NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

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

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

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

The **City of Concord Retirement System** is governed by the City's Retirement System Ordinance, Article II, Chapter 8 of the City of Concord Municipal Code, and is used to account for contributions and investment income restricted to pay retirement and death benefits of general and police employees. The Plan's benefit provisions are frozen and retirement and death benefit payments are restricted to eligible employees who retired or left the City of Concord eligible for a pension prior to June 28, 1999. Contribution provisions are established by the City Council. Eligibility, actuarial interest rates, administration and certain other tasks are the responsibility of the Retirement Board established by the above ordinance. Financial statements for the City of Concord Joint Powers Financing Authority and the Concord/Pleasant Hill Health Care District can be obtained from the City of Concord, 1950 Parkside Drive, Concord, California 94519.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category-*governmental*, *proprietary*, and *fiduciary*-are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

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

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

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

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

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

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

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

The City also reports the following fund types:

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

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

Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

sixty days after year-end, except for sales tax revenue which has a 90 day period of availability. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, sales tax, grants entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted Net Position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

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

Inventory and Prepaid Items

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

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

Property Taxes and Special Assessment Revenue

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

Compensated Absences are included in accrued liabilities. Compensated Absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund. Compensated Absences are accounted for by Proprietary funds as expenditures in the year earned. The changes in Compensated Absences of governmental and business-type activities are summarized in Note 7.

Capital Assets

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources:

In addition to assets, the Statement of Net Position, and Statement of Fiduciary Net Position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an expense/expenditure until then.

In addition to liabilities, the balance sheet of the governmental funds reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as revenue until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: intergovernmental revenue and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position and Fund Balances

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

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. City policy and procedure No. 168 delegates the authority to assign to the City Manager. This category may include encumbrances and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds. The general fund is the only fund that reports a positive unassigned fund balance amount.

Minimum Fund Balance Policy

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

In addition to the General Fund reserves identified above, a separate Measure Q designated reserve has been established to provide more time for the City to address its on-going structural budget deficit. As stated earlier, Measure Q is a temporary sales tax measure which sunsets in March 2016. Measure Q revenues in excess of those needed to maintain a 15% General Fund reserve are allocated to the designated Measure Q reserve, to be utilized after the temporary sales tax measure sunsets. As of June 30, 2014, the designated Measure Q Reserves totaled $12.37 million, approximately 15.8% of General Fund Operating Expenditures.

As of June 30, 2014, the General Fund balance, excluding non-spendable assets, totaled $21.5 million, representing 28% of actual General Fund Operating Expenditures.

Use of Estimates

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Effective Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the District's financial reporting process. New standards include the following:

GASB Statement No. 65 – In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement redefines certain financial elements previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. The objective is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues). Under GASBS No. 65, when an asset is recorded in governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available. As such, the implementation of GASB No. 65 resulted in a reclassification of unavailable revenues (formerly deferred revenues), previously reported as current liabilities, are now reported as Deferred Inflows of Resources - Unavailable Revenues.

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

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

GASB Statement No. 70 – In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by State and local governments that extend and receive nonexchange financial guarantees. The Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. Implementation of this standard did not materially impact the financial statements.

Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the District's financial reporting process. Future new standards which may impact the City include the following:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Accounting Pronouncements (Continued)

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

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

GASB Statement No. 71 – In November 2013, GASB issued Statement No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68.* The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement should be applied simultaneously with the provisions of Statement No. 68. The City has not determined the effect of this Statement.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

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

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

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

Appropriation Lapses

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

NOTE 3 - 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, 2014:

City:	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
Cash and investments in City pool	$ 54,760,518	$ 24,374,969	$ 25,906,306	$ 6,753,349	$ 111,795,142
Cash and investments with fiscal agents	1,463,242	253,995		42,380,192	44,097,429
Total cash and investments	$ 56,223,760	$ 24,628,964	$ 25,906,306	$ 49,133,541	$ 155,892,571

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code and the City's Investment Policy

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

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

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

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

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

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

Retirement System Authorized Investments

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

The asset allocation ranges for the system are as follows:

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

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

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

Information about the sensitivity of the fair values of the City's and Retirement System's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

City and Fiscal Agents:

	Remaining Maturity (in Months)				
	12 months or Less	13 to 24 Months	25 to 36 Months	37 to 60 Months	Total
Investment Type:					
U.S. Government Agencies	$ -	$ 7,153,538	$ 5,349,307	$ 4,055,922	$ 16,558,767
U.S. Treasury Notes	2,825,286	2,861,823	5,619,232	2,764,001	14,070,342
Medium Term Corporate Notes		5,532,718	6,972,617	2,969,686	15,475,021
Municipal Bonds				1,297,238	1,297,238
LAIF	49,817,898				49,817,898
Certificates of Deposit		2,326,859	4,422,472		6,749,331
Held by bond trustee:					
Money Market Mutual Funds	10,300,894				10,300,894
Total	$ 62,944,078	$ 17,874,938	$ 22,363,628	$ 11,086,847	114,269,491
Cash deposits with banks and on hand					4,298,243
Total Cash and Investments					$ 118,567,734

Retirement Trust Funds:

	Remaining Maturity (in Months)				
	12 months or Less	13 to 24 Months	25 to 36 Months	37 to 60 Months	Total
Investment Type:					
Pooled Cash and Investments	$ 2,820,515	$ -	$ -	$ -	$ 2,820,515
LAIF	1,328,323				1,328,323
Medium Term Corporate Notes	162,029	501,056	618,981	8,784,784	10,066,850
US Government Agencies				5,176,573	5,176,573
Municipal Bonds				697,457	697,457
Money Market Mutual Funds	1,928,713				1,928,713
Foreign Bonds	803,453		164,046		967,499
Total	$ 7,043,033	$ 501,056	$ 783,027	$ 14,658,815	22,985,930
Non-Maturing Investments:					
Mutual Funds					14,338,907
Total Cash and Investments					$ 37,324,837

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2014 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 / Aam	AA+ / AA / AA-	A+ / A / A-	Total
U.S. Government Agencies	$ -	$ 16,558,767	$ -	$ 16,558,767
Municipal Bonds		187,029	1,110,209	1,297,238
Medium Term Corporate Notes	2,378,846	9,430,647	3,665,528	15,475,021
Certificates of Deposit			6,749,331	6,749,331
US Treasury Notes		14,070,342		14,070,342
Total	$ 2,378,846	$ 40,246,785	$ 11,525,068	54,150,699
Not rated:				
Cash on Hand				4,298,243
LAIF				49,817,898
Money Market Funds				
(U.S. Securities)				10,300,894
Total Investments				$ 118,567,734

Retirement Trust Funds:

Investment Type	AAA / Aaam	AA+/AA/AA-	A+/A/A-	Baa1 / Baa2 / Baa3	Total
Medium Term Corporate Notes	$ 909,249	$ 604,561	$ 8,553,040	$ -	$ 10,066,850
U.S. Government Agencies		5,176,574			5,176,574
Municipal Bonds	263,873	230,729	202,854		697,457
Foreign Bonds		201,610	601,842	164,047	967,499
Total	$ 1,173,122	$ 6,213,474	$ 9,357,736	$ 164,047	$ 16,908,380
Not rated:					
Pooled Cash & Investments					2,820,515
Money Market Mutual Funds					1,928,711
LAIF					1,328,323
Mutual Funds					14,338,908
Total Investments					$ 37,324,837

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

Investments in the securities of any individual issuer, other than U. S. Treasury securities, mutual funds, and external investment fund that represent 5% or more of total Entity-wide investments are as follows at June 30, 2014:

City and Fiscal Agents:

Fund	Issuer	Type of Investment	Amount
Entity Wide:			
	Federal Home Loan Bank	US Government Agencies	$ 6,141,985

Investments in the securities of any individual issuer, other than U. S. Treasury securities, that represent 5% or more of total Retirement Trust Fund investments are as follows at June 30, 2014:

Retirement Trust Funds:

Fund	Issuer	Type of Investment	Amount
Retirement Trust Fund:			
	S&P 500 ETF	Mutual Funds - Equity	$ 3,161,850
	S&P 500 Growth Index ETF	Mutual Funds - Equity	2,019,648
	S&P 500 Value Index ETF	Mutual Funds - Equity	1,999,702
	MSCI EAFE	Mutual Funds - Equity	2,793,666

NOTE 4 - INTERFUND TRANSACTIONS

Internal Balances

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

Long-Term Interfund Advances

At June 30, 2014 the funds below had made the following advances:

Fund Receiving Advance	Fund Making Advance	Amount of Advance	
General Fund	Concord Housing Fund	$ 3,000,000	(a)
	Sewer Enterprise Fund	3,000,000	(a)
	Sewer Enterprise Fund	550,000	(a)
	Worker's Compensation Internal Service Fund	2,000,000	(b)
General Projects Fund	General Fund	1,217,000	(c)
Non-major governmental funds			
Maintenance Districts			
Special Revenue Fund	Traffic System Management Special Revenue Fund	238,500	(d)
Special Developers			
Capital Projects Fund	General Fund	1,132,473	(e)
Non-major enterprise fund			
Golf Course Enterprise Fund	General Fund	773,648	(f)
		$ 11,911,621	

(a) This **General Fund** advance was made during fiscal year 2009-2010 to fund the retirement of $8.2 million of the 1995 Lease Revenue Bonds. The advance bears interest at the LAIF rate plus 0.5% to be paid on a quarterly basis. As a result of this nonrecurring long-term advance, the City is no longer obligated to pay 8.24% interest on the retired bonds. The General Fund will repay these advances annually starting no later than fiscal year 2014-2015, with a final payment expected in fiscal year 2030 and will pay approximately $1.9 million in interest over the life of the repayment.

(b) This **General Fund** advance was made during the fiscal year 2009-2010 to fund the retirement of $8.2 million of the 1995 Lease Revenue Bonds. The advance will be repaid in installments starting no later than fiscal year 2014-15 and bears no interest.

(c) The **General Reimbursable Projects Fund** advance will be repaid in 2015 with sale proceeds of undeveloped land.

(d) The **Maintenance Districts Fund** advance will be repaid in 6 annual payments beginning in fiscal year 2012 and bears interest from 3.5 - 5%.

(e) The **Special Developers Fund** advance will be repaid in installments starting in fiscal year 2019 and bears interest of 3% as described in the City's Capital Improvement Program 10 year plan.

(f) The **Golf Enterprise Fund** advance was made during fiscal years 2007 and 2013 and will be factored into the next 10 year budget plan and repaid as business improves within the regional golf market.

NOTE 4 - INTERFUND TRANSACTIONS (CONTINUED)

Transfers between funds

With Council approval, resources may be transferred from one City fund to another without a requirement for repayment. Transfers between funds during the fiscal year ended June 30, 2014 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Purpose	Amount Transferred
General Fund	Special Revenue - Traffic Systems Management	To Fund Capital Projects	$ 10,500
General Fund	Storm Water Management	To Fund Operating Costs	448,725
General Projects	General Fund	To Fund Capital Projects	782,763
General Projects	General Fund	To Fund Capital Projects	70,000
General Projects	Intergovernmental	To Fund Capital Projects	6,557
Special Revenue Funds:			
State Gax Tax	General Reimbursable Projects	To Fund Operating Costs	37,810
Storm Water Management	General Reimbursable Projects	To Fund Operating Costs	2,900
Asset Forfeiture	General Reimbursable Projects	To Setup New Funds	482,227
Capital Projects Funds:			
Special Developer	General Reimbursable Projects	To Fund Capital Projects	11,814
Intergovernmental	General Reimbursable Projects	To Fund Capital Projects	12,262
Debt Service Funds:			
Debt Serv - Refunding Lease Agreement	Risk Management	To Fund Debt Service	420,703
Debt Service - Energy Lease BofA	General Fund	To Fund Debt Service	256,860
Debt Service - ABAG	General Fund	To Fund Debt Service	736
Debt Service - Energy Lease BofA	Internal Service Fund-Building Maintenance	To Fund Debt Service	170,499
Debt Service - Energy Lease BofA	Special Revenue-Maintenace District	To Fund Debt Service	271,365
Debt Service - Performing Arts Rev Bond	General Fund	To Fund Debt Service	700,832
Internal Service Funds:			
Risk Mgmt Liability	Workers Comp	To Fund Workers Compensation Costs	100,000
Building Maintenance	General Fund	To Fund Operating Costs	200,000
Building Maintenance	Information Tech Replacement	To Fund IT Equipment	143,670
Information Tech Replacement	General Fund	To Fund Accela Project	76,340
Information Tech Replacement	General Reimbursable Projects	To Fund INET Project	170,000
Information Tech Replacement	Sewer Enterprise	To Fund Accela Project	52,093
		Total Transfers	$ 4,428,656

Interfund Receivables/Payables

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2014, the Assessments Districts fund has a balance due to the Maintenance Districts fund to temporarily fund short-term cash flow needs.

Due to Other Funds	Due From Other Funds	Amount
Non-major governmental funds		
Assessment Districts	Maintenance Districts	$ 61,718

NOTE 5 - LOANS AND NOTES RECEIVABLE

The City and former Redevelopment Agency (the Agency) engaged in programs designed to encourage business enterprises or construction or improvement in low-to-moderate income housing or other projects. Under these programs, grants or loans are provided under favorable terms to businesses, home-owners or developers who agree to spend these funds in accordance with the City's terms. Although these loans and notes are expected to be repaid in full, their balance has been offset by deferred revenue. With the dissolution of the Redevelopment Agency, the City agreed to become the Successor Agency and oversee the dissolution. The Successor Agency subsequently assigned the City assets of the Low and Moderate Income Housing Fund to the City, including the loans and notes. They are not expected to be collected during fiscal year 2015. These loans and notes were comprised of the following at June 30, 2014:

Concord Housing Fund		
Downtown Revitalization and		
Low and Moderate Income Housing Rehabilitation	$	17,743,495
Successor Agency Loan		9,495,937
Virginia Lane		2,874,360
Lakeside Apartments		2,643,300
Total Concord Housing Fund		32,757,092
Non-major Governmental Funds		
Housing Conservation		1,293,005
Housing Assistance		50,000
Virginia Lane		451,761
Lakeside Apartments		345,592
Total Non-major Governmental Funds		2,140,358
Total loans and notes receivable	$	34,897,450

Downtown Revitalization and Low and Moderate Income Housing Rehabilitation

Low and no interest loans were made by the former Redevelopment Agency to provide businesses assistance for rehabilitating buildings in the downtown area and to businesses or individuals for the rehabilitation of housing within the City of Concord owned and/or occupied by persons of low and moderate income. Included in these loans, is one loan amounting to $5,418 which was made to a current employee.

Non-housing assets of the former Redevelopment Agency including the Concord Residential Club Loan were assumed by a Successor Agency as discussed in Note 18. The former Redevelopment Agency's portion of this loan totaled $557,750 and is recorded in the Successor Agency Trust Fund. At June 30, 2014 the loan receivable balance was $17,743,495.

Successor Agency Loan

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

NOTE 5 - LOANS AND NOTES RECEIVABLE (CONTINUED)

With the dissolution of the former Redevelopment Agency effective February 1, 2012, the Successor Agency assumed the obligation to repay the above advance and has recorded a loan payable to the Concord Housing Fund. These loans had previously been reported as interfund advances. However, with the transfer of the associated liabilities to the Successor Agency, repayment of the loans is subject to the provisions of Health and Safety Code Section 34176 and Assembly Bill 1484. The advance does not bear interest and at June 30, 2014 the loan receivable balance was $9,495,937.

Virginia Lane

In June 1999, the City and the former Redevelopment Agency entered into a $1,984,200 loan agreement with Virginia Lane Limited Partnership for the rehabilitation of Golden Glen and Maplewood Apartments. An additional loan of $450,000 was made in fiscal year 2007 which brought the loan total to $2,434,200. Of the $450,000, $100,000 was funded by Community Development Block Grant funds and $350,000 was funded by California Housing Finance Agency funds. The outstanding balance of the loan bears interest at a rate of 3% per annum. The repayments on the loan shall be made from residual receipts. The City expects the loan to be repaid on March 2, 2061. At June 30, 2014 the loan receivable balance was $3,326,121.

Lakeside Apartments

The City and the Agency entered into a $3,433,945 loan agreement with Lakeside Apartments, L.P. for the acquisition and rehabilitation of Lakeside apartments. An additional loan of $283,000 was made in fiscal year 2007 which brought the loan total to $3,716,945. Of the $283,000, $110,000 was funded by Community Development Block Grants, $93,000 was funded by Redevelopment Agency, and $80,000 was funded by California State EAGR funds. The outstanding balance of the loan bears interest at a rate of 1% per annum. The City expects the loan to be repaid on November 5, 2058. At June 30, 2014 the loan receivable balance was $2,988,892.

Housing Conservation

This program involves loans made to rehabilitate housing within the City of Concord which are funded by Community Development Block Grant and former Redevelopment Agency monies. The loans bear interest ranging from 0-3% with due dates varying from October 2014 through the sale or transfer of the property. At June 30, 2014 the loan receivable balance was $1,293,005.

Housing Assistance

This program provides housing assistance to Concord residents through a variety of housing programs. These loans bear no interest and principal payment is due upon sale or transfer of the property. At June 30, 2014 the loan receivable balance was $50,000.

NOTE 6 - CAPITAL ASSETS

Capital asset transactions and balances comprise the following at June 30, 2014:

	Balance at June 30, 2013	Additions	Retirements	Transfers	Balance at June 30, 2014
Governmental Activities					
Capital assets not being depreciated:					
Land	$ 15,149,712				$ 15,149,712
Construction in progress	11,969,979	$ 1,022,619		$ (10,571,225)	2,421,373
Total capital assets not being depreciated	27,119,691	1,022,619	-	(10,571,225)	17,571,085
Capital assets being depreciated:					
Ground improvements	16,971,725			4,051,803	21,023,528
Buildings and improvements	75,145,250			4,916,255	80,061,505
Machinery and equipment	12,271,802	517,916		1,378,996	14,168,714
Vehicles	8,592,761	1,292,695	$ (800,118)	224,171	9,309,509
Streets	429,722,286	473,140			430,195,426
Sidewalks	48,849,095	1,551,352			50,400,447
Storm drain/catch basins	443,308,069				443,308,069
Street lights	5,766,714	-			5,766,714
Traffic signals	26,417,515	880,922			27,298,437
Total capital assets being depreciated	1,067,045,135	4,716,025	(800,118)	10,571,225	1,081,532,349
Less accumulated depreciation for:					
Ground improvements	(9,102,511)	(536,395)			(9,638,906)
Buildings and improvements	(35,113,063)	(2,019,491)			(37,132,554)
Machinery and equipment	(10,053,474)	(744,749)			(10,798,223)
Vehicles	(7,113,130)	(1,043,078)	800,118		(7,356,090)
Streets	(239,401,144)	(14,331,962)			(253,733,106)
Sidewalks	(21,505,141)	(992,495)			(22,497,636)
Storm drain/catch basins	(96,176,978)	(4,433,081)			(100,610,059)
Street lights	(555,993)	(192,224)			(748,217)
Traffic signals	(17,519,386)	(895,266)			(18,414,652)
Total accumulated depreciation	(436,540,820)	(25,188,741)	800,118	-	(460,929,443)
Governmental activities capital assets, net	$ 657,624,006	$ (19,450,097)	$ -	$ -	$ 638,173,991

	Balance at June 30, 2013	Additions	Retirements	Transfers	Balance at June 30, 2014
Business-Type Activities					
Capital assets note being depreciated:					
Land	$ 395,182				$ 395,182
Construction in progress	5,090,546	$ 4,717,841		(9,564,628)	243,759
Total capital assets not being depreciated	5,485,728	4,717,841	-	(9,564,628)	638,941
Capital assets being depreciated:					
Buildings and improvements	8,700,986			8,000	8,708,986
Machinery and equipment	248,366				248,366
Sewer lines	209,485,479			9,556,628	219,042,107
Total capital assets being depreciated	218,434,831	-	-	9,564,628	227,999,459
Less accumulated depreciation for:					
Buildings and improvements	(5,335,999)	(236,582)			(5,572,581)
Machinery and equipment	(243,123)	(953)			(244,076)
Sewer lines	(141,095,784)	(4,285,266)			(145,381,050)
Total accumulated depreciation	(146,674,906)	(4,522,801)	-	-	(151,197,707)
Business-type activities capital assets, net	$ 77,245,653	$ 195,040	$ -	$ -	$ 77,440,693

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Depreciation Allocation – Governmental Activities

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

Governmental Activities		
General Government	$	744,749
Public Works		22,238,455
Parks and Recreation Services		103,501
Internal Service Fund		2,102,036
Total	$	25,188,741

Business-Type Activities		
Sewer	$	4,367,520
Golf Course		155,281
Total	$	4,522,801

NOTE 7 - LONG-TERM DEBT

Description and Activity

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

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

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

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

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Current Year Transactions and Balances

	Repayment Source	June 30, 2013	Additions	Retirements	June 30, 2014	Current Portion
Governmental Activities Debt:						
Revenue Bonds:						
1995 Performing Arts Lease Revenue Bonds, 6.33-8.24% due 08/01/20	a	$ 2,920,000		$ 480,000	$ 2,440,000	$ 440,000
Police Facilities Revenue Bonds, 2.70-5.25% due 08/01/13	b	485,000		485,000	-	-
Parking Garage Revenue Bonds, 4.0-5.13% due 3/01/23	b	5,680,000		450,000	5,230,000	475,000
Refunding Lease Agreement						
3.3% due 09/01/19	b	3,883,000		398,500	3,484,500	885,500
Lease Purchase Agreement						
4.75% due 06/30/27	d	8,042,082		300,344	7,741,738	335,437
Notes Payable:						
CHFA 3% due 03/01/14	e	1,372,377		900,000	472,377	472,377
Capital Lease:						
Motorola Safety Radio 3.03%, due 12/01/16	f	741,109		177,066	564,043	182,431
Cisco VOP Equipment 3.95% due 07/09/14	f	179,987		88,199	91,788	91,788
Color Hybrid Multi-Function Printer Equipment 5.5% due 11//01/16	f	64,234		26,446	37,788	28,058
NetApp Capital Solutions Software are 3.55% due 04/01/15	f	260,895		83,904	176,991	86,930
Motorola Safety Radio 3.55% due 08/1/18	f	320,614	-	48,883	271,731	50,620
Key Government Finance 4.59% due 2/25/17	f	26,179	-	6,127	20,052	6,418
US Bank 000 4.76% due 10/15/17	f	237,487	-	51,034	186,453	53,521
US Bank 001 4.76% due 5/2/18	f	63,852	-	11,808	52,044	12,382
Key Government Finance 3.36% due 12/12/18	f	-	$ 436,826	51,177	385,649	104,658
Compensated Absences	c	4,083,738	2,963,491	3,062,770	3,984,459	2,614,881
Total Governmental Activities Debt		$ 28,360,554	$ 3,400,317	$ 6,621,258	$ 25,139,613	$ 5,840,001
Business-Type Activities Debt:						
2012 - Wastewater Revenue Refunding Bonds 1.50-4.00% due 02/01/29	g	$ 9,605,000	$ -	$ 490,000	$ 9,115,000	$ 500,000
Plus premium on refunding bonds		194,591	-	24,324	170,267	24,324
2007 Certificates of Participation - Wastewater System Improvement 3.75-4.5% due 02/01/32	g	10,685,000		385,000	10,300,000	400,000
ABAG 41Certificates of Participation - Diablo Creek Golf Course 4.0-5.0% due 08/01/18	h	1,160,000		170,000	990,000	180,000
Compensated Absences	c	95,463	87,404	64,916	117,951	38,249
Total Business-Type Activities Debt		$ 21,740,054	$ 87,404	$ 1,134,240	$ 20,693,218	$ 1,142,573

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

a. Lease revenues received by Live Nation and from general & operating revenues.
b. Lease revenues received by the Successor Agency and from general & operating revenues.
c. General Fund revenues.
d. Savings from the energy efficiency improvements.
e. Notes payable received by the Housing and Community Services Special Revenue Fund. Included is $900,000 in principal and the remaining balance is interest.
f. Operating revenues available for lease payment in the Information Technology Replacement Internal Service Fund.
g. Operating revenues received by the Sewer Enterprise Fund.
h. General and operating revenues available for lease payment in the ABAG Debt Service Fund and Golf Course Enterprise Fund.

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Debt Service Requirements

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

For the Year Ending June 30,	Governmental Activities Principal	Governmental Activities Interest	Business-Type Activities Principal	Business-Type Activities Interest
2015	$ 3,225,120	$ 970,871	$ 1,080,000	$ 730,409
2016	2,253,095	852,975	1,110,000	697,966
2017	2,218,335	747,485	1,140,000	665,346
2018	2,045,752	642,242	1,195,000	618,621
2019	2,026,977	542,339	1,250,000	569,396
2020-2024	7,081,895	1,422,819	5,665,000	2,284,666
2025-2029	2,303,981	171,297	6,665,000	1,270,338
2030-2032			2,300,000	209,925
Total requirements	$ 21,155,154	$ 5,350,028	$ 20,405,000	$ 7,046,667
Plus unamortized premium			170,267	
Total	$ 21,155,154	$ 5,350,028	$ 20,575,267	$ 7,046,667

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

Revenue Bonds

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

On September 21, 2009, the City issued a tender offer for the 1995 Performing Arts Lease Revenue Bonds for up to $8.5 million. As a result the City purchased $8.235 million of the bonds at an 8% premium and made a payment to retire that portion of the bonds. As a result of this transaction, the City has lowered its interest liability from 8.24% to bondholders to LAIF plus 0.5% interest to the Concord Housing Fund and the Sewer Enterprise Fund of the City. As of June 30, 2014, the principal balance outstanding was $2,440,000.

On September 9, 1993 the City of Concord Joint Powers Financing Authority issued the 1993 Lease Revenue Bonds in the principal amount of $9,700,000, bearing interest at rates ranging from 2.7% to 5.25%, due August 1, 2013. The Bonds are collateralized by revenue received from the City by the Authority under the lease agreement and by the Authority's interest in the site and facilities lease. Proceeds from the Bonds were used to finance a portion of the Police Facilities Project leased by the City from the former Redevelopment Agency. The former Redevelopment Agency had agreed to reimburse the City for these lease payments. On June 24, 2010 the City entered into a Refunding Lease Agreement and the proceeds were used to retire $3,520,000 of the bonds. The principal balance was paid in full during fiscal year 2014.

NOTE 7 - LONG-TERM DEBT (CONTINUED)

On April 4, 2001, the City of Concord Joint Powers Financing Authority issued Lease Revenue Bonds in the principal amount of $9,580,000, bearing interest at rates ranging from 4.0% to 5.13% due March 1, 2023. The Bonds are collateralized by revenue received from the City by the Authority under the Civic Center and Corporation Yard lease agreement and by the Authority's interest in the site and facilities lease. Proceeds from the Bonds were used to finance the design and construction, and to equip and landscape a new three-level, 432-space parking structure which is leased by the City from the Authority. The former Redevelopment Agency agreed to reimburse the City for these lease payments. The reimbursement agreement was approved by the State of California Department of Finance as part of their Other Funds and Accounts Due Diligence Review, dated June 11, 2013, in reference to the Redevelopment Agency dissolution. As of June 30, 2014, the principal balance outstanding was $5,230,000.

On September 18, 2012, the City issued Wastewater Revenue Refunding Bonds, Series 2012 in the original principal amount of $10,080,000 at interest rates that range from 1.50% to 4.00% to provide for a refunding of the City's outstanding 2004 Certificates of Participation Wastewater System Improvement Bonds. Principal payments are due annually on February 1, with interest payments payable semi-annually on August 1 and February 1 through February 1, 2029. Repayment of these bonds is from a pledge of revenue from the Sewer Enterprise Fund. As of June 30, 2014, the principal balance outstanding was $9,115,000.

The net proceeds of $9,992,336 (after issuance costs of $306,578, plus premium of $218,914) were used to advance refund the 2004 Certificates of Participation Wastewater System Improvement bonds with a total principal amount of $10,080,000 and interest rates between 1.5% to 4.00%. The net proceeds were used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the City's liabilities. The outstanding bonds as of June 30, 2014 were $9,115,000.

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

Certificates of Participation

On July 1, 1998, the City issued $3,560,000 of Certificates of Participation (COPs) to fund Diablo Creek Golf Course improvements and to defease $810,000 of outstanding ABAG 41 Certificates of Participation. Proceeds from the COPs were placed in an irrevocable trust to provide for the future debt service payments on the defeased COPs. The defeased COPs were called December 1, 1998. The COPs bear interest at 4.0% - 5.0% and are due August 1, 2018. Principal payments are due annually on August 1. Interest payments are due semi-annually on February 1 and August 1. As of June 30, 2014, the principal balance outstanding was $990,000.

On October 18, 2007, the City of Concord Joint Powers Financing Authority issued Certificates of Participation (COPs) in the principal amount of $12,820,000, bearing interest rates ranging from 3.75% to 4.50%. Proceeds from the COPs were used to fund the next phase of the wastewater system improvement project to install pipelines from the Concord pump station to the intersection of Meridian Park Boulevard and Galaxy Way. Principal is payable annually on February 1 and interest is payable semi-annually February 1 and August 1 through 2032. As of June 30, 2014, the principal balance outstanding was $10,300,000.

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Under related installment agreements, the City remits installments to the Authority which are used to repay debt service on the 2007 COPS. The City has pledged Wastewater System Net Revenues defined as gross revenues less operating and maintenance expenses, to be used to make required installments. The pledge of future Net Revenues ends upon repayment of the $15,502,961 million in remaining debt service on the COPS which is scheduled to occur in 2032. 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 2014, Wastewater System Revenues including operating revenues and non-operating interest earnings amounted to $22,301,111 and maintenance and operating costs amounted to $21,663,031. Payments made to the Central Contra Costa Sanitary District for the City of Concord's share of district capital projects are treated as expenses in the Sewer Enterprise Fund since the related capital assets are not owned by the City. In recognition of the capital nature of these expenses, the covenants expressly exclude these payments from the calculation of maintenance and operating costs for coverage purposes. In fiscal year 2013 these costs totaled $3,820,858. Adjusted net revenues available for debt service amounted to $4,458,938, which represented coverage of 18.8% of the $836,353 in debt service on the COPS.

Refunding Lease Agreement

On June 24, 2010, the City and the former Redevelopment Agency entered into a Refunding Lease Agreement in the amount of $5,075,000. The proceeds from the Agreement were used to retire a portion of the outstanding 1993 Lease Revenue Bonds and to fully repay the 1999 Judgment Obligation Bonds. The Agreement bears interest at 3.6% and is due semi-annually on March 1 and September 1. Principal payments are due annually on September 1 until September 1, 2019. As of June 30, 2014, the principal balance outstanding was $3,484,500.

Lease Purchase Agreement

On January 25, 2011, the City entered into a lease purchase agreement with Chevron Energy Service Company in the amount of $8,434,970. The proceeds from the agreement are used reduce citywide utility costs by making energy efficiency improvements. The agreement bears interest at 4.75% and is due semi-annually on June 1 and December 1. Principal payments are due semi-annually on June 1 and December 1 until December 1, 2026.
As of June 30, 2014, the principal balance outstanding was $7,741,738.

Notes Payable

The City entered into two loan agreements with California Housing Finance Agency (CHFA); $1,000,000 was used for a loan to Lakeside apartments (see Note 6), and $1,600,000 is to be used for the Detroit Avenue Apartments loan (see Note 6) and a Multifamily Acquisition and Rehabilitation Loan Program. During the fiscal year ending June 30, 2011, the City paid off the Lakeside portion of the note. As of June 30, 2007, the City had drawn down $600,000 for the Detroit Avenue Apartment loan, and $350,000 for the Virginia Lane projects; the remaining $650,000 will not be drawn down. The CHFA funds bear interest at a 3.0% simple rate and all payments of principal and interest are deferred for a ten year period. This loan is expected to be repaid in full by March 31, 2014. As of June 30, 2014, the principal balance outstanding was $472,377.

Capital Leases

On November 30, 2010, the City entered into a lease agreement in the amount of $1,279,294 for the purchase of radio subscriber units for the Police Department. The City agreed to pay the lease in annual payments for $250,609 for seven years. Since the lease is in essence a financing agreement, the cost of the equipment and the amount of the lease has been included in the City's financial statements. As of June 30, 2014, the principal balance outstanding on the lease was $564,043.

NOTE 7 - LONG-TERM DEBT (CONTINUED)

On July 13, 2010, the City entered into a lease agreement in the amount of $441,698 for the purchase of Voice over internet protocol (VOIP) equipment. The lease bears interest at 3.95% and is due annually on July 9 annually. The principal payment is due annually on July 9 until July 9, 2014. As of June 30, 2014, the principal balance outstanding on the lease was $91,788.

On September 30, 2010, the City entered into a lease agreement in the amount of $127,566 for hybrid color multi-function printer equipment. The lease bears interest at 5.5% monthly and the City agreed to pay the lease in monthly payments of $2,462 for 5 years. As of June 30, 2014, the principal balance outstanding on the lease was $37,788.

On June 30, 2012, the City entered into a lease agreement in the amount of $421,283 for network attached storage equipment. The lease bears interest at 3.55% quarterly and the City agreed to pay the lease in quarterly payments for $23,473 for 5 years. As of June 30, 2014, the principal balance outstanding on the lease was $176,991.

On July 24, 2012, the City entered into a lease agreement in the amount of $380,702 with Motorola Solutions, Incorporated, for the purchase of radio equipment. The City agreed to pay the lease in annual payments for $75,688 for seven years. Since the lease is in essence a financing agreement, the cost of the equipment and the amount of the lease has been included in the City's financial statements. As of June 30, 2014, the principal debt outstanding on the lease was $271,731.

On January 25, 2013, the City entered into a lease agreement in the amount of $33,551 with Key Government Finance, Incorporated, to acquire equipment for network upgrades. The City agreed to pay the lease in annual payments for $7,372, for five years. Since the leases are in essence a financing agreement, the cost of the equipment and the amount of the lease has been included in the City's financial statements. As of June 30, 2014, the principal debt outstanding on the lease was $20,052.

On September 28, 2012, the City entered into a lease agreement in the amount of $273,082 with US Bank, to acquire equipment for network upgrades. The City agreed to pay the lease in monthly payments of $5,103, for five years. Since the leases are in essence a financing agreement, the cost of the equipment and the amount of the lease has been included in the City's financial statements. As of June 30, 2014, the principal debt outstanding on the lease was $186,453.

On May 2, 2013, the City entered into a lease agreement in the amount of $63,852 with US Bank, to acquire equipment for network upgrades. The City agreed to pay the lease in monthly payments of $1,216, for five years. Since the leases are in essence a financing agreement, the cost of the equipment and the amount of the lease has been included in the City's financial statements. As of June 30, 2014, the principal debt outstanding on the lease was $52,044.

On December 12, 2013, the City entered into a lease agreement in the amount of $436,826 with Key Government Finance, Incorporated, to acquire equipment for network upgrades. The City agreed to pay the lease in quarterly payments of $23,879, for five years. Since the leases are in essence a financing agreement, the cost of the equipment and the amount of the lease has been included in the City's financial statements. As of June 30, 2014, the principal debt outstanding on the lease was $385,649.

NOTE 8 - FUND BALANCES

Detailed classifications of the City's Governmental Fund Balances, as of June 30, 2014, are below:

Fund Balance Classifications	Major Funds General Fund	Major Funds Concord Housing	Major Funds General Projects	Other Governmental Funds	Total
Nonspendable:					
Items not in spendable form:					
Notes receivable				$ 2,140,358	$ 2,140,358
Advance	$ 3,123,121	$ 3,000,000		238,500	$ 6,361,621
Inventories	43,109				43,109
Total Nonspendable Fund Balance	3,166,230	3,000,000	-	2,378,858	8,545,088
Restricted for:					
Debt service				$ 2,406,505	2,406,505
Capital Projects				2,439,255	2,439,255
Housing		27,852,011		554,589	28,406,600
Health Care District				315,632	315,632
Transportation				5,216,133	5,216,133
Development services				7,406,687	7,406,687
Asset Forfeiture				490,585	490,585
Total Restricted Fund Balances	-	27,852,011	-	18,829,386	46,681,397
Assigned:					
Capital projects	795,794	-	-	889,276	1,685,070
Total Assigned Fund Balances	795,794	-	-	889,276	1,685,070
Unassigned:					
General fund	20,700,348				20,700,348
Other governmental fund deficit residuals			$ (531,521)	(2,125)	(533,646)
Total Unassigned Fund Balances	20,700,348	-	(531,521)	(2,125)	20,166,702
Total Fund Balances	$ 24,662,372	$ 30,852,011	$ (531,521)	$ 22,095,395	$ 77,078,257

NOTE 8 - FUND BALANCES (CONTINUED)

Encumbrances

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

Encumbrances outstanding as of June 30, 2014, were as listed below:

	Amount
Governmental Funds:	
General Fund	$ 795,794
Concord Housing Fund	6,617
General Projects Capital Projects Fund	771,588
Non-Major Governmental Funds:	
State Gas Tax Special Revenue Fund	74,993
Art in Public Places	14,939
Maintenance District Special Revenue Fund	3,580
Housing and Community Services Special Revenue Fund	44,164
Storm Water Management Special Revenue Fund	24,576
Special Developers Capital Projects Fund	316,279
Inter Governmental Capital Projects Fund	195,720
Total Non-Major Governmental Funds	674,251
Total	$ 2,248,250

NOTE 9 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures in Excess of Appropriations

Expenditures for the year ended June 30, 2014, exceeded the appropriations in the following funds.

	Final Budget	Actual	Variance
Concord Housing Fund	$ 82,000	$ 153,579	$ (71,579)
Traffic Systems Management Fund	39,171	40,700	(1,529)
Housing And Community Services Fund	808,242	1,392,394	(584,152)
Asset Forfeiture Fund	76,019	83,959	(7,940)

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

NOTE 9 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Deficit Fund Equity

As of June 30, 2014, the following funds had deficit fund equity:

Governmental Activities		
General Projects Fund	$	531,521
Non-Major Governmental Fund		
Assessments District Fund		2,125
Internal Service Fund		
Risk Management Fund		381,998
Fiduciary Activities		
Successor Agency Private Purpose Trust Fund		36,859,385

The General Projects Fund had deficit fund balance of $531,521 which is expected to be eliminated by future revenue.

The Assessment Districts Debt Service Fund had deficit fund balance of $2,125 which is expected to be eliminated by future revenue.

The Risk Management Internal Service Fund had deficit net position of $381,998 which is expected to be eliminated by future revenue.

The Successor Agency Private Purpose Trust Fund had deficit net position of $36,859,385 which is expected to continue until the debt service obligations are satisfied from future property tax allocations.

NOTE 10 - CITY OF CONCORD RETIREMENT SYSTEM PLAN

Plan Description and Provisions

The City of Concord Retirement System Plan (the plan) 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, 2014:

Retirees and beneficiaries currently receiving benefits	237
Vested terminated employees	44
Total participants	281

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

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

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

NOTE 10 - CITY OF CONCORD RETIREMENT SYSTEM PLAN (CONTINUED)

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

Investment Policy

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 following was the assumed asset allocation as of June 30, 2014:

Asset Class	Target Allocation
Large Medium Cap Dometsic Equity	30%
International Equity	7.5%
Small Cap Equity	7.5%
Domestic Fixed Income	50.0%
Cash	5.0%
Total	**100%**

Rate of Return

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability at June 30, 2014 were as follows:

Total Pension liability	$	60,762,000
Plan fiduciary net position		(37,325,570)
CCRS's net pension liability	**$**	**23,436,430**
Plan fiduciary net positionas a percentage of the total pension liability		**61.43%**

The actuarial liabilities and assets are valued as of June 30, 2014.

NOTE 10 - CITY OF CONCORD RETIREMENT SYSTEM PLAN (CONTINUED)

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Return on assets	6.50%
Discount rate	6.50%
Inflation	3%, per annum
Salary Scale	Not applicable
Cost of Living	2%, per annum

Experience Study

The Plan general, demographic assumptions follow the CalPERS 1997-2007 experience study.

Mortality rates were based on the CalPERS 1997-2007 experience study fully generational mortality improvement projection based on Scale AA.

The long-term expected rate of return on plan investments was determined using a building block method which best estimate ranges of expected future real rates of return (expected return, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Rate of Return

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Long-Term Expected Real rate of Return
Global Equities	5.35%
Fixed Income	1.55%
Real Estate	4.03%
Cash	0.45%

The discount rate used to measure the total pension liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability of CCRS, calculated using the discount rate of 6.50%, as well as what CCRS's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
CCRS's net pension liability	$ 28,402,000	$ 23,217,000	$ 18,731,000

NOTE 10 - CITY OF CONCORD RETIREMENT SYSTEM PLAN (CONTINUED)

In accordance with Governmental Accounting Standards Board Statement No. 27, the following disclosures are presented as they apply to the employer reporting requirements.

Funding Status and Progress

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

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

Contribution Requirements and Contributions Made

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

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, 2014, the City has calculated and recorded the Net Pension Obligation, representing the difference between the ARC and contributions, as presented below:

Fiscal Year	Annual Pension Cost	Actual Employer Contribution	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
June 30, 2012	$ 1,744,637	$ 863,610	50%	$ 4,445,843
June 30, 2013	1,956,000	1,045,781	53%	5,356,062
June 30, 2014	1,956,000	1,971,829	101%	5,340,233

NOTE 10 - CITY OF CONCORD RETIREMENT SYSTEM PLAN (CONTINUED)

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

Annual required contribution (ARC)	$ 2,045,000
Interest on Net Pension Obligation	348,168
Adjustment to annual required contribution	(437,168)
Annual Pension Cost	1,956,000
Contributions made:	
Contributions	1,971,829
Total contributions	1,971,829
Change in Net Pension Obligation	(15,829)
Net Pension Obligation at June 30, 2013	5,356,062
Net Pension Obligation at June 30, 2014	$ 5,340,233

Trend Information

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

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

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

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

NOTE 11 - CITY OF CONCORD EARLY RETIREMENT PLANS

Plan Description and Provisions

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

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

As of June 30, 2014, there were 65 members participating in these plans.

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

Contribution Requirements

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

NOTE 12 - PENSION PLAN

CalPERS Safety and Miscellaneous Employees Pension Plans

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

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

NOTE 12 - PENSION PLAN (CONTINUED)

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

The Plans' provisions and benefits in effect at June 30, 2014, 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	55
Monthly benefits, as a % of annual salary	2.7-3%	2-2.5%
Required employee contribution rates	9-12%	6.25-8%
Required employer contribution rates	33.355%	26.105%
Actuarially required contributions	$ 7,299,296	$ 5,522,403

The City's policy and labor contracts require the City to pay 4%-7% contributions for sworn safety employees (Police) and 0% 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 year ended June 30, 2014 were as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed
Safety Plan		
June 30, 2012	$ 6,525,699	100%
June 30, 2013	6,768,964	100%
June 30, 2014	7,299,296	100%
Miscellaneous Plan		
June 30, 2012	$ 3,863,366	100%
June 30, 2013	4,858,447	100%
June 30, 2014	5,522,403	100%

CalPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.5% is assumed, including inflation at 2.75%. Annual salary increases are assumed to vary by duration of service and range from 3.30% to 14.20%. 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 six percent of the net balance is amortized annually.

NOTE 12 - PENSION PLAN (CONTINUED)

The schedule of funding progress presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The Plans' actuarial value (which differs from market value) and funding progress over the most recently available actuarial valuation date of June 30, 2013:

Safety Plan

Valuation Date	Actuarial Entry Age Accrued Liability	Actuarial Value of Asset	Actuarial Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
June 30, 2013	$ 184,886,672	$ 124,184,691	$ 60,701,981	67.2%	$ 16,682,386	363.9%

Miscellaneous Plan

Valuation Date	Actuarial Entry Age Accrued Liability	Actuarial Value of Asset	Actuarial Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
June 30, 2013	$ 170,618,908	$ 115,153,527	$ 55,465,381	67.5%	$ 15,693,515	353.4%

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

NOTE 13 - 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 single employer CalPERS sponsored health plans currently funded during the employees active service. During fiscal year 2008, the City implemented the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB). Required disclosures are presented below.

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

The City pays health insurance premiums up to $638, $1,275, $1,658 for a retiree, couple, and family, respectively.

As of June 30, 2014, approximately 396 participants were receiving benefits.

NOTE 13 - OTHER POST-EMPLOYMENT HEATH CARE BENEFITS (CONTINUED)

Funding Policy and Actuarial Assumptions

The annual required contribution (ARC) was determined as part of a June 30, 2013 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.61% investment rate of return including 3% inflation, (b) 3.25% projected annual salary increase, and (c) 4.5% health care costs inflation increases. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year closed amortization period.

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

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, 2014, the City contributed $3,494,778 to the Plan which represented 9.3% of $37.7 million of covered payroll. As a result, the City has recorded the Net OPEB Asset, representing the difference between the ARC, the amortization of the Net OPEB Asset and actual contributions, as presented below:

Annual required contribution (ARC)	$ 4,786,000
Interest on Net OPEB asset	(474,000)
Adjustment to annual required contribution	618,000
Annual OPEB Cost	4,930,000
Contributions made:	
City portions of current year premiums paid	3,494,778
Total contributions	3,494,778
Disbursement from CERBT	$2,500,000
Change in Net OPEB Asset	(3,935,222)
Net OPEB Asset at June 30, 2013	5,028,652
Net OPEB Asset at June 30, 2014	$ 1,093,430

NOTE 13 - OTHER POST-EMPLOYMENT HEATH CARE BENEFITS (CONTINUED)

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

The Plan's annual OPEB cost and actual contributions for fiscal year ended June 30, 2014 is set forth below:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
June 30, 2012	$ 4,038,504	$ 3,196,020	79%	$ 7,755,519
June 30, 2013	5,981,038	3,254,171	54%	5,028,652
June 30, 2014	4,930,000	3,494,778	71%	1,093,430

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

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

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

NOTE 14 - DEFERRED COMPENSATION PLAN

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

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of Plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.

NOTE 15 - RISK MANAGEMENT AND INSURANCE

Insurance Risk Pool

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

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

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

The City's deposits with CSAC-EIA are in accordance with formulas established by CSAC-EIA. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

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

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

For the years ended June 30, 2014, 2013 and 2012, the amount of settlements did not exceed insurance coverage.

Uninsured Claims Payable

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

The City's liability for uninsured claims is limited to worker's compensation, general liability and auto physical damage claims, as discussed above, which are reported at their present value using expected future investment yield assumptions ranging from 3% percent. In addition, the general liability claims are based on an eighty percent confidence level. The undiscounted worker's compensation claims totaled $1,872,965 and undiscounted general liability claims totaled $1,450,361 at June 30, 2014.

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 2013 and June 30 2014:

NOTE 15 - RISK MANAGEMENT AND INSURANCE (CONTINUED)

	Workers Compensation Internal Service Fund	Risk Management/ Liability Internal Service Fund	Total 2014	Total 2013
Beginning balance	$ 8,320,000	$ 4,320,152	$ 12,640,152	$ 9,022,044
Liability for current fiscal year claims	1,906,000	(2,970,944)	(1,064,944)	7,602,216
Change in liability for prior fiscal year claims and claims incurred but not reported (IBNR)	(608,447)		(608,447)	764,893
Claims paid	(1,264,553)	1,485,472	220,919	(4,749,001)
Ending balance	$ 8,353,000	$ 2,834,680	$ 11,187,680	$ 12,640,152
Current portion	$ 1,872,965	$ 1,450,361	$ 3,323,326	$ 3,246,644

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 $1,658 per month per employee. The City also provides its employees with Dental Insurance paying premiums up to $166 per month per employee. The City also provides long-term disability and life insurance to its employees.

NOTE 16 - JOINT VENTURE

Salvio Grant Land Joint Venture

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

The Joint Venture financial statements for its fiscal year ended December 31, 2013 reported revenue of $233,261 and no debt obligations. The City's equity in the partnership at June 30, 2014 was $2,362,972. Financial statements for the Partnership can be obtained from the City of Concord, 1950 Parkside Drive, Concord, California 94519.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

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

The City participates in several Federal and State grant programs. These programs have been audited through the fiscal year ended June 30, 2014. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

NOTE 18 - REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES

Redevelopment Dissolution

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

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

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

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

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

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

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

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

NOTE 18 - REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES (CONTINUED)

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

Loans Receivable

The Successor Agency assumed the non-housing loans receivable of the former Redevelopment Agency as of February 1, 2012. The former Redevelopment Agency engaged in programs designed to encourage construction of, or improvement to, low-to-moderate income housing. Under these programs, grants or loans were provided under favorable terms to homeowners or developers who agreed to expend these funds in accordance with the former Agency's terms. The balances of the notes receivable arising from the non-housing programs at June 30, 2014 are set forth below:

Concord Residential Club

Low and no interest loans were made by the former Redevelopment Agency to provide businesses assistance for rehabilitating buildings in the downtown area and to businesses or individuals for the rehabilitation of housing within the City of Concord owned and/or occupied by persons of low and moderate income. As of June 30, 2014 the loan balance was $557,750.

California Automotive Retailing Group Development Agreement

In July 2009, the Agency entered into a $250,000 interest free loan agreement with California Automotive Retailing Group to rehabilitate and improve an existing automotive dealership site at 1330 Concord Avenue. Monthly payments of $2,083 for 120 months started on October 1, 2009. The Successor Agency expects the loan to be repaid on September 1, 2019. As of June 30, 2014 the loan balance was $135,420.

Fry's Electronics Development Agreement

The former Redevelopment Agency entered into a $3,900,000 loan agreement with Fry's Electronics to provide assistance with rehabilitation of the building and surrounding site improvements. The substance of the agreement is that Fry's will be paid a portion of future sales tax revenues produced by the development. These payments are conditioned on the generation of annual sales tax revenues by the development of at least $500,000 per year, adjusted annually for inflation, and the Agency is not required to use any other resources to pay these amounts. Beginning with the year that the sales tax collections first exceed the threshold, the Agency has agreed to pay Fry's compound interest of 7% on the loan principal balance not yet disbursed to Fry's, however the calculation of this annual interest due is limited to the lesser of the actual calculation or the principal amount of the loan disbursed to Fry's in that year. The loan will be forgiven after ten calendar years as long as the building remains operated by Fry's Electronics. In addition, the Agency has entered into an agreement with the City under which the City has agreed to annually reimburse the Agency for any amounts that it has paid to Fry's, but that reimbursement is subordinated to the City's other obligations. During fiscal year 2014, sales tax collections did not meet the threshold; therefore the former Redevelopment Agency and the Successor Agency did not disburse any funds to Fry's in accordance with the terms of the agreement. At June 30, 2014, the remaining portion of sales tax revenues subject to reimbursement was $3.9 million plus interest at 7%. The agreement terminates in 2019, regardless of whether the entire loan amount has been disbursed, and is not carried on the financial statements.

NOTE 18 - REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES (CONTINUED)

Land Held for Redevelopment

As of June 30, 2014, the Successor Agency held the following properties for resale or redevelopment, totaling $11,416,332:

a) During fiscal year 2009 the Agency purchased six parcels of land located in the downtown area to assist in implementing the Agency's Strategic Plan.

b) A parcel of land held by the Agency was purchased in fiscal year 2007 which will be held for resale for future development projects.

c) A parcel of land held by the Agency was purchased in fiscal year 2004 which is to be sold in the future for redevelopment projects.

d) A parcel of land was purchased in fiscal year 2002 which is to be sold in the future for the Town Center Project.

e) One property purchased in fiscal year 2001 which is to be sold for the purpose of constructing a new hotel in downtown Concord.

f) During the year ended June 30, 1999, the Agency purchased a parcel which is to be sold in the future for development projects.

g) Five properties purchased from 1982-1987 which are being held for resale for future development projects.

Pooled Investments

As of June 30, 2014, the Successor Agency held assets within the City investment pool totaling $3,225,047.

Cash with Fiscal Agents

As of June 30, 2014, the Successor Agency held assets with fiscal agents totaling $8,583,657.

Capital Assets

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

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

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

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

NOTE 18 - REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES (CONTINUED)

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

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

Capital Asset Additions, Retirements and Balances

Long-Term Debt

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

Current Year Transactions and Balances

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

	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
Successor Agency				
Capital assets not being depreciated:				
Land	$ 448,293			$ 448,293
Construction in progress	36,862		$ (36,862)	
Total capital assets not being depreciated	485,155		(36,862)	448,293
Capital assets being depreciated:				
Buildings and structures	2,259,347			2,259,347
Less: depreciation	(1,278,942)	$ (67,781)		(1,346,723)
Streets	300,519			300,519
Less: depreciation	(8,872)	(10,017)		(18,889)
Sidewalks	227,377			227,377
Less: depreciation	(4,547)	(4,548)		(9,095)
Lights	37,527			37,527
Less: depreciation	(625)	(1,251)		(1,876)
Equipment		36,862		36,862
Less: depreciation				
Total capital assets being depreciated	1,531,784	(46,735)		1,485,049
Successor Agency Capital assets, net	$ 2,016,939	$ (46,735)	$ (36,862)	$ 1,933,342

Tax Allocation Bonds (TABs) Outstanding

Tax Allocation Bonds were issued in 2004 by the former Redevelopment Agency to defease and retire the 1988 Current Interest Term Bonds, 1993 Senior Current Interest Term Bonds, and the 1993 Subordinate Term Bonds. Interest payments on the 2004 TABs are payable semi-annually on January 1 and July 1. The 2004 TABs are special obligations of the Agency and are secured by the Agency's tax increment revenues. With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. In addition, under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations. The TABs are secured by a surety bond issued by AMBAC Assurance as of June 30, 2014.

NOTE 18 - REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES (CONTINUED)

The pledge of future tax increment revenues ends upon repayment of the $69,493,551 (principal and interest) in remaining debt service on the Agency's Tax Allocation Bonds which is scheduled to occur in 2026. As disclosed in the originating offering documents, pledged future tax increment revenues are expected to provide coverage over debt service of 1.63 over the life of the long term debt. For fiscal year 2014 RPTTF amounted to $13,166,725 which represented coverage of 2.59 over the $5,080,000 in debt service. With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund repayment under the reimbursement agreement. In addition, under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations.
The outstanding balance on the bonds as of June 30, 2014 was $45,240,000.

Reimbursement Agreements- Police Facilities and Parking Garage Revenue Bonds

The City of Concord Public Financing Authority constructed police facilities and a three-level, 432-space parking structure, which are leased from the City. Revenues from these leases totaled $935,000 in fiscal year 2014. The Concord Joint Powers Financing Authority loaned the City $19,280,000 to construct these facilities, with reimbursement agreement in place between the former Redevelopment Agency and the City. With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund repayment under the reimbursement agreement. In addition, under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations.
As of June 30, 2014 the total amount payable on the reimbursement agreement was $5,230,000.

Reimbursement Agreements- Refunding Lease Agreement

On June 24, 2010 the former Redevelopment Agency entered into a Refunding Lease Agreement in the amount of $5,073,000. The proceeds from the Agreement were used to retire a portion of the outstanding 1993 Lease Revenue Bonds and to fully repay the 1999 Judgment Obligation Bonds. The Agreement bears interest at 3.6% and is due semi-annually on March 1 and September 1. Principal payments are due annually on September 1 until September 1, 2019. As of June 30, 2014 the total amount payable on the reimbursement agreement was $3,067,000.

Housing Successor Loan Payable

Beginning in 1986, the former Redevelopment Agency's General Capital Projects Fund has been required by the State to set aside 20% of property tax increments for low and moderate income housing. However, under a transition rule, pursuant to Health and Safety Code Section 33334.6, the former Redevelopment Agency was permitted to set aside less than 20% of the tax increment that it received to the extent that it spent the tax increment revenue for the Agency’s debt incurred prior to 1986 or for Agency projects approved prior to 1986, as long as it had a written plan for repaying these amounts to the Concord Housing Special Revenue Fund. The Agency's General Capital Projects Fund has been allowed to use these set-asides for current capital projects as long as it had a written plan for repaying these amounts to the Low and Moderate Income Housing Special Revenue Fund. At June 30, 2014 the amount due that Fund under the repayment plan totaled $9,495,937. The advance does not bear interest.

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

NOTE 18 - REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES (CONTINUED)

This loan has been approved by the Department of Finance on the Recognized Obligation Payment Schedule. As of June 30, 2014 the total amount payable on the loan was $9,495,937.

Current Year Transactions and Balances

	Original Principal Amount	Balance as of June 30, 2013	Retirements	Balance as of June 30, 2014	Current Portion
2004 Tax Allocation Refunding Bonds					
3.9-5.05%, due 07/01/2025	$ 72,310,000	$ 49,385,000	$ 4,145,000	$ 45,240,000	$ 4,315,000
Total Tax Allocation Bonds		49,385,000	4,145,000	45,240,000	4,315,000
Reimbursement Agreement:					
City of Concord, 3.60%, due 09/01/2019	$ 3,116,000	3,067,000		3,067,000	468,000
Reimbursement Agreement:					
City of Concord, 4.0-5.13%, due 03/01/2023	$ 19,280,000	6,165,000	935,000	5,230,000	475,000
Loan Payable:					
Housing Successor Loan Due 06/30/2019	$ 9,495,937	9,495,937		9,495,937	
Total Successor Agency		$ 66,632,806	$ 5,080,000	$ 63,032,937	$ 5,258,000

Debt Service Requirements

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

For the Year Ending June 30,	Principal	Interest
2015	$ 5,258,000	$ 2,390,344
2016	5,472,500	2,162,192
2017	5,706,500	1,915,427
2018	5,970,000	1,652,928
2019	15,737,937	1,373,742
2020-2024	18,903,000	3,538,890
2025-2026	5,985,000	305,174
Total	$ 63,032,937	$ 13,338,697

NOTE 18 - REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES (CONTINUED)

Commitments and Contingencies

State Approval of Enforceable Obligations

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

State Asset Transfer Review

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

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

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

Subsequent Event

On October 1, 2014 the Successor Agency to the Redevelopment Agency of the City of Concord issued Tax Allocation Refunding Bonds in an amount not to exceed $47,500,000, to refund the 2001 City of Concord Joint Powers Financing Authority bonds and the 2004 Former Redevelopment Agency Tax Allocation Bonds.