

*City of Pleasant Hill
California*



*Comprehensive Annual Financial Report
For the Fiscal Year Ending June 30, 2010*

CITY OF PLEASANT HILL
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010

Prepared by
FINANCE DEPARTMENT

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CITY OF PLEASANT HILL

Comprehensive Annual Financial Report For the Year Ended June 30, 2010

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City of Pleasant Hill

December 31, 2010

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, 2010. 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, 2010, 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 auditors' 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 Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and includes the report of Vavrinek, Trine, Day & Co, 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 Joint Powers Financing Authority is aggregated and merged with that of the City in the financial statements in accordance with generally accepted accounting principles.

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 an estimated population of 33,844 and a net assessed valuation of \$4,560,317,576. The area is characterized as a bedroom community that is 95% built out.

Sales taxes comprised 35% of general fund revenues in FY 2010. 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 2010 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,
- 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, which is not recognized by debt service funds until it is due.

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 except that encumbrances are considered budgetary expenditures (see Note 2(B) of the Notes to 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; banker's acceptance; commercial paper; medium term notes; repurchase agreements; time deposits (CDs) and mutual funds, and the State Treasurer's Local Agency Investment Fund. Additional information on the City's cash management can be found in Note 2 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, 2009. 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 Vavrinek, Trine, Day & Co., 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 Mc Carthy
Finance Manager



CITY OF PLEASANT HILL

June 30, 2010

ELECTED OFFICIALS

Karen Mitchoff, *Mayor*

John K. Hanecak, *Vice Mayor*

David E. Durant, *Councilmember*

Michael G. Harris, OD, *Councilmember*

Terri Williamson, *Councilmember*

Marty C. McInturf, *City Clerk*

Mark W. Celio, *City Treasurer*

CITY STAFF

June Catalano, *City Manager*

Debra Margolis, *City Attorney*

Mary McCarthy, *Finance Manager*

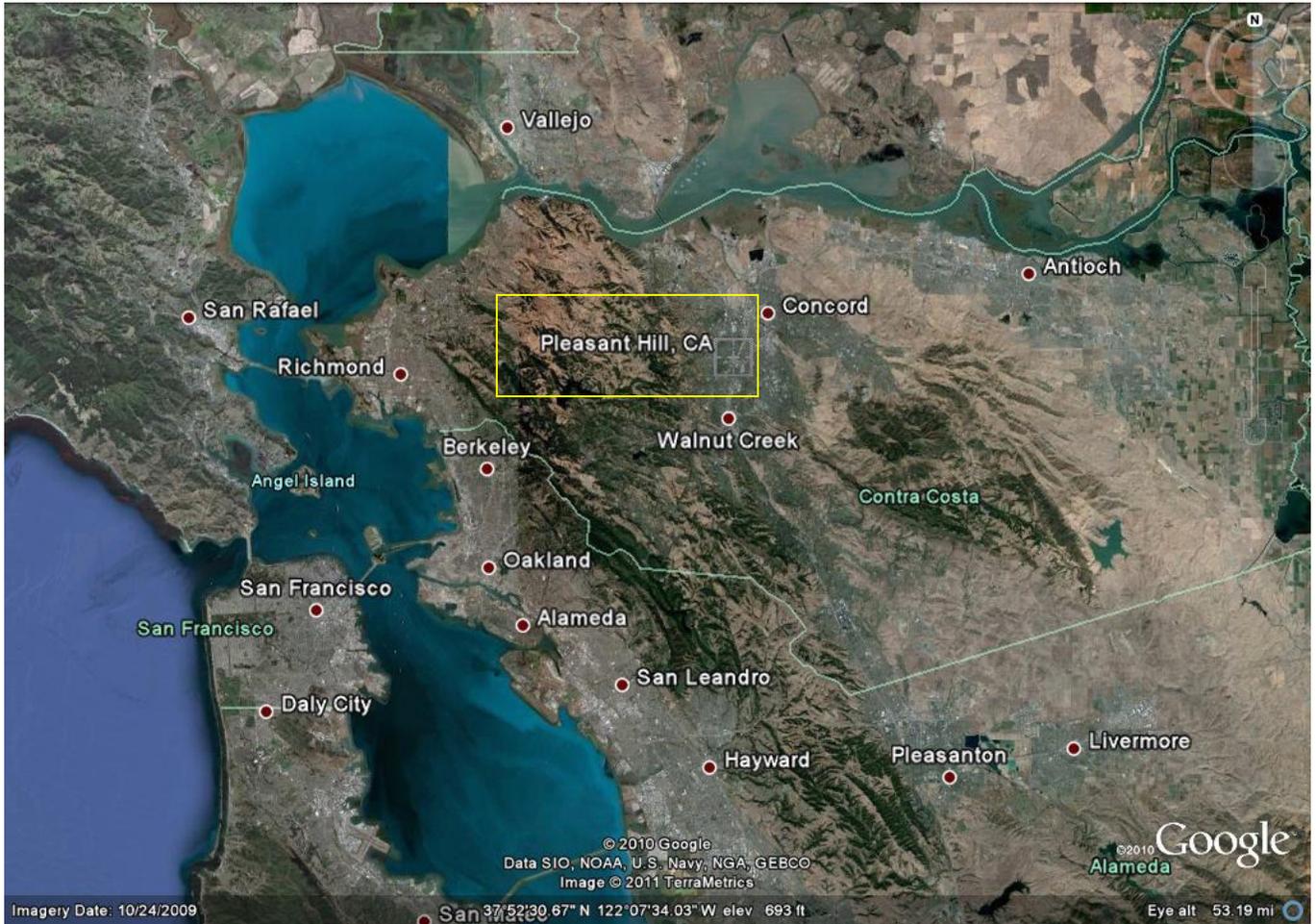
Freda Warren, *Human Resources Manager*

Steve Wallace, *Public Works & Community Development Director*

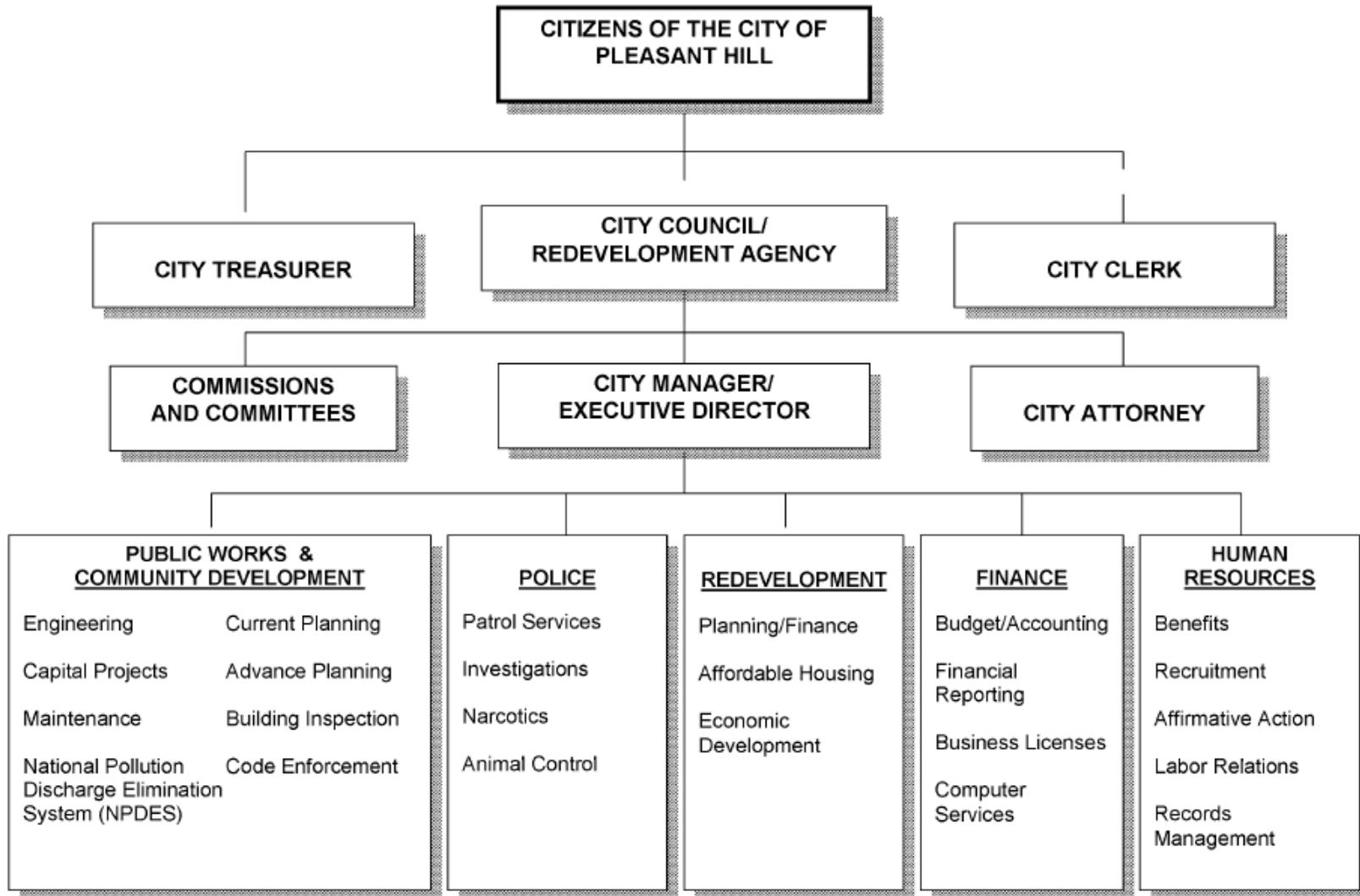
Robert Stewart, *Redevelopment Administrator*

Peter Dunbar, *Chief of Police*

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, 2009

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



President

Executive Director



VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Pleasant Hill, California

We have audited the basic 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 as of and for the year ended June 30, 2010, as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Governmental Auditing Standards* issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pleasant Hill at June 30, 2010, and the results of its operations and the cash flows of its proprietary fund types where applicable thereof, and budgetary comparisons for the general and major special revenue funds for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 14, 2011 on our consideration of the City of Pleasant Hill's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Pleasant Hill. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The statistical sections listed in the Table of Contents were not audited by us, and we do not express an opinion on this information.

Varrinek, Trine, Day & Co., LLP.

Pleasanton, California

February 14, 2011

CITY OF PLEASANT HILL

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2010

In Fiscal Year 2003, the City of Pleasant Hill implemented the provisions of Government Accounting Standards Board Statement 34, "Basic Financial Statements—and Management's Discussion & Analysis—for State and Local Governments," known as GASB 34. GASB 34 represents a profound and far-reaching change in accounting and reporting for municipalities; it is an effort to make these statements clearer and more understandable to readers.

GASB 34 requires the City to provide this discussion and analysis of its financial activities for the fiscal year. Other changes will be described in the financial statements themselves. Please read this document in conjunction with the accompanying Transmittal Letter and Basic Financial Statements.

FISCAL 2010 FINANCIAL HIGHLIGHTS

Citywide:

- ❖ The City's total assets were \$99.2 million at June 30, 2010. Of this total, \$98.5 million were governmental assets and \$ 0.7 million were business-type assets.
- ❖ Total liabilities were \$20.8 million of which \$20.8 million were governmental liabilities.
- ❖ Citywide revenues in fiscal 2010 were \$28.8 million, of which \$28.5 million was generated by governmental activities and \$0.3 million was generated by business-type activities.
- ❖ Citywide expenses were \$30.4 million, of which \$30.3 million were incurred by governmental activities and \$0.1 million were incurred by business-type activities.

Fund Level:

- ❖ Governmental Fund balances were \$34.7 million.
- ❖ Governmental Fund revenues were \$28.2 million.
- ❖ Governmental Fund expenditures were \$29.9 million.
- ❖ Enterprise Fund total assets were \$780,210.
- ❖ Enterprise Fund total liabilities were \$90,310.
- ❖ Enterprise Fund operating revenues were \$135,089.
- ❖ Enterprise Fund operating expenses were \$120,782.
- ❖ Enterprise Fund non-operating revenues were \$141,079.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report is in six parts:

- 1) Introductory section, which includes the Transmittal Letter and general information,
- 2) Management's Discussion and Analysis (this part),
- 3) The Basic Financial Statements, which include the Government-wide and the Fund Financial Statements, along with the Notes to these financial statements,
- 4) Required Supplemental Information,
- 5) Combining statements for Non-major Governmental Funds and Fiduciary Funds,
- 6) Statistical information.

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 Districts. These statements are separate from, and their balances are excluded from, the City's 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 city council, city manager, city attorney, city clerk, finance, human resources, police, public works, community development, and redevelopment. These services are supported by general City 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 because the City is financially accountable for this entity.

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.

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, as in the past, and include all these funds' assets and liabilities, 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. Subordinate 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 five Major Governmental Funds in fiscal 2010 in addition to the General Fund. These are the Traffic Mitigation, Measure C/J Growth Management, Gas Tax, Pleasant Hill Redevelopment Capital Project, and Pleasant Hill Redevelopment TARB Debt Service. Each is discussed in detail below.

Comparisons of budget and actual financial information are presented only for the General Fund and other Major governmental funds that are Special Revenue Funds. This year the Traffic Mitigation and Measure C/J Growth Management Fund and Gas Tax are the only major special revenue fund.

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 that follow.

Governmental Activities

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

	2010	2009
Cash and investments	\$ 29.8	\$ 33.90
Other assets	7.4	5.0
Capital Assets	61.2	62.9
Total assets	98.4	101.8
Long-term debt outstanding	17.4	18.5
Other liabilities	3.4	3.9
Total liabilities	20.8	22.4
Net assets:		
Invested in capital assets, net of debt	43.9	44.4
Restricted	18.8	21.6
Unrestricted	14.9	13.4
Total net assets	\$ 77.6	\$ 79.4

- Cash and investments comprised \$27.5 million of pooled cash and investments available for operations. Substantially all of these amounts were held in short term investments in government securities, as detailed in Note 3 to the financial statements. An additional \$2.3 million was invested with bond trustees for reserve and debt service obligations.
- Accounts, special assessments, prepaid expenses and interest receivable of \$2.6 million are current assets.
- Notes receivable of \$3.1 million are due over longer periods, and are explained in Note 6 to the financial statements.
- Land held for redevelopment of \$1.7 million was acquired by the Low and Moderate Housing fund. The land is being held for resale.
- Capital assets of \$61.2 million, net of depreciation charges, include the City's entire infrastructure as well as other capital assets used in governmental activities.
- Current liabilities, including accounts payable, claims and other amounts due currently, totaling \$1.4 million.
- Long-term debt of \$17.4 million, of which \$16.2 million is due in future years and \$1.2 million is due currently.
- Compensated absences of \$2.0 million represent the City's obligation for unpaid vacation and sick leave.
- Net assets invested in capital assets, net of related debt of \$43.9 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 \$18.8 million, which may be used for debt service, for redevelopment, special revenue projects, and capital projects. Restrictions on these funds were placed there by outsiders and cannot be changed by the City.
- 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 \$14.9 million of unrestricted net assets at June 30, 2010.

Table 2
Changes in Governmental Net Assets - (in millions)

	<u>2010</u>	<u>2009</u>
Expenses		
General government	\$ 4.2	\$ 4.5
Public safety	10.6	10.2
Transportation	7.6	7.3
Community development	5.2	5.3
Revenue Augmentation fund	1.9	-
Interest and fiscal charges	0.8	0.8
Total expenses	<u>30.3</u>	<u>28.1</u>
Revenues		
Program revenues:		
Charges for services	2.1	2.0
Operating contributions and grants	3.8	2.1
Capital contributions and grants	-	0.6
Subtotal Program Revenues	<u>5.9</u>	<u>4.7</u>
General revenues		
Property taxes	2.7	2.9
Incremental property taxes	4.9	4.9
Sales taxes	6.4	6.7
Other taxes	5.2	5.4
Motor vehicle in lieu	2.6	2.6
Interest	0.3	0.8
Miscellaneous	0.5	0.3
Subtotal General Revenues	<u>22.6</u>	<u>23.6</u>
Total Revenues	<u>28.5</u>	<u>28.3</u>
Change in net assets	<u>\$ (1.8)</u>	<u>\$ 0.2</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, \$5.9 million or 21% of the City's fiscal 2010 Governmental revenue, came from program revenues and \$22.6 million or 79% came from general revenues such as taxes and interest. Program revenues include: 1) Charges for City 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 \$3.8 million, such as gas tax revenues, Measure C/J and grants for police services.

Expenses are defined by governmental function. General government expenditures were slightly reduced over the previous year due to lower benefit buybacks, sick leave conversions and terminations buybacks. Public Safety expenditures increased by \$.4 million due to slightly higher expenditures for animal control costs; forensic services; medical and workers compensation insurance costs. Transportation expenditures increased by \$.3 million due to capital improvement projects. Community development expenditures decreased by \$.1 million due to lower tax increment sharing payments. During the fiscal year ended June 30, 2010, the Redevelopment Agency paid \$1.9 million to the County Supplemental Educational Revenue Augmentation Fund to help meet the State's Proposition 98 obligations to local school districts.

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 revenues generated by those specific activities.

Table 3
Net Revenue (Expense) of Governmental Activities (in Millions)

	2010	2009
General government	\$ (3.4)	\$ (4.1)
Public Safety	(10.0)	(9.7)
Transportation	(4.4)	(4.4)
Community development	(3.8)	(4.2)
Supplemental Education Revenue	(1.9)	-
Interest and fiscal charges	(1.0)	(1.0)
Total	\$ (24.5)	\$ (23.4)

Program revenues collected do not come close to what we record for program expenses. Consequently, the City of Pleasant Hill is very dependent on property and sales taxes to pay for municipal services. The City Council by resolution designated \$8.3 million for contingency reserves in the General fund. A significant amount of the contingency reserve is needed to accommodate minimum cash flow needs due to offset a revenue lag 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

	<u>2010</u>	<u>2009</u>
Cash and investments	\$ 344,876	\$ 243,027
Other assets	401	597
Capital assets, net of accumulated depreciation	434,933	384,795
Total assets	<u>780,210</u>	<u>628,419</u>
Other liabilities	90,310	93,905
Total liabilities	<u>90,310</u>	<u>93,905</u>
Net assets		
Invested in capital assets, net of debt	434,933	384,795
Unrestricted	254,967	149,719
Total net assets	<u>\$ 689,900</u>	<u>\$ 534,514</u>

The net assets of business-type activities were \$689,900 in fiscal 2010. The net assets increased by \$155,386 or 29.1%.

Table 5
Changes in Business Type Activities Net Assets

	<u>2010</u>	<u>2009</u>
Expenses		
Diablo Vista Water	\$ 120,782	\$ 144,374
Total expenses	<u>120,782</u>	<u>144,374</u>
Revenues		
Program revenues:		
Charges for services	135,089	135,090
Subtotal Program Revenues	<u>135,089</u>	<u>135,090</u>
General revenues:		
Property taxes	139,900	145,136
Investment earnings	1,179	3,412
Subtotal General Revenues	<u>141,079</u>	<u>148,548</u>
Total Revenues	<u>276,168</u>	<u>283,638</u>
Change in net assets	<u>\$ 155,386</u>	<u>\$ 139,264</u>

Total operating revenues of Business-type Activities were \$135,089. Operating expenses were \$120,782. Non-operating revenues and contributions were \$141,079.

Revenues declined \$7,470 over the previous year. Property taxes decreased slightly. Charges for services remained unchanged and investment earnings declined slightly from the previous year due to lower yields being earned on investments. Expenses were lower than the previous year primarily due to lower cost for raw water.

The City’s Fund Financial Statements

Table 6 below summarizes governmental activity and balances at the fund level:

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

	<u>2010</u>	<u>2009</u>
Governmental Funds		
Total assets	\$ 38.0	\$ 39.7
Total liabilities	3.3	3.3
Total fund balances	34.7	36.4
Total revenues	28.2	28.4
Total expenditures	29.8	29.6

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, unreserved (designated and undesignated) fund balance was \$10.9 million and the total fund balance including reserves and encumbrances was \$11.1 million. This represents a net decrease in fund balance of \$151,693 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 55.8% of total General Fund expenditures, including transfers out.

General Fund revenues, including Transfers in, increased slightly by \$12,230 over the previous fiscal year. Property taxes decreased by \$150,016 and sales tax revenue declined \$.3 million over the previous fiscal year. The general retail sector produces over 50% of the City’s sales tax revenue. Due to the economic downturn, declines were experienced in all sales tax sectors. Other taxes and special assessments declined \$.2 million. This decline was primarily due to decreased Transient Occupancy Tax (TOT) revenue. TOT was impacted by the economic downturn, as individuals traveled less for business and leisure. Licenses and permits declined \$.1 million. Intergovernmental revenues decreased by \$77,115 from the previous year. Charges for current services increased slightly by \$66,816. Fines and forfeitures increased by \$9,266 due to more revenue being earned for traffic and vehicle fines and forfeitures. Use of money declined \$.2 million or 73% from the previous year. The actual yield on the investment of City funds with the State of California Local Agency Investment Fund (LAIF) fell from a high of 2.046% during fiscal year 2009 to a low of 0.462% during fiscal year 2010. The other revenues category increased by \$.1 million. Transfers in fluctuate each year and increased by \$.9 million for the fiscal year ending June 30, 2010.

General fund expenditures, including transfers out, decreased by \$.4 million or 2.1% over the previous year. The decline was primarily due to no General Fund transfer for street resurfacing and a reduction in expenditures for benefit buybacks, sick leave conversion and termination buybacks.

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 fiscal year 2008.

Traffic Mitigation fund revenues were \$.3 million less than the previous year primarily due to less grant funding being received. Expenditures increased \$.1 million due to capital improvement projects.

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 \$0.2 million primarily due to \$.5 million being received for Federal STPL grant during prior fiscal year to offset the costs incurred for the Contra Costa Pavement Rehabilitation project. Expenditures declined \$1.5 million from the previous year due to costs incurred on the Contra Costa Pavement Rehabilitation project during the previous fiscal 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 \$.7 million primarily due to federal grant monies received during the current fiscal year. Expenditures were incurred for capital improvement projects and were consistent with the previous 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, including transfer in, increased by \$0.9 million primarily due to a greater amount being transferred from the Tax Allocation Revenue Bond Debt Service (TARB) fund into the Commons Redevelopment fund for excess distribution. Overall expenditures, including transfers out, increased by \$2.4 million. A reduction in tax increment sharing payments was offset by a \$1.9 million payment to the County Supplemental Educational Revenue Augmentation Fund (SERAF) to help meet the State's Proposition 98 obligations to local school districts.

The Redevelopment Agency continues to make annual payments to three developers: RVIP for the Downtown project; Greystone Homes for the Gallery Walk townhouse project and PH Holdings, LP, for the Crossroads shopping center project. Additionally, the Low and Moderate Income housing program continues to administer a housing rehabilitation 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.

Due to the SERAF payment, personnel costs, capital expenditures, developer obligations and pass thru agreement payments exceeding tax increment revenue, interest and the gain on the transfer of land held for redevelopment; the fund balance decreased by \$.6 million for the 2010 fiscal year.

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.

Other Governmental Funds

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

Analysis of Major Business-type Activities – 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.

CAPITAL ASSETS

The City of Pleasant Hill's infrastructure capital assets are streets, curbs and gutters, storm drains, traffic signals and streetlights. Each year, completed projects that are determined by the Public Works Department to meet certain criteria are capitalized, while maintenance projects are not. 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. At the end of fiscal 2010 the cost of capital assets recorded on the City's financial statements was as shown in Table 7 below (further detail may be found in Note 7 to the financial statements):

Table 7
Capital Assets at June 30 (in Millions)

	<u>2010</u>	<u>2009</u>
Governmental Funds		
Land	\$ 3.4	\$ 3.4
Construction in progress	1.0	2.1
Buildings and improvements	14.9	14.5
Furniture and equipment	6.0	5.8
Streets and roads	52.6	51.3
Curbs and gutters	15.4	15.2
Traffic control devices	2.4	2.4
Storm Drains	6.5	6.5
Street Lights	0.9	0.9
Less: accumulated depreciation	(41.9)	(39.2)
Totals	<u>\$ 61.2</u>	<u>\$ 62.9</u>
 Business-type Activities		
Water system infrastructure	\$ 0.6	\$ 0.5
Less: accumulated depreciation	(0.2)	(0.1)
Totals	<u>\$ 0.4</u>	<u>\$ 0.4</u>

The principal additions to governmental activities in fiscal 2010 were for improvements to the Public Safety building and furniture and equipment such as software hardware system and community room audio equipment. Construction in progress declined due to reclassification of costs to specific infrastructure accounts such as streets and roads, curbs and gutters since the projects were completed during the fiscal year ending June 30, 2010.

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. Additional information on depreciable lives may be found in Note 7.

DEBT ADMINISTRATION

Each of the City's debt issues is discussed in detail in Notes 8 and 9 to the financial statements. Table 8 below lists the City's debt at June 30, 2010 with comparative figures for June 30, 2009:

Table 8
Outstanding Debt at June 30 (in Millions)

	<u>2010</u>	<u>2009</u>
Governmental Activity Debt		
2004 Lease Revenue Refunding Bonds	\$ 4.9	\$ 5.5
2002 Tax Allocation Refunding Bonds	6.1	6.5
Downtown Community District No. 1 Refunding Special Tax Bonds	6.4	6.5
Totals	<u>\$ 17.4</u>	<u>\$ 18.5</u>

SPECIAL ASSESSMENT DISTRICT DEBT

Special assessment districts in various parts of the City have issued debt to finance infrastructure and facilities construction entirely in those districts. Two special assessment districts exist. The City assisted in the issuance of Special Tax Bonds, Series 1998A. However, neither the City nor Redevelopment Agency has a legal or moral liability with respect to the payment of this debt. The City also assisted in the issuance of Refunding Special Tax Bonds, Series 2002. This debt issuance is considered Special Assessment Debt with Agency Commitment and is included in the Agency's financial statements. At June 30, 2010, a total of \$6.4 million remains outstanding. Further detail on these districts may be found in Note 9 to the financial statements.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

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
100 Gregory Lane
Pleasant Hill, CA 94523

CITY OF PLEASANT HILL

STATEMENT OF NET ASSETS & STATEMENT OF ACTIVITIES JUNE 30, 2010

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

The Statement of Net Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Assets presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the City's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of all of the City's Governmental Activities in a single column, and the financial position of all of the City's Business-Type Activities in a single column. These columns are followed by a Total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. The City's Business-type Activities include all its Enterprise Fund activities.

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

The Statement of Activities presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues - that is, revenues which are generated directly by these programs - are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City, the Pleasant Hill Redevelopment Agency, and Pleasant Hill Joint Powers Financing Authority, which are legally separate but are component units of the City because they are controlled by the City Council, which is financially accountable for the activities of these entities.

These financial statements, along with the fund financial statements and footnotes, are called *Basic Financial Statements*.

CITY OF PLEASANT HILL

**STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments (Note 3):			
City Treasury	\$ 27,477,813	\$ 344,876	\$ 27,822,689
Trustee accounts	2,316,998	-	2,316,998
Receivables:			
Accounts and others	1,825,459	-	1,825,459
Interest	65,317	401	65,718
Due from other governmental agencies	438,345	-	438,345
Prepaid expenses	169,072	-	169,072
Internal balances (Note 4E)	72,000	(72,000)	-
Long-term notes and loans receivables (Note 6)	3,101,269	-	3,101,269
Land held for redevelopment (Note 5A)	1,721,726	-	1,721,726
Capital assets (Note 7)			
Land and construction in progress	4,440,437	-	4,440,437
Depreciable assets, net	56,811,555	434,933	57,246,488
Total Assets	<u>98,439,991</u>	<u>708,210</u>	<u>99,148,201</u>
LIABILITIES			
Accounts payable and accrued liabilities	985,169	18,310	1,003,479
Deposits payable	427,016	-	427,016
Compensated absences payable (Note 1G)			
Due within one year	225,000	-	225,000
Due in more than one year	1,790,409	-	1,790,409
Long-term debt (Notes 8 & 9)			
Due within one year	1,195,000	-	1,195,000
Due in more than one year	16,175,000	-	16,175,000
Total Liabilities	<u>20,797,594</u>	<u>18,310</u>	<u>20,815,904</u>
NET ASSETS (Note 10)			
Invested in capital assets, net of related debt	43,881,992	434,933	44,316,925
Restricted for:			
Debt service	2,439,121	-	2,439,121
Redevelopment	10,849,333	-	10,849,333
Special revenue & capital projects	5,583,127	-	5,583,127
Total Restricted Net Assets	<u>18,871,581</u>	<u>-</u>	<u>18,871,581</u>
Unrestricted	<u>14,888,824</u>	<u>254,967</u>	<u>15,143,791</u>
Total Net Assets	<u>\$ 77,642,397</u>	<u>\$ 689,900</u>	<u>\$ 78,332,297</u>

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 4,255,271	\$ 254,542	\$ 545,539	\$ 62,685	\$ (3,392,505)	\$ -	\$ (3,392,505)
Public safety	10,569,296	219,100	202,971	-	(10,147,225)	-	(10,147,225)
Transportation	7,627,607	209,483	2,991,114	-	(4,427,010)	-	(4,427,010)
Community development	5,187,935	1,371,035	19,651	-	(3,797,249)	-	(3,797,249)
Interest and fiscal charges	790,287	-	-	-	(790,287)	-	(790,287)
Supplemental educational revenue augmentation funds	1,906,339	-	-	-	(1,906,339)	-	(1,906,339)
Total Governmental Activities	30,336,735	2,054,160	3,759,275	62,685	(24,460,615)	-	(24,460,615)
Business-type Activities:							
Diablo Vista Water	120,782	135,089	-	-	-	14,307	14,307
Total Business-type Activities	120,782	135,089	-	-	-	14,307	14,307
Total	\$ 30,457,517	\$ 2,189,249	\$ 3,759,275	\$ 62,685	(24,460,615)	14,307	(24,446,308)
General revenues:							
Taxes:							
Property taxes					2,727,159	139,900	2,867,059
Incremental property tax					4,931,841	-	4,931,841
Sales taxes					6,405,930	-	6,405,930
Other taxes					5,169,082	-	5,169,082
Rental income					2,926	-	2,926
Intergovernmental, unrestricted:							
Motor vehicle in lieu					2,632,193	-	2,632,193
Investment earnings					241,500	1,179	242,679
Sale of Land					342,314	-	342,314
Miscellaneous					195,636	-	195,636
Total general revenues					22,648,581	141,079	22,789,660
Change in Net Assets					(1,812,034)	155,386	(1,656,648)
Net Assets-Beginning					79,454,431	534,514	79,988,945
Net Assets-Ending					\$ 77,642,397	\$ 689,900	\$78,332,297

See accompanying notes to basic financial statements.

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CITY OF PLEASANT HILL

MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal 2010. Individual non-major funds may be found in the Supplemental Section.

GENERAL FUND

The 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.

PLEASANT HILL 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.

PLEASANT HILL 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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	<u>General</u>	<u>Traffic Mitigation</u>	<u>Measure C/J Growth Management</u>	<u>Gas Tax</u>
ASSETS				
Cash and investments (Note 3):				
City Treasury	\$ 10,896,286	\$ 976,430	\$ 460,969	\$ 809,689
Trustee accounts	-	-	-	-
Receivables:				
Accounts and other	969,359	100,248	39,000	460,125
Interest	37,724	1,432	464	944
Due from other governmental agencies	438,345	-	-	-
Due from other funds	604	44,375	38,040	-
Prepaid expenses	-	-	-	-
Advances to other funds (Notes 4B & 4C)	72,000	-	-	-
Long-term notes and loans receivable (Note 6)	-	-	-	-
Land held for redevelopment (Note 5A)	-	-	-	-
Total Assets	<u>\$ 12,414,318</u>	<u>\$ 1,122,485</u>	<u>\$ 538,473</u>	<u>\$ 1,270,758</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 791,842	\$ -	\$ -	\$ 32,496
Deposits payable	427,016	-	-	-
Deferred revenue	133,401	12,534	39,000	274,606
Due to other funds	-	44,375	-	-
Advances from other funds (Note 4B)	-	-	-	-
Total Liabilities	<u>1,352,259</u>	<u>56,909</u>	<u>39,000</u>	<u>307,102</u>
FUND BALANCES				
Fund balance (Note 10)				
Reserved for:				
Encumbrances	61,070	379,291	15,214	312,948
Long-term notes and loans receivable	-	-	-	-
Advances to other funds	72,000	-	-	-
Bridge housing operating subsidies	-	-	-	-
Land held for redevelopment	-	-	-	-
Debt Service	-	-	-	-
Unreserved:				
Designated:				
Land purchases	-	-	-	-
Contingencies	8,323,200	-	-	-
Undesignated, Reported in:				
General Fund	2,605,789	-	-	-
Special Revenue Funds	-	686,285	484,259	650,708
Capital Projects Funds	-	-	-	-
Total Fund Balances	<u>11,062,059</u>	<u>1,065,576</u>	<u>499,473</u>	<u>963,656</u>
Total Liabilities and Fund Balances	<u>\$ 12,414,318</u>	<u>\$ 1,122,485</u>	<u>\$ 538,473</u>	<u>\$ 1,270,758</u>

See accompanying notes to basic financial statements.

<u>Pleasant Hill Redevelopment</u>			
<u>Capital Projects</u>	<u>TARB Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 5,856,053	\$ 1,765,669	\$ 6,712,717	\$ 27,477,813
-	652,458	1,664,540	2,316,998
-	-	256,727	1,825,459
16,725	2,293	5,735	65,317
-	-	-	438,345
-	-	-	83,019
-	-	169,072	169,072
697,045	-	-	769,045
3,101,269	-	-	3,101,269
1,721,726	-	-	1,721,726
<u>\$ 11,392,818</u>	<u>\$ 2,420,420</u>	<u>\$ 8,808,791</u>	<u>\$ 37,968,063</u>
\$ 29,856	\$ -	130,975	\$ 985,169
-	-	-	427,016
513,629	-	113,000	1,086,170
-	-	38,644	83,019
-	697,045	-	697,045
<u>543,485</u>	<u>697,045</u>	<u>282,619</u>	<u>3,278,419</u>
439,240	-	203,225	1,410,988
2,587,642	-	-	2,587,642
697,045	-	-	769,045
765,487	-	-	765,487
1,721,725	-	-	1,721,725
-	1,723,375	715,746	2,439,121
1,705,717	-	-	1,705,717
-	-	-	8,323,200
-	-	-	-
-	-	-	2,605,789
-	-	3,207,371	5,028,623
2,932,477	-	4,399,830	7,332,307
<u>10,849,333</u>	<u>1,723,375</u>	<u>8,526,172</u>	<u>34,689,644</u>
<u>\$ 11,392,818</u>	<u>\$ 2,420,420</u>	<u>\$ 8,808,791</u>	<u>\$ 37,968,063</u>

CITY OF PLEASANT HILL

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET WITH
THE STATEMENT OF NET ASSETS
JUNE 30, 2010**

Total fund balances reported on the governmental funds balance sheet.	\$ 34,689,644
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.	61,251,992
ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES	
Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.	1,086,170
LONG TERM ASSETS AND LIABILITIES	
The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:	
Long-term debt	(17,370,000)
Compensated absences	<u>(2,015,409)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 77,642,397</u></u>

See accompanying notes to basic financial statements.

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CITY OF PLEASANT HILL

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES EXPENDITURES AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2010**

	General	Traffic Mitigation	Measure C/J Growth Management	Gas Tax
REVENUES				
Property taxes	\$ 2,348,334	\$ -	\$ -	\$ -
Sales taxes	6,405,930	-	-	-
Other taxes and special assignments	3,174,717	-	-	-
Rental	-	-	-	-
Licenses and permits	2,407,379	-	-	-
Intergovernmental	2,732,978	139,382	934,430	1,349,068
Charges for current services	517,230	-	-	-
Fines and forfeitures	80,136	-	-	-
Use of money and property	78,851	7,808	1,804	4,333
Other	462,535	-	-	-
Total Revenues	<u>18,208,090</u>	<u>147,190</u>	<u>936,234</u>	<u>1,353,401</u>
EXPENDITURES				
Current:				
General government	3,589,783	-	-	1,948
Public Safety	9,830,740	-	-	-
Transportation	2,797,682	449,577	31,354	1,769,240
Community development	1,579,933	-	26,459	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Supplemental education revenue augmentation funds (SERAF)	-	-	-	-
Total Expenditures	<u>17,798,138</u>	<u>449,577</u>	<u>57,813</u>	<u>1,771,188</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>409,952</u>	<u>(302,387)</u>	<u>878,421</u>	<u>(417,787)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital asset	777	-	-	-
Transfers in (Note 4D)	1,456,329	-	-	825,000
Transfers (out) (Note 4D)	(2,018,751)	-	(500,000)	(373,758)
Total Other Financing Sources (Uses)	<u>(561,645)</u>	<u>-</u>	<u>(500,000)</u>	<u>451,242</u>
NET CHANGE IN FUND BALANCES	(151,693)	(302,387)	378,421	33,455
BEGINNING FUND BALANCES	<u>11,213,752</u>	<u>1,367,963</u>	<u>121,052</u>	<u>930,201</u>
ENDING FUND BALANCES	<u>\$ 11,062,059</u>	<u>\$ 1,065,576</u>	<u>\$ 499,473</u>	<u>\$ 963,656</u>

See accompanying notes to basic financial statements.

<u>Pleasant Hill Redevelopment</u>			
<u>Capital Projects</u>	<u>TARB Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,711,825	\$ 3,220,016	\$ 378,825	\$ 7,659,000
-	-	-	6,405,930
-	-	934,316	4,109,033
2,926	-	-	2,926
-	-	-	2,407,379
-	-	422,479	5,578,337
10	-	110,032	627,272
-	-	89,411	169,547
100,074	17,344	38,080	248,294
3,078	-	143,794	609,407
<u>1,817,913</u>	<u>3,237,360</u>	<u>2,116,937</u>	<u>27,817,125</u>
-	-	256,395	3,848,126
-	-	226,280	10,057,020
-	-	720,247	5,768,100
3,029,534	-	522,173	5,158,099
-	-	1,160,735	1,160,735
-	410,000	745,000	1,155,000
-	234,438	555,849	790,287
1,906,339	-	-	1,906,339
<u>4,935,873</u>	<u>644,438</u>	<u>4,186,679</u>	<u>29,843,706</u>
<u>(3,117,960)</u>	<u>2,592,922</u>	<u>(2,069,742)</u>	<u>(2,026,581)</u>
337,898	-	3,639	342,314
2,210,702	-	2,685,182	7,177,213
-	(2,854,854)	(1,429,850)	(7,177,213)
<u>2,548,600</u>	<u>(2,854,854)</u>	<u>1,258,971</u>	<u>342,314</u>
(569,360)	(261,932)	(810,771)	(1,684,267)
<u>11,418,693</u>	<u>1,985,307</u>	<u>9,336,943</u>	<u>36,373,911</u>
<u>\$ 10,849,333</u>	<u>\$ 1,723,375</u>	<u>\$ 8,526,172</u>	<u>\$ 34,689,644</u>

CITY OF PLEASANT HILL

**RECONCILIATION OF THE NET CHANGES IN FUND BALANCES
TOTAL GOVERNMENTAL FUNDS WITH THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (1,684,267)

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.

The capital outlay expenditures are therefore added back to fund balance. 1,089,188
Depreciation expense is deducted from the fund balance (2,746,281)

LONG TERM DEBT AND PAYMENTS

Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance. 1,155,000

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Deferred revenue 365,262
Compensated absences 9,064

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (1,812,034)

See accompanying notes to basic financial statements.

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CITY OF PLEASANT HILL

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Property taxes	\$ 2,513,879	\$ 2,513,879	\$ 2,348,334	\$ (165,545)
Sales taxes	7,387,465	7,387,465	6,405,930	(981,535)
Other taxes	3,610,381	3,610,381	3,174,717	(435,664)
Licenses and permits	2,762,483	2,762,483	2,407,379	(355,104)
Intergovernmental	2,995,117	2,995,117	2,732,978	(262,139)
Charges for current services	492,297	492,297	517,230	24,933
Fines and forfeitures	123,396	123,396	80,136	(43,260)
Use of money and property	400,704	400,704	78,851	(321,853)
Other	5,884	39,643	462,535	422,892
Total Revenues	20,291,606	20,325,365	18,208,090	(2,117,275)
EXPENDITURES:				
Current:				
General government				
City Council	180,786	203,284	149,612	53,672
City Manager	605,211	584,708	515,758	68,950
City Attorney	447,818	552,543	396,138	156,405
City Clerk	202,305	214,293	174,820	39,473
City Treasurer	31,539	31,539	17,185	14,354
Finance	811,575	811,575	898,831	(87,256)
Computer services	21,525	21,525	17,194	4,331
Human Resources	587,057	587,057	492,061	94,996
Risk management	597,462	597,462	495,214	102,248
City Hall facility	160,413	160,413	135,673	24,740
Non-departmental	666,886	693,666	297,297	396,369
Total general government	4,312,577	4,458,065	3,589,783	868,282
Public safety				
Police	9,604,644	9,695,218	9,486,030	209,188
Narcotics	20,500	20,500	170,386	(149,886)
Animal control	147,600	174,324	174,324	-
Total public safety	9,772,744	9,890,042	9,830,740	59,302

CITY OF PLEASANT HILL

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Transportation				
Other street-related projects	75,000	75,000	10,406	64,594
Public works administration	970,466	1,345,958	874,141	471,817
Public works maintenance	2,374,535	2,053,764	1,913,135	140,629
Total transportation	<u>3,420,001</u>	<u>3,474,722</u>	<u>2,797,682</u>	<u>677,040</u>
Community development				
General				
Planning	950,940	986,670	963,065	23,605
Building inspection	671,111	635,381	532,461	102,920
Community relations	100,700	130,925	84,407	46,518
Total community development	<u>1,722,751</u>	<u>1,752,976</u>	<u>1,579,933</u>	<u>173,043</u>
Total Expenditures	<u>19,228,073</u>	<u>19,575,805</u>	<u>17,798,138</u>	<u>1,777,667</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,063,533</u>	<u>749,560</u>	<u>409,952</u>	<u>(339,608)</u>
OTHER FINANCING SOURCES (USES)				
Gain on sale of property	-	-	777	777
Transfers in (Note 4D)	643,985	643,985	1,456,329	812,344
Transfers (out) (Note 4D)	(1,921,939)	(1,921,939)	(2,018,751)	(96,812)
Total other financing sources (uses)	<u>(1,277,954)</u>	<u>(1,277,954)</u>	<u>(561,645)</u>	<u>716,309</u>
NET CHANGE IN FUND BALANCE	<u>\$ (214,421)</u>	<u>\$ (528,394)</u>	<u>(151,693)</u>	<u>\$ 376,701</u>
BEGINNING FUND BALANCE			<u>11,213,752</u>	
ENDING FUND BALANCE			<u>\$ 11,062,059</u>	

REDEVELOPMENT AGENCY OF THE 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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 324,150	\$ 344,150	\$ 139,382	\$ (204,768)
Charges for services	20,000	20,000	-	(20,000)
Use of money and property	30,888	30,888	7,808	(23,080)
Total Revenues	<u>375,038</u>	<u>395,038</u>	<u>147,190</u>	<u>(247,848)</u>
EXPENDITURES:				
Current:				
Transportation	1,474,150	1,777,481	449,577	1,327,904
Total Expenditures	<u>1,474,150</u>	<u>1,777,481</u>	<u>449,577</u>	<u>1,327,904</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,099,112)</u>	<u>(1,382,443)</u>	<u>(302,387)</u>	<u>1,080,056</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,099,112)</u>	<u>\$ (1,382,443)</u>	<u>(302,387)</u>	<u>\$ 1,080,056</u>
BEGINNING FUND BALANCE			<u>1,367,963</u>	
ENDING FUND BALANCE			<u>\$ 1,065,576</u>	

See accompanying notes to basic financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF PLEASANT HILL

**MEASURE C/J GROWTH MANAGEMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Intergovernmental	\$ 525,561	\$ 525,561	\$ 934,430	\$ 408,869
Charges for services	-	-	-	-
Use of money and property	2,351	2,351	1,804	547
Total Revenues	<u>527,912</u>	<u>527,912</u>	<u>936,234</u>	<u>409,416</u>
EXPENDITURES:				
Current:				
Transportation	116,183	260,058	31,354	228,704
Community development	27,322	27,322	26,459	863
Total Expenditures	<u>143,505</u>	<u>287,380</u>	<u>57,813</u>	<u>229,567</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>384,407</u>	<u>240,532</u>	<u>878,421</u>	<u>638,983</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 4D)	-	-	-	-
Transfers (out) (Note 4D)	<u>(600,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(600,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (215,593)</u>	<u>\$ (259,468)</u>	378,421	<u>\$ 638,983</u>
BEGINNING FUND BALANCE			<u>121,052</u>	
ENDING FUND BALANCE			<u>\$ 499,473</u>	

See accompanying notes to basic financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF PLEASANT HILL

GAS TAX SPECIAL REVENUE FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,222,470	\$ 2,064,470	\$ 1,349,068	\$ (715,402)
Use of money and property	8,257	8,257	4,333	(3,924)
Total Revenues	<u>1,230,727</u>	<u>2,072,727</u>	<u>1,353,401</u>	<u>(719,326)</u>
EXPENDITURES:				
Current:				
General Government	2,300	2,300	1,948	352
Transportation	2,397,837	4,111,497	1,769,240	2,342,257
Total Expenditures	<u>2,400,137</u>	<u>4,113,797</u>	<u>1,771,188</u>	<u>2,342,609</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,169,410)</u>	<u>(2,041,070)</u>	<u>(417,787)</u>	<u>1,623,283</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 4D)	1,025,000	1,025,000	825,000	(200,000)
Transfers (out) (Note 4D)	<u>(223,758)</u>	<u>(373,758)</u>	<u>(373,758)</u>	<u>-</u>
Total other financing sources (uses)	<u>801,242</u>	<u>651,242</u>	<u>451,242</u>	<u>(200,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (368,168)</u>	<u>\$ (1,389,828)</u>	33,455	<u>\$ 1,423,283</u>
BEGINNING FUND BALANCE			930,201	
ENDING FUND BALANCE			<u>\$ 963,656</u>	

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL

MAJOR PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2010

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City has identified the fund below as a major proprietary fund in fiscal 2010

DIABLO VISTA WATER ENTERPRISE FUND

Accounts for the financing of self-supporting activities, which render water irrigation services to homeowners in a specific geographical area of the City, paid for from property taxes and user charges. On June 7, 2004, the City Council adopted a new usage fee of \$150 per household per year beginning in fiscal 2005, and an additional capital improvement fee of \$135 per household per year to be phased in over three years beginning in fiscal 2008 to be used for future replacements of the water distribution system.

CITY OF PLEASANT HILL

**BUSINESS TYPE ACTIVITIES
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Diablo Vista Water Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and investments in City Treasury (Note 3)	\$ 344,876
Interest receivable	401
Total Current Assets	<u>345,277</u>
Capital assets, net of accumulated depreciation (Note 7)	434,933
Total Assets	<u>780,210</u>
LIABILITIES	
Current: Accounts payable and accrued liabilities	18,310
Non-current: Advances from other funds (Note 4C)	72,000
Total Liabilities	<u>90,310</u>
NET ASSETS (Note 10)	
Invested in capital assets net of debt	434,933
Unrestricted	254,967
Total Net Assets	<u>\$ 689,900</u>

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See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL

**BUSINESS TYPE ACTIVITIES
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

	Diablo Vista Water Enterprise Fund
OPERATING REVENUES	
Water district assessments and charges	\$ 135,089
Total Operating Revenues	<u>135,089</u>
OPERATING EXPENSES	
Purchased water	81,455
Personnel services	12,839
Contract services	2,780
Administration and office utilities	12,392
Repairs and maintenance	1,948
Depreciation	9,368
Total Operating Expenses	<u>120,782</u>
Operating (Loss)	<u>14,307</u>
NONOPERATING REVENUES	
Property taxes	139,900
Interest income	1,179
Total Nonoperating Revenues	<u>141,079</u>
Change in net assets	155,386
BEGINNING NET ASSETS	<u>534,514</u>
ENDING NET ASSETS	<u><u>\$ 689,900</u></u>

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL

**BUSINESS TYPE ACTIVITIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

	Diablo Vista Water Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 135,089
Payments to suppliers	(90,170)
Payments to employees	(12,839)
Cash Flows from Operating Activities	<u>32,080</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	139,900
Interfund payments	(12,000)
Cash Flows from Noncapital Financing Activities	<u>127,900</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(59,506)
Cash Flows from Capital and Related Financing Activities	<u>(59,506)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	1,375
Net Cash Flows	<u>101,849</u>
Cash and investments at beginning of period	<u>243,027</u>
Cash and investments at end of period	<u>\$ 344,876</u>
Reconciliation of Operating Income to Cash Flows from Operating Activities	
Operating income	\$ 14,307
Adjustments to reconcile operating loss to cash flows from operating activities:	
Depreciation	9,368
Change in assets and liabilities:	
Accounts payable and other accrued expenses	8,405
Cash Flows from Operating Activities	<u>\$ 32,080</u>

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL

**FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

FIDUCIARY FUNDS

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Entity-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

CITY OF PLEASANT HILL

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Agency Funds</u>
ASSETS	
Cash and investments in City Treasury (Note 3)	\$ 541,606
Cash and investments in trustee accounts (Note 3)	1,020,423
Receivables:	
Accounts	122,263
Interest	233
Dues from other governmental agencies	<u>109,356</u>
Total Assets	<u><u>\$ 1,793,881</u></u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 10,855
Due to the City	421,336
Due to other	<u>1,361,690</u>
Total Liabilities	<u><u>\$ 1,793,881</u></u>

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Pleasant Hill was incorporated as a general law city on November 14, 1961. The City operates under the Council-Manager form of government and provides the following services: police, highways and streets, public improvements, planning and zoning, general administration services, and redevelopment.

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

A. *Reporting Entity*

The financial statements of the City of Pleasant Hill include the financial activities of the City, as well as the Pleasant Hill Redevelopment Agency and the Pleasant Hill Joint Powers Financing Authority, both of which are controlled by and dependent on the City. Their financial activities have been aggregated and merged (termed "blended") with those of the City in the accompanying financial statements.

The Pleasant Hill Redevelopment Agency is a separate government entity whose purpose is to prepare and implement plans for improvement, rehabilitation, and development of certain areas within the City. The City Council and the Redevelopment Agency Board are composed of the same individuals. 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 Agency Capital Projects Funds, and the Redevelopment Pleasant Hill Commons Project Debt Service Fund.

The Pleasant Hill Joint Powers Financing Authority is a separate government entity whose purpose is to assist with the financing or refinancing of certain public capital facilities within the City, principally three City buildings. 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 Redevelopment Agency may be obtained from the City of Pleasant Hill at 100 Gregory Lane, Pleasant Hill, California, 94523-3323.

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 U.S.A.

These Statements require that the financial statements described below be presented.

CITY OF PLEASANT HILL

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Statements: The Statement of Net Assets and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government, 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 nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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 of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including 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. Nonoperating revenues, such as investment earnings, result from nonexchange transactions or ancillary activities.

C. Major Funds

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

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

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

General Fund - 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.

CITY OF PLEASANT HILL

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Pleasant Hill 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.

Pleasant Hill 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.

The City reported its one enterprise fund as a major fund in the accompanying 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 financial activities of these funds are excluded from the Government-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

D. Basis of Accounting

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

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.

CITY OF PLEASANT HILL

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Those revenues susceptible to accrual are sales taxes, vehicle in lieu taxes, gas taxes, transient occupancy taxes, franchise taxes, charges for services, and interest revenue. Fines, licenses and permits are not susceptible to accrual because they are not measurable until received in cash.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On 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.

The City follows Statements and Interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business type activities, unless they conflict with Government Accounting Standards Board pronouncements.

E. Revenue Recognition For Diablo Vista Water Enterprise Fund

Revenues are billed to customers by the County and are included on each customer's property tax statement. Revenues for services provided but not billed at the end of a fiscal period are not material and are not accrued.

F. Property Tax

Contra Costa 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 Redevelopment Agency receive property taxes and property tax increments, respectively, on the following schedule: 55% in December, 40% in April and 5% in June. Assessed values for property are established as of January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on August 31 and becomes delinquent on September 1.

The term "unsecured" refers to taxes not secured by real property. These taxes are liens on the person or company named on the tax bill. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available as defined above.

CITY OF PLEASANT HILL

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. *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.

The changes of the compensated absences were as follows:

	Governmental Activities
Beginning Balance	\$ 2,024,473
Additions	118,156
Payments	(127,220)
Ending Balance	<u>\$ 2,015,409</u>
Current Portion	<u>\$ 225,000</u>

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

H. *New Governmental Accounting and Reporting Standards*

In February 2009, the GASB issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of 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 requirements of this Statement are effective for the financial statements for periods beginning after June 15, 2010. The City will be required to implement the provisions of this Statement in fiscal year ending June 30, 2011, and is currently evaluating the impact on the financial statements.

In December 2009, the GASB issued GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). In addition, this Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers, those measures should be determined as a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirements. The provisions related to the use and reporting of the alternative measurement method are effective on the date of issuance. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011. The City will be required to implement the provisions of this Statement in fiscal year ending June 30, 2012, and is currently evaluating the impact on the financial statements.

CITY OF PLEASANT HILL

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2010, the GASB issued GASB Statement No. 59, *Financial Instruments Omnibus*. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2010. The City will be required to implement the provisions of this Statement in fiscal year ending June 30, 2011, and is currently evaluating the impact on the financial statements.

I. Changes in Accounting Principles

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010. The City implemented the provisions of this Statement in the fiscal year ended June 30, 2010 with no impact on the financial statements.

In June 2008, GASB issued GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The City implemented the provisions of the Statement in the fiscal year ended June 30, 2010 with no impact on the financial statements.

In December 2009, the GASB issued GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms (that is, approves) a new payment plan. This Statement is effective for periods beginning after June 15, 2009. The City implemented provisions of this Statement in the fiscal year ended June 30, 2010 with no impact on the financial statements.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

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 Redevelopment 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.

CITY OF PLEASANT HILL

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)

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 financial statements include budgeted amounts originally adopted, plus amendments. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities and are reappropriated in the following year. Unencumbered operating appropriations lapse at year-end and may be reappropriated in the following year.

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 Cash with Fiscal Agents so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. Investments are carried at fair value.

A. Policies

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

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit or first trust deed mortgage notes with a value of 150% of the City's cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the City's name and places the City ahead of general creditors of the institution pledging the collateral.

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

CITY OF PLEASANT HILL

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 3 - CASH AND INVESTMENTS (Continued)

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements.

Statement of Net Assets

Cash and investments available for operations	\$ 27,822,689
Cash and investments held with Trustees	2,316,998

Fiduciary Funds

Cash and investments available for operations	541,606
Cash and investments held with Trustees	1,020,423

Total Cash and Investments	<u><u>\$ 31,701,716</u></u>
----------------------------	-----------------------------

Cash and investments as of June 30, 2010 consist of the following:

Cash on hand	3,775
Deposits with financial institutions	3,247,048
Investments	28,450,893
Total Cash and Investments	<u><u>\$ 31,701,716</u></u>

Cash and investments are used in preparing the Proprietary Fund statement of cash flows since that fund participates in the City-wide cash and investment pool. That fund's equity in the pool is in substance a demand deposit which may be drawn down at any time.

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

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

<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 Obligation	5 years	N/A	100%	No Limit
U.S. Agency Securities	5 years	N/A	100%	No Limit
Repurchase Agreements	1 year	N/A	100%	No Limit
Time Deposits	5 years	N/A	100%	No Limit
Mutual Funds	N/A	Highest Category	20%	10%
Local Agency Investment Fund	N/A	N/A	\$40 million per account	No Limit

CITY OF PLEASANT HILL

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 3 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
U.S. Treasury Obligations	N/A	N/A
U.S. Agency Securities	N/A	N/A
U.S. Government Sponsored Enterprise	N/A	N/A
State Obligations:	N/A	N/A
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 Obligation	N/A	AAA
Unsecured Certificates of Deposit	30 days	A-1
FDIC insured deposits	N/A	N/A
Repurchase Agreements	None to 30 days	A
Commercial Paper	None to 270 days	A-1 to Highest
Bankers Acceptances	360 days	A-1
Certificates of Deposit	N/A	N/A
Collateralized Certificates of Deposit	365 days	A-1
Money Market Funds	N/A	Aam-G and AAam-G
Investment Agreement	N/A	N/A
Local Agency Investment Fund	N/A	N/A

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City generally manages its interest rate risk by holding investments to maturity.

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

CITY OF PLEASANT HILL

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 3 - CASH AND INVESTMENTS (Continued)

Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	Total
Federal Agency Securities: ^(A)				
Non-Callable	\$ 1,890,255	\$ 605,844	\$ 875,661	\$ 3,371,760
Callable	184,188	-	-	184,188
Federal National Mortgage Association (B)	49,505	-	-	49,505
Treasury Obligations	715,746	-	-	715,746
US Treasury	1,531,295	279,097	59,320	1,869,712
Local Agency Investment Fund (C)	22,212,705	-	-	22,212,705
Money Market Fund (D)	47,277	-	-	47,277
	26,630,971	884,941	934,981	28,450,893
Total Investments				
Cash in Banks	3,247,048	-	-	3,247,048
Petty Cash	3,775	-	-	3,775
Total Cash	3,250,823	-	-	3,250,823
	\$ 29,881,794	\$ 884,941	\$ 934,981	\$ 31,701,716
Total Cash and Investments				

^(A)Federal Agency Notes include FHLMC, FNMA, FHLB and FFCEB all of which are AAA rated.

^(B)The FNMA issue is a mortgaged backed security and is subject to prepayment prior to maturity.

^(C)The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2010, these investments matured in an average of 203 days.

^(D)Money market funds are available for withdrawal on demand.

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2010 for Money Market Funds are AAA as provided by Standard and Poor's investment rating system. Guaranteed Investment Contracts, the Local Agency Investment Fund and Federal National Mortgage Association were not rated as of June 30, 2010.

CITY OF PLEASANT HILL

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3 - CASH AND INVESTMENTS (Continued)

G. Concentration of Credit Risk

The City's investment policy contains certain limitations on the amount that can be invested in any one issuer. In certain categories, these limitations surpass those required by California Government Code Sections 53600 et seq. Investments in any one issuer, other than U.S. Treasury securities, mutual funds, and external investment pools, that represent 5% or more of total Entity wide investments are as follows at June 30, 2010:

Issuer	Investment Type	Reported Amount
Major Funds:		
General Fund		
Federal Home Loan Bank	Federal agency securities	\$ 929,586
Federal Home Loan Mortgage Corporation	Federal agency securities	897,902
Federal National Mortgage Association	Federal agency securities & Mortgage backed security	947,286
Federal Farm Credit Bank	Federal agency securities	781,174

NOTE 4 - INTERFUND TRANSACTIONS

A. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. As of June 30, 2010, there was \$83,019 of interfund balances in the City's Financial Statements.

B. Advance for Deferred 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 pursuant to Section 33670. At June 30, 1992, the total amount deferred was \$1,161,749.

CITY OF PLEASANT HILL

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

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 has made annual repayments.

In fiscal year 2009-2010, the Agency repaid \$58,088 of the advance, leaving an outstanding balance of \$697,045.

C. *Diablo Vista Water Advance*

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, 2010, the outstanding balance was \$72,000.

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 an expenditure on behalf of another fund. Less often, a transfer may be made to open or close a fund.

Transfers between funds during the fiscal year ended June 30, 2010 were as follows:

Funds Receiving Transfers In	Funds Expending Transfer Out					Total Transfers In
	General	Measure C Growth Management	Gas Tax Fund	Pleasant Hill Redevelopment TARB Debt Service	Non-Major Governmental Funds	
General Fund			\$ 373,758		\$ 1,082,571	\$ 1,456,329
Major Funds:						
Measure C Growth Management						-
Pleasant Hill Redevelopment						-
Capital Projects				\$ 2,210,702		2,210,702
Gas Tax		\$ 500,000			325,000	825,000
Non-Major Governmental Funds	\$ 2,018,751			644,152	22,279	2,685,182
Total	<u>\$ 2,018,751</u>	<u>\$ 500,000</u>	<u>\$ 373,758</u>	<u>\$ 2,854,854</u>	<u>\$ 1,429,850</u>	<u>\$ 7,177,213</u>

E. *Internal Balances*

Internal balances are presented in the Entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

CITY OF PLEASANT HILL

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

NOTE 5 - REDEVELOPMENT ACTIVITIES

A. *Land Held for Redevelopment*

The Redevelopment 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.

B. *Pleasant Hill Downtown Project*

The Disposition and Development Agreement (DDA) between the Agency and the Pleasant Hill Downtown Project Developer (CRVIP") 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 2002. For fiscal 2009-2010, the Agency paid \$184,203 toward this obligation.

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 equals \$36,630,000, whichever is sooner.

C. *Gallery Walk 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 complete 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 FY 2009-2010 the Agency paid \$301,427 toward this obligation.

CITY OF PLEASANT HILL

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

NOTE 5 - REDEVELOPMENT ACTIVITIES (Continued)

D. Crossroads Project

The Agency and City have 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.

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 2009-2010, the Agency reimbursed \$200,000 to the Developer pursuant to the agreement.

E. 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 \$1,996 and \$254,168, for fiscal years ending June 30, 2010 and 2009, respectively.

CITY OF PLEASANT HILL

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 6 - NOTES 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. Activity for these loans is presented below for the year ended June 30, 2010:

	Balances of Loans with		
	Payments Deferred	Payments Made Monthly	Total
Beginning Balance	\$ 1,554,763	\$ 51,192	\$ 1,605,955
New Loans Made	93,000	23,000	116,000
Loan Collections	(51,498)	(7,314)	(58,812)
Accrued Deferred Interest	17,256	-	17,256
Ending Balance	<u>\$ 1,613,521</u>	<u>\$ 66,878</u>	<u>\$ 1,680,399</u>

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 FY 1999-2000, the Agency and Bridge Housing Corporation amended their Agreement to allow for an additional \$50,000 to be provided for demolition costs. In FY 2001-2002 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 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 Fund. As of October 14, 2003, construction of the apartment project was completed and the apartments have since been occupied. At June 30, 2010, the outstanding balance of the receivable, including accrued interest, was \$1,213,868.

In addition, the Agency has agreed to provide annual operating grants of \$235,000 to subsidize the operations of the complex from fiscal year 2003-2004 through fiscal year 2031-2032.

C. *Jack's Restaurant Loan Receivable*

One property in the downtown area has been vacant since June 2009 and is in need of remodeling to improve its marketability and appeal to prospective tenants. A prospective tenant, Marcovici Management Group, LLC has 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 in order to make improvements to the property. In fiscal year 2009-2010 the Agency provided \$207,000 to Marcovici Management Group, LLC.

CITY OF PLEASANT HILL

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 7 - CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

GASB Statement 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Alternatively, the "modified approach" may be used for certain capital assets. Depreciation is not provided under this approach, but all expenditures on these assets are expensed, unless they are additions or improvements. The purpose of depreciation is to spread the cost of capital assets equitably over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

Buildings	30-50 years
Equipment and furniture	3-15 years
Streets and roads	50 years
Curbs and gutters	50 years
Storm drains	30 years
Street lights	30 years
Traffic control devices	30 years
Diablo Vista water system infrastructure	50 years

Major outlays for capital assets and improvements are projects as constructed.

CITY OF PLEASANT HILL

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 7 - CAPITAL ASSETS (Continued)

A. *Capital Asset Additions and Retirements*

Capital assets at June 30 comprise of the following:

	Balance June 30, 2009	Additions	Transfers/Retirements	Balance June 30, 2010
<i>Governmental activities</i>				
Capital assets not being depreciated:				
Land and improvements	\$ 3,406,821	\$ -	\$ -	\$ 3,406,821
Construction in progress	2,076,852	393,511	(1,436,747)	1,033,616
Total capital assets not being depreciated	<u>5,483,673</u>	<u>393,511</u>	<u>(1,436,747)</u>	<u>4,440,437</u>
Capital assets being depreciated:				
Buildings and improvements	14,500,707	461,871	-	14,962,578
Equipment and furniture	5,817,583	295,408	(146,098)	5,966,893
Streets and roads	51,347,198	1,213,766	-	52,560,964
Curbs and gutters	15,260,895	161,380	-	15,422,275
Storm drains	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>96,709,369</u>	<u>2,132,425</u>	<u>(146,098)</u>	<u>98,695,696</u>
Less accumulated depreciation for:				
Buildings and improvements	4,920,363	360,409	-	5,280,772
Equipment and furniture	3,787,608	700,434	(146,098)	4,341,944
Streets and roads	18,936,979	1,051,219	-	19,988,198
Curbs and gutters	6,142,025	308,446	-	6,450,471
Storm drains	3,910,017	215,620	-	4,125,637
Street lights	470,858	29,486	-	500,344
Traffic control devices	1,116,107	80,667	-	1,196,774
Total accumulated depreciation	<u>39,283,957</u>	<u>2,746,281</u>	<u>(146,098)</u>	<u>41,884,140</u>
Net capital assets being depreciated	<u>57,425,412</u>	<u>(613,856)</u>	<u>-</u>	<u>56,811,556</u>
Governmental activity capital assets, net	<u>\$ 62,909,085</u>	<u>\$ (220,345)</u>	<u>\$ (1,436,747)</u>	<u>\$ 61,251,993</u>
<i>Business-type activities</i>				
Capital assets, being depreciated:				
Water System infrastructure	\$ 541,412	\$ 59,506	\$ -	\$ 600,918
Less accumulated depreciation for:				
Water system infrastructure	<u>156,617</u>	<u>9,368</u>	<u>-</u>	<u>165,985</u>
Business-type activity capital assets, net	<u>\$ 384,795</u>	<u>\$ 50,138</u>	<u>\$ -</u>	<u>\$ 434,933</u>

CITY OF PLEASANT HILL

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 7 - CAPITAL ASSETS (Continued)

B. Capital Asset Contributions

Some capital assets may be acquired using federal and State grant funds, or they may be contributed by developers or other governments. GASB Statement 34 requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

C. Depreciation Allocation

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

Governmental Activities

General government	\$	372,785
Public safety		520,520
Transportation		1,849,450
Community Development		3,527
		<u>3,527</u>
Total Governmental Activities	\$	<u>2,746,282</u>

Business-Type Activities

Diablo Vista Water	\$	9,368
		<u>9,368</u>
Total Business-Type Activities	\$	<u>9,368</u>

NOTE 8 - LONG TERM DEBT

A. Composition and Changes

The City generally incurs long-term debt to finance projects or purchase assets that will have useful lives equal to or greater than the related debt. The City's bonded debt issues and transactions are summarized below and discussed in detail thereafter.

	<u>Balance June 30, 2009</u>	<u>Retirements</u>	<u>Balance June 30, 2010</u>	<u>Current Portion</u>
City Obligation:				
Lease Revenue Refunding Bonds,				
Series 2004, 2.5-3.125%, due 12/1/16	\$ 5,495,000	\$ 610,000	\$ 4,885,000	\$ 625,000
Redevelopment Agency Bonds:				
2002 Tax Allocation Refunding Bonds,				
2.0-4.3%, due 9/1/22	6,525,000	410,000	6,115,000	425,000
	<u>\$ 12,020,000</u>	<u>\$ 1,020,000</u>	<u>\$ 11,000,000</u>	<u>\$ 1,050,000</u>

CITY OF PLEASANT HILL

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 8 - LONG TERM DEBT (Continued)

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 in the amount of \$9,315,000 to payoff the 1993 Series A Bonds. Revenues primarily consisting of rental payments from the City and Debt Service Reserves held by the Trustee are pledged for the repayment of the Series 2004 Bonds. Interest is payable semiannually December I and June I, and principal is payable each December 1. Bonds maturing on December 1, 2016 are subject to mandatory redemption on December 1, 2014 through 2016 at a redemption price equal to the principal amount to be redeemed together with the interest that has been accrued thereon.

The 2002 Tax Allocation Refunding Bonds in the amount of \$8,860,000 were issued to payoff the 1991 Tax Allocation Refunding Bonds. Agency tax increment revenue and Debt Service Reserve held by the Trustee are pledged for the repayment of these Bonds. Interest is payable semiannually each September I and March I, and principal is payable each September I. Bonds maturing on September 1, 2022 are subject to mandatory serial redemption on July 1, 2004 through 2021 at par plus earned interest.

The pledge of future tax increment property tax revenues ends upon repayment of the \$8,307,548 in remaining debt service on the Agency's long term debt which is scheduled to occur in 2022. 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 2010 tax increment revenues amounted to \$3,220,016 which represented coverage of 5.0 over the \$640,790 in debt service.

C. Debt Service Requirements

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

Year Ending June 30	Principal	Interest	Totals
2011	\$ 1,050,000	\$ 370,096	\$ 1,420,096
2012	1,075,000	341,516	1,416,516
2013	1,110,000	310,128	1,420,128
2014	1,150,000	275,524	1,425,524
2015	1,185,000	235,996	1,420,996
2016-2020	4,210,000	594,432	4,804,432
2021-2022	1,220,000	52,488	1,272,488
Total	<u>\$ 11,000,000</u>	<u>\$ 2,180,180</u>	<u>\$ 13,180,180</u>

CITY OF PLEASANT HILL

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

NOTE 8 - LONG TERM DEBT (Continued)

D. Mortgage Revenue Bonds Without City Commitment

In prior years, 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. 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, 2010, there was one mortgage revenue bond issue outstanding, in the aggregate principal amount of \$10,355,000.

NOTE 9 - SPECIAL ASSESSMENT DEBT

Special Assessment Districts are formed to construct improvements to infrastructure located within the Districts. Properties are assessed for the cost of improvements; these assessments are payable over the term of the debt issued to finance the improvements. The total amount of the assessment is recorded as receivable and deferred revenue at the time the related debt is issued, and reduced as assessments are collected. At June 30, 2010, the Districts are in compliance with the repayment and other requirements of their debt issues.

A. Special Assessment Debt without Agency Commitment

As discussed in Note 5B, the Agency has an agreement with a developer which provided for the construction of the Pleasant Hill Downtown Project. In 1998, the developer, as sole property owner of the project site, voted to form the Pleasant Hill Downtown Community Facilities District No. 1 for the expressed purpose of issuing long-term tax exempt debt to provide the financing of infrastructure improvements within the District. Concurrently, the Developer also approved the establishment of a Special Tax to 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.

To assist the developer in financing the infrastructure costs of the project, the City assisted in the formation of the District and in the issuance of Special Tax Bonds, Series 1998A (\$6,915,000 at June 30, 2010). The City and Agency have no legal or moral liability with respect to the payment of the above debt, which is secured and serviced only by assessments on the properties and unexpended debt proceeds in the District. Neither the City nor Agency has pledged their revenues or assets for the repayment of the District debt and as required under generally accepted accounting principles, the above debt has been excluded from the City and Agency's financial statements.

B. Special Assessment Debt with City Commitment

On November 20, 2002, the City assisted the District in issuing \$7,290,000 of Refunding Special Tax Bonds, Subordinated Series 2002, which refinanced and retired prior debt. The Bonds bear interest at 2.4% to 6.0%, which is due semiannually commencing March 1, 2003. Principal is due annually commencing September 1, 2003. During fiscal year 2009-2010, the Agency paid \$135,000 in principal.

CITY OF PLEASANT HILL

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 9 - SPECIAL ASSESSMENT DEBT (Continued)

These 2002 Bonds are also repayable from Special Tax levies similar in nature to those discussed above. Concurrently with the 2002 Bonds issuance, the Agency, City and Fiscal Agent for the 2002 Bonds entered into a pledge agreement under which the Agency will remit certain tax increment payments due to the developer, as discussed in Note 5D, directly to the Fiscal Agent for use in paying debt service on the 2002 Bonds on behalf of the developer. These payments to the trustee count toward the \$36,630,000 maximum developer reimbursement. Agency staff has stated that current tax increment revenues subject to the pledge agreement are sufficient to pay debt service on the 2002 Bonds. Accordingly, such debt is considered Special Assessment Debt with Agency Commitment and has been included in the Agency's financial statements.

The pledge of future tax increment property tax revenues ends upon repayment of the \$11,617,280 in remaining debt service on the Agency's long term debt which is scheduled to occur in 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 2010, tax increment revenues amounted to \$3,220,016 which represented coverage of 6.33 over the \$508,528 in debt service.

Special assessment debt with City commitment comprised:

	<u>Balance June 30, 2009</u>	<u>Retirements</u>	<u>Balance June 30, 2010</u>	<u>Current Portion</u>
Pleasant Hill Downtown Community District				
No. 1 Refunding Special Tax Bonds				
Subordinated Series 2002				
2.4-5.2%, due 9/1/32	\$ 6,505,000	\$ 135,000	\$ 6,370,000	\$ 145,000

Special assessment debt service requirements, including principal and interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2011	\$ 145,000	\$ 366,979	\$ 511,979
2012	150,000	359,785	509,785
2013	155,000	352,083	507,083
2014	165,000	343,840	508,840
2015	175,000	334,519	509,519
2016-2020	1,030,000	1,505,700	2,535,700
2021-2025	1,365,000	1,162,428	2,527,428
2026-2030	1,815,000	695,347	2,510,347
2031-2033	1,370,000	126,600	1,496,600
Total	<u>\$ 6,370,000</u>	<u>\$ 5,247,281</u>	<u>\$ 11,617,281</u>

CITY OF PLEASANT HILL

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

NOTE 10 - FUND BALANCES AND NET ASSETS

A. Net Assets

Net Assets is the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions described below:

Invested in Capital Assets, net of related debt describes the portion of Net Assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, Federal and State grant funds, and redevelopment funds restricted to low and moderate income purposes.

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

B. Reserves

Reserves are restrictions placed by outside entities, such as other governments, which restrict the expenditures of the reserved funds to the purpose intended by the entity which provided the funds, or represent fund balance of assets not available for expenditures. The City cannot modify or remove these reserves, which are described below:

Reserve for encumbrances represents the portion of fund balance set aside for outstanding purchase orders.

Reserves for long term notes and loans receivables, advances to other funds and land held for redevelopment are the portions of fund balance set aside to indicate these items do not represent available, spendable resources even though they are a component of assets.

Reserve for Bridge housing operating subsidies is the portion of redevelopment fund balance legally required to be set-aside for low/moderate income housing expenditures.

Reserve for debt service is the portion of fund balance legally restricted for the payment of principal and interest on long term debt.

C. Designations

Portions of unreserved fund balance may be designated to indicate tentative plans for financial resource use in a future period. Such plans or intentions are subject to change and may not result in expenditure.

CITY OF PLEASANT HILL

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 10 - FUND BALANCES AND NET ASSETS (Continued)

D. Excess of Expenditures over Appropriations

The following funds had expenditures in excess of budget due to unanticipated expenditures:

	<u>Amount</u>
<i>Special Revenue Fund:</i>	
Supplemental Law Enforcement Service	\$ 115,640
Edward Byrne Memorial Justice Assistance Grant	14,125
<i>Capital Projects Funds:</i>	
Public Educational and Governmental Access Capital Grant	68,369
<i>Debt Service Funds:</i>	
Refunding Lease Revenue Bonds	747
2002 PHDCFD #1 Special Tax Bonds	14,685

NOTE 11 - EMPLOYEE BENEFITS

A substantial number of City employees are organized into bargaining units, which negotiate with the City to provide pay and a variety of benefits for their members. These bargaining units have agreements, which are periodically renegotiated and include the following

	<u>Number of Members</u>	<u>Contract Termination Date</u>
Local #1	18	8/31/2011
Professional and Confidential	27	10/31/2011
Police Association	55	7/31/2011
Management	17	2/28/2011

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, 2010, the City provided dental benefits or medical benefits for 18 retirees. 30 additional employees are eligible for the 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 \$127,220 during fiscal 2009-2010.

CITY OF PLEASANT HILL

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 11 - 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

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS), a cost-sharing multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution.

Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2010 are summarized below:

	<u>Safety</u>	<u>Miscellaneous</u>
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as a % of annual salary	3%	1.426% - 2.418%
Required employee contribution rates	9%	7%
Required employer contribution rates	27.367%	11.895%

The City's labor contracts require it to pay the employees' contributions as well as its own.

CITY OF PLEASANT HILL

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

NOTE 11 - EMPLOYEE BENEFITS (Continued)

CalPERS determine contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this Method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability. The City uses the actuarially determined percentages of payroll to calculate and pay contributions to CALPERS. The City does not have a net pension obligation since it pays these actuarially required liabilities. Annual Pension Costs, representing the payment of all contributions required by CALPERS, for the last three fiscal years were as follows:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
<i>Safety Plan</i>		
June 30, 2008	\$ 1,526,331	100%
June 30, 2009	1,605,665	100%
June 30, 2010	1,619,779	100%
<i>Miscellaneous Plan</i>		
June 30, 2008	\$ 1,110,714	100%
June 30, 2009	1,189,690	100%
June 30, 2010	1,163,307	100%

CalPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.0%. Annual salary increases are assumed to vary by duration of service, and annual retirement benefit increases are assumed to be 3.25%. The City's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. Investment gains and losses are amortized over a rolling 30 year period.

As required by State law, effective July 1, 2005, the City's Miscellaneous and Safety Plans were terminated, and the employees in the plan were required by CALPERS to join new State-wide pools. One of the conditions of entry was that the City true-up any unfunded liabilities in the former Plans, either by paying cash or by increasing or decreasing its future contribution rates through a Side Fund offered by CALPERS. The City satisfied its Miscellaneous and Safety Plans unfunded liabilities by agreeing to contribute to the Side Fund through an addition to its normal contribution rates.

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

CITY OF PLEASANT HILL

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

NOTE 11 – EMPLOYEE BENEFITS (Continued)

D. Social Security

The Omnibus Budget Reconciliation Act of 1990 (COBRA) mandates that public sector employees who are not members of their employer's existing retirement system as of January 1, 1992 be covered by either Social Security or an alternative plan.

The City's part-time seasonal and temporary employees, as well as employees not eligible for CALPERS coverage, are covered under Social Security, which requires these employees and the City to each contribute 6.2% of the employees pay. Total contributions to Social Security during the year ended June 30, 2010 amounted to \$14,062 of which the City paid half.

NOTE 12 - 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 (Deductible)</u>	<u>Coverage Limits</u>
Liability (\$25,000)	\$ 29,000,000
Vehicle - Physical Damage (\$3,000 for police vehicles, \$2,000 for all other)	\$ 250,000
Workers' Compensation (no deductible)	Statutory excess of \$50,000,000
All Risk Fire & Property Including Flood (\$5,000)	\$ 1,000,000,000
Boiler & Machinery (\$5,000)	\$ 25,000,000

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

The City's deposits with the Municipal Pooling Authority are in accordance with formulas established by the Municipal Pooling Authority. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. Financial statements may be obtained from Municipal Pooling Authority, 1911 San Miguel Drive, Suite 200, Walnut Creek, CA 94596.

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 an expenditure in their financial statements. As discussed above, the City has coverage for such claims, but it has retained the risk for the deductible, or uninsured portion of these claims.

CITY OF PLEASANT HILL

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 12 - RISK MANAGEMENT (Continued)

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:

	<u>2010</u>	<u>2009</u>
Beginning balance	\$ 46,144	\$ 108,464
Liability for current fiscal year claims	83,431	21,287
Liability for prior fiscal year claims and incurred but not reported (IBNR)	2,101	11,208
Claims Paid	<u>(36,572)</u>	<u>(94,815)</u>
Ending balance	<u>\$ 95,104</u>	<u>\$ 46,144</u>

Settlements have not exceeded insurance coverage in the past three fiscal years.

NOTE 13 - 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. *Supplemental Educational Revenue Augmentation Fund (SERAF)*

The State of California adopted AB26 4X in July 2009 which directs that a portion of the incremental property taxes which had been received in fiscal year 2006-07 by redevelopment agencies be paid instead to the County supplemental education revenue augmentation fund (SERAF) in fiscal years 2009-10 and 2010-11. The State Department of Finance will determine each agency's SERAF payment by November 15 of each year, and payments are due by May 10 of the applicable year. In fiscal year 2009-10 the Agency paid \$1,906,348 to the State under this legislation. In fiscal year 2010-11, the Amount of the SERAF takeaway that the Agency is required to pay is \$392,103. The obligation to make the SERAF payment is subordinate to obligations to repay bonds, however if the Agency fails to make the SERAF payment the Agency may not encumber or expend future funds other than to pay pre-existing indebtedness, contractual obligations and 75% of the amount expended on Agency administration for the preceding fiscal year until the SERAF is paid in full.

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CITY OF PLEASANT HILL

MAJOR GOVERNMENTAL FUNDS, OTHER THAN GENERAL FUND AND SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2010

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

PLEASANT HILL 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.

PLEASANT HILL 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, 2010**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Property taxes	\$ 1,860,219	\$ 1,711,825	\$ (148,394)
Use of money and property	369,740	100,074	(269,666)
Other	14,418	6,014	(8,404)
Total Revenues	<u>2,244,377</u>	<u>1,817,913</u>	<u>(426,464)</u>
Expenditures			
Current:			
Community development	6,777,114	4,935,873	1,841,241
Total Expenditures	<u>6,777,114</u>	<u>4,935,873</u>	<u>1,841,241</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,532,737)</u>	<u>(3,117,960)</u>	<u>1,414,777</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	-	337,898	337,898
Transfers in	1,852,483	2,210,702	358,219
Total Other Financing Sources (Uses)	<u>1,852,483</u>	<u>2,548,600</u>	<u>696,117</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,680,254)</u>	(569,360)	<u>\$ 2,110,894</u>
BEGINNING FUND BALANCE		<u>11,418,693</u>	
ENDING FUND BALANCE		<u>\$ 10,849,333</u>	

CITY OF PLEASANT HILL

**REDEVELOPMENT TAR B DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE; BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2010**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Property taxes	\$ 3,111,728	\$ 3,220,016	\$ 108,288
Use of money and property	46,648	17,344	(29,304)
Total Revenues	<u>3,158,376</u>	<u>3,237,360</u>	<u>78,984</u>
EXPENDITURES			
Debt Service:			
Principal	395,000	410,000	(15,000)
Interest and fiscal charges	252,669	234,438	18,231
Total Expenditures	<u>647,669</u>	<u>644,438</u>	<u>3,231</u>
EXPENDITURES	<u>2,510,707</u>	<u>2,592,922</u>	<u>82,215</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(2,504,780)	(2,854,854)	(350,074)
Total Other Financing Sources (Uses)	<u>(2,504,780)</u>	<u>(2,854,854)</u>	<u>(350,074)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 5,927</u>	(261,932)	<u>\$ (267,859)</u>
BEGINNING FUND BALANCE		<u>1,985,307</u>	
ENDING FUND BALANCE		<u>\$ 1,723,375</u>	

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CITY OF PLEASANT HILL

NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2010

SPECIAL REVENUE FUNDS:

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 - 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 for the purchase of the Community Center land, as well as funds received and receivable 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.

CITY OF PLEASANT HILL

NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2010

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 Memorial Justice Assistance Grant (JAG) - accounts for revenue and expenditures for this 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 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:

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 Bonds. The funds come from the Redevelopment Commons Tax Allocation Refunding Bonds Debt Service Fund 71, 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.

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CITY OF PLEASANT HILL

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
FOR THE YEAR ENDED JUNE 30, 2010**

	SPECIAL REVENUE FUNDS				
	Traffic Safety	Gas Tax 2107.5	Unified Street Lighting	Parkland Dedication	Commercial Landscaping and Lighting District 20
ASSETS					
Cash and investments:					
City Treasury	\$ 11,334	\$ 31,500	\$ 211,132	\$ 14	\$ 607,327
Trustee accounts	-	-	-	-	-
Receivables:					
Accounts and other	15,314	113,000	-	-	-
Interest	21	44	1,005	-	-
Prepaid expenses	-	-	-	-	-
Total Assets	\$ 26,669	\$ 144,544	\$ 212,137	\$ 14	\$ 607,327
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 16,359	14	\$ 5,798
Due to others	-	-	-	-	-
Deferred revenue	-	113,000	-	-	-
Total Liabilities	-	113,000	16,359	14	5,798
FUND EQUITY					
Fund balances	-	-	-	-	-
Reserved for:					
Encumbrances	-	-	-	-	-
Debt service	-	-	-	-	-
Unreserved, undesignated	26,669	31,544	195,778	-	601,529
Total Fund Balances	26,669	31,544	195,778	-	601,529
Total Liabilities and Fund Balances	\$ 26,669	\$ 144,544	\$ 212,137	\$ 14	\$ 607,327

CITY OF PLEASANT HILL

**NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
 COMBINING BALANCE SHEETS
 FOR THE YEAR ENDED JUNE 30, 2010**

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 Fund
\$ 497,660	\$ 7,776	\$ 351,528	\$ 84,831	\$ 1,079,161	\$ 126,032	\$ 56,800	\$ 19,022
-	-	-	-	-	-	-	-
-	13,974	16,377	-	-	-	-	-
634	130	483	117	1,655	176	78	25
-	34,345	-	-	-	-	-	-
<u>\$ 498,294</u>	<u>\$ 56,225</u>	<u>\$ 368,388</u>	<u>\$ 84,948</u>	<u>\$ 1,080,816</u>	<u>\$ 126,208</u>	<u>\$ 56,878</u>	<u>\$ 19,047</u>
\$ -	\$ 8,000	\$ -	\$ -	\$ 85,050	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	8,000	-	-	85,050	-	-	-
-	-	-	-	-	-	-	-
44,642	2,501	-	-	98,638	-	-	-
-	-	-	-	-	-	-	-
<u>453,652</u>	<u>45,724</u>	<u>368,388</u>	<u>84,948</u>	<u>897,128</u>	<u>126,208</u>	<u>56,878</u>	<u>19,047</u>
<u>498,294</u>	<u>48,225</u>	<u>368,388</u>	<u>84,948</u>	<u>995,766</u>	<u>126,208</u>	<u>56,878</u>	<u>19,047</u>
<u>\$ 498,294</u>	<u>\$ 56,225</u>	<u>\$ 368,388</u>	<u>\$ 84,948</u>	<u>\$ 1,080,816</u>	<u>\$ 126,208</u>	<u>\$ 56,878</u>	<u>\$ 19,047</u>

(Continued)

CITY OF PLEASANT HILL

**NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
 COMBINING BALANCE SHEETS
 FOR THE YEAR ENDED JUNE 30, 2010**

	SPECIAL REVENUE FUNDS				
	Vehicle Abatement fund	Affordable Housing	Traffic Congestion Relief Fund	Edward Byrne Memorial Justice Assistance Grant	DARE
ASSETS					
Cash and investments:					
City Treasury	\$ -	\$ 253,191	\$ -	\$ -	\$ 225
Trustee accounts	-	-	-	-	-
Receivables:					
Accounts and other	-	-	84,756	-	-
Interest	-	350	-	-	-
Prepaid expenses	-	-	-	-	-
Total Assets	\$ -	\$ 253,541	\$ 84,756	\$ -	\$ 225
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Due to others	-	-	38,040	604	-
Deferred revenue	-	-	-	-	-
Total Liabilities	-	-	38,040	604	-
FUND EQUITY					
Fund balances	-	-	-	-	-
Reserved for:					
Encumbrances	-	-	-	-	-
Debt service	-	-	-	-	-
Unreserved, undesignated	-	253,541	46,716	(604)	225
Total Fund Balances	-	253,541	46,716	(604)	225
Total Liabilities and Fund Balances	\$ -	\$ 253,541	\$ 84,756	\$ -	\$ 225

(Continued)

CITY OF PLEASANT HILL

**NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
 COMBINING BALANCE SHEETS
 FOR THE YEAR ENDED JUNE 30, 2010**

CAPITAL PROJECTS FUNDS

<u>Capital Outlay</u>	<u>Computer Technology Replacement</u>	<u>Public Educational and Governmental Access Capital Grant</u>	<u>Vehicles and Equipment Replacement</u>	<u>Police Technology</u>	<u>Capital Projects</u>
\$ 271,874	\$ 532,698	\$ 466,543	\$ 258,363	\$ 1,221,561	\$ 624,145
-	-	-	-	-	-
-	-	13,306	-	-	-
375	-	642	-	-	-
-	-	-	-	134,727	-
<u>\$ 272,249</u>	<u>\$ 532,698</u>	<u>\$ 480,491</u>	<u>\$ 258,363</u>	<u>\$ 1,356,288</u>	<u>\$ 624,145</u>
\$ -	\$ -	\$ -	\$ -	\$ 6,377	\$ 9,377
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	6,377	9,377
-	-	-	-	-	-
-	-	-	-	25,949	31,495
-	-	-	-	-	-
272,249	532,698	480,491	258,363	1,323,962	583,273
272,249	532,698	480,491	258,363	1,349,911	614,768
<u>\$ 272,249</u>	<u>\$ 532,698</u>	<u>\$ 480,491</u>	<u>\$ 258,363</u>	<u>\$ 1,356,288</u>	<u>\$ 624,145</u>

(Continued)

CITY OF PLEASANT HILL

**NON-MAJOR GOVERNMENTAL FUNDS (CONCLUDED)
 COMBINING BALANCE SHEETS
 FOR THE YEAR ENDED JUNE 30, 2010**

<u>DEBT SERVICE FUNDS</u>			
	<u>Refunding Lease Revenue Bonds</u>	<u>2002 PHDCFD #1 Special Tax Bonds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and investments:			
City Treasury	\$ -	\$ -	\$ 6,712,717
Trustee accounts	948,794	715,746	1,664,540
Receivables:			
Accounts and other	-	-	256,727
Interest	-	-	5,735
Prepaid expenses	-	-	169,072
Total Assets	<u>\$ 948,794</u>	<u>\$ 715,746</u>	<u>\$ 8,808,791</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 130,975
Due to others	-	-	38,644
Deferred revenue	-	-	113,000
Total Liabilities	<u>-</u>	<u>-</u>	<u>282,619</u>
FUND EQUITY			
Fund balances			
Reserved for:			
Encumbrances	-	-	203,225
Debt service	-	715,746	715,746
Unreserved, undesignated	948,794	-	7,607,201
Total Fund Balances	<u>948,794</u>	<u>715,746</u>	<u>8,526,172</u>
Total Liabilities and Fund Balances	<u>\$ 948,794</u>	<u>\$ 715,746</u>	<u>\$ 8,808,791</u>

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CITY OF PLEASANT HILL

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010**

SPECIAL REVENUE FUNDS					
	Traffic Safety	Gas Tax 2107.5	Unified Street Lighting	Parkland Dedication	Commercial Landscaping and Lighting District 20
REVENUES					
Property taxes	\$ -	\$ -	\$ 378,825	\$ -	\$ -
Other taxes and special assessments	-	-	-	-	350,460
Intergovernmental	-	6,000	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	89,411	-	-	-	-
Use of money and property	174	358	4,631	-	-
Other	-	-	-	-	-
Total Revenues	<u>89,585</u>	<u>6,358</u>	<u>383,456</u>	<u>-</u>	<u>350,460</u>
EXPENDITURES					
Current:					
General government	-	-	256,395	-	-
Public Safety	94,965	-	-	-	-
Transportation	-	31,856	-	-	382,227
Community Development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt Service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	173	-
Total Expenditures	<u>94,965</u>	<u>31,856</u>	<u>256,395</u>	<u>173</u>	<u>382,227</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>(5,380)</u>	<u>(25,498)</u>	<u>127,061</u>	<u>(173)</u>	<u>(31,767)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital asset	-	-	-	-	-
Transfers in	-	-	-	-	188,080
Transfers (out)	-	-	(620,247)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(620,247)</u>	<u>-</u>	<u>188,080</u>
NET CHANGE IN FUND BALANCES					
	<u>(5,380)</u>	<u>(25,498)</u>	<u>(493,186)</u>	<u>(173)</u>	<u>156,313</u>
BEGINNING FUND BALANCES					
	<u>32,049</u>	<u>57,042</u>	<u>688,964</u>	<u>173</u>	<u>445,216</u>
ENDING FUND BALANCES					
	<u>\$ 26,669</u>	<u>\$ 31,544</u>	<u>\$ 195,778</u>	<u>\$ -</u>	<u>\$ 601,529</u>

SPECIAL REVENUE FUNDS

NPDES	Supplemental Law Enforcement Services	Waste Management/R ecycling	Police Special Services	Park and Recreation	Landscaping and Lighting Assessment District 22	Senior Van Services	CLEEP Grant Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
367,501	100,000	-	-	-	58,562	-	-
-	-	13,918	16,010	-	-	-	-
-	-	107,427	-	-	-	2,605	-
-	-	-	-	-	-	-	-
2,797	421	2,747	482	8,522	684	375	120
-	-	-	-	-	-	-	-
<u>370,298</u>	<u>100,421</u>	<u>124,092</u>	<u>16,492</u>	<u>8,522</u>	<u>59,246</u>	<u>2,980</u>	<u>120</u>
-	-	-	-	-	-	-	-
-	115,640	-	-	-	-	-	-
268,889	-	-	-	-	37,275	-	-
17,443	-	279,710	-	-	-	4,706	-
-	-	-	-	324,254	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>286,332</u>	<u>115,640</u>	<u>279,710</u>	<u>-</u>	<u>324,254</u>	<u>37,275</u>	<u>4,706</u>	<u>-</u>
83,966	(15,219)	(155,618)	16,492	(315,732)	21,971	(1,726)	120
-	-	-	-	-	-	-	-
-	-	-	-	-	3,325	-	-
(63,404)	-	-	-	-	-	-	-
<u>(63,404)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,325</u>	<u>-</u>	<u>-</u>
20,562	(15,219)	(155,618)	16,492	(315,732)	25,296	(1,726)	120
<u>477,732</u>	<u>63,444</u>	<u>524,006</u>	<u>68,456</u>	<u>1,311,498</u>	<u>100,912</u>	<u>58,604</u>	<u>18,927</u>
<u>\$ 498,294</u>	<u>\$ 48,225</u>	<u>\$ 368,388</u>	<u>\$ 84,948</u>	<u>\$ 995,766</u>	<u>\$ 126,208</u>	<u>\$ 56,878</u>	<u>\$ 19,047</u>

CITY OF PLEASANT HILL

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010**

	SPECIAL REVENUE FUNDS				
	Vehicle Abatement fund	Affordable Housing	Traffic Congestion Relief Fund	Edward Byrne Memorial Justice Assistance Grant	DARE
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and special assessments	-	-	-	-	-
Intergovernmental	22,614	-	304,112	13,465	1,360
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	-	1,670	-	-	3
Other	68	-	-	-	-
Total Revenues	22,682	1,670	304,112	13,465	1,363
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public Safety	-	-	-	14,125	1,550
Transportation	-	-	-	-	-
Community Development	36,112	-	-	-	-
Capital outlay	-	-	-	-	-
Debt Service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	36,112	-	-	14,125	1,550
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(13,430)	1,670	304,112	(660)	(187)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital asset	-	-	-	-	-
Transfers in	13,430	-	-	-	-
Transfers (out)	-	-	(325,000)	-	-
Total Other Financing Sources (Uses)	13,430	-	(325,000)	-	-
NET CHANGE IN FUND BALANCES	-	1,670	(20,888)	(660)	(187)
BEGINNING FUND BALANCES	-	251,871	67,604	56	412
ENDING FUND BALANCES	\$ -	\$ 253,541	\$ 46,716	\$ (604)	\$ 225

CAPITAL PROJECTS FUNDS

Capital Outlay	Computer Technology Replacement	Public Educational and Governmental Access Capital Grant	Vehicles and Equipment Replacement	Police Technology	Capital Projects
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	57,793	-	-	-
-	-	-	-	45,000	-
-	-	-	-	-	-
1,791	-	4,892	-	-	-
-	-	-	-	-	143,726
<u>1,791</u>	<u>-</u>	<u>62,685</u>	<u>-</u>	<u>45,000</u>	<u>143,726</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	244,721	68,369	27,114	201,743	294,534
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>244,721</u>	<u>68,369</u>	<u>27,114</u>	<u>201,743</u>	<u>294,534</u>
<u>1,791</u>	<u>(244,721)</u>	<u>(5,684)</u>	<u>(27,114)</u>	<u>(156,743)</u>	<u>(150,808)</u>
-	-	-	3,639	-	-
-	295,000	-	92,100	645,000	25,000
-	-	-	-	(300,000)	(121,199)
<u>-</u>	<u>295,000</u>	<u>-</u>	<u>95,739</u>	<u>345,000</u>	<u>(96,199)</u>
1,791	50,279	(5,684)	68,625	188,257	(247,007)
<u>270,458</u>	<u>482,419</u>	<u>486,175</u>	<u>189,738</u>	<u>1,161,654</u>	<u>861,775</u>
<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>

CITY OF PLEASANT HILL

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>DEBT SERVICE FUNDS</u>		
	Refunding Lease Revenue Bonds	2002 PHDCFD #1 Special Tax Bonds	Total Nonmajor Governmental Funds
REVENUES			
Property taxes	\$ -	\$ -	\$ 378,825
Other taxes and special assessments	-	-	934,316
Intergovernmental	-	-	422,479
Charges for services	-	-	110,032
Fines and forfeitures	-	-	89,411
Use of money and property	8,413	-	38,080
Other	-	-	143,794
Total Revenues	<u>8,413</u>	<u>-</u>	<u>2,116,937</u>
EXPENDITURES			
Current:			
General government	-	-	256,395
Public Safety	-	-	226,280
Transportation	-	-	720,247
Community Development	-	184,202	522,173
Capital outlay	-	-	1,160,735
Debt Service:			
Principal retirement	610,000	135,000	745,000
Interest and fiscal charges	169,095	386,581	555,849
Total Expenditures	<u>779,095</u>	<u>705,783</u>	<u>4,186,679</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(770,682)</u>	<u>(705,783)</u>	<u>(2,069,742)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital asset	-	-	3,639
Transfers in	779,095	644,152	2,685,182
Transfers (out)	-	-	(1,429,850)
Total Other Financing Sources (Uses)	<u>779,095</u>	<u>644,152</u>	<u>1,258,971</u>
NET CHANGE IN FUND BALANCES	8,413	(61,631)	(810,771)
BEGINNING FUND BALANCES	<u>940,381</u>	<u>777,377</u>	<u>9,336,943</u>
ENDING FUND BALANCES	<u>\$ 948,794</u>	<u>\$ 715,746</u>	<u>\$ 8,526,172</u>

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CITY OF PLEASANT HILL

**BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2010**

	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	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	79,568	89,411	9,843	-	-	-
Use of money and property	1,443	174	(1,269)	1,751	358	(1,393)
Other	-	-	-	6,000	6,000	-
Total Revenues	<u>81,011</u>	<u>89,585</u>	<u>8,574</u>	<u>7,751</u>	<u>6,358</u>	<u>(1,393)</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public Safety	99,201	94,965	4,236	-	-	-
Transportation	-	-	-	49,971	31,856	18,115
Community Development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt Service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>99,201</u>	<u>94,965</u>	<u>4,236</u>	<u>49,971</u>	<u>31,856</u>	<u>18,115</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	<u>(18,190)</u>	<u>(5,380)</u>	<u>12,810</u>	<u>(42,220)</u>	<u>(25,498)</u>	<u>16,722</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital asset	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (18,190)</u>	<u>(5,380)</u>	<u>\$ 12,810</u>	<u>\$ (42,220)</u>	<u>(25,498)</u>	<u>\$ 16,722</u>
BEGINNING FUND BALANCES		<u>32,049</u>			<u>57,042</u>	
ENDING FUND BALANCES		<u>\$ 26,669</u>			<u>\$ 31,544</u>	

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)
\$ 403,677	\$ 378,825	\$ (24,852)	\$ -	\$ -	\$ -	\$ 496,145	\$ 367,501	\$ (128,644)
-	-	-	350,873	350,460	(413)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
31,306	4,631	(26,675)	1,910	-	(1,910)	1,503	2,797	1,294
-	-	-	-	-	-	-	-	-
<u>434,983</u>	<u>383,456</u>	<u>(51,527)</u>	<u>352,783</u>	<u>350,460</u>	<u>(2,323)</u>	<u>497,648</u>	<u>370,298</u>	<u>(127,350)</u>
272,426	256,395	16,031	-	-	-	-	-	-
-	-	-	-	-	-	546,603	268,889	277,714
-	-	-	521,053	382,227	138,826	17,078	17,443	(365)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>272,426</u>	<u>256,395</u>	<u>16,031</u>	<u>521,053</u>	<u>382,227</u>	<u>138,826</u>	<u>563,681</u>	<u>286,332</u>	<u>277,349</u>
162,557	127,061	35,496	(168,270)	(31,767)	136,503	(66,033)	83,966	149,999
-	-	-	-	-	-	-	-	-
-	-	-	188,080	188,080	-	-	-	-
<u>(292,479)</u>	<u>(620,247)</u>	<u>(327,768)</u>	-	-	-	-	<u>(63,404)</u>	<u>(63,404)</u>
<u>(292,479)</u>	<u>(620,247)</u>		<u>188,080</u>	<u>188,080</u>	<u>-</u>	<u>-</u>	<u>(63,404)</u>	<u>(63,404)</u>
<u>\$ (129,922)</u>	<u>(493,186)</u>	<u>\$ 35,496</u>	<u>\$ 19,810</u>	<u>156,313</u>	<u>\$ 136,503</u>	<u>\$ (66,033)</u>	<u>20,562</u>	<u>\$ 86,595</u>
	<u>688,964</u>			<u>445,216</u>			<u>477,732</u>	
	<u>\$ 195,778</u>			<u>\$ 601,529</u>			<u>\$ 498,294</u>	

CITY OF PLEASANT HILL

**BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	SUPPLEMENTAL LAW ENFORCEMENT SERVICES			WASTE MANAGEMENT/RECYCLING		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and special assessments	-	100,000	100,000	9,000	13,918	4,918
Intergovernmental	-	-	-	99,820	107,427	7,607
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	-	421	421	18,540	2,747	(15,793)
Other	-	-	-	-	-	-
Total Revenues	-	100,421	100,421	127,360	124,092	(3,268)
EXPENDITURES						
Current:						
General government	-	115,640	(115,640)	-	-	-
Public Safety	-	-	-	-	-	-
Transportation	-	-	-	327,104	279,710	47,394
Community Development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt Service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	-	115,640	(115,640)	327,104	279,710	47,394
EXCESS (DEFICIENCY) OF						
REVENUES OVER EXPENDITURES	-	(15,219)	(15,219)	(199,744)	(155,618)	44,126
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital asset	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	\$ -	(15,219)	\$ (15,219)	\$ (199,744)	(155,618)	\$ 44,126
BEGINNING FUND BALANCES		63,444			524,006	
ENDING FUND BALANCES		\$ 48,225			\$ 368,388	

CITY OF PLEASANT HILL

**BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

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	\$ 58,562	\$ 1,076
-	-	-	-	-	-	-	-	-
-	16,010	16,010	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,645	482	(1,163)	49,677	8,522	(41,155)	2,284	684	(1,600)
-	-	-	-	-	-	-	-	-
<u>1,645</u>	<u>16,492</u>	<u>14,847</u>	<u>49,677</u>	<u>8,522</u>	<u>(41,155)</u>	<u>59,770</u>	<u>59,246</u>	<u>(524)</u>
-	-	-	-	-	-	-	-	-
-	-	-	422,770	324,254	98,516	56,341	37,275	19,066
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	<u>422,770</u>	<u>324,254</u>	<u>98,516</u>	<u>56,341</u>	<u>37,275</u>	<u>19,066</u>
<u>1,645</u>	<u>16,492</u>	<u>14,847</u>	<u>(373,093)</u>	<u>(315,732)</u>	<u>57,361</u>	<u>3,429</u>	<u>21,971</u>	<u>(19,590)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,325	3,325	-
(1,878)	-	1,878	-	-	-	-	-	-
<u>(1,878)</u>	<u>-</u>	<u>1,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,325</u>	<u>3,325</u>	<u>-</u>
<u>\$ (233)</u>	<u>16,492</u>	<u>\$ 16,725</u>	<u>\$ (373,093)</u>	<u>(315,732)</u>	<u>\$ 57,361</u>	<u>\$ 6,754</u>	<u>25,296</u>	<u>\$ 18,542</u>
	<u>68,456</u>			<u>1,311,498</u>			<u>100,912</u>	
	<u>\$ 84,948</u>			<u>\$ 995,766</u>			<u>\$ 126,208</u>	

CITY OF PLEASANT HILL

**BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2010**

	SENIOR VAN SERVICES			VEHICLE ABATEMENT FUND		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and special assessments	-	-	-	-	-	-
Intergovernmental	3,582	2,605	(977)	19,627	22,614	2,987
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	1,917	375	(1,542)	-	-	-
Other	-	-	-	2,122	68	(2,054)
Total Revenues	<u>5,499</u>	<u>2,980</u>	<u>(2,519)</u>	<u>21,749</u>	<u>22,682</u>	<u>933</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Community Development	10,361	4,706	5,655	36,318	36,112	206
Capital outlay	-	-	-	-	-	-
Debt Service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>10,361</u>	<u>4,706</u>	<u>5,655</u>	<u>36,318</u>	<u>36,112</u>	<u>206</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	<u>(4,862)</u>	<u>(1,726)</u>	<u>3,136</u>	<u>(14,569)</u>	<u>(13,430)</u>	<u>1,139</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital asset	-	-	-	-	-	-
Transfers in	-	-	-	20,000	13,430	(6,570)
Transfers (out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>13,430</u>	<u>(6,570)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (4,862)</u>	<u>(1,726)</u>	<u>\$ 3,136</u>	<u>\$ 5,431</u>	<u>-</u>	<u>\$ (5,431)</u>
BEGINNING FUND BALANCES		<u>58,604</u>			<u>-</u>	
ENDING FUND BALANCES		<u>\$ 56,878</u>			<u>\$ -</u>	

CITY OF PLEASANT HILL

**BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2010**

AFFORDABLE HOUSING			TRAFFIC CONGESTION RELIEF FUND			EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	300,000	304,112	4,112	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
9,545	1,670	(7,875)	522	-	(522)	-	-	-
-	-	-	-	-	-	125	13,465	13,340
<u>9,545</u>	<u>1,670</u>	<u>(7,875)</u>	<u>300,522</u>	<u>304,112</u>	<u>3,590</u>	<u>125</u>	<u>13,465</u>	<u>13,340</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	14,125	(14,125)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	14,125	(14,125)
<u>9,545</u>	<u>1,670</u>	<u>(7,875)</u>	<u>300,522</u>	<u>304,112</u>	<u>3,590</u>	<u>125</u>	<u>(660)</u>	<u>(785)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	(325,000)	(325,000)	-	-	-	-
-	-	-	(325,000)	(325,000)	-	-	-	-
<u>\$ 9,545</u>	<u>1,670</u>	<u>\$ (7,875)</u>	<u>\$ (24,478)</u>	<u>(20,888)</u>	<u>\$ 3,590</u>	<u>\$ 125</u>	<u>(660)</u>	<u>\$ (785)</u>
	<u>251,871</u>			<u>67,604</u>			<u>56</u>	
	<u>\$ 253,541</u>			<u>\$ 46,716</u>			<u>\$ (604)</u>	

CITY OF PLEASANT HILL

**BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	DARE			CAPITAL OUTLAY		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ 750	\$ -	\$ (750)
Other taxes and special assessments	-	-	-	-	-	-
Intergovernmental	3,214	1,360	(1,854)	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	-	3	3	292	1,791	1,499
Other	-	-	-	-	-	-
Total Revenues	<u>3,214</u>	<u>1,363</u>	<u>(1,851)</u>	<u>1,042</u>	<u>1,791</u>	<u>749</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public Safety	5,092	1,550	3,542	-	-	-
Transportation	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt Service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>5,092</u>	<u>1,550</u>	<u>3,542</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	<u>(1,878)</u>	<u>(187)</u>	<u>1,691</u>	<u>1,042</u>	<u>1,791</u>	<u>749</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital asset	-	-	-	-	-	-
Transfers in	1,878	-	(1,878)	-	-	-
Transfers (out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,878</u>	<u>-</u>	<u>(1,878)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>(187)</u>	<u>\$ (187)</u>	<u>\$ 1,042</u>	<u>1,791</u>	<u>\$ 749</u>
BEGINNING FUND BALANCES		<u>412</u>			<u>270,458</u>	
ENDING FUND BALANCES		<u>\$ 225</u>			<u>\$ 272,249</u>	

CITY OF PLEASANT HILL

**BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2010**

COMPUTER TECHNOLOGY AND GOVERNMENTAL ACCESS CAPITAL GRANT			PUBLIC EDUCATIONAL AND GOVERNMENTAL ACCESS CAPITAL GRANT			VHICLES AND EQUIPMENT PLACEMENT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	63,654	57,793	(5,861)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	18,612	4,892	(13,720)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	82,266	62,685	(19,581)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
441,044	244,721	196,323	-	68,369	(68,369)	199,500	27,114	172,386
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
441,044	244,721	196,323	-	68,369	(68,369)	199,500	27,114	172,386
(441,044)	(244,721)	196,323	82,266	(5,684)	(87,950)	(199,500)	(27,114)	172,386
-	-	-	-	-	-	-	3,639	3,639
295,000	295,000	-	-	-	-	92,100	92,100	-
-	-	-	-	-	-	-	-	-
295,000	295,000	-	-	-	-	92,100	95,739	3,639
<u>\$ (146,044)</u>	<u>50,279</u>	<u>\$ 196,323</u>	<u>\$ 82,266</u>	<u>(5,684)</u>	<u>\$ (87,950)</u>	<u>\$ (107,400)</u>	<u>68,625</u>	<u>\$ 176,025</u>
	<u>482,419</u>			<u>486,175</u>			<u>189,738</u>	
	<u>\$ 532,698</u>			<u>\$ 480,491</u>			<u>\$ 258,363</u>	

CITY OF PLEASANT HILL

**BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	POLICE TECHNOLOGY FUND			CAPITAL PROJECTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and special assessments	-	-	-	-	-	-
Intergovernmental	-	45,000	45,000	-	-	-
Charges for services	-	-	-	-	143,726	143,726
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	-	45,000	45,000	-	143,726	143,726
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Capital outlay	1,424,031	201,743	1,222,288	474,355	415,733	58,622
Debt Service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	1,424,031	201,743	1,222,288	474,355	415,733	58,622
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,424,031)	(156,743)	1,267,288	(474,355)	(272,007)	202,348
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital asset	-	-	-	-	-	-
Transfers in	345,000	645,000	300,000	25,000	25,000	-
Transfers (out)	-	(300,000)	(300,000)	-	-	-
Total Other Financing Sources (Uses)	345,000	345,000	-	25,000	25,000	-
NET CHANGE IN FUND BALANCES	\$ (1,079,031)	188,257	\$ 1,267,288	\$ (449,355)	(247,007)	\$ 202,348
BEGINNING FUND BALANCES		1,161,654			861,775	
ENDING FUND BALANCES		\$ 1,349,911			\$ 614,768	

CITY OF PLEASANT HILL

**BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2010**

REFUNDING LEASE REVENUE BONDS			2002 PHDCFD #1 SPECIAL TAX BONDS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
35,957	8,413	(27,544)	36,619	-	(36,619)
-	-	-	-	-	-
<u>35,957</u>	<u>8,413</u>	<u>(27,544)</u>	<u>36,619</u>	<u>-</u>	<u>(36,619)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	170,456	184,202	(13,746)
610,000	610,000	-	125,000	135,000	(10,000)
168,348	169,095	(747)	395,642	386,581	9,061
<u>778,348</u>	<u>779,095</u>	<u>(747)</u>	<u>691,098</u>	<u>705,783</u>	<u>(14,685)</u>
<u>(742,391)</u>	<u>(770,682)</u>	<u>(28,291)</u>	<u>(654,479)</u>	<u>(705,783)</u>	<u>(51,304)</u>
-	-	-	-	-	-
775,713	779,095	3,382	652,297	644,152	(8,145)
-	-	-	-	-	-
<u>775,713</u>	<u>779,095</u>	<u>3,382</u>	<u>652,297</u>	<u>644,152</u>	<u>(8,145)</u>
<u>\$ 33,322</u>	8,413	<u>\$ (24,909)</u>	<u>\$ (2,182)</u>	(61,631)	<u>\$ (59,449)</u>
	<u>940,381</u>			<u>777,377</u>	
	<u>\$ 948,794</u>			<u>\$ 715,746</u>	

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CITY OF PLEASANT HILL

AGENCY FUNDS FOR THE YEAR ENDED JUNE 30, 2010

Agency Funds account for assets held by a governmental unit in the capacity of agent for individuals, governmental entities, and non-public organizations.

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
STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2010**

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
ACME LANDFILL CLOSURE				
Cash and investments in City treasury	\$ 64,030	\$ 571		\$ 64,601
Interest receivable	234	89	234	89
Total	<u>\$ 64,264</u>	<u>\$ 660</u>	<u>\$ 234</u>	<u>\$ 64,690</u>
Due to others	<u>\$ 64,264</u>	<u>\$ 660</u>	<u>\$ 234</u>	<u>\$ 64,690</u>
TRANSPAC				
Cash and investments in City treasury	\$ 28,365	\$ 483,408	\$ 476,244	\$ 35,529
Interest receivable	160	80	160	80
Total	<u>\$ 28,525</u>	<u>\$ 483,488</u>	<u>\$ 476,404</u>	<u>\$ 35,609</u>
Due to others	<u>\$ 28,525</u>	<u>\$ 483,488</u>	<u>\$ 476,404</u>	<u>\$ 35,609</u>
TDM				
Cash and investments in City treasury	\$ 144,083	\$ 500,941	\$ 251,427	\$ 393,597
Accounts receivable	89,513	1,488,620	1,455,870	122,263
Interest receivable	567	64	567	64
Due from other governmental agencies	359,472	-	250,116	109,356
Total	<u>\$ 593,635</u>	<u>\$ 1,989,625</u>	<u>\$ 1,957,980</u>	<u>\$ 625,280</u>
Accounts payable and accrued liabilities	\$ 60,954	\$ -	\$ 50,099	10,855
Due to other funds	314,172	292,605	185,441	421,336
Due to others	218,509	45,000	70,420	193,089
Total	<u>\$ 593,635</u>	<u>\$ 337,605</u>	<u>\$ 305,960</u>	<u>\$ 625,280</u>

CITY OF PLEASANT HILL

**AGENCY FUNDS
STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2010**

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
PLEASANT HILL DOWNTOWN COMMUNITY FACILITIES DISTRICT NO. 1				
Cash and investments in City treasury	\$ -	\$ 545,181	\$ 517,922	\$ 27,259
Cash and investments in Trustee accounts	1,040,917	517,922	538,416	1,020,423
Total	<u>\$ 1,040,917</u>	<u>\$ 1,063,103</u>	<u>\$ 1,056,338</u>	<u>\$ 1,047,682</u>
Due to others	<u>\$ 1,040,917</u>	<u>\$ 1,063,103</u>	<u>\$ 1,056,338</u>	<u>\$ 1,047,682</u>
ASSET FORFEITURE HOLDING				
Cash and investments in City treasury	\$ 20,230	\$ 48,783	\$ 48,393	\$ 20,620
Due to others	<u>\$ 20,230</u>	<u>\$ 48,783</u>	<u>\$ 48,393</u>	<u>\$ 20,620</u>
TOTAL AGENCY FUNDS				
Cash and investments in City treasury	\$ 256,708	\$ 1,578,884	\$ 1,293,986	\$ 541,606
Cash and investments in Trustee accounts	1,040,917	517,922	538,416	1,020,423
Accounts receivable	89,513	1,488,620	1,455,870	122,263
Interest receivable	961	233	961	233
Due from other governmental agencies	359,472	-	250,116	109,356
Total	<u>\$ 1,747,571</u>	<u>\$ 3,585,659</u>	<u>\$ 3,539,349</u>	<u>\$ 1,793,881</u>
Accounts payable and accrued liabilities	\$ 60,954	\$ -	\$ 50,099	10,855
Due to other funds	314,172	292,605	185,441	421,336
Due to others	1,372,445	1,641,034	1,651,789	1,361,690
Total	<u>\$ 1,747,571</u>	<u>\$ 1,933,639</u>	<u>\$ 1,887,329</u>	<u>\$ 1,793,881</u>

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CITY OF PLEASANT HILL

STATISTICAL SECTION FOR THE YEAR ENDED JUNE 30, 2010

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

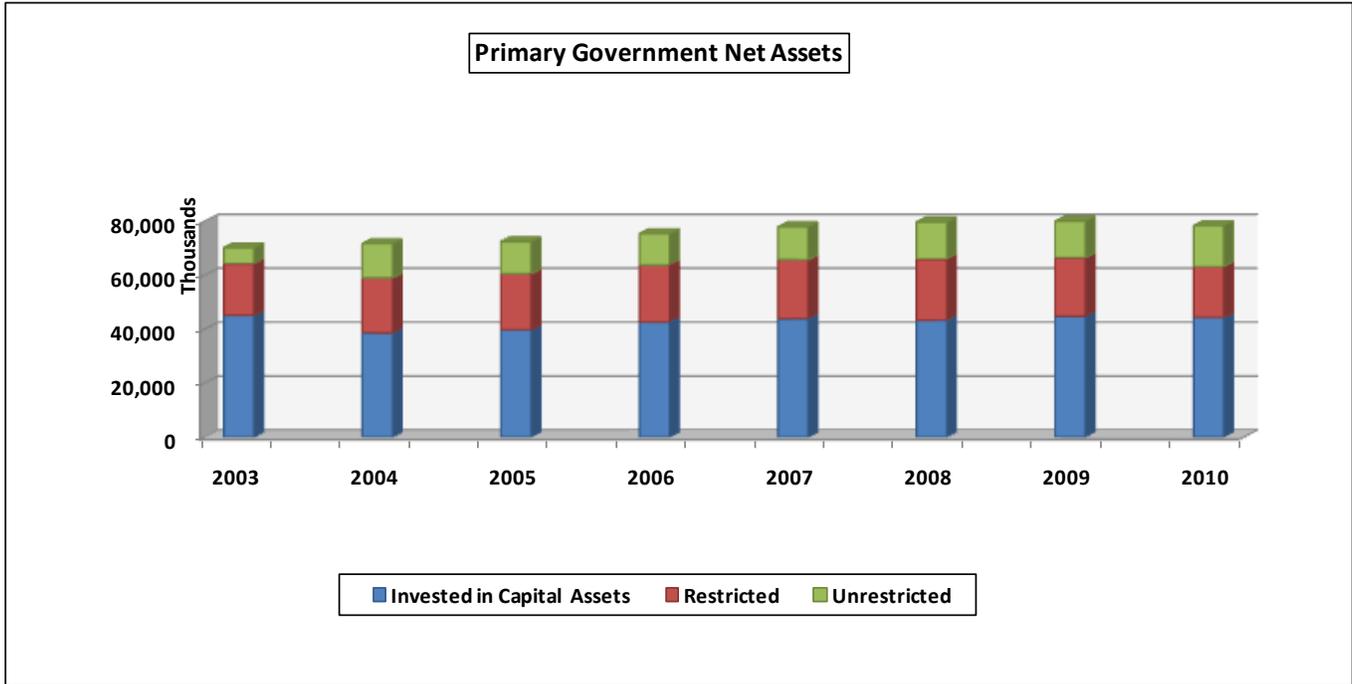
Sources

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.

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CITY OF PLEASANT HILL

**NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)**



June 30,	June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities								
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
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
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
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>
Business-type activities								
Invested in capital assets, net of related debt	\$19,726	\$19,096	\$18,466	\$144,166	\$257,270	\$263,972	\$384,795	\$ 434,933
Unrestricted	160,954	124,448	158,854	137,830	77,119	131,278	149,719	254,967
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>
Primary government								
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
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
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
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>

CITY OF PLEASANT HILL

CHANGES NET ASSETS LAST EIGHT FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	For the Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses:								
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
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
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
Community Development	2,962,611	3,425,089	4,022,585	3,988,861	4,954,109	4,733,821	5,346,378	5,187,935
Supplemental educational revenue augmentation funds								1,906,339
Interest and fiscal charges	2,470,619	1,542,405	1,152,466	922,124	872,510	849,028	832,973	790,287
Total Governmental Activities Expenses	21,730,228	22,656,647	24,925,804	24,128,002	27,951,404	29,309,545	28,110,337	30,336,735
Business-Type Activities:								
Water	157,586	172,757	138,944	171,673	207,461	223,465	144,374	120,782
Total Business-Type Activities Expenses	157,586	172,757	138,944	171,673	207,461	223,465	144,374	120,782
Total Primary Government Expenses	21,887,814	\$22,829,404	\$25,064,748	\$24,299,675	\$28,158,865	\$29,533,010	\$28,254,711	\$30,457,517
Program Revenues:								
Governmental Activities:								
Charges for Services:								
General Government	293,661	\$205,730	\$213,859	\$178,325	\$199,136	\$216,617	\$283,899	\$254,542
Public Safety	246,850	432,897	426,795	224,177	336,949	224,706	220,002	219,100
Transportation	38,134	753,084	106,002	80,651	158,558	904,516	933,220	209,483
Community Development	593,330	711,617	901,002	753,007	688,057	857,160	542,444	1,371,035
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
Capital Grants and Contributions	1,504,693	876,929	335,000	45,273	677,935	77,961	580,018	62,685
Total Government Activities Program Revenues	5,363,006	5,217,411	4,768,430	3,638,162	5,023,032	4,452,147	4,694,259	5,876,120
Business-Type Activities:								
Charges for Services:								
Water	126,515	34,128	71,100	92,430	113,760	135,090	135,090	135,089
Capital Grants and Contributions				67,800				
Total Business-Type Activities Program Revenue	126,515	34,128	71,100	160,230	113,760	135,090	135,090	135,089
Total Primary Government Program Revenues	\$5,489,521	\$5,251,539	\$4,839,530	\$3,798,392	\$5,136,792	\$4,587,237	\$4,829,349	\$6,011,209
Net (Expense)/Revenue								
Governmental Activities	(16,367,222)	(\$17,439,236)	(\$20,157,374)	(\$20,489,840)	(\$22,928,372)	(\$24,857,398)	(\$23,416,078)	(\$24,460,615)
Business-Type Activities	(31,071)	(138,629)	(67,844)	(11,443)	(93,701)	(88,375)	(9,284)	14,307
Total Primary Government Net Expense	\$(16,398,293)	(\$17,577,865)	(\$20,225,218)	(\$20,501,283)	(\$23,022,073)	(\$24,945,773)	(\$23,425,362)	(\$24,446,308)

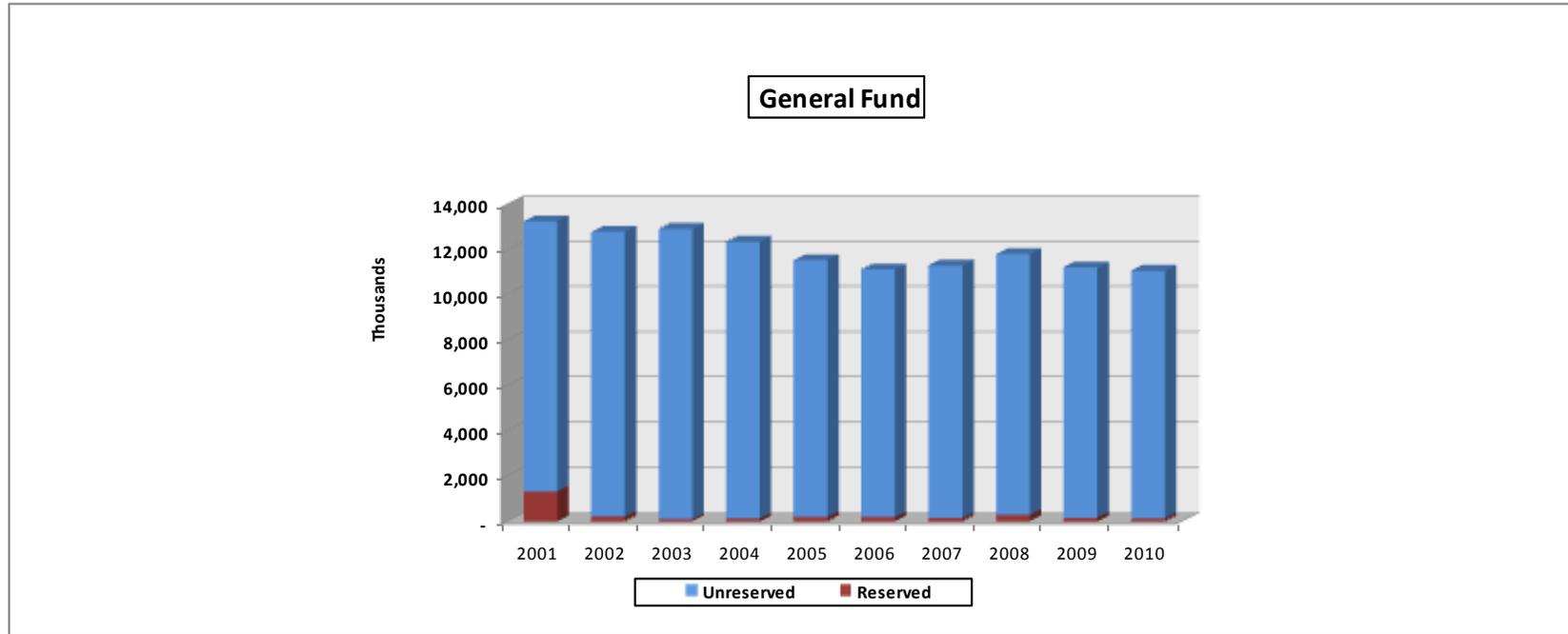
CITY OF PLEASANT HILL

**CHANGES NET ASSETS (CONTINUED)
LAST EIGHT FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Revenues and Other Changes in Net Assets								
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
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
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
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
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
Investment Earnings	499,150	295,009	542,554	893,680	1,160,974	1,109,386	743,436	241,500
Miscellaneous	147,142	355,811	189,419	91,608	221,420	759,058	328,053	198,562
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>22,648,581</u>
Business-Type Activities:								
Property Taxes	-	99,659	98,048	111,067	139,519	142,679	145,136	139,900
Interest Earnings	3,239	1,834	3,572	5,052	6,575	6,557	3,412	1,179
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>
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>\$ 22,789,660</u>
Change in Net Assets								
Governmental Activities	\$ (3,067,362)	\$ 1,618,926	\$ 737,364	\$ 2,792,430	\$ 2,521,705	\$ 1,667,308	\$ 192,971	\$ (1,812,034)
Business-Type Activities	(27,832)	(37,136)	33,776	104,676	52,393	60,861	139,264	155,386
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>

CITY OF PLEASANT HILL

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)**



	June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$1,309,640	\$215,281	\$110,197	\$127,632	\$201,457	\$185,602	\$144,851	\$289,023	\$159,714	\$133,070
Unreserved	11,936,023	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>\$13,245,663</u>	<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> (a)
All Other Governmental Funds										
Reserved	\$12,408,950	\$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	5,181,652	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	504,993	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>\$18,095,595</u>	<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>

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

CITY OF PLEASANT HILL

CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

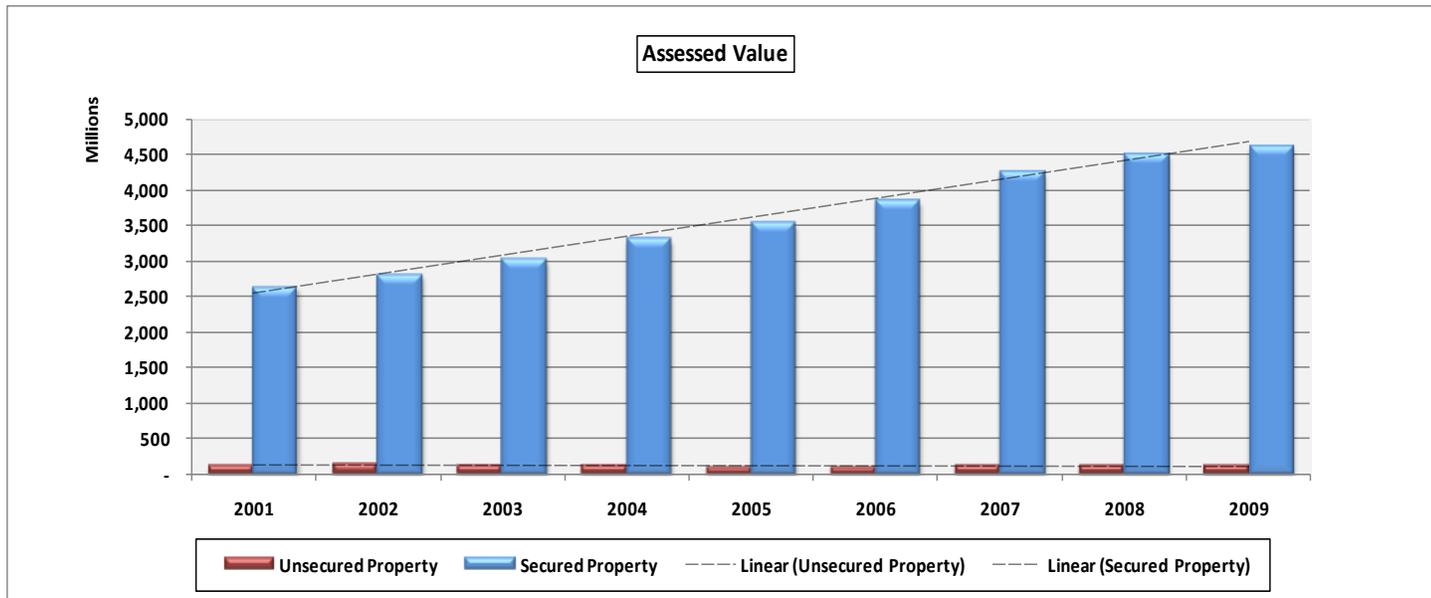
	Fiscal Year Ended June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	\$14,299,169	\$14,023,383	\$14,885,883	\$15,707,969	\$16,015,799	\$16,805,182	\$18,972,528	\$19,632,116	\$18,741,214	\$18,173,963
Licenses, permits and fees	1,920,590	2,257,517	2,176,820	2,251,143	2,531,120	2,575,760	2,666,509	2,843,196	2,517,694	2,407,379
Fines and forfeitures	222,132	180,504	150,330	244,437	223,821	178,492	229,464	172,348	138,272	169,547
Use of money and property	1,876,006	925,728	653,488	357,650	698,013	1,161,423	1,570,171	1,379,154	751,307	248,294
Intergovernmental revenues	4,147,995	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
Charges for services	930,978	1,266,617	1,267,647	1,212,874	1,067,594	986,997	1,188,541	498,901	596,350	627,272
Other	219,860	214,095	313,227	287,109	1,027,504	408,252	312,123	1,050,457	318,224	612,333
Total Revenues	23,616,730	22,274,201	25,034,244	23,700,699	25,687,554	27,074,903	30,463,859	30,456,740	28,420,086	27,817,125
Expenditures										
Current:										
General government	2,904,258	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
Public safety	5,602,704	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
Transportation	5,422,622	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
Community development	1,977,035	4,748,561	2,968,873	3,443,565	3,999,892	3,947,011	4,961,580	4,609,915	5,298,457	5,158,099
Capital outlay	1,382,811	520,984	213,299	450,217	940,287	2,330,434	613,079	1,503,898	994,582	1,160,735
Supplemental education revenue augmentation funds (SERAF)										1,906,339
Debt service:										
Principal repayment	1,055,000	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
Interest and fiscal charges	1,231,950	1,192,525	2,470,619	1,324,757	1,152,466	922,124	872,510	849,028	832,973	790,287
Total Expenditures	19,576,380	25,922,412	30,195,003	31,757,779	25,963,493	26,778,507	28,346,816	28,725,491	29,561,186	29,843,706
Excess (deficiency) of revenues over (under) expenditures	4,040,350	(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)
Other Financing Sources (Uses)										
Transfers in	3,630,613	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
Transfers (out)	(3,630,613)	(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)
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
Total other financing sources (uses)	-	1,310,562	9,877,053	9,097,352	(6,791)	-	-	40,365	14,262	342,314
Net Change in fund balances	\$4,040,350	(\$2,337,649)	\$4,716,294	\$1,040,272	(\$282,730)	\$296,396	\$2,117,043	\$1,771,614	(\$1,126,838)	(\$1,684,267)
Debt service as a percentage of noncapital expenditures	(a)	(a)	63.7%	58.0%	12.1%	9.9%	8.3%	6.4%	7.4%	6.8%

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

(a) The City implemented GASB Statement 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 (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other					
2001	\$ 2,088,357,813	\$ 469,587,285	\$ 16,768,860	\$ 57,755,961	\$ 2,632,469,919	\$ 102,168,712	\$ 2,734,638,631	\$ 2,734,638,631	1%
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	1%
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	1%
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	1%
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	1%
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	1%
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	1%
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	1%
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	1%
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	1%

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

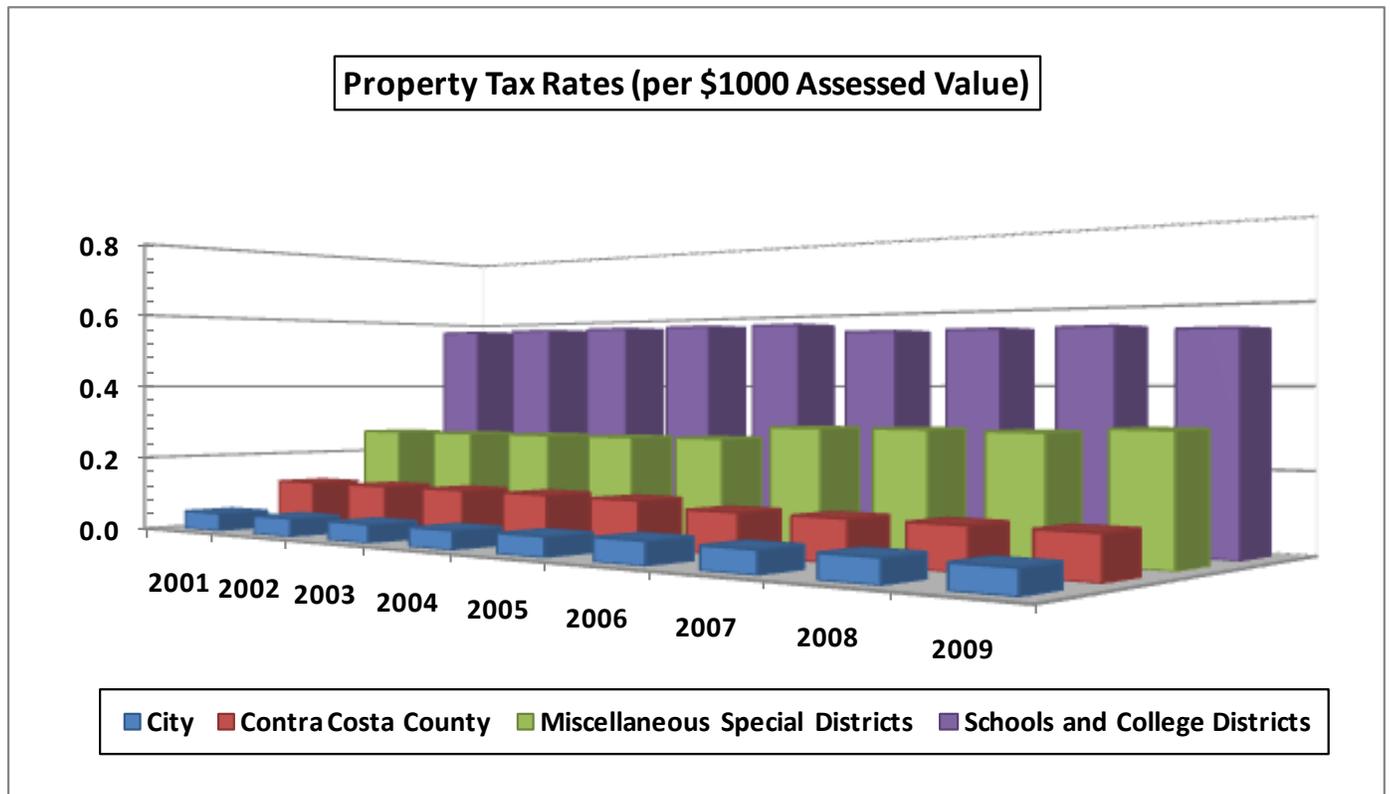
(a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.

(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**



<u>Fiscal Year</u>	<u>Contra Costa County</u>	<u>City (2)</u>	<u>Schools and College Districts</u>	<u>Miscellaneous Special Districts</u>	<u>Total</u>
2001	0.1205	0.0482	0.5693	0.2620	1.0000
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

(1) Per \$1,000 assessed value

(2) 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**

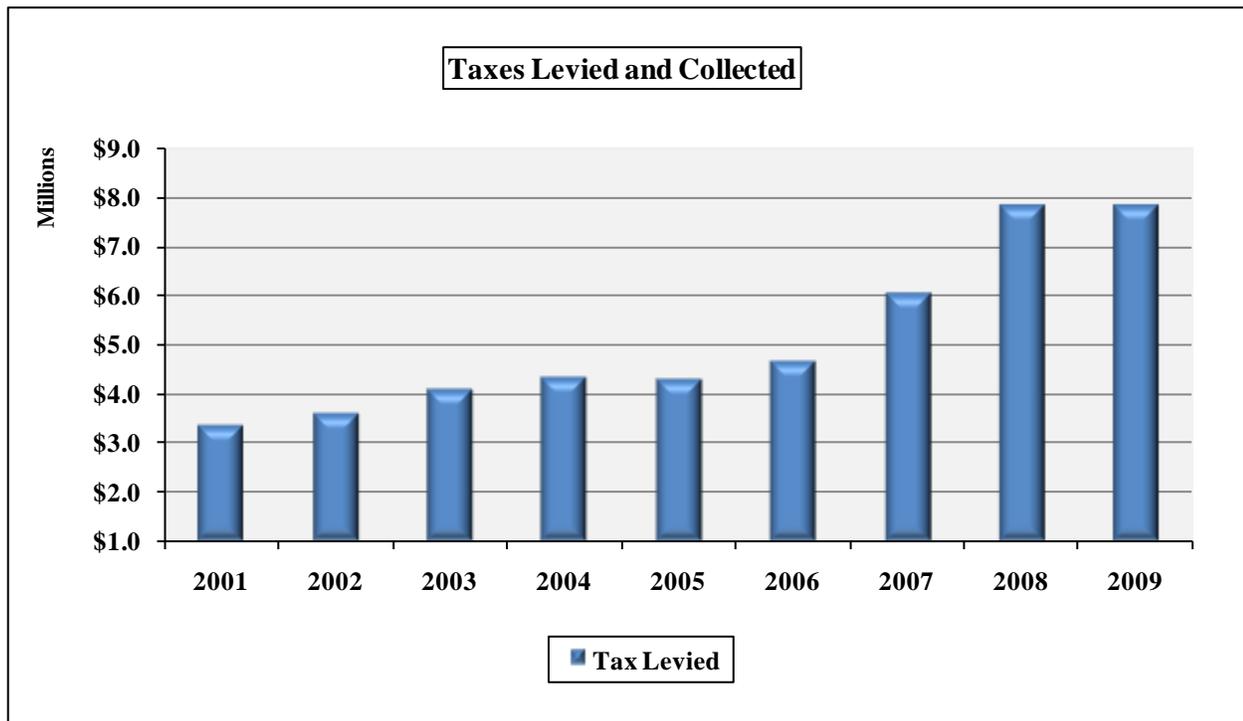
Taxpayer	2009-2010			2000-2001		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
RVIP California WA OR Portfolio LLC	\$83,401,935	1	1.83%			
Beaufort Partners Limited Partnership	31,663,950	9	0.69%			
Gallup & Whalen Santa Maria				\$ 19,778,067	6	0.72%
BPP Pleasant Hill LP				82,027,961	1	3.00%
HHLP Pleasant Hill Associates LLC	26,317,658	10	0.58%			
Grosvenor USA Limited	40,400,227	6	0.89%			
WM Villa Montanaro LLC	45,687,201	4	1.00%			
FW California PH Shopping Center LLC	62,406,281	2	1.37%			
Lexford Properties LLC	39,377,149	7	0.86%			
Hook Group LLC	42,198,015	5	0.93%			
Marriott Residence Inn USA				14,873,842	10	0.54%
Grupe Real Estate Investors 29	33,879,409	8	0.74%	28,232,784	4	1.03%
ERP Operating Limited				17,523,551	8	0.64%
EQR Watson General Partnership	52,229,057	3	1.15%	25,972,338	5	0.95%
John V Hook				18,744,893	7	0.69%
AMB Property				31,574,266	3	1.15%
Bank of America				32,722,841	2	1.20%
Pacific Bell Information Svcs				16,527,375	9	0.60%
Subtotal	\$457,560,882		10.03%	\$287,977,918		10.53%

Total Net Assessed Valuation:
Fiscal Year 2009-2010
Fiscal Year 2000-2001

Source: County Assessor Fiscal Year Combined Tax Rolls.

CITY OF PLEASANT HILL

**PROPERTY TAX RATES LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (1)**



<u>Fiscal Year</u>	<u>Total Tax Levied and Collected (2)</u>
2001	\$ 3,355,318
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

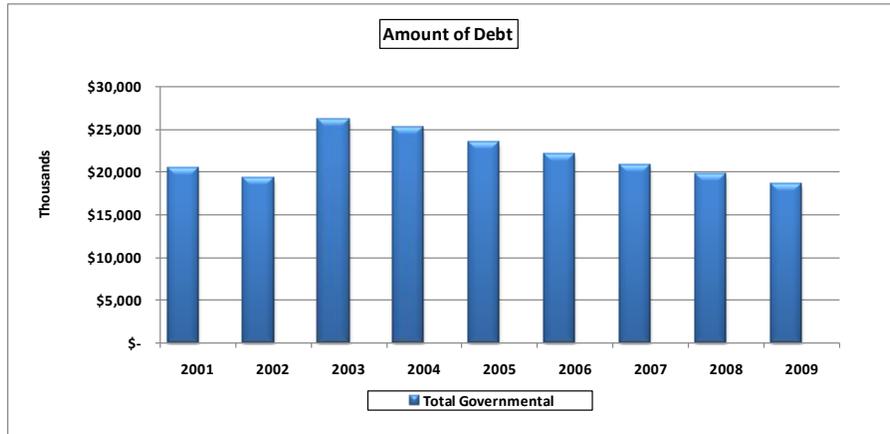
(1) Pleasant Hill was incorporated in 1961 as a "No-Property Tax" city. The citizens wanted a minimum-service city that could be supported by revenues other than property taxes. Annexations over the years brought a minimum amount of annual property tax revenue to the City from Contra Costa County, as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

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

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

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	
2001	\$ 8,495,000	\$ 670,000	\$ 11,320,000	\$ 20,485,000
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

Fiscal Year	Total Primary Government	Percentage of Personal Income (a)	Per Capita
2001	\$ 20,485,000	5.34%	617.20
2002	19,360,000	5.80%	581.12
2003	26,235,000	4.32%	780.94
2004	25,215,000	4.66%	750.02
2005	23,575,000	5.28%	705.69
2006	22,080,000	5.90%	668.20
2007	20,770,000	6.67%	630.35
2008	19,660,000	7.35%	589.40
2009	18,525,000	7.98%	551.73
2010	17,370,000	8.30%	513.24

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

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

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.

CITY OF PLEASANT HILL

COMPUTATION OF DIRECT AND OVERLAPPING DEBT JUNE 30, 2010

2009-10 Assessed Valuation	\$4,560,272,641		
Redevelopment Incremental Valuation	<u>476,434,964</u>		
Adjusted Assessed Valuation:	<u><u>\$4,083,837,677</u></u>	Net	Percentage
		Debt	Applicable
		Outstanding	To City of
			Pleasant Hill (1)
DIRECT DEBT:			Amount
			Applicable
			To City of
			Pleasant Hill
City of Pleasant Hill Downtown Community Facilities District No. 1		\$ 13,285,000	100.000%
City of Pleasant Hill Joint Powers Authority		<u>4,885,000</u>	<u>100.000%</u>
TOTAL DIRECT DEBT		<u><u>\$ 18,170,000</u></u>	<u>18,170,000</u>
OVERLAPPING DEBT:			
Bay Area Rapid Transit District		\$420,000,000	0.935%
East Bay Regional Park District		196,775,000	1.425%
Contra Costa Community College District		245,795,000	3.164%
Mount Diablo Unified School District		207,525,000	15.175%
Mount Diablo Unified School District Community Facilities District No. 1		60,080,000	15.175%
Pleasant Hill Recreation and Park District		20,000,000	85.880%
Contra Costa County General Fund Obligations		270,430,000	3.152%
Contra Costa Pension Obligations		435,310,000	3.152%
Contra Costa Community College District Certificates of Participation		990,000	3.164%
Mount Diablo Unified School District Certificates of Participation		5,440,000	15.175%
Pleasant Hill Recreation and Park District Certificates of Participation		2,470,000	85.880%
Contra Costa County Fire Protection District Pension Obligations		<u>120,180,000</u>	<u>7.104%</u>
TOTAL GROSS OVERLAPPING DEBT		<u><u>\$1,984,995,000</u></u>	106,053,649
Less: East Bay Municipal Utility District (100% self-supporting)			0
Less: Contra Costa County self-supported			3,973,485
TOTAL NET OVERLAPPING DEBT			<u>102,080,164</u>
GROSS COMBINED TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$124,223,649</u></u>
NET COMBINED TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$120,250,164</u></u>

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

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

RATIOS TO 2009-10 ASSESSED VALUATION:

Direct Debt (\$18,170,000)	0.44%
Gross Combined Total Debt	3.04%
Net Combined Total Debt	2.94%

Source: California Municipal Statistics, Inc.

CITY OF PLEASANT HILL

COMPUTATION OF LEGAL BONDED DEBT MARGIN JUNE 30, 2010

ASSESSED VALUATION:

Secured property assessed value, net of
exempt real property \$ 4,560,317,576

BONDED DEBT LIMIT
(3.75% OF ASSESSED
VALUE) (a)

\$171,011,909

AMOUNT OF DEBT
SUBJECT TO LIMIT:

Total Bonded Debt (\$11,255,000)

Less Special Assessment Bonds (\$6,370,000)

Amount of debt subject to limit (4,885,000)

LEGAL BONDED DEBT
MARGIN

\$166,126,909

<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>
2001	\$102,548,949	\$ 11,320,000	\$ 91,228,949	12.41%
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%

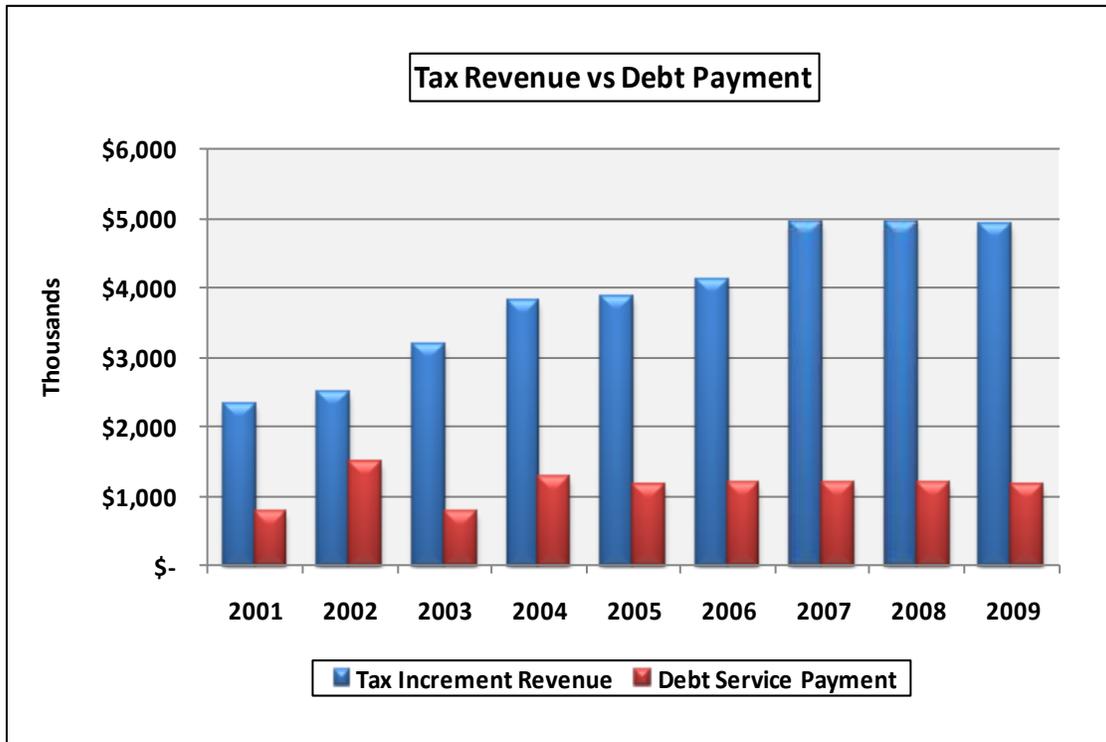
NOTE:

(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.

* 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	
2001	\$ 2,328,338	\$ 180,000	\$ 592,346	\$ 772,346	3.01
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

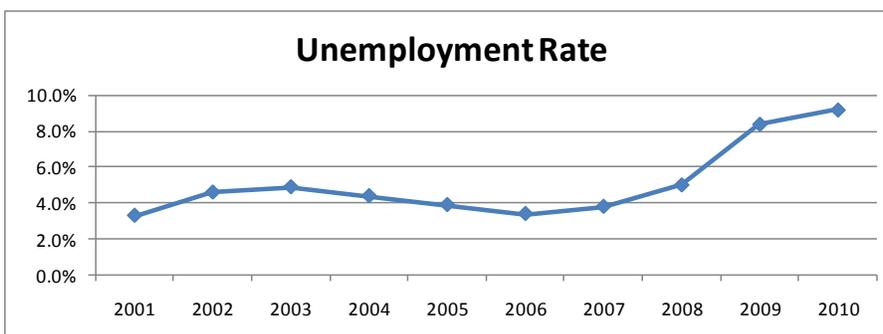
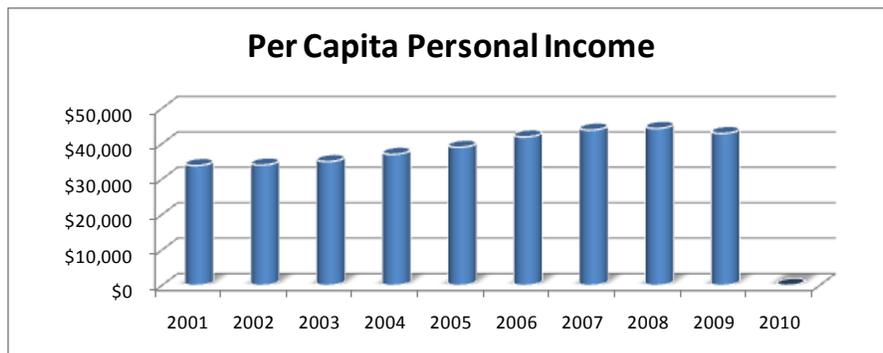
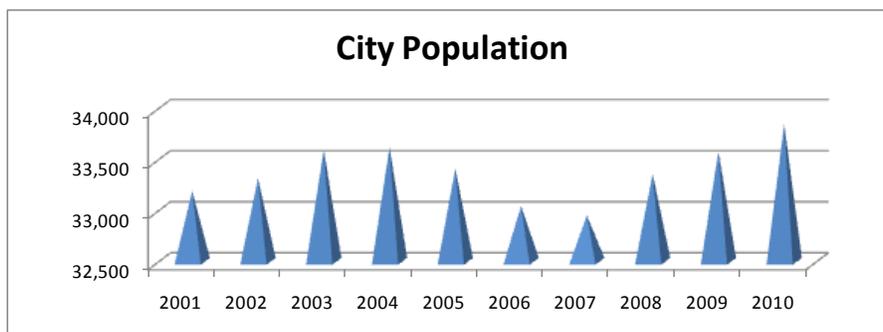
Source: City of Pleasant Hill Annual Financial Statements

(a) On 09/01/02, the Redevelopment Agency issued 2002 Tax Allocation Refunding Bonds to payoff 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

<u>Fiscal Year</u>	<u>City Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>	<u>Rank in Size of California Cities</u>
2001	33,190	\$1,123,404	\$33,848	3.3%	207
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	not available	not available	9.2%	225



CITY OF PLEASANT HILL

**PRINCIPAL EMPLOYERS
CURRENT YEAR**

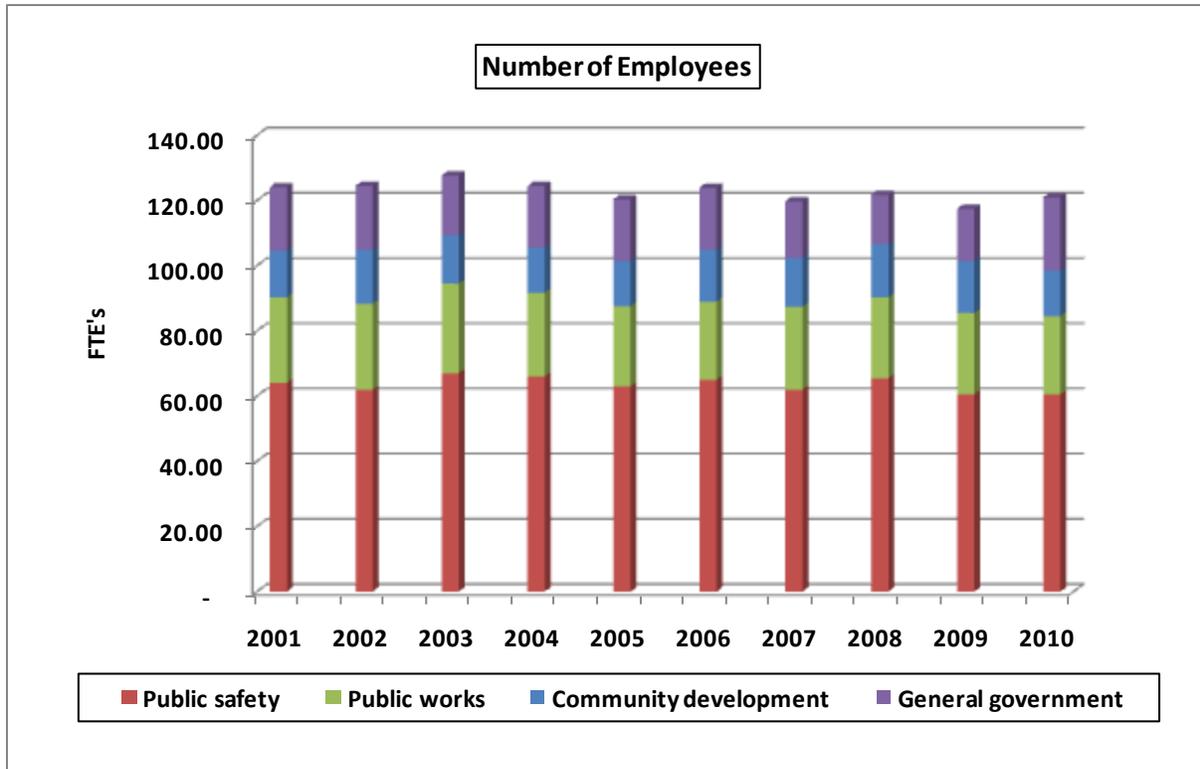
<u>Employer</u>	** 2009-2010		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Mt. Diablo Unified School District	659	1	4.81%
Contra Costa County Fire Protection	450	2	3.29%
Safeway	255	3	1.86%
Target	250	4	1.83%
Yandell Truckaway	250	5	1.83%
Nightingale of Contra Costa	200	6	1.46%
John F Kennedy University	185	7	1.35%
Contra Costa County Education	165	8	1.20%
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%
Subtotal	3,730		27.23%
Total Employees in City	13,698		

Source: InfoGroup

** Information represents the latest detail provided for calendar year 2009.

CITY OF PLEASANT HILL

**FULL-TIME EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**



Adopted for Fiscal Year Ended June 30,

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Function										
General government	19.50	19.60	18.40	19.00	19.00	18.90	17.40	15.20	16.00	22.50
Public safety	64.00	62.00	67.00	66.00	63.00	65.00	62.00	65.50	60.50	60.50
Public works	26.30	26.30	27.50	25.70	24.60	24.00	25.40	24.80	25.00	24.00
Community development	14.30	16.60	14.80	13.80	13.80	16.00	15.00	16.30	16.00	14.00
Total	<u>124.10</u>	<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>

Source: Pleasant Hill

CITY OF PLEASANT HILL

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Function/Program										
Public safety:										
(covers twelve months period November to November)										
Incident numbers issued	22,080	22,925	22,869	22,261	22,970	22,033	21,003	21,068	18,646	16,829
Traffic citations issued	3,351	3,177	3,520	5,519	5,816	6,459	4,496	6,204	5,914	6,473
Violent Crimes	326	379	386	375	372	356	300	289	252	188
Willful homicide	0	0	0	1	1	0	1	0	1	1
Forcible rape	5	8	8	6	9	9	10	4	7	1
Robbery	53	61	52	35	46	57	48	51	41	37
Aggravated assaults	60	73	71	90	77	70	65	58	53	45
Property Crimes	1,931	2,267	2,148	2,037	1,814	1,066	1,076	1,630	1,333	1,235
Burglary	328	336	348	362	323	261	218	259	223	179
Motor Vehicle theft	168	227	247	243	217	175	205	165	140	102
Larceny-Theft	1,174	1,308	1,183	1,378	1,304	1,134	1,188	1,204	962	942
Public works										
Estimated miles of paved streets	115	115	115	115	115	115	115	115	115	115
Number of street lights	2,286	2,298	2,348	2,344	2,352	2,353	2,353	2,361	2,361	2,361
General Government										
Business Licenses renewals (excludes Out of City)	3,674	3,551	3,449	3,423	3,436	3,600	3,715	3,792	3,606	3,600
Business License Out of City Contractor	1,650	1,700	1,750	1,896	2,023	2,170	2,394	2,400	2,394	2,200
Community Development										
Building permits issued	861	1,022	967	1,099	1,099	1,118	1,049	904	811	804
Approximate value of building permits	34,441,065	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
Building inspections conducted	1,860	2,635	6,872	6,940	8,233	8,165	7,317	7,378	6,046	5,147

Source: Pleasant Hill

CITY OF PLEASANT HILL

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public safety:										
Police stations	1	1	1	1	1	1	1	1	1	1
Public works										
Miles of streets	115	115	115	115	115	115	115	115	115	115
Street lights	2,286	2,298	2,348	2,344	2,352	2,353	2,353	2,361	2,361	2,361
Recreation:										
Open space acres	205.9	207	207	207	207	207	207	207	207	207
Number of parks owned	10	11	11	11	11	11	11	11	11	11
Number of acres	66.2	66.2	66.2	66.2	66.2	66.2	66.2	66.2	66.2	66.2
Fire protection:										
Number of stations	2	2	2	2	2	2	2	2	2	2

Source: Pleasant Hill