

**CITY OF CONCORD  
JOINT POWERS FINANCING AUTHORITY  
BASIC COMPONENT UNIT  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**CITY OF CONCORD JOINT POWERS FINANCING AUTHORITY  
BASIC COMPONENT UNIT FINANCIAL STATEMENTS  
For the Year Ended June 30, 2011**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the City of Concord  
Joint Powers Financing Authority  
Concord, California

We have audited the financial statements of the governmental activities and each major fund of the City of Concord Joint Powers Financing Authority, a component unit of the City of Concord, California as of and for the year ending June 30, 2011 which collectively comprise the Authority's basic component unit financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic component unit financial statements based on our audit.

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

In our opinion the basic component unit financial statements referred to above present fairly in all material respects the financial position of the governmental activities and each major fund of the City of Concord Joint Powers Financing Authority as of June 30, 2011 and the respective changes in the financial position listed as part of the basic component unit financial statements for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

As of July 1, 2010, the City adopted the provision of Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions. As discussed in Note 2G to the financial statements, the provisions of this statement affect the classification of fund balances reported in the financial statements.

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

October 28, 2011

**INSERT MD & A**

**CITY OF CONCORD JOINT POWERS FINANCING AUTHORITY**

**STATEMENT OF NET ASSETS AND  
STATEMENT OF ACTIVITIES**

The Statement of Net Assets and the Statement of Activities summarize the entire Authority'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 Authority's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis - the effect of all the Authority's transactions is taken into account, regardless of whether or when cash changes hands.

The Statement of Net Assets reports the difference between the Authority's total assets and the Authority's total liabilities. The Statement of Net Assets focuses the reader on the composition of the Authority's net assets, by subtracting total liabilities from total assets. The Statement of Net Assets summarizes the financial position of the Authority in a single column.

The Statement of Activities reports increases and decreases in the Authority's net assets. It is also prepared on the full accrual basis, which means it includes all the Authority'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 and current liabilities.

**CITY OF CONCORD JOINT POWERS FINANCING AUTHORITY**

**FUND FINANCIAL STATEMENTS**

Major Funds are defined generally as having significant activities or balances in the current year. The funds described below were determined to be Major Funds by the Authority for fiscal 2011:

**POLICE FACILITY DEBT SERVICE FUND**

To account for the accumulation of lease revenue for payment of interest and principal on the Police Facility lease revenue bonds issued in 1993.

**PAVILION EXPANSION DEBT SERVICE FUND**

To account for the accumulation of revenue provided for payment of interest and principal on the Pavilion lease revenue bonds issued in 1995.

**PARKING STRUCTURE DEBT SERVICE FUND**

To account for the accumulation of resources for payment of interest and principal on the Parking Structure lease revenue bonds issued in 2001.

**REFUNDING LEASE AGREEMENT DEBT SERVICE FUND**

To account for the accumulation of lease revenue for payment of interest and principal on the Refunding Lease Agreement issued in 2010.

**2004 WASTEWATER IMPROVEMENTS DEBT SERVICE FUND**

To account for the accumulation of resources for payment of interest and principal on the Wastewater Improvements Certificates of Participation issued in 2004.

**2007 WASTEWATER IMPROVEMENTS CAPITAL PROJECT FUND**

To account for the expenditure of capital outlay financed with Wastewater System Improvements Certificates of Participation issued in 2007 and debt service thereon.

**CITY OF CONCORD JOINT POWERS FINANCING AUTHORITY**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

	Governmental Activities
Assets:	
Cash and Investments Held by Trustee (Note 3)	\$2,234,581
Net Investment in Leases (Note 4)	37,009,527
Total Assets	39,244,108
Liabilities:	
Bonds Interest Payable	654,616
Long-Term Debt (Note 5)	
Due in One Year	2,538,500
Due in More Than One Year	35,527,000
Total Liabilities	38,720,116
Net Assets	
Restricted for:	
Debt Service	2,234,581
Total Restricted Net Assets	2,234,581
Unrestricted Net Assets (Deficit)	(1,710,589)
Total Net Assets (Deficit)	\$523,992

See accompanying notes to financial statements

**CITY OF CONCORD JOINT POWERS FINANCING AUTHORITY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Expenses:	
Interest on Long Term Debt	<u>\$1,796,991</u>
Total Program Expenses	<u>1,796,991</u>
Program Revenue:	
Lease Interest Revenue	<u>2,322,114</u>
General Revenue:	
Investment Earnings	<u>12,899</u>
Total General Revenues	<u>12,899</u>
Change in Net Assets	538,022
Net Assets (Deficit) Beginning	<u>(14,030)</u>
Net Assets (Deficit) Ending	<u><u>\$523,992</u></u>

See accompanying notes to financial statements



**CITY OF CONCORD JOINT POWERS FINANCING AUTHORITY  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2011**

	Debt Service Funds						Total
	Police Facility	Pavilion Expansion	Parking Structure	Refunding Lease Agreement	2004 Wastewater Improvements	2007 Wastewater Improvements	
<b>ASSETS</b>							
Cash and Investments (Note 3)	\$197,342	\$986,373	\$752,907			\$297,959	\$2,234,581
Net Investment in Leases (Note 4)	1,172,263	2,879,294	5,668,545	\$4,589,754	\$9,908,834	12,790,837	37,009,527
<b>Total Assets</b>	<u>\$1,369,605</u>	<u>\$3,865,667</u>	<u>\$6,421,452</u>	<u>\$4,589,754</u>	<u>\$9,908,834</u>	<u>\$13,088,796</u>	<u>\$39,244,108</u>
<b>LIABILITIES</b>							
Deferred Revenue (Note 4)	\$1,172,263	\$2,879,294	\$5,668,545	\$4,589,754	\$9,908,834	\$12,790,837	\$37,009,527
<b>Total Liabilities</b>	<u>1,172,263</u>	<u>2,879,294</u>	<u>5,668,545</u>	<u>4,589,754</u>	<u>9,908,834</u>	<u>12,790,837</u>	<u>37,009,527</u>
<b>FUND BALANCES</b>							
Restricted for:							
Capital Projects						\$297,959	297,959
Debt Service	197,342	986,373	752,907				1,936,622
<b>Total Fund Balances</b>	<u>197,342</u>	<u>986,373</u>	<u>752,907</u>			<u>297,959</u>	<u>2,234,581</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$1,369,605</u>	<u>\$3,865,667</u>	<u>\$6,421,452</u>	<u>\$4,589,754</u>	<u>\$9,908,834</u>	<u>\$13,088,796</u>	

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

**ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES**

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.

37,009,527

**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  
Interest Payable

(38,065,500)  
(654,616)

**NET ASSETS OF GOVERNMENTAL ACTIVITIES**

\$523,992

See accompanying notes to financial statements

CITY OF CONCORD JOINT POWERS FINANCING AUTHORITY  
 GOVERNMENTAL FUNDS  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2011

Debt Service Funds

	Police Facility	Pavilion Expansion	Parking Structure	Refunding Lease Agreement	2004 Wastewater Improvements	2007 Wastewater Improvements	TOTAL
<b>REVENUES</b>							
Lease Revenue	\$507,397	\$163,124	\$733,392	\$543,872	\$823,864	\$839,090	\$3,610,739
Use of Money and Property	27	4,946	7,428	498			12,899
Total Revenues	<u>507,424</u>	<u>168,070</u>	<u>740,820</u>	<u>544,370</u>	<u>823,864</u>	<u>839,090</u>	<u>3,623,638</u>
<b>EXPENDITURES</b>							
Capital outlay						120,993	120,993
Debt Service:							
Principal	420,000	610,000	395,000	428,000	385,000	345,000	2,583,000
Interest and Fiscal Charges	88,531	357,700	346,521	117,611	438,864	494,090	1,843,317
Total Expenditures	<u>508,531</u>	<u>967,700</u>	<u>741,521</u>	<u>545,611</u>	<u>823,864</u>	<u>960,083</u>	<u>4,547,310</u>
Net Change in Fund Balances	(1,107)	(799,630)	(701)	(1,241)		(120,993)	(923,672)
Fund Balances at Beginning of Year	198,449	1,786,003	753,608	1,241		418,952	3,158,253
Fund Balances at End of Year	<u>\$197,342</u>	<u>\$986,373</u>	<u>\$752,907</u>	<u>\$1,241</u>		<u>\$297,959</u>	<u>\$2,234,581</u>

See accompanying notes to financial statements

**CITY OF CONCORD JOINT POWERS FINANCING AUTHORITY**  
**Reconciliation of the**  
**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS**  
**with the**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	(\$923,672)
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

**CAPITAL ASSETS**

Capital outlay and interest capitalized during construction	120,993
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**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 Assets. Repayment of bond principal is an expenditure in the Governmental Funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance	2,583,000
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**ACCRUAL OF NON-CURRENT ITEMS**

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

Deferred Revenue	(1,288,625)
Interest Payable	46,326

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$538,022
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**CITY OF CONCORD JOINT POWERS FINANCING AUTHORITY**  
**NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

**NOTE 1 - DESCRIPTION OF REPORTING ENTITY**

**General Description** - The City of Concord Joint Powers Financing Authority is a nonprofit corporation organized by the City of Concord and the Concord Redevelopment Agency under the laws of the State of California. The Authority was organized to provide financial assistance to the City by financing real and personal property and improvements for the benefit of the residents of the City and surrounding areas. Administrative and related normal business expenses incurred in the day-to-day operations of the Authority are provided by the City and are not included in the accompanying financial statements. Such expenses are insignificant to the Authority's operations.

The Authority obtains financing for City and Agency sponsored projects using leases signed by the City or Agency as collateral. The amounts of the leases are calculated to provide sufficient resources to repay the debt incurred to finance the projects.

The Authority is an integral part of the City and accordingly, the accompanying financial statements are included as a component of the Comprehensive Annual Financial Report prepared by the City. A component unit is a separate governmental unit, agency, or nonprofit corporation controlled by the City which, when combined with all other component units, constitutes the reporting entity as defined in the City's Comprehensive Annual Financial Report.

**Police Facility** - In 1993, the Authority issued \$9,700,000 original principal amount of Lease Revenue Bonds, the proceeds of which were used to finance in part the construction of the City's new Police Facility located on the southeast corner of Laguna and Galindo Streets in downtown Concord. The project was completed in the fall of 1997 and the Authority incurred costs of \$9,209,792, which included its share of construction costs of the new facility and demolition of the old; the balance of the project was funded by a cash contribution from the Concord Redevelopment Agency. The Authority leases the Police Facility to the City under an agreement which provides the funds to service the Authority's Lease Revenue Bonds debt service requirements (see Note 5). Upon full payment of the outstanding Bonds, the Facility will become the property of the City.

**Pavilion Expansion** - In 1995 the Authority issued \$18,700,000 original principal amount of Lease Revenue Bonds, the proceeds of which were used to finance the refunding of the Concord Performing Arts Center Authority's 1973 Revenue Bonds and finance in part the renovation and expansion of the Sleep Train Pavilion at Concord. The Authority leases the Pavilion to the City under an agreement which provides the funds to service the Authority's Lease Revenue Bonds debt service requirements (see Note 5). Upon full payment of the outstanding Bonds, the Pavilion will become the property of the City.

**Parking Structure** - In 2001 the Authority issued \$9,580,000 original principal amount of Lease Revenue Bonds, the proceeds of which were used to finance the design and construction, and to equip and landscape a new three-level, 432-space parking structure which is leased by the City from the Authority. The Authority leases the parking structure to the City under the agreement which provides the funds to service the Authority's Lease Revenue Bonds debt service requirements (see Note 5). Upon full payment of the outstanding Bonds, the parking structure will become the property of the City.

**CITY OF CONCORD JOINT POWERS FINANCING AUTHORITY**  
**NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

**NOTE 1 - DESCRIPTION OF REPORTING ENTITY (Continued)**

*Refunding Lease Agreement* – In 2010 the Authority entered into a Refunding Lease Agreement in the principal amount of \$5,073,500. The proceeds from the Agreement were used to partially refund the Police Facility Lease Revenue Bonds and to refund certain other City obligations. The Authority leases the Corporation Yard to the City under an agreement which provides the funds to service the Authority's Refunding Lease Agreement debt service requirements (see Note 5). Upon full payment of the outstanding Agreement, the Corporation Yard will become the property of the City.

*2004 Wastewater Improvements* – In 2004 the Authority issued \$12,605,000 original principal amount of Certificates of Participation, the proceeds of which were used to finance the first phase of the wastewater system capital improvement project. The Authority leases the improvements to the City under an agreement which provides the funds to service the Authority's Certificates of Participation debt service requirements (see Note 5). Upon full payment of the outstanding COPs, the improvements will become the property of the City.

*2007 Wastewater System Improvements* – In 2007 the Authority issued \$12,820,000 original principal amount of Certificates of Participation, the proceeds of which were used to finance the next phase of the wastewater system improvement project to install pipelines from the Concord pump station to the intersection of Meridian Park Boulevard and Galaxy Way. The Authority leases the improvements to the City under an agreement which provides the funds to service the Authority's Certificates of Participation debt service requirements (see Note 5). Upon full payment of the outstanding COPs, the improvements will become the property of the City.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The Authority's Basic Component Unit 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.

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

*Government-Wide Statements:* The Statement of Net Assets and the Statement of Activities include the financial activities of the overall Authority. Eliminations have been made to minimize the double counting of internal activities, if necessary.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Authority's 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 and (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.

**CITY OF CONCORD JOINT POWERS FINANCING AUTHORITY**  
**NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Fund Financial Statements:* The fund financial statements provide information about the Authority's funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column.

**B. Basis of Accounting**

The Government-Wide 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, on these new Government-Wide Financial Statements.

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 Authority 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, which are recognized as expenditures to the extent they have matured. Proceeds of long-term debt and acquisitions under capital leases are reported as *other financing sources*.

**C. Major Funds**

The Agency's major governmental type funds are identified and presented separately in the fund financial statements. The Authority reported all its Governmental Funds as major funds in the accompanying financial statements:

**POLICE FACILITY DEBT SERVICE FUND**

To account for the accumulation of lease revenue for payment of interest and principal on the Police Facility lease revenue bonds issued in 1993.

**PAVILION EXPANSION DEBT SERVICE FUND**

To account for the accumulation of revenue provided for payment of interest and principal on the Pavilion lease revenue bonds issued in 1995.

**PARKING STRUCTURE DEBT SERVICE FUND**

To account for the accumulation of resources for payment of interest and principal on the Parking Structure lease revenue bonds issued in 2001.

**REFUNDING LEASE AGREEMENT DEBT SERVICE FUND**

To account for the accumulation of lease revenue for payment of interest and principal on the Refunding Lease Agreement issued in 2010.

**CITY OF CONCORD JOINT POWERS FINANCING AUTHORITY**  
**NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2004 WASTEWATER IMPROVEMENTS DEBT SERVICE FUND**

To account for the accumulation of resources for payment of interest and principal on the Wastewater Improvements Certificates of Participation issued in 2004.

**2007 WASTEWATER IMPROVEMENTS CAPITAL PROJECT FUND**

To account for the expenditure of capital outlay financed with Wastewater System Improvements Certificates of Participation issued in 2007 and debt service thereon.

*D. Net Investment in Leases and Deferred Revenue* reflects the present value of remaining future lease payments. Since lease payments are not available to fund current operations, the lease receivable has been offset by deferred revenue. As lease revenues are received, both the lease receivable and deferred revenue balances are reduced.

*E. Construction in Progress* reflects accumulated capital outlay expenditures capitalized and reported as an asset. Once the underlying project is completed, the construction in progress asset is removed and a Net Investment in Lease is recorded. During fiscal 2010-11, the Authority completed the 2007 Wastewater Improvement Project and reclassified the \$12,927,731 balance to Net Investment in Leases.

*F. 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.

*G. Net Assets and Fund Balance*

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

Net Assets are the excess of all the Authority's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions. These captions apply only to Net Assets, which are determined only at the Government-wide level, and are described below:

Restricted describes the portion of Net Assets which are restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Authority cannot unilaterally alter. These principally include developer fees received for use on capital projects and debt service requirements.

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

**CITY OF CONCORD JOINT POWERS FINANCING AUTHORITY**  
**NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Authority's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, which requires the Authority to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the Authority 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.

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.

**NOTE 3 - CASH AND INVESTMENTS**

All of the Authority's investments at June 30, 2011 were held by trustees or fiscal agents. These funds have been invested only as permitted by specific State statutes governing their investment or applicable Authority resolution or bond indenture.

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



**CITY OF CONCORD JOINT POWERS FINANCING AUTHORITY**  
**NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

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

*Investments Authorized by Debt Agreements*

The Authority 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 along with certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
Federal Agency Securities	5 years	AAA
State of California Local Agency Investment Fund		
Commercial Paper	270 days	A1/P1/F1
Negotiable Certificate of Deposits	180 days	
Bank Deposits		FDIC insured
US Government Treasury Obligations		
State/Local Obligations		AAA
Federal Securities		
Corporate Notes		AAA
Money Market and Mutual Funds		AAA
Repurchase Agreements		AAA
Investment Agreements		AAA

*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. At June 30, 2011, the Agency's investments are as follows:

Investment Type	12 Months or less	13 to 24 Months	Total
Money Market Mutual Funds (U.S. Securities)	\$205,097		\$205,097
Local Agency Investment Fund	297,926		297,926
U.S. Treasury Notes	1,239,549	\$492,009	1,731,558
Total Investments	\$1,742,572	\$492,009	\$2,234,581

Money Market Mutual Funds are available for withdrawal on demand and at June 30, 2011 have an average maturity of 43 to 49 days.

**CITY OF CONCORD JOINT POWERS FINANCING AUTHORITY**  
**NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

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

GASB Statement 31 requires governments to present investments at fair value. The Authority adjusts the carrying value of its investment to reflect the fair value at each fiscal year-end, and it includes the effect of this adjustment in income for that fiscal year. At June 30, 2011, the fair market value of investments approximates the Authority's cost. The Authority's policy is to hold investments to maturity.

The Authority 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 Authority 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, 2011, these investments have an average maturity of 237 days.

***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, 2011 for the Money Market Mutual Funds are AAAM as provided by Standard and Poor's investment ratings service.

Investment Type	AAA / AAAM	Total
Money Market Mutual Funds (U.S. Securities)	\$205,097	\$205,097
Unrated or Exempt from Rating:		
Local Agency Investment Fund		297,926
U.S. Treasury Notes		1,731,558
Total Investments		\$2,234,581

**CITY OF CONCORD JOINT POWERS FINANCING AUTHORITY**  
**NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

**NOTE 4 – NET INVESTMENT IN LEASES AND DEFERRED REVENUE**

The Authority's net investment in the Police Facility, Pavilion Expansion, Parking Garage, 2004 Wastewater Improvements and Refunding Lease Agreement leases at June 30, 2011 amounted to \$40,100,989 calculated as follows:

	Police Facility	Pavilion Expansion	Parking Garage	Refunding Lease Agreement	2004 Wastewater Improvements	2007 Wastewater Improvements
Total minimum lease payments to be received	\$2,749,581	\$9,869,743	\$8,874,040	\$5,435,546	\$14,815,751	\$17,561,095
Less future interest payments	<u>(1,577,318)</u>	<u>(6,990,449)</u>	<u>(3,205,495)</u>	<u>(845,792)</u>	<u>(4,906,917)</u>	<u>(4,770,258)</u>
Net investment in leases and deferred revenue	<u>\$1,172,263</u>	<u>\$2,879,294</u>	<u>\$5,668,545</u>	<u>\$4,589,754</u>	<u>\$9,908,834</u>	<u>\$12,790,837</u>

Anticipated receipts of principal and interest on the Lease Revenue Bonds, Certificates of Participation and the Refunding Lease Agreement are scheduled to mirror the schedule of Repayment Requirements as shown at Note 5, less an adjustment factor for anticipated interest earnings by the Authority.

**NOTE 5 – LONG-TERM DEBT**

*A. The Authority's long-term debt activity and balances comprise:*

	Original Principal Amount	June 30, 2010	Retirements	June 30, 2011	Current Portion
<b>Authority's Debt Activity:</b>					
<b>Revenue Bonds:</b>					
1993 Lease Revenue Bonds, 2.70- 5.25%, due 08/01/13	\$9,700,000	\$1,810,000	\$420,000	\$1,390,000	\$440,000
1995 Lease Revenue Bonds, 6.33- 8.24%, due 08/01/20	18,700,000	4,610,000	610,000	4,000,000	560,000
2001 Lease Revenue Bonds, 4.0-5.13% due 03/01/23	9,580,000	6,925,000	395,000	6,530,000	415,000
<b>Refunding Lease Agreement:</b> 3.6%, due 09/01/19	5,073,500	5,073,500	428,000	4,645,500	373,500
<b>Certificates of Participation - Wastewater:</b>					
2004 System Improvement, 2.0-4.63% due 2/01/29	12,605,000	10,475,000	385,000	10,090,000	395,000
2007 System Improvement, 3.75-4.50% due 2/01/32	12,820,000	<u>11,755,000</u>	<u>345,000</u>	<u>11,410,000</u>	<u>355,000</u>
<b>Total Long-Term Debt</b>		<u>\$40,648,500</u>	<u>\$2,583,000</u>	<u>\$38,065,500</u>	<u>\$2,538,500</u>

*B. Lease Revenue Bonds*

On September 9, 1993 the Authority issued Lease Revenue Bonds in the principal amount of \$9,700,000, bearing interest at rates ranging from 2.7% to 5.25%. Proceeds from the Bonds were used to finance a portion of the Police Facility Project which is leased by the City from the Authority. Interest payments are due semi-annually each August 1 and February 1, principal payments are due each August 1 through 2013. On June 24, 2010 the Authority entered into a Refunding lease agreement and the proceeds were used to retire \$3,520,000 of the bonds.

**CITY OF CONCORD JOINT POWERS FINANCING AUTHORITY**  
**NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

**NOTE 5 – LONG-TERM DEBT (Continued)**

On August 1, 1995 the Authority issued Lease Revenue Bonds in the principal amount of \$18,700,000, bearing interest at rates ranging from 6.33% to 8.24%. Proceeds from the Bonds were used to refund the Concord Performing Arts Center Authority's 1973 Revenue Bonds and finance in part the renovation and expansion of Concord Pavilion which is leased by the City from the Authority. Interest payments are due semi-annually each August 1 and February 1, principal payments are due each August 1 through 2020.

On September 21, 2009 the City issued a tender offer for the 1995 Performing Arts Lease Revenue Bonds for up to \$8.5 million. As a result the City purchased its \$8.235 million of the bonds at an 8% premium and made a payment in the amount to retire a portion of the bonds.

On April 4, 2001 the Authority issued Lease Revenue Bonds in the principal amount of \$9,580,000, bearing interest at rates ranging from 4.0% to 5.125% due March 1, 2023. The Bonds are collateralized by revenue received from the City by the Authority under the Civic Center and Corporation Yard lease agreement and by the Authority's interest in the site and facilities lease. Proceeds from the Bonds will be used to finance the design and construction, and to equip and landscape a new three-level, 432-space parking structure, which is leased by the City from the Authority. Interest payments are due semi-annually each March 1 and September 1, principal payments are due each March 1 through 2023.

Future principal and interest payments on the Lease Revenue Bonds are as follows for the years ended June 30,

Year	Principal	Interest
2012	\$1,415,000	\$693,595
2013	1,420,000	606,667
2014	1,415,000	520,519
2015	915,000	448,509
2016	900,000	390,539
2017 - 2021	4,480,000	1,116,604
2022 - 2023	1,375,000	106,600
Total	<u>\$11,920,000</u>	<u>\$3,883,033</u>

**CITY OF CONCORD JOINT POWERS FINANCING AUTHORITY**  
**NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

**NOTE 5 – LONG-TERM DEBT (Continued)**

**C. Refunding Lease Agreement**

On June 24, 2010 the Authority entered into a Refunding Lease Agreement (Agreement) in the amount of \$5,073,500. The proceeds from the Agreement were used to retire a portion of the outstanding Police Facility Lease Revenue Bonds and to refund certain other City obligations. As part of the Agreement the Authority leases the Corporation Yard to the City which provides the funds to service the Authority's debt service requirements for the Agreement. The Agreement bears interest at 3.6% and is due semi-annually on March 1 and September 1. Principal payments are due annually on September 1 until September 1, 2019.

During fiscal 2009-2010, \$3,073,280 of Refunding Lease proceeds were transferred to the Police Facility Lease Revenue Bond trustee which were used to retire an equivalent amount of Police Facility Lease Revenue Bonds.

Future principal and interest payments on the Refunding Lease Agreement are as follows for the years ended June 30,

Year	Principal	Interest
2012	\$373,500	\$160,515
2013	389,000	146,790
2014	398,500	132,615
2015	885,500	109,503
2016	482,500	84,879
2017 - 2020	2,116,500	155,745
Total	<u>\$4,645,500</u>	<u>\$790,047</u>

**D. Certificates of Participation**

On February 1, 2004 the Authority issued Certificates of Participation (COPs) in the principal amount of \$12,605,000, bearing interest at rates ranging from 2.0% to 4.625% due February 1, 2029. Proceeds from the COPs will be used to finance the first phase of wastewater system capital improvement projects. Interest payments are due semi-annually each August 1 and February 1, principal payments are due each February 1 through 2029.

On October 18, 2007, the Authority issued Certificates of Participation (COPs) in the principal amount of \$12,820,000, bearing interest rates ranging from 3.75% to 4.50%. Proceeds from the COPs were used to fund the next phase of the wastewater system improvement project to install pipelines from the Concord pump station to the intersection of Meridian Park Boulevard and Galaxy Way. Principal is payable annually on February 1 and interest is payable semi-annually February 1 and August 1 through 2032.

**CITY OF CONCORD JOINT POWERS FINANCING AUTHORITY**  
**NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

**NOTE 5 – LONG-TERM DEBT (Continued)**

Under related installment agreements, the City remits installments to the Authority which are used to repay debt service on the 2004 and 2007 COPS. The City has pledged Wastewater System Net Revenues defined as gross revenues less operating and maintenance expenses, to be used to make required installments. The pledge of future Net Revenues ends upon repayment of the \$33,959,593 in remaining debt service on the COPS which is scheduled to occur in 2032. As disclosed in the originating offering documents, projected net revenues are expected to provide coverage over debt service of 3.40 over the life of the bonds. For fiscal year 2011, Wastewater System Revenues including operating revenues and non-operating interest earnings amounted to \$18,631,958 and maintenance and operating costs amounted to \$16,633,905. Payments made to the Central Contra Costa Sanitary District for the City of Concord's share of district capital projects are treated as expenses in the Sewer Enterprise Fund since the related capital assets are not owned by the City. In recognition of the capital nature of these expenses, the covenants expressly exclude these payments from the calculation of maintenance and operating costs for coverage purposes. Maintenance and operating costs as adjusted for coverage purposes total \$16,341,481. Adjusted Net Revenues available for debt service amounted to \$1,998,053 which represented coverage of 1.20 over the \$1,662,954 in debt service.

Future principal and interest payments on the Certificates of Participation are as follows for the years ended June 30,

Year	Principal	Interest
2012	\$750,000	\$907,988
2013	780,000	881,148
2014	805,000	852,871
2015	835,000	822,351
2016	870,000	789,821
2017 - 2021	4,890,000	4,992,495
2022 - 2026	6,005,000	2,297,375
2027 - 2031	5,765,000	879,544
2032	800,000	36,000
Total	<u>\$21,500,000</u>	<u>\$12,459,593</u>