



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 2009 FINANCIAL HIGHLIGHTS

Financial highlights of the year include the following:

Government-Wide

- The City's total net assets were \$835 million at June 30, 2009, down \$18 million from the prior year. Of this total, \$750 million were governmental assets and \$85 million were business-type assets.
- Government-Wide governmental revenues include program revenues of \$33 million and general revenues of \$75 million for a total of \$108 million, down \$2 million from the prior year's total.
- Total Government-Wide governmental expenses were \$126 million, an increase of \$0.3 million from the prior year.
- Government-Wide business-type revenues were \$20 million while expenses were \$20 million.

Fund Level

- Governmental Fund balances decreased \$7 million in fiscal 2009.
- Governmental Fund revenues increased to \$107 million in fiscal 2009, up \$2 million from the prior year.
- Governmental Fund expenditures increased to \$115 million in fiscal 2009, up \$1 million from the prior year.
- General Fund revenues of \$70 million reflected a decrease of \$4 million in fiscal 2009.
- General Fund expenditures of \$78 million reflected an increase of \$1 million when compared to the prior year.
- The net transfers reflected in the General Fund totaled \$1 million in for fiscal 2009 compared with net transfers of \$2 million out of the General Fund in fiscal 2008.
- General Fund balance of \$24 million at June 30, 2009 decreased \$6 million from fiscal 2008.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

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 Assets and the Statement of Activities. The Statement of Net Assets provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each the City's programs. The Statement of Activities explains in detail the change in Net Assets 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 Assets and the Statement of Activities are separated into Governmental Activities and Business-Type Activities in order to provide a summary of these two activities of the City as a whole.

The Fund Financial Statements report the City's operations in more detail than the 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, for which the City acts solely as agent.

The Government-Wide Financial Statements

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

- **Governmental Activities** - All of the City's basic services are considered to be Governmental Activities, including General Government; Public Safety; Public Works; Planning and Economic Development; Building, Engineering and Neighborhood Services; and Community 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 Redevelopment Agency of the City of Concord 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. The City's Business-Type Activities include the activities of an additional separate legal entity, the Concord Sanitary Sewer Services Inc., which is inactive.

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, the Housing and Community Services Fund, the Redevelopment Agency Fund and the General Reimbursable Projects Fund are the only Major Governmental Funds in addition to the General Fund.

Fund Financial Statements include Governmental, Enterprise, and Internal Service 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.

Enterprise and Internal Service 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 assets 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 Statements

The City's fiduciary activities are reported in the separate Statement of Fiduciary Net Assets and the Pension Trust Fund Statement of Changes in Plan Net Assets. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations. The Pension Trust Fund consists of the City of Concord Retirement System, a separate legal entity.

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

The analyses reflected below focus on the net assets (Table 1) and changes in net assets (Table 2) of the City as a whole. The information summarizes the Citywide Statement of Net Assets and Statements of Activities stated more fully in the Financial Section of this report.

Table 1: Primary Government Net Assets
As of June 30, 2009 and 2008 (Dollars in Millions)

	Activities		Activities		2009	2008
	2009	2008	2009	2008		
Cash and Investments	\$97.4	\$112.3	\$36.3	\$43.8	\$133.7	\$156.1
Other Assets	58.6	54.1	(0.1)	0.1	58.5	54.2
Capital Assets	715.8	729.2	88.7	83.0	804.5	812.2
Total Assets	871.8	895.6	124.9	126.9	996.7	1,022.5
Long-Term Debt Outstanding	94.2	99.4	24.6	25.4	118.8	124.8
Other Liabilities	27.7	27.5	15.5	17.0	43.2	44.5
Total Liabilities	121.9	126.9	40.1	42.4	162.0	169.3
Net Assets:						
Invested in Capital Assets, Net of Debt	622.6	630.5	71.3	70.4	693.9	700.9
Restricted	88.9	89.4			88.9	89.4
Unrestricted	38.4	48.8	13.5	14.1	51.9	62.9
Total Net Assets	\$749.9	\$768.7	\$84.8	\$84.5	\$834.7	\$853.2

Table 2: Primary Government Changes in Governmental Net Assets
For the Years Ended June 30, 2009 and 2008 (Dollars in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
EXPENSES						
General Government	\$12.7	\$13.2			\$12.7	\$13.2
Public Safety	45.3	42.4			45.3	42.4
Public Works	36.4	36.6			36.4	36.6
Building, Engineering & Neighborhood Services	6.6	6.5			6.6	6.5
Planning & Economic Development	10.6	12.3			10.6	12.3
Community & Recreation Services	9.5	9.5			9.5	9.5
Interest on Long-Term Debt	5.2	5.5			5.2	5.5
Loss on Sale of Property					0.0	0.0
Sewer			\$18.7	\$24.9	18.7	24.9
Golf Course			1.7	1.6	1.7	1.6
Total Expenses	126.3	126.0	20.4	26.5	146.7	152.5
REVENUES						
Program Revenues:						
Charges for Services	17.8	12.2	19.7	19.4	37.5	31.6
Operating Contributions and Grants	4.7	6.2			4.7	6.2
Capital Grants	10.5	8.8	0.1	0.1	10.6	8.9
Total Program Revenues	33.0	27.2	19.8	19.5	52.8	46.7
General Revenues:						
Taxes:						
Property Taxes	29.0	30.3			29.0	30.3
Sales Taxes	24.3	27.3			24.3	27.3
Other Taxes	9.1	9.3			9.1	9.3
Motor Vehicle in Lieu	9.6	9.8			9.6	9.8
Investment Earnings	2.3	5.3	0.8	1.5	3.1	6.8
Miscellaneous Revenues and Transfers	0.2	0.1	0.1	0.1	0.3	0.2
Gain on Sale of Property					0.0	0.0
Total General Revenues	74.5	82.1	0.9	1.6	75.4	83.7
Total Revenues	107.5	109.3	20.7	21.1	128.2	130.4
Change in Net Assets	(18.8)	(16.7)	0.3	(5.4)	(18.5)	(22.1)
Beginning Net Assets	768.7	785.4	84.5	89.9	853.2	875.3
Ending Net Assets	\$749.9	\$768.7	\$84.8	\$84.5	\$834.7	\$853.2

The analyses below focus on the net assets and changes in net assets 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 Assets and Statement of Activities that follow.

Governmental Activities

Table 3: Governmental Net Assets
As of June 30, 2009 and 2008 (Dollars in Millions)

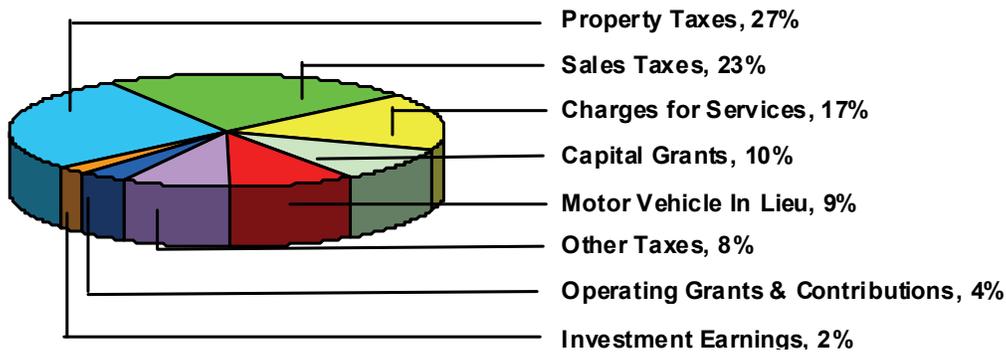
	Governmental Activities	
	2009	2008
Cash and Investments	\$97.4	\$112.3
Other Assets	58.6	54.1
Capital Assets	715.8	729.2
Total Assets	871.8	895.6
Long-Term Debt Outstanding	94.2	99.4
Other Liabilities	27.7	27.5
Total Liabilities	121.9	126.9
Net Assets:		
Invested in Capital Assets, Net of Debt	622.6	630.5
Restricted	88.9	89.4
Unrestricted	38.4	48.8
Total Net Assets	\$749.9	\$768.7

The City's net assets from Governmental Activities decreased \$18.8 million to \$749.9 million in 2009. This decrease in the Changes in Net Assets reflected in the Statement of Activities, as shown in Table 3, is discussed below:

- Cash and investments decreased \$14.9 million due to a decrease in cash flow from major revenue sources.
- Capital assets decreased \$13.4 million, net of depreciation charges. Improvements and additions to streets infrastructure, the storm drainage system and other capital projects were more than offset by the normal annual depreciation charges and the retirement of old computer equipment.
- Long-term debt declined \$5.2 million as payments have been made on existing debt.
- Other assets, net of other liabilities, increased \$4.3 million due primarily to the increase in land held for redevelopment.
- Net assets invested in capital assets, net of related debt, decreased \$7.9 million as assets depreciated and equipment was disposed.
- Restricted net assets decreased \$0.5 million as net assets restricted for Capital Projects and Debt Service decreased \$1.8 million and net assets restricted for Community Development Projects increased \$1.3 million.
- Unrestricted net assets reflect the resources that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements. Unrestricted net assets decreased \$10.4 million.

Governmental Activities - Sources of Revenues

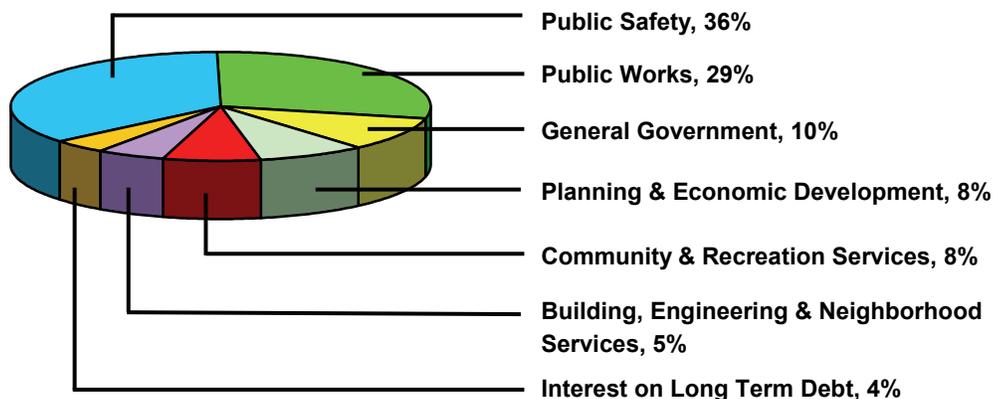
For the Year Ended June 30, 2009 (see Table 4)



As the Sources of Revenue Chart above shows, 27% or \$29.0 million of the City's fiscal 2009 governmental activities revenue came from property taxes, and approximately 23% or \$24.3 million came from sales taxes. The remaining 50% came primarily from four sources - charges for services, capital grants, motor vehicle in lieu, and other taxes.

Governmental Activities - Functional Expenses

For the Year Ended June 30, 2009 (see Table 4)



The Functional Expenses Chart above includes only current year expenses, which are discussed in detail below. Public Safety accounted for \$45.3 million or 36% of expenses, while Public Works accounted for \$36.5 million or 29% of expenses, followed by General Government which accounted for \$12.7 million or 10% of expenses. The remaining 25% were spread fairly evenly among Planning and Economic Development; Community and Recreation Services; Building, Engineering and Neighborhood Services; and interest expense.

The expenses reflected above do not include capital outlay, which is now added to the City's capital assets on the Government-Wide Financial Statements. In 2009, the City's capital assets declined a net of \$13.4 million, as discussed above, due to annual depreciation, which offset the additions made. The details of the changes in capital assets are reflected in Table 8 below.

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

Table 4: Changes in Governmental Net Assets
For the Years Ended June 30, 2009 and 2008 (Dollars in Millions)

	Governmental Activities	
	2009	2008
EXPENSES		
General Government	\$12.7	\$13.2
Public Safety	45.3	42.4
Public Works	36.4	36.6
Building, Engineering & Neighborhood Services	6.6	6.5
Planning & Economic Development	10.6	12.3
Community and Recreation Services	9.5	9.5
Interest on Long-Term Debt	5.2	5.5
Loss on Sale of Property	0.0	0.0
Total Expenses	126.3	126.0
REVENUES		
Program Revenues:		
Charges for Services	17.8	12.2
Operating Contributions and Grants	4.7	6.2
Capital Grants	10.5	8.8
Total Program Revenues	33.0	27.2
General Revenues:		
Taxes:		
Property Taxes	29.0	30.3
Sales Taxes	24.3	27.3
Other Taxes	9.1	9.3
Motor Vehicle in Lieu	9.6	9.8
Investment Earnings	2.3	5.3
Miscellaneous Revenues and Transfers	0.2	0.1
Gain on Sale of Property	0.0	0.0
Total General Revenues and Transfers	74.5	82.1
Total Revenues	107.5	109.3
Change in Net Assets	(\$18.8)	(\$16.7)

The expense of Governmental Activities totaled \$126.3 million in fiscal 2009, reflecting a \$0.3 million increase from the prior year. Increases in Public Safety were offset by decreases in General Government, Public Works, Planning and Economic Development, and interest expense.

Total Governmental Activities revenues decreased \$1.8 million in fiscal 2009, reflecting economic slowdown associated with the recession. The decline in revenue reflects a \$7.5 million decrease in taxes and investment earnings which offset an increase of \$5.8 million in program revenues.

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. Overall, program revenues reduced program expenses by an average of 26% of total expenses. The City's program revenues include developer fees, plan check fees, building inspection fees, traffic fines, recreation fees, police fees, grants, assessment revenues and other charges for services.

Table 5: Governmental Activities
As of June 30, 2009 and 2008 (Dollars in Millions)

	Net (Expense) Revenue from Services	
	2009	2008
General Government	(\$11.4)	(\$12.0)
Public Safety	(43.1)	(39.8)
Public Works	(25.1)	(26.5)
Building, Engineering & Neighborhood Services	1.2	(1.5)
Planning & Economic Development	(7.4)	(10.1)
Community & Recreation Services	(2.4)	(3.5)
Interest on Long-Term Debt	(5.2)	(5.5)
Total	(\$93.4)	(\$98.9)

Business-Type Activities

The net assets of Business-Type Activities increased to \$84.8 million in fiscal 2009, up \$0.3 million from the prior year. Of this total, \$83.5 million were reflected in the Sewer Fund and \$1.3 million were reflected in the Golf Course Fund.

Table 6: Business-Type Activities Net Assets
As of June 30, 2009 and 2008 (Dollars in Millions)

	Business-Type Activities	
	2009	2008
Cash and Investments	\$36.3	\$43.8
Other Assets	(0.1)	0.1
Capital Assets	88.7	83.0
Total Assets	124.9	126.9
Long-Term Debt Outstanding	24.6	25.4
Other Liabilities	15.5	17.0
Total Liabilities	40.1	42.4
Net Assets:		
Invested in Capital Assets, Net of Debt	71.3	70.4
Unrestricted	13.5	14.1
Total Net Assets	\$84.8	\$84.5

**Table 7: Changes in Business-Type Activities Net Assets
As of June 30, 2009 and 2008 (Dollars in Millions)**

	Business-Type Activities	
	2009	2008
Net Revenues from Business-Type Activities:		
Sewer Fund	(\$0.3)	(\$6.9)
Golf Course Fund	(0.3)	nil
General Revenues:		
Investment Earnings	0.9	1.5
Transfers	nil	nil
Total	\$0.3	(\$5.4)

Sewer generated \$18.3 million of revenues in fiscal 2009, reflecting a \$0.4 million increase in service fees over the prior year. This was attributable to a slight increase in sewer customers in fiscal 2009. Expenses decreased by \$6.2 million to \$18.7 million. As a result, Sewer Enterprise experienced a \$0.3 million loss for the year attributable to the City's support of capital projects for treatment at the Central Contra Costa Sanitary District. The Golf Course Enterprise reflected a \$0.3 million loss due to a decrease in rounds played.

THE CITY'S FUND FINANCIAL STATEMENTS

Governmental Funds

At June 30, 2009, the City's governmental funds reported combined fund balances of \$99.6 million, a \$6.6 million decrease when compared with last year's combined fund balance of \$106.2 million. The General Fund accounted for a decrease of \$5.9 million, the Redevelopment Agency fund balance decreased \$0.5 million, and the remaining governmental funds decreased \$0.2 million.

Governmental fund revenues increased \$2.2 million this year to total \$107.3 million. General Fund revenues decreased \$4.0 million. Housing and Community Services Fund revenues increased approximately \$0.2 million. Redevelopment Agency revenues increased \$0.7 million. General Reimbursable Project revenues increased \$3.0 million. Other Governmental fund revenues increased \$2.3 million.

Governmental expenditures increased \$1.3 million this year to total \$115.5 million. General Fund and Housing and Community Services Fund expenditures increased \$1.2 million and \$0.3 million respectively. Redevelopment Agency expenditures decreased \$2.0 million. General Reimbursable Project expenditures increased \$1.4 million. Other Governmental fund expenditures increased \$0.4 million.

Other Financing Sources (Uses) reflect transfers among the various funds in the City. During fiscal 2009, the General Fund received transfers in of approximately \$2.5 million to fund Operating, Administrative and General Services costs, and Capital Projects.

Proprietary Funds

Enterprise Fund net assets totaled \$84.8 million at the end of the fiscal year, an increase of \$0.3 million. Enterprise operating revenues were \$19.7 million this year, up \$0.3 million from last year. Enterprise Fund operating expenses were \$19.3 million this year, down \$4.8 million from the prior year.

ANALYSES OF MAJOR GOVERNMENTAL FUNDS

General Fund

General Fund revenues totaled \$70.4 million, reflecting a decrease of \$4.0 million over the prior fiscal year, due primarily to decreases in sales taxes with smaller decreases in other taxes. Actual revenues were \$7.4 million below the budgeted amounts with property and sales taxes comprising the majority of the under-realization.

Sales tax decreased \$3.7 million from the prior year due to a large drop in consumer spending. Assessed valuations decreased during the year causing a \$0.7 million decrease in property taxes. Transient occupancy tax also decreased \$0.5 million from the prior year.

General Fund expenditures increased \$1.2 million due to the increased cost of providing services. General Government expenditures were \$2.0 million more than budgeted. Public Safety expenditures increased \$2.6 million to a total of \$42.6 million in fiscal 2009 resulting from an increase in the salaries and benefits.

At June 30, 2009 the General Fund fund balance totaled \$23.8 million, reflecting a decrease of \$5.9 million. The ending fund balance consisted of \$2.0 million in reserved for encumbrances and loans and advances to other funds, \$18.2 million designated primarily for reserves and \$3.6 million in unreserved, undesignated balances. Only the unreserved portion of fund balance represents available liquid resources since the reserved portion is represented by non-cash assets or by open purchase orders. The designated fund balance has been set aside by City Council, who may alter or reverse its decisions with respect to designated fund balances and their users at any time.

Housing and Community Services

This Fund accounts for monies received from the Department of Housing and Urban Development and the California Housing Finance Agency, and expended for development of jobs and suitable housing for low-income residents.

The Fund revenues increased \$0.2 million to \$1.7 million in fiscal 2009. The Fund expenditures totaled \$1.4 million in fiscal 2009, an increase of 0.3 million from the prior fiscal year.

The fund balance at fiscal year end increased \$0.4 million to \$1.4 million as a result of operations. The total fund balance is either reserved or designated for specific projects.

Redevelopment Agency

This fund accounts for all activities of the Redevelopment Agency, including property tax increment and other Redevelopment Agency revenues, the portion of property tax increment required under California law to be set aside to fund low and moderate income housing expenditures, the accumulation of funds to pay debt service on the Agency's 1988, 1993 and 2004 tax allocation bonds and capital projects in the Redevelopment Agency's project areas.

The fund's revenues were \$17.4 million in fiscal 2009, an increase of \$0.7 million. Property tax increment revenues increased to \$17.7 million which were offset by pass-through payments totaling \$1.6 million. No contribution was required to be made to the State Educational Revenue Augmentation Fund in fiscal 2009.

Fund expenditures were \$15.8 million in fiscal 2009, a decrease of \$2.0 million from prior year, and consisted of \$9.4 million in development and \$6.4 million in debt service.

The Redevelopment Agency fund balance decreased \$0.4 million as a result of interest accruing on existing notes receivable.

The fund's fiscal year end fund balance of \$62.9 million may be used only for redevelopment purposes. This full amount is either reserved or designated primarily for future capital projects. As such this fund balance is not available for unrestricted expenditure.

General Reimbursable Projects Fund

This fund accounts for capital project costs that are reimbursable from grants and charges to track job specific projects

The fund's revenues were \$5.4 million in fiscal 2009, an increase of \$3.0 million, primarily due to an increase in capital projects activity and reimbursement from grantors.

Fund expenditures were \$5.2 million in fiscal 2009, an increase of \$1.4 million.

The fund balances at fiscal year end increased \$0.7 million to a \$0.7 million deficit. The deficit will be reimbursed in accordance with grant funding policies.

Other Governmental Funds

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

Proprietary Funds

Sewer Fund

Net assets of the Sewer Fund increased by \$0.5 million in fiscal 2009. At June 30, 2009, the Fund's Net Assets were \$83.5 million, of which \$69.2 million was invested in capital assets. \$14.3 million of the Fund's Net Assets were unrestricted at June 30, 2009.

Golf Course Fund

Golf Course revenues decreased slightly by \$0.1 million to a total of \$1.4 million in fiscal 2009 while operating expenses increased \$0.1 million to \$1.6 million. Net assets decreased by 0.2 million to a total of \$1.3 million.

CAPITAL ASSETS

GASB 34 requires the City to record all its capital assets, including infrastructure, in its financial statements. Infrastructure includes roads, bridges, signals and similar assets used by the entire population.

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 2009 the cost of infrastructure and other capital assets recorded on the City's financial statements was as shown in Table 8 below:

Table 8: Capital Assets
For the Years Ended June 30, 2009 and 2008 (Dollars in Millions)

	Balance at June 30, 2009	Balance at June 30, 2008
Governmental Activities		
Land	\$16.3	\$16.3
Construction in Progress	2.4	3.3
Ground Improvements	14.3	14.2
Buildings and Improvements	77.9	77.8
Machinery and Equipment	8.5	12.0
Vehicles	8.1	7.7
Streets	415.8	409.2
Sidewalks	44.9	44.1
Storm Drains/Catch Basins	442.9	441.7
Street Lights	1.2	1.2
Traffic Signals	24.9	24.4
Less: Accumulated Depreciation	(341.4)	(322.7)
Governmental Activity Capital Assets, Net	\$715.8	\$729.2
Business-Type Activities		
Land	\$0.4	\$0.4
Construction in Progress	12.7	3.0
Buildings and Improvements	8.2	8.2
Machinery and Equipment	0.4	0.6
Sewer Lines	196.5	196.4
Less: Accumulated Depreciation	(129.5)	(125.5)
Business-Type Activity Capital Assets, Net	\$88.7	\$83.1

The principal additions to governmental capital assets in fiscal 2009 were focused on infrastructure, including streets, storm drains, sidewalks and traffic signals. Continuing work on the sewer line rehabilitation project is reflected in a \$9.7 million increase in Business-Type Activities, Construction in Progress. Further detail on capital assets, current year additions and construction in progress can be found in Note 7.

The City depreciates all its capital assets over their estimated useful lives, as required by GASB 34. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on depreciable lives may be found in Note 7.

DEBT ADMINISTRATION

The City made all scheduled repayments of existing debt. Each of the City's debt issues is discussed in detail in Note 8 to the Financial Statements. At June 30, 2009, the City's debt was comprised of the following issues:

Table 9: Outstanding Debt
As of June 30, 2009 and 2008 (Dollars in Millions)

	June 30, 2009	June 30, 2008	Net Change
Governmental Activity Debt:			
Revenue Bonds:			
1993 Lease Revenue Bonds, 2.70 - 5.25%, due 8/1/19	\$5.7	\$6.1	(\$0.4)
1995 Lease Revenue Bonds, 6.33 - 8.24%, due 8/1/20	13.5	14.2	(0.7)
2001 Lease Revenue Bonds, 4.00 - 5.13%, due 3/1/23	7.3	7.7	(0.4)
Tax Allocation Bonds:			
Series 1993 Senior Bonds			
Capital Appreciation Bonds, 5.70 - 5.75%, due 7/1/08	0.0	2.5	(2.5)
Tax Allocation Refunding Bonds, Series 2004			
3.90 - 5.05%, due 7/1/25	64.4	65.4	(1.0)
Less deferred amount on refunding	(2.7)	(2.9)	0.2
Certificates of Participation:			
ABAG 41 - Centre Concord, 4.00 - 5.00%, due 8/1/18	0.3	0.3	0.0
Judgment Obligation Bonds:			
1999 Series Bonds, 4.25 - 5.30%, due 9/1/14	2.2	2.5	(0.3)
Notes Payable:			
3.00%, due 9/2/13	2.4	2.3	0.1
Special Assessment with City Commitment:			
Assessment District #79	0.0	nil	nil
Assessment District #80	0.1	0.1	0.0
Assessment District #81	0.1	0.1	0.0
Capital Lease:			
Key Government Finance, 4.65%, due 10/15/11	0.8	1.1	(0.3)
Total Government Activity Debt	\$94.1	\$99.4	(\$5.3)
Business-Type Activity Debt:			
Enterprise Long Term Debt:			
2004 Certificates of Participation, Wastewater System Improvements, 2.00 - 4.63%, due 2/1/29	\$10.8	\$11.2	(\$0.4)
2007 Certificates of Participation, Wastewater System Improvements, 3.75 - 4.50%, due 2/1/32	12.1	\$12.4	(\$0.3)
ABAG 41 Certificates of Participation, Diablo Creek Golf Course, 4.00 - 5.00%, due 8/1/18	1.7	1.8	(0.1)
Total Business-Type Activity Debt	\$24.6	\$25.4	(\$0.8)

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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