

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

**PREPARED BY THE**  
**FINANCE DEPARTMENT**

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# **INTRODUCTORY SECTION**

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**MAYOR**  
Kevin Romick

**VICE MAYOR**  
Carol Rios

**COUNCILMEMBERS**  
Pat Anderson  
Randy Pope  
Jim Frazier

December 13, 2012

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, 2012. 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 36,500 located in 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; Planning; Engineering; Streets, Parks and Landscaping Maintenance; Recreation; and Police Protection. Sewer, Water, Transit, Irrigation, Mosquito Abatement, Flood Control, Schools, and Fire Protection Services are all provided by local special districts with their own governing boards. The City contracts for sanitation service 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 units, the Oakley Redevelopment Agency and the Oakley Public Financing Authority. They are blended in the report since they are governed by the City Council sitting in a separate capacity or provide services exclusively to the City. The 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, includes strategic planning session(s) 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.

#### 2011-2012 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 related transactions were significant and have been reported as an Extraordinary Item in the Financial Statements and the effects are discussed both where applicable throughout Management's Discussion and Analysis and in the Financial Statement footnotes.

#### New Successor Agency Private Purpose Trust Fund

The City has established a new private purpose trust fund to account for the assets and activities of the Successor Agency to the Redevelopment Agency beginning February 1, 2012. The attached audit includes this fund as of June 30, 2012, but only as it relates to the City holding assets for the benefit of the Successor and other agencies. Detailed information regarding the value of capital assets held and any restrictions on the use of assets held were not a part of the attached audit. State Law prescribes a separate process for the examination of those details.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In preparing the budget for fiscal year 2012-2013, management considered the following significant factors likely to affect the financial condition of the City:

- The City had accumulated reserves in excess of its adopted policy level of 20% of anticipated General Fund expenditures. Due to economic uncertainties, the Council again deferred the appropriation of the excess in order to have additional funds available to offset potential State Budget surprises or unforeseen recession related developments.
- Slower development continues and while new housing prices appear to be strengthening, the continued absence of a local jobs recovery leaves questions as to when the markets will truly strengthen. The City projected developers would complete 100 new homes in fiscal year 2011-2012, and the Budget reflected an estimate of 125 new homes for fiscal year 2012-2013.
- Overall, the recession in the general economy and real estate markets continue to impact property and sales tax revenues. Overall, property values appear to have stabilized and consumer confidence has improved. For conservatism, the Budget included estimated property tax revenues and sales tax revenues with no growth.

- The City has been diligently planning and recruiting commercial development to complement the residential development underway, and this remains a high priority. While the weaker economy makes business recruitment more difficult, it is a worthy effort that takes time. The jobs, services, and associated revenues will be of great future benefit to our citizens.
- The biggest change in this Budget Year is the absence of Redevelopment. The Redevelopment Agency was dissolved effective February 1, 2012, pursuant to State Law, and the City, as its Successor Agency, is required to begin the process of paying off its debts and winding down its affairs. Pursuant to the new laws, the Successor Agency's spending authority is granted not through the regular budget process, but through an entirely different one, which includes required approvals of its Board (the City Council), a separate local Oversight Board, and the State Department of Finance. As a result, other than the allowance the General Fund will receive for Successor Agency administration, redevelopment was not included in the Recommended Budget.

Overall, the adopted budget continues the City's commitment to conservative budgeting, controlling costs, and using its revenues wisely.

#### THE LOCAL AND REGIONAL ECONOMIES

Oakley's local commercial economy has been affected by the larger downturn being experienced across the country and seemingly everywhere. Because the City is not yet fully developed, it remains more of a bedroom community and most of its citizens still commute to jobs in nearby cities throughout the Bay Area. While still at a relatively slower pace than before, residential development continues, which along with City initiatives, brings infrastructure improvements and attractive new neighborhoods. This continued development will eventually attract new businesses and more local employment opportunities. Thus, the City's prospects remain favorable long-term. Near-term growth in the local economy, however, is expected to remain slow, until the effects of the recovery in the region extend more fully to the City. Like most small cities in metropolitan areas, Oakley's economy is influenced strongly by the regional economy. It rises as the region expands, and contracts as the region contracts.

The greater San Francisco Bay Area economy has begun improving this last year and is known to be resilient and a magnet for creativity and innovation. City unemployment as of August 2012 was 6.5%, down from 7.3% in September 2011. While things appear to have stabilized and consumer confidence has improved in the region overall, we still believe a more pronounced local recovery will take some time.

## 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 and combining individual fund statements and schedules 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, 2011. This was the twelfth 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.

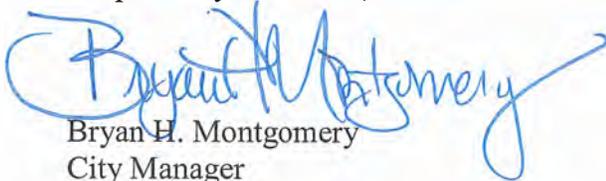
## AVAILABILITY TO THE PUBLIC

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](http://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, 2012. 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



Paul Abelson  
Finance Director



**CITIZENS OF OAKLEY**

**CITY COUNCIL**

**CITY ATTORNEY**

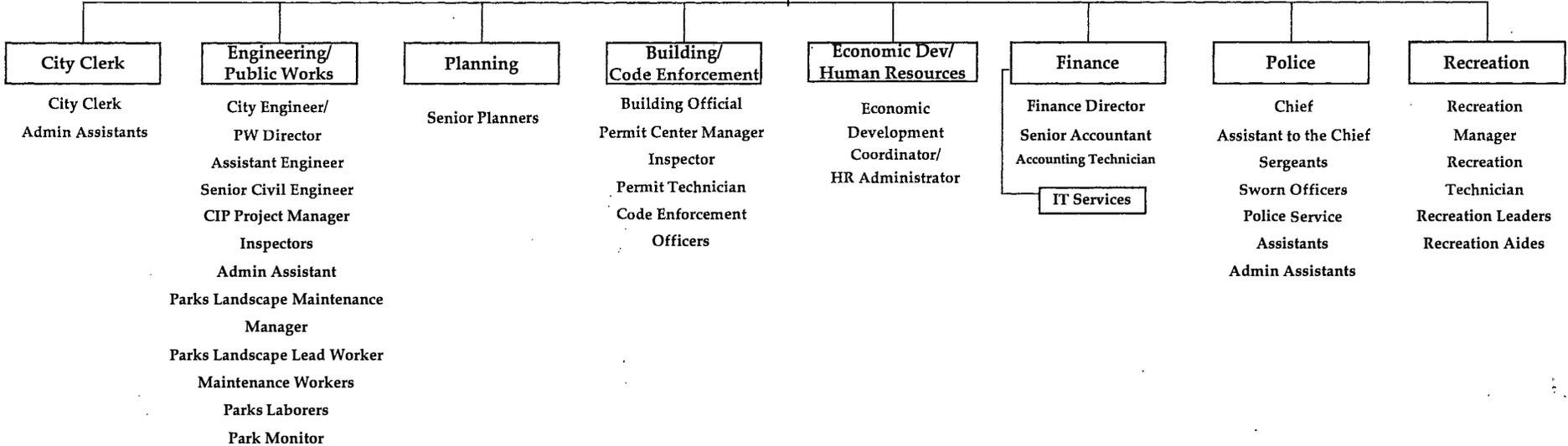
City Attorney  
Special Counsel  
Paralegal

**CITY MANAGER**

Assistant to the City Manager

Maintenance Custodian

X



**CITY OF OAKLEY**  
**ELECTED OFFICIALS AND**  
**ADMINISTRATIVE PERSONNEL**

**JUNE 30, 2012**

**ELECTED OFFICIALS**

Mayor	Kevin Romick
Vice-Mayor	Carol Rios
Council Member	Pat Anderson
Council Member	Jim Frazier
Council Member	Randy Pope

**ADMINISTRATIVE PERSONNEL**

City Manager  
City Attorney  
Finance Director  
Chief of Police  
City Clerk  
City Engineer  
Building Official

Bryan H. Montgomery  
Derek Cole  
Paul Abelson  
Bani Kollo  
Libby Vreonis  
Jason Vogan  
Brent Smith

# 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, 2011

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



*Linda C. Davison*

President

*Jeffrey R. Enos*

Executive Director

## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

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

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, California as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. 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 for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 information of the City as of June 30, 2012 and the respective changes in the financial position and cash flows, where applicable, 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.

As discussed in Note 15, pursuant to ABx1 26 adopted by the State of California which was validated by the California Supreme Court on December 28, 2011, the Oakley Redevelopment Agency has been dissolved and its assets turned over to and liabilities assumed by Successor Agencies effective January 31, 2012. Certain transactions undertaken by the Oakley Redevelopment Agency prior to the date of dissolution may be subject to review by the State as discussed in Note 15, but the effect of that review cannot be determined as of June 30, 2012.

Also as discussed in Note 15, prior to the Redevelopment Agency dissolution, the City, acting under a Cooperation Agreement with the Agency, approved a loan agreement which obligated certain Redevelopment funds. The loan agreement was rejected by the Department of Finance (Department). The City and Department have met and conferred to settle the matter and the Department determined that it is not an enforceable obligation of the Successor Agency at this time. Management continues to believe this transaction is valid and no adjustment has been reflected in the financial statements as a result of the meet and confer process.

The City's position on these matters is not a position of settled law and there is considerable legal uncertainty regarding these matters. It is possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue favorably or unfavorably to the City. No provision for liabilities resulting from the outcome of these uncertain matters has been recorded in the accompanying financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2012 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's 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 financial statements. The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with 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 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.

*Mane & Associates*

December 11, 2012

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis of the City of Oakley's financial performance for the fiscal year ended June 30, 2012, 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 assets decreased by \$0.2 million, or 0.1 percent this year.
- Government-wide program expenditures exceeded program revenues by \$7.4 million.
- General Fund revenues were \$625,000 more than budgeted; expenditures were \$420,000 less than budgeted.
- The General Fund balance at the end of the year was \$8.8 million, of which \$5.3 million was available/unassigned.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and Statement of Activities (on pages 14 and 15) 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 18. 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 Assets and the Statement of Activities:**

Our analysis of the City as a whole begins on page 5. 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 Assets 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 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 assets* and *changes in net assets*. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets are 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 Assets 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 two additional legal entities in its report – the Oakley Redevelopment Agency and the Oakley Public Financing Authority. Although legally separate, these "component units" are important because the City is financially accountable for them. The Oakley Redevelopment Agency was dissolved January 31, 2012 pursuant to State Law. The affects of the dissolution are accounted for as an Extraordinary Item in the financial statements and discussed more fully in the Notes to the Basic Financial Statements.

## 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 Agency 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 Assets and Changes in Fiduciary Net Assets. 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 became the Successor Agency to the Oakley Redevelopment Agency in its dissolution. The Successor Agency's assets and liabilities are accounted for in a private purpose trust fund and reported with the City's other fiduciary funds.

## **THE CITY AS A WHOLE**

For fiscal year 2011-2012 the City's combined net assets decreased \$0.2 million from \$189.7 million to \$189.5 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental activities.

Table 1  
Net Assets  
As of June 30, 2012 and 2011  
(In Millions)

<b>Governmental Activities</b>	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Current and restricted assets	\$ 45.2	\$ 70.0
Capital assets	<u>156.3</u>	<u>166.0</u>
Total Assets	<u>201.5</u>	<u>236.0</u>
<u>Liabilities</u>		
Long-term liabilities outstanding	7.5	39.9
Other liabilities	<u>4.6</u>	<u>6.4</u>
Total Liabilities	<u>12.1</u>	<u>46.3</u>
<u>Net Assets</u>		
Invested in Capital Assets, Net of Related Debt	149.4	145.4
Restricted	28.6	33.9
Unrestricted	<u>11.4</u>	<u>10.4</u>
Total Net Assets	<u>\$189.5</u>	<u>\$189.7</u>

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

The increase in Invested in Capital Assets resulted primarily from the receipt of a five-mile roadway from the State, less the contribution of a newly constructed fire station to the local fire district. The station was built using development fees collected by the City for fire protection facilities.

The decrease in Restricted Net Assets is primarily due to the dissolution of the Redevelopment Agency whose assets and liabilities were transferred to a private purpose trust fund. Its transactions are reported with the City's other Fiduciary funds.

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

Table 2  
Changes in Net Assets  
As of June 30, 2012 and 2011  
(In Millions)

<b>Governmental Activities</b>	<u>2012</u>	<u>2011</u>
<b>REVENUES</b>		
<u>Program revenues:</u>		
Charges for Services	\$ 7.4	\$ 7.2
Operating Grants and Contributions	1.6	1.1
Capital Grants and Contributions	8.4	5.9
<u>General revenues:</u>		
Property tax	5.6	7.1
Sales tax	1.6	1.4
Other taxes	1.3	1.2
Motor vehicle in lieu tax	0.0	0.2
Use of money and property	0.7	0.9
Miscellaneous	<u>0.9</u>	<u>1.5</u>
 Total Revenues	 <u>27.5</u>	 <u>26.4</u>
 <b>EXPENSES</b>		
Legislative	0.5	0.5
Administrative Services	0.8	0.9
Law Enforcement	7.5	7.3
Community Development	1.7	1.8
Public Works	12.5	9.2
Redevelopment and Economic Development	0.9	2.0
Recreation	0.4	0.3
Interest on long-term debt	<u>0.6</u>	<u>2.0</u>
 Total Expenses	 <u>24.9</u>	 <u>24.0</u>
 Extraordinary Item (Note 15):	 <u>(2.8)</u>	 _____
 Change in Net Assets	 (0.2)	 2.4
 Net Assets – Beginning	 <u>189.7</u>	 <u>187.3</u>
 Net Assets – Ending	 <u>\$189.5</u>	 <u>\$189.7</u>

## Governmental Activities

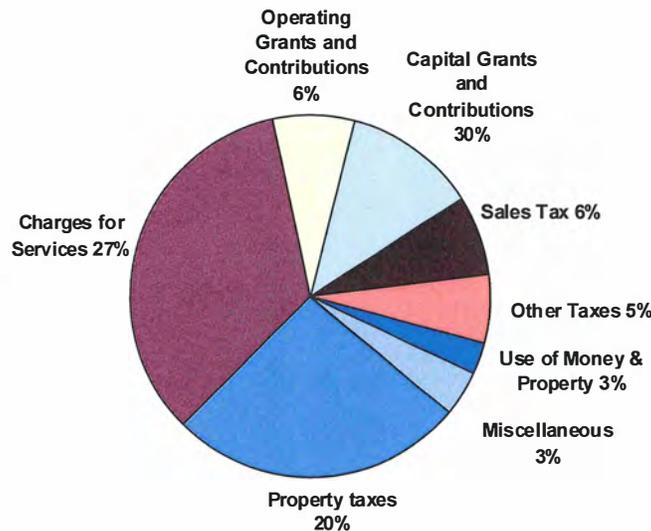
Total revenue was \$27.5 million. The largest component this year was Capital Grants and Contributions, which increased \$2.5 million due primarily to the receipt of the roadway from the State, but was offset by declines in special transportation tax allocations and impact fee collections. Charges for Services increased \$0.2 million to \$7.4 million. Property Taxes declined primarily as a result of the dissolution of the Redevelopment Agency, Property taxes received subsequent to the dissolution on January 31, 2012 are accounted for in the new Successor Agency private purpose trust fund, and are no longer considered a part of governmental activities.

Total expenses were \$24.9 million. Public Works, with \$12.5 million of expenses, represented the largest component of total governmental expenses. The \$3.3 million increase in Public Works expenses were primarily due to the conveyance of the completed fire station project. Redevelopment and Economic Development costs decreased by \$1.1 million, from \$2.0 million to \$0.9 million, primarily due to the reduced period the Redevelopment Agency was in operation.

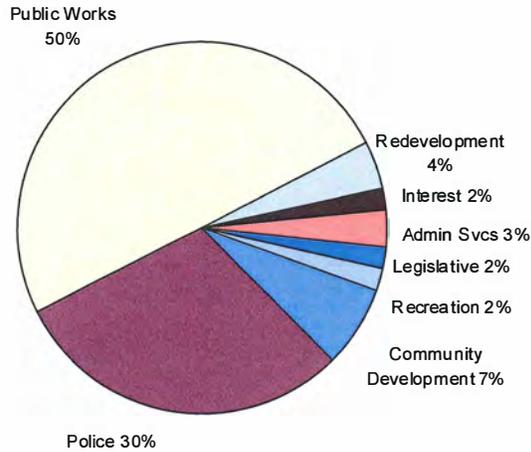
## Fiscal Year 2012 Government Activities

### Sources of Revenues

(Excluding Extraordinary Item)



## Functional Expenses



## THE CITY'S FUNDS

On page 18, the governmental funds balance sheet is shown. The combined fund balance was \$27.5 million, a decrease from the prior year by \$23.3 million, primarily due to the dissolution of Redevelopment and transfer of assets to the Successor Agency (Note 15). The combined fund balance includes the General Fund balance of \$8.8 million.

The General Fund balance increased by \$0.9 million from the prior year, primarily the result of stronger than expected sales tax and permit revenues, and reduced expenditures in law enforcement. General Fund Unassigned fund balances increased by \$0.9 million.

General fund revenues were \$1.0 million more than expenditures before transfers.

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

- The Lighting and Landscaping Fund balance increased \$0.7 million to \$5.4 million, as operating revenues exceeded operating expenditures for the year.
- Due to the dissolution of the Redevelopment Agency effective January 31, 2012 (see Note 15), all Redevelopment Agency assets and liabilities were distributed to a Successor Agency and all Redevelopment Agency non-housing funds were closed. This resulted in \$22.6 million of the decrease in governmental fund balances. The activities of the Successor Agency are reported in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund.

The assets of the Redevelopment Agency Low and Moderate Income Housing Fund were distributed to the City as the Housing Successor. Its activities are reported in the Low and Moderate Income Housing Assets Special Revenue Fund. Its deficit Fund balance was \$1.3 million at June 30, 2012.

- The Traffic Impact Fee Fund balance increased by \$0.3 million to \$7.3 million due primarily to increased development fees revenues.
- The non-major Measure J Fund balance decreased \$0.9 million resulting from increased Capital Outlay.
- The non-major Gas Tax fund balance decreased by \$0.7 million primarily due to increased Capital Outlay.
- The non-major General Capital Projects fund balance declined by \$0.5 million due to spending of fund balance on Capital Projects.

### **General Fund Budgetary Highlights**

For the City's General Fund, actual revenues of \$8.8 million were \$625,000 more than the final budgeted revenues of \$8.2 million. Property, sales and other tax revenues exceeded budget by \$383,000; licenses and permit revenues exceeded budget by \$251,000. Original budgeted General Fund revenues were reduced by approximately \$283,000, or approximately 3% during the year, reflecting the City's conservative budgeting practices.

Actual General Fund expenditures were \$7.8 million, \$419,000 less than final budget of \$8.2 million. Savings were primarily in law enforcement, where expenditures were \$359,000 less than budgeted.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of 2012, the City had \$156.3 million 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, 2012 and 2011  
(In Millions)

<b>Governmental Activities</b>	<u>2012</u>	<u>2011</u>
Non Depreciable		
- Land	\$9.3	\$11.1
- Construction in progress	6.0	14.5
Depreciable, net of accumulated depreciation:		
- Machinery, equipment and vehicles	0.8	0.8
- Buildings and improvements	7.5	11.0
- Park improvements	6.6	7.4
- Infrastructure	<u>126.1</u>	<u>121.2</u>
<b>Total Capital Assets</b>	<u>\$156.3</u>	<u>\$166.0</u>

Capital assets decreased by \$9.7 million during fiscal year 2011-2012 primarily due to the dissolution of the Redevelopment Agency (Note 15) that required the distribution of its assets and liabilities to a Successor Agency that reports its activities in the Redevelopment Agency Private-Purpose Trust Fund. \$12.4 million in total capital Assets were transferred to the new trust fund. In addition, the City conveyed a new fire station valued at \$3.3 million to the local fire district, and the State transferred five miles of old state highway 4 to the City, valued at \$5.8 million.

The City's fiscal year 2012-2013 capital improvement budget calls for it to spend \$2.7 million for new capital projects, the majority being the construction of roadways, drainage, and landscaping improvements. The work projects will be financed primarily with impact fees, grants, Measure J sales tax, Gas tax, and with resources in the Main Street fund. Additional information about the capital assets can be found in Note 7A of the financial statements.

### **Debt**

At year-end, the City's governmental activities had \$7.5 million as shown in Table 4. The decrease of \$32.4 million from a year ago is primarily due to the dissolution of the Redevelopment Agency and the transfer of the Agency's bonded indebtedness to the Successor Agency which is accounted for in the private purpose fund reported with the City's other fiduciary funds. 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  
 (In Millions)

<b>Governmental Activities</b>	<u>2012</u>	<u>2011</u>
2003 Redevelopment Agency Tax Allocation Bonds	\$ -	\$ 7.1
2008 Redevelopment Agency Tax Allocation Bonds	-	25.1
2006 Certificates of Participation	<u>7.5</u>	<u>7.7</u>
Total Debt	<u>\$ 7.5</u>	<u>\$39.9</u>

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](http://www.oakleyinfo.com)). This CAFR, as well as other financial documents, is posted in the Finance Department section of the City’s website.

**CITY OF OAKLEY**

**STATEMENT OF NET ASSETS  
AND STATEMENT OF ACTIVITIES**

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

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

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

The Statement of Activities presents the City's expenses first, listed by program. 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 Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City, the Oakley Redevelopment Agency (through January 31, 2012) and the Oakley Public Financing Authority, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for the activities of these entities.

CITY OF OAKLEY  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

	Governmental Activities
<b>ASSETS</b>	
Cash and investments available for operations (Note 3)	\$29,299,300
Cash and investments with fiscal agent (Note 3)	574,765
Accounts receivable, net of allowance for doubtful accounts	2,041,059
Interest receivable	39,963
Prepays and deposits	20,857
Loans receivable (Note 5)	11,328,344
Land held for resale (Note 6)	1,998,435
Capital assets (Note 7):	
Land and construction in progress	15,320,821
Depreciable, net	140,948,478
Total Assets	201,572,022
<b>LIABILITIES</b>	
Accounts payable	2,282,531
Accrued liabilities	41,131
Deposits payable	1,054,551
Unearned revenue	897,855
Interest payable	52,739
Claims payable - due in one year (Note 13)	25,000
Compensated absences (Note 1F):	
Due within one year	115,134
Due in more than one year	149,359
Long-term debt (Note 8):	
Due within one year	240,000
Due in more than one year	7,210,000
Total Liabilities	12,068,300
<b>NET ASSETS (Note 10)</b>	
Invested in capital assets, net of related debt	149,394,064
Restricted for:	
Capital projects	19,698,968
Debt service	30,158
Low and moderate income housing	8,918,787
Total Restricted Net Assets	28,647,913
Unrestricted net assets	11,461,745
Total Net Assets	\$189,503,722

See accompanying notes to financial statements

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

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
<b>Governmental Activities:</b>					
Legislative	\$465,740				(\$465,740)
Administrative Services	768,765	\$153,436	\$250,000		(365,329)
Community Development	1,710,829	1,186,180	44,529	\$432,626	(47,494)
Public Works	12,507,980	3,266,409	1,010,827	8,000,339	(230,405)
Redevelopment and Economic Development	932,226				(932,226)
Law Enforcement	7,461,955	2,718,308	265,892		(4,477,755)
Recreation	359,959	74,316	58,326		(227,317)
Interest and fiscal charges	605,963				(605,963)
<b>Total Governmental Activities</b>	<b>\$24,813,417</b>	<b>\$7,398,649</b>	<b>\$1,629,574</b>	<b>\$8,432,965</b>	<b>(7,352,229)</b>
<b>General revenues:</b>					
<b>Taxes:</b>					
Property taxes					5,560,571
Sales taxes					1,590,120
Other taxes					1,300,801
<b>Intergovernmental, unrestricted:</b>					
Motor vehicle in lieu					17,809
Use of money and property					652,840
Miscellaneous					873,483
<b>Extraordinary item (Note 15):</b>					
Assets transferred to / liabilities assumed by Successor Agency					(2,820,324)
<b>Total General Revenues and Extraordinary Item</b>					<b>7,175,300</b>
<b>Change in Net Assets</b>					<b>(176,929)</b>
<b>Net Assets-Beginning</b>					<b>189,680,651</b>
<b>Net Assets-Ending</b>					<b>\$189,503,722</b>

See accompanying notes to financial statements

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## **FUND FINANCIAL STATEMENTS**

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

## **MAJOR GOVERNMENTAL FUNDS**

The funds described below were determined to be Major Funds by the City in fiscal 2012. Individual non-major funds may be found in the Supplemental Section.

### **GENERAL FUND**

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues deposited in the General Fund include property tax, sales tax, franchise fees, business licenses, motor vehicle license fees, 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.

### **TRAFFIC IMPACT FEES CAPITAL PROJECTS FUND**

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

CITY OF OAKLEY  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2012

	General	Lighting and Landscaping Districts	Public Protection	Low and Moderate Income Housing Asset	Traffic Impact Fees
ASSETS					
Cash and investments available for operations (Note 3)	\$6,950,848	\$5,727,966	\$320,947	\$50,464	\$6,806,779
Cash with fiscal agent (Note 3)					
Accounts receivable, net of allowance for doubtful accounts	597,839	13,135	1,200		
Interest receivable	4,718	3,258	255	22,794	4,084
Due from other funds (Note 4C)	50,464				
Prepays and deposits	20,857				
Loans receivable (Note 5)	1,089,299			10,239,045	
Advances to other funds (Note 4B)	186,936				678,752
Land held for resale (Note 6)	1,998,435				
<b>Total Assets</b>	<b>\$10,899,396</b>	<b>\$5,744,359</b>	<b>\$322,402</b>	<b>\$10,312,303</b>	<b>\$7,489,615</b>
LIABILITIES					
Accounts payable	\$1,246,144	\$168,135			\$5,679
Accrued liabilities	40,473				
Due to other funds (Note 4C)				\$50,464	
Deposits payable					
Deferred revenue	855,270	13,135	\$322,402	10,239,045	206,618
Advances from other funds (Note 4B)		186,936		1,343,052	
<b>Total Liabilities</b>	<b>2,141,887</b>	<b>368,206</b>	<b>322,402</b>	<b>11,632,561</b>	<b>212,297</b>
FUND BALANCES					
Fund balance (Note 10):					
Nonspendable	2,842,611				
Restricted	559,498	5,376,153			7,277,318
Assigned	100,000				
Unassigned	5,255,400			(1,320,258)	
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>8,757,509</b>	<b>5,376,153</b>		<b>(1,320,258)</b>	<b>7,277,318</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$10,899,396</b>	<b>\$5,744,359</b>	<b>\$322,402</b>	<b>\$10,312,303</b>	<b>\$7,489,615</b>

See accompanying notes to financial statements

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$7,907,116	\$27,764,120
574,765	574,765
1,428,885	2,041,059
3,903	39,012
	50,464
	20,857
	11,328,344
664,300	1,529,988
	1,998,435
<u>\$10,578,969</u>	<u>\$45,347,044</u>
\$862,573	\$2,282,531
658	41,131
	50,464
1,054,551	1,054,551
1,220,536	12,857,006
	1,529,988
<u>3,138,318</u>	<u>17,815,671</u>
	2,842,611
6,556,410	19,769,379
884,241	984,241
	3,935,142
<u>7,440,651</u>	<u>27,531,373</u>
<u>\$10,578,969</u>	<u>\$45,347,044</u>

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

Total fund balances reported on the governmental funds balance sheet: \$27,531,373

Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Government Funds. 156,269,299

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 Assets. 1,536,131

NON-CURRENT REVENUES

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 11,959,151

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	(7,450,000)
Interest payable	(52,739)
Compensated absences	(264,493)
Claims Payable	(25,000)
	(7,792,232)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$189,503,722

See accompanying notes to financial statements

CITY OF OAKLEY  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2012

	General	Lighting and Landscaping Districts	Public Protection	Low and Moderate Income Housing Asset	Traffic Impact Fees
<b>REVENUES</b>					
Property taxes	\$3,687,678				
Sales tax	1,590,120				
Other taxes	1,193,150				
Licenses and permits	989,965				
Charges for services	74,316				
Fines and forfeits	135,650				
Intergovernmental:					
Motor vehicle in lieu	17,809				
Other	268,597		\$204,238		
Developer fees					\$1,303,684
Special assessments		\$2,970,913	2,571,903		
Loan repayments				\$9,767	
Use of money and property	95,731	16,077	1,058	23,503	19,412
Miscellaneous	772,233	31,554			46,695
<b>Total Revenues</b>	<b>8,825,249</b>	<b>3,018,544</b>	<b>2,777,199</b>	<b>33,270</b>	<b>1,369,791</b>
<b>EXPENDITURES</b>					
Current:					
Legislative	452,139				
Administrative Services	765,904				
Community Development	1,175,328				
Public Works	384,988	2,504,118			44,860
Redevelopment and Economic Development				50,992	
Law Enforcement	4,664,278		2,772,660		
Recreation	272,003				
Pass through to County and other agencies					
Capital outlay	93,186		4,539		1,035,108
Debt service:					
Principal					
Interest and fiscal charges		17		5,351	
<b>Total Expenditures</b>	<b>7,807,826</b>	<b>2,504,135</b>	<b>2,777,199</b>	<b>56,343</b>	<b>1,079,968</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,017,423</b>	<b>514,409</b>		<b>(23,073)</b>	<b>289,823</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Loss from sale of property					
Transfers in (Note 4A)	2,723	198,551			
Transfers (out) (Note 4A)	(171,000)				(15,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(168,277)</b>	<b>198,551</b>			<b>(15,000)</b>
<b>NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEMS</b>	<b>849,146</b>	<b>712,960</b>		<b>(23,073)</b>	<b>274,823</b>
<b>EXTRAORDINARY ITEM (Note 15)</b>					
Assets transferred to/liabilities assumed by the Successor Agency/Housing Successor				(1,297,185)	
<b>Total Extraordinary Items</b>				<b>(1,297,185)</b>	
<b>NET CHANGE IN FUND BALANCES</b>	<b>849,146</b>	<b>712,960</b>		<b>(1,320,258)</b>	<b>274,823</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>7,908,363</b>	<b>4,663,193</b>			<b>7,002,495</b>
<b>FUND BALANCES (DEFICIT) AT END OF YEAR</b>	<b>\$8,757,509</b>	<b>\$5,376,153</b>		<b>(\$1,320,258)</b>	<b>\$7,277,318</b>

See accompanying notes to financial statements

Other Governmental Funds	Total Governmental Funds
\$1,872,893	\$5,560,571
	1,590,120
	1,193,150
	989,965
31,028	105,344
	135,650
	17,809
1,673,505	2,146,340
1,064,588	2,368,272
277,283	5,820,099
200	9,967
251,758	407,539
81,327	931,809
<u>5,252,582</u>	<u>21,276,635</u>
	452,139
	765,904
502,179	1,677,507
706,769	3,640,735
225,001	275,993
	7,436,938
80,816	352,819
641,674	641,674
4,812,978	5,945,811
465,000	465,000
<u>1,153,532</u>	<u>1,158,900</u>
<u>8,587,949</u>	<u>22,813,420</u>
<u>(3,335,367)</u>	<u>(1,536,785)</u>
(14,559)	(14,559)
1,898,784	2,100,058
<u>(1,914,058)</u>	<u>(2,100,058)</u>
<u>(29,833)</u>	<u>(14,559)</u>
<u>(3,365,200)</u>	<u>(1,551,344)</u>
<u>(20,436,410)</u>	<u>(21,733,595)</u>
<u>(20,436,410)</u>	<u>(21,733,595)</u>
(23,801,610)	(23,284,939)
<u>31,242,261</u>	<u>50,816,312</u>
<u>\$7,440,651</u>	<u>\$27,531,373</u>

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, 2012

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$23,284,939)

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 expenditures are added back to fund balance	5,773,989
Retirements are deducted from the fund balance	(3,312,335)
Depreciation expense is deducted from fund balance	
(Depreciation expense is net of internal service fund depreciation of \$620,884 which has already been allocated to serviced funds.)	(5,346,164)
Contributions of infrastructure and improvements by Developers and other agencies are capitalized in the Statement of Activities, but are not recorded in the Fund Statements because no cash changed hands.	5,836,460
Capital assets transferred to the Successor Agency	(12,390,097)

LONG TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance	465,000
Long-term debt assumed by the Successor Agency	32,030,000

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	38,760
Interest payable	547,586
Deferred revenue	(383,711)

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	(151,478)
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (\$176,929)

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, 2012

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$3,863,000	\$3,625,000	\$3,687,678	\$62,678
Sales taxes	1,268,000	1,351,361	1,590,120	238,759
Other taxes	1,017,000	1,112,000	1,193,150	81,150
Licenses and permits	786,000	739,100	989,965	250,865
Charges for services	35,000	36,500	74,316	37,816
Fines and forfeits	134,000	131,000	135,650	4,650
Intergovernmental:				
Motor vehicle in lieu	95,000	17,800	17,809	9
Other	66,000	257,184	268,597	11,413
Use of money and property	120,000	120,000	95,731	(24,269)
Miscellaneous	1,099,371	810,704	772,233	(38,471)
<b>Total Revenues</b>	<b>8,483,371</b>	<b>8,200,649</b>	<b>8,825,249</b>	<b>624,600</b>
<b>EXPENDITURES</b>				
Current:				
Legislative	460,811	479,928	452,139	27,789
Administrative Services	999,332	860,685	765,904	94,781
Community Development	1,210,485	1,185,795	1,175,328	10,467
Public Works	332,360	293,486	384,988	(91,502)
Law Enforcement	5,056,000	5,023,455	4,664,278	359,177
Recreation	267,383	291,977	272,003	19,974
Capital outlay		92,098	93,186	(1,088)
<b>Total Expenditures</b>	<b>8,326,371</b>	<b>8,227,424</b>	<b>7,807,826</b>	<b>419,598</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>157,000</b>	<b>(26,775)</b>	<b>1,017,423</b>	<b>1,044,198</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of property	500,000	500,000		(500,000)
Transfers in		6,000	2,723	(3,277)
Transfers (out)	(156,000)	(156,000)	(171,000)	(15,000)
<b>Total Other Financing Sources (Uses)</b>	<b>344,000</b>	<b>350,000</b>	<b>(168,277)</b>	<b>(518,277)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$501,000</b>	<b>\$323,225</b>	<b>849,146</b>	<b>\$525,921</b>
Fund balance at beginning of year			7,908,363	
Fund balance at end of year			<b>\$8,757,509</b>	

See accompanying notes to financial statements

CITY OF OAKLEY  
 LIGHTING AND LANDSCAPING DISTRICTS  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Special assessments	\$2,903,738	\$2,904,098	\$2,970,913	\$66,815
Use of money and property	14,200	14,200	16,077	1,877
Miscellaneous			31,554	31,554
	<u>2,917,938</u>	<u>2,918,298</u>	<u>3,018,544</u>	<u>100,246</u>
Total Revenues				
EXPENDITURES				
Current:				
Public Works	2,531,223	2,765,892	2,504,118	261,774
Capital outlay	170,000	166,719		166,719
Debt service:				
Interest and fiscal charges			17	(17)
	<u>2,701,223</u>	<u>2,932,611</u>	<u>2,504,135</u>	<u>428,476</u>
Total Expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>216,715</u>	<u>(14,313)</u>	<u>514,409</u>	<u>528,722</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	201,675	281,675	198,551	(83,124)
Transfers (out)	(55,000)	(55,000)		55,000
	<u>146,675</u>	<u>226,675</u>	<u>198,551</u>	<u>(28,124)</u>
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES	<u>\$363,390</u>	<u>\$212,362</u>	712,960	<u>\$500,598</u>
Fund balance at beginning of year			<u>4,663,193</u>	
Fund balance at end of year			<u>\$5,376,153</u>	

See accompanying notes to financial statements

CITY OF OAKLEY  
PUBLIC PROTECTION  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental:				
Other	\$200,000	\$206,514	\$204,238	(\$2,276)
Special assessments	2,185,000	2,447,000	2,571,903	124,903
Use of money and property		1,000	1,058	58
Total Revenues	<u>2,385,000</u>	<u>2,654,514</u>	<u>2,777,199</u>	<u>122,685</u>
EXPENDITURES				
Current:				
Law Enforcement	2,385,000	2,647,500	2,772,660	(125,160)
Capital outlay		6,514	4,539	1,975
Total Expenditures	<u>2,385,000</u>	<u>2,654,014</u>	<u>2,777,199</u>	<u>(123,185)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		<u>500</u>		<u>(500)</u>
NET CHANGE IN FUND BALANCES		<u>\$500</u>		<u>(\$500)</u>
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  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE PERIOD FEBRUARY 1, 2012 THROUGH JUNE 30, 2012

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Loan repayment		\$2,000	\$9,767	7,767
Use of money and property			23,503	23,503
Total Revenues		<u>2,000</u>	<u>33,270</u>	<u>31,270</u>
EXPENDITURES				
Current:				
Redevelopment and Economic Development		172,000	50,992	121,008
Debt service:				
Interest			5,351	(5,351)
Total Expenditures		<u>172,000</u>	<u>56,343</u>	<u>115,657</u>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM		<u>(170,000)</u>	<u>(23,073)</u>	<u>146,927</u>
EXTRAORDINARY ITEM (Note 15)				
Assets transferred to/liabilities assumed by the Housing Successor			(1,297,185)	(1,297,185)
NET CHANGE IN FUND BALANCES		<u>(\$170,000)</u>	<u>(1,320,258)</u>	<u>(\$1,150,258)</u>
Fund balance at beginning of year				
Fund balance (deficit) at end of year			<u>(\$1,320,258)</u>	

See accompanying notes to financial statements

## **PROPRIETARY FUNDS**

### **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 Assets.

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

	Governmental Activities - Internal Service Funds
ASSETS	
Current:	
Cash and investments available for operations (Note 3)	\$1,535,180
Receivables:	
Interest	951
	951
Total Current Assets	1,536,131
Noncurrent:	
Capital assets (net of accumulated depreciation)	8,159,919
Total Assets	9,696,050
 NET ASSETS (Note 10)	
Invested in capital assets	8,159,919
Unrestricted	1,536,131
Total Net Assets	\$9,696,050

See accompanying notes to financial statements

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

	<u>Governmental Activities - Internal Service Funds</u>
OPERATING REVENUES	
Charges for services	\$301,614
Total Operating Revenues	<u>301,614</u>
OPERATING EXPENSES	
Supplies	41,259
Depreciation	620,884
Total Operating Expenses	<u>662,143</u>
Operating Income (Loss)	<u>(360,529)</u>
NONOPERATING REVENUES	
Interest income	6,147
Gain from sale of property	20,509
Total Nonoperating Revenues	<u>26,656</u>
Income (Loss) Before Contributions	(333,873)
Contributions	<u>182,395</u>
Change in net assets	(151,478)
BEGINNING NET ASSETS	<u>9,847,528</u>
ENDING NET ASSETS	<u><u>\$9,696,050</u></u>

See accompanying notes to financial statements

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

	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$305,305
Payments to suppliers	(41,259)
Cash Flows from Operating Activities	264,046
 <b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>	
Acquisition of capital assets	(185,997)
Proceeds from sale of capital assets	20,509
Cash Flows from Capital Financing Activities	(165,488)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest	6,362
Net Cash Flows	104,920
Cash and investments at beginning of period	1,430,260
Cash and investments at end of period	\$1,535,180
 <b>NONCASH TRANSACTIONS</b>	
Contribution of capital assets	\$182,395
 <b>Reconciliation of Operating Income (Loss) to Cash Flows</b>	
from Operating Activities:	
Operating income (loss)	(\$360,529)
Adjustments to reconcile operating income to cash flows	
from operating activities:	
Depreciation	620,884
Change in assets:	
Receivables, net	3,691
Cash Flows from Operating Activities	\$264,046

See accompanying notes to financial statements

## FIDUCIARY FUNDS

### 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 ASSETS  
JUNE 30, 2012

	Successor Agency to the Redevelopment Agency Private Purpose Trust Fund	Agency Funds
<b>ASSETS</b>		
Cash and investments (Note 3)	\$8,631,201	\$1,773,734
Cash with fiscal agent (Note 3)	2,676,889	1,621,035
Accounts receivable	134,480	
Interest receivable	2,597	680
Prepays and deposits	487,757	
Loans receivable (Note 15B)	1,226,519	
Land held for redevelopment (Note 15C)	10,171,369	
Capital assets (Note 15D):		
Land and construction in progress	4,598,570	
Depreciable, net	7,685,151	
Total Assets	35,614,533	\$3,395,449
<b>LIABILITIES</b>		
Accounts payable	591,905	
Due to other agencies		\$204,724
Due to bondholders		3,190,725
Long-term debt (Note 15E):		
Due within one year	560,000	
Due in more than one year	31,470,000	
Total Liabilities	32,621,905	\$3,395,449
<b>NET ASSETS</b>		
Held in Trust for the Successor Agency and Other Governments	\$2,992,628	

See accompanying notes to financial statements

CITY OF OAKLEY  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FOR THE PERIOD FEBRUARY 1, 2012 THROUGH JUNE 30, 2012

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund <hr style="border: 0.5px solid black;"/>
<b>ADDITIONS</b>	
Property taxes	\$974,977
Use of money and property	266,627
Miscellaneous	17,466
	<hr style="border: 0.5px solid black;"/>
Total Additions	1,259,070
<b>DEDUCTIONS</b>	
Redevelopment and Economic Development	573,669
Depreciation	334,700
Debt service:	
Interest and fiscal charges	820,071
	<hr style="border: 0.5px solid black;"/>
Total Deductions	1,728,440
Net Change in Net Assets before Extraordinary Item	(469,370)
<b>EXTRAORDINARY ITEM (NOTE 15)</b>	
Assets transferred to/liabilities assumed by Successor Agency	3,461,998
	<hr style="border: 0.5px solid black;"/>
Net Change in Net Assets	2,992,628
<b>NET ASSETS HELD IN TRUST FOR SUCCESSOR AGENCY AND OTHER GOVERNMENTS</b>	
Beginning of year	<hr style="border: 0.5px solid black;"/>
End of year	<u><u>\$2,992,628</u></u>

See accompanying notes to financial statements

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**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**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 36,000 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, redevelopment and general administration services.

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 Redevelopment Agency which is controlled by and dependent on the City.

The following component unit is included (“blended”) with funds of the City since it is governed by the City Council sitting in a separate capacity or it provides services exclusively to the City.

The Oakley Redevelopment Agency, previously a Project Area of the County of Contra Costa Redevelopment Agency, was transferred from the County to the City on November 21, 2000. At that date, the City formed the Oakley Redevelopment Agency, which assumed the assets and liabilities of the Project Area and received a net contribution of \$8,159,039 from the County.

The Oakley Redevelopment Agency is a separate government entity whose purpose is to prepare and implement plans for improvement, rehabilitation, and development of certain areas within the City. The Agency is controlled by the City and has the same governing board as the City, which also performs all accounting and administrative functions for the Agency. Its financial activities have been aggregated and merged (termed “blended”) with those of the City in the accompanying financial statements in the Redevelopment Agency Projects Fund, Low and Moderate Income Housing Capital Projects Fund and the 2003 Taxable Tax Allocation Bonds and 2008A Tax Allocation Bonds Debt Service Funds. As discussed in Note 15, the Agency was dissolved effective January 31, 2012.

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 Redevelopment Agency and certain programs and projects of the City. The Authority is administered by a Governing Board whose members are the City Council of the City of Oakley. 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, and the 2006 Certificates of Participation.

Separate financial statements are not issued for the Oakley Redevelopment Agency or the Oakley Public Financing Authority.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 Assets and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government. 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.

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

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

**General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues deposited in the General Fund include property tax, sales tax, franchise fees, business licenses, motor vehicle license fees, 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.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

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

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 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.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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 assets 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.

**E. *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.

**F. *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 Assets. The liability for compensated absences is determined annually.

The changes in the compensated absences were as follows:

	Governmental Activities
Beginning Balance	\$303,253
Additions	153,420
Payments	(192,180)
Ending Balance	\$264,493
Current Portion	\$115,134

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**G. 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.

**H. New Funds, Closed Funds and Renamed Funds**

The Low and Moderate Income Housing Assets Special Revenue Fund was established as of February 1, 2012 to account for the activities of the housing assets of the former Oakley Redevelopment Agency.

The Successor Agency to the Redevelopment Agency Private Purpose Trust Fund was established as of February 1, 2012 to account for the activities of the Successor Agency to the former Oakley Redevelopment Agency.

The Redevelopment Agency Projects Fund, Low and Moderate Income Housing Capital Projects Fund, and the 2003 Taxable Tax Allocation Bonds and 2008A Tax Allocation Bonds Debt Service Funds were closed as of January 31, 2012 as the result of the dissolution of the Redevelopment Agency discussed in Note 15.

The Ag Preservation Special Revenue Fund has been renamed to the Ag Conservation Special Revenue Fund.

**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 covenants.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)**

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.

**C. *Expenditures in Excess of Appropriations***

The Public Protection and Developer Deposits Special Revenue Funds incurred expenditures in excess of appropriations in the amounts of \$123,185 and \$236,040, respectively. The funds had sufficient revenues to finance these expenditures.

**NOTE 3 – CASH AND INVESTMENTS**

The City pools cash from all sources and all funds, except 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.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

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.

**B. Classification**

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

City cash and investments:	
Cash and investments available for operations	\$29,299,300
Cash and investments with fiscal agent	574,765
Total City Cash and Investments	29,874,065
Cash and investments in Fiduciary Funds (Separate Statement):	
Successor Agency to the Redevelopment	
Agency Private Purpose Trust Fund:	
Cash and investments available for operations	8,631,201
Cash and investments with fiscal agent	2,676,889
Agency Funds:	
Cash and investments available for operations	1,773,734
Cash and investments with fiscal agent	1,621,035
Total Cash and Investments	\$44,576,924

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**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	\$50 million per account
Certificates of Deposit	5 years	A1/P1	30%	No Limit
Bankers Acceptances	180 days	A1/P1	40%	30%
Medium Term Notes	5 years	A	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

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**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	\$50 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 G
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***

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.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**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, 2012, all of the City's investments mature in 12 months or less, except the Certificates of Deposit which mature on May 16, 2017 (\$500,000) and May 18, 2017 (\$250,000):

Investment Type	
<i>Cash and Investments in City Treasury:</i>	
Money Market Funds	\$1,769,834
Local Agency Investment Fund	16,303,283
CalTRUST	15,784,053
<i>Held by Fiscal Agents:</i>	
California Asset Management Program	2,002,031
Money Market Funds	2,120,658
Certificates of Deposit	750,000
Total Investments	38,729,859
<i>Cash deposits in banks and petty cash</i>	5,847,065
Total Cash and Investments	\$44,576,924

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, 2012 these investments matured in an average of 268 days.

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, 2012, these investments matured in an average of 647 days.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

The 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. The Pool'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. At June 30, 2012, the fair value approximated is the Agency's cost. At June 30, 2012, these investments have an average maturity of 53 days.

Money market funds are available for withdrawal on demand and at June 30, 2012 matured in an average of 29 days.

**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, 2012 for CalTRUST is AAAM, 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. As an external investment pool, the Local Agency Investment Fund was not rated as of June 30, 2012.

**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 were only in the Agency Funds at June 30, 2012 as follows:

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

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 4 - INTERFUND TRANSACTIONS**

**A. Transfers Between Funds**

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund which has made an expenditure on behalf of another fund. Less often, a transfer may be made to open or close a fund.

Transfers between Funds during the fiscal year ended June 30, 2012 were as follows:

<u>Fund Receiving Transfer</u>	<u>Fund Making Transfers</u>	<u>Transfer Amount</u>
General Fund	Non-Major Governmental Funds	\$2,723 (A)
Lighting and Landscaping Districts Special Revenue Fund	Non-Major Governmental Funds	198,551 (A), (B)
Non-Major Governmental Funds	General Fund	171,000 (B)
	Traffic Impact Fees Capital Projects Fund	15,000 (A)
Non-Major Governmental Funds	Non-Major Governmental Funds	<u>1,712,784 (B), (C)</u>
	Total Interfund Transfers	<u>\$2,100,058</u>

(A) To fund operations.

(B) To fund capital projects.

(C) To fund debt service.

**B. Long-Term Interfund Advances**

At June 30, 2012 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 deferred revenue or nonspendable fund balance.

<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>	<u>Advanced Amount</u>
General Fund	Lighting and Landscaping Districts Special Revenue Fund	\$186,936
Traffic Impact Fees	Low and Moderate Income Housing Asset Special Revenue Fund	678,752
Non-Major Funds	Low and Moderate Income Housing Asset Special Revenue Fund	<u>664,300</u>
	Total Interfund Advances	<u>\$1,529,988</u>

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 \$186,936 at June 30, 2012.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 4 - INTERFUND TRANSACTIONS**

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 Redevelopment Agency Low & Moderate Income Housing Capital Projects Fund to assist with the Courtyards at Cypress Grove affordable housing project. Although no cash was advanced, these obligations were recorded as advances to the 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 in the event the Successor Agency does not assume the liability in the future. The advances bear interest at the City's annual pooled investment rate which was of 0.50% for fiscal year 2012. The balance outstanding at June 30, 2012 was \$1,343,052.

**C. Current Interfund Balances**

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2012, the Low and Moderate Income Housing Asset Special Revenue Fund owed the General Fund \$50,464.

**NOTE 5 - LOANS RECEIVABLE**

**A. Redevelopment Agency and City Loans Receivable**

The Agency engaged in programs designed to encourage construction of or improvement in low-to-moderate income housing. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to expend these funds in accordance with the Agency's terms. With the dissolution of the Redevelopment Agency as discussed in Note 15, 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 and a Successor Agency assumed the loans receivable of the Redevelopment Agency's Projects Fund as of February 1, 2012. In addition, the City has made loans to certain employees. Although these loans and notes are expected to be repaid in full, their balance has been offset by deferred revenue or nonspendable fund balance as, with the exception of the State of California Proposition 1A loan, they are not expected to be repaid during the next fiscal year. The balances of the loans receivable, including accrued interest, at June 30, 2012 are set forth below:

Golden Oak Manor	\$1,172,648
Silver Oak Apartments	584,356
Oakley Senior Housing	855,990
Oakley Cypress Associates	2,993,750
Carol Lane	4,477,847
First Time Homebuyer	154,454
Employee Home Loans	584,952
East Cypress	61,431
State of California - Proposition 1A	<u>442,916</u>
Total	<u><u>\$11,328,344</u></u>

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 5 – LOANS RECEIVABLE (Continued)**

**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.

**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 15.

**E. *Oakley Cypress Associates***

Under the terms of the Loan Agreement dated December 1, 2005, the 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.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 5 – LOANS RECEIVABLE (Continued)**

**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 administers 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.

**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.

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 its equity interest in the home and will receive a proportionate share of sales proceeds 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, 2012.

As of June 30, 2012, the combined balances of these loans are \$584,952.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 5 – LOANS RECEIVABLE (Continued)**

**I. *East Cypress***

Under the terms of a settlement agreement with the Greenbelt Alliance regarding the agricultural impacts of the planned development of 828 acres of farmland in the East Cypress area, the property owners in the area are required to make up front per acre and per-lot and pre-recording contributions to the San Francisco Foundation. The Foundation will then distribute the funding to organizations committed to agricultural land preservation in the Delta area. The City participates in the calculation, collection and distribution of payments to the Foundation. During fiscal year 2011, the City made the following two loans to property owners in the East Cypress area to assist with their share of the litigation expenses:

On June 16, 2011, the City loaned \$16,242 to a property owner. The loan is secured by a deed of trust and bears interest of 6% annually. The loan is repayable within 90 days of receipt of any payments the property owner receives from a proposed developer of the property. In the event the owner does not obtain a developer to develop the property, the loan is payable as follows: \$4,000 no later than June 16, 2015, and the remaining balance no later than June 16, 2019.

On June 30, 2011, the City also loaned \$45,189 to another property owner. The loan is secured only by a promissory note and was due June 30, 2012, however the loan agreement was amended in May 2012 to extend the term of the loan to May 22, 2013. The loan bears interest of 6% annually.

As of June 30, 2012, the combined balance of these loans was \$61,431.

**J. *State of California – Proposition 1A***

Under the provisions of Proposition 1A and as part of the fiscal year 2009-10 budget package passed by the California State legislature on July 28, 2009, the State of California borrowed 8% of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fees, triple flip in lieu sales taxes, and supplemental property taxes, apportioned to the City. The State is required to repay the \$442,916 it borrowed from the City, plus interest, by June 30, 2013.

This borrowing by the State of California was recognized as a receivable in the accompanying financial statements. Under the modified accrual basis of accounting, the borrowed tax revenues are not permitted to be recognized as revenue in the governmental fund financial statements until the tax revenues are received from the State of California, which is not expected until fiscal year 2012-13. In the government-wide financial statements, the tax revenues were recognized in the fiscal year for which they were levied (fiscal year 2009-10).

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 5 – LOANS RECEIVABLE (Continued)**

**K. *Manuel's Five Star Restaurant, Inc.***

Under the terms of its cooperation agreement with the Redevelopment Agency, 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 simple interest of 5% 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, and the loan receivable was assumed by a Successor Agency as discussed in Note 15.

**NOTE 6 – LAND HELD FOR REDEVELOPMENT**

The Redevelopment Agency has purchased parcels of land as part of its efforts to develop or redevelop blighted properties within the Redevelopment areas. The City has also 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.

In March 2011, the Agency made required findings in accordance with Health and Safety Code Sections 33220 in conjunction with the Cooperation Agreement discussed in Note 15 to allow the conveyance of eight parcels that had been purchased in fiscal year 2011 and prior and recorded as property held for resale with a book value of \$4,478,569 to the City. With the dissolution of the Agency discussed in Note 15, the City returned these parcels, along with other parcels purchased during fiscal year 2011 with a book value of \$5,692,800, to the Agency and the property was assumed by the Successor Agency as discussed in Note 15.

The balance of land held for resale in the General Fund, which had been purchased by the City, was \$1,998,435 as of June 30, 2012.

**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.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**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)	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.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 7 - CAPITAL ASSETS (Continued)**

**A. Capital Assets Additions and Retirements**

Capital asset balances comprise the following:

	Balance as of June 30, 2011	Additions	Retirements	Transfers	Transferred to Successor Agency	Balance as of June 30, 2012
<b>Governmental Activities:</b>						
Capital assets not being depreciated:						
Land	\$11,101,468				(\$1,835,004)	\$9,266,464
Construction in Progress	14,451,138	\$5,773,989	(\$3,312,335)	(\$8,323,193)	(2,535,242)	6,054,357
<b>Total capital assets not being depreciated</b>	<b>25,552,606</b>	<b>5,773,989</b>	<b>(3,312,335)</b>	<b>(8,323,193)</b>	<b>(4,370,246)</b>	<b>15,320,821</b>
Capital assets being depreciated:						
Buildings and Improvements	13,387,204				(3,906,700)	9,480,504
Machinery and Equipment	1,973,108	273,163			(65,957)	2,180,314
Vehicles	1,118,696	96,036	(62,281)			1,152,451
Roadways:						
Pavement	138,276,403	5,836,460		6,891,007	(3,889,591)	147,114,279
Sidewalks	9,797,203					9,797,203
Curbs and Gutters	9,387,108			198,526		9,585,634
Traffic Signals	3,038,942			300,000	(400,859)	2,938,083
Regulatory Signs and Street Trees	648,002			550,181		1,198,183
Street Lights	3,239,203					3,239,203
Bridges	4,422,722					4,422,722
Parks and Recreation Structures	9,591,232			383,479	(818,890)	9,155,821
<b>Total capital assets being depreciated</b>	<b>194,879,823</b>	<b>6,205,659</b>	<b>(62,281)</b>	<b>8,323,193</b>	<b>(9,081,997)</b>	<b>200,264,397</b>
Less accumulated depreciation for:						
Buildings and Improvements	(2,357,274)	(228,991)			557,425	(2,028,840)
Machinery and Equipment	(1,507,571)	(242,511)			46,169	(1,703,913)
Vehicles	(745,066)	(157,001)	61,474			(840,593)
Roadways:						
Pavements	(40,411,595)	(4,363,089)			357,102	(44,417,582)
Sidewalks	(2,276,771)	(130,615)				(2,407,386)
Curbs and Gutters	(2,219,577)	(126,467)				(2,346,044)
Traffic Signals	(817,560)	(136,393)			63,084	(890,869)
Regulatory Signs and Street Trees	(465,658)	(99,534)				(565,192)
Street Lights	(670,081)	(80,980)				(751,061)
Bridges	(804,342)	(44,226)				(848,568)
Parks and Recreation Structures	(2,196,996)	(357,241)			38,366	(2,515,871)
<b>Total accumulated depreciation</b>	<b>(54,472,491)</b>	<b>(5,967,048)</b>	<b>61,474</b>		<b>1,062,146</b>	<b>(59,315,919)</b>
<b>Net capital assets being depreciated</b>	<b>140,407,332</b>	<b>238,611</b>	<b>(807)</b>	<b>8,323,193</b>	<b>(8,019,851)</b>	<b>140,948,478</b>
<b>Governmental activity capital assets, net</b>	<b>\$165,959,938</b>	<b>\$6,012,600</b>	<b>(\$3,313,142)</b>		<b>(\$12,390,097)</b>	<b>\$156,269,299</b>

The City conveyed a completed fire station project with a book value of \$3,312,335 to the East Contra Costa County Fire Protection District in August 2011, which is reported as a retirement of construction in progress above.

The California Department of Transportation (CalTrans) relinquished ownership of the portion of State Highway 4 that runs through the City in January 2012, which is approximately five miles of roads. The City estimated the fair value of the roads transferred to the City to be \$5,836,460, which is included in additions to roadways pavement above.

With the dissolution of the Redevelopment Agency as discussed in Note 15, a Successor Agency assumed the capital assets of the Redevelopment Agency as of February 1, 2012, which has been reported as a transfer above and as an Extraordinary Item in the Statement of Activities.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**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	\$7,619
Public Works	5,338,545
Internal Service Funds	<u>620,884</u>
<b>Total Governmental Activities</b>	<b><u><u>\$5,967,048</u></u></b>

**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 issues and transactions are summarized below and discussed in detail thereafter.

	Original Issue Amount	Balance June 30, 2011	Retirements	Transferred to Successor Agency	Balance June 30, 2012	Current Portion
<b>2003 Tax Allocation Bonds</b>						
3.97-6.32%, due 9/01/2028	\$8,500,000	\$7,170,000	(\$235,000)	(\$6,935,000)		
<b>2006 Certificates of Participation</b>						
4.00-4.50%, due 5/1/2032	8,500,000	7,680,000	(230,000)		\$7,450,000	\$240,000
<b>2008 Subordinate Tax Allocation Bonds</b>						
4.00-5.00%, due 9/1/2038	25,095,000	<u>25,095,000</u>		<u>(25,095,000)</u>		
Total		<u><u>\$39,945,000</u></u>	<u><u>(\$465,000)</u></u>	<u><u>(\$32,030,000)</u></u>	<u><u>\$7,450,000</u></u>	<u><u>\$240,000</u></u>

With the dissolution of the Redevelopment Agency as discussed in Note 15, a Successor Agency assumed the long-term debt of the Redevelopment Agency as of February 1, 2012, which has been reported as a transfer above and as an Extraordinary Item in the Statement of Activities. For a detailed discussion of the 2003 Tax Allocation Bonds and 2008 Subordinate Tax Allocation Bonds above, which are both now obligations of the Successor Agency, see Note 15E.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 8 – LONG-TERM DEBT (Continued)**

**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.

**C. Debt Service Requirements**

Annual debt service requirements are shown below for all long-term debt:

For the Year Ending June 30	Principal	Interest
2013	\$240,000	\$316,435
2014	255,000	306,835
2015	265,000	296,635
2016	275,000	286,035
2017	285,000	275,035
2018 - 2022	1,620,000	1,193,575
2023 - 2027	2,005,000	830,280
2028 - 2032	2,505,000	348,520
	<u>\$7,450,000</u>	<u>\$3,853,350</u>

**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. 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 not been included in the accompanying financial statements. The outstanding balances of the Bonds were \$14,775,000 and \$10,245,000, respectively at June 30, 2012.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 10 – NET ASSETS AND FUND BALANCES**

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

**A. *Net Assets***

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

*Invested in capital assets, net of related debt* describes the portion of Net Assets which 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 Assets 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 Assets 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 and receivables, less its liabilities

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

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

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

*Committed* fund balances have constraints imposed by formal action of the City Council, such as by Resolution or Ordinance, which may be altered only by the same formal action of the City Council. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 10 – NET ASSETS 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, the City Manager. This category includes encumbrances; Nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

*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.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 10 – NET ASSETS AND FUND BALANCES (Continued)**

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

Fund Balance Classifications	General Fund	Major Special Revenue Funds			Major Capital Projects Fund		Total
		Lighting and Landscaping District	Public Protection	Low and Mod Income Housing Asset	Traffic Impact Fees	Other Governmental Funds	
<b>Nonspendables:</b>							
Items not in spendable form:							
Prepays and Deposits	\$10,857						\$10,857
Loans Receivable	646,383						646,383
Land Held for resale	1,998,435						1,998,435
Advances	186,936						186,936
<b>Total Nonspendable Fund Balances</b>	<b>2,842,611</b>						<b>2,842,611</b>
<b>Restricted for:</b>							
Dutch Slough	559,498						559,498
Lighting and landscaping services		\$5,376,153					5,376,153
Traffic impact projects					\$7,277,318		7,277,318
Fire impact projects						\$93,648	93,648
Street maintenance and improvement						1,756,694	1,756,694
NPDES projects						1,042,472	1,042,472
Cypress Grove						1,194,895	1,194,895
Agricultural Conservation						15,407	15,407
Park acquisition and development						748,535	748,535
Childcare facilities projects						949,818	949,818
Public facilities projects						150,018	150,018
Debt Service						604,923	604,923
<b>Total Restricted Fund Balances</b>	<b>559,498</b>	<b>5,376,153</b>			<b>7,277,318</b>	<b>6,556,410</b>	<b>19,769,379</b>
<b>Assigned to:</b>							
Leave	75,000						75,000
Uninsured Claims Payable	25,000						25,000
Capital Projects						194,417	194,417
Main Street Projects						689,824	689,824
<b>Total Assigned Fund Balances</b>	<b>100,000</b>					<b>884,241</b>	<b>984,241</b>
<b>Unassigned:</b>							
General fund	5,255,400						5,255,400
Major fund deficit				(\$1,320,258)			(1,320,258)
<b>Total Unassigned Fund Balances</b>	<b>5,255,400</b>			<b>(1,320,258)</b>			<b>3,935,142</b>
<b>Total Fund Balances</b>	<b>\$8,757,509</b>	<b>\$5,376,153</b>		<b>(\$1,320,258)</b>	<b>\$7,277,318</b>	<b>\$7,440,651</b>	<b>\$27,531,373</b>

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 10 – NET ASSETS 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 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.
- 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.
- 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.
- 6) 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.
- 7) The City will seek to build and maintain a Facilities Maintenance Capital Asset Reserve 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.
- 8) 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 program budget. The minimum reserve level will be 50% of the costs projected over the next five years.
- 9) 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.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 10 – NET ASSETS AND FUND BALANCES (Continued)**

**D. Fund Balance Deficit**

The Low and Moderate Income Housing Asset Special Revenue Fund had a fund balance deficit of \$1,320,258 at June 30, 2012. The deficit is expected to be eliminated from future loan repayment revenues.

**NOTE 11 - PENSION PLAN**

***CALPERS Miscellaneous Employee Plan***

Substantially all of the City’s permanent, probationary and part-time employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS) a cost-sharing agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The employees participate in the Miscellaneous Employee Plan. Benefit provisions under the Plan are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. In August 2010, the City Council authorized an amendment to the contract between the City and the California Public Employees’ Retirement System in order to establish a Tier 2 retirement benefits structure. The Tier 2 changed the retirement benefit plan from 2.5%@55 to 2%@60 for new miscellaneous employees hired on or after October 18, 2010. The Plans’ provisions and benefits in effect at June 30, 2012, are summarized as follows:

	Miscellaneous Tier 1 (2.5% @ 55)	Miscellaneous Tier 2 (2% @ 60)
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as a % of annual salary	2.0% - 2.5%	1.092% - 2.418%
Required employee contribution rates	8%	7%
Required employer contribution rates	14.806%	8.197%

All qualified permanent, probationary and part-time employees are eligible to participate in CALPERS. A credited service year is one year of full time employment. The City Council has directed that the City employees are only required to pay 2% of their contributions. The City pays the remaining employees’ contribution as well as the employer contribution. These benefit provisions and all other requirements are established by state statute and City resolution. Contributions necessary to fund CALPERS on an actuarial basis are determined by CALPERS and its Board of Administration.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 11 - PENSION PLAN (Continued)**

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this Method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarially accrued liability. The City uses the actuarially determined percentages of payroll to calculate and pay contributions to CALPERS. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all actuarially required contributions required by CALPERS, for the last three years were as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2010	\$307,210	100%	\$ 0
June 30, 2011	285,643	100%	0
June 30, 2012	291,501	100%	0

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation rate at 3.0%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and amortized over a rolling thirty year period.

As required by State law effective July 1, 2005, the City's Miscellaneous Plan was terminated, and the employees in the plan were required by CALPERS to join a new State-wide pool. One of the conditions of entry to the pool was that the City true-up any unfunded liabilities in the former Plan, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CALPERS. The City satisfied its Miscellaneous Plan's unfunded liability by agreeing to contribute to the Side Fund through an addition to its normal contribution rates. The balance of the Side Fund was \$204,269 at June 30, 2012, which will be repaid over the next 8 years.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 11 - PENSION PLAN (Continued)**

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. CALPERS' latest actuarial value (which differs from market value) and funding progress for the State-wide pools are shown below:

Actuarial						
<i>Miscellaneous Tier 1</i>						
Valuation Date	Entry Age Accrued Liability	Value of Asset	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2008	\$1,537,909,933	\$1,337,707,835	\$200,202,098	87.0%	\$333,307,600	60.1%
2009	1,834,424,640	1,493,430,831	340,993,809	81.4%	355,150,151	96.0%
2010	1,972,910,641	1,603,482,152	369,428,489	81.3%	352,637,380	104.8%
<i>Miscellaneous Tier 2</i>						
Valuation Date	Entry Age Accrued Liability	Value of Asset	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2008	\$532,483,463	\$513,147,099	\$19,336,364	96.4%	\$183,387,608	10.5%
2009	582,841,869	553,953,526	28,888,343	95.0%	184,319,666	15.7%
2010	624,423,437	594,492,164	29,931,273	95.2%	186,777,830	16.0%

The City's Miscellaneous Tier 1 Plan represents approximately 0.5790%, 0.6147%, and 0.5617% of the State-wide pool for the years ended June 30, 2010, 2009, and 2008, respectively, based on covered payroll of \$2,041,816, \$2,182,980, and \$1,872,058 for those years. The City joined the Miscellaneous Tier 2 Plan in August 2010.

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

**NOTE 12 - 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.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 13 - 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:

<u>Types of Coverage (Deductible)</u>	<u>Coverage Limits</u>
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 (\$5,000)	1,000,000,000
Flood*	25,000,000
Pollution Liability (\$100,000)	1,000,000
Boiler & Machinery (\$5,000)	100,000,000
Cyber Liability (\$50,000)	2,000,000

\* \$100,000 minimum deductible per occurrence, except Zone A & 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.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 13 - 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	
	2012	2011
Balance at beginning of year	\$25,000	\$35,952
Liability for current fiscal year claims	1,255	5,913
Change in liability for prior fiscal year claims and claims incurred but not reported (IBNR)	10,904	(16,097)
Claims paid	(12,159)	(768)
Balance at end of year	\$25,000	\$25,000

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

**A. Construction Commitments**

The City has the following outstanding construction commitments as of June 30, 2012:

Laurel Road Widening	\$63,351
Main Street Widening	39,571
Citywide Pavement Management	39,717
Total	\$142,639

**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 amendments of 1996 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.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)**

**D. Property Tax Pass-Through Agreements**

The Redevelopment Agency has a number of property tax pass-through agreements executed from 1980 to 1990 with various entities, the taxing agencies in existence when the Plan Area was formed. Under these agreements, the Agency passes through to these taxing agencies a portion of the property tax increments it would otherwise have received. The exact amount of the pass-throughs is not known, as it is determined by the amount of tax increment received by the Agency each year. During the period July 1, 2011 to January 31, 2012, tax increments collected by the Agency were not sufficient to pay both debt service and the pass-throughs, therefore the Agency subordinated the pass-throughs to the debt service. Pass-throughs due to the taxing agencies for fiscal year 2012 totaled \$641,674. With the dissolution of the Redevelopment Agency as discussed in Note 15, pass-through obligations are paid by the County beginning February 1, 2012, therefore the Agency transferred the outstanding liability to the County.

**E. Encumbrances**

Encumbrances outstanding as of June 30, 2012 by fund were as follows:

Major Governmental Funds:	
Traffic Impact Fees	\$82,498
Non-Major Governmental Funds:	<u>151,965</u>
Total Encumbrances	<u><u>\$234,463</u></u>

**NOTE 15 – 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, 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, ABx1 26 and AB1484 direct 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 has not yet scheduled its asset transfer review.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

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

Under the provisions of 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.

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.

On January 19, 2011 the Redevelopment Agency entered into a Cooperation Agreement with the City to perform and administer the redevelopment programs and activities within the Project Area, including its low and moderate income housing programs. The Cooperation Agreement identifies thirty-seven Agency projects that cannot be completed without the assistance of the City, but those projects may be amended. In exchange for the City's agreement to accept these responsibilities and participate in these projects, as appropriate, the Agency made various findings in accordance with the Health and Safety Code within the Cooperation Agreement, including §33220, and the Agency agreed to the following provisions:

- To transfer and convey all of its existing assets to the City prior to June 30, 2011, including its rights to receive funds associated with the Agency's existing agreements with third parties as a contribution toward carrying out the obligations specified in the Agreement.
- To pay the City 3% of all property taxes it receives to the City for administration and oversight activities.
- To repay the principal and interest of the interfund advances discussed in Note 4 B above over a term of six years.

For accountability, the City had established two new funds to account for activities undertaken pursuant to this Agreement.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

The Cooperation Agreement was to terminate in fiscal year 2039, however under the provisions of Health and Safety Code Section 34171(d)(2) established by AB x 126, agreements between the City and the Agency that were executed after December 31, 2010 are no longer enforceable obligations and Health and Safety Code Section 34167.5 requires that if the City is not contractually committed to a third party for the expenditure or encumbrance of those funds that they be returned to the Successor Agency. Although the City contends that the Cooperation Agreement was lawfully executed, the City agreed to comply with the requirements of the Code and the assets as of January 31, 2012 in the City Redevelopment Housing Fund were transferred to the Low and Moderate Income Housing Asset Fund which accounts for the Housing Successor activities, and the assets and liabilities of the City Redevelopment Capital Projects Fund were transferred to the Successor Agency to the Redevelopment Agency Private Purpose Trust Fund. As Housing Successor, the City is only required to assume the assets of the former Redevelopment Agency's housing activities, however, when the State Department of Finance had indicated that the Cooperation Agreement is not an enforceable obligation of the Successor Agency and that the advance to the former City Redevelopment Housing Fund should not be repaid by property taxes. Until the matter is resolved, the City, as housing successor, has assumed the advance liability as discussed in Note 4B.

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

	Assets and Liabilities (Prior to transfer) (A)	Transferred to Successor Agency	Transferred to Housing Successor	Other Adjustments	Ending Balance January 31, 2012
<b>ASSETS</b>					
Cash and investments	\$9,073,079	\$9,022,615	\$50,464		
Investments with fiscal agent	2,676,409	2,676,409			
Accounts receivable	103,550	103,550			
Interest receivable	31,826	5,222	26,604		
Prepays and deposits	487,757	487,757			
Notes receivable	10,636,188	662,882	9,973,306		
Land held for resale or redevelopment	10,171,369	10,171,369			
Capital Assets:					
Land and construction in progress	4,370,246	4,370,246			
Capital assets being depreciated, net	8,019,851	8,019,851			
<b>Total Assets</b>	<b>45,570,275</b>	<b>35,519,901</b>	<b>10,050,374</b>		
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	641,817	143		\$641,674 (B)	
Deposits payable	27,760	27,760			
Deferred revenue	10,736,490		10,009,858	726,632 (C)	
Advance from other fund	1,337,701		1,337,701		
Long-term debt	32,030,000	32,030,000			
<b>Total Liabilities</b>	<b>44,773,768</b>	<b>32,057,903</b>	<b>11,347,559</b>	<b>1,368,306</b>	
<b>NET ASSETS (DEFICIT)</b>	<b>\$796,507</b>	<b>\$3,461,998</b>	<b>(\$1,297,185)</b>	<b>(\$1,368,306)</b>	

(A) Includes balances previously held by the City Redevelopment Housing and City Redevelopment Capital Projects Funds, as well as the former Redevelopment Agency.

(B) The subordinated pass-through agreements payable discussed in Note 14 were transferred to the County.

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

Cash and investments of the Successor Agency as of June 30, 2012 are discussed in Note 3. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2012.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

**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 was \$623,082, and the balance of the loan, including accrued interest was \$630,377 as of June 30, 2012.

***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 simple interest of 5% 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 has 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 has denied that the loans are 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 continues 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 contends that as a result of this provision, the loans are a City obligation and not an obligation of the Successor Agency. They do, however, provide that because the enhancement loan was funded with proceeds of Redevelopment Agency bonds, then once the Agency obtains a "certificate of completion" by complying with provisions of a new law passed in June 2012, the enhancement loan will then be allowed. The Agency expects to have further conversations with the Department and hopes to resolve this matter expeditiously. Should those efforts fail, the issue may need to be resolved by litigation.

The borrower had drawn down \$487,892 of the construction loan and \$108,250 of the enhancement loan as of June 30, 2012.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

**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 Redevelopment areas. 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.

**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)	40 years
Traffic Signals	25 years
Parks and Recreation:	
General Improvements	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.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

Capital assets recorded at June 30 comprise:

	Transferred from Redevelopment Agency February 1, 2012	Additions	Retirements	Transfers	Balance June 30, 2012
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$1,835,004		(\$331,105)	\$331,105	\$1,835,004
Construction in Progress	2,535,242	\$559,429		(331,105)	2,763,566
<b>Total capital assets not being depreciated</b>	<b>4,370,246</b>	<b>559,429</b>	<b>(331,105)</b>		<b>4,598,570</b>
Capital assets being depreciated:					
Buildings and improvements	3,906,700				3,906,700
Machinery and equipment	65,957				65,957
Roadways:					
Pavement	3,889,591				3,889,591
Traffic Signals	400,859				400,859
Parks and Recreation	818,890				818,890
<b>Total capital assets being depreciated</b>	<b>9,081,997</b>				<b>9,081,997</b>
Less accumulated depreciation for:					
Buildings and improvements	(557,425)	(127,343)			(684,768)
Machinery and equipment	(46,169)	(13,191)			(59,360)
Roadways:					
Pavement	(357,102)	(116,714)			(473,816)
Traffic Signals	(63,084)	(16,034)			(79,118)
Parks and Recreation	(38,366)	(61,418)			(99,784)
<b>Total accumulated depreciation</b>	<b>(1,062,146)</b>	<b>(334,700)</b>			<b>(1,396,846)</b>
<b>Net capital assets being depreciated</b>	<b>8,019,851</b>	<b>(334,700)</b>			<b>7,685,151</b>
<b>Capital assets, net</b>	<b>\$12,390,097</b>	<b>\$224,729</b>	<b>(\$331,105)</b>		<b>\$12,283,721</b>

Included in the balances above are certain assets that are designated for public purposes and the City anticipates that they will ultimately be conveyed to the City.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 15 – 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	Transferred from Redevelopment Agency as of February 1, 2012	Balance June 30, 2012	Current Portion
<b>2003 Tax Allocation Bonds</b>				
3.97-6.32%, due 9/01/2028	\$8,500,000	\$6,935,000	\$6,935,000	\$250,000
<b>2008 Subordinate Tax Allocation Bonds</b>				
4.00-5.00%, due 9/1/2038	25,095,000	<u>25,095,000</u>	<u>25,095,000</u>	<u>310,000</u>
Total		<u>\$32,030,000</u>	<u>\$32,030,000</u>	<u>\$560,000</u>

**2. Redevelopment Agency 2003 Tax Allocation Bonds and 2008 Subordinate Tax Allocation Bonds**

On December 4, 2003, the Agency issued Tax Allocation Bonds to refund and defease the outstanding 1999 Tax Allocation Revenue Bonds, and to provide financing for various redevelopment projects. The Bonds are secured by the Agency's tax increment revenue. Principal is payable annually and the interest is payable semi-annually through 2029. A portion of the proceeds from the 2003 Bonds was placed in an irrevocable trust to provide all the future debt service payments of the defeased 1999 Bonds, and the 1999 Bonds were called in August 2009.

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 are subordinated to the 2003 Bonds. Principal is payable annually and the interest is payable semi-annually through 2039.

As discussed above, the Agency has 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 has 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. The pledge of all future tax increment revenues ends upon repayment of the \$57,895,476 remaining debt service on the Bonds above, which is scheduled to occur in 2039. With the issuance of the 2008 Bonds, projected non-housing tax increment revenues are expected to provide coverage over debt service of 217% over the life of the two Bonds.

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

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. In fiscal year 2012, total tax increment calculated by the County Auditor-Controller was \$2,686,625, and the total received by the Redevelopment Agency and the Successor Agency was \$2,465,518.

Using both property taxes received by the Redevelopment Agency prior to the dissolution and by the Successor Agency after the dissolution, net of the AB1484 True-up payment, total collections were \$2,465,518 which represented coverage of 132% of the \$1,866,824 of debt service.

Committed and unspent bond proceeds from the 2008 Subordinate Tax Allocation Bonds at June 30, 2012 was \$5,856,058, and is included in the Private Purpose Trust Fund’s cash available for operations reported in Note 3.

**3. Debt Service Requirements**

Annual debt service requirements for the Bonds are shown below:

For the Year Ending June 30	Principal	Interest
2013	\$560,000	\$1,612,553
2014	610,000	1,585,609
2015	660,000	1,555,803
2016	715,000	1,522,964
2017	775,000	1,487,494
2018 - 2022	4,665,000	6,798,959
2023 - 2027	5,855,000	5,440,701
2028 - 2032	6,635,000	3,727,271
2033 - 2037	7,845,000	1,946,372
2038 - 2039	3,710,000	187,750
	\$32,030,000	\$25,865,476

**CITY OF OAKLEY**  
**Notes to Basic Financial Statements**  
**For fiscal year ended June 30, 2012**

**NOTE 15 – 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 are subject to further examination by the State of California and the amount, if any, of expenditures which may be disallowed by the State cannot be determined at this time. In addition, the State Controller's Office will be conducting a review of the propriety of asset transfers between the former Redevelopment Agency or the Successor Agency and any public agency that occurred on or after January 1, 2011 and the amount, if any, of assets that may be required to be returned to the Successor Agency cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

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**MAJOR GOVERNMENTAL FUNDS, OTHER THAN  
GENERAL FUND AND SPECIAL REVENUE FUNDS**

**TRAFFIC IMPACT FEES CAPITAL PROJECTS FUND**

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

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, 2012

	TRAFFIC IMPACT FEES		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Developer fees	\$1,000,000	\$1,303,684	\$303,684
Use of money and property		19,412	19,412
Miscellaneous		46,695	46,695
	1,000,000	1,369,791	369,791
EXPENDITURES			
Current:			
Public Works	55,708	44,860	10,848
Capital outlay	6,882,828	1,035,108	5,847,720
	6,938,536	1,079,968	5,858,568
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,938,536)	289,823	6,228,359
OTHER FINANCING SOURCES (USES)			
Transfers (out)		(15,000)	(15,000)
NET CHANGE IN FUND BALANCES	(\$5,938,536)	274,823	\$6,213,359
Fund balance at beginning of year		7,002,495	
Fund balance at end of year		\$7,277,318	

<b>NON-MAJOR GOVERNMENTAL FUNDS</b>
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**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.

**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.

**CITY REDEVELOPMENT HOUSING**

This fund accounts for the City’s activities in carrying out the Low and Moderate Housing obligations it performs on behalf of the Redevelopment Agency pursuant to the Cooperation Agreement.

**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.

**NON-MAJOR GOVERNMENTAL FUNDS (Continued)**

**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.

**CYPRESS GROVE CAPITAL PROJECT**

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

**GENERAL CAPITAL PROJECTS**

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.

**FIRE IMPACT FEES**

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

**CITY REDEVELOPMENT CAPITAL PROJECTS**

This fund accounted for the City's activities through January 31, 2012 in carrying out the Redevelopment related obligations it performed on behalf of the Redevelopment Agency pursuant to the Cooperation Agreement.

**REDEVELOPMENT AGENCY LOW AND MODERATE INCOME HOUSING**

This fund accounted for the twenty percent housing set aside from the tax increment proceeds from the Oakley Redevelopment Project Area through January 31, 2012.

**REDEVELOPMENT AGENCY PROJECTS**

This fund accounted for tax increment and other funds received for redevelopment operations and major capital projects in the Oakley Redevelopment Project Area through January 31, 2012.

**NON-MAJOR GOVERNMENTAL FUNDS (Continued)**

**DEBT SERVICE FUNDS**

**2003 TAXABLE TAX ALLOCATION BONDS**

This fund accounted for principal and interest payments through January 31, 2012 on the Redevelopment Agency's 2003 Taxable Tax Allocation Bonds.

**2006 CERTIFICATES OF PARTICIPATION**

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

**2008A TAX ALLOCATION BONDS**

This fund accounted for principal and interest payments through January 31, 2012 on the Redevelopment Agency's 2008 Series A Tax Allocation Bonds.

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

SPECIAL REVENUE FUNDS

	Gas Tax	NPDES	Developer Deposits	Youth Development	Community Facilities District #1
<b>ASSETS</b>					
Cash and investments available for operations	\$1,093,723	\$1,049,086	\$1,103,280	\$88,381	\$1,107,488
Cash with fiscal agent					
Accounts receivable, net	189,222	277	114,520		
Interest receivable	708	650		55	643
Loans receivable					
Advances to other funds					
<b>Total Assets</b>	<b>\$1,283,653</b>	<b>\$1,050,013</b>	<b>\$1,217,800</b>	<b>\$88,436</b>	<b>\$1,108,131</b>
<b>LIABILITIES</b>					
Accounts payable	\$51,516	\$7,541	\$163,249	\$60	\$2,460
Accrued liabilities					
Deposits payable			1,054,551		
Deferred revenue				88,376	
<b>Total Liabilities</b>	<b>51,516</b>	<b>7,541</b>	<b>1,217,800</b>	<b>88,436</b>	<b>2,460</b>
<b>FUND BALANCES</b>					
Nonspendable					
Restricted	1,232,137	1,042,472			1,105,671
Committed					
Assigned					
Unassigned					
<b>Total Fund Balance</b>	<b>1,232,137</b>	<b>1,042,472</b>			<b>1,105,671</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$1,283,653</b>	<b>\$1,050,013</b>	<b>\$1,217,800</b>	<b>\$88,436</b>	<b>\$1,108,131</b>

SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS			
Oakley Welcoming	Ag Conservation	City Redevelopment Housing	Measure J	Park Impact Fees	Childcare Impact Fees	Public Facilities Impact Fee
\$46,514	\$15,398		\$1,030,408	\$301,396	\$949,240	\$10,941
34	9		943,507 641	13,045 162	578	(27)
				503,227		161,073
<u>\$46,548</u>	<u>\$15,407</u>		<u>\$1,974,556</u>	<u>\$817,830</u>	<u>\$949,818</u>	<u>\$171,987</u>
\$5,407 658			\$506,492	\$660		
<u>40,483</u>			<u>943,507</u>	<u>68,635</u>		<u>\$21,969</u>
<u>46,548</u>			<u>1,449,999</u>	<u>69,295</u>		<u>21,969</u>
	\$15,407		524,557	748,535	\$949,818	150,018
	15,407		524,557	748,535	949,818	150,018
<u>\$46,548</u>	<u>\$15,407</u>		<u>\$1,974,556</u>	<u>\$817,830</u>	<u>\$949,818</u>	<u>\$171,987</u>

(Continued)

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

	CAPITAL PROJECTS FUNDS				
	Main Street	Cypress Grove Capital Project	General Capital Projects	Fire Impact Fees	City Redevelopment Capital Projects
<b>ASSETS</b>					
Cash and investments available for operations	\$691,262	\$89,170	\$207,228	\$93,580	
Cash with fiscal agent					
Accounts receivable, net			168,314		
Interest receivable		54	191	68	
Loans receivable					
Advances to other funds					
Total Assets	\$691,262	\$89,224	\$375,733	\$93,648	
<b>LIABILITIES</b>					
Accounts payable	\$1,438		\$123,750		
Accrued liabilities					
Deposits payable					
Deferred revenue			57,566		
Total Liabilities	1,438		181,316		
<b>FUND BALANCES</b>					
Nonspendable					
Restricted		\$89,224		\$93,648	
Committed					
Assigned	689,824		194,417		
Unassigned					
Total Fund Balance	689,824	89,224	194,417	93,648	
Total Liabilities and Fund Balances	\$691,262	\$89,224	\$375,733	\$93,648	

CAPITAL PROJECTS FUNDS		DEBT SERVICE FUNDS			
Redevelopment Agency Low and Mod	Redevelopment Agency Projects	2003 Taxable Tax Allocation Bonds	2006 Certificates of Participation	2008A Tax Allocation Bonds	Total Nonmajor Governmental Funds
			\$30,021		\$7,907,116
			574,765		574,765
					1,428,885
			137		3,903
					664,300
			\$604,923		\$10,578,969
					\$862,573
					658
					1,054,551
					1,220,536
					3,138,318
			\$604,923		6,556,410
					884,241
			604,923		7,440,651
			\$604,923		\$10,578,969

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

	SPECIAL REVENUE FUNDS				
	Gas Tax	NPDES	Developer Deposits	Youth Development	Community Facilities District #1
REVENUES					
Property taxes		\$382,352			
Charges for services					
Intergovernmental:					
Other	\$1,010,827				
Developer fees			\$530,528		
Special assessments					\$277,283
Loan repayments					
Use of money and property	3,998	3,097		\$288	3,051
Miscellaneous		230		22,001	
Total Revenues	<u>1,014,825</u>	<u>385,679</u>	<u>530,528</u>	<u>22,289</u>	<u>280,334</u>
EXPENDITURES					
Current:					
Community Development			486,040		
Public Works	233,350	264,219			135,492
Redevelopment and Economic Development					
Recreation				22,289	
Pass through to County and other agencies					
Capital outlay	1,274,573				
Debt Service:					
Principal					
Interest and fiscal charges					
Total Expenditures	<u>1,507,923</u>	<u>264,219</u>	<u>486,040</u>	<u>22,289</u>	<u>135,492</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(493,098)</u>	<u>121,460</u>	<u>44,488</u>		<u>144,842</u>
OTHER FINANCING SOURCES (USES)					
Loss from sale of property					
Transfers in					
Transfers (out)	(198,551)		(44,488)		
Total Other Financing Sources (Uses)	<u>(198,551)</u>		<u>(44,488)</u>		
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(691,649)	121,460			144,842
EXTRAORDINARY ITEM					
Assets transferred to/liabilities assumed by the Successor Agency/Housing Successor					
NET CHANGE IN FUND BALANCES	(691,649)	121,460			144,842
Fund balance (deficit) at beginning of year	1,923,786	921,012			960,829
Fund balances at end of year	<u>\$1,232,137</u>	<u>\$1,042,472</u>			<u>\$1,105,671</u>

SPECIAL REVENUE FUNDS

CAPITAL PROJECTS FUNDS

Oakley Welcoming	Ag Conservation	City Redevelopment Housing	Measure J	Park Impact Fees	Childcare Impact Fees	Public Facilities Impact Fee
			\$419,364	\$101,434		\$410,174
\$201 58,326	\$22	\$80	3,374	984	\$2,853	(392)
58,527	22	80	422,738	102,418	2,853	409,782
						13,477
58,527		56,433	57,621	16,087		
			1,220,795	483,655	819	
58,527		56,433	1,278,416	499,742	819	13,477
	22	(56,353)	(855,678)	(397,324)	2,034	396,305
		(17,059)				
				(984)		(511,636)
		(17,059)		(984)		(511,636)
	22	(73,412)	(855,678)	(398,308)	2,034	(115,331)
		(162,372)				
	22	(235,784)	(855,678)	(398,308)	2,034	(115,331)
	15,385	235,784	1,380,235	1,146,843	947,784	265,349
\$15,407			\$524,557	\$748,535	\$949,818	\$150,018

(Continued)

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

CAPITAL PROJECTS FUNDS					
	Main Street	Cypress Grove Capital Project	General Capital Projects	Fire Impact Fees	City Redevelopment Capital Projects
REVENUES					
Property taxes					
Charges for services					\$31,028
Intergovernmental:					
Other			\$243,314		
Developer fees				\$22,452	
Special assessments					
Loan repayments					
Use of money and property		\$268	1,911	(469)	229,698
Miscellaneous					770
<b>Total Revenues</b>		<b>268</b>	<b>245,225</b>	<b>21,983</b>	<b>261,496</b>
EXPENDITURES					
Current:					
Community Development				2,662	
Public Works					
Redevelopment and Economic Development					123,851
Recreation					
Pass through to County and other agencies					641,674
Capital outlay	\$29,125		876,537	301,937	625,537
Debt Service:					
Principal					
Interest and fiscal charges					
<b>Total Expenditures</b>	<b>29,125</b>		<b>876,537</b>	<b>304,599</b>	<b>1,391,062</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(29,125)	268	(631,312)	(282,616)	(1,129,566)
OTHER FINANCING SOURCES (USES)					
Loss from sale of property			2,500		
Transfers in	27,500		172,988		
Transfers (out)			(1,739)		
<b>Total Other Financing Sources (Uses)</b>	<b>27,500</b>		<b>173,749</b>		
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(1,625)	268	(457,563)	(282,616)	(1,129,566)
EXTRAORDINARY ITEM					
Assets transferred to/liabilities assumed by the Successor Agency/Housing Successor					(18,346,163)
NET CHANGE IN FUND BALANCES	(1,625)	268	(457,563)	(282,616)	(19,475,729)
Fund balance (deficit) at beginning of year	691,449	88,956	651,980	376,264	19,475,729
Fund balances at end of year	<b>\$689,824</b>	<b>\$89,224</b>	<b>\$194,417</b>	<b>\$93,648</b>	

CAPITAL PROJECTS FUNDS		DEBT SERVICE FUNDS			
Redevelopment Agency Low and Mod	Redevelopment Agency Projects	2003 Taxable Tax Allocation Bonds	2006 Certificates of Participation	2008A Tax Allocation Bonds	Total Nonmajor Governmental Funds
	\$1,490,541				\$1,872,893 31,028
					1,673,505 1,064,588 277,283 200
\$200 89		\$193	\$1,080	\$1,432	251,758 81,327
289	1,490,541	193	1,080	1,432	5,252,582
					502,179 706,769 225,001 80,816 641,674 4,812,978
		235,000 221,757	230,000 330,437	601,338	465,000 1,153,532
8,944	35,773	456,757	560,437	601,338	8,587,949
(8,655)	1,454,768	(456,564)	(559,357)	(599,906)	(3,335,367)
		568,970	511,636	617,690	(14,559) 1,898,784 (1,914,058)
	(1,156,660)				
	(1,156,660)	568,970	511,636	617,690	(29,833)
(8,655)	298,108	112,406	(47,721)	17,784	(3,365,200)
1,346,749	(298,108)	(853,724)		(2,122,792)	(20,436,410)
1,338,094		(741,318)	(47,721)	(2,105,008)	(23,801,610)
(1,338,094)		741,318	652,644	2,105,008	31,242,261
			\$604,923		\$7,440,651

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, 2012

SPECIAL REVENUE FUNDS						
	GAS TAX			N.P.D.E.S.		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes				\$460,000	\$382,352	(\$77,648)
Charges for services						
Intergovernmental:						
Other	\$966,000	\$1,010,827	\$44,827			
Developer fees						
Special assessments						
Loan repayments						
Use of money and property	4,000	3,998	(2)	4,000	3,097	(903)
Miscellaneous					230	230
Total Revenues	<u>970,000</u>	<u>1,014,825</u>	<u>44,825</u>	<u>464,000</u>	<u>385,679</u>	<u>(78,321)</u>
EXPENDITURES						
Current:						
Community Development						
Public Works	323,007	233,350	89,657	452,940	264,219	188,721
Redevelopment and Economic Development						
Recreation						
Pass through to County and other agencies						
Capital Outlay	2,184,624	1,274,573	910,051	11,250		11,250
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>2,507,631</u>	<u>1,507,923</u>	<u>999,708</u>	<u>464,190</u>	<u>264,219</u>	<u>199,971</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,537,631)</u>	<u>(493,098)</u>	<u>1,044,533</u>	<u>(190)</u>	<u>121,460</u>	<u>121,650</u>
OTHER FINANCING SOURCES (USES)						
Loss from sale of property						
Transfers in						
Transfers (out)	(224,400)	(198,551)	25,849			
Total Other Financing Sources (Uses)	<u>(224,400)</u>	<u>(198,551)</u>	<u>25,849</u>			
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	<u>(1,762,031)</u>	<u>(691,649)</u>	<u>1,070,382</u>	<u>(190)</u>	<u>121,460</u>	<u>121,650</u>
EXTRAORDINARY ITEM						
Assets transferred to/liabilities assumed by the Successor Agency/Housing Successor						
NET CHANGE IN FUND BALANCES	<u><u>(\$1,762,031)</u></u>	<u><u>(691,649)</u></u>	<u><u>\$1,070,382</u></u>	<u><u>(\$190)</u></u>	<u><u>121,460</u></u>	<u><u>\$121,650</u></u>
Fund balances (deficit) at beginning of year		<u>1,923,786</u>			<u>921,012</u>	
Fund balances at end of year		<u><u>\$1,232,137</u></u>			<u><u>\$1,042,472</u></u>	

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)
\$294,488	\$530,528	\$236,040				\$250,000	\$277,283	\$27,283
			\$54,000	\$288 22,001	\$288 (31,999)	5,000	3,051	(1,949)
<u>294,488</u>	<u>530,528</u>	<u>236,040</u>	<u>54,000</u>	<u>22,289</u>	<u>(31,711)</u>	<u>255,000</u>	<u>280,334</u>	<u>25,334</u>
250,000	486,040	(236,040)				206,483	135,492	70,991
			54,000	22,289	31,711			
<u>250,000</u>	<u>486,040</u>	<u>(236,040)</u>	<u>54,000</u>	<u>22,289</u>	<u>31,711</u>	<u>206,483</u>	<u>135,492</u>	<u>70,991</u>
44,488	44,488					48,517	144,842	96,325
<u>(44,488)</u>	<u>(44,488)</u>							
<u>(44,488)</u>	<u>(44,488)</u>							
						48,517	144,842	96,325
						<u>\$48,517</u>	144,842	<u>\$96,325</u>
							960,829	
							<u>\$1,105,671</u>	

(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, 2012

	SPECIAL REVENUE FUNDS					
	OAKLEY WELCOMING			AG CONSERVATION		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Charges for services						
Intergovernmental:						
Other						
Developer fees						
Special assessments						
Loan repayments						
Use of money and property		\$201	\$201		\$22	\$22
Miscellaneous	\$98,459	58,326	(40,133)			
Total Revenues	98,459	58,527	(39,932)		22	22
EXPENDITURES						
Current:						
Community Development						
Public Works				\$15,384		15,384
Redevelopment and Economic Development						
Recreation	85,239	58,527	26,712			
Pass through to County and other agencies						
Capital Outlay						
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	85,239	58,527	26,712	15,384		15,384
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	13,220		(13,220)	(15,384)	22	15,406
OTHER FINANCING SOURCES (USES)						
Loss from sale of property						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	13,220		(13,220)	(15,384)	22	15,406
EXTRAORDINARY ITEM						
Assets transferred to/liabilities assumed by the Successor Agency/Housing Successor						
NET CHANGE IN FUND BALANCES	<u>\$13,220</u>		<u>(\$13,220)</u>	<u>(\$15,384)</u>	22	<u>\$15,406</u>
Fund balances (deficit) at beginning of year					15,385	
Fund balances at end of year					<u>\$15,407</u>	

SPECIAL REVENUE FUND			CAPITAL PROJECTS FUNDS					
CITY REDEVELOPMENT HOUSING			MEASURE J			PARK IMPACT FEES		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			\$485,515	\$419,364	(\$66,151)	\$1,587,591	\$101,434	(\$1,587,591)
						45,000		56,434
\$2,000	\$80	(\$2,000) 80	5,000	\$3,374	(1,626)		984	984
2,000	80	(1,920)	490,515	422,738	(67,777)	1,632,591	102,418	(1,530,173)
172,000	56,433	115,567	152,104	57,621	94,483	12,490	16,087	(3,597)
			1,915,239	1,220,795	694,444	2,310,191	483,655	1,826,536
172,000	56,433	115,567	2,067,343	1,278,416	788,927	2,322,681	499,742	1,822,939
(170,000)	(56,353)	113,647	(1,576,828)	(855,678)	721,150	(690,090)	(397,324)	292,766
183,000	(17,059)	(200,059)					(984)	(984)
183,000	(17,059)	(200,059)					(984)	(984)
13,000	(73,412)	(86,412)	(1,576,828)	(855,678)	721,150	(690,090)	(398,308)	291,782
	(162,372)	(162,372)						
\$13,000	(235,784)	(\$248,784)	(\$1,576,828)	(855,678)	\$721,150	(\$690,090)	(398,308)	\$291,782
	235,784			1,380,235			1,146,843	
				\$524,557			\$748,535	

(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, 2012

	CAPITAL PROJECTS FUNDS					
	CHILDCARE IMPACT FEES			PUBLIC FACILITIES IMPACT FEE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Charges for services						
Intergovernmental:						
Other						
Developer fees				\$410,175	\$410,174	(\$1)
Special assessments						
Loan repayments						
Use of money and property	\$4,000	\$2,853	(\$1,147)	3,000	(392)	(3,392)
Miscellaneous						
Total Revenues	<u>4,000</u>	<u>2,853</u>	<u>(1,147)</u>	<u>413,175</u>	<u>409,782</u>	<u>(3,393)</u>
EXPENDITURES						
Current:						
Community Development				15,300	13,477	1,823
Public Works						
Redevelopment and Economic Development						
Recreation						
Pass through to County and other agencies						
Capital Outlay	951,784	819	950,965			
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>951,784</u>	<u>819</u>	<u>950,965</u>	<u>15,300</u>	<u>13,477</u>	<u>1,823</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(947,784)</u>	<u>2,034</u>	<u>949,818</u>	<u>397,875</u>	<u>396,305</u>	<u>(1,570)</u>
OTHER FINANCING SOURCES (USES)						
Loss from sale of property						
Transfers in						
Transfers (out)				(511,650)	(511,636)	14
Total Other Financing Sources (Uses)				<u>(511,650)</u>	<u>(511,636)</u>	<u>14</u>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	<u>(947,784)</u>	<u>2,034</u>	<u>949,818</u>	<u>(113,775)</u>	<u>(115,331)</u>	<u>(1,556)</u>
EXTRAORDINARY ITEM						
Assets transferred to/liabilities assumed by the Successor Agency/Housing Successor						
NET CHANGE IN FUND BALANCES	<u><u>(\$947,784)</u></u>	<u>2,034</u>	<u><u>\$949,818</u></u>	<u><u>(\$113,775)</u></u>	<u>(115,331)</u>	<u><u>(\$1,556)</u></u>
Fund balances (deficit) at beginning of year		<u>947,784</u>			<u>265,349</u>	
Fund balances at end of year		<u><u>\$949,818</u></u>			<u><u>\$150,018</u></u>	

CAPITAL PROJECTS FUNDS

MAIN STREET			GENERAL CAPITAL PROJECTS			FIRE IMPACT FEE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			\$1,669,776	\$243,314	(\$1,426,462)	\$10,000	\$22,452	\$12,452
			3,000	1,911	(1,089)	10,000	(469)	(10,469)
			<u>1,672,776</u>	<u>245,225</u>	<u>(1,427,551)</u>	<u>20,000</u>	<u>21,983</u>	<u>1,983</u>
						7,750	2,662	5,088
\$718,948	\$29,125	\$689,823	2,472,446	876,537	1,595,909	368,416	301,937	66,479
<u>718,948</u>	<u>29,125</u>	<u>689,823</u>	<u>2,472,446</u>	<u>876,537</u>	<u>1,595,909</u>	<u>376,166</u>	<u>304,599</u>	<u>71,567</u>
<u>(718,948)</u>	<u>(29,125)</u>	<u>689,823</u>	<u>(799,670)</u>	<u>(631,312)</u>	<u>168,358</u>	<u>(356,166)</u>	<u>(282,616)</u>	<u>73,550</u>
27,500	27,500		2,500	2,500				
			172,988	172,988				
			(3,000)	(1,739)	1,261			
<u>27,500</u>	<u>27,500</u>		<u>172,488</u>	<u>173,749</u>	<u>1,261</u>			
(691,448)	(1,625)	689,823	(627,182)	(457,563)	169,619	(356,166)	(282,616)	73,550
<u>(\$691,448)</u>	<u>(1,625)</u>	<u>\$689,823</u>	<u>(\$627,182)</u>	<u>(457,563)</u>	<u>\$169,619</u>	<u>(\$356,166)</u>	<u>(282,616)</u>	<u>\$73,550</u>
	691,449			651,980			376,264	
	<u>\$689,824</u>			<u>\$194,417</u>			<u>\$93,648</u>	

(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, 2012

CAPITAL PROJECTS FUNDS						
	CITY REDEVELOPMENT CAPITAL PROJECTS			REDEVELOPMENT AGENCY LOW AND MOD		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes				\$513,000		(\$513,000)
Charges for services	\$61,303	\$31,028	(\$30,275)			
Intergovernmental:						
Other						
Developer fees						
Special assessments						
Loan repayments					\$200	200
Use of money and property	365,000	229,698	(135,302)		89	89
Miscellaneous		770	770			
Total Revenues	<u>426,303</u>	<u>261,496</u>	<u>(164,807)</u>	<u>513,000</u>	<u>289</u>	<u>(512,711)</u>
<b>EXPENDITURES</b>						
Current:						
Community Development						
Public Works						
Redevelopment and Economic Development	1,249,903	123,851	1,126,052	15,400	8,944	6,456
Recreation						
Pass through to County and other agencies		641,674	(641,674)			
Capital Outlay	7,583,207	625,537	6,957,670			
Debt Service:						
Principal				250,000		250,000
Interest and fiscal charges				29,000		29,000
Total Expenditures	<u>8,833,110</u>	<u>1,391,062</u>	<u>7,442,048</u>	<u>294,400</u>	<u>8,944</u>	<u>285,456</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(8,406,807)</u>	<u>(1,129,566)</u>	<u>7,277,241</u>	<u>218,600</u>	<u>(8,655)</u>	<u>(227,255)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Loss from sale of property						
Transfers in						
Transfers (out)	(294,700)		294,700	(218,600)		218,600
Total Other Financing Sources (Uses)	<u>(294,700)</u>		<u>294,700</u>	<u>(218,600)</u>		<u>218,600</u>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	<u>(8,701,507)</u>	<u>(1,129,566)</u>	<u>7,571,941</u>		<u>(8,655)</u>	<u>(8,655)</u>
<b>EXTRAORDINARY ITEM</b>						
Assets transferred to/liabilities assumed by the Successor Agency/Housing Successor		(18,346,163)	(18,346,163)		1,346,749	1,346,749
NET CHANGE IN FUND BALANCES	<u>(\$8,701,507)</u>	<u>(19,475,729)</u>	<u>(\$10,774,222)</u>		<u>1,338,094</u>	<u>\$1,338,094</u>
Fund balances (deficit) at beginning of year		<u>19,475,729</u>			<u>(1,338,094)</u>	
Fund balances at end of year						

CAPITAL PROJECTS FUND			DEBT SERVICE FUNDS					
REDEVELOPMENT AGENCY PROJECTS			2003 TAXABLE TAX ALLOCATION BONDS			2006 CERTIFICATES OF PARTICIPATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$2,052,000	\$1,490,541	(\$561,459)						
			\$500	\$193	(\$307)		\$1,080	\$1,080
<u>2,052,000</u>	<u>1,490,541</u>	<u>(561,459)</u>	<u>500</u>	<u>193</u>	<u>(307)</u>		<u>1,080</u>	<u>1,080</u>
65,000	35,773	29,227						
615,000		615,000						
			235,000	235,000		\$230,000	230,000	
			446,700	221,757	224,943	341,650	330,437	11,213
<u>680,000</u>	<u>35,773</u>	<u>644,227</u>	<u>681,700</u>	<u>456,757</u>	<u>224,943</u>	<u>571,650</u>	<u>560,437</u>	<u>11,213</u>
<u>1,372,000</u>	<u>1,454,768</u>	<u>82,768</u>	<u>(681,200)</u>	<u>(456,564)</u>	<u>224,636</u>	<u>(571,650)</u>	<u>(559,357)</u>	<u>12,293</u>
294,700		(294,700)	685,000	568,970	(116,030)	511,636	511,636	
(1,695,700)	(1,156,660)	539,040						
<u>(1,401,000)</u>	<u>(1,156,660)</u>	<u>244,340</u>	<u>685,000</u>	<u>568,970</u>	<u>(116,030)</u>	<u>511,636</u>	<u>511,636</u>	
(29,000)	298,108	327,108	3,800	112,406	108,606	(60,014)	(47,721)	12,293
	(298,108)	(298,108)		(853,724)	(853,724)			
<u>(\$29,000)</u>		<u>\$29,000</u>	<u>\$3,800</u>	<u>(741,318)</u>	<u>(\$745,118)</u>	<u>(\$60,014)</u>	<u>(47,721)</u>	<u>\$12,293</u>
				741,318			652,644	
							<u>\$604,923</u>	

(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, 2012

DEBT SERVICE FUND			
2008A TAX ALLOCATION BONDS			
	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Property taxes			
Charges for services			
Intergovernmental:			
Other			
Developer fees			
Special assessments			
Loan repayments			
Use of money and property	\$500	\$1,432	\$932
Miscellaneous			
Total Revenues	500	1,432	932
<b>EXPENDITURES</b>			
Current:			
Community Development			
Public Works			
Redevelopment and Economic Development			
Recreation			
Pass through to County and other agencies			
Capital Outlay			
Debt Service:			
Principal			
Interest and fiscal charges	1,216,300	601,338	614,962
Total Expenditures	1,216,300	601,338	614,962
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(1,215,800)	(599,906)	615,894
<b>OTHER FINANCING SOURCES (USES)</b>			
Loss from sale of property			
Transfers in	1,134,000	617,690	(516,310)
Transfers (out)			
Total Other Financing Sources (Uses)	1,134,000	617,690	(516,310)
<b>NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM</b>	(81,800)	17,784	99,584
<b>EXTRAORDINARY ITEM</b>			
Assets transferred to/liabilities assumed by the Successor Agency/Housing Successor		(2,122,792)	(2,122,792)
<b>NET CHANGE IN FUND BALANCES</b>	(\$81,800)	(2,105,008)	(\$2,023,208)
Fund balances (deficit) at beginning of year		2,105,008	
Fund balances at end of year			

## **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 introduced by GASB Statement 34 does not extend to internal service funds because they do not do business with outside parties. GASB Statement 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Assets.

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

### **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 ASSETS  
JUNE 30, 2012

	Equipment Replacement	Capital Facilities Maintenance and Replacement	Total
ASSETS			
Current:			
Cash and investments available for operations	\$1,262,763	\$272,417	\$1,535,180
Receivables:			
Interest	785	166	951
Total Current Assets	1,263,548	272,583	1,536,131
Noncurrent:			
Capital assets (net of accumulated depreciation)	788,259	7,371,660	8,159,919
Total Assets	2,051,807	7,644,243	9,696,050
NET ASSETS			
Invested in capital assets	788,259	7,371,660	8,159,919
Unrestricted	1,263,548	272,583	1,536,131
Total Net Assets	\$2,051,807	\$7,644,243	\$9,696,050

CITY OF OAKLEY  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Equipment Replacement</u>	<u>Capital Facilities Maintenance and Replacement</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$301,614		\$301,614
Total Operating Revenues	<u>301,614</u>		<u>301,614</u>
<b>OPERATING EXPENSES</b>			
Supplies	40,659	\$600	41,259
Depreciation	399,512	221,372	620,884
Total Operating Expenses	<u>440,171</u>	<u>221,972</u>	<u>662,143</u>
Operating Income (Loss)	<u>(138,557)</u>	<u>(221,972)</u>	<u>(360,529)</u>
<b>NONOPERATING REVENUES</b>			
Interest income	5,330	817	6,147
Gain from sale of property	20,509		20,509
Total Nonoperating Revenues	<u>25,839</u>	<u>817</u>	<u>26,656</u>
Income (Loss) Before Contributions	<u>(112,718)</u>	<u>(221,155)</u>	<u>(333,873)</u>
Contributions	<u>182,395</u>		<u>182,395</u>
Change in net assets	69,677	(221,155)	(151,478)
BEGINNING NET ASSETS	<u>1,982,130</u>	<u>7,865,398</u>	<u>9,847,528</u>
ENDING NET ASSETS	<u>\$2,051,807</u>	<u>\$7,644,243</u>	<u>\$9,696,050</u>

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

	Equipment Replacement	Capital Facilities Maintenance and Replacement	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$305,305		\$305,305
Payments to suppliers	(40,659)	(\$600)	(41,259)
<b>Cash Flows from Operating Activities</b>	<b>264,646</b>	<b>(600)</b>	<b>264,046</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(185,997)		(185,997)
Proceeds from sale of capital assets	20,509		20,509
<b>Cash Flows from Noncapital Financing Activities</b>	<b>(165,488)</b>		<b>(165,488)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest	5,490	872	6,362
<b>Net Cash Flows</b>	<b>104,648</b>	<b>272</b>	<b>104,920</b>
Cash and investments at beginning of period	1,158,115	272,145	1,430,260
Cash and investments at end of period	<u>\$1,262,763</u>	<u>\$272,417</u>	<u>\$1,535,180</u>
<b>NONCASH TRANSACTIONS</b>			
Contribution of capital assets	<u>\$182,395</u>		<u>\$182,395</u>
<b>Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:</b>			
Operating income (loss)	(\$138,557)	(\$221,972)	(\$360,529)
Adjustments to reconcile operating income to cash flows from operating activities:			
Depreciation	399,512	221,372	620,884
Change in assets:			
Receivables, net	3,691		3,691
<b>Cash Flows from Operating Activities</b>	<b><u>\$264,646</u></b>	<b><u>(\$600)</u></b>	<b><u>\$264,046</u></b>

## **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, 2012

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012
<u>Assessment District 2004-1</u>				
Assets				
Cash and investments	\$898,480	\$16,267,224	\$16,225,264	\$940,440
Cash with fiscal agent	1,147,845		272,629	875,216
Interest receivable	512	409	512	409
Total Assets	<u>\$2,046,837</u>	<u>\$16,267,633</u>	<u>\$16,498,405</u>	<u>\$1,816,065</u>
Liabilities				
Due to bondholders	<u>\$2,046,837</u>	<u>\$16,267,633</u>	<u>\$16,498,405</u>	<u>\$1,816,065</u>
Total Liabilities	<u>\$2,046,837</u>	<u>\$16,267,633</u>	<u>\$16,498,405</u>	<u>\$1,816,065</u>
<u>Regional Mitigation Fees Fund</u>				
Assets				
Cash and investments	<u>\$458,494</u>	<u>\$204,724</u>	<u>\$458,494</u>	<u>\$204,724</u>
Liabilities				
Due to other agencies	<u>\$458,494</u>	<u>\$204,724</u>	<u>\$458,494</u>	<u>\$204,724</u>
Total Liabilities	<u>\$458,494</u>	<u>\$204,724</u>	<u>\$458,494</u>	<u>\$204,724</u>
<u>Assessment District 2006-1</u>				
Assets				
Cash and investments	\$556,730	\$828,750	\$756,910	\$628,570
Cash with fiscal agent	765,190		19,371	745,819
Interest receivable	311	271	311	271
Total Assets	<u>\$1,322,231</u>	<u>\$829,021</u>	<u>\$776,592</u>	<u>\$1,374,660</u>
Liabilities				
Due to bondholders	<u>\$1,322,231</u>	<u>\$829,021</u>	<u>\$776,592</u>	<u>\$1,374,660</u>
Total Liabilities	<u>\$1,322,231</u>	<u>\$829,021</u>	<u>\$776,592</u>	<u>\$1,374,660</u>
<u>Totals - All Agency Funds</u>				
Assets				
Cash and investments	\$1,913,704	\$17,300,698	\$17,440,668	\$1,773,734
Cash with fiscal agent	1,913,035		292,000	1,621,035
Interest receivable	823	680	823	680
Total Assets	<u>\$3,827,562</u>	<u>\$17,301,378</u>	<u>\$17,733,491</u>	<u>\$3,395,449</u>
Liabilities				
Due to other agencies	\$458,494	\$204,724	\$458,494	\$204,724
Due to bondholders	3,369,068	17,096,654	17,274,997	3,190,725
Total Liabilities	<u>\$3,827,562</u>	<u>\$17,301,378</u>	<u>\$17,733,491</u>	<u>\$3,395,449</u>

## **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 well being have changed over time:

1. Net Assets by Component
2. Changes in Net Assets
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, 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:

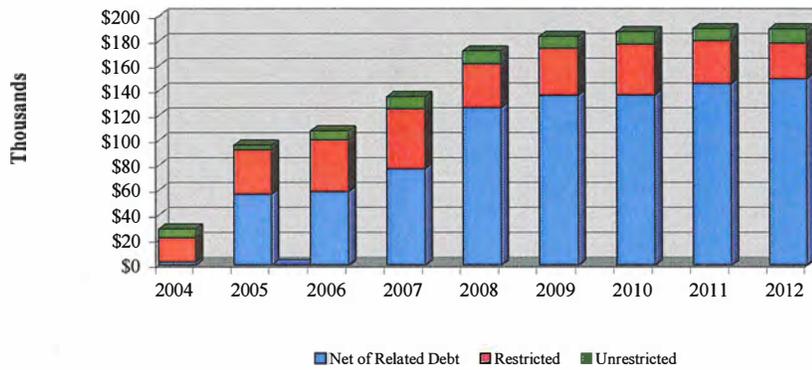
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

### ***Sources***

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

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**CITY OF OAKLEY**  
**Net Assets by Component (000's)**  
**Last Nine Fiscal Years**  
**(accrual basis of accounting)**



	Fiscal Year Ended June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
<i>Primary government</i>									
<i>Governmental activities</i>									
Invested in capital assets,									
net of related debt	\$2,102	\$56,504 (a)	\$58,624	\$76,945	\$126,106	\$136,077	\$136,320	\$145,396	\$149,394
Restricted	19,647	35,699	41,703	48,240	35,170	37,745	40,968	34,572	28,647
Unrestricted	7,019	3,659	7,072	9,894	10,473	9,727	9,979	9,713	11,462
Total governmental activities net assets	<u>\$28,768</u>	<u>\$95,862</u>	<u>\$107,399</u>	<u>\$135,079</u>	<u>\$171,749</u>	<u>\$183,549</u>	<u>\$187,267</u>	<u>\$189,681</u>	<u>\$189,503</u>

NOTES:

The City implemented GASB Statement 34 in fiscal year 2004.  
Therefore this calculation is included only for fiscal years subsequent to that date.  
(a) The City recorded historical infrastructure balances in fiscal year 2005.

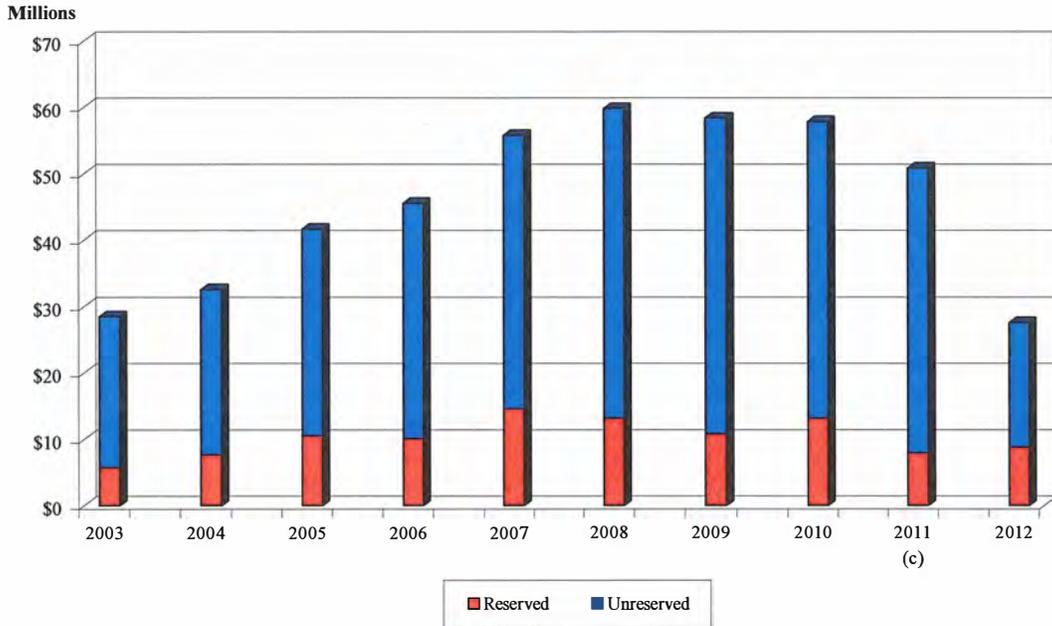
**CITY OF OAKLEY**  
**Changes in Net Assets (000's)**  
**Last Nine Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>									
Governmental Activities:									
Legislative	\$434	\$642	\$409	\$370	\$574	\$835	\$492	\$500	\$466
Administrative Services	743	1,246	1,225	957	1,043	986	872	913	769
Community Development	4,592	12,360	14,592	11,308	7,914 (a)	7,258	2,572 (b)	1,830	1,711
Public Works					3,074 (a)	3,994	8,687 (b)	9,181	12,507 (c)
Redevelopment and Economic Development	1,812	1,897	1,625	3,147	2,511	2,052	3,610	2,023	932 (d)
Law Enforcement	3,502	4,270	5,039	5,530	6,703	7,228	7,280	7,259	7,462
Recreation	134	489	682	543	313	464	352	273	360
Interest and fiscal charges	1,261	515	495	890	2,383	2,012	2,030	2,000	606 (d)
Total Governmental Activities Expenses	<u>12,478</u>	<u>21,419</u>	<u>24,067</u>	<u>22,745</u>	<u>24,515</u>	<u>24,829</u>	<u>25,895</u>	<u>23,979</u>	<u>24,813</u>
Total Primary Government Expenses	<u>\$12,478</u>	<u>\$21,419</u>	<u>\$24,067</u>	<u>\$22,745</u>	<u>\$24,515</u>	<u>\$24,829</u>	<u>\$25,895</u>	<u>\$23,979</u>	<u>\$24,813</u>
<b>Program Revenues</b>									
Governmental Activities:									
Charges for Services:									
Administrative Services	\$234	\$310	\$556	\$689	\$271	\$164	\$239	\$156	\$154
Community Development	2,339	6,527	9,846	8,190	3,606	2,010	1,954	1,341	1,186
Public Works					2,780	3,062	3,307	3,209	3,266
Law Enforcement	320	681	915	1,654	2,070	2,231	2,328	2,426	2,718
Recreation	831	36	39	37	31	41	47	42	74
Operating Grants and Contributions	1,657	1,649	1,061	1,153	799	1,196	1,225	1,116	1,630
Capital Grants and Contributions	3,347	19,658	9,260	20,977	27,856	12,839	8,671	5,940	8,433
Total Government Activities Program Revenues	<u>8,728</u>	<u>28,861</u>	<u>21,677</u>	<u>32,700</u>	<u>37,413</u>	<u>21,543</u>	<u>17,771</u>	<u>14,230</u>	<u>17,461</u>
Total Primary Government Program Revenues	<u>\$8,728</u>	<u>\$28,861</u>	<u>\$21,677</u>	<u>\$32,700</u>	<u>\$37,413</u>	<u>\$21,543</u>	<u>\$17,771</u>	<u>\$14,230</u>	<u>\$17,461</u>
<b>Net (Expense)/Revenue</b>									
Governmental Activities	(\$3,750)	\$7,442	(\$2,390)	\$9,955	\$12,898	(\$3,286)	(\$8,124)	(\$9,749)	(\$7,352)
Total Primary Government Net Expense	<u>(\$3,750)</u>	<u>\$7,442</u>	<u>(\$2,390)</u>	<u>\$9,955</u>	<u>\$12,898</u>	<u>(\$3,286)</u>	<u>(\$8,124)</u>	<u>(\$9,749)</u>	<u>(\$7,352)</u>
<b>General Revenues and Other Changes in Net Assets</b>									
Governmental Activities:									
Taxes:									
Property Taxes	\$4,390	\$5,964	\$7,423	\$9,579	\$10,096	\$9,652	\$7,370	\$7,050	\$5,561 (d)
Sales Taxes	1,018	1,081	1,194	1,268	1,617	1,466	1,343	1,413	1,590
Motor Vehicle In-Lieu	1,862	876	625	167	150	121	109	159	18
Transient Occupancy Tax	161	184	208	220	217	164	128	118	165
Nonregulatory Franchise and Business	377	472	462	558	584	634	726	1,062	1,136
Interest Earnings	298	1,722	1,676	3,412	2,774	1,915	995	883	653
Other	14	471	1,468	2,522	1,072	1,134	1,171	1,477	873
Extraordinary item									(2,820) (d)
Total Government Activities	<u>8,120</u>	<u>10,770</u>	<u>13,056</u>	<u>17,726</u>	<u>16,510</u>	<u>15,086</u>	<u>11,842</u>	<u>12,162</u>	<u>7,176</u>
Total Primary Government	<u>\$8,120</u>	<u>\$10,770</u>	<u>\$13,056</u>	<u>\$17,726</u>	<u>\$16,510</u>	<u>\$15,086</u>	<u>\$11,842</u>	<u>\$12,162</u>	<u>\$7,176</u>
<b>Change in Net Assets</b>									
Governmental Activities	\$4,370	\$18,212	\$10,666	\$27,681	\$29,408	\$11,800	\$3,718	\$2,413	(\$176)
Total Primary Government	<u>\$4,370</u>	<u>\$18,212</u>	<u>\$10,666</u>	<u>\$27,681</u>	<u>\$29,408</u>	<u>\$11,800</u>	<u>\$3,718</u>	<u>\$2,413</u>	<u>(\$176)</u>

NOTE: The City implemented GASB Statement 34 in fiscal year 2004.

- (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

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



	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011 (c)	2012
<b>General Fund</b>										
Reserved	\$193	\$1,643	\$2,970	\$2,657	\$2,210	\$2,074	\$1,834	\$1,593		
Unreserved	7,636	7,510	3,968	5,248	7,493	5,656	4,748	5,353		
Nonspendable									\$2,847	\$2,843
Restricted									559	559
Assigned									155	100
Unassigned									4,347	5,255
<b>Total General Fund</b>	<u>\$7,829</u>	<u>\$9,153</u> (a)	<u>\$6,938</u> (a)	<u>\$7,905</u>	<u>\$9,703</u>	<u>\$7,730</u>	<u>\$6,582</u>	<u>\$6,946</u>	<u>\$7,908</u>	<u>\$8,757</u> (b)
<b>All Other Governmental Funds</b>										
Reserved	\$5,513	\$6,005	\$7,556	\$7,411	\$12,353	\$11,049	\$8,939	\$11,565		
Unreserved, reported in:										
Special revenue funds	7,669	8,657	9,939	2,311	3,178	5,109	6,204	7,526		
Capital project funds	7,460	8,703	17,149	27,852	30,518	35,903	36,634	31,761		
Nonspendable									\$497	
Restricted									42,404	\$19,210
Assigned									1,344	884
Unassigned									(1,339)	(1,320)
<b>Total all other governmental funds</b>	<u>\$20,642</u>	<u>\$23,365</u> (a)	<u>\$34,644</u> (a)	<u>\$37,574</u>	<u>\$46,049</u>	<u>\$52,061</u>	<u>\$51,777</u>	<u>\$50,852</u>	<u>\$42,906</u>	<u>\$18,774</u> (b) (d)

NOTES:

(a) During fiscal year 2005 the City reviewed historical revenues and expenditures in the General Fund and made a number of restatements and recategorizations, primarily related to the presentation of its Impact Fee Funds.

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

(c) 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.

(d) 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.

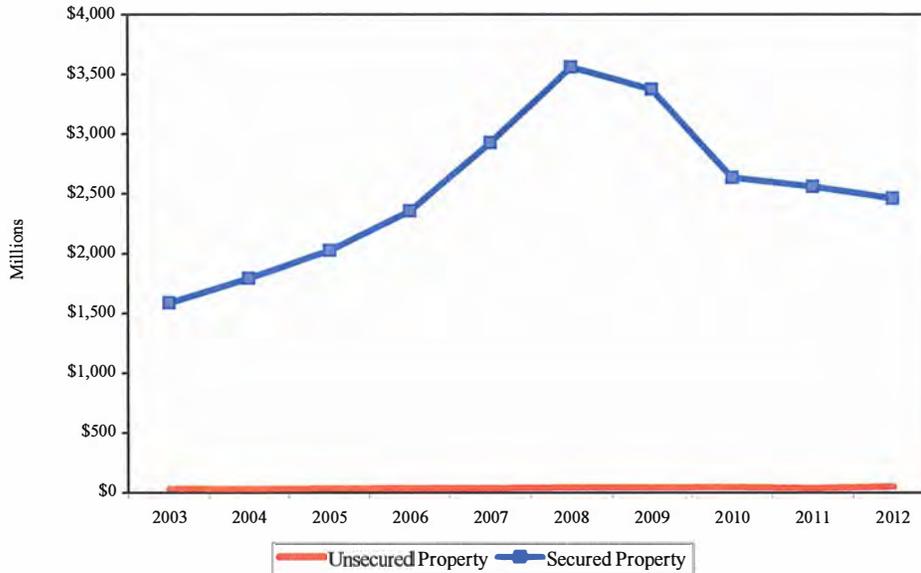
**CITY OF OAKLEY**  
**Changes in Fund Balance of Governmental Funds (000's)**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 (d)
<b>Revenues</b>										
Taxes	\$4,565	\$5,393	\$7,680	\$9,197	\$11,514	\$12,403	\$11,799	\$9,017	\$9,526	\$8,344
Licenses, permits and fees	2,351	2,052	2,041	3,739	3,652	1,909	1,252	1,392	950	990
Fines and forfeitures	93	83	111	99	198	134	140	177	149	136
Use of money and property	627	179	828	1,656	3,210	2,313	1,629	673	578	418
Intergovernmental revenues	4,023	3,491	2,369	2,693	2,401	2,319	1,715	4,210	2,538	2,164
Charges for services	4,381	5,481	9,629	15,506	14,334	13,166	8,152	10,323	7,378	8,293
Other	138	127	15,479	1,648	11,522	1,071	1,133	1,171	1,384	932
<b>Total Revenues</b>	<b>16,178</b>	<b>16,806</b>	<b>38,137</b>	<b>34,538</b>	<b>46,831</b>	<b>33,315</b>	<b>25,820</b>	<b>26,963</b>	<b>22,503</b>	<b>21,277</b>
<b>Expenditures</b>										
<b>Current:</b>										
Legislative	445	434	642	419	377	567	809	462	483	452
Administrative services	727	736	1,041	1,049	893	955	878	785	783	766
Community development	4,637	5,431	8,721	11,753	8,895	4,014 (b)	2,575	2,338	1,788	1,677
Public works						3,074 (b)	4,627	3,877	3,682	3,641
Redevelopment and economic development	939	1,363	1,118	3,415	6,094	659	642	489	455	276
Law enforcement	3,157	3,477	4,147	5,130	5,599	6,633	6,952	6,955	7,002	7,437
Recreation	133	321	488	689	549	308 (b)	464	329	264	353
Pass through to County and other agencies	474	514	671	604	809	824	799	615	579	642
SERAF payment								1,516	312	
Estimated reduction in value of property held for resale								274		
Capital outlay	926	217	8,712	6,820	21,359	40,822 (c)	6,962	7,123	10,644	5,946
Debt service:										
Principal repayment	588	676	692	673	365	610	680	720	742	465
Interest and fiscal charges	432	327	517	497	833	2,137	1,864	2,043	2,011	1,159
<b>Total Expenditures</b>	<b>12,458</b>	<b>13,496</b>	<b>26,749</b>	<b>31,049</b>	<b>45,773</b>	<b>60,603</b>	<b>27,252</b>	<b>27,526</b>	<b>28,745</b>	<b>22,814</b>
Excess (deficiency) of revenues over (under) expenditures	3,720	3,310	11,388	3,489	1,058	(27,288)	(1,432)	(563)	(6,242)	(1,537)
<b>Other Financing Sources (Uses)</b>										
Transfers in	39	11,101	3,531	1,507	2,925	5,530	3,560	2,110	3,214	2,100
Transfers (out)	(39)	(11,101)	(3,531)	(1,507)	(2,925)	(5,530)	(3,560)	(2,110)	(3,952)	(2,100)
Proceeds (loss) from sale of property				296	714	6,233				(14)
Tax allocation bonds issued		8,500				25,095				
Certificates of participation issued					8,500					
Contribution from County										
Payments to refunded bond escrow		(7,763)								
Other	576		28							
<b>Total other financing sources (uses)</b>	<b>576</b>	<b>737</b>	<b>28</b>	<b>296</b>	<b>9,214</b>	<b>31,328</b>			<b>(738)</b>	<b>(14)</b>
Special item				113						
Extraordinary item										(21,734)
<b>Net Change in fund balances</b>	<b>\$4,296</b>	<b>\$4,047</b>	<b>\$11,416</b>	<b>\$3,898</b>	<b>\$10,272</b>	<b>\$4,040</b>	<b>(\$1,432)</b>	<b>(\$563)</b>	<b>(\$6,980)</b>	<b>(\$23,285)</b>
Debt service as a percentage of noncapital expenditures	(a)	8.2%	7.2%	5.1%	5.2%	10.3%	12.9%	13.5%	15.0%	9.5%

NOTES:

- (a) The City implemented GASB Statement 34 in fiscal year 2004. Therefore this calculation is included only for fiscal years subsequent to that date.
- (b) The City established Public Works in fiscal year 2008. Some of the activities in this department were previously reported in Community Development and Recreation.
- (c) 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.
- (d) 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**



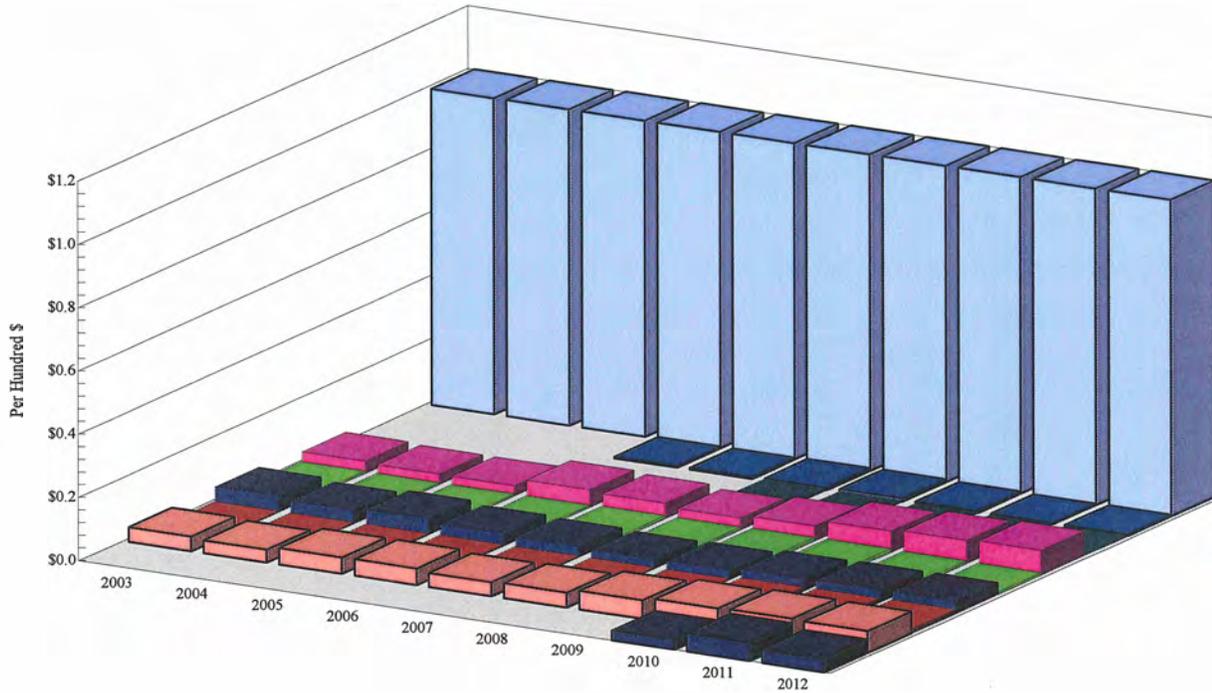
Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other					
2003	\$1,397	\$64	\$19	\$75	\$1,555	\$35	\$1,590	\$1,590	1%
2004	1,586	69	20	87	1,762	33	1,795	1,795	1%
2005	1,718	76	21	178	1,993	37	2,030	2,030	1%
2006	1,952	85	27	255	2,319	41	2,360	2,360	1%
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%

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**



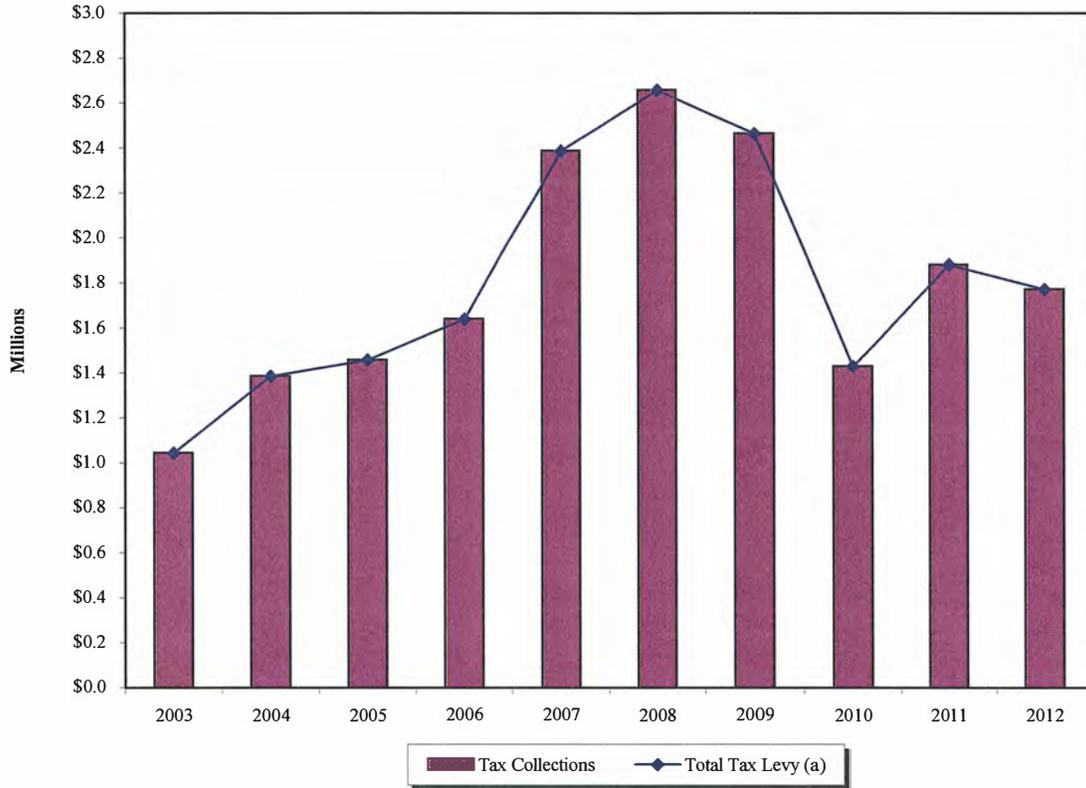
Fiscal Year	Basic County Wide Levy	East Bay Regional Park District	Oakley Union School District	Liberty Union School District	Brentwood Elementary School District	Contra Costa Community College	BART	Contra Costa Water Land Levy	Chabot Las Positas Community College	Antioch Unified School District	Total
2003	\$1.0000	\$0.0065	\$0.0377	\$0.0510	\$0.0465	\$0.0040		\$0.0072			\$1.1529
2004	1.0000	0.0057	0.0323	0.0405	0.0405	0.0038		0.0063			1.1291
2005	1.0000	0.0057	0.0314	0.0489	0.0517	0.0042		0.0057			1.1476
2006	1.0000	0.0057	0.0542	0.0379	0.0519	0.0047	\$0.0048	0.0050			1.1642
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

Source: Contra Costa County Auditor-Controller

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

<u>Taxpayer</u>	<u>2011-12</u>			<u>2002-03</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Neroly Sports Club Investors	\$23,506	1	0.95%			
Albert D Seeno Construction	21,847	2	0.89%			
Cypress Square S&R Associates	17,320	3	0.70%	\$12,617	2	0.79%
Shea Homes LP	15,380	4	0.62%			
New Urban Comm LLC	13,382	5	0.54%			
Western Oilfields Supply Company	8,986	6	0.36%			
Lucky No California Investor LLC	8,319	7	0.34%			
HPH Properties LP	7,402	8	0.30%			
Shurgard Storage Center	7,019	9	0.29%			
Comcast of California IV Inc	5,683	10	0.23%			
KB Home South Bay Inc				14,233	1	0.90%
Lucky Stores Inc.				6,210	3	0.39%
John E Pessin				5,918	4	0.37%
First Security Bank				4,782	5	0.30%
WEC 98D-30 LLC				4,632	6	0.29%
Dale R. and Carolyn Emerson				4,535	7	0.29%
Conco Land Company				4,452	8	0.28%
Western Pacific Housing				4,430	9	0.28%
Donahue Schriber Realty Group				4,317	10	0.27%
Subtotal	<u>\$128,844</u>		<u>5.2%</u>	<u>\$66,126</u>		<u>4.16%</u>

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



<b>Fiscal Year</b>	<b>Total Tax Levy (a)</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Tax Levy</b>
2003	\$1,045	\$1,045	100.0%	(a)	\$1,045	100.0%
2004	1,387	1,387	100.0%	(a)	1,387	100.0%
2005	1,458 (b)	1,458	100.0%	(a)	1,458	100.0%
2006	1,640 (b)	1,640	100.0%	(a)	1,640	100.0%
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 (c)	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%

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) Tax levies and collections for 2005 and 2006 have been reduced by a mandatory tax reallocation imposed by the State of California not reflected in other years.
- (c) \$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.

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

Governmental Activities (in thousands)								
Fiscal Year	Jurisdictional						Percentage of Personal Income (a)	Per Capita (a)
	Tax Allocation Bonds	Repayment Agreement with County	Transfer Agreement Pass - Throughs	Note Payable	Certificates of Participation	Total		
2003	\$7,140	\$852	\$0	\$412	\$0	\$8,404	1.45%	\$311
2004	8,500	568	1,516	248	0	10,832	1.77%	392
2005	8,375	284	1,397	84	0	10,140	1.53%	359
2006	8,195	0	1,272	0	0	9,467	1.33%	326
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

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 City issued the 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, 2012**

2011-12 Assessed Valuation, Excluding the Redevelopment Agency \$2,196,548,057

	Net Debt Outstanding	Percentage Applicable To City of Oakley	Amount Applicable To City of Oakley
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
Contra Costa County Pension Obligations	\$358,495,000	1.751%	\$6,275,877
CCC Lease Revenue Bonds	328,808,976	1.751%	5,756,189
Bay Area Rapid Transit District	138,808,740	1.751%	2,430,010
Contra Costa Community College District	266,535,000	1.758%	4,684,642
Antioch Unified School District School Facilities Improvement District No. 1	39,927,391	6.255%	2,497,576
Liberty Union High School District	101,035,801	18.458%	18,649,579
Brentwood Union School District	76,469,704	0.033%	24,973
Oakley Union School District	22,185,000	84.755%	18,802,909
East Bay Regional Park District	57,086,933	1.751%	999,374
<b>TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT</b>	<u><u>\$1,389,352,545</u></u>		<u><u>\$60,121,129</u></u>
<b>DIRECT DEBT:</b>			
<b>City of Oakley Certificates of Participation</b>	<u><u>\$7,450,000</u></u>	100.000%	<u><u>\$7,450,000</u></u>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>			<u><u>\$67,571,129</u></u>
<b>NET COMBINED TOTAL DEBT</b>			<u><u>\$67,571,129</u></u> (1)

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

**RATIOS TO 2011-12 ASSESSED VALUATION:**

Direct Debt	0.34%
Total Gross Direct and Overlapping Tax Assessment Debt	2.74%
Total Net Direct and Overlapping Tax Assessment Debt	3.08%

Source: HdL Coren & Cone

**CITY OF OAKLEY**  
**COMPUTATION OF LEGAL BONDED DEBT MARGIN**  
**JUNE 30, 2012**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$2,462,000,000
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BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$92,325,000
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AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$0
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Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	0
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Amount of debt subject to limit	0
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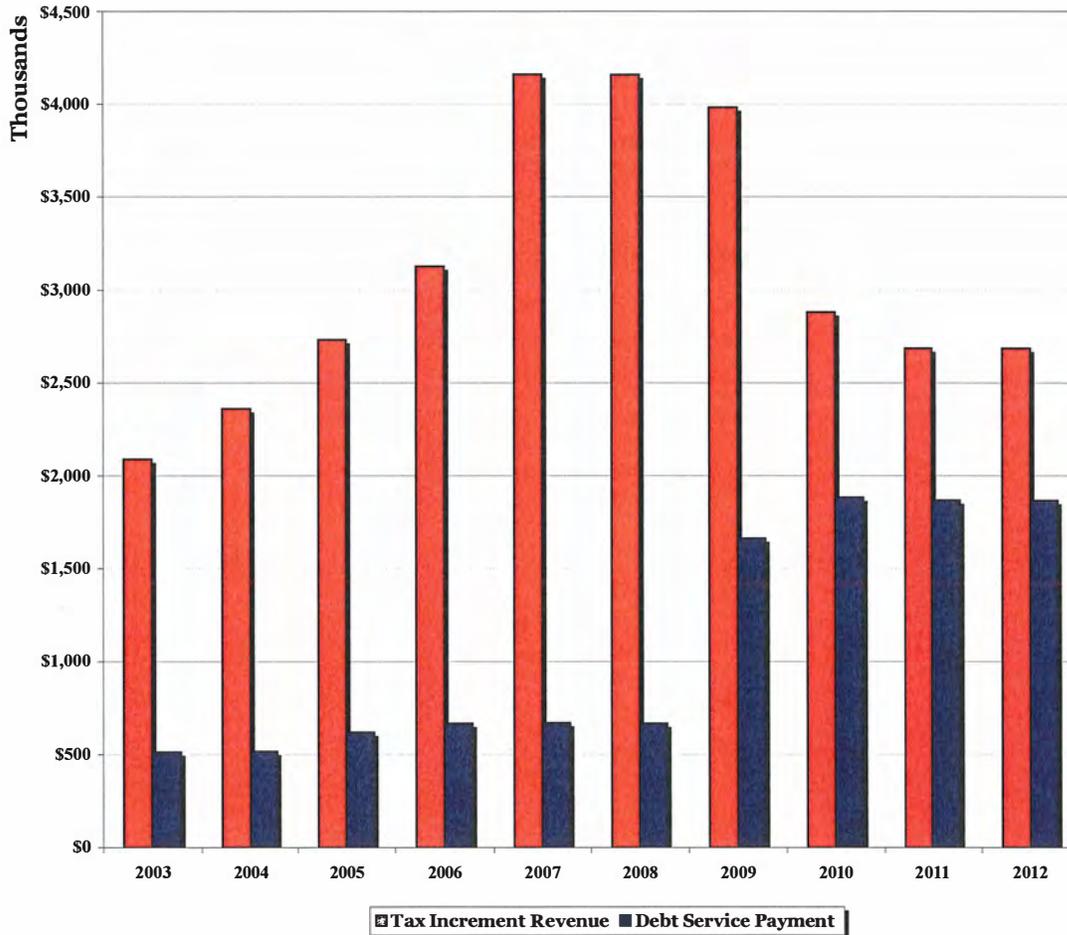
LEGAL BONDED DEBT MARGIN	\$92,325,000
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Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2003	\$59,625,140	\$0	\$59,625,140	0.00%
2004	67,323,159	0	67,323,159	0.00%
2005	76,120,907	0	76,120,907	0.00%
2006	88,509,713	0	88,509,713	0.00%
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%

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.

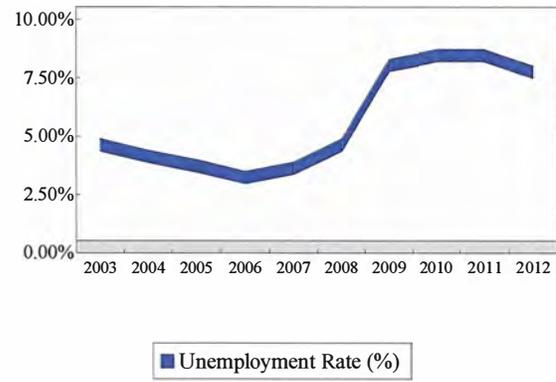
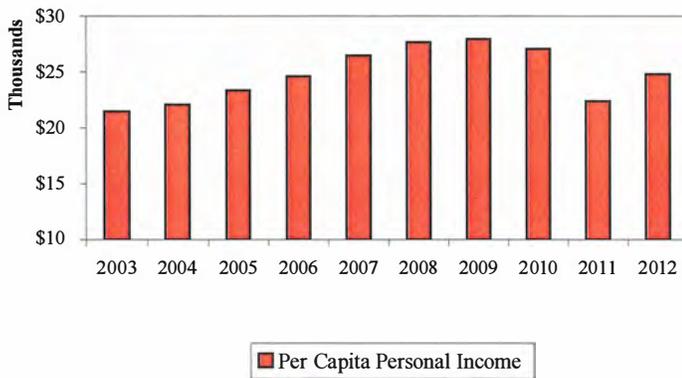
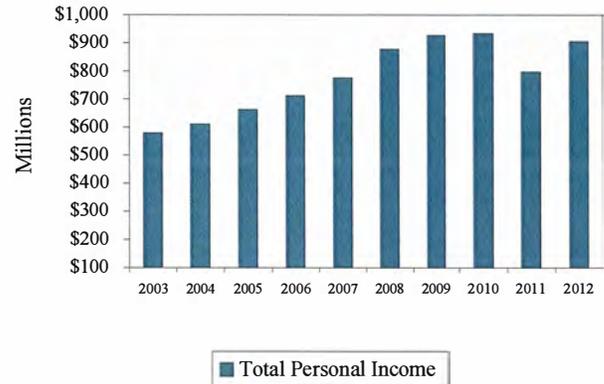
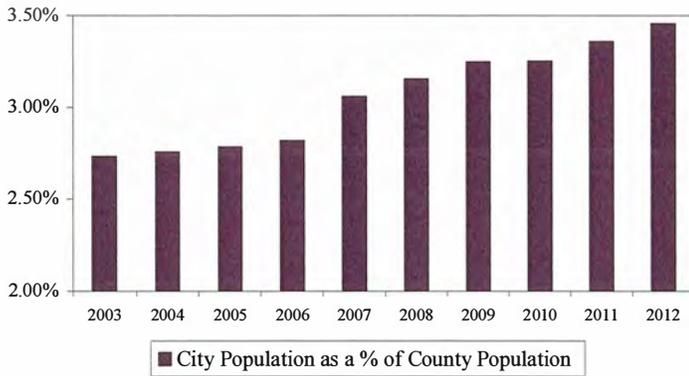
**CITY OF OAKLEY  
BONDED DEBT PLEDGED REVENUE COVERAGE  
REDEVELOPMENT AGENCY TAX ALLOCATION BONDS  
LAST TEN FISCAL YEARS**



Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2003	\$2,088,716	\$140,000	\$372,732	\$512,732	4.07
2004	2,360,681	228,000	289,249	517,249	4.56
2005	2,732,541	125,000	493,994	618,994	4.41
2006	3,128,294	180,000	487,940	667,940	4.68
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

- (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.

**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
2003	27,046	\$579,048,000	\$21,460	4.4%	989,340	2.73%
2004	27,661	611,060,000	22,077	3.9%	1,002,816	2.76%
2005	28,228	662,843,000	23,364	3.5%	1,013,280	2.79%
2006	29,074	712,613,000	24,605	3.0%	1,030,732	2.82%
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%

(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**

<u>Employer</u>	<u>2011-12</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Oakley Union Elementary School District	514	1	29.2%
Diamond Hills Sports Club and Spa	59	2	3.3%
Lucky's	55	3	3.1%
Raley's	48	4	2.7%
Ironhouse Sanitary District	33	5	1.9%
Foundation Constructors	32	6	1.8%
Rain 4 Rent	30	7	1.7%
Continente Nut LLC	26	8	1.5%
McDonalds	25	9	1.4%
Burger King	23	10	1.3%
Delta Black Bear Diner	23	10	1.3%
Round Table Pizza	23	10	1.3%
Subtotal	<u>891</u>		<u>50.5%</u>
Total City Day Population	<u>1,763</u>		

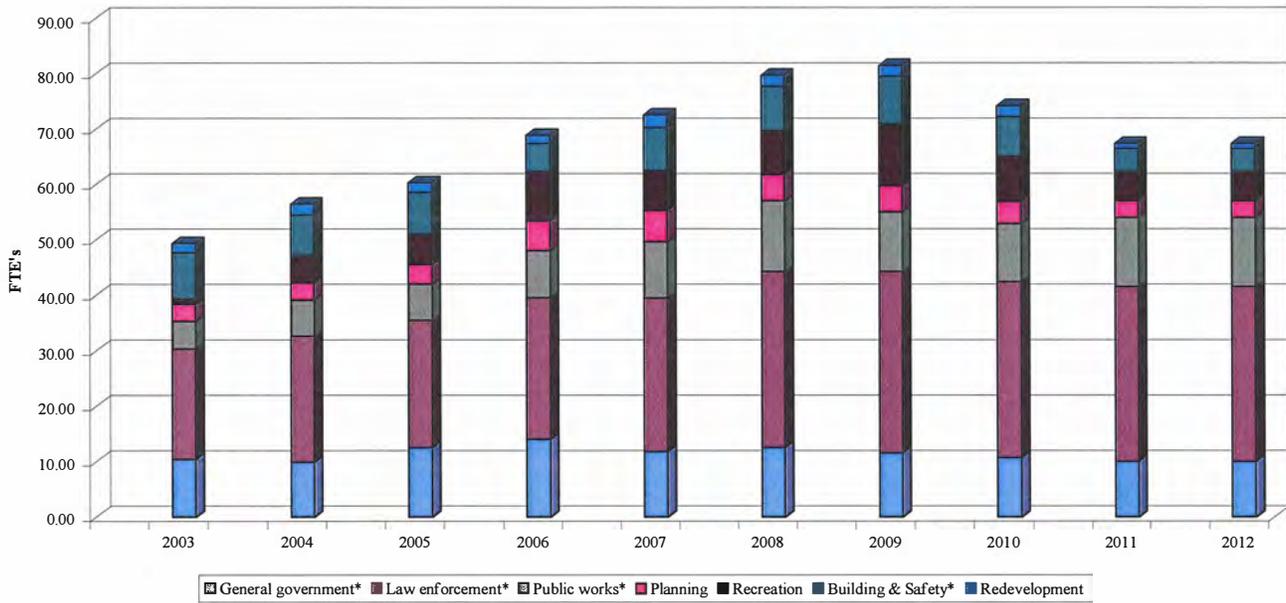
Source: City of Oakley Finance Department - Business Licenses

Notes:

Data for fiscal year 2002-03 was not available.

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**



	<b>Adopted for Fiscal Year Ended June 30,</b>									
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Function</b>										
General government*	10.35	9.85	12.50	14.00	11.75	12.50	11.50	10.65	10.00	10.00
Community development										
Public works*	5.00	6.50	6.50	8.50	10.20	12.80	10.80	10.50	12.50	12.50
Planning	3.00	3.00	3.50	5.40	5.60	4.70	4.70	4.00	3.00	3.00
Building & Safety*	8.25	7.30	7.55	5.00	7.80	8.00	8.50	7.10	4.05	4.05
Redevelopment	1.75	2.00	1.75	1.50	2.25	2.00	2.00	2.00	1.00	1.00
Law enforcement*	20.00	22.80	23.00	25.50	27.70	31.75	32.75	31.75	31.48	31.48
Recreation	1.00	5.00	5.50	9.00	7.25	8.00	11.25	8.20	5.37	5.37
<b>Total</b>	<b>49.35</b>	<b>56.45</b>	<b>60.30</b>	<b>68.90</b>	<b>72.55</b>	<b>79.75</b>	<b>81.50</b>	<b>74.20</b>	<b>67.40</b>	<b>67.40</b>

**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 are contracted with the County Sheriff and include contracting for a specific number of officers.  
Building Inspection and Engineering Services are contracted with an outside firm.

Source: City of Oakley Operating Budgets

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

Function/Program	Fiscal Year							
	2005	2006	2007	2008	2009	2010	2011	2012
Law enforcement:								
Police:								
Crimes against persons	71 (a)	72 (a)	95 (a)	117 (a)	77 (a)	71 (a)	79 (a)	(b)
Crimes against property	904 (a)	686 (a)	763 (a)	738 (a)	693 (a)	619 (a)	611 (a)	(b)
Public Works:								
Street resurfacing (miles)	7.2	4.1	0 (c)	10.8 (c)	10	10	8	5.4
Leisure Services:								
Recreation:								
Recreation activities participants	3,900	7,000	8,050	9,940	9,700	9,700	11,500	13,300

Source: City of Oakley

Notes:

Data prior to July 1, 2004 is not available.

(a) Prior calendar year

(b) The County Sheriff does collect statistics for Department of Justice reporting; however, they are calendar year based and the data for calendar 2011 was not readily available to the City at this time.

(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**

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Law enforcement:</b>										
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol vehicles	n/a	n/a	24	25	27	27	27	27	27	26
<b>Public works:</b>										
Miles of streets	92	92	92	100	102	116	116.5	116.5	119.5	127.7
Street lights	1,491	1,491	1,491	1,708	1,782	1,915	2,047	2,047	2,347	2,794
Traffic Signals	n/a	n/a	n/a	5	5	11	17	17	17	32
<b>Recreation:</b>										
<b>Community services:</b>										
City parks	13	13	13	16	16	29	29	29	29	29
City parks acreage	56	56	56	77	77	90	90	90	90	96
Community centers	0	0	1	1	1	1	1	1	2	2
Baseball/softball diamonds	0	1	1	1	1	1	8	8	8	8
Soccer/football fields	0	0	1	1	1	1	7	7	7	7
Skate features	0	0	0	0	0	0	3	3	3	3
BMX dirt track	0	0	0	0	0	0	1	1	1	1

Source: City of Oakley

Notes:  
n/a means not available.

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