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:

	Governmental Activities	Business-Type Activities	Total
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	$3,820,921	$91,475	$3,912,396
Due in One Year	$2,279,263	$30,863	$2,310,126

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:

City:	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	$60,492,850	$32,176,719	$22,704,427	115,373,996
Retirement System Pension Trust Fund:				
Cash and investments				$43,589,029

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:

		Allocation Ranges	
	Target Mix	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)				
	12 months or Less	13 to 24 Months	25 to 36 Months	Over 36 Months	Total
Investment Type:					
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	$76,092,554	$6,128,571	$9,202,225	$23,186,706	114,610,056
Cash deposits with banks and on hand					763,940
Total Cash and Investments					$115,373,996

Retirement System Pension Trust Fund:

	Remaining Maturity (in Months)				
	12 months or Less	13 to 24 Months	25 to 60 Months	Over 60 Months	Total
Investment Type:					
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
Total	$11,106,548	$268,088	$6,426,012	$14,451,342	32,251,990
Non-Maturing Investments:					
Common Stock					6,520,473
Mutual Funds					4,816,566
Total Cash and Investments					$43,589,029

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
Totals	$40,139,717	$4,114,900	$2,026,678	$997,500	47,278,795
Exempt from rating:					
U.S. Treasury Notes					4,547,461
Not rated:					
California Local Agency Investment Fund					62,783,800
Total Investments					$114,610,056

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
Totals	$11,386,150	$3,092,860	$5,694,776	$3,439,303	23,613,089
Not rated:					
Local Agency Investment Fund					4,792,357
Common Stock					6,520,473
Mutual Funds					4,816,566
Pooled Investments					3,846,544
Total Investments					$43,589,029

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
		$1,918,636

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)
		$10,561,348	

(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:

Fund Receiving Transfers	Fund Making Transfers	Purpose	Amount Transferred
General Fund	Redevelopment Agency Fund	To Fund Operating Costs and Debt Service	$381,085
General Fund	General Reimbursable Projects Capital Projects Fund	To Fund Operating Costs	56,793
General Fund	Maintenance Districts Special Revenue Fund	To Fund Administrative and General Services	209,495
General Fund	Traffic System Management Special Revenue Fund	To Allocate Interest Earnings	1,399
General Fund	Intergovernmental Capital Projects Fund	To Fund Capital Projects	20,494
General Fund	Risk Management/Liability 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 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 Capital Projects Fund	To Fund Capital Projects	1,044
General Reimbursable Projects	Intergovernmental 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 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 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 Capital Projects Fund	To Fund Debt Service	482,788
Refunding Lease Agreement	Risk Management/Liability Internal Service Fund	To Fund Debt Service	69,557
Capital Projects Fund:			
Intergovernmental	General Reimbursable Projects Capital Projects Fund	To Fund Capital Projects	22,650
Intergovernmental	State Gas Tax Special Revenue Fund	To Fund Capital Projects	35,086
Intergovernmental	Special Developers 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 Internal Service Fund	To Fund Anticipated Costs Per Budget	600,000
Risk Management/Liability	Police Facilities Revenue Bonds Debt Service Fund	To Fund Retirement and Refinancing of Debt (A)	520,000
Risk Management/Liability	Refunding Lease Agreement Debt Service Fund	To Fund Retirement and Refinancing of Debt (A)	5,073,500
Risk Management/Liability	Workers' Compensation Internal Service Fund	To Fund Anticipated Costs Per Budget	200,000
		Total Transfers	$22,918,969

(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	$25,484,422

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.

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

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

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
Governmental Activities					
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	18,760,444	994,484		(133,606)	19,621,322
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	1,038,501,591	7,898,208	188,298	133,606	1,046,345,107
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	(341,429,199)	(24,330,936)	(188,298)		(365,571,837)
Governmental activity capital assets, net	$715,832,836	($15,438,244)			$700,394,592
Business-Type Activities					
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	13,043,010	484,793			13,527,803
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	205,125,894				205,125,894
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	(129,497,336)	(4,157,412)			(133,654,748)
Business-type activity capital assets, net	$88,671,568	($3,672,619)			$84,998,949

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

	TOTAL PROJECT AUTHORIZATION	EXPENDED TO DATE June 30, 2010
Governmental Activities:		
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
Total Governmental Activities	7,962,722	3,310,126
Business-Type Activities:		
Concrete Trunk Sewer Main R II	12,994,639	12,648,342
Cart Barn Electrical Improvement	514,645	484,279
Total Business-Type Activities	13,509,284	13,132,621
Total	$21,472,006	$16,442,747

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:

Governmental Activities	
Public Works	$20,630,666
Internal Service Funds	3,700,270
Total	$24,330,936

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
Governmental Activity Debt:						
Revenue Bonds:						
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
Tax Allocation Bonds:						
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)	
Certificates of Participation:						
ABAG 41 - Centre Concord 4.0-5.0%, due 8/01/18	d	275,000		90,000	185,000	90,000
Judgment Obligation Bonds:						
1999 Series Bonds, 4.25% - 5.30%, retired 6/24/2010	e	2,230,000		2,230,000		
Refunding Lease Agreement						
3.6%, due 09/01/19	f		$5,073,500		5,073,500	428,000
Notes Payable:						
3%, due 09/02/13	g	2,355,643	88,876		2,444,519	
Assessment Districts, with City obligation:						
#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
Capital Lease:						
Key Government Finance, 4.65% due 9/15/12	i	840,301		327,763	512,538	340,658
Total Government Activity Debt		$94,176,705	$5,162,376	$19,139,736	$80,199,345	$6,001,658
Business-Type Activity Debt:						
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
Total Business Type Activity Debt		$24,590,000		$840,000	$23,750,000	$875,000

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

a. Lease revenue received by the Redevelopment Agency Capital Projects Fund.
b. Lease revenues received by Live Nation and from general & operating revenues.
c. Incremental property taxes received by the Redevelopment Agency Capital Projects Fund.
d. General and operating revenues available for lease payment in the ABAG Debt Service Fund and Golf Course Enterprise Fund.
e. Operating revenues available for bond payment in the Risk Management Internal Service Fund.
f. Redevelopment Agency and General Fund revenues.
g. 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.
h. Special assessments received in the Assessment District Debt Service Fund.
i. Operating revenues available for lease payment in the Information Technology Replacement Internal Service Fund.
j. 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	$82,567,557	$27,120,738	$23,750,000	$13,772,404
Reconciliation of long-term debt:				
Less unamortized deferred amount on refunding	(2,368,212)			
Total	$80,199,345			

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	71
Total participants	301

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:

Fiscal Year	Annual Pension Cost	Actual Employer Contribution	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
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	2,385,555
Contributions made:	
City portions of current year premiums paid	(1,312,385)
Total contributions	(1,312,385)
Change in Net Pension Obligation	1,073,170
Net Pension Obligation at June 30, 2009	1,031,105
Net Pension Obligation at June 30, 2010	$2,104,275

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
Safety Plan			
June 30, 2008	$5,303,294	100%	$0
June 30, 2009	5,718,435	100%	0
June 30, 2010	5,610,292	100%	0
Miscellaneous Plan			
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	$99,845,583	$108,239,601
Market Value of Assets	$99,845,583	$108,239,601
Actuarial Value of Assets	$98,582,205	$106,792,527

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 HEATH 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 through out the year as a percentage of payroll. Concurrent with implementing Statement No. 45, the City Council passed a resolution to participate the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT is administrated by CalPERS, and is managed by an appointed board not under the control of City Council. This Trust is not considered a component unit by the City and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CALPERS at P.O. Box 942709, Sacramento, 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	(955,955)
Annual OPEB cost	4,513,591
Contributions made:	
City portions of current year premiums paid	2,841,256
Contributions to CERBT	-
Total contributions	2,841,256
Change in Net OPEB Asset	(1,672,335)
Net OPEB Asset at June 30, 2009	9,516,723
Net OPEB Asset at June 30, 2010	$7,844,388

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	$7,253,000	$1,676,287	$8,929,287	$7,121,010
Current portion	$1,883,922	$969,055	$2,852,977	$2,180,542

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.