

**REPORT TO MAYOR AND CITY COUNCIL**

**TO THE HONORABLE MAYOR AND CITY COUNCIL:**

DATE: March 11, 2014

**SUBJECT: ACCEPTING COMPREHENSIVE ANNUAL FINANCIAL REPORT WITH INDEPENDENT AUDITORS' REPORT AND MEMORANDUM ON INTERNAL CONTROL FOR THE YEAR ENDING JUNE 30, 2013 AND APPROVING A FUND BALANCE POLICY IMPLEMENTING GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 54; FUND BALANCE REPORTING AND GOVERNMENTAL TYPE DEFINITIONS AND ADOPT POLICY AND PROCEDURE NO. 168 ESTABLISHING A GOVERNMENTAL FUND BALANCE FINANCIAL REPORTING POLICY**

**Report in Brief**

The Comprehensive Annual Financial Report (CAFR) with the independent auditors' report for the year ending June 30, 2013 and the Memorandum on Internal Control has been completed. Staff is requesting that the City Council accept the report as presented.

In addition, it is recommended that the City Council adopt Policy and Procedure No. 168 establishing a Governmental Fund Balance Financial Reporting Policy implementing Governmental Accounting Standards Board Statement No. 54 (GASB 54): Fund Balance Reporting and Governmental Type Definitions in the City of Concord.

**Background**

The financial statements of the City of Concord are subject to an annual independent audit, which is currently performed by Vavrinek, Trine, Day & Co., LLP. The audit is a comprehensive review of the financial records of the City and the internal control procedures in place which safeguard the City's assets. The audit also looks at the City's compliance with generally accepted accounting principles, with the various requirements of the Governmental Accounting Standards Board (GASB) and with standards developed by the Government Financial Officers Association (GFOA). The Independent Auditor's Report is included in the CAFR (Attachment 1).

The auditor is required to communicate areas of deficiency in the City's internal control over financial reporting. The Memorandum on Internal Control (Attachment 2) is the report in which this communication occurs and is also provided in a standardized format.

**ACCEPTING COMPREHENSIVE ANNUAL FINANCIAL REPORT WITH  
INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDING JUNE 30, 2013;  
AND ADOPTING POLICY AND PROCEDURE NO. 168**

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GASB issued Statement No. 54 (GASB 54): Fund Balance Reporting and Governmental Type Definitions with the intent to improve financial reporting by providing fund balance classifications that support consistent application in the use of the fund categories and produce financial data that is more easily understood.

GASB 54 establishes five fund balance classifications that define a hierarchy based primarily on the extent to which a government is fiscally constrained based on the specific purpose for which monies in established funds can be sent. GASB 54 applies only to governmental funds (General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds) and not to the proprietary funds (i.e.: Golf Course and Sewer) and fiduciary funds (i.e.: Retirement and Successor Agency).

A requirement of GASB 54 is adoption of a fund balance policy by the City Council. While the City has been following the guidance of GASB 54 since it became effective in fiscal year 2010/2011, a formal policy had not been presented to the Council for consideration. A draft policy, Policy and Procedure No. 168, entitled "Governmental Fund Balance Financial Reporting Policy," is included as Attachment 4.

**Discussion**

The Independent Auditor's Report indicates that the financial statements present fairly both the financial position of the City as of June 30, 2013, and the financial activity for the year then ended. This opinion is considered "clean" or "unqualified," which means that the financial records reflect appropriately the financial activity of FY 2012/13.

The CAFR includes a wealth of financial information about the City of Concord, along with the City's Mission Statement, Vision, Organizational Values, Corporate Goals, organizational structure and statistical information pertaining to the City. Each year the CAFR is submitted to the GFOA to be considered for its Excellence in Financial Reporting award program. A copy of the award for FY 2011/12 is included in this CAFR, and we anticipate that the City will be successful in attaining the award in FY 2012/13.

The Financial Section of the CAFR reflects the actual audited financial statements of the City of Concord. This section is developed in conformance with the guidelines established by GASB and includes the Management Discussion and Analysis, Government-Wide Financial Statements and Fund Financial Statements as required under Government Accounting Standards Statement 34. The Financial Section also includes the Notes to the Basic Financial Statements, which describe the various policies and methods used to manage the finances of the City.

The Statistical Section of the CAFR includes tables, graphs and other historical information regarding the overall financial health of the City of Concord. While the Statistical Section is not audited, the information included is useful in helping readers understand the finances of the City.

In order to include the City's full disclosure in one document, the final section of the CAFR reflects additional information necessary to continue to be in compliance with the bond covenants for previous bond issues which are still outstanding. While not required to be a part of the CAFR, the information contained in

**ACCEPTING COMPREHENSIVE ANNUAL FINANCIAL REPORT WITH  
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this section is subject to disclosure requirements. Staff believes that including this section completes a concise financial package for the public.

The auditor considers the City's internal control over financial reporting as a basis for designing the auditing procedures to express opinions on the financial statements. A deficiency in internal control exists when a control does not allow management or employees to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency in internal control where a possibility exists that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. In Fiscal Year 2011/2012, the auditors identified one such deficiency considered to be a material weakness. This deficiency, related to timely reconciliations and reviews, was resolved when key positions were filled and the processes in question were brought current.

For the current year under audit (Fiscal Year 2012/2013), no such deficiencies were noted. The Management Letter and Required Communications (attachments 3 and 4, respectively) include discussion of accounting policies, as well as, observations and recommendations intended to improve internal control or result in other operating efficiencies and are not considered a significant deficiency. Staff concurs with the recommendations and plans to implement appropriate changes. Many of the recommendations are the result of significant staff vacancies experienced by the Finance Department during Fiscal Year 2012/2013. Many of these positions have been filled and the Finance Department anticipates to be fully staffed by April 2014.

GASB 54 requires the adoption of a formal fund balance policy by the City's Governing Board. While the City has been following the guidance of GASB 54 since fiscal year 2010/2011, adoption of the proposed Council Resolution will complete implementation of GASB 54.

**Public Contact**

The reports have been included in the Council agenda which is posted. Upon acceptance by the City Council, the CAFR will also be available for review on the City's website at [www.ci.concord.ca.us/citygov/finance/reports.htm](http://www.ci.concord.ca.us/citygov/finance/reports.htm).

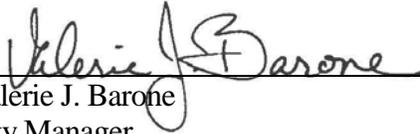
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**Recommendation for Action**

Staff recommends that the City Council accept the Comprehensive Annual Financial Report with Independent Auditors' Report for the fiscal year ending June 30, 2013 and the Memorandum on Internal Controls. Staff also recommends the adoption of Policy and Procedure No. 168, entitled "Governmental Fund Balance Financial Reporting Policy," to establish the Governmental Fund Balance Financial Reporting Policy implementing Governmental Accounting Standards Board Statement No. 54: Fund Balance Reporting and Governmental Type Definitions.



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Attachment 1 - Comprehensive Annual Financial Report - June 30, 2013

Attachment 2 – Management Letter - June 30, 2013

Attachment 3 – Required Communications – June 30, 2013

Attachment 4 – Policy and Procedure No. 168 - City of Concord Governmental Fund Balance Financial Reporting Policy

**CITY OF CONCORD, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Prepared by

**Finance Department**

Karan Reid  
Director of Finance

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## **Mission Statement for the Organization**

**Adopted January 31, 1996**

Our mission is to join with our community to make Concord a city of the highest quality. We do this by providing responsive, cost-effective, and innovative local government services.

### **Our Vision for the Future**

- We will be a customer based, performance driven, results oriented organization, focused on finding the answer, solving the problem, and achieving positive outcomes.
- We will partner with the Concord community to maximize resources, deliver high quality services, and be recognized as setting the standard for excellence.
- We will be trustworthy guardians of the public's resources.
- We will make Concord a premier business location.
- We will collaborate to provide "seamless" services that benefit both our external and internal customers, streamlining our work processes and removing barriers wherever they arise.
- We will accept the challenge of change and be committed to continually enhancing the safety, environment, quality of life, and economic vitality of our community.
- We will constantly look for new and better ways to deliver services. We will seek to be innovative, take reasonable risks, learn from our mistakes and always strive for excellence.
- We will welcome diversity in our community and our work place.
- We will conduct our work in an atmosphere of trust, respect and courtesy with open doors and open communication for our customers and each other.
- We will provide ethical, dynamic and effective leadership, establish clear direction and priorities, and model the mission and values in support of our common Vision.
- We will be accountable for our performance and our organization's success, and be recognized for our achievements.



## Organizational Values

**Integrity and Trust** - We say what we mean and mean what we say. We honor our word and keep our commitments. We are worthy of the public's and each other's trust.

**Commitment to Service** - We put our customers first. We respond to our internal customers and treat them with the same courtesy and respect as our external customers. We facilitate, enable, and problem-solve.

**Partnerships** - We place a high value on building partnerships with members of our community to assure we understand their needs and continue to deliver the services they desire in the most effective manner possible.

**Innovation and Continuous Improvement** - We strive for excellence in the quality and productivity of our work. We create a work environment in which we look for new solutions and experiment with innovative ways to do things - even if they don't always work the first time. We recognize the need to be dynamic in meeting the community's changing needs. Each and every employee is given the opportunity to develop and grow.

**Performance Accountability** - We set measurable performance goals which support the priorities of the City and our individual work groups. We are given the necessary authority, training and resources to enable us to achieve these goals. Performance reviews are conducted in a timely and effective manner. Employee advancement and other incentives are based on performance. We are proud of the professionalism, competency and dedication that exist throughout the organization.

**Long Range Planning** - We conduct long range strategic and financial planning to maximize service delivery and build the economic stability of the City. We practice sound fiscal management to protect the public's resources.

**Team Work** - We respect each other as individuals, and we take the time and effort to show it. Although certain positions have more decision-making authority, we treat all members of the organization with the same consideration for their ideas and concerns. We really listen to, and give each other honest feedback. We recognize partnerships among work groups and employees as essential to effectively maximizing resources and delivering high quality services.

**Individual Worth and Diversity** - We recognize and appreciate the uniqueness of each individual. We value the contribution made and the synergy created by different experiences and perspectives. We are committed to treating each and every person within the organization and the larger community with respect and dignity.



## **Corporate Goals**

**Adopted June 23, 1998**

- Goal 1 Continue to make Concord a desirable place to live, work, and raise a family.
- Goal 2 Be responsive to the needs of Concord citizens, maintain a high level of customer satisfaction, and provide quality public information and outreach.
- Goal 3 Promote and improve Concord as a premier location for existing, expanding, and new businesses.
- Goal 4 Ensure a balanced budget for a ten-year planning period with adequate replacement funds for buildings and equipment.
- Goal 5 Preserve and enhance the livability of Concord's residential neighborhoods with opportunities for a broad range of housing options.
- Goal 6 Offer an array of recreation, leisure, and cultural events and programs to meet the needs of citizens of all ages, with an emphasis on the well-being of youth.
- Goal 7 Maintain a safe and efficient traffic circulation system.
- Goal 8 Have Concord be among the safest cities of comparable size in California and have citizens feel safe in their homes, places of work, and throughout the City.
- Goal 9 Maintain City parks, recreation facilities, streets, buildings, and other infrastructure to meet high standards of condition and appearance.
- Goal 10 Guide Concord's development according to the General Plan and manage physical resources based on sound environmental principles.



February 14, 2014

Honorable Mayor and Members of the City Council  
City of Concord

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Concord (City) for the fiscal year ended June 30, 2013 in accordance with Municipal Code, Chapter 2, Article IV, Section 2-223. The financial statements are presented in conformity with generally accepted accounting principles (GAAP). These financial statements have been audited by Vavrinek, Trine, Day and Co., LLP, a firm of certified public accountants, in accordance with generally accepted auditing standards. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2013 are free of material misstatements. Vavrinek, Trine, Day and Co., LLP, has issued an unmodified ("clean") opinion on the City of Concord's financial statements.

This letter of transmittal provides a non-technical summary of City finances, services, achievements, and economic prospects. We ask that readers who wish a more detailed discussion of the City's financial results refer to Management's Discussion & Analysis (MD&A) contained in the Financial Section of the CAFR.

The CAFR was prepared by the City's Finance Department in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standard Board (GASB). Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe the data is presented in a manner designed to present a fair representation of the financial position and results of operations of the City as measured by the financial activity of its various funds; and that disclosures enable the reader to gain an understanding of the City's financial affairs.

The CAFR is divided into three sections:

- The **Introductory Section** includes this letter of transmittal, an organizational overview of the City government and prior awards received.
- The **Financial Section** consists of the independent auditors' report, Management's Discussion and Analysis, Basic Financial Statements (which include the Government-Wide Financial Statements, Fund Financial Statements, Notes to the Financial Statements and Required Supplementary Information) and a Supplementary Section containing the Combined and Individual Fund Financial Statements and Schedules.
- The **Statistical Section** includes a number of tables of unaudited data depicting the financial history of the City, demographics and other selected information about the City.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. Further discussion of the accounting policies used by the City can be found in the notes to the financial statements.

The City of Concord is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Information related to this single audit, including a schedule of federal expenditures of federal awards, the independent auditor's report on internal control and compliance with applicable laws and regulations are included in a separately issued single audit report.

## **Reporting Entity**

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Located 29 miles east of San Francisco, Concord is the largest city in Contra Costa County with a population of 123,812. The City covers 31.13 square miles and provides a full range of services including police protection; recreational activities; community and economic development; street improvements and maintenance services; parks maintenance; sewer; and general administrative and support services. In addition, the City oversees the Concord Pavilion Performing Arts Center, Diablo Creek Golf Course and Camp Concord in South Lake Tahoe, California.

Concord is a General Law city, formed under the State legislative process and structured under provisions of the California Constitution. Its governing body, the City Council, is comprised of five elected members, who serve "at-large" rather than by district, each for four-year terms. City voters also elect a City Treasurer who serves a four-year term.

Each year, the Council selects one of its members to serve as Mayor and another as Vice Mayor. Beginning in December 2013, the Mayor will serve a two-year term.

Concord is operated under the Council-Manager form of government. The Council hires the City Manager, who is then responsible for all management functions of the City, including the development of the budget, delivery of services, hiring of personnel and implementation of capital projects. The City Council also directly hires the City Attorney who serves as the City's primary legal advisor.

Concord is a major job center in Contra Costa County and is the County's strongest retail location. Concord offers the amenities that many businesses require for success. In Concord, business-friendly government policies, outstanding Class A office space values, numerous industrial parks and excellent transportation options combine with favorable home prices, an educated workforce and a dynamic retail environment to create ideal conditions for businesses to locate and expand, making Concord a premier business location.

The City Council's commitment to families and to the community fosters a high quality of life with attractive residential neighborhoods, abundant recreation and entertainment for all ages. Concord, the city where "Families Come First," is a community of friendly neighborhoods with an excellent park system, convenient shopping, large preserves of open space, and an exciting downtown, which features Todos Santos Square as the focal point. Concord's housing mix offers affordable home and rental prices that are among the most favorable in the Bay area, allowing residents to live where they work and play. An extensive transportation system, including easy freeway access, two rapid rail transit stations (Bay Area Rapid Transit (BART)), bus services and a regional airport operated by Contra Costa County, makes Concord's location convenient to the Bay area.

The CAFR includes all funds of the City; as well as all governmental organizations and activities for which the Council has financial accountability. These include the Concord Public Financing Authority (the Authority), the City of Concord Retirement System, the Concord Pleasant Hill Health Care District and Concord Sanitary Sewer Services, Inc.

The Concord Redevelopment Agency (RDA) was dissolved on February 1, 2012, and was replaced by the Redevelopment Successor Agency (RSA). The RSA is not a component unit of the City and is instead a separate legal entity overseen by the Oversight Board and the State Department of Finance. The City's role in the RSA is fiduciary in nature. The RSA is reported as a private-public trust fund, a fiduciary fund type. Additional information about the dissolution of the RDA is included in the MD&A and the notes to the financial statements.

## **Significant Community Events and Accomplishments**

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Examples of significant community events and accomplishments for the fiscal year ended June 30, 2013 include the following:

- ❖ Implemented the first new auto dealership Branding Campaign promoting the slogan: “Concord has the Cars for You” on Bay Area television and radio stations.
- ❖ Adopted a new Concord Development Code on July 24, 2012. This effort included completion of the General Plan text and map amendments, the new Citywide Zoning Map, the Draft Development Code, and the Supplemental Environmental Impact report for the Development Code Project.
- ❖ Applied for and was awarded \$1.4 million in federal funds under the Highway Safety Improvement Program (HSIP) to improve the design and safety of ten signalized intersections on Concord Boulevard, Willow Pass Road, Salvio Street and Market Street, and to install a new traffic signal at Oak Grove Road and Smith Lane.
- ❖ Held a Grand Opening Event for the new Meadow Homes Spray Park. The facility received the Outstanding Facility/Park Award from the California Park & Recreation Society District 3 Agency Showcase Award program.
- ❖ Implemented Change 4 Real Change, a program created to encourage community donations to identified homeless outreach services as an alternative to giving spare change to panhandlers. An educational campaign and change collection program have resulted in additional funding for local homeless service providers.
- ❖ Received the Arbor Day Foundation designation as a TREE CITY USA for a superior urban forest as well as the Growth Award to recognize environmental improvement and high levels of tree care. This award is designed not only to recognize achievement, but also to communicate new ideas and help the leaders of all TREE CITY USAs plan for improving community tree care.
- ❖ Accepted a number of awards for the Concord Reuse Project for the former Concord Naval Weapons Station including The Northern California Chapter of the American Planning Association Merit Award for Green and Sustainable Planning, the East Bay Housing Organization's Visionary Leadership award, Save Mt. Diablo's Star Alliance Award for “incredibly visionary leadership,” and Sustainable Contra Costa's Smart Growth Award.
- ❖ Celebrated 25 years of welcoming audiences to the popular music programs and event in historic Todos Santos Plaza in downtown Concord. Over 150,000 people visit the downtown annually for music programs, the Farmers' Market and community events.

## Economic Condition and Outlook

The City of Concord has been hit hard by the Great Recession of 2007-2009 and experienced significant downsizing and organizational change. Since the Fiscal Year 2007-08 budget, the organization has lost approximately 25% of its workforce. During Fiscal Year 2012-13, the City Council continued addressing its budget imbalance with cost reductions consisting of ongoing employee concessions, mandatory furloughs, and program reductions. General Fund core services, including public safety and maintenance of public facilities and infrastructure, still continue to receive high priority, but reductions have affected these programs also.

On November 2, 2010, voters approved a five year temporary ½ cent use tax, Measure Q, which became effective on April 1, 2011. This temporary tax sunsets after five years on March 31, 2016. Measure Q has been instrumental in helping the City through its recovery, both maintaining services and restoring reserves. The table below provides an overview of the use of Measure Q funds through the end of FY 2012-13.

**Table 1: Annual Measure Q Use Tax Receipts and Uses  
As of June 30, 2013 (Dollars in Millions)**

	Receipts	Budgeted for Operations	Measure Q Stability Reserves
Fiscal Year 2010-11 Receipts (April 1 through June 30)	\$2.144	\$2.144	\$0.000
Fiscal Year 2011-12 Receipts	9.971	5.171	4.799
Fiscal Year 2012-13 Receipts	10.641	5.393	5.248
<b>Total</b>	<b>\$22.756</b>	<b>\$12.708</b>	<b>\$10.047</b>

There are signs the local economy is recovering. The City's unemployment rate was 7.9% in June 2013 compared to 10.2% in the previous year, slightly higher than the County's rate of 7.3% (9.4% in June 2012). The region's unemployment rates are lower than the State rate of 8.5%, which was down from 10.6% in June 2012. According to Beacon Economics, employment in East Bay region of the San Francisco Bay Area will continue to grow although at a slightly lower rate of approximately 1.2% during the upcoming year.

The East Bay remained the most affordable location for home buyers in the region. In a report by Beacon Economics, the median home price in the East Bay is 35% and 43% below neighboring Silicon Valley and San Francisco, respectively, where prices have rebounded to near pre-recession levels. While the East Bay market is experiencing a rapid recovery, real estate values in Concord are lagging the region with total assessed value in FY 2012-13 experiencing a 4.1% drop from FY 2011-12. However, property values for FY 2013-14 increased 4.9% over the prior year.

Sales taxes increased \$2.5 million or 8% over the prior year, franchise fees increased \$490,000 or 10% and hotel taxes increased \$350,000 or 24% compared to the previous year. Other revenue sources such as business license fees, parks and recreation and licenses and permits remained stable.

The City's ability to sustain a vibrant local economy to insure future fiscal strength will depend on the City's ability to attract, retain and expand businesses while balancing the needs of the business and residential communities. The City's past success in attracting and retaining businesses has not been coincidental. Concord is a leader in providing a variety of economic development services and programs to enhance Concord's economic vitality and increase private investment in the City. The City's Economic Vitality Strategy and Action Plan promotes leveraging resources, marketing the City strengths to decision makers, partnering with interested business and community groups and engaging City Staff to facilitate economic development. Concord's award winning One-Stop Permit Center provides permit services to reduce development timelines and enable developers to complete projects efficiently thereby producing revenue sooner to the City's General Fund. Concord's Business Retention Program offers a variety of services to assist the retention and expansion of Concord businesses. The program enhances Concord's business relationships by strengthening communication, facilitating entitlements and assisting with site selection.

The City's current general obligation credit rating is Aa3 from Moody's Investor Service and is unchanged from the prior year.

## **Budgetary Control**

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The City maintains budgetary controls through the City Council's adoption of an annual budget and by maintaining an encumbrance accounting system. Expenditures for City operations and other purposes identified in the annual budget cannot legally exceed the budgeted amounts approved by the City Council.

The Concord Municipal Code requires the City Manager to present the Annual Operating Budget to the City Council for approval. A budget workshop and public hearings on the proposed budget are held during April through June with final budget adoption by the end of June. The City Council has adopted a number of Policies & Procedures, including Budget and Fiscal Policies; Budget Preparation; Budget Appropriation and Transfer Controls, which provide direction in the development of the Annual Operating Budget. The City Manager has also authorized several Administrative Directives which further clarify budget policies, processes and related controls.

Ultimate budgetary control resides at the fund level; however, the City has adopted a number of budgetary appropriation and transfer procedures to provide strong internal controls while encouraging improved accountability and administrative responsiveness. All budgetary transfers require Director of Finance review and approval. All transfers of appropriations affecting Personnel Services (wages & benefits) require Director of Human Resources and City Manager review and approval. Additionally, all transfers between funds and between departments require City Manager or City Council review and approval.

All capital project appropriation transfers require City Manager approval. Transfers in excess of \$20,000 require City Council approval. The City Council's approval is required for new appropriations with the exception of money received for specific purposes (e.g. Developer Contributions) where the appropriation and revenue received are of equal value. Special revenue budget appropriations based on funds provided by grants, donations or contributions require City Manager and City Council approval.

The City also uses encumbrance accounting as another technique for accomplishing budgetary control. An encumbrance is a commitment of a future expenditure earmarked for a particular purpose that reduces the amount of budgetary authority available for general spending. At the end of the fiscal year, encumbered appropriations are carried forward and become part of the following year's budget while appropriations that have not been encumbered lapse.

The City continues to meet its responsibility for sound financial management as demonstrated by the statements and schedules included in the financial section of this report.

## **Internal Controls**

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In developing and enhancing the City's accounting system, significant consideration is given to the adequacy of the City's system of internal accounting controls. Internal controls are designed to provide reasonable assurance regarding the safeguarding of assets against the loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and that the evaluation of costs and benefits requires estimates and judgments by management.

## **Budget and Fiscal Policies: Long Range Financial Planning**

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The City of Concord has utilized a Ten Year Financial Planning Program since 1995. The Ten Year Financial Planning Program requires that the City Manager annually present balanced ten year financial plans for all major funds including the General Fund, Special Revenue Funds, Capital Improvement Funds, and Proprietary Funds including the Post-Retirement Benefits Funds, with the exception of the Sewer Fund where twenty years of financial information is maintained. The Ten Year Financial Plan includes all projected sources of revenue and all projected expenditures including salaries, benefits, materials, services and capital improvement projects. Each year all plans are revisited, and assumptions are evaluated and updated.

## **Reserve Policy**

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To address financial uncertainties, the City's policy is to maintain General Fund reserves and contingencies to total not less than 15% of General Fund operating expenditures with a goal to return to 30% reserves as soon as is economically feasible. As of June 30, 2013, the General Fund Reserves totaled \$7.6 million, approximately 11% of actual General Fund Operating Expenditures.

In addition to the General Fund reserves identified above, a separate Measure Q designated reserve has been established to provide more time for the City to address its on-going structural budget deficit. As stated earlier, Measure Q is a temporary sales tax measure which sunsets in March 2016. Measure Q revenues in excess of those needed to maintain a 15% General Fund reserve are allocated to the designated Measure Q reserve, to be utilized after the temporary sales tax measure sunsets. As of June 30, 2013, the designated Measure Q Reserves totaled \$10.0 million, approximately 14% of General Fund Operating Expenditures. The total combined general fund reserves, including Measure Q and non-spendable assets, is \$19.6 million or 27% of General Fund Operating Expenditures, as of June 30, 2013

## **Awards**

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The Government Finance Officers Association (GFOA) of the United States and Canada awarded its Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2012. This was the twentieth consecutive year that the City of Concord has been recognized for excellence in financial reporting. To qualify for the Certificate of Achievement, the governmental entity must publish an easily readable and efficiently organized CAFR, the content of which conform to program standards. Such report must satisfy accounting principles generally accepted in the United States of America, as well as all applicable legal requirements.

The Certificate of Achievement is valid for only one year. The City believes this CAFR continues to conform to the Certificate of Achievement Program requirements and will be submitting it to GFOA for consideration of the annual award.

## Acknowledgments

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The preparation of this CAFR could not have been accomplished without the professional, efficient and dedicated services of the entire staff of the Finance Department, in particular Suzanne McDonald, Jonathan Palmer and George Villa.

In addition, staff in all City departments should be recognized for responding so positively to the requests for detailed information that accompanies each annual audit. The City also recognizes the contributions and positive working relationship with Vavrinek, Trine, Day and Co., LLP.

Finally, we wish to express our sincere appreciation to the Mayor, City Council and the City Manager for their unfailing support for maintaining the highest standards of professionalism in the financial management of the City of Concord.

Respectfully submitted,

A handwritten signature in blue ink that reads "Karan Reid". The signature is written in a cursive, slightly slanted style.

Karan Reid  
Director of Finance



# PRINCIPAL OFFICERS (June 30, 2013)

## Elected Officials



**Thomas J. Wentling**  
City Treasurer

Left to right: **Laura M. Hoffmeister** (Council Member), **Ron Leone** (Council Member), **Dan Helix** (Mayor),  
**Tim Grayson** (Vice Mayor) and **Edi Birsan** (Council Member)

## Executive Team



**Valerie Barone**  
City Manager



**Kay Winer**  
Interim Assistant City Manager



**Mark Coon**  
City Attorney



**Victoria Walker**  
Director of Community & Economic Development



**Michael Wright**  
Concord Reuse Project Director



**Karan Reid**  
Director of Finance



**Kathy Ito**  
Director of Human Resources



**Tom Kuhlman**  
Interim Director of Information Technology



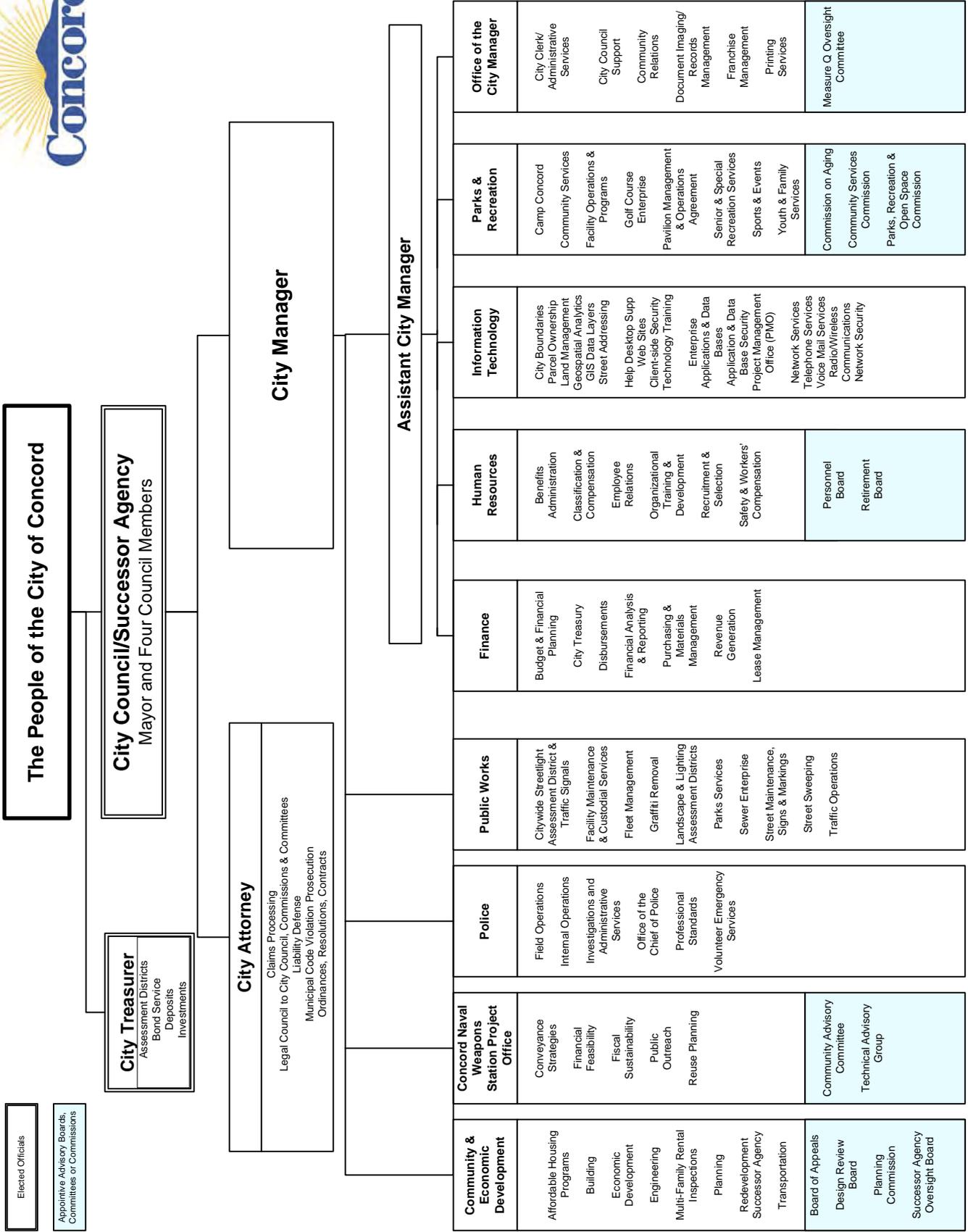
**Joan Carrico**  
Director of Parks & Recreation



**Guy Swanger**  
Chief of Police



**Justin Ezell**  
Director of Public Works



The City of Concord has a City Council/City Manager form of government. Five Council Members and the City Treasurer are elected. The Council appoints the City Manager and the City Attorney. The City Manager appoints the City Clerk and department heads and hires employees to carry out program services. The City Council appoints qualified citizens from the community to serve on advisory boards and commissions.



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Concord  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO



**INDEPENDENT AUDITORS' REPORT**

The Honorable Mayor and Members of the City Council  
 City of Concord, 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 Concord, California, (the City) as of and for the year ended June 30, 2013, 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.

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the Salvio Grant Land Joint Venture, reported as an Investment in Joint Venture, an asset of the City's Governmental Activities, which represents the following percentages of assets, net position and revenues as of and for the fiscal year ended June 30, 2013:

<u>Opinion Unit</u>	<u>Assets</u>	<u>Net Position</u>	<u>Revenues</u>
Governmental Activities	0.27%	0.29%	0.22%

The Investment in Joint Venture as discussed in Note 17 was audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Investment in Joint Venture, is based solely on the report of the other auditors. 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, based on our audit and the report of other auditors, 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, 2013, and the respective changes in financial position, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Concord Housing Special Revenue Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 1 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* effective July 1, 2012. 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 and schedule of funding progress information on pages 4-17 and 83-84 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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 transmittal letter, introductory section, combining and individual non-major fund financial statements, statistical section and the Municipal Debt Continuing Disclosure report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above and the report of the other auditors, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, statistical section and the Municipal Debt Continuing Disclosure report 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 February 14, 2014, 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 City's internal control over financial reporting and compliance.

*Vavrinik, Trine, Day & Co. LLP*

Sacramento, California  
February 14, 2014



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Concord issues its financial statements in the format prescribed by the provisions of Government Accounting Standards Board Statement 34 "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*" (GASB 34). GASB 34 requires the City to provide this overview of its financial activities for the fiscal year, which should be read in conjunction with the accompanying Transmittal Letter and Basic Financial Statements.

### FISCAL 2013 FINANCIAL HIGHLIGHTS

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Financial highlights of the year include the following:

#### Government-Wide

- The City's total net position was \$800 million at June 30, 2013 compared to \$822 million at June 30, 2012, as restated, down \$22 million from the prior year. Of this total, \$729 million was governmental activities net position and \$71 million was business-type activities net position.
- Government-wide governmental revenues include program revenues of \$27 million and general revenues of \$70 million for a total of \$97 million, a decrease of \$5 million from the prior year's total.
- Total government-wide governmental activities expenses were \$113 million, an increase of \$4 million from the prior year.
- Government-wide business-type activities revenues were \$21 million while expenses were \$26 million.

#### Fund Level

- Governmental Fund balances increased \$5 million in fiscal 2013 to \$67 million.
- Excluding the \$8 million in revenue received by the former redevelopment agency in prior year, Governmental Fund revenues increased by \$8 million
- Governmental Fund expenditures decreased to \$93 million in fiscal 2013, down \$9 million from the prior year.
- Excluding prior year former redevelopment agency expenses of \$9 million, Governmental Fund expenditures stayed constant at \$93 million.
- General Fund revenues of \$80 million in fiscal 2013 reflected an increase of \$6 million from the prior year.
- General Fund expenditures of \$72 million reflected an increase of \$2 million when compared to the prior year.
- The net transfers out reflected in the General Fund totaled \$2 million out for fiscal 2013 compared with net transfers of \$9 million out for fiscal 2012.
- General Fund balance of \$20 million at June 30, 2013 increased \$7 million from fiscal 2012.

### OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

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This Comprehensive Annual Financial Report is in five parts:

1. Introductory section, which includes the Transmittal Letter and general information;
2. Management's Discussion and Analysis (this part);
3. The Basic Financial Statements, which include the Government-Wide and the Fund financial statements, along with the Notes to these financial statements;
4. Supplemental Information for Non-Major Governmental Funds and Internal Service Funds; and
5. Statistical information and other schedules.

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## THE BASIC FINANCIAL STATEMENTS

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The Basic Financial Statements comprise the Government-Wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the City's financial activities and financial position.

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

All of the City's activities are grouped into Governmental Activities and Business-Type Activities, as explained below. All the amounts in the Statement of Net position and the Statement of Activities are separated into Governmental Activities and Business-Type Activities in order to provide a summary of these two activities of the City as a whole.

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

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

The fiduciary statements provide financial information about the activities of the Concord Retirement System Pension Trust Fund and the Redevelopment Successor Agency (RSA), for which the City acts solely as agent.

### The Government-Wide Financial Statements

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

- **Governmental Activities**-All of the City's basic services are considered to be Governmental Activities, including General Government; Public Safety; Public Works; Community and Economic Development; and Parks and Recreation Services. These services are supported by general City revenues such as taxes, and by specific program revenues such as developer fees.
- The City's Governmental Activities include the activities of two separate legal entities: the Mt. Diablo Health Care District and the City of Concord Joint Powers Financing Authority. The City is financially accountable for these entities.
- **Business-Type Activities**- The City's two enterprise activities, the sewer and the golf course, are reported here. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use

Government-Wide Financial Statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the City as a whole.

## **Fund Financial Statements**

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

In the City's case, Concord Housing Fund and the General Projects Fund are the only Major Governmental Funds in addition to the General Fund.

Fund Financial Statements include Governmental, Proprietary and Agency Funds as discussed below.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Proprietary Fund Financial Statements are prepared on the full accrual basis, as in the past, and include all their assets and liabilities, current and long-term.

Since the City's Internal Service Funds provide goods and services only to the City's Governmental and Business-Type Activities, their activities are reported only in total at the Fund level. Internal Service Funds may not be Major Funds because their revenues are derived from other City Funds. These revenues are eliminated in the Government-Wide Financial Statements and any related profits or losses are returned to the Activities that created them, along with any residual net position of the Internal Service Funds.

Comparisons of Budget and Actual financial information are presented only for the General Fund, as required by GASB 34.

## **Fiduciary Fund Statements**

The City's fiduciary fund activities are reported in the separate Statement of Fiduciary Net position and Statement of Changes in Net position. Fiduciary funds include the Pension Trust Fund and the Successor Agency Private Purpose Trust Fund (SAPPTF). These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations.

## **FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE**

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The analyses presented below focus on the net position (Table 1) and changes in net position (Table 2) of the City as a whole. The information summarizes the Citywide Statement of Net Position and Statements of Activities stated more fully in the Financial Section of this report. The City corrected an error effective July 1, 2012 that resulted in a restatement of the beginning balance of fiscal year 2013. All balances as of June 30, 2012 in this analysis include the restated balances.

**Table 1: Citywide Net Position  
As of June 30, 2013 and 2012 (Dollars in Millions)**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Cash and Investments	\$68.4	\$65.7	\$28.0	\$32.1	\$96.4	\$97.8
Other Assets	61.1	63.0	2.9	2.8	64.0	65.8
Capital Assets	657.6	672.3	77.3	77.9	734.9	750.2
<b>Total Assets</b>	<b>787.1</b>	<b>801.0</b>	<b>108.2</b>	<b>112.8</b>	<b>895.3</b>	<b>913.8</b>
Long-Term Debt Outstanding	24.3	26.2	21.6	22.0	45.9	48.2
Other Liabilities	33.4	28.8	15.5	14.4	48.9	43.2
<b>Total Liabilities</b>	<b>57.7</b>	<b>55.0</b>	<b>37.1</b>	<b>36.4</b>	<b>94.8</b>	<b>91.4</b>
Net Position:						
Net Investment in Capital Assets	635.0	651.5	54.9	56.1	689.9	707.6
Restricted	63.1	72.9			63.1	72.9
Unrestricted	31.3	21.6	16.2	20.3	47.5	41.9
<b>Total Net Position</b>	<b>\$729.4</b>	<b>\$746.0</b>	<b>\$71.1</b>	<b>\$76.4</b>	<b>\$800.5</b>	<b>\$822.4</b>

**Table 2: Citywide Changes in Net Position  
For the Years Ended June 30, 2013 and 2012 (Dollars in Millions)**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>EXPENSES</b>						
General Government	\$17.2	\$13.1			\$17.2	\$13.1
Public Safety	46.4	43.4			46.4	43.4
Public Works	33.6	32.0			33.6	32.0
Community and Economic Development	8.7	10.6			8.7	10.6
Parks and Recreation Services	6.0	7.0			6.0	7.0
Interest on Long-Term Debt	1.3	3.3			1.3	3.3
Sewer			\$24.9	\$23.2	24.9	23.2
Golf Course			1.3	1.3	1.3	1.3
<b>Total Expenses</b>	<b>113.2</b>	<b>109.4</b>	<b>26.2</b>	<b>24.5</b>	<b>139.4</b>	<b>133.9</b>
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	14.2	15.3	20.8	20.7	35.0	36.0
Operating Contributions and Grants	8.3	7.9			8.3	7.9
Capital Grants	4.0	6.6		0.0	4.0	6.6
Total Program Revenues	26.5	29.8	20.8	20.7	47.3	50.5
General Revenues:						
Taxes:						
Property Taxes	15.0	19.4			15.0	19.4
Sales Taxes	36.4	33.9			36.4	33.9
Other Taxes	10.5	9.6			10.5	9.6
Motor Vehicle in Lieu	7.7	8.1			7.7	8.1
Investment Earnings	0.1	0.6	0.1	0.3	0.2	0.9
Misc. Revenues and Transfers	0.4	0.0	0.0	0.0	0.4	0.0
Total General Revenues	70.1	71.6	0.1	0.3	70.2	71.9
<b>Total Revenues</b>	<b>96.6</b>	<b>101.4</b>	<b>20.9</b>	<b>21.0</b>	<b>117.5</b>	<b>122.4</b>
Change in Net Position before Transfers	(16.6)	(8.0)	(5.3)	(3.4)	(21.9)	(11.5)
Extraordinary Item (Note 18)	0.0	20.3	0.0	0.0	0.0	20.3
Restatement of Fund Equity (Note 18)	0.0	17.8	0.0	0.0	0.0	17.8
<b>Change in Net Position</b>	<b>(16.6)</b>	<b>30.1</b>	<b>(5.3)</b>	<b>(3.4)</b>	<b>(21.9)</b>	<b>26.6</b>
<b>Beginning Net Position, as restated</b>	<b>746.0</b>	<b>715.9</b>	<b>76.4</b>	<b>79.8</b>	<b>822.4</b>	<b>795.7</b>
<b>Ending Net Position</b>	<b>\$729.4</b>	<b>\$746.0</b>	<b>\$71.1</b>	<b>\$76.4</b>	<b>\$800.5</b>	<b>\$822.4</b>

The analyses below focus on the net position and changes in net position of the City's Governmental Activities (Table 3, 4 and 5) and Business-Type Activities (Table 6 and 7) presented in the Citywide Statement of Net position and Statement of Activities that follow.

## Governmental Activities

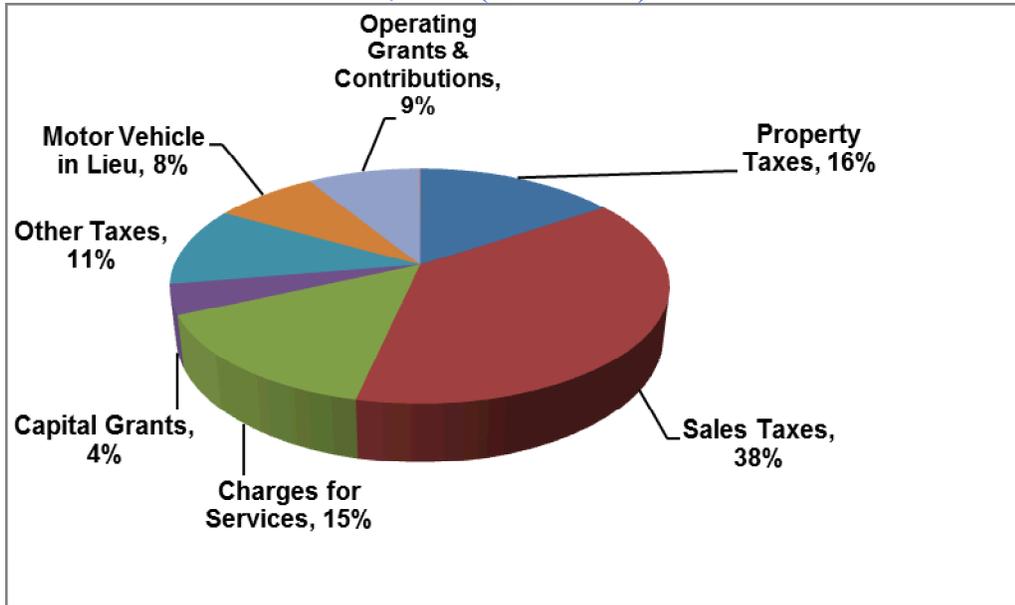
**Table 3: Governmental Net Position  
As of June 30, 2013 and 2012 (Dollars in Millions)**

	Governmental Activities	
	2013	2012
Cash and Investments	\$68.4	\$65.7
Other Assets	61.1	63.0
Capital Assets, net	657.6	672.3
<b>Total Assets</b>	<b>787.1</b>	<b>801.0</b>
Long-Term Debt Outstanding	24.3	26.2
Other Liabilities	33.4	28.8
<b>Total Liabilities</b>	<b>57.7</b>	<b>55.0</b>
Net Position:		
Net investment in Capital Assets	635.0	651.5
Restricted	63.1	72.9
Unrestricted	31.3	21.6
<b>Total Net Position</b>	<b>\$729.4</b>	<b>\$746.0</b>

The City's net position from Governmental Activities decreased \$16.6 million, or -2%, to \$729.4 million in 2013. The Governmental Net position decreased primarily from the depreciation of capital assets, especially infrastructure.

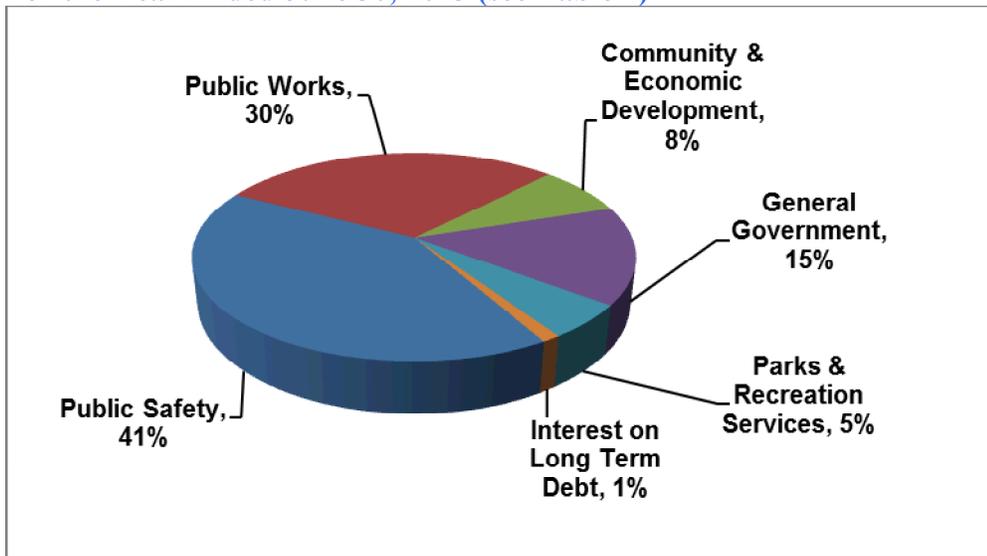
- Cash and investments increased \$2.7 million, or 4%, to \$68.4 million due to an increase in cash received from other governments related to grants.
- Capital assets, net of depreciation, decreased \$14.7 million. This decrease is primarily due to depreciation. For more information see Note 7.
- Long-term debt decreased \$1.9 million. This decrease is primarily due to the scheduled pay down of outstanding debt. See Note 8 for more information on long-term debt.
- Net investment in capital assets decreased \$16.5 million.
- Restricted net position decreased \$9.8 million primarily due to decrease in restrictions for capital projects and debt service.
- Unrestricted net position reflects the resources that can be used to finance day-to-day operations. Unrestricted net position increased \$9.7 million from the prior fiscal year to \$31.3 million at June 30, 2013.

**Governmental Activities - Sources of Revenues  
For the Year Ended June 30, 2013 (see Table 4)**



As the Sources of Revenues Chart above shows, 16%, or \$15.0 million, of the City’s fiscal 2013 governmental activities revenue came from property taxes, 38%, or \$36.4 million came from sales taxes, and 15%, or \$14.2 million, came from charges for service. The remaining 31% came primarily from three sources—operating grants & contributions, motor vehicle in lieu, and other taxes.

**Governmental Activities - Functional Expenses  
For the Year Ended June 30, 2013 (see Table 4)**



The Functional Expenses Chart above includes only current year expenses, which are discussed in detail below. Public Safety accounted for \$46.4 million or 41% of expenses, while Public Works accounted for \$33.6 million or 30% of expenses, followed by General Government which accounted for \$17.2 million or 15% of expenses. The remaining 14% was spread among Community and Economic Development; Parks and Recreation Services; and interest expense.

The expenses reflected above do not include capital outlay, which is added to the City's capital assets on the Government-Wide Financial Statements. In 2013, the City's capital assets declined a net of \$14.7 million, as discussed above. The details of the changes in capital assets are discussed in Note 7.

The Statement of Activities presents program revenues and expenses and general revenues in detail. These are elements in the Changes in Governmental Net position summarized below:

**Table 4: Changes in Governmental Net Position  
For the Years Ended June 30, 2013 and 2012(Dollars in Millions)**

	Governmental Activities	
	2013	2012
<b>EXPENSES</b>		
General Government	\$17.2	\$13.1
Public Safety	46.4	43.4
Public Works	33.6	32.0
Community & Economic Development	8.7	10.6
Parks & Recreation Services	6.0	7.0
Interest on Long-Term Debt	1.3	3.3
<b>Total Expenses</b>	<b>113.2</b>	<b>109.4</b>
<b>REVENUES</b>		
Program Revenues:		
Charges for Services	14.2	15.3
Operating Contributions and Grants	8.3	7.9
Capital Grants	4.0	6.6
<b>Total Program Revenues</b>	<b>26.5</b>	<b>29.8</b>
General Revenues:		
Taxes:		
Property Taxes	15.0	19.4
Sales Taxes	36.4	33.9
Other Taxes	10.5	9.6
Motor Vehicle in Lieu	7.7	8.1
Investment Earnings	0.1	0.6
Miscellaneous Revenues	0.4	0.0
<b>Total General Revenues</b>	<b>70.1</b>	<b>71.6</b>
<b>Total Revenues</b>	<b>96.6</b>	<b>101.4</b>
Change in Net Position before Transfers	(16.6)	(8.0)
Extraordinary Item	0.0	20.3
Restatement of Fund Equity (Note 18)	0.0	17.8
<b>Change in Net Position</b>	<b>(\$16.6)</b>	<b>\$30.1</b>

Total governmental expenses were \$113.2 million in fiscal 2013, reflecting a \$3.8 million increase from the prior year. Decreases in Community & Economic Development (\$1.9 million) and Interest on Long Term Debt (\$2.0 million) were offset by increases in General Government (\$4.1 million) and Public Safety (\$3.0 million).

Total governmental revenues decreased \$4.8 million to \$96.6 million in fiscal 2013. The decrease is primarily the result of a \$4.4 million decrease in property tax revenue, resulting from the dissolution of the former redevelopment agency, and a \$2.6 million decrease in capital grants. These decreases were partially offset by increases in sales tax revenue of \$2.5 million.

## Governmental Activities

Table 5 presents the net expense of each of the City's programs. Net expense is defined as total program cost offset by revenues generated by those specific activities. In the City's case, the net expenses of several programs varied significantly from the total expense above. The City's program revenues include charges for services such as developer fees, plan check fees, building inspection fees, recreation fees, police fees, traffic fines and operating or capital grants.

**Table 5: Governmental Activities Net Program Expense  
As of June 30, 2013 and 2012 (Dollars in Millions)**

	Net (Expense) Revenue from Services	
	2013	2012
General Government	(\$15.7)	(\$11.5)
Public Safety	(44.3)	(41.4)
Public Works	(19.7)	(12.8)
Community & Economic Development	(3.9)	(8.9)
Parks & Recreation Services	(1.8)	(1.7)
Interest on Long-Term Debt	(1.3)	(3.3)
<b>Total</b>	<b>(\$86.7)</b>	<b>(\$79.6)</b>

## Business-Type Activities

The net position of Business-Type Activities decreased to \$71.1 million in fiscal 2013, down \$5.3 million from \$76.4 million in the prior year. Business-Type activities include the Sewer Fund and the Golf Course Fund with net position of \$69.5 million and \$1.7 million, respectively.

**Table 6: Business-Type Activities Net Position  
As of June 30, 2013 and 2012 (Dollars in Millions)**

	Business-Type Activities	
	2013	2012
Cash and Investments	\$28.0	\$32.1
Other Assets	2.9	2.8
Capital Assets	77.3	77.9
<b>Total Assets</b>	<b>108.2</b>	<b>112.8</b>
Long-Term Debt Outstanding	21.6	22.0
Other Liabilities	15.5	14.4
<b>Total Liabilities</b>	<b>37.1</b>	<b>36.4</b>
Net Position:		
Net investment in Capital Assets	54.9	56.1
Unrestricted	16.2	20.3
<b>Total Net Position</b>	<b>\$71.1</b>	<b>\$76.4</b>

**Table 7: Changes in Business-Type Activities Net Position  
As of June 30, 2013 and 2012(Dollars in Millions)**

	Business-Type Activities	
	2013	2012
Net Revenues from Business-Type Activities:		
Sewer Fund	(\$5.5)	(\$3.8)
Golf Course Fund	0.1	0.1
General Revenues:		
Investment Earnings	0.1	0.3
Other	0.0	0.0
<b>Total</b>	<b>(\$5.3)</b>	<b>(\$3.4)</b>

The Sewer Fund generated service fee revenues of \$19.4 in fiscal 2013, reflecting a \$0.1 million increase over the prior year. Operating expenses increased by \$1.4 million, or 6%, to \$23.6 million. As a result, the Sewer Fund experienced a \$5.5 million operating loss for the year attributable to the City's support of capital projects for sewage treatment at the Central Contra Costa Sanitary District. The Golf Course Fund realized a nominal gain in fiscal year 2013.

## THE CITY'S FUND FINANCIAL STATEMENTS

### Governmental Funds

At June 30, 2013, the City's governmental funds reported combined fund balances of \$66.7 million, a \$5.4 million increase when compared with last year's restated combined fund balance of \$61.3 million. General fund balance increased \$7.0 million and General Projects fund balance increased by \$0.5 million. The Concord Housing fund balance remained flat while Other Governmental fund balance decreased \$2.0 million.

Governmental fund revenues decreased \$0.4 million this year to \$98.0 million from \$98.4 million in the prior year. General Fund revenues increased \$6.3 million, or 8%. General Project revenues increased \$3.4 million. Other Governmental fund revenues decreased \$1.6 million.

Governmental expenditures decreased \$8.8 million this year to \$93.3 million from \$102.1 million in the prior year. Excluding prior year's Former Redevelopment Agency expenditures, Governmental expenditures increased \$0.4 million. General Fund expenditures increased \$2.1 million to \$71.6 million. General Project expenditures decreased \$4.3 million. Other Governmental fund expenditures increased \$2.4 million. Other Financing Sources (Uses) are primarily comprised of transfers among the various funds in the City. During fiscal 2013, the General Fund received transfers in of approximately \$0.5 million to reimburse operating costs and transferred out \$2.4 million to fund capital projects and debt service.

### Proprietary Funds

Enterprise fund net position decreased to \$71.1 million in fiscal 2013, down \$5.3 million from \$76.4 million in the prior year. Enterprise operating revenues were \$20.8 million this year, up \$0.1 million from last year. Enterprise Fund operating expenses were \$24.9 million in fiscal 2013, up \$1.4 million from \$23.5 million in the prior year.

Internal service fund net position decreased to \$39.0 million in fiscal 2013, down \$6.7 million from \$45.7 million in the prior year. This decrease is primarily due to a \$2.7 million decrease in the Net OPEB Asset and a \$2.9 million increase in claims payable.

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## **ANALYSES OF MAJOR GOVERNMENTAL FUNDS**

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### **General Fund**

General Fund revenues totaled \$80.5 million, reflecting an increase of \$6.3 million, or 8%, over the prior fiscal year, due primarily to a \$2.5 million increase in Sales Taxes and a \$4.9 million increase in Miscellaneous Revenues, including a \$0.8 million refund from Contra Costa County for Property Tax Fees and \$0.9 million for the City's Low and Moderate Income Housing Fund balance. General Fund operating expenditures increased \$2.1 million primarily due to an increase in General Government expenditures of \$2.6 million.

**Table 8: Changes in General Fund  
As of June 30, 2013 and 2012 (Dollars in Millions)**

	General Fund	
	Revenues and Expenditures	
	2013	2012
<b>REVENUES</b>		
Taxes:		
Property Taxes	\$11.2	\$11.4
In Lieu Property Taxes - VLF	7.7	8.1
Sales Taxes	19.7	18.2
Measure Q Sales Taxes	10.6	10.0
In Lieu Sales Taxes	6.1	5.7
Other Taxes	10.5	9.4
Licenses and Permits	1.5	1.3
Intergovernmental	0.7	0.4
Charges for Services	5.3	7.6
Investment Earnings	0.6	0.4
Miscellaneous Revenues	6.6	1.7
<b>Total Revenues</b>	<b>80.5</b>	<b>74.2</b>
<b>EXPENDITURES</b>		
General Government	\$15.0	\$12.3
Public Safety	42.0	41.9
Public Works	5.6	5.8
Community and Economic Development	5.1	4.7
Parks and Recreation Services	3.8	4.7
Interest on Long-Term Debt	0.1	0.1
<b>Total Expenditures</b>	<b>71.6</b>	<b>69.5</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>8.9</b>	<b>4.7</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	0.5	2.9
Transfers Out	(2.4)	(12.0)
<b>Total Other Financing Sources (Uses)</b>	<b>(1.9)</b>	<b>(9.1)</b>
<b>Net Change in Fund Balance</b>	<b>7.0</b>	<b>(4.4)</b>
<b>Fund Balance at Beginning of Year, as restated</b>	<b>12.6</b>	<b>17.0</b>
<b>Ending Fund Balance</b>	<b>\$19.6</b>	<b>\$12.6</b>

At June 30, 2013, the General Fund balance totaled \$19.6 million compared to \$12.6 million in the prior year. The increase of \$7.0 million in fund balance was primarily due to an increase in revenue of \$6.3 million. In the prior year fiscal year, the general fund transferred of \$11.4 million in land held for redevelopment to the now-former redevelopment agency. Fiscal year 2013 only saw transfers out of \$2.4 million. This year's ending fund balance consisted of \$2.0 million categorized as nonspendable; \$1.1 million was assigned; and \$16.5 million was unassigned. Refer to Note 9 for more information.

## Concord Housing Fund

The Concord Housing Fund tracks accounts for the activities related to the assets assumed by the City of Concord as the Housing Successor to the housing activities of the former Redevelopment Agency. The Total Fund Balance as of June 30, 2013 was \$28.8 million, a slight decrease over last year's fund balance of \$29.0 million. Total revenues were \$0.1 million and total expenditures were \$0.2 million in fiscal 2013.

## General Projects Fund

This fund tracks capital project costs that are reimbursable from grants. The fund's revenues were \$6.3 million in fiscal 2013, an increase of \$3.4 million compared to \$2.9 million in fiscal 2012. Fund expenditures were \$7.3 million in fiscal 2013 compared to \$11.7 million in fiscal 2012.

The fund had a deficit balance at year end of \$0.4 million compared to a deficit of \$0.9 million in fiscal 2012 primarily due to the increase in grant reimbursements.

## Other Governmental Funds

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

## ANALYSES OF MAJOR PROPRIETARY FUNDS

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### Sewer Fund

Net position of the Sewer Fund at fiscal year-end was \$69.5 million, a decrease of \$5.5 million compared to \$74.9 million at June 30, 2012. Net investment in capital assets was \$53.4 million and unrestricted net position was \$16.0 million at June 30, 2013.

### Golf Course Fund

Golf Course revenues and expenditures remained flat in fiscal 2013. Net position increased slightly to \$1.7 million from \$1.5 million.

## CAPITAL ASSETS

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GASB 34 requires the City to record all its capital assets, including infrastructure, in its financial statements. Infrastructure includes roads, bridges, signals, storm drains and other similar assets.

In accordance with GASB 34, in fiscal 2002, the City recorded the cost of all its infrastructure assets and computed the amount of accumulated depreciation for these assets based on their original acquisition dates. At the end of fiscal 2013, the cost of infrastructure and other capital assets recorded on the City's financial statements was as shown in Table 9 below:

**Table 9: Capital Assets  
For the Years Ended June 30, 2013 and 2012 (Dollars in Millions)**

	Balance at June 30, 2013	Balance at June 30, 2012
<b>Governmental Activities</b>		
Land	\$15.1	\$15.1
Construction in Progress	12.0	10.5
Ground Improvements	17.0	16.4
Buildings and Improvements	75.1	74.7
Machinery and Equipment	12.3	11.5
Vehicles	8.6	8.6
Streets	429.7	426.6
Sidewalks	48.9	47.3
Storm Drains/Catch Basins	443.3	443.3
Street Lights	5.8	4.3
Traffic Signals	26.4	26.2
Less: Accumulated Depreciation	(436.5)	(412.2)
<b>Governmental Activities Capital Assets, Net</b>	<b>\$657.7</b>	<b>\$672.3</b>
<b>Business-Type Activities</b>		
Land	\$0.4	\$0.4
Construction in Progress	5.1	1.3
Buildings and Improvements	8.7	8.7
Machinery and Equipment	0.2	0.2
Sewer Lines	209.5	209.5
Less: Accumulated Depreciation	(146.7)	(142.2)
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$77.2</b>	<b>\$77.9</b>

The principal additions to governmental capital assets in fiscal 2013 were street infrastructure. Business-Type construction in progress increased by \$3.8 million due to on-going sewer projects. Total Net Business-Type capital assets decreased by \$0.7 because of depreciation. The City depreciates all its capital assets over their estimated useful lives, as required by GASB 34. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Further detail on capital assets, current year additions, construction in progress and depreciation can be found in Note 7.

## DEBT ADMINISTRATION

The City made all scheduled debt service payments. Each of the City's debt issues is discussed in detail in Note 8 to the Financial Statements. In September 2013, the City issued Wastewater Revenue Refunding Bonds to provide for a refunding of the 2004 Wastewater System Certificates of Participation. Refer to Note 19 for more detailed information. At June 30, 2013, the City's debt was comprised of the following issues:

**Table 10: Outstanding Debt  
As of June 30, 2013 and 2012 (Dollars in Millions)**

	June 30, 2013	June 30, 2012	Net Change
<b>Governmental Activities Debt:</b>			
<b>Revenue Bonds:</b>			
1995 Lease Revenue Bonds, 6.33 - 8.24%, due 8/1/20	2.9	3.4	(0.5)
Police Facility Revenue Bonds, 2.70 - 5.25%, due 8/1/13	0.5	1.0	(0.5)
Parking Garage Revenue Bonds, 4.0 - 5.13%, due 3/1/23	5.7	6.1	(0.4)
<b>Refunding Lease Agreement</b>			
3.3%, due 9/1/19	3.8	4.3	(0.5)
<b>Lease Purchase Agreement</b>			
4.75%, due 6/30/27	8.0	8.3	(0.3)
<b>Notes Payable:</b>			
CHFA, 3.00%, due 03/01/14	1.4	1.4	0.0
<b>Capital Lease:</b>			
Key Government Finance, 4.65%, due 09/15/12	0.0	0.0	0.0
Cisco VOIP Equipment, 3.95%, due 7/9/14	0.2	0.3	(0.1)
Hubb Systems Mobile Computers, 4.75%, due 7/9/14	0.0	0.2	(0.2)
Motorola Safety Radio, 3.03%, due 12/1/16	0.7	0.9	(0.2)
NetApp Capital Solutions Software, 3.44%, due 04/01/16	0.3	0.3	0.0
Color Hybrid Multi-Function Printers, 5.5%, due 11/1/18	0.1	0.1	0.0
Motorola Safety Radio, 3.55%, due 8/1/18	0.3	0.0	0.3
Key Government Finance, 4.59%, due 02/25/17	0.1	0.0	0.1
US Bank 000 4.76%, due 10/15/17	0.2	0.0	0.2
US Bank 001 4.76%, due 11/1/18	0.1	0.0	0.1
<b>Total Governmental Activities Debt</b>	<b>\$24.3</b>	<b>\$26.3</b>	<b>(\$2.0)</b>
<b>Business-Type Activities Debt:</b>			
<b>Enterprise Long Term Debt:</b>			
2012 - Wastewater Revenue Refunding Bonds, 1.50-4.00%, due 02/01/29	\$9.8	\$0.0	\$9.8
2004 Certificates of Participation, Wastewater System Improvements, 2.00 - 4.63%, due 2/1/29	\$0.0	\$9.7	(\$9.7)
2007 Certificates of Participation, Wastewater System Improvements, 3.75 - 4.50%, due 2/1/32	10.7	11.1	(0.4)
ABAG 41 Certificates of Participation, Diablo Creek Golf Course, 4.00 - 5.00%, due 8/1/18	1.2	1.3	(0.1)
<b>Total Business-Type Activities Debt</b>	<b>\$21.7</b>	<b>\$22.1</b>	<b>(\$0.4)</b>

Both Total Governmental Activities Debt and Business-Type Activities Debt decreased slightly over prior year because of the scheduled pay down of outstanding debt.

## **ECONOMIC OUTLOOK AND MAJOR INITIATIVES**

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The economy of the City and its major initiatives for the coming year are discussed in detail in the accompanying Transmittal Letter.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this Report should be directed to the Finance Department, at 1950 Parkside Drive, Concord, CA 94519-2578.

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## STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

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

The Statement of Net Position reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Position summarizes the financial position of all the City's Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business-Type Activities include all its Enterprise Fund activities.

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

The Statement of Activities presents the City's expenses first, listed by program, and follows these with the expenses of its Business-Type Activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the City, Mt. Diablo Health Care District, City of Concord Joint Powers Financing Authority, and Concord Sanitary Sewer Services, Inc., which are legally separate but are component units of the City because they are controlled by the City, which are financially accountable for the component units' activities.

**CITY OF CONCORD  
STATEMENT OF NET POSITION  
JUNE 30, 2013**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments (Note 4)	\$ 66,702,591	\$ 27,576,569	\$ 94,279,160
Cash with Fiscal Agents (Note 4)	1,674,471	405,944	2,080,415
Receivables (Net of Allowances for Uncollectibles):			
Accounts	6,775,126	145,777	6,920,903
Due from Other Governments	5,887,671		5,887,671
Interest	452,748	2,273	455,021
Loans and Notes (Note 6)	34,382,676		34,382,676
Due from Successor Agency (Note 8)	9,232,000		9,232,000
Inventories	20,645		20,645
Prepaid Items and Other Assets	1,645	35,511	37,156
Internal Balances (Note 5)	(2,776,352)	2,776,352	-
Investment in Joint Venture (Note 17)	2,129,711		2,129,711
Net OPEB Asset (Note 14)	5,028,652		5,028,652
Capital Assets (Note 7):			
Land and Construction In Progress	27,119,691	5,485,728	32,605,419
Depreciable Capital Assets, Net of Accumulated Depreciation	630,504,315	71,759,925	702,264,240
Total Assets	<u>787,135,590</u>	<u>108,188,079</u>	<u>895,323,669</u>
<b>LIABILITIES</b>			
Accounts, Deposits and Contracts Payable	3,712,404	14,968,459	18,680,863
Accrued Liabilities	2,961,136	27,490	2,988,626
Interest Payable	212,288	320,075	532,363
Refundable Deposits	3,926,925		3,926,925
Unearned Revenue	555,614		555,614
Net Pension Obligation (Note 11)	5,356,062		5,356,062
Compensated Absences (Note 8)			
Due in One Year	2,289,257	42,129	2,331,386
Due in More Than One Year	1,794,481	53,334	1,847,815
Claims Payable (Note 16):			
Due in One Year	3,246,644		3,246,644
Due in More Than One Year	9,393,508		9,393,508
Long-Term Debt (Note 8):			
Due in One Year	3,978,332	1,045,000	5,023,332
Due in More Than One Year	20,298,484	20,599,591	40,898,075
Total Liabilities	<u>57,725,135</u>	<u>37,056,078</u>	<u>94,781,213</u>
<b>NET POSITION (Note 9)</b>			
Net Investment in Capital Assets	<u>\$634,988,057</u>	<u>54,902,054</u>	<u>689,890,111</u>
Restricted for:			
Capital Projects	12,536,427		12,536,427
Debt Service	2,396,176		2,396,176
Community Development Projects	48,144,325		48,144,325
Total Restricted Net Position	<u>63,076,928</u>	<u>-</u>	<u>63,076,928</u>
Unrestricted Net Position	<u>31,345,470</u>	<u>16,229,947</u>	<u>47,575,417</u>
Total Net Position	<u>\$ 729,410,455</u>	<u>\$ 71,132,001</u>	<u>\$ 800,542,456</u>

See accompanying notes to financial statements.

**CITY OF CONCORD  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

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
<b>Governmental Activities:</b>							
General Government	\$ 17,203,231	\$ 1,528,975			\$ (15,674,256)		\$ (15,674,256)
Public Safety	46,357,766	1,255,763	\$ 814,754		(44,287,249)		(44,287,249)
Public Works	33,607,422	5,675,622	4,385,846	\$ 3,884,422	(19,661,532)		(19,661,532)
Community and Economic Development	8,677,518	3,226,130	1,366,980	136,620	(3,947,788)		(3,947,788)
Parks & Recreation Services	6,045,819	2,531,616	1,714,216		(1,799,987)		(1,799,987)
Interest on Long-Term Debt	1,282,725				(1,282,725)		(1,282,725)
Total Governmental Activities	113,174,481	14,218,106	8,281,796	4,021,042	(86,653,537)		(86,653,537)
<b>Business-Type Activities:</b>							
Sewer	24,908,709	19,420,225		33,945		\$ (5,454,539)	(5,454,539)
Golf Course	1,308,344	1,381,788				73,444	73,444
Total Business-Type Activities	26,217,053	20,802,013	-	33,945	-	(5,381,095)	(5,381,095)
<b>Total</b>	<b>\$ 139,391,534</b>	<b>\$ 35,020,119</b>	<b>\$ 8,281,796</b>	<b>\$ 4,054,987</b>	<b>(86,653,537)</b>	<b>(5,381,095)</b>	<b>(92,034,632)</b>
<b>General Revenues:</b>							
Taxes							
Property Taxes					15,017,785		15,017,785
Sales Taxes					36,423,806		36,423,806
Motor Vehicle In Lieu, Unrestricted					7,682,740		7,682,740
Transient Occupancy Taxes					1,832,615		1,832,615
Business License Taxes					3,365,317		3,365,317
Other Taxes					5,269,956		5,269,956
Investment Earnings					109,003	73,758	182,761
Miscellaneous Revenues					357,827	38,549	396,376
Total General Revenues					70,059,049	112,307	70,171,356
Change in Net Position					(16,594,488)	(5,268,788)	(21,863,276)
Net Position - Beginning (as restated)					746,004,943	76,400,789	822,405,732
Net Position - Ending					\$ 729,410,455	\$ 71,132,001	\$ 800,542,456

See accompanying notes to financial statements.

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## FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year.

### MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal . Individual non-major funds may be found in the Supplemental section.

**General Fund** – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The major revenue sources for this Fund are property taxes, sales taxes, unrestricted revenues from the State, charges for services, and interest income. Expenditures are made for public safety, most street work and other services not required to be accounted for in another fund.

**Concord Housing** – The Concord Housing Fund accounts for the activities related to the assets assumed by the City of Concord as the Housing Successor to the housing activities of the former Redevelopment Agency of the City of Concord.

**General Projects Fund** - This capital projects fund accounts for all general capital improvement projects not funded from proprietary funds.

**CITY OF CONCORD  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2013**

	General	Concord Housing	General Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Investments (Note 4)	\$ 24,695,367	\$ 668,098	\$ 1,478,355	\$ 17,782,287	\$ 44,624,107
Cash with Fiscal Agents (Note 4)			4,120	1,670,351	1,674,471
Receivables (Net of Allowances for Uncollectible):					
Accounts	5,126,029	3,208	263,608	1,368,653	6,761,498
Due from Other Governments	3,382,504		1,913,365	591,802	5,887,671
Interest	452,748				452,748
Due from Other Funds (Note 5)	2,514,787				2,514,787
Loans and Notes (Note 6)		31,615,073		2,767,603	34,382,676
Inventories	20,645				20,645
Prepaid Items and Other Assets			1,645		1,645
Advances to Other Funds (Note 5)	2,023,121	3,000,000		318,000	5,341,121
Total Assets	<u>\$ 38,215,201</u>	<u>\$ 35,286,379</u>	<u>\$ 3,661,093</u>	<u>\$ 24,498,696</u>	<u>\$ 101,661,369</u>
<b>LIABILITIES:</b>					
Accounts, Deposits and Contracts Payable	\$ 3,132,263	\$ 10,170	\$ 328,562	\$ 30,363	\$ 3,501,358
Accrued Liabilities	2,424,588			475,777	2,900,365
Due to Other Funds (Note 5)				86,606	86,606
Refundable Deposits	3,926,925				3,926,925
Deferred Revenue	555,614	6,430,482	3,572,357	3,825,696	14,384,149
Advances from Other Funds (Note 5)	8,550,000		117,000	1,450,473	10,117,473
Total Liabilities	<u>18,589,390</u>	<u>6,440,652</u>	<u>4,017,919</u>	<u>5,868,915</u>	<u>34,916,876</u>
<b>FUND BALANCES:</b>					
Fund Balances: (Note 9)					
Nonspendable	2,043,766				2,043,766
Restricted		28,845,727		18,309,015	47,154,742
Assigned	1,082,256			594,718	1,676,974
Unassigned	16,499,789		(356,826)	(273,952)	15,869,011
TOTAL FUND BALANCES	<u>19,625,811</u>	<u>28,845,727</u>	<u>(356,826)</u>	<u>18,629,781</u>	<u>66,744,493</u>
Total Liabilities and Fund Balances	<u>\$ 38,215,201</u>	<u>\$ 35,286,379</u>	<u>\$ 3,661,093</u>	<u>\$ 24,498,696</u>	<u>\$ 101,661,369</u>

See accompanying notes to financial statements.

**CITY OF CONCORD  
RECONCILIATION OF THE GOVERNMENTAL  
FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2013**

TOTAL FUND BALANCES -- TOTAL GOVERNMENTAL FUNDS \$ 66,744,493

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

**CAPITAL ASSETS**

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. 630,184,197

**ALLOCATION OF INTERNAL SERVICE FUND NET POSITION**

Internal Service Funds are not Governmental Funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance, to individual Governmental Funds. The net position and liabilities of the Internal Service Funds are therefore included in Governmental Activities in the Statement of Net Position. 39,004,659

**INVESTMENT IN PARTNERSHIP**

Long term investments are not current financial resources and therefore are not reported in the Governmental Funds. 2,129,711

**ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES**

Revenues which are deferred in the Governmental Funds because they are not available currently are taken into revenue in the Statement of Activities. 13,828,535

**LONG-TERM ASSETS AND LIABILITIES**

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Long-Term Debt	(22,382,454)
Interest Payable	(178,684)
Compensated Absences	(3,795,940)
Reimbursement agreement due from Successor Agency	9,232,000
Net Pension Obligation	(5,356,062)
	(22,382,454)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 729,410,455

See accompanying notes to financial statements.

**CITY OF CONCORD  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2013**

	General	Concord Housing	General Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes					
Property	\$ 11,178,462			\$ 3,839,323	\$ 15,017,785
In Lieu Property Tax - VLF	7,682,740				7,682,740
Sales	19,667,518				19,667,518
Measure Q	10,640,725				10,640,725
Sales Tax In Lieu	6,115,563				6,115,563
Transient Occupancy	1,832,615				1,832,615
Franchises	5,269,956				5,269,956
Business License	3,365,317				3,365,317
Licenses and Permits	1,494,008			101,955	1,595,963
Intergovernmental	664,823		\$ 6,264,776	5,448,781	12,378,380
Charges for Services	5,254,807			6,876	5,261,683
Fines, Forfeitures and Penalties	640,065		50,973		691,038
Parks and Recreation	2,685,527				2,685,527
Use of Money and Property	1,141,885	\$ 60,597	2,932	114,355	1,319,769
Special Assessment Collections				163,596	163,596
Other	2,832,605	53,027	26,774	1,429,857	4,342,263
<b>Total Revenues</b>	<b>80,466,616</b>	<b>113,624</b>	<b>6,345,455</b>	<b>11,104,743</b>	<b>98,030,438</b>
<b>EXPENDITURES</b>					
Current:					
General Government	14,955,958		29,545		14,985,503
Public Safety	41,998,811		647,920	57,800	42,704,531
Public Works	5,554,707		427,403	5,365,705	11,347,815
Community and Economic Development	5,145,952	247,826	1,440,054	1,163,117	7,996,949
Parks & Recreation Services	3,804,647		873,188	716,130	5,393,965
Capital Outlay			3,901,505	3,555,141	7,456,646
Debt Service:					
Principal				2,077,019	2,077,019
Interest and Fiscal Charges	150,250			1,179,060	1,329,310
<b>Total Expenditures</b>	<b>71,610,325</b>	<b>247,826</b>	<b>7,319,615</b>	<b>14,113,972</b>	<b>93,291,738</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>8,856,291</b>	<b>(134,202)</b>	<b>(974,160)</b>	<b>(3,009,229)</b>	<b>4,738,700</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In (Note 5)	499,904		1,513,010	1,895,146	3,908,060
Transfers (Out) (Note 5)	(2,357,422)		(13,508)	(869,945)	(3,240,875)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,857,518)</b>	<b>-</b>	<b>1,499,502</b>	<b>1,025,201</b>	<b>667,185</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>6,998,773</b>	<b>(134,202)</b>	<b>525,342</b>	<b>(1,984,028)</b>	<b>5,405,885</b>
<b>FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR (as restated)</b>	<b>12,627,038</b>	<b>28,979,929</b>	<b>(882,168)</b>	<b>20,613,809</b>	<b>61,338,608</b>
<b>FUND BALANCES (DEFICIT) AT END OF YEAR</b>	<b>\$ 19,625,811</b>	<b>\$ 28,845,727</b>	<b>\$ (356,826)</b>	<b>\$ 18,629,781</b>	<b>\$ 66,744,493</b>

See accompanying notes to financial statements.

**CITY OF CONCORD  
RECONCILIATION OF THE  
NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS  
TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	5,405,885
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.		
The capital outlay and other expenditures are therefore added back to fund balance		7,740,275
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$3,000,991 which has already been allocated to serviced funds.)		(22,124,108)
LONG TERM DEBT PROCEEDS AND PAYMENTS		
Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position.		
Repayment of bond principal is an expenditure in the Governmental Funds, but in the Statement of Net Position the repayment reduces long-term liabilities.		
Repayment of debt principal is added back to fund balance		2,077,024
Reimbursement agreement from Successor Agency		(900,000)
ACCRUAL OF NON-CURRENT ITEMS		
The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in Governmental Funds (net change):		
Long-Term Compensated Absences		(131,842)
Pension costs		(910,219)
Deferred Revenue		(1,349,957)
Interest Payable		113,333
Investment in Partnership		210,335
ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY		
Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds.		
The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with Governmental Funds is reported with governmental activities, because they service those activities.		
Change in Net Position - All Internal Service Funds, less contributions from Governmental Funds		(6,725,214)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(16,594,488)</u>

See accompanying notes to financial statements.

**CITY OF CONCORD  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes				
Property	\$ 12,031,379	\$ 10,580,054	\$ 11,178,462	\$ 598,408
In Lieu Property Tax VLF	8,295,849	8,295,849	7,682,740	(613,109)
Sales	18,081,433	19,237,134	19,667,518	430,384
Measure Q	9,447,000	10,347,000	10,640,725	293,725
Sales Tax In Lieu	6,213,085	6,213,085	6,115,563	(97,522)
Transient Occupancy	1,400,000	1,400,000	1,832,615	432,615
Franchises	5,113,000	5,148,000	5,269,956	121,956
Business License	3,172,660	3,172,660	3,365,317	192,657
Licenses and Permits	1,217,272	1,557,272	1,494,008	(63,264)
Intergovernmental	200,000	200,000	664,823	464,823
Charges for Services	4,720,668	4,878,168	5,254,807	376,639
Fines, Forfeitures and Penalties	830,000	680,000	640,065	(39,935)
Parks and Recreation	2,645,675	2,562,175	2,685,527	123,352
Use of Money and Property	653,242	653,242	1,141,885	488,643
Other	363,430	2,558,561	2,832,605	274,044
	<u>74,384,693</u>	<u>77,483,200</u>	<u>80,466,616</u>	<u>2,983,416</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
Council	341,358	341,358	365,966	(24,608)
Manager	2,324,501	2,382,203	2,084,014	298,189
Attorney	1,075,645	1,114,472	938,435	176,037
Human Resources	1,201,704	1,595,312	1,364,242	231,070
Finance	9,714,095	10,096,725	10,203,301	(106,576)
Total General Government	<u>14,657,303</u>	<u>15,530,070</u>	<u>14,955,958</u>	<u>574,112</u>
Public Safety	41,505,669	41,456,037	41,998,811	(542,774)
Public Works	5,512,841	5,579,553	5,554,707	24,846
Community and Economic Development	4,423,303	4,847,062	5,145,952	(298,890)
Parks & Recreation Services	4,143,914	4,146,103	3,804,647	341,456
Debt Service:				
Interest and Fiscal Charges			150,250	(150,250)
	<u>70,243,030</u>	<u>71,558,825</u>	<u>71,610,325</u>	<u>(51,500)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>4,141,663</u>	<u>5,924,375</u>	<u>8,856,291</u>	<u>2,931,916</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	936,921	786,921	499,904	(287,017)
Transfers (Out)	<u>(1,681,137)</u>	<u>(3,142,619)</u>	<u>(2,357,422)</u>	<u>785,197</u>
Total Other Financing Sources (Uses)	<u>(744,216)</u>	<u>(2,355,698)</u>	<u>(1,857,518)</u>	<u>498,180</u>
NET CHANGE IN FUND BALANCE	<u>\$ 3,397,447</u>	<u>\$ 3,568,677</u>	6,998,773	<u>\$ 3,430,096</u>
FUND BALANCE AT BEGINNING OF YEAR			12,627,038	
FUND BALANCE AT END OF YEAR			<u>\$ 19,625,811</u>	

See accompanying notes to financial statements.

**CITY OF CONCORD  
CONCORD HOUSING FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Use of Money and Property	\$ 292,754	\$ 292,754	\$ 60,597	\$ (232,157)
Other			53,027	53,027
Total Revenues	<u>292,754</u>	<u>292,754</u>	<u>113,624</u>	<u>(179,130)</u>
<b>EXPENDITURES:</b>				
Current:				
Community and Economic Development	<u>122,972</u>	<u>122,972</u>	<u>247,826</u>	<u>(124,854)</u>
Total Expenditures	<u>122,972</u>	<u>122,972</u>	<u>247,826</u>	<u>(124,854)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>169,782</u>	<u>169,782</u>	<u>(134,202)</u>	<u>(303,984)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 169,782</u>	<u>\$ 169,782</u>	(134,202)	<u>\$ (303,984)</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>28,979,929</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 28,845,727</u>	

See accompanying notes to financial statements.

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## PROPRIETARY FUNDS

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

The concept of *major funds* extends to Proprietary Funds. GASB 34 does not provide for the disclosure of budget vs. actual comparisons regarding proprietary funds. The City reports the Sewer Enterprise Fund as a major fund:

**Sewer Fund.** To account for activities associated with sewage transmission and treatment.

The City reports the Golf Course Fund as a non-major fund.

**Golf Course Fund.** To account for activities associated with the development, operation and maintenance of the Diablo Creek Golf Course.

See accompanying notes to financial statements.

**CITY OF CONCORD  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2013**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Non-Major Enterprise/ Golf Course	Totals	
<b>ASSETS:</b>				
Current Assets:				
Cash and Investments (Note 4)	\$ 27,255,103	\$ 321,466	\$ 27,576,569	\$ 22,078,484
Cash with Fiscal Agents (Note 4)	152,913	253,031	405,944	
Accounts Receivable	3,981	141,796	145,777	13,628
Interest Receivable	2,273		2,273	
Prepaid Items		8,500	8,500	
Total Current Assets	<u>27,414,270</u>	<u>724,793</u>	<u>28,139,063</u>	<u>22,092,112</u>
Non-Current Assets:				
Advances to Other Funds (Note 5)	3,550,000		3,550,000	2,000,000
Debt Issue Costs (Net of Amortization)		27,011	27,011	
Net OPEB Asset (Note 14)				5,028,652
Capital Assets (Note 7):				
Land	334,839	60,344	395,183	
Construction In Progress	5,090,545		5,090,545	1,909,487
Buildings and Improvements	2,824,944	5,876,042	8,700,986	42,619,511
Machinery and Equipment	112,189	136,177	248,366	20,864,563
Sewer Collection System	209,485,479		209,485,479	
Less: Accumulated Depreciation	(143,484,874)	(3,190,032)	(146,674,906)	(37,953,752)
Net Capital Assets	<u>74,363,122</u>	<u>2,882,531</u>	<u>77,245,653</u>	<u>27,439,809</u>
Total Non-Current Assets	<u>77,913,122</u>	<u>2,909,542</u>	<u>80,822,664</u>	<u>34,468,461</u>
Total Assets	<u>105,327,392</u>	<u>3,634,335</u>	<u>108,961,727</u>	<u>56,560,573</u>
<b>LIABILITIES:</b>				
Current Liabilities (Payable from Current Assets):				
Accounts and Contracts Payable	14,964,157	4,302	14,968,459	211,046
Accrued Liabilities	27,490		27,490	60,771
Due To Other Funds (Note 5)				2,428,181
Compensated Absences Payable (Note 8)	42,129		42,129	104,409
Bond Interest Payable	296,202	23,873	320,075	33,604
Capital Lease Payable (Note 8)				493,478
Certificates of Participation (Note 8)	875,000	170,000	1,045,000	
Claims Payable (Note 16)				3,246,644
Total Current Liabilities	<u>16,204,978</u>	<u>198,175</u>	<u>16,403,153</u>	<u>6,578,133</u>
Noncurrent Liabilities:				
Compensated Absences Payable (Note 8)	53,334		53,334	183,389
Advance from Other Funds (Note 5)		773,648	773,648	
Capital Lease Payable (Note 8)				1,400,884
Certificates of Participation (Note 8)	19,609,591	990,000	20,599,591	
Claims Payable (Note 16)				9,393,508
Total Noncurrent Liabilities	<u>19,662,925</u>	<u>1,763,648</u>	<u>21,426,573</u>	<u>10,977,781</u>
Total Liabilities	<u>35,867,903</u>	<u>1,961,823</u>	<u>37,829,726</u>	<u>17,555,914</u>
<b>NET POSITION: (Note 9):</b>				
Net investment in Capital Assets	53,429,416	1,472,638	54,902,054	25,511,843
Unrestricted	16,030,073	199,874	16,229,947	13,492,816
Total Net Position	<u>\$ 69,459,489</u>	<u>\$ 1,672,512</u>	<u>\$ 71,132,001</u>	<u>\$ 39,004,659</u>

See accompanying notes to financial statements.

**CITY OF CONCORD  
PROPRIETARY FUNDS  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Non-Major Enterprise/ Golf Course	Totals	
<b>OPERATING REVENUES</b>				
Service Fees	\$ 19,413,123		\$ 19,413,123	
Charges for Services				\$ 17,424,515
Golf Course Fees and Charges		\$ 1,346,790	1,346,790	
Other	7,102	34,998	42,100	3,485
Total Operating Revenues	<u>19,420,225</u>	<u>1,381,788</u>	<u>20,802,013</u>	<u>17,428,000</u>
<b>OPERATING EXPENSES</b>				
Operating and Maintenance	19,396,021	1,087,700	20,483,721	16,285,343
Cost of Sales and Services				39,882
Depreciation and Amortization	4,272,101	161,331	4,433,432	3,000,991
Claims and Judgments				4,749,001
Total Operating Expenses	<u>23,668,122</u>	<u>1,249,031</u>	<u>24,917,153</u>	<u>24,075,217</u>
Operating Income (Loss)	<u>(4,247,897)</u>	<u>132,757</u>	<u>(4,115,140)</u>	<u>(6,647,217)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Investment Income	72,599	1,159	73,758	139,191
Interest Expense	(943,251)	(59,313)	(1,002,564)	(66,750)
Gain (Loss) from Disposition of Capital Assets				66,759
Other	(297,336)	75,000	(222,336)	
Total Non-Operating Revenues (Expenses)	<u>(1,167,988)</u>	<u>16,846</u>	<u>(1,151,142)</u>	<u>139,200</u>
Income (Loss) Before Contributions and Transfers	(5,415,885)	149,603	(5,266,282)	(6,508,017)
Contributions	33,945		33,945	413,537
Transfer In (Note 5)		43,549	43,549	230,000
Transfer Out (Note 5)	(80,000)		(80,000)	(860,734)
Changes in Net Position	(5,461,940)	193,152	(5,268,788)	(6,725,214)
Total Net Position - Beginning	<u>74,921,429</u>	<u>1,479,360</u>	<u>76,400,789</u>	<u>45,729,873</u>
Total Net Position - Ending	<u>\$ 69,459,489</u>	<u>\$ 1,672,512</u>	<u>\$ 71,132,001</u>	<u>\$ 39,004,659</u>

See accompanying notes to financial statements.

**CITY OF CONCORD  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Non-Major Enterprise/ Golf Course	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$ 19,422,236	\$ 1,361,308	\$ 20,783,544	\$ 17,471,216
Payments to Suppliers	(18,572,898)	(1,088,011)	(19,660,909)	(12,349,260)
Payments to Employees	(9,987)		(9,987)	805
Claims paid				(2,121,390)
Net Cash Provided by (Used for) Operating Activities	<u>839,351</u>	<u>273,297</u>	<u>1,112,648</u>	<u>3,001,371</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Borrowings of Advances From/To Other Funds		(12,074)	(12,074)	1,124,810
Transfers In		43,549	43,549	230,000
Transfers (Out)	(80,000)		(80,000)	(860,734)
Cash Flows Provided by (Used for) Non-Capital Financing Activities	<u>(80,000)</u>	<u>31,475</u>	<u>(48,525)</u>	<u>494,076</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and Construction of Capital Assets	(3,733,399)	(1)	(3,733,400)	(2,461,803)
Principal Paid on Debt, Bond Maturities	(265,409)	(160,000)	(425,409)	98,154
Interest and Fiscal Charges Paid	(1,014,194)	(62,480)	(1,076,674)	(63,999)
Cash Flows Provided by (Used for) Capital and Related Financing Activities	<u>(5,013,002)</u>	<u>(222,481)</u>	<u>(5,235,483)</u>	<u>(2,427,648)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	73,639	1,159	74,798	139,192
Cash Flows Provided by (Used for) Investing Activities	<u>73,639</u>	<u>1,159</u>	<u>74,798</u>	<u>139,192</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,180,012)	83,450	(4,096,562)	1,206,991
Cash and Investments at Beginning of Period	<u>\$31,588,028</u>	<u>\$491,047</u>	<u>32,079,075</u>	<u>20,871,493</u>
Cash and Investments at End of Period	<u>\$ 27,408,016</u>	<u>\$ 574,497</u>	<u>\$ 27,982,513</u>	<u>\$ 22,078,484</u>
<b>NON-CASH TRANSACTIONS:</b>				
Inception of capital lease				\$ 752,403
Contributions and Transfers of Capital Assets, Net	<u>\$ 33,945</u>	<u>\$ -</u>	<u>\$ 33,945</u>	<u>\$ 151,443</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>				
Operating Income (Loss)	\$ (4,247,897)	\$ 132,757	\$ (4,115,140)	\$ (6,647,217)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Other Non-Operating Revenue	(297,336)	75,000	(222,336)	
Depreciation and Amortization	4,272,101	161,331	4,433,432	3,000,991
Change in Assets and Liabilities:				
Receivables, Net	2,011	(95,480)	(93,469)	43,219
Prepaid Expenses				97,874
Net OPEB Asset				2,726,867
Accounts Payable	1,116,988	(311)	1,116,677	167,971
Accrued Liabilities	(6,516)		(6,516)	(6,442)
Self Insurance Claims Payable				3,618,108
Net Cash Provided by (Used for) Operating Activities	<u>\$ 839,351</u>	<u>\$ 273,297</u>	<u>\$ 1,112,648</u>	<u>\$ 3,001,371</u>

See accompanying notes to financial statements.

## **FIDUCIARY FUNDS**

Fiduciary Funds – Trust funds are used to account for assets held by the City as a trustee agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the City-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

**CITY OF CONCORD  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2013**

	<u>City of Concord Retirement System Pension Trust</u>	<u>Successor Agency Private Purpose Trust Fund</u>
<b>ASSETS:</b>		
Cash and Investments (Note 4)		
Money Market Funds	\$ 607,157	
Corporate Debt Instruments	9,715,273	
California Local Agency Investment Fund	1,325,051	
Federal Agencies	5,250,004	
Municipal Bonds	665,029	
Pooled Investments	4,825,861	\$ 3,749,573
Common Stock	8,998,716	
Foreign Stock	810,276	
Mutual Funds	5,442,346	
Cash with Fiscal Agents (Note 4)		3,300,117
Total Cash and Investments	<u>37,639,713</u>	<u>7,049,690</u>
Receivables (Net of Allowances for Uncollectibles):		
Interest	805	380
Notes and Loans Receivable (Note 20)		704,370
Prepaid Items		217,137
Land Held for Redevelopment		11,416,332
Capital Assets, Not Being Depreciated (Note 20)		485,155
Capital Assets, Being Depreciated (net) (Note 20)		1,531,784
Total Assets	<u>37,640,518</u>	<u>21,404,848</u>
<b>LIABILITIES:</b>		
Accounts Payable		1,077
Interest Payable		1,245,047
Long-Term Debt (Note 20):		
Due in One Year		5,080,000
Due in More Than One Year		61,552,806
Total Liabilities	<u>-</u>	<u>67,878,930</u>
<b>NET POSITION:</b>		
Net position held in trust for pension benefits and other purposes (as restated)	<u>37,640,518</u>	<u>(46,474,082)</u>
Total Net Position	<u>\$ 37,640,518</u>	<u>\$ (46,474,082)</u>

See accompanying notes to financial statements.

**CITY OF CONCORD  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013**

	City of Concord Retirement System Pension Trust	Successor Agency Private Purpose Trust Fund
	<u>Trust</u>	<u>Trust Fund</u>
<b>ADDITIONS</b>		
Contributions	\$ 1,045,782	
Property Taxes, Net of Pass Through Payments		\$ 8,573,064
Other Income		115,184
Investment Income	<u>2,434,160</u>	<u>93,174</u>
Total Additions	<u>3,479,942</u>	<u>8,781,422</u>
<b>DEDUCTIONS</b>		
Retirement and Other Benefits	5,474,198	
Management Expenses	184,742	
Community Planning and Economic Development		6,293,010
Amount remitted to the County Auditor-Controller		9,230,817
Depreciation		81,825
Interest expense		<u>3,229,527</u>
Total Deductions	<u>5,658,940</u>	<u>18,835,179</u>
<b>NET CHANGES IN NET POSITION</b>	(2,178,998)	(10,053,757)
Net Position Beginning of Year (as restated)	<u>\$39,819,516</u>	<u>(36,420,325)</u>
Net Position End of Year	<u>\$ 37,640,518</u>	<u>\$ (46,474,082)</u>

See accompanying notes to financial statements.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Concord was incorporated in 1905 and operates under the Council-Manager form of government. The City provides the following services: public safety (police services and building inspection), highways and streets, sewer collection, recreation services, public improvements, planning and zoning, redevelopment and general administration services.

The financial statements and accounting policies of the City of Concord conform with generally accepted accounting principles applicable to governments. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

**Reporting Entity**

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

The City's component units which are described below are all blended.

The **City of Concord Joint Powers Financing Authority** is a joint powers authority organized by the City of Concord and the former Concord Redevelopment Agency under the laws of the State of California. The Authority was organized to provide financial assistance to the City by financing real and personal properties and improvements for the benefit of the residents of the City and surrounding areas. Administrative and related normal business expenses incurred in the day-to-day operations of the Authority are provided by the City. Such expenses are insignificant to the Authority's operations. The Authority obtains financing for City and the former Agency sponsored projects using leases signed by the City or former Agency as collateral. The amounts of the leases are calculated to provide sufficient resources to repay the debt incurred to finance the projects.

The **Mt. Diablo Health Care District** is a local health care district organized under Local Hospital District Law, as set forth in the Health and Safety Code of the State of California and is governed by the City's Council.

**Concord Sanitary Sewer Services, Inc.** was formed to finance the acquisition, construction and improvement of sewer facilities in the City of Concord. The facilities were constructed in accordance with the City's specifications on City property leased back to the City for a rental sufficient to meet the debt service obligations of the underlying bonds. The lease agreement expired in fiscal year 2001-2002 and all bonds were fully paid and retired, at which time title to the sewer facilities transferred to the City and remaining surplus funds were distributed to the City. Concord Sanitary Sewer Services, Inc. is currently inactive.

The **City of Concord Retirement System** is governed by the City's Retirement System Ordinance, Article II, Chapter 8 of the City of Concord Municipal Code, and is used to account for contributions and investment income restricted to pay retirement and death benefits of general and police employees. The Plan's benefit provisions are frozen and retirement and death benefit payments are restricted to eligible employees who retired or left the City of Concord eligible for a pension prior to June 28, 1999. Contribution provisions are established by the City Council. Eligibility, actuarial interest rates, administration and certain other tasks are the responsibility of the Retirement Board established by the above ordinance.

Financial statements for the City of Concord Joint Powers Financing Authority and the Mt. Diablo Health Care District can be obtained from the City of Concord, 1950 Parkside Drive, Concord, California 94519.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Basis of Presentation**

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

**Government-wide Statements:** The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component units. 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. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of 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 and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Operating* expenses result from the cost of providing those services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as *nonoperating* revenues and expenses. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

**Major Funds**

The City's major governmental and enterprise funds are identified and presented separately in the fund financial statements. All other governmental and enterprise funds, called non-major funds, are combined and reported in single columns.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The major revenue sources for this Fund are property taxes, sales taxes, unrestricted revenues from the State, charges for services and interest income. Expenditures are made for public safety, public works and other services not required to be accounted for in another fund.

**Concord Housing** – The Concord Housing special revenue fund accounts for the activities related to the assets assumed by the City of Concord as the Housing Successor to the housing activities of the former Redevelopment Agency of the City of Concord.

**General Projects Fund** – This capital projects fund accounts for all general capital improvement projects not funded from proprietary funds.

The City reported the following enterprise fund as a major fund in the accompanying financial statements:

**Sewer Fund** - To account for activities associated with sewage collection, transmission and treatment.

The City also reports the following fund types:

**Internal Service Funds** – These funds account for workers' compensation costs, non-reimbursable portion of insurance claims, post-retirement health care benefits, City facilities' maintenance expenses, maintenance and replacement costs of City licensed vehicles, motorized equipment, technology equipment and office equipment; all of which are provided to other departments on a cost-reimbursement basis.

**Fiduciary Funds** - Fiduciary Funds account for assets held by the City as trustee agent for other governmental units, private organizations or individuals. The City of Concord Retirement System Pension Trust Fund, accounts for accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. The Successor Agency to the Redevelopment Agency of the City of Concord is reported in a Private-purpose Trust Fund that is used to account for the activities of the Successor Agency. The financial activities of these funds are excluded from the City-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

**Basis of Accounting**

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources 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.

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*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end, except for sales tax revenue which has a 90 day period of availability. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as *other financing sources*.

**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 property taxes, sales tax, grants entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted Net 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.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include accumulated unpaid vacation, sick pay and other employee amounts which are recognized as expenditures to the extent they have matured, and principal and interest on general long-term debt which is recognized when due. Financial resources usually are appropriated in other funds for transfer to a debt service fund in the period in which maturing debt principal and interest must be paid. Such amounts thus are not current liabilities of the debt service fund, as their settlement will not require expenditure of existing fund assets.

**Inventory and Prepaid Items**

Inventories are valued at cost (on the first-in, first-out basis). Inventories of the General Fund consist of expendable supplies held for consumption. The cost is recorded as an expenditure in the General Fund at the time individual inventory items are consumed. Reported General Fund inventories are equally offset by amounts included in Non-Spendable Fund Balance which indicates that they do not constitute available spendable resources even though they are a component of net position.

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items in governmental funds are equally offset by amounts included in Non-Spendable Fund Balance which indicates that they do not constitute available spendable resources even though they are a component of net position.

**Property Taxes and Special Assessment Revenue**

The County of Contra Costa levies, bills and collects property taxes for the City; the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Compensated Absences**

In governmental funds, Compensated Absences (unpaid vacation and sick leave) are recorded as expenditures in the year paid, as it is the City's policy to liquidate any unpaid vacation or sick leave at June 30 from future resources rather than currently available expendable resources. The City's liability for Compensated Absences is determined annually. For all governmental funds, amounts expected to be paid out for permanent liquidation are recorded as fund liabilities; the long term portion is recorded in the Statement of Net Position.

Compensated Absences are included in accrued liabilities. Compensated Absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund. Compensated Absences are accounted for by Proprietary funds as expenditures in the year earned. The changes in Compensated Absences of governmental and business-type activities are summarized in Note 8.

**Capital Assets**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The City's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

The City has recorded all its public domain (infrastructure) capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems in the government-wide financial statements.

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation of capital assets in service is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives and capitalization thresholds listed below to capital assets.

	Useful Lives	Capitalization Threshold
Ground improvements	25-33 Years	\$ 100,000
Buildings and improvements	25-33 Years	100,000
Machinery and equipment	5-10 Years	7,500
Vehicles	5-10 Years	7,500
Streets	30 Years	100,000
Sidewalks	50 Years	100,000
Storm drains/catch basins	100 Years	100,000
Traffic signals	30 Years	100,000
Sewer lines	40-50 Years	100,000

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Net Position and Fund Balances**

Net Position is measured on the full accrual basis, while Fund Balance is measured on the modified accrual basis.

Net Position is the excess of all the City's assets over all its liabilities. Net Position is divided into three captions, and is described below:

*Net Investment in Capital Assets* describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describes the portion of Net Position which are restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements.

*Unrestricted* describes the portion of Net Position which are not restricted as to use.

The City's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

*Nonspendable* represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

*Restricted* fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

*Committed* fund balances have constraints imposed by formal action of the City Council which may be altered only by formal action of the City Council. This category may include encumbrances.

*Assigned* fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. The City has not delegated the authority to assign. This category may include encumbrances and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds have not been restricted or committed.

*Unassigned* fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Minimum Fund Balance Policy**

To address financial uncertainties, the City's policy is to maintain General Fund reserves and contingencies to total not less than 15% of General Fund operating expenditures. Given the effects of the recent recession, reserves have been used significantly in the past four years. In accordance with the foresight of the City Council, the original requirement of 30% reserves and contingencies has been temporarily reduced to 15% with the admonition that a return to 30% as soon as possible is desired.

In addition to the General Fund reserves identified above, a separate Measure Q designated reserve has been established to provide more time for the City to address its on-going structural budget deficit. As stated earlier, Measure Q is a temporary sales tax measure which sunsets in March 2016. Measure Q revenues in excess of those needed to maintain a 15% General Fund reserve are allocated to the designated Measure Q reserve, to be utilized after the temporary sales tax measure sunsets. As of June 30, 2013, the designated Measure Q Reserves totaled \$10.0 million, approximately 14% of General Fund Operating Expenditures.

As of June 30, 2013, the General Fund fund balance, excluding non-spendable assets, totaled \$17.6 million, representing 25% of actual General Fund Operating Expenditures.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of separate resolutions for the City.
4. The City Manager is authorized to transfer budgeted amounts from one program, department or account to another within the same fund. All transfers of appropriations affecting Personnel Service type accounts require the Director of Human Resources and City Manager approval. Expenditures may not legally exceed budgeted appropriations at the fund level without City Council approval.
5. The City is required to adopt an annual operating budget on or before June 30 for all funds. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various funds. The City Council may amend the budget during the fiscal year.
6. All governmental fund type annual operating budgets are adopted on a basis consistent with generally accepted accounting principles.
7. The City also adopts budgets for its Capital Projects, which are based on the project life rather than a fiscal year. Therefore, capital project budgets may span several fiscal years. Project appropriations transfers of \$20,000 or more require City Council approval.
8. All governmental fund type annual operating budgets are adopted on a basis consistent with generally accepted accounting principles except for capital outlay expenditures for Special Revenue Funds which are budgeted on a project time frame rather than on an annual basis, in conjunction with #7 above.

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)****Encumbrances**

Encumbrance accounting is employed as an extension of formal budgetary integration in the governmental funds. 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.

**Appropriation Lapses**

Unexpended appropriations lapse at year end unless budgeted on a project basis.

**NOTE 3 – RESTATEMENTS**

The City has determined that certain transactions were recorded incorrectly in a prior year.

Effective August 9, 2012, the City accepted the Mt Diablo Health Care District as a component unit and classified it as a special revenue fund in its accounting system. The change in the composition of the entity resulted in a restatement of beginning fund balance/net position attributable to the year ended June 30, 2012.

Effective July 1, 2012, the City recorded a correction of an error to properly reclassify a long term investment in a partnership and remove the investment from the Concord Housing Fund. This investment is long term in nature and is not available as a current resource in accordance with GASB 34. The adjustment resulted in a restatement of beginning fund balance/net position attributable to the year ended June 30, 2012.

**NOTE 3 – RESTATEMENTS OF FUND EQUITY (CONTINUED)**

Effective July 1, 2012, the City recorded a correction of an error to properly record cash with fiscal agent, debt, receivables, payables, and capital assets in the Governmental Funds and Governmental Activities financial statements related to long-term debt legally determined to be City debt and not debt of the former Redevelopment Agency. The adjustment resulted in a restatement of beginning fund balance/net position attributable to the year ended June 30, 2012.

	Government- Wide Financial Statements	Fund Financial Statements		
		Governmental Funds		Fiduciary Funds
	Governmental Activities	Concord Housing Fund	Other Governmental Funds	Successor Agency Private Purpose Trust Fund
Net position/Fund balance, June 30, 2012, as previously reported	\$ 728,158,392	\$ 30,899,305	\$ 19,481,982	\$ (18,767,695)
Restatements:				
Recognition of the Mt Diablo Health Care District as a blended component unit in a special revenue fund	193,921		193,921	
Reclassification of Long Term Investment in Partnership		(1,919,376)		
Reclassification of capital assets, net of accumulated depreciation, of Successor Agency to Governmental Activities	16,714,724			(16,714,724)
Reclassification of debt of Successor Agency to Governmental Activities	(10,132,000)			10,132,000
Recognition of reimbursement receivable/payable related to the debt to the general government debt	10,132,000			(10,132,000)
Recognition of cash with fiscal agent from Successor Agency to the Governmental Activities	937,906		937,906	(937,906)
Total Restatements:	17,846,551	(1,919,376)	1,131,827	(17,652,630)
Net position/Fund balance, June 30, 2012, as restated	\$ 746,004,943	\$ 28,979,929	\$ 20,613,809	\$ (36,420,325)

**NOTE 4 - 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 Cash with Fiscal Agents so that it can be safely invested at maximum yields. Individual funds are able to make expenditures at any time during the year.

**Policies**

All investments are carried at fair value and as a general rule investment income is allocated among funds on the basis of average monthly cash and investment balances in these funds. Interest income on certain investments is allocated based on the source of the investment and legal requirements which apply.

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.

Cash and investments are used in preparing proprietary fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

**Classification**

Cash and investments are classified in the financial statements as shown below at :

<b>City:</b>	<b>Governmental Funds</b>	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>	<b>Fiduciary Funds</b>	<b>Total</b>
Cash and investments in City pool	\$ 44,624,107	\$ 27,576,569	\$ 22,078,484	\$ 8,575,434	\$ 102,854,594
Cash and investments with fiscal agents	1,674,471	405,944		36,113,969	38,194,384
Total cash and investments	<u>\$ 46,298,578</u>	<u>\$ 27,982,513</u>	<u>\$ 22,078,484</u>	<u>\$ 44,689,403</u>	<u>\$ 141,048,978</u>

**NOTE 4 - CASH AND INVESTMENTS (CONTINUED)****Investments Authorized by the California Government Code and the City's Investment Policy**

The City of Concord operates its investment activities under the prudent man rule. This affords the City a broad spectrum of investment opportunities as long as the investment is deemed prudent and is allowable under current statutes of the State of California. The City is authorized to invest in the following types of instruments, and the table also identifies certain provisions of the California Government Code, or the City's investment policy where it is more restrictive:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Bills, Bonds and Notes Obligations issued by United States Government Agencies	5 years	None	None	None
State obligations- CA & Others	5 years	Third Highest Rating Category	20%	None
Bankers Acceptance	180 days	Top rating category	30%	5%
Commercial Paper	270 days	Top rating category	25% (A)	5%
Negotiable Certificates of Deposit	5 years	Third Highest Rating Category	30%	5
Medium Term Corporate Notes	5 years	Third Highest Rating Category	30% (A)	5
Money Market Mutual Funds	N/A	Top rating category	20%	None
California Local Agency Investment Fund (LAIF)	N/A	None	None	\$50 Mil/account
Time Certificates of Deposit	5 years	Satisfactory	None	10%
Shares of Beneficial Interest Issued by a Joint Powers Authority (local government investment pool such as CAMP)	N/A	Pursuant to Government Code Section 6509.7	None	None

(A) Total combined corporate debt (Commercial Paper and Medium Term Notes) may not exceed 30% of the cost value of the portfolio.

Under the City's Investment Policy, investments not described above are ineligible investments. In addition, the City may not invest any funds in inverse floaters, range notes, or interest only strips that are derived from a pool of mortgages in accordance with the California Government Code. Any security that derives its value from another asset or index is prohibited. In addition, the City may not invest any funds in any security that could result in zero interest accrual if held to maturity.

**NOTE 4 - CASH AND INVESTMENTS (CONTINUED)****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 resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
Federal Agency Securities	5 years	Top rating category
State of California Local Agency Investment Fund	None	None
Commercial Paper	270 days	Top rating category
Negotiable Certificate of Deposits	180 days	Top rating category
Bank Deposits	None	FDIC insured
U.S. Government Treasury Obligations	None	None
State/Local Obligations	None	Top rating category
Federal Securities	None	Top rating category
Corporate Notes	None	Top rating category
Repurchase Agreements	1 year	Top rating category
Money Market Mutual Funds	None	Top rating category
Investment Agreements	None	Top rating category

**Retirement System Authorized Investments**

The System's investment policy authorizes the System to invest in financial instruments in three broad investment categories: equity, fixed income, and real estate. These financial instruments can include, but are not limited to, corporate bonds, commercial paper, U.S. government securities, common and preferred stock, real estate investment trusts, and mutual funds. Fixed income investments may include bonds and commercial paper in order to provide added flexibility in managing the fixed income portfolio.

The asset allocation ranges for the system are as follows:

	Target Mix	Allocation Ranges	
		Minimum	Maximum
Large/Medium Cap Domestic Equity	30%	20%	45%
International Equity	7.5	2	15
Small Cap Equity	7.5	2	15
Domestic Real Estate	0	0	10
Domestic Fixed Income	50	40	60
Cash	5	0	20

**NOTE 4 - CASH AND INVESTMENTS (CONTINUED)****Interest Rate Risk**

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

Information about the sensitivity of the fair values of the City's and Retirement System's investments (including investments held by bond 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:

**City and Fiscal Agents:**

	Remaining Maturity (in Months)				Total
	12 months or Less	13 to 24 Months	25 to 36 Months	37 to 60 Months	
<b>Investment Type:</b>					
U.S. Government Agencies	\$ 2,471,158	\$ 2,345,019	\$ 11,189,727	\$ 7,065,078	\$ 23,070,982
U.S. Treasury Notes		6,479,319	2,926,976	397,900	9,804,195
U.S. Treasury Bills	415,798				415,798
Medium Term Corporate Notes	947,930	2,382,540	5,574,283	5,697,354	14,602,107
LAIF	44,423,811				44,423,811
CAMP	2,326,215				2,326,215
Certificates of Deposit		1,218,573			1,218,573
Held by bond trustee:					
U.S. Government Agencies	965,400				965,400
U.S. Treasury Notes	26,581				26,581
U.S. Treasury Bills	432,520				432,520
Money Market Mutual Funds				3,807,295	3,807,295
<b>Total</b>	<b>\$ 52,009,413</b>	<b>\$ 12,425,451</b>	<b>\$ 19,690,986</b>	<b>\$ 16,967,627</b>	<b>101,093,477</b>
<b>Cash deposits with banks and on hand</b>					<b>2,315,788</b>
<b>Total Cash and Investments</b>					<b>\$ 103,409,265</b>

**NOTE 4 - CASH AND INVESTMENTS (CONTINUED)****Retirement Trust Funds:**

	Remaining Maturity (in Months)					Total
	12 months or Less	13 to 24 Months	25 to 36 Months	37 to 60 Months	Over 60 Months	
<b>Investment Type:</b>						
Money Market Mutual Funds	\$ 607,159					\$ 607,159
Medium Term Corporate Notes	153,995	\$ 369,579	\$ 805,132	\$ 2,231,936	\$ 5,304,445	8,865,087
LAIF	1,325,051					1,325,051
Federal Agency Securities	400,140		4,849,864			5,250,004
Municipal Bonds					665,029	665,029
Foreign Bonds			154,324	377,830	318,031	850,185
Pooled Investments	4,201,660					4,201,660
Pooled Cash	624,201					624,201
Total	<u>\$ 7,312,206</u>	<u>\$ 369,579</u>	<u>\$ 5,809,320</u>	<u>\$ 2,609,766</u>	<u>\$ 6,287,505</u>	<u>22,388,376</u>
<b>Non-Maturing Investments:</b>						
Common Stock						8,998,716
Foreign Stock						810,276
Mutual Funds						5,442,345
Total Cash and Investments						<u>\$ 37,639,713</u>

The City and the Retirement System are participants in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations.

**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. Presented below is the actual rating as of for each investment type as provided by Standard & Poor's for the City's investments and Moody's for the Retirement System.

**NOTE 4 - CASH AND INVESTMENTS (CONTINUED)****City and Fiscal Agents:**

<u>Investment Type</u>	<u>AAA / AAm</u>	<u>AA+ / AA / AA-</u>	<u>Total</u>
U.S. Government Agencies	\$ 23,070,988	\$ 965,394	\$ 24,036,382
Medium Term Corporate Notes	\$ 4,602,064	10,000,043	14,602,107
Certificates of Deposit		1,218,573	1,218,573
Total	<u>\$ 27,673,052</u>	<u>\$ 12,184,010</u>	<u>39,857,062</u>

## Exempt from rating:

U.S. Treasury Notes 9,830,776

## Not rated:

Cash on Hand 2,315,788

U.S. Treasury Bills 848,318

LAIF 44,423,811

CAMP 2,326,215

## Money Market Funds

(U.S. Securities) 3,807,295

Total Investments \$ 103,409,265

**Retirement Trust Funds:**

<u>Investment Type</u>	<u>AAA / Aaam</u>	<u>AA+/AA/AA-</u>	<u>A+/A/A-</u>	<u>Baa1 / Baa2 / Baa3</u>	<u>Total</u>
Pooled Investments		\$ 2,271,532	\$ 920,876		\$ 3,192,408
Medium Term Corporate Notes	\$ 967,501	652,075	2,985,890	\$ 3,496,905	8,102,371
U.S. Government Agencies	3,057,264				3,057,264
Municipal Bonds		476,373	188,656		665,029
Foreign Bonds		72,796	618,397	-	691,193
Total	<u>\$ 4,024,765</u>	<u>\$ 3,472,776</u>	<u>\$ 4,713,819</u>	<u>\$ 3,496,905</u>	<u>15,708,265</u>

## Exempt from rating:

Pooled Investments 838,905

## Not rated:

Pooled Investments 170,347

Money Market Mutual Funds 607,159

U.S. Government Agencies 2,192,740

LAIF 1,325,051

Common Stock 8,998,716

Foreign Stock 810,276

Medium Term Corporate Notes 762,716

Foreign Bonds 158,992

Mutual Funds 5,442,345

Pooled Cash 624,201

Total Investments \$ 37,639,713

**NOTE 4 - CASH AND INVESTMENTS (CONTINUED)****Concentration of Credit Risk**

Investments in the securities of any individual issuer, other than U. S. Treasury securities, mutual funds, and external investment fund that represent 5% or more of total Entity-wide investments are as follows at June 30, 2013:

**City and Fiscal Agents:**

<u>Fund</u>	<u>Issuer</u>	<u>Type of Investment</u>	<u>Amount</u>
Entity Wide:			
	Federal Home Loan Bank	US Government Agencies	\$ 6,722,480
	Federal Farm Credit Bureau	US Government Agencies	7,014,519
	Federal National Mortgage Corporation	US Government Agencies	5,237,240

**NOTE 5 - INTERFUND TRANSACTIONS****Internal Balances**

Internal balances represent the net interfund receivables and payable remaining after the elimination of all such balances within governmental and business-type activities.

**Current Interfund Balances**

Current Interfund balances arise out of short term cash flow needs and are due from one fund to another, all of which are expected to be repaid in the normal course of business. At the interfund balances are as follows:

<u>Due to Other Funds</u>	<u>Due From Other Funds</u>	<u>Amount</u>
Post Retirement Healthcare Benefits		
Internal Service Fund	General Fund	\$ 2,428,181
Non-major governmental funds		
Assessment Districts		
Debt Service Fund	General Fund	86,606
		<u>\$ 2,514,787</u>

**NOTE 5 - INTERFUND TRANSACTIONS (CONTINUED)****Long-Term Interfund Advances**

At the funds below had made the following advances:

Fund Receiving Advance	Fund Making Advance	Amount of Advance
General Fund	Concord Housing Fund	\$ 3,000,000 (a)
	Sewer Enterprise Fund	3,000,000 (a)
	Sewer Enterprise Fund	550,000 (a)
	Worker's Compensation Internal Service Fund	2,000,000 (b)
General Projects Fund	General Fund	117,000 (c)
Non-major governmental funds		
Maintenance Districts		
Special Revenue Fund	Traffic System Management Special Revenue Fund	318,000 (d)
Special Developers		
Capital Projects Fund	General Fund	1,132,473 (e)
Non-major enterprise fund		
Golf Course Enterprise Fund	General Fund	773,648 (f)
		<u>\$ 10,891,121</u>

- (a) This **General Fund** advance was made during fiscal year 2009-2010 to fund the retirement of \$8.2 million of the 1995 Lease Revenue Bonds. The advance bears interest at the LAIF rate plus 0.5% to be paid on a quarterly basis. As a result of this nonrecurring long-term advance, the City is no longer obligated to pay 8.24% interest on the retired bonds. The General Fund will repay these advances annually starting no later than fiscal year 2014-2015, with a final payment expected in fiscal year 2030 and will pay approximately \$1.9 million in interest over the life of the repayment.
- (b) This **General Fund** advance was made during the fiscal year 2009-2010 to fund the retirement of \$8.2 million of the 1995 Lease Revenue Bonds. The advance will be repaid in installments starting no later than fiscal year 2014-15 and bears no interest.
- (c) The **General Reimbursable Projects Fund** advance will be repaid in 2015 with sale proceeds of undeveloped land.
- (d) The **Maintenance Districts Fund** advance will be repaid in 6 annual payments beginning in fiscal year 2012 and bears interest from 3.5 - 5%.
- (e) The **Special Developers Fund** advance will be repaid in installments starting in fiscal year 2013 and bears interest of 3% as described in the City's Capital Improvement Program 10 year plan.
- (f) The **Golf Enterprise Fund** advance was made during fiscal years 2007 and 2013 and will be factored into the next 10 year budget plan and repaid as business improves within the regional golf market.

**NOTE 5 - INTERFUND TRANSACTIONS (CONTINUED)****Transfers between funds**

With Council approval, resources may be transferred from one City fund to another without a requirement for repayment. Transfers between funds during the fiscal year ended were as follows:

Fund Receiving Transfers	Fund Making Transfers	Purpose	Amount Transferred
General Fund	Mt Diablo Health Care District Special Revenue Fund	To Fund Operating Costs	\$ 35,970
General Fund	Traffic System Management Special Revenue Fund	To Fund Operating Costs	10,500
General Fund	Storm Water Management Special Revenue Fund	To Fund Operating Costs	439,926
General Fund	General Projects Capital Project Fund	To Fund Capital Projects	13,508
General Projects Fund	General Fund	To Fund Capital Projects	1,235,682
General Projects Fund	Building Maintenance Internal Service Fund	To Fund Capital Projects	184,062
General Projects Fund	Intergovernmental Capital Projects Fund	To Fund Capital Projects	71,320
General Projects Fund	Storm Water Management Special Revenue Fund	To Fund Capital Projects	21,946
Special Revenue Fund:			
Housing and Community Services Fund	General Fund	To Fund Lead Based Grant	979
Capital Projects Funds:			
Special Developers Fund	Intergovernmental Capital Projects Fund	To Fund Capital Projects	19,705
Intergovernmental Fund	Special Developers Capital Projects Fund	To Fund Capital Projects	6,536
Debt Service Funds:			
ABAG	General Fund	To Fund Debt Service	568
Energy Lease	General Fund	To Fund Debt Service	244,612
Energy Lease	Building Maintenance Internal Service Fund	To Fund Debt Service	151,294
Energy Lease	Maintenance Districts Special Revenue Fund	To Fund Debt Service	264,042
Refunding Lease Agreement	Risk Management/Liability Internal Service Fund	To Fund Debt Service	425,378
Performing Arts Revenue Fund	Bonds General Fund	To Fund Debt Service	782,032
Enterprise Funds:			
Non-major Golf Fund	General Fund	To Fund Workers Compensation Costs	43,549
Internal Service Funds:			
Risk Management/Liability Fund	Workers' Compensation Fund	To Fund Workers Compensation Costs	100,000
Information Technology Replacement Fund	General Fund	To Fund Anticipated Costs Per Budget	50,000
Information Technology Replacement Fund	Sewer Proprietary Fund	To Fund Anticipated Costs Per Budget	80,000
Total Transfers			<u>\$ 4,181,609</u>

**NOTE 6 – LOANS AND NOTES RECEIVABLE**

The City and former Redevelopment Agency (the Agency) engaged in programs designed to encourage business enterprises or construction or improvement in low-to-moderate income housing or other projects. Under these programs, grants or loans are provided under favorable terms to businesses, home-owners or developers who agree to spend these funds in accordance with the City's terms. Although these loans and notes are expected to be repaid in full, their balance has been offset by deferred revenue. With the dissolution of the Redevelopment Agency, the City agreed to become the Successor Agency and oversee the dissolution. The Successor Agency subsequently assigned the City assets of the Low and Moderate Income Housing Fund to the City, including the loans and notes. They are not expected to be collected during fiscal year 2013. These loans and notes were comprised of the following at :

**Concord Housing Fund**

Downtown Revitalization and	
Low and Moderate Income Housing Rehabilitation	\$ 16,684,917
Successor Agency Loan	9,495,937
Virginia Lane	2,814,834
Lakeside Apartments	2,619,385
Total Concord Housing Fund	<u>31,615,073</u>
<b>Non-major Governmental Funds</b>	
Housing Conservation	1,297,377
Housing Assistance	50,000
Virginia Lane	458,788
Lakeside Apartments	343,438
Detroit Avenue Apartments	618,000
Total Non-major Governmental Funds	<u>2,767,603</u>
<b>Total loans and notes receivable</b>	<u><u>\$ 34,382,676</u></u>

**Downtown Revitalization and Low and Moderate Income Housing Rehabilitation**

Low and no interest loans were made by the former Redevelopment Agency to provide businesses assistance for rehabilitating buildings in the downtown area and to businesses or individuals for the rehabilitation of housing within the City of Concord owned and/or occupied by persons of low and moderate income. Included in these loans, is one loan amounting to \$13,484 which was made to a current employee.

Non-housing assets of the former Redevelopment Agency including the Concord Residential Club Loan were assumed by a Successor Agency as discussed in Note 20. The former Redevelopment Agency's portion of this loan totaled \$530,150, and is recorded in the Successor Agency Trust Fund. At June 30, 2013 the loan receivable balance was \$16,684,917.

**Successor Agency Loan**

Beginning in 1986, the former Redevelopment Agency General Capital Projects Fund had been required by the State to set aside 20% of property tax increments for low and moderate income housing. However, under a transition rule, the Agency's General Capital Projects Fund has been allowed to use these set-asides for current capital projects as long as it had a written plan for repaying these amounts to the Concord Housing Special Revenue Fund. Pursuant to Health and Safety Code Section 33334.6, the former Redevelopment Agency was permitted to set aside less than 20% of the tax increment that it received to the extent that it spent the tax increment revenue for the Agency's debt incurred prior to 1986 or for Agency projects approved prior to 1986, as long as it had a written plan for repaying these amounts to the Concord Housing Special Revenue Fund.

**NOTE 6 – LOANS AND NOTES RECEIVABLE (CONTINUED)**

With the dissolution of the former Redevelopment Agency effective February 1, 2012, the Successor Agency assumed the obligation to repay the above advance and has recorded a loan payable to the Concord Housing Fund. These loans had previously been reported as interfund advances. However, with the transfer of the associated liabilities to the Successor Agency, repayment of the loans is subject to the provisions of Health and Safety Code Section 34176 and Assembly Bill 1484. The advance does not bear interest and at June 30, 2013 the loan receivable balance was \$9,495,937.

**Virginia Lane**

In June 1999, the City and the former Redevelopment Agency entered into a \$1,984,200 loan agreement with Virginia Lane Limited Partnership for the rehabilitation of Golden Glen and Maplewood Apartments. An additional loan of \$450,000 was made in fiscal year 2007 which brought the loan total to \$2,434,200. Of the \$450,000, \$100,000 was funded by Community Development Block Grant funds and \$350,000 was funded by California Housing Finance Agency funds. The outstanding balance of the loan bears interest at a rate of 3% per annum. The repayments on the loan shall be made from residual receipts. The City expects the loan to be repaid on March 2, 2061. At June 30, 2013 the loan receivable balance was \$3,273,622.

**Lakeside Apartments**

The City and the Agency entered into a \$3,433,945 loan agreement with Lakeside Apartments, L.P. for the acquisition and rehabilitation of Lakeside apartments. An additional loan of \$283,000 was made in fiscal year 2007 which brought the loan total to \$3,716,945. Of the \$283,000, \$110,000 was funded by Community Development Block Grants, \$93,000 was funded by Redevelopment Agency, and \$80,000 was funded by California State EAGR funds. The outstanding balance of the loan bears interest at a rate of 1% per annum. The City expects the loan to be repaid on November 5, 2058. At June 30, 2013 the loan receivable balance was \$2,962,823.

**Housing Conservation**

This program involves loans made to rehabilitate housing within the City of Concord which are funded by Community Development Block Grant and former Redevelopment Agency monies. The loans bear interest ranging from 0-3% with due dates varying from October 2014 through the sale or transfer of the property. At June 30, 2013 the loan receivable balance was \$1,297,377.

**Housing Assistance**

This program provides housing assistance to Concord residents through a variety of housing programs. These loans bear no interest and principal payment is due upon sale or transfer of the property. At June 30, 2013 the loan receivable balance was \$50,000.

**Detroit Avenue Apartments**

The City entered into a \$600,000 loan agreement with Standard Housing Company for the acquisition and rehabilitation of a ten-unit apartment complex. The outstanding balance of the loan bears interest at a rate of 3% per annum. The loan was funded by California Housing Finance Agency funds. The payment of interest commenced on July 1, 2005 and is due monthly in the amount of \$1,500. The City expects the loan to be repaid on April 30, 2014. At June 30, 2013 the loan receivable balance was \$618,000.

**NOTE 7 - CAPITAL ASSETS**

Capital asset transactions and balances comprise the following at June 30, 2013:

	Balance at June 30, 2012 (as Restated)	Additions	Retirements	Transfers	Balance at June 30, 2013
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 15,149,712				\$ 15,149,712
Construction in progress	10,467,899	\$ 2,668,247		\$ (1,166,167)	11,969,979
Total capital assets not being depreciated	25,617,611	2,668,247	-	(1,166,167)	27,119,691
Capital assets being depreciated:					
Ground improvements	16,383,402			588,323	16,971,725
Buildings and improvements	74,710,156			435,094	75,145,250
Machinery and equipment	11,492,910	778,892			12,271,802
Vehicles	8,613,076	577,910	\$ (741,057)	142,750	8,592,679
Streets	426,607,400	3,114,886			429,722,286
Sidewalks	47,317,028	1,532,067			48,849,095
Storm drain/catch basins	443,308,069				443,308,069
Street lights	4,256,233	1,510,481			5,766,714
Traffic signals	26,179,719	237,796			26,417,515
Total capital assets being depreciated	1,058,867,993	7,752,032	(741,057)	1,166,167	1,067,045,135
Less accumulated depreciation for:					
Ground improvements	(8,684,940)	(417,571)			(9,102,511)
Buildings and improvements	(32,969,351)	(2,143,712)			(35,113,063)
Machinery and equipment	(8,887,928)	(1,165,546)			(10,053,474)
Vehicles	(7,166,490)	(687,697)	741,057		(7,113,130)
Streets	(225,128,983)	(14,272,161)			(239,401,144)
Sidewalks	(20,543,480)	(961,661)			(21,505,141)
Storm drain/catch basins	(91,743,897)	(4,433,081)			(96,176,978)
Street lights	(16,642,765)	(876,621)			(17,519,386)
Traffic signals	(388,944)	(167,049)			(555,993)
Total accumulated depreciation	(412,156,778)	(25,125,099)	741,057	-	(436,540,820)
Governmental activities capital assets, net	\$ 672,328,826	\$ (14,704,820)	\$ -	\$ -	\$ 657,624,006
<b>Business-Type Activities</b>					
Capital assets not being depreciated:					
Land	\$ 395,182				\$ 395,182
Construction in progress	1,323,200	\$ 3,767,346			5,090,546
Total capital assets not being depreciated	1,718,382	3,767,346	-	-	5,485,728
Capital assets being depreciated:					
Buildings and improvements	8,700,986				8,700,986
Machinery and equipment	248,366				248,366
Sewer lines	209,485,479				209,485,479
Total capital assets being depreciated	218,434,831	-	-	-	218,434,831
Less accumulated depreciation for:					
Buildings and improvements	(5,098,622)	(237,377)			(5,335,999)
Machinery and equipment	(242,169)	(954)			(243,123)
Sewer lines	(136,906,083)	(4,189,701)			(141,095,784)
Total accumulated depreciation	(142,246,874)	(4,428,032)	-	-	(146,674,906)
Business-type activities capital assets, net	\$ 77,906,339	\$ (660,686)	\$ -	\$ -	\$ 77,245,653

**NOTE 7 - CAPITAL ASSETS (CONTINUED)****Depreciation Allocation – Governmental Activities**

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program was as follows:

**Governmental Activities**

General Government	\$ 1,131,731
Public Works	20,831,046
Parks and Recreation Services	161,331
Internal Service Fund	3,000,991
<b>Total</b>	<u><u>\$ 25,125,099</u></u>

**Business-Type Activities**

Sewer	\$ 4,272,101
Golf Course	155,931
<b>Total</b>	<u><u>\$ 4,428,032</u></u>

**NOTE 8 - LONG-TERM DEBT****Description and Activity**

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

The City's governmental activities long-term debt is recorded only in the government-wide financial statements. This debt will be repaid only out of governmental funds but is not accounted for in these funds because this debt does not require an appropriation or expenditure in this accounting period.

In governmental fund types, debt discounts and issuance costs are recognized in the current period. Debt discounts and issuance costs incurred by proprietary fund types are deferred and amortized over the term of the debt using the bonds-outstanding method, which approximates the effective interest method.

The City's debt issues and compensated absence transactions are summarized on the next page and discussed in detail thereafter.

**NOTE 8 - LONG-TERM DEBT (CONTINUED)****Current Year Transactions and Balances**

	Repayment Source	June 30, 2012 (as restated)	Additions	Retirements	June 30, 2013	Current Portion
<b>Governmental Activities Debt:</b>						
<b>Revenue Bonds:</b>						
1995 Performing Arts Lease Revenue Bonds, 6.33-8.24% due 08/01/20	a	\$ 3,440,000		\$ 520,000	\$ 2,920,000	\$ 480,000
Police Facilities Revenue Bonds, 2.70-5.25% due 08/01/13	b	950,000		465,000	485,000	485,000
Parking Garage Revenue Bonds, 4.0-5.13% due 3/01/23	b	6,115,000		435,000	5,680,000	450,000
<b>Refunding Lease Agreement</b>						
3.3% due 09/01/19	b	4,272,000		389,000	3,883,000	398,500
<b>Lease Purchase Agreement</b>						
4.75% due 06/30/27	d	8,310,101		268,019	8,042,082	300,345
<b>Notes Payable:</b>						
CHFA 3% due 03/01/14	e	1,372,377			1,372,377	1,372,377
<b>Capital Lease:</b>						
Key Government Finance 4.65% due 09/15/12	f	20,011		20,011		
Motorola Safety Radio 3.03%, due 12/01/16	f	912,968		171,859	741,109	177,066
Cisco VOP Equipment 3.95% due 07/09/14	f	264,738		84,751	179,987	88,199
Hubb Systems Mobile Digital Computers 4.75% due 04/01/13	f	167,453		167,453		
Color Hybrid Multi-Function Printer Equipment 5.5% due 11/01/16	f	89,161		24,927	64,234	26,446
NetApp Capital Solutions Software are 3.55% due 04/01/15	f	341,877		80,982	260,895	83,904
Motorola Safety Radio 3.55% due 08/1/18	f		\$ 380,702	60,088	320,614	48,883
Key Government Finance 4.59% due 2/25/17	f		33,551	7,372	26,179	6,129
US Bank 000 4.76% due 10/15/17	f		273,082	35,595	237,487	49,931
US Bank 001 4.76% due 5/2/18	f		65,068	1,216	63,852	11,552
<b>Compensated Absences</b>	c	3,951,707	2,983,146	2,851,115	4,083,738	2,289,257
<b>Total Governmental Activities Debt</b>		<u>\$ 30,207,393</u>	<u>\$ 3,735,549</u>	<u>\$ 5,582,388</u>	<u>\$ 28,360,554</u>	<u>\$ 6,267,589</u>
<b>Business-Type Activities Debt:</b>						
2012 - Wastewater Revenue Refunding Bonds 1.50-4.00% due 02/01/29	g		\$ 10,080,000	\$ 475,000	\$ 9,605,000	\$ 490,000
Plus premium on refunding bonds			218,915	24,324	194,591	
2004 Certificates of Participation - Wastewater System Improvement 2.0-4.63% due 02/01/29	g	\$ 9,695,000		9,695,000		
2007 Certificates of Participation - Wastewater System Improvement 3.75-4.5% due 02/01/32	g	11,055,000		370,000	10,685,000	385,000
ABAG 41 Certificates of Participation - Diablo Creek Golf Course 4.0-5.0% due 08/01/18	h	1,320,000		160,000	1,160,000	170,000
<b>Compensated Absences</b>	c	105,450	63,826	73,813	95,463	42,129
<b>Total Business-Type Activities Debt</b>		<u>\$ 22,175,450</u>	<u>\$ 10,362,741</u>	<u>\$ 10,798,137</u>	<u>\$ 21,740,054</u>	<u>\$ 1,087,129</u>

Repayments on the above debt are made from the following sources:

- Lease revenues received by Live Nation and from general & operating revenues.
- Lease revenues received by the Successor Agency and from general & operating revenues.
- General Fund revenues.
- Savings from the energy efficiency improvements.
- Notes payable received by the Housing and Community Services Special Revenue Fund. Included is \$950,000 in principal and the remaining balance is interest.
- Operating revenues available for lease payment in the Information Technology Replacement Internal Service Fund.
- Operating revenues received by the Sewer Enterprise Fund.
- General and operating revenues available for lease payment in the ABAG Debt Service Fund and Golf Course Enterprise Fund.

**NOTE 8 - LONG-TERM DEBT (CONTINUED)****Debt Service Requirements**

Debt service and capitalized lease requirements are shown below for all long-term debt:

For the Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 3,978,332	\$ 1,099,208	\$ 1,045,000	\$ 764,099
2015	2,649,593	970,871	1,080,000	730,409
2016	2,167,324	852,975	1,110,000	697,966
2017	2,129,557	747,485	1,140,000	665,346
2018	1,953,862	642,242	1,195,000	618,621
2019-2023	8,260,938	1,825,334	5,715,000	2,468,031
2024-2028	3,137,210	311,124	6,435,000	1,500,344
2029-2032			3,730,000	365,950
Total requirements	24,276,816	6,449,239	21,450,000	7,810,766
Plus unamortized premium	-	-	194,591	
Total	24,276,816	6,449,239	21,644,591	7,810,766

The City's bond indentures contain significant limitations and restrictions regarding annual debt service requirements, maintenance of and flow of monies through various restricted accounts and minimum revenue bond coverage. City management believes the City is in compliance with all such indenture requirements.

**Revenue Bonds**

On August 1, 1995, the City of Concord Joint Powers Financing Authority issued Lease Revenue Bonds in the principal amount of \$18,700,000, bearing interest at rates ranging from 6.33% to 8.24% due August 1, 2020. The Bonds are collateralized by revenue received from the City by the Authority under the Concord Pavilion lease agreement and by the Authority's interest in the site and facilities lease. Proceeds from the Bonds were used to repay the Concord Performing Arts Center Authority's 1973 Revenue Bonds, due in 1999, and partially finance the renovation and expansion of Concord Pavilion which is leased by the City from the Authority.

On September 21, 2009, the City issued a tender offer for the 1995 Performing Arts Lease Revenue Bonds for up to \$8.5 million. As a result the City purchased \$8.235 million of the bonds at an 8% premium and made a payment to retire that portion of the bonds. As a result of this transaction, the City has lowered its interest liability from 8.24% to bondholders to LAIF plus 0.5% interest to the Concord Housing Fund and the Sewer Enterprise Fund of the City. As of June 30, 2013, the principal balance outstanding was \$2,920,000.

On September 9, 1993 the City of Concord Joint Powers Financing Authority issued the 1993 Lease Revenue Bonds in the principal amount of \$9,700,000, bearing interest at rates ranging from 2.7% to 5.25%, due August 1, 2013. The Bonds are collateralized by revenue received from the City by the Authority under the lease agreement and by the Authority's interest in the site and facilities lease. Proceeds from the Bonds were used to finance a portion of the Police Facilities Project leased by the City from the former Redevelopment Agency. The former Redevelopment Agency had agreed to reimburse the City for these lease payments. On June 24, 2010 the City entered into a Refunding Lease Agreement and the proceeds were used to retire \$3,520,000 of the bonds. As of June 30, 2013, the principal balance outstanding was \$485,000.

**NOTE 8 - LONG-TERM DEBT (CONTINUED)**

On April 4, 2001, the City of Concord Joint Powers Financing Authority issued Lease Revenue Bonds in the principal amount of \$9,580,000, bearing interest at rates ranging from 4.0% to 5.13% due March 1, 2023. The Bonds are collateralized by revenue received from the City by the Authority under the Civic Center and Corporation Yard lease agreement and by the Authority's interest in the site and facilities lease. Proceeds from the Bonds were used to finance the design and construction, and to equip and landscape a new three-level, 432-space parking structure which is leased by the City from the Authority. The former Redevelopment Agency agreed to reimburse the City for these lease payments. The reimbursement agreement was approved by the State of California Department of Finance as part of their Other Funds and Accounts Due Diligence Review, dated June 11, 2013, in reference to the Redevelopment Agency dissolution. As of June 30, 2013, the principal balance outstanding was \$5,680,000.

On September 18, 2012, the City issued Wastewater Revenue Refunding Bonds, Series 2012 in the original principal amount of \$10,080,000 at interest rates that range from 1.50% to 4.00% to provide for a refunding of the City's outstanding 2004 Certificates of Participation Wastewater System Improvement Bonds. Principal payments are due annually on February 1, with interest payments payable semi-annually on August 1 and February 1 through February 1, 2029. Repayment of these bonds is from a pledge of revenue from the Sewer Enterprise Fund. As of June 30, 2013, the principal balance outstanding was \$9,605,000.

The net proceeds of \$9,992,336 (after issuance costs of \$306,578, plus premium of \$218,914) were used to advance refund the 2004 Certificates of Participation Wastewater System Improvement bonds with a total principal amount of \$10,080,000 and interest rates between 1.5% to 4.00%.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the City's liabilities.

The advance refunding was done in order to reduce debt interest payments. The refunding decreased the City's total debt service payments by approximately \$1,400,000. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of approximately \$306,000.

**Certificates of Participation**

On July 1, 1998, the City issued \$3,560,000 of Certificates of Participation (COPs) to fund Diablo Creek Golf Course improvements and to defease \$810,000 of outstanding ABAG 41 Certificates of Participation. Proceeds from the COPs were placed in an irrevocable trust to provide for the future debt service payments on the defeased COPs. The defeased COPs were called December 1, 1998. The COPs bear interest at 4.0% - 5.0% and are due August 1, 2018. Principal payments are due annually on August 1. Interest payments are due semi-annually on February 1 and August 1. As of June 30, 2013, the principal balance outstanding was \$1,160,000.

On October 18, 2007, the City of Concord Joint Powers Financing Authority issued Certificates of Participation (COPs) in the principal amount of \$12,820,000, bearing interest rates ranging from 3.75% to 4.50%. Proceeds from the COPs were used to fund the next phase of the wastewater system improvement project to install pipelines from the Concord pump station to the intersection of Meridian Park Boulevard and Galaxy Way. Principal is payable annually on February 1 and interest is payable semi-annually February 1 and August 1 through 2032. As of June 30, 2013, the principal balance outstanding was \$10,685,000.

**NOTE 8 - LONG-TERM DEBT (CONTINUED)**

Under related installment agreements, the City remits installments to the Authority which are used to repay debt service on the 2007 COPS. The City has pledged Wastewater System Net Revenues defined as gross revenues less operating and maintenance expenses, to be used to make required installments. The pledge of future Net Revenues ends upon repayment of the \$32,301,605 million in remaining debt service on the COPS which is scheduled to occur in 2033. As disclosed in the originating offering documents, projected net revenues are expected to provide coverage over debt service of 3.40 over the life of the bonds. For fiscal year Wastewater System Revenues including operating revenues and non-operating interest earnings amounted to \$19,492,824 and maintenance and operating costs amounted to \$19,396,021. Payments made to the Central Contra Costa Sanitary District for the City of Concord's share of district capital projects are treated as expenses in the Sewer Enterprise Fund since the related capital assets are not owned by the City. In recognition of the capital nature of these expenses, the covenants expressly exclude these payments from the calculation of maintenance and operating costs for coverage purposes. In fiscal year 2013 these costs totaled \$3,616,771. Adjusted net revenues available for debt service amounted to \$3,713,574, which represented coverage of 2.16 of the \$1,720,000 in debt service on the COPS.

**Refunding Lease Agreement**

On June 24, 2010, the City and the former Redevelopment Agency entered into a Refunding Lease Agreement in the amount of \$5,075,000. The proceeds from the Agreement were used to retire a portion of the outstanding 1993 Lease Revenue Bonds and to fully repay the 1999 Judgment Obligation Bonds. The Agreement bears interest at 3.6% and is due semi-annually on March 1 and September 1. Principal payments are due annually on September 1 until September 1, 2019. As of June 30, 2013, the principal balance outstanding was \$3,883,000.

**Lease Purchase Agreement**

On January 25, 2011, the City entered into a lease purchase agreement with Chevron Energy Service Company in the amount of \$8,434,970. The proceeds from the agreement are used reduce citywide utility costs by making energy efficiency improvements. The agreement bears interest at 4.75% and is due semi-annually on June 1 and December 1. Principal payments are due semi-annually on June 1 and December 1 until December 1, 2026. As of June 30, 2013, the principal balance outstanding was \$8,042,082.

**Notes Payable**

The City entered into two loan agreements with California Housing Finance Agency (CHFA); \$1,000,000 was used for a loan to Lakeside apartments (see Note 6), and \$1,600,000 is to be used for the Detroit Avenue Apartments loan (see Note 6) and a Multifamily Acquisition and Rehabilitation Loan Program. During the fiscal year ending June 30, 2011, the City paid off the Lakeside portion of the note. As of June 30, 2007, the City had drawn down \$600,000 for the Detroit Avenue Apartment loan, and \$350,000 for the Virginia Lane projects; the remaining \$650,000 will not be drawn down. The CHFA funds bear interest at a 3.0% simple rate and all payments of principal and interest are deferred for a ten year period. This loan is expected to be repaid in full by March 31, 2014. As of June 30, 2013, the principal balance outstanding was \$1,372,377.

**Capital Leases**

On November 30, 2010, the City entered into a lease agreement in the amount of \$1,279,294 for the purchase of radio subscriber units for the Police Department. The City agreed to pay the lease in annual payments for \$250,609 for seven years. Since the lease is in essence a financing agreement, the cost of the equipment and the amount of the lease has been included in the City's financial statements. As of June 30, 2013, the principal balance outstanding on the lease was \$741,109.

**NOTE 8 - LONG-TERM DEBT (CONTINUED)**

On July 13, 2010, the City entered into a lease agreement in the amount of \$441,698 for the purchase of Voice over internet protocol (VOIP) equipment. The lease bears interest at 3.95% and is due annually on July 9 annually. The principal payment is due annually on July 9 until July 9, 2014. As of June 30, 2013, the principal balance outstanding on the lease was \$179,987.

On September 30, 2010, the City entered into a lease agreement in the amount of \$127,566 for hybrid color multi-function printer equipment. The lease bears interest at 5.5% monthly and the City agreed to pay the lease in monthly payments of \$2,462 for 5 years. As of June 30, 2013, the principal balance outstanding on the lease was \$64,234.

On June 30, 2012, the City entered into a lease agreement in the amount of \$421,283 for network attached storage equipment. The lease bears interest at 3.55% quarterly and the City agreed to pay the lease in quarterly payments for \$23,473 for 5 years. As of June 30, 2013, the principal balance outstanding on the lease was \$260,895.

On July 24, 2012, the City entered into a lease agreement in the amount of \$380,702 with Motorola Solutions, Incorporated, for the purchase of radio equipment. The City agreed to pay the lease in annual payments for \$75,688 for seven years. Since the lease is in essence a financing agreement, the cost of the equipment and the amount of the lease has been included in the City's financial statements. As of June 30, 2013, the principal debt outstanding on the lease was \$320,614.

On January 25, 2013, the City entered into a lease agreement in the amount of \$33,551 with Key Government Finance, Incorporated, to acquire equipment for network upgrades. The City agreed to pay the lease in annual payments for \$7,372, for five years. Since the leases are in essence a financing agreement, the cost of the equipment and the amount of the lease has been included in the City's financial statements. As of June 30, 2013, the principal debt outstanding on the lease was \$26,179.

On September 28, 2012, the City entered into a lease agreement in the amount of \$273,082 with US Bank, to acquire equipment for network upgrades. The City agreed to pay the lease in monthly payments of \$5,103, for five years. Since the leases are in essence a financing agreement, the cost of the equipment and the amount of the lease has been included in the City's financial statements. As of June 30, 2013, the principal debt outstanding on the lease was \$237,487.

On May 2, 2013, the City entered into a lease agreement in the amount of \$63,852 with US Bank, to acquire equipment for network upgrades. The City agreed to pay the lease in monthly payments of \$1,216, for five years. Since the leases are in essence a financing agreement, the cost of the equipment and the amount of the lease has been included in the City's financial statements. As of June 30, 2013, the principal debt outstanding on the lease was \$63,852.

**NOTE 9 – FUND BALANCES**

Detailed classifications of the City's Fund Balances, as of June 30, 2013, are below:

Fund Balance Classifications	Major Funds			Other Governmental Funds	Total
	General Fund	Concord Housing	General Projects		
<b>Nonspendable:</b>					
Items not in spendable form:					
Advance	\$ 2,023,121				\$ 2,023,121
Inventories	20,645				20,645
<b>Total Nonspendable Fund Balance</b>	<u>2,043,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,043,766</u>
<b>Restricted for:</b>					
Debt service				\$ 2,397,142	2,397,142
Housing		\$ 28,835,464		3,250,496	32,085,960
Health Care District				362,842	362,842
Transportation				4,817,854	4,817,854
Development services				7,480,681	7,480,681
<b>Total Restricted Fund Balances</b>	<u>-</u>	<u>28,835,464</u>	<u>-</u>	<u>18,309,015</u>	<u>47,144,479</u>
<b>Assigned:</b>					
Capital projects	1,082,256	-	-	594,718	1,676,974
<b>Total Assigned Fund Balances</b>	<u>1,082,256</u>	<u>-</u>	<u>-</u>	<u>594,718</u>	<u>1,676,974</u>
<b>Unassigned:</b>					
General fund	16,499,789				16,499,789
Other governmental fund deficit residuals			\$ (356,826)	(273,952)	(630,778)
<b>Total Unassigned Fund Balances</b>	<u>16,499,789</u>	<u>-</u>	<u>(356,826)</u>	<u>(273,952)</u>	<u>15,869,011</u>
<b>Total Fund Balances</b>	<u>\$ 19,625,811</u>	<u>\$ 28,835,464</u>	<u>\$ (356,826)</u>	<u>\$ 18,629,781</u>	<u>\$ 66,734,230</u>

**NOTE 9 – FUND BALANCES (CONTINUED)****Encumbrances**

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end.

Encumbrances outstanding as of June 30, 2013, were as listed below:

	<u>Amount</u>
Governmental Funds:	
General Fund	\$ 1,096,052
General Projects Capital Projects Fund	1,278,138
Non-Major Governmental Funds:	
State Gas Tax Special Revenue Fund	106,192
Maintenance District Special Revenue Fund	34,629
Traffic System Management Special Revenue Fund	142
Housing and Community Services Special Revenue Fund	77,102
Storm Water Management Special Revenue Fund	20,117
Special Developers Capital Projects Fund	32,360
Inter Governmental Capital Projects Fund	<u>143,204</u>
Total Non-Major Governmental Funds	413,746
Total	<u><u>\$ 2,787,936</u></u>

**NOTE 10 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY****Expenditures in Excess of Appropriations**

General Fund expenditures for the year ended June 30, 2013, exceeded the appropriations in the following functions.

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Government (Council)	\$ 341,358	\$ 365,966	\$ (24,608)
General Government (Finance)	10,096,725	10,203,301	(106,576)
Public Safety	41,456,037	41,998,811	(542,774)
Community and Economic Development	4,847,062	5,145,952	(298,890)
Interest and Fiscal Charges	-	150,250	(150,250)

The excess expenditures were covered by residual balances within the fund.

**NOTE 10 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

Concord Housing Fund expenditures for the year ended June 30, 2013, exceeded the appropriations in the following function.

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Community and Economic Development	\$ 122,972	\$ 247,826	\$ (124,854)

The excess expenditures were covered by residual balances within the fund.

Non-Major Governmental Fund's expenditures for the year ended June 30, 2013, exceeded the appropriations in the following funds.

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Housing Assistance Program	\$ -	\$ 181	\$ (181)
Police Facilities Revenue Bonds	510,669	511,102	(433)
ABAG	-	565	(565)
Assessment Districts	-	8,479	(8,479)
Energy Lease	654,920	659,713	(4,793)

The excess expenditures were covered by residual balances within the fund.

**Deficit Fund Equity**

As of June 30, 2013, the following funds had deficit fund equity:

<b><u>Governmental Activities</u></b>		
General Projects Fund		\$ 356,826
Non-Major Governmental Fund		
Assessments District Fund		966
Internal Service Fund		
Risk Management Fund		2,013,891
<b><u>Fiduciary Activities</u></b>		
Successor Agency Private Purpose Trust Fund		46,474,082

The General Projects Fund had deficit fund balance of \$356,826 which is expected to be eliminated by future revenue.

The Assessment Districts Debt Service Fund had deficit fund balance of \$966 which is expected to be eliminated by future revenue.

The Risk Management Internal Service Fund had deficit net position of \$2,013,891 which is expected to be eliminated by future revenue.

The Successor Agency Private Purpose Trust Fund had deficit net position of \$46,474,082 which is expected to continue until the debt service obligations are satisfied from future property tax allocations.

**NOTE 11 - CITY OF CONCORD RETIREMENT SYSTEM PLAN****Plan Description and Provisions**

The Retirement System is a closed plan and is a single employer defined benefit pension plan covering all full-time employees of the City retired prior to June 28, 1999 or who left the employment of the City eligible for a pension. Participants are divided into two primary groups for coverage: general employees and police employees. Membership in the Retirement System comprised the following at :

Retirees and beneficiaries currently receiving benefits	232
Vested terminated employees	<u>54</u>
Total participants	<u><u>286</u></u>

On July 1, 1994, the City converted to the Public Employees Retirement System (PERS) as described in Note 13.

Eligibility, administration, actuarial interest rates and certain other tasks are the responsibility of the Retirement Board. The Retirement Board consists of ten members, selected as follows: the Mayor, City Manager, City Attorney, Director of Human Resources, Director of Finance and one representative from each of the five employee organizations.

During the year ended June 30, 1999, \$56,300,000 was transferred from the Retirement System to PERS to purchase prior years' service credit for its active vested employees.

The Retirement System provides retirement and death benefits for general and police employees as well as disability benefits for police employees. General employees are eligible for retirement benefits at age 55, provided the employee has completed 20 years of service or has accumulated contributions in excess of \$500 and was employed before June 30, 1990 or has completed 5 years of service and was terminated after July 1, 1990. Sworn police employees are eligible for retirement at age 50, provided the employee has completed 20 years of service or has accumulated contributions exceeding \$500. Retirement benefits are determined based on the employee's length of service, highest one-year compensation upon retirement, and age at retirement.

**Funding Status and Progress**

The actuarial accrued liability was determined as part of an actuarial valuation at June 30, 2012. Significant actuarial assumptions used in determining the actuarial accrued liability include: (a) a rate of return on the investment of present and future assets of 6.5% per year compounded annually, (b) inflation rate of 3.0% (c) annual post-retirement increases at 5.5% per year. Required contributions are determined using the entry age normal actuarial cost method and are made on a level dollar basis. The plan is amortized using the CalPERS Mortality Table on a 23 year closed basis.

Audited annual financial statements and ten-year trend information are available from City of Concord, 1950 Parkside Drive, Concord, California 94519.

**Contribution Requirements and Contributions Made**

Prior to June 21, 1993, contributions were made to the Retirement System by both the City and the employee participants. City contributions were actuarially determined annually to provide the Retirement System with assets sufficient to pay basic benefits not provided for by employees' contributions. All general employees were required to contribute 6%, and all police employees were required to contribute 8% of their base salary (decreased by a Social Security allowance) to the Retirement System. The City is funding the Unfunded Actuarial Accrued Liability with an additional 1% contribution of eligible employee salaries.

**NOTE 11 - CITY OF CONCORD RETIREMENT SYSTEM PLAN (CONTINUED)**

The City contributed 4% to 8% of this percentage on behalf of general employees, depending upon job classification, and all of the contribution for sworn police employees.

The City maintains a program of death and disability benefits financed wholly by employer premium payments under a group term life insurance policy and group long-term disability insurance policy.

Generally accepted accounting principles permit contributions to be treated as Pension assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended , the City has calculated and recorded the Net Pension Obligation, representing the difference between the ARC and contributions, as presented below:

Fiscal Year	Annual Pension Cost	Actual Employer Contribution	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
June 30, 2011	\$ 1,748,164	\$ 287,623	16%	\$ 3,564,816
June 30, 2012	1,744,637	863,610	50%	4,445,843
June 30, 2013	1,956,000	1,045,781	53%	5,356,062

The City's Net Pension Obligation (NPO) is recorded in the Statement of Net Position and is calculated as follows:

Annual required contribution (ARC)	\$ 2,045,000
Interest on Net Pension Obligation	289,000
Adjustment to annual required contribution	<u>(378,000)</u>
Annual Pension Cost	<u>1,956,000</u>
Contributions made:	
Contributions	<u>1,045,781</u>
Total contributions	<u>1,045,781</u>
Change in Net Pension Obligation	910,219
Net Pension Obligation at June 30, 2012	<u>4,445,843</u>
<b>Net Pension Obligation at June 30, 2013</b>	<b><u><u>\$ 5,356,062</u></u></b>

**NOTE 11 - CITY OF CONCORD RETIREMENT SYSTEM PLAN (CONTINUED)****Trend Information**

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due and an indication of whether all required contributions have been made. Assumptions used to compile data presented below are the same as those described above. The actuarial value of the Plan's assets was determined to be its fair value. Additional trend information can be found in the Required Supplementary Information section of the financial statements.

Schedule of funding status is as follows (in thousands):

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Percentage AAL Funded	Unfunded (Overfunded) AAL	Annual Covered Payroll	Unfunded (Overfunded) AAL Covered Payroll
June 30, 2012	\$ 39,820,000	\$ 63,895,000	62.32%	\$ 24,075,000	*N/A	*N/A

\*Plan was closed in 1993; therefore, there is no covered payroll

**NOTE 12 - CITY OF CONCORD EARLY RETIREMENT PLANS****Plan Description and Provisions**

On September 1, 2009 the City adopted a sole employer defined benefit plan to provide supplemental retirement benefit payments to eligible employees in addition to the benefit payments the employees will receive from the California Public Employees Retirement System (CalPERS).

The City joined Public Agency Retirement Services (PARS) and participates in two plans, the Supplementary Retirement Plan and the Excess Benefit Plan. The Excess Benefit Plan consists of the highly compensated members and the Supplementary Plan includes all other eligible employees. To be eligible to participate in the plan the employee must have been classified as a Miscellaneous or Safety employee of the City as of June 1, 2009, be at least 50 years of age as of September 1, 2009, have completed at least 5 years of employment with the City as of September 1, 2009, have terminated employment with the City on or before August 31, 2009, have applied for benefits under this plan and must have concurrently retired under CalPERS on or before September 1, 2009 and remains in retired status under CalPERS. A member is considered fully vested upon meeting the eligibility requirements listed above. Benefits payments are based on seven percent of an employee's annual base pay as of June 1, 2009.

As of , there were 65 members participating in these plans.

Audited annual financial statements and ten-year trend information are available from City of Concord, 1950 Parkside Drive, Concord, California 94519.

**Contribution Requirements**

The City established a plan within the PARS Trust. The cost of funding the Plan including management fees is roughly equivalent to one year of an employee's salary for each participating employee. The City has been funding the Plan over a period of 5 years, choosing to buy annuities to fund the Plan, self fund, or use some combination of both. The City is using general fund salary savings to fund the Plan. At this time, staff proposes to assume a 5-year funding schedule with the first year being self-funded.

**NOTE 13 - PENSION PLAN****CalPERS Safety and Miscellaneous Employees Pension Plans**

On June 21, 1993, the City joined the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee retirement system which acts as a common investment and administrative agent for participating member employers.

The City joined PERS on a prospective basis and participates in two plans, the Safety (Police) Employees Plan and the Miscellaneous Employees Plan. All qualified permanent and probationary employees are eligible to participate. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS; the City must contribute these amounts.

Audited annual financial statements and ten-year trend information are available from CalPERS at P.O. Box 942709, Sacramento, California 94229-2709.

The Plans' provisions and benefits in effect at , are summarized as follows:

	<u>Safety</u>	<u>Miscellaneous</u>
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	55
Monthly benefits, as a % of annual salary	3%	2-2.7%
Required employee contribution rates	9%	7-8%
Required employer contribution rates	31.10%	24.11%
Actuarially required contributions	\$ 6,768,964	\$ 4,858,447

The City's policy and labor contracts require the City to pay all PERS contributions for sworn safety employees (Police) and 4%-8% for miscellaneous employees.

**NOTE 13 - PENSION PLAN (CONTINUED)**

CalPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the City must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability. The City does not have a net pension obligation since it pays these actuarially required contributions monthly. Annual Pension Costs, representing the payment of all contributions required by CALPERS, for the year ended June 30, 2013 were as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed
<b><i>Safety Plan</i></b>		
June 30, 2011	\$ 5,689,172	100%
June 30, 2012	6,525,699	100%
June 30, 2013	6,768,964	100%
<b><i>Miscellaneous Plan</i></b>		
June 30, 2011	\$ 3,863,366	100%
June 30, 2012	4,096,666	100%
June 30, 2013	4,858,447	100%

CalPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.5% is assumed, including inflation at 3.00%. Annual salary increases are assumed to vary by duration of service and range from 3.55% to 14.45%. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a rolling thirty year basis. Investment gains and losses are accumulated as they are realized and approximately seven percent of the net balance is amortized annually.

The schedule of funding progress presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The Plans' actuarial value (which differs from market value) and funding progress over the most recently available actuarial valuation date of June 30:

Valuation Date	Actuarial			Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
	Entry Age Accrued Liability	Value of Asset	Unfunded (Overfunded) Liability			
June 30, 2011	\$ 166,921,000	\$ 121,947,000	\$ 44,974,000	73.1%	\$ 17,031,000	264.1%
<b><i>Miscellaneous Plan</i></b>						
Valuation Date	Actuarial			Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
	Entry Age Accrued Liability	Value of Asset	Unfunded (Overfunded) Liability			
June 30, 2011	\$ 163,036,000	\$ 123,455,000	\$ 39,581,000	75.7%	\$ 17,127,000	231.1%

**NOTE 13 - PENSION PLAN (CONTINUED)**

Additional information can be found in the Required Supplementary Information section of the financial statements.

During the fiscal year ended June 30, 1999, the City transferred \$56,300,000 from the Concord Retirement System to PERS to purchase prior years' service credit for its active vested employees.

**NOTE 14 – OTHER POST-EMPLOYMENT HEALTH CARE BENEFITS**

Substantially all full-time City employees and their eligible dependents are eligible for post-retirement health care benefits under single employer CalPERS sponsored health plans currently funded during the employees active service. During fiscal year 2008, the City implemented the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB). Required disclosures are presented below.

By Council resolution and through agreements with its labor units, the City provides certain health care benefits for retired employees (spouse and dependents are not included) under third-party insurance plans. A summary of eligibility and retiree contribution requirements are shown below by bargaining unit:

The City pays health insurance premiums up to \$595, \$1,190, \$1,547 for a retiree, couple, and family, respectively.

As of , approximately 389 participants were receiving benefits.

**Funding Policy and Actuarial Assumptions**

The annual required contribution (ARC) was determined as part of a June 30, 2013 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.25% investment rate of return including 3% inflation, (b) 3.25% projected annual salary increase, and (c) 4.5% health care costs inflation increases. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 29 year closed amortization period.

In accordance with the City's budget, the annual required contribution (ARC) is to be funded throughout the year as a percentage of payroll. Concurrent with implementing Statement No. 45, the City Council passed a resolution to participate the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT is administrated by CalPERS, and is managed by an appointed board not under the control of City Council. This Trust is not considered a component unit by the City and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CALPERS at P.O. Box 942709, Sacramento, California 94229-2709.

**NOTE 14 – OTHER POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)****Funding Progress and Funded Status**

Generally accepted accounting principles permits contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended , the City contributed \$3,254,171 to the Plan which represented 9.7% of \$33.3 million of covered payroll. As a result, the City has recorded the Net OPEB Asset, representing the difference between the ARC, the amortization of the Net OPEB Asset and actual contributions, as presented below:

Annual required contribution (ARC)	\$ 4,635,000
Interest on Net OPEB asset	(663,000)
Adjustment to annual required contribution	822,000
Other adjustment to the OPEB cost	<u>1,187,038</u>
Annual OPEB Cost	<u>5,981,038</u>
Contributions made:	
City portions of current year premiums paid	<u>3,254,171</u>
Total contributions	<u>3,254,171</u>
Change in Net OPEB Asset	(2,726,867)
Net OPEB Asset at June 30, 2012	<u>7,755,519</u>
<b>Net OPEB Asset at June 30, 2013</b>	<b><u><u>\$ 5,028,652</u></u></b>

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the actuarial study dated June 30, 2013, amounted to \$62,217,000 and was partially funded as \$18,655,000 in assets had been transferred into CERBT as of that date and reduced the unfunded actuarial accrued liability to \$43,562,000.

The Plan's annual OPEB cost and actual contributions for fiscal year ended June 30, 2013 is set forth below:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
June 30, 2011	\$ 3,917,386	\$ 4,671,001	119%	\$ 8,598,003
June 30, 2012	4,038,504	3,196,020	79%	7,755,519
June 30, 2013	5,981,038	3,254,171	54%	5,028,652

**NOTE 14 – OTHER POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)**

The Schedule of Funding Progress presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Data as of June 30, 2013 from the actuarial study is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	Unfunded Actuarial Liability as Percentages of Covered Payroll [(B-A)/C]
June 30, 2013	\$ 18,655,000	\$ 62,217,000	\$ 43,562,000	29.98%	\$ 32,192,000	135%

Additional information can be found in the Required Supplementary Information section of the financial statements.

**NOTE 15 – DEFERRED COMPENSATION PLAN**

City employees may defer a portion of their compensation under City sponsored Deferred Compensation Plans created in accordance with Internal Revenue Code Section 457 and 401K. Under these plans, participants are not taxed on the deferred portion of their compensation until distributed to them; distribution may be made only at termination, retirement, death or in an emergency as defined by the Plans.

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.

**NOTE 16 – RISK MANAGEMENT AND INSURANCE****Insurance Risk Pool**

In July 2003, the City joined the California State Association of Counties - Excess Insurance Authority (CSAC-EIA), a joint powers authority. CSAC-EIA provides coverage against the following types of loss risks, including commercial insurance coverage, under the terms of a joint-powers agreement with the City and several other cities and governmental agencies as follows:

<u>Type of Coverage (Deductible)</u>	<u>Coverage Limits</u>
General Liability (\$500,000)	\$25,000,000
Workers' Compensation (\$500,000)	Statutory
All Risk Property (\$10,000 per occurrence)	\$600,000,000
Property Flood Risk (\$25,000 per occurrence)	\$415,000,000
Earthquake (5% with a \$100,000 minimum)	\$50,000,000

**NOTE 16 – RISK MANAGEMENT AND INSURANCE (CONTINUED)**

CSAC-EIA was established for the purpose of creating a risk management pool for all California public entities. CSAC-EIA is governed by a Board of Directors consisting of representatives of its member public entities.

The City's deposits with CSAC-EIA are in accordance with formulas established by CSAC-EIA. 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.

Audited financial statements for CSAC-EIA are available from CSAC-EIA at 75 Iron Point Circle, Folsom, CA 95630.

The City is self-insured for auto physical damage claims.

For the years ended June 30, 2013, 2012 and 2011, the amount of settlements did not exceed insurance coverage.

**Uninsured Claims Payable**

The City provides for the uninsured portion of claims and judgments in its Risk Management (general liability and auto physical damage) and Workers' Compensation Internal Service Funds. Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable.

The City's liability for uninsured claims is limited to worker's compensation, general liability and auto physical damage claims, as discussed above, which are reported at their present value using expected future investment yield assumptions ranging from 3% percent. In addition, the general liability claims are based on an eighty percent confidence level. The undiscounted worker's compensation claims totaled \$1,812,849 and undiscounted general liability claims totaled \$1,433,795 at June 30, 2013.

The change in the claims liabilities, including claims incurred but not reported are based on independent actuarial studies and were computed as follows for the years ended June 30:

	Workers Compensation Internal Service Fund	Risk Management/ Liability Internal Service Fund	Total 2013	Total 2012
Beginning balance	\$ 7,538,000	\$ 1,484,044	\$ 9,022,044	\$ 8,953,925
Liability for current fiscal year claims	764,893		764,893	280,332
Change in liability for prior fiscal year claims and claims incurred but not reported (IBNR)	1,930,000	5,672,216	7,602,216	1,531,945
Claims paid	(1,912,893)	(2,836,108)	(4,749,001)	(1,744,158)
Ending balance	<u>\$ 8,320,000</u>	<u>\$ 4,320,152</u>	<u>\$ 12,640,152</u>	<u>\$ 9,022,044</u>
Current portion	<u>\$ 1,812,849</u>	<u>\$ 1,433,795</u>	<u>\$ 3,246,644</u>	<u>\$ 2,491,329</u>

**Health Care**

The City provides its employees with a choice of five different medical insurance plans through CalPERS. The City pays the premium up to \$1,657 per month per employee. The City also provides its employees with Dental Insurance paying premiums up to \$193 per month per employee. The City also provides long-term disability and life insurance to its employees.

**NOTE 17 – JOINT VENTURE****Salvio Grant Land Joint Venture**

The Salvio Grant Land Joint Venture was formed in 1985 as an equal partnership by the former Redevelopment Agency and a local non-profit corporation to lease certain land for low-income/elderly housing. The Heritage Building was constructed on that land by Plaza Towers Associates, which leases the land from the Partnership under a lease which terminates in 2040.

The Joint Venture financial statements for its fiscal year ended December 31, 2012 reported revenue of \$210,335 and no debt obligations. The City's equity in the partnership at June 30, 2013 was \$2,129,711. Financial statements for the Partnership can be obtained from the City of Concord, 1950 Parkside Drive, Concord, California 94519.

**NOTE 18 – COMMITMENTS AND CONTINGENCIES**

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

The City participates in several Federal and State grant programs. These programs have been audited through the fiscal year ended . No cost disallowances were proposed as a result of these audits; however, these programs are still 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.

**NOTE 19 – SUBSEQUENT EVENT**

On July 9, 2013 the Concord City Council approved changing the name of the Mt Diablo Health Care District to the “Concord/ Pleasant Hill Health Care District”.

**NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES****Redevelopment Dissolution**

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved redevelopment agencies on January 31, 2012.

The suspension provisions prohibited all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26.

**NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES (CONTINUED)**

ABx1 26 and AB1484 created the regulatory authority, the Successor Agency Oversight Board, under the direction of the State Controller and Department of Finance (DOF), to review former Agency's asset transfer, obligation payments and wind down activities. ABx1 26 specifically directs the State Controller to review the activities of all redevelopment agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the Redevelopment Agency or, on or after February 1, 2012, to the Successor Agency.

Effective January 31, 2012, the Redevelopment Agency was dissolved. Certain assets of the Redevelopment Agency Low and Moderate Income Housing Fund were distributed to a Housing Successor; and all remaining Redevelopment Agency assets and liabilities were distributed to a Successor Agency.

Under the provisions of AB 1484, the City elected to become the Housing Successor and retain the housing assets. On February 1, 2012, certain housing assets were transferred to the City's Concord Housing Fund, a special revenue fund.

The activities of the Housing Successor are reported in the Concord Housing Special Revenue Fund as the City has control of those assets, which may be used in accordance with the low and moderate income housing provisions of California Redevelopment Law.

The City also elected to become the Successor Agency and on February 1, 2012 the Redevelopment Agency's remaining assets were distributed to and liabilities were assumed by the Successor Agency. ABx1 26 requires the establishment of an Oversight Board to oversee the activities of the Successor Agency and one was established in April 2012. The activities of the Successor Agency are subject to review and approval of the Oversight Board, which is comprised of seven members, including one City employee appointed by the Mayor.

The activities of the Successor Agency are reported in the Successor Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency.

The following notes provide more information regarding assets and liabilities of the Successor Agency.

**Loans Receivable**

The Successor Agency assumed the non-housing loans receivable of the former Redevelopment Agency as of February 1, 2012. The former Redevelopment Agency engaged in programs designed to encourage construction of, or improvement to, low-to-moderate income housing. Under these programs, grants or loans were provided under favorable terms to homeowners or developers who agreed to expend these funds in accordance with the former Agency's terms. The balances of the notes receivable arising from the non-housing programs at June 30, 2013 are set forth below:

**Concord Residential Club**

Low and no interest loans were made by the former Redevelopment Agency to provide businesses assistance for rehabilitating buildings in the downtown area and to businesses or individuals for the rehabilitation of housing within the City of Concord owned and/or occupied by persons of low and moderate income. As of June 30, 2013 the loan balance was \$543,950.

**NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES (CONTINUED)****California Automotive Retailing Group Development Agreement**

In July 2009, the Agency entered into a \$250,000 interest free loan agreement with California Automotive Retailing Group to rehabilitate and improve an existing automotive dealership site at 1330 Concord Avenue. Monthly payments of \$2,083 for 120 months started on October 1, 2009. The Successor Agency expects the loan to be repaid on September 1, 2019. As of June 30, 2013 the loan balance was \$160,420.

**Fry's Electronics Development Agreement**

The former Redevelopment Agency entered into a \$3,900,000 loan agreement with Fry's Electronics to provide assistance with rehabilitation of the building and surrounding site improvements. The substance of the agreement is that Fry's will be paid a portion of future sales tax revenues produced by the development. These payments are conditioned on the generation of annual sales tax revenues by the development of at least \$500,000 per year, adjusted annually for inflation, and the Agency is not required to use any other resources to pay these amounts. Beginning with the year that the sales tax collections first exceed the threshold, the Agency has agreed to pay Fry's compound interest of 7% on the loan principal balance not yet disbursed to Fry's, however the calculation of this annual interest due is limited to the lesser of the actual calculation or the principal amount of the loan disbursed to Fry's in that year. The loan will be forgiven after ten calendar years as long as the building remains operated by Fry's Electronics. In addition, the Agency has entered into an agreement with the City under which the City has agreed to annually reimburse the Agency for any amounts that it has paid to Fry's, but that reimbursement is subordinated to the City's other obligations. During fiscal year 2013, sales tax collections did not meet the threshold; therefore the former Redevelopment Agency and the Successor Agency did not disburse any funds to Fry's in accordance with the terms of the agreement. At , the remaining portion of sales tax revenues subject to reimbursement was \$3.9 million plus interest at 7%. The agreement terminates in 2019, regardless of whether the entire loan amount has been disbursed, and is not carried on the financial statements.

**Land Held for Redevelopment**

As of , the Successor Agency held the following properties for resale or redevelopment, totaling \$11,416,332:

- a) During fiscal year 2009 the Agency purchased six parcels of land located in the downtown area to assist in implementing the Agency's Strategic Plan.
- b) A parcel of land held by the Agency was purchased in fiscal year 2007 which will be held for resale for future development projects.
- c) A parcel of land held by the Agency was purchased in fiscal year 2004 which is to be sold in the future for redevelopment projects.
- d) A parcel of land was purchased in fiscal year 2002 which is to be sold in the future for the Town Center Project.
- e) One property purchased in fiscal year 2001 which is to be sold for the purpose of constructing a new hotel in downtown Concord.
- f) During the year ended June 30, 1999, the Agency purchased a parcel which is to be sold in the future for development projects.
- g) Five properties purchased from 1982-1987 which are being held for resale for future development projects.

**NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES (CONTINUED)****Pooled Investments**

As of , the Successor Agency held assets within the City investment pool totaling \$3,749,573.

**Cash with Fiscal Agents**

As of , the Successor Agency held assets with fiscal agents totaling \$3,300,117.

**Capital Assets**

The Successor Agency assumed the capital assets of the former Redevelopment Agency as of February 2012.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The Successor Agency's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

The Successor Agency has recorded all its public domain (infrastructure) capital assets, which include landscape, storm, street, and traffic systems.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation of capital assets in service is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Successor Agency has assigned 25-33 years for the useful lives of buildings and structures.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**Capital Asset Additions, Retirements and Balances**

	Balance at June 30, 2012 (as Restated)	Additions	Deletions	Balance at June 30, 2013
<b><i>Successor Agency</i></b>				
Capital assets not being depreciated:				
Land	\$ 448,293			\$ 448,293
Construction in progress	36,862			36,862
Total capital assets not being depreciated	<u>485,155</u>	<u>-</u>	<u>-</u>	<u>485,155</u>
Capital assets being depreciated:				
Buildings and structures	2,259,347			2,259,347
Less: depreciation	(1,211,161)	\$ (67,781)		(1,278,942)
Streets	231,824	68,695		300,519
Less: depreciation	-	(8,872)		(8,872)
Sidewalks	227,377			227,377
Less: depreciation	-	(4,547)		(4,547)
Lights	-	37,527		37,527
Less: depreciation	-	(625)		(625)
Total capital assets being depreciated	<u>1,507,387</u>	<u>24,397</u>	<u>-</u>	<u>1,531,784</u>
Successor Agency Capital assets, net	<u>\$ 1,992,542</u>	<u>\$ 24,397</u>	<u>\$ -</u>	<u>\$ 2,016,939</u>

**NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES (CONTINUED)****Long-Term Debt**

The Successor Agency assumed the long-term debt of the former Redevelopment Agency as of February 2012.

**Current Year Transactions and Balances**

The Successor Agency's debt issues and transactions are summarized below and discussed in detail thereafter.

	Original Principal Amount	Balance as of June 30, 2012 (as Restated)	Retirements	Balance as of June 30, 2013	Current Portion
<b>2004 Tax Allocation Refunding Bonds</b>					
3.9-5.05%, due 07/01/2025	\$ 72,310,000	\$ 53,370,000	\$ 3,985,000	\$ 49,385,000	\$ 4,145,000
Less deferred amount on refunding		(1,776,158)	(296,027)	(1,480,131)	
Total Tax Allocation Bonds		<u>51,593,842</u>	<u>3,688,973</u>	<u>47,904,869</u>	<u>4,145,000</u>
<b>Reimbursement Agreement:</b>					
City of Concord, 3.60%, due 09/01/2019	\$ 3,116,000	3,067,000		3,067,000	
<b>Reimbursement Agreement:</b>					
City of Concord, 2.70-5.25%, due 03/01/2023	\$ 19,280,000	7,065,000	900,000	6,165,000	935,000
<b>Loan Payable:</b>					
Housing Successor Loan Due 06/30/2019	\$ 9,495,937	<u>9,495,937</u>		<u>9,495,937</u>	
<b>Total Successor Agency</b>		<u>\$ 71,221,779</u>	<u>\$ 4,588,973</u>	<u>\$ 66,632,806</u>	<u>\$ 5,080,000</u>

**Tax Allocation Bonds (TABs) Outstanding**

Tax Allocation Bonds were issued in 2004 by the former Redevelopment Agency to defease and retire the 1988 Current Interest Term Bonds, 1993 Senior Current Interest Term Bonds, and the 1993 Subordinate Term Bonds. Interest payments on the 2004 TABs are payable semi-annually on January 1 and July 1. The 2004 TABs are special obligations of the Agency and are secured by the Agency's tax increment revenues. With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. In addition, under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations. The TABs are secured by a surety bond issued by AMBAC Assurance which declared bankruptcy in November 2010. The Successor Agency has not obtained a replacement surety as of June 30, 2013.

The pledge of future tax increment revenues ends upon repayment of the \$69,493,551 (principal and interest) in remaining debt service on the Agency's Tax Allocation Bonds which is scheduled to occur in 2026. As disclosed in the originating offering documents, pledged future tax increment revenues are expected to provide coverage over debt service of 1.63 over the life of the long term debt. For fiscal year 2013 RPTTF amounted to \$8,573,064 which represented coverage of 1.86 over the \$4,588,973 in debt service.

**NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES (CONTINUED)****Reimbursement Agreements- Police Facilities and Parking Garage Revenue Bonds**

The City of Concord Public Financing Authority constructed police facilities and a three-level, 432-space parking structure, which are leased from the City. Revenues from these leases totaled \$900,000 in fiscal year 2013. The Concord Joint Powers Financing Authority loaned the City \$19,280,000 to construct these facilities, with reimbursement agreement in place between the former Redevelopment Agency and the City. With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund repayment under the reimbursement agreement. In addition, under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations.

As of June 30, 2013 the total amount payable on the reimbursement agreement was \$6,615,000.

**Reimbursement Agreements- Refunding Lease Agreement**

On June 24, 2010 the former Redevelopment Agency entered into a Refunding Lease Agreement in the amount of \$5,073,000. The proceeds from the Agreement were used to retire a portion of the outstanding 1993 Lease Revenue Bonds and to fully repay the 1999 Judgment Obligation Bonds. The Agreement bears interest at 3.6% and is due semi-annually on March 1 and September 1. Principal payments are due annually on September 1 until September 1, 2019. As of June 30, 2013 the total amount payable on the reimbursement agreement was \$3,607,000.

**Housing Successor Loan Payable**

Beginning in 1986, the former Redevelopment Agency's General Capital Projects Fund has been required by the State to set aside 20% of property tax increments for low and moderate income housing. However, under a transition rule, pursuant to Health and Safety Code Section 33334.6, the former Redevelopment Agency was permitted to set aside less than 20% of the tax increment that it received to the extent that it spent the tax increment revenue for the Agency's debt incurred prior to 1986 or for Agency projects approved prior to 1986, as long as it had a written plan for repaying these amounts to the Concord Housing Special Revenue Fund. The Agency's General Capital Projects Fund has been allowed to use these set-asides for current capital projects as long as it had a written plan for repaying these amounts to the Low and Moderate Income Housing Special Revenue Fund. At June 30, 2013 the amount due that Fund under the repayment plan totaled \$9,495,937. The advance does not bear interest.

The above loan had previously been reported as an interfund advance within the Redevelopment Agency, but with the transfer of the former Redevelopment Agency's liabilities to the Successor Agency, the advance is now reported as long-term debt of the Successor Agency. This loan was originally required to be repaid by June 30, 2019; however repayment is now subject to the provisions of Health and Safety Code Section 34176 and cannot begin prior to fiscal year 2014 based on the repayment requirements in the Health and Safety Code. This loan has been approved by the Department of Finance on the Recognized Obligation Payment Schedule.

**NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES (CONTINUED)****Debt Service Requirements**

Annual debt service requirements are shown below for long-term debt except the Housing Successor Loan Payable because the ultimate repayment terms cannot be determined at this time as discussed above:

For the Year Ending June 30,	Principal	Interest
2014	\$ 5,080,000	\$ 2,604,770
2015	5,258,000	2,390,344
2016	5,472,500	2,162,192
2017	5,706,500	1,915,427
2018	5,970,000	1,652,928
2019-2023	31,860,937	4,543,044
2024-2026	8,765,000	674,761
Total	<u>68,112,937</u>	<u>\$ 15,943,466</u>
Reconciliation of long-term debt:		
Less unamortized deferred amount on refunding	<u>(1,480,131)</u>	
	<u>\$ 66,632,806</u>	

**Commitments and Contingencies***State Approval of Enforceable Obligations*

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

*State Asset Transfer Review*

The activities of the former Redevelopment Agency and the Successor Agency are subject to further examination by the State of California and the amount, if any, of expenditures which may be disallowed by the State cannot be determined at this time. In addition, the State Controller's Office will be conducting a review of the propriety of asset transfers between the former Redevelopment Agency or the Successor Agency and any public agency that occurred on or after January 1, 2011 and the amount, if any, of assets that may be required to be returned to the Successor Agency cannot be determined at this time.

On January 11, 2013 the Successor Agency remitted \$8,579,587 to the Contra Costa County Auditor-Controller's office in compliance with the asset review of the Low and Moderate Income Housing Fund assets.

On June 14, 2013 the Successor Agency remitted \$651,230 to the Contra Costa County Auditor-Controller's office in compliance with the asset review of the All Other Funds assets.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS**

The tables below shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial liability as a percentage of the annual covered payroll for the City's retirement and OPEB plans as of the valuation dates.

***CalPERS Safety and Miscellaneous Employees Pension Plans***

***Safety Plan***

Valuation Date	Actuarial			Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
	Entry Age Accrued Liability	Value of Asset	Unfunded (Overfunded) Liability			
June 30, 2009	\$ 138,664,961	\$ 106,195,024	\$ 32,469,937	76.6%	\$ 17,453,149	186.0%
June 30, 2010	152,020,183	113,789,847	38,230,336	74.9%	17,036,194	224.4%
June 30, 2011	166,921,000	121,947,000	44,974,000	73.1%	17,031,000	264.1%

***Miscellaneous Plan***

Valuation Date	Actuarial			Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
	Entry Age Accrued Liability	Value of Asset	Unfunded (Overfunded) Liability			
June 30, 2009	\$ 142,753,938	\$ 113,571,126	\$ 29,182,812	79.6%	\$ 23,623,292	123.5%
June 30, 2010	153,962,951	118,689,771	35,273,180	77.1%	18,023,583	195.7%
June 30, 2011	163,036,000	123,455,000	39,581,000	75.7%	17,127,000	231.1%

***City of Concord Retiree Healthcare Plan***

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	Unfunded Actuarial Liability as Percentages of Covered Payroll [(B-A)/C]
June 30, 2010	\$ 15,418,000	\$ 49,254,000	\$ 33,836,000	31.30%	\$ 30,830,000	110%
June 30, 2011	18,332,000	53,678,000	35,346,000	34.15%	33,358,000	106%
June 30, 2013	18,655,000	62,217,000	43,562,000	29.98%	32,192,000	135%

***City of Concord Retirement System***

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Percentage AAL Funded	Unfunded (Overfunded) AAL	Annual Covered Payroll	Unfunded (Overfunded) AAL Covered Payroll
June 30, 2007	\$ 51,199,000	\$ 83,912,000	61.02%	\$ 32,713,000	*N/A	*N/A
June 30, 2010	43,596,000	65,271,000	66.79%	21,675,000	*N/A	*N/A
June 30, 2012	39,820,000	63,895,000	62.32%	24,075,000	*N/A	*N/A

\*Plan was closed in 1993; therefore, there is no covered payroll

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS**

**Notes to the Required Supplementary Information**

- Note 1** This information is intended to help users assess the City's Public Safety and Miscellaneous Retirement Plans, the City's OPEB plan and the City's Retirement System's status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due and make comparisons with other employees.
- Note 2** The information presented related to the City's Public Safety and Miscellaneous Retirement Plans, the City's OPEB plan and the City's Retirement System's only.

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## NON-MAJOR GOVERNMENTAL FUNDS

**State Gas Tax Fund.** To account for restricted revenue apportioned to the City from State-collected gasoline taxes and expended for construction and maintenance of City streets.

**Maintenance Districts Fund.** To account for revenue from property tax and annual assessments against property owners and expended for their share of the City's cost for maintenance in the areas of the service provided.

**Art in Public Places Fund.** To account for fees applied to new construction and expended for the purchase and installation of art objects in the City.

**Traffic System Management Fund.** To account for monies from in-lieu parking fees, to be expended for traffic management facilities.

**Housing Assistance Program Fund.** To account for monies from the former Redevelopment Agency and developers' contributions to be expended for low-income housing loans.

**Housing and Community Services Fund** – To account for monies received from the Department of Housing and Urban Development and expended for development of jobs and suitable housing for low-income residents.

**Storm Water Management Fund.** To account for activities necessary to comply with the Federal Clean Water Act.

**Health Care District Fund.** To account for funds needed for health programs. The program is funded through property taxes.

**Police Facilities Revenue Bonds Fund.** To account for accumulation of revenue for payment of principal and interest on the Police Facility lease revenue bonds.

**Parking Structure Revenue Bonds Fund.** To account for accumulation of revenue for payment of principal and interest on the Parking Structure lease revenue bonds.

**ABAG Fund.** To account for transfers of revenue from the General Fund for payment of interest and principal on Association of Bay Area Governments (ABAG) certificates of participation.

**Performing Arts Revenue Bonds Fund.** To account for the accumulation of revenue provided by Bill Graham Presents for payment of interest and principal on the Pavilion lease revenue bonds issued in 1995.

**Assessment Districts Fund.** To account for accumulation of special assessment taxes for payment of special assessment bond interest and principal.

**Refunding Lease Agreement Fund.** To account for a lease agreement issued to refinance and retire the Police Facilities Revenue Bonds and the Judgment Obligation Bonds. (Transferred to Successor Agency)

**Energy Lease Fund.** To account for a lease agreement issued to finance several energy conservation projects throughout the City.

**Special Developers Fund.** To account for capital projects within the City funded by various fees collected from developers.

**Inter-Governmental Capital Projects Fund.** To account for approved capital projects funded from other governmental agencies.

**CITY OF CONCORD  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2013**

	SPECIAL REVENUE FUNDS			
	State Gas Tax	Maintenance Districts	Art in Public Places	Traffic System Management
<b>ASSETS:</b>				
Cash and Investments	\$ 4,152,186	\$ 3,941,411	\$ 127,102	\$ 136,892
Cash with Fiscal Agents				
Receivables, Net				
Accounts Receivable				
Due from Other Governments	243,107	1		
Loans and Notes				
Advances to Other Funds				318,000
Total Assets	<u>\$ 4,395,293</u>	<u>\$ 3,941,412</u>	<u>\$ 127,102</u>	<u>\$ 454,892</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
Accounts, Deposits and Contracts Payable				
Accrued Liabilities	\$ 32,331	\$ 3,817		
Due to Other Funds				
Deferred Revenue				
Advance from Other Funds		318,000		
Total Liabilities	<u>32,331</u>	<u>321,817</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	4,362,962	3,619,595	\$ 127,102	\$ 454,892
Assigned				
Unassigned				
Total Fund Balances (Deficit)	<u>4,362,962</u>	<u>3,619,595</u>	<u>127,102</u>	<u>454,892</u>
Total Liabilities and Fund Balances	<u>\$ 4,395,293</u>	<u>\$ 3,941,412</u>	<u>\$ 127,102</u>	<u>\$ 454,892</u>

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SPECIAL REVENUE FUNDS

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Housing Assistance Program	Housing and Community Services	Storm Water Management	Health Care District
\$ 495,986	\$ 2,385,104	\$ 2,978,383	\$ 334,344
	356		
	130,014		29,320
198,538	2,569,065		
<u>\$ 694,524</u>	<u>\$ 5,084,539</u>	<u>\$ 2,978,383</u>	<u>\$ 363,664</u>
	\$ 7,016	\$ 1,121	
	432,379	6,206	\$ 822
\$ 13,093	2,349,065		
<u>13,093</u>	<u>2,788,460</u>	<u>7,327</u>	<u>822</u>
681,431	2,569,065	2,971,056	362,842
	(272,986)		
<u>681,431</u>	<u>2,296,079</u>	<u>2,971,056</u>	<u>362,842</u>
<u>\$ 694,524</u>	<u>\$ 5,084,539</u>	<u>\$ 2,978,383</u>	<u>\$ 363,664</u>

**CITY OF CONCORD  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2013**

DEBT SERVICE FUNDS

Police Facilities Revenue Bonds	Parking Structure Revenue Bonds	ABAG	Performing Arts Revenue Bonds	Assessment Districts	Refunding Lease Agreement	Energy Lease
		\$ 1	\$ 726,790			
\$ 197,476	\$ 747,565	65,812	659,469			\$ 29
				\$ 94,118		
				1		
<u>\$ 197,476</u>	<u>\$ 747,565</u>	<u>\$ 65,813</u>	<u>\$ 1,386,259</u>	<u>\$ 94,119</u>	<u>\$ -</u>	<u>\$ 29</u>
				\$ 8,479		
				86,606		
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,085</u>	<u>-</u>	<u>-</u>
\$ 197,476	\$ 747,565	\$ 65,813	\$ 1,386,259			\$ 29
				(966)		
<u>197,476</u>	<u>747,565</u>	<u>65,813</u>	<u>1,386,259</u>	<u>(966)</u>	<u>-</u>	<u>29</u>
<u>\$ 197,476</u>	<u>\$ 747,565</u>	<u>\$ 65,813</u>	<u>\$ 1,386,259</u>	<u>\$ 94,119</u>	<u>\$ -</u>	<u>\$ 29</u>

CAPITAL PROJECTS FUNDS

<u>Special Developers</u>	<u>Inter- Governmental</u>	<u>Total Non-Major Governmental Funds</u>
\$ 1,727,226	\$ 776,862	\$ 17,782,287
		1,670,351
149,550	1,124,629	1,368,653
	189,359	591,802
		2,767,603
		318,000
<u>\$ 1,876,776</u>	<u>\$ 2,090,850</u>	<u>\$ 24,498,696</u>
\$ 35	\$ 13,712	\$ 30,363
	222	475,777
		86,606
149,550	1,313,988	3,825,696
<u>1,132,473</u>		<u>1,450,473</u>
<u>1,282,058</u>	<u>1,327,922</u>	<u>5,868,915</u>
594,718	762,928	18,309,015
		594,718
		(273,952)
<u>594,718</u>	<u>762,928</u>	<u>18,629,781</u>
<u>\$ 1,876,776</u>	<u>\$ 2,090,850</u>	<u>\$ 24,498,696</u>

**CITY OF CONCORD  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2013**

	SPECIAL REVENUE FUNDS				
	State Gas Tax	Maintenance Districts	Art in Public Places	Traffic System Management	Housing Assistance Program
<b>REVENUES:</b>					
Taxes		\$ 1,518,805			
Licenses and Permits					
Intergovernmental	\$ 2,849,334				
Charges for Services					\$ 6,876
Use of Money and Property	21,824	15,754	\$ 597	\$ 19,587	(5,132)
Special Assessment Collections					
Other					
Total Revenues	<u>2,871,158</u>	<u>1,534,559</u>	<u>597</u>	<u>19,587</u>	<u>1,744</u>
<b>EXPENDITURES:</b>					
Current:					
Public Works	2,345,245	1,109,482			
Community and Economic Development				49,226	181
Parks & Recreation Services					
Public Safety					
Capital Outlay	501,018	17,017			
Debt Service:					
Principal Repayment					
Interest and Fiscal Charges		19,875			
Total Expenditures	<u>2,846,263</u>	<u>1,146,374</u>	<u>-</u>	<u>49,226</u>	<u>181</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>24,895</u>	<u>388,185</u>	<u>597</u>	<u>(29,639)</u>	<u>1,563</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In					
Transfers (Out)		(264,042)		(10,500)	
Total Other Financing Sources (Uses)	<u>-</u>	<u>(264,042)</u>	<u>-</u>	<u>(10,500)</u>	<u>-</u>
Net Changes in Fund Balances	24,895	124,143	597	(40,139)	1,563
Fund Balances (Deficit) at the Beginning of Period (as restated)	<u>4,338,067</u>	<u>3,495,452</u>	<u>126,505</u>	<u>495,031</u>	<u>679,868</u>
FUND BALANCES (DEFICIT) AT END OF PERIOD	<u>\$ 4,362,962</u>	<u>\$ 3,619,595</u>	<u>\$ 127,102</u>	<u>\$ 454,892</u>	<u>\$ 681,431</u>

SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS				
Housing and Community Services	Storm Water Management	Health Care District	Police Facilities Revenue Bonds	Parking Structure Revenue Bonds	ABAG	Performing Arts Revenue Bonds	Assessment Districts
	\$ 2,051,475	\$ 269,043					
\$ 953,471							
13,885	11,693	894	\$ 330	\$ 4,045	\$ 166	\$ 7,851	\$ (1,034)
26,470		31,508	510,692	747,137			163,596
993,826	2,063,168	301,445	511,022	751,182	166	7,851	162,562
	675,410						
91,230	744,406						8,479
540,812		96,554					
57,800							
340,308	34,419						
			465,000	435,000		520,000	
			46,102	308,967	565	265,067	
1,030,150	1,454,235	96,554	511,102	743,967	565	785,067	8,479
(36,324)	608,933	204,891	(80)	7,215	(399)	(777,216)	154,083
979					568	782,032	
	(461,872)	(35,970)					
979	(461,872)	(35,970)	-	-	568	782,032	-
(35,345)	147,061	168,921	(80)	7,215	169	4,816	154,083
2,331,424	2,823,995	193,921	197,556	740,350	65,644	1,381,443	(155,049)
\$ 2,296,079	\$ 2,971,056	\$ 362,842	\$ 197,476	\$ 747,565	\$ 65,813	\$ 1,386,259	\$ (966)

**CITY OF CONCORD  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2013**

	DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS		Total Non-Major Governmental Funds
	Refunding Lease Agreement	Energy Lease	Special Developers	Inter - Governmental	
<b>REVENUES:</b>					
Taxes					\$ 3,839,323
Licenses and Permits			\$ 101,955		101,955
Intergovernmental				\$ 1,645,976	5,448,781
Charges for Services					6,876
Use of Money and Property		\$ (235)	7,073	17,057	114,355
Special Assessment Collections					163,596
Other	\$ 110,412		3,638		1,429,857
Total Revenues	110,412	(235)	112,666	1,663,033	11,104,743
<b>EXPENDITURES:</b>					
Current:					
Public Works				1,235,568	5,365,705
Community and Economic Development				269,595	1,163,117
Parks & Recreation Services			78,764		716,130
Public Safety					57,800
Capital Outlay			429,345	2,233,034	3,555,141
Debt Service:					
Principal Repayment	389,000	268,019			2,077,019
Interest and Fiscal Charges	146,790	391,694			1,179,060
Total Expenditures	535,790	659,713	508,109	3,738,197	14,113,972
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(425,378)	(659,948)	(395,443)	(2,075,164)	(3,009,229)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	425,378	659,948	19,705	6,536	1,895,146
Transfers (Out)			(6,536)	(91,025)	(869,945)
Total Other Financing Sources (Uses)	425,378	659,948	13,169	(84,489)	1,025,201
Net Changes in Fund Balances			(382,274)	(2,159,653)	(1,984,028)
Fund Balances (Deficit) at the Beginning of Period (as restated)		29	976,992	2,922,581	20,613,809
FUND BALANCES (DEFICIT) AT END OF PERIOD	\$ -	\$ 29	\$ 594,718	\$ 762,928	\$ 18,629,781

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**CITY OF CONCORD  
BUDGETED NON-MAJOR FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013**

	STATE GAS TAX			MAINTENANCE DISTRICTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Taxes				\$ 1,506,971	\$ 1,518,805	\$ 11,834
Licenses and Permits						
Intergovernmental	\$ 3,269,344	\$ 2,849,334	\$ (420,010)			
Charges for Services						
Use of Money and Property	48,000	21,824	(26,176)	49,510	15,754	(33,756)
Special Assessment Collections						
Other						
Total Revenues	<u>3,317,344</u>	<u>2,871,158</u>	<u>(446,186)</u>	<u>1,556,481</u>	<u>1,534,559</u>	<u>(21,922)</u>
<b>EXPENDITURES:</b>						
Current:						
Public Works	2,795,556	2,345,245	450,311	1,255,529	1,109,482	146,047
Community and Economic Development	16,703		16,703			
Parks & Recreation Services						
Public Safety						
Capital Outlay						
Debt Service:						
Principal Repayment						
Interest and Fiscal Charges					19,875	(19,875)
Total Expenditures	<u>2,812,259</u>	<u>2,345,245</u>	<u>467,014</u>	<u>1,255,529</u>	<u>1,129,357</u>	<u>126,172</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>505,085</u>	<u>525,913</u>	<u>20,828</u>	<u>300,952</u>	<u>405,202</u>	<u>104,250</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In				336,495		(336,495)
Transfers (Out)				(698,236)	(264,042)	434,194
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(361,741)</u>	<u>(264,042)</u>	<u>97,699</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>505,085</u>	<u>525,913</u>	<u>20,828</u>	<u>(60,789)</u>	<u>141,160</u>	<u>201,949</u>
Adjustment to Budgetary Basis:						
Capital Outlay		(501,018)			(17,017)	(17,017)
Fund Balances at Beginning of Year	<u>4,338,067</u>	<u>4,338,067</u>		<u>3,495,452</u>	<u>3,495,452</u>	
Fund Balances at End of Year	<u>\$ 4,843,152</u>	<u>\$ 4,362,962</u>	<u>\$ 20,828</u>	<u>\$ 3,434,663</u>	<u>\$ 3,619,595</u>	<u>\$ 184,932</u>

ART IN PUBLIC PLACES			TRAFFIC SYSTEM MANAGEMENT			HOUSING ASSISTANCE PROGRAM		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	\$ 597	\$ 597	\$ 788	\$ 19,587	\$ 18,799	\$ 9,750	\$ 6,876	\$ (2,874)
						7,500	(5,132)	(12,632)
<u>-</u>	<u>597</u>	<u>597</u>	<u>788</u>	<u>19,587</u>	<u>18,799</u>	<u>17,250</u>	<u>1,744</u>	<u>(15,506)</u>
			49,655	49,226	429		181	(181)
			124,650		124,650			
<u>-</u>	<u>-</u>	<u>-</u>	<u>174,305</u>	<u>49,226</u>	<u>125,079</u>	<u>-</u>	<u>181</u>	<u>(181)</u>
	597	597	(173,517)	(29,639)	143,878	17,250	1,563	(15,687)
			(10,500)	(10,500)				
<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,500)</u>	<u>(10,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	597	597	(184,017)	(40,139)	143,878	17,250	1,563	(15,687)
\$ 126,505	126,505		495,031	495,031		679,868	679,868	
\$ 126,505	\$ 127,102	\$ 597	\$ 311,014	\$ 454,892	\$ 143,878	\$ 697,118	\$ 681,431	\$ (15,687)

**CITY OF CONCORD  
BUDGETED NON-MAJOR FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013**

	HOUSING AND COMMUNITY SERVICES			STORM WATER MANAGEMENT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Taxes				\$ 1,983,000	\$ 2,051,475.00	\$ 68,475.00
Licenses and Permits						
Intergovernmental	\$ 950,342	\$ 953,471	\$ 3,129			
Charges for Services						
Use of Money and Property	20,000	13,885	(6,115)	46,000	11,693	(34,307)
Special Assessment Collections						
Other	45,000	26,470	(18,530)			
Total Revenues	<u>1,015,342</u>	<u>993,826</u>	<u>(21,516)</u>	<u>2,029,000</u>	<u>2,063,168</u>	<u>34,168</u>
<b>EXPENDITURES:</b>						
Current:						
Public Works				759,738	675,410	84,328
Community and Economic Development	343,664	91,230	252,434	780,630	744,406	36,224
Parks & Recreation Services	307,765	540,812	(233,047)			
Public Safety						
Capital Outlay	84,029	57,800	26,229			
Debt Service:						
Principal Repayment						
Interest and Fiscal Charges						
Total Expenditures	<u>735,458</u>	<u>689,842</u>	<u>45,616</u>	<u>1,540,368</u>	<u>1,419,816</u>	<u>120,552</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>279,884</u>	<u>303,984</u>	<u>24,100</u>	<u>488,632</u>	<u>643,352</u>	<u>154,720</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In		979	979			
Transfers (Out)				(439,926)	(461,872)	(21,946)
Total Other Financing Sources (Uses)	<u>-</u>	<u>979</u>	<u>979</u>	<u>(439,926)</u>	<u>(461,872)</u>	<u>(21,946)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>279,884</u>	<u>304,963</u>	<u>25,079</u>	<u>48,706</u>	<u>181,480</u>	<u>132,774</u>
Adjustment to Budgetary Basis:						
Capital Outlay		(340,308)	(340,308)		(34,419)	(34,419)
Fund Balances at Beginning of Year	<u>2,331,424</u>	<u>2,331,424</u>		<u>2,823,995</u>	<u>2,823,995</u>	
Fund Balances at End of Year	<u>\$ 2,611,308</u>	<u>\$ 2,296,079</u>	<u>\$ (315,229)</u>	<u>\$ 2,872,701</u>	<u>\$ 2,971,056</u>	<u>\$ 98,355</u>

HEALTH CARE DISTRICT			POLICE FACILITIES REVENUE BONDS			PARKING STRUCTURE REVENUE BONDS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ 200,000	\$ 269,043	\$ 69,043.00						
200	894	694		\$ 330	\$ 330	\$ 4,045	\$ 4,045	
25,000	31,508	6,508	\$ 502,669	510,692	8,023	747,137	747,137	
225,200	301,445	76,245	502,669	511,022	8,353	751,182	751,182	-
150,099	96,554	53,545						
			465,000	465,000	-	435,000	435,000	
			45,669	46,102	(433)	308,967	308,967	
150,099	96,554	53,545	510,669	511,102	(433)	743,967	743,967	
75,101	204,891	129,790	(8,000)	(80)	7,920	7,215	7,215	
(20,110)	(35,970)	(15,860)						
(20,110)	(35,970)	(15,860)	-	-	-	-	-	-
54,991	168,921	113,930	(8,000)	(80)	7,920	7,215	7,215	
193,921	193,921		197,556	197,556		740,350	740,350	
\$ 248,912	\$ 362,842	\$ 113,930	\$ 189,556	\$ 197,476	\$ 7,920	\$ 747,565	\$ 747,565	\$ -

**CITY OF CONCORD  
BUDGETED NON-MAJOR FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013**

	ABAG			PERFORMING ARTS REVENUE BONDS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Taxes						
Licenses and Permits						
Intergovernmental						
Charges for Services						
Use of Money and Property		\$ 166	\$ 166		\$ 7,851	\$ 7,851
Special Assessment Collections						
Other						
Total Revenues	-	166	166	-	7,851	7,851
<b>EXPENDITURES:</b>						
Current:						
Public Works						
Community and Economic Development						
Parks & Recreation Services						
Public Safety						
Capital Outlay						
Debt Service:						
Principal Repayment				\$ 520,000	520,000	
Interest and Fiscal Charges		565	(565)	270,032	265,067	4,965
Total Expenditures	-	565	(565)	790,032	785,067	4,965
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(399)	(399)	(790,032)	(777,216)	12,816
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In		568	568	782,032	782,032	
Transfers (Out)						
Total Other Financing Sources (Uses)	-	568	568	782,032	782,032	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		169	169	(8,000)	4,816	12,816
Adjustment to Budgetary Basis:						
Capital Outlay						
Fund Balances at Beginning of Year	\$ 65,644	65,644		1,381,443	1,381,443	
Fund Balances at End of Year	\$ 65,644	\$ 65,813	\$ 169	\$ 1,373,443	\$ 1,386,259	\$ 12,816

ASSESSMENT DISTRICTS			REFUNDING LEASE AGREEMENT			ENERGY LEASE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	\$ (1,034)	\$ (1,034)					\$ (235)	\$ (235)
	163,596	163,596		\$ 110,412	\$ 110,412			
-	162,562	162,562	-	110,412	110,412	-	(235)	(235)
	8,479	(8,479)						
			\$ 389,000	389,000		\$ 265,560	268,019	(2,459)
			146,790	146,790		389,360	391,694	(2,334)
-	8,479	(8,479)	535,790	535,790	-	654,920	659,713	(4,793)
-	154,083	154,083	(535,790)	(425,378)	110,412	(654,920)	(659,948)	(5,028)
			535,790	425,378	(110,412)	654,920	659,948	5,028
-	-	-	535,790	425,378	(110,412)	654,920	659,948	5,028
	154,083	154,083						
\$ (155,049)	(155,049)		-			29	29	
\$ (155,049)	\$ (966)	\$ 154,083	\$ -	\$ -	\$ -	\$ 29	\$ 29	\$ -

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## INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds does not extend to internal service funds because they do not do business with outside parties. GASB Statement 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Governmental Activities Statement of Net Position.

However, internal service funds are still presented separately in the Fund financial statements, including the funds below.

**Worker's Compensation Fund.** To account for workers' compensation expenses. This fund is financed by fees charged to the City departments.

**Risk Management/Liability Fund.** To account for the non-reimbursable portion of insurance claims.

**Post-Retirement HealthCare Benefit Fund.** To account for the contributions and benefits paid in relation to the Post-Retirement Health Care Program.

**Fleet Maintenance/Replacement Fund.** To accumulate resources to fund the replacement of City licensed vehicles and motorized equipment.

**Information Technology Replacement Fund.** To accumulate resources to fund the replacement of computers and software for City staff.

**Building Maintenance Fund.** To accumulate resources required to maintain City facilities.

**CITY OF CONCORD  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013**

	Workers' Compensation	Risk Management/ Liability	Post-Retirement Healthcare Benefit	Fleet Maintenance/ Replacement	Information Technology Replacement
<b>ASSETS</b>					
Current Assets:					
Cash and Investments	\$ 8,752,431	\$ 2,306,261		\$ 2,733,208	\$ 6,630,929
Accounts Receivable	2,760			10,868	
Total Current Assets	<u>8,755,191</u>	<u>2,306,261</u>	-	<u>2,744,076</u>	<u>6,630,929</u>
Advances to Other Funds	2,000,000				
Net OPEB Asset			\$ 5,028,652		
Capital Assets:					
Buildings and Improvements					
Equipment				8,592,761	12,271,802
Construction In Progress				252,125	645,865
Less: Accumulated Depreciation	-	-	-	(7,113,130)	(10,019,660)
Net Capital Assets	-	-	-	1,731,756	2,898,007
Total Assets	<u>10,755,191</u>	<u>2,306,261</u>	<u>5,028,652</u>	<u>4,475,832</u>	<u>9,528,936</u>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts Payable					
Accrued Liabilities	914			11,268	26,876
Due to Other Funds			2,428,181		
Compensated Absences Payable				23,309	36,949
Capital Lease Payable					493,478
Interest Payable					33,604
Claims Payable	1,812,849	1,433,795			
Total Current Liabilities	<u>1,813,763</u>	<u>1,433,795</u>	<u>2,428,181</u>	<u>34,577</u>	<u>590,907</u>
Non-Current Liabilities					
Compensated Absences Payable				30,817	104,303
Capital Lease Payable					1,400,884
Claims Payable	6,507,151	2,886,357			
Total Liabilities	<u>8,320,914</u>	<u>4,320,152</u>	<u>2,428,181</u>	<u>65,394</u>	<u>2,096,094</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets				1,731,756	970,041
Unrestricted	2,434,277	(2,013,891)	2,600,471	2,678,682	6,462,801
Total Net Position	<u>\$ 2,434,277</u>	<u>\$ (2,013,891)</u>	<u>\$ 2,600,471</u>	<u>\$ 4,410,438</u>	<u>\$ 7,432,842</u>

<u>Building Maintenance</u>	<u>Total</u>
\$ 1,655,655	\$ 22,078,484
	13,628
<u>1,655,655</u>	<u>22,092,112</u>
	2,000,000
	5,028,652
42,619,511	42,619,511
	20,864,563
<u>1,011,497</u>	<u>1,909,487</u>
<u>(20,820,962)</u>	<u>(37,953,752)</u>
<u>22,810,046</u>	<u>27,439,809</u>
<u>24,465,701</u>	<u>56,560,573</u>
\$211,046	211,046
21,713	60,771
	2,428,181
44,151	104,409
	493,478
	33,604
	<u>3,246,644</u>
<u>276,910</u>	<u>6,578,133</u>
48,269	183,389
	1,400,884
	<u>9,393,508</u>
<u>325,179</u>	<u>17,555,914</u>
22,810,046	25,511,843
<u>1,330,476</u>	<u>13,492,816</u>
<u>\$ 24,140,522</u>	<u>\$ 39,004,659</u>

**CITY OF CONCORD  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013**

	Workers' Compensation	Risk Management/ Liability	Post-Retirement Healthcare Benefit	Fleet Maintenance/ Replacement
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 2,960,005	\$ 1,230,418	\$ 2,438,365	\$ 2,364,618
Other				1,808
Total Operating Revenues	<u>2,960,005</u>	<u>1,230,418</u>	<u>2,438,365</u>	<u>2,366,426</u>
<b>OPERATING EXPENSES</b>				
Operations and Maintenance	381,143	609,045	5,977,172	1,916,278
Cost of Sales and Services			39,882	
Depreciation				687,697
Claims and Judgments	<u>1,912,893</u>	<u>2,836,108</u>		
Total Operating Expenses	<u>2,294,036</u>	<u>3,445,153</u>	<u>6,017,054</u>	<u>2,603,975</u>
Operating Income (Loss)	<u>665,969</u>	<u>(2,214,735)</u>	<u>(3,578,689)</u>	<u>(237,549)</u>
<b>NON-OPERATING REVENUE (EXPENSES)</b>				
Interest and Other Income	55,998	5,647	(10,895)	46,386
Interest and Other Expense				
Gain (Loss) from Sale of Capital Assets				<u>66,759</u>
Total Non-Operating Revenue	<u>55,998</u>	<u>5,647</u>	<u>(10,895)</u>	<u>113,145</u>
Income (Loss) Before Contributions	721,967	(2,209,088)	(3,589,584)	(124,404)
Contributions				151,443
Transfers In		100,000		
Transfers Out	<u>(100,000)</u>	<u>(425,378)</u>		
Changes in Net Position	621,967	(2,534,466)	(3,589,584)	27,039
Net Position Beginning	<u>1,812,310</u>	<u>520,575</u>	<u>6,190,055</u>	<u>4,383,399</u>
Net Position Ending	<u>\$ 2,434,277</u>	<u>\$ (2,013,891)</u>	<u>\$ 2,600,471</u>	<u>\$ 4,410,438</u>

Information Technology Replacement	Building Maintenance	Total
\$ 5,929,143	\$ 2,501,966	\$ 17,424,515
<u>1,121</u>	<u>556</u>	<u>3,485</u>
5,930,264	2,502,522	17,428,000
4,640,789	2,760,916	16,285,343
1,131,731	1,181,563	39,882
<u>5,772,520</u>	<u>3,942,479</u>	<u>3,000,991</u>
157,744	(1,439,957)	4,749,001
20,959	21,096	24,075,217
(66,750)		(6,647,217)
<u>(45,791)</u>	<u>21,096</u>	<u>66,759</u>
111,953	(1,418,861)	139,200
130,000	262,094	413,537
<u>241,953</u>	<u>(335,356)</u>	<u>230,000</u>
241,953	(1,492,123)	(860,734)
7,190,889	25,632,645	(6,725,214)
<u>\$ 7,432,842</u>	<u>\$ 24,140,522</u>	<u>\$ 45,729,873</u>
<u>\$ 7,432,842</u>	<u>\$ 24,140,522</u>	<u>\$ 39,004,659</u>

**CITY OF CONCORD  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013**

	Workers' Compensation	Risk Management/ Liability	Post-Retirement Healthcare Benefit	Fleet Maintenance/ Replacement
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$ 2,965,400	\$ 1,230,418	\$ 2,438,365	\$ 2,399,607
Payments to Suppliers			(3,290,187)	(1,916,278)
Payments to Employees				4,962
Claims Paid	(1,512,345)	(609,045)		
Net Cash Provided by (Used for) Operating Activities	<u>1,453,055</u>	<u>621,373</u>	<u>(851,822)</u>	<u>488,291</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Borrowings of Advances From/To Other Funds			862,716	
Transfer In/ (Out)		100,000		
Transfer In/ (Out)	(100,000)	(425,378)		
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>(100,000)</u>	<u>(325,378)</u>	<u>862,716</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and Construction of Capital Assets				(626,943)
Principal Paid on Debt, Bond Maturities				
Interest and Fiscal Charges Paid				
Net Cash Provided by (used for) Capital and Related Financing Activities				<u>(626,943)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	55,998	5,647	(10,894)	46,386
Net Cash Provided by (used for) Investing Activities	<u>55,998</u>	<u>5,647</u>	<u>(10,894)</u>	<u>46,386</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,409,053	301,642		(92,266)
Cash and Investments at Beginning of Period	<u>7,343,378</u>	<u>2,004,619</u>		<u>2,825,474</u>
Cash and Investments at End of Period	<u>\$ 8,752,431</u>	<u>\$ 2,306,261</u>	<u>\$ -</u>	<u>\$ 2,733,208</u>
<b>Reconciliation of Operating Income (Loss)</b>				
to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 665,969	\$ (2,214,735)	\$ (3,578,689)	\$ (237,549)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation				687,697
Change in Assets and Liabilities:				
Receivables, Net	5,395			33,181
Prepaid Expenses				
Net OPEB Asset			2,726,867	
Accounts Payable				
Accrued Liabilities	(309)			4,962
Self Insurance Claims Payable	782,000	2,836,108		
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,453,055</u>	<u>\$ 621,373</u>	<u>\$ (851,822)</u>	<u>\$ 488,291</u>
Inception of Capital Lease				
Non-cash Contributions and Transfers of Fixed Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,443</u>

Information Technology Replacement	Building Maintenance	Total
\$ 5,930,264	\$ 2,507,162	\$ 17,471,216
(4,572,746)	(2,570,049)	(12,349,260)
(9,886)	5,729	805
		(2,121,390)
<u>1,347,632</u>	<u>(57,158)</u>	<u>3,001,371</u>
	262,094	1,124,810
130,000		230,000
	(335,356)	(860,734)
<u>130,000</u>	<u>(73,262)</u>	<u>494,076</u>
(895,659)	(939,201)	(2,461,803)
98,154		98,154
(63,999)		(63,999)
<u>(861,504)</u>	<u>(939,201)</u>	<u>(2,427,648)</u>
20,959	21,096	139,192
<u>20,959</u>	<u>21,096</u>	<u>139,192</u>
637,087	(1,048,525)	1,206,991
<u>5,993,842</u>	<u>2,704,180</u>	<u>20,871,493</u>
<u>\$ 6,630,929</u>	<u>\$ 1,655,655</u>	<u>\$ 22,078,484</u>
\$ 157,744	\$ (1,439,957)	\$ (6,647,217)
1,131,731	1,181,563	3,000,991
3	4,640	43,219
97,874		97,874
		2,726,867
(22,883)	190,854	167,971
(16,837)	5,742	(6,442)
		3,618,108
<u>\$ 1,347,632</u>	<u>\$ (57,158)</u>	<u>\$ 3,001,371</u>
<u>\$ 752,403</u>		<u>\$ 752,403</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,443</u>

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## STATISTICAL TABLES AND OTHER SCHEDULES (UNAUDITED)

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 discusses 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:

- Net Position by Component
- Changes in Net Position
- Fund Balance of Governmental Funds
- Changes in Fund Balance of Governmental Funds

### Revenue Capacity

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

- Assessed and Estimated Actual Value of Taxable Property
- Property Tax Rates, All Overlapping Governments
- Principal Property Taxpayers
- 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 of Concord's ability to issue additional debt in the future:

- Ratio of Outstanding Debt by Debt
- Computation of Direct and Overlapping Debt
- Computation of Legal Bonded Debt Margin
- Sewer Revenue Bonds Coverage
- Bond Debt Pledged Revenue Coverage - Tax Allocation Bonds

### 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:

- Demographic and Economic Statistics
- Principal Employers

### Operating Information

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

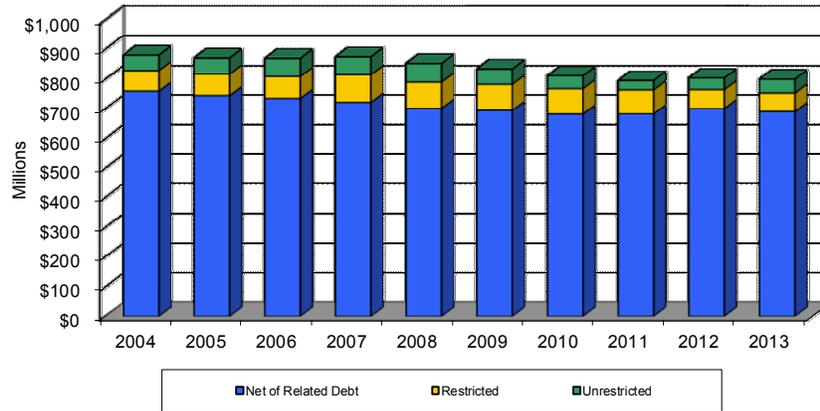
- Full-Time Equivalent (FTE) City Government Employees by Function
- Operating Indicators by Function/Program
- Capital Asset Statistics by Function/Program

### Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2002; Schedules presenting government-wide information include information beginning in that year.

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**Table 1: Net Position by Component  
Last Ten Fiscal Years (Accrual Basis of Accounting)**



	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$677,663,295	\$664,630,378	\$656,737,995	\$649,269,154	\$630,495,335	\$622,560,100	\$618,923,952	\$622,638,976	\$643,967,033	\$634,988,057
Restricted	69,730,092	73,086,978	75,036,355	93,999,338	89,429,887	88,890,688	86,518,109	81,638,944	64,677,611	63,066,665
Unrestricted	37,373,061	39,968,088	44,689,818	42,186,355	48,764,823	38,436,086	23,522,920	11,585,429	19,513,748	31,345,470
<b>Total Governmental Activities Net Position</b>	<b>\$784,766,448</b>	<b>\$777,685,444</b>	<b>\$776,464,168</b>	<b>\$785,454,847</b>	<b>\$768,690,045</b>	<b>\$749,886,874</b>	<b>\$728,964,981</b>	<b>\$715,863,349</b>	<b>\$728,158,392</b>	<b>\$729,400,192</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$81,904,364	\$79,789,175	\$77,720,525	\$72,124,314	\$70,374,727	\$71,320,355	\$62,496,479	\$59,412,890	\$56,121,427	\$54,902,054
Restricted										
Unrestricted	14,317,386	13,760,715	15,757,201	17,775,509	14,119,883	13,520,168	20,444,000	20,431,764	20,279,362	16,229,947
<b>Total Business-Type Activities Net Position</b>	<b>\$96,221,750</b>	<b>\$93,549,890</b>	<b>\$93,477,726</b>	<b>\$89,899,823</b>	<b>\$84,494,610</b>	<b>\$84,840,523</b>	<b>\$82,940,479</b>	<b>\$79,844,654</b>	<b>\$76,400,789</b>	<b>\$71,132,001</b>
<b>Primary Government</b>										
Net Investment in Capital Assets	\$759,567,659	\$744,419,553	\$734,458,520	\$721,393,468	\$700,870,062	\$693,880,456	\$681,420,431	\$682,051,866	\$700,088,460	\$689,890,111
Restricted	69,730,092	73,086,978	75,036,355	93,999,338	89,429,887	88,890,688	86,518,109	81,638,944	64,677,611	63,066,665
Unrestricted	51,690,447	53,728,803	60,447,019	59,961,864	62,884,706	51,956,248	43,966,920	32,017,193	39,793,110	47,575,417
<b>Total Primary Government Net Position</b>	<b>\$880,988,198</b>	<b>\$871,235,334</b>	<b>\$869,941,894</b>	<b>\$875,354,670</b>	<b>\$853,184,655</b>	<b>\$834,727,392</b>	<b>\$811,905,460</b>	<b>\$795,708,003</b>	<b>\$804,559,181</b>	<b>\$800,532,193</b>

**Table 2: Changes in Net Position  
Last Ten Fiscal Years (Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,				
	2004	2005	2006	2007	2008
<b>Expenses</b>					
Governmental Activities:					
General Government	\$11,500,179	\$9,622,634	\$11,142,712	\$13,090,236	\$13,275,497
Public Safety	32,490,241	36,466,365	37,585,077	39,002,036	42,367,364
Public Works	29,048,534	34,904,128	34,976,572	35,491,488	36,554,748
Community & Economic Development	5,710,011	5,087,871	4,836,179	5,065,830	6,530,424
Building, Engineering & Neighborhood Services	5,563,100	5,690,760	7,239,616	9,313,264	12,291,176
Parks & Recreation	14,439,500	6,771,302	7,820,034	8,230,319	9,484,383
Interest on Long Term Debt	5,214,110	6,340,280	5,919,742	5,700,631	5,521,049
Total Governmental Activities Expenses	103,965,675	104,883,340	109,519,932	115,893,804	126,024,641
Business-Type Activities:					
Sewer	16,536,922	17,880,681	18,850,426	20,803,448	24,868,475
Golf Course	1,831,742	1,774,805	1,635,069	1,769,623	1,601,983
Total Business-Type Activities Expenses	18,368,664	19,655,486	20,485,495	22,573,071	26,470,458
Total Primary Government Expenses	\$122,334,339	\$124,538,826	\$130,005,427	\$138,466,875	\$152,495,099
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services:					
General Government	\$151,645	\$237,121	\$1,025,938	\$883,778	\$782,744
Public Safety	1,612,896	1,484,683	1,371,870	1,642,445	1,499,727
Public Works	3,669,880	6,712,375	4,814,755	4,964,185	2,575,986
Community & Economic Development	1,628,316	1,567,764	4,903,145	4,492,293	3,281,902
Building, Engineering & Neighborhood Services	2,427,260	2,703,914	2,957,954	2,694,836	777,091
Parks & Recreation	2,999,927	3,390,454	2,706,210	3,015,576	3,287,962
Operating Grants and Contributions	7,311,503	6,458,722	6,825,581	8,100,031	6,188,496
Capital Grants and Contributions	9,659,289	4,392,944	14,452,119	7,755,904	8,768,985
Total Governmental Activities Program Revenues	29,460,716	26,947,977	39,057,572	33,549,048	27,162,893
Business-Type Activities:					
Charges for Services:					
Sewer Wastewater	14,518,522	14,735,514	17,130,440	15,968,289	17,915,613
Golf Course	1,814,642	1,672,696	1,556,405	1,602,581	1,535,148
Capital Grants and Contributions	311,843		689,253	233,662	79,419
Total Business-Type Activities Program Revenue	16,645,007	16,408,210	19,376,098	17,804,532	19,530,180
Total Primary Government Program Revenues	\$46,105,723	\$43,356,187	\$58,433,670	\$51,353,580	\$46,693,073
<b>Net (Expense)/Revenue</b>					
Governmental Activities	(\$74,504,959)	(\$77,935,363)	(\$70,462,360)	(\$82,344,756)	(\$98,861,748)
Business-Type Activities	(1,723,657)	(3,247,276)	(1,109,397)	(4,768,539)	(6,940,278)
Total Primary Government Net Expense	(\$76,228,616)	(\$81,182,639)	(\$71,571,757)	(\$87,113,295)	(\$105,802,026)
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities:					
Taxes:					
Property Taxes	\$22,436,555	\$21,710,942	\$23,202,025	\$28,151,765	\$30,269,864
Sales Taxes	27,817,974	28,313,462	27,219,549	28,574,582	27,325,370
Motor Vehicle In-Lieu	5,689,008	9,496,201	9,064,920	9,266,868	9,759,831
Transient Occupancy Taxes	1,528,836	1,629,388	1,836,002	2,057,241	2,193,085
Business License Taxes	2,815,574	3,153,959	3,107,600	3,218,553	3,157,176
Other Taxes	3,256,347	3,368,778	3,347,905	3,853,558	3,991,357
Grants & Contributions Not Restricted to Specific Programs					
Investment Earnings	2,160,336	3,147,879	2,962,518	4,218,014	5,346,348
Miscellaneous Revenues	55,193	74,071	59,733		53,915
Transfers	9,596	(40,321)			
Gain (Loss) on Sale of Land			(1,559,168)	11,994,854	
Extraordinary Item-Assets Transferred to/Liabilities assumed by Successor Agency					
Total Governmental Activities	65,769,419	70,854,359	69,241,084	91,335,435	82,096,946
Business-Type Activities:					
Investment Earnings	53,790	535,095	1,037,233	1,190,636	1,485,065
Miscellaneous Revenues					50,000
Transfers	(9,596)	40,321			
Total Business-Type Activities	44,194	575,416	1,037,233	1,190,636	1,535,065
Total Primary Government	\$65,813,613	\$71,429,775	\$70,278,317	\$92,526,071	\$83,632,011
<b>Change in Net Position</b>					
Governmental Activities	(\$8,735,540)	(\$7,081,004)	(\$1,221,276)	\$8,990,679	(\$16,764,802)
Business-Type Activities	(1,679,463)	(2,671,860)	(72,164)	(3,577,903)	(5,405,213)
Total Primary Government	(\$10,415,003)	(\$9,752,864)	(\$1,293,440)	\$5,412,776	(\$22,170,015)

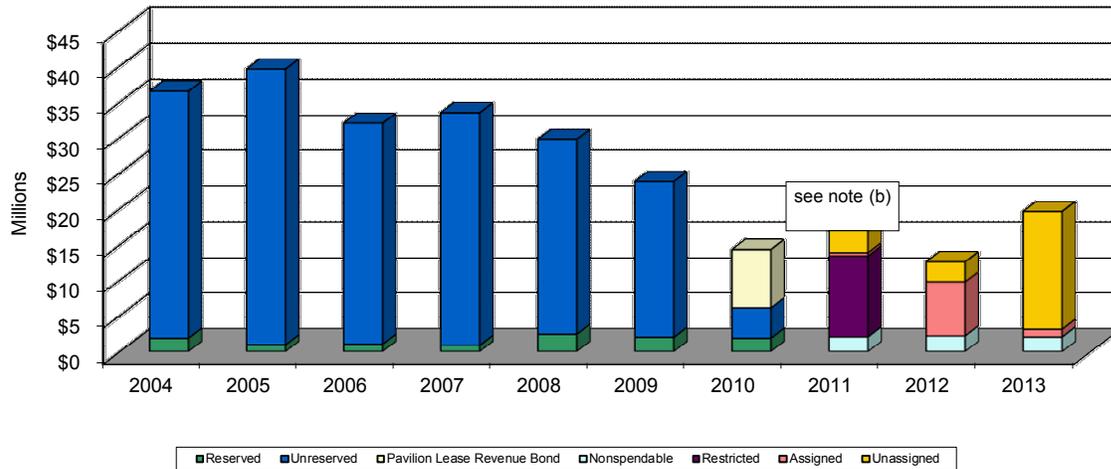
Note:

- (a) In 2010, Building, Engineering & Neighborhood Services was merged into Public Works & Engineering; and Planning & Economic Department was reorganized into Community Development Department.  
 (b) In 2012, Engineering was reorganized into Community & Economic Development and the Redevelopment Agency was dissolved.

## Fiscal Year Ended June 30,

2009	2010 (a)	2011	2012 (b)	2013
\$12,738,632	\$12,443,084	\$11,349,674	\$13,101,551	\$17,203,231
45,291,048	43,000,455	43,122,959	43,363,091	46,357,766
36,454,843	32,833,186	37,629,109	32,023,754	33,607,422
10,579,123	20,627,408	15,777,443	10,592,117	8,677,518
6,571,713				
9,463,315	9,810,082	7,207,017	6,979,013	6,045,819
5,213,438	5,266,740	3,936,497	3,334,049	1,282,725
126,312,112	123,980,955	119,022,699	109,393,575	113,174,481
18,688,255	21,303,268	21,695,293	23,196,668	24,908,709
1,679,995	1,323,074	1,305,929	1,313,458	1,308,344
20,368,250	22,626,342	23,001,222	24,510,126	26,217,053
\$146,680,362	\$146,607,297	\$142,023,921	\$133,903,701	\$139,391,534
\$966,501	\$594,633	\$911,046	1,553,733	1,528,975
1,672,348	1,805,170	1,589,312	1,635,124	1,255,763
5,847,684	8,425,897	8,491,639	8,528,881	5,675,622
2,390,462	2,917,141	6,786,730	548,425	3,226,130
3,363,813				
3,492,087	3,332,979	3,068,375	3,019,879	2,531,616
4,715,761	5,519,453	6,071,139	7,926,836	
10,512,437	10,573,237	8,570,019	6,586,825	
32,961,093	33,168,510	35,488,260	29,799,703	14,218,106
18,296,077	18,423,702	18,238,338	19,359,526	19,420,225
1,422,154	1,326,167	1,250,804	1,382,491	1,381,788
117,915				
19,836,146	19,749,869	19,489,142	20,742,017	20,802,013
\$52,797,239	\$52,918,379	\$54,977,402	\$50,541,720	\$35,020,119
(\$93,351,019)	(\$90,812,445)	(\$83,534,439)	(\$79,593,872)	(\$86,653,537)
(532,104)	(2,876,473)	(3,512,080)	(3,768,109)	(5,381,095)
(\$93,883,123)	(\$93,688,918)	(\$87,046,519)	(\$83,361,981)	(\$92,034,632)
\$29,034,866	\$27,916,258	\$27,138,018	\$19,353,337	\$15,017,785
24,253,987	23,370,649	24,585,811	33,855,151	36,423,806
9,625,635	8,797,365	8,843,361	8,117,461	7,682,740
1,710,768	1,427,813	1,391,107	1,478,874	1,832,615
3,262,762	3,324,011	3,347,429	3,377,278	3,365,317
4,128,526	4,097,706	4,438,806	4,784,146	5,269,956
2,300,008	842,470	635,145	623,823	98,740
247,697	114,280	33,834		357,827
(16,401)		19,296		
			20,298,845	
74,547,848	69,890,552	70,432,807	91,888,915	70,048,786
809,161	913,934	397,390	286,744	73,758
52,450	62,500	38,161	37,500	38,549
16,401		(19,296)		
878,012	976,434	416,255	324,244	112,307
\$75,425,860	\$70,866,986	\$70,849,062	\$92,213,159	\$70,161,093
(\$18,803,171)	(\$20,921,893)	(\$13,101,632)	\$12,295,043	(\$16,604,751)
345,908	(1,900,039)	(3,095,825)	(\$3,443,865)	(\$5,268,788)
(\$18,457,263)	(\$22,821,932)	(\$16,197,457)	\$8,851,178	(\$21,873,539)

**Table 3: Fund Balance of Governmental Funds  
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)**



	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Fund</b>										
Reserved	\$1,864,192	\$947,419	\$1,032,824	\$865,652	\$2,410,869	\$1,995,403	\$1,856,472			
Unreserved	34,649,045	38,634,501	31,015,852	32,675,265	27,326,524	21,806,296	4,242,381			
Nonspendable								\$2,050,506	\$2,188,620	\$2,043,766 (c)
Restricted								11,416,332	-	- (c)
Assigned								443,832	7,571,120	1,082,256 (c)
Unassigned								3,129,741	2,867,298	16,499,789 (c)
<b>Total General Fund</b>	<b>\$36,513,237</b>	<b>\$39,581,920</b>	<b>\$32,048,676</b>	<b>\$33,540,917</b>	<b>\$29,737,393</b>	<b>\$23,801,699</b>	<b>\$6,098,853</b>	<b>\$17,040,411</b>	<b>\$12,627,038</b>	<b>\$19,625,811 (a)</b>
<b>All Other Governmental Funds</b>										
Reserved	\$43,743,972	\$42,087,866	\$38,193,568	\$43,184,063	\$39,242,159	\$47,495,499	\$50,668,540			
Unreserved	19,254,338	24,195,977	28,085,810	39,569,440	37,211,245	28,301,328	22,487,277			
Nonspendable										
Restricted								69,010,841	\$49,559,344	\$45,936,715 (c)
Assigned								1,546,816	976,992	594,718 (c)
Unassigned								(166,778)	(1,037,217)	(357,792) (c)
<b>Total All Other Governmental Funds</b>	<b>\$62,998,310</b>	<b>\$66,283,843</b>	<b>\$66,279,378</b>	<b>\$82,753,503</b>	<b>\$76,453,404</b>	<b>\$75,796,827</b>	<b>\$73,155,817</b>	<b>\$70,390,879</b>	<b>\$49,499,119</b>	<b>\$46,173,641</b>

Notes:

- (a) The change in total fund balance for the General Fund and Other Governmental Funds is explained in Management's Discussion and Analysis.
- (b) The fund balance attributable to the interfund payable created by the purchase and retirement of \$8.24 million of Lease Revenue Bonds for the Pavilion has been included above for reporting purposes. It does not affect General Fund assets available for operations.
- (c) Fund balances are classified in accordance with GASB 54 effective in 2011.

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**Table 4: Changes in Fund Balance of Governmental Funds  
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,				
	2004	2005(a)	2006(a)	2007	2008
<b>Revenues</b>					
Taxes	\$61,735,974	\$62,108,412	\$70,913,489	\$78,285,780	\$78,204,323
Licenses and Permits	3,291,112	3,138,724	4,877,758	3,073,607	1,599,886
Intergovernmental	16,209,022	18,659,169	10,647,688	10,335,065	8,265,305
Charges for Services	6,088,123	6,399,020	7,130,622	7,182,525	6,343,372
Fines, Forfeitures and Penalties	738,476	717,015	897,435	989,426	1,055,807
Parks and Recreation	2,117,718	2,420,106	2,585,962	2,678,282	3,006,184
Use of Money and Property	3,749,005	4,740,989	5,371,381	5,943,217	5,968,313
Special Assessment Collections	587,663	99,623	75,021	72,524	65,610
Other	855,196	758,718	713,853	701,526	613,023
<b>Total Revenues</b>	<b>95,372,289</b>	<b>99,041,776</b>	<b>103,213,209</b>	<b>109,261,952</b>	<b>105,121,823</b>
<b>Expenditures</b>					
Current:					
General Government	11,719,382	9,422,828	11,056,922	12,633,576	12,678,872
Public Safety	30,197,506	35,687,725	37,384,952	38,587,496	40,285,037
Public Works	9,400,460	15,292,558	14,830,313	15,508,044	17,060,398
Building, Engineering & Neighborhood Serv	5,441,037	5,716,968	5,009,679	5,028,829	6,408,585
Community & Economic Development	7,081,755	4,749,351	7,357,162	10,046,844	11,385,205
Parks & Recreation	12,936,943	6,682,215	7,428,161	7,828,837	8,745,778
Non-Departmental					
Capital Outlay	8,515,838	6,555,700	5,602,918	5,947,842	7,822,286
Debt Service:					
Principal Repayment	5,293,000	4,554,000	4,655,000	4,586,000	4,852,000
Interest and Fiscal Charges	8,356,499	3,950,417	5,326,328	5,133,210	4,952,854
Refund to Property Owners	55,955	41,453	326,836		34,431
<b>Total Expenditures</b>	<b>98,998,375</b>	<b>92,653,215</b>	<b>98,978,271</b>	<b>105,300,678</b>	<b>114,225,446</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(3,626,086)</b>	<b>6,388,561</b>	<b>4,234,938</b>	<b>3,961,274</b>	<b>(9,103,623)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	2,014,711	5,461,790	4,204,776	2,608,732	3,733,972
Transfers (Out)	(1,952,059)	(5,526,805)	(14,418,255)	(6,248,494)	(4,733,972)
Refunding Bonds Issued	72,310,000				
Proceeds from Debt Issuance	1,569,330	30,670		350,000	
Proceeds from Sale of Property				17,294,854	
Bond Issuance Premium	407,090				
Payments to Refunded Bond Escrow	(79,041,386)				
<b>Total Other Financing Sources (Uses)</b>	<b>(4,692,314)</b>	<b>(34,345)</b>	<b>(10,213,479)</b>	<b>14,005,092</b>	<b>(1,000,000)</b>
<b>Special/Extraordinary Items</b>					
Loss on Sale of Property			(1,559,168)		
Assets transferred to Housing Successor					
Assets transferred to/liabilities assumed by the Successor Agency					
<b>Total Special/Extraordinary Items</b>			<b>(1,559,168)</b>		
<b>Net Change in Fund Balances</b>	<b>(\$8,318,400)</b>	<b>\$6,354,216</b>	<b>(\$7,537,709)</b>	<b>\$17,966,366</b>	<b>(\$10,103,623)</b>
Debt Service as a Percentage of					
Non-Capital Expenditures	16.2%	10.1%	10.8%	9.8%	9.1%

Note:

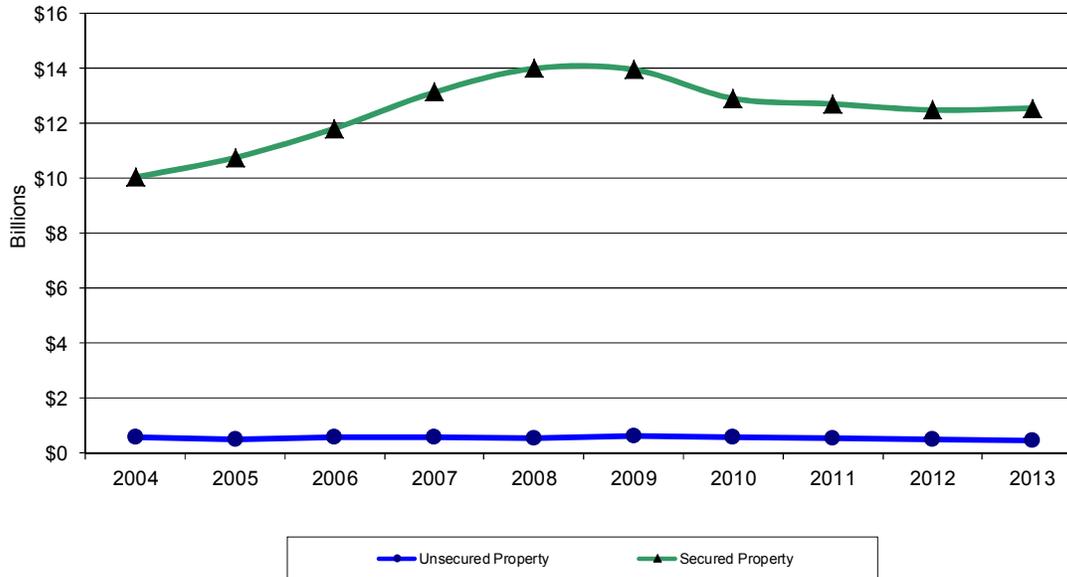
(a) The City underwent reorganization during 2005, 2006, 2010 and 2012.

(b) The Redevelopment Agency was dissolved during 2012.

## Fiscal Year Ended June 30,

2009	2010 (a)	2011	2012 (a)(b)	2013 (a)(b)
\$75,189,694	\$72,007,902	\$72,687,375	\$74,875,127	\$69,592,219
3,552,003	1,964,480	1,228,356	\$1,365,186	\$1,595,963
12,366,551	15,089,721	19,640,532	11,135,482	12,378,380
7,289,449	6,632,428	6,805,602	4,865,682	5,261,683
1,108,677	1,021,931	946,447	922,745	691,038
2,869,639	2,895,408	2,692,712	2,668,759	2,685,527
4,102,165	1,908,565	1,600,983	1,371,958	1,309,506
67,052	65,201	1,851	11,621	163,596
786,340	805,294	1,014,470	1,176,402	4,342,263
<b>107,331,570</b>	<b>102,390,930</b>	<b>106,618,328</b>	<b>98,392,962</b>	<b>98,020,175</b>
11,984,808	11,997,158	10,528,138	12,407,521	14,985,503
42,843,522	41,359,307	40,415,163	42,205,234	42,704,531
15,956,198	15,237,733	20,508,901	9,942,358	11,347,815
6,298,643				
8,142,528	18,282,245	15,627,709	10,001,434	7,996,949
8,806,329	8,721,242	7,364,390	6,440,498	5,393,965
11,589,152	7,997,002	2,550,625	11,755,006	7,456,646
5,024,000	16,878,000	5,745,000	5,427,190	2,077,019
4,860,812	5,226,724	3,700,057	3,875,398	1,329,310
		248,938		
<b>115,505,992</b>	<b>125,699,411</b>	<b>106,688,921</b>	<b>102,054,639</b>	<b>93,291,738</b>
<b>(8,174,422)</b>	<b>(23,308,481)</b>	<b>(70,593)</b>	<b>(3,661,677)</b>	<b>4,728,437</b>
5,557,868	16,335,469	16,347,402	16,227,980	3,908,060
(4,071,296)	(18,444,344)	(16,484,229)	(14,533,190)	(3,240,875)
95,579	5,073,500	8,384,040		
<b>1,582,151</b>	<b>2,964,625</b>	<b>8,247,213</b>	<b>1,694,790</b>	<b>667,185</b>
			30,708,498	
			(54,046,744)	
			<b>(23,338,246)</b>	
<b>(\$6,592,271)</b>	<b>(\$20,343,856)</b>	<b>\$8,176,620</b>	<b>(\$25,305,133)</b>	<b>\$5,395,622</b>
9.2%	19.0%	9.6%	10.2%	3.7%

**Table 5: Assessed and Estimated Actual Value of Taxable Property Last Ten Fiscal Years**



Fiscal Year	City Property	Redevelopment Agency Property	Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
2004	\$8,341,081,601	1,144,591,474	9,485,673,075	560,749,296	10,046,422,371	\$10,046,422,371	1%
2005	9,069,533,622	1,180,661,137	10,250,194,759	508,157,337	10,758,352,096	10,758,352,096	1%
2006	10,026,955,409	1,222,314,892	11,249,270,301	576,005,523	11,825,275,824	11,825,275,824	1%
2007	11,205,538,297	1,365,259,358	12,570,797,655	567,282,828	13,138,080,483	13,138,080,483	1%
2008	11,966,162,328	1,479,908,386	13,446,070,714	556,719,852	14,002,790,566	14,002,790,566	1%
2009	11,759,802,414	1,589,385,967	13,349,188,381	615,317,575	13,964,505,956	13,964,505,956	1%
2010	10,676,324,483	1,654,064,090	12,330,388,573	580,130,554	12,910,519,127	12,910,519,127	1%
2011	10,609,494,213	1,579,978,885	12,189,473,098	524,036,274	12,713,509,372	12,713,509,372	1%
2012	10,463,115,683	1,527,127,911	11,990,243,594	502,406,363	12,492,649,957	12,492,649,957	1%
2013	10,742,832,848	1,363,624,486	12,106,457,334	451,080,860	12,557,538,194	12,557,538,194	1%

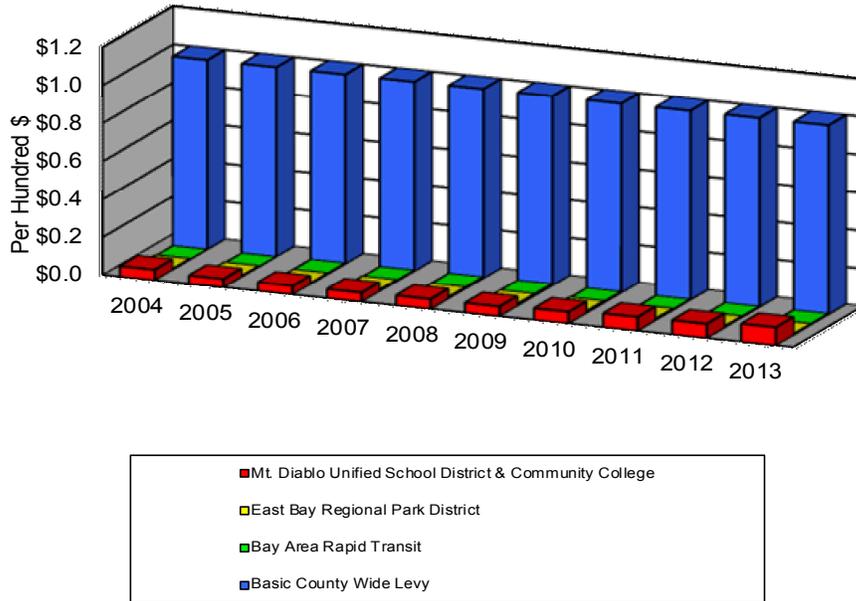
Notes:

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. The City of Concord encompasses more than 15 tax rate areas.

Source: Contra Costa County Auditor-Controller's Office, Certificate of Assessed Valuations

**Table 6: Property Tax Rates, Direct and Overlapping Governments Last Ten Fiscal Years**



**Overlapping Rates**

<b>Fiscal Year</b>	<b>City &amp; County Direct Rate</b>	<b>Bay Area Rapid Transit</b>	<b>East Bay Regional Park District</b>	<b>Mt. Diablo Unified School District &amp; Community College</b>	<b>Total</b>
2004	1.0000		0.0057	0.0563	1.0620
2005	1.0000		0.0057	0.0453	1.0510
2006	1.0000	0.0048	0.0057	0.0465	1.0570
2007	1.0000	0.0050	0.0085	0.0489	1.0624
2008	1.0000	0.0076	0.0080	0.0532	1.0688
2009	1.0000	0.0090	0.0100	0.0521	1.0711
2010	1.0000	0.0057	0.0108	0.0619	1.0784
2011	1.0000	0.0031	0.0084	0.0733	1.0848
2012	1.0000	0.0041	0.0071	0.0756	1.0868
2013	1.0000	0.0043	0.0051	0.0958	1.1052

**Note:**

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of voter approved bonds from various agencies.

Source: Contra Costa County Auditor-Controller's Office

**Table 7: Principal Property Taxpayers  
Current Year and Nine Years Ago**

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2012-13 Assessed Value</u>	<u>2003-2004 Projected Revenue (a)</u>
1.	Taubman Land Associates LLC	Regional Mall	\$165,925,734	\$1,659,257
2.	Chevron USA*	Office Building	116,169,770	1,161,698
3.	SFG Owner A,B & D LLC	Office Building	91,154,064	911,541
4.	Sierra Pacific Properties, Inc.*	Office Building	80,011,052	800,111
5.	Seecon Financial & Construction C	Office Building	72,152,913	721,529
6.	Clayton Valley Shopping Center	Shopping Center	64,882,644	648,826
7.	Willows Center Concord*	Shopping Center	59,930,204	599,302
8.	EQR & Legacy Partners*	Apartments	53,661,040	536,610
9.	Behringer Harvard Renaissance	Apartments	48,168,718	481,687
10.	Concord Center Investors LLC	Office Building	43,234,740	432,347
	<b>Total</b>		<b><u>\$795,290,879</u></b>	<b><u>\$7,952,909</u></b>

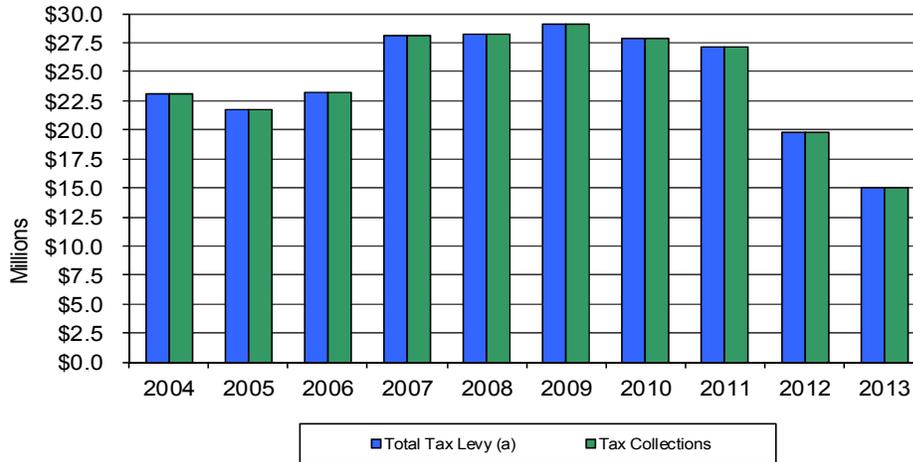
Notes:

(a) Projected Revenue is calculated using 1% Basic County Wide Levy Rate.

\* In the Top 10 for 2003-2004.

Source: California Municipal Statistics, Inc.

**Table 8: Property Tax Levies and Collections Last Ten Fiscal Years**



<u>Fiscal Year</u>	<u>Total Tax Levy (a)</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>
2004	23,117,284	23,117,284	100.0000%		23,117,284	100.0000%
2005	21,710,945	21,710,945	(b) 100.0000%		21,710,945	100.0000%
2006	23,202,024	23,202,024	(b) 100.0000%		23,202,024	100.0000%
2007	28,151,765	28,151,765	(b) 100.0000%		28,151,765	100.0000%
2008	28,304,789	28,304,789	(b) 100.0000%		28,304,789	100.0000%
2009	29,074,531	29,074,531	(b) 100.0000%		29,074,531	100.0000%
2010	27,872,031	27,872,031	(b) 100.0000%		27,872,031	100.0000%
2011	27,093,100	27,093,100	(b) 100.0000%		27,093,100	100.0000%
2012	19,731,365	19,731,365	(b) 100.0000%		19,731,365	100.0000%
2013	15,017,785	15,017,785	(b) 100.0000%		15,017,785	100.0000%

Notes:

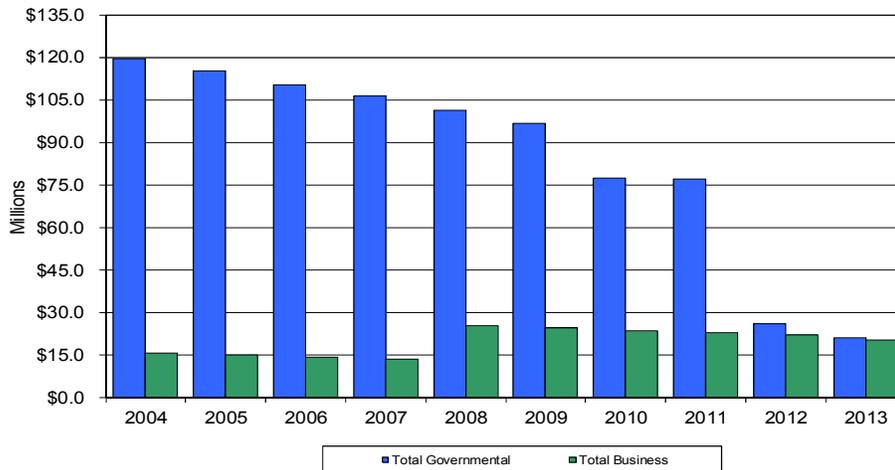
Current tax collections beginning in 1993 have been reduced by a mandatory tax reallocation imposed by the State of California.

(a) During fiscal year 1995, the County began providing the City 100% of its tax levy under an agreement which allows the County to keep all interest and delinquency charges collected.

(b) Tax collections in fiscal year 2005 to 2012 are net of pass-thru payment and Educational Revenue Augmentation Fund withholding. During 2012, tax increment was no longer distributed due to the dissolution of the Redevelopment Agency.

Source: City of Concord Finance Department

**Table 9: Ratio of Outstanding Debt by Type Last Ten Fiscal Years (Dollars in Millions)**



**Governmental Activities**

Fiscal Year	Revenue Bonds	Governmental Activities					Notes Payable	Capital Lease	Purchase Agreement	Total
		Tax Allocation Bonds (b)	Certificates of Participation	Judgment Obligation Bonds	Refunding Lease Agreement (b)	Special Debt				
2004	32.7	80.0	0.6	3.7		0.9	\$1.6		\$119.5	
2005	31.6	77.4	0.6	3.4		0.5	1.6		115.1	
2006	30.4	74.3	0.5	3.2		0.3	1.7		110.4	
2007	29.2	71.2	0.5	2.9		0.3	2.1		106.2	
2008	27.9	68.0	0.4	2.5		0.2	2.3	\$1.2	101.3	
2009	26.6	64.4	0.3	2.2		0.1	2.4	0.8	96.8	
2010	13.3	60.9	0.2		\$5.1	0.1	2.4	0.5	77.4	
2011	11.9	57.2	0.1				1.3	2.0	77.2	
2012	10.4						1.4	1.8	26.2	
2013	9.1								21.0	

**Business-Type Activities**

Fiscal Year	Certificates of Participation	Golf Equipment Lease Obligation	Notes Payable	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2005	14.4		0.7	15.1	130.2	3.74%	1,043.29
2006	13.9		0.5	14.4	124.8	3.67%	1,002.93
2007	13.5		0.2	13.7	119.9	3.37%	957.64
2008	25.4			25.4	126.7	3.46%	1,033.32
2009	24.6			24.6	121.4	3.29%	974.33
2010	23.8			23.8	101.2	2.75%	804.04
2011	22.9			22.9	100.1	2.67%	815.97
2012	22.1			22.1	48.3	1.24%	392.03
2013	20.3			20.3	41.3	1.02%	333.57

**Notes:**

- Debt amounts exclude any premiums, discounts, or other amortization amounts.
- (a) See Demographic and Economic Statistics for personal income and population data.
- (b) During 2012, debt service liabilities were assumed by the Successor Agency upon the dissolution of the Redevelopment Agency.

Sources: City of Concord Finance Department  
 State of California, Department of Finance (population)  
 U.S. Department of Commerce, Bureau of the Census (income)

**Table 10: Computation of Direct and Overlapping Debt  
As of June 30, 2013**

<b>2012-13 Assessed Valuation</b>		<u>\$11,316,676,118</u>	
	<b>Net Debt Outstanding</b>	<b>Percentage Applicable to City of Concord</b>	<b>Amount Applicable to City of Concord</b>
<b><u>Overlapping Tax and Assessment Debt</u></b>			
Bay Area Rapid Transit District	\$410,690,000	2.251%	\$9,244,632
Contra Costa Community College District	209,930,000	8.011%	16,817,492
Mt. Diablo Unified School District	449,305,057	39.174%	176,010,763
Mt. Diablo Unified School District Community Facilities District No. 1	48,770,000	39.174%	19,105,160
East Bay Regional Park District	135,565,000	3.479%	4,716,306
Contra Costa County Reassessment District	<u>1,705,000</u>	7.513%	<u>128,097</u>
<b>Total Overlapping Tax and Assessment Debt</b>	<u>\$1,255,965,057</u>		<u>\$226,022,450</u>
<b><u>Direct and Overlapping General Fund Obligation Debt</u></b>			
City of Concord General Fund Obligations	\$4,080,000	100.000%	\$4,080,000
Contra Costa County General Fund Obligations	282,641,006	7.981%	22,557,579
Contra Costa County Pension Obligations	310,110,000	7.981%	24,749,879
Contra Costa County Fire Protection District Pension Obligations	106,185,000	17.682%	18,775,632
Contra Costa Community College District Certificates of Participation	<u>780,000</u>	8.011%	<u>62,486</u>
<b>Total Gross Direct &amp; Overlapping General Fund Obligation Debt</b>	<u>\$703,796,006</u>		<u>\$70,225,576</u>
Less: Contra Costa County self supporting obligations			8,379,470
City of Concord Certificate of Participation (100% supported from Golf Course Revenues)			<u>1,160,000</u>
<b>Total Net Direct and Overlapping General Fund Obligation Debt</b>			<u>\$60,686,106</u>
<b><u>Overlapping Tax Increment Debt (Successor Agency)</u></b>			
Concord Redevelopment Agency Central Redevelopment Project Area	\$55,550,000	100.000%	<u>55,550,000</u>
<b>Total Overlapping Tax Increment Debt</b>			<u>\$55,550,000</u>
<b>Total Direct Debt</b>			\$4,080,000
<b>Total Gross Overlapping Debt</b>			\$347,718,026
<b>Total Net Overlapping Debt</b>			\$338,178,556
<b>Gross Combined Total Debt</b>			<u>\$351,798,026</u>
<b>Net Combined Total Debt</b>			<u>\$342,258,556 (a)</u>
<b><u>Ratio to 2012-13 Assessed Valuation</u></b>			
Total Overlapping Tax and Assessment Debt	2.00%		
Total Direct Debt	0.04%		
Gross Combined Total Debt	3.11%		
Net Combined Total Debt	3.02%		

Note:

(a) Excludes Tax and Revenue Anticipation Notes, Enterprise Revenue, and Mortgage Revenue.

Sources: California Municipal Statistics, Inc.  
City of Concord Annual Financial Statements

**Table 11: Computation of Legal Bonded Debt Margin**  
As of June 30, 2013 (Dollars in Thousands)

<b>Assessed Valuation:</b>	
Secured Property Assessed Value, Net of Exempt Real Property	<u>\$12,557,538</u>
Bonded Debt Limit (15% of Assessed Value) (a)	<u>\$1,883,631</u>
<b>Amount of Debt Subject to Limit:</b>	
Total Bonded Debt	\$0
Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation Not Subject to Limit	<u>0</u>
Amount of Debt Subject to Limit	<u>0</u>
<b>Legal Bonded Debt Margin</b>	<u><u>\$1,883,631</u></u>

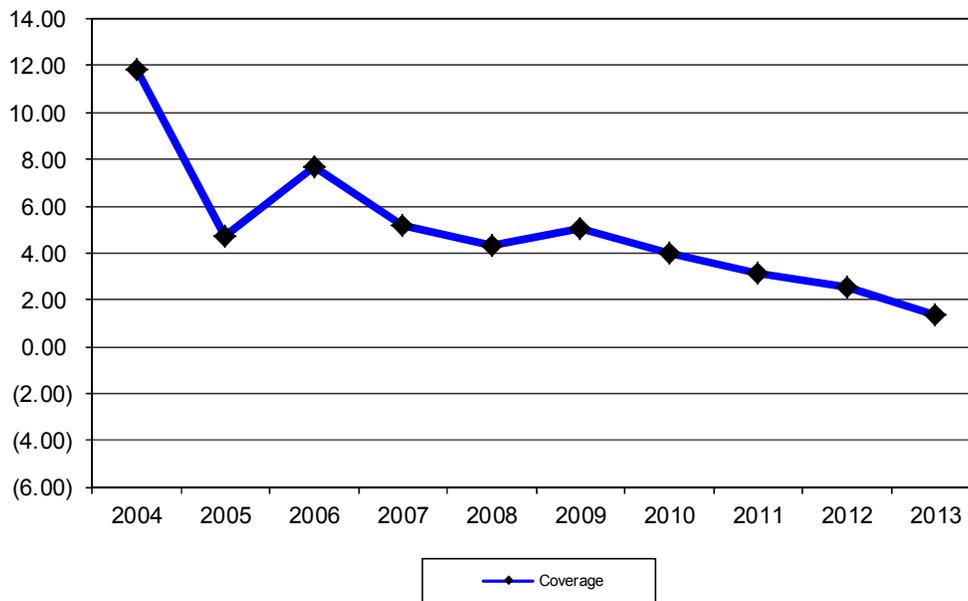
<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to the Limit as a Percentage of Debt Limit</u>
2004	\$1,506,963	0	\$1,506,963	0.00%
2005	1,613,753	0	1,613,753	0.00%
2006	1,690,397	0	1,690,397	0.00%
2007	1,887,236	0	1,887,236	0.00%
2008	2,100,419	0	2,100,419	0.00%
2009	2,094,676	0	2,094,676	0.00%
2010	1,936,578	0	1,936,578	0.00%
2011	1,907,026	0	1,907,026	0.00%
2012	1,873,897	0	1,873,897	0.00%
2013	1,883,631	0	1,883,631	0.00%

**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.

Source: City of Concord Finance Department

**Table 12: Sewer Revenue Bonds Coverage Last Ten Fiscal Years**



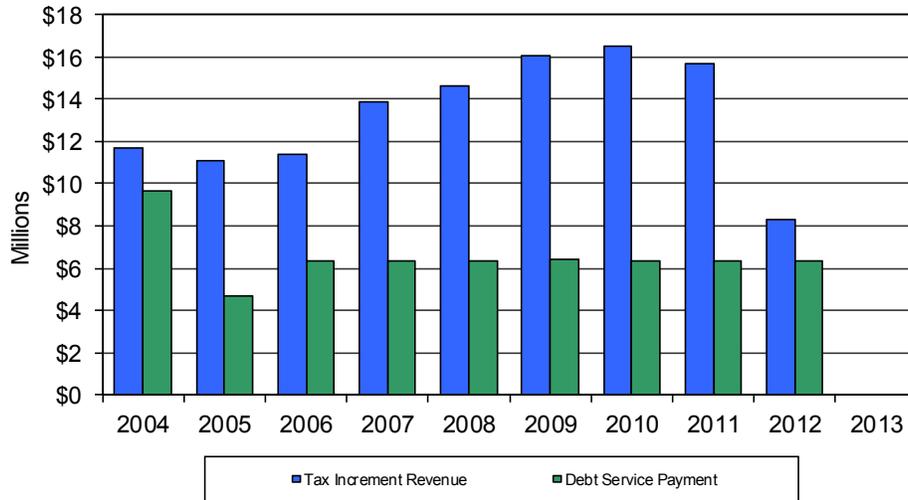
Fiscal Year	Gross Revenue (a)	Operating Expenses (b)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	14,572,312	12,309,611	2,262,701		\$190,709	\$190,709	11.86
2005	15,270,609	11,448,079	3,822,530	\$330,000	479,632	809,632	4.72
2006	18,157,899	11,901,646	6,256,253	345,000	472,193	817,193	7.66
2007	17,104,858	12,843,396	4,261,462	355,000	471,126	826,126	5.16
2008	19,392,829	13,384,062	6,008,767	780,000	600,827	1,380,827	4.35
2009	19,103,188	10,684,653	8,418,535	680,000	979,116	1,659,116	5.07
2010	19,342,835	12,712,533	6,630,302	705,000	956,729	1,661,729	3.99
2011	18,634,919	13,417,715	5,217,204	730,000	932,954	1,662,954	3.14
2012	19,645,294	15,479,402	4,165,892	750,000	907,989	1,657,989	2.51
2013	19,492,824	16,854,333	2,638,491	845,000	1,059,754	1,904,754	1.39

Notes: (a) Includes all Wastewater Operating Revenues, Non-Operating Interest Revenue, Connection Fees and Other Non-Operating Revenue.

(b) Includes all Wastewater Operating Expenses less Capital Improvement Expense, Depreciation and Interest.

Source: City of Concord Annual Financial Statements

**Table 13: Bonded Debt Pledged Revenue Coverage, 1988, 1993 & 2004 Tax Allocation Bonds Last Ten Fiscal Years**

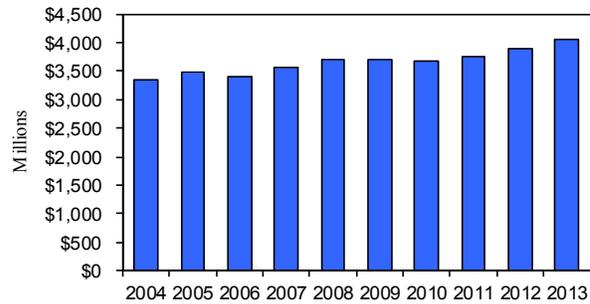
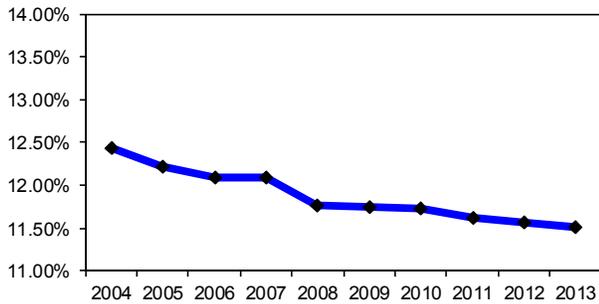


Fiscal Year	Tax	Debt Service Requirements			Coverage
	Increment Revenue	Principal	Interest	Total	
2004	11,693,425	3,665,000	6,013,235	9,678,235	1.21
2005	11,058,396	2,950,000	1,716,712	4,666,712	2.37
2006	11,428,431	3,220,000	3,155,171	6,375,171	1.79
2007	13,904,384	3,265,000	3,102,146	6,367,146	2.18
2008	14,598,613	3,390,000	2,986,571	6,376,571	2.29
2009	16,086,969	3,530,000	2,899,771	6,429,771	2.50
2010	16,492,512	3,540,000	2,808,771	6,348,771	2.60
2011	15,699,754	3,690,000	2,664,171	6,354,171	2.47
2012	8,326,865	3,835,000	2,513,671	6,348,671	1.31
2013	***	***	***	***	***

Source: City of Concord Annual Financial Statements

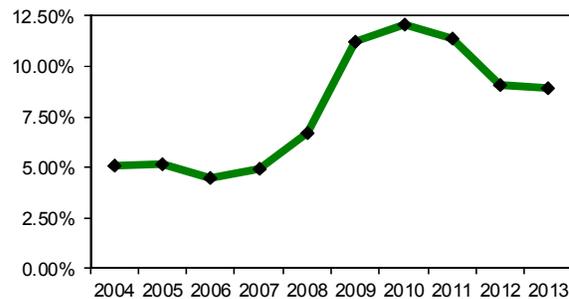
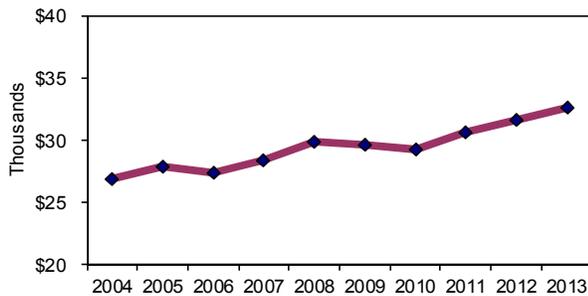
Note: \*\*\*During 2012, the Redevelopment Agency was dissolved and the liabilities were assumed by the Successor Agency. The State discontinued distributing incremental property taxes at that time.

**Table 14: Demographic and Economic Statistics Last Ten Fiscal Years**



City Population as a % of County Population

Total Personal Income



Per Capita Personal Income

Unemployment Rate (%)

Fiscal Year	City Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate	Contra Costa County Population	City Population % of County
2004	124,856	3,349,239,416	\$26,825	5.1%	1,003,800	12.44%
2005	124,798	3,484,323,723	27,920	5.2%	1,020,898	12.22%
2006	124,436	3,400,903,754	27,331	4.5%	1,029,377	12.09%
2007	125,203	3,559,134,392	28,427	4.9%	1,034,874	12.10%
2008	123,776	3,699,669,661	29,890	6.7%	1,051,674	11.77%
2009	124,599	3,692,159,331	29,632	11.2%	1,060,435	11.75%
2010	125,864	3,681,648,000	29,251	12.1%	1,073,055	11.73%
2011	122,676	3,750,984,044	30,576	11.4%	1,056,064	11.62%
2012	123,206	3,889,750,949	31,571	9.1%	1,065,117	11.57%
2013	123,812	4,045,340,987	32,673	8.9%	1,074,702	11.52%

Sources: State of California, Department of Finance  
 The HdL Companies  
 Dept of Economics and Statistics Administration

**Table 15: Principal Employers  
Current Year and Eight Years Ago**

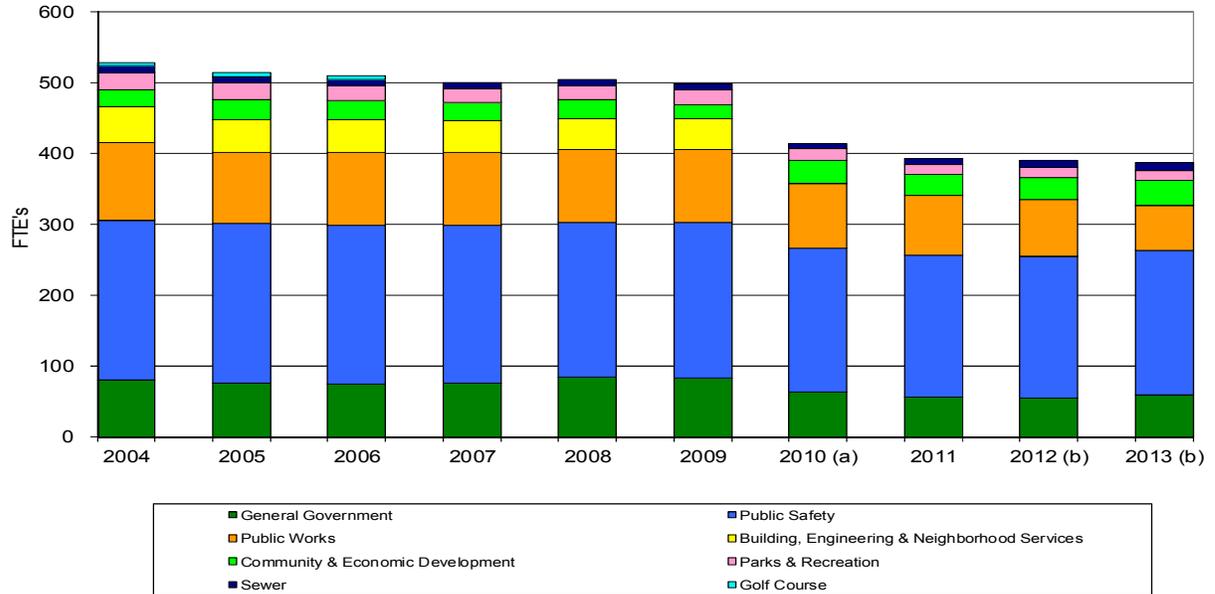
Employer	2013			2006		
	Number of Employees (Range)	Rank	Percentage of Total City Employment*	Number of Employees	Rank	Percentage of Total City Employment
John Muir Health Physical Rhb	1,000 - 4,999	1	4.6%	-	-	-
Macy's	500 - 999	2	1.1%	550	8	0.8%
Benchmark Electronics Inc	250 - 499	3	0.6%	700	6	1.1%
Central Contra Costa Transit	250 - 499	3	0.6%	-	-	-
Conco CO	250 - 499	3	0.6%	500	11	0.8%
Concord Hotel Llc	250 - 499	3	0.6%	-	-	-
Concord Tax Debt Attorneys	250 - 499	3	0.6%	-	-	-
Contra Costa Water District	250 - 499	3	0.6%	280	19	0.4%
Costco	250 - 499	3	0.6%	300	13	0.5%
Fry's Electronics	250 - 499	3	0.6%	300	14	0.5%
Jenkins Insurance	250 - 499	3	0.6%	-	-	-
John Wagner Assoc Inc	250 - 499	3	0.6%	-	-	-
Loma Vista Adult Ctr	250 - 499	3	0.6%	-	-	-
Sears	250 - 499	3	0.6%	300	18	0.5%
US Post Office	250 - 499	3	0.6%	-	-	-
Waterworld California	250 - 499	3	0.6%	-	-	-
Subtotal	<u>5,000 - 12,984</u>		<u>13.7%</u>	<u>2,930</u>		<u>4.3%</u>
Total City Day Population	<u>65,800</u>			<u>66,570</u>		

Source: City of Concord Community and Economic Development Department

Note: Data pertaining to principal employers for 2004 is not readily available. As such we used 2006 information which was the earliest available.

\* 2013 Percentage of total is based on median in the ranges provided.

**Table 16: Full-Time Equivalent (FTE) City Government Employees by Function Last Ten Fiscal Years**



Function	Fiscal Year										
	2004	2005	2006	2007	2008	2009	2010 (a)	2011	2012 (b)	2013 (b)	
General Government	80	76	75	76	84	83	63	56	55	59	
Public Safety	226	226	224	223	219	220	203	200	200	205	
Public Works	110	99	102	103	103	103	92	85	81	63	
Building, Engineering & Neighborhood Services	51	47	47	45	44	43					
Community & Economic Development	23	28	27	25	26	21	32	29	30	35	
Parks & Recreation	25	24	21	20	20	20	17	15	15	14	
Sewer	9	9	9	9	9	9	8	8	10	11	
Golf Course	5	5	5								
<b>Total</b>	<b>529</b>	<b>514</b>	<b>510</b>	<b>501</b>	<b>505</b>	<b>499</b>	<b>415</b>	<b>393</b>	<b>391</b>	<b>387</b>	

Source: City of Concord Adopted Budget

Notes:

- (a) In Fiscal Year 2010, Building, Engineering & Neighborhood Services was reorganized into Public Works & Engineering Department; and Planning & Economic Department was reorganized into Community Development Department.
- (b) In Fiscal Year 2012, Engineering was reorganized into Community & Economic Development Department and Code Enforcement was moved to Public Safety.

**Table 17: Operating Indicators by Function/Program  
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Public Safety</b>										
Police:										
Number of Public Contacts	21,053	21,198	19,522	18,304	17,693	17,845	23,657	25,740	27,225	22,350
Police Calls for Service (a)	57,341	59,404	55,808	53,793	49,309	54,480	53,780	93,201	84,410	81,170
Law Violations:										
Part I Crimes	634	650	772	1,237	6,223	5,817	4,992	4,210	4,527	4,210
Physical Arrests (Adult and Juvenile)	3,803	3,550	3,331	4,081	3,758	4,504	3,903	3,642	3,836	2,837
Parking Violations	5,042	7,745	11,741	10,042	10,400	17,132	13,299	8,670	10,415	8,471
<b>Public Works</b>										
Street Resurfacing (millions of square feet)	6	7	8	6	6	7	2	1	1	2
Potholes Repaired	30	86	513	115	162	437	496	410	260	374
<b>Culture and Recreation</b>										
Community Services:										
Recreation Class Participants	2,970	2,977	4,089	5,030	5,299	4,826	3,935	3,534	3,021	3,157
Participants	8,544	10,835	11,930	11,935	17,039	19,486	10,033	14,974	15,484	16,522
Participants	66,456	66,557	92,519	83,322	90,332	93,192	59,028	50,111	49,598	47,705
Library:										
Volumes in Collection (thousands)	79,240	80,653	80,155	87,089	92,413	96,462	92,703	91,984	79,630	80,573
Total Volumes Borrowed (thousands)	280,906	275,550	294,227	285,227	308,978	339,671	356,034	341,719	330,451	313,743
<b>Wastewater</b>										
Storm Drain Inlets	N/A	N/A	5,581	5,600	5,678	5,712	5,712	5,712	5,583	5,583
Sewer Overflows	24	21	26	16	12	19	17	16	18	34
Average Daily Pumping (millions of gallons)	12.24	11.28	14.01	12.36	13.53	10.75	9.00	(b)	N/A	N/A

Notes: N/A denotes information not available.

(a) Due to downsizing and closure of field offices, data was tracked differently in 2011 and includes more types of calls resulting in higher numbers than previous years.

(b) Pump station eliminated in 2011.

Source: City of Concord

**Table 18: Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Public Safety</b>										
Police Stations	4	4	4	4	4	4	2	1	1	1
Police Patrol Units (black and white)	58	58	58	58	58	57	57	57	52	61
<b>Public Works</b>										
Miles of Streets	301	305	305	305	305	305	308	308	335	335
Street Lights	1,657	7,978	8,124	8,125	8,179	8,216	8,216	8,216	8,254	8,254
Traffic Signals	141	141	141	142	153	154	155	155	156	157
<b>Culture and Recreation</b>										
Community Services:										
City Parks	18	18	18	18	18	18	18	18	18	18
City Parks Acreage	379	379	379	379	379	379	379	379	379	379
Playgrounds	14	14	14	15	15	18	18	18	18	18
City Trails	7	7	7	7	8	8	8	8	8	8
Miles of City Trails	18	18	18	18	19	19	19	19	19	19
Roadway Landscaping Acreage	48	48	48	48	52	52	52	52	52	52
Regional Park Acreage	96,141	97,134	97,565	97,912	98,880	98,895	103,862	109,969	111,915	113,594
Regional Park Facilities:										
Golf Courses (18 holes)	1	1	1	1	1	1	1	1	1	1
Banquet Facility	4	4	4	4	4	4	4	4	4	4
Historic House	3	3	3	3	3	3	3	3	3	3
Community Gardens	3	3	3	3	3	3	3	3	1	1
Community Centers	2	2	2	2	2	2	2	2	2	2
Senior Centers	1	1	1	1	1	1	1	1	1	1
Sports Centers	1	1	1	1	1	1	1	1	1	1
Performing Arts Centers	1	1	1	1	1	1	1	1	1	1
Swimming Pool/Spray Park	2	2	2	2	2	2	2	2	2	2
Tennis Courts	15	15	15	15	17	17	17	17	17	17
Baseball/Softball Field Complexes	9	9	9	9	13	13	13	13	13	13
Soccer/Football Field Complexes	8	8	8	8	13	13	13	13	13	13
Library:										
City Libraries	1	1	1	1	1	1	1	1	1	1
<b>Wastewater</b>										
Sewer Lines (miles)	405	384	384	384	383	383	383	383	383	383

Note: N/A denotes information is not available.

Source: City of Concord

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## MUNICIPAL DEBT CONTINUING DISCLOSURE

### **City of Concord Joint Powers Financing Authority** **Lease Revenue Bonds (Concord Pavilion) Series 1995**

- a. Summary of Revenues & Expenditures and Changes in Fund Balances (Table 1)
- b. Principal Amount of Bonds Outstanding (CAFR, page 61)

### **City of Concord Joint Powers Financing Authority** **Lease Revenue Bonds (Concord Avenue Parking Structure) Series 2001**

- a. Balance in the Parking Structure Revenue Fund (Table 2)
- b. Balance in the Other Funds and Accounts Held by the City or the Trustee (Table 3)
- c. Principal Amount of Bonds Outstanding (Table 4)
- d. Taxable Sales Transactions (Table 5)
- e. Taxable Sales Transactions by Type of Business (Table 6)
- f. Adopted and Final Budgets for Unrestricted General Fund (Table 7)
- g. Summary of Revenues, Expenditures and Changes in Fund Balances (Table 8)
- h. City's Pooled Investment Portfolio (Table 9)
- i. General Fund - Tax Revenues by Source (CAFR, page 27)
- j. Assessed Value of Taxable Property (CAFR, page 116)
- k. Largest Local Secured Property Taxpayers (CAFR, page 118)
- l. Tax Levies and Collections (CAFR, page 119)

### **City of Concord** **Certificates of Participation (ABAG 41)**

- a. Adopted and Final Budgets for Unrestricted General Fund (Table 7)
- b. Summary of Revenues, Expenditures and Changes in Fund Balances (Table 8)
- c. City's Pooled Investment Portfolio (Table 9)
- d. General Fund – Tax Revenue by Source (CAFR, page 27)
- e. Assessed Value of Taxable Property (CAFR, page 116)
- f. Summary of Investments (CAFR, pg.48-53)
- g. Principal Amount of Bonds Outstanding (CAFR, page 61)
- h. Outstanding Debt and Lease Obligations (CAFR, pg.60-65)
- i. Annual Contribution to Public Employees Retirement System (CAFR, page 69-73)

### **City of Concord Joint Powers Financing Authority** **Certificates of Participation (2004 Wastewater System Improvement Project)** **Certificates of Participation (2007 Wastewater System Improvement Project)**

- a. Ten Largest Users of the Wastewater System (Table 10)
- b. Sewer Rates (Table 11)
- c. Debt Service Coverage Ratio (CAFR, page 123)
- d. Principal Amount of Bonds Outstanding (CAFR, page 61)

**Successor Agency of the Former Redevelopment Agency of the City of Concord  
(Central Concord Redevelopment Project) Tax Allocation Refunding Bonds Series 2004**

- |    |  |                  |
|----|--|------------------|
| a. | Historical Taxable Values and Tax Increment Revenues     | (Table 12)       |
| b. | Largest Property Taxpayers by Assessed Value and Revenue | (Table 13)       |
| c. | Annual Assessed Value Appeals                            | (Table 14)       |
| d. | Tax Revenue Collection                                   | (CAFR, page 119) |
| e. | Principal Amount of Bonds Outstanding                    | (CAFR, page 61)  |

## City of Concord Joint Powers Financing Authority Lease Revenue Bonds (Concord Pavilion) Series 1995

**Table 1: Summary of Revenues & Expenditures and Changes in Fund Balances  
Last Eight Fiscal Years**

	Fiscal Year Ended June 30,							
	2006	2007	2008	2009	2010	2011	2012	2013
<b>REVENUES:</b>								
Debt Contribution	\$1,726,559	\$1,698,279	\$1,382,810	\$1,402,201	\$1,100,507	\$800,507	\$500,000	\$782,032
Operating Revenues								
Nonoperating Income	137,017	149,580	179,478	141,768	196,179	309,013	361,467	844,744
Total Revenues	1,863,576	1,847,859	1,562,288	1,543,969	1,296,686	1,109,520	861,467	1,626,776
<b>EXPENDITURES:</b>								
Debt Service	1,781,148	1,786,642	1,784,418	1,782,514	10,474,620	967,702	869,448	785,067
Operating Expenditures								
Nonoperating Expenditures	54,272	104,703	125,008	61,126	269,516	119,356	117,865	901,820
Total Expenditures	1,835,420	1,891,345	1,909,426	1,843,640	10,744,136	1,087,058	987,313	1,686,887
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	28,156	(43,486)	(347,138)	(299,671)	(9,447,450)	22,462	(125,846)	(60,111)
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers In	100,000		577,067	335,133	1,482,788			
Transfers (Out)								
Total Other Financing Sources (Uses)	100,000	0	577,067	335,133	1,482,788	0	0	0
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	128,156	(43,486)	229,929	35,462	(7,964,662)	22,462	(125,846)	(60,111)
Fund Balance at Beginning of Year	951,908	1,080,064	1,036,578	1,266,507	1,301,969	(6,662,693)	(6,640,231)	(6,766,077)
Fund Balance at End of Year	\$1,080,064	\$1,036,578	\$1,266,507	\$1,301,969	(\$6,662,693)	(\$6,640,231)	(\$6,766,077)	(\$6,826,188)

Note: In fiscal year 2010, the City purchased \$8.24 million of lease revenue bonds to lower the annual debt service costs.

Source: City of Concord Financial Statements

**City of Concord Joint Powers Financing Authority  
Lease Revenue Bonds (Concord Avenue Parking Structure) Series 2001**

**Table 2: Balance in the Parking Structure Revenue Fund  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Use of Money and Property</b>	<b>Principal Retirement</b>	<b>Interest, Fiscal Charges and Cost of Issuance</b>	<b>Proceeds from Debt Issuance</b>	<b>Transfers, Net</b>	<b>Ending Fund Balance</b>
2004	\$10,038	(300,000)	(447,751)	0	745,337	743,196
2005	14,516	(310,000)	(434,325)	0	735,620	749,007
2006	26,822	(325,000)	(420,539)	0	721,679	751,969
2007	30,488	(335,000)	(405,554)	0	709,568	751,471
2008	15,340	(350,000)	(394,341)	0	714,418	736,888
2009	34,883	(365,000)	(378,224)	0	723,041	751,588
2010	10,399	(380,000)	(362,862)	0	734,483	753,608
2011	7,428	(395,000)	(346,521)	0	733,392	752,907
2012	(41,127)	(415,000)	(329,141)	0	734,233	701,872
2013	(699,826)	(435,000)	(306,966)	0	1,525,965	786,045

Note: In 2012, this obligation was assumed by the Successor Agency upon the dissolution of the Redevelopment Agency.

Source: City of Concord Financial Statements

**City of Concord Joint Powers Financing Authority  
Lease Revenue Bonds (Concord Avenue Parking Structure) Series 2001**

**Table 3: Balance in the Other Funds and Accounts Held by the City or the Trustee  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Use of Money and Property</b>	<b>Proceeds from Debt Issuance</b>	<b>Transfers, Net</b>	<b>Capital Outlay</b>	<b>Ending Fund Balance</b>
2004	0	0	0	0	179,687
2005	67,646	0	(247,333)	0	0
2006	0	0	0	0	0
2007	0	0	0	0	0
2008	0	0	0	0	0
2009	0	0	0	0	0
2010	0	0	0	0	0
2011	0	0	0	0	0
2012	0	0	0	0	0
2013	0	0	0	0	0

Source: City of Concord Financial Statements

**City of Concord Joint Powers Financing Authority  
Lease Revenue Bonds (Concord Avenue Parking Structure) Series 2001**

**Table 4: Principal Amount of Bonds Outstanding  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Principal Retired</u>	<u>Principal Outstanding</u>
2004	300,000	8,990,000
2005	310,000	8,680,000
2006	325,000	8,355,000
2007	335,000	8,020,000
2008	350,000	7,670,000
2009	365,000	7,305,000
2010	380,000	6,925,000
2011	395,000	6,530,000
2012	415,000	6,115,000
2013	435,000	5,680,000

Note: In 2012, this obligation was assumed by the Successor Agency upon the dissolution of the Revelopment Agency.

Source: City of Concord Financial Statements

**City of Concord Joint Powers Financing Authority  
Lease Revenue Bonds (Concord Avenue Parking Structure) Series 2001**

**Table 5: Taxable Sales Transactions  
Last Ten Calendar Years**

<u>Calendar Year</u>	<u>Number of Permits</u>	<u>Taxable Sales Transactions</u>
2003	3,388	2,575,981,000
2004	3,400	2,566,498,000
2005	3,651	2,641,740,100
2006	3,559	2,566,273,900
2007	3,530	2,516,666,300
2008	3,460	2,356,818,900
2009	3,399	2,089,936,000
2010	3,388	2,050,987,900
2011	3,313	2,122,829,500
2012	3,311	2,296,522,300

Sources California State Board of Equalization  
The HdL Companies

**City of Concord Joint Powers Financing Authority  
Lease Revenue Bonds (Concord Avenue Parking Structure) Series 2001**

**Table 6: Taxable Sales Transactions by Type of Business  
Calendar Year 2012 (Dollars in Thousands)**

<u>Type of Business</u>	<u>Number of Permits</u>	<u>Taxable Sales Transactions</u>
Autos and Transportation	375	\$668,537
Building and Construction	192	252,377
Business and Industry	789	199,443
Food and Drugs	136	115,847
Fuel and Service Stations	48	173,140
General Consumer Goods	1,427	698,353
Restaurants and Hotels	343	188,868
Transfers & Unidentified	1	(43)
<b>Total Outlets</b>	<b><u>3,311</u></b>	<b><u>\$2,296,522</u></b>

Sources California State Board of Equalization  
The HdL Companies

**City of Concord Joint Powers Financing Authority  
Lease Revenue Bonds (Concord Avenue Parking Structure) Series 2001  
Certificates of Participation (ABAG 41)**

**Table 7: Adopted and Final Budgets for Unrestricted General Fund  
Fiscal Years 2012-13 and 2013-14**

	<b>2011-13 Adopted General Fund Budget</b>	<b>2011-13 Final General Fund Budget</b>	<b>2012-14 Adopted General Fund Budget</b>
<b>REVENUES:</b>			
Taxes	\$63,754,406	\$64,393,782	\$67,881,028
Licenses and Permits	1,217,272	1,557,272	1,379,187
Intergovernmental	200,000	200,000	230,000
Charges for Current Services	7,366,343	7,440,343	7,435,660
Fines and Forfeitures	830,000	680,000	820,000
Use of Money and Property	653,242	653,242	953,136
Other	363,430	2,558,561	490,048
	<u>74,384,693</u>	<u>77,483,200</u>	<u>79,189,059</u>
<b>EXPENDITURES:</b>			
Current:			
Salaries and Benefits	51,956,957	52,316,400	53,881,097
Operating Expenditures	8,766,478	10,142,912	9,144,246
Fixed Charges	9,721,472	9,681,472	10,995,097
	<u>70,444,907</u>	<u>72,140,784</u>	<u>74,020,440</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,939,786</u>	<u>5,342,416</u>	<u>5,168,619</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	936,921	800,421	871,991
Transfers (Out)	<u>(1,146,568)</u>	<u>(3,355,082)</u>	<u>(2,392,912)</u>
Total Other Financing Sources (Uses)	<u>(209,647)</u>	<u>(2,554,661)</u>	<u>(1,520,921)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	3,730,139	2,787,755	3,647,698
Fund Balance at Beginning of Year	<u>13,042,343</u>	<u>12,627,038</u>	<u>19,523,833</u>
Fund Balance at End of Year	<u>\$16,772,482</u>	<u>\$15,414,793</u>	<u>\$23,171,531</u>

Sources: City of Concord Financial Statements and Adopted Budget

**City of Concord Joint Powers Financing Authority  
Lease Revenue Bonds (Concord Avenue Parking Structure) Series 2001  
Certificates of Participation (ABAG 41)**

**Table 8: Summary of Revenues, Expenditures and Changes in Fund Balances  
Last Ten Fiscal Years**

	Fiscal Year Ended June 30,				
	2004	2005	2006	2007	2008
<b>REVENUES:</b>					
Taxes	\$46,721,417	\$47,698,542	\$56,102,956	\$61,059,439	\$60,165,471
Licenses and Permits	1,540,358	1,538,066	1,671,153	1,661,706	1,149,753
Intergovernmental	9,123,025	9,742,965	1,403,045	1,105,917	959,923
Charges for Current Services	6,057,346	6,112,694	7,016,914	6,989,030	6,312,313
Fines and Forfeitures	583,533	671,137	787,598	920,845	993,105
Parks and Recreation	2,117,718	2,420,106	2,585,962	2,678,282	3,006,184
Use of Money and Property	618,363	1,166,428	1,465,897	1,577,463	1,571,499
Other	335,466	198,408	332,986	203,118	315,337
<b>Total Revenues</b>	<b>67,097,226</b>	<b>69,548,346</b>	<b>71,366,511</b>	<b>76,195,800</b>	<b>74,473,585</b>
<b>EXPENDITURES:</b>					
Current:					
General Government	11,659,213	8,791,670	10,331,725	12,370,595	12,258,475
Public Safety	29,977,656	35,442,623	36,860,686	38,056,048	39,945,559
Public Works	2,744,650	7,889,828	8,315,970	8,228,093	8,798,826
Building, Engineering & Neighborhood Serv	1,307,734	1,303,665	4,691,323	4,649,666	6,255,946
Community & Economic Development	4,457,583	4,946,941	1,513,787	1,744,610	1,838,002
Parks & Recreation	12,615,468	5,669,750	5,767,138	6,138,323	7,382,172
Non-Departmental					
Capital Outlay	4,403,253				
<b>Total Expenditures</b>	<b>67,165,557</b>	<b>64,044,477</b>	<b>67,480,629</b>	<b>71,187,335</b>	<b>76,478,980</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(68,331)</b>	<b>5,503,869</b>	<b>3,885,882</b>	<b>5,008,465</b>	<b>(2,005,395)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	560,018	837,530	694,061	166,562	541,298
Transfers (Out)	(98,583)	(3,272,716)	(12,113,187)	(3,682,786)	(2,339,427)
Sale of Fixed Assets					
<b>Total Other Financing Sources (Uses)</b>	<b>461,435</b>	<b>(2,435,186)</b>	<b>(11,419,126)</b>	<b>(3,516,224)</b>	<b>(1,798,129)</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>393,104</b>	<b>3,068,683</b>	<b>(7,533,244)</b>	<b>1,492,241</b>	<b>(3,803,524)</b>
<b>Fund Balance at Beginning of Year</b>	<b>36,120,133</b>	<b>36,513,237</b>	<b>39,581,920</b>	<b>32,048,676</b>	<b>33,540,917</b>
<b>Fund Balance at End of Year</b>	<b>\$36,513,237</b>	<b>\$39,581,920</b>	<b>\$32,048,676</b>	<b>\$33,540,917</b>	<b>\$29,737,393</b>

**Notes:**

(1) In Fiscal Year 2003, the City restated sales tax revenues in accordance with GASB 33. The effect of this restatement was not carried back to years prior to Fiscal Year 2001.

(2) The City underwent reorganization in 2005, 2006, 2010 and 2012.

Source: City of Concord Financial Statements

## Fiscal Year Ended June 30,

2009	2010	2011	2012	2013
\$55,544,816	\$52,029,984	\$53,425,251	\$62,950,131	\$65,752,896
1,262,916	1,127,710	1,194,147	1,282,817	1,494,008
808,849	647,814	939,964	361,631	664,823
7,271,613	6,615,092	6,782,831	4,858,806	5,254,807
1,044,448	826,815	775,197	821,727	640,065
2,869,639	2,895,408	2,692,712	2,668,759	2,685,527
1,083,367	235,178	211,982	400,921	1,141,885
540,540	411,299	684,553	883,589	2,832,605
70,426,188	64,789,300	66,706,637	74,228,381	80,466,616
11,567,366	11,481,742	10,500,718	12,325,452	14,955,958
42,592,777	41,133,055	40,106,984	41,916,877	41,998,811
9,050,960	9,881,512	8,510,769	5,777,184	5,554,707
5,592,315				
1,736,656	4,150,460	3,799,918	4,633,243	5,145,952
7,167,464	6,404,528	5,580,991	4,800,248	3,804,647
	48,811	59,449	52,538	150,250
77,707,538	73,100,108	68,558,829	69,505,542	71,610,325
(7,281,350)	(8,310,808)	(1,852,192)	4,722,839	8,856,291
2,482,510	680,927	13,816,643	2,878,730	499,904
(1,136,854)	(10,072,965)	(1,022,893)	(12,014,942)	(2,357,422)
1,345,656	(9,392,038)	12,793,750	(9,136,212)	(1,857,518)
(5,935,694)	(17,702,846)	10,941,558	(4,413,373)	6,998,773
29,737,393	23,801,699	6,098,853	17,040,411	12,627,038
\$23,801,699	\$6,098,853	\$17,040,411	\$12,627,038	\$19,625,811

**City of Concord Joint Powers Financing Authority  
Lease Revenue Bonds (Concord Avenue Parking Structure) Series 2001  
Certificates of Participation (ABAG 41)**

**Table 9: City's Pooled Investment Portfolio  
Fiscal Year Ended June 30, 2013**

<u>Investment</u>	<u>Carrying Value</u>	<u>Percent of Portfolio</u>	<u>Yield/360-Day Year Equivalent</u>
U.S Treasury Bond/Note	\$10,608,140	19.91%	0.270%
Federal Agency Bond/Note	23,077,728	43.29%	0.930%
Corporate Note	15,653,914	29.36%	1.130%
Certificate of Deposit	<u>3,969,513</u>	<u>7.45%</u>	<u>0.580%</u>
<b>Total Investments</b>	<b><u>\$53,309,295</u></b>	<b><u>100.00%</u></b>	<b><u>0.831%</u></b>

Note: Excludes the former Redevelopment Agency investments and cash with fiscal agent.

Source City of Concord Finance Department  
PFM Portfolio Summary - June 2013

**City of Concord Joint Powers Financing Authority  
Certificates of Participation (2004 and 2007 Wastewater System Improvement Projects)**

**Table 10: Ten Largest Users of the Wastewater System  
12 Months through June 30, 2013**

	<b>Customers</b>	<b>Type of Use</b>	<b>Percent</b>
1	JOHN MUIR MEDICAL CENTER	Hospital and Medical Campus	0.65%
2	MOUNT DIABLO UNIFIED SCHOOL DISTRICT	29 School Sites	0.59%
3	CONCORD FAMILY APARTMENTS LP	302 Apartments	0.51%
4	KILLARNEY PROPERTIES	300 Apartments	0.50%
5	U.S. COAST GUARD	286 Dwellings + 3 Buildings	0.48%
6	CONCORD MOBILE COUNTRY CLUB	280 Mobile Homes + 2 Pools + 2 Rec Centers	0.47%
7	CONCORD GARDENS MOB HOME PARK	260 Mobile Homes + Rec Bldg	0.44%
8	EQR/LEGACY PARTNERS LLC	259 Apartments	0.43%
9	EVILSIZOR JOHN L & MARY A	218 Apartments	0.36%
10	WATERWORLD USA	Waterpark	0.36%

Source: City of Concord Public Works Department

**City of Concord Joint Powers Financing Authority  
Certificates of Participation (2004 and 2007 Wastewater System Improvement Projects)**

**Table 11: Sewer Rates for Fiscal Year 2012-13**

<b>RESIDENTIAL OWNERS</b>		
1.	Minimum rate for any premises	\$363.00
2.	Each single-family dwelling unit	363.00
3.	Each dwelling unit in a multiple dwelling structure	363.00 per unit
4.	Mobile Home Park	363.00 per space
<b>COMMERCIAL OWNERS - Charge based upon quantity of water used in cubic feet</b>		
1.	Minimum rate for any premises	\$363.00
2.	Bowling Alleys	3.20/100 cu. ft.
3.	Car Washes	3.20/100 cu. ft.
4.	Health Studios and Gymnasiums	3.20/100 cu. ft.
5.	Hospitals - Convalescent	3.20/100 cu. ft.
6.	Multiple Lodging Structures (hotels, motels and rooming houses)	3.20/100 cu. ft.
7.	Laundromats and Laundries	3.20/100 cu. ft.
8.	Restaurants	6.39/100 cu. ft.
	Restaurants with pretreatment facilities approved annually	3.63/100 cu. ft.
9.	Bakeries	Determined Individually
10.	All others	3.63/100 cu. ft.
<b>INSTITUTIONAL OWNERS</b>		
1.	Minimum rate for any premises	\$363.00
2.	As defined in Section 110-31, except for Convalescent Hospitals	3.63/100 cu. ft.
<b>INDUSTRIAL OWNERS - Charge based upon quantity of water used and quality of effluent</b>		
1.	Minimum rate for any premises	\$363.00
2.	Flow/Million Gallons	2,817.00
3.	Biochemical Oxygen Demand (B.O.D.) per thousand pounds	662.00
4.	Suspended Solid (S.S.) per thousand pounds	564.00
<b>SPECIAL DISCHARGE PERMITS, AS ISSUED BY THE DISTRICT</b>		
1.	Charge based upon quantity of water used and quality of effluent	Determined Individually
<b>SPECIAL CONTRACTUAL AGREEMENT</b>		Determined Individually

Note: The sewer service charges are set by separate City Ordinance under Concord Municipal Code Section 110-32(c).

## Successor Agency of the Former Redevelopment Agency of the City of Concord (Central Concord Redevelopment Project) Tax Allocation Refunding Bonds Series 2004

**Table 12: Historical Taxable Values and Tax Increment Revenues  
Last Five Fiscal Years**

	Fiscal Year Ended June 30,				
	2009	2010	2011	2012	2013***
Total Assessed Values	\$1,928,971,785	\$1,993,649,908	\$1,919,564,703	\$1,866,713,729	-
Base Year Values	339,585,818	339,585,818	339,585,818	339,585,818	-
Incremental Assessed Values	1,589,385,967	1,654,064,090	1,579,978,885	1,527,127,911	-
Incremental Property Taxes	17,702,810	17,848,718	16,897,662	8,890,417	-
Less:					
Educational Revenue Augmentation Fi					
Tax Increment Pass Through	(1,238,338)	(1,160,646)	(851,108)	(395,213)	-
Tax Increment Rebate	(377,503)	(195,560)	(346,800)	(168,339)	-
<b>Net Tax Revenues</b>	<b>\$16,086,969</b>	<b>\$16,492,512</b>	<b>\$15,699,754</b>	<b>\$8,326,865</b>	<b>-</b>

Note: \*\*\*During 2012, the Redevelopment Agency was dissolved and the liabilities were assumed by the Successor Agency. The State discontinued distributing incremental property taxes at that time.

Source: Former Redevelopment Agency of the City of Concord

**Successor Agency of the Former Redevelopment Agency of the City of Concord  
(Central Concord Redevelopment Project) Tax Allocation Refunding Bonds Series 2004**

**Table 13: Largest Property Taxpayers by Assessed Value and Revenue  
Fiscal Year 2012-13**

	<b>Property Owner</b>	<b>Primary Land Use</b>	<b>2011-12 Assessed Value</b>	<b>2012-13 Assessed Value</b>	<b>2012-13 Projected Revenue (a)</b>
1.	Chevron USA, Inc.	Office Building	\$180,805,394	\$116,169,770	\$1,161,698
2.	SFG Owner A, B, C & D LLC	Office Building	120,919,826	91,154,064	911,541
3.	Sierra Pacific Properties, Inc.	Office Building	101,860,577	80,011,052	800,111
4.	Willows Center Concord	Shopping Center	67,199,876	59,930,204	599,302
5.	EQR/Legacy Partners LLC	Apartments	48,395,321	53,661,040	536,610
6.	Behringer Harvard Renaissance	Apartments	45,030,014	48,168,718	481,687
7.	Seecon Financial & Construction	Office Building	44,050,003	47,671,760	476,718
8.	Concord Center Investors LLC (b)	Office Building	43,081,211	43,234,740	432,347
9.	Concord Airport Plaza Associates	Office Building	42,387,000	42,765,982	427,660
10.	Lowes HIW Inc.	Commercial	30,210,537	39,306,234	393,062
	<b>Total</b>		<b><u>\$723,939,759</u></b>	<b><u>\$622,073,564</u></b>	<b><u>\$6,220,736</u></b>

Notes:

(a) Projected Revenue is calculated using the 1% Basic County Wide Levy Rate.

(b) Property was previously owned by Rreef America REIT III Corporation

Source: California Municipal Statistics, Inc.

**Successor Agency of the Former Redevelopment Agency of the City of Concord  
(Central Concord Redevelopment Project) Tax Allocation Refunding Bonds Series 2004**

**Table 14: Annual Assessed Value Appeals  
Last Five Fiscal Years**

	Fiscal Year				
	2009	2010	2011	2012	2013
Appeals Filed	55	122	57	189	132
Appeals Resolved to Date	29	31	33	135	45
Appeals Pending	26	91	24	54	41
Values of Appeals Pending	\$216,479,922	\$1,134,104,612	\$375,576,330	\$207,095,917	\$138,201,792

Source: Contra Costa County Assessor's Office

**CITY OF CONCORD, CALIFORNIA**

**MANAGEMENT LETTER**

**JUNE 30, 2013**



To the Honorable Mayor and Members of the City Council and Management  
City of Concord, California

Ladies and Gentlemen:

We have audited the basic financial statements of the City of Concord (the City) for the year ended June 30, 2013, and have issued our report thereon dated February 14, 2014. In planning and performing our audit of the basic financial statements of the City, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These observations and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

### **CASH RECEIPT RECONCILIATIONS**

#### **OBSERVATION:**

During the course of gaining an understanding of our consideration of the design and implementation of key internal controls over the cash receipt function, it was observed that there was no indication of independent review of the bank transaction interface report on one instance out of 25 transactions selected for testing.

#### **RECOMMENDATION:**

We recommend the City review and monitor its current policies and procedures to ensure that they meet the needs of the City.

#### **MANAGEMENT'S RESPONSE:**

The City concurs with the recommendation and will review the current process and implement appropriate changes to ensure appropriate internal controls are in place for cash receipt reconciliations to ensure that they are properly documented and reviewed. The City has been successful in filling a number of vacancies, including a key position that will oversee the cash receipts function. A Senior Financial Analyst was hired on October 28, 2013 in which a primary responsibility will be daily monitoring of bank transactions and evaluating and updating the current cash receipt processes.

### **PAYROLL TIMECARD APPROVAL**

#### **OBSERVATION:**

During the course of gaining an understanding of our consideration of the design and implementation of key internal controls over the payroll function, it was observed that in one instance out of 60 transactions selected for testing that there was no indication of supervisor approval of an employee's time card.

#### **RECOMMENDATION:**

We recommend the City review and monitor its current policies and procedures to ensure that they meet the needs of the City.

#### **MANAGEMENT'S RESPONSE:**

The City concurs with this recommendation and on July 8, 2013 implemented an Administrative Policy to ensure timecards are properly signed and approved. In addition, a report is generated after each payroll cycle to monitor employee and supervisor timecard approvals that will ensure timecards are in compliance with the Payroll and Time Reporting Administrative Directive.

### **DECENTRALIZED CASH RECEIPTS AND DEPOSITS POLICY**

#### **OBSERVATION:**

During the course of gaining an understanding of our consideration of the design and implementation of key internal controls over the cash receipt function, It was observed that there was no threshold or timeframe in place to determine how much cash is allowed to be held at offsite locations or how often the cash is required to be deposited into the bank.

#### **RECOMMENDATION:**

We recommend the City review and revise its policies to include establishing thresholds on the amounts that can be maintained at remote locations as well as implement periodic deposits of cash to the bank.

#### **MANAGEMENT'S RESPONSE:**

The City concurs with the recommendation and as previously noted, the new Senior Financial Analyst is in the process of evaluating current banking practices which include the timely and safe deposits of cash receipts.

## **PROCUREMENT CARDS AND PURCHASE ORDER MONITORING**

### **OBSERVATION:**

During the course of gaining an understanding of our consideration of the design and implementation of key internal controls over the cash disbursement function, it was observed that in one instance out of 60 transactions selected for testing that expenditure was processed and paid without the appropriate purchase order being completed and approved.

### **RECOMMENDATION:**

We recommend the City review and monitor its current policies and procedures to ensure that they meet the needs of the City.

### **MANAGEMENT'S RESPONSE:**

The City concurs with the recommendation and will review the current process and implement appropriate changes. In addition, staff will make periodic Procurement Card presentations to Executive staff to review Procurement card holder responsibilities.

## **ACCOUNTS PAYABLE BATCH CONTROL LOGS**

### **OBSERVATION:**

During the course of gaining an understanding of our consideration of the design and implementation of key internal controls over the cash disbursement function, it was observed that in one instance out of 60 transactions selected for testing that there was no evidence of independent review being performed.

### **RECOMMENDATION:**

We recommend the City review and monitor its current policies and procedures to ensure that they meet the needs of the City.

### **MANAGEMENT'S RESPONSE:**

The City concurs with the recommendation and beginning in December 2013, the City created a log to track the review of weekly accounts payable batch processing to ensure all batches receive an independent review.

## **USE OF DEFERRAL ACCOUNTS IN CASH RECEIPTS AND DISBURSEMENTS CYCLES**

### **OBSERVATION:**

During the course of gaining an understanding of our consideration of the design and implementation of key internal controls over the cash receipt function, it was observed that in one instance out of 60 transactions selected for testing that revenue was improperly deferred on a non-exchange transaction.

### **RECOMMENDATION:**

We recommend the City review its deferrals and accruals to insure that they are properly booked.

### **MANAGEMENT'S RESPONSE:**

The City concurs with the recommendation and will review the current process and implement appropriate changes to ensure deferrals and accruals are properly recorded and reviewed.

## **RISK MANAGEMENT CLAIM PAYMENT PROCESSING**

### **OBSERVATION:**

During the course of gaining an understanding of our consideration of the design and implementation of key internal controls over the cash disbursement function, it was observed that in one instance out of 6 transactions selected for testing that there was no indication of independent review and approval of the request for payment subsequently paid.

### **RECOMMENDATION:**

We recommend the City review and monitor its current policies and procedures to ensure that they meet the needs of the City.

### **MANAGEMENT'S RESPONSE:**

The City concurs with the recommendation and will review the current process and implement appropriate changes to ensure cash disbursements are properly documented and reviewed.

To the Honorable Mayor and Members of the City Council and Management  
City of Concord, California  
February 14, 2014  
Page 5 of 7

## **REVIEW AND APPROVAL OF JOURNAL ENTRIES**

### **OBSERVATION:**

During the course of gaining an understanding of our consideration of the design and implementation of key internal controls over the journal entry function, it was observed that in one instance out of 60 transactions selected for testing that there was no indication of independent review and approval a journal entry posted to the general ledger.

### **RECOMMENDATION:**

We recommend the City review and monitor its current policies and procedures to ensure that they meet the needs of the City.

### **MANAGEMENT'S RESPONSE:**

The City concurs with the recommendation and will review the current process and implement appropriate changes to ensure journal entries are properly documented and reviewed.

## **NEW FINANCIAL REPORTING AND AUDITING STANDARDS**

### **INFORMATIONAL ONLY**

#### **GOVERNMENTAL ACCOUNTING STANDARD No. 65**

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is not effective until the fiscal year ending June 30, 2014.

#### **GOVERNMENTAL ACCOUNTING STANDARD No. 66**

In March 2012, GASB issued Statement No. 66, *Technical Corrections – 2012 – and amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement is not effective until the fiscal year ending June 30, 2014.

#### **GOVERNMENTAL ACCOUNTING STANDARD No. 67**

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by State and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to define contribution plans that provide postemployment benefits other than pensions. This Statement is not effective until the fiscal year ending June 30, 2014.

#### **GOVERNMENTAL ACCOUNTING STANDARD No. 68**

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The objective of this Statement is to improve accounting and financial reporting by State and local governments for pensions. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is not effective until the fiscal year ending June 30, 2015.

**GOVERNMENTAL ACCOUNTING STANDARD No. 69**

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to improve accounting and financial reporting by State and local governments for government combinations and disposals of government operations. The Statement provides authoritative guidance on a variety of government combinations including mergers, acquisitions, and transfers of operations. This Statement is not effective until June 30, 2015.

**GOVERNMENTAL ACCOUNTING STANDARD No. 70**

In April 2013, GASB issued Statement No. 70, *Government Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement is not effective until June 30, 2014.

**GOVERNMENTAL ACCOUNTING STANDARD No. 71**

In November 2013, GASB issued Statement No. 71, *Government Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68*. The objective of this Statement is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This Statement is not effective until June 30, 2015.

\*\*\*\*\*

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore, may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the City gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information and use of the City Council, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Vavrinik, Trine, Day & Co. LLP*

Sacramento, California  
February 14, 2014



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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Concord, California (the City) for the year ended June 30, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government *Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 2, 2013. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* as of July 1, 2012. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimates were used in the determination of the useful lives of capital assets, establishing self-insurance reserves, the current portion of compensated absences, the fair value of certain investments, the annual OPEB cost, and the annual pension cost (APC). We evaluated the key factors and assumptions used in developing these estimates and they appeared reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected Misstatements*

For purposes of this communication, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Material misstatements detected as a result of audit procedures were corrected by management and are summarized in the attached Schedule of Corrected Misstatements.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 14, 2014.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Honorable Mayor and the Members of the City Council and management of the City of Concord and is not intended to be, and should not be, used by anyone other than these specified parties.

*Vavrinik, Trine, Day & Co. LLP*

Sacramento, California  
February 14, 2014

**CITY OF CONCORD, CALIFORNIA**  
**Schedule of Corrected Misstatements**  
**For the Fiscal Year Ended June 30, 2013**

No.	Opinion Unit	Fund Title	Account/Description	Debit	Credit
1	Fiduciary Fund Activities	Successor Agency Private Purpose Trust Fund	Cash and Investments Community Planning and Economic Development Deduction Interest Payable	\$ 5,283,786	\$ 4,145,000 \$ 1,138,786
<i>(To reverse debt payment made prior to payment date)</i>					
2	Governmental Activities	General Fund	Due From Other Funds Cash	\$ 2,514,787	\$ 2,514,787
	Aggregate Remaining Fund Information	Assessments Districts Fund	Cash Due to Other Funds	86,606	86,606
	Aggregate Remaining Fund Information	Post-Retirement Healthcare Benefit Fund	Cash Due to Other Funds	2,428,181	2,428,181
<i>(To reverse negative cash balances for CAFR presentation)</i>					
3	Governmental Activities	General Fund	Advance From Other Funds Advance To Other Funds	\$ 250,000	\$ 250,000
<i>(To eliminate an intra-fund transfer)</i>					
4	Fiduciary Fund Activities	Successor Agency Private Purpose Trust Fund	Community Planning and Economic Development Deduction Interfund Transfers Out	\$ 258,717	\$ 258,717
<i>(To reclassify transfers to governmental funds to contribution expense)</i>					
5	Aggregate Remaining Fund Information	Post-Retirement Healthcare Benefit Fund	Operations and Maintenance Expense Net OPEB Asset	\$ 2,726,867	\$ 2,726,867
<i>(Audit adjustment to correct the OPEB asset balance)</i>					



Number: 168  
 Authority: Council Motion  
 Effective: 03-11-2014  
 Revised:  
 Reviewed:  
 Initiating Dept.: FIN

## GOVERNMENTAL FUND BALANCE FINANCIAL REPORTING POLICY

### 1. PURPOSE

To set forth the policy direction for the implementation of Governmental Accounting Standards Board (GASB) Statement No. 54: *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes a hierarchy of fund balance classifications which are based primarily on the extent to which the City is bound by constraints placed on resources.

### 2. POLICY

This Policy sets forth the policy direction for the Finance Department's preparation of financial statements which accurately categorize fund balance in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 54: *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54" or the "Statement"). The objective of the Statement is to improve the usefulness, including the understandability, of governmental fund balance information. This Policy establishes the new fund balance classifications for governmental funds for external financial reporting purposes such as in the City's Comprehensive Annual Financial Report ("CAFR"). Certain commitments and assignments of fund balance will help ensure there will be adequate financial resources to protect the City against unforeseen circumstances and events such as revenue shortfalls and unanticipated expenditures. The fund balance disclosures, consistent with GASB 54, provides more clearly defined categories to make the nature and extent of the limitations placed on the City's fund balance more transparent. The increased transparency provides users of the financial statements information necessary to understand the processes under which constraints are imposed upon the use of resources and how those constraints may be modified or eliminated.

### 3. FUND BALANCE DEFINITION

Fund balance is defined as the excess of total assets as compared to total liabilities in a governmental fund. With GASB 54 implementation, five separate components of Fund Balance are defined, each of which identifies the extent to which the City is bound to honor constraints on the specific purposes for which amounts can be spent. The separate components, listed in order from most restrictive to least, are as follows:

- Nonspendable fund balance (*inherently nonspendable*)
- Restricted fund balance (*external enforceable limitation on use*)
- Committed fund balance (*self-imposed limitation on use*)
- Assigned fund balance (*limitation resulting from intended use*)
- Unassigned fund balance (*residual net resource*)

- 3.1 Nonspendable Fund Balance  
Nonspendable fund balance represents amounts that are not in a spendable form, such as inventories, prepaid items, and long-term receivables. It also includes amounts that are legally or contractually required to be maintained intact or required to be retained in perpetuity, such as the principal of an endowment fund.
- 3.2 Restricted Fund Balance  
Amounts reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions, or by enabling legislation.
- 3.3 Committed Fund Balance  
Committed fund balance represents amounts constrained to specific purposes by the City Council, the City's highest decision making authority. The City Council may commit fund balances for specific purposes pursuant to constraints imposed by formal actions taken, such as an ordinance or resolution. The committed balances cannot be used for any other purpose unless the City Council removes or changes the specified use using the same formal action taken to originally establish the commitment. City Council action to commit fund balance must occur within the fiscal reporting period, while the amount committed may be subsequently determined.
- 3.4 Assigned Fund Balance  
Amounts in the Assigned Fund Balance are intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. The policy hereby delegates the authority to assign amounts to be used for specific purposes to the City Manager, or the City Manager's designee, for the purpose of reporting these amounts in the annual financial statements. An example of assigned fund balance is continuing appropriations for projects approved in prior years and which must be carried forward into the new fiscal year.
- 3.5 Unassigned Fund Balance (General Fund Only)  
This includes the minimum fund balance level (reserves) of 15% of General Fund designated operating expenditures, re-instituted to 30% when economic conditions warrant the increase. Any portion of the General Fund fund balance that does not fall into any of the fund balance definitions listed above.

#### **4. ORDER OF FUNDS SPENDING**

The City will spend the most restricted dollars in accordance with restrictions imposed before less restricted in the following order:

1. Nonspendable
2. Restricted
3. Committed
4. Assigned
5. Unassigned

## 5. FUND TYPES DEFINITION

Governmental fund are used to account for governmental activities. Governmental funds are classified as the following: General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds and specifically excludes proprietary and fiduciary funds. For purposes of GASB 54, only governmental funds will be required to be classified under the new fund balance classifications. The classification of proprietary funds and fiduciary funds will not be affected by the implementation of GASB 54.

### 5.1 Governmental Fund Type Definitions

GASB 54 provides further clarification on the use of various governmental fund types: General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds.

#### 5.11 General Fund

Accounts for and reports all financial resources not accounted for and reported in another fund.

#### 5.12 Special Revenue Funds:

Accounts for and report the proceeds of specific revenue sources that are:

- Restricted or committed to expenditure for specified purposes other than debt service or capital projects.
- Proceeds of specific revenue sources establish that one or more specific restricted or committed revenues should be the foundation for a Special Revenue fund. The specific restricted or committed revenues may be initially received in another fund and subsequently distributed to a special revenue fund.
- The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund.
- Other resources (investment earnings and transfers from other funds, for example) also may be reported in the Special Revenue Fund if those resources are restricted, committed, or assigned to the specified purpose of the funds.
- Special Revenue Funds should not be used to account for resources held in trust for individuals, private organizations, or other governments.

Notes to the financial statements should disclose the purpose for each major Special Revenue Fund including identifying which revenues and other resources are reported in each of the Special Revenue Funds.

#### 5.13 Capital Projects Funds

Account for and report 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.

5.14 Debt Service Funds

Account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt Service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years should be report in Debt Service Funds.