

CITY OF CONCORD, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2012

Prepared by

Finance Department

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TABLE OF CONTENTS

| | |
|---|-------|
| TABLE OF CONTENTS | i |
| MISSION VISION & VALUES STATEMENT | v |
| CORPORATE GOALS | vii |
| INTRODUCTORY SECTION | |
| Letter of Transmittal | ix |
| Principal Officers..... | xviii |
| Organizational Chart | xix |
| GFOA Certificate of Achievement for Excellence in Financial Reporting..... | xx |
| FINANCIAL SECTION | |
| Independent Auditor's Report..... | 1 |
| Management's Discussion and Analysis | 3 |
| Basic Financial Statements | 17 |
| Government-Wide Financial Statements | |
| Statement of Net Assets..... | 18 |
| Statement of Activities..... | 19 |
| Fund Financial Statements | |
| Major Governmental Funds | |
| Balance Sheet..... | 22 |
| Reconciliation of the Governmental Funds Balance Sheet | |
| with the Statement of Net Assets..... | 23 |
| Statement of Revenues, Expenditures, and Changes in Fund BalanceS..... | 24 |
| Reconciliation of the Net Change in Fund Balances Total Governmental Funds | |
| with the Statement of Activities | 25 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | |
| General Fund | 26 |
| Concord Housing Special Revenue Fund..... | 27 |
| Major Proprietary Funds | |
| Statement of Net Assets..... | 30 |
| Statement of Revenues, Expenditures, and Changes in Fund Net Assets..... | 31 |
| Statement of Cash Flows..... | 32 |

Fiduciary Funds

| | |
|---|----|
| Statement of Fiduciary Net Assets..... | 34 |
| Statement of Changes in Fiduciary Net Assets..... | 35 |

Notes to the Financial Statements

| | |
|---|----|
| Note 1 - Summary of Significant Accounting Policies | 38 |
| Note 2 - Budgets and Budgetary Accounting..... | 44 |
| Note 3 - Cash and Investments | 45 |
| Note 4 - Interfund Transactions | 50 |
| Note 5 - Loans, Notes Receivable and Development Agreements | 53 |
| Note 6 - Employee Computer Loans | 56 |
| Note 7 - Capital Assets..... | 56 |
| Note 8 - Long-Term Debt | 58 |
| Note 9 - Net Assets and Fund Balances..... | 63 |
| Note 10 - City of Concord Retirement System Plan..... | 65 |
| Note 11 - City of Concord Early Retirement Plans..... | 67 |
| Note 12 - Pension Plan | 68 |
| Note 13 - Other Post-Employment Health Care Benefits | 71 |
| Note 14 - Deferred Compensation Plan..... | 73 |
| Note 15 - Risk Management and Insurance | 73 |
| Note 16 - Joint Venture | 75 |
| Note 17 - Commitment and Contingency..... | 75 |
| Note 18 - Redevelopment Agency Dissolution and Successor Agency Activities..... | 75 |
| Note 19 - Subsequent Event | 82 |

SUPPLEMENTAL INFORMATION

Non-Major Governmental Funds

| | |
|---|----|
| Combining Balance Sheets | 84 |
| Combining Statements of Revenues, Expenditures, and Changes in Fund Balances..... | 88 |
| Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual | 92 |

Internal Service Funds

| | |
|--|-----|
| Combining Statements of Net Assets | 100 |
| Combining Statements of Revenues, Expenses, and Changes in Fund Net Assets | 102 |
| Combining Statements of Cash Flows..... | 104 |

STATISTICAL SECTION

Statistical Tables and Other Schedules (Unaudited)

| | |
|--|-----|
| Table 1 - Net Assets by Component..... | 109 |
| Table 2 - Changes in Net Assets..... | 110 |

| | |
|--|-----|
| Table 3 - Fund Balance of Governmental Funds | 112 |
| Table 4 - Changes in Fund Balance of Governmental Funds | 114 |
| Table 5 - Assessed and Estimated Actual Value of Taxable Property | 116 |
| Table 6 - Property Tax Rates, All Overlapping Governments | 117 |
| Table 7 - Principal Property Taxpayers..... | 118 |
| Table 8 - Property Tax Levies and Collections | 119 |
| Table 9 - Ratio of Outstanding Debt by Type..... | 120 |
| Table 10 - Computation of Direct and Overlapping Debt | 121 |
| Table 11 - Computation of Legal Bonded Debt Margin | 122 |
| Table 12 - Sewer Revenue Bonds Coverage | 123 |
| Table 13 - Bonded Debt Pledged Revenue Coverage..... | 124 |
| Table 14 - Demographic and Economic Statistics | 125 |
| Table 15 - Principal Employers..... | 126 |
| Table 16 - Full-Time Equivalent (FTE) City Government Employees by Function..... | 127 |
| Table 17 - Operating Indicators by Function/Program | 128 |
| Table 18 - Capital Assets Statistics by Function/Program | 129 |

MUNICIPAL DEBT CONTINUING DISCLOSURE

Municipal Debt Continuing Disclosure – See Rule 15c2-12(b)(5)

City of Concord Joint Powers Financing Authority

Lease Revenue Bonds (Concord Pavilion) Series 1995

| | |
|--|-----|
| Table 1 - Summary of Revenues and Expenditures and Changes in Fund Balances..... | 133 |
|--|-----|

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 | 134 |
| Table 3 - Balance in the Other Funds and Accounts Held by City or the Trustee..... | 135 |
| Table 4 - Principal Amount of Bonds Outstanding | 136 |
| Table 5 - Taxable Sales Transactions | 137 |
| Table 6 - Taxable Sales Transactions by Type of Business..... | 138 |
| Table 7 - Adopted and Final Budgets for Unrestricted General Fund..... | 139 |
| Table 8 - Summary of Revenues, Expenditures and Changes in Fund Balances | 140 |
| Table 9 - City's Pooled Investment Portfolio | 142 |

City of Concord

Certificate of Participation (ABAG 41)

| | |
|--|-----|
| Table 7 - Adopted and Final Budgets for Unrestricted General Fund..... | 139 |
| Table 8 - Summary of Revenues, Expenditures and Changes in Fund Balances | 140 |
| Table 9 - City's Pooled Investment Portfolio | 142 |

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

| | |
|---|-----|
| Table 10 - Ten Largest Users of the Wastewater System | 143 |
| Table 11 - Sewer Rates | 144 |

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 | 145 |
| Table 13 - Largest Property Taxpayers by Assessed Value and Revenue | 146 |
| Table 14 - Annual Assessed Value Appeal | 147 |

| | |
|----------------|-----|
| City Map | 148 |
|----------------|-----|



CITY OF CONCORD ORGANIZATIONAL MISSION STATEMENT

(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

- v We will be a customer based, performance driven, results oriented organization, focused on finding the answer, solving the problem, and achieving positive outcomes.
- v We will partner with the Concord community to maximize resources, deliver high quality services, and be recognized as setting the standard for excellence.
- v We will be trustworthy guardians of the public's resources.
- v We will make Concord a premier business location.
- v 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.
- v 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.
- v 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.
- v We will welcome diversity in our community and our work place.
- v 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.
- v 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.
- v 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.

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February 8, 2013

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, 2012 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 Maze and Associates, 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, 2012 are free of material misstatements. Maze & Associates, Certified Public Accountants, has issued an unqualified ("clean") opinion on the City of Concord's financial statements.

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 set forth fairly the financial position and results of operations of the City as measured by the financial activity of its various funds; and that disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

This report 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

In defining the reporting entity, we have included the City's component units, which are the former Concord Redevelopment Agency (the RDA), the Concord Financing Authority (the Authority), and Concord Sanitary Sewer Services, Inc. The City Council sat as the Board of the three component units which are fiscally dependent on the City.

The 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.

There are no other governmental units over which the City Council has financial accountability. The financial statements for the California Public Entity Insurance Authority, the Concord Senior Citizens Club, the Friends of Camp Concord, Concord Plaza Tower, Inc., and the Concord Pleasant Hill Aquatic Foundation are not included as they are administered by boards separate from and independent of the City.

Internal Controls

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.

Concord's History

The first inhabitants of the valley were a small tribe of the Chupcan Indians. In the 1700's early Spanish explorers became the first outsiders to cross the area, upon receipt of the "Monte Del Diablo" land grant in 1834. The 17,921 acre land grant covered the majority of the valley and was used for cattle operations. Don Salvio's grand adobe, which remains situated in downtown

Concord, became the business, social and cultural center of the region. In 1868, Don Salvio Pacheco, his son, Don Fernando Pacheco, and his son-in-law, Don Francisco Galindo, created a new town at the center of their rancho. They called their new town Todos Santos (All Saints), and in 1869, offered free land parcels to merchants and residents. Within months after Todos Santos had been recorded as the official town name, "Concord" was heralded by the Contra Costa Gazette as the actual name. By 1879, a population of 300 was reported. It would double by February 1905, when incorporation of the "Town of Concord" was approved by a two-vote margin.

It would take 35 years for the population to double again. Concord began World War II with a high school, a modern hospital, five churches, two railroads, a fine library, a nationally recognized central plaza, two cinemas, a full-service downtown commercial area, tree lined streets, comfortable homes and a population of 1,400. The war years brought expansion to the area because of the proximity of naval operations. The postwar years began a population boom. By 1948, the population had grown to 6,500.

Located 29 miles east of San Francisco, Concord now is the largest city in Contra Costa County with a population of 123,206. The City covers 31.13 square miles and provides a full range of services including police protection, recreational activities, community development, street improvements and maintenance services. Over the last 20 years, Concord has become a major job center in Contra Costa County and it is the County's strongest retail location. Concord offers the amenities that many businesses require for success. Here, business-friendly government policies, outstanding Class A office space values, numerous industrial parks and excellent transportation combine with favorable home prices, an educated workforce and a dynamic retail environment to create ideal conditions for business to expand and make 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. 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 Bay Area Rapid Transit (BART) stations, bus services and a local private airport, makes Concord's location convenient to the Bay area.

Profile of the Government

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.

Municipal elections are held in November of the even-numbered years. Council terms overlap, with three Council members elected one year and the other two elected two years later. Each year, the Council selects one of its members to serve as Mayor and another as Vice Mayor. The City Council also served as the Redevelopment Agency Board until its dissolution on January 31, 2012.

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.

Budgetary Control

The Concord Municipal Code requires the City Manager to present the Annual Operating Budget to the City Council for approval. 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.

The annual budget kickoff meeting is conducted in January. City Departments prepare their budgets in January and February for review by the City Manager, Assistant City Manager, Director of Finance and the Budget Officer. The proposed budget document is prepared in April and provided to the City Council. A budget workshop is conducted with the City Council in May and the City Council conducts two public hearings on the budget in June. Budget adoption occurs at the final public hearing in June.

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 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.

Long Range Financial Planning

In 1995 the City of Concord implemented Ten Year Financial Planning Program to realize its vision as "trustworthy guardians of the public's resources" and its mission to be "a cost effective government". Most importantly, it has been effectively used to attain financial stability for the City. 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 Healthcare Benefits Funds, with the exception of the Sewer Fund where twenty years of financial information is provided. The Ten Year Financial Plan also requires adequate replacement funds for buildings, vehicles, and equipment. 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.

The Ten Year Financial Planning Program has many benefits over typical single year budgeting. It enables the City to foresee potential problems early, giving the organization time to respond and take corrective action before or soon after a problem develops. It enables the City to determine whether today's decisions can be supported tomorrow. The long term financial impact and affordability of labor proposals can be more easily analyzed. Ten year planning also increases the accountability to stakeholders by explicitly communicating the anticipated financial status of the City over the period.

Major Initiatives and Events

The City successfully complied with all aspects of the Redevelopment Dissolution Acts by coordinating the City's transition into the Successor Agency of the Former Redevelopment Agency of the City of Concord and accepted the former Agency's housing program assets and obligations by becoming the Successor Housing Agency of the former Redevelopment Agency.

In November 2011, the Baldwin Off-Leash Dog Park project was completed. Additionally, the City applied for and was awarded a Measure J Transportation for Livable Communities (TLC) grant in the amount of \$2,550,000 for Central Concord Pedestrian Improvements and Streetscape project.

The City of Concord was recognized by the Northern California Chapter of the American Planning Association. The Concord Reuse Area Plan was given the 2012 Merit Award for Green and Sustainable Planning. Concord's project was selected from a field of 20 applications covering a diverse spectrum of Bay Area planning projects. The Reuse Plan also earned a Visionary Leadership award from East Bay Housing Organizations (EBHO). EBHO acknowledged the City's leadership in adopting a transit-oriented Area Plan that preserves open space and creates walkable communities and local jobs, with 25% of residential development planned as affordable, representing a major commitment to sustainable and equitable growth. Save Mt. Diablo awarded the City its Mountain Star Alliance Award for "incredibly visionary leadership" in preparation of the reuse plan.

The City of Concord has been named a Tree City USA by the National Arbor Day Foundation to honor Concord's commitment to its community forest. It is the 30th consecutive year, the City has received this national recognition. Concord is also the recipient of a Tree City USA Growth Award for the 13th consecutive year for demonstrating progress in its community forestry program. The Growth Award recognizes environmental improvement and higher levels of tree care in Tree City USA communities. The Tree City USA program is sponsored by the National Arbor Day Foundation in cooperation with the National Association of State Foresters and the USDA Forest Service.

Concord's Tuesday and Thursday music programs in Todos Santos Plaza earned the City a place in Livability.com's Top 10 Cities with Best Music Scenes. The music series in Todos Santos Plaza was recognized because it attracts thousands of people to Todos Santos Plaza every summer to enjoy the same kind of musical variety found across the bay in San Francisco, but at no cost.

Economic Condition and Outlook

The recovery from the Great Recession of 2007-2009 has been slow and erratic. While still sluggish, a variety of recent economic reports have outperformed expectations indicating that national business activity has accelerated in recent months. The local economy is also improving. Contra Costa County's (County) economy, which benefited during the real estate

boom, has been significantly impacted by job losses resulting from the real estate downturn and the resulting recession. As a result, the unemployment rate in the County has increased from an average annual rate of 4.4% in 2006 to 9.4% in June 2012 (Bureau of Labor Statistics), which is down from 10.9% in June 2011. The unemployment rate in the City has increased from an average annual rate of 5.5% in 2006 to 10.2% in June 2012 (Bureau of Labor Statistics), which is down from 11.7% in June 2011.

During Fiscal Year 2011-12, the City Council continued its plan to bring the City's General Fund budget back into balance with additional 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.

In an effort to forestall significant budget reductions to core services, the City Council authorized a measure to be placed on the November 2, 2010 ballot for a five year temporary ½ cent use tax, beginning April 1, 2011. Fortunately the citizens of the City realized the significant strides taken on behalf of the City to rein in costs and to preserve resources. Measure Q passed with 56% voter approval. The use tax became effective April 1, 2011, thus providing three months of revenue in Fiscal Year 2010-11. Oversight of the use of these funds are subject to a citizen committee. The committee has established three criteria for the reviewing the use of these funds:

1. Does the annual audit reflect that the Measure Q was collected and appropriately spent?
2. Does the City's proposed General Fund Budget protect the City's core services?
3. Does the City's proposed General Fund Budget rebuild the City's reserves?

This temporary tax sunsets after five years on March 31, 2016. The Measure Q Committee reviewed the Preliminary Operating Budget for FY 2012-13 and will review the Comprehensive Annual Financial Report (this document) for the Fiscal Year ended June 30, 2012. The table below provides an overview of the use of Measure Q funds through the end of FY 2011-12.

Table 1: Annual Measure Q Use Tax Receipts and Uses As of June 30, 2012 (Dollars in Millions)

| | Receipts | General Fund Programs | 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 | 2.968 | 7.003 |
| Total | \$12.115 | \$5.112 | \$7.003 |

Despite the severe economic downturn of the last several years, the City of Concord has fared comparatively well, though we anticipate that revenues will reflect little or no growth. Our diversified economy, strong job base, diverse sales tax base, successful efforts to retain and attract new businesses and the City's ten year financial planning program, have contributed to the City's financial stability and leave the City comparatively well positioned to face the challenges ahead. While development has slowed, Concord's revenue reductions are more moderate than the decline experienced by cities which have been in a more aggressive pattern of expansion.

The City's ability to sustain a vibrant local economy to insure future fiscal strength will continue to depend on the City's ability to attract the business community and to balance business and residential needs to the benefit of both. The City's past success in attracting and retaining successful businesses has not been coincidental. Concord devotes considerable energy to providing a variety of services and programs to attract new quality businesses as well as help existing companies to achieve sustained growth. The City's Economic Vitality Strategy promotes partnerships among businesses, merchants, residents, community groups and City Departments to anticipate needs and solve problems when they occur. The Strategy guides City policy to enable Concord to provide efficient and timely local services to maximize a new company's success. Concord's award winning One-Stop Permit Center at City Hall provides expedient permit processing, cuts red tape, reduces construction costs and enables developers to open establishments earlier and produce revenue sooner. Concord's Business Retention Program offers a variety of services to assist the retention and expansion of Concord businesses. The program enhances Concord's relationship with businesses by strengthening communication, providing education workshops and assisting with site selection and permit facilitation.

While the projected success in the development area eventually points to a positive outlook, the City is facing the same uncertainties as other agencies in the State, including the rise in cost for salaries and benefits including retirement, health insurance, workers compensation, as well as the continuing State budget crisis. For over 20 years, the State legislature has been taking local tax dollars that local governments use to provide vital services such as law enforcement, vital infrastructure, parks and libraries. The State has taken more than \$40 billion from cities, counties and special districts in the last 15 years. The State justified these diversions as "temporary" that would lapse when the economy improved. However, as the economy improved, the State continued to increase spending and the revenues have not been returned to local agencies.

Although the passage of Proposition 1A in 2004 restored some predictability to our budget, it was not a guarantee that cities will not experience cash flow impacts due to future loans to the State. The State suspended Proposition 1A with regard to Redevelopment Agencies in Fiscal Year 2010-11, taking approximately \$1.2 million from the Redevelopment Agency.

In the November 2010 election, the voters of California overwhelmingly passed Proposition 22 which further protected local revenues, both of the City and of the Redevelopment Agency (RDA). Unfortunately, the State continued to face significant structural budget shortfalls and virtually ignored the wishes of the population and took local funds to deal with their shortfall in FY 2011-12. While Governor Brown has made significant strides in reducing the State budget deficit, the State continues to rely on a number of one-time solutions and gimmicks rather than focusing on aligning ongoing revenue with ongoing program expenditures to eliminate the structural deficit.

On June 28, 2011, the State of California adopted the Redevelopment Dissolution Act (ABx1 26 and ABx1 27) as part of the FY 2011-12 State Budget. In December 2012, the California Supreme Court upheld ABx1 26 and struck down ABx1 27, resulting in the dissolution of the RDA on February 1, 2012 and the formation of a Successor Agency and Housing Successor Agency to the former RDA to wind down the affairs of the RDA. The approved activities to wind down RDA affairs include paying off existing obligations, disposing of properties, and liquidation of reserves, which were accumulated over many years to forward the former RDA's goals and objectives including the preservation and creation of low and moderate housing within the City of Concord. The process is overseen by a seven member oversight board

consisting of appointed representatives of local taxing entities including education and county interests and two City appointments

The dissolution effort has required a significant amount of time from City staff in order to learn and implement the significant and complex rules and adhere to the tight compliance deadlines. The elimination of the RDA has had a significant fiscal impact to the City and its future development, especially in relation to the Concord Naval Weapons Station area.

Reserves

To address the financial uncertainties discussed above, the City policy directs General Fund Reserves and contingencies currently be maintained at a minimum of 15% of operating expenditures. Given the effects of the recession which have affected all entities, both governmental and private, 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.

As of June 30, 2012, the General Fund Reserves totaled \$12.6 million, approximately 15% of actual General Fund Operating Expenditures.

Cash Management

Cash temporarily idle during the year was invested in U.S. Government and Agency Securities, Corporate Notes, Commercial Paper, Money Market and Mutual Funds, and the California State Local Agency Investment Fund, in accordance with the City of Concord's adopted Investment Policy. As of June 30, 2012, maturity of the investments ranged from 0 days to 4 years with an average maturity of 555 days. The effective yield on investments was 1.04%, down from 1.38% in fiscal 2011. Interest rates on new investments continued to fall during the past year. Investment income also included gains in the fair market value of investments. Increases in fair market value during the current year, however, do not mean that these gains will be realized unless the investments are sold before maturity. The City of Concord holds investments to maturity, thus gains due to changes in the fair market value should not be realized unless the investment is sold. The City of Concord's Investment Policy is certified by the Association of Public Treasurers, U.S. & Canada.

Risk Management

The City is a member of California State Association of Counties - Excess Insurance Authority (CSAC-EIA). The coverage has a self-insured limit of \$500,000 for Workers' Compensation; and \$500,000 to a maximum of \$35 million for general liability. In addition, the City is covered for Property loss and coverage includes Flood and Earthquake losses.

The City provides fully-insured health plans through the Public Employees Retirement System, a fully-insured dental and life insurance program, an Employee Assistant Program (EAP), and a self-insured short term and long term disability program through Reliance Standard Life Insurance Company.

Pension Plan and Other Post-Employment Benefits

The City participates in two distinct retirement funds. The City entered the California Public Employee Retirement System (PERS) beginning with Fiscal Year 1993-94. On June 28, 1999, Concord funded prior service credit in PERS for all the current employees. PERS is a multiple-employer public employee defined benefit pension plan for safety and non-safety personnel. PERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and their beneficiaries.

The City of Concord Retirement System (CCRS) is a closed plan and is a single employer defined benefit pension plan covering all full time employees of the City who retired or left service prior to June 28, 1999. Participants are divided into two primary groups for coverage: general employees and safety employees. The plan is primarily funded by investment returns and contributions from the City. CCRS investments and benefit payments are administered by Public Agency Retirement Services (PARS).

The City of Concord also provides post-retirement health benefits for its retired employees and their eligible dependents. At the end of the fiscal year, there were 379 retired employees and their dependents receiving these benefits which are currently financed on a pay as you go basis. A funding plan has been developed and incorporated into the City's Ten Year Plan to address the City's obligation for Other Post Employment Benefits (OPEB).

Awards

This is the twentieth consecutive year that the City of Concord has been recognized for excellence in financial reporting. This year's Comprehensive Annual Financial Report (CAFR) has again been submitted to the Government Finance Officers Association (GFOA) for evaluation. I believe the June 30, 2012 CAFR exceeds the high standards set by the previous year's report. Suggestions by the GFOA for further improvement of the CAFR have been included in this report. The fact that GFOA continues to present the Finance Department with this award is especially gratifying.

Acknowledgments

The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the professional, efficient, and dedicated service of the Finance Department. In particular, I would like to express my appreciation to the following members of the Financial Operations staff who contributed to the development of this report: Suzanne McDonald, Jonathan Palmer, Linda Wong, and George Villa, Accountants; and Carole Wilson, Financial Operations Manager.

Credit also must be given to the Mayor, City Council and the City Manager for their support in maintaining the highest standards of professionalism in the management of the City of Concord's finances.

Respectfully submitted,



William Zenoni
Interim Director of Finance



PRINCIPAL OFFICERS (June 30, 2012)

Elected Officials



Thomas J. Wentling
City Treasurer

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

Executive Team



Valerie Barone
Interim City Manager



Kay Winer
Interim Assistant City Manager



Mark Coon
Interim City Attorney



Victoria Walker
Director of Community &
Economic Development



Michael Wright
Concord Reuse
Project Director



Margaret Lefebvre
Director of Finance



Kathy Ito
Director of
Human Resources



Ron Puccinelli
Director of Information
Technology



Joan Carrico
Director of Parks &
Recreation



Guy Swanger
Chief of Police



Steve Voorhies
Interim Director of Public
Works

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

Independent Auditors' Report

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 the City of Concord as of and for the year ended June 30, 2012, as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards for 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 as to whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic 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 of Concord at June 30, 2012 and the respective changes in the financial position and cash flows where applicable thereof and the respective budgetary comparisons for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

As disclosed in Note 18, pursuant to ABx1 26 adopted by the State of California which was validated by the California Supreme Court on December 28, 2011, the Redevelopment Agency has been dissolved and its assets turned over to and liabilities assumed by Successor Agencies effective January 31, 2012.

In accordance with Government Auditing Standards, we have also issued our report dated February 5, 2012 on our consideration of the City of Concord'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to this information in accordance with generally accepted auditing standards 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the City of Concord's financial statements as a whole. The Introductory Section, Supplemental Information, and Statistical Section are presented for purposes of additional analysis and are not a required part of the financial statements. The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards in the United States of America. In our opinion, the Supplemental Information is fairly stated in all material respects in relation to the basic financial statements as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



February 5, 2012



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 2012 FINANCIAL HIGHLIGHTS

Financial highlights of the year include the following:

Government-Wide

- The City's total net assets were \$805 million at June 30, 2012 compared to \$796 million at June 30, 2011, up \$9 million from the prior year. Of this total, \$728 million were governmental assets and \$76 million were business-type assets.
- Government-wide governmental revenues include program revenues of \$29.8 million and general revenues of \$72 million for a total of \$101 million, down \$5 million from the prior year's total.
- Total government-wide governmental expenses were \$109 million, a decrease of \$10 million from the prior year.
- Government-wide business-type revenues were \$21 million while expenses were \$25 million.

Fund Level

- Governmental Fund balances decreased \$25 million in fiscal 2012 to \$62 million.
- Governmental Fund revenues decreased to \$98 million in fiscal 2012, down \$9 million from the prior year.
- Governmental Fund expenditures decreased to \$102 million in fiscal 2012, down \$4.6 million from the prior year.
- General Fund revenues of \$74.2 million in fiscal 2012 reflected an increase of \$7.5 million from the prior year.
- General Fund expenditures of \$69.5 million reflected an increase of \$0.9 million when compared to the prior year.
- The net transfers in reflected in the General Fund totaled \$9.1 million out for fiscal 2012 compared with net transfers of \$12.8 million in for fiscal 2011.
- General Fund balance of \$12.6 million at June 30, 2012 decreased \$4.4 million from fiscal 2011.

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.

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 and the Redevelopment Successor Agency (RSA), 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; 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 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 as of 2002.

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 Former Redevelopment Agency Fund, Concord Housing 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 Statement of Changes in Net Assets. 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

The analyses presented 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. The dissolution of the City of Concord Redevelopment Agency (RDA) and subsequent transfer of assets and debt to the Successor Agency is evidenced in the Citywide Statement of Net Assets and Statements of Activities on the following page.

**Table 1: Citywide Net Assets
As of June 30, 2012 and 2011 (Dollars in Millions)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|----------------|--------------------------|---------------|----------------|----------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Cash and Investments | \$64.6 | \$86.6 | \$32.1 | \$32.1 | \$96.7 | \$118.7 |
| Other Assets | 56.0 | 57.4 | 2.8 | 3.1 | 58.8 | 60.5 |
| Capital Assets | 655.6 | 686.1 | 77.9 | 81.1 | 733.5 | 767.2 |
| Total Assets | 776.2 | 830.1 | 112.8 | 116.3 | 889.0 | 946.4 |
| Long-Term Debt Outstanding | 16.1 | 83.5 | 22.0 | 22.9 | 38.1 | 106.4 |
| Other Liabilities | 31.9 | 30.7 | 14.4 | 13.6 | 46.3 | 44.3 |
| Total Liabilities | 48.0 | 114.2 | 36.4 | 36.5 | 84.4 | 150.7 |
| Net Assets: | | | | | | |
| Invested in Capital Assets, Net of Debt | 644.0 | 622.7 | 56.1 | 59.4 | 700.1 | 682.1 |
| Restricted | 64.7 | 81.6 | | | 64.7 | 81.6 |
| Unrestricted | 19.5 | 11.6 | 20.3 | 20.4 | 39.8 | 32.0 |
| Total Net Assets | \$728.2 | \$715.9 | \$76.4 | \$79.8 | \$804.6 | \$795.7 |

**Table 2: Citywide Changes in Net Assets
For the Years Ended June 30, 2012 and 2011 (Dollars in Millions)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------------------|-------------------------|----------------|--------------------------|---------------|----------------|----------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| EXPENSES | | | | | | |
| General Government | \$13.1 | \$11.4 | | | \$13.1 | \$11.4 |
| Public Safety | 43.4 | 43.1 | | | 43.4 | 43.1 |
| Public Works | 32.0 | 37.6 | | | 32.0 | 37.6 |
| Community and Economic Development | 10.6 | 15.8 | | | 10.6 | 15.8 |
| Parks and Recreation Services | 7.0 | 7.2 | | | 7.0 | 7.2 |
| Interest on Long-Term Debt | 3.3 | 3.9 | | | 3.3 | 3.9 |
| Sewer | | | \$23.1 | \$21.7 | 23.1 | 21.7 |
| Golf Course | | | 1.3 | 1.3 | 1.3 | 1.3 |
| Total Expenses | 109.4 | 119.0 | 24.4 | 23.0 | 133.8 | 142.0 |
| REVENUES | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | 15.3 | 20.8 | 20.7 | 19.5 | 36.0 | 40.3 |
| Operating Contributions and Grants | 7.9 | 6.1 | | | 7.9 | 6.1 |
| Capital Grants | 6.6 | 8.6 | | 0.0 | 6.6 | 8.6 |
| Total Program Revenues | 29.8 | 35.5 | 20.7 | 19.5 | 50.5 | 55.0 |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property Taxes | 19.4 | 27.1 | | | 19.4 | 27.1 |
| Sales Taxes | 33.9 | 24.6 | | | 33.9 | 24.6 |
| Other Taxes | 9.6 | 9.2 | | | 9.6 | 9.2 |
| Motor Vehicle in Lieu | 8.1 | 8.8 | | | 8.1 | 8.8 |
| Investment Earnings | 0.6 | 0.6 | 0.3 | 0.4 | 0.9 | 1.0 |
| Misc. Revenues and Transfers | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 |
| Total General Revenues | 71.6 | 70.4 | 0.3 | 0.4 | 71.9 | 70.8 |
| Total Revenues | 101.4 | 105.9 | 21.0 | 19.9 | 122.4 | 125.8 |
| Change in Net Assets before Transfers | (8.0) | (13.1) | (3.4) | (3.1) | (11.4) | (16.2) |
| Extraordinary Item (Note 18) | 20.3 | 0.0 | 0.0 | 0.0 | 20.3 | 0.0 |
| Change in Net Assets | 12.3 | (13.1) | (3.4) | (3.1) | 8.9 | (16.2) |
| Beginning Net Assets | 715.9 | 729.0 | 79.8 | 82.9 | 795.7 | 811.9 |
| Ending Net Assets | \$728.2 | \$715.9 | \$76.4 | \$79.8 | \$804.6 | \$795.7 |

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

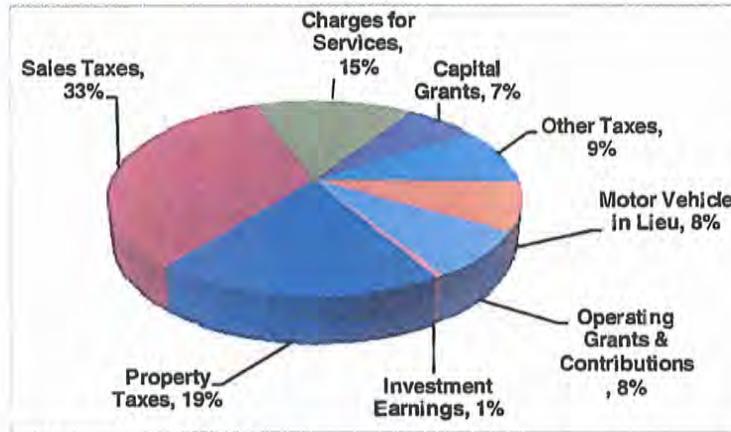
**Table 3: Governmental Net Assets
As of June 30, 2012 and 2011 (Dollars in Millions)**

| | Governmental Activities | |
|---|----------------------------|----------------|
| | 2012 | 2011 |
| Cash and Investments | \$64.6 | \$86.6 |
| Other Assets | 56.0 | 57.4 |
| Capital Assets | 655.6 | 686.1 |
| Total Assets | 776.2 | 830.1 |
| Long-Term Debt Outstanding | 16.1 | 83.5 |
| Other Liabilities | 31.9 | 30.7 |
| Total Liabilities | 48.0 | 114.2 |
| Net Assets: | | |
| Invested in Capital Assets, Net of Debt | 644.0 | 622.7 |
| Restricted | 64.7 | 81.6 |
| Unrestricted | 19.5 | 11.6 |
| Total Net Assets | \$728.2 | \$715.9 |

The City's net assets from Governmental Activities increased \$12.3 million, or 1.7%, to \$728.2 million in 2012. The Governmental Net Assets has significant variances from the prior year in both assets and liabilities, primarily resulting from the dissolution of the RDA and the reallocation of former RDA assets and liabilities to the Successor Agency, as discussed below.

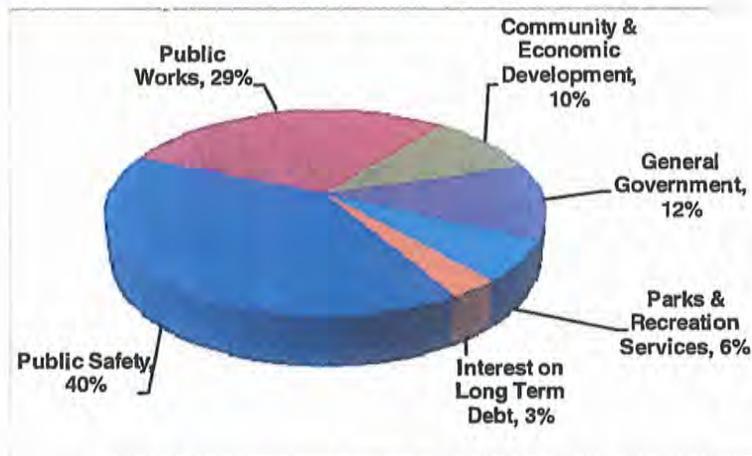
- Cash and investments decreased \$22 million, or 25%, to \$64.6 million due to the dissolution of the RDA which resulted in the transfer of Redevelopment Agency cash and assets to the Successor Agency.
- Capital assets, net of depreciation, decreased \$30.5 million. This decrease is primarily due to the dissolution of the RDA which resulted in a net capital asset transfer to the Successor Agency in the amount of \$18.6 million. The remaining \$11.9 million decrease results from depreciation and retirements exceeding improvements and additions to infrastructure.
- Long-term debt decreased \$67.4 million. This decrease is primarily due to the dissolution of the RDA which resulted in a transfer of debt to the Successor Agency in the amount of \$62.1 million. The remaining decrease is the result of scheduled debt service payments.
- Net assets invested in capital assets, net of related debt, increased \$21.3 million.
- Restricted net assets decreased \$16.9 million primarily due to the dissolution of the RDA.
- Unrestricted net assets reflect the resources that can be used to finance day-to-day operations. Unrestricted net assets increased \$7.9 million from the prior fiscal year to \$19.5 million at June 30, 2012 primarily due to the dissolution of the RDA and the resulting transfer of assets and debt.

**Governmental Activities - Sources of Revenues
For the Year Ended June 30, 2012 (see Table 4)**



As the Sources of Revenues Chart above shows, 19%, or \$19.4 million, of the City’s fiscal 2012 governmental activities revenue came from property taxes, 33%, or \$33.9 million came from sales taxes, and 15%, or \$15.3 million, came from charges for service. The remaining 33% came primarily from three sources – grants, motor vehicle in lieu, and other taxes. The Extraordinary Item of \$20.3 million is excluded from the percentages above and is comprised of the net transfer of RDA assets and liabilities to the Successor Agency. See Note 18 for more detailed information.

**Governmental Activities - Functional Expenses
For the Year Ended June 30, 2012 (see Table 4)**



The Functional Expenses Chart above includes only current year expenses, which are discussed in detail below. Public Safety accounted for \$43.4 million or 40% of expenses, while Public Works accounted for \$32.0 million or 29% of expenses, followed by Community and Economic Development which accounted for \$10.6 million or 10% of expenses. The remaining 21% was spread among General Government; Parks and Recreation 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 2012, the City’s capital assets declined a net of \$33.7 million, as discussed above. The details of the changes in capital assets are discussed in Note 7.

declined a net of \$33.7 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 Assets summarized below:

**Table 4: Changes in Governmental Net Assets
For the Years Ended June 30, 2012 and 2011 (Dollars in Millions)**

| | Governmental Activities | |
|---------------------------------------|----------------------------|-----------------|
| | 2012 | 2011 |
| EXPENSES | | |
| General Government | \$13.1 | \$11.4 |
| Public Safety | 43.4 | 43.1 |
| Public Works | 32.0 | 37.6 |
| Community & Economic Development | 10.6 | 15.8 |
| Community & Recreation Services | 7.0 | 7.2 |
| Interest on Long-Term Debt | 3.3 | 3.9 |
| Total Expenses | 109.4 | 119.0 |
| REVENUES | | |
| Program Revenues: | | |
| Charges for Services | 15.3 | 20.8 |
| Operating Contributions and Grants | 7.9 | 6.1 |
| Capital Grants | 6.6 | 8.6 |
| Total Program Revenues | 29.8 | 35.5 |
| General Revenues: | | |
| Taxes: | | |
| Property Taxes | 19.4 | 27.1 |
| Sales Taxes | 33.9 | 24.6 |
| Other Taxes | 9.6 | 9.2 |
| Motor Vehicle in Lieu | 8.1 | 8.8 |
| Investment Earnings | 0.6 | 0.6 |
| Miscellaneous Revenues | 0.0 | 0.1 |
| Total General Revenues | 71.6 | 70.4 |
| Total Revenues | 101.4 | 105.9 |
| Change in Net Assets before Transfers | (8.0) | (13.1) |
| Transfers | 20.3 | 0.0 |
| Change in Net Assets | \$12.3 | (\$13.1) |

Total governmental expenses were \$109.4 million in fiscal 2012, reflecting a \$9.6 million decrease from the prior year. Decreases in Public Works (\$5.6 million) and Community and Economic Development (\$5.2 million) were offset by increases in General Government and Public Safety.

Total governmental revenues decreased \$4.5 million to \$101.4 million in fiscal 2012. The decrease is primarily the result of a \$7.7 million decrease in property tax revenue and a \$5.5 million decrease in charges for service offset by increases in sales tax revenue and operating grants of \$9.3 million and \$1.8 million, respectively.

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, 2012 and 2011 (Dollars in Millions)**

| | Net (Expense) Revenue from Services | |
|----------------------------------|--|-----------------|
| | 2012 | 2011 |
| General Government | (\$11.5) | (\$10.4) |
| Public Safety | (41.4) | (41.3) |
| Public Works | (12.8) | (20.0) |
| Community & Economic Development | (8.9) | (7.6) |
| Community & Recreation Services | (1.7) | (0.3) |
| Interest on Long-Term Debt | (3.3) | (3.9) |
| Total | (\$79.6) | (\$83.5) |

Business-Type Activities

The net assets of Business-Type Activities decreased to \$76.4 million in fiscal 2012, down \$3.4 million from \$79.8 million in the prior year. Business-Type activities include the Sewer Fund and the Golf Course Fund with net assets of \$74.9 million and \$1.5 million, respectively.

**Table 6: Business-Type Activities Net Assets
As of June 30, 2012 and 2011 (Dollars in Millions)**

| | Business-Type Activities | |
|---|-----------------------------|---------------|
| | 2012 | 2011 |
| Cash and Investments | \$32.1 | \$32.1 |
| Other Assets | 2.8 | 3.1 |
| Capital Assets | 77.9 | 81.1 |
| Total Assets | 112.8 | 116.3 |
| Long-Term Debt Outstanding | 22.0 | 22.9 |
| Other Liabilities | 14.4 | 13.6 |
| Total Liabilities | 36.4 | 36.5 |
| Net Assets: | | |
| Invested in Capital Assets, Net of Debt | 56.1 | 59.4 |
| Unrestricted | 20.3 | 20.4 |
| Total Net Assets | \$76.4 | \$79.8 |

**Table 7: Changes in Business-Type Activities Net Assets
As of June 30, 2012 and 2011 (Dollars in Millions)**

| | Business-Type Activities | |
|---|-----------------------------|----------------|
| | 2012 | 2011 |
| Net Revenues from Business-Type Activities: | | |
| Sewer Fund | (\$3.8) | (\$3.4) |
| Golf Course Fund | 0.1 | (0.1) |
| General Revenues: | | |
| Investment Earnings | 0.3 | 0.4 |
| Other | 0.0 | 0.0 |
| Total | (\$3.4) | (\$3.1) |

The Sewer Fund generated service fee revenues of \$19.4 in fiscal 2012, reflecting a \$1.1 million, or 6%, increase over the prior year. Operating expenses increased by \$1.5 million, or 7%, to \$23.2 million. As a result, the Sewer Fund experienced a \$3.8 million operating loss for the year attributable to the City's support of capital project for treatment at the Central Contra Costa Sanitary District. The Golf Course Fund realized a nominal gain in fiscal year 2012.

THE CITY'S FUND FINANCIAL STATEMENTS

Governmental Funds

At June 30, 2012, the City's governmental funds reported combined fund balances of \$62.1 million, a \$25.3 million decrease when compared with last year's combined fund balance of \$87.4 million. The Redevelopment Agency fund balance decreased \$44.4 million with \$20.3 million transferred to the Successor Agency and \$30.7 million transferred to the Concord Housing Fund, the former RDA's Low and Moderate Housing Fund successor agency.

Governmental fund revenues decreased \$8.3 million, or 8%, this year to \$98.3 million from \$106.6 million in the prior year. General Fund revenues increased \$7.5 million, or 11%, due to receiving the first full year of Measure Q sales tax (\$10 million). Redevelopment Agency revenues decreased \$7.9 million due to its dissolution. General Reimbursable Project revenues decreased \$7.6 million. Other Governmental fund revenues decreased \$0.6 million.

Governmental expenditures decreased \$4.6 million this year to \$102.1 million from \$106.7 million in the prior year. General Fund expenditures increased \$0.9 million to \$69.5 million. Redevelopment Agency expenditures decreased \$6.0 million. General Reimbursable Project expenditures increased \$2.1 million. Other Governmental fund expenditures decreased \$1.7 million.

Other Financing Sources (Uses) are primarily comprised of transfers among the various funds in the City. During fiscal 2012, the General Fund received transfers in of approximately \$2.9 million to reimburse operating costs and fund debt service and transferred out \$12.0 million comprised primarily of land and improvements returned to the Redevelopment Agency and then to the Successor Agency as the result of the California State Controller's claw back demand.

Proprietary Funds

Enterprise fund net assets decreased to \$76.4 million in fiscal 2012, down \$3.4 million from \$79.8 million in the prior year. Enterprise operating revenues were \$20.7 million this year, up \$1.2 million from last year. Enterprise Fund operating expenses were \$23.5 million in fiscal 2012, up \$1.5 million from \$22.0 million in the prior year.

Internal service fund net assets decreased to \$45.7 million in fiscal 2012, down \$21.4 million from \$67.1 million in the prior year. This decrease is primarily due to the dissolution of the RDA which resulted in a transfer of buildings and improvements to the Successor Agency in the amount of \$18.1 million. The remaining decrease is the result of operating expenses exceeding revenues.

ANALYSES OF MAJOR GOVERNMENTAL FUNDS

General Fund

General Fund revenues totaled \$74.2 million, reflecting an increase of \$7.5 million, or 11%, over the prior fiscal year, due primarily to revenue from the voter-approved Measure Q sales tax. General Fund operating expenditures increased \$0.9 million primarily due to a change in the way internal service charges are allocated. In prior years, the costs were allocated to departments and in fiscal 2012, the charges were paid from General Government.

**Table 8: Changes in General Fund
As of June 30, 2012 and 2011 (Dollars in Millions)**

| | | General Fund Revenues and Expenditures | |
|---------------------------------------|--|---|---------------|
| | | 2012 | 2011 |
| REVENUES | | | |
| Taxes: | | | |
| Property Taxes | | \$11.4 | \$11.4 |
| In Lieu Property Taxes - VLF | | 8.1 | 8.3 |
| Sales Taxes | | 18.2 | 17.7 |
| Measure Q Sales Taxes | | 10.0 | 2.1 |
| In Lieu Sales Taxes | | 5.7 | 4.8 |
| Other Taxes | | 9.4 | 9.1 |
| Licenses and Permits | | 1.3 | 1.2 |
| Intergovernmental | | 0.4 | 0.9 |
| Charges for Services | | 7.6 | 9.5 |
| Investment Earnings | | 0.4 | 0.2 |
| Miscellaneous Revenues | | 1.7 | 1.5 |
| | Total Revenues | 74.2 | 66.7 |
| EXPENDITURES | | | |
| General Government | | \$12.3 | \$10.5 |
| Public Safety | | 41.9 | 40.1 |
| Public Works | | 5.8 | 8.5 |
| Community and Economic Development | | 4.7 | 3.8 |
| Parks and Recreation Services | | 4.7 | 5.6 |
| Interest on Long-Term Debt | | 0.1 | 0.1 |
| | Total Expenditures | 69.5 | 68.6 |
| | Excess (Deficiency) of Revenues Over Expenditures | 4.7 | (1.9) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | | 2.9 | 13.8 |
| Transfers Out | | (12.0) | (1.0) |
| | Total Other Financing Sources (Uses) | (9.1) | 12.8 |
| | Net Change in Fund Balance | (4.4) | 10.9 |
| | Fund Balance at Beginning of Year | 17.0 | 6.1 |
| | Ending Fund Balance | \$12.6 | \$17.0 |

Property taxes remained flat compared to the prior year at \$11.4 million. Sales tax, excluding Measure Q funds, had a nominal increase of \$0.5 million. The City received the first full year of Measure Q sales tax of \$9.97 million in fiscal 2012 compared to one fiscal quarter in 2011 of \$2.1 million.

At June 30, 2012, the General Fund fund balance totaled \$12.6 million compared to \$17.0 million in the prior year. The variance of \$4.4 million primarily results from the return of assets to the former RDA offset by Measure Q sales tax revenue. The ending fund balance consisted of \$2.2 million categorized as nonspendable; \$7.6 was assigned; and \$2.9 million was unassigned. Refer to Note 9 for more information.

Former Redevelopment Agency

This fund accounts for all activities and elimination of the former Redevelopment Agency (RDA), including property tax increment and other former Redevelopment Agency revenues; the accumulation of funds to pay debt service on the Agency's bonds and lease agreements; and capital projects in the former Redevelopment Agency's project areas.

On June 28, 2011, the State of California adopted the Redevelopment Dissolution Act (ABx1 26 and ABx1 27) as part of the FY 2011-12 State Budget. In December 2012, the California Supreme Court upheld ABx1 26 and struck down ABx1 27. As a result, the RDA was dissolved on February 1, 2012, and was replaced by the Successor Agency Private Purpose Trust Fund and the Concord Housing Fund, as special revenue fund, as the City opted to fill the role of the Housing Successor Agency. RDA activity reported in these financial statements include the regular activity of the RDA from July 1, 2011 through January 31, 2012 and the subsequent transfer of all remaining assets to the appropriate successor funds. The approved Successor Agency Private Purpose Trust Fund activities to wind down former RDA affairs include paying off existing obligations, disposing of properties, and the liquidation of reserves. The Successor Agency Private Purpose Trust Fund is not a component unit of the City and is instead a separate legal entity overseen by an Oversight Board and the State Department of Finance. The City's role is fiduciary in nature. Additional information about the dissolution of the RDA is included in the transmittal letter and the notes to the financial statements.

General Reimbursable Projects Fund

This fund tracks capital project costs that are reimbursable from grants. The fund's revenues were \$2.9 million in fiscal 2012, a decrease of \$7.6 million compared to \$10.5 million in fiscal 2011. Fund expenditures were \$11.7 million in fiscal 2012 compared to \$9.5 million in fiscal 2011.

The fund had a deficit balance at year end of \$0.9 million compared to \$7.5 million in fiscal 2011 primarily due to the use of reserves from debt proceeds for the citywide energy efficiency projects.

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

Sewer Fund

Net assets of the Sewer Fund at fiscal year end were \$74.9 million, a decrease of \$3.6 million compared to \$78.5 million at June 30, 2011. Net assets invested in capital assets were \$54.1 million and \$20.8 million were unrestricted at June 30, 2012.

Golf Course Fund

Golf Course revenues increased to \$1.4 million in fiscal 2012 from \$1.3 million in fiscal 2011 while operating expenses remained flat. Net assets increased slightly to \$1.5 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, 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 2012, 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, 2012 and 2011 (Dollars in Millions)**

| | Balance at June 30, 2012 | Balance at June 30, 2011 |
|---|-----------------------------|-----------------------------|
| Governmental Activities | | |
| Land | \$15.1 | \$16.0 |
| Construction in Progress | 10.5 | 4.0 |
| Ground Improvements | 16.4 | 15.7 |
| Buildings and Improvements | 46.1 | 77.3 |
| Machinery and Equipment | 11.5 | 10.9 |
| Vehicles | 8.6 | 8.1 |
| Streets | 426.6 | 425.0 |
| Sidewalks | 47.3 | 47.0 |
| Storm Drains/Catch Basins | 443.3 | 443.3 |
| Street Lights | 4.3 | 2.5 |
| Traffic Signals | 26.2 | 25.7 |
| Less: Accumulated Depreciation | (400.3) | (389.5) |
| Governmental Activity Capital Assets, Net | \$655.6 | \$686.0 |
| Business-Type Activities | | |
| Land | \$0.4 | \$0.4 |
| Construction in Progress | 1.3 | 0.3 |
| Buildings and Improvements | 8.7 | 8.7 |
| Machinery and Equipment | 0.2 | 0.3 |
| Sewer Lines | 209.5 | 209.3 |
| Less: Accumulated Depreciation | (142.2) | (137.9) |
| Business-Type Activity Capital Assets, Net | \$77.9 | \$81.1 |

The principal additions to governmental capital assets in fiscal 2012 were construction projects not completed as of year end. The reduction of \$31.2 million in Buildings and Improvements resulted from the transfer of assets back to the RDA. Business-Type capital assets remained relatively flat. 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 2012, 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, 2012, the City's debt was comprised of the following issues:

**Table 10: Outstanding Debt
As of June 30, 2012 and 2011 (Dollars in Millions)**

| | June 30, 2012 | June 30, 2011 | Net Change |
|--|---------------|---------------|-----------------|
| Governmental Activity Debt: | | | |
| Revenue Bonds: | | | |
| 1993 Lease Revenue Bonds, 2.70 - 5.25%, due 8/1/19 | \$0.0 | \$1.4 | (\$1.4) |
| 1995 Lease Revenue Bonds, 6.33 - 8.24%, due 8/1/20 | 3.4 | 4.0 | (0.6) |
| 2001 Lease Revenue Bonds, 4.00 - 5.13%, due 3/1/23 | 0.0 | 6.5 | (6.5) |
| Tax Allocation Bonds: | | | |
| Tax Allocation Refunding Bonds, Series 2004 | | | |
| 3.90 - 5.05%, due 7/1/25 | 0.0 | 57.2 | (57.2) |
| Less deferred amount on refunding | 0.0 | (2.0) | 2.0 |
| Certificates of Participation: | | | |
| ABAG 41 - Centre Concord, 4.00 - 5.00%, due 8/1/18 | 0.0 | 0.1 | (0.1) |
| Refunding Lease Agreement | | | |
| 3.60%, due 9/2/13 | 1.2 | 4.6 | (3.4) |
| Lease Purchase Agreement | | | |
| 4.75%, due 6/30/27 | 8.3 | 8.4 | (0.1) |
| Notes Payable: | | | |
| 3.00%, due 03/01/14 | 1.4 | 1.3 | 0.1 |
| Capital Lease: | | | |
| Key Government Finance, 4.65%, due 09/15/12 | 0.0 | 0.2 | (0.2) |
| Cisco VOIP Equipment, 3.95%, due 7/9/14 | 0.3 | 0.3 | 0.0 |
| Hubb Systems Mobile Digital Computers, 4.75%, due 7/9/14 | 0.2 | 0.3 | (0.1) |
| Motorola Safety Radio, 3.03%, due 12/1/16 | 0.9 | 1.1 | (0.2) |
| NetApp Capital Solutions Software, 3.44%, due 04/01/16 | 0.3 | 0.0 | 0.3 |
| Color Hybrid Multi-Function Printer Equipment, 5.5%, due 1/1/16 | 0.1 | 0.1 | 0.0 |
| Total Governmental Activity Debt | \$16.1 | \$83.5 | (\$67.3) |
| Business-Type Activity Debt: | | | |
| Enterprise Long Term Debt: | | | |
| 2004 Certificates of Participation, Wastewater System Improvements, 2.00 - 4.63%, due 2/1/29 | \$9.7 | \$10.1 | (\$0.4) |
| 2007 Certificates of Participation, Wastewater System Improvements, 3.75 - 4.50%, due 2/1/32 | 11.1 | 11.4 | (0.3) |
| ABAG 41 Certificates of Participation, Diablo Creek Golf Course, 4.00 - 5.00%, due 8/1/18 | 1.3 | 1.4 | (0.1) |
| Total Business-Type Activity Debt | \$22.1 | \$22.9 | (\$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.

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STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES

The Statement of Net Assets 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 Assets 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 Assets 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 assets. 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 Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City and the former City of Concord Redevelopment Agency, City of Concord Joint Powers Financing Authority, Concord Sanitary Sewer Services, Inc., and the City of Concord Retirement System, 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 ASSETS
JUNE 30, 2012

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash and Investments (Note 3) | \$60,105,899 | \$31,826,399 | \$91,932,298 |
| Cash with Fiscal Agents (Note 3) | 4,476,617 | 252,676 | 4,729,293 |
| Receivables (Net of Allowances for Uncollectibles): | | | |
| Accounts | 3,435,506 | 52,308 | 3,487,814 |
| Due from Other Governments | 10,753,375 | | 10,753,375 |
| Interest | 261,607 | 3,313 | 264,920 |
| Loans and Notes, Net of Reserves (Note 5) | 34,421,220 | | 34,421,220 |
| Employee Computer Loans (Note 6) | 102 | | 102 |
| Inventories | 75,944 | | 75,944 |
| Prepaid Items and Other Assets | 97,874 | 40,912 | 138,786 |
| Internal Balances (Note 4) | (2,764,278) | 2,764,278 | |
| Investment in Joint Venture (Note 16) | 1,919,376 | | 1,919,376 |
| Net OPEB Asset (Note 13) | 7,755,519 | | 7,755,519 |
| Capital Assets (Note 7): | | | |
| Land and Construction In Progress | 25,617,611 | 1,718,382 | 27,335,993 |
| Depreciable Capital Assets, Net of Accumulated Depreciation | 629,996,491 | 76,187,957 | 706,184,448 |
| Total Assets | <u>776,152,863</u> | <u>112,846,225</u> | <u>888,999,088</u> |
| LIABILITIES | | | |
| Accounts, Deposits and Contracts Payable | 6,661,739 | 13,851,782 | 20,513,521 |
| Accrued Liabilities | 2,389,280 | 24,019 | 2,413,299 |
| Interest Payable | 322,870 | 394,185 | 717,055 |
| Refundable Deposits | 4,424,920 | | 4,424,920 |
| Unearned Revenue | 652,382 | | 652,382 |
| Net Pension Obligation (Note 10): | | | |
| Due in More Than One Year | 4,445,843 | | 4,445,843 |
| Compensated Absences (Note 1): | | | |
| Due in One Year | 2,379,647 | 31,571 | 2,411,218 |
| Due in More Than One Year | 1,572,060 | 73,879 | 1,645,939 |
| Claims Payable (Note 15): | | | |
| Due in One Year | 2,491,329 | | 2,491,329 |
| Due in More Than One Year | 6,530,715 | | 6,530,715 |
| Long-Term Debt (Note 8): | | | |
| Due in One Year | 1,727,002 | 940,000 | 2,667,002 |
| Due in More Than One Year | 14,396,684 | 21,130,000 | 35,526,684 |
| Total Liabilities | <u>47,994,471</u> | <u>36,445,436</u> | <u>84,439,907</u> |
| NET ASSETS (Note 9) | | | |
| Invested in Capital Assets, Net of Related Debt | 643,967,033 | 56,121,427 | 700,088,460 |
| Restricted for: | | | |
| Capital Projects | 21,296,898 | | 21,296,898 |
| Debt Service | 4,685,903 | | 4,685,903 |
| Community Development Projects | 38,694,810 | | 38,694,810 |
| Total Restricted Net Assets | <u>64,677,611</u> | | <u>64,677,611</u> |
| Unrestricted Net Assets | <u>19,513,748</u> | <u>20,279,362</u> | <u>39,793,110</u> |
| Total Net Assets | <u>\$728,158,392</u> | <u>\$76,400,789</u> | <u>\$804,559,181</u> |

See accompanying notes to financial statements

CITY OF CONCORD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | Total |
|--|----------------------|-------------------------|--|--|--|-----------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | |
| Governmental Activities: | | | | | | | |
| General Government | \$13,101,551 | \$1,553,733 | | | (\$11,547,818) | | (\$11,547,818) |
| Public Safety | 43,363,091 | 1,635,124 | \$327,926 | | (41,400,041) | | (41,400,041) |
| Public Works | 32,023,754 | 8,528,881 | 4,940,626 | \$5,790,217 | (12,764,030) | | (12,764,030) |
| Community and Economic Development | 10,592,117 | 548,425 | 1,159,478 | | (8,884,214) | | (8,884,214) |
| Parks & Recreation Services | 6,979,013 | 3,019,879 | 1,498,806 | 796,608 | (1,663,720) | | (1,663,720) |
| Interest on Long-Term Debt | 3,334,049 | | | | (3,334,049) | | (3,334,049) |
| Total Governmental Activities | 109,393,575 | 15,286,042 | 7,926,836 | 6,586,825 | (79,593,872) | | (79,593,872) |
| Business-Type Activities: | | | | | | | |
| Sewer | 23,196,668 | 19,359,526 | | | | (\$3,837,142) | (3,837,142) |
| Golf Course | 1,313,458 | 1,382,491 | | | | 69,033 | 69,033 |
| Total Business-Type Activities | 24,510,126 | 20,742,017 | | | | (3,768,109) | (3,768,109) |
| Total | \$133,903,701 | \$36,028,059 | \$7,926,836 | \$6,586,825 | (79,593,872) | (3,768,109) | (83,361,981) |
| General Revenues: | | | | | | | |
| Taxes | | | | | | | |
| Property Taxes | | | | | 19,353,337 | | 19,353,337 |
| Sales Taxes | | | | | 33,855,151 | | 33,855,151 |
| Motor Vehicle In Lieu, Unrestricted | | | | | 8,117,461 | | 8,117,461 |
| Transient Occupancy Taxes | | | | | 1,478,874 | | 1,478,874 |
| Business License Taxes | | | | | 3,377,278 | | 3,377,278 |
| Other Taxes | | | | | 4,784,146 | | 4,784,146 |
| Investment Earnings | | | | | 623,823 | 286,744 | 910,567 |
| Miscellaneous Revenues | | | | | | 37,500 | 37,500 |
| Extraordinary Item (Note 18) | | | | | | | |
| Assets transferred to/liabilities assumed by Successor Agency | | | | | 20,298,845 | | 20,298,845 |
| Total General Revenues | | | | | 91,888,915 | 324,244 | 92,213,159 |
| Change in Net Assets | | | | | 12,295,043 | (3,443,865) | 8,851,178 |
| Net Assets - Beginning | | | | | 715,863,349 | 79,844,654 | 795,708,003 |
| Net Assets - Ending | | | | | \$728,158,392 | \$76,400,789 | \$804,559,181 |

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 2012. 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.

Redevelopment Agency – The Redevelopment Agency Fund accounts for all activities of the former Agency, including 1) tax increment allocations set aside for the purpose of increasing or improving housing for low-income residents; 2) the accumulation of property taxes for payment of interest and principal on the Redevelopment Agency tax allocation bonds issued in 1988, 1993, and 2004; and 3) capital projects connected with downtown redevelopment funded by property tax increment revenues. As discussed in Note 18, the Redevelopment Agency was dissolved, effective February 1, 2012, and the balances of this fund were transferred to the Successor Agency.

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

CITY OF CONCORD
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012

| | General | Concord Housing | Former Redevelopment Agency | General Projects | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|---------------------|-----------------------------------|---------------------|--------------------------------|--------------------------------|
| ASSETS: | | | | | | |
| Cash and Investments (Note 3) | \$19,506,980 | \$203,301 | | | \$19,524,125 | \$39,234,406 |
| Cash with Fiscal Agents (Note 3) | | | | \$3,660,899 | 815,718 | 4,476,617 |
| Receivables (Net of Allowances for Uncollectibles): | | | | | | |
| Accounts | 2,231,513 | | | 180,530 | 971,259 | 3,383,302 |
| Due from Other Governments | 5,795,648 | | | 3,020,401 | 1,937,326 | 10,753,375 |
| Interest | 256,964 | | | | | 256,964 |
| Due from Other Funds (Note 4) | 2,032,291 | | | | | 2,032,291 |
| Loans and Notes (Note 5) | | 31,723,400 | | | 2,697,820 | 34,421,220 |
| Employee Computer Loans (Note 6) | 102 | | | | | 102 |
| Inventories | 75,944 | | | | | 75,944 |
| Prepaid Items and Other Assets | | | | | | |
| Advances to Other Funds (Note 4) | 1,862,573 | 3,000,000 | | | 397,500 | 5,260,073 |
| Investment in Partnership (Note 16) | | 1,919,376 | | | | 1,919,376 |
| Total Assets | \$31,762,015 | \$36,846,077 | | \$6,861,830 | \$26,343,748 | \$101,813,670 |
| LIABILITIES: | | | | | | |
| Accounts, Deposits and Contracts Payable | \$3,627,555 | \$1,098 | | \$2,768,365 | \$221,646 | \$6,618,664 |
| Accrued Liabilities | 2,097,294 | | | 13,716 | 447,182 | 2,558,192 |
| Due to Other Funds (Note 4) | | | | 244,268 | 166,936 | 411,204 |
| Refundable Deposits | 4,424,920 | | | | | 4,424,920 |
| Deferred Revenue | 435,208 | 5,945,674 | | 4,717,649 | 4,496,029 | 15,594,560 |
| Advances from Other Funds (Note 4) | 8,550,000 | | | | 1,529,973 | 10,079,973 |
| Total Liabilities | 19,134,977 | 5,946,772 | | 7,743,998 | 6,861,766 | 39,687,513 |
| FUND BALANCES: | | | | | | |
| Fund Balances: (Note 9) | | | | | | |
| Nonspendable | 2,188,620 | | | | | 2,188,620 |
| Restricted | | 30,899,305 | | | 18,660,039 | 49,559,344 |
| Assigned | 7,571,120 | | | | 976,992 | 8,548,112 |
| Unassigned | 2,867,298 | | | (882,168) | (155,049) | 1,830,081 |
| TOTAL FUND BALANCES | 12,627,038 | 30,899,305 | | (882,168) | 19,481,982 | 62,126,157 |
| Total Liabilities and Fund Balances | \$31,762,015 | \$36,846,077 | | \$6,861,830 | \$26,343,748 | \$101,813,670 |

See accompanying notes to financial statements

CITY OF CONCORD
 Reconciliation of the
 GOVERNMENTAL FUNDS - BALANCE SHEET
 with the
 STATEMENT OF NET ASSETS
 JUNE 30, 2012

TOTAL FUND BALANCES -- TOTAL GOVERNMENTAL FUNDS \$62,126,157

Amounts reported for Governmental Activities in the Statement of
 Net Assets 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. 655,614,102

ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS

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 current assets and liabilities of the Internal Service Funds are therefore included in
 Governmental Activities following line items in the Statement of Net Assets.

| | |
|------------------------|-------------|
| Cash and Investments | 20,871,493 |
| Accounts Receivable | 52,204 |
| Interest Receivable | 4,643 |
| Prepaid Items | 97,874 |
| Advance to Other Funds | 2,000,000 |
| Net OPEB Asset | 7,755,519 |
| Accounts Payable | (43,075) |
| Due to Other Funds | (1,565,465) |
| Claims Payable | (9,022,044) |

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets because they are not available
 currently are taken into revenue in the Statement of Activities. 15,178,492

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 | (16,123,686) |
| Interest Payable | (322,870) |
| Non-Current Portion of Accrued Liabilities | (8,464,952) |

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$728,158,392

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, 2012

| | General | Concord Housing | Former Redevelopment Agency | General Projects | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|-----------------------------------|---------------------|--------------------------------|--------------------------------|
| REVENUES | | | | | | |
| Taxes | | | | | | |
| Property | \$11,404,500 | | \$8,495,204 | | \$3,598,131 | \$23,497,835 |
| Less Tax Increment Rebate | | | (168,339) | | | (168,339) |
| In Lieu Property Tax - VLF | 8,055,193 | | | | | 8,055,193 |
| Sales | 18,188,828 | | | | | 18,188,828 |
| Measure Q | 9,970,698 | | | | | 9,970,698 |
| Sales Tax In Lieu | 5,695,625 | | | | | 5,695,625 |
| Transient Occupancy | 1,478,874 | | | | | 1,478,874 |
| Franchises | 4,779,135 | | | | | 4,779,135 |
| Business License | 3,377,278 | | | | | 3,377,278 |
| Licenses and Permits | 1,282,817 | | | | 82,369 | 1,365,186 |
| Intergovernmental | 361,631 | | | \$2,825,423 | 7,948,428 | 11,135,482 |
| Charges for Services | 4,858,806 | | | | 6,876 | 4,865,682 |
| Fines, Forfeitures and Penalties | 821,727 | | | 101,018 | | 922,745 |
| Parks and Recreation | 2,668,759 | | | | | 2,668,759 |
| Use of Money and Property | 400,921 | \$27,176 | (1,991) | 4,480 | 941,372 | 1,371,958 |
| Special Assessment Collections | | | | | 11,621 | 11,621 |
| Other | 883,589 | 189,701 | 1,561 | 13,603 | 87,948 | 1,176,402 |
| Total Revenues | 74,228,381 | 216,877 | 8,326,435 | 2,944,524 | 12,676,745 | 98,392,962 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General Government | 12,325,452 | | | 82,069 | | 12,407,521 |
| Public Safety | 41,916,877 | | | 256,128 | 32,229 | 42,205,234 |
| Public Works | 5,777,184 | | | | 4,165,174 | 9,942,358 |
| Community and Economic Development | 4,633,243 | 26,070 | 1,949,634 | 2,339,199 | 1,053,288 | 10,001,434 |
| Parks & Recreation Services | 4,800,248 | | | 861,030 | 779,220 | 6,440,498 |
| Capital Outlay | | | 825,954 | 8,117,064 | 2,811,988 | 11,755,006 |
| Debt Service: | | | | | | |
| Principal | | | 3,835,000 | | 1,592,190 | 5,427,190 |
| Interest and Fiscal Charges | 52,538 | | 2,517,871 | | 1,303,926 | 3,874,335 |
| Bond Issuance Costs | | | | | 1,063 | 1,063 |
| Total Expenditures | 69,505,542 | 26,070 | 9,128,459 | 11,655,490 | 11,739,078 | 102,054,639 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 4,722,839 | 190,807 | (802,024) | (8,710,966) | 937,667 | (3,661,677) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In (Note 4) | 2,878,730 | | 11,416,332 | 374,797 | 1,558,121 | 16,227,980 |
| Transfers (Out) (Note 4) | (12,014,942) | | (1,897,673) | (7,437) | (613,138) | (14,533,190) |
| Total Other Financing Sources (Uses) | (9,136,212) | | 9,518,659 | 367,360 | 944,983 | 1,694,790 |
| NET CHANGES IN FUND BALANCES BEFORE EXTRAORDINARY ITEMS | (4,413,373) | 190,807 | 8,716,635 | (8,343,606) | 1,882,650 | (1,966,887) |
| EXTRAORDINARY ITEMS (Note 18) | | | | | | |
| Assets transferred to the Housing Successor/ Assets transferred to/liabilities assumed by the Successor Agency | | 30,708,498 | (53,147,316) | | (899,428) | (23,338,246) |
| Total Extraordinary Items | | 30,708,498 | (53,147,316) | | (899,428) | (23,338,246) |
| NET CHANGES IN FUND BALANCES | (4,413,373) | 30,899,305 | (44,430,681) | (8,343,606) | 983,222 | (25,305,133) |
| FUND BALANCES AT BEGINNING OF YEAR | 17,040,411 | | 44,430,681 | 7,461,438 | 18,498,760 | 87,431,290 |
| FUND BALANCES (DEFICIT) AT END OF YEAR | \$12,627,038 | \$30,899,305 | | (\$882,168) | \$19,481,982 | \$62,126,157 |

See accompanying notes to financial statements

CITY OF CONCORD
Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

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 Assets 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 (\$25,305,133)

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 | 10,893,368 |
| Retirements of capital assets are deducted from fund balance | (672,599) |
| Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$3,521,993 which has already been allocated to serviced funds.) | (20,831,021) |
| Capital assets transferred to the Successor Agency | (18,632,884) |

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 Assets. Repayment of bond principal is an expenditure in the Governmental Funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

| | |
|---|------------|
| Repayment of debt principal is added back to fund balance | 5,427,190 |
| Amortization of loss on refunding is deducted from fund balance | (345,778) |
| Interest accrued to principal is deducted from fund balance | (35,610) |
| Long-term debt assumed by the Successor Agency | 62,140,842 |

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 and pension costs | (1,041,946) |
| Loans receivable assumed by the Successor Agency | (286,350) |
| Lease receivable assumed by the City | |
| Deferred Revenue | 2,884,787 |
| Interest Payable | 922,737 |
| Interest payable assumed by the Successor Agency | 415,483 |

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 Assets - All Internal Service Funds, less contributions from Governmental Funds | (3,238,043) |
|---|-------------|

| | |
|---|--------------|
| CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES | \$12,295,043 |
|---|--------------|

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, 2012

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|---------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | | | | |
| Property | \$11,422,759 | \$11,422,759 | \$11,404,500 | (\$18,259) |
| In Lieu Property Tax VLF | 8,564,000 | 8,564,000 | 8,055,193 | (508,807) |
| Sales | 17,030,000 | 17,030,000 | 18,188,828 | 1,158,828 |
| Measure Q | 8,080,000 | 8,080,000 | 9,970,698 | 1,890,698 |
| Sales Tax In Lieu | 6,250,000 | 6,250,000 | 5,695,625 | (554,375) |
| Transient Occupancy | 1,500,000 | 1,500,000 | 1,478,874 | (21,126) |
| Franchises | 4,805,000 | 4,805,000 | 4,779,135 | (25,865) |
| Business License | 3,098,000 | 3,098,000 | 3,377,278 | 279,278 |
| Licenses and Permits | 1,291,005 | 1,291,005 | 1,282,817 | (8,188) |
| Intergovernmental | 650,500 | 650,500 | 361,631 | (288,869) |
| Charges for Services | 4,743,188 | 4,743,188 | 4,858,806 | 115,618 |
| Fines, Forfeitures and Penalties | 1,037,238 | 1,037,238 | 821,727 | (215,511) |
| Parks and Recreation | 2,670,794 | 2,670,794 | 2,668,759 | (2,035) |
| Use of Money and Property | 649,080 | 649,080 | 400,921 | (248,159) |
| Other | 772,619 | 400,769 | 883,589 | 482,820 |
| Total Revenues | 72,564,183 | 72,192,333 | 74,228,381 | 2,036,048 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government: | | | | |
| Council | 323,345 | 323,345 | 333,473 | (10,128) |
| Manager | 2,223,634 | 2,254,196 | 2,192,879 | 61,317 |
| Attorney | 1,113,585 | 1,345,273 | 974,964 | 370,309 |
| Human Resources | 1,260,352 | 1,375,164 | 1,171,571 | 203,593 |
| Finance | 8,125,543 | 8,135,006 | 7,652,565 | 482,441 |
| Total General Government | 13,046,459 | 13,432,984 | 12,325,452 | 1,107,532 |
| Public Safety | 42,527,018 | 42,615,181 | 41,916,877 | 698,304 |
| Public Works | 5,925,776 | 6,031,094 | 5,777,184 | 253,910 |
| Community and Economic Development | 4,730,374 | 4,738,492 | 4,633,243 | 105,249 |
| Parks & Recreation Services | 5,025,377 | 5,083,516 | 4,800,248 | 283,268 |
| Interest and Fiscal Charges | | | 52,538 | (52,538) |
| Total Expenditures | 71,255,004 | 71,901,267 | 69,505,542 | 2,395,725 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 1,309,179 | 291,066 | 4,722,839 | 4,431,773 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 4,116,103 | 3,803,833 | 2,878,730 | (925,103) |
| Transfers (Out) | (1,036,277) | (2,307,273) | (12,014,942) | (9,707,669) |
| Total Other Financing Sources (Uses) | 3,079,826 | 1,496,560 | (9,136,212) | (10,632,772) |
| NET CHANGE IN FUND BALANCE | \$4,389,005 | \$1,787,626 | (4,413,373) | (\$6,200,999) |
| FUND BALANCE AT BEGINNING OF YEAR | | | 17,040,411 | |
| FUND BALANCE AT END OF YEAR | | | \$12,627,038 | |

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, 2012

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-----------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Use of Money and Property | \$36,458 | \$36,458 | \$27,176 | (9,282) |
| Other | | | 189,701 | 189,701 |
| Total Revenues | <u>36,458</u> | <u>36,458</u> | <u>216,877</u> | <u>180,419</u> |
| EXPENDITURES: | | | | |
| Current | | | | |
| Community and Economic Development | <u>23,463</u> | <u>23,463</u> | <u>26,070</u> | <u>(2,607)</u> |
| Total Expenditures | <u>23,463</u> | <u>23,463</u> | <u>26,070</u> | <u>(2,607)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>12,995</u> | <u>12,995</u> | <u>190,807</u> | <u>177,812</u> |
| EXTRAORDINARY ITEMS (Note 18) | | | | |
| Assets transferred to the Housing Successor | | | <u>30,708,498</u> | <u>30,708,498</u> |
| NET CHANGE IN FUND BALANCE | <u>\$12,995</u> | <u>\$12,995</u> | <u>30,899,305</u> | <u>\$30,886,310</u> |
| FUND BALANCE AT BEGINNING OF YEAR | | | | |
| FUND BALANCE AT END OF YEAR | | | <u>\$30,899,305</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 all Enterprise Funds as major funds:

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

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

CITY OF CONCORD
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2012

| | <u>Business-Type Activities - Enterprise Funds</u> | | | Governmental Activities - Internal Service Funds |
|--|--|--------------------|----------------------|---|
| | <u>Sewer</u> | <u>Golf Course</u> | <u>Totals</u> | |
| ASSETS: | | | | |
| Current Assets: | | | | |
| Cash and Investments (Note 3) | \$31,587,972 | \$238,427 | \$31,826,399 | \$20,871,493 |
| Cash with Fiscal Agents (Note 3) | 56 | 252,620 | 252,676 | |
| Accounts Receivable | 5,992 | 46,316 | 52,308 | 52,204 |
| Interest Receivable | 3,313 | | 3,313 | 4,643 |
| Prepaid Items | | 8,500 | 8,500 | 97,874 |
| Total Current Assets | <u>31,597,333</u> | <u>545,863</u> | <u>32,143,196</u> | <u>21,026,214</u> |
| Non-Current Assets: | | | | |
| Advances to Other Funds (Note 4) | 3,550,000 | | 3,550,000 | 2,000,000 |
| Debt Issue Costs (Net of Amortization) | | 32,412 | 32,412 | |
| Net OPEB Asset (Note 13) | | | | 7,755,519 |
| Capital Assets (Note 7): | | | | |
| Land | 334,839 | 60,343 | 395,182 | |
| Construction In Progress | 1,323,200 | | 1,323,200 | 1,164,208 |
| Buildings and Improvements | 2,824,944 | 5,876,042 | 8,700,986 | 42,184,419 |
| Machinery and Equipment | 112,189 | 136,177 | 248,366 | 20,105,986 |
| Sewer Collection System | 209,485,479 | | 209,485,479 | |
| Less: Accumulated Depreciation | <u>(139,212,772)</u> | <u>(3,034,102)</u> | <u>(142,246,874)</u> | <u>(35,693,817)</u> |
| Net Capital Assets | <u>74,867,879</u> | <u>3,038,460</u> | <u>77,906,339</u> | <u>27,760,796</u> |
| Total Non-Current Assets | <u>78,417,879</u> | <u>3,070,872</u> | <u>81,488,751</u> | <u>37,516,315</u> |
| Total Assets | <u>110,015,212</u> | <u>3,616,735</u> | <u>113,631,947</u> | <u>58,542,529</u> |
| LIABILITIES: | | | | |
| Current Liabilities (Payable from Current Assets): | | | | |
| Accounts and Contracts Payable | 13,847,169 | 4,613 | 13,851,782 | |
| Accrued Liabilities | 24,019 | | 24,019 | 67,402 |
| Due To Other Funds (Note 4) | | 55,622 | 55,622 | 1,565,465 |
| Compensated Absences Payable (Note 1) | 31,571 | | 31,571 | 129,922 |
| Bond Interest Payable | 367,145 | 27,040 | 394,185 | 30,853 |
| Capital Lease Payable (Note 8) | | | | 549,983 |
| Certificates of Participation (Note 8) | 780,000 | 160,000 | 940,000 | |
| Claims Payable (Note 15) | | | | 2,491,329 |
| Total Current Liabilities | <u>15,049,904</u> | <u>247,275</u> | <u>15,297,179</u> | <u>4,834,954</u> |
| Noncurrent Liabilities: | | | | |
| Compensated Absences Payable (Note 1) | 73,879 | | 73,879 | 157,687 |
| Advance from Other Funds (Note 4) | | 730,100 | 730,100 | |
| Capital Lease Payable (Note 8) | | | | 1,246,225 |
| Certificates of Participation (Note 8) | 19,970,000 | 1,160,000 | 21,130,000 | |
| Claims Payable (Note 15) | | | | 6,530,715 |
| Total Noncurrent Liabilities | <u>20,043,879</u> | <u>1,890,100</u> | <u>21,933,979</u> | <u>7,934,627</u> |
| Total Liabilities | <u>35,093,783</u> | <u>2,137,375</u> | <u>37,231,158</u> | <u>12,769,581</u> |
| NET ASSETS (Note 9): | | | | |
| Invested in Capital Assets, | | | | |
| Net of Related Debt | 54,117,935 | 2,003,492 | 56,121,427 | 25,964,588 |
| Unrestricted | <u>20,803,494</u> | <u>(524,132)</u> | <u>20,279,362</u> | <u>19,765,285</u> |
| Total Net Assets Business-Type Activities | <u>\$74,921,429</u> | <u>\$1,479,360</u> | <u>\$76,400,789</u> | <u>\$45,729,873</u> |

See accompanying notes to financial statements

CITY OF CONCORD
 PROPRIETARY FUNDS
 STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2012

| | Business-Type Activities - Enterprise Funds | | | Governmental Activities - Internal Service Funds |
|---|---|--------------------|---------------------|---|
| | Sewer | Golf Course | Totals | |
| OPERATING REVENUES | | | | |
| Service Fees | \$19,359,526 | | \$19,359,526 | |
| Charges for Services | | | | \$17,117,439 |
| Golf Course Fees and Charges | | \$1,353,990 | 1,353,990 | |
| Other | | 28,501 | 28,501 | 79,726 |
| Total Operating Revenues | <u>19,359,526</u> | <u>1,382,491</u> | <u>20,742,017</u> | <u>17,197,165</u> |
| OPERATING EXPENSES | | | | |
| Operating and Maintenance | 18,021,090 | 1,085,301 | 19,106,391 | 12,641,884 |
| Cost of Sales and Services | | | | 1,646,037 |
| Depreciation and Amortization | 4,270,380 | 161,395 | 4,431,775 | 3,434,772 |
| Claims and Judgments | | | | 1,356,648 |
| Total Operating Expenses | <u>22,291,470</u> | <u>1,246,696</u> | <u>23,538,166</u> | <u>19,079,341</u> |
| Operating Income (Loss) | <u>(2,931,944)</u> | <u>135,795</u> | <u>(2,796,149)</u> | <u>(1,882,176)</u> |
| NON-OPERATING REVENUES (EXPENSES): | | | | |
| Investment Income | 285,768 | 976 | 286,744 | 186,258 |
| Interest Expense | (905,198) | (66,762) | (971,960) | (109,204) |
| Gain (Loss) from Disposition of Capital Assets | | | | 76,037 |
| Other | | 37,500 | 37,500 | |
| Net Non-Operating Revenues (Expenses) | <u>(619,430)</u> | <u>(28,286)</u> | <u>(647,716)</u> | <u>153,091</u> |
| Income (Loss) Before Contributions and Transfers | <u>(3,551,374)</u> | <u>107,509</u> | <u>(3,443,865)</u> | <u>(1,729,085)</u> |
| Contributions | | | | 185,832 |
| Transfer In (Note 4) | | | | 100,000 |
| Transfer Out (Note 4) | | | | <u>(1,794,790)</u> |
| Changes in Net Assets Before Extraordinary Items | <u>(3,551,374)</u> | <u>107,509</u> | <u>(3,443,865)</u> | <u>(3,238,043)</u> |
| EXTRAORDINARY ITEM (Note 18) | | | | |
| Assets transferred to/liabilities assumed by the Successor Agency | | | | <u>(18,148,249)</u> |
| Total Extraordinary Item | | | | <u>(18,148,249)</u> |
| Changes in Net Assets | <u>(3,551,374)</u> | <u>107,509</u> | <u>(3,443,865)</u> | <u>(21,386,292)</u> |
| Total Net Assets - Beginning | <u>78,472,803</u> | <u>1,371,851</u> | <u>79,844,654</u> | <u>67,116,165</u> |
| Total Net Assets - Ending | <u>\$74,921,429</u> | <u>\$1,479,360</u> | <u>\$76,400,789</u> | <u>\$45,729,873</u> |

See accompanying notes to financial statements

CITY OF CONCORD
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2012

| | <u>Business-Type Activities - Enterprise Funds</u> | | | <u>Governmental Activities - Internal Service Funds</u> |
|--|--|--------------------|---------------------|---|
| | <u>Sewer</u> | <u>Golf Course</u> | <u>Totals</u> | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from Customers | \$19,358,201 | \$1,421,133 | \$20,779,334 | \$17,155,640 |
| Payments to Suppliers | (16,124,071) | (1,022,023) | (17,146,094) | (8,823,507) |
| Payments to Employees | (1,121,171) | (58,743) | (1,179,914) | (3,539,391) |
| Claims paid | | | | (2,324,623) |
| Net Cash Provided by (Used for) Operating Activities | <u>2,112,959</u> | <u>340,367</u> | <u>2,453,326</u> | <u>2,468,119</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | |
| Borrowings of Advances From/To Other Funds | 177,972 | 24,437 | 202,409 | 227,001 |
| Transfers In | | | | 100,000 |
| Transfers (Out) | | | | (1,794,790) |
| Cash Flows from (Used for) Non-Capital Financing Activities | <u>177,972</u> | <u>24,437</u> | <u>202,409</u> | <u>(1,467,789)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition and Construction of Capital Assets | (1,169,993) | (5,400) | (1,175,393) | (1,959,062) |
| Principal Paid on Debt, Bond Maturities | (750,000) | (55,000) | (805,000) | (239,595) |
| Interest and Fiscal Charges Paid | (916,382) | (66,681) | (983,063) | (83,536) |
| Cash Flows from (Used for) Capital and Related Financing Activities | <u>(2,836,375)</u> | <u>(127,081)</u> | <u>(2,963,456)</u> | <u>(2,282,193)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest Received | 286,864 | 976 | 287,840 | 188,344 |
| Cash Flows from Investing Activities | <u>286,864</u> | <u>976</u> | <u>287,840</u> | <u>188,344</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (258,580) | 238,699 | (19,881) | (1,093,519) |
| Cash and Investments at Beginning of Period | 31,846,608 | 252,348 | 32,098,956 | 21,965,012 |
| Cash and Investments at End of Period | <u>\$31,588,028</u> | <u>\$491,047</u> | <u>\$32,079,075</u> | <u>\$20,871,493</u> |
| NON-CASH TRANSACTIONS: | | | | |
| Contributions and Transfers of Capital Assets, Net | | | | <u>(\$17,962,417)</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: | | | | |
| Operating Income (Loss) | (\$2,931,944) | \$135,795 | (\$2,796,149) | (\$1,882,176) |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | | | |
| Other Non-Operating Revenue | | 37,500 | 37,500 | |
| Depreciation and Amortization | 4,270,380 | 161,395 | 4,431,775 | 3,434,772 |
| Change in Assets and Liabilities: | | | | |
| Receivables, Net | (1,325) | 1,142 | (183) | (41,525) |
| Prepaid Expenses | | | | 73,879 |
| Net OPEB Asset | | | | 842,484 |
| Accounts Payable | 780,830 | 1,595 | 782,425 | 43,075 |
| Accrued Liabilities | (4,982) | 2,940 | (2,042) | (70,509) |
| Self Insurance Claims Payable | | | | 68,119 |
| Net Cash Provided by (Used for) Operating Activities | <u>\$2,112,959</u> | <u>\$340,367</u> | <u>\$2,453,326</u> | <u>\$2,468,119</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 ASSETS
JUNE 30, 2012

| | <u>City of Concord Retirement System Pension Trust</u> | <u>Successor Agency Private Purpose Trust Fund</u> |
|---|--|--|
| ASSETS: | | |
| Cash and Investments (Note 3) | | |
| Money Market Funds | \$832,627 | |
| Corporate Debt Instruments | 8,998,183 | |
| California Local Agency Investment Fund | 1,320,702 | |
| Federal Agencies | 3,199,989 | |
| Municipal Bonds | 863,054 | |
| Pooled Investments | 3,600,904 | \$13,589,471 |
| U.S. Treasury Notes | 1,824,674 | |
| Common Stock | 11,573,860 | |
| Mutual Funds | 7,604,350 | |
| Cash with Fiscal Agents (Note 3) | | <u>9,438,778</u> |
| Total Cash and Investments | <u>39,818,343</u> | <u>23,028,249</u> |
| Receivables (Net of Allowances for Uncollectibles): | | |
| Interest | 1,173 | 9,823 |
| Notes and Loans Receivable (Note 18) | | 715,570 |
| Land Held for Redevelopment | | 11,416,332 |
| Capital Assets, Not Being Depreciated (Note 18) | | 485,155 |
| Capital Assets, Being Depreciated (net) (Note 18) | | <u>18,222,111</u> |
| Total Assets | <u>39,819,516</u> | <u>53,877,240</u> |
| LIABILITIES: | | |
| Accounts Payable | | 47,723 |
| Interest Payable | | 1,375,433 |
| Long-Term Debt (Note 18): | | |
| Due in One Year | | 4,885,000 |
| Due in More Than One Year | | <u>66,336,779</u> |
| Total Liabilities | | <u>72,644,935</u> |
| NET ASSETS: | | |
| Held for Private Purposes | | (18,767,695) |
| Employee Retirement System | <u>39,819,516</u> | |
| Total Net Assets | <u><u>\$39,819,516</u></u> | <u><u>(\$18,767,695)</u></u> |

See accompanying notes to the financial statements

CITY OF CONCORD
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

| | City of Concord Retirement System Pension Trust | Successor Agency Private Purpose Trust Fund |
|--|---|---|
| ADDITIONS | | |
| Contributions | \$863,610 | |
| Property Taxes, Net of Pass Through Payments | | \$3,351,523 |
| Investment Income | 1,989,231 | 37,629 |
| Less Management Expenses | (202,856) | |
| Net Investment Income | 1,786,375 | 37,629 |
| Total Additions | 2,649,985 | 3,389,152 |
| DEDUCTIONS | | |
| Retirement and Other Benefits | 5,529,921 | |
| Planning and Economic Development | | 306,057 |
| Depreciation | | 385,339 |
| Interest expense | | 1,166,606 |
| Total Deductions | 5,529,921 | 1,858,002 |
| NET CHANGES IN NET ASSETS BEFORE EXTRAORDINARY ITEMS | (2,879,936) | 1,531,150 |
| EXTRAORDINARY ITEM (Note 18) | | |
| Assets Transferred to/Liabilities Assumed by the Successor Agency | | (20,298,845) |
| NET CHANGES IN NET ASSETS | (2,879,936) | (18,767,695) |
| NET ASSETS (DEFICIT) | | |
| Beginning of Year | 42,699,452 | |
| End of Year | \$39,819,516 | (\$18,767,695) |

See accompanying notes to the 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 **Redevelopment Agency of the City of Concord** was formed in March 1973 for the purpose of renovating designated areas within the City limits. The City Council sits as the Governing Board of the Agency, which is a component unit of the City and is accounted for in the fund established by the City. The Agency adopted the Redevelopment Plan in November 1974. The Plan established the Central Concord Redevelopment Project, which includes approximately 670 acres in the City's Central Business District. Subsequent annexations have increased the Redevelopment Project Areas to 1,072 acres. Most recently, during FY 2010-2011, the Concord Community Reuse Redevelopment Project was added. This area includes all land within the boundaries of the inland portion of the former Concord Naval Weapons Station base area and certain parcels adjacent to the Base Area commonly known as the City-owned portion of the Diablo Creek Golf Course, the Coast Guard Property and the North Concord BART station property. As discussed in Note 18, the Redevelopment Agency was dissolved, effective February 1, 2012, and the balances of this fund were transferred to the Successor Agency.

The **City of Concord Joint Powers Financing Authority** is a nonprofit corporation organized by the City of Concord and the 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 Agency sponsored projects using leases signed by the City or Agency as collateral. The amounts of the leases are calculated to provide sufficient resources to repay the debt incurred to finance the projects.

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 above component units can be obtained from the City of Concord, 1950 Parkside Drive, Concord, CA 94519.

The financial statements exclude the California Public Entity Insurance Authority, the Concord Plaza Tower Inc., the Concord Pleasant Hill Aquatic Foundation, the Concord Senior Citizens Club, and the Friends of Camp Concord, as they are administered by boards separate from and independent of the City.

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 Assets 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 business-type funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

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

The City reported the following major governmental funds in the accompanying 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 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.

Redevelopment Agency – The former Redevelopment Agency Fund accounts for all activities of the Agency, including 1) tax increment allocations set aside for the purpose of increasing or improving housing for low-income residents; 2) the accumulation of property taxes for payment of interest and principal on the Redevelopment Agency tax allocation bonds issued in 1988, 1993, and 2004; and 3) capital projects connected with downtown redevelopment funded by property tax increment revenues. As discussed in Note 18, the Redevelopment Agency was dissolved, effective February 1, 2012, and the balances of this fund were transferred to the Successor Agency.

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

The City reported all its Enterprise Funds as major funds in the accompanying financial statements:

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

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

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. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, 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 is 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 assets 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.

The City follows Statements and interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, unless they conflict with Government Accounting Standards Board pronouncements.

Land Held for Redevelopment

In March 2011, the Agency, acting in accordance with Health and Safety Code Sections 33220 and 33430, entered into a Real Property Transfer and Cooperative Agreement with the City whereby the Agency conveyed all of its real property to the City. The conveyance had been recorded as a transfer to the City during fiscal 2010-11. Pursuant to ABx1 26, the Land was transferred to the Successor Agency during fiscal 2011-12 (See Note 18).

As a result of the transaction discussed above, as of June 30, 2012, the Successor Agency held the following properties for resale or redevelopment:

- 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 between 1982-1987 which are being held for resale for future development projects.

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 a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

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 a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

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.

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 Assets.

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 were as follows:

| | Governmental Activities | Business-Type Activities | Total |
|-------------------|------------------------------------|-------------------------------------|--------------------|
| Beginning Balance | \$3,767,063 | \$92,141 | \$3,859,204 |
| Additions | 3,176,728 | 68,752 | 3,245,480 |
| Payments | (2,992,084) | (55,443) | (3,047,527) |
| Ending Balance | <u>\$3,951,707</u> | <u>\$105,450</u> | <u>\$4,057,157</u> |
| Due in One Year | <u>\$2,379,647</u> | <u>\$31,571</u> | <u>\$2,411,218</u> |

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.

New Funds

The Concord Housing Fund was created during the fiscal year to account 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.

The Successor Agency Private Purpose Trust Fund is a private purpose trust fund used to report the activities and financial position of the Successor Agency to the Redevelopment Agency of the City of Concord.

Closed Fund

The Redevelopment Agency Fund accounts for all activities of the Agency, including 1) tax increment allocations set aside for the purpose of increasing or improving housing for low-income residents; 2) the accumulation of property taxes for payment of interest and principal on the Redevelopment Agency tax allocation bonds issued in 1988, 1993, and 2004; and 3) capital projects connected with downtown redevelopment funded by property tax increment revenues. As discussed in Note 18, the Redevelopment Agency was dissolved effective February 1, 2012, and the balances of this fund were transferred to the Successor Agency.

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 and for the Redevelopment Agency.
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.

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. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

Appropriation Lapses

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

NOTE 3 - CASH AND INVESTMENTS

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except 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 June 30, 2012:

| <i>City:</i> | Governmental Funds | Enterprise Funds | Internal Service Funds | Fiduciary Funds | Total |
|--|-----------------------|---------------------|------------------------------|---------------------|----------------------|
| Cash and investments available for City operations | \$39,234,406 | \$31,826,399 | \$20,871,493 | \$13,589,471 | \$105,521,769 |
| Cash and investments with fiscal agents | <u>4,476,617</u> | <u>252,676</u> | | <u>9,438,778</u> | <u>14,168,071</u> |
| Total cash and investments | <u>\$43,711,023</u> | <u>\$32,079,075</u> | <u>\$20,871,493</u> | <u>\$23,028,249</u> | <u>\$119,689,840</u> |
| <i>Retirement Trust Fund:</i> | | | | | |
| Cash and investments | | | | | <u>\$39,818,343</u> |

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 | 5 years | | None | None |
| Obligations issued by United States Government Agencies | 5 years | | None | None |
| Bankers Acceptances | 180 days | | 30% | 30% |
| Commercial Paper | 270 days | A1/P1/F1 | 25% (A) | 10% |
| Negotiable Certificates of Deposit | 5 years | A | 30% | None |
| Medium Term Corporate Notes | 5 years | A | 30% (A) | None |
| Money Market Mutual Funds | N/A | Top rating category | 5% | 10% |
| California Local Agency Investment Fund (LAIF) | N/A | | None | \$50 Mil/account |
| Time Certificates of Deposit | 5 years | | 30% | 10% |
| Derivative Securities (B) | 5 years | | None | None |

- (A) Total combined corporate debt (Commercial Paper and Medium Term Notes) may not exceed 30% of the cost value of the portfolio.
- (B) Investments in derivative securities will be made using the Prudent Investor Rule and will be limited to federal agency callable issues.

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. With the exception of callable federal agency securities, 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.

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 | AAA |
| State of California Local Agency Investment Fund | | |
| Commercial Paper | 270 days | A1/P1/F1 |
| Negotiable Certificate of Deposits | 180 days | |
| Bank Deposits | | FDIC insured |
| US Government Treasury Obligations | | |
| State/ Local Obligations | | AAA |
| Federal Securities | | |
| Corporate Notes | | AAA |
| Repurchase Agreements | | AAA |
| Money Market Mutual Funds | | AAA |
| Investment Agreements | | AAA |

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 plan 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 |

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 | Over 36 Months | |
| Investment Type: | | | | | |
| U.S. Government Agencies | \$23,300,363 | \$9,083,248 | \$2,060,770 | \$6,116,210 | \$40,560,591 |
| Medium Term Corporate Notes | 2,057,360 | 1,055,380 | 5,194,850 | 5,156,536 | 13,464,126 |
| LAIF | 41,273,849 | | | | 41,273,849 |
| CAMP | 8,724,796 | | | | 8,724,796 |
| Held by bond trustee: | | | | | |
| U.S. Government Agencies | | 983,556 | | | 983,556 |
| Money Market Funds | | | | | |
| (U.S. Securities) | 7,490,838 | | | | 7,490,838 |
| U.S. Treasury Notes | 490,191 | | | | 490,191 |
| Total | <u>\$83,337,397</u> | <u>\$11,122,184</u> | <u>\$7,255,620</u> | <u>\$11,272,746</u> | 112,987,947 |
| Cash deposits with banks and on hand | | | | | <u>6,701,893</u> |
| Total Cash and Investments | | | | | <u>\$119,689,840</u> |

Retirement Trust Funds:

| | Remaining Maturity (in Months) | | | Total |
|----------------------------------|--------------------------------|--------------------|---------------------|---------------------|
| | 12 months or Less | 25 to 60 Months | Over 60 Months | |
| Investment Type: | | | | |
| Money Market Mutual Funds | \$832,627 | | | \$832,627 |
| Corporate Debt Instruments | 497,115 | \$2,529,320 | \$5,971,748 | 8,998,183 |
| LAIF | 1,320,702 | | | 1,320,702 |
| Federal Agency Securities | | 281,035 | 2,918,954 | 3,199,989 |
| Municipal Bonds | | | 863,054 | 863,054 |
| Pooled Investments | 3,600,904 | | | 3,600,904 |
| U S Treasury Notes | | 697,086 | 1,127,588 | 1,824,674 |
| Total | <u>\$6,251,348</u> | <u>\$3,507,441</u> | <u>\$10,881,344</u> | 20,640,133 |
| Non-Maturing Investments: | | | | |
| Common Stock | | | | 11,573,860 |
| Mutual Funds | | | | <u>7,604,350</u> |
| Total Cash and Investments | | | | <u>\$39,818,343</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. At June 30, 2012, these investments have an average maturity of 268 days.

The average maturity of cash and investment available for operations at June 30, 2012 was 555 days.

Fair value of Investments

GASB Statement 31 requires governments to present investments at fair value. The City adjusts the carrying value of its investment to reflect the fair value at each fiscal year-end, and it includes the effect of this adjustment in income for that fiscal year. At June 30, 2012, the cost of investments was \$233,308 less than the City's fair market value. The City has included the following net increases in the fair value of investments in income as follows: \$32,168 in General Fund, \$95,644 in the Sewer Enterprise Fund, \$785 in the Golf Course Enterprise Fund, and \$91,106 in all other funds. The City holds investments to maturity.

At June 30, 2012, the cost of the Retirement System's investments was \$13,605 less than the City's fair market value.

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 June 30, 2012 for each investment type as provided by Standard & Poor's for the City's investments and Moody's for the Retirement System.

City and Fiscal Agents:

| Investment Type | AAA / AAAm | AA+ / AA / AA- | A+ / A / A- | Total |
|---|---------------------|---------------------|--------------------|----------------------|
| U.S. Government Agencies | | \$41,544,147 | | \$41,544,147 |
| Medium Term Corporate Notes | \$4,230,260 | 7,174,996 | \$2,058,870 | 13,464,126 |
| Money Market Funds - (U.S. Securities) | 7,490,838 | | | 7,490,838 |
| Totals | \$11,721,098 | \$48,719,143 | \$2,058,870 | 62,499,111 |
| <i>Exempt from rating:</i> | | | | |
| U.S. Treasury Notes | | | | 490,191 |
| <i>Not rated:</i> | | | | |
| LAIF | | | | 41,273,849 |
| CAMP | | | | 8,724,796 |
| Total Investments | | | | \$112,987,947 |

Retirement Trust Funds:

| Investment Type | Aaa / Aaam | AAA | Aa1 / Aa2 / Aa3 | A1 / A2 / A3 | Baa1 / Baa2 / Baa3 | Total |
|-----------------------------|--------------------|------------------|------------------|--------------------|--------------------|---------------------|
| Money Market Mutual Funds | \$832,627 | | | | | \$832,627 |
| Medium Term Corporate Notes | 1,797,358 | \$242,657 | \$327,037 | \$2,294,476 | \$4,336,655 | 8,998,183 |
| U.S. Government Agencies | 3,199,989 | | | | | 3,199,989 |
| Municipal Bonds | | | 609,979 | 253,075 | | 863,054 |
| Totals | \$5,829,974 | \$242,657 | \$937,016 | \$2,547,551 | \$4,336,655 | 13,893,853 |
| <i>Exempt from rating:</i> | | | | | | |
| U S Treasury Notes | | | | | | 1,824,674 |
| <i>Not rated:</i> | | | | | | |
| LAIF | | | | | | 1,320,702 |
| Common Stock | | | | | | 11,573,860 |
| Mutual Funds | | | | | | 7,604,350 |
| Pooled Investments | | | | | | 3,600,904 |
| Total Investments | | | | | | \$39,818,343 |

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, 2012:

City and Fiscal Agents:

| Fund | Issuer | Type of Investments | Amount |
|---------------------|---------------------------------------|---------------------------|--------------|
| Entity Wide: | | | |
| | Federal Farm Credit Bank | Federal Agency Securities | \$17,087,000 |
| | Federal Home Loan Bank | Federal Agency Securities | 11,091,436 |
| | Federal National Mortgage Association | Federal Agency Securities | 9,345,233 |

NOTE 4 - INTERFUND TRANSACTIONS**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 June 30, 2012 the interfund balances are as follows:

| DUE TO OTHER FUNDS | DUE FROM OTHER FUNDS | AMOUNT |
|--------------------------------|----------------------|--------------------|
| General Projects Capital | | |
| Projects Fund | General Fund | \$244,268 |
| Golf Course Enterprise Fund | General Fund | 55,622 |
| Monument Community Partnership | General Fund | 27,114 |
| Assessment Districts | General Fund | 139,822 |
| Internal Service Funds | General Fund | 1,565,465 |
| | | <u>\$2,032,291</u> |

Long-Term Interfund Advances

At June 30, 2012 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 (b) |
| | Worker's Compensation Fund | 2,000,000 (a) |
| | General Fund | 730,100 (c) |
| Golf Course Enterprise Fund | | |
| Maintenance Districts | | |
| Special Revenue Fund | Traffic System Management Special Revenue Fund | 397,500 (d) |
| Special Developers | | |
| Capital Projects Fund | General Fund | 1,132,473 (e) |
| | | <u>\$10,810,073</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 will be repaid in installments starting in fiscal year 2021 and bears no interest.
- (c) The **Golf Enterprise Fund** advance was made during fiscal years 2007 and 2008 and will be factored into the next 10 year budget plan and repaid as business improves within the regional golf market.
- (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.

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 June 30, 2012 were as follows:

| <u>Fund Receiving Transfers</u> | <u>Fund Making Transfers</u> | <u>Purpose</u> | <u>Amount Transferred</u> |
|---------------------------------|---|--|---------------------------|
| General Fund | Redevelopment Agency Fund | To Fund Operating Costs | \$1,207,309 |
| General Fund | General Reimbursable Projects Capital Projects Funds | To Fund Capital Projects | 7,437 |
| General Fund | Traffic System Management Special Revenue Fund | To Fund Operating Costs | 4,698 |
| General Fund | Housing & Community Services Special Revenue Fund | To Fund Operating Costs | 27,398 |
| General Fund | Storm Water Management Special Revenue Fund | To Fund Operating Costs | 431,300 |
| General Fund | Monument Community Partnership Special Revenue Fund | To Fund Operating Costs | 588 |
| General Fund | Fleet Maintenance/Replacement Internal Service Fund | To Fund Operating Costs | 600,000 |
| General Fund | Building Maintenance Internal Service Fund | To Fund Anticipated Costs per Budget | 600,000 |
| Redevelopment Agency | General Fund | To Unwind Land Held for Redevelopment Transfer | 11,416,332 |
| General Reimbursable Projects | General Fund | To Fund Capital Projects | 374,247 |
| General Reimbursable Projects | Intergovernmental Capital Projects Fund | To Fund Capital Projects | 550 |
| Debt Service Funds: | | | |
| Police Facilities Revenue Bonds | Redevelopment Agency Fund | To Fund Debt Service | 478,484 |
| Parking Structure Revenue Bonds | Redevelopment Agency Fund | To Fund Debt Service | 156,674 |
| ABAG | General Fund | To Fund Debt Service | 102,489 |
| Refunding Lease Agreement | Redevelopment Agency Fund | To Fund Debt Service | 55,206 |
| Refunding Lease Agreement | Risk Management/Liability Internal Service Fund | To Fund Debt Service | 423,603 |
| Energy Lease | General Fund | To Fund Debt Service | 121,874 |
| Energy Lease | Maintenance District Special Revenue Fund | To Fund Debt Service | 128,582 |
| Energy Lease | Building Maintenance Internal Service Fund | To Fund Debt Service | 71,187 |
| Capital Projects Fund: | | | |
| Special Developers | Intergovernmental Capital Projects Fund | To Fund Capital Projects | 4,662 |
| Intergovernmental | Special Developers Capital Projects Fund | To Fund Capital Projects | 15,360 |
| Internal Service Funds: | | | |
| Risk Management/Liability | Workers' Compensation | To Fund Anticipated Costs Per Budget | 100,000 |
| Total Transfers | | | <u>\$16,327,980</u> |

Transfers Between the City and the Agency

With Board and Council approval, transfers are made between the City and the Agency to reimburse the entity which has made an expenditure on behalf of another entity. In fiscal 2012, the Redevelopment Agency transferred \$690,364 to the City to fund debt service and \$1,207,309 to fund operational costs associated with the Agency's affordable housing activities. In addition, the City's General Fund transferred land held for redevelopment in the amount of \$11,416,332 back to the Redevelopment Agency.

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.

Note 5 – Loans, Notes Receivable and Development Agreements

The City and former 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. They are not expected to be collected during fiscal year 2012. These loans and notes were comprised of the following at June 30, 2012:

| | |
|---|---------------------|
| Housing Assistance | \$375,800 |
| Housing Conservation | 3,576,120 |
| Downtown Revitalization and Low and Moderate Income Housing Rehabilitation | 14,213,300 |
| Lakeside Apartments | 2,936,754 |
| Detroit Avenue Apartments | 618,000 |
| Virginia Lane | 3,205,309 |
| Successor Agency Loan | 9,495,937 |
| Total loans and notes receivable | <u>\$34,421,220</u> |

Housing Assistance

This program provides housing assistance to Concord residents through a variety of housing programs.

Housing Conservation

This program involves loans made to rehabilitate housing within the City of Concord which are funded by Community Development Block Grant and Redevelopment Agency monies.

Downtown Revitalization and Low and Moderate Income Housing Rehabilitation

Low and no interest loans are made by the 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.

With the dissolution of the Agency effective February 1, 2012, non-housing assets of the Redevelopment Agency Fund including the Concord Residential Club Loan were assumed by a Successor Agency as discussed in Note 18. The former Redevelopment Agency's portion of this loan totaled \$530,150.

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 brings the loan to \$3,716,945. Of the \$283,000, \$110,000 is funded by Community Development Block Grants, \$93,000 is funded by Redevelopment Agency, and \$80,000 is funded by California State EAGR funds. The outstanding balance of the loan bears interest at a rate of 1% per annum. The Agency expects the loan to be repaid on November 5, 2058.

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 CFHA funds. The payment of interest commenced on July 1, 2005 and is due monthly in the amount of \$1,500. The Agency expects the loan to be repaid on April 30, 2014.

Virginia Lane

In June 1999, the City and the 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 brings the loan to \$2,434,200. Of the \$450,000, \$100,000 is funded by Community Development Block Grant funds and \$350,000 is funded by CFHA 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 Agency expects the loan to be repaid on March 2, 2061.

Lehmer Investment Company Development Agreement

In August 2008, the City and the Agency entered into a \$170,000 loan agreement with Lehmer Investment Company for the purchase of the Agency's parking lot at 1925 Market Street. The outstanding balance of the loan bears interest at a rate of 3% per annum. Subsequently, the loan agreement was amended in July 2009 to extend the payment terms. The monthly interest payments began August 2010. The loan was fully repaid during the fiscal year.

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 2012, 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 June 30, 2012, 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.

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 Agency expects the loan to be repaid on September 1, 2019.

With the dissolution of the Agency effective February 1, 2012, a portion of the assets of the Redevelopment Agency Fund, including the California Automotive Retailing Group Development Agreement were assumed by a Successor Agency as discussed in Note 18.

Successor Agency Loan

Beginning in 1986, the former Redevelopment Agency 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, 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. At June 30, 2012 the amount due that Fund under the repayment plan totaled \$9,495,937. The advance does not bear interest.

With the dissolution of the 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 as discussed in Note 18 below. 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 the change has been reported as an Extraordinary Item as discussed in Note 18.

NOTE 6 – EMPLOYEE COMPUTER LOANS

All full-time City employees who have completed their probationary period are eligible to obtain a loan up to \$3,000 with a 4% interest rate to purchase a computer. All requests for loans are subject to review and approval by the Information Technology Department. Equipment purchased must be compatible with the City's computer equipment. Repayment of these loans is handled through payroll deductions which are spread over the life of the loan, not to exceed three years. Employees must pay off any outstanding balance of their loans upon ending employment with the City. As of June 30, 2012, 1 employee had \$102 in loans due to the City. The program was discontinued effective August 15, 2009, with no new loans being issued.

NOTE 7 - 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.

| | <u>Useful Lives</u> | <u>Capitalization Threshold</u> |
|----------------------------|---------------------|-------------------------------------|
| 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.

Capital Asset Additions and Retirements

Capital asset transactions and balances comprise the following at June 30, 2012:

| | Balance at June 30, 2011 | Additions | Retirements | Transfers | Transfers to Successor Agency | Balance at June 30, 2012 |
|--|-----------------------------|----------------|-------------|-------------|----------------------------------|-----------------------------|
| Governmental Activities | | | | | | |
| Capital assets not being depreciated: | | | | | | |
| Land | \$16,025,596 | | (\$427,591) | | (\$448,293) | \$15,149,712 |
| Construction in progress | 4,034,194 | \$7,248,968 | (3,367) | (\$775,554) | (36,342) | 10,467,899 |
| Total capital assets not being depreciated | 20,059,790 | 7,248,968 | (430,958) | (775,554) | (484,635) | 25,617,611 |
| Capital assets being depreciated: | | | | | | |
| Ground improvements | 15,720,223 | | | 663,179 | | 16,383,402 |
| Buildings and improvements | 77,331,371 | | (361,868) | | (30,827,102) | 46,142,401 |
| Machinery and equipment | 10,938,516 | 519,212 | (25,000) | 60,182 | | 11,492,910 |
| Vehicles | 8,149,009 | 1,126,542 | (714,668) | 52,193 | | 8,613,076 |
| Streets | 425,020,770 | 1,586,630 | | | | 426,607,400 |
| Sidewalks | 46,969,475 | 347,553 | | | | 47,317,028 |
| Storm drains/catch basins | 443,308,069 | | | | | 443,308,069 |
| Street Lights | 2,470,193 | 1,786,040 | | | | 4,256,233 |
| Traffic Signals | 25,652,112 | 527,607 | | | | 26,179,719 |
| Total capital assets being depreciated | 1,055,559,738 | 5,893,584 | (1,101,536) | 775,554 | (30,827,102) | 1,030,300,238 |
| Less accumulated depreciation for: | | | | | | |
| Ground improvements | (8,283,278) | (401,662) | | | | (8,684,940) |
| Buildings and improvements | (32,285,999) | (1,759,668) | 250,494 | | 12,678,853 | (21,116,320) |
| Machinery and equipment | (7,748,146) | (1,164,782) | 25,000 | | | (8,887,928) |
| Vehicles | (7,334,815) | (546,343) | 714,668 | | | (7,166,490) |
| Streets | (210,931,316) | (14,197,667) | | | | (225,128,983) |
| Sidewalks | (19,598,341) | (945,139) | | | | (20,543,480) |
| Storm drains/catch basins | (87,310,816) | (4,433,081) | | | | (91,743,897) |
| Traffic Signals | (15,778,901) | (863,864) | | | | (16,642,765) |
| Street Lights | (276,837) | (112,107) | | | | (388,944) |
| Total accumulated depreciation | (389,548,449) | (24,424,313) | 990,162 | | 12,678,853 | (400,303,747) |
| Governmental activity capital assets, net | \$686,071,079 | (\$11,281,761) | (\$542,332) | | (\$18,632,884) | \$655,614,102 |

In March 2011, the former Redevelopment Agency, acting in accordance with Health and Safety Code Sections 33220 and 33430, entered into a Real Property Transfer and Cooperative Agreement with the City whereby the Agency conveyed all of its real property to the City. The conveyance had been recorded as a transfer to the City during fiscal 2010-11. However, pursuant to provisions of ABx1 26, these assets were returned to the Agency during fiscal 2011-12. (See Note 18). As required by ABx1 26, Agency capital assets were transferred to the Successor Agency in fiscal 2011-12.

| | Balance at June 30, 2011 | Additions | Retirements | Transfers | Balance at June 30, 2012 |
|--|-----------------------------|---------------|-------------|-------------|-----------------------------|
| Business-Type Activities | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$395,182 | | | | \$395,182 |
| Construction in progress | 328,223 | \$1,169,992 | | (\$175,015) | 1,323,200 |
| Total capital assets not being depreciated | 723,405 | 1,169,992 | | (175,015) | 1,718,382 |
| Capital assets being depreciated: | | | | | |
| Buildings and improvements | 8,700,986 | | | | 8,700,986 |
| Machinery and equipment | 280,161 | | (\$31,795) | | 248,366 |
| Sewer lines | 209,310,464 | | | 175,015 | 209,485,479 |
| Total capital assets being depreciated | 218,291,611 | | (31,795) | 175,015 | 218,434,831 |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (4,861,151) | (237,471) | | | (5,098,622) |
| Machinery and equipment | (273,011) | (953) | 31,795 | | (242,169) |
| Sewer lines | (132,718,133) | (4,187,950) | | | (136,906,083) |
| Total accumulated depreciation | (137,852,295) | (4,426,374) | 31,795 | | (142,246,874) |
| Business-type activity capital assets, net | \$81,162,721 | (\$3,256,382) | | | \$77,906,339 |

Construction in progress comprised the following at June 30, 2012:

| | <u>TOTAL PROJECT AUTHORIZATION</u> | <u>EXPENDED TO DATE June 30, 2012</u> |
|--|--|---|
| Governmental Activities: | | |
| Meadow Homes Pool | \$1,749,134 | \$1,727,604 |
| Replace HVAC various buildings | 2,326,000 | 2,082,915 |
| Downtown Streetscape & Lighting | 945,000 | |
| Solar at Concord Community Park | 1,300,000 | 817,457 |
| Back up Pump Concord Community Pool | 839,004 | 720,626 |
| Miscellaneous Projects | 6,153,238 | 5,199,297 |
| Total Governmental Activities | <u>13,312,376</u> | <u>10,547,899</u> |
| Business-Type Activities: | | |
| Sanitary Sewer Upgrade - Downtown | 4,200,000 | 1,183,056 |
| Citywide Sanitary Sewer Main Extension | 200,000 | 132,144 |
| Replace HVAC various buildings | 8,000 | 8,000 |
| Total Business-Type Activities | <u>4,408,000</u> | <u>1,323,200</u> |
| Total | <u><u>\$17,720,376</u></u> | <u><u>\$11,871,099</u></u> |

Substantially all the project authorization amounts above are represented by signed contracts and have been recorded as encumbrances.

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 | |
| Public Works | \$20,989,541 |
| Internal Service Fund | <u>3,434,772</u> |
| Total | <u><u>\$24,424,313</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 transactions are summarized below and discussed in detail thereafter.

Current Year Transactions and Balances

| | Repayment Source | June 30, 2011 | Additions | Retirements | Transfers To Successor Agency | June 30, 2012 | Current Portion |
|--|---------------------|---------------------|------------------|--------------------|-------------------------------------|---------------------|--------------------|
| Governmental Activity Debt: | | | | | | | |
| Revenue Bonds: | | | | | | | |
| 1993 Lease Revenue Bonds, 2.70- 5.25%, due 08/01/13 | a | \$1,390,000 | | \$440,000 | (\$950,000) | | |
| 1995 Performing Arts Lease Revenue Bonds, 6.33- 8.24%, due 08/01/20 | b | 4,000,000 | | 560,000 | | \$3,440,000 | \$520,000 |
| 2001 Lease Revenue Bonds, 4.0-5.13% due 03/01/23 | a | 6,530,000 | | | (6,530,000) | | |
| Tax Allocation Bonds: | | | | | | | |
| Tax Allocation Refunding Bonds, Series 2004 3.9-5.05%, due 07/01/25 | c | 57,205,000 | | 3,835,000 | (\$53,370,000) | | |
| Less deferred amount on refunding | c | (2,072,185) | | (298,027) | 1,776,158 | | |
| Certificates of Participation: | | | | | | | |
| ABAG 41 - Centre Concord 4.0-5.0%, due 8/01/18 | d | 95,000 | | 95,000 | | | |
| Refunding Lease Agreement | | | | | | | |
| 3.6%, due 09/01/19 | e | 4,645,500 | | 373,500 | (3,067,000) | 1,205,000 | 389,000 |
| Lease Purchase Agreement | | | | | | | |
| 4.75% due 6/30/27 | f | 8,384,040 | \$50,930 | 124,869 | | 8,310,101 | 268,019 |
| Notes Payable: | | | | | | | |
| 3%, due 03/01/14 | g | 1,336,767 | 35,610 | | | 1,372,377 | |
| Capital Lease: | | | | | | | |
| Key Government Finance, 4.65% due 9/15/12 | h | 169,716 | | 149,705 | | 20,011 | 20,011 |
| Motorola Safety Radio, 3.03% due 12/01/16 | h | 1,079,772 | | 166,804 | | 912,968 | 171,859 |
| Cisco VOIP Equipment, 3.95% due 7/09/14 | h | 346,175 | | 81,437 | | 264,738 | 84,751 |
| Hubb Systems Mobile Digital Computers, 4.75% due 4/1/13 | h | 327,484 | | 160,031 | | 167,453 | 167,453 |
| Color Hybrid Multi-Function Printer Equipment, 5.5% due 11/01/16 | h | 112,656 | | 23,495 | | 89,161 | 24,927 |
| NetApp Capital Solutions Software, 3.55% due 4/1/2016 | h | | 421,283 | 79,406 | | 341,877 | 80,982 |
| Total Government Activity Debt | | \$83,549,925 | \$507,823 | \$5,793,220 | (\$62,140,842) | \$16,123,686 | \$1,727,002 |
| Business-Type Activity Debt: | | | | | | | |
| 2004 Certificates of Participation - Wastewater System Improvement, 2.0-4.63%, due 2/01/29 | i | \$10,090,000 | | \$395,000 | | \$9,695,000 | \$410,000 |
| 2007 Certificates of Participation - Wastewater System Improvement, 3.75-4.50%, due 2/01/32 | i | 11,410,000 | | 355,000 | | 11,055,000 | 370,000 |
| ABAG 41 Certificates of Participation - Diablo Creek Golf Course, 4.0-5.0%, due 8/01/18 | d | 1,375,000 | | 55,000 | | 1,320,000 | 160,000 |
| Total Business Type Activity Debt | | \$22,875,000 | | \$805,000 | | \$22,070,000 | \$940,000 |

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

- Lease revenue received by the Redevelopment Agency Capital Projects Fund until debt assumed by Successor Agency on February 1, 2012. See Note 18.
- Lease revenues received by Live Nation and from general & operating revenues.
- Incremental property taxes received by the Redevelopment Agency Capital Projects Fund until debt assumed by Successor Agency on February 1, 2012. See Note 18.
- General and operating revenues available for lease payment in the ABAG Debt Service Fund and Golf Course Enterprise Fund.
- Redevelopment Agency, until debt assumed by Successor Agency on February 1, 2012 (See Note 18) and 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.

With the dissolution of the Redevelopment Agency as discussed in Note 18, a Successor Agency assumed the long-term debt of the Redevelopment Agency as of February 1, 2012, which has been reported as a transfer above and as an Extraordinary Item in the Statement of Activities. See Note 18 below.

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 |
| 2013 | \$1,727,002 | \$779,932 | \$940,000 | \$942,243 |
| 2014 | 2,926,836 | 690,630 | 975,000 | 906,086 |
| 2015 | 1,582,143 | 581,277 | 1,015,000 | 867,076 |
| 2016 | 1,066,208 | 508,813 | 1,055,000 | 825,604 |
| 2017 | 976,178 | 451,179 | 1,095,000 | 2,365,639 |
| 2018 - 2022 | 3,977,346 | 1,496,941 | 5,525,000 | 3,233,579 |
| 2023 - 2027 | 3,867,973 | 487,474 | 6,260,000 | 2,037,271 |
| 2028 - 2032 | | | 5,205,000 | 617,300 |
| Total | <u>\$16,123,686</u> | <u>\$4,996,246</u> | <u>\$22,070,000</u> | <u>\$11,794,798</u> |

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 coverages. City management believes the City is in compliance with all such indenture requirements.

Revenue Bonds

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. This obligation has been assumed by the Successor Agency pursuant to the dissolution law. See Note 18.

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 other funds in the City.

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. This obligation has been assumed by the Successor Agency pursuant to the dissolution law. See Note 18.

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.

On February 1, 2004 the City of Concord Joint Powers Financing Authority issued Certificates of Participation (COPs) in the principal amount of \$12,605,000, bearing interest at rates ranging from 2.0% to 4.625% due February 1, 2029. Proceeds from the COPs were used to finance the first phase of wastewater system capital improvement projects.

On October 18, 2007, the City 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.

Under related installment agreements, the City remits installments to the Authority which are used to repay debt service on the 2004 and 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 2012, Wastewater System Revenues including operating revenues and non-operating interest earnings amounted to \$19,645,294 and maintenance and operating costs amounted to \$18,021,090 Net Revenues available for debt service amounted to \$1,624,204 which represented coverage of .98 over the \$1,657,988 in debt service.

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 February 1, 2012 the Redevelopment Agency's portion of the lease agreement was assumed by the Successor Agency as discussed in Note 18.

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.

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 5), and \$1,600,000 is to be used for the Detroit Avenue Apartments loan (see Note 5) 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.

Capital Leases

On September 15, 2007, and October 15, 2007 the City entered into lease agreements in the amount of \$1,250,352 and \$126,870, respectively with Key Government Finance, Incorporated, to acquire equipment for network upgrades. The City agreed to pay the leases in monthly payments for \$27,013 and \$2,893, respectively, for 48 months. Since the leases are in essence a financing agreement, the cost of the equipment and the amount of the lease have been included in the City's financial statements.

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.

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.

On May 27, 2011, the City entered into a lease agreement in the amount of \$502,703 for the purchase of mobile digital computers. The lease bears interest at 4.55% and is due annually on April 1. The principal payment is due annually on April 1 until April 1, 2013.

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 leases in monthly payments for \$2,462 for 5 years.

On July 1, 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.

NOTE 9 – NET ASSETS AND FUND BALANCES

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

Net Assets

Net Assets are the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions. These captions apply only to Net Assets, which are determined only at the Government-wide level, and are described below:

Invested in Capital Assets, net of related debt describes the portion of Net Assets which are 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 Assets 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; redevelopment funds restricted to low and moderate income housing purposes.

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

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to classify its fund balances 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:

Nonspendables 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. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

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. This category includes encumbrances; Nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed. This category includes encumbrances established pursuant to the City's purchasing policy which delegates the function to staff in certain circumstances.

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.

Detailed classifications of the City's Fund Balances, as of June 30, 2012, are below:

| Fund Balance Classifications | General Fund | Special Revenue | Capital Projects | | Other | Total |
|---|---------------------|---------------------|----------------------|--------------------|---------------------|---------------------|
| | | Concord Housing | Redevelopment Agency | General Projects | Governmental Funds | |
| Nonspendables: | | | | | | |
| Items not in spendable form: | | | | | | |
| Notes Receivable | \$102 | | | | | \$102 |
| Advance | 2,112,573 | | | | | 2,112,573 |
| Inventories | 75,945 | | | | | 75,945 |
| Total Nonspendable Fund Balances | 2,188,620 | | | | | 2,188,620 |
| Restricted for: | | | | | | |
| Debt Service | | | | | \$4,271,111 | 4,271,111 |
| Housing | | \$30,899,305 | | | 679,868 | 31,579,173 |
| Transportation | | | | | 4,833,098 | 4,833,098 |
| Development Services | | | | | 8,875,962 | 8,875,962 |
| Total Restricted Fund Balances | | 30,899,305 | | | 18,660,039 | 49,559,344 |
| Assigned to: | | | | | | |
| Measure Q Stability Reserve | 7,002,959 | | | | | 7,002,959 |
| Capital Projects | 568,161 | | | | 976,992 | 1,545,153 |
| Total Assigned Fund Balances | 7,571,120 | | | | 976,992 | 8,548,112 |
| Unassigned: | | | | | | |
| General fund | 2,867,298 | | | | | 2,867,298 |
| Other governmental fund deficit residuals | | | | (\$882,168) | (155,049) | (1,037,217) |
| Total Unassigned Fund Balances | 2,867,298 | | | (882,168) | (155,049) | 1,830,081 |
| Total Fund Balances | \$12,627,038 | \$30,899,305 | | (\$882,168) | \$19,481,982 | \$62,126,157 |

The General Projects Fund had deficit fund balance of \$882,168 which is expected to be eliminated by future revenue.

The Assessment Districts Debt Service Fund had deficit fund balance of \$155,049 which is expected to be eliminated by future revenue.

The Successor Agency Private Purpose Trust Fund had deficit fund balance of \$18,767,695 which is expected to continue until the debt service obligations are satisfied from future property tax allocations.

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 operating expenditures. Given the effects of the recession which have affected all entities, both governmental and private, reserves have been used significantly in the past three 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.

As of June 30, 2012, the General Fund Fund Balance, excluding non-spendable assets, totaled \$10.4 million, representing 15% of actual General Fund Operating Expenditures.

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, 2012 were as listed below:

| | <u>Amount</u> |
|--|---------------------------|
| Governmental Funds: | |
| General Fund | \$519,185 |
| General Projects Capital Projects Fund | 3,325,429 |
| State Gas Tax Special Revenue Fund | 126,116 |
| Maintenance District Special Revenue Fund | 39,940 |
| Traffic System Management Special Revenue Fund | 10,626 |
| Storm Water Management Special Revenue Fund | 40,033 |
| Special Developers Capital Projects Fund | 69,924 |
| Inter Governmental Capital Projects Fund | <u>324,706</u> |
| Total | <u><u>\$4,455,959</u></u> |

Note 10 - 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 June 30, 2012:

| | |
|---|-------------------|
| Retirees and beneficiaries currently receiving benefits | 234 |
| Vested terminated employees | <u>54</u> |
| Total participants | <u><u>288</u></u> |

On July 1, 1994 the City converted to the Public Employees Retirement System (PERS) as described in Note 12.

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 50, 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, 1991. 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, 2010. 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 3.5% (c) annual post-retirement increases at 2% 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 24 year closed basis.

For actuarial purposes, the value of the Plan's assets was determined to be fair value.

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

Contribution Requirements and Contributions Made

Prior to June 21, 1993 (see Note 12) 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.

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 June 30, 2012, 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 |
|-------------|---------------------|------------------------------|---|------------------------|
| 6/30/2010 | \$2,385,555 | \$1,312,385 | 55% | \$2,104,275 |
| 6/30/2011 | 1,748,164 | 287,623 | 16% | 3,564,816 |
| 6/30/2012 | 1,744,637 | 863,610 | 50% | 4,445,843 |

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

| | |
|--|----------------------------------|
| Annual required contribution (ARC) | \$1,810,295 |
| Interest on Net Pension Obligation | 132,739 |
| Adjustment to annual required contribution | (198,397) |
| Annual Pension Cost | <u>1,744,637</u> |
| Contributions made: | |
| City portions of current year premiums paid | (863,610) |
| Total contributions | <u>(863,610)</u> |
| Change in Net Pension Obligation | 881,027 |
| Net Pension Obligation at June 30, 2011 | <u>3,564,816</u> |
| Net Pension Obligation at June 30, 2012 | <u><u>\$4,445,843</u></u> |

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.

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 |
|----------------|---------------------------|-----------------------------------|-----------------------|---------------------------|------------------------|---|
| 2005 | \$51,593 | \$69,185 | 74.57% | \$17,211 | *N/A | *N/A |
| 2007 | 51,199 | 83,912 | 61.02% | 32,713 | *N/A | *N/A |
| 2010 | 43,596 | 65,271 | 66.79% | 21,675 | *N/A | *N/A |

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

Note 11 - 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 June 30, 2012, 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, CA 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 12 - 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.

The Plans' provisions and benefits in effect at June 30, 2012, 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 | 50 |
| Monthly benefits, as a % of annual salary | 3% | 2-2.5% |
| Required employee contribution rates | 9% | 8% |
| Required employer contribution rates | 28.822% | 18.775% |
| Actuarially required contributions | \$6,525,699 | \$4,096,666 |

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.

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 last three fiscal years were as follows:

| Fiscal Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|----------------------------------|---------------------------------|-------------------------------------|------------------------------|
| <i>Safety Plan</i> | | | |
| June 30, 2010 | \$5,610,292 | 100% | \$0 |
| June 30, 2011 | 5,689,172 | 100% | 0 |
| June 30, 2012 | 6,525,699 | 100% | 0 |
| <i>Miscellaneous Plan</i> | | | |
| June 30, 2010 | \$4,280,938 | 100% | \$0 |
| June 30, 2011 | 3,863,366 | 100% | 0 |
| June 30, 2012 | 4,096,666 | 100% | 0 |

CalPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% 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 multi-year trend 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 past three years, are set forth below at their actuarial valuation date of June 30:

Safety Plan:

| Actuarial | | | | | | |
|----------------|-----------------------------|----------------|---------------------------------|--------------|------------------------|---------------------------------------|
| Valuation Date | Entry Age Accrued Liability | Value of Asset | Unfunded (Overfunded) Liability | Funded Ratio | Annual Covered Payroll | Unfunded (Overfunded) as % of Payroll |
| 2008 | \$122,529,175 | \$98,582,205 | \$23,946,970 | 80.5% | \$16,275,513 | 147.1% |
| 2009 | 138,664,961 | 106,195,024 | 32,469,937 | 76.6% | 17,453,149 | 186.0% |
| 2010 | 152,020,183 | 113,789,847 | 38,230,336 | 74.9% | 17,036,194 | 224.4% |

Miscellaneous Plan:

| Actuarial | | | | | | |
|----------------|-----------------------------|----------------|---------------------------------|--------------|------------------------|---------------------------------------|
| Valuation Date | Entry Age Accrued Liability | Value of Asset | Unfunded (Overfunded) Liability | Funded Ratio | Annual Covered Payroll | Unfunded (Overfunded) as % of Payroll |
| 2008 | \$125,880,536 | \$106,792,527 | \$19,088,009 | 84.8% | \$23,538,205 | 81.1% |
| 2009 | 142,753,938 | 113,571,126 | 29,182,812 | 79.6% | 23,623,292 | 123.5% |
| 2010 | 153,962,951 | 118,689,771 | 35,273,180 | 77.1% | 18,023,583 | 195.7% |

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

PERS has reported that the value of the net assets in the plans held for pension benefits changed as follows during the year ended June 30, 2010, the most recent available:

| | 2010 | |
|---|---------------|---------------|
| | Safety | Miscellaneous |
| Beginning Balance | \$77,557,583 | \$82,651,417 |
| Receivables for Service Buybacks | (6,919) | (22,097) |
| Contributions Received | 5,728,936 | 5,558,986 |
| Benefits and Refunds Paid | (4,674,794) | (7,290,249) |
| Transfers and Miscellaneous Adjustments | (357) | (2,585) |
| Investment Return | 11,084,239 | 11,844,669 |
| Expected Actuarial Value of Assets | \$89,688,688 | \$92,740,141 |
| Market Value of Assets | \$89,688,688 | \$92,740,140 |
| Actuarial Value of Assets | \$113,789,847 | \$118,689,771 |

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.

Social Security

The Omnibus Budget Reconciliation Act of 1990 (OBRA) mandates that public sector employees who are not members of their employer's existing system as of January 1, 1992 be covered by either Social Security or an alternative plan.

All of the City's employees are covered under Social Security, which requires these employees and the City to each contribute 6.2% of the employees' pay. Total contributions to Social Security during the year ended June 30, 2012 amounted to \$3.4 million of which the City paid half.

NOTE 13 – 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 \$572, \$1,143, \$1,486 for a retiree, couple, and family, respectively.

As of June 30, 2012, approximately 379 participants were receiving benefits.

Funding Policy and Actuarial Assumptions

The annual required contribution (ARC) was determined as part of a June 30, 2008 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) 7.75% 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 30 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 administered 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, CA 94229-2709.

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 June 30, 2012, the City contributed \$3,196,020 to the Plan which represented 10.04% of \$31,832,000 million of covered payroll, including additional funds to CERBT. 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) | \$4,232,000 |
| Interest on Net OPEB asset | 565,047 |
| Adjustment to annual required contribution | <u>(758,543)</u> |
| Annual OPEB cost | <u>4,038,504</u> |
| Contributions made: | |
| City portions of current year premiums paid | <u>3,196,020</u> |
| Total contributions | <u>3,196,020</u> |
| Change in Net OPEB Asset | (842,484) |
| Net OPEB Asset at June 30, 2011 | <u>8,598,003</u> |
| Net OPEB Asset at June 30, 2012 | <u><u>\$7,755,519</u></u> |

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the actuarial study dated June 30, 2010, amounted to \$53,678,000 million and was unfunded since no assets had been transferred into CERBT as of that date. However, as of June 30, 2012, the City's investment with CERBT along with investment income totaled \$19,099,521 and reduced the unfunded actuarial accrued liability.

The Plan's annual OPEB cost and actual contributions for fiscal years ended June 30, 2010, 2011 and 2012 are set forth below:

| Fiscal Year | Annual OPEB Cost | Actual Contribution | Percentage of Annual OPEB Cost Contributed | Net OPEB Asset |
|-------------|------------------------|------------------------|---|----------------------|
| 6/30/2010 | \$4,513,591 | \$2,841,256 | 63% | \$7,844,388 |
| 6/30/2011 | 3,917,386 | 4,671,001 | 119% | 8,598,003 |
| 6/30/2012 | 4,038,504 | 3,196,020 | 79% | 7,755,519 |

The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial studies 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 Percentage of Covered Payroll [(B - A)/C] |
|--------------------------|-------------------------------|---|--|--------------------|---------------------|---|
| 6/30/2006 | | \$48,085,000 | \$48,085,000 | | \$36,741,000 | 131% |
| 6/30/2008 | \$11,964,000 | 53,927,000 | 41,963,000 | 22.19% | 34,281,000 | 122% |
| 6/30/2010 | 15,418,000 | 49,254,000 | 33,836,000 | 31.30% | 30,830,000 | 110% |

NOTE 14 – 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 15 – 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) | \$610,000,000 |
| Property Flood Risk (\$10,000 per occurrence) | \$602,500,000 |
| Earthquake (5% with a \$100,000 minimum) | \$25,000,000 |

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, 2012, 2011 and 2010, 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 \$9,370,000 and undiscounted general liability claims totaled \$1,184,528 at June 30, 2012.

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 2012 | TOTAL 2011 |
|---|---|---|---------------|---------------|
| Beginning balance | \$7,253,000 | \$1,700,925 | \$8,953,925 | \$8,929,287 |
| Liability for current fiscal year claims | 280,332 | | 280,332 | 734,238 |
| Change in liability for prior fiscal year claims and claims incurred but not reported (IBNR) | 1,555,071 | (23,126) | 1,531,945 | 4,033,634 |
| Claims paid | (1,550,403) | (193,755) | (1,744,158) | (4,743,234) |
| Ending balance | \$7,538,000 | \$1,484,044 | \$9,022,044 | \$8,953,925 |
| Current portion | \$1,399,145 | \$1,092,184 | \$2,491,329 | \$2,700,450 |

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 \$1,587 per month per employee. The City also provides its employees with Dental Insurance paying premiums up to \$195 per month per employee. The City also provides long-term disability and life insurance to its employees.

NOTE 16 – JOINT VENTURE**Salvio Grant Land Joint Venture**

The Salvio Grant Land Joint Venture was formed in 1985 as an equal partnership by the 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, 2011 reported revenue of \$189,661 and no debt obligations. On February 1, 2012, the partnership equity transferred to the City as Housing Successor Agency. The City's equity in the partnership at June 30, 2012 was \$1,919,376. Financial statements for the Partnership can be obtained from the City of Concord, 1950 Parkside Drive, Concord, CA 94519.

NOTE 17 – COMMITMENTS AND CONTINGENCY

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 June 30, 2012 by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act Amendments of 1996 and applicable State requirements. 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 18 – REDEVELOPMENT AGENCY DISSOLUTION AND 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.

ABx1 26 and AB1484 created three regulatory authorities, the Successor Agency Oversight Board, 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 can elect to become the Housing Successor and retain the housing assets. The City elected to become the Housing Successor and 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.

A summary of the Redevelopment Agency's assets distributed to and liabilities assumed by the Successor Agency and Housing Successor as of January 31, 2012, reported as an Extraordinary Item, is presented below:

REDEVELOPMENT AGENCY DISSOLUTION

| | Assets and Liabilities (Prior to transfer) | Transfer to Successor Agency | Transfer to Housing Successor | Other Adjustments | Ending Balance January 31, 2012 |
|--|---|------------------------------------|-------------------------------------|----------------------|---------------------------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and investments | \$17,683,476 | \$17,683,476 | | | |
| Restricted cash and investments | 4,232,108 | 4,232,108 | | | |
| Accounts receivable | 8,702 | 8,702 | | | |
| Interest receivable | 6,755 | 6,755 | | | |
| Notes receivable, net of allowance | 22,884,305 | 708,017 | \$22,176,288 | | |
| Total current assets | <u>44,815,346</u> | <u>22,639,058</u> | <u>22,176,288</u> | | |
| Noncurrent assets: | | | | | |
| Advance to other fund | 12,495,937 | | 12,495,937 | | |
| Property held for resale | 11,416,332 | 11,416,332 | | | |
| Investment in partnership | 1,729,715 | | 1,729,715 | | |
| Capital assets: | | | | | |
| Land | 448,293 | 448,293 | | | |
| Construction in progress | 36,342 | 36,342 | | | |
| Buildings, net of accumulated depreciation | 18,148,249 | 18,148,249 | | | |
| Total noncurrent assets | <u>44,274,868</u> | <u>30,049,216</u> | <u>14,225,652</u> | | |
| Total Assets | <u>89,090,214</u> | <u>52,688,274</u> | <u>36,401,940</u> | | |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable and accrued liabilities | 1,015,410 | 934,857 | 80,553 | | |
| Interest payable | 415,483 | 415,483 | | | |
| Deferred revenue | 5,899,239 | | 5,612,889 | \$286,350 (A) | |
| Total current liabilities | <u>7,330,132</u> | <u>1,350,340</u> | <u>5,693,442</u> | <u>286,350</u> | |
| Noncurrent liabilities: | | | | | |
| Advance to other fund | 9,495,937 | 9,495,937 | | | |
| Long-term debt: | | | | | |
| Due in one year | 4,885,000 | 4,885,000 | | | |
| Due in more than one year | 57,255,842 | 57,255,842 | | | |
| Total noncurrent liabilities | <u>71,636,779</u> | <u>71,636,779</u> | | | |
| Total Liabilities | <u>78,966,911</u> | <u>72,987,119</u> | <u>5,693,442</u> | <u>286,350</u> | |
| NET ASSETS (DEFICIT) | <u>\$10,123,303</u> | <u>(\$20,298,845)</u> | <u>\$30,708,498</u> | <u>(\$286,350)</u> | |

(A) The Successor Agency uses full-accrual accounting, therefore deferred revenue is eliminated

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 Redevelopment Agency as of February 1, 2012. The 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 Agency's terms. The balances of the notes receivable arising from the non-housing programs at June 30, 2012 are set forth below:

| | |
|---|-------------------------|
| Concord Residential Club | \$530,150 |
| California Automotive Retailing Development Agreement | <u>185,420</u> |
| Total loans and notes receivable | <u><u>\$715,570</u></u> |

Concord Residential Club

Low and no interest loans were made by the 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.

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 Agency expects the loan to be repaid on September 1, 2019.

Capital Assets

The Successor Agency assumed the capital assets of the 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

| | Transfer From Redevelopment Agency February 1, 2012 | Additions | Balance at June 30, 2012 |
|--|---|--------------------|-----------------------------|
| <i>Fiduciary Activities</i> | | | |
| Capital assets not being depreciated: | | | |
| Land | \$448,293 | | \$448,293 |
| Construction in progress | 36,342 | \$520 | 36,862 |
| Total capital assets not being depreciated | <u>484,635</u> | <u>520</u> | <u>485,155</u> |
| Capital assets being depreciated: | | | |
| Buildings and structures | 30,827,102 | | 30,827,102 |
| Streets | | 231,824 | 231,824 |
| Sidewalks | | 227,377 | 227,377 |
| Less: depreciation | <u>(12,678,853)</u> | <u>(385,339)</u> | <u>(13,064,192)</u> |
| Total capital assets being depreciated | <u>18,148,249</u> | <u>(385,339)</u> | <u>18,222,111</u> |
| Governmental activity capital assets, net | <u>\$18,632,884</u> | <u>(\$384,819)</u> | <u>\$18,707,266</u> |

Long-Term Debt

The Successor Agency assumed the long-term debt of the 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 | Transfer from Redevelopment Agency as of February 1, 2012 | Retirements | Balance as of June 30, 2012 | Current Portion |
|---|---------------------------------|--|------------------|--------------------------------|--------------------|
| 2004 Tax Allocation Refunding Bonds | | | | | |
| 3.9-5.05%, due 07/01/25 | \$72,310,000 | \$53,370,000 | | \$53,370,000 | \$3,985,000 |
| Less deferred amount on refunding | | (1,776,158) | | (1,776,158) | |
| Total Tax Allocation Bonds | | 51,593,842 | | 51,593,842 | 3,985,000 |
| Revenue Bonds: | | | | | |
| Police Facilities, 2.70- 5.25%, due 08/01/13 | 9,700,000 | 950,000 | | 950,000 | 465,000 |
| Parking Garage, 4.0-5.13% due 03/01/23 | 9,580,000 | 6,530,000 | \$415,000 | 6,115,000 | 435,000 |
| Total Revenue Bonds | | 7,480,000 | 415,000 | 7,065,000 | 900,000 |
| Loan Payable: | | | | | |
| Housing Successor Loan due 06/30/2019 | 9,495,937 | 9,495,937 | | 9,495,937 | |
| Refunding Lease Agreement: | | | | | |
| 3.6%, due 09/01/2019 | 3,116,000 | 3,067,000 | | 3,067,000 | |
| Total Governmental Activity Debt | | \$71,636,779 | \$415,000 | \$71,221,779 | \$4,885,000 |

Tax Allocation Bonds (TABs) Outstanding

Tax Allocation Bonds were issued in 2004 by the 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 Agency has not obtained a replacement surety as of June 30, 2012.

The pledge of future tax increment revenues ends upon repayment of the \$69,493,551 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 2012 tax increment revenues and RPTTF amounted to \$12,241,940 which represented coverage of 1.93 over the \$6,348,672 in debt service.

Police Facilities and Parking Garage Revenue Bonds

The former Redevelopment Agency constructed police facilities and a three-level, 432-space parking structure, which are leased from the City. Revenues from these leases totaled \$566,450 in fiscal 2012. The Concord Joint Powers Financing Authority loaned the former Redevelopment Agency \$19,280,000 to construct these facilities. 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 City's Police Facilities Revenue Bonds and Parking Structure Revenue Bonds Debt Service Funds have been transferred to the Successor Agency.

Housing Successor Loan Payable

Beginning in 1986, the 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, 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, 2012 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 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 can not begin prior to fiscal year 2014.

Refunding Lease Agreement

On June 24, 2010 the Redevelopment Agency entered into a Refunding Lease Agreement in the amount of \$3,116,000. 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.

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 |
|--|---------------------|---------------------|
| 2013 | \$4,885,000 | \$2,812,319 |
| 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 - 2022 | 24,980,000 | 5,656,525 |
| 2023 - 2026 | 12,120,000 | 1,214,208 |
| Total | 63,502,000 | <u>\$18,755,785</u> |
| Reconciliation of long-term debt: | | |
| Less unamortized deferred amount on refunding | <u>(1,776,158)</u> | |
| Total | <u>\$61,725,842</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. The City expects such amounts, if any, to be immaterial.

NOTE 19 – SUBSEQUENT EVENT

2012 Wastewater Revenue Refunding Bonds

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.

NON-MAJOR FUNDS

State Gas Tax Fund. To account for 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 Concord 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.

Monument Community Partnership Fund. To account for capital projects resulting from the partnership between the Contra Costa First 5 children and Monument community partnership.

Police Facilities Revenue Bonds Fund. To account for accumulation of property taxes for payment of interest and principal on the Police Facility lease revenue bonds. (Transferred to Successor Agency)

Parking Structure Revenue Bonds Fund. To account for accumulation of property taxes for payment of interest and principal on the Parking Structure lease revenue bonds. (Transferred to Successor Agency)

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, 2012

SPECIAL REVENUE FUNDS

| | State Gas Tax | Maintenance Districts | Art in Public Places | Traffic System Management | Housing Assistance Program | Housing and Community Services |
|--|--------------------|--------------------------|----------------------------|---------------------------------|----------------------------------|--------------------------------------|
| ASSETS: | | | | | | |
| Cash and Investments | \$4,011,831 | \$3,895,898 | \$126,505 | \$97,531 | \$494,604 | \$2,469,445 |
| Cash with Fiscal Agents | | | | | | |
| Receivables, Net | | | | | | |
| Accounts Receivable | | | | | | 1,954 |
| Due from Other Governments | 349,427 | | | | | 67,624 |
| Loans and Notes | | | | | 197,184 | 2,500,636 |
| Lease Receivable | | | | | | |
| Advances to Other Funds | | | | 397,500 | | |
| Total Assets | <u>\$4,361,258</u> | <u>\$3,895,898</u> | <u>\$126,505</u> | <u>\$495,031</u> | <u>\$691,788</u> | <u>\$5,039,659</u> |
| LIABILITIES AND FUND BALANCES: | | | | | | |
| Liabilities: | | | | | | |
| Accounts, Deposits and Contracts Payable | \$3,770 | | | | | \$6,346 |
| Accrued Liabilities | 19,421 | \$2,946 | | | \$181 | 413,629 |
| Due to Other Funds | | | | | | |
| Deferred Revenue | | | | | 11,739 | 2,288,260 |
| Advance from Other Funds | | 397,500 | | | | |
| Total Liabilities | <u>23,191</u> | <u>400,446</u> | | | <u>11,920</u> | <u>2,708,235</u> |
| Fund Balances: | | | | | | |
| Restricted | 4,338,067 | 3,495,452 | \$126,505 | \$495,031 | 679,868 | 2,331,424 |
| Assigned | | | | | | |
| Unassigned | | | | | | |
| Total Fund Balances (Deficit) | <u>4,338,067</u> | <u>3,495,452</u> | <u>126,505</u> | <u>495,031</u> | <u>679,868</u> | <u>2,331,424</u> |
| Total Liabilities and Fund Balances | <u>\$4,361,258</u> | <u>\$3,895,898</u> | <u>\$126,505</u> | <u>\$495,031</u> | <u>\$691,788</u> | <u>\$5,039,659</u> |

DEBT SERVICE FUNDS

| Storm Water Management | Monument Community Partnership | Police Facilities Revenue Bonds | Parking Structure Revenue Bonds | ABAG | Performing Arts Revenue Bonds | Assessment Districts | Refunding Lease Agreement | Energy Lease |
|------------------------|--------------------------------|---------------------------------|---------------------------------|-----------------|-------------------------------|----------------------|---------------------------|--------------|
| \$2,868,839 | | | | \$65,644 | \$631,398 750,045 | | | \$29 |
| | \$27,114 | | | | | \$13,497 | | |
| <u>\$2,868,839</u> | <u>\$27,114</u> | | | <u>\$65,644</u> | <u>\$1,381,443</u> | <u>\$13,497</u> | | <u>\$29</u> |
| \$36,752 8,092 | | | | | | \$28,724 | | |
| | \$27,114 | | | | | 139,822 | | |
| <u>44,844</u> | <u>27,114</u> | | | | | <u>168,546</u> | | |
| 2,823,995 | | | | \$65,644 | \$1,381,443 | | | \$29 |
| | | | | | | (155,049) | | |
| <u>2,823,995</u> | | | | <u>65,644</u> | <u>1,381,443</u> | <u>(155,049)</u> | | <u>29</u> |
| <u>\$2,868,839</u> | <u>\$27,114</u> | | | <u>\$65,644</u> | <u>\$1,381,443</u> | <u>\$13,497</u> | | <u>\$29</u> |

(Continued)

CITY OF CONCORD
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2012

| | <u>CAPITAL PROJECTS FUNDS</u> | | |
|--|-------------------------------|--------------------------------|---|
| | <u>Special Developers</u> | <u>Inter- Governmental</u> | <u>Total Non-Major Governmental Funds</u> |
| ASSETS: | | | |
| Cash and Investments | \$2,151,678 | \$2,776,396 | \$19,524,125 |
| Cash with Fiscal Agents | | | 815,718 |
| Receivables, Net | | | |
| Accounts Receivable | 149,550 | 779,144 | 971,259 |
| Due from Other Governments | | 1,520,275 | 1,937,326 |
| Loans and Notes | | | 2,697,820 |
| Lease Receivable | | | |
| Advances to Other Funds | | | 397,500 |
| | | | <u>397,500</u> |
| Total Assets | <u>\$2,301,228</u> | <u>\$5,075,815</u> | <u>\$26,343,748</u> |
| LIABILITIES AND FUND BALANCES: | | | |
| Liabilities: | | | |
| Accounts, Deposits and Contracts Payable | \$41,597 | \$104,457 | \$221,646 |
| Accrued Liabilities | 616 | 2,297 | 447,182 |
| Due to Other Funds | | | 166,936 |
| Deferred Revenue | 149,550 | 2,046,480 | 4,496,029 |
| Advance from Other Funds | 1,132,473 | | 1,529,973 |
| | | | <u>1,529,973</u> |
| | <u>1,324,236</u> | <u>2,153,234</u> | <u>6,861,766</u> |
| Fund Balances: | | | |
| Restricted | | 2,922,581 | 18,660,039 |
| Assigned | 976,992 | | 976,992 |
| Unassigned | | | (155,049) |
| | | | <u>(155,049)</u> |
| Total Fund Balances (Deficit) | <u>976,992</u> | <u>2,922,581</u> | <u>19,481,982</u> |
| Total Liabilities and Fund Balances | <u>\$2,301,228</u> | <u>\$5,075,815</u> | <u>\$26,343,748</u> |

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CITY OF CONCORD
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012

| | SPECIAL REVENUE FUNDS | | | | | |
|--|-----------------------|--------------------------|----------------------------|---------------------------------|----------------------------------|--------------------------------------|
| | State Gas Tax | Maintenance Districts | Art in Public Places | Traffic System Management | Housing Assistance Program | Housing and Community Services |
| REVENUES: | | | | | | |
| Taxes | | \$1,554,879 | | | | |
| Licenses and Permits | | | | | | |
| Intergovernmental | \$3,506,369 | | | | | \$703,193 |
| Charges for Services | | | | | \$6,876 | |
| Use of Money and Property | 59,657 | 53,712 | \$1,854 | \$24,713 | 245 | 31,243 |
| Special Assessment Collections | | | | | | |
| Other | | | | | 6,350 | 75,313 |
| Total Revenues | <u>3,566,026</u> | <u>1,608,591</u> | <u>1,854</u> | <u>24,713</u> | <u>13,471</u> | <u>809,749</u> |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| Public Works | 2,226,934 | 1,026,083 | | | | |
| Community and Economic Development | 12,110 | | | 23,227 | 20,993 | 152,805 |
| Parks & Recreation Services | | | | | | 360,712 |
| Public Safety | | | | | | 32,229 |
| Capital Outlay | 224,006 | | | | | 3,301 |
| Debt Service: | | | | | | |
| Principal Repayment | | | | | | |
| Interest and Fiscal Charges | | 23,850 | | | | |
| Bond Issuance Costs | | | | | | |
| Total Expenditures | <u>2,463,050</u> | <u>1,049,933</u> | | <u>23,227</u> | <u>20,993</u> | <u>549,047</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>1,102,976</u> | <u>558,658</u> | <u>1,854</u> | <u>1,486</u> | <u>(7,522)</u> | <u>260,702</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers In | | | | | | |
| Transfers (Out) | | (128,582) | | (4,698) | | (27,398) |
| Total Other Financing Sources (Uses) | | <u>(128,582)</u> | | <u>(4,698)</u> | | <u>(27,398)</u> |
| EXTRAORDINARY ITEMS | | | | | | |
| Assets transferred to/liabilities assumed by the Successor Agency | | | | | | |
| Net Changes in Fund Balances | 1,102,976 | 430,076 | 1,854 | (3,212) | (7,522) | 233,304 |
| FUND BALANCES (DEFICIT) AT AT THE BEGINNING OF PERIOD | <u>3,235,091</u> | <u>3,065,376</u> | <u>124,651</u> | <u>498,243</u> | <u>687,390</u> | <u>2,098,120</u> |
| FUND BALANCES (DEFICIT) AT END OF PERIOD | <u>\$4,338,067</u> | <u>\$3,495,452</u> | <u>\$126,505</u> | <u>\$495,031</u> | <u>\$679,868</u> | <u>\$2,331,424</u> |

DEBT SERVICE FUNDS

| Storm Water Management | Monument Community Partnership | Police Facilities Revenue Bonds | Parking Structure Revenue Bonds | ABAG | Performing Arts Revenue Bonds | Assessment Districts | Refunding Lease Agreement | Energy Lease |
|------------------------|--------------------------------|---------------------------------|---------------------------------|------------------|-------------------------------|----------------------|---------------------------|-----------------------------|
| \$2,043,252 | \$352,510 | | | | | | | |
| 31,048 | | \$27,587 | \$121,432 | | \$508,692 | \$108 11,621 | | \$108 |
| <u>2,074,300</u> | <u>352,510</u> | <u>27,587</u> | <u>121,432</u> | | <u>508,692</u> | <u>11,729</u> | | <u>108</u> |
| 624,704 696,684 | 352,510 | | | | | | | |
| 1,745 | | 440,000 65,857 | 329,141 | 95,000 7,382 | 560,000 309,448 | | \$373,500 105,309 | 123,690 462,939 1,063 |
| <u>1,323,133</u> | <u>352,510</u> | <u>505,857</u> | <u>329,141</u> | <u>102,382</u> | <u>869,448</u> | | <u>478,809</u> | <u>587,692</u> |
| <u>751,167</u> | | <u>(478,270)</u> | <u>(207,709)</u> | <u>(102,382)</u> | <u>(360,756)</u> | <u>11,729</u> | <u>(478,809)</u> | <u>(587,584)</u> |
| <u>(431,300)</u> | <u>(588)</u> | <u>478,484</u> | <u>156,674</u> | <u>102,489</u> | | | <u>478,809</u> | <u>321,643</u> |
| <u>(431,300)</u> | <u>(588)</u> | <u>478,484</u> | <u>156,674</u> | <u>102,489</u> | | | <u>478,809</u> | <u>321,643</u> |
| | | <u>(197,556)</u> | <u>(701,872)</u> | | | | | |
| 319,867 | (588) | (197,342) | (752,907) | 107 | (360,756) | 11,729 | | (265,941) |
| <u>2,504,128</u> | <u>588</u> | <u>197,342</u> | <u>752,907</u> | <u>65,537</u> | <u>1,742,199</u> | <u>(166,778)</u> | | <u>265,970</u> |
| <u>\$2,823,995</u> | | | | <u>\$65,644</u> | <u>\$1,381,443</u> | <u>(\$155,049)</u> | | <u>\$29</u> |

(Continued)

CITY OF CONCORD
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012

| | <u>CAPITAL PROJECTS FUNDS</u> | | Total Non-Major Governmental Funds |
|--|-------------------------------|-------------------------|---|
| | Special Developers | Inter - Governmental | |
| REVENUES: | | | |
| Taxes | | | \$3,598,131 |
| Licenses and Permits | \$82,369 | | 82,369 |
| Intergovernmental | | \$3,386,356 | 7,948,428 |
| Charges for Services | | | 6,876 |
| Use of Money and Property | 32,736 | 48,237 | 941,372 |
| Special Assessment Collections | | | 11,621 |
| Other | 6,285 | | 87,948 |
| | <u>121,390</u> | <u>3,434,593</u> | <u>12,676,745</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Public Works | 23,173 | 264,280 | 4,165,174 |
| Community and Economic Development | 5,341 | 142,128 | 1,053,288 |
| Community & Recreation Services | 43,683 | 22,315 | 779,220 |
| Public Safety | | | 32,229 |
| Capital Outlay | 608,319 | 1,974,617 | 2,811,988 |
| Debt Service: | | | |
| Principal Repayment | | | 1,592,190 |
| Interest and Fiscal Charges | | | 1,303,926 |
| Bond Issuance Costs | | | 1,063 |
| Total Expenditures | <u>680,516</u> | <u>2,403,340</u> | <u>11,739,078</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(559,126)</u> | <u>1,031,253</u> | <u>937,667</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers In | 4,662 | 15,360 | 1,558,121 |
| Transfers (Out) | (15,360) | (5,212) | (613,138) |
| Total Other Financing Sources (Uses) | <u>(10,698)</u> | <u>10,148</u> | <u>944,983</u> |
| EXTRAORDINARY ITEMS | | | |
| Assets transferred to/liabilities assumed by the Successor Agency | | | <u>(899,428)</u> |
| Net Changes in Fund Balances | (569,824) | 1,041,401 | 983,222 |
| FUND BALANCES (DEFICIT) AT AT THE BEGINNING OF PERIOD | <u>1,546,816</u> | <u>1,881,180</u> | <u>18,498,760</u> |
| FUND BALANCES (DEFICIT) AT END OF PERIOD | <u>\$976,992</u> | <u>\$2,922,581</u> | <u>\$19,481,982</u> |

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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, 2012

| | STATE GAS TAX | | | MAINTENANCE DISTRICTS | | |
|---|--------------------|--------------------|------------------------------------|-----------------------|--------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES: | | | | | | |
| Property Taxes | | | | \$1,469,797 | \$1,554,879 | \$85,082 |
| Licenses and Permits | | | | | | |
| Intergovernmental | \$3,386,500 | \$3,506,369 | \$119,869 | | | |
| Charges for Current Services | | | | | | |
| Use of Money and Property | 47,000 | 59,657 | 12,657 | 45,474 | 53,712 | 8,238 |
| Special Assessment Collections | | | | | | |
| Other | | | | | | |
| Total Revenues | <u>3,433,500</u> | <u>3,566,026</u> | <u>132,526</u> | <u>1,515,271</u> | <u>1,608,591</u> | <u>93,320</u> |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| Public Works | 2,140,623 | 2,226,934 | (86,311) | 1,336,172 | 1,026,083 | 310,089 |
| Community and Economic Development | 12,523 | 12,110 | 413 | | | |
| Parks & Recreation Services | | | | | | |
| Public Safety | | | | | | |
| Debt Service: | | | | | | |
| Principal Repayment | | | | | | |
| Interest and Fiscal Charges | | | | | 23,850 | (23,850) |
| Total Expenditures | <u>2,153,146</u> | <u>2,239,044</u> | <u>(85,898)</u> | <u>1,336,172</u> | <u>1,049,933</u> | <u>286,239</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>1,280,354</u> | <u>1,326,982</u> | <u>46,628</u> | <u>179,099</u> | <u>558,658</u> | <u>379,559</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers In | | | | 312,886 | | (312,886) |
| Transfers (Out) | (366,578) | | 366,578 | (651,542) | (128,582) | 522,960 |
| Total Other Financing Sources (Uses) | <u>(366,578)</u> | | <u>366,578</u> | <u>(338,656)</u> | <u>(128,582)</u> | <u>210,074</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>913,776</u> | <u>1,326,982</u> | <u>413,206</u> | <u>(159,557)</u> | <u>430,076</u> | <u>589,633</u> |
| Adjustment to Budgetary Basis: | | | | | | |
| Extraordinary item | | | | | | |
| Capital Outlay | | (224,006) | | | | |
| Fund Balances at Beginning of Year | <u>3,235,091</u> | <u>3,235,091</u> | | <u>3,065,376</u> | <u>3,065,376</u> | |
| Fund Balances at End of Year | <u>\$4,148,867</u> | <u>\$4,338,067</u> | <u>\$413,206</u> | <u>\$2,905,819</u> | <u>\$3,495,452</u> | <u>\$589,633</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) |
| | \$1,854 | \$1,854 | | \$24,713 | \$24,713 | \$2,750 | \$6,876 | \$4,126 |
| | | | | | | 7,500 | 245 | (7,255) |
| | | | | | | | 6,350 | 6,350 |
| | 1,854 | 1,854 | | 24,713 | 24,713 | 10,250 | 13,471 | 3,221 |
| | | | \$39,029 | 23,227 | 15,802 | 43,084 | 20,993 | 22,091 |
| | | | 39,029 | 23,227 | 15,802 | 43,084 | 20,993 | 22,091 |
| | 1,854 | 1,854 | (39,029) | 1,486 | 40,515 | (32,834) | (7,522) | 25,312 |
| | | | 103,350 | | (103,350) | | | |
| | | | (4,000) | (4,698) | (698) | | | |
| | | | 99,350 | (4,698) | (104,048) | | | |
| | 1,854 | 1,854 | 60,321 | (3,212) | (63,533) | (32,834) | (7,522) | 25,312 |
| 124,651 | 124,651 | | 498,243 | 498,243 | | 687,390 | 687,390 | |
| \$124,651 | \$126,505 | \$1,854 | \$558,564 | \$495,031 | (\$63,533) | \$654,556 | \$679,868 | \$25,312 |

(Continued)

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, 2012

| | HOUSING AND COMMUNITY SERVICES | | | STORM WATER MANAGEMENT | | |
|---|--------------------------------|--------------------|------------------------------------|------------------------|--------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES: | | | | | | |
| Property Taxes | | | | \$1,959,330 | \$2,043,252 | \$83,922 |
| Licenses and Permits | \$5,000 | | (\$5,000) | | | |
| Intergovernmental | 1,015,517 | \$703,193 | (312,324) | | | |
| Charges for Current Services | 75,000 | | (75,000) | | | |
| Use of Money and Property | 20,000 | 31,243 | 11,243 | 34,000 | 31,048 | (2,952) |
| Special Assessment Collections | | | | | | |
| Other | 5,856 | 75,313 | 69,457 | | | |
| Total Revenues | 1,121,373 | 809,749 | (311,624) | 1,993,330 | 2,074,300 | 80,970 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| Public Works | | | | 714,211 | 624,704 | 89,507 |
| Community and Economic Development | 81,166 | 152,805 | (71,639) | 625,578 | 696,684 | (71,106) |
| Parks & Recreation Services | 356,002 | 360,712 | (4,710) | | | |
| Public Safety | 92,107 | 32,229 | 59,878 | | | |
| Debt Service: | | | | | | |
| Principal Repayment | | | | | | |
| Interest and Fiscal Charges | | | | | | |
| Total Expenditures | 529,275 | 545,746 | (16,471) | 1,339,789 | 1,321,388 | 18,401 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 592,098 | 264,003 | (328,095) | 653,541 | 752,912 | 99,371 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers In | | | | | | |
| Transfers (Out) | (25,739) | (27,398) | (1,659) | (479,421) | (431,300) | 48,121 |
| Total Other Financing Sources (Uses) | (25,739) | (27,398) | (1,659) | (479,421) | (431,300) | 48,121 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | 566,359 | 236,605 | (329,754) | 174,120 | 321,612 | 147,492 |
| Adjustment to Budgetary Basis: | | | | | | |
| Extraordinary item | | | | | | |
| Capital Outlay | | (3,301) | | | (1,745) | |
| Fund Balances at Beginning of Year | 2,098,120 | 2,098,120 | | 2,504,128 | 2,504,128 | |
| Fund Balances at End of Year | \$2,664,479 | \$2,331,424 | (\$329,754) | \$2,678,248 | \$2,823,995 | \$147,492 |

| MONUMENT COMMUNITY PARTNERSHIP | | | POLICE FACILITIES REVENUE BONDS | | | PARKING STRUCTURE REVENUE BONDS | | |
|--------------------------------|----------------|------------------------------------|---------------------------------|------------------|------------------------------------|---------------------------------|------------------|------------------------------------|
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| \$361,550 | \$352,510 | (\$9,040) | | \$27,587 | \$27,587 | | \$121,432 | \$121,432 |
| <u>361,550</u> | <u>352,510</u> | <u>(9,040)</u> | | <u>27,587</u> | <u>27,587</u> | | <u>121,432</u> | <u>121,432</u> |
| 361,550 | 352,510 | 9,040 | | | | | | |
| | | | \$440,000 | 440,000 | | 415,000 | | 415,000 |
| | | | 69,425 | 65,857 | 3,568 | 331,641 | 329,141 | 2,500 |
| <u>361,550</u> | <u>352,510</u> | <u>9,040</u> | <u>509,425</u> | <u>505,857</u> | <u>3,568</u> | <u>746,641</u> | <u>329,141</u> | <u>417,500</u> |
| | | | <u>(509,425)</u> | <u>(478,270)</u> | <u>31,155</u> | <u>(746,641)</u> | <u>(207,709)</u> | <u>538,932</u> |
| | (588) | (588) | 509,425 | 478,484 | (30,941) | 746,641 | 156,674 | (589,967) |
| | <u>(588)</u> | <u>(588)</u> | <u>509,425</u> | <u>478,484</u> | <u>(30,941)</u> | <u>746,641</u> | <u>156,674</u> | <u>(589,967)</u> |
| | (588) | (588) | | 214 | 214 | | (51,035) | (51,035) |
| | | | | (197,556) | | | (701,872) | |
| <u>\$588</u> | <u>588</u> | | <u>197,342</u> | <u>197,342</u> | | <u>752,907</u> | <u>752,907</u> | |
| <u>\$588</u> | | <u>(\$588)</u> | <u>\$197,342</u> | | <u>\$214</u> | <u>\$752,907</u> | | <u>(\$51,035)</u> |

(Continued)

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, 2012

| | ABAG | | | PERFORMING ARTS REVENUE BONDS | | |
|---|------------------|------------------|------------------------------------|-------------------------------|--------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES: | | | | | | |
| Property Taxes | | | | | | |
| Licenses and Permits | | | | | | |
| Intergovernmental | | | | | | |
| Charges for Current Services | | | | | | |
| Use of Money and Property | | | | | \$508,692 | \$508,692 |
| Special Assessment Collections | | | | | | |
| Other | | | | | | |
| Total Revenues | | | | | 508,692 | 508,692 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| Public Works | | | | | | |
| Community and Economic Development | | | | | | |
| Parks & Recreation Services | | | | | | |
| Public Safety | | | | | | |
| Debt Service: | | | | | | |
| Principal Repayment | \$95,000 | 95,000 | | 560,000 | 560,000 | |
| Interest and Fiscal Charges | 5,122 | 7,382 | (2,260) | 314,528 | 309,448 | 5,080 |
| Total Expenditures | 100,122 | 102,382 | (2,260) | 874,528 | 869,448 | 5,080 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (100,122) | (102,382) | (2,260) | (874,528) | (360,756) | 513,772 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers In | 100,122 | 102,489 | 2,367 | 874,528 | | (874,528) |
| Transfers (Out) | | | | | | |
| Total Other Financing Sources (Uses) | 100,122 | 102,489 | 2,367 | 874,528 | | (874,528) |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | | 107 | 107 | | (360,756) | (360,756) |
| Adjustment to Budgetary Basis: | | | | | | |
| Extraordinary item | | | | | | |
| Capital Outlay | | | | | | |
| Fund Balances at Beginning of Year | 65,537 | 65,537 | | 1,742,199 | 1,742,199 | |
| Fund Balances at End of Year | <u>\$65,537</u> | <u>\$65,644</u> | <u>\$107</u> | <u>\$1,742,199</u> | <u>\$1,381,443</u> | <u>(\$360,756)</u> |

| ASSESSMENT DISTRICTS | | | REFUNDING LEASE AGREEMENT | | | ENERGY LEASE | | |
|----------------------|--------------------|------------------------------|---------------------------|----------------------|------------------------------|--------------------|--------------------|------------------------------|
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| | \$108 11,621 | \$108 \$11,621 | | | | | \$108 | \$108 |
| | 11,729 | 11,729 | | | | | 108 | 108 |
| | | | \$373,500 160,515 | \$373,500 105,309 | 55,206 | 123,690 464,616 | 123,690 464,002 | 614 |
| | | | 534,015 | 478,809 | 55,206 | 588,306 | 587,692 | 614 |
| | 11,729 | 11,729 | (534,015) | (478,809) | 55,206 | (588,306) | (587,584) | 722 |
| | | | 534,015 | 478,809 | (55,206) | 588,306 | 321,643 | (266,663) |
| | | | 534,015 | 478,809 | (55,206) | 588,306 | 321,643 | (266,663) |
| | 11,729 | 11,729 | | | | | (265,941) | (265,941) |
| (166,778) | (166,778) | | | | | 265,970 | 265,970 | |
| <u>(\$166,778)</u> | <u>(\$155,049)</u> | <u>\$11,729</u> | | | | <u>\$265,970</u> | <u>\$29</u> | <u>(\$265,941)</u> |

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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 Statement of Net Assets.

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 STATEMENTS OF NET ASSETS
JUNE 30, 2012

| | Workers' Compensation | Risk Management/ Liability | Post-Retirement Healthcare Benefit | Fleet Maintenance/ Replacement | Information Technology Replacement |
|---|--------------------------|----------------------------------|--|--------------------------------------|--|
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash and Investments | \$7,343,378 | \$2,004,619 | | \$2,825,474 | \$5,993,842 |
| Accounts Receivable | 8,155 | | | 44,049 | |
| Interest Receivable | | | \$1 | | 2 |
| Prepaid Items | | | | | 97,874 |
| Total Current Assets | 7,351,533 | 2,004,619 | 1 | 2,869,523 | 6,091,718 |
| Non-Current Assets: | | | | | |
| Advances to Other Funds | 2,000,000 | | | | |
| Net OPEB Asset | | | 7,755,519 | | |
| Capital Assets: | | | | | |
| Buildings and Improvements | | | | | |
| Equipment | | | | 8,613,076 | 11,492,910 |
| Construction In Progress | | | | 127,722 | 529,098 |
| Less: Accumulated Depreciation | | | | (7,166,490) | (8,887,928) |
| Net Capital Assets | | | | 1,574,308 | 3,134,080 |
| Total Assets | 9,351,533 | 2,004,619 | 7,755,520 | 4,443,831 | 9,225,798 |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable | | | | | 22,883 |
| Accrued Liabilities | 1,223 | | | 10,652 | 33,827 |
| Due to Other Funds | | | 1,565,465 | | |
| Compensated Absences Payable | | | | 26,022 | 61,209 |
| Capital Lease Payable | | | | | 549,983 |
| Bond Interest Payable | | | | | 30,853 |
| Claims Payable | 1,399,145 | 1,092,184 | | | |
| Total Current Liabilities | 1,400,368 | 1,092,184 | 1,565,465 | 36,674 | 698,755 |
| Non-Current Liabilities | | | | | |
| Compensated Absences Payable | | | | 23,758 | 89,929 |
| Capital Lease Payable | | | | | 1,246,225 |
| Claims Payable | 6,138,855 | 391,860 | | | |
| Total Liabilities | 7,539,223 | 1,484,044 | 1,565,465 | 60,432 | 2,034,909 |
| NET ASSETS | | | | | |
| Invested in Capital Assets, net of related debt | | | | 1,574,308 | 1,337,872 |
| Unrestricted | 1,812,310 | 520,575 | 6,190,055 | 2,809,091 | 5,853,017 |
| Total Net Assets | \$1,812,310 | \$520,575 | \$6,190,055 | \$4,383,399 | \$7,190,889 |

| <u>Building Maintenance</u> | <u>Total</u> |
|---------------------------------|---------------------|
| \$2,704,180 | \$20,871,493 |
| | 52,204 |
| 4,640 | 4,643 |
| | <u>97,874</u> |
| <u>2,708,820</u> | <u>21,026,214</u> |
| | 2,000,000 |
| | 7,755,519 |
| 42,184,419 | 42,184,419 |
| | 20,105,986 |
| 507,388 | 1,164,208 |
| (19,639,399) | <u>(35,693,817)</u> |
| <u>23,052,408</u> | <u>27,760,796</u> |
| <u>25,761,228</u> | <u>58,542,529</u> |
| 20,192 | 43,075 |
| 21,700 | 67,402 |
| | 1,565,465 |
| 42,691 | 129,922 |
| | 549,983 |
| | 30,853 |
| | <u>2,491,329</u> |
| <u>84,583</u> | <u>4,878,029</u> |
| 44,000 | 157,687 |
| | 1,246,225 |
| | <u>6,530,715</u> |
| <u>128,583</u> | <u>12,812,656</u> |
| 23,052,408 | 25,964,588 |
| <u>2,580,237</u> | <u>19,765,285</u> |
| <u>\$25,632,645</u> | <u>\$45,729,873</u> |

**CITY OF CONCORD
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Workers' Compensation | Risk Management/ Liability | Post-Retirement Healthcare Benefit | Fleet Maintenance/ Replacement | Information Technology Replacement |
|--|--------------------------|----------------------------------|--|--------------------------------------|--|
| OPERATING REVENUES | | | | | |
| Charges for Services | \$3,092,675 | \$1,064,724 | \$2,831,479 | \$2,606,408 | \$4,266,198 |
| Other | | | 22,010 | 57,716 | |
| Total Operating Revenues | <u>3,092,675</u> | <u>1,064,724</u> | <u>2,853,489</u> | <u>2,664,124</u> | <u>4,266,198</u> |
| OPERATING EXPENSES | | | | | |
| Operations and Maintenance | 403,425 | 698,879 | 2,457,472 | 1,730,858 | 4,711,748 |
| Cost of Sales and Services | | | 1,646,037 | | |
| Depreciation | | | | 546,343 | 1,164,782 |
| Claims and Judgments | <u>1,550,403</u> | <u>(193,755)</u> | | | |
| Total Operating Expenses | <u>1,953,828</u> | <u>505,124</u> | <u>4,103,509</u> | <u>2,277,201</u> | <u>5,876,530</u> |
| Operating Income (Loss) | <u>1,138,847</u> | <u>559,600</u> | <u>(1,250,020)</u> | <u>386,923</u> | <u>(1,610,332)</u> |
| NON-OPERATING REVENUE (EXPENSES) | | | | | |
| Interest Income | 20,374 | 29,838 | | 56,439 | 68,291 |
| Interest Expense | | | | | (109,204) |
| Gain (Loss) from Sale of Capital Assets | | | | 76,037 | |
| Total Non-Operating Revenue | <u>20,374</u> | <u>29,838</u> | | <u>132,476</u> | <u>(40,913)</u> |
| Income (Loss) Before Contributions | <u>1,159,221</u> | <u>589,438</u> | <u>(1,250,020)</u> | <u>519,399</u> | <u>(1,651,245)</u> |
| Contributions | | | | 87,909 | 97,923 |
| Transfers In | | 100,000 | | | |
| Transfers Out | <u>(100,000)</u> | <u>(423,603)</u> | | <u>(600,000)</u> | |
| Changes in Net Assets before extraordinary items | <u>1,059,221</u> | <u>265,835</u> | <u>(1,250,020)</u> | <u>7,308</u> | <u>(1,553,322)</u> |
| EXTRAORDINARY ITEM | | | | | |
| Assets transferred to/liabilities assumed by the Successor Agency | | | | | |
| Total Extraordinary Item | | | | | |
| Changes in Net Assets | <u>1,059,221</u> | <u>265,835</u> | <u>(1,250,020)</u> | <u>7,308</u> | <u>(1,553,322)</u> |
| Net Assets - Beginning | <u>753,089</u> | <u>254,740</u> | <u>7,440,075</u> | <u>4,376,091</u> | <u>8,744,211</u> |
| Net Assets - Ending | <u>\$1,812,310</u> | <u>\$520,575</u> | <u>\$6,190,055</u> | <u>\$4,383,399</u> | <u>\$7,190,889</u> |

| Building Maintenance | Total |
|-------------------------|--|
| \$3,255,955 | \$17,117,439 79,726 |
| <u>3,255,955</u> | <u>17,197,165</u> |
| 2,639,502 | 12,641,884 1,646,037 |
| 1,723,647 | 3,434,772 1,356,648 |
| <u>4,363,149</u> | <u>19,079,341</u> |
| <u>(1,107,194)</u> | <u>(1,882,176)</u> |
| 11,316 | 186,258 (109,204) 76,037 |
| <u>11,316</u> | <u>153,091</u> |
| <u>(1,095,878)</u> | <u>(1,729,085)</u> |
| <u>(671,187)</u> | 185,832 100,000 <u>(1,794,790)</u> |
| <u>(1,767,065)</u> | <u>(3,238,043)</u> |
| <u>(18,148,249)</u> | <u>(18,148,249)</u> |
| <u>(18,148,249)</u> | <u>(18,148,249)</u> |
| (19,915,314) | (21,386,292) |
| <u>45,547,959</u> | <u>67,116,165</u> |
| <u>\$25,632,645</u> | <u>\$45,729,873</u> |

CITY OF CONCORD
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

| | Workers' Compensation | Risk Management/ Liability | Post-Retirement Healthcare Benefit | Fleet Maintenance/ Replacement | Information Technology Replacement |
|--|--------------------------|----------------------------------|--|--------------------------------------|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from Customers | \$3,087,374 | \$1,064,724 | \$2,853,489 | \$2,627,900 | \$4,266,198 |
| Payments to Suppliers | | | (3,261,025) | (1,205,977) | (2,899,640) |
| Payments to Employees | (68,596) | | | (534,167) | (1,726,135) |
| Claims Paid | (1,602,618) | (722,005) | | | |
| Net Cash Provided by (Used for) Operating Activities | <u>1,416,160</u> | <u>342,719</u> | <u>(407,536)</u> | <u>887,756</u> | <u>(359,577)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | | |
| Borrowings of Advances From/To Other Funds | | | 227,001 | | |
| Transfer In | | 100,000 | | | |
| Transfer Out | (100,000) | (423,603) | | (600,000) | |
| Cash Flows from (used for) Non-Capital Financing Activities | <u>(100,000)</u> | <u>(323,603)</u> | <u>227,001</u> | <u>(600,000)</u> | |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Acquisition and Construction of Capital Assets | | | | (1,096,921) | (648,190) |
| Principal Paid on Debt, Bond Maturities | | | | | (239,595) |
| Interest and Fiscal Charges Paid | | | | | (83,536) |
| Cash Flows from (used for) Capital and Related Financing Activities | | | | <u>(1,096,921)</u> | <u>(971,321)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest Received | 20,374 | 29,838 | 136 | 56,439 | 73,193 |
| Cash Flows from (used for) Investing Activities | <u>20,374</u> | <u>29,838</u> | <u>136</u> | <u>56,439</u> | <u>73,193</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 1,336,534 | 48,954 | (180,399) | (752,726) | (1,257,705) |
| Cash and Investments at Beginning of Period | 6,006,844 | 1,955,665 | 180,399 | 3,578,200 | 7,251,547 |
| Cash and Investments at End of Period | <u>\$7,343,378</u> | <u>\$2,004,619</u> | | <u>\$2,825,474</u> | <u>\$5,993,842</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: | | | | | |
| Operating Income (Loss) | \$1,138,847 | \$559,600 | (\$1,250,020) | \$386,923 | (\$1,610,332) |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | | | | |
| Depreciation | | | | 546,343 | 1,164,782 |
| Change in Assets and Liabilities: | | | | | |
| Receivables, Net | (5,301) | | | (36,224) | |
| Prepaid Expenses | | | | | 73,879 |
| Net OPEB Asset | | | 842,484 | | |
| Accounts Payable | | | | | 22,883 |
| Accrued Liabilities | (2,386) | | | (9,286) | (10,789) |
| Self Insurance Claims Payable | 285,000 | (216,881) | | | |
| Net Cash Provided by (Used for) Operating Activities | <u>\$1,416,160</u> | <u>\$342,719</u> | <u>(\$407,536)</u> | <u>\$887,756</u> | <u>(\$359,577)</u> |
| Non-cash Contributions and Transfers of Fixed Assets, Net | | | | <u>\$87,909</u> | <u>\$97,923</u> |

| Building Maintenance | Total |
|-------------------------|-----------------------|
| \$3,255,955 | \$17,155,640 |
| (1,456,865) | (8,823,507) |
| (1,210,493) | (3,539,391) |
| <u>588,597</u> | <u>2,468,119</u> |
| | 227,001 |
| | 100,000 |
| <u>(671,187)</u> | <u>(1,794,790)</u> |
| <u>(671,187)</u> | <u>(1,467,789)</u> |
| (213,951) | (1,959,062) |
| | (239,595) |
| | <u>(83,536)</u> |
| <u>(213,951)</u> | <u>(2,282,193)</u> |
| <u>8,364</u> | <u>188,344</u> |
| <u>8,364</u> | <u>188,344</u> |
| (288,177) | (1,093,519) |
| <u>2,992,357</u> | <u>21,965,012</u> |
| <u>\$2,704,180</u> | <u>\$20,871,493</u> |
| (\$1,107,194) | (\$1,882,176) |
| 1,723,647 | 3,434,772 |
| | (41,525) |
| | 73,879 |
| | 842,484 |
| 20,192 | 43,075 |
| (48,048) | (70,509) |
| | <u>68,119</u> |
| <u>\$588,597</u> | <u>\$2,468,119</u> |
| <u>(\$18,148,249)</u> | <u>(\$17,962,417)</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 Assets by Component
- Changes in Net Assets
- 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:

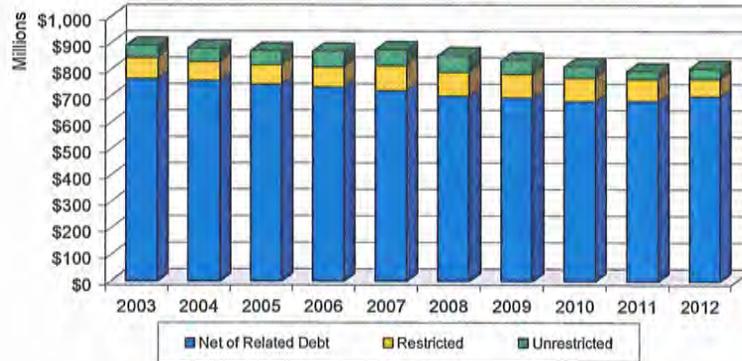
- Full-Time Equivalent (FTE) City Government Employees by Function
- Operating Indicators by Function/Program
- Capital Asset Statistics by Function/Program

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 Assets by Component
Last Ten Fiscal Years (Accrual Basis of Accounting)**



| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Governmental Activities | | | | | | | | | | |
| Invested in Capital Assets, | | | | | | | | | | |
| Net of Related Debt | \$679,488,292 | \$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 |
| Restricted | 78,093,485 | 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 |
| Unrestricted | 35,920,211 | 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 |
| Total Governmental Activities Net Assets | \$793,501,988 | \$784,766,448 | \$777,685,444 | \$776,464,168 | \$785,454,847 | \$768,690,045 | \$749,886,874 | \$728,964,981 | \$715,863,349 | \$728,158,392 |
| Business-Type Activities | | | | | | | | | | |
| Invested in Capital Assets, | | | | | | | | | | |
| Net of Related Debt | \$86,301,125 | \$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 |
| Restricted | | | | | | | | | | |
| Unrestricted | 11,600,088 | 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 |
| Total Business-Type Activities Net Assets | \$97,901,213 | \$96,221,750 | \$93,549,890 | \$93,477,726 | \$89,899,823 | \$84,494,610 | \$84,840,523 | \$82,940,479 | \$79,844,654 | \$76,400,789 |
| Primary Government | | | | | | | | | | |
| Invested in Capital Assets, | | | | | | | | | | |
| Net of Related Debt | \$765,789,417 | \$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 |
| Restricted | 78,093,485 | 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 |
| Unrestricted | 47,520,299 | 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 |
| Total Primary Government Net Assets | \$891,403,201 | \$880,988,198 | \$871,235,334 | \$869,941,894 | \$875,354,670 | \$853,184,655 | \$834,727,392 | \$811,905,460 | \$795,708,003 | \$804,559,181 |

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

| | Fiscal Year Ended June 30, | | | | |
|--|----------------------------|----------------|----------------|----------------|----------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| Expenses | | | | | |
| Governmental Activities: | | | | | |
| General Government | \$10,820,036 | \$11,500,179 | \$9,622,634 | \$11,142,712 | \$13,090,236 |
| Public Safety | 30,129,478 | 32,490,241 | 36,466,365 | 37,585,077 | 39,002,036 |
| Public Works | 28,573,938 | 29,048,534 | 34,904,128 | 34,976,572 | 35,491,488 |
| Community & Economic Development | 3,884,615 | 5,710,011 | 5,087,871 | 4,836,179 | 5,065,830 |
| Building, Engineering & Neighborhood Services | 5,281,208 | 5,563,100 | 5,690,760 | 7,239,616 | 9,313,264 |
| Parks & Recreation | 13,473,690 | 14,439,500 | 6,771,302 | 7,820,034 | 8,230,319 |
| Interest on Long Term Debt | 7,700,863 | 5,214,110 | 6,340,280 | 5,919,742 | 5,700,631 |
| Total Governmental Activities Expenses | 99,863,828 | 103,965,675 | 104,883,340 | 109,519,932 | 115,893,804 |
| Business-Type Activities: | | | | | |
| Sewer | 15,756,172 | 16,536,922 | 17,880,681 | 18,850,426 | 20,803,448 |
| Golf Course | 1,856,460 | 1,831,742 | 1,774,805 | 1,635,069 | 1,769,623 |
| Total Business-Type Activities Expenses | 17,612,632 | 18,368,664 | 19,655,486 | 20,485,495 | 22,573,071 |
| Total Primary Government Expenses | \$117,476,460 | \$122,334,339 | \$124,538,826 | \$130,005,427 | \$138,466,875 |
| Program Revenues | | | | | |
| Governmental Activities: | | | | | |
| Charges for Services: | | | | | |
| General Government | \$499,199 | \$151,645 | \$237,121 | \$1,025,938 | \$883,778 |
| Public Safety | 1,620,643 | 1,612,896 | 1,484,683 | 1,371,870 | 1,642,445 |
| Public Works | 3,467,007 | 3,669,880 | 6,712,375 | 4,814,755 | 4,964,185 |
| Community & Economic Development | 323,332 | 1,628,316 | 1,567,764 | 4,903,145 | 4,492,293 |
| Building, Engineering & Neighborhood Services | 2,787,941 | 2,427,260 | 2,703,914 | 2,957,954 | 2,694,836 |
| Parks & Recreation | 2,992,000 | 2,999,927 | 3,390,454 | 2,706,210 | 3,015,576 |
| Operating Grants and Contributions | 7,255,523 | 7,311,503 | 6,458,722 | 6,825,581 | 8,100,031 |
| Capital Grants and Contributions | 6,417,819 | 9,659,289 | 4,392,944 | 14,452,119 | 7,755,904 |
| Total Governmental Activities Program Revenues | 25,363,464 | 29,460,716 | 26,947,977 | 39,057,572 | 33,549,048 |
| Business-Type Activities: | | | | | |
| Charges for Services: | | | | | |
| Sewer Wastewater | 14,130,952 | 14,518,522 | 14,735,514 | 17,130,440 | 15,968,289 |
| Golf Course | 1,863,948 | 1,814,642 | 1,672,696 | 1,556,405 | 1,602,581 |
| Capital Grants and Contributions | | 311,843 | | 689,253 | 233,662 |
| Total Business-Type Activities Program Revenue | 15,994,900 | 16,645,007 | 16,408,210 | 19,376,098 | 17,804,532 |
| Total Primary Government Program Revenues | \$41,358,364 | \$46,105,723 | \$43,356,187 | \$58,433,670 | \$51,353,580 |
| Net (Expense)/Revenue | | | | | |
| Governmental Activities | (\$74,500,364) | (\$74,504,959) | (\$77,935,363) | (\$70,462,360) | (\$82,344,756) |
| Business-Type Activities | (1,617,732) | (1,723,657) | (3,247,276) | (1,109,397) | (4,768,539) |
| Total Primary Government Net Expense | (\$76,118,096) | (\$76,228,616) | (\$81,182,639) | (\$71,571,757) | (\$87,113,295) |
| General Revenues and Other Changes in Net Assets | | | | | |
| Governmental Activities: | | | | | |
| Taxes: | | | | | |
| Property Taxes | \$21,865,693 | \$22,436,555 | \$21,710,942 | \$23,202,025 | \$28,151,765 |
| Sales Taxes | 27,564,127 | 27,817,974 | 28,313,462 | 27,219,549 | 28,574,582 |
| Motor Vehicle In-Lieu | 7,177,764 | 5,689,008 | 9,496,201 | 9,064,920 | 9,266,868 |
| Transient Occupancy Taxes | 1,630,746 | 1,528,836 | 1,629,388 | 1,836,002 | 2,057,241 |
| Business License Taxes | 2,836,339 | 2,815,574 | 3,153,959 | 3,107,600 | 3,218,553 |
| Other Taxes | 2,950,503 | 3,256,347 | 3,368,778 | 3,347,905 | 3,853,558 |
| Grants & Contributions Not Restricted to Specific Programs | | | | | |
| Investment Earnings | 3,830,034 | 2,160,336 | 3,147,879 | 2,962,518 | 4,218,014 |
| Miscellaneous Revenues | 88,938 | 55,193 | 74,071 | 59,733 | |
| Transfers | (5,203) | 9,596 | (40,321) | | |
| Gain (Loss) on Sale of Land | 819,435 | | | (1,559,168) | 11,994,854 |
| Extraordinary Item-Assets Transferred to/Liabilities assumed by Successor Agency | | | | | |
| Total Governmental Activities | 68,758,376 | 65,769,419 | 70,854,359 | 69,241,084 | 91,335,435 |
| Business-Type Activities: | | | | | |
| Investment Earnings | 445,058 | 53,790 | 535,095 | 1,037,233 | 1,190,636 |
| Miscellaneous Revenues | | | | | |
| Transfers | 5,203 | (9,596) | 40,321 | | |
| Total Business-Type Activities | 450,261 | 44,194 | 575,416 | 1,037,233 | 1,190,636 |
| Total Primary Government | \$69,208,637 | \$65,813,613 | \$71,429,775 | \$70,278,317 | \$92,526,071 |
| Change in Net Assets | | | | | |
| Governmental Activities | (\$5,741,988) | (\$8,735,540) | (\$7,081,004) | (\$1,221,276) | \$8,990,679 |
| Business-Type Activities | (1,167,471) | (1,679,463) | (2,671,860) | (72,164) | (3,577,903) |
| Total Primary Government | (\$6,909,459) | (\$10,415,003) | (\$9,752,864) | (\$1,293,440) | \$5,412,776 |

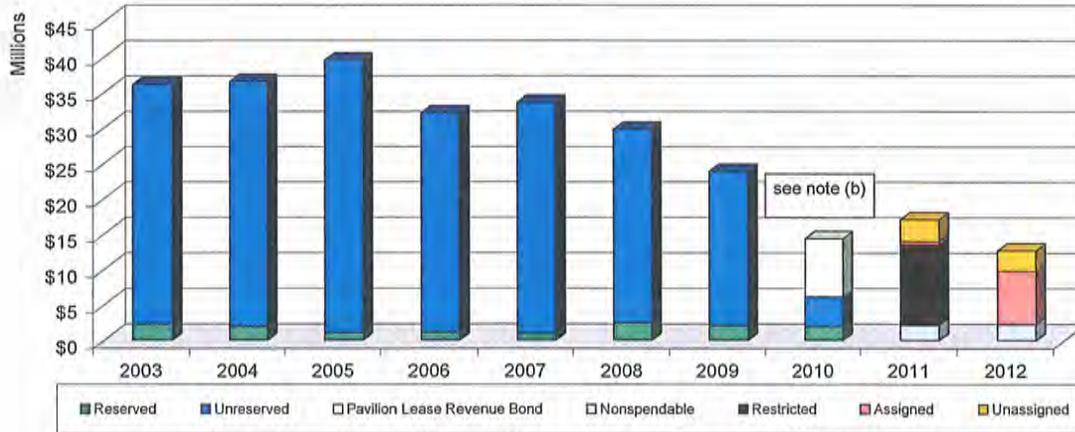
Note:

- (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,

| 2008 | 2009 | 2010 (a) | 2011 | 2012 (b) |
|-----------------|----------------|----------------|----------------|----------------|
| \$13,275,497 | \$12,738,632 | \$12,443,084 | \$11,349,674 | \$13,101,551 |
| 42,367,364 | 45,291,048 | 43,000,455 | 43,122,959 | 43,363,091 |
| 36,554,748 | 36,454,843 | 32,833,186 | 37,629,109 | 32,023,754 |
| 6,530,424 | 10,579,123 | 20,627,408 | 15,777,443 | 10,592,117 |
| 12,291,176 | 6,571,713 | | | |
| 9,484,383 | 9,463,315 | 9,810,082 | 7,207,017 | 6,979,013 |
| 5,521,049 | 5,213,438 | 5,266,740 | 3,936,497 | 3,334,049 |
| 126,024,641 | 126,312,112 | 123,980,955 | 119,022,699 | 109,393,575 |
| 24,868,475 | 18,688,255 | 21,303,268 | 21,695,293 | 23,196,668 |
| 1,601,983 | 1,679,995 | 1,323,074 | 1,305,929 | 1,313,458 |
| 26,470,458 | 20,368,250 | 22,626,342 | 23,001,222 | 24,510,126 |
| \$152,495,099 | \$146,680,362 | \$146,607,297 | \$142,023,921 | \$133,903,701 |
| | | | | |
| \$782,744 | \$966,501 | \$594,633 | \$911,046 | 1,553,733 |
| 1,499,727 | 1,672,348 | 1,805,170 | 1,589,312 | 1,635,124 |
| 2,575,986 | 5,847,684 | 8,425,897 | 8,491,639 | 8,528,881 |
| 3,281,902 | 2,390,462 | 2,917,141 | 6,786,730 | 548,425 |
| 777,091 | 3,363,813 | | | |
| 3,287,962 | 3,492,087 | 3,332,979 | 3,068,375 | 3,019,879 |
| 6,188,496 | 4,715,761 | 5,519,453 | 6,071,139 | 7,926,836 |
| 8,768,985 | 10,512,437 | 10,573,237 | 8,570,019 | 6,586,825 |
| 27,162,893 | 32,961,093 | 33,168,510 | 35,488,260 | 29,799,703 |
| | | | | |
| 17,915,613 | 18,296,077 | 18,423,702 | 18,238,338 | 19,359,526 |
| 1,535,148 | 1,422,154 | 1,326,167 | 1,250,804 | 1,382,491 |
| 79,419 | 117,915 | | | |
| 19,530,180 | 19,836,146 | 19,749,869 | 19,489,142 | 20,742,017 |
| \$46,693,073 | \$52,797,239 | \$52,918,379 | \$54,977,402 | \$50,541,720 |
| | | | | |
| (\$98,861,748) | (\$93,351,019) | (\$90,812,445) | (\$83,534,439) | (\$79,593,872) |
| (6,940,278) | (532,104) | (2,876,473) | (3,512,080) | (3,768,109) |
| (\$105,802,026) | (\$93,883,123) | (\$93,688,918) | (\$87,046,519) | (\$83,361,981) |
| | | | | |
| \$30,269,864 | \$29,034,866 | \$27,916,258 | \$27,138,018 | \$19,353,337 |
| 27,325,370 | 24,253,987 | 23,370,649 | 24,585,811 | 33,855,151 |
| 9,759,831 | 9,625,635 | 8,797,365 | 8,843,361 | 8,117,461 |
| 2,193,085 | 1,710,768 | 1,427,813 | 1,391,107 | 1,478,874 |
| 3,157,176 | 3,262,762 | 3,324,011 | 3,347,429 | 3,377,278 |
| 3,991,357 | 4,128,526 | 4,097,706 | 4,438,806 | 4,784,146 |
| | | | | |
| 5,346,348 | 2,300,008 | 842,470 | 635,145 | 623,823 |
| 53,915 | 247,697 | 114,280 | 33,834 | |
| | (16,401) | | 19,296 | |
| | | | | 20,298,845 |
| 82,096,946 | 74,547,848 | 69,890,552 | 70,432,807 | 91,888,915 |
| | | | | |
| 1,485,065 | 809,161 | 913,934 | 397,390 | 286,744 |
| 50,000 | 52,450 | 62,500 | 38,161 | 37,500 |
| | 16,401 | | (19,296) | |
| 1,535,065 | 878,012 | 976,434 | 416,255 | 324,244 |
| \$83,632,011 | \$75,425,860 | \$70,866,986 | \$70,849,062 | \$92,213,159 |
| | | | | |
| (\$16,764,802) | (\$18,803,171) | (\$20,921,893) | (\$13,101,632) | \$12,295,043 |
| (5,405,213) | 345,908 | (1,900,039) | (3,095,825) | (\$3,443,865) |
| (\$22,170,015) | (\$18,457,263) | (\$22,821,932) | (\$16,197,457) | \$8,851,178 |

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



| | Fiscal Year Ended June 30, | | | | | | | | | |
|-------------------------------------|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| General Fund | | | | | | | | | | |
| Reserved | \$2,202,408 | \$1,864,192 | \$947,419 | \$1,032,824 | \$865,652 | \$2,410,869 | \$1,995,403 | \$1,856,472 | | |
| Unreserved | 33,917,725 | 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 (c) |
| Restricted | | | | | | | | | 11,416,332 | - (c) |
| Assigned | | | | | | | | | 443,832 | 7,571,120 (c) |
| Unassigned | | | | | | | | | 3,129,741 | 2,867,298 (c) |
| Total General Fund | \$36,120,133 | \$36,513,237 | \$39,581,920 | \$32,048,676 | \$33,540,917 | \$29,737,393 | \$23,801,699 | \$6,098,853 | \$17,040,411 | \$12,627,038 (a) |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$51,894,833 | \$43,743,972 | \$42,087,866 | \$38,193,568 | \$43,184,063 | \$39,242,159 | \$47,495,499 | \$50,668,540 | | |
| Unreserved | 19,814,981 | 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 (c) |
| Assigned | | | | | | | | | 1,546,816 | 976,992 (c) |
| Unassigned | | | | | | | | | (166,778) | (1,037,217) (c) |
| Governmental Funds | \$71,709,814 | \$62,998,310 | \$66,283,843 | \$66,279,378 | \$82,753,503 | \$76,453,404 | \$75,796,827 | \$73,155,817 | \$70,390,879 | \$49,499,119 |

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, | | | | |
|--|----------------------------|----------------------|--------------------|----------------------|---------------------|
| | 2003 | 2004 | 2005(a) | 2006(a) | 2007 |
| Revenues | | | | | |
| Taxes | \$60,693,494 | \$61,735,974 | \$62,108,412 | \$70,913,489 | \$78,285,780 |
| Licenses and Permits | 2,539,529 | 3,291,112 | 3,138,724 | 4,877,758 | 3,073,607 |
| Intergovernmental | 16,115,511 | 16,209,022 | 18,659,169 | 10,647,688 | 10,335,065 |
| Charges for Services | 5,502,226 | 6,088,123 | 6,399,020 | 7,130,622 | 7,182,525 |
| Fines, Forfeitures and Penalties | 645,723 | 738,476 | 717,015 | 897,435 | 989,426 |
| Parks and Recreation | 2,143,019 | 2,117,718 | 2,420,106 | 2,585,962 | 2,678,282 |
| Use of Money and Property | 5,457,259 | 3,749,005 | 4,740,989 | 5,371,381 | 5,943,217 |
| Special Assessment Collections | 628,420 | 587,663 | 99,623 | 75,021 | 72,524 |
| Other | 687,006 | 855,196 | 758,718 | 713,853 | 701,526 |
| Total Revenues | 94,412,187 | 95,372,289 | 99,041,776 | 103,213,209 | 109,261,952 |
| Expenditures | | | | | |
| Current: | | | | | |
| General Government | 10,935,855 | 11,719,382 | 9,422,828 | 11,056,922 | 12,633,576 |
| Public Safety | 28,889,785 | 30,197,506 | 35,687,725 | 37,384,952 | 38,587,496 |
| Public Works | 9,327,836 | 9,400,460 | 15,292,558 | 14,830,313 | 15,508,044 |
| Building, Engineering & Neighborhood Service | 5,349,636 | 5,441,037 | 5,716,968 | 5,009,679 | 5,028,829 |
| Community & Economic Development | 3,740,770 | 7,081,755 | 4,749,351 | 7,357,162 | 10,046,844 |
| Parks & Recreation | 12,196,418 | 12,936,943 | 6,682,215 | 7,428,161 | 7,828,837 |
| Non-Departmental | | | | | |
| Capital Outlay | 14,917,505 | 8,515,838 | 6,555,700 | 5,602,918 | 5,947,842 |
| Debt Service: | | | | | |
| Principal Repayment | 5,117,000 | 5,293,000 | 4,554,000 | 4,655,000 | 4,586,000 |
| Interest and Fiscal Charges | 6,837,478 | 8,356,499 | 3,950,417 | 5,326,328 | 5,133,210 |
| Refund to Property Owners | 156,691 | 55,955 | 41,453 | 326,836 | |
| Total Expenditures | 97,468,974 | 98,998,375 | 92,653,215 | 98,978,271 | 105,300,678 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (3,056,787) | (3,626,086) | 6,388,561 | 4,234,938 | 3,961,274 |
| Other Financing Sources (Uses) | | | | | |
| Transfers In | 7,244,083 | 2,014,711 | 5,461,790 | 4,204,776 | 2,608,732 |
| Transfers (Out) | (5,204,465) | (1,952,059) | (5,526,805) | (14,418,255) | (6,248,494) |
| Refunding Bonds Issued | | 72,310,000 | | | |
| Proceeds from Debt Issuance | | 1,569,330 | 30,670 | | 350,000 |
| Proceeds from Sale of Property | 886,435 | | | | 17,294,854 |
| Bond Issuance Premium | | 407,090 | | | |
| Payments to Refunded Bond Escrow | | (79,041,386) | | | |
| Total Other Financing Sources (Uses) | 2,926,053 | (4,692,314) | (34,345) | (10,213,479) | 14,005,092 |
| Special/Extraordinary Items | | | | | |
| Loss on Sale of Property | | | | (1,559,168) | |
| Assets transferred to Housing Successor/ Assets transferred to/liabilities assumed by the Successor Agency | | | | | |
| Total Special/Extraordinary Items | | | | (1,559,168) | |
| Net Change in Fund Balances | (\$130,734) | (\$8,318,400) | \$6,354,216 | (\$7,537,709) | \$17,966,366 |
| Debt Service as a Percentage of Non-Capital Expenditures | 14.5% | 15.1% | 9.9% | 10.7% | 9.8% |

Note:

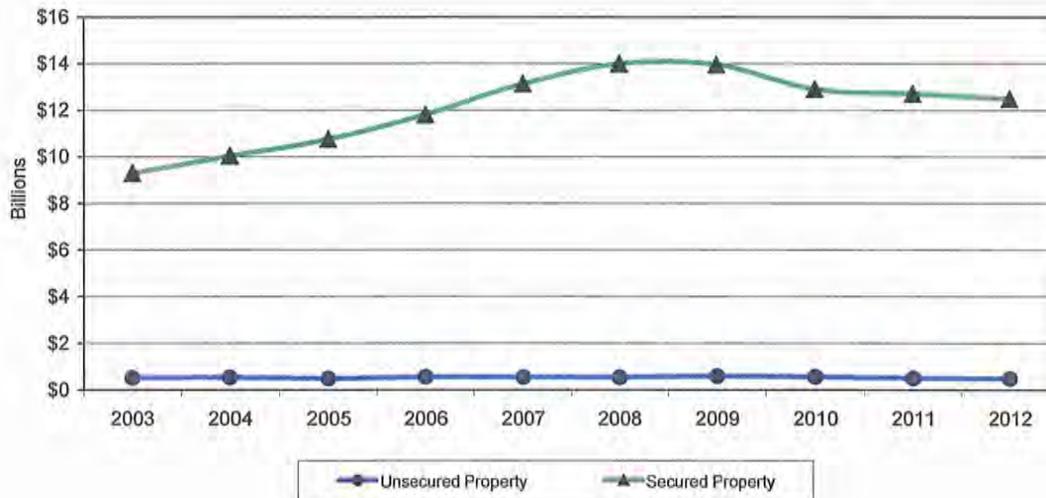
(a) The City underwent reorganization during 2005, 2006, 2010 and 2012.

(b) The Redevelopment Agency was dissolved during 2012.

Fiscal Year Ended June 30,

| 2008 | 2009 | 2010 (a) | 2011 | 2012 (a)(b) |
|-----------------------|----------------------|-----------------------|--------------------|-----------------------|
| \$78,204,323 | \$75,189,694 | \$72,007,902 | \$72,687,375 | \$74,875,127 |
| 1,599,886 | 3,552,003 | 1,964,480 | 1,228,356 | \$1,365,186 |
| 8,265,305 | 12,366,551 | 15,089,721 | 19,640,532 | 11,135,482 |
| 6,343,372 | 7,289,449 | 6,632,428 | 6,805,602 | 4,865,682 |
| 1,055,807 | 1,108,677 | 1,021,931 | 946,447 | 922,745 |
| 3,006,184 | 2,869,639 | 2,895,408 | 2,692,712 | 2,668,759 |
| 5,968,313 | 4,102,165 | 1,908,565 | 1,600,983 | 1,371,958 |
| 65,610 | 67,052 | 65,201 | 1,851 | 11,621 |
| 613,023 | 786,340 | 805,294 | 1,014,470 | 1,176,402 |
| 105,121,823 | 107,331,570 | 102,390,930 | 106,618,328 | 98,392,962 |
| 12,678,872 | 11,984,808 | 11,997,158 | 10,528,138 | 12,407,521 |
| 40,285,037 | 42,843,522 | 41,359,307 | 40,415,163 | 42,205,234 |
| 17,060,398 | 15,956,198 | 15,237,733 | 20,508,901 | 9,942,358 |
| 6,408,585 | 6,298,643 | | | |
| 11,385,205 | 8,142,528 | 18,282,245 | 15,627,709 | 10,001,434 |
| 8,745,778 | 8,806,329 | 8,721,242 | 7,364,390 | 6,440,498 |
| 7,822,286 | 11,589,152 | 7,997,002 | 2,550,625 | 11,755,006 |
| 4,852,000 | 5,024,000 | 16,878,000 | 5,745,000 | 5,427,190 |
| 4,952,854 | 4,860,812 | 5,226,724 | 3,700,057 | 3,875,398 |
| 34,431 | | | 248,938 | |
| 114,225,446 | 115,505,992 | 125,699,411 | 106,688,921 | 102,054,639 |
| (9,103,623) | (8,174,422) | (23,308,481) | (70,593) | (3,661,677) |
| 3,733,972 | 5,557,868 | 16,335,469 | 16,347,402 | 16,227,980 |
| (4,733,972) | (4,071,296) | (18,444,344) | (16,484,229) | (14,533,190) |
| | 95,579 | 5,073,500 | 8,384,040 | |
| (1,000,000) | 1,582,151 | 2,964,625 | 8,247,213 | 1,694,790 |
| | | | | (23,338,246) |
| | | | | (23,338,246) |
| (\$10,103,623) | (\$6,592,271) | (\$20,343,856) | \$8,176,620 | (\$25,305,133) |
| 9.2% | 9.3% | 18.8% | 9.6% | 10.2% |

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



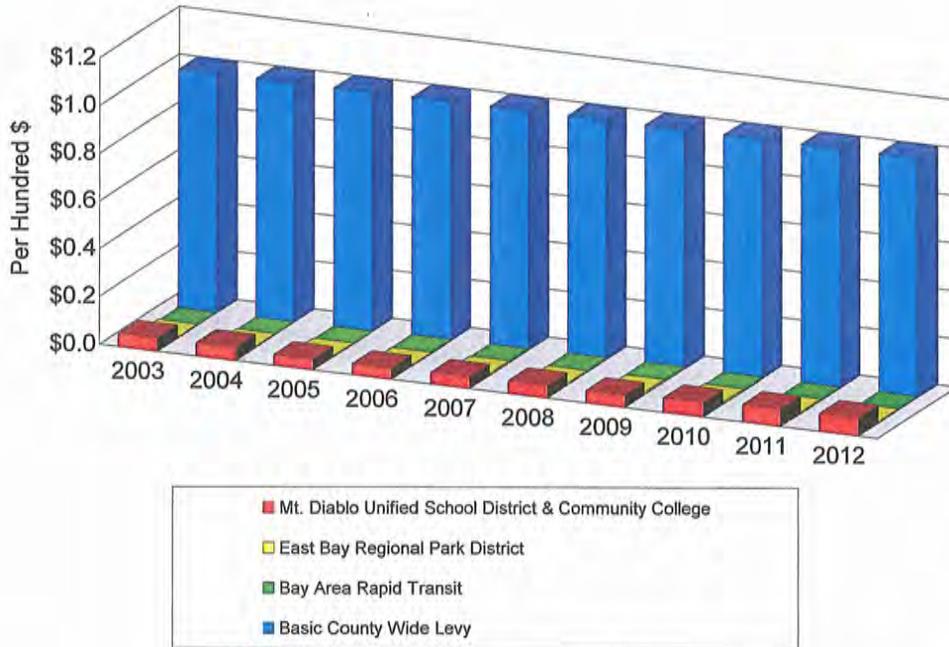
| Fiscal Year | City Property | Redevelopment Agency Property | Total Real Secured Property | Unsecured Property | Total Assessed (a) | Estimated Full Market (a) | Total Direct Tax Rate (b) |
|-------------|-----------------|-------------------------------|-----------------------------|--------------------|--------------------|---------------------------|---------------------------|
| 2003 | \$7,671,737,081 | \$1,094,128,597 | \$8,765,865,678 | \$537,720,228 | \$9,303,585,906 | \$9,303,585,906 | 1% |
| 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% |

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

| <u>Fiscal Year</u> | <u>City & County Direct Rate</u> | <u>Bay Area Rapid Transit</u> | <u>East Bay Regional Park District</u> | <u>Mt. Diablo Unified School District & Community College</u> | <u>Total</u> |
|--------------------|--------------------------------------|-------------------------------|--|---|--------------|
| 2003 | 1.0000 | | 0.0057 | 0.0563 | 1.0620 |
| 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 |

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>2011-12 Assessed Value</u> | <u>2011-12 Projected Revenue (a)</u> |
|-----|-------------------------------------|-------------------------|---------------------------------------|--|
| 1. | Bank of America* | Office Building | \$180,805,394 | \$1,808,054 |
| 2. | Taubman Land Associates LLC | Regional Mall | 162,719,457 | 1,627,195 |
| 3. | Chevron USA* | Office Building | 120,919,826 | 1,209,198 |
| 4. | Sierra Pacific Properties, Inc.* | Office Building | 101,860,577 | 1,018,606 |
| 5. | Transwestern Concord Corp. Center | Office Building | 101,499,251 | 1,014,993 |
| 6. | Seecon Financial & Construction Co. | Office Building | 83,683,192 | 836,832 |
| 7. | Concord Airport Plaza Associates* | Office Building | 67,199,876 | 671,999 |
| 8. | Clayton Valley Shopping Center | Shopping Center | 63,533,777 | 635,338 |
| 9. | Signature at Renaissance Square | Apartments | 48,395,321 | 483,953 |
| 10. | Willows Center Concord | Shopping Center | 45,030,014 | 450,300 |
| | Total | | <u><u>\$975,646,685</u></u> | <u><u>\$9,756,467</u></u> |

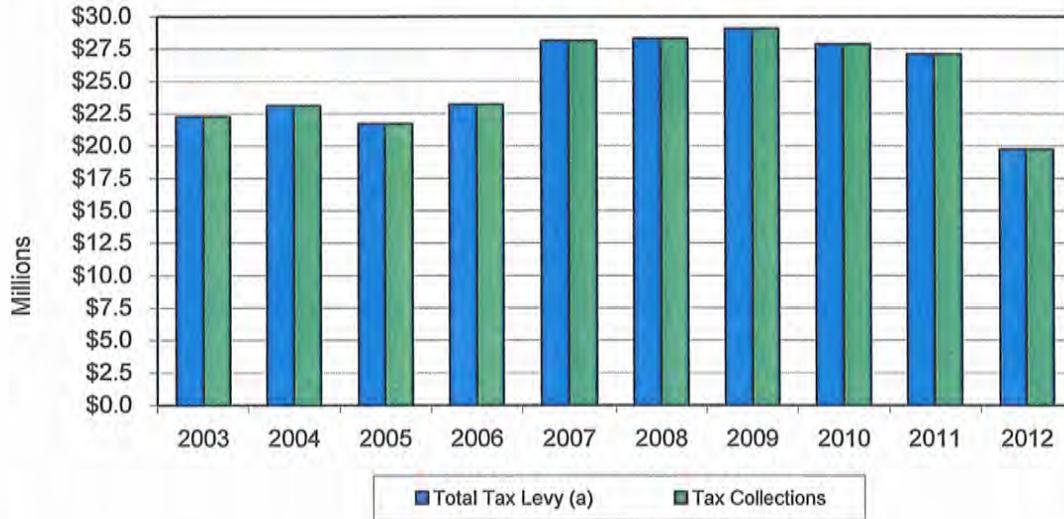
Notes:

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

* In the Top 10 for 2002-2003.

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> |
|--------------------|---------------------------|--------------------------------|----------------------------------|-----------------------------------|------------------------------|---|
| 2003 | 22,268,670 | 22,268,670 | 100.0000% | | 22,268,670 | 100.0000% |
| 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% |

Notes:

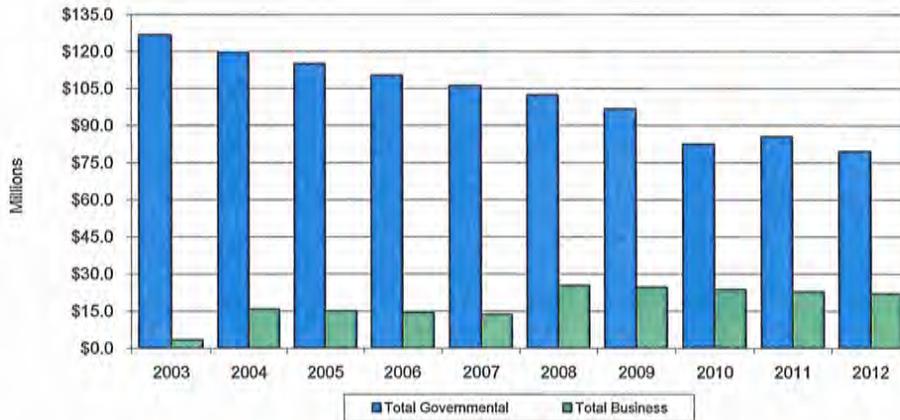
Current tax collections beginning in 1993 have been reduced by a mandatory tax reallocation imposed by the State of California.

(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 (b) | Tax Allocation Bonds (b) | Certificates of Participation | Judgment Obligation Bonds | Refunding Lease Agreement (b) | Special Assessment Debt | Notes Payable | Capital Lease | Lease Purchase Agreement | Total |
| 2003 | \$33.7 | \$87.1 | \$0.7 | \$3.9 | | \$1.4 | | | | \$126.8 |
| 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 | | 102.5 |
| 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 | | 82.5 |
| 2011 | 11.9 | 57.2 | 0.1 | | 4.7 | | 1.3 | 2.0 | \$8.4 | 85.6 |
| 2012 | 10.4 | 53.4 | | | 4.3 | | 1.4 | 1.8 | 8.3 | 79.6 |

| 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) |
| 2003 | \$2.4 | \$0.1 | \$0.9 | \$3.4 | \$130.2 | 3.89% | \$1,044.5 |
| 2004 | 14.9 | | 1.0 | 15.9 | 135.4 | 4.04% | 1,084.45 |
| 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 | 127.9 | 3.46% | 1,033.32 |
| 2009 | 24.6 | | | 24.6 | 121.4 | 3.29% | 974.33 |
| 2010 | 23.8 | | | 23.8 | 106.3 | 2.89% | 844.56 |
| 2011 | 22.9 | | | 22.9 | 108.5 | 2.89% | 884.44 |
| 2012 | 22.1 | | | 22.1 | 101.7 | 2.61% | 825.45 |

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, the former Redevelopment Agency debt obligations were assumed by the Successor 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, 2012**

| | | | |
|--|------------------------|---|-------------------------------------|
| 2011-12 Assessed Valuation | | | <u>\$11,865,299,501</u> |
| Adjusted Assessed Valuation | | | <u>\$10,338,171,590</u> |
| | Net Debt | Percentage Applicable to City of | Amount Applicable to City of |
| | Outstanding | Concord | Concord |
| <u>Overlapping Tax and Assessment Debt</u> | | | |
| Bay Area Rapid Transit District | \$412,540,000 | 2.371% | \$9,781,323 |
| Contra Costa Community College District | 223,985,000 | 8.305% | 18,601,954 |
| Mt. Diablo Unified School District | 458,250,057 | 39.764% | 182,218,553 |
| Mt. Diablo Unified School District Community Facilities District No. 1 | 52,675,000 | 39.764% | 20,945,687 |
| East Bay Regional Park District | 129,525,000 | 3.683% | 4,770,406 |
| Contra Costa County Reassessment District | 2,110,000 | 7.513% | 158,524 |
| Total Overlapping Tax and Assessment Debt | <u>\$1,279,085,057</u> | | <u>\$236,476,447</u> |
| <u>Direct and Overlapping General Fund Obligation Debt</u> | | | |
| City of Concord General Fund Obligations | \$16,123,685 | 100.000% | \$16,123,685 |
| Contra Costa County General Fund Obligations | 301,690,976 | 8.268% | 24,943,810 |
| Contra Costa County Pension Obligations | 358,495,000 | 8.268% | 29,640,367 |
| Contra Costa County Fire Protection District Pension Obligations | 111,595,000 | 18.742% | 20,915,135 |
| Contra Costa Community College District Certificates of Participation | 855,000 | 8.305% | 71,008 |
| Total Gross Direct & Overlapping General Fund Obligation Debt | <u>\$788,759,661</u> | | <u>\$91,694,004</u> |
| Less: Contra Costa County self supporting obligations | | | <u>9,364,981</u> |
| Total Net Direct and Overlapping General Fund Obligation Debt | | | <u>\$82,329,023</u> |
| <u>Overlapping Tax Increment & General Fund Obligation Debt</u> | | | |
| Concord Redevelopment Agency Central Redevelopment Project Area | \$63,502,000 | 100.000% | 63,502,000 |
| Total Overlapping Tax Increment Debt | | | <u>\$63,502,000</u> |
| Total Direct Debt | | | \$16,123,685 |
| Total Gross Overlapping Debt | | | \$375,548,767 |
| Total Net Overlapping Debt | | | \$366,183,786 |
| Gross Combined Total Debt | | | <u>\$391,672,452</u> |
| Net Combined Total Debt | | | <u>\$382,307,471 (a)</u> |
| <u>Ratio to 2011-12 Assessed Valuation</u> | | | |
| Total Overlapping Tax and Assessment Debt | | 1.99% | |
| <u>Ratios to 2011-12 Adjusted Assessed Valuation</u> | | | |
| Total Direct Debt | | 0.16% | |
| Gross Combined Total Debt | | 3.79% | |
| Net Combined Total Debt | | 3.70% | |

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, 2012 (Dollars in Thousands)

| | | | |
|---|--|--------------|--------------------|
| Assessed Valuation: | | | |
| | Secured Property Assessed Value, Net of Exempt Real Property | \$12,492,650 | |
| | Bonded Debt Limit (15% of Assessed Value) (a) | | \$1,873,897 |
| Amount of Debt Subject to Limit: | | | |
| | Total Bonded Debt | \$0 | |
| | Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation Not Subject to Limit | 0 | |
| | Amount of Debt Subject to Limit | | 0 |
| | Legal Bonded Debt Margin | | \$1,873,897 |

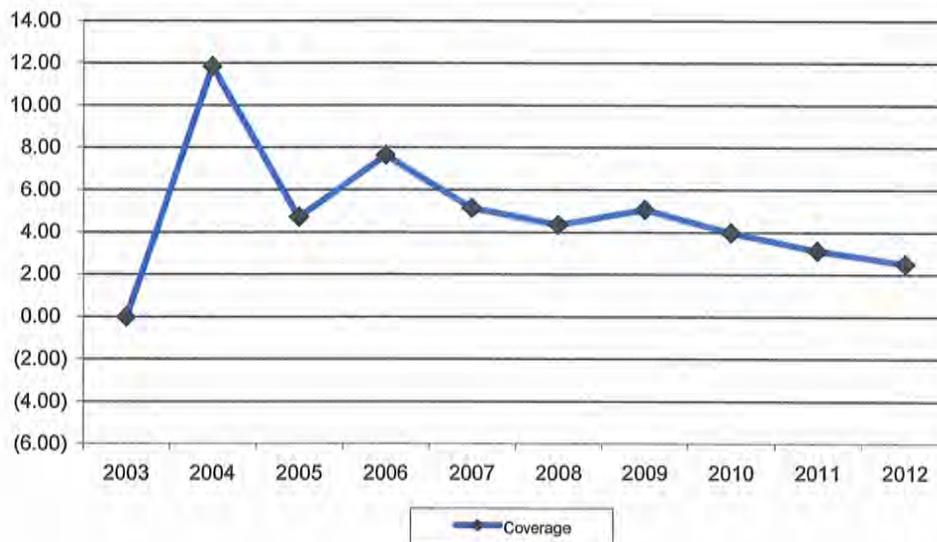
| Fiscal Year | Debt Limit | Total Net Debt Applicable to Limit | Legal Debt Margin | Total Net Debt Applicable to the Limit as a Percentage of Debt Limit |
|-------------|-------------|------------------------------------|-------------------|--|
| 2003 | \$1,395,530 | 0 | \$1,395,530 | 0.00% |
| 2004 | 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% |

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**

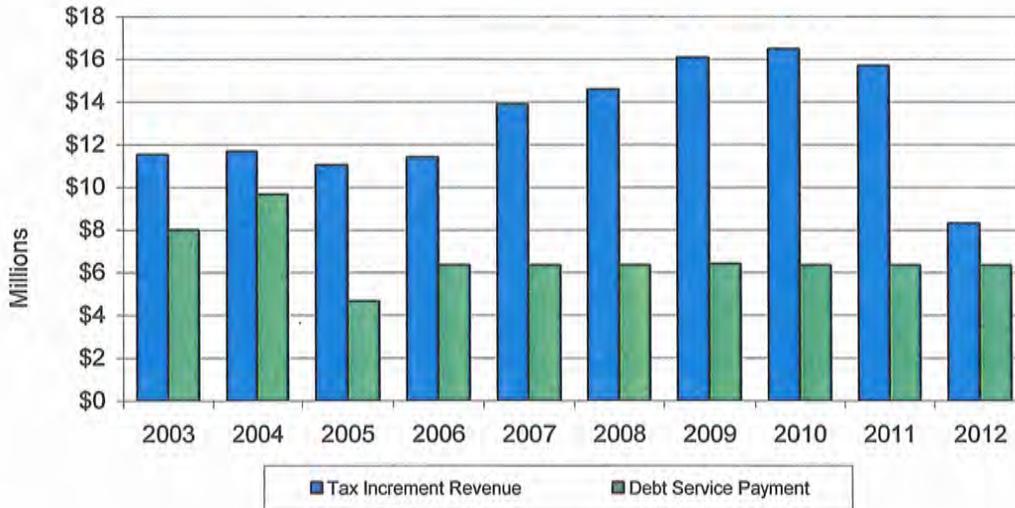


| Fiscal Year | Gross Revenue (a) | Operating Expenses (b) | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage |
|-------------|-------------------|------------------------|--|---------------------------|-----------|-----------|----------|
| | | | | Principal | Interest | Total | |
| 2003 | \$14,581,213 | \$11,719,429 | \$2,861,784 | | | | - |
| 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 |

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

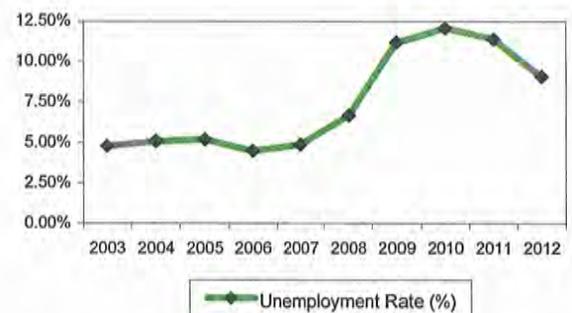
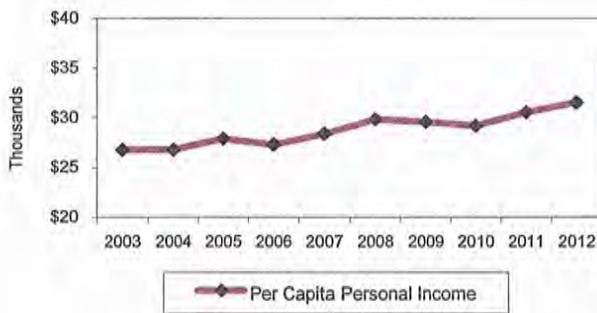
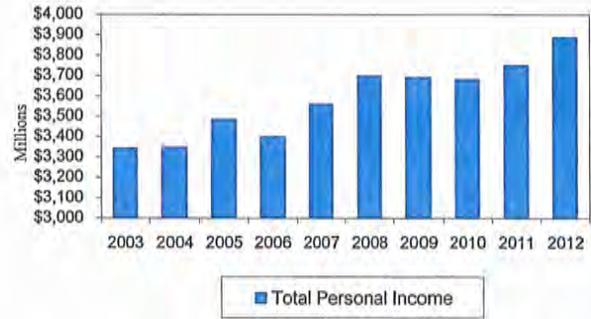
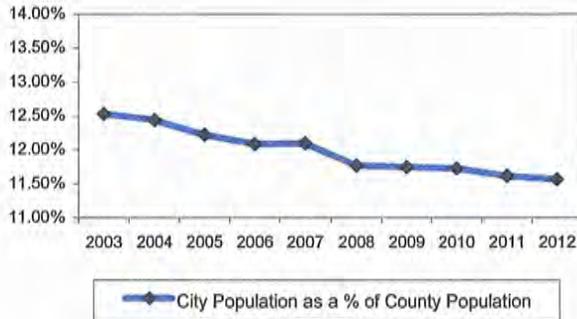


| Fiscal Year | Tax Increment Revenue | Debt Service Requirements | | | Coverage |
|-------------|-----------------------|---------------------------|-------------|-------------|----------|
| | | Principal | Interest | Total | |
| 2003 | \$11,545,583 | \$3,620,000 | \$4,396,812 | \$8,016,812 | 1.44 |
| 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 |

Note: During 2012, tax increment revenue was no longer distributed due to the dissolution of the Redevelopment Agency.

Source: City of Concord Annual Financial Statements

Table 14: Demographic and Economic Statistics Last Ten Fiscal Years



| Fiscal Year | City Population | Total Personal Income | Per Capita Personal Income | Unemployment Rate | Contra Costa County Population | City Population % of County |
|-------------|-----------------|-----------------------|----------------------------|-------------------|--------------------------------|-----------------------------|
| 2003 | 124,655 | \$3,343,847,628 | \$26,825 | 4.8% | 994,900 | 12.53% |
| 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% |

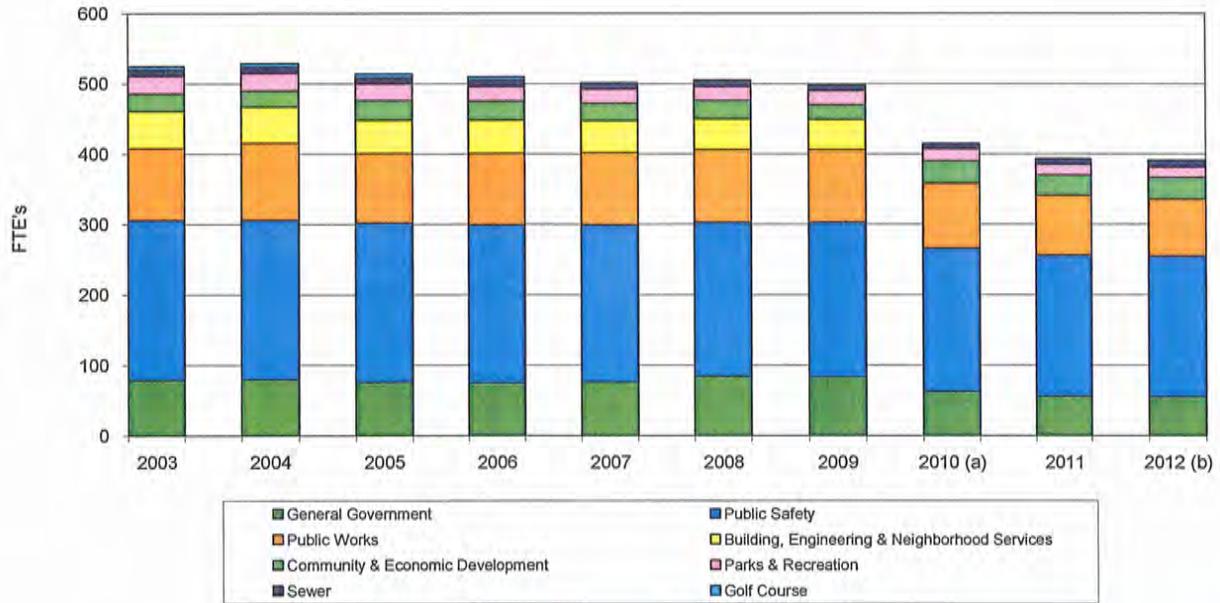
Sources: State of California, Department of Finance
The HdL Companies

**Table 15: Principal Employers
Calendar Year 2012**

| <u>Employer</u> | <u>Number of Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> |
|------------------------------------|--------------------------------|-------------|--|
| Mt. Diablo Unified School District | 4,320 | 1 | 6.7% |
| Wells Fargo Credit Center | 1,500 | 2 | 2.3% |
| Chevron Corporation | 1,500 | 3 | 2.3% |
| PG & E | 1,450 | 4 | 2.3% |
| Bank of America Technology Center | 1,300 | 5 | 2.0% |
| John Muir Medical Center | 1,100 | 6 | 1.7% |
| Conco Cement | 549 | 7 | 0.9% |
| Safeway | 460 | 8 | 0.7% |
| Adecco Employment Services | 400 | 9 | 0.6% |
| Macy's Concord | 400 | 10 | 0.6% |
| Subtotal | <u>12,979</u> | | <u>20.2%</u> |
| Total City Day Population | <u>64,300</u> | | |

Source: City of Concord Community and Economic Development Department

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



| Function | Fiscal Year | | | | | | | | | | |
|---|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 (a) | 2011 | 2012 (b) | |
| General Government | 79 | 80 | 76 | 75 | 76 | 84 | 83 | 63 | 56 | 55 | |
| Public Safety | 227 | 226 | 226 | 224 | 223 | 219 | 220 | 203 | 200 | 200 | |
| Public Works | 102 | 110 | 99 | 102 | 103 | 103 | 103 | 92 | 85 | 81 | |
| Building, Engineering & Neighborhood Services | 53 | 51 | 47 | 47 | 45 | 44 | 43 | | | | |
| Community & Economic Development | 25 | 23 | 28 | 27 | 25 | 26 | 21 | 32 | 29 | 30 | |
| Parks & Recreation | 25 | 25 | 24 | 21 | 20 | 20 | 20 | 17 | 15 | 15 | |
| Sewer | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 8 | 8 | 10 | |
| Golf Course | 5 | 5 | 5 | 5 | | | | | | | |
| Total | 525 | 529 | 514 | 510 | 501 | 505 | 499 | 415 | 393 | 391 | |

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 | | | | | | | | | |
|--|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Public Safety | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Number of Public Contacts | 23,638 | 21,053 | 21,198 | 19,522 | 18,304 | 17,693 | 17,845 | 23,657 | 25,740 | 27,225 |
| Police Calls for Service (a) | 55,148 | 57,341 | 59,404 | 55,808 | 53,793 | 49,309 | 54,480 | 53,780 | 93,201 | 84,410 |
| Law Violations: | | | | | | | | | | |
| Part I Crimes | 641 | 634 | 650 | 772 | 1,237 | 6,223 | 5,817 | 4,992 | 4,210 | 4,527 |
| Physical Arrests (Adult and Juvenile) | 3,368 | 3,803 | 3,550 | 3,331 | 4,081 | 3,758 | 4,504 | 3,903 | 3,642 | 3,836 |
| Parking Violations | 5,237 | 5,042 | 7,745 | 11,741 | 10,042 | 10,400 | 17,132 | 13,299 | 8,670 | 10,415 |
| Public Works | | | | | | | | | | |
| Street Resurfacing (millions of square feet) | 11 | 6 | 7 | 8 | 6 | 6 | 7 | 2 | 1 | 1 |
| Potholes Repaired | 231 | 30 | 86 | 513 | 115 | 162 | 437 | 496 | 410 | 280 |
| Culture and Recreation | | | | | | | | | | |
| Community Services: | | | | | | | | | | |
| Recreation Class Participants | 3,143 | 2,970 | 2,977 | 4,089 | 5,030 | 5,299 | 4,826 | 3,935 | 3,534 | 3,021 |
| Senior Center Activity/Event Participants | N/A | 8,544 | 10,835 | 11,930 | 11,935 | 17,039 | 19,486 | 10,033 | 14,974 | 15,484 |
| Human Services/Club Activity Participants | N/A | 66,456 | 66,557 | 92,519 | 83,322 | 90,332 | 93,192 | 59,028 | 50,111 | 49,598 |
| Library: | | | | | | | | | | |
| Volumes in Collection (thousands) | 79,880 | 79,240 | 80,653 | 80,155 | 87,089 | 92,413 | 96,462 | 92,703 | 91,984 | 79,630 |
| Total Volumes Borrowed (thousands) | 260,252 | 280,906 | 275,550 | 294,227 | 285,227 | 308,978 | 339,671 | 356,034 | 341,719 | 330,451 |
| Wastewater | | | | | | | | | | |
| Storm Drain Inlets | N/A | N/A | N/A | 5,581 | 5,600 | 5,678 | 5,712 | 5,712 | 5,712 | 5,583 |
| Sewer Overflows | 47 | 24 | 21 | 26 | 16 | 12 | 19 | 17 | 16 | 18 |
| Average Daily Pumping (millions of gallons) | 12.26 | 12.24 | 11.28 | 14.01 | 12.36 | 13.53 | 10.75 | 9.00 | (b) | 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 | | | | | | | | | |
|--|-------------|--------|--------|--------|--------|--------|--------|---------|---------|---------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Public Safety | | | | | | | | | | |
| Police Stations | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 2 | 1 | 1 |
| Police Patrol Units (black and whites) | 58 | 58 | 58 | 58 | 58 | 58 | 57 | 57 | 57 | 52 |
| Public Works | | | | | | | | | | |
| Miles of Streets | 301 | 301 | 305 | 305 | 305 | 305 | 305 | 308 | 308 | 335 |
| Street Lights | 1,493 | 1,657 | 7,978 | 8,124 | 8,125 | 8,179 | 8,216 | 8,216 | 8,216 | 8,254 |
| Traffic Signals | 130 | 141 | 141 | 141 | 142 | 153 | 154 | 155 | 155 | 156 |
| Culture and Recreation | | | | | | | | | | |
| 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 | 14 | 15 | 15 | 18 | 18 | 18 | 18 |
| City Trails | 7 | 7 | 7 | 7 | 7 | 8 | 8 | 8 | 8 | 8 |
| Miles of City Trails | 18 | 18 | 18 | 18 | 18 | 19 | 19 | 19 | 19 | 19 |
| Roadway Landscaping Acreage | 41 | 48 | 48 | 48 | 48 | 52 | 52 | 52 | 52 | 52 |
| Regional Park Acreage | 95,509 | 96,141 | 97,134 | 97,565 | 97,912 | 98,880 | 98,895 | 103,862 | 109,969 | 111,915 |
| 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 | 3 | 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 | 15 | 17 | 17 | 17 | 17 | 17 |
| Baseball/Softball Field Complexes | 9 | 9 | 9 | 9 | 9 | 13 | 13 | 13 | 13 | 13 |
| Soccer/Football Field Complexes | 8 | 8 | 8 | 8 | 8 | 13 | 13 | 13 | 13 | 13 |
| Library: | | | | | | | | | | |
| City Libraries | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Wastewater | | | | | | | | | | |
| Sewer Lines (miles) | 383 | 405 | 384 | 384 | 384 | 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 59)

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 26)
- j. Assessed and Estimated Actual 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 26)
- e. Assessed and Estimated Actual Value of Taxable Property (CAFR, page 104)
- f. Cash and Investments (CAFR, page 45)
- g. Principal Amount of Bonds Outstanding (CAFR, page 59)
- h. Outstanding Debt and Lease Obligations (CAFR, page 59)
- i. Annual Contribution to Public Employees Retirement System (CAFR, pages 66 & 68)

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 59)

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 124) |
| e. | Principal Amount of Bonds Outstanding | (CAFR, page 59) |

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, | | | | | | | |
|---|----------------------------|-------------|-------------|-------------|-------------|---------------|---------------|---------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| REVENUES: | | | | | | | | |
| Debt Contribution | \$1,758,758 | \$1,726,559 | \$1,698,279 | \$1,382,810 | \$1,402,201 | \$1,100,507 | \$800,507 | \$500,000 |
| Operating Revenues | | | | | | | | |
| Nonoperating Income | 108,364 | 137,017 | 149,580 | 179,478 | 141,768 | 196,179 | 309,013 | 361,467 |
| Total Revenues | 1,867,122 | 1,863,576 | 1,847,859 | 1,562,288 | 1,543,969 | 1,296,686 | 1,109,520 | 861,467 |
| EXPENDITURES: | | | | | | | | |
| Debt Service | 1,777,821 | 1,781,148 | 1,786,642 | 1,784,418 | 1,782,514 | 10,474,620 | 967,702 | 869,448 |
| Operating Expenditures | | | | | | | | |
| Nonoperating Expenditures | 79,052 | 54,272 | 104,703 | 125,008 | 61,126 | 269,516 | 119,356 | 117,865 |
| Total Expenditures | 1,856,873 | 1,835,420 | 1,891,345 | 1,909,426 | 1,843,640 | 10,744,136 | 1,087,058 | 987,313 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 10,249 | 28,156 | (43,486) | (347,138) | (299,671) | (9,447,450) | 22,462 | (125,846) |
| OTHER FINANCING SOURCES (USES): | | | | | | | | |
| Transfers In | 100,000 | 100,000 | | 577,067 | 335,133 | 1,482,788 | | |
| Transfers (Out) | | | | | | | | |
| Total Other Financing Sources (Uses) | 100,000 | 100,000 | 0 | 577,067 | 335,133 | 1,482,788 | 0 | 0 |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | 110,249 | 128,156 | (43,486) | 229,929 | 35,462 | (7,964,662) | 22,462 | (125,846) |
| Fund Balance at Beginning of Year | 841,659 | 951,908 | 1,080,064 | 1,036,578 | 1,266,507 | 1,301,969 | (6,662,693) | (6,640,231) |
| Fund Balance at End 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) |

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**

| <u>Fiscal Year</u> | <u>Use of Money and Property</u> | <u>Principal Retirement</u> | <u>Interest, Fiscal Charges and Cost of Issuance</u> | <u>Proceeds from Debt Issuance</u> | <u>Transfers, Net</u> | <u>Ending Fund Balance</u> |
|--------------------|----------------------------------|-----------------------------|--|------------------------------------|-----------------------|----------------------------|
| 2003 | \$10,038 | (\$290,000) | (\$459,112) | \$0 | \$734,971 | \$741,622 |
| 2004 | 3,988 | (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 |

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**

| <u>Fiscal Year</u> | <u>Use of Money and Property</u> | <u>Proceeds from Debt Issuance</u> | <u>Transfers, Net</u> | <u>Capital Outlay</u> | <u>Ending Fund Balance</u> |
|--------------------|----------------------------------|------------------------------------|-----------------------|-----------------------|----------------------------|
| 2003 | \$11,393 | \$0 | \$31 | \$518,057 | \$179,687 |
| 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 |

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> |
|------------------------|------------------------------|----------------------------------|
| 2003 | \$290,000 | \$9,290,000 |
| 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 |

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> |
|--------------------------|----------------------------------|---|
| 2002 | 3,354 | \$2,426,439,000 |
| 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 | 2,122,829,600 |

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 2011 (Dollars in Thousands)**

| <u>Type of Business</u> | <u>Number of Permits</u> | <u>Taxable Sales Transactions</u> |
|---------------------------|----------------------------------|---|
| Autos and Transportation | 380 | \$543,583 |
| Building and Construction | 196 | 259,435 |
| Business and Industry | 781 | 187,962 |
| Food and Drugs | 148 | 115,258 |
| Fuel and Service Stations | 52 | 158,197 |
| General Consumer Goods | 1,411 | 689,590 |
| Restaurants and Hotels | 344 | 169,509 |
| Transfers & Unidentified | 1 | (705) |
| Total Outlets | <u>3,313</u> | <u>\$2,122,829</u> |

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 2011-12 and 2012-13**

| | <u>2011-12 Adopted General Fund Budget</u> | <u>2011-12 Final General Fund Budget</u> | <u>2012-13 Adopted General Fund Budget</u> |
|--|--|--|--|
| REVENUES: | | | |
| Taxes | \$60,749,759 | \$60,749,759 | \$63,754,406 |
| Licenses and Permits | 1,291,005 | 1,291,005 | 1,217,272 |
| Intergovernmental | 650,500 | 650,500 | 200,000 |
| Charges for Current Services | 7,413,982 | 7,413,982 | 7,366,343 |
| Fines and Forfeitures | 1,037,238 | 1,037,238 | 830,000 |
| Use of Money and Property | 649,080 | 649,080 | 653,242 |
| Other | 772,619 | 400,769 | 363,430 |
| | <u>72,564,183</u> | <u>72,192,333</u> | <u>74,384,693</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Salaries and Benefits | 52,539,290 | 52,822,716 | 51,956,957 |
| Operating Expenditures | 9,709,499 | 9,965,217 | 8,317,128 |
| Fixed Charges | 9,006,215 | 9,113,332 | 9,721,472 |
| | <u>71,255,004</u> | <u>71,901,265</u> | <u>69,995,557</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>1,309,179</u> | <u>291,068</u> | <u>4,389,136</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers In | 4,116,103 | 3,803,833 | 936,921 |
| Transfers (Out) | <u>(1,036,277)</u> | <u>(2,307,273)</u> | <u>(1,928,600)</u> |
| Total Other Financing Sources (Uses) | <u>3,079,826</u> | <u>1,496,560</u> | <u>(991,679)</u> |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | 4,389,005 | 1,787,628 | 3,397,457 |
| Fund Balance at Beginning of Year | <u>6,235,001</u> | <u>17,040,411</u> | <u>13,042,343</u> |
| Fund Balance at End of Year | <u>\$10,624,006</u> | <u>\$18,828,039</u> | <u>\$16,439,800</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, | | | | |
|---|----------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| REVENUES: | | | | | |
| Taxes | \$45,827,687 | \$46,721,417 | \$47,698,542 | \$56,102,956 | \$61,059,439 |
| Licenses and Permits | 1,728,767 | 1,540,358 | 1,538,066 | 1,671,153 | 1,661,706 |
| Intergovernmental | 9,576,061 | 9,123,025 | 9,742,965 | 1,403,045 | 1,105,917 |
| Charges for Current Services | 5,396,382 | 6,057,346 | 6,112,694 | 7,016,914 | 6,989,030 |
| Fines and Forfeitures | 454,200 | 583,533 | 671,137 | 787,598 | 920,845 |
| Parks and Recreation | 2,143,019 | 2,117,718 | 2,420,106 | 2,585,962 | 2,678,282 |
| Use of Money and Property | 1,228,700 | 618,363 | 1,166,428 | 1,465,897 | 1,577,463 |
| Other | 156,503 | 335,466 | 198,408 | 332,986 | 203,118 |
| Total Revenues | 66,511,319 | 67,097,226 | 69,548,346 | 71,366,511 | 76,195,800 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General Government | 10,876,499 | 11,659,213 | 8,791,670 | 10,331,725 | 12,370,595 |
| Public Safety | 28,687,140 | 29,977,656 | 35,442,623 | 36,860,686 | 38,056,048 |
| Public Works | 2,678,363 | 2,744,650 | 7,889,828 | 8,315,970 | 8,228,093 |
| Building, Engineering & Neighborhood Services | 1,665,332 | 1,307,734 | 1,303,665 | 4,691,323 | 4,649,666 |
| Community & Economic Development | 3,907,888 | 4,457,583 | 4,946,941 | 1,513,787 | 1,744,610 |
| Parks & Recreation | 11,556,586 | 12,615,468 | 5,669,750 | 5,767,138 | 6,138,323 |
| Non-Departmental | | | | | |
| Capital Outlay | 7,973,788 | 4,403,253 | | | |
| Total Expenditures | 67,345,596 | 67,165,557 | 64,044,477 | 67,480,629 | 71,187,335 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (834,277) | (68,331) | 5,503,869 | 3,885,882 | 5,008,465 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers In | 5,713,804 | 560,018 | 837,530 | 694,061 | 166,562 |
| Transfers (Out) | (2,097,835) | (98,583) | (3,272,716) | (12,113,187) | (3,682,786) |
| Sale of Fixed Assets | 886,435 | | | | |
| Total Other Financing Sources (Uses) | 4,502,404 | 461,435 | (2,435,186) | (11,419,126) | (3,516,224) |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | 3,668,127 | 393,104 | 3,068,683 | (7,533,244) | 1,492,241 |
| Fund Balance at Beginning of Year | 32,452,006 | 36,120,133 | 36,513,237 | 39,581,920 | 32,048,676 |
| Fund Balance at End of Year | \$36,120,133 | \$36,513,237 | \$39,581,920 | \$32,048,676 | \$33,540,917 |

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,

| 2008 | 2009 | 2010 | 2011 | 2012 |
|---------------------|---------------------|--------------------|---------------------|---------------------|
| \$60,165,471 | \$55,544,816 | \$52,029,984 | \$53,425,251 | \$62,950,131 |
| 1,149,753 | 1,262,916 | 1,127,710 | 1,194,147 | 1,282,817 |
| 959,923 | 808,849 | 647,814 | 939,964 | 361,631 |
| 6,312,313 | 7,271,613 | 6,615,092 | 6,782,831 | 4,858,806 |
| 993,105 | 1,044,448 | 826,815 | 775,197 | 821,727 |
| 3,006,184 | 2,869,639 | 2,895,408 | 2,692,712 | 2,668,759 |
| 1,571,499 | 1,083,367 | 235,178 | 211,982 | 400,921 |
| 315,337 | 540,540 | 411,299 | 684,553 | 883,589 |
| <u>74,473,585</u> | <u>70,426,188</u> | <u>64,789,300</u> | <u>66,706,637</u> | <u>74,228,381</u> |
| 12,258,475 | 11,567,366 | 11,481,742 | 10,500,718 | 12,325,452 |
| 39,945,559 | 42,592,777 | 41,133,055 | 40,106,984 | 41,916,877 |
| 8,798,826 | 9,050,960 | 9,881,512 | 8,510,769 | 5,777,184 |
| 6,255,946 | 5,592,315 | | | |
| 1,838,002 | 1,736,656 | 4,150,460 | 3,799,918 | 4,633,243 |
| 7,382,172 | 7,167,464 | 6,404,528 | 5,580,991 | 4,800,248 |
| | | 48,811 | 59,449 | 52,538 |
| <u>76,478,980</u> | <u>77,707,538</u> | <u>73,100,108</u> | <u>68,558,829</u> | <u>69,505,542</u> |
| <u>(2,005,395)</u> | <u>(7,281,350)</u> | <u>(8,310,808)</u> | <u>(1,852,192)</u> | <u>4,722,839</u> |
| 541,298 | 2,482,510 | 680,927 | 13,816,643 | 2,878,730 |
| (2,339,427) | (1,136,854) | (10,072,965) | (1,022,893) | (12,014,942) |
| <u>(1,798,129)</u> | <u>1,345,656</u> | <u>(9,392,038)</u> | <u>12,793,750</u> | <u>(9,136,212)</u> |
| (3,803,524) | (5,935,694) | (17,702,846) | 10,941,558 | (4,413,373) |
| <u>33,540,917</u> | <u>29,737,393</u> | <u>23,801,699</u> | <u>6,098,853</u> | <u>17,040,411</u> |
| <u>\$29,737,393</u> | <u>\$23,801,699</u> | <u>\$6,098,853</u> | <u>\$17,040,411</u> | <u>\$12,627,038</u> |

**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, 2012**

| <u>Investment</u> | <u>Carrying Value</u> | <u>Percent of Portfolio</u> | <u>Yield/360-Day Year Equivalent</u> |
|-----------------------------------|-----------------------|-----------------------------|--------------------------------------|
| Local Agency Investment Fund | \$43,739,109 | 41.16% | 0.353% |
| Money Market Fund | | | |
| - Checking Account | 8,723,091 | 8.21% | 0.237% |
| Federal Agency Issues - Coupon | 40,366,660 | 37.97% | 1.048% |
| Miscellaneous Securities - Coupon | 13,475,480 | 12.68% | 1.238% |
| Total Investments | \$106,304,340 | 100.00% | 0.720% |

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

Source: City of Concord Finance Department

**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, 2012**

| | <u>Customers</u> | <u>Type of Use</u> | <u>Percent</u> |
|-----|------------------------------------|-------------------------------------|----------------|
| 1. | Mt. Diablo Unified School District | 30 School Sites | 0.64% |
| 2. | John Muir Medical Center | Hospital & Medical Campus | 0.60% |
| 3. | Killarney Properties | 300 Apartments | 0.51% |
| 4. | Concord Family Apartments, LP | 297 Apartments | 0.50% |
| 5. | U.S. Coast Guard | 289 Dwelling Units & 3 Buildings | 0.49% |
| 6. | Concord Mobile Country Club | 282 Mobile Homes, Pools & Rec Ctrs. | 0.48% |
| 7. | Concord Gardens Mobile Home Park | 260 Mobile Homes & Rec. Bldg. | 0.44% |
| 8. | EQR & Legacy Partners LLC | 260 Apartments | 0.44% |
| 9. | Evilsizor, John L & Mary A | 218 Apartments | 0.37% |
| 10. | Clayton Creek Partnership | 208 Apartments | 0.35% |

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 2011-12

| RESIDENTIAL OWNERS | | |
|---|--|-------------------------|
| 1. | Minimum rate for any premises | \$324.00 |
| 2. | Each single-family dwelling unit | 324.00 |
| 3. | Each dwelling unit in a multiple dwelling structure | 324.00 per unit |
| 4. | Mobile Home Park | 324.00 per space |
| COMMERCIAL OWNERS - Charge based upon quantity of water used in cubic feet | | |
| 1. | Minimum rate for any premises | \$324.00 |
| 2. | Bowling Alleys | 2.86/100 cu. ft. |
| 3. | Car Washes | 2.86/100 cu. ft. |
| 4. | Health Studios and Gymnasiums | 2.86/100 cu. ft. |
| 5. | Hospitals - Convalescent | 2.86/100 cu. ft. |
| 6. | Multiple Lodging Structures (hotels, motels and rooming houses) | 2.86/100 cu. ft. |
| 7. | Laundromats and Laundries | 2.86/100 cu. ft. |
| 8. | Restaurants | 5.70/100 cu. ft. |
| | Restaurants with pretreatment facilities approved annually | 3.24/100 cu. ft. |
| 9. | Bakeries | Determined Individually |
| 10. | All others | 3.24/100 cu. ft. |
| INSTITUTIONAL OWNERS | | |
| 1. | Minimum rate for any premises | \$324.00 |
| 2. | As defined in Section 110-31, except for Convalescent Hospitals | 3.24/100 cu. ft. |
| INDUSTRIAL OWNERS - Charge based upon quantity of water used and quality of effluent | | |
| 1. | Minimum rate for any premises | \$324.00 |
| 2. | Flow/Million Gallons | 2,514.00 |
| 3. | Biochemical Oxygen Demand (B.O.D.) per thousand pounds | 591.00 |
| 4. | Suspended Solid (S.S.) per thousand pounds | 503.00 |
| SPECIAL DISCHARGE PERMITS, AS ISSUED BY THE DISTRICT | | |
| 1. | Charge based upon quantity of water used and quality of effluent | Determined Individually |
| SPECIAL CONTRACTUAL AGREEMENT | | 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, | | | | |
|---------------------------------------|----------------------------|---------------------|---------------------|---------------------|--------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 |
| Total Assessed Values | \$1,819,494,204 | \$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 | 339,585,818 |
| Incremental Assessed Values | 1,479,908,386 | 1,589,385,967 | 1,654,064,090 | 1,579,978,885 | 1,527,127,911 |
| Incremental Property Taxes | 15,809,457 | 17,702,810 | 17,848,718 | 16,897,662 | 8,890,417 |
| Less: | | | | | |
| Educational Revenue Augmentation Fund | | | | | |
| Tax Increment Pass Through | (840,484) | (1,238,338) | (1,160,646) | (851,108) | (395,213) |
| Tax Increment Rebate | (370,360) | (377,503) | (195,560) | (346,800) | (168,339) |
| Net Tax Revenues | \$14,598,613 | \$16,086,969 | \$16,492,512 | \$15,699,754 | \$8,326,865 |

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 2011-12**

| | <u>Property Owner</u> | <u>Primary Land Use</u> | <u>2010-11 Assessed Value</u> | <u>2011-12 Assessed Value</u> | <u>2011-12 Projected Revenue (a)</u> |
|-----|----------------------------------|-------------------------|---------------------------------------|---------------------------------------|--|
| 1. | Bank of America | Office Building | \$178,036,451 | \$180,805,394 | \$1,808,054 |
| 2. | Chevron USA, Inc. | Office Building | 122,625,457 | 120,919,826 | 1,209,198 |
| 3. | Sierra Pacific Properties, Inc. | Office Building | 101,099,302 | 101,860,577 | 1,018,606 |
| 4. | Concord Airport Plaza Associates | Office Building | 66,697,646 | 67,199,876 | 671,999 |
| 5. | Signature at Renaissance Square | Apartments | 49,603,221 | 48,395,321 | 483,953 |
| 6. | Willows Center Concord | Shopping Center | 44,693,474 | 45,030,014 | 450,300 |
| 7. | EQR/Legacy Partners LLC | Apartments | 52,214,258 | 44,050,003 | 440,500 |
| 8. | Lowes HIW Inc | Commercial | 33,793,960 | 43,081,211 | 430,812 |
| 9. | Concord Center Investors LLC (b) | Office Building | 98,889,937 | 42,387,000 | 423,870 |
| 10. | Interstate Concord LLC | Hotel | 29,235,620 | 30,210,537 | 302,105 |
| | Total | | \$776,889,326 | \$723,939,759 | \$7,239,398 |

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 | | | | |
|---------------------------|---------------|---------------|-----------------|---------------|---------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 |
| Appeals Filed | 35 | 55 | 122 | 57 | 189 |
| Appeals Resolved to Date | 28 | 29 | 31 | 33 | 135 |
| Appeals Pending | 7 | 26 | 91 | 24 | 54 |
| Values of Appeals Pending | \$143,462,568 | \$216,479,922 | \$1,134,104,612 | \$375,576,330 | \$207,095,917 |

Source: Contra Costa County Assessor's Office

CONCORD, CALIFORNIA

BAY AREA MAP

