



# CITY OF CAMPBELL California

Comprehensive Annual  
Financial Report  
Fiscal Year Ended  
June 30, 2010

New Gateway Banner

CITY OF CAMPBELL, CALIFORNIA  
Comprehensive Annual Financial Report  
Fiscal year ended June 30, 2010

Prepared by  
Finance Department  
Jesse Takahashi, Finance Director



CITY OF CAMPBELL  
Comprehensive Annual Financial Report  
Year ended June 30, 2010

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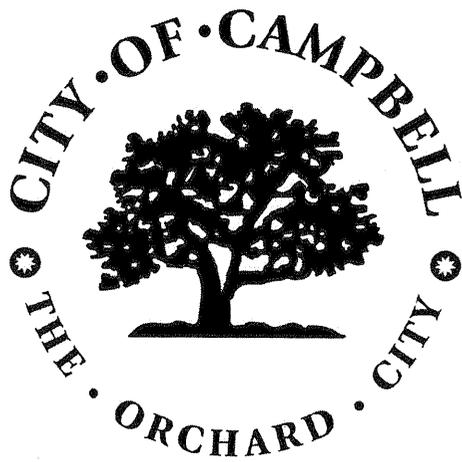
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## **INTRODUCTORY SECTION**





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CITY OF CAMPBELL  
FINANCE DEPARTMENT

December 2, 2010

Honorable Mayor, Members of the  
City Council, and Residents of Campbell

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Campbell, California for the fiscal year ended June 30, 2010, prepared by the City's Finance Department.

State law requires that the accounts and fiscal affairs of each municipal corporation be examined annually by an independent certified public accountant. Section 2.08.140 of the Campbell Municipal Code also requires an annual audit of the fiscal records of the City. Accordingly, an audit report, provided by Mayer, Hoffman, McCann, P.C., along with the basic financial statements of the City, is herein submitted in fulfillment of this requirement.

The report consists of management's representations concerning the finances of the City of Campbell. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects. Further, every attempt has been made to conform to the highest standards of public financial reporting as set forth by the following organizations:

- Governmental Accounting Standards Board (GASB);
- American Institute of Certified Public Accountants and its Committee on Governmental Accounting and Auditing;
- Government Finance Officers Association of the United States and Canada; and
- California Society of Municipal Finance Officers.

The City's independent audit was meant to provide reasonable assurance that its financial statements are free of material misstatement. This audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The auditor has issued an unqualified opinion on the City's financial statements indicating they are fairly presented in conformity with GAAP.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

In addition to meeting the requirements set forth by State law, the audit was also designed to meet the requirement of the Single Audit Act of 1984 as amended in 1996 and the U.S. Office of Management and Budget Circular A-133. The standards governing Single Audit engagements require the auditor to report on the City's internal controls and compliance with certain legal requirements with special emphasis on the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

### **CITY OF CAMPBELL PROFILE**

The City of Campbell is located in the heart of Silicon Valley contiguous with the City of San Jose and 50 miles south of San Francisco. The City encompasses roughly 6.5 square miles, is largely built out, and serves a population of approximately 40,860. The City is comprised of a combination of residential, office and commercial retail businesses. The City is also home to a number of community festivals and celebrations throughout the year, and it prides itself on fostering a "small town" feel despite being located in the midst of a major metropolitan region. The City's central geographic setting within Silicon Valley makes it a desirable place to live and work.

The City was incorporated March 28, 1952, as a general law city and operates under a Council-Manager form of government that includes five council members elected at-large for a term of four years. The Mayor is selected each year by majority vote of the other Council members. The Council appoints the City Manager and City Attorney. The City Council members also serve as the governing board members of the Campbell Redevelopment Agency and the Campbell Lighting and Landscape District, which are both included in the financial reporting entity as blended component units of the City.

The City provides the following services to its residents: police and contract fire protection; park and street lighting maintenance; recreational classes, services and cultural events; planning, zoning and building review and inspections; construction and maintenance of streets and roads; and leadership provided through general administrative services. Water, sewage, garbage and electric utilities are provided directly through other agencies not under the City's jurisdiction.

The annual budget serves as the foundation for the City of Campbell's financial planning and control. The budget process begins in December with each City department receiving a budget packet. Initial appropriation requests are made in mid-February; study sessions are later held with the City Council between March and May to discuss department goals and work plans as well as to obtain Council's input on special priorities or concerns that should be considered in developing the budget. Subsequently, the City Manager meets with each department director to discuss the budget requests and make changes where necessary. The City Manager then prepares and presents the recommended budget in late May or early June for Council's preliminary consideration. Adoption of the operating and capital budget document takes place in June. The City's financial policies authorize the City Manager to administratively approve budget adjustments within the adopted budget or requiring transfers from reserves up to \$5,000 per transaction. Requests for increases in appropriations or any adjustments to capital projects require approval by the City Council.

## FACTORS AFFECTING FINANCIAL CONDITION

*National, State, Regional and Local economy*--While Silicon Valley is known for its significant concentration of high technology and electronics research, development and manufacturing, the area also supports a wide variety of retail, office and personal services industries. Historically, this region has experienced cycles of expansion and contraction and has led the nation in productivity, innovation and economic growth for a good portion of the 1990s and early 2000s. The region is home to numerous institutions of higher learning and education that support a broad base of research and development in advanced technology and design.

Nationally, the country experienced one of its deepest and longest recessions in history during 2008 and lingered into 2009. It was described by many experts as having been the worst recession since the Great Depression. The economy is still struggling to recover with GDP growth still only in the 2% range and unemployment still relatively high by historical standards. Until job growth improves and the unemployment rate declines, it is expected that economic recovery will be a slow and lengthy process lasting at least several more years.

The National unemployment rate did see a slight decline from 9.8% in September, 2009 to 9.6% as of September, 2010 which shows some measure of progress in recovery. Unemployment for the City of Campbell as of September, 2010 was 9.5%, down from 10.2% one year ago, again reflecting some improvement from the past year. This also compares favorably to the County rate of 11.1% and the State rate of 12.4%.

The Federal Reserve Bank has continued to maintain interest rate levels near zero percent during the past year in order to stimulate economic activity. Unfortunately, this has met with little success thus far. It has, however, had a significant impact on reducing the City's investment earnings to near historic lows.

With respect to the local region, Silicon Valley, the housing market has improved considerably with numbers of foreclosures down and sales transactions and median prices off of their lows from last year. Because of the unique setting of this region, and the fact that many of the surrounding cities have limited capacity for new housing, real estate values are continuing to stabilize and improve slowly. This is predominantly due to the fact that demand in this region continues to exceed the supply despite the relatively high cost of housing. While private development activity in the City is still lagging due to the ongoing financial and economic troubles, some developments have made their way to fruition, such as the completion of a 162 room Marriott Courtyard which began operation in the second half of fiscal 2010.

Campbell is home to a diversified economic base of business segments located throughout the community. There are approximately 5,000 businesses in the City that generated approximately \$9.3 million in sales tax revenue. The largest categories of sales tax producers comprise general retail, construction, food products, transportation and business-to-business. To ensure the City understands the makeup of its business community and to demonstrate its commitment to maintaining economic growth, the Mayor and key staff meet periodically with an Economic Development Advisory Committee comprised of owners and executives of local businesses.

The City continues to be affected by the actions of the State of California. Over the past decade, the State realigned local revenue allocations to cities that significantly changed the composition of certain city revenues including: vehicle license, sales tax, and property tax revenues. As has been the case for most of the past decade, the State continues to face multi-billion dollar budget deficits, and has

found additional ways to divert City funds for addressing its own budget problems. In FY 10, the State imposed a take away from the Campbell Redevelopment Agency of \$2.1 million to help meet its own budget deficiency. Another \$0.5 million take away is scheduled for FY 11. Money grabs like this create additional challenges to providing local services to the community.

Because of the many economic and fiscal uncertainties that confront the City almost routinely, and to address the financial impacts created by these issues, the City has taken necessary steps to preserve its fiscal health during these difficult times. The City, for example, has established financial and budgetary policies monitored by the City Council that ensure operating revenues are available to fund operating expenditures resulting in a balanced budget. The City has designated a Reserve for Economic Fluctuations the purpose of which is to serve as a reserve for those revenue sources most significantly impacted by downturns in the economy, thereby, enabling the City to better withstand an economic downturn. The City's financial policies specify target funding of \$6 million. In addition, there are other reserves set aside for both operating as well as emergency purposes to provide the City a financial cushion during difficult times. The City drew down from its Economic Fluctuations Reserve approximately \$1.8 million during FY 10 leaving a balance of \$4.5 million.

#### **AWARDS (Financial and Budgetary)**

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 Campbell for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. The Certificate of Achievement is a prestigious national award that recognizes conformity with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 22 consecutive fiscal years. We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are again submitting it to determine its eligibility for another certificate.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year 2009-10. This is the 17<sup>th</sup> consecutive year of receiving this award. In order to receive this award, the budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

## ACKNOWLEDGEMENTS

Timely and accurate preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the City of Campbell Finance Department. Each member of the Department has my sincere appreciation for the many contributions made in the preparation of this report. In addition, I wish to extend a special thanks to Michael Wright, Finance Manager, Mark Gaeta and Sophie Kao, Accountants, and Sherrie Doherty, Executive Assistant to the City Manager, for all of their hard work in producing this document.

I also wish to express my thanks to the members of the City Council and the City Manager for their interest and support in planning and conducting the financial operations of the City in a responsible and prudent manner in the best interest of the residents of Campbell.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jesse Takahashi". The signature is fluid and cursive, with a large initial "J" and "T".

Jesse Takahashi  
Finance Director



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Campbell  
California

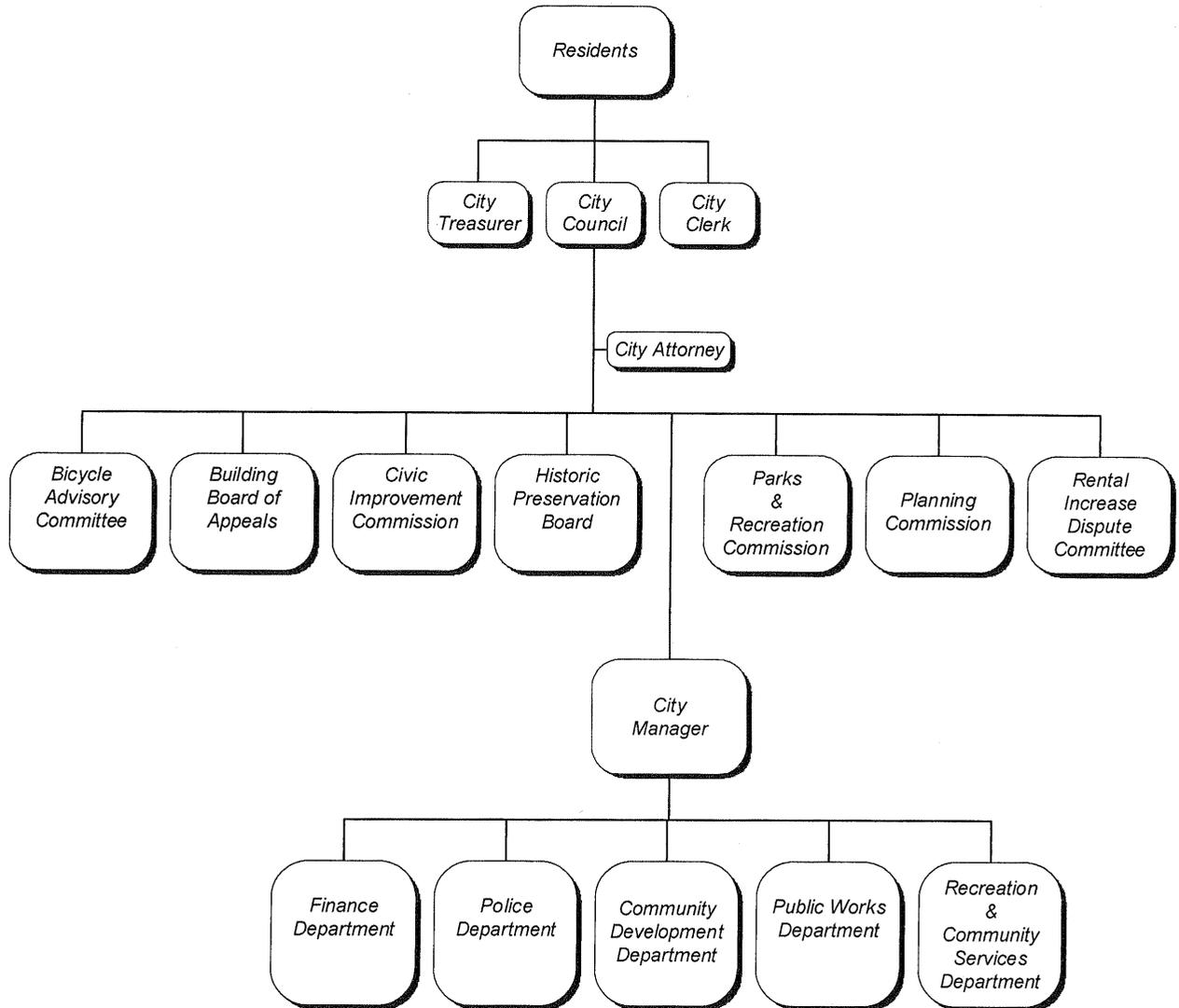
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

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



President

Executive Director



## **CITY OFFICIALS**

### **CITY COUNCIL & REDEVELOPMENT AGENCY BOARD**

Mayor - Evan D. Low

Vice Mayor - Jason Baker

Councilmember - Daniel E. Furtado

Councilmember - Jane P. Kennedy

Councilmember - Michael F. Kotowski

Note: Mayor serves an annual term from November to November. Names and positions are as of July 1, 2010.

## **CITY ADMINISTRATIVE STAFF**

City Manager - Daniel Rich

City Clerk - Anne Bybee (Elected)

City Treasurer - Gerald Kennedy (Elected)

City Attorney - William Seligmann

Community Development Director - Kirk Heinrichs

Finance Director - Jesse Takahashi

Recreation & Community Services Director – Linda Klemzcak

Police Chief - Gregory Finch

Public Works Director - Robert Kass

## **COMMISSIONS, COMMITTEES AND ADVISORY BOARDS**

### **Planning Commission**

Elizabeth Gibbons , Chairperson  
Michael Rocha, Vice Chairperson  
Theresa Alster  
Jeffrey Cristina  
Mark A. Ebner  
Philip Reynolds Jr.  
Robert A. Roseberry

### **Parks & Recreation Commission**

Jann Harbor, Chairperson  
Richard Waterman, Vice Chairperson  
Bruce Baker  
Aaron Bueno  
Charles Gibson  
Scott Hughes  
Paul Resnikoff

### **Civic Improvement Commission**

Traci Mitchell, Chairperson  
Madalyn Perrine, Vice Chairperson  
Jacquie Davidson  
Ann Herosy  
Frank Jewett  
Cheryl Kupras  
Susan Tobias

### **Building Board of Appeals**

Bruno Marcelic  
Jim Morelan  
Jay Perrine  
Kevin Salazar  
Todd Zeman

### **Historical Preservation Board**

JoElle Hernandez, Chairperson  
Susan Blake, Vice Chairperson  
Jule Heinzler  
Joyce Mestrovich  
Masel Sheehan

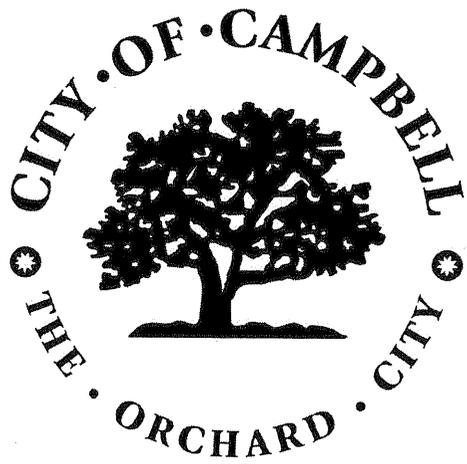
### **Rental Increase Fact Finding Committee**

Matthew Minic  
Eric Bracher  
John W. Figueroa  
Phil Doetsch  
Vacant

### **Bicycle Committee**

Herman Wadler, Chairperson  
Lara Smith, Vice Chairperson  
Brian Conroy  
Andrea Shaheen Sehestedt  
David Pasfield  
Geoff Bradley (Alternate)

Note: Names and positions as of July 1, 2010.



**FINANCIAL SECTION**





Mayer Hoffman McCann P.C.

An Independent CPA Firm

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City Council  
City of Campbell, California

## **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Campbell, California, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Campbell. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the financial statements of the City of Campbell for the year ended June 30, 2009 and, in our report dated December 10, 2009, we expressed an unqualified opinion on those financial statements.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Campbell, California as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, of the City of Campbell, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* and *required supplementary information* are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

City Council  
City of Campbell, California  
Page Two

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Campbell's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 2, 2010 on our consideration of the City of Campbell's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Mayer Hoffman Mc Cann P.C.*

San Jose, California  
December 2, 2010

## Management's Discussion and Analysis

The following discussion provides a narrative overview and analysis of the City of Campbell's financial statements for the fiscal year ended June 30, 2010. The information contained herein should be considered in conjunction with the information furnished in the letter of transmittal and the basic financial statements.

### Fiscal Year 2009-10 Financial Highlights

The City ended its fiscal year with total revenues of \$44.4 million, a decrease of \$3.2 million from the previous fiscal year, and expenses of \$47.0 million, a decrease of \$1.3 million (2.7%) from the previous year. Decreases in revenue from sales tax, property taxes, permit fees, rents and leases, investment income and capital contributions were offset by increases in operating grants and reductions in total operating expenses from their FY 2009 levels. Revenue reductions were primarily the result of the ongoing recession including reductions in assessed valuations, slow construction activity and an extremely low interest rate environment. In addition, total expenses include a take-away of \$2.1 million in Redevelopment Agency funds by the State of California.

Other financial highlights of the past year are as follows:

#### *City-wide:*

- Total City assets exceeded its liabilities by \$63.0 million. Of this amount, \$32.0 million represents unrestricted net assets that the City has designated for various purposes including reserves for emergencies, operations, economic uncertainty and approved capital projects.
- Total net assets decreased from the previous year by \$2.6 million. Total assets, principally cash and investments, decreased by \$4.0 million while total liabilities dropped \$1.4 million.

#### *Fund level:*

- Total governmental fund balances were \$48.2 million at fiscal year end, a decrease of \$5.4 million from the previous year.
- General Fund revenues, excluding transfers, decreased \$1.7 million to \$30.4 million from the previous year. Related expenditures decreased by \$0.6 million from the previous year to \$31.9 million.
- General Fund balance decreased \$3.0 million to \$21.0 million at fiscal year end.
- The City drew \$0.4 million less than budgeted from its Reserve for Economic Fluctuations.

## Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Campbell's basic financial statements that are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

***City-wide financial statements***—These are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. They consist of the *statement of net assets* and *statement of activities*. The statements are reported on the full accrual basis of accounting and eliminate any duplicate activity between City funds.

The statement of net assets presents information on all of the City's assets and liabilities, including capital assets and long-term debt, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. It encompasses all revenues and expenses and reports them based on when they are earned or incurred, respectively, rather than the timing of the related cash flows.

The City has only *governmental* activities that are primarily supported through taxes and intergovernmental revenues. The City-wide financial statements include the Campbell Redevelopment Agency and Campbell Lighting and Landscape District, legally separate entities that are under the control of the City and for which the City retains financial accountability.

***Fund financial statements***—The City uses fund accounting on a day-to-day basis to ensure and demonstrate compliance with finance-related legal requirements. These statements focus on more short-term reporting related to current revenues, expenditures and fund balances. They do not include capital assets or long-term liabilities. The City's funds can be divided into two categories: *governmental funds* and *fiduciary funds*.

*Governmental funds* are used to account for essentially the same functions reported as governmental activities in the City-wide financial statements. However, unlike the City-wide financial statements, governmental fund financial statements focus on inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the City-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the City-wide financial statements. By doing so, a better understanding may result of the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 18 individual governmental funds. Information for the General Fund, Redevelopment Agency Housing, Capital Projects Fund, COP Debt Service Fund and RDA Debt Service Fund is presented separately in the fund financial statements as they are considered *major* funds of the City. The data for the remaining funds are shown in the aggregate in the financial statements. However, the individual fund data for each of these non-major funds is provided as supplemental information in the form of combining statements.

The City adopts an annually appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside of the City. Fiduciary funds are not reflected in the City-wide financial statements because the resources of those funds are not available to support the City's own programs. Accordingly, only assets and liabilities are reported for these funds. The City reports one agency fund representing a joint powers authority and a local improvement district.

***Notes to financial statements***—The notes provide additional information that is essential to a full understanding of the data provided in the City-wide and fund financial statements. They can be found immediately following the financial statements.

***Other information***—In addition to the basic financial statements and accompanying notes, this report also presents certain supplemental information in the form of budget and actual schedules for major governmental funds other than the general fund; combining statements for non-major governmental funds and the City's internal service funds; and a statement of changes in assets and liabilities for the City's agency funds.

## City-wide Financial Analysis

This analysis focuses on the net assets and changes in net assets at the City-wide level as presented in the statement of net assets and statement of activities. Net assets for the City are summarized below as of June 30 and an analysis follows:

### Governmental Net Assets (millions)

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Cash & investments	\$48.0	\$ 57.6
Capital assets	59.4	58.0
Other assets	11.2	6.9
Total assets	<u>118.6</u>	<u>122.5</u>
Long term liabilities	48.0	49.0
Other liabilities	7.6	7.9
Total liabilities	<u>55.6</u>	<u>56.9</u>
Net assets:		
Invested in capital assets, net of debt	16.7	14.6
Restricted	14.3	16.7
Unrestricted	32.0	34.3
<b>Total net assets</b>	<b><u>\$ 63.0</u></b>	<b><u>\$ 65.6</u></b>

The changes in net assets were comprised of the following elements:

- Cash and investments decreased by \$9.6 million due to lower general operating revenues coupled with reductions in charges for services, property taxes and investment income; the purchase of land held for resale \$3.5 million; and a \$2.1 million take-away of property tax revenue by the State of California.
- Capital assets added during the year were \$3.9 million offset by depreciation charges of \$2.5 million for a net increase of \$1.4 million.
- Other assets had a net increase of \$4.3 million consisting primarily of increases in receivables and the purchase of land held for resale (\$3.5 million).
- Long term liabilities decreased a net of \$1.0 million due to repayment of \$1.5 million in debt principal during the year which was offset by a \$0.5 million increase in OPEB liabilities.
- Other liabilities decreased by \$0.3 million due principally to a reduction in claims and deposits payable at fiscal year end.

- Net assets invested in capital assets, net of debt increased \$2.1 million from the previous year due primarily to normal debt service activity and progress payments on capital projects.
- Restricted net assets have external limitations placed upon them regarding how they may be spent. During the year, these assets decreased by \$2.4 million due primarily to the mandatory transfer of \$2.1 million in redevelopment funds to the State of California to help balance the State budget.
- Unrestricted net assets decreased by \$2.3 million due to the current year excess of operating expenses over revenues which required use of operating reserves.

Below is a summary of the components that resulted in the change to net assets for the fiscal year ended June 30:

**Changes in Governmental Net Assets  
(in millions)**

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$7.7	\$ 8.1
Operating grants and contributions	3.4	2.6
Capital grants and contributions	2.3	4.3
General revenues:		
Property taxes	16.7	17.1
Sales and use taxes	9.5	9.6
Other taxes	4.2	4.2
Investment Income	0.5	1.0
Other	0.1	0.7
Total revenues	<u>44.4</u>	<u>47.6</u>
General Government	4.6	4.7
Recreation	5.4	5.1
Community Development	1.8	1.8
Public Safety	18.1	18.4
Public Works	8.8	11.1
Redevelopment	6.0	4.9
Interest on long term debt	2.3	2.3
Total expenses	<u>47.0</u>	<u>48.3</u>
<b>Change in net assets</b>	<b><u>\$ (2.6)</u></b>	<b><u>\$ (0.7)</u></b>

Net assets decreased \$2.6 million. Key elements of activity are as follows:

- Within program revenues, charges for services decreased \$0.4 million due primarily to recession related declines in commercial and residential building activity while operating and capital grants decreased \$1.2 million related primarily to the completion of grant funded capital projects begun in the previous year.
- Within general revenues, property tax revenue decreased by \$0.4 million due to decreases in assessed valuations due to Prop 8 adjustments by the county assessor and commercial property valuation reductions due to appeals.
- Investment income decreased \$0.5 million from the previous year due to lower interest rates on the City's investment portfolio.
- Other revenues were lower by \$0.6 million as FY2009 contained \$0.3 million in one-time development contract revenues and \$0.3 million in adjustments to the market value of investments as required by GASB 31.
- Recreation Services expenses increased \$0.3 million as a result of increases in program related activity.
- Public Safety expenses decreased \$0.3 million net, including a \$0.6 million reduction in police department personnel costs and an increase of \$0.5 million for contracted fire protection services, as a result of a re-negotiated multi-year fire services contract.
- Public Works expenses decreased \$2.3 million due primarily to the completion of several non-capital street maintenance projects expensed in the previous fiscal year.
- Redevelopment expenses increased \$1.1 million due primarily to additional payments made to other local agencies obligated by various tax-sharing agreements and the mandatory payment of \$2.1 million to the State of California to cover a portion of the State budget deficit. Otherwise total expenditures would have been lower by approximately \$2.5 million.

### **Financial Analysis of Fund Financial Statements**

Combined governmental fund balances at fiscal year end were \$48.2 million, a decrease of \$5.4 million from the previous year. The City has reserved fund balance of \$21.2 million at year end, an increase of \$3.3 million from the previous year. Unreserved fund balance was \$27.0 million compared to \$35.7 million in the previous year, a decrease of \$8.7 million.

Governmental fund revenues, excluding transfers, were \$44.9 million, a decrease of \$3.2 million from the previous year. Included in this decrease were lower property taxes of \$0.4 million based on decreases in assessed valuations and roll changes; lower intergovernmental revenues of \$0.8 million due principally to completion of capital projects begun in the prior year that received funding from other governmental sources; lower investment income of \$1.1 million due to the low interest rate environment; and lower Licenses and Permit revenue due to the recessionary economy. Offsetting these decreases were small increases in Fines and Forfeitures, Charges for Service and Parkland Dedication Fees.

Governmental fund expenditures, excluding transfers, increased from the prior year by a net amount of \$1.1 million to \$50.4 million. This increase was due to an increase in Redevelopment Agency pass-through costs of \$0.5 million; a \$2.1 million mandatory payment from the Redevelopment Agency to the State of California Supplemental Education Revenue Augmentation Fund; and an increase in the fire services contract of \$0.5 million. Excluding these amounts operating expenditures would have declined \$2.0 million.

## **Analysis of Major Governmental Funds**

### ***General Fund***

General Fund revenues, excluding transfers, decreased \$1.7 million from the previous year to \$30.4 million. Contributing to the decline were decreases in sales taxes, transient occupancy taxes; franchise fees; building permits and investment income.

General Fund expenditures, excluding transfers, were \$31.9 million, a decrease of \$0.7 million from the previous year. Contributing to the decrease were a number of measures taken by the City to reduce personnel and general operating expenditures, including compensation adjustments. The City continues to monitor its expenditures closely and has strived to minimize spending where possible.

General Fund balance at fiscal year-end was \$21.0 million, a decrease of \$3.0 million from the previous year. While General Fund revenues decreased and expenditures decreased from the prior year, the City's draw on its Reserve for Economic Fluctuations was \$0.4 million less than budgeted. Unreserved and designated fund balance at year end was \$19.7 million, a \$3.2 million decrease from the prior year, and is utilized to fund various emergency and operating funds, including a \$4.5 million designation for economic fluctuations, \$7.4 million for capital projects and \$9.1 million for other operating and contingency funds.

Significant original-to-final revenue budget adjustments were made to property taxes, sales taxes, transient occupancy taxes and investment income. The Property Tax budget was increased as revenues were better than anticipated; however, significant downward adjustments were made by the County assessor's office during the second half of the year. Sales and use tax and transient occupancy tax were reduced as the first six months receipts indicated a continued deterioration of the local economy. Investment income revenue projections were further reduced to reflect the continued declining interest rate environment.

Significant final revenue budget-to-actual variances consisted of a decrease in property taxes due to downward valuation adjustments during the year; an increase in Sales and Use Tax due to better than expected receipts; and a decrease in investment income due to the rapid deterioration in the interest rate environment.

There were positive original-to-final budget variances for total General Fund expenditures. Positive variances in General Government, Recreation, Public Safety and Public Works resulted from continued efforts to conserve the budget, whenever possible. In particular, a number of vacant positions were frozen.

### ***Redevelopment Agency Housing Fund***

This fund accounts for the 20% set aside requirement of increased property tax revenues received from the County to be used solely to provide for low and moderate income housing. Revenues deposited into the fund were \$1.7 million during the year. The fund has loans outstanding of \$3.1 million and fund balance of \$11.9 million, an increase of \$1.1 million from the previous year.

### ***COP Debt Service Fund***

The principal asset of this fund is represented by \$7.4 million in advances receivable from the RDA representing the portion of debt service it is obligated to repay to the City based on an agreement between the two entities. The receivable is offset with an advance payable to the City in the RDA debt service fund. Payment to the City is made with annual collections of RDA tax increment revenue.

### ***RDA Debt Service Fund***

This is the principal debt service fund of the RDA, and it receives most of the tax increment receipts from which it also makes debt service payments and funds the RDA's capital projects. Property tax revenue from the project area saw a decrease in revenue of \$0.4 million from the previous year which was also combined with a \$0.5 million increase in the required pass-through payments to other taxing entities plus the State mandated \$2.1 million payment to the State Supplemental Education Revenue Augmentation Fund.

The fund balance of \$0.5 million represents a decrease of \$1.4 million from the prior fiscal year. The fiscal year-end balance is reserved for debt service.

### ***Capital Projects Fund***

The Capital Projects Fund accounts for all City-wide Capital Improvement Program expenditures. Total expenditures of \$4.9 million were made for capital projects during the year, an increase of \$0.9 million from the prior year. Projects are funded from capital improvement reserves, intergovernmental revenues, grants, and redevelopment agency funds.

### ***Other Governmental Funds***

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

## Capital Assets

The City had net capital assets of \$59.4 million as of June 30, 2010. The following is a summary of the City's capital assets for the fiscal year ended June 30:

	<u>2010</u>	<u>2009</u>
Land	\$16.3	\$ 15.6
Construction in progress	4.9	1.6
Building & improvements	29.0	29.0
Other improvements	19.2	19.1
Machinery & equipment	8.5	8.2
Infrastructure	20.3	20.4
Less: Accumulated depreciation	<u>(38.8)</u>	<u>(35.9)</u>
<b>Net capital assets</b>	<b><u>\$ 59.4</u></b>	<b><u>\$ 58.0</u></b>

Total additions to capital assets were \$4.4 million during the year consisting primarily of project improvements, vehicles, technology equipment, and land. Additional detail on capital assets can be found in Note 5 of the notes to financial statements.

## Debt Administration

During the fiscal year, the City and its redevelopment agency made regular debt service payments on their respective outstanding debt issues. Additional detail regarding the City's long term debt can be found at Note 6 in the notes to financial statements.

At June 30, the City had the following outstanding debt (in millions):

	<u>2010</u>	<u>2009</u>
Certificates of participation	\$21.3	\$ 21.8
Tax allocation bonds	<u>22.7</u>	<u>23.7</u>
<b>Total debt</b>	<b><u>\$ 44.0</u></b>	<b><u>\$ 45.5</u></b>

## Economic Outlook and Next Year's Budget

The City continues to maintain prudent reserve levels in fiscal 2010-11. To preserve and maintain its fiscal stability, the City developed a budget correction strategy consisting of over 130 distinct items and totaling \$3.2 million. It included a variety of measures such as increased user fees, voluntary separation incentives, freezing additional positions, shortening work weeks, reorganizing departments, and employee furloughs. Among other issues taken into account in developing the FY 11 budget were the following:

- Property tax revenues are expected to be flat for FY11 due to the unprecedented decline in assessed values throughout the region.

- Base sales tax revenue is expected to be flat during the year due to continued economic weakness.
- The State has planned a unilateral take-away of an additional \$0.5 million dollars in Redevelopment property tax revenue with no provision for repayment. This is in addition to the \$2.1 million taken in FY10.
- Ongoing expenditures should be funded with ongoing revenues and reserves should be used for one-time or short-term needs in future years.
- Retirement costs for current and past employees will continue at elevated levels for the next several years.
- Premiums for employee health care will continue to increase in the foreseeable future.
- Pursuant to GASB Statement No. 45, accrued retiree health benefit costs (OPEB) will be funded over a ten-year phase-in period which began in FY 09.
- Funding for basic infrastructure needs, such as street and sidewalk maintenance continues albeit on a reduced level.
- Funding for identified capital projects, which has traditionally come from budgetary surplus, is limited and may require that projects be delayed until adequate funding becomes available.
- A modest surplus was built into the General Fund so as to begin replenishing its Reserve for Economic Fluctuations to its targeted level of \$6.0 million over the next five years.

The economic outlook for the local Silicon Valley region is guarded. Continued fallout from the mortgage and housing crisis is expected as is a generally slow retail segment. The unemployment rate reached 11.4 % in June 2010 and is expected to stabilize or trend slowly downward in the coming months; however, the number of people unemployed increased by 8,100 from April 2009 through June 2010. The Silicon Valley region is also a prominent leader in the “green” technology sector which is currently experiencing significant growth and is offsetting an otherwise weak economy.

There are still many uncertainties facing the City. Consequently, the City is continuing to closely monitor primary revenue sources and find ways to minimize expenditure growth from year to year. General Fund operating appropriations for fiscal 2010-11 are \$33.5 million, a decrease of \$2.0 million from the previous year’s adopted budget.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Campbell’s finances for residents, taxpayers, investors, creditors and any other interested parties. Questions about this report may be directed to the City’s Finance Department at 70 N. First Street, Campbell, CA 95008.

## CITY OF CAMPBELL, CALIFORNIA

### **Statement of Net Assets and Statement of Activities**

The Statement of Net Assets 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 all its liabilities, 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 Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. It focuses the reader on the composition of the City's net assets, by subtracting total liabilities from total assets. The Statement of Net Assets summarizes the financial position of all 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. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances.

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

The format of the Statement of Activities presents the City's expenses first, which are 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 column, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City, Campbell Lighting District, and the Campbell Redevelopment Agency, which are legally separate but are blended component units of the City because they are controlled by the City, which is financially accountable for their activities.

CITY OF CAMPBELL  
Statement of Net Assets  
June 30, 2010  
(With comparative information for the prior year)

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Assets:		
Cash and investments (Note 2)	\$ 45,764,973	55,408,398
Restricted cash and investments (Note 2)	2,207,054	2,207,414
Receivables:		
Taxes	2,485,772	1,985,510
Accounts	433,637	396,893
Interest	156,782	225,893
Notes and loans (Note 4)	4,548,512	4,297,324
Deposits	60,000	60,000
Land held for resale	3,507,150	-
Capital assets, not depreciated (Note 5)	21,160,063	17,264,718
Capital assets, depreciated, net (Note 5)	<u>38,260,657</u>	<u>40,695,197</u>
Total assets	<u>118,584,600</u>	<u>122,541,347</u>
Liabilities:		
Accounts payable	2,880,361	2,769,186
Accrued expenses	1,384,613	1,102,440
Claims and judgments payable (Note 13)	1,535,377	1,842,122
Deposits payable	659,839	730,591
Interest payable	533,202	549,262
Unearned revenue	562,860	920,275
Noncurrent liabilities (Note 6):		
Due within one year	2,960,052	2,893,220
Due in more than one year	<u>45,025,934</u>	<u>46,125,397</u>
Total liabilities	<u>55,542,238</u>	<u>56,932,493</u>
Net Assets:		
Invested in capital assets, net of related debt	16,661,364	14,625,860
Restricted for:		
Community Development	1,450,020	1,457,893
Public Works	544,606	411,117
Public Safety	1,200	528
Redevelopment projects	12,406,616	14,837,047
Unrestricted	<u>31,978,556</u>	<u>34,276,409</u>
Total net assets	<u>\$ 63,042,362</u>	<u>65,608,854</u>

See accompanying notes to the basic financial statements.

CITY OF CAMPBELL  
Statement of Activities  
Fiscal year ended June 30, 2010  
(With comparative information for the prior year)

	Program Revenues				Net (Expenses) Revenues and Change in Net Assets	
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	
					2010	2009
Governmental activities:						
General Government	\$ 4,591,916	78,516	2,053	-	(4,511,347)	(4,655,171)
Recreation	5,391,171	4,637,180	59,618	-	(694,373)	(193,574)
Community Development	1,848,966	1,095,566	134,411	-	(618,989)	(216,882)
Public Safety	18,120,168	757,093	172,899	-	(17,190,176)	(17,447,287)
Public Works	8,781,674	1,101,854	2,778,394	2,265,145	(2,636,281)	(4,172,169)
Redevelopment	5,965,095	65,668	235,645	-	(5,663,782)	(4,350,969)
Interest expense and other charges	2,269,160	-	-	-	(2,269,160)	(2,325,068)
Total governmental activities	\$ 46,968,150	7,735,877	3,383,020	2,265,145	(33,584,108)	(33,361,120)
General revenues:						
Taxes:						
Property					16,680,859	17,073,312
Sales and use					9,538,242	9,625,398
Transient occupancy					1,297,573	1,287,184
Franchise					2,337,022	2,368,278
Other					388,116	435,432
Motor vehicle in lieu, unrestricted					155,074	176,389
Investment income					473,879	952,739
Miscellaneous					146,851	713,272
Total general revenues					31,017,616	32,632,004
Change in net assets					(2,566,492)	(729,116)
Net assets at beginning of year					65,608,854	66,337,970
Net assets at end of year					\$63,042,362	65,608,854

See accompanying notes to the basic financial statements.

## CITY OF CAMPBELL, CALIFORNIA

### 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 City in fiscal 2010. Individual non-major funds may be found in the Supplemental section.

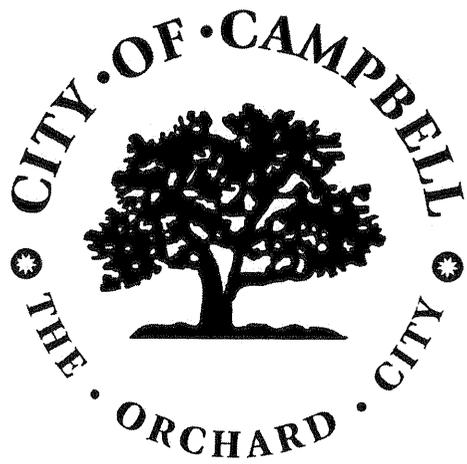
**General Fund** – Accounts for activities traditionally associated with governments such as administration, recreation, community development, engineering and public safety, which are not required to be accounted for in another fund.

**Redevelopment Agency Housing Special Revenue Fund** – Accounts for twenty percent of the increased property tax revenues from the County of Santa Clara legally required to be set aside for low and moderate-income housing.

**COP Debt Service Fund** – Accounts for the City's share of proceeds from and repayments of the 1997 and 2002 COP refinancing, which were utilized chiefly for the City's Community Center and deferred street maintenance projects.

**Redevelopment Agency Debt Service Fund** – Accounts for payment of interest and principal on the Redevelopment Agency's debt obligations including the 2002 and 2005 Tax Allocation Bonds.

**Capital Projects Fund** – Accounts for the expenditures and financing of the City's capital projects.



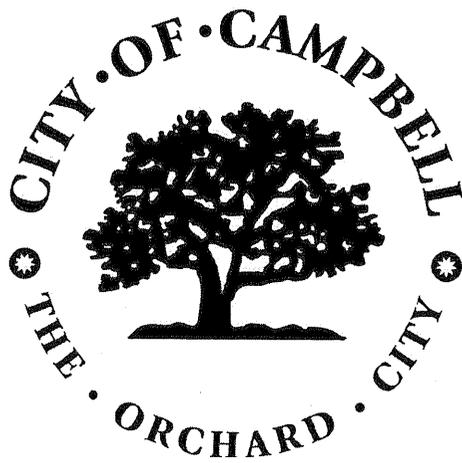
CITY OF CAMPBELL  
Governmental Funds  
Balance Sheet  
June 30, 2010  
(With comparative information for the prior year)

	General Fund	RDA Housing Special Revenue Fund	COP Debt Service Fund	RDA Debt Service Fund
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
<u>Assets</u>				
Cash and investments	\$ 20,720,808	5,252,945	-	7,985,092
Restricted cash and investments	-	-	-	2,171,094
Receivables:				
Accounts	431,789	-	-	-
Taxes	1,624,892	1,182	-	4,729
Interest	156,782	-	-	-
Notes and loans	-	3,098,625	-	-
Due from other funds (Note 3)	689,530	53,538	-	64,962
Advances to other funds (Note 3)	-	-	8,019,180	-
Land held for resale	-	3,507,150	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 23,623,801</u>	<u>11,913,440</u>	<u>8,019,180</u>	<u>10,225,877</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 852,298	26,446	-	1,670,477
Accrued payroll	919,477	-	-	-
Deposits payable	659,839	-	-	-
Due to other funds (Note 3)	163,771	-	-	-
Deferred revenue	58,858	-	-	-
Advances from other funds (Note 3)	-	-	-	8,019,180
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>2,654,243</u>	<u>26,446</u>	<u>-</u>	<u>9,689,657</u>
Fund balances:				
Reserved:				
Encumbrances	96,576	3,965	-	-
Debt service	-	-	-	2,171,094
Capital projects	-	-	-	-
Advances	-	-	8,019,180	-
Notes receivable	-	3,098,625	-	-
Long-term vacation and sick leave	867,261	-	-	-
Land held for resale	-	3,507,150	-	-
LID maintenance	72,756	-	-	-
General Plan update	200,000	-	-	-
Unreserved:				
Designated for special projects and programs (Note 9)	19,732,965	-	-	-
Undesignated, reported in:				
Special revenue	-	5,277,254	-	-
Debt service	-	-	-	(1,634,874)
Capital projects	-	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>20,969,558</u>	<u>11,886,994</u>	<u>8,019,180</u>	<u>536,220</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balances	<u>\$ 23,623,801</u>	<u>11,913,440</u>	<u>8,019,180</u>	<u>10,225,877</u>

See accompanying notes to the basic financial statements.

Capital Projects Fund	Other Governmental Funds	Total	
		2010	2009
867,314	5,528,871	40,355,030	50,159,248
-	35,960	2,207,054	2,207,414
-	1,848	433,637	396,893
-	854,969	2,485,772	1,985,510
-	-	156,782	225,893
-	1,449,887	4,548,512	4,297,324
-	45,271	853,301	524,141
-	-	8,019,180	8,282,070
-	-	3,507,150	-
<u>867,314</u>	<u>7,916,806</u>	<u>62,566,418</u>	<u>68,078,493</u>
-	204,617	2,753,838	2,708,787
391,959	57,154	1,368,590	1,069,545
-	-	659,839	730,591
13,167	676,363	853,301	524,141
428,589	223,859	711,306	1,118,721
-	-	8,019,180	8,282,070
<u>833,715</u>	<u>1,161,993</u>	<u>14,366,054</u>	<u>14,433,855</u>
-	58,129	158,670	208,185
-	-	2,171,094	2,171,454
-	1,666,429	1,666,429	2,002,349
-	-	8,019,180	8,282,070
-	1,449,887	4,548,512	4,297,324
-	-	867,261	878,970
-	-	3,507,150	-
-	-	72,756	112,756
-	-	200,000	-
-	-	19,732,965	22,856,245
-	853,127	6,130,381	8,757,057
-	-	(1,634,874)	(243,619)
<u>33,599</u>	<u>2,727,241</u>	<u>2,760,840</u>	<u>4,321,847</u>
<u>33,599</u>	<u>6,754,813</u>	<u>48,200,364</u>	<u>53,644,638</u>
<u>867,314</u>	<u>7,916,806</u>	<u>62,566,418</u>	<u>68,078,493</u>

See accompanying notes to the basic financial statements.



CITY OF CAMPBELL  
 Governmental Funds  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Assets  
 June 30, 2010

Fund balances of governmental funds \$ 48,200,364

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

Capital assets have not been included as financial resources in governmental fund activity:

Capital assets	91,275,256
Accumulated depreciation	(32,970,089)

Long term debt, compensated absences and claims payable that have not been included in governmental fund activity:

Bonds payable	(44,040,488)
Compensated absences	(2,986,168)
Claims payable	(159,154)

Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds. (533,202)

Other post employment benefit obligation liability has not been reported in the governmental fund activity. (925,922)

Deferred revenue balances relating to certain receivables are not reported as liabilities in the Statement of Net Assets since revenue recognition is not based upon measurable and available criteria. 148,446

Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets. 5,033,319

Net assets of governmental activities \$ 63,042,362

CITY OF CAMPBELL  
Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Fiscal year ended June 30, 2010  
(With comparative information for the prior year)

	General Fund	RDA Housing Special Revenue Fund	COP Debt Service Fund	RDA Debt Service Fund
<b>Revenues:</b>				
Property taxes	\$ 8,805,266	1,440,971	-	5,763,885
Sales and use taxes	9,538,242	-	-	-
Other taxes	4,022,711	-	-	-
Special assessments	-	-	-	-
License and permits	1,288,664	-	-	-
Fines and forfeitures	436,679	-	-	-
Investment income	420,984	146,774	185	125,007
Rents and leases	1,951,691	-	-	-
Intergovernmental revenues	336,717	-	-	-
Charges for services	3,425,308	-	-	-
Project revenues	-	-	-	-
Donations	64,517	-	-	-
Parkland dedication fees	-	-	-	-
Miscellaneous	94,292	65,668	400,739	-
<b>Total revenues</b>	<u>30,385,071</u>	<u>1,653,413</u>	<u>400,924</u>	<u>5,888,892</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	3,917,093	-	-	-
Recreation	4,668,299	-	-	-
Community Development	1,593,907	-	-	-
Redevelopment	-	464,703	-	272,277
Public Safety	18,081,477	-	-	-
Public Works	3,680,549	-	-	-
Pass-through payments	-	-	-	4,155,929
<b>Debt service:</b>				
Principal	-	-	635,000	970,000
Interest	-	-	969,856	1,607,930
<b>Total expenditures</b>	<u>31,941,325</u>	<u>464,703</u>	<u>1,604,856</u>	<u>7,006,136</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,556,254)</u>	<u>1,188,710</u>	<u>(1,203,932)</u>	<u>(1,117,244)</u>
<b>Other financing sources (uses):</b>				
Transfers in (Note 3)	1,258,469	-	929,305	200,000
Transfers out (Note 3)	(2,680,133)	(94,532)	-	(462,634)
<b>Total other financing sources (uses)</b>	<u>(1,421,664)</u>	<u>(94,532)</u>	<u>929,305</u>	<u>(262,634)</u>
<b>Net change in fund balances</b>	<u>(2,977,918)</u>	<u>1,094,178</u>	<u>(274,627)</u>	<u>(1,379,878)</u>
Fund balances at beginning of year	<u>23,947,476</u>	<u>10,792,816</u>	<u>8,293,807</u>	<u>1,916,098</u>
Fund balances at end of year	<u>\$ 20,969,558</u>	<u>11,886,994</u>	<u>8,019,180</u>	<u>536,220</u>

See accompanying notes to the basic financial statements.

Capital Project Fund	Other Governmental Funds	Total	
		2010	2009
-	670,737	16,680,859	17,073,312
-	-	9,538,242	9,625,398
-	-	4,022,711	4,090,894
-	1,135,464	1,135,464	1,135,051
-	-	1,288,664	1,686,255
-	-	436,679	369,616
-	91,347	784,297	2,321,498
-	-	1,951,691	2,174,671
-	4,077,609	4,414,326	5,211,858
-	311,690	3,736,998	3,667,754
33,306	-	33,306	144,000
-	49,860	114,377	116,784
-	112,904	112,904	39,648
-	41,180	601,879	416,751
<u>33,306</u>	<u>6,490,791</u>	<u>44,852,397</u>	<u>48,073,490</u>
155,230	-	4,072,323	4,089,301
545,605	-	5,213,904	4,865,025
-	245,414	1,839,321	1,840,096
1,352,597	358,463	2,448,040	2,925,139
-	140,007	18,221,484	18,387,916
2,820,671	3,715,745	10,216,965	11,349,114
-	-	4,155,929	1,633,850
-	-	1,605,000	1,550,000
-	-	2,577,786	2,648,019
<u>4,874,103</u>	<u>4,459,629</u>	<u>50,350,752</u>	<u>49,288,460</u>
<u>(4,840,797)</u>	<u>2,031,162</u>	<u>(5,498,355)</u>	<u>(1,214,970)</u>
4,840,796	1,813,408	9,041,978	9,698,627
-	(5,750,598)	(8,987,897)	(9,640,749)
<u>4,840,796</u>	<u>(3,937,190)</u>	<u>54,081</u>	<u>57,878</u>
(1)	(1,906,028)	(5,444,274)	(1,157,092)
<u>33,600</u>	<u>8,660,841</u>	<u>53,644,638</u>	<u>54,801,730</u>
<u>33,599</u>	<u>6,754,813</u>	<u>48,200,364</u>	<u>53,644,638</u>

See accompanying notes to the basic financial statements.

CITY OF CAMPBELL  
Governmental Funds  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to Statement of Activities  
Fiscal year ended June 30, 2010

Changes in fund balances of governmental funds \$ (5,444,274)

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

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expenses, whereas net assets decrease by the amount of depreciation expense charged for the year.

Capital outlay	4,179,676
Depreciation expense	(2,466,511)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	1,605,000
--	-----------

Accrued interest expense related to the long-term liabilities. This amount is the difference between the amount of interest paid and the amount of interest incurred on long-term liabilities.	(92,113)
--	----------

To record as an expense the net change in compensated absences in the Statement of Activities.	29,704
--	--------

To record as an expense the claims payable amount in the Statement of Activities.	38,807
---	--------

To record as an expense the City's other post employment benefit obligation in the Statement of Activities.	(490,780)
---	-----------

Revenues that are measurable but not available are recorded as deferred revenue under the modified accrual basis of accounting.	(50,000)
---	----------

Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The net revenues (expenses) of the internal services funds is reported with governmental activities.	123,999
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Changes in net assets of governmental activities	<u>\$ (2,566,492)</u>
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## CITY OF CAMPBELL, CALIFORNIA

### **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 charges to those funds.

CITY OF CAMPBELL  
Proprietary Funds  
Statement of Net Assets  
June 30, 2010  
(With comparative information for the prior year)

	Governmental Activities Internal Service Funds	
	2010	2009
Assets:		
Current assets:		
Cash and investments	\$ 5,409,943	5,249,150
Deposits	60,000	60,000
Total current assets	5,469,943	5,309,150
Non-current assets:		
Capital assets, net of accumulated depreciation	1,115,552	1,367,909
Total assets	6,585,495	6,677,059
Liabilities:		
Current liabilities:		
Accounts payable	126,523	60,395
Accrued payroll	16,023	32,895
Compensated absences	33,408	30,288
Claims and judgements payable	1,376,223	1,644,161
Total liabilities	1,552,177	1,767,739
Net assets:		
Invested in capital assets	1,115,552	1,367,909
Unrestricted	3,917,766	3,541,411
Total net assets	\$ 5,033,318	4,909,320

See accompanying notes to the basic financial statements.

CITY OF CAMPBELL  
Proprietary Funds  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Fiscal year ended June 30, 2010  
(With comparative information for the prior year)

	Governmental Activities Internal Service Funds	
	2010	2009
Operating revenues:		
Charges for services	\$ 2,000,000	2,000,000
Other	<u>341,181</u>	<u>884,114</u>
Total operating revenues	<u>2,341,181</u>	<u>2,884,114</u>
Operating expenses:		
Operations	814,170	798,003
Service and supplies	906,778	991,589
Depreciation	<u>442,154</u>	<u>484,576</u>
Total operating expenses	<u>2,163,102</u>	<u>2,274,168</u>
Operating income (loss) before transfers and contributions	<u>178,079</u>	<u>609,946</u>
Transfers:		
Transfers in (Note 3)	18,495	14,642
Transfers out (Note 3)	<u>(72,576)</u>	<u>(72,520)</u>
Total transfers	<u>(54,081)</u>	<u>(57,878)</u>
Change in net assets	123,998	552,068
Net assets at beginning of year	<u>4,909,320</u>	<u>4,357,252</u>
Net assets at end of year	<u>\$ 5,033,318</u>	<u>4,909,320</u>

See accompanying notes to the basic financial statements.

CITY OF CAMPBELL  
Proprietary Funds  
Statement of Cash Flows  
Fiscal year ended June 30, 2010  
(With comparative information for the prior year)

	Governmental Activities Internal Service Funds	
	2010	2009
Cash flows from operating activities:		
Cash received from department users	\$ 2,421,406	2,784,943
Cash payments to suppliers for goods and services	(1,188,816)	(1,504,422)
Cash payments to employees for services	<u>(827,919)</u>	<u>(715,957)</u>
Net cash provided by (used for) operating activities	<u>404,671</u>	<u>564,564</u>
Cash flows from non-capital and related financing activities:		
Cash received from other funds	18,495	14,642
Cash paid to other funds	<u>(72,576)</u>	<u>(72,520)</u>
Net cash provided by (used for) non-capital and related financing activities	<u>(54,081)</u>	<u>(57,878)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(189,797)</u>	<u>(277,342)</u>
Net cash provided by (used for) capital and related financing activities	<u>(189,797)</u>	<u>(277,342)</u>
Net increase (decrease) in cash and cash equivalents	160,793	229,344
Cash and cash equivalents at beginning of year	<u>5,249,150</u>	<u>5,019,806</u>
Cash and cash equivalents at end of year	<u>\$ 5,409,943</u>	<u>5,249,150</u>

See accompanying notes to the basic financial statements.

CITY OF CAMPBELL  
Proprietary Funds  
Statement of Cash Flows  
(Continued)  
(With comparative information for the prior year)

	Governmental Activities Internal Service Funds	
	2010	2009
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 178,079	609,942
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	442,154	484,576
(Increase) decrease in deposits	-	60,000
Increase (decrease) in accounts payable	66,128	(191,772)
Increase (decrease) in accrued payroll	(16,872)	16,671
Increase (decrease) in vacation and sick leave	3,120	(4,154)
Increase (decrease) in claims and judgments payable	(267,938)	(410,699)
Net cash provided by (used for) operating activities	\$ 404,671	564,564

There were no significant noncash investing or financing activities for the year ended June 30, 2010 and 2009.

See accompanying notes to the basic financial statements.



## CITY OF CAMPBELL, CALIFORNIA

### **Fiduciary Funds**

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

CITY OF CAMPBELL  
 Fiduciary Funds  
 Statement of Fiduciary Assets and Liabilities  
 June 30, 2010  
 (With comparative information for the prior year)

	Agency Funds	
	2010	2009
<u>Assets</u>		
Cash and investments (Note 2)	\$ 289,330	259,618
Accounts receivable	148,446	198,446
Taxes receivable	204	82
Total assets	\$ 437,980	458,146
<u>Liabilities</u>		
Accounts payable	\$ 8,553	9,424
Due to West Valley Solid Waste JPA	162,340	127,392
Due to bondholders	267,087	321,330
Total liabilities	\$ 437,980	458,146

See accompanying notes to the basic financial statements.

# CITY OF CAMPBELL

## Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

### (1) Summary of Significant Accounting Policies

The financial statements of the City of Campbell, California (City) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

#### (a) Reporting Entity

The **City of Campbell** was incorporated March 28, 1952, under the general laws of the State of California. The City operates under a Council Manager form of government providing such services as: public safety (police, contracted fire services, and building inspection), street and sidewalk maintenance, recreation, planning and zoning, and general administrative services. The accompanying financial statements present the activities of the City of Campbell (the primary government) and its component units, entities for which the City is financially accountable.

The **City of Campbell Redevelopment Agency** is a tax-increment redevelopment agency, the Board of which is composed of City Council Members. The Agency's purpose is to prepare and implement plans for improvement, rehabilitation, and development of certain areas within the City. Although legally separate, this Agency is so intertwined with the City that it is, in substance, one and the same. Accordingly, it is blended with the City in these financial statements. Separate Agency financial statements may be obtained from the City of Campbell at 70 North First Street, Campbell, CA 95008.

**City of Campbell Lighting and Landscape District** is a City-wide assessment district established in 1980 to provide lighting and landscape services and a funding source for these services. The District is governed by a Board composed of City Council members and lighting services are provided by City employees. Although legally separate, this District is so intertwined with the City that it is, in substance, one and the same. Accordingly, it is blended with the City in these financial statements. No separate financial statements are prepared for the District.

#### (b) Measurement Focus and Basis of Accounting

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions, and Accounting Research.

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

(1) **Summary of Significant Accounting Policies, (Continued)**

(b) **Measurement Focus and Basis of Accounting, (Continued)**

Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in preparation of the accompanying financial statements.

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. The City of Campbell has no discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the *economic resources measurement focus* and *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services and payments made by parties outside the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

(1) **Summary of Significant Accounting Policies, (Continued)**

(b) **Measurement Focus and Basis of Accounting, (Continued)**

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and proprietary funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days.

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

(1) **Summary of Significant Accounting Policies, (Continued)**

(b) **Measurement Focus and Basis of Accounting, (Continued)**

**Fund Financial Statements**

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and proprietary funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

**Governmental Funds**

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days.

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

(1) **Summary of Significant Accounting Policies, (Continued)**

(b) **Measurement Focus and Basis of Accounting, (Continued)**

Revenue recognition is subject to the *measurable* and *available* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed nonexchange transactions* are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first.

*Government-mandated and voluntary nonexchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets.

Recognition of governmental fund type revenue represented by non-current receivables are deferred until they become current receivables. Non-current portions of long-term receivables are offset by fund balance reserve accounts.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

(1) Summary of Significant Accounting Policies, (Continued)

(b) Measurement Focus and Basis of Accounting, (Continued)

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Proprietary and Fiduciary Funds

The City's internal service funds are proprietary funds. In the fund financial statements, proprietary funds and fiduciary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the enterprise fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the enterprise fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the enterprise fund are reported as a reduction of the related liability, rather than as an expenditure. Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of City revenues and expenses.

(c) Fund Classifications

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34.

The City reports the following major governmental funds:

**General Fund** accounts for resources traditionally associated with governments such as administration, engineering and public safety, which are not required to be accounted for in another fund.

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

(1) **Summary of Significant Accounting Policies, (Continued)**

(c) **Fund Classifications (Continued)**

**Redevelopment Agency Housing Special Revenue Fund** accounts for twenty percent of the increased property tax revenues from the County of Santa Clara legally required to be set aside for low-and-moderate-income housing.

**COP Debt Service Fund** – Accounts for the City’s share of proceeds from and repayments of the 1997 and 2002 COP re-financing, which were utilized chiefly for the City’s Community Center and deferred street maintenance projects.

**Redevelopment Agency Debt Service Fund** is used to account for payments of interest and principal on Redevelopment Agency’s debt, including the 2002 and 2005 Tax Allocation Bonds.

**Capital Projects Fund** – Accounts for the expenditures and financing of the City’s capital projects.

Additionally, the City reports the following fund types:

**Internal Service Funds** – These funds are used to account for motor vehicle pool, workers’ compensation self-funded insurance and information technology services. Departments of the City are charged for the services provided or benefits received from these funds.

**Agency Funds** - Used to account for monies held for the West Valley Solid Waste Management Authority and for the 1915 Act Bonds.

(d) **Property Taxes**

All property taxes and special assessments are levied and collected by the County of Santa Clara and paid upon collection to the various taxing entities including the City, Redevelopment Agency, and Lighting and Landscape District. Secured taxes are levied on July 1 and are due in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured taxes are due on July 1 and become delinquent on August 31. The lien date for secured and unsecured property taxes is January 1 of the preceding fiscal year.

The County is permitted by State law to levy taxes at 1% of full market value at time of purchase plus other increases approved by the voters, and can increase the assessed value no more than 2% per year. The City receives its proportionate share of this levy.

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

(1) **Summary of Significant Accounting Policies, (Continued)**

(d) **Property Taxes (Continued)**

The City has adopted an alternative method of property tax distribution called the Teeter Plan. Under this method, the City receives 100% of its secured property tax levied in exchange for foregoing any interest and penalties collected on delinquent taxes. The City receives payments as a series of advances made by the County throughout the year. Secured property tax levy is recognized as revenue upon receipt, including the final payment, which generally is received within 60 days after the fiscal year end.

The term “unsecured” refers to taxes on personal property other than real estate, land and buildings. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available as defined above.

(e) **Cash and Investments**

Investments are reported in the accompanying balance sheet at fair value.

Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund’s share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund’s average cash and investment balance.

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the proprietary fund’s share in the cash and investment pool of the City of Campbell.

(f) **Capital Assets**

Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed fixed assets are valued at their estimated fair market value at the date of the contribution. Generally, the City capitalizes all infrastructures with a value greater than \$25,000. All other capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of more than one year. Capital assets include all public domain (infrastructure) assets consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains.

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

( 1 ) Summary of Significant Accounting Policies, (Continued)

(f) Capital Assets (Continued)

The following schedule summarizes capital asset useful lives:

Buildings and improvements	40 years
Other improvements	20 years
Machinery and equipment	3-7 years
Infrastructure	15-40 years

Depreciation has been provided using the straight-line method over the estimated useful life of the asset in the government-wide financial statements and in the fund financial statements of the proprietary funds.

(g) Compensated Absences

Accrued vacation and sick leave are accrued as earned by employees. City employees may accrue vacation up to certain maximums as of December 31 of each calendar year, which vary depending on classification and years of service. Upon termination, they may be compensated for their vacation balance at current hourly rates. Similarly, sick leave may be accumulated without limit and employees may be compensated upon termination based on a vesting schedule determined by years of service, compensated at current hourly rates.

For all governmental funds, a liability of these amounts is reported only if they have matured, for example, as a result of employee resignations and retirements. The remaining portion is recorded as a liability in the Statement of Net Assets. For Internal Service Funds, liabilities of these amounts are recorded liabilities of those funds.

Compensated absences are typically liquidated by the General Fund.

(h) Use of Estimates

The preparation of financial statements in conformity with 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 CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

**(1) Summary of Significant Accounting Policies, (Continued)**

**(i) Prior Year Data**

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's prior year financial statements, from which this selected data was derived. Certain reclassifications of prior year data may have been made in order to enhance their comparability with current year figures.

Effective July 1, 2009, the City reclassified the Building Maintenance program from Recreation to Public Works. Where appropriate, prior year data has been adjusted to enhance comparability with current year figures.

**(2) Cash and Investments**

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

Statement of Net Assets:

Cash and investments	\$ 45,764,973
Restricted cash and investments	2,207,054
Fiduciary funds:	
Cash and investments	<u>289,330</u>
Total cash and investments	<u>\$ 48,261,357</u>

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

Cash on hand	\$ 2,250
Deposits with financial institutions	232,715
Investments	<u>48,026,392</u>
Total cash and investments	<u>\$ 48,261,357</u>

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

(2) **Cash and Investments, (Continued)**

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

The table below identifies the investment types that are authorized for the Agency by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	None	None	None
U.S. Agency Securities	5 years	None	75%	None
Federal Instrumentality (government sponsored enterprise)	5 years	None	75%	None
Repurchase Agreements	1 year	A/A-1	10%	None
Commercial Paper	270 days	*	25%	10%
Bankers' Acceptances	180 days	A-1 or P-1 or F- 1	30%	10%
Medium-Term Notes	5 years	AA or Aa2	10%	None
Non-negotiable Time Certificates of Deposits	5 years	None	25%	\$1 million
California Local Agency Investment Fund	N/A	None	None	\$40 million per account
Mutual Funds	Upon demand	AAAm or Aaa or AAA/V1+	15%	10%
Money Market Mutual Funds	Upon demand	AAAm or Aaa or AAA/V1+	15%	10%
Municipal and State Obligations	Upon demand	A/A-1	10%	None

\* Must be rated A or better and have assets in excess of \$500,000,000.

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

(2) **Cash and Investments, (Continued)**

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Bonds, Notes and Bills	5-7 Years	No Limit	No Limit	No Limit
US. Government Agency Obligations	5-7 Years	AAA	No Limit	No Limit
Time Certificates of Deposit - Banks or Savings and Loans	1 Year	None	No Limit	No Limit
Bankers' Acceptances	360 days	A1/P1	No Limit	No Limit
Commercial Paper	270 days		No Limit	No Limit
Repurchase Agreements	30 days - 7 Years	A	No Limit	No Limit
State of California Local Agency Investment Fund (LAIF)	Upon demand	No Limit	No Limit	\$40,000,000 per account
Money Market Funds	Upon demand	A	No Limit	10%
Investment Agreements	5-7 Years	A	No Limit	No Limit
Other Tax Exempt Obligations	7 Years	A	No Limit	No Limit
CAMP (California Asset Management Program)	No Limit	No Limit	No Limit	No Limit

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

**( 2 ) Cash and Investments, (Continued)**

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity. For purposes of the schedule shown below, any callable securities are assumed to be held to maturity.

Investment Type	Remaining Maturity (in Months)				Total
	12 Months Or Less	13 to 24 Months	25-60 Months	More Than 60 Months	
<i>Available for Operations</i>					
U.S. Government					
Agency Obligations	\$ -	-	11,195,180	-	11,195,180
California Local Agency					
Investment Fund	32,343,832	-	-	-	32,343,832
Corporate Note	-	2,152,240	-	-	2,152,240
<i>Restricted Cash and Investments</i>					
Money Market Funds	<u>2,335,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,335,140</u>
Total Investments	<u>\$34,678,972</u>	<u>2,152,240</u>	<u>11,195,180</u>	<u>-</u>	48,026,392
<i>Demand Deposits and Cash on Hand</i>					<u>234,965</u>
					<b><u>Total Cash and Investments</u></b> <u>\$48,261,357</u>

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

(2) **Cash and Investments, (Continued)**

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type</u>	<u>Amount</u>
<b><i>AAA rated:</i></b>	
<i>Available for Operations:</i>	
U.S. Government Agency Obligations	\$ 11,195,180
<i>Restricted:</i>	
Money Market Funds	2,335,140
<b><i>AA+ rated:</i></b>	
<i>Available for Operations:</i>	
Corporate Note	2,152,240
<b><i>Not rated:</i></b>	
California Local Agency Investment Fund	32,343,832
<b><i>Exempt from credit rate disclosure:</i></b>	
Demand Deposits	234,965
Total Cash and Investments	<u>\$ 48,261,357</u>

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

<u>Issuer</u>	<u>Reporting Unit</u>	<u>Reported Amount</u>
Federal Home Loan Bank	Government Activities	\$ 6,101,260
Federal National Mortgage Association	Government Activities	4,089,380
Federal Home Loan Mortgage Corporation	Government Activities	1,004,540
GE Capital Corporation	Government Activities	2,152,240

## CITY OF CAMPBELL

### Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

#### (2) Cash and Investments, (Continued)

##### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

For investments identified herein as held by fiscal agent, the trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

##### Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

**(3) Interfund Transactions**

**(a) Current Interfund Balances**

The current interfund outstanding balances result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances are normally repaid as they arise.

Current interfund balances are as follows:

<u>Due to Fund</u>	<u>Due from Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 13,167
	Non-major Governmental funds	<u>676,363</u>
		689,530
RDA Housing Fund	General Fund	53,538
RDA Debt Service	General Fund	64,962
Non-major Governmental funds	General Fund	<u>45,271</u>
		163,771
Total		<u>\$ 853,301</u>

**(b) Long-Term Interfund Advances**

The Debt Service Fund has advanced funds to the RDA Debt Service Fund under the terms of a Third Amended and Restated Indebtedness Agreement. Principal is payable out of the excess of Agency tax increment revenues over other similar Agency liabilities and agreements. During the fiscal year ended June 30, 2010, the Agency paid \$262,890 in principal and \$400,740 in interest on these advances. As of June 30, 2010, the outstanding balance was \$8,019,180.

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

**(3) Interfund Transactions (Continued)**

(c) Transfers Between Funds

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

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General Fund	RDA Housing Special Revenue Fund	\$ 61,601 (a)
	RDA Debt Service Fund	27,572 (a)
	Other Governmental Funds	1,096,720 (b)
	Internal Service Funds	<u>72,576 (b)</u>
		<u>1,258,469</u>
COP Debt Service Fund	General Fund	529,305 (d)
	RDA Debt Service Fund	<u>400,000 (c)</u>
		<u>929,305</u>
RDA Debt Service Fund	General Fund	<u>200,000 (c)</u>
Capital Projects Fund	General Fund	644,342 (b)
	Other Governmental Funds	<u>4,196,454 (b)</u>
		<u>4,840,796</u>
Other Governmental Funds	General Fund	1,287,991 (b)
	RDA Housing Special Revenue Fund	32,931 (a) (b)
	RDA Debt Service Fund	35,062 (b)
	Other Governmental Funds	<u>457,424 (e)</u>
		<u>1,813,408</u>
Internal Service Funds	General Fund	<u>18,495 (c)</u>
		<u>\$ 9,060,473</u>

Interfund transfers were principally used for the following purposes:

- (a) Administrative Salaries & Overhead
- (b) Reimburse Program Expenditure
- (c) Reimburse Equipment Replacement Expenditure
- (d) Reimburse Debt Service Expenditure
- (e) Capital Project Funding

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

(4) **Loans Receivable**

(a) **First-Time Homebuyer Loan Program**

The Redevelopment Agency engages in a first-time homebuyer down payment assistance program designed to encourage home ownership among low- and moderate-income households. Under this program, a loan up to \$50,000 is provided to eligible households to be used as part of the down payment for the purchase of home in the City of Campbell. These promissory notes are secured by second deeds of trust and are due thirty years from the date the property was purchased. The notes require a payback of principal plus an eight percent fee or an equity share payment, whichever is lower. The balance of the notes receivable arising from this program at June 30, 2010 was \$1,400,500.

(b) **Housing Rehabilitation and Affordable Housing Loans**

The Redevelopment Agency engages in programs designed to encourage construction or improvement in low- to moderate-income housing or other projects. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City's terms. The balance of the loans receivable arising from these programs at June 30, 2010 was \$1,698,125.

(c) **Rehabilitation Loans**

The City administers a housing rehabilitation program using Housing and Community Development Act funds. Under the Program, individuals with incomes below a certain level are eligible to receive low or no interest loans, secured by deeds of trust, for construction work on their homes. Federal funds received by the City are deposited with a commercial bank. Upon approval of loans, the bank disburses the funds and arranges for and collects repayments.

During the year ended June 30, 2010, the City received \$76,274 from participants of this program, and made new loans totaling \$191,057. At June 30, 2010, the City had outstanding rehabilitation loans of \$1,449,887 in its Housing and Community Development Special Revenue Fund.

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

(5) **Capital Assets**

Capital asset activity for the year ended June 30, 2010 is as follows:

Governmental Activities:

	Balances at July 1, 2009	Additions	Deletions	Transfers	Balances at June 30, 2010
Buildings and improvements	\$28,980,818	-	-	-	28,980,818
Other improvements	19,071,223	-	-	135,261	19,206,484
Machinery and equipment	8,162,327	338,868	-	-	8,501,195
Infrastructure	<u>20,355,247</u>	-	-	-	<u>20,355,247</u>
Total cost of depreciable assets	<u>76,569,615</u>	<u>338,868</u>	<u>-</u>	<u>135,261</u>	<u>77,043,744</u>
Less accumulated depreciation:					
Buildings and improvements	12,905,124	724,520	-	-	13,629,644
Other improvements	9,177,201	984,500	-	-	10,161,701
Machinery and equipment	6,360,521	521,401	-	-	6,881,922
Infrastructure	<u>7,431,572</u>	<u>678,248</u>	<u>-</u>	<u>-</u>	<u>8,109,820</u>
Total accumulated depreciation	<u>35,874,418</u>	<u>2,908,669</u>	<u>-</u>	<u>-</u>	<u>38,783,087</u>
Net depreciable assets	40,695,197	(2,569,801)	-	-	38,260,657
Capital assets, not depreciated:					
Land	15,622,595	662,500	-	-	16,285,095
Construction in progress	<u>1,642,123</u>	<u>3,368,106</u>	<u>-</u>	<u>(135,261)</u>	<u>4,874,968</u>
Capital assets, net	<u>\$57,959,915</u>	<u>1,460,805</u>	<u>-</u>	<u>-</u>	<u>59,420,720</u>

Depreciation expense, including \$442,154 relating to the internal service funds, was charged in the following functions in the Statement of Activities:

General Government	\$ 255,893
Recreation	313,161
Community Development	7,946
Redevelopment	877,904
Public Safety	232,071
Public Works	<u>1,221,694</u>
	<u>\$ 2,908,669</u>

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

**(6) Long-Term Liabilities**

The following is a summary of the changes in the City's long-term liabilities for the year ended June 30, 2010:

	<u>Balance at July 1, 2009</u>	<u>Additions/ Accretion</u>	<u>Deletions</u>	<u>Balance at June 30, 2010</u>	<u>Due Within One Year</u>
1997 Certificates of Participation					
Civic Center Project	\$ 12,995,000	-	(50,000)	12,945,000	55,000
2002 Refunding Certificates of Participation; Civic Center Project	8,842,315	108,173	(585,000)	8,365,488	605,000
2002 RDA Tax Allocation Project					
Central Campbell Redevelopment Project	11,895,000	-	(850,000)	11,045,000	890,000
2005 RDA Tax Allocation Bonds, Series A; Central Campbell Redevelopment Project	11,805,000	-	(120,000)	11,685,000	125,000
Compensated Absences	3,046,160	2,017,550	(2,044,134)	3,019,576	1,285,052
Other Post Employment Benefits	<u>435,142</u>	<u>697,000</u>	<u>(206,220)</u>	<u>925,922</u>	<u>-</u>
 Total	 <u>\$ 49,018,617</u>	 <u>2,822,723</u>	 <u>(3,855,354)</u>	 <u>47,985,986</u>	 <u>2,960,052</u>

(a) 1997 Certificates of Participation

The City's 1997 Refunding Certificates of Participation are due in October 2028 and bear interest at rates of 4.0% to 5.25%. The proceeds from the 1997 Certificates of Participation were used to advance refund the remaining outstanding balance on the City's 1991 Certificates of Participation (COP) and to fund the City's deferred street maintenance projects. Certificates maturing on or after October 1, 2008 are subject to optional prepayment by the City after this date. Principal and interest payments are guaranteed under an insurance policy issued by MBIA Insurance Corporation. Interest payments are due on April 1 and October 1 of each year. Under an agreement with the City, the Redevelopment Agency reimburses the City for approximately 42% of the City's debt service from these COPs.

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

(6) **Long-Term Liabilities (Continued)**

(b) 2002 Refunding Certificates of Participation

The City's 2002 Refunding Certificates of Participation are due in October 2032 and bear interest at rates of 2.5% to 5.83%. Net proceeds of \$9,678,751 from this issue were used to prepay and refund the City's 1993 Certificates of Participation with interest rates ranging from 3.0% to 6.0%. An additional \$1,830,975 of bond proceeds was used to provide partial funding for renovation and expansion of the City's Police Department and construction of an animal shelter. Interest payments are due on April 1 and October 1 of each year through October 1, 2032.

Certificates from the 2002 issue in the amount of \$5,195,000 maturing between October 1, 2012 and 2018 are subject to optional prepayment by the City on or after October 1, 2011 only on interest payment dates. The City has an agreement with the Campbell Redevelopment Agency for reimbursement of approximately 42% of the City's lease payment obligation from pledged property tax increment. Principal and interest payments are guaranteed under an insurance policy issued by Ambac Assurance Corporation. Capital Appreciation Bonds in the amount of \$5,000,000 is subject to optional redemption in whole or in part by the Agency anytime after October 1, 2022. Interest payments are due on April 1 and October 1 of each year through October 1, 2033. The unaccreted balance of the capital appreciation bonds is \$4,519,512 at June 30, 2010.

(c) 2002 Redevelopment Agency Tax Allocation Bonds

On July 10, 2002, the Agency issued the Central Campbell Redevelopment Project Tax Allocation Bonds, Series 2002A of \$15,300,000 with interest rates ranging from 2.75% to 6.0%, due October 1, 2033. The net proceeds of the bonds are being used to fund acquisition and construction of various redevelopment projects including the Community Center and Heritage Theatre renovations. Bonds are payable from and secured principally by tax increment revenues generated in the redevelopment area. Serial bonds in the amount of \$2,865,000 are subject to optional redemption in whole or in part by the Agency anytime after October 1, 2011.

(d) 2005 Redevelopment Agency Tax Allocation Bonds, Series A

On May 10, 2005, the Agency issued the Central Campbell Redevelopment Project Tax Allocation Bonds, Series A of \$12,300,000 with interest rates ranging from 3.0% to 5.0%, due October 1, 2032. The Bonds are payable from and secured principally by tax increment revenues generated in the redevelopment area. Net proceeds of the bonds were used to advance refund the remaining outstanding balance of the City's 1999 Redevelopment Agency Tax Allocation Bonds, Series A and B. As a result, \$12,037,854 were placed in an irrevocable trust to provide for future debt service payments of the defeased 1999 Bonds. Annual principal payments are due October 1 and semi-annual interest payments are due April 1 and October 1 of each year through October 1, 2032.

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

(6) **Long-Term Liabilities (Continued)**

(e) **Debt Service Requirements**

Annual debt service requirements (including unamortized accretion and excluding compensated absences) are shown below:

*Certificates of Participation*

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 660,000	956,266
2012	685,000	930,939
2013	715,000	903,624
2014	740,000	874,374
2015	775,000	842,774
2016-2020	4,435,000	3,647,231
2021-2025	5,665,000	2,417,363
2026-2030	6,035,523	2,041,231
2031-2034	1,599,965	3,939,679
Total	<u>\$ 21,310,488</u>	<u>16,553,481</u>

*Tax Allocation Bonds*

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 1,015,000	1,161,043
2012	1,060,000	1,177,293
2013	300,000	1,198,068
2014	310,000	1,218,613
2015	325,000	1,248,888
2016-2020	1,860,000	5,054,854
2021-2025	3,590,000	4,529,633
2026-2030	6,285,000	3,301,520
2031-2034	7,985,000	1,091,900
Total	<u>\$ 22,730,000</u>	<u>19,981,812</u>

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

**(7) Debt With No Government Commitment**

(a) Special Assessment Debt

The City acts as agent for property owners of the Dillon-Gillman Local Improvement District which is a special assessment district. The City collects assessments, forwards the collections to bond holders and initiates foreclosure proceedings. However, the City is not directly liable for the repayment of special assessment district bonds, as such bonds and interest are secured by fixed lien assessments on real property in the special assessment district. The outstanding balance of special assessment debt at June 30, 2010 was \$94,295 and matures in 2012.

(b) Housing Facility Revenue Bonds

In 1994 the City of Campbell assisted in the issue of \$11,195,000 Housing Facility Revenue Bonds by Catholic Charities, a charitable organization. The City has no legal liability for this debt, and made no indication nor representation that it would assume any obligation in the event of a default. However, its name is associated with these bonds as "Issuer", and the City directs the trustee regarding debt service and reserve requirements.

**(8) Development Agreements**

(a) Home Depot Sales Tax Sharing

In the prior years, the Agency purchased and resold real property on which Home Depot built and operates a 120,000 square-foot retail store. The Agency also agreed to refund Home Depot up to \$200,000 annually of sales tax revenue collected on Home Depot sales, beginning in 1994 and extending through 2014, in order to make it economically feasible to locate the store in Campbell. As a result, refunds of \$200,000 were made during the fiscal year ended June 30, 2010.

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

**(9) Fund Balances**

Designations are imposed by City Council to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Council action. At June 30, 2010, designations included designated for approved projects, representing the portion of fund balance set aside for authorized capital improvement projects.

At June 30, 2010, General Fund balance designations included:

Operations	\$ 1,000,000
Capital improvements	4,351,032
Emergencies	3,160,100
Construction tax	310,838
Future advances to RDA	1,000,000
Liability insurance	238,052
Carryover capital projects	3,172,000
Economic fluctuations	4,500,000
Investments market value	30,667
Heritage Theater operations	328,276
Unemployment self-insurance	60,000
PERS/OPEB	1,082,000
Workers' compensation	500,000
	<u>\$ 19,732,965</u>

**(10) Defined Benefit Pension Plan (PERS)**

The City of Campbell contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan for miscellaneous employees and a cost-sharing multiple-employer public employee defined benefit plan for safety employees. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of PERS' annual financial reports may be obtained from its executive office at 400 "Q" Street, Sacramento, California 95811.

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

**( 10 ) Defined Benefit Pension Plan (PERS), (Continued)**

Miscellaneous and safety participants are required to contribute 8% to 9%, respectively, of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and City contract with employee bargaining groups.

For each of the fiscal years shown below, the City has contributed at the actuarially determined rate provided by PERS' actuaries. Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2009 to June 30, 2010 has been determined by an actuarial valuation of the plan as of June 30, 2007. The contribution rate indicated for the period is 35.200% of payroll for the safety plan and 10.709% of payroll for the miscellaneous plan. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2010, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2009 to June 30, 2010.

A summary of principle assumptions and methods used to determine the ARC is shown below.

	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
Valuation Date	June 30, 2007	June 30, 2007
Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Average Remaining Period	20 Years as of the Valuation Date	16 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market	15 Year Smoothed Market
Actuarial Assumptions		
Investment Rate of Return	7.75% (net of administrative expenses)	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service, and type of employment	3.25% to 14.45% depending on Age, Service, and type of employment
Inflation	3.00%	3.00%
Payroll Growth	3.25%	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.0% and an annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.0% and an annual production growth of 0.25%

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

**( 10 ) Defined Benefit Pension Plan (PERS) (Continued)**

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling 30 year period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll. The schedule of funding progress, presented below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

*Required Supplementary Information – Miscellaneous*

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability (UAAL) (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL As a % of Payroll</u>
6/30/06	\$47,150,345	44,139,411	3,010,934	93.60%	8,734,406	34.5%
6/30/07	50,277,666	48,243,889	2,033,777	96.00%	9,051,075	22.5%
6/30/08	54,837,002	52,504,205	2,332,797	95.80%	9,935,234	23.5%

*Three-Year Trend Information*

Annual Pension Cost (Employer Contribution)

<u>Fiscal Year</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	\$1,619,442	1,095,371	100%	-
6/30/08	1,620,874	1,146,559	100%	-
6/30/09	1,790,257	1,159,400	100%	-

## CITY OF CAMPBELL

### Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

#### ( 11 ) **Other Retirement System**

The Omnibus Budget Reconciliation Act of 1990 (OBRA) mandates that public sector employees who are not members of their employer's existing retirement system as of January 1, 1992 be covered by either Social Security or an alternative plan. Effective July 1, 2004, the City contracted with the Public Agency Retirement System (PARS), a defined contribution plan. This Plan covers employees that are part-time, seasonal or temporary and all other employees that are not covered by another retirement system. All eligible employees covered by the Plan are fully vested. Employer liabilities are limited to the amount of current contributions.

Under PARS, employees contribute 6.2% and the City contributes 1.3% of the employees' salary each pay period. For the fiscal year ending June 30, 2010, total contributions of \$124,083 were made based on covered compensation of \$1,654,987.

#### ( 12 ) **Post Employment Benefits Plan**

*Plan Description:* The City administers a Retiree Award Program which provides medical insurance benefits on a reimbursement basis to eligible retirees in accordance with various labor agreements. The City pays up to \$325 per month for retiree only medical insurance premiums or the actual cost of the retiree premium, whichever is less. Eligible retirees must be retired from the City with at least 17 years of service with the City and be at least 50 years of age.

*City's Funding Policy:* The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on the most recent actuarial study using a 10-year phase-in option.

The City has established a trust with the California Employers Retiree Benefit Trust for the purpose of holding assets accumulated for plan benefits. Copies of PERS' annual financial reports for its OPEB Trust may be obtained from its executive office at 400 "Q" Street, Sacramento, California 95811.

*Annual OPEB Cost and Net OPEB Obligation:* The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

**( 12 ) Post Employment Benefits Plan (Continued)**

Annual required contribution	\$ 700,000
Interest on net OPEB obligation	22,000
Adjustment to annual required contribution	<u>(25,000)</u>
Annual OPEB cost (expense)	697,000
Contributions made (including premiums paid)	<u>(206,220)</u>
Increase in net OPEB obligation	490,780
Net OPEB obligation—beginning of year	<u>435,142</u>
Net OPEB obligation—end of year	<u><u>\$ 925,922</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years were as follows:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/08	N/A	N/A	N/A
6/30/09	\$626,000	30%	\$435,142
6/30/10	697,000	30%	490,780

*Funded Status and Funding Progress.* The funded status of the plan as of June 30, 2010, was as follows:

<u>Valuation Date</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Actuarial Value of Plan Assets</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL As a % of Payroll</u>
1/1/2007	N/A	N/A	N/A	N/A	N/A	N/A
1/1/2008	6,167,000	117,991	6,049,009	2%	15,034,000	40%
1/1/2010	6,169,000	244,000	5,925,000	4%	14,965,000	40%

## CITY OF CAMPBELL

### Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

#### ( 12 ) Post Employment Benefits Plan (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

*Actuarial Methods and Assumptions:* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 7.75 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10 percent initially, reduced by decrements of .8 percent per year to an ultimate rate of 4.5 percent after the seventh year. Both rates included a 3.0 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years. It is assumed the City's payroll will increase 3.25 percent per year.

#### ( 13 ) Risk Management

##### (a) General Liability

Risk management activity for City exposure to torts (general liability) is accounted for as a liability on the Statement of Net Assets. The City is self-insured for the first \$100,000 of liability for each occurrence, and the excess (up to \$20,000,000) is covered through the City's participation in the Association of Bay Area Governments (ABAG) general liability risk pool. ABAG Plan also provides \$1,000,000 of employee theft coverage in the excess of the City's \$5,000 deductible.

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

( 13 ) **Risk Management (Continued)**

(a) General Liability (continued)

The ABAG pool consists of thirty-one member agencies within the San Francisco Bay Area. The stated purpose of the ABAG pool is to provide certain levels of liability insurance coverage, claims management, risk management services, and legal defense to each participating city within the pool.

Each city was required to make an initial deposit premium based on an actuarial study of each City's risk exposure. The premium consists of a risk portion and administrative portion. The premium is revised each year based on claims experience and risk exposure.

(b) Workers' Compensation

The City has a risk financing fund to account for work related injuries and accidents to City employees. This fund is accounted for as an internal service fund in which assets are set aside for claim payments. Under the California Workers' Disability and Compensation laws, the City, as an employer, is permissibly self-insured for the first \$1,000,000 of claims arising from each occurrence. The City obtains excess Workers' Compensation insurance through a policy up to statutory limits. A premium is charged to each fund and program that budgets for part-time or full-time employees. The total charge allocated is based upon the percentage of each fund's current-year payroll as it relates to total payroll of the City.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. For the past three fiscal years, no claims were settled in excess of commercial insurance coverage.

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

**( 13 ) Risk Management, (Continued)**

(c) The City's Claims Liabilities

The City's liability for uninsured claims was estimated by management based on prior year claims experience, as follows:

	2010			
	Workers'	General	Total	2009
	Compensation	Liability	Total	2009
Beginning claims payable	\$ 1,644,161	197,961	1,842,122	2,188,860
Liability for current year fiscal claims	452,000	10,574	462,574	215,741
Increase (decrease) in estimated liability	(469,404)	(11,135)	(480,539)	(353,913)
Claims paid	(250,534)	(38,246)	(288,780)	(208,566)
Ending claims payable balance	\$ 1,376,223	159,154	1,535,377	1,842,122

**( 14 ) Joint Powers Agreement**

(a) Congestion Management Agency

The Congestion Management Agency was formed in 1991 by a joint exercise of powers agreement between the County of Santa Clara and each of the cities of Santa Clara County for the purpose of preparing, implementing, and administering a traffic congestion management plan pursuant to California Government Code Section 66531. The City's share of Agency assets, liabilities, and fund equity is approximately 2.10%.

The Agency financial statements are included as part of the Special Fund of the Santa Clara Valley Transportation Authority. Audited financial statements may be obtained at 333 1 N First Street, Building B-2, San Jose, CA 95134-1927.

(b) Silicon Valley Animal Control Authority

The City is a member of Silicon Valley Animal Control Authority, (the Authority), established in 2000 to deliver animal control services. The Authority provides its own field services and has an agreement with the Humane Society of Santa Clara Valley to provide facilities, personnel, shelter, and animal services. The Authority is governed by a Board of Directors consisting of representatives from member cities.

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

**( 14 ) Joint Powers Agreement (Continued)**

(b) Silicon Valley Animal Control Authority (Continued)

During the fiscal year ended June 30, 2010, the City contributed \$364,266 to the Authority for field services and sheltering costs. Audited financial statements are available from the Authority at 2340-A Walsh Avenue, Santa Clara, CA 95051.

(c) West Valley Solid Waste Management Authority

The West Valley Solid Waste Management Authority (the Authority) was formed on October 1, 1997 to implement and administer the West Valley Solid Waste Management Plan, manage rate studies, and negotiate the related contracts for members entities.

The Authority includes the cities of Campbell, Monte Sereno, Saratoga, and the Town of Los Gatos. The City of Campbell maintains the financial records and provides accounting services for the Authority.

**( 15 ) Rental Income from Use of City Property**

The City leases a portion of the space at its Community Center. Rental income from leases and facility rentals during the fiscal year ended June 30, 2010 amounted to \$1,917,387 . Major tenants include John F. Kennedy University and Old Orchard School.

Minimum future lease rentals were as follows at June 30, 2010:

**Rental Income**

<u>Year Ending June 30,</u>	<u>Amount</u>
2011	\$ 1,331,506
2012	537,858
2013	88,877
2014	<u>8,890</u>
Total minimum future lease rentals	<u>\$ 1,967,131</u>

CITY OF CAMPBELL

Notes to the Basic Financial Statements

Fiscal year ended June 30, 2010

**( 16 ) Excess Expenditures over Appropriations**

Expenditures exceeded budgeted appropriations in the following funds:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Supplemental Law Enforcement	\$100,000	100,288	(288)
COP Debt Service Fund	967,973	969,855	(1,882)
RDA Debt Service Fund	1,597,714	1,607,930	(10,216)

**( 17 ) Contingent Liabilities**

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

The City participates in Federal and State grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act Amendments of 1996 and applicable State requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CAMPBELL  
General Fund  
Schedule of Revenues and Expenditures  
Budget and Actual  
Fiscal year ended June 30, 2010  
(With comparative information for the prior year)

	Budget		Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
	Original	Final			
<b>Revenues:</b>					
Property taxes	\$ 8,827,000	9,027,000	8,805,266	(221,734)	8,926,242
Sales and use tax	11,280,000	9,280,000	9,538,242	258,242	9,625,398
Other taxes	4,408,122	4,115,122	4,022,711	(92,411)	4,090,894
Licenses and permits	1,329,500	1,330,500	1,288,664	(41,836)	1,686,255
Fines and forfeitures	342,500	342,500	436,679	94,179	369,616
Investment income	900,000	700,000	420,984	(279,016)	1,119,360
Rents and leases	2,113,987	2,103,987	1,951,691	(152,296)	2,174,671
Intergovernmental revenues, unrestricted	350,755	273,755	336,717	62,962	338,647
Charges for services	3,495,041	3,582,991	3,425,308	(157,683)	3,345,513
Donations	70,850	70,850	64,517	(6,333)	85,427
Miscellaneous revenues	70,200	70,200	94,292	24,092	311,081
<b>Total revenues</b>	<b>33,187,955</b>	<b>30,896,905</b>	<b>30,385,071</b>	<b>(511,834)</b>	<b>32,073,104</b>
<b>Expenditures:</b>					
General Government	4,114,851	3,983,340	3,917,093	66,247	4,005,190
Recreation	4,948,429	4,831,916	4,668,299	163,617	4,807,544
Community Development	1,586,981	1,548,826	1,593,907	(45,081)	1,603,829
Public Safety	18,797,863	18,444,943	18,081,477	363,466	18,280,783
Public Works	3,909,355	3,926,067	3,680,549	245,518	3,833,027
<b>Total expenditures</b>	<b>33,357,479</b>	<b>32,735,092</b>	<b>31,941,325</b>	<b>793,767</b>	<b>32,530,373</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(169,524)</b>	<b>(1,838,187)</b>	<b>(1,556,254)</b>	<b>281,933</b>	<b>(457,269)</b>
<b>Other financing sources (uses):</b>					
Transfers in	1,255,712	1,272,212	1,258,469	(13,743)	1,127,478
Transfers out	(2,863,283)	(6,135,021)	(2,680,133)	3,454,888	(2,854,836)
<b>Total other financing sources (uses):</b>	<b>(1,607,571)</b>	<b>(4,862,809)</b>	<b>(1,421,664)</b>	<b>3,441,145</b>	<b>(1,727,358)</b>
<b>Net change in fund balance</b>	<b>(1,777,095)</b>	<b>(6,700,996)</b>	<b>(2,977,918)</b>	<b>3,723,078</b>	<b>(2,184,627)</b>
<b>Fund balance at beginning of year</b>	<b>23,947,476</b>	<b>23,947,476</b>	<b>23,947,476</b>	<b>-</b>	<b>26,132,103</b>
<b>Fund balance at end of year</b>	<b>\$ 22,170,381</b>	<b>17,246,480</b>	<b>20,969,558</b>	<b>3,723,078</b>	<b>23,947,476</b>

CITY OF CAMPBELL  
Redevelopment Agency Housing Fund  
Schedule of Revenues and Expenditures  
Budget and Actual  
Fiscal year ended June 30, 2010  
(With comparative information for the prior year)

	Budget		Actual	Variance with Final Budget Positive	Prior Year
	Original	Final		(Negative)	Actual
<b>Revenues:</b>					
Property taxes	\$ 1,442,000	1,442,000	1,440,971	(1,029)	1,486,937
Investment income	125,000	125,000	146,774	21,774	239,071
Miscellaneous revenue	-	-	65,668	65,668	11,921
<b>Total revenues</b>	<u>1,567,000</u>	<u>1,567,000</u>	<u>1,653,413</u>	<u>86,413</u>	<u>1,737,929</u>
<b>Expenditures:</b>					
Low and moderate income housing	<u>1,283,047</u>	<u>1,703,735</u>	<u>464,703</u>	<u>1,239,032</u>	<u>370,427</u>
<b>Total expenditures</b>	<u>1,283,047</u>	<u>1,703,735</u>	<u>464,703</u>	<u>1,239,032</u>	<u>370,427</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>283,953</u>	<u>(136,735)</u>	<u>1,188,710</u>	<u>1,325,445</u>	<u>1,367,502</u>
<b>Other financing sources (uses):</b>					
Transfers out	<u>(109,201)</u>	<u>(173,727)</u>	<u>(94,532)</u>	<u>79,195</u>	<u>(92,773)</u>
<b>Total other financing sources (uses)</b>	<u>(109,201)</u>	<u>(173,727)</u>	<u>(94,532)</u>	<u>79,195</u>	<u>(92,773)</u>
<b>Net change in fund balance</b>	174,752	(310,462)	1,094,178	1,404,640	1,274,729
<b>Fund balance at beginning of year</b>	<u>10,792,816</u>	<u>10,792,816</u>	<u>10,792,816</u>	<u>-</u>	<u>9,518,087</u>
<b>Fund balance at end of year</b>	<u>\$ 10,967,568</u>	<u>10,482,354</u>	<u>11,886,994</u>	<u>1,404,640</u>	<u>10,792,816</u>

CITY OF CAMPBELL

Notes to the Required Supplementary Information

Fiscal year ended June 30, 2010

**(1) Budgets and Budgetary Data**

The City adopts a budget annually for General Fund, Special Revenue, and Debt Service Funds. This budget is effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted by the City Council, and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during the fiscal year. The City Manager is authorized to transfer budgeted amounts within the adopted budget, or from reserves up to \$5,000 per transaction during the fiscal year. All budget adjustments that increase the total appropriations or any adjustments to capital projects must be approved by the City Council. The legal level of expenditure control is at the fund level. All appropriations lapse at year end. During the fiscal year ended June 30, 2009, supplemental adjustments to appropriations were adopted by City Council and have been included in the budget versus actual statements.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles, except for Capital Project Funds which budget on a project length basis and therefore are not comparable on an annual basis. Accordingly, no budgetary comparisons for Capital Project Funds are presented in the financial statements.

Under encumbrance accounting, purchase orders, contracts and other commitments of the expenditures are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of the formal budgetary process. Encumbrances outstanding at year-end lapse and must be reappropriated as part of the following year budget.

**SUPPLEMENTARY SCHEDULES**

## MAJOR AND NON-MAJOR GOVERNMENTAL FUNDS

### NON-MAJOR SPECIAL REVENUE FUNDS:

***Gas Tax*** – Accounts for revenues and expenditures pertaining to the construction and maintenance of City streets.

***Vehicle Impact Fees*** – Accounts for revenues and expenditures pertaining to street maintenance.

***Parkland Dedication Fees*** – Accounts for Quimby Act monies received from developers and records expenditures related to development of designated areas.

***Lighting and Landscaping District*** – Accounts for revenues and expenditures providing for City street lighting and landscaping.

***Community Development Block Grant*** – Accounts for Federal Block Grant Funds used for community development, such as low-and-moderate home rehabilitation grants and loans.

***Other Grants*** – Accounts for Federal, State and local grant funds which are provided for specific purposes.

***Drug Enforcement Revenue*** – Accounts for revenues received through drug related asset seizures and any drug related convictions.

***Environmental Services*** – Accounts for revenues received from developers and franchised garbage collection to be utilized for solid waste management and storm drain improvements.

***Supplemental Law Enforcement*** – Accounts for revenues and expenditures pertaining to grants received for enhancing law enforcement services.

***Museum and Adult Center*** – Accounts for donations received for expenditures related to the City's Museum and Adult Center.

### MAJOR DEBT SERVICE FUNDS:

***COP Debt Service Fund*** – This fund accounts for the City's share of proceeds from and repayments of the 1997 and 2002 COP refinancing, which were utilized chiefly for the City's Community Center and deferred street maintenance projects.

***RDA Debt Service Fund*** – This fund accounts for payment of interest and principal on the Redevelopment Agency's long-term obligations including the 2002 and 2005 Tax Allocation Bonds.

**MAJOR AND NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)**

**MAJOR AND NON-MAJOR CAPITAL PROJECTS FUNDS:**

***Capital Projects Fund*** – Accounts for the expenditures and financing of the City’s capital projects.

***2002 TAB RDA Capital Projects Fund*** - Accounts for expenditures of Redevelopment Agency projects.

***COP Projects*** – Accounts for City share of remaining proceeds from the 1993 and 1997 COP refinancing to be used for City Community Center projects.

***RDA Capital Projects*** – Accounts for proceeds related to the 2002 Tax Allocation Bonds used for the acquisition and construction of various redevelopment projects including the Community Center and Heritage Theater renovations.



CITY OF CAMPBELL  
COP Debt Service Fund

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

Fiscal year ended June 30, 2010  
(With comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ -	185	185	-
Miscellaneous revenue	<u>410,039</u>	<u>400,739</u>	<u>(9,300)</u>	<u>410,472</u>
Total revenues	<u>410,039</u>	<u>400,924</u>	<u>(9,115)</u>	<u>410,472</u>
Expenditures:				
Debt service:				
Principal	635,000	635,000	-	615,000
Interest	<u>971,373</u>	<u>969,856</u>	<u>1,517</u>	<u>991,796</u>
Total expenditures	<u>1,606,373</u>	<u>1,604,856</u>	<u>1,517</u>	<u>1,606,796</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,196,334)</u>	<u>(1,203,932)</u>	<u>(7,598)</u>	<u>(1,196,324)</u>
Other financing sources (uses):				
Transfers in	<u>1,196,334</u>	<u>929,305</u>	<u>(267,029)</u>	<u>944,183</u>
Total other financing sources (uses)	<u>1,196,334</u>	<u>929,305</u>	<u>(267,029)</u>	<u>944,183</u>
Net change in fund balance	-	(274,627)	(274,627)	(252,141)
Fund balance at beginning of year	<u>8,293,807</u>	<u>8,293,807</u>	<u>-</u>	<u>8,545,948</u>
Fund balance at end of year	<u>\$ 8,293,807</u>	<u>8,019,180</u>	<u>(274,627)</u>	<u>8,293,807</u>

CITY OF CAMPBELL  
RDA Debt Service Fund

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

Fiscal year ended June 30, 2010  
(With comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Property taxes	\$ 5,768,338	5,763,885	(4,453)	5,947,747
Investment income	<u>125,000</u>	<u>125,007</u>	<u>7</u>	<u>311,154</u>
Total revenues	<u>5,893,338</u>	<u>5,888,892</u>	<u>(4,446)</u>	<u>6,258,901</u>
Expenditures:				
Redevelopment	270,000	272,279	(2,279)	265,605
Pass-through payments	2,300,000	2,060,735	239,265	1,633,850
SERAF payment	-	2,095,193	(2,095,193)	-
Debt service:				
Principal	1,232,890	970,000	262,890	935,000
Interest	<u>1,606,014</u>	<u>1,607,930</u>	<u>(1,916)</u>	<u>1,656,223</u>
Total expenditures	<u>5,408,904</u>	<u>7,006,137</u>	<u>(1,597,233)</u>	<u>4,490,678</u>
Excess (deficiency) of revenues over (under) expenditures	<u>484,434</u>	<u>(1,117,245)</u>	<u>(1,601,679)</u>	<u>1,768,223</u>
Other financing sources (uses):				
Transfers in	200,000	200,000	-	200,000
Transfers out	<u>(642,757)</u>	<u>(462,634)</u>	<u>180,123</u>	<u>(457,449)</u>
Total other financing sources (uses)	<u>(442,757)</u>	<u>(262,634)</u>	<u>180,123</u>	<u>(257,449)</u>
Net change in fund balance	41,677	(1,379,879)	(1,421,556)	1,510,774
Fund balance at beginning of year,	<u>1,916,098</u>	<u>1,916,098</u>	<u>-</u>	<u>405,324</u>
Fund balance at end of year	<u>\$ 1,957,775</u>	<u>536,219</u>	<u>(1,421,556)</u>	<u>1,916,098</u>

CITY OF CAMPBELL  
Capital Projects Fund

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

Fiscal year ended June 30, 2010

(With comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Project revenues	\$ 881,968	33,306	(848,662)	144,000
Total revenues	<u>881,968</u>	<u>33,306</u>	<u>(848,662)</u>	<u>144,000</u>
Expenditures:				
General Government	440,026	155,230	284,796	84,111
Recreation	3,043,029	545,605	2,497,424	57,481
Redevelopment	5,483,255	1,352,597	4,130,658	1,912,257
Public Safety	-	-	-	1,414
Public Works	<u>9,783,448</u>	<u>2,820,669</u>	<u>6,962,779</u>	<u>3,686,510</u>
Total expenditures	<u>18,749,758</u>	<u>4,874,101</u>	<u>13,875,657</u>	<u>5,741,773</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,867,790)</u>	<u>(4,840,795)</u>	<u>13,026,995</u>	<u>(5,597,773)</u>
Other financing sources (uses):				
Transfers in	<u>17,897,087</u>	<u>4,840,796</u>	<u>(13,056,291)</u>	<u>5,495,489</u>
Total other financing sources (uses)	<u>17,897,087</u>	<u>4,840,796</u>	<u>(13,056,291)</u>	<u>5,495,489</u>
Net change in fund balance	29,297	1	(29,296)	(102,284)
Fund balance at beginning of year	<u>33,600</u>	<u>33,600</u>	<u>-</u>	<u>135,884</u>
Fund balance at end of year	<u>\$ 62,897</u>	<u>33,601</u>	<u>(29,296)</u>	<u>33,600</u>

CITY OF CAMPBELL  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010  
(With comparative information for the prior year)

	Special Revenue Funds	Capital Projects Funds	Total	
			2010	2009
<u>Assets</u>				
Cash and investments	\$ 2,855,985	2,672,886	5,528,871	8,302,625
Restricted cash and investments	-	35,960	35,960	35,960
Taxes receivable	1,848	-	1,848	3,411
Accounts receivable	854,969	-	854,969	221,432
Notes and loans	1,449,887	-	1,449,887	1,335,105
Due from other funds	17,356	27,915	45,271	50,297
	<u>\$ 5,180,045</u>	<u>2,736,761</u>	<u>7,916,806</u>	<u>9,948,830</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 202,363	2,254	204,617	158,215
Accrued payroll	49,888	7,266	57,154	113,264
Due to other funds	676,363	-	676,363	343,018
Deferred revenue	223,859	-	223,859	673,492
	<u>1,152,473</u>	<u>9,520</u>	<u>1,161,993</u>	<u>1,287,989</u>
Fund balances:				
Reserved:				
Encumbrances	58,129	-	58,129	94,294
Capital projects	1,666,429	-	1,666,429	2,002,349
Notes receivable	1,449,887	-	1,449,887	1,335,105
Unreserved:				
Undesignated, reported in:				
Special revenue	853,127	-	853,127	940,846
Capital projects	-	2,727,241	2,727,241	4,288,247
	<u>4,027,572</u>	<u>2,727,241</u>	<u>6,754,813</u>	<u>8,660,841</u>
Total fund balances	<u>4,027,572</u>	<u>2,727,241</u>	<u>6,754,813</u>	<u>8,660,841</u>
Total liabilities and fund balances	<u>\$ 5,180,045</u>	<u>2,736,761</u>	<u>7,916,806</u>	<u>9,948,830</u>

CITY OF CAMPBELL  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Fiscal year ended June 30, 2010  
(With comparative information for the prior year)

	Special Revenue Funds	Capital Projects Funds	Total	
			2010	2009
<b>Revenues:</b>				
Property taxes	\$ 670,737	-	670,737	712,386
Special assessments	1,135,464	-	1,135,464	1,135,051
Investment income	44,895	46,452	91,347	241,441
Intergovernmental	4,077,609	-	4,077,609	4,873,211
Charges for services	311,690	-	311,690	322,241
Donations	49,860	-	49,860	31,357
Parkland dedication fees	112,904	-	112,904	39,648
Miscellaneous revenues	40,200	980	41,180	93,749
Total revenues	6,443,359	47,432	6,490,791	7,449,084
<b>Expenditures</b>				
<b>Current:</b>				
Community Development	245,414	-	245,414	236,267
Redevelopment	-	358,463	358,463	376,850
Public Safety	140,007	-	140,007	105,719
Public Works	3,715,745	-	3,715,745	3,829,577
Total expenditures	4,101,166	358,463	4,459,629	4,548,413
Excess (deficiency) of revenues over (under) expenditures	2,342,193	(311,031)	2,031,162	2,900,671
<b>Other financing sources (uses):</b>				
Transfers in	1,813,408	-	1,813,408	1,931,477
Transfers out	(4,500,623)	(1,249,975)	(5,750,598)	(6,235,691)
Total other financing sources (uses)	(2,687,215)	(1,249,975)	(3,937,190)	(4,304,214)
Net change in fund balances	(345,022)	(1,561,006)	(1,906,028)	(1,403,543)
Fund balances at beginning of year	4,372,594	4,288,247	8,660,841	10,064,384
Fund balances at end of year	\$ 4,027,572	2,727,241	6,754,813	8,660,841

CITY OF CAMPBELL  
 Nonmajor Special Revenue Funds  
 Combining Balance Sheet  
 June 30, 2010  
 (With comparative information for the prior year)

	<u>Gas Tax</u>	<u>Vehicle Impact Fees</u>	<u>Parkland Dedication Fees</u>	<u>Lighting and Landscaping District</u>	<u>Community Development Block Grant</u>
<u>Assets</u>					
Cash and investments	\$ 241,275	229,015	473,820	118,189	121,620
Taxes receivable	-	-	-	1,848	-
Accounts receivable	134,274	3,467	-	4,278	37,735
Notes and loans	-	-	-	-	1,449,887
Due from other funds	6,565	-	6,449	-	-
	<u>382,114</u>	<u>232,482</u>	<u>480,269</u>	<u>124,315</u>	<u>1,609,242</u>
Total assets	\$ 382,114	232,482	480,269	124,315	1,609,242
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 49,036	-	-	92,776	60,551
Accrued payroll	16,692	-	-	31,539	1,657
Due to other funds	-	-	-	-	97,014
Deferred revenue	4,262	-	-	-	-
	<u>69,990</u>	<u>-</u>	<u>-</u>	<u>124,315</u>	<u>159,222</u>
Total liabilities	69,990	-	-	124,315	159,222
Fund balances:					
Reserved for:					
Encumbrances	29,110	-	-	29,019	-
Capital projects	268,335	232,482	480,269	-	-
Notes receivable	-	-	-	-	1,449,887
Unreserved:					
Undesignated	14,679	-	-	(29,019)	133
	<u>312,124</u>	<u>232,482</u>	<u>480,269</u>	<u>-</u>	<u>1,450,020</u>
Total fund balances	312,124	232,482	480,269	-	1,450,020
Total liabilities and fund balances	\$ 382,114	232,482	480,269	124,315	1,609,242

Other Grants	Drug Enforcement Revenue	Environmental Services	Supplemental Law Enforcement	Museum and Adult Center	Totals	
					2010	2009
719,113	5,832	737,293	75,658	134,170	2,855,985	4,069,655
-	-	-	-	-	1,848	3,411
649,640	-	10,575	-	15,000	854,969	221,432
-	-	-	-	-	1,449,887	1,335,105
437	-	2,276	542	1,087	17,356	16,347
<u>1,369,190</u>	<u>5,832</u>	<u>750,144</u>	<u>76,200</u>	<u>150,257</u>	<u>5,180,045</u>	<u>5,645,950</u>
-	-	-	-	-	202,363	152,699
-	-	-	-	-	49,888	104,147
579,349	-	-	-	-	676,363	343,018
129,597	-	-	75,000	15,000	223,859	673,492
<u>708,946</u>	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>15,000</u>	<u>1,152,473</u>	<u>1,273,356</u>
-	-	-	-	-	58,129	94,294
660,244	-	25,099	-	-	1,666,429	2,002,349
-	-	-	-	-	1,449,887	1,335,105
-	5,832	725,045	1,200	135,257	853,127	940,846
<u>660,244</u>	<u>5,832</u>	<u>750,144</u>	<u>1,200</u>	<u>135,257</u>	<u>4,027,572</u>	<u>4,372,594</u>
<u>1,369,190</u>	<u>5,832</u>	<u>750,144</u>	<u>76,200</u>	<u>150,257</u>	<u>5,180,045</u>	<u>5,645,950</u>

CITY OF CAMPBELL  
 Nonmajor Special Revenue Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Fiscal year ended June 30, 2010  
 (With comparative information for the prior year)

	Gas Tax	Vehicle Impact Fees	Parkland Dedication Fees	Lighting and Landscaping District	Community Development Block Grant
Revenues:					
Property taxes	\$ -	-	-	670,737	-
Special assessments	-	-	-	1,135,464	-
Investment income	13,885	-	9,465	3,052	10,500
Intergovernmental	1,052,180	122,756	-	4,624	134,411
Charges for services	-	-	-	-	59,613
Donations	-	-	-	-	-
Parkland dedication fees	-	-	112,904	-	-
Miscellaneous	1,550	-	-	38,564	86
<b>Total revenues</b>	<b>1,067,615</b>	<b>122,756</b>	<b>122,369</b>	<b>1,852,441</b>	<b>204,610</b>
Expenditures:					
Current:					
Community Development	-	-	-	-	245,414
Public Safety	-	-	-	-	-
Public Works	1,114,029	-	-	2,601,716	-
<b>Total expenditures</b>	<b>1,114,029</b>	<b>-</b>	<b>-</b>	<b>2,601,716</b>	<b>245,414</b>
Excess (deficiency) of revenues over (under) expenditures	(46,414)	122,756	122,369	(749,275)	(40,804)
Other financing sources (uses):					
Transfers in	369,548	-	-	849,272	32,931
Transfers out	(312,398)	-	(754,593)	(100,000)	-
<b>Total other financing sources (uses)</b>	<b>57,150</b>	<b>-</b>	<b>(754,593)</b>	<b>749,272</b>	<b>32,931</b>
Net change in fund balances	10,736	122,756	(632,224)	(3)	(7,873)
Fund balances at beginning of year	301,388	109,726	1,112,493	3	1,457,893
Fund balances at end of year	\$ 312,124	232,482	480,269	-	1,450,020

Other Grants	Drug Enforcement Revenue	Environmental Services	Supplemental Law Enforcement	Museum and Adult Center	Totals	
					2010	2009
-	-	-	-	-	670,737	712,386
-	-	-	-	-	1,135,464	1,135,051
935	-	4,143	960	1,955	44,895	87,575
2,657,371	1,267	5,000	100,000	-	4,077,609	4,873,211
-	-	252,077	-	-	311,690	322,241
-	-	-	-	49,860	49,860	31,357
-	-	-	-	-	112,904	39,648
-	-	-	-	-	40,200	29,307
<u>2,658,306</u>	<u>1,267</u>	<u>261,220</u>	<u>100,960</u>	<u>51,815</u>	<u>6,443,359</u>	<u>7,230,776</u>
-	-	-	-	-	245,414	236,267
39,719	-	-	100,288	-	140,007	105,719
-	-	-	-	-	3,715,745	3,829,577
<u>39,719</u>	<u>-</u>	<u>-</u>	<u>100,288</u>	<u>-</u>	<u>4,101,166</u>	<u>4,171,563</u>
<u>2,618,587</u>	<u>1,267</u>	<u>261,220</u>	<u>672</u>	<u>51,815</u>	<u>2,342,193</u>	<u>3,059,213</u>
6,657	-	555,000	-	-	1,813,408	1,931,477
(2,410,352)	(5,000)	(868,300)	-	(49,980)	(4,500,623)	(5,531,454)
<u>(2,403,695)</u>	<u>(5,000)</u>	<u>(313,300)</u>	<u>-</u>	<u>(49,980)</u>	<u>(2,687,215)</u>	<u>(3,599,977)</u>
214,892	(3,733)	(52,080)	672	1,835	(345,022)	(540,764)
<u>445,352</u>	<u>9,565</u>	<u>802,224</u>	<u>528</u>	<u>133,422</u>	<u>4,372,594</u>	<u>4,913,358</u>
<u>660,244</u>	<u>5,832</u>	<u>750,144</u>	<u>1,200</u>	<u>135,257</u>	<u>4,027,572</u>	<u>4,372,594</u>

CITY OF CAMPBELL

Gas Tax

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

Fiscal year ended June 30, 2010

(With comparative information for the prior year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ -	13,885	13,885	6,296
Intergovernmental	1,111,000	1,052,180	(58,820)	936,798
Miscellaneous revenues	<u>2,500</u>	<u>1,550</u>	<u>(950)</u>	<u>2,624</u>
Total revenues	<u>1,113,500</u>	<u>1,067,615</u>	<u>(45,885)</u>	<u>945,718</u>
Expenditures:				
Current:				
Public Works	<u>1,212,765</u>	<u>1,114,029</u>	<u>98,736</u>	<u>1,111,832</u>
Total expenditures	<u>1,212,765</u>	<u>1,114,029</u>	<u>98,736</u>	<u>1,111,832</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(99,265)</u>	<u>(46,414)</u>	<u>52,851</u>	<u>(166,114)</u>
Other financing sources (uses):				
Transfers in	369,548	369,548	-	366,000
Transfers out	<u>(1,103,240)</u>	<u>(312,398)</u>	<u>790,842</u>	<u>(167,893)</u>
Total other financing sources (uses)	<u>(733,692)</u>	<u>57,150</u>	<u>790,842</u>	<u>198,107</u>
Net change in fund balance	(832,957)	10,736	843,693	31,993
Fund balance at beginning of year	<u>301,388</u>	<u>301,388</u>	<u>-</u>	<u>269,395</u>
Fund balance at end of year	<u>\$ (531,569)</u>	<u>312,124</u>	<u>843,693</u>	<u>301,388</u>

CITY OF CAMPBELL

Vehicle Impact Fees

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

Fiscal year ended June 30, 2010

(With comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ 180,000	122,756	(57,244)	109,726
Total revenues	<u>180,000</u>	<u>122,756</u>	<u>(57,244)</u>	<u>109,726</u>
Other financing sources (uses):				
Transfers out	<u>(278,000)</u>	-	<u>278,000</u>	-
Total other financing sources (uses)	<u>(278,000)</u>	-	<u>278,000</u>	-
Net change in fund balance	(98,000)	122,756	220,756	109,726
Fund balance at beginning of year	<u>109,726</u>	<u>109,726</u>	-	-
Fund balance at end of year	<u>\$ 11,726</u>	<u>232,482</u>	<u>220,756</u>	<u>109,726</u>

CITY OF CAMPBELL  
Parkland Dedication Fees

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

Fiscal year ended June 30, 2010  
(With comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ -	9,465	9,465	48,673
Parkland dedication fees	<u>-</u>	<u>112,904</u>	<u>112,904</u>	<u>39,648</u>
 Total revenues	 <u>-</u>	 <u>122,369</u>	 <u>122,369</u>	 <u>88,321</u>
Other financing sources (uses):				
Transfers in	-	-	-	26,971
Transfers out	<u>(2,119,099)</u>	<u>(754,593)</u>	<u>1,364,506</u>	<u>(780,401)</u>
 Total other financing sources (uses)	 <u>(2,119,099)</u>	 <u>(754,593)</u>	 <u>1,364,506</u>	 <u>(753,430)</u>
 Net change in fund balance	 (2,119,099)	 (632,224)	 1,486,875	 (665,109)
 Fund balance at beginning of year	 <u>1,112,493</u>	 <u>1,112,493</u>	 <u>-</u>	 <u>1,777,602</u>
 Fund balance at end of year	 <u>\$ (1,006,606)</u>	 <u>480,269</u>	 <u>1,486,875</u>	 <u>1,112,493</u>

CITY OF CAMPBELL  
 Lighting and Landscaping District  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Fiscal year ended June 30, 2010  
 (With comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Property taxes	\$ 640,000	670,737	30,737	712,386
Special assessments	1,140,000	1,135,464	(4,536)	1,135,051
Investment income	-	3,052	3,052	5,811
Intergovernmental	2,500	4,624	2,124	-
Miscellaneous revenues	<u>30,000</u>	<u>38,564</u>	<u>8,564</u>	<u>19,957</u>
 Total revenues	 <u>1,812,500</u>	 <u>1,852,441</u>	 <u>39,941</u>	 <u>1,873,205</u>
Expenditures:				
Current:				
Public Works	<u>2,639,963</u>	<u>2,601,716</u>	<u>38,247</u>	<u>2,717,745</u>
 Total expenditures	 <u>2,639,963</u>	 <u>2,601,716</u>	 <u>38,247</u>	 <u>2,717,745</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(827,463)</u>	 <u>(749,275)</u>	 <u>78,188</u>	 <u>(844,540)</u>
Other financing sources (uses):				
Transfers in	877,459	849,272	(28,187)	944,030
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
 Total other financing sources (uses)	 <u>777,459</u>	 <u>749,272</u>	 <u>(28,187)</u>	 <u>844,030</u>
 Net change in fund balance	 (50,004)	 (3)	 50,001	 (510)
 Fund balance at beginning of year	 <u>3</u>	 <u>3</u>	 <u>-</u>	 <u>513</u>
 Fund balance (deficit) at end of year	 <u>\$ (50,001)</u>	 <u>-</u>	 <u>50,001</u>	 <u>3</u>

CITY OF CAMPBELL  
Community Development Block Grant  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual

Fiscal year ended June 30, 2010  
(With comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ 10,000	10,500	500	8,155
Intergovernmental	134,409	134,411	2	133,214
Charges for services	58,000	59,613	1,613	65,831
Miscellaneous revenues	<u>75,000</u>	<u>86</u>	<u>(74,914)</u>	<u>2,034</u>
 Total revenues	 <u>277,409</u>	 <u>204,610</u>	 <u>(72,799)</u>	 <u>209,234</u>
Expenditures:				
Current:				
Community Development	<u>390,507</u>	<u>245,414</u>	<u>145,093</u>	<u>236,267</u>
 Total expenditures	 <u>390,507</u>	 <u>245,414</u>	 <u>145,093</u>	 <u>236,267</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(113,098)</u>	 <u>(40,804)</u>	 <u>72,294</u>	 <u>(27,033)</u>
Other financing sources (uses):				
Transfers in	<u>42,600</u>	<u>32,931</u>	<u>(9,669)</u>	<u>39,476</u>
 Total other financing sources (uses)	 <u>42,600</u>	 <u>32,931</u>	 <u>(9,669)</u>	 <u>39,476</u>
 Net change in fund balance	 (70,498)	 (7,873)	 62,625	 12,443
 Fund balance at beginning of year	 <u>1,457,893</u>	 <u>1,457,893</u>	 <u>-</u>	 <u>1,445,450</u>
 Fund balance at end of year	 <u>\$ 1,387,395</u>	 <u>1,450,020</u>	 <u>62,625</u>	 <u>1,457,893</u>

CITY OF CAMPBELL

Other Grants

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

Fiscal year ended June 30, 2010

(With comparative information for the prior year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ -	935	935	3,427
Intergovernmental	<u>6,256,895</u>	<u>2,657,371</u>	<u>(3,599,524)</u>	<u>3,580,073</u>
Total revenues	<u>6,256,895</u>	<u>2,658,306</u>	<u>(3,598,589)</u>	<u>3,583,500</u>
Expenditures:				
Current:				
Public Safety	<u>40,000</u>	<u>39,719</u>	<u>281</u>	<u>-</u>
Total expenditures	<u>40,000</u>	<u>39,719</u>	<u>281</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,216,895</u>	<u>2,618,587</u>	<u>(3,598,308)</u>	<u>3,583,500</u>
Other financing sources (uses):				
Transfers in	7,247	6,657	(590)	-
Transfers out	<u>(6,016,542)</u>	<u>(2,410,352)</u>	<u>3,606,190</u>	<u>(3,557,986)</u>
Total other financing sources (uses)	<u>(6,009,295)</u>	<u>(2,403,695)</u>	<u>3,605,600</u>	<u>(3,557,986)</u>
Net change in fund balance	207,600	214,892	7,292	25,514
Fund balance at beginning of year	<u>445,352</u>	<u>445,352</u>	<u>-</u>	<u>419,838</u>
Fund balance at end of year	<u>\$ 652,952</u>	<u>660,244</u>	<u>7,292</u>	<u>445,352</u>

CITY OF CAMPBELL  
Drug Enforcement Revenue

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

Fiscal year ended June 30, 2010  
(With comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ 5,000	1,267	(3,733)	2,973
Total revenues	<u>5,000</u>	<u>1,267</u>	<u>(3,733)</u>	<u>2,973</u>
Other financing sources (uses):				
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>
Total other financing sources (uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>
Net change in fund balance	-	(3,733)	(3,733)	(2,027)
Fund balance at beginning of year	<u>9,565</u>	<u>9,565</u>	<u>-</u>	<u>11,592</u>
Fund balance at end of year	<u>\$ 9,565</u>	<u>5,832</u>	<u>(3,733)</u>	<u>9,565</u>

CITY OF CAMPBELL  
Environmental Services

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

Fiscal year ended June 30, 2010  
(With comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ -	4,143	4,143	8,595
Intergovernmental	7,500	5,000	(2,500)	10,427
Charges for services	208,800	252,077	43,277	256,410
Miscellaneous revenues	<u>57,000</u>	<u>-</u>	<u>(57,000)</u>	<u>4,692</u>
 Total revenues	 <u>273,300</u>	 <u>261,220</u>	 <u>(12,080)</u>	 <u>280,124</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>273,300</u>	 <u>261,220</u>	 <u>(12,080)</u>	 <u>280,124</u>
Other financing sources (uses):				
Transfers in	555,000	555,000	-	555,000
Transfers out	<u>(945,479)</u>	<u>(868,300)</u>	<u>77,179</u>	<u>(882,384)</u>
 Total expenditures	 <u>(390,479)</u>	 <u>(313,300)</u>	 <u>77,179</u>	 <u>(327,384)</u>
 Net change in fund balance	 (117,179)	 (52,080)	 65,099	 (47,260)
 Fund balance at beginning of year	 <u>802,224</u>	 <u>802,224</u>	 <u>-</u>	 <u>849,484</u>
 Fund balance at end of year	 <u>\$ 685,045</u>	 <u>750,144</u>	 <u>65,099</u>	 <u>802,224</u>

CITY OF CAMPBELL  
Supplemental Law Enforcement

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

Fiscal year ended June 30, 2010  
(With comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ -	960	960	2,271
Intergovernmental	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
 Total revenues	 <u>100,000</u>	 <u>100,960</u>	 <u>960</u>	 <u>102,271</u>
Expenditures:				
Current:				
Public Safety	<u>100,000</u>	<u>100,288</u>	<u>(288)</u>	<u>105,719</u>
 Total expenditures	 <u>100,000</u>	 <u>100,288</u>	 <u>(288)</u>	 <u>105,719</u>
 Excess (deficiency) of revenues over (under) expenditures	 -	 672	 672	 (3,448)
 Fund balance at beginning of year	 <u>528</u>	 <u>528</u>	 <u>-</u>	 <u>3,976</u>
 Fund balance at end of year	 <u>\$ 528</u>	 <u>1,200</u>	 <u>672</u>	 <u>528</u>

CITY OF CAMPBELL  
Museum and Adult Center

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

Fiscal year ended June 30, 2010  
(With comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ -	1,955	1,955	4,347
Donations	<u>44,500</u>	<u>49,860</u>	<u>5,360</u>	<u>31,357</u>
Total revenues	<u>44,500</u>	<u>51,815</u>	<u>7,315</u>	<u>35,704</u>
Excess (deficiency) of revenues over (under) expenditures	<u>44,500</u>	<u>51,815</u>	<u>7,315</u>	<u>35,704</u>
Other financing sources (uses):				
Transfers out	<u>(44,500)</u>	<u>(49,980)</u>	<u>(5,480)</u>	<u>(37,790)</u>
Total other financing sources (uses)	<u>(44,500)</u>	<u>(49,980)</u>	<u>(5,480)</u>	<u>(37,790)</u>
Net change in fund balance	-	1,835	1,835	(2,086)
Fund balance at beginning of year	<u>133,422</u>	<u>133,422</u>	<u>-</u>	<u>135,508</u>
Fund balance at end of year	<u>\$ 133,422</u>	<u>135,257</u>	<u>1,835</u>	<u>133,422</u>

CITY OF CAMPBELL  
 Nonmajor Capital Projects Funds  
 Combining Balance Sheet  
 June 30, 2010  
 (With comparative information for the prior year)

	2002 TAB			Totals	
	RDA Capital	COP	RDA Capital	2010	2009
	<u>Projects</u>	<u>Projects</u>	<u>Projects</u>		
<u>Assets</u>					
Cash and investments	\$ 2,515,861	140,412	16,613	2,672,886	4,232,970
Restricted cash and investments	35,960	-	-	35,960	35,960
Due from other funds	<u>22,322</u>	<u>-</u>	<u>5,593</u>	<u>27,915</u>	<u>33,950</u>
 Total assets	 <u>\$ 2,574,143</u>	 <u>140,412</u>	 <u>22,206</u>	 <u>2,736,761</u>	 <u>4,302,880</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ -	-	2,254	2,254	5,516
Accrued payroll	<u>-</u>	<u>-</u>	<u>7,266</u>	<u>7,266</u>	<u>9,117</u>
 Total liabilities	 <u>-</u>	 <u>-</u>	 <u>9,520</u>	 <u>9,520</u>	 <u>14,633</u>
Fund balances:					
Reserved:					
Capital projects	<u>2,574,143</u>	<u>140,412</u>	<u>12,686</u>	<u>2,727,241</u>	<u>4,288,247</u>
 Total fund balances	 <u>2,574,143</u>	 <u>140,412</u>	 <u>12,686</u>	 <u>2,727,241</u>	 <u>4,288,247</u>
 Total liabilities and fund balances	 <u>\$ 2,574,143</u>	 <u>140,412</u>	 <u>22,206</u>	 <u>2,736,761</u>	 <u>4,302,880</u>

CITY OF CAMPBELL  
 Nonmajor Capital Projects Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Fiscal year ended June 30, 2010  
 (With comparative information for the prior year)

	2002 TAB	COP	RDA Capital	Totals	
	RDA Capital			Projects	2010
	Projects	Projects	Projects		
<b>Revenues:</b>					
Investment income	\$ 38,770	-	7,682	46,452	153,866
Miscellaneous revenues	-	-	980	980	64,442
<b>Total revenues</b>	<b>38,770</b>	<b>-</b>	<b>8,662</b>	<b>47,432</b>	<b>218,308</b>
<b>Expenditures:</b>					
Redevelopment	-	-	358,463	358,463	376,850
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>358,463</b>	<b>358,463</b>	<b>376,850</b>
Excess (deficiency) of revenues over (under) expenditures	38,770	-	(349,801)	(311,031)	(158,542)
<b>Other financing sources (uses):</b>					
Transfers out	(487,267)	-	(762,708)	(1,249,975)	(704,237)
<b>Total other financing sources (uses)</b>	<b>(487,267)</b>	<b>-</b>	<b>(762,708)</b>	<b>(1,249,975)</b>	<b>(704,237)</b>
<b>Net change in fund balance</b>	<b>(448,497)</b>	<b>-</b>	<b>(1,112,509)</b>	<b>(1,561,006)</b>	<b>(862,779)</b>
Fund balances at beginning of year	3,022,640	140,412	1,125,195	4,288,247	5,151,026
<b>Fund balances at end of year</b>	<b>\$ 2,574,143</b>	<b>140,412</b>	<b>12,686</b>	<b>2,727,241</b>	<b>4,288,247</b>



## INTERNAL SERVICE FUNDS

Accounts for goods or services provided to other departments of the City where the intent of the City is that the costs of these goods or services are to be recovered through interdepartmental charges at the time that the goods are delivered or the services rendered to those departments.

***Motor Vehicle Pool*** – Accounts for the costs of operating, maintaining and replacing vehicle and other equipment used by City departments. Rental rates charged to user departments include costs and equipment depreciation.

***Workers' Compensation Self-Insurance*** – Accounts for revenues derived from charges made to operating departments at rates based on the State Compensation Fund, annually adjusted to ensure an adequate reserve for future claims. This fund is charged for administrative costs of settling claims as well as material and other costs of job related illness or injury.

***Information Technology Services*** – Accounts for the costs of operating, maintaining, and replacing computer hardware and software. Rental rates charged to the user departments include operating costs and equipment depreciation.

CITY OF CAMPBELL  
Internal Service Funds  
Combining Statement of Net Assets  
June 30, 2010  
(With comparative information for the prior year)

	Motor Vehicle Pool	Workers' Compensation Self-Insurance	Information Technology Services	Totals	
				2010	2009
Assets:					
Current assets:					
Cash and investments	\$ 694,601	3,169,804	1,545,538	5,409,943	5,249,150
Deposits	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>
Total current assets	<u>694,601</u>	<u>3,229,804</u>	<u>1,545,538</u>	<u>5,469,943</u>	<u>5,309,150</u>
Noncurrent assets					
Capital assets, net of accumulated depreciation	<u>754,280</u>	<u>-</u>	<u>361,272</u>	<u>1,115,552</u>	<u>1,367,909</u>
Total assets	<u>1,448,881</u>	<u>3,229,804</u>	<u>1,906,810</u>	<u>6,585,495</u>	<u>6,677,059</u>
Liabilities:					
Current liabilities:					
Accounts payable	35,392	60,512	30,619	126,523	60,395
Accrued payroll	6,045	-	9,978	16,023	32,895
Noncurrent liabilities:					
Compensated absences	9,759	-	23,649	33,408	30,288
Claims and judgements payable	<u>-</u>	<u>1,376,223</u>	<u>-</u>	<u>1,376,223</u>	<u>1,644,161</u>
Total liabilities	<u>51,196</u>	<u>1,436,735</u>	<u>64,246</u>	<u>1,552,177</u>	<u>1,767,739</u>
Net assets:					
Invested in capital assets	754,280	-	361,272	1,115,552	1,367,909
Unrestricted	<u>643,405</u>	<u>1,793,069</u>	<u>1,481,292</u>	<u>3,917,766</u>	<u>3,541,411</u>
Total net assets	<u>\$ 1,397,685</u>	<u>1,793,069</u>	<u>1,842,564</u>	<u>5,033,318</u>	<u>4,909,320</u>

CITY OF CAMPBELL  
Internal Service Funds  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Fiscal year ended June 30, 2010  
(With comparative information for the prior year)

	Motor Vehicle Pool	Workers' Compensation Self-Insurance	Information Technology Services	Totals	
				2010	2009
Operating revenues:					
Charges for services	\$ 950,000	-	1,050,000	2,000,000	2,000,000
Other	2,192	336,765	2,224	341,181	884,114
Total operating revenues	952,192	336,765	1,052,224	2,341,181	2,884,114
Operating expenses:					
Personnel services	274,959	36,003	503,208	814,170	798,003
Services and supplies	583,463	-	323,315	906,778	991,589
Depreciation	276,271	-	165,883	442,154	484,576
Total operating expenses	1,134,693	36,003	992,406	2,163,102	2,274,168
Operating income (loss)	(182,501)	300,762	59,818	178,079	609,946
Transfers and capital contributions:					
Transfers in	18,495	-	-	18,495	14,642
Transfers out	(50,000)	-	(22,576)	(72,576)	(72,520)
Total transfers and capital contributions	(31,505)	-	(22,576)	(54,081)	(57,878)
Change in net assets	(214,006)	300,762	37,242	123,998	552,068
Net assets at beginning of year	1,611,691	1,492,307	1,805,322	4,909,320	4,357,252
Net assets at end of year	\$ 1,397,685	1,793,069	1,842,564	5,033,318	4,909,320

CITY OF CAMPBELL  
Internal Service Funds  
Combining Statement of Cash Flows  
Fiscal year ended June 30, 2010  
(With comparative information for the prior year)

	Motor Vehicle	Workers'	Information	Totals	
	Pool	Compensation Self-Insurance	Technology Services	2010	2009
Cash flows from operating activities:					
Cash received from department users	\$ 952,192	416,990	1,052,224	2,421,406	2,784,943
Cash payments to suppliers of goods and services	(563,967)	(305,282)	(319,567)	(1,188,816)	(1,504,422)
Cash payments to employees for services	(280,489)	(37,492)	(509,938)	(827,919)	(715,957)
Net cash provided by (used for) operating activities	<u>107,736</u>	<u>74,216</u>	<u>222,719</u>	<u>404,671</u>	<u>564,564</u>
Cash flows from non-capital financing activities:					
Cash received from other funds	18,495	-	-	18,495	14,642
Cash paid to other funds	(50,000)	-	(22,576)	(72,576)	(72,520)
Net cash provided by (used for) non-capital and related activities	<u>(31,505)</u>	<u>-</u>	<u>(22,576)</u>	<u>(54,081)</u>	<u>(57,878)</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(125,919)	-	(63,878)	(189,797)	(277,342)
Net cash provided by (used for) capital and related financing activities	<u>(125,919)</u>	<u>-</u>	<u>(63,878)</u>	<u>(189,797)</u>	<u>(277,342)</u>
Net increase (decrease) in cash and cash equivalents	(49,688)	74,216	136,265	160,793	229,344
Cash and cash equivalents at beginning of year	<u>744,289</u>	<u>3,095,588</u>	<u>1,409,273</u>	<u>5,249,150</u>	<u>5,019,806</u>
Cash and cash equivalents at end of year	<u>\$ 694,601</u>	<u>3,169,804</u>	<u>1,545,538</u>	<u>5,409,943</u>	<u>5,249,150</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ (182,501)	300,762	59,818	178,079	609,942
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	276,271	-	165,883	442,154	484,576
(Increase) decrease in deposits	-	-	-	-	60,000
Increase (decrease) in accounts payable	19,496	42,881	3,751	66,128	(191,772)
Increase (decrease) in accrued payroll	(5,313)	(1,489)	(10,070)	(16,872)	16,671
Increase (decrease) in compensated absences	(217)	-	3,337	3,120	(4,154)
Increase (decrease) in claims and judgments payable	-	(267,938)	-	(267,938)	(410,699)
Net cash provided by (used for) operating activities	<u>\$ 107,736</u>	<u>74,216</u>	<u>222,719</u>	<u>404,671</u>	<u>564,564</u>

There were no significant noncash investing or financing activities for the year ended June 30, 2010 and 2009.

## FIDUCIARY FUNDS

Accounts for assets held by the City on behalf of other organizations.

*West Valley Solid Waste Management Authority* – Accounts for the monies of the West Valley Solid Waste Management Authority. The City acts as custodian for the operating resources of the entity.

*1915 Act Bonds* – Accounts for the assessments received and the payment of principal and interest under the Improvement Bond Act of 1915.

CITY OF CAMPBELL  
 Agency Funds  
 Combining Balance Sheet  
 June 30, 2010  
 (With comparative information for the prior year)

	West Valley Solid Waste Management Authority	1915 Act Bonds	Totals	
			<u>2010</u>	<u>2009</u>
<b>Assets:</b>				
Cash and investments	\$ 170,837	118,493	289,330	259,618
Accounts receivable	-	148,446	148,446	198,446
Taxes receivable	-	204	204	82
	<u>-</u>	<u>204</u>	<u>204</u>	<u>82</u>
 Total assets	 <u>\$ 170,837</u>	 <u>267,143</u>	 <u>437,980</u>	 <u>458,146</u>
 <b>Liabilities:</b>				
Accounts payable	\$ 8,497	56	8,553	9,424
Due to West Valley Solid Waste JPA	162,340	-	162,340	127,392
Due to bondholders	-	267,087	267,087	321,330
	<u>-</u>	<u>267,087</u>	<u>267,087</u>	<u>321,330</u>
 Total liabilities	 <u>\$ 170,837</u>	 <u>267,143</u>	 <u>437,980</u>	 <u>458,146</u>

CITY OF CAMPBELL  
Agency Funds  
Statement of Changes in Assets and Liabilities  
Fiscal year ended June 30, 2010

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<hr/> <u>West Valley Solid Waste Management Authority</u> <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$ 136,816	116,641	82,620	170,837
Accounts receivable	-	67,463	67,463	-
Total assets	<u>\$ 136,816</u>	<u>184,104</u>	<u>150,083</u>	<u>170,837</u>
 <u>Liabilities</u>				
Accounts payable	\$ 9,424	75,336	76,263	8,497
Due to West Valley Solid Waste JPA	127,392	108,768	73,820	162,340
Total liabilities	<u>\$ 136,816</u>	<u>184,104</u>	<u>150,083</u>	<u>170,837</u>
 <hr/> <u>1915 Act Bonds</u> <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$ 122,802	50,008	54,317	118,493
Accounts receivable	198,446	-	50,000	148,446
Taxes receivable	82	204	82	204
Total Assets	<u>\$ 321,330</u>	<u>50,212</u>	<u>104,399</u>	<u>267,143</u>
 <u>Liabilities</u>				
Accounts payable	\$ -	3,273	3,217	56
Due to bondholders	321,330	46,939	101,182	267,087
Total liabilities	<u>\$ 321,330</u>	<u>50,212</u>	<u>104,399</u>	<u>267,143</u>
 <hr/> <u>Total Agency Funds</u> <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$ 259,618	166,649	136,937	289,330
Accounts receivable	198,446	67,463	117,463	148,446
Taxes receivable	82	204	82	204
Total Assets	<u>\$ 458,146</u>	<u>234,316</u>	<u>254,482</u>	<u>437,980</u>
 <u>Liabilities</u>				
Accounts payable	\$ 9,424	78,609	79,480	8,553
Payable to West Valley Solid Waste JPA	127,392	108,768	73,820	162,340
Due to bondholders	321,330	46,939	101,182	267,087
Total Liabilities	<u>\$ 458,146</u>	<u>234,316</u>	<u>254,482</u>	<u>437,980</u>



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

### ***Revenue Capacity***

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

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

### ***Debt Capacity***

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

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

### ***Demographic and Economic Information***

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

1. Demographic and Economic Statistics
2. Top Ten Principal Employers

### ***Operating Information***

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

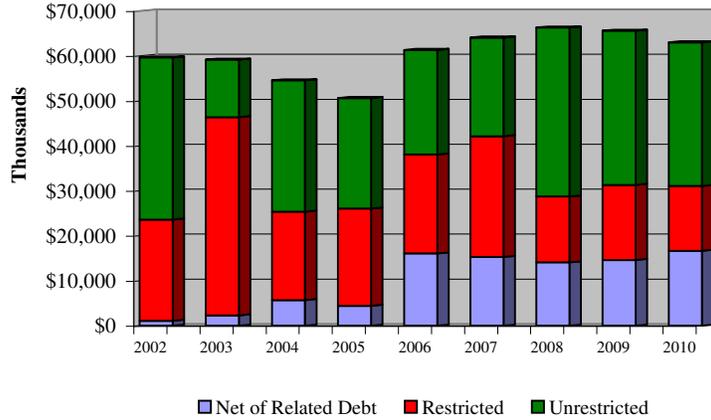
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

### ***Sources***

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



**CITY OF CAMPBELL**  
**Net Assets by Component**  
**Last Nine Fiscal Years**  
**(Accrual Basis of Accounting)**



	Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
<b>Governmental activities</b>					(A)
Invested in capital assets, net of related debt	\$1,083,197	\$2,291,074	\$5,703,594	\$4,418,382	\$16,051,887
Restricted	22,531,107	44,115,595	19,654,944	21,632,981	22,030,785
Unrestricted	36,046,470	12,777,536	29,225,563	24,595,115	23,247,960
<b>Total governmental activities net assets</b>	<u>\$59,660,774</u>	<u>\$59,184,205</u>	<u>\$54,584,101</u>	<u>\$50,646,478</u>	<u>\$61,330,632</u>

<b>Primary government</b>					
Invested in capital assets, net of related debt	\$1,083,197	\$2,291,074	\$5,703,594	\$4,418,382	\$16,051,887
Restricted	22,531,107	44,115,595	19,654,944	21,632,981	22,030,785
Unrestricted	36,046,470	12,777,536	29,225,563	24,595,115	23,247,960
<b>Total primary government net assets</b>	<u>\$59,660,774</u>	<u>\$59,184,205</u>	<u>\$54,584,101</u>	<u>\$50,646,478</u>	<u>\$61,330,632</u>

	Fiscal Year Ended June 30,				
	2007	2008	2009	2010	2011
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$15,281,718	\$14,093,995	\$14,625,860	\$16,661,364	
Restricted	26,856,233	14,637,426	16,706,585	14,402,444	
Unrestricted	21,970,832	37,606,549	34,276,409	31,978,555	
<b>Total governmental activities net assets</b>	<u>\$64,108,783</u>	<u>\$66,337,970</u>	<u>\$65,608,854</u>	<u>\$63,042,363</u>	<u>\$0</u>

<b>Primary government</b>					
Invested in capital assets, net of related debt	\$15,281,718	\$14,093,995	\$14,625,860	\$16,661,364	\$0
Restricted	26,856,233	14,637,426	16,706,585	14,402,444	0
Unrestricted	21,970,832	37,606,549	34,276,409	31,978,555	0
<b>Total primary government net assets</b>	<u>\$64,108,783</u>	<u>\$66,337,970</u>	<u>\$65,608,854</u>	<u>\$63,042,363</u>	<u>\$0</u>

The City of Campbell has elected to show only nine years of data for this schedule.

(A) The City implemented the GASB 34 infrastructure requirement during FY 2006 resulting in a \$10.5 million increase in net capital assets.

**CITY OF CAMPBELL**  
**Changes in Net Assets**  
**Last Eight Fiscal Years**  
**(Accrual Basis of Accounting)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Expenses</b>				
Governmental Activities:				
General Government	\$3,375,084	\$6,491,138	\$3,731,831	\$3,649,906
Public Safety	14,115,306	14,952,689	16,870,357	16,465,886
Public Works	6,684,364	8,167,400	7,511,459	8,156,637
Community Development	3,564,044	3,022,482	4,049,828	3,859,987
Recreation and Community Services	4,343,175	5,104,270	6,034,563	5,525,298
Interest on Long Term Debt	4,158,370	2,523,859	4,065,244	2,319,021
Total Governmental Activities Expenses	<u>36,240,343</u>	<u>40,261,838</u>	<u>42,263,282</u>	<u>39,976,735</u>
Total Business-Type Activities Expenses	0	0	0	0
Total Primary Government Expense	<u>\$36,240,343</u>	<u>\$40,261,838</u>	<u>\$42,263,282</u>	<u>\$39,976,735</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
General Government	\$204,483	\$203,328	\$197,856	\$95,281
Public Safety	655,705	709,551	646,445	636,931
Public Works	1,886,801	2,063,541	2,362,049	2,490,332
Community Development	1,039,612	1,121,879	1,750,555	2,805,310
Recreation and Community Services	2,865,565	3,273,370	4,030,805	4,155,863
Operating Grants and Contributions	1,818,575	2,677,324	1,776,473	1,920,289
Capital Grants and Contributions	1,518,686	623,318	1,533,170	1,707,722
Total Government Activities Program Revenues	<u>9,989,427</u>	<u>10,672,311</u>	<u>12,297,353</u>	<u>13,811,728</u>
Total Business-Type Activities Program Revenue	0	0	0	0
Total Primary Government Program Revenue	<u>\$9,989,427</u>	<u>\$10,672,311</u>	<u>\$12,297,353</u>	<u>\$13,811,728</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(\$26,250,916)	(\$29,589,527)	(\$29,965,929)	(\$26,165,007)
Business-Type Activities	0	0	0	0
Total Primary Government Net Expense	<u>(\$26,250,916)</u>	<u>(\$29,589,527)</u>	<u>(\$29,965,929)</u>	<u>(\$26,165,007)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities:				
Taxes:				
Property Taxes	\$9,634,744	\$9,736,712	\$12,171,170	\$12,811,822
Education Revenue Augmentation Payment	0	(299,715)	(1,071,683)	(557,992)
Sales Taxes	8,997,381	10,684,234	9,973,506	9,346,984
Transient Occupancy Tax	970,000	882,464	894,179	1,132,495
Franchise Fees	1,199,011	1,237,222	1,262,319	1,346,968
Business License Taxes	195,549	203,520	201,655	202,101
Property Transfer Taxes	186,876	271,203	401,468	352,535
Construction Taxes	74,727	55,052	98,355	303,943
Motor Vehicle In Lieu	2,198,971	1,768,570	847,109	283,919
Interest Earnings	1,794,891	326,684	1,124,889	1,011,270
Other General Revenues	522,197	123,477	125,339	82,923
Transfers				
Total Government Activities	<u>25,774,347</u>	<u>24,989,423</u>	<u>26,028,306</u>	<u>26,316,968</u>
Total Business-Type Activities	0	0	0	0
Total Primary Government	<u>\$25,774,347</u>	<u>\$24,989,423</u>	<u>\$26,028,306</u>	<u>\$26,316,968</u>
<b>Change in Net Assets</b>				
Governmental Activities	(\$476,569)	(\$4,600,104)	(\$3,937,623)	\$151,961
Business-Type Activities	0	0	0	0
Total Primary Government	<u>(\$476,569)</u>	<u>(\$4,600,104)</u>	<u>(\$3,937,623)</u>	<u>\$151,961</u>

The City of Campbell has elected to show data from the date of the GASB 34 conversion for this schedule.

2007	2008	2009	2010
\$3,641,210	\$3,830,038	\$4,743,890	\$4,591,916
16,118,809	16,695,849	18,304,340	18,120,168
8,938,539	8,075,236	11,096,882	8,781,674
4,957,918	6,233,925	6,750,784	7,814,061
5,605,958	6,130,130	5,123,508	5,391,171
2,313,092	2,766,915	2,325,068	2,269,160
<u>41,575,526</u>	<u>43,732,093</u>	<u>48,344,472</u>	<u>46,968,150</u>
0	0	0	0
<u>\$41,575,526</u>	<u>\$43,732,093</u>	<u>\$48,344,472</u>	<u>\$46,968,150</u>
\$131,485	\$81,648	\$76,504	78,516
699,626	690,054	730,698	757,093
2,194,640	2,096,814	955,503	1,101,854
1,900,669	2,273,914	1,499,580	1,161,234
4,520,452	4,607,406	4,869,150	4,637,180
2,686,893	2,183,507	2,564,546	3,383,020
2,438,224	959,566	4,287,371	2,265,145
<u>14,571,989</u>	<u>12,892,909</u>	<u>14,983,352</u>	<u>13,384,042</u>
0	0	0	0
<u>\$14,571,989</u>	<u>\$12,892,909</u>	<u>\$14,983,352</u>	<u>\$13,384,042</u>
(\$27,003,537)	(\$30,839,184)	(\$33,361,120)	(\$33,584,108)
0	0	0	0
<u>(\$27,003,537)</u>	<u>(\$30,839,184)</u>	<u>(\$33,361,120)</u>	<u>(\$33,584,108)</u>
\$14,062,514	\$15,718,642	\$17,073,312	\$16,680,859
0	0	0	0
10,049,829	10,334,831	9,625,398	9,538,242
1,463,140	1,619,111	1,287,184	1,297,573
1,685,455	2,323,063	2,368,278	2,337,022
203,145	240,133	232,424	214,198
344,991	290,036	192,369	172,449
20,415	129,027	10,639	1,469
268,973	219,538	176,389	155,074
1,537,612	1,531,949	952,739	473,879
145,614	662,041	713,272	146,851
<u>29,781,688</u>	<u>33,068,371</u>	<u>32,632,004</u>	<u>31,017,616</u>
0	0	0	0
<u>\$29,781,688</u>	<u>\$33,068,371</u>	<u>\$32,632,004</u>	<u>\$31,017,616</u>
\$2,778,151	\$2,229,187	(\$729,116)	(\$2,566,492)
0	0	0	0
<u>\$2,778,151</u>	<u>\$2,229,187</u>	<u>(\$729,116)</u>	<u>(\$2,566,492)</u>

**CITY OF CAMPBELL**  
**Changes in Fund Balance of Governmental Funds**  
**Last Eight Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

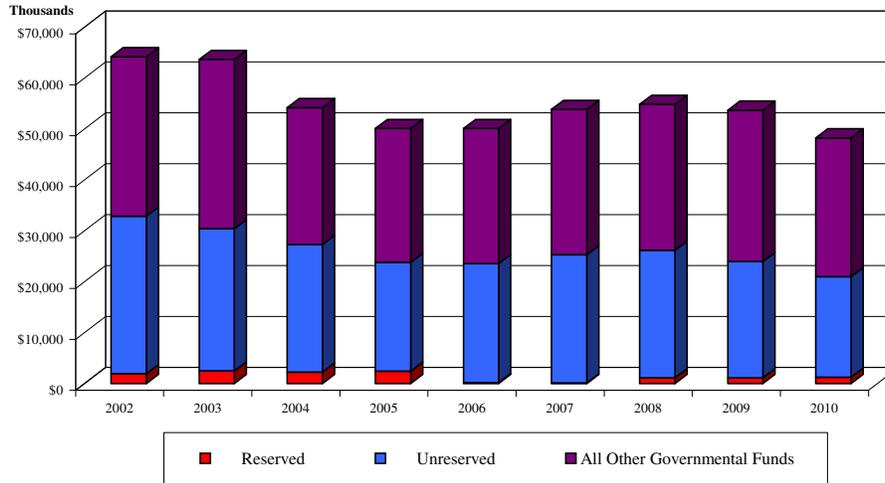
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Revenues</b>				
Taxes	\$21,258,288	\$22,706,706	\$23,884,979	\$24,648,545
Licenses, permits and fees	988,483	1,240,806	1,529,633	2,169,838
Special Assessments			1,098,021	1,101,438
Fines and forfeitures	303,221	315,813	272,670	297,357
Use of money and property	3,590,818	2,208,041	3,177,751	3,704,058
Intergovernmental revenues	4,211,957	3,941,015	2,804,404	2,737,196
Charges for services	4,072,962	4,322,787	4,195,509	4,480,001
Other	1,738,045	926,566	1,362,692	990,263
Total Revenues	<u>36,163,774</u>	<u>35,661,734</u>	<u>38,325,659</u>	<u>40,128,696</u>
<b>Expenditures</b>				
Current:				
General government	3,400,172	3,886,382	3,516,206	3,453,208
Public safety	13,468,695	14,778,276	16,291,215	15,865,192
Public works	5,680,329	7,631,938	6,936,049	6,483,216
Community development	3,321,995	3,067,016	3,216,851	2,960,088
Recreation and Community Services	4,328,302	5,098,270	5,648,237	5,139,196
Capital outlay	11,527,062	7,316,710	3,437,352	3,020,541
Debt service:				
Principal repayment	1,265,000	915,000	940,000	1,095,000
Interest and fiscal charges	3,454,673	2,530,226	3,068,612	2,283,887
Total Expenditures	<u>46,446,228</u>	<u>45,223,818</u>	<u>43,054,522</u>	<u>40,300,328</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,282,454)</u>	<u>(9,562,084)</u>	<u>(4,728,863)</u>	<u>(171,632)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	38,270,589	18,351,410	8,753,340	8,501,967
Transfers (out)	(37,890,734)	(18,280,735)	(8,682,665)	(8,331,662)
Refunding certificates of participation				
Refunding tax allocation bonds	27,230,844		12,300,000	
Premium on bonds			325,712	
Payments to refunded bond escrow	(9,678,751)		(12,037,854)	
Sale of capital assets				
Total other financing sources (uses)	<u>17,931,948</u>	<u>70,675</u>	<u>658,533</u>	<u>170,305</u>
Net Change in fund balances	<u>\$7,649,494</u>	<u>(\$9,491,409)</u>	<u>(\$4,070,330)</u>	<u>(\$1,327)</u>
Debt service as a percentage of noncapital expenditures	12.7%	8.8%	10.1%	8.8%

NOTE:

(a) The City implemented GASB Statement 34 in fiscal year 2002. Therefore this calculation is included only for fiscal years subsequent to that date.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$27,782,390	\$30,654,843	\$30,789,604	\$30,241,812
1,193,393	2,522,921	1,686,255	1,288,664
1,102,798	1,136,457	1,135,051	1,135,464
314,432	344,844	369,616	436,679
4,731,397	4,506,694	4,496,169	3,136,727
3,570,479	1,982,703	5,211,858	4,414,326
4,672,278	3,459,659	3,667,754	3,736,998
966,545	1,107,051	717,183	461,727
<u>44,333,712</u>	<u>45,715,172</u>	<u>48,073,490</u>	<u>44,852,397</u>
3,387,977	3,819,217	4,005,190	3,917,093
15,828,507	17,092,877	18,386,502	18,221,484
6,285,428	6,989,785	7,662,601	7,397,394
4,004,667	5,284,418	4,704,397	7,090,693
5,238,988	5,840,659	4,807,547	4,668,299
2,514,138	2,218,792	5,524,204	4,873,003
1,075,000	1,105,000	1,550,000	1,605,000
<u>2,321,805</u>	<u>2,291,875</u>	<u>2,648,019</u>	<u>2,577,786</u>
<u>40,656,510</u>	<u>44,642,623</u>	<u>49,288,460</u>	<u>50,350,752</u>
<u>3,677,202</u>	<u>1,072,549</u>	<u>(1,214,970)</u>	<u>(5,498,355)</u>
7,758,287	6,740,802	9,698,627	9,041,978
(7,690,228)	(6,817,774)	(9,640,749)	(8,987,897)
<u>68,059</u>	<u>(76,972)</u>	<u>57,878</u>	<u>54,081</u>
<u>\$3,745,261</u>	<u>\$995,577</u>	<u>(\$1,157,092)</u>	<u>(\$5,444,274)</u>
8.6%	8.0%	8.8%	9.1%

**CITY OF CAMPBELL**  
**Fund Balances of Governmental Funds**  
**Last Nine Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

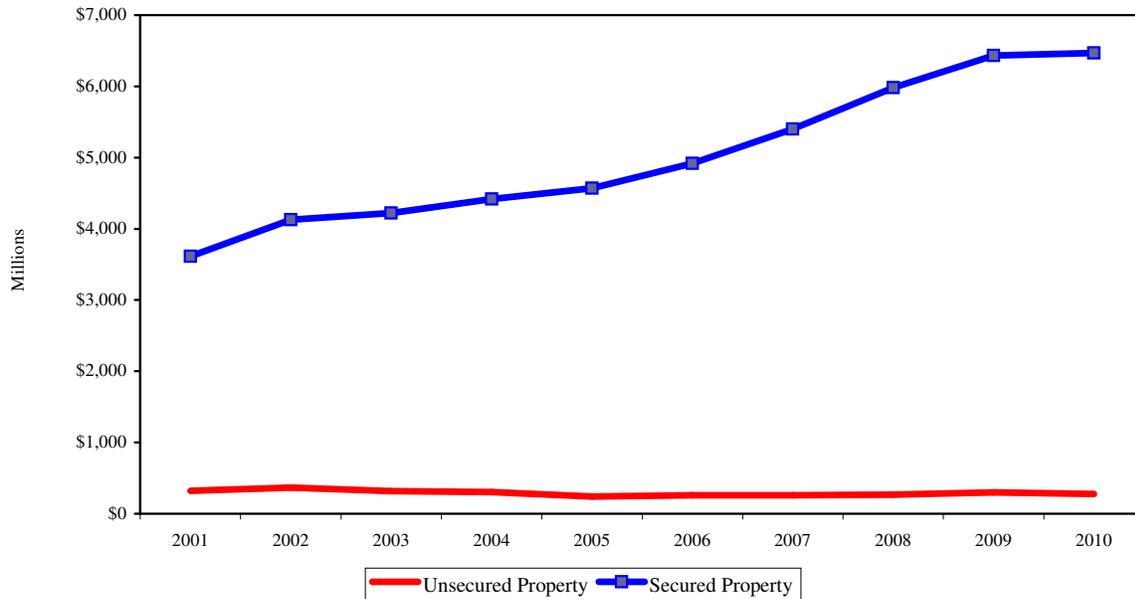


	<b>Fiscal Year Ended June 30,</b>								
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
General Fund									
Reserved	\$1,898,526	\$2,439,856	\$2,244,185	\$2,402,661	\$175,731	\$95,177	\$1,105,870	\$1,091,231	\$1,236,593
Unreserved	30,955,859	27,947,043	25,036,720	21,391,305	23,353,680	25,179,997	25,026,233	22,856,245	19,732,965
<b>Total General Fund</b>	<b>\$32,854,385</b>	<b>\$30,386,899</b>	<b>\$27,280,905</b>	<b>\$23,793,966</b>	<b>\$23,529,411</b>	<b>\$25,275,174</b>	<b>\$26,132,103</b>	<b>\$23,947,476</b>	<b>\$20,969,558</b>
All Other Governmental Funds									
Reserved	\$22,531,107	\$33,036,430	\$23,972,608	\$22,024,215	\$21,190,885	\$20,273,187	\$17,025,881	\$16,271,927	\$19,974,459
Unreserved, reported in:									
Special revenue funds	8,249,676	8,820,747	7,950,160	6,875,133	8,241,372	9,760,027	6,347,568	8,757,057	6,130,381
Capital project funds	(5,623,336)	(5,544,022)	(2,340,705)	(540,201)	(1,152,731)	(904,886)	5,286,910	4,321,847	2,760,842
Debt service funds	6,126,430	(3,076,096)	(2,730,419)	(2,090,894)	(1,748,045)	(597,349)	9,268	346,331	(1,634,874)
<b>Total all other governmental funds</b>	<b>\$31,283,877</b>	<b>\$33,237,059</b>	<b>\$26,851,644</b>	<b>\$26,268,253</b>	<b>\$26,531,481</b>	<b>\$28,530,979</b>	<b>\$28,669,627</b>	<b>\$29,697,162</b>	<b>\$27,230,808</b>

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

The City of Campbell has elected to show only nine years of data for this schedule.

**CITY OF CAMPBELL**  
**Assessed and Estimated Actual**  
**Value of Taxable Property**  
**Last Ten Fiscal Years**



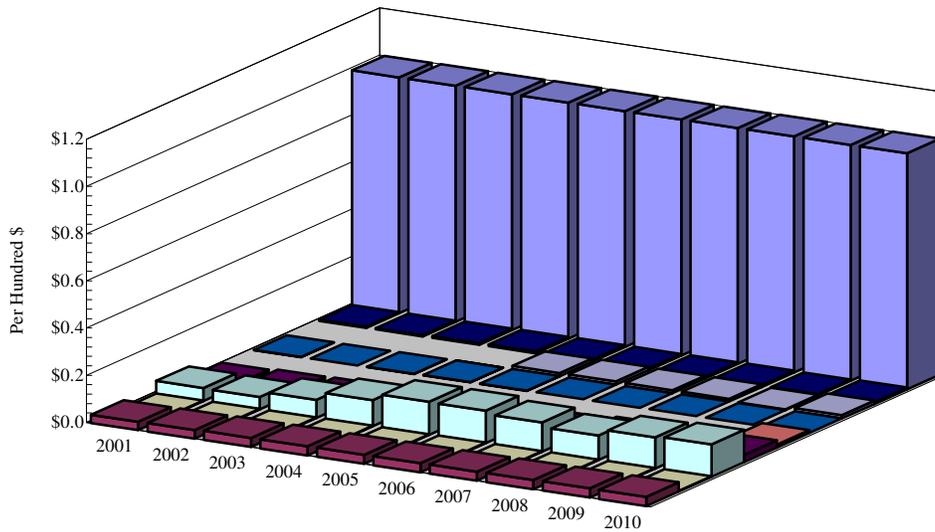
<u>Fiscal Year</u>	<u>Secured Property</u>	<u>HOPTR Exemptions</u>	<u>SBE Utilities</u>	<u>Total Secured Value</u>	<u>Unsecured Property</u>	<u>Total Assessed (a)</u>	<u>Total Direct Tax Rate (b)</u>
2001	3,245,902,330	45,728,200	225,968	3,291,856,498	322,012,977	3,613,869,475	1%
2002	3,712,714,024	46,449,200	1,751,083	3,760,914,307	365,891,218	4,126,805,525	1%
2003	3,855,036,928	46,215,400	2,292,470	3,903,544,798	317,362,428	4,220,907,226	1%
2004	4,068,964,576	45,444,000	269,185	4,114,677,761	302,047,319	4,416,725,080	1%
2005	4,284,786,207	44,648,800	322,756	4,329,757,763	240,037,463	4,569,795,226	1%
2006	4,611,315,721	44,664,200	304,617	4,656,284,538	260,089,970	4,916,374,508	1%
2007	5,095,738,554	44,870,000	259,874	5,140,868,428	260,075,849	5,400,944,277	1%
2008	5,668,447,696	46,579,400	53,000	5,715,080,096	268,438,860	5,983,518,956	1%
2009	6,084,718,612	47,271,000	132,500	6,132,122,112	301,436,497	6,433,558,609	1%
2010	6,145,647,005	47,023,200	132,500	6,192,802,705	277,622,054	6,470,424,759	1%

Source: Santa Clara County Assessor's Office

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

(b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area. The City of Campbell encompasses more than 20 tax rate areas.

**CITY OF CAMPBELL**  
**Property Tax Rates**  
**All Overlapping Governments**  
**Last Ten Fiscal Years**



■ County SCC Retirement	■ County Library Retirement	■ Elem or Unified School Bonds
■ High School Bonds	■ SCVMC Hospital Facilities Bond	■ SCVWD Zone W-1
■ West Valley College	■ SCVWD State Project	■ Basic County Wide Levy

<b>Fiscal Year</b>	<b>Basic County Wide Levy</b>	<b>SCC Retirement</b>	<b>Library Retirement</b>	<b>Elem or Unified School Bonds</b>	<b>High School Bonds</b>	<b>SCVWD State Project</b>	<b>SCVWD Zone W-1</b>	<b>West Valley College</b>	<b>SCVMC Hospital Facilities Bond</b>	<b>Total</b>
2001	1.0000	0.036	0.002	0.055	0.009	0.006	0.002			1.1096
2002	1.0000	0.036	0.002	0.052	0.016	0.005	0.001			1.1125
2003	1.0000	0.039	0.002	0.076	0.017	0.006	0.001			1.1410
2004	1.0000	0.039	0.002	0.111	0.022	0.008	0.001			1.1826
2005	1.0000	0.039	0.002	0.140	0.020	0.009	0.001	0.014		1.2236
2006	1.0000	0.039	0.002	0.137	0.022	0.007	0.001	0.014		1.2224
2007	1.0000	0.039	0.002	0.123	0.020	0.007	0.000	0.013		1.2041
2008	1.0000	0.039	0.002	0.104	0.030	0.007	0.000	0.012		1.1940
2009	1.0000	0.039	0.002	0.131	0.030	0.006	0.000	0.003		1.2110
2010	1.0000	0.039	0.002	0.137	0.031	0.007	0.000	0.014	0.0122	1.2436

Source: Santa Clara County Assessors Office

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

Taxpayer	2009-10			2000-01*		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Blackhawk Parent , LLC	\$ 321,157,629	1	4.963%	\$ 42,951,997	3	1.320%
Hines Vaf No Cal Properties LP	130,778,280	2	2.021%			
Legacy III Campbell LLC	123,369,000	3	1.907%			
Campbell Technology Parkway LLC	72,162,144	4	1.115%			
Marc W Buzolich	55,850,039	5	0.863%	58,396,373	2	1.794%
Fund X PY Campbell LLC	53,638,723	6	0.829%			
Bay Apartment Communities, Inc.	47,492,717	7	0.734%			
747 Camden LLC	40,069,962	8	0.619%			
Allergen Sales LLC	38,593,256	9	0.596%			
Lyon The Commons Apartments LLC	32,089,965	10	0.496%	14,419,528	10	0.443%
OTR Trust				73,400,000	1	2.255%
MP Hacienda, Inc.				24,657,668	4	0.758%
P COM, Inc				23,450,758	5	0.721%
Aetna Life Insurance				19,528,135	6	0.600%
Lincoln Bascom Office Center				16,715,730	7	0.514%
Brian Avery Trustee, et. al.				14,831,733	8	0.456%
La Valencia Apartments LTD				14,599,204	9	0.449%
<b>Total</b>	<b>\$915,201,715</b>		<b>14.1%</b>	<b>\$302,951,126</b>		<b>9.3%</b>

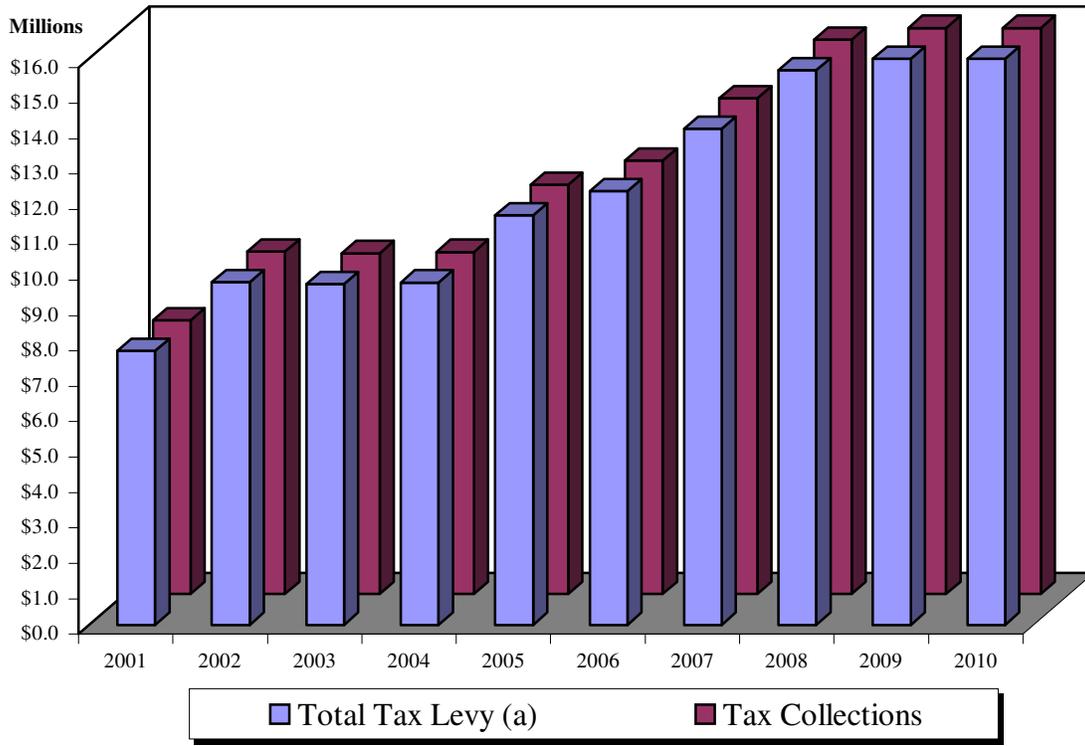
Total Net Assessed Valuation:

Fiscal Year 2009-2010	\$6,470,424,759
Fiscal Year 1999-2000	\$3,254,522,496

Source: Santa Clara County Assessor Fiscal Year Combined Tax Rolls - County of Santa Clara Metro Scan

\*Note: Data unavailable for Fiscal Year 99/00. Data shown for Fiscal Year 98/99

**CITY OF CAMPBELL**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**



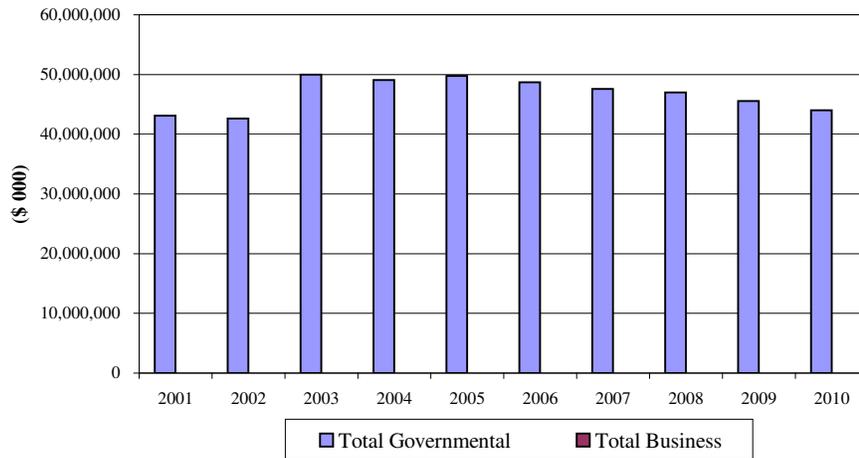
<b>Fiscal Year</b>	<b>Total Tax Levy (a)</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Tax Levy</b>
2001	7,742,112	7,742,112	100.0000%		7,742,112	100.0000%
2002	9,677,453	9,677,453	100.0000%		9,677,453	100.0000%
2003	9,632,347	9,632,347	100.0000%		9,632,347	100.0000%
2004	9,672,727	9,672,727	100.0000%		9,672,727	100.0000%
2005	11,567,188	11,567,188	100.0000%		11,567,188	100.0000%
2006	12,253,830	12,253,830	100.0000%		12,253,830	100.0000%
2007	14,015,414	14,015,414	100.0000%		14,015,414	100.0000%
2008	15,669,700	15,669,700	100.0000%		15,669,700	100.0000%
2009	17,023,986	17,023,986	100.0000%		17,023,986	100.0000%
2010	16,631,707	16,631,707	100.0000%		16,631,707	100.0000%

Source: City of Campbell Records

NOTES: Proposition 13 approved by the voters in 1978 provided for a maximum tax rate. The proceeds are apportioned to the various taxing entities on a formula basis. In 1981 - 1982 the basis of assessed valuation was adjusted to full cash value upon resale or new construction, rather than the previous 25 percent estimate. The property tax levy was not to exceed one percent.

(a) Includes Redevelopment Agency in total tax levy.

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



**Governmental Activities**

<b>Fiscal Year</b>	<b>Tax Allocation Bonds</b>	<b>Certificates of Participation</b>	<b>Special Assessment Debt</b>	<b>Other Indebtedness</b>	<b>Total</b>
2001	10,690,000	22,925,000	-	9,490,950	43,105,950
2002	10,690,000	22,570,000	-	9,343,980	42,603,980
2003	25,275,000	24,690,844	-	-	49,965,844
2004	24,895,000	24,155,844	-	-	49,050,844
2005	26,170,000	23,605,844	-	-	49,775,844
2006	25,640,000	23,040,844	-	-	48,680,844
2007	25,145,000	22,460,843	-	-	47,605,843
2008	24,635,000	22,350,150	-	-	46,985,150
2009	23,700,000	21,837,315	-	-	45,537,315
2010	22,730,000	21,310,488	-	-	44,040,488

**Business-Type Activities**

<b>Fiscal Year</b>	<b>Total</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income (a)</b>	<b>Per Capita (a)</b>	
2001	0	0	43,105,950	2246.61%	1,114.66
2002	0	0	42,603,980	2395.96%	1,109.45
2003	0	0	49,965,844	2813.86%	1,304.59
2004	0	0	49,050,844	2614.91%	1,284.76
2005	0	0	49,775,844	2505.49%	1,295.74
2006	0	0	48,680,844	2357.46%	1,267.47
2007	0	0	47,605,843	2133.36%	1,197.69
2008	0	0	46,985,150	1998.80%	1,169.92
2009	0	0	45,537,315	1912.94%	1,126.60
2010	0	0	44,040,488	1877.83%	1,077.84

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

RDA tax allocation bonds are included in total debt.

Sources: City of Campbell

State of California, Department of Finance (population)

U.S. Department of commerce, Bureau of the Census (income)

(a) See Page 118 (Demographic Statistics) for personal income and population data.

**CITY OF CAMPBELL**  
**Computation Of Direct and Overlapping Debt**  
**June 30, 2010**

2009-10 Assessed Valuation	\$6,470,424,759
Redevelopment Incremental Valuation	<u>675,778,884</u>
Adjusted Assessed Valuation	<u><u>\$5,794,645,875</u></u>

	Net Debt	%	Amount Applicable To City of Campbell
<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	<u>Outstanding</u>	<u>Applicable(1)</u>	<u>Campbell</u>
Santa Clara County Valley Water District Benefit Assessment District	\$152,440,000	2.146%	\$3,271,362
Santa Clara County	350,000,000	2.146%	7,511,000
Santa Clara Valley Water District, Zone W-1	910,000	2.635%	23,979
Campbell Union High School District	136,395,000	18.621%	25,398,113
Cambrian School District	19,169,944	25.934%	4,971,533
Campbell Union School District	98,223,346	28.651%	28,141,971
Moreland School District	73,271,872	10.981%	8,045,984
West Valley -Mission Community College District	215,069,692	8.033%	17,276,548
City of Campbell 1915 Act Bonds	120,000	100.000%	120,000
<b>TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<u><u>\$94,760,491</u></u>
 <u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Santa Clara County General Fund Obligations	\$825,070,000	2.146%	\$17,706,002
Santa Clara County Board of Education Certificates of Participation	13,580,000	2.146%	291,427
Santa Clara County Vector Control District Certificates of Participation	3,965,000	2.146%	85,089
Santa Clara County Pension Obligations	388,044,822	2.146%	8,327,442
West Valley-Mission Community College District General Fund Obligations	56,120,000	8.033%	4,508,120
City of Campbell Certificates of Participation	20,615,843	100.000%	20,615,843
Midpeninsula Regional Open Space District General Fund Obligations	113,788,031	0.043%	48,929
<b>TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>			<u><u>\$51,582,851</u></u>
<b>GROSS COMBINED TOTAL DEBT</b>			<u><u>\$146,343,342</u></u>

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

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

RATIOS TO 2009-10 ASSESSED VALUATION:

Total Overlapping Tax and Assessment Debt	1.46%
---	-------

RATIOS TO ADJUSTED 2009-10 ASSESSED VALUATION:

Combined Direct Debt (\$20,615,843)	0.36%
Combined Total Debt	2.53%

<u>State School Building Aid Repayable as of 6/30/10 :</u>	<u>\$0</u>
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Note: Prepared for the City of Campbell by California Municipal Statistics, Inc.

**CITY OF CAMPBELL**  
**Computation of Legal Bonded Debt Margin**  
**June 30, 2010**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$6,470,424,759
---	-----------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$242,640,928
---	---------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$44,040,488
Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	44,040,488
Amount of debt subject to limit	0

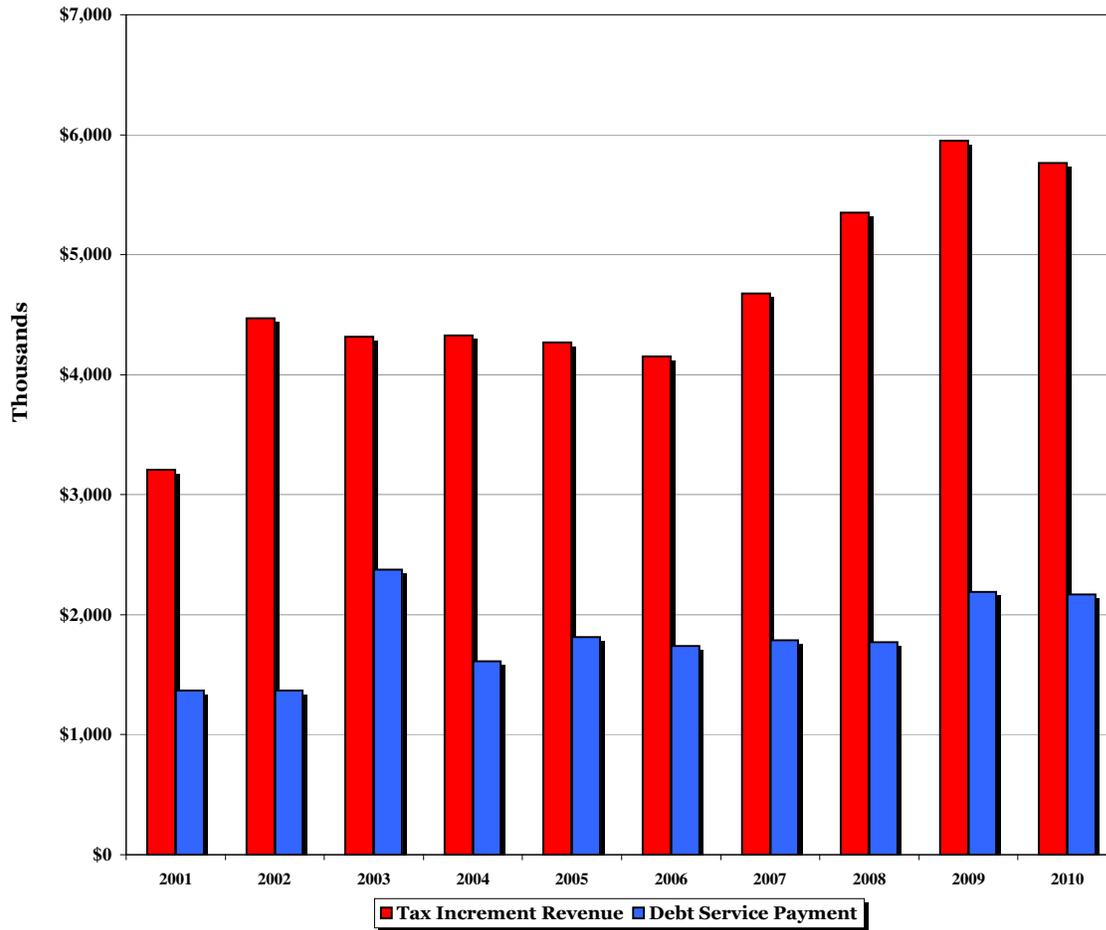
LEGAL BONDED DEBT MARGIN	\$242,640,928
--------------------------	---------------

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
2001	135,520,105		135,520,105	0.00%
2002	154,755,207		154,755,207	0.00%
2003	158,284,021		158,284,021	0.00%
2004	165,627,191		165,627,191	0.00%
2005	171,367,321		171,367,321	0.00%
2006	184,364,044		184,364,044	0.00%
2007	202,535,410		202,535,410	0.00%
2008	242,640,928		242,640,928	0.00%
2009	241,258,448		241,258,448	0.00%
2010	242,640,928		242,640,928	0.00%

NOTE:

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

**CITY OF CAMPBELL**  
**Bonded Debt Pledged Revenue Coverage**  
**Redevelopment Agency Tax Allocation Bonds**  
**Last Ten Fiscal Years**

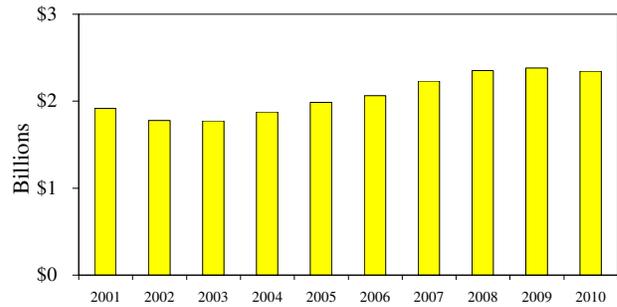
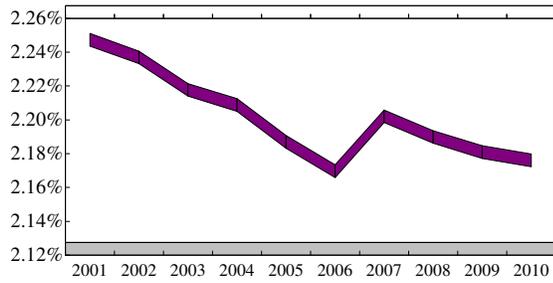


Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2001	3,210,975	138,690	1,227,635	1,366,325	2.35
2002	4,470,776	146,970	1,222,830	1,369,800	3.26
2003	4,315,786	715,000	1,658,472	2,373,472	1.82
2004	4,325,391	535,000	1,076,227	1,611,227	2.68
2005	4,268,551	390,000	1,422,678	1,812,678	2.35
2006	4,151,860	530,000	1,211,918	1,741,918	2.38
2007	4,679,722	495,000	1,291,096	1,786,096	2.62
2008	5,349,414	510,000	1,263,668	1,773,668	3.02
2009	5,947,747	935,000	1,254,439	2,189,439	2.72
2010	5,763,885	970,000	1,196,974	2,166,974	2.66

\* Includes advance refunding and defeased debt principal payments.

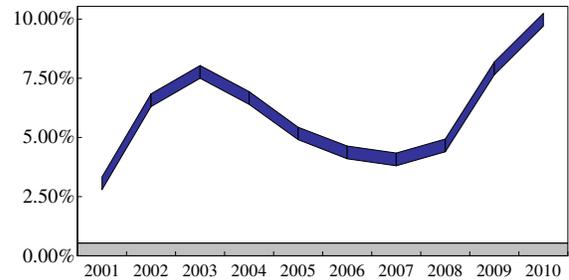
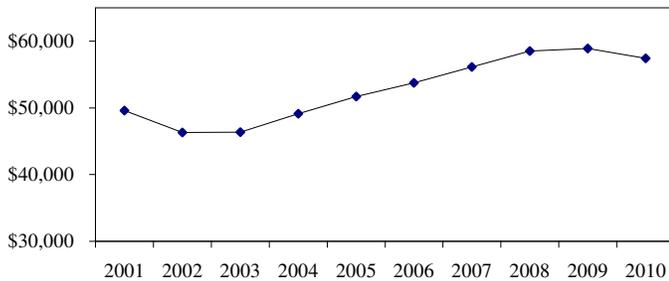
Source: City of Campbell Annual Financial Statements

## CITY OF CAMPBELL Demographic and Economic Statistics Last Ten Fiscal Years



■ City Population as a % of County Population

■ Total Personal Income (000's)



◆ Per Capita Personal Income

■ Unemployment Rate (%)

Fiscal Year	City Population	Total Personal Income (000's)	Per Capita Personal Income	Unemployment Rate (%)	Santa Clara County Population	City Population % of County
2001	38,672	1,918,711	49,615	2.8%	1,723,680	2.24%
2002	38,401	1,778,158	46,305	6.3%	1,719,565	2.23%
2003	38,300	1,775,703	46,363	7.5%	1,729,917	2.21%
2004	38,179	1,875,811	49,132	6.4%	1,731,422	2.21%
2005	38,415	1,986,670	51,716	4.9%	1,759,585	2.18%
2006	38,408	2,064,968	53,764	4.1%	1,773,258	2.17%
2007	39,748	2,231,492	56,141	3.8%	1,808,056	2.20%
2008	40,161	2,350,663	58,531	4.4%	1,837,075	2.19%
2009	40,420	2,380,491	58,894	7.7%	1,856,514	2.18%
2010	40,860	2,345,282	57,398	9.7%	1,880,876	2.17%

Source: California State Department of Finance; Employment Development Department Bureau of Economic Analysis, U.S. Department of Commerce

Note: Unemployment rates for FY2001-2009 are FY average; prior to FY 2001 are June 30.

Per Capita Income is Santa Clara County

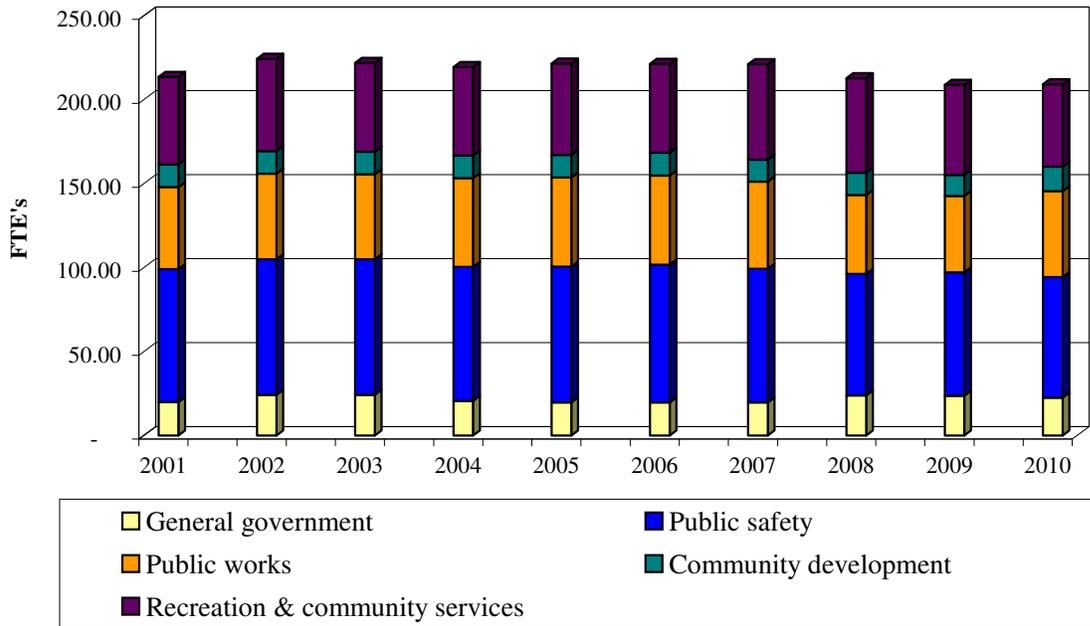
**CITY OF CAMPBELL**  
**Top Ten Principal Employers**  
**Current Year and Nine Years Ago**

<u>Employer</u>	<u>2009-10</u>			<u>2000-01</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>
Fry's Electronics	287	1	1.2%	287	1	1.2%
Whole Foods Market	250	2	1.1%	230	3	1.0%
Barracuda Networks Inc	250	3	1.1%			0.0%
Home Depot	209	4	0.9%	257	2	1.1%
Mohler, Nixon & Williams Accountancy	162	5	0.7%	150	6	0.6%
City of Campbell	162	6	0.7%	154	5	0.6%
Durham School Services LP	144	8	0.6%	143	7	0.6%
Safeway Inc.	143	7	0.6%	159	4	0.7%
Pacific Netsoft Inc.	138	9	0.6%	138	9	0.6%
SAAMA Technologies	121	10	0.5%			0.0%
Elephant Bar				141	8	0.6%
Centrury 21 Alpha				125	10	0.5%
Subtotal	<u>1,866</u>		<u>7.9%</u>	<u>1,784</u>		<u>7.4%</u>
Total City Day Population	<u>23,693</u>			* <u>23,983</u>		

Source: City Campbell - California Employment Development Department

\*Data unavailable for FY 00-01. Data shown is from Jan - Jun 2000.

**CITY OF CAMPBELL**  
**Full-Time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**



	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Function</b>					
General government	19.86	24.11	24.11	20.52	19.63
Public safety	79.10	80.85	80.85	79.90	80.85
Public works	48.88	50.95	50.59	52.79	53.07
Community development	13.48	13.48	13.47	13.47	13.47
Recreation & community services	52.14	54.87	52.79	52.62	54.53
<b>Total</b>	<u>213.46</u>	<u>224.26</u>	<u>221.81</u>	<u>219.30</u>	<u>221.55</u>

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Function</b>					
General government	19.63	19.63	23.77	23.52	22.45
Public safety	82.11	79.60	72.39	73.53	71.81
Public works	53.11	51.87	47.10	45.58	51.12
Community development	13.47	13.22	13.23	12.51	14.73
Recreation & community services	52.93	56.82	56.20	53.70	48.99
<b>Total</b>	<u>221.25</u>	<u>221.14</u>	<u>212.69</u>	<u>208.84</u>	<u>209.10</u>

Source: City of Campbell, CA Budget Documents

FY 2005 - Includes a Total of 10.25 Frozen Positions

FY 2006 & 2007 - Includes a Total of 16.35 Frozen Positions

FY 2008 - Includes a Total of 11.1 Frozen Positions

FY 2009 - Includes a Total of 17.85 Frozen Positions

**CITY OF CAMPBELL, CALIFORNIA**  
**Operating Indicators by Function/Program**  
**Last Seven Fiscal Years**

Function/Program	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Public safety:							
Fire:							
Fire calls for service	70	94	92	100	119	99	74
Medical aid calls	1,470	1,798	1,777	1,411	1,801	1,662	1,806
Police:							
Police calls for Service	22,487	23,685	21,731	22,166	22,961	22,362	22,272
Law violations:							
Arrests	1,486	1,555	1,455	1,553	1,586	1,568	1,725
Traffic violations	7,327	6,611	5,871	6,329	6,545	5,968	6,038
Parking violations	4,432	4,171	4,146	3,457	2,686	4,400	3,315
Public works:							
Miles of streets (major)	14	14	14	15	15	15	15
Miles of Streets (secondary)	74	74	74	77	77	77	77
Potholes repaired	150	100	100	145	182	131	150
Culture and recreation:							
Community Services:							
Recreation class participants	27,096	28,871	30,096	31,887	31,826	33,023	33,886
Performing Arts Center performances	5	6	5	6	6	12	13
Wastewater							
Miles of sewers (storm)	42	42	42	42	42	42	50
Miles of sewers (sanitary - entire district)	484	484	484	484	484	484	618
Miles of sewers (sanitary - Campbell only)	125	125	125	125	125	125	158
Solid Waste							
Refuse Landfilled (tons per year)	n/a	n/a	40,000	35,432	29,585	24,647	24,951
Recyclables Processed (tons per year)	n/a	n/a	20,000	17,362	17,702	17,636	17,505

Source: City of Campbell

Note: n/a denotes information not available.

Prior to FY 2004 consistent and reliable data was not available for displaying a 10-year history.

**CITY OF CAMPBELL**  
**Capital Asset Statistics by Function/Program**  
**Last Seven Fiscal Years**

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
<b>Function/Program</b>							
Public safety:							
Fire stations	2	2	2	2	2	2	2
Police stations	1	1	1	1	1	1	1
Police patrol units	12	12	11	11	11	12	12
Public works							
Miles of streets	88	88	88	92	92	92	92
Street lights	2,312	2,362	2,362	2,362	2,532	2,535	2,535
Traffic Signals	39	40	42	42	42	43	43
Culture and recreation:							
Community services:							
City parks	11	11	11	11	11	11	12
City parks acreage	86	86	86	86	86	86	86
Playgrounds	5	5	5	5	7	7	7
City trails	1	1	1	1	1	1	1
City trails miles	3	3	3	3	3	3	3
Historic house (museum)	1	1	1	1	1	1	1
Community gardens	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1
Adult centers	1	1	1	1	1	1	1
Sports centers	1	1	1	1	1	1	1
Performing arts centers	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1	1
Tennis courts	8	8	8	8	8	8	8
Baseball/softball diamonds	3	3	3	3	3	3	3
Soccer/football fields	3	3	3	3	9	9	9
Library:							
City Libraries	1	1	1	1	1	1	1

Source: City of Campbell

Note: Data prior to FY 2004 is not displayed due to the lack of consistent source documents.