

# *City of Pleasant Hill California*



## *Comprehensive Annual Financial Report Year Ended June 30, 2011*



**Cover photo:** City of Pleasant Hill City Hall  
**Photographer:** Eric Hu, Associate Engineer

**CITY OF PLEASANT HILL**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2011**

Prepared by

**FINANCE DEPARTMENT**



**CITY OF PLEASANT HILL**  
 Comprehensive Annual Financial Report  
 Year Ended June 30, 2011

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Comprehensive Annual Financial Report  
Year Ended June 30, 2011

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# City of Pleasant Hill

December 29, 2011

Honorable Mayor, City Council,  
City Manager, and the Citizens of Pleasant Hill

I am pleased to submit the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. 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 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, 2011, along with additional disclosures and financial information designed to enable the reader to gain an understanding of the City's financial activities.

This Comprehensive Annual Financial Report is organized into three sections:

1. The **Introductory Section** includes the table of contents, letter of transmittal, listing of elected officials and City administrative personnel, organization chart, and location map.
2. The **Financial Section** includes the independent auditor's opinion, management's discussion and analysis, the basic financial statements, notes to the financial statements, combining statements of non-major funds, and required supplemental information.
3. The **Statistical Section** includes both financial and non-financial data about the City.

The Comprehensive Annual Financial Report is prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and includes the report of Macias Gini & O'Connell, LLP, the City's independent certified public accountants.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The MD&A compliments the Letter of Transmittal and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the CAFR.

## **THE REPORTING ENTITY AND ITS SERVICES**

Pleasant Hill is a general law city, which was incorporated under the laws of California in 1961. One of the conditions of incorporation was that there would be no property taxes levied by the City. However, in the aftermath of Prop 13, passed in 1978, no/low property tax cities petitioned the State for relief. In 1988, the Trial Court Funding Act amendments included a complex shift of a portion of county property taxes to no/low property tax cities within their boundaries. The affected counties then received some relief from the State as part of the trial court funding settlement. The shift of county property taxes to the no/low cities is based on the Tax Equity Allocation (TEA) formula defined in the Trial Court Funding Act. The property tax revenues reported in the CAFR are a combination of the shifted property taxes received by the City and property tax increment received by the Redevelopment Agency in the two project areas.

Five council members who are elected at large for staggered four-year terms govern the City. 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. The City Manager and City Attorney are hired directly by the Council.

This report includes all funds of the City of Pleasant Hill. It also includes the financial activities of the Pleasant Hill Redevelopment Agency and the City of Pleasant Hill Joint Powers Financing Authority, both of which are governed by the Pleasant Hill City Council. Financial information for the Pleasant Hill Redevelopment Agency and the Pleasant Hill Public Financing Authority are blended into the City's financial statements in accordance with GAAP.

## **ECONOMIC CONDITIONS AND OUTLOOK**

Pleasant Hill covers an area of 8.2 square miles and is located in Contra Costa County on Interstate 680, approximately 32 miles east of San Francisco. The City has a population of 33,279 and a net assessed valuation of \$4,483,664,089. The area is characterized as a bedroom community that is 95% built out.

Sales taxes comprised 33% of general fund revenues in FY 2011. The City relies heavily on sales tax revenues generated from the \$100 million downtown project that opened during July 2000 to support general fund operations. Property taxes comprised 13% of City's general fund revenues in FY 2011 and, including tax increment of the redevelopment agency, 28% of revenues for all governmental funds.

The City Council and management continue to be faced with the economic challenges confronting local government due to the recent recession, soaring healthcare, retirement and infrastructure costs. At fiscal year end, the City's general fund maintains reserves available for contingencies of \$8.3 million.

## **MAJOR INITIATIVES**

The City of Pleasant Hill supports and encourages a dynamic and diverse economy. The community serves a concentration of service, retail and other jobs due to its proximity to major employment centers, freeway and transit accessibility, office space and a balance of urban and semi-suburban amenities combined with a very high quality of life. The City continues to serve as a retail center for both local and surrounding area residents. A primary purpose of the Economic Development Strategic Plan is to assess the advantages and identify the opportunities for the City to further build its revenue base to support a nurturing environment of the highest quality for businesses, residents and families.

### **Economic Development Mission Statement**

To implement an Economic Development Program for the City of Pleasant Hill that will promote the economic diversity and strength of the City through the retention, expansion, and attraction of businesses.

### *Economic Development Strategic Plan Goals*

The primary Economic Development Strategic Plan goals are consistent with the Economic Strategy Element of the City's General Plan:

*Goal 1: Promote the Economic Health of Downtown and the City*

*Goal 2: Create and Maintain a Dynamic and Diverse Economic Base*

*Goal 3: Facilitate Additional Retail and Commercial Opportunities*

*Goal 4: Enlarge the City's Revenue Base to Sustain and Support the Community*

### **ACCOUNTING SYSTEM AND BUDGETARY CONTROL**

The effectiveness of internal control is considered in the development and evaluation of the City's accounting system. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding:

- 1) Safeguarding of assets against loss from unauthorized loss or disposition,
- 2) Accuracy and reliability of accounting data, and
- 3) Adherence to managerial policy.

The concept of reasonable assurance recognizes that the cost of internal control should not outweigh its benefits, and that management must make estimates and judgments in evaluating these costs and benefits.

All governmental fund types use the modified accrual basis of accounting. This means that revenues are recorded when measurable and available rather than when received. Measurable means the amount can be determined, and available means the cash is received within forty-five days after the end of the fiscal year. Expenditures are recorded when the liability is incurred, rather than when paid. An exception to this rule is principal and interest on general long-term debt and compensated absences, which are not recognized until they are due and payable.

Proprietary (internal service) funds are accounted for using the accrual basis of accounting, similar to that used by corporations. Proprietary fund revenues are recognized when they are earned rather than when the cash is received, even if the cash is not available and proprietary fund expenses are recognized when they are incurred.

Internal accounting procedures have been developed to provide reasonable assurance regarding the safeguarding of assets and the reliability of financial records for preparing financial statements and maintaining asset accountability.

A biennial operating budget and capital improvement plan is adopted by the City Council on a basis consistent with generally accepted accounting principles (see Note 2 of the Notes to Basic Financial Statements). The operating budget is subject to supplemental appropriations throughout its term in order to provide flexibility in meeting changing needs and conditions. The City Manager may approve supplemental appropriations in any fund, provided the total increase does not exceed \$100,000 of the original total budget and provided sufficient revenues are available to fund such appropriations.

## ***CASH MANAGEMENT***

The City Treasurer invests City Funds in accordance with the Investment Policy adopted by City Council. The objectives of the policy are safety of principal, liquidity, and return on investment. The City is governed by California Government Code, Section 53600. The policy addresses permitted investments: United States treasury bills, bonds and notes; obligations issued by United States government agencies; medium term corporate notes; repurchase agreements; time deposits (CDs), mutual funds, and the State Treasurer's Local Agency Investment Fund. Additional information on the City's cash management can be found in Note 3 of the notes to the financial statements.

## **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pleasant Hill for the fiscal year ended June 30, 2010. 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.

## ***INDEPENDENT AUDIT***

State law requires an annual audit of the City's accounts by independent certified public accountants. The accounting firm of Macias Gini & O'Connell, LLP performs this function for the City of Pleasant Hill, and their report is included in the financial section of the CAFR.

## ***ACKNOWLEDGEMENTS***

The preparation of this Comprehensive Annual Financial Report, as presented herein, is the result of the combined efforts and dedicated services of the excellent staff of the Department of Finance.

Respectfully submitted,



Mary McCarthy  
Finance Manager

**CITY OF PLEASANT HILL**

List of Principal Officials

June 30, 2011

**ELECTED OFFICIALS**

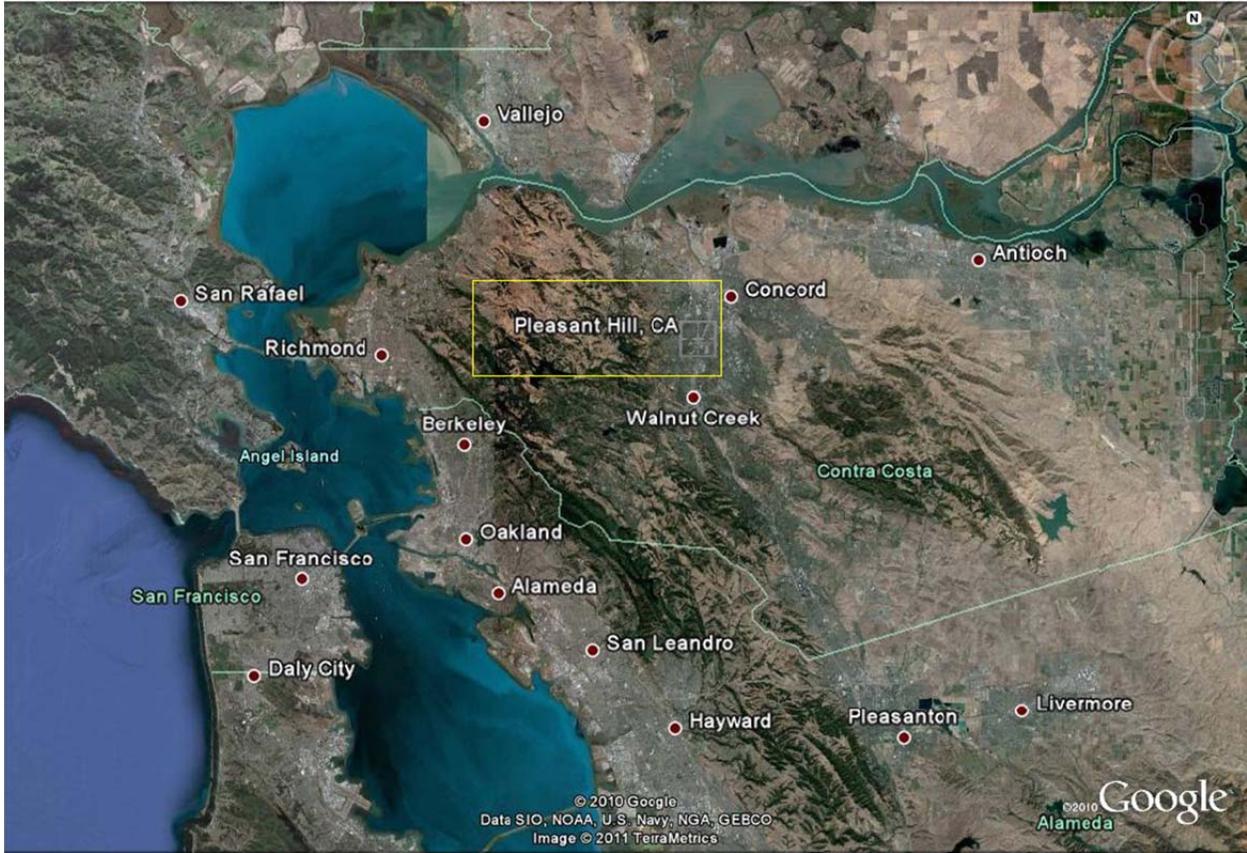
Mayor.....	David E. Durant
Vice Mayor .....	John K. Hanecak
Councilmember.....	Michael G. Harris, OD
Councilmember.....	Jack Weir
Councilmember.....	Terri Williamson
City Clerk.....	Marty C. McInturf
City Treasurer .....	Mark W. Celio

**CITY STAFF**

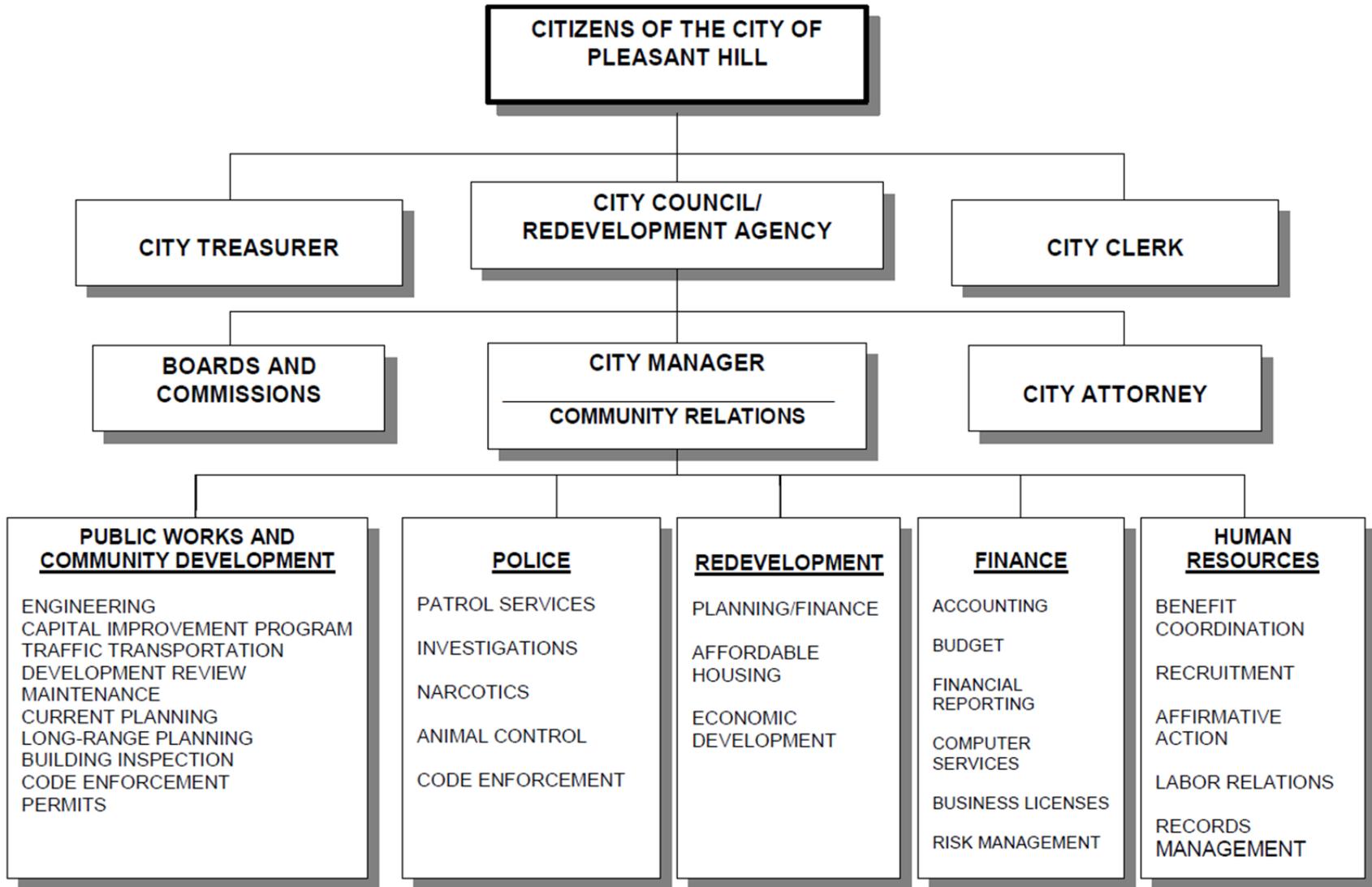
City Manager .....	June W. Catalano
City Attorney .....	Debra S. Margolis
Finance Manager.....	Mary McCarthy
Human Resources Manager .....	Freda Warren
Public Works & Community Development Director.....	Vacant
Redevelopment Administrator .....	Robert Stewart
Chief of Police .....	Peter Dunbar

# CITY OF PLEASANT HILL

## California Map



**CITY OF PLEASANT HILL  
Organization Chart**



# 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, 2010

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



*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director

## Independent Auditor's Report

City Council  
City of Pleasant Hill, California

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, California (the City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1(J) to the basic financial statements, effective July 1, 2010, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

As discussed in Note 12(H) to the financial statements, on June 29, 2011, the California State Legislature enacted legislation that is intended to provide for the dissolution of redevelopment agencies in the State of California unless certain payments can be made to the State of California (Voluntary Alternative Redevelopment Plan). On December 29, 2011, the California Supreme Court (Court) largely upheld the legislation for the dissolution of redevelopment agencies. Furthermore, the Court invalidated the Voluntary Alternative Redevelopment Plan. Accordingly, the Agency is required to dissolve in fiscal year 2011/12 and the guidelines for dissolution are set forth in the legislation. The financial statements do not include any adjustments as a result of the dissolution of the Agency.

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 GASB,

who considers it to be an essential part of financial reporting for placing the basic financial statements in the 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 regarding 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 sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory, other supplementary information, and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Macias Gini & Connell LLP*

Walnut Creek, California  
December 29, 2011

**CITY OF PLEASANT HILL**  
**Management's Discussion and Analysis (Unaudited)**  
Year Ended June 30, 2011

As management of the City of Pleasant Hill (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2011. Readers are encouraged to consider the following information in conjunction with the accompanying Transmittal Letter and Basic Financial Statements.

**FISCAL 2011 FINANCIAL HIGHLIGHTS**

*Citywide:*

- The City's total assets were \$97.0 million at June 30, 2011. Of this total, \$96.2 million were governmental assets and \$ 0.8 million were business-type assets.
- Total liabilities were \$20.4 million of which \$20.4 million were governmental liabilities.
- Citywide revenues in fiscal 2011 were \$26.3 million, of which \$26.0 million was generated by governmental activities and \$0.3 million was generated by business-type activities.
- Citywide expenses were \$28.0 million, of which \$27.8 million were incurred by governmental activities and \$0.2 million were incurred by business-type activities.

*Fund Level:*

- Governmental Fund total assets were \$37.0 million.
- Governmental Fund total liabilities were \$3.6 million.
- Governmental Fund revenues were \$26.3 million.
- Governmental Fund expenditures were \$27.5 million.
- Enterprise Fund total assets were \$0.9 million.
- Enterprise Fund total liabilities were \$0.1 million.
- Enterprise Fund operating revenues were \$0.3 million.
- Enterprise Fund operating expenses were \$0.2 million.

**OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT**

This Comprehensive Annual Financial Report is organized into three sections:

- 1) The **Introductory Section** includes the table of contents, letter of transmittal, listing of elected officials and City administrative personnel, organization chart, and location map.
- 2) The **Financial Section** includes the independent auditor's opinion, management's discussion and analysis, the basic financial statements, notes to the financial statements, combining statements of non-major funds, and other supplemental information.
- 3) The **Statistical Section** includes both financial and non-financial data about the City.

**CITY OF PLEASANT HILL**  
**Management's Discussion and Analysis (Unaudited)**  
Year Ended June 30, 2011

**The Basic Financial Statements**

The Basic Financial Statements comprise the City-wide Financial Statements and the Fund Financial Statements. These two sets of financial statements provide two different views of the City's financial activities and financial position both long-term and short-term.

The City-wide Financial Statements provide a longer-term view of the City's activities as a whole, and comprise the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the City's programs. The Statement of Activities explains in detail the change in Net Assets for the year.

The Fund Financial Statements report the City's operations in more detail than the City-wide statements and focus primarily on the short-term activities of the City's General Fund and other Major Funds. The Fund Financial Statements measure only current revenues and expenditures, current assets, liabilities and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of the City and are presented individually, while the activities of Non-Major funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds. Major Funds are explained below.

The City acts solely as a depository agent for Assessment Districts for which the City has no obligation to repay debt. The fiduciary statements provide information about the cash balances and activities of these Assessments Districts. These statements are separate from and their balances are excluded from the City's other financial statements.

Together, all these statements are called the Basic Financial Statements.

*The City-wide Financial Statements*

All of the City's basic services are considered to be Governmental activities, including 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.

The City's only enterprise activity, Diablo Vista Water, is reported as a business-type activity. These activities are 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 City's governmental activities include the activities of the Pleasant Hill Redevelopment Agency (the Agency) and the Pleasant Hill Joint Powers Financing Authority because the City is financially accountable for these entities.

City-wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the City as a whole.

**CITY OF PLEASANT HILL**  
**Management's Discussion and Analysis (Unaudited)**  
Year Ended June 30, 2011

*Fund Financial Statements*

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are presented only in the city-wide financial statements.

Enterprise fund financial statements are prepared on the full accrual basis and include all their assets and liabilities, including both current and long-term.

The Fund Financial Statements provide detailed information about each of the City's most significant funds, called Major Funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-Major Funds summarized and presented only in a single column. Combining schedules present the detail of these Non-Major funds. Major Funds present the major activities of the City for the year. The General Fund is always a Major Fund, but other Major Funds may change from year to year as a result of changes in the pattern of City's activities.

The City has six Major Governmental Funds in fiscal 2011 in addition to the General Fund, including the Traffic Mitigation Fund, Measure C/J Growth Management Fund, Gas Tax fund, COPS Grant, Pleasant Hill Redevelopment Capital Project, and Pleasant Hill Redevelopment TARB Debt Service. The City also reported its only enterprise fund as a Major Fund. Each of the Major Funds is discussed in detail below.

Comparisons of budget and actual financial information are presented only for the General Fund and all Major Special Revenue Funds. This year the Traffic Mitigation Fund, Measure C/J Growth Management Fund, Gas Tax Fund, and COPS Grant Fund are the only Major Special Revenue Funds.

*Fiduciary Statements*

The City is the agent for certain governmental entities and non-public organizations. In this capacity, the City collects and disburses funds as directed or required. The City's fiduciary activities are reported in the separate Statements of Fiduciary Net Assets and the Agency Funds Statement of Changes in Assets and Liabilities. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations.

**FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE**

This analysis focuses on the net assets and changes in net assets of the City as a whole. Tables 1, 2 and 3 focus on the City's Governmental Statement of Net Assets and Statement of Activities, while Tables 4 and 5 focus on the City's Business-type Statement of Net Assets and Statement of Activities.

**CITY OF PLEASANT HILL**  
**Management's Discussion and Analysis (Unaudited)**  
Year Ended June 30, 2011

*Governmental Activities*

**Table 1**  
**Governmental Net Assets at June 30 (in Millions)**

	2011	2010
Cash and Investments	\$ 29.9	\$ 29.8
Other assets	6.5	7.4
Capital Assets	<u>59.8</u>	<u>61.2</u>
Total assets	<u>96.2</u>	<u>98.4</u>
Long-term debt	16.2	17.4
Other liabilities	<u>4.2</u>	<u>3.4</u>
Total liabilities	<u>20.4</u>	<u>20.8</u>
Net assets:		
Invested in capital assets, net of debt	43.6	43.9
Restricted	19.9	18.8
Unrestricted	<u>12.3</u>	<u>14.9</u>
Total net assets	<u>\$ 75.8</u>	<u>\$ 77.6</u>

- Pooled cash and investments of \$27.6 million are held for operations. A majority of these amounts were invested in the State's Local Agency Investment Fund (LAIF), as detailed in Note 3 to the financial statements. An additional \$2.3 million was held with trustees for bond reserve and debt service obligations.
- Current assets of \$2.3 million, including receivables and prepaid expenses.
- Notes and loans receivable of \$3.6 million for developers and very low and low income homeowners. Details are explained in Note 5 to the basic financial statements.
- Land held for redevelopment of \$0.6 million purchased by the City to develop or redevelop blighted properties within the redevelopment area. The City sold approximately \$1.0 million of property during the year. Details are explained in Note 6 to the basic financial statements.
- Capital assets of \$59.8 million that include the City's entire infrastructure as well as other capital assets used in governmental activities. Capital assets decreased during the year due to depreciation exceeding current year additions. Details are explained in Note 7 to the basic financial statements.
- Current liabilities of \$2.3 million, including accounts payable and accrued liabilities, deposits payable, interest payable, and unearned revenue.
- Compensated absences of \$1.9 million represent the obligation for unpaid vacation and sick leave.
- Long-term debt of \$16.2 million, of which \$1.2 million is due within one year and \$15.0 due in more than one year. Long-term debt decreased during the year due to schedule debt service payments. Details are explained in Note 8 to the basic financial statements.
- Net assets invested in capital assets, net of related debt of \$43.6 million, represents the City's investment in infrastructure and other capital assets used in governmental activities, net of amounts borrowed to finance that investment.
- Restricted net assets totaling \$20.5 million, which are restricted be used for debt service, redevelopment, special revenue projects, and capital projects. Restrictions on the balance were imposed by others or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets, which are the portion of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. The City had \$12.3 million of unrestricted net assets at June 30, 2011.

**CITY OF PLEASANT HILL**  
**Management's Discussion and Analysis (Unaudited)**  
Year Ended June 30, 2011

**Table 2**  
**Changes in Governmental Net Assets (in Millions)**

	2011	2010
<b>Expenses</b>		
General government	\$ 4.0	\$ 4.2
Public safety	10.4	10.6
Transportation	6.4	7.6
Community development	6.0	7.1
Interest and fiscal charges	1.0	0.8
<b>Total expenses</b>	<u>27.8</u>	<u>30.3</u>
<b>Revenue</b>		
Program revenues		
Charges for services	2.1	2.1
Operating contributions and grants	1.5	3.8
Capital contributions and grants	0.2	-
<b>Subtotal program revenues</b>	<u>3.8</u>	<u>5.9</u>
General revenues		
Property taxes	2.7	2.7
Incremental property taxes	4.6	4.9
Sales taxes	6.0	6.4
Other taxes	5.8	5.2
Motor vehicle in lieu	2.6	2.6
Investment earnings	0.2	0.3
Miscellaneous	0.3	0.5
<b>Subtotal general revenues</b>	<u>22.2</u>	<u>22.6</u>
<b>Total revenues</b>	<u>26.0</u>	<u>28.5</u>
<b>Changes in net assets</b>	<u>(1.8)</u>	<u>(1.8)</u>
Beginning net assets	<u>77.6</u>	<u>79.4</u>
Ending net assets	<u>\$ 75.8</u>	<u>\$ 77.6</u>

General revenues are not allocable to programs but are used to pay for the net cost of governmental services. As Table 2 above shows, \$3.8 million or 15% of the City's fiscal 2011 Governmental revenue came from program revenues and \$22.2 million or 85% came from general revenues such as taxes and interest. Program revenues of \$3.8 million include: 1) Charges for services of \$2.1 million, which are intended to help cover the expenses incurred in providing a variety of City services, 2) Operating grants and contributions of \$1.5 million, such as gas tax revenues, Measure C/J and grants for police services, and 3) Capital grants and contributions of \$0.2 million for capital related expenses.

Expenses are classified by governmental function. General government and Public Safety expenses decreased minimally when compared to the previous year. Transportation expenses decreased by \$1.2 million due to reduced capital maintenance activities for current year. Community development expenses decreased by \$1.1 million primarily due to the lower payment to the Supplemental Educational Revenue Augmentation Fund, from previous year's \$1.9 million to current year's \$0.4 million.

**CITY OF PLEASANT HILL**  
**Management's Discussion and Analysis (Unaudited)**  
Year Ended June 30, 2011

Table 3 presents the net (expense) or revenue 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.

**Table 3**  
**Net Revenue (Expenses) of Governmental Activities (in Millions)**

	2011	2010
General government	\$ (3.6)	\$ (3.4)
Public safety	(10.3)	(10.0)
Transportation	(5.0)	(4.4)
Community development	(4.2)	(5.7)
Interest and fiscal charges	(1.0)	(1.0)
<b>Total</b>	<u>\$ (24.1)</u>	<u>\$ (24.5)</u>

Net expenses for community development decreased by \$1.5 million primarily due to the lower payment to the Supplemental Educational Revenue Augmentation Fund as discussed above. Overall, program revenues collected are significantly lower than the program expenses. Consequently, the City of Pleasant Hill is very dependent on property and sales taxes received. The City Council by resolution designated \$8.3 million for contingency reserves in the General Fund. A significant amount of the contingency reserve is used to accommodate minimum cash flow needs to offset a revenue lag for property taxes in the first five months of the fiscal year. The remainder of the \$8.3 million contingency reserve would be available to cover unanticipated expenses and to mitigate the impact of a downturn in the economy, loss of a major retailer, or loss of revenues due to actions of the State legislature.

***Business-type Activities***

The Statements of Net Assets and Statement of Activities present a summary of the City's Business-type activities, which are comprised of the City's enterprise funds.

**Table 4**  
**Business-Type Net Assets (in Millions)**

	2011	2010
Current assets	\$ 0.4	\$ 0.3
Capital assets	0.4	0.4
Total assets	<u>0.8</u>	<u>0.7</u>
Other liabilities	<u>-</u>	<u>-</u>
Net assets:		
Invested in capital assets	0.4	0.4
Unrestricted	<u>0.4</u>	<u>0.3</u>
Total net assets	<u>\$ 0.8</u>	<u>\$ 0.7</u>

The net assets of business-type activities were \$0.8 million at June 30, 2011. The current assets and net assets both increased by \$0.1 million during current year.

**CITY OF PLEASANT HILL**  
**Management's Discussion and Analysis (Unaudited)**  
Year Ended June 30, 2011

**Table 5**  
**Changes in Business Type Activities Net Assets (in Millions)**

	2011	2010
<b>Expenses</b>		
Diablo Vista Water	\$ 0.2	\$ 0.1
<b>Revenue</b>		
Program revenues		
Charges for services	0.1	0.1
General revenues	0.2	0.1
<b>Total revenues</b>	0.3	0.2
<b>Changes in net assets</b>	0.1	0.1
Beginning net assets	0.7	0.6
Ending net assets	\$ 0.8	\$ 0.7

Similar to previous year, total revenues of business-type activities exceed total expenses by \$0.1 million for the current year. Expenses, program revenues, and general revenues changed minimally when compared to previous year. Expenses were higher than the previous year primarily due to higher costs for raw water.

**Table 6**  
**Financial Highlights at Fund Level at June 30 (in Millions)**

	2011	2010
<b>Governmental Funds</b>		
Total assets	\$ 37.0	\$ 38.0
Total liabilities	3.6	3.3
Total fund balances	33.4	34.7
Total revenues	26.3	28.2
Total expenditures	27.5	29.8

***General Fund Budget and Actual Comparison***

For current fiscal year, the original and final budgeted revenues for General fund were \$17.9 million. The actual revenues were \$18.1 million, \$0.2 million more than the final budgeted revenues. The original and final budgeted expenditures for General fund were \$17.7 million and \$18.0 million, respectively. The actual expenditures were \$17.5 million, \$0.5 million less than the final budgeted expenditures. The actual expenditures were lower than budgeted primarily due to salary savings from vacant positions.

**CITY OF PLEASANT HILL**  
**Management's Discussion and Analysis (Unaudited)**  
Year Ended June 30, 2011

*Analyses of Major Governmental Funds*

**General Fund**

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, fund balance was \$14.6 million. This represents a net increase in fund balance of \$3.6 million from the prior fiscal year. As a measure of the General Fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. Fund balance represents 78.3% of total General Fund expenditures, including transfers out. The increase of fund balance is mainly due to the transfers of \$3.8 million from the Redevelopment Capital Projects Fund based on the Public Improvements, Economic Development and Housing Reimbursement agreement between the City and the Agency.

General Fund revenues, excluding transfers in, decreased by \$0.1 million over the previous year. Sales taxes revenue declined by \$0.4 million over the previous fiscal year mainly due to economic downturn and decrease in general retail sector which historically produced in excess of 50% of the City's sales tax revenue. Other taxes and special assessments increased by \$0.3 million primarily due to increases in transient occupancy tax, franchise tax and business licenses tax when compared to prior year.

General fund expenditures, excluding transfers out, decreased by \$0.3 million or 2% over the previous year. The decline was lower insurance costs and salary savings from vacant positions.

**Traffic Mitigation**

The Traffic Mitigation fund accounts for fees assessed on new development to provide for street or other traffic improvements. This fund became a major fund for the fiscal year 2008.

Traffic Mitigation fund revenues, excluding transfers, were less than the previous year primarily due to less grant funding being received. \$0.6 million was transferred in from Measure C/J Growth Management Fund and other funds for capital projects. Expenditures increased \$0.4 million due to the increase in capital improvement activities.

**Measure C/J Growth Management**

The Measure C/J fund accounts for resources provided by the one-half cent sales tax dedicated to transportation improvement projects. This fund became a major fund for fiscal year 2005.

Measure C/J revenues declined \$0.4 million primarily due to the receipt of one time Proposition 1B monies for \$0.5 million during the prior fiscal year. During current fiscal year, the City transferred the funds received in prior year to the Traffic Mitigation Fund as the related projects are expended in the Traffic Mitigation Fund. Expenditures changed minimally when compared to previous year.

**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. This fund became a major fund for fiscal year 2009.

Gas Tax fund revenues increased minimally when compared to previous year. Expenditures decreased \$0.9 million due to the decrease in capital improvement activities.

**CITY OF PLEASANT HILL**  
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Year Ended June 30, 2011

**COPS Grant Fund**

The 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. This fund became a major fund for the fiscal year 2011. Minimal revenues and expenditures are recorded in the fund during current year.

**Redevelopment Fund Capital Project Fund**

The Redevelopment Capital Project Fund accounts for acquiring land and facilities for urban redevelopment in the Commons and Schoolyard project areas, as well as the 20% housing set-aside from tax increment proceeds. The Agency's primary revenue source is property tax increment.

Revenue, excluding other financing sources, remained relatively constant when compared to previous year. \$0.3 million of proceeds from sale of capital assets was received during the previous year and no such revenue was received for current year. Expenditures, excluding transfers out, decreased by \$1.3 million primarily due to the lower payment to the Supplemental Education Revenue Augmentation Fund, from previous year's \$1.9 million to current year's \$0.4 million. \$3.8 million was transferred out to the General Fund based on the Public Improvements, Economic Development and Housing Reimbursement agreement between the City and the Agency. Further detail may be found in Note 4 to the basic financial statements.

**Pleasant Hill Redevelopment TARB Debt Service Fund**

This fund accounts for the Commons project area's tax increment revenues and the payment of debt service on the 2002 Tax Allocation Refunding Bonds (TARB), the annual payment to the Low/Mod Housing Fund on an interfund loan, and the forwarding of the tax increment received on Downtown properties to the PHDCFD #1 Debt Service Fund to satisfy its debt service and other obligations. Pursuant to the TARB bond indenture, any excess remaining in the TARB Debt Service Fund may be transferred into the capital project fund, where it may be used for operating expenditures. Debt service expenditures for current year changed minimally when compared to prior year.

**Other Governmental Funds**

These funds are not presented separately in the Basic Financial statements, but are individually presented as Supplemental Information.

*Analysis of Major Enterprise Funds*

**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.

**CITY OF PLEASANT HILL**  
**Management's Discussion and Analysis (Unaudited)**  
Year Ended June 30, 2011

**CAPITAL ASSETS**

The City of Pleasant Hill's infrastructure capital assets includes 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, while maintenance projects are expensed. 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 recorded on the City's financial statements are shown in Table 7 below (further detail may be found in Note 7 to the basic financial statements):

**Table 7**  
**Capital Assets as of June 30 (in Millions)**

	2011	2010
<b>Governmental Activities:</b>		
Land	\$ 3.4	\$ 3.4
Construction in progress	1.8	1.0
Buildings and improvements	15.0	14.9
Equipment and furniture	6.3	6.0
Streets and roads	52.6	52.6
Curbs and gutters	15.4	15.4
Storm drains	6.5	6.5
Street lights	0.9	0.9
Traffic control devices	2.4	2.4
Less: accumulated depreciation	(44.5)	(41.9)
Total	\$ 59.8	\$ 61.2
<b>Business-type Activities:</b>		
Water system infrastructure	\$ 0.6	\$ 0.6
Less: accumulated depreciation	(0.2)	(0.2)
Total	\$ 0.4	\$ 0.4

During current year, the primary additions to governmental activities capital assets include \$0.8 million of construction in progress, \$0.1 million of buildings and improvements, and \$0.4 million of equipment and furniture.

The City depreciates all its capital assets over their estimated useful lives, as required by GASB 34. 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 \$2.7 million. Additional information on depreciable lives may be found in Note 1(G).

**CITY OF PLEASANT HILL**  
**Management's Discussion and Analysis (Unaudited)**  
Year Ended June 30, 2011

**DEBT ADMINISTRATION**

Table 8 below lists the City's debt at June 30, 2011 with comparative figures for June 30, 2010:

**Table 8**  
**Outstanding Debt at June 30 (in Millions)**

	2011	2010
Governmental Activities Debt:		
Lease Revenue Refunding Bonds, Series 2004	\$ 4.3	\$ 4.9
Tax Allocation Refunding Bods, Series 2002	5.7	6.1
Special Tax Refunding Bonds, Subordinated Series 2002	6.2	6.4
Total Outstanding Debt	\$ 16.2	\$ 17.4

During the current year, City made scheduled principal payments of \$1.2 million. Additional information on each of the City's debt issues is discussed in detail in Notes 8 to the basic financial statements.

**ECONOMIC OUTLOOK AND MAJOR INITIATIVES**

On June 29, 2011, the California State Legislature enacted legislation that is intended to provide for the dissolution of redevelopment agencies in the State of California unless certain payments can be made to the State of California (Voluntary Alternative Redevelopment Plan). On December 29, 2011, the California Supreme Court (Court) largely upheld the legislation for the dissolution of redevelopment agencies. Furthermore, the Court invalidated the Voluntary Alternative Redevelopment Plan. Accordingly, the Agency is required to dissolve in fiscal year 2011/12 and the guidelines for dissolution are set forth in the legislation.

Other information regarding the economy of the City and its major initiatives for the coming year are discussed in detail in the accompanying Transmittal Letter.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general 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.

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**CITY OF PLEASANT HILL**

Statement of Net Assets

June 30, 2011

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	Activities	Activities	
Assets:			
Cash and investments:			
Held in City Treasury	\$ 27,584,272	\$ 453,059	\$ 28,037,331
Held with trustees	2,294,974	-	2,294,974
Receivables:			
Accounts and others	1,203,884	-	1,203,884
Grants	845,203	-	845,203
Interest	60,146	454	60,600
Due from other governmental agencies	1,623	-	1,623
Prepaid expenses	107,935	-	107,935
Internal balances	60,000	(60,000)	-
Notes and loans receivable	3,632,808	-	3,632,808
Land held for redevelopment	575,937	-	575,937
Capital assets:			
Nondepreciable	5,254,027	-	5,254,027
Depreciable, net of accumulated depreciation	54,571,402	432,080	55,003,482
Total assets	<u>96,192,211</u>	<u>825,593</u>	<u>97,017,804</u>
Liabilities:			
Accounts payable and accrued liabilities	1,064,558	13,095	1,077,653
Deposits payable	419,493	-	419,493
Unearned revenue	579,926	-	579,926
Interest payable	201,177	-	201,177
Compensated absences payable:			
Due within one year	381,000	-	381,000
Due in more than one year	1,525,331	-	1,525,331
Long-term debt:			
Due within one year	1,225,000	-	1,225,000
Due in more than one year	14,950,000	-	14,950,000
Total liabilities	<u>20,346,485</u>	<u>13,095</u>	<u>20,359,580</u>
Net Assets:			
Invested in capital assets, net of related debt	43,650,429	432,080	44,082,509
Restricted for:			
Debt service	2,752,349	-	2,752,349
Redevelopment	11,692,234	-	11,692,234
Special revenue	4,746,909	-	4,746,909
Capital projects	699,039	-	699,039
Total restricted net assets	<u>19,890,531</u>	<u>-</u>	<u>19,890,531</u>
Unrestricted	12,304,766	380,418	12,685,184
Total net assets	<u>\$ 75,845,726</u>	<u>\$ 812,498</u>	<u>\$ 76,658,224</u>

See accompanying notes to basic financial statements.

**CITY OF PLEASANT HILL**  
**Statement of Activities**  
**For the Year Ended June 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental Activities:</b>							
General government	\$ 4,013,156	\$ 268,859	\$ 37,481	\$ 57,498	\$ (3,649,318)	\$ -	\$ (3,649,318)
Public safety	10,460,617	167,693	12,287	-	(10,280,637)	-	(10,280,637)
Transportation	6,461,403	61,134	1,418,085	-	(4,982,184)	-	(4,982,184)
Community development	5,985,179	1,618,580	19,382	180,934	(4,166,283)	-	(4,166,283)
Interest and fiscal charges	952,768	-	-	-	(952,768)	-	(952,768)
Total governmental activities	<u>27,873,123</u>	<u>2,116,266</u>	<u>1,487,235</u>	<u>238,432</u>	<u>(24,031,190)</u>	<u>-</u>	<u>(24,031,190)</u>
<b>Business-type activities:</b>							
Diablo Vista Water	<u>153,881</u>	<u>134,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,361)</u>	<u>(19,361)</u>
Total	<u>\$ 28,027,004</u>	<u>\$ 2,250,786</u>	<u>\$ 1,487,235</u>	<u>\$ 238,432</u>	<u>(24,031,190)</u>	<u>(19,361)</u>	<u>(24,050,551)</u>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes					2,732,451	140,579	2,873,030
Incremental property tax					4,583,378	-	4,583,378
Sales taxes					6,024,036	-	6,024,036
Transient occupancy tax					1,235,097	-	1,235,097
Franchise tax					1,730,348	-	1,730,348
Other taxes					2,837,364	-	2,837,364
<b>Intergovernmental, unrestricted:</b>							
Motor vehicle in lieu of taxes					2,644,861	-	2,644,861
Investment earnings					205,007	1,380	206,387
Gain from sale of capital assets					8,014	-	8,014
Miscellaneous					233,963	-	233,963
Total general revenues					<u>22,234,519</u>	<u>141,959</u>	<u>22,376,478</u>
Change in net assets					<u>(1,796,671)</u>	<u>122,598</u>	<u>(1,674,073)</u>
Net assets, beginning of year					<u>77,642,397</u>	<u>689,900</u>	<u>78,332,297</u>
Net assets, end of year					<u>\$ 75,845,726</u>	<u>\$ 812,498</u>	<u>\$ 76,658,224</u>

See accompanying notes to basic financial statements.

**CITY OF PLEASANT HILL**

Governmental Funds

Balance Sheet

June 30, 2011

	General	Traffic Mitigation	Measure C/J Growth Management	Gas Tax	COPS Grant	Redevelopment Capital Projects	Redevelopment TARB Debt Service	Other Governmental Funds	Total
<b>Assets:</b>									
Cash and investments:									
Held in City Treasury	\$ 14,679,791	\$ 1,049,877	\$ 78,905	\$ 1,220,126	\$ -	\$ 3,121,017	\$ 992,178	\$ 6,442,378	\$ 27,584,272
Held with trustees	-	-	-	-	-	-	653,202	1,641,772	2,294,974
Receivables:									
Accounts and other	1,053,119	-	-	99,036	-	-	-	51,729	1,203,884
Grants	-	-	-	205,348	404,093	-	-	235,762	845,203
Interest	35,212	874	296	1,573	-	17,334	1,090	3,767	60,146
Due from other									
governmental agencies	1,623	-	-	-	-	-	-	-	1,623
Due from other funds	10,942	-	-	-	-	-	-	875	11,817
Prepaid items	-	-	-	-	-	-	-	107,935	107,935
Advances to other funds	60,000	-	-	-	-	638,957	-	-	698,957
Notes and loans receivable	-	-	-	-	-	3,632,808	-	-	3,632,808
Land held for redevelopment	-	-	-	-	-	575,937	-	-	575,937
Total assets	<u>\$ 15,840,687</u>	<u>\$ 1,050,751</u>	<u>\$ 79,201</u>	<u>\$ 1,526,083</u>	<u>\$ 404,093</u>	<u>\$ 7,986,053</u>	<u>\$ 1,646,470</u>	<u>\$ 8,484,218</u>	<u>\$ 37,017,556</u>
<b>Liabilities and Fund Balances:</b>									
<b>Liabilities:</b>									
Accounts payable and									
accrued liabilities	\$ 729,165	\$ 90,745	\$ -	\$ 63,398	\$ 1,633	\$ 107,431	\$ -	\$ 72,186	\$ 1,064,558
Deposits payable	419,493	-	-	-	-	-	-	-	419,493
Deferred revenue	56,756	-	-	175,833	404,093	557,618	-	235,762	1,430,062
Due to other funds	-	-	-	-	9,307	-	-	2,510	11,817
Advance from other funds	-	-	-	-	-	-	638,957	-	638,957
Total liabilities	<u>1,205,414</u>	<u>90,745</u>	<u>-</u>	<u>239,231</u>	<u>415,033</u>	<u>665,049</u>	<u>638,957</u>	<u>310,458</u>	<u>3,564,887</u>
<b>Fund balances:</b>									
Nonspendable	60,000	-	-	-	-	-	-	-	60,000
Restricted	3,813,612	960,006	79,201	1,286,852	-	7,321,004	1,007,513	5,022,014	19,490,202
Committed	-	-	-	-	-	-	-	3,154,256	3,154,256
Assigned	8,399,941	-	-	-	-	-	-	-	8,399,941
Unassigned	2,361,720	-	-	-	(10,940)	-	-	(2,510)	2,348,270
Total fund balances	<u>14,635,273</u>	<u>960,006</u>	<u>79,201</u>	<u>1,286,852</u>	<u>(10,940)</u>	<u>7,321,004</u>	<u>1,007,513</u>	<u>8,173,760</u>	<u>33,452,669</u>
Total liabilities and fund balances	<u>\$ 15,840,687</u>	<u>\$ 1,050,751</u>	<u>\$ 79,201</u>	<u>\$ 1,526,083</u>	<u>\$ 404,093</u>	<u>\$ 7,986,053</u>	<u>\$ 1,646,470</u>	<u>\$ 8,484,218</u>	<u>\$ 37,017,556</u>

See accompanying notes to basic financial statements.

**CITY OF PLEASANT HILL**

Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Assets - Governmental Activities  
June 30, 2011

Total fund balances reported on the governmental funds balance sheet	\$ 33,452,669
Amounts reported for governmental activities in the statement of net assets are different from those reported in the governmental funds above because of the following:	
Capital assets:	
Capital assets used in governmental activities are not current assets or financial resources and therefore are not reported in the governmental funds.	59,825,429
Receivables not available:	
Certain receivables are not available to pay for current period expenditures and therefore are deferred in the governmental funds.	850,136
Long-term liabilities:	
The liabilities below are not due and payable in the current period and therefore are not reported in the governmental funds:	
Long-term debt	(9,950,000)
Special assessment debt	(6,225,000)
Interest payable	(201,177)
Compensated absences	<u>(1,906,331)</u>
Net assets of governmental activities	<u>\$ 75,845,726</u>

**CITY OF PLEASANT HILL**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2011**

	General	Traffic Mitigation	Measure C/J Growth Management	Gas Tax	COPS Grant	Redevelopment Capital Projects	Redevelopment TARB Debt Service	Other Governmental Funds	Total
<b>Revenues:</b>									
Property taxes	\$ 2,353,216	\$ -	\$ -	\$ -	\$ -	\$ 1,634,174	\$ 2,949,204	\$ 378,756	\$ 7,315,350
Sales taxes	6,024,036	-	-	-	-	-	-	-	6,024,036
Other taxes and special assessments	5,363,256	-	-	-	-	-	-	877,997	6,241,253
Licenses and permits	424,960	-	-	-	-	-	-	-	424,960
Intergovernmental	2,710,815	83,928	519,331	1,201,312	-	-	-	168,793	4,684,179
Charges for services	492,137	2,479	-	-	-	-	-	130,187	624,803
Fines and forfeitures	76,768	-	-	-	-	-	-	96,655	173,423
Use of money and property	76,658	4,454	1,984	5,032	-	45,088	6,636	21,166	161,018
Other	561,238	-	-	-	-	77,726	-	16,486	655,450
<b>Total revenues</b>	<b>18,083,084</b>	<b>90,861</b>	<b>521,315</b>	<b>1,206,344</b>	<b>-</b>	<b>1,756,988</b>	<b>2,955,840</b>	<b>1,690,040</b>	<b>26,304,472</b>
<b>Expenditure:</b>									
<b>Current:</b>									
General government	3,574,873	-	-	-	-	-	-	221,860	3,796,733
Public Safety	9,690,247	-	-	-	10,940	-	-	206,370	9,907,557
Transportation	2,804,722	813,759	22,565	943,516	-	-	-	558,025	5,142,587
Community development	1,443,567	-	26,694	-	-	3,638,768	-	881,145	5,990,174
Capital outlay	-	-	-	-	-	-	-	765,819	765,819
<b>Debt service:</b>									
Principal	-	-	-	-	-	-	425,000	770,000	1,195,000
Interest and fiscal charges	-	-	-	-	-	-	223,413	528,178	751,591
<b>Total expenditures</b>	<b>17,513,409</b>	<b>813,759</b>	<b>49,259</b>	<b>943,516</b>	<b>10,940</b>	<b>3,638,768</b>	<b>648,413</b>	<b>3,931,397</b>	<b>27,549,461</b>
Excess (deficiency) of revenues over (under) expenditures	569,675	(722,898)	472,056	262,828	(10,940)	(1,881,780)	2,307,427	(2,241,357)	(1,244,989)
<b>Other financing sources (uses)</b>									
Proceeds from sale of capital asset	1,853	-	-	-	-	-	-	6,161	8,014
Transfers in	4,168,244	617,328	-	415,000	-	2,167,063	-	2,045,620	9,413,255
Transfers out	(1,166,558)	-	(892,328)	(354,632)	-	(3,813,612)	(3,023,289)	(162,836)	(9,413,255)
<b>Total other financing sources (uses)</b>	<b>3,003,539</b>	<b>617,328</b>	<b>(892,328)</b>	<b>60,368</b>	<b>-</b>	<b>(1,646,549)</b>	<b>(3,023,289)</b>	<b>1,888,945</b>	<b>8,014</b>
<b>Change in fund balances</b>	<b>3,573,214</b>	<b>(105,570)</b>	<b>(420,272)</b>	<b>323,196</b>	<b>(10,940)</b>	<b>(3,528,329)</b>	<b>(715,862)</b>	<b>(352,412)</b>	<b>(1,236,975)</b>
Fund balances, beginning of year	11,062,059	1,065,576	499,473	963,656	-	10,849,333	1,723,375	8,526,172	34,689,644
Fund balances, end of year	\$ 14,635,273	\$ 960,006	\$ 79,201	\$ 1,286,852	\$ (10,940)	\$ 7,321,004	\$ 1,007,513	\$ 8,173,760	\$ 33,452,669

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, 2011

Net change in fund balances - total governmental funds \$ (1,236,975)

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	765,819
Current transportation	505,138

Less current year depreciation	(2,697,520)
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Long term debt transactions:

Repayment of bond principal is an expenditure in the governmental funds, but in the statement of net assets the repayment reduces long-term liabilities. 1,195,000

Accrual of noncurrent items:

The amounts below included in the statement of activities do not provide or (require) the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds:

Change in compensated absences	109,078
Change in interest payable	(201,177)
Change in deferred revenue	(236,034)

Change in net assets of governmental activities	<u>\$ (1,796,671)</u>
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**CITY OF PLEASANT HILL**

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 2,267,773	\$ 2,267,773	\$ 2,353,216	\$ 85,443
Sales taxes	5,964,000	5,964,000	6,024,036	60,036
Other taxes	5,491,875	5,491,875	5,363,256	(128,619)
Licenses and permits	416,328	416,328	424,960	8,632
Intergovernmental	2,694,483	2,694,483	2,710,815	16,332
Charges for current services	585,163	585,163	492,137	(93,026)
Fines and forfeitures	70,000	70,000	76,768	6,768
Use of money and property	161,693	161,693	76,658	(85,035)
Other	271,000	271,000	561,238	290,238
<b>Total Revenues</b>	<b>17,922,315</b>	<b>17,922,315</b>	<b>18,083,084</b>	<b>160,769</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
City Council	168,049	168,049	154,422	13,627
City Manager	536,402	530,683	517,447	13,236
City Attorney	404,831	434,779	346,848	87,931
City Clerk	247,048	247,048	200,444	46,604
City Treasurer	18,886	18,886	15,440	3,446
Finance	837,643	837,643	883,551	(45,908)
Computer services	6,585	6,585	11,153	(4,568)
Human Resources	557,723	687,723	557,357	130,366
Risk management	475,746	475,746	346,893	128,853
City Hall facility	163,698	163,698	139,551	24,147
Non-departmental	615,722	615,722	401,767	213,955
<b>Total general government</b>	<b>4,032,333</b>	<b>4,186,562</b>	<b>3,574,873</b>	<b>611,689</b>
<b>Public safety:</b>				
Police	9,334,727	9,329,727	9,359,541	(29,814)
Narcotics	166,996	176,996	152,571	24,425
Animal control	178,135	178,135	178,135	-
<b>Total public safety</b>	<b>9,679,858</b>	<b>9,684,858</b>	<b>9,690,247</b>	<b>(5,389)</b>
<b>Transportation:</b>				
Other street-related projects	-	112,027	112,027	-
Public works administration	655,878	656,470	757,189	(100,719)
Public works maintenance	1,897,886	1,910,088	1,935,506	(25,418)
<b>Total transportation</b>	<b>2,553,764</b>	<b>2,678,585</b>	<b>2,804,722</b>	<b>(126,137)</b>
<b>Community development:</b>				
Planning	882,471	882,471	842,288	40,183
Building inspection	478,099	478,099	521,641	(43,542)
Community relations	89,801	89,801	79,638	10,163
<b>Total community development</b>	<b>1,450,371</b>	<b>1,450,371</b>	<b>1,443,567</b>	<b>6,804</b>
<b>Total expenditures</b>	<b>17,716,326</b>	<b>18,000,376</b>	<b>17,513,409</b>	<b>486,967</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>205,989</b>	<b>(78,061)</b>	<b>569,675</b>	<b>647,736</b>
<b>Other financing sources (uses):</b>				
Proceeds from sale of properties	-	-	1,853	1,853
Transfers in	450,645	450,645	4,168,244	3,717,599
Transfers out	(1,008,401)	(1,095,333)	(1,166,558)	(71,225)
<b>Total other financing sources (uses)</b>	<b>(557,756)</b>	<b>(644,688)</b>	<b>3,003,539</b>	<b>3,648,227</b>
<b>Change in fund balance</b>	<b>\$ (351,767)</b>	<b>\$ (722,749)</b>	<b>3,573,214</b>	<b>\$ 4,295,963</b>
Fund balance, beginning of year			11,062,059	
Fund balance, end of year			<u>\$ 14,635,273</u>	

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 4,839,365	\$ 4,839,365	\$ 83,928	\$ (4,755,437)
Charges for services	21,000	21,000	2,479	(18,521)
Use of money and property	35,556	35,556	4,454	(31,102)
Total Revenues	4,895,921	4,895,921	90,861	(4,805,060)
Expenditures:				
Current:				
Transportation	5,586,000	6,031,269	813,759	5,217,510
Excess (deficiency) of revenues over (under) expenditures	(690,079)	(1,135,348)	(722,898)	412,450
Other financing sources:				
Transfers in	125,000	125,000	617,328	492,328
Change in fund balance	\$ (565,079)	\$ (1,010,348)	(105,570)	\$ 904,778
Fund balance, beginning of year			1,065,576	
Fund balance, end of year			\$ 960,006	

See accompanying notes to basic financial statements.

**CITY OF PLEASANT HILL**  
Measure C/J Growth Management Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 493,015	\$ 493,015	\$ 519,331	\$ 26,316
Use of money and property	-	-	1,984	1,984
Total Revenues	<u>493,015</u>	<u>493,015</u>	<u>521,315</u>	<u>28,300</u>
Expenditures:				
Current:				
Transportation	50,471	214,592	22,565	192,027
Community development	28,738	28,738	26,694	2,044
Total Expenditures	<u>79,209</u>	<u>243,330</u>	<u>49,259</u>	<u>194,071</u>
Excess of revenues over expenditures	<u>413,806</u>	<u>249,685</u>	<u>472,056</u>	<u>222,371</u>
Other financing uses:				
Transfers out	<u>(400,000)</u>	<u>(400,000)</u>	<u>(892,328)</u>	<u>(492,328)</u>
Change in fund balance	<u>\$ 13,806</u>	<u>\$ (150,315)</u>	<u>(420,272)</u>	<u>\$ (269,957)</u>
Fund balance, beginning of year			<u>499,473</u>	
Fund balance, end of year			<u>\$ 79,201</u>	

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,808,694	\$ 1,808,694	\$ 1,201,312	\$ (607,382)
Use of money and property	14,839	14,839	5,032	(9,807)
Total Revenues	<u>1,823,533</u>	<u>1,823,533</u>	<u>1,206,344</u>	<u>(617,189)</u>
Expenditures:				
Current:				
Transportation	<u>2,396,285</u>	<u>2,731,850</u>	<u>943,516</u>	<u>1,788,334</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(572,752)</u>	<u>(908,317)</u>	<u>262,828</u>	<u>1,171,145</u>
Other financing sources (uses):				
Transfers in	415,000	415,000	415,000	-
Transfers out	<u>-</u>	<u>-</u>	<u>(354,632)</u>	<u>(354,632)</u>
Total other financing sources (uses)	<u>415,000</u>	<u>415,000</u>	<u>60,368</u>	<u>(354,632)</u>
Change in fund balance	<u>\$ (157,752)</u>	<u>\$ (493,317)</u>	<u>323,196</u>	<u>\$ 816,513</u>
Fund balance, beginning of year			<u>963,656</u>	
Fund balance, end of year			<u>\$ 1,286,852</u>	

See accompanying notes to basic financial statements.

**CITY OF PLEASANT HILL**

COPS Grant Fund

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

For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
Public Safety	\$ -	\$ 10,875	\$ 10,940	\$ (65)
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(10,875)</u>	<u>(10,940)</u>	<u>(65)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ (10,875)</u>	<u>(10,940)</u>	<u>\$ (65)</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ (10,940)</u>	

See accompanying notes to basic financial statements.

**CITY OF PLEASANT HILL**  
Proprietary Fund  
Statement of Fund Net Assets  
June 30, 2011

	Diablo Vista Water Enterprise Fund
Assets:	
Current assets:	
Cash and investments held in City Treasury	\$ 453,059
Interest receivable	454
Total current assets	453,513
Noncurrent assets:	
Capital assets:	
Depreciable, net of accumulated depreciation	432,080
Total assets	885,593
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	13,095
Noncurrent liabilities:	
Advance from other funds	60,000
Total liabilities	73,095
Net assets:	
Invested in capital assets	432,080
Unrestricted	380,418
Total net assets	\$ 812,498

See accompanying notes to basic financial statements.

**CITY OF PLEASANT HILL**  
Proprietary Fund  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
For the Year Ended June 30, 2011

	Diablo Vista Water Enterprise Fund
Operating revenues:	
Water district assessments and charges	\$ 134,520
Property taxes	140,579
Total operating revenues	275,099
 Operating expenses:	
Purchased water	109,130
Personnel services	11,426
Contract services	8,575
Administration and office utilities	13,657
Repairs and maintenance	535
Depreciation	10,558
Total operating expenses	153,881
Operating income (loss)	121,218
 Nonoperating revenues:	
Interest income	1,380
Change in net assets	122,598
Net assets, beginning of year	689,900
Net assets, end of year	\$ 812,498

See accompanying notes to basic financial statements.

**CITY OF PLEASANT HILL**  
Proprietary Fund  
Statement of Cash Flows  
For the Year Ended June 30, 2011

	Diablo Vista Water Enterprise Fund
Cash flows from operating activities:	
Cash received from customers	\$ 134,520
Cash payments to suppliers for goods and services	(137,112)
Cash payments to employees	(11,426)
Property tax received	140,579
Net cash provided by operating activities	126,561
Cash flows from noncapital financing activities:	
Repayment of interfund loans	(12,000)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(7,705)
Cash flows from investing activities:	
Interest income received	1,327
Net change in cash and cash equivalents	108,183
Cash and cash equivalents, beginning of year	344,876
Cash and cash equivalents, end of year	\$ 453,059
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 121,218
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	10,558
Change in accounts payable and accruals	(5,215)
Net cash provided by operating activities	\$ 126,561

See accompanying notes to basic financial statements.

**CITY OF PLEASANT HILL**  
 Fiduciary Funds  
 Statement of Fiduciary Assets and Liabilities  
 June 30, 2011

	<u>Agency Fund</u>
<b>Assets:</b>	
Cash and investments:	
Held in City Treasury	\$ 367,173
Held with trustees	1,066,265
Receivables:	
Accounts	97,256
Interest	393
Due from other governmental agencies	181,294
Prepaid items	6,980
Total assets	<u><u>\$ 1,719,361</u></u>
 <b>Liabilities:</b>	
Accounts payable and accrued liabilities	78,507
Due to others	1,640,854
Total liabilities	<u><u>\$ 1,719,361</u></u>

See accompanying notes to basic financial statements.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***A. Reporting Entity***

The City of Pleasant Hill (the 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, general administration services, and redevelopment.

The basic financial statements include the financial activities of the City, as well as the Pleasant Hill Redevelopment Agency (the Agency) and the Pleasant Hill Joint Powers Financing Authority (the Authority), both of which are controlled by and dependent on the City and are considered blended component units of the City. A blended component unit, although a legally separate entity, is in substance, part of the City's operations and data from this unit is combined with the City.

The Agency is a separate government entity whose purpose is to prepare and implement plans for improvement, rehabilitation, and development of certain areas within the City. The City Council acts as the Board of Directors of the Agency. Certain administrative and accounting functions are performed by City staff. The financial activities of the Agency have been included in these financial statements in the Redevelopment Capital Projects Fund, the Redevelopment TARB Debt Service Fund, and the 2002 PHDCFC #1 Special Tax Bonds Debt Service Fund. The Agency is subject to legislation that has required all California redevelopment agencies to dissolve, which is disclosed more fully in Note 12(H).

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 financial activities of the Authority are included in the Refunding Lease Revenue Bonds Debt Service Fund.

Financial statements for the Agency can be obtained from the City at 100 Gregory Lane, Pleasant Hill, California, 94523-3323. The Authority does not issue separate financial statements as it is reported separately 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 Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

***Government-wide Statements:*** The statement of net assets and the statement of activities display information about the primary government and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities, 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. Business-type activities are financed in whole or in part by fees charged to external parties.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

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

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include: (a) charges paid by the recipients 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 and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating expenses for enterprise funds 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 non-major funds, are combined and reported in a single column, regardless of their fund-type.

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

The City reported the following major governmental funds in the accompanying 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 C/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.

**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.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

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

**Redevelopment Capital Projects Fund** - Accounts for acquiring land and facilities for urban redevelopment within the Pleasant Hill Commons and the Pleasant Hill Schoolyard Project Areas.

**Redevelopment TARB Debt Service Fund** - Accounts for funds to be used for payment of debt service on the Tax Allocation Refunding Bonds issued in October 2002. Debt service is financed by property tax increment.

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 fund types:

**Fiduciary Funds** - Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The 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 funds are excluded from the government-wide financial statements, but are presented in separate fiduciary fund financial statements. Agency funds apply the full accrual basis of accounting but do not have a measurement focus.

***D. Basis of Accounting***

The government-wide and proprietary 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 Contra Costa County (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. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within forty-five days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

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.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

**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 assets 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.

The City follows those Financial Accounting Standards Board (FASB) Statements and predecessor pronouncements issued before November 30, 1989, which do not conflict with GASB Statements, in both the government-wide financial statements and the proprietary fund financial statements. The City has elected not to apply FASB pronouncements issued after November 30, 1989.

***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. 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.

***G. 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 three or more years.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

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

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

***H. 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 and the Agency receive 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. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available as defined above within forty-five days after year-end for governmental funds.

***I. 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 Assets.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

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

The changes of the compensated absences were as follows for the fiscal year ended June 30, 2011:

	Governmental Activities
Beginning Balance	\$ 2,015,409
Additions	272,188
Payments	(381,266)
Ending Balance	\$ 1,906,331
Current Portion	\$ 381,000

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

***J. Effect of New Pronouncements***

During the year ended June 30, 2011, the City implemented the following GASB Statement:

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective to this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as fund balance associated with prepaid items. This Statement provides for additional classification as restricted, committed, assigned and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. The details for the governmental fund balance classifications prescribed under this Statement are separately discussed in Note 9.

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

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This Statement addresses how to account for and report 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 between a transferor (a government) and an operator (governmental or nongovernmental entity) in which the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and the operator collects and is compensated by fees from third parties. Application of this Statement is effective for the City's fiscal year ending June 30, 2013.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

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

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. GASB Statement No. 61 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. GASB Statement No. 61 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. Application of this Statement is effective for the City’s fiscal year ending June 30, 2013.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA 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*. The requirements of this Statement are effective for the City’s fiscal year ending June 30, 2013.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement 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. The requirements of this Statement are effective for the City’s fiscal year ending June 30, 2013.

In June 2011, GASB issued Statement No. 64, *Derivatives Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The requirements of this Statement are effective for the City’s fiscal year ending June 30, 2013.

***K. 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.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

**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 Parkland Dedication and CLEEP Grant Special Revenue Funds were not budgeted for fiscal 2009-2010. 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 operating budget for the Agency is subject to supplemental appropriations throughout its term in order to provide flexibility to meet changing needs and conditions. The Executive Director (City Manager) may approve supplemental appropriations in all funds, providing the total increase does not exceed 5% of the original total budget of all funds. Additional appropriations above the 5% level must be approved by the Agency.

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.

***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, 2011:

	<b>Amount</b>
<b><i>Special Revenue Funds:</i></b>	
Traffic Safety	\$ 1,757
Police Special Services	8,788
Vehicle Abatement Fund	199
Edward Byrne Memorial Justice Assistance Grant	1,031
COPS Grant	65
 <b><i>Capital Projects Fund:</i></b>	
Public Educational and Governmental Access Capital Grant	24,070
 <b><i>Debt Service Fund:</i></b>	
Refunding Lease Revenue Bonds	1,883

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

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

***C. Deficit Fund Balances***

At June 30, 2011, the COPS Grant major governmental fund and the Edward Byrne Memorial Justice Assistance Grant, and DARE nonmajor Special Revenue Funds have fund deficits of \$10,940, \$1,635, and \$875, respectively. 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."

***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, 2011.

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, 2011.

The City's investments are stated at fair value. 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.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

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

***B. Classification***

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

	<u>Primary Government</u>	<u>Agency Funds</u>	<u>Total</u>
Cash and investments:			
Held in City Treasury	\$ 28,037,331	\$ 367,173	\$ 28,404,504
Held with trustees	2,294,974	1,066,265	3,361,239
Total cash and investments	<u>\$ 30,332,305</u>	<u>\$ 1,433,438</u>	<u>\$ 31,765,743</u>

***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:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

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

***D. Investments Authorized by Debt Agreements***

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City 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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Credit Quality</u>
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

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

**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:

<b>Investment Type</b>	<b>Maturities in</b>			<b>Total</b>
	<b>Less Than 3 Months</b>	<b>3 to 12 Months</b>	<b>1 to 5 Years</b>	
<i>Investments Held by City Treasury</i>				
U.S. Treasury Securities	\$ -	\$ 122,681	\$ 683,225	\$ 805,906
Local Agency Investment Fund	-	22,326,139	-	22,326,139
Money Market Mutual Funds	71,984	-	-	71,984
Federal Agency Securities	-	606,970	2,757,287	3,364,257
Federal Agency Securities - Discount	139,992	139,985	-	279,977
Total investments held by City Treasury	211,976	23,195,775	3,440,512	26,848,263
<i>Investments Held by Trustees</i>				
Local Agency Investment Fund	-	1,606,823	-	1,606,823
Money Market Mutual Funds	1,754,416	-	-	1,754,416
Total investments held by Trustees	1,754,416	1,606,823	-	3,361,239
Total investments	\$ 1,966,392	\$ 24,802,598	\$ 3,440,512	30,209,502
Petty cash on hand				3,775
Cash in banks				1,552,466
Total cash and investments				<u>\$ 31,765,743</u>

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are U.S. Treasuries, Federal agencies obligations, time deposits, negotiable certificates of deposits, commercial paper, corporate bonds, and security loans. As of June 30, 2011, the total amount recorded by all participating public agencies in LAIF was approximately \$24.0 billion. Of that amount, 94.99% was invested in non-derivative financial products and 5.01% in structured notes and asset backed securities. These investments had weighted average maturity of 237 days.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

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

***F. Credit Risk***

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2011 for each investment type, including those with fiscal agents, as provided by Moody's ratings:

<u>Investment Type</u>	<u>Ratings</u>	<u>Total</u>
Money Market Mutual Funds	Aaa	\$ 1,826,400
Federal Agency Secutiries	Aaa	3,364,257
Federal Agency Secutiries - Discount	P-1	<u>279,977</u>
Total rated		<u>5,470,634</u>
Exempt from credit rating disclosure:		
U.S. Treasury Securities	Exempt	805,906
Not rated:		
Local Agency Investment Fund	Not rated	<u>23,932,962</u>
Total investments		<u>\$ 30,209,502</u>

***G. Concentration of Credit Risk***

The City's investment policy contains certain limitations on the amount that can be invested in any one issuer. Excluding those issued or explicitly guaranteed by the U.S. government and investments in the Local Agency Investment Fund and mutual funds, the City did not have investments in any one issuer that represent 5% or more of total City-wide investments at June 30, 2011.

**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, 2011, due from/to other funds totaled to \$11,817.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 4 – INTERFUND TRANSACTIONS (Continued)**

***B. Advance for Deferred Annual Set Aside***

Under Section 33334.2 of the California Health and Safety Code, redevelopment agencies in California are generally required, unless certain annual findings are made, to set aside 20% of all tax increment received annually (the “Annual Set-Aside”) in a Low and Moderate Income Housing Fund to be used within the jurisdiction of the Agency to increase and improve the supply of low and moderate income housing.

However, as provided in Section 33334.6, for project areas (or portions thereof) established prior to January 1, 1977, a redevelopment agency may defer its low and moderate income housing deposit requirements in any fiscal year that the agency finds that the deferral is necessary to make payments on “existing obligations” and, for fiscal years through 1995-96 only, to fund the orderly and timely completion of public and private projects, programs or activities. Existing obligations include any loan, advance or indebtedness incurred by a redevelopment agency to finance or refinance, any redevelopment project existing on January 1, 1986 and contained on the statement of existing obligations of the Agency.

For fiscal years 1985-86 through 1991-92, the Agency deferred the Annual Set-Aside on the original Commons Project Area. At June 30, 1992, the total amount deferred was \$1,161,749, and was recorded as advances to/from other funds between the Redevelopment Capital Projects Fund and the Redevelopment TARB Debt Service Fund. No interest was charged on the outstanding deferred balance.

Beginning in fiscal year 1992-93, the Agency has set aside the required 20% of its gross tax increment revenues into a separate low and moderate income housing fund for all project areas. As required, the Agency has adopted a plan to eliminate the deferred amount. Beginning in fiscal 2002-2003, the Agency budgeted and made annual repayments.

For the year ended June 30, 2011, the Agency repaid \$58,088 of the advance, leaving an outstanding advance to balance of \$638,957 at June 30, 2011.

***C. 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, 2011, the outstanding balance was \$60,000.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 4 – INTERFUND TRANSACTIONS (Continued)**

***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.

<u>Fund Making Transfers</u>	<u>Fund Receiving Transfers</u>	<u>Amount Transferred</u>
General Fund	Nonmajor Governmental Funds	\$ 1,166,558
Measure C/J Growth Management Fund	Traffic Mitigation Fund	492,328
	Gas Tax Fund	400,000
Gas Tax Fund	General Fund	354,632
Redevelopment Capital Projects Fund	General Fund	3,813,612
Redevelopment TARB Debt Service Fund	Nonmajor Governmental Funds	856,226
	Redevelopment Capital Projects Fund	2,167,063
Nonmajor governmental Funds	Traffic Mitigation Fund	125,000
	Gas Tax Fund	15,000
	Nonmajor Governmental Funds	22,836
Total interfund transfers		<u>\$ 9,413,255</u>

On January 24, 2011, the City and the Agency entered into a Public Improvements, Economic Development and Affordable Housing Reimbursement Agreement (the 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 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 Agency amended and restated the Original Agreement in which the 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 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 Redevelopment Capital Projects Fund transferred \$3,813,612 to the General Fund and the City did not incur any costs for the projects.

**NOTE 5 – NOTES AND LOANS RECEIVABLE**

***A. Owner-Occupied Housing Rehabilitation Loans***

The Agency administers a housing rehabilitation loan program under which very low and low income homeowners are 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, 2011, loans with payments made monthly and deferred totaled to \$1,879,697 and \$56,826, respectively.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

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

***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 Agency entered into an Agreement with Bridge Housing Corporation, a non-profit housing developer, to provide \$150,000 annually for the construction and operation of a 71 unit low and moderate-income apartment project. In fiscal year 2000, the Agency and Bridge Housing Corporation amended their Agreement to allow for an additional \$50,000 to be provided for demolition costs. In fiscal year 2002, another amendment assigned the loan Agreement to Bridge Grayson Creek Associates and increased the remaining annual installments from \$150,000 to \$235,000, in the form of grants. The amendment decreased the loan amount from \$4,500,000 to \$1,005,000, and decreased the number of the units from 71 to 70. The loan bears three percent simple interest. The payments commenced in July 1998 and will continue for 34 years or the life of the Pleasant Hill Commons Project Area, rather than 30 years as was in the previous agreement, whichever is less. Payments are made from the Agency's Low and Moderate Income Housing Capital Projects Fund.

As of October 14, 2003, construction of the apartment project was completed and the apartments have since been occupied. At June 30, 2011, the outstanding balance of the receivable, including accrued interest, was \$1,236,285. In addition, the Agency has agreed to provide annual operating grants of \$235,000 to subsidize the operations of the complex from fiscal year 2004 through fiscal year 2031-2032.

***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 Agency is authorized to make rehabilitations loans for the purpose of refinancing rehabilitation of commercial buildings and structures within the Redevelopment Project area. The 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. In fiscal year 2011, the Agency provided \$253,000 to Marcovici Management Group, LLC and at June 30, 2011, the outstanding balance of the receivable was \$460,000.

**NOTE 6 – LAND HELD FOR REDEVELOPMENT**

The Agency purchases parcels of land in order to develop or redevelop blighted properties within the redevelopment areas. Such land parcels 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.

A summary of changes in property held for sale was as follows:

	<u>Balance,</u> <u>July 1, 2010</u>	<u>Sales</u>	<u>Changes</u> <u>in Estimate</u>	<u>Balance,</u> <u>June 30, 2011</u>
Land held for redevelopment	\$ 1,721,726	\$ (989,483)	\$ (156,306)	\$ 575,937

During the year, the Agency sold parcels amounting to \$989,483 and received proceeds amounting to \$1,067,209, resulting in a gain from the sale of \$77,726. The Agency also wrote down the carrying value for one of the parcel by \$156,306 as the net realizable value decreased during the fiscal year.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 7 – CAPITAL ASSETS**

***A. Capital Asset Additions and Retirements***

A summary of changes in capital assets for the year ended June 30, 2011 is as follows:

	Balance, July 1, 2010	Additions	Retirements	Transfers	Balance, June 30, 2011
<b>Governmental activities</b>					
<i>Capital assets, not being depreciated:</i>					
Land and improvements	\$ 3,406,821	\$ -	\$ -	\$ -	\$ 3,406,821
Construction in progress	1,033,616	813,590	-	-	1,847,206
Total capital assets, not being depreciated	<u>4,440,437</u>	<u>813,590</u>	<u>-</u>	<u>-</u>	<u>5,254,027</u>
<i>Capital assets, being depreciated:</i>					
Buildings and improvements	14,962,577	63,871	-	-	15,026,448
Equipment and furniture	5,966,893	393,496	(63,743)	-	6,296,646
Streets and roads	52,560,964	-	-	-	52,560,964
Curbs and gutters	15,422,275	-	-	-	15,422,275
Storm drain	6,475,088	-	-	-	6,475,088
Street lights	885,466	-	-	-	885,466
Traffic control devices	2,422,432	-	-	-	2,422,432
Total capital assets, being depreciated	<u>98,695,695</u>	<u>457,367</u>	<u>(63,743)</u>	<u>-</u>	<u>99,089,319</u>
<i>Less accumulated depreciation for:</i>					
Buildings and improvements	(5,280,772)	(406,597)	-	-	(5,687,369)
Equipment and furniture	(4,341,944)	(605,485)	63,743	-	(4,883,686)
Streets and roads	(19,988,198)	(1,051,219)	-	-	(21,039,417)
Curbs and gutters	(6,450,471)	(308,446)	-	-	(6,758,917)
Storm drain	(4,125,637)	(215,620)	-	-	(4,341,257)
Street lights	(500,344)	(29,486)	-	-	(529,830)
Traffic control devices	(1,196,774)	(80,667)	-	-	(1,277,441)
Total accumulated depreciation	<u>(41,884,140)</u>	<u>(2,697,520)</u>	<u>63,743</u>	<u>-</u>	<u>(44,517,917)</u>
Total capital assets, being depreciated, net	<u>56,811,555</u>	<u>(2,240,153)</u>	<u>-</u>	<u>-</u>	<u>54,571,402</u>
Governmental activities, capital assets, net	<u>\$ 61,251,992</u>	<u>\$ (1,426,563)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,825,429</u>
<b>Business-type activities</b>					
<i>Capital assets, being depreciated:</i>					
Water system infrastructure	\$ 600,918	\$ 7,705	\$ -	\$ -	\$ 608,623
<i>Less accumulated depreciation for:</i>					
Water system infrastructure	(165,985)	(10,558)	-	-	(176,543)
Total capital assets, being depreciated, net	<u>434,933</u>	<u>(2,853)</u>	<u>-</u>	<u>-</u>	<u>432,080</u>
Business-type activities, capital assets, net	<u>\$ 434,933</u>	<u>\$ (2,853)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 432,080</u>

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

**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, 2011, depreciation expense was charged to each function or programs for governmental activities and business-type activities as follows:

***Governmental activities***

General government	\$ 339,029
Public safety	518,421
Transportation	1,836,016
Community development	4,054
Total depreciation expense - governmental activities	\$ 2,697,520

***Business-type activities***

Diablo Vista Water	\$ 10,558
Total depreciation expense - business-type activities	\$ 10,558

**NOTE 8 -LONG TERM DEBT**

***A. Composition and Changes***

A summary of changes in long-term debt for the year ended June 30, 2011 is as follows:

	Original Issue Amount	Balance July 1, 2010	Retirements	Balance June 30, 2011	Amount Due Within One Year
<b>Pleasant Hill Joint Powers Financing Authority</b>					
Lease Revenue Refunding Bonds, Series 2004					
Interest of 2.00% - 3.75%, due 12/01/2016	\$ 9,315,000	\$ 4,885,000	\$ (625,000)	\$ 4,260,000	\$ 640,000
<b>Pleasant Hill Redevelopment Agency</b>					
Tax Allocation Refunding Bonds, Series 2002					
Interest of 2.00% - 4.25%, due 09/01/2021	8,860,000	6,115,000	(425,000)	5,690,000	435,000
<b>Pleasant Hill Downtown Community District #1</b>					
Special Tax Refunding Bonds, Subordinated Series 2002					
Interest of 2.40% - 6.00%, due 09/01/2032	7,290,000	6,370,000	(145,000)	6,225,000	150,000
<b>Total long-term debt</b>	<b>\$ 25,465,000</b>	<b>\$ 17,370,000</b>	<b>\$ (1,195,000)</b>	<b>\$ 16,175,000</b>	<b>\$ 1,225,000</b>

***B. Summary of Debt Terms***

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 \$4,738,145 payable through December 1, 2016.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

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

For the fiscal year ended June 30, 2011, total lease payments made by the City and total debt service payments paid by the Authority totaled to \$775,275.

On September 18, 2002, the 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.

Future tax increment property tax revenues of the Agency are pledged for the repayment of the Series 2002 Bonds. Total debt service requirements remaining on the Series 2002 Bonds are \$7,021,939 payable through September 1, 2021. As disclosed in the originating offering documents, pledged future property tax increment revenues are expected to provide coverage over debt service of 2.0 over the life of the long term debt. For fiscal year ended June 30, 2011, tax increment revenues for the Agency totaled to \$2,949,204 which represented coverage of 4.6 over the \$644,821 in debt service payment.

On November 20, 2002, the City assisted the District in issuing \$7,290,000 of Refunding Special Tax Bonds, Subordinated Series 2002 (Special Tax Series 2002 Bonds) to refund Special Tax Bonds, Series 1998A. Interest is payable semiannually March 1 and September 1, and principal is payable each September 1 with final maturity on September 1, 2032.

Concurrently with the issuance of the Special Tax Series 2002 Bonds, the Agency, City, and the developer of the project entered into a pledge agreement under which the Agency will remit certain tax increment payments due to the developer directly to the fiscal agent of the Special Tax Series 2002 Bonds to pay debt service on behalf of the developer. These payments to the trustee count toward the \$36,630,000 maximum developer reimbursement. Accordingly, Special Tax Series 2002 Bonds has been included in the City's and Agency's basic financial statements.

Future tax increment property tax revenues of the Agency are pledged for the repayment of the Special Tax Series 2002 Bonds. Total debt service requirements remaining on the Special Tax Series 2002 Bonds are \$11,105,304 payable through September 1, 2032. As disclosed in the originating offering documents, pledged future property tax increment revenues are expected to provide coverage over debt service of 1.1 over the life of the long term debt. For fiscal year ended June 30, 2011, tax increment revenues for the Agency totaled to \$2,949,204 which represented coverage of 5.8 over the \$511,979 in debt service payment.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

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

***C. Debt Service Requirements***

Annual debt service requirements are shown below for Series 2004 Bonds, Series 2002 Bonds and Special Tax Series 2002 Bonds:

For the Year Ending June 30,	Series 2004 Bonds		Series 2002 Bonds	
	Principal	Interest	Principal	Interest
2012	\$ 640,000	\$ 134,063	\$ 435,000	\$ 207,453
2013	660,000	116,175	450,000	193,953
2014	690,000	95,906	460,000	179,618
2015	710,000	71,813	475,000	164,183
2016	735,000	44,719	495,000	147,198
2017-2021	825,000	15,469	2,750,000	426,253
2022	-	-	625,000	13,281
	<u>\$ 4,260,000</u>	<u>\$ 478,145</u>	<u>\$ 5,690,000</u>	<u>\$ 1,331,939</u>

For the Year Ending June 30,	Special Tax Series 2002 Bonds	
	Principal	Interest
2012	\$ 150,000	\$ 359,785
2013	155,000	352,083
2014	165,000	343,840
2015	175,000	334,519
2016	185,000	324,169
2017-2021	1,090,000	1,444,752
2022-2026	1,445,000	1,080,356
2027-2031	1,920,000	583,500
2032-2033	940,000	57,300
	<u>\$ 6,225,000</u>	<u>\$ 4,880,304</u>

***D. Mortgage Revenue Bonds Without City Commitment***

The City and 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 and Agency have no direct or contingent liability or moral obligation for the payment of these bonds and have not recorded them as City or Agency debt. As of June 30, 2011, there was one mortgage revenue bond without City commitment outstanding, in the aggregate principal amount of \$10,355,000.

As discussed in Note 12(C), the Agency entered into a DDA 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 Pleasant Hill Downtown Community Facilities District No. 1 (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.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

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

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 and Agency have no legal or moral liability with respect to the payment of the above debt, Neither the City nor Agency has pledged their revenues or assets for the repayment of these bonds. Accordingly, the Special Tax Bonds, Series 1998A have been excluded from the City and Agency's basic financial statements. At June 30, 2011, the outstanding balance for Special Tax Bonds, Series 1998 A were \$6,780,000.

**NOTE 9 – NET ASSETS AND FUND BALANCES**

Net assets are measured on the full accrual basis while fund balance is measured on the modified accrual basis.

***A. Net Assets***

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

*Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets including, infrastructure, into one component of net assets. 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 represents net assets that have external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. At June 30, 2011, the government-wide statement of net assets reported restricted assets of \$20,470,457 in governmental activities, of which, \$2,364,596 are restricted by enabling legislation.

*Unrestricted* – This category represents net assets of the City that do not meet the definition of “invested in capital assets, net of related debt” or “restricted.”

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 9 – NET ASSETS 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, for example: prepaid items, land held for redevelopment and long-term notes receivable.

*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. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

*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 official to which the City Council has delegated the authority to assign amounts to be used for specific purposes.

*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, 2011, \$8,323,200 is reported as part of General Fund’s assigned fund balance.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 9 – NET ASSETS AND FUND BALANCES (Continued)**

Fund balances for all major and nonmajor governmental funds as of June 30, 2011, were classified as follows:

	General	Traffic Mitigation	Measure C/J Growth Management	Gas Tax	COPS Grant	Redevelopment Capital Projects	Redevelopment TARB Debt Service	Other Governmental Funds	Total
<b>Nonspendable:</b>									
Advances to other funds	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000
<b>Restricted for:</b>									
General government	-	-	-	-	-	-	-	206,413	206,413
Public Safety	-	-	-	-	-	-	-	184,297	184,297
Transportation	-	960,006	79,201	1,286,852	-	-	-	903,014	3,229,073
Community development	-	-	-	-	-	-	-	1,083,238	1,083,238
Debt service	-	-	-	-	-	-	1,007,513	1,946,013	2,953,526
Capital projects	-	-	-	-	-	-	-	699,039	699,039
Redevelopment	3,813,612	-	-	-	-	7,321,004	-	-	11,134,616
Subtotal	3,813,612	960,006	79,201	1,286,852	-	7,321,004	1,007,513	5,022,014	19,490,202
<b>Committed to:</b>									
Community development	-	-	-	-	-	-	-	911,481	911,481
Capital projects	-	-	-	-	-	-	-	2,242,775	2,242,775
Subtotal	-	-	-	-	-	-	-	3,154,256	3,154,256
<b>Assigned to:</b>									
General government	8,399,941	-	-	-	-	-	-	-	8,399,941
<b>Unassigned:</b>	2,361,720	-	-	-	(10,940)	-	-	(2,510)	2,348,270
<b>Total</b>	<b>\$ 14,635,273</b>	<b>\$ 960,006</b>	<b>\$ 79,201</b>	<b>\$ 1,286,852</b>	<b>\$ (10,940)</b>	<b>\$ 7,321,004</b>	<b>\$ 1,007,513</b>	<b>\$ 8,173,760</b>	<b>\$ 33,452,669</b>

**NOTE 10 – EMPLOYEE BENEFITS**

***A. Post-Retirement Benefits***

Retirees with 20 or more years of service with the City receive an additional 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 unused sick leave hours at their current hourly rate, to a sick leave bank from which the City will pay their medical insurance premiums until depleted, or certain other conditions are satisfied. Management Pay Plan employees who choose a service retirement with 15 or more years of City service receive this benefit.

Police Association employees who choose a service retirement of 15 to 19 years of City employment are entitled to a scaled down sick leave conversion plan under which they may convert 50% of their unused sick leave, at 25% of their current hourly rate, to a similar “fund.”

As of June 30, 2011, the City provided medical benefits for 18 retirees from the sick leave bank converted. 30 additional employees are eligible for the one-year dental insurance benefits and 18 are eligible for sick leave conversion benefits upon retirement. Benefits are expended on a pay-as-you-go basis and amounted to \$123,356 during fiscal year 2011.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 10 – EMPLOYEE BENEFITS (Continued)**

***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.

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 the State of California's Public Employees' Retirement System (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 plan from an agent-multiple employer to a cost sharing multiple-employer plan. The City's retirement plan is now under the CalPERS Safety 3% at 50 Risk Pool (Safety Plan) for police employees and Miscellaneous 2% at 55 Risk Pool (Miscellaneous Plan) for all other employees. 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, Lincoln Plaza East, 400 Q Street, Sacramento, California 95814.

***Funding Policy***

Police employees and all other employees have an obligation to contribute 9% and 7%, respectively of their annual covered salary to the Fund. The City contributes the employee portion on behalf of its employees. 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 rate for the year ended June 30, 2011 was 27.803% and 12.012% for the Safety and the Miscellaneous Plan, respectively.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 10 – EMPLOYEE BENEFITS (Continued)**

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 City's contributions to CalPERS for the years ended June 30, 2011, 2010, and 2009 equal to the required contributions for each year and were as follows:

<u>For the Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>
Safety Plan		
June 30, 2009	\$ 1,209,117	100%
June 30, 2010	1,218,921	100%
June 30, 2011	1,253,749	100%
Miscellaneous Plan		
June 30, 2009	\$ 748,901	100%
June 30, 2010	731,882	100%
June 30, 2011	810,817	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:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage Limits</u>
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	Statutory excess of \$50,000,000
All Risk Fire & Property Including Flood	\$5,000	\$1,000,000,000
Bolier & 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, 2011, the City paid MPA net premiums of \$373,084.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 11 – RISK MANAGEMENT (Continued)**

***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, 2011 and 2010 are as follows:

	2011	2010
Uninsured claims, beginning of year	\$ 95,104	\$ 46,144
Incurred claims and changes in estimate	8,244	85,532
Claim payments	(47,173)	(36,572)
Uninsured claims, end of year	\$ 56,175	\$ 95,104

**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 have been 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. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors, and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

***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.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)**

As of June 30, 2011, the City had outstanding encumbrances for the following governmental fund by fund balance categories:

	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund	\$ -	\$ -	\$ 76,741
Traffic Mitigation	960,006	-	-
Measure C/J Growth Management	5,215	-	-
Gas Tax	131,900	-	-
Pleasant Hill Redevelopment Capital Projects	366,443	-	-
Other Governmental Funds	46,667	131,276	-
Total encumbrances	<u>\$ 1,510,231</u>	<u>\$ 131,276</u>	<u>\$ 76,741</u>

***C. Pleasant Hill Downtown Project***

The Disposition and Development Agreement (DDA) between the Agency and the Pleasant Hill Downtown Project Developer provides for Agency reimbursement of certain developer costs, to be paid from net property tax increment revenues generated by the project. Following completion of the first phase of the Downtown Project in 2001, the Agency commenced its annual reimbursement payments in fiscal year 2002. For fiscal year 2011, the Agency paid \$128,286 to the developer.

Annual tax sharing developer reimbursements are limited to amounts actually received by the Agency, after deducting low and moderate income housing set asides, amounts owed under pass-through agreements, and debt service. Reimbursement for each phase terminates thirty years from the date of the Certificate of Completion for that phase or when total reimbursements for all three phases equal \$36,630,000, whichever is sooner.

***D. Gallery Townhomes***

The Agency has an Agreement with Greystone Homes under which the developer constructed 134 townhomes on a site known as the Cleveland Road Triangle, comprised of two Agency owned parcels, certain parcels owned by the developer, and parcels acquired from third parties. Twelve of the townhomes were required to be sold at affordable housing costs to moderate-income households. As of June 30, 2003 the project was completed and all twelve units had been sold to moderate-income households through a lottery conducted by the Agency. The Agency is rebating net property tax increment revenues to the developer as required by the Agreement. In fiscal year 2011, the Agency paid \$279,518 to the developer.

***E. Crossroads Project***

The Agency and City entered into an Owner Participation Agreement with a developer under which the developer is to redevelop the former Montgomery Ward parcel of the Contra Costa Shopping Center Target Area. The Developer will substantially remodel and reduce the size of an existing building for use by a major retail store and develop new shops/restaurants along Monument Blvd. The developer has also agreed to pay sixty percent of the costs of installing a new water main on Buskirk Avenue. Financing of the estimated \$27 million in project costs will be provided or arranged for by the developer.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)**

The Agency is obligated to pay for certain roadway improvements and forty percent of the cost of a new water main on Buskirk Avenue. These improvements have been completed as of June 30, 2007 at an approximate cost of \$2.3 million. The Agency has also agreed to a tax sharing arrangement under which it will reimburse \$200,000 annually to the developer. The reimbursement is payable solely from property tax increment revenues generated by the project and expires in 25 years. If the annual property tax revenues generated are less than the annual reimbursement, the Agency has agreed to defer the deficit amount until future years and add interest at prime plus 1 %. Accumulated deficit amounts and interest are repayable from future property tax increment revenues generated by the project.

Annual tax sharing developer reimbursements are limited to amounts actually received by Agency, after deducting low and moderate income housing set-asides, payments to taxing agencies pursuant to Health and Safety Code Sections 33607.5 and 33676, the allocable portion of Net Property Tax Increment Revenue, which the State Legislature may mandate that the Agency pay from time to time in the future including any payments which the Agency may be required to pay to the Education Revenue Augmentation Fund, and any incurred, outstanding or future refinancing of bonded indebtedness. During fiscal year 2010-2011, the Agency reimbursed \$200,000 to the developer pursuant to the agreement.

***F. Pleasant Hill Commons Redevelopment Project***

In May of 2007, the Agency entered into an Owner Participation Agreement with a developer under which the developer will redevelop the approximate 4.1 acre middle section of the Contra Costa Shopping Center, generally located between the Kohl's department store and CineArts Theater. In consideration for the Developer's fulfillment of its obligations, the Agency has agreed to make "Agency Assistance Payments" consisting of net property tax increment revenues, provided that the net present value of these payments does not exceed \$5 million. The Agency's obligation to make any Agency Assistance Payments in any given tax year is subject to the availability of net property tax increment revenues.

Under the agreement, the Agency remitted Agency Assistance Payments to the developer in the amounts of \$233,740 for fiscal year ending June 30, 2011.

***G. Supplemental Educational Revenue Augmentation Fund (SERAF)***

On July 24, 2009, the State Legislature passed Assembly Bill (AB) 26 4x, which requires redevelopment agencies statewide to deposit a total of \$2.05 billion of property tax increment in county Supplemental Educational Revenue Augmentation Funds (SERAF) to be distributed to meet the State's Proposition 98 obligations to schools. The SERAF revenue shift of \$2.05 billion was made over two years, \$1.7 billion in fiscal year 2010 and \$350 million in fiscal year 2011. The SERAF would then be paid to school districts and the county offices of education, which have students residing in redevelopment project areas, or residing in affordable housing projects financially assisted by a redevelopment agency, thereby relieving the State of payments to those schools. The Agency's share of this revenue shift was \$1,906,348 in fiscal year 2010 and \$392,103 in fiscal year 2011. Payments were made by May 10 of each respective fiscal year. During the year ended June 30, 2011, payment of \$392,103 was made by the Agency.

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)**

***H. Recent Changes in Legislation Affecting California Redevelopment Agencies***

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each city would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26. The interagency receivable recognized by funds of the City that had previously loaned or advanced funds to the redevelopment agency may become uncollectible resulting in a loss recognized by such funds. The City might additionally be impacted if reimbursements previously paid by the redevelopment agency to the City for shared administrative services are reduced or eliminated.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court (the Court) to overturn Assembly Bills X1 26 and 27 on the grounds that these bills violate the California Constitution. The Court accepted the petition and issued stays of all of Assembly Bill X1 27 and most of Assembly Bill X1 26 until the decision was rendered. On December 29, 2011, the Court rendered a decision that largely upheld Assembly Bill X1 26 for the dissolution of redevelopment agencies and invalidated Assembly Bill X1 27, which effectively disallows agencies to continue under the Voluntary Alternative Redevelopment Plan. Under Assembly Bill X1 26, the dissolution of California redevelopment agencies calls for the following:

- *Suspends Redevelopment Activity.* As of June 29, 2011, the Agency cannot incur new obligations and debt. More specifically, the Agency cannot enter into or amend contracts, renew or extend leases or other agreements, and dispose of or transfer real property or other assets. Agencies are required to continue to make scheduled payments on bonds and other legally binding agreements, and to manage existing contracts, projects, and other agreements.
- *Dissolves Redevelopment Agencies.* All assets and responsibilities for closing out the activities of the former agency are transferred to a "Successor Agency." This provision was to take effect as of October 1, 2011, however, was stayed and extended by the Court.
- *Creates Successor Agencies.* The Successor Agency is presumed to be the sponsoring community of the redevelopment agency (i.e. the City). The responsibility of a Successor Agency includes making payments and performing obligations of the former redevelopment agency in accordance with a schedule of enforceable obligations. Enforceable obligations include; bonds, loans, legally required payments, including payments for pension obligations, judgments or settlements, and other legally binding and enforceable agreements. Additionally, a Successor Agency is required to dispose of the former agency's assets in an expeditious fashion, to transfer the housing functions to its sponsoring community, to wind down the affairs of the former agency (including the payment of debt and completion of obligated projects), to prepare administrative budgets, and to provide support to the "Oversight Board."

**CITY OF PLEASANT HILL**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)**

- *Transfer of Housing Functions.* The sponsoring community may choose to assume the housing functions and the housing assets of the dissolved agency. Should the sponsoring community choose not to assume these responsibilities, all assets and functions would be transferred to the local housing authority.
  
- *Creation of Oversight Board.* The Oversight Board, which is comprised of seven member representatives from local government bodies, is tasked with reviewing and approving the actions of the Successor Agency. Two of the seven members would be appointed by the City and the remaining members are appointed by the County (2), the County Superintendent of Education (1), the Chancellor of California Community Colleges (1), and the largest special district taxing entity in the Agency's project area.

Barring any unforeseen legislation or other actions, the Agency is required to dissolve during fiscal year 2011/12, as described above. The accompanying financial statements do not include any adjustments as a result of the impending dissolution of the Agency.

**NOTE 13 – SUBSEQUENT EVENT**

***Credit Ratings Downgrade***

On August 5, 2011, Standard & Poor's lowered its long-term credit rating on debt of the United States government from AAA to AA+. That action affected Standard & Poor's view of United States public finance debt instruments that are directly or indirectly backed by the United States government. These credit downgrades impact the credit risk associated with the City's investments in U.S. Treasury securities and federal agencies securities.

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**CITY OF PLEASANT HILL  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL FOR MAJOR GOVERNMENTAL  
OTHER THAN GENERAL FUND AND SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

GASB 34 does not require budget versus actual presentations for Capital Projects Funds and Debt Service Funds. These are included here for additional analysis.

**Redevelopment Capital Projects Fund** - accounts for acquiring land and facilities for urban redevelopment within the Pleasant Hill Commons and the Pleasant Hill Schoolyard Project Areas.

**Redevelopment TARB Debt Service Fund** - Accounts for funds to be used for payment of debt service on the Tax Allocation Refunding Bonds issued in October 2002. Debt service is financed by property tax increments.

**CITY OF PLEASANT HILL**  
 Redevelopment Capital Projects Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Property Taxes	\$ 1,851,946	\$ 1,634,174	\$ (217,772)
Use of money and property	158,161	45,088	(113,073)
Other	350,350	77,726	(272,624)
Total revenues	<u>2,360,457</u>	<u>1,756,988</u>	<u>(603,469)</u>
Expenditures:			
Current:			
Community development	<u>5,177,566</u>	<u>3,638,768</u>	<u>1,538,798</u>
Deficiency of revenues under expenditures	<u>(2,817,109)</u>	<u>(1,881,780)</u>	<u>935,329</u>
Other financing sources (uses):			
Transfers in	2,209,944	2,167,063	(42,881)
Transfers out	<u>-</u>	<u>(3,813,612)</u>	<u>(3,813,612)</u>
Total other financing sources (uses)	<u>2,209,944</u>	<u>(1,646,549)</u>	<u>(3,856,493)</u>
Change in fund balance	<u>\$ (607,165)</u>	<u>(3,528,329)</u>	<u>\$ (2,921,164)</u>
Fund balance, beginning of year		<u>10,849,333</u>	
Fund balance, end of year		<u>\$ 7,321,004</u>	

**CITY OF PLEASANT HILL**  
 Redevelopment TARB Debt Service Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Property Taxes	\$ 3,150,414	\$ 2,949,204	\$ (201,210)
Use of money and property	27,934	6,636	(21,298)
Total revenues	<u>3,178,348</u>	<u>2,955,840</u>	<u>(222,508)</u>
Expenditures:			
Debt Service:			
Principal	425,000	425,000	-
Interest and fiscal charges	223,857	223,413	444
Total expenditures	<u>648,857</u>	<u>648,413</u>	<u>444</u>
Excess of revenues over expenditures	<u>2,529,491</u>	<u>2,307,427</u>	<u>(222,064)</u>
Other financing sources:			
Transfers Out	<u>(2,867,331)</u>	<u>(3,023,289)</u>	<u>(155,958)</u>
Change in fund balance	<u>\$ (337,840)</u>	<u>(715,862)</u>	<u>\$ (378,022)</u>
Fund balance, beginning of year		<u>1,723,375</u>	
Fund balance, end of year		<u>\$ 1,007,513</u>	

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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 Fund, 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.

**Parkland Dedication Fund** -accounts for Parkland dedication fees paid by developers, which are distributed quarterly to the Pleasant Hill Recreation and Park District for parkland purposes.

**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.

#### **CAPITAL PROJECTS FUNDS:**

Capital Projects Funds account for the financial resources that are restricted, committee, 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 franchise fees 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 Project Fund** - accounts for making capital improvements and funding large maintenance projects.

**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.

**2002 PHDCFD #1 Special Tax Bonds Fund** - accounts for funds used to repay the principal and interest on the 2002 PHDCFD # 1 Special Tax Bonds. The funds come from the Redevelopment TARB Debt Service Fund, and are the result of the semi-annual calculation of Excess Tax Increment on the Commons properties in the Downtown project area, as detailed in the Amended and Restated Disposition and Development Agreement with Burnham Pacific Properties and assigned to RVIP, the current owner of the Downtown project.

**CITY OF PLEASANT HILL**  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 June 30, 2011

	Special Revenue Funds				
	Traffic Safety	Gas Tax 2107.5	Unified Street Lighting	Parkland Dedication	Commercial Landscaping and Lighting District 20
<b>Assets:</b>					
Cash and investments:					
Held in City Treasury	\$ 13,316	\$ 19,051	\$ 206,279	\$ 14	\$ 709,766
Held with trustees	-	-	-	-	-
Receivables:					
Accounts and other	14,338	-	-	-	-
Grants	-	54,828	-	-	-
Interest	10	7	134	-	-
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	<u>\$ 27,664</u>	<u>\$ 73,886</u>	<u>\$ 206,413</u>	<u>\$ 14</u>	<u>\$ 709,766</u>
<b>Liabilities and fund balances:</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 14	\$ 20,268
Deferred revenue	-	54,828	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>54,828</u>	<u>-</u>	<u>14</u>	<u>20,268</u>
Fund balances:					
Restricted	27,664	19,058	206,413	-	689,498
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>27,664</u>	<u>19,058</u>	<u>206,413</u>	<u>-</u>	<u>689,498</u>
Total liabilities and fund balances	<u>\$ 27,664</u>	<u>\$ 73,886</u>	<u>\$ 206,413</u>	<u>\$ 14</u>	<u>\$ 709,766</u>

**CITY OF PLEASANT HILL**  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 June 30, 2011

Special Revenue Funds

NPDES	Supplemental Law Enforcement Services	Waste Management/ Recycling	Police Special Services	Park and Recreation	Landscaping and Lighting Assessment District 22	Senior Van Services	CLEEP Grant
\$ 510,348	\$ 68,675	\$ 291,379	\$ 75,595	\$ 910,441	\$ 147,566	\$ 53,515	\$ -
-	-	-	-	-	-	-	-
-	11,316	13,846	-	-	-	-	-
550	72	266	94	1,040	176	60	6
-	-	-	875	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 510,898</u>	<u>\$ 80,063</u>	<u>\$ 305,491</u>	<u>\$ 76,564</u>	<u>\$ 911,481</u>	<u>\$ 147,742</u>	<u>\$ 53,575</u>	<u>\$ 6</u>
\$ 2,451	-	\$ 39,035	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,451</u>	<u>-</u>	<u>39,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
508,447	80,063	266,456	76,564	-	147,742	53,575	6
-	-	-	-	911,481	-	-	-
-	-	-	-	-	-	-	-
<u>508,447</u>	<u>80,063</u>	<u>266,456</u>	<u>76,564</u>	<u>911,481</u>	<u>147,742</u>	<u>53,575</u>	<u>6</u>
<u>\$ 510,898</u>	<u>\$ 80,063</u>	<u>\$ 305,491</u>	<u>\$ 76,564</u>	<u>\$ 911,481</u>	<u>\$ 147,742</u>	<u>\$ 53,575</u>	<u>\$ 6</u>

**CITY OF PLEASANT HILL**  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 June 30, 2011

	Special Revenue Funds				
	Vehicle Abatement	Affordable Housing	Traffic Congestion Relief Fund	Edward Byrne Memorial Justice Assistance Grant	DARE
<b>Assets:</b>					
Cash and investments:					
Held in City Treasury	\$ -	\$ 254,469	\$ 46,716	\$ -	\$ -
Held with trustees	-	-	-	-	-
Receivables:					
Accounts and other	-	-	-	-	-
Grants	-	-	-	-	-
Interest	-	291	-	-	-
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 254,760</u>	<u>\$ 46,716</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities and fund balances:</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-
Due to other funds	-	-	-	1,635	875
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,635</u>	<u>875</u>
Fund balances:					
Restricted	-	254,760	46,716	-	-
Committed	-	-	-	-	-
Unassigned	-	-	-	(1,635)	(875)
Total fund balances	<u>-</u>	<u>254,760</u>	<u>46,716</u>	<u>(1,635)</u>	<u>(875)</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 254,760</u>	<u>\$ 46,716</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF PLEASANT HILL**  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 June 30, 2011

Capital Projects Funds					
Public					
Capital Outlay	Computer Technology Replacement	Educational and Governmental Access Capital Grant	Vehicles and Equipment Replacement	Police Technology	Capital Projects
\$ 258,720	\$ 352,635	\$ 427,300	\$ 278,350	\$ 995,962	\$ 518,311
-	-	-	-	-	-
-	-	12,229	-	-	-
295	-	495	-	-	180,934
-	-	-	-	-	-
-	-	-	-	107,935	-
<u>\$ 259,015</u>	<u>\$ 352,635</u>	<u>\$ 440,024</u>	<u>\$ 278,350</u>	<u>\$ 1,103,897</u>	<u>\$ 699,245</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,418
-	-	-	-	-	180,934
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,352</u>
259,015	-	440,024	-	-	-
-	352,635	-	278,350	1,103,897	507,893
-	-	-	-	-	-
<u>259,015</u>	<u>352,635</u>	<u>440,024</u>	<u>278,350</u>	<u>1,103,897</u>	<u>507,893</u>
<u>\$ 259,015</u>	<u>\$ 352,635</u>	<u>\$ 440,024</u>	<u>\$ 278,350</u>	<u>\$ 1,103,897</u>	<u>\$ 699,245</u>

**CITY OF PLEASANT HILL**  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 June 30, 2011

	Debt Service Funds		
	Refunding Lease Revenue Bonds	2002 PHDCFD #1 Special Tax Bonds	Total
<b>Assets:</b>			
Cash and investments:			
Held in City Treasury	\$ 66,648	\$ 237,322	\$ 6,442,378
Held with trustees	953,620	688,152	1,641,772
Receivables:			
Accounts and other	-	-	51,729
Grants	-	-	235,762
Interest	-	271	3,767
Due from other funds	-	-	875
Prepaid expenses	-	-	107,935
Total assets	\$ 1,020,268	\$ 925,745	\$ 8,484,218
<b>Liabilities and fund balances:</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 72,186
Deferred revenue	-	-	235,762
Due to other funds	-	-	2,510
Total liabilities	-	-	310,458
Fund balances:			
Restricted	1,020,268	925,745	5,022,014
Committed	-	-	3,154,256
Unassigned	-	-	(2,510)
Total fund balances	1,020,268	925,745	8,173,760
Total liabilities and fund balances	\$ 1,020,268	\$ 925,745	\$ 8,484,218

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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, 2011

	Special Revenue Funds				
	Traffic Safety	Gas Tax 2107.5	Unified Street Lighting	Parkland Dedication	Commercial Landscaping and Lighting District 20
Revenues:					
Property Taxes	\$ -	\$ -	\$ 378,756	\$ -	\$ -
Other taxes and special assessments	-	-	-	-	339,553
Intergovernmental	-	64,172	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	96,655	-	-	-	-
Use of money and property	97	66	1,575	-	-
Other	-	-	-	-	-
Total revenues	96,752	64,238	380,331	-	339,553
Expenditures:					
Current:					
General government	-	-	221,860	-	-
Public Safety	95,757	-	-	-	-
Transportation	-	76,724	-	-	440,216
Community Development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt Service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	95,757	76,724	221,860	-	440,216
Excess (deficiency) of revenues over (under) expenditures	995	(12,486)	158,471	-	(100,663)
Other financing sources (uses):					
Proceeds from sale of capital asset	-	-	-	-	-
Transfers in	-	-	-	-	188,632
Transfers out	-	-	(147,836)	-	-
Total other financing sources (uses)	-	-	(147,836)	-	188,632
Change in fund balances	995	(12,486)	10,635	-	87,969
Fund balances, beginning of year	26,669	31,544	195,778	-	601,529
Fund balances, end of year	\$ 27,664	\$ 19,058	\$ 206,413	\$ -	\$ 689,498

**CITY OF PLEASANT HILL**  
 Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the Year Ended June 30, 2011

Special Revenue Funds

NPDES	Supplemental Law Enforcement Services	Waste Management/ Recycling	Police Special Services	Park and Recreation	Landscaping and Lighting Assessment District 22	Senior Van Services	CLEEP Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
379,310	100,000	-	-	-	58,655	-	-
-	-	19,382	-	-	-	-	-
-	-	127,857	-	-	-	2,330	-
-	-	-	-	-	-	-	-
2,114	141	1,414	404	4,437	639	263	63
-	-	-	-	-	-	-	-
<u>381,424</u>	<u>100,141</u>	<u>148,653</u>	<u>404</u>	<u>4,437</u>	<u>59,294</u>	<u>2,593</u>	<u>63</u>
-	-	-	-	-	-	-	-
-	68,303	-	8,788	-	-	-	19,104
-	-	-	-	-	41,085	-	-
371,271	-	250,585	-	88,722	-	5,896	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>371,271</u>	<u>68,303</u>	<u>250,585</u>	<u>8,788</u>	<u>88,722</u>	<u>41,085</u>	<u>5,896</u>	<u>19,104</u>
10,153	31,838	(101,932)	(8,384)	(84,285)	18,209	(3,303)	(19,041)
-	-	-	-	-	-	-	-
-	-	-	-	-	3,325	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	<u>3,325</u>	-	-
10,153	31,838	(101,932)	(8,384)	(84,285)	21,534	(3,303)	(19,041)
498,294	48,225	368,388	84,948	995,766	126,208	56,878	19,047
<u>\$ 508,447</u>	<u>\$ 80,063</u>	<u>\$ 266,456</u>	<u>\$ 76,564</u>	<u>\$ 911,481</u>	<u>\$ 147,742</u>	<u>\$ 53,575</u>	<u>\$ 6</u>

**CITY OF PLEASANT HILL**  
 Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the Year Ended June 30, 2011

	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	15,454	-	-	12,287	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	-	1,219	-	-	-
Other	-	-	-	-	-
Total revenues	<u>15,454</u>	<u>1,219</u>	<u>-</u>	<u>12,287</u>	<u>-</u>
Expenditures:					
Current:					
General government	-	-	-	-	-
Public Safety	-	-	-	13,318	1,100
Transportation	-	-	-	-	-
Community Development	36,385	-	-	-	-
Capital outlay	-	-	-	-	-
Debt Service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>36,385</u>	<u>-</u>	<u>-</u>	<u>13,318</u>	<u>1,100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,931)</u>	<u>1,219</u>	<u>-</u>	<u>(1,031)</u>	<u>(1,100)</u>
Other financing sources (uses):					
Proceeds from sale of capital asset	-	-	-	-	-
Transfers in	20,931	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>20,931</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	-	1,219	-	(1,031)	(1,100)
Fund balances, beginning of year	-	253,541	46,716	(604)	225
Fund balances, end of year	<u>\$ -</u>	<u>\$ 254,760</u>	<u>\$ 46,716</u>	<u>\$ (1,635)</u>	<u>\$ (875)</u>

**CITY OF PLEASANT HILL**  
 Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the Year Ended June 30, 2011

Capital Projects Funds					
Capital Outlay	Computer Technology Replacement	Public Educational and Governmental Access Capital Grant	Vehicles and Equipment Replacement	Police Technology	Capital Projects
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
479	-	-	-	-	-
-	-	57,498	-	-	-
-	-	-	-	-	-
1,287	-	2,242	-	-	-
-	14,343	-	-	2,143	-
<u>1,766</u>	<u>14,343</u>	<u>59,740</u>	<u>-</u>	<u>2,143</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	194,406	100,207	116,174	248,157	106,875
-	-	-	-	-	-
<u>-</u>	<u>194,406</u>	<u>100,207</u>	<u>116,174</u>	<u>248,157</u>	<u>106,875</u>
<u>1,766</u>	<u>(180,063)</u>	<u>(40,467)</u>	<u>(116,174)</u>	<u>(246,014)</u>	<u>(106,875)</u>
-	-	-	6,161	-	-
-	-	-	130,000	-	-
(15,000)	-	-	-	-	-
<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>136,161</u>	<u>-</u>	<u>-</u>
(13,234)	(180,063)	(40,467)	19,987	(246,014)	(106,875)
<u>272,249</u>	<u>532,698</u>	<u>480,491</u>	<u>258,363</u>	<u>1,349,911</u>	<u>614,768</u>
<u>\$ 259,015</u>	<u>\$ 352,635</u>	<u>\$ 440,024</u>	<u>\$ 278,350</u>	<u>\$ 1,103,897</u>	<u>\$ 507,893</u>

**CITY OF PLEASANT HILL**  
 Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the Year Ended June 30, 2011

	Debt Service Funds		
	Refunding Lease Revenue Bonds	2002 PHDCFD #1 Special Tax Bonds	Total
Revenues:			
Property Taxes	\$ -	\$ -	\$ 378,756
Other taxes and special assessments	-	-	877,997
Intergovernmental	-	-	168,793
Charges for services	-	-	130,187
Fines and forfeitures	-	-	96,655
Use of money and property	4,827	378	21,166
Other	-	-	16,486
Total revenues	4,827	378	1,690,040
Expenditures:			
Current:			
General government	-	-	221,860
Public Safety	-	-	206,370
Transportation	-	-	558,025
Community Development	-	128,286	881,145
Capital outlay	-	-	765,819
Debt Service:			
Principal retirement	625,000	145,000	770,000
Interest and fiscal charges	154,859	373,319	528,178
Total expenditures	779,859	646,605	3,931,397
Excess (deficiency) of revenues over (under) expenditures	(775,032)	(646,227)	(2,241,357)
Other financing sources (uses):			
Proceeds from sale of capital asset	-	-	6,161
Transfers in	846,506	856,226	2,045,620
Transfers out	-	-	(162,836)
Total other financing sources (uses)	846,506	856,226	1,888,945
Change in fund balances	71,474	209,999	(352,412)
Fund balances, beginning of year	948,794	715,746	8,526,172
Fund balances, end of year	\$ 1,020,268	\$ 925,745	\$ 8,173,760

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**CITY OF PLEASANT HILL**  
Nonmajor Governmental Funds  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
For the Year Ended June 30, 2011

	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	-	-	-	60,000	64,172	4,172
Charges for services	-	-	-	-	-	-
Fines and forfeitures	81,577	96,655	15,078	-	-	-
Use of money and property	332	97	(235)	344	66	(278)
Other	-	-	-	-	-	-
Total revenues	<u>81,909</u>	<u>96,752</u>	<u>14,843</u>	<u>60,344</u>	<u>64,238</u>	<u>3,894</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public Safety	94,000	95,757	(1,757)	-	-	-
Transportation	-	-	-	80,000	76,724	3,276
Community Development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt Service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>94,000</u>	<u>95,757</u>	<u>(1,757)</u>	<u>80,000</u>	<u>76,724</u>	<u>3,276</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,091)</u>	<u>995</u>	<u>13,086</u>	<u>(19,656)</u>	<u>(12,486)</u>	<u>7,170</u>
Other financing sources (uses):						
Proceeds from sales of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	<u>\$ (12,091)</u>	<u>995</u>	<u>\$ 13,086</u>	<u>\$ (19,656)</u>	<u>(12,486)</u>	<u>\$ 7,170</u>
Fund balances, beginning of year		<u>26,669</u>			<u>31,544</u>	
Fund balances, end of year		<u>\$ 27,664</u>			<u>\$ 19,058</u>	

**CITY OF PLEASANT HILL**  
 Nonmajor Governmental Funds  
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual  
 For the Year Ended June 30, 2011

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)
\$ 413,606	\$ 378,756	\$ (34,850)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	350,519	339,553	(10,966)	367,565	379,310	11,745
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,710	1,575	(2,135)	-	-	-	16,057	2,114	(13,943)
-	-	-	1,910	-	(1,910)	-	-	-
<u>417,316</u>	<u>380,331</u>	<u>(36,985)</u>	<u>352,429</u>	<u>339,553</u>	<u>(12,876)</u>	<u>383,622</u>	<u>381,424</u>	<u>(2,198)</u>
500,878	221,860	279,018	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	548,655	440,216	108,439	-	-	-
-	-	-	-	-	-	593,229	371,271	221,958
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>500,878</u>	<u>221,860</u>	<u>279,018</u>	<u>548,655</u>	<u>440,216</u>	<u>108,439</u>	<u>593,229</u>	<u>371,271</u>	<u>221,958</u>
<u>(83,562)</u>	<u>158,471</u>	<u>242,033</u>	<u>(196,226)</u>	<u>(100,663)</u>	<u>95,563</u>	<u>(209,607)</u>	<u>10,153</u>	<u>219,760</u>
-	-	-	-	-	-	-	-	-
-	-	-	188,632	188,632	-	-	-	-
<u>(147,836)</u>	<u>(147,836)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(147,836)</u>	<u>(147,836)</u>	<u>-</u>	<u>188,632</u>	<u>188,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (231,398)</u>	<u>10,635</u>	<u>\$ 242,033</u>	<u>\$ (7,594)</u>	<u>87,969</u>	<u>\$ 95,563</u>	<u>\$ (209,607)</u>	<u>10,153</u>	<u>\$ 219,760</u>
	<u>195,778</u>			<u>601,529</u>			<u>498,294</u>	
	<u>\$ 206,413</u>			<u>\$ 689,498</u>			<u>\$ 508,447</u>	

(Continued)

**CITY OF PLEASANT HILL**  
Nonmajor Governmental Funds  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
For the Year Ended June 30, 2011

	Supplemental Law Enforcement Services			Waste Management/Recycling		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>						
Property taxes	\$ -	\$ -	\$ -		\$ -	\$ -
Other taxes and special assessments	100,000	100,000	-		-	-
Intergovernmental	-	-	-	5,000	19,382	14,382
Charges for services	-	-	-	104,000	127,857	23,857
Fines and forfeitures	-	-	-		-	-
Use of money and property	955	141	(814)	2,000	1,414	(586)
Other	-	-	-		-	-
Total revenues	<u>100,955</u>	<u>100,141</u>	<u>(814)</u>	<u>111,000</u>	<u>148,653</u>	<u>37,653</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	-	-	-	-	-	-
Public Safety	138,772	68,303	70,469	-	-	-
Transportation	-	-	-	-	-	-
Community Development	-	-	-	317,595	250,585	67,010
Capital outlay	-	-	-	-	-	-
<b>Debt Service:</b>						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>138,772</u>	<u>68,303</u>	<u>70,469</u>	<u>317,595</u>	<u>250,585</u>	<u>67,010</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(37,817)</u>	<u>31,838</u>	<u>69,655</u>	<u>(206,595)</u>	<u>(101,932)</u>	<u>104,663</u>
<b>Other financing sources (uses):</b>						
Proceeds from sales of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	<u>\$ (37,817)</u>	<u>31,838</u>	<u>\$ 69,655</u>	<u>\$ (206,595)</u>	<u>(101,932)</u>	<u>\$ 104,663</u>
Fund balances, beginning of year		<u>48,225</u>			<u>368,388</u>	
Fund balances, end of year		<u>\$ 80,063</u>			<u>\$ 266,456</u>	

**CITY OF PLEASANT HILL**  
 Nonmajor Governmental Funds  
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual  
 For the Year Ended June 30, 2011

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	58,655	1,169
16,410	-	(16,410)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,243	404	(839)	13,000	4,437	(8,563)	2,176	639	(1,537)
-	-	-	-	-	-	-	-	-
<u>17,653</u>	<u>404</u>	<u>(17,249)</u>	<u>13,000</u>	<u>4,437</u>	<u>(8,563)</u>	<u>59,662</u>	<u>59,294</u>	<u>(368)</u>
-	-	-	-	-	-	-	-	-
-	8,788	(8,788)	-	-	-	-	-	-
-	-	-	-	-	-	73,635	41,085	32,550
-	-	-	98,638	88,722	9,916	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>8,788</u>	<u>(8,788)</u>	<u>98,638</u>	<u>88,722</u>	<u>9,916</u>	<u>73,635</u>	<u>41,085</u>	<u>32,550</u>
<u>17,653</u>	<u>(8,384)</u>	<u>(26,037)</u>	<u>(85,638)</u>	<u>(84,285)</u>	<u>1,353</u>	<u>(13,973)</u>	<u>18,209</u>	<u>32,182</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,325	3,325	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,325	3,325	-
<u>\$ 17,653</u>	<u>(8,384)</u>	<u>\$ (26,037)</u>	<u>\$ (85,638)</u>	<u>(84,285)</u>	<u>\$ 1,353</u>	<u>\$ (10,648)</u>	<u>21,534</u>	<u>\$ 32,182</u>
	<u>84,948</u>			<u>995,766</u>			<u>126,208</u>	
	<u>\$ 76,564</u>			<u>\$ 911,481</u>			<u>\$ 147,742</u>	

(Continued)

**CITY OF PLEASANT HILL**  
Nonmajor Governmental Funds  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
For the Year Ended June 30, 2011

	Senior Van Services			Vehicle Abatement		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and special assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	22,293	15,454	(6,839)
Charges for services	2,658	2,330	(328)	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	766	263	(503)	-	-	-
Other	-	-	-	-	-	-
Total revenues	3,424	2,593	(831)	22,293	15,454	(6,839)
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Community Development	10,679	5,896	4,783	36,186	36,385	(199)
Capital outlay	-	-	-	-	-	-
Debt Service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	10,679	5,896	4,783	36,186	36,385	(199)
Excess (deficiency) of revenues over (under) expenditures	(7,255)	(3,303)	3,952	(13,893)	(20,931)	(7,038)
Other financing sources (uses):						
Proceeds from sales of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	20,932	20,931	(1)
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	20,932	20,931	(1)
Change in fund balances	\$ (7,255)	(3,303)	\$ 3,952	\$ 7,039	-	\$ (7,039)
Fund balances, beginning of year		56,878			-	
Fund balances, end of year		\$ 53,575			\$ -	

**CITY OF PLEASANT HILL**  
 Nonmajor Governmental Funds  
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual  
 For the Year Ended June 30, 2011

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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	12,287	12,287
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,015	1,219	204	468	-	(468)	-	-	-
-	-	-	-	-	-	-	-	-
<u>1,015</u>	<u>1,219</u>	<u>204</u>	<u>468</u>	<u>-</u>	<u>(468)</u>	<u>-</u>	<u>12,287</u>	<u>12,287</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	12,287	13,318	(1,031)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	12,287	13,318	(1,031)
<u>1,015</u>	<u>1,219</u>	<u>204</u>	<u>468</u>	<u>-</u>	<u>(468)</u>	<u>(12,287)</u>	<u>(1,031)</u>	<u>11,256</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 1,015</u>	<u>1,219</u>	<u>\$ 204</u>	<u>\$ 468</u>	<u>-</u>	<u>\$ (468)</u>	<u>\$ (12,287)</u>	<u>(1,031)</u>	<u>\$ 11,256</u>
	<u>253,541</u>			<u>46,716</u>			<u>(604)</u>	
	<u>\$ 254,760</u>			<u>\$ 46,716</u>			<u>\$ (1,635)</u>	

(Continued)

**CITY OF PLEASANT HILL**  
Nonmajor Governmental Funds  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
For the Year Ended June 30, 2011

	DARE			Capital Outlay		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ 250	\$ -	\$ (250)
Other taxes and special assessments	-	-	-	-	479	479
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	1,394	-	(1,394)	6,937	1,287	(5,650)
Other	-	-	-	-	-	-
Total revenues	1,394	-	(1,394)	7,187	1,766	(5,421)
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public Safety	1,496	1,100	396	-	-	-
Transportation	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Capital outlay	-	-	-	250,000	-	250,000
Debt Service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	1,496	1,100	396	250,000	-	250,000
Excess (deficiency) of revenues over (under) expenditures	(102)	(1,100)	(998)	(242,813)	1,766	244,579
Other financing sources (uses):						
Proceeds from sales of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(15,000)	(15,000)	-
Total other financing sources (uses)	-	-	-	(15,000)	(15,000)	-
Change in fund balances	\$ (102)	(1,100)	\$ (998)	\$ (257,813)	(13,234)	\$ 244,579
Fund balances, beginning of year		225			272,249	
Fund balances, end of year		\$ (875)			\$ 259,015	

**CITY OF PLEASANT HILL**  
 Nonmajor Governmental Funds  
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual  
 For the Year Ended June 30, 2011

Computer Technology and Governmental Access Capital Grant			Public Educational and Governmental Access Capital Grant			Vehicle and Equipment Placement		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	65,245	57,498	(7,747)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	7,289	2,242	(5,047)	-	-	-
-	14,343	14,343	-	-	-	-	-	-
-	14,343	14,343	72,534	59,740	(12,794)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
330,240	194,406	135,834	76,137	100,207	(24,070)	130,000	116,174	13,826
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
330,240	194,406	135,834	76,137	100,207	(24,070)	130,000	116,174	13,826
(330,240)	(180,063)	150,177	(3,603)	(40,467)	(36,864)	(130,000)	(116,174)	13,826
-	-	-	-	-	-	-	6,161	6,161
-	-	-	-	-	-	130,000	130,000	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	130,000	136,161	6,161
<u>\$ (330,240)</u>	<u>(180,063)</u>	<u>\$ 150,177</u>	<u>\$ (3,603)</u>	<u>(40,467)</u>	<u>\$ (36,864)</u>	<u>\$ -</u>	<u>19,987</u>	<u>\$ 19,987</u>
	<u>532,698</u>			<u>480,491</u>			<u>258,363</u>	
	<u>\$ 352,635</u>			<u>\$ 440,024</u>			<u>\$ 278,350</u>	

(Continued)

**CITY OF PLEASANT HILL**  
 Nonmajor Governmental Funds  
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual  
 For the Year Ended June 30, 2011

	Police Technology			Capital Projects		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and special assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	83,000	-	(83,000)
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-
Other	-	2,143	2,143	-	-	-
Total revenues	-	2,143	2,143	83,000	-	(83,000)
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Capital outlay	326,816	248,157	78,659	147,495	106,875	40,620
Debt Service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	326,816	248,157	78,659	147,495	106,875	40,620
Excess (deficiency) of revenues over (under) expenditures	(326,816)	(246,014)	80,802	(64,495)	(106,875)	(42,380)
Other financing sources (uses):						
Proceeds from sales of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Change in fund balances	\$ (326,816)	(246,014)	\$ 80,802	\$ (64,495)	(106,875)	\$ (42,380)
Fund balances, beginning of year		1,349,911			614,768	
Fund balances, end of year		\$ 1,103,897			\$ 507,893	

**CITY OF PLEASANT HILL**  
Nonmajor Governmental Funds  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
For the Year Ended June 30, 2011

Refunding Lease Revenue Bonds			2002 PHDCFD #1 Special Tax Bonds		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,392	4,827	(4,565)	15,772	378	(15,394)
-	-	-	-	-	-
<u>9,392</u>	<u>4,827</u>	<u>(4,565)</u>	<u>15,772</u>	<u>378</u>	<u>(15,394)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	175,570	128,286	47,284
-	-	-	-	-	-
625,000	625,000	-	120,000	145,000	(25,000)
152,976	154,859	(1,883)	400,777	373,319	27,458
<u>777,976</u>	<u>779,859</u>	<u>(1,883)</u>	<u>696,347</u>	<u>646,605</u>	<u>49,742</u>
<u>(768,584)</u>	<u>(775,032)</u>	<u>(6,448)</u>	<u>(680,575)</u>	<u>(646,227)</u>	<u>34,348</u>
-	-	-	-	-	-
775,275	846,506	71,231	657,387	856,226	198,839
-	-	-	-	-	-
<u>775,275</u>	<u>846,506</u>	<u>71,231</u>	<u>657,387</u>	<u>856,226</u>	<u>198,839</u>
<u>\$ 6,691</u>	71,474	<u>\$ 64,783</u>	<u>\$ (23,188)</u>	209,999	<u>\$ 233,187</u>
	<u>948,794</u>			<u>715,746</u>	
	<u>\$ 1,020,268</u>			<u>\$ 925,745</u>	

(Concluded)

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**CITY OF PLEASANT HILL  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Fiduciary Funds account for assets held by a governmental unit in the trustee capacity and/or as an agent for individuals, private organizations, other governmental entities, and non-public organizations.

Agency Funds, representing all fiduciary funds of the City, 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, 2011

Acme Landfill Closure	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b>Assets:</b>				
Cash and investments held in City Treasury	\$ 64,601	\$ 326	\$ -	\$ 64,927
Interest receivable	89	-	(15)	74
Total Assets	<u>\$ 64,690</u>	<u>\$ 326</u>	<u>\$ (15)</u>	<u>\$ 65,001</u>
<b>Liabilities:</b>				
Due to others	\$ 64,690	\$ 311	\$ -	\$ 65,001
Total Liabilities	<u>\$ 64,690</u>	<u>\$ 311</u>	<u>\$ -</u>	<u>\$ 65,001</u>
Transpac	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b>Assets:</b>				
Cash and investments held in City Treasury	\$ 35,529	\$ 3,128	\$ -	\$ 38,657
Interest receivable	80	-	(12)	68
Total Assets	<u>\$ 35,609</u>	<u>\$ 3,128</u>	<u>\$ (12)</u>	<u>\$ 38,725</u>
<b>Liabilities:</b>				
Due to others	\$ 35,609	\$ 3,116	\$ -	\$ 38,725
Total Liabilities	<u>\$ 35,609</u>	<u>\$ 3,116</u>	<u>\$ -</u>	<u>\$ 38,725</u>
TDM	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b>Assets:</b>				
Cash and investments held in City Treasury	\$ 393,597	\$ -	\$ (150,628)	\$ 242,969
Accounts receivable	122,263	-	(25,007)	97,256
Interest receivable	64	187	-	251
Due from other governmental agencies	109,356	71,938	-	181,294
Prepaid items	-	6,980	-	6,980
Total Assets	<u>\$ 625,280</u>	<u>\$ 79,105</u>	<u>\$ (175,635)</u>	<u>\$ 528,750</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 10,855	\$ 67,652	\$ -	\$ 78,507
Due to other funds	421,336	-	(421,336)	-
Due to others	193,089	257,154	-	450,243
Total Liabilities	<u>\$ 625,280</u>	<u>\$ 324,806</u>	<u>\$ (421,336)</u>	<u>\$ 528,750</u>

**CITY OF PLEASANT HILL**  
 Agency Funds  
 Combining Statement of Changes in Assets and Liabilities  
 For the Year Ended June 30, 2011

Pleasant Hill Downtown Community Facilities District No. 1	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b>Assets:</b>				
Cash and investments held in City Treasury	\$ 27,259	\$ -	\$ (27,259)	\$ -
Cash and investments held with trustees	1,020,423	45,842	-	1,066,265
Total Assets	<u>\$ 1,047,682</u>	<u>\$ 45,842</u>	<u>\$ (27,259)</u>	<u>\$ 1,066,265</u>
<b>Liabilities:</b>				
Due to others	\$ 1,047,682	\$ 18,583	\$ -	\$ 1,066,265
Total Liabilities	<u>\$ 1,047,682</u>	<u>\$ 18,583</u>	<u>\$ -</u>	<u>\$ 1,066,265</u>
Asset Forfeiture Holding	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b>Assets:</b>				
Cash and investments held in City Treasury	\$ 20,620	\$ -	\$ -	\$ 20,620
Total Assets	<u>\$ 20,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,620</u>
<b>Liabilities:</b>				
Due to others	\$ 20,620	\$ -	\$ -	\$ 20,620
Total Liabilities	<u>\$ 20,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,620</u>
Total Agency Funds	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b>Assets:</b>				
Cash and investments held in City Treasury	\$ 541,606	\$ 3,454	\$ (177,887)	\$ 367,173
Cash and investments held with trustees	1,020,423	45,842	-	1,066,265
Accounts receivable	122,263	-	(25,007)	97,256
Interest receivable	233	187	(27)	393
Due from other governmental agencies	109,356	71,938	-	181,294
Prepaid items	-	6,980	-	6,980
Total Assets	<u>\$ 1,793,881</u>	<u>\$ 128,401</u>	<u>\$ (202,921)</u>	<u>\$ 1,719,361</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 10,855	\$ 67,652	\$ -	\$ 78,507
Due to other funds	421,336	-	(421,336)	-
Due to others	1,361,690	279,164	-	1,640,854
Total Liabilities	<u>\$ 1,793,881</u>	<u>\$ 346,816</u>	<u>\$ (421,336)</u>	<u>\$ 1,719,361</u>

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**CITY OF PLEASANT HILL  
STATISTICAL SECTION  
FOR THE YEAR ENDED JUNE 30, 2011**

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

***Financial Trends***

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

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

***Revenue Capacity***

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

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Overlapping Governments
3. Principal Property 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, Redevelopment Agency Tax Allocation Bonds

***Demographic and Economic Information***

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

1. Demographic and Economic Statistics
2. Principal Employers

***Operating Information***

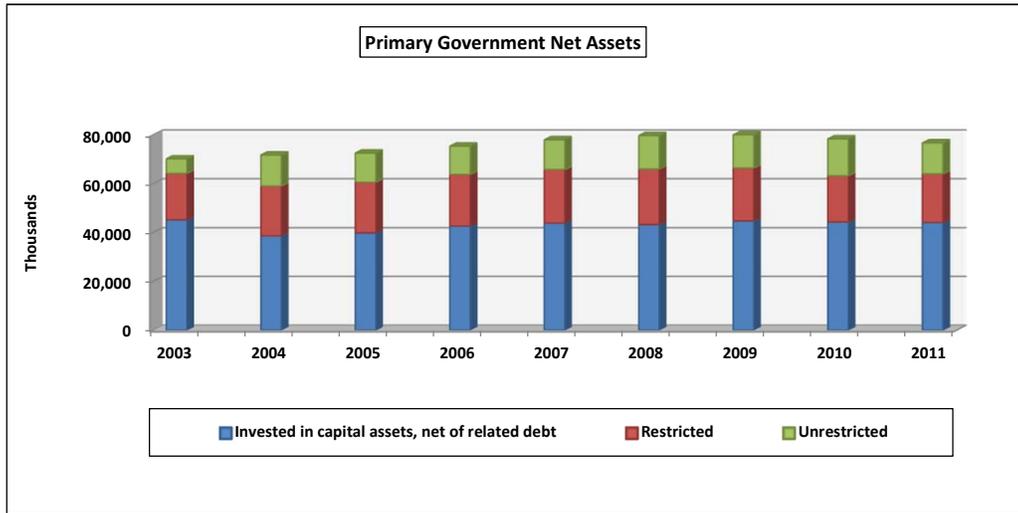
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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

***Sources***

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedule presenting government-wide information include information beginning in that year.

**CITY OF PLEASANT HILL**  
**Net Assets by Component**  
**Last Nine Fiscal Years**  
**(accrual basis of accounting)**



	June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities</b>									
Invested in capital assets, net of related debt	\$ 45,158,572	\$ 38,579,469	\$ 39,782,158	\$ 42,507,506	\$ 43,557,523	\$ 42,965,783	\$ 44,384,085	\$ 43,881,992	\$ 43,650,429
Restricted	19,026,868	20,406,970	20,750,615	21,097,614	21,936,969	22,710,677	21,623,899	18,871,581	19,890,531
Unrestricted	5,738,287	12,556,214	11,747,244	11,467,327	12,099,660	13,585,000	13,446,447	14,888,824	12,304,766
Total governmental activities net assets	<u>\$ 69,923,727</u>	<u>\$ 71,542,653</u>	<u>\$ 72,280,017</u>	<u>\$ 75,072,447</u>	<u>\$ 77,594,152</u>	<u>\$ 79,261,460</u>	<u>\$ 79,454,431</u>	<u>\$ 77,642,397</u>	<u>\$ 75,845,726</u>
<b>Business-type activities</b>									
Invested in capital assets, net of related debt	\$ 19,726	\$ 19,096	\$ 18,466	\$ 144,166	\$ 257,270	\$ 263,972	\$ 384,795	\$ 434,933	\$ 432,080
Unrestricted	160,954	124,448	158,854	137,830	77,119	131,278	149,719	254,967	380,418
Total business-type activities net assets	<u>\$ 180,680</u>	<u>\$ 143,544</u>	<u>\$ 177,320</u>	<u>\$ 281,996</u>	<u>\$ 334,389</u>	<u>\$ 395,250</u>	<u>\$ 534,514</u>	<u>\$ 689,900</u>	<u>\$ 812,498</u>
<b>Primary government</b>									
Invested in capital assets, net of related debt	\$ 45,178,298	\$ 38,598,565	\$ 39,800,624	\$ 42,651,672	\$ 43,814,793	\$ 43,229,755	\$ 44,768,880	\$ 44,316,925	\$ 44,082,509
Restricted	19,026,868	20,406,970	20,750,615	21,097,614	21,936,969	22,710,677	21,623,899	18,871,581	19,890,531
Unrestricted	5,899,241	12,680,662	11,906,098	11,605,157	12,176,779	13,716,278	13,596,166	15,143,791	12,685,184
Total primary government net assets	<u>\$ 70,104,407</u>	<u>\$ 71,686,197</u>	<u>\$ 72,457,337</u>	<u>\$ 75,354,443</u>	<u>\$ 77,928,541</u>	<u>\$ 79,656,710</u>	<u>\$ 79,988,945</u>	<u>\$ 78,332,297</u>	<u>\$ 76,658,224</u>

**CITY OF PLEASANT HILL**  
**Changes in Net Assets**  
**Last Nine Fiscal Years**  
**(Accrual Basis of Accounting)**

	For the Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses:</b>									
Governmental Activities:									
General Government	\$ 4,458,180	\$ 4,255,710	\$ 4,047,478	\$ 4,330,477	\$ 4,784,571	\$ 4,476,627	\$ 4,508,256	\$ 4,255,271	\$ 4,013,156
Public Safety	6,853,799	7,757,853	9,120,677	9,362,163	10,798,714	9,928,496	10,158,604	10,569,296	10,460,617
Transportation	4,985,019	5,675,590	6,582,598	5,524,377	6,541,500	9,321,573	7,264,126	7,627,607	6,461,403
Community Development	2,962,611	3,425,089	4,022,585	3,988,861	4,954,109	4,733,821	5,346,378	7,094,274	5,985,179 (a)
Interest and fiscal charges	2,470,619	1,542,405	1,152,466	922,124	872,510	849,028	832,973	790,114	952,768
Total Governmental Activities Expenses	<u>21,730,228</u>	<u>22,656,647</u>	<u>24,925,804</u>	<u>24,128,002</u>	<u>27,951,404</u>	<u>29,309,545</u>	<u>28,110,337</u>	<u>30,336,562</u>	<u>27,873,123</u>
Business-Type Activities:									
Water	157,586	172,757	138,944	171,673	207,461	223,465	144,374	120,782	153,881
Total Business-Type Activities Expenses	<u>157,586</u>	<u>172,757</u>	<u>138,944</u>	<u>171,673</u>	<u>207,461</u>	<u>223,465</u>	<u>144,374</u>	<u>120,782</u>	<u>153,881</u>
Total Primary Government Expenses	<u>\$ 21,887,814</u>	<u>\$ 22,829,404</u>	<u>\$ 25,064,748</u>	<u>\$ 24,299,675</u>	<u>\$ 28,158,865</u>	<u>\$ 29,533,010</u>	<u>\$ 28,254,711</u>	<u>\$ 30,457,344</u>	<u>\$ 28,027,004</u>
<b>Program Revenues:</b>									
Governmental Activities:									
Charges for Services:									
General Government	\$ 293,661	\$ 205,730	\$ 213,859	\$ 178,325	\$ 199,136	\$ 216,617	\$ 283,899	\$ 254,542	\$ 268,859
Public Safety	246,850	432,897	426,795	224,177	336,949	224,706	220,002	219,100	167,693
Transportation	38,134	753,084	106,002	80,651	158,558	904,516	933,220	209,483	61,134
Community Development	593,330	711,617	901,002	753,007	688,057	857,160	542,444	1,371,035	1,618,580
Operating Grants and Contributions	2,686,338	2,237,154	2,785,772	2,356,729	2,962,397	2,171,187	2,134,676	3,759,275	1,487,235
Capital Grants and Contributions	1,504,693	876,929	335,000	45,273	677,935	77,961	580,018	62,685	238,432
Total Government Activities Program Revenues	<u>5,363,006</u>	<u>5,217,411</u>	<u>4,768,430</u>	<u>3,638,162</u>	<u>5,023,032</u>	<u>4,452,147</u>	<u>4,694,259</u>	<u>5,876,120</u>	<u>3,841,933</u>
Business-Type Activities:									
Charges for Services:									
Water	126,515	34,128	71,100	92,430	113,760	135,090	135,090	135,089	134,520
Capital Grants and Contributions	-	-	-	67,800	-	-	-	-	-
Total Business-Type Activities Program Revenue	<u>126,515</u>	<u>34,128</u>	<u>71,100</u>	<u>160,230</u>	<u>113,760</u>	<u>135,090</u>	<u>135,090</u>	<u>135,089</u>	<u>134,520</u>
Total Primary Government Program Revenues	<u>\$ 5,489,521</u>	<u>\$ 5,251,539</u>	<u>\$ 4,839,530</u>	<u>\$ 3,798,392</u>	<u>\$ 5,136,792</u>	<u>\$ 4,587,237</u>	<u>\$ 4,829,349</u>	<u>\$ 6,011,209</u>	<u>\$ 3,976,453</u>
<b>Net (Expense)/Revenue</b>									
Governmental Activities	\$ (16,367,222)	\$ (17,439,236)	\$ (20,157,374)	\$ (20,489,840)	\$ (22,928,372)	\$ (24,857,398)	\$ (23,416,078)	\$ (24,460,442)	\$ (24,031,190)
Business-Type Activities	(31,071)	(138,629)	(67,844)	(11,443)	(93,701)	(88,375)	(9,284)	14,307	(19,361)
Total Primary Government Net Expense	<u>\$ (16,398,293)</u>	<u>\$ (17,577,865)</u>	<u>\$ (20,225,218)</u>	<u>\$ (20,501,283)</u>	<u>\$ (23,022,073)</u>	<u>\$ (24,945,773)</u>	<u>\$ (23,425,362)</u>	<u>\$ (24,446,135)</u>	<u>\$ (24,050,551)</u>

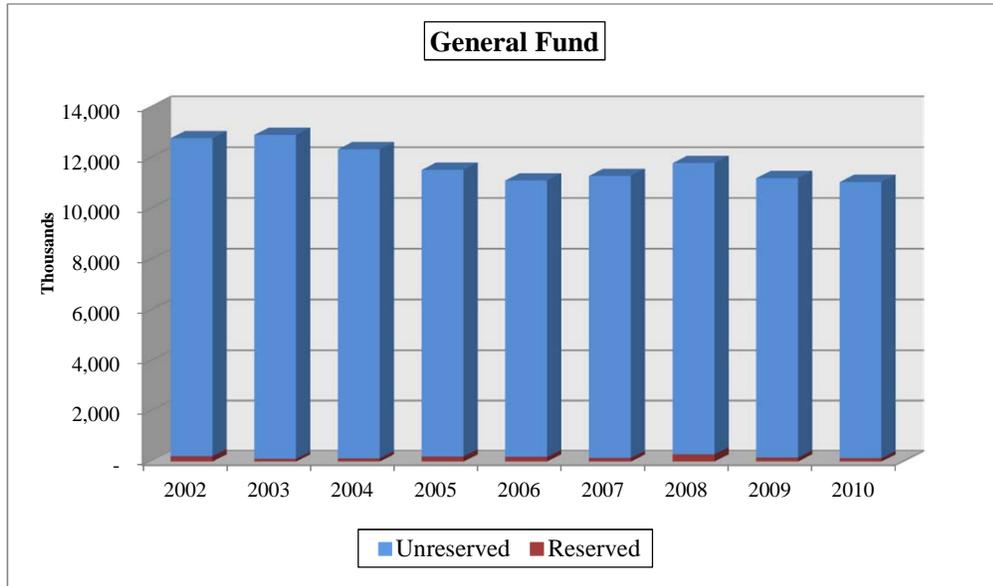
**CITY OF PLEASANT HILL**  
**Changes in Net Assets**  
**(continued)**  
**Last Nine Fiscal Years**  
**(Accrual Basis of Accounting)**

	For the Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Revenues and Other Changes in Net Assets</b>									
Governmental Activities:									
Taxes:									
Property Taxes	\$ 1,979,431	\$ 2,105,183	\$ 1,962,382	\$ 2,162,590	\$ 2,958,659	\$ 2,867,876	\$ 2,898,986	\$ 2,727,159	\$ 2,732,451
Incremental Property Tax	3,200,815	3,807,280	3,873,537	4,116,371	4,944,024	4,959,132	4,921,960	4,931,841	4,583,378
Special Assessments	1,001,899	-	774,281	807,434	774,780	-	-	-	-
Sales Taxes	6,806,950	6,707,706	6,985,909	6,828,901	7,352,356	7,402,888	6,749,426	6,405,930	6,024,036
Other Taxes	4,012,887	4,278,678	4,469,141	5,273,958	5,430,332	6,320,041	5,419,659	5,169,082	5,802,809 (b)
Motor Vehicle in Lieu	1,924,533	1,508,495	2,097,515	3,107,728	2,607,532	3,106,325	2,547,529	2,632,193	2,644,861
Investment Earnings	499,150	295,009	542,554	893,680	1,160,974	1,109,386	743,436	241,327	205,007
Miscellaneous	147,142	355,811	189,419	91,608	221,420	759,058	328,053	198,562	241,977
Sale of Land	(6,272,947)	-	-	-	-	-	-	342,314	-
Total Governmental Activities	<u>13,299,860</u>	<u>19,058,162</u>	<u>20,894,738</u>	<u>23,282,270</u>	<u>25,450,077</u>	<u>26,524,706</u>	<u>23,609,049</u>	<u>22,648,408</u>	<u>22,234,519</u>
Business-Type Activities:									
Property Taxes	-	99,659	98,048	111,067	139,519	142,679	145,136	139,900	140,579
Interest Earnings	3,239	1,834	3,572	5,052	6,575	6,557	3,412	1,179	1,380
Total Business-Type Activities	<u>3,239</u>	<u>101,493</u>	<u>101,620</u>	<u>116,119</u>	<u>146,094</u>	<u>149,236</u>	<u>148,548</u>	<u>141,079</u>	<u>141,959</u>
Total Primary Government	<u>\$ 13,303,099</u>	<u>\$ 19,159,655</u>	<u>\$ 20,996,358</u>	<u>\$ 23,398,389</u>	<u>\$ 25,596,171</u>	<u>\$ 26,673,942</u>	<u>\$ 23,757,597</u>	<u>\$ 22,789,487</u>	<u>\$ 22,376,478</u>
<b>Change in Net Assets</b>									
Governmental Activities	\$ (3,067,362)	\$ 1,618,926	\$ 737,364	\$ 2,792,430	\$ 2,521,705	\$ 1,667,308	\$ 192,971	\$ (1,812,034)	\$ (1,796,671)
Business-Type Activities	(27,832)	(37,136)	33,776	104,676	52,393	60,861	139,264	155,386	122,598
Total Primary Government	<u>\$ (3,095,194)</u>	<u>\$ 1,581,790</u>	<u>\$ 771,140</u>	<u>\$ 2,897,106</u>	<u>\$ 2,574,098</u>	<u>\$ 1,728,169</u>	<u>\$ 332,235</u>	<u>\$ (1,656,648)</u>	<u>\$ (1,674,073)</u>

(a) Includes supplemental educational revenue augmentation funds expenses for FY 2010 and FY 2011.

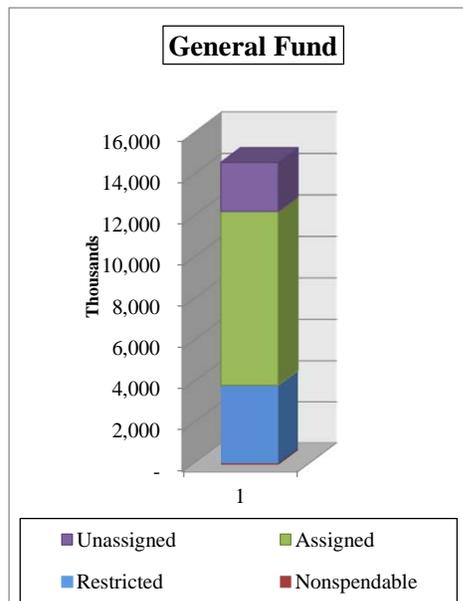
(b) Includes franchise, transient occupancy, and other taxes.

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



	June 30,								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund									
Reserved	\$ 215,281	\$ 110,197	\$ 127,632	\$ 201,457	\$ 185,602	\$ 144,851	\$ 289,023	\$ 159,714	\$ 133,070
Unreserved	12,569,397	12,804,625	12,219,014	11,337,233	10,934,837	11,150,404	11,519,050	11,054,038	10,928,989
Total General Fund	<u>\$ 12,784,678</u>	<u>\$ 12,914,822</u>	<u>\$ 12,346,646</u>	<u>\$ 11,538,690</u>	<u>\$ 11,120,439</u>	<u>\$ 11,295,255</u>	<u>\$ 11,808,073</u>	<u>\$ 11,213,752</u>	<u>\$ 11,062,059</u>
All Other Governmental Funds									
Reserved	\$ 7,885,255	\$ 9,340,122	\$ 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	4,386,418	6,934,196	8,551,394	6,803,585	8,106,706	8,001,426	7,373,745	5,158,555	5,028,623
Capital project funds	3,947,258	3,369,014	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	<u>\$ 16,218,931</u>	<u>\$ 19,643,332</u>	<u>\$ 21,251,780</u>	<u>\$ 21,777,006</u>	<u>\$ 22,491,653</u>	<u>\$ 24,433,880</u>	<u>\$ 25,692,676</u>	<u>\$ 25,160,159</u>	<u>\$ 23,627,585</u>

	June 30, 2011 (b)
General Fund	
Nonspendable	\$ 60,000
Restricted	3,813,612
Assigned	8,399,941
Unassigned	2,361,720
Total General Fund	<u>\$ 14,635,273</u>
All Other Governmental Funds	
Restricted	\$ 15,676,590
Committed	3,154,256
Unassigned	(13,450)
Total all other governmental funds	<u>\$ 18,817,396</u>



(a) The change in total fund balance for the General Fund and other governmental funds is explained in the Management's Discussion and Analysis section.  
(b) The City implemented GASB Statement No. 54 in fiscal year 2010-2011.

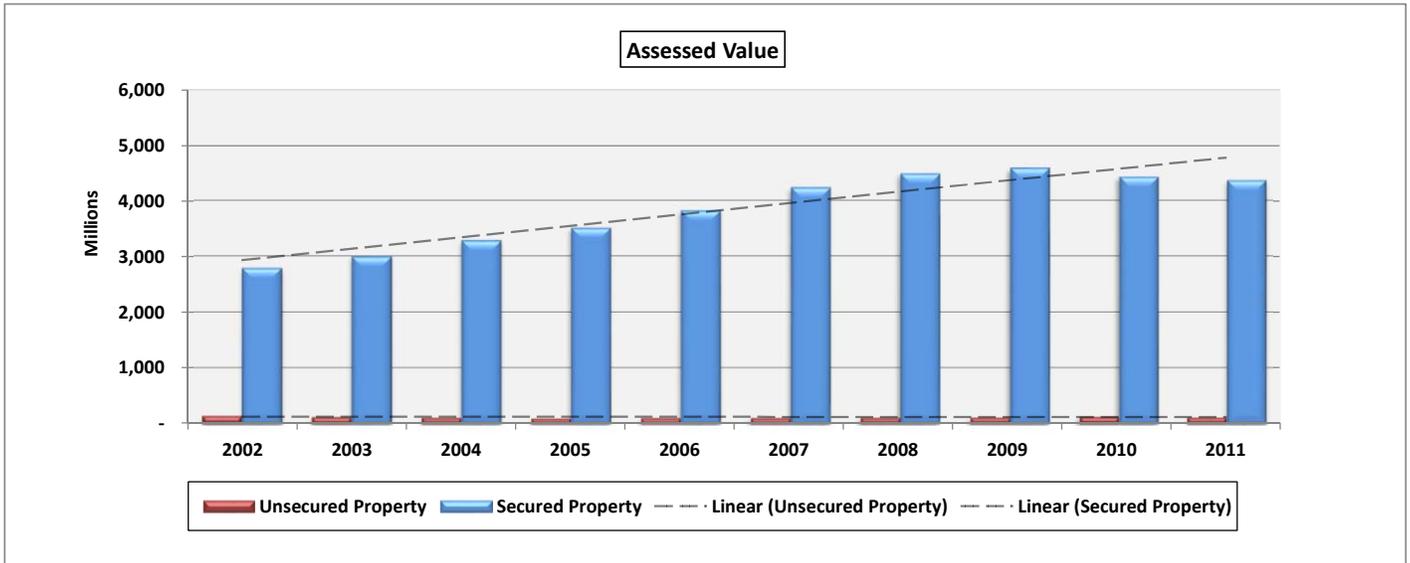
**CITY OF PLEASANT HILL**  
**Changes in Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>										
Taxes	\$14,023,383	\$14,885,883	\$15,707,969	\$16,015,799	\$16,805,182	\$18,972,528	\$19,632,116	\$18,741,214	\$18,173,963	\$19,580,639
Licenses, permits and fees	2,257,517	2,176,820	2,251,143	2,531,120	2,575,760	2,666,509	2,843,196	2,517,694	2,407,379	424,960
Fines and forfeitures	180,504	150,330	244,437	223,821	178,492	229,464	172,348	138,272	169,547	173,423
Use of money and property	925,728	653,488	357,650	698,013	1,161,423	1,570,171	1,379,154	751,307	248,121	161,018
Intergovernmental revenues	3,406,357	5,586,849	3,639,517	4,123,703	4,958,797	5,524,523	4,880,568	5,357,025	5,578,337	4,684,179
Charges for services	1,266,617	1,267,647	1,212,874	1,067,594	986,997	1,188,541	498,901	596,350	627,272	624,803
Other	214,095	313,227	287,109	1,027,504	408,252	312,123	1,050,457	318,224	612,333	655,450
<b>Total Revenues</b>	<b>22,274,201</b>	<b>25,034,244</b>	<b>23,700,699</b>	<b>25,687,554</b>	<b>27,074,903</b>	<b>30,463,859</b>	<b>30,456,740</b>	<b>28,420,086</b>	<b>27,816,952</b>	<b>26,304,472</b>
<b>Expenditures</b>										
<b>Current:</b>										
General government	4,078,653	3,841,436	3,900,863	3,843,349	4,156,358	4,396,420	4,249,283	4,064,007	3,848,126	3,796,733
Public safety	5,963,278	6,931,317	7,422,209	8,636,460	8,951,626	9,754,033	9,423,894	9,739,391	10,057,020	9,907,557
Transportation	7,593,411	4,494,459	4,881,168	5,751,039	4,975,954	6,439,194	6,979,473	7,496,776	5,768,100	5,142,587
Community development	4,748,561	2,968,873	3,443,565	3,999,892	3,947,011	4,961,580	4,609,915	5,298,457	7,064,438	5,990,174
Capital outlay	520,984	213,299	450,217	940,287	2,330,434	613,079	1,503,898	994,582	1,160,735	765,819
<b>Debt service:</b>										
Principal repayment	1,825,000	9,275,000	10,335,000	1,640,000	1,495,000	1,310,000	1,110,000	1,135,000	1,155,000	1,195,000
Interest and fiscal charges	1,192,525	2,470,619	1,324,757	1,152,466	922,124	872,510	849,028	832,973	790,114	751,591
<b>Total Expenditures</b>	<b>25,922,412</b>	<b>30,195,003</b>	<b>31,757,779</b>	<b>25,963,493</b>	<b>26,778,507</b>	<b>28,346,816</b>	<b>28,725,491</b>	<b>29,561,186</b>	<b>29,843,533</b>	<b>27,549,461</b>
Excess (deficiency) of revenues over (under) expenditures	(3,648,211)	(5,160,759)	(8,057,080)	(275,939)	296,396	2,117,043	1,731,249	(1,141,100)	(2,026,581)	(1,244,989)
<b>Other Financing Sources (Uses)</b>										
Transfers in	3,352,522	2,535,059	5,206,916	8,348,717	5,674,955	6,135,952	6,018,029	6,507,525	7,177,213	5,107,315
Transfers (out)	(3,352,522)	(2,535,059)	(5,206,916)	(8,348,717)	(5,674,955)	(6,135,952)	(6,018,029)	(6,507,525)	(7,177,213)	(5,107,315)
Refunding lease revenue bonds	-	-	9,315,000	-	-	-	-	-	-	-
Tax allocation bonds issued	-	8,860,000	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	7,290,000	-	-	-	-	-	-	-	-
Cost of issuance	-	-	(217,648)	-	-	-	-	-	-	-
Proceeds from notes receivable	500,000	-	-	-	-	-	-	-	-	-
Payments to refunded bond escrow	-	(6,272,947)	-	-	-	-	-	-	-	-
Sale of capital assets	810,562	-	-	(6,791)	-	-	40,365	14,262	342,314	8,014
Total other financing sources (uses)	1,310,562	9,877,053	9,097,352	(6,791)	-	-	40,365	14,262	342,314	8,014
<b>Net Change in fund balances</b>	<b>\$ (2,337,649)</b>	<b>\$ 4,716,294</b>	<b>\$ 1,040,272</b>	<b>\$ (282,730)</b>	<b>\$ 296,396</b>	<b>\$ 2,117,043</b>	<b>\$ 1,771,614</b>	<b>\$ (1,126,838)</b>	<b>\$ (1,684,267)</b>	<b>\$ (1,236,975)</b>
Debt service as a percentage of noncapital expenditures	(a)	63.7%	58.0%	12.1%	9.9%	8.3%	6.4%	7.4%	6.8%	7.4%

\* Includes \$12M classified as developer fees and reimbursements for Capital Project fund type.

(a) The City implemented GASB Statement No. 34 in fiscal year 2003. Therefore this calculation is included only for fiscal years subsequent to that date.

**CITY OF PLEASANT HILL  
 ASSESSED AND ESTIMATED ACTUAL  
 VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS**



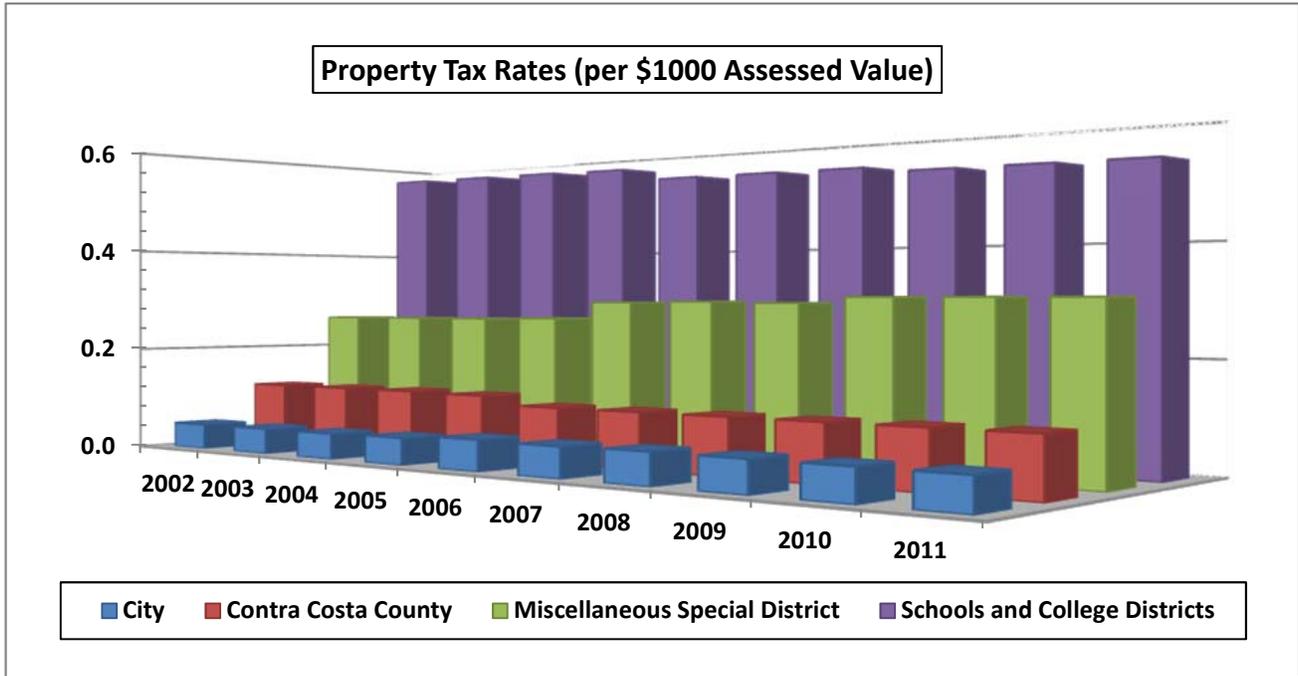
Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed <sup>(a)</sup>	Estimated Full Market <sup>(a)</sup>	Total Direct Tax Rate <sup>(b)</sup>
	Residential Property	Commercial Property	Industrial Property	Other					
2002	2,251,082,367	473,349,279	17,104,332	65,225,695	2,806,761,673	140,867,170	2,947,628,843	2,947,628,843	4.82%
2003	2,416,836,838	505,288,871	17,446,407	73,292,939	3,012,865,055	118,776,677	3,131,641,732	3,131,641,732	4.82%
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%

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 (1)  
ALL DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**



<b>Fiscal Year</b>	<b>Contra Costa County</b>	<b>City <sup>(2)</sup></b>	<b>Schools and College Districts</b>	<b>Miscellaneous Special Districts</b>	<b>Total</b>
2002	0.1205	0.0482	0.5693	0.2620	1.0000
2003	0.1205	0.0482	0.5693	0.2620	1.0000
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

Source: County Auditor/Controller's Office

<sup>(1)</sup> Per \$1,000 assessed value

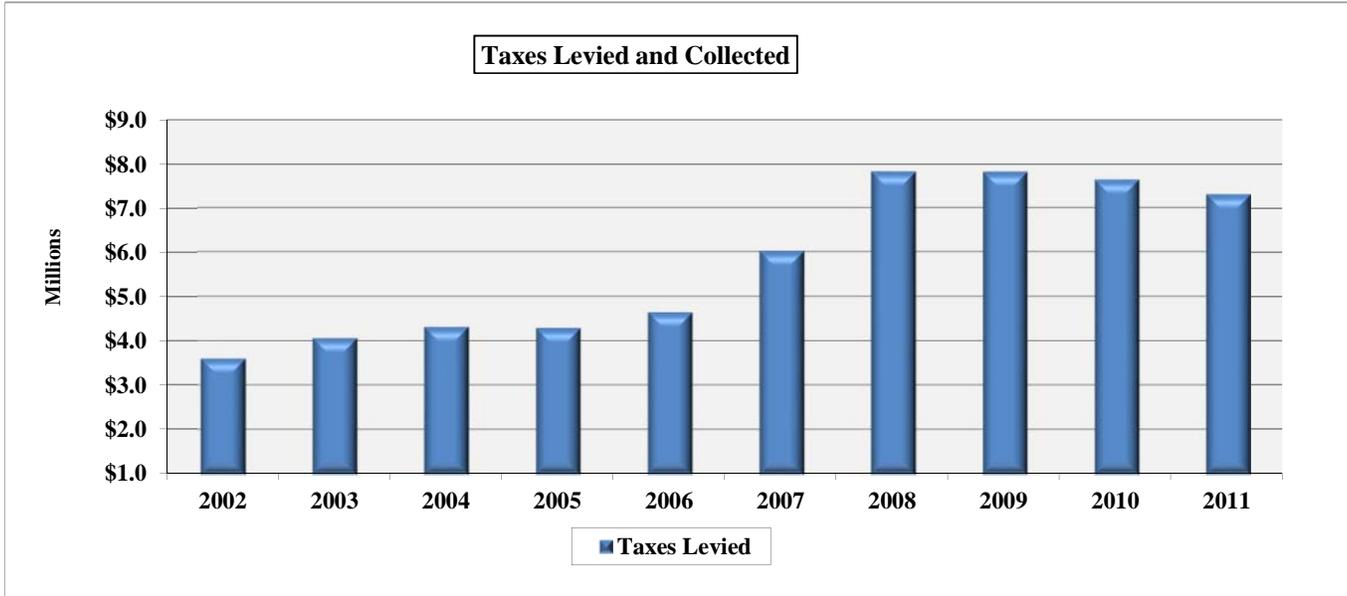
<sup>(2)</sup> The rates shown are not levied rates, but rather "rate-equivalents." The County, in the application of the Tax Equity Allocation (TEA) formula specified by the 1987 amendments to the Trial Court Funding Act, created these rates to accomplish the property tax shift required by the law. See Note (1) on the "Property Values and Tax Levies and Collections" page for a more detailed explanation.

**CITY OF PLEASANT HILL**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**

<b>Taxpayer</b>	<b>2010-2011</b>			<b>2001-2002</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
BPP Pleasant Hill LP				\$ 60,983,127	1	19.80%
Pacific Bell Information Svcs				\$ 51,105,868	2	16.59%
BPP Retail				\$ 32,205,751	3	10.46%
Grupe Real Estate Investors	\$ 33,771,646	7	8.00%	\$ 28,797,160	4	9.35%
Bank of America				\$ 28,170,388	5	9.15%
John V Hook Trust				\$ 26,992,615	6	8.76%
EQR Watson General Partnership	\$ 30,924,841	9	7.32%	\$ 26,491,719	7	8.60%
Gallup and Whalen Santa Maria	\$ 23,549,843	10	5.58%	\$ 20,173,627	8	6.55%
ERP Operating Limited				\$ 17,874,021	9	5.80%
Residence Inn III LLC				\$ 15,171,316	10	4.93%
Loja Pleasant Hill LLC	\$ 83,204,264	1	19.70%			
FW California PH Shopping Center LLC	\$ 62,258,377	2	14.74%			
Hook Group LLC	\$ 42,094,040	3	9.97%			
WM Villa Montanaro LLC	\$ 41,285,758	4	9.78%			
Lexford Properties LP	\$ 37,462,104	5	8.87%			
Grosvenor USA Limited	\$ 36,145,025	6	8.56%			
Beaufort Partners LP	\$ 31,588,905	8	7.48%			
Subtotal	<u>\$422,284,803</u>		<u>100.00%</u>	<u>\$307,965,592</u>		<u>100.00%</u>

Source: County Assessor Fiscal Year Combined Tax Rolls.

**CITY OF PLEASANT HILL  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS <sup>(1)</sup>**



<u>Fiscal Year</u>	<u>Total Tax Levied and Collected <sup>(2)</sup></u>
2002	\$ 3,628,118
2003	4,090,576
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

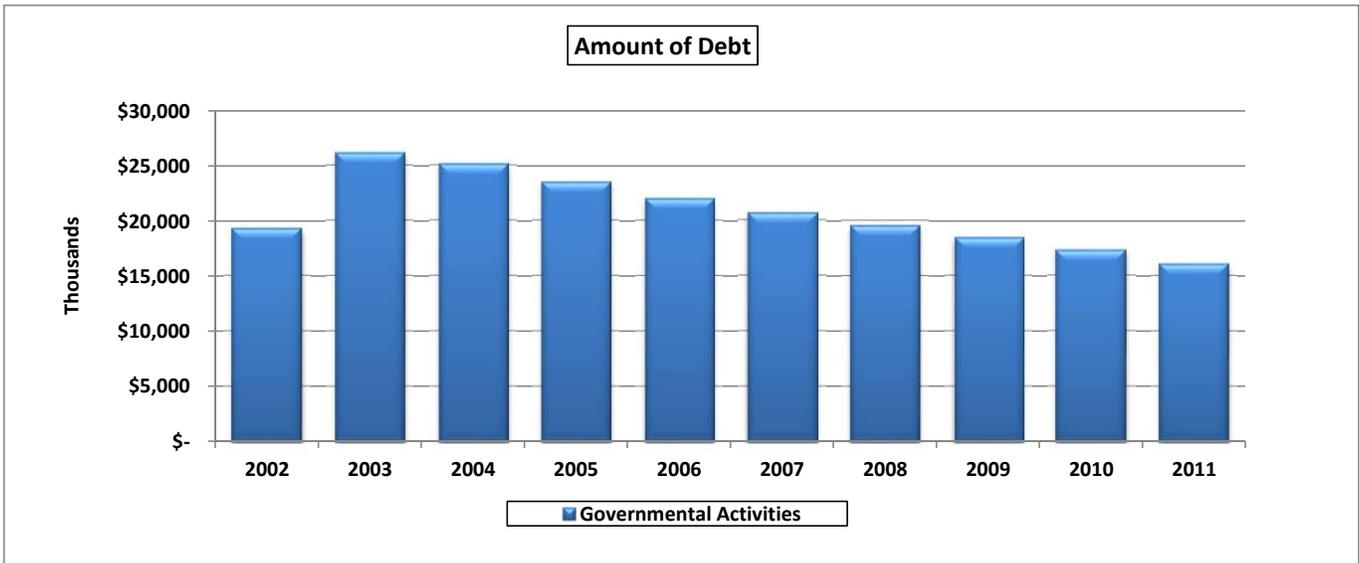
Source: City of Pleasant Hill Comprehensive Annual Financial Reports and Contra Costa County

<sup>(1)</sup> 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 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 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; only the amount used for debt service is included here.

<sup>(2)</sup> Includes property taxes in the City's General and Special Revenue Funds and tax increment in Redevelopment's Debt Service Fund.

**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	Special	Lease	Total
	Allocation Refunding Bonds	Assessment Debt	Revenue Refunding	
2002	\$ 8,300,000	\$ 580,000	\$ 10,480,000	\$ 19,360,000
2003	8,860,000	7,770,000	9,605,000	26,235,000
2004	8,470,000	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

Fiscal Year	Total Primary Government	Percentage of Personal Income <sup>(a)</sup>	Per Capita
2002	\$ 19,360,000	1.71%	581.12
2003	26,235,000	2.23%	780.94
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	n/a	486.04

Sources: HdL Coren & Cone report based on the following sources:

Population: California Department of Finance

Unemployment Data: California Employment Development Department

Income, Age and Education 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 from Census Block Groups that overlap the City's boundaries.

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

<sup>(a)</sup> 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.

**CITY OF PLEASANT HILL**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**June 30, 2011**

2010-11 Assessed Valuation	\$ 4,483,664,089
Redevelopment Incremental Valuation	439,143,681
Adjusted Assessed Valuation:	<u>\$ 4,044,520,408</u>

	<b>Net Debt Outstanding</b>	<b>Percentage Applicable To City of Pleasant Hill <sup>(1)</sup></b>	<b>Amount Applicable To City of Pleasant Hill</b>
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT</u></b>			
Bay Area Rapid Transit District	\$ 413,865,000	0.929%	\$ 3,844,806
East Bay Regional Park District	153,990,000	1.440%	2,217,456
Contra Costa Community College District	237,095,000	3.240%	7,681,878
Mount Diablo Unified School District	319,325,057	15.408%	49,201,605
Mount Diablo Unified School District Community Facilities District No. 1	56,445,000	15.408%	8,697,046
Pleasant Hill Recreation and Park District	13,005,000	100.000%	13,005,000
City of Pleasant Hill Downtown Community Facilities District No. 1	<u>20,000,000</u>	85.937%	<u>17,187,400</u>
<b>TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>	<b><u>\$ 1,213,725,057</u></b>		<b>101,835,191</b>
Less: East Bay Municipal Utility District ( 100% self-supporting)			<u>-</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b><u>101,835,191</u></b>
<b><u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u></b>			
Contra Costa County General Fund Obligations	\$ 319,867,903	3.226%	10,318,939
Contra Costa Pension Obligations	399,840,000	3.226%	12,898,838
Contra Costa Community College District Certificates of Participation	925,000	3.240%	29,970
City of Pleasant Hill Joint Powers Authority	4,260,000	100.000%	4,260,000
Pleasant Hill Recreation and Park District Certificates of Participation	2,390,000	85.937%	2,053,894
Contra Costa County Fire Protection District Pension Obligations	<u>116,240,000</u>	7.197%	<u>8,365,793</u>
<b>TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>	<b><u>\$ 843,522,903</u></b>		<b>37,927,434</b>
Less: Contra Costa County self-supported			<u>3,911,528</u>
<b>NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>34,015,906</b>
<b>GROSS COMBINED TOTAL DEBT</b>			<b><u>\$ 139,762,625</u></b>
<b>NET COMBINED TOTAL DEBT</b>			<b><u>\$ 135,851,097</u></b>

<sup>(1)</sup> Percentage of overlapping agency's assessed valuation located within boundaries of the city.

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

**RATIOS TO 2010-11 ASSESSED VALUATION:**

Total Overlapping Tax and Assessment Debt 2.52%

**RATIOS TO ADJUSTED ASSESSED VALUATION:**

Combined Direct Debt (\$4,260,000) 0.11%  
 Combined Total Debt 3.46%  
 Net combined Total Debt 3.36%

Source: California Municipal Statistics, Inc.

**CITY OF PLEASANT HILL**  
**COMPUTATION OF LEGAL BONDED DEBT MARGIN**  
**June 30, 2011**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property \$ 4,483,664,089

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) <sup>(a)</sup> \$ 168,137,403

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt \$ (10,485,000)

Less Special Assessment Bonds \$ (6,225,000)

Amount of debt subject to limit <sup>(b)</sup> \$ (4,260,000)

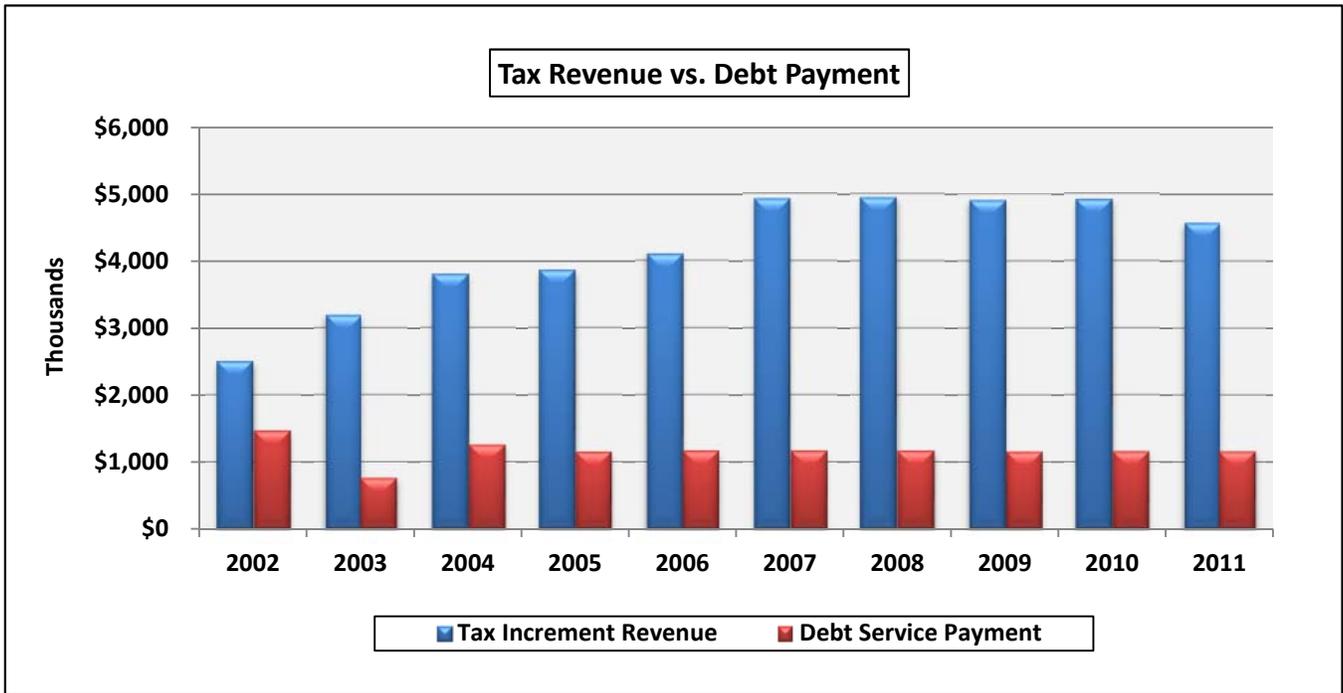
LEGAL BONDED DEBT MARGIN \$ 163,877,403

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total net debt applicable to the limit as a percentage of debt limit</u>
2002	\$110,536,082	\$10,480,000	\$100,056,082	10.47%
2003	117,436,565	9,605,000	107,831,565	8.91%
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%

NOTE:

- (a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.
- (b) Includes special assessment bonds and all debt supported by general fund revenues, including capital lease obligations, general obligations, 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**



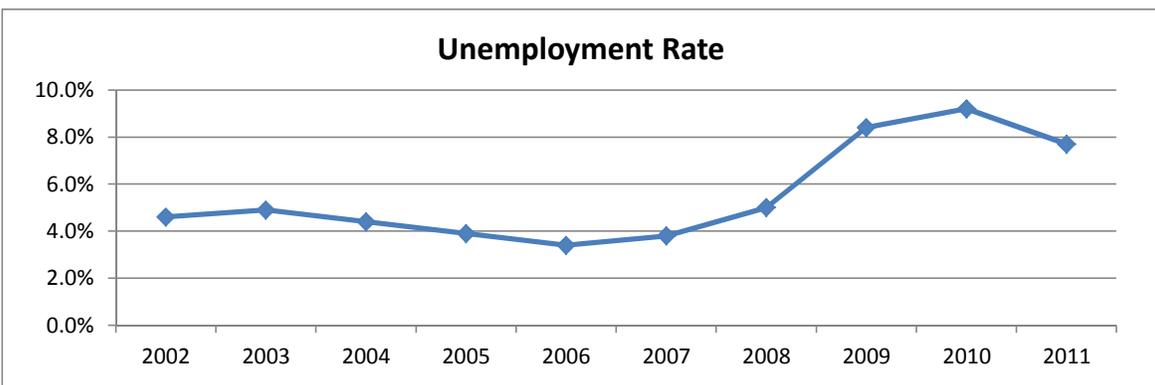
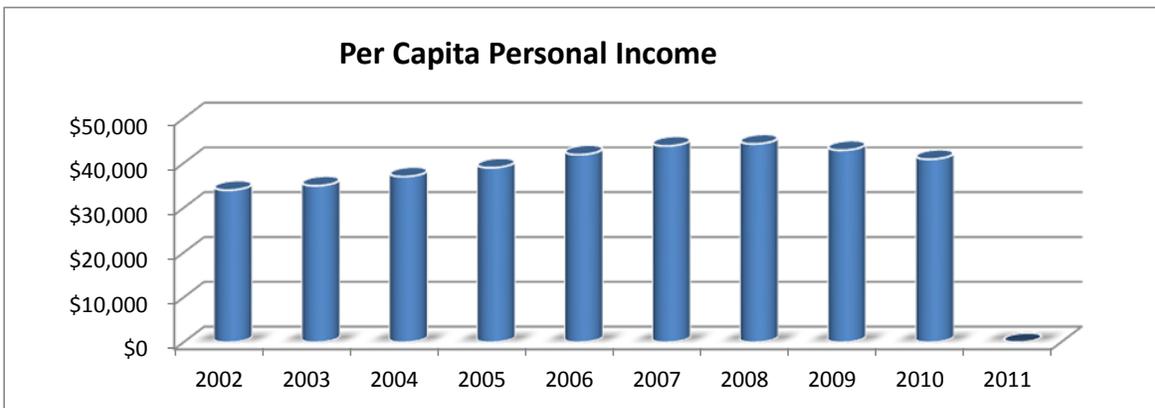
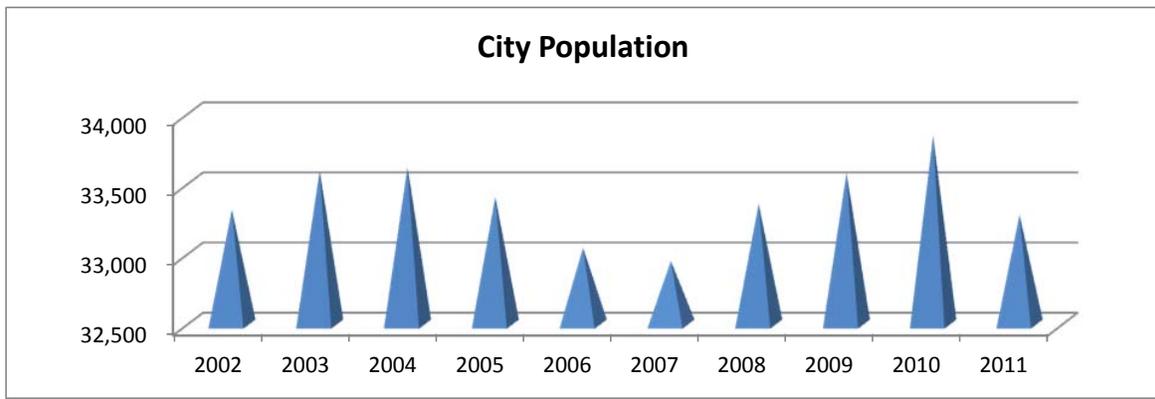
Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest & Fiscal Fee	Total	
2002	\$2,514,944	\$895,000	\$581,931	\$1,476,931	1.70
2003	3,200,815	205,000	564,558 (a)	769,558	4.16
2004	3,807,280	565,000	699,565	1,264,565	3.01
2005	3,873,537	490,000	669,510	1,159,510	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

Source: City of Pleasant Hill Annual Financial Statements

(a) On September 1, 2011, 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.

# CITY OF PLEASANT HILL DEMOGRAPHIC STATISTICS LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>City Population</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>	<b>Rank in Size of California Cities</b>
2002	33,315	\$1,132,533	\$33,995	4.6%	210
2003	33,594	1,175,036	34,978	4.9%	270
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	33,279	not available	not available	7.7%	224



**CITY OF PLEASANT HILL**  
**Principal Employers**  
**Current Year and Four Years Ago**

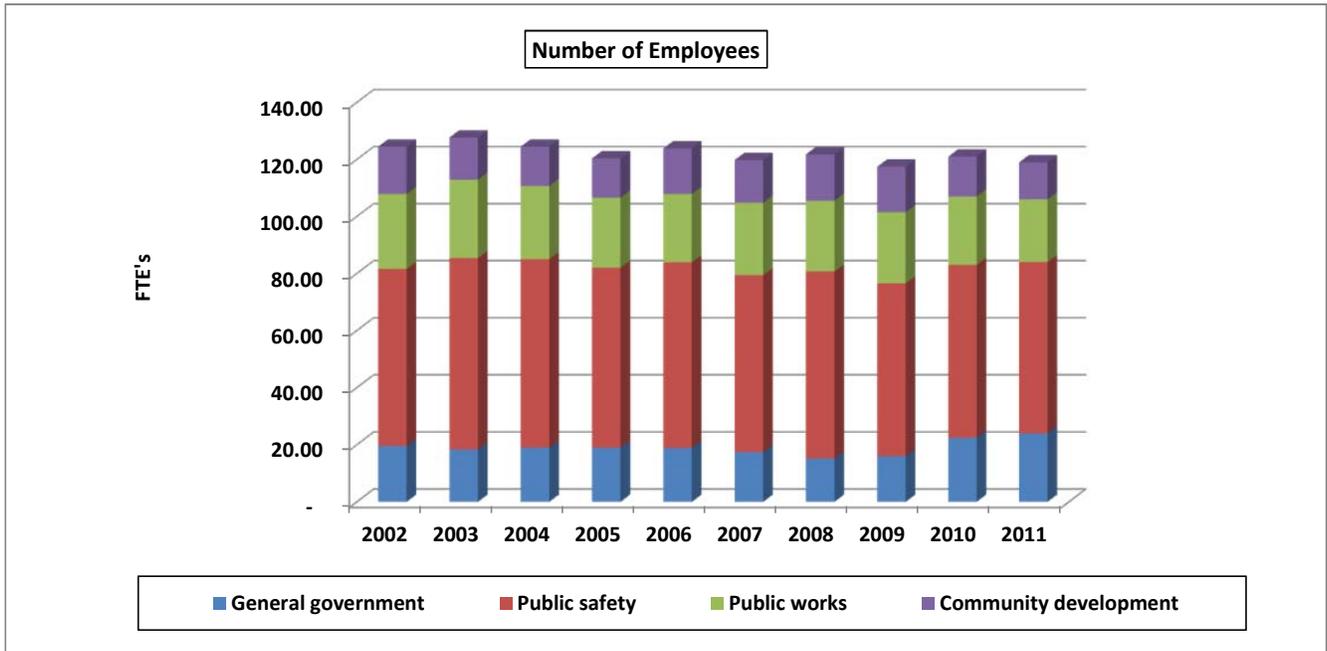
<b>Employer</b>	<b>2009 <sup>(a)</sup></b>			<b>2006 <sup>(b)</sup></b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Mt. Diablo Unified School District	659	1	4.81%	537	2	2.77%
Contra Costa County Fire Protection	450	2	3.29%			
Safeway	255	3	1.86%			
Target	250	4	1.83%			
Yandell Truckaway	250	5	1.83%			
Nightingale of Contra Costa	200	6	1.46%			
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%			
Irvin Deutscher Family YMCA	150	10	1.10%			
Keep in Touch	150	11	1.10%			
Rosewood Care Center	131	12	0.96%			
Apex Care	100	13	0.73%			
Chateau's Active-Assisted Living	100	14	0.73%			
E C Bridges	100	15	0.73%			
Genworth Financial Wealth Management	99	16	0.72%			
Outback Steakhouse	90	17	0.66%			
Lucky Food Center	85	18	0.62%			
Chevys Fresh Mex	81	19	0.59%			
Black Angus Steakhouse	80	20	0.58%			
Diablo Valley College				1,125	1	5.80%
Nelson Staffing Solutions				186	4	0.96%
City of Pleasant Hill				136	6	0.70%
Target Stores				129	7	0.66%
Mervyns				117	8	0.60%
Century Theaters Pleasant Hill				115	9	0.59%
Kohl's Department Store				115	9	0.59%
<b>Subtotal</b>	<b>3,730</b>		<b>27.23%</b>	<b>3,157</b>		<b>16.27%</b>
<b>Total Employees in City</b>	<b>13,698</b>			<b>19,400</b>		

Source: InfoGroup

<sup>(a)</sup> Information represents the latest detail provided for calendar year 2009.

<sup>(b)</sup> 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,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Function</b>										
General government	19.60	18.40	19.00	19.00	18.90	17.40	15.20	16.00	22.50	24.00
Public safety	62.00	67.00	66.00	63.00	65.00	62.00	65.50	60.50	60.50	60.00
Public works	26.30	27.50	25.70	24.60	24.00	25.40	24.80	25.00	24.00	22.00
Community development	16.60	14.80	13.80	13.80	16.00	15.00	16.30	16.00	14.00	13.00
<b>Total</b>	<u>124.50</u>	<u>127.70</u>	<u>124.50</u>	<u>120.40</u>	<u>123.90</u>	<u>119.80</u>	<u>121.80</u>	<u>117.50</u>	<u>121.00</u>	<u>119.00</u>

Source: Pleasant Hill

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Function/Program</b>										
<b>Public safety:</b> <sup>(a)</sup>										
Incident numbers issued	22,925	22,869	22,261	22,970	22,033	21,003	21,068	18,646	16,829	17,961
Traffic citations issued	3,177	3,520	5,519	5,816	6,459	4,496	6,204	5,914	6,473	5,541
Violent Crimes	379	386	375	372	356	300	289	252	188	212
Willful homicide	-	-	1	1	-	1	-	1	1	-
Forcible rape	8	8	6	9	9	10	4	7	1	3
Robbery	61	52	35	46	57	48	51	41	37	35
Aggravated assaults	73	71	90	77	70	65	58	53	45	40
Property Crimes	2,267	2,148	2,037	1,814	1,066	1,076	1,630	1,333	1,235	1,537
Burglary	336	348	362	323	261	218	259	223	179	207
Motor Vehicle theft	227	247	243	217	175	205	165	140	102	127
<b>Public works</b>										
Estimated miles of paved streets	115	115	115	115	115	115	115	115	115	115
Number of street lights	2,298	2,348	2,344	2,352	2,353	2,353	2,361	2,361	2,361	2,361
<b>General Government</b>										
Business Licenses renewals (excludes Out of City)	3,551	3,449	3,423	3,436	3,600	3,715	3,792	3,606	3,600	3,600
Business License Out of City Contractor	1,700	1,750	1,896	2,023	2,170	2,394	2,400	2,394	2,200	2,200
<b>Community Development</b>										
Building permits issued	1,022	967	1,099	1,099	1,118	1,049	904	811	804	893
Approximate value of building permits	69,111,380	31,506,476	22,816,385	42,545,024	26,451,898	24,491,995	42,316,910	20,621,994	11,164,835	18,694,225
Building inspections conducted	2,635	6,872	6,940	8,233	8,165	7,317	7,378	6,046	5,147	5,320

Source: Pleasant Hill

<sup>(a)</sup> Covers twelve months period November to November.

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

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Public safety:</b>										
Police stations	1	1	1	1	1	1	1	1	1	1
<b>Public works</b>										
Miles of streets	115	115	115	115	115	115	115	115	115	115
Street lights	2,298	2,348	2,344	2,352	2,353	2,353	2,361	2,361	2,361	2,361
<b>Recreation:</b>										
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
<b>Fire protection:</b>										
Number of stations	2	2	2	2	2	2	2	2	2	2

Source: Pleasant Hill

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