

**CITY OF CONCORD, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Prepared by

**Finance Department**

**Margaret Lefebvre**  
Director of Finance



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## **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**

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



## **ORGANIZATIONAL VALUES**

***☞ Integrity and Trust***

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

***☞ Commitment to Service***

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

***☞ Partnerships***

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

***☞ Innovation and Continuous Improvement***

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

***☞ Performance Accountability***

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

***☞ Long Range Planning***

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

***☞ Team Work***

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

***☞ Individual Worth and Diversity***

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



## CORPORATE GOALS

Adopted June 23, 1998

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

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December 1, 2010

Honorable Mayor and City Council  
City of Concord

In accordance with the Municipal Code, Chapter 2, Article IV, Section 2-223 of the City of Concord, we are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Concord for the fiscal year ended June 30, 2010. The City's independent auditor, Maze & Associates, Certified Public Accountants, has issued an unqualified ("clean") opinion on the City of Concord's financial statements. The independent auditor's report is located on page 1 of the financial section of this report.

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 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.

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 is found in the notes to the financial statements.

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

### **Reporting Entity**

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The agencies included in the reporting entity are: the City of Concord, the Redevelopment Agency of the City of Concord; the Concord Sanitary Sewer Services,

Inc.; the City of Concord Retirement System and the City of Concord Joint Powers Financing Authority.

The financial statements for the California Public Entity Insurance Authority, the Pavilion Associates, 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

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

## Concord's History

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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 is still located 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 lots free of charge 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 the Contra Costa County with a population of 124,599. 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'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 BART stations, bus services and a local private aviation airport, makes Concord's location convenient to the Bay area.

## **Profile of the Government**

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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 serves as the Redevelopment Agency Board.

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**

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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 Policy & 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 November. City Departments prepare their budgets in November and December for review by the Budget Committee in January and February. The Budget Committee is comprised by the City Manager, Assistant City Manager, Director of Finance and the Budget Officer. All budget changes and recommendations are finalized in March. 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 must approve all 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**

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In 1995 the City of Concord implemented Ten-Year Financial Planning 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. Ten-Year Financial Planning 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, Proprietary Funds and also for the Redevelopment Agency. Twenty-Year financial information is presented for both the Sewer Fund and the Redevelopment Agency. Twenty-Five Year financial information is presented for Post Retirement Healthcare Benefits. The Ten-Year Plan also requires adequate replacement funds for buildings, vehicles, and equipment. The Ten-Year Plan projections include 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 action before 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 a 10 year period.

## **Major Initiatives and Events**

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Public Works and Engineering Department designed 19 capital projects with a value of \$11 million and completed construction of 15 capital projects totaling \$9 million.

"Galindo Creek Trail Gap Closure and Ygnacio Valley Road Slide Repair" project received American Public Works Association's (APWA) 2010 Project of the Year – Transportation award. This project closed the final 600-foot gap in the 20-mile portion of the California Riding and Hiking Trail and included the installation of a 528-foot decomposed granite trail and a 74-foot recycled pedestrian bridge, donated by the East Bay Regional Park District, as well as repair a segment of Ygnacio Valley Road through construction of a 120-foot pier.

"Concord Water Conservation" received the Northern California Chapter of the APWA 2010 Project of the Year – Environment award. Through the efforts of the Drought Management Program, the City saved almost 10 million gallons of water during the hottest summer months of July and August.

For the twenty-ninth year in a row, Concord was recognized as a "Tree City U.S.A." by the National Arbor Day Foundation. This national award honors Concord's

commitment to its community forest. The Park Services maintain 1,080 acres of open space and 379 acres of developed parkland.

For the tenth year, Concord participated in the statewide Annual California Coastal Cleanup Day, which celebrated its 25th anniversary this year. 60 volunteers removed 575 pounds of trash and debris from a 2.5 mile stretch of Galindo Creek.

The Police Department was able to secure \$240,000 in Federal Recovery Act grant fund, which is being used to fund two part-time CSI positions and equipment purchases.

The Police Department continued its emergency preparedness initiatives and hosted an Emergency Preparedness Fair with 2,000 attendees; organized the H1N1 Vaccination Clinic which served 1,500 citizens; and provided updated Incident Command System (ICS) training to 37 police staff members.

## **Economic Condition and Outlook**

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The National and State economies reflect unprecedented challenges in a time of major changes in the traditional ways in which money and credit are used. The financial markets have been struggling to overcome problems related to collapse in the global financial system and the subprime mortgage market, high unemployment rate and the economic recession. Virtually every sector of the economy is experiencing negative trends. As these downward trends ripple throughout the world economy, the City of Concord is not exempt. The declining real estate values, property and sales tax revenues have placed fiscal constraints on the City that are expected to last several years. General Fund revenues decreased 8.7% or \$5.6 million from the prior year. The City's assessed valued decreased 8.2% from the prior year.

As part of a three-year plan to bring the City's budget back into balance, the City has implemented a variety of cost-saving measures, including services reduction, early retirements for eligible employees, mandatory furloughs, pay reductions, layoffs as well as some small revenue enhancements to close the budget gap. Key City services, including public safety and maintenance of public facilities and infrastructure, will continue to receive high priority.

In June 2009, the City recognized that revenues had decreased further than projected and that the structural deficit had climbed from \$6.2 million to \$13.7 million. The City Council adopted a budget reduction phase-in strategy of \$4.0 million in cuts for Fiscal Year 2009-10, an additional \$5.0 million in Fiscal Year 2010-11, and \$4.7 million in Fiscal Year 2011-12.

The \$4.0 million in Fiscal Year 2009-10 cuts included non-sworn staff furloughs, benefit concessions by non-sworn management and an early retirement incentive programs. The early retirement program was the primary tool for creating the vacant positions included in the budget reduction strategy. The early retirement program was successful, with 64 individual retiring, significantly limiting the number of layoffs to eight.

The City, though, has continued to reel from the recession and has proposed further reductions in staff and services which have impacted the public. The proposed Fiscal Year 2010-11 budget developed during Fiscal Year 2009-10 has included an additional \$6 million in reductions to the General Fund. The structural deficit remains at approximately \$5 million. Staff is developing plans to deal with this hopefully final deficit in Fiscal Year 2011-12.

Despite financial market volatility, 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 policy, 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 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, cuts construction costs and enables developers to open 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 like fire protection, law enforcement, healthcare, 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 has improved the State has continued to increase spending and the revenues have not been returned to local agencies.

Although the passage of Proposition 1A in 2004 has restored some predictability to our budget, it is not a guarantee that cities will not experience cash flow impacts due to future loans to the State. The State has suspended Proposition 1A in Fiscal Year 2009-10, borrowing approximately \$2.25 million from the City. The City has elected to participate in a securitization program to receive its revenue in a timely manner. The State continues to face structural budget shortfalls. Although the State made a number of optimistic revenue assumptions to close the continuing budget shortfall, these assumptions are already unraveling. The State has not yet dealt with its structural financial issues and continues to rely on a number of one-time solutions and gimmicks rather than focusing on aligning ongoing revenue with ongoing program expenditure to fix their structural deficit.

## Reserves

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To address the financial uncertainties discussed above, the City maintains 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 two 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, 2010, the General Fund Reserves totaled \$11.2 million, approximately 15.3% of actual General Fund Operating Expenditures.

## Cash Management

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Cash temporarily idle during the year was invested, in accordance with the City of Concord's adopted Investment Policy, in U.S. Government and Agency Securities, Corporate Notes, Commercial Paper, Money Market and Mutual Funds, and the California State Local Agency Investment Fund. As of June 30, 2010, maturity of the investments ranged from 0 day to 4 years with an average maturity of 395 days. The average yield on investments was 1.68%. Interest rates on new investments fell 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

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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.

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

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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 employees 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. Funding for the CCRS is 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 346 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 fund the City's obligation for Other Post Employment Benefits (OPEB) as identified in the Governmental Accounting Standards Board (GASB) Statement 45.

## Awards

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This is the eighteenth 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, 2010 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.

The City of Concord has also been recognized for excellence in budgeting. The City's Fiscal Year 2009-10 Operating Budget received the Distinguished Budget Presentation Award from the GFOA and the Excellence in Operational Budgeting Award from California Society of Municipal Finance Officers (CSMFO). The City received the Excellence in Capital Budgeting for its Capital Improvement Program from CSMFO.

## Acknowledgments

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I wish to express my appreciation to the entire staff of the Finance Department whose dedication and efficiency are responsible for the preparation of this report in a timely and accurate manner. Without their hard work, the prompt submission of this report would not have been possible. 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,



Margaret Lefebvre  
Director of Finance



## PRINCIPAL OFFICERS (June 30, 2010)

### Elected Officials



**Mary Rae Lehman**  
City Clerk



**Thomas J. Wentling**  
City Treasurer

Standing left to right: Mark A. Peterson (Council Member), Guy S. Bjerke (Mayor) and Laura M. Hoffmeister (Council Member)  
Seated left to right: Helen M. Allen (Vice Mayor) and William D. Shinn (Council Member)

### Executive Team



**Daniel E. Keen**  
City Manager



**Valerie Barone**  
Assistant City Manager



**Joan Carrico**  
Director of  
Community &  
Recreation Services



**Jim Forsberg**  
Director of  
Community  
Development



**Kathy Ito**  
Director of  
Human Resources



**Craig Labadie**  
City Attorney



**Margaret Lefebvre**  
Director of  
Finance



**David Livingston**  
Chief of Police



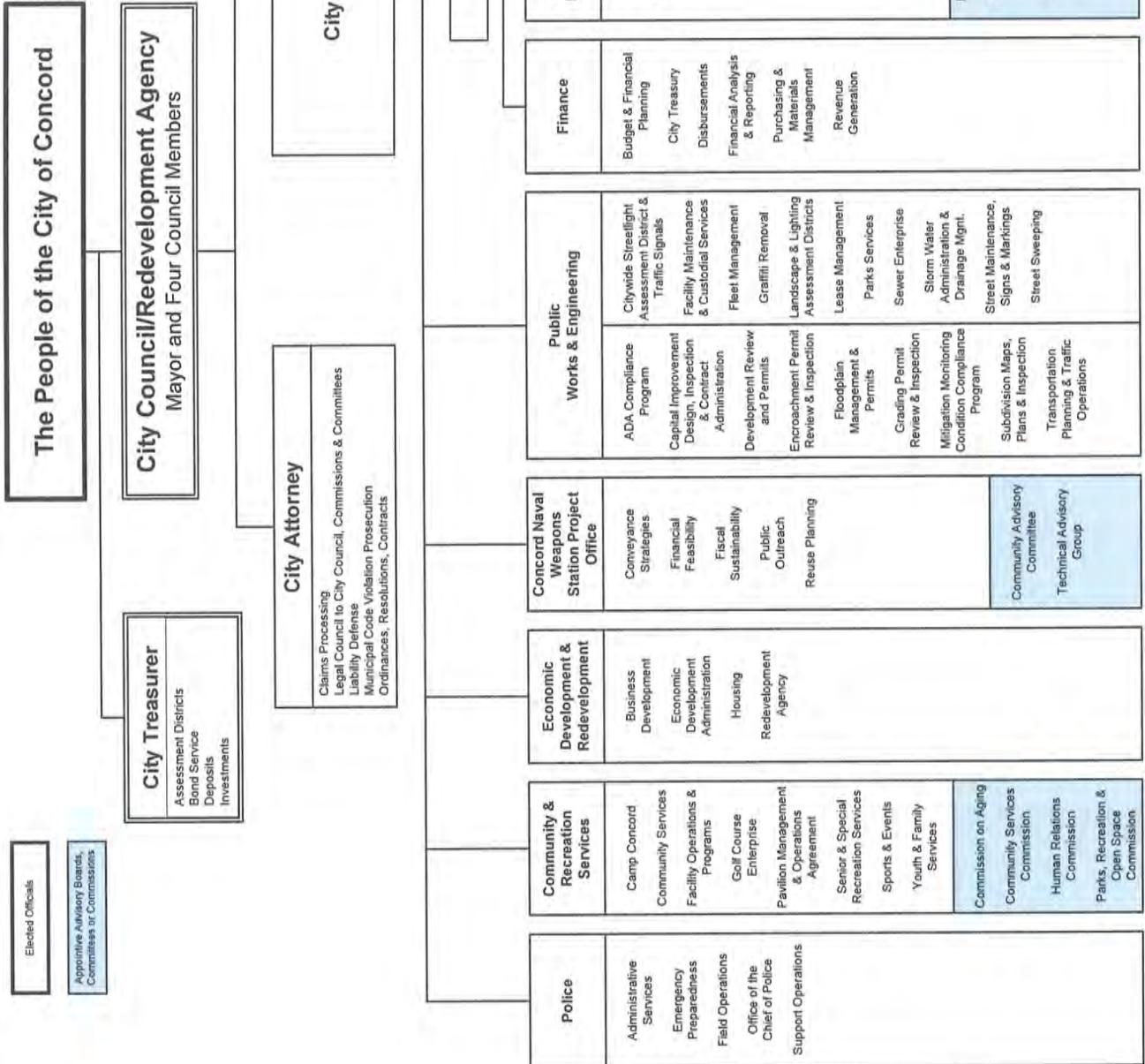
**Alex Pascual**  
Director of  
Public Works &  
Engineering



**Ron Puccinelli**  
Director of  
Information  
Technology



**Michael Wright**  
Concord Reuse  
Project Director



# 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, 2009

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.



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

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## Independent Auditors' Report

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

**ACCOUNTANCY CORPORATION**  
3478 Buskirk Ave. - Suite 215  
Pleasant Hill, California 94523  
(925) 930-0902 - FAX (925) 930-0135  
maze@mazeassociates.com  
www.mazeassociates.com

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, 2010, 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, 2010 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.

In accordance with Government Auditing Standards, we have also issued our report dated November 5, 2010 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and we express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Concord. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The statistical information listed in the Table of Contents was not audited by us and we do not express an opinion on this information.



November 5, 2010

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## 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 2010 FINANCIAL HIGHLIGHTS

---

Financial highlights of the year include the following:

#### Government-Wide

- The City's total net assets were \$812 million at June 30, 2010, down \$23 million from the prior year. Of this total, \$729 million were governmental assets and \$83 million were business-type assets.
- Government-Wide governmental revenues include program revenues of \$33 million and general revenues of \$70 million for a total of \$103 million, down \$5 million from the prior year's total.
- Total Government-Wide governmental expenses were \$124 million, a decrease of \$2 million from the prior year.
- Government-Wide business-type revenues were \$20 million while expenses were \$23 million.

#### Fund Level

- Governmental Fund balances decreased \$20 million in fiscal 2010.
- Governmental Fund revenues decreased to \$102 million in fiscal 2010, down \$5 million from the prior year.
- Governmental Fund expenditures increased to \$126 million in fiscal 2010, up \$10 million from the prior year.
- General Fund revenues of \$65 million reflected a decrease of \$6 million in fiscal 2010.
- General Fund expenditures of \$73 million reflected a decrease of \$5 million when compared to the prior year.
- The net transfers reflected in the General Fund totaled \$9 million out for fiscal 2010 compared with net transfers of \$1 million in for fiscal 2009.
- General Fund balance of \$6 million at June 30, 2010 decreased \$18 million from fiscal 2009.

### OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

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This Comprehensive Annual Financial Report is in five parts:

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

## THE BASIC FINANCIAL STATEMENTS

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

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

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

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

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

The fiduciary statements provide financial information about the activities of the Concord Retirement System Pension Trust Fund, for which the City acts solely as agent.

### The Government-Wide Financial Statements

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

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

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

## Fund Financial Statements

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

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

Fund Financial Statements include Governmental, Enterprise, and Internal Service Funds as discussed below.

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

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

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

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

## Fiduciary Statements

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

## FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

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

**Table 1: Primary Government Net Assets**  
As of June 30, 2010 and 2009 (Dollars in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Cash and Investments	\$83.2	\$97.4	\$32.2	\$36.3	\$115.4	\$133.7
Other Assets	55.0	58.6	2.9	(0.1)	57.9	58.5
Capital Assets	700.4	715.8	85.0	88.7	785.4	804.5
<b>Total Assets</b>	<b>838.6</b>	<b>871.8</b>	<b>120.1</b>	<b>124.9</b>	<b>958.7</b>	<b>996.7</b>
Long-Term Debt Outstanding	80.2	94.2	23.8	24.6	104.0	118.8
Other Liabilities	29.4	27.7	13.4	15.5	42.8	43.2
<b>Total Liabilities</b>	<b>109.6</b>	<b>121.9</b>	<b>37.2</b>	<b>40.1</b>	<b>146.8</b>	<b>162.0</b>
Net Assets:						
Invested in Capital Assets, Net of Debt	619.0	622.6	62.5	71.3	681.5	693.9
Restricted	86.5	88.9			86.5	88.9
Unrestricted	23.5	38.4	20.4	13.5	43.9	51.9
<b>Total Net Assets</b>	<b>\$729.0</b>	<b>\$749.9</b>	<b>\$82.9</b>	<b>\$84.8</b>	<b>\$811.9</b>	<b>\$834.7</b>

**Table 2: Primary Government Changes in Governmental Net Assets**  
For the Years Ended June 30, 2010 and 2009 (Dollars in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>EXPENSES</b>						
General Government	\$12.5	\$12.7			\$12.5	\$12.7
Public Safety	43.0	45.3			43.0	45.3
Public Works & Engineering	32.8	43.0			32.8	43.0
Community Development	20.6	10.6			20.6	10.6
Community & Recreation Services	9.8	9.5			9.8	9.5
Interest on Long-Term Debt	5.3	5.2			5.3	5.2
Sewer			\$21.3	\$18.7	21.3	18.7
Golf Course			1.3	1.7	1.3	1.7
<b>Total Expenses</b>	<b>124.0</b>	<b>126.3</b>	<b>22.6</b>	<b>20.4</b>	<b>146.6</b>	<b>146.7</b>
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	17.1	17.8	19.7	19.7	36.8	37.5
Operating Contributions and Grants	5.5	4.7			5.5	4.7
Capital Grants	10.6	10.5	0.0	0.1	10.6	10.6
Total Program Revenues	33.2	33.0	19.7	19.8	52.9	52.8
General Revenues:						
Taxes:						
Property Taxes	27.9	29.0			27.9	29.0
Sales Taxes	23.4	24.3			23.4	24.3
Other Taxes	8.9	9.1			8.9	9.1
Motor Vehicle in Lieu	8.8	9.6			8.8	9.6
Investment Earnings	0.8	2.3	0.9	0.8	1.7	3.1
Miscellaneous Revenues and Transfers	0.1	0.2	0.1	0.1	0.2	0.3
Total General Revenues	69.9	74.5	1.0	0.9	70.9	75.4
<b>Total Revenues</b>	<b>103.1</b>	<b>107.5</b>	<b>20.7</b>	<b>20.7</b>	<b>123.8</b>	<b>128.2</b>
Change in Net Assets before Transfers	(20.9)	(18.8)	(1.9)	0.3	(22.8)	(18.5)
Transfers	0.0	0.0	0.0	0.0	0.0	0.0
<b>Change in Net Assets</b>	<b>(20.9)</b>	<b>(18.8)</b>	<b>(1.9)</b>	<b>0.3</b>	<b>(22.8)</b>	<b>(18.5)</b>
<b>Beginning Net Assets</b>	<b>749.9</b>	<b>768.7</b>	<b>84.8</b>	<b>84.5</b>	<b>834.7</b>	<b>853.2</b>
<b>Ending Net Assets</b>	<b>\$729.0</b>	<b>\$749.9</b>	<b>\$82.9</b>	<b>\$84.8</b>	<b>\$811.9</b>	<b>\$834.7</b>

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, 2010 and 2009 (Dollars in Millions)

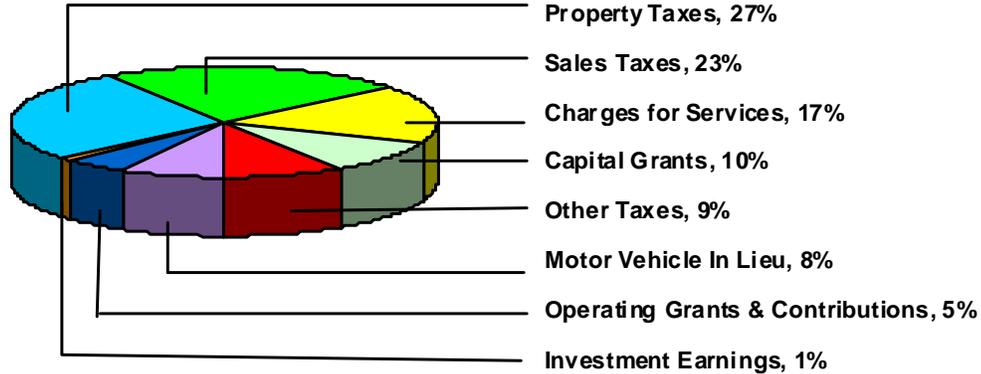
		Governmental Activities	
		2010	2009
Cash and Investments		\$83.2	\$97.4
Other Assets		55.0	58.6
Capital Assets		700.4	715.8
	<b>Total Assets</b>	<b>838.6</b>	<b>871.8</b>
Long-Term Debt Outstanding		80.2	94.2
Other Liabilities		29.4	27.7
	<b>Total Liabilities</b>	<b>109.6</b>	<b>121.9</b>
Net Assets:			
Invested in Capital Assets, Net of Debt		619.0	622.6
Restricted		86.5	88.9
Unrestricted		23.5	38.4
	<b>Total Net Assets</b>	<b>\$729.0</b>	<b>\$749.9</b>

The City's net assets from Governmental Activities decreased \$20.9 million to \$729.0 million in 2010. This decrease in the Changes in Net Assets reflected in the Statement of Activities, as shown in Table 3, is discussed below:

- Cash and investments decreased \$14.2 million due to a decrease in cash flow from major revenue sources.
- Capital assets decreased \$15.4 million, net of depreciation charges. Improvements and additions to streets infrastructure were more than offset by the normal annual depreciation charges.
- Long-term debt declined \$14.0 million as the city purchased \$8.2 million of 1995 Performing Arts Lease Revenue Bonds and made payments on existing debt.
- Other assets, net of other liabilities, decreased \$5.2 million due primarily to the timing of short term receivables and payables.
- Net assets invested in capital assets, net of related debt, decreased \$3.6 million as assets depreciated.
- Restricted net assets decreased \$2.4 million as net assets restricted for Capital Projects increased \$2.1 million and net assets restricted for Community Development Projects and Debt Service decreased \$4.5 million.
- Unrestricted net assets reflect the resources that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements. Unrestricted net assets decreased \$14.9 million.

## Governmental Activities - Sources of Revenues

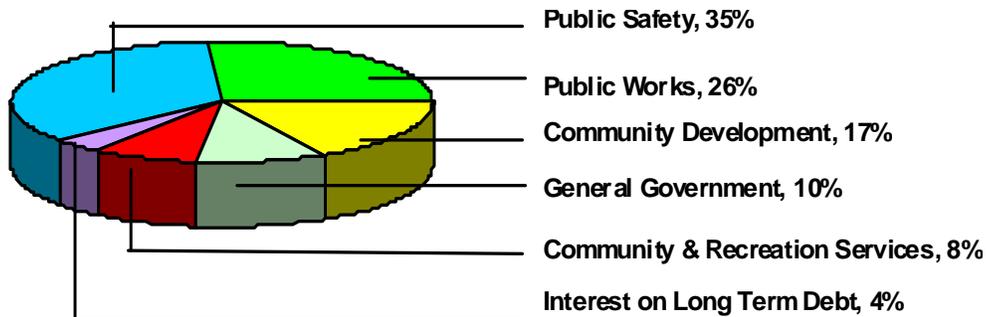
For the Year Ended June 30, 2010 (see Table 4)



As the Sources of Revenue Chart above shows, 27% or \$27.9 million of the City's fiscal 2010 governmental activities revenue came from property taxes, and approximately 23% or \$23.4 million came from sales taxes. The remaining 50% came primarily from four sources - charges for services, capital grants, motor vehicle in lieu, and other taxes.

## Governmental Activities - Functional Expenses

For the Year Ended June 30, 2010 (see Table 4)



The Functional Expenses Chart above includes only current year expenses, which are discussed in detail below. Public Safety accounted for \$43.0 million or 35% of expenses, while Public Works & Engineering accounted for \$32.8 million or 26% of expenses, followed by Community Development which accounted for \$20.6 million or 17% of expenses. The remaining 22% were spread fairly evenly among General Government; Community 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 2010, the City's capital assets declined a net of \$15.4 million, as discussed above, due to annual depreciation, which offset the additions made. The details of the changes in capital assets are reflected in Table 8 below.

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

**Table 4: Changes in Governmental Net Assets**  
For the Years Ended June 30, 2010 and 2009 (Dollars in Millions)

	Governmental Activities	
	2010	2009
<b>EXPENSES</b>		
General Government	\$12.5	\$12.7
Public Safety	43.0	45.3
Public Works & Engineering	32.8	43.0
Community Development	20.6	10.6
Community and Recreation Services	9.8	9.5
Interest on Long-Term Debt	5.3	5.2
<b>Total Expenses</b>	<b>124.0</b>	<b>126.3</b>
<b>REVENUES</b>		
Program Revenues:		
Charges for Services	17.1	17.8
Operating Contributions and Grants	5.5	4.7
Capital Grants	10.6	10.5
<b>Total Program Revenues</b>	<b>33.2</b>	<b>33.0</b>
General Revenues:		
Taxes:		
Property Taxes	27.9	29.0
Sales Taxes	23.4	24.3
Other Taxes	8.9	9.1
Motor Vehicle in Lieu	8.8	9.6
Investment Earnings	0.8	2.3
Miscellaneous Revenues	0.1	0.2
<b>Total General Revenues</b>	<b>69.9</b>	<b>74.5</b>
<b>Total Revenues</b>	<b>103.1</b>	<b>107.5</b>
Change in Net Assets before Transfers	(20.9)	(18.8)
Transfers	0.0	0.0
<b>Change in Net Assets</b>	<b>(\$20.9)</b>	<b>(\$18.8)</b>

The expense of Governmental Activities totaled \$124.0 million in fiscal 2010, reflecting a \$2.3 million decrease from the prior year. Increases in Community Development were offset by decreases in Public Works & Engineering and Public Safety.

Total Governmental Activities revenues decreased \$4.4 million in fiscal 2010, reflecting the lingering economic slowdown associated with the recession. The decline in revenue reflects a \$4.5 million decrease in taxes and investment earnings which offset an increase of \$0.2 million in program revenues.

## Governmental Activities

Table 5 presents the net expense of each of the City's programs. Net expense is defined as total program cost offset by revenues generated by those specific activities. In the City's case, the net expenses of several programs varied significantly from the total expense above. Overall, program revenues reduced program expenses by an average of 27% of total expenses. The City's program revenues include developer fees, plan check fees, building inspection fees, traffic fines, recreation fees, police fees, grants, assessment revenues and other charges for services.

**Table 5: Governmental Activities**  
As of June 30, 2010 and 2009 (Dollars in Millions)

	Net (Expense) Revenue from Services	
	2010	2009
General Government	(\$11.6)	(\$11.4)
Public Safety	(40.9)	(43.1)
Public Works & Engineering	(13.1)	(23.9)
Community Development	(16.8)	(7.4)
Community & Recreation Services	(3.1)	(2.4)
Interest on Long-Term Debt	(5.3)	(5.2)
<b>Total</b>	<b>(\$90.8)</b>	<b>(\$93.4)</b>

## Business-Type Activities

The net assets of Business-Type Activities decreased to \$82.9 million in fiscal 2010, down \$1.9 million from the prior year. Of this total, \$81.5 million were reflected in the Sewer Fund and \$1.4 million were reflected in the Golf Course Fund.

**Table 6: Business-Type Activities Net Assets**  
As of June 30, 2010 and 2009 (Dollars in Millions)

	Business-Type Activities	
	2010	2009
Cash and Investments	\$32.2	\$36.3
Other Assets	2.9	(0.1)
Capital Assets	85.0	88.7
<b>Total Assets</b>	<b>120.1</b>	<b>124.9</b>
Long-Term Debt Outstanding	23.8	24.6
Other Liabilities	13.4	15.5
<b>Total Liabilities</b>	<b>37.2</b>	<b>40.1</b>
Net Assets:		
Invested in Capital Assets, Net of Debt	62.5	71.3
Unrestricted	20.4	13.5
<b>Total Net Assets</b>	<b>\$82.9</b>	<b>\$84.8</b>

**Table 7: Changes in Business-Type Activities Net Assets**  
As of June 30, 2010 and 2009 (Dollars in Millions)

	Business-Type Activities	
	2010	2009
Net Revenues from Business-Type Activities:		
Sewer Fund	(\$2.9)	(\$0.3)
Golf Course Fund	0.0	(0.3)
General Revenues:		
Investment Earnings	0.9	0.8
Others	0.1	0.1
Transfers	0.0	0.0
<b>Total</b>	<b>(\$1.9)</b>	<b>\$0.3</b>

Sewer generated \$18.4 million of revenues in fiscal 2010, reflecting a \$0.1 million increase in service fees over the prior year. This was attributable to an increase in the annual service charge in fiscal 2010. Operating expenses increased by \$2.6 million to \$20.4 million. As a result, the Sewer experienced a \$1.9 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 Enterprise reflected a \$0.1 million gain in fiscal year 2010.

## THE CITY'S FUND FINANCIAL STATEMENTS

### Governmental Funds

At June 30, 2010, the City's governmental funds reported combined fund balances of \$79.3 million, a \$20.3 million decrease when compared with last year's combined fund balance of \$99.6 million. The General Fund accounted for a decrease of \$17.7 million, the Redevelopment Agency fund balance decreased \$4.9 million, and the remaining governmental funds increased \$2.3 million.

Governmental fund revenues decreased \$4.9 million this year to total \$102.4 million. General Fund revenues decreased \$5.6 million. Redevelopment Agency revenues decreased \$0.5 million. General Reimbursable Project revenues decreased \$1.2 million. Other Governmental fund revenues increased \$2.4 million.

Governmental expenditures increased \$10.2 million this year to total \$125.7 million. General Fund expenditures decreased \$4.6 million. Redevelopment Agency expenditures increased \$4.4 million. General Reimbursable Project expenditures decreased \$0.5 million. Other Governmental fund expenditures increased \$10.9 million.

Other Financing Sources (Uses) reflect transfers among the various funds in the City. During fiscal 2010, the General Fund made transfers out of approximately \$10.0 million primarily to fund a portion of the retirement of the 1995 Performance Arts Lease Revenue Bonds.

### Proprietary Funds

Enterprise Fund net assets totaled \$82.9 million at the end of the fiscal year, a decrease of \$1.9 million. Enterprise operating revenues were \$19.7 million this year, the same as last year. Enterprise Fund operating expenses were \$21.6 million this year, up \$2.3 million from the prior year.

## ANALYSES OF MAJOR GOVERNMENTAL FUNDS

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### General Fund

General Fund revenues totaled \$64.8 million, reflecting a decrease of \$5.6 million over the prior fiscal year, due primarily to decreases in property taxes and sales taxes with smaller decreases in other taxes. Actual revenues were \$1.0 million below the budgeted amounts with property taxes and Transient Occupancy Tax contributing most to the under-realization.

Property taxes decreased \$2.4 million from the prior year due to a decrease in assessed valuations. Reduced consumer spending caused sales tax to decrease \$0.9 million from the prior year. Charges for services also decreased \$0.7 million from the prior year.

General Fund expenditures decreased \$4.6 million due to fiscal austerity, a departmental reorganization and a large number of retirements resulting from an early retirement incentive offered by the City. Public Safety expenditures decreased \$1.4 million to a total of \$41.1 million in fiscal 2010 resulting from a decrease in salaries and benefits.

At June 30, 2010 the General Fund fund balance totaled \$6.1 million, reflecting a decrease of \$17.7 million. The ending fund balance consisted of \$1.8 million in reserved for encumbrances and loans and advances to other funds; \$4.2 million designated primarily for reserves; and \$0.1 million designated for capital projects. Only the unreserved portion of fund balance represents available liquid resources since the reserved portion is represented by non-cash assets or by open purchase orders. The designated fund balance has been set aside by City Council, who may alter or reverse its decisions with respect to designated fund balances and their users at any time.

### Redevelopment Agency

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

The fund's revenues were \$16.9 million in fiscal 2010, a decrease of \$0.5 million. Property tax increment revenues increased to \$17.8 million which were offset by pass-through payments totaling \$1.4 million. The Agency made its first Supplemental Educational Revenue Augmentation Fund ("SERAF") payment of \$6.0 million in fiscal year 2010.

Fund expenditures were \$20.2 million in fiscal 2010, an increase of \$4.3 million from prior year, and consisted of \$7.8 million in development, \$6.4 million in debt service and the aforementioned \$6.0 million SERAF payment. See note 16 for further discussion of the SERAF payment.

The Redevelopment Agency fund balance decreased \$4.9 million primarily as a result of the \$6.0 million SERAF payment.

The fund's fiscal year end fund balance of \$58.0 million may be used only for redevelopment purposes. This full amount is either reserved or designated primarily for future capital projects. As such this fund balance is not available for unrestricted expenditure.

## General Reimbursable Projects Fund

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

The fund's revenues were \$4.1 million in fiscal 2010, a decrease of \$1.2 million, primarily due to a slow down in capital projects activity and reimbursement from grantors.

Fund expenditures were \$4.7 million in fiscal 2010, a decrease of \$0.5 million.

The fund balances at fiscal year end decreased \$0.9 million to a \$1.6 million deficit. The deficit will be reimbursed in accordance with grant funding policies.

## Other Governmental Funds

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

## Proprietary Funds

### Sewer Fund

Net assets of the Sewer Fund decreased by \$2.0 million in fiscal 2010. At June 30, 2010, the Fund's Net Assets were \$81.6 million, of which \$60.4 million was invested in capital assets. \$21.2 million of the Fund's Net Assets were unrestricted at June 30, 2010.

### Golf Course Fund

Golf Course revenues decreased slightly by \$0.1 million to a total of \$1.3 million in fiscal 2010 while operating expenses decreased \$0.3 million to \$1.2 million. Net assets decreased by 0.1 million to a total of \$1.4 million.

## CAPITAL ASSETS

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

In accordance with GASB 34, in fiscal 2002, the City recorded the cost of all its infrastructure assets and computed the amount of accumulated depreciation for these assets based on their original acquisition dates. At the end of fiscal 2010 the cost of infrastructure and other capital assets recorded on the City's financial statements was as shown in Table 8 below:

**Table 8: Capital Assets**  
For the Years Ended June 30, 2010 and 2009 (Dollars in Millions)

	Balance at June 30, 2010	Balance at June 30, 2009
<b>Governmental Activities</b>		
Land	\$16.3	\$16.3
Construction in Progress	3.3	2.4
Ground Improvements	14.3	14.3
Buildings and Improvements	78.0	77.9
Machinery and Equipment	8.6	8.5
Vehicles	8.2	8.1
Streets	421.7	415.8
Sidewalks	45.5	44.9
Storm Drains/Catch Basins	443.3	442.9
Street Lights	1.2	1.2
Traffic Signals	25.5	24.9
Less: Accumulated Depreciation	(365.5)	(341.4)
<b>Governmental Activity Capital Assets, Net</b>	<b>\$700.4</b>	<b>\$715.8</b>
<b>Business-Type Activities</b>		
Land	\$0.4	\$0.4
Construction in Progress	13.1	12.7
Buildings and Improvements	8.2	8.2
Machinery and Equipment	0.4	0.4
Sewer Lines	196.5	196.5
Less: Accumulated Depreciation	(133.6)	(129.5)
<b>Business-Type Activity Capital Assets, Net</b>	<b>\$85.0</b>	<b>\$88.7</b>

The principal additions to governmental capital assets in fiscal 2010 were focused on infrastructure, including streets, storm drains, sidewalks and traffic signals. Business-Type Activities experienced an increase in Construction in Progress but net capital assets decreased due to increased accumulated depreciation. Further detail on capital assets, current year additions and construction in progress can be found in Note 7.

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

## DEBT ADMINISTRATION

The City made all scheduled repayments of existing debt. Each of the City's debt issues is discussed in detail in Note 8 to the Financial Statements. At June 30, 2010, the City's debt was comprised of the following issues:

**Table 9: Outstanding Debt**  
As of June 30, 2010 and 2009 (Dollars in Millions)

	June 30, 2010	June 30, 2009	Net Change
<b>Governmental Activity Debt:</b>			
<b>Revenue Bonds:</b>			
1993 Lease Revenue Bonds, 2.70 - 5.25%, due 8/1/19	\$1.8	\$5.7	(\$3.9)
1995 Lease Revenue Bonds, 6.33 - 8.24%, due 8/1/20	4.6	13.5	(8.9)
2001 Lease Revenue Bonds, 4.00 - 5.13%, due 3/1/23	6.9	7.3	(0.4)
<b>Tax Allocation Bonds:</b>			
Tax Allocation Refunding Bonds, Series 2004			
3.90 - 5.05%, due 7/1/25	60.9	64.4	(3.5)
Less deferred amount on refunding	(2.4)	(2.7)	0.3
<b>Certificates of Participation:</b>			
ABAG 41 - Centre Concord, 4.00 - 5.00%, due 8/1/18	0.2	0.3	(0.1)
<b>Judgment Obligation Bonds:</b>			
1999 Series Bonds, 4.25 - 5.30%, due 9/1/14	0.0	2.2	(2.2)
<b>Refunding Lease Argeement</b>			
3.60%, due 9/1/19	5.1	0.0	5.1
<b>Notes Payable:</b>			
3.00%, due 9/2/13	2.4	2.4	0.0
<b>Special Assessment with City Commitment:</b>			
Assessment District #80	0.1	0.1	0.0
Assessment District #81	0.1	0.1	0.0
<b>Capital Lease:</b>			
Key Government Finance, 4.65%, due 10/15/11	0.5	0.8	(0.3)
<b>Total Government Activity Debt</b>	<b>\$80.2</b>	<b>\$94.1</b>	<b>(\$13.9)</b>
<b>Business-Type Activity Debt:</b>			
<b>Enterprise Long Term Debt:</b>			
2004 Certificates of Participation, Wastewater System Improvements, 2.00 - 4.63%, due 2/1/29	\$10.5	\$10.8	(\$0.3)
2007 Certificates of Participation, Wastewater System Improvements, 3.75 - 4.50%, due 2/1/32	11.8	\$12.1	(\$0.3)
ABAG 41 Certificates of Participation, Diablo Creek Golf Course, 4.00 - 5.00%, due 8/1/18	1.5	1.7	(0.2)
<b>Total Business-Type Activity Debt</b>	<b>\$23.8</b>	<b>\$24.6</b>	<b>(\$0.8)</b>

In addition, during the year ended June 30, 2010, the City made additional transactions in an effort to lower the net interest cost to the City. In September, 2009, the City issued a tender offer to the holder of \$8.24 million in the 1995 Performing Arts Lease Revenue Bonds, due August 1, 2020. The bonds are non-callable and non-tax exempt. The City paid a premium of 8% to repurchase the bonds which were then retired. The transaction was made possible by interfund loans which are reflected in the financial statements. The effect of this transaction was to lower the interest rate on this portion of the outstanding debt from 8.24% to the Local Agency Investment Fund (LAIF) quarterly rate plus 0.5% to the Sewer Fund and to the Low/Moderate Housing Fund. The interfund loans will be repaid starting in FY 2014-2015.

In June 2010, the City refinanced the 1999 Judgment Obligation Bonds and the callable balance on the 1993 Lease Revenue Bonds (Police Facility) to lower the overall interest rate. The bonds were replaced with a private financing lease at 3.6% interest. The projected savings are approximately \$500,000 per year.

## **ECONOMIC OUTLOOK AND MAJOR INITIATIVES**

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

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

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

## 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 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, 2010

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments (Note 3)	\$77,013,055	\$30,972,404	\$107,985,459
Cash with Fiscal Agents (Note 3)	6,184,222	1,204,315	7,388,537
Receivables (Net of Allowances for Uncollectibles):			
Accounts	2,906,494	39,983	2,946,477
Due from Other Governments	7,899,776		7,899,776
Interest	308,579	5,125	313,704
Loans and Notes, Net of Reserves (Note 5)	25,484,422		25,484,422
Employee Computer Loans (Note 6)	22,573		22,573
Special Assessments	283,896		283,896
Inventories	49,720		49,720
Prepaid Items and Other Assets	71,224	43,215	114,439
Internal Balances (Note 4)	(2,819,900)	2,819,900	
Land Held for Redevelopment (Note 1)	11,416,332		11,416,332
Investment in Joint Venture (Note 15)	1,558,695		1,558,695
Net OPEB Asset (Note 12)	7,844,388		7,844,388
Capital Assets (Note 7):			
Land and Construction In Progress	19,621,322	13,527,803	33,149,125
Depreciable Capital Assets, Net of Accumulated Depreciation	680,773,270	71,471,146	752,244,416
<b>Total Assets</b>	<b>838,618,068</b>	<b>120,083,891</b>	<b>958,701,959</b>
<b>LIABILITIES</b>			
Accounts, Deposits and Contracts Payable	3,221,625	12,870,553	16,092,178
Accrued Liabilities	6,602,139	9,724	6,611,863
Interest Payable	1,709,125	421,660	2,130,785
Refundable Deposits	3,923,171		3,923,171
Unearned Revenue	1,247,474		1,247,474
Compensated Absences (Note 1)			
Due in One Year	2,279,263	30,863	2,310,126
Due in More Than One Year	1,541,658	60,612	1,602,270
Claims Payable (Note 14):			
Due in One Year	2,852,977		2,852,977
Due in More Than One Year	6,076,310		6,076,310
Long-Term Debt (Note 8):			
Due in One Year	6,001,658	875,000	6,876,658
Due in More Than One Year	74,197,687	22,875,000	97,072,687
<b>Total Liabilities</b>	<b>109,653,087</b>	<b>37,143,412</b>	<b>146,796,499</b>
<b>NET ASSETS (Note 9)</b>			
Invested in Capital Assets, Net of Related Debt	618,923,952	62,496,479	681,420,431
Restricted for:			
Capital Projects	15,176,084		15,176,084
Debt Service	6,775,328		6,775,328
Community Development Projects	64,566,697		64,566,697
<b>Total Restricted Net Assets</b>	<b>86,518,109</b>		<b>86,518,109</b>
Unrestricted Net Assets	23,522,920	20,444,000	43,966,920
<b>Total Net Assets</b>	<b>\$728,964,981</b>	<b>\$82,940,479</b>	<b>\$811,905,460</b>

See accompanying notes to financial statements

CITY OF CONCORD  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

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	
<b>Governmental Activities:</b>							
General Government	\$12,443,084	\$594,633		\$224,723	(\$11,623,728)		(\$11,623,728)
Public Safety	43,000,455	1,805,170	\$218,404	37,189	(40,939,692)		(40,939,692)
Public Works & Engineering	32,833,186	8,425,897	2,291,930	9,025,034	(13,090,325)		(13,090,325)
Community Development	20,627,408	2,917,141	935,919		(16,774,348)		(16,774,348)
Community & Recreation Services	9,810,082	3,332,979	2,073,200	1,286,291	(3,117,612)		(3,117,612)
Interest on Long-Term Debt	5,266,740				(5,266,740)		(5,266,740)
<b>Total Governmental Activities</b>	<b>123,980,955</b>	<b>17,075,820</b>	<b>5,519,453</b>	<b>10,573,237</b>	<b>(90,812,445)</b>		<b>(90,812,445)</b>
<b>Business-Type Activities:</b>							
Sewer	21,303,268	18,423,702				(\$2,879,566)	(2,879,566)
Golf Course	1,323,074	1,326,167				3,093	3,093
<b>Total Business-Type Activities</b>	<b>22,626,342</b>	<b>19,749,869</b>				<b>(2,876,473)</b>	<b>(2,876,473)</b>
<b>Total</b>	<b>\$146,607,297</b>	<b>\$36,825,689</b>	<b>\$5,519,453</b>	<b>\$10,573,237</b>	<b>(90,812,445)</b>	<b>(2,876,473)</b>	<b>(93,688,918)</b>
<b>General Revenues:</b>							
<b>Taxes</b>							
Property Taxes					27,916,258		27,916,258
Sales Taxes					23,370,649		23,370,649
Motor Vehicle In Lieu, Unrestricted					8,797,365		8,797,365
Transient Occupancy Taxes					1,427,813		1,427,813
Business License Taxes					3,324,011		3,324,011
Other Taxes					4,097,706		4,097,706
Investment Earnings					842,470	913,934	1,756,404
Miscellaneous Revenues					114,280	62,500	176,780
<b>Total General Revenues</b>					<b>69,890,552</b>	<b>976,434</b>	<b>70,866,986</b>
<b>Change in Net Assets</b>					<b>(20,921,893)</b>	<b>(1,900,039)</b>	<b>(22,821,932)</b>
<b>Net Assets - Beginning</b>					<b>749,886,874</b>	<b>84,840,518</b>	<b>834,727,392</b>
<b>Net Assets - Ending</b>					<b>\$728,964,981</b>	<b>\$82,940,479</b>	<b>\$811,905,460</b>

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 2010. 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.

**Redevelopment Agency** – 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; 3) capital projects connected with downtown redevelopment funded by property tax increment revenues.

**General Reimbursable Projects Fund** - To account for project costs that are reimbursable from grants and to track job specific projects.

CITY OF CONCORD  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2010

	General	Redevelopment Agency	General Reimbursable Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Investments (Note 3)	\$17,994,716	\$21,470,204	\$1,565,914	\$13,277,794	\$54,308,628
Cash with Fiscal Agents (Note 3)		3,380,389		2,803,833	6,184,222
Receivables (Net of Allowances for Uncollectibles):					
Accounts	1,806,389	775	271,223	736,088	2,814,475
Due from Other Governments	3,516,327		2,861,368	1,522,081	7,899,776
Interest	249,866	46,616		894	297,376
Due from Other Funds (Note 4)	31,679			1,886,957	1,918,636
Loans and Notes (Note 5)		22,679,759		2,804,663	25,484,422
Employee Computer Loans (Note 6)	22,573				22,573
Special Assessments				283,896	283,896
Inventories	49,720				49,720
Prepaid Items and Other Assets	1,615				1,615
Advances to Other Funds (Note 4)	1,534,348	3,000,000		477,000	5,011,348
Land Held for Redevelopment (Note 1)		11,416,332			11,416,332
Investment in Partnership (Note 15)		1,558,695			1,558,695
<b>Total Assets</b>	<b>\$25,207,233</b>	<b>\$63,552,770</b>	<b>\$4,698,505</b>	<b>\$23,793,206</b>	<b>\$117,251,714</b>
<b>LIABILITIES:</b>					
Accounts, Deposits and Contracts Payable	\$2,861,057	\$152,884	\$34,731	\$170,444	\$3,219,116
Accrued Liabilities	3,031,362	113,820		1,482,120	4,627,302
Compensated Absences - Current	30,301				30,301
Due to Other Funds (Note 4)			1,886,957	31,679	1,918,636
Refundable Deposits	3,923,171				3,923,171
Deferred Revenue	712,489	5,274,564	4,423,871	4,036,346	14,447,270
Advances from Other Funds (Note 4)	8,550,000			1,281,248	9,831,248
<b>Total Liabilities</b>	<b>19,108,380</b>	<b>5,541,268</b>	<b>6,345,559</b>	<b>7,001,837</b>	<b>37,997,044</b>
<b>FUND BALANCES:</b>					
Fund Balances: (Note 9)					
Reserved for:					
Encumbrances	248,216	1,897,676	1,650,847	775,561	4,572,300
Loans and Notes	22,573	17,405,195		465,445	17,893,213
Advances to Other Funds	1,534,348	3,000,000		477,000	5,011,348
Inventory, Prepaid Items & Forfeitures	51,335		439,268		490,603
Land Held for Redevelopment		11,416,332			11,416,332
Investment in Partnership		1,558,695			1,558,695
Low and Moderate Income Housing		5,091,089			5,091,089
Debt Service		3,377,587		3,113,845	6,491,432
Unreserved:					
Designated for:					
Contingencies	4,191,881				4,191,881
Capital Projects					
Reported in:					
General Fund	50,500				50,500
Special Revenue Funds				1,941,164	1,941,164
Capital Project Funds		14,262,126		4,114,440	18,376,566
Community Development and Public Safety					
Reported in:					
Special Revenue Funds					
Unrealized Increase in Fair Value of Investments		2,802			2,802
Undesignated, Reported in:					
General Fund					
Special Revenue Funds				5,903,914	5,903,914
Capital Projects Funds			(3,737,169)		(3,737,169)
<b>TOTAL FUND BALANCES</b>	<b>6,098,853</b>	<b>58,011,502</b>	<b>(1,647,054)</b>	<b>16,791,369</b>	<b>79,254,670</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$25,207,233</b>	<b>\$63,552,770</b>	<b>\$4,698,505</b>	<b>\$23,793,206</b>	<b>\$117,251,714</b>

See accompanying notes to financial statements

CITY OF CONCORD  
 Reconciliation of the  
 GOVERNMENTAL FUNDS - BALANCE SHEET  
 with the  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2010

TOTAL FUND BALANCES -- TOTAL GOVERNMENTAL FUNDS \$79,254,670

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. 700,394,592

**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	22,704,427
Accounts Receivable	92,019
Interest Receivable	11,203
Prepaid Items	69,609
Advance to Other Funds	2,000,000
Net OPEB Asset	7,844,388
Accounts Payable	(2,509)
Claims Payable	(8,929,287)

**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. 13,362,292

**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	(82,567,557)
Loss on Refunding of Bond Issue	2,368,212
Interest Payable	(1,709,125)
Non-Current Portion of Accrued Liabilities	(5,927,953)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$728,964,981

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, 2010

	General	Redevelopment Agency	General Reimbursable Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes					
Property	\$11,379,519	\$17,848,718		\$3,485,406	\$32,713,643
Less Tax Increment Pass Through Payment		(1,160,646)			(1,160,646)
Less Tax Increment Rebate		(195,560)			(195,560)
In Lieu Property Tax - VLF	8,430,286				8,430,286
Sales	17,584,554				17,584,554
Sales Tax In Lieu	5,786,095				5,786,095
Transient Occupancy	1,427,813				1,427,813
Franchises	4,097,706				4,097,706
Business License	3,324,011				3,324,011
Licenses and Permits	1,127,710			836,770	1,964,480
Intergovernmental	647,814		\$3,795,233	10,646,674	15,089,721
Charges for Services	6,615,092			17,336	6,632,428
Fines, Forfeitures and Penalties	826,815		195,116		1,021,931
Parks and Recreation	2,895,408				2,895,408
Use of Money and Property	235,178	216,654	2,199	1,454,534	1,908,565
Special Assessment Collections				65,201	65,201
Other	411,299	195,546	154,305	44,144	805,294
<b>Total Revenues</b>	<b>64,789,300</b>	<b>16,904,712</b>	<b>4,146,853</b>	<b>16,550,065</b>	<b>102,390,930</b>
<b>EXPENDITURES</b>					
Current					
General Government	11,481,742		515,416		11,997,158
Public Safety	41,133,055		226,252		41,359,307
Public Works & Engineering	9,881,512	156,589	63,820	5,141,812	15,243,733
Community Development	4,150,460	13,006,007	1,013,382	112,396	18,282,245
Community & Recreation Services	6,404,528		766,077	2,019,441	9,190,046
Capital Outlay		689,741	2,117,667	4,714,790	7,522,198
Debt Service:					
Principal		3,540,000		13,338,000	16,878,000
Interest and Fiscal Charges	48,811	2,812,972		2,364,941	5,226,724
<b>Total Expenditures</b>	<b>73,100,108</b>	<b>20,205,309</b>	<b>4,702,614</b>	<b>27,691,380</b>	<b>125,699,411</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(8,310,808)</b>	<b>(3,300,597)</b>	<b>(555,761)</b>	<b>(11,141,315)</b>	<b>(23,308,481)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Debt (Note 8)				5,073,500	5,073,500
Transfers In (Note 4)	680,927	247,290	203,581	15,203,671	16,335,469
Transfers (Out) (Note 4)	(10,072,965)	(1,831,113)	(562,231)	(5,978,035)	(18,444,344)
<b>Total Other Financing Sources (Uses)</b>	<b>(9,392,038)</b>	<b>(1,583,823)</b>	<b>(358,650)</b>	<b>14,299,136</b>	<b>2,964,625</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(17,702,846)</b>	<b>(4,884,420)</b>	<b>(914,411)</b>	<b>3,157,821</b>	<b>(20,343,856)</b>
<b>FUND BALANCES (DEFICIT): AT BEGINNING OF YEAR</b>	<b>23,801,699</b>	<b>62,895,922</b>	<b>(732,643)</b>	<b>13,633,548</b>	<b>99,598,526</b>
<b>FUND AT END OF PERIOD</b>	<b>\$6,098,853</b>	<b>\$58,011,502</b>	<b>(\$1,647,054)</b>	<b>\$16,791,369</b>	<b>\$79,254,670</b>

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, 2010

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 (\$20,343,856)

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 8,381,549

Depreciation expense is deducted from the fund balance  
 (Depreciation expense is net of internal service fund depreciation of \$3,700,270 which has already been allocated to serviced funds.) (20,630,670)

**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 16,878,000  
 Amortization of loss on refunding is deducted from fund balance (296,027)  
 Proceeds from long-term debt are deducted from fund balance (5,073,500)  
 Interest accrued to principal is deducted from fund balance (88,876)

**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 (676,034)  
 Deferred Revenue 268,431  
 Interest Payable 444,985

**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 214,105

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (\$20,921,893)

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes				
Property	\$11,779,000	\$11,779,000	\$11,379,519	(\$399,481)
In Lieu Property Tax VLF	9,201,000	9,201,000	8,430,286	(770,714)
Sales	15,622,000	15,622,000	17,584,554	1,962,554
Sales Tax In Lieu	6,450,000	6,450,000	5,786,095	(663,905)
Transient Occupancy	2,067,000	2,067,000	1,427,813	(639,187)
Franchises	4,060,800	4,060,800	4,097,706	36,906
Business License	2,872,000	2,872,000	3,324,011	452,011
Licenses and Permits	1,140,487	1,140,487	1,127,710	(12,777)
Intergovernmental	723,800	723,800	647,814	(75,986)
Charges for Services	6,863,369	6,863,369	6,615,092	(248,277)
Fines, Forfeitures and Penalties	1,040,223	1,040,223	826,815	(213,408)
Parks and Recreation	2,983,687	2,983,687	2,895,408	(88,279)
Use of Money and Property	773,686	773,686	235,178	(538,508)
Other	165,525	165,525	411,299	245,774
Total Revenues	65,742,577	65,742,577	64,789,300	(953,277)
<b>EXPENDITURES:</b>				
Current				
General Government:				
Council	373,545	373,545	340,398	33,147
Manager	2,732,679	2,879,253	2,862,596	16,657
Attorney	1,362,435	1,362,873	1,321,552	41,321
Human Resources	1,546,100	1,727,548	1,181,475	546,073
Finance	6,019,625	6,080,356	5,775,721	304,635
Total General Government	12,034,384	12,423,575	11,481,742	941,833
Public Safety	41,290,728	41,591,379	41,133,055	458,324
Public Works & Engineering	11,072,348	11,101,323	9,881,512	1,219,811
Community Development	4,358,190	4,359,180	4,150,460	208,720
Community & Recreation Services	6,613,458	6,653,308	6,404,528	248,780
Interest and Fiscal Charges			48,811	(48,811)
Total Expenditures	75,369,108	76,128,765	73,100,108	3,028,657
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(9,626,531)	(10,386,188)	(8,310,808)	2,075,380
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	481,189	557,189	680,927	123,738
Transfers (Out)	(1,012,409)	(10,129,882)	(10,072,965)	56,917
Total Other Financing Sources (Uses)	(531,220)	(9,572,693)	(9,392,038)	180,655
<b>NET CHANGE IN FUND BALANCE</b>	(\$10,157,751)	(\$19,958,881)	(17,702,846)	\$2,256,035
<b>FUND BALANCE AT BEGINNING OF YEAR</b>			23,801,699	
<b>FUND BALANCE AT END OF YEAR</b>			\$6,098,853	

See accompanying notes to financial statements

## 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, 2010

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Golf Course	Totals	
<b>ASSETS:</b>				
Current Assets:				
Cash and Investments (Note 3)	\$30,972,404		\$30,972,404	\$22,704,427
Cash with Fiscal Agents (Note 3)	955,088	\$249,227	1,204,315	
Accounts Receivable	1,983	38,000	39,983	92,019
Interest Receivable	5,125		5,125	11,203
Prepaid Items				69,609
Total Current Assets	<u>31,934,600</u>	<u>287,227</u>	<u>32,221,827</u>	<u>22,877,258</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)		43,215	43,215	
Net OPEB Asset (Note 12)				7,844,388
Capital Assets (Note 7):				
Land	334,839	60,343	395,182	
Construction In Progress	12,648,342	484,279	13,132,621	76,182
Buildings and Improvements	2,824,944	5,389,313	8,214,257	73,834,096
Machinery and Equipment	237,450	136,177	373,627	16,811,249
Sewer Collection System	196,538,010		196,538,010	
Less: Accumulated Depreciation	<u>(130,925,856)</u>	<u>(2,728,892)</u>	<u>(133,654,748)</u>	<u>(42,672,634)</u>
Net Capital Assets	<u>81,657,729</u>	<u>3,341,220</u>	<u>84,998,949</u>	<u>48,048,893</u>
Total Non-Current Assets	<u>85,207,729</u>	<u>3,384,435</u>	<u>88,592,164</u>	<u>57,893,281</u>
Total Assets	<u>117,142,329</u>	<u>3,671,662</u>	<u>120,813,991</u>	<u>80,770,539</u>
<b>LIABILITIES:</b>				
Current Liabilities (Payable from Current Assets):				
Accounts and Contracts Payable	12,867,535	3,018	12,870,553	2,509
Accrued Liabilities	9,154	570	9,724	33,058
Compensated Absences Payable (Note 1)	30,863		30,863	105,474
Bond Interest Payable (Note 8)	388,731	32,929	421,660	1,474
Capital Lease Payable (Note 8)				340,658
Certificates of Participation (Note 8)	730,000	145,000	875,000	
Claims Payable (Note 14)				2,852,977
Total Current Liabilities	<u>14,026,283</u>	<u>181,517</u>	<u>14,207,800</u>	<u>3,336,150</u>
Noncurrent Liabilities:				
Compensated Absences Payable (Note 1)	60,612		60,612	106,513
Advance from Other Funds (Note 4)		730,100	730,100	
Capital Lease Payable (Note 8)				171,880
Claims Payable (Note 14)				6,076,310
Certificates of Participation (Note 8)	21,500,000	1,375,000	22,875,000	
Total Noncurrent Liabilities	<u>21,560,612</u>	<u>2,105,100</u>	<u>23,665,712</u>	<u>6,354,703</u>
Total Liabilities	<u>35,586,895</u>	<u>2,286,617</u>	<u>37,873,512</u>	<u>9,690,853</u>
<b>NET ASSETS:</b>				
Invested in Capital Assets, Net of Related Debt	60,382,817	2,113,662	62,496,479	47,536,355
Unrestricted	<u>21,172,617</u>	<u>(728,617)</u>	<u>20,444,000</u>	<u>23,543,331</u>
Total Net Assets Business-Type Activities	<u>\$81,555,434</u>	<u>\$1,385,045</u>	<u>\$82,940,479</u>	<u>\$71,079,686</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, 2010

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Sewer</u>	<u>Golf Course</u>	<u>Totals</u>	
<b>OPERATING REVENUES</b>				
Service Fees	\$18,418,094		\$18,418,094	
Charges for Services				\$18,204,067
Golf Course Fees and Charges		\$1,326,167	1,326,167	
Claims Settlement				129,294
Other	5,608		5,608	86,617
Total Operating Revenues	<u>18,423,702</u>	<u>1,326,167</u>	<u>19,749,869</u>	<u>18,419,978</u>
<b>OPERATING EXPENSES</b>				
Operating and Maintenance	16,341,482	1,098,368	17,439,850	8,541,414
Cost of Sales and Services				4,487,591
Depreciation and Amortization	4,014,964	147,848	4,162,812	3,700,270
Claims and Judgments				4,169,876
Total Operating Expenses	<u>20,356,446</u>	<u>1,246,216</u>	<u>21,602,662</u>	<u>20,899,151</u>
Operating Income (Loss)	<u>(1,932,744)</u>	<u>79,951</u>	<u>(1,852,793)</u>	<u>(2,479,173)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Investment Income	919,133	(5,199)	913,934	510,722
Interest Expense	(946,822)	(76,858)	(1,023,680)	(131,105)
Gain from Disposition of Capital Assets				22,632
Other		62,500	62,500	
Net Non-Operating Revenues (Expenses)	<u>(27,689)</u>	<u>(19,557)</u>	<u>(47,246)</u>	<u>402,249</u>
Income (Loss) Before Contributions and Transfers	<u>(1,960,433)</u>	<u>60,394</u>	<u>(1,900,039)</u>	<u>(2,076,924)</u>
Contributions				315,760
Transfer In (Note 4)				6,583,500
Transfer Out (Note 4)				<u>(4,474,625)</u>
Change in Net Assets	<u>(1,960,433)</u>	<u>60,394</u>	<u>(1,900,039)</u>	<u>347,711</u>
Total Net Assets - Beginning	<u>83,515,867</u>	<u>1,324,651</u>	<u>84,840,518</u>	<u>70,731,975</u>
Total Net Assets - Ending	<u>\$81,555,434</u>	<u>\$1,385,045</u>	<u>\$82,940,479</u>	<u>\$71,079,686</u>

See accompanying notes to financial statements

CITY OF CONCORD  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2010

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Golf Course	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$18,442,773	\$1,334,099	\$19,776,872	\$18,472,951
Payments to Suppliers	(17,123,538)	(1,040,775)	(18,164,313)	(7,470,941)
Payments to Employees	(1,283,540)	(59,494)	(1,343,034)	(3,995,537)
Claims paid				(2,313,060)
Net Cash Provided by Operating Activities	<u>35,695</u>	<u>233,830</u>	<u>269,525</u>	<u>4,693,413</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Borrowings of Advances From/To Other Funds	(3,000,000)	(41,007)	(3,041,007)	(2,000,000)
Other Non-Operating Revenue		62,500	62,500	
Transfers In				6,583,500
Transfers (Out)				(4,474,625)
Cash Flows from Non-Capital Financing Activities	<u>(3,000,000)</u>	<u>21,493</u>	<u>(2,978,507)</u>	<u>108,875</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and Construction of Capital Assets	(454,059)	(36,134)	(490,193)	(328,993)
Proceeds from Sale of Capital Assets				22,632
Principal Paid on Debt, Bond Maturities	(705,000)	(135,000)	(840,000)	(2,557,763)
Interest and Fiscal Charges Paid	(956,728)	(82,702)	(1,039,430)	(168,913)
Cash Flows from Capital and Related Financing Activities	<u>(2,115,787)</u>	<u>(253,836)</u>	<u>(2,369,623)</u>	<u>(3,033,037)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	927,778	(5,199)	922,579	520,264
Cash Flows from Investing Activities	<u>927,778</u>	<u>(5,199)</u>	<u>922,579</u>	<u>520,264</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,152,314)	(3,712)	(4,156,026)	2,289,515
Cash and Investments at Beginning of Period	<u>36,079,806</u>	<u>252,939</u>	<u>36,332,745</u>	<u>20,414,912</u>
Cash and Investments at End of Period	<u>\$31,927,492</u>	<u>\$249,227</u>	<u>\$32,176,719</u>	<u>\$22,704,427</u>
<b>NON-CASH TRANSACTIONS:</b>				
Contributions and Transfers of Capital Assets, Net				<u>\$315,760</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>				
Operating Income (Loss)	(\$1,932,744)	\$79,951	(\$1,852,793)	(\$2,479,173)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	4,014,964	147,848	4,162,812	3,700,270
Change in Assets and Liabilities:				
Receivables, Net	19,071	7,932	27,003	52,973
Prepaid Expenses				(52,691)
Net OPEB Asset				1,672,335
Accounts Payable	(1,910,850)	(7,452)	(1,918,302)	(15,366)
Accrued Liabilities	(154,746)	5,551	(149,195)	6,788
Self Insurance Claims Payable				1,808,277
Net Cash Provided by Operating Activities	<u>\$35,695</u>	<u>\$233,830</u>	<u>\$269,525</u>	<u>\$4,693,413</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, 2010

	<u>City of Concord Retirement System Pension Trust</u>
<b>ASSETS:</b>	
Cash and Investments (Note 3)	
Money Market Funds	\$2,467,647
Corporate Debt Instruments	12,226,939
California Local Agency Investment Fund	4,792,357
Federal Agencies	6,245,539
Pooled Investments	3,846,544
U.S. Treasury Notes	2,672,964
Common Stock	6,520,473
Mutual Funds	<u>4,816,566</u>
Total Cash and Investments	<u>43,589,029</u>
Receivables (Net of Allowances for Uncollectibles):	
Interest	<u>6,644</u>
Total Assets	<u>43,595,673</u>
<b>NET ASSETS:</b>	
Employee Retirement System	<u><u>\$43,595,673</u></u>

See accompanying notes to the financial statements

CITY OF CONCORD  
PENSION TRUST FUND  
STATEMENT OF CHANGES IN PLAN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010

	City of Concord Retirement System Pension Trust
<b>ADDITIONS</b>	
Contributions	
Employer	\$1,312,385
Total Contributions	1,312,385
Investment Income	2,734,404
Less Management Expenses	(190,250)
Other Revenue	22,200
Net Investment Income	2,566,354
Total Additions	3,878,739
<b>DEDUCTIONS</b>	
Retirement and Other Benefits	5,490,089
Total Deductions	5,490,089
<b>NET DECREASE IN NET ASSETS</b>	(1,611,350)
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	
Beginning of Year	45,207,023
End of Year	\$43,595,673

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, leisure 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.

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 Pavilion Associates, 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, most street work and other services not required to be accounted for in another fund.

**Redevelopment Agency** – 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.

**General Reimbursable Projects** – To account for project costs that are reimbursable from grants and to track job specific projects.

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, and technology 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, the only Fiduciary Fund of the City, accounts for accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future.

### **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**

At June 30, 2010 the Redevelopment 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) Two parcels consisting of land and buildings purchased for redevelopment into an auto sales center in fiscal year 1989. In fiscal year 2006, the Agency sold 3.8 acres of one of the parcels to a developer. During fiscal year 2009, the Agency sold the other parcel for \$170,000.
- g) During the year ended June 30, 1999, the Agency purchased a parcel which is to be sold in the future for development projects.
- h) Five properties purchased between 1982-1987 which are being held for resale for future development projects.

These parcels are accounted for as investments on the balance sheet at the lower of cost or net realizable value.

### **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:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Beginning Balance	\$4,183,503	\$243,395	\$4,426,898
Additions	2,793,005	37,657	2,830,662
Payments	(3,155,587)	(189,577)	(3,345,164)
Ending Balance	<u>\$3,820,921</u>	<u>\$91,475</u>	<u>\$3,912,396</u>
Due in One Year	<u>\$2,279,263</u>	<u>\$30,863</u>	<u>\$2,310,126</u>

#### 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 the ensuing fiscal year for the General Fund, eight Special Revenue Funds (State Gas Tax, Maintenance Districts, Art in Public Places, Traffic System Management, Housing Assistance Program, Housing and Community Services, Storm Water Management and Monument Community Partnership) and two Debt Service Funds (Police Facilities Revenue Bonds and ABAG). 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 except for capital outlay expenditures for Special Revenue Funds, which are budgeted on a project time frame rather than an annual basis.

7. 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 #6 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.

**Excess Expenditures Over Appropriations**

The State Gas Tax, Art in Public Places, Housing and Community Services and the Monument Community Partnership Special Revenue Funds had expenditures in excess of the final appropriation in the amounts of \$71,124, \$6,000, 887,973 and \$357,209, respectively and the Police Facilities Revenue Bonds Debt Service Fund had expenditures in excess of the final appropriation in the amount of \$3,589,738 for the fiscal year ended June 30, 2010.

**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, 2010:

<i>City:</i>	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
Cash and investments available for City operations	\$54,308,628	\$30,972,404	\$22,704,427	\$107,985,459
Cash and investments with fiscal agents	6,184,222	1,204,315		7,388,537
Total cash and investments	<u>\$60,492,850</u>	<u>\$32,176,719</u>	<u>\$22,704,427</u>	<u>115,373,996</u>

**Retirement System Pension Trust Fund:**

Cash and investments	<u>\$43,589,029</u>
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**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(a)	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

- (a) For the ABAG 41 Certificates of Participation, the investments in federal agency securities may not exceed 10% of the investment amount.

## 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	20%	10%	35%
International Equity	5	2	12
Small Cap Equity	5	2	12
Domestic Real Estate	0	0	8
Domestic Fixed Income	65	50	80
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	
<b>Investment Type:</b>					
Federal Agency Securities	\$2,020,000	\$3,303,374	\$9,202,225	\$22,149,396	\$36,674,995
Corporate Bonds	5,066,728	2,072,350		1,037,310	8,176,388
LAIF	62,370,136				62,370,136
Held by bond trustee:					
Money Market Funds					
(U.S. Securities)	105,325				105,325
U.S. Treasury Notes	3,794,614	752,847			4,547,461
Federal Agency Securities	2,322,087				2,322,087
LAIF	413,664				413,664
Total	<u>\$76,092,554</u>	<u>\$6,128,571</u>	<u>\$9,202,225</u>	<u>\$23,186,706</u>	<u>114,610,056</u>
<b>Cash deposits with banks and on hand</b>					<u>763,940</u>
Total Cash and Investments					<u>\$115,373,996</u>

**Retirement System Pension Trust Fund:**

	Remaining Maturity (in Months)				Total
	12 months or Less	13 to 24 Months	25 to 60 Months	Over 60 Months	
<b>Investment Type:</b>					
Money Market Mutual Funds	\$2,467,647				\$2,467,647
Corporate Debt Instruments		\$268,088	\$4,840,857	\$7,117,994	12,226,939
Local Agency Investment Fund	4,792,357				4,792,357
Federal Agency Securities			1,075,625	5,169,914	6,245,539
Pooled Investments	3,846,544				3,846,544
U S Treasury Notes			509,530	2,163,434	2,672,964
<b>Total</b>	<b>\$11,106,548</b>	<b>\$268,088</b>	<b>\$6,426,012</b>	<b>\$14,451,342</b>	<b>32,251,990</b>
<b>Non-Maturing Investments:</b>					
Common Stock					6,520,473
Mutual Funds					4,816,566
<b>Total Cash and Investments</b>					<b>\$43,589,029</b>

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, 2010, these investments have an average maturity of 203 days.

Money market funds and mutual funds are available for withdrawal on demand and at June 30, 2010, have an average maturity of 54 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, 2010, the cost of investments was \$583,697 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: \$83,621 in General Fund, \$287,353 in the Sewer Enterprise Fund, and \$279,768 in all other funds. The Redevelopment Agency had a \$99,526 decrease. The City holds investments to maturity.

At June 30, 2010, the cost of the Retirement System's investments was \$32,481 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, 2010 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-	B	Total
Federal Agency Securities	\$38,997,082				\$38,997,082
Corporate Notes	1,037,310	\$4,114,900	\$2,026,678	\$997,500	8,176,388
Money Market Funds - (U.S. Securities)	105,325				105,325
<b>Totals</b>	<b>\$40,139,717</b>	<b>\$4,114,900</b>	<b>\$2,026,678</b>	<b>\$997,500</b>	<b>47,278,795</b>
<i>Exempt from rating:</i> U.S. Treasury Notes					4,547,461
<i>Not rated:</i> California Local Agency Investment Fund					62,783,800
<b>Total Investments</b>					<b>\$114,610,056</b>

**Retirement System Pension Trust Fund:**

Investment Type	Aaa / Aaam	Aa1 / Aa2 / Aa3	A1 / A2 / A3	Ba1 / Ba2 / Ba3	Total
Money Market Mutual Funds	\$2,467,647				\$2,467,647
Corporate Debt Instruments		\$3,092,860	\$5,694,776	\$3,439,303	12,226,939
Federal Agency Securities	6,245,539				6,245,539
U S Treasury Notes	2,672,964				2,672,964
<b>Totals</b>	<b>\$11,386,150</b>	<b>\$3,092,860</b>	<b>\$5,694,776</b>	<b>\$3,439,303</b>	<b>23,613,089</b>
<i>Not rated:</i> Local Agency Investment Fund					4,792,357
Common Stock					6,520,473
Mutual Funds					4,816,566
Pooled Investments					3,846,544
<b>Total Investments</b>					<b>\$43,589,029</b>

**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, 2010:

**City and Fiscal Agents:**

Fund	Issuer	Type of Investments	Amount
Entity Wide:			
	Federal Home Loan Bank	Federal Agency Securities	\$14,951,000
	Federal Farm Credit Bank	Federal Agency Securities	14,237,094
	Federal Home Loan Mortgage Corporation	Federal Agency Securities	6,044,838
Non Major Governmental Funds	Federal Home Loan Bank	Federal Agency Securities	1,786,000

**Retirement System Pension Trust Fund:**

Fund	Issuer	Type of Investments	Amount
Retirement System Pension Trust Fund:			
	Federal Home Loan Mortgage Corporation	Federal Agency Securities	\$3,174,600
	Federal National Mortgage Association	Federal Agency Securities	2,562,659

**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, 2010 the interfund balances are as follows:

DUE TO OTHER FUNDS	DUE FROM OTHER FUNDS	AMOUNT
General Reimbursable Projects Fund	Storm Water Management	
	Special Revenue Fund	\$1,315,485
	Special Developers Capital Projects Fund	571,472
Monument Community Partnership Special Revenue Fund	General Fund	31,679
		<u>\$1,918,636</u>

**Long-Term Interfund Advances**

At June 30, 2010 the funds below had made the following advances:

Fund Receiving Advance	Fund Making Advance	Amount of Advance
General Fund	Redevelopment Agency 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)
Golf Course Enterprise Fund	General Fund	730,100 (c)
Special Developers Capital Projects Fund	General Fund	804,248 (d)
Maintenance District Special Revenue Fund	Traffic Systems Management Special Revenue Fund	477,000 (e)
		<u>\$10,561,348</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 2014 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 **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.
- (e) The **Maintenance Districts Fund** advance will be repaid in 6 annual payments beginning in fiscal year 2012 and bears interest from 3.5 - 5%.

### 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, 2010 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 and Debt Service	\$381,085
General Fund	General Reimbursable Projects		
General Fund	Capital Projects Fund	To Fund Operating Costs	56,793
General Fund	Maintenance Districts		
General Fund	Special Revenue Fund	To Fund Administrative and General Services	209,495
General Fund	Traffic System Management		
General Fund	Special Revenue Fund	To Allocate Interest Earnings	1,399
General Fund	Intergovernmental		
General Fund	Capital Projects Fund	To Fund Capital Projects	20,494
General Fund	Risk Management/Liability		
General Fund	Internal Service Fund	To Fund Debt Service	11,661
Redevelopment Agency	General Fund	To Fund Fry's Loan	242,190
Redevelopment Agency	Housing & Community Services		
Redevelopment Agency	Special Revenue Fund	To Fund Housing Loan	5,100
General Reimbursable Projects	General Fund	To Fund Capital Projects	160,388
General Reimbursable Projects	Special Developers		
General Reimbursable Projects	Capital Projects Fund	To Fund Capital Projects	1,044
General Reimbursable Projects	Intergovernmental		
General Reimbursable Projects	Capital Projects Fund	To Fund Capital Projects	42,149
Special Revenue Funds:			
Maintenance Districts	General Fund	To Fund Downtown Maintenance Programs	210,132
Housing & Community Services	General Fund	To Fund Operating Costs	53,099
Housing & Community Services	Redevelopment Agency Fund	To Fund Interest on Notes	30,966
Housing & Community Services	Special Developers		
Housing & Community Services	Capital Projects Fund	To Fund Operating Costs	13,282
Debt Service Funds:			
Police Facilities Revenue Bonds	Redevelopment Agency Fund	To Fund Debt Service	684,579
Police Facilities Revenue Bonds	Risk Management/Liability		
Police Facilities Revenue Bonds	Internal Service Fund	To Fund Retirement and Refinancing of Debt (A)	3,593,407
Parking Structure Revenue Bonds	Redevelopment Agency Fund	To Fund Debt Service	734,483
ABAG	General Fund	To Fund Debt Service	99,683
Performing Arts Revenue Bonds	General Fund	To Fund Retirement and Refinancing of Debt (A)	9,117,473
Performing Arts Revenue Bonds	General Reimbursable Projects		
Performing Arts Revenue Bonds	Capital Projects Fund	To Fund Debt Service	482,788
Refunding Lease Agreement	Risk Management/Liability		
Refunding Lease Agreement	Internal Service Fund	To Fund Debt Service	69,557
Capital Projects Fund:			
Intergovernmental	General Reimbursable Projects		
Intergovernmental	Capital Projects Fund	To Fund Capital Projects	22,650
Intergovernmental	State Gas Tax		
Intergovernmental	Special Revenue Fund	To Fund Capital Projects	35,086
Intergovernmental	Special Developers		
Intergovernmental	Capital Projects Fund	To Fund Capital Projects	56,486
Internal Service Funds:			
Workers' Compensation	General Fund	To Fund Anticipated Costs Per Budget	190,000
Workers' Compensation	Risk Management/Liability		
Workers' Compensation	Internal Service Fund	To Fund Anticipated Costs Per Budget	600,000
Risk Management/Liability	Police Facilities Revenue Bonds	To Fund Retirement and Refinancing of Debt (A)	520,000
Risk Management/Liability	Debt Service Fund		
Risk Management/Liability	Refunding Lease Agreement	To Fund Retirement and Refinancing of Debt (A)	5,073,500
Risk Management/Liability	Debt Service Fund		
Risk Management/Liability	Workers' Compensation		
Risk Management/Liability	Internal Service Fund	To Fund Anticipated Costs Per Budget	200,000
Total Transfers			<u>\$22,918,969</u>

(A) See explanation of nonrecurring event of debt retirement and refinancing of the 1993 Lease Revenue Bonds, the 1995 Performing Arts Lease Revenue Bonds, the 1999 Judgment Obligation Bonds, and the Refunding Lease Agreement in Note 8.

## 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 Agreement

The City and Agency engage 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 or a reservation of fund balance as they are not expected to be repaid during fiscal year 2010. These loans and notes were comprised of the following at June 30, 2010:

Housing Assistance	\$370,450
Housing Conservation	3,238,052
Downtown Revitalization and Low and Moderate Income Housing Rehabilitation	14,839,571
Lakeside Apartments	2,884,614
Detroit Avenue Apartments	618,000
Virginia Lane	3,112,085
Lehmer's Investment Company	190,400
California Automotive Retailing Group	231,250
Total loans and notes receivable	<u>\$25,484,422</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, are two loans amounting to \$38,542 and \$20,733 which were made to a former and a current employee.

#### 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 repayments on the loan shall be made from residual receipts. 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 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 Cal FHA 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 Agency expects the loan to be repaid on August 28, 2012.

**Fry's Electronics Development Agreement**

The 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 continues to be 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 2010, sales tax collections exceeded the threshold, therefore the Agency disbursed \$196,040 to Fry's in accordance with the terms of the agreement. The City reimbursed the Agency for the payment to Fry's. At June 30, 2010, 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.

### 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, 2010, 24 employees had \$22,573 in loans due to the City. The program will be 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 fixed 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 fixed 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, 2010:

	Balance at June 30, 2009	Additions	Retirements	Transfers	Balance at June 30, 2010
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$16,311,196				\$16,311,196
Construction in progress	2,449,248	\$994,484		(\$133,606)	3,310,126
Total capital assets not being depreciated	<u>18,760,444</u>	<u>994,484</u>		<u>(133,606)</u>	<u>19,621,322</u>
Capital assets being depreciated:					
Ground improvements	14,326,592				14,326,592
Buildings and improvements	77,900,113			133,606	78,033,719
Machinery and equipment	8,484,316	88,911			8,573,227
Vehicles	8,066,571	359,746	\$188,298		8,238,019
Streets	415,778,424	5,867,041			421,645,465
Sidewalks	44,936,986	565,590			45,502,576
Storm drains/catch basins	442,904,487	395,718			443,300,205
Street Lights	1,196,000				1,196,000
Traffic Signals	24,908,102	621,202			25,529,304
Total capital assets being depreciated	<u>1,038,501,591</u>	<u>7,898,208</u>	<u>188,298</u>	<u>133,606</u>	<u>1,046,345,107</u>
Less accumulated depreciation for:					
Ground improvements	(7,555,977)	(344,109)			(7,900,086)
Buildings and improvements	(27,880,993)	(2,291,389)			(30,172,382)
Machinery and equipment	(5,808,210)	(923,266)			(6,731,476)
Vehicles	(6,843,774)	(599,198)	(188,298)		(7,254,674)
Streets	(182,863,147)	(13,957,065)			(196,820,212)
Sidewalks	(17,769,225)	(904,396)			(18,673,621)
Storm drains/catch basins	(78,446,752)	(4,431,023)			(82,877,775)
Traffic Signals	(14,085,254)	(840,623)			(14,925,877)
Street Lights	(175,867)	(39,867)			(215,734)
Total accumulated depreciation	<u>(341,429,199)</u>	<u>(24,330,936)</u>	<u>(188,298)</u>		<u>(365,571,837)</u>
Governmental activity capital assets, net	<u>\$715,832,836</u>	<u>(\$15,438,244)</u>			<u>\$700,394,592</u>
<b>Business-Type Activities</b>					
Capital assets not being depreciated:					
Land	\$395,182				\$395,182
Construction in progress	12,647,828	\$484,793			13,132,621
Total capital assets not being depreciated	<u>13,043,010</u>	<u>484,793</u>			<u>13,527,803</u>
Capital assets being depreciated:					
Buildings and improvements	8,214,257				8,214,257
Machinery and equipment	373,627				373,627
Sewer lines	196,538,010				196,538,010
Total capital assets being depreciated	<u>205,125,894</u>				<u>205,125,894</u>
Less accumulated depreciation for:					
Buildings and improvements	(4,406,936)	(223,523)			(4,630,459)
Machinery and equipment	(361,494)	(3,138)			(364,632)
Sewer lines	(124,728,906)	(3,930,751)			(128,659,657)
Total accumulated depreciation	<u>(129,497,336)</u>	<u>(4,157,412)</u>			<u>(133,654,748)</u>
Business-type activity capital assets, net	<u>\$88,671,568</u>	<u>(\$3,672,619)</u>			<u>\$84,998,949</u>

Construction in progress comprised the following at June 30, 2010:

	<u>TOTAL PROJECT AUTHORIZATION</u>	<u>EXPENDED TO DATE June 30, 2010</u>
<b>Governmental Activities:</b>		
Meadow Homes Pool	\$1,594,134	\$303,757
City Financial System	452,999	420,424
Downtown Streetscape & Lighting	945,000	150,122
Citywide Entry Signage	1,597,594	1,142,664
Creek Drainage Repair	935,007	430,474
Miscellaneous Projects	2,437,988	862,685
<b>Total Governmental Activities</b>	<u>7,962,722</u>	<u>3,310,126</u>
<b>Business-Type Activities:</b>		
Concrete Trunk Sewer Main R II	12,994,639	12,648,342
Cart Barn Electrical Improvement	514,645	484,279
<b>Total Business-Type Activities</b>	<u>13,509,284</u>	<u>13,132,621</u>
Total	<u><u>\$21,472,006</u></u>	<u><u>\$16,442,747</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 were as follows:

<b>Governmental Activities</b>	
Public Works	\$20,630,666
Internal Service Funds	<u>3,700,270</u>
<b>Total</b>	<u><u>\$24,330,936</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, 2009	Additions	Retirements	June 30, 2010	Current Portion
<b>Governmental Activity Debt:</b>						
<b>Revenue Bonds:</b>						
1993 Lease Revenue Bonds, 2.70- 5.25%, due 08/01/13	a	\$5,725,000		\$3,915,000	\$1,810,000	\$420,000
1995 Performing Arts Lease Revenue Bonds, 6.33- 8.24%, due 08/01/20	b	13,535,000		8,925,000	4,610,000	610,000
2001 Lease Revenue Bonds, 4.0-5.13% due 03/01/23	a	7,305,000		380,000	6,925,000	395,000
<b>Tax Allocation Bonds:</b>						
Tax Allocation Refunding Bonds, Series 2004 3.9-5.05%, due 07/01/25	c	64,435,000		3,540,000	60,895,000	3,690,000
Less deferred amount on refunding	c	(2,664,239)		(296,027)	(2,368,212)	
<b>Certificates of Participation:</b>						
ABAG 41 - Centre Concord 4.0-5.0%, due 8/01/18	d	275,000		90,000	185,000	90,000
<b>Judgment Obligation Bonds:</b>						
1999 Series Bonds, 4.25% - 5.30%, retired 6/24/2010	e	2,230,000		2,230,000		
<b>Refunding Lease Agreement</b>						
3.6%, due 09/01/19	f		\$5,073,500		5,073,500	428,000
<b>Notes Payable:</b>						
3%, due 09/02/13	g	2,355,643	88,876		2,444,519	
<b>Assessment Districts, with City obligation:</b>						
#80, 6.00%, due 09/02/14	h	65,000		15,000	50,000	15,000
#81, 6.00%, due 09/02/14	h	75,000		13,000	62,000	13,000
<b>Capital Lease:</b>						
Key Government Finance, 4.65% due 9/15/12	i	840,301		327,763	512,538	340,658
<b>Total Government Activity Debt</b>		<u>\$94,176,705</u>	<u>\$5,162,376</u>	<u>\$19,139,736</u>	<u>\$80,199,345</u>	<u>\$6,001,658</u>
<b>Business-Type Activity Debt:</b>						
2004 Certificates of Participation - Wastewater System Improvement, 2.0-4.63%, due 2/01/29	j	\$10,850,000		\$375,000	\$10,475,000	\$385,000
2007 Certificates of Participation - Wastewater System Improvement, 3.75-4.50%, due 2/01/32	j	12,085,000		330,000	11,755,000	345,000
ABAG 41 Certificates of Participation - Diablo Creek Golf Course, 4.0-5.0%, due 8/01/18	d	1,655,000		135,000	1,520,000	145,000
<b>Total Business Type Activity Debt</b>		<u>\$24,590,000</u>		<u>\$840,000</u>	<u>\$23,750,000</u>	<u>\$875,000</u>

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

- Lease revenue received by the Redevelopment Agency Capital Projects Fund.
- Lease revenues received by Live Nation and from general & operating revenues.
- Incremental property taxes received by the Redevelopment Agency Capital Projects Fund.
- General and operating revenues available for lease payment in the ABAG Debt Service Fund and Golf Course Enterprise Fund.
- Operating revenues available for bond payment in the Risk Management Internal Service Fund.
- Redevelopment Agency and General Fund revenues.
- Notes payable received by the Housing and Community Services Special Revenue Fund. Included is \$1,950,000 in principal and the remaining balance is interest.
- Special assessments received in the Assessment District Debt Service Fund.
- Operating revenues available for lease payment in the Information Technology Replacement Internal Service Fund.
- Operating revenues received by the Sewer Enterprise Fund.

## 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
2011	\$6,001,658	\$3,642,311	\$875,000	\$1,004,820
2012	5,924,380	3,430,156	805,000	972,786
2013	5,824,000	3,164,189	940,000	942,243
2014	8,418,019	2,899,015	975,000	906,086
2015	6,120,500	2,581,867	1,015,000	867,076
2016 - 2020	31,644,000	8,626,003	5,510,000	5,264,060
2021 - 2025	15,570,000	2,699,806	5,760,000	2,544,357
2026 - 2030	3,065,000	77,391	6,305,000	1,164,551
2031 - 2032			1,565,000	106,425
(Sub)Total	<u>\$82,567,557</u>	<u>\$27,120,738</u>	<u>\$23,750,000</u>	<u>\$13,772,404</u>
<b>Reconciliation of long-term debt:</b>				
Less unamortized deferred amount on refunding		<u>(2,368,212)</u>		
Total		<u>\$80,199,345</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 Redevelopment Agency. The Redevelopment Agency has 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.

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 its \$8.235 million of the bonds at an 8% premium and made a payment in the amount to retire a 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 Redevelopment Agency has agreed to reimburse the City for these lease payments.

#### **Tax Allocation Bonds (TABs) Outstanding**

Tax Allocation Bonds were issued in 2004 by the Redevelopment Agency to defease 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.

The pledge of future tax increment revenues ends upon repayment of the \$82,196,395 in remaining debt service on the Redevelopment 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 2010 tax increment revenues amounted to \$17,848,718 which represented coverage of 2.81 over the \$6,348,772 in debt service.

#### **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 XXIII 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 \$35,622,547 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 2010, Wastewater System Revenues including operating revenues and non-operating interest earnings amounted to \$19,342,835 and maintenance and operating costs amounted to \$16,341,481 Net Revenues available for debt service amounted to \$3,001,354 which represented coverage of 1.81 over the \$1,661,729 in debt service.

### **Judgment Obligation Bonds**

On September 16, 1999, the City issued \$4,620,000 of Judgment Obligation Bonds to fund the payment of a judgment rendered by a Court. The Bonds bear interest at 4.25% - 5.3% and are due semi-annually on March 1 and September 1. Principal payments are due annually on September 1 until September 1, 2014. The bonds were fully repaid during the fiscal year ended June 30, 2010 with the issuance of the Refunding Lease Agreement discussed below.

### **Refunding Lease Agreement**

On June 24, 2010 the City 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.

### **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. As of June 30, 2007, the City had drawn down \$1,950,000 from the loans, and 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.

**Special Assessment District Debt with City Obligation**

Special assessment districts within the City have issued debt repayable out of special assessments levied on property in each respective district. Under the terms of the special assessment bond indentures, the City is obligated to be the purchaser of last resort of property on which any delinquent special assessments have been levied and it therefore has reflected this debt as a liability in the accompanying financial statements. At June 30, 2010 all these districts were in compliance with the requirements of their respective debt covenants.

The pledge of future special assessment levies approximates and ends upon repayment of the \$138,220 in remaining debt service on the bonds which is scheduled to occur in 2015. For fiscal year 2010, special assessment revenues amounted to \$65,201 while debt service amounted to \$38,920.

The City has an arrangement with Contra Costa County under which the County collects and remits all special assessments levied by the Districts. The County remits the entire amount levied and is responsible for collecting delinquent amounts; it retains any interest and penalties it collects. Taxes collected during the fiscal year ended June 30, 2010 were sufficient to meet all debt service obligations of the Special Assessment Districts.

**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.

**Fund Equity**

Fund equity consists of reserved and unreserved amounts. Reserved fund equity represents that portion of a fund balance or retained earnings which has been appropriated for expenditure or is legally segregated for a specific future use. The remaining portion is unreserved.

A portion of unreserved fund balance may be designated to indicate plans for financial resource utilization in a future period, such as for general contingencies or capital projects. Such plans are subject to change and may never be legally authorized or result in expenditures.

The General Reimbursable Projects Capital Projects Fund had deficit fund balance of \$1,647,054 which is expected to be eliminated by future grant revenue.

## 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, 2010:

Retirees and beneficiaries currently receiving benefits	230
Vested terminated employees	<u>71</u>
Total participants	<u>301</u>

On July 1, 1994 the City converted to the Public Employees Retirement System (PERS) as described in Note 11.

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, 2007. 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 4.50 – 6.50% 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. The plan is amortized using the CalPERS Mortality Table on a 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 11) 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, 2010, the City has calculated and recorded the Net Pension Obligation, representing the difference between the ARC and contributions, as presented below:

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Actual Employer Contribution</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation</u>
6/30/2008	N/A	\$1,345,407	N/A	N/A
6/30/2009	\$2,416,000	539,895	22%	\$1,031,105
6/30/2010	2,385,555	1,312,385	55%	2,104,275

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

Annual required contribution (ARC)	\$2,416,000
Interest on Net Pension Obligation	46,400
Adjustment to annual required contribution	(76,845)
Annual Pension Cost	<u>2,385,555</u>
Contributions made:	
City portions of current year premiums paid	<u>(1,312,385)</u>
Total contributions	<u>(1,312,385)</u>
Change in Net Pension Obligation	1,073,170
Net Pension Obligation at June 30, 2009	<u>1,031,105</u>
<b>Net Pension Obligation at June 30, 2010</b>	<u><u>\$2,104,275</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:

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	\$51,593,000	\$69,185,000	74.57%	\$17,211,000	*N/A	*N/A
2007	51,199,000	83,912,000	61.02%	\$32,713,000	*N/A	*N/A

\*Plan was closed in 1999, therefore there is no covered payroll

### NOTE 11 - 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, 2010, are summarized as follows:

	SAFETY	MISCELLANEOUS
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	23.964%	15.137%
Actuarially required contributions	\$5,610,292	\$4,280,938

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
<b><i>Safety Plan</i></b>			
June 30, 2008	\$5,303,294	100%	\$0
June 30, 2009	5,718,435	100%	0
June 30, 2010	5,610,292	100%	0
<b><i>Miscellaneous Plan</i></b>			
June 30, 2008	\$5,290,499	100%	\$0
June 30, 2009	5,498,759	100%	0
June 30, 2010	4,280,938	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. 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
2006	\$100,408,742	\$80,722,975	\$19,685,767	80.4%	\$14,504,616	135.7%
2007	110,144,025	89,655,672	20,488,353	81.4%	14,869,004	137.8%
2008	122,529,175	98,582,205	23,946,970	80.5%	16,275,513	147.1%

**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
2006	\$105,587,503	\$88,228,842	\$17,358,661	83.6%	\$21,649,844	80.2%
2007	116,003,479	97,759,057	18,244,422	84.3%	22,182,982	82.2%
2008	125,880,536	106,792,527	19,088,009	84.8%	23,538,205	81.1%

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, 2008, the most recent available:

	2008	
	Safety	Miscellaneous
Beginning Balance	\$103,311,157	\$112,698,453
Receivables for Service Buybacks	8,672	37,496
Contributions Received	5,404,708	5,691,270
Benefits and Refunds Paid	(3,529,445)	(4,407,820)
Transfers and Miscellaneous Adjustments	(63,653)	(5,116)
Investment Return	(5,285,856)	(5,774,682)
Expected Actuarial Value of Assets	<u>\$99,845,583</u>	<u>\$108,239,601</u>
Market Value of Assets	<u>\$99,845,583</u>	<u>\$108,239,601</u>
Actuarial Value of Assets	<u>\$98,582,205</u>	<u>\$106,792,527</u>

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.

The City's Local 790 union members, management and part-time seasonal and temporary 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, 2010 amounted to \$4,336,681 of which the City paid half.

**NOTE 12 – 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 the 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 \$533, \$1,065, \$1,385 for a retiree, couple, and family, respectively.

As of June 30, 2010, approximately 264 participants were eligible to receive 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. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year 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, 2010, the City contributed \$2,841,256 to the Plan which represented 8% of \$34,281,000 million of covered payroll. The City also contributed additional funds to CERBT representing funds accumulated in prior years in the City's Internal Service Fund. 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)	\$4,732,000
Interest on Net OPEB asset	737,546
Adjustment to annual required contribution	<u>(955,955)</u>
Annual OPEB cost	<u>4,513,591</u>
Contributions made:	
City portions of current year premiums paid	2,841,256
Contributions to CERBT	-
Total contributions	<u>2,841,256</u>
Change in Net OPEB Asset	(1,672,335)
Net OPEB Asset at June 30, 2009	<u>9,516,723</u>
<b>Net OPEB Asset at June 30, 2010</b>	<u><b>7,844,388</b></u>

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the actuarial study dated June 30, 2008, amounted to \$53,927,000 million and was unfunded since no assets had been transferred into CERBT as of that date. However, as of June 30, 2010, the City's investment with CERBT along with investment income totaled \$14,087,834 and reduced the unfunded actuarial accrued liability.

The Plan's annual OPEB cost and actual contributions for fiscal years ended June 30, 2008, 2009 and 2010 are set forth below:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
6/30/2008	\$5,997,529	\$14,025,532	234%	\$8,028,003
6/30/2009	4,748,440	6,237,160	131%	9,516,723
6/30/2010	4,513,591	2,841,256	63%	7,844,388

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%

#### NOTE 13 – 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 14 – 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:

Type of Coverage (Deductible)	Coverage Limits
General Liability (\$500,000)	\$35,000,000
Workers' Compensation (\$500,000)	Statutory
All Risk Property Including Flood (\$10,000 per occurrence all risk and \$25,000 flood)	\$602,500,000
Earthquake (5% with a \$100,000 minimum)	\$50,000,000

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 year ended June 30, 2010, 2009 and 2008, 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 \$8,944,000 and undiscounted general liability claims totaled \$1,340,907 at June 30, 2010.

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 2010	TOTAL 2009
Beginning balance	\$6,264,000	\$857,010	\$7,121,010	\$7,100,320
Liability for current fiscal year claims	484,684		484,684	2,127,346
Change in liability for prior fiscal year claims and claims incurred but not reported (IBNR)	2,901,564	2,591,905	5,493,469	1,365,337
Claims paid	(2,397,248)	(1,772,628)	(4,169,876)	(3,471,993)
Ending balance	<u>\$7,253,000</u>	<u>\$1,676,287</u>	<u>\$8,929,287</u>	<u>\$7,121,010</u>
Current portion	<u>\$1,883,922</u>	<u>\$969,055</u>	<u>\$2,852,977</u>	<u>\$2,180,542</u>

### Health Care

The City provides its employees with a choice of five different medical insurance plans through CalPERS. The City pays the premium up to \$1,385 per month per employee. The City also provides its employees with Dental Insurance paying premiums up to \$199 per month per employee. The City also provides long-term disability and life insurance to its employees.

**NOTE 15 – 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 had no debt at the end of its fiscal year, December 31, 2009 the Redevelopment Agency's equity in the Partnership's assets was \$1,558,695 at that date and its share of the Partnership's net income for the year then ended was \$154,211. The City made no monetary contributions to the partnership during the year. Financial statements for the Partnership can be obtained from the Concord Redevelopment Agency, 1950 Parkside Drive, Concord, CA 94519.

**NOTE 16 – SUPPLEMENTAL EDUCATIONAL REVENUE AUGMENTATION FUND (SERAF)**

The State of California adopted AB26 4X in July 2009 which directs that a portion of the incremental property taxes received by redevelopment agencies, based on the property taxes received in fiscal year 2006-07, be paid instead to the County supplemental educational revenue augmentation fund (SERAF) in fiscal years 2009-10 and 2010-11. The State Department of Finance determines each agency's SERAF payment by November 15 of each year, and payments are due by May 10 of the applicable year. The Agency made its first SERAF payment of \$6,022,237 in fiscal year 2009-10.

Based on the calculations in AB26 4X, the Agency's SERAF is estimated to be \$1,238,664 in fiscal year 2010-11. The Agency can use any legally available funds to make the SERAF payment. The obligation to make the SERAF payment is subordinate to obligations to repay bonds. However, if the Agency fails to make the full SERAF payment, the Agency may not encumber or expend future funds other than to pay pre-existing indebtedness, contractual obligations and 75% of the amount expended on Agency administration for the preceding fiscal year until the SERAF is paid in full.

**NOTE 17 – PROPOSITION 1A**

Under the provisions of Proposition 1A and as part of the fiscal year 2009-10 budget package passed by the California State legislature on July 28, 2009, the State of California borrowed 8% of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fees, triple flip in lieu sales taxes, and supplemental property taxes, apportioned to the City. The State is required to repay the \$2,250,420 it borrowed from the City, plus interest, by June 30, 2013.

Authorized with the 2009-10 State budget package was the Proposition 1A Securitization Program (Program), administered by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities. Under the Program, the participating cities receive cash equal to their share of State borrowings and forgo interest they otherwise would have received from the State on the unpaid borrowings. The City is a participant in the Program.

California Communities simultaneously purchased the Proposition 1A receivables from the City and other participants, and issued bonds to provide participants with proceeds to be remitted in two equal installments due on January 15, 2010 and May 3, 2010. All costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. As of June 30, 2010, the City received both installments due under the Program and recorded them as property taxes in the same manner as if the State had not exercised its rights under Proposition 1A. Since sales proceeds to the City equal the book value of State borrowings no gain or loss was incurred.

**NOTE 18 – 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, 2010 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.

## 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** –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.

**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.

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

**Refunding Lease Agreement Debt Service Fund.** To account for a lease agreement issued to refinance and retire the Police Facilities Revenue Bonds and the Judgment Obligation Bonds.

**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, 2010

SPECIAL REVENUE FUNDS						
	State Gas Tax	Maintenance Districts	Art in Public Places	Traffic System Management	Housing Assistance Program	Housing and Community Services
<b>ASSETS:</b>						
Cash and Investments	\$1,088,315	\$3,241,879	\$128,439	\$27,795	\$508,209	\$2,817,851
Cash with Fiscal Agents						
Receivables (Net of Allowances for Uncollectibles):						
Accounts Receivable						3,216
Interest Receivable	380					
Due from Other Governments	188,233					591,122
Due from Other Funds						
Loans and Notes					205,325	2,599,338
Special Assessments						
Advances to Other Funds				477,000		
Total Assets	<u>\$1,276,928</u>	<u>\$3,241,879</u>	<u>\$128,439</u>	<u>\$504,795</u>	<u>\$713,534</u>	<u>\$6,011,527</u>
<b>LIABILITIES AND FUND BALANCE:</b>						
Liabilities:						
Accounts, Deposits and Contracts Payable	\$8,362					\$44,766
Accrued Liabilities	7,011	\$2,112				1,467,801
Due to Other Funds						
Deferred Revenue					\$19,880	2,854,322
Advance from Other Funds		477,000				
Total Liabilities	<u>15,373</u>	<u>479,112</u>			<u>19,880</u>	<u>4,366,889</u>
Fund Balance:						
Reserved for:						
Encumbrances	104,965	18,698	\$6,000			\$96,058
Loans and Notes					185,445	280,000
Advances				\$477,000		
Debt Service						
Unreserved:						
Designated for:						
Capital Projects	482,314	190,125				1,268,580
Undesignated	674,276	2,553,944	122,439	27,795	508,209	
Total Fund Balances	<u>1,261,555</u>	<u>2,762,767</u>	<u>128,439</u>	<u>504,795</u>	<u>693,654</u>	<u>1,644,638</u>
Total Liabilities and Fund Balances	<u>\$1,276,928</u>	<u>\$3,241,879</u>	<u>\$128,439</u>	<u>\$504,795</u>	<u>\$713,534</u>	<u>\$6,011,527</u>

See accompanying notes to financial statements

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
\$711,621		\$198,449	\$753,608	\$64,532	\$109,688 1,786,003	\$200,324	\$1,241
	\$32,267						
1,315,485						283,896	
<u>\$2,027,106</u>	<u>\$32,267</u>	<u>\$198,449</u>	<u>\$753,608</u>	<u>\$64,532</u>	<u>\$1,895,691</u>	<u>\$484,220</u>	<u>\$1,241</u>
\$3,417							
	\$31,679					\$283,896	
<u>3,417</u>	<u>31,679</u>					<u>283,896</u>	
6,881							
		\$198,449	\$753,608	\$64,532	\$1,895,691	200,324	\$1,241
145							
2,016,663	588						
<u>2,023,689</u>	<u>588</u>	<u>198,449</u>	<u>753,608</u>	<u>64,532</u>	<u>1,895,691</u>	<u>200,324</u>	<u>1,241</u>
<u>\$2,027,106</u>	<u>\$32,267</u>	<u>\$198,449</u>	<u>\$753,608</u>	<u>\$64,532</u>	<u>\$1,895,691</u>	<u>\$484,220</u>	<u>\$1,241</u>

(Continued)

CITY OF CONCORD  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2010

	<u>CAPITAL PROJECTS FUNDS</u>		
	<u>Special Developers</u>	<u>Inter- Governmental</u>	<u>Total Non-Major Governmental Funds</u>
<b>ASSETS:</b>			
Cash and Investments	\$2,096,726	\$2,346,947	\$13,277,794
Cash with Fiscal Agents			2,803,833
Receivables (Net of Allowances for Uncollectibles):			
Accounts Receivable		700,605	736,088
Interest Receivable	514		894
Due from Other Governments		742,726	1,522,081
Due from Other Funds	571,472		1,886,957
Loans and Notes			2,804,663
Special Assessments			283,896
Advances to Other Funds			477,000
	<u>\$2,668,712</u>	<u>\$3,790,278</u>	<u>\$23,793,206</u>
<b>LIABILITIES AND FUND BALANCE:</b>			
Liabilities:			
Accounts, Deposits and Contracts Payable	\$42,018	\$75,298	\$170,444
Accrued Liabilities	706	1,073	1,482,120
Due to Other Funds			31,679
Deferred Revenue		878,248	4,036,346
Advance from Other Funds	804,248		1,281,248
	<u>846,972</u>	<u>954,619</u>	<u>7,001,837</u>
Fund Balance:			
Reserved for:			
Encumbrances	56,916	486,043	775,561
Loans and Notes			465,445
Advances			477,000
Debt Service			3,113,845
Prepaid Items & Asset Seizure			
Unreserved:			
Designated for:			
Capital Projects	1,764,824	2,349,616	6,055,604
Undesignated			5,903,914
	<u>1,821,740</u>	<u>2,835,659</u>	<u>16,791,369</u>
Total Fund Balances (Deficit)	<u>1,821,740</u>	<u>2,835,659</u>	<u>16,791,369</u>
Total Liabilities and Fund Balances	<u>\$2,668,712</u>	<u>\$3,790,278</u>	<u>\$23,793,206</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, 2010

SPECIAL REVENUE FUNDS

	State Gas Tax	Maintenance Districts	Art in Public Places	Traffic System Management	Housing Assistance Program	Housing and Community Services
<b>REVENUES:</b>						
Taxes		\$1,458,054				
Licenses and Permits						\$759,380
Intergovernmental	\$2,046,672					1,225,255
Charges for Services					\$17,336	
Use of Money and Property	24,998	108,131	\$4,920	\$1,567	51,586	33,557
Special Assessment Collections						
Other						25,262
<b>Total Revenues</b>	<b>2,071,670</b>	<b>1,566,185</b>	<b>4,920</b>	<b>1,567</b>	<b>68,922</b>	<b>2,043,454</b>
<b>EXPENDITURES:</b>						
Current:						
Public Works & Engineering	1,538,423	988,966	6,000	44,289		
Community Development					22,708	89,688
Community & Recreation Services						1,598,327
Capital Outlay	484,588					183,119
Debt Service						
Principal Repayment						
Interest and Fiscal Charges						
<b>Total Expenditures</b>	<b>2,023,011</b>	<b>988,966</b>	<b>\$6,000</b>	<b>44,289</b>	<b>22,708</b>	<b>1,871,134</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>48,659</b>	<b>577,219</b>	<b>(1,080)</b>	<b>(42,722)</b>	<b>46,214</b>	<b>172,320</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of Debt						
Transfers In		210,132				97,347
Transfers (Out)	(35,086)	(209,495)		(1,399)		(5,100)
<b>Total Other Financing Sources (Uses)</b>	<b>(35,086)</b>	<b>637</b>		<b>(1,399)</b>		<b>92,247</b>
<b>Net Change in Fund Balances</b>	<b>13,573</b>	<b>577,856</b>	<b>(1,080)</b>	<b>(44,121)</b>	<b>46,214</b>	<b>264,567</b>
<b>Fund Balances at the Beginning of Period</b>	<b>1,247,982</b>	<b>2,184,911</b>	<b>129,519</b>	<b>548,916</b>	<b>647,440</b>	<b>1,380,071</b>
<b>FUND BALANCES AT END OF PERIOD</b>	<b>\$1,261,555</b>	<b>\$2,762,767</b>	<b>\$128,439</b>	<b>\$504,795</b>	<b>\$693,654</b>	<b>\$1,644,638</b>

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
\$2,027,352							
	\$357,209						
66,364		\$2,128	\$10,399	(\$2,638)	\$992,100	\$4,048	
497						65,201	
<u>2,094,213</u>	<u>357,209</u>	<u>2,128</u>	<u>10,399</u>	<u>(2,638)</u>	<u>992,100</u>	<u>69,249</u>	
1,936,686							
	357,209						
		3,915,000	380,000	90,000	8,925,000	28,000	
		367,932	362,862	7,452	1,549,619	8,760	\$68,316
<u>1,936,686</u>	<u>357,209</u>	<u>4,282,932</u>	<u>742,862</u>	<u>97,452</u>	<u>10,474,619</u>	<u>36,760</u>	<u>68,316</u>
<u>157,527</u>		<u>(4,280,804)</u>	<u>(732,463)</u>	<u>(100,090)</u>	<u>(9,482,519)</u>	<u>32,489</u>	<u>(68,316)</u>
		4,277,986	734,483	99,683	9,600,261		5,073,500
		(520,000)					69,557
		<u>3,757,986</u>	<u>734,483</u>	<u>99,683</u>	<u>9,600,261</u>		<u>(5,073,500)</u>
							69,557
157,527		(522,818)	2,020	(407)	117,742	32,489	1,241
<u>1,866,162</u>	<u>588</u>	<u>721,267</u>	<u>751,588</u>	<u>64,939</u>	<u>1,777,949</u>	<u>167,835</u>	
<u>\$2,023,689</u>	<u>\$588</u>	<u>\$198,449</u>	<u>\$753,608</u>	<u>\$64,532</u>	<u>\$1,895,691</u>	<u>\$200,324</u>	<u>\$1,241</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, 2010

	<u>CAPITAL PROJECTS FUNDS</u>		
	<u>Special Developers</u>	<u>Inter - Governmental</u>	<u>Total Non-Major Governmental Funds</u>
<b>REVENUES:</b>			
Taxes			\$3,485,406
Licenses and Permits	\$77,390		836,770
Intergovernmental		\$7,017,538	10,646,674
Charges for Services			17,336
Use of Money and Property	94,159	63,215	1,454,534
Special Assessment Collections			65,201
Other	18,385		44,144
	<u>189,934</u>	<u>7,080,753</u>	<u>16,550,065</u>
<b>EXPENDITURES:</b>			
Current:			
Public Works & Engineering	30,005	597,443	5,141,812
Community Development			112,396
Community & Recreation Services	63,905		2,019,441
Capital Outlay	799,234	3,247,849	4,714,790
Debt Service			
Principal Repayment			13,338,000
Interest and Fiscal Charges			2,364,941
	<u>893,144</u>	<u>3,845,292</u>	<u>27,691,380</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(703,210)</u>	<u>3,235,461</u>	<u>(11,141,315)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Issuance of Debt			5,073,500
Transfers In		114,222	15,203,671
Transfers (Out)	(70,812)	(62,643)	(5,978,035)
	<u>(70,812)</u>	<u>51,579</u>	<u>14,299,136</u>
Net Change in Fund Balances	(774,022)	3,287,040	3,157,821
Fund Balances at the Beginning of Period	<u>2,595,762</u>	<u>(451,381)</u>	<u>13,633,548</u>
FUND BALANCES (DEFICIT) AT END OF PERIOD	<u>\$1,821,740</u>	<u>\$2,835,659</u>	<u>\$16,791,369</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, 2010

	STATE GAS TAX			MAINTENANCE DISTRICTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Property Taxes				\$1,506,866	\$1,458,054	(\$48,812)
Licenses and Permits						
Intergovernmental	\$2,050,000	\$2,046,672	(\$3,328)			
Charges for Current Services						
Use of Money and Property	190,000	24,998	(165,002)	47,596	108,131	60,535
Other						
Total Revenues	<u>2,240,000</u>	<u>2,071,670</u>	<u>(168,330)</u>	<u>1,554,462</u>	<u>1,566,185</u>	<u>11,723</u>
<b>EXPENDITURES:</b>						
Current:						
Public Works & Engineering	1,467,299	1,538,423	(71,124)	1,301,169	988,966	312,203
Community Development						
Community & Recreation Services						
Debt Service						
Principal Repayment						
Interest and Fiscal Charges						
Total Expenditures	<u>1,467,299</u>	<u>1,538,423</u>	<u>(71,124)</u>	<u>1,301,169</u>	<u>988,966</u>	<u>312,203</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>772,701</u>	<u>533,247</u>	<u>(239,454)</u>	<u>253,293</u>	<u>577,219</u>	<u>323,926</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In				210,132	210,132	
Transfers (Out)		(35,086)	(35,086)	(209,495)	(209,495)	
Total Other Financing Sources (Uses)		<u>(35,086)</u>	<u>(35,086)</u>	<u>637</u>	<u>637</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>772,701</u>	<u>498,161</u>	<u>(274,540)</u>	<u>253,930</u>	<u>577,856</u>	<u>323,926</u>
Adjustment to Budgetary Basis:						
Capital Outlay		(484,588)				
Fund Balances at Beginning of Year	<u>1,247,982</u>	<u>1,247,982</u>		<u>2,184,911</u>	<u>2,184,911</u>	
Fund Balances at End of Year	<u>\$2,020,683</u>	<u>\$1,261,555</u>	<u>(\$274,540)</u>	<u>\$2,438,841</u>	<u>\$2,762,767</u>	<u>\$323,926</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)
\$2,000	\$4,920	\$2,920	\$4,000	\$1,567	(\$2,433)	\$2,750	\$17,336	\$14,586
						7,500	51,586	44,086
<u>2,000</u>	<u>4,920</u>	<u>2,920</u>	<u>4,000</u>	<u>1,567</u>	<u>(2,433)</u>	<u>10,250</u>	<u>68,922</u>	<u>58,672</u>
	6,000	(6,000)	59,615	44,289	15,326	44,330	22,708	21,622
	<u>6,000</u>	<u>(6,000)</u>	<u>59,615</u>	<u>44,289</u>	<u>15,326</u>	<u>44,330</u>	<u>22,708</u>	<u>21,622</u>
<u>2,000</u>	<u>(1,080)</u>	<u>(3,080)</u>	<u>(55,615)</u>	<u>(42,722)</u>	<u>12,893</u>	<u>(34,080)</u>	<u>46,214</u>	<u>80,294</u>
			<u>(4,000)</u>	<u>(1,399)</u>	<u>2,601</u>			
			<u>(4,000)</u>	<u>(1,399)</u>	<u>2,601</u>			
2,000	(1,080)	(3,080)	(59,615)	(44,121)	15,494	(34,080)	46,214	80,294
<u>129,519</u>	<u>129,519</u>		<u>548,916</u>	<u>548,916</u>		<u>647,440</u>	<u>647,440</u>	
<u>\$131,519</u>	<u>\$128,439</u>	<u>(\$3,080)</u>	<u>\$489,301</u>	<u>\$504,795</u>	<u>\$15,494</u>	<u>\$613,360</u>	<u>\$693,654</u>	<u>\$80,294</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, 2010

	HOUSING AND COMMUNITY SERVICES			STORM WATER MANAGEMENT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Property Taxes				\$1,955,330	\$2,027,352	\$72,022
Licenses and Permits	\$5,000	\$759,380	\$754,380			
Intergovernmental	1,021,869	1,225,255	203,386			
Charges for Current Services	75,000		(75,000)			
Use of Money and Property		33,557	33,557	32,703	66,364	33,661
Other	5,519	25,262	\$19,743		497	497
<b>Total Revenues</b>	<b>1,107,388</b>	<b>2,043,454</b>	<b>936,066</b>	<b>1,988,033</b>	<b>2,094,213</b>	<b>106,180</b>
EXPENDITURES:						
Current:						
Public Works & Engineering				2,559,292	1,936,686	622,606
Community Development	143,062	89,688	53,374			
Community & Recreation Services	656,980	1,598,327	(941,347)			
Debt Service						
Principal Repayment						
Interest and Fiscal Charges						
<b>Total Expenditures</b>	<b>800,042</b>	<b>1,688,015</b>	<b>(887,973)</b>	<b>2,559,292</b>	<b>1,936,686</b>	<b>622,606</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	307,346	355,439	48,093	(571,259)	157,527	728,786
OTHER FINANCING SOURCES (USES):						
Transfers In	52,077	97,347	45,270	368,000		(368,000)
Transfers (Out)	(56,153)	(5,100)	51,053			
<b>Total Other Financing Sources (Uses)</b>	<b>(4,076)</b>	<b>92,247</b>	<b>96,323</b>	<b>368,000</b>		<b>(368,000)</b>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	303,270	447,686	144,416	(203,259)	157,527	360,786
Adjustment to Budgetary Basis:						
Capital Outlay		(183,119)				
Fund Balances at Beginning of Year	1,380,071	1,380,071		1,866,162	1,866,162	
Fund Balances at End of Year	<u>\$1,683,341</u>	<u>\$1,644,638</u>	<u>\$144,416</u>	<u>\$1,662,903</u>	<u>\$2,023,689</u>	<u>\$360,786</u>

MONUMENT COMMUNITY PARTNERSHIP			POLICE FACILITIES REVENUE BONDS			ABAG		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	\$357,209	\$357,209						
\$2,000		(2,000)		\$2,128	\$2,128		(\$2,638)	(\$2,638)
<u>2,000</u>	<u>357,209</u>	<u>355,209</u>		<u>2,128</u>	<u>2,128</u>		<u>(2,638)</u>	<u>(2,638)</u>
	357,209	(357,209)						
			\$395,000	3,915,000	(3,520,000)	\$90,000	90,000	
			298,194	367,932	(69,738)	7,775	7,452	323
	357,209	(357,209)	693,194	4,282,932	(3,589,738)	97,775	97,452	323
2,000		(2,000)	(693,194)	(4,280,804)	(3,587,610)	(97,775)	(100,090)	(2,315)
				4,277,986	4,277,986		99,683	99,683
				(520,000)	(520,000)			
				3,757,986	3,757,986		99,683	99,683
2,000		(2,000)	(693,194)	(522,818)	170,376	(97,775)	(407)	97,368
588	588		721,267	721,267		64,939	64,939	
<u>\$2,588</u>	<u>\$588</u>	<u>(\$2,000)</u>	<u>\$28,073</u>	<u>\$198,449</u>	<u>\$170,376</u>	<u>(\$32,836)</u>	<u>\$64,532</u>	<u>\$97,368</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 Benefits 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, 2010

	Workers' Compensation	Risk Management/ Liability	Post-Retirement Healthcare Benefit	Fleet Maintenance/ Replacement	Information Technology Replacement
<b>ASSETS</b>					
Current Assets:					
Cash and Investments	\$5,542,489	\$2,873,954	\$1,884,933	\$2,951,007	\$6,756,704
Accounts Receivable	7,236	68,957		15,363	
Interest Receivable			53		7,908
Prepaid Items					69,609
Advances to Other Funds	2,000,000				
<b>Total Current Assets</b>	<b>7,549,725</b>	<b>2,942,911</b>	<b>1,884,986</b>	<b>2,966,370</b>	<b>6,834,221</b>
Net OPEB Asset			7,844,388		
Capital Assets:					
Buildings and Improvements				8,238,021	8,573,228
Equipment					60,182
Construction In Progress				8,238,021	8,633,410
Less: Accumulated Depreciation				(7,254,674)	(6,731,475)
<b>Net Capital Assets</b>				<b>983,347</b>	<b>1,901,935</b>
<b>Total Assets</b>	<b>7,549,725</b>	<b>2,942,911</b>	<b>9,729,374</b>	<b>3,949,717</b>	<b>8,736,156</b>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts and Contracts Payable				937	
Accrued Liabilities	816			5,587	17,265
Compensated Absences Payable				12,196	47,490
Capital Lease Payable					340,658
Bond Interest Payable					1,474
Claims Payable	1,883,922	969,055			
<b>Total Current Liabilities</b>	<b>1,884,738</b>	<b>969,055</b>		<b>18,720</b>	<b>406,887</b>
Non-Current Liabilities					
Compensated Absences Payable				34,342	40,359
Capital Lease Payable					171,880
Claims Payable	5,369,078	707,232			
<b>Total Liabilities</b>	<b>7,253,816</b>	<b>1,676,287</b>		<b>53,062</b>	<b>619,126</b>
<b>NET ASSETS</b>					
Invested in Capital Assets				983,347	1,389,397
Unrestricted	295,909	1,266,624	9,729,374	2,913,308	6,727,633
<b>Total Net Assets</b>	<b>\$295,909</b>	<b>\$1,266,624</b>	<b>\$9,729,374</b>	<b>\$3,896,655</b>	<b>\$8,117,030</b>

<u>Building Maintenance</u>	<u>Total</u>
\$2,695,340	\$22,704,427
463	92,019
3,242	11,203
	69,609
	<u>2,000,000</u>
<u>2,699,045</u>	<u>24,877,258</u>
	<u>7,844,388</u>
73,834,096	73,834,096
	16,811,249
16,000	76,182
<u>73,850,096</u>	<u>90,721,527</u>
<u>(28,686,485)</u>	<u>(42,672,634)</u>
<u>45,163,611</u>	<u>48,048,893</u>
<u>47,862,656</u>	<u>80,770,539</u>
1,572	2,509
9,390	33,058
45,788	105,474
	340,658
	1,474
	<u>2,852,977</u>
<u>56,750</u>	<u>3,336,150</u>
31,812	106,513
	171,880
	<u>6,076,310</u>
<u>88,562</u>	<u>9,690,853</u>
45,163,611	47,536,355
<u>2,610,483</u>	<u>23,543,331</u>
<u>\$47,774,094</u>	<u>\$71,079,686</u>

CITY OF CONCORD  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010

	Workers' Compensation	Risk Management/ Liability	Post-Retirement Healthcare Benefit	Fleet Maintenance/ Replacement	Information Technology Replacement
<b>OPERATING REVENUES</b>					
Charges for Services	\$1,876,355	\$1,301,037	\$3,133,418	\$2,710,025	\$5,844,398
Claims Settlement		129,294			
Other			54,507	929	31,181
<b>Total Operating Revenues</b>	<u>1,876,355</u>	<u>1,430,331</u>	<u>3,187,925</u>	<u>2,710,954</u>	<u>5,875,579</u>
<b>OPERATING EXPENSES</b>					
Operations and Maintenance	64,668	254	49,744	1,710,775	3,979,774
Cost of Sales and Services			4,487,591		
Depreciation				599,198	923,266
Claims and Judgments	2,397,248	1,772,628			
<b>Total Operating Expenses</b>	<u>2,461,916</u>	<u>1,772,882</u>	<u>4,537,335</u>	<u>2,309,973</u>	<u>4,903,040</u>
<b>Operating Income (Loss)</b>	<u>(585,561)</u>	<u>(342,551)</u>	<u>(1,349,410)</u>	<u>400,981</u>	<u>972,539</u>
<b>NON-OPERATING REVENUE (EXPENSES)</b>					
Interest Income	95,184	147,256	9,001	103,695	101,179
Interest Expense		(100,098)			(31,007)
Gain from Sale of Capital Assets				22,632	
<b>Total Non-Operating Revenue</b>	<u>95,184</u>	<u>47,158</u>	<u>9,001</u>	<u>126,327</u>	<u>70,172</u>
<b>Income (Loss) Before Contributions</b>	<u>(490,377)</u>	<u>(295,393)</u>	<u>(1,340,409)</u>	<u>527,308</u>	<u>1,042,711</u>
Contributions				146,961	35,193
Transfers In	790,000	5,793,500			
Transfers Out	(200,000)	(4,274,625)			
<b>Change in Net Assets</b>	<u>99,623</u>	<u>1,223,482</u>	<u>(1,340,409)</u>	<u>674,269</u>	<u>1,077,904</u>
<b>Net Assets Beginning</b>	<u>196,286</u>	<u>43,142</u>	<u>11,069,783</u>	<u>3,222,386</u>	<u>7,039,126</u>
<b>Net Assets Ending</b>	<u><u>\$295,909</u></u>	<u><u>\$1,266,624</u></u>	<u><u>\$9,729,374</u></u>	<u><u>\$3,896,655</u></u>	<u><u>\$8,117,030</u></u>

<u>Building Maintenance</u>	<u>Total</u>
\$3,338,834	\$18,204,067 129,294 86,617
<u>3,338,834</u>	<u>18,419,978</u>
2,736,199	8,541,414 4,487,591
2,177,806	3,700,270 4,169,876
<u>4,914,005</u>	<u>20,899,151</u>
<u>(1,575,171)</u>	<u>(2,479,173)</u>
54,407	510,722 (131,105) 22,632
<u>54,407</u>	<u>402,249</u>
<u>(1,520,764)</u>	<u>(2,076,924)</u>
133,606	315,760 6,583,500 (4,474,625)
<u>(1,387,158)</u>	<u>347,711</u>
<u>49,161,252</u>	<u>70,731,975</u>
<u>\$47,774,094</u>	<u>\$71,079,686</u>

CITY OF CONCORD  
INTERNAL SERVICE FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010

	Workers' Compensation	Risk Management/ Liability	Post-Retirement Healthcare Benefit	Fleet Maintenance/ Replacement	Information Technology Replacement
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers	\$1,907,251	\$1,447,079	\$3,187,925	\$2,716,746	\$5,875,579
Payments to Suppliers		(254)	(2,865,000)	(1,045,172)	(2,204,417)
Payments to Employees	(112,611)			(654,125)	(1,836,541)
Claims Paid	(1,359,709)	(953,351)			
Net Cash Provided by Operating Activities	<u>434,931</u>	<u>493,474</u>	<u>322,925</u>	<u>1,017,449</u>	<u>1,834,621</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Borrowings of Advances From/To Other Funds	(2,000,000)				
Transfer In/ (Out)	790,000	5,793,500			
Transfer In/ (Out)	(200,000)	(4,274,625)			
Cash Flows from Non-Capital Financing Activities	<u>(1,410,000)</u>	<u>1,518,875</u>			
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and Construction of Capital Assets				(212,787)	(100,206)
Proceeds from the Sale of Capital Assets				22,632	
Principal Paid on Debt, Bond Maturities		(2,230,000)			(327,763)
Interest and Fiscal Charges Paid		(137,805)			(31,108)
Cash Flows from Capital and Related Financing Activities		<u>(2,367,805)</u>		<u>(190,155)</u>	<u>(459,077)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Received	95,184	147,256	14,006	103,695	108,958
Cash Flows from Investing Activities	<u>95,184</u>	<u>147,256</u>	<u>14,006</u>	<u>103,695</u>	<u>108,958</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(879,885)	(208,200)	336,931	930,989	1,484,502
Cash and Investments at Beginning of Period	<u>6,422,374</u>	<u>3,082,154</u>	<u>1,548,002</u>	<u>2,020,018</u>	<u>5,272,202</u>
Cash and Investments at End of Period	<u>\$5,542,489</u>	<u>\$2,873,954</u>	<u>\$1,884,933</u>	<u>\$2,951,007</u>	<u>\$6,756,704</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>					
Operating Income (Loss)	(\$585,561)	(\$342,551)	(\$1,349,410)	\$400,981	\$972,539
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation				599,198	923,266
Change in Assets and Liabilities:					
Receivables, Net	30,896	16,748		5,792	
Prepaid Expenses					(52,691)
Net OPEB Asset			1,672,335		
Accounts Payable				937	(17,875)
Accrued Liabilities	596			10,541	9,382
Self Insurance Claims Payable	989,000	819,277			
Net Cash Provided by (Used for) Operating Activities	<u>\$434,931</u>	<u>\$493,474</u>	<u>\$322,925</u>	<u>\$1,017,449</u>	<u>\$1,834,621</u>
Non-cash Contributions and Transfers of Fixed Assets, Net				<u>\$146,961</u>	<u>\$35,193</u>

<u>Building Maintenance</u>	<u>Total</u>
\$3,338,371	\$18,472,951
(1,356,098)	(7,470,941)
(1,392,260)	(3,995,537)
	<u>(2,313,060)</u>
<u>590,013</u>	<u>4,693,413</u>
	(2,000,000)
	6,583,500
	<u>(4,474,625)</u>
	<u>108,875</u>
(16,000)	(328,993)
	22,632
	(2,557,763)
	<u>(168,913)</u>
<u>(16,000)</u>	<u>(3,033,037)</u>
<u>51,165</u>	<u>520,264</u>
<u>51,165</u>	<u>520,264</u>
625,178	2,289,515
<u>2,070,162</u>	<u>20,414,912</u>
<u>\$2,695,340</u>	<u>\$22,704,427</u>
(\$1,575,171)	(\$2,479,173)
2,177,806	3,700,270
(463)	52,973
	(52,691)
	1,672,335
1,572	(15,366)
(13,731)	6,788
	<u>1,808,277</u>
<u>\$590,013</u>	<u>\$4,693,413</u>
<u>\$133,606</u>	<u>\$315,760</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:

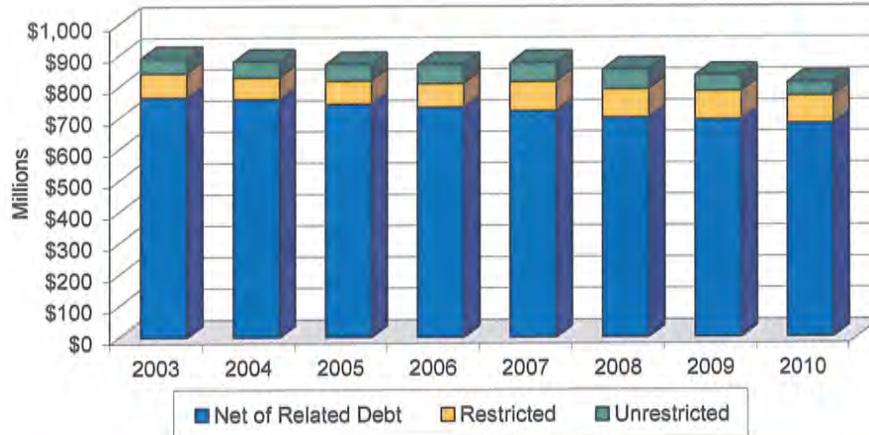
- Full-Time Equivalent (FTE) City Government Employees by Function
- Operating Indicators by Function/Program
- Capital Asset Statistics by Function/Program

### 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 Eight Fiscal Years (Accrual Basis of Accounting)**



	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental Activities</b>								
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
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
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
<b>Total Governmental Activities Net Assets</b>	<b>\$793,501,988</b>	<b>\$784,766,448</b>	<b>\$777,685,444</b>	<b>\$776,464,168</b>	<b>\$785,454,847</b>	<b>\$768,690,045</b>	<b>\$749,886,874</b>	<b>\$728,964,981</b>
<b>Business-Type Activities</b>								
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
Restricted	11,600,088	14,317,386	13,760,715	15,757,201	17,775,509	14,119,883	13,520,168	20,444,000
<b>Total Business-Type Activities Net Assets</b>	<b>\$97,901,213</b>	<b>\$96,221,750</b>	<b>\$93,549,890</b>	<b>\$93,477,726</b>	<b>\$89,899,823</b>	<b>\$84,494,610</b>	<b>\$84,840,523</b>	<b>\$82,940,479</b>
<b>Primary Government</b>								
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
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
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
<b>Total Primary Government Net Assets</b>	<b>\$891,403,201</b>	<b>\$880,988,198</b>	<b>\$871,235,334</b>	<b>\$869,941,894</b>	<b>\$875,354,670</b>	<b>\$853,184,655</b>	<b>\$834,727,392</b>	<b>\$811,905,460</b>

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

	Fiscal Year Ended June 30,				
	2003	2004	2005	2006	2007
<b>Expenses</b>					
<b>Governmental Activities:</b>					
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 & Engineering	28,573,938	29,048,534	34,904,128	34,976,572	35,491,488
Community Development	3,884,515	5,710,011	5,087,871	4,836,179	5,065,830
Building, Engineering & Neighborhood Services	5,281,208	5,583,100	5,690,760	7,239,616	9,313,264
Community & Recreation Services	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
<b>Total Governmental Activities Expenses</b>	<b>99,863,828</b>	<b>103,965,675</b>	<b>104,883,340</b>	<b>109,519,932</b>	<b>115,893,804</b>
<b>Business-Type Activities:</b>					
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
<b>Total Business-Type Activities Expenses</b>	<b>17,612,632</b>	<b>18,368,664</b>	<b>19,655,486</b>	<b>20,485,495</b>	<b>22,573,071</b>
<b>Total Primary Government Expenses</b>	<b>\$117,476,460</b>	<b>\$122,334,339</b>	<b>\$124,538,826</b>	<b>\$130,005,427</b>	<b>\$138,466,875</b>
<b>Program Revenues</b>					
<b>Governmental Activities:</b>					
<b>Charges for Services:</b>					
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 & Engineering	3,467,007	3,669,880	6,712,375	4,814,755	4,964,185
Community 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
Community & Recreation Services	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
<b>Total Governmental Activities Program Revenues</b>	<b>25,363,464</b>	<b>29,460,716</b>	<b>26,947,977</b>	<b>39,057,572</b>	<b>33,549,048</b>
<b>Business-Type Activities:</b>					
<b>Charges for Services:</b>					
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
<b>Total Business-Type Activities Program Revenue</b>	<b>15,994,900</b>	<b>16,645,007</b>	<b>16,408,210</b>	<b>19,376,098</b>	<b>17,804,532</b>
<b>Total Primary Government Program Revenues</b>	<b>\$41,358,364</b>	<b>\$46,105,723</b>	<b>\$43,356,187</b>	<b>\$58,433,670</b>	<b>\$51,353,580</b>
<b>Net (Expense)/Revenue</b>					
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)
<b>Total Primary Government Net Expense</b>	<b>(\$76,118,096)</b>	<b>(\$76,228,616)</b>	<b>(\$81,182,639)</b>	<b>(\$71,571,757)</b>	<b>(\$87,113,295)</b>
<b>General Revenues and Other Changes in Net Assets</b>					
<b>Governmental Activities:</b>					
<b>Taxes:</b>					
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	9,266,888
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
<b>Total Governmental Activities</b>	<b>68,758,378</b>	<b>65,769,419</b>	<b>70,854,359</b>	<b>69,241,084</b>	<b>91,335,435</b>
<b>Business-Type Activities:</b>					
Investment Earnings	445,058	53,790	535,095	1,037,233	1,190,636
Miscellaneous Revenues					
Transfers	5,203	(9,596)	40,321		
<b>Total Business-Type Activities</b>	<b>450,261</b>	<b>44,194</b>	<b>\$75,416</b>	<b>1,037,233</b>	<b>1,190,636</b>
<b>Total Primary Government</b>	<b>\$69,208,637</b>	<b>\$65,813,613</b>	<b>\$71,429,775</b>	<b>\$70,278,317</b>	<b>\$92,526,071</b>
<b>Change in Net Assets</b>					
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)
<b>Total Primary Government</b>	<b>(\$6,909,459)</b>	<b>(\$10,415,003)</b>	<b>(\$9,752,864)</b>	<b>(\$1,293,440)</b>	<b>\$5,412,776</b>

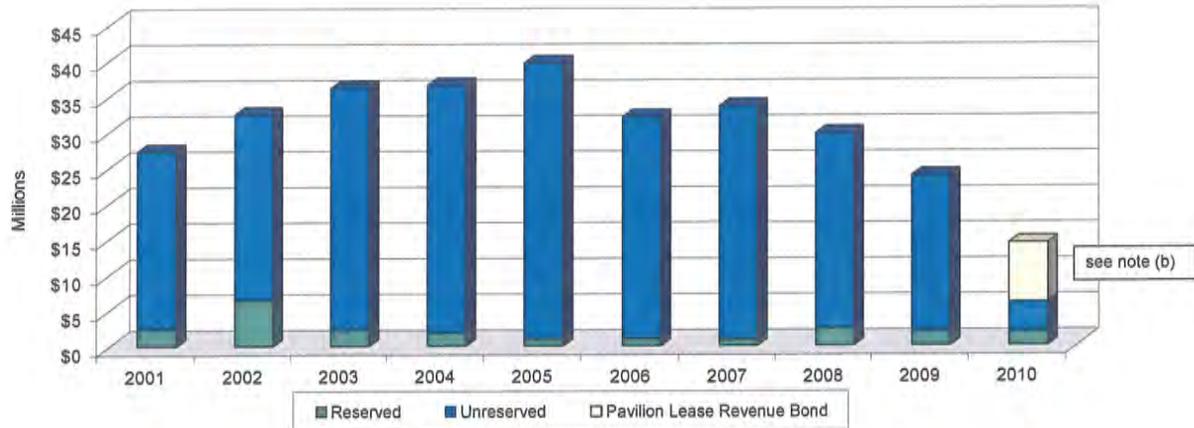
**Note:**

(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.

## Fiscal Year Ended June 30,

2008	2009	2010 (a)
\$13,275,497	\$12,738,632	\$12,443,084
42,367,364	45,291,048	43,000,455
36,554,748	36,454,843	32,833,186
6,530,424	10,579,123	20,627,408
12,291,176	6,571,713	
9,484,383	9,463,315	9,810,082
5,521,049	5,213,438	5,266,740
<u>126,024,641</u>	<u>126,312,112</u>	<u>123,980,955</u>
24,868,475	18,688,255	21,303,268
1,601,983	1,679,995	1,323,074
<u>26,470,458</u>	<u>20,368,250</u>	<u>22,626,342</u>
<u>\$152,495,099</u>	<u>\$146,680,362</u>	<u>\$146,607,297</u>
\$782,744	\$966,501	\$594,633
1,499,727	1,672,348	1,805,170
2,575,986	5,847,684	8,425,897
3,281,902	2,390,462	2,917,141
777,091	3,363,813	
3,287,962	3,492,087	3,332,979
6,188,496	4,715,761	5,519,453
8,768,985	10,512,437	10,573,237
<u>27,162,893</u>	<u>32,961,093</u>	<u>33,168,510</u>
17,915,613	18,296,077	18,423,702
1,535,148	1,422,154	1,326,167
79,419	117,915	
<u>19,530,180</u>	<u>19,836,146</u>	<u>19,749,869</u>
<u>\$46,693,073</u>	<u>\$52,797,239</u>	<u>\$52,918,379</u>
(\$98,861,748)	(\$93,351,019)	(\$90,812,445)
(6,940,278)	(532,104)	(2,876,473)
<u>(\$105,802,026)</u>	<u>(\$93,883,123)</u>	<u>(\$93,688,918)</u>
\$30,269,864	\$29,034,866	\$27,916,258
27,325,370	24,253,987	23,370,649
9,759,831	9,625,635	8,797,365
2,193,085	1,710,768	1,427,813
3,157,176	3,262,762	3,324,011
3,991,357	4,128,526	4,097,706
5,346,348	2,300,008	842,470
53,915	247,697	114,280
	(16,401)	
<u>82,096,946</u>	<u>74,547,848</u>	<u>69,890,552</u>
1,485,065	809,161	913,934
50,000	52,450	62,500
	16,401	
<u>1,535,065</u>	<u>878,012</u>	<u>976,434</u>
<u>\$83,632,011</u>	<u>\$75,425,860</u>	<u>\$70,866,986</u>
(\$16,764,802)	(\$18,803,171)	(\$20,921,893)
(5,405,213)	345,908	(1,900,039)
<u>(\$22,170,015)</u>	<u>(\$18,457,263)</u>	<u>(\$22,821,932)</u>

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



	Fiscal Year Ended June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Fund</b>										
Reserved	\$2,382,640	\$6,462,821	\$2,202,408	\$1,864,192	\$947,419	\$1,032,824	\$865,652	\$2,410,869	\$1,995,403	\$1,856,472
Unreserved	24,878,296	25,989,185	33,917,725	34,649,045	38,634,501	31,015,852	32,675,265	27,326,524	21,806,296	4,242,381
<b>Total General Fund</b>	<b>\$27,260,936</b>	<b>\$32,452,006</b>	<b>\$36,120,133</b>	<b>\$36,513,237</b>	<b>\$39,581,920</b>	<b>\$32,048,676</b>	<b>\$33,540,917</b>	<b>\$29,737,393</b>	<b>\$23,801,699</b>	<b>\$6,098,853 (a)</b>
<b>All Other Governmental Funds</b>										
Reserved	\$45,486,691	\$50,368,878	\$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, Reported in:										
Special Revenue Funds	9,359,938	4,196,815	2,998,229	5,468,518	4,305,242	5,037,425	5,709,576	5,446,005	5,718,932	7,847,880
Capital Project Funds	30,903,794	20,942,982	16,816,752	13,785,820	19,890,639	23,048,359	33,847,270	31,743,285	22,582,396	14,639,397
Debt Service Funds					96	26	12,594	21,955		
<b>Total All Other Governmental Funds</b>	<b>\$85,750,423</b>	<b>\$75,508,675</b>	<b>\$71,709,814</b>	<b>\$62,998,310</b>	<b>\$66,283,843</b>	<b>\$66,279,378</b>	<b>\$82,753,503</b>	<b>\$76,453,404</b>	<b>\$75,796,827</b>	<b>\$73,155,817</b>

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.

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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,				
	2001	2002	2003	2004	2005(b)
<b>Revenues</b>					
Taxes	\$56,228,728	\$57,826,527	\$60,693,494	\$61,735,974	\$62,108,412
Licenses and Permits	2,520,364	3,468,079	2,539,529	3,291,112	3,138,724
Intergovernmental	16,632,718	13,965,410	16,115,511	16,209,022	18,659,169
Charges for Services	4,090,155	6,234,680	5,502,226	6,088,123	6,399,020
Fines, Forfeitures and Penalties	651,855	719,477	645,723	738,476	717,015
Parks and Recreation	1,985,340	2,079,835	2,143,019	2,117,718	2,420,106
Use of Money and Property	8,284,146	7,303,139	5,457,259	3,749,005	4,740,989
Special Assessment Collections	701,531	648,564	628,420	587,663	99,623
Other	751,170	545,261	687,006	855,196	758,718
<b>Total Revenues</b>	<b>91,846,007</b>	<b>92,790,972</b>	<b>94,412,187</b>	<b>95,372,289</b>	<b>99,041,776</b>
<b>Expenditures</b>					
Current:					
General Government	9,012,826	10,062,672	10,935,855	11,719,382	9,422,828
Public Safety	25,426,450	26,920,521	28,889,785	30,197,506	35,687,725
Public Works & Engineering	12,730,072	10,347,913	9,327,836	9,400,460	15,292,558
Building, Engineering & Neighborhood Serv	5,108,797	4,871,229	5,349,636	5,441,037	5,716,968
Community Development	1,314,166	5,129,842	3,740,770	7,081,755	4,749,351
Community & Recreation Services	9,684,192	10,065,069	12,196,418	12,936,943	6,682,215
Capital Outlay	12,863,903	18,496,739	14,917,505	8,515,838	6,555,700
Debt Service:					
Principal Repayment	4,699,217	4,818,000	5,117,000	5,293,000	4,554,000
Interest and Fiscal Charges	6,276,355	6,905,805	6,837,478	8,356,499	3,950,417
Refund to Property Owners	505,148		156,691	55,955	41,453
<b>Total Expenditures</b>	<b>87,621,126</b>	<b>97,617,790</b>	<b>97,468,974</b>	<b>98,998,375</b>	<b>92,653,215</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>4,224,881</b>	<b>(4,826,818)</b>	<b>(3,056,787)</b>	<b>(3,626,086)</b>	<b>6,388,561</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	12,276,116	2,787,097	7,244,083	2,014,711	5,461,790
Transfers (Out)	(12,235,056)	(6,757,401)	(5,204,465)	(1,952,059)	(5,526,805)
Refunding Bonds Issued				72,310,000	
Proceeds from Debt Issuance	9,580,000			1,569,330	30,670
Proceeds from Sale of Property	2,155,661		886,435		
Bond Issuance Premium				407,090	
Payments to Refunded Bond Escrow				(79,041,386)	
<b>Total Other Financing Sources (Uses)</b>	<b>11,776,721</b>	<b>(3,970,304)</b>	<b>2,926,053</b>	<b>(4,692,314)</b>	<b>(34,345)</b>
<b>Special Item</b>					
Loss on Sale of Property					
<b>Total Special Item</b>					
<b>Net Change in Fund Balances</b>	<b>\$16,001,602</b>	<b>(\$8,797,122)</b>	<b>(\$130,734)</b>	<b>(\$8,318,400)</b>	<b>\$6,354,216</b>
Debt Service as a Percentage of Non-Capital Expenditures	(a)	14.8%	14.5%	15.1%	9.9%

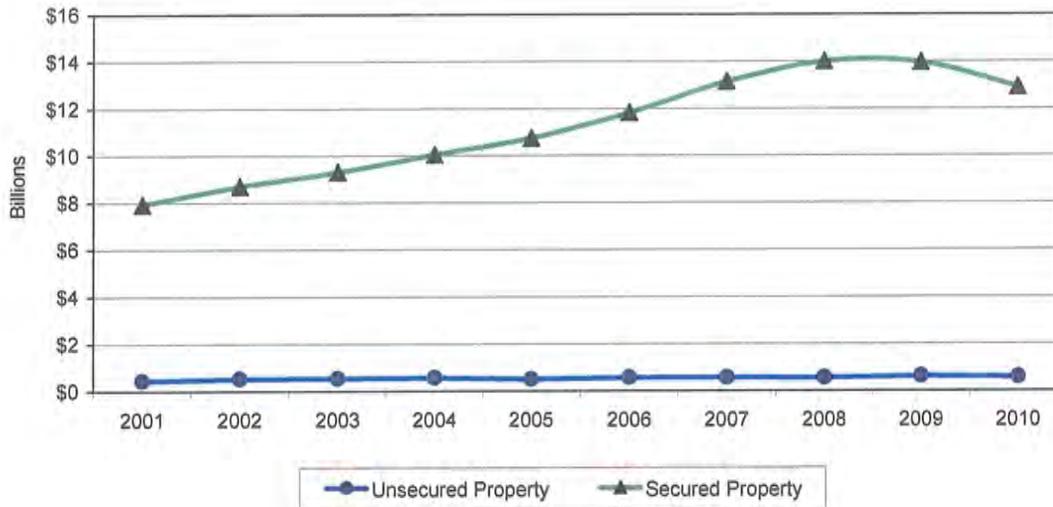
## Notes:

(a) The City implemented GASB Statement 34 in Fiscal Year 2002. Therefore this calculation is included only for fiscal years subsequent to that date.

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

	Fiscal Year Ended June 30,				
	2006(b)	2007	2008	2009	2010 (b)
<b>Revenues</b>					
Taxes	\$70,913,489	\$78,285,780	\$78,204,323	\$75,189,694	\$72,007,902
Licenses and Permits	4,877,758	3,073,607	1,599,886	3,552,003	1,964,480
Intergovernmental	10,647,688	10,335,065	8,265,305	12,366,551	15,089,721
Charges for Services	7,130,622	7,182,525	6,343,372	7,289,449	6,632,428
Fines, Forfeitures and Penalties	897,435	989,426	1,055,807	1,108,677	1,021,931
Parks and Recreation	2,585,962	2,678,282	3,006,184	2,869,639	2,895,408
Use of Money and Property	5,371,381	5,943,217	5,968,313	4,102,165	1,908,565
Special Assessment Collections	75,021	72,524	65,610	67,052	65,201
Other	713,853	701,526	613,023	786,340	805,294
<b>Total Revenues</b>	<b>103,213,209</b>	<b>109,261,952</b>	<b>105,121,823</b>	<b>107,331,570</b>	<b>102,390,930</b>
<b>Expenditures</b>					
Current:					
General Government	11,056,922	12,633,576	12,678,872	11,984,808	11,997,158
Public Safety	37,384,952	38,587,496	40,285,037	42,843,522	41,359,307
Public Works & Engineering	14,830,313	15,508,044	17,060,398	15,956,198	15,237,733
Building, Engineering & Neighborhood Serv	5,009,679	5,028,829	6,408,585	6,298,643	
Community Development	7,357,162	10,046,844	11,385,205	8,142,528	18,282,245
Community & Recreation Services	7,428,161	7,828,837	8,745,778	8,806,329	8,721,242
Capital Outlay	5,602,918	5,947,842	7,822,286	11,589,152	7,997,002
Debt Service:					
Principal Repayment	4,655,000	4,586,000	4,852,000	5,024,000	16,878,000
Interest and Fiscal Charges	5,326,328	5,133,210	4,952,854	4,860,812	5,226,724
Refund to Property Owners	326,836		34,431		
<b>Total Expenditures</b>	<b>98,978,271</b>	<b>105,300,678</b>	<b>114,225,446</b>	<b>115,505,992</b>	<b>125,699,411</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>4,234,938</b>	<b>3,961,274</b>	<b>(9,103,623)</b>	<b>(8,174,422)</b>	<b>(23,308,481)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	4,204,776	2,608,732	3,733,972	5,557,868	16,335,469
Transfers (Out)	(14,418,255)	(6,248,494)	(4,733,972)	(4,071,296)	(18,444,344)
Refunding Bonds Issued					
Proceeds from Debt Issuance		350,000		95,579	5,073,500
Proceeds from Sale of Property		17,294,854			
Bond Issuance Premium					
Payments to Refunded Bond Escrow					
<b>Total Other Financing Sources (Uses)</b>	<b>(10,213,479)</b>	<b>14,005,092</b>	<b>(1,000,000)</b>	<b>1,582,151</b>	<b>2,964,625</b>
<b>Special Item</b>					
Loss on Sale of Property	(1,559,168)				
<b>Total Special Item</b>	<b>(1,559,168)</b>				
<b>Net Change in Fund Balances</b>	<b>(\$7,537,709)</b>	<b>\$17,966,366</b>	<b>(\$10,103,623)</b>	<b>(\$6,592,271)</b>	<b>(\$20,343,856)</b>
Debt Service as a Percentage of Non-Capital Expenditures	10.7%	9.8%	9.2%	9.3%	18.8%

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



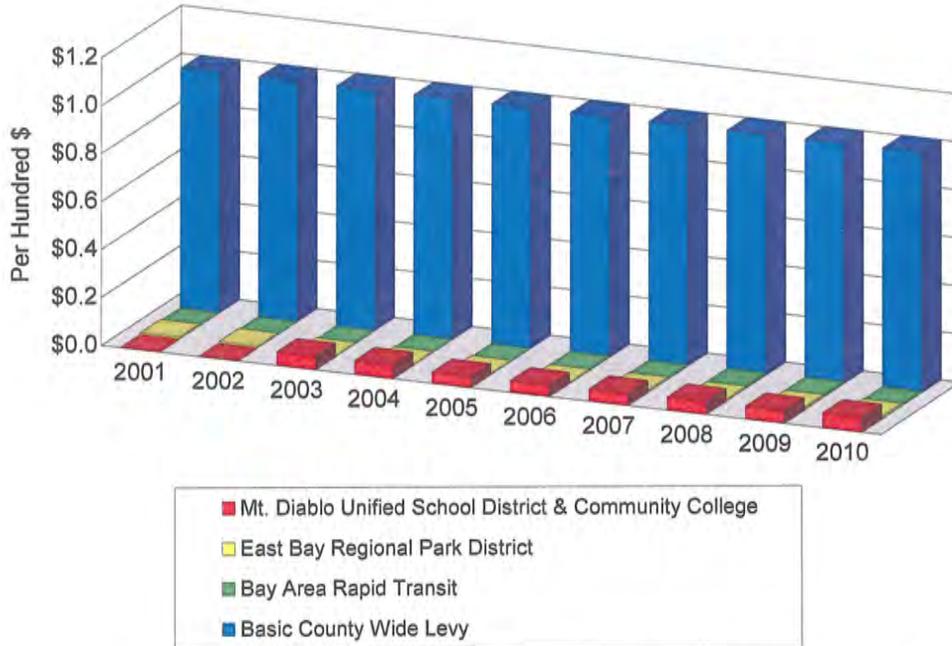
Fiscal Year	City Property	Redevelopment Agency Property	Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
2001	\$6,525,536,359	\$967,506,649	\$7,493,043,008	\$444,462,619	\$7,937,505,627	\$7,937,505,627	1%
2002	7,142,630,996	1,035,491,209	8,178,122,205	520,828,043	8,698,950,248	8,698,950,248	1%
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%

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, All Overlapping Governments  
Last Ten Fiscal Years**



<u>Fiscal Year</u>	<u>Basic County Wide Levy</u>	<u>Bay Area Rapid Transit</u>	<u>East Bay Regional Park District</u>	<u>Mt. Diablo Unified School District &amp; Community College</u>	<u>Total</u>
2001	1.0000		0.0072		1.0072
2002	1.0000		0.0065		1.0065
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

Note: The above ratios are expressed as dollars assessed per \$100 of assessed valuations.

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>2009-10 Assessed Value</u>	<u>2009-10 Projected Revenue (a)</u>
1.	Bank of America*	Office Building	\$179,311,859	\$1,793,119
2.	Taubman Land Associates LLC	Regional Mall	161,840,100	1,618,401
3.	Chevron USA*	Office Building	136,688,115	1,366,881
4.	Sierra Pacific Properties, Inc.*	Office Building	101,339,479	1,013,395
5.	Transwestern Concord Corp. Center	Office Building	100,980,000	1,009,800
6.	Rreef America REIT II Corp.	Office Building	99,130,219	991,302
7.	Seecon Financial & Construction Co.	Office Building	83,687,260	836,873
8.	Concord Airport Plaza Associates*	Office Building	66,856,098	668,561
9.	Clayton Valley Shopping Center	Shopping Center	61,514,150	615,142
10.	Signature at Renaissance Square	Apartments	54,260,224	542,602
	<b>Total</b>		<b><u>\$1,045,607,504</u></b>	<b><u>\$10,456,075</u></b>

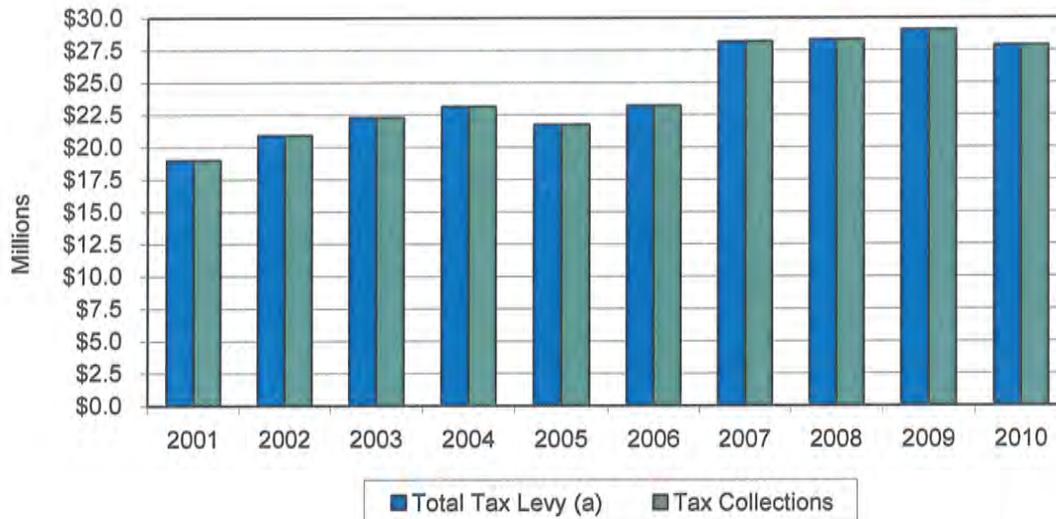
## Notes:

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

\* In the Top 10 for 2000-2001.

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>
2001	\$18,978,753	\$18,978,753	100.0000%		\$18,978,753	100.0000%
2002	20,874,360	20,874,360	100.0000%		20,874,360	100.0000%
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%

Notes:

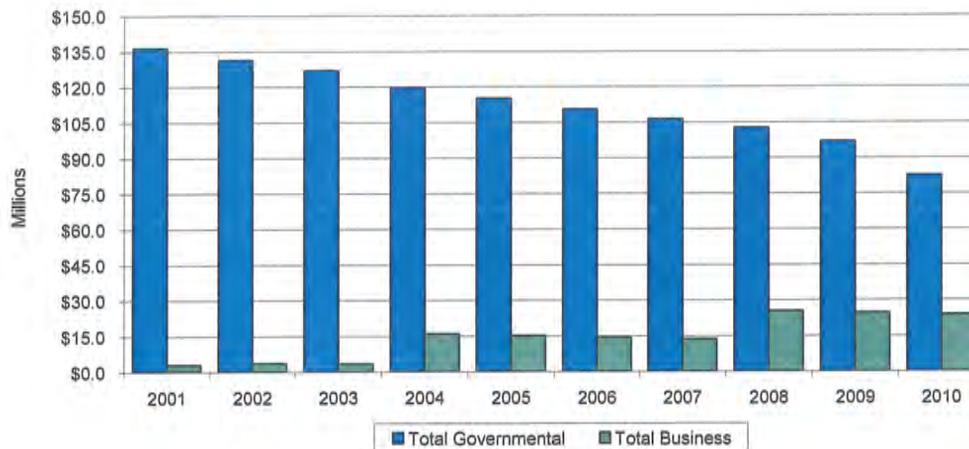
Current tax collections beginning in 1993 have been reduced by a mandatory tax reallocation imposed by the State of California.

(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 2010 are net of pass-thru payment and Educational Revenue Augmentation Fund withholding.

Source: City of Concord Finance Department

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



Fiscal Year	Governmental Activities								Total
	Revenue Bonds	Tax Allocation Bonds	Certificates of Participation	Judgment Obligation Bonds	Refunding Lease Agreement	Special Assessment Debt	Notes Payable	Capital Lease	
2001	\$35.8	\$92.7	\$0.8	\$4.4		\$2.6			\$136.3
2002	34.7	89.6	0.7	4.2		2.0			131.2
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

Fiscal Year	Business-Type Activities				Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	Certificates of Participation	Golf Equipment Lease Obligation	Notes Payable	Total			
2001	\$2.7	\$0.2		\$2.9	\$139.2	4.13%	\$1,129.21
2002	2.5	0.2	\$0.9	3.6	134.8	4.05%	1,087.67
2003	2.4	0.1	0.9	3.4	130.2	3.89%	1,044.48
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	2.81%	844.56

**Notes:**

Debt amounts exclude any premiums, discounts, or other amortization amounts.

(a) See Demographic and Economic Statistics for personal income and population data.

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, 2010

2009-10 Assessed Valuation			<u>\$12,417,810,378</u>
	Net Debt Outstanding	Percentage Applicable to City of Concord	Amount Applicable to City of Concord
<b>Overlapping Tax and Assessment Debt</b>			
Bay Area Rapid Transit District	\$420,000,000	2.465%	\$10,353,000
Contra Costa Community College District	245,795,000	8.340%	20,499,303
Mt. Diablo Unified School District	207,525,000	39.995%	82,999,624
Mt. Diablo Unified School District Community Facilities District No. 1	60,080,000	39.995%	24,028,996
East Bay Regional Park District	196,775,000	3.756%	7,390,869
City of Concord 1915 Act Bonds	112,000	100.000%	112,000
Contra Costa County Reassessment District	2,855,000	7.513%	214,496
<b>Total Overlapping Tax and Assessment Debt</b>	<u>\$1,133,142,000</u>		<u>\$145,598,288</u>
<b>Direct and Overlapping General Fund Obligation Debt</b>			
City of Concord General Fund Obligations	15,050,000	100.000%	15,050,000
Contra Costa County General Fund Obligations	296,478,318	8.309%	24,634,383
Contra Costa County Pension Obligations	435,310,000	8.309%	36,169,908
Contra Costa County Fire Protection District Pension Obligations	120,180,000	18.728%	22,507,310
Contra Costa Community College District Certificates of Participation	990,000	8.340%	82,566
Mt. Diablo Unified School District Certificates of Participation	5,440,000	39.995%	2,175,728
<b>Total Gross Direct and Overlapping General Fund Obligation Debt</b>	<u>\$873,448,318</u>		<u>\$100,619,895</u>
Less: Contra Costa County self supporting obligations			<u>10,474,520</u>
<b>Total Net Direct and Overlapping General Fund Obligation Debt</b>			<u>\$90,145,375</u>
<b>Gross Combined Total Debt</b>			<u>\$246,218,183</u>
<b>Net Combined Total Debt</b>			<u>\$235,743,663 (1)</u>

**Ratios to 2009-10 Assessed Valuation**

Combined Direct Debt	0.12%
Total Gross Direct and Overlapping Tax and Assessment Debt	1.17%
Total Net Direct and Overlapping Tax and Assessment Debt	1.17%

Note:

(1) Excludes Tax and Revenue Anticipation Notes, Enterprise Revenue, Mortgage Revenue and Tax Allocation Bonds and Non-Bonded Capital Lease Obligations.

Source: California Municipal Statistics, Inc.

**Table 11: Computation of Legal Bonded Debt Margin**  
As of June 30, 2010 (Dollars in Thousands)

<b>Assessed Valuation:</b>			
	Secured Property Assessed Value, Net of Exempt Real Property	\$12,910,519	
	Bonded Debt Limit (15% of Assessed Value) (a)		\$1,936,578
<b>Amount of Debt Subject to Limit:</b>			
	Total Bonded Debt	\$0	
	Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation Not Subject to Limit	0	
	Amount of Debt Subject to Limit		0
	<b>Legal Bonded Debt Margin</b>		<b>\$1,936,578</b>

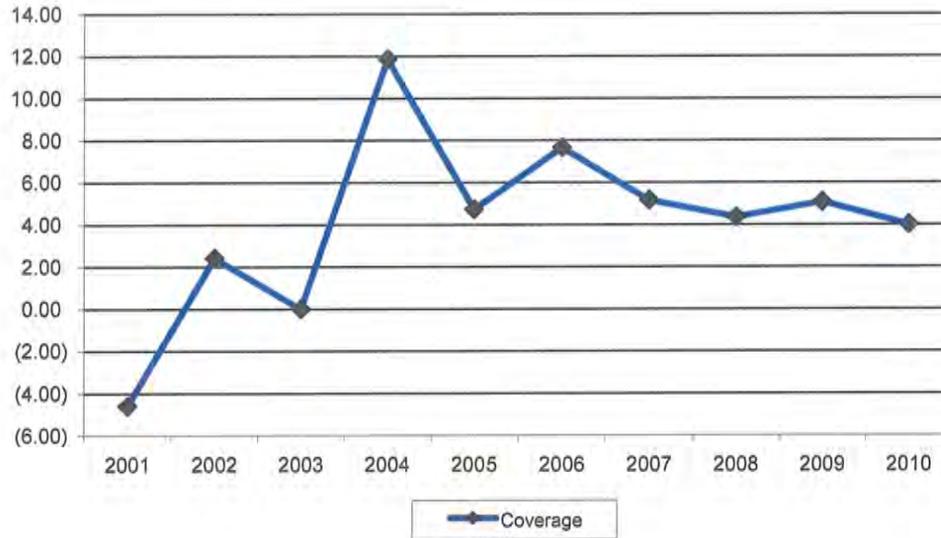
Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2001	\$1,190,626	0	\$1,190,626	0.00%
2002	1,304,843	0	1,304,843	0.00%
2003	1,395,530	0	1,395,530	0.00%
2004	1,506,963	0	1,506,963	0.00%
2005	1,613,753	0	1,613,753	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%

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**

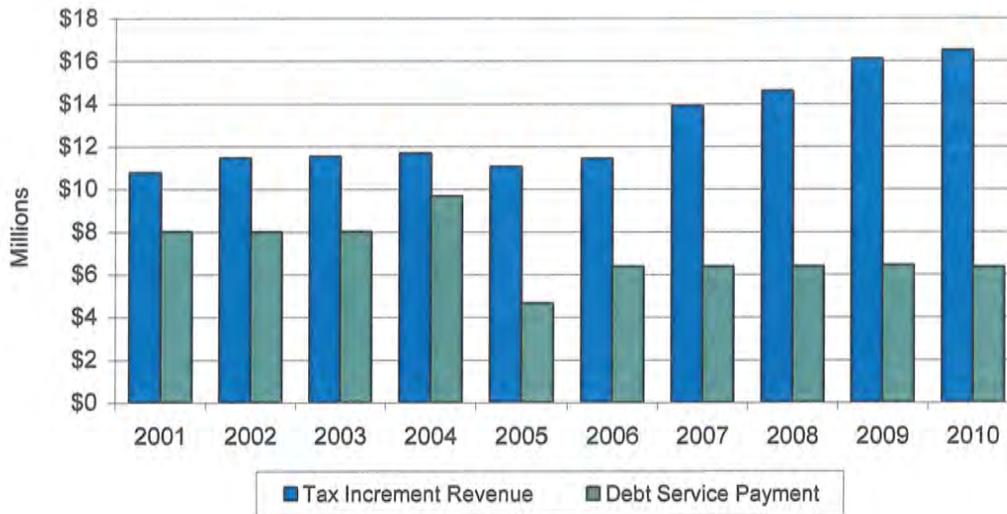


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2001	\$11,688,270	\$13,740,937	(\$2,052,667)	\$415,000	\$31,950	\$446,950	(4.59)
2002	12,559,526	11,470,818	1,088,708	450,000	-	450,000	2.42
2003	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

Notes: (1) Includes all Wastewater Operating Revenues, Non-Operating Interest Revenue, Connection Fees and Other Non-Operating Revenue.  
 (2) Includes all Wastewater Operating Expenses less Capital Improvement Expense, Depreciation and Interest.

Source: City of Concord Annual Financial Statements

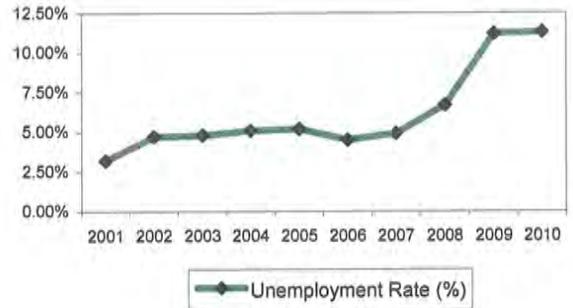
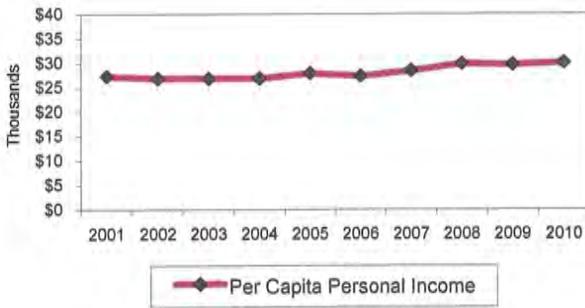
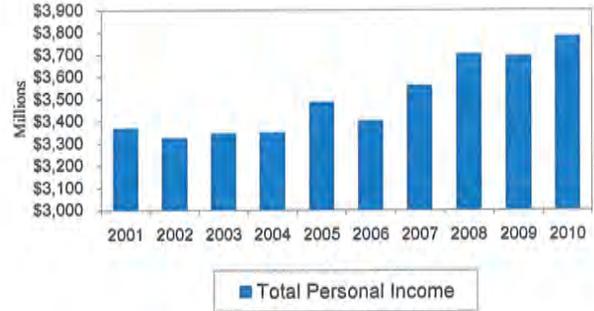
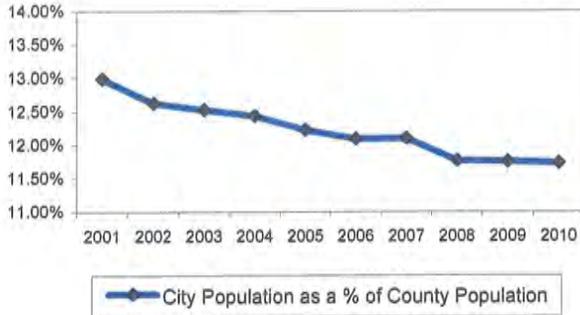
**Table 13: Bonded Debt Pledged Revenue Coverage, 1988, 1993 & 2004 Tax Allocation Bonds Last Ten Fiscal Years**



Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2001	\$10,784,826	\$3,560,000	\$4,449,066	\$8,009,066	1.35
2002	11,458,517	3,580,000	4,421,029	8,001,029	1.43
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

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
2001	123,272	\$3,367,555,656	\$27,318	3.2%	948,816	12.99%
2002	123,935	3,324,533,759	26,825	4.7%	981,600	12.63%
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	3,778,680,839	30,022	11.3%	1,073,055	11.73%

Source: State of California, Department of Finance

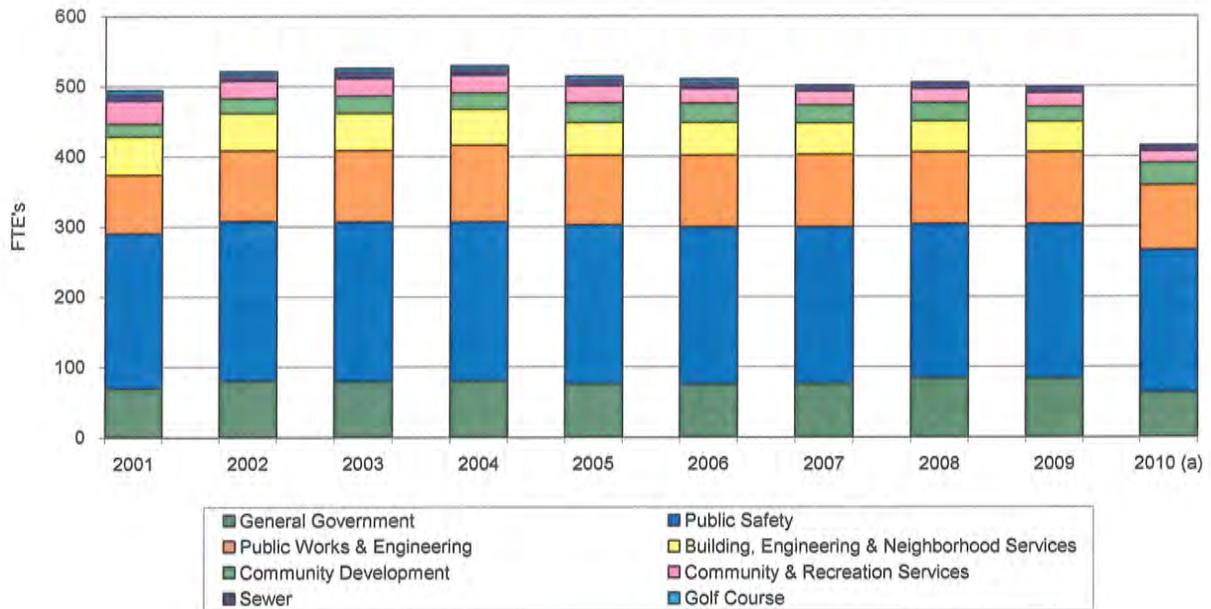
**Table 15: Principal Employers**  
Calendar Year 2010

<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	7.1%
Bank of America Technology Center	2,500	2	4.1%
Wells Fargo Credit Center	1,500	3	2.5%
Chevron Corporation	1,300	4	2.1%
John Muir Medical Center	1,100	5	1.8%
PG & E	950	6	1.6%
Conco Cement	549	7	0.9%
Safeway	460	8	0.8%
City of Concord	415	9	0.7%
Macy's Concord	400	10	0.7%
Subtotal	<u>13,494</u>		<u>22.0%</u>
Total City Day Population	<u>61,200</u>		

Note: Information about Principal Employers was not available prior to 2005-06.

Source: City of Concord Planning and Economic Development Department

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



Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 (a)
General Government	69	80	79	80	76	75	76	84	83	63
Public Safety	221	227	227	226	226	224	223	219	220	203
Public Works & Engineering	83	101	102	110	99	102	103	103	103	92
Building, Engineering & Neighborhood Services	55	53	53	51	47	47	45	44	43	
Community Development	18	21	25	23	28	27	25	26	21	32
Community & Recreation Services	33	25	25	25	24	21	20	20	20	17
Sewer	9	9	9	9	9	9	9	9	9	8
Golf Course	6	5	5	5	5	5				
<b>Total</b>	<b>494</b>	<b>521</b>	<b>525</b>	<b>529</b>	<b>514</b>	<b>510</b>	<b>501</b>	<b>505</b>	<b>499</b>	<b>415</b>

Source: City of Concord Adopted Budget

Note:

(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.

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

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Public Safety</b>										
Police:										
Number of Public Contacts	34,075	31,504	23,636	21,053	21,198	19,522	18,304	17,693	17,845	23,657
Police Calls for Service	52,415	54,490	55,148	57,341	59,404	55,808	53,793	49,309	54,480	53,780
Law Violations:										
Part I Crimes	N/A	N/A	641	634	650	772	1,237	6,223	5,817	4,992
Physical Arrests (Adult and Juvenile)	N/A	N/A	3,368	3,803	3,550	3,331	4,081	3,758	4,504	3,903
Parking Violations	5,033	4,919	5,237	5,042	7,745	11,741	10,042	10,400	17,132	13,299
<b>Public Works</b>										
Street Resurfacing (millions of square feet)	7	4	11	6	7	8	6	6	7	2
Potholes Repaired	617	381	231	30	86	513	115	162	437	496
<b>Culture and Recreation</b>										
Community Services:										
Recreation Class Participants	2,437	N/A	3,143	2,970	2,977	4,089	5,030	5,299	4,826	3,935
Senior Center Activity/Event Participants	N/A	N/A	N/A	4,234	5,430	6,699	11,935	17,039	19,486	6,304
Library:										
Volumes in Collection (thousands)	84,526	79,503	79,880	79,240	80,653	80,155	87,089	92,413	96,462	92,703
Total Volumes Borrowed (thousands)	252,092	252,395	260,252	280,906	275,550	294,227	285,227	308,978	339,671	356,034
<b>Wastewater</b>										
Storm Drain Inlets	N/A	N/A	N/A	N/A	N/A	5,581	5,600	5,678	5,712	5,712
Sewer Overflows	N/A	N/A	47	24	21	26	16	12	19	17
Average Daily Pumping (millions of gallons)	13.61	12.24	12.26	12.24	11.28	14.01	12.36	13.53	10.75	9.00

Note: N/A denotes information not available.

Source: City of Concord

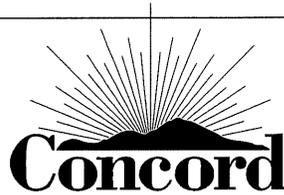
**Table 18: Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Public Safety</b>										
Police Stations	4	4	4	4	4	4	4	4	4	2
Police Patrol Units (black and whites)	58	58	58	58	58	58	58	58	57	57
<b>Public Works</b>										
Miles of Streets	301	301	301	301	305	305	305	305	305	308
Street Lights	1,394	1,441	1,493	1,657	7,978	8,124	8,125	8,179	8,216	8,216
Traffic Signals	130	130	130	141	141	141	142	153	154	155
<b>Culture and Recreation</b>										
Community Services:										
City Parks	18	18	18	18	18	18	18	18	18	18
City Parks Acreage	379	379	379	379	379	379	379	379	379	379
Playgrounds	14	14	14	14	14	14	15	15	18	18
City Trails	N/A	7	7	7	7	7	7	8	8	8
Miles of City Trails	N/A	18	18	18	18	18	18	19	19	19
Roadway Landscaping Acreage	41	41	41	48	48	48	48	52	52	52
Regional Park Acreage	92,718	94,740	95,509	96,141	97,134	97,565	97,912	98,880	98,895	103,862
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	3
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 Pools	2	2	2	2	2	2	2	2	2	2
Tennis Courts	15	15	15	15	15	15	15	15	15	15
Baseball/Softball Diamonds	9	9	9	9	9	9	9	9	9	9
Soccer/Football Fields	8	8	8	8	8	8	8	8	8	8
Library:										
City Libraries	1	1	1	1	1	1	1	1	1	1
<b>Wastewater</b>										
Sewer Lines (miles)	405	405	383	405	384	384	384	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 57) |

### 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 Value of Taxable Property                                      | (CAFR, page 104) |
| k. Largest Local Secured Property Taxpayers                                | (CAFR, page 106) |
| l. Tax Levies and Collections  | (CAFR, page 107) |

### 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 Value of Taxable Property                             | (CAFR, page 104) |
| f. Summary of Investments   | (CAFR, page 42)  |
| g. Principal Amount of Bonds Outstanding                          | (CAFR, page 57)  |
| h. Outstanding Debt and Lease Obligations                         | (CAFR, page 57)  |
| i. Annual Contribution to Public Employees Retirement System      | (CAFR, page 64)  |

### 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 109) |
| d. Principal Amount of Bonds Outstanding      | (CAFR, page 57)  |

**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 112) |
| e. | Principal Amount of Bonds Outstanding                    | (CAFR, page 57)  |

**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 Five Fiscal Years**

	Fiscal Year Ended June 30,				
	2006	2007	2008	2009	2010
<b>REVENUES:</b>					
Debt Contribution	\$1,726,559	\$1,698,279	\$1,382,810	\$1,402,201	\$1,100,507
Operating Revenues					
Nonoperating Income	137,017	149,580	179,478	141,768	196,179
Total Revenues	1,863,576	1,847,859	1,562,288	1,543,969	1,296,686
<b>EXPENDITURES:</b>					
Debt Service	1,781,148	1,786,642	1,784,418	1,782,514	10,474,620
Operating Expenditures					
Nonoperating Expenditures	54,272	104,703	125,008	61,126	269,516
Total Expenditures	1,835,420	1,891,345	1,909,426	1,843,640	10,744,136
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	28,156	(43,486)	(347,138)	(299,671)	(9,447,450)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	100,000		577,067	335,133	1,482,788
Transfers (Out)					
Total Other Financing Sources (Uses)	100,000	0	577,067	335,133	1,482,788
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	\$128,156	(\$43,486)	\$229,929	\$35,462	(\$7,964,662)
Fund Balance at Beginning of Year	951,908	1,080,064	1,036,578	1,266,507	1,301,969
Fund Balance at End of Year	1,080,064	1,036,578	1,266,507	1,301,969	(6,662,693)

Note: In fiscal year 2010, the City purchased \$8.24 million of the 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>
2001	\$9,684	\$0	(\$296,384)	\$1,116,000	\$0	\$829,300
2002	14,126	0	(428,808)	0	331,110	745,725
2003	10,035	(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	23,822	(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

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>
2001	\$74,778	\$8,464,000	\$0	\$2,425,913	\$6,112,865
2002	145,118	0	47,120	5,618,783	686,320
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

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>
2001		\$9,580,000
2002		9,580,000
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

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>
2000	3,282	\$2,316,623,000
2001	3,281	2,230,072,000
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

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 2009 (Dollars in Thousands)**

<u>Type of Business</u>	<u>Number of Permits</u>	<u>Taxable Sales Transactions</u>
Autos and Transportation	367	\$467,907
Building and Construction	212	222,531
Business and Industry	837	256,321
Food and Drugs	129	103,886
Fuel and Service Stations	54	182,515
General Consumer Goods	1,459	689,563
Restaurants and Hotels	339	167,235
Transfers & Unidentified	2	(22)
<b>Total Outlets</b>	<b><u>3,399</u></b>	<b><u>\$2,089,936</u></b>

Sources: California State Board of Equalization  
The HdL Companies

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

**Table 7: Adopted and Final Budgets for Unrestricted General Fund  
Fiscal Years 2009-10 and 2010-11**

	<b>2009-10 Adopted General Fund Budget</b>	<b>2009-10 Final General Fund Budget</b>	<b>2010-11 Adopted General Fund Budget</b>
<b>REVENUES:</b>			
Taxes	\$52,051,800	\$52,051,800	\$51,027,000
Licenses and Permits	1,140,487	1,140,487	1,214,799
Intergovernmental	723,800	723,800	687,500
Charges for Current Services	9,847,056	9,847,056	9,541,951
Fines and Forfeitures	1,040,223	1,040,223	1,096,392
Use of Money and Property	773,686	773,686	646,100
Other	165,525	165,525	160,191
<b>Total Revenues</b>	<b>65,742,577</b>	<b>65,742,577</b>	<b>64,373,933</b>
<b>EXPENDITURES:</b>			
Current:			
Salaries and Benefits	54,143,199	54,273,418	51,351,574
Operating Expenditures	10,010,025	10,639,463	8,943,593
Fixed Charges	11,215,884	11,215,884	10,174,619
<b>Total Expenditures</b>	<b>75,369,108</b>	<b>76,128,765</b>	<b>70,469,786</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(9,626,531)</b>	<b>(10,386,188)</b>	<b>(6,095,853)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	481,189	557,189	492,744
Transfers (Out)	(1,012,409)	(10,129,882)	(522,284)
<b>Total Other Financing Sources (Uses)</b>	<b>(531,220)</b>	<b>(9,572,693)</b>	<b>(29,540)</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(10,157,751)</b>	<b>(19,958,881)</b>	<b>(6,125,393)</b>
<b>Fund Balance at Beginning of Year</b>	<b>20,868,703</b>	<b>21,192,725</b>	<b>9,619,000</b>
<b>Fund Balance at End of Year</b>	<b>\$10,710,952</b>	<b>\$1,233,844</b>	<b>\$3,493,607</b>

Note: Fiscal year 2010 ending fund balance decreased in the final budget primarily due to the purchase of Pavilion lease revenue bonds.

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 Nine Fiscal Years**

	Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
<b>REVENUES:</b>					
Taxes	\$43,116,810 (1)	\$45,827,687	\$46,721,417	\$47,698,542	\$56,102,956
Licenses and Permits	1,772,720	1,728,767	1,540,358	1,538,066	1,671,153
Intergovernmental	9,502,433	9,576,061	9,123,025	9,742,965	1,403,045
Charges for Current Services	5,495,808	5,396,382	6,057,346	6,112,694	7,016,914
Fines and Forfeitures	514,190	454,200	583,533	671,137	787,598
Parks and Recreation	2,079,835	2,143,019	2,117,718	2,420,106	2,585,962
Use of Money and Property	2,446,186	1,228,700	618,363	1,166,428	1,465,897
Other	200,872	156,503	335,466	198,408	332,986
<b>Total Revenues</b>	<b>65,128,854</b>	<b>66,511,319</b>	<b>67,097,226</b>	<b>69,548,346</b>	<b>71,366,511</b>
<b>EXPENDITURES:</b>					
Current:					
General Government	10,006,177	10,876,499	11,659,213	8,791,670	10,331,725
Public Safety	26,736,545	28,687,140	29,977,656	35,442,623	36,860,686
Public Works & Engineering	3,170,375	2,678,363	2,744,650	7,889,828	8,315,970
Building, Engineering & Neighborhood Services	2,092,787	1,665,332	1,307,734	1,303,665	4,691,323
Community Development	3,717,847	3,907,888	4,457,583	4,946,941	1,513,787
Community & Recreation Services	9,664,763	11,556,586	12,615,468	5,669,750	5,767,138
Non-Departmental					
Capital Outlay	5,743,841	7,973,788	4,403,253	0	0
<b>Total Expenditures</b>	<b>61,132,335</b>	<b>67,345,596</b>	<b>67,165,557</b>	<b>64,044,477</b>	<b>67,480,629</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>3,996,519</b>	<b>(834,277)</b>	<b>(68,331)</b>	<b>5,503,869</b>	<b>3,885,882</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In		5,713,804	560,018	837,530	694,061
Transfers (Out)	1,556,452	(2,097,835)	(98,583)	(3,272,716)	(12,113,187)
Sale of Fixed Assets	(4,108,346)	886,435	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(2,551,894)</b>	<b>4,502,404</b>	<b>461,435</b>	<b>(2,435,186)</b>	<b>(11,419,126)</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>1,444,625</b>	<b>3,668,127</b>	<b>393,104</b>	<b>3,068,683</b>	<b>(7,533,244)</b>
Fund Balance at Beginning of Year	31,007,381 (1)	32,452,006	36,120,133	36,513,237	39,581,920
<b>Fund Balance at End of Year</b>	<b>\$32,452,006</b>	<b>\$36,120,133</b>	<b>\$36,513,237</b>	<b>\$39,581,920</b>	<b>\$32,048,676</b>

**Notes:**

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

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

Source: City of Concord Financial Statements

Fiscal Year Ended June 30,			
2007	2008	2009	2010
\$61,059,439	\$60,165,471	\$55,544,816	\$52,029,984
1,661,706	1,149,753	1,262,916	1,127,710
1,105,917	959,923	808,849	647,814
6,989,030	6,312,313	7,271,613	6,615,092
920,845	993,105	1,044,448	826,815
2,678,282	3,006,184	2,869,639	2,895,408
1,577,463	1,571,499	1,083,367	235,178
203,118	315,337	540,540	411,299
<u>76,195,800</u>	<u>74,473,585</u>	<u>70,426,188</u>	<u>64,789,300</u>
12,370,595	12,258,475	11,567,366	11,481,742
38,056,048	39,945,559	42,592,777	41,133,055
8,228,093	8,798,826	9,050,960	9,881,512
4,649,666	6,255,946	5,592,315	0
1,744,610	1,838,002	1,736,656	4,150,460
6,138,323	7,382,172	7,167,464	6,404,528
			48,811
0	0	0	0
<u>71,187,335</u>	<u>76,478,980</u>	<u>77,707,538</u>	<u>73,100,108</u>
5,008,465	(2,005,395)	(7,281,350)	(8,310,808)
166,562	541,298	2,482,510	680,927
(3,682,786)	(2,339,427)	(1,136,854)	(10,072,965)
0			
<u>(3,516,224)</u>	<u>(1,798,129)</u>	<u>1,345,656</u>	<u>(9,392,038)</u>
1,492,241	(3,803,524)	(5,935,694)	(17,702,846)
32,048,676	33,540,917	29,737,393	23,801,699
<u>\$33,540,917</u>	<u>\$29,737,393</u>	<u>\$23,801,699</u>	<u>\$6,098,853</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, 2010

<u>Investment</u>	<u>Carrying Value</u>	<u>Percent of Portfolio</u>	<u>Yield/360-Day Year Equivalent</u>
Local Agency Investment Fund	\$36,903,964	46.07%	0.521%
Money Market Fund			
- Checking Account	25,000	0.03%	0.020%
Federal Agency Issues - Coupon	36,134,100	45.10%	2.244%
Miscellaneous Securities - Coupon	7,053,270	8.80%	3.960%
<b>Total Investments</b>	<b>\$80,116,334</b>	<b>100.00%</b>	<b>1.601%</b>

Note: Excludes Redevelopment Agency investments and cash and investment 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, 2010**

	<u>Customers</u>	<u>Type of Use</u>	<u>Percent</u>
1.	Mt. Diablo Unified School District	30 School Sites	0.53%
2.	Killarney Properties	300 Apartments	0.51%
3.	Concord Family Apartments, LP	291 Apartments	0.50%
4.	U.S. Coast Guard	289 Dwelling Units	0.49%
5.	Concord Gardens Mobile Home Park	260 Mobile Homes + Rec. Bldg.	0.45%
6.	Evilsizor, John L & Mary A	218 Apartments	0.37%
7.	Clayton Creek Partnership	208 Apartments	0.36%
8.	Concord Homes, Inc.	196 Senior Apartments	0.33%
9.	Concord Mobile Home Park	194 Mobile Homes	0.33%
10.	The Arcadian Group	192 Apartments + Rec. Bldg.	0.33%

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 2009-10**

<b>RESIDENTIAL OWNERS</b>	
1. Minimum rate for any premises	\$306.00
2. Each single-family dwelling unit	306.00
3. Each dwelling unit in a multiple dwelling structure	306.00 per unit
4. Mobile Home Park	306.00 per space
<b>COMMERCIAL OWNERS - Charge based upon quantity of water used in cubic feet</b>	
1. Minimum rate for any premises	\$306.00
2. Bowling Alleys	2.70/100 cu. ft.
3. Car Washes	2.70/100 cu. ft.
4. Health Studios and Gymnasiums	2.70/100 cu. ft.
5. Hospitals - Convalescent	2.70/100 cu. ft.
6. Multiple Lodging Structures (hotels, motels and rooming houses)	2.70/100 cu. ft.
7. Laundromats and Laundries	2.70/100 cu. ft.
8. Restaurants	5.38/100 cu. ft.
Restaurants with pretreatment facilities approved annually	3.06/100 cu. ft.
9. Bakeries	Determined Individually
10. All others	3.06/100 cu. ft.
<b>INSTITUTIONAL OWNERS</b>	
1. Minimum rate for any premises	\$306.00
2. As defined in Section 110-31, except for Convalescent Hospitals	3.06/100 cu. ft.
<b>INDUSTRIAL OWNERS - Charge based upon quantity of water used and quality of effluent</b>	
1. Minimum rate for any premises	\$306.00
2. Flow/Million Gallons	2,374.00
3. Biochemical Oxygen Demand (B.O.D.) per thousand pounds	558.00
4. Suspended Solid (S.S.) per thousand pounds	475.00
<b>SPECIAL DISCHARGE PERMITS, AS ISSUED BY THE DISTRICT</b>	
1. Charge based upon quantity of water used and quality of effluent	Determined Individually
<b>SPECIAL CONTRACTUAL AGREEMENT</b>	
	Determined Individually

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

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,				
	2006	2007	2008	2009	2010
Total Assessed Values	\$1,328,752,444	\$1,471,696,910	\$1,819,494,204	\$1,928,971,785	\$1,993,649,908
Base Year Values	106,437,552	106,437,552	339,585,818	339,585,818	339,585,818
Incremental Assessed Values	1,222,314,892	1,365,259,358	1,479,908,386	1,589,385,967	1,654,064,090
Incremental Property Taxes	13,280,957	14,993,137	15,809,457	17,702,810	17,848,718
Less:					
Educational Revenue Augmentation Fund	(1,125,875)				
Tax Increment Pass Through	(248,711)	(254,361)	(840,484)	(1,238,338)	(1,160,646)
Tax Increment Rebate	(477,940)	(834,392)	(370,360)	(377,503)	(195,560)
<b>Net Tax Revenues</b>	<b>\$11,428,431</b>	<b>\$13,904,384</b>	<b>\$14,598,613</b>	<b>\$16,086,969</b>	<b>\$16,492,512</b>

Source: City of Concord Redevelopment Agency

**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 2009-10**

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2008-09 Assessed Value</u>	<u>2009-10 Assessed Value</u>	<u>2009-10 Projected Revenue (1)</u>
1.	Bank of America	Office Building	\$173,174,390	\$177,946,959	\$1,779,470
2.	Chevron USA, Inc.	Office Building	128,752,151	136,688,115	1,366,881
3.	Sierra Pacific Properties, Inc.	Office Building	99,352,432	101,339,479	1,013,395
4.	Rreef America REIT III Corporation	Office Building	67,186,495	68,530,219	685,302
5.	Concord Airport Plaza Associates	Office Building	63,084,654	66,856,098	668,561
6.	Signature at Renaissance Square (2)	Apartments	18,620,847	54,260,224	542,602
7.	Seecon Financial & Construction Co.	Office Building	53,175,420	54,238,926	542,389
8.	EQR/Legacy Partners LLC	Apartments	51,524,817	52,467,884	524,679
9.	Willows Center Concord	Shopping Center	43,893,614	44,771,484	447,715
10.	Transwestern Galaxy Concord I	Office Building	N/A	43,176,600	431,766
	<b>Total</b>		<b><u>\$698,764,820</u></b>	<b><u>\$800,275,988</u></b>	<b><u>\$8,002,760</u></b>

Notes:

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

(2) Signature at Renaissance Square values increased significantly due to completion of construction project in fiscal year 2010.

Source: California Municipal Statistics, Inc.

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

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

	<u>Fiscal Year 2006-07</u>	<u>Fiscal Year 2007-08</u>	<u>Fiscal Year 2008-09</u>	<u>Fiscal Year 2009-10</u>
Appeals Filed	11	35	55	122
Appeals Resolved to Date		28	29	31
Appeals Pending	11	7	26	91
Values of Appeals Pending	\$50,421,951	\$143,462,568	\$216,479,922	\$1,134,104,612

Note: Information about Annual Assessed Value Appeals was not available for prior to 2006-07.

Source: Contra Costa County Assessor's Office

## CONCORD, CALIFORNIA

### BAY AREA MAP

