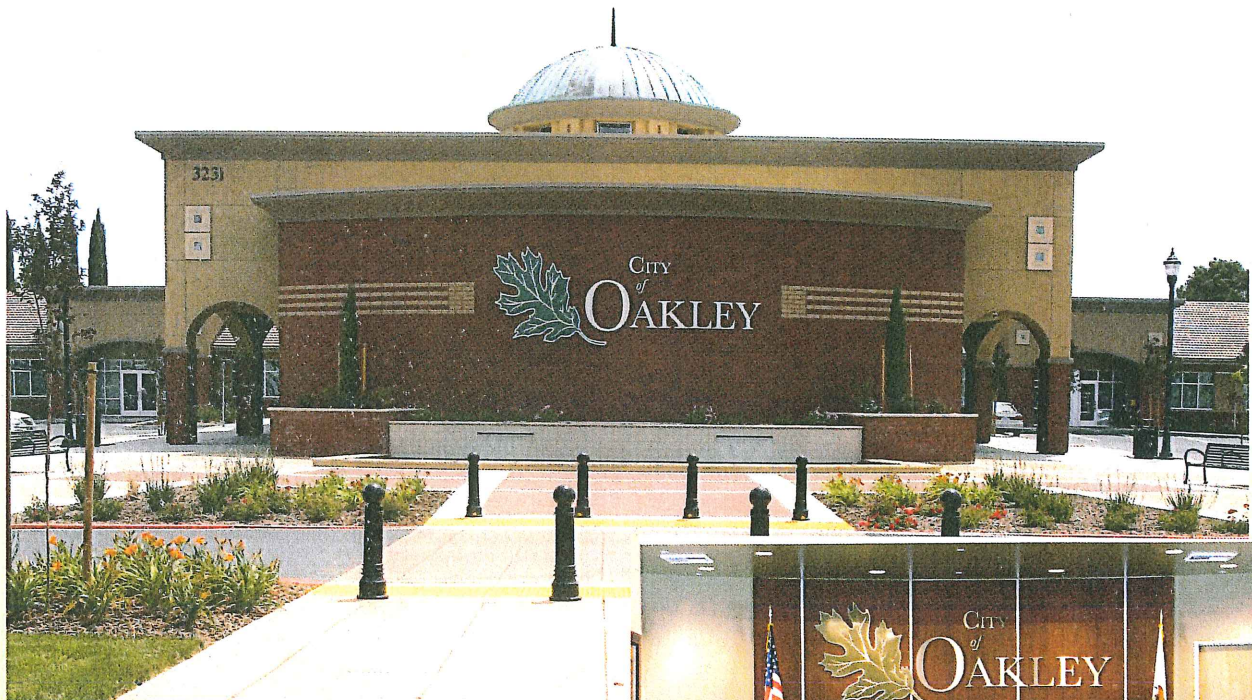




**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2011**



CITY OF OAKLEY, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011

PREPARED BY THE
FINANCE DEPARTMENT

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INTRODUCTORY SECTION

CITY OF OAKLEY, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2011

Table of Contents

Page

INTRODUCTORY SECTION:

Table of Contents i
Letter of Transmittal.....v
Organizational Chart x
Elected Officials and Administrative Personnel..... xi
GFOA Certificate of Achievement xii

FINANCIAL SECTION:

Independent Auditor’s Report on Basic Financial Statements 1
Management’s Discussion and Analysis 3

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Assets..... 16
Statement of Activities..... 17

Fund Financial Statements:

Governmental Funds:

Balance Sheet 22
Reconciliation of the Governmental Funds Balance Sheet with the
Statement of Net Assets 24
Statement of Revenues, Expenditures, and Changes in Fund Balance..... 26
Reconciliation of the Net Change in Fund Balances Total Governmental
Funds with the Statement of Activities..... 28

CITY OF OAKLEY, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2011

Table of Contents

Page

FINANCIAL SECTION (Continued):

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:

General Fund 29

Lighting and Landscaping Districts..... 30

Public Protection 31

City Redevelopment Housing..... 32

Proprietary Funds:

Statement of Net Assets 34

Statement of Revenue, Expenses and Changes in Fund Net Assets..... 35

Statement of Cash Flows 36

Fiduciary Funds:

Statement of Fiduciary Net Assets 38

Notes to Basic Financial Statements 39

Supplemental Information:

Major Governmental Funds Other than the General Fund and Major Special Revenue Funds:

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual..... 74

Non-major Governmental Funds:

Combining Balance Sheets 80

Combining Statements of Revenues, Expenditures, and Changes
in Fund Balances 84

Combining Schedules of Revenues, Expenditures, and Changes
in Fund Balances-Budget and Actual..... 88

CITY OF OAKLEY, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2011

Table of Contents

Page

FINANCIAL SECTION (Continued):

Internal Service Funds:

Combining Statement of Net Assets96

Combining Statement of Revenue, Expenses and Changes in Fund Net Assets97

Combining Statement of Cash Flows.....98

Fiduciary Funds:

Statement of Changes in Assets and Liabilities – Agency Funds 100

STATISTICAL SECTION:

Financial Trends:

Net Assets by Component – Last Eight Fiscal Years..... 103

Changes in Net Assets – Last Eight Fiscal Years 104

Fund Balances of Governmental Funds – Last Ten Fiscal Years 105

Changes in Fund Balance of Governmental Funds – Last Ten Fiscal Years 106

Revenue Capacity:

Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years 107

Property Tax Rates – All Overlapping Governments – Last Ten Fiscal Years 108

Principal Property Tax Payers 109

Property Tax Levies and Collections – Last Ten Fiscal Years 110

Debt Capacity:

Ratio of Outstanding Debt by Type – Last Ten Fiscal Years 111

Computation of Direct and Overlapping Debt 112

Computation of Legal Bonded Debt Margin..... 113

Bonded Debt Pledged Revenue Coverage – Last Ten Fiscal Years..... 114

CITY OF OAKLEY, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2011

Table of Contents

Page

STATISTICAL SECTION (Continued):

Demographic and Economic Information:

Demographic and Economic Statistics – Last Ten Fiscal Years..... 115
Principal Employers 116

Operating Information:

Budgeted Full-Time Equivalent City Government Employees by Function
– Last Ten Fiscal Years 117
Operating Indicators by Function/Program 118
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years 119

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3231 Main Street
Oakley, CA 94561
925 625 7000 tel
925 625 9859 fax
www.ci.oakley.ca.us

December 13, 2011

MAYOR
Jim Frazier

VICE MAYOR
Kevin Romick

COUNCILMEMBERS
Pat Anderson
Randy Pope
Carol Rios

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, 2011. 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 36,000 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 and Sanitation, Water, Transit, Irrigation, Mosquito Abatement, Flood Control, Schools, and Fire Protection Services are all provided by local special districts with their own governing boards.

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.

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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In preparing the budget for fiscal year 2011-2012, 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 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 2010-2011, and the Budget reflected a continuation of building at that level, including an estimate of 100 new homes for fiscal year 2011-2012.
- Overall, the recession in the general economy and real estate markets continue to impact property and sales tax revenues. For the first time in several years, 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.
- As part of the State Budget, the Governor signed Assembly Bills 26 and 27 (ABx1 26 and ABx1 27), seeking to extinguish redevelopment agencies statewide, unless their formation bodies (in this case the City) agreed to make new, additional, ongoing contributions to the State to assist with the State's budget obligations to other local agencies. While the City has agreed to make the payments, the California Redevelopment Association filed a legal challenge to the bills' constitutionality, and the California Supreme Court is expecting to issue a ruling in January 2012.

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 at a pace slower than before, residential development does continue 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, on the other hand is expected to remain slower, affected by the downturn in the economy, general real estate weakness, and commercial vacancies in both nearby communities and the region overall.

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 contracted over the past several years, but is known to be resilient and a magnet for creativity and innovation. City unemployment as of September 2011 was 7.3%, down from 8.0% in September 2010; although underemployment exists as well, and business consolidation in some sectors continues. While things appear to have stabilized and consumer confidence has improved, we still believe a broader 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, 2010. This was the eleventh consecutive year that the government has achieved the award. To receive the award, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet

the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

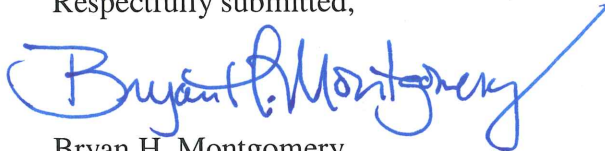
AVAILABILITY TO THE PUBLIC

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

CONCLUSION

We are proud to deliver to you the City's Comprehensive Annual Financial Report for the year ended June 30, 2011. 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.

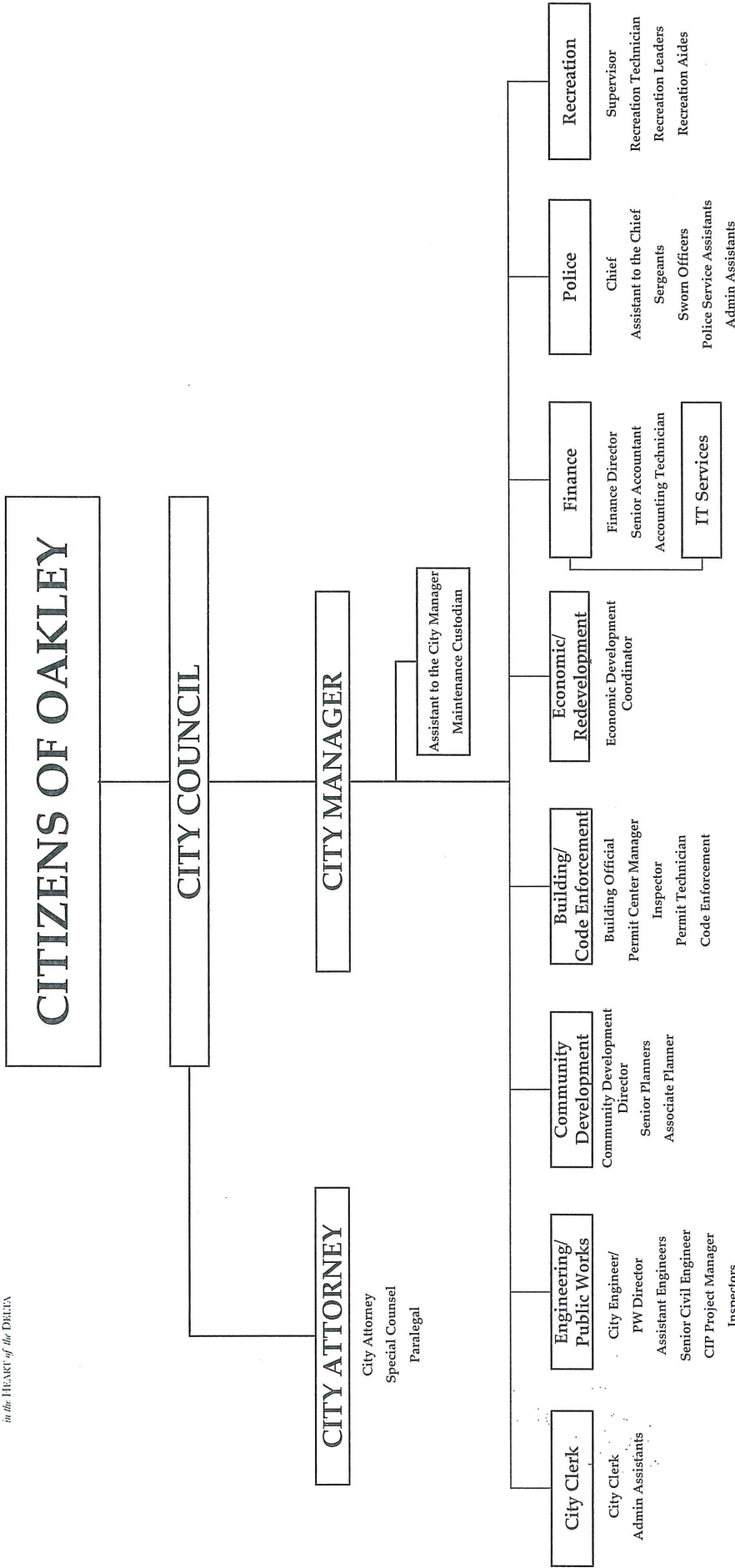
Respectfully submitted,



Bryan H. Montgomery
City Manager



Paul Abelson
Finance Director



CITY OF OAKLEY
ELECTED OFFICIALS AND
ADMINISTRATIVE PERSONNEL

JUNE 30, 2011

ELECTED OFFICIALS

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

ADMINISTRATIVE PERSONNEL

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

Bryan H. Montgomery
Derek Cole
Paul Abelson
Bani Kollo
Nancy Ortenblad
Rebecca Willis
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, 2010

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.



President

Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS

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

We have audited the basic financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Oakley for the year ended June 30, 2011 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 as to whether the basic financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of Oakley at June 30, 2011 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 generally accepted accounting principles in the United States of America.

As disclosed in Note 17, the State of California adopted ABx1 26 on June 28, 2011, which suspends all new redevelopment activities except for limited specified activities as of that date and dissolves redevelopment agencies effective October 1, 2011. The State simultaneously adopted ABx1 27 which allows redevelopment agencies to avoid dissolution by opting into an "alternative voluntary redevelopment program" requiring specified substantial annual contributions to local schools and special districts. These conditions raise substantial doubt about the ability of the Oakley Redevelopment Agency, a component unit of the City, to continue as a going concern. However, on August 11, 2011, the California Supreme Court issued a partial stay of ABx1 26 and a full stay of ABx1 27, but the partial stay did not include the section of ABx1 26 that suspends all new redevelopment activities. As a result, the accompanying financial statements have been prepared assuming that the Oakley Redevelopment Agency will continue as a going concern. The activities of the Oakley Redevelopment Agency are included in the Redevelopment Agency Projects Fund, Redevelopment Agency Low and Mod Capital Projects Fund, 2003 Taxable Tax Allocation Bonds Debt Service Fund and 2008A Tax Allocation Bonds Debt Service Fund of the accompanying financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2011 on our consideration of the City of Oakley'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.

As of July 1, 2010, the City adopted the provisions of Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*. As discussed in Note 10 to the financial statements, the provisions of this statement affect the classification of fund balances reported in the financial statements.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplemental section listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedure applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mane & Associates

December 13, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Oakley's financial performance for the fiscal year ended June 30, 2011, 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 increased \$2.4 million, or 1.3 percent this year.
- Government-wide program expenditures exceeded program revenues by \$9.4 million.
- General Fund revenues were \$395,000 more than budgeted; expenditures were \$373,000 less than budgeted.
- The General Fund balance at the end of the year was \$7.9 million, of which \$4.3 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 16 and 17) provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements start on page 22. 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 6. 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 separate City Activities into 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. A separate management discussion and analysis for the Oakley Redevelopment Agency is included in its separately published component unit 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 using 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*.

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. 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 AS A WHOLE

For fiscal year 2010-2011 the City's combined net assets increased \$2.4 million from \$187.2 million to \$189.7 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, 2011 and 2010
(In Millions)

Governmental Activities	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current and restricted assets	\$ 70.0	\$ 77.4
Capital assets	<u>166.0</u>	<u>157.8</u>
Total Assets	<u>236.0</u>	<u>235.2</u>
<u>Liabilities</u>		
Long-term liabilities outstanding	39.9	40.0
Other liabilities	<u>6.4</u>	<u>8.0</u>
Total Liabilities	<u>46.3</u>	<u>48.0</u>
<u>Net Assets</u>		
Invested in Capital Assets, Net of Related Debt	145.4	136.3
Restricted	34.6	41.0
Unrestricted	<u>9.7</u>	<u>9.9</u>
Total Net Assets	<u>\$189.7</u>	<u>\$187.2</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 reflects the continued emphasis by the City in development of its parks and infrastructure. The decrease in Restricted Net Assets resulted primarily from the use of balances for capital projects.

Table 2
Changes in Net Assets
As of June 30, 2011 and 2010
(In Millions)

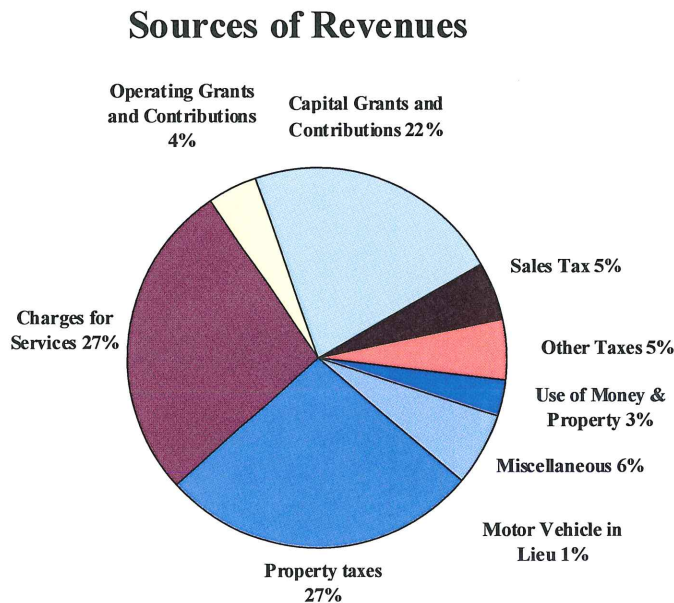
Governmental Activities	<u>2011</u>	<u>2010</u>
REVENUES		
<u>Program revenues:</u>		
Charges for Services	\$ 7.2	\$ 7.9
Operating Grants and Contributions	1.1	1.2
Capital Grants and Contributions	5.9	8.7
<u>General revenues:</u>		
Property tax	7.1	7.4
Sales tax	1.4	1.3
Other taxes	1.2	0.8
Motor vehicle in lieu tax	0.2	0.1
Use of money and property	0.9	1.0
Miscellaneous	<u>1.5</u>	<u>1.2</u>
 Total Revenues	 <u>26.5</u>	 <u>29.6</u>
 EXPENSES		
Legislative	0.5	0.5
Administrative Services	0.9	0.9
Law Enforcement	7.3	7.3
Community Development	1.8	2.5
Public Works	9.2	8.7
Redevelopment and Economic Development	2.0	3.6
Recreation	0.3	0.4
Interest on long-term debt	<u>2.0</u>	<u>2.0</u>
 Total Expenses	 <u>24.0</u>	 <u>25.9</u>
 Change in Net Assets	 2.5	 3.7
 Net Assets – Beginning	 <u>187.2</u>	 <u>183.5</u>
 Net Assets – Ending	 <u>\$189.7</u>	 <u>\$187.2</u>

Governmental Activities

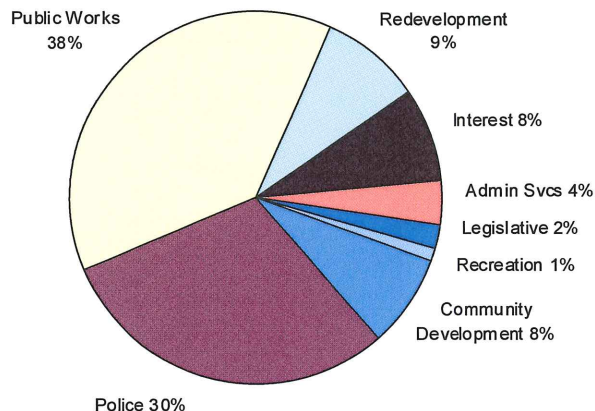
Total revenue was \$26.5 million. The largest component this year was Charges for Services, which decreased \$0.7 million to \$7.2 million. The major decline was in Capital Grants and Contributions, which decreased \$2.9 million to \$5.9 million due to declines in special transportation tax allocations, impact fee collections, and the absence of a one-time contribution of Fire Impact Fees from the County received in FY 2009-2010. Property Taxes declined again as well. This year's \$0.3 million decline, to \$7.1 million, reflects slower but continued deterioration of the real estate market experienced in calendar year 2009, but not the price stabilization seen during 2010. (Property taxes for the fiscal year 2010-2011 are derived from the January 1, 2010 assessed values.)

Total expenses were \$24.0 million. Public Works, with \$9.2 million of expenses, represented the largest component of total governmental expenses. The \$0.5 million increase in Public Works expenses were primarily due to the retirement of capital assets and increase in depreciation expense for infrastructure assets capitalized in the prior fiscal year. Redevelopment and Economic Development costs decreased by \$1.6 million, from \$3.6 million to \$2.0 million, primarily due to a \$1.2 million reduction in this year's State mandated Supplemental Educational Revenue Augmentation Fund (SERAF) payment. Community Development expenses declined \$0.7 million, due primarily to decreased development activity.

Fiscal Year 2011 Government Activities



Functional Expenses



THE CITY'S FUNDS

On page 22, the governmental funds balance sheet is shown. The combined fund balance was \$50.8 million, a decrease from the prior year by \$7.0 million. This total includes the General Fund balance of \$7.9 million.

The General Fund balance increased by \$1.0 million from the prior year, attributed to current year revenues in excess of expenditures and other transfers.

General Fund non-spendable fund balances decreased by \$243,000, resulting primarily from \$193,000 in reductions in advances, and a \$47,000 decrease in prepaid expenses.

General fund revenues were \$1.1 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 \$0.8 million to \$4.7 million, as operating revenues exceeded operating expenditures for the year.
- The Traffic Impact Fee Fund balance decreased by \$1.0 million to \$7.0 million, due to increased investment in capital projects.
- The Fire Impact Fee Fund balance decreased \$2.9 million to \$0.4 million, reflecting the use of prior year balances for the construction of a new fire station in the downtown.

- The General Capital Projects Fund balance decreased \$1.9 million reflecting the use of prior year balances for projects.
- Two new funds were established to account for City activities pursuant to the Cooperation Agreement between the City and Redevelopment Agency:
 - The City Redevelopment Capital Projects Fund increased \$19.5 million resulting from contributions from the Redevelopment Agency pursuant to the Agreement, offset in part by expenditures in excess of revenues, primarily for capital projects.
 - The City Redevelopment Housing Fund increased \$0.2 million, resulting from contributions from the Redevelopment Agency pursuant to the Agreement.
- The Redevelopment Agency Low and Moderate Income Housing Fund balance decreased \$0.3 million to a deficit of \$1.3 million, resulting from contributions to the City pursuant to the Cooperation Agreement.
- The Redevelopment Agency Projects Fund balance decreased by \$21.5 million to \$0.0 million, reflecting the affect of its contributions to the City pursuant to the Cooperation Agreement executed in January 2011. Under the agreement, both entities agreed to work together to achieve specified redevelopment goals and objectives.
- The non-major Measure J Fund balance decreased \$0.5 million; chiefly because the current year allocation was not received until September 2011, too late to book as an accrued revenue.
- Other non-major governmental fund balances in total decreased by a net \$1.3 million during the year.

General Fund Budgetary Highlights

For the City's General Fund, actual revenues of \$9.000 million were \$395,000 more than the final budgeted revenues of \$8.605 million. Original budgeted General Fund revenues were increased by approximately \$275,000, or approximately 3%, during the year, reflecting the City's conservative budgeting practices.

Actual General Fund expenditures were \$9.940 million, \$373,000 less than the final budget of \$10.314 million. Budgeted General Fund Expenditures and Transfers were increased by \$2.091 million during the year. Nearly all of the increase was attributed to the appropriations of fund balance to purchase a bank owned property for future economic development.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2011, the City had \$166.0 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, 2011 and 2010
(In Millions)

Governmental Activities	<u>2011</u>	<u>2010</u>
Non Depreciable		
- Land	\$11.1	\$10.2
- Construction in progress	14.5	10.7
Depreciable, net of accumulated depreciation:		
- Machinery and equipment	0.8	1.1
- Buildings and improvements	11.0	11.1
- Park improvements	7.4	7.6
- Infrastructure	<u>121.2</u>	<u>117.1</u>
Total Capital Assets	<u>\$166.0</u>	<u>\$157.8</u>

Capital assets increased \$8.2 million during fiscal year 2010-2011 primarily due to investment in new capital projects.

The City's fiscal year 2011-2012 capital improvement budget calls for it to spend \$5.4 million for new capital projects, the majority being the construction of street improvements, façade improvements downtown, and construction of Creekside Park. The projects will be financed primarily with impact fees, grants, and bond proceeds. 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 \$39.9 million in bonds, notes, and contracts, as shown in Table 4. The decrease of \$0.8 million from a year ago is in accordance with the debt service schedules, and 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)

Governmental Activities	<u>2011</u>	<u>2010</u>
2003 Redevelopment Agency Tax Allocation Bonds	\$ 7.1	\$ 7.4
2008 Redevelopment Agency Tax Allocation Bonds	25.1	25.1
Redevelopment Agency Tax Increment Pass Through	-	0.3
Certificates of Participation	<u>7.7</u>	<u>7.9</u>
Total Debt	<u>\$39.9</u>	<u>\$40.7</u>

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

Debt proceeds have been used to finance various capital projects, most notably in the redevelopment project area. The Certificates of Participation were used to build the City's Civic Center Project, which is also in the redevelopment project area and is an anchor for the City's future downtown redevelopment.

CONTACTING THE CITY FOR FINANCIAL INFORMATION

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

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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 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, 2011

	Governmental Activities
ASSETS	
Cash and investments available for operations (Note 3)	\$39,755,117
Cash and investments with fiscal agent (Note 3)	3,252,760
Accounts receivable, net of allowance for doubtful accounts	2,200,029
Interest receivable	58,178
Prepays and deposits	692,699
Loans receivable (Note 5)	11,735,763
Land held for resale or redevelopment (Note 6)	12,366,454
Capital assets (Note 7):	
Land and construction in progress	25,552,606
Depreciable, net	140,407,332
Total assets	236,020,938
LIABILITIES	
Accounts payable	3,208,506
Accrued liabilities	33,496
Deposits payable	1,337,999
Unearned revenue	886,708
Interest payable	600,325
Claims payable (Note 13)	25,000
Compensated absences (Note 1F)	
Due within one year	63,185
Due in more than one year	240,068
Long-term debt (Note 8):	
Due within one year	465,000
Due in more than one year	39,480,000
Total liabilities	46,340,287
NET ASSETS (Note 10)	
Invested in capital assets, net of related debt	145,395,734
Restricted for:	
Capital projects	21,579,991
Debt service	2,924,205
Redevelopment projects	10,068,094
Total restricted net assets	34,572,290
Unrestricted net assets	9,712,627
Total net assets	\$189,680,651

See accompanying notes to financial statements

CITY OF OAKLEY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				Governmental Activities
Legislative	\$499,986			(\$499,986)
Administrative Services	913,252	\$156,320		(756,932)
Community Development	1,829,800	1,341,082	\$37,546	(111,129)
Public Works	9,180,606	3,209,041	894,277	34,604
Redevelopment and Economic Development	2,023,056			487,991
Law Enforcement	7,259,278	2,425,940	175,253	(4,658,085)
Recreation	273,087	41,952	8,650	(222,485)
Interest and fiscal charges	1,999,987			(1,999,987)
Total Governmental Activities	\$23,979,052	\$7,174,335	\$1,115,726	(\$5,939,926)
General revenues:				
Taxes:				
Property taxes				7,050,248
Sales taxes				1,412,503
Other taxes				1,180,406
Intergovernmental, unrestricted:				
Motor vehicle in lieu				159,316
Use of money and property				882,987
Miscellaneous				1,476,725
Total general revenues				12,162,185
Change in Net Assets				2,413,120
Net Assets-Beginning				187,267,531
Net Assets-Ending				\$189,680,651

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 2011. 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

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

TRAFFIC IMPACT FEES CAPITAL PROJECTS FUND

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

FIRE IMPACT FEES

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

GENERAL CAPITAL PROJECTS FUND

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

CITY REDEVELOPMENT HOUSING SPECIAL REVENUE FUND

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.

CITY REDEVELOPMENT CAPITAL PROJECTS FUND

This fund accounts for the City's activities in carrying out the Redevelopment related obligations it performs on behalf of the Redevelopment Agency pursuant to the Cooperation Agreement.

MAJOR GOVERNMENTAL FUNDS (Continued)

REDEVELOPMENT AGENCY LOW AND MODERATE INCOME HOUSING CAPITAL PROJECTS FUND

This fund accounts for the twenty percent housing set aside from the tax increment proceeds from the Oakley Redevelopment Project Area.

REDEVELOPMENT AGENCY PROJECTS CAPITAL PROJECTS FUND

This fund accounts for tax increment and other funds received for redevelopment operations and major capital projects in the Oakley Redevelopment Project Area.

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CITY OF OAKLEY
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 JUNE 30, 2011

	General	Lighting and Landscaping Districts	Public Protection	Traffic Impact Fees	Fire Impact Fees	General Capital Projects
ASSETS						
Cash and investments available for operations (Note 3)	\$6,025,501	\$5,023,120	\$437,838	\$6,855,165	\$973,146	\$873,178
Cash with fiscal agent (Note 3)						
Accounts receivable, net of allowance for doubtful accounts	563,119	17,610	11,316			
Interest receivable	5,799	3,847	444	5,629	1,240	
Prepays and deposits	193,962					
Loans receivable (Note 5)	1,102,823					
Advances to other funds (Note 4B)	169,962			676,048		
Land held for resale or redevelopment (Note 6)	1,998,435					
Total Assets	\$10,059,601	\$5,044,577	\$449,598	\$7,536,842	\$974,386	\$873,178
LIABILITIES						
Accounts payable	\$1,359,409	\$198,287		\$361,565	\$598,122	\$163,632
Accrued liabilities	32,587					
Deposits payable						
Deferred revenue	759,242	13,135	\$449,598	172,782		57,566
Advances from other funds (Note 4B)		169,962				
Total Liabilities	2,151,238	381,384	449,598	534,347	598,122	221,198
FUND BALANCES						
Fund balance (Note 10)						
Nonspendable	2,847,266					
Restricted	559,498	4,663,193		7,002,495	376,264	
Committed						
Assigned	155,097					651,980
Unassigned	4,346,502					
TOTAL FUND BALANCES (DEFICITS)	7,908,363	4,663,193		7,002,495	376,264	651,980
Total Liabilities and Fund Balances	\$10,059,601	\$5,044,577	\$449,598	\$7,536,842	\$974,386	\$873,178

See accompanying notes to financial statements

City Redevelopment Housing	City Redevelopment Capital Projects	Redevelopment Agency Low and Mod	Redevelopment Agency Projects	Other Governmental Funds	Total Governmental Funds
\$9,000	\$8,864,791 265			\$9,263,118 3,252,495	\$38,324,857 3,252,760
27,693	110,150 6,387			1,494,143 5,973	2,196,338 57,012
10,009,858	498,737 623,082				692,699 11,735,763
200,000	10,168,019			661,653	1,507,663 12,366,454
<u>\$10,246,551</u>	<u>\$20,271,431</u>			<u>\$14,677,382</u>	<u>\$70,133,546</u>
\$909	\$69,070	\$393		\$458,028	\$3,208,506 33,496
10,009,858	726,632			1,337,999 1,040,757	1,337,999 13,229,570
<u>10,010,767</u>	<u>795,702</u>	<u>1,337,701</u>			<u>1,507,663</u>
		<u>1,338,094</u>		<u>2,836,784</u>	<u>19,317,234</u>
235,784	498,737 18,976,992			11,149,149	3,346,003 42,963,375
		(1,338,094)		691,449	1,498,526 3,008,408
<u>235,784</u>	<u>19,475,729</u>	<u>(1,338,094)</u>		<u>11,840,598</u>	<u>50,816,312</u>
<u>\$10,246,551</u>	<u>\$20,271,431</u>			<u>\$14,677,382</u>	<u>\$70,133,546</u>

CITY OF OAKLEY
 Reconciliation of the
 GOVERNMENTAL FUNDS -- BALANCE SHEET
 with the
 STATEMENT OF NET ASSETS
 JUNE 30, 2011

Total fund balances reported on the governmental funds balance sheet: \$50,816,312

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. 165,959,938

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. 1,435,117

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. 12,342,862

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	(39,945,000)
Interest payable	(600,325)
Compensated absences	(303,253)
Claims Payable	(25,000)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$189,680,651

See accompanying notes to financial statements

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GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2011

	General	Lighting and Landscaping Districts	Public Protection	Traffic Impact Fees	Fire Impact Fees	General Capital Projects
REVENUES						
Property taxes	\$3,877,581					
Sales tax	1,412,503					
Other taxes	1,076,464					
Licenses and permits	950,157					
Charges for services	41,952					
Fines and forfeits	149,247					
Intergovernmental:						
Motor vehicle in lieu	159,316					
Other	95,647		\$103,126	\$224,000		\$877,335
Developer fees				781,597	\$60,505	44,693
Special assessments		\$2,901,722	2,264,302			
Loan repayments						
Use of money and property	78,544	21,861	713	30,691	7,984	8,521
Miscellaneous	1,158,748	23,653				26,338
Total Revenues	9,000,159	2,947,236	2,368,141	1,036,288	68,489	956,887
EXPENDITURES						
Current:						
Legislative	483,120					
Administrative Services	783,216					
Community Development	1,238,715				5,411	
Public Works	351,629	2,331,518		35,464		
Redevelopment and Economic Development						
Law Enforcement	4,737,030		2,265,045			
Recreation	237,722					
Pass through to County and other agencies						
SERAF payment (Note 15)						
Capital outlay	110,612	3,564	103,096	2,038,153	2,971,500	2,884,399
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	7,942,044	2,335,082	2,368,141	2,073,617	2,976,911	2,884,399
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,058,115	612,154		(1,037,329)	(2,908,422)	(1,927,512)
OTHER FINANCING SOURCES (USES)						
Transfers in (Note 4)	7,595	207,443				52,500
Transfers (out) (Note 4)	(102,500)					(7,595)
Total Other Financing Sources (Uses)	(94,905)	207,443				44,905
SPECIAL ITEM (Note 16)						
Cooperation agreement transfers in						
Cooperation agreement transfers (out)						
Total Special Item						
NET CHANGE IN FUND BALANCES	963,210	819,597		(1,037,329)	(2,908,422)	(1,882,607)
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	6,945,153	3,843,596		8,039,824	3,284,686	2,534,587
FUND BALANCES (DEFICIT) AT END OF YEAR	\$7,908,363	\$4,663,193		\$7,002,495	\$376,264	\$651,980

See accompanying notes to financial statements

City Redevelopment Housing	City Redevelopment Capital Projects	Redevelopment Agency Low and Mod	Redevelopment Agency Projects	Other Governmental Funds	Total Governmental Funds
		\$542,753	\$2,142,741	\$474,038	\$7,037,113
					1,412,503
					1,076,464
					950,157
	\$12,849				54,801
					149,247
					159,316
	22,405		6,986	1,049,144	2,378,643
				997,506	1,884,301
				271,854	5,437,878
\$1,133					1,133
29,646	159,483	17,751	177,205	45,268	577,667
9,000	10,845		110,769	45,135	1,384,488
<u>39,779</u>	<u>205,582</u>	<u>560,504</u>	<u>2,437,701</u>	<u>2,882,945</u>	<u>22,503,711</u>
					483,120
					783,216
				544,353	1,788,479
				963,431	3,682,042
44,019	153,313	132,756	125,046		455,134
					7,002,075
				26,510	264,232
			579,406		579,406
			312,037		312,037
	745,099		384,673	1,403,048	10,644,144
			297,405	445,000	742,405
		5,742		2,005,496	2,011,238
<u>44,019</u>	<u>898,412</u>	<u>138,498</u>	<u>1,698,567</u>	<u>5,387,838</u>	<u>28,747,528</u>
<u>(4,240)</u>	<u>(692,830)</u>	<u>422,006</u>	<u>739,134</u>	<u>(2,504,893)</u>	<u>(6,243,817)</u>
	425,996			2,520,758	3,214,292
(425,996)	(737,573)	(99,805)	(1,800,517)	(777,879)	(3,951,865)
(425,996)	(311,577)	(99,805)	(1,800,517)	1,742,879	(737,573)
666,020	20,480,136				21,146,156
		(666,020)	(20,480,136)		(21,146,156)
666,020	20,480,136	(666,020)	(20,480,136)		
235,784	19,475,729	(343,819)	(21,541,519)	(762,014)	(6,981,390)
		(994,275)	21,541,519	12,602,612	57,797,702
<u>\$235,784</u>	<u>\$19,475,729</u>	<u>(\$1,338,094)</u>		<u>\$11,840,598</u>	<u>\$50,816,312</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, 2011

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 (\$6,981,390)

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	10,365,685
Land held for resale transferred to governmental activities is added back to fund balance	737,573
Retirements are deducted from the fund balance	(314,689)
Depreciation expense is deducted from fund balance (Depreciation expense is net of internal service fund depreciation of \$651,264 which has already been allocated to serviced funds.)	(5,320,996)
Contributions of infrastructure and improvements by Developers are capitalized in the Statement of Activities, but are not recorded in the Fund Statements because no cash changed hands.	3,172,733

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	742,405
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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):

Tax increment pass through	(297,405)
Non-current portion of compensated absences	(91,204)
Interest payable	5,509
Deferred revenue	714,451
Claims payable	10,952

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	(330,504)
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$2,413,120

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, 2011

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$3,563,000	\$3,863,000	\$3,877,581	\$14,581
Sales taxes	1,168,000	1,263,000	1,412,503	149,503
Other taxes	1,032,000	887,000	1,076,464	189,464
Licenses and permits	1,032,000	1,103,600	950,157	(153,443)
Charges for services		43,000	41,952	(1,048)
Fines and forfeits		132,000	149,247	17,247
Intergovernmental:				
Motor vehicle in lieu	95,000	95,000	159,316	64,316
Other	71,000	227,500	95,647	(131,853)
Use of money and property	75,000	105,000	78,544	(26,456)
Miscellaneous	1,294,363	886,468	1,158,748	272,280
Total Revenues	<u>8,330,363</u>	<u>8,605,568</u>	<u>9,000,159</u>	<u>394,591</u>
EXPENDITURES				
Current:				
Legislative	517,872	520,964	483,120	37,844
Administrative Services	1,037,904	1,054,127	783,216	270,911
Community Development	1,186,848	1,190,967	1,238,715	(47,748)
Public Works	317,924	319,270	351,629	(32,359)
Law Enforcement	4,837,000	4,811,117	4,737,030	74,087
Recreation	276,815	279,693	237,722	41,971
Capital outlay	51,000	2,137,432	2,109,047	28,385
Total Expenditures	<u>8,225,363</u>	<u>10,313,570</u>	<u>9,940,479</u>	<u>373,091</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>105,000</u>	<u>(1,708,002)</u>	<u>(940,320)</u>	<u>767,682</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			7,595	7,595
Transfers (out)	(103,000)	(105,500)	(102,500)	3,000
Total Other Financing Sources (Uses)	<u>(103,000)</u>	<u>(105,500)</u>	<u>(94,905)</u>	<u>10,595</u>
NET CHANGE IN FUND BALANCES	<u>\$2,000</u>	<u>(\$1,813,502)</u>	<u>(1,035,225)</u>	<u>\$778,277</u>
Adjustment to budgetary basis:				
Expenditures capitalized for GAAP purposes			1,998,435	
Fund balance at beginning of year			<u>6,945,153</u>	
Fund balance at end of year			<u>\$7,908,363</u>	

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, 2011

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Special assessments	\$2,898,160	\$2,897,160	\$2,901,722	\$4,562
Use of money and property	16,300	16,300	21,861	5,561
Miscellaneous		400	23,653	23,253
Total Revenues	<u>2,914,460</u>	<u>2,913,860</u>	<u>2,947,236</u>	<u>33,376</u>
EXPENDITURES				
Current:				
Public Works	2,366,194	2,601,154	2,331,518	269,636
Capital outlay		9,502	3,564	5,938
Total Expenditures	<u>2,366,194</u>	<u>2,610,656</u>	<u>2,335,082</u>	<u>275,574</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>548,266</u>	<u>303,204</u>	<u>612,154</u>	<u>308,950</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	123,416	207,443	207,443	
Transfers (out)	<u>(524,186)</u>	<u>(420,379)</u>		<u>420,379</u>
Total Other Financing Sources (Uses)	<u>(400,770)</u>	<u>(212,936)</u>	<u>207,443</u>	<u>420,379</u>
NET CHANGE IN FUND BALANCES	<u>\$147,496</u>	<u>\$90,268</u>	<u>819,597</u>	<u>\$729,329</u>
Fund balance at beginning of year			<u>3,843,596</u>	
Fund balance at end of year			<u>\$4,663,193</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, 2011

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental:				
Other	\$200,000	\$110,000	\$103,126	(\$6,874)
Special assessments	2,185,000	2,264,302	2,264,302	
Use of money and property		1,069	713	(356)
Total Revenues	<u>2,385,000</u>	<u>2,375,371</u>	<u>2,368,141</u>	<u>(7,230)</u>
EXPENDITURES				
Current:				
Law Enforcement	2,385,000	2,265,371	2,265,045	326
Capital outlay		109,615	103,096	6,519
Total Expenditures	<u>2,385,000</u>	<u>2,374,986</u>	<u>2,368,141</u>	<u>6,845</u>
EXCESS OF REVENUES OVER EXPENDITURES		<u>385</u>		<u>(385)</u>
NET CHANGE IN FUND BALANCES		<u>\$385</u>		<u>(\$385)</u>
Fund balance at beginning of year			<u> </u>	
Fund balance at end of year			<u> </u>	

See accompanying notes to financial statements

CITY OF OAKLEY
CITY REDEVELOPMENT HOUSING
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Loan repayments			\$1,133	\$1,133
Use of money and property			29,646	29,646
Miscellaneous		\$16,500	9,000	(7,500)
Total Revenues		<u>16,500</u>	<u>39,779</u>	<u>23,279</u>
EXPENDITURES				
Current:				
Redevelopment and Economic Development		143,191	44,019	99,172
Total Expenditures		<u>143,191</u>	<u>44,019</u>	<u>99,172</u>
EXCESS OF REVENUES OVER EXPENDITURES		<u>(126,691)</u>	<u>(4,240)</u>	<u>122,451</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		180,000		(180,000)
Transfers out		(425,997)	(425,996)	1
Total Other Financing Sources (Uses)		<u>(245,997)</u>	<u>(425,996)</u>	<u>(179,999)</u>
SPECIAL ITEM				
Cooperation agreement transfers in		426,708	666,020	239,312
NET CHANGE IN FUND BALANCES		<u>\$54,020</u>	<u>235,784</u>	<u>\$181,764</u>
Fund balance at beginning of year				
Fund balance at end of year			<u>\$235,784</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, 2011

	Governmental Activities - Internal Service Funds
ASSETS	
Current:	
Cash and investments available for operations (Note 3)	\$1,430,260
Receivables:	
Accounts	3,691
Interest	1,166
Noncurrent:	
Capital assets (net of accumulated depreciation)	8,412,411
Total Assets	9,847,528
 NET ASSETS (Note 10)	
Invested in capital assets	8,412,411
Unrestricted	1,435,117
Total Net Assets	\$9,847,528

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, 2011

	<u>Governmental Activities - Internal Service Funds</u>
OPERATING REVENUES	
Charges for services	\$279,000
Total Operating Revenues	<u>279,000</u>
OPERATING EXPENSES	
Supplies	58,495
Depreciation	651,264
Total Operating Expenses	<u>709,759</u>
Operating Income (Loss)	<u>(430,759)</u>
NONOPERATING REVENUES	
Interest income	7,019
Gain from sale of property	9,114
Total Nonoperating Revenues	<u>16,133</u>
Income (Loss) Before Contributions	(414,626)
Contributions	<u>84,122</u>
Change in net assets	(330,504)
BEGINNING NET ASSETS	<u>10,178,032</u>
ENDING NET ASSETS	<u><u>\$9,847,528</u></u>

See accompanying notes to financial statements

CITY OF OAKLEY
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Governmental Activities - Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$302,143
Payments to suppliers	<u>(83,438)</u>
Cash Flows from Operating Activities	<u>218,705</u>
 CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Acquisition of capital assets	(67,711)
Proceeds from sale of capital assets	<u>9,114</u>
Cash Flows from Noncapital Financing Activities	<u>(58,597)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	<u>7,191</u>
Net Cash Flows	167,299
Cash and investments at beginning of period	<u>1,262,961</u>
Cash and investments at end of period	<u><u>\$1,430,260</u></u>
 NONCASH TRANSACTIONS	
Contribution of capital assets	<u><u>\$84,122</u></u>
 Reconciliation of Operating Income (loss) to Cash Flows from Operating Activities:	
Operating income (loss)	(\$430,759)
Adjustments to reconcile operating income to cash flows from operating activities:	
Depreciation	651,264
Change in assets:	
Receivables, net	23,143
Accounts payable, net	<u>(24,943)</u>
Cash Flows from Operating Activities	<u><u>\$218,705</u></u>

See accompanying notes to financial statements

FIDUCIARY FUNDS

FIDUCIARY FUNDS

Agency 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.

CITY OF OAKLEY
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2011

	Agency Funds
ASSETS	
Cash and investments (Note 3)	\$1,913,704
Cash with fiscal agent (Note 3)	1,913,035
Interest receivable	823
Total Assets	\$3,827,562
LIABILITIES	
Due to other agencies	\$458,494
Due to bondholders	3,369,068
Total Liabilities	\$3,827,562

See accompanying notes to financial statements

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

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.

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.

Financial statements for the Oakley Redevelopment Agency may be obtained from the City of Oakley located at 3231 Main Street, Oakley, CA 94561. Separate financial statements are not issued for the Oakley Public Financing Authority.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

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, 2011

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

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

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

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

City Redevelopment Housing Special Revenue Fund – 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.

City Redevelopment Capital Projects Fund – This fund accounts for the City's activities in carrying out the Redevelopment related obligations it performs on behalf of the Redevelopment Agency pursuant to the Cooperation Agreement.

Redevelopment Agency Low and Moderate Income Housing Capital Projects Fund - This fund accounts for the twenty percent housing set aside from the tax increment proceeds from the Oakley Redevelopment Project Area.

Redevelopment Agency Projects Capital Projects Fund - This fund accounts for tax increment and other funds received for redevelopment operations and major capital projects in the Oakley Redevelopment Project Area.

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 – 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.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

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

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

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

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, special purpose revenues and general purpose revenues. While both restricted and unrestricted net 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.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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	\$212,049
Additions	154,389
Payments	(63,185)
Ending Balance	\$303,253
Current Portion	\$63,185

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*

The City established four new funds during the year ended June 30, 2011, the City Redevelopment Housing Special Revenue Fund, the Oakley Welcoming Special Revenue Fund, Ag Preservation Special Revenue Fund and the City Redevelopment Capital Projects Fund.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

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 Oakley Welcoming and Ag Preservation Special Revenue Funds and the Cypress Grove Project Capital Projects Fund.
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.

B. *Adjustments to GAAP Basis from Budgetary Basis*

City budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except that the purchase of land held for resale or redevelopment is budgeted as capital outlay in the General Fund and City Redevelopment Capital Projects Fund. The effects of these differences are shown as expenditures capitalized for GAAP purposes in the budget and actual statements.

C. *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. 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 and are reappropriated in the following year. 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.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)

D. Expenditures in Excess of Appropriations

The Redevelopment Agency Low and Moderate Income Housing Capital Projects incurred expenditures in excess of appropriation in the amount of \$10,136. The fund 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.

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, based on whether or not their use is restricted under the terms of City or Agency debt instruments.

City cash and investments:	
Cash and investments available for operations	\$39,755,117
Cash and investments with fiscal agent	3,252,760
Total City Cash and Investments	43,007,877
Cash and investments in Fiduciary Funds (Separate Statement):	
Cash and investments	1,913,704
Cash and investments with fiscal agent	1,913,035
Total Cash and Investments	\$46,834,616

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

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, 2011

NOTE 3 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
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/AAAmG
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, 2011

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, 2011 all of the City's investments matured in 12 months or less:

Investment Type	
<i>Cash and Investments in City Treasury:</i>	
Money Market Funds	\$3,117,678
Local Agency Investment Fund	19,601,560
CalTRUST	17,827,565
<i>Held by Fiscal Agents:</i>	
California Asset Management Program	2,002,870
Money Market Funds	3,162,925
Total Investments	45,712,598
<i>Cash deposits in banks and petty cash</i>	1,122,018
Total Cash and Investments	\$46,834,616

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, 2011 these investments matured in an average of 237 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, 2011, these investments matured in an average of 415 days.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

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, 2011, the fair value approximated is the Agency's cost. At June 30, 2011, these investments have an average maturity of 52 days.

Money market funds are available for withdrawal on demand and at June 30, 2011 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, 2011 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, 2011.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

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, 2011 were as follows:

Fund Receiving Transfer	Fund Making Transfers	Transfer Amount
General Fund	General Capital Projects	\$7,595 (A)
Lighting and Landscaping Districts	Non-Major Governmental Funds	207,443 (A), (B)
General Capital Projects	General Fund	52,500 (B)
City Redevelopment Capital Projects	City Redevelopment Housing	425,996 (B)
Non-Major Governmental Funds	General Fund	50,000 (B)
	Redevelopment Agency Projects	1,800,517 (C)
	Redevelopment Agency Low and Mod	99,805 (C)
	Non-Major Governmental Funds	<u>570,436 (B), (C)</u>
	Total Interfund Transfers	<u><u>\$3,214,292</u></u>

(A) To fund operations.

(B) To fund capital projects.

(C) To fund debt service.

In addition to the transfers noted above, the City Redevelopment Capital Projects Fund transferred land held for resale in the amount of \$737,573 to governmental activities capital assets.

B. Long-Term Interfund Advances

At June 30, 2011 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 a nonspendable fund balance.

Advances to Other Funds	Advances from Other Funds	Advanced Amount
General Fund	Lighting and Landscaping Districts Special Revenue Fund	\$169,962
Traffic Impact Fees	Redevelopment Agency Low & Moderate Income Housing Capital Projects Fund	676,048
Non-Major Funds	Redevelopment Agency Low & Moderate Income Housing Capital Projects Fund	<u>661,653</u>
	Total Interfund Advances	<u><u>\$1,507,663</u></u>

The General Fund made an advance to the Lighting and Landscaping Districts Special Revenue Fund to cure the operating deficit in two of the Landscaping Districts. The advance bears interest at the City's investment pool rate. The balance of this advance was \$169,962 at June 30, 2011.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

The Traffic Impact Fees Capital Projects Fund, Park Impact Fees Capital Projects Fund, and Public Facilities Impact Fees Capital Projects Fund made advances to the Redevelopment Agency Low & Moderate Income Housing Capital Projects Fund to assist with the Courtyards at Cypress Grove affordable housing project. The advances were amended under the cooperation agreement with the City discussed in Note 16 and are to be repaid in 5 equal payments of \$250,000 per year beginning in fiscal year 2012 with the balance of unpaid principal and accrued interest due in fiscal year 2017. The advances bear interest at the City's annual pooled investment rate which was of 0.50% for fiscal year 2011. The balance of this advance at June 30, 2011 was \$1,337,701.

NOTE 5 - LOANS RECEIVABLE

A. *Redevelopment Agency and City Loans Receivable*

The Agency engages 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. The Redevelopment Agency's loans were transferred to the City under the cooperation agreement discussed in Note 16. 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 they are not expected to be repaid during the next fiscal year. The balances of the loans receivable, including accrued interest, at June 30, 2011 are set forth below:

<i>Redevelopment Agency Loans:</i>	
Golden Oak Manor	\$1,149,248
Silver Oak Apartments	579,161
Oakley Senior Housing	1,471,573
Oakley Cypress Associates	2,918,750
Carol Lane	4,362,084
First Time Homebuyer	152,124
<i>City Loans:</i>	
Employee Home Loans	598,476
East Cypress	61,431
State of California - Proposition 1A	442,916
Total	\$11,735,763

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.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

NOTE 5 – LOANS RECEIVABLE (Continued)

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.

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.

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.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

NOTE 5 – LOANS RECEIVABLE (Continued)

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. These loans were issued while the Agency was administered by the County.

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 fiscal 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. These extensions reflect a one-year deferral of mortgage payments from April 1, 2009 to July 1, 2011.

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, 2011.

As of June 30, 2011, the combined balances of these loans are \$598,476

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.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

NOTE 5 – LOANS RECEIVABLE (Continued)

On June 30, 2011, the City also loaned \$45,189 to another property owner. The loan is initially unsecured and is due on December 30, 2011, but if the loan is not repaid by that date, the loan will be converted to a loan secured by a deed of trust on the property and will be due no later than June 30, 2012. The loan bears interest of 6% annually.

As of June 30, 2011, 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).

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 16 to allow the conveyance of eight parcels that had been purchased in the prior and current year and recorded as property held for resale with a book value of \$4,478,569 to the City.

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, 2011

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, 2011

NOTE 7 - CAPITAL ASSETS (Continued)

A. Capital Assets Additions and Retirements

Capital asset balances comprise the following:

	Balance as of June 30, 2010	Additions	Retirements	Transfers	Balance as of June 30, 2011
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$10,213,995	\$887,473			\$11,101,468
Construction in Progress	10,726,352	10,696,790	(\$314,689)	(\$6,657,315)	14,451,138
Total capital assets not being depreciated	<u>20,940,347</u>	<u>11,584,263</u>	<u>(314,689)</u>	<u>(6,657,315)</u>	<u>25,552,606</u>
Capital assets being depreciated:					
Buildings and Improvements	13,085,060			302,144	13,387,204
Machinery and Equipment	1,973,108				1,973,108
Vehicles	1,112,578	151,833	(145,715)		1,118,696
Roadways:					
Pavement	129,357,053	2,615,712		6,303,638	138,276,403
Sidewalks	9,797,203				9,797,203
Curbs and Gutters	9,387,108				9,387,108
Traffic Signals	3,038,942				3,038,942
Regulatory Signs and Street Trees	648,002				648,002
Street Lights	3,239,203				3,239,203
Bridges	4,422,722				4,422,722
Parks and Recreation Structures	9,463,683	76,016		51,533	9,591,232
Total capital assets being depreciated	<u>185,524,662</u>	<u>2,843,561</u>	<u>(145,715)</u>	<u>6,657,315</u>	<u>194,879,823</u>
Less accumulated depreciation for:					
Buildings and Improvements	(2,005,025)	(352,249)			(2,357,274)
Machinery and Equipment	(1,243,255)	(264,316)			(1,507,571)
Vehicles	(718,001)	(172,780)	145,715		(745,066)
Roadways:					
Pavements	(36,129,478)	(4,282,117)			(40,411,595)
Sidewalks	(2,146,137)	(130,634)			(2,276,771)
Curbs and Gutters	(2,094,427)	(125,150)			(2,219,577)
Traffic Signals	(696,004)	(121,556)			(817,560)
Regulatory Signs and Street Trees	(426,969)	(38,689)			(465,658)
Street Lights	(589,102)	(80,979)			(670,081)
Bridges	(760,116)	(44,226)			(804,342)
Parks and Recreation Structures	(1,837,432)	(359,564)			(2,196,996)
Total accumulated depreciation	<u>(48,645,946)</u>	<u>(5,972,260)</u>	<u>145,715</u>		<u>(54,472,491)</u>
Net capital assets being depreciated	<u>136,878,716</u>	<u>(3,128,699)</u>		<u>6,657,315</u>	<u>140,407,332</u>
Governmental activity capital assets, net	<u><u>\$157,819,063</u></u>	<u><u>\$8,455,564</u></u>	<u><u>(\$314,689)</u></u>		<u><u>\$165,959,938</u></u>

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.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

NOTE 7 - CAPITAL ASSETS (Continued)

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	5,049,021
Redevelopment and Economic Development	264,356
Internal Service Funds	<u>651,264</u>
Total Governmental Activities	<u><u>\$5,972,260</u></u>

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, 2010	Retirements	Balance June 30, 2011	Current Portion
2003 Tax Allocation Bonds 3.97-6.32%, due 9/01/2028	\$8,500,000	\$7,395,000	\$225,000	\$7,170,000	\$235,000
2006 Certificates of Participation 4.00-4.50%, due 5/1/2032	8,500,000	7,900,000	220,000	7,680,000	230,000
2008 Subordinate Tax Allocation Bonds 4.00-5.00%, due 9/1/2038	25,095,000	25,095,000		25,095,000	
Tax Increment Pass Through	1,599,405	<u>297,405</u>	<u>297,405</u>		
Total		<u><u>\$40,687,405</u></u>	<u><u>\$742,405</u></u>	<u><u>\$39,945,000</u></u>	<u><u>\$465,000</u></u>

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

NOTE 8 – LONG-TERM DEBT (Continued)

B. *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 \$59,762,300 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. For fiscal year 2011, non-housing revenue amounted to \$2,142,741 which represented coverage of 121% over the \$1,771,678 of non-housing debt service, and housing revenue amounted to \$542,753 which represented coverage of 556% over the \$97,543 of housing debt service.

C. *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.

D. *Tax Increment Pass Throughs*

The Redevelopment Agency amended its project area in October 2001. As a result of that amendment, Section 8.05 of the Jurisdictional Transfer Agreement with the County became effective, replacing section 8.02. The effect of this modification of the Agreement was to finalize and specify the exact amount to be paid by the Agency for Tax Increment Pass Throughs. The Agency had recorded this amount as Long Term Debt with an offset to Tax Increment Pass Throughs, and amortized the amount as payments were made on the debt. Annual payments were due each January through 2011. The balance was paid in full as of June 30, 2011.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

NOTE 8 – LONG-TERM DEBT (Continued)

E. Debt Service Requirements

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

<u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$465,000	\$1,957,459
2013	800,000	1,928,988
2014	865,000	1,892,444
2015	925,000	1,852,438
2016	990,000	1,808,999
2017 - 2021	5,975,000	8,278,339
2022 - 2026	7,505,000	6,657,000
2027 - 2031	8,965,000	4,530,246
2032 - 2036	8,020,000	2,353,997
2037 - 2039	5,435,000	416,375
	<u>\$39,945,000</u>	<u>\$31,676,285</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. 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 \$14,480,000 and \$10,455,000, respectively at June 30, 2011.

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.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

NOTE 10 – NET ASSETS AND FUND BALANCES (Continued)

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 in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

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

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

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

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. 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, 2011

NOTE 10 – NET ASSETS AND FUND BALANCES (Continued)

Detailed classifications of the City’s Fund Balances, as of June 30, 2011, are below:

Fund Balance Classifications	Major Special Revenue Funds				Major Capital Projects Funds				Other Governmental Funds	Total
	General Fund	Lighting and Landscaping District	City Redevelopment Housing	Traffic Impact Fees	Fire Impact Fees	General Capital Projects	Redevelopment Agency Low and Mod	City Redevelopment Capital Projects		
Nonspendables:										
Items not in spendable form:										
Prepays and Deposits	\$18,962							\$498,737		\$517,699
Loans Receivable	659,907									659,907
Land Held for resale	1,998,435									1,998,435
Advances	169,962									169,962
Total Nonspendable Fund Balances	2,847,266							498,737		3,346,003
Restricted for:										
Dutch Slough	559,498									559,498
Lighting and landscaping services		\$4,663,193								4,663,193
Redevelopment low and moderate income housing programs			\$235,784							235,784
Traffic impact projects				\$7,002,495						7,002,495
Redevelopment projects and programs								18,976,992		18,976,992
Fire impact projects					\$376,264					376,264
Street maintenance and improvement									\$3,304,021	3,304,021
NPDES projects									921,012	921,012
Cypress Grove development									1,049,785	1,049,785
Agricultural Preservation									15,385	15,385
Park acquisition and development									1,146,843	1,146,843
Childcare facilities projects									947,784	947,784
Public facilities projects									265,349	265,349
Debt Service									3,498,970	3,498,970
Total Restricted Fund Balances	559,498	4,663,193	235,784	7,002,495	376,264			18,976,992	11,149,149	42,963,375
Assigned to:										
Leave	75,000									75,000
Uninsured Claims Payable	75,914									75,914
Capital Projects	4,183					\$651,980				656,163
Main Street Projects									691,449	691,449
Total Assigned Fund Balances	155,097					651,980			691,449	1,498,526
Unassigned:										
General fund	4,346,502									4,346,502
Major fund deficit								(\$1,338,094)		(1,338,094)
Total Unassigned Fund Balances	4,346,502							(1,338,094)		3,008,408
Total Fund Balances	\$7,908,363	\$4,663,193	\$235,784	\$7,002,495	\$376,264	\$651,980	(\$1,338,094)	\$19,475,729	\$11,840,598	\$50,816,312

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.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

NOTE 10 – NET ASSETS AND FUND BALANCES (Continued)

- 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.

D. Fund Balance Deficit

The Redevelopment Agency Low and Moderate Income Housing Capital Projects Fund had a fund balance deficit of \$1,338,094 at June 30, 2011. The deficit is expected to be eliminated from future tax increment revenues.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

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. The Plans' provisions and benefits in effect at June 30, 2011, are summarized as follows:

	<u>Miscellaneous</u>
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50
Monthly benefits, as a % of annual salary	2.0% - 2.5%
Required employee contribution rates	7-8%
Required employer contribution rates	11.579%
Actuarially required contributions	\$285,643

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 newly established Tier 2 changes the retirement benefit plan from 2.5%@55 to 2%@60 for new miscellaneous employees hired on or after October 18, 2010. The City estimates that the savings associated from these actions will be minor in the near-term, but that the decision is the right one for long-term sustainability.

All qualified permanent, probationary and part-time employees are eligible to participate in PERS. 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 their own. These benefit provisions and all other requirements are established by state statute and City resolution. Contributions necessary to fund PERS on an actuarial basis are determined by PERS and its Board of Administration.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

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 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, 2009	\$388,894	100%	\$ 0
June 30, 2010	307,210	100%	0
June 30, 2011	285,643	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 \$218,152 at June 30, 2011, which will be repaid over the next 9 years.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

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						
Valuation Date	Entry Age Accrued Liability	Value of Asset	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2007	\$1,315,454,361	\$1,149,247,298	\$166,207,063	87.4%	\$289,090,187	57.5%
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%

The City's Miscellaneous Plan represents approximately 0.6147%, 0.5617%, and 0.5810% of the State-wide pool for the years ended June 30, 2009, 2008, and 2007, respectively, based on covered payroll of \$2,182,980, \$1,872,058, and \$1,679,554 for those years.

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, 2011

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
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, 2011

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	
	2011	2010
Balance at beginning of year	\$35,952	\$25,000
Liability for current fiscal year claims	5,913	25,949
Change in liability for prior fiscal year claims and claims incurred but not reported (IBNR)	(17,633)	(14,997)
Claims paid	768	
Balance at end of year	\$25,000	\$35,952

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Construction Commitments

The City has the following outstanding construction commitments as of June 30, 2011:

Fire Station #93	\$190,580
Neroly Road Westerly Extension	751,745
Holly Creek Neighborhood Park Phase II	106,738
Downtown Realignment	120,886
Laurel Road Widening	164,011
Total	\$1,333,960

Litigation

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney, other than the litigation discussed in Note 17, there is no presently filed litigation which is likely to have a material adverse effect on the financial position of the City.

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, 2011

NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)

Property Tax Pass-Through Agreements

The 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 fiscal 2011 increments totaling \$579,406 were passed through directly to these taxing agencies through the County.

Encumbrances

Encumbrances outstanding as of June 30, 2011 by fund were as follows:

Major Governmental Funds:	
General Fund	\$4,183
Traffic Impact Fees	396,746
General Capital Projects	267,278
Fire Impact Fees	190,580
City Redevelopment Capital Projects	128,096
Non-Major Governmental Funds:	950,206
Total Encumbrances	\$1,937,089

NOTE 15 – PAYMENT TO THE SUPPLEMENTAL EDUCATIONAL REVENUE AUGMENTATION FUND

The State of California adopted AB26 4X in July 2009 which directs that a portion of the incremental property taxes received by redevelopment agencies, based on the property taxes received in fiscal year 2006-07, be paid instead to the County supplemental educational revenue augmentation fund (SERAF) in fiscal years 2009-10 and 2010-11. The State Department of Finance determines each agency's SERAF payment by November 15 of each year, and payments are due by May 10 of the applicable year. The Agency made its first SERAF payment of \$1,515,609 in fiscal year 2009-10, and its second payment of \$312,037 in fiscal year 2010-11.

NOTE 16 – COOPERATION AGREEMENT BETWEEN THE CITY AND THE 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:

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

NOTE 16 – COOPERATION AGREEMENT BETWEEN THE CITY AND THE REDEVELOPMENT AGENCY (Continued)

- 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.

Under the terms of the Cooperation Agreement, the City has agreed to make resources available to the Agency in the event the Agency is better able to accomplish the stated goals and complete the anticipated projects. In addition, the City has agreed to manage the existing contracts between the Agency and third parties in compliance with applicable laws and the agreements.

The Cooperation Agreement is to terminate in fiscal year 2039, however it will be in effect until all of the Agency’s debts have been repaid, the City has completed the projects identified in the Agreement, as amended, and the Agency no longer has any obligations under its Redevelopment Plan, outstanding contracts, or under State or federal law.

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

Under the terms of the Cooperation Agreement, the Agency transferred and conveyed the following assets and liabilities to the City, which were recorded in the new funds:

Assets/Liabilities	Amount
Cash and investments available for operations	\$2,124,973
Cash and investments with fiscal agent	14,081,531
Accounts receivable	9,600
Prepays and deposits	498,737
Deferred rents receivable	70,850
Loans receivable	10,392,573
Land held for resale or redevelopment	4,478,569
Accrued expense	(143)
Deferred revenue	(10,455,709)
Retentions payable	(44,425)
Deposits payable	(10,400)
Subtotal - Fund Transfers to the City	21,146,156
Capital assets (net of depreciation)	10,651,066
Net Transfer and Conveyance to the City	\$31,797,222

The City and Agency have reported the transactions as a Special Item.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

NOTE 17 – PROPOSED DISSOLUTION OF REDEVELOPMENT AGENCIES

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, which suspends all new redevelopment activities except for limited specified activities as of that date and dissolves redevelopment agencies effective October 1, 2011. The State simultaneously adopted ABx1 27 which allows redevelopment agencies to avoid dissolution by the City opting into an “alternative voluntary redevelopment program” requiring specified substantial annual contributions to local schools and special districts. Concurrently with these two measures, the State passed various budget and trailer bills that are related and collectively constitute the Redevelopment Restructuring Acts. If all sponsoring communities were to opt-in to the voluntary program, these contributions amount to an estimated \$1.7 billion for fiscal year 2012 and an estimated \$400 million in each succeeding year. If the City fails to make the voluntary program payment, the Agency would become subject to the dissolution provisions of ABx1 26.

On July 18, 2011, the California Redevelopment Association, the League of California Cities and others challenged the validity and constitutionality of ABx1 26 and 27 to the California Supreme Court on numerous grounds, including that the acts violate certain provisions of the California Constitution. On August 11, 2011, as modified on August 17, 2011, the California Supreme Court agreed to hear the case and issued a partial stay of ABx1 26 and a full stay of ABx1 27, but the stay did not include the section of ABx1 26 that suspends all new redevelopment activities. It is anticipated that the Court will render its decision before January 15, 2012, the date the first voluntary program payment is due.

The suspension provisions of ABx1 26 prohibit 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. During the suspension period, an agency is required to prepare an Enforceable Obligation Payment Schedule no later than August 29, 2011, that allows it to continue to pay certain obligations. The Agency adopted its Enforceable Obligation Payment Schedule on August 25, 2011.

In addition, the suspension provisions invalidate all contracts entered into between the Agency and any affiliated organization, as defined in the legislation, eliminates any debts the Agency owes to the local agency that established it (in this case the City); and it requires the State Controller to go back approximately six months prior to the legislation’s effective date (to January 1, 2011) and review the activities of all redevelopment agencies to determine whether an asset transfer between an agency and any public agency occurred on or after that date. While it is not clear whether this relates to a transfer for value, or simply *any* transfer, if the Controller determines a 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 State Controller is required to order the asset returned to the redevelopment agency. The State Controller’s Office has not yet provided any information about the timing or the process for this statewide asset transfer review.

The Agency is currently subject to the suspension provisions as described above. These facts indicate that there is more than a remote possibility the Agency may not continue as a going concern beyond October 1, 2011. The continuation of the Agency beyond October 1, 2011 will initially depend upon whether the Supreme Court rules in favor of the petitioners. There are three possible consequences to the Agency from a decision of the Supreme Court, when it is rendered:

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2011

NOTE 17 – PROPOSED DISSOLUTION OF REDEVELOPMENT AGENCIES (Continued)

1. The City adopted an Ordinance to opt-in to the alternative voluntary redevelopment program on August 9, 2011; therefore if the Supreme Court determines that both ABx1 26 and ABx1 27 are valid, the City will be required to make annual payments to the County Auditor-Controller for the Agency to avoid the suspension provisions. The State Department of Finance calculated the City's Voluntary Program payment for fiscal year 2012 to be \$1,127,908. The City filed an appeal of that amount in accordance with the provisions of Health and Safety Code Section 34194(b)(2)(L), and the State Department of Finance revised the remittance payment to \$835,900. The revised 2012 remittance amount also reduces the expected annual payments for future years from approximately \$265,000 to approximately \$197,000.
2. If the Supreme Court determines that both ABx1 26 and ABx1 27 are valid and the City decides not to participate in the alternative voluntary redevelopment program, or if the Supreme Court determines that ABx1 26 is valid, but ABx1 27 is not valid, the Agency will continue to be subject to the suspension provisions and would be dissolved in accordance with certain provisions of ABx1 26. Prior to dissolution, any transfers of Agency assets subsequent to January 1, 2011 to the City, including those discussed in Note 16, that were not obligated to third parties or encumbered may be subject to the State Controller's review discussed above and required to be returned to the Agency. Upon dissolution, all assets and obligations of the Agency would be transferred to a successor agency to carry out the responsibilities specified in the legislation.
3. If the Supreme Court determines that both ABx1 26 and ABx1 27 are invalid, the Agency would no longer be subject to the suspension provisions and would continue in existence under California Redevelopment Law as it existed prior to the enactment of ABx1 26 and ABx1 27.

As of December 13, 2011, the Supreme Court has not ruled on the case and the Agency is subject to the suspension provisions as discussed above.

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<p style="text-align: center;">MAJOR GOVERNMENTAL FUNDS, OTHER THAN GENERAL FUND AND SPECIAL REVENUE FUNDS</p>

TRAFFIC IMPACT FEES CAPITAL PROJECTS FUND

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

FIRE IMPACT FEES

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

GENERAL CAPITAL PROJECTS FUND

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

CITY REDEVELOPMENT CAPITAL PROJECTS FUND

This fund accounts for the City's activities in carrying out the Redevelopment related obligations it performs on behalf of the Redevelopment Agency pursuant to the Cooperation Agreement.

REDEVELOPMENT AGENCY LOW AND MODERATE INCOME HOUSING CAPITAL PROJECTS FUND

This fund accounts for the twenty percent housing set aside from the tax increment and other sources from the Oakley Redevelopment Project Area.

REDEVELOPMENT AGENCY PROJECTS CAPITAL PROJECTS FUND

This fund accounts for monies received from tax increment funds and other sources for major capital projects in the Oakley Redevelopment Project Area.

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, 2011

	TRAFFIC IMPACT FEES			FIRE IMPACT FEES		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Charges for services						
Intergovernmental	\$224,000	\$224,000				
Developer fees	500,000	781,597	\$281,597	\$112,350	\$60,505	(\$51,845)
Loan repayments						
Use of money and property	50,000	30,691	(19,309)	10,000	7,984	(2,016)
Miscellaneous						
Total Revenues	774,000	1,036,288	262,288	122,350	68,489	(53,861)
EXPENDITURES						
Current:						
Community Development				8,400	5,411	2,989
Public Works	116,196	35,464	80,732			
Redevelopment and Economic Development						
Pass through to County and other agencies						
SERAF payment						
Estimated reduction in value of property held for resale						
Capital outlay	7,981,825	2,038,153	5,943,672	3,339,916	2,971,500	368,416
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	8,098,021	2,073,617	6,024,404	3,348,316	2,976,911	371,405
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,324,021)	(1,037,329)	6,286,692	(3,225,966)	(2,908,422)	317,544
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
SPECIAL ITEM						
Cooperation agreement transfers in						
Cooperation agreement transfers (out)						
Total Special Item						
NET CHANGE IN FUND BALANCES	<u>(\$7,324,021)</u>	<u>(1,037,329)</u>	<u>\$6,286,692</u>	<u>(\$3,225,966)</u>	<u>(2,908,422)</u>	<u>\$317,544</u>
Adjustment to budgetary basis:						
Expenditures capitalized for GAAP purposes						
Fund balance (deficit) at beginning of year		8,039,824			3,284,686	
Fund balance (deficit) at end of year		<u>\$7,002,495</u>			<u>\$376,264</u>	

GENERAL CAPITAL PROJECTS			CITY REDEVELOPMENT CAPITAL PROJECTS			REDEVELOPMENT AGENCY LOW AND MOD		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
						\$567,676	\$542,753	(\$24,923)
\$1,475,090	\$877,335	(\$597,755)	\$12,250	\$12,849	\$599			
44,693	44,693		14	22,405	22,391			
8,521	8,521		152,788	159,483	6,695		17,751	17,751
26,350	26,338	(12)	617	10,845	10,228			
<u>1,554,654</u>	<u>956,887</u>	<u>(597,767)</u>	<u>165,669</u>	<u>205,582</u>	<u>39,913</u>	<u>567,676</u>	<u>560,504</u>	<u>(7,172)</u>
			262,730	153,313	109,417	128,362	132,756	(4,394)
4,140,443	2,884,399	1,256,044	15,067,519	8,008,609	7,058,910		5,742	(5,742)
<u>4,140,443</u>	<u>2,884,399</u>	<u>1,256,044</u>	<u>15,330,249</u>	<u>8,161,922</u>	<u>7,168,327</u>	<u>128,362</u>	<u>138,498</u>	<u>(10,136)</u>
<u>(2,585,789)</u>	<u>(1,927,512)</u>	<u>658,277</u>	<u>(15,164,580)</u>	<u>(7,956,340)</u>	<u>7,208,240</u>	<u>439,314</u>	<u>422,006</u>	<u>(17,308)</u>
52,500	52,500		22,992	425,996	403,004			
(7,595)	(7,595)		(679,175)	(737,573)	(58,398)	(99,805)	(99,805)	
<u>44,905</u>	<u>44,905</u>		<u>(656,183)</u>	<u>(311,577)</u>	<u>344,606</u>	<u>(99,805)</u>	<u>(99,805)</u>	
			20,480,136	20,480,136		(666,020)	(666,020)	
			20,480,136	20,480,136		(666,020)	(666,020)	
<u>(\$2,540,884)</u>	<u>(1,882,607)</u>	<u>\$658,277</u>	<u>\$4,659,373</u>	<u>12,212,219</u>	<u>\$7,552,846</u>	<u>(\$326,511)</u>	<u>(343,819)</u>	<u>(\$17,308)</u>
				7,263,510				
	<u>2,534,587</u>						<u>(994,275)</u>	
	<u>\$651,980</u>			<u>\$19,475,729</u>			<u>(\$1,338,094)</u>	

(Continued)

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, 2011

	<u>REDEVELOPMENT AGENCY PROJECTS</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property taxes	\$2,166,709	\$2,142,741	(\$23,968)
Charges for services			
Intergovernmental	6,986	6,986	
Developer fees			
Loan repayments			
Use of money and property	162,799	177,205	14,406
Miscellaneous	<u>132,383</u>	<u>110,769</u>	<u>(21,614)</u>
Total Revenues	<u>2,468,877</u>	<u>2,437,701</u>	<u>(31,176)</u>
EXPENDITURES			
Current:			
Community Development			
Public Works			
Redevelopment and Economic Development	125,800	125,046	754
Pass through to County and other agencies	647,515	579,406	68,109
SERAF payment	315,000	312,037	2,963
Estimated reduction in value of property held for resale			
Capital outlay	1,021,161	384,673	636,488
Debt service:			
Principal	297,405	297,405	
Interest and fiscal charges			
Total Expenditures	<u>2,406,881</u>	<u>1,698,567</u>	<u>708,314</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>61,996</u>	<u>739,134</u>	<u>677,138</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			
Transfers (out)	<u>(1,415,150)</u>	<u>(1,800,517)</u>	<u>(385,367)</u>
Total Other Financing Sources (Uses)	<u>(1,415,150)</u>	<u>(1,800,517)</u>	<u>(385,367)</u>
SPECIAL ITEM			
Cooperation agreement transfers in			
Cooperation agreement transfers (out)	<u>(20,480,136)</u>	<u>(20,480,136)</u>	
Total Special Item	<u>(20,480,136)</u>	<u>(20,480,136)</u>	
NET CHANGE IN FUND BALANCES	<u>(\$21,833,290)</u>	<u>(21,541,519)</u>	<u>\$291,771</u>
Adjustment to budgetary basis:			
Expenditures capitalized for GAAP purposes			
Fund balance (deficit) at beginning of year		<u>21,541,519</u>	
Fund balance (deficit) at end of year			

NON-MAJOR GOVERNMENTAL FUNDS

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 SPECIAL REVENUE FUND

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.

AG PRESERVATION

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

CAPITAL PROJECTS FUNDS**MEASURE J**

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

PARK IMPACT FEES

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

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

CHILDCARE IMPACT FEES

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

PUBLIC FACILITIES IMPACT FEES

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 FUND

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.

DEBT SERVICE FUNDS

2003 TAXABLE TAX ALLOCATION BONDS

This fund accounts for principal and interest payments on the 2003 Taxable Tax Allocation Bonds.

2006 CERTIFICATES OF PARTICIPATION

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

2008A TAX ALLOCATION BONDS

This fund accounts for principal and interest payments on the Redevelopment Agency's 2008 Series A Tax Allocation Bonds.

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CITY OF OAKLEY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

SPECIAL REVENUE FUNDS

	Gas Tax	NPDES	Developer Deposits	Youth Development	Community Facilities District #1
ASSETS					
Cash and investments available for operations	\$1,910,887	\$923,794	\$1,096,119	\$105,292	\$961,857
Cash with fiscal agent					
Accounts receivable, net	109,267	3,777	406,798		
Interest receivable	1,575	708		84	741
Advances to other funds					
Total Assets	<u>\$2,021,729</u>	<u>\$928,279</u>	<u>\$1,502,917</u>	<u>\$105,376</u>	<u>\$962,598</u>
LIABILITIES					
Accounts payable	\$97,943	\$7,267	\$164,918		\$1,769
Deposits payable			1,337,999		
Deferred revenue				\$105,376	
Total Liabilities	<u>97,943</u>	<u>7,267</u>	<u>1,502,917</u>	<u>105,376</u>	<u>1,769</u>
FUND BALANCES					
Nonspendable					
Restricted	1,923,786	921,012			960,829
Committed					
Assigned					
Unassigned					
Total Fund Balance	<u>1,923,786</u>	<u>921,012</u>			<u>960,829</u>
Total Liabilities and Fund Balances	<u>\$2,021,729</u>	<u>\$928,279</u>	<u>\$1,502,917</u>	<u>\$105,376</u>	<u>\$962,598</u>

SPECIAL REVENUE FUNDS

CAPITAL PROJECTS FUNDS

Oakley Welcoming	Ag Preservation	Measure J	Park Impact Fees	Childcare Impact Fees	Public Facilities Impact Fee	Main Street
\$3,250	\$15,385	\$1,423,494	\$723,411	\$947,016	\$126,163	\$691,449
		847,424	126,877			
		1,182	403	768	82	
			501,222		160,431	
<u>\$3,250</u>	<u>\$15,385</u>	<u>\$2,272,100</u>	<u>\$1,351,913</u>	<u>\$947,784</u>	<u>\$286,676</u>	<u>\$691,449</u>
\$3,250		\$44,441	\$138,440			
		847,424	66,630		\$21,327	
<u>3,250</u>		<u>891,865</u>	<u>205,070</u>		<u>21,327</u>	
	\$15,385	1,380,235	1,146,843	\$947,784	265,349	\$691,449
	15,385	1,380,235	1,146,843	947,784	265,349	691,449
<u>\$3,250</u>	<u>\$15,385</u>	<u>\$2,272,100</u>	<u>\$1,351,913</u>	<u>\$947,784</u>	<u>\$286,676</u>	<u>\$691,449</u>

(Continued)

CITY OF OAKLEY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

	CAPITAL PROJECTS FUND	DEBT SERVICE FUNDS			Total Nonmajor Governmental Funds
	Cypress Grove Capital Project	2003 Taxable Tax Allocation Bonds	2006 Certificates of Participation	2008A Tax Allocation Bonds	
ASSETS					
Cash and investments available for operations	\$88,885	\$66,404	\$77,658	\$102,054	\$9,263,118
Cash with fiscal agent		674,860	574,765	2,002,870	3,252,495
Accounts receivable, net					1,494,143
Interest receivable	71	54	221	84	5,973
Advances to other funds					661,653
Total Assets	\$88,956	\$741,318	\$652,644	\$2,105,008	\$14,677,382
LIABILITIES					
Accounts payable					\$458,028
Deposits payable					1,337,999
Deferred revenue					1,040,757
Total Liabilities					2,836,784
FUND BALANCES					
Nonspendable					
Restricted	\$88,956	\$741,318	\$652,644	\$2,105,008	11,149,149
Committed					
Assigned					691,449
Unassigned					
Total Fund Balance	88,956	741,318	652,644	2,105,008	11,840,598
Total Liabilities and Fund Balances	\$88,956	\$741,318	\$652,644	\$2,105,008	\$14,677,382

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CITY OF OAKLEY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS				
	Gas Tax	NPDES	Developer Deposits	Youth Development	Community Facilities District #1
REVENUES					
Property taxes		\$474,038			
Intergovernmental:					
Other	\$894,277				
Developer fees			\$533,217		
Special assessments					\$271,854
Use of money and property	9,483	3,833		\$500	4,249
Miscellaneous	17,145	1,980		17,360	
	920,905	479,851	533,217	17,860	276,103
Total Revenues					
EXPENDITURES					
Current:					
Community Development			533,217		
Public Works	352,272	346,851			169,375
Recreation				17,860	
Capital outlay	549,570	4,575			
Debt Service:					
Principal					
Interest and fiscal charges					
	901,842	351,426	533,217	17,860	169,375
Total Expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	19,063	128,425			106,728
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers (out)	(207,443)				
	(207,443)				
Total Other Financing Sources (Uses)					
NET CHANGE IN FUND BALANCES	(188,380)	128,425			106,728
Fund balance at beginning of year	2,112,166	792,587			854,101
Fund balances at end of year	\$1,923,786	\$921,012			\$960,829

SPECIAL REVENUE FUNDS

CAPITAL PROJECTS FUNDS

Oakley Welcoming	Ag Preservation	Measure J	Park Impact Fees	Childcare Impact Fees	Public Facilities Impact Fee	Main Street
	\$15,385		\$154,867 169,366		\$279,538	
\$8,650		\$6,169	3,195	\$4,607	561	\$2,377
8,650	15,385	6,169	327,428	4,607	280,099	2,377
		84,106	10,827		11,136	
8,650		377,751	461,372	3,621	5,000	1,159
8,650		461,857	472,199	3,621	16,136	1,159
	15,385	(455,688)	(144,771)	986	263,963	1,218
						50,000
					(570,436)	
					(570,436)	50,000
	15,385	(455,688)	(144,771)	986	(306,473)	51,218
		1,835,923	1,291,614	946,798	571,822	640,231
	\$15,385	\$1,380,235	\$1,146,843	\$947,784	\$265,349	\$691,449

(Continued)

CITY OF OAKLEY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	CAPITAL PROJECTS FUND	DEBT SERVICE FUNDS			Total Nonmajor Governmental Funds
	Cypress Grove Capital Project	2003 Taxable Tax Allocation Bonds	2006 Certificates of Participation	2008A Tax Allocation Bonds	
REVENUES					
Property taxes					\$474,038
Intergovernmental:					
Other					1,049,144
Developer fees					997,506
Special assessments					271,854
Use of money and property	\$427	\$897	\$1,941	\$7,029	45,268
Miscellaneous					45,135
Total Revenues	427	897	1,941	7,029	2,882,945
EXPENDITURES					
Current:					
Community Development					544,353
Public Works					963,431
Recreation					26,510
Capital outlay					1,403,048
Debt Service:					
Principal		225,000	220,000		445,000
Interest and fiscal charges		453,706	342,100	1,209,690	2,005,496
Total Expenditures		678,706	562,100	1,209,690	5,387,838
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	427	(677,809)	(560,159)	(1,202,661)	(2,504,893)
OTHER FINANCING SOURCES (USES)					
Transfers in		684,061	570,436	1,216,261	2,520,758
Transfers (out)					(777,879)
Total Other Financing Sources (Uses)		684,061	570,436	1,216,261	1,742,879
NET CHANGE IN FUND BALANCES	427	6,252	10,277	13,600	(762,014)
Fund balance at beginning of year	88,529	735,066	642,367	2,091,408	12,602,612
Fund balances at end of year	\$88,956	\$741,318	\$652,644	\$2,105,008	\$11,840,598

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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, 2011

	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	\$474,038	\$14,038
Intergovernmental:						
Other	\$1,368,971	\$894,277	(\$474,694)			
Developer fees						
Special assessments						
Use of money and property	7,096	9,483	2,387	10,000	3,833	(6,167)
Miscellaneous		17,145	17,145		1,980	1,980
Total Revenues	<u>1,376,067</u>	<u>920,905</u>	<u>(455,162)</u>	<u>470,000</u>	<u>479,851</u>	<u>9,851</u>
EXPENDITURES						
Current:						
Community Development						
Public Works	352,626	352,272	354	467,500	346,851	120,649
Redevelopment and Economic Development						
Recreation						
Capital Outlay	2,147,411	549,570	1,597,841	15,825	4,575	11,250
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>2,500,037</u>	<u>901,842</u>	<u>1,598,195</u>	<u>483,325</u>	<u>351,426</u>	<u>131,899</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,123,970)</u>	<u>19,063</u>	<u>1,143,033</u>	<u>(13,325)</u>	<u>128,425</u>	<u>141,750</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	<u>(207,443)</u>	<u>(207,443)</u>				
Total Other Financing Sources (Uses)	<u>(207,443)</u>	<u>(207,443)</u>				
NET CHANGE IN FUND BALANCES	<u>(\$1,331,413)</u>	<u>(188,380)</u>	<u>\$1,143,033</u>	<u>(\$13,325)</u>	<u>128,425</u>	<u>\$141,750</u>
Fund balances at beginning of year		<u>2,112,166</u>			<u>792,587</u>	
Fund balances at end of year		<u>\$1,923,786</u>			<u>\$921,012</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)
\$593,892	\$533,217	(\$60,675)				\$251,150	\$271,854	\$20,704
			\$67,500	\$500	\$500	5,000	4,249	(751)
				17,360	(50,140)			
<u>593,892</u>	<u>533,217</u>	<u>(60,675)</u>	<u>67,500</u>	<u>17,860</u>	<u>(49,640)</u>	<u>256,150</u>	<u>276,103</u>	<u>19,953</u>
593,892	533,217	60,675				206,483	169,375	37,108
			67,500	17,860	49,640			
<u>593,892</u>	<u>533,217</u>	<u>60,675</u>	<u>67,500</u>	<u>17,860</u>	<u>49,640</u>	<u>206,483</u>	<u>169,375</u>	<u>37,108</u>
						49,667	106,728	57,061
						<u>\$49,667</u>	106,728	<u>\$57,061</u>
							854,101	
							<u>\$960,829</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, 2011

	CAPITAL PROJECTS FUNDS					
	MEASURE J			PARK IMPACT FEES		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Intergovernmental:						
Other	\$442,000		(\$442,000)	\$1,858,834	\$154,867	(\$1,703,967)
Developer fees				200,000	169,366	(30,634)
Special assessments						
Use of money and property	5,000	\$6,169	1,169	3,000	3,195	195
Miscellaneous						
Total Revenues	<u>447,000</u>	<u>6,169</u>	<u>(440,831)</u>	<u>2,061,834</u>	<u>327,428</u>	<u>(1,734,406)</u>
EXPENDITURES						
Current:						
Community Development						
Public Works	155,487	84,106	71,381	11,000	10,827	173
Redevelopment and Economic Development						
Recreation						
Capital Outlay	1,937,009	377,751	1,559,258	1,990,760	461,372	1,529,388
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>2,092,496</u>	<u>461,857</u>	<u>1,630,639</u>	<u>2,001,760</u>	<u>472,199</u>	<u>1,529,561</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,645,496)</u>	<u>(455,688)</u>	<u>1,189,808</u>	<u>60,074</u>	<u>(144,771)</u>	<u>(204,845)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u>(\$1,645,496)</u>	<u>(455,688)</u>	<u>\$1,189,808</u>	<u>\$60,074</u>	<u>(144,771)</u>	<u>(\$204,845)</u>
Fund balances at beginning of year		<u>1,835,923</u>			<u>1,291,614</u>	
Fund balances at end of year		<u>\$1,380,235</u>			<u>\$1,146,843</u>	

CAPITAL PROJECTS FUNDS

CHILDCARE IMPACT FEES			PUBLIC FACILITIES IMPACT FEE			MAIN STREET		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			\$412,500	\$279,538	(\$132,962)			
\$4,000	\$4,607	\$607	2,000	561	(1,439)		\$2,377	\$2,377
<u>4,000</u>	<u>4,607</u>	<u>607</u>	<u>414,500</u>	<u>280,099</u>	<u>(134,401)</u>		<u>2,377</u>	<u>2,377</u>
			15,500	11,136	4,364			
950,798	3,621	947,177	5,000	5,000		\$683,000	1,159	681,841
<u>950,798</u>	<u>3,621</u>	<u>947,177</u>	<u>20,500</u>	<u>16,136</u>	<u>4,364</u>	<u>683,000</u>	<u>1,159</u>	<u>681,841</u>
<u>(946,798)</u>	<u>986</u>	<u>947,784</u>	<u>394,000</u>	<u>263,963</u>	<u>(130,037)</u>	<u>(683,000)</u>	<u>1,218</u>	<u>684,218</u>
			(570,436)	(570,436)		50,000	50,000	
			(570,436)	(570,436)		50,000	50,000	
<u>(\$946,798)</u>	<u>986</u>	<u>\$947,784</u>	<u>(\$176,436)</u>	<u>(306,473)</u>	<u>(\$130,037)</u>	<u>(\$633,000)</u>	<u>51,218</u>	<u>\$684,218</u>
	<u>946,798</u>			<u>571,822</u>			<u>640,231</u>	
	<u>\$947,784</u>			<u>\$265,349</u>			<u>\$691,449</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, 2011

	DEBT SERVICE FUNDS					
	2003 TAXABLE TAX ALLOCATION BONDS			2006 CERTIFICATES OF PARTICIPATION		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Intergovernmental:						
Other						
Developer fees						
Special assessments						
Use of money and property	\$593	\$897	\$304	\$1,070	\$1,941	\$871
Miscellaneous						
Total Revenues	<u>593</u>	<u>897</u>	<u>304</u>	<u>1,070</u>	<u>1,941</u>	<u>871</u>
EXPENDITURES						
Current:						
Community Development						
Public Works						
Redevelopment and Economic Development						
Recreation						
Capital Outlay						
Debt Service:						
Principal	225,000	225,000		\$220,000	220,000	
Interest and fiscal charges	459,061	453,706	5,355	350,436	342,100	8,336
Total Expenditures	<u>684,061</u>	<u>678,706</u>	<u>5,355</u>	<u>570,436</u>	<u>562,100</u>	<u>8,336</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(683,468)</u>	<u>(677,809)</u>	<u>5,659</u>	<u>(569,366)</u>	<u>(560,159)</u>	<u>9,207</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	684,061	684,061		570,436	570,436	
Transfers (out)						
Total Other Financing Sources (Uses)	<u>684,061</u>	<u>684,061</u>		<u>570,436</u>	<u>570,436</u>	
NET CHANGE IN FUND BALANCES	<u>\$593</u>	6,252	<u>\$5,659</u>	<u>\$1,070</u>	10,277	<u>\$9,207</u>
Fund balances at beginning of year		<u>735,066</u>			<u>642,367</u>	
Fund balances at end of year		<u>\$741,318</u>			<u>\$652,644</u>	

DEBT SERVICE FUND

2008A TAX
ALLOCATION BONDS

<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$6,500	\$7,029	\$529
<u>6,500</u>	<u>7,029</u>	<u>529</u>
<u>1,216,260</u>	<u>1,209,690</u>	<u>6,570</u>
<u>1,216,260</u>	<u>1,209,690</u>	<u>6,570</u>
<u>(1,209,760)</u>	<u>(1,202,661)</u>	<u>7,099</u>
<u>1,216,261</u>	<u>1,216,261</u>	
<u>1,216,261</u>	<u>1,216,261</u>	
<u>\$6,501</u>	13,600	<u>\$7,099</u>
	<u>2,091,408</u>	
	<u>\$2,105,008</u>	

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INTERNAL SERVICE FUNDS

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

The concept of major funds 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, 2011

	Equipment Replacement	Capital Facilities Maintenance and Replacement	Total
ASSETS			
Current:			
Cash and investments available for operations	\$1,158,115	\$272,145	\$1,430,260
Receivables:			
Accounts	3,691		3,691
Interest	945	221	1,166
Noncurrent:			
Capital assets (net of accumulated depreciation)	819,379	7,593,032	8,412,411
Total Assets	1,982,130	7,865,398	9,847,528
NET ASSETS			
Invested in capital assets	819,379	7,593,032	8,412,411
Unrestricted	1,162,751	272,366	1,435,117
Total Net Assets	\$1,982,130	\$7,865,398	\$9,847,528

CITY OF OAKLEY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Equipment Replacement	Capital Facilities Maintenance and Replacement	Total
OPERATING REVENUES			
Charges for services	\$279,000		\$279,000
Total Operating Revenues	279,000		279,000
OPERATING EXPENSES			
Supplies	51,201	\$7,294	58,495
Depreciation	423,905	227,359	651,264
Total Operating Expenses	475,106	234,653	709,759
Operating Income (Loss)	(196,106)	(234,653)	(430,759)
NONOPERATING REVENUES			
Interest income	5,682	1,337	7,019
Gain from sale of property	9,114		9,114
Total Nonoperating Revenues	14,796	1,337	16,133
Income (Loss) Before Contributions	(181,310)	(233,316)	(414,626)
Contributions	84,122		84,122
Change in net assets	(97,188)	(233,316)	(330,504)
BEGINNING NET ASSETS	2,079,318	8,098,714	10,178,032
ENDING NET ASSETS	\$1,982,130	\$7,865,398	\$9,847,528

CITY OF OAKLEY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

	Equipment Replacement	Capital Facilities Maintenance and Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$302,143		\$302,143
Payments to suppliers	(76,144)	(\$7,294)	(83,438)
Cash Flows from Operating Activities	225,999	(7,294)	218,705
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Acquisition of capital assets	(67,711)		(67,711)
Proceeds from sale of capital assets	9,114		9,114
Cash Flows from Noncapital Financing Activities	(58,597)		(58,597)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	5,783	1,408	7,191
Net Cash Flows	173,185	(5,886)	167,299
Cash and investments at beginning of period	984,930	278,031	1,262,961
Cash and investments at end of period	\$1,158,115	\$272,145	\$1,430,260
NONCASH TRANSACTIONS			
Contribution of capital assets	\$84,122		\$84,122
Reconciliation of Operating Income (Loss) to Cash Flows			
from Operating Activities:			
Operating income (loss)	(\$196,106)	(\$234,653)	(\$430,759)
Adjustments to reconcile operating income to cash flows			
from operating activities:			
Depreciation	423,905	227,359	651,264
Change in assets:			
Receivables, net	23,143		23,143
Accounts payable, net	(24,943)		(24,943)
Cash Flows from Operating Activities	\$225,999	(\$7,294)	\$218,705

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 (Cypress Grove) 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, 2011

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011
<u>Assessment District 2004-1</u>				
Assets				
Cash and investments	\$777,461	\$1,281,162	\$1,160,143	\$898,480
Cash with fiscal agent	1,230,452		82,607	1,147,845
Interest receivable	535	512	535	512
Total Assets	<u>\$2,008,448</u>	<u>\$1,281,674</u>	<u>\$1,243,285</u>	<u>\$2,046,837</u>
Liabilities				
Due to bondholders	<u>\$2,008,448</u>	<u>\$1,281,674</u>	<u>\$1,243,285</u>	<u>\$2,046,837</u>
Total Liabilities	<u>\$2,008,448</u>	<u>\$1,281,674</u>	<u>\$1,243,285</u>	<u>\$2,046,837</u>
<u>Regional Mitigation Fees Fund</u>				
Assets				
Cash and investments	<u>\$877,635</u>	<u>\$458,494</u>	<u>\$877,635</u>	<u>\$458,494</u>
Liabilities				
Due to other agencies	<u>\$877,635</u>	<u>\$458,494</u>	<u>\$877,635</u>	<u>\$458,494</u>
Total Liabilities	<u>\$877,635</u>	<u>\$458,494</u>	<u>\$877,635</u>	<u>\$458,494</u>
<u>Assessment District 2006-1</u>				
Assets				
Cash and investments	\$577,925	\$996,717	\$1,017,912	\$556,730
Cash with fiscal agent	765,190			765,190
Interest receivable	424	311	424	311
Total Assets	<u>\$1,343,539</u>	<u>\$997,028</u>	<u>\$1,018,336</u>	<u>\$1,322,231</u>
Liabilities				
Due to bondholders	<u>\$1,343,539</u>	<u>\$997,028</u>	<u>\$1,018,336</u>	<u>\$1,322,231</u>
Total Liabilities	<u>\$1,343,539</u>	<u>\$997,028</u>	<u>\$1,018,336</u>	<u>\$1,322,231</u>
<u>Totals - All Agency Funds</u>				
Assets				
Cash and investments	\$2,233,021	\$2,736,373	\$3,055,690	\$1,913,704
Cash with fiscal agent	1,995,642		82,607	1,913,035
Interest receivable	959	823	959	823
Total Assets	<u>\$4,229,622</u>	<u>\$2,737,196</u>	<u>\$3,139,256</u>	<u>\$3,827,562</u>
Liabilities				
Due to other agencies	\$877,635	\$458,494	\$877,635	\$458,494
Due to bondholders	3,351,987	2,278,702	2,261,621	3,369,068
Total Liabilities	<u>\$4,229,622</u>	<u>\$2,737,196</u>	<u>\$3,139,256</u>	<u>\$3,827,562</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:

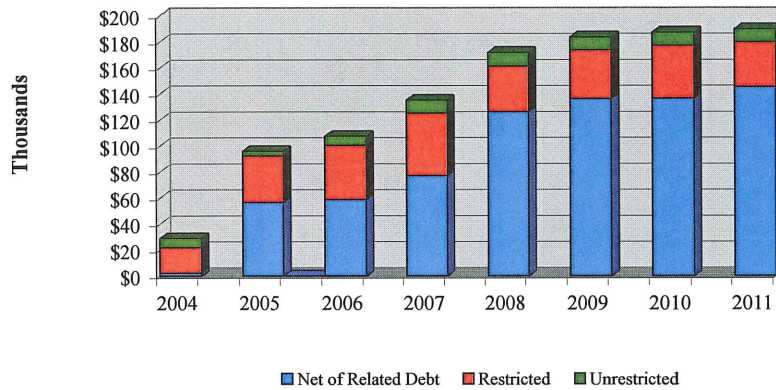
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

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 Eight Fiscal Years
(accrual basis of accounting)



	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<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
Restricted	19,647	35,699	41,703	48,240	35,170	37,745	40,968	34,572
Unrestricted	7,019	3,659	7,072	9,894	10,473	9,727	9,979	9,713
Total governmental activities net assets	\$28,768	\$95,862	\$107,399	\$135,079	\$171,749	\$183,549	\$187,267	\$189,681

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.

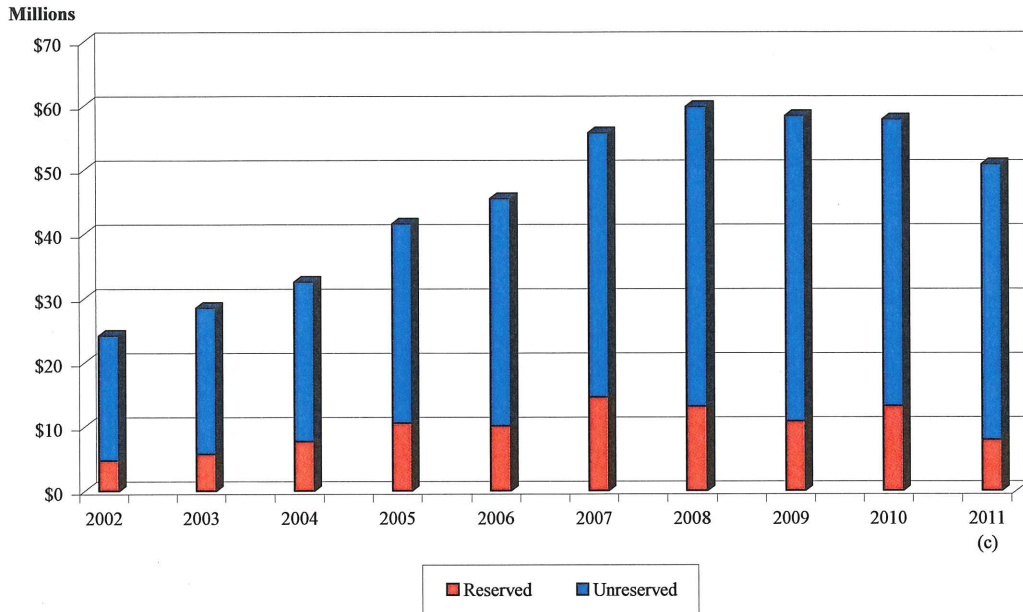
CITY OF OAKLEY
Changes in Net Assets (000's)
Last Eight Fiscal Years
(Accrual Basis of Accounting)

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

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.

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



	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 (c)
General Fund										
Reserved	\$371	\$193	\$1,643	\$2,970	\$2,657	\$2,210	\$2,074	\$1,834	\$1,593	
Unreserved	6,238	7,636	7,510	3,968	5,248	7,493	5,656	4,748	5,353	
Nonspendable										\$2,847
Restricted										559
Assigned										155
Unassigned										4,347
Total General Fund	<u>\$6,609</u>	<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> (b)
All Other Governmental Funds										
Reserved	\$4,356	\$5,513	\$6,005	\$7,556	\$7,411	\$12,353	\$11,049	\$8,939	\$11,565	
Unreserved, reported in:										
Special revenue funds	5,703	7,669	8,657	9,939	2,311	3,178	5,109	6,204	7,526	
Capital project funds	7,507	7,460	8,703	17,149	27,852	30,518	35,903	36,634	31,761	
Nonspendable										\$497
Restricted										42,404
Assigned										1,344
Unassigned										(1,339)
Total all other governmental funds	<u>\$17,566</u>	<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> (b)

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.

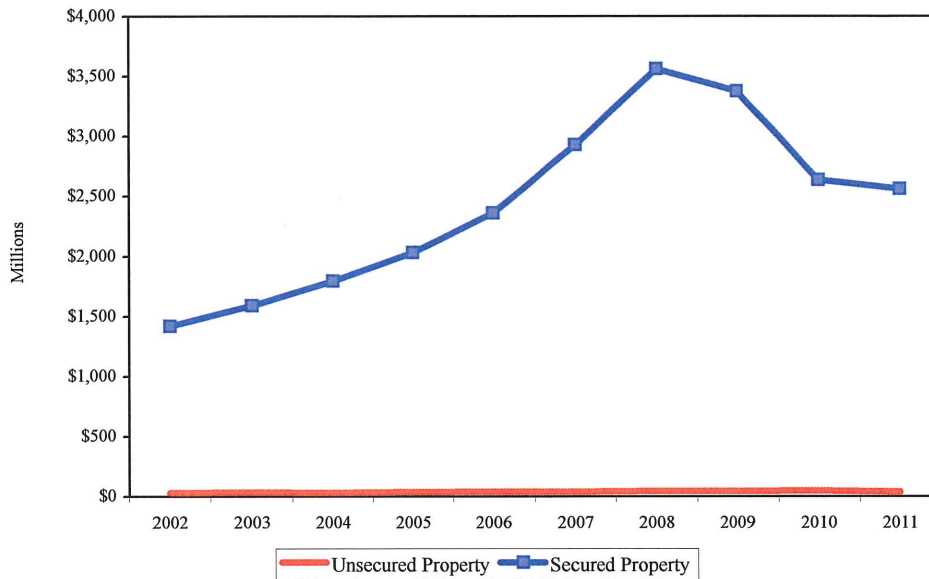
CITY OF OAKLEY
Changes in Fund Balance of Governmental Funds (000's)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	\$4,583	\$4,565	\$5,393	\$7,680	\$9,197	\$11,514	\$12,403	\$11,799	\$9,017	\$9,526
Licenses, permits and fees	2,299	2,351	2,052	2,041	3,739	3,652	1,909	1,252	1,392	950
Fines and forfeitures	78	93	83	111	99	198	134	140	177	149
Use of money and property	938	627	179	828	1,656	3,210	2,313	1,629	673	578
Intergovernmental revenues	4,059	4,023	3,491	2,369	2,693	2,401	2,319	1,715	4,210	2,538
Charges for services	2,870	4,381	5,481	9,629	15,506	14,334	13,166	8,152	10,323	7,378
Other	569	138	127	15,479	1,648	11,522	1,071	1,133	1,171	1,384
Total Revenues	15,396	16,178	16,806	38,137	34,538	46,831	33,315	25,820	26,963	22,503
Expenditures										
Current:										
Legislative	451	445	434	642	419	377	567	809	462	483
Administrative services	757	727	736	1,041	1,049	893	955	878	785	783
Community development	3,684	4,637	5,431	8,721	11,753	8,895	4,014 (b)	2,575	2,338	1,788
Public works							3,074 (b)	4,627	3,877	3,682
Redevelopment and economic development	658	939	1,363	1,118	3,415	6,094	659	642	489	455
Law enforcement	2,684	3,157	3,477	4,147	5,130	5,599	6,633	6,952	6,955	7,002
Recreation	59	133	321	488	689	549	308 (b)	464	329	264
Pass through to County and other agencies	446	474	514	671	604	809	824	799	615	579
SERAF payment									1,516	312
Estimated reduction in value of property held for resale									274	0
Capital outlay	193	926	217	8,712	6,820	21,359	40,822 (c)	6,962	7,123	10,644
Debt service:										
Principal repayment	419	588	676	692	673	365	610	680	720	742
Interest and fiscal charges	435	432	327	517	497	833	2,137	1,864	2,043	2,011
Total Expenditures	9,786	12,458	13,496	26,749	31,049	45,773	60,603	27,252	27,526	28,745
Excess (deficiency) of revenues over (under) expenditures	5,610	3,720	3,310	11,388	3,489	1,058	(27,288)	(1,432)	(563)	(6,242)
Other Financing Sources (Uses)										
Transfers in	470	39	11,101	3,531	1,507	2,925	5,530	3,560	2,110	3,214
Transfers (out)	(470)	(39)	(11,101)	(3,531)	(1,507)	(2,925)	(5,530)	(3,560)	(2,110)	(3,952)
Proceeds from sale of property					296	714	6,233			
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						
Total other financing sources (uses)		576	737	28	296	9,214	31,328			(738)
Special item					113					
Net Change in fund balances	\$5,610	\$4,296	\$4,047	\$11,416	\$3,898	\$10,272	\$4,040	(\$1,432)	(\$563)	(\$6,980)
Debt service as a percentage of noncapital expenditures	(a)	(a)	8.2%	7.2%	5.1%	5.2%	10.3%	12.9%	13.5%	15.2%

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.

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



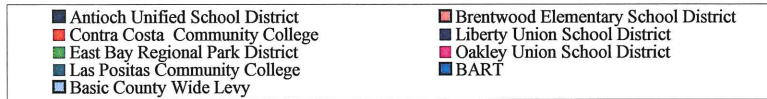
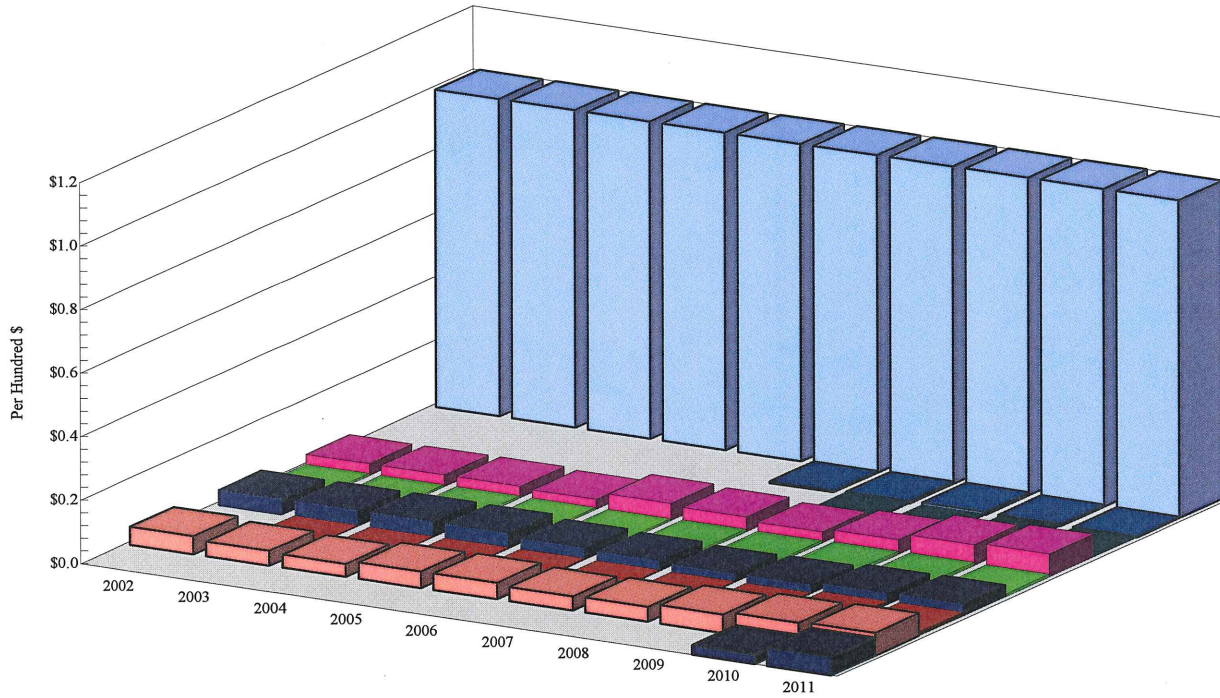
Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other					
2002	\$1,244	\$61	\$8	\$75	\$1,388	\$31	\$1,419	\$1,419	1%
2003	1,397	64	19	75	1,555	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%

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**



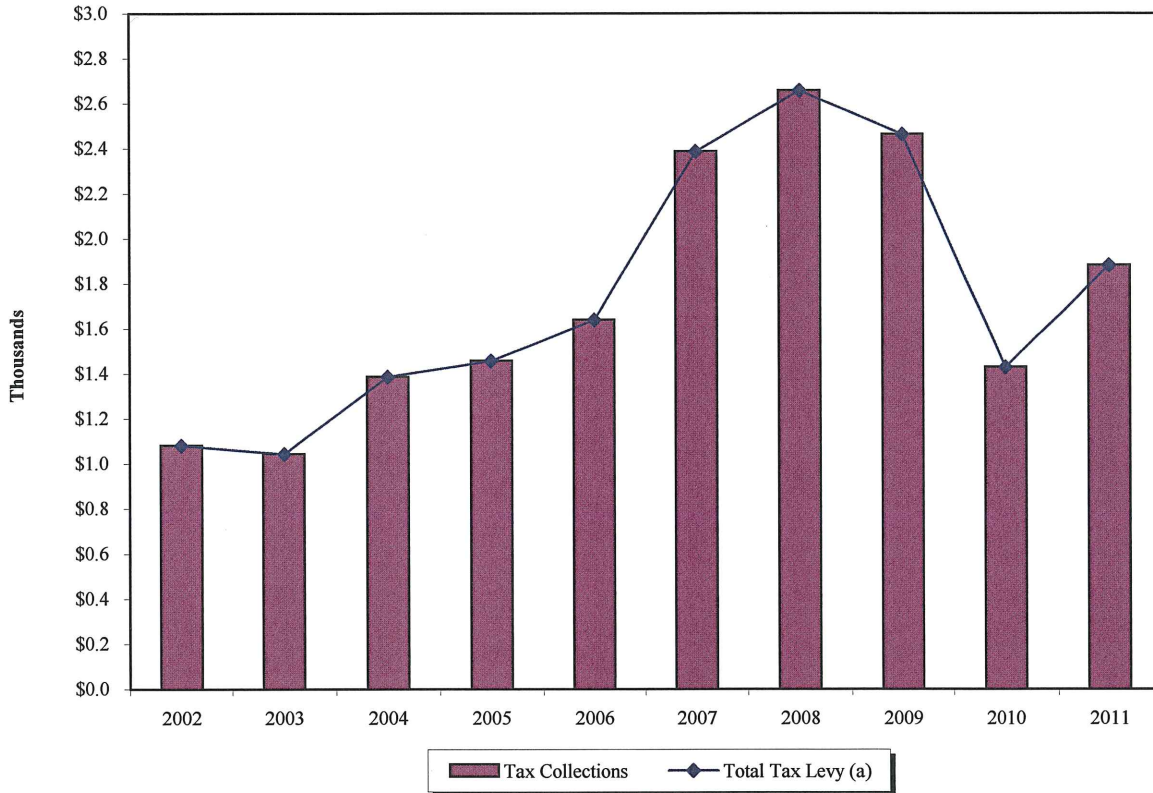
Fiscal Year	Basic County Wide Levy	East Bay Regional Park District	Oakley Union School District	Liberty Union School District	Brentwood Elementary School District	Contra Costa Community College	BART	Contra Costa Water Land Levy	Chabot Las Positas Community College	Antioch Unified School District	Total
2002	\$1.0000	\$0.0065	\$0.0377	\$0.0510	\$0.0577						\$1.1529
2003	1.0000	0.0065	0.0377	0.0510	0.0465	\$0.0040					1.1457
2004	1.0000	0.0065	0.0377	0.0510	0.0405	0.0038					1.1395
2005	1.0000	0.0057	0.0314	0.0489	0.0517	0.0042					1.1419
2006	1.0000	0.0057	0.0542	0.0379	0.0519	0.0048					1.1545
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

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>2010-11</u>			<u>2001-02</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	\$23,327	1	0.91%			
Shea Homes LP	20,831	2	0.81%			
Cypress Square S&R Associates	17,190	3	0.67%	\$11,450	1	0.81%
New Urban Comm LLC	13,282	4	0.52%			
Albert D Seeno Construction	12,713	5	0.50%			
Federal National Mort. Association	9,406	6	0.37%			
Shurgard Storage Center	8,210	7	0.32%			
KT-KB Oakley LLC	8,099	8	0.32%			
Forecast Land Investment	7,947	9				
HPH Property LP	7,802	10	0.30%			
W Pacific Housing-Laurel Woods				8,304	2	0.59%
Kaufman and Broad of No CA inc				7,950	3	0.56%
Lucky Stores Inc.				6,277	4	0.44%
WEC 98D-30 LLC				4,542	5	0.32%
Conco Land Company				4,364	6	0.31%
Donahue Schriber Realty Group				4,233	7	0.30%
West Coast Home Builders				4,136	8	0.29%
Emerson Dairy Inc.				4,029	9	0.28%
E I Du Pont De Nemours and Co.				3,506	10	0.25%
Subtotal	<u>\$128,807</u>		<u>5.0%</u>	<u>\$58,791</u>		<u>4.14%</u>

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



Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2002	\$1,083	\$1,083	100.0%	(a)	\$1,083	100.0%
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%

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

Fiscal Year	Governmental Activities (in thousands)						Percentage of Personal Income (a)	Per Capita (a)
	Tax Allocation Bonds	Repayment Agreement with County	Tax Increment Pass Through	Note Payable	Certificates of Participation	Total		
2002	\$7,280	\$1,136	\$0	\$0	\$0	\$8,416	1.51%	\$321
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	297	0	7,680	39,945	5.10%	1,141

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.

CITY OF OAKLEY
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2011

2010-11 Assessed Valuation, Excluding the Redevelopment Agency \$2,289,287,246

	Net Debt Outstanding	Percentage Applicable To City of Oakley	Amount Applicable To City of Oakley
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Contra Costa County Pension Obligations	\$399,840,000	1.812%	\$7,244,337
Bay Area Rapid Transit District	139,254,567	1.812%	2,523,027
Contra Costa Community College District	237,095,000	1.819%	4,311,630
Antioch Unified School District School Facilities Improvement District No. 1	65,272,391	6.140%	4,007,949
Liberty Union High School District	52,112,658	18.428%	9,603,098
Brentwood Union School District	55,865,289	0.031%	17,257
Oakley Union School District	23,035,000	83.967%	19,341,735
East Bay Regional Park District	66,309,021	1.812%	1,201,393
 TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT	 \$1,038,783,926		 \$48,250,426
DIRECT DEBT:			
City of Oakley Certificates of Participation	\$7,680,000	100.000%	\$7,680,000
 TOTAL DIRECT AND OVERLAPPING DEBT			 \$55,930,426
 NET COMBINED TOTAL DEBT			 \$55,930,426 (1)

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

RATIOS TO 2010-11 ASSESSED VALUATION:	
Direct Debt	0.34%
Total Gross Direct and Overlapping Tax Assessment Debt	2.11%
Total Net Direct and Overlapping Tax Assessment Debt	2.44%

Source: HdL Coren & Cone

CITY OF OAKLEY
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2011

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$2,562,000,000
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BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$96,075,000
---	--------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$39,945,000
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Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	(39,945,000)
---	--------------

Amount of debt subject to limit	0
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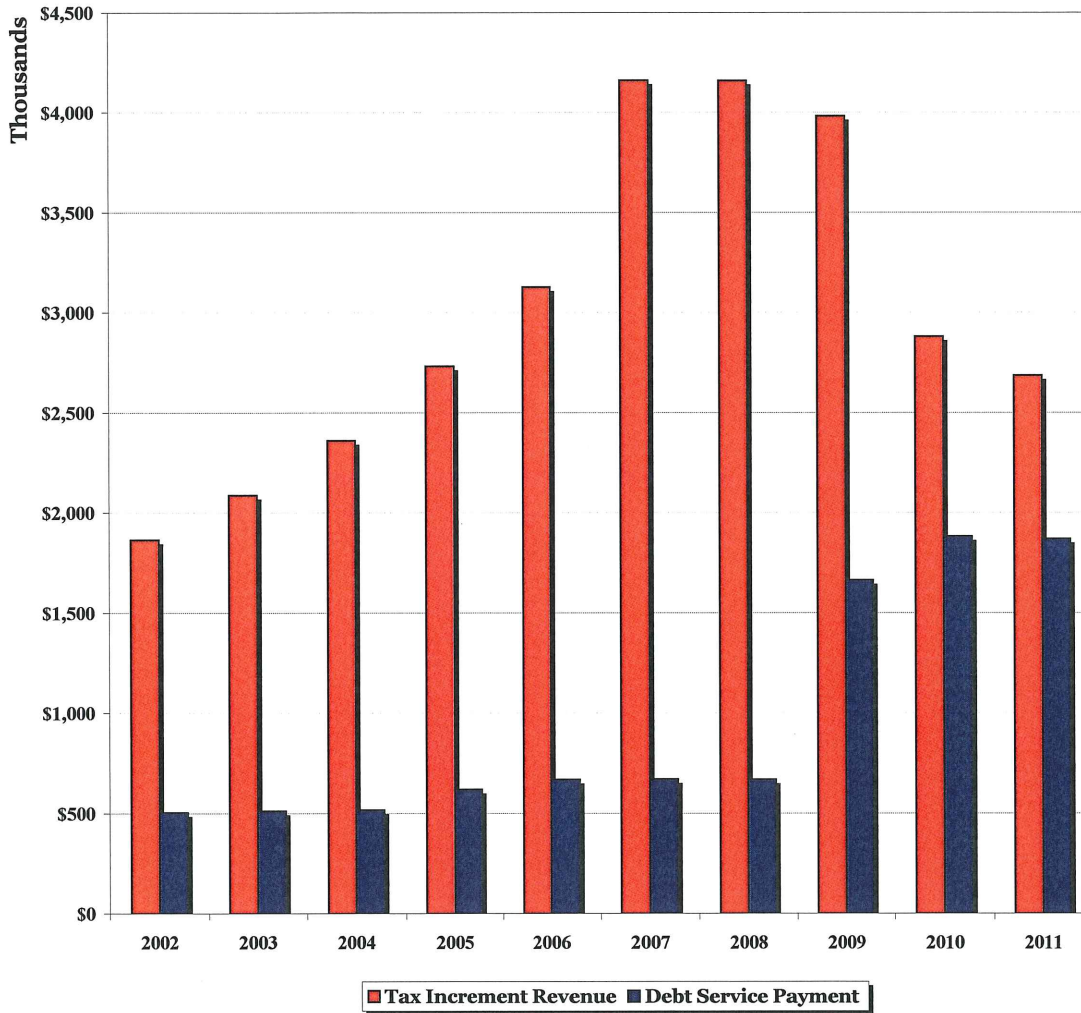
LEGAL BONDED DEBT MARGIN	\$96,075,000
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Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2002	\$52,412,033	\$0	\$52,412,033	0.00%
2003	59,625,140	0	59,625,140	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%

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**

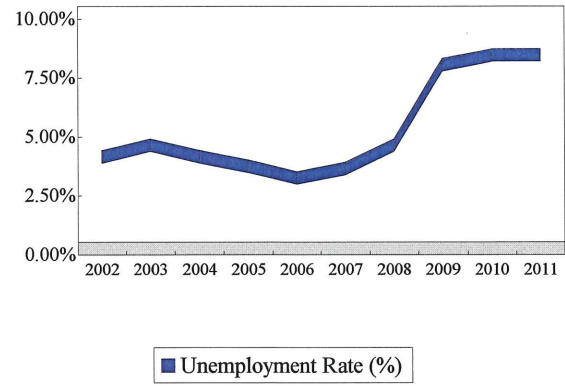
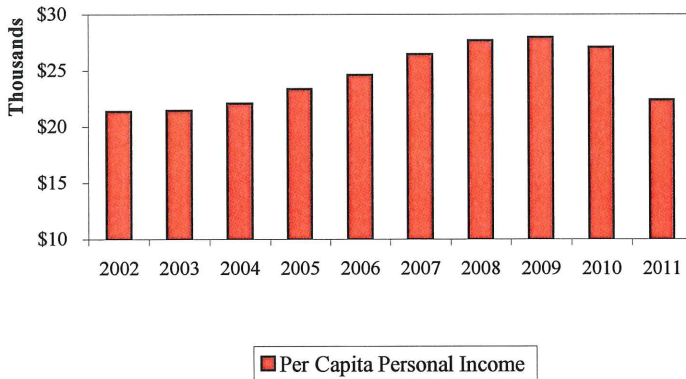
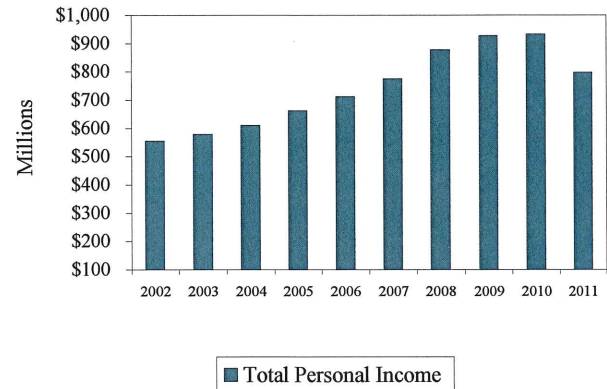
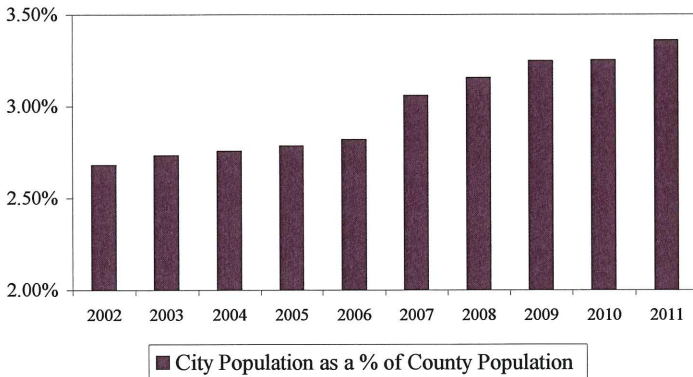


Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2002	\$1,863,972	\$135,000	\$369,360	\$504,360	3.70
2003	2,088,716	140,000	372,732	512,732	4.07
2004	2,360,681	228,000	289,249	517,249	4.56
2005	2,732,541	125,000	493,994	618,994	4.41
2006	3,128,294	180,000	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

Note: The Oakley Redevelopment Agency, a Project Area of the County of Contra Costa Redevelopment Agency, was transferred from the County to the City on November 21, 2000. On that date, the City formed the Oakley Redevelopment Agency, which assumed the assets and liabilities of the Project Area.

Source: City of Oakley Annual Financial Statements

CITY OF OAKLEY DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS



Fiscal Year	City Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate (%)	Contra Costa County Population	City Population % of County
2002	26,221	\$555,807,000	\$21,367	3.9%	977,356	2.68%
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%

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>2010-11</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Oakley Union Elementary School District	475	1	30.5%
Lucky's	59	2	3.8%
Diamond Hills Sports Club and Spa	55	3	3.5%
Raley's	48	4	3.1%
Foundation Constructors	35	5	2.2%
Ironhouse Sanitary District	33	6	2.1%
Rain 4 Rent	30	7	1.9%
Continente Nut LLC	26	8	1.7%
McDonalds	25	9	1.6%
Burger King	23	10	1.5%
Delta Black Bear Diner	23	10	1.5%
Round Table Pizza	23	10	1.5%
Subtotal	<u>855</u>		<u>54.8%</u>
Total City Day Population	<u>1,559</u>		

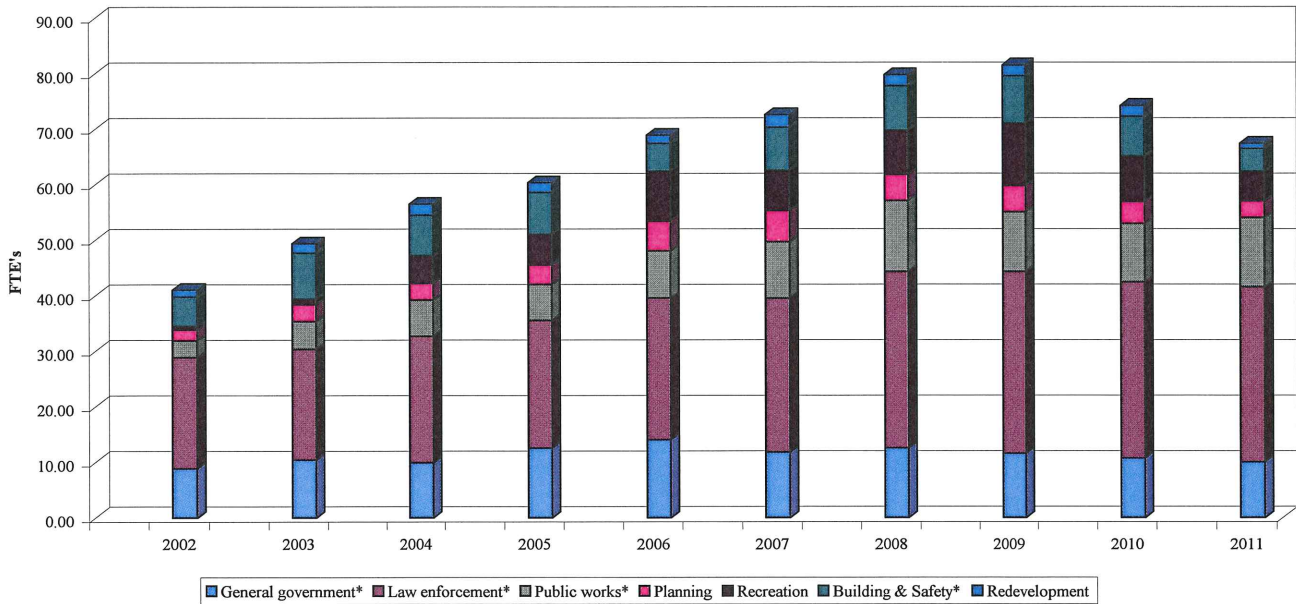
Source: City of Oakley Finance Department - Business Licenses

Notes:

Data for fiscal year 2001-02 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



Adopted for Fiscal Year Ended June 30,

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Function										
General government*	8.85	10.35	9.85	12.50	14.00	11.75	12.50	11.50	10.65	10.00
Community development:										
Public works*	3.00	5.00	6.50	6.50	8.50	10.20	12.80	10.80	10.50	12.50
Planning	2.00	3.00	3.00	3.50	5.40	5.60	4.70	4.70	4.00	3.00
Building & Safety*	5.30	8.25	7.30	7.55	5.00	7.80	8.00	8.50	7.10	4.05
Redevelopment	1.25	1.75	2.00	1.75	1.50	2.25	2.00	2.00	2.00	1.00
Law enforcement*	20.00	20.00	22.80	23.00	25.50	27.70	31.75	32.75	31.75	31.48
Recreation	0.60	1.00	5.00	5.50	9.00	7.25	8.00	11.25	8.20	5.37
Total	41.00	49.35	56.45	60.30	68.90	72.55	79.75	81.50	74.20	67.40

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 Seven Fiscal Years

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

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 2010 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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Function/Program										
Law enforcement:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol vehicles	n/a	n/a	n/a	24	25	27	27	27	27	27
Public works:										
Miles of streets	81	92	92	92	100	102	116	116.5	116.5	119.5
Street lights	1,405	1,491	1,491	1,491	1,708	1,782	1,915	2,047	2,047	2,347
Traffic Signals	n/a	n/a	n/a	n/a	5	5	11	17	17	17
Recreation:										
Community services:										
City parks	12	13	13	13	16	16	29	29	29	29
City parks acreage	52	56	56	56	77	77	90	90	90	90
Community centers	0	0	0	1	1	1	1	1	1	2
Baseball/softball diamonds	0	0	1	1	1	1	1	8	8	8
Soccer/football fields	0	0	0	1	1	1	1	7	7	7
Skate features	0	0	0	0	0	0	0	3	3	3
BMX dirt track	0	0	0	0	0	0	0	1	1	1

Source: City of Oakley

Notes:

n/a means not available.

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