is useful in assessing the City's short-term financing needs. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or others that have been delegated authority by the City Council to assign resources.

As of June 30, 2015, the City's governmental funds reported combined fund balances of \$25.2 million. Approximately \$4.7 million of the combined total fund balance is unassigned and available for spending at the City's discretion. The remainder of the fund balances is either restricted (\$11.2 million), committed (\$1.2 million), or assigned (\$8.1 million).

General Fund
Balance Sheet

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, fund balance remained consistent with the prior fiscal year at \$14.1 million.

Revenues

Total General Fund revenues, excluding transfers in from other funds, increased by \$0.7 million, or 3.4%, over FY 2014 for a total of \$21.1 million. The year-over-year change in revenue sources is noted below.

CITY OF PLEASANT HILL
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2015

General Fund Revenues for the Year Ended June 30 (in millions)

	<u>2015</u>	<u>2014</u>	<u>Incr./ (Decr.)</u>
Revenues by Sources:			
Property Tax	\$ 2.7	\$ 2.7	-
Property Tax in Lieu of VLF	2.8	2.5	0.3
Sales Tax	7.7	7.5	0.2
Other Taxes	6.5	6.0	0.5
Licenses and Permits	0.5	0.6	(0.1)
Intergovernmental	0.2	0.1	0.1
Charges for Services	0.4	0.9	(0.5)
Other	0.3	0.1	0.2
Total Revenues	\$ 21.1	\$ 20.4	\$ 0.7

Property taxes remained flat year-over-year at \$2.7 million.

Property tax in lieu of vehicle license fees (VLF) increased slightly by \$.3 million to \$2.8 million. In 2004, the State Legislature permanently reduced the tax rate from 2% to 0.65% of the current market value of the vehicle. In order to protect local governments, the reduction in VLF revenue to cities and counties was offset by increased transfer of property tax that had accrued to the State but was then transferred to cities and counties.

Sales tax revenues increased by \$0.2 million, or 3.0%, over FY 2014 for a total of \$7.7 million. The increase was driven by increased consumer confidence, which translated to stronger retail activity.

Other taxes increased by \$0.5 million, or 7.9% over FY 2014 for a total of \$6.5 million. This category includes transient occupancy tax, franchise fees, property transfer tax, business license tax and utility user's tax. The increase was primarily due to higher transient occupancy tax and business license revenue due to the economic recovery.

Licenses and permits decreased slightly by \$0.1 million from FY 2014 for a total of \$0.5 million. This category includes building fees, electrical permits, plumbing permits and energy permits. The bulk of the revenue was from construction-related activity.

Charges for services decreased by \$0.5 million, or 50%, from FY 2014 for a total of \$0.4 million. The decrease was primarily due to lower revenue from fees during the year and the final Allied Waste Management community impact fee was received during the prior year.

Intergovernmental and other revenues combined increased slightly by \$0.3 million from FY 2014 for a total of \$0.5 million. The increase was primarily due to a retroactive mandated cost reimbursement.

Expenditures

Total General Fund expenditures, excluding transfers out to other funds, increased by \$1.1 million, or 6.8%, over FY 2014 for a total of \$18.8 million. The year-over-year change in significant expenditures by function is noted below.

CITY OF PLEASANT HILL
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2015

General Fund Expenditures for the Year Ended June 30 (in millions)

Expenditures by Function	<u>2015</u>	<u>2014</u>	<u>Incr./ (Decr.)</u>
General government	\$ 4.3	\$ 4.0	0.3
Public safety	8.8	8.4	0.4
Transportation	2.8	2.6	0.2
Community development	2.1	1.9	0.2
Debt service - principal	0.8	0.8	-
Debt service - interest and fiscal charges	0.1	0.1	-
Total Expenditures	<u>\$ 18.8</u>	<u>\$ 17.7</u>	<u>\$ 1.1</u>

General Government expenditures increased by \$0.3 million, and were 7.8% over FY 2014 for a total of \$4.3 million. The increase was primarily due to an additional contribution toward library hours and higher insurance costs.

Public Safety expenditures increased by \$0.5 million, and were 6.0% over FY 2014 for a total of \$8.8 million. The increase was due to fewer vacancies in the Police Department during FY 2015.

Total Other Financing Sources (Uses)

Total other financing sources (uses) increased by (\$1.0) million from FY 2014, for a total net use of \$2.3 million.

General Fund Other Financing Sources (Uses) for the Year Ended June 30 (in millions)

Other Financing Sources (Uses)	<u>2015</u>	<u>2014</u>	<u>Incr./ (Decr.)</u>
Transfers In	\$ 0.1	\$ 0.5	(0.4)
Transfers Out	(2.4)	(1.8)	(0.6)
Total Other Financing Sources (Uses)	<u>\$ (2.3)</u>	<u>\$ (1.3)</u>	<u>\$ (1.0)</u>

Other Financing Sources (Uses)

Transfers to the General Fund from other funds were \$0.1 million compared to \$0.5 million in the prior year. Transfers to other funds were \$2.4 million compared to \$1.8 million in the prior year. Transfers will fluctuate between years due to the discretionary operating or capital needs among funds during the fiscal year.

Traffic Mitigation

The Traffic Mitigation fund accounts for revenues such as grants and fees assessed on new development to help mitigate the impact caused by development and to contribute toward the cost of local roads and other traffic improvements.

The Traffic Mitigation Fund had a slight surplus of \$0.2 million for the year ended June 30, 2015. Total revenue was \$5.5 million and total expenditures were \$5.3 million due to construction expenditures incurred for the Contra Costa Boulevard and Buskirk Widening Improvement projects.

CITY OF PLEASANT HILL
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2015

Measure J Growth Management

The Measure J Growth Management fund accounts for resources provided by the one-half cent sales tax dedicated to transportation improvement projects.

Measure J revenues had an excess of revenues over expenditures, including net transfers to other funds, of \$0.6 million. Total revenue, expenditures, and net transfers to other funds were \$1.2 million, \$0.3 million, and \$0.3 million, respectively. It is typical for revenue and expenditures to vary year-over-year due to the timing of projects and reimbursements for grants. The fund balance was \$0.4 million as of June 30, 2015.

Gas Tax Fund

The Gas Tax fund accounts for gas taxes apportioned by the State to cities based on population. These funds are restricted to engineering and administrative costs related to street projects.

The Gas Tax fund had a slight excess of expenditures over revenues, including transfers from other funds, of \$0.3 million. Total revenue was \$3.8 million and total expenditures were \$5.5 million. Transfers in from other funds were \$1.4 million. It is typical for revenue and expenditures to vary year-over-year due to the timing of projects and reimbursements for grants. The fund balance had a slight deficit of \$0.2 million as of June 30, 2015.

Low and Moderate Income Housing Asset Fund

Redevelopment agencies in California were dissolved by operation of law effective February 1, 2012. The legislation provided that successor agencies and oversight boards oversee the dissolution and wind down of redevelopment activities. At the City Council meeting on January 9, 2012, the City Council affirmed its decision to serve as Successor Agency to the Pleasant Hill Redevelopment Agency effective February 1, 2012. Upon dissolution, the City Council also elected to serve as the Housing Successor Agency and retain the housing assets, functions and powers performed by the former Agency. The Housing Successor Agency's financial data and transactions are reported in the City's Low and Moderate Income Housing Asset major governmental fund. The Low and Moderate Income Housing Asset Fund had a restricted fund balance of \$5.2 million as of June 30, 2015. The fund balance remained consistent from the previous year when the housing assets and liabilities were transferred to this fund.

Other Governmental Funds

These funds are not presented separately in the basic financial statements, but are individually presented as other supplementary information.

Financial Analysis of Enterprise Fund

Diablo Vista Water System Fund

The Diablo Vista Water System (DVWS) provides raw canal water for irrigation purposes to 474 homes. In FY 2004 City staff projected that the DVWS would be in a deficit cash position by July 1, 2008 without a fee increase. Increased costs for raw water, electricity, and maintenance of the system have reduced the amount of available funds over several years, and the systems assets are getting older. In order to continue to maintain the system, a new usage fee of \$150 per household per year was adopted by City Council Ordinance No. 786 on June 21, 2004, and took effect in FY 2005. An additional Capital Improvements fee of \$135 per household per year was also approved, and was phased in over three years, beginning in FY 2005. The increases in fees help to provide a financially solvent system. See analysis of the fund at the Business-type Activities analysis above.

General Fund Budgetary Highlights

Revenues were originally budgeted at \$20.5 million and remained unchanged in the final budget. The final budget for expenditures increased slightly by \$.1 million to \$20.5 million.

CITY OF PLEASANT HILL
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2015

When the FY 2015 adopted budget was prepared, the City projected that the General Fund would have a deficit (revenue below expenditures) of \$2.2 million for the FY 2015. At the close of FY 2015, a deficit of \$6,000 was realized. Significant items contributing to the positive variance of \$2.3 million are as follows:

Revenues were \$0.6 million greater or 3.0% over budget. The increase of revenue over budget was due to higher than budgeted revenues in several major categories (i.e. property tax, business license tax, and transient occupancy tax) as a result of the economic recovery.

Total expenditures were \$1.7 million lower than the final budget attributable primarily to savings generated by the Police department and the deferral of expenditures for Economic Development projects and programs.

Police department expenditures were \$.8 million lower than originally budgeted due to savings from vacancies and benefits during the year. While the recruitment process is ongoing, the department is not expected to be fully staffed until sometime in FY 2016.

Expenditures of \$0.5 million for Economic Development grants and loans were deferred until FY 2016.

The combined net of other financing uses was \$2.3 million, which was consistent with the amount originally budgeted.

Capital Assets

The City's infrastructure capital assets include streets and roads, curbs and gutters, storm drains, street lights, and traffic control devices. Each year, based on the determination of Public Works Department, completed projects that meet certain criteria are capitalized. Capitalizable projects that are in process at year end are recorded as Construction in Progress at that time, and are transferred to depreciable categories in the year they are completed. Capital assets and accumulated depreciation recorded on the City's financial statements are shown in the table below (further detail may be found in Note 7 to the basic financial statements).

Capital Assets as of June 30 (in Millions)

	<u>2015</u>	<u>2014</u>
Governmental Activities:		
Land	\$ 3.4	\$ 3.4
Construction in progress	5.0	15.0
Buildings and improvements	15.3	15.2
Equipment and furniture	7.5	7.2
Streets and roads	59.9	52.9
Curbs and gutters	16.3	15.5
Storm drains	7.4	6.7
Street lights	2.2	1.1
Traffic control devices	4.0	3.0
Less: accumulated depreciation	(54.3)	(51.7)
Total	<u>\$ 66.7</u>	<u>\$ 68.3</u>
Business-type Activities:		
Water system infrastructure	\$ 0.7	\$ 0.6
Less: accumulated depreciation	(0.2)	(0.2)
Total	<u>\$ 0.5</u>	<u>\$ 0.4</u>

CITY OF PLEASANT HILL
Management’s Discussion and Analysis (Unaudited)
Year Ended June 30, 2015

During the current year, the Buskirk Avenue Widening project and the Contra Costa Boulevard project were completed and their costs were transferred from the construction in progress category to various infrastructure categories. The remaining balance in the construction in progress category includes costs incurred for the Golf Club Road Bridge Replacement and Geary Road projects, which will ultimately result in additional infrastructure upon their completion. The City depreciates all its depreciable capital assets over their estimated useful lives. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Current year depreciation expense totaled \$2.7 million. Additional information on depreciable lives may be found in Note 1H.

Debt Administration

The table below lists the outstanding debt of the City’s primary government at June 30, 2015 with comparative figures for June 30, 2014:

	<u>Outstanding Debt at June 30 (in Millions)</u>	
	2015	2014
Governmental Activities Debt:		
Lease Revenue Refunding Bonds, Series 2004	\$ 1.6	\$ 2.3
2013 Public Safety Side Fund Loan	2.5	3.3
Total Outstanding Debt	\$ 4.1	\$ 5.6

Current year decrease was due to scheduled debt service payments for the year. Additional information on the long-term liabilities may be found in Note 8.

Economic Factors

The City is one of the primary retail centers in the East Bay Area Region with a mix of both national retail stores and smaller independent and locally owned retailers. The City places a high priority on attracting new businesses and supporting existing businesses. Through its economic development efforts the City works diligently to maintain a business friendly atmosphere. A business concierge service is available to businesses interested in locating or expanding in the City. These efforts to improve the economic climate in the City continue to help Pleasant Hill prosper as we continue to recover from the recession. Sales tax revenues continue to climb higher due to new retailers in several sectors including restaurants, grocery and service stations. Revenues also continue to increase for transient occupancy tax and property taxes as the economy continues its recovery.

Despite this recovery, fiscal challenges remain including increased retirement and health care costs. Addressing critical capital asset and infrastructure needs is another priority. The City must continuously work to maintain the streets and roads. While staff has been extremely successfully in obtaining grant funds, the magnitude of infrastructure needs requires a greater investment.

Contacting the City’s Financial Management

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a detailed overview of the City’s finances. Questions about this report should be directed to the Finance Department at 100 Gregory Lane, Pleasant Hill, CA 94523.

CITY OF PLEASANT HILL
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments:			
Held in City Treasury	\$ 20,742,673	\$ 553,731	\$ 21,296,404
Held with trustees	1,822,250	-	1,822,250
Receivables:			
Accounts and others	1,888,397	-	1,888,397
Grants	784,509	-	784,509
Interest	13,099	426	13,525
Due from the Successor Trust Fund	2,545,305	-	2,545,305
Prepaid items	41,496	-	41,496
Internal balances	12,000	(12,000)	-
Notes and loans receivable	2,668,055	-	2,668,055
Land held for redevelopment	191,049	-	191,049
Capital assets:			
Nondepreciable	8,362,622	-	8,362,622
Depreciable, net of accumulated depreciation	58,297,027	532,590	58,829,617
Total assets	<u>97,368,482</u>	<u>1,074,747</u>	<u>98,443,229</u>
Deferred outflows of resources - Pension items	<u>2,379,441</u>	<u>-</u>	<u>2,379,441</u>
Liabilities:			
Accounts payable and accrued liabilities	4,261,934	11,863	4,273,797
Deposits payable	573,226	-	573,226
Unearned revenue	12,305	-	12,305
Interest payable	8,090	-	8,090
Compensated absences payable:			
Due within one year	443,000	-	443,000
Due in more than one year	1,771,510	-	1,771,510
Long-term debt:			
Due within one year	1,550,000	-	1,550,000
Due in more than one year	2,540,000	-	2,540,000
Net pension liability	24,412,267	-	24,412,267
Total liabilities	<u>35,572,332</u>	<u>11,863</u>	<u>35,584,195</u>
Deferred inflows of resources - Pension items	<u>7,519,543</u>	<u>-</u>	<u>7,519,543</u>
Net position:			
Net investment in capital assets	<u>65,099,649</u>	<u>532,590</u>	<u>65,632,239</u>
Restricted for:			
Debt service	1,863,809	-	1,863,809
Special revenue:			
Public safety projects	267,105	-	267,105
Transportation projects	1,834,167	-	1,834,167
Community development projects	6,958,665	-	6,958,665
Capital projects	551,166	-	551,166
Total restricted net position	<u>11,474,912</u>	<u>-</u>	<u>11,474,912</u>
Unrestricted	<u>(19,918,513)</u>	<u>530,294</u>	<u>(19,388,219)</u>
Total net position	<u>\$ 56,656,048</u>	<u>\$ 1,062,884</u>	<u>\$ 57,718,932</u>

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 4,800,859	\$ 166,381	\$ 220,252	\$ 94,457	\$ (4,319,769)	\$ -	\$ (4,319,769)
Public safety	8,789,637	159,012	131,085	-	(8,499,540)	-	(8,499,540)
Transportation	16,701,264	401,395	3,660,756	6,690,402	(5,948,711)	-	(5,948,711)
Community development	2,450,528	1,279,317	9,537	-	(1,161,674)	-	(1,161,674)
Interest and fiscal charges	176,388	-	-	-	(176,388)	-	(176,388)
Total governmental activities	<u>32,918,676</u>	<u>2,006,105</u>	<u>4,021,630</u>	<u>6,784,859</u>	<u>(20,106,082)</u>	<u>-</u>	<u>(20,106,082)</u>
Business-type activities:							
Diablo Vista Water System	<u>253,159</u>	<u>134,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(118,639)</u>	<u>(118,639)</u>
Total	<u>\$ 33,171,835</u>	<u>\$ 2,140,625</u>	<u>\$ 4,021,630</u>	<u>\$ 6,784,859</u>	<u>(20,106,082)</u>	<u>(118,639)</u>	<u>(20,224,721)</u>
General revenues:							
Taxes:							
Property taxes					5,975,571	168,073	6,143,644
Sales taxes					7,736,714	-	7,736,714
Transient occupancy taxes					1,930,512	-	1,930,512
Franchise taxes					1,805,325	-	1,805,325
Other taxes					2,774,207	-	2,774,207
Investment earnings					137,025	1,555	138,580
Miscellaneous					46,688	-	46,688
Total general revenues					<u>20,406,042</u>	<u>169,628</u>	<u>20,575,670</u>
Change in net position					<u>299,960</u>	<u>50,989</u>	<u>350,949</u>
Net position, beginning of year, as reported					89,968,081	1,011,895	90,979,976
Restatement due to implementation of GASB Statement Nos. 68 and 71					<u>(33,611,993)</u>	<u>-</u>	<u>(33,611,993)</u>
Net position, beginning of year, as restated					<u>56,356,088</u>	<u>1,011,895</u>	<u>57,367,983</u>
Net position, end of year					<u>\$ 56,656,048</u>	<u>\$ 1,062,884</u>	<u>\$ 57,718,932</u>

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL

Governmental Funds

Balance Sheet

June 30, 2015

	General	Traffic Mitigation	Measure J Growth Management	Gas Tax	Low and Moderate Income Housing Asset	Other Governmental Funds	Total
Assets:							
Cash and investments:							
Held in City Treasury	\$ 13,168,037	\$ 3,084,818	\$ 36,117	\$ 158,797	\$ 438,392	\$ 3,856,512	\$ 20,742,673
Held with trustees	890,703	-	-	-	-	931,547	1,822,250
Receivables:							
Accounts and other	1,186,868	-	501,700	11,240	-	188,589	1,888,397
Grants	-	-	-	784,509	-	-	784,509
Interest	9,637	1,610	-	317	113	1,422	13,099
Due from the Successor Agency Trust Fund	-	-	-	-	2,545,305	-	2,545,305
Due from other funds	227,925	-	-	-	-	-	227,925
Prepaid items	-	-	-	-	-	41,496	41,496
Advance to other funds	12,000	-	-	-	-	-	12,000
Notes and loans receivable	-	-	-	-	2,668,055	-	2,668,055
Land held for redevelopment	-	-	-	-	191,049	-	191,049
Total assets	<u>\$ 15,495,170</u>	<u>\$ 3,086,428</u>	<u>\$ 537,817</u>	<u>\$ 954,863</u>	<u>\$ 5,842,914</u>	<u>\$ 5,019,566</u>	<u>\$ 30,936,758</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:							
Liabilities:							
Accounts payable and accrued liabilities	\$ 849,374	\$ 2,106,255	\$ -	\$ 1,155,161	\$ -	\$ 151,144	\$ 4,261,934
Deposits payable	573,226	-	-	-	-	-	573,226
Unearned revenue	12,305	-	-	-	-	-	12,305
Due to other funds	-	-	124,053	-	-	103,872	227,925
Total liabilities	<u>1,434,905</u>	<u>2,106,255</u>	<u>124,053</u>	<u>1,155,161</u>	<u>-</u>	<u>255,016</u>	<u>5,075,390</u>
Deferred inflows of resources - unavailable revenue	-	-	-	-	617,255	-	617,255
Fund balances (deficits):							
Nonspendable	-	-	-	-	-	41,496	41,496
Restricted	890,703	980,173	413,764	-	5,225,659	3,647,501	11,157,800
Committed	-	-	-	-	-	1,167,308	1,167,308
Assigned	8,138,277	-	-	-	-	-	8,138,277
Unassigned	5,031,285	-	-	(200,298)	-	(91,755)	4,739,232
Total fund balances (deficits)	<u>14,060,265</u>	<u>980,173</u>	<u>413,764</u>	<u>(200,298)</u>	<u>5,225,659</u>	<u>4,764,550</u>	<u>25,244,113</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,495,170</u>	<u>\$ 3,086,428</u>	<u>\$ 537,817</u>	<u>\$ 954,863</u>	<u>\$ 5,842,914</u>	<u>\$ 5,019,566</u>	<u>\$ 30,936,758</u>

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position - Governmental Activities
June 30, 2015

Total fund balances reported on the governmental funds balance sheet	\$	25,244,113
<p>Amounts reported for governmental activities in the statement of net position are different from those reported in the governmental funds above because of the following:</p>		
<p>Capital assets:</p>		
Capital assets used in governmental activities are not current assets or financial resources and therefore are not reported in the governmental funds.		66,659,649
<p>Deferred outflows of resources and deferred inflows of resources</p>		
<p>Certain items are not financial resources, and therefore, are not reported in the governmental funds</p>		
Deferred outflows of resources		2,379,441
Deferred inflows of resources		(7,519,543)
<p>Receivables not available:</p>		
Certain receivables are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		617,255
<p>Long-term liabilities:</p>		
<p>The liabilities below are not due and payable in the current period and therefore are not reported in the governmental funds:</p>		
Bonds payable		(1,560,000)
Loans payable		(2,530,000)
Interest payable		(8,090)
Compensated absences		(2,214,510)
Net pension liability		(24,412,267)
		(24,412,267)
Net position of governmental activities	\$	56,656,048

CITY OF PLEASANT HILL
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2015

	General	Traffic Mitigation	Measure J Growth Management	Gas Tax	Low and Moderate Income Housing Asset	Other Governmental Funds	Total
Revenues:							
Property taxes	\$ 5,517,709	\$ -	\$ -	\$ -	\$ -	\$ 457,862	\$ 5,975,571
Sales taxes	7,736,714	-	-	-	-	-	7,736,714
Other taxes and special assessments	6,509,744	-	-	-	-	782,128	7,291,872
Licenses and permits	532,040	-	-	-	-	-	532,040
Intergovernmental	236,878	5,500,239	1,210,154	3,792,849	-	254,439	10,994,559
Charges for services	437,359	3,011	-	-	-	113,181	553,551
Fines and forfeitures	53,895	-	-	-	-	82,604	136,499
Use of money and property	45,595	3,882	116	406	81,460	5,566	137,025
Other	24,548	-	-	-	-	8,260	32,808
Total revenues	21,094,482	5,507,132	1,210,270	3,793,255	81,460	1,704,040	33,390,639
Expenditure:							
Current:							
General government	4,283,009	-	-	-	-	236,003	4,519,012
Public safety	8,758,244	-	-	-	-	96,195	8,854,439
Transportation	2,835,800	5,330,815	306,232	5,477,568	-	432,721	14,383,136
Community development	2,041,476	-	-	-	2,717	531,274	2,575,467
Capital outlay	-	-	-	-	-	1,325,838	1,325,838
Debt service:							
Principal	789,000	-	-	-	-	710,000	1,499,000
Interest and fiscal charges	101,262	-	-	-	-	78,313	179,575
Total expenditures	18,808,791	5,330,815	306,232	5,477,568	2,717	3,410,344	33,336,467
Excess (deficiency) of revenues over (under) expenditures	2,285,691	176,317	904,038	(1,684,313)	78,743	(1,706,304)	54,172
Other financing sources (uses):							
Proceeds from sale of capital asset	-	-	-	-	-	5,203	5,203
Transfers in	100,000	50,000	36,000	1,351,650	-	1,705,867	3,243,517
Transfers out	(2,391,777)	-	(350,000)	-	-	(501,740)	(3,243,517)
Total other financing sources (uses)	(2,291,777)	50,000	(314,000)	1,351,650	-	1,209,330	5,203
Change in fund balances	(6,086)	226,317	590,038	(332,663)	78,743	(496,974)	59,375
Fund balances (deficits), beginning of year	14,066,351	753,856	(176,274)	132,365	5,146,916	5,261,524	25,184,738
Fund balances (deficits), end of year	<u>\$ 14,060,265</u>	<u>\$ 980,173</u>	<u>\$ 413,764</u>	<u>\$ (200,298)</u>	<u>\$ 5,225,659</u>	<u>\$ 4,764,550</u>	<u>\$ 25,244,113</u>

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities - Governmental Activities
For the Year Ended June 30, 2015

Net change in fund balances - total governmental funds \$ 59,375

Amounts reported for governmental activities in the statement of activities
are different because of the following:

Capital assets transactions:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets reported as:

Capital outlay	1,325,838
Current transportation	3,412,660
Less current year depreciation	(2,706,059)
Less current year disposal of capital asset	(3,672,040)

Pension transactions:

Pension contribution made subsequent to the measurement date is an expenditure in the governmental funds, but reported as a deferred outflows of resources in the government-wide financial statements 1,797,824

Pension expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds (1,519,275)

Long-term debt transactions:

Repayment of bond principal is an expenditure in the governmental funds, but in the statement of net position the repayment reduces long-term liabilities. 1,499,000

Accrual of noncurrent items:

The amounts below included in the statement of activities do not provide or use current financial resources and therefore are not reported as revenues or expenditures in governmental funds:

Change in compensated absences	271,453
Change in interest payable	3,187
Change in deferred inflows of resources - unavailable revenue	(172,003)
Change in net position of governmental activities	\$ 299,960

CITY OF PLEASANT HILL
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 2,393,791	\$ 2,393,791	\$ 2,750,070	\$ 356,279
Property tax in lieu of Vehicle License Fee (VLF)	2,650,891	2,650,891	2,767,639	116,748
Sales taxes	7,750,000	7,750,000	7,736,714	(13,286)
Other taxes	6,235,207	6,235,207	6,509,744	274,537
Licenses and permits	585,487	585,487	532,040	(53,447)
Intergovernmental	45,982	45,982	236,878	190,896
Charges for current services	596,524	596,524	437,359	(159,165)
Fines and forfeitures	55,825	55,825	53,895	(1,930)
Use of money and property	60,000	60,000	45,595	(14,405)
Other	110,200	110,200	24,548	(85,652)
Total revenues	<u>20,483,907</u>	<u>20,483,907</u>	<u>21,094,482</u>	<u>610,575</u>
Expenditures:				
Current:				
General government:				
City Council	151,648	147,672	141,451	6,221
City Manager	900,509	806,519	775,497	31,022
City Attorney	435,079	435,079	403,216	31,863
City Clerk	135,697	129,543	126,020	3,523
City Treasurer	9,394	9,394	11,727	(2,333)
Finance	915,969	901,648	857,829	43,819
Computer services	15,945	15,945	18,577	(2,632)
Human Resources	515,566	515,566	500,051	15,515
Risk management	432,825	432,825	520,580	(87,755)
City Hall facility	160,055	160,055	123,031	37,024
Non-departmental	660,625	660,625	805,030	(144,405)
Total general government	<u>4,333,312</u>	<u>4,214,871</u>	<u>4,283,009</u>	<u>(68,138)</u>
Public safety:				
Police	9,250,299	9,345,503	8,578,235	767,268
Narcotics	-	-	1,418	(1,418)
Animal control	178,591	178,591	178,591	-
Total public safety	<u>9,428,890</u>	<u>9,524,094</u>	<u>8,758,244</u>	<u>765,850</u>
Transportation:				
Public works administration	762,799	762,949	727,204	35,745
Public works maintenance	2,252,398	2,305,394	2,108,596	196,798
Total transportation	<u>3,015,197</u>	<u>3,068,343</u>	<u>2,835,800</u>	<u>232,543</u>
Community development:				
Planning	955,726	955,726	910,565	45,161
Building inspection	526,384	526,384	479,155	47,229
Community relations	400,978	412,063	270,414	141,649
Economic development	823,882	883,882	381,342	502,540
Total community development	<u>2,706,970</u>	<u>2,778,055</u>	<u>2,041,476</u>	<u>736,579</u>
Debt service:				
Principal	789,000	789,000	789,000	-
Interest and fiscal charges	101,262	101,262	101,262	-
Total debt service	<u>890,262</u>	<u>890,262</u>	<u>890,262</u>	<u>-</u>
Total expenditures	<u>20,374,631</u>	<u>20,475,625</u>	<u>18,808,791</u>	<u>1,666,834</u>
Excess of revenues over expenditures	<u>109,276</u>	<u>8,282</u>	<u>2,285,691</u>	<u>2,277,409</u>
Other financing sources (uses):				
Transfers in	100,000	100,000	100,000	-
Transfers out	(2,391,777)	(2,391,777)	(2,391,777)	-
Total other financing sources (uses)	<u>(2,291,777)</u>	<u>(2,291,777)</u>	<u>(2,291,777)</u>	<u>-</u>
Change in fund balance	<u>\$ (2,182,501)</u>	<u>\$ (2,283,495)</u>	<u>(6,086)</u>	<u>\$ 2,277,409</u>
Fund balance, beginning of year			<u>14,066,351</u>	
Fund balance, end of year			<u>\$ 14,060,265</u>	

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Traffic Mitigation Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 9,204,522	\$ 9,204,522	\$ 5,500,239	\$ (3,704,283)
Charges for services	11,600	11,600	3,011	(8,589)
Use of money and property	1,926	1,926	3,882	1,956
Total revenues	<u>9,218,048</u>	<u>9,218,048</u>	<u>5,507,132</u>	<u>(3,710,916)</u>
Expenditures:				
Current:				
Transportation	8,556,288	13,197,114	5,330,815	7,866,299
Excess (deficiency) of revenues over (under) expenditures	<u>661,760</u>	<u>(3,979,066)</u>	<u>176,317</u>	<u>4,155,383</u>
Other financing sources:				
Transfers in	50,000	50,000	50,000	-
Change in fund balance	<u>\$ 711,760</u>	<u>\$ (3,929,066)</u>	226,317	<u>\$ 4,155,383</u>
Fund balance, beginning of year			<u>753,856</u>	
Fund balance, end of year			<u>\$ 980,173</u>	

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Measure J Growth Management Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 425,493	\$ 425,493	\$ 1,210,154	\$ 784,661
Use of money and property	550	550	116	(434)
Total revenues	<u>426,043</u>	<u>426,043</u>	<u>1,210,270</u>	<u>784,227</u>
Expenditures:				
Current:				
Transportation	<u>82,322</u>	<u>257,795</u>	<u>306,232</u>	<u>(48,437)</u>
Excess of revenues over expenditures	<u>343,721</u>	<u>168,248</u>	<u>904,038</u>	<u>735,790</u>
Other financing uses:				
Transfers out	<u>(350,000)</u>	<u>(350,000)</u>	<u>(350,000)</u>	<u>-</u>
Change in fund balance	<u>\$ (6,279)</u>	<u>\$ (181,752)</u>	<u>590,038</u>	<u>\$ 771,790</u>
Fund balance (deficit), beginning of year			<u>(176,274)</u>	
Fund balance, end of year			<u>\$ 413,764</u>	

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Gas Tax Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 5,110,679	\$ 5,110,679	\$ 3,792,849	\$ (1,317,830)
Use of money and property	1,564	1,564	406	(1,158)
Total revenues	<u>5,112,243</u>	<u>5,112,243</u>	<u>3,793,255</u>	<u>(1,318,988)</u>
Expenditures:				
Current:				
Transportation	<u>6,122,468</u>	<u>9,769,818</u>	<u>5,477,568</u>	<u>4,292,250</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,010,225)</u>	<u>(4,657,575)</u>	<u>(1,684,313)</u>	<u>2,973,262</u>
Other financing sources:				
Transfers in	<u>1,302,350</u>	<u>1,351,650</u>	<u>1,351,650</u>	<u>-</u>
Change in fund balance	<u>\$ 292,125</u>	<u>\$ (3,305,925)</u>	<u>(332,663)</u>	<u>\$ 2,973,262</u>
Fund balance, beginning of year			<u>132,365</u>	
Fund balance (deficit), end of year			<u>\$ (200,298)</u>	

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Proprietary Fund
Statement of Fund Net Position
June 30, 2015

	<u>Diablo Vista Water System Enterprise Fund</u>
Assets:	
Current assets:	
Cash and investments held in City Treasury	\$ 553,731
Interest receivable	426
Total current assets	<u>554,157</u>
Noncurrent assets:	
Capital assets:	
Depreciable, net of accumulated depreciation	<u>532,590</u>
Total assets	<u>1,086,747</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	11,863
Advance from other funds	<u>12,000</u>
Total liabilities	<u>23,863</u>
Net position:	
Net investment in capital assets	532,590
Unrestricted	<u>530,294</u>
Total net position	<u><u>\$ 1,062,884</u></u>

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2015

	<u>Diablo Vista Water System Enterprise Fund</u>
Operating revenues:	
Water district assessments and charges	<u>\$ 134,520</u>
Operating expenses:	
Purchased water	104,834
Personnel services	18,459
Contract services	30,907
Administration and office utilities	22,573
Repairs and maintenance	44,815
Depreciation	31,571
Total operating expenses	<u>253,159</u>
Operating loss	(118,639)
Nonoperating revenues:	
Property taxes	168,073
Interest income	1,555
Total nonoperating revenues	<u>169,628</u>
Change in net position	50,989
Net position, beginning of year	<u>1,011,895</u>
Net position, end of year	<u><u>\$ 1,062,884</u></u>

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Proprietary Fund
Statement of Cash Flows
For the Year Ended June 30, 2015

	<u>Diablo Vista Water System Enterprise Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 134,520
Cash payments to suppliers for goods and services	(212,103)
Cash payments to other funds for services provided	(18,459)
Net cash used in operating activities	<u>(96,042)</u>
Cash flows from noncapital financing activities:	
Property tax received	168,073
Repayment of interfund loans	(12,000)
Net cash provided by noncapital financing activities	<u>156,073</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(146,046)</u>
Cash flows from investing activities:	
Interest income received	<u>1,484</u>
Net change in cash and cash equivalents	(84,531)
Cash and cash equivalents, beginning of year	<u>638,262</u>
Cash and cash equivalents, end of year	<u><u>\$ 553,731</u></u>
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (118,639)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	31,571
Change in accounts payable and accrued liabilities	(8,974)
Net cash used in operating activities	<u><u>\$ (96,042)</u></u>

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2015

	<u>Private-Purpose Trust Fund - Successor Agency</u>	<u>Agency Funds</u>
Assets:		
Cash and investments:		
Held in City Treasury	\$ 2,036,610	\$ 748,429
Held with trustees	651,604	-
Receivables:		
Accounts	-	207,552
Interest	4,015	377
Due from other governmental agencies	-	108,295
Loans receivable	460,000	-
Land held for redevelopment	86,100	-
Total assets	<u>3,238,329</u>	<u>1,064,653</u>
Liabilities:		
Accounts payable and accrued liabilities	853,509	108,748
Interest payable	136,442	-
Due to the Low and Moderate Income Housing Asset Fund	2,545,305	-
Due to others	-	955,905
Long-term debt:		
Due within one year	705,000	-
Due in more than one year	8,785,000	-
Total liabilities	<u>13,025,256</u>	<u>1,064,653</u>
Net Position:		
Held in trust	<u>\$ (9,786,927)</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Private-Purpose Trust Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2015

	Private-Purpose Trust Fund - Successor Agency
Additions:	
Redevelopment property tax revenues	\$ 2,334,258
Investment earnings	17,482
Total additions	2,351,740
Deductions:	
Community development expenses	2,004,166
Interest and fiscal charges	421,867
Total deductions	2,426,033
Change in net position	(74,293)
Net position held in trust, beginning of year	(9,712,634)
Net position held in trust, end of year	\$ (9,786,927)

See accompanying notes to basic financial statements.

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CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Pleasant Hill (City) was incorporated on November 14, 1961 under the laws of the State of California. The City operates under the Council-City Manager form of government and provides the following services: police, highways and streets, public improvements, planning and zoning, and general administration services.

The basic financial statements include the financial activities of the City, Successor Agency to the Pleasant Hill Redevelopment Agency (Successor Agency) and the Pleasant Hill Joint Powers Financing Authority (Authority).

The Successor Agency is a separate governmental entity established on February 1, 2012 for the purpose of serving as a custodian of the assets of the former Pleasant Hill Redevelopment Agency (Agency) and winding down the former Agency's activities subject to the direction of an Oversight Board. The City Council serves as the governing board of the Successor Agency. The Oversight Board is comprised of seven-member representatives from local government bodies: the Mayor of the City; the City Manager; a Contra Costa County (County) Supervisor; a representative from the County Superintendent of Schools; a representative from the Contra Costa County Fire Protection District; a Board Member from the Community College District; and a public member. The Successor Agency's financial transactions are accounted for in a private-purpose trust fund, a fiduciary fund type.

The Authority is a separate government entity whose purpose is to assist with the financing or refinancing of certain public capital facilities within the City. The Authority is controlled by the City and is governed by a board consisting of the City Manager, City Attorney and Finance Director, who also manage all accounting and administrative functions for the Authority. The Authority is a blended component unit, and is in substance, part of the City's operations and has a financial benefits and burdens relationship with the City. The financial activities of the Authority are included in the Refunding Lease Revenue Bonds Debt Service Fund.

The Successor Agency and Authority do not issue separate financial statements and are reported in the City's basic financial statements.

B. Basis of Presentation

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

Government-wide Statements: The statement of net position and the statement of activities display information about the City's primary government. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities, except where interfund services have been received or provided. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The City's business-type activities are financed in whole or in part by fees charged to external parties.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues include charges for services provided to customers. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Major Funds

Major funds are defined as funds that have either assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses equal to ten percent of their governmental or enterprise fund-type total and five percent of the combined grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

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

General Fund - Accounts for all the general revenues and financial resources of the City not specifically levied or collected for the other City funds, as well as the related expenditures.

Traffic Mitigation Fund - Accounts for contributions received and traffic mitigation fees assessed on new development to provide for street or other traffic improvements.

Measure J Growth Management Fund - Accounts for resources provided by the one-half cent sales tax dedicated to transportation improvement projects.

Gas Tax Fund - Accounts for gas tax apportioned by the state to the cities based upon three factors: vehicle registration, assessed valuation and population. These funds are used for street construction and maintenance.

Low and Moderate Income Housing Asset Fund – Accounts for housing assets and functions related to the Low and Moderate Income Housing Program retained by the City following the dissolution of the former Agency. Revenues are generated from the housing assets, including loan repayments and proceeds from the sale of the housing assets.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports its only enterprise fund as a major fund in the accompanying basic financial statements:

The Diablo Vista Water System Fund - Accounts for the financing of self-supporting activities, which render water irrigation services to the homeowners in a specific geographical area of the City, paid from property taxes and user charges.

The City also reports the following fiduciary funds:

Private-Purpose Trust Fund - The Successor Agency was created to serve as a custodian for the non-housing assets and to wind down the affairs of the former Agency. This fund accounts for the receipt of property tax revenues pursuant to the Redevelopment Dissolution Act and the value of the assets transferred from the former Agency. The Successor Agency's assets can only be used to pay enforceable obligations in existence at the date of dissolution pursuant to the Recognized Obligation Payment Schedules approved by the State Department of Finance (DOF) under the Redevelopment Dissolution Act.

Agency Funds - Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The City maintains five agency funds. These funds are custodial in nature and do not involve measurement of results of operations.

The financial activities of these fiduciary funds are excluded from the government-wide financial statements, but are presented in separate fiduciary fund financial statements.

D. Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus (agency funds do not have a measurement focus) and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

For the Diablo Vista Water System Enterprise Fund, revenues are billed to customers by the County and are included on each customer's property tax statement. Revenues for services provided but not billed at the end of a fiscal period are not considered material and are not accrued.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Generally, the City considers all revenues, except property tax revenues, reported in the governmental funds to be available if the revenues are collected within 45 days after year-end. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available within 60 days after year-end for governmental funds. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

Revenues susceptible to accrual include taxes, intergovernmental revenues, charges for services, and interest. Fines, licenses and permits are not susceptible to accrual because they are not measurable until received in cash.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities. Transactions representing the exchange of interfund goods and services have also been included.

E. Cash and Cash Equivalents

For purposes of reporting cash flows for the City's proprietary fund, pooled cash and investments held by City Treasury are considered cash equivalents as the proprietary fund can access pooled cash and investments in a manner similar to a demand deposit account.

F. Investments

The City's investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

G. Interfund Transactions

Interfund loans and balances related to unsettled service transactions are reported as receivables and payables as appropriate, and are subject to elimination upon consolidation of similar fund types, and are referred to as either "due from/to other funds" (i.e., the current portion of inter-fund loans and unsettled service transactions) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Transactions constituting reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. 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.

H. Capital Assets

Capital assets are valued at cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at their estimated fair value on the date donated. Infrastructure capital assets consisting of streets, roads, curbs, gutters, storm drains, street drainage, street lights, and traffic control devices have been capitalized and depreciated. Capital assets are defined as assets with an initial individual cost of more than \$1,500 and a useful life of in excess of one year.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. For the enterprise fund, interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Some capital assets may be acquired using federal and state grant funds, or they may be contributed by developers or other governments. These contributions are accounted for as revenues at the time the capital assets are contributed.

Depreciation is recorded using the straight line method over the following useful lives:

Buildings and improvements	10-50 years
Equipment and furniture	3-15 years
Streets and roads	50 years
Curbs and gutters	50 years
Storm drains	50 years
Street lights	50 years
Traffic control devices	50 years
Diablo Vista water system infrastructure	50 years

I. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City reports the following deferred items:

Deferred Outflows and Inflows of Resources Related to Pensions:

These deferred items are recognized and measured in financial statements prepared using the economic resources measurement focus and the accrual basis of accounting. The deferral is for changes in the net pension liability that are not included in pension expense and must be amortized in a systematic and rational manner over a closed period depending on cause beginning with the current period. These causes may include changes of future economic and demographic assumptions or other inputs, differences between expected and actual experience with regard to economic or demographic factors, and differences between projected and actual earnings on pension plan investments.

Employer contributions subsequent to the measurement date of the net pension liability are also required to be reported as deferred outflows of resources.

Unavailable Revenue:

Unavailable revenue is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from sources such as housing loans, State-mandated cost reimbursements, expenditure-driven grants, etc.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Land Held for Redevelopment

Land held for redevelopment is carried at the lower of cost, net realizable value or agreed-upon sales price if a disposition and development agreement has been made with a developer.

K. Compensated Absences

Compensated absences comprise vacation and vested sick time, which are accrued as earned. The City's liability for compensated absences is recorded in governmental activities. The liability for compensated absences is determined annually. For all governmental funds, amounts expected to be permanently liquidated (matured due to termination) are recorded as fund liabilities; the long-term portion is recorded in the statement of net position.

The changes of the compensated absences were as follows for the year ended June 30, 2015:

	Governmental Activities
Beginning Balance	\$ 2,485,964
Additions	126,140
Payments	(397,594)
Ending Balance	\$ 2,214,510
Current Portion	\$ 443,000

The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

L. Net Pension Liability

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

M. Property Tax

The County distributes property taxes to jurisdictions according to the "alternate method of property tax distribution" known as the Teeter Plan. Under this plan, the County remits 100% of the levied taxes to the appropriate jurisdictions by June 30 each year, pursuing delinquencies and keeping related late penalties to cover their costs. The City receives property taxes and property tax increments, respectively, on the following schedule: 55% in December, 40% in April and 5% in June. The lien date for secured and unsecured property taxes is established as of January 1 of the preceding fiscal year.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Secured property tax is due in two equal installments, on November 1 and February 1. It becomes delinquent after December 10 and April 10, respectively. Unsecured property tax is due upon receipt of billing and becomes delinquent on August 31. The term “unsecured” refers to taxes not secured by real property. These taxes are secured by liens on the property being taxed.

Pursuant to the Redevelopment Dissolution Act, funds that would have been distributed to the former Agency as tax increment, hereafter referred to as redevelopment property tax revenues, are deposited into the Successor Agency’s Redevelopment Property Tax Trust Fund (Trust Fund) administered by the City for the benefit of holders of the former Agency’s enforceable obligations and the taxing entities that receive pass-through payments. Distributions from the Trust Fund are to be made on the following cycles:

Distribution Dates	Covers Recognized Obligation Payment Schedules to be Paid
January 2	January 1 through June 30
June 1	July 1 through December 31

N. Effect of New Pronouncements

The City implemented the following GASB Statements during the year:

In June 2012, the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, to improve the guidance for accounting and reporting on the pensions that governments provide to their employees.

Key changes include the following:

- Separating the determination of accounting and financial reporting from how pensions are funded.
- Employers with defined benefit pension plans will recognize a net pension liability, as defined by the standard, in their government-wide, proprietary and fiduciary fund financial statements.
- Incorporating ad hoc cost-of-living adjustments and other ad hoc postemployment benefit changes into projections of benefit payments, if an employer’s past practice and future expectations of granting them indicate they are essentially automatic.
- Using a discount rate that applies (a) the expected long-term rate of return on pension plan investments for which plan assets are expected to be available to make projected benefit payments, and (b) the yield or index rate on tax-exempt 20-year general obligation municipal bonds with an average rating of AA/Aa or higher to projected benefit payments for which plan assets are not expected to be available for long-term investment in a qualified trust.
- Adopting a single actuarial cost allocation method – entry age normal – rather than the current choice among six actuarial cost methods.
- Requiring more extensive note disclosures and required supplementary information.

The statement relates to accounting and financial reporting and does not apply to a government’s approach to the funding of its pension plan. Prior to implementation of Statement No. 68, there generally was a close connection between the ways many governments fund pensions and how they account for and report information about them in financial statements.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement is intended to address an issue regarding application of the transition provisions of Statement No. 68. The issues related to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

The City adopted Statement Nos. 68 and 71 on July 1, 2014 and restated its beginning net position of governmental activities in the amount of \$33.6 million to record the beginning net pension liability and deferred outflows of resources related to pension contributions made after the measurement date as well as write off the net pension asset balance previously reported. See Note 10 for detailed information about the impact of the implementation on the City's financial statements.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is intended to improve accounting and financial reporting for U.S. state and local governments' combinations and disposals of government operations. This statement provides guidance for determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations; using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations; measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based upon their acquisition values in a government acquisition; and reporting the disposal of government operations that have been transferred or sold. The City adopted this statement, which had no impact on its financial statements.

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. The definition of *fair value* is 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. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which completes the suite of pension standards. Statement 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statement Nos. 67 and 68). The requirements in Statement No. 73 for reporting pensions generally are the same as in Statement No. 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The provisions in Statement No. 73 are effective for fiscal years beginning after June 15, 2015 - except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for financial statements for fiscal years beginning after June 15, 2016.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement addresses reporting by OPEB plans that administer benefits on behalf of governments and parallels the pension standards issued in 2012—GASB Statement No. 67. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2016.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments and parallels the pension standards issued in 2012—GASB Statement No. 68. Together, these pension and OPEB standards provide consistent and comprehensive guidance for all postemployment benefits. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2017.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement reduces the hierarchy of generally accepted accounting principles (GAAP) to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This statement specifies information that the government must disclose about the agreements. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2015.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this statement is to address a practice issue regarding the scope and applicability of Statement No. 68 associated with pensions provided through certain cost-sharing multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. Such plans are not considered a state or local government pension plan and are used to provide benefits to both employees of state and local governments and employees of employers that are not state or local governments. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2015.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement establishes criteria for an external investment pool to qualify for making the election to measure all investments at amortized cost for financial reporting purposes. Pool participants should also measure their investments at amortized cost if the external pool meets these criteria. If an external investment pool does not meet the criteria, then the pool should apply the provisions in paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Pool participants should measure their investments in that pool at fair value in accordance with paragraph 11 of Statement No. 31. This statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost and for governments that participate in those pools. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015, except for provisions on portfolio quality, custodial credit risk, and shadow pricing, which are effective for periods beginning after December 15, 2015.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The City adopts a biennial budget on or before June 30 of even-numbered years for each of the ensuing two fiscal years generally for all funds except agency funds. The Low and Moderate Income Housing Asset major governmental fund as well as Parkland Dedication, Park and Recreation, CLEEP Grant, Edward Byrne Memorial Justice Assistance Grant , DARE, and Disability Access, and , nonmajor governmental funds, were not budgeted for the fiscal year 2014-2015. The operating budget takes the form of a two-year budget, which is adopted in its entirety by the City Council by resolution.

The operating budget is subject to supplemental appropriations throughout its term in order to provide flexibility to meet changing needs and conditions. The City Manager may approve supplemental appropriations up to \$100,000 in the General Fund in increments no larger than \$25,000. Council may approve additional appropriations throughout the year as well.

The City Manager is also authorized to transfer budgeted amounts between individual departments and funds. Budget transfers between accounts within a department may be approved by the department director.

Budgeted amounts reported in the accompanying basic financial statements include original and final budget amounts. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the fund level. Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles.

B. Excess of Expenditures over Appropriations

The following funds had expenditures in excess of budget due to unanticipated expenditures for the year ended June 30, 2015, which are expected to be covered with existing fund balance:

	Amount
Measure J Growth Management Fund	\$ 48,437
Nonmajor governmental funds:	
Unified Street Lighting	31,402
Supplemental Law Enforcement Services	4,075
Police Special Services	5,995
Vehicle Abatement	2,206
Computer Technology and Replacement	10,196

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

C. Deficit Fund Balances

The following funds had fund deficits at June 30, 2015:

	Amount
Gas Tax Fund	\$ 200,298
Nonmajor governmental funds:	
Unified Street Lighting	76,960
Waste Management/Recycling	12,803
Edward Byrne Memorial Justice Assistance Grant	914
DARE	875
COPS Grant	203

The deficits are expected to be eliminated in future years through reimbursement from General Fund or receipt of grant revenues.

NOTE 3 – CASH AND INVESTMENTS

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except for cash and investments held with trustees. The City's pooled idle funds are invested pursuant to investment policy guidelines adopted by the City Council. The objectives of the policy are to invest funds to the fullest extent possible and to invest in accordance with the provisions of the California Government Code with the priority of safety, liquidity and return on investment. The policy addresses the safekeeping of securities, types of authorized investment instruments, diversification, maturities, and reporting requirements. The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments – held in City Treasury." Certain cash and investments are held by trustees in accordance to debt covenants for bond reserves, retirement of long-term debt, or capital projects.

A. Policies

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. Security instruments owned by the City are held in safekeeping by a third party custodian acting as agent for the City under the terms of a custody agreement. The City does not have any exposure to custodial credit risks for investments at June 30, 2015.

California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California law, this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution. The City does not have any exposure to custodial credit risks for deposits at June 30, 2015.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Classification

The City's total cash and investments, at fair value, are presented on the accompanying financial statements in the following allocation:

	Primary Government	Private-Purpose Trust Fund	Agency Funds	Total
Cash and investments:				
Held in City Treasury	\$ 21,296,404	\$ 2,036,610	\$ 748,429	\$ 24,081,443
Held with trustees	1,822,250	651,604	-	2,473,854
Total cash and investments	<u>\$ 23,118,654</u>	<u>\$ 2,688,214</u>	<u>\$ 748,429</u>	<u>\$ 26,555,297</u>

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

The City's Investment Policy and the California Government Code allow the City to invest in the following provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded.

The table below identifies investments that are authorized under the California Government Code and the City's Investment Policy:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury bills, bonds, and notes	5 years	N/A	100%	No Limit
U.S. Government Agency Securities	5 years	N/A	100%	No Limit
Medium Term Corporate Notes	5 years	A or better	30%	No Limit
Repurchase Agreements	1 year	N/A	100%	No Limit
Negotiable Certificates of Deposits	5 years	N/A	30%	No Limit
Money Market Mutual Funds	5 years	Highest Category	20%	10%
State of California Local				
Agency Investment Fund (LAIF)	N/A	N/A	Up to \$50 million	No Limit

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 3 – CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City ordinances, bond indentures or State statutes. The bond indentures contain no limitations for the maximum investment in anyone issuer or the maximum percentage of the portfolio that may be invested in any one investment type. The table below identifies the investment types that are authorized for investments held by trustees under the terms of the bond indentures.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>
U.S Treasury Obligations	N/A	N/A
U.S Agency Securities	N/A	N/A
U.S Governmental Sponsored Enterprise	N/A	N/A
State Obligations:		
General Obligation	N/A	A to AA
General Short-term Obligation	N/A	A to AA
Special Revenue Bonds	N/A	AA
Municipal Obligations	N/A	Two Highest Categories
Pre-funded Municipal Obligations	N/A	AAA
Unsecured Certificates of Deposit	30 days	A-1
FDIC insured deposits	N/A	N/A
Repurchase Agreements	30 days	A
Commercial Paper	270 days	A-1 to Highest
Bankers Acceptances	360 days	A-1
Certificate of Deposit	N/A	N/A
Collateralized Certificates of Deposit	365 days	A-1
Money Market Funds	N/A	AAAm or AAAm-G
Investment Agreement	N/A	N/A
Local Agency Investment Fund	N/A	N/A

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City generally manages its interest rate risk by holding investments to maturity.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 3 – CASH AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of the City's investments (including investments held by trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

<u>Investment Type</u>	<u>Maturities in</u>			<u>Total</u>
	<u>Less Than 3 Months</u>	<u>3 to 12 Months</u>	<u>1 to 5 Years</u>	
<i>Investments Held in City Treasury</i>				
U.S. Treasury Securities	\$ -	\$ 141,783	\$ 1,203,196	\$ 1,344,979
Local Agency Investment Fund *	-	4,841,369	-	4,841,369
Money Market Mutual Funds *	13,889	-	20,591	34,480
U.S. Government Agency Securities	280,037	719,179	2,250,458	3,249,674
Total investments held in City Treasury	<u>293,926</u>	<u>5,702,331</u>	<u>3,474,245</u>	<u>9,470,502</u>
<i>Investments Held with Trustees</i>				
Money Market Mutual Funds *	890,703	1,583,150	-	2,473,853
Total investments held with trustees	<u>890,703</u>	<u>1,583,150</u>	<u>-</u>	<u>2,473,853</u>
Total investments	<u>\$ 1,184,629</u>	<u>\$ 7,285,481</u>	<u>\$ 3,474,245</u>	11,944,355
<i>Cash and Deposits not subject to Interest Rate Risk:</i>				
Petty cash on hand				3,775
Cash in banks				14,607,167
Total cash and investments				<u>\$ 26,555,297</u>

* Weighted-average of maturity.

LAIF is part of the Pooled Money Investment Account (PMIA). PMIA oversight is provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. PMIB members are the State Treasurer, State Director of Finance, and State Controller. The Local Investment Advisory Board (LIAB) provides oversight for LAIF. The Board consists of five members as designated by statute. The Chairman is the State Treasurer or his designated representative. Two members are qualified by training and experience in the field of investment or finance, and the State Treasurer appoints two members who are treasurers, finance or fiscal officers, or business managers employed by any county, city or local district or municipal corporation of this state. LAIF determines fair value on 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, 2015, PMIA has a total amount of approximately \$69.6 billion and of that amount, 97.92% was invested in non-derivative financial products and 2.08% in structured notes and asset-backed securities.

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City manages credit risk in accordance with the City's Investment Policy.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 3 – CASH AND INVESTMENTS (Continued)

Presented below is the actual rating as of June 30, 2015 for each investment type, including those with trustees, as provided by Moody’s ratings:

<u>Investment Type</u>	<u>Ratings</u>	<u>Total</u>
Money Market Mutual Funds	Aaam	\$ 2,508,333
U.S. Government Agency Securities	Aaa	3,249,674
Total rated		<u>5,758,007</u>
Exempt from credit rating disclosure:		
U.S. Treasury Securities	Exempt	1,344,979
Not rated:		
Local Agency Investment Fund	Not rated	<u>4,841,369</u>
Total investments		<u>\$ 11,944,355</u>

G. Concentration of Credit Risk

The City’s investment policy contains certain limitations on the amount that can be invested in any one issuer. More than 5% of the investments held by the City Treasury are invested with the Federal Home Loan Mortgage Corporation, Federal Home Loan Banks, and Federal National Mortgage Association, which represent 9.1%, 12.3% and 11.0%, respectively, of the investments held in the City Treasury.

NOTE 4 – INTERFUND TRANSACTIONS

A. Due From/To Other Funds

Due from/to other funds arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2015, the General Fund was due \$124,053, and \$103,872 from the Measure J Growth Management Fund and nonmajor governmental funds, respectively.

B. Advance for Diablo Vista Water System

In June 2004, the General Fund advanced \$120,000 to the Diablo Vista Water System Enterprise Fund for water system improvements. The advance is to be repaid over ten years starting July 15, 2006, with interest based on the City's return on investments from the Local Agency Investment Fund. At June 30, 2015, the outstanding balance was \$12,000.

C. Due from the Successor Agency

For fiscal years 1985-86 through 1991-92, the former Agency deferred the required 20% set aside of all tax increment received annually on the original Commons Project Area totaling \$638,957, which was recorded as advances to the Low and Moderate Income Housing Fund. No interest was charged on the outstanding balance.

During fiscal years 2010 and 2011, the former Agency borrowed \$1,906,348 from the Low and Moderate Income Housing Asset Fund for the Supplemental Educational Revenue Augmentation Fund (SERAF) payment. No interest was charged on the outstanding balance.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 4 – INTERFUND TRANSACTIONS (Continued)

These advances were transferred from the former Agency to the City’s Low and Moderate Income Housing Asset major governmental fund on February 1, 2012, when all redevelopment agencies in California ceased to exist. At June 30, 2015, the total outstanding advance balance was \$2,545,305.

D. Transfers Between Funds

With Council or City Manager approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to support capital projects activities or debt service payments of another fund..

<u>Fund Making Transfers</u>	<u>Fund Receiving Transfers</u>	<u>Amount Transferred</u>
General Fund	Nonmajor Governmental Funds	\$ 1,691,777
	Gas Tax Fund	700,000
Measure J Growth Management Fund	Gas Tax Fund	350,000
Nonmajor Governmental Funds	General Fund	100,000
	Traffic Mitigation Fund	50,000
	Measure J Growth Management Fund	36,000
	Gas Tax Fund	301,650
	Nonmajor Governmental Funds	14,090
Total interfund transfers		<u>\$ 3,243,517</u>

NOTE 5 – NOTES AND LOANS RECEIVABLE

A. Owner-Occupied Housing Rehabilitation Loans

The former Agency administered a housing rehabilitation loan program under which very low and low-income homeowners were eligible to receive loans up to \$60,000 to be used to construct improvements on their homes. These loans bear five percent simple interest, have a fifteen-year term and are secured by deeds of trust. Payments on the loans may be made monthly or may be deferred and paid at the end of the term or transfer of ownership. At June 30, 2015, loans with payments made monthly and deferred totaled \$57,218 and \$1,279,283, respectively.

B. Grayson Creek Apartments

In fulfillment of its obligation to replace low and moderate-income housing destroyed as part of the Pleasant Hill Downtown Project, the former Agency entered into a loan agreement with Bridge Housing Corporation, a non-profit housing developer. The loan was transferred from the former Agency to the City’s Low and Moderate Income Housing Asset major governmental fund and the annual operating grant commitment was transferred to the Successor Agency on February 1, 2012, when all redevelopment agencies in California ceased to exist. The loan bears three percent simple interest and will mature in year 2032. At June 30, 2015, the outstanding balance of the receivable is \$1,005,000 and the deferred interest is \$326,554.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 5 – NOTES AND LOANS RECEIVABLE (Continued)

C. Jack’s Restaurant Loan Receivable

One property in the downtown area was vacant and in need of remodeling to improve its marketability and appeal to prospective tenants. A prospective tenant, Marcovici Management Group, LLC expressed interest in opening a casual fine dining restaurant, under the trade name Jack’s Restaurant if certain improvements are made to the property. Under the California Community Redevelopment Law, the former Agency was authorized to make rehabilitation loans for the purpose of refinancing rehabilitation of commercial buildings and structures within the Redevelopment Project area. The former Agency entered into a Façade Loan Agreement with Marcovici Management Group, LLC for \$460,000 in order to make improvements to the property. The loan bears one percent simple interest, and has a final maturity date on November 25, 2019. The loan was transferred from the former Agency to the Successor Agency on February 1, 2012, when all redevelopment agencies in California ceased to exist. At June 30, 2015, the outstanding balance of the receivable was \$460,000.

NOTE 6 – LAND HELD FOR REDEVELOPMENT

The former Agency purchased parcels of land in order to develop or redevelop blighted properties within the redevelopment areas. Land held for redevelopment in the amount of \$191,049 and \$86,100 were transferred from the former Agency to the City’s Low and Moderate Income Housing Asset major governmental fund and the Successor Agency, respectively, on February 1, 2012, when all redevelopment agencies in California ceased to exist. There were no additions or sales activities for the year ended June 30, 2015. At June 30, 2015, the land held for redevelopment was \$191,049 and \$86,100 for the City’s Low and Moderate Income Housing Asset major governmental fund and the Successor Agency, respectively.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 7 – CAPITAL ASSETS

A. Capital Asset Additions and Retirements

A summary of changes in capital assets for the year ended June 30, 2015 is as follows:

	Balance, June 30, 2014	Additions	Retirements	Transfers	Balance, June 30, 2015
Governmental activities					
<i>Capital assets, not being depreciated:</i>					
Land and improvements	\$ 3,406,821	\$ -	\$ -	\$ -	\$ 3,406,821
Construction in progress	14,987,979	4,275,861	(3,672,040)	(10,635,999)	4,955,801
Total capital assets, not being depreciated	<u>18,394,800</u>	<u>4,275,861</u>	<u>(3,672,040)</u>	<u>(10,635,999)</u>	<u>8,362,622</u>
<i>Capital assets, being depreciated:</i>					
Buildings and improvements	15,108,347	-	-	-	15,108,347
Equipment and furniture	7,202,820	462,637	(100,004)	-	7,565,453
Streets and roads	52,884,589	-	-	7,045,310	59,929,899
Curbs and gutters	15,490,734	-	-	766,932	16,257,666
Storm drain	6,749,205	-	-	692,688	7,441,893
Street lights	1,104,966	-	-	1,131,069	2,236,035
Traffic control devices	3,043,012	-	-	1,000,000	4,043,012
Total capital assets, being depreciated	<u>101,583,673</u>	<u>462,637</u>	<u>(100,004)</u>	<u>10,635,999</u>	<u>112,582,305</u>
<i>Less accumulated depreciation for:</i>					
Buildings and improvements	(6,926,525)	(418,478)	-	-	(7,345,003)
Equipment and furniture	(5,656,470)	(359,409)	100,004	-	(5,915,875)
Streets and roads	(24,199,040)	(1,146,112)	-	-	(25,345,152)
Curbs and gutters	(7,687,799)	(325,153)	-	-	(8,012,952)
Storm drain	(5,007,272)	(247,815)	-	-	(5,255,087)
Street lights	(646,592)	(74,460)	-	-	(721,052)
Traffic control devices	(1,555,525)	(134,632)	-	-	(1,690,157)
Total accumulated depreciation	<u>(51,679,223)</u>	<u>(2,706,059)</u>	<u>100,004</u>	<u>-</u>	<u>(54,285,278)</u>
Total capital assets, being depreciated, net	<u>49,904,450</u>	<u>(2,243,422)</u>	<u>-</u>	<u>10,635,999</u>	<u>58,297,027</u>
Governmental activities, capital assets, net	<u>\$ 68,299,250</u>	<u>\$ 2,032,439</u>	<u>\$ (3,672,040)</u>	<u>\$ -</u>	<u>\$ 66,659,649</u>
Business-type activity					
<i>Capital assets, being depreciated:</i>					
Water system infrastructure	\$ 627,552	\$ 146,046	\$ -	\$ -	\$ 773,598
<i>Less accumulated depreciation for:</i>					
Water system infrastructure	(209,437)	(31,571)	-	-	(241,008)
Total accumulated depreciation	<u>(187,255)</u>	<u>(31,571)</u>	<u>-</u>	<u>-</u>	<u>(241,008)</u>
Total capital assets, being depreciated, net	<u>418,115</u>	<u>114,475</u>	<u>-</u>	<u>-</u>	<u>532,590</u>
Business-type activity, capital assets, net	<u>\$ 418,115</u>	<u>\$ 114,475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 532,590</u>

During the year ended June 30, 2015, the City completed several capital projects and wrote off construction in progress in the amount of \$3.1 million for costs that are previously capitalized.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 7 – CAPITAL ASSETS (Continued)

B. Depreciation Allocation

Depreciation expense was charged to functions and programs based on their usage of the related assets. For the year ended June 30, 2015, depreciation expense was charged to each function or programs for governmental and the business-type activities as follows:

Governmental activities

General government	\$ 224,524
Public safety	426,854
Transportation	2,054,681
Total depreciation expense - governmental activities	\$ 2,706,059

Business-type activity

Diablo Vista Water	\$ 31,571
Total depreciation expense - business-type activity	\$ 31,571

NOTE 8 –LONG-TERM DEBT

A. Composition and Changes

A summary of changes in long-term debt of the City’s governmental activities for the year ended June 30, 2015 is as follows:

	Balance June 30, 2014	Retirements	Balance June 30, 2015	Amount Due Within One Year
Pleasant Hill Joint Powers Financing Authority				
Lease Revenue Refunding Bonds, Series 2004				
Interest of 2.00% - 3.75%, due 12/01/2016	\$ 2,270,000	\$ (710,000)	\$ 1,560,000	\$ 735,000
2013 Public Safety Side Fund Loan				
Interest of 3.35%, due 6/15/2018	3,319,000	(789,000)	2,530,000	815,000
Total long-term debt - governmental activities	\$ 5,589,000	\$ (1,499,000)	\$ 4,090,000	\$ 1,550,000

A summary of changes in long-term debt of the Successor Agency for the year ended June 30, 2015 is as follows:

	Balance June 30, 2014	Retirements	Balance June 30, 2015	Amount Due Within One Year
Tax Allocation Refunding Bonds, Series 2002				
Interest of 3.40% - 4.25%, due 9/1/2021	\$ 4,345,000	\$ (475,000)	\$ 3,870,000	\$ 495,000
Special Tax Refunding Bonds, Subordinated Series 2002				
Interest of 4.41%, due 9/1/2032	5,820,000	(200,000)	5,620,000	210,000
Total long-term debt - Successor Agency	\$ 10,165,000	\$ (675,000)	\$ 9,490,000	\$ 705,000

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 8 – LONG-TERM DEBT (Continued)

B. Summary of Debt Terms

Pleasant Hill Joint Powers Financing Authority Lease Revenue Refunding Bonds Series 2004

On April 15, 2004, the City issued through the Pleasant Hill Joint Powers Financing Authority Lease Revenue Refunding Bonds Series 2004 (Series 2004 Bonds) in the amount of \$9,315,000 to refund the 1993 Series A Bonds. Interest is payable semiannually December 1 and June 1, and principal is payable each December 1 with final maturity on December 1, 2016.

Lease payments from the City are pledged for the repayment of the Series 2004 Bonds. Total debt service requirements remaining on the lease revenue bonds are \$1,620,187 payable through December 1, 2016. For the year ended June 30, 2015, total lease payments made by the City and total debt service payments paid by the Authority totaled to \$781,813.

Tax Allocation Refunding Bonds Series 2002

On September 18, 2002, the former Agency issued Tax Allocation Refunding Bonds Series 2002 (Series 2002 Bonds) in the amount of \$8,860,000 to refund the Tax Allocation Refunding Bonds Series 1991. Interest is payable semiannually September 1 and March 1, and principal is payable each September 1 with final maturity on September 1, 2021.

The outstanding principal of the Series 2002 Bonds were transferred from the former Agency to the Successor Agency on February 1, 2012, when all redevelopment agencies in California ceased to exist. Redevelopment property tax revenues (i.e. former tax increment) are pledged for the repayment of the Series 2002 Bonds. Total debt service requirements remaining on the bonds are \$4,456,732 payable through September 1, 2021. The redevelopment property tax revenues recognized during the year ended June 30, 2015 were \$2,334,258 as against the total debt service payments made by the Successor Agency of \$639,183.

Special Tax Refunding Bonds, Subordinated Series 2002

On November 20, 2002, the City assisted the Pleasant Hill Downtown Community Facilities District No. 1 (District) by issuing \$7,290,000 of Special Tax Refunding Bonds, Subordinated Series 2002 (Special Tax Series 2002 Bonds) to refund Special Tax Bonds, Series 1998A. Interest ranged from 2.4% to 6.0% and is payable semiannually March 1 and September 1, and principal is payable each September 1 with final maturity on September 1, 2032. Property tax revenues allocated to the former Agency are pledged for the repayment of the Special Tax Series 2002 Bonds. The outstanding principal of the Special Tax Series 2002 Bonds were transferred from the former Agency to the Successor Agency on February 1, 2012, when all redevelopment agencies in California ceased to exist.

Total debt service requirements remaining on the Special Tax Series 2002 bonds are \$8,257,396 payable through September 1, 2032. The redevelopment property tax revenues recognized during the year ended June 30, 2015 were \$2,334,258 as against the total debt service payments paid by the Successor Agency of \$463,463.

2013 Public Safety Side Fund Loan

On June 1, 2013, the City entered into the 2013 Public Safety Side Fund Loan Agreement with Umpqua Bank in the amount of \$4,087,000 to pay off the outstanding CalPERS Public Safety Side Fund obligation of the City. The debt service payments for the loan are payable from any source of legally available funds of the City. Net proceeds in the amount of \$3,960,524 were paid to CalPERS on June 27, 2013. The loan bears a fixed interest rate of 3.35%. Total debt service requirements remaining on the 2013 Public Safety Side Fund Loan are \$2,669,712 payable on a quarterly basis with due dates on the 15th of September, December, March, and June with final maturity on June 15, 2018. For the year ended June 30, 2015, total debt service payments made by the City totaled \$890,262.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 8 – LONG-TERM DEBT (Continued)

C. Debt Service Requirements

Annual debt service requirements are shown below for the City’s governmental activities and the Successor Agency:

Governmental Activities:

For the Year Ending June 30,	Series 2004 Bonds		2013 Public Safety Side Fund Loan	
	Principal	Interest	Principal	Interest
2016	\$ 735,000	\$ 44,719	\$ 815,000	\$ 74,554
2017	825,000	15,468	843,000	46,875
2018	-	-	872,000	18,283
	<u>\$ 1,560,000</u>	<u>\$ 60,187</u>	<u>\$ 2,530,000</u>	<u>\$ 139,712</u>

Successor Agency:

For the Year Ending June 30,	Series 2002 Bonds		Special Tax Series 2002 Bonds	
	Principal	Interest	Principal	Interest
2016	\$ 495,000	\$ 147,198	\$ 210,000	\$ 254,021
2017	510,000	128,597	215,000	244,234
2018	530,000	108,308	225,000	234,100
2019	545,000	86,535	240,000	223,391
2020	570,000	63,606	250,000	212,107
2021-2025	1,220,000	52,488	1,425,000	873,643
2026-2030	-	-	1,780,000	505,969
2031-2033	-	-	1,275,000	89,931
	<u>\$ 3,870,000</u>	<u>\$ 586,732</u>	<u>\$ 5,620,000</u>	<u>\$ 2,637,396</u>

D. Mortgage Revenue Bonds Without City Commitment

The City and former Agency assisted low and moderate-income home buyers by sponsoring mortgage revenue bonds issued by developers. These bond issues provide cash to finance mortgages, but are solely repayable out of mortgage payments of the developers. The City, former Agency, and the Successor Agency have no direct or contingent liability or moral obligation for the payment of these bonds and have not recorded them as long-term debt. During the year ended June 30, 2015, the one outstanding mortgage revenue bond in the aggregate principal amount of \$10,355,000 was paid off by the developer.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 9 – NET POSITION AND FUND BALANCES

Net position is measured on the full accrual basis while fund balances are measured on the modified accrual basis.

A. Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets – This category groups all capital assets including, infrastructure, into one component of net position. Accumulated depreciation and outstanding balances of debt and any debt-related deferred outflows and inflows of resources that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted – This category consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable enabling legislation restriction is one that a party external to a government—such as citizens, public interest groups, or the judiciary - can compel a government to honor. At June 30, 2015, the government-wide statement of net position reported restricted net position of \$11,474,912 in governmental activities, of which \$1,999,369 are restricted by enabling legislation.

Unrestricted – This category represents net position of the City that do not meet the definition of “net investment in capital assets” or “restricted.”

B. Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances for governmental funds are made up of the following:

Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, i.e., prepaid items.

Restricted Fund Balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can commit fund balances by adoption of an ordinance. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally.

Assigned Fund Balance – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Council or the City Manager to whom the City Council has delegated the authority to assign amounts to be used for specific purposes by adoption of a resolution.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

Unassigned Fund Balance – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. Other governmental funds may only report a negative unassigned balance that was created after classification in one of the other four fund balance categories.

In circumstances when an expenditure may be made for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

The City Council has established reserve policy levels for contingency purposes. At June 30, 2015, \$8,000,000 is reported as part of General Fund’s assigned fund balance.

Fund balances for all major and nonmajor governmental funds as of June 30, 2015, were classified as follows:

	General	Traffic Mitigation	Measure J Growth Management	Gas Tax	Low and Moderate Income Housing Asset	Other Governmental Funds	Total
Nonspendable:							
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,496	\$ 41,496
Restricted for:							
Public safety	-	-	-	-	-	269,097	269,097
Transportation	-	980,173	413,764	-	-	717,488	2,111,425
Community development	-	-	-	-	5,225,659	1,128,554	6,354,213
Debt service	890,703	-	-	-	-	981,196	1,871,899
Capital projects	-	-	-	-	-	551,166	551,166
Subtotal	890,703	980,173	413,764	-	5,225,659	3,647,501	11,157,800
Committed to:							
Capital projects	-	-	-	-	-	1,167,308	1,167,308
Assigned to:							
Contingency reserve	8,000,000	-	-	-	-	-	8,000,000
Encumbrances	138,277	-	-	-	-	-	138,277
Subtotal	8,138,277	-	-	-	-	-	8,138,277
Unassigned:	5,031,285	-	-	(200,298)	-	(91,755)	4,739,232
Total	\$ 14,060,265	\$ 980,173	\$ 413,764	\$ (200,298)	\$ 5,225,659	\$ 4,764,550	\$ 25,244,113

NOTE 10 – EMPLOYEE BENEFITS

A. Post-Employment Benefits

Employees hired before certain dates (ranging from August 2011 to November 2011) as stated in the applicable Memorandum of Understanding are entitled to a sick leave conversion benefit. Specific terms of the conversion differ for each employee group. In general, when employees with more than 20 years of service retire, they may convert the net present value of their unused sick leave hours to a Retirement Health Savings plan in accordance with the terms of their bargaining group’s Memorandum of Understanding. A scaled down conversion plan exists for employees with a service retirement of 15 to 19 years of City employment for certain bargaining groups. Employees of the Police Officers Association bargaining groups were provided limited reimbursements for medical insurance based on the unused sick leave hours on the employee’s date of retirement.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 10 – EMPLOYEE BENEFITS (Continued)

As of June 30, 2015, the City provided medical benefits for 14 retirees from the converted sick leave bank. 5 employees are receiving a one-year dental insurance benefit and 15 employees are entitled to one-year dental insurance benefits. Benefits are expended on a pay-as-you-go basis and amounted to \$110,162 during fiscal year 2015.

B. Deferred Compensation Plan

City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until it is distributed to them as defined by the plan.

The laws governing deferred compensation plan assets require plan assets to be held by a trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.

The City has a contract with International City Managers' Association (ICMA) to manage and invest the assets of the Plan; ICMA pools the assets of the Plan with those of other participants and does not make separate investments for employees.

The City's contract with ICMA was amended January 1, 1997 to substitute a separate trust for the City as owner of the assets in the plan, with the City becoming a trustee, but with no power over investment decisions. As a result, the assets in the Plan are not subject to claims by creditors of the City and are not reflected in the City's financial statements.

C. CalPERS Safety and Miscellaneous Employees Plans

Plan Description

The City participates in a cost-sharing multiple-employer pension plan that is administered by the California Public Employees' Retirement System (CalPERS.) All qualified permanent and probationary employees are eligible to participate in the City's CalPERS plan. The City participates in 6 rate plans within the Miscellaneous Pool and Safety Pool of the CalPERS Public Agency Cost-Sharing Plan as follows:

CalPERS Plan	Participants
Miscellaneous Plan	All non-sworn employees who began employment between July 1, 1963 and April 15, 2012
Miscellaneous Tier 2 Plan	All non-sworn employees who began employment between April 16, 2012 and December 31, 2012, or on or after January 1, 2013 but were previously members of CalPERS through another agency.
Miscellaneous PEPRA Plan	All non-sworn employees who began employment on or after January 1, 2013 but were not previously members of CalPERS through another agency.
Safety Plan	All sworn employees who began employment between July 1, 1963 and April 15, 2012
Safety Tier 2 Plan	All sworn employees who began employment between April 16, 2012 and December 31, 2012, or on or after January 1, 2013 but were previously members of CalPERS through another agency.
Safety PEPRA Plan	All sworn employees who began employment on or after January 1, 2013 but were not previously members of CalPERS through another agency.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 10 – EMPLOYEE BENEFITS (Continued)

CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on a final average compensation period of 12 months or 36 months. The cost of living adjustments for the CalPERS plans are applied as specified by the Public Employees’ Retirement Law. The California Public Employees’ Pension Reform Act (PEPRA), which took effect in January 2013, changes the way CalPERS retirement and health benefits are applied, and places compensation limits on members. As such, members who established CalPERS membership on or after January 1, 2013 are known as “PEPRA” members.

The CalPERS provisions and benefits in effect at June 30, 2015 for each rate plan are summarized as follows:

	Miscellaneous		
	Miscellaneous Plan	Miscellaneous Second Tier Plan	PEPRA Miscellaneous Plan
Hire date	Between July 1, 1963 and April 15, 2012	Between April 16, 2012 and December 31, 2012	On or after January 1, 2013
Benefit formula	2% @ 55, 2% @ 60	2% @ 60	2% @ 62
Benefit vesting schedule	5 yrs of service	5 yrs of service	5 yrs of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55 - 60	60	62
Required employee contribution rates	7%	7.0%	6.25%
Required employer contribution rates	15.161%	8.005%	6.250%

	Safety		
	Safety Plan	Safety Second Tier Plan	PEPRA Safety Plan
Hire date	Between August 1, 1969 and April 15, 2012	Between April 16, 2012 and December 31, 2012	On or after January 1, 2013
Benefit formula	2% @ 50, 3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 yrs of service	5 yrs of service	5 yrs of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	55	57
Required employee contribution rates	9%	9%	11.5%
Required employer contribution rates	27.849%	21.367%	11.500%

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 10 – EMPLOYEE BENEFITS (Continued)

Contributions

For the year ended June 30, 2015, the City’s contractually required contributions, which are actuarially determined, were as follows:

Miscellaneous Plan	\$ 702,234
Miscellaneous Second Tier Plan	30,000
PEPRA Miscellaneous Plan	20,000
Safety Plan	1,005,590
Safety Second Tier Plan	20,000
PEPRA Safety Plan	20,000
Total	\$ 1,797,824

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

Net Pension Liability

At June 30, 2015, the City reported a total net pension liability for its proportionate share of the net pension liability of each rate plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous Plan	\$ 12,777,266
Miscellaneous Second Tier Plan	1,538
PEPRA Miscellaneous Plan	748
Safety Plan	11,628,647
Safety Second Tier Plan	2,605
PEPRA Safety Plan	1,463
Total	\$ 24,412,267

The City’s net pension liability was based on the proportionate shares (in dollars) determined by CalPERS based on individual actuarial measurements specific to each rate plan in the Miscellaneous Pool and the Safety Pool. The City’s total proportionate share of the cost-sharing plan pension amounts is the sum of the pension amounts allocated to each of the City’s Miscellaneous and Safety rate plans. The City’s net pension liability is measured as of June 30, 2014, using annual actuarial valuations as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 10 – EMPLOYEE BENEFITS (Continued)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2015, the City recognized pension expense of \$1,519,275. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,797,824	\$ -
Net differences between projected and actual earnings on plan investments	-	6,814,998
Changes in employer's proportion	581,617	-
Difference between the employer's contributions and the employer's proportionate share of contributions	-	704,545
	\$ 2,379,441	\$ 7,519,543

\$1,797,824 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
2016	\$ 207,720	\$ (1,955,373)	\$ (1,747,653)
2017	207,720	(1,955,373)	(1,747,653)
2018	166,177	(1,905,049)	(1,738,872)
2019	-	(1,703,748)	(1,703,748)
	\$ 581,617	\$ (7,519,543)	\$ (6,937,926)

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 10 – EMPLOYEE BENEFITS (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Measurement period	July 1, 2013 to June 30, 2014
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Discount rate	7.50%
Inflation	2.75%
Investment rate of return	7.50%, net of pension plans' investment expenses, including inflation, and administrative expenses
Mortality	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 the 2014 experience study report available at CalPERS website at < www.calpers.ca.gov >
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested employer rate plans within the agent multiple-employer defined benefit pension plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the CalPERS Public Employees Retirement Fund (the CalPERS Public Agency Cost-Sharing Plan participates in this fund.) The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in the CalPERS accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial by the City.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 10 – EMPLOYEE BENEFITS (Continued)

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statement No. 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as CalPERS changes its methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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 cash flows of the plan. 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 fplan’s 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 the plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ^(a)	Real Return Years 11+ ^(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100.0%		

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

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

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 10 – EMPLOYEE BENEFITS (Continued)

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

The following presents the net pension liability of the City’s proportionate share of the net pension liability of the plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate		
	-1% (6.50%)	Current (7.50%)	+1% (8.50%)
Net Pension Liability	\$ (40,872,028)	\$ (24,412,267)	\$ (10,802,104)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports. The plan’s fiduciary net position disclosed per the GASB Statement No. 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. For the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the City’s funding actuarial valuation. In addition, differences may result from early financial statement closing and final reconciled reserves.

NOTE 11 – RISK MANAGEMENT

Municipal Pooling Authority

The City is a member of the Municipal Pooling Authority (MPA), a joint powers agency that provides coverage against the following types of loss risks:

Type of Coverage	Deductible	Coverage Limits
Liability Program	\$25,000	\$29,000,000
Vehicle Physical Damage	\$3,000 for police vehicles \$2,000 for all others	\$250,000
Workers' Compensation	No deductible	Statutory excess of \$50,000,000
All Risk Fire & Property Including Flood	\$25,000	\$1,000,000,000
Boiler & Machinery	\$5,000	\$25,000,000

The MPA is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of the MPA, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board. The City's premium payments to the MPA are calculated in accordance with formulas established by the MPA. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. Financial statements may be obtained from MPA at 1911 San Miguel Drive, Suite 200, Walnut Creek, CA 94596. For the year ended June 30, 2015, the City paid MPA net premiums of \$980,336.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 11 – RISK MANAGEMENT (Continued)

Liability for Uninsured Claims

Municipalities are required to record their liability for uninsured claims and to reflect the current portion of this liability as expenditure in the fund financial statements. The City has insurance coverage for such claims, but it has retained the risk for the deductible or uninsured portion of these claims.

The City's liability for uninsured claims is incurred and expected to be repaid within the next fiscal year and was recorded under accounts payable and accrued liabilities in the General Fund. Settlements have not exceeded insurance coverage in the past three years. Changes in the balances of uninsured claims liabilities during the years ended June 30, 2015 and 2014 are as follows:

	2015	2014
Uninsured claims, beginning of year	\$ 20,762	\$ 93,077
Incurred claims and changes in estimate	135,824	4,579
Claim payments	(33,933)	(76,894)
Uninsured claims, end of year	\$ 122,653	\$ 20,762

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Contingent Liabilities

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

The City participates in Federal and State grant programs. These programs are audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act as amended in 1996 and applicable State requirements. These programs are subject to further examination by the grantors, and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

B. Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all budgeted funds. Unencumbered operating appropriations lapse at year-end and may be reappropriated in the following year. Encumbrances outstanding at year-end are not accounted for as expenditures and liabilities, but as part of fund balance.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2015

NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)

As of June 30, 2015, the City had outstanding encumbrances for the following governmental funds by fund balance categories:

	<u>Amount</u>	<u>Fund Balance Classification</u>
General Fund	\$ 138,277	Assigned
Traffic Mitigation	952,733	Restricted
Measure J Growth Management	20,407	Restricted
Nonmajor Governmental Funds	<u>211,692</u>	Restricted
Total encumbrances	<u>\$ 1,323,109</u>	

NOTE 13 – SUBSEQUENT EVENT

Passage of Senate Bill 107 (the Bill)

In September 2015, the State passed the Bill, which contains additional provisions and provides specificity to existing law governing the dissolution of redevelopment agencies and the wind-down of their existing activities and obligations. The Bill required that the remaining principal amount of any of the advances between the Successor Agency and the City that were previously unpaid after September 2015 be recalculated from the date of original of the loan on the basis at a simple interest rate of 3%.

CITY OF PLEASANT HILL
Required Supplementary Information (Unaudited)
Schedule of the City's Proportionate Share of the Net Pension Liability
June 30, 2015

Fiscal year		2014-15
Measurement period ⁽¹⁾		2013-14
City's proportion of the net pension liability (NPL)		0.39231%
City's proportionate share of the NPL	\$	24,412,267
City's covered-employee payroll	\$	10,107,834
City's proportionate share of the NPL as a percentage of its covered-employee payroll		241.52%
Plan's fiduciary net position as a percentage of the Plan's total pension liability		80.43%

Note to schedule:

⁽¹⁾ Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable.

CITY OF PLEASANT HILL
Required Supplementary Information (Unaudited)
Schedule of City Contributions
Last Two Fiscal Years

Fiscal Year Ended	<u>2015</u>	<u>2014</u>
Contractually required contributions (actuarially determined) (CRC)	\$ 1,797,824	\$ 1,787,116
Contributions in relation to the CRC	\$ (1,797,824)	\$ (1,787,116)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 10,610,000	\$ 10,107,834
Contributions as a percentage of covered-employee payroll	16.94%	17.68%

See accompanying notes to the schedule.

CITY OF PLEASANT HILL
Required Supplementary Information (Unaudited)
Notes to the Schedule of City Contributions
June 30, 2015

The actuarial methods and assumptions used to set the actuarially determined contributions were as follows:

Actuarially determined contribution		
for fiscal year.....	June 30, 2015	June 30, 2014
Actuarial valuation date.....	June 30, 2012	June 30, 2011
Actuarial cost method.....	Entry age normal	Entry age normal
Amortization method.....	Level percent of payroll	Level percent of payroll
Average remaining period.....	19 years as of the valuation date	21 years as of the valuation date
Asset valuation method.....	15 year smoothed market	15 year smoothed market
Inflation.....	2.75%	2.75%
Salary increases.....	3.3% to 14.20% depends on Age, services, type of employment	3.3% to 14.20% depends on Age, services, type of employment
Payroll growth.....	3.00%	3.00%
Investment rate of return.....	7.50%, net of pension plan investment and administrative expenses, includes inflation	7.50%, net of pension plan investment and administrative expenses, includes inflation
Retirement age.....	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period 1997 to 2007.	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period 1997 to 2007.
Mortality.....	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

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CITY OF PLEASANT HILL
Other Nonmajor Governmental Funds
Year Ended June 30, 2015

All funds not considered as major funds on the Fund Financial Statements are consolidated in one column entitled "Other Governmental Funds." These nonmajor funds are identified and included in this supplementary section and includes all of the City's Special Revenue Funds, Capital Project Funds, and Debt Service Funds.

SPECIAL REVENUE FUNDS:

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

Traffic Safety Fund - accounts for fines collected from misdemeanor traffic violations involving a moving vehicle. These funds are used to provide crossing guards at major streets near elementary schools.

Gas Tax 2107.5 Fund - accounts for gas tax apportioned by the State to cities based on population. This fund is used for engineering and administrative costs only.

Unified Street Lighting Fund - accounts for an allocation of property taxes used to provide street lighting.

Commercial Landscaping and Lighting District 20 Fund - accounts for assessments on commercial property that pay for landscape maintenance, street lighting and sidewalk repair costs within commercial districts.

NPDES Fund - accounts for storm water utility fees assessed to property owners citywide on their property tax bills. The funds are used to pay for the "National Pollution Discharge Elimination System," mandated by the Federal government to prevent further polluting of streams and bays.

Supplemental Law Enforcement Service Fund - accounts for funds allocated by the State for front-line municipal police services.

Waste Management/Recycling Fund - accounts for activities to implement AB939, which mandates a decrease in the volume of landfill waste, as well as for household hazardous waste programs.

Police Special Services Fund - accounts for asset forfeitures from drug-related convictions. These funds may only be used for drug-related education and enforcement activities.

Park and Recreation Fund - accounts for funds received from the Pleasant Hill Recreation and Park District and from any park-related revenue source. Proceeds will be used for park-related and recreation-related purposes.

Landscaping and Lighting Assessment District 22 Fund - accounts for assessments received from Grayson Woods and Gallery Walk property owners to pay for landscaping and lighting costs in these developments.

Senior Van Services Fund - accounts for donations and fare revenues, as well as City-paid expenses of operating a van service for transporting non-driving Pleasant Hill seniors to medical and dental appointments in the local area, shopping within Pleasant Hill, and to the Pleasant Hill Senior Center for social activities.

CITY OF PLEASANT HILL
Other Nonmajor Governmental Funds
Year Ended June 30, 2015

CLEEP (California Law Enforcement Equipment Program) Grant Fund - accounts for State grant funds to be used for law enforcement-related equipment purchases.

Vehicle Abatement Fund - accounts for funds received quarterly from Contra Costa County for vehicle abatement (based on the number of vehicles abated), as well as an annual year-end transfer from the General Fund to cover expenses beyond the amount of the county's contribution. On an annual basis, 40% of the Code Enforcement investigator's salary and benefits are charged to this fund to approximate the amount of time spent on vehicle abatement.

Affordable Housing Fund - accounts for fees received from developers in lieu of providing affordable housing in their project, as is otherwise required. The City is developing a plan to use these funds to provide assistance to low-income families and individuals in acquiring housing.

Edward Byrne Memorial Justice Assistance Grant Fund - accounts for revenue and expenditures for the Police grant.

DARE Fund - accounts for funds donated by individuals, businesses, and service organizations, as well as funds raised by fundraising events specifically for the D.A.R.E. program. Typical expenditures are books, supplies, t-shirts for this anti-drug program in the local schools.

COPS Grant Fund – accounts for revenue and expenditures for grant monies from the U.S. Department of Justice Office of Community Oriented Policing Services (COPS) for specific activities or programs to enhance public safety.

Disability Access Fund - accounts for funds collected through \$1 fee from business license application and renewal for the purpose of increasing certified access specialist services and facilitate compliance with construction-related disability requirements.

CAPITAL PROJECTS FUNDS:

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

Capital Outlay Fund - also known as Bedroom Tax Fund. Accounts for acquiring, building, improving or expanding public property and facilities.

Computer Technology Replacement Fund - accounts for scheduled and unscheduled replacement of computer-related technology (such as servers, computer, printers, etc.) for City Hall and the Corporation Yard. A flat amount is transferred from General Fund annually for that purpose.

Public Educational and Governmental Access Capital Grant Fund (PEG) - accounts for PEG grant revenues to be used to fund capital costs associated with acquiring PEG capital equipment

Vehicles and Equipment Replacement Fund - accounts for acquiring City vehicles, and communication gear, and is funded by General Fund transfers.

CITY OF PLEASANT HILL
Other Nonmajor Governmental Funds
Year Ended June 30, 2015

Police Technology Fund - accounts for scheduled and unscheduled replacement of radios, copiers, and computer-related technology (such as servers, computers, printers, etc.) for the Police Department. Annually, a flat amount is transferred from General Fund for that purpose.

Capital Projects Fund - accounts for making capital improvements and funding large maintenance projects.

DEBT SERVICE FUND:

Debt Service Funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Refunding Lease Revenue Bonds Fund - accounts for funds used to pay principal and interest on the Lease Revenue Refunding Bonds, Series 2004.

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2015

	Special Revenue Funds					
	Traffic Safety	Gas Tax 2107.5	Unified Street Lighting	Parkland Dedication	Commercial Landscaping and Lighting District 20	NPDES
Assets:						
Cash and investments:						
Held in City Treasury	\$ 17,127	\$ 47,540	\$ 16	\$ 4,813	\$ 517,367	\$ 692,416
Held with trustees	-	-	-	-	-	-
Receivables:						
Accounts and other	-	-	-	-	-	155,513
Interest	11	33	-	-	-	497
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 17,138</u>	<u>\$ 47,573</u>	<u>\$ 16</u>	<u>\$ 4,813</u>	<u>\$ 517,367</u>	<u>\$ 848,426</u>
Liabilities and fund balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 4,813	\$ 14,746	\$ 20,813
Due to other funds	-	-	76,976	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>76,976</u>	<u>4,813</u>	<u>14,746</u>	<u>20,813</u>
Fund balances (deficits):						
Nonspendable	-	-	-	-	-	-
Restricted	17,138	47,573	-	-	502,621	827,613
Committed	-	-	-	-	-	-
Unassigned	-	-	(76,960)	-	-	-
Total fund balances (deficits)	<u>17,138</u>	<u>47,573</u>	<u>(76,960)</u>	<u>-</u>	<u>502,621</u>	<u>827,613</u>
Total liabilities and fund balances	<u>\$ 17,138</u>	<u>\$ 47,573</u>	<u>\$ 16</u>	<u>\$ 4,813</u>	<u>\$ 517,367</u>	<u>\$ 848,426</u>

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2015

Special Revenue Funds

Supplemental Law Enforcement Services	Waste Management/ Recycling	Police Special Services	Park and Recreation	Landscaping and Lighting Assessment District 22	Senior Van Services	CLEEP Grant	Vehicle Abatement
\$ 132,619	\$ 829	\$ 105,326	\$ 2	\$ 167,170	\$ 43,082	\$ 6	\$ 2,828
-	-	-	-	-	-	-	-
11,021	11,268	-	-	-	-	-	-
85	1	74	-	124	31	-	-
-	-	-	-	-	-	-	-
<u>\$ 143,725</u>	<u>\$ 12,098</u>	<u>\$ 105,400</u>	<u>\$ 2</u>	<u>\$ 167,294</u>	<u>\$ 43,113</u>	<u>\$ 6</u>	<u>\$ 2,828</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	24,901	-	-	-	-	-	-
-	24,901	-	-	-	-	-	-
-	-	-	-	-	-	-	-
143,725	-	105,400	2	167,294	43,113	6	2,828
-	-	-	-	-	-	-	-
-	(12,803)	-	-	-	-	-	-
<u>143,725</u>	<u>(12,803)</u>	<u>105,400</u>	<u>2</u>	<u>167,294</u>	<u>43,113</u>	<u>6</u>	<u>2,828</u>
<u>\$ 143,725</u>	<u>\$ 12,098</u>	<u>\$ 105,400</u>	<u>\$ 2</u>	<u>\$ 167,294</u>	<u>\$ 43,113</u>	<u>\$ 6</u>	<u>\$ 2,828</u>

(Continued)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2015

	Special Revenue Funds					Capital Projects Funds
	Affordable Housing	Edward Byrne Memorial Justice Assistance Grant	DARE	COPS Grant	Disability Access	Capital Outlay
Assets:						
Cash and investments:						
Held in City Treasury	\$ 257,623	\$ 3	\$ -	\$ -	\$ 6,545	\$ 48,329
Held with trustees	-	-	-	-	-	-
Receivables:						
Accounts and other	-	-	-	-	-	-
Interest	182	-	-	-	4	34
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 257,805</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,549</u>	<u>\$ 48,363</u>
Liabilities and fund balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 6,528	\$ -
Due to other funds	-	917	875	203	-	-
Total liabilities	<u>-</u>	<u>917</u>	<u>875</u>	<u>203</u>	<u>6,528</u>	<u>-</u>
Fund balances (deficits):						
Nonspendable	-	-	-	-	-	-
Restricted	257,805	-	-	-	21	48,363
Committed	-	-	-	-	-	-
Unassigned	-	(914)	(875)	(203)	-	-
Total fund balances (deficits)	<u>257,805</u>	<u>(914)</u>	<u>(875)</u>	<u>(203)</u>	<u>21</u>	<u>48,363</u>
Total liabilities and fund balances	<u>\$ 257,805</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,549</u>	<u>\$ 48,363</u>

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2015

Capital Projects Funds					Debt Service Fund	
Computer Technology Replacement	Public Educational and Governmental Access Capital Grant	Vehicles and Equipment Replacement	Police Technology	Capital Projects	Refunding Lease Revenue Bonds	Total
\$ 573,080	\$ 491,670	\$ 109,527	\$ 502,875	\$ 86,070	\$ 49,649	\$ 3,856,512
-	-	-	-	-	931,547	931,547
-	10,787	-	-	-	-	188,589
-	346	-	-	-	-	1,422
-	-	-	41,496	-	-	41,496
<u>\$ 573,080</u>	<u>\$ 502,803</u>	<u>\$ 109,527</u>	<u>\$ 544,371</u>	<u>\$ 86,070</u>	<u>\$ 981,196</u>	<u>\$ 5,019,566</u>
\$ 76,221	\$ -	\$ -	\$ 28,023	\$ -	\$ -	\$ 151,144
-	-	-	-	-	-	103,872
<u>76,221</u>	<u>-</u>	<u>-</u>	<u>28,023</u>	<u>-</u>	<u>-</u>	<u>255,016</u>
-	-	-	41,496	-	-	41,496
-	502,803	-	-	-	981,196	3,647,501
496,859	-	109,527	474,852	86,070	-	1,167,308
-	-	-	-	-	-	(91,755)
<u>496,859</u>	<u>502,803</u>	<u>109,527</u>	<u>516,348</u>	<u>86,070</u>	<u>981,196</u>	<u>4,764,550</u>
<u>\$ 573,080</u>	<u>\$ 502,803</u>	<u>\$ 109,527</u>	<u>\$ 544,371</u>	<u>\$ 86,070</u>	<u>\$ 981,196</u>	<u>\$ 5,019,566</u>

(Concluded)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2015

	Special Revenue Funds					
	Traffic Safety	Gas Tax 2107.5	Unified Street Lighting	Parkland Dedication	Commercial Landscaping and Lighting District 20	NPDES
Revenues:						
Property taxes	\$ -	\$ -	\$ 457,862	\$ -	\$ -	\$ -
Other taxes and special assessments	-	-	-	-	339,822	383,444
Intergovernmental	-	6,000	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	82,604	-	-	-	-	-
Use of money and property	30	117	17	-	-	1,824
Other	-	-	-	-	-	-
Total revenues	<u>82,634</u>	<u>6,117</u>	<u>457,879</u>	<u>-</u>	<u>339,822</u>	<u>385,268</u>
Expenditures:						
Current:						
General government	-	-	236,003	-	-	-
Public safety	67,861	-	-	-	-	-
Transportation	-	-	-	-	432,721	-
Community development	-	-	-	-	-	358,695
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>67,861</u>	<u>-</u>	<u>236,003</u>	<u>-</u>	<u>432,721</u>	<u>358,695</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,773</u>	<u>6,117</u>	<u>221,876</u>	<u>-</u>	<u>(92,899)</u>	<u>26,573</u>
Other financing sources (uses):						
Proceeds from sale of capital asset	-	-	-	-	-	-
Transfers in	-	-	-	-	97,947	-
Transfers out	-	-	(252,350)	-	(135,300)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(252,350)</u>	<u>-</u>	<u>(37,353)</u>	<u>-</u>
Change in fund balances	14,773	6,117	(30,474)	-	(130,252)	26,573
Fund balances (deficits), beginning of year	2,365	41,456	(46,486)	-	632,873	801,040
Fund balances (deficits), end of year	<u>\$ 17,138</u>	<u>\$ 47,573</u>	<u>\$ (76,960)</u>	<u>\$ -</u>	<u>\$ 502,621</u>	<u>\$ 827,613</u>

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2015

Special Revenue Funds

Supplemental Law Enforcement Services	Waste Management/ Recycling	Police Services	Special Services	Park and Recreation	Landscaping and Lighting Assessment District 22	Senior Van Services	CLEEP Grant	Vehicle Abatement
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	58,562	-	-	-
113,973	9,537	5,217	-	-	-	-	-	16,105
-	110,696	-	-	-	-	2,485	-	-
-	-	-	-	-	-	-	-	-
318	3	284	-	407	113	-	-	-
-	5,000	-	-	-	-	-	-	-
<u>114,291</u>	<u>125,236</u>	<u>5,501</u>	<u>-</u>	<u>58,969</u>	<u>2,598</u>	<u>-</u>	<u>-</u>	<u>16,105</u>
-	-	-	-	-	-	-	-	-
4,075	-	10,996	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	89,017	-	-	48,346	3,329	-	-	31,887
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>4,075</u>	<u>89,017</u>	<u>10,996</u>	<u>-</u>	<u>48,346</u>	<u>3,329</u>	<u>-</u>	<u>-</u>	<u>31,887</u>
110,216	36,219	(5,495)	-	10,623	(731)	-	-	(15,782)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	3,325	-	-	14,692
<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,692</u>
10,216	36,219	(5,495)	-	13,948	(731)	-	-	(1,090)
133,509	(49,022)	110,895	2	153,346	43,844	6	6	3,918
<u>\$ 143,725</u>	<u>\$ (12,803)</u>	<u>\$ 105,400</u>	<u>\$ 2</u>	<u>\$ 167,294</u>	<u>\$ 43,113</u>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 2,828</u>

(Continued)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance:
For the Year Ended June 30, 2015

	Special Revenue Funds					Capital Projects Funds
	Edward Byrne Memorial Justice					Capital Outlay
	Affordable Housing	Assistance Grant	DARE	COPS Grant	Disability Access	
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and special assessments	-	-	-	-	-	300
Intergovernmental	-	-	-	9,150	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	671	-	-	-	13	505
Other	-	-	-	-	-	-
Total revenues	<u>671</u>	<u>-</u>	<u>-</u>	<u>9,150</u>	<u>13</u>	<u>805</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	13,263	-	-
Transportation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	200,089
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,263</u>	<u>-</u>	<u>200,089</u>
Excess (deficiency) of revenues over (under) expenditures	<u>671</u>	<u>-</u>	<u>-</u>	<u>(4,113)</u>	<u>13</u>	<u>(199,284)</u>
Other financing sources (uses):						
Proceeds from sale of capital asset	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	671	-	-	(4,113)	13	(199,284)
Fund balances (deficits), beginning of year	<u>257,134</u>	<u>(914)</u>	<u>(875)</u>	<u>3,910</u>	<u>8</u>	<u>247,647</u>
Fund balances (deficits), end of year	<u>\$ 257,805</u>	<u>\$ (914)</u>	<u>\$ (875)</u>	<u>\$ (203)</u>	<u>\$ 21</u>	<u>\$ 48,363</u>

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance:
For the Year Ended June 30, 2015

Capital Projects Funds					Debt Service Fund	
Public						
Computer Technology Replacement	Governmental Access Capital Grant	Vehicles and Equipment Replacement	Police Technology	Capital Projects	Refunding Lease Revenue Bonds	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 457,862
-	-	-	-	-	-	782,128
-	94,457	-	-	-	-	254,439
-	-	-	-	-	-	113,181
-	-	-	-	-	-	82,604
-	1,227	-	-	-	37	5,566
-	-	3,260	-	-	-	8,260
<u>-</u>	<u>95,684</u>	<u>3,260</u>	<u>-</u>	<u>-</u>	<u>37</u>	<u>1,704,040</u>
-	-	-	-	-	-	236,003
-	-	-	-	-	-	96,195
-	-	-	-	-	-	432,721
-	-	-	-	-	-	531,274
337,455	58,396	139,609	446,994	143,295	-	1,325,838
-	-	-	-	-	710,000	710,000
-	-	-	-	-	78,313	78,313
<u>337,455</u>	<u>58,396</u>	<u>139,609</u>	<u>446,994</u>	<u>143,295</u>	<u>788,313</u>	<u>3,410,344</u>
<u>(337,455)</u>	<u>37,288</u>	<u>(136,349)</u>	<u>(446,994)</u>	<u>(143,295)</u>	<u>(788,276)</u>	<u>(1,706,304)</u>
-	-	5,203	-	-	-	5,203
234,090	-	200,000	374,000	-	781,813	1,705,867
-	-	-	(14,090)	-	-	(501,740)
<u>234,090</u>	<u>-</u>	<u>205,203</u>	<u>359,910</u>	<u>-</u>	<u>781,813</u>	<u>1,209,330</u>
(103,365)	37,288	68,854	(87,084)	(143,295)	(6,463)	(496,974)
<u>600,224</u>	<u>465,515</u>	<u>40,673</u>	<u>603,432</u>	<u>229,365</u>	<u>987,659</u>	<u>5,261,524</u>
<u>\$ 496,859</u>	<u>\$ 502,803</u>	<u>\$ 109,527</u>	<u>\$ 516,348</u>	<u>\$ 86,070</u>	<u>\$ 981,196</u>	<u>\$ 4,764,550</u>

(Concluded)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Schedules of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2015

	Traffic Safety			Gas Tax 2107.5		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and special assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	-	6,000	6,000
Charges for services	-	-	-	-	-	-
Fines and forfeitures	90,000	82,604	(7,396)	-	-	-
Use of money and property	-	30	30	178	117	(61)
Other	-	-	-	-	-	-
Total revenues	90,000	82,634	(7,366)	178	6,117	5,939
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	92,805	67,861	24,944	-	-	-
Transportation	-	-	-	20,000	-	20,000
Community development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	92,805	67,861	24,944	20,000	-	20,000
Excess (deficiency) of revenues over (under) expenditures	(2,805)	14,773	17,578	(19,822)	6,117	25,939
Other financing sources (uses):						
Proceeds from sale of capital asset	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Change in fund balances	\$ (2,805)	14,773	\$ 17,578	\$ (19,822)	6,117	\$ 25,939
Fund balances (deficits), beginning of year		2,365			41,456	
Fund balances (deficits), end of year		\$ 17,138			\$ 47,573	

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Schedules of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2015

Unified Street Lighting			Commercial Landscaping and Lighting District 20			NPDES		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ 377,100	\$ 457,862	\$ 80,762	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	339,915	339,822	(93)	367,000	383,444	16,444
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	17	17	13,315	-	(13,315)	3,097	1,824	(1,273)
-	-	-	-	-	-	-	-	-
<u>377,100</u>	<u>457,879</u>	<u>80,779</u>	<u>353,230</u>	<u>339,822</u>	<u>(13,408)</u>	<u>370,097</u>	<u>385,268</u>	<u>15,171</u>
204,601	236,003	(31,402)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	455,434	432,721	22,713	-	-	-
-	-	-	-	-	-	538,133	358,695	179,438
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>204,601</u>	<u>236,003</u>	<u>(31,402)</u>	<u>455,434</u>	<u>432,721</u>	<u>22,713</u>	<u>538,133</u>	<u>358,695</u>	<u>179,438</u>
<u>172,499</u>	<u>221,876</u>	<u>49,377</u>	<u>(102,204)</u>	<u>(92,899)</u>	<u>9,305</u>	<u>(168,036)</u>	<u>26,573</u>	<u>194,609</u>
-	-	-	-	-	-	-	-	-
-	-	-	97,947	97,947	-	-	-	-
<u>(252,350)</u>	<u>(252,350)</u>	<u>-</u>	<u>(99,300)</u>	<u>(135,300)</u>	<u>(36,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(252,350)</u>	<u>(252,350)</u>	<u>-</u>	<u>(1,353)</u>	<u>(37,353)</u>	<u>(36,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (79,851)</u>	<u>(30,474)</u>	<u>\$ 49,377</u>	<u>\$ (103,557)</u>	<u>(130,252)</u>	<u>\$ (26,695)</u>	<u>\$ (168,036)</u>	<u>26,573</u>	<u>\$ 194,609</u>
	<u>(46,486)</u>			<u>632,873</u>			<u>801,040</u>	
	<u>\$ (76,960)</u>			<u>\$ 502,621</u>			<u>\$ 827,613</u>	

(Continued)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Schedules of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2015

	Supplemental Law Enforcement Services			Waste Management/Recycling		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and special assessments	-	-	-	-	-	-
Intergovernmental	100,000	113,973	13,973	10,000	9,537	(463)
Charges for services	-	-	-	110,000	110,696	696
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	-	318	318	-	3	3
Other	-	-	-	-	5,000	5,000
Total revenues	<u>100,000</u>	<u>114,291</u>	<u>14,291</u>	<u>120,000</u>	<u>125,236</u>	<u>5,236</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	4,075	(4,075)	-	-	-
Transportation	-	-	-	-	-	-
Community development	-	-	-	102,768	89,017	13,751
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>4,075</u>	<u>(4,075)</u>	<u>102,768</u>	<u>89,017</u>	<u>13,751</u>
Excess (deficiency) of revenues over (under) expenditures	<u>100,000</u>	<u>110,216</u>	<u>10,216</u>	<u>17,232</u>	<u>36,219</u>	<u>18,987</u>
Other financing sources (uses):						
Proceeds from sale of capital asset	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	<u>\$ -</u>	<u>10,216</u>	<u>\$ 10,216</u>	<u>\$ 17,232</u>	<u>36,219</u>	<u>\$ 18,987</u>
Fund balances (deficits), beginning of year		<u>133,509</u>			<u>(49,022)</u>	
Fund balances (deficits), end of year		<u>\$ 143,725</u>			<u>\$ (12,803)</u>	

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Schedules of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2015

Police Special Services			Landscaping and Lighting Assessment District 22			Senior Van Services		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	57,486	58,562	1,076	-	-	-
5,000	5,217	217	-	-	-	-	-	-
-	-	-	-	-	-	2,765	2,485	(280)
-	-	-	-	-	-	-	-	-
222	284	62	2,241	407	(1,834)	87	113	26
-	-	-	-	-	-	-	-	-
<u>5,222</u>	<u>5,501</u>	<u>279</u>	<u>59,727</u>	<u>58,969</u>	<u>(758)</u>	<u>2,852</u>	<u>2,598</u>	<u>(254)</u>
-	-	-	-	-	-	-	-	-
5,001	10,996	(5,995)	-	-	-	-	-	-
-	-	-	73,540	48,346	25,194	-	-	-
-	-	-	-	-	-	4,019	3,329	690
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>5,001</u>	<u>10,996</u>	<u>(5,995)</u>	<u>73,540</u>	<u>48,346</u>	<u>25,194</u>	<u>4,019</u>	<u>3,329</u>	<u>690</u>
221	(5,495)	(5,716)	(13,813)	10,623	24,436	(1,167)	(731)	436
-	-	-	-	-	-	-	-	-
-	-	-	3,325	3,325	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	3,325	3,325	-	-	-	-
<u>\$ 221</u>	<u>(5,495)</u>	<u>\$ (5,716)</u>	<u>\$ (10,488)</u>	<u>13,948</u>	<u>\$ 24,436</u>	<u>\$ (1,167)</u>	<u>(731)</u>	<u>\$ 436</u>
	<u>110,895</u>			<u>153,346</u>			<u>43,844</u>	
	<u>\$ 105,400</u>			<u>\$ 167,294</u>			<u>\$ 43,113</u>	

(Continued)

(Continued)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Schedules of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2015

	Vehicle Abatement			Affordable Housing		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and special assessments	-	-	-	-	-	-
Intergovernmental	14,989	16,105	1,116	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	-	-	-	-	671	671
Other	-	-	-	-	-	-
Total revenues	14,989	16,105	1,116	-	671	671
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Community development	29,681	31,887	(2,206)	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	29,681	31,887	(2,206)	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(14,692)	(15,782)	(1,090)	-	671	671
Other financing sources (uses):						
Proceeds from sale of capital asset	-	-	-	-	-	-
Transfers in	14,692	14,692	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	14,692	14,692	-	-	-	-
Change in fund balances	\$ -	(1,090)	\$ (1,090)	\$ -	671	\$ 671
Fund balances (deficits), beginning of year		3,918			257,134	
Fund balances (deficits), end of year		\$ 2,828			\$ 257,805	

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Schedules of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2015

COPS Grant			Capital Outlay			Computer Technology and Replacement		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	500	300	(200)	-	-	-
9,150	9,150	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	1,237	505	(732)	-	-	-
-	-	-	-	-	-	-	-	-
<u>9,150</u>	<u>9,150</u>	<u>-</u>	<u>1,737</u>	<u>805</u>	<u>(932)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
13,263	13,263	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	250,000	200,089	49,911	327,259	337,455	(10,196)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>13,263</u>	<u>13,263</u>	<u>-</u>	<u>250,000</u>	<u>200,089</u>	<u>49,911</u>	<u>327,259</u>	<u>337,455</u>	<u>(10,196)</u>
<u>(4,113)</u>	<u>(4,113)</u>	<u>-</u>	<u>(248,263)</u>	<u>(199,284)</u>	<u>48,979</u>	<u>(327,259)</u>	<u>(337,455)</u>	<u>(10,196)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	234,090	234,090	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	234,090	234,090	-
<u>\$ (4,113)</u>	<u>(4,113)</u>	<u>\$ -</u>	<u>\$ (248,263)</u>	<u>(199,284)</u>	<u>\$ 48,979</u>	<u>\$ (93,169)</u>	<u>(103,365)</u>	<u>\$ (10,196)</u>
	<u>3,910</u>			<u>247,647</u>			<u>600,224</u>	
	<u>\$ (203)</u>			<u>\$ 48,363</u>			<u>\$ 496,859</u>	

(Continued)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Schedules of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2015

	Public Educational and Governmental Access Capital Grant			Vehicles and Equipment Replacement		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and special assessments	-	-	-	-	-	-
Intergovernmental	60,000	94,457	34,457	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	1,038	1,227	189	-	-	-
Other	-	-	-	-	3,260	3,260
Total revenues	61,038	95,684	34,646	-	3,260	3,260
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	96,872	58,396	38,476	200,000	139,609	60,391
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	96,872	58,396	38,476	200,000	139,609	60,391
Excess (deficiency) of revenues over (under) expenditures	(35,834)	37,288	73,122	(200,000)	(136,349)	63,651
Other financing sources (uses):						
Proceeds from sale of capital asset	-	-	-	-	5,203	5,203
Transfers in	-	-	-	200,000	200,000	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	200,000	205,203	5,203
Change in fund balances	\$ (35,834)	37,288	\$ 73,122	\$ -	68,854	\$ 68,854
Fund balances (deficits), beginning of year		465,515			40,673	
Fund balances (deficits), end of year		<u>\$ 502,803</u>			<u>\$ 109,527</u>	

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Schedules of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2015

Police Technology			Capital Projects			Refunding Lease Revenue Bonds		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	80,000	-	(80,000)	1,979	37	(1,942)
-	-	-	80,000	-	(80,000)	-	-	-
-	-	-	80,000	-	(80,000)	1,979	37	(1,942)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
476,217	446,994	29,223	175,625	143,295	32,330	-	-	-
-	-	-	-	-	-	786,062	710,000	76,062
-	-	-	-	-	-	76,062	78,313	(2,251)
476,217	446,994	29,223	175,625	143,295	32,330	862,124	788,313	73,811
(476,217)	(446,994)	29,223	(95,625)	(143,295)	(47,670)	(860,145)	(788,276)	71,869
-	-	-	-	-	-	-	-	-
374,000	374,000	-	-	-	-	781,813	781,813	-
(14,090)	(14,090)	-	-	-	-	-	-	-
359,910	359,910	-	-	-	-	781,813	781,813	-
<u>\$ (116,307)</u>	<u>(87,084)</u>	<u>\$ 29,223</u>	<u>\$ (95,625)</u>	<u>(143,295)</u>	<u>\$ (47,670)</u>	<u>\$ (78,332)</u>	<u>(6,463)</u>	<u>\$ 71,869</u>
	<u>603,432</u>			<u>229,365</u>			<u>987,659</u>	
	<u>\$ 516,348</u>			<u>\$ 86,070</u>			<u>\$ 981,196</u>	

(Concluded)

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CITY OF PLEASANT HILL
Agency Funds
Year Ended June 30, 2015

Agency Funds are custodial in nature and do not involve measurement of results of operations. Such funds have no equity since any assets are due to individuals or other entities at some future time. These funds are presented separately from the Governmental and Proprietary Fund Financial Statements

The Agency Funds used to account for monies held by the City in a fiduciary capacity are as follows:

Acme Landfill Closure Fund - accounts for funds collected by Pleasant Hill Bayshore Disposal Company from their Pleasant Hill ratepayers prior to February 8, 1993 and turned over to the City on that date for the purpose of covering future costs of the closure of the Acme Landfill. In addition, from November 1994 through June 1997, savings from the Keller Canyon Landfill rate reduction were deposited into this fund.

Transpac Fund - accounts for contributions from TRANSPAC member agencies in Central Contra Costa County and the use of those funds for transportation planning and information purposes.

TDM Fund - accounts for transportation funds advanced and reimbursed to TRANSPAC for Transportation Demand Management projects in central Contra Costa County.

Pleasant Hill Downtown Community Facilities District No. 1 Fund - accounts for debt service and other reserves funded with proceeds from the District's debt issued in 1998.

Asset Forfeiture Holding Fund - accounts for cash seized in drug cases, the distribution of which is determined later by the court. Distribution is most often among the law enforcement agencies involved in the arrest and investigation. If the City receives a portion, it is transferred to the Police Special Services Fund.

CITY OF PLEASANT HILL
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2015

Acme Landfill Closure	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Assets:				
Cash and investments held in City Treasury	\$ 65,570	\$ 161	\$ -	\$ 65,731
Liabilities:				
Due to others	\$ 65,570	\$ 161	\$ -	\$ 65,731
<hr/>				
Transpac	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Assets:				
Cash and investments held in City Treasury	\$ 75,710	\$ 40,824	\$ -	\$ 116,534
Interest receivable	52	35	-	87
Total Assets	<u>\$ 75,762</u>	<u>\$ 40,859</u>	<u>\$ -</u>	<u>\$ 116,621</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 4,235	\$ -	\$ 4,235
Due to others	75,762	36,624	-	112,386
Total Liabilities	<u>\$ 75,762</u>	<u>\$ 40,859</u>	<u>\$ -</u>	<u>\$ 116,621</u>
<hr/>				
TDM	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Assets:				
Cash and investments held in City Treasury	\$ 343,381	\$ 68,246	\$ -	\$ 411,627
Accounts receivable	114,947	92,605	-	207,552
Interest receivable	178	112	-	290
Due from other governmental agencies	60,814	47,481	-	108,295
Total Assets	<u>\$ 519,320</u>	<u>\$ 208,444</u>	<u>\$ -</u>	<u>\$ 727,764</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 89,506	\$ 15,007	\$ -	\$ 104,513
Due to others	429,814	193,437	-	623,251
Total Liabilities	<u>\$ 519,320</u>	<u>\$ 208,444</u>	<u>\$ -</u>	<u>\$ 727,764</u>

CITY OF PLEASANT HILL
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2015

Pleasant Hill Downtown Community Facilities District No. 1	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Assets:				
Cash and investments held in City Treasury	\$ 5	\$ -	\$ -	\$ 5
Liabilities:				
Due to others	\$ 5	\$ -	\$ -	\$ 5
<hr/>				
Asset Forfeiture Holding	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Assets:				
Cash and investments held in City Treasury	\$ 35,625	\$ 118,907	\$ -	\$ 154,532
Liabilities:				
Due to others	\$ 35,625	\$ 118,907	\$ -	\$ 154,532
<hr/>				
Total Agency Funds	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Assets:				
Cash and investments held in City Treasury	\$ 520,291	\$ 228,138	\$ -	\$ 748,429
Accounts receivable	114,947	92,605	-	207,552
Interest receivable	230	147	-	377
Due from other governmental agencies	60,814	47,481	-	108,295
Total Assets	<u>\$ 696,282</u>	<u>\$ 368,371</u>	<u>\$ -</u>	<u>\$ 1,064,653</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 89,506	\$ 19,242	\$ -	\$ 108,748
Due to others	606,776	349,129	-	955,905
Total Liabilities	<u>\$ 696,282</u>	<u>\$ 368,371</u>	<u>\$ -</u>	<u>\$ 1,064,653</u>

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CITY OF PLEASANT HILL
Statistical Section
Year Ended June 30, 2015

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

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

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balances of Governmental Funds

Revenue Capacity

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

1. Assessed and Estimated Actual Net Value of Taxable Property
2. Property Tax Rates, All Direct and Overlapping Governments
3. Principal Property Taxpayers
4. Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin

Demographic and Economic Information

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

1. Demographic Statistics
2. Top 25 Sales Tax Producers

Operating Information

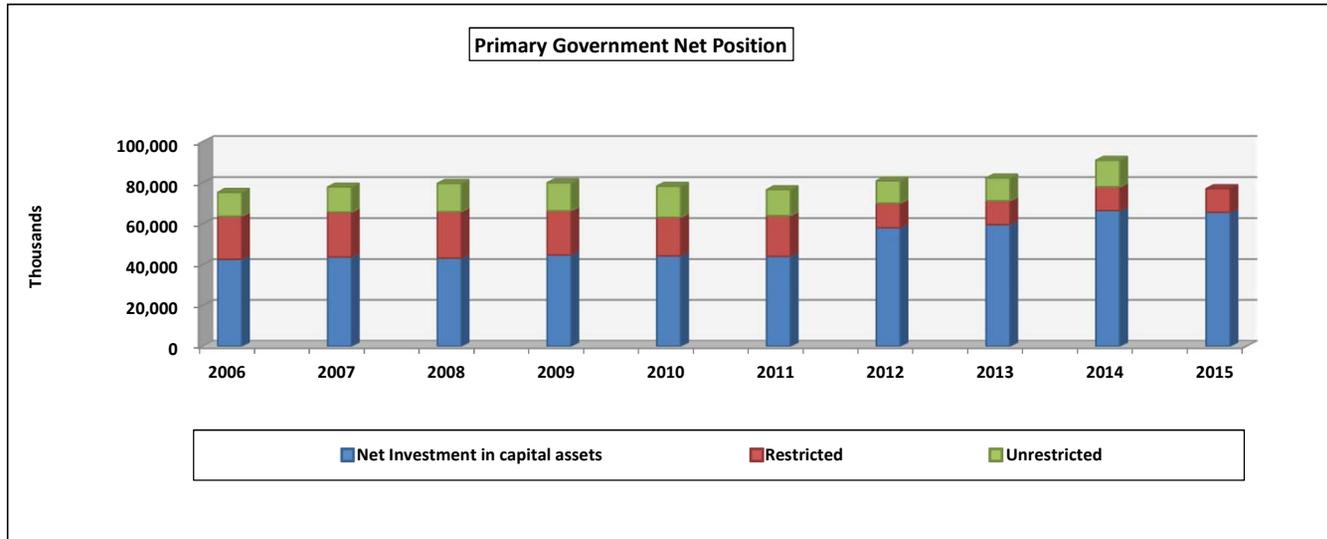
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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

Sources

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

CITY OF PLEASANT HILL
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)



	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net Investment in capital assets	\$ 42,507,506	\$ 43,557,523	\$ 42,965,783	\$ 44,384,085	\$ 43,881,992	\$ 43,650,429	\$ 57,645,233	\$ 59,197,790	\$ 66,029,250	\$ 65,099,649
Restricted	21,097,614	21,936,969	22,710,677	21,623,899	18,871,581	19,890,531	11,971,498	11,608,039	11,586,938	11,474,912
Unrestricted	11,467,327	12,099,660	13,585,000	13,446,447	14,888,824	12,304,766	10,446,896	10,601,225	12,351,893	(19,918,513)
Total governmental activities net position	<u>\$ 75,072,447</u>	<u>\$ 77,594,152</u>	<u>\$ 79,261,460</u>	<u>\$ 79,454,431</u>	<u>\$ 77,642,397</u>	<u>\$ 75,845,726</u>	<u>\$ 80,063,627</u>	<u>\$ 81,407,054</u>	<u>\$ 89,968,081</u>	<u>\$ 56,656,048</u>
Business-type activities										
Net Investment in capital assets	\$ 144,166	\$ 257,270	\$ 263,972	\$ 384,795	\$ 434,933	\$ 432,080	\$ 440,297	\$ 449,206	\$ 418,115	\$ 532,590
Unrestricted	137,830	77,119	131,278	149,719	254,967	380,418	477,887	522,825	593,780	530,294
Total business-type activities net position	<u>\$ 281,996</u>	<u>\$ 334,389</u>	<u>\$ 395,250</u>	<u>\$ 534,514</u>	<u>\$ 689,900</u>	<u>\$ 812,498</u>	<u>\$ 918,184</u>	<u>\$ 972,031</u>	<u>\$ 1,011,895</u>	<u>\$ 1,062,884</u>
Primary government										
Net Investment in capital assets	\$ 42,651,672	\$ 43,814,793	\$ 43,229,755	\$ 44,768,880	\$ 44,316,925	\$ 44,082,509	\$ 58,085,530	\$ 59,626,996	\$ 66,447,365	\$ 65,632,239
Restricted	21,097,614	21,936,969	22,710,677	21,623,899	18,871,581	19,890,531	11,971,498	11,608,039	11,586,938	11,474,912
Unrestricted	11,605,157	12,176,779	13,716,278	13,596,166	15,143,791	12,685,184	10,924,783	11,124,050	12,945,673	(19,388,219)
Total primary government net position	<u>\$ 75,354,443</u>	<u>\$ 77,928,541</u>	<u>\$ 79,656,710</u>	<u>\$ 79,988,945</u>	<u>\$ 78,332,297</u>	<u>\$ 76,658,224</u>	<u>\$ 80,981,811</u>	<u>\$ 82,359,085</u>	<u>\$ 90,979,976</u>	<u>\$ 57,718,932</u>

CITY OF PLEASANT HILL
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

For the Fiscal Year Ended June 30,

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental Activities:										
General Government	\$ 4,330,477	\$ 4,784,571	\$ 4,476,627	\$ 4,508,256	\$ 4,255,271	\$ 4,013,156	\$ 4,145,899	\$ 4,235,267	\$ 4,486,256	\$ 4,800,859
Public Safety	9,362,163	10,798,714	9,928,496	10,158,604	10,569,296	10,460,617	10,916,374	9,777,992	8,931,818	8,789,637
Transportation	5,524,377	6,541,500	9,321,573	7,264,126	7,627,607	6,461,403	7,947,704	7,597,694	6,618,300	16,701,264
Community Development	3,988,861	4,954,109	4,733,821	5,346,378	7,094,274	5,985,179	7,547,857	2,898,886	2,550,154	2,450,528
Interest and fiscal charges	922,124	872,510	849,028	832,973	790,114	952,768	238,204	118,921	223,433	176,388
Total Governmental Activities Expenses	24,128,002	27,951,404	29,309,545	28,110,337	30,336,562	27,873,123	30,796,038	24,628,760	22,809,961	32,918,676
Business-Type Activities:										
Water	171,673	207,461	223,465	144,374	120,782	153,881	171,473	240,045	225,220	253,159
Total Business-Type Activities Expenses	171,673	207,461	223,465	144,374	120,782	153,881	171,473	240,045	225,220	253,159
Total Primary Government Expenses	\$ 24,299,675	\$ 28,158,865	\$ 29,533,010	\$ 28,254,711	\$ 30,457,344	\$ 28,027,004	\$ 30,967,511	\$ 24,868,805	\$ 23,035,181	\$ 33,171,835
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 178,325	\$ 199,136	\$ 216,617	\$ 283,899	\$ 254,542	\$ 268,859	\$ 261,533	\$ 471,143	\$ 166,671	\$ 166,381
Public Safety	224,177	336,949	224,706	220,002	219,100	167,693	154,651	155,901	157,498	159,012
Transportation	80,651	158,558	904,516	933,220	209,483	61,134	590,617	403,149	663,656	401,395
Community Development	753,007	688,057	857,160	542,444	1,371,035	1,618,580	1,615,948	1,641,652	1,813,011	1,279,317
Operating Grants and Contributions	2,356,729	2,962,397	2,171,187	2,134,676	3,759,275	1,487,235	4,533,379	1,956,723	1,870,975	4,021,630
Capital Grants and Contributions	45,273	677,935	77,961	580,018	62,685	238,432	60,230	2,716,363	7,382,654	6,784,859
Total Government Activities Program Revenues	3,638,162	5,023,032	4,452,147	4,694,259	5,876,120	3,841,933	7,216,358	7,344,931	12,054,465	12,812,594
Business-Type Activities:										
Charges for Services:										
Diablo Vista Water System	92,430	113,760	135,090	135,090	135,089	134,520	134,520	134,520	134,520	134,520
Capital Grants and Contributions	67,800	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	160,230	113,760	135,090	135,090	135,089	134,520	134,520	134,520	134,520	134,520
Program Revenue	160,230	113,760	135,090	135,090	135,089	134,520	134,520	134,520	134,520	134,520
Total Primary Government Program Revenues	\$ 3,798,392	\$ 5,136,792	\$ 4,587,237	\$ 4,829,349	\$ 6,011,209	\$ 3,976,453	\$ 7,350,878	\$ 7,479,451	\$ 12,188,985	\$ 12,947,114
Net (Expense)/Revenue										
Governmental Activities	\$ (20,489,840)	\$ (22,928,372)	\$ (24,857,398)	\$ (23,416,078)	\$ (24,460,442)	\$ (24,031,190)	\$ (23,579,680)	\$ (17,283,829)	\$ (10,755,496)	\$ (20,106,082)
Business-Type Activities	(11,443)	(93,701)	(88,375)	(9,284)	14,307	(19,361)	(36,953)	(105,525)	(90,700)	(118,639)
Total Primary Government Net Expense	\$ (20,501,283)	\$ (23,022,073)	\$ (24,945,773)	\$ (23,425,362)	\$ (24,446,135)	\$ (24,050,551)	\$ (23,616,633)	\$ (17,389,354)	\$ (10,846,196)	\$ (20,224,721)

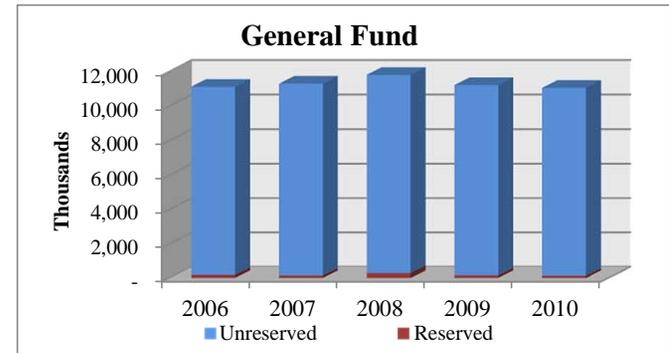
CITY OF PLEASANT HILL
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 5,270,318	\$ 5,566,191	\$ 5,974,201	\$ 5,446,515	\$ 5,359,352	\$ 5,377,312	\$ 5,145,048	\$ 5,342,185	\$ 5,706,908	\$ 5,975,571
Incremental Property Tax	4,116,371	4,944,024	4,959,132	4,921,960	4,931,841	4,583,378	2,666,870	-	-	-
Special Assessments	807,434	774,780	-	-	-	-	-	-	-	-
Sales Taxes	6,828,901	7,352,356	7,402,888	6,749,426	6,405,930	6,024,036	6,454,256	7,060,791	7,508,399	7,736,714
Other Taxes	5,273,958	5,430,332	6,320,041	5,419,659	5,169,082	5,802,809	5,701,901	6,050,845	6,036,889	6,510,044 (a)
Investment Earnings	893,680	1,160,974	1,109,386	743,436	241,327	205,007	200,884	81,307	18,997	137,025
Miscellaneous	91,608	221,420	759,058	328,053	198,562	241,977	52,172	92,128	45,330	46,688
Sale of Land	-	-	-	-	342,314	-	-	-	-	-
Total Governmental Activities	<u>23,282,270</u>	<u>25,450,077</u>	<u>26,524,706</u>	<u>23,609,049</u>	<u>22,648,408</u>	<u>22,234,519</u>	<u>20,221,131</u>	<u>18,627,256</u>	<u>19,316,523</u>	<u>20,406,042</u>
Business-Type Activities:										
Property Taxes	111,067	139,519	142,679	145,136	139,900	140,579	141,108	137,890	149,214	168,073
Interest Earnings	5,052	6,575	6,557	3,412	1,179	1,380	1,531	1,482	1,350	1,555
Total Business-Type Activities	<u>116,119</u>	<u>146,094</u>	<u>149,236</u>	<u>148,548</u>	<u>141,079</u>	<u>141,959</u>	<u>142,639</u>	<u>139,372</u>	<u>150,564</u>	<u>169,628</u>
Total Primary Government	<u>\$ 23,398,389</u>	<u>\$ 25,596,171</u>	<u>\$ 26,673,942</u>	<u>\$ 23,757,597</u>	<u>\$ 22,789,487</u>	<u>\$ 22,376,478</u>	<u>\$ 20,363,770</u>	<u>\$ 18,766,628</u>	<u>\$ 19,467,087</u>	<u>\$ 20,575,670</u>
Extraordinary item:										
Extraordinary gain from loss of the Redevelopment Agency	-	-	-	-	-	-	7,576,450	-	-	-
Change in Net Position										
Governmental Activities	\$ 2,792,430	\$ 2,521,705	\$ 1,667,308	\$ 192,971	\$ (1,812,034)	\$ (1,796,671)	\$ 4,217,901	\$ 1,343,427	\$ 8,561,027	\$ 299,960
Business-Type Activities	104,676	52,393	60,861	139,264	155,386	122,598	105,686	33,847	59,864	50,989
Total Primary Government	<u>\$ 2,897,106</u>	<u>\$ 2,574,098</u>	<u>\$ 1,728,169</u>	<u>\$ 332,235</u>	<u>\$ (1,656,648)</u>	<u>\$ (1,674,073)</u>	<u>\$ 4,323,587</u>	<u>\$ 1,377,274</u>	<u>\$ 8,620,891</u>	<u>\$ 350,949</u>

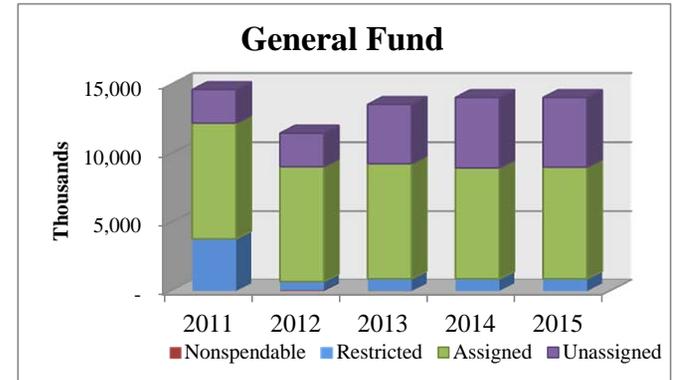
(a) Includes franchise, transient occupancy, and other taxes.

CITY OF PLEASANT HILL
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	June 30,				
	2006	2007	2008	2009	2010
General Fund					
Reserved	\$ 185,602	\$ 144,851	\$ 289,023	\$ 159,714	\$ 133,070
Unreserved	10,934,837	11,150,404	11,519,050	11,054,038	10,928,989
Total General Fund	<u>\$ 11,120,439</u>	<u>\$ 11,295,255</u>	<u>\$ 11,808,073</u>	<u>\$ 11,213,752</u>	<u>\$ 11,062,059</u>
All Other Governmental Funds					
Reserved	\$ 9,082,999	\$ 9,817,934	\$ 10,411,211	\$ 15,634,567	\$ 9,560,938
Unreserved, reported in:					
Special revenue funds	8,106,706	8,001,426	7,373,745	5,158,555	5,028,623
Capital project funds	5,301,948	6,614,520	7,907,720	4,367,037	9,038,024
Total all other governmental funds	<u>\$ 22,491,653</u>	<u>\$ 24,433,880</u>	<u>\$ 25,692,676</u>	<u>\$ 25,160,159</u>	<u>\$ 23,627,585</u>



	June 30,				
	2011	2012	2013	2014	2015
General Fund					
Nonspendable	\$ -	\$ 48,000	\$ 6,718	\$ -	\$ -
Restricted	3,813,612	647,518	890,703	890,703	890,703
Assigned	8,399,941	8,373,037	8,373,037	8,088,146	8,138,277
Unassigned	2,421,720	2,418,563	4,286,921	5,087,502	5,031,285
Total General Fund	<u>\$ 14,635,273</u>	<u>\$ 11,487,118</u>	<u>\$ 13,557,379</u>	<u>\$ 14,066,351</u>	<u>\$ 14,060,265</u>
All Other Governmental Funds					
Nonspendable	\$ 107,935	37,727	207,482	124,489	41,496
Restricted	15,676,590	10,372,370	9,657,855	9,918,262	10,267,097
Committed	3,154,256	2,221,244	1,483,869	1,349,207	1,167,308
Unassigned	(13,450)	(75,789)	(223,195)	(273,571)	(292,053)
Total all other governmental funds	<u>\$ 18,925,331</u>	<u>\$ 12,555,552</u>	<u>\$ 11,126,011</u>	<u>\$ 11,118,387</u>	<u>\$ 11,183,848</u>



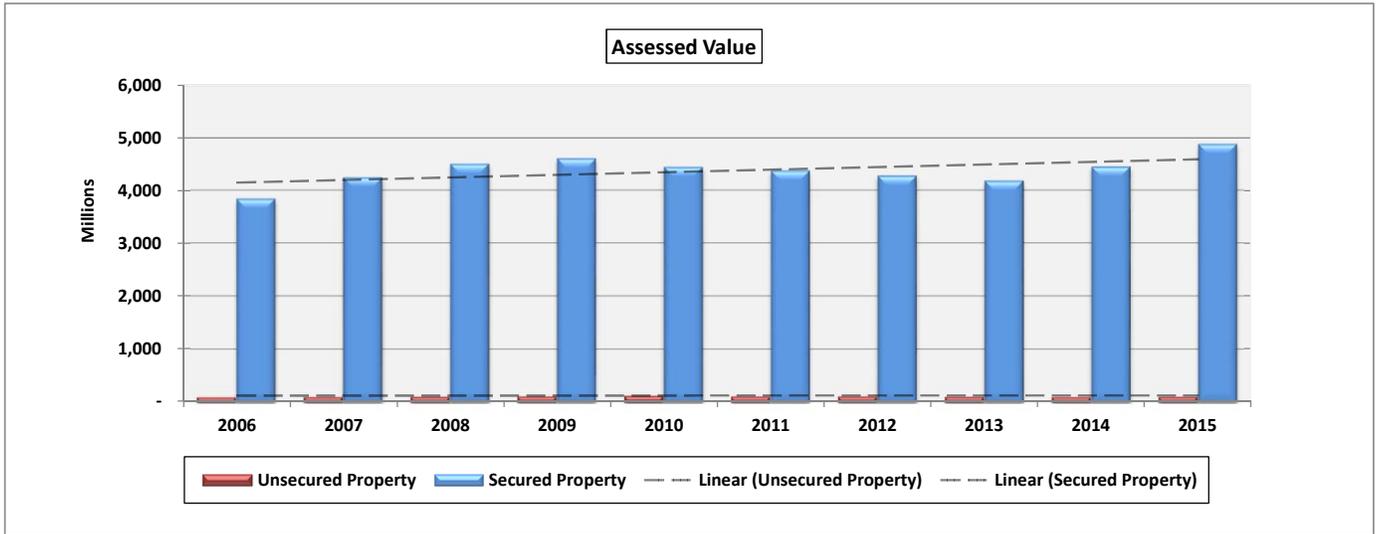
Notes:

- (a) The change in total fund balance for the General Fund and other governmental funds is explained in the Management's Discussion and Analysis section.
- (b) The City implemented GASB Statement No. 54 in fiscal year 2010-2011.

CITY OF PLEASANT HILL
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 16,805,182	\$ 18,972,528	\$ 19,632,116	\$ 18,741,214	\$ 18,173,963	\$ 19,580,639	\$ 18,287,026	\$ 19,171,702	\$ 20,020,926	\$ 21,004,157
Licenses, permits and fees	2,575,760	2,666,509	2,843,196	2,517,694	2,407,379	424,960	419,220	494,091	583,804	532,040
Intergovernmental revenues	4,958,797	5,524,523	4,880,568	5,357,025	5,578,337	4,684,179	6,792,744	4,744,826	9,688,815	10,994,559
Charges for services	986,997	1,188,541	498,901	596,350	627,272	624,803	813,671	1,107,016	1,250,908	553,551
Fines and forfeitures	178,492	229,464	172,348	138,272	169,547	173,423	143,965	138,148	109,892	136,499
Use of money and property	1,161,423	1,570,171	1,379,154	751,307	248,121	161,018	200,884	81,307	18,997	137,025
Other	408,252	312,123	1,050,457	318,224	612,333	655,450	489,006	204,705	58,310	32,808
Total Revenues	<u>27,074,903</u>	<u>30,463,859</u>	<u>30,456,740</u>	<u>28,420,086</u>	<u>27,816,952</u>	<u>26,304,472</u>	<u>27,146,516</u>	<u>25,941,795</u>	<u>31,731,652</u>	<u>33,390,639</u>
Expenditures										
Current:										
General government	4,156,358	4,396,420	4,249,283	4,064,007	3,848,126	3,796,733	3,835,547	4,195,631	4,184,701	4,519,012
Public safety	8,951,626	9,754,033	9,423,894	9,739,391	10,057,020	9,907,557	10,033,011	9,322,450	8,545,697	8,854,439
Transportation	4,975,954	6,439,194	6,979,473	7,496,776	5,768,100	5,142,587	8,667,962	8,566,692	12,454,552	14,431,482
Community development	3,947,011	4,961,580	4,609,915	5,298,457	7,064,438	5,990,174	4,295,427	2,226,519	2,540,791	2,527,121
Intergovernmental	-	-	-	-	-	-	3,166,094	647,518	-	-
Capital outlay	2,330,434	613,079	1,503,898	994,582	1,160,735	765,819	1,156,634	589,959	946,311	1,325,838
Debt service:										
Principal repayment	1,495,000	1,310,000	1,110,000	1,135,000	1,155,000	1,195,000	1,225,000	660,000	1,458,000	1,499,000
Interest and fiscal charges	922,124	872,510	849,028	832,973	790,114	751,591	429,424	120,425	220,609	179,575
Total Expenditures	<u>26,778,507</u>	<u>28,346,816</u>	<u>28,725,491</u>	<u>29,561,186</u>	<u>29,843,533</u>	<u>27,549,461</u>	<u>32,809,099</u>	<u>26,329,194</u>	<u>30,350,661</u>	<u>33,336,467</u>
Excess (deficiency) of revenues over (under) expenditures	<u>296,396</u>	<u>2,117,043</u>	<u>1,731,249</u>	<u>(1,141,100)</u>	<u>(2,026,581)</u>	<u>(1,244,989)</u>	<u>(5,662,583)</u>	<u>(387,399)</u>	<u>1,380,991</u>	<u>54,172</u>
Other Financing Sources (Uses)										
Transfers in	5,674,955	6,135,952	6,018,029	6,507,525	7,177,213	5,107,315	4,871,630	4,785,497	2,930,815	3,243,517
Transfers (out)	(5,674,955)	(6,135,952)	(6,018,029)	(6,507,525)	(7,177,213)	(5,107,315)	(4,871,630)	(4,785,497)	(2,930,815)	(3,243,517)
Proceeds from issuance long term debt	-	-	-	-	-	-	-	4,087,000	-	-
Proceeds from sale of capital assets	-	-	40,365	14,262	342,314	8,014	6,134	10,940	11,060	5,203
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>40,365</u>	<u>14,262</u>	<u>342,314</u>	<u>8,014</u>	<u>6,134</u>	<u>4,097,940</u>	<u>11,060</u>	<u>5,203</u>
Extraordinary item:										
Extraordinary (loss) from dissolution of the Redevelopment Agency	-	-	-	-	-	-	(3,753,550)	(3,960,524)	-	-
Net change in fund balances	<u>\$ 296,396</u>	<u>\$ 2,117,043</u>	<u>\$ 1,771,614</u>	<u>\$ (1,126,838)</u>	<u>\$ (1,684,267)</u>	<u>\$ (1,236,975)</u>	<u>\$ (9,409,999)</u>	<u>\$ (249,983)</u>	<u>\$ 1,392,051</u>	<u>\$ 59,375</u>
Debt service as a percentage of noncapital expenditures	9.9%	8.3%	6.4%	7.4%	6.8%	7.6%	5.3%	3.4%	7.7%	5.9%

CITY OF PLEASANT HILL
Assessed and Estimated Actual
Net Value of Taxable Property
Last Ten Fiscal Years



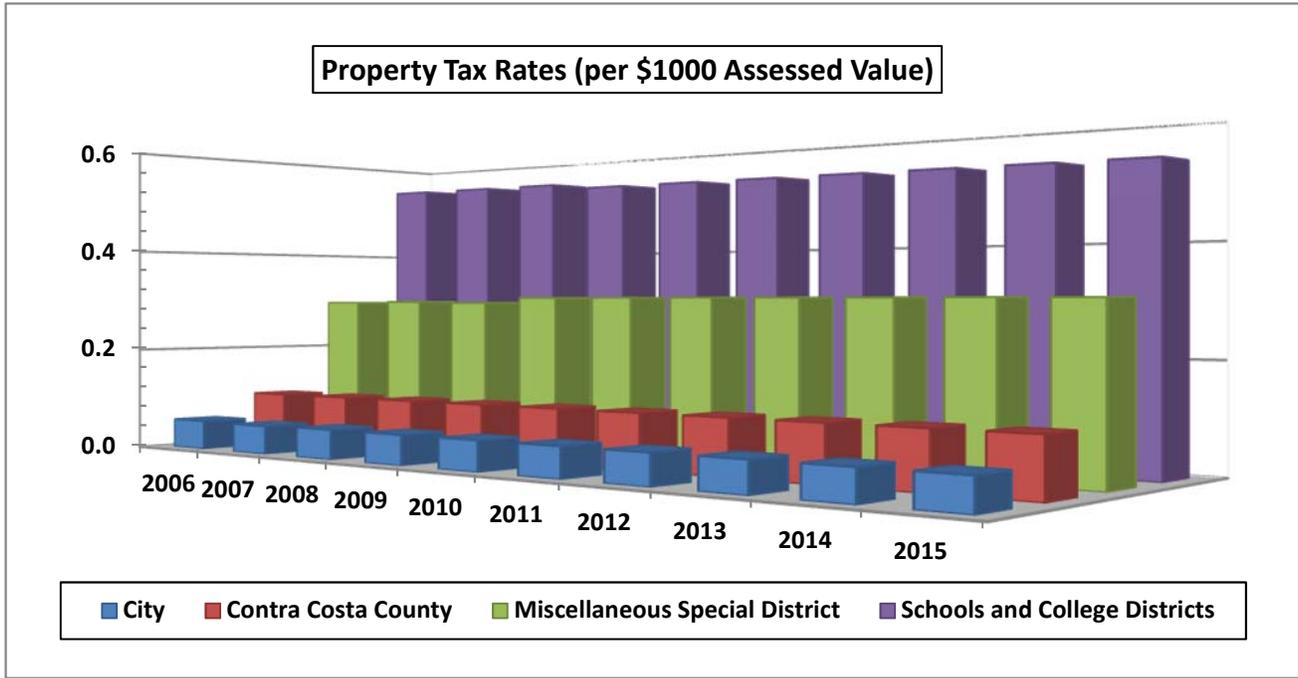
Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed ^(a)	Estimated Full Market ^(a)	Total Direct Tax Rate ^(b)
	Residential Property	Commercial Property	Industrial Property	Other					
2006	\$3,138,304,441	\$599,116,975	\$20,269,068	\$79,436,807	\$3,837,127,291	\$97,929,265	\$3,935,056,556	\$3,935,056,556	5.66%
2007	3,472,795,216	680,088,688	20,674,109	72,662,380	4,246,220,393	100,477,982	4,346,698,375	4,346,698,375	5.51%
2008	3,686,093,429	709,237,359	21,086,340	78,615,954	4,495,033,082	108,648,967	4,603,682,049	4,603,682,049	5.70%
2009	3,736,058,037	720,816,226	22,883,307	119,156,908	4,598,914,478	114,024,129	4,712,938,607	4,712,938,607	5.66%
2010	3,572,782,866	756,211,570	23,339,740	83,328,596	4,435,662,772	124,654,804	4,560,317,576	4,560,317,576	5.66%
2011	3,535,678,986	767,801,996	15,295,774	52,770,802	4,371,547,558	112,116,531	4,483,664,089	4,483,664,089	5.66%
2012	3,469,368,975	738,612,634	15,030,486	51,866,721	4,274,878,816	112,085,059	4,386,963,875	4,386,963,875	5.66%
2013	3,404,271,566	704,915,306	15,341,949	53,574,570	4,178,103,391	105,936,525	4,284,039,916	4,284,039,916	5.66%
2014	3,638,619,711	736,703,106	14,875,080	55,498,231	4,445,696,128	105,093,519	4,550,789,647	4,550,789,647	5.66%
2015	4,046,306,836	736,703,106	13,317,659	77,930,272	4,874,257,873	107,861,285	4,982,119,158	4,982,119,158	5.66%

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

- (a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.
- (b) California cities do not set their own direct tax rate. The State Constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.

Exempt Values are not included in totals.

CITY OF PLEASANT HILL
Property Tax Rates ⁽¹⁾
All Direct And Overlapping Governments
Last Ten Fiscal Years



Fiscal Year	Contra Costa County	City ⁽²⁾	Schools and College Districts	Miscellaneous Special Districts	Total Direct Rate
2006	0.1030	0.0566	0.5447	0.2957	1.0000
2007	0.1030	0.0551	0.5447	0.2972	1.0000
2008	0.1030	0.0570	0.5447	0.2953	1.0000
2009	0.1030	0.0566	0.5349	0.3055	1.0000
2010	0.1030	0.0566	0.5349	0.3055	1.0000
2011	0.1030	0.0566	0.5349	0.3055	1.0000
2012	0.1030	0.0566	0.5349	0.3055	1.0000
2013	0.1030	0.0566	0.5349	0.3055	1.0000
2014	0.1030	0.0566	0.5349	0.3055	1.0000
2015	0.1030	0.0566	0.5349	0.3055	1.0000

Source: County Auditor/Controller's Office

⁽¹⁾ Per \$1,000 assessed value

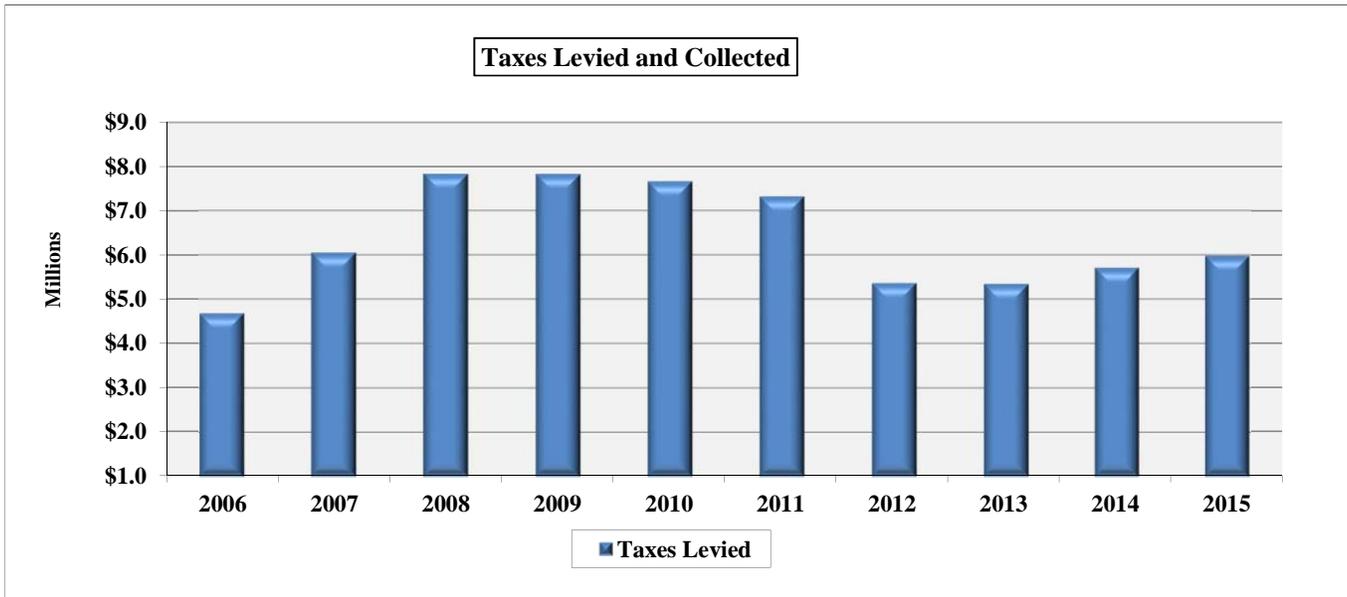
⁽²⁾ The rates shown are not levied rates, but rather "rate-equivalents." The County, in the application of the Tax Equity Allocation (TEA) formula specified by the 1987 amendments to the Trial Court Funding Act, created these rates to accomplish the property tax shift required by the law. See Note (1) on the "Property Values and Tax Levies and Collections" page for a more detailed explanation.

CITY OF PLEASANT HILL
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2014-2015			2005-2006		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
PH Crescent Drive Investors	\$ 99,415,043	1	2.00%			
FW California PH Shopping Center LLC	\$ 60,000,000	3	1.20%	\$ 35,946,097	2	0.91%
WM Villa Montanaro LLC	\$ 42,492,319	4	0.85%			
GSG Residl Iron Horse Park	\$ 60,184,652	2	1.21%			
Grupe Real Estate Investors	\$ 35,514,697	5	0.71%	\$ 31,223,603	3	0.79%
Oxford Gardens LLC	\$ 33,262,898	6	0.67%			
EQR Watson General Partnership	\$ 32,563,439	7	0.65%	\$ 28,637,872	6	0.73%
MGP X DVC LLC	\$ 32,000,000	8	0.64%			
Gallup and Whalen Santa Maria	\$ 23,935,000	9	0.48%	\$ 21,808,105	7	0.55%
ERP Operating Limited	\$ 22,031,338	10	0.44%	\$ 19,533,369	9	0.50%
JTJ Apartment Investors LLC			0.00%	\$ 28,774,225	5	0.73%
John F Kennedy University			0.00%	\$ 19,883,766	8	0.51%
Pleasant Hill Lodging Partner			0.00%	\$ 19,048,129	10	0.48%
John V Hook Trust			0.00%	\$ 29,207,122	4	0.74%
RVIP California WA OR Portfolio			0.00%	\$ 76,084,832	1	1.93%
Total Ten Total	\$441,399,386		8.86%	\$310,147,120		7.88%
City Total	\$4,982,119,158			\$3,935,056,556		

Source: County Assessor Fiscal Year Combined Tax Rolls.

CITY OF PLEASANT HILL
Property Tax Levies and Collections
Last Ten Fiscal Years ⁽¹⁾



Fiscal Year	Total Tax Levied and Collected ⁽²⁾
2006	\$4,676,154
2007	6,047,544
2008	7,827,008
2009	7,820,947
2010	7,649,119
2011	7,315,829
2012	5,357,749
2013	5,342,185
2014	5,706,908
2015	5,975,571

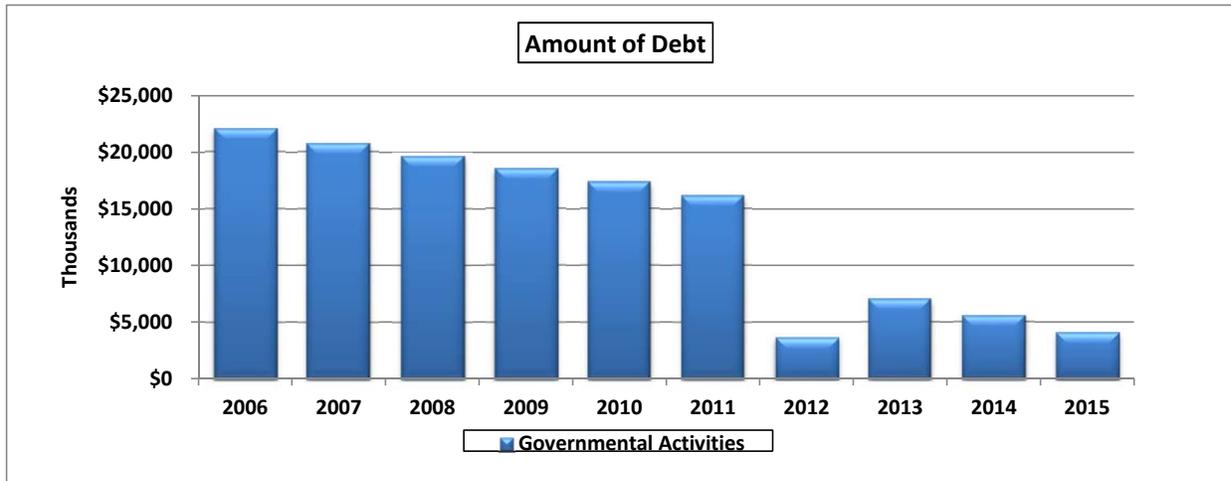
Source: City of Pleasant Hill Comprehensive Annual Financial Reports and Contra Costa County

⁽¹⁾ Pleasant Hill was incorporated in 1961 as a "No-Property Tax" city. The citizens wanted a minimum-service city that could be supported by revenues other than property taxes. Annexations over the years brought a minimum amount of annual property tax revenue to the City from Contra Costa County, as required by the annexation process. Beginning in fiscal year 1989-90, and due to State legislation in 1988 which was designed to bring some relief to no/low property tax cities, the County shifted some of its property taxes to Pleasant Hill in exchange for state trial court funding. The shift was designed to be phased in over seven years, starting at 1% and increasing 1% per year for seven years, leveling out at 7%.

Due to later ERAF legislation, the shift was adjusted to level out at 6.09% instead of 7% and will remain there unless the law changes. The annual shift is a result of a formula specified in the law, and is included in the amounts listed here. In addition, the Redevelopment Agency has received property tax increments since 1975 to service debt and, as required by law since 1977, to fund low and moderate housing and rehabilitation; only the amount used for debt service is included here.

⁽²⁾ Includes property taxes in the City's General and Special Revenue Funds and tax increment in Redevelopment's Debt Service Fund through 2011. The Redevelopment Agency was dissolved in 2012.

CITY OF PLEASANT HILL
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years



Governmental Activities-includes General, Redevelopment and Special Assessment Debt					
Fiscal Year	Tax Allocation Refunding Bonds	2013 CalPERS Refunding Loan with Umpqua Bank	Special Assessment Debt	Lease Revenue Refunding	Total
2006	\$7,715,000	-	\$6,880,000	\$7,485,000	\$22,080,000
2007	7,325,000	-	6,760,000	6,685,000	20,770,000
2008	6,930,000	-	6,635,000	6,095,000	19,660,000
2009	6,525,000	-	6,505,000	5,495,000	18,525,000
2010	6,115,000	-	6,370,000	4,885,000	17,370,000
2011	5,690,000	-	6,225,000	4,260,000	16,175,000
2012	n/a ^(b)	-	n/a ^(b)	3,620,000	3,620,000
2013	n/a ^(b)	\$4,087,000	n/a ^(b)	2,960,000	7,047,000
2014	n/a ^(b)	3,319,000	n/a ^(b)	2,270,000	5,589,000
2015	n/a ^(b)	2,530,000	n/a ^(b)	1,560,000	4,090,000

Fiscal Year	Total Primary Government	Percentage of Personal Income ^(a)	Per Capita ^(a)
2006	\$22,080,000	1.59%	\$668.20
2007	20,770,000	1.44%	630.35
2008	19,660,000	1.33%	589.40
2009	18,525,000	1.29%	551.73
2010	17,370,000	1.29%	513.24
2011	16,175,000	1.19%	483.70
2012	3,620,000	0.26%	107.63
2013	7,047,000	0.50%	208.05
2014	5,589,000	0.39%	164.78
2015	4,090,000	n/a	n/a

Sources: Reported as calendar year provided by HdL Coren & Cone report based on the following sources:

Population: California Department of Finance

Unemployment Data: California Employment Development Department

Income, Age and Education Data: ESRI-Demographic estimates based on the last available Census. Projections are developed by incorporating all of the prior census data released to date. Post census trends in the population are extracted from a variety of data sources. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries.

^(a) Prior to fiscal year 09/10, the percentage of personal income was based on countywide personal income and the City's population. Effective for fiscal year 12/13, these statistics have been restated to reflect percentage of personal income based on the City's personal income.

^(b) During fiscal year 11/12, these bonds are transferred to the Successor Agency to the Pleasant Hill Redevelopment Agency upon dissolution of the former Agency.

CITY OF PLEASANT HILL
Computation of Direct and Overlapping Debt
June 30, 2015

2014-15 Assessed Valuation \$4,982,119,158

	Net Debt Outstanding	Percentage Applicable To City of Pleasant Hill ⁽¹⁾	Amount Applicable To City of Pleasant Hill
OVERLAPPING TAX AND ASSESSMENT DEBT			
Bay Area Rapid Transit District	\$630,795,000	0.889%	\$5,607,768
East Bay Regional Park District	176,790,000	1.364%	2,411,416
Contra Costa Community College District	455,860,000	3.117%	14,209,156
Mount Diablo Unified School District	422,100,057	15.081%	63,656,910
Mount Diablo Unified School District Community Facilities District No. 1	25,890,000	15.081%	3,904,471
Pleasant Hill Recreation and Park District	26,665,000	76.703%	20,452,855
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	\$1,738,100,057		110,242,576
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			110,242,576
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Contra Costa County General Fund Obligations	\$252,598,977	3.105%	7,843,198
Contra Costa Pension Obligations	236,920,000	3.105%	7,356,366
Contra Costa Community College District Certificates of Participation	615,000	3.117%	19,170
City of Pleasant Hill Joint Powers Authority	1,560,000	100.000%	1,560,000
City of Pleasant Hill 2013 CalPERS Side Fund Refunding	2,530,000	100.000%	2,530,000
Pleasant Hill Recreation and Park District Certificates of Participation	2,137,000	76.703%	1,639,143
Contra Costa County Fire Protection District Pension Obligations	92,805,000	6.728%	6,243,920
TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT	\$589,165,977		27,191,797
Less: Contra Costa County self-supported			3,067,842
NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			24,123,955
OVERLAPPING TAX INCREMENT DEBT (Successor Agency)	\$3,870,000	100.000%	3,870,000
TOTAL DIRECT DEBT			4,090,000
TOTAL GROSS OVERLAPPING DEBT			137,434,373
GROSS COMBINED TOTAL DEBT			\$141,524,373
NET COMBINED TOTAL DEBT			\$138,456,531

⁽¹⁾ Percentage of overlapping agency's assessed valuation located within boundaries of the city.

Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

RATIOS TO 2014-15 ASSESSED VALUATION:

Total Overlapping Tax and Assessment Debt	2.21%
Total Direct Debt (\$1,560,000)	0.03%
Gross Combined Total Debt	2.84%
Net combined Total Debt	2.78%

RATIOS TO REDEVELOPMENT SUCCESSOR AGENCY INCREMENTAL VALUE (\$503,736,664):

Total Overlapping Tax Increment Debt	0.77%
--------------------------------------	-------

Source: California Municipal Statistics, Inc.

CITY OF PLEASANT HILL
Computation of Legal Bonded Debt Margin
Last Ten Fiscal Years

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property \$4,982,119,158

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) ^(a) \$ 186,829,468

AMOUNT OF DEBT SUBJECT TO LIMIT: (1,560,000)

LEGAL BONDED DEBT MARGIN \$ 185,269,468

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total net debt applicable to the limit as a percentage of debt limit</u>
2006	\$147,539,760	\$7,485,000	\$140,054,760	5.34%
2007	162,983,633	6,685,000	156,298,633	4.28%
2008	172,602,650	6,095,000	166,507,650	3.66%
2009	176,735,198	5,495,000	171,240,198	3.21%
2010	171,011,909	4,885,000	166,126,909	2.94%
2011	168,137,403	4,260,000	163,877,403	2.60%
2012	164,510,131	3,620,000	160,890,131	2.25%
2013	160,651,497	2,960,000	157,691,497	1.88%
2014	170,654,612	2,270,000	168,384,612	1.35%
2015	186,829,468	1,560,000	185,269,468	0.84%

NOTE:

- (a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.
- (b) Includes special assessment bonds and all debt supported by general fund revenues, including capital lease obligations, general obligations, street bonds, and refunding lease revenue bonds. Excludes Pleasant Hill Redevelopment Agency tax allocation refunding bonds.

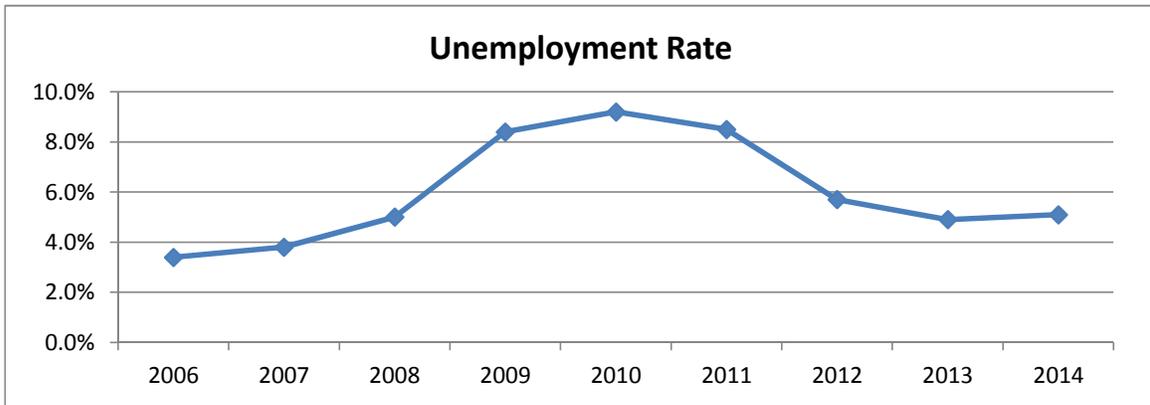
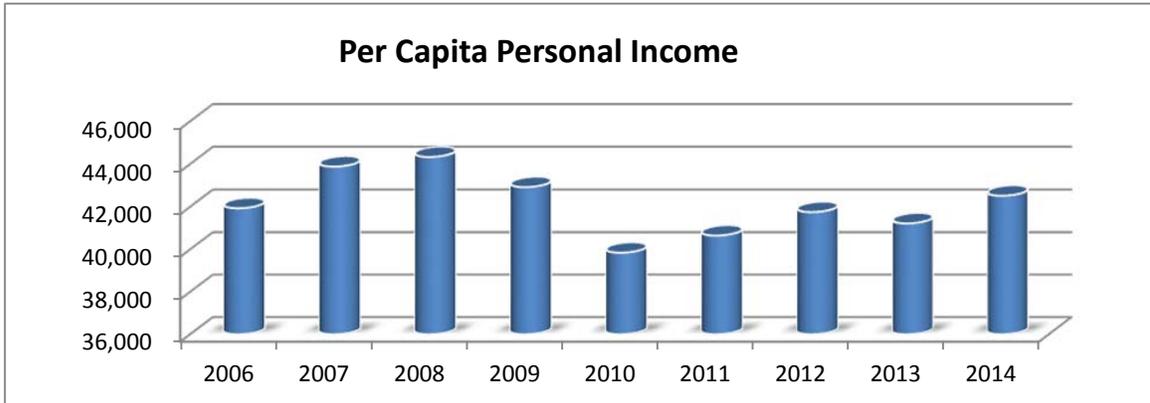
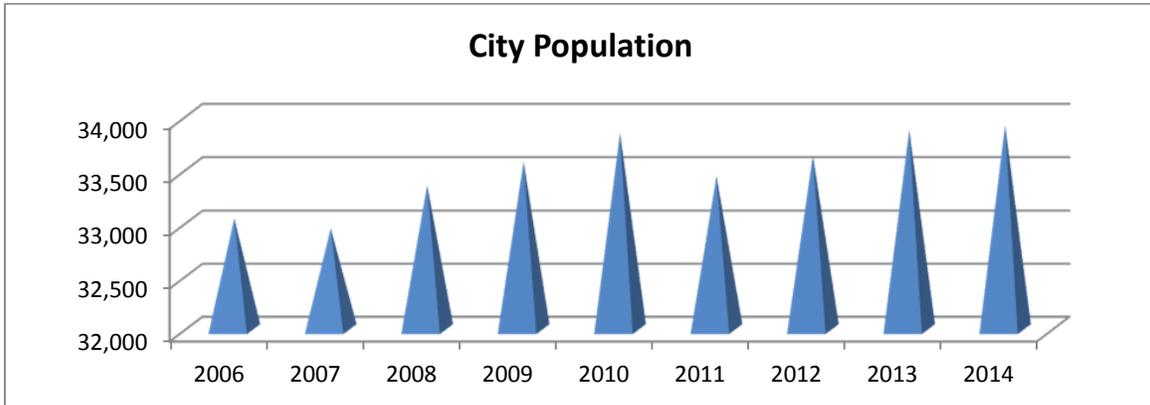
CITY OF PLEASANT HILL

Demographic Statistics

Last Ten Fiscal Years

Calendar Year *	City Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate	Rank in Size of California Cities
2005	33,407	\$1,302,845	\$38,999	3.9%	217
2006	33,044	1,385,626	41,933	3.4%	220
2007	32,950	1,445,925	43,882	3.8%	224
2008	33,356	1,478,774	44,333	5.0%	224
2009	33,576	1,441,100	42,921	8.4%	225
2010	33,844	1,348,480	39,844	9.2%	225
2011	33,440	1,359,369	40,651	8.5%	224
2012	33,633	1,404,279	41,753	5.7%	225
2013	33,872	1,396,373	41,225	4.9%	225
2014	33,917	1,442,083	42,518	5.1%	225

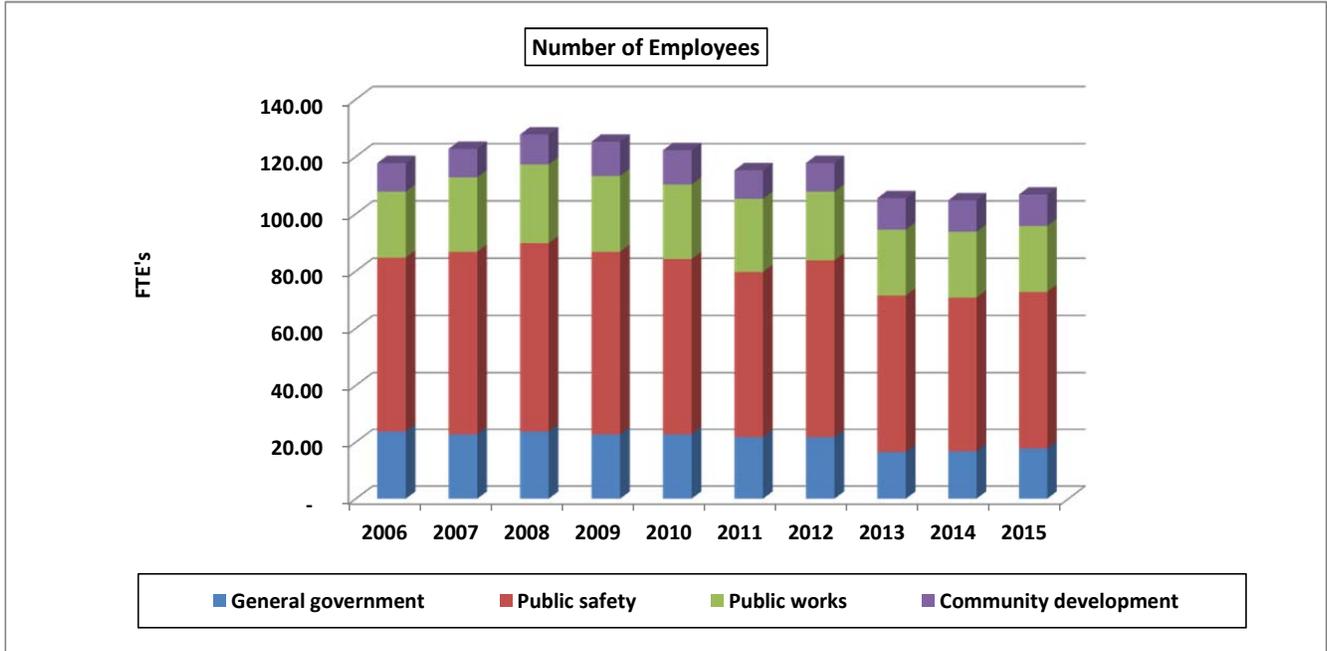
* Reported as of calendar year as provided by HdL, Coren & Cone



CITY OF PLEASANT HILL
Top 25 Sales Tax Producers
Current Year and Nine Years Ago

<u>Business Name</u>	<u>Business Category</u>	<u>2014-2015</u> <u>Ranking</u>	<u>2005-2006</u> <u>Ranking</u>
AT&T Mobility	Electronics/Appliance Stores	1	
Bed Bath & Beyond	Home Furnishings	2	3
Best Buy	Electronics/Appliance Stores	3	4
Buskirk Gas Mart & Car Wash	Service Stations	4	
Buy Buy Baby	Family Apparel	5	
Dicks Sporting Goods	Sporting Goods/Bike Stores	6	
Friedman's Appliances	Electronics/Appliance Stores	7	9
Harbor Freight Tools	Hardware Store	8	
Home Goods	Home Furnishings	9	
In N Out Burgers	Quick-Service Restaurants	10	
Jacks Restaurant	Casual Dining	11	
Kohls	Department Stores	12	12
Marshalls	Family Apparel	13	14
Michaels Arts & Crafts	Art/Gift/Novelty Store	14	16
Nordstrom Rack	Family Apparel	15	
Pacific States Petroleum	Petroleum Products/Equipment	16	
Pleasant Hill Chevron	Service Stations	17	18
Ross	Family Apparel	18	19
Safeway	Grocery Stores Liquor	19	20
Safeway Fuel	Service Stations	20	
Sun Valley Shell	Service Stations	21	
Target	Discount Department Stores	22	23
Tesoro Gasoline	Service Stations	23	
TJ Maxx	Family Apparel	24	24
Toys R Us	Specialty Stores	25	25
Albertsons	Grocery Stores Liquor		1
Bay Counties Pitcock Petroleum	Petroleum Products/Equipment		2
Book Center Diablo Valley College	Government/Social Organization		5
Borders Book and Music	Stationery/Book Stores		6
Cole Supply	Specialty Stores		7
Expert Auto Care	Service Stations		8
JC Penney	Department Stores		10
K Mart	Discount Department Stores		11
La Z Boy Furniture Galleries	Home Furnishings		13
Mervyns	Department Stores		15
Oxbow Carbon & Minerals	Light Industry/Printers		17
Shell/Texaco	Service Stations		21
Staples	Office Supplies/Furniture		22

CITY OF PLEASANT HILL
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years



Adopted for Fiscal Year Ended June 30,

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function										
General government	23.75	22.75	23.75	22.75	22.75	21.75	21.75	16.50	16.75	17.75
Public safety	61.00	64.00	66.00	64.00	61.50	58.00	62.00	55.00	54.00	55.00
Public works	23.00	26.00	27.50	26.50	26.00	25.50	24.00	23.00	23.00	23.00
Community development	10.00	10.00	10.50	12.00	12.00	10.00	10.00	11.00	11.00	11.00
Total	<u>117.75</u>	<u>122.75</u>	<u>127.75</u>	<u>125.25</u>	<u>122.25</u>	<u>115.25</u>	<u>117.75</u>	<u>105.50</u>	<u>104.75</u>	<u>106.75</u>

Source: Pleasant Hill

CITY OF PLEASANT HILL
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function/Program										
Public safety: ^(a)										
Incident numbers issued	22,033	21,003	21,068	18,646	16,829	17,961	18,690	20,700	19,582	20,685
Traffic citations issued	6,459	4,496	6,204	5,914	6,473	5,541	4,793	4,449	3,964	5,626
Violent Crimes	356	300	289	252	188	212	238	208	195	217
Willful homicide	-	1	-	1	1	-	1	-		
Forcible rape	9	10	4	7	1	3	3	1	3	2
Robbery	57	48	51	41	37	35	40	40	30	37
Aggravated assaults	70	65	58	53	45	40	55	38	50	48
Property Crimes	1,066	1,076	1,630	1,333	1,235	1,537	1,560	1,590	1,564	1,854
Burglary	261	218	259	223	179	207	290	249	233	211
Motor Vehicle theft	175	205	165	140	102	127	125	165	158	189
Public works										
Miles of paved streets	110	110	110	110	110	110	110	110	110	110
Number of street lights	2,353	2,353	2,361	2,361	2,361	2,361	2,361	2,361	2,361	2,361
General Government										
Business Licenses renewals (excludes Out of City)	3,600	3,715	3,792	3,606	3,600	3,600	3,500	3,400	2,961	3,011
Business License Out of City Contractor	2,170	2,394	2,400	2,394	2,200	2,200	2,950	2,500	2,523	2,700
Community Development										
Building permits issued	1,118	1,049	904	811	804	893	902	1,054	1,074	2,217
Approximate value of building permits	26,451,898	24,491,995	42,316,910	20,621,994	11,164,835	18,694,225	25,483,018	27,497,070	29,054,093	31,562,332
Building inspections conducted	8,165	7,317	7,378	6,046	5,147	5,320	5,339	5,863	7,013	7,225

Source: Pleasant Hill

^(a) Covers twelve months period November to November.

CITY OF PLEASANT HILL
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety:										
Police stations	1	1	1	1	1	1	1	1	1	1
Public works										
Miles of streets	110	110	110	110	110	110	110	110	110	110
Street lights	2,353	2,353	2,361	2,361	2,361	2,361	2,361	2,361	2,361	2,361
Pavement Condition										
Index	65	65	66	67	67	67	67	66	66	66
Recreation:										
Open space acres	207	207	207	207	207	207	207	207	207	207
Number of parks owned	11	11	11	11	11	11	11	11	11	11
Number of acres	66.2	66.2	66.2	66.2	66.2	66.2	66.2	66.2	66.2	66.2
Fire protection:										
Number of stations	2	2	2	2	2	2	2	2	2	2

Source: Pleasant Hill