OAKLEY

CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2016

CITY OF OAKLEY, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016

PREPARED BY THE

FINANCE DEPARTMENT

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CITY COUNCIL
Kevin Romick, Mayor
Sue Higgins, Vice-Mayor
Vanessa Perry
Randy Pope
Doug Hardcastle

OAKLEY
CALIFORNIA

CITY HALL
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December 13, 2016

To the Citizens of the City of Oakley,
and Honorable Members of the City Council

We are pleased to submit to you the City of Oakley's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This report is published in accordance with State law that requires financial statements be presented in conformity with accounting principles generally accepted in the United States of America, and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. It is also prepared to meet reporting standards set forth by the Governmental Finance Officers Association.

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and the changes in financial position of the governmental activities and the various funds of the City; and includes all disclosure necessary to enable the reader to gain an understanding of the City's financial affairs.

CITY PROFILE

The City of Oakley is a community of approximately 40,141 located in the eastern portion of Contra Costa County in the San Francisco Bay Area. The City entity is a California corporate municipality incorporated on July 1, 1999, and operated under a Council-City Manager structure of government. The City Council is comprised of five members elected by the voters, city-wide, serving in staggered 4 year terms. The Council hires a City Manager to run the City's day-to-day operations.

The City provides the following services: Legislative; Administrative; Building and Safety; Code Enforcement, Planning; Engineering; Streets, Parks and Landscape Maintenance; Recreation; and Police Protection. Other community services that are provided by local special districts with their own governing boards include: Sewer, Water, Transit, Irrigation, Mosquito Abatement, Flood Control, Schools, and Fire Protection. The City contracts for sanitation services with a local firm under a long-term franchise agreement.

FINANCIAL INFORMATION

Discussion and analysis of the City's finances can be found in the MD&A section of the attached report. The information below includes a summary of what is recorded in the General Fund and certain Other Financial Information of ongoing interest but not included in the MD&A.

The Financial Statements presented in this CAFR include the City and its component unit, the Oakley Public Financing Authority. It is blended in the report since it is governed by the City Council sitting in a separate capacity and provides services exclusively to the City. The Oakley Redevelopment Agency was dissolved on January 31, 2012, and its assets and liabilities were transferred to the City, as Housing Successor, and to a Successor Agency. The Successor Agency is reported as a Private Purpose Trust Fund, since it is legally a separate Entity and its decisions and governance subject to the approval of parties other than the City Council.

Each year, the City Council holds a strategic planning discussion and adopts a budget to direct the allocation of City resources in accordance with its strategic planning priorities. The process typically begins in January with internal budget reviews, followed by a strategic planning session in March, a budget workshop in May to discuss a Proposed Budget, and adoption of a final Recommended Budget in June. The City operates on a fiscal year that begins each July 1 and ends on June 30. The adopted Budget includes the annual update of the City's Comprehensive Statement of Financial Policies, which serves as a framework for its financial practices, an update to its 10 Year Plan, and budgets for each of the funds under the City's control. Budgetary control is established at the Fund level.

The City's General Fund is its primary operating fund, and is used to account for Legislative, Administrative Services, Community Development, Recreation, Police and Public Works operations, and is where the City accounts for all its

general purpose revenues. It is distinguished from the City's other governmental funds that are used to account for special purpose revenues, capital projects, debt service activities, and monies held for the benefit of others.

Debt Management

The City generally does not incur debt, except in instances where there will be long-term benefits or where no other method of acquiring an asset is possible. Equipment purchases are generally funded through the City's Equipment Replacement Fund or with current revenues.

Reserves

The City has sufficient reserves to meet its current and immediate future obligations. The Statement of Financial Policies contains reserve policies and the City's Adopted Budget includes a 10 Year Plan which highlights the impact of near term decisions on fund balances and reserves during the 10-year period. Furthermore, in order to maintain the 10 Year Plan's relevance, twice each year (at budget adoption and again at mid-year), the City reviews and updates the assumptions used in the Plan.

2015-2016 Financial Statement Impacts/Redevelopment Agency Dissolution

The State passed legislation in June 2011 that resulted in the dissolution of redevelopment agencies throughout the State effective January 31, 2012. The legislation was further amended and revised in June of 2012. Collectively, the legislation is referred to as the Dissolution Act. The process of implementing the Act resulted in uncertainties and litigation relating to the process. The City, Successor Agency, and State Department of Finance settled the litigation in July 2014, removing these uncertainties and allowing the Agency to resume moving forward in the process of winding down the Agency's affairs. The City submitted its Long Range Property Management Plan to the State Department of Finance in November of 2014. The Agency subsequently submitted a revised LRPMP on December 17, 2015 and received the approval on December 30, 2015. The agency conveyed the approved properties with a book value of $6,327,321 to the City during fiscal year 2016. The transfer is discussed in greater detail in the Financial Statement footnotes.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In preparing the budget for fiscal year 2016-2017, management considered the following significant factors likely to affect the financial condition of the City:

- Housing prices have strengthened and building activity has continued to increase. Property tax revenue growth was estimated at 5%, reflecting the increasing market strength, offset by conservative estimates of what the County Assessor might or might not reflect in his assessed values. In addition, the City projected developers will complete 180 new homes in fiscal year 2016-2017, similar to the increased levels seen in fiscal year 2015-2016.

- The cost of the City's contract for police services through Contra Costa County rose substantially through the years increasing a cumulative 33.1% from 2009/10 through 2014/2015. As a result, the City formed its own municipal Police Department on May 6, 2016. For fiscal year 2016/17, the City has estimated that the cost of police services will be $7.8 million with increased services at a lower cost per officer than the County contract.

- The City has accumulated reserves well in excess of its adopted policy level of 20% of anticipated General Fund expenditures. With all of the news supporting an expectation that the recession was finally over, the Council has once again begun the appropriation of the excess to fund one-time additional infrastructure and economic development investments.

While the budget news was generally good, the City Council continues to support a budget process that uses recurring revenues for recurring expenditures and allocates one-time funds for one-time purposes, reflecting their commitment to conservative budgeting, controlling costs, and using the City's revenues wisely.

LONG TERM FINANCIAL PLANNING

The City adopts a balance budget for each fiscal year by June 30. The City has financial policies that include the use of one-time revenues will be used for non-recurring or one-time expenditures including capital and reserves. The City has adopted a fund balance policy that requires the unassigned fund balance in the General Fund to be at least 20% of operating expenditures. As part of the budgeting process a 10 year financial projection is approved each year. This creates the framework to evaluate the City's success in ensuring service

sustainability. Each year a 5-year Capital Improvement Plan is created to maintain the core infrastructure of the City will building new infrastructure for the community.

THE LOCAL AND REGIONAL ECONOMIES

Oakley's local commercial economy was affected by the larger downturn being experienced across the country and seemingly everywhere, and while commercial activity in the region has improved, commercial vacancies in nearby cities remain a viable and competing alternative to new ground-up construction in Oakley. While new development and City initiatives bring infrastructure improvements and attractive new neighborhoods, these investments also support the City's efforts to attract new businesses and expand existing local employment opportunities. Thus, while near-term growth in the local economy may remain slower, the City is taking the steps necessary to realize its potential, and its long-term prospects remain favorable.

Like most small cities in metropolitan areas, Oakley's economy is influenced strongly by the regional economy. It rises as the region expands, and falls as the region contracts.

The greater San Francisco Bay Area economy has continued to improve this last year and employment for the City's residents has improved yet again. City unemployment was 5.6% in September 2016 down slightly from 5.7% in September 2015.

INDEPENDENT AUDITORS

State statutes require an annual audit by independent certified public accountants. The accounting firm of Maze & Associates has been engaged by the City to conduct this year's audit. The auditor's report on the basic financial statements is included in the financial section of the report.

AWARDS FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oakley for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the sixteenth consecutive year that the government has achieved the award. To receive the award, a government

must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

AVAILABILITY TO THE PUBLIC

Once accepted by the Council, the report will be made available to the Public at the City Offices, on the City's website (www.oakleyinfo.com), at State repositories, and by providing copies to the City's bond disclosure dissemination agent.

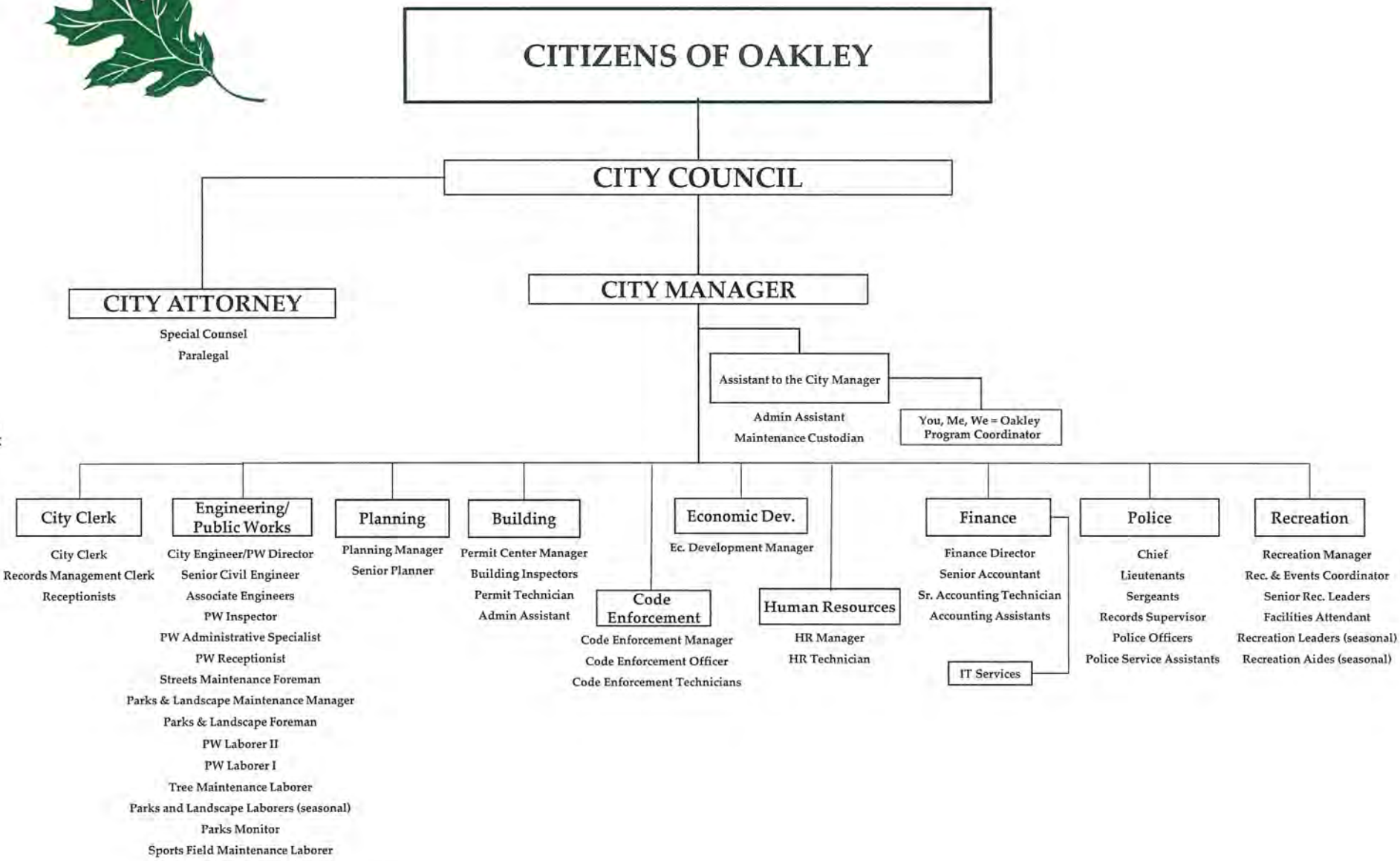
CONCLUSION

We are proud to deliver to you the City's Comprehensive Annual Financial Report for the year ended June 30, 2016. The preparation of this report on a timely basis could not be accomplished without the dedicated services of Finance Department staff and the assistance of many others in the City organization. We would like to express our appreciation to everyone who contributed to its preparation and thank you for your continued support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Bryan H. Montgomery
City Manager

Deborah Sultan
Finance Director


CITIZENS OF OAKLEY
CITY COUNCIL
CITY ATTORNEY
Special Counsel
Paralegal
CITY MANAGER
Assistant to the City Manager
Admin Assistant
Maintenance Custodian
You, Me, We = Oakley Program Coordinator
City Clerk
City Clerk
Records Management Clerk
Receptionists
Engineering/ Public Works
City Engineer/PW Director
Senior Civil Engineer
Associate Engineers
PW Inspector
PW Administrative Specialist
PW Receptionist
Streets Maintenance Foreman
Parks & Landscape Maintenance Manager
Parks & Landscape Foreman
PW Laborer II
PW Laborer I
Tree Maintenance Laborer
Parks and Landscape Laborers (seasonal)
Parks Monitor
Sports Field Maintenance Laborer
Planning
Planning Manager
Senior Planner
Building
Permit Center Manager
Building Inspectors
Permit Technician
Admin Assistant
Code Enforcement
Code Enforcement Manager
Code Enforcement Officer
Code Enforcement Technicians
Economic Dev.
Ec. Development Manager
Human Resources
HR Manager
HR Technician
Finance
Finance Director
Senior Accountant
Sr. Accounting Technician
Accounting Assistants
IT Services
Police
Chief
Lieutenants
Sergeants
Records Supervisor
Police Officers
Police Service Assistants
Recreation
Recreation Manager
Rec. & Events Coordinator
Senior Rec. Leaders
Facilities Attendant
Recreation Leaders (seasonal)
Recreation Aides (seasonal)

CITY OF OAKLEY

ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL

JUNE 30, 2016

ELECTED OFFICIALS

Mayor	Kevin Romick
Vice-Mayor	Sue Higgins
Council Member	Doug Hardcastle
Council Member	Vanessa Perry
Council Member	Randy Pope

ADMINISTRATIVE PERSONNEL

City Manager	Bryan H. Montgomery
City Attorney	Derek Cole
Finance Director	Deborah Sultan
Chief of Police	Chris Thorsen
City Clerk	Libby Vreonis
City Engineer	Kevin Rohani

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Oakley

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

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FINANCIAL SECTION

MAZE & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Oakley, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Oakley as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund of the City as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Change in Accounting Principles

Management adopted the provisions of the following Governmental Accounting Standards Board Statement, which became effective during the year ended June 30, 2016 as discussed in Note 2I to the financial statements:

Statement No. 72 – *Fair Value Measurement and Application*

Management early-implemented the provisions of the following Governmental Accounting Standards Board Statement during the year ended June 30, 2016 as noted in the Pension-Related Required Supplementary Information:

Statement No. 82 – *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*

The emphasis of this matter does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory Section, Supplemental Information, and Statistical Section listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
November 28, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Oakley's financial performance for the fiscal year ended June 30, 2016, provides an overview of year ending results based on the government-wide statements, an analysis on the City's overall financial position and results of operations to assist users in evaluating the City's financial position, and discussions of both significant changes that occurred in funds and significant budget variances. In addition, it describes the activities during the year for capital assets and long-term debt. It concludes with a description of currently known facts, decisions, and conditions that are expected to have a significant effect on the financial position or results of operations. Please read this MD&A in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- Government-wide net position increased by $10,264,297, or 5.45 percent this year.
- Government-wide program expenses exceeded program revenues by $7,886,596.
- General Fund revenues were $1,605,535 more than budgeted; expenditures were $2,761,585 less than budgeted.
- The General Fund balance at the end of the year was $17,570,455 of which $9,067,909 was available/unassigned.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities (on pages 16 and 17) provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements start on page 20. For governmental activities, the fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds and other funds. The remaining fiduciary fund statement provides financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities:

Our analysis of the City as a whole begins on page 7. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities to answer this question. These statements include all assets, deferred outflows/inflows of resources and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net position* and *changes in net position.* Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, which is one way to measure the City's financial health, or *financial position.* Over time, *increases or decreases* in the City's net position is an indication of whether its *financial health* is improving or deteriorating. To put the City's financial health in perspective, you will likely need to consider certain non-financial factors, such as changes in the economy, that impact consumer spending or property values. In the statement of Net Position and the Statement of Activities, we include City Activities from two categories:

Governmental activities – Most of the City's basic services are reported in this category, and include: general government (city manager, city clerk, finance, etc.), community development (planning, building and public works), police protection, and recreation. Property taxes, sales tax, transient occupancy tax, user fees, interest income, franchise fees, state and federal grants, contributions from other agencies, and other revenues finance these activities.

Component unit activities – The City includes one additional legal entity in its report – the Oakley Public Financing Authority. Although legally separate, the City is financially accountable for this "component unit".

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds (called "major" funds) and other funds (called "non-major" funds) – not the City as a whole. Some funds are required by State law and/or by bond covenants; however, management has established other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for the use of certain taxes, grants, and other resources. The City's funds are classified as Governmental Funds, Proprietary Funds or Fiduciary Funds.

Governmental Funds

Most of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

Proprietary Funds - Internal Service Activities

The City has established Equipment Replacement and Capital Facilities Maintenance and Replacement Internal Services Funds. Internal Service Funds are operated in a manner similar to a private business enterprise. In the case of the Equipment Replacement Fund, it charges the other City funds to accumulate amounts sufficient to replace the equipment at the end of its useful life. The Capital Facilities Maintenance and Replacement Fund charges the other City Funds to accumulate amounts sufficient pay for major repairs and building systems replacements when they may occur. These Funds are reported using the *accrual basis of accounting.*

Trust and Agency Funds - Reporting the City's Fiduciary Responsibilities

The City is the trustee, or *fiduciary,* for certain funds held on behalf of bondholders and other governmental agencies. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the City's other financial statements because the City doesn't own these assets and cannot use them to finance its operations. The City is the Successor Agency to the Oakley Redevelopment Agency; and the Successor Agency's assets and liabilities are accounted for in a private purpose trust fund reported with the City's other fiduciary funds.

THE CITY AS A WHOLE

For fiscal year 2015-2016 the City's combined net position increased $10,264,297 from $188,234,059 to $198,498,356. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental activities.

Table 1
Net Position
As of June 30, 2016 and 2015

Governmental Activities	**2016**	**2015**
Assets		
Current and restricted assets	$ 50,964,648	$ 48,055,023
Capital assets	159,349,513	153,800,264
Total Assets	210,314,161	201,855,287
Deferred Outflows of Resources Related to pensions (Note 11)	1,133,729	296,613
Liabilities		
Long-term liabilities outstanding	6,415,000	6,690,000
Other liabilities	6,052,254	6,897,662
Total Liabilities	12,467,254	13,587,662
Deferred Inflows of Resources Related to pensions (Note 11)	482,280	330,179
Net Position		
Net Investment in Capital Assets	153,509,280	147,685,029
Restricted	27,204,962	26,651,145
Unrestricted	17,784,114	13,897,885
Total Net Position	$ 198,498,356	$ 188,234,059

The City's Net Position is made-up of three components: Net Investment in Capital Assets; Restricted Net Position; and Unrestricted Net Position. Net Investment in Capital Assets, the part of net position representing capital assets, and principally infrastructure assets, accounts for the majority of the City's governmental activities net position.

The increase in Net Investment in Capital Assets resulted primarily from the transfer of assets from the Successor Agency pursuant to the approved Long Range Property Management Plan.

The increase in Restricted Net Position is primarily due to an increase in the funds restricted for capital projects as a result of ongoing project expenditures.

The increase in Unrestricted Net Position is primarily attributed to the strong performance in the City's General Fund.

Table 2
Changes in Net Position
As of June 30, 2016 and 2015

Governmental Activities	**2016**	**2015**
REVENUES		
Program revenues:		
Charges for Services	$10,214,541	$8,798,069
Operating Grants & Contributions	1,356,209	1,714,266
Capital Grants & Contributions	5,040,381	2,714,899
General revenues:		
Property tax	5,814,454	5,330,952
Sales tax	1,752,799	1,506,300
Other taxes	1,793,061	1,613,656
Use of money and property	557,587	518,977
Miscellaneous	1,905,671	1,071,777
Total Revenues	28,434,703	23,268,896
EXPENSES		
Legislative	481,397	466,418
Administrative Services	1,219,985	1,341,183
Law Enforcement	8,230,259	8,313,841
Community Development and Housing	2,236,736	1,887,781
Public Works	11,478,077	10,640,470
Recreation	559,598	524,217
Interest on long-term debt	291,675	300,528
Total Expenses	24,497,727	23,474,438
Change in Net Position Before Special Items	3,936,976	(205,542)
Special Items-Assets transferred to/from the Successor Agency	6,327,321	362,182
Change in Net Position	10,264,297	156,640
Net Position – Beginning	188,234,059	188,077,419
Net Position – Ending	$198,498,356	$188,234,059

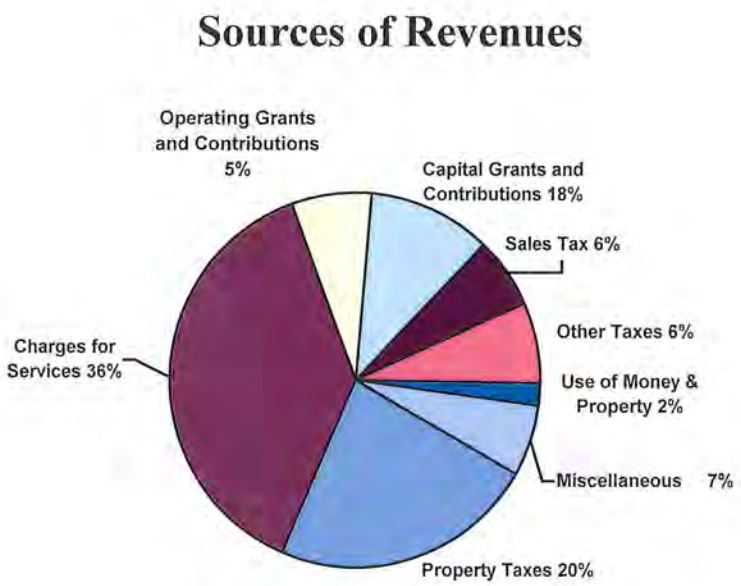
Governmental Activities

Total revenue was $28,434,703. Charges for services which accounts for 36% of revenue increased $1,416,472 due to increased developer fees ($912,055) and special assessments for lighting and landscape districts and public safety assessments ($492,290). Property taxes increased $483,502 due to increased property values and the increase in new homes. Capital grants and contributions increased $2,325,482 as the City received grant money and traffic fees for ongoing street projects. Most other categories experienced slight increases.

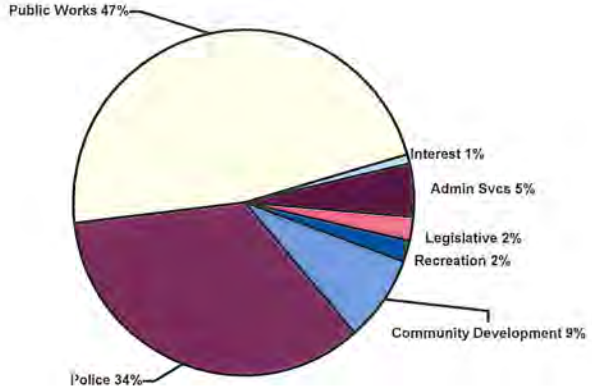
Total expenses were $24,497,727. Public Works, with $11,478,077 of expenses, represented the largest component of total governmental expenses. The $837,607 increase in Public Works expenses resulted from increased seasonal staff; lighting zone costs, remedial maintenance work and depreciation expense. Administrative Services expenses decreased $121,198 due to the increase in insurance premiums and retirement costs being offset by changes in deferred outflows/inflows related to pensions. The increase of $348,955 in Community Development expenses resulted from increased staff and expenses related to the increased activity in building and development.

The special items of $6,327,321 represent the transfers from the Successor Agency for land for government use and future development as defined in the Long Range Property Management Plan approved by the State Department of Finance. See Note 15A for further information.

Fiscal Year 2016 Government Activities



Functional Expenses



THE CITY'S FUNDS

On page 20, the governmental funds balance sheet is shown. The combined fund balance was $34,384,240, an increase of $4,361,859. The largest contributor to the change in fund balance was the increase in the General Fund ($4,528,331), resulting from the transfer of assets from the Successor Agency ($2,903,630). The combined fund balance includes the General Fund balance of $17,570,455.

The General Fund balance increased by $4,528,331 from the prior year. This was a larger increase than in 2015, when fund balances increased $660,163. Revenues increased $1,726,750 due primarily to increases in property taxes, sales tax and licenses and permits; and expenditures increased $1,006,793 due primarily to increases in Community Development and Capital Outlay. The increases in expenditures are due to increased staffing and purchase of land for capital improvement projects. General Fund Unassigned fund balances increased by $1,129,741.

General Fund revenues were $3,075,073 more than expenditures before transfers.

Other major funds and non-major fund balance changes are noted below:

- The Traffic Impact Fee Fund balance increased by $509,074 to $4,218,699 due primarily to special assessments exceeding capital project expenditures for the year.

- The General Capital Projects Fund balance decreased by $761,707 to $271,662 due primarily to increased capital outlay.

- The non-major Gas Tax Fund balance decreased $680,251 primarily due to increased capital outlay.

General Fund Budgetary Highlights

For the City's General Fund, actual revenues of $12,772,318 were $1,605,535 more than the final budgeted revenues of $11,166,783. Property, sales and other tax revenues exceeded budget by $302,956. Original budgeted property and sales tax were increased by $415,000 during the year. The increase in assessed value of property was approximately 3% better than projected and the City received better than expected sales tax revenues. Licenses & Permits exceeded budget by $891,490 due to the increase in building permits and new residential development.

Actual General Fund expenditures of $9,697,245 were $2,761,585 less than final budget of $12,458,830. The primary increase to the original budget was in capital outlay for $1,420,000 for the purchase of two properties needed for capital improvements in the City. Savings were primarily in law enforcement where expenditures were $1,579,588 less than budget and capital outlay savings were $743,171. The majority of the savings resulted from staff vacancies and the termination of the contract with the Contra Costa Sheriff's Department. The formation of the City's own Police Department in May terminated that contract two months prior to the end of the fiscal year. The savings in capital outlay resulted from the purchase of one of the properties was not completed by June 30, 2016.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016, the City had $159,349,513 invested in a broad range of capital assets including land, streets, bridges, drainage systems, traffic lights, parks, buildings, vehicles and equipment. (See Table 3).

Table 3
Capital Assets
As of June 30, 2016 and 2015

Governmental Activities	**2016**	**2015**
Non Depreciable		
-Land	$13,641,305	$9,902,951
-Construction in progress	3,248,857	3,581,063
Depreciable, net of accumulated depreciation:		
-Machinery, equipment and vehicles	714,446	556.202
-Buildings and improvements	7,515,735	6,974,753
-Park improvements	8,512,432	8.258.862
-Infrastructure	125,716,738	124,526,433
Total Capital Assets	$159,349,513	$153,800,264

Capital assets increased by $5,549,249 during fiscal year 2015-2016 as land was transferred from the Successor Agency pursuant to the Long Range Property Management Plan approved by the State of California Department of Finance.

The City's fiscal year 2016-2017 capital improvement budget calls for it to spend $8,214,485 for new capital projects, the majority being the construction of parks and a recreation center, roadways, drainage, and landscaping improvements. The work projects will be financed primarily with Traffic Impact fees, General Fund allocations, and grant funds. Additional information about the capital assets can be found in Note 7 of the financial statements.

Debt

At year-end, the City's governmental activities had $6,415,000 as shown in Table 4. The decrease of $275,000 from a year ago is due to payment of scheduled debt service. No new debt was issued in the current year. Additional information about the City's debt can be found in Note 8 of the financial statements.

Table 4
Outstanding Debt at Year-End

Governmental Activities	2016	2015
2006 Certificates of Participation	$6,415,000	$6,690,000
Total Debt	$6,415,000	$6,690,000

During the year, the City made all of its current year debt service payments in a timely manner.

CONTACTING THE CITY FOR FINANCIAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department at the City offices at 3231 Main Street, Oakley, California, by calling (925) 625-7010, or forwarding your inquiry via the "contact us" page on the City's website (www.oakleyinfo.com). This CAFR, as well as other financial documents, is posted in the Finance Department section of the City's website.

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STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

The Statement of Net Position and the Statement of Activities summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets and deferred outflows of resources and all its liabilities and deferred inflows of resources, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Position reports the difference between the City's total assets and deferred outflows of resources and the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position focuses the reader on the composition of the City's Net Position, by subtracting total liabilities from total assets.

The Statement of Net Position summarizes the financial position of all of the City's Governmental Activities in a single column. The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds.

The Statement of Activities reports increases and decreases in the City's Net Position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The Statement of Activities presents the City's expenses first, listed by program. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental program. The City's general revenues are then listed in the Governmental Activities and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the City and the Oakley Public Financing Authority, which is legally separate but is a component unit of the City because it is controlled by the City, which is financially accountable for the activities of the entity.

CITY OF OAKLEY
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
ASSETS	
Cash and investments available for operations (Note 3)	$30,753,425
Cash and investments with fiscal agent (Note 3)	1,197,883
Accounts receivable, net of allowance for doubtful accounts (Note 1F)	1,351,599
Interest receivable	28,798
Prepaids and deposits	172,500
Loans receivable (Note 5)	12,728,377
Land held for resale (Note 6)	4,732,066
Capital assets (Note 7):	
Land and construction in progress	16,890,162
Depreciable, net	142,459,351
Total Assets	210,314,161
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions (Note 11)	1,133,729
LIABILITIES	
Accounts payable	1,478,612
Accrued liabilities	315,843
Deposits payable	1,048,164
Unearned revenue	1,190,866
Interest payable	45,839
Claims payable - due in one year (Note 14)	45,918
Compensated absences (Note 1H):	
Due within one year	353,638
Due in more than one year	192,964
Long-term debt (Note 8):	
Due within one year	285,000
Due in more than one year	6,130,000
Net pension liability (Note 11)	1,380,410
Total Liabilities	12,467,254
DEFERRED INFLOWS OF RESOURCES	
Related to pensions (Note 11)	482,280
NET POSITION (Note 10)	
Net investment in capital assets	153,509,280
Restricted for:	
Capital projects	17,408,150
Debt service	10,029
Low and moderate income housing	9,786,783
Total Restricted Net Position	27,204,962
Unrestricted net position	17,784,114
Total Net Position	$198,498,356

See accompanying notes to financial statements

CITY OF OAKLEY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities
Governmental Activities:					
Legislative	$481,397				($481,397)
Administrative Services	1,219,985	$395,293	$250,000		(574,692)
Community Development	2,152,116	2,133,172	16,964	$720,167	718,187
Public Works	11,478,077	3,950,587	847,495	4,320,214	(2,359,781)
Housing Programs	84,620				(84,620)
Law Enforcement	8,230,259	3,637,681	187,358		(4,405,220)
Recreation	559,598	97,808	54,392		(407,398)
Interest and fiscal charges	291,675				(291,675)
Total Governmental Activities	$24,497,727	$10,214,541	$1,356,209	$5,040,381	(7,886,596)
General revenues:					
Taxes:					
Property taxes					5,814,454
Sales taxes					1,752,799
Business license taxes					147,589
Transient occupancy taxes					209,763
Franchise taxes					1,435,709
Intergovernmental, unrestricted:					
Motor vehicle in lieu					15,651
Use of money and property					557,587
Miscellaneous					1,890,020
Special items:					
Assets tranferred from the Successor Agency (Notes 6 and 7)					6,327,321
Total General Revenues and Special Items					18,150,893
Change in Net Position					10,264,297
Net Position-Beginning					188,234,059
Net Position-Ending					$198,498,356

See accompanying notes to financial statements

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FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year.

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal 2016. Individual non-major funds may be found in the Supplemental Section.

GENERAL FUND

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues deposited in the General Fund include property tax, sales tax, franchise fees, business licenses, fines and forfeitures and fees for services. This fund is used to finance most of the City's basic services including Legislative, General Administration, Law Enforcement, Public Works and Community Development.

LIGHTING AND LANDSCAPING DISTRICTS SPECIAL REVENUE FUND

This fund accounts for assessments made upon parcels of land within the Lighting and Landscaping Zones #1, #2 and #3 and their use in accordance with the provisions of the State of California Streets and Highway Code.

PUBLIC PROTECTION SPECIAL REVENUE FUND

This fund accounts for dedicated Police Services Special Taxes and State COPS program funds.

LOW AND MODERATE INCOME HOUSING ASSET SPECIAL REVENUE FUND

This fund accounts for the housing assets of the former Oakley Redevelopment Agency and loan repayments restricted to low and moderate income housing projects.

TRAFFIC IMPACT FEES CAPITAL PROJECTS FUND

This fund accounts for fees assessed on new development to provide street and road improvements.

GENERAL CAPITAL PROJECTS FUND

This fund accounts for revenues and expenditures related to General Fund contributions, grants and other funding sources for capital projects not accounted for in other capital projects funds. It accounts for the total expenditures for each project charged to this fund.

CITY OF OAKLEY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016

	General	Lighting and Landscaping Districts	Public Protection	Low and Moderate Income Housing Asset
ASSETS				
Cash and investments available for operations (Note 3)	$10,967,403	$7,292,346	$130,317	$8,268
Cash and investments with fiscal agent (Note 3)				
Accounts receivable, net of allowance for doubtful accounts (Note 1F)	1,229,137			
Interest receivable	12,299	6,850	304	79
Prepaids and deposits	172,500			
Loans receivable (Note 5)	1,822,742			10,871,881
Advances to other funds (Note 4B)	272,732			
Land held for resale (Note 6)	4,732,066			
Total Assets	$19,208,879	$7,299,196	$130,621	$10,880,228
LIABILITIES				
Accounts payable	$720,719	$156,400	$1,800	
Accrued liabilities	314,195			
Deposits payable	20,766			
Unearned revenue	463,703		128,821	
Advances from other funds (Note 4B)		66,732		$1,093,445
Total Liabilities	1,519,383	223,132	130,621	1,093,445
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - accounts receivable	119,041			
Unavailable revenue - loans receivable				10,871,881
Unavailable revenue - interest on advances to other funds				
Total Deferred Inflows of Resources	119,041			10,871,881
FUND BALANCES				
Fund balance (Note 10):				
Nonspendable	7,000,040			
Restricted	559,498	7,076,064		
Assigned	943,008			
Unassigned	9,067,909			(1,085,098)
Total Fund Balances (Deficits)	17,570,455	7,076,064		(1,085,098)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$19,208,879	$7,299,196	$130,621	$10,880,228

See accompanying notes to financial statements

Traffic Impact Fees	General Capital Projects	Other Governmental Funds	Total Governmental Funds
$4,264,835	$636,198	$6,074,364	$29,373,731
		1,197,883	1,197,883
	66,710	55,752	1,351,599
3,736	(247)	4,360	27,381
			172,500
33,754			12,728,377
552,606		540,839	1,366,177
			4,732,066
$4,854,931	$702,661	$7,873,198	$50,949,714
$421,203	$52,433	$101,124	$1,453,679
		1,648	315,843
		1,027,398	1,048,164
114,042	378,566	105,734	1,190,866
		206,000	1,366,177
535,245	430,999	1,441,904	5,374,729
			119,041
			10,871,881
100,987		98,836	199,823
100,987		98,836	11,190,745
			7,000,040
4,218,699	514,093	5,783,821	18,152,175
		622,012	1,565,020
	(242,431)	(73,375)	7,667,005
4,218,699	271,662	6,332,458	34,384,240
$4,854,931	$702,661	$7,873,198	$50,949,714

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CITY OF OAKLEY
Reconciliation of the
GOVERNMENTAL FUNDS - BALANCE SHEET
with the
STATEMENT OF NET POSITION
JUNE 30, 2016

Total fund balances reported on the governmental funds balance sheet:	$34,384,240
Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:	
CAPITAL ASSETS	
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Government Funds.	159,349,513
ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS	
Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance, to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the Statement of Net Position.	1,356,178
NON-CURRENT REVENUES	
Revenues which are unavailable on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.	11,190,745
LONG TERM ASSETS AND LIABILITIES	
The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:	
Long-term debt	(6,415,000)
Interest payable	(45,839)
Compensated absences	(546,602)
Net pension liability and pension-related deferred outflows/inflows of resources	(728,961)
Claims Payable	(45,918)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$198,498,356

See accompanying notes to financial statements

CITY OF OAKLEY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	General	Lighting and Landscaping Districts	Public Protection	Low and Moderate Income Housing Asset
REVENUES				
Property taxes	$5,323,685			
Sales tax	1,752,799			
Other taxes	1,645,472			
Licenses and permits	2,024,190			
Charges for services	108,808			
Fines and forfeits	138,383			
Intergovernmental:				
Motor vehicle in lieu	15,651			
Other	399,284	$55,332	$114,618	
Developer fees				
Special assessments		3,441,106	3,483,908	
Loan repayments				$260,795
Use of money and property	248,225	20,603	866	1,325
Miscellaneous	1,115,821	40,500		
Total Revenues	12,772,318	3,557,541	3,599,392	262,120
EXPENDITURES				
Current:				
Legislative	482,763			
Administrative Services	1,335,242			
Community Development	1,592,691			
Public Works	618,182	3,507,677		
Housing programs				84,620
Law Enforcement	4,498,740		3,599,392	
Recreation	492,798			
Capital outlay	676,829	292,945		
Debt service:				
Principal				
Interest and fiscal charges		264		5,395
Total Expenditures	9,697,245	3,800,886	3,599,392	90,015
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,075,073	(243,345)		172,105
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	79,035			
Transfers in (Note 4A)	593	244,471		
Transfers (out) (Note 4A)	(1,530,000)			
Total Other Financing Sources (Uses)	(1,450,372)	244,471		
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS	1,624,701	1,126		172,105
Specials item (Note 6)				
Assets tranferred from Successor Agency	2,903,630			
NET CHANGE IN FUND BALANCES	4,528,331	1,126		172,105
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	13,042,124	7,074,938		(1,257,203)
FUND BALANCES (DEFICIT) AT END OF YEAR	$17,570,455	$7,076,064		($1,085,098)

See accompanying notes to financial statements

Traffic Impact Fees	General Capital Projects	Other Governmental Funds	Total Governmental Funds
		$490,769	$5,814,454
			1,752,799
			1,645,472
			2,024,190
			108,808
			138,383
			15,651
	$1,054,166	1,391,386	3,014,786
$2,349,601	22,865	1,702,328	4,074,794
		469,253	7,394,267
			260,795
14,613		16,844	302,476
	82,710	627,846	1,866,877
2,364,214	1,159,741	4,698,426	28,413,752
			482,763
			1,335,242
		681,229	2,273,920
135,279		1,389,605	5,650,743
			84,620
			8,098,132
		73,563	566,361
1,719,861	3,116,148	2,163,091	7,968,874
		275,000	275,000
		293,244	298,903
1,855,140	3,116,148	4,875,732	27,034,558
509,074	(1,956,407)	(177,306)	1,379,194
			79,035
	1,195,000	871,035	2,311,099
		(781,099)	(2,311,099)
	1,195,000	89,936	79,035
509,074	(761,407)	(87,370)	1,458,229
			2,903,630
509,074	(761,407)	(87,370)	4,361,859
3,709,625	1,033,069	6,419,828	30,022,381
$4,218,699	$271,662	$6,332,458	$34,384,240

CITY OF OAKLEY
Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$4,361,859
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
CAPITAL ASSETS TRANSACTIONS	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay and certain departmental expenditures are added back to fund balance	8,131,532
Depreciation expense is deducted from fund balance (Depreciation expense is net of internal service fund depreciation of $505,863 which has already been allocated to serviced funds.)	(5,940,036)
Capital assets transferred from the Successor Agency are added to fund balance	3,423,691
LONG TERM DEBT PROCEEDS AND PAYMENTS	
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.	
Repayment of debt principal is added back to fund balance	275,000
NON-CURRENT ITEMS	
The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):	
Non-current portion of compensated absences	(106,941)
Interest payable	1,834
Unavailable revenue	(58,561)
Net pension liability and deferred outflows/inflows related to pensions	406,838
Claims payable	20,934
ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY	
Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition and maintenance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.	
Change in Net Assets - Internal Service Fund	(251,853)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$10,264,297

See accompanying notes to financial statements

CITY OF OAKLEY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	$4,913,000	$5,233,000	$5,323,685	$90,685
Sales taxes	1,598,000	1,693,000	1,752,799	59,799
Other taxes	1,533,000	1,493,000	1,645,472	152,472
Licenses and permits	1,132,700	1,132,700	2,024,190	891,490
Charges for services	47,000	47,000	108,808	61,808
Fines and forfeits	151,500	151,500	138,383	(13,117)
Intergovernmental:				
Motor vehicle in lieu			15,651	15,651
Other	325,000	341,000	399,284	58,284
Use of money and property	207,000	207,000	248,225	41,225
Miscellaneous	810,042	868,583	1,115,821	247,238
Total Revenues	10,717,242	11,166,783	12,772,318	1,605,535
EXPENDITURES				
Current:				
Legislative	475,933	499,634	482,763	16,871
Administrative Services	1,793,828	1,490,491	1,335,242	155,249
Community Development	1,496,983	1,681,022	1,592,691	88,331
Public Works	544,036	782,281	618,182	164,099
Law Enforcement	6,279,000	6,078,328	4,498,740	1,579,588
Recreation	491,309	507,074	492,798	14,276
Capital outlay		1,420,000	676,829	743,171
Total Expenditures	11,081,089	12,458,830	9,697,245	2,761,585
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(363,847)	(1,292,047)	3,075,073	4,367,120
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property		139,000	79,035	(59,965)
Transfers in			593	593
Transfers (out)	(725,000)	(1,530,000)	(1,530,000)	
Total Other Financing Sources (Uses)	(725,000)	(1,391,000)	(1,450,372)	(59,372)
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS	($1,088,847)	($2,683,047)	1,624,701	$4,307,748
SPECIAL ITEMS (Note 6)				
Assets transferred from the Successor Agency			2,903,630	
NET CHANGE IN FUND BALANCES			4,528,331	
Fund balance at beginning of year			13,042,124	
Fund balance at end of year			$17,570,455	

See accompanying notes to financial statements

CITY OF OAKLEY
LIGHTING AND LANDSCAPING DISTRICTS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental		$58,000	$55,332	($2,668)
Special assessments	$3,410,376	3,410,376	3,441,106	30,730
Use of money and property			20,603	20,603
Miscellaneous			40,500	40,500
Total Revenues	3,410,376	3,468,376	3,557,541	89,165
EXPENDITURES				
Current:				
Public Works	3,427,458	4,684,178	3,507,677	1,176,501
Capital outlay	250,000	301,284	292,945	8,339
Debt service:				
Interest and fiscal charges			264	(264)
Total Expenditures	3,677,458	4,985,462	3,800,886	1,184,576
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(267,082)	(1,517,086)	(243,345)	1,273,741
OTHER FINANCING SOURCES (USES)				
Transfers in	206,148	327,148	244,471	(82,677)
Transfers (out)	(113,000)	(113,000)		113,000
Total Other Financing Sources (Uses)	93,148	214,148	244,471	30,323
NET CHANGE IN FUND BALANCES	($173,934)	($1,302,938)	1,126	$1,304,064
Fund balance at beginning of year			7,074,938	
Fund balance at end of year			$7,076,064	

See accompanying notes to financial statements

CITY OF OAKLEY
PUBLIC PROTECTION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental:				
Other	$100,000	$100,000	$114,618	$14,618
Special assessments	3,421,250	3,421,250	3,483,908	62,658
Use of money and property	250	250	866	616
Total Revenues	3,521,500	3,521,500	3,599,392	77,892
EXPENDITURES				
Current:				
Law Enforcement	3,521,500	3,523,400	3,599,392	(75,992)
Total Expenditures	3,521,500	3,523,400	3,599,392	(75,992)
NET CHANGE IN FUND BALANCES		($1,900)		$1,900
Fund balance at beginning of year				
Fund balance at end of year				

See accompanying notes to financial statements

CITY OF OAKLEY
LOW AND MODERATE INCOME HOUSING ASSET SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Loan repayment	$2,400	$2,400	$260,795	$258,395
Use of money and property	12,000	12,000	1,325	(10,675)
Total Revenues	14,400	14,400	262,120	247,720
EXPENDITURES				
Current:				
Housing programs	3,500	3,500	84,620	(81,120)
Debt service:				
Principal				
Interest	10,900	10,900	5,395	5,505
Total Expenditures	14,400	14,400	90,015	(75,615)
NET CHANGE IN FUND BALANCES			172,105	$172,105
Fund balance (deficit) at beginning of year			(1,257,203)	
Fund balance (deficit) at end of year			($1,085,098)	

See accompanying notes to financial statements

INTERNAL SERVICE FUNDS

Internal service funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services to other City funds be financed through user fees to those funds

The concept of major funds does not extend to internal service funds because they do not do business with outside parties. For the Statement of Activities, the net revenues or expenses of the internal service fund is eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position.

CITY OF OAKLEY
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities - Internal Service Funds
ASSETS	
Current:	
Cash and investments available for operations (Note 3)	$1,379,694
Receivables:	
Interest	1,417
Total Current Assets	1,381,111
Noncurrent:	
Capital assets (net of accumulated depreciation) (Note 7)	7,163,056
Total Assets	8,544,167
LIABILITIES	
Accounts payable	24,933
Total Assets	24,933
NET POSITION (Note 10)	
Net investment in capital assets	7,163,056
Unrestricted	1,356,178
Total Net Position	$8,519,234

See accompanying notes to financial statements

CITY OF OAKLEY
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities - Internal Service Funds
OPERATING REVENUES	
Charges for services	$150,000
Total Operating Revenues	150,000
OPERATING EXPENSES	
Supplies	84,108
Depreciation	505,863
Total Operating Expenses	589,971
Operating Income (Loss)	(439,971)
NONOPERATING REVENUES (EXPENSES)	
Interest income	5,871
Other nonoperating revenue	8,234
Total Nonoperating Revenues	14,105
Income (Loss) Before Contributions	(425,866)
Contributions	174,013
Change in net position	(251,853)
BEGINNING NET POSITION	8,771,087
ENDING NET POSITION	$8,519,234

See accompanying notes to financial statements

CITY OF OAKLEY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$158,234
Payments to suppliers	(59,717)
Cash Flows from Operating Activities	98,517
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Acquisition of capital assets	(265,912)
Cash Flows from Capital Financing Activities	(265,912)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	5,306
Net Cash Flows	(162,089)
Cash and investments at beginning of period	1,541,783
Cash and investments at end of period	$1,379,694
NONCASH TRANSACTIONS	
Contribution of capital assets	$174,013
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:	
Operating income (loss)	($439,971)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:	
Depreciation	505,863
Other nonoperating revenue	8,234
Net change in liabilities:	
Accounts payable	24,391
Cash Flows from Operating Activities	$98,517

See accompanying notes to financial statements

FIDUCIARY FUNDS

These funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements. Fiduciary assets are held for others, therefore they are reported in aggregate without indicating whether they are restricted or unrestricted.

Successor Agency to the Redevelopment Agency Private Purpose Trust Fund is used to account for the activities of the Successor Agency to the former Redevelopment Agency of the City of Oakley.

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments.

CITY OF OAKLEY
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016

	Successor Agency to the Redevelopment Agency Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments (Note 3)	$2,069,066	$2,394,430
Cash and investments with fiscal agent (Note 3)	2,005,151	1,442,927
Accounts receivable	150,887	
Interest receivable		1,359
Loans receivable (Note 16B)	1,239,485	
Capital assets (Note 16D):		
Land and construction in progress	971,993	
Depreciable, net	16,114,544	
Total Assets	22,551,126	$3,838,716
LIABILITIES		
Accounts payable	427,892	
Accrued liabilities	448,817	
Due to other agencies		$866,314
Due to bondholders		2,972,402
Long-term debt (Note 16E):		
Due within one year	465,000	
Due in more than one year	28,870,000	
Total Liabilities	30,211,709	$3,838,716
NET POSITION		
Held in Trust for the Successor Agency and Other Governments	($7,660,583)	

See accompanying notes to financial statements

CITY OF OAKLEY
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS	
Property taxes	$2,133,349
Charges for services	12,580
Use of money and property	194,872
Miscellaneous	89,276
Total Additions	2,430,077
DEDUCTIONS	
Redevelopment and Economic Development	429,662
Depreciation	602,556
Loss from sale of property	5,000
Debt service:	
Interest and fiscal charges	1,785,673
Total Deductions	2,822,891
Change in Net Position Before Special Items	(392,814)
SPECIAL ITEMS	
Transfer land held for redevelopment and capital assets to City (Notes 16C and 16D)	(6,327,321)
Change in Net Position	(6,720,135)
NET POSITION HELD IN TRUST FOR SUCCESSOR AGENCY AND OTHER GOVERNMENTS	
Beginning of year	(940,448)
End of year	($7,660,583)

See accompanying notes to financial statements

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Oakley was incorporated as a general law city on July 1, 1999. Oakley is a community of approximately 38,000 residents situated in Contra Costa County on the east side of San Francisco Bay. Oakley is located approximately 50 miles east of the City of San Francisco. The City operates under the Council-Manager form of government and provides the following services: law enforcement, highways and streets, public improvements, planning and zoning, recreation, and general administration services.

In April 2015, the City Council voted to notify Contra Costa County of the City's intent to form its own Municipal Police Department and elect to not extend its contract with the County to provide such services effective June 30, 2016. Subsequent to that notification, the City and the County agreed to a transition date of May 6, 2016.

The financial statements and accounting policies of the City conform with generally accepted accounting principles applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are summarized below:

A. Reporting Entity

The City is governed by a five member council elected by City residents. The City is legally separate and fiscally independent which means it can issue debt, set and modify budgets and fees and sue or be sued. The accompanying basic financial statements include only the financial activities of the City and the Oakley Public Financing Authority, which is a component unit controlled by and dependent on the City. The Authority is included ("blended") with funds of the City since it is governed by the City Council sitting in a separate capacity.

The Oakley Public Financing Authority is a separate governmental entity whose purpose is to assist in the financing and refinancing of certain redevelopment activities of the former Redevelopment Agency and certain programs and projects of the City. The Authority's activities to date consist only of the purchase and resale of City or Redevelopment Agency debt issues, and the issuance of the 2004-1 Limited Obligation Bonds, the 2006-1 Infrastructure Revenue Bonds, the 2006 Certificates of Participation and the Refunding Revenue Bonds, Series 2012. Separate financial statements are not issued for the Oakley Public Financing Authority.

B. 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. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues 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 blended component units. The emphasis of fund financial statements is on major individual governmental funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

C. Major Funds

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

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

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

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues deposited in the General Fund include property tax, sales tax, franchise fees, business licenses, fines and forfeitures and fees for services. This fund is used to account for most of the City's basic services including Legislative, General Administration, Law Enforcement, Recreation and Community Development.

Lighting and Landscaping Districts Special Revenue Fund – This fund accounts for assessments made upon parcels of land within the Lighting and Landscaping Zones #1, #2 and #3 and their use in accordance with the provisions of the State of California Streets and Highway Code.

Public Protection Special Revenue Fund – This fund accounts for dedicated Police Services Special Taxes and State COPS program funds.

Low and Moderate Income Housing Asset Special Revenue Fund – This fund accounts for the housing assets of the former Oakley Redevelopment Agency and loan repayments restricted to low and moderate income housing projects.

Traffic Impact Fees Capital Projects Fund – This fund accounts for fees assessed on new development to provide street and road improvements.

General Capital Projects Fund - This fund accounts for revenues and expenditures related to General Fund contributions, grants and other funding sources for capital projects not accounted for in other capital projects funds. It accounts for the total expenditures for each project charged to this fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City also reports the following fund types:

Internal Service Funds – The funds account for equipment replacement and capital facilities maintenance and replacement; all of which are provided to City departments on a cost reimbursement basis.

Fiduciary Funds – These funds account for assets held by the City as an agent for various functions. The Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used for payments at appropriate amounts and times in the future. Agency funds are used to account for assets held by the City as an agent for the Assessment Districts 2004-1 and 2006-1 and assets held on behalf of the County for regional mitigation fees. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

D. Basis of Accounting

The government-wide 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual are sales tax, transfer tax, fines, interest revenue and gross receipts taxes. Charges for services, and licenses and permits are not susceptible to accrual because they are not measurable until received in cash.

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

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, special purpose revenues and general purpose revenues. While both restricted and unrestricted Net Position may be available to finance program expenditures the City's policy is to first apply restricted purpose revenues to such programs, followed by general purpose revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position or balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one 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 three sources: accounts receivable, interest on interfund advances and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

F. Accounts Receivable

Receivables at June 30, 2016 were comprised of the following:

Governmental Activities:	Taxes	Accounts	Inter-Governmental	Total Receivables
General Fund	$563,097	$376,476	$289,564	$1,229,137
Non-Major Governmental Funds			122,462	122,462
Total Accounts Receivable, net of allowance for doubtful accounts	$563,097	$376,476	$412,026	$1,351,599

G. Property Taxes and Special Assessment Revenue

Revenue is recognized in the fiscal year for which the tax and assessment is levied. The County of Contra Costa levies, bills and collects property taxes and special assessments for the City; under the County's "Teeter Plan" the County remits the entire amount levied for secured taxes 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.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the personal property being taxed. Secured and unsecured property tax revenues are recognized by the City in the fiscal year they are assessed, provided they become available as defined above.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Compensated Absences

Compensated absences comprise unpaid vacation and certain compensated time off, which are accrued as earned. 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. The liability for compensated absences is determined annually. The changes in the compensated absences were as follows:

	Governmental Activities
Beginning Balance	$439,661
Additions	460,579
Payments	(353,638)
Ending Balance	$546,602
Current Portion	$353,638

The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

I. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

J. 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)

K. New Fund and Re-Opened Fund

The Community Facilities District 2015-1 Special Revenue Fund was established to account for the activities associated with the maintenance of neighborhood parks, community parks, regional parks, street lighting, landscaping and stormwater detention facilities at Emerson Ranch.

The City re-opened the 2006-1 Assessment District Capital Projects Fund to account for additional funds received from the 2006 Infrastructure Revenue Bonds that will ultimately be used to purchase infrastructure assets built by developers in the 2006-1 Assessment District area.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

A. Budget Policy

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. Work sessions are conducted to obtain citizen's comments.

3. The budget is legally enacted by City Council resolution.

4. All appropriations transfers between funds must be approved by the City Council by resolution during the fiscal year. The City Manager is authorized to transfer unencumbered appropriations within a fund. In addition, amendments that are made to authorize spending of increased or new special purpose revenues may be approved by the City Manager. The legally adopted budget requires that expenditures not exceed total appropriations at the fund level.

5. Budgets are adopted for all Governmental Funds except the Cypress Grove Project Capital Projects Fund, which is governed by bond convents.

6. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.

7. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

8. Budgeted amounts appearing in the budgetary comparison statements are as originally adopted or as amended by the City Council or the City Manager, as authorized.

B. Encumbrances

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. Encumbrance accounting is employed as an extension of formal budgetary integration in all budgeted funds. Unexpended operating appropriations lapse at year end and must be reappropriated in the following year. Unexpended capital projects appropriations are automatically reappropriated in the following year. 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.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)

C. *Expenditures in Excess of Appropriations*

The following funds incurred expenditures in excess of appropriations:

Fund	Excess of Expenditures Over Appropriations
Public Protection Special Revenue Fund	$75,992
Low and Moderate Income Housing Asset Special Revenue Fund	75,615
Youth Development Special Revenue Fund	11,770
Community Facilities District 2015-1 Special Revenue Fund	3,096
Public Facilities Impact Fee Capital Projects Fund	1,523
Fire Impact Fees Capital Projects Fund	1,950
Street Maintenance Reserve Capital Projects Fund	589

The funds had sufficient revenues or other resources to finance these expenditures.

NOTE 3 – CASH AND INVESTMENTS

The City pools cash from all sources and all funds, except cash of the Successor Agency and cash with fiscal agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

A. *Policies*

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments,* or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. Individual investments are generally made by the City's fiscal agents as required under its debt issues. In order to maximize security, the City employs the Trust Department of a bank as the custodian of all City managed investments, regardless of their form.

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.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

NOTE 3 - CASH AND INVESTMENTS (Continued)

B. Classification

Cash and investments are classified in the financial statements as shown below:

City cash and investments:	
Cash and investments available for operations	$30,753,425
Cash and investments with fiscal agent	1,197,883
Total City Cash and Investments	31,951,308
Cash and investments in Fiduciary Funds (Separate Statement):	
Successor Agency to the Redevelopment	
Agency Private Purpose Trust Fund:	
Cash available for operations	2,069,066
Cash and investments with fiscal agent	2,005,151
Agency Funds:	
Cash and investments available for operations	2,394,430
Cash and investments with fiscal agent	1,442,927
Total Cash and Investments	$39,862,882

NOTE 3 - CASH AND INVESTMENTS (Continued)

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

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the City's Investment Policy:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Government Securities	5 years		No Limit	No Limit
U.S. Government Agency Securities: Federal Home Loan Bank Federal National Mortgage Association Federal Farm Credit Bank Federal Home Loan Mortgage Corporation Student Loan Marketing Association Government National Mortgage Association	5 years		No Limit	No Limit
State of California Warrants, Treasury Notes or Bonds	5 years		No Limit	No Limit
California Local Agency Investment Fund	N/A		N/A	$65 million per account
Certificates of Deposit	5 years	A1/P1	30%	No Limit
Bankers Acceptances	180 days	A1/P1	40%	30%
Medium Term Corporate Notes	5 years	AAA	30%	No Limit
Money Market Funds	N/A	Top rating category	20%	No Limit
Investment Trust of California (CalTRUST)	N/A		N/A	No Limit
Repurchase Agreements	1 year		No Limit	No Limit

NOTE 3 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

The City and Successor Agency 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
U.S. Government Securities	N/A	Aaa/AAA
U.S. Government Agency Securities	N/A	N/A
Local Agency Investment Fund	N/A	$65 million per account
Bankers Acceptances	360 days	A1/A1+/P1
Commercial Paper	270 days	A-1+/P-1
Money Market Funds	N/A	A/AAAm/AAAm
Municipal Obligations	N/A	Aaa/AAA
Pre-refunded Municipal Obligations	N/A	Highest
General Obligations	N/A	A2/A
Investment Agreements/Contracts	N/A	A
Repurchase Agreements	N/A	N/A
Investments fully insured by the FDIC	N/A	N/A
Tax-exempt Obligations	N/A	Highest Rating
Short term Certificates of Deposit	360 days	A1/A1+/P1
Certificates of Deposit	N/A	A
California Asset Management Program	N/A	N/A
Shares in a California Common Law Trust	N/A	N/A

E. Interest Rate Risk and Fair Value Hierarchy

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. The City generally manages its interest rate risk by holding investments to maturity.

NOTE 3 - CASH AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the distribution of the City's investments by maturity. At June 30, 2016, all of the City's investments mature in 12 months or less, except the Certificates of Deposit held by fiscal agents, which mature on May 16, 2017 ($500,000) and May 18, 2017 ($250,000).

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Investment Type	Level 1	Level 2	Investments Measured at Net Asset Value	Investments Measured at Amortized Cost	Total
Cash and Investments in City Treasury:					
Money Market Funds				$1,775,416	$1,775,416
Local Agency Investment Fund		$19,838,402			19,838,402
CalTRUST		9,092,704			9,092,704
Held by Fiscal Agents:					
California Asset Management Program			$2,005,144		2,005,144
Money Market Funds				1,890,817	1,890,817
Certificates of Deposit	$750,000				750,000
Total Investments	$750,000	$28,931,106	$2,005,144	$3,666,233	35,352,483
Cash deposits in banks and petty cash					4,510,399
Total Cash and Investments					$39,862,882

Negotiable Certificates of Deposit, classified in Level 1 of the fair value hierarchy, are valued using quoted prices in active markets.

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2016 these investments matured in an average of 167 days. The Local Agency Investment Fund, classified in Level 2 of the fair value hierarchy, is valued based on the fair value factor provided by the Treasurer of the State of California, which is calculated as the fair value divided by the amortized cost of the investment pool.

NOTE 3 - CASH AND INVESTMENTS (Continued)

The City is a participant in the Short-Term Fund of the Investment Trust of California (CalTrust), a joint powers authority and public agency established by its members under the provisions of Section 6509.7 of the California Government Code. Members and participants are limited to California public agencies. CalTrust is governed by a Board of Trustees of seven Trustees, at least seventy-five percent of whom are from the participating agencies. The City reports its investment in CalTrust at the fair value amount provided by CalTrust, which is the same as the value of the pool shares. The balance is available for withdrawal on demand, and is based on the accounting records maintained by CalTrust. Included in CalTrust's investment portfolio are: United States Treasury Notes, Bills, Bonds or Certificates of Indebtedness; registered state warrants or treasury notes or bonds; California local agency bonds, notes, warrants or other indebtedness; federal agency or United States government-sponsored enterprise obligations; bankers acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; medium-term notes; money market mutual funds; notes, bonds or other obligation secured by a first priority security interest in securities authorized under Government Code Section 53651; and mortgage passthrough securities, collateralized mortgage obligations, and other asset – backed securities.

CalTrust's Short-Term Fund has a target portfolio duration of 0 to 2 years. At June 30, 2016, these investments matured in an average of 409 days. The investment in CalTrust, classified in Level 2 of the fair value hierarchy, is valued based on the fair value factor provided by the CalTrust, which is calculated as the average cost to net asset value per share of the Short-Term Fund. At June 30, 2016, the fair value approximated the City's cost.

The Successor Agency is a participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of its Participants to invest certain proceeds of debt issues and surplus funds. CAMP's investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The Agency reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share in accordance with GASB 79 requirements. At June 30, 2016, the fair value approximated the Agency's cost. At June 30, 2016, these investments have an average maturity of 47 days.

The Agency, as a CAMP shareholder, may withdraw all or any portion of the funds in its CAMP account at any time by redeeming shares. The CAMP Declaration of Trust permits the CAMP trustee to suspend the right of withdrawal from CAMP or to postpone the date of payment of redemption proceeds if the New York Stock Exchange is closed other than for customary weekend and holiday closings, if trading on the New York Stock Exchange is restricted, or if, in the opinion of the CAMP trustees, an emergency exists such that disposal of the CAMP pool securities or determination of its net asset value is not reasonably practicable. If the right of withdrawal is suspended, the Agency may either withdraw its request for that withdrawal or receive payment based on the net asset value of the CAMP pool next determined after termination of the suspension of the right of withdrawal.

Money market funds are available for withdrawal on demand and at June 30, 2016 matured in an average of 46 days.

NOTE 3 - CASH AND INVESTMENTS (Continued)

F. 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. The actual ratings as of June 30, 2016 for CalTRUST is AAf, California Asset Management Program is rated AAAm, and all the City's Money Market Funds are AAAm as provided by Standard and Poor's investment ratings service. The Local Agency Investment Fund external investment pool and the certificates of deposit were not rated as of June 30, 2016.

G. Concentration of Credit Risk

Investments in any one issuer, other than money market mutual funds, Local Agency Investment Fund, CalTRUST and California Asset Management Program, that represent 5% or more of total investments at the Entity-wide level or in individual funds were as follows at June 30, 2016:

Issuer	Investment Type	Amount
Agency Funds:		
GE Capital	Certificate of Deposit	$250,000
Discover Bank	Certificate of Deposit	250,000
Goldman Sachs	Certificate of Deposit	250,000

NOTE 4 - INTERFUND TRANSACTIONS

A. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. Transfers between Funds during the fiscal year ended June 30, 2016 and the purpose for each were as follows:

Fund Receiving Transfer	Fund Making Transfers	Transfer Amount	
General Fund	Non-Major Governmental Funds	$593	(A)
Lighting and Landscaping Districts Special Revenue Fund	Non-Major Governmental Funds	209,471	(A)
Lighting and Landscaping Districts Special Revenue Fund	General Fund	35,000	(B)
General Capital Projects Fund	General Fund	1,195,000	(B)
Non-Major Governmental Funds	General Fund	300,000	(B)
Non-Major Governmental Funds	Non-Major Governmental Funds	571,035	(C)
	Total Interfund Transfers	$2,311,099	

(A) To fund operations.

(B) To fund capital projects.

(C) To fund debt service.

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

B. Long-Term Interfund Advances

At June 30, 2016 the funds below had made advances which were not expected to be repaid within the next year. The balances in the funds with the advance to other funds are offset by unavailable revenue or nonspendable fund balance.

Advances to Other Funds	Advances from Other Funds	Advanced Amount
General Fund	Lighting and Landscaping Districts Special Revenue Fund	$66,732
General Fund	Non-Major Funds	206,000
Traffic Impact Fees	Low and Moderate Income Housing Asset Special Revenue Fund	552,606
Non-Major Funds	Low and Moderate Income Housing Asset Special Revenue Fund	540,839
	Total Interfund Advances	$1,366,177

Since the City's formation in 1999, the General Fund has, on occasion, made advances to the Lighting and Landscaping Districts Special Revenue Fund to cure operating deficits in two of the Landscaping Districts. The advances bear interest at the City's investment pool rate. The balance of these advances totaled $66,732 at June 30, 2016.

The General Fund agreed to advance $150,000 to the Public Facilities Impact Fee Capital Projects Fund to fund a debt service shortfall. During fiscal year 2015, the General Fund made an additional advance of $96,000. The advances bear interest at the City's investment pool rate. The balance of the advance totaled $206,000 at June 30, 2016.

The Traffic Impact Fees Capital Projects Fund, Park Impact Fees Capital Projects Fund, and Public Facilities Impact Fees Capital Projects Fund agreed to accept deferred payment of impact fees by the former Redevelopment Agency to assist with the Courtyards at Cypress Grove affordable housing project. Although no cash was advanced, these obligations were recorded as advances to the former Redevelopment Agency. The City's Low and Moderate Income Housing Asset Special Revenue Fund, as Housing Successor to the former Redevelopment Agency's housing activities, assumed the obligation to repay the advances, which will be repaid from future loan collections. The advances bear interest at the City's annual pooled investment rate which was of 0.425% for fiscal year 2016. The balance outstanding at June 30, 2016 was $1,093,445.

NOTE 5 – LOANS RECEIVABLE

A. *Low and Moderate Income Housing and City Loans Receivable*

The former Redevelopment Agency engaged in programs designed to encourage construction of or improvement in low-to-moderate income housing. Under these programs, grants or loans were provided under favorable terms to homeowners or developers who agreed to expend these funds in accordance with the Agency's terms. With the dissolution of the Redevelopment Agency as discussed in Note 16, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result the Low and Moderate Income Housing Asset Fund assumed the loans receivable of the Redevelopment Agency's Low and Moderate Income Housing Fund. In addition, the City has made loans to certain employees and to local businesses for economic development. Although these loans and notes are expected to be repaid in full, their balance has been offset by unavailable revenue or nonspendable fund balance. The balances of the loans receivable, including accrued interest, at June 30, 2016 are set forth below:

Golden Oak Manor	$1,103,749
Silver Oak Apartments	633,192
Oakley Senior Housing	781,069
Oakley Cypress Associates	3,293,750
Carol Lane	4,940,897
First Time Homebuyer	119,224
Employee Home Loans	527,346
Manuel's Five Star Restaurant, Inc.	1,295,396
New Lifeline Ministries	33,754
Total	$12,728,377

B. *Golden Oak Manor*

Under the terms of a Loan Agreement dated December 19, 1994 between the Redevelopment Agency and the Developer, Golden Oak Manor, L.P., the Agency loaned the amount of $780,000 to construct 50 senior residential rental units, with 24 of the units being restricted to very low income households. The loan is secured by a deed of trust on the property, is due in 2054 and bears simple annual interest of 3 percent. Interest and principal are deferred for 60 years or upon transfer of the property to an unqualified entity. Any unpaid amounts are considered deferred; all deferred principal and interest is due when the note matures.

C. *Silver Oak Apartments*

Under the terms of a Loan Agreement dated May 1, 1998 between the Redevelopment Agency and the Developer, Ecumenical Association for Housing, the Agency loaned $374,220 along with an additional $99,206 in January 1999, for a total loan amount of $473,426, to fund the construction of 24 affordable housing units. The loan is secured by a deed of trust on the property, is due in 2058 and bears simple annual interest of 3 percent with principal and interest due annually to the extent there is "residual receipts" as defined in the agreement. Any unpaid amounts are considered deferred; all deferred principal and interest is due when the note matures.

NOTE 5 – LOANS RECEIVABLE (Continued)

D. Oakley Senior Housing

Under the terms of a Loan Agreement dated February 8, 2000 between the Redevelopment Agency and the Developer, Oakley Senior Associates, L.P., the Agency loaned the amount of $1,800,000 to fund the acquisition and development costs to construct eighty units of affordable housing for low and moderate income seniors. The loan is secured by a deed of trust on the property, is due in 55 years from the issuance of the certificate of completion, but not later than 2058, and bears simple annual interest of 3 percent, with principal and interest due annually to the extent there is "residual receipts" as defined in the agreement. Any unpaid amounts are considered deferred; all deferred principal and interest is due when the note matures. The Agency received a payment of $547,000 from the developer during fiscal year 2002. A portion of the loan had been funded by the Redevelopment Agency Projects Fund, and with the dissolution of the Agency effective February 1, 2012, the assets of the Redevelopment Agency Projects Fund, including a portion of the Oakley Senior Housing loan in the amount of $623,082, were assumed by a Successor Agency as discussed in Note 16.

E. Oakley Cypress Associates

Under the terms of the Loan Agreement dated December 1, 2005, the Redevelopment Agency loaned $2.5 million to Oakley Cypress Associates to assist in the development of 96 affordable housing units. The loan is secured by a deed of trust on the property and bears simple interest of 3 percent annually. Principal and interest payments are due annually to the extent that Oakley Cypress Associates has "residual receipts" as defined in the agreement. The remaining balance of unpaid principal and accrued interest is due fifty-five years after the issuance of the certificate of completion, but no later than December 1, 2063.

F. Carol Lane

Under the terms of a Loan Agreement dated February 23, 2007 between the Redevelopment Agency and the Developer, 59 Carol Lane, L.P., the Agency loaned the amount of $3,858,753 to fund the acquisition and development costs to construct two hundred and eight units of senior and family affordable housing for low and very-low income households. The loan is secured by a deed of trust on the property, is due in 55 years from the issuance of the certificate of completion, but not later than 2062, and bears simple interest of 3 percent annually, with principal and interest due annually to the extent there are "residual receipts" as defined in the agreement. Any unpaid amounts are considered deferred; all deferred principal and interest is due when the note matures.

G. First-Time Homebuyer Program

The Redevelopment Agency administered a First-Time Homebuyers Program funded by Bond proceeds in the amount of $512,392 in 1994, under which low and moderate income individuals may qualify for first-time home buyer deferred second mortgages to purchase homes in the Oakley area. The individual loans are 30-year fixed rate deferred loans, bearing interest at a rate equal to two percent below the Lender's rate and do not exceed $50,000. These loans are due thirty years from the date of issuance, but principal and accrued interest will be forgiven at maturity if the unit was owner occupied for the full thirty years. Under the terms of the Program, loans must be repaid in full if the property is sold to a nonqualified buyer.

NOTE 5 – LOANS RECEIVABLE (Continued)

H. Employee Home Loans

On December 1, 2005, the City loaned $550,000 and $70,000 to a City employee for the purpose of purchasing a home. The loan of $550,000 is secured by a deed of trust, has a term of 30 years and bears interest of 2.5%. The $70,000 loan was repaid in January 2006. In March 2009 the City amended the employment agreement to extend the final payment of the housing assistance loan by one year to December 2036. In June 2010 the City again amended the employment agreement to extend the final payment from December 2036 to December 2037. Each extension reflected a one-year deferral of mortgage payments and included no forgiveness of principal. The loan is being repaid timely and at June 30, 2016 had a remaining balance of $437,176.

On December 15, 2007, the City loaned $100,000 to a second City employee for the purpose of purchasing a home. The loan of $100,000 is secured by a deed of trust, has a term of 15 years and bears interest of 2.5%. This employee left the City during fiscal year 2009 and the City entered into a supplemental agreement with the employee that does not require the employee to immediately repay the loan. The City retains an interest in the home and will receive repayment depending on the sales price. However, the City has agreed to forgive its loan if the sales proceeds are less than the outstanding balance on the first deed of trust on the home. The home has not been sold as of June 30, 2016, and at June 30, 2016 the loan has a remaining balance of $90,170.

As of June 30, 2016, the combined balance of these loans is $527,346.

I. Manuel's Five Star Restaurant, Inc.

As discussed in Note 15B, the City entered into an agreement with Manuel's Five Star Restaurant, Inc. (MFSR), in August 2011 to provide loans of the former Redevelopment Agency's funds. The City entered into a second amendment to the agreement in April 2013 to provide an additional loan of $160,000 for construction costs incurred by the developer that were in excess of amounts anticipated under the original agreement. Due to restrictions applicable under the Dissolution Act, the General Fund made this additional construction loan of $160,000. The loan bears interest of 5% on outstanding principal, is secured by a deed of trust and is payable in monthly installments. The loan is subject to the same terms of the original agreement and is due upon the sale of the property.

As discussed in Note 15A, a settlement agreement was executed between the City and Department of Finance and the Contra Costa County Auditor-Controller which allowed the City to acquire all rights and interest in the Disposition and Development Agreement (DDA) and the associated construction loan receivable from MFSR, while the Successor Agency retains the enhancement loan. The construction loan bears interest of 5% on outstanding principal and unpaid interest, is secured by a first deed of trust and is payable in monthly installments. The loan becomes due upon sale of the property. The balance of the construction loan at the time of the settlement agreement was $1,176,195.

The outstanding balance of the loans was $1,295,396 at June 30, 2016.

NOTE 5 – LOANS RECEIVABLE (Continued)

Under the terms of the DDA, MFSR is responsible for the payment of property taxes, fees and assessments on the property. In October 2015, the City notified MFSR that they were in default under the terms of the DDA for failure to pay Ironhouse Sanitary District fees for fiscal years 2014 and 2015 of $22,862. In order to protect the rights in the property, the City paid the delinquent fees in October 2015, including penalties of $365. MFSR was to repay the $23,227 over a twelve month period, with an initial payment of $4,027 and equal monthly payments of $1,600. During fiscal year 2016, MFSR repaid the full amount due.

The City continued to pay the fees on the property and MFSR agreed to reimburse the City. However, subsequent to fiscal year end, MFSR was again in default for failure to pay fees due in fiscal year 2017 totaling $43,088, including penalties. The City intends to enter into a termination agreement in fiscal year 2017.

J. New Lifeline Ministries

The City installed frontage improvements that are to be paid by the property owner, New Lifeline Ministries. Under the terms of a June 2015 reimbursement agreement, New Lifeline Ministries agreed to reimburse the City for its costs incurred in the amount of $36,165. The loan is unsecured, bears interest of 1% and is repayable in equal monthly installments over 15 years.

NOTE 6 – LAND HELD FOR RESALE

The City has purchased parcels that are expected to be resold in the near future. Such land parcels are accounted for at the lower of cost or net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer.

As discussed in Note 16D, pursuant to the terms of the Long-Range Property Management Plan, the Successor Agency transferred land parcels with a book value of $2,903,630 to the City during fiscal year 2016.

The balance of land held for resale in the General Fund at June 30, 2016 was $4,732,066.

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.

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.

NOTE 7 - CAPITAL ASSETS (Continued)

Depreciation is provided using the half-year convention method which is like the straight-line method in that the cost of the asset is divided by its expected useful life in years, but the asset is depreciated over 6 months instead over one year in its first year. The result is charged to expense each year until the asset is fully depreciated. The capitalization threshold for equipment with a cost of $5,000 or more and a useful life of more than two years, and for all buildings, improvements and infrastructure with a cost of $50,000 or more and a useful life of more than two years. The City has assigned the useful lives listed below to capital assets:

Buildings	40 years
Improvements	5-15 years
Machinery and Equipment	5 years
Vehicles	5 years
Roadways:	
Streets (includes pavement, sidewalk, curb & gutters, trees & signs)	10-40 years
Traffic Signals	25 years
Street Lights	40 years
Bridges	100 years
Parks and Recreation:	
General Improvement	25 years
Specialty Features	10 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

NOTE 7 - CAPITAL ASSETS (Continued)

A. Capital Assets Additions and Retirements

Capital asset balances comprise the following:

	Balance as of June 30, 2015	Additions	Transfers	Transfer from Successor Agency	Balance as of June 30, 2016
Governmental Activities:					
Capital assets not being depreciated:					
Land	$9,902,951	$676,963		$3,061,391	$13,641,305
Construction in Progress	3,581,063	7,337,940	($7,670,146)		3,248,857
Total capital assets not being depreciated	13,484,014	8,014,903	(7,670,146)	3,061,391	16,890,162
Capital assets being depreciated:					
Buildings and Improvements	9,758,788	135,432	325,764	391,675	10,611,659
Machinery and Equipment	2,159,816	294,541			2,454,357
Vehicles	1,435,211	126,581			1,561,792
Roadways:					
Pavement	161,176,234		6,044,733		167,220,967
Sidewalks	9,797,203				9,797,203
Curbs and Gutters	9,678,513		252,668		9,931,181
Traffic Signals	2,986,995		222,754		3,209,749
Regulatory Signs and Street Trees	1,353,223		84,678		1,437,901
Street Lights	3,239,203				3,239,203
Bridges	4,422,722				4,422,722
Parks and Recreation Structures	12,021,445		739,549		12,760,994
Total capital assets being depreciated	218,029,353	556,554	7,670,146	391,675	226,647,728
Less accumulated depreciation for:					
Buildings and Improvements	(2,784,035)	(282,514)		(29,375)	(3,095,924)
Machinery and Equipment	(1,975,959)	(115,331)			(2,091,290)
Vehicles	(1,062,866)	(147,547)			(1,210,413)
Roadways:					
Pavements	(58,482,197)	(4,762,518)			(63,244,715)
Sidewalks	(2,799,251)	(130,616)			(2,929,867)
Curbs and Gutters	(2,731,301)	(132,172)			(2,863,473)
Traffic Signals	(1,219,878)	(123,933)			(1,343,811)
Regulatory Signs and Street Trees	(919,786)	(140,084)			(1,059,870)
Street Lights	(994,001)	(80,979)			(1,074,980)
Bridges	(981,246)	(44,226)			(1,025,472)
Parks and Recreation Structures	(3,762,583)	(485,979)			(4,248,562)
Total accumulated depreciation	(77,713,103)	(6,445,899)		(29,375)	(84,188,377)
Net capital assets being depreciated	140,316,250	(5,889,345)	7,670,146	362,300	142,459,351
Governmental activities capital assets, net	$153,800,264			$3,423,691	$159,349,513

As discussed in Notes 16C and 16D, pursuant to the terms of the Long-Range Property Management Plan, the Successor Agency transferred land parcels with a book value of $3,061,391 and a building with a book value of $362,300 to the City during fiscal year 2016.

NOTE 7 - CAPITAL ASSETS (Continued)

B. Capital Asset Contributions

Some capital assets may be acquired using federal and State grant funds, or they may be contributed by developers or other governments. These contributions are accounted for as revenues at the time the capital assets are contributed.

C. Depreciation Allocation

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

Governmental Activities	
Administrative Services	$36,613
Public Works	5,903,423
Internal Service Funds	505,863
Total Governmental Activities	$6,445,899

NOTE 8 – LONG-TERM DEBT

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 long-term debt is recorded only in the government-wide financial statements.

In governmental fund types, debt discounts and issuance costs are recognized in the current period.

A. Current Year Transactions and Balances

The City's debt issue and transaction is shown below and discussed in detail thereafter.

	Original Issue Amount	Balance June 30, 2015	Retirements	Balance June 30, 2016	Current Portion
2006 Certificates of Participation 4.00-4.50%, due 5/1/2032	$8,500,000	$6,690,000	($275,000)	$6,415,000	$285,000

B. 2006 Certificates of Participation

On December 5, 2006, the City issued the 2006 Certificates of Participation (COPs) in the principal amount of $8,500,000 to finance the acquisition of property and construction of improvements to the City's Civic Center. The COPs are collateralized by revenue from the Civic Center lease agreement. The City intends to use public facilities impact fees to make the lease payments, however the lease payments are payable from any legally available funds. Principal is payable annually and the interest is payable semi-annually through 2032.

NOTE 8 – LONG-TERM DEBT (Continued)

C. Debt Service Requirements

Annual debt service requirements are shown below for the City's long-term debt:

For the Year Ending June 30	Principal	Interest
2017	$285,000	$275,035
2018	300,000	263,635
2019	310,000	251,635
2020	325,000	239,235
2021	335,000	226,235
2022 - 2026	1,915,000	911,485
2027 - 2031	2,395,000	455,400
2032	550,000	24,750
	$6,415,000	$2,647,410

NOTE 9 – ASSESSMENT DEBT WITH NO CITY COMMITMENT

On August 3, 2004, and July 19, 2006, the Oakley Public Financing Authority issued $17,150,000 principal amount of Revenue Bonds and $11,460,000 principal amount of Infrastructure Revenue Bonds to finance the construction and acquisition of certain public improvements within the City's Special District Nos. 2004-1 and 2006-1, respectively. On March 3, 2012, the 2004 Bonds were refunded by the Refunding Revenue bonds, Series 2012 in the principal amount of $14,775,000. On October 15, 2014, the Oakley Public Financing Authority issued Refunding Revenue Bonds, Series 2014, in the principal amount of $9,070,000 to refund the 2006 Bonds. The Bonds are secured only by revenues received as payment of assessments levied against property within Special District Nos. 2004-1 and 2006-1. Neither the faith and credit nor the general taxing power of the City of Oakley have been pledged to the payment of the Bonds. Therefore, the Bonds have been excluded from the accompanying financial statements. The outstanding balances of the Bonds were $13,235,000 and $8,710,000, respectively, at June 30, 2016.

NOTE 10 – NET POSITION AND FUND BALANCES

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

A. Net Position

Net Position is the excess of all the City's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level, and are 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 is 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, and redevelopment funds restricted to low and moderate income purposes.

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

B. Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash, receivables and deferred outflows of resources, less its liabilities and deferred inflows of resources.

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.

Committed fund balances have constraints imposed by formal action of the City Council, such as by Resolution or Ordinance, which are equally binding, and may be altered only by the same formal action of the City Council.

NOTE 10 – NET POSITION AND FUND BALANCES (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 under the Appropriations Control Policy, the City Manager. This category includes encumbrances that are not to be liquidated by restricted or committed resources; nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose; and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds, which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

Detailed classifications of the City's Fund Balances, as of June 30, 2016, are below:

		Major Special Revenue Funds		Major Capital Projects Funds			
Fund Balance Classifications	General Fund	Lighting and Landscaping District	Low and Mod Income Housing Asset	Traffic Impact Fees	General Capital Projects	Other Governmental Funds	Total
Nonspendables:							
Items not in spendable form:							
Prepaids and Deposits	$172,500						$172,500
Loans Receivable	1,822,742						1,822,742
Land Held for resale	4,732,066						4,732,066
Advances	272,732						272,732
Total Nonspendable Fund Balances	7,000,040						7,000,040
Restricted for:							
Dutch Slough	559,498						559,498
Lighting and landscaping services		$7,076,064					7,076,064
Traffic impact projects				$4,218,699			4,218,699
Fire impact projects						$162,525	162,525
Street maintenance and improvement					$514,093	589,208	1,103,301
2006-1 Assessment District						69,466	69,466
NPDES projects						1,023,741	1,023,741
Community Facilities District #1						1,311,035	1,311,035
Community Facilities District 2015-1						156,861	156,861
Agricultural Conservation						11,790	11,790
Childcare facilities projects						559,734	559,734
Debt Service						584,796	584,796
Park Impact Fees						761,277	761,277
Cypress Grove improvements						553,388	553,388
Total Restricted Fund Balances	559,498	7,076,064		4,218,699	514,093	5,783,821	18,152,175
Assigned to:							
Termination Payments	132,500						132,500
Uninsured Claims Payable	25,000						25,000
Main Street Projects	785,508					622,012	1,407,520
Total Assigned Fund Balances	943,008					622,012	1,565,020
Unassigned:							
General fund	9,067,909						9,067,909
Other fund deficits			($1,085,098)		(242,431)	(73,375)	(1,400,904)
Total Unassigned Fund Balances	9,067,909		(1,085,098)		(242,431)	(73,375)	7,667,005
Total Fund Balances	$17,570,455	$7,076,064	($1,085,098)	$4,218,699	$271,662	$6,332,458	$34,384,240

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

C. Minimum Fund Balance Policies

The City's Budget Policies require the City to strive to maintain the following fund balances:

1) 20% of the annual operating expenditures in the General Fund's Unassigned Fund Balance for emergencies and unforeseen operating or capital needs. The primary purpose of this reserve is to protect the City's essential service programs and funding requirements during periods of economic downturn (defined as a recession lasting two or more years) or other unforeseen catastrophic costs not covered by the annually budgeted Contingency Reserve.

2) Budget a Contingency Reserve each year for non-recurring unanticipated expenditures or to set aside funds to cover known contingencies with unknown costs. The level of the Contingency Reserve will be established as needed but shall not be less than 2% of General Fund operating expenditures. The balance of the reserve, which is a component of the General Fund's Unassigned Fund Balance was $194,000 as of June 30, 2016.

3) Establish an account to accumulate funds to be used for payment of accrued employee benefits for terminated employees. The accumulated amount in the reserve will equal the projected payout of accumulated benefits requiring conversion to pay on retirement for employees then eligible for retirement so there are funds to pay out accumulated benefits requiring conversion to pay on termination. The balance of the reserve was $132,500 as of June 30, 2016.

5) Claims Reserves will be budgeted at a level which, together with purchased insurance, adequately protects the City. The City will maintain a reserve of two times its deductibles for those claims covered by the insurance pool of which the City is a member (currently the Municipal Pooling Authority of Northern California). In addition, the City will perform an annual analysis of past claims not covered by the pool, and reserve an appropriate amount to pay for uncovered claims. The balance of the reserve was $25,000 as of June 30, 2016.

6) The City will establish a Street Maintenance Reserve Fund for the accumulation of funds for the long-term maintenance of the City's streets. The amounts transferred into the reserve will be used to augment the City's Gas Tax, Measure J, and other street improvement revenues in completing street maintenance and improvement projects. The reserve shall be considered fully funded when the balance and the combination of anticipated special revenues eligible for street maintenance is sufficient to pay for the next 3 years' anticipated maintenance. The City anticipates to fully fund the reserve by June 30, 2018. The balance of the reserve was $224,411 as of June 30, 2016.

7) The City will establish a Vehicle and Equipment Replacement Reserve Fund for the accumulation of funds for the replacement of worn and obsolete vehicles and other capital equipment. The accumulated amount in the reserve will equal at least 50% of the accumulated depreciation on the City's books for these assets, plus any amounts necessary to ensure the City's ability to replace them when they reach the end of their useful lives. Network and Computer replacement will be gauged using a 3 year lifecycle. The balance of the reserve was $1,169,712 as of June 30, 2016, which does not meet the targeted level. However, management believes the balance is sufficient to fund all anticipated replacements.

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

8) The City will seek to build and maintain a Facilities Maintenance Capital Asset Reserve Fund for capital costs associated with the maintenance of all City building facilities. The reserve will be maintained at a level at least equal to projected five year facilities maintenance capital costs. Park operating funds shall budget annual capital replacement costs and use them to fund reserves for future equipment replacement and resurfacing needs. The balance of the Facilities Maintenance Capital Asset Reserve was $186,466 as of June 30, 2016 and many of the park operating funds do not have sufficient revenues to adequately fund reserves, which does not meet the targeted level. However, management believes the balance is sufficient to fund all anticipated replacements.

9) The City will seek to build and maintain a Storm Drain Depreciation Reserve for costs associated with the major maintenance and capital improvement costs included in the Storm Drain (NPDES) program budget. The minimum reserve level will be 50% of the costs projected over the next five years, or $262,500 as of June 30, 2016. The balance of the reserve which is a component of the NPDES Special Revenue Fund's Restricted Fund Balance was $262,500 as of June 30, 2016.

10) The City will establish a Reserve for Qualifying Expenditures and will transfer into it from current revenues all amounts necessary to ensure compliance with Gann Limit provisions. These funds will be used solely to pay for Gann Limit excludable capital expenditures. To qualify, they must be for assets having a value greater than $100,000 and having a useful life of at least 10 years. The City was in compliance with the Gann Limit provisions as of June 30, 2016, and therefore was not required to establish a Reserve for Qualifying Expenditures as of June 30, 2016.

NOTE 11 – PENSION PLAN

A. General Information about the Pension Plan

Plan Description – All qualified permanent, probationary and part-time employees are eligible to participate in the City's Safety (police) and Miscellaneous (all other) Employee Pension Rate Plans. The City's Miscellaneous and Safety Rate Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees' Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors four rate plans (three miscellaneous and one safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTE 11 – PENSION PLAN (Continued)

In August 2010, the City Council authorized an amendment to the contract between the City and the CalPERS in order to establish a Tier 2 retirement benefits structure. The Tier 2 changed the retirement benefit formula from 2.5%@55 to 2%@60 for new miscellaneous employees hired on or after October 18, 2010. A Tier 3 structure was established to implement the provisions of the Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, and is applicable to employees new to CALPERS, and hired after December 31, 2012, and not subject to grandfathering into the previously existing Tier 2 Rate Plan.

Effective August 12, 2015, the City established a Safety Plan that provides benefits for safety employees hired after January 1, 2013 using the 2.7% @ 57 benefit formula.

The Plan's provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous		
	Classic Tier 1	Classic Tier 2	PEPRA Tier 3
Hire date	Prior to October 18, 2010	On or after October 18, 2010	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0 % to 2.5%	1.092% - 2.418%	1.0% - 2.5%
Required employee contribution rates	8.000%	7.000%	6.250%
Required employer contribution rates	9.671%	7.163%	6.237%

	Safety
	PEPRA
Hire date	On or after January 1, 2013
Benefit formula	2.7% @ 57
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 57
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%
Required employee contribution rates	12.250%
Required employer contribution rates	12.156%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability and side fund was $84,347 in fiscal year 2016.

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2016, the City's contributions to the Plan were $382,769.

NOTE 11 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

As of June 30, 2016, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of $1,380,410.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

Proportion - June 30, 2014	0.04460%
Proportion - June 30, 2015	0.05032%
Change - Increase (Decrease)	0.00572%

For the year ended June 30, 2016, the City recognized pension expense of ($24,069). At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$382,769	-
Differences between actual and expected experience	19,011	-
Changes in assumptions	-	($179,857)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	731,949	(212,258)
Net differences between projected and actual earnings on plan investments	-	(90,165)
Total	$1,133,729	($482,280)

NOTE 11 – PENSION PLAN (Continued)

$382,769 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2017	$17,572
2018	41,155
2019	94,700
2020	115,253
2021	-
Thereafter	-

Actuarial Assumptions – For the measurement period ended June 30, 2015, the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions for all benefit tiers:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	(1)
Investment Rate of Return	7.65% (2)
Mortality	Derived using CalPERS Membership Data for all Funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power applies, 2.75% thereafter

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation
(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

NOTE 11 – PENSION PLAN (Continued)

Change of Assumptions – GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 measurement date.

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100.0%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

NOTE 11 – PENSION PLAN (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.65%
Net Pension Liability	$2,214,343
Current Discount Rate	7.65%
Net Pension Liability	$1,380,410
1% Increase	8.65%
Net Pension Liability	$691,901

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS

The City established a post-employment health care defined contribution plan in May 2016, pursuant to a negotiated Memoranda of Understanding (MOU) with its Oakley Police Officers Association employee bargaining unit. The City's funding obligation for the plan is defined within the MOU and is a specified contribution of $450 per month per police employee.

The administration of benefits for the plan rests with the plan administrator. The administrator for the plan is the Peace Officers Research Association of California (PORAC) Retiree Medical Trust. There are no vesting requirements to be eligible to use these funds post-employment. The benefit can only be used to purchase post-employment health insurance.

Contributions to the plan during fiscal year 2016 were $24,300, which included a one-time set-up fee of $1,350.

NOTE 13 - DEFERRED COMPENSATION PLANS

City employees may also defer a portion of their compensation under City sponsored Deferred Compensation Plans. The City offers the opportunity to participate in one of two plans, one created in accordance with Internal Revenue Code Section 457, and one created in accordance with Internal Revenue Code 401a. Under the 457 plan, participants are not taxed on the deferred portion of their compensation until distributed to them; under the 401a plan different rules apply and amounts contributed may be either pre-tax or after-tax depending on applicable plan rules. Under both plans, distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

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

NOTE 14 - RISK MANAGEMENT

A. *Municipal Pooling Authority of Northern California (MPA)*

The City is a member of the Municipal Pooling Authority of Northern California. The Authority provides coverage against various types of loss risks under the terms of a joint-powers agreement with the City and several other cities and governmental agencies. The City participates in the coverage programs as follows:

Types of Coverage (Deductible)	Coverage Limits
Liability ($25,000)	$29,000,000
Vehicle - Physical Damage ($3,000 for police vehicles, $2,000 for all others)	250,000
Worker's Compensation (no deductible)	Statutory Limit
Property:	
All Risk and Copper Claims ($25,000), Water Claims ($150,000)	1,000,000,000
Flood*	25,000,000
Pollution Liability ($100,000)	1,000,000
Boiler and Machinery ($5,000)	100,000,000
Cyber Liability ($50,000)	2,000,000
Government Crime ($10,000)	1,000,000
Employment Liability ($50,000)	2,000,000

* $100,000 minimum deductible per occurrence, except Zones A and V, which are subject to a $250,000 deductible per occurrence.

The Authority is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of the Authority, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

The City's deposits with the Authority are in accordance with formulas established by the Authority. 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 the Authority are available from MPA, 1911 San Miguel Drive, Suite 200, Walnut Creek, CA 94596.

B. *Liability for Uninsured Claims*

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. As discussed, above, the City has coverage for such claims, but it has retained the risk for the deductible, or uninsured portion of these claims. Settlements have not exceeded insurance coverage for the past three fiscal years.

NOTE 14 - RISK MANAGEMENT (Continued)

The City's liability for uninsured liability claims at June 30 was estimated by management based on claims experience during the fiscal year and was computed as follows:

	June 30	
	2016	2015
Balance at beginning of year	$66,852	$25,000
Liability for current fiscal year claims	5,204	
Change in liability for prior fiscal year claims and claims incurred but not reported (IBNR)	21,998	64,003
Claims paid	(48,136)	(22,151)
Balance at end of year	$45,918	$66,852

NOTE 15 - COMMITMENTS AND CONTINGENCIES

A. Construction and Other Commitments

The City has the following outstanding construction commitments as of June 30, 2016 which are included in the balance of encumbrances in Note 15E:

Marsh Creek Restoration - Creekside Park	$5,556
Main Street Resurfacing - Bridgehead to Big Break	73,405
Highway 160 and Main Street Gateway Sign and Landscaping	4,997
Street Repair and Resurfacing	4,305
Planning Department Office Construction	19,829

In addition to the commitments above, the City agreed to grant up to $925,000 of Childcare Development Fees to a developer for the construction of a childcare facility. The City has disbursed $350,000 to date, and as of June 30, 2016 the undisbursed amount is $575,000.

B. Litigation

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

C. Federal and State Grant Programs

The City participates in several federal and State grant programs. These programs are subject to audit by the City's independent accountants in accordance with the provisions of the federal Single Audit Act as amended and applicable State requirements. No cost disallowances have been proposed as a result of audits completed to date; 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 15 - COMMITMENTS AND CONTINGENCIES (Continued)

D. Encumbrances

Encumbrances outstanding as of June 30, 2016 by fund were as follows:

Major Governmental Fund:	
General Fund	$785,508
Lighting and Landscaping Districts Special Revenue Fund	56,541
Public Protection Special Revenue Fund	2,200
Traffic Impact Fees	69,675
Non-Major Governmental Funds	610,474
Total Encumbrances	$1,524,398

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

A. 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 (collectively referred to as the Dissolution Act), 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.

In addition, the Dissolution Act directs the State Controller to review the activities of all redevelopment agencies and successor 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. The State Controller's Office completed its asset transfer review in July 2015, which did not require the transfer of any additional assets to the Successor Agency.

Effective January 31, 2012, the Redevelopment Agency was dissolved. In accordance with the Dissolution Act, 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 ABx1 26, the City was eligible to elect to become the Housing Successor and retain the housing assets and elected to do so. On February 1, 2012, the Agency's housing assets were transferred to the City's Low and Moderate Income Housing Asset Special Revenue Fund. The activities of the Housing Successor are reported in the Low and Moderate Income Housing Assets 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.

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

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 on April 17, 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 member of City Council and one former Redevelopment Agency employee appointed by the Mayor.

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

The Department of Finance issued the Successor Agency a Finding of Completion on August 15, 2014.

Cash and investments of the Successor Agency as of June 30, 2016 includes the following:

Cash available for operations:	
Cash available for operations	$892,379
Cash held for September 2, 2016 debt service payment	1,176,687
Cash and investments with fiscal agent	2,005,151
Total Cash and Investments	$4,074,217

Details regarding cash and investments are discussed in Note 3. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2016.

B. LOANS RECEIVABLE

The Successor Agency assumed the non-housing loans receivable of the Redevelopment Agency as of February 1, 2012. The Redevelopment Agency engaged in programs designed to encourage construction of or improvement to low-to-moderate income housing. Under these programs, grants or loans were provided under favorable terms to homeowners or developers who agreed to expend these funds in accordance with the Agency's terms. The balance of the portion of the Oakley Senior Housing loan assumed by the Successor Agency as discussed in Note 5D above, including accrued interest was $640,181 as of June 30, 2016.

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

Manuel's Five Star Restaurant, Inc.

Under the terms of its Cooperation Agreement with the Redevelopment Agency and following existing law at the time, on August 9, 2011 the City entered into an agreement with Manuel's Five Star Restaurant, Inc., to provide loans of Agency funds to develop a restaurant and associated improvements. The loans consist of a construction loan of up to $1,200,000 to construct the restaurant and an enhancement loan of up to $600,000 to enhance the exterior of the restaurant building and on-site amenities. The construction loan bears interest of 5% on outstanding principal and unpaid interest beginning three months after the start of operations of the restaurant, is secured by a first deed of trust, and is payable in monthly installments also beginning after the start of operations of the restaurant. The construction loan becomes due upon sale of the property. The enhancement loan does not bear interest and will be forgiven if the borrower operates the restaurant for ten consecutive years. The borrower had drawn down $39,800 of the loans as of January 31, 2012. With the dissolution of the Agency effective February 1, 2012, the outstanding loan as of that date in the amount of $39,800 was assumed by the Successor Agency.

The State Department of Finance determined that the loans are not enforceable obligations of the Successor Agency, and the Department and the Agency representatives have gone through a meet and confer process in an attempt to resolve their differences. Notwithstanding this effort, the Department continued to deny the loans, relying on legislation later validated by the State Supreme Court ending redevelopment that included, amongst other things, language that retroactively invalidates virtually all agreements between agencies and their sponsoring entities. The Department contended that as a result of this provision, the loans are a City obligation and not an obligation of the Successor Agency. They did, however, provide that because the enhancement loan was funded with proceeds of Redevelopment Agency bonds, then once the Agency obtains a "Finding of Completion" by complying with provisions of a new law passed in June 2012, the enhancement loan would be allowed.

This dispute between the State Department of Finance and the City and Agency regarding the Cooperation Agreement was litigated, and ultimately resolved through settlement. The settlement agreement was executed between the City and Department of Finance and the Contra Costa County Auditor-Controller allowed the City to acquire all rights and interest in the DDA and the associated loan receivable of $1,200,000 from Manuel's Five Star Restaurant. The balance of the loan at the date of the transfer to the City was $1,176,195.

The borrower had drawn down $599,304 of the enhancement loan, which was the balance outstanding as of June 30, 2016.

C. LAND HELD FOR REDEVELOPMENT

The Successor Agency assumed the land held for redevelopment of the Redevelopment Agency as of February 1, 2012. The Redevelopment Agency had purchased parcels of land as part of its efforts to develop or redevelop blighted properties within the Project Area. Such land parcels are accounted for at the lower of cost or net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer.

As discussed in Note 16D, pursuant to the terms of the Long-Range Property Management the Successor Agency transferred land parcels with a book value of $3,272,107 to the City during fiscal year 2016.

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

D. CAPITAL ASSETS

The Successor Agency assumed the capital assets of the Redevelopment Agency as of February 1, 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.

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 is provided using the half-year convention method which is like the straight-line method in that the cost of the asset is divided by its expected useful life in years, but the asset is depreciated over 6 months instead over one year in its first year. The result is charged to expense each year until the asset is fully depreciated. The capitalization threshold for equipment with a cost of $5,000 or more and a useful life of more than two years, and for all buildings, improvements and infrastructure with a cost of $50,000 or more and a useful life of more than two years. The Successor Agency has assigned the useful lives listed below to capital assets:

	Useful lives
Buildings	40 years
Improvements	5-15 years
Machinery and Equipment	5 years
Vehicles	5 years
Roadways:	
Streets (includes pavement, sidewalk, curb & gutters, trees & signs)	10-40 years
Traffic Signals	25 years
Parks and Recreation:	
General Improvements	25 years
Specialty Features	10 years

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Capital assets recorded at June 30 comprise:

	Balance June 30, 2015	Additions	Transfer to the City	Balance June 30, 2016
Capital assets not being depreciated:				
Land	$3,694,908		($2,722,915)	$971,993
Total capital assets not being depreciated	3,694,908		(2,722,915)	971,993
Capital assets being depreciated:				
Buildings and improvements	5,916,790		(391,675)	5,525,115
Machinery and equipment	65,957			65,957
Roadways:				
Pavement	12,593,840			12,593,840
Traffic Signals	400,859			400,859
Street Trees	25,000			25,000
Parks and Recreation	818,890			818,890
Total capital assets being depreciated	19,821,336		(391,675)	19,429,661
Less accumulated depreciation for:				
Buildings and improvements	(1,206,245)	($210,632)	29,375	(1,387,502)
Machinery and equipment	(65,957)			(65,957)
Roadways:				
Pavement	(1,118,957)	(334,320)		(1,453,277)
Traffic Signals	(127,220)	(16,034)		(143,254)
Street Trees	(938)	(625)		(1,563)
Parks and Recreation	(222,619)	(40,945)		(263,564)
Total accumulated depreciation	(2,741,936)	(602,556)	29,375	(3,315,117)
Net capital assets being depreciated	17,079,400	(602,556)	(362,300)	16,114,544
Capital assets, net	$20,774,308	($602,556)	($3,085,215)	$17,086,537

Pursuant to Health and Safety Code (HSC) section 34191.5 (b), the City of Oakley Successor Agency (Agency) submitted a Long-Range Property Management Plan (LRPMP) to the California Department of Finance (Finance) on November 26, 2014. The Agency subsequently submitted a revised LRPMP to Finance on December 17, 2015. The Agency received a Finding of Completion on December 30, 2015 and Finance approved the Agency's use or disposition of all the properties listed on the LRPMP

During fiscal year 2016, the Agency conveyed the approved properties with a book value of $3,085,215 to the City.

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

E. LONG-TERM DEBT

The Successor Agency assumed the long-term debt of the Redevelopment Agency as of February 1, 2012.

1. Current Year Transaction and Balances

All of the long-term debt of the Successor Agency is comprised of Tax Allocation Bonds issued by the Redevelopment Agency. The Bonds are special obligations of the Agency and are secured only by the Agency's tax increment revenues. Tax Allocation Bond transactions were as follows:

	Original Issue Amount	Balance June 30, 2015	Retirements	Balance June 30, 2016	Current Portion
2008 Subordinate Tax Allocation Bonds					
4.00-5.00%, due 9/1/2038	$25,095,000	$24,050,000	($425,000)	$23,625,000	$465,000
2015A Tax Allocation Bonds					
3.375-5.00%, due 9/01/2028	2,595,000	2,595,000		2,595,000	
2015B Tax Allocation Bonds					
2.00-3.75%, due 9/01/2024	3,115,000	3,115,000		3,115,000	
Total		$29,760,000	($425,000)	$29,335,000	$465,000

2. Redevelopment Agency 2008 Subordinate Tax Allocation Bonds

On May 10, 2008, the Agency issued Subordinate Tax Allocation Bonds, Series 2008A, to provide financing for various redevelopment projects. The bonds are secured by the Agency's tax increment, however, the 2008A Bonds were subordinated to the 2003 Tax Allocation Bonds that were refunded by the 2015 Tax Allocation Bonds. The 2008 Bonds are on parity with the 2015 Bonds discussed below. Principal is payable annually and the interest is payable semi-annually through 2039.

3. Redevelopment Agency 2015 Tax Allocation Bonds

On May 6, 2015, the Agency issued $2,595,000 in 2015 Tax Allocation Bonds, Series A, and $3,115,000 in 2015 Tax Allocation Bonds, Series B. The proceeds of these bonds, secured by property tax revenues in the Redevelopment Property Tax Trust Fund, were used to refund and defease the outstanding 2003 Tax Allocation Bonds. The 2003 Bonds were called on June 19, 2015.

The 2015 Bonds are secured by the Successor Agency's property tax revenues in the Redevelopment Property Tax Trust Fund. Annual principal payments on the 2015 Bonds are due September 2, and semi-annual interest payments are due March 1 and September 1, through 2028.

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

4. *Pledge of Tax Revenues*

As discussed above, the Agency had pledged all future tax increment revenues, less amounts required to be set aside in the Redevelopment Agency Low and Moderate Income Housing Capital Projects Fund and certain tax increment pass through payments, for the repayment of both the 2003 and 2008A Tax Allocation Bonds (non-housing revenues). The Agency had also pledged tax increment revenues required to be set aside in the Redevelopment Agency Low and Moderate Income Housing Capital Projects Fund (housing revenue) for the repayment of a portion of the 2003 Tax Allocation Bonds. With the issuance of the 2015 Bonds, the tax increment revenue is pledged on parity with the 2008 and 2015 Bonds. The pledge of all future tax increment revenues ends upon repayment of the $47,966,997 remaining debt service on the 2008 and 2015 Bonds above, which is scheduled to occur in 2039.

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. Beginning in fiscal year 2012, under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations. Total property taxes available for distribution to the Successor Agency and other taxing entities for fiscal year 2016 calculated by the County Auditor-Controller was $2,382,626 and the total received by the Successor Agency for fiscal year 2016 debt service was $2,133,349, which represented of 123% of the $1,735,054 of debt service.

5. *Debt Service Requirements*

Annual debt service requirements for the Bonds are shown below:

For the Year Ending June 30	Principal	Interest
2017	$465,000	$1,337,150
2018	510,000	1,317,650
2019	800,000	1,293,622
2020	1,040,000	1,261,807
2021	1,070,000	1,224,331
2022 - 2026	5,895,000	5,447,650
2027 - 2031	6,650,000	4,004,165
2032 - 2036	7,470,000	2,329,247
2037 - 2039	5,435,000	416,375
	$29,335,000	$18,631,997

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

F. COMMITMENTS AND CONTINGENCIES

1. 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 in the future cannot be determined at this time.

2. State Asset Transfer Review

The activities of the former Redevelopment Agency and the Successor Agency were also subject to further examination by the State of California. The State Controller's Office conducted 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. The results of that review were issued in July 2015 and although the review did identify ineligible transfers of assets from the former Redevelopment Agency to the City, the report reflected the current year and prior year transfers discussed in Note 15A and made no further demands for the return of assets to the Successor Agency.

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REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

Miscellaneous and Safety Rate Plans, a Cost Sharing-Employer Defined Pension Plan
Last 10 Years*

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Measurement Date	**6/30/2014**	**6/30/2015**
Plan's Proportion of the Net Pension Liability (Asset)	0.04460%	0.05032%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$1,102,233	$1,380,410
Plan's Covered Payroll	$1,972,266	$2,494,839
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	55.89%	55.33%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	80.04%	77.46%

Notes to Schedule:

* - Fiscal year 2015 was the 1st year of implementation.

REQUIRED SUPPLEMENTARY INFORMATION

Miscellaneous and Safety Rate Plans, a Cost Sharing-Employer Defined Pension Plan
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

For the year Ended June 30	2015	2016
Actuarially determined contribution	$296,613	$382,769
Contributions in relation to the actuarially determined contributions	296,613	382,769
Contribution deficiency (excess)	$0	$0
Covered payroll	$2,494,839	$3,497,131
Contributions as a percentage of covered payroll	11.89%	10.95%

* - Fiscal year 2015 was the 1st year of implementation.

SUPPLEMENTAL INFORMATION

TRAFFIC IMPACT FEES CAPITAL PROJECTS FUND

This fund accounts for fees assessed on new development to provide street and road improvements.

GENERAL CAPITAL PROJECTS FUND

This fund accounts for revenues and expenditures related to General Fund contributions, grants and other funding sources for capital projects not accounted for in other capital projects funds. It accounts for the total expenditures for each project charged to this fund.

CITY OF OAKLEY
MAJOR GOVERNMENTAL FUNDS OTHER THAN THE
GENERAL FUND AND SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	TRAFFIC IMPACT FEES			GENERAL CAPITAL PROJECTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Intergovernmental:						
Other				$2,490,000	$1,054,166	($1,435,834)
Developer fees	$1,800,000	$2,349,601	$549,601	22,865	22,865	
Use of money and property		14,613	14,613			
Miscellaneous				15,000	82,710	67,710
Total Revenues	1,800,000	2,364,214	564,214	2,527,865	1,159,741	(1,368,124)
EXPENDITURES						
Current:						
Public Works	180,267	135,279	44,988			
Capital outlay	3,783,537	1,719,861	2,063,676	5,378,002	3,116,148	2,261,854
Total Expenditures	3,963,804	1,855,140	2,108,664	5,378,002	3,116,148	2,261,854
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,163,804)	509,074	2,672,878	(2,850,137)	(1,956,407)	893,730
OTHER FINANCING SOURCES (USES)						
Transfers in				1,195,000	1,195,000	
NET CHANGE IN FUND BALANCES	($2,163,804)	509,074	$2,672,878	($1,655,137)	(761,407)	$893,730
Fund balance at beginning of year		3,709,625			1,033,069	
Fund balance at end of year		$4,218,699			$271,662	

SPECIAL REVENUE FUNDS

GAS TAX

This fund accounts for revenues and expenditures received from the State of California under Street and Highways Code Sections 2105, 2106, 2107 and 2107.5. The allocations must be spent for street maintenance and construction.

NPDES

This fund accounts for storm water utility fees assessed on properties city-wide and used to pay for the "National Pollution Discharge Elimination System" to prevent further polluting of our streams and bays as mandated by the Federal government.

DEVELOPER DEPOSITS

This fund accounts for deposits received from contractors and property owners to offset the cost of providing certain Community Development services including processing applications and reviewing grading plans of applicant projects.

YOUTH DEVELOPMENT

This fund accounts for youth development grant programs.

COMMUNITY FACILITIES DISTRICT #1

This fund accounts for maintenance and operations related to drainage and flood control at the Cypress Grove development.

COMMUNITY FACILITIES DISTRICT 2015-1

This fund accounts for the activities associated with the maintenance of neighborhood parks, community parks, regional parks, street lighting, landscaping and storm water detention facilities at Emerson Ranch.

OAKLEY WELCOMING

This fund accounts for the activities associated with the grant-funded Oakley Welcoming program under the You Me We Oakley! brand.

AG CONSERVATION

This fund accounts for the activities associated with establishing and carrying out the City's agricultural conservation program.

CAPITAL PROJECTS FUNDS

MEASURE J

This fund accounts for the City's portion of the half-cent County-wide sales tax levied to fund transportation improvements to local streets.

PARK IMPACT FEES

This fund accounts for fees assessed on new development to provide for park acquisition and development.

CHILDCARE IMPACT FEES

This fund accounts for fees assessed on new developments to provide for childcare facilities.

PUBLIC FACILITIES IMPACT FEE

This fund accounts for fees assessed on new development to provide for public facilities.

MAIN STREET

This fund accounts for Main Street related projects funded by the General Fund.

FIRE IMPACT FEES

This fund accounts for fees assessed on new developments to provide for fire protection capital facilities.

CYPRESS GROVE CAPITAL PROJECT

This fund accounts for funds from the 2004-1 Limited Obligation Bonds used to purchase infrastructure assets built by developers in the 2004-1 Assessment District area.

STREET MAINTENANCE RESERVE

This fund was established to account for the accumulation of funds for the long-term maintenance of the City's streets. The amounts transferred into the reserve will be used to augment the City's Gas Tax, Measure J, and other street improvement revenues in completing street maintenance and improvement projects. The reserve shall be considered fully funded when the balance and the combination of anticipated special revenues eligible for street maintenance is sufficient to pay for the next 3 years' anticipated maintenance, which is anticipated to occur by June 30, 2018.

2006-1 ASSESSMENT DISTRICT CAPITAL PROJECTS

This fund accounts for funds from the 2006 Infrastructure Revenue Bonds that will ultimately be used to purchase infrastructure assets built by developers in the 2006-1 Assessment District area.

DEBT SERVICE FUND

2006 CERTIFICATES OF PARTICIPATION

This fund accounts for principal and interest payments on the City's 2006 Certificates of Participation.

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CITY OF OAKLEY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2016

	SPECIAL REVENUE FUNDS			
	Gas Tax	NPDES	Developer Deposits	Youth Development
ASSETS				
Cash and investments available for operations	$340,109	$1,053,280	$987,548	$52,870
Cash with fiscal agent				
Accounts receivable, net			55,752	
Interest receivable	375	1,105		58
Prepaids and deposits				
Advances to other funds				
Total Assets	$340,484	$1,054,385	$1,043,300	$52,928
LIABILITIES				
Accounts payable	$20,689	$30,644	$15,902	$139
Accrued liabilities				
Deposits payable			1,027,398	
Unearned revenue				52,789
Advances from other funds				
Total Liabilities	20,689	30,644	1,043,300	52,928
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - interest on advances to other funds				
Total Deferred Inflows of Resources				
FUND BALANCES				
Nonspendable				
Restricted	319,795	1,023,741		
Assigned				
Unassigned				
Total Fund Balance	319,795	1,023,741		
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$340,484	$1,054,385	$1,043,300	$52,928

SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUNDS		
Community Facilities District #1	Community Facilities District 2015-1	Oakley Welcoming	Ag Conservation	Measure J	Park Impact Fees	Childcare Impact Fees
$1,320,580	$156,738	$55,211	$11,778	$291,246	$426,125	$559,151
1,289	123	45	12	420	321	583
					409,702	
$1,321,869	$156,861	$55,256	$11,790	$291,666	$836,148	$559,734
$10,834		$663		$22,253		
		1,648				
		52,945				
10,834		55,256		22,253		
					$74,871	
					74,871	
1,311,035	$156,861		$11,790	269,413	761,277	$559,734
1,311,035	156,861		11,790	269,413	761,277	559,734
$1,321,869	$156,861	$55,256	$11,790	$291,666	$836,148	$559,734

(Continued)

CITY OF OAKLEY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2016

	CAPITAL PROJECTS FUNDS			
	Public Facilities Impact Fee	Main Street	Fire Impact Fees	Cypress Grove Capital Project
ASSETS				
Cash and investments available for operations	$25,509	$397,601	$162,389	$7
Cash with fiscal agent				553,650
Accounts receivable, net				
Interest receivable	(56)		136	(269)
Prepaids and deposits				
Advances to other funds	131,137			
Total Assets	$156,590	$397,601	$162,525	$553,388
LIABILITIES				
Accounts payable				
Accrued liabilities				
Deposits payable				
Unearned revenue				
Advances from other funds	$206,000			
Total Liabilities	206,000			
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - interest on advances to other funds	23,965			
Total Deferred Inflows of Resources	23,965			
FUND BALANCES				
Nonspendable				
Restricted			$162,525	$553,388
Assigned		$397,601		
Unassigned	(73,375)			
Total Fund Balance	(73,375)	397,601	162,525	553,388
Total Liabilities, Deferred Inflows of Resources	$156,590	$397,601	$162,525	$553,388

CAPITAL PROJECTS FUNDS		DEBT SERVICE FUND	
Street Maintenance Reserve	2006-1 Assessment District	2006 Certificates of Participation	Total Nonmajor Governmental Funds
$224,411		$9,811	$6,074,364
	$69,466	574,767	1,197,883
			55,752
		218	4,360
			540,839
$224,411	$69,466	$584,796	$7,873,198
			$101,124
			1,648
			1,027,398
			105,734
			206,000
			1,441,904
			98,836
			98,836
	$69,466	$584,796	5,783,821
$224,411			622,012
			(73,375)
224,411	69,466	584,796	6,332,458
$224,411	$69,466	$584,796	$7,873,198

CITY OF OAKLEY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS			
	Gas Tax	NPDES	Developer Deposits	Youth Development
REVENUES				
Property taxes		$490,769		
Intergovernmental:				
Other	$862,495			
Developer fees		30,000	$657,802	
Special assessments				
Use of money and property	1,840	4,948		$192
Miscellaneous	1,479	3,520		18,578
Total Revenues	865,814	529,237	657,802	18,770
EXPENDITURES				
Current:				
Community Development			657,802	
Public Works	492,185	605,775		
Recreation				18,770
Capital outlay	894,409	183,176		
Debt Service:				
Principal				
Interest and fiscal charges				
Total Expenditures	1,386,594	788,951	657,802	18,770
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(520,780)	(259,714)		
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers (out)	(159,471)			
Total Other Financing Sources (Uses)	(159,471)			
NET CHANGE IN FUND BALANCES	(680,251)	(259,714)		
Fund balance (deficit) at beginning of year	1,000,046	1,283,455		
Fund balances (deficit) at end of year	$319,795	$1,023,741		

SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUNDS		
Community Facilities District #1	Community Facilities District 2015-1	Oakley Welcoming	Ag Conservation	Measure J	Park Impact Fees	Childcare Impact Fees
				$528,891		
					$294,359	
$299,748	$169,505					
5,398	217	$151	$49	1,245	$593	$1,755
		54,642				
305,146	169,722	54,793	49	530,136	294,952	1,755
143,559	12,861		7,500	110,307	11,372	
		54,793				
253,527				759,131		27,051
397,086	12,861	54,793	7,500	869,438	11,372	27,051
(91,940)	156,861		(7,451)	(339,302)	283,580	(25,296)
(50,000)					(593)	
(50,000)					(593)	
(141,940)	156,861		(7,451)	(339,302)	282,987	(25,296)
1,452,975			19,241	608,715	478,290	585,030
$1,311,035	$156,861		$11,790	$269,413	$761,277	$559,734

(Continued)

CITY OF OAKLEY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	CAPITAL PROJECTS FUNDS			
	Public Facilities Impact Fee	Main Street	Fire Impact Fees	Cypress Grove Capital Project
REVENUES				
Property taxes				
Intergovernmental:				
Other				
Developer fees	$635,530		$84,637	
Special assessments				
Use of money and property	(133)		$312	($479)
Miscellaneous				480,163
Total Revenues	635,397		84,949	479,684
EXPENDITURES				
Current:				
Community Development	19,977		3,450	
Public Works		$6,046		
Recreation				
Capital outlay		45,208		
Debt Service:				
Principal				
Interest and fiscal charges	1,046			
Total Expenditures	21,023	51,254	3,450	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	614,374	(51,254)	81,499	479,684
OTHER FINANCING SOURCES (USES)				
Transfers in		150,000		
Transfers (out)	(571,035)			
Total Other Financing Sources (Uses)	(571,035)	150,000		
NET CHANGE IN FUND BALANCES	43,339	98,746	81,499	479,684
Fund balance (deficit) at beginning of year	(116,714)	298,855	81,026	73,704
Fund balances (deficit) at end of year	($73,375)	$397,601	$162,525	$553,388

CAPITAL PROJECTS FUNDS		DEBT SERVICE FUND	
Street Maintenance Reserve	2006-1 Assessment District	2006 Certificates of Participation	Total Nonmajor Governmental Funds
			$490,769
			1,391,386
			1,702,328
			469,253
	$2	$754	16,844
	69,464		627,846
	69,466	754	4,698,426
			681,229
			1,389,605
			73,563
$589			2,163,091
		275,000	275,000
		292,198	293,244
589		567,198	4,875,732
(589)	69,466	(566,444)	(177,306)
150,000		571,035	871,035
			(781,099)
150,000		571,035	89,936
149,411	69,466	4,591	(87,370)
75,000		580,205	6,419,828
$224,411	$69,466	$584,796	$6,332,458

CITY OF OAKLEY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS					
	GAS TAX			N.P.D.E.S.		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes				$461,000	$490,769	$29,769
Intergovernmental:						
Other	$882,169	$862,495	($19,674)			
Developer fees				30,000	30,000	
Special assessments						
Use of money and property		1,840	1,840		4,948	4,948
Miscellaneous		1,479	1,479		3,520	3,520
Total Revenues	882,169	865,814	(16,355)	491,000	529,237	38,237
EXPENDITURES						
Current:						
Community Development						
Public Works	619,573	492,185	127,388	1,123,362	605,775	517,587
Recreation						
Capital Outlay	1,045,156	894,409	150,747	410,000	183,176	226,824
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	1,664,729	1,386,594	278,135	1,533,362	788,951	744,411
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(782,560)	(520,780)	261,780	(1,042,362)	(259,714)	782,648
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	(164,148)	(159,471)	4,677			
Total Other Financing Sources (Uses)	(164,148)	(159,471)	4,677			
NET CHANGE IN FUND BALANCES	($946,708)	(680,251)	$266,457	($1,042,362)	(259,714)	$782,648
Fund balances (deficit) at beginning of year		1,000,046			1,283,455	
Fund balances (deficit) at end of year		$319,795			$1,023,741	

SPECIAL REVENUE FUNDS

DEVELOPER DEPOSITS			YOUTH DEVELOPMENT			COMMUNITY FACILITIES DISTRICT #1		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
$753,998	$657,802	($96,196)						
						$299,428	$299,748	$320
				$192	$192	1,000	5,398	4,398
			$7,000	18,578	11,578			
753,998	657,802	(96,196)	7,000	18,770	11,770	300,428	305,146	4,718
753,998	657,802	96,196						
						198,650	143,559	55,091
			7,000	18,770	(11,770)			
						350,384	253,527	96,857
753,998	657,802	96,196	7,000	18,770	(11,770)	549,034	397,086	151,948
						(248,606)	(91,940)	156,666
						(50,000)	(50,000)	
						(50,000)	(50,000)	
						($298,606)	(141,940)	$156,666
							1,452,975	
							$1,311,035	

(Continued)

CITY OF OAKLEY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS					
	COMMUNITY FACILITIES DISTRICT 2015-1			OAKLEY WELCOMING		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Intergovernmental:						
Other						
Developer fees						
Special assessments	$169,000	$169,505	$505			
Use of money and property		217	217		$151	$151
Miscellaneous				$78,183	54,642	(23,541)
Total Revenues	169,000	169,722	722	78,183	54,793	(23,390)
EXPENDITURES						
Current:						
Community Development						
Public Works	9,765	12,861	(3,096)			
Recreation				78,183	54,793	23,390
Capital Outlay						
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	9,765	12,861	(3,096)	78,183	54,793	23,390
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	159,235	156,861	(2,374)			
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	$159,235	156,861	($2,374)			
Fund balances (deficit) at beginning of year						
Fund balances (deficit) at end of year		$156,861				

SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS					
AG CONSERVATION			MEASURE J			PARK IMPACT FEES		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			$512,000	$528,891	$16,891			
						$900,000	$294,359	($605,641)
	$49	$49		1,245	1,245		593	593
	49	49	512,000	530,136	18,136	900,000	294,952	(605,048)
$17,500	7,500	10,000	221,195	110,307	110,888	56,000	11,372	44,628
			903,366	759,131	144,235	19		$19
17,500	7,500	10,000	1,124,561	869,438	255,123	56,019	11,372	44,647
(17,500)	(7,451)	10,049	(612,561)	(339,302)	273,259	843,981	283,580	(560,401)
							(593)	(593)
							(593)	(593)
($17,500)	(7,451)	$10,049	($612,561)	(339,302)	$273,259	$843,981	282,987	($560,994)
	19,241			608,715			478,290	
	$11,790			$269,413			$761,277	

(Continued)

CITY OF OAKLEY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	CAPITAL PROJECTS FUNDS					
	CHILDCARE IMPACT FEES			PUBLIC FACILITIES IMPACT FEE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Intergovernmental:						
Other						
Developer fees				$558,000	$635,530	$77,530
Special assessments						
Use of money and property		$1,755	$1,755		(133)	(133)
Miscellaneous						
Total Revenues		1,755	1,755	558,000	635,397	77,397
EXPENDITURES						
Current:						
Community Development	$800,000		800,000	19,500	19,977	(477)
Public Works						
Recreation						
Capital Outlay	6,000	27,051	(21,051)			
Debt Service:						
Principal						
Interest and fiscal charges					1,046	(1,046)
Total Expenditures	806,000	27,051	778,949	19,500	21,023	(1,523)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(806,000)	(25,296)	780,704	538,500	614,374	75,874
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)				(571,035)	(571,035)	
Total Other Financing Sources (Uses)				(571,035)	(571,035)	
NET CHANGE IN FUND BALANCES	($806,000)	(25,296)	$780,704	($32,535)	43,339	$75,874
Fund balances (deficit) at beginning of year		585,030			(116,714)	
Fund balances (deficit) at end of year		$559,734			($73,375)	

CAPITAL PROJECTS FUNDS

MAIN STREET			FIRE IMPACT FEE			CYPRESS GROVE CAPITAL PROJECT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			$125,000	$84,637	($40,363)			
				312	312		($479)	($479)
							480,163	480,163
			125,000	84,949	(40,051)		479,684	479,684
			1,500	3,450	(1,950)			
$4,000	$6,046	($2,046)						
400,000	45,208	354,792				$64,000		64,000
404,000	51,254	352,746	1,500	3,450	(1,950)	64,000		64,000
(404,000)	(51,254)	352,746	123,500	81,499	(42,001)	(64,000)	479,684	543,684
150,000	150,000							
150,000	150,000							
($254,000)	98,746	$352,746	$123,500	81,499	($42,001)	($64,000)	479,684	$543,684
	298,855			81,026			73,704	
	$397,601			$162,525			$553,388	

(Continued)

CITY OF OAKLEY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	CAPITAL PROJECTS FUND			DEBT SERVICE FUND		
	STREET MAINTENANCE RESERVE			2006 CERTIFICATES OF PARTICIPATION		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Intergovernmental:						
Other						
Developer fees						
Special assessments						
Use of money and property					$754	$754
Miscellaneous						
Total Revenues					754	754
EXPENDITURES						
Current:						
Community Development						
Public Works						
Recreation						
Capital Outlay		$589	($589)			
Debt Service:						
Principal				$275,000	275,000	
Interest and fiscal charges				296,035	292,198	3,837
Total Expenditures		589	(589)	571,035	567,198	3,837
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(589)	(589)	(571,035)	(566,444)	4,591
OTHER FINANCING SOURCES (USES)						
Transfers in	$150,000	150,000		571,035	571,035	
Transfers (out)						
Total Other Financing Sources (Uses)	150,000	150,000		571,035	571,035	
NET CHANGE IN FUND BALANCES	$150,000	149,411	($589)		4,591	$4,591
Fund balances (deficit) at beginning of year		75,000			580,205	
Fund balances (deficit) at end of year		$224,411			$584,796	

INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds does not extend to internal service funds because they do not do business with outside parties. For the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position.

However, internal service funds are still presented separately in the Fund financial statements, including the funds below.

EQUIPMENT REPLACEMENT

This fund is used to finance and account for the replacement of equipment used by City departments.

CAPITAL FACILITIES MAINTENANCE AND REPLACEMENT

This fund is used to account for the maintenance and replacement of the City's capital facilities used by City departments.

CITY OF OAKLEY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	Equipment Replacement	Capital Facilities Maintenance and Replacement	Total
ASSETS			
Current:			
Cash and investments available for operations	$1,193,406	$186,288	$1,379,694
Receivables:			
Interest	1,239	178	1,417
Total Current Assets	1,194,645	186,466	1,381,111
Noncurrent:			
Capital assets (net of accumulated depreciation)	714,446	6,448,610	7,163,056
Total Assets	1,909,091	6,635,076	8,544,167
LIABILITIES			
Accounts payable	24,933		24,933
Total Assets	24,933		24,933
NET POSITION			
Net investment in capital assets	714,446	6,448,610	7,163,056
Unrestricted	1,169,712	186,466	1,356,178
Total Net Position	$1,884,158	$6,635,076	$8,519,234

CITY OF OAKLEY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	Equipment Replacement	Capital Facilities Maintenance and Replacement	Total
OPERATING REVENUES			
Charges for services	$100,000	$50,000	$150,000
Total Operating Revenues	100,000	50,000	150,000
OPERATING EXPENSES			
Supplies	40,716	43,392	84,108
Depreciation	262,878	242,985	505,863
Total Operating Expenses	303,594	286,377	589,971
Operating Income (Loss)	(203,594)	(236,377)	(439,971)
NONOPERATING REVENUES (EXPENSES)			
Interest income	5,315	556	5,871
Other operating revenue	8,234		8,234
Total Nonoperating Revenues	13,549	556	14,105
Income (Loss) Before Contributions	(190,045)	(235,821)	(425,866)
Contributions	174,013		174,013
Change in net position	(16,032)	(235,821)	(251,853)
BEGINNING NET POSITION	1,900,190	6,870,897	8,771,087
ENDING NET POSITION	$1,884,158	$6,635,076	$8,519,234

CITY OF OAKLEY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

	Equipment Replacement	Capital Facilities Maintenance and Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$108,234	$50,000	$158,234
Payments to suppliers	(16,325)	(43,392)	(59,717)
Cash Flows from Operating Activities	91,909	6,608	98,517
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Acquisition of capital assets	(247,109)	(18,803)	(265,912)
Cash Flows from Noncapital Financing Activities	(247,109)	(18,803)	(265,912)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	4,820	486	5,306
Net Cash Flows	(150,380)	(11,709)	(162,089)
Cash and investments at beginning of period	1,343,786	197,997	1,541,783
Cash and investments at end of period	$1,193,406	$186,288	$1,379,694
NONCASH TRANSACTIONS			
Contribution of capital assets	$174,013		$174,013
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:			
Operating income (loss)	($203,594)	($236,377)	($439,971)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	262,878	242,985	505,863
Other nonoperating revenue	8,234		8,234
Net change in liabilities:			
Accounts payable	24,391		24,391
Cash Flows from Operating Activities	$91,909	$6,608	$98,517

AGENCY FUNDS

Agency Funds account for assets held by the City as an agent for individuals, governmental entities and non-public organizations.

ASSESSMENT DISTRICT 2004-1

This fund accounts for Assessment District 2004-1 special assessment collections and debt service payments.

REGIONAL MITIGATION FEES

This fund accounts for fees established by the County to fund future County capital facilities from development. The fees are collected via building permits and submitted to the County.

ASSESSMENT DISTRICT 2006-1

This fund accounts for Assessment District 2006-1 special assessment collections and debt service payments.

CITY OF OAKLEY
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016
Assessment District 2004-1				
Assets				
Cash and investments	$1,086,071	$1,362,750	$1,573,217	$875,604
Cash with fiscal agent	1,259,585		154,908	1,104,677
Interest receivable	476	876	476	876
Total Assets	$2,346,132	$1,363,626	$1,728,601	$1,981,157
Liabilities				
Due to bondholders	$2,346,132	$1,363,626	$1,728,601	$1,981,157
Total Liabilities	$2,346,132	$1,363,626	$1,728,601	$1,981,157
Regional Mitigation Fees Fund				
Assets				
Cash and investments	$892,133	$3,671,415	$3,697,234	$866,314
Liabilities				
Due to other agencies	$892,133	$3,671,415	$3,697,234	$866,314
Total Liabilities	$892,133	$3,671,415	$3,697,234	$866,314
Assessment District 2006-1				
Assets				
Cash and investments	$675,794	$762,445	$785,727	$652,512
Cash with fiscal agent	338,223	27		338,250
Interest receivable	281	483	281	483
Total Assets	$1,014,298	$762,955	$786,008	$991,245
Liabilities				
Due to bondholders	$1,014,298	$762,955	$786,008	$991,245
Total Liabilities	$1,014,298	$762,955	$786,008	$991,245
Totals - All Agency Funds				
Assets				
Cash and investments	$2,653,998	$5,796,610	$6,056,178	$2,394,430
Cash with fiscal agent	1,597,808	27	154,908	1,442,927
Interest receivable	757	1,359	757	1,359
Total Assets	$4,252,563	$5,797,996	$6,211,843	$3,838,716
Liabilities				
Due to other agencies	$892,133	$3,671,415	$3,697,234	$866,314
Due to bondholders	3,360,430	2,126,581	2,514,609	2,972,402
Total Liabilities	$4,252,563	$5,797,996	$6,211,843	$3,838,716

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends
These schedules contain trend information to help the reader understand how the City's financial performance and wellbeing have changed over time:

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

Revenue Capacity
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Overlapping Governments
3. Principal Property Tax Payers
4. Property Tax Levies and Collections

Debt Capacity
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin
4. Bonded Debt Pledged Revenue Coverage, Former Redevelopment Agency Tax Allocation Bonds

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

1. Budgeted Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources
Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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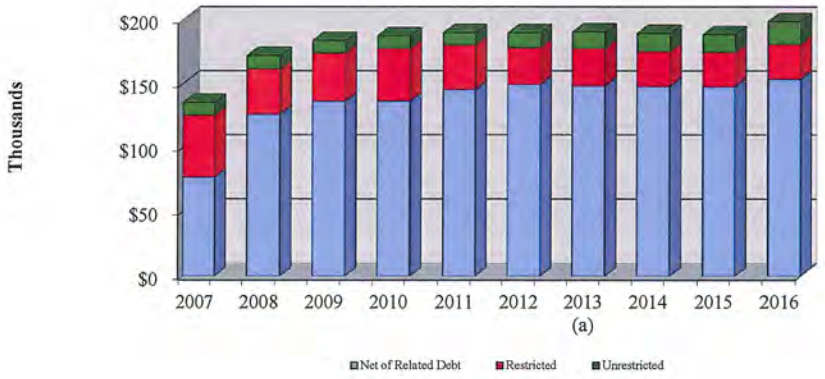
CITY OF OAKLEY
Net Position by Component (000's)
Last Ten Fiscal Years
(accrual basis of accounting)



	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013 (a)	2014	2015	2016
Primary government										
Governmental activities										
Net investment in capital assets	$76,945	$126,106	$136,077	$136,320	$145,396	$149,394	$148,296	$147,874	$147,685	$153,509
Restricted	48,240	35,170	37,745	40,968	34,572	28,647	28,996	27,042	26,651	27,205
Unrestricted	9,894	10,473	9,727	9,979	9,713	11,462	12,975	14,338	13,898	17,784
Total governmental activities net position	$135,079	$171,749	$183,549	$187,267	$189,681	$189,503	$190,267	$189,254	$188,234	$198,498

NOTES:
(a) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position."

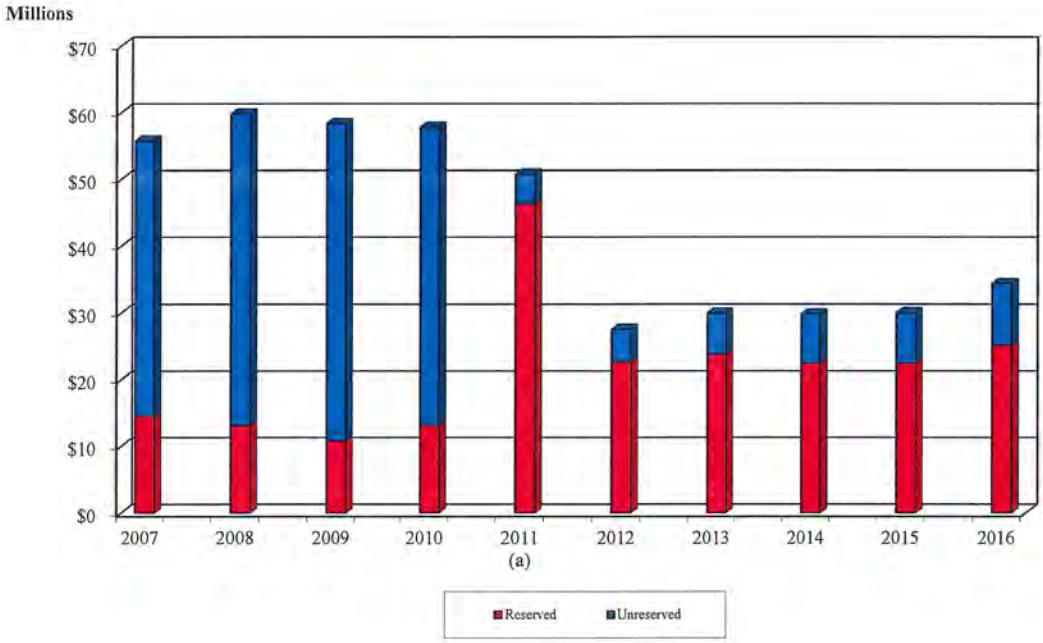
CITY OF OAKLEY
Changes in Net Position (000's)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013 (e)	2014	2015	2016
Expenses										
Governmental Activities:										
Legislative	$370	$574	$835	$492	$500	$466	$492	$446	$466	$481
Administrative Services	957	1,043	986	872	913	769	973	1,301	1,341	1,220
Community Development	11,308	7,914 (a)	7,258	2,572 (b)	1,830	1,711	1,802	1,819	1,843	2,152
Public Works		3,074 (a)	3,994	8,687 (b)	9,181	12,507 (c)	9,631	10,177	10,640	11,478
Redevelopment and Economic Development	3,147	2,511	2,052	3,610	2,023	932 (d)				
Housing Programs							9	8	45	85
Law Enforcement	5,530	6,703	7,228	7,280	7,259	7,462	7,338	7,694	8,314	8,230
Recreation	543	313	464	352	273	360	420	478	524	560
Interest and fiscal charges	890	2,383	2,012	2,030	2,000	606 (d)	324	317	301	292
Total Governmental Activities Expenses	22,745	24,515	24,829	25,895	23,979	24,813	20,989	22,240	23,474	24,498
Total Primary Government Expenses	$22,745	$24,515	$24,829	$25,895	$23,979	$24,813	$20,989	$22,240	$23,474	$24,498
Program Revenues										
Governmental Activities:										
Charges for Services:										
Administrative Services	$689	$271	$164	$239	$156	$154	$235	$266	$252	$395
Community Development	8,190	3,606	2,010	1,954	1,341	1,186	1,461	1,154	1,375	2,133
Public Works		2,780	3,062	3,307	3,209	3,266	3,391	3,499	3,592	3,951
Law Enforcement	1,654	2,070	2,231	2,328	2,426	2,718	3,038	3,232	3,506	3,638
Recreation	37	31	41	47	42	74	54	69	73	98
Operating Grants and Contributions	1,153	799	1,196	1,225	1,116	1,630	1,371	1,503	1,714	1,356
Capital Grants and Contributions	20,977	27,856	12,839	8,671	5,940	8,433	3,360	2,625	2,715	5,040
Total Government Activities Program Revenues	32,700	37,413	21,543	17,771	14,230	17,461	12,910	12,348	13,227	16,611
Total Primary Government Program Revenues	$32,700	$37,413	$21,543	$17,771	$14,230	$17,461	$12,910	$12,348	$13,227	$16,611
Net (Expense)/Revenue										
Governmental Activities	$9,955	$12,898	($3,286)	($8,124)	($9,749)	($7,352)	($8,079)	($9,892)	($10,247)	($7,887)
Total Primary Government Net Expense	$9,955	$12,898	($3,286)	($8,124)	($9,749)	($7,352)	($8,079)	($9,892)	($10,247)	($7,887)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	$9,579	$10,096	$9,652	$7,370	$7,050	$5,561 (d)	$4,359	$4,499	$5,331	$5,814
Sales Taxes	1,268	1,617	1,466	1,343	1,413	1,590	1,618	1,521	1,506	1,753
Motor Vehicle In-Lieu	167	150	121	109	159	18	18	16	16	16
Transient Occupancy Tax	220	217	164	128	118	165	196	195	196	210
Nonregulatory Franchise and Business	558	584	634	726	1,062	1,136	1,222	1,341	1,418	1,584
Interest Earnings and Use of Property	3,412	2,774	1,915	995	883	653	371	436	519	557
Other	2,522	1,072	1,134	1,171	1,477	873	1,058	871	1,056	1,890
Extraordinary / Special Item						(2,820) (d)			362 (f)	6,327 (g)
Total Government Activities	17,726	16,510	15,086	11,842	12,162	7,176	8,842	8,879	10,404	18,151
Total Primary Government	$17,726	$16,510	$15,086	$11,842	$12,162	$7,176	$8,842	$8,879	$10,404	$18,151
Change in Net Position										
Governmental Activities	$27,681	$29,408	$11,800	$3,718	$2,413	($176)	$763	($1,013)	$157	$10,264
Total Primary Government	$27,681	$29,408	$11,800	$3,718	$2,413	($176)	$763	($1,013)	$157	$10,264

NOTES:

(a) The City established Public Works in fiscal year 2008. Some of the activities in this department were previously reported in Community Development and Recreation.
(b) Capital assets previously constructed by or dedicated to Community Development were reassigned to Public Works in fiscal year 2010. As a result, depreciation expense associated with those capital assets is now reflected in Public Works.
(c) The City conveyed a completed fire station project totaling $3.3 million to the East Contra Costa County Fire Protection District which was recorded as an expenditure in the Statement of Activities.
(d) The Redevelopment Agency was dissolved effective January 31, 2012 and its non-housing assets and liabilities were assumed by a Successor Agency
(e) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position."
(f) Pursuant to a settlement agreement with the Department of Finance, the City transferred assets to the Successor Agency and the Successor Agency transferred assets to the City.
(g) Pursuant to the Long Range Property Management Plan, the Successor Agency transferred assets to the City.

CITY OF OAKLEY
Fund Balances of Governmental Funds (000's)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)



	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011 (a)	2012	2013	2014	2015	2016
General Fund										
Reserved	$2,210	$2,074	$1,834	$1,593						
Unreserved	7,493	5,656	4,748	5,353						
Nonspendable					$2,847	$2,843	$3,301	$3,654	$4,375	$7,000
Restricted					559	559	559	560	559	559
Assigned					155	100	991	331	170	943
Unassigned					4,347	5,255	6,151	7,837	7,938	9,068
Total General Fund	$9,703	$7,730	$6,582	$6,946	$7,908	$8,757	$11,002	$12,382	$13,042	$17,570 (c)
All Other Governmental Funds										
Reserved	$12,353	$11,049	$8,939	$11,565						
Unreserved, reported in:										
Special revenue funds	3,178	5,109	6,204	7,526						
Capital project funds	30,518	35,903	36,634	31,761						
Nonspendable					$497					
Restricted					42,404	$19,210	$19,898	$18,233	$17,525	$17,593
Assigned					1,344	884	698	668	829	622
Unassigned					(1,339)	(1,320)	(1,645)	(1,467)	(1,374)	(1,401)
Total all other governmental funds	$46,049	$52,061	$51,777	$50,852	$42,906	$18,774 (b)	$18,951	$17,434	$16,980	$16,814 (c)

NOTES:

(a) The City implemented the provisions of GASB Statement 54 in fiscal year 2011, and years prior to 2011 have not been restated to conform with the new presentation.

(b) The Redevelopment Agency was dissolved effective January 31, 2012 and its assets and liabilities were assumed by a Successor Agency on February 1, 2012, which is reported as a Fiduciary Fund. As a result, governmental fund balances are lower beginning in 2012.

(c) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.

CITY OF OAKLEY
Changes in Fund Balance of Governmental Funds (000's)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012 (c)	2013	2014	2015	2016
Revenues										
Taxes	$11,514	$12,403	$11,799	$9,017	$9,526	$8,344	$7,729	$7,446	$8,331	$9,213
Licenses, permits and fees	3,652	1,909	1,252	1,392	950	990	1,178	1,345	1,285	2,024
Fines and forfeitures	198	134	140	177	149	136	181	159	135	138
Use of money and property	3,210	2,313	1,629	673	578	418	121	231	319	563
Intergovernmental revenues	2,401	2,319	1,715	4,210	2,538	2,164	3,306	2,471	2,651	3,030
Charges for services	14,334	13,166	8,152	10,323	7,378	8,293	8,648	8,941	9,259	11,578
Other	11,522	1,071	1,133	1,171	1,384	932	1,123	971	1,116	1,867
Total Revenues	46,831	33,315	25,820	26,963	22,503	21,277	22,286	21,564	23,096	28,413
Expenditures										
Current:										
Legislative	377	567	809	462	483	452	481	433	449	482
Administrative services	893	955	878	785	783	766	918	1,110	1,287	1,335
Community development	8,895	4,014 (a)	2,575	2,338	1,788	1,677	1,771	1,787	1,821	2,274
Public works		3,074 (a)	4,627	3,877	3,682	3,641	4,015	4,608	4,661	5,651
Redevelopment and economic development	6,094	659	642	489	455	276				
Housing programs							9	8	5	85
Law enforcement	5,599	6,633	6,952	6,955	7,002	7,437	7,186	7,458	7,975	8,098
Recreation	549	308 (a)	464	329	264	353	414	471	522	566
Pass through to County and other agencies	809	824	799	615	579	642				
SERAF payment				1,516	312					
Estimated reduction in value of property held for resale				274					40	
Capital outlay	21,359	40,822 (b)	6,962	7,123	10,644	5,946	4,502	5,253	5,293	7,969
Debt service:										
Principal repayment	365	610	680	720	742	465	240	255	265	275
Interest and fiscal charges	833	2,137	1,864	2,043	2,011	1,159	329	318	306	299
Total Expenditures	45,773	60,603	27,252	27,526	28,745	22,814	19,865	21,701	22,624	27,034
Excess (deficiency) of revenues over (under) expenditures	1,058	(27,288)	(1,432)	(563)	(6,242)	(1,537)	2,421	(137)	472	1,379
Other Financing Sources (Uses)										
Transfers in	2,925	5,530	3,560	2,110	3,214	2,100	925	1,067	2,227	2,311
Transfers (out)	(2,925)	(5,530)	(3,560)	(2,110)	(3,952)	(2,100)	(925)	(1,067)	(2,227)	(2,311)
Proceeds (loss) from sale of property	714	6,233				(14)			10	79
Tax allocation bonds issued		25,095								
Certificates of participation issued	8,500									
Contribution from County										
Payments to refunded bond escrow										
Other										
Total other financing sources (uses)	9,214	31,328			(738)	(14)			10	79
Special item									(274)	2,904
Extraordinary item						(21,734)				
Net Change in fund balances	$10,272	$4,040	($1,432)	($563)	($6,980)	($23,285)	$2,421	($137)	$208	$4,362
Debt service as a percentage of noncapital expenditures	5.2%	4.5%	-38.2%	13.8%	12.7%	13.0%	4.0%	3.3%	3.3%	3.0%

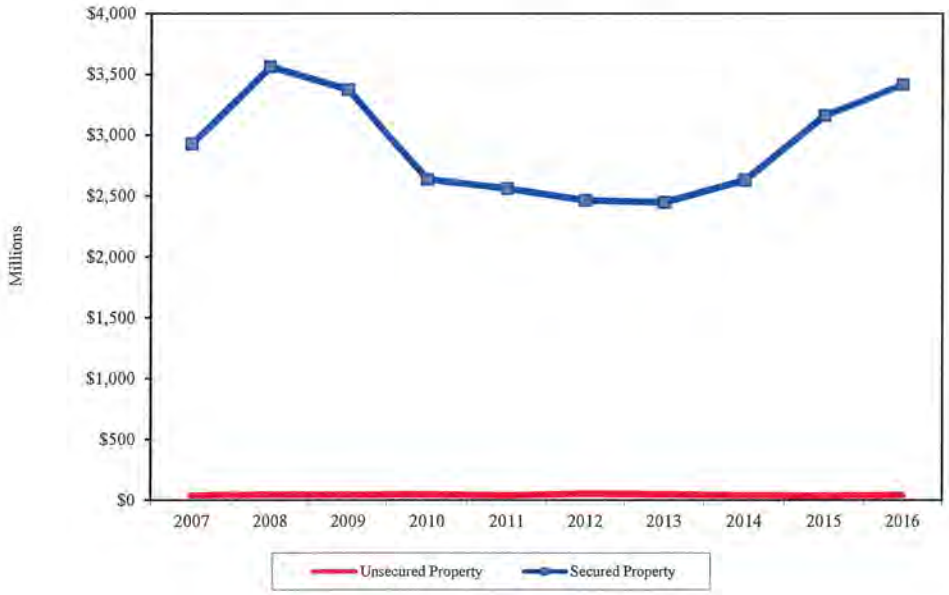
NOTES:

(a) The City established Public Works in fiscal year 2008. Some of the activities in this department were previously reported in Community Development and Recreation.

(b) Includes the use of funds from the 2004-1 and 2006-1 Assessment Districts to acquire infrastructure assets. The Assessment District Bonds are not debt of the City, and therefore proceeds from the bonds are not included in Other Financing Sources. The Districts contributed the project funds to the City to acquire the infrastructure assets which is reflected in other revenues in 2005 and 2007.

(c) The Redevelopment Agency was dissolved effective January 31, 2012 and its assets and liabilities were assumed by a Successor Agency on February 1, 2012, therefore, activities in various areas were lower in the current year, including property taxes, community development and debt service.

CITY OF OAKLEY
ASSESSED AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY (MILLIONS)
LAST TEN FISCAL YEARS



Fiscal Year	Real Property: Residential Property	Real Property: Commercial Property	Real Property: Industrial Property	Real Property: Other	Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
2007	$2,514	$96	$28	$250	$2,888	$41	$2,929	$2,929	1%
2008	3,096	108	31	282	3,517	45	3,562	3,562	1%
2009	2,903	113	33	280	3,329	46	3,375	3,375	1%
2010	2,240	139	33	177	2,589	47	2,636	2,636	1%
2011	2,213	110	16	182	2,521	40	2,561	2,561	1%
2012	2,132	107	11	159	2,409	53	2,462	2,462	1%
2013	2,125	102	11	162	2,400	47	2,447	2,447	1%
2014	2,350	103	11	124	2,588	41	2,629	2,629	1%
2015	2,869	112	11	131	3,123	38	3,161	3,161	1%
2016	3,105	112	11	147	3,375	42	3,417	3,417	1%

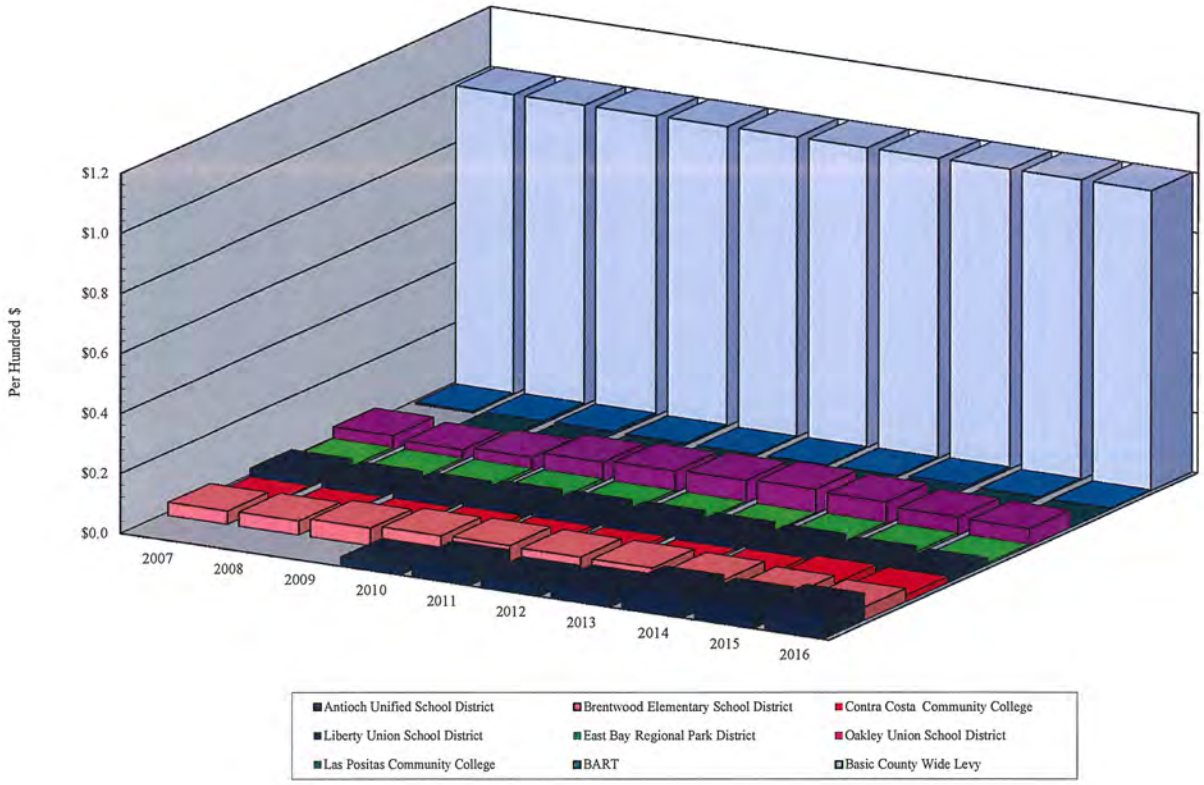
Source: Contra Costa County Auditor Controller Office Certificate of Assessed Valuations

Notes:

(a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus the value of any new construction, plus an increment of no more than two percent annually. These values are considered to be full market values.

(b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area. The City of Oakley includes 44 tax rate areas.

CITY OF OAKLEY
PROPERTY TAX RATES
ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS



Fiscal Year	Basic County Wide Levy	East Bay Regional Park District	Oakley Union School District	Liberty Union School District	Brentwood Elementary School District	Contra Costa Community College	BART	Contra Costa Water Land Levy	Chabot Las Positas Community College	Antioch Unified School District	Total
2007	$1.0000	$0.0085	$0.0472	$0.0331	$0.0444	$0.0043	$0.0050	$0.0043			$1.1468
2008	1.0000	0.0080	0.0357	0.0276	0.0470	0.0038	0.0076	0.0039	$0.0070		1.1406
2009	1.0000	0.0100	0.0460	0.0289	0.0587	0.0040	0.0090	0.0041	0.0026		1.1633
2010	1.0000	0.0108	0.0659	0.0376	0.0682	0.0126	0.0057	0.0048	0.0000	$0.0306	1.2362
2011	1.0000	0.0084	0.0725	0.0390	0.0715	0.0133	0.0031	0.0049	0.0000	0.0578	1.2705
2012	1.0000	0.0071	0.0767	0.0386	0.0688	0.0144	0.0041	0.0051	0.0000	0.0417	1.2565
2013	1.0000	0.0051	0.0823	0.0364	0.0685	0.0087	0.0043	0.0045	0.0000	0.0495	1.2593
2014	1.0000	0.0078	0.0757	0.0328	0.0639	0.0133	0.0075	0.0042	0.0000	0.0809	1.2861
2015	1.0000	0.0085	0.0614	0.0273	0.0522	0.0252	0.0045	0.0037	0.0000	0.0764	1.2592
2016	1.0000	0.0067	0.0583	0.0237	0.0447	0.0220	0.0026	0.0035	0.0000	0.0912	1.2527

Source: Contra Costa County Auditor-Controller

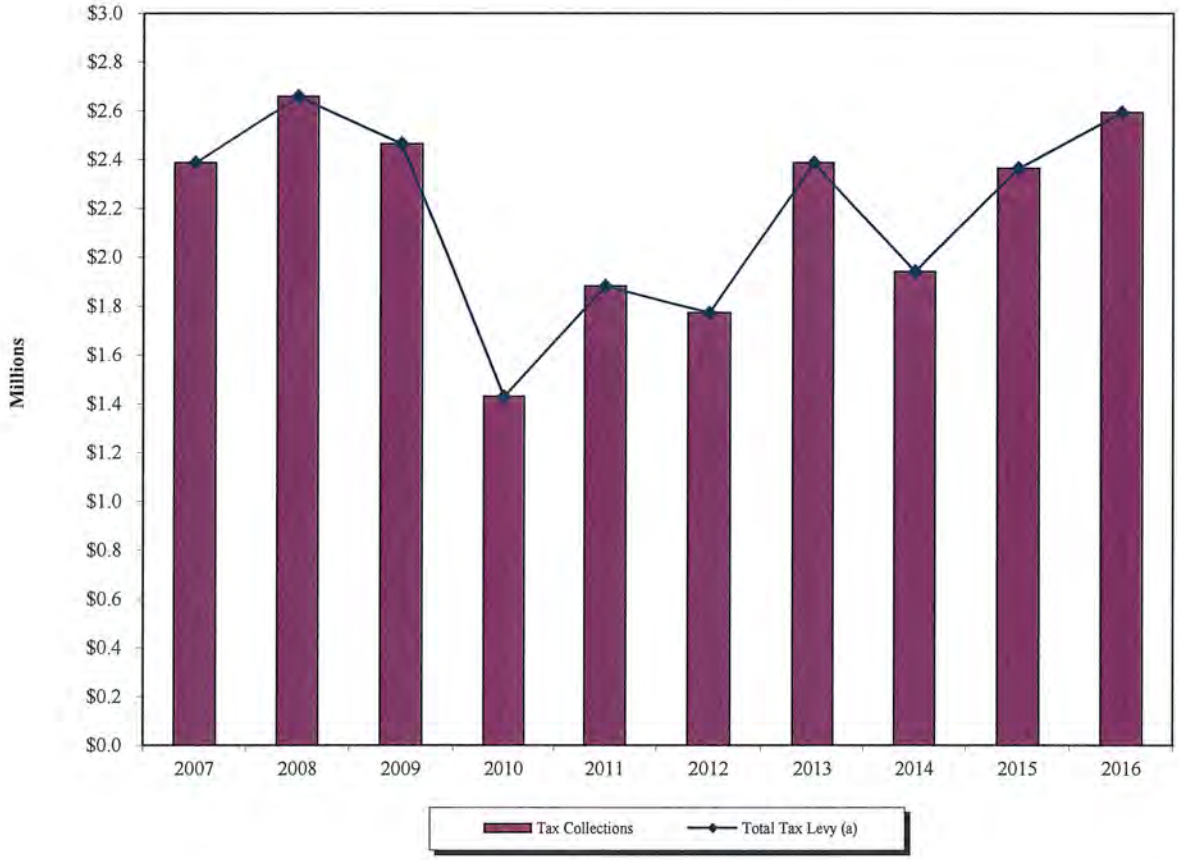
CITY OF OAKLEY
Principal Property Tax Payers
Current Year and Nine Years Ago (000's)

	2015-16			2006-07		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Christopher Noble	$23,506,235	1	0.69%			
Cypress Square S&R Associates	18,462,785	2	0.54%	$16,237,165	3	0.55%
Neroly Sports Club Investors	11,816,384	3	0.35%			
HPH Properties LP	11,313,982	4	0.33%			
Shea Homes LP	8,959,521	5	0.26%			
Shurgard Storage Center	7,602,441	6	0.22%			
Forecast Land Investment LLC	7,257,937	7	0.21%	10,541,359	7	0.36%
Lucky No California Investor LLC	6,956,105	8	0.20%			
BNAS Enterprises LLC	6,502,500	9	0.19%			
Albert D. Seeno Construction	6,384,713	10	0.19%			
Pulte Home Corporation				36,789,665	1	1.26%
Centex Homes				18,500,000	2	0.63%
West Coast Home Builders				12,844,366	4	0.44%
W Pacific Housing-Laurel Woods				12,307,927	5	0.36%
Standard Pacific Corporation				11,272,452	6	0.33%
Main St. Housing Partners				9,191,296	8	0.27%
Discovery Builders Inc.				8,028,703	9	0.23%
Simon-Oakley Town Center LLC				7,490,877	10	0.26%
Subtotal	$108,762,603		3.18%	$143,203,810		4.89%

Total Net Assessed Valuation (000's):	
Fiscal Year 2015-2016	$3,417,000,000
Fiscal Year 2006-2007	$2,929,000,000

Source: HdL Companies (Contra Costa County Assessor 2015/2016 and 2006/2007 Combined Tax Rolls)

CITY OF OAKLEY
PROPERTY TAX LEVIES AND COLLECTIONS (THOUSANDS)
LAST TEN FISCAL YEARS



Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2007	$2,388	$2,388	100.0%	(a)	$2,388	100.0%
2008	2,659	2,659	100.0%	(a)	2,659	100.0%
2009	2,465	2,465	100.0%	(a)	2,465	100.0%
2010	1,430 (b)	1,430	100.0%	(a)	1,430	100.0%
2011	1,882	1,882	100.0%	(a)	1,882	100.0%
2012	1,773	1,773	100.0%	(a)	1,773	100.0%
2013	2,388 (b)	2,388	100.0%	(a)	2,388	100.0%
2014	1,941	1,941	100.0%	(a)	1,941	100.0%
2015	2,364	2,364	100.0%	(a)	2,364	100.0%
2016	2,593	2,593	100.0%	(a)	2,593	100.0%

Source: City of Oakley Records

NOTES: Amounts reported above include only the 1% basic property taxes allocated to the City. They do not include special taxes, assessments, or property taxes received in lieu of vehicle license fees.

(a) The County apportions taxes under the alternative method of apportionment authorized under Revenue & Taxation Code sections 4701 et seq, under which the County provides the City with 100% of its tax levy. The County retains any penalty and delinquency charges collected.

(b) $443 thousand of the decline in the 2010 tax levy was caused by the State's borrowing of property tax revenue under the provisions of Proposition 1A; and the increase in 2013 included the repayment of the loan.

CITY OF OAKLEY
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities (in thousands)							
Fiscal Year	Tax Allocation Bonds	Repayment Agreement with County	Jurisdictional Transfer Agreement Pass - Throughs	Note Payable	Certificates of Participation	Total	Percentage of Personal Income (a)	Per Capita (a)
2007	$8,005	$0	$1,097	$0	$8,500	$17,602	2.27%	$552
2008	32,905 (b)	0	872	0	8,310	42,087	4.79%	1,267
2009	32,700	0	597	0	8,110	41,407	4.46%	1,201
2010	32,490	0	297	0	7,900	40,687	4.36%	1,179
2011	32,265	0	0	0	7,680	39,945	5.01%	1,121
2012	0 (c)	0	0	0	7,450	7,450	0.82%	204
2013	0	0	0	0	7,210	7,210	0.76%	194
2014	0	0	0	0	6,955	6,955	0.72%	183
2015	0	0	0	0	6,690	6,690	0.66%	175
2016	0	0	0	0	6,415	6,415	0.61%	160

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

Sources: City of Oakley
(a) See the Demographic Statistics schedule for personal income and population data.
(b) The Redevelopment Agency issued its 2008 Subordinate Tax Allocation Bonds during fiscal year 2008.
(c) Upon the dissolution of the Redevelopment Agency effective January 31, 2012, a Successor Agency assumed the liabilities of the former Redevelopment Agency, including the Tax Allocation Bonds.

CITY OF OAKLEY
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2016

2015-16 Assessed Valuation, Excluding the Redevelopment Agency	$3,074,034,320

OVERLAPPING TAX AND ASSESSMENT DEBT:	Net Debt Outstanding	Percentage Applicable To City of Oakley	Amount Applicable To City of Oakley
Contra Costa County Pension Obligations	$212,765,000	1.981%	$4,214,059
CCC Lease Revenue Bonds	320,437,720	1.981%	6,346,643
Bay Area Rapid Transit District Bond	172,046,226	1.981%	3,407,576
East Bay Regional Park District Bond	65,804,219	1.981%	1,303,329
Liberty Union High School District Bonds	83,592,658	18.888%	15,788,996
Brentwood Union School District Bonds	74,904,704	0.023%	17,227
Oakley Union School District Bonds	24,435,000	87.496%	21,379,684
Antioch Unified School District School Facilities Improvement District No. 1	92,765,468	5.645%	5,237,004
Contra Costa Community College District Bonds	578,775,000	1.988%	11,507,161
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT	$1,625,525,995		$69,201,679
DIRECT DEBT:			
City of Oakley Certificates of Participation	$6,415,000	100.000%	$6,415,000
TOTAL DIRECT AND OVERLAPPING DEBT			$75,616,679 (1)

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

RATIOS TO 2015-16 ASSESSED VALUATION:	
Direct Debt	0.21%
Overlapping Debt	2.25%
Total Debt	2.46%

Source: HdL Coren & Cone

NOTE: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

CITY OF OAKLEY
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2016

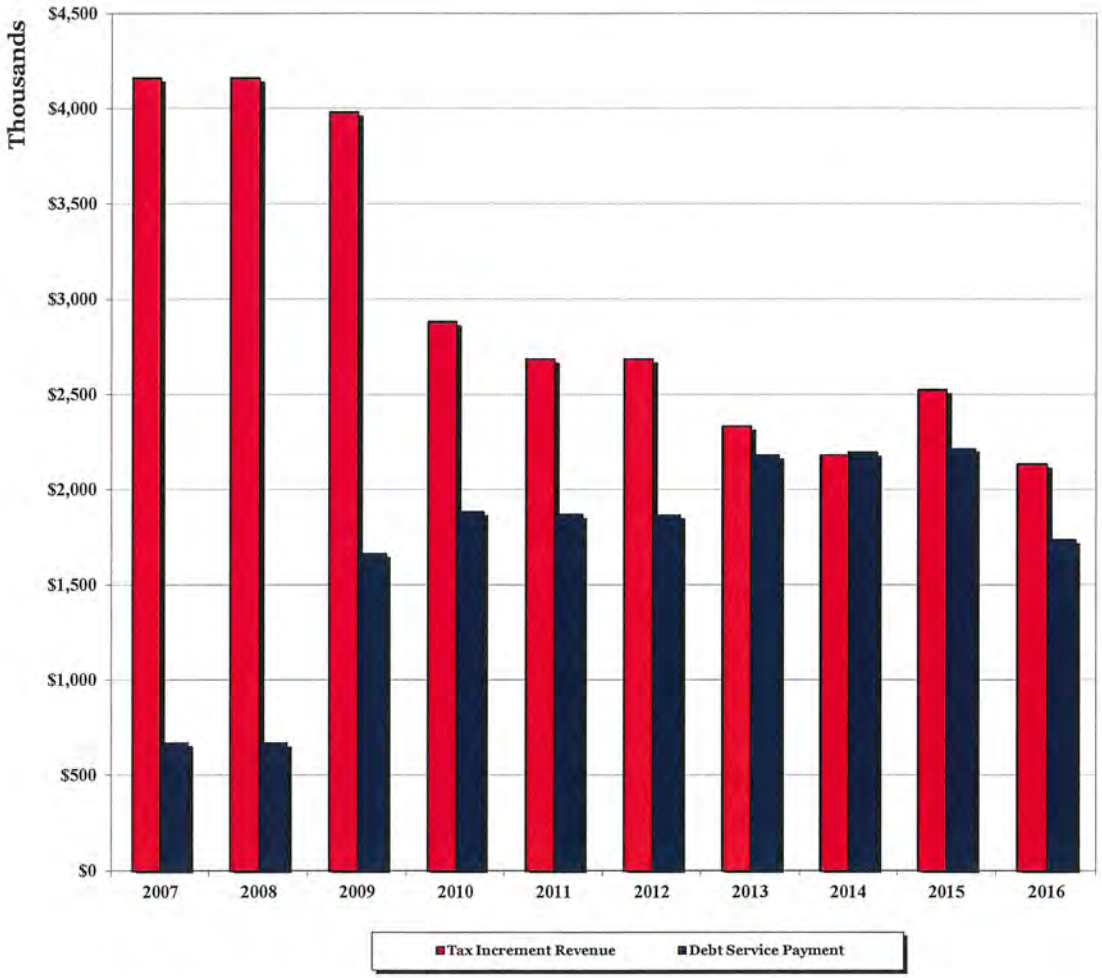
ASSESSED VALUATION:		
Secured property assessed value, net of exempt real property	$3,417,000,000	
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)		$128,137,500
AMOUNT OF DEBT SUBJECT TO LIMIT:		
Total Bonded Debt	$0	
Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	0	
Amount of debt subject to limit		0
LEGAL BONDED DEBT MARGIN		$128,137,500

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2007	$109,848,863	0	$109,848,863	0.00%
2008	133,576,266	0	133,576,266	0.00%
2009	126,616,212	0	126,616,212	0.00%
2010	97,087,500	0	97,087,500	0.00%
2011	96,075,000	0	96,075,000	0.00%
2012	92,325,000	0	92,325,000	0.00%
2013	91,762,500	0	91,762,500	0.00%
2014	98,587,500	0	98,587,500	0.00%
2015	118,537,500	0	118,537,500	0.00%
2016	128,137,500	0	128,137,500	0.00%

NOTES:

(a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

CITY OF OAKLEY
BONDED DEBT PLEDGED REVENUE COVERAGE
FORMER REDEVELOPMENT AGENCY TAX ALLOCATION BONDS
LAST TEN FISCAL YEARS



Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2007	$4,161,415	$190,000	$480,595	$670,595	6.21
2008	4,160,358	195,000	472,953	667,953	6.23
2009	3,982,760	205,000	1,458,624	1,663,624	2.39
2010	2,880,794	210,000	1,673,080	1,883,080	1.53
2011	2,685,494	225,000	1,644,221	1,869,221	1.44
2012	2,686,625 (a) (b)	235,000 (a)	1,631,824 (a)	1,866,824	1.44
2013	2,332,827 (b)	560,000 (c)	1,619,876 (c)	2,179,876	1.07
2014	2,180,805 (b)	610,000 (c)	1,585,609 (c)	2,195,609	0.99
2015	2,525,004 (b)	660,000 (c)	1,555,802 (c)	2,215,802	1.14
2016	2,133,349 (b)	425,000 (c)	1,310,054 (c)	1,735,054	1.23

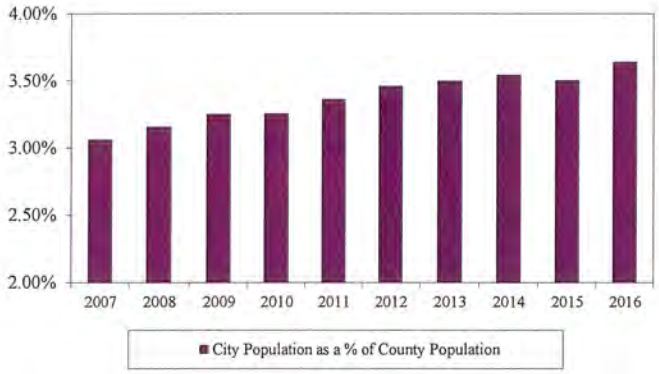
(a) The Redevelopment Agency was dissolved effective January 31, 2012, and its liabilities were assumed by a Successor Agency. Amounts reported here include tax revenue and debt service of both the former Redevelopment Agency and the Successor Agency.

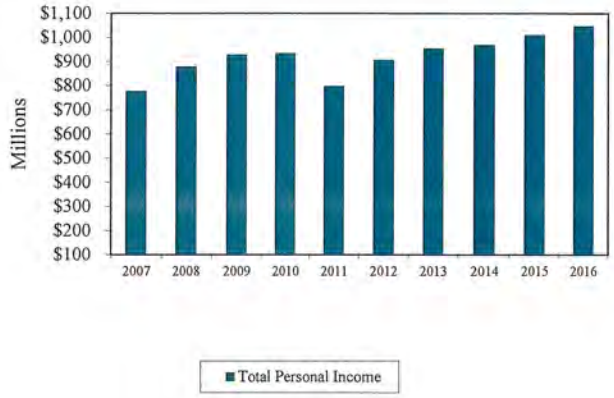
(b) Beginning in fiscal year 2012, tax increment reported in this table is the amount calculated by the County Auditor-Controller. Under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations.

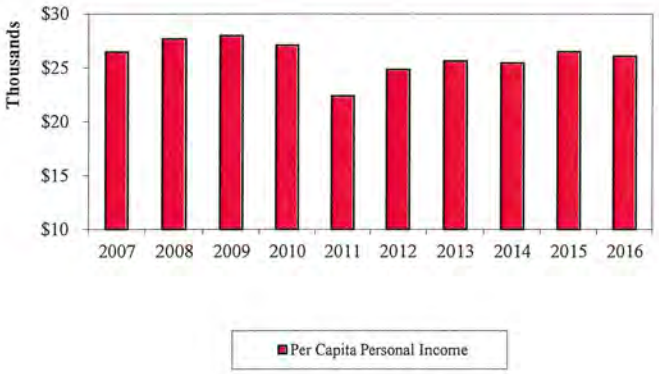
(c) Debt service is paid by the Successor Agency.

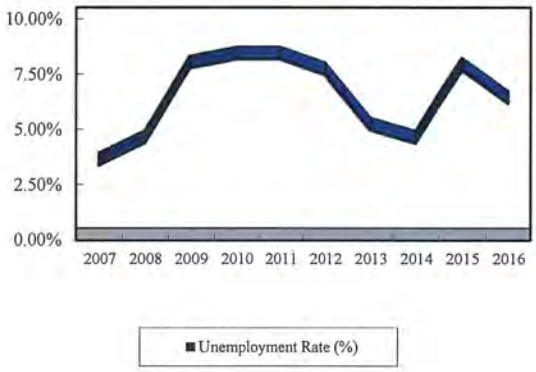
Source: City of Oakley Annual Financial Statements

CITY OF OAKLEY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS









Fiscal Year	City Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate (%) (a)	Contra Costa County Population	City Population % of County
2007	31,906	$776,037,000	$26,449	3.4%	1,042,341	3.06%
2008	33,210	878,436,000	27,674	4.4%	1,051,674	3.16%
2009	34,468	927,881,000	27,958	7.8%	1,060,435	3.25%
2010	34,500	933,926,000	27,070	8.2%	1,060,435	3.25%
2011	35,646	798,043,000	22,388	8.2%	1,060,435	3.36%
2012	36,532	906,688,000	24,819	7.5%	1,056,064	3.46%
2013	37,252	954,583,000	25,625	5.0%	1,065,117	3.50%
2014	38,075	968,323,000	25,432	4.4%	1,074,702	3.54%
2015	38,124	1,010,134,000	26,496	7.7%	1,088,764	3.50%
2016	40,141	1,046,700,000	26,075	6.2%	1,102,684	3.64%

(a) Data reported is for the prior calendar year.

Sources: HdL Coren & Cone

U.S. Department of Commerce, California State Department of Finance, Employment Development Department

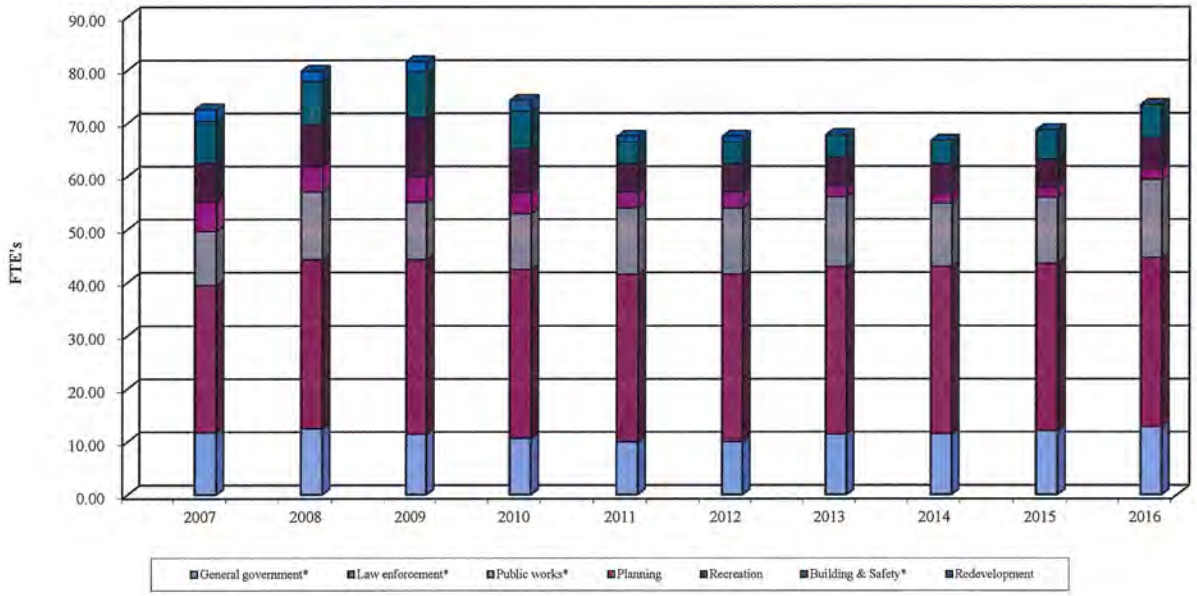
CITY OF OAKLEY
Principal Employers
Current Year and Nine Years Ago

	2015-16			2006-2007		
Employer	**Number of Employees**	**Rank**	**Percentage of Total City Employment**	**Number of Employees**	**Rank**	**Percentage of Total City Employment**
Oakley Union Elementary School District	438	1	18.4%			
Lucky's	56	2	2.4%	66	1	5.5%
Diamond Hills Sports Club and Spa	55	3	2.3%			
Raley's	51	4	2.1%	51	2	4.2%
Delta Black Bear Diner	36	5	1.5%			
McDonalds	33	6	1.4%	25	6	2.1%
Continente Nut LLC	33	6	1.4%	40	3	3.3%
Foundation Constructors	32	7	1.3%			
Ironhouse Sanitary	32	7	1.3%			
Burger King	27	8	1.1%	25	5	2.1%
Rain for Rent	27	8	1.1%	28	4	2.3%
Jack in the Box 578	25	9	1.1%			
Oakley Hotels LLC	23	10	1.0%			
BMS Investments, LLC DBA Comfort Suites				25	7	2.1%
Molly Maid				23	8	1.9%
Centromart				23	9	1.9%
Scheer Home Systems				21	10	1.7%
Subtotal	868		36.5%	327		27.1%
Total City Day Population (A)	2,378			1,208		

Source: City of Oakley Finance Department - Business Licenses

Notes:
(A) Total City Day Population is the number of employees reported on business license applications by businesses located in Oakley.

CITY OF OAKLEY
Budgeted Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years



	Adopted for Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function										
General government*	11.75	12.50	11.50	10.65	10.00	10.00	11.45	11.46	12.08	12.89
Community development:										
Public works*	10.20	12.80	10.80	10.50	12.50	12.50	13.13	11.88	12.46	14.74
Planning	5.60	4.70	4.70	4.00	3.00	3.00	2.00	2.00	1.75	2.00
Building & Safety*	7.80	8.00	8.50	7.10	4.05	4.05	4.30	4.45	5.50	6.25
Redevelopment	2.25	2.00	2.00	2.00	1.00	1.00	0.00	0.00	0.00	0.00
Law enforcement*	27.70	31.75	32.75	31.75	31.48	31.48	31.48	31.48	31.48	31.73
Recreation	7.25	8.00	11.25	8.20	5.37	5.37	5.37	5.37	5.37	5.78
Total	72.55	79.75	81.50	74.20	67.40	67.40	67.73	66.64	68.64	73.39

Notes:
Amounts reported are Full Time Equivalent (FTEs).
n/a means not available.

* The City Contracts for the following services:
City Attorney and IT services are contracted with an outside firm and included in the General Government total.
Police Services were contracted with the County Sheriff through April 30, 2016 and include contracting for a specific number of officers.
Building Inspection and Engineering Services were contracted with an outside firm until October 2013.

Source: City of Oakley Operating Budgets

CITY OF OAKLEY
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function/Program										
Law enforcement:										
Police (a) (b):										
Violent crimes	95	117	77	49	80	79	85	54	46	52
Property crimes	763	738	693	483	531	526	477	468	429	615
Public Works:										
Street resurfacing (miles)	0.00 (c)	10.80 (c)	10.00	10.00	8.00	5.40	0.72	1.54	8.62	0.25
Leisure Services:										
Recreation:										
Recreation activities participants	8,050	9,940	9,700	9,700	11,500	13,300	16,486	22,663	29,630	32,386

Source: City of Oakley

Notes:
Data prior to July 1, 2004 is not available.
(a) Prior calendar year
(b) Data from FBI Uniformed Crime Reports (UCR)
(c) The 2007 and 2008 projects were combined into a single project constructed in 2008.

CITY OF OAKLEY
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Function/Program										
Law enforcement:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol vehicles	27	27	27	27	27	26	29	25	26	28
Public works:										
Miles of streets	102.00	116.00	116.50	116.50	119.50	127.70	129.12	131.00	131.00	133.00
Street lights	1,782	1,915	2,047	2,047	2,347	2,794	3,032	3,050	3,050	3,104
Traffic Signals	5	11	17	17	17	32	33	33	33	34
Recreation:										
Community services:										
City parks	16	29	29	29	29	29	29	30	31	32
City parks acreage	77.1	90.0	90.0	90.0	90.0	96.0	98.0	101.5	102.5	108.0
Community centers	1	1	1	1	2	2	2	2	2	1
Baseball/softball diamonds	1	1	8	8	8	8	8	8	8	8
Soccer/football fields	1	1	7	7	7	7	7	7	7	8
Skate features	0	0	3	3	3	3	3	3	3	3
BMX dirt track	0	0	1	1	1	1	1	1	0	0

Source: City of Oakley

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