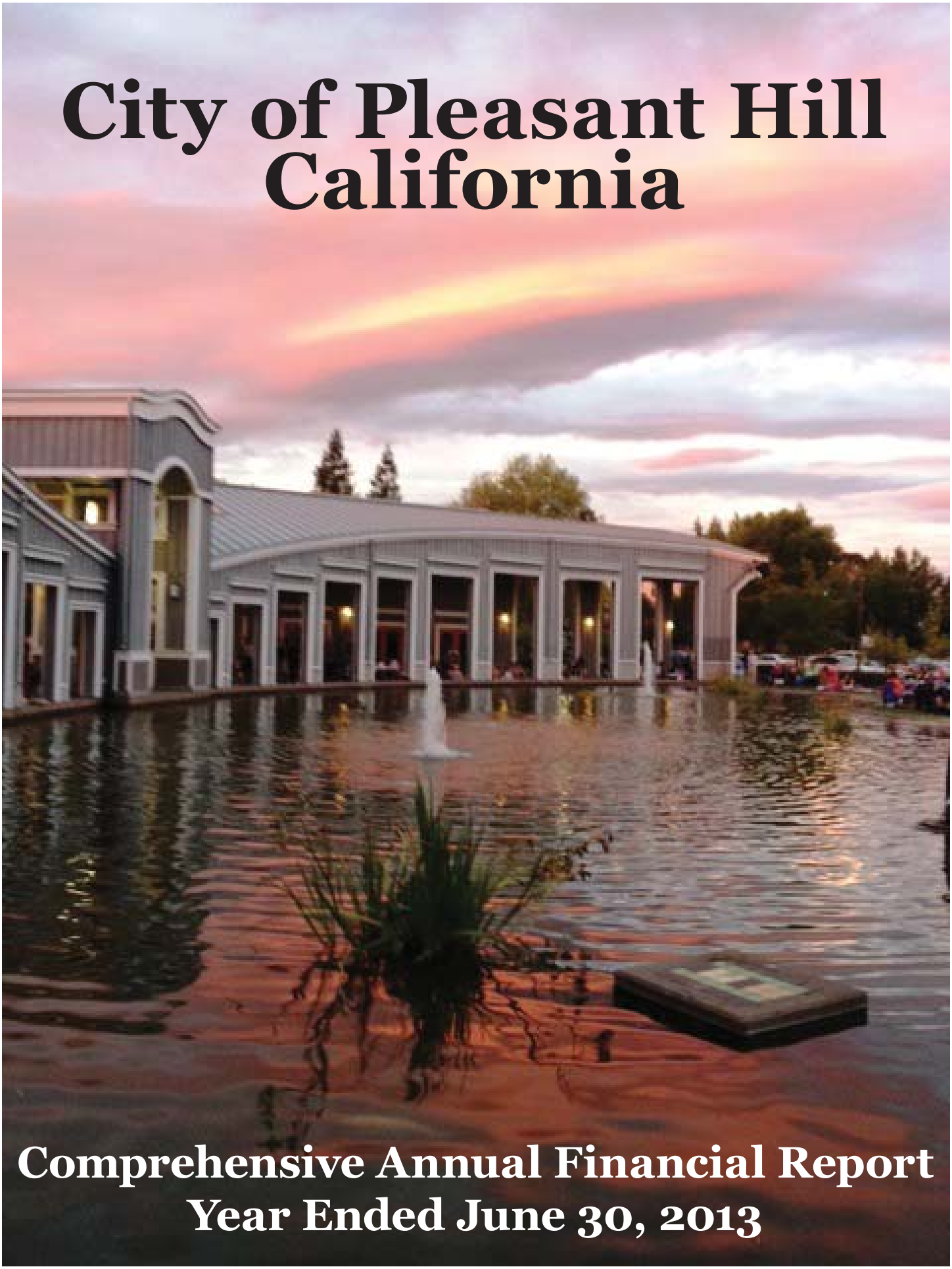
City of Pleasant Hill
California



Comprehensive Annual Financial Report
Year Ended June 30, 2013

CITY OF PLEASANT HILL

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

Prepared by

FINANCE DEPARTMENT

CITY OF PLEASANT HILL
Comprehensive Annual Financial Report
Year Ended June 30, 2013

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CITY OF PLEASANT HILL
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Year Ended June 30, 2013

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City of Pleasant Hill

January 24, 2014

To the Members of the City Council and
Citizens of the City of Pleasant Hill

I am pleased to submit the City of Pleasant Hill's (City) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. The information in this report is intended to present the reader with a comprehensive view of the City's financial position and the results of its operations for the fiscal year ended June 30, 2013 along with additional disclosures and financial information designed to enable the reader to gain an understanding of the City's financial activities.

This report was prepared by the Finance Department, which assumes responsibility for the accuracy of the data and the completeness and fairness of the presentation and all disclosures. The City's financial statements have been audited by Macias Gini & O'Connell LLP, the City's independent certified public accountants. The purpose of the audit is to obtain reasonable assurance the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles (GAAP). Macias Gini & O'Connell LLP issued an unmodified opinion, the highest possible rating, for the fiscal year ended June 30, 2013.

An overview of the City's financial activities for the fiscal year is discussed in detail in the Management's Discussion and Analysis (MD&A) section of the CAFR. MD&A complements this transmittal letter and should be read in conjunction with it.

THE CITY OF PLEASANT HILL GOVERNMENT

As a general law city incorporated in 1961, the City delivers a range of municipal services under the council-manager form of government, and offers outstanding quality of life for its 33,633 residents and covers 8.2 square miles.

City Council:

The City Council consists of five members who are elected at large for staggered four-year terms. The City Clerk and City Treasurer are also elected for four-year terms. The Mayor and Vice-Mayor are elected by the Council from their own ranks and serve for one-year terms. Council is the appointing authority for the position of City Manager. The City Attorney is a contract position.

Budget Committee:

While retaining their authority to approve all actions, the City Council has established a subcommittee to review financial matters. Staff provides the Budget Committee and Council with reports such as the CAFR, quarterly budget-versus-actual results, which are utilized in evaluating the City's financial position.

ECONOMIC OUTLOOK

The City, like much of the surrounding region, continues to emerge from the impact of the recent global recession. Consumer spending has begun to bounce back and retail sales have been increasing. At the end of Fiscal Year (FY) 2013, the City's unemployment rate had dropped to 5.5 percent from 5.7 percent the prior year, as compared to Contra Costa County's unemployment rate of 7.3 percent. Additionally increased business activity has resulted in higher transient occupancy revenues and permits and license revenues. The East Bay housing market also continues to rebound. The median sales price for a home in The City increased from $386,000 in FY 2012 to $455,000 in FY 2013.

Despite the recovery for several major revenue sources, the City's fiscal situation still remains uncertain. Several factors, including financial market volatility and actions by the federal government, continue to cause concern about the sustainability of the recovery. Challenges also exist regarding rising pension and health care costs. The City has proactively taken steps over the past several years to mitigate increased costs by negotiating increased employee contributions to the California Public Employees' Retirement System (CalPERS) retirement plan and health care premiums. Addressing critical capital asset and infrastructure needs is another priority. While staff has been extremely successful in obtaining funding through grants, the magnitude of deferred infrastructure needs requires a larger infusion than the City can generate on an annual basis.

LONG RANGE FINANCIAL FORECAST

The City produces a 5 year Long Range Financial Forecast biannually. The forecast is designed to highlight finance issues so they can be managed proactively. It is a tool that allows City Council an opportunity to prioritize funding needs.

The City's long-term financial planning process is connected to the development of the City's Biennial Budget.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). 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 CAFR 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.

ACKNOWLEDMENT

The preparation of this Comprehensive Annual Financial Report, as presented herein, is the result of the combined efforts the City's Finance Department and other City departments. Macias Gini & O'Connell, LLP, the City's independent external auditors, assisted and contributed to the presentation of this CAFR. Acknowledgment should also be given to the City Council Budget Committee for its support in directing the financial affairs of the City in a responsible and professional manner.

Respectfully submitted,

June Catalano
City Manager

CITY OF PLEASANT HILL
LIST OF PRINCIPAL OFFICALS

June 30, 2013

ELECTED OFFICIALS

Michael G. Harris, *Mayor*

Jack Weir, *Vice Mayor*

Timothy M. Flaherty, *Councilmember*

Ken Carlson, *Councilmember*

David E. Durant, *Councilmember*

Kimberly Lehmkuhl, *City Clerk*

Mark W. Celio, *City Treasurer*

CITY STAFF

June Catalano, *City Manager*

Andrew Murray, Assistant *City Manager*

Janet Coleson, *City Attorney*

Mary McCarthy, *Finance Manager*

Mario Moreno, *City Engineer*

Greg Fuz, *City Planner*

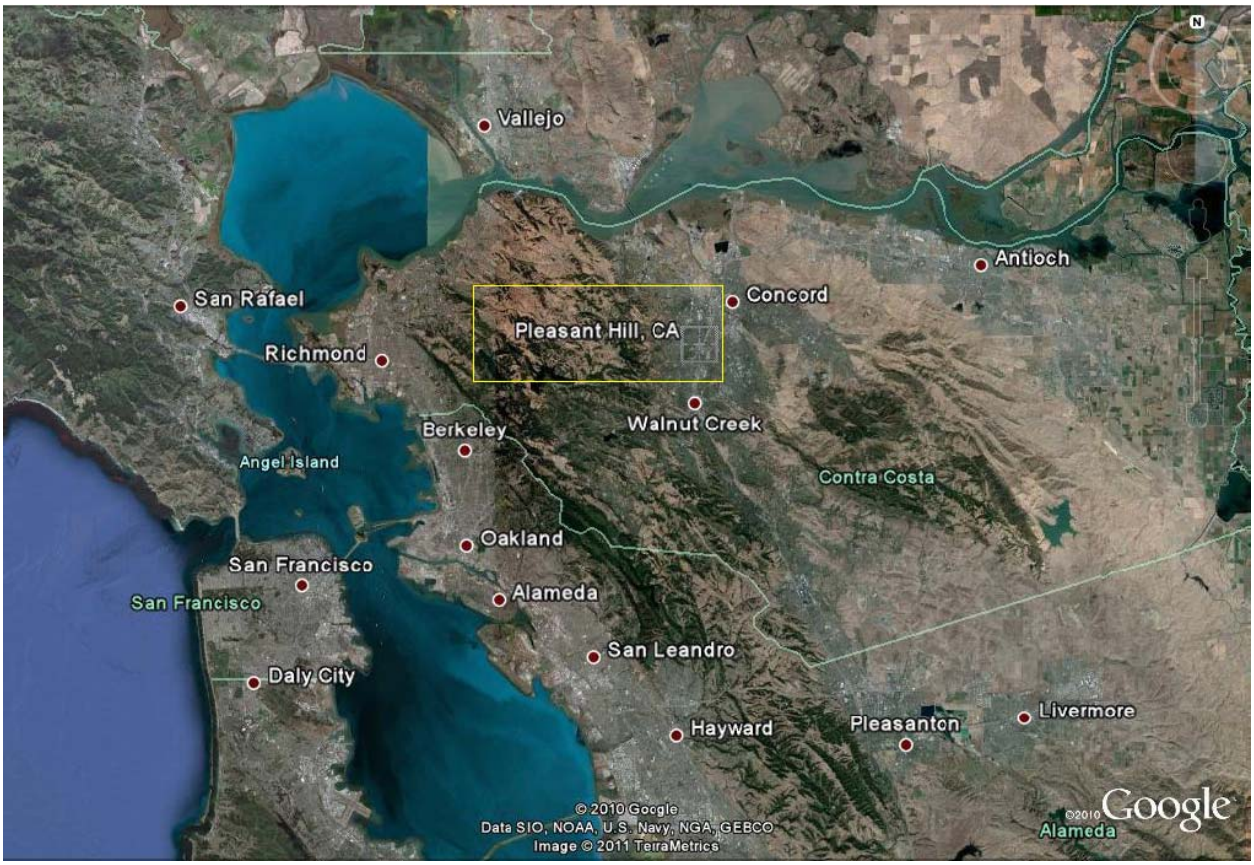
Mike Nielsen, *Chief Building Official and Maintenance Superintendent*

John Moore, *Chief of Police*

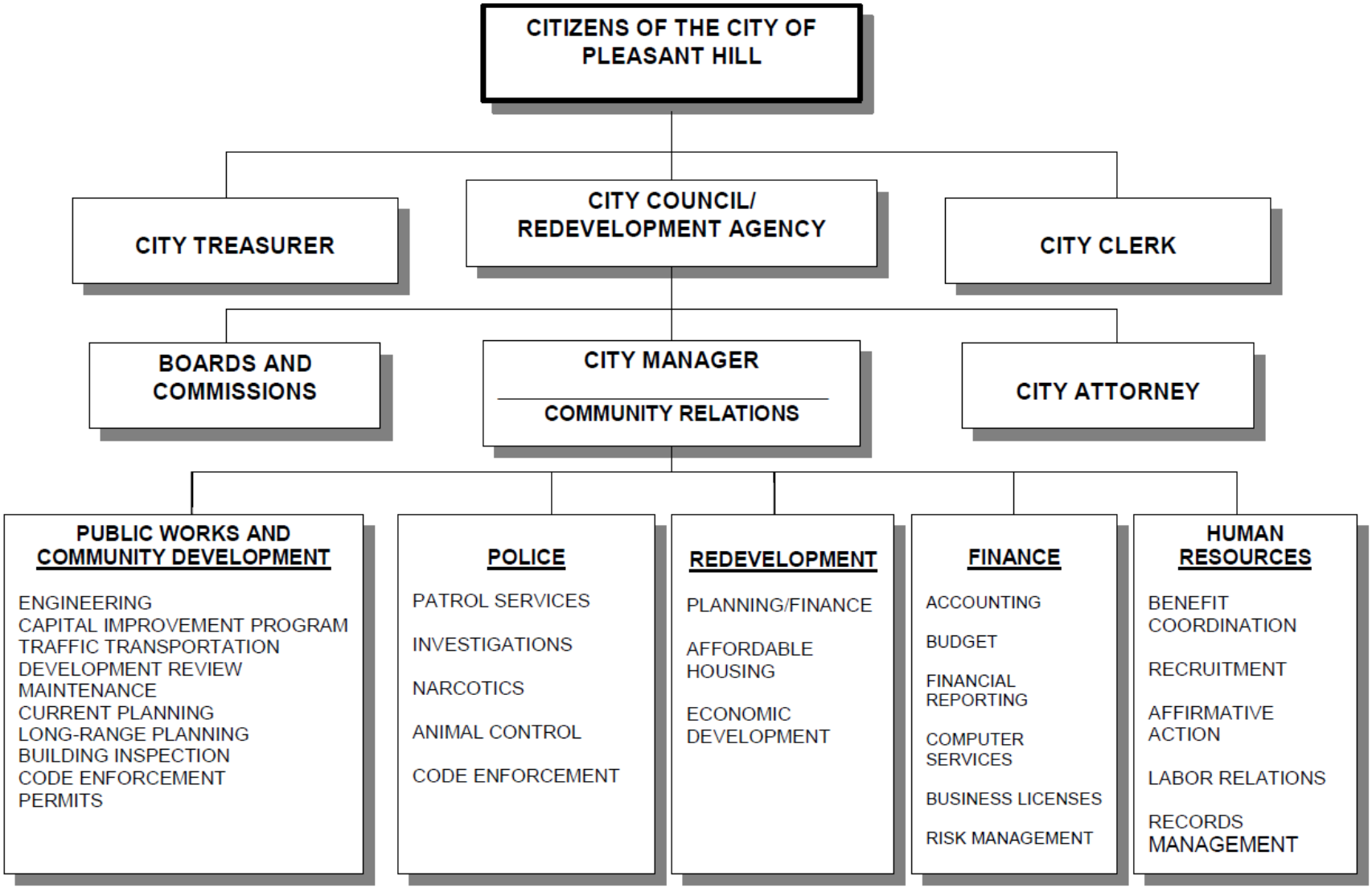
Freda Warren, *Human Resources Manager*

Robert Stewart, *Redevelopment Administrator*

California Map



CITY OF PLEASANT HILL
Organization Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pleasant Hill

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

MGO Certified Public Accountants.

Walnut Creek
2121 N. California Blvd., Suite 750
Walnut Creek, CA 94596
925.274.0190

Sacramento

Oakland

LA/Century City

Newport Beach

San Diego

Seattle

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Pleasant Hill, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pleasant Hill (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position, the respective budgetary comparison for the General Fund and budgeted major special revenue funds, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated January 24, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Walnut Creek, California
January 24, 2014

The Management's Discussion and Analysis (MD&A) section of the Comprehensive Annual Financial Report (CAFR) provides a summary of the financial statements and management's assessment of the City's financial condition. To obtain a complete understanding of the City's financial condition, this document should be read in conjunction with the accompanying Transmittal Letter and Basic Financial Statements and other information.

Financial Highlights

- The governmental activities' assets exceeded its liabilities at the close of Fiscal Year (FY) 2013 by $81.4 million. Of this amount $10.6 million is unrestricted and may be used to meet the government's obligations to citizens and creditors.
- The City's net position, which represents the City's revenues over expenses, was $1.4 million for the fiscal year and is discussed further in the narrative that follows.
- At the close of FY 2013, the City's governmental funds reported combined fund balance of $23.8 million, a decrease of $0.2 million from the prior year. Approximately $3.2 million, or 13.3% of the total fund balance, is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of committed, assigned and unassigned components of fund balance) for the General Fund was $11.8 million, or 59.6% of total General Fund expenditures, including transfers.
- The City's total outstanding long-term debt increased by $4.0 million during the current fiscal year as the City entered into the 2013 Public Safety Side Fund Loan Agreement with Umpqua Bank to pay off the State of California's Public Employees' Retirement System (CalPERS) Public Safety Side Fund obligation. The increase in long-term debt is partially offset by the increase in net pension asset of $4.0 million.

Overview of the Comprehensive Annual Financial Report

This Comprehensive Annual Financial Report is organized into five sections:

- An introduction which includes the Transmittal Letter;
- The Management's Discussion and Analysis;
- A financial section containing the Basic Financial Statements and notes;
- Supplemental information; and
- Statistical information.

Basic Financial Statements

The Basic Financial Statements provide a summary on the City's operations and financial position and contain the Government-wide Financial Statements, the Fund Financial Statements and the Notes to these financial statements.

Government-wide Financial Statements

The Government-wide Financial Statements provide a longer-term view of the City's activities as a whole. They include the Statement of Net Position and the Statement of Activities.

The Statement of Net Position includes the City's capital assets and long-term liabilities on a full accrual basis of accounting similar to that used by private sector companies. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Long term is defined as a period in excess of one year.

The Statement of Activities provides information about the City's revenues and expenses on a full accrual basis, with an emphasis on measuring net revenues or expenses for each of the City's functions. The Statement of Activities explains in detail the change in net position for the year.

The amounts in the Statement of Net Position and the Statement of Activities are separated into Governmental and Business-type Activities in order to provide a summary of each type of activity.

> ***Governmental Activities-*** Governmental activities include all of the City's basic services: general government, public safety, transportation, and community development. These services are supported by City's general revenues such as taxes, and by specific program revenues such as fees.
>
> ***Business-type Activities-***The City's only enterprise activity, Diablo Vista Water, is reported as business-type activities. The activity is supported by charges paid by users based on the amount of service they use, as well as by property taxes on those properties in the district.

The Government-wide Financial Statements can be found on pages 15-16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. A fund is an independent accounting entity with a self-balancing set of accounts. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Fund Financial Statements provide detailed information about each of the City's most significant funds, called major funds. Therefore, all non-major funds are combined into a single column on each fund statement. The General Fund is always considered a major fund. The other funds that the City considers major funds may change from year to year based on City activities.

The Fund Financial Statements display the City's operations in more detail than the Government-wide Financial Statements. Their focus is primarily on the short-term (i.e. less than one year) activities of the City's General Fund and other major funds such as Traffic Mitigation, Measure J Growth Management, Gas Tax and Low and Moderate Income Housing Asset Fund.

There are basically three groups of funds in governmental accounting: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds:** These are the funds through which most governmental functions typically are financed. The fund types in this category include general, special revenue, debt service, and capital project funds.
- **Proprietary funds:** These funds are used to account for a government's ongoing activities which are similar to those found in the private sector. The fund types included in this category are enterprise and internal service funds.
- **Fiduciary funds:** These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, governments, and other funds.

Governmental Funds

Governmental Fund Financial Statements are prepared on the modified accrual basis of accounting, which means they measure only current financial resources and uses. Long-lived assets such as capital assets and liabilities are only presented in the Government-wide Financial Statements.

Because the focus for government funds is narrower than Government-wide Financial Statements, it is useful to compare the information. It will help readers to develop a better understanding of the long-term impact of the City's decisions. Reconciliation between the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances facilitates this analysis.

The Governmental Fund Financial Statements can be found on pages 17-24 of this report.

Proprietary Funds
Proprietary Funds are prepared on the full accrual basis of accounting. These statements include all of their assets and liabilities, both current and long-term.

The Proprietary Fund Financial Statements can be found on pages 25-27 of this report.

Fiduciary Funds
Fiduciary Funds are used to account for resources held for the benefit of parties outside of the City. They are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

The City has two different types of fiduciary funds: 1) Private-Purpose Trust Fund which is used to report trust or similar arrangements that benefit other entities, and 2) Agency Fund is used to report resources held in a custodial capacity for other entities.

The Fiduciary Fund Financial Statements can be found on pages 28-29 of this report.

Notes to the Financial Statements
The Notes to the financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the Government-wide and Fund Financial Statements. The Notes to the financial statements can be found on pages 31-58 of this report.

Supplemental Information
The combining statements referred to earlier in connection with non-major Governmental Funds are presented immediately following the Notes to the financial statements. Combining statements and schedules can be found on pages 59-87 of this report.

Financial Analysis of Government-Wide Financial Statements

As noted earlier, the City's total assets exceeded its liabilities by $81.4 million at the end of the fiscal year, an improvement in net position of $ 1.4 million.

Governmental Activities Net Position at June 30 (in Millions)

	2013	2012
Cash and investments	$ 19.9	$ 18.2
Other assets	12.4	8.8
Capital assets	62.1	61.2
Total assets	94.4	88.2
Long-term debt	7.0	3.6
Other liabilities	6.0	4.6
Total liabilities	13.0	8.2
Net position:		
Net investment in capital assets	59.2	57.6
Restricted	11.6	12.0
Unrestricted	10.6	10.4
Total net position	$ 81.4	$ 80.0

The largest portion of the City's net position is its net investment in capital assets such as buildings, infrastructure (such as streets and roads, curbs and gutters.) and vehicles, less any related debt used to acquire those assets. The City uses these assets to provide services to citizens. This amount is reported separately because it cannot easily be liquidated to pay liabilities.

The restricted portion of the City's net position represents resources that are subject to external restrictions on how they are used. The remaining balance of $10.6 million is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current and prior fiscal year, the City reported positive balances in these categories for the City as a whole. The City's overall net position increased $1.4 million over the prior fiscal year. The reasons for this increase are discussed in the following sections for governmental activities.

Governmental Activities

The table below shows that Governmental activities net position increased by $1.4 million in FY 2013. Key elements of this change were as follows:

Changes in Governmental Activities Net Position (in Millions)

	2013	2012
Expenses		
General government	$ 4.2	$ 4.1
Public safety	9.8	10.9
Transportation	7.6	7.9
Community development	2.9	7.6
Interest and fiscal charges	0.1	0.3
Total expenses	24.6	30.8
Revenue		
Program revenues		
Charges for services	2.7	2.6
Operating contributions and grants	2.0	2.5
Capital contributions and grants	2.7	2.1
Subtotal program revenues	7.4	7.2
General revenues		
Property taxes	5.3	5.2
Incremental property taxes	-	2.7
Sales taxes	7.1	6.4
Other taxes	6.0	5.6
Investment earnings	0.1	0.2
Miscellaneous	0.1	0.1
Subtotal general revenues	18.6	20.2
Total revenues	26.0	27.4
Extraordinary item:		
Extraordinary gain from dissolution of the Redevelopment Agency	-	7.6
Changes in net position	1.4	4.2
Beginning net position	80.0	75.8
Ending net position	$ 81.4	$ 80.0

Revenue Highlights

Total revenues for governmental activities were $26.0 million, which was $1.4 million lower than the prior year. The primary reason for the decrease was the loss of property tax increment revenue due the dissolution of Redevelopment in the prior fiscal year. Almost all other revenues increased.

Total property tax revenue, including incremental property taxes, decreased by $2.6 million from the prior year. Due to the dissolution of the former Pleasant Hill Redevelopment Agency (Agency), no property tax increment revenue was received after January 31, 2012.

Sales tax increased by $0.7 million due to increased consumer spending and additional sales tax revenue from new businesses.

Other tax revenue increased by $0.4 million. This category includes transient occupancy tax, franchise fees, property transfer tax, business license tax and utility users tax. The primary increase in this category is due to increased transient occupancy tax due to recovery in business related travel. Additionally property transfer taxes increased due to changes in the ownership of properties as the economy continued its gradual recovery.

Program revenues of $7.4 million were consistent with revenues of $7.2 for the previous fiscal year. Charges for services are used to cover the expenses incurred in providing a variety of City services. Capital contributions and grants are related to the funding of capital projects such as the Buskirk Avenue Widening Project.

Expense Highlights
Expenses are classified by governmental function. Total expenses for governmental activities were $24.6 million, which was $6.2 million lower than the prior year. Major reasons for the decrease are explained below:

Public safety expenses decreased by $1.1 million primarily due to savings generated from vacancies and structural changes that achieved cost savings in benefits such as health and retirement.

Transportation expenses declined by $0.3 million primarily due to the timing of capital projects year over year.

Community development expenses decreased by $4.7 million year over year. This was primarily related to the dissolution of the former Agency. During FY 2012, after the dissolution of Redevelopment Agencies, $3.2 million of $3.8 million in funds that had been advanced by the former Agency to the City were returned to the Successor Agency. This was a non-recurring transaction. Additionally, as a result of this dissolution, all former Agency's expenses previously reported under the community development category of the net position report are now being reported in the Private Purpose Trust Fund section of the CAFR.

Extraordinary Item
The extraordinary gain of $7.6 million during FY 2012 was due to the dissolution of Redevelopment. When the State dissolved all redevelopment agencies, the assets and liabilities were transferred to the Successor Agency, a Private Purpose Trust Fund

The following table presents the net revenue (expense) of each of the City's governmental activities, including interest on long-term debt. Net expense is defined as total program cost less the revenue generated by those specific activities through charges for services, grants and contributions.

Net Revenue (Expenses) of Governmental Activities (in Millions)

	2013	2012
General government	$ (3.5)	$ (3.8)
Public safety	(9.4)	(10.6)
Transportation	(2.9)	(3.0)
Community development	(1.4)	(5.9)
Interest and fiscal charges	(0.1)	(0.3)
Total	$ (17.3)	$ (23.6)

Overall, program revenues collected are significantly lower than the program expenses. Consequently, the City of Pleasant Hill is very dependent on general revenues, particularly property and sales taxes. The City Council by resolution designated $8.3 million for contingency reserves in the General Fund. The contingency reserve is available for working capital needs and to mitigate the impact of an economic downturn or a natural disaster.

Business-type Activities

The Statements of Net Position and Statement of Revenues, Expenses and Changes in Fund Net Position present a summary of the City's Business-type activities, which is only comprised of the City's Diablo Vista Water enterprise fund.

Business-Type Activity Net Assets (in Millions)

The net position of the business-type activities were $0.9 million at June 30, 2013 and remained unchanged from the previous fiscal year.

Changes in Business Type Activities Net Position (in Millions)

	2013	2012
Expenses		
Diablo Vista Water	$ 0.2	$ 0.2
Revenue		
Program revenues:		
Charges for services	0.1	0.1
General revenues	0.1	0.2
Total revenues	0.2	0.3
Changes in net position	-	0.1
Beginning net position	0.9	0.8
Ending net position	$ 0.9	$ 0.9

Expenses, program revenues, and general revenues changed minimally when compared to previous year.

Financial Analysis of Governmental Funds

As discussed earlier, the City uses governmental fund accounting to ensure compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds statement is to provide information on near-term inflows, outflows and the balance of spendable resources. Such information is useful in assessing the City's short term financing needs. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the city itself, or others that have been delegate authority to assign resources by the City Council.

As of June 30, 2013, the City's governmental funds reported combined fund balance of $23.8 million, a slight decrease of $0.2 million. Approximately $3.2 million of the combined total fund balance is unassigned and available for spending at the City's discretion. The remainder of the fund balance is either nonspendable ($0.2 million, restricted ($10.5 million), committed ($1.5 million) assigned ($8.4 million).

General Fund

Balance Sheet

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, fund balance was $12.7 million. This represents a net increase in fund balance of $1.2 million from the prior fiscal year.

Revenues

Total General Fund revenues, excluding other financing sources increased by $1.4 million, or 7.7%, over FY 2012 for a total of $19.8 million. The year-over-year change in revenue sources is noted below:

General Fund Revenues for the Year Ended June 30 (in millions)

Revenues by Source	2013	2012	*Incr./(Decr.)*
Property Tax	$ 2.6	$ 2.3	0.3
Property Tax in Lieu VLF	2.4	2.5	0.1
Sales Tax	7.1	6.5	0.6
Other Taxes	5.9	5.6	0.3
Licenses and Permits	0.5	0.4	0.1
Intergovernmental	0.1	0.1	-
Charges for Services	1.0	0.5	0.5
Other	0.2	0.5	(0.3)
Total Revenues	$ 19.8	$ 18.4	$1.4

During the past several years, as property values have fallen during the Great Recession, property tax revenues have been declining as a result of houses being sold at losses and the Assessor reassessing values for the purposes of property taxes (Proposition 8 reductions). However, as the economy begins its gradual recovery, property taxes have been rising and were $0.3 million, or 11.6%, over FY 2012 for a total of $2.6 million.

Property tax in lieu of vehicle license fees (VLF) remained fairly flat year over year at $2.4 million. In 2004, the State Legislature permanently reduced the tax rate from 2% to .65% of the current market value of the vehicle. In order to protect local governments, the reduction in VLF revenue to cities and counties was offset by increased transfer of property tax that had accrued to the State but was then transferred to cities and counties.

Sales tax revenues increased by $0.6 million, or 9.4%, over FY 2012 for a total of $7.1 million. The increase was driven by increased consumer confidence which translated to stronger retail activity. Additional sales tax was also generated from new businesses such as Safeway Gas, In-N-Out Burger and Big 5 Sporting Goods.

Other taxes increased by $0.3 million, or 6.4% over FY 2012 for a total of $5.9 million. As discussed above, this category includes transient occupancy tax, franchise fees, property transfer tax, business license tax and utility users tax. Most of the revenues in this category remained flat over the previous year.
Licenses and permits increased by $0.1 million, or 17.8% over FY 2012 for a total of $0.5 million. This category includes building fees, electrical permits, plumbing permits and energy permits. The bulk of the revenue was from construction-related activity.

Charges for services increased by $0.5 million, or 99% over FY 2012 for a total of $1.0 million. The increase was primarily due to a community impact fee payment from Allied Waste for $250,000 and a $170,000 bond issuer revenue payment due to the refinance of the Pleasant Hill Downtown Community Facilities District 2002 bond issue.

Other revenues decreased by $0.3 million, or 56.7% over FY 2012 for a total of $0.2 million. The decline was primarily due to a reduction in a surplus equity distribution from the Municipal Pooling Authority (MPA, the City's insurance pool).

Expenditures
Total General Fund expenditures, excluding other financing sources and special items, decreased by $2.6 million, or 12.4%, over FY 2012 for a total of $18.0 million. The year over year change in significant expenditures by function is noted below:

General Fund Expenditures for the Year Ended June 30 (in millions)

Expenditures (Function)	2013	2012	*Incr./(Decr.)*
General Government	$ 4.0	$ 3.6	0.4
Public Safety	9.1	9.8	(0.7)
Transportation	2.6	2.5	0.1
Community Development	1.7	1.5	0.2
Intergovernmental	0.6	3.2	(2.6)
Total Expenditures	$ 18.0	$ 20.6	$(2.6)

General government expenditures increased by $0.4 million, or 10.4% over FY 2012 for a total of $4.0 million. This increase was primarily due to a payout of accrued vacation and severance when the City Attorney function was outsourced.

Public Safety expenditures decreased by $0.7 million, and were 6.5% under FY 2012 for a total of $9.1 million. This was due to vacancies in the Police Department and significant structural changes made in current labor contracts that resulted in savings in benefit categories such as health and retirement.

Intergovernmental expenditures decreased by $2.6 million over FY 2012 for a total of $0.6 million. During FY 2011, the City and former Agency amended a Public Improvements, Economic Development and Affordable Housing Reimbursement Agreement, in which the City agreed to expeditiously implement projects in accordance with Redevelopment Plans. The former Agency, in turn, transferred initial funding in advance of the City incurring costs to ensure the City had adequate funds to undertake the projects. During June 2012, after the dissolution of the former Agency, $3.2 million of the $3.8 million in funds originally advanced by the former Agency were returned by the General Fund to the Successor Agency. The remaining $0.6 million was returned during this fiscal year.

Total Other Financing Sources (Uses)
Total other financing sources (uses) increased by $0.3 million over FY 2012, for a total net uses of $ 0.7 million. The year over year change is explained below:

General Fund Other Financing Sources (Uses) and Special Item for the Year Ended June 30 (in millions)

Other Financing Sources (Uses)	2013	2012	*Incr./(Decr.)*
Transfers In	$ 1.0	$ 0.1	0.9
Transfers Out	(1.7)	(1.1)	(0.6)
Proceeds from the issuance of long term debt	4.0		4.0
Special Item	(4.0)		(4.0)
Total	$ (0.7)	$ (1.0)	$0.3

Other Financing sources (uses)
Transfers to the General Fund from other funds were $1.0 million compared to $0.1 million in the prior year. This increase was primarily due to the transfer of funds from the Park and Recreation Fund to be used for discretionary operating or capital needs of the General Fund.

Transfers to other funds were $1.7 million compared to $1.1 million in the prior year. The increase in transfers out to other funds during FY 2013 was due to transfers to the Gas Tax Fund for the street resurfacing program and to the Computer Technology Fund for the maintenance and replacement of technology.

As noted above, the City entered into the 2013 Public Safety Side Fund Loan Agreement with Umpqua Bank to pay off the CalPERS Public Safety Side Fund obligation. The transaction is reflected in the Other Financing Sources as proceeds from the issuance of long-term debt of $4.0 million offset by a special item of $4.0 million.

Traffic Mitigation
The Traffic Mitigation fund accounts for revenues such as grants and fees assessed on new development to help mitigate the impact caused by development and to contribute toward the cost of local roads and other traffic improvements.

The Traffic Mitigation Fund had an excess of expenditures over revenues, including transfers from other funds, of $0.2 million. Total revenue was $2.5 million. Total expenditures were $4.21 million. Transfers from other funds were $1.5 million. It is typical for the fund balance to accumulate for several years until a large project, such as the Buskirk Avenue Widening project, spends down the balance. Due to the timing of grant reimbursements, the fund balance had a slight deficit of $0.1 million as of June 30, 2013.

Measure J Growth Management
The Measure J fund accounts for resources provided by the one-half cent sales tax dedicated to transportation improvement projects.

The Measure J revenues had an excess of revenues over expenditures, including transfers to other funds, of $0.1 million. Total revenue, expenditures, and transfers to other funds were $0.5 million, $46,000, and $0.4 million, respectively. It is typical for revenue and expenditures to vary year over year due to the timing of projects and reimbursements for grants. The fund balance was $0.1 million as of June 30, 2013.

Gas Tax Fund
The Gas Tax fund accounts for gas taxes apportioned by the State to cities based on population. These funds are restricted to engineering and administrative costs related to street projects.

The Gas Tax fund had an excess of expenditures over revenues, including transfers to other funds, of $0.5 million. Total revenue was $1.1 million. Total expenditures were $1.3 million. Net transfers to other funds were $0.4 million. It is typical for revenue and expenditures to vary year over year due to the timing of projects and reimbursements for grants. The fund balance was $0.3 million as of June 30, 2013.

Low and Moderate Income Housing Asset Fund
Redevelopment agencies in California were dissolved by operation of law effective February 1, 2012. The legislation provided that successor agencies and oversight boards oversee the dissolution and wind down of redevelopment activities. At the City Council meeting on January 9, 2012, the City Council affirmed its decision to serve as Successor Agency to the Pleasant Hill Redevelopment Agency effective February 1, 2012. Upon dissolution, the City Council also elected to serve as the Housing Successor Agency and retain the housing assets, functions and powers performed by the former Agency. The Housing Successor's financial data and transactions are reported in the City's Low and Moderate Income Housing Asset major governmental fund. The Low and Moderate Income Housing Asset Fund had a restricted fund balance of $5.3 million as of June 30, 2013. The fund balance remained consistent from the previous year when the housing assets and liabilities were transferred to this fund.

Other Governmental Funds
These funds are not presented separately in the basic financial statements, but are individually presented as supplemental information.

Financial Analysis of Enterprise Fund

Diablo Vista Water Fund
The Diablo Vista Water (DVW) system provides raw canal water for irrigation purposes to 474 homes. In fiscal 2004 City staff projected that the DVW system would be in a deficit cash position by July 1, 2008 without a fee increase. Increased costs for raw water, electricity, and maintenance of the system have reduced the amount of available funds over several years, and the systems assets are getting older. In order to continue to maintain the system, a new usage fee of $150 per household per year was adopted by City Council Ordinance No. 786 on June 21, 2004, and took effect in fiscal 2005. An additional Capital Improvements fee of $135 per household per year was also approved, and was phased in over three years, beginning in fiscal 2005. The increases in fees help to provide a financially solvent system. See analysis of the fund at the Business-type Activities analysis above.

General Fund Budgetary Highlights
When the FY 2013 budget was prepared in June, 2011, the City projected that the General Fund would have a deficit (revenue below expenditures) of $0.4 million for the FY 2013. At the close of FY 2013, a surplus of $1.2 million was realized. Significant items contributing to the positive variance of $1.6 million are as follows:

Revenues were $0.8 million greater, or 4.0% over budget. The increase of revenue over budget was due to higher than budgeted revenues in several major categories (i.e. sales tax, property tax, franchise fee and transient occupancy tax) as a result of the economic recovery.

Total expenditures were $0.8 million lower, attributable to savings generated by the Police and Economic Development departments. The Police Department expenditures were $0.7 million lower than originally budgeted due to savings from vacancies and benefits during the year. The Economic Development program allocated $0.7 million for the retail marketing incentive program during FY 2013, but not all funds were expended by the end of the year. These savings were offset by a $0.6 million repayment to the Successor Agency during this year, as discussed above.

The combined net of Other financing sources (uses) and Special items remained consistent with the budget at ($0.7) million.

Capital Assets
The City's infrastructure capital assets include streets and roads, curbs and gutters, storm drains, street lights, and traffic control devices. Each year, based on the determination of Public Works Department, completed projects that meet certain criteria are capitalized. Capitalizable projects that are in process at year end are recorded as Construction in Progress at that time, and are capitalized in the year they are completed. Capital assets and accumulated depreciation are recorded on the City's financial statements are shown in the table below (further detail may be found in Note 7 to the basic financial statements):

Capital Assets as of June 30 (in Millions)

	2013	2012
Governmental Activities:		
Land	$ 3.4	$ 3.4
Construction in progress	7.3	4.7
Buildings and improvements	15.0	15.0
Equipment and furniture	7.0	6.9
Streets and roads	52.7	52.6
Curbs and gutters	15.5	15.5
Storm drains	6.6	6.6
Street lights	1.1	1.1
Traffic control devices	2.9	2.4
Less: accumulated depreciation	(49.3)	(47.0)
Total	$ 62.2	$ 61.2
Business-type Activities:		
Water system infrastructure	$ 0.6	$ 0.6
Less: accumulated depreciation	(0.2)	(0.2)
Total	$ 0.4	$ 0.4

During the current year, the primary additions to governmental activities capital assets include $2.6 million of construction in progress for work completed on capital improvement projects such as the Buskirk Avenue Widening project that will result in additions to infrastructure upon completion. The City depreciates all its depreciable capital assets over their estimated useful lives. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Current year depreciation expenses totaled to $2.5 million. Additional information on depreciable lives may be found in Note 1.H.

Debt Administrations

The table below lists the City's debt at June 30, 2013 with comparative figures for June 30, 2012:

Outstanding Debt at June 30 (in Millions)

	2013	2012
Governmental Activities Debt:		
Lease Revenue Refunding Bonds, Series 2004	$ 3.0	$ 3.6
2013 Public Safety Side Fund Loan	4.0	-
Total Outstanding Debt	$ 7.0	$ 3.6

As discussed above, the City paid off Public Safety Side Fund obligation with a private placement loan.

Additional information on the capital assets may be found in Note 8.

Economic Factors

The City is one of the primary retail centers in the East Bay Area Region with a mix of both national retail stores and smaller independent and locally owned retailers. The City places a high priority on attracting new businesses and supporting existing businesses. Through its economic development efforts the City works diligently to maintain a business friendly atmosphere. A business concierge service is available to businesses interested in locating or expanding in the City. These efforts to improve the economic climate in the City continue to help Pleasant Hill prosper as we continue to recover from the recession. Sales tax revenues continue to climb higher due to new retailers in several sectors including restaurants, grocery and service stations. Revenues also continue to increase for transient occupancy tax and permits and license revenues as the economy slowly recovers.

Despite this recovery, fiscal challenges remain. The CalPERS employer's rates are expected to increase substantially in FY 2016 as a result of recent changes by the CalPERS Board of Administration. Additionally, the City must continuously work to maintain the streets and roads. While staff has been extremely successfully in grant funds, the magnitude of infrastructure needs requires a greater investment.

Contacting the City's Financial Management

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a detailed overview of the City's finances. Questions about this report should be directed to the Finance Department at 100 Gregory Lane, Pleasant Hill, CA 94523.

CITY OF PLEASANT HILL
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments:			
Held in City Treasury	$ 18,097,707	$ 578,178	$ 18,675,885
Held with trustees	1,822,203	-	1,822,203
Receivables:			
Accounts and others	1,813,482	-	1,813,482
Grants	566,846	-	566,846
Interest	20,087	362	20,449
Due from the Successor Agency	2,545,305	-	2,545,305
Prepaid items	214,200	-	214,200
Internal balances	36,000	(36,000)	-
Notes and loans receivable	3,006,509	-	3,006,509
Land held for redevelopment	191,049	-	191,049
Net pension asset	3,960,524	-	3,960,524
Capital assets:			
Nondepreciable	10,701,654	-	10,701,654
Depreciable, net of accumulated depreciation	51,456,136	429,206	51,885,342
Total assets	94,431,702	971,746	95,403,448
Liabilities:			
Accounts payable and accrued liabilities	2,161,854	19,715	2,181,569
Due to the Successor Agency	647,518	-	647,518
Deposits payable	533,481	-	533,481
Unearned revenue	16,866	-	16,866
Interest payable	8,453	-	8,453
Compensated absences payable:			
Due within one year	522,000	-	522,000
Due in more than one year	2,087,476	-	2,087,476
Long-term debt:			
Due within one year	1,458,000	-	1,458,000
Due in more than one year	5,589,000	-	5,589,000
Total liabilities	13,024,648	19,715	13,044,363
Net Position:			
Net investment in capital assets	59,197,790	429,206	59,626,996
Restricted for:			
Debt service	1,871,898	-	1,871,898
Special revenue	8,993,753	-	8,993,753
Capital projects	742,388	-	742,388
Total restricted net position	11,608,039	-	11,608,039
Unrestricted	10,601,225	522,825	11,124,050
Total net position	$ 81,407,054	$ 952,031	$ 82,359,085

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Statement of Activities
For the Year Ended June 30, 2013

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	$ 4,235,267	$ 471,143	$ 53,281	$ 262,887	$ (3,447,956)	$ -	$ (3,447,956)
Public safety	9,777,992	155,901	194,350	-	(9,427,741)	-	(9,427,741)
Transportation	7,597,694	403,149	1,852,112	2,453,476	(2,888,957)	-	(2,888,957)
Community development	2,898,886	1,641,652	(143,020)	-	(1,400,254)	-	(1,400,254)
Interest and fiscal charges	118,921	-	-	-	(118,921)	-	(118,921)
Total governmental activities	24,628,760	2,671,845	1,956,723	2,716,363	(17,283,829)	-	(17,283,829)
Business-type activities:							
Diablo Vista Water	240,045	134,520	-	-	-	(105,525)	(105,525)
Total	$ 24,868,805	$ 2,806,365	$ 1,956,723	$ 2,716,363	(17,283,829)	(105,525)	(17,389,354)
General revenues:							
Taxes:							
Property taxes					5,342,185	137,890	5,480,075
Sales taxes					7,060,791	-	7,060,791
Transient occupancy tax					1,572,763	-	1,572,763
Franchise tax					1,725,353	-	1,725,353
Other taxes					2,752,729	-	2,752,729
Investment earnings					81,307	1,482	82,789
Miscellaneous					92,128	-	92,128
Total general revenues					18,627,256	139,372	18,766,628
Change in net position					1,343,427	33,847	1,377,274
Net position, beginning of year					80,063,627	918,184	80,981,811
Net position, end of year					$ 81,407,054	$ 952,031	$ 82,359,085

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Governmental Funds
Balance Sheet
June 30, 2013

	General	Traffic Mitigation	Measure J Growth Management	Gas Tax	Low and Moderate Income Housing Asset	Other Governmental Funds	Total
Assets:							
Cash and investments:							
Held in City Treasury	$ 12,164,615	$ 873,888	$ 34	$ 407,049	$ 116,273	$ 4,535,848	$ 18,097,707
Held with trustees	890,703	-	-	-	-	931,500	1,822,203
Receivables:							
Accounts and other	1,089,888	89,620	453,991	65,545	-	114,438	1,813,482
Grants	-	96,094	-	466,910	-	3,842	566,846
Interest	16,768	639	-	300	1,062	1,318	20,087
Due from the Successor Agency	-	-	-	-	2,545,305	-	2,545,305
Due from other funds	643,433	-	-	-	-	-	643,433
Prepaid items	6,718	-	-	-	-	207,482	214,200
Advances to other funds	36,000	-	-	-	-	-	36,000
Notes and loans receivable	-	-	-	-	3,006,509	-	3,006,509
Land held for redevelopment	-	-	-	-	191,049	-	191,049
Total assets	$ 14,848,125	$ 1,060,241	$ 454,025	$ 939,804	$ 5,860,198	$ 5,794,428	$ 28,956,821
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable and accrued liabilities	$ 983,584	$ 905,542	$ -	$ 180,037	$ -	$ 92,691	$ 2,161,854
Due to the Successor Agency	647,518	-	-	-	-	-	647,518
Deposits payable	533,481	-	-	-	-	-	533,481
Deferred revenue	16,866	93,048	-	466,910	601,024	-	1,177,848
Due to other funds	-	202,291	318,977	-	-	122,165	643,433
Total liabilities	2,181,449	1,200,881	318,977	646,947	601,024	214,856	5,164,134
Fund balances:							
Nonspendable	6,718	-	-	-	-	207,482	214,200
Restricted	890,703	-	135,048	292,857	5,259,174	3,970,776	10,548,558
Committed	-	-	-	-	-	1,483,869	1,483,869
Assigned	8,373,037	-	-	-	-	-	8,373,037
Unassigned	3,396,218	(140,640)	-	-	-	(82,555)	3,173,023
Total fund balances	12,666,676	(140,640)	135,048	292,857	5,259,174	5,579,572	23,792,687
Total liabilities and fund balances	$ 14,848,125	$ 1,060,241	$ 454,025	$ 939,804	$ 5,860,198	$ 5,794,428	$ 28,956,821

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position - Governmental Activities
June 30, 2013

Total fund balances reported on the governmental funds balance sheet	$	23,792,687
Amounts reported for governmental activities in the statement of net position are different from those reported in the governmental funds above because of the following:		
Capital assets:		
Capital assets used in governmental activities are not current assets or financial resources and therefore are not reported in the governmental funds.		62,157,790
Net pension assets:		
Certain assets are not available to pay for current period expenditures and therefore are not reported in the governmental funds.		3,960,524
Receivables not available:		
Certain receivables are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		1,160,982
Long-term liabilities:		
The liabilities below are not due and payable in the current period and therefore are not reported in the governmental funds:		
Bonds payable		(2,960,000)
Loans payable		(4,087,000)
Interest payable		(8,453)
Compensated absences		(2,609,476)
Net position of governmental activities	$	81,407,054

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2013

	General	Traffic Mitigation	Measure J Growth Management	Gas Tax	Low and Moderate Income Housing Asset	Other Governmental Funds	Total
Revenues:							
Property taxes	$ 4,966,552	$ -	$ -	$ -	$ -	$ 375,633	$ 5,342,185
Sales taxes	7,060,791	-	-	-	-	-	7,060,791
Other taxes and special assessments	5,952,392	-	-	-	-	868,094	6,820,486
Licenses and permits	494,091	-	-	-	-	-	494,091
Intergovernmental	70,630	2,453,476	530,394	1,133,451	-	556,875	4,744,826
Charges for services	991,797	5,128	-	-	-	58,331	1,055,256
Fines and forfeitures	50,908	-	-	-	-	87,240	138,148
Use of money and property	14,852	4,415	34	2,134	50,885	8,987	81,307
Other	192,950	-	-	-	-	11,755	204,705
Total revenues	19,794,963	2,463,019	530,428	1,135,585	50,885	1,966,915	25,941,795
Expenditure:							
Current:							
General government	3,990,158	-	-	3,622	-	201,851	4,195,631
Public safety	9,125,246	-	-	-	-	197,204	9,322,450
Transportation	2,561,391	4,171,269	18,525	1,262,683	-	552,824	8,566,692
Community development	1,656,234	-	27,749	-	59,591	482,945	2,226,519
Intergovernmental	647,518	-	-	-	-	-	647,518
Capital outlay	-	-	-	-	-	589,959	589,959
Debt service:							
Principal	-	-	-	-	-	660,000	660,000
Interest and fiscal charges	-	-	-	-	-	120,425	120,425
Total expenditures	17,980,547	4,171,269	46,274	1,266,305	59,591	2,805,208	26,329,194
Excess (deficiency) of revenues over (under) expenditures	1,814,416	(1,708,250)	484,154	(130,720)	(8,706)	(838,293)	(387,399)
Other financing sources (uses)							
Proceeds from sale of capital assets	156	-	-	-	-	10,784	10,940
Proceeds from issuance of long-term debt	4,087,000	-	-	-	-	-	4,087,000
Transfers in	992,686	1,526,685	-	550,000	-	1,716,126	4,785,497
Transfers out	(1,754,176)	-	(350,000)	(926,685)	-	(1,754,636)	(4,785,497)
Total other financing sources (uses)	3,325,666	1,526,685	(350,000)	(376,685)	-	(27,726)	4,097,940
Change in fund balances before special item	5,140,082	(181,565)	134,154	(507,405)	(8,706)	(866,019)	3,710,541
Special item	(3,960,524)	-	-	-	-	-	(3,960,524)
Change in fund balances	1,179,558	(181,565)	134,154	(507,405)	(8,706)	(866,019)	(249,983)
Fund balances, beginning of year	11,487,118	40,925	894	800,262	5,267,880	6,445,591	24,042,670
Fund balances, end of year	$ 12,666,676	$ (140,640)	$ 135,048	$ 292,857	$ 5,259,174	$ 5,579,572	$ 23,792,687

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Governmental Activities
For the Year Ended June 30, 2013

Net change in fund balances - total governmental funds	$ (249,983)
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.	
Expenditures for capital assets reported as:	
Capital outlay	589,959
Current transportation	2,844,109
Less current year depreciation	(2,541,511)
Long-term debt transactions:	
Repayment of bond principal is an expenditure in the governmental funds, but in the statement of net position the repayment reduces long-term liabilities.	660,000
Proceeds from loans provide current financial resources to governmental funds, but issuance of debt increases long-term liabilities in the statement of net position.	(4,087,000)
Accrual of noncurrent items:	
The amounts below included in the statement of activities do not provide current financial resources and therefore are not reported as revenues or expenditures in governmental funds:	
Change in compensated absences	146,373
Change in interest payable	1,504
Change in deferred revenue	19,452
The amounts below not included in the statement of activities require the use of current financial resources and therefore are reported as expenditures in governmental funds:	
Change in net pension assets, reported as a special item	3,960,524
Change in net position of governmental activities	$ 1,343,427

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Property taxes	$ 2,221,978	$ 2,221,978	$ 2,586,773	$ 364,795
Property tax in lieu of Vehicle License Fee (VLF)	2,373,644	2,373,644	2,379,779	6,135
Sales taxes	6,938,987	6,938,987	7,060,791	121,804
Other taxes	6,051,374	5,801,374	5,952,392	151,018
Licenses and permits	418,603	418,603	494,091	75,488
Intergovernmental	57,460	57,460	70,630	13,170
Charges for current services	574,239	824,239	991,797	167,558
Fines and forfeitures	73,800	73,800	50,908	(22,892)
Use of money and property	160,028	160,028	14,852	(145,176)
Other	158,917	158,917	192,950	34,033
Total Revenues	19,029,030	19,029,030	19,794,963	765,933
Expenditures:				
Current:				
General government:				
City Council	153,678	153,678	139,720	13,958
City Manager	643,010	589,444	508,553	80,891
City Attorney	463,657	567,347	747,757	(180,410)
City Clerk	129,857	129,857	103,997	25,860
City Treasurer	11,644	11,644	13,502	(1,858)
Finance	923,891	927,741	774,845	152,896
Computer services	15,207	15,207	21,222	(6,015)
Human Resources	523,282	523,282	472,775	50,507
Risk management	444,087	444,087	526,316	(82,229)
City Hall facility	152,654	152,654	110,235	42,419
Non-departmental	331,190	331,505	571,236	(239,731)
Total general government	3,792,157	3,846,446	3,990,158	(143,712)
Public safety:				
Police	9,703,134	9,703,134	8,948,535	754,599
Animal control	188,066	188,066	176,711	11,355
Total public safety	9,891,200	9,891,200	9,125,246	765,954
Transportation:				
Public works administration	798,507	798,507	722,476	76,031
Public works maintenance	1,799,351	1,864,350	1,838,915	25,435
Total transportation	2,597,858	2,662,857	2,561,391	101,466
Community development				
Planning	853,249	853,249	806,450	46,799
Building inspection	515,463	515,463	503,287	12,176
Community relations	82,633	82,633	83,251	(618)
Economic development	923,537	923,537	263,246	660,291
Total community development	2,374,882	2,374,882	1,656,234	718,648
Intergovernmental	-	-	647,518	(647,518)
Total expenditures	18,656,097	18,775,385	17,980,547	794,838
Excess (deficiency) of revenues over (under) expenditures	372,933	253,645	1,814,416	1,560,771
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	156	156
Proceeds from issuance of long-term debt	-	-	4,087,000	4,087,000
Transfers in	1,001,168	1,001,168	992,686	(8,482)
Transfers out	(1,736,001)	(1,736,001)	(1,754,176)	(18,175)
Total other financing sources (uses)	(734,833)	(734,833)	3,325,666	4,060,499
Change in fund balance before special item	(361,900)	(481,188)	5,140,082	5,621,270
Special item	-	-	(3,960,524)	(3,960,524)
Change in fund balance	$ (361,900)	$ (481,188)	1,179,558	$ 1,660,746
Fund balance, beginning of year			11,487,118	
Fund balance, end of year			$ 12,666,676	

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Traffic Mitigation Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 9,280,153	$ 9,280,153	$ 2,453,476	$ (6,826,677)
Charges for services	7,500	7,500	5,128	(2,372)
Use of money and property	25,332	25,332	4,415	(20,917)
Total revenues	9,312,985	9,312,985	2,463,019	(6,849,966)
Expenditures:				
Current:				
Transportation	11,533,781	12,402,795	4,171,269	8,231,526
Excess (deficiency) of revenues over (under) expenditures	(2,220,796)	(3,089,810)	(1,708,250)	1,381,560
Other financing sources:				
Transfers in	1,201,685	1,526,685	1,526,685	-
Change in fund balance	$ (1,019,111)	$ (1,563,125)	(181,565)	$ 1,381,560
Fund balance, beginning of year			40,925	
Fund balance, end of year			$ (140,640)	

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Measure J Growth Management Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 501,850	$ 501,850	$ 530,394	$ 28,544
Use of money and property	-	-	34	34
Total revenues	501,850	501,850	530,428	28,578
Expenditures:				
Current:				
Transportation	50,000	71,401	18,525	52,876
Community development	28,712	28,712	27,749	963
Total expenditures	78,712	100,113	46,274	53,839
Excess of revenues over expenditures	423,138	401,737	484,154	82,417
Other financing uses:				
Transfers out	(350,000)	(350,000)	(350,000)	-
Change in fund balance	$ 73,138	$ 51,737	134,154	$ 82,417
Fund balance, beginning of year			894	
Fund balance, end of year			$ 135,048	

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Gas Tax Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 2,896,492	$ 2,896,492	$ 1,133,451	$ (1,763,041)
Use of money and property	17,648	17,648	2,134	(15,514)
Total revenues	2,914,140	2,914,140	1,135,585	(1,778,555)
Expenditures:				
Current:				
General Government	2,600	2,600	3,622	(1,022)
Transportation	3,370,600	3,598,525	1,262,683	2,335,842
Total expenditures	3,373,200	3,601,125	1,266,305	2,334,820
Excess (deficiency) of revenues over (under) expenditures	(459,060)	(686,985)	(130,720)	556,265
Other financing sources (uses):				
Transfers in	550,000	550,000	550,000	-
Transfers out	(926,685)	(926,685)	(926,685)	-
Total other financing sources (uses)	(376,685)	(376,685)	(376,685)	-
Change in fund balance	$ (835,745)	$ (1,063,670)	(507,405)	$ 556,265
Fund balance, beginning of year			800,262	
Fund balance, end of year			$ 292,857	

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Proprietary Fund
Statement of Fund Net Position
June 30, 2013

	Diablo Vista Water Enterprise Fund
Assets:	
Current assets:	
Cash and investments held in City Treasury	$ 578,178
Interest receivable	362
Total current assets	578,540
Noncurrent assets:	
Capital assets:	
Depreciable, net of accumulated depreciation	429,206
Total assets	1,007,746
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	19,715
Noncurrent liabilities:	
Advance from other funds	36,000
Total liabilities	55,715
Net position:	
Net investment in capital assets	429,206
Unrestricted	522,825
Total net position	$ 952,031

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2013

	Diablo Vista Water Enterprise Fund
Operating revenues:	
Water district assessments and charges	$ 134,520
Property taxes	137,890
Total operating revenues	272,410
Operating expenses:	
Purchased water	135,476
Personnel services	9,089
Contract services	11,275
Administration and office utilities	16,527
Repairs and maintenance	56,587
Depreciation	11,091
Total operating expenses	240,045
Net operating income	32,365
Nonoperating revenues:	
Interest income	1,482
Change in net position	33,847
Net position, beginning of year	918,184
Net position, end of year	$ 952,031

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Proprietary Fund
Statement of Cash Flows
For the Year Ended June 30, 2013

	Diablo Vista Water Enterprise Fund
Cash flows from operating activities:	
Cash received from customers	$ 134,520
Cash payments to suppliers for goods and services	(220,507)
Cash payments to employees	(9,089)
Property tax received	137,890
Net cash provided by operating activities	42,814
Cash flows from capital and related financing activities:	
Repayment of interfund loans	(12,000)
Cash flows from investing activities:	
Interest income received	1,567
Net change in cash and cash equivalents	32,381
Cash and cash equivalents, beginning of year	545,797
Cash and cash equivalents, end of year	$ 578,178
Reconciliation of net operating income to net cash provided by operating activities:	
Net operating income	$ 32,365
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Depreciation	11,091
Change in accounts payable and accruals	(642)
Net cash provided by operating activities	$ 42,814

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2013

	Private Purpose Trust Fund - Successor Agency	Agency Funds
Assets:		
Cash and investments:		
Held in City Treasury	$ 2,471,922	$ 554,520
Held with trustees	651,581	1,062,070
Receivables:		
Accounts	-	91,103
Interest	5,872	281
Due from other governmental agencies	-	213,253
Due from the primary government	647,518	-
Loans receivable	460,000	-
Land held for redevelopment	86,100	-
Total assets	4,322,993	1,921,227
Liabilities:		
Accounts payable and accrued liabilities	183,704	91,910
Due to Contra Costa County for distribution to taxing entities	647,518	-
Interest payable	152,630	-
Due to the primary government	2,545,305	-
Due to others	-	1,829,317
Long-term debt:		
Due within one year	560,000	-
Due in more than one year	10,165,000	-
Total liabilities	14,254,157	1,921,227
Net Position:		
Net position held in trust	$ (9,931,164)	$ -

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2013

	Private Purpose Trust Fund - Successor Agency
Additions:	
Redevelopment property tax revenues	$ 3,863,040
Intergovernmental from the primary government	647,518
Investment earnings	8,576
Total additions	4,519,134
Deductions:	
Community development expenses	2,579,995
Payment to Contra Costa County for distribution to taxing entities	647,518
Interest and fiscal charges	698,665
Total deductions	3,926,178
Change in net position	592,956
Net position held in trust, beginning of year	(10,524,120)
Net position held in trust, end of year	$ (9,931,164)

See accompanying notes to basic financial statements.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Pleasant Hill (City) was incorporated on November 14, 1961 under the laws of the State of California. The City operates under the Council-City Manager form of government and provides the following services: police, highways and streets, public improvements, planning and zoning, and general administration services.

The basic financial statements include the financial activities of the City, Successor Agency to the Pleasant Hill Redevelopment Agency (Successor Agency) and the Pleasant Hill Joint Powers Financing Authority (Authority).

The Successor Agency is a separate governmental entity established on February 1, 2012 for the purpose of serving as a custodian of the assets of the former Pleasant Hill Redevelopment Agency (Agency) assets winding down the former Agency's activities subject to the direction of an Oversight Board. The Oversight Board is comprised of seven-member representatives from local government bodies: the Mayor of the City; the City Manager; a Contra Costa County (County) Supervisor; a representative from the County Superintendent of Schools; a representative from the Contra Costa County Fire Protection District; a Board Member from the Community College District; and a public member. The Successor Agency's financial transactions are accounted for in a private-purpose trust fund, a fiduciary fund type.

The Authority is a separate government entity whose purpose is to assist with the financing or refinancing of certain public capital facilities within the City. The Authority is controlled by the City and is governed by a board consisting of the City Manager, City Attorney and Finance Director, who also manage all accounting and administrative functions for the Authority. The Authority is a blended component unit, and are in substance, part of the City's operations and data from these units are combined with the City. The financial activities of the Authority are included in the Refunding Lease Revenue Bonds Debt Service Fund.

The Successor Agency and Authority do not issue separate financial statements and are reported in the City's basic financial statements.

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 Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

Government-wide Statements: The statement of net position and the statement of activities display information about the City's primary government. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities, except where interfund services have been received or provided. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The City's business-type activities are financed in whole or in part by fees charged to external parties.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating expenses.

C. Major Funds

The City's major governmental and enterprise funds are identified and presented separately in the fund financial statements. All other funds, called nonmajor 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 basic financial statements:

General Fund -Accounts for all the general revenues and financial resources of the City not specifically levied or collected for the other City funds, as well as the related expenditures.

Traffic Mitigation Fund - Accounts for fees assessed on new development to provide for street or other traffic improvements.

Measure J Growth Management Fund - Accounts for resources provided by the one-half cent sales tax dedicated to transportation improvement projects.

Gas Tax Fund - Accounts for gas tax apportioned by the state to the cities based upon three factors: vehicle registration, assessed valuation and population. These funds are used for street construction and maintenance.

Low and Moderate Income Housing Asset Fund – Accounts for housing assets and functions related to the Low and Moderate Income Housing Program retained by the City following the dissolution of the former Agency. Revenues are generated from the housing assets, including loan repayments and proceeds from the sale of the housing assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports its only enterprise fund as a major fund in the accompanying basic financial statements:

The Diablo Vista Water Fund - Accounts for the financing of self-supporting activities, which render water irrigation services to the homeowners in a specific geographical area of the City, paid from property taxes and user charges.

The City also reports the following fiduciary funds:

Private-Purpose Trust Fund - The Successor Agency was created to serve as a custodian for the non-housing assets and to wind down the affairs of the former Agency. This fund accounts for the receipt of property tax revenues pursuant to the Redevelopment Dissolution Act and the value of the assets transferred from the former Agency. The Successor Agency's assets can only be used to pay enforceable obligations in existence at the date of dissolution pursuant to the Recognized Obligation Payment Schedules approved by the State Department of Finance (DOF) under the Redevelopment Dissolution Act.

Agency Funds - Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The City maintains five agency funds. These funds are custodial in nature and do not involve measurement of results of operations.

The financial activities of these fiduciary funds are excluded from the government-wide financial statements, but are presented in separate fiduciary fund financial statements.

D. Basis of Accounting

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

For the Diablo Vista Water Enterprise Fund, revenues are billed to customers by the County and are included on each customer's property tax statement. Revenues for services provided but not billed at the end of a fiscal period are not considered material and are not accrued.

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. Generally, the City considers all revenues, except property tax revenues, reported in the governmental funds to be available if the revenues are collected within 45 days after year-end. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available within 60 days after year-end for governmental funds. 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.

Revenues susceptible to accrual include taxes, intergovernmental revenues, charges for services, and interest. Fines, licenses and permits are not susceptible to accrual because they are not measurable until received in cash.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from 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, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities. Transactions representing the exchange of interfund goods and services have also been included.

E. Cash and Cash Equivalents

For purposes of reporting cash flows for the City's proprietary fund, pooled cash and investments held by City Treasury are considered cash equivalents as the proprietary fund can access pooled cash and investments in a manner similar to a demand deposit account.

F. Investments

The City's investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. 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.

G. Interfund Transactions

Interfund loans and balances related to unsettled service transactions are reported as receivables and payables as appropriate, and are subject to elimination upon consolidation of similar fund types, and are referred to as either "due from/to other funds" (i.e., the current portion of inter-fund loans and unsettled service transactions) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Transactions constituting reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

H. Capital Assets

Capital assets are valued at cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at their estimated fair value on the date donated. Infrastructure capital assets consisting of streets, roads, curbs, gutters, storm drains, street drainage, street lights, and traffic control devices have been capitalized and depreciated. Capital assets are defined as assets with an initial individual cost of more than $1,500 and a useful life of in excess of one year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. For the enterprise fund, 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. 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.

Depreciation is recorded using the straight line method over the following useful lives:

Buildings and improvements	10-50 years
Equipment and furniture	3-15 years
Streets and roads	50 years
Curbs and gutters	50 years
Storm drains	50 years
Street lights	50 years
Traffic control devices	50 years
Diablo Vista water system infrastructure	50 years

I. Land Held for Redevelopment

Land held for redevelopment are carried at the lower of cost, net realizable value or agreed-upon sales price if a disposition and development agreement has been made with a developer.

J. Compensated Absences

Compensated absences comprise vacation and vested sick time, which are accrued as earned. The City's liability for compensated absences is recorded in governmental activities. The liability for compensated absences is determined annually. For all governmental funds, amounts expected to be permanently liquidated (matured due to termination) are recorded as fund liabilities; the long-term portion is recorded in the statement of net position.

The changes of the compensated absences were as follows for the fiscal year ended June 30, 2013:

	Governmental Activities
Beginning Balance	$ 2,755,849
Additions	312,924
Payments	(459,297)
Ending Balance	$ 2,609,476
Current Portion	$ 522,000

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Property Tax

The County distributes property taxes to jurisdictions according to the "alternate method of property tax distribution" known as the Teeter Plan. Under this plan, the County remits 100% of the levied taxes to the appropriate jurisdictions by June 30 each year, pursuing delinquencies and keeping related late penalties to cover their costs. The City receives property taxes and property tax increments, respectively, on the following schedule: 55% in December, 40% in April and 5% in June. The lien date for secured and unsecured property taxes is established as of January 1 of the preceding fiscal year.

Secured property tax is due in two equal installments, on November 1 and February 1. It becomes delinquent after December 10 and April 10, respectively. Unsecured property tax is due upon receipt of billing and becomes delinquent on August 31. The term "unsecured" refers to taxes not secured by real property. These taxes are secured by liens on the property being taxed.

Pursuant to the Redevelopment Dissolution Act, funds that would have been distributed to the former Agency as tax increment, hereafter referred to as redevelopment property tax revenues, are deposited into the Successor Agency's Redevelopment Property Tax Trust Fund (Trust Fund) administered by the City for the benefit of holders of the former Agency's enforceable obligations and the taxing entities that receive pass-through payments. Distributions from the Trust Fund are to be made on the following cycles:

Distribution Dates	Covers Recognized Obligation Payment Schedules to be Paid
January 2	January 1 through June 30
June 1	July 1 through December 31

L. Effect of New Pronouncements

The City implemented the following GASB Statements during the year:

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, addresses the accounting and reporting for service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. Common examples of SCAs include long-term arrangements in which a government ("transferor") engages a company or another government ("operator") to operate a major capital asset in return for the right to collect fees from users of the capital asset. As of July 1, 2012, the City adopted this statement which did not have a significant impact to its financial statements.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and 34*, is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, to better meet the needs of users and address reporting entity issues that have come to light since these statements were issued in 1991 and 1999, respectively. This statement improves the information presented about the financial reporting entity, which is comprised of a primary government and related entities (component units) and amends the criteria for blending - reporting component units as if they were part of the primary government - in certain circumstances. As of July 1, 2012, the City adopted this statement which did not have a significant impact to its financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. As of July 1, 2012, the City adopted this statement which did not have a significant impact to its financial statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This statement also amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. As of July 1, 2012, the City adopted this statement which did not have a significant impact to its financial statements.

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is intended to clarify the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The statement also recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Application of this statement is effective for the City's fiscal year ending June 30, 2014.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 - An Amendment of GASB Statements No. 10 and No. 62*, to resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This statement amends Statement No. 10, *Codification of Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state or local government's risk financing activities to the general fund and the internal service fund type. This statement also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current servicing fee rate. Application of this statement is effective for the City's fiscal year ending June 30, 2014.

In June 2012, the GASB issued two new standards, GASB Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, to improve the guidance for accounting and reporting on the pensions that governments provide to their employees.

Key changes include the following:

- Separating the determination of accounting and financial reporting from how pensions are funded.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Employers with defined benefit pension plans will recognize a net pension liability, as defined by the standard, in their government-wide, proprietary and fiduciary fund financial statements.
- Incorporating ad hoc cost-of-living adjustments and other ad hoc postemployment benefit changes into projections of benefit payments, if an employer's past practice and future expectations of granting them indicate they are essentially automatic.
- Using a discount rate that applies (a) the expected long-term rate of return on pension plan investments for which plan assets are expected to be available to make projected benefit payments, and (b) the yield or index rate on tax-exempt 20-year general obligation municipal bonds with an average rating of AA/Aa or higher to projected benefit payments for which plan assets are not expected to be available for long-term investment in a qualified trust.
- Adopting a single actuarial cost allocation method – entry age normal – rather than the current choice among six actuarial cost methods.
- Requiring more extensive note disclosures and required supplementary information.

The statements relate to accounting and financial reporting and do not apply to a government's approach the funding of its pension plan. At present, there generally is a close connection between the ways many governments fund pensions and how they account for and report information about them in financial statements. The statements would separate how the accounting and financial reporting is determined from how pensions are funded. The City participated in the pension plan of the State of California's Public Employees' Retirement System (CalPERS). Application of Statement No. 67 for CalPERS is effective for financial statements for the City's fiscal year ending June 30, 2014. Application of Statement No. 68 is effective for the City's fiscal year ending June 30, 2015.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is intended to improve accounting and financial reporting for U.S. state and local governments' combinations and disposals of government operations. This statement provides guidance for determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations; using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations; measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based upon their acquisition values in a government acquisition; and reporting the disposal of government operations that have been transferred or sold. Application of this statement is effective for the City's fiscal year ending June 30, 2015.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities and requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. This statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. Application of this statement is effective for the City's fiscal year ending June 30, 2014.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, to address an issue regarding application of the transition provisions of GASB Statement No. 68. The issues related to amounts associated with contributions, if any, made by a state of local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Application of this statement is effective for the City's fiscal year ending June 30, 2015.

M. Special Items

Special items are significant transactions or events with the control of management that are either unusual in nature or infrequent in occurrence. During the year ended June 30, 2013, the City entered into the 2013 Public Safety Side Fund Loan Agreement with Umpqua Bank and net proceeds in the amount of $3,960,524 were used to pay off the CalPERS Public Safety Side Fund obligation of the City. The management deemed this transaction to be unusual in nature and infrequent in occurrence. The transaction was reported as a special item on the Statement of Revenues, Expenditures and Changes in Fund Balances. See notes 8(B) and 10(C) for further details.

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The City adopts a biennial budget on or before June 30 of even-numbered years for each of the ensuing two fiscal years for all funds except agency funds. The Low and Moderate Income Housing Asset major governmental fund and CLEEP Grant nonmajor governmental fund were not budgeted for the fiscal year 2012-2013. The operating budget takes the form of a two-year budget, which is adopted in its entirety by the City Council by resolution.

The operating budget is subject to supplemental appropriations throughout its term in order to provide flexibility to meet changing needs and conditions. The City Manager may approve supplemental appropriations up to $100,000 in the General Fund in increments no larger than $25,000. Council may approve additional appropriations throughout the year as well.

The City Manager is also authorized to transfer budgeted amounts between individual departments and funds. Budget transfers between accounts within a department may be approved by the department director.

Budgeted amounts reported in the accompanying basic financial statements include original and final budget amounts. Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

B. Excess of Expenditures over Appropriations

The following funds had expenditures in excess of budget due to unanticipated expenditures for the year ended June 30, 2013:

	Amount
Nonmajor governmental funds:	
Supplemental Law Enforcement Services	$ 4,762
Refunding Lease Revenue Bonds	4,250

C. Deficit Fund Balances

The following funds had fund deficits at June 30, 2013:

	Amount
Traffic Mitigation	$ 140,640
Nonmajor governmental funds:	
Unified Street Lighting	65,522
Vehicle Abatement	19,154
Edward Byrne Memorial Justice Assistance Grant	914
DARE	875

The deficits are expected to be eliminated in future years through reimbursement from General Fund or receipt of grant revenues.

NOTE 3 – CASH AND INVESTMENTS

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except for cash and investment held with trustees. The City's pooled idle funds are invested pursuant to investment policy guidelines adopted by the City Council. The objectives of the policy are to invest funds to the fullest extent possible and to invest in accordance with the provisions of the California Government Code with the priority of safety, liquidity and return on investment. The policy addresses the safekeeping of securities, types of authorized investment instruments, diversification, maturities, and reporting requirements. The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments - City Treasury."

Certain cash and investments are held by trustee in accordance to debt covenants for bond reserves, retirement of long-term debt, or capital projects.

A. Policies

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. Security instruments owned by the City are held in safekeeping by a third party custodian acting as agent for the City under the terms of a custody agreement. The City does not have any exposure to custodial credit risks for investments at June 30, 2013.

NOTE 3 – CASH AND INVESTMENTS (Continued)

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 does not have any exposure to custodial credit risks for deposits at June 30, 2013.

B. Classification

The City's total cash and investments, at fair value, are presented on the accompanying financial statements in the following allocation:

	Primary Government	Private Purpose Trust Fund	Agency Funds	Total
Cash and investments:				
Held in City Treasury	$ 18,675,885	$ 2,471,922	$ 554,520	$ 21,702,327
Held with trustees	1,822,203	651,581	1,062,070	3,535,854
Total cash and investments	$ 20,498,088	$ 3,123,503	$ 1,616,590	$ 25,238,181

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 identifies investments that are authorized under the California Government Code and the City's Investment Policy:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury bills, bonds, and notes	5 years	N/A	100%	No Limit
U.S. Government Agency Securities	5 years	N/A	100%	No Limit
Medium Term Corporate Notes	5 years	A or better	30%	No Limit
Repurchase Agreements	1 year	N/A	100%	No Limit
Negotiable Certificates of Deposits	5 years	N/A	30%	No Limit
Money Market Mutual Funds	5 years	Highest Category	20%	10%
State of California Local Agency Investment Fund (LAIF)	N/A	N/A	Up to $50 million	No Limit

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 ordinances, bond indentures or State statutes. The bond indentures contain no limitations for the maximum investment in anyone issuer or the maximum percentage of the portfolio that may be invested in anyone investment type. The table below identifies the investment types that are authorized for investments held by trustees under the terms of the bond indentures.

Authorized Investment Type	Maximum Maturity	Maximum Credit Quality
U.S Treasury Obligations	N/A	N/A
U.S Agency Securities	N/A	N/A
U.S Governmental Sponsored Enterprise	N/A	N/A
State Obligations:		
General Obligation	N/A	A to AA
General Short-term Obligation	N/A	A to AA
Special Revenue Bonds	N/A	AA
Municipal Obligations	N/A	Two Highest Categories
Pre-funded Municipal Obligations	N/A	AAA
Unsecured Certificates of Deposit	30 days	A-1
FDIC insured deposits	N/A	N/A
Repurchase Agreements	30 days	A
Commercial Paper	270 days	A-1 to Highest
Bankers Acceptances	360 days	A-1
Certificate of Deposit	N/A	N/A
Collateralized Certificates of Deposit	365 days	A-1
Money Market Funds	N/A	AAAm or AAAm-G
Investment Agreement	N/A	N/A
Local Agency Investment Fund	N/A	N/A

NOTE 3 – CASH AND INVESTMENTS (Continued)

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. Generally, 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.

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

	Maturities in			
Investment Type	**Less Than 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Total**
Investments Held by City Treasury				
U.S. Treasury Securities	$ -	$ 59,321	$ 627,965	$ 687,286
Local Agency Investment Fund *	-	10,002,732	-	10,002,732
Money Market Mutual Funds *	349,671	-	-	349,671
U.S. Government Agency Securities	668,975	806,559	2,123,703	3,599,237
Total investments held by City Treasury	1,018,646	10,868,612	2,751,668	14,638,926
Investments Held by Trustees				
Local Agency Investment Fund *	-	1,583,081	-	1,583,081
Money Market Mutual Funds *	1,952,773	-	-	1,952,773
Total investments held by trustees	1,952,773	1,583,081	-	3,535,854
Total investments	$ 2,971,419	$ 12,451,693	$ 2,751,668	18,174,780
Cash and Deposits not subject to Interest Rate Risk:				
Petty cash on hand				3,775
Cash in banks				7,059,626
Total cash and investments				$ 25,238,181

* Weighted-average of maturity.

LAIF is part of the Pooled Money Investment Account (PMIA). PMIA oversight is provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. PMIB members are the State Treasurer, State Director of Finance, and State Controller. The Local Investment Advisory Board (LIAB) provides oversight for LAIF. The Board consists of five members as designated by statute. The Chairman is the State Treasurer or his designated representative. Two members are qualified by training and experience in the field of investment or finance, and the State Treasurer appoints two members who are treasurers, finance or fiscal officers, or business managers employed by any county, city or local district or municipal corporation of this state. At June 30, 2013, PMIA has a total amount of approximately $58.8 billion and of that amount, 98.04% was invested in non-derivative financial products and 1.96% in structured notes and asset-backed securities.

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.

NOTE 3 – CASH AND INVESTMENTS (Continued)

Presented below is the actual rating as of June 30, 2013 for each investment type, including those with fiscal agents, as provided by Moody's ratings:

Investment Type	Ratings	Total
Money Market Mutual Funds	Aaa	$ 2,302,444
U.S. Government Agency Securities	Aaa	3,599,237
Total rated		5,901,681
Exempt from credit rating disclosure:		
U.S. Treasury Securities	Exempt	687,286
Not rated:		
Local Agency Investment Fund	Not rated	11,585,813
Total investments		$ 18,174,780

G. Concentration of Credit Risk

The City's investment policy contains certain limitations on the amount that can be invested in any one issuer. More than 5% of the investments held by the City Treasury are invested with the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Farm Credit Bank which represent 7.1%, 6.9%, and 5.8%, respectively, of the investments held by the City Treasury.

NOTE 4 – INTERFUND TRANSACTIONS

A. Due From/To Other Funds

Due from/to other funds arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2013, the General Fund was due $202,291, $318,977, and $122,165, from the Traffic Mitigation Fund, Measure J Growth Management Fund, and nonmajor governmental funds, respectively.

B. Advance for Diablo Vista Water

In June 2004, the General Fund advanced $120,000 to the Diablo Vista Water Enterprise Fund for water system improvements. The advance is to be repaid over ten years starting July 15, 2006, with interest based on the City's return on investments from the Local Agency Investment Fund. At June 30, 2013, the outstanding balance was $36,000.

C. Due from other governmental agencies – the Successor Agency

For fiscal years 1985-86 through 1991-92, the former Agency deferred the required 20% set aside of all tax increment received annually on the original Commons Project Area and was recorded as advances to the Low and Moderate Income Housing Fund. No interest was charged on the outstanding deferred balance.

During fiscal years 2010 and 2011, the former Agency borrowed $1,906,348 from the Low and Moderate Income Housing Fund for the Supplemental Educational Revenue Augmentation Fund (SERAF) payment. The advance bears no interest and is due on or before June 30, 2015.

NOTE 4 – INTERFUND TRANSACTIONS (Continued)

These advances were transferred from the former Agency to the City's Low and Moderate Income Housing Asset major governmental fund on February 1, 2012, when all redevelopment agencies in California ceased to exist. At June 30, 2013, the total outstanding advance balance was $2,545,305.

D. Transfers Between Funds

With Council or City Manager 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 expenditures on behalf of another fund.

Fund Making Transfers	Fund Receiving Transfers	Amount Transferred
General Fund	Nonmajor Governmental Funds	$ 1,554,176
	Gas Tax Fund	200,000
Measure J Growth Management Fund	Gas Tax Fund	350,000
Gas Tax Fund	Traffic Mitigation Fund	926,685
Nonmajor Governmental Funds	General Fund	992,686
	Traffic Mitigation Fund	600,000
	Nonmajor Governmental Funds	161,950
Total interfund transfers		$ 4,785,497

E. Intergovernmental Expenditures and Due to the Successor Agency

On January 24, 2011, the City and the former Agency entered into a Public Improvements, Economic Development and Affordable Housing Reimbursement Agreement (Original Agreement) in which the City has agreed to expeditiously implement the projects in accordance with the Redevelopment Plans and Implementation Plan of the Pleasant Hill Commons and Schoolyard Project Area. The former Agency pledges Net Available Tax Increment to make subsequent payments to reimburse the City for all costs incurred by the City in connection with the projects starting fiscal year 2011. On March 8, 2011, the City and the former Agency amended and restated the Original Agreement in which the former Agency agreed to provide certain initial funding in advance of the City incurring costs in order to ensure the City has adequate funds available and needed to immediately begin undertaking the projects. The City agreed to provide the former Agency a report periodically for the City's progress in the development and construction of the projects, the projects cost incurred for which the initial advance has been made, and any subsequent payments requested by the City for reimbursement. For the year ended June 30, 2011, the former Agency's Redevelopment Capital Projects Fund transferred $3,813,612 to the City's General Fund. During June 2012, after the dissolution of the former Agency, the City's General Fund recorded intergovernmental expenditure in the amount of $3,166,094 to return the unencumbered funds to the Successor Agency. During June 2013, the DOF completed its review of the Due Diligence Review on the Successor Agency's "Other Funds and Accounts" and determined that additional funds should be returned to the Successor Agency and in turn to the County for distribution to the taxing entities. The City's General Fund recorded intergovernmental expenditure and a corresponding Due to the Successor Agency liability in the amount of $647,518 to return unencumbered funds to the Successor Agency for the year ended June 30, 2013.

NOTE 5 – NOTES AND LOANS RECEIVABLE

A. Owner-Occupied Housing Rehabilitation Loans

The former Agency administered a housing rehabilitation loan program under which very low and low income homeowners were eligible to receive loans up to $60,000 to be used to construct improvements on their homes. These loans bear five percent simple interest, have a fifteen year term and are secured by deeds of trust. Payments on the loans may be made monthly or may be deferred and paid at the end of the term or transfer of ownership. At June 30, 2013, loans with payments made monthly and deferred totaled to $71,852 and $1,654,967, respectively.

B. Grayson Creek Apartments

In fulfillment of its obligation to replace low and moderate-income housing destroyed as part of the Pleasant Hill Downtown Project, the former Agency entered into a loan agreement with Bridge Housing Corporation, a non-profit housing developer. The loan was transferred from the former Agency to the City's Low and Moderate Income Housing Asset major governmental fund and the annual operating grant commitment was transferred to the Successor Agency on February 1, 2012, when all redevelopment agencies in California ceased to exist. At June 30, 2013, the outstanding balance of the receivable, including accrued interest, was $1,279,690.

C. Jack's Restaurant Loan Receivable

One property in the downtown area was vacant and in need of remodeling to improve its marketability and appeal to prospective tenants. A prospective tenant, Marcovici Management Group, LLC expressed interest in opening a Casual Fine Dining Restaurant, under the trade name Jack's Restaurant if certain improvements are made to the property. Under the California Community Redevelopment Law, the former Agency is authorized to make rehabilitations loans for the purpose of refinancing rehabilitation of commercial buildings and structures within the Redevelopment Project area. The former Agency entered into a Façade Loan Agreement with Marcovici Management Group, LLC for $460,000 in order to make improvements to the property. The loan bears one percent simple interest. The loan was transferred from the former Agency to the Successor Agency on February 1, 2012, when all redevelopment agencies in California ceased to exist. At June 30, 2013, the outstanding balance of the receivable was $460,000.

NOTE 6 – LAND HELD FOR REDEVELOPMENT

The former Agency purchased parcels of land in order to develop or redevelop blighted properties within the redevelopment areas. Land held for redevelopment in the amount of $191,049 and $86,100 were transferred from the former Agency to the City's Low and Moderate Income Housing Asset major governmental fund and the Successor Agency, respectively, on February 1, 2012, when all redevelopment agencies in California ceased to exist. There were no additions or sales activities for the year ended June 30, 2013. At June 30, 2013, the land held for redevelopment were $191,049 and $86,100 for the City's Low and Moderate Income Housing Asset major governmental fund and the Successor Agency, respectively.

NOTE 7 – CAPITAL ASSETS

A. Capital Asset Additions and Retirements

A summary of changes in capital assets for the year ended June 30, 2013 is as follows:

	Balance, June 30, 2012	Additions	Retirements	Balance, June 30, 2013
Governmental activities				
Capital assets, not being depreciated:				
Land and improvements	$ 3,406,821	$ -	$ -	$ 3,406,821
Construction in progress	4,704,742	2,590,091	-	7,294,833
Total capital assets, not being depreciated	8,111,563	2,590,091	-	10,701,654
Capital assets, being depreciated:				
Buildings and improvements	15,027,472	-	-	15,027,472
Equipment and furniture	6,882,751	297,957	(206,036)	6,974,672
Streets and roads	52,642,464	26,875	-	52,669,339
Curbs and gutters	15,462,589	28,145	-	15,490,734
Storm drain	6,625,604	-	-	6,625,604
Street lights	1,076,966	28,000	-	1,104,966
Traffic control devices	2,422,432	463,000	-	2,885,432
Total capital assets, being depreciated	100,140,278	843,977	(206,036)	100,778,219
Less accumulated depreciation for:				
Buildings and improvements	(6,100,353)	(413,086)	-	(6,513,439)
Equipment and furniture	(5,239,197)	(405,333)	206,036	(5,438,494)
Streets and roads	(22,092,266)	(1,053,387)	-	(23,145,653)
Curbs and gutters	(7,068,169)	(309,815)	-	(7,377,984)
Storm drain	(4,561,890)	(220,633)	-	(4,782,523)
Street lights	(566,625)	(43,172)	-	(609,797)
Traffic control devices	(1,358,108)	(96,085)	-	(1,454,193)
Total accumulated depreciation	(46,986,608)	(2,541,511)	206,036	(49,322,083)
Total capital assets, being depreciated, net	53,153,670	(1,697,534)	-	51,456,136
Governmental activities, capital assets, net	$ 61,265,233	$ 892,557	$ -	$ 62,157,790
Business-type activity				
Capital assets, being depreciated:				
Water system infrastructure	$ 627,552	$ -	$ -	$ 627,552
Less accumulated depreciation for:				
Water system infrastructure	(187,255)	(11,091)	-	(198,346)
Total capital assets, being depreciated, net	440,297	(11,091)	-	429,206
Business-type activity, capital assets, net	$ 440,297	$ (11,091)	$ -	$ 429,206

NOTE 7 – CAPITAL ASSETS (Continued)

B. Depreciation Allocation

Depreciation expense was charged to functions and programs based on their usage of the related assets. For the year ended June 30, 2013, depreciation expense was charged to each function or programs for governmental and the business-type activities as follows:

Governmental activities	
General government	$ 264,660
Public safety	432,151
Transportation	1,844,700
Total depreciation expense - governmental activities	$ 2,541,511
Business-type activity	
Diablo Vista Water	$ 11,091
Total depreciation expense - business-type activity	$ 11,091

NOTE 8 –LONG-TERM DEBT

A. Composition and Changes

A summary of changes in long-term debt of the City's governmental activities for the year ended June 30, 2013 is as follows:

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Amount Due Within One Year
Pleasant Hill Joint Powers Financing Authority					
Lease Revenue Refunding Bonds, Series 2004					
Interest of 2.00% - 3.75%, due 12/01/2016	$ 3,620,000	$ -	$ (660,000)	$ 2,960,000	$ 690,000
2013 Public Safety Side Fund Loan					
Interest of 3.35%, due 6/15/2018	-	4,087,000	-	4,087,000	768,000
Total long-term debt - governmental activities	$ 3,620,000	$ 4,087,000	$ (660,000)	$ 7,047,000	$ 1,458,000

A summary of changes in long-term debt of the Successor Agency for the year ended June 30, 2013 is as follows:

	Balance June 30, 2012	Retirements	Balance June 30, 2013	Amount Due Within One Year
Tax Allocation Refunding Bonds, Series 2002				
Interest of 2.00% - 4.25%, due 9/1/2021	$ 5,255,000	$ (450,000)	$ 4,805,000	$ 460,000
Special Tax Refunding Bonds, Subordinated Series 2002				
Interest of 4.41%, due 9/1/2032	6,075,000	(155,000)	5,920,000	100,000
Total long-term debt - Successor Agency	$ 11,330,000	$ (605,000)	$ 10,725,000	$ 560,000

NOTE 8 – LONG-TERM DEBT (Continued)

B. Summary of Debt Terms

Pleasant Hill Joint Powers Financing Authority Lease Revenue Refunding Bonds Series 2004
On April 15, 2004 the City issued through the Pleasant Hill Joint Powers Financing Authority Lease Revenue Refunding Bonds Series 2004 (Series 2004 Bonds) in the amount of $9,315,000 to refund the 1993 Series A Bonds. Interest is payable semiannually December 1 and June 1, and principal is payable each December 1 with final maturity on December 1, 2016.

Lease payments from the City are pledged for the repayment of the Series 2004 Bonds. Total debt service requirements remaining on the lease revenue bonds are $3,187,907 payable through December 1, 2016. For the fiscal year ended June 30, 2013, total lease payments made by the City and total debt service payments paid by the Authority totaled to $776,175.

Tax Allocation Refunding Bonds Series 2002
On September 18, 2002, the former Agency issued Tax Allocation Refunding Bonds Series 2002 (Series 2002 Bonds) in the amount of $8,860,000 to refund the Tax Allocation Refunding Bonds Series 1991. Interest is payable semiannually September 1 and March 1, and principal is payable each September 1 with final maturity on September 1, 2021. The outstanding principal of the Series 2002 Bonds were transferred from the former Agency to the Successor Agency on February 1, 2012, when all redevelopment agencies in California ceased to exist. Redevelopment property tax revenues (i.e. former tax increment) are pledged for the repayment of the Series 2002 Bonds. Total debt service requirements remaining on the bonds are $5,735,534.

Special Tax Refunding Bonds, Subordinated Series 2002
On November 20, 2002, the City assisted the Pleasant Hill Downtown Community Facilities District No. 1 (District) by issuing $7,290,000 of Special Tax Refunding Bonds, Subordinated Series 2002 (Special Tax Series 2002 Bonds) to refund Special Tax Bonds, Series 1998A. Interest ranged from 2.4% to 6.0% and is payable semiannually March 1 and September 1, and principal is payable each September 1 with final maturity on September 1, 2032. Property tax revenues allocated to the former Agency are pledged for the repayment of the Special Tax Series 2002 Bonds. The outstanding principal of the Special Tax Series 2002 Bonds were transferred from the former Agency to the Successor Agency on February 1, 2012, when all redevelopment agencies in California ceased to exist.

During February 2013, the City restructured the Special Tax Series 2002 Bonds in order to achieve debt service savings. Pursuant to the Fiscal Agent Agreement for the Special Tax Series 2002 Bonds dated November 1, 2002 (Fiscal Agent Agreement), the City purchased the outstanding Special Tax Series 2002 Bonds in the amount of $5,920,000 from the bondholders. On February 1, 2013, the City entered into the Supplemental Fiscal Agent Agreement and adjusted the mandatory sinking fund payment schedule as well as the fixed interest rate to 4.406%. On February 14, 2013, the City entered into a Bond Purchase Agreement with the California Statewide Communities Development Authority (CSCDA) in which CSCDA issued 2013 Revenues Bonds Series A and Taxable Series A-T (2013 Revenues Bonds) in the amount of $6,055,000 and $65,000, respectively to purchase the Special Tax Series 2002 Bonds in the amount of $5,920,000 from the City. The 2013 Revenue Bonds are the obligations of the CSCDA and are secured by the debt service payments received from the City for the Special Tax Series 2002 Bonds.

The Successor Agency also transferred cash held with trustee for the Special Tax Series 2002 Bonds in the amount of $650,171 to CSCDA for the refinancing and the amount was reported as deductions – community development expenses on the statement of changes in fiduciary net position.

NOTE 8 – LONG-TERM DEBT (Continued)

2013 Public Safety Side Fund Loan

On June 1, 2013, the City entered into the 2013 Public Safety Side Fund Loan Agreement with Umpqua Bank in the amount of $4,087,000 to pay off the outstanding CalPERS Public Safety Side Fund obligation of the City. The debt service payments for the loans are payable from any source of legally available funds of the City. Net proceeds in the amount of $3,960,524 were paid to CalPERS on June 27, 2013. The loan bears a fixed interest rate of 3.35%. Total debt service requirements remaining on the 2013 Public Safety Side Fund Loan are $4,450,677 payable on a quarterly basis with due dates on the 15th of September, December, March, and June with final maturity on June 15, 2018.

C. Debt Service Requirements

Annual debt service requirements are shown below for the City's governmental activities and the Successor Agency:

Governmental Activities:

For the Year	Series 2004 Bonds		2013 Public Safety Side Fund Loan	
Ending June 30,	Principal	Interest	Principal	Interest
2014	$ 690,000	$ 95,906	$ 768,000	$ 122,703
2015	710,000	71,813	789,000	101,262
2016	735,000	44,719	815,000	74,554
2017	825,000	15,469	843,000	46,875
2018	-	-	872,000	18,283
	$ 2,960,000	$ 227,907	$ 4,087,000	$ 363,677

Successor Agency:

For the Year	Series 2002 Bonds		Special Tax Series 2002 Bonds	
Ending June 30,	Principal	Interest	Principal	Interest
2014	460,000	179,618	100,000	272,645
2015	475,000	164,183	200,000	263,463
2016	495,000	147,198	210,000	254,021
2017	510,000	128,598	215,000	244,234
2018	530,000	108,308	225,000	234,100
2019-2023	2,335,000	202,629	1,305,000	999,387
2024-2028	-	-	1,630,000	662,803
2029-2033	-	-	2,035,000	242,851
	$ 4,805,000	$ 930,534	$ 5,920,000	$ 3,173,504

D. Mortgage Revenue Bonds Without City Commitment

The City and former Agency assisted low and moderate income home buyers by sponsoring mortgage revenue bonds issued by developers. These bond issues provide cash to finance mortgages, but are solely repayable out of mortgage payments of the developers. The City, former Agency, and the Successor Agency have no direct or contingent liability or moral obligation for the payment of these bonds and have not recorded them as long-term debt. As of June 30, 2013, there was one outstanding mortgage revenue bond without City or Successor Agency commitment, in the aggregate principal amount of $10,355,000.

NOTE 8 – LONG-TERM DEBT (Continued)

The former Agency entered into a Development and Disposition Agreement with a developer which provided for the construction of the Pleasant Hill Downtown Project. In fiscal year 1998, the developer, as sole property owner of the project site, voted to form the District for the expressed purpose of issuing long-term tax exempt debt to provide the financing of infrastructure improvements within the District. Special tax will be levied on the project site each year in amounts which will be sufficient to repay the principal and interest on the District's long-term debt.

During fiscal year 1999, in order to assist the developer in financing the infrastructure costs of the project, the City assisted the District and for the issuance of Special Tax Bonds, Series 1998A in the amount of $7,470,000. The bonds are secured and serviced only by assessments on the properties and unexpended debt proceeds in the District. The City, the former Agency and the Successor Agency have no legal or moral liability with respect to the payment of the above debt and have not pledged their revenues or assets for the repayment of these bonds. Accordingly, the Special Tax Bonds, Series 1998A have been excluded from the City's basic financial statements. At June 30, 2013, the outstanding balance for Special Tax Bonds, Series 1998 A were $6,460,000.

NOTE 9 – NET POSITION AND FUND BALANCES

Net position are measured on the full accrual basis while fund balances are measured on the modified accrual basis.

A. Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position are categorized as follows:

Net Investment in Capital Assets – This category groups all capital assets including, infrastructure, into one component of net position. Accumulated depreciation and outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted – This category consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable enabling legislation restriction is one that a party external to a government—such as citizens, public interest groups, or the judiciary - can compel a government to honor. At June 30, 2013, the government-wide statement of net position reported restricted assets of $11,608,039 in governmental activities, of which $1,366,402 are restricted by enabling legislation.

Unrestricted – This category represents net position of the City that do not meet the definition of "net investment in capital assets" or "restricted."

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances for governmental funds are made up of the following:

Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, i.e., prepaid items.

Restricted Fund Balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, to commit fund balances by adoption of an ordinance. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally.

Assigned Fund Balance – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Council or the City Manager to whom the City Council has delegated the authority to assign amounts to be used for specific purposes by adoption of a resolution.

Unassigned Fund Balance – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. Other governmental funds may only report a negative unassigned balance that was created after classification in one of the other four fund balance categories.

In circumstances when an expenditure may be made for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

The City Council has established reserve policy levels for contingency purposes. At June 30, 2013, $8,323,200 is reported as part of General Fund's assigned fund balance.

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

Fund balances for all major and nonmajor governmental funds as of June 30, 2013, were classified as follows:

	General	Traffic Mitigation	Measure J Growth Management	Gas Tax	Low and Moderate Income Housing Asset	Other Governmental Funds	Total
Nonspendable:							
Prepaid items	$ 6,718	$ -	$ -	$ -	$ -	$ 207,482	$ 214,200
Restricted for:							
Public safety	-	-	-	-	-	252,417	252,417
Transportation	-	-	135,048	292,857	-	903,276	1,331,181
Community development	-	-	-	-	5,259,174	1,083,047	6,342,221
Debt service	890,703	-	-	-	-	989,648	1,880,351
Capital projects	-	-	-	-	-	742,388	742,388
Subtotal	890,703	-	135,048	292,857	5,259,174	3,970,776	10,548,558
Committed to:							
Capital projects	-	-	-	-	-	1,483,869	1,483,869
Subtotal	-	-	-	-	-	1,483,869	1,483,869
Assigned to:							
General government	8,373,037	-	-	-	-	-	8,373,037
Unassigned:	3,396,218	(140,640)	-	-	-	(82,555)	3,173,023
Total	$ 12,666,676	$ (140,640)	$ 135,048	$ 292,857	$ 5,259,174	$ 5,579,572	$ 23,792,687

NOTE 10 – EMPLOYEE BENEFITS

A. Post-Retirement Benefits

Employees hired before certain dates (ranging from August 20111 to November 2011) as stated in the applicable Memorandum of Understanding are entitled to sick leave conversion benefit. Specific terms of the conversion differ for each employee group. In general, when employees with more than 20 years of service retire, they may convert the net present value of their unused sick leave hours to a Retirement Health Savings plan in accordance with the terms of their bargaining group's Memorandum of Understanding. A scaled down conversion plan exists for employees with a service retirement of 15 to 19 years of City employment for a certain bargaining groups. Employees of the Police Officers Association bargaining groups was provided limited reimbursements for medical insurance based on the unused sick leave hours on the employee's date of retirement.

As of June 30, 2013, the City provided medical benefits for 14 retirees from the converted sick leave bank. 5 employees are receiving a one-year dental insurance benefit and 14 employees are entitled to one-year dental insurance benefits. Benefits are expended on a pay-as-you-go basis and amounted to $149,621 during fiscal year 2013.

B. Deferred Compensation Plan

City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until it is distributed to them as defined by the plan.

NOTE 10 – EMPLOYEE BENEFITS (Continued)

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.

The City has a contract with International City Managers' Association (ICMA) to manage and invest the assets of the Plan; ICMA pools the assets of the Plan with those of other participants and does not make separate investments for employees.

The City's contract with ICMA was amended January 1, 1997 to substitute a separate trust for the City as owner of the assets in the plan, with the City becoming a trustee, but with no power over investment decisions. As a result, the assets in the Plan are not subject to claims by creditors of the City and are not reflected in the City's financial statements.

C. CalPERS Safety and Miscellaneous Employees Plans

Plan Description

Substantially all City employees are eligible to participate in the Public Employees' Retirement Fund (the Fund) of CalPERS. CalPERS acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. Effective with the June 30, 2003 valuation, CalPERS converted the City's defined benefit retirement plans from agent-multiple employer plans to cost sharing multiple-employer plans. The City's retirement plans are under the CalPERS Safety 3% at 50 Risk Pool, 3% at 55 Risk Pool, or 2.7% at 57 Risk Pool (Safety Plans) for police employees and Miscellaneous 2% at 55 Risk Pool, 2% at 60 Risk Pool, or 2% at 62 Risk Pool (Miscellaneous Plans) for all other employees dependent on the employee's hired date. The Fund provides retirement, disability and death benefits based on the employee's years of service, age and final compensation. Employees vest after five years of service. Benefit provisions and other requirements are established by State statute and by City resolution. CalPERS issues a separate comprehensive annual financial report, copies of which may be obtained from the CalPERS Executive Offices, 400 Q Street, Sacramento, California 95814.

Funding Policy

Police employees and all other employees hired before January 1, 2013 or employees hired after January 1, 2013 and have been in the CalPERS system are required to contribute 9% and 7%, respectively, of their annual covered salary to the Fund. For employees hired after January 1, 2013 and are new entrants to the CalPERS system, participants are required to contribute 6.25% of their annual covered salary to the Fund. The City contributes a portion of the employee obligation on behalf of its employees in accordance with the terms stated in the applicable Memoranda of Understanding. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the Fund's Board of Administration. The required employer contribution rates for the year ended June 30, 2013 was 33.739% and 12.986% for the Safety and the Miscellaneous Plans, respectively.

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

NOTE 10 – EMPLOYEE BENEFITS (Continued)

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.

As required by State law, effective July 1, 2005, the City's Safety and Miscellaneous Plans (agent-employer) were terminated, and the employees in these Plans were required by CalPERS to join new State-wide cost-sharing pools. One of the conditions of entry to these pools was that the City true-up any unfunded actuarial liabilities of the former Plans, either by paying cash or by increasing its future contribution rates. The City plans to satisfy its Plans' unfunded actuarial liabilities by contributing to the Side Funds through additions to its normal contribution rates. The Side Funds amortization rates for the year ended June 30, 2013 were 9.033% and 2.641% for the Safety and the Miscellaneous Plans, respectively, and were included as part of the City's required employer contribution rate. On June 27, 2013, the City contributed $3,960,524 from the issuance of 2013 Public Safety Side Fund Loan to CalPERS to pay off the outstanding CalPERS Public Safety Side Fund obligation. This one-time contribution was reported as a special item on the Statement of Revenues, Expenditures and Changes in Fund Balances. At June 30, 2013, the Miscellaneous Side Fund's balances were approximately $2.8 million.

The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. The following table shows the City's annual required contribution and annual pension cost for the year, the amount contributed to the plan, and changes in the City's net pension asset for these benefits:

	Safety	Miscellaneous	Total
Annual required contribution / Annual pension cost	$ 1,326,202	$ 762,530	$ 2,088,732
Contributions made	(5,286,726)	(762,530)	(6,049,256)
Change in net pension asset	(3,960,524)	-	(3,960,524)
Net pension asset, beginning of year	-	-	-
Net pension asset, end of year	$ (3,960,524)	$ -	$ (3,960,524)

The City's annual pension cost, the percentage of annual pension cost contributed to the plan, and the net pension assets for the year ended June 30, 2013 and the two preceding years are as follows:

For the Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
Safety Plan			
June 30, 2011	$ 1,253,749	100%	$ -
June 30, 2012	1,448,478	100%	-
June 30, 2013	1,326,202	399%	3,960,524
Miscellaneous Plan			
June 30, 2011	$ 810,817	100%	$ -
June 30, 2012	800,405	100%	-
June 30, 2013	762,530	100%	-

NOTE 11 – RISK MANAGEMENT

A. Municipal Pooling Authority

The City is a member of the Municipal Pooling Authority, a joint powers agency that provides coverage against the following types of loss risks:

Type of Coverage	Deductible	Coverage Limits
Liability Program	$25,000	$29,000,000
Vehicle Physical Damage	$3,000 for police vehicles $2,000 for all others	$250,000
Workers' Compensation	No deductible	Statuory excess of $50,000,000
All Risk Fire & Property Including Flood	$25,000	$1,000,000,000
Boiler & Machinery	$5,000	$25,000,000

The Municipal Pooling Authority (MPA) is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of the MPA, 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 premium payments to the MPA are calculated in accordance with formulas established by the MPA. 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. Financial statements may be obtained from MPA at 1911 San Miguel Drive, Suite 200, Walnut Creek, CA 94596. For the year ended June 30, 2013, the City paid MPA net premiums of $641,052.

B. Liability for Uninsured Claims

Municipalities are required to record their liability for uninsured claims and to reflect the current portion of this liability as expenditure in the fund financial statements. The City has insurance coverage for such claims, but it has retained the risk for the deductible or uninsured portion of these claims.

The City's liability for uninsured claims is expected to be repaid within the next fiscal year and was recorded under accounts payable and accrued liabilities in the General Fund. Settlements have not exceeded insurance coverage in the past three years. Changes in the balances of uninsured claims liabilities during the years ended June 30, 2013 and 2012 are as follows:

	2013	2012
Uninsured claims, beginning of year	$ 45,001	$ 56,175
Incurred claims and changes in estimate	57,384	30,001
Claim payments	(9,308)	(41,175)
Uninsured claims, end of year	$ 93,077	$ 45,001

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Contingent Liabilities

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

The City participates in Federal and State grant programs. These programs are audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act as amended in 1996 and applicable State requirements. These programs are 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.

B. Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all budgeted funds. Unencumbered operating appropriations lapse at year-end and may be reappropriated in the following year. Encumbrances outstanding at year-end are not accounted for as expenditures and liabilities, but as part of fund balance.

As of June 30, 2013, the City had outstanding encumbrances for the following governmental funds by fund balance categories:

	Amount
General Fund	$ 30,201
Gas Tax	301,727
Other Nonmajor Governmental Funds	155,180
Total encumbrances	$ 487,108

C. Due Diligence Reviews

During the year ended June 30, 2013, the DOF completed its review of the “Low and Moderate Income Housing Fund” and “Other Funds and Accounts” Due Diligence Reviews of the Successor Agency and determined that additional funds held by the City’s General Fund in the amount of $647,518 should be returned to the Successor Agency and then paid to the County for distribution to the taxing entities. As of June 30, 2013, the amount due to the County for distribution to taxing entities was $647,518.

NOTE 13 – SUBSEQUENT EVENT

On August 7, 2013, the DOF granted a Finding of Completion for the Successor Agency. Pursuant to Health and Safety Code (HSC) section 34179.7, the DOF has verified that the Successor Agency does not owe any amounts to the taxing entities as determined under HSC section 34179.6, subdivisions (d) or (e) and HSC section 34183.5. With a Finding of Completion, the Successor Agency may proceed with the following:

- Place loan agreements between the former Agency and the City on the Recognized Obligation Payment Schedules, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes per HSC section 34191.4(a)(2).
- Utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants per HSC section 34191.4(c).

In addition, the receipt of the Finding of Completion allows the Successor Agency to submit a Long Range Property Management Plan ("LRPMP") to the Oversight Board and the DOF for approval. The LRPMP addresses the disposition and use of real properties held by the Successor Agency and must be submitted within six month of receipt of the Finding of Completion.

CITY OF PLEASANT HILL
Other Nonmajor Governmental Funds
For the Year Ended June 30, 2013

All funds not considered as major funds on the Fund Financial Statements are consolidated in one column entitled "Other Governmental Funds." These nonmajor funds are identified and included in this supplementary section and includes all of the City's Special Revenue Funds, Capital Project Funds, and Debt Service Funds.

SPECIAL REVENUE FUNDS:

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Traffic Safety Fund - accounts for fines collected from misdemeanor traffic violations involving a moving vehicle. These funds are used to provide crossing guards at major streets near elementary schools.

Gas Tax 2107.5 Fund - accounts for gas tax apportioned by the State to cities based on population. This fund is used for engineering and administrative costs only.

Unified Street Lighting Fund - accounts for an allocation of property taxes used to provide street lighting.

Commercial Landscaping and Lighting District 20 Fund - accounts for assessments on commercial property that pay for landscape maintenance, street lighting and sidewalk repair costs within commercial districts.

NPDES Fund - accounts for storm water utility fees assessed to property owners citywide on their property tax bills. The funds are used to pay for the "National Pollution Discharge Elimination System," mandated by the Federal government to prevent further polluting of streams and bays.

Supplemental Law Enforcement Service Fund - accounts for funds allocated by the State for front-line municipal police services.

Waste Management/Recycling Fund - accounts for activities to implement AB939 which mandates a decrease in the volume of landfill waste, as well as for household hazardous waste programs.

Police Special Services Fund - accounts for asset forfeitures from drug-related convictions. These funds may only be used for drug-related education and enforcement activities.

Park and Recreation Fund - accounts for funds received from the Pleasant Hill Recreation and Park District and from any park-related revenue source. Proceeds will be used for park-related and recreation-related purposes.

Landscaping and Lighting Assessment District 22 Fund - accounts for assessments received from Grayson Woods and Gallery Walk property owners to pay for landscaping and lighting costs in these developments.

Senior Van Services Fund - accounts for donations and fare revenues, as well as City-paid expenses of operating a van service for transporting non-driving Pleasant Hill seniors to medical and dental appointments in the local area, shopping within Pleasant Hill, and to the Pleasant Hill Senior Center for social activities.

CLEEP (California Law Enforcement Equipment Program) Grant Fund - accounts for State grant funds to be used for law enforcement-related equipment purchases.

Vehicle Abatement Fund - accounts for funds received quarterly from Contra Costa County for vehicle abatement (based on the number of vehicles abated), as well as an annual year-end transfer from the General Fund to cover expenses beyond the amount of the county's contribution. On an annual basis 40% of the Code Enforcement investigator's salary and benefits are charged to this fund to approximate the amount of time spent on vehicle abatement.

Affordable Housing Fund - accounts for fees received from developers in lieu of providing affordable housing in their project, as is otherwise required. The City is developing a plan to use these funds to provide assistance to low-income families and individuals in acquiring housing.

Traffic Congestion Relief Fund - accounts for the funds received from the State as a result of AB 2928 and SB 1662 (Statutes of 2000) and the related expenditures. These funds are to be used for maintenance, rehabilitation, and reconstruction projects for public streets and roads.

Edward Byrne Memorial Justice Assistance Grant Fund - accounts for revenue and expenditures for the Police grant.

DARE Fund - accounts for funds donated by individuals, businesses, and service organizations, as well as funds raised by fundraising events specifically for the D.A.R.E. program. Typical expenditures are books, supplies, t-shirts for this anti-drug program in the local schools.

COPS Grant Fund – accounts for revenue and expenditures for grant monies from the U.S. Department of Justice Office of Community Oriented Policing Services (COPS) for specific activities or programs to enhance public safety.

CAPITAL PROJECTS FUNDS:

Capital Projects Funds account for the financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Capital Outlay Fund - also known as Bedroom Tax Fund. Accounts for acquiring, building, improving or expanding public property and facilities.

Computer Technology Replacement Fund - accounts for scheduled and unscheduled replacement of computer-related technology (such as servers, computer, printers, etc.) for City Hall and the Corporation Yard. A flat amount is transferred from General Fund annually for that purpose.

Public Educational and Governmental Access Capital Grant Fund (PEG) - accounts for PEG grant revenues to be used to fund capital costs associated with acquiring PEG capital equipment

Vehicles and Equipment Replacement Fund - accounts for acquiring City vehicles, and communication gear, and is funded by General Fund transfers.

Police Technology Fund - accounts for scheduled and unscheduled replacement of radios, copiers, and computer-related technology (such as servers, computers, printers, etc.) for the Police Department. Annually, a flat amount is transferred from General Fund for that purpose.

Capital Projects Fund - accounts for making capital improvements and funding large maintenance projects.

CITY OF PLEASANT HILL
Other Nonmajor Governmental Funds
For the Year Ended June 30, 2013

DEBT SERVICE FUNDS:

Debt Service Funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Refunding Lease Revenue Bonds Fund - accounts for funds used to pay principal and interest on the Lease Revenue Refunding Bonds, Series 2004.

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

	Special Revenue Funds				
	Traffic Safety	Gas Tax 2107.5	Unified Street Lighting	Commercial Landscaping and Lighting District 20	NPDES
Assets:					
Cash and investments:					
Held in City Treasury	$ 13,207	$ 29,352	$ 19,543	$ 675,337	$ 767,627
Held with trustees	-	-	-	-	-
Receivables:					
Accounts and other	9,302	6,000	-	-	-
Grants	-	-	-	-	-
Interest	11	18	-	-	421
Prepaid items	-	-	-	-	-
Total assets	$ 22,520	$ 35,370	$ 19,543	$ 675,337	$ 768,048
Liabilities and fund balances:					
Liabilities:					
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ 12,795	$ 4,670
Due to other funds	-	-	85,065	-	-
Total liabilities	-	-	85,065	12,795	4,670
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	22,520	35,370	-	662,542	763,378
Committed	-	-	-	-	-
Unassigned	-	-	(65,522)	-	-
Total fund balances	22,520	35,370	(65,522)	662,542	763,378
Total liabilities and fund balances	$ 22,520	$ 35,370	$ 19,543	$ 675,337	$ 768,048

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

Special Revenue Funds						
Supplemental Law Enforcement Services	Waste Management/ Recycling	Police Special Services	Park and Recreation	Landscaping and Lighting Assessment District 22	Senior Van Services	CLEEP Grant
$ 72,185	$ 813	$ 126,132	$ 633	$ 164,809	$ 44,705	$ 6
-	-	-	-	-	-	-
31,454	33,140	-	-	-	-	-
-	-	-	-	-	-	-
40	1	80	-	103	28	-
-	-	-	-	-	-	-
$ 103,679	$ 33,954	$ 126,212	$ 633	$ 164,912	$ 44,733	$ 6
$ -	$ -	$ -	$ -	$ 6,264	$ -	$ -
-	15,521	-	633	-	-	-
-	15,521	-	633	6,264	-	-
-	-	-	-	-	-	-
103,679	18,433	126,212	-	158,648	44,733	6
-	-	-	-	-	-	-
-	-	-	-	-	-	-
103,679	18,433	126,212	-	158,648	44,733	6
$ 103,679	$ 33,954	$ 126,212	$ 633	$ 164,912	$ 44,733	$ 6

(Continued)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

	Special Revenue Funds				
	Vehicle Abatement	Affordable Housing	Traffic Congestion Relief Fund	Edward Byrne Memorial Justice Assistance Grant	DARE
Assets:					
Cash and investments:					
Held in City Treasury	$ -	$ 256,341	$ 46,716	$ 1	$ -
Held with trustees	-	-	-	-	-
Receivables:					
Accounts and other	-	-	-	-	-
Grants	-	-	-	-	-
Interest	-	162	-	2	-
Prepaid items	-	-	-	-	
Total assets	$ -	$ 256,503	$ 46,716	$ 3	$ -
Liabilities and fund balances:					
Liabilities:					
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ -	$ -
Due to other funds	19,154	-	-	917	875
Total liabilities	19,154	-	-	917	875
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	256,503	46,716	-	-
Committed	-	-	-	-	-
Unassigned	(19,154)	-	-	(914)	(875)
Total fund balances	(19,154)	256,503	46,716	(914)	(875)
Total liabilities and fund balances	$ -	$ 256,503	$ 46,716	$ 3	$ -

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

Special Revenue Fund	Capital Projects Funds					
COPS Grant	Capital Outlay	Computer Technology Replacement	Public Educational and Governmental Access Capital Grant	Vehicles and Equipment Replacement	Police Technology	Capital Projects
$ 68	$ 243,822	$ 530,844	$ 472,117	$ 207,472	$ 451,055	$ 354,915
-	-	-	-	-	-	-
-	-	-	34,542	-	-	-
3,842	-	-	-	-	-	-
-	154	-	298	-	-	-
-	-	-		-	207,482	-
$ 3,910	$ 243,976	$ 530,844	$ 506,957	$ 207,472	$ 658,537	$ 354,915
$ -	$ -	$ -	$ 8,545	$ -	$ 60,417	$ -
-	-	-	-	-	-	-
-	-	-	8,545	-	60,417	-
-	-	-	-	-	207,482	-
-	243,976	-	498,412	-	-	-
-	-	530,844	-	207,472	390,638	354,915
3,910	-	-	-	-	-	-
3,910	243,976	530,844	498,412	207,472	598,120	354,915
$ 3,910	$ 243,976	$ 530,844	$ 506,957	$ 207,472	$ 658,537	$ 354,915

(Continued)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

	Debt Service Funds	
	Refunding Lease Revenue Bonds	Total
Assets:		
Cash and investments:		
Held in City Treasury	$ 58,148	$ 4,535,848
Held with trustees	931,500	931,500
Receivables:		
Accounts and other	-	114,438
Grants	-	3,842
Interest	-	1,318
Prepaid items	-	207,482
Total assets	$ 989,648	$ 5,794,428
Liabilities and fund balances:		
Liabilities:		
Accounts payable and accrued liabilities	$ -	$ 92,691
Due to other funds	-	122,165
Total liabilities	-	214,856
Fund balances:		
Nonspendable	-	207,482
Restricted	989,648	3,970,776
Committed	-	1,483,869
Unassigned	-	(82,555)
Total fund balances	989,648	5,579,572
Total liabilities and fund balances	$ 989,648	$ 5,794,428

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CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2013

	Special Revenue Funds				
	Traffic Safety	Gas Tax 2107.5	Unified Street Lighting	Commercial Landscaping and Lighting District 20	NPDES
Revenues:					
Property taxes	$ -	$ -	$ 375,633	$ -	$ -
Other taxes and special assessments	-	-	-	339,553	371,620
Intergovernmental	-	12,000	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	87,240	-	-	-	-
Use of money and property	68	90	681	-	1,824
Other	-	-	-	-	655
Total revenues	87,308	12,090	376,314	339,553	374,099
Expenditures:					
Current:					
General government	-	-	201,851	-	-
Public safety	90,468	-	-	-	-
Transportation	-	-	-	498,890	-
Community development	-	-	-	-	211,030
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	90,468	-	201,851	498,890	211,030
Excess (deficiency) of revenues over (under) expenditures	(3,160)	12,090	174,463	(159,337)	163,069
Other financing sources (uses):					
Proceeds from sale of capital asset	-	-	-	-	-
Transfers in	-	-	-	97,947	-
Transfers out	-	-	(600,000)	-	-
Total other financing sources (uses)	-	-	(600,000)	97,947	-
Change in fund balances	(3,160)	12,090	(425,537)	(61,390)	163,069
Fund balances, beginning of year	25,680	23,280	360,015	723,932	600,309
Fund balances, end of year	$ 22,520	$ 35,370	$ (65,522)	$ 662,542	$ 763,378

Special Revenue Funds						
Supplemental Law Enforcement Services	Waste Management/ Recycling	Police Special Services	Park and Recreation	Landscaping and Lighting Assessment District 22	Senior Van Services	CLEEP Grant
$ -	$ -	$ -	$ -	$ -	$ -	$ -
98,183	-	-	-	58,468	-	-
-	36,943	19,469	-	-	36,126	-
-	55,936	-	-	-	2,395	-
-	-	-	-	-	-	-
281	388	316	1,805	453	111	-
-	-	-	-	-	-	-
98,464	93,267	19,785	1,805	58,921	38,632	-
-	-	-	-	-	-	-
4,762	-	5,085	-	-	-	-
-	-	-	-	53,934	-	-
-	237,973	-	-	-	8,620	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,762	237,973	5,085	-	53,934	8,620	-
93,702	(144,706)	14,700	1,805	4,987	30,012	-
-	-	-	-	-	-	-
-	-	18,175	-	3,325	-	-
(100,000)	-	-	(914,636)	-	-	-
(100,000)	-	18,175	(914,636)	3,325	-	-
(6,298)	(144,706)	32,875	(912,831)	8,312	30,012	-
109,977	163,139	93,337	912,831	150,336	14,721	6
$ 103,679	$ 18,433	$ 126,212	$ -	$ 158,648	$ 44,733	$ 6

(Continued)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2013

	Special Revenue Funds				
	Vehicle Abatement	Affordable Housing	Traffic Congestion Relief Fund	Edward Byrne Memorial Justice Assistance Grant	DARE
Revenues:					
Property taxes	$ -	$ -	$ -	$ -	$ -
Other taxes and special assessments	-	-	-	-	-
Intergovernmental	14,569	-	-	58,417	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	-	787	-	3	-
Other	-	-	-	-	-
Total revenues	14,569	787	-	58,420	-
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	5,955	-
Transportation	-	-	-	-	-
Community development	25,322	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	25,322	-	-	5,955	-
Excess (deficiency) of revenues over (under) expenditures	(10,753)	787	-	52,465	-
Other financing sources (uses):					
Proceeds from sale of capital asset	-	-	-	-	-
Transfers in	11,514	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	11,514	-	-	-	-
Change in fund balances	761	787	-	52,465	-
Fund balances, beginning of year	(19,915)	255,716	46,716	(53,379)	(875)
Fund balances, end of year	$ (19,154)	$ 256,503	$ 46,716	$ (914)	$ (875)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2013

Special Revenue Fund	Capital Projects Funds					
COPS Grant	Capital Outlay	Computer Technology Replacement	Public Educational and Governmental Access Capital Grant	Vehicles and Equipment Replacement	Police Technology	Capital Projects
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	270	-	-	-	-	-
96,464	-	-	82,924	-	20,000	179,963
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	746	-	1,434	-	-	-
-	-	-	-	4,600	6,500	-
96,464	1,016	-	84,358	4,600	26,500	179,963
-	-	-	-	-	-	-
90,934	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	149,648	44,333	114,872	268,227	12,879
-						
-	-	-	-	-	-	-
-	-	-	-	-	-	-
90,934	-	149,648	44,333	114,872	268,227	12,879
5,530	1,016	(149,648)	40,025	(110,272)	(241,727)	167,084
-	-	-	-	10,784	-	-
-	-	220,000	-	53,040	374,000	161,950
-	-	-	-	-	-	(140,000)
-	-	220,000	-	63,824	374,000	21,950
5,530	1,016	70,352	40,025	(46,448)	132,273	189,034
(1,620)	242,960	460,492	458,387	253,920	465,847	165,881
$ 3,910	$ 243,976	$ 530,844	$ 498,412	$ 207,472	$ 598,120	$ 354,915

(Continued)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2013

	Debt Service Funds	
	Refunding Lease Revenue Bonds	Total
Revenues:		
Property taxes	$ -	$ 375,633
Other taxes and special assessments	-	868,094
Intergovernmental	-	556,875
Charges for services	-	58,331
Fines and forfeitures	-	87,240
Use of money and property	-	8,987
Other	-	11,755
Total revenues	-	1,966,915
Expenditures:		
Current:		
General government	-	201,851
Public safety	-	197,204
Transportation	-	552,824
Community development	-	482,945
Capital outlay	-	589,959
Debt service:		
Principal retirement	660,000	660,000
Interest and fiscal charges	120,425	120,425
Total expenditures	780,425	2,805,208
Excess (deficiency) of revenues over (under) expenditures	(780,425)	(838,293)
Other financing sources (uses):		
Proceeds from sale of capital asset	-	10,784
Transfers in	776,175	1,716,126
Transfers out	-	(1,754,636)
Total other financing sources (uses)	776,175	(27,726)
Change in fund balances	(4,250)	(866,019)
Fund balances, beginning of year	993,898	6,445,591
Fund balances, end of year	$ 989,648	$ 5,579,572

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CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Traffic Safety			Gas Tax 2107.5		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
Revenues:						
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -
Other taxes and special assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	6,000	12,000	6,000
Charges for services	-	-	-	-	-	-
Fines and forfeitures	91,956	87,240	(4,716)	-	-	-
Use of money and property	169	68	(101)	248	90	(158)
Other	-	-	-	-	-	-
Total revenues	92,125	87,308	(4,817)	6,248	12,090	5,842
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	95,029	90,468	4,561	-	-	-
Transportation	-	-	-	4,317	-	4,317
Community development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	95,029	90,468	4,561	4,317	-	4,317
Excess (deficiency) of revenues over (under) expenditures	(2,904)	(3,160)	(256)	1,931	12,090	10,159
Other financing sources (uses):						
Proceeds from sales of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Extraordinary loss from dissolution of Redevelopment Agency	-	-	-	-	-	-
Change in fund balances	$ (2,904)	(3,160)	$ (256)	$ 1,931	12,090	$ 10,159
Fund balances, beginning of year		25,680			23,280	
Fund balances, end of year		$ 22,520			$ 35,370	

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Statements of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2013

Unified Street Lighting			Commercial Landscaping and Lighting District 20			NPDES		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
$ 423,781	$ 375,633	$ (48,148)	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	339,452	339,553	101	344,310	371,620	27,310
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
6,093	681	(5,412)	13,315	-	(13,315)	19,725	1,824	(17,901)
-	-	-	-	-	-	-	655	655
429,874	376,314	(53,560)	352,767	339,553	(13,214)	364,035	374,099	10,064
231,318	201,851	29,467	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	522,334	498,890	23,444	-	-	-
-	-	-	-	-	-	493,882	211,030	282,852
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
231,318	201,851	29,467	522,334	498,890	23,444	493,882	211,030	282,852
198,556	174,463	(24,093)	(169,567)	(159,337)	10,230	(129,847)	163,069	292,916
-	-	-		-	-	-	-	-
-	-	-	97,947	97,947	-	-	-	-
(600,000)	(600,000)	-	-	-	-	-	-	-
(600,000)	(600,000)	-	97,947	97,947	-	-	-	-
-	-	-	-	-	-	-	-	-
$ (401,444)	(425,537)	$ (24,093)	$ (71,620)	(61,390)	$ 10,230	$ (129,847)	163,069	$ 292,916
	360,015			723,932			600,309	
	$ (65,522)			$ 662,542			$ 763,378	

(Continued)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Supplemental Law Enforcement Services			Waste Management/Recycling		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
Revenues:						
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -
Other taxes and special assessments	100,000	98,183	(1,817)	-	-	-
Intergovernmental	-	-	-	48,718	36,943	(11,775)
Charges for services	-	-	-	137,230	55,936	(81,294)
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	305	281	(24)	500	388	(112)
Other	-	-	-	-	-	-
Total revenues	100,305	98,464	(1,841)	186,448	93,267	(93,181)
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	4,762	(4,762)	-	-	-
Transportation	-	-	-	-	-	-
Community development	-	-	-	273,073	237,973	35,100
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	-	4,762	(4,762)	273,073	237,973	35,100
Excess (deficiency) of revenues over (under) expenditures	100,305	93,702	(6,603)	(86,625)	(144,706)	(58,081)
Other financing sources (uses):						
Proceeds from sales of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(100,000)	(100,000)	-	-	-	-
Total other financing sources (uses)	(100,000)	(100,000)	-	-	-	-
Extraordinary loss from dissolution of Redevelopment Agency	-	-	-	-	-	-
Change in fund balances	$ 305	(6,298)	$ (6,603)	$ (86,625)	(144,706)	$ (58,081)
Fund balances, beginning of year		109,977			163,139	
Fund balances, end of year		$ 103,679			$ 18,433	

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Statements of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2013

Police Special Services			Park and Recreation			Landscaping and Lighting Assessment District 22		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	57,486	58,468	982
8,080	19,469	11,389	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
810	316	(494)	9,169	1,805	(7,364)	1,945	453	(1,492)
-	-	-	-	-	-	-	-	-
8,890	19,785	10,895	9,169	1,805	(7,364)	59,431	58,921	(510)
-	-	-	-	-	-	-	-	-
8,500	5,085	3,415	-	-	-	-	-	-
-	-	-	-	-	-	76,223	53,934	22,289
-	-	-	7,850	-	7,850	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
8,500	5,085	3,415	7,850	-	7,850	76,223	53,934	22,289
390	14,700	14,310	1,319	1,805	486	(16,792)	4,987	21,779
-	-	-	-	-	-	-	-	-
-	18,175	18,175	-	-	-	3,325	3,325	-
-	-	-	(923,118)	(914,636)	8,482	-	-	-
-	18,175	18,175	(923,118)	(914,636)	8,482	3,325	3,325	-
-	-	-	-	-	-	-	-	-
$ 390	32,875	$ 32,485	$(921,799)	(912,831)	$ 8,968	$ (13,467)	8,312	$ 21,779
	93,337			912,831			150,336	
	$ 126,212			$ -			$ 158,648	

(Continued)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Senior Van Services			Vehicle Abatement		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
Revenues:						
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -
Other taxes and special assessments	-	-	-	-	-	-
Intergovernmental	-	36,126	36,126	23,536	14,569	(8,967)
Charges for services	2,792	2,395	(397)	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	759	111	(648)	-	-	-
Other	-	-	-	-	-	-
Total revenues	3,551	38,632	35,081	23,536	14,569	(8,967)
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Community development	10,887	8,620	2,267	34,949	25,322	9,627
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	10,887	8,620	2,267	34,949	25,322	9,627
Excess (deficiency) of revenues over (under) expenditures	(7,336)	30,012	37,348	(11,413)	(10,753)	660
Other financing sources (uses):						
Proceeds from sales of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	11,514	11,514	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	11,514	11,514	-
Extraordinary loss from dissolution of Redevelopment Agency	-	-	-	-	-	-
Change in fund balances	$ (7,336)	30,012	$ 37,348	$ 101	761	$ 660
Fund balances, beginning of year		14,721			(19,915)	
Fund balances, end of year		$ 44,733			$ (19,154)	

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Statements of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2013

Affordable Housing			Traffic Congestion Relief			Edward Byrne Memorial Justice Assistance Grant		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	58,417	58,417
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,030	787	(243)	-	-	-	-	3	3
-	-	-	-	-	-	-	-	-
1,030	787	(243)	-	-	-	-	58,420	58,420
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	15,635	5,955	9,680
-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	15,635	5,955	9,680
1,030	787	(243)	-	-	-	(15,635)	52,465	68,100
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
$ 1,030	787	$ (243)	$ -	-	$ -	$ (15,635)	52,465	$ 68,100
	255,716			46,716			(53,379)	
	$ 256,503			$ 46,716			$ (914)	

(Continued)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Statements of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2013

	DARE			COPS Grant		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
Revenues:						
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -
Other taxes and special assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	118,293	96,464	(21,829)
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	-	-	-	118,293	96,464	(21,829)
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	118,293	90,934	27,359
Transportation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	-	-	-	118,293	90,934	27,359
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	5,530	5,530
Other financing sources (uses):						
Proceeds from sales of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Extraordinary loss from dissolution of Redevelopment Agency	-	-	-	-	-	-
Change in fund balances	$ -	-	$ -	$ -	5,530	$ 5,530
Fund balances, beginning of year		(875)			(1,620)	
Fund balances, end of year		$ (875)			$ 3,910	

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

Capital Outlay			Computer Technology and Replacement			Public Educational and Governmental Access Capital Grant		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
250	270	20	-	-	-	-	-	-
-	-	-	-	-	-	68,548	82,924	14,376
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
105	746	641	-	-	-	7,023	1,434	(5,589)
-	-	-	-	-	-	-	-	-
355	1,016	661	-	-	-	75,571	84,358	8,787
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	464,511	149,648	314,863	50,000	44,333	5,667
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	464,511	149,648	314,863	50,000	44,333	5,667
355	1,016	661	(464,511)	(149,648)	314,863	25,571	40,025	14,454
-	-	-	-	-	-	-	-	-
-	-	-	220,000	220,000	-	-	-	-
	-	-	-	-	-	-	-	-
-	-	-	220,000	220,000	-	-	-	-
-	-	-	-	-	-	-	-	-
$ 355	1,016	$ 661	$ (244,511)	70,352	$ 314,863	$ 25,571	40,025	$ 14,454
	242,960			460,492			458,387	
	$ 243,976			$ 530,844			$ 498,412	

(Continued)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Statements of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2013

	Vehicles and Equipment Placement			Police Technology		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
Revenues:						
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -
Other taxes and special assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	-	20,000	20,000
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-
Other	-	4,600	4,600	53,700	6,500	(47,200)
Total revenues	-	4,600	4,600	53,700	26,500	(27,200)
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Transportation	60,000	-	60,000	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	120,000	114,872	5,128	944,048	268,227	675,821
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	180,000	114,872	65,128	944,048	268,227	675,821
Excess (deficiency) of revenues over (under) expenditures	(180,000)	(110,272)	69,728	(890,348)	(241,727)	648,621
Other financing sources (uses):						
Proceeds from sales of capital assets	-	10,784	10,784	-	-	-
Transfers in	53,040	53,040	-	374,000	374,000	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	53,040	63,824	10,784	374,000	374,000	-
Extraordinary loss from dissolution of Redevelopment Agency	-	-	-	-	-	-
Change in fund balances	$(126,960)	(46,448)	$ 80,512	$ (516,348)	132,273	$ 648,621
Fund balances, beginning of year		253,920			465,847	
Fund balances, end of year		$ 207,472			$ 598,120	

(Continued)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

Capital Projects			Refunding Lease Revenue Bonds		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	179,963	179,963	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	14,463	-	(14,463)
-	-	-	-	-	-
-	179,963	179,963	14,463	-	(14,463)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
170,948	12,879	158,069	-	-	-
-	-	-	660,000	660,000	-
-	-	-	116,175	120,425	(4,250)
170,948	12,879	158,069	776,175	780,425	(4,250)
(170,948)	167,084	338,032	(761,712)	(780,425)	(18,713)
-	-	-	-	-	-
161,950	161,950	-	776,175	776,175	-
(140,000)	(140,000)	-	-	-	-
21,950	21,950	-	776,175	776,175	-
-	-	-	-	-	-
$(148,998)	189,034	$ 338,032	$ 14,463	(4,250)	$ (18,713)
	165,881			993,898	
	$ 354,915			$ 989,648	

(Concluded)

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CITY OF PLEASANT HILL
Agency Funds
For the Year Ended June 30, 2013

Agency Funds are custodial in nature and do not involve measurement of results of operations. Such funds have no equity since any assets are due to individuals or other entities at some future time. These funds are presented separately from the Governmental and Proprietary Fund Financial Statements

The Agency Funds used to account for monies held by the City in a fiduciary capacity are as follows:

Acme Landfill Closure Fund - accounts for funds collected by Pleasant Hill Bayshore Disposal Company from their Pleasant Hill ratepayers prior to February 8, 1993 and turned over to the City on that date for the purpose of covering future costs of the closure of the Acme Landfill. In addition, from November 1994 through June 1997, savings from the Keller Canyon Landfill rate reduction were deposited into this fund.

Transpac Fund - accounts for contributions from TRANSPAC member agencies in Central Contra Costa County and the use of those funds for transportation planning and information purposes.

TDM Fund - accounts for transportation funds advanced and reimbursed to TRANSPAC for Transportation Demand Management projects in central Contra Costa County.

Pleasant Hill Downtown Community Facilities District No. 1 Fund - accounts for debt service and other reserves funded with proceeds from the District's debt issued in 1998.

Asset Forfeiture Holding Fund - accounts for cash seized in drug cases, the distribution of which is determined later by the court. Distribution is most often among the law enforcement agencies involved in the arrest and investigation. If the City receives a portion, it is transferred to the Police Special Services Fund.

CITY OF PLEASANT HILL
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2013

Acme Landfill Closure	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Assets:				
Cash and investments held in City Treasury	$ 65,187	$ 217	$ -	$ 65,404
Interest receivable	58	-	(17)	41
Total Assets	$ 65,245	$ 217	$ (17)	$ 65,445
Liabilities:				
Due to others	$ 65,245	$ 200	$ -	$ 65,445
Total Liabilities	$ 65,245	$ 200	$ -	$ 65,445

Transpac	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Assets:				
Cash and investments held in City Treasury	$ 43,682	$ 12,279	$ -	$ 55,961
Interest receivable	55	-	(8)	47
Total Assets	$ 43,737	$ 12,279	$ (8)	$ 56,008
Liabilities:				
Due to others	$ 43,737	$ 12,271	$ -	$ 56,008
Total Liabilities	$ 43,737	$ 12,271	$ -	$ 56,008

TDM	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Assets:				
Cash and investments held in City Treasury	$ 124,374	$ 238,447	$ -	$ 362,821
Accounts receivable	88,267	2,836	-	91,103
Interest receivable	119	74	-	193
Due from other governmental agencies	73,347	139,906	-	213,253
Total Assets	$ 286,107	$ 381,263	$ -	$ 667,370
Liabilities:				
Accounts payable and accrued liabilities	$ 77,277	$ 14,633	$ -	$ 91,910
Due to others	208,830	366,630	-	575,460
Total Liabilities	$ 286,107	$ 381,263	$ -	$ 667,370

CITY OF PLEASANT HILL
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2013

Pleasant Hill Downtown Community Facilities District No. 1	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Assets:				
Cash and investments held in City Treasury	$ -	$ 28,825	$ -	$ 28,825
Cash and investments held with trustees	1,092,581	-	(30,511)	1,062,070
Total Assets	$ 1,092,581	$ 28,825	$ (30,511)	$ 1,090,895
Liabilities:				
Due to others	$ 1,092,581	$ (1,686)	$ -	$ 1,090,895
Total Liabilities	$ 1,092,581	$ (1,686)	$ -	$ 1,090,895

Asset Forfeiture Holding	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Assets:				
Cash and investments held in City Treasury	$ 28,315	$ 13,194	$ -	$ 41,509
Total Assets	$ 28,315	$ 13,194	$ -	$ 41,509
Liabilities:				
Due to others	$ 28,315	$ 13,194	$ -	$ 41,509
Total Liabilities	$ 28,315	$ 13,194	$ -	$ 41,509

Total Agency Funds	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Assets:				
Cash and investments held in City Treasury	$ 261,558	$ 292,962	$ -	$ 554,520
Cash and investments held with trustees	1,092,581	-	(30,511)	1,062,070
Accounts receivable	88,267	2,836	-	91,103
Interest receivable	232	74	(25)	281
Due from other governmental agencies	73,347	139,906	-	213,253
Total Assets	$ 1,515,985	$ 435,778	$ (30,536)	$ 1,921,227
Liabilities:				
Accounts payable and accrued liabilities	$ 77,277	$ 14,633	$ -	$ 91,910
Due to others	1,438,708	390,609	-	1,829,317
Total Liabilities	$ 1,515,985	$ 405,242	$ -	$ 1,921,227

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CITY OF PLEASANT HILL
Statistical Section
For the Year Ended June 30, 2013

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

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

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Direct and Overlapping Governments
3. Principal Property Taxpayers
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 - 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:

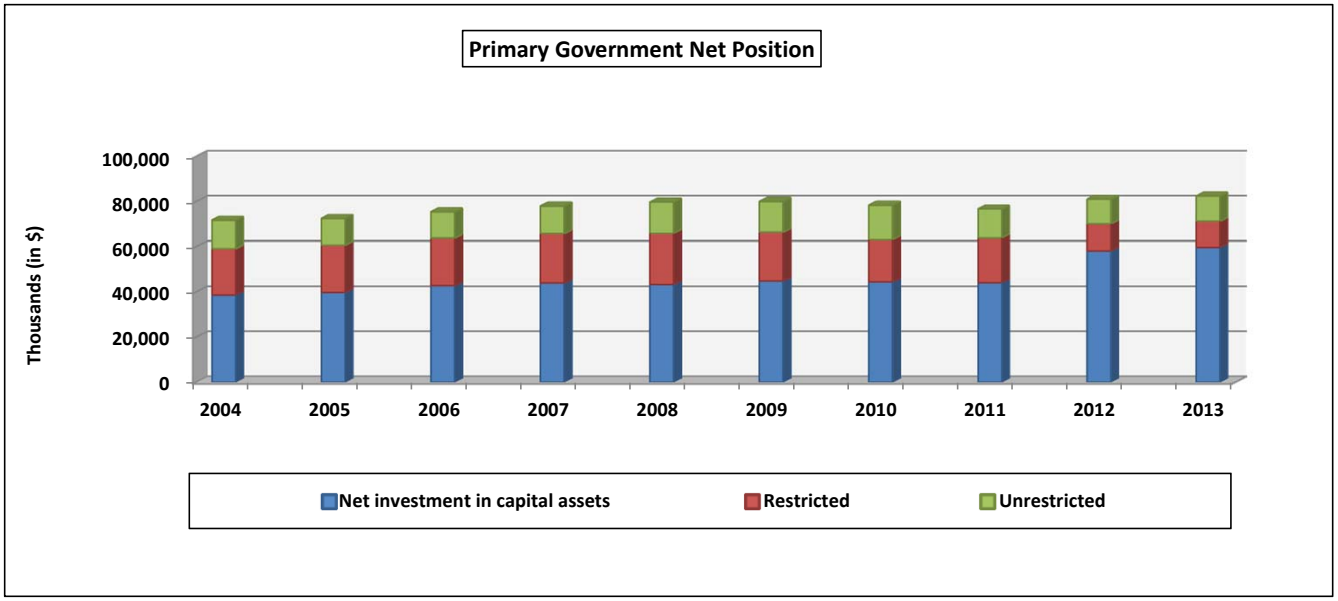
1. Demographic Statistics
2. Principal Employers

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.

CITY OF PLEASANT HILL
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)



	June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	$ 38,579,469	$ 39,782,158	$ 42,507,506	$ 43,557,523	$ 42,965,783	$ 44,384,085	$ 43,881,992	$ 43,650,429	$ 57,645,233	$ 59,197,790
Restricted	20,406,970	20,750,615	21,097,614	21,936,969	22,710,677	21,623,899	18,871,581	19,890,531	11,971,498	11,608,039
Unrestricted	12,556,214	11,747,244	11,467,327	12,099,660	13,585,000	13,446,447	14,888,824	12,304,766	10,446,896	10,601,225
Total governmental activities net position	$ 71,542,653	$ 72,280,017	$ 75,072,447	$ 77,594,152	$ 79,261,460	$ 79,454,431	$ 77,642,397	$ 75,845,726	$ 80,063,627	$ 81,407,054
Business-type activities										
Net investment in capital assets	$ 19,096	$ 18,466	$ 144,166	$ 257,270	$ 263,972	$ 384,795	$ 434,933	$ 432,080	$ 440,297	$ 429,206
Unrestricted	124,448	158,854	137,830	77,119	131,278	149,719	254,967	380,418	477,887	522,825
Total business-type activities net position	$ 143,544	$ 177,320	$ 281,996	$ 334,389	$ 395,250	$ 534,514	$ 689,900	$ 812,498	$ 918,184	$ 952,031
Primary government										
Net investment in capital assets	$ 38,598,565	$ 39,800,624	$ 42,651,672	$ 43,814,793	$ 43,229,755	$ 44,768,880	$ 44,316,925	$ 44,082,509	$ 58,085,530	$ 59,626,996
Restricted	20,406,970	20,750,615	21,097,614	21,936,969	22,710,677	21,623,899	18,871,581	19,890,531	11,971,498	11,608,039
Unrestricted	12,680,662	11,906,098	11,605,157	12,176,779	13,716,278	13,596,166	15,143,791	12,685,184	10,924,783	11,124,050
Total primary government net position	$ 71,686,197	$ 72,457,337	$ 75,354,443	$ 77,928,541	$ 79,656,710	$ 79,988,945	$ 78,332,297	$ 76,658,224	$ 80,981,811	$ 82,359,085

CITY OF PLEASANT HILL
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

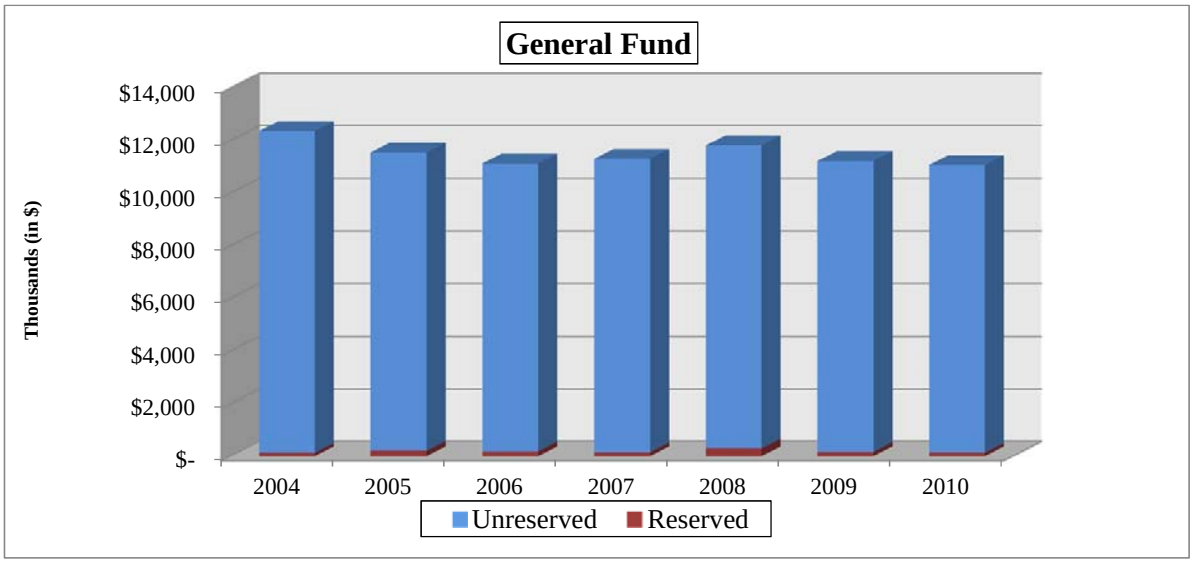
	For the Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Governmental Activities:										
General government	$ 4,255,710	$ 4,047,478	$ 4,330,477	$ 4,784,571	$ 4,476,627	$ 4,508,256	$ 4,255,271	$ 4,013,156	$ 4,145,899	$ 4,235,267
Public safety	7,757,853	9,120,677	9,362,163	10,798,714	9,928,496	10,158,604	10,569,296	10,460,617	10,916,374	9,777,992
Transportation	5,675,590	6,582,598	5,524,377	6,541,500	9,321,573	7,264,126	7,627,607	6,461,403	7,947,704	7,597,694
Community development	3,425,089	4,022,585	3,988,861	4,954,109	4,733,821	5,346,378	7,094,274	5,985,179	7,547,857	2,898,886
Interest and fiscal charges	1,542,405	1,152,466	922,124	872,510	849,028	832,973	790,114	952,768	238,204	118,921
Total Governmental Activities Expenses	22,656,647	24,925,804	24,128,002	27,951,404	29,309,545	28,110,337	30,336,562	27,873,123	30,796,038	24,628,760
Business-Type Activities:										
Diablo Vista Water	172,757	138,944	171,673	207,461	223,465	144,374	120,782	153,881	171,473	240,045
Total Primary Government Expenses	$ 22,829,404	$ 25,064,748	$ 24,299,675	$ 28,158,865	$ 29,533,010	$ 28,254,711	$ 30,457,344	$ 28,027,004	$ 30,967,511	$ 24,868,805
Program Revenues:										
Governmental Activities:										
Charges for services:										
General government	$ 205,730	$ 213,859	$ 178,325	$ 199,136	$ 216,617	$ 283,899	$ 254,542	$ 268,859	$ 261,533	$ 471,143
Public safety	432,897	426,795	224,177	336,949	224,706	220,002	219,100	167,693	154,651	155,901
Transportation	753,084	106,002	80,651	158,558	904,516	933,220	209,483	61,134	590,617	403,149
Community development	711,617	901,002	753,007	688,057	857,160	542,444	1,371,035	1,618,580	1,615,948	1,641,652
Operating grants and contributions	2,237,154	2,785,772	2,356,729	2,962,397	2,171,187	2,134,676	3,759,275	1,487,235	2,522,141	1,956,723
Capital grants and contributions	876,929	335,000	45,273	677,935	77,961	580,018	62,685	238,432	2,071,468	2,716,363
Total Government Activities Program Revenues	5,217,411	4,768,430	3,638,162	5,023,032	4,452,147	4,694,259	5,876,120	3,841,933	7,216,358	7,344,931
Business-Type Activities:										
Charges for Services:										
Diablo Vista Water	34,128	71,100	92,430	113,760	135,090	135,090	135,089	134,520	134,520	134,520
Capital Grants and Contributions	-	-	67,800	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenue	34,128	71,100	160,230	113,760	135,090	135,090	135,089	134,520	134,520	134,520
Total Primary Government Program Revenues	$ 5,251,539	$ 4,839,530	$ 3,798,392	$ 5,136,792	$ 4,587,237	$ 4,829,349	$ 6,011,209	$ 3,976,453	$ 7,350,878	$ 7,479,451
Net Expense										
Governmental Activities	$ (17,439,236)	$ (20,157,374)	$ (20,489,840)	$ (22,928,372)	$ (24,857,398)	$ (23,416,078)	$ (24,460,442)	$ (24,031,190)	$ (23,579,680)	$ (17,283,829)
Business-Type Activities	(138,629)	(67,844)	(11,443)	(93,701)	(88,375)	(9,284)	14,307	(19,361)	(36,953)	(105,525)
Total Primary Government Net Expense	$ (17,577,865)	$ (20,225,218)	$ (20,501,283)	$ (23,022,073)	$ (24,945,773)	$ (23,425,362)	$ (24,446,135)	$ (24,050,551)	$ (23,616,633)	$ (17,389,354)

CITY OF PLEASANT HILL
Changes in Net Position
(Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	For the Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property taxes	$ 3,613,678	$ 4,059,897	$ 5,270,318	$ 5,566,191	$ 5,974,201	$ 5,446,515	$ 5,359,352	$ 5,377,312	$ 5,145,048	$ 5,342,185
Incremental property tax	3,807,280	3,873,537	4,116,371	4,944,024	4,959,132	4,921,960	4,931,841	4,583,378	2,666,870	-
Special assessments	-	774,281	807,434	774,780	-	-	-	-	-	-
Sales taxes	6,707,706	6,985,909	6,828,901	7,352,356	7,402,888	6,749,426	6,405,930	6,024,036	6,454,256	7,060,791
Other taxes	4,278,678	4,469,141	5,273,958	5,430,332	6,320,041	5,419,659	5,169,082	5,802,809	5,701,901	6,050,845 (a)
Investment earnings	295,009	542,554	893,680	1,160,974	1,109,386	743,436	241,327	205,007	200,884	81,307
Miscellaneous	355,811	189,419	91,608	221,420	759,058	328,053	540,876	241,977	52,172	92,128
Total Governmental Activities	19,058,162	20,894,738	23,282,270	25,450,077	26,524,706	23,609,049	22,648,408	22,234,519	20,221,131	18,627,256
Business-Type Activities:										
Property taxes	99,659	98,048	111,067	139,519	142,679	145,136	139,900	140,579	141,108	137,890
Investment earnings	1,834	3,572	5,052	6,575	6,557	3,412	1,179	1,380	1,531	1,482
Total Business-Type Activities	101,493	101,620	116,119	146,094	149,236	148,548	141,079	141,959	142,639	139,372
Total Primary Government	$ 19,159,655	$ 20,996,358	$ 23,398,389	$ 25,596,171	$ 26,673,942	$ 23,757,597	$ 22,789,487	$ 22,376,478	$ 20,363,770	$ 18,766,628
Extraordinary item:										
Extraordinary gain from dissolution of the Redevelopment Agency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,576,450	$ -
Change in Net Position										
Governmental Activities	$ 1,618,926	$ 737,364	$ 2,792,430	$ 2,521,705	$ 1,667,308	$ 192,971	$ (1,812,034)	$ (1,796,671)	$ 4,217,901	$ 1,343,427
Business-Type Activities	(37,136)	33,776	104,676	52,393	60,861	139,264	155,386	122,598	105,686	33,847
Total Primary Government	$ 1,581,790	$ 771,140	$ 2,897,106	$ 2,574,098	$ 1,728,169	$ 332,235	$ (1,656,648)	$ (1,674,073)	$ 4,323,587	$ 1,377,274

(a) Includes franchise, transient occupancy, and other taxes.

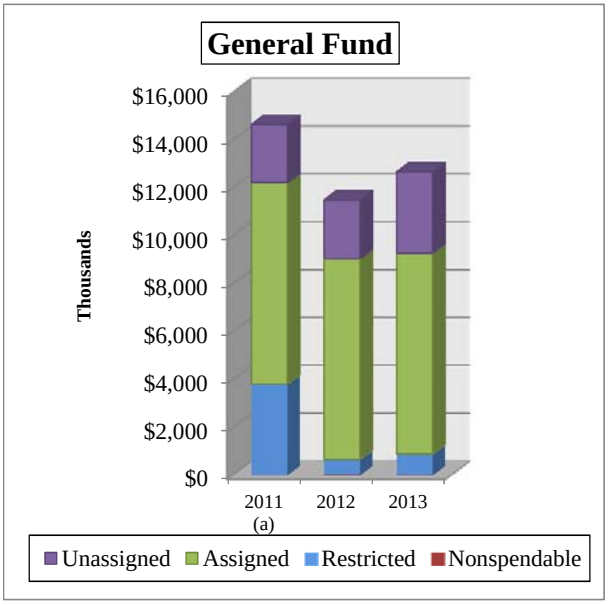
CITY OF PLEASANT HILL
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)



	June 30,						
	2004	2005	2006	2007	2008	2009	2010
General Fund							
Reserved	$ 127,632	$ 201,457	$ 185,602	$ 144,851	$ 289,023	$ 159,714	$ 133,070
Unreserved	12,219,014	11,337,233	10,934,837	11,150,404	11,519,050	11,054,038	10,928,989
Total General Fund	$ 12,346,646	$ 11,538,690	$ 11,120,439	$ 11,295,255	$ 11,808,073	$ 11,213,752	$ 11,062,059
All Other Governmental Funds							
Reserved	$ 8,651,695	$ 9,930,089	$ 9,082,999	$ 9,817,934	$ 10,411,211	$ 15,634,567	$ 9,560,938
Unreserved, reported in:							
Special revenue funds	8,551,394	6,803,585	8,106,706	8,001,426	7,373,745	5,158,555	5,028,623
Capital project funds	4,048,691	5,043,332	5,301,948	6,614,520	7,907,720	4,367,037	9,038,024
Total all other governmental funds	$ 21,251,780	$ 21,777,006	$ 22,491,653	$ 24,433,880	$ 25,692,676	$ 25,160,159	$ 23,627,585

	June 30, 2011 (a)	June 30, 2012	June 30, 2013
General Fund			
Nonspendable	$ -	$ 15,000	$ 6,718
Restricted	3,813,612	647,518	890,703
Assigned	8,399,941	8,373,037	8,373,037
Unassigned	2,421,720	2,451,563	3,396,218
Total General Fund	$ 14,635,273	$ 11,487,118	$ 12,666,676
All Other Governmental Funds			
Nonspendable	$ 107,935	$ 37,727	$ 207,482
Restricted	15,676,590	10,372,370	9,657,855
Committed	3,046,321	2,221,244	1,483,869
Unassigned	(13,450)	(75,789)	(223,195)
Total all other governmental funds	$ 18,817,396	$ 12,555,552	$ 11,126,011

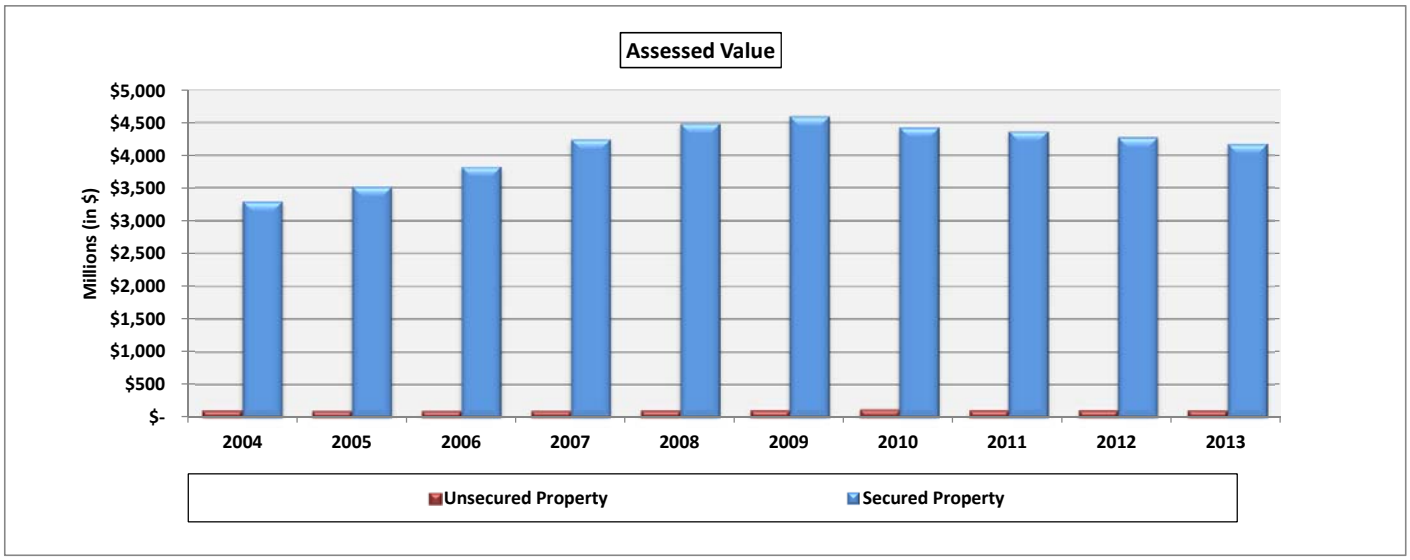
(a) The City implemented GASB Statement No. 54 in fiscal year 2010-2011.



CITY OF PLEASANT HILL
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	$15,707,969	$16,015,799	$16,805,182	$18,972,528	$19,632,116	$18,741,214	$18,173,963	$19,580,639	$18,287,026	$19,171,702
Licenses, permits and fees	2,251,143	2,531,120	2,575,760	2,666,509	2,843,196	2,517,694	2,407,379	424,960	419,220	494,091
Intergovernmental	3,639,517	4,123,703	4,958,797	5,524,523	4,880,568	5,357,025	5,578,337	4,684,179	6,792,744	4,744,826
Charges for services	1,212,874	1,067,594	986,997	1,188,541	498,901	596,350	627,272	624,803	813,671	1,107,016
Fines and forfeitures	244,437	223,821	178,492	229,464	172,348	138,272	169,547	173,423	143,965	138,148
Use of money and property	357,650	698,013	1,161,423	1,570,171	1,379,154	751,307	248,121	161,018	200,884	81,307
Other	287,109	1,027,504	408,252	312,123	1,050,457	318,224	612,333	655,450	489,006	204,705
Total revenues	23,700,699	25,687,554	27,074,903	30,463,859	30,456,740	28,420,086	27,816,952	26,304,472	27,146,516	25,941,795
Expenditures										
Current:										
General government	3,900,863	3,843,349	4,156,358	4,396,420	4,249,283	4,064,007	3,848,126	3,796,733	3,835,547	4,195,631
Public safety	7,422,209	8,636,460	8,951,626	9,754,033	9,423,894	9,739,391	10,057,020	9,907,557	10,033,011	9,322,450
Transportation	4,881,168	5,751,039	4,975,954	6,439,194	6,979,473	7,496,776	5,768,100	5,142,587	8,667,962	8,566,692
Community development	3,443,565	3,999,892	3,947,011	4,961,580	4,609,915	5,298,457	7,064,438	5,990,174	4,295,427	2,226,519
Intergovernmental	-	-	-	-	-	-	-	-	3,166,094	647,518
Capital outlay	450,217	940,287	2,330,434	613,079	1,503,898	994,582	1,160,735	765,819	1,156,634	589,959
Debt service:										
Principal repayment	10,335,000	1,640,000	1,495,000	1,310,000	1,110,000	1,135,000	1,155,000	1,195,000	1,225,000	660,000
Interest and fiscal charges	1,324,757	1,152,466	922,124	872,510	849,028	832,973	790,114	751,591	429,424	120,425
Total expenditures	31,757,779	25,963,493	26,778,507	28,346,816	28,725,491	29,561,186	29,843,533	27,549,461	32,809,099	26,329,194
Excess (deficiency) of revenues over (under) expenditures	(8,057,080)	(275,939)	296,396	2,117,043	1,731,249	(1,141,100)	(2,026,581)	(1,244,989)	(5,662,583)	(387,399)
Other Financing Sources (Uses)										
Transfers in	5,206,916	8,348,717	5,674,955	6,135,952	6,018,029	6,507,525	7,177,213	5,107,315	4,871,630	4,785,497
Transfers out	(5,206,916)	(8,348,717)	(5,674,955)	(6,135,952)	(6,018,029)	(6,507,525)	(7,177,213)	(5,107,315)	(4,871,630)	(4,785,497)
Proceeds from issuance of long term debt	9,315,000	-	-	-	-	-	-	-	-	4,087,000
Cost of issuance	(217,648)	-	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	(6,791)	-	-	40,365	14,262	342,314	8,014	6,134	10,940
Total other financing sources (uses)	9,097,352	(6,791)	-	-	40,365	14,262	342,314	8,014	6,134	4,097,940
Special and Extraordinary item:										
Special Item for prepayment of pension side fund	-	-	-	-	-	-	-	-	-	(3,960,524)
Extraordinary loss from dissolution of the Redevelopment Agency	-	-	-	-	-	-	-	-	(3,753,550)	-
Net change in fund balances	$ 1,040,272	$ (282,730)	$ 296,396	$ 2,117,043	$ 1,771,614	$ (1,126,838)	$ (1,684,267)	$ (1,236,975)	$ (9,409,999)	$ (249,983)
Debt service as a percentage of noncapital expenditures	58.0%	12.1%	9.9%	8.3%	6.4%	7.4%	6.8%	7.4%	5.7%	3.4%

CITY OF PLEASANT HILL
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years



Fiscal Year	Real Property: Residential Property	Real Property: Commercial Property	Real Property: Industrial Property	Real Property: Other	Total Real Secured Property	Unsecured Property	Total Assessed [a]	Estimated Full Market [a]	Total Direct Tax Rate [b]
2004	$2,675,152,510	$547,566,299	$20,762,852	$57,040,612	$3,300,522,273	$108,890,719	$3,409,412,992	$3,409,412,992	4.82%
2005	2,873,762,633	561,822,876	19,843,767	68,821,498	3,524,250,774	97,406,512	3,621,657,286	3,621,657,286	4.99%
2006	3,138,304,441	599,116,975	20,269,068	79,436,807	3,837,127,291	97,929,265	3,935,056,556	3,935,056,556	5.66%
2007	3,472,795,216	680,088,688	20,674,109	72,662,380	4,246,220,393	100,477,982	4,346,698,375	4,346,698,375	5.51%
2008	3,686,093,429	709,237,359	21,086,340	78,615,954	4,495,033,082	108,648,967	4,603,682,049	4,603,682,049	5.70%
2009	3,736,058,037	720,816,226	22,883,307	119,156,908	4,598,914,478	114,024,129	4,712,938,607	4,712,938,607	5.66%
2010	3,572,782,866	756,211,570	23,339,740	83,328,596	4,435,662,772	124,654,804	4,560,317,576	4,560,317,576	5.66%
2011	3,535,678,986	767,801,996	15,295,774	52,770,802	4,371,547,558	112,116,531	4,483,664,089	4,483,664,089	5.66%
2012	3,469,368,975	738,612,634	15,030,486	51,866,721	4,274,878,816	112,085,059	4,386,963,875	4,386,963,875	5.66%
2013	3,439,988,872	713,000,842	15,341,949	9,771,728	4,178,103,391	105,936,525	4,284,039,916	4,284,039,916	5.66%

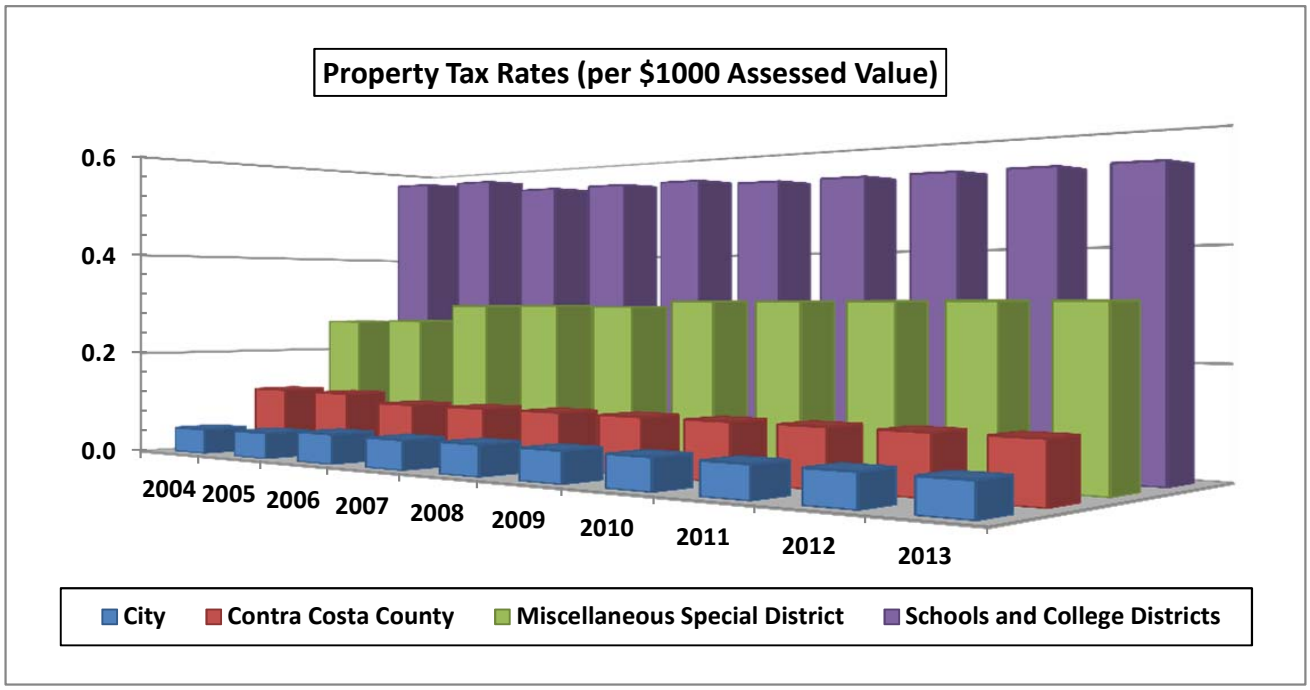
Source: Contra Costa County Assessor Combined Tax Rolls-report provided by HdL Coren & Cone

(a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. 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.

Exempt Values are not included in totals.

CITY OF PLEASANT HILL
Property Tax Rates (Per $1,000 assessed value)
All Direct and Overlapping Governments
Last Ten Fiscal Years



Fiscal Year	Contra Costa County	City [1]	Schools and College Districts	Miscellaneous Special Districts	Total
2004	0.1205	0.0482	0.5693	0.2620	1.0000
2005	0.1186	0.0499	0.5679	0.2636	1.0000
2006	0.1030	0.0566	0.5447	0.2957	1.0000
2007	0.1030	0.0551	0.5447	0.2972	1.0000
2008	0.1030	0.0570	0.5447	0.2953	1.0000
2009	0.1030	0.0566	0.5349	0.3055	1.0000
2010	0.1030	0.0566	0.5349	0.3055	1.0000
2011	0.1030	0.0566	0.5349	0.3055	1.0000
2012	0.1030	0.0566	0.5349	0.3055	1.0000
2013	0.1030	0.0566	0.5349	0.3055	1.0000

Source: County Auditor/Controller's Office

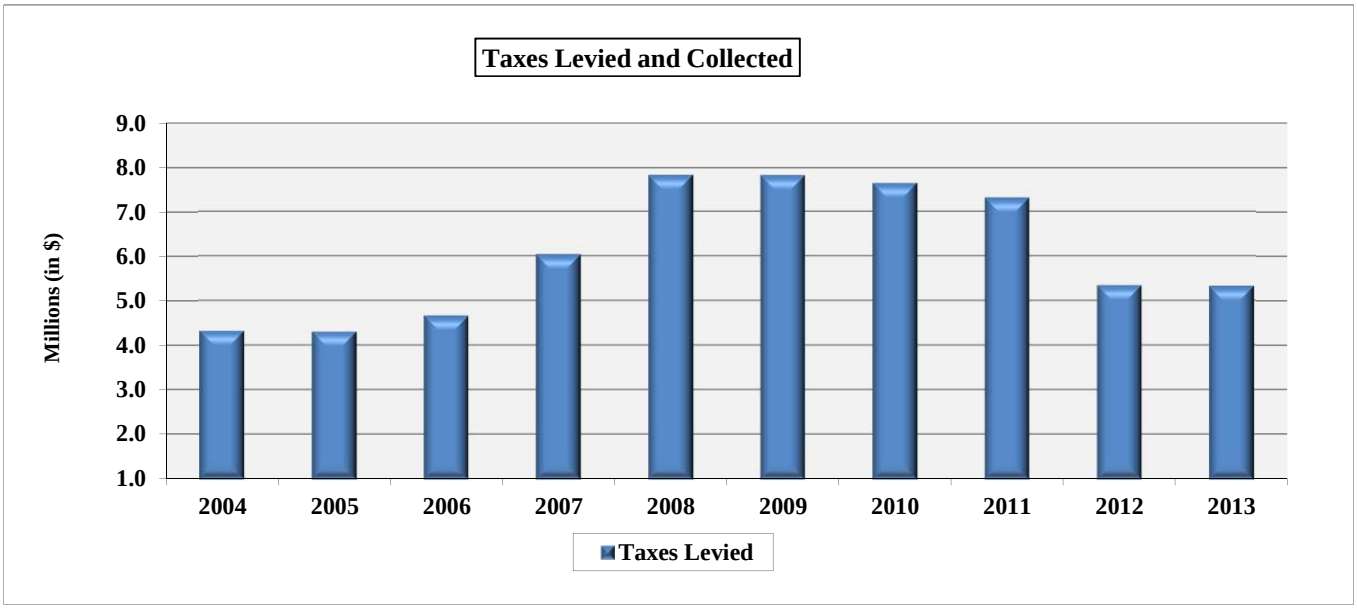
[1] The rates shown are not levied rates, but rather "rate-equivalents." The County, in the application of the Tax Equity Allocation (TEA) formula specified by the 1987 amendments to the Trial Court Funding Act, created these rates to accomplish the property tax shift required by the law. See Note (1) on the "Property Values and Tax Levies and Collections" page for a more detailed explanation.

CITY OF PLEASANT HILL
Principal Property Taxpayers
Current Year and Nine Years Ago

	2012-2013			2003-2004		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
Loja Pleasant Hill LLC	$58,351,099	1	1.36%	n/a	n/a	n/a
FW California PH Shopping Center LLC	58,351,099	2	1.36%	n/a	n/a	n/a
WM Villa Montanaro LLC	46,904,818	3	1.09%	n/a	n/a	n/a
GSG Residl Iron Horse Park	37,856,114	4	0.88%	n/a	n/a	n/a
Grupe Real Estate Investors	34,675,114	5	0.81%	$30,037,749	4	0.88%
EQR Watson General Partnership	31,780,767	6	0.74%	27,561,884	7	0.81%
Grosvenor USA Limited	29,186,675	7	0.68%	n/a	n/a	n/a
Gallup and Whalen Santa Maria	22,033,000	8	0.51%	20,988,639	8	0.62%
ERP Operating Limited	21,517,923	9	0.50%	18,784,104	10	0.55%
HCP Pleasant LLC	20,337,362	10	0.47%	n/a	n/a	n/a
JTJ Apartment Investors LLC	n/a	n/a	n/a	27,693,000	6	0.81%
Pacific Bell Information Srvs	n/a	n/a	n/a	19,481,281	9	0.57%
BPP Retail	n/a	n/a	n/a	34,595,378	2	1.01%
Bank of America	n/a	n/a	n/a	29,308,466	5	0.86%
John V Hook Trust	n/a	n/a	n/a	33,243,800	3	0.98%
RVIP California WA OR Portfolio	n/a	n/a	n/a	73,126,208	1	2.14%
Total	$360,993,971		8.43%	$314,820,509		9.23%

Source: County Assessor Fiscal Year Combined Tax Rolls.

CITY OF PLEASANT HILL
Property Tax Levies and Collections
Last Ten Fiscal Years [1]



Fiscal Year	Total Tax Levied and Collected [2]
2004	4,340,751
2005	4,317,891
2006	4,676,154
2007	6,047,544
2008	7,827,008
2009	7,820,947
2010	7,649,119
2011	7,315,829
2012	5,357,749
2013	5,342,185

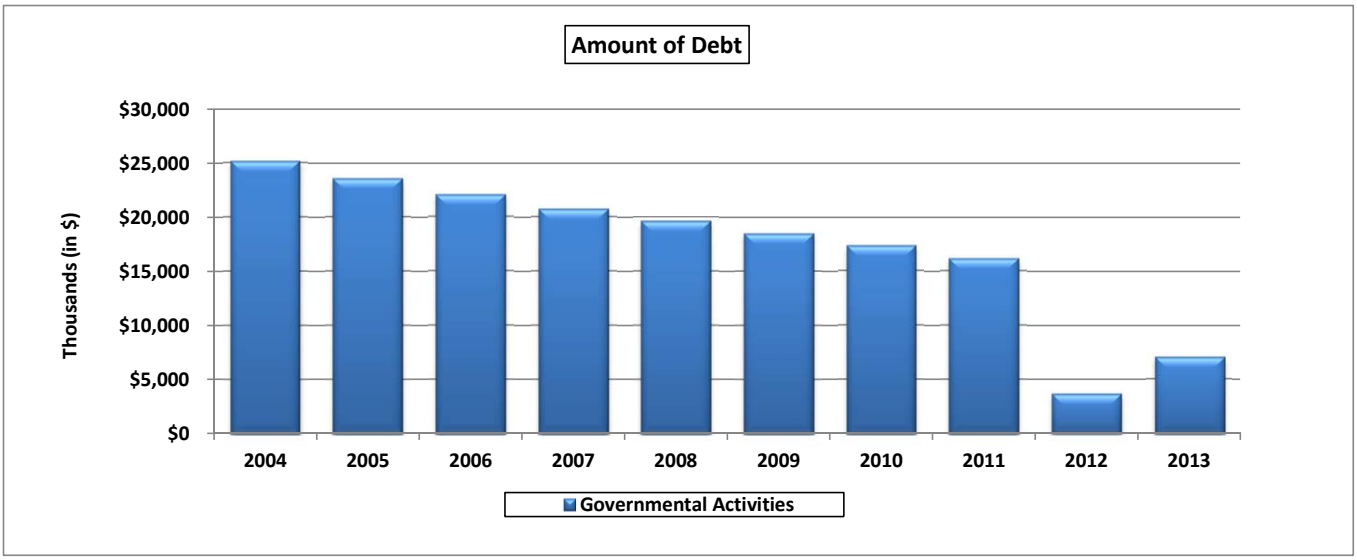
Source: City of Pleasant Hill Comprehensive Annual Financial Reports and Contra Costa County

(1) Pleasant Hill was incorporated in 1961 as a "No-Property Tax" city. The citizens wanted a minimum-service city that could be supported by revenues other than property taxes. Annexations over the years brought a minimum amount of annual property tax revenue to the City from Contra Costa County, as required by the annexation process. Beginning in fiscal year 1989-90, and due to State legislation in 1988 which was designed to bring some relief to no/low property tax cities, the County shifted some of its property taxes to Pleasant Hill in exchange for state trial court funding. The shift was designed to be phased in over seven years, starting at 1% and increasing 1% per year for seven years, leveling out at 7%.

Due to later Educational Revenue Augmentation Fund (ERAF) legislation, the shift was adjusted to level out at 6.09% instead of 7% and will remain there unless the law changes. The annual shift is a result of a formula specified in the law, and is included in the amounts listed here. In addition, the former Redevelopment Agency has received property tax increments since 1975 to service debt and, as required by law since 1977, to fund low and moderate housing and rehabilitation.

(2) Includes a) property taxes in the City's General and Special Revenue Funds and b) tax increments in the former Redevelopment Agency's funds. Decrease since FY 2012 due to the dissolution of former Redevelopment Agency.

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



	Governmental Activities-includes General, Redevelopment and Special Assessment Debt				
Fiscal Year	Tax Allocation Refunding Bonds	2013 Public Safety Side Fund Loan	Special Assessment Debt	Lease Revenue Refunding	Total
2004	$8,470,000	$0	$7,430,000	$9,315,000	$25,215,000
2005	8,095,000	-	7,215,000	8,265,000	23,575,000
2006	7,715,000	-	6,880,000	7,485,000	22,080,000
2007	7,325,000	-	6,760,000	6,685,000	20,770,000
2008	6,930,000	-	6,635,000	6,095,000	19,660,000
2009	6,525,000	-	6,505,000	5,495,000	18,525,000
2010	6,115,000	-	6,370,000	4,885,000	17,370,000
2011	5,690,000	-	6,225,000	4,260,000	16,175,000
2012	n/a (b)	-	n/a (b)	3,620,000	3,620,000
2013	n/a (b)	4,087,000	n/a (b)	2,960,000	7,047,000

Fiscal Year	Total Primary Government	Percentage of Personal Income [a]	Per Capita
2004	$25,215,000	2.03%	$750.02
2005	23,575,000	1.81%	705.69
2006	22,080,000	1.59%	668.20
2007	20,770,000	1.44%	630.35
2008	19,660,000	1.33%	589.40
2009	18,525,000	1.29%	551.73
2010	17,370,000	1.25%	513.24
2011	16,175,000	1.19%	486.03
2012	3,620,000	0.26%	108.25
2013	7,047,000	Not available	209.53

Sources: HdL Coren & Cone report based on the following sources:
Population: California Department of Finance
Income Data: ESRI-Demographic estimates based on the last available Census. Projections are developed by incorporating all of the prior census data released to date. Post census trends in the population are extracted from a variety of date sources. Demographic Data is totaled form Census Block Groups that overlap the City's boundaries.

[a] Prior to fiscal year 09/10, the percentage of personal income was based on countywide personal income and the City's population. Effective for fiscal year 09/10, this statistic has been restated to reflect percentage of personal income based on the City's personal income.

[b] During fiscal year 11/12, these bonds are transferred to the Successor Agency to the Pleasant Hill Redevelopment Agency upon the dissolution of the former Agency.

CITY OF PLEASANT HILL
Computation of Direct and Overlapping Debt
June 30, 2013

2012-2013 Assessed Valuation $ 4,284,039,916

OVERLAPPING TAX AND ASSESSMENT DEBT	Net Debt Outstanding	Percentage Applicable To City of Pleasant Hill [1],[2]	Amount Applicable To City of Pleasant Hill
Bay Area Rapid Transit District	$ 410,690,000	0.852%	$ 3,499,079
East Bay Regional Park District	135,565,000	1.317%	1,785,391
Contra Costa Community College District	209,930,000	3.033%	6,367,177
Mount Diablo Unified School District	449,305,057	14.830%	66,631,940
Mount Diablo Unified School District Community Facilities District No. 1	4,870,000	148.513%	7,232,591
Pleasant Hill Recreation and Park District	27,425,000	76.117%	20,875,087
City of Pleasant Hill Downtown Community Facilities District No. 1	12,580,000	100.000%	12,580,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	$ 1,250,365,057		118,971,265
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Contra Costa County General Fund Obligations	$ 282,641,006	3.021%	8,538,585
Contra Costa Pension Obligations	310,110,000	3.021%	9,368,423
Contra Costa Community College District Certificates of Participation	780,000	3.033%	23,657
City of Pleasant Hill Joint Powers Authority	2,960,000	100.000%	2,960,000
Pleasant Hill Recreation and Park District Certificates of Participation	2,215,000	76.117%	1,685,992
Contra Costa County Fire Protection District Pension Obligations	106,185,000	6.692%	7,105,900
TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT	$ 704,891,006		29,682,557
Less: Contra Costa County self-supported			3,171,831
NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			26,510,726
TOTAL DIRECT DEBT			2,960,000
TOTAL OVERLAPPING DEBT			145,693,822
GROSS COMBINED TOTAL DEBT			$ 148,653,822
NET COMBINED TOTAL DEBT			$ 145,481,991

[1] Percentage of overlapping agency's assessed valuation located within boundaries of the city.

[2] Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

RATIOS TO 2012-13 ASSESSED VALUATION:	
Total Overlapping Tax and Assessment Debt	2.78%

RATIOS TO ADJUSTED ASSESSED VALUATION:	
Combined Direct Debt ($3,620,000)	0.07%
Combined Total Debt	3.47%
Net combined Total Debt	3.40%

Source: California Municipal Statistics, Inc.

CITY OF PLEASANT HILL
Computation of Legal Bonded Debt Margin
Last Ten Fiscal Years

ASSESSED VALUATION:		
Secured property assessed value, net of exempt real property	$4,284,039,916	
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) [(a)]		$160,651,497
AMOUNT OF DEBT SUBJECT TO LIMIT:		(2,960,000)
LEGAL BONDED DEBT MARGIN - fiscal year 2013		$157,691,497

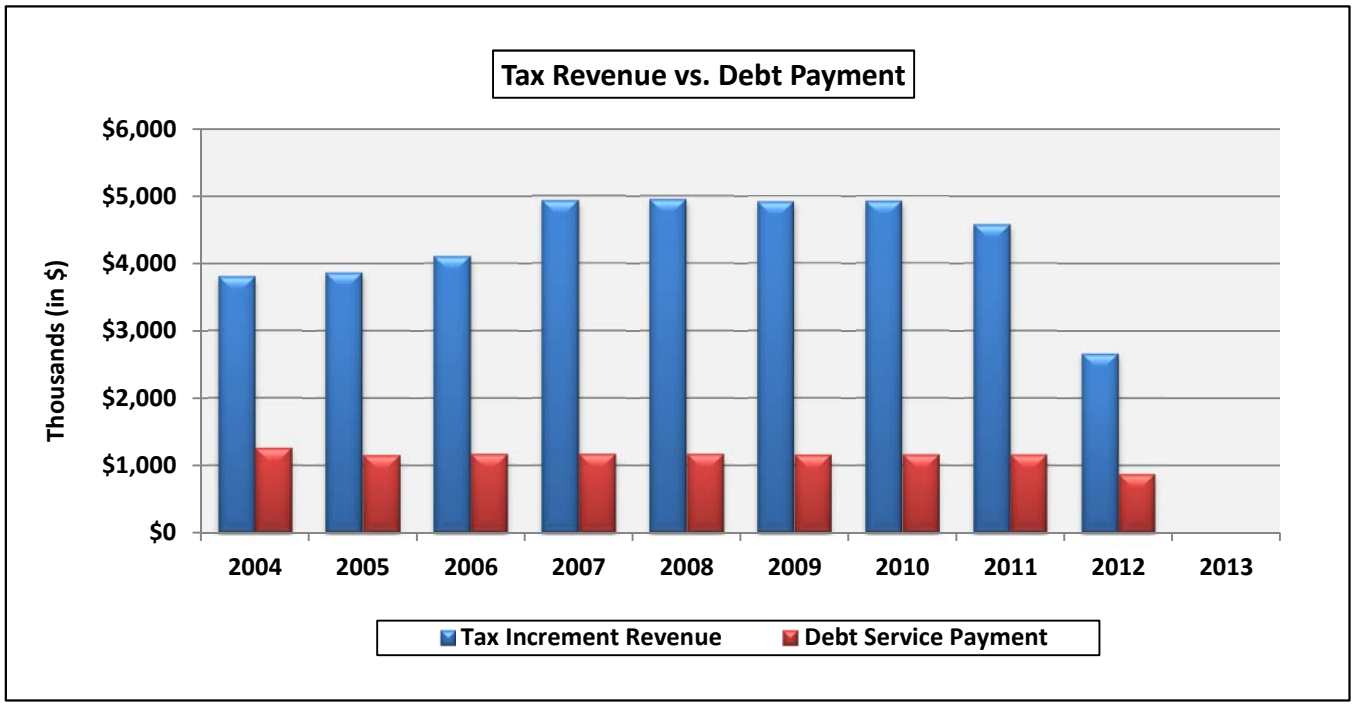
Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2004	$127,852,987	$9,315,000	$118,537,987	7.86%
2005	135,789,044	8,265,000	127,524,044	6.48%
2006	147,539,760	7,485,000	140,054,760	5.34%
2007	162,983,633	6,685,000	156,298,633	4.28%
2008	172,602,650	6,095,000	166,507,650	3.66%
2009	176,735,198	5,495,000	171,240,198	3.21%
2010	171,011,909	4,885,000	166,126,909	2.94%
2011	168,137,403	4,260,000	163,877,403	2.60%
2012	164,510,131	3,620,000	160,890,131	2.25%
2013	160,651,497	2,960,000	157,691,497	1.88%

NOTE:

(a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in base 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.

(b) Includes special assessment bonds and all debt supported by General Fund revenues, including street bonds, and refunding lease revenue bonds. Excludes Pleasant Hill Redevelopment Agency tax allocation refunding bonds.

CITY OF PLEASANT HILL
Bonded Debt Pledged Revenue Coverage
Tax Allocation Bonds
Last Ten Fiscal Years



Fiscal Year	Tax Increment Revenue	Debt Service Requirements Principal	Interest & Fiscal Fee	Total	Coverage
2004	3,807,280	565,000	699,565	1,264,565	3.01
2005	3,873,537	490,000	669,510	1,159,510	3.34
2006	4,116,371	500,000	678,413	1,178,413	3.49
2007	4,944,024	510,000	665,372	1,175,372	4.21
2008	4,959,132	520,000	655,790	1,175,790	4.22
2009	4,921,960	535,000	628,210	1,163,210	4.23
2010	4,931,841	545,000	621,019	1,166,019	4.23
2011	4,583,378	570,000	596,732	1,166,732	3.93
2012	2,666,870	585,000	291,112 (b)	876,112	3.04
2013	-	-	- (b)	-	Not Applicable

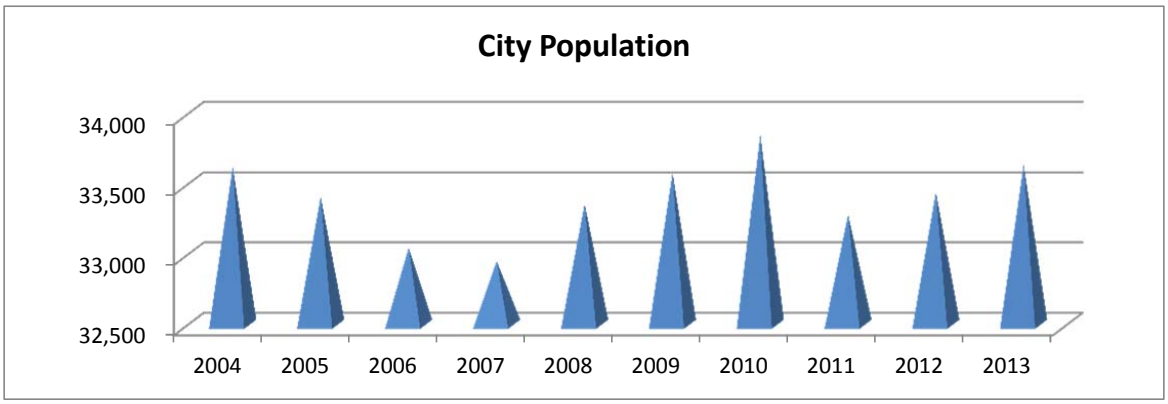
Source: City of Pleasant Hill Annual Financial Statements

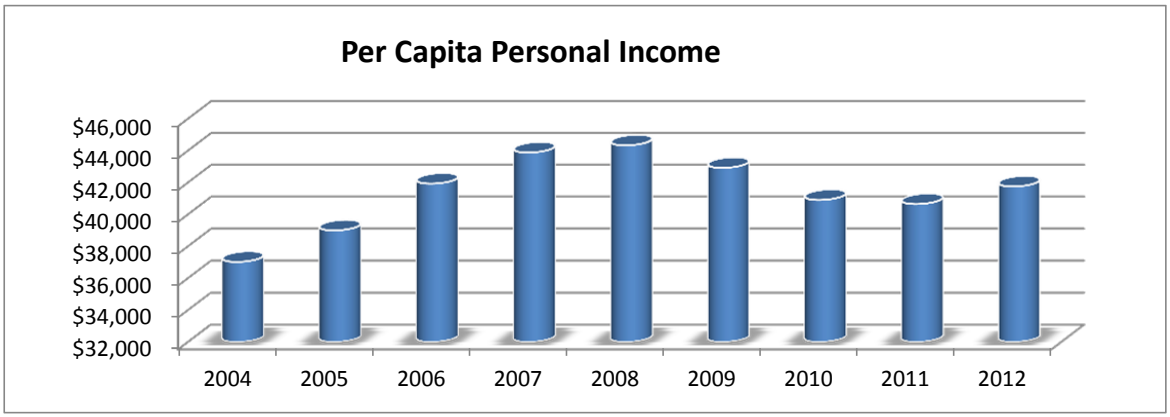
(a) On September 1, 2001, the Redevelopment Agency issued 2002 Tax Allocation Refunding Bonds to pay off the 1991 Tax Allocation Refunding bonds. Proceeds were used to defease the 1991 Tax Allocation Refunding Bond issue. For consistency the graph above reflects scheduled annual principal and interest payments and excludes both bond proceeds from issuance of new debt and the defeasance of previous debt.

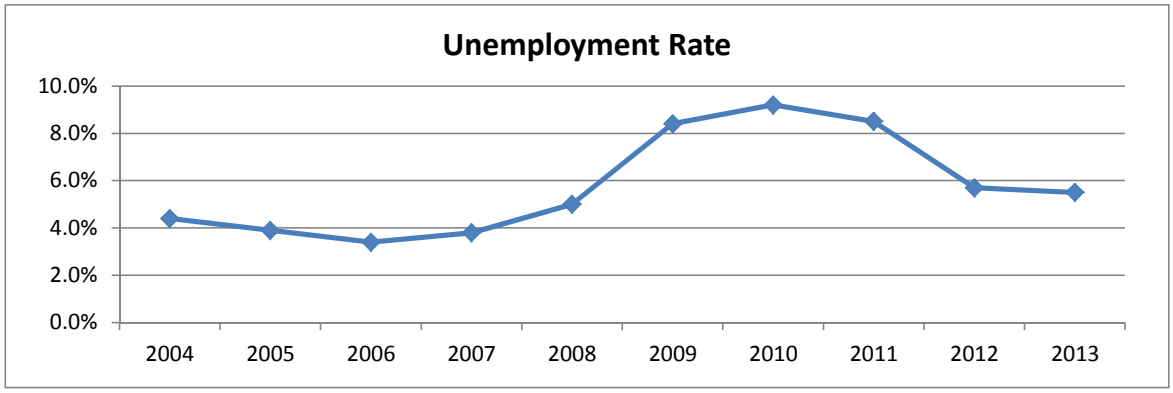
(b) On February 1, 2012, the former Agency's tax allocation bonds were transferred to the Successor Agency to the Pleasant Hill Redevelopment Agency, a private-purpose trust fund, upon the dissolution of the former Agency.

CITY OF PLEASANT HILL
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	City Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate	Rank in Size of California Cities
2004	33,619	$1,244,738	$37,025	4.4%	213
2005	33,407	1,302,845	38,999	3.9%	217
2006	33,044	1,385,626	41,933	3.4%	220
2007	32,950	1,445,925	43,882	3.8%	224
2008	33,356	1,478,774	44,333	5.0%	224
2009	33,576	1,441,100	42,921	8.4%	225
2010	33,844	1,384,480	40,908	9.2%	225
2011	33,280	1,359,369	40,651	8.5%	224
2012	33,440	1,404,279	41,753	5.7%	225
2013	33,633	not available	not available	5.5%	225







CITY OF PLEASANT HILL
Principal Employers
Four Years Ago and Seven Years Ago

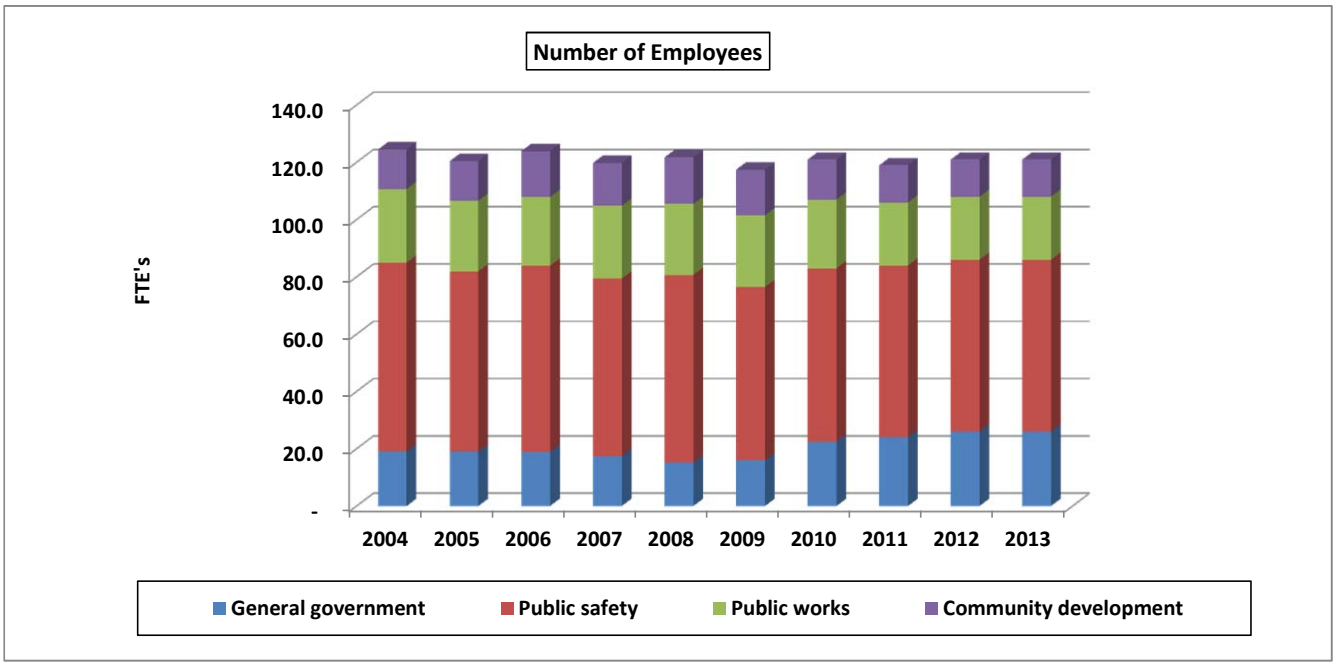
	2009 [a]			2006 [b]		
Employer	**Number of Employees**	**Rank**	**Percentage of Total City Employment**	**Number of Employees**	**Rank**	**Percentage of Total City Employment**
Mt. Diablo Unified School District	659	1	4.81%	537	2	2.77%
Contra Costa County Fire Protection	450	2	3.29%	n/a	n/a	n/a
Safeway	255	3	1.86%	n/a	n/a	n/a
Target	250	4	1.83%	129	7	0.66%
Yandell Truckaway	250	5	1.83%	n/a	n/a	n/a
Nightingale of Contra Costa	200	6	1.46%	n/a	n/a	n/a
John F Kennedy University	185	7	1.35%	517	3	2.66%
Contra Costa County Education	165	8	1.20%	180	5	0.93%
Hospices of the East Bay	150	9	1.10%	n/a	n/a	n/a
Irvin Deutscher Family YMCA	150	10	1.10%	n/a	n/a	n/a
Keep in Touch	150	11	1.10%	n/a	n/a	n/a
Rosewood Care Center	131	12	0.96%	n/a	n/a	n/a
City of Pleasant Hill	118	13	0.86%	136	6	0.70%
Apex Care	100	14	0.73%	n/a	n/a	n/a
Chateau's Active-Assisted Living	100	15	0.73%	n/a	n/a	n/a
E C Bridges	100	16	0.73%	n/a	n/a	n/a
Genworth Financial Wealth Management	99	17	0.72%	n/a	n/a	n/a
Outback Steakhouse	90	18	0.66%	n/a	n/a	n/a
Lucky Food Center	85	19	0.62%	n/a	n/a	n/a
Chevys Fresh Mex	81	20	0.59%	n/a	n/a	n/a
Diablo Valley College	n/a	n/a	n/a	1,125	1	5.80%
Nelson Staffing Solutions	n/a	n/a	n/a	186	4	0.96%
Mervyns	n/a	n/a	n/a	117	8	0.60%
Century Theaters Pleasant Hill	n/a	n/a	n/a	115	9	0.59%
Kohl's Departrment Store	n/a	n/a	n/a	115	9	0.59%
Subtotal	3,768		27.51%	3,157		16.27%
Total Employees in City	13,698			19,400		

Source: InfoGroup

[a] Information represents the latest detail available.

[b] Information for nine years ago are not available.

CITY OF PLEASANT HILL
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years



	Adopted for Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function										
General government	19.0	19.0	18.9	17.4	15.2	16.0	22.5	24.0	26.0	26.0
Public safety	66.0	63.0	65.0	62.0	65.5	60.5	60.5	60.0	60.0	60.0
Public works	25.7	24.6	24.0	25.4	24.8	25.0	24.0	22.0	22.0	22.0
Community development	13.8	13.8	16.0	15.0	16.3	16.0	14.0	13.0	13.0	13.0
Total	124.5	120.4	123.9	119.8	121.8	117.5	121.0	119.0	121.0	121.0

Source: Pleasant Hill

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function/Program										
Public safety: [a]										
Incident numbers issued	22,261	22,970	22,033	21,003	21,068	18,646	16,829	17,961	18,690	20,700
Traffic citations issued	5,519	5,816	6,459	4,496	6,204	5,914	6,473	5,541	4,793	4,449
Violent crimes	375	372	356	300	289	252	188	212	238	208
Willful homicide	1	1	-	1	-	1	1	-	1	-
Forcible rape	6	9	9	10	4	7	1	3	3	1
Robbery	35	46	57	48	51	41	37	35	40	40
Aggravated assaults	90	77	70	65	58	53	45	40	55	38
Property crimes	2,037	1,814	1,066	1,076	1,630	1,333	1,235	1,537	1,560	1,590
Burglary	362	323	261	218	259	223	179	207	290	249
Motor vehicle theft	243	217	175	205	165	140	102	127	125	165
Public works:										
Estimated miles of paved streets	110	110	110	110	110	110	110	110	110	110
Number of street lights	2,344	2,352	2,353	2,353	2,361	2,361	2,361	2,361	2,361	2,361
General government:										
Business Licenses renewals (excludes Out of City)	3,423	3,436	3,600	3,715	3,792	3,606	3,600	3,600	3,500	3,400
Business License Out of City Contractor	1,896	2,023	2,170	2,394	2,400	2,394	2,200	2,200	2,450	2,500
Community development:										
Building permits issued	1,099	1,099	1,118	1,049	904	811	804	893	902	1,054
Approximate value of building permits	$22,816,385	$42,545,024	$26,451,898	$24,491,995	$42,316,910	$20,621,994	$11,164,835	$18,694,225	$25,483,018	$27,497,070
Building inspections conducted	6,940	8,233	8,165	7,317	7,378	6,046	5,147	5,320	5,339	5,863

Source: Pleasant Hill

[a] Covers twelve month period November to October

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function/Program										
Public safety:										
Police stations	1	1	1	1	1	1	1	1	1	1
Public works:										
Miles of streets	110	110	110	110	110	110	110	110	110	110
Street lights	2,344	2,352	2,353	2,353	2,361	2,361	2,361	2,361	2,361	2,361
Pavement Condition Index	64	65	65	65	66	67	67	67	67	66
Recreation:										
Open space acres	207	207	207	207	207	207	207	207	207	207
Number of parks owned	11	11	11	11	11	11	11	11	11	11
Number of acres	66.2	66.2	66.2	66.2	66.2	66.2	66.2	66.2	66.2	66.2
Fire protection:										
Number of stations	2	2	2	2	2	2	2	2	2	2

Source: Pleasant Hill

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