



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2013



**CITY OF OAKLEY, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013**

**PREPARED BY THE
FINANCE DEPARTMENT**

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

MAYOR
Kevin Romick

VICE MAYOR
Randy Pope

COUNCILMEMBERS
Diane Burgis
Doug Hardcastle
Carol Rios

December 13, 2013

To the Citizens of the City of Oakley,
and Honorable Members of the City Council

We are pleased to submit to you the City of Oakley's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. This report is published in accordance with State law that requires financial statements be presented in conformity with accounting principles generally accepted in the United States of America, and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. It is also prepared to meet reporting standards set forth by the Governmental Finance Officers Association.

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and the changes in financial position of the governmental activities and the various funds of the City; and includes all disclosure necessary to enable the reader to gain an understanding of the City's financial affairs.

CITY PROFILE

The City of Oakley is a community of approximately 37,250 located in eastern portion of Contra Costa County in the San Francisco Bay Area. The City entity is a California corporate municipality incorporated on July 1, 1999, and operated under a Council-City Manager structure of government. The City Council is comprised of five members elected by the Voters city-wide, serving in staggered 4 year terms. The Council hires a City Manager to run the City's day to day operations.

The City provides the following services: Legislative; Administrative; Building and Safety; Planning; Engineering; Streets, Parks and Landscaping Maintenance; Recreation; and Police Protection. Sewer, Water, Transit, Irrigation, Mosquito Abatement, Flood Control, Schools, and Fire Protection Services are all provided by local special districts with their own governing boards. The City contracts for sanitation service with a local firm under a long-term franchise agreement.

FINANCIAL INFORMATION

Discussion and analysis of the City's finances can be found in the MD&A section of the attached report. The information below includes a summary of what is recorded in the General Fund and certain Other Financial Information of ongoing interest but not included in the MD&A.

The Financial Statements presented in this CAFR include the City and its component unit, the Oakley Public Financing Authority. The Authority is blended in the report since it is governed by the City Council sitting in a separate capacity or provides services exclusively to the City. The Oakley Redevelopment Agency was dissolved on January 31, 2012, and its assets and liabilities were transferred to the City, as Housing Successor and to a Successor Agency. The Successor Agency is reported as a Private Purpose Trust Fund, since it is legally a separate Entity and its decisions and governance subject to the approval of parties other than the City Council.

Each year, the City Council holds a strategic planning discussion and adopts a budget to direct the allocation of City resources in accordance with its strategic planning priorities. The process typically begins in January with internal budget reviews, includes strategic planning session(s) in March, a budget workshop in May to discuss a Proposed Budget, and adoption of a final Recommended Budget in June. The City operates on a fiscal year that begins each July 1 and ends on June 30. The adopted Budget includes the annual update of the City's Comprehensive Statement of Financial Policies, which serves as a framework for its financial practices, an update to its 10 Year Plan, and budgets for each of the funds under the City's control. Budgetary control is established at the Fund level.

The City's General Fund is its primary operating fund, and is used to account for Legislative, Administrative Services, Community Development, Recreation, Police and Public Works operations, and is where the City accounts for all its general purpose revenues. It is distinguished from the City's other governmental funds that are used to account for special purpose revenues, capital projects, debt service activities, and monies held for the benefit of others.

Debt Management

The City generally does not incur debt, except in instances where there will be long-term benefits or where no other method of acquiring an asset is possible. Equipment purchases are generally funded through the City's Equipment Replacement Fund or with current revenues.

Reserves

The City has sufficient reserves to meet its current and immediate future obligations. The Statement of Financial Policies contains reserve policies and the City's Adopted Budget includes a 10 Year Plan which highlights the impact of near term decisions on fund

balances and reserves during the 10 year period. Furthermore, in order to maintain the 10 Year Plan's relevance, twice each year (at budget adoption and again at mid-year), the City reviews and updates the assumptions used in the Plan.

2012-2013 Financial Statement Impacts/Redevelopment Agency Dissolution

The State passed legislation in June 2011 that resulted in the dissolution of redevelopment agencies throughout the State effective January 31, 2012. The legislation was further amended and revised in June of 2012. Collectively, the legislation is referred to as the Dissolution Act. The process of implementing the Act has resulted in continued uncertainties and litigation relating to the process remains outstanding. The potential effects are discussed in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In preparing the budget for fiscal year 2013-2014, management considered the following significant factors likely to affect the financial condition of the City:

- The City had accumulated reserves in excess of its adopted policy level of 20% of anticipated General Fund expenditures. The Council again deferred the appropriation of the excess in order to have additional funds available to offset potential redevelopment dissolution surprises, to fund economic development investments that were agreed to in principal but not yet legally perfected, and to simply to remain fiscally conservative in an economy just now beginning to show improvement.
- New housing prices have strengthened and building activity is beginning to increase. The City projected developers would complete 125 new homes in fiscal year 2012-2013, and the Budget reflected an estimate of 150 new homes for fiscal year 2013-2014.
- Overall, property values appear to have finally begun recovering and consumer confidence has improved. For conservatism, the Budget included estimated property tax revenues and sales tax revenues with 4% growth.
- The City has been diligently planning and recruiting commercial development to complement the residential development underway, and this remains a high priority. While the weaker economy makes business recruitment more difficult, it is a worthy effort that takes time. The jobs, services, and associated revenues will be of great future benefit to our citizens.

Overall, the adopted budget continues the City's commitment to conservative budgeting, controlling costs, and using its revenues wisely.

THE LOCAL AND REGIONAL ECONOMIES

Oakley's local commercial economy has been affected by the larger downturn being experienced across the country and seemingly everywhere, and while commercial activity in the region has improved, commercial vacancies in nearby cities remain a viable and competing alternative to new ground-up construction in Oakley. While new development and City initiatives bring infrastructure improvements and attractive new neighborhoods, they also ultimately attract new businesses and more local employment opportunities. Thus, while near-term growth in the local economy may remain slower, the City's long-term prospects remain favorable.

Like most small cities in metropolitan areas, Oakley's economy is influenced strongly by the regional economy. It rises as the region expands, and contracts as the region contracts.

The greater San Francisco Bay Area economy has improved remarkably this last year and employment for the City's residents has improved yet again. City unemployment as of August 2013 was 5.2%, down from 6.5% in August 2012. While consumer confidence has improved in the region overall, and existing businesses appear to be doing much better, we still believe a more pronounced local recovery is likely in the future.

INDEPENDENT AUDITORS

State statutes require an annual audit by independent certified public accountants. The accounting firm of Maze & Associates has been engaged by the City to conduct this year's audit. The auditor's report on the basic financial statements and combining individual fund statements and schedules is included in the financial section of the report.

AWARDS FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oakley for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the thirteenth consecutive year that the government has achieved the award. To receive the award, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

AVAILABILITY TO THE PUBLIC

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

CONCLUSION

We are proud to deliver to you the City's Comprehensive Annual Financial Report for the year ended June 30, 2013. The preparation of this report on a timely basis could not be accomplished without the dedicated services of Finance Department staff and the assistance of many others in the City organization. We would like to express our appreciation to everyone who contributed to its preparation and thank you for your continued support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Bryan H. Montgomery
City Manager



Paul Abelson
Finance Director



CITIZENS OF OAKLEY

CITY COUNCIL

CITY ATTORNEY

City Attorney
Special Counsel
Paralegal

CITY MANAGER

Assistant to the City Manager

Maintenance Custodian

City Clerk

City Clerk
Admin Assistants

**Engineering/
Public Works**

City Engineer/
PW Director
Assistant Engineer
Senior Civil Engineer
CIP Project Manager
Inspectors
Admin Assistant
Parks Landscape Maintenance Mgr
Parks Landscape Leadworker
Maintenance Workers
Parks Laborers
Park Monitor

Planning

Senior Planner
Senior Planner

**Building/
Code Enforcement**

Building Official
Permit Center Manager
Inspector
Permit Technician
Code Enforcement
Officer

**Economic Dev/
Human Resources**

Economic Development
Coordinator/
HR Administrator
Associate Planner

Finance

Finance Director
Senior Accountant
Accounting Technician

IT Services

Police

Chief
Assistant to the Chief
Sergeants
Sworn Officers
Police Service Assistants
Admin Assistants

Recreation

Recreation Manager
Recreation Technician
Recreation Leaders
Recreation Aides

X

CITY OF OAKLEY

**ELECTED OFFICIALS AND
ADMINISTRATIVE PERSONNEL**

JUNE 30, 2013

ELECTED OFFICIALS

Mayor	Kevin Romick
Vice-Mayor	Randy Pope
Council Member	Diane Burgis
Council Member	Doug Hardcastle
Council Member	Carol Rios

ADMINISTRATIVE PERSONNEL

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

Bryan H. Montgomery
Derek Cole
Paul Abelson
Bani Kollo
Libby Vreonis
Jason Vogan
Brent Smith



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Oakley
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Oakley as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund of the City as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 15, pursuant to ABx1 26 adopted by the State of California which was validated by the California Supreme Court on December 28, 2011, the Oakley Redevelopment Agency has been dissolved and its assets turned over to and liabilities assumed by Successor Agencies effective January 31, 2012. Certain transactions undertaken by the Oakley Redevelopment Agency prior to the date of dissolution may be subject to review by the State as discussed in Note 15, but the effect of that review cannot be determined as of June 30, 2013.

AB1484 requires the Successor Agency to complete two Due Diligence Reviews (DDR) to determine the amount of the remaining assets that should be transferred by the City to the Successor Agency or by the Successor Agency to the County for distribution to the affected taxing entities. In August 2013, the State Department of Finance (DOF) completed its review of the DDR of the Low and Moderate Housing Fund's cash balance available for allocation to the affected taxing entities. The DDR indicated assets totaling \$1,956 were to be returned, but that amount was adjusted by the DOF to \$537,576. The Successor Agency complied with a portion the DOF's determination by transmitting a payment of \$71,556 to the County Auditor-Controller in August 2013, but the City disputes the remaining balance due of \$466,020. In October 2013, the DOF completed its review of the DDR of all other funds of the former Redevelopment Agency. The DDR indicated there were no assets available for allocation to the affected taxing entities, but that amount was adjusted by the DOF to \$952,264. The City disputes the adjustments.

Also as discussed in Note 15, prior to the Redevelopment Agency dissolution, the City, acting under a Cooperation Agreement with the Agency, approved a loan agreement which obligated certain Redevelopment funds. The loan agreement was rejected by the Department of Finance (Department). The City and Department have met and conferred to settle the matter and the Department determined that it is not an enforceable obligation of the Successor Agency at this time. Management continues to believe this transaction is valid and has filed a lawsuit against the Department related to this matter and the DDR adjustments.

The City's position on these matters is not a position of settled law and there is considerable legal uncertainty regarding these matters. It is possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue favorably or unfavorably to the City. No provision for liabilities resulting from the outcome of these uncertain matters has been recorded in the accompanying financial statements.

Management adopted the provisions of the following Governmental Accounting Standards Board Statement, which became effective during the year ended June 30, 2013 that affected the format and nomenclature of the financial statements:

Statement 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. See Notes 1B and 1E to the financial statements for relevant disclosures.

Management early-implemented the provisions of the following Governmental Accounting Standards Board Statement, during the year ended June 30, 2013 and also affected the format and nomenclature of the financial statements:

Statement 65 – *Items Previously Report as Assets and Liabilities*. See Note 1E to the financial statements for relevant disclosures.

The emphasis of these matters does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements as a whole. The Introductory Section, Supplemental Information, and Statistical Section listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Mane & Associates

Pleasant Hill, California
November 3, 2013

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Oakley's financial performance for the fiscal year ended June 30, 2013, provides an overview of year ending results based on the government-wide statements, an analysis on the City's overall financial position and results of operations to assist users in evaluating the City's financial position, and discussions of both significant changes that occurred in funds and significant budget variances. In addition, it describes the activities during the year for capital assets and long-term debt. It concludes with a description of currently known facts, decisions, and conditions that are expected to have a significant effect on the financial position or results of operations. Please read this MD&A in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- Government-wide net position increased by \$0.8 million, or 0.4 percent this year.
- Government-wide program expenditures exceeded program revenues by \$8.1 million.
- General Fund revenues were \$505,000 more than budgeted; expenditures were \$1,290,000 less than budgeted.
- The General Fund balance at the end of the year was \$11.0 million, of which \$6.2 million was available/unassigned.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities (on pages 16 and 17) provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements start on page 20. For governmental activities, the fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds and other funds. The remaining fiduciary fund statement provides financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities:

Our analysis of the City as a whole begins on page 7. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities to answer this question. These statements include all assets, deferred inflows/outflows of resources and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net position* and *changes in net position*. Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, which is one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position is an indication of whether its *financial health* is improving or deteriorating. To put the City's financial health in perspective, you will likely need to consider certain non-financial factors, such as changes in the economy, that impact consumer spending or property values. In the statement of Net Position and the Statement of Activities, we include City Activities from two categories:

Governmental activities – Most of the City's basic services are reported in this category, and include: general government (city manager, city clerk, finance, etc.), community development (planning, building and public works), police protection, and recreation. Property taxes, sales tax, transient occupancy tax, user fees, interest income, franchise fees, state and federal grants, contributions from other agencies, and other revenues finance these activities.

Component unit activities – The City includes one additional legal entity in its report – the Oakley Public Financing Authority. Although legally separate, the City is financially accountable for this "component unit".

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds (called "major" funds) and other funds (called "non-major" funds) – not the City as a whole. Some funds are required by State law and/or by bond covenants; however, management has established other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for the use of certain taxes, grants, and other resources. The City's funds are classified as Governmental Funds, Proprietary Funds or Fiduciary Funds.

Governmental Funds

Most of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

Proprietary Funds - Internal Service Activities

The City has established Equipment Replacement and Capital Facilities Maintenance and Replacement Internal Services Funds. Internal Service Funds are operated in a manner similar to a private business enterprise. In the case of the Equipment Replacement Fund, it charges the other City funds to accumulate amounts sufficient to replace the equipment at the end of its useful life. The Capital Facilities Maintenance and Replacement Fund charges the other City Funds to accumulate amounts sufficient pay for major repairs and building systems replacements when they may occur. These Funds are reported using the *accrual basis of accounting*.

Trust and Agency Funds - Reporting the City's Fiduciary Responsibilities

The City is the trustee, or *fiduciary*, for certain funds held on behalf of bondholders and other governmental agencies. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the City's other financial statements because the City doesn't own these assets and cannot use them to finance its operations. The City is the Successor Agency to the Oakley Redevelopment Agency; and the Successor Agency's assets and liabilities are accounted for in a private purpose trust fund reported with the City's other fiduciary funds.

THE CITY AS A WHOLE

For fiscal year 2012-2013 the City's combined net position increased \$0.8 million from \$189.5 million to \$190.3 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental activities.

Table 1
 Net Position
 As of June 30, 2013 and 2012
 (In Millions)

Governmental Activities	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Current and restricted assets	\$ 47.7	\$ 45.2
Capital assets	<u>154.9</u>	<u>156.3</u>
Total Assets	<u>202.6</u>	<u>201.5</u>
 <u>Liabilities</u>		
Long-term liabilities outstanding	7.2	7.5
Other liabilities	<u>5.1</u>	<u>4.6</u>
Total Liabilities	<u>12.3</u>	<u>12.1</u>
 <u>Net Position</u>		
Net Investment in Capital Assets	148.3	149.4
Restricted	29.0	28.6
Unrestricted	<u>13.0</u>	<u>11.4</u>
Total Net Position	<u>\$190.3</u>	<u>\$189.5</u>

The City's Net Position is made-up of three components: Net Investment in Capital Assets; Restricted Net Position; and Unrestricted Net Position. Net Investment in Capital Assets, the part of net assets representing capital assets, and principally infrastructure assets, accounts for the majority of the City's governmental activities net position.

The decrease in the Net Investment in Capital Assets resulted primarily from depreciation on the City's infrastructure exceeding current year additions.

The increase in Restricted Net Position is primarily due to the receipt of funding from the State Route 4 Bypass Authority restricted for capital projects.

The increase in Unrestricted Net Position is primarily attributed to strong performance in the City's General Fund.

Table 2
Changes in Net Position
As of June 30, 2013 and 2012
(In Millions)

Governmental Activities	<u>2013</u>	<u>2012</u>
REVENUES		
<u>Program revenues:</u>		
Charges for Services	\$ 8.2	\$ 7.4
Operating Grants and Contributions	1.4	1.6
Capital Grants and Contributions	3.4	8.4
<u>General revenues:</u>		
Property tax	4.4	5.6
Sales tax	1.6	1.6
Other taxes	1.4	1.3
Use of money and property	0.4	0.7
Miscellaneous	<u>1.0</u>	<u>0.9</u>
 Total Revenues	 <u>21.8</u>	 <u>27.5</u>
 EXPENSES		
Legislative	0.5	0.5
Administrative Services	1.0	0.8
Law Enforcement	7.4	7.5
Community Development	1.8	1.7
Public Works	9.6	12.5
Redevelopment and Economic Development	0.0	0.9
Recreation	0.4	0.4
Interest on long-term debt	<u>0.3</u>	<u>0.6</u>
 Total Expenses	 <u>21.0</u>	 <u>24.9</u>
 Extraordinary Item	 <u>-</u>	 <u>(2.8)</u>
 Change in Net Position	 0.8	 (0.2)
 Net Position – Beginning	 <u>189.5</u>	 <u>189.7</u>
 Net Position – Ending	 <u>\$190.3</u>	 <u>\$189.5</u>

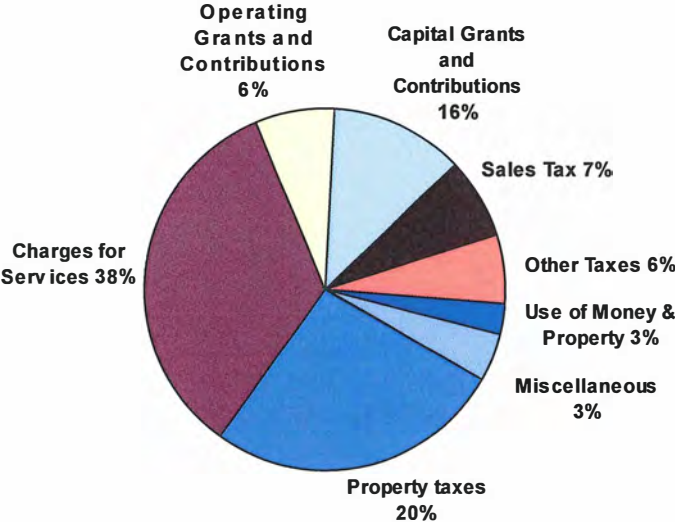
Governmental Activities

Total revenue was \$21.8 million. The largest component this year was Charges for Services, which increased \$0.8 million due primarily increases in Community Development related fees and Law Enforcement special taxes. Capital Grants and Contributions decreased \$5.0 million, as the 2012 contributions included the acceptance of Main Street from the State, which was an outsized and unusual contribution. Those received in 2013 did not include any outsized contributions. Operating Grants decreased \$0.2 million, reflecting a reduction in gas tax revenues. Property Taxes declined \$1.2 million, primarily as a result of the dissolution of the Redevelopment Agency; Property taxes received subsequent to the dissolution on January 31, 2012 are accounted for in the new Successor Agency private purpose trust fund, and are no longer considered a part of governmental activities.

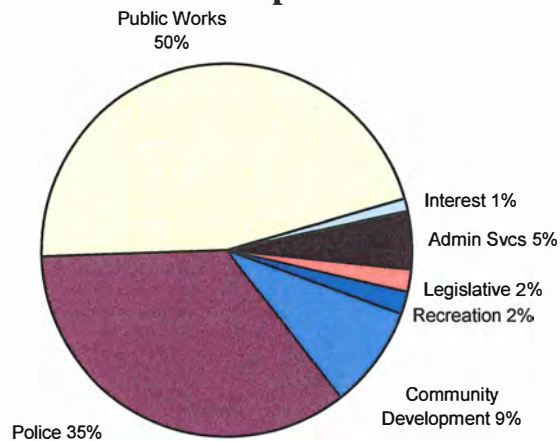
Total expenses were \$21.0 million. Public Works, with \$9.6 million of expenses, represented the largest component of total governmental expenses. The \$2.9 million decrease in Public Works expenses resulted from larger than usual expenses in 2012, which included the conveyance of the completed fire station project. The Redevelopment and Economic Development function has been eliminated due to the State’s elimination of the Redevelopment Agency effective January 31, 2012; the City’s Economic Development activities are now included in the Community Development function, which increased \$0.1 million due to this change in reporting. Interest and Fiscal Charges declined \$0.3 million, as 2013 was the first full year to reflect the elimination of the Redevelopment Agency.

Fiscal Year 2013 Government Activities

Sources of Revenues
(Excluding Extraordinary Item)



Functional Expenses



THE CITY'S FUNDS

On page 20, the governmental funds balance sheet is shown. The combined fund balance was \$30.0 million, an increase of \$2.5 million, resulting primarily from General Fund operations. The combined fund balance includes the General Fund balance of \$11.0 million.

The General Fund balance increased by \$2.2 million from the prior year, experiencing increased revenue in every category, and holding firm on overall expenditures. General Fund Unassigned fund balances increased by \$0.9 million.

General fund revenues were \$2.3 million more than expenditures before transfers.

Other major funds and non-major fund balance changes are noted below:

- The Lighting and Landscaping Fund balance increased \$0.6 million to \$6.0 million, as operating revenues exceeded operating expenditures for the year.
- The Traffic Impact Fee Fund balance decreased by \$0.5 million to \$6.8 million due primarily to increased Capital Outlay.
- The non-major Measure J Fund balance increased \$0.4 million reflecting a decrease in Capital Outlay.
- The non-major Park Impact Fees fund balance decreased by \$0.8 million primarily due to increased Capital Outlay.

- The non-major General Capital Projects fund balance increased by \$0.3 million due to receipt of funds promised as part of the 2012 Main Street relinquishment from the State.

General Fund Budgetary Highlights

For the City's General Fund, actual revenues of \$10.1 million were \$504,000 more than the final budgeted revenues of \$9.6 million. Property, sales and other tax revenues exceeded budget by \$331,000; licenses and permit revenues exceeded budget by \$160,000. Original budgeted General Fund revenues were increased by approximately \$731,000, or approximately 8% during the year, reflecting changing views on the state of the economic recovery.

Actual General Fund expenditures were \$7.7 million, \$1,290,000 less than final budget of \$9.0 million. Savings were primarily in law enforcement, where expenditures were \$843,000 less than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013, the City had \$154.9 million invested in a broad range of capital assets including land, streets, bridges, drainage systems, traffic lights, parks, buildings, vehicles and equipment. (See Table 3).

Table 3
Capital Assets
As of June 30, 2013 and 2012
(In Millions)

Governmental Activities	<u>2013</u>	<u>2012</u>
Non Depreciable		
- Land	\$9.3	\$ 9.3
- Construction in progress	8.3	6.0
Depreciable, net of accumulated depreciation:		
- Machinery, equipment and vehicles	0.8	0.8
- Buildings and improvements	7.2	7.5
- Park improvements	7.0	6.6
- Infrastructure	<u>122.3</u>	<u>126.1</u>
Total Capital Assets	<u>\$154.9</u>	<u>\$156.3</u>

Capital assets decreased by \$1.4 million during fiscal year 2012-2013 as depreciation exceeded new asset additions.

The City’s fiscal year 2013-2014 capital improvement budget calls for it to spend \$1.5 million for new capital projects, the majority being the construction of roadways, drainage, and landscaping improvements. The work projects will be financed primarily with Traffic Impact fees, Measure J sales tax, Gas tax, and by the Cypress Grove Community Facilities District. Additional information about the capital assets can be found in Note 7A of the financial statements.

Debt

At year-end, the City’s governmental activities had \$7.2 million as shown in Table 4. The decrease of \$0.3 from a year ago is due to payment of scheduled debt service. No new debt was issued in the current year. Additional information about the City’s debt can be found in Note 8 of the financial statements.

Table 4
Outstanding Debt at Year-End
(In Millions)

Governmental Activities	<u>2013</u>	<u>2012</u>
2006 Certificates of Participation	<u>7.2</u>	<u>7.5</u>
Total Debt	<u>\$ 7.2</u>	<u>\$ 7.5</u>

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

CONTACTING THE CITY FOR FINANCIAL INFORMATION

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

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CITY OF OAKLEY

**STATEMENT OF NET POSITION
AND STATEMENT OF ACTIVITIES**

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

The Statement of Net Position reports the difference between the City's total assets and deferred outflows of resources and the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position focuses the reader on the composition of the City's Net Position, by subtracting total liabilities from total assets.

The Statement of Net Position summarizes the financial position of all of the City's Governmental Activities in a single column. The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds.

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

The Statement of Activities presents the City's expenses first, listed by program. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental program. The City's general revenues are then listed in the Governmental Activities and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the City and the Oakley Public Financing Authority, which is legally separate but are component units of the City because it is controlled by the City, which is financially accountable for the activities of the entity.

CITY OF OAKLEY
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities
ASSETS	
Cash and investments available for operations (Note 3)	\$29,891,037
Cash and investments with fiscal agent (Note 3)	574,747
Accounts receivable, net of allowance for doubtful accounts	3,670,812
Interest receivable	12,577
Prepays and deposits	28,216
Loans receivable (Note 5)	11,280,077
Land held for resale (Note 6)	2,222,235
Capital assets (Note 7):	
Land and construction in progress	17,554,056
Depreciable, net	137,377,159
Total Assets	202,610,916
LIABILITIES	
Accounts payable	2,774,182
Accrued liabilities	40,929
Deposits payable	1,029,690
Unearned revenue	934,997
Interest payable	51,139
Claims payable - due in one year (Note 13)	25,000
Compensated absences (Note 1G):	
Due within one year	158,473
Due in more than one year	119,605
Long-term debt (Note 8):	
Due within one year	255,000
Due in more than one year	6,955,000
Total Liabilities	12,344,015
NET POSITION (Note 10)	
Net investment in capital assets	148,295,962
Restricted for:	
Capital projects	19,841,606
Debt service	31
Low and moderate income housing	9,154,495
Total Restricted Net Position	28,996,132
Unrestricted net position	12,974,807
Total Net Position	\$190,266,901

See accompanying notes to financial statements

CITY OF OAKLEY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
Governmental Activities:					Governmental Activities
Legislative	\$492,296				(\$492,296)
Administrative Services	972,683	\$235,378	\$293,094		(444,211)
Community Development	1,802,328	1,461,378	8,938	\$462,920	130,908
Public Works	9,630,633	3,391,627	833,523	2,896,540	(2,508,943)
Housing Programs	9,298				(9,298)
Law Enforcement	7,337,628	3,037,526	169,822		(4,130,280)
Recreation	420,418	53,561	65,622		(301,235)
Interest and fiscal charges	323,506				(323,506)
Total Governmental Activities	\$20,988,790	\$8,179,470	\$1,370,999	\$3,359,460	(8,078,861)
General revenues:					
Taxes:					
Property taxes					4,359,133
Sales taxes					1,617,770
Other taxes					1,417,988
Intergovernmental, unrestricted:					
Motor vehicle in lieu					18,727
Use of money and property					370,839
Miscellaneous					1,057,583
Total General Revenues					8,842,040
Change in Net Position					763,179
Net Position-Beginning					189,503,722
Net Position-Ending					\$190,266,901

See accompanying notes to financial statements

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FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year.

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal 2013. Individual non-major funds may be found in the Supplemental Section.

GENERAL FUND

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues deposited in the General Fund include property tax, sales tax, franchise fees, business licenses, motor vehicle license fees, fines and forfeitures and fees for services. This fund is used to finance most of the City's basic services including Legislative, General Administration, Law Enforcement, Public Works and Community Development.

LIGHTING AND LANDSCAPING DISTRICTS SPECIAL REVENUE FUND

This fund accounts for assessments made upon parcels of land within the Lighting and Landscaping Zones #1, #2 and #3 and their use in accordance with the provisions of the State of California Streets and Highway Code.

PUBLIC PROTECTION SPECIAL REVENUE FUND

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

LOW AND MODERATE INCOME HOUSING ASSET SPECIAL REVENUE FUND

This fund accounts for the housing assets of the former Oakley Redevelopment Agency.

TRAFFIC IMPACT FEES CAPITAL PROJECTS FUND

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

CITY OF OAKLEY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013

	General	Lighting and Landscaping Districts	Public Protection	Low and Moderate Income Housing Asset	Traffic Impact Fees
ASSETS					
Cash and investments available for operations (Note 3)	\$7,729,247	\$6,401,351	\$233,006	\$23,402	\$6,817,782
Cash with fiscal agent (Note 3)					
Accounts receivable, net of allowance for doubtful accounts	1,246,305	13,135	34,380		
Interest receivable	3,508	2,764	2		3,291
Due from other funds (Note 4C)	802,819				
Prepays and deposits	27,834				
Loans receivable (Note 5)	792,131			10,487,946	
Advances to other funds (Note 4B)	258,658				681,028
Land held for resale (Note 6)	2,222,235				
Total Assets	\$13,082,737	\$6,417,250	\$267,388	\$10,511,348	\$7,502,101
LIABILITIES					
Accounts payable	\$1,534,484	\$260,626			\$536,638
Accrued liabilities	40,288				
Due to other funds (Note 4C)				\$9,298	
Deposits payable					
Unearned revenue	320,709		\$267,388		114,042
Advances from other funds (Note 4B)		183,658		1,347,555	
Total Liabilities	1,895,481	444,284	267,388	1,356,853	650,680
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - accounts receivable	184,862	13,135			
Unavailable revenue - loans receivable				10,487,946	
Unavailable revenue - interest on advances to other funds					94,852
Total Deferred Inflows of Resources	184,862	13,135		10,487,946	94,852
FUND BALANCES					
Fund balance (Note 10):					
Nonspendable	3,300,858				
Restricted	559,498	5,959,831			6,756,569
Assigned	991,000				
Unassigned	6,151,038			(1,333,451)	
TOTAL FUND BALANCES (DEFICITS)	11,002,394	5,959,831		(1,333,451)	6,756,569
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$13,082,737	\$6,417,250	\$267,388	\$10,511,348	\$7,502,101

See accompanying notes to financial statements

Other Governmental Funds	Total Governmental Funds
\$7,166,600	\$28,371,388
574,747	574,747
2,516,992	3,810,812
2,311	11,876
	802,819
382	28,216
	11,280,077
666,527	1,606,213
	2,222,235
<u>\$10,927,559</u>	<u>\$48,708,383</u>
\$442,434	\$2,774,182
641	40,929
793,521	802,819
1,029,690	1,029,690
232,858	934,997
75,000	1,606,213
<u>2,574,144</u>	<u>7,188,830</u>
693,438	891,435
	10,487,946
92,368	187,220
<u>785,806</u>	<u>11,566,601</u>
382	3,301,240
7,180,965	20,456,863
697,926	1,688,926
(311,664)	4,505,923
<u>7,567,609</u>	<u>29,952,952</u>
<u>\$10,927,559</u>	<u>\$48,708,383</u>

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CITY OF OAKLEY
 Reconciliation of the
 GOVERNMENTAL FUNDS - BALANCE SHEET
 with the
 STATEMENT OF NET POSITION
 JUNE 30, 2013

Total fund balances reported on the governmental funds balance sheet: \$29,952,952

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Government Funds. 154,931,215

ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS

Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance, to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the Statement of Net Position. 1,520,350

NON-CURRENT REVENUES

Revenues which are unavailable on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 11,426,601

LONG TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Long-term debt	(7,210,000)
Interest payable	(51,139)
Compensated absences	(278,078)
Claims Payable	(25,000)
	(7,564,217)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$190,266,901

See accompanying notes to financial statements

CITY OF OAKLEY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	General	Lighting and Landscaping Districts	Public Protection	Low and Moderate Income Housing Asset	Traffic Impact Fees
REVENUES					
Property taxes	\$4,317,823				
Sales tax	1,617,770				
Other taxes	1,311,245				
Licenses and permits	1,178,075				
Charges for services	53,561				
Fines and forfeits	180,872				
Intergovernmental:					
Motor vehicle in lieu	18,727				
Other	315,323		\$114,322		
Developer fees					\$1,263,156
Special assessments		\$3,096,698	2,856,484		
Loan repayments				\$1,182	
Use of money and property	101,101	8,859	318	(573)	3,702
Miscellaneous	964,584	61,004			
Total Revenues	10,059,081	3,166,561	2,971,124	609	1,266,858
EXPENDITURES					
Current:					
Legislative	480,552				
Administrative Services	918,430				
Community Development	1,282,663				
Public Works	469,813	2,683,073			41,721
Housing programs				9,298	
Law Enforcement	4,214,760		2,971,124		
Recreation	315,720				
Capital outlay	64,673	61,575			1,745,886
Debt service:					
Principal					
Interest and fiscal charges		77		4,504	
Total Expenditures	7,746,611	2,744,725	2,971,124	13,802	1,787,607
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,312,470	421,836		(13,193)	(520,749)
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 4A)	203	161,842			
Transfers (out) (Note 4A)	(67,788)				
Total Other Financing Sources (Uses)	(67,585)	161,842			
NET CHANGE IN FUND BALANCES	2,244,885	583,678		(13,193)	(520,749)
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	8,757,509	5,376,153		(1,320,258)	7,277,318
FUND BALANCES (DEFICIT) AT END OF YEAR	\$11,002,394	\$5,959,831		(\$1,333,451)	\$6,756,569

See accompanying notes to financial statements

Other Governmental Funds	Total Governmental Funds
\$482,954	\$4,800,777
	1,617,770
	1,311,245
	1,178,075
	53,561
	180,872
	18,727
2,856,976	3,286,621
1,095,480	2,358,636
282,828	6,236,010
	1,182
6,336	119,743
97,467	1,123,055
<u>4,822,041</u>	<u>22,286,274</u>
	480,552
	918,430
488,233	1,770,896
820,652	4,015,259
	9,298
	7,185,884
97,790	413,510
2,629,586	4,501,720
240,000	240,000
324,565	329,146
<u>4,600,826</u>	<u>19,864,695</u>
<u>221,215</u>	<u>2,421,579</u>
762,499	924,544
(856,756)	(924,544)
(94,257)	
126,958	2,421,579
<u>7,440,651</u>	<u>27,531,373</u>
<u>\$7,567,609</u>	<u>\$29,952,952</u>

CITY OF OAKLEY
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2013

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$2,421,579

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

CAPITAL ASSETS TRANSACTIONS

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

Capital outlay expenditures are added back to fund balance 4,425,333

Depreciation expense is deducted from fund balance
 (Depreciation expense is net of internal service fund depreciation of \$544,128 which has already been allocated to serviced funds.) (5,521,601)

LONG TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance 240,000

NON-CURRENT ITEMS

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

Non-current portion of compensated absences (13,585)

Interest payable 1,600

Unavailable revenue (532,550)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition and maintenance to individual funds.

The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

Change in Net Assets - Internal Service Fund (257,597)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$763,179

See accompanying notes to financial statements

CITY OF OAKLEY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$4,054,000	\$4,256,000	\$4,317,823	\$61,823
Sales taxes	1,400,000	1,400,000	1,617,770	217,770
Other taxes	1,157,000	1,260,000	1,311,245	51,245
Licenses and permits	779,475	1,017,975	1,178,075	160,100
Charges for services	35,000	35,000	53,561	18,561
Fines and forfeits	134,000	164,000	180,872	16,872
Intergovernmental:				
Motor vehicle in lieu		18,727	18,727	
Other	337,500	337,074	315,323	(21,751)
Use of money and property	128,000	128,000	101,101	(26,899)
Miscellaneous	798,168	937,611	964,584	26,973
Total Revenues	8,823,143	9,554,387	10,059,081	504,694
EXPENDITURES				
Current:				
Legislative	451,012	502,286	480,552	21,734
Administrative Services	1,102,586	1,031,459	918,430	113,029
Community Development	1,242,739	1,313,526	1,282,663	30,863
Public Works	409,259	514,669	469,813	44,856
Law Enforcement	5,210,000	5,057,940	4,214,760	843,180
Recreation	325,345	328,426	315,720	12,706
Capital outlay		288,487	64,673	223,814
Total Expenditures	8,740,941	9,036,793	7,746,611	1,290,182
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	82,202	517,594	2,312,470	1,794,876
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	500,000			
Transfers in			203	203
Transfers (out)	(50,000)	(79,768)	(67,788)	11,980
Total Other Financing Sources (Uses)	450,000	(79,768)	(67,585)	12,183
NET CHANGE IN FUND BALANCES	\$532,202	\$437,826	2,244,885	\$1,807,059
Fund balance at beginning of year			8,757,509	
Fund balance at end of year			\$11,002,394	

See accompanying notes to financial statements

CITY OF OAKLEY
 LIGHTING AND LANDSCAPING DISTRICTS
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Special assessments	\$3,190,482	\$3,190,794	\$3,096,698	(\$94,096)
Use of money and property			8,859	8,859
Miscellaneous		25,355	61,004	35,649
	3,190,482	3,216,149	3,166,561	(49,588)
Total Revenues				
EXPENDITURES				
Current:				
Public Works	2,760,739	3,050,118	2,683,073	367,045
Capital outlay		200,470	61,575	138,895
Debt service:				
Interest and fiscal charges			77	(77)
	2,760,739	3,250,588	2,744,725	505,863
Total Expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	429,743	(34,439)	421,836	456,275
OTHER FINANCING SOURCES (USES)				
Transfers in	208,021	242,521	161,842	(80,679)
Transfers (out)	(57,275)	(57,275)		57,275
	150,746	185,246	161,842	(23,404)
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES	\$580,489	\$150,807	583,678	\$432,871
Fund balance at beginning of year			5,376,153	
Fund balance at end of year			\$5,959,831	

See accompanying notes to financial statements

CITY OF OAKLEY
PUBLIC PROTECTION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental:				
Other	\$100,000	\$101,200	\$114,322	\$13,122
Special assessments	2,566,500	2,816,500	2,856,484	39,984
Use of money and property			318	318
Total Revenues	<u>2,666,500</u>	<u>2,917,700</u>	<u>2,971,124</u>	<u>53,424</u>
EXPENDITURES				
Current:				
Law Enforcement	<u>2,666,500</u>	<u>2,917,700</u>	<u>2,971,124</u>	<u>(53,424)</u>
Total Expenditures	<u>2,666,500</u>	<u>2,917,700</u>	<u>2,971,124</u>	<u>(53,424)</u>
NET CHANGE IN FUND BALANCES	<u> </u>	<u> </u>		<u> </u>
Fund balance at beginning of year			<u> </u>	
Fund balance at end of year			<u> </u>	

See accompanying notes to financial statements

CITY OF OAKLEY
 LOW AND MODERATE INCOME HOUSING ASSET
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Loan repayment	\$1,500	\$1,500	\$1,182	(318)
Use of money and property			(573)	(573)
Total Revenues	<u>1,500</u>	<u>1,500</u>	<u>609</u>	<u>(891)</u>
EXPENDITURES				
Current:				
Housing programs	112,000	112,000	9,298	102,702
Debt service:				
Interest			4,504	(4,504)
Total Expenditures	<u>112,000</u>	<u>112,000</u>	<u>13,802</u>	<u>98,198</u>
NET CHANGE IN FUND BALANCES	<u>(\$110,500)</u>	<u>(\$110,500)</u>	(13,193)	<u>(\$99,089)</u>
Fund balance (deficit) at beginning of year			<u>(1,320,258)</u>	
Fund balance (deficit) at end of year			<u>(\$1,333,451)</u>	

See accompanying notes to financial statements

PROPRIETARY FUNDS

INTERNAL SERVICE FUNDS

Internal service funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services to other City funds be financed through user fees to those funds

The concept of major funds does not extend to internal service funds because they do not do business with outside parties. For the Statement of Activities, the net revenues or expenses of the internal service fund is eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position.

CITY OF OAKLEY
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2013

	Governmental Activities - Internal Service Funds
ASSETS	
Current:	
Cash and investments available for operations (Note 3)	\$1,519,649
Receivables:	
Interest	701
Total Current Assets	1,520,350
Noncurrent:	
Capital assets (net of accumulated depreciation)	7,918,103
Total Assets	9,438,453
NET POSITION (Note 10)	
Net investment in capital assets	7,918,103
Unrestricted	1,520,350
Total Net Position	\$9,438,453

See accompanying notes to financial statements

CITY OF OAKLEY
 PROPRIETARY FUNDS
 STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Governmental Activities - Internal Service Funds</u>
OPERATING REVENUES	
Charges for services	\$280,000
Total Operating Revenues	<u>280,000</u>
OPERATING EXPENSES	
Supplies	22,204
Depreciation	544,128
Total Operating Expenses	<u>566,332</u>
Operating Income (Loss)	<u>(286,332)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	1,013
Loss on disposition of property	(59,074)
Total Nonoperating Revenues	<u>(58,061)</u>
Income (Loss) Before Contributions	(344,393)
Contributions	<u>86,796</u>
Change in net position	(257,597)
BEGINNING NET POSITION	<u>9,696,050</u>
ENDING NET POSITION	<u><u>\$9,438,453</u></u>

See accompanying notes to financial statements

CITY OF OAKLEY
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2013

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$280,000
Payments to suppliers	(22,204)
Cash Flows from Operating Activities	257,796
 CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Acquisition of capital assets	(280,679)
Proceeds from sale of capital assets	6,089
Cash Flows from Capital Financing Activities	(274,590)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	1,263
Net Cash Flows	(15,531)
Cash and investments at beginning of period	1,535,180
Cash and investments at end of period	\$1,519,649
 NONCASH TRANSACTIONS	
Contribution of capital assets	\$86,796
Retirement of capital assets	\$65,163
 Reconciliation of Operating Income (Loss) to Cash Flows	
from Operating Activities:	
Operating income (loss)	(\$286,332)
Adjustments to reconcile operating income (loss) to cash flows	
from operating activities:	
Depreciation	544,128
Cash Flows from Operating Activities	\$257,796

See accompanying notes to financial statements

FIDUCIARY FUNDS

FIDUCIARY FUNDS

These funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements. Fiduciary assets are held for others, therefore they are reported in aggregate without indicating whether they are restricted or unrestricted.

Successor Agency to the Redevelopment Agency Private Purpose Trust Fund is used to account for the activities of the Successor Agency to the former Redevelopment Agency of the City of Oakley.

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments.

CITY OF OAKLEY
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013

	Successor Agency to the Redevelopment Agency Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments (Note 3)	\$2,930,855	\$1,943,081
Cash with fiscal agent (Note 3)	2,676,047	1,949,783
Accounts receivable	132,812	
Interest receivable	299	483
Prepays and deposits	487,757	
Loans receivable (Note 15B)	2,445,484	
Land held for redevelopment (Note 15C)	3,863,352	
Capital assets (Note 15D):		
Land and construction in progress	13,494,713	
Depreciable, net	7,374,154	
Total Assets	33,405,473	\$3,893,347
LIABILITIES		
Accounts payable	1,087,865	
Unearned revenue	19,543	
Due to other agencies		\$457,990
Due to bondholders		3,435,357
Long-term debt (Note 15E):		
Due within one year	610,000	
Due in more than one year	30,860,000	
Total Liabilities	32,577,408	\$3,893,347
NET POSITION		
Held in Trust for the Successor Agency and Other Governments	\$828,065	

See accompanying notes to financial statements

CITY OF OAKLEY
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2013

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund <hr style="border: 0.5px solid black;"/>
ADDITIONS	
Property taxes	\$2,332,827
Charges for services	22,911
Use of money and property	303,174
Miscellaneous	(207)
	<hr style="border: 0.5px solid black;"/>
Total Additions	2,658,705
DEDUCTIONS	
Redevelopment and Economic Development	378,121
Estimated reduction in value of land held for redevelopment (Note 15C)	638,371
Loss from sale or conveyance of land held for redevelopment	1,875,903
Depreciation	310,997
Debt service:	
Interest and fiscal charges	1,619,876
	<hr style="border: 0.5px solid black;"/>
Total Deductions	4,823,268
Change in Net Position	(2,164,563)
NET POSITION HELD IN TRUST FOR SUCCESSOR AGENCY AND OTHER GOVERNMENTS	
Beginning of year	<hr style="border: 0.5px solid black;"/> 2,992,628
End of year	<hr style="border: 1.5px solid black;"/> \$828,065

See accompanying notes to financial statements

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CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Oakley was incorporated as a general law city on July 1, 1999. Oakley is a community of approximately 37,000 residents situated in Contra Costa County on the east side of San Francisco Bay. Oakley is located approximately 50 miles east of the City of San Francisco. The City operates under the Council-Manager form of government and provides the following services: law enforcement, highways and streets, public improvements, planning and zoning, recreation, and general administration services.

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

A. *Reporting Entity*

The City is governed by a five member council elected by City residents. The City is legally separate and fiscally independent which means it can issue debt, set and modify budgets and fees and sue or be sued. The accompanying basic financial statements include only the financial activities of the City and the Oakley Public Financing Authority, which is a component unit controlled by and dependent on the City. The Authority is included (“blended”) with funds of the City since it is governed by the City Council sitting in a separate capacity.

The Oakley Public Financing Authority is a separate governmental entity whose purpose is to assist in the financing and refinancing of certain redevelopment activities of the former Redevelopment Agency and certain programs and projects of the City. The Authority’s activities to date consist only of the purchase and resale of City or Redevelopment Agency debt issues, and the issuance of the 2004-1 Limited Obligation Bonds, the 2006-1 Infrastructure Revenue Bonds, and the 2006 Certificates of Participation. Separate financial statements are not issued for the Oakley Public Financing Authority.

B. *Basis of Presentation*

The City’s Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

C. Major Funds

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

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

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

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues deposited in the General Fund include property tax, sales tax, franchise fees, business licenses, motor vehicle license fees, fines and forfeitures and fees for services. This fund is used to account for most of the City's basic services including Legislative, General Administration, Law Enforcement, Recreation and Community Development.

Lighting and Landscaping Districts Special Revenue Fund – This fund accounts for assessments made upon parcels of land within the Lighting and Landscaping Zones #1, #2 and #3 and their use in accordance with the provisions of the State of California Streets and Highway Code.

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

Low and Moderate Income Housing Asset Special Revenue Fund – This fund accounts for the housing assets of the former Oakley Redevelopment Agency.

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

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City also reports the following fund types:

Internal Service Funds – The funds account for equipment replacement and capital facilities maintenance and replacement; all of which are provided to City departments on a cost reimbursement basis.

Fiduciary Funds – These funds account for assets held by the City as an agent for various functions. The Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used for payments at appropriate amounts and times in the future. Agency funds are used to account for assets held by the City as an agent for the Assessment Districts 2004-1 and 2006-1 and the County for regional mitigation fees. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

D. Basis of Accounting

The government-wide 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

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

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

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, special purpose revenues and general purpose revenues. While both restricted and unrestricted Net Position may be available to finance program expenditures the City's policy is to first apply restricted purpose revenues to such programs, followed by general purpose revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: accounts receivable, interest on interfund advances and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

F. *Property Taxes and Special Assessment Revenue*

Revenue is recognized in the fiscal year for which the tax and assessment is levied. The County of Contra Costa levies, bills and collects property taxes and special assessments for the City; under the County's "Teeter Plan" the County remits the entire amount levied for secured taxes and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year.

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

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the personal property being taxed. Secured and unsecured property tax revenues are recognized by the City in the fiscal year they are assessed, provided they become available as defined above.

G. *Compensated Absences*

Compensated absences comprise unpaid vacation and certain compensated time off, which are accrued as earned. For all governmental funds amounts expected to be paid out for permanent liquidation are recorded as fund liabilities; the long-term portion is recorded in the Statement of Net Position. The liability for compensated absences is determined annually.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The changes in the compensated absences were as follows:

	Governmental Activities
Beginning Balance	\$264,493
Additions	172,058
Payments	(158,473)
Ending Balance	\$278,078
Current Portion	\$158,473

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

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

A. *Budget Policy*

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Work sessions are conducted to obtain citizen's comments.
3. The budget is legally enacted by City Council resolution.
4. All appropriations transfers between funds must be approved by the City Council by resolution during the fiscal year. The City Manager is authorized to transfer unencumbered appropriations within a fund. In addition, amendments that are made to authorize spending of increased or new special purpose revenues may be approved by the City Manager. The legally adopted budget requires that expenditures not exceed total appropriations at the fund level.
5. Budgets are adopted for all Governmental Funds except the Cypress Grove Project Capital Projects Fund, which is governed by bond covenants.
6. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.
7. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
8. Budgeted amounts appearing in the budgetary comparison statements are as originally adopted or as amended by the City Council or the City Manager, as authorized.

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. Unexpended operating appropriations lapse at year end and must be reappropriated in the following year. Unexpended capital projects appropriations are automatically reappropriated in the following year. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities.

C. *Expenditures in Excess of Appropriations*

The Public Protection Special Revenue Fund, Developer Deposits Special Revenue Fund, Youth Development Special Revenue Fund, Childcare Impact Fees Capital Projects Fund and Public Facilities Impact Fee Capital Projects Fund incurred expenditures in excess of appropriations in the amounts of \$53,424, \$178,450, \$3,540, \$632 and \$12,580, respectively. The funds had sufficient revenues to finance these expenditures.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 3 – CASH AND INVESTMENTS

The City pools cash from all sources and all funds, except cash of the Successor Agency and cash with fiscal agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

A. Policies

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

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

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

B. Classification

Cash and investments are classified in the financial statements as shown below:

City cash and investments:	
Cash and investments available for operations	\$29,891,037
Cash and investments with fiscal agent	574,747
Total City Cash and Investments	30,465,784
Cash and investments in Fiduciary Funds (Separate Statement):	
Successor Agency to the Redevelopment	
Agency Private Purpose Trust Fund:	
Cash available for operations	2,930,855
Cash and investments with fiscal agent	2,676,047
Agency Funds:	
Cash and investments available for operations	1,943,081
Cash and investments with fiscal agent	1,949,783
Total Cash and Investments	\$39,965,550

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 3 - CASH AND INVESTMENTS (Continued)

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

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Government Securities	5 years		No Limit	No Limit
U.S. Government Agency Securities: Federal Home Loan Bank Federal National Mortgage Association Federal Farm Credit Bank Federal Home Loan Mortgage Corporation Student Loan Marketing Association Government National Mortgage Association	5 years		No Limit	No Limit
State of California Warrants, Treasury Notes or Bonds	5 years		No Limit	No Limit
California Local Agency Investment Fund	N/A		N/A	\$50 million per account
Certificates of Deposit	5 years	A1/P1	30%	No Limit
Bankers Acceptances	180 days	A1/P1	40%	30%
Medium Term Corporate Notes	5 years	AAA	30%	No Limit
Money Market Funds	N/A	Top rating category	20%	No Limit
Investment Trust of California (CalTRUST)	N/A		N/A	No Limit
Repurchase Agreements	1 year		No Limit	No Limit

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 3 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
U.S. Government Securities	N/A	Aaa/AAA
U.S. Government Agency Securities	N/A	N/A
Local Agency Investment Fund	N/A	\$50 million per account
Bankers Acceptances	360 days	A1/A1+/P1
Commercial Paper	270 days	A-1+/P-1
Money Market Funds	N/A	A/AAA ^m /AAA ^m
Municipal Obligations	N/A	Aaa/AAA
Pre-refunded Municipal Obligations	N/A	Highest
General Obligations	N/A	A2/A
Investment Agreements/Contracts	N/A	A
Repurchase Agreements	N/A	N/A
Investments fully insured by the FDIC	N/A	N/A
Tax-exempt Obligations	N/A	Highest Rating
Short term Certificates of Deposit	360 days	A1/A1+/P1
Certificates of Deposit	N/A	A
California Asset Management Program	N/A	N/A
Shares in a California Common Law Trust	N/A	N/A

E. Interest Rate Risk

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

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 3 - CASH AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the distribution of the City's investments by maturity. At June 30, 2013, all of the City's investments mature in 12 months or less, except the Certificates of Deposit held by fiscal agents, which mature on May 16, 2017 (\$500,000) and May 18, 2017 (\$250,000):

Investment Type	
<i>Cash and Investments in City Treasury:</i>	
Certificates of Deposit	\$2,000,000
Money Market Funds	1,771,071
Local Agency Investment Fund	17,588,934
CalTRUST	8,951,793
<i>Held by Fiscal Agents:</i>	
California Asset Management Program	2,001,187
Money Market Funds	2,449,390
Certificates of Deposit	750,000
Total Investments	35,512,375
<i>Cash deposits in banks and petty cash</i>	4,453,175
Total Cash and Investments	\$39,965,550

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2013 these investments matured in an average of 278 days.

The City is a participant in the Short-Term Fund of the Investment Trust of California (CalTrust), a joint powers authority and public agency established by its members under the provisions of Section 6509.7 of the California Government Code. Members and participants are limited to California public agencies. CalTrust is governed by a Board of Trustees of seven Trustees, at least seventy-five percent of whom are from the participating agencies. The City reports its investment in CalTrust at the fair value amount provided by CalTrust, which is the same as the value of the pool shares. The balance is available for withdrawal on demand, and is based on the accounting records maintained by CalTrust. Included in CalTrust's investment portfolio are: United States Treasury Notes, Bills, Bonds or Certificates of Indebtedness; registered state warrants or treasury notes or bonds; California local agency bonds, notes, warrants or other indebtedness; federal agency or United States government-sponsored enterprise obligations; bankers acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; medium-term notes; money market mutual funds; notes, bonds or other obligation secured by a first priority security interest in securities authorized under Government Code Section 53651; and mortgage passthrough securities, collateralized mortgage obligations, and other asset-backed securities. CalTrust's Short-Term Fund has a target portfolio duration of 0 to 2 years. At June 30, 2013, these investments matured in an average of 445 days.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 3 - CASH AND INVESTMENTS (Continued)

The Successor Agency is a participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of its Participants to invest certain proceeds of debt issues and surplus funds. The Pool's investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The Agency reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share. At June 30, 2013, the fair value approximated is the Agency's cost. At June 30, 2013, these investments have an average maturity of 53 days.

Money market funds are available for withdrawal on demand and at June 30, 2013 matured in an average of 47 days.

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2013 for CalTRUST is AAf California Asset Management Program is rated AAAm and all the City's Money Market Funds are AAAm, as provided by Standard and Poor's investment ratings service. The Local Agency Investment Fund external investment pool and the certificates of deposit were not rated as of June 30, 2013.

G. Concentration of Credit Risk

Investments in any one issuer, other than money market mutual funds, Local Agency Investment Fund, CalTRUST and California Asset Management Program that represent 5% or more of total investments at the Entity-wide level or in individual funds were as follows at June 30, 2013:

Issuer	Investment Type	Amount
<i>Entity-Wide:</i>		
East County Bank	Certificate of Deposit	\$2,000,000
<i>Agency Funds:</i>		
GE Capital	Certificate of Deposit	250,000
Discover Bank	Certificate of Deposit	250,000
Goldman Sachs	Certificate of Deposit	250,000

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 4 - INTERFUND TRANSACTIONS

A. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund which has made an expenditure on behalf of another fund. Less often, a transfer may be made to open or close a fund.

Transfers between Funds during the fiscal year ended June 30, 2013 were as follows:

Fund Receiving Transfer	Fund Making Transfers	Transfer Amount
General Fund	Non-Major Governmental Funds	\$203 (A)
Lighting and Landscaping Districts Special Revenue Fund	Non-Major Governmental Funds	161,842 (A)
Non-Major Governmental Funds	General Fund	67,788 (B)
Non-Major Governmental Funds	Non-Major Governmental Funds	694,711 (B), (C)
	Total Interfund Transfers	\$924,544

- (A) To fund operations.
- (B) To fund capital projects.
- (C) To fund debt service.

B. Long-Term Interfund Advances

At June 30, 2013 the funds below had made advances which were not expected to be repaid within the next year. The balances in the funds with the advance to other funds are offset by deferred revenue or nonspendable fund balance.

Advances to Other Funds	Advances from Other Funds	Advanced Amount
General Fund	Lighting and Landscaping Districts Special Revenue Fund	\$183,658
General Fund	Non-Major Funds	75,000
Traffic Impact Fees	Low and Moderate Income Housing Asset Special Revenue Fund	681,028
Non-Major Funds	Low and Moderate Income Housing Asset Special Revenue Fund	666,527
	Total Interfund Advances	\$1,606,213

Since the City's formation in 1999, the General Fund has, on occasion, made advances to the Lighting and Landscaping Districts Special Revenue Fund to cure operating deficits in two of the Landscaping Districts. The advances bear interest at the City's investment pool rate. The balance of these advances totaled \$183,658 at June 30, 2013.

The General Fund agreed to advance \$75,000 to the Public Facilities Impact Fee Capital Projects Fund to fund a debt service shortfall. The advance bears interest at the City's investment pool rate. The balance of the advance totaled \$75,000 at June 30, 2013.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 4 - INTERFUND TRANSACTIONS

The Traffic Impact Fees Capital Projects Fund, Park Impact Fees Capital Projects Fund, and Public Facilities Impact Fees Capital Projects Fund agreed to accept deferred payment of impact fees by the former Redevelopment Agency to assist with the Courtyards at Cypress Grove affordable housing project. Although no cash was advanced, these obligations were recorded as advances to the former Redevelopment Agency. The City's Low and Moderate Income Housing Asset Special Revenue Fund, as Housing Successor to the former Redevelopment Agency's housing activities, assumed the obligation to repay the advances, which will be repaid from future loan collections in the event the Successor Agency does not assume the liability in the future. The advances bear interest at the City's annual pooled investment rate which was of 0.34% for fiscal year 2013. The balance outstanding at June 30, 2013 was \$1,347,555.

C. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2013, the Low and Moderate Income Housing Asset Special Revenue Fund, Park Impact Fees Capital Projects Fund and the General Capital Projects Fund owed the General Fund \$9,298, \$752,286 and \$41,235, respectively.

NOTE 5 - LOANS RECEIVABLE

A. Low and Moderate Income Housing and City Loans Receivable

The former Redevelopment Agency engaged in programs designed to encourage construction of or improvement in low-to-moderate income housing. Under these programs, grants or loans were provided under favorable terms to homeowners or developers who agreed to expend these funds in accordance with the Agency's terms. With the dissolution of the Redevelopment Agency as discussed in Note 15, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result the Low and Moderate Income Housing Asset Fund assumed the loans receivable of the Redevelopment Agency's Low and Moderate Income Housing Fund. In addition, the City has made loans to certain employees. Although these loans and notes are expected to be repaid in full, their balance has been offset by unavailable revenue or nonspendable fund balance. The balances of the loans receivable, including accrued interest, at June 30, 2013 are set forth below:

Golden Oak Manor	\$1,196,048
Silver Oak Apartments	598,289
Oakley Senior Housing	874,888
Oakley Cypress Associates	3,068,750
Carol Lane	4,593,609
First Time Homebuyer	156,361
Employee Home Loans	571,085
East Cypress	61,432
Manuel's Five Star Restaurant, Inc.	159,615
Total	<u><u>\$11,280,077</u></u>

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 5 – LOANS RECEIVABLE (Continued)

B. *Golden Oak Manor*

Under the terms of a Loan Agreement dated December 19, 1994 between the Redevelopment Agency and the Developer, Golden Oak Manor, L.P., the Agency loaned the amount of \$780,000 to construct 50 senior residential rental units, with 24 of the units being restricted to very low income households. The loan is secured by a deed of trust on the property, is due in 2054 and bears simple annual interest of 3 percent. Interest and principal are deferred for 60 years or upon transfer of the property to an unqualified entity. Any unpaid amounts are considered deferred; all deferred principal and interest is due when the note matures.

C. *Silver Oak Apartments*

Under the terms of a Loan Agreement dated May 1, 1998 between the Redevelopment Agency and the Developer, Ecumenical Association for Housing, the Agency loaned \$374,220 along with an additional \$99,206 in January 1999, for a total loan amount of \$473,426, to fund the construction of 24 affordable housing units. The loan is secured by a deed of trust on the property, is due in 2058 and bears simple annual interest of 3 percent with principal and interest due annually to the extent there is “residual receipts” as defined in the agreement. Any unpaid amounts are considered deferred; all deferred principal and interest is due when the note matures.

D. *Oakley Senior Housing*

Under the terms of a Loan Agreement dated February 8, 2000 between the Redevelopment Agency and the Developer, Oakley Senior Associates, L.P., the Agency loaned the amount of \$1,800,000 to fund the acquisition and development costs to construct eighty units of affordable housing for low and moderate income seniors. The loan is secured by a deed of trust on the property, is due in 55 years from the issuance of the certificate of completion, but not later than 2058, and bears simple annual interest of 3 percent, with principal and interest due annually to the extent there is “residual receipts” as defined in the agreement. Any unpaid amounts are considered deferred; all deferred principal and interest is due when the note matures. The Agency received a payment of \$547,000 from the developer during fiscal year 2002. A portion of the loan had been funded by the Redevelopment Agency Projects Fund, and with the dissolution of the Agency effective February 1, 2012, the assets of the Redevelopment Agency Projects Fund, including a portion of the Oakley Senior Housing loan in the amount of \$623,082, were assumed by a Successor Agency as discussed in Note 15.

E. *Oakley Cypress Associates*

Under the terms of the Loan Agreement dated December 1, 2005, the Redevelopment Agency loaned \$2.5 million to Oakley Cypress Associates to assist in the development of 96 affordable housing units. The loan is secured by a deed of trust on the property and bears simple interest of 3 percent annually. Principal and interest payments are due annually to the extent that Oakley Cypress Associates has “residual receipts” as defined in the agreement. The remaining balance of unpaid principal and accrued interest is due fifty-five years after the issuance of the certificate of completion, but no later than December 1, 2063.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 5 – LOANS RECEIVABLE (Continued)

F. Carol Lane

Under the terms of a Loan Agreement dated February 23, 2007 between the Redevelopment Agency and the Developer, 59 Carol Lane, L.P., the Agency loaned the amount of \$3,858,753 to fund the acquisition and development costs to construct two hundred and eight units of senior and family affordable housing for low and very-low income households. The loan is secured by a deed of trust on the property, is due in 55 years from the issuance of the certificate of completion, but not later than 2062, and bears simple interest of 3 percent annually, with principal and interest due annually to the extent there are “residual receipts” as defined in the agreement. Any unpaid amounts are considered deferred; all deferred principal and interest is due when the note matures.

G. First-Time Homebuyer Program

The Redevelopment Agency administered a First-Time Homebuyers Program funded by Bond proceeds in the amount of \$512,392 in 1994, under which low and moderate income individuals may qualify for first-time home buyer deferred second mortgages to purchase homes in the Oakley area. The individual loans are 30-year fixed rate deferred loans, bearing interest at a rate equal to two percent below the Lender’s rate and do not exceed \$50,000. These loans are due thirty years from the date of issuance, but principal and accrued interest will be forgiven at maturity if the unit was owner occupied for the full thirty years. Under the terms of the Program, loans must be repaid in full if the property is sold to a nonqualified buyer.

H. Employee Home Loans

On December 1, 2005, the City loaned \$550,000 and \$70,000 to a City employee for the purpose of purchasing a home. The loan of \$550,000 is secured by a deed of trust, has a term of 30 years and bears interest of 2.5%. The \$70,000 loan was repaid in January 2006. In March 2009 the City amended the employment agreement to extend the final payment of the housing assistance loan by one year to December 2036. In June 2010 the City again amended the employment agreement to extend the final payment from December 2036 to December 2037. Each extension reflected a one-year deferral of mortgage payments and included no forgiveness of principal. The loan is being repaid timely and at June 30, 2013 had a remaining balance of \$480,916.

On December 15, 2007, the City loaned \$100,000 to a second City employee for the purpose of purchasing a home. The loan of \$100,000 is secured by a deed of trust, has a term of 15 years and bears interest of 2.5%. This employee left the City during fiscal year 2009 and the City entered into a supplemental agreement with the employee that does not require the employee to immediately repay the loan. The City retains an interest in the home and will receive repayment depending on the sales price. However, the City has agreed to forgive its loan if the sales proceeds are less than the outstanding balance on the first deed of trust on the home. The home has not been sold as of June 30, 2013, and at June 30, 2013 the loan has a remaining balance of \$90,169.

As of June 30, 2013, the combined balances of these loans are \$571,085.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 5 – LOANS RECEIVABLE (Continued)

I. *East Cypress*

Under the terms of a settlement agreement with the Greenbelt Alliance regarding the agricultural impacts of the planned development of 828 acres of farmland in the East Cypress area, the property owners in the area are required to make up front per acre and per-lot and pre-recordation contributions to the San Francisco Foundation. The Foundation will then distribute the funding to organizations committed to agricultural land preservation in the Delta area. The City participates in the calculation, collection and distribution of payments to the Foundation. During fiscal year 2011, the City made the following two loans to property owners in the East Cypress area to assist with their share of the litigation expenses:

On June 16, 2011, the City loaned \$16,242 to a property owner. The loan is secured by a deed of trust and if not paid in full by the maturity date, bears interest of 6% annually on the unpaid balance. The loan is repayable within 90 days of receipt of any payments the property owner receives from a proposed developer of the property. In the event the owner does not obtain a developer to develop the property, the loan is payable as follows: \$4,000 no later than June 16, 2015, and the remaining balance no later than June 16, 2019.

On June 30, 2011, the City also loaned \$45,189 to another property owner. The loan is secured only by a promissory note and was due June 30, 2012, however the loan agreement was amended in May 2012 to extend the term of the loan to May 22, 2013. The loan was not repaid on that date, but the City has been in contact with the borrower and expects repayment of the note by December 2013. Because the note was not paid in full by the maturity dates, the unpaid balance is accruing interest at 6% annually from May 22, 2013.

As of June 30, 2013, the combined balance of these loans was \$61,432.

J. *State of California – Proposition 1A*

Under the provisions of Proposition 1A and as part of the fiscal year 2009-10 budget package passed by the California State legislature on July 28, 2009, the State of California borrowed 8% of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fees, triple flip in lieu sales taxes, and supplemental property taxes, apportioned to the City. The State was required to and did repay the \$442,916 it borrowed from the City, plus interest, during the year ended June 30, 2013.

K. *Manuel's Five Star Restaurant, Inc.*

As discussed in Note 15B, the City entered into an agreement with Manuel's Five Star Restaurant, Inc., in August 2011 to provide loans of the former Redevelopment Agency's funds. The City entered into a second amendment to the agreement in April 2013 to provide an additional loan of \$160,000 for construction costs incurred by the developer that were in excess of amounts anticipated under the original agreement. During fiscal year 2013, due to the unsettled case with the State Department of Finance regarding whether those loans would continue to be funded by the Successor Agency, the City determined that the General Fund would fund the additional construction loan of \$160,000. The loan bears interest of 5% on outstanding principal and unpaid interest beginning three months after the start of operations of the restaurant, is secured by a deed of trust, and is payable in monthly installments also beginning after the start of operations of the restaurant. The loan is subject to the same terms of the original agreement and is due upon the sale of the property. The restaurant commenced operations in 2013 and repayment of the loan began in May 2013.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 6 – LAND HELD FOR RESALE

The City has purchased parcels that are expected to be resold in the near future. Such land parcels are accounted for at the lower of cost or net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer.

The balance of land held for resale in the General Fund at June 30, 2013 was \$2,222,235.

NOTE 7 - CAPITAL ASSETS

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

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the half-year convention method which is like the straight-line method in that the cost of the asset is divided by its expected useful life in years, but the asset is depreciated over 6 months instead over one year in its first year. The result is charged to expense each year until the asset is fully depreciated. The capitalization threshold for equipment with a cost of \$5,000 or more and a useful life of more than two years, and for all buildings, improvements and infrastructure with a cost of \$50,000 or more and a useful life of more than two years. The City has assigned the useful lives listed below to capital assets:

Buildings	40 years
Improvements	5-15 years
Machinery and Equipment	5 years
Vehicles	5 years
Roadways:	
Streets (includes pavement, sidewalk, curb & gutters, trees & signs)	40 years
Traffic Signals	25 years
Street Lights	40 years
Bridges	100 years
Parks and Recreation:	
General Improvement	25 years
Specialty Features	10 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 7 - CAPITAL ASSETS (Continued)

A. Capital Assets Additions and Retirements

Capital asset balances comprise the following:

	Balance as of June 30, 2012	Additions	Retirements	Transfers	Balance as of June 30, 2013
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$9,266,464				\$9,266,464
Construction in Progress	6,054,357	\$4,380,848		(\$2,147,613)	8,287,592
Total capital assets not being depreciated	15,320,821	4,380,848		(2,147,613)	17,554,056
Capital assets being depreciated:					
Buildings and Improvements	9,480,504				9,480,504
Machinery and Equipment	2,180,314	79,253	(\$183,172)		2,076,395
Vehicles	1,152,451	288,222	(84,283)		1,356,390
Roadways:					
Pavement	147,114,279			1,393,556	148,507,835
Sidewalks	9,797,203				9,797,203
Curbs and Gutters	9,585,634				9,585,634
Traffic Signals	2,938,083				2,938,083
Regulatory Signs and Street Trees	1,198,183			18,227	1,216,410
Street Lights	3,239,203				3,239,203
Bridges	4,422,722				4,422,722
Parks and Recreation Structures	9,155,821	44,485		735,830	9,936,136
Total capital assets being depreciated	200,264,397	411,960	(267,455)	2,147,613	202,556,515
Less accumulated depreciation for:					
Buildings and Improvements	(2,028,840)	(231,494)			(2,260,334)
Machinery and Equipment	(1,703,913)	(182,264)	122,761		(1,763,416)
Vehicles	(840,593)	(137,989)	79,531		(899,051)
Roadways:					
Pavements	(44,417,582)	(4,566,957)			(48,984,539)
Sidewalks	(2,407,386)	(130,630)			(2,538,016)
Curbs and Gutters	(2,346,044)	(127,804)			(2,473,848)
Traffic Signals	(890,869)	(92,651)			(983,520)
Regulatory Signs and Street Trees	(565,192)	(97,099)			(662,291)
Street Lights	(751,061)	(80,980)			(832,041)
Bridges	(848,568)	(44,226)			(892,794)
Parks and Recreation Structures	(2,515,871)	(373,635)			(2,889,506)
Total accumulated depreciation	(59,315,919)	(6,065,729)	202,292		(65,179,356)
Net capital assets being depreciated	140,948,478	(5,653,769)	(65,163)	2,147,613	137,377,159
Governmental activity capital assets, net	\$156,269,299	(\$1,272,921)	(\$65,163)		\$154,931,215

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 7 - CAPITAL ASSETS (Continued)

B. Capital Asset Contributions

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

C. Depreciation Allocation

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

Governmental Activities

Administrative Services	\$7,619
Public Works	5,513,982
Internal Service Funds	<u>544,128</u>
Total Governmental Activities	<u><u>\$6,065,729</u></u>

NOTE 8 – LONG-TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt. The City’s long-term debt is recorded only in the government-wide financial statements.

In governmental fund types, debt discounts and issuance costs are recognized in the current period.

A. Current Year Transactions and Balances

The City’s debt issue and transaction is shown below and discussed in detail thereafter.

	Original Issue Amount	Balance June 30, 2012	Retirements	Balance June 30, 2013	Current Portion
2006 Certificates of Participation 4.00-4.50%, due 5/1/2032	<u>\$8,500,000</u>	<u>\$7,450,000</u>	<u>(\$240,000)</u>	<u>\$7,210,000</u>	<u>\$255,000</u>

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 8 – LONG-TERM DEBT (Continued)

B. 2006 Certificates of Participation

On December 5, 2006, the City issued the 2006 Certificates of Participation (COPs) in the principal amount of \$8,500,000 to finance the acquisition of property and construction of improvements to the City’s Civic Center. The COPs are collateralized by revenue from the Civic Center lease agreement. The City intends to use public facilities impact fees to make the lease payments, however the lease payments are payable from any legally available funds. Principal is payable annually and the interest is payable semi-annually through 2032.

C. Debt Service Requirements

Annual debt service requirements are shown below for the City’s long-term debt:

For the Year Ending June 30	Principal	Interest
2014	\$255,000	\$306,835
2015	265,000	296,635
2016	275,000	286,035
2017	285,000	275,035
2018	300,000	263,635
2019 - 2023	1,685,000	1,128,425
2024 - 2028	2,095,000	744,065
2029 - 2032	2,050,000	236,250
	<u>\$7,210,000</u>	<u>\$3,536,915</u>

NOTE 9 – ASSESSMENT DEBT WITH NO CITY COMMITMENT

On August 3, 2004, and July 19, 2006, the Oakley Public Financing Authority issued \$17,150,000 principal amount of Revenue Bonds and \$11,460,000 principal amount of Infrastructure Revenue Bonds to finance the construction and acquisition of certain public improvements within the City’s Special District Nos. 2004-1 and 2006-1, respectively. On March 3, 2012, the 2004 Bonds were refunded by the Refunding Revenue bonds, Series 2012 in the principal amount of \$14,775,000. The Bonds are secured only by revenues received as payment of assessments levied against property within Special District Nos. 2004-1 and 2006-1. Neither the faith and credit nor the general taxing power of the City of Oakley have been pledged to the payment of the Bonds. Therefore, the Bonds have been excluded from the accompanying financial statements. The outstanding balances of the Bonds were \$14,500,000 and \$9,905,000, respectively at June 30, 2013.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 10 – NET POSITION AND FUND BALANCES

Net Position is measured on the full accrual basis, while Fund Balance is measured on the modified accrual basis.

A. *Net Position*

Net Position is the excess of all the City's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

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

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

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

B. *Fund Balances*

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash, receivables and deferred outflows of resources, less its liabilities and deferred inflows of resources.

The City's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

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

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

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

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee under the Appropriations Control Policy, the City Manager. This category includes encumbrances; Nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City’s Fund Balances, as of June 30, 2013, are below:

Fund Balance Classifications	General Fund	Major Special Revenue Funds			Major Capital Projects Fund		Total
		Lighting and Landscaping District	Public Protection	Income Housing Asset	Traffic Impact Fees	Other Governmental Funds	
Nonspendables:							
Items not in spendable form:							
Prepays and Deposits	\$27,834						\$27,834
Loans Receivable	792,131						792,131
Land Held for resale	2,222,235						2,222,235
Advances	258,658					\$382	259,040
Total Nonspendable Fund Balances	3,300,858					382	3,301,240
Restricted for:							
Dutch Slough	559,498						559,498
Lighting and landscaping services		\$5,959,831					5,959,831
Traffic impact projects					\$6,756,569		6,756,569
Fire impact projects						82,737	82,737
Street maintenance and improvement						2,983,588	2,983,588
NPDES projects						1,149,111	1,149,111
Cypress Grove						1,370,600	1,370,600
Agricultural Conservation						5,418	5,418
Childcare facilities projects						950,613	950,613
Public facilities projects						64,120	64,120
Debt Service						574,778	574,778
Total Restricted Fund Balances	559,498	5,959,831			6,756,569	7,180,965	20,456,863
Assigned to:							
Leave	81,000						81,000
Uninsured Claims Payable	25,000						25,000
Sales Tax Apportionment Corrections	195,000						195,000
Loan and Tenant Improvements	690,000						690,000
Main Street Projects						697,926	697,926
Total Assigned Fund Balances	991,000					697,926	1,688,926
Unassigned:							
General fund	6,151,038						6,151,038
Other fund deficits				(\$1,333,451)		(311,664)	(1,645,115)
Total Unassigned Fund Balances	6,151,038			(1,333,451)		(311,664)	4,505,923
Total Fund Balances	\$11,002,394	\$5,959,831		(\$1,333,451)	\$6,756,569	\$7,567,609	\$29,952,952

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

C. *Minimum Fund Balance Policies*

The City's Budget Policies require the City to strive to maintain the following fund balances:

- 1) 20% of the annual operating expenditures in the General Fund's Unassigned Fund Balance for emergencies and unforeseen operating or capital needs. The primary purpose of this reserve is to protect the City's essential service programs and funding requirements during periods of economic downturn (defined as a recession lasting two or more years) or other unforeseen catastrophic costs not covered by the annually budgeted Contingency Reserve.
- 2) Budget a Contingency Reserve each year for non-recurring unanticipated expenditures or to set aside funds to cover known contingencies with unknown costs. The level of the Contingency Reserve will be established as needed but shall not be less than 2% of General Fund operating expenditures.
- 3) Establish an account to accumulate funds to be used for payment of accrued employee benefits for terminated employees. The accumulated amount in the reserve will equal the projected payout of accumulated benefits requiring conversion to pay on retirement for employees then eligible for retirement so there are funds to pay out accumulated benefits requiring conversion to pay on termination.
- 5) Claims Reserves will be budgeted at a level which, together with purchased insurance, adequately protects the City. The City will maintain a reserve of two times its deductibles for those claims covered by the insurance pool of which the City is a member (currently the Municipal Pooling Authority of Northern California). In addition, the City will perform an annual analysis of past claims not covered by the pool, and reserve an appropriate amount to pay for uncovered claims.
- 6) The City will establish a Vehicle and Equipment Replacement Reserve Fund for the accumulation of funds for the replacement of worn and obsolete vehicles and other capital equipment. The accumulated amount in the reserve will equal at least 50% of the accumulated depreciation on the City's books for these assets, plus any amounts necessary to ensure the City's ability to replace them when they reach the end of their useful lives. Network and Computer replacement will be gauged using a 3 year lifecycle.
- 7) The City will seek to build and maintain a Facilities Maintenance Capital Asset Reserve Fund for capital costs associated with the maintenance of all City building facilities. The reserve will be maintained at a level at least equal to projected five year facilities maintenance capital costs. Park operating funds shall budget annual capital replacement costs and use them to fund reserves for future equipment replacement and resurfacing needs.
- 8) The City will seek to build and maintain a Storm Drain Depreciation Reserve for costs associated with the major maintenance and capital improvement costs included in the Storm Drain program budget. The minimum reserve level will be 50% of the costs projected over the next five years.
- 9) The City will establish a Reserve for Qualifying Expenditures and will transfer into it from current revenues all amounts necessary to ensure compliance with Gann Limit provisions. These funds will be used solely to pay for Gann Limit excludable capital expenditures. To qualify, they must be for assets having a value greater than \$100,000 and having a useful life of at least 10 years.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

D. Fund Balance Deficit

The Low and Moderate Income Housing Asset Special Revenue Fund had a fund balance deficit of \$1,333,451 at June 30, 2013. The deficit is expected to be eliminated from future loan repayment revenues. In addition, the Park Impact Fees Capital Projects Fund had a fund balance deficit of \$34,419 at June 30, 2013. The deficit is expected to be eliminated from future grant revenues.

NOTE 11 - PENSION PLAN

CALPERS Miscellaneous Employee Plan

Substantially all of the City's regular, probationary and part-time employees meet the qualifications to participate in pension plans offered by California Public Employees Retirement System (CALPERS), a cost-sharing agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The employees participate in the Miscellaneous Employee Plan. Benefit provisions under the Plan are established by State statute and City resolution. Benefits are based on years of credited service, with one year of credited service earned for each one year of full time employment. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. In August 2010, the City Council authorized an amendment to the contract between the City and the California Public Employees' Retirement System in order to establish a Tier 2 retirement benefits structure. The Tier 2 changed the retirement benefit plan from 2.5%@55 to 2%@60 for new miscellaneous employees hired on or after October 18, 2010. A Tier 3 structure was established to implement the provisions of the Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, and is applicable to employees new to CALPERS, and hired after December 31, 2012, and not subject to grandfathering into the previously existing Tier 2 Plan. The Plans' provisions and benefits in effect at June 30, 2013, are summarized as follows:

	Miscellaneous Tier 1 (2.5% @ 55)	Miscellaneous Tier 2 (2% @ 60)	Miscellaneous Tier 3 (2% @ 62)
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	55	52
Monthly benefits, as a % of annual	2.0% - 2.5%	1.092% - 2.418%	1.0% - 2.5%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates	15.698%	8.311%	6.25%

The City Council has directed that the City employees are only required to pay 2% of their contributions through fiscal year 2013 and 0% in subsequent years. The City pays the remaining employees' contribution as well as the employer contribution. These benefit provisions and all other requirements are established by state statute and City resolution. Contributions necessary to fund CALPERS on an actuarial basis are determined by CALPERS and its Board of Administration.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 11 - PENSION PLAN (Continued)

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$285,643	100%	\$0
June 30, 2012	291,501	100%	0
June 30, 2013	315,372	100%	0

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation rate at 3.0%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and amortized over a rolling thirty year period.

As required by State law effective July 1, 2005, the City's Miscellaneous Plan was terminated, and the employees in the plan were required by CALPERS to join a State-wide pool. One of the conditions of entry to the pool was that the City true-up any unfunded liabilities in the former Plan, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CALPERS. The City satisfied its Miscellaneous Plan's unfunded liability by agreeing to contribute to the Side Fund through an addition to its normal contribution rates. The balance of the Side Fund was \$187,835 at June 30, 2013, which will be repaid over the next 7 years.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 11 - PENSION PLAN (Continued)

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. CALPERS' latest actuarial value (which differs from market value) and funding progress for the State-wide pools are shown below:

Actuarial

Miscellaneous Tier 1

Valuation Date	Entry Age Accrued Liability	Value of Asset	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2009	\$1,834,424,640	\$1,493,430,831	\$340,993,809	81.4%	\$355,150,151	96.0%
2010	1,972,910,641	1,603,482,152	369,428,489	81.3%	352,637,380	104.8%
2011	2,135,350,204	1,724,200,585	411,149,619	80.7%	350,121,750	117.4%

Miscellaneous Tier 2

Valuation Date	Entry Age Accrued Liability	Value of Asset	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2009	\$582,841,869	\$553,953,526	\$28,888,343	95.0%	\$184,319,666	15.7%
2010	624,423,437	594,492,164	29,931,273	95.2%	186,777,830	16.0%
2011	682,375,804	639,237,247	43,138,557	93.7%	193,877,169	22.3%

The City's Miscellaneous Tier 1 Plan represents approximately 0.4150%, 0.4867% and 0.4934% of the State-wide pool for the years ended June 30, 2011, 2010, and 2009, respectively, based on covered payroll of \$1,452,922, \$1,716,330 and \$1,752,265 for those years. The City joined the Miscellaneous Tier 2 Plan in August 2010. Actuarial information for the Miscellaneous Tier 3 Plan is not yet available.

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

NOTE 12 - DEFERRED COMPENSATION PLANS

City employees may also defer a portion of their compensation under City sponsored Deferred Compensation Plans. The City offers the opportunity to participate in one of two plans, one created in accordance with Internal Revenue Code Section 457, and one created in accordance with Internal Revenue Code 401a. Under the 457 plan, participants are not taxed on the deferred portion of their compensation until distributed to them; under the 401a plan different rules apply and amounts contributed may be either pre-tax or after-tax depending on applicable plan rules. Under both plans, distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

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

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 13 - RISK MANAGEMENT

A. *Municipal Pooling Authority of Northern California (MPA)*

The City is a member of the Municipal Pooling Authority of Northern California. The Authority provides coverage against various types of loss risks under the terms of a joint-powers agreement with the City and several other cities and governmental agencies. The City participates in the coverage programs as follows:

<u>Types of Coverage (Deductible)</u>	<u>Coverage Limits</u>
Liability (\$25,000)	\$29,000,000
Vehicle - Physical Damage (\$3,000 for police vehicles, \$2,000 for all others)	250,000
Worker's Compensation (no deductible)	Statutory Limit
Property:	
All Risk (\$25,000)	1,000,000,000
Flood*	25,000,000
Pollution Liability (\$100,000)	1,000,000
Boiler and Machinery (\$5,000)	100,000,000
Cyber Liability (\$50,000)	2,000,000

* \$100,000 minimum deductible per occurrence, except Zones A and V, which are subject to a \$250,000 deductible per occurrence

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

The City's deposits with the Authority are in accordance with formulas established by the Authority. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Audited financial statements for the Authority are available from MPA, 1911 San Miguel Drive, Suite 200, Walnut Creek, CA 94596.

B. *Liability for Uninsured Claims*

Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed, above, the City has coverage for such claims, but it has retained the risk for the deductible, or uninsured portion of these claims. Settlements have not exceeded insurance coverage for the past three fiscal years.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 13 - RISK MANAGEMENT (Continued)

The City's liability for uninsured liability claims at June 30 was estimated by management based on claims experience during the fiscal year and was computed as follows:

	June 30	
	2013	2012
Balance at beginning of year	\$25,000	\$25,000
Liability for current fiscal year claims	26,921	1,255
Change in liability for prior fiscal year claims and claims incurred but not reported (IBNR)	47,283	10,904
Claims paid	(74,204)	(12,159)
Balance at end of year	\$25,000	\$25,000

NOTE 14 - COMMITMENTS AND CONTINGENCIES

A. Construction and Other Commitments

The City has the following outstanding construction commitments as of June 30, 2013:

Laurel and Rose Signalization	\$81,854
O'Hara Widening - Cypress to Laurel	219,421
O'Hara Widening - Carpenter to Vintage	1,270,619

In addition to the commitments above, the City agreed to grant up to \$925,000 of Childcare Development Fees to a developer for the construction of a childcare facility. As of June 30, 2013, the City had not disbursed any funds under the grant.

B. Litigation

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney, other than as disclosed in Note 15F(3), there is no presently filed litigation which is likely to have a material adverse effect on the financial position of the City.

C. Tax Apportionment Errors

One of the City's largest previous sales and use tax generators closed its warehouse during the recession, but failed to update its quarterly sales tax reporting. As a result, the City has continued to receive sales and use tax associated with the site. Contact with the business failed to correct the problem, and so the City filed a notice with the State Board of Equalization (SBE) requesting verification, and if appropriate, an update to the SBE records and an adjustment to the City's allocations to correct prior allocation errors. Although the SBE has yet to process the correction, the City estimates the correction totals approximately \$175,000 through June 30, 2013.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)

D. Federal and State Grant Programs

The City participates in several federal and State grant programs. These programs are subject to audit by the City's independent accountants in accordance with the provisions of the federal Single Audit Act as amended and applicable State requirements. No cost disallowances have been proposed as a result of audits completed to date; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

E. Encumbrances

Encumbrances outstanding as of June 30, 2013 by fund were as follows:

Major Governmental Fund:	
Traffic Impact Fees	\$1,588,563
Non-Major Governmental Funds	116,286
Total Encumbrances	\$1,704,849

NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

A. REDEVELOPMENT DISSOLUTION

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved redevelopment agencies on January 31, 2012.

The suspension provisions prohibited all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26.

In addition, ABx1 26 and AB1484 direct the State Controller to review the activities of all redevelopment agencies and successor agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the redevelopment agency. The State Controller's Office completed its asset transfer review, but the results of the review have not yet been provided to the Successor Agency.

Effective January 31, 2012, the Redevelopment Agency was dissolved. Certain assets of the Redevelopment Agency Low and Moderate Income Housing Fund were distributed to a Housing Successor; and all remaining Redevelopment Agency assets and liabilities were distributed to a Successor Agency.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

Under the provisions of ABx1 26, the City was eligible to elect to become the Housing Successor and retain the housing assets and elected to do so. On February 1, 2012, the Agency's housing assets were transferred to the City's Low and Moderate Income Housing Asset Special Revenue Fund. The activities of the Housing Successor are reported in the Low and Moderate Income Housing Assets Special Revenue Fund as the City has control of those assets, which may be used in accordance with the low and moderate income housing provisions of California Redevelopment Law.

The City also elected to become the Successor Agency and on February 1, 2012 the Redevelopment Agency's remaining assets were distributed to and liabilities were assumed by the Successor Agency. ABx1 26 requires the establishment of an Oversight Board to oversee the activities of the Successor Agency and one was established on April 17, 2012. The activities of the Successor Agency are subject to review and approval of the Oversight Board, which is comprised of seven members, including one member of City Council and one former Redevelopment Agency employee appointed by the Mayor.

The activities of the Successor Agency are reported in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board and the Department of Finance. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency.

On January 19, 2011 the Redevelopment Agency entered into a Cooperation Agreement with the City to perform and administer the redevelopment programs and activities within the Project Area, including its low and moderate income housing programs. The Cooperation Agreement identifies thirty-seven Agency projects that cannot be completed without the assistance of the City, but those projects may be amended. In exchange for the City's agreement to accept these responsibilities and participate in these projects, as appropriate, the Agency made various findings in accordance with the Health and Safety Code within the Cooperation Agreement, including §33220, and the Agency agreed to the following provisions:

- To transfer and convey all of its existing assets to the City prior to June 30, 2011, including its rights to receive funds associated with the Agency's existing agreements with third parties as a contribution toward carrying out the obligations specified in the Agreement.
- To pay the City 3% of all property taxes it receives to the City for administration and oversight activities.
- To repay the principal and interest of the interagency advances discussed in Note 4 B above over a term of six years.

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

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

The Cooperation Agreement was to terminate in fiscal year 2039, however under the provisions of Health and Safety Code Section 34171(d)(2) established by AB x 126, agreements between the City and the Agency that were executed after December 31, 2010 are no longer enforceable obligations and Health and Safety Code Section 34167.5 requires that if the City is not contractually committed to a third party for the expenditure or encumbrance of those funds that they be returned to the Successor Agency. Although the City contends that the Cooperation Agreement was lawfully executed, the City agreed to comply with the requirements of the Code and the assets as of January 31, 2012 in the City Redevelopment Housing Fund were transferred to the Low and Moderate Income Housing Asset Fund which accounts for the Housing Successor activities, and the assets and liabilities of the City Redevelopment Capital Projects Fund were transferred to the Successor Agency to the Redevelopment Agency Private Purpose Trust Fund. As Housing Successor, the City is only required to assume the assets of the former Redevelopment Agency’s housing activities, however, the State Department of Finance has indicated that the Cooperation Agreement is not an enforceable obligation of the Successor Agency and that the advance to the former City Redevelopment Housing Fund should not be repaid by property taxes. Until the matter is resolved, the City, as housing successor, has assumed the advance liability as discussed in Note 4B.

Cash and investments of the Successor Agency as of June 30, 2013 includes the following:

Cash available for operations:	
Cash available for operations:	\$262,926
Bond proceeds held for projects	1,258,121
Cash held for September 2, 2013 debt service payment	1,409,808
Cash and investments with fiscal agent	2,676,047
Total Cash and Investments	\$5,606,902

Details regarding cash and investments are discussed in Note 3. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2013.

B. LOANS RECEIVABLE

The Successor Agency assumed the non-housing loans receivable of the Redevelopment Agency as of February 1, 2012. The Redevelopment Agency engaged in programs designed to encourage construction of or improvement to low-to-moderate income housing. Under these programs, grants or loans were provided under favorable terms to homeowners or developers who agreed to expend these funds in accordance with the Agency’s terms. The balance of the portion of the Oakley Senior Housing loan assumed by the Successor Agency as discussed in Note 5D above, including accrued interest was \$649,070 as of June 30, 2013.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

Manuel's Five Star Restaurant, Inc.

Under the terms of its Cooperation Agreement with the Redevelopment Agency and following existing law at the time, on August 9, 2011 the City entered into an agreement with Manuel's Five Star Restaurant, Inc., to provide loans of Agency funds to develop a restaurant and associated improvements. The loans consist of a construction loan of up to \$1,200,000 to construct the restaurant and an enhancement loan of up to \$600,000 to enhance the exterior of the restaurant building and on-site amenities. The construction loan bears interest of 5% on outstanding principal and unpaid interest beginning three months after the start of operations of the restaurant, is secured by a first deed of trust, and is payable in monthly installments also beginning after the start of operations of the restaurant. The construction loan becomes due upon sale of the property. The enhancement loan does not bear interest and will be forgiven if the borrower operates the restaurant for ten consecutive years. The borrower had drawn down \$39,800 of the loans as of January 31, 2012. With the dissolution of the Agency effective February 1, 2012, the outstanding loan as of that date in the amount of \$39,800 was assumed by the Successor Agency.

The State Department of Finance has determined that the loans are not enforceable obligations of the Successor Agency, and the Department and the Agency representatives have gone through a meet and confer process in an attempt to resolve their differences. Notwithstanding this effort, the Department continues to deny the loans, relying on legislation later validated by the State Supreme Court ending redevelopment that included, amongst other things, language that retroactively invalidates virtually all agreements between agencies and their sponsoring entities. The Department contends that as a result of this provision, the loans are a City obligation and not an obligation of the Successor Agency. They do, however, provide that because the enhancement loan was funded with proceeds of Redevelopment Agency bonds, then once the Agency obtains a "Finding of Completion" by complying with provisions of a new law passed in June 2012, the enhancement loan will then be allowed. The Agency expects to have further conversations with the Department and hopes to resolve this matter expeditiously. Should those efforts fail, the issue may need to be resolved by litigation.

The borrower had drawn down \$1,200,000 of the construction loan and \$599,304 of the enhancement loan as of June 30, 2013. Loan repayments began in fiscal 2013 and the outstanding balance of the loans was \$1,796,414 at June 30, 2013.

C. LAND HELD FOR REDEVELOPMENT

The Successor Agency assumed the land held for redevelopment of the Redevelopment Agency as of February 1, 2012. The Redevelopment Agency had purchased parcels of land as part of its efforts to develop or redevelop blighted properties within the Redevelopment areas. Such land parcels are accounted for at the lower of cost or net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer.

During the year ended June 30, 2013 the Successor Agency reviewed the estimated market value or net realizable value for each of the parcels and, as a result of pending sale agreements and the general decline in real estate values has reduced the carrying value of the parcels by \$638,371.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

D. CAPITAL ASSETS

The Successor Agency assumed the capital assets of the Redevelopment Agency as of February 1, 2012.

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

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the half-year convention method which is like the straight-line method in that the cost of the asset is divided by its expected useful life in years, but the asset is depreciated over 6 months instead over one year in its first year. The result is charged to expense each year until the asset is fully depreciated. The capitalization threshold for equipment with a cost of \$5,000 or more and a useful life of more than two years, and for all buildings, improvements and infrastructure with a cost of \$50,000 or more and a useful life of more than two years. The Successor Agency has assigned the useful lives listed below to capital assets:

	<u>Useful lives</u>
Buildings	40 years
Improvements	5-15 years
Machinery and Equipment	5 years
Vehicles	5 years
Roadways:	
Streets (includes pavement, sidewalk, curb & gutters, trees & signs)	40 years
Traffic Signals	25 years
Parks and Recreation:	
General Improvements	25 years
Specialty Features	10 years

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Capital assets recorded at June 30 comprise:

	Balance June 30, 2012	Additions	Balance June 30, 2013
Governmental Activities:			
Capital assets not being depreciated:			
Land	\$1,835,004	\$2,496,391	\$4,331,395
Construction in Progress	2,763,566	6,399,752	9,163,318
Total capital assets not being depreciated	<u>4,598,570</u>	<u>8,896,143</u>	<u>13,494,713</u>
Capital assets being depreciated:			
Buildings and improvements	3,906,700		3,906,700
Machinery and equipment	65,957		65,957
Roadways:			
Pavement	3,889,591		3,889,591
Traffic Signals	400,859		400,859
Parks and Recreation	818,890		818,890
Total capital assets being depreciated	<u>9,081,997</u>		<u>9,081,997</u>
Less accumulated depreciation for:			
Buildings and improvements	(684,768)	(130,707)	(815,475)
Machinery and equipment	(59,360)	(6,597)	(65,957)
Roadways:			
Pavement	(473,816)	(116,714)	(590,530)
Traffic Signals	(79,118)	(16,034)	(95,152)
Parks and Recreation	(99,784)	(40,945)	(140,729)
Total accumulated depreciation	<u>(1,396,846)</u>	<u>(310,997)</u>	<u>(1,707,843)</u>
Net capital assets being depreciated	<u>7,685,151</u>	<u>(310,997)</u>	<u>7,374,154</u>
Capital assets, net	<u>\$12,283,721</u>	<u>\$8,585,146</u>	<u>\$20,868,867</u>

Included in the balances above are certain assets that are designated for public purposes and the City anticipates that they will ultimately be conveyed to the City.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

E. LONG-TERM DEBT

The Successor Agency assumed the long-term debt of the Redevelopment Agency as of February 1, 2012.

1. Current Year Transaction and Balances

All of the long-term debt of the Successor Agency is comprised of Tax Allocation Bonds issued by the Redevelopment Agency. The Bonds are special obligations of the Agency and are secured only by the Agency's tax increment revenues. Tax Allocation Bond transactions were as follows:

	Original Issue Amount	Balance June 30, 2012	Retirements	Balance June 30, 2013	Current Portion
2003 Tax Allocation Bonds					
3.97-6.32%, due 9/01/2028	\$8,500,000	\$6,935,000	(\$250,000)	\$6,685,000	\$260,000
2008 Subordinate Tax Allocation Bonds					
4.00-5.00%, due 9/1/2038	25,095,000	25,095,000	(310,000)	24,785,000	350,000
Total		<u>\$32,030,000</u>	<u>(\$560,000)</u>	<u>\$31,470,000</u>	<u>\$610,000</u>

2. Redevelopment Agency 2003 Tax Allocation Bonds and 2008 Subordinate Tax Allocation Bonds

On December 4, 2003, the Agency issued Tax Allocation Bonds to refund and defease the outstanding 1999 Tax Allocation Revenue Bonds, and to provide financing for various redevelopment projects. The Bonds are secured by the Agency's tax increment revenue. Principal is payable annually and the interest is payable semi-annually through 2029. A portion of the proceeds from the 2003 Bonds was placed in an irrevocable trust to provide all the future debt service payments of the defeased 1999 Bonds, and the 1999 Bonds were called in August 2009.

On May 10, 2008, the Agency issued Subordinate Tax Allocation Bonds, Series 2008A, to provide financing for various redevelopment projects. The bonds are secured by the Agency's tax increment, however, the 2008A Bonds are subordinated to the 2003 Bonds. Principal is payable annually and the interest is payable semi-annually through 2039.

As discussed above, the Agency has pledged all future tax increment revenues, less amounts required to be set aside in the Redevelopment Agency Low and Moderate Income Housing Capital Projects Fund and certain tax increment pass through payments, for the repayment of both the 2003 and 2008A Tax Allocation Bonds (non-housing revenues). The Agency has also pledged tax increment revenues required to be set aside in the Redevelopment Agency Low and Moderate Income Housing Capital Projects Fund (housing revenue) for the repayment of a portion of the 2003 Tax Allocation Bonds. The pledge of all future tax increment revenues ends upon repayment of the \$55,722,923 remaining debt service on the Bonds above, which is scheduled to occur in 2039. With the issuance of the 2008 Bonds, projected non-housing tax increment revenues are expected to provide coverage over debt service of 217% over the life of the two Bonds.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County’s Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. Beginning in fiscal year 2012, under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations. Total property taxes available for distribution to the Successor Agency and other taxing entities for fiscal year 2013 calculated by the County Auditor-Controller was \$2,477,130, and the total received by the Successor Agency for fiscal year 2013 debt service was \$2,263,290, which represented coverage of 104% of the \$2,172,553 of debt service.

Committed and unspent bond proceeds from the 2008 Subordinate Tax Allocation Bonds at June 30, 2013 was \$258,980, and is included in the Private Purpose Trust Fund’s cash available for operations reported in Note 3.

3. Debt Service Requirements

Annual debt service requirements for the Bonds are shown below:

<u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$610,000	\$1,585,609
2015	660,000	1,555,803
2016	715,000	1,522,964
2017	775,000	1,487,494
2018	835,000	1,449,293
2019 - 2023	4,895,000	6,559,593
2024 - 2028	6,140,000	5,118,012
2029 - 2033	6,705,000	3,382,283
2034 - 2038	8,235,000	1,544,372
2039	1,900,000	47,500
	<u>\$31,470,000</u>	<u>\$24,252,923</u>

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

F. COMMITMENTS AND CONTINGENCIES

1. State Approval of Enforceable Obligations

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance in the future cannot be determined at this time.

2. State Asset Transfer Review

The activities of the former Redevelopment Agency and the Successor Agency are subject to further examination by the State of California and the amount, if any, of expenditures which may be disallowed by the State cannot be determined at this time. In addition, the State Controller's Office conducted a review of the propriety of asset transfers between the former Redevelopment Agency or the Successor Agency and any public agency that occurred on or after January 1, 2011, but the results of that review have not been issued, and therefore the amount, if any, of assets that may be required to be returned to the Successor Agency cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

3. Litigation

AB1484 requires the Successor Agency to complete two Due Diligence Reviews (DDR) to determine the amount of the remaining assets that should be transferred by the City to the Successor Agency or by the Successor Agency to the County for distribution to the affected taxing entities.

In August 2013, the State Department of Finance (DOF) completed its review of the DDR of the Low and Moderate Housing Fund's cash balance available for allocation to the affected taxing entities. The DDR indicated assets totaling \$1,956 were to be returned, but that amount was adjusted by the DOF to \$537,576. The Successor Agency complied with a portion the DOF's determination by transmitting a payment of \$71,556 to the County Auditor-Controller in August 2013, but the City disputes the remaining balance due of \$466,020.

In October 2013, the DOF completed its review of the DDR of all other funds of the former Redevelopment Agency. The DDR indicated there were no assets available for allocation to the affected taxing entities, but that amount was adjusted by the DOF to \$952,264. The City disputes the adjustments.

CITY OF OAKLEY
Notes to Basic Financial Statements
For fiscal year ended June 30, 2013

NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

The City has filed suit against the State of California Department of Finance, claiming amongst other things, the transactions undertaken pursuant to the Cooperation Agreement and prior to the elimination of AB1x27, that was originally passed as a companion bill with AB1x26 and allowed continued questions of the Redevelopment Agency subject to certain conditions, are enforceable obligations of the Successor Agency and that the Department of Finance exceeded its authority in disallowing them. The State and the County, as an interested party in the matter, have filed responses to the City's complaint. Although the City is in discussion with the Department of Finance concerning potential settlement of the case, a hearing on the matter is scheduled for May 2014. The amount, if any, of assets that may be required to be returned to the Successor Agency cannot be determined at this time.

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**MAJOR GOVERNMENTAL FUNDS, OTHER THAN
GENERAL FUND AND SPECIAL REVENUE FUNDS**

TRAFFIC IMPACT FEES CAPITAL PROJECTS FUND

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

CITY OF OAKLEY
MAJOR GOVERNMENTAL FUNDS OTHER THAN THE
GENERAL FUND AND SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	<u>TRAFFIC IMPACT FEES</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Developer fees	\$1,250,000	\$1,263,156	\$13,156
Use of money and property		3,702	3,702
Total Revenues	<u>1,250,000</u>	<u>1,266,858</u>	<u>16,858</u>
EXPENDITURES			
Current:			
Public Works	13,308	41,721	(28,413)
Capital outlay	<u>7,651,088</u>	<u>1,745,886</u>	<u>5,905,202</u>
Total Expenditures	<u>7,664,396</u>	<u>1,787,607</u>	<u>5,876,789</u>
NET CHANGE IN FUND BALANCES	<u>(\$6,414,396)</u>	<u>(520,749)</u>	<u>\$5,893,647</u>
Fund balance at beginning of year		<u>7,277,318</u>	
Fund balance at end of year		<u><u>\$6,756,569</u></u>	

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS**GAS TAX**

This fund accounts for revenues and expenditures received from the State of California under Street and Highways Code Sections 2105, 2106, 2107 and 2107.5. The allocations must be spent for street maintenance and construction.

NPDES

This fund accounts for storm water utility fees assessed on properties city-wide and used to pay for the “National Pollution Discharge Elimination System” to prevent further polluting of our streams and bays as mandated by the Federal government.

DEVELOPER DEPOSITS

This fund accounts for deposits received from contractors and property owners to offset the cost of providing certain Community Development services including processing applications and reviewing grading plans of applicant projects.

YOUTH DEVELOPMENT

This fund accounts for youth development grant programs.

COMMUNITY FACILITIES DISTRICT #1

This fund accounts for maintenance and operations related to drainage and flood control at the Cypress Grove development.

OAKLEY WELCOMING

This fund accounts for the activities associated with the grant-funded Oakley Welcoming program under the You Me We Oakley! brand.

AG CONSERVATION

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

CAPITAL PROJECTS FUNDS**MEASURE J**

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

PARK IMPACT FEES

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

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

CHILDCARE IMPACT FEES

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

PUBLIC FACILITIES IMPACT FEE

This fund accounts for fees assessed on new development to provide for public facilities.

MAIN STREET

This fund accounts for Main Street related projects funded by the General Fund.

CYPRESS GROVE CAPITAL PROJECT

This fund accounts for funds from the 2004-1 Limited Obligation Bonds that will ultimately be used to purchase infrastructure assets built by developers in the 2004-1 Assessment District area.

GENERAL CAPITAL PROJECTS

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

FIRE IMPACT FEES

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

DEBT SERVICE FUNDS

2006 CERTIFICATES OF PARTICIPATION

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

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CITY OF OAKLEY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2013

SPECIAL REVENUE FUNDS					
	Gas Tax	NPDES	Developer Deposits	Youth Development	Community Facilities District #1
ASSETS					
Cash and investments available for operations	\$1,259,922	\$1,157,060	\$888,341	\$80,385	\$1,285,245
Cash with fiscal agent					
Accounts receivable, net	73,943	15,441	142,339		
Interest receivable	563	500		30	567
Prepays and deposits					
Advances to other funds					
Total Assets	\$1,334,428	\$1,173,001	\$1,030,680	\$80,415	\$1,285,812
LIABILITIES					
Accounts payable	\$40,358	\$8,449	\$990	\$2,688	\$4,570
Accrued liabilities					
Due to other funds					
Deposits payable			1,029,690		
Unearned revenue		15,441		77,727	
Advances from other funds					
Total Liabilities	40,358	23,890	1,030,680	80,415	4,570
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - accounts receivable					
Unavailable revenue - interest on advances to other funds					
Total Deferred Inflows of Resources					
FUND BALANCES					
Nonspendable					
Restricted	1,294,070	1,149,111			1,281,242
Assigned					
Unassigned					
Total Fund Balance	1,294,070	1,149,111			1,281,242
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$1,334,428	\$1,173,001	\$1,030,680	\$80,415	\$1,285,812

SPECIAL REVENUE FUNDS

CAPITAL PROJECTS FUNDS

Oakley Welcoming	Ag Conservation	Measure J	Park Impact Fees	Childcare Impact Fees	Public Facilities Impact Fee	Main Street
\$83,537	\$5,415	\$586,564		\$950,175	\$13	\$697,926
42	3	469,211	\$926,058	438	3	
382		312	(287)			
			504,914		161,613	
<u>\$83,961</u>	<u>\$5,418</u>	<u>\$1,056,087</u>	<u>\$1,430,685</u>	<u>\$950,613</u>	<u>\$161,629</u>	<u>\$697,926</u>
\$1,659		\$106,664	\$89,058			
641			752,286			
81,661					\$463	
					75,000	
<u>83,961</u>		<u>106,664</u>	<u>841,344</u>		<u>75,463</u>	
			553,438			
			70,322		22,046	
			623,760		22,046	
382	\$5,418	949,423		\$950,613	64,120	
(382)			(34,419)			\$697,926
	<u>5,418</u>	<u>949,423</u>	<u>(34,419)</u>	<u>950,613</u>	<u>64,120</u>	<u>697,926</u>
<u>\$83,961</u>	<u>\$5,418</u>	<u>\$1,056,087</u>	<u>\$1,430,685</u>	<u>\$950,613</u>	<u>\$161,629</u>	<u>\$697,926</u>

(Continued)

CITY OF OAKLEY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2013

	<u>CAPITAL PROJECTS FUNDS</u>			<u>DEBT SERVICE FUND</u>	Total Nonmajor Governmental Funds
	Cypress Grove Capital Project	General Capital Projects	Fire Impact Fees	2006 Certificates of Participation	
ASSETS					
Cash and investments available for operations	\$89,318		\$82,699		\$7,166,600
Cash with fiscal agent				\$574,747	574,747
Accounts receivable, net		\$890,000			2,516,992
Interest receivable	40	31	38	31	2,311
Prepays and deposits					382
Advances to other funds					666,527
Total Assets	<u>\$89,358</u>	<u>\$890,031</u>	<u>\$82,737</u>	<u>\$574,778</u>	<u>\$10,927,559</u>
LIABILITIES					
Accounts payable		\$187,998			\$442,434
Accrued liabilities					641
Due to other funds		41,235			793,521
Deposits payable					1,029,690
Unearned revenue		57,566			232,858
Advances from other funds					75,000
Total Liabilities		<u>286,799</u>			<u>2,574,144</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - accounts receivable		140,000			693,438
Unavailable revenue - interest on advances to other funds					92,368
Total Deferred Inflows of Resources		<u>140,000</u>			<u>785,806</u>
FUND BALANCES					
Nonspendable					382
Restricted	\$89,358	\$740,095	\$82,737	\$574,778	7,180,965
Assigned					697,926
Unassigned		(276,863)			(311,664)
Total Fund Balance	<u>89,358</u>	<u>463,232</u>	<u>82,737</u>	<u>574,778</u>	<u>7,567,609</u>
Total Liabilities, Deferred Inflows of Resources	<u>\$89,358</u>	<u>\$890,031</u>	<u>\$82,737</u>	<u>\$574,778</u>	<u>\$10,927,559</u>

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CITY OF OAKLEY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	SPECIAL REVENUE FUNDS				
	Gas Tax	NPDES	Developer Deposits	Youth Development	Community Facilities District #1
REVENUES					
Property taxes		\$482,954			
Intergovernmental:					
Other	\$833,523				
Developer fees			\$632,560		
Special assessments					\$282,828
Use of money and property	1,811	1,702		\$118	1,989
Miscellaneous		(77)		31,922	
Total Revenues	835,334	484,579	632,560	32,040	284,817
EXPENDITURES					
Current:					
Community Development			472,265		
Public Works	303,476	338,915			84,779
Recreation				32,040	
Capital outlay	308,083	39,025			24,467
Debt Service:					
Principal					
Interest and fiscal charges					
Total Expenditures	611,559	377,940	472,265	32,040	109,246
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	223,775	106,639	160,295		175,571
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers (out)	(161,842)		(160,295)		
Total Other Financing Sources (Uses)	(161,842)		(160,295)		
NET CHANGE IN FUND BALANCES	61,933	106,639			175,571
Fund balance (deficit) at beginning of year	1,232,137	1,042,472			1,105,671
Fund balances (deficit) at end of year	\$1,294,070	\$1,149,111			\$1,281,242

SPECIAL REVENUE FUNDS

CAPITAL PROJECTS FUNDS

Oakley Welcoming	Ag Conservation	Measure J	Park Impact Fees	Childcare Impact Fees	Public Facilities Impact Fee	Main Street
		\$913,878	\$359,575		\$462,920	
\$128 65,622	\$11	(423)		\$1,427	178	
65,750	11	913,455	359,575	1,427	463,098	
					14,580	
65,750	10,000	71,853	11,629			
		416,736	1,130,900	632		\$16,898
65,750	10,000	488,589	1,142,529	632	14,580	16,898
	(9,989)	424,866	(782,954)	795	448,518	(16,898)
						25,000
					(534,416)	
					(534,416)	25,000
	(9,989)	424,866	(782,954)	795	(85,898)	8,102
	15,407	524,557	748,535	949,818	150,018	689,824
	\$5,418	\$949,423	(\$34,419)	\$950,613	\$64,120	\$697,926

(Continued)

CITY OF OAKLEY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	CAPITAL PROJECTS FUNDS			DEBT SERVICE FUND	Total Nonmajor Governmental Funds
	Cypress Grove Capital Project	General Capital Projects	Fire Impact Fees	2006 Certificates of Participation	
REVENUES					
Property taxes					\$482,954
Intergovernmental:					
Other		\$750,000			2,856,976
Developer fees					1,095,480
Special assessments					282,828
Use of money and property	\$134	(877)	\$134	\$4	6,336
Miscellaneous					97,467
Total Revenues	134	749,123	134	4	4,822,041
EXPENDITURES					
Current:					
Community Development			1,388		488,233
Public Works					820,652
Recreation					97,790
Capital outlay		683,188	9,657		2,629,586
Debt Service:					
Principal				240,000	240,000
Interest and fiscal charges				324,565	324,565
Total Expenditures		683,188	11,045	564,565	4,600,826
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	134	65,935	(10,911)	(564,561)	221,215
OTHER FINANCING SOURCES (USES)					
Transfers in		203,083		534,416	762,499
Transfers (out)		(203)			(856,756)
Total Other Financing Sources (Uses)		202,880		534,416	(94,257)
NET CHANGE IN FUND BALANCES	134	268,815	(10,911)	(30,145)	126,958
Fund balance (deficit) at beginning of year	89,224	194,417	93,648	604,923	7,440,651
Fund balances (deficit) at end of year	\$89,358	\$463,232	\$82,737	\$574,778	\$7,567,609

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CITY OF OAKLEY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	SPECIAL REVENUE FUNDS					
	GAS TAX			N.P.D.E.S.		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes				\$460,000	\$482,954	\$22,954
Intergovernmental:						
Other	\$924,427	\$833,523	(\$90,904)			
Developer fees						
Special assessments						
Use of money and property		1,811	1,811		1,702	1,702
Miscellaneous					(77)	(77)
Total Revenues	<u>924,427</u>	<u>835,334</u>	<u>(89,093)</u>	<u>460,000</u>	<u>484,579</u>	<u>24,579</u>
EXPENDITURES						
Current:						
Community Development						
Public Works	363,397	303,476	59,921	442,525	338,915	103,610
Recreation						
Capital Outlay	1,461,687	308,083	1,153,604	41,250	39,025	2,225
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>1,825,084</u>	<u>611,559</u>	<u>1,213,525</u>	<u>483,775</u>	<u>377,940</u>	<u>105,835</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(900,657)</u>	<u>223,775</u>	<u>1,124,432</u>	<u>(23,775)</u>	<u>106,639</u>	<u>130,414</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	(185,246)	(161,842)	23,404			
Total Other Financing Sources (Uses)	<u>(185,246)</u>	<u>(161,842)</u>	<u>23,404</u>			
NET CHANGE IN FUND BALANCES	<u>(\$1,085,903)</u>	<u>61,933</u>	<u>\$1,147,836</u>	<u>(\$23,775)</u>	<u>106,639</u>	<u>\$130,414</u>
Fund balances (deficit) at beginning of year		<u>1,232,137</u>			<u>1,042,472</u>	
Fund balances (deficit) at end of year		<u>\$1,294,070</u>			<u>\$1,149,111</u>	

SPECIAL REVENUE FUNDS

DEVELOPER DEPOSITS			YOUTH DEVELOPMENT			COMMUNITY FACILITIES DISTRICT #1		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$293,815	\$632,560	\$338,745				\$277,283	\$282,828	\$5,545
			\$28,500	\$118 31,922	\$118 3,422		1,989	1,989
<u>293,815</u>	<u>632,560</u>	<u>338,745</u>	<u>28,500</u>	<u>32,040</u>	<u>3,540</u>	<u>277,283</u>	<u>284,817</u>	<u>7,534</u>
293,815	472,265	(178,450)				271,553	84,779	186,774
			28,500	32,040	(3,540)	30,000	24,467	5,533
<u>293,815</u>	<u>472,265</u>	<u>(178,450)</u>	<u>28,500</u>	<u>32,040</u>	<u>(3,540)</u>	<u>301,553</u>	<u>109,246</u>	<u>192,307</u>
	160,295	160,295				(24,270)	175,571	199,841
(160,295)	(160,295)							
(160,295)	(160,295)							
<u>(\$160,295)</u>		<u>\$160,295</u>				<u>(\$24,270)</u>	175,571	<u>\$199,841</u>
							1,105,671	
							<u>\$1,281,242</u>	

(Continued)

CITY OF OAKLEY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

SPECIAL REVENUE FUNDS						
	OAKLEY WELCOMING			AG CONSERVATION		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Intergovernmental:						
Other						
Developer fees						
Special assessments						
Use of money and property		\$128	\$128		\$11	\$11
Miscellaneous	\$140,483	65,622	(74,861)			
Total Revenues	<u>140,483</u>	<u>65,750</u>	<u>(74,733)</u>		<u>11</u>	<u>11</u>
EXPENDITURES						
Current:						
Community Development						
Public Works				\$15,406	10,000	5,406
Recreation	140,483	65,750	74,733			
Capital Outlay						
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>140,483</u>	<u>65,750</u>	<u>74,733</u>	<u>15,406</u>	<u>10,000</u>	<u>5,406</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				<u>(15,406)</u>	<u>(9,989)</u>	<u>5,417</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES				<u><u>(\$15,406)</u></u>	<u><u>(9,989)</u></u>	<u><u>\$5,417</u></u>
Fund balances (deficit) at beginning of year					<u>15,407</u>	
Fund balances (deficit) at end of year					<u><u>\$5,418</u></u>	

CAPITAL PROJECTS FUNDS

MEASURE J			PARK IMPACT FEES			CHILDCARE IMPACT FEES		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$943,507	\$913,878	(\$29,629)	\$895,842	\$359,575	(\$536,267)			
	(423)	(423)				\$4,000	\$1,427	(\$2,573)
<u>943,507</u>	<u>913,455</u>	<u>(30,052)</u>	<u>895,842</u>	<u>359,575</u>	<u>(536,267)</u>	<u>4,000</u>	<u>1,427</u>	<u>(2,573)</u>
115,917	71,853	44,064		\$11,629	(\$11,629)			
1,205,136	416,736	788,400	\$1,211,506	1,130,900	80,606		632	(632)
<u>1,321,053</u>	<u>488,589</u>	<u>832,464</u>	<u>1,211,506</u>	<u>1,142,529</u>	<u>68,977</u>		<u>632</u>	<u>(632)</u>
<u>(377,546)</u>	<u>424,866</u>	<u>802,412</u>	<u>(315,664)</u>	<u>(782,954)</u>	<u>(467,290)</u>	<u>4,000</u>	<u>795</u>	<u>(3,205)</u>
<u>(\$377,546)</u>	<u>424,866</u>	<u>\$802,412</u>	<u>(\$315,664)</u>	<u>(782,954)</u>	<u>(\$467,290)</u>	<u>\$4,000</u>	<u>795</u>	<u>(\$3,205)</u>
	<u>524,557</u>			<u>748,535</u>			<u>949,818</u>	
	<u>\$949,423</u>			<u>(\$34,419)</u>			<u>\$950,613</u>	

(Continued)

CITY OF OAKLEY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	CAPITAL PROJECTS FUNDS					
	PUBLIC FACILITIES IMPACT FEE			MAIN STREET		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Intergovernmental:						
Other						
Developer fees	\$337,625	\$462,920	\$125,295			
Special assessments						
Use of money and property		178	178			
Miscellaneous						
Total Revenues	<u>337,625</u>	<u>463,098</u>	<u>125,473</u>			
EXPENDITURES						
Current:						
Community Development	2,000	14,580	(12,580)			
Public Works						
Recreation						
Capital Outlay				\$605,478	\$16,898	\$588,580
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>2,000</u>	<u>14,580</u>	<u>(12,580)</u>	<u>605,478</u>	<u>16,898</u>	<u>588,580</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>335,625</u>	<u>448,518</u>	<u>112,893</u>	<u>(605,478)</u>	<u>(16,898)</u>	<u>588,580</u>
OTHER FINANCING SOURCES (USES)						
Transfers in				25,000	25,000	
Transfers (out)	(544,957)	(534,416)	10,541			
Total Other Financing Sources (Uses)	<u>(544,957)</u>	<u>(534,416)</u>	<u>10,541</u>	<u>25,000</u>	<u>25,000</u>	
NET CHANGE IN FUND BALANCES	<u>(\$209,332)</u>	<u>(85,898)</u>	<u>\$123,434</u>	<u>(\$580,478)</u>	<u>8,102</u>	<u>\$588,580</u>
Fund balances (deficit) at beginning of year		<u>150,018</u>			<u>689,824</u>	
Fund balances (deficit) at end of year		<u>\$64,120</u>			<u>\$697,926</u>	

CAPITAL PROJECTS FUNDS						DEBT SERVICE FUND		
GENERAL CAPITAL PROJECTS			FIRE IMPACT FEE			2006 CERTIFICATES OF PARTICIPATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$750,000	\$750,000							
175,000		(\$175,000)	\$20,000		(\$20,000)			
3,000	(877)	(3,877)		\$134	134		\$4	\$4
12,000		(12,000)						
940,000	749,123	(190,877)	20,000	134	(19,866)		4	4
			2,000	1,388	612			
1,515,424	683,188	832,236	10,085	9,657	428			
						\$240,000	240,000	
						325,666	324,565	1,101
1,515,424	683,188	832,236	12,085	11,045	1,040	565,666	564,565	1,101
(575,424)	65,935	641,359	7,915	(10,911)	(18,826)	(565,666)	(564,561)	1,105
214,768	203,083	(11,685)				544,957	534,416	(10,541)
	(203)	(203)						
214,768	202,880	(11,888)				544,957	534,416	(10,541)
(\$360,656)	268,815	\$629,471	\$7,915	(10,911)	(\$18,826)	(\$20,709)	(30,145)	(\$9,436)
	194,417			93,648			604,923	
	\$463,232			\$82,737			\$574,778	

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INTERNAL SERVICE FUNDS

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

The concept of major funds does not extend to internal service funds because they do not do business with outside parties. For the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position.

However, internal service funds are still presented separately in the Fund financial statements, including the funds below.

EQUIPMENT REPLACEMENT

This fund is used to finance and account for the replacement of equipment used by City departments.

CAPITAL FACILITIES MAINTENANCE AND REPLACEMENT

This fund is used to account for the maintenance and replacement of the City's capital facilities used by City departments.

CITY OF OAKLEY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2013

	Equipment Replacement	Capital Facilities Maintenance and Replacement	Total
ASSETS			
Current:			
Cash and investments available for operations	\$1,248,153	\$271,496	\$1,519,649
Receivables:			
Interest	576	125	701
Total Current Assets	1,248,729	271,621	1,520,350
Noncurrent:			
Capital assets (net of accumulated depreciation)	770,318	7,147,785	7,918,103
Total Assets	2,019,047	7,419,406	9,438,453
NET POSITION			
Net investment in capital assets	770,318	7,147,785	7,918,103
Unrestricted	1,248,729	271,621	1,520,350
Total Net Position	\$2,019,047	\$7,419,406	\$9,438,453

CITY OF OAKLEY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

	Equipment Replacement	Capital Facilities Maintenance and Replacement	Total
OPERATING REVENUES			
Charges for services	\$280,000		\$280,000
Total Operating Revenues	280,000		280,000
OPERATING EXPENSES			
Supplies	20,834	\$1,370	22,204
Depreciation	320,253	223,875	544,128
Total Operating Expenses	341,087	225,245	566,332
Operating Income (Loss)	(61,087)	(225,245)	(286,332)
NONOPERATING REVENUES (EXPENSES)			
Interest income	605	408	1,013
Loss on disposition of property	(59,074)		(59,074)
Total Nonoperating Revenues	(58,469)	408	(58,061)
Income (Loss) Before Contributions	(119,556)	(224,837)	(344,393)
Contributions	86,796		86,796
Change in net position	(32,760)	(224,837)	(257,597)
BEGINNING NET POSITION	2,051,807	7,644,243	9,696,050
ENDING NET POSITION	\$2,019,047	\$7,419,406	\$9,438,453

CITY OF OAKLEY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

	Equipment Replacement	Capital Facilities Maintenance and Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$280,000		\$280,000
Payments to suppliers	(20,834)	(\$1,370)	(22,204)
Cash Flows from Operating Activities	259,166	(1,370)	257,796
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Acquisition of capital assets	(280,679)		(280,679)
Proceeds from sale of capital assets	6,089		6,089
Cash Flows from Noncapital Financing Activities	(274,590)		(274,590)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	814	449	1,263
Net Cash Flows	(14,610)	(921)	(15,531)
Cash and investments at beginning of period	1,262,763	272,417	1,535,180
Cash and investments at end of period	<u>\$1,248,153</u>	<u>\$271,496</u>	<u>\$1,519,649</u>
NONCASH TRANSACTIONS			
Contribution of capital assets	\$86,796		\$86,796
Retirement of capital assets	\$65,163		\$65,163
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:			
Operating income (loss)	(\$61,087)	(\$225,245)	(\$286,332)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	320,253	223,875	544,128
Cash Flows from Operating Activities	259,166	(1,370)	257,796

AGENCY FUNDS

Agency Funds account for assets held by the City as an agent for individuals, governmental entities and non-public organizations.

ASSESSMENT DISTRICT 2004-1

This fund accounts for Assessment District 2004-1 special assessment collections and debt service payments.

REGIONAL MITIGATION FEES

This fund accounts for fees established by the County to fund future County capital facilities from development. The fees are collected via building permits and submitted to the County.

ASSESSMENT DISTRICT 2006-1

This fund accounts for Assessment District 2006-1 special assessment collections and debt service payments.

CITY OF OAKLEY
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013
<u>Assessment District 2004-1</u>				
Assets				
Cash and investments	\$940,440	\$898,224	\$869,483	\$969,181
Cash with fiscal agent	875,216	328,748		1,203,964
Interest receivable	409	324	409	324
Total Assets	\$1,816,065	\$1,227,296	\$869,892	\$2,173,469
Liabilities				
Due to bondholders	\$1,816,065	\$1,227,296	\$869,892	\$2,173,469
Total Liabilities	\$1,816,065	\$1,227,296	\$869,892	\$2,173,469
<u>Regional Mitigation Fees Fund</u>				
Assets				
Cash and investments	\$204,724	\$457,990	\$204,724	\$457,990
Liabilities				
Due to other agencies	\$204,724	\$457,990	\$204,724	\$457,990
Total Liabilities	\$204,724	\$457,990	\$204,724	\$457,990
<u>Assessment District 2006-1</u>				
Assets				
Cash and investments	\$628,570	\$765,792	\$878,452	\$515,910
Cash with fiscal agent	745,819			745,819
Interest receivable	271	159	271	159
Total Assets	\$1,374,660	\$765,951	\$878,723	\$1,261,888
Liabilities				
Due to bondholders	\$1,374,660	\$765,951	\$878,723	\$1,261,888
Total Liabilities	\$1,374,660	\$765,951	\$878,723	\$1,261,888
<u>Totals - All Agency Funds</u>				
Assets				
Cash and investments	\$1,773,734	\$2,122,006	\$1,952,659	\$1,943,081
Cash with fiscal agent	1,621,035	328,748		1,949,783
Interest receivable	680	483	680	483
Total Assets	\$3,395,449	\$2,451,237	\$1,953,339	\$3,893,347
Liabilities				
Due to other agencies	\$204,724	\$457,990	\$204,724	\$457,990
Due to bondholders	3,190,725	1,993,247	1,748,615	3,435,357
Total Liabilities	\$3,395,449	\$2,451,237	\$1,953,339	\$3,893,347

STATISTICAL SECTION

STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Overlapping Governments
3. Principal Property Tax Payers
4. Property Tax Levies and Collections

Debt Capacity

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

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

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

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

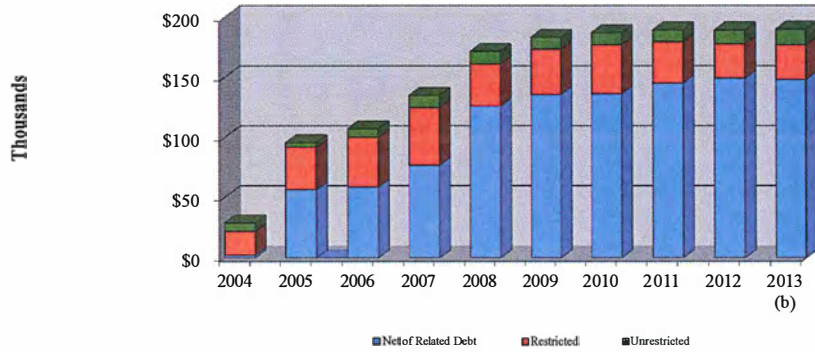
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

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

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CITY OF OAKLEY
Net Position by Component (000's)
Last Ten Fiscal Years
(accrual basis of accounting)



	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 (b)
<i>Primary government</i>										
<i>Governmental activities</i>										
Net investment in capital assets	\$2,102	\$56,504 (a)	\$58,624	\$76,945	\$126,106	\$136,077	\$136,320	\$145,396	\$149,394	\$148,296
Restricted	19,647	35,699	41,703	48,240	35,170	37,745	40,968	34,572	28,647	28,996
Unrestricted	7,019	3,659	7,072	9,894	10,473	9,727	9,979	9,713	11,462	12,975
Total governmental activities net position	\$28,768	\$95,862	\$107,399	\$135,079	\$171,749	\$183,549	\$187,267	\$189,681	\$189,503	\$190,267

NOTES:

(a) The City recorded historical infrastructure balances in fiscal year 2005.

(b) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position."

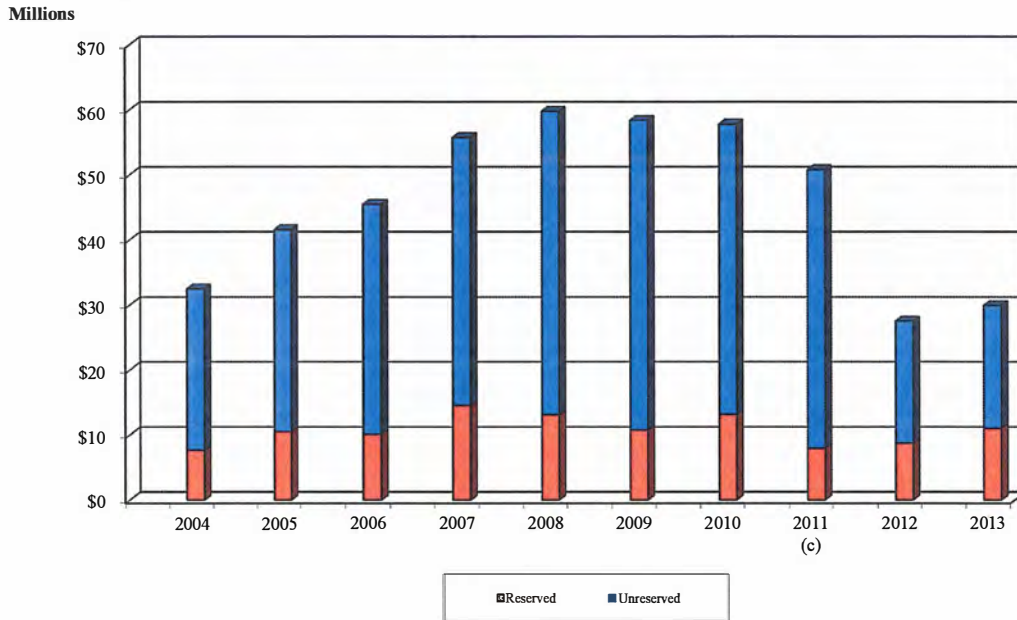
CITY OF OAKLEY
Changes in Net Position (000's)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 (e)
Expenses										
Governmental Activities:										
Legislative	\$434	\$642	\$409	\$370	\$574	\$835	\$492	\$500	\$466	\$492
Administrative Services	743	1,246	1,225	957	1,043	986	872	913	769	973
Community Development	4,592	12,360	14,592	11,308	7,914 (a)	7,258	2,572 (b)	1,830	1,711	1,802
Public Works					3,074 (a)	3,994	8,687 (b)	9,181	12,507 (c)	9,631
Redevelopment and Economic Development	1,812	1,897	1,625	3,147	2,511	2,052	3,610	2,023	932 (d)	
Housing Programs										9
Law Enforcement	3,502	4,270	5,039	5,530	6,703	7,228	7,280	7,259	7,462	7,338
Recreation	134	489	682	543	313	464	352	273	360	420
Interest and fiscal charges	1,261	515	495	890	2,383	2,012	2,030	2,000	606 (d)	324
Total Governmental Activities Expenses	<u>12,478</u>	<u>21,419</u>	<u>24,067</u>	<u>22,745</u>	<u>24,515</u>	<u>24,829</u>	<u>25,895</u>	<u>23,979</u>	<u>24,813</u>	<u>20,989</u>
Total Primary Government Expenses	<u>\$12,478</u>	<u>\$21,419</u>	<u>\$24,067</u>	<u>\$22,745</u>	<u>\$24,515</u>	<u>\$24,829</u>	<u>\$25,895</u>	<u>\$23,979</u>	<u>\$24,813</u>	<u>\$20,989</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
Administrative Services	\$234	\$310	\$556	\$689	\$271	\$164	\$239	\$156	\$154	\$235
Community Development	2,339	6,527	9,846	8,190	3,606	2,010	1,954	1,341	1,186	1,461
Public Works					2,780	3,062	3,307	3,209	3,266	3,391
Law Enforcement	320	681	915	1,654	2,070	2,231	2,328	2,426	2,718	3,038
Recreation	831	36	39	37	31	41	47	42	74	54
Operating Grants and Contributions	1,657	1,649	1,061	1,153	799	1,196	1,225	1,116	1,630	1,371
Capital Grants and Contributions	3,347	19,658	9,260	20,977	27,856	12,839	8,671	5,940	8,433	3,360
Total Government Activities Program Revenues	<u>8,728</u>	<u>28,861</u>	<u>21,677</u>	<u>32,700</u>	<u>37,413</u>	<u>21,543</u>	<u>17,771</u>	<u>14,230</u>	<u>17,461</u>	<u>12,910</u>
Total Primary Government Program Revenues	<u>\$8,728</u>	<u>\$28,861</u>	<u>\$21,677</u>	<u>\$32,700</u>	<u>\$37,413</u>	<u>\$21,543</u>	<u>\$17,771</u>	<u>\$14,230</u>	<u>\$17,461</u>	<u>\$12,910</u>
Net (Expense)/Revenue										
Governmental Activities	<u>(\$3,750)</u>	<u>\$7,442</u>	<u>(\$2,390)</u>	<u>\$9,955</u>	<u>\$12,898</u>	<u>(\$3,286)</u>	<u>(\$8,124)</u>	<u>(\$9,749)</u>	<u>(\$7,352)</u>	<u>(\$8,079)</u>
Total Primary Government Net Expense	<u>(\$3,750)</u>	<u>\$7,442</u>	<u>(\$2,390)</u>	<u>\$9,955</u>	<u>\$12,898</u>	<u>(\$3,286)</u>	<u>(\$8,124)</u>	<u>(\$9,749)</u>	<u>(\$7,352)</u>	<u>(\$8,079)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	\$4,390	\$5,964	\$7,423	\$9,579	\$10,096	\$9,652	\$7,370	\$7,050	\$5,561 (d)	\$4,359
Sales Taxes	1,018	1,081	1,194	1,268	1,617	1,466	1,343	1,413	1,590	1,618
Motor Vehicle In-Lieu	1,862	876	625	167	150	121	109	159	18	18
Transient Occupancy Tax	161	184	208	220	217	164	128	118	165	196
Nonregulatory Franchise and Business	377	472	462	558	584	634	726	1,062	1,136	1,222
Interest Earnings	298	1,722	1,676	3,412	2,774	1,915	995	883	653	371
Other	14	471	1,468	2,522	1,072	1,134	1,171	1,477	873	1,058
Extraordinary item									(2,820) (d)	
Total Government Activities	<u>8,120</u>	<u>10,770</u>	<u>13,056</u>	<u>17,726</u>	<u>16,510</u>	<u>15,086</u>	<u>11,842</u>	<u>12,162</u>	<u>7,176</u>	<u>8,842</u>
Total Primary Government	<u>\$8,120</u>	<u>\$10,770</u>	<u>\$13,056</u>	<u>\$17,726</u>	<u>\$16,510</u>	<u>\$15,086</u>	<u>\$11,842</u>	<u>\$12,162</u>	<u>\$7,176</u>	<u>\$8,842</u>
Change in Net Position										
Governmental Activities	<u>\$4,370</u>	<u>\$18,212</u>	<u>\$10,666</u>	<u>\$27,681</u>	<u>\$29,408</u>	<u>\$11,800</u>	<u>\$3,718</u>	<u>\$2,413</u>	<u>(\$176)</u>	<u>\$763</u>
Total Primary Government	<u>\$4,370</u>	<u>\$18,212</u>	<u>\$10,666</u>	<u>\$27,681</u>	<u>\$29,408</u>	<u>\$11,800</u>	<u>\$3,718</u>	<u>\$2,413</u>	<u>(\$176)</u>	<u>\$763</u>

NOTES:

- (a) The City established Public Works in fiscal year 2008. Some of the activities in this department were previously reported in Community Development and Recreation.
- (b) Capital assets previously constructed by or dedicated to Community Development were reassigned to Public Works in fiscal year 2010. As a result, depreciation expense associated with those capital assets is now reflected in Public Works.
- (c) The City conveyed a completed fire station project totaling \$3.3 million to the East Contra Costa County Fire Protection District which was recorded as an expenditure in the Statement of Activities.
- (d) The Redevelopment Agency was dissolved effective January 31, 2012 and its non-housing assets and liabilities were assumed by a Successor Agency
- (e) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position."

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



	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011 (c)	2012	2013
General Fund										
Reserved	\$1,643	\$2,970	\$2,657	\$2,210	\$2,074	\$1,834	\$1,593			
Unreserved	7,510	3,968	5,248	7,493	5,656	4,748	5,353			
Nonspendable								\$2,847	\$2,843	\$3,301
Restricted								559	559	559
Assigned								155	100	991
Unassigned								4,347	5,255	6,151
Total General Fund	<u>\$9,153</u> (a)	<u>\$6,938</u> (a)	<u>\$7,905</u>	<u>\$9,703</u>	<u>\$7,730</u>	<u>\$6,582</u>	<u>\$6,946</u>	<u>\$7,908</u>	<u>\$8,757</u>	<u>\$11,002</u> (b)
All Other Governmental Funds										
Reserved	\$6,005	\$7,556	\$7,411	\$12,353	\$11,049	\$8,939	\$11,565			
Unreserved, reported in:										
Special revenue funds	8,657	9,939	2,311	3,178	5,109	6,204	7,526			
Capital project funds	8,703	17,149	27,852	30,518	35,903	36,634	31,761			
Nonspendable								\$497		
Restricted								42,404	\$19,210	\$19,898
Assigned								1,344	884	698
Unassigned								(1,339)	(1,320)	(1,645)
Total all other governmental funds	<u>\$23,365</u> (a)	<u>\$34,644</u> (a)	<u>\$37,574</u>	<u>\$46,049</u>	<u>\$52,061</u>	<u>\$51,777</u>	<u>\$50,852</u>	<u>\$42,906</u>	<u>\$18,774</u> (d)	<u>\$18,951</u> (b)

NOTES:

(a) During fiscal year 2005 the City reviewed historical revenues and expenditures in the General Fund and made a number of restatements and recategorizations, primarily related to the presentation of its Impact Fee Funds.

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

(c) The City implemented the provisions of GASB Statement 54 in fiscal year 2011, and years prior to 2011 have not been restated to conform with the new presentation.

(d) The Redevelopment Agency was dissolved effective January 31, 2012 and its assets and liabilities were assumed by a Successor Agency on February 1, 2012, which is reported as a Fiduciary Fund. As a result, governmental fund balances are lower beginning in 2012.

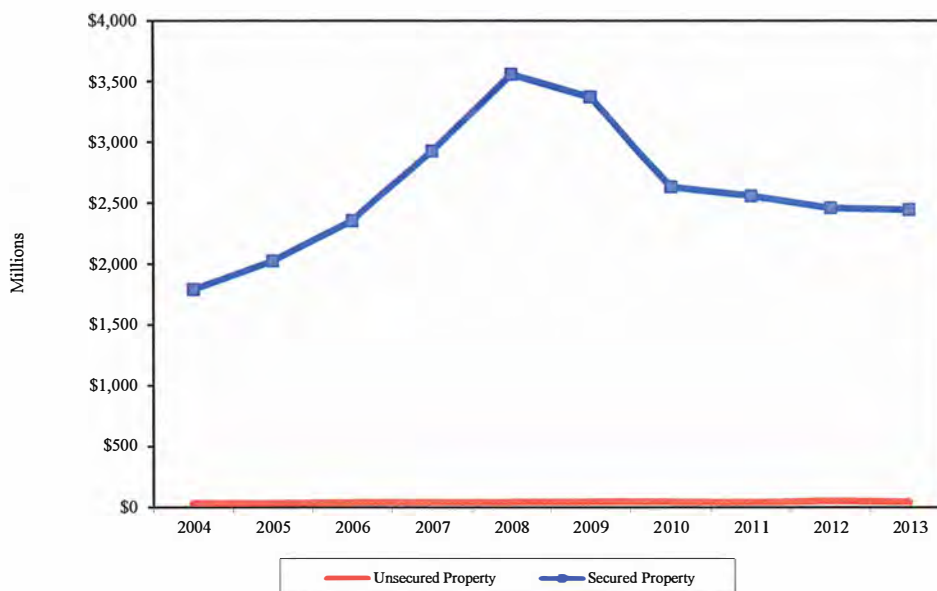
CITY OF OAKLEY
Changes in Fund Balance of Governmental Funds (000's)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012 (c)	2013
Revenues										
Taxes	\$5,393	\$7,680	\$9,197	\$11,514	\$12,403	\$11,799	\$9,017	\$9,526	\$8,344	\$7,729
Licenses, permits and fees	2,052	2,041	3,739	3,652	1,909	1,252	1,392	950	990	1,178
Fines and forfeitures	83	111	99	198	134	140	177	149	136	181
Use of money and property	179	828	1,656	3,210	2,313	1,629	673	578	418	121
Intergovernmental revenues	3,491	2,369	2,693	2,401	2,319	1,715	4,210	2,538	2,164	3,306
Charges for services	5,481	9,629	15,506	14,334	13,166	8,152	10,323	7,378	8,293	8,648
Other	127	15,479	1,648	11,522	1,071	1,133	1,171	1,384	932	1,123
Total Revenues	16,806	38,137	34,538	46,831	33,315	25,820	26,963	22,503	21,277	22,286
Expenditures										
Current:										
Legislative	434	642	419	377	567	809	462	483	452	481
Administrative services	736	1,041	1,049	893	955	878	785	783	766	918
Community development	5,431	8,721	11,753	8,895	4,014 (a)	2,575	2,338	1,788	1,677	1,771
Public works					3,074 (a)	4,627	3,877	3,682	3,641	4,015
Redevelopment and economic development	1,363	1,118	3,415	6,094	659	642	489	455	276	
Housing programs										9
Law enforcement	3,477	4,147	5,130	5,599	6,633	6,952	6,955	7,002	7,437	7,186
Recreation	321	488	689	549	308 (a)	464	329	264	353	414
Pass through to County and other agencies	514	671	604	809	824	799	615	579	642	
SERAF payment							1,516	312		
Estimated reduction in value of property held for resale							274			
Capital outlay	217	8,712	6,820	21,359	40,822 (b)	6,962	7,123	10,644	5,946	4,502
Debt service:										
Principal repayment	676	692	673	365	610	680	720	742	465	240
Interest and fiscal charges	327	517	497	833	2,137	1,864	2,043	2,011	1,159	329
Total Expenditures	13,496	26,749	31,049	45,773	60,603	27,252	27,526	28,745	22,814	19,865
Excess (deficiency) of revenues over (under) expenditures	3,310	11,388	3,489	1,058	(27,288)	(1,432)	(563)	(6,242)	(1,537)	2,421
Other Financing Sources (Uses)										
Transfers in	11,101	3,531	1,507	2,925	5,530	3,560	2,110	3,214	2,100	925
Transfers (out)	(11,101)	(3,531)	(1,507)	(2,925)	(5,530)	(3,560)	(2,110)	(3,952)	(2,100)	(925)
Proceeds (loss) from sale of property			296	714	6,233				(14)	
Tax allocation bonds issued	8,500			8,500	25,095					
Certificates of participation issued										
Contribution from County										
Payments to refunded bond escrow	(7,763)									
Other		28								
Total other financing sources (uses)	737	28	296	9,214	31,328			(738)	(14)	
Special item			113							
Extraordinary item									(21,734)	
Net Change in fund balances	\$4,047	\$11,416	\$3,898	\$10,272	\$4,040	(\$1,432)	(\$563)	(\$6,980)	(\$23,285)	\$2,421
Debt service as a percentage of noncapital expenditures	8.2%	7.2%	5.1%	5.2%	10.3%	12.9%	13.5%	15.0%	9.5%	3.7%

NOTES:

- (a) The City established Public Works in fiscal year 2008. Some of the activities in this department were previously reported in Community Development and Recreation.
- (b) Includes the use of funds from the 2004-1 and 2006-1 Assessment Districts to acquire infrastructure assets. The Assessment District Bonds are not debt of the City, and therefore proceeds from the bonds are not included in Other Financing Sources. The Districts contributed the project funds to the City to acquire the infrastructure assets which is reflected in other revenues in 2005 and 2007.
- (c) The Redevelopment Agency was dissolved effective January 31, 2012 and its assets and liabilities were assumed by a Successor Agency on February 1, 2012, therefore, activities in various areas were lower in the current year, including property taxes, community development and debt service.

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



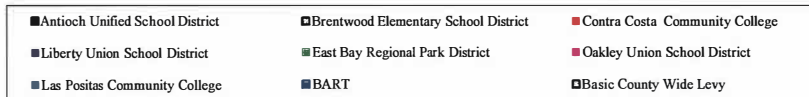
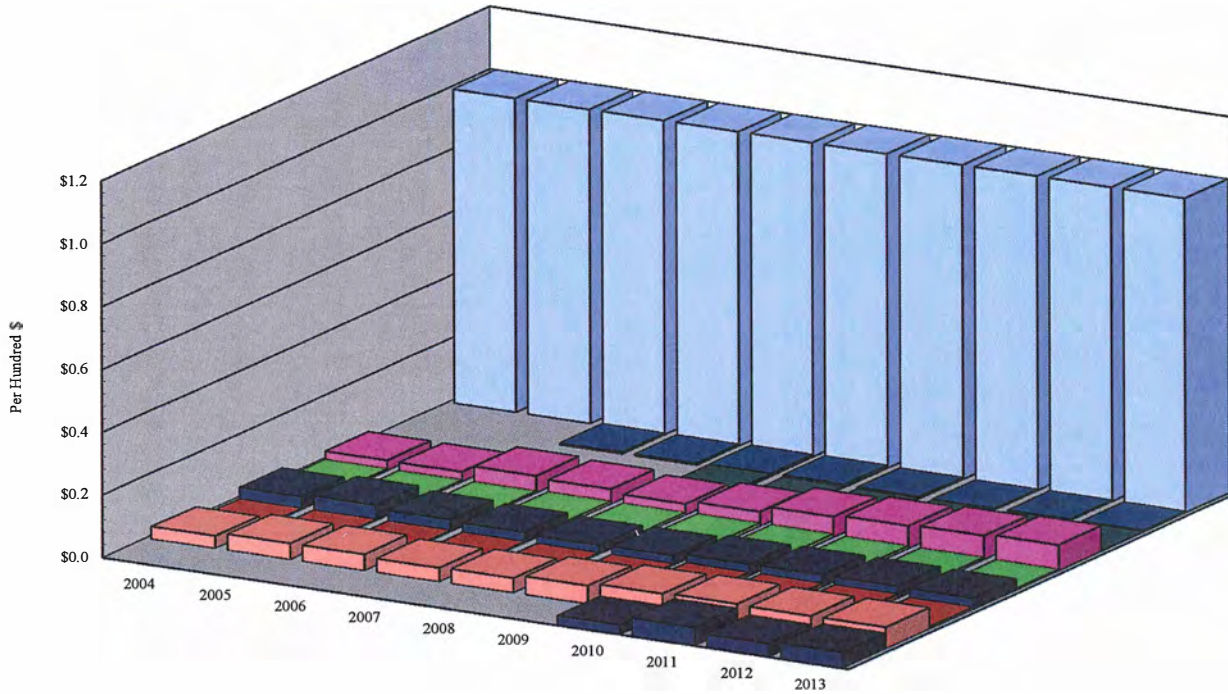
Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other					
2004	\$1,586	\$69	\$20	\$87	\$1,762	\$33	\$1,795	\$1,795	1%
2005	1,718	76	21	178	1,993	37	2,030	2,030	1%
2006	1,952	85	27	255	2,319	41	2,360	2,360	1%
2007	2,514	96	28	250	2,888	41	2,929	2,929	1%
2008	3,096	108	31	282	3,517	45	3,562	3,562	1%
2009	2,903	113	33	280	3,329	46	3,375	3,375	1%
2010	2,240	139	33	177	2,589	47	2,636	2,636	1%
2011	2,213	110	16	182	2,521	40	2,561	2,561	1%
2012	2,132	107	11	159	2,409	53	2,462	2,462	1%
2013	2,125	102	11	162	2,400	47	2,447	2,447	1%

Source: Contra Costa County Auditor Controller Office Certificate of Assessed Valuations

Notes:

- (a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus the value of any new construction, plus an increment of no more than two percent annually. These values are considered to be full market values.
- (b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area. The City of Oakley includes 44 tax rate areas.

**CITY OF OAKLEY
PROPERTY TAX RATES
ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**



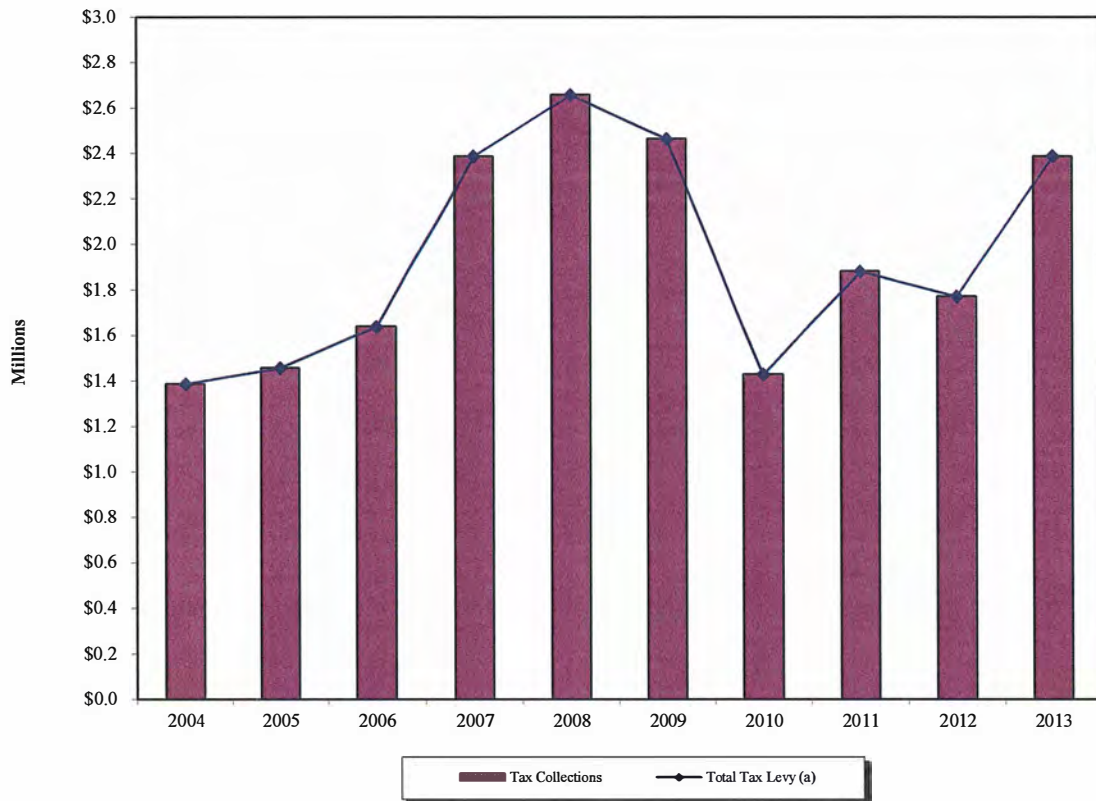
Fiscal Year	Basic County Wide Levy	East Bay Regional Park District	Oakley Union School District	Liberty Union School District	Brentwood Elementary School District	Contra Costa Community College	BART	Contra Costa Water Land Levy	Chabot Las Positas Community College	Antioch Unified School District	Total
2004	\$1.0000	\$0.0057	\$0.0323	\$0.0405	\$0.0405	\$0.0038		\$0.0063			\$1.1291
2005	1.0000	0.0057	0.0314	0.0489	0.0517	0.0042		0.0057			1.1476
2006	1.0000	0.0057	0.0542	0.0379	0.0519	0.0047	\$0.0048	0.0050			1.1642
2007	1.0000	0.0085	0.0472	0.0331	0.0444	0.0043	0.0050	0.0043			1.1468
2008	1.0000	0.0080	0.0357	0.0276	0.0470	0.0038	0.0076	0.0039	\$0.0070		1.1406
2009	1.0000	0.0100	0.0460	0.0289	0.0587	0.0040	0.0090	0.0041	0.0026		1.1633
2010	1.0000	0.0108	0.0659	0.0376	0.0682	0.0126	0.0057	0.0048	0.0000	\$0.0306	1.2362
2011	1.0000	0.0084	0.0725	0.0390	0.0715	0.0133	0.0031	0.0049	0.0000	0.0578	1.2705
2012	1.0000	0.0071	0.0767	0.0386	0.0688	0.0144	0.0041	0.0051	0.0000	0.0417	1.2565
2013	1.0000	0.0051	0.0823	0.0364	0.0685	0.0087	0.0043	0.0045	0.0000	0.0495	1.2593

Source: Contra Costa County Auditor-Controller

CITY OF OAKLEY
Principal Property Tax Payers
Current Year and Nine Years Ago (000's)

Taxpayer	2012-13			2003-04		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Cypress Square S&R Associates	\$17,666	1	0.72%	\$14,150	1	0.79%
Neroly Sports Club Investors	11,639	2	0.48%			
Shea Homes LP	10,272	3	0.42%			
Lucky No California Investor LLC	8,355	4	0.34%			
HPH Properties LP	7,484	5	0.31%			
Shurgard Storage Center	7,016	6	0.29%			
Brookfield Bay Area Holdings	6,400	7	0.26%			
BMS Investments 3 LLC	6,326	8	0.26%			
Western Oilfields Supply Company	6,061	9	0.25%			
Meritage Homes of California	5,988	10	0.24%			
W Pacific Housing-Laurel Woods				11,496	2	0.64%
KB Home South Bay Inc				10,447	3	0.58%
First Security Bank Trust				6,247	4	0.35%
Lucky Stores Inc.				6,230	5	0.35%
John E Pessin				5,667	6	0.32%
Blacksmith Homes LLC				5,390	7	0.30%
Meritage Homes of No. California				5,311	8	0.30%
LM Sterling Oaks LLC				4,887	9	0.27%
WEC 98D-30 LLC				4,725	10	0.26%
Subtotal	<u>\$87,207</u>		<u>3.6%</u>	<u>\$74,550</u>		<u>4.15%</u>

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



Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2004	\$1,387	\$1,387	100.0%	(a)	\$1,387	100.0%
2005	1,458 (b)	1,458	100.0%	(a)	1,458	100.0%
2006	1,640 (b)	1,640	100.0%	(a)	1,640	100.0%
2007	2,388	2,388	100.0%	(a)	2,388	100.0%
2008	2,659	2,659	100.0%	(a)	2,659	100.0%
2009	2,465	2,465	100.0%	(a)	2,465	100.0%
2010	1,430 (c)	1,430	100.0%	(a)	1,430	100.0%
2011	1,882	1,882	100.0%	(a)	1,882	100.0%
2012	1,773	1,773	100.0%	(a)	1,773	100.0%
2013	2,388	2,388	100.0%	(a)	2,388	100.0%

Source: City of Oakley Records

NOTES: Amounts reported above include only the 1% basic property taxes allocated to the City. They do not include special taxes, assessments, or property taxes received in lieu of vehicle license fees.

- (a) The County apportions taxes under the alternative method of apportionment authorized under Revenue & Taxation Code sections 4701 et seq, under which the County provides the City with 100% of its tax levy. The County retains any penalty and delinquency charges collected.
- (b) Tax levies and collections for 2005 and 2006 have been reduced by a mandatory tax reallocation imposed by the State of California not reflected in other years.
- (c) \$443 thousand of the decline in the 2010 tax levy was caused by the State's borrowing of property tax revenue under the provisions of Proposition 1A.

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

Governmental Activities (in thousands)								
Fiscal Year	Tax Allocation Bonds	Repayment Agreement with County	Jurisdictional Transfer Agreement Pass - Throughs	Note Payable	Certificates of Participation	Total	Percentage of Personal Income (a)	Per Capita (a)
2004	\$8,500	\$568	\$1,516	\$248	\$0	\$10,832	1.77%	\$392
2005	8,375	284	1,397	84	0	10,140	1.53%	359
2006	8,195	0	1,272	0	0	9,467	1.33%	326
2007	8,005	0	1,097	0	8,500	17,602	2.27%	552
2008	32,905 (b)	0	872	0	8,310	42,087	4.79%	1,267
2009	32,700	0	597	0	8,110	41,407	4.46%	1,201
2010	32,490	0	297	0	7,900	40,687	4.36%	1,179
2011	32,265	0	0	0	7,680	39,945	5.01%	1,121
2012	0 (c)	0	0	0	7,450	7,450	0.82%	204
2013	0	0	0	0	7,210	7,210	0.76%	194

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

Sources: City of Oakley

(a) See the Demographic Statistics schedule for personal income and population data.

(b) The City issued the 2008 Subordinate Tax Allocation Bonds during fiscal year 2008.

(c) Upon the dissolution of the Redevelopment Agency effective January 31, 2012, a Successor Agency assumed the liabilities of the former Redevelopment Agency, including the Tax Allocation Bonds.

CITY OF OAKLEY
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2013

2012-13 Assessed Valuation, Excluding the Redevelopment Agency \$2,191,467,976

	Net Debt Outstanding	Percentage Applicable To City of Oakley	Amount Applicable To City of Oakley
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Contra Costa County Pension Obligations	\$310,110,000	1.724%	\$5,346,771
CCC Lease Revenue Bonds	322,459,311	1.724%	5,559,693
Bay Area Rapid Transit District Bond	138,186,264	1.724%	2,382,543
East Bay Regional Park District Bond	60,034,243	1.724%	1,035,082
Liberty Union High School District Bonds	99,597,658	18.389%	18,315,225
Brentwood Union School District Bonds	72,524,704	0.048%	34,590
Oakley Union School District Bonds	27,960,000	84.812%	23,713,408
Antioch Unified School District School Facilities Improvement District No. 1	64,927,391	6.080%	3,947,380
Contra Costa Community College District Bonds	<u>362,770,000</u>	1.731%	<u>6,278,823</u>
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT	<u><u>\$1,458,569,571</u></u>		<u><u>\$66,613,515</u></u>
DIRECT DEBT:			
City of Oakley Certificates of Participation	<u><u>\$7,210,000</u></u>	100.000%	<u><u>\$7,210,000</u></u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$73,823,515 (1)</u></u>

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

RATIOS TO 2012-13 ASSESSED VALUATION:	
Direct Debt	0.33%
Overlapping Debt	3.04%
Total Debt	3.37%

Source: HdL Coren & Cone

NOTE: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

**CITY OF OAKLEY
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2013**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$2,447,000,000
---	-----------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$91,762,500
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AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$0
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Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	0
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Amount of debt subject to limit	0
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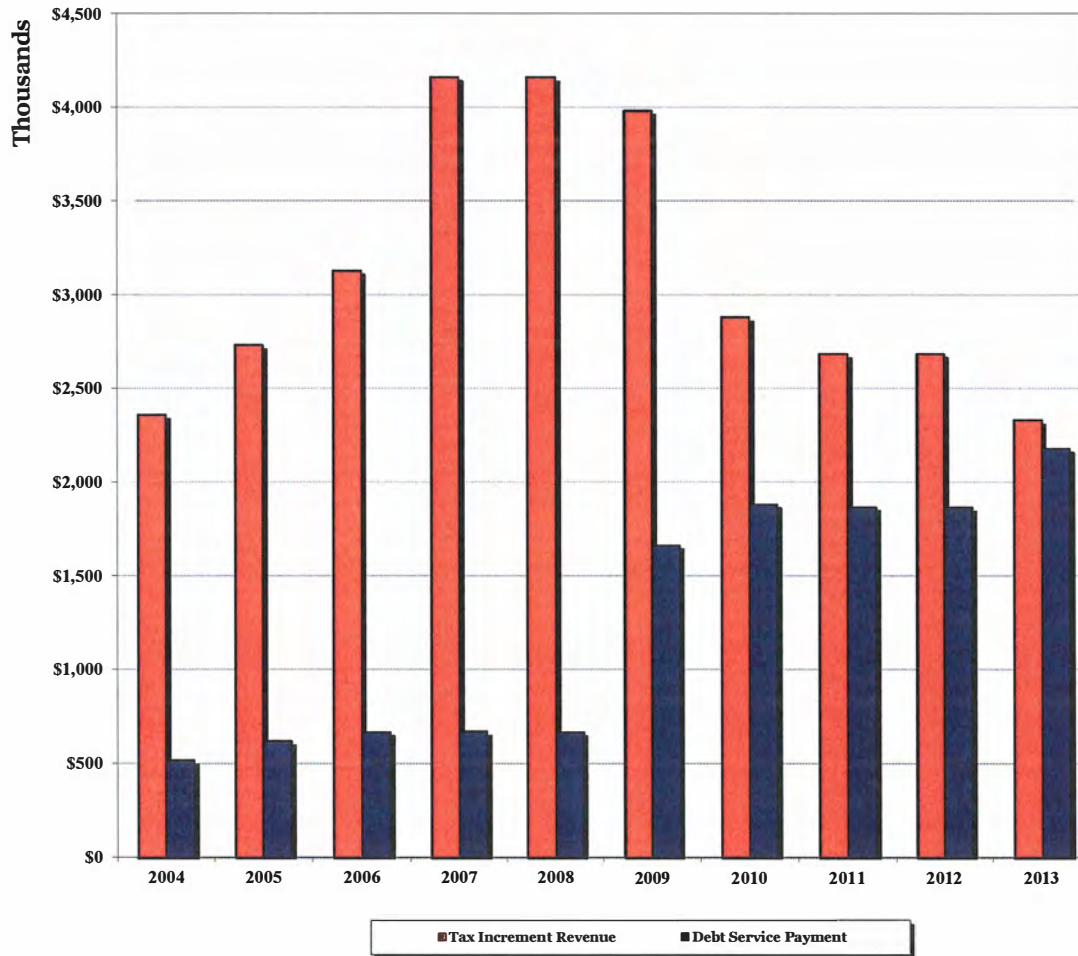
LEGAL BONDED DEBT MARGIN	\$91,762,500
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Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2004	\$67,323,159	\$0	\$67,323,159	0.00%
2005	76,120,907	0	76,120,907	0.00%
2006	88,509,713	0	88,509,713	0.00%
2007	109,848,863	0	109,848,863	0.00%
2008	133,576,266	0	133,576,266	0.00%
2009	126,616,212	0	126,616,212	0.00%
2010	97,087,500	0	97,087,500	0.00%
2011	96,075,000	0	96,075,000	0.00%
2012	92,325,000	0	92,325,000	0.00%
2013	91,762,500	0	91,762,500	0.00%

NOTES:

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

CITY OF OAKLEY
BONDED DEBT PLEDGED REVENUE COVERAGE
FORMER REDEVELOPMENT AGENCY TAX ALLOCATION BONDS
LAST TEN FISCAL YEARS

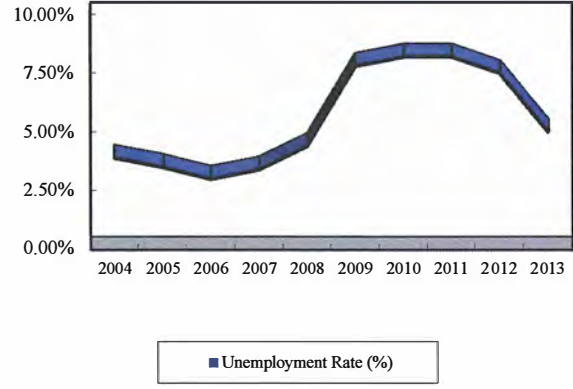
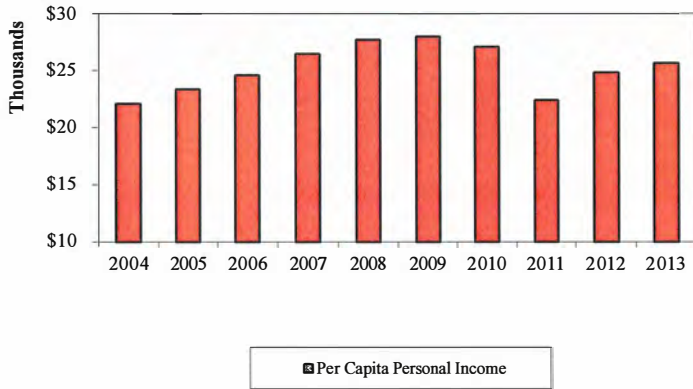
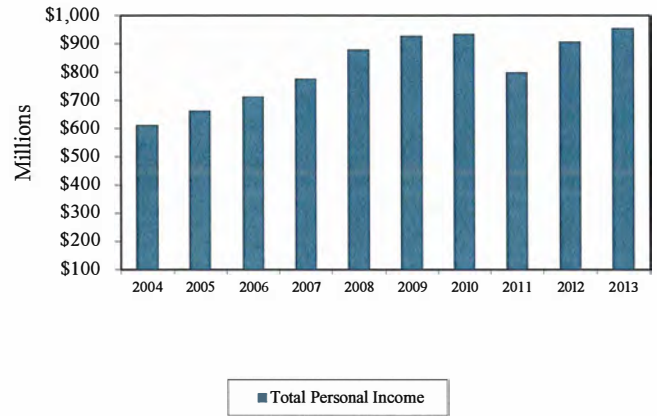
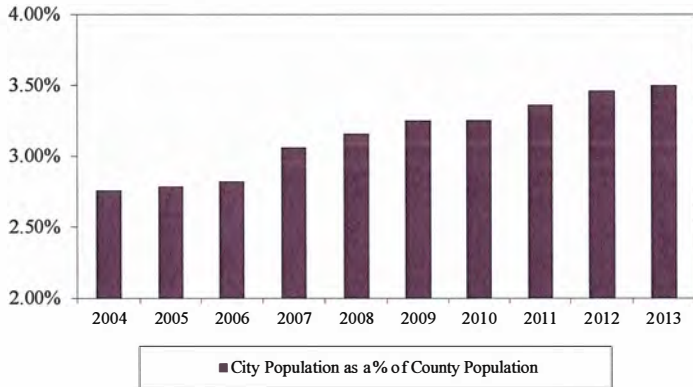


Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2004	\$2,360,681	\$228,000	\$289,249	\$517,249	\$4.56
2005	2,732,541	125,000	493,994	618,994	4.41
2006	3,128,294	180,000	487,940	667,940	4.68
2007	4,161,415	190,000	480,595	670,595	6.21
2008	4,160,358	195,000	472,953	667,953	6.23
2009	3,982,760	205,000	1,458,624	1,663,624	2.39
2010	2,880,794	210,000	1,673,080	1,883,080	1.53
2011	2,685,494	225,000	1,644,221	1,869,221	1.44
2012	2,686,625 (a)	235,000 (a)	1,631,824 (a)	1,866,824	1.44
2013	2,332,827 (b)	560,000 (c)	1,619,876 (c)	2,179,876	1.07

- (a) The Redevelopment Agency was dissolved effective January 31, 2012, and its liabilities were assumed by a Successor Agency. Amounts reported here include tax revenue and debt service of both the former Redevelopment Agency and the Successor Agency.
- (b) Beginning in fiscal year 2012, tax increment reported in this table is the amount calculated by the County Auditor-Controller. Under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations.
- (c) Debt service is paid by the Successor Agency.

Source: City of Oakley Annual Financial Statements

**CITY OF OAKLEY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



Fiscal Year	City Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate (%) (a)	Contra Costa County Population	City Population % of County
2004	27,661	\$611,060,000	\$22,077	3.9%	1,002,816	2.76%
2005	28,228	662,843,000	23,364	3.5%	1,013,280	2.79%
2006	29,074	712,613,000	24,605	3.0%	1,030,732	2.82%
2007	31,906	776,037,000	26,449	3.4%	1,042,341	3.06%
2008	33,210	878,436,000	27,674	4.4%	1,051,674	3.16%
2009	34,468	927,881,000	27,958	7.8%	1,060,435	3.25%
2010	34,500	933,926,000	27,070	8.2%	1,060,435	3.25%
2011	35,646	798,043,000	22,388	8.2%	1,060,435	3.36%
2012	36,532	906,688,000	24,819	7.5%	1,056,064	3.46%
2013	37,252	954,583,000	25,625	5.0%	1,065,117	3.50%

(a) Data reported is for the prior calendar year.

Sources: HdL Coren & Cone

U.S. Department of Commerce, California State Department of Finance, Employment Development Department

**CITY OF OAKLEY
Principal Employers
Current Year**

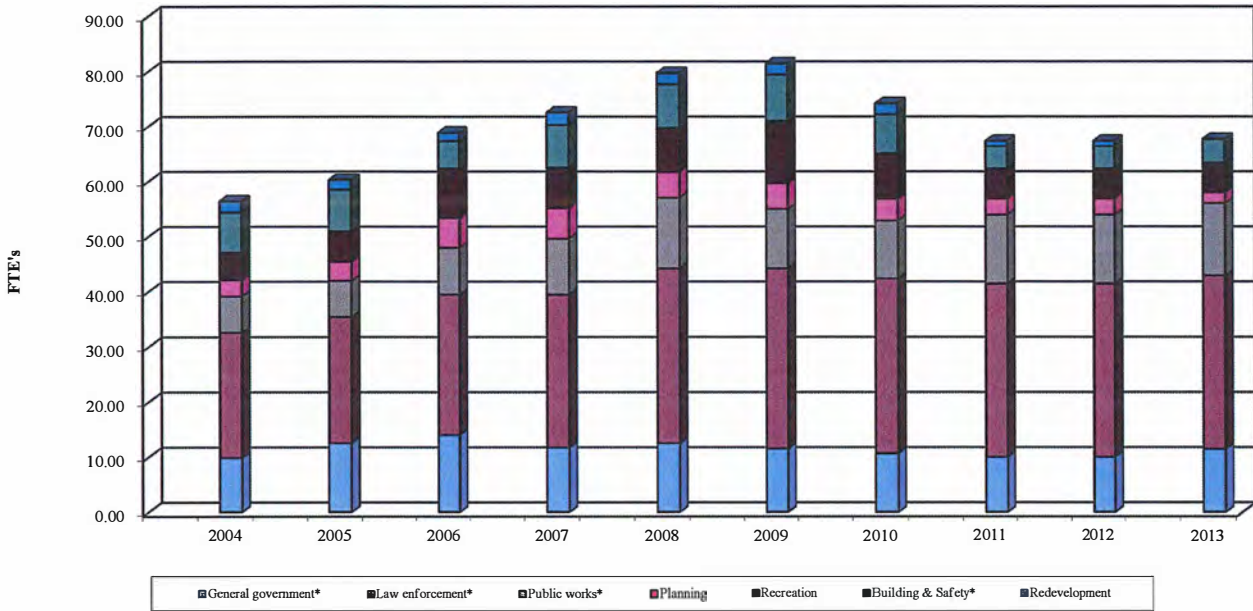
<u>Employer</u>	<u>2012-13</u>			<u>2003-2004</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Oakley Union Elementary School District	487	1	28.7%	(A)	(A)	(A)
Diamond Hills Sports Club and Spa	55	2	3.2%			
Lucky's	54	3	3.2%			
Raley's	46	4	2.7%	(A)	(A)	(A)
Continente Nut LLC	44	5	2.6%	(A)	(A)	(A)
McDonalds	36	6	2.1%	(A)	(A)	(A)
Foundation Constructors	32	7	1.9%	(A)	(A)	(A)
Ironhouse Sanitary District	32	7	1.9%			
Rain 4 Rent	30	8	1.8%			
Round Table Pizza	27	9	1.6%			
Momijii Enterprises Inc., DBA Molly Maid of East CC & Solano County	26	10	1.5%			
Albertsons				(A)	(A)	(A)
California Pallet				(A)	(A)	(A)
CentroMart				(A)	(A)	(A)
Olympic Boat Centers				(A)	(A)	(A)
Rite Aid				(A)	(A)	(A)
Rivera Company				(A)	(A)	(A)
Value Plumbing				(A)	(A)	(A)
Subtotal	<u>869</u>		<u>51.2%</u>			
Total City Day Population (C)	<u>1,696</u>			<u>(B)</u>		

Source: City of Oakley Finance Department - Business Licenses

Notes:

- (A) Number of Employees and Rank data for fiscal year 2003-04 was not available.
- (B) Not available for 2003/2004
- (C) Total City Day Population is the number of employees reported on business license applications by businesses located in Oakley.

CITY OF OAKLEY
Budgeted Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years



Adopted for Fiscal Year Ended June 30,

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function										
General government*	9.85	12.50	14.00	11.75	12.50	11.50	10.65	10.00	10.00	11.45
Community development:										
Public works*	6.50	6.50	8.50	10.20	12.80	10.80	10.50	12.50	12.50	13.13
Planning	3.00	3.50	5.40	5.60	4.70	4.70	4.00	3.00	3.00	2.00
Building & Safety*	7.30	7.55	5.00	7.80	8.00	8.50	7.10	4.05	4.05	4.30
Redevelopment	2.00	1.75	1.50	2.25	2.00	2.00	2.00	1.00	1.00	0.00
Law enforcement*	22.80	23.00	25.50	27.70	31.75	32.75	31.75	31.48	31.48	31.48
Recreation	5.00	5.50	9.00	7.25	8.00	11.25	8.20	5.37	5.37	5.37
Total	<u>56.45</u>	<u>60.30</u>	<u>68.90</u>	<u>72.55</u>	<u>79.75</u>	<u>81.50</u>	<u>74.20</u>	<u>67.40</u>	<u>67.40</u>	<u>67.73</u>

Notes:
 Amounts reported are Full Time Equivalent (FTEs).
 n/a means not available.

* The City Contracts for the following services:
 City Attorney and IT services are contracted with an outside firm and included in the General Government total.
 Police Services are contracted with the County Sheriff and include contracting for a specific number of officers.
 Building Inspection and Engineering Services are contracted with an outside firm.

Source: City of Oakley Operating Budgets

CITY OF OAKLEY
Operating Indicators by Function/Program
Last Nine Fiscal Years

Function/Program	Fiscal Year								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Law enforcement:									
Police (a) (b):									
Violent crimes	71	72	95	117	77	49	80	79	85
Property crimes	904	686	763	738	693	483	531	526	477
Public Works:									
Street resurfacing (miles)	7.2	4.1	0 (c)	10.8 (c)	10	10	8	5.4	0.72
Leisure Services:									
Recreation:									
Recreation activities participants	3,900	7,000	8,050	9,940	9,700	9,700	11,500	13,300	16,486

Source: City of Oakley

Notes:

Data prior to July 1, 2004 is not available.

(a) Prior calendar year

(b) Data from FBI Uniformed Crime Reports (UCR)

(c) The 2007 and 2008 projects were combined into a single project constructed in 2008.

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

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Law enforcement:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol vehicles	n/a	24	25	27	27	27	27	27	26	29
Public works:										
Miles of streets	92	92	100	102	116	116.5	116.5	119.5	127.7	129.12
Street lights	1,491	1,491	1,708	1,782	1,915	2,047	2,047	2,347	2,794	3,032
Traffic Signals	n/a	n/a	5	5	11	17	17	17	32	33
Recreation:										
Community services:										
City parks	13	13	16	16	29	29	29	29	29	29
City parks acreage	56	56	77	77	90	90	90	90	96	98
Community centers	0	1	1	1	1	1	1	2	2	2
Baseball/softball diamonds	1	1	1	1	1	8	8	8	8	8
Soccer/football fields	0	1	1	1	1	7	7	7	7	7
Skate features	0	0	0	0	0	3	3	3	3	3
BMX dirt track	0	0	0	0	0	1	1	1	1	1

Source: City of Oakley

Notes:
n/a means not available.

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