

City of Pleasant Hill California



Comprehensive Annual Financial Report Year Ended June 30, 2012



CITY OF PLEASANT HILL
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2012

Prepared by

FINANCE DEPARTMENT

CITY OF PLEASANT HILL
Comprehensive Annual Financial Report
Year Ended June 30, 2012

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City of Pleasant Hill

February 27, 2013

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, 2012. 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, 2012, along with additional disclosures and financial information designed to enable the reader to gain an understanding of the City's financial activities.

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

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

THE REPORTING ENTITY AND ITS SERVICES

Pleasant Hill is a general law city, which was incorporated under the laws of California in 1961. One of the conditions of incorporation was that there would be no property taxes levied by the City. However, in the aftermath of Prop 13, passed in 1978, no/low property tax cities petitioned the State for relief. In 1988, the Trial Court Funding Act amendments included a complex shift of a portion of county property taxes to no/low property tax cities within their boundaries. The affected counties then received some relief from the State as part of the trial court funding settlement. The shift of county property taxes to the no/low cities is based on the Tax Equity Allocation (TEA) formula defined in the Trial Court Funding Act. The property tax revenues reported in the CAFR are a combination of the shifted property taxes received by the City and property tax increment received by the former 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, Successor Agency to the Pleasant Hill Redevelopment Agency, and the City of Pleasant Hill Joint Powers Financing Authority, all of which are governed by the Pleasant Hill City Council. Financial information for these entities are included into the City's financial statements in accordance with GAAP.

ECONOMIC CONDITIONS AND OUTLOOK

Pleasant Hill covers an area of 8.2 square miles and is located in Contra Costa County on Interstate 680, approximately 32 miles east of San Francisco. The City has a population of 33,440 and a net assessed valuation of \$4.4 billion. The area is characterized as a bedroom community that is 95% built out.

Sales taxes comprised 35% of general fund revenues in FY 2012. 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 2012.

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.

LONG-TERM FINANCIAL PLANNING AND 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

Capital Improvement Plan (CIP)

The 2013–2018 CIP programs approximately \$26.0 million to construct and maintain public works facilities over the next two fiscal years. This revenue estimate is generated from known fund balances, revenue forecasts, grant allocations and limited General Fund contributions. During the next two fiscal years, budgeted major projects include: Street Resurfacing Program at \$1.3 million in order to maintain the City’s largest infrastructure asset, which is supplemented by over \$4.8 million in roadway work as part of three major grant projects.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

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

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

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

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

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

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

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

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, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

INDEPENDENT AUDIT

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Mary McCarthy". The signature is written in a cursive, flowing style.

Mary McCarthy
Finance Manager



**CITY OF PLEASANT HILL
LIST OF PRINCIPAL OFFICIALS**

June 30, 2012

ELECTED OFFICIALS

John K. Hanecak, *Mayor*

Michael G. Harris, OD, *Vice Mayor*

David E. Durant, *Councilmember*

Jack Weir, *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*

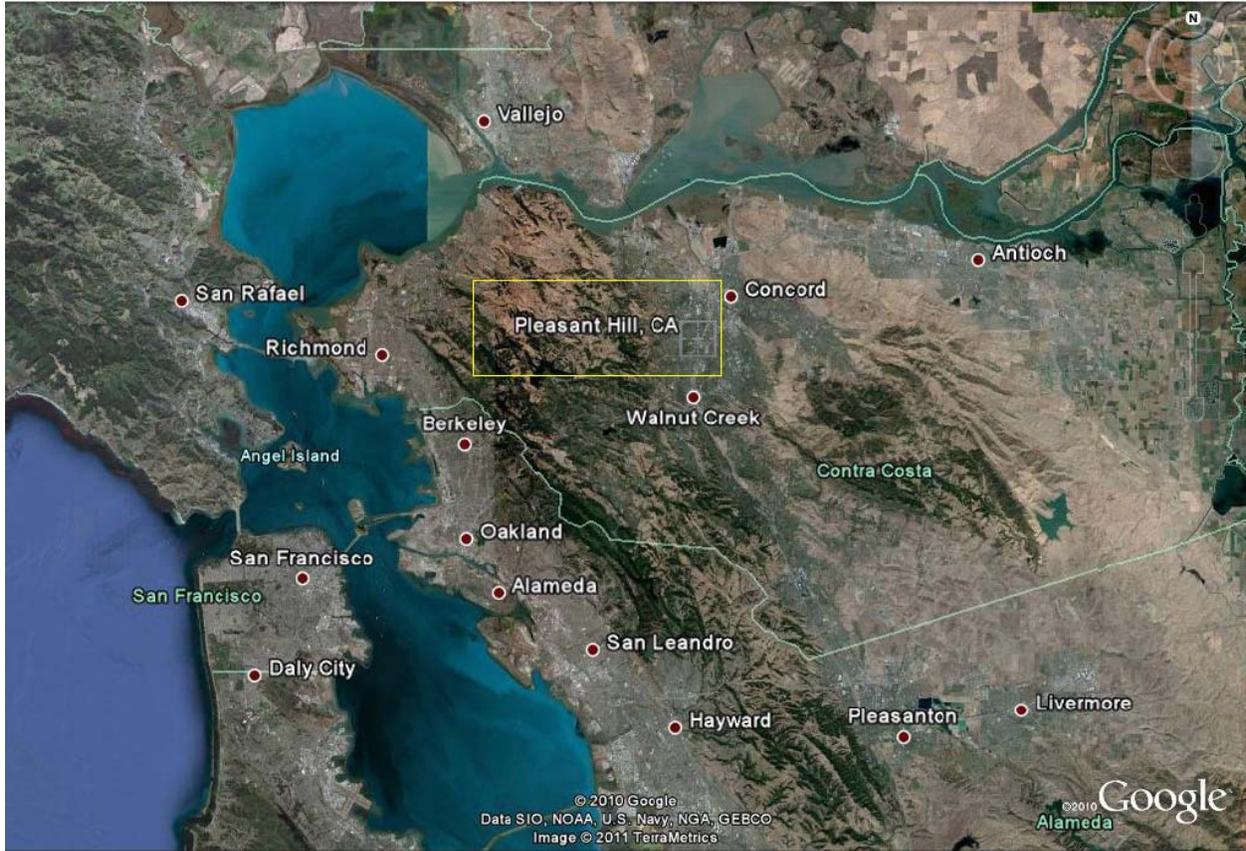
Vacant, *Public Works & Community Development Director*

Robert Stewart, *Successor Agency Administrator*

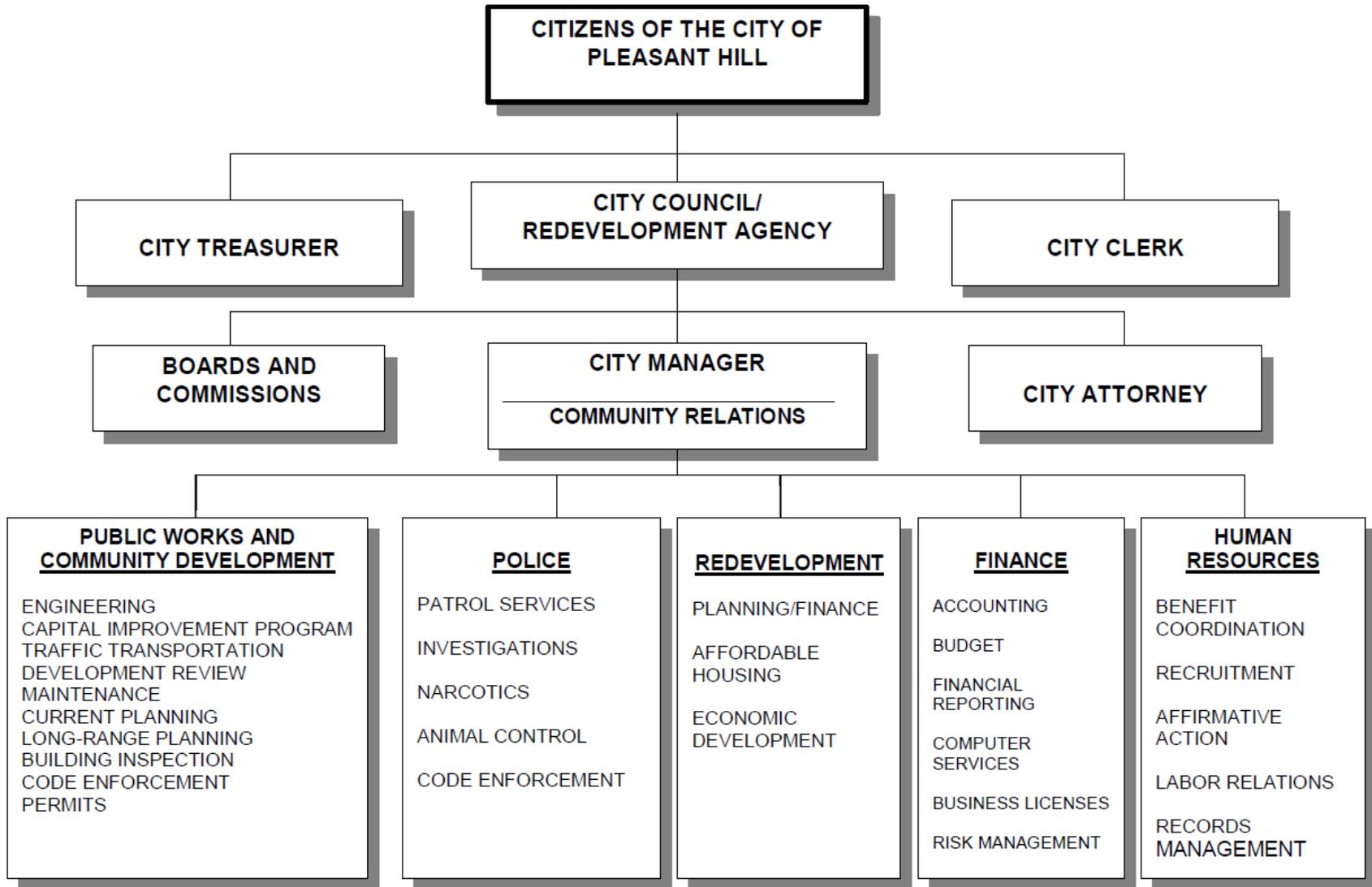
Peter Dunbar, *Chief of Police*

CITY OF PLEASANT HILL

California Map



CITY OF PLEASANT HILL Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pleasant Hill
California

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

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



Christopher P. Mouill

President

Jeffrey R. Emer

Executive Director

Independent Auditor's Report

City Council
City of Pleasant Hill, California

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Pleasant Hill, California (City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2012, and the respective changes in financial position, and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and budgeted major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1.A. to the basic financial statements, the California State Legislature enacted legislation that dissolved redevelopment agencies in the State of California as of February 1, 2012. On February 1, 2012, the City, as the Successor Agency to the Pleasant Hill Redevelopment Agency, became responsible for overseeing the dissolution process and the wind down of redevelopment activities.

As discussed in Note 12.C. to the basic financial statements, in connection with uncertainties related to the Redevelopment Dissolution Act, it is reasonably possible that a determination may be made at a later date by an appropriate State or judicial authority that would resolve these uncertainties unfavorably to the City. The ultimate outcome of these uncertainties cannot presently be determined, accordingly, no provision for a liability or other accounting treatment that may result has been recorded in the financial statements except as discussed in Note 12.C. in the basic financial statements.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting

for placing the basic financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Macias Gini & Connell LLP

Walnut Creek, California
February 27, 2013

CITY OF PLEASANT HILL
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2012

As management of the City of Pleasant Hill (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2012. Readers are encouraged to consider the following information in conjunction with the accompanying Transmittal Letter and Basic Financial Statements.

FISCAL 2012 FINANCIAL HIGHLIGHTS

Citywide:

- The City's total assets were \$89.1 million at June 30, 2012. Of this total, \$88.2 million were governmental assets and \$ 0.9 million were business-type assets.
- Total liabilities were \$8.2 million of which \$8.2 million were governmental liabilities.
- The governmental net assets of the City were \$80.0 million.
- Citywide revenues in fiscal 2012, including the extraordinary gain from the dissolution of the Redevelopment Agency, were \$35.3 million, of which \$35.0 million was generated by governmental activities and \$0.3 million was generated by business-type activities.
- On January 31, 2012, the State of California (State) dissolved all redevelopment agencies in the State. The former Redevelopment Agency's assets and liabilities have been transferred to the Successor Agency to the Redevelopment Agency of the City of Pleasant Hill (Successor Agency) Private Purpose Trust Fund. As a result of transfer of liabilities in excess of assets, the City's governmental activities experienced an extraordinary gain of \$7.6 million.
- Citywide expenses were \$31.0 million, of which \$30.8 million were incurred by governmental activities and \$0.2 million were incurred by the business-type activity.

Fund Level:

- Governmental funds total assets were \$27.9 million.
- Governmental funds total liabilities were \$3.9 million.
- Governmental funds revenues and other financing sources totaled to \$32.0 million.
- Governmental funds expenditures and other financing uses totaled to \$37.7 million.
- On January 31, 2012, the State dissolved all redevelopment agencies in the State. The former Agency's governmental funds' assets and liabilities have been transferred to the Successor Agency Private Purpose Trust Fund. As a result of this transfer, the City's governmental funds experienced a net extraordinary loss of \$3.7 million.
- Enterprise fund total assets were \$1.0 million.
- Enterprise fund total liabilities were \$0.1 million.
- Enterprise fund operating revenues were \$0.3 million.
- Enterprise fund operating expenses were \$0.2 million.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report is organized into three sections:

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

CITY OF PLEASANT HILL
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2012

THE BASIC FINANCIAL STATEMENTS

The basic financial statements include the financial activities of the City, as well as the Pleasant Hill Redevelopment Agency (Agency), Successor Agency to the Pleasant Hill Redevelopment Agency (Successor Agency), and the Pleasant Hill Joint Powers Financing Authority (Authority), of which are controlled by and dependent on the City and are considered component units of the City.

The basic financial statements comprise the City-wide financial statements and the fund financial statements. These two sets of financial statements provide 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 near-term activities of the City's General Fund and other major funds. The governmental 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.

City-wide Financial Statements

All of the City's basic services are considered to be Governmental activities, including general government, public safety, transportation, and community development. These services are supported by City's general revenues such as taxes, and by specific program revenues such as fees.

The City's only enterprise activity, Diablo Vista Water, is reported as a business-type activity. The activity is supported by charges paid by users based on the amount of service they use, as well as by property taxes on those properties in the district.

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

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other government agencies, the City of Pleasant Hill uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

CITY OF PLEASANT HILL
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2012

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 Statement of Fiduciary Net Assets and the Statement of Changes in Fiduciary Net Assets. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations.

The most significant change during the fiscal year 2011/2012 was the dissolution of the Redevelopment Agency. As discussed throughout this analysis, the Successor Agency to the Pleasant Hill Redevelopment Agency (Successor Agency) was established on February 1, 2012 for the purpose of serving as a custodian of the former Agency's assets and winding down of the former Agency's activities subject to an Oversight Board. The financial activities and financial position of the Successor Agency are reported as a Private Purpose Trust Fund.

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.

Governmental Activities

Statement of Activities

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.

Governmental Activities Net Assets at June 30 (in Millions)

	2012	2011
Cash and investments	\$ 18.2	\$ 29.9
Other assets	8.8	6.5
Capital assets	61.2	59.8
Total assets	88.2	96.2
Long-term debt	3.6	16.2
Other liabilities	4.6	4.2
Total liabilities	8.2	20.4
Net assets:		
Invested in capital assets, net of debt	57.6	43.6
Restricted	12.0	19.9
Unrestricted	10.4	12.3
Total net assets	\$ 80.0	\$ 75.8

- Cash and investments of \$18.2 million were held for operations. A majority of these amounts were invested in the State's Local Agency Investment Fund (LAIF), as detailed in Note 3 to the financial statements. An additional \$0.9 million was held with trustees for bond reserve and debt service obligations.

CITY OF PLEASANT HILL
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2012

- Other assets of \$8.8 million include:
 - \$3.0 million in accounts receivable, grants receivable, other receivables and prepaid items.
 - \$2.5 million in receivable due from the Successor Agency. Details are explained in Note 4 to the basic financial statements.
 - \$3.1 million of notes and loans receivable retained by the Low and Moderate Housing Asset fund for developers and very low and low income homeowners. Details are explained in Note 5 to the basic financial statements.
 - \$0.2 million of land held for redevelopment. Details are explained in Note 6 to the basic financial statements.
- Capital assets of \$61.2 million that include the City's entire infrastructure. Details are explained in Note 7 to the basic financial statements.
- Other liabilities of \$4.6 million include:
 - \$1.8 million of accounts payable, accrued liabilities, deposits payable, interest payable and unearned income.
 - Compensated absences of \$2.8 million represent the obligation for unpaid vacation and sick leave.
- Long-term debt of \$3.6 million for Lease Revenue Refunding Bonds, Series 2004. Of this amount 0.6 million is due within one year and \$3.0 is due in more than one year. Long-term debt decreased substantially from the previous year because Redevelopment Agency related debt was transferred to the Successor Agency upon the dissolution of Redevelopment. Details are explained in Note 8 to the basic financial statements.
- Net assets invested in capital assets, net of related debt of \$57.6 million, represents the City's investment in infrastructure and other capital assets used in governmental activities, net of amounts borrowed to finance that investment.
- Restricted net assets totaling \$12.0 million, which are restricted be used for debt service, special revenue projects, and capital projects. Restrictions on the balance were imposed by others or imposed by law through constitutional provisions or enabling legislation. This balance declined from the previous year due to the transfer of the Redevelopment Agency's net assets to the Successor Agency upon the dissolution of Redevelopment Agency.
- 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 \$10.4 million of unrestricted net assets at June 30, 2012.

CITY OF PLEASANT HILL
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2012

Statement of Net Assets

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.

Changes in Governmental Activities Net Assets (in Millions)

	2012	2011
Expenses		
General government	\$ 4.1	\$ 4.0
Public safety	10.9	10.4
Transportation	7.9	6.4
Community development	7.6	6.0
Interest and fiscal charges	0.3	1.0
Total expenses	30.8	27.8
Revenue		
Program revenues		
Charges for services	2.6	2.1
Operating contributions and grants	2.5	1.5
Capital contributions and grants	2.1	0.2
Subtotal program revenues	7.2	3.8
General revenues		
Property taxes	2.7	2.7
Incremental property taxes	2.7	4.6
Sales taxes	6.4	6.0
Other taxes	5.6	5.8
Motor vehicle in lieu	2.5	2.6
Investment earnings	0.2	0.2
Miscellaneous	0.1	0.3
Subtotal general revenues	20.2	22.2
Total revenues	27.4	26.0
Extraordinary item:		
Extraordinary gain from dissolution of the Redevelopment Agency	7.6	-
Changes in net assets	4.2	(1.8)
Beginning net assets	75.8	77.6
Ending net assets	\$ 80.0	\$ 75.8

- General revenues are not allocable to programs but are used to pay for the net cost of governmental services. As the table above shows, \$7.2 million or 26% of the City's fiscal 2012 governmental revenue came from program revenues and \$20.2 million or 74% came from general revenues such as taxes and interest. Program revenues of \$7.2 million include: 1) Charges for services of \$2.6 million, which are intended to help cover the expenses incurred in providing a variety of City services, 2) Operating grants and contributions of \$2.5 million, such as gas tax revenues and Measure C/J grants 3) Capital grants and contributions of \$2.1 million for capital related expenditures on capital projects such as the Buskirk Avenue Widening Project. General revenue declined from the previous year primarily to a reduction in tax increment revenue received due to the dissolution of Redevelopment Agency on January 31, 2012.

CITY OF PLEASANT HILL
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2012

- Expenses are classified by governmental function. General government and public safety expenses increased minimally when compared to the previous year. Transportation expenses increased by \$1.5 million due to the increase in expenses for capital projects that are not capitalized. The change in community development expenses is primarily related to the dissolution of Redevelopment Agency. Redevelopment Agency expenditures were reported under this category of expense last year. The reduction in expenses due to the dissolution of Redevelopment being offset by a return of funds to the Successor Agency by the General Fund. During the prior fiscal year, the City and Redevelopment Agency amended a Public Improvements, Economic Development and Affordable Housing Reimbursement Agreement, in which the City agreed to expeditiously implement projects in accordance with Redevelopment Plans. The Agency, in turn, transferred initial funding in advance of the City incurring costs to ensure the City had adequate funds to undertake the projects. During June 2012, after the dissolution of the former Agency, \$3.2 million of the \$3.8 in funds originally advanced by the former Agency were returned to the Successor Agency.
- The extraordinary gain of \$7.6 million is due to the dissolution of Redevelopment Agency. The State dissolved all redevelopment agencies in the State of California (State). The assets and liabilities have been transferred to the Private Purpose Trust Fund. As a result of this transfer, the City's governmental activities experienced an extraordinary gain of \$7.6 million.

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

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

	2012	2011
General government	\$ (3.8)	\$ (3.6)
Public safety	(10.6)	(10.3)
Transportation	(3.0)	(5.0)
Community development	(5.9)	(4.2)
Interest and fiscal charges	(0.3)	(1.0)
Total	\$ (23.6)	\$ (24.1)

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

CITY OF PLEASANT HILL
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2012

Business-type Activities

The Statements of Net Assets and Statement of Activities present a summary of the City's Business-type activity, which is comprised of the City's Diablo Vista Water enterprise fund.

Business-Type Activity Net Assets (in Millions)

	<u>2012</u>	<u>2011</u>
Current assets	\$ 0.5	\$ 0.4
Capital assets	0.4	0.4
Total assets	<u>0.9</u>	<u>0.8</u>
Other liabilities	<u>-</u>	<u>-</u>
Net assets:		
Invested in capital assets	0.4	0.4
Unrestricted	0.5	0.4
Total net assets	<u>\$ 0.9</u>	<u>\$ 0.8</u>

The net assets of the business-type activity were \$0.9 million at June 30, 2012. The current assets increased by \$0.2 million during current year and net assets increased by \$0.1 million.

Changes in Business Type Activity Net Assets (in Millions)

	<u>2012</u>	<u>2011</u>
Expenses		
Diablo Vista Water	<u>\$ 0.2</u>	<u>\$ 0.2</u>
Revenue		
Program revenues		
Charges for services	0.1	0.1
General revenues	<u>0.2</u>	<u>0.2</u>
Total revenues	<u>0.3</u>	<u>0.3</u>
Changes in net assets	0.1	0.1
Beginning net assets	<u>0.8</u>	<u>0.7</u>
Ending net assets	<u>\$ 0.9</u>	<u>\$ 0.8</u>

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

CITY OF PLEASANT HILL
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2012

Financial Analysis of Individual Major Governmental Funds

General Fund

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, fund balance was \$11.5 million. This represents a net decrease in fund balance of \$3.1 million from the prior fiscal year. This decrease in fund balance is primarily due to the return of funds to the Successor Agency. As discussed above, during the prior fiscal year, the City and Redevelopment Agency amended a Public Improvements, Economic Development and Affordable Housing Reimbursement Agreement, in which the City agreed to expeditiously implement projects in accordance with Redevelopment Plans. The Agency, in turn, transferred initial funding in advance of the City incurring costs to ensure the City had adequate funds to undertake the projects. During June 2012, after the dissolution of the former Agency, \$3.2 million of the \$3.8 in funds originally advanced by the former Redevelopment Agency were returned to the Successor Agency. The remaining amount retained is restricted at June 30, 2012 and will be transferred to other funds during fiscal year 2012/2013 to cover capital expenditures for projects.

General Fund revenues, excluding transfers, were \$18.4 million. Actual revenue exceeded both the original and final budgeted revenues of \$18.2 million for fiscal year 2011/2012. Sales taxes revenue was \$0.3 million higher than budget due to economic recovery occurring in the general retail sector. This is critical for the City since this sector historically produces in excess of 50% of the City's sales tax revenue. Additionally, the City received an excess surplus equity distribution of \$0.4 million from the Municipal Pooling Authority due to good experience regarding claims. These increases in revenue are offset by slight declines in intergovernmental and charges for current services categories.

General fund expenditures, excluding transfers out, were \$20.5 million. Actual expenditures were lower than the revised budgeted expenditures of \$21.7 million. This was primarily due to salary and benefits savings and cost savings by City departments.

General fund revenues, excluding transfers, exceeded the prior year's revenue slightly by \$0.3 million or 2%. General fund expenditures, excluding transfers and the return of \$3.2 million of funds to the Successor Agency, were \$0.1 million lower than the previous year. Overall General Fund results were on track with the previous year and the adopted and revised budget for fiscal year 2011/2012.

Traffic Mitigation

The Traffic Mitigation fund accounts for fees assessed on new development to provide for street or other traffic improvements.

Traffic Mitigation fund revenues and expenditures, excluding transfers, were under budget due to the timing of projects. During the fiscal year ended June 30, 2012, the Traffic Mitigation fund balance decreased \$0.9 million. It is typical for the fund balance to accumulate for several years until a large project, such as the Buskirk Avenue Widening project, spend down the fund balance.

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.

Measure C/J revenues were higher than the adopted and revised budget by \$0.2 million or 38%. Expenditures were consistent with the adopted budget but lower than the revised budget by \$0.1 million due to the timing of projects.

CITY OF PLEASANT HILL
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2012

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.

Gas Tax fund revenues was \$1.3 million or 51% less than the adopted and revised budget. Expenditures were \$1.3 million less than the adopted budget and \$3.0 million less than the revised budget. These variances are primarily due to the timing of the Golf Club Bridge projects. The project is expected to begin during the 2012/2013 fiscal year.

Low and Moderate Income Housing Asset

Redevelopment Agencies in California were dissolved by operation of law effective February 1, 2012. The legislation provided that successor agencies and oversight boards oversee the dissolution and wind down of redevelopment activities. At the City Council meeting on January 9, 2012, the City Council affirmed its decision to serve as Successor Agency to the Pleasant Hill Redevelopment Agency effective February 1, 2012. Upon dissolution, the City Council elected to serve as the Housing Successor Agency and retain the housing assets, functions and powers performed by the former Agency. The Housing Successor's financial data and transactions are reported in the City's Low and Moderate Income Housing Asset major governmental fund. The extraordinary gain of \$5.3 million represents the net transfer of housing assets and liabilities to this fund.

Redevelopment Fund Capital Project Fund

The Redevelopment Capital Project Fund accounted 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 was property tax increment.

Assets and liabilities of this fund were transferred to the Low and Moderate Income Housing Asset major governmental fund and the Successor Agency upon dissolution of the former Agency. As a result of the transfer, this fund experienced an extraordinary loss of \$7.3 million.

Pleasant Hill Redevelopment TARB Debt Service Fund

This fund accounted 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.

Assets and liabilities of this fund were transferred to the Successor Agency upon dissolution of the former Agency. As a result of the transfer, this fund experienced an extraordinary gain of \$0.8 million.

Other Governmental Funds

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

Financial Analysis of Individual Major Enterprise Fund

Diablo Vista Water Fund

The Diablo Vista Water (DVW) system provides raw canal water for irrigation purposes to 474 homes. In fiscal 2004 City staff projected that the DVW system would be in a deficit cash position by July 1, 2008 without a fee increase. Increased costs for raw water, electricity, and maintenance of the system have reduced the amount of available funds over several years, and the systems assets are getting older. In order to continue to maintain the system, a new usage fee of \$150 per household per year was adopted by City Council Ordinance No. 786 on June 21, 2004, and took effect in fiscal 2005. An additional Capital

CITY OF PLEASANT HILL
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2012

Improvements fee of \$135 per household per year was also approved, and was phased in over three years, beginning in fiscal 2005. The increases in fees help to provide a financially solvent system. See analysis of the fund at the Business-type Activity analysis above.

CAPITAL ASSETS

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

Capital Assets as of June 30 (in Millions)

	<u>2012</u>	<u>2011</u>
Governmental Activities:		
Land	\$ 3.4	\$ 3.4
Construction in progress	4.7	1.8
Buildings and improvements	15.0	15.0
Equipment and furniture	6.9	6.3
Streets and roads	52.6	52.6
Curbs and gutters	15.5	15.4
Storm drains	6.6	6.5
Street lights	1.1	0.9
Traffic control devices	2.4	2.4
Less: accumulated depreciation	(47.0)	(44.5)
Total	<u>\$ 61.2</u>	<u>\$ 59.8</u>
Business-type Activity:		
Water system infrastructure	\$ 0.6	\$ 0.6
Less: accumulated depreciation	(0.2)	(0.2)
Total	<u>\$ 0.4</u>	<u>\$ 0.4</u>

During current year, the primary additions to governmental activities capital assets include \$2.9 million of construction in progress for work completed on capital improvement projects such as the Buskirk Avenue Widening project that will result in additions to infrastructure upon completion and \$0.7 million of equipment and furniture which includes radios for the Police department.

The City depreciates all its capital assets over their estimated useful lives. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Current year depreciation expenses totaled to \$2.5 million. Additional information on depreciable lives may be found in Note 1.G.

CITY OF PLEASANT HILL
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2012

DEBT ADMINISTRATION

The table below lists the City's debt at June 30, 2012 with comparative figures for June 30, 2011:

Outstanding Debt at June 30 (in Millions)

	<u>2012</u>	<u>2011</u>
Governmental Activities Debt:		
Lease Revenue Refunding Bonds, Series 2004	\$ 3.6	\$ 4.3
Tax Allocation Refunding Bonds, Series 2002	-	5.7
Special Tax Refunding Bonds, Subordinated Series 2002	-	6.2
Total Outstanding Debt	<u>\$ 3.6</u>	<u>\$ 16.2</u>

During the current year, the City made scheduled principal payments of \$1.2 million. Due to the dissolution of the former Agency, the outstanding principal on the Tax Allocation Refunding Bonds, Series 2002 and the Special Tax Refunding Bonds, Subordinated Series 2002 were transferred from the former Agency to the Successor Agency on February 1, 2012, when all redevelopment activities in California ceased to exist. These outstanding principal are reflected in the Private Purpose Trust Fund at June 30, 2012. Please see Note 8 in the financial statements for further detail.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The City is one of the primary retail centers in the East Bay Area Region with a mix of both national retail stores and smaller independent and locally owned retailers. Sales tax revenues in Pleasant Hill accounted for 35% of the City's General Fund revenues during this fiscal year. Sales tax revenues have continued to climb higher than last year due to new retailers in several sectors including restaurants, grocery and service stations.

The City places a high priority on attracting new businesses and supporting existing businesses. Through its economic development efforts dedicated project teams work diligently to maintain the business friendly atmosphere in the City. A business concierge service is available to businesses interested in locating or expanding in the City. These efforts to improve the economic climate in the City are continuing to help Pleasant Hill prosper as we continue to recover from the recession.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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CITY OF PLEASANT HILL

Statement of Net Assets

June 30, 2012

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Assets:			
Cash and investments:			
Held in City Treasury	\$ 17,270,390	\$ 545,797	\$ 17,816,187
Held with trustees	931,500	-	931,500
Receivables:			
Accounts and others	2,605,142	-	2,605,142
Grants	198,599	-	198,599
Interest	30,390	447	30,837
Due from other governmental agencies	2,548,206	-	2,548,206
Prepaid items	52,727	-	52,727
Internal balances	48,000	(48,000)	-
Notes and loans receivable	3,080,612	-	3,080,612
Land held for redevelopment	191,049	-	191,049
Capital assets:			
Nondepreciable	8,111,563	-	8,111,563
Depreciable, net of accumulated depreciation	53,153,670	440,297	53,593,967
Total assets	<u>88,221,848</u>	<u>938,541</u>	<u>89,160,389</u>
Liabilities:			
Accounts payable and accrued liabilities	1,220,775	20,357	1,241,132
Deposits payable	510,009	-	510,009
Unearned revenue	41,631	-	41,631
Interest payable	9,957	-	9,957
Compensated absences payable:			
Due within one year	454,000	-	454,000
Due in more than one year	2,301,849	-	2,301,849
Long-term debt:			
Due within one year	660,000	-	660,000
Due in more than one year	2,960,000	-	2,960,000
Total liabilities	<u>8,158,221</u>	<u>20,357</u>	<u>8,178,578</u>
Net Assets:			
Invested in capital assets, net of related debt	<u>57,645,233</u>	<u>440,297</u>	<u>58,085,530</u>
Restricted for:			
Debt service	983,941	-	983,941
Community development	647,518	-	647,518
Special revenue	9,638,692	-	9,638,692
Capital projects	701,347	-	701,347
Total restricted net assets	<u>11,971,498</u>	<u>-</u>	<u>11,971,498</u>
Unrestricted	<u>10,446,896</u>	<u>477,887</u>	<u>10,924,783</u>
Total net assets	<u>\$ 80,063,627</u>	<u>\$ 918,184</u>	<u>\$ 80,981,811</u>

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
General government	\$ 4,145,899	\$ 261,533	\$ 47,553	\$ 60,230	\$ (3,776,583)	\$ -	\$ (3,776,583)
Public safety	10,916,374	154,651	149,659	-	(10,612,064)	-	(10,612,064)
Transportation	7,947,704	590,617	2,306,060	2,011,238	(3,039,789)	-	(3,039,789)
Community development	7,547,857	1,615,948	18,869	-	(5,913,040)	-	(5,913,040)
Interest and fiscal charges	238,204	-	-	-	(238,204)	-	(238,204)
Total governmental activities	<u>30,796,038</u>	<u>2,622,749</u>	<u>2,522,141</u>	<u>2,071,468</u>	<u>(23,579,680)</u>	<u>-</u>	<u>(23,579,680)</u>
Business-type activities:							
Diablo Vista Water	<u>171,473</u>	<u>134,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,953)</u>	<u>(36,953)</u>
Total	<u>\$ 30,967,511</u>	<u>\$ 2,757,269</u>	<u>\$ 2,522,141</u>	<u>\$ 2,071,468</u>	<u>(23,579,680)</u>	<u>(36,953)</u>	<u>(23,616,633)</u>
General revenues:							
Taxes:							
Property taxes					2,691,299	141,108	2,832,407
Incremental property tax					2,666,870	-	2,666,870
Sales taxes					6,454,256	-	6,454,256
Transient occupancy tax					1,349,582	-	1,349,582
Franchise tax					1,750,883	-	1,750,883
Other taxes					2,601,436	-	2,601,436
Intergovernmental, unrestricted:							
Motor vehicle in lieu of taxes					2,453,749	-	2,453,749
Investment earnings					200,884	1,531	202,415
Miscellaneous					52,172	-	52,172
Total general revenues					<u>20,221,131</u>	<u>142,639</u>	<u>20,363,770</u>
Extraordinary item:							
Extraordinary gain from dissolution of the Redevelopment Agency					<u>7,576,450</u>	<u>-</u>	<u>7,576,450</u>
Change in net assets					<u>4,217,901</u>	<u>105,686</u>	<u>4,323,587</u>
Net assets, beginning of year					<u>75,845,726</u>	<u>812,498</u>	<u>76,658,224</u>
Net assets, end of year					<u>\$ 80,063,627</u>	<u>\$ 918,184</u>	<u>\$ 80,981,811</u>

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Governmental Funds
Balance Sheet
June 30, 2012

	General	Traffic Mitigation	Measure C/J Growth Management	Gas Tax	Low and Moderate Income Housing Asset	Redevelop- ment Capital Projects	Redevelop- ment TARB Debt Service	Other Governmental Funds	Total
Assets:									
Cash and investments:									
Held in City Treasury	\$ 10,796,008	\$ 16,594	\$ -	\$ 639,087	\$ 28,790	\$ -	\$ -	\$ 5,789,911	\$ 17,270,390
Held with trustees	-	-	-	-	-	-	-	931,500	931,500
Receivables:									
Accounts and other	952,702	911,001	432,018	269,328	-	-	-	40,093	2,605,142
Grants	-	-	-	-	-	-	-	198,599	198,599
Interest	26,891	13	-	458	-	-	-	3,028	30,390
Due from other governmental agencies	2,901	-	-	-	2,545,305	-	-	-	2,548,206
Due from other funds	946,459	-	-	-	-	-	-	875	947,334
Prepaid items	15,000	-	-	-	-	-	-	37,727	52,727
Advances to other funds	48,000	-	-	-	-	-	-	-	48,000
Notes and loans receivable	-	-	-	-	3,080,612	-	-	-	3,080,612
Land held for redevelopment	-	-	-	-	191,049	-	-	-	191,049
Total assets	<u>\$ 12,787,961</u>	<u>\$ 927,608</u>	<u>\$ 432,018</u>	<u>\$ 908,873</u>	<u>\$ 5,845,756</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,001,733</u>	<u>\$ 27,903,949</u>
Liabilities and Fund Balances:									
Liabilities:									
Accounts payable and accrued liabilities	\$ 749,203	\$ 80,479	\$ -	\$ 108,611	\$ -	\$ -	\$ -	\$ 282,482	\$ 1,220,775
Deposits payable	510,009	-	-	-	-	-	-	-	510,009
Deferred revenue	41,631	383,691	-	-	577,876	-	-	179,963	1,183,161
Due to other funds	-	422,513	431,124	-	-	-	-	93,697	947,334
Total liabilities	<u>1,300,843</u>	<u>886,683</u>	<u>431,124</u>	<u>108,611</u>	<u>577,876</u>	<u>-</u>	<u>-</u>	<u>556,142</u>	<u>3,861,279</u>
Fund balances:									
Nonspendable	15,000	-	-	-	-	-	-	37,727	52,727
Restricted	647,518	40,925	894	800,262	5,267,880	-	-	4,262,409	11,019,888
Committed	-	-	-	-	-	-	-	2,221,244	2,221,244
Assigned	8,373,037	-	-	-	-	-	-	-	8,373,037
Unassigned	2,451,563	-	-	-	-	-	-	(75,789)	2,375,774
Total fund balances	<u>11,487,118</u>	<u>40,925</u>	<u>894</u>	<u>800,262</u>	<u>5,267,880</u>	<u>-</u>	<u>-</u>	<u>6,445,591</u>	<u>24,042,670</u>
Total liabilities and fund balances	<u>\$ 12,787,961</u>	<u>\$ 927,608</u>	<u>\$ 432,018</u>	<u>\$ 908,873</u>	<u>\$ 5,845,756</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,001,733</u>	<u>\$ 27,903,949</u>

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets - Governmental Activities
June 30, 2012

Total fund balances reported on the governmental funds balance sheet	\$	24,042,670
<p>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:</p>		
<p>Capital assets:</p>		
Capital assets used in governmental activities are not current assets or financial resources and therefore are not reported in the governmental funds.		61,265,233
<p>Receivables not available:</p>		
Certain receivables are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		1,141,530
<p>Long-term liabilities:</p>		
<p>The liabilities below are not due and payable in the current period and therefore are not reported in the governmental funds:</p>		
Long-term debt		(3,620,000)
Interest payable		(9,957)
Compensated absences		(2,755,849)
		80,063,627
Net assets of governmental activities	\$	80,063,627

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2012

	General	Traffic Mitigation	Measure C/J Growth Management	Gas Tax	Low and Moderate Income Housing Asset	Redevelopment Capital Projects	Redevelopment TARB Debt Service	Other Governmental Funds	Total
Revenues:									
Property taxes	\$ 2,316,918	\$ -	\$ -	\$ -	\$ -	\$ 1,121,060	\$ 1,545,810	\$ 373,961	\$ 5,357,749
Sales taxes	6,454,256	-	-	-	-	-	-	-	6,454,256
Other taxes and special assessments	5,590,775	-	-	-	-	-	-	884,246	6,475,021
Licenses and permits	419,220	-	-	-	-	-	-	-	419,220
Intergovernmental	2,507,517	2,011,238	695,235	1,330,890	-	-	-	247,864	6,792,744
Charges for services	497,098	192,596	-	-	-	-	-	123,977	813,671
Fines and forfeitures	58,871	-	-	-	-	-	-	85,094	143,965
Use of money and property	95,304	1,879	664	2,960	-	82,012	2,574	15,491	200,884
Other	445,868	-	-	-	-	43,138	-	-	489,006
Total revenues	18,385,827	2,205,713	695,899	1,333,850	-	1,246,210	1,548,384	1,730,633	27,146,516
Expenditure:									
Current:									
General government	3,612,329	-	-	1,937	-	-	-	221,281	3,835,547
Public safety	9,760,975	-	-	-	-	-	-	272,036	10,033,011
Transportation	2,488,085	3,415,833	162,291	2,135,262	-	-	-	466,491	8,667,962
Community development	1,505,538	-	27,876	-	995	2,150,774	-	610,244	4,295,427
Intergovernmental	3,166,094	-	-	-	-	-	-	-	3,166,094
Capital outlay	-	-	-	-	-	-	-	1,156,634	1,156,634
Debt service:									
Principal	-	-	-	-	-	-	435,000	790,000	1,225,000
Interest and fiscal charges	-	-	-	-	-	-	108,709	320,715	429,424
Total expenditures	20,533,021	3,415,833	190,167	2,137,199	995	2,150,774	543,709	3,837,401	32,809,099
Excess (deficiency) of revenues over (under) expenditures	(2,147,194)	(1,210,120)	505,732	(803,349)	(995)	(904,564)	1,004,675	(2,106,768)	(5,662,583)
Other financing sources (uses)									
Proceeds from sale of capital asset	488	-	-	-	-	-	-	5,646	6,134
Transfers in	128,801	291,039	-	416,759	-	1,950,277	-	2,084,754	4,871,630
Transfers out	(1,130,250)	-	(584,039)	(100,000)	-	-	(2,838,781)	(218,560)	(4,871,630)
Total other financing sources (uses)	(1,000,961)	291,039	(584,039)	316,759	-	1,950,277	(2,838,781)	1,871,840	6,134
Extraordinary item:									
Extraordinary gain (loss) from dissolution of the Redevelopment Agency	-	-	-	-	5,268,875	(8,366,717)	826,593	(1,482,301)	(3,753,550)
Change in fund balances	(3,148,155)	(919,081)	(78,307)	(486,590)	5,267,880	(7,321,004)	(1,007,513)	(1,717,229)	(9,409,999)
Fund balances, beginning of year	14,635,273	960,006	79,201	1,286,852	-	7,321,004	1,007,513	8,162,820	33,452,669
Fund balances, end of year	\$ 11,487,118	\$ 40,925	\$ 894	\$ 800,262	\$ 5,267,880	\$ -	\$ -	\$ 6,445,591	\$ 24,042,670

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities - Governmental Activities
For the Year Ended June 30, 2012

Net change in fund balances - total governmental funds \$ (9,409,999)

Amounts reported for governmental activities in the statement of activities
are different because of the following:

Capital assets transactions:

Governmental Funds report capital outlays as expenditures. However, in the statement
of activities, the cost of those assets is capitalized and allocated over their estimated
useful lives and reported as depreciation expense.

Expenditures for capital assets reported as:

Capital outlay	1,156,634
Current transportation	2,828,994
Less current year depreciation	(2,539,269)
Less effect of sales/disposal of capital assets	(6,555)

Long term debt transactions:

Repayment of bond principal is an expenditure in the governmental funds, but in the statement of net assets the repayment reduces long-term liabilities.	1,225,000
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Long-term liabilities of the former Redevelopment Agency are transferred out to the Successor Agency, a private purpose trust fund upon its dissolution.	11,330,000
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Accrual of noncurrent items:

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

Change in compensated absences	(849,518)
Change in interest payable	191,220
Change in deferred revenue	291,394
Change in net assets of governmental activities	\$ 4,217,901

CITY OF PLEASANT HILL
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 2,324,468	\$ 2,324,468	\$ 2,316,918	\$ (7,550)
Sales taxes	6,113,100	6,113,100	6,454,256	341,156
Other taxes	5,639,651	5,639,651	5,590,775	(48,876)
Licenses and permits	427,778	427,778	419,220	(8,558)
Intergovernmental	2,762,229	2,762,229	2,507,517	(254,712)
Charges for current services	601,255	601,255	497,098	(104,157)
Fines and forfeitures	71,925	71,925	58,871	(13,054)
Use of money and property	155,935	155,935	95,304	(60,631)
Other	74,275	74,275	445,868	371,593
Total Revenues	<u>18,170,616</u>	<u>18,170,616</u>	<u>18,385,827</u>	<u>215,211</u>
Expenditures:				
Current:				
General government:				
City Council	163,449	163,449	158,496	4,953
City Manager	539,518	524,913	468,311	56,602
City Attorney	410,867	405,626	399,474	6,152
City Clerk	219,397	219,397	92,418	126,979
City Treasurer	17,532	17,532	25,475	(7,943)
Finance	848,941	863,546	913,150	(49,604)
Computer services	6,740	6,740	17,841	(11,101)
Human Resources	578,216	606,053	501,847	104,206
Risk management	487,640	487,640	422,124	65,516
City Hall facility	167,791	167,791	151,351	16,440
Non-departmental	634,115	646,193	461,842	184,351
Total general government	<u>4,074,206</u>	<u>4,108,880</u>	<u>3,612,329</u>	<u>496,551</u>
Public safety:				
Police	9,621,769	9,621,769	9,563,387	58,382
Narcotics	165,423	165,423	17,876	147,547
Animal control	182,588	182,588	179,712	2,876
Total public safety	<u>9,969,780</u>	<u>9,969,780</u>	<u>9,760,975</u>	<u>208,805</u>
Transportation:				
Other street-related projects	-	-	407	(407)
Public works administration	735,318	736,358	629,093	107,265
Public works maintenance	2,093,685	2,063,227	1,858,585	204,642
Total transportation	<u>2,829,003</u>	<u>2,799,585</u>	<u>2,488,085</u>	<u>311,500</u>
Community development:				
Planning	896,578	899,654	819,107	80,547
Building inspection	490,399	490,399	492,854	(2,455)
Community relations	92,241	92,241	94,964	(2,723)
Economic development	-	140,200	98,613	41,587
Total community development	<u>1,479,218</u>	<u>1,622,494</u>	<u>1,505,538</u>	<u>116,956</u>
Intergovernmental	-	3,166,094	3,166,094	-
Total expenditures	<u>18,352,207</u>	<u>21,666,833</u>	<u>20,533,021</u>	<u>1,133,812</u>
Excess (deficiency) of revenues over (under) expenditure:	<u>(181,591)</u>	<u>(3,496,217)</u>	<u>(2,147,194)</u>	<u>1,349,023</u>
Other financing sources (uses):				
Proceeds from sale of properties	-	-	488	488
Transfers in	635,675	635,675	128,801	(506,874)
Transfers out	(1,231,589)	(1,231,589)	(1,130,250)	101,339
Total other financing sources (uses)	<u>(595,914)</u>	<u>(595,914)</u>	<u>(1,000,961)</u>	<u>(405,047)</u>
Change in fund balance	<u>\$ (777,505)</u>	<u>\$ (4,092,131)</u>	<u>(3,148,155)</u>	<u>\$ 943,976</u>
Fund balance, beginning of year			14,635,273	
Fund balance, end of year			<u>\$ 11,487,118</u>	

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Traffic Mitigation Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 5,897,420	\$ 6,111,148	\$ 2,011,238	\$ (4,099,910)
Charges for services	50,000	152,757	192,596	39,839
Use of money and property	21,430	21,430	1,879	(19,551)
Total revenues	<u>5,968,850</u>	<u>6,285,335</u>	<u>2,205,713</u>	<u>(4,079,622)</u>
Expenditures:				
Current:				
Transportation	<u>6,555,000</u>	<u>10,553,372</u>	<u>3,415,833</u>	<u>7,137,539</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(586,150)</u>	<u>(4,268,037)</u>	<u>(1,210,120)</u>	<u>3,057,917</u>
Other financing sources:				
Transfers in	<u>100,000</u>	<u>291,039</u>	<u>291,039</u>	<u>-</u>
Change in fund balance	<u>\$ (486,150)</u>	<u>\$ (3,976,998)</u>	<u>(919,081)</u>	<u>\$ 3,057,917</u>
Fund balance, beginning of year			<u>960,006</u>	
Fund balance, end of year			<u>\$ 40,925</u>	

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Measure C/J Growth Management Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 502,875	\$ 502,875	\$ 695,235	\$ 192,360
Use of money and property	234	234	664	430
Total revenues	<u>503,109</u>	<u>503,109</u>	<u>695,899</u>	<u>192,790</u>
Expenditures:				
Current:				
Transportation	152,022	248,844	162,291	86,553
Community development	29,601	29,601	27,876	1,725
Total expenditures	<u>181,623</u>	<u>278,445</u>	<u>190,167</u>	<u>88,278</u>
Excess of revenues over expenditures	<u>321,486</u>	<u>224,664</u>	<u>505,732</u>	<u>281,068</u>
Other financing uses:				
Transfers out	<u>(325,000)</u>	<u>(516,039)</u>	<u>(584,039)</u>	<u>(68,000)</u>
Change in fund balance	<u>\$ (3,514)</u>	<u>\$ (291,375)</u>	<u>(78,307)</u>	<u>\$ 213,068</u>
Fund balance, beginning of year			<u>79,201</u>	
Fund balance, end of year			<u>\$ 894</u>	

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Gas Tax Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,715,903	\$ 2,715,903	\$ 1,330,890	\$ (1,385,013)
Use of money and property	11,684	11,684	2,960	(8,724)
Total revenues	<u>2,727,587</u>	<u>2,727,587</u>	<u>1,333,850</u>	<u>(1,393,737)</u>
Expenditures:				
Current:				
General Government	-	-	1,937	(1,937)
Transportation	3,402,056	5,215,317	2,135,262	3,080,055
Total expenditures	<u>3,402,056</u>	<u>5,215,317</u>	<u>2,137,199</u>	<u>3,078,118</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(674,469)</u>	<u>(2,487,730)</u>	<u>(803,349)</u>	<u>1,684,381</u>
Other financing sources (uses):				
Transfers in	340,000	340,000	416,759	76,759
Transfers out	(100,000)	(509,235)	(100,000)	409,235
Total other financing sources (uses)	<u>240,000</u>	<u>(169,235)</u>	<u>316,759</u>	<u>485,994</u>
Change in fund balance	<u>\$ (434,469)</u>	<u>\$ (2,656,965)</u>	<u>(486,590)</u>	<u>\$ 2,170,375</u>
Fund balance, beginning of year			<u>1,286,852</u>	
Fund balance, end of year			<u>\$ 800,262</u>	

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Proprietary Fund
Statement of Fund Net Assets
June 30, 2012

	Diablo Vista Water Enterprise Fund
Assets:	
Current assets:	
Cash and investments held in City Treasury	\$ 545,797
Interest receivable	447
Total current assets	546,244
Noncurrent assets:	
Capital assets:	
Depreciable, net of accumulated depreciation	440,297
Total assets	986,541
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	20,357
Noncurrent liabilities:	
Advance from other funds	48,000
Total liabilities	68,357
Net assets:	
Invested in capital assets	440,297
Unrestricted	477,887
Total net assets	\$ 918,184

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2012

	Diablo Vista Water Enterprise Fund
Operating revenues:	
Water district assessments and charges	\$ 134,520
Property taxes	141,108
Total operating revenues	275,628
Operating expenses:	
Purchased water	115,494
Personnel services	9,325
Contract services	19,658
Administration and office utilities	12,878
Repairs and maintenance	3,406
Depreciation	10,712
Total operating expenses	171,473
Operating income	104,155
Nonoperating revenues:	
Interest income	1,531
Change in net assets	105,686
Net assets, beginning of year	812,498
Net assets, end of year	\$ 918,184

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Proprietary Fund
Statement of Cash Flows
For the Year Ended June 30, 2012

	Diablo Vista Water Enterprise Fund
Cash flows from operating activities:	
Cash received from customers	\$ 134,520
Cash payments to suppliers for goods and services	(144,174)
Cash payments to employees	(9,325)
Property tax received	141,108
Net cash provided by operating activities	122,129
Cash flows from capital and related financing activities:	
Repayment of interfund loans	(12,000)
Acquisition of capital assets	(18,929)
Cash flows used in capital and related financing activities	(30,929)
Cash flows from investing activities:	
Interest income received	1,538
Net change in cash and cash equivalents	92,738
Cash and cash equivalents, beginning of year	453,059
Cash and cash equivalents, end of year	\$ 545,797
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 104,155
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	10,712
Change in accounts payable and accruals	7,262
Net cash provided by operating activities	\$ 122,129

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2012

	Private Purpose Trust Fund - Successor Agency	Agency Funds
Assets:		
Cash and investments:		
Held in City Treasury	\$ 8,489,484	\$ 261,558
Held with trustees	1,226,278	1,092,581
Receivables:		
Accounts	-	88,267
Interest	34,567	232
Due from other governmental agencies	-	73,347
Loans receivable	460,000	-
Land held for redevelopment	86,100	-
Total assets	\$ 10,296,429	\$ 1,515,985
Liabilities:		
Accounts payable and accrued liabilities	239,051	77,277
Due to Contra Costa County for distribution to taxing entities	6,706,193	-
Due to the primary government	2,545,305	-
Due to others	-	1,438,708
Long-term debt:		
Due within one year	605,000	-
Due in more than one year	10,725,000	-
Total liabilities	20,820,549	\$ 1,515,985
Net assets:		
Net assets held in trust for redevelopment agency dissolution	\$(10,524,120)	

See accompanying notes to basic financial statements.

CITY OF PLEASANT HILL
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2012

	Private Purpose Trust Fund - Successor Agency
Additions:	
Redevelopment property tax revenues	\$ 1,376,592
Intergovernmental from the primary government	3,166,094
Investment earnings	30,758
Others	24,373
Total additions	4,597,817
 Deductions:	
Community development expenses	558,915
Payment to Contra Costa County for distribution to taxing entities	6,706,193
Interest and fiscal charges	280,379
Total deductions	7,545,487
Extraordinary loss from dissolution of Redevelopment Agency	(7,576,450)
Change in net assets	(10,524,120)
Net assets held in trust, beginning of year	-
Net assets held in trust, end of year	\$ (10,524,120)

See accompanying notes to basic financial statements.

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CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

The Agency is a separate government entity whose purpose is to prepare and implement plans for improvement, rehabilitation, and development of certain areas within the City. The City Council acts as the Board of Directors of the Agency. Certain administrative and accounting functions are performed by City staff. The financial activities of the Agency from July 1, 2011 through January 31, 2012 have been included in these financial statements in the Redevelopment Capital Projects Fund, the Redevelopment TARB Debt Service Fund, and the 2002 PHDCFC #1 Special Tax Bonds Debt Service Fund.

On June 28, 2011, Assembly Bill x1 26 ("AB x1 26") was enacted. This legislation is referred to herein as the Redevelopment Dissolution Act. On December 29, 2011, the California Supreme Court upheld the constitutionality of AB x1 26, and all redevelopment agencies in California were dissolved by operation of law effective February 1, 2012. The legislation provides for successor agencies and oversight boards that are responsible for overseeing the dissolution process and wind down of redevelopment activity. At the City's council meeting on January 9, 2012, the City Council affirmed its decision to serve as the Successor Agency to the Pleasant Hill Redevelopment Agency effective February 1, 2012. Upon dissolution, the City Council elected to serve as the Housing Successor and retain the housing assets, functions and powers previously performed by the former Agency. The Housing Successor's financial data and transactions are included in the City's Low and Moderate Income Housing Asset major governmental fund.

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

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

The Agency, Successor Agency, and Authority do not issue separate financial statements as it is reported separately in the City's basic financial statements.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

Government-wide Statements: The statement of net assets and the statement of activities display information about the City's primary government. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities, except where interfund services have been received or provided. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The City's business-type activity is 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 the business-type activity of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include: (a) charges paid by the recipients for goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

C. Major Funds

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

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

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Low and Moderate Income Housing Asset – Accounts for housing assets and functions related to the Low and Moderate Income Housing Program retained by the City following the dissolution of the former Agency.

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. Assets and liabilities of this fund were transferred to the Low and Moderate Income Housing Asset major governmental fund and the Successor Agency upon dissolution of the former Agency.

Redevelopment TARB Debt Service Fund - Accounts for funds to be used for payment of debt service on the Tax Allocation Refunding Bonds issued in October 2002. Debt service is financed by property tax increment. Assets and liabilities of this fund were transferred to the Successor Agency upon dissolution of the former Agency.

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

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

The City also reports the following fiduciary funds:

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

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

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

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

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

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

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

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

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

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

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

E. Cash and Cash Equivalents

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

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Interfund Transactions

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

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

G. Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. For the enterprise fund, interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Some capital assets may be acquired using federal and state grant funds, or they may be contributed by developers or other governments. These contributions are accounted for as revenues at the time the capital assets are contributed.

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

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

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Property Tax

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

Secured property tax is due in two equal installments, on November 1 and February 1. It becomes delinquent after December 10 and April 10, respectively. Unsecured property tax is due upon receipt of billing and becomes delinquent on August 31.

The term “unsecured” refers to taxes not secured by real property. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available within forty-five days after year-end for governmental funds.

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

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

I. Compensated Absences

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

The changes of the compensated absences were as follows for the fiscal year ended June 30, 2012:

	Governmental
	Activities
Beginning Balance	\$ 1,906,331
Additions	1,303,974
Payments	(454,456)
Ending Balance	<u>\$ 2,755,849</u>
Current Portion	<u>\$ 454,000</u>

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

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Effect of New Pronouncements

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

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. Common examples of SCAs include long-term arrangements in which a government (“transferor”) engages a company or another government (“operator”) to operate a major capital asset in return for the right to collect fees from users of the capital asset. Application of this statement is effective for the City’s fiscal year ending June 30, 2013.

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and 34*. This statement is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, to better meet the needs of users and address reporting entity issues that have come to light since these statements were issued in 1991 and 1999, respectively. This statement improves the information presented about the financial reporting entity, which is comprised of a primary government and related entities (component units) and amends the criteria for blending - reporting component units as if they were part of the primary government - in certain circumstances. Application of this statement is effective for the City’s fiscal year ending June 30, 2013.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. Application of this statement is effective for the City’s fiscal year ending June 30, 2013.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This statement also amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. Application of this statement is effective for the City’s fiscal year ending June 30, 2013.

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

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Key changes include:

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

The statements relate to accounting and financial reporting and do not apply to how governments approach the funding of their pension plans. At present, there generally is a close connection between the ways many governments fund pensions and how they account for and report information about them in financial statements. The statements would separate how the accounting and financial reporting is determined from how pensions are funded. Application of Statement 67 is effective for financial statements for the City's fiscal year ending June 30, 2014. Application of Statement 68 is effective for the City's fiscal year ending June 30, 2015.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

K. Use of Estimates

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

L. Extraordinary items

Extraordinary items are both 1) unusual in nature (possessing a high degree of abnormality and clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the entity) and 2) infrequent in occurrence (not reasonably expected to recur in the foreseeable future, taking into account the environment in which the entity operates).

The dissolution of all redevelopment agencies in the State of California qualifies as an extraordinary item since this state-wide dissolution was both unusual and infrequent. Accordingly, the transfer of the assets and liabilities of the former Agency to the Successor Agency; and the transfer out of the former Agency's housing assets and related liabilities were recorded as an extraordinary item in the City's financial statements. The Redevelopment Dissolution Act specifically invalidates existing agreements between the former Agency and the City, except for 1) those entered into at the time of issuance of debt for the purpose of securing repayment of such debt; and 2) loans or advances from the Low and Moderate Income Housing Fund.

The components of the extraordinary gain (loss) recognized are as follows:

Governmental Funds:

Former Agency's transfers of fund balances at January 31, 2012	
Transfer out of former Agency Funds assets	\$ (13,889,380)
Transfer out of former Agency Funds liabilities	4,866,955
Fund balances reported on former Agency fund statement	(9,022,425)
Add: transfers of housing related assets to the Housing Successor	5,826,493
Less: transfers of housing related liabilities to the Housing Successor	(557,618)
Governmental Fund's extraordinary loss from dissolution of the Redevelopment Agency	(3,753,550)

Governmental Activities:

Transfers out of former Agency's long-term debt	11,330,000
Governmental Activities' extraordinary gain from dissolution of the Redevelopment Agency	\$ 7,576,450

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The City adopts a biennial budget on or before June 30 of even-numbered years for each of the ensuing two fiscal years for all funds except agency funds. The Low and Moderate Income Housing Asset and CLEEP Grant Special Revenue Funds were not budgeted for fiscal year 2011-2012. The operating budget takes the form of a two-year budget, which is adopted in its entirety by the City Council by resolution.

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

The operating budget for the Agency is subject to supplemental appropriations throughout its term in order to provide flexibility to meet changing needs and conditions. The Executive Director (City Manager) may approve supplemental appropriations in all funds, providing the total increase does not exceed 5% of the original total budget of all funds. Additional appropriations above the 5% level must be approved by the Agency.

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

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

B. Excess of Expenditures over Appropriations

The following funds had expenditures in excess of budget due to unanticipated expenditures for the year ended June 30, 2012:

	Amount
<i>Special Revenue Funds:</i>	
Gas Tax 2107.5	\$ 1,862
Waste Management/Recycling	153
<i>Capital Projects Funds:</i>	
Capital Outlay	367
Public Educational and Governmental Access Capital Grant	25,594
Vehicles and Equipment Placement	76
<i>Debt Service Fund:</i>	
Refunding Lease Revenue Bonds	1,482

C. Deficit Fund Balances

At June 30, 2012, the Vehicle Abatement, Edward Byrne Memorial Justice Assistance Grant, DARE, and COPS nonmajor Special Revenue Funds have fund deficits of \$19,915, \$53,379, \$875, and \$1,620, respectively. The deficits are expected to be eliminated in future years through reimbursement from General Fund or receipt of grant revenues.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 3 – CASH AND INVESTMENTS

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

A. Policies

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. Security instruments owned by the City are held in safekeeping by a third party custodian acting as agent for the City under the terms of a custody agreement. The City does not have any exposure to custodial credit risks for investments at June 30, 2012.

California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California law, this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution. The City does not have any exposure to custodial credit risks for deposits at June 30, 2012.

The City's investments are stated at fair value. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

B. Classification

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

	Primary Government	Private Purpose Trust Fund	Agency Funds	Total
Cash and investments:				
Held in City Treasury	\$ 17,816,187	\$ 8,489,484	\$ 261,558	\$ 26,567,229
Held with trustees	931,500	1,226,278	1,092,581	3,250,359
Total cash and investments	<u>\$ 18,747,687</u>	<u>\$ 9,715,762</u>	<u>\$ 1,354,139</u>	<u>\$ 29,817,588</u>

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

The City's Investment Policy and the California Government Code allow the City to invest in the following provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 3 – CASH AND INVESTMENTS (Continued)

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

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

D. Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City ordinances, bond indentures or State statutes. The bond indentures contain no limitations for the maximum investment in anyone issuer or the maximum percentage of the portfolio that may be invested in anyone investment type. The table below identifies the investment types that are authorized for investments held by trustees under the terms of the bond indentures.

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

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 3 – CASH AND INVESTMENTS (Continued)

E. Interest Rate Risk

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

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

Investment Type	Maturities in			Total
	Less Than 3 Months	3 to 12 Months	1 to 5 Years	
<i>Investments Held by City Treasury</i>				
U.S. Treasury Securities	\$ -	\$ 629,065	\$ 349,679	\$ 978,744
Local Agency Investment Fund	-	16,988,489	-	16,988,489
Money Market Mutual Funds	27,895	-	-	27,895
U.S. Government Agency Securities	562,772	816,225	2,218,906	3,597,903
Total investments held by City Treasury	<u>590,667</u>	<u>18,433,779</u>	<u>2,568,585</u>	<u>21,593,031</u>
<i>Investments Held by Trustees</i>				
Local Agency Investment Fund	-	1,583,261	-	1,583,261
Money Market Mutual Funds	1,667,098	-	-	1,667,098
Total investments held by trustees	<u>1,667,098</u>	<u>1,583,261</u>	<u>-</u>	<u>3,250,359</u>
Total investments	<u>\$ 2,257,765</u>	<u>\$ 20,017,040</u>	<u>\$ 2,568,585</u>	<u>24,843,390</u>
Petty cash on hand				3,775
Cash in banks				4,970,423
Total cash and investments				<u>\$ 29,817,588</u>

LAIF is part of the Pooled Money Investment Account (PMIA). PMIA oversight is provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. PMIB members are the State Treasurer, State Director of Finance, and State Controller. The Local Investment Advisory Board (LIAB) provides oversight for LAIF. The Board consists of five members as designated by statute. The Chairman is the State Treasurer or his designated representative. Two members are qualified by training and experience in the field of investment or finance, and the State Treasurer appoints two members who are treasurers, finance or fiscal officers, or business managers employed by any county, city or local district or municipal corporation of this state. At June 30, 2012, PMIA has a total amount of approximately \$60.5 billion and of that amount, 96.53% was invested in non-derivative financial products and 3.47% in structured notes and asset-backed securities.

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 3 – CASH AND INVESTMENTS (Continued)

Presented below is the actual rating as of June 30, 2012 for each investment type, including those with fiscal agents, as provided by Moody's ratings:

<u>Investment Type</u>	<u>Ratings</u>	<u>Total</u>
Money Market Mutual Funds	Aaa	\$ 1,694,993
U.S. Government Agency Securities	Aaa	3,597,903
Total rated		<u>5,292,896</u>
Exempt from credit rating disclosure:		
U.S. Treasury Securities	Exempt	978,744
Not rated:		
Local Agency Investment Fund	Not rated	<u>18,571,750</u>
Total investments		<u>\$ 24,843,390</u>

G. Concentration of Credit Risk

The City's investment policy contains certain limitations on the amount that can be invested in any one issuer. Excluding those issued or explicitly guaranteed by the U.S. government and investments in the Local Agency Investment Fund and mutual funds, the City did not have investments in any one issuer that represent 5% or more of total City-wide investments at June 30, 2012.

NOTE 4 – INTERFUND TRANSACTIONS

A. Due From/To Other Funds

Due from/to other funds arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2012, due from/to other funds totaled to \$947,334.

B. Advance for Diablo Vista Water

In June 2004, the General Fund advanced \$120,000 to the Diablo Vista Water Enterprise Fund for water system improvements. The advance is to be repaid over ten years starting July 15, 2006, with interest based on the City's return on investments from the Local Agency Investment Fund. At June 30, 2012, the outstanding balance was \$48,000.

C. Due from the Successor Agency

In 2009, the California State Legislature enacted AB X4-26, which required redevelopment agencies statewide to deposit a total of \$2.05 billion of property tax increment into the county held Supplemental Educational Revenue Augmentation Fund (SERAF) in fiscal years 2010 and 2011. The former Agency's SERAF obligation for fiscal year 2010 was \$1,906,348. The former Agency was allowed to borrow from the Low and Moderate Income Housing Fund for the payment and was required to repay within five years. During fiscal year 2010, the former Agency borrowed \$1,906,348 from the Low and Moderate Income Housing Fund. The advance bears no interest and is due on or before June 30, 2015. The advance was transferred from the former Agency to the City's Low and Moderate Income Housing Asset major governmental fund on February 1, 2012, when all redevelopment agencies in California ceased to exist. At June 30, 2012, the outstanding advance balance was \$1,906,348.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 4 – INTERFUND TRANSACTIONS (Continued)

For fiscal years 1985-86 through 1991-92, the former Agency deferred the required 20% set aside of all tax increment received annually on the original Commons Project Area. At June 30, 1992, the total amount deferred was \$1,161,749, and was recorded as advances between the Low and Moderate Income Housing Fund and the Redevelopment TARB Debt Service Fund. No interest was charged on the outstanding deferred balance. Beginning in fiscal 2002-2003, the Agency budgeted and made annual repayments. The advance was transferred from the former Agency to the City’s Low and Moderate Income Housing Asset major governmental fund on February 1, 2012, when all redevelopment agencies in California ceased to exist. At June 30, 2012, the outstanding advance balance was \$638,957.

D. Transfers Between Funds

With Council or City Manager approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund which has made expenditures on behalf of another fund.

<u>Fund Making Transfers</u>	<u>Fund Receiving Transfers</u>	<u>Amount Transferred</u>
General Fund	Nonmajor Governmental Funds	\$ 1,130,250
Measure C/J Growth Management Fund	Traffic Mitigation Fund	191,039
	Gas Tax Fund	393,000
Gas Tax Fund	Traffic Mitigation Fund	100,000
Redevelopment TARB Debt Service Fund	Redevelopment Capital Projects Fund	1,950,277
	Nonmajor Governmental Funds	888,504
Nonmajor Governmental Funds	General Fund	128,801
	Gas Tax Fund	23,759
	Nonmajor Governmental Funds	66,000
Total interfund transfers		<u>\$ 4,871,630</u>

E. Intergovernmental Expenditures

On January 24, 2011, the City and the Agency entered into a Public Improvements, Economic Development and Affordable Housing Reimbursement Agreement (Original Agreement) in which the City has agreed to expeditiously implement the projects in accordance with the Redevelopment Plans and Implementation Plan of the Pleasant Hill Commons and Schoolyard Project Area. The Agency pledges Net Available Tax Increment to make subsequent payments to reimburse the City for all costs incurred by the City in connection with the projects starting fiscal year 2011. On March 8, 2011, the City and the Agency amended and restated the Original Agreement in which the Agency agreed to provide certain initial funding in advance of the City incurring costs in order to ensure the City has adequate funds available and needed to immediately begin undertaking the projects. The City agreed to provide the Agency a report periodically for the City’s progress in the development and construction of the projects, the projects cost incurred for which the initial advance has been made, and any subsequent payments requested by the City for reimbursement. For the year ended June 30, 2011, the Redevelopment Capital Projects Fund transferred \$3,813,612 to the General Fund. During June 2012, after the dissolution of the former Agency, the City’s General Fund recorded an intergovernmental expenditure in the amount of \$3,166,094 to return the unencumbered funds to the Successor Agency.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 5 – NOTES AND LOANS RECEIVABLE

A. Owner-Occupied Housing Rehabilitation Loans

The former Agency administered a housing rehabilitation loan program under which very low and low income homeowners were eligible to receive loans up to \$60,000 to be used to construct improvements on their homes. These loans bear five percent simple interest, have a fifteen year term and are secured by deeds of trust. Payments on the loans may be made monthly or may be deferred and paid at the end of the term or transfer of ownership. These loans were transferred from the former Agency to the City's Low and Moderate Income Housing Asset major governmental fund on February 1, 2012, when all redevelopment agencies in California ceased to exist. At June 30, 2012, loans with payments made monthly and deferred totaled to \$79,558 and \$1,744,512, respectively.

B. Grayson Creek Apartments

In fulfillment of its obligation to replace low and moderate-income housing destroyed as part of the Pleasant Hill Downtown Project, the Agency entered into an Agreement with Bridge Housing Corporation, a non-profit housing developer, to provide \$150,000 annually for the construction and operation of a 71 unit low and moderate-income apartment project. In fiscal year 2000, the Agency and Bridge Housing Corporation amended their Agreement to allow for an additional \$50,000 to be provided for demolition costs. In fiscal year 2002, another amendment assigned the loan Agreement to Bridge Grayson Creek Associates and increased the remaining annual installments from \$150,000 to \$235,000, in the form of grants. The amendment decreased the loan amount from \$4,500,000 to \$1,005,000, and decreased the number of the units from 71 to 70. The loan bears three percent simple interest. The payments commenced in July 1998 and will continue for 34 years or the life of the Pleasant Hill Commons Project Area, rather than 30 years as was in the previous agreement, whichever is less. As of October 14, 2003, construction of the apartment project was completed and the apartments have since been occupied. In addition, the Agency has agreed to provide annual operating grants of \$235,000 to subsidize the operations of the complex from fiscal year 2004 through fiscal year 2031-2032. The loan was transferred from the former Agency to the City's Low and Moderate Income Housing Asset major governmental fund and the annual operating grant commitment was transferred to the Successor Agency on February 1, 2012, when all redevelopment agencies in California ceased to exist. At June 30, 2012, the outstanding balance of the receivable, including accrued interest, was \$1,256,542.

C. Jack's Restaurant Loan Receivable

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

NOTE 6 – LAND HELD FOR REDEVELOPMENT

The Agency purchases parcels of land in order to develop or redevelop blighted properties within the redevelopment areas. Such land parcels are carried at the lower of cost, net realizable value or agreed-upon sales price if a disposition and development agreement has been made with a developer.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 6 – LAND HELD FOR REDEVELOPMENT

A summary of changes in property held for redevelopment for the City's governmental activities was as follows:

	<u>Balance, July 1, 2011</u>	<u>Sales</u>	<u>Transfer to Successor Agency</u>	<u>Balance, June 30, 2012</u>
Land held for redevelopment	\$ 575,937	\$ (298,788)	\$ (86,100)	\$ 191,049

During the year, the former Agency sold a parcel amounting to \$298,788 and received proceeds amounting to \$340,402, resulting in a gain from the sale of \$41,613. Land held for redevelopment in the amount of \$191,049 and \$86,100 were transferred from the former Agency to the City's Low and Moderate Income Housing Asset major governmental fund and the Successor Agency, respectively, on February 1, 2012, when all redevelopment agencies in California ceased to exist.

NOTE 7 – CAPITAL ASSETS

A. Capital Asset Additions and Retirements

A summary of changes in capital assets for the year ended June 30, 2012 is as follows:

	<u>Balance, July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2012</u>
Governmental activities				
<i>Capital assets, not being depreciated:</i>				
Land and improvements	\$ 3,406,821	\$ -	\$ -	\$ 3,406,821
Construction in progress	1,847,206	2,857,536	-	4,704,742
Total capital assets, not being depreciated	<u>5,254,027</u>	<u>2,857,536</u>	<u>-</u>	<u>8,111,563</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	15,026,448	1,024	-	15,027,472
Equipment and furniture	6,296,646	663,238	(77,133)	6,882,751
Streets and roads	52,560,964	81,500	-	52,642,464
Curbs and gutters	15,422,275	40,314	-	15,462,589
Storm drain	6,475,088	150,516	-	6,625,604
Street lights	885,466	191,500	-	1,076,966
Traffic control devices	2,422,432	-	-	2,422,432
Total capital assets, being depreciated	<u>99,089,319</u>	<u>1,128,092</u>	<u>(77,133)</u>	<u>100,140,278</u>
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(5,687,369)	(412,984)	-	(6,100,353)
Equipment and furniture	(4,883,686)	(426,089)	70,578	(5,239,197)
Streets and roads	(21,039,417)	(1,052,849)	-	(22,092,266)
Curbs and gutters	(6,758,917)	(309,252)	-	(7,068,169)
Storm drain	(4,341,257)	(220,633)	-	(4,561,890)
Street lights	(529,830)	(36,795)	-	(566,625)
Traffic control devices	(1,277,441)	(80,667)	-	(1,358,108)
Total accumulated depreciation	<u>(44,517,917)</u>	<u>(2,539,269)</u>	<u>70,578</u>	<u>(46,986,608)</u>
Total capital assets, being depreciated, net	<u>54,571,402</u>	<u>(1,411,177)</u>	<u>(6,555)</u>	<u>53,153,670</u>
Governmental activities, capital assets, net	<u>\$ 59,825,429</u>	<u>\$ 1,446,359</u>	<u>\$ (6,555)</u>	<u>\$ 61,265,233</u>
Business-type activity				
<i>Capital assets, being depreciated:</i>				
Water system infrastructure	\$ 608,623	\$ 18,929	\$ -	\$ 627,552
<i>Less accumulated depreciation for:</i>				
Water system infrastructure	(176,543)	(10,712)	-	(187,255)
Total capital assets, being depreciated, net	<u>432,080</u>	<u>8,217</u>	<u>-</u>	<u>440,297</u>
Business-type activity, capital assets, net	<u>\$ 432,080</u>	<u>\$ 8,217</u>	<u>\$ -</u>	<u>\$ 440,297</u>

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 7 – CAPITAL ASSETS (Continued)

B. Depreciation Allocation

Depreciation expense was charged to functions and programs based on their usage of the related assets. For the year ended June 30, 2012, depreciation expense was charged to each function or programs for governmental and the business-type activities as follows:

Governmental activities

General government	\$ 256,878
Public safety	450,353
Transportation	1,828,262
Community development	3,776
Total depreciation expense - governmental activities	<u>\$ 2,539,269</u>

Business-type activity

Diablo Vista Water	<u>\$ 10,712</u>
Total depreciation expense - business-type activity	<u>\$ 10,712</u>

NOTE 8 -LONG TERM DEBT

A. Composition and Changes

A summary of changes in long-term debt of the City’s governmental activities for the year ended June 30, 2012 is as follows:

	Balance July 1, 2011	Retirements	Transfer to Successor Agency	Balance June 30, 2012	Amount Due Within One Year
Pleasant Hill Joint Powers Financing Authority					
Lease Revenue Refunding Bonds, Series 2004					
Interest of 2.00% - 3.75%, due 12/01/2016	\$ 4,260,000	\$ (640,000)	\$ -	\$ 3,620,000	\$ 660,000
Pleasant Hill Redevelopment Agency					
Tax Allocation Refunding Bonds, Series 2002					
Interest of 2.00% - 4.25%, due 09/01/2021	5,690,000	(435,000)	(5,255,000)	-	-
Pleasant Hill Downtown Community District #1					
Special Tax Refunding Bonds, Subordinated Series 2002					
Interest of 2.40% - 6.00%, due 09/01/2032	6,225,000	(150,000)	(6,075,000)	-	-
Total long-term debt	<u>\$ 16,175,000</u>	<u>\$ (1,225,000)</u>	<u>\$(11,330,000)</u>	<u>\$ 3,620,000</u>	<u>\$ 660,000</u>

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

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 (Series 2004 Bonds) in the amount of \$9,315,000 to refund the 1993 Series A Bonds. Interest is payable semiannually December 1 and June 1, and principal is payable each December 1 with final maturity on December 1, 2016.

Lease payments from the City are pledged for the repayment of the Series 2004 Bonds. Total debt service requirements remaining on the lease revenue bonds are \$3,964,082 payable through December 1, 2016. For the fiscal year ended June 30, 2012, total lease payments made by the City and total debt service payments paid by the Authority totaled to \$774,063.

On September 18, 2002, the Agency issued Tax Allocation Refunding Bonds Series 2002 (Series 2002 Bonds) in the amount of \$8,860,000 to refund the Tax Allocation Refunding Bonds Series 1991. Interest is payable semiannually September 1 and March 1, and principal is payable each September 1 with final maturity on September 1, 2021. Redevelopment property tax revenues (i.e. former tax increment) are pledged for the repayment of the Series 2002 Bonds. The outstanding principal of the Series 2002 Bonds in the amount of \$5,255,000 were transferred from the former Agency to the Successor Agency on February 1, 2012, when all redevelopment agencies in California ceased to exist.

On November 20, 2002, the City assisted the District in issuing \$7,290,000 of Refunding Special Tax Bonds, Subordinated Series 2002 (Special Tax Series 2002 Bonds) to refund Special Tax Bonds, Series 1998A. Interest is payable semiannually March 1 and September 1, and principal is payable each September 1 with final maturity on September 1, 2032. Redevelopment property tax revenues (i.e. former tax increment) are pledged for the repayment of the Special Tax Series 2002 Bonds. The outstanding principal of the Special Tax Series 2002 Bonds in the amount of \$6,075,000 were transferred from the former Agency to the Successor Agency on February 1, 2012, when all redevelopment agencies in California ceased to exist.

A summary of changes in long-term debt of the Successor Agency for the year ended June 30, 2012 is as follows:

	Balance		Balance	Amount
	February 1, 2012	Retirements	June 30, 2012	Due Within
				One Year
Tax Allocation Refunding Bonds, Series 2002	\$ 5,255,000	\$ -	\$ 5,255,000	\$ 450,000
Special Tax Refunding Bonds, Subordinated Series 2002	6,075,000	-	6,075,000	155,000
Total long-term debt - Successor Agency	\$ 11,330,000	\$ -	\$ 11,330,000	\$ 605,000

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 8 – LONG TERM DEBT (Continued)

C. Debt Service Requirements

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

Governmental Activities:

For the Year Ending June 30,	Series 2004 Bonds	
	Principal	Interest
2013	\$ 660,000	\$ 116,175
2014	690,000	95,906
2015	710,000	71,813
2016	735,000	44,719
2017	825,000	15,469
	<u>\$ 3,620,000</u>	<u>\$ 344,082</u>

Successor Agency:

For the Year Ending June 30,	Series 2002 Bonds		Special Tax Series 2002 Bonds	
	Principal	Interest	Principal	Interest
2013	\$ 450,000	\$ 193,953	\$ 155,000	\$ 352,083
2014	460,000	179,618	165,000	343,840
2015	475,000	164,183	175,000	334,519
2016	495,000	147,198	185,000	324,169
2017	510,000	128,598	195,000	313,244
2018-2022	2,865,000	310,936	1,150,000	1,380,351
2023-2027	-	-	1,530,000	992,913
2028-2032	-	-	2,035,000	464,850
2033	-	-	485,000	14,550
	<u>\$ 5,255,000</u>	<u>\$ 1,124,486</u>	<u>\$ 6,075,000</u>	<u>\$ 4,520,519</u>

D. Mortgage Revenue Bonds Without City Commitment

The City and former Agency assisted low and moderate income home buyers by sponsoring mortgage revenue bonds issued by developers. These bond issues provide cash to finance mortgages, but are solely repayable out of mortgage payments of the developers. The City and former Agency have no direct or contingent liability or moral obligation for the payment of these bonds and have not recorded them as City or former Agency debt. As of June 30, 2012, there was one mortgage revenue bond without City or Successor Agency commitment outstanding, in the aggregate principal amount of \$10,355,000.

The former Agency entered into a Development and Disposition Agreement with a developer which provided for the construction of the Pleasant Hill Downtown Project. In fiscal year 1998, the developer, as sole property owner of the project site, voted to form the Pleasant Hill Downtown Community Facilities District No. 1 (the District) for the expressed purpose of issuing long-term tax exempt debt to provide the financing of infrastructure improvements within the District. Special tax will be levied on the project site each year in amounts which will be sufficient to repay the principal and interest on the District's long-term debt.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 8 – LONG TERM DEBT (Continued)

During fiscal year 1999, in order to assist the developer in financing the infrastructure costs of the project, the City assisted the District and for the issuance of Special Tax Bonds, Series 1998A in the amount of \$7,470,000. The bonds are secured and serviced only by assessments on the properties and unexpended debt proceeds in the District. The City, the Agency and the Successor Agency have no legal or moral liability with respect to the payment of the above debt, Neither the City, Agency, nor Successor Agency has pledged their revenues or assets for the repayment of these bonds. Accordingly, the Special Tax Bonds, Series 1998A have been excluded from the City's basic financial statements. At June 30, 2012, the outstanding balance for Special Tax Bonds, Series 1998 A were \$6,630,000.

NOTE 9 – NET ASSETS AND FUND BALANCES

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

A. Net Assets

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

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

Restricted – This category represents net assets that have external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. At June 30, 2012, the government-wide statement of net assets reported restricted assets of \$11,971,498 in governmental activities, of which, \$1,812,281 are restricted by enabling legislation.

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

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 9 – NET ASSETS AND FUND BALANCES (Continued)

B. Fund Balances

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

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

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

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

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

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

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

The City Council has established reserve policy levels for contingency purposes. At June 30, 2012, \$8,323,200 is reported as part of General Fund’s assigned fund balance.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 9 – NET ASSETS AND FUND BALANCES (Continued)

Fund balances for all major and nonmajor governmental funds as of June 30, 2012, were classified as follows:

	General	Traffic Mitigation	Measure C/J Growth Management	Gas Tax	Low and Moderate Income Housing Asset	Other Governmental Funds	Total
Nonspendable:							
Prepaid items	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ 37,727	\$ 52,727
Restricted for:							
General government	-	-	-	-	-	360,015	360,015
Public safety	-	-	-	-	-	229,000	229,000
Transportation	-	40,925	894	800,262	-	944,264	1,786,345
Community development	647,518	-	-	-	5,267,880	1,033,885	6,949,283
Debt service	-	-	-	-	-	993,898	993,898
Capital projects	-	-	-	-	-	701,347	701,347
Subtotal	<u>647,518</u>	<u>40,925</u>	<u>894</u>	<u>800,262</u>	<u>5,267,880</u>	<u>4,262,409</u>	<u>11,019,888</u>
Committed to:							
Community development	-	-	-	-	-	912,831	912,831
Capital projects	-	-	-	-	-	1,308,413	1,308,413
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,221,244</u>	<u>2,221,244</u>
Assigned to:							
General government	8,373,037	-	-	-	-	-	8,373,037
Unassigned:							
	<u>2,451,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,789)</u>	<u>2,375,774</u>
Total	<u>\$ 11,487,118</u>	<u>\$ 40,925</u>	<u>\$ 894</u>	<u>\$ 800,262</u>	<u>\$ 5,267,880</u>	<u>\$ 6,445,591</u>	<u>\$ 24,042,670</u>

NOTE 10 – EMPLOYEE BENEFITS

A. Post-Retirement Benefits

Employees hired before certain dates as stated in the applicable Memoranda of Understanding are entitled to 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 use to pay their medical insurance premiums until depleted, or when certain other conditions are satisfied. A scaled down conversion plan exists for employees with a service retirement of 15 to 19 years of City employment for the Management and Police Officers Association bargaining groups in which they may convert 50% of their unused sick leave at 25% of their current hourly rate, to a similar sick leave bank.

As of June 30, 2012, the City provided medical benefits for 14 retirees from the converted sick leave bank. 6 employees are receiving a one-year dental insurance benefit and 14 employees are entitled to a one-year dental insurance benefits. Benefits are expended on a pay-as-you-go basis and amounted to \$119,460 during fiscal year 2012.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 10 – EMPLOYEE BENEFITS (Continued)

B. Deferred Compensation Plan

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

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.

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

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

C. CalPERS Safety and Miscellaneous Employees Plans

Plan Description

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

Funding Policy

Police employees and all other employees have an obligation to contribute 9% and 7%, respectively, of their annual covered salary to the Fund. The City contributes a portion of the employee obligation on behalf of its employees in accordance with the terms stated in the applicable Memoranda of Understanding. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the Fund's Board of Administration. The required employer contribution rates for the year ended June 30, 2012 was 32.734% and 12.867% for the Safety and the Miscellaneous Plans, respectively.

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 10 – EMPLOYEE BENEFITS (Continued)

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

As required by State law, effective July 1, 2005, the City’s Safety and Miscellaneous Plans (agent-employer) were terminated, and the employees in these Plans were required by CalPERS to join new State-wide cost-sharing pools. One of the conditions of entry to these pools was that the City true-up any unfunded actuarial liabilities of the former Plans, either by paying cash or by increasing its future contribution rates through Side Funds offered by CalPERS. The City will satisfy its Plans’ unfunded actuarial liabilities by contributing to the Side Funds through additions to its normal contribution rates. The Side Funds amortization rates for the year ended June 30, 2012 were 8.622% and 2.593% for the Safety and the Miscellaneous Plans, respectively, and were included as part of the City’s required employer contribution rate. At June 30, 2012, the Safety and Miscellaneous Side Funds’ balances were approximately \$4.1 million and \$2.8 million, respectively. The City is considering paying off the remaining Safety Side Funds unfunded actuarial liabilities during the year ended June 30, 2013.

The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. The City’s contributions to CalPERS for the years ended June 30, 2012, 2011, and 2010 equal to the required contributions for each year and were as follows:

<u>For the Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>
Safety Plan		
June 30, 2010	\$ 1,218,921	100%
June 30, 2011	1,253,749	100%
June 30, 2012	1,448,478	100%
Miscellaneous Plan		
June 30, 2010	\$ 731,882	100%
June 30, 2011	810,817	100%
June 30, 2012	800,405	100%

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 11 – RISK MANAGEMENT

A. Municipal Pooling Authority

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

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

The Municipal Pooling Authority (MPA) is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of the MPA, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board. The City's premium payments to the MPA are calculated in accordance with formulas established by the MPA. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. Financial statements may be obtained from MPA at 1911 San Miguel Drive, Suite 200, Walnut Creek, CA 94596. For the year ended June 30, 2012, the City paid MPA net premiums of \$382,032.

B. Liability for Uninsured Claims

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

The City's liability for uninsured claims is expected to be repaid within the next fiscal year and was recorded under accounts payable and accrued liabilities in the General Fund. Settlements have not exceeded insurance coverage in the past three years. Changes in the balances of uninsured claims liabilities during the years ended June 30, 2012 and 2011 are as follows:

	2012	2011
Uninsured claims, beginning of year	\$ 56,175	\$ 95,104
Incurred claims and changes in estimate	30,001	8,244
Claim payments	(41,175)	(47,173)
Uninsured claims, end of year	<u>\$ 45,001</u>	<u>\$ 56,175</u>

CITY OF PLEASANT HILL
Notes to Basic Financial Statements
Year Ended June 30, 2012

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Contingent Liabilities

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

The City participates in Federal and State grant programs. These programs are audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act as amended in 1996 and applicable State requirements. These programs are subject to further examination by the grantors, and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

B. Encumbrances

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

As of June 30, 2012, the City had outstanding encumbrances for the following governmental funds by fund balance categories:

	Amount
General Fund	\$ 49,837
Traffic Mitigation	584,688
Measure C/J Growth Management	18,792
Gas Tax	139,902
Other Governmental Funds	116,606
Total encumbrances	\$ 909,825

C. Redevelopment Dissolution Act

Under AB x1 26, adopted on June 28, 2011, as amended by AB 1484 on June 27, 2012, all new redevelopment activities were suspended, with limited exceptions, and redevelopment agencies were dissolved on February 1, 2012. Under this legislation, the California Department of Finance and the California State Controller's Office have varying degrees of responsibility and oversight. The ultimate outcome of issues raised by State authorities, such as the rejection of using the Successor Agency assets to pay obligations or the return of asset transfers to the Successor Agency, cannot be presently be determined and accordingly, no provision for liability that may result has been recorded in the financial statement, except for the liability of \$6,706,193 recorded by the Successor Agency at June 30, 2012 for the housing (\$2,362,929) and non-housing (\$4,343,264) cash and investments available for distribution to taxing entities as determined by the City through the State's required "Due Diligence Reviews".

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CITY OF PLEASANT HILL
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual for Major Governmental Fund
Other than General Fund and Special Revenue Funds
For the Year Ended June 30, 2012

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

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

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

CITY OF PLEASANT HILL
Redevelopment Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Property taxes	\$ 1,893,829	\$ 1,121,060	\$ (772,769)
Use of money and property	158,238	82,012	(76,226)
Other	80,350	43,138	(37,212)
Total revenues	<u>2,132,417</u>	<u>1,246,210</u>	<u>(886,207)</u>
Expenditures:			
Current:			
Community development	4,352,579	2,150,774	2,201,805
Total expenditures	<u>4,352,579</u>	<u>2,150,774</u>	<u>2,201,805</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,220,162)</u>	<u>(904,564)</u>	<u>1,315,598</u>
Other financing sources:			
Transfers in	1,950,277	1,950,277	-
Extraordinary loss from dissolution of the Redevelopment Agency	<u>-</u>	<u>(8,366,717)</u>	<u>(8,366,717)</u>
Change in fund balance	<u>\$ (269,885)</u>	<u>(7,321,004)</u>	<u>\$ (7,051,119)</u>
Fund balance, beginning of year		<u>7,321,004</u>	
Fund balance, end of year		<u>\$ -</u>	

CITY OF PLEASANT HILL
Redevelopment TARB Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Property taxes	\$ 3,229,175	\$ 1,545,810	\$(1,683,365)
Use of money and property	22,022	2,574	(19,448)
Total revenues	<u>3,251,197</u>	<u>1,548,384</u>	<u>(1,702,813)</u>
Expenditures:			
Debt service:			
Principal	435,000	435,000	-
Interest and fiscal charges	211,570	108,709	102,861
Total expenditures	<u>646,570</u>	<u>543,709</u>	<u>102,861</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,604,627</u>	<u>1,004,675</u>	<u>(1,599,952)</u>
Other financing uses:			
Transfers out	<u>(2,618,118)</u>	<u>(2,838,781)</u>	<u>(220,663)</u>
Extraordinary gain from dissolution of the Redevelopment Agency	<u>-</u>	<u>826,593</u>	<u>826,593</u>
Change in fund balance	<u>\$ (13,491)</u>	<u>(1,007,513)</u>	<u>\$ (994,022)</u>
Fund balance, beginning of year		<u>1,007,513</u>	
Fund balance, end of year		<u>\$ -</u>	

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CITY OF PLEASANT HILL
Other Nonmajor Governmental Funds
For the Year Ended June 30, 2012

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

SPECIAL REVENUE FUNDS:

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF PLEASANT HILL
Other Nonmajor Governmental Funds
For the Year Ended June 30, 2012

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS:

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

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

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

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

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

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

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

CITY OF PLEASANT HILL
Other Nonmajor Governmental Funds
For the Year Ended June 30, 2012

DEBT SERVICE FUNDS:

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

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

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

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2012

	Special Revenue Funds				
	Traffic Safety	Gas Tax 2107.5	Unified Street Lighting	Commercial Landscaping and Lighting District 20	NPDES
Assets:					
Cash and investments:					
Held in City Treasury	\$ 8,558	\$ 23,260	\$ 359,700	\$ 735,980	\$ 603,904
Held with trustees	-	-	-	-	-
Receivables:					
Accounts and other	17,113	-	-	-	-
Grants	-	-	-	-	-
Interest	9	20	315	-	501
Due from other funds	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	\$ 25,680	\$ 23,280	\$ 360,015	\$ 735,980	\$ 604,405
Liabilities and fund balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 12,048	\$ 4,096
Deferred revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	12,048	4,096
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	25,680	23,280	360,015	723,932	600,309
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	25,680	23,280	360,015	723,932	600,309
Total liabilities and fund balances	\$ 25,680	\$ 23,280	\$ 360,015	\$ 735,980	\$ 604,405

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2012

Special Revenue Funds

Supplemental Law Enforcement Services	Waste Management/ Recycling	Police Special Services	Park and Recreation	Landscaping and Lighting Assessment District 22	Senior Van Services	CLEEP Grant
\$ 109,879	\$ 204,727	\$ 92,391	\$ 912,021	\$ 155,866	\$ 50,803	\$ 5
-	-	-	-	-	-	-
-	11,082	-	-	-	-	-
98	178	71	810	141	44	1
-	-	875	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 109,977</u>	<u>\$ 215,987</u>	<u>\$ 93,337</u>	<u>\$ 912,831</u>	<u>\$ 156,007</u>	<u>\$ 50,847</u>	<u>\$ 6</u>
\$ -	\$ 52,848	\$ -	\$ -	\$ 5,671	\$ 36,126	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	<u>52,848</u>	<u>-</u>	<u>-</u>	<u>5,671</u>	<u>36,126</u>	<u>-</u>
-	-	-	-	-	-	-
109,977	163,139	93,337	-	150,336	14,721	6
-	-	-	912,831	-	-	-
-	-	-	-	-	-	-
<u>109,977</u>	<u>163,139</u>	<u>93,337</u>	<u>912,831</u>	<u>150,336</u>	<u>14,721</u>	<u>6</u>
<u>\$ 109,977</u>	<u>\$ 215,987</u>	<u>\$ 93,337</u>	<u>\$ 912,831</u>	<u>\$ 156,007</u>	<u>\$ 50,847</u>	<u>\$ 6</u>

(Continued)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2012

	Special Revenue Funds				
	Vehicle Abatement	Affordable Housing	Traffic Congestion Relief Fund	Edward Byrne Memorial Justice Assistance Grant	DARE
Assets:					
Cash and investments:					
Held in City Treasury	\$ -	\$ 255,489	\$ 46,716	\$ -	\$ -
Held with trustees	-	-	-	-	-
Receivables:					
Accounts and other	-	-	-	-	-
Grants	-	-	-	-	-
Interest	-	227	-	-	-
Due from other funds	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 255,716</u>	<u>\$ 46,716</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-
Due to other funds	19,915	-	-	53,379	875
Total liabilities	<u>19,915</u>	<u>-</u>	<u>-</u>	<u>53,379</u>	<u>875</u>
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	255,716	46,716	-	-
Committed	-	-	-	-	-
Unassigned	(19,915)	-	-	(53,379)	(875)
Total fund balances	<u>(19,915)</u>	<u>255,716</u>	<u>46,716</u>	<u>(53,379)</u>	<u>(875)</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 255,716</u>	<u>\$ 46,716</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2012

Special Revenue Fund	Capital Projects Funds					
COPS Grant	Public					
COPS Grant	Capital Outlay	Computer Technology Replacement	Educational and Governmental Access Capital Grant	Vehicles and Equipment Replacement	Police Technology	Capital Projects
\$ -	\$ 242,745	\$ 460,492	\$ 446,091	\$ 253,920	\$ 428,120	\$ 336,846
-	-	-	-	-	-	-
-	-	-	11,898	-	-	-
18,636	-	-	-	-	-	179,963
-	215	-	398	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	37,727	-
<u>\$ 18,636</u>	<u>\$ 242,960</u>	<u>\$ 460,492</u>	<u>\$ 458,387</u>	<u>\$ 253,920</u>	<u>\$ 465,847</u>	<u>\$ 516,809</u>
\$ 728	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,965
-	-	-	-	-	-	179,963
19,528	-	-	-	-	-	-
<u>20,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,928</u>
-	-	-	-	-	37,727	-
-	242,960	-	458,387	-	-	-
-	-	460,492	-	253,920	428,120	165,881
(1,620)	-	-	-	-	-	-
<u>(1,620)</u>	<u>242,960</u>	<u>460,492</u>	<u>458,387</u>	<u>253,920</u>	<u>465,847</u>	<u>165,881</u>
<u>\$ 18,636</u>	<u>\$ 242,960</u>	<u>\$ 460,492</u>	<u>\$ 458,387</u>	<u>\$ 253,920</u>	<u>\$ 465,847</u>	<u>\$ 516,809</u>

(Continued)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2012

	Debt Service Funds		
	Refunding Lease Revenue Bonds	2002 PHDCFD #1 Special Tax Bonds	Total
Assets:			
Cash and investments:			
Held in City Treasury	\$ 62,398	\$ -	\$ 5,789,911
Held with trustees	931,500	-	931,500
Receivables:			
Accounts and other	-	-	40,093
Grants	-	-	198,599
Interest	-	-	3,028
Due from other funds	-	-	875
Prepaid items	-	-	37,727
Total assets	\$ 993,898	\$ -	\$ 7,001,733
Liabilities and fund balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 282,482
Deferred revenue	-	-	179,963
Due to other funds	-	-	93,697
Total liabilities	-	-	556,142
Fund balances:			
Nonspendable	-	-	37,727
Restricted	993,898	-	4,262,409
Committed	-	-	2,221,244
Unassigned	-	-	(75,789)
Total fund balances	993,898	-	6,445,591
Total liabilities and fund balances	\$ 993,898	\$ -	\$ 7,001,733

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CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2012

	Special Revenue Funds				
	Traffic Safety	Gas Tax 2107.5	Unified Street Lighting	Commercial Landscaping and Lighting District 20	NPDES
Revenues:					
Property taxes	\$ -	\$ -	\$ 373,961	\$ -	\$ -
Other taxes and special assessments	-	-	-	339,553	374,679
Intergovernmental	-	7,828	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	85,094	-	-	-	-
Use of money and property	66	84	922	-	1,858
Total revenues	<u>85,160</u>	<u>7,912</u>	<u>374,883</u>	<u>339,553</u>	<u>376,537</u>
Expenditures:					
Current:					
General government	-	-	221,281	-	-
Public safety	87,144	-	-	-	-
Transportation	-	3,690	-	403,066	-
Community development	-	-	-	-	284,675
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>87,144</u>	<u>3,690</u>	<u>221,281</u>	<u>403,066</u>	<u>284,675</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,984)</u>	<u>4,222</u>	<u>153,602</u>	<u>(63,513)</u>	<u>91,862</u>
Other financing sources (uses):					
Proceeds from sale of capital asset	-	-	-	-	-
Transfers in	-	-	-	97,947	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,947</u>	<u>-</u>
Extraordinary loss from dissolution of Redevelopment Agency	-	-	-	-	-
Change in fund balances	(1,984)	4,222	153,602	34,434	91,862
Fund balances, beginning of year	<u>27,664</u>	<u>19,058</u>	<u>206,413</u>	<u>689,498</u>	<u>508,447</u>
Fund balances, end of year	<u>\$ 25,680</u>	<u>\$ 23,280</u>	<u>\$ 360,015</u>	<u>\$ 723,932</u>	<u>\$ 600,309</u>

Special Revenue Funds

Supplemental Law Enforcement Services	Waste Management/ Recycling	Police Special Services	Park and Recreation	Landscaping and Lighting Assessment District 22	Senior Van Services	CLEEP Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
111,126	-	-	-	58,468	-	-
-	19,840	22,770	-	-	-	-
-	121,300	-	-	-	2,677	-
-	-	-	-	-	-	-
305	883	280	3,416	536	195	-
<u>111,431</u>	<u>142,023</u>	<u>23,050</u>	<u>3,416</u>	<u>59,004</u>	<u>2,872</u>	<u>-</u>
-	-	-	-	-	-	-
15,517	-	6,277	-	-	-	-
-	-	-	-	59,735	-	-
-	245,340	-	2,066	-	41,726	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>15,517</u>	<u>245,340</u>	<u>6,277</u>	<u>2,066</u>	<u>59,735</u>	<u>41,726</u>	<u>-</u>
95,914	(103,317)	16,773	1,350	(731)	(38,854)	-
-	-	-	-	-	-	-
-	-	-	-	3,325	-	-
(66,000)	-	-	-	-	-	-
<u>(66,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,325</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
29,914	(103,317)	16,773	1,350	2,594	(38,854)	-
80,063	266,456	76,564	911,481	147,742	53,575	6
<u>\$ 109,977</u>	<u>\$ 163,139</u>	<u>\$ 93,337</u>	<u>\$ 912,831</u>	<u>\$ 150,336</u>	<u>\$ 14,721</u>	<u>\$ 6</u>

(Continued)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2012

	Special Revenue Funds				
	Vehicle Abatement	Affordable Housing	Traffic Congestion Relief Fund	Edward Byrne Memorial Justice Assistance Grant	DARE
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and special assessments	-	-	-	-	-
Intergovernmental	16,522	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	-	956	-	-	-
Total revenues	<u>16,522</u>	<u>956</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	51,744	-
Transportation	-	-	-	-	-
Community development	36,437	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>36,437</u>	<u>-</u>	<u>-</u>	<u>51,744</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,915)</u>	<u>956</u>	<u>-</u>	<u>(51,744)</u>	<u>-</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>
Extraordinary loss from dissolution of Redevelopment Agency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	(19,915)	956	-	(51,744)	-
Fund balances, beginning of year	<u>-</u>	<u>254,760</u>	<u>46,716</u>	<u>(1,635)</u>	<u>(875)</u>
Fund balances, end of year	<u>\$ (19,915)</u>	<u>\$ 255,716</u>	<u>\$ 46,716</u>	<u>\$ (53,379)</u>	<u>\$ (875)</u>

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2012

Special Revenue Fund	Capital Projects Funds					
COPS Grant	Capital Outlay	Computer Technology Replacement	Public Educational and Governmental Access Capital Grant	Vehicles and Equipment Replacement	Police Technology	Capital Projects
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	420	-	-	-	-	-
120,674	-	-	60,230	-	-	-
-	-	-	-	-	-	-
-	942	-	1,629	-	-	-
<u>120,674</u>	<u>1,362</u>	<u>-</u>	<u>61,859</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
111,354	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,417	172,143	43,496	30,076	704,050	204,452
-	-	-	-	-	-	-
<u>111,354</u>	<u>2,417</u>	<u>172,143</u>	<u>43,496</u>	<u>30,076</u>	<u>704,050</u>	<u>204,452</u>
<u>9,320</u>	<u>(1,055)</u>	<u>(172,143)</u>	<u>18,363</u>	<u>(30,076)</u>	<u>(704,050)</u>	<u>(204,452)</u>
-	-	-	-	5,646	-	-
-	-	280,000	-	-	66,000	-
-	(15,000)	-	-	-	-	(137,560)
<u>-</u>	<u>(15,000)</u>	<u>280,000</u>	<u>-</u>	<u>5,646</u>	<u>66,000</u>	<u>(137,560)</u>
-	-	-	-	-	-	-
9,320	(16,055)	107,857	18,363	(24,430)	(638,050)	(342,012)
<u>(10,940)</u>	<u>259,015</u>	<u>352,635</u>	<u>440,024</u>	<u>278,350</u>	<u>1,103,897</u>	<u>507,893</u>
<u>\$ (1,620)</u>	<u>\$ 242,960</u>	<u>\$ 460,492</u>	<u>\$ 458,387</u>	<u>\$ 253,920</u>	<u>\$ 465,847</u>	<u>\$ 165,881</u>

(Continued)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2012

	<u>Debt Service Funds</u>		
	Refunding Lease Revenue Bonds	2002 PHDCFD #1 Special Tax Bonds	Total
Revenues:			
Property taxes	\$ -	\$ -	\$ 373,961
Other taxes and special assessments	-	-	884,246
Intergovernmental	-	-	247,864
Charges for services	-	-	123,977
Fines and forfeitures	-	-	85,094
Use of money and property	2,964	455	15,491
Total revenues	<u>2,964</u>	<u>455</u>	<u>1,730,633</u>
Expenditures:			
Current:			
General government	-	-	221,281
Public safety	-	-	272,036
Transportation	-	-	466,491
Community development	-	-	610,244
Capital outlay	-	-	1,156,634
Debt service:			
Principal retirement	640,000	150,000	790,000
Interest and fiscal charges	138,312	182,403	320,715
Total expenditures	<u>778,312</u>	<u>332,403</u>	<u>3,837,401</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(775,348)</u>	<u>(331,948)</u>	<u>(2,106,768)</u>
Other financing sources (uses):			
Proceeds from sale of capital asset	-	-	5,646
Transfers in	748,978	888,504	2,084,754
Transfers out	-	-	(218,560)
Total other financing sources (uses)	<u>748,978</u>	<u>888,504</u>	<u>1,871,840</u>
Extraordinary loss from dissolution of Redevelopment Agency	-	(1,482,301)	(1,482,301)
Change in fund balances	(26,370)	(925,745)	(1,717,229)
Fund balances, beginning of year	<u>1,020,268</u>	<u>925,745</u>	<u>8,162,820</u>
Fund balances, end of year	<u>\$ 993,898</u>	<u>\$ -</u>	<u>\$ 6,445,591</u>

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CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Statements of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2012

	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	-	-	-	-	7,828	7,828
Charges for services	-	-	-	-	-	-
Fines and forfeitures	83,596	85,094	1,498	-	-	-
Use of money and property	176	66	(110)	381	84	(297)
Other	-	-	-	-	-	-
Total revenues	<u>83,772</u>	<u>85,160</u>	<u>1,388</u>	<u>381</u>	<u>7,912</u>	<u>7,531</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	94,556	87,144	7,412	-	-	-
Transportation	-	-	-	1,828	3,690	(1,862)
Community development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>94,556</u>	<u>87,144</u>	<u>7,412</u>	<u>1,828</u>	<u>3,690</u>	<u>(1,862)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,784)</u>	<u>(1,984)</u>	<u>8,800</u>	<u>(1,447)</u>	<u>4,222</u>	<u>5,669</u>
Other financing sources (uses):						
Proceeds from sales of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Extraordinary loss from dissolution of Redevelopment Agency	-	-	-	-	-	-
Change in fund balances	<u>\$ (10,784)</u>	<u>(1,984)</u>	<u>\$ 8,800</u>	<u>\$ (1,447)</u>	<u>4,222</u>	<u>\$ 5,669</u>
Fund balances, beginning of year		<u>27,664</u>			<u>19,058</u>	
Fund balances, end of year		<u>\$ 25,680</u>			<u>\$ 23,280</u>	

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Statements of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2012

Unified Street Lighting			Commercial Landscaping and Lighting District 20			NPDES		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ 423,781	\$ 373,961	\$ (49,820)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	352,767	339,553	(13,214)	337,565	374,679	37,114
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,697	922	(775)	-	-	-	15,705	1,858	(13,847)
-	-	-	-	-	-	-	-	-
<u>425,478</u>	<u>374,883</u>	<u>(50,595)</u>	<u>352,767</u>	<u>339,553</u>	<u>(13,214)</u>	<u>353,270</u>	<u>376,537</u>	<u>23,267</u>
414,819	221,281	193,538	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	421,249	403,066	18,183	-	-	-
-	-	-	-	-	-	506,675	284,675	222,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>414,819</u>	<u>221,281</u>	<u>193,538</u>	<u>421,249</u>	<u>403,066</u>	<u>18,183</u>	<u>506,675</u>	<u>284,675</u>	<u>222,000</u>
10,659	153,602	142,943	(68,482)	(63,513)	4,969	(153,405)	91,862	245,267
-	-	-	-	-	-	-	-	-
-	-	-	97,947	97,947	-	-	-	-
(23,407)	-	23,407	-	-	-	-	-	-
<u>(23,407)</u>	<u>-</u>	<u>23,407</u>	<u>97,947</u>	<u>97,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
<u>\$ (12,748)</u>	153,602	<u>\$ 166,350</u>	<u>\$ 29,465</u>	34,434	<u>\$ 4,969</u>	<u>\$ (153,405)</u>	91,862	<u>\$ 245,267</u>
	<u>206,413</u>			<u>689,498</u>			<u>508,447</u>	
	<u>\$ 360,015</u>			<u>\$ 723,932</u>			<u>\$ 600,309</u>	

(Continued)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Statements of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2012

	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	111,126	11,126	-	-	-
Intergovernmental	-	-	-	5,000	19,840	14,840
Charges for services	-	-	-	103,000	121,300	18,300
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	969	305	(664)	2,000	883	(1,117)
Other	-	-	-	-	-	-
Total revenues	<u>100,969</u>	<u>111,431</u>	<u>10,462</u>	<u>110,000</u>	<u>142,023</u>	<u>32,023</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	150,000	15,517	134,483	-	-	-
Transportation	-	-	-	-	-	-
Community development	-	-	-	245,187	245,340	(153)
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>150,000</u>	<u>15,517</u>	<u>134,483</u>	<u>245,187</u>	<u>245,340</u>	<u>(153)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(49,031)</u>	<u>95,914</u>	<u>144,945</u>	<u>(135,187)</u>	<u>(103,317)</u>	<u>31,870</u>
Other financing sources (uses):						
Proceeds from sales of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(66,000)	(66,000)	-	-	-	-
Total other financing sources (uses)	<u>(66,000)</u>	<u>(66,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Extraordinary loss from dissolution of Redevelopment Agency						
Change in fund balances	<u><u>\$(115,031)</u></u>	<u>29,914</u>	<u><u>\$ 144,945</u></u>	<u><u>\$(135,187)</u></u>	<u>(103,317)</u>	<u><u>\$ 31,870</u></u>
Fund balances, beginning of year		<u>80,063</u>			<u>266,456</u>	
Fund balances, end of year		<u><u>\$ 109,977</u></u>			<u><u>\$ 163,139</u></u>	

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Statements of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2012

Police Special Services			Park and Recreation			Landscaping and Lighting Assessment District 22		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	57,486	58,468	982
16,821	22,770	5,949	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,508	280	(1,228)	13,000	3,416	(9,584)	1,945	536	(1,409)
-	-	-	-	-	-	-	-	-
<u>18,329</u>	<u>23,050</u>	<u>4,721</u>	<u>13,000</u>	<u>3,416</u>	<u>(9,584)</u>	<u>59,431</u>	<u>59,004</u>	<u>(427)</u>
-	-	-	-	-	-	-	-	-
9,000	6,277	2,723	-	-	-	-	-	-
-	-	-	-	-	-	72,841	59,735	13,106
-	-	-	9,916	2,066	7,850	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>9,000</u>	<u>6,277</u>	<u>2,723</u>	<u>9,916</u>	<u>2,066</u>	<u>7,850</u>	<u>72,841</u>	<u>59,735</u>	<u>13,106</u>
<u>9,329</u>	<u>16,773</u>	<u>7,444</u>	<u>3,084</u>	<u>1,350</u>	<u>(1,734)</u>	<u>(13,410)</u>	<u>(731)</u>	<u>12,679</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,325	3,325	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,325	3,325	-
-	-	-	-	-	-	-	-	-
<u>\$ 9,329</u>	<u>16,773</u>	<u>\$ 7,444</u>	<u>\$ 3,084</u>	<u>1,350</u>	<u>\$ (1,734)</u>	<u>\$ (10,085)</u>	<u>2,594</u>	<u>\$ 12,679</u>
	<u>76,564</u>			<u>911,481</u>			<u>147,742</u>	
	<u>\$ 93,337</u>			<u>\$ 912,831</u>			<u>\$ 150,336</u>	

(Continued)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Statements of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2012

	Senior Van Services			Vehicle Abatement		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and special assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	22,850	16,522	(6,328)
Charges for services	2,724	2,677	(47)	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	657	195	(462)	-	-	-
Other	-	-	-	-	-	-
Total revenues	3,381	2,872	(509)	22,850	16,522	(6,328)
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Community development	47,075	41,726	5,349	36,479	36,437	42
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	47,075	41,726	5,349	36,479	36,437	42
Excess (deficiency) of revenues over (under) expenditures	(43,694)	(38,854)	4,840	(13,629)	(19,915)	(6,286)
Other financing sources (uses):						
Proceeds from sales of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Extraordinary loss from dissolution of Redevelopment Agency	-	-	-	-	-	-
Change in fund balances	\$ (43,694)	(38,854)	\$ 4,840	\$ (13,629)	(19,915)	\$ (6,286)
Fund balances, beginning of year		53,575			-	
Fund balances, end of year		\$ 14,721			\$ (19,915)	

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Statements of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2012

Affordable Housing			Traffic Congestion Relief			Edward Byrne Memorial Justice Assistance Grant		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	352,126	-	(352,126)	-	-	-
-	-	-	-	-	-	-	-	-
1,030	956	(74)	92	-	(92)	-	-	-
-	-	-	-	-	-	-	-	-
<u>1,030</u>	<u>956</u>	<u>(74)</u>	<u>352,218</u>	<u>-</u>	<u>(352,218)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	58,417	51,744	6,673
-	-	-	-	-	-	-	-	-
1,030	-	1,030	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>1,030</u>	<u>-</u>	<u>1,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,417</u>	<u>51,744</u>	<u>6,673</u>
-	956	956	352,218	-	(352,218)	(58,417)	(51,744)	6,673
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>956</u>	<u>\$ 956</u>	<u>\$ 352,218</u>	<u>-</u>	<u>\$(352,218)</u>	<u>\$ (58,417)</u>	<u>(51,744)</u>	<u>\$ 6,673</u>
	<u>254,760</u>			<u>46,716</u>			<u>(1,635)</u>	
	<u>\$ 255,716</u>			<u>\$ 46,716</u>			<u>\$ (53,379)</u>	

(Continued)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Statements of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2012

	DARE			COPS Grant		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and special assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	-	120,674	120,674
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-
Other	1,429	-	(1,429)	-	-	-
Total revenues	1,429	-	(1,429)	-	120,674	120,674
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	1,528	-	1,528	122,617	111,354	11,263
Transportation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	1,528	-	1,528	122,617	111,354	11,263
Excess (deficiency) of revenues over (under) expenditures	(99)	-	99	(122,617)	9,320	131,937
Other financing sources (uses):						
Proceeds from sales of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Extraordinary loss from dissolution of Redevelopment Agency	-	-	-	-	-	-
Change in fund balances	\$ (99)	-	\$ 99	\$(122,617)	9,320	\$ 131,937
Fund balances, beginning of year		(875)			(10,940)	
Fund balances, end of year		\$ (875)			\$ (1,620)	

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Statements of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2012

Capital Outlay			Computer Technology and Replacement			Public Educational and Governmental Access Capital Grant		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
250	420	170	-	-	-	-	-	-
-	-	-	-	-	-	66,876	60,230	(6,646)
-	-	-	-	-	-	-	-	-
491	942	451	-	-	-	8,159	1,629	(6,530)
-	-	-	-	-	-	-	-	-
<u>741</u>	<u>1,362</u>	<u>621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,035</u>	<u>61,859</u>	<u>(13,176)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
2,050	2,417	(367)	279,850	172,143	107,707	17,902	43,496	(25,594)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>2,050</u>	<u>2,417</u>	<u>(367)</u>	<u>279,850</u>	<u>172,143</u>	<u>107,707</u>	<u>17,902</u>	<u>43,496</u>	<u>(25,594)</u>
<u>(1,309)</u>	<u>(1,055)</u>	<u>254</u>	<u>(279,850)</u>	<u>(172,143)</u>	<u>107,707</u>	<u>57,133</u>	<u>18,363</u>	<u>(38,770)</u>
-	-	-	-	-	-	-	-	-
-	-	-	280,000	280,000	-	-	-	-
<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>	<u>280,000</u>	<u>280,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
<u>\$ (16,309)</u>	<u>(16,055)</u>	<u>\$ 254</u>	<u>\$ 150</u>	<u>107,857</u>	<u>\$ 107,707</u>	<u>\$ 57,133</u>	<u>18,363</u>	<u>\$ (38,770)</u>
	<u>259,015</u>			<u>352,635</u>			<u>440,024</u>	
	<u>\$ 242,960</u>			<u>\$ 460,492</u>			<u>\$ 458,387</u>	

(Continued)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Statements of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2012

	Vehicles and Equipment Placement			Police Technology		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and special assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	30,000	30,076	(76)	741,123	704,050	37,073
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>30,000</u>	<u>30,076</u>	<u>(76)</u>	<u>741,123</u>	<u>704,050</u>	<u>37,073</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,000)</u>	<u>(30,076)</u>	<u>(76)</u>	<u>(741,123)</u>	<u>(704,050)</u>	<u>37,073</u>
Other financing sources (uses):						
Proceeds from sales of capital assets	-	5,646	5,646	-	-	-
Transfers in	-	-	-	66,000	66,000	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>5,646</u>	<u>5,646</u>	<u>66,000</u>	<u>66,000</u>	<u>-</u>
Extraordinary loss from dissolution of Redevelopment Agency	-	-	-	-	-	-
Change in fund balances	<u>\$ (30,000)</u>	<u>(24,430)</u>	<u>\$ 5,570</u>	<u>\$ (675,123)</u>	<u>(638,050)</u>	<u>\$ 37,073</u>
Fund balances, beginning of year		<u>278,350</u>			<u>1,103,897</u>	
Fund balances, end of year		<u>\$ 253,920</u>			<u>\$ 465,847</u>	

(Continued)

CITY OF PLEASANT HILL
Nonmajor Governmental Funds
Statements of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2012

Capital Projects			Refunding Lease Revenue Bonds			2002 PHDCFD #1 Special Tax Bonds		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
213,000	-	(213,000)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	9,533	2,964	(6,569)	15,366	455	(14,911)
-	-	-	-	-	-	-	-	-
<u>213,000</u>	<u>-</u>	<u>(213,000)</u>	<u>9,533</u>	<u>2,964</u>	<u>(6,569)</u>	<u>15,366</u>	<u>455</u>	<u>(14,911)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
351,558	204,452	147,106	-	-	-	-	-	-
-	-	-	640,000	640,000	-	125,000	150,000	(25,000)
-	-	-	136,830	138,312	(1,482)	577,128	182,403	394,725
<u>351,558</u>	<u>204,452</u>	<u>147,106</u>	<u>776,830</u>	<u>778,312</u>	<u>(1,482)</u>	<u>702,128</u>	<u>332,403</u>	<u>369,725</u>
<u>(138,558)</u>	<u>(204,452)</u>	<u>(65,894)</u>	<u>(767,297)</u>	<u>(775,348)</u>	<u>(8,051)</u>	<u>(686,762)</u>	<u>(331,948)</u>	<u>354,814</u>
-	-	-	-	-	-	-	-	-
-	-	-	782,463	748,978	(33,485)	667,841	888,504	220,663
<u>(128,801)</u>	<u>(137,560)</u>	<u>(8,759)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(128,801)</u>	<u>(137,560)</u>	<u>(8,759)</u>	<u>782,463</u>	<u>748,978</u>	<u>(33,485)</u>	<u>667,841</u>	<u>888,504</u>	<u>220,663</u>
-	-	-	-	-	-	-	(1,482,301)	-
<u>\$(267,359)</u>	<u>(342,012)</u>	<u>\$(74,653)</u>	<u>\$ 15,166</u>	<u>(26,370)</u>	<u>\$(41,536)</u>	<u>\$(18,921)</u>	<u>(925,745)</u>	<u>\$ 575,477</u>
	<u>507,893</u>			<u>1,020,268</u>			<u>925,745</u>	
	<u>\$ 165,881</u>			<u>\$ 993,898</u>			<u>\$ -</u>	

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CITY OF PLEASANT HILL
Agency Funds
For the Year Ended June 30, 2012

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

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

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

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

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

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

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

CITY OF PLEASANT HILL
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2012

Acme Landfill Closure	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Assets:				
Cash and investments held in City Treasury	\$ 64,927	\$ 260	\$ -	\$ 65,187
Interest receivable	74	-	(16)	58
Total Assets	<u>\$ 65,001</u>	<u>\$ 260</u>	<u>\$ (16)</u>	<u>\$ 65,245</u>
Liabilities:				
Due to others	\$ 65,001	\$ 244	\$ -	\$ 65,245
Total Liabilities	<u>\$ 65,001</u>	<u>\$ 244</u>	<u>\$ -</u>	<u>\$ 65,245</u>
Transpac	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Assets:				
Cash and investments held in City Treasury	\$ 38,657	\$ 5,025	\$ -	\$ 43,682
Interest receivable	68	-	(13)	55
Total Assets	<u>\$ 38,725</u>	<u>\$ 5,025</u>	<u>\$ (13)</u>	<u>\$ 43,737</u>
Liabilities:				
Due to others	\$ 38,725	\$ 5,012	\$ -	\$ 43,737
Total Liabilities	<u>\$ 38,725</u>	<u>\$ 5,012</u>	<u>\$ -</u>	<u>\$ 43,737</u>
TDM	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Assets:				
Cash and investments held in City Treasury	\$ 242,969	\$ -	\$ (118,595)	\$ 124,374
Accounts receivable	97,256	-	(8,989)	88,267
Interest receivable	251	-	(132)	119
Due from other governmental agencies	181,294	-	(107,947)	73,347
Prepaid items	6,980	-	(6,980)	-
Total Assets	<u>\$ 528,750</u>	<u>\$ -</u>	<u>\$ (242,643)</u>	<u>\$ 286,107</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 78,507	\$ -	\$ (1,230)	\$ 77,277
Due to others	450,243	-	(241,413)	208,830
Total Liabilities	<u>\$ 528,750</u>	<u>\$ -</u>	<u>\$ (242,643)</u>	<u>\$ 286,107</u>

CITY OF PLEASANT HILL
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2012

Pleasant Hill Downtown Community Facilities District No. 1	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Assets:				
Cash and investments held with trustees	\$ 1,066,265	\$ 26,316	\$ -	\$ 1,092,581
Total Assets	\$ 1,066,265	\$ 26,316	\$ -	\$ 1,092,581
Liabilities:				
Due to others	\$ 1,066,265	\$ 26,316	\$ -	\$ 1,092,581
Total Liabilities	\$ 1,066,265	\$ 26,316	\$ -	\$ 1,092,581
Asset Forfeiture Holding	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Assets:				
Cash and investments held in City Treasury	\$ 20,620	\$ 7,695	\$ -	\$ 28,315
Total Assets	\$ 20,620	\$ 7,695	\$ -	\$ 28,315
Liabilities:				
Due to others	\$ 20,620	\$ 7,695	\$ -	\$ 28,315
Total Liabilities	\$ 20,620	\$ 7,695	\$ -	\$ 28,315
Total Agency Funds	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Assets:				
Cash and investments held in City Treasury	\$ 367,173	\$ 12,980	\$ (118,595)	\$ 261,558
Cash and investments held with trustees	1,066,265	26,316	-	1,092,581
Accounts receivable	97,256	-	(8,989)	88,267
Interest receivable	393	-	(161)	232
Due from other governmental agencies	181,294	-	(107,947)	73,347
Prepaid items	6,980	-	(6,980)	-
Total Assets	\$ 1,719,361	\$ 39,296	\$ (242,672)	\$ 1,515,985
Liabilities:				
Accounts payable and accrued liabilities	\$ 78,507	\$ -	\$ (1,230)	\$ 77,277
Due to others	1,640,854	39,267	(241,413)	1,438,708
Total Liabilities	\$ 1,719,361	\$ 39,267	\$ (242,643)	\$ 1,515,985

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CITY OF PLEASANT HILL
Statistical Section
For the Year Ended June 30, 2012

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 Direct and Overlapping Governments
3. Principal Property Taxpayers
4. Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin
4. Bonded Debt Pledged Revenue Coverage - Tax Allocation Bonds

Demographic and Economic Information

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

1. Demographic Statistics
2. Principal Employers

Operating Information

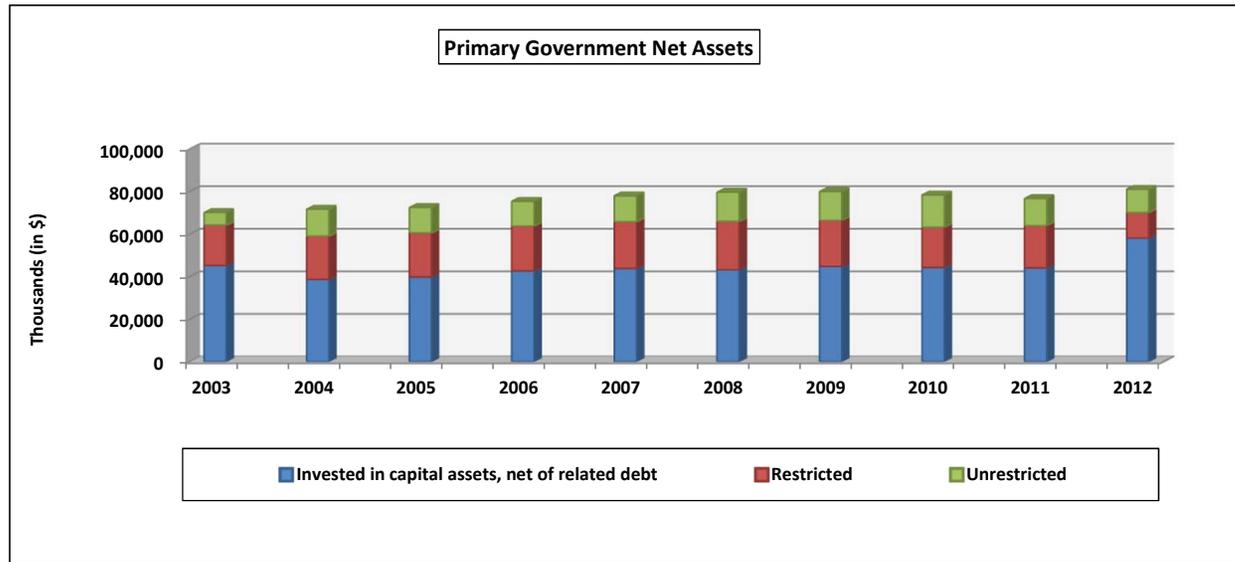
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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



	June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 43,650,429	\$ 57,645,233
Restricted	19,026,868	20,406,970	20,750,615	21,097,614	21,936,969	22,710,677	21,623,899	18,871,581	19,890,531	11,971,498
Unrestricted	5,738,287	12,556,214	11,747,244	11,467,327	12,099,660	13,585,000	13,446,447	14,888,824	12,304,766	10,446,896
Total governmental activities net assets	<u>\$ 69,923,727</u>	<u>\$ 71,542,653</u>	<u>\$ 72,280,017</u>	<u>\$ 75,072,447</u>	<u>\$ 77,594,152</u>	<u>\$ 79,261,460</u>	<u>\$ 79,454,431</u>	<u>\$ 77,642,397</u>	<u>\$ 75,845,726</u>	<u>\$ 80,063,627</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	\$ 432,080	\$ 440,297
Unrestricted	160,954	124,448	158,854	137,830	77,119	131,278	149,719	254,967	380,418	477,887
Total business-type activities net assets	<u>\$ 180,680</u>	<u>\$ 143,544</u>	<u>\$ 177,320</u>	<u>\$ 281,996</u>	<u>\$ 334,389</u>	<u>\$ 395,250</u>	<u>\$ 534,514</u>	<u>\$ 689,900</u>	<u>\$ 812,498</u>	<u>\$ 918,184</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	\$ 44,082,509	\$ 58,085,530
Restricted	19,026,868	20,406,970	20,750,615	21,097,614	21,936,969	22,710,677	21,623,899	18,871,581	19,890,531	11,971,498
Unrestricted	5,899,241	12,680,662	11,906,098	11,605,157	12,176,779	13,716,278	13,596,166	15,143,791	12,685,184	10,924,783
Total primary government net assets	<u>\$ 70,104,407</u>	<u>\$ 71,686,197</u>	<u>\$ 72,457,337</u>	<u>\$ 75,354,443</u>	<u>\$ 77,928,541</u>	<u>\$ 79,656,710</u>	<u>\$ 79,988,945</u>	<u>\$ 78,332,297</u>	<u>\$ 76,658,224</u>	<u>\$ 80,981,811</u>

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

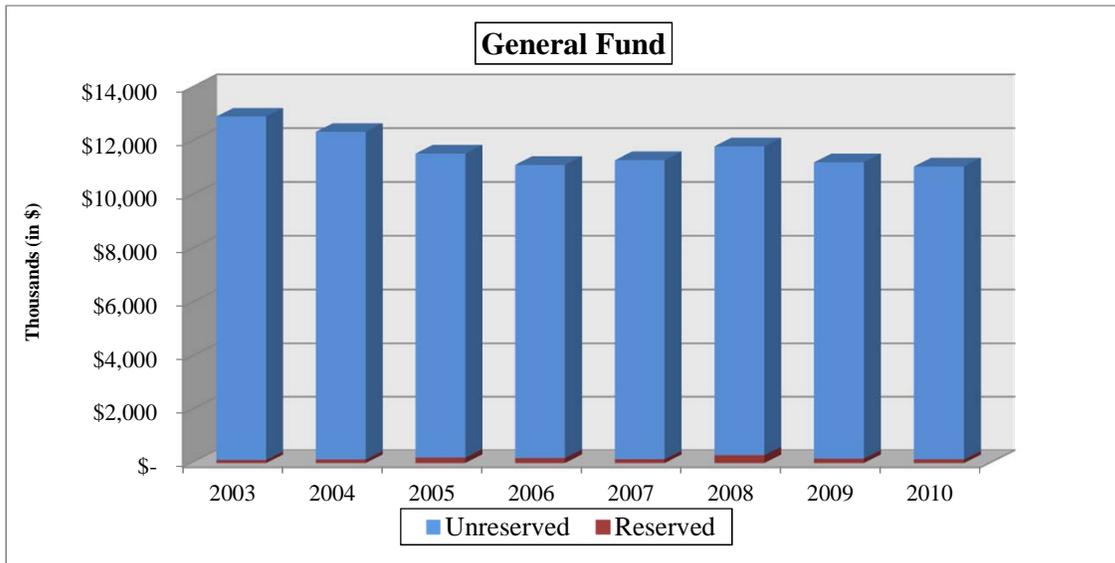
	For the Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:										
Governmental Activities:										
General government	\$ 4,458,180	\$ 4,255,710	\$ 4,047,478	\$ 4,330,477	\$ 4,784,571	\$ 4,476,627	\$ 4,508,256	\$ 4,255,271	\$ 4,013,156	\$ 4,145,899
Public safety	6,853,799	7,757,853	9,120,677	9,362,163	10,798,714	9,928,496	10,158,604	10,569,296	10,460,617	10,916,374
Transportation	4,985,019	5,675,590	6,582,598	5,524,377	6,541,500	9,321,573	7,264,126	7,627,607	6,461,403	7,947,704
Community development	2,962,611	3,425,089	4,022,585	3,988,861	4,954,109	4,733,821	5,346,378	7,094,274	5,985,179	7,547,857
Interest and fiscal charges	2,470,619	1,542,405	1,152,466	922,124	872,510	849,028	832,973	790,114	952,768	238,204
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	30,336,562	27,873,123	30,796,038
Business-Type Activity:										
Water	157,586	172,757	138,944	171,673	207,461	223,465	144,374	120,782	153,881	171,473
Total Business-Type Activity Expenses	157,586	172,757	138,944	171,673	207,461	223,465	144,374	120,782	153,881	171,473
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	\$ 30,457,344	\$ 28,027,004	\$ 30,967,511
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	\$ 268,859	\$ 261,533
Public safety	246,850	432,897	426,795	224,177	336,949	224,706	220,002	219,100	167,693	154,651
Transportation	38,134	753,084	106,002	80,651	158,558	904,516	933,220	209,483	61,134	590,617
Community development	593,330	711,617	901,002	753,007	688,057	857,160	542,444	1,371,035	1,618,580	1,615,948
Operating grants and contributions	2,686,338	2,237,154	2,785,772	2,356,729	2,962,397	2,171,187	2,134,676	3,759,275	1,487,235	2,522,141
Capital grants and contributions	1,504,693	876,929	335,000	45,273	677,935	77,961	580,018	62,685	238,432	2,071,468
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	3,841,933	7,216,358
Business-Type Activity:										
Charges for Services:										
Water	126,515	34,128	71,100	92,430	113,760	135,090	135,090	135,089	134,520	134,520
Capital Grants and Contributions	-	-	-	67,800	-	-	-	-	-	-
Total Business-Type Activity	126,515	34,128	71,100	160,230	113,760	135,090	135,090	135,089	134,520	134,520
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	\$ 3,976,453	\$ 7,350,878
Net Expense										
Governmental Activities	\$ (16,367,222)	\$ (17,439,236)	\$ (20,157,374)	\$ (20,489,840)	\$ (22,928,372)	\$ (24,857,398)	\$ (23,416,078)	\$ (24,460,442)	\$ (24,031,190)	\$ (23,579,680)
Business-Type Activity	(31,071)	(138,629)	(67,844)	(11,443)	(93,701)	(88,375)	(9,284)	14,307	(19,361)	(36,953)
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)	\$ (24,446,135)	\$ (24,050,551)	\$ (23,616,633)

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

	For the Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 2,732,451	\$ 2,691,299
Incremental property tax	3,200,815	3,807,280	3,873,537	4,116,371	4,944,024	4,959,132	4,921,960	4,931,841	4,583,378	2,666,870
Special assessments	1,001,899	-	774,281	807,434	774,780	-	-	-	-	-
Sales taxes	6,806,950	6,707,706	6,985,909	6,828,901	7,352,356	7,402,888	6,749,426	6,405,930	6,024,036	6,454,256
Other taxes	4,012,887	4,278,678	4,469,141	5,273,958	5,430,332	6,320,041	5,419,659	5,169,082	5,802,809	5,701,901 (a)
Motor vehicle in lieu	1,924,533	1,508,495	2,097,515	3,107,728	2,607,532	3,106,325	2,547,529	2,632,193	2,644,861	2,453,749
Investment earnings	499,150	295,009	542,554	893,680	1,160,974	1,109,386	743,436	241,327	205,007	200,884
Miscellaneous	147,142	355,811	189,419	91,608	221,420	759,058	328,053	198,562	241,977	52,172
Sale of land	(6,272,947)	-	-	-	-	-	-	342,314	-	-
Total Governmental Activities	13,299,860	19,058,162	20,894,738	23,282,270	25,450,077	26,524,706	23,609,049	22,648,408	22,234,519	20,221,131
Business-Type Activity:										
Property taxes	-	99,659	98,048	111,067	139,519	142,679	145,136	139,900	140,579	141,108
Investment earnings	3,239	1,834	3,572	5,052	6,575	6,557	3,412	1,179	1,380	1,531
Total Business-Type Activity	3,239	101,493	101,620	116,119	146,094	149,236	148,548	141,079	141,959	142,639
Total Primary Government	\$ 13,303,099	\$ 19,159,655	\$ 20,996,358	\$ 23,398,389	\$ 25,596,171	\$ 26,673,942	\$ 23,757,597	\$ 22,789,487	\$ 22,376,478	\$ 20,363,770
Extraordinary item:										
Extraordinary gain from dissolution of the Redevelopment Agency										
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,576,450
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)	\$ (1,796,671)	\$ 4,217,901
Business-Type Activity	(27,832)	(37,136)	33,776	104,676	52,393	60,861	139,264	155,386	122,598	105,686
Total Primary Government	\$ (3,095,194)	\$ 1,581,790	\$ 771,140	\$ 2,897,106	\$ 2,574,098	\$ 1,728,169	\$ 332,235	\$ (1,656,648)	\$ (1,674,073)	\$ 4,323,587

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

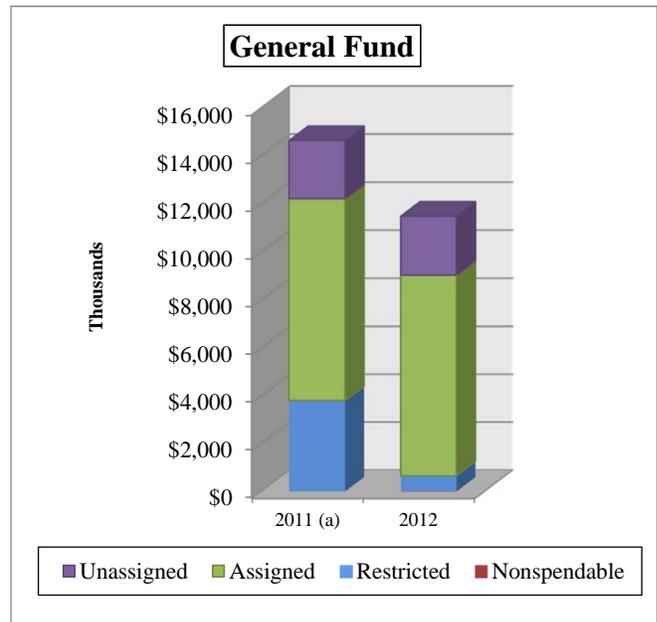
CITY OF PLEASANT HILL
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)



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

	June 30, 2011 (a)	June 30, 2012
General Fund		
Nonspendable	\$ -	\$ 15,000
Restricted	3,813,612	647,518
Assigned	8,399,941	8,373,037
Unassigned	2,421,720	2,451,563
Total General Fund	<u>\$ 14,635,273</u>	<u>\$ 11,487,118</u>
All Other Governmental Funds		
Nonspendable	\$ 107,935	\$ 37,727
Restricted	15,676,590	10,372,370
Committed	3,046,321	2,221,244
Unassigned	(13,450)	(75,789)
Total all other governmental funds	<u>\$ 18,817,396</u>	<u>\$ 12,555,552</u>

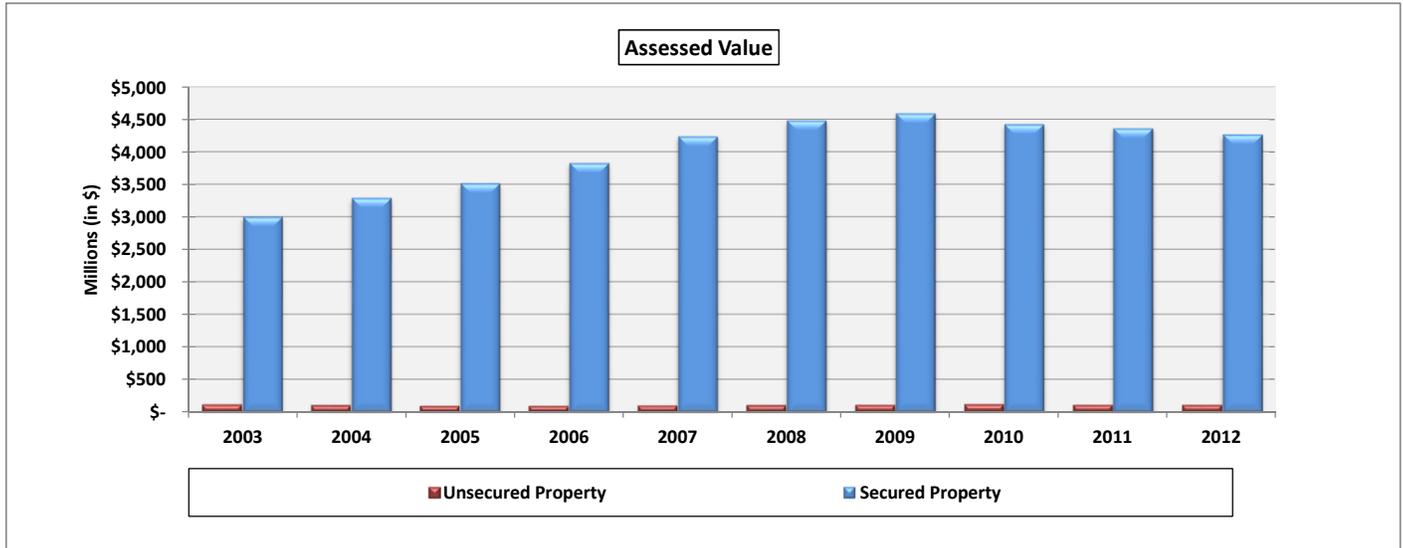
(a) The City implemented GASB Statement No. 54 in fiscal year 2010-2011.



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

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$ 14,885,883	\$ 15,707,969	\$ 16,015,799	\$ 16,805,182	\$ 18,972,528	\$ 19,632,116	\$ 18,741,214	\$ 18,173,963	\$ 19,580,639	\$ 18,287,026
Licenses, permits and fees	2,176,820	2,251,143	2,531,120	2,575,760	2,666,509	2,843,196	2,517,694	2,407,379	424,960	419,220
Intergovernmental	5,586,849	3,639,517	4,123,703	4,958,797	5,524,523	4,880,568	5,357,025	5,578,337	4,684,179	6,792,744
Charges for services	1,267,647	1,212,874	1,067,594	986,997	1,188,541	498,901	596,350	627,272	624,803	813,671
Fines and forfeitures	150,330	244,437	223,821	178,492	229,464	172,348	138,272	169,547	173,423	143,965
Use of money and property	653,488	357,650	698,013	1,161,423	1,570,171	1,379,154	751,307	248,121	161,018	200,884
Other	313,227	287,109	1,027,504	408,252	312,123	1,050,457	318,224	612,333	655,450	489,006
Total revenues	<u>25,034,244</u>	<u>23,700,699</u>	<u>25,687,554</u>	<u>27,074,903</u>	<u>30,463,859</u>	<u>30,456,740</u>	<u>28,420,086</u>	<u>27,816,952</u>	<u>26,304,472</u>	<u>27,146,516</u>
Expenditures										
Current:										
General government	3,841,436	3,900,863	3,843,349	4,156,358	4,396,420	4,249,283	4,064,007	3,848,126	3,796,733	3,835,547
Public safety	6,931,317	7,422,209	8,636,460	8,951,626	9,754,033	9,423,894	9,739,391	10,057,020	9,907,557	10,033,011
Transportation	4,494,459	4,881,168	5,751,039	4,975,954	6,439,194	6,979,473	7,496,776	5,768,100	5,142,587	8,667,962
Community development	2,968,873	3,443,565	3,999,892	3,947,011	4,961,580	4,609,915	5,298,457	7,064,438	5,990,174	4,295,427
Intergovernmental	-	-	-	-	-	-	-	-	-	3,166,094
Capital outlay	213,299	450,217	940,287	2,330,434	613,079	1,503,898	994,582	1,160,735	765,819	1,156,634
Debt service:										
Principal repayment	9,275,000	10,335,000	1,640,000	1,495,000	1,310,000	1,110,000	1,135,000	1,155,000	1,195,000	1,225,000
Interest and fiscal charges	2,470,619	1,324,757	1,152,466	922,124	872,510	849,028	832,973	790,114	751,591	429,424
Total expenditures	<u>30,195,003</u>	<u>31,757,779</u>	<u>25,963,493</u>	<u>26,778,507</u>	<u>28,346,816</u>	<u>28,725,491</u>	<u>29,561,186</u>	<u>29,843,533</u>	<u>27,549,461</u>	<u>32,809,099</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,160,759)</u>	<u>(8,057,080)</u>	<u>(275,939)</u>	<u>296,396</u>	<u>2,117,043</u>	<u>1,731,249</u>	<u>(1,141,100)</u>	<u>(2,026,581)</u>	<u>(1,244,989)</u>	<u>(5,662,583)</u>
Other Financing Sources (Uses)										
Transfers in	2,535,059	5,206,916	8,348,717	5,674,955	6,135,952	6,018,029	6,507,525	7,177,213	5,107,315	4,871,630
Transfers out	(2,535,059)	(5,206,916)	(8,348,717)	(5,674,955)	(6,135,952)	(6,018,029)	(6,507,525)	(7,177,213)	(5,107,315)	(4,871,630)
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)	-	-	-	-	-	-	-	-
Payments to refunded bond escrow	(6,272,947)	-	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	(6,791)	-	-	40,365	14,262	342,314	8,014	6,134
Total other financing sources (uses)	<u>9,877,053</u>	<u>9,097,352</u>	<u>(6,791)</u>	<u>-</u>	<u>-</u>	<u>40,365</u>	<u>14,262</u>	<u>342,314</u>	<u>8,014</u>	<u>6,134</u>
Extraordinary item:										
Extraordinary loss from dissolution of the Redevelopment Agency	-	-	-	-	-	-	-	-	-	(3,753,550)
Net change in fund balances	<u>\$ 4,716,294</u>	<u>\$ 1,040,272</u>	<u>\$ (282,730)</u>	<u>\$ 296,396</u>	<u>\$ 2,117,043</u>	<u>\$ 1,771,614</u>	<u>\$ (1,126,838)</u>	<u>\$ (1,684,267)</u>	<u>\$ (1,236,975)</u>	<u>\$ (9,409,999)</u>
Debt service as a percentage of noncapital expenditures	63.7%	58.0%	12.1%	9.9%	8.3%	6.4%	7.4%	6.8%	7.4%	5.7%

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



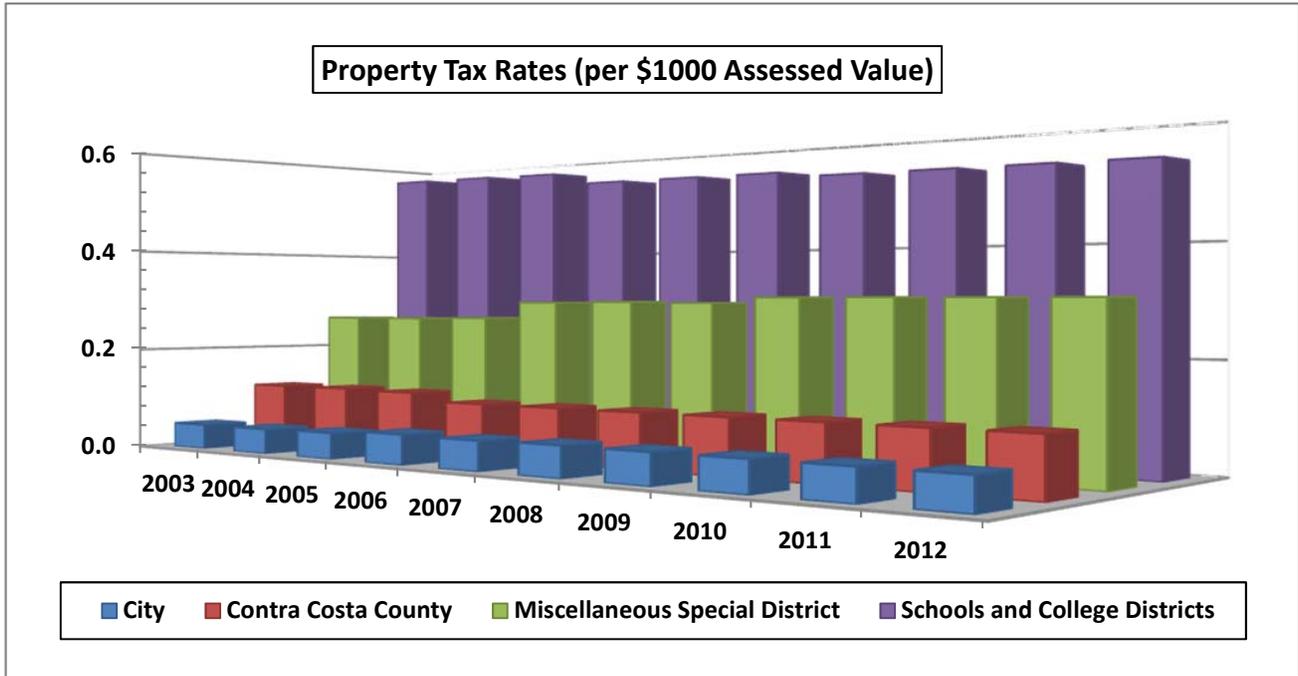
Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed ^(a)	Estimated Full Market ^(a)	Total Direct Tax Rate ^(b)
	Residential Property	Commercial Property	Industrial Property	Other					
2003	\$2,416,836,838	\$505,288,871	\$17,446,407	\$73,292,939	\$3,012,865,055	\$118,776,677	\$3,131,641,732	\$3,131,641,732	4.82%
2004	2,675,152,510	547,566,299	20,762,852	57,040,612	3,300,522,273	108,890,719	3,409,412,992	3,409,412,992	4.82%
2005	2,873,762,633	561,822,876	19,843,767	68,821,498	3,524,250,774	97,406,512	3,621,657,286	3,621,657,286	4.99%
2006	3,138,304,441	599,116,975	20,269,068	79,436,807	3,837,127,291	97,929,265	3,935,056,556	3,935,056,556	5.66%
2007	3,472,795,216	680,088,688	20,674,109	72,662,380	4,246,220,393	100,477,982	4,346,698,375	4,346,698,375	5.51%
2008	3,686,093,429	709,237,359	21,086,340	78,615,954	4,495,033,082	108,648,967	4,603,682,049	4,603,682,049	5.70%
2009	3,736,058,037	720,816,226	22,883,307	119,156,908	4,598,914,478	114,024,129	4,712,938,607	4,712,938,607	5.66%
2010	3,572,782,866	756,211,570	23,339,740	83,328,596	4,435,662,772	124,654,804	4,560,317,576	4,560,317,576	5.66%
2011	3,535,678,986	767,801,996	15,295,774	52,770,802	4,371,547,558	112,116,531	4,483,664,089	4,483,664,089	5.66%
2012	3,469,368,975	738,612,634	15,030,486	51,866,721	4,274,878,816	112,085,059	4,386,963,875	4,386,963,875	5.66%

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



Fiscal Year	Contra Costa County	City ⁽²⁾	Schools and College Districts	Miscellaneous Special Districts	Total
2003	0.1205	0.0482	0.5693	0.2620	1.0000
2004	0.1205	0.0482	0.5693	0.2620	1.0000
2005	0.1186	0.0499	0.5679	0.2636	1.0000
2006	0.1030	0.0566	0.5447	0.2957	1.0000
2007	0.1030	0.0551	0.5447	0.2972	1.0000
2008	0.1030	0.0570	0.5447	0.2953	1.0000
2009	0.1030	0.0566	0.5349	0.3055	1.0000
2010	0.1030	0.0566	0.5349	0.3055	1.0000
2011	0.1030	0.0566	0.5349	0.3055	1.0000
2012	0.1030	0.0566	0.5349	0.3055	1.0000

Source: County Auditor/Controller's Office

⁽¹⁾ Per \$1,000 assessed value

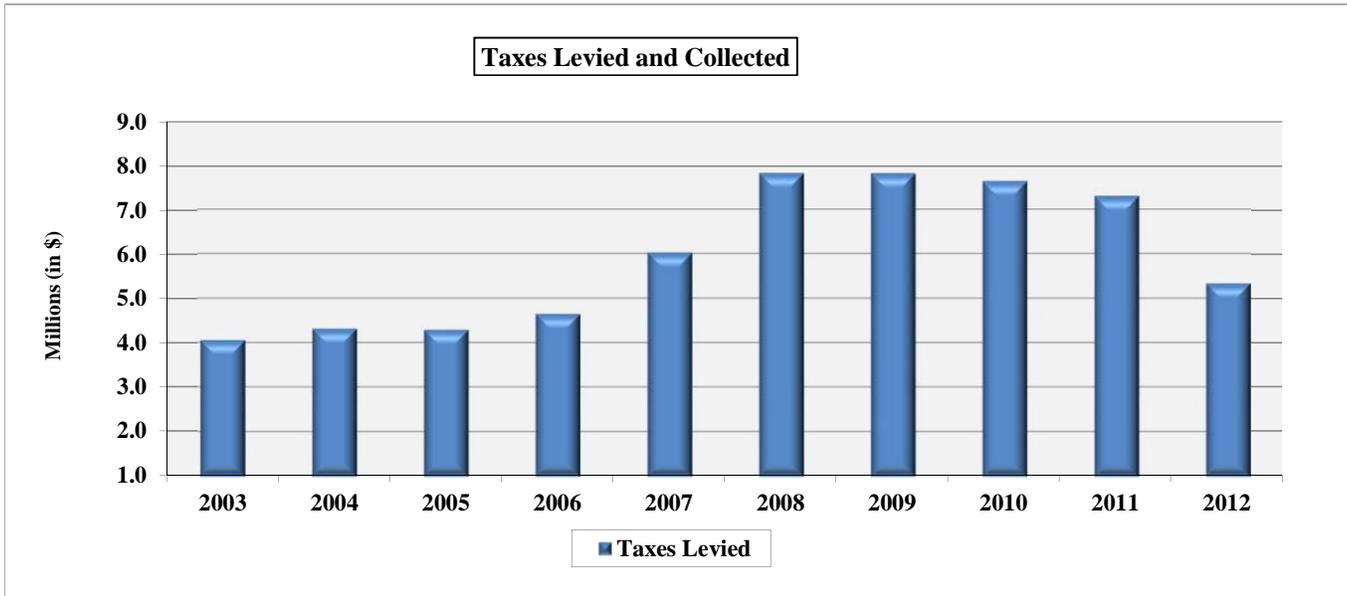
⁽²⁾ The rates shown are not levied rates, but rather "rate-equivalents." The County, in the application of the Tax Equity Allocation (TEA) formula specified by the 1987 amendments to the Trial Court Funding Act, created these rates to accomplish the property tax shift required by the law. See Note (1)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

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

Taxpayer	2011-2012			2002-2003		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Loja Pleasant Hill LLC	\$81,000,000	1	1.85%	n/a	n/a	n/a
FW California PH Shopping Center LLC	62,727,182	2	1.43%	n/a	n/a	n/a
Lexford Properties LP	37,874,058	3	0.86%	n/a	n/a	n/a
Grosvenor USA Limited	36,392,590	4	0.83%	n/a	n/a	n/a
WM Villa Montanaro LLC	35,974,141	5	0.82%	n/a	n/a	n/a
Grupe Real Estate Investors	34,024,017	6	0.78%	\$29,445,399	4	0.94%
Beaufort Partners LP	31,826,769	7	0.73%	n/a	n/a	n/a
EQR Watson General Partnership	31,157,644	8	0.71%	45,528,870	2	1.45%
GCCFC 2005-GG5 Buskirk Avenue	31,150,000	9	0.71%	n/a	n/a	n/a
Gallup and Whalen Santa Maria	23,727,173	10	0.54%	20,577,098	8	0.66%
RVIP California WA OR Portfolio	n/a	n/a	n/a	71,613,061	1	2.29%
BPP Retail	n/a	n/a	n/a	33,917,038	3	1.08%
Bank of America	n/a	n/a	n/a	28,733,793	5	0.92%
John V Hook Trust	n/a	n/a	n/a	27,525,480	6	0.88%
Pacific Bell Information Srvs	n/a	n/a	n/a	27,525,265	7	0.88%
Residence Inn III LLC	n/a	n/a	n/a	15,474,740	9	0.49%
Greystone Homes Inc.	n/a	n/a	n/a	14,185,374	10	0.45%
Total	\$405,853,574		9.25%	\$ 314,526,118		10.04%

Source: County Assessor Fiscal Year Combined Tax Rolls.

CITY OF PLEASANT HILL
Property Tax Levies and Collections
Last Ten Fiscal Years ⁽¹⁾



<u>Fiscal Year</u>	<u>Total Tax Levied and Collected ⁽²⁾</u>
2003	\$4,090,576
2004	4,340,751
2005	4,317,891
2006	4,676,154
2007	6,047,544
2008	7,827,008
2009	7,820,947
2010	7,649,119
2011	7,315,829
2012	5,357,749

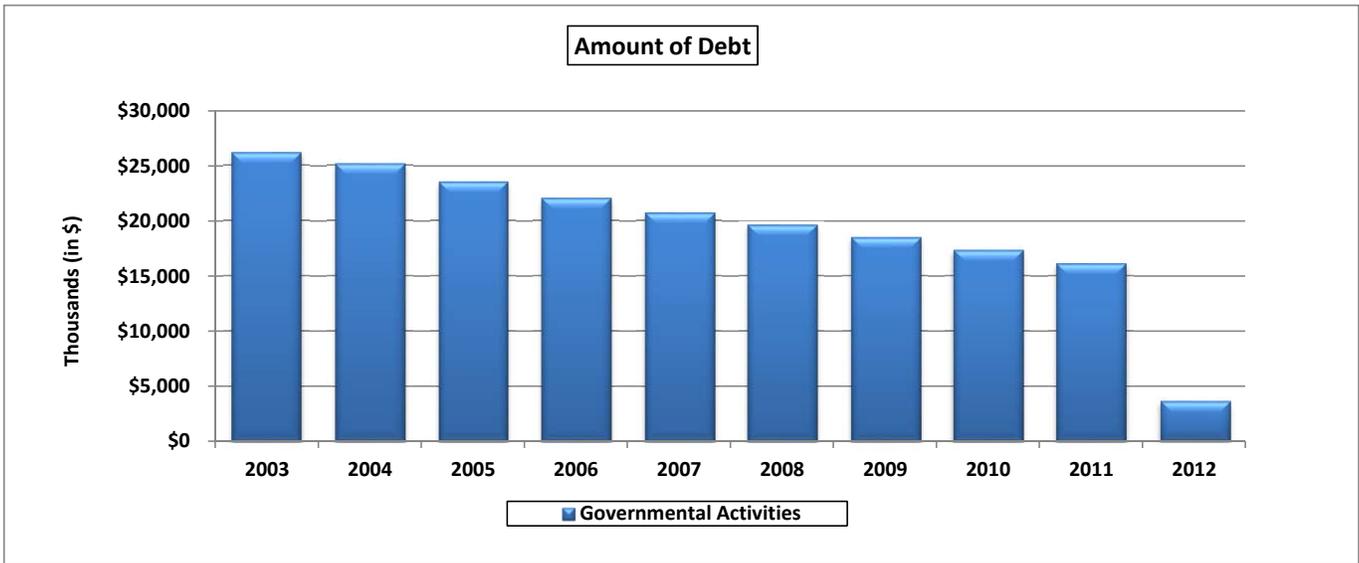
Source: City of Pleasant Hill Comprehensive Annual Financial Reports and Contra Costa County

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

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

⁽²⁾ Includes property taxes in the City's General and Special Revenue Funds and tax increments in the former Redevelopment Agency's funds.

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	
2003	\$8,860,000	\$7,770,000	\$9,605,000	\$26,235,000
2004	8,470,000	7,430,000	9,315,000	25,215,000
2005	8,095,000	7,215,000	8,265,000	23,575,000
2006	7,715,000	6,880,000	7,485,000	22,080,000
2007	7,325,000	6,760,000	6,685,000	20,770,000
2008	6,930,000	6,635,000	6,095,000	19,660,000
2009	6,525,000	6,505,000	5,495,000	18,525,000
2010	6,115,000	6,370,000	4,885,000	17,370,000
2011	5,690,000	6,225,000	4,260,000	16,175,000
2012	n/a (b)	n/a (b)	3,620,000	3,620,000

Fiscal Year	Total Primary Government	Percentage of Personal Income ^(a)	Per Capita
2003	\$26,235,000	2.23%	\$780.94
2004	25,215,000	2.03%	750.02
2005	23,575,000	1.81%	705.69
2006	22,080,000	1.59%	668.20
2007	20,770,000	1.44%	630.35
2008	19,660,000	1.33%	589.40
2009	18,525,000	1.29%	551.73
2010	17,370,000	1.25%	513.24
2011	16,175,000	1.19%	486.03
2012	3,620,000	Not available	108.25

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

Population: California Department of Finance

Income Data: ESRI-Demographic estimates based on the last available Census. Projections are developed by incorporating all of the prior census data released to date. Post census trends in the population are extracted from a variety of date sources. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries.

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

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

CITY OF PLEASANT HILL
Computation of Direct and Overlapping Debt
June 30, 2012

2011-12 Assessed Valuation	\$ 4,386,963,875
Redevelopment Incremental Valuation	432,541,427
Adjusted Assessed Valuation:	<u>\$ 3,954,422,448</u>

	Net Debt Outstanding	Percentage Applicable To City of Pleasant Hill ^{(1),(2)}	Amount Applicable To City of Pleasant Hill
<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>			
Bay Area Rapid Transit District	\$ 412,540,000	0.907%	\$ 3,741,738
East Bay Regional Park District	129,525,000	1.409%	1,825,007
Contra Costa Community College District	223,985,000	3.177%	7,116,003
Mount Diablo Unified School District	458,250,057	15.210%	69,699,834
Mount Diablo Unified School District Community Facilities District No. 1	52,675,000	15.210%	8,011,868
Pleasant Hill Recreation and Park District	28,000,000	85.849%	24,037,720
City of Pleasant Hill Downtown Community Facilities District No. 1	<u>12,705,000</u>	100.000%	<u>12,705,000</u>
 TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	 <u>\$ 1,317,680,057</u>		 <u>127,137,170</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Contra Costa County General Fund Obligations	\$ 301,690,976	3.163%	9,542,486
Contra Costa Pension Obligations	358,495,000	3.163%	11,339,197
Contra Costa Community College District Certificates of Participation	855,000	3.177%	27,163
City of Pleasant Hill Joint Powers Authority	3,620,000	100.000%	3,620,000
Pleasant Hill Recreation and Park District Certificates of Participation	2,305,000	85.849%	1,978,819
Contra Costa County Fire Protection District Pension Obligations	<u>111,595,000</u>	7.167%	<u>7,998,014</u>
 TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT	 <u>\$ 778,560,976</u>		 34,505,679
Less: Contra Costa County self-supported			<u>3,582,660</u>
NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			30,923,019
 TOTAL DIRECT DEBT			3,620,000
TOTAL OVERLAPPING DEBT			<u>158,022,849</u>
GROSS COMBINED TOTAL DEBT			<u>\$ 161,642,849</u>
 NET COMBINED TOTAL DEBT			 <u>\$ 158,060,189</u>

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

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

RATIOS TO 2011-12 ASSESSED VALUATION:

Total Overlapping Tax and Assessment Debt 3.22%

RATIOS TO ADJUSTED ASSESSED VALUATION:

Combined Direct Debt (\$3,620,000) 0.09%

Combined Total Debt 4.09%

Net combined Total Debt 4.00%

Source: California Municipal Statistics, Inc.

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

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property \$4,386,963,875

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) ^(a) \$164,511,145

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt ^(b) (9,695,000)

Less Special Assessment Bonds 6,075,000

Amount of debt subject to limit (3,620,000)

LEGAL BONDED DEBT MARGIN - fiscal year 2012 \$160,891,145

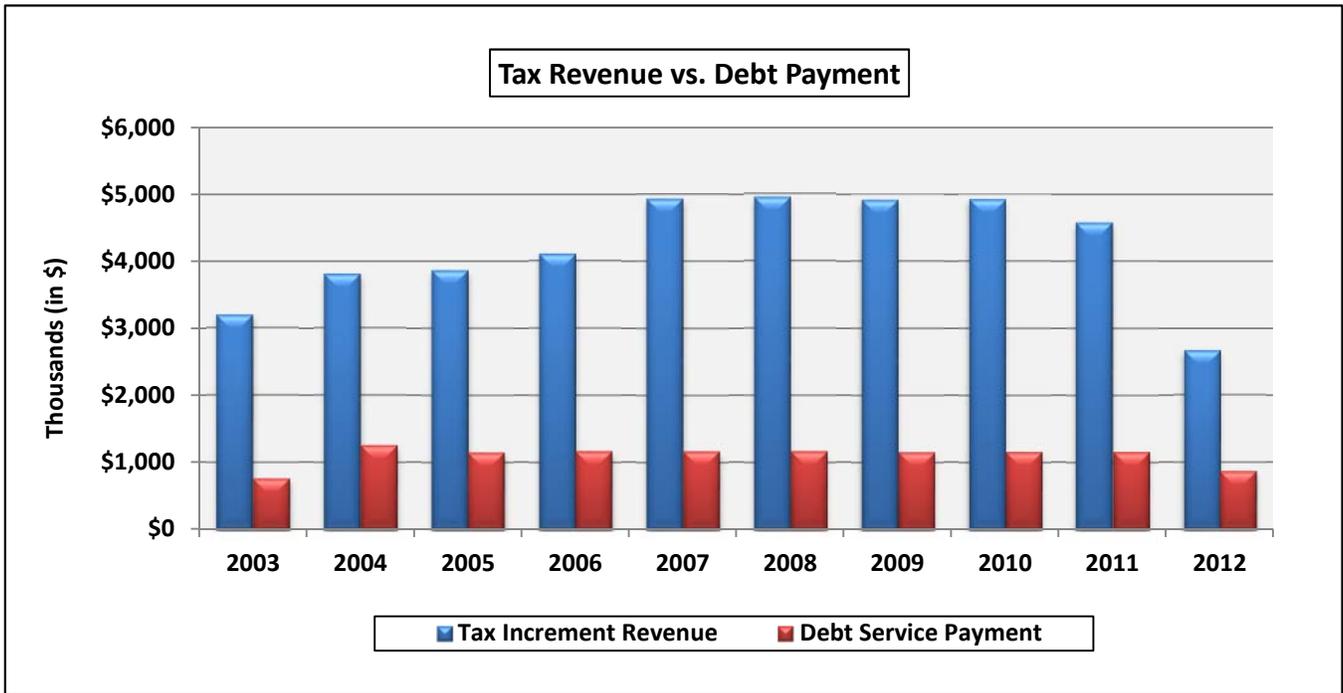
<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total net debt applicable to the limit as a percentage of debt limit</u>
2003	\$117,436,565	\$9,605,000	\$107,831,565	8.91%
2004	127,852,987	9,315,000	118,537,987	7.86%
2005	135,789,044	8,265,000	127,524,044	6.48%
2006	147,539,760	7,485,000	140,054,760	5.34%
2007	162,983,633	6,685,000	156,298,633	4.28%
2008	172,602,650	6,095,000	166,507,650	3.66%
2009	176,735,198	5,495,000	171,240,198	3.21%
2010	171,011,909	4,885,000	166,126,909	2.94%
2011	168,137,403	4,260,000	163,877,403	2.60%
2012	\$164,511,145	3,620,000	160,891,145	2.25%

NOTE:

(a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in base assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

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

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



Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest & Fiscal Fee	Total	
2003	\$3,200,815	\$205,000	\$564,558 (a)	\$769,558	4.16
2004	3,807,280	565,000	699,565	1,264,565	3.01
2005	3,873,537	490,000	669,510	1,159,510	3.34
2006	4,116,371	500,000	678,413	1,178,413	3.49
2007	4,944,024	510,000	665,372	1,175,372	4.21
2008	4,959,132	520,000	655,790	1,175,790	4.22
2009	4,921,960	535,000	628,210	1,163,210	4.23
2010	4,931,841	545,000	621,019	1,166,019	4.23
2011	4,583,378	570,000	596,732	1,166,732	3.93
2012	2,666,870	585,000	291,112 (b)	876,112	3.04

Source: City of Pleasant Hill Annual Financial Statements

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

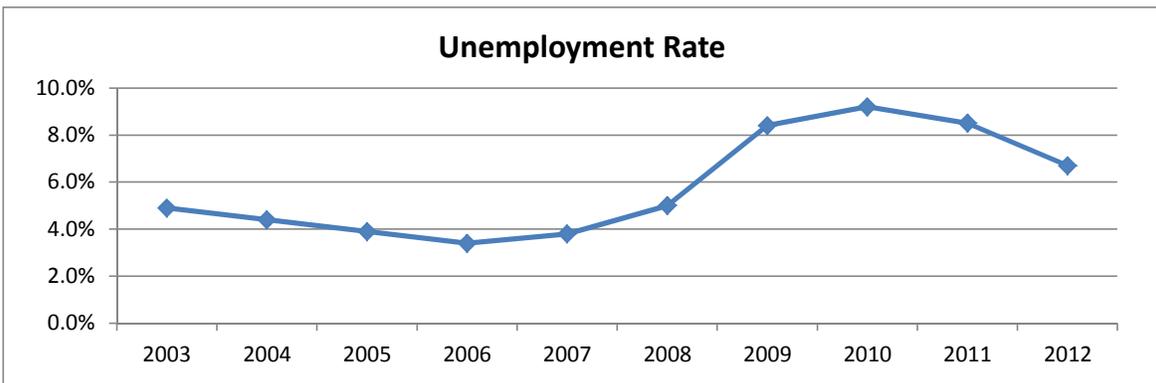
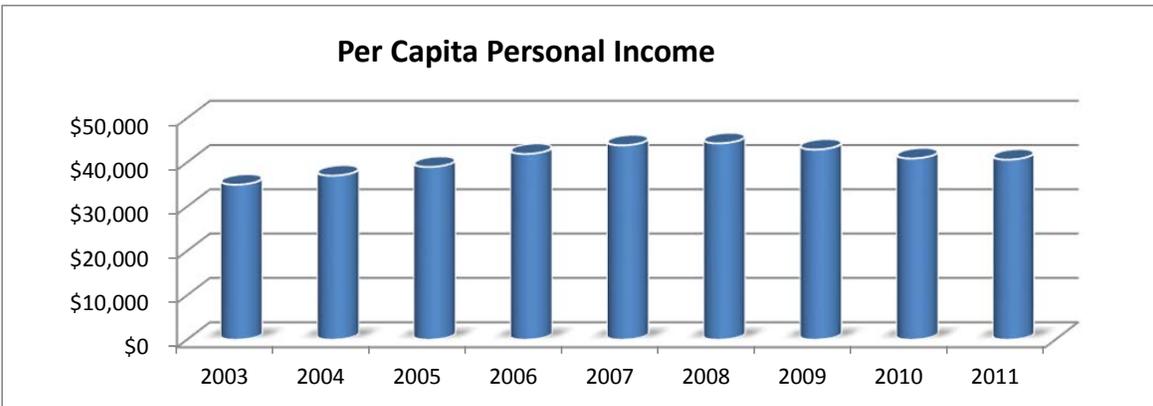
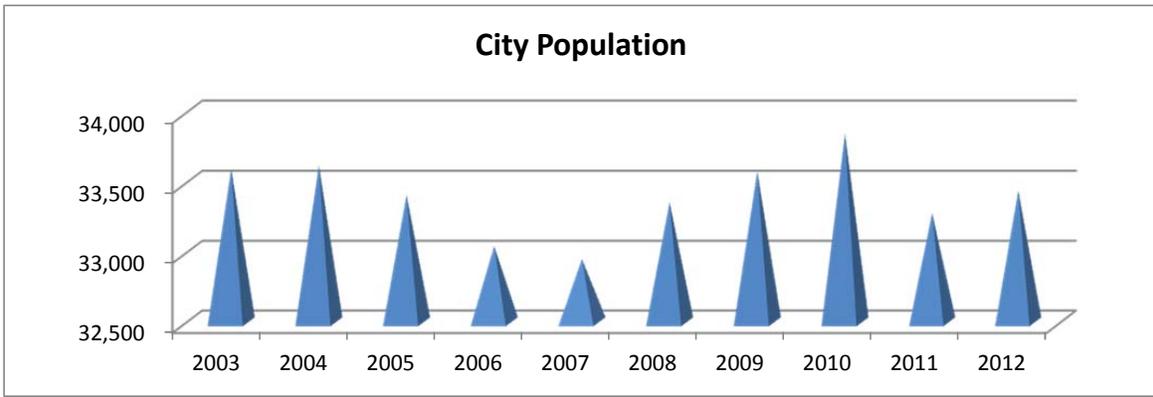
(b) On February 1, 2012, the former Agency's tax allocation bonds were transferred to the Successor Agency to the Pleasant Hill Redevelopment Agency, a private-purpose trust fund, upon the dissolution of the former Agency.

CITY OF PLEASANT HILL

Demographic Statistics

Last Ten Fiscal Years

Fiscal Year	City Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate	Rank in Size of California Cities
2003	33,594	\$1,175,036	\$34,978	4.9%	270
2004	33,619	1,244,738	37,025	4.4%	213
2005	33,407	1,302,845	38,999	3.9%	217
2006	33,044	1,385,626	41,933	3.4%	220
2007	32,950	1,445,925	43,882	3.8%	224
2008	33,356	1,478,774	44,333	5.0%	224
2009	33,576	1,441,100	42,921	8.4%	225
2010	33,844	1,384,480	40,908	9.2%	225
2011	33,280	1,359,369	40,651	8.5%	224
2012	33,440	not available	not available	6.7%	225



CITY OF PLEASANT HILL
Principal Employers
Three Years Ago and Six Years Ago

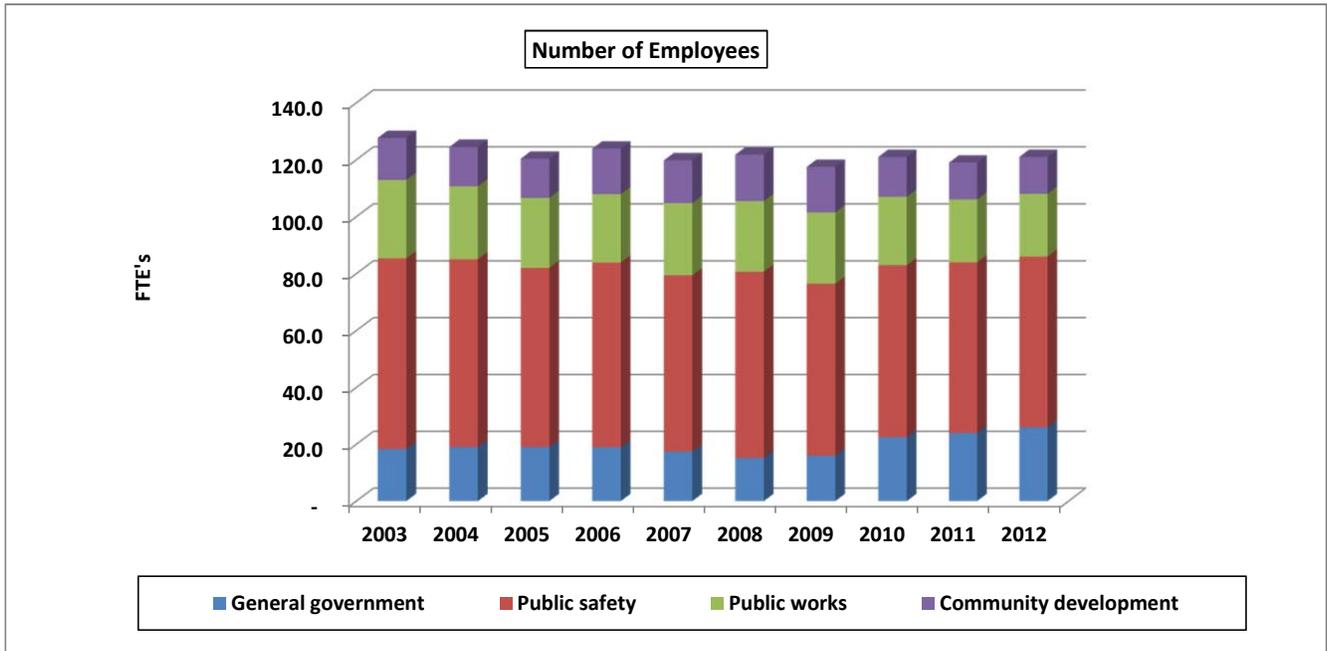
Employer	2009 ^(a)			2006 ^(b)		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Mt. Diablo Unified School District	659	1	4.81%	537	2	2.77%
Contra Costa County Fire Protection	450	2	3.29%	n/a	n/a	n/a
Safeway	255	3	1.86%	n/a	n/a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

Source: InfoGroup

^(a) Information represents the latest detail available.

^(b) Information for nine years ago are not available.

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



Adopted for Fiscal Year Ended June 30,

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Function										
General government	18.4	19.0	19.0	18.9	17.4	15.2	16.0	22.5	24.0	26.0
Public safety	67.0	66.0	63.0	65.0	62.0	65.5	60.5	60.5	60.0	60.0
Public works	27.5	25.7	24.6	24.0	25.4	24.8	25.0	24.0	22.0	22.0
Community development	14.8	13.8	13.8	16.0	15.0	16.3	16.0	14.0	13.0	13.0
Total	<u>127.7</u>	<u>124.5</u>	<u>120.4</u>	<u>123.9</u>	<u>119.8</u>	<u>121.8</u>	<u>117.5</u>	<u>121.0</u>	<u>119.0</u>	<u>121.0</u>

Source: Pleasant Hill

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Function/Program										
Public safety: ^(a)										
Incident numbers issued	22,869	22,261	22,970	22,033	21,003	21,068	18,646	16,829	17,961	18,690
Traffic citations issued	3,520	5,519	5,816	6,459	4,496	6,204	5,914	6,473	5,541	4,793
Violent crimes	386	375	372	356	300	289	252	188	212	238
Willful homicide	-	1	1	-	1	-	1	1	-	1
Forcible rape	8	6	9	9	10	4	7	1	3	3
Robbery	52	35	46	57	48	51	41	37	35	40
Aggravated assaults	71	90	77	70	65	58	53	45	40	55
Property crimes	2,148	2,037	1,814	1,066	1,076	1,630	1,333	1,235	1,537	1,560
Burglary	348	362	323	261	218	259	223	179	207	290
Motor vehicle theft	247	243	217	175	205	165	140	102	127	125
Public works:										
Estimated miles of paved streets	115	115	115	115	115	115	115	115	115	115
Number of street lights	2,348	2,344	2,352	2,353	2,353	2,361	2,361	2,361	2,361	2,361
General government:										
Business Licenses renewals (excludes Out of City)	3,449	3,423	3,436	3,600	3,715	3,792	3,606	3,600	3,600	3,500
Business License Out of City Contractor	1,750	1,896	2,023	2,170	2,394	2,400	2,394	2,200	2,200	2,450
Community development:										
Building permits issued	967	1,099	1,099	1,118	1,049	904	811	804	893	902
Approximate value of building permits	\$31,506,476	\$22,816,385	\$42,545,024	\$26,451,898	\$24,491,995	\$42,316,910	\$20,621,994	\$11,164,835	\$18,694,225	\$25,483,018
Building inspections conducted	6,872	6,940	8,233	8,165	7,317	7,378	6,046	5,147	5,320	5,339

Source: Pleasant Hill

^(a) Covers twelve month period November to October

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

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	2,348	2,344	2,352	2,353	2,353	2,361	2,361	2,361	2,361	2,361
Recreation:										
Open space acres	207	207	207	207	207	207	207	207	207	207
Number of parks owned	11	11	11	11	11	11	11	11	11	11
Number of acres	66.2	66.2	66.2	66.2	66.2	66.2	66.2	66.2	66.2	66.2
Fire protection:										
Number of stations	2	2	2	2	2	2	2	2	2	2

Source: Pleasant Hill

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