



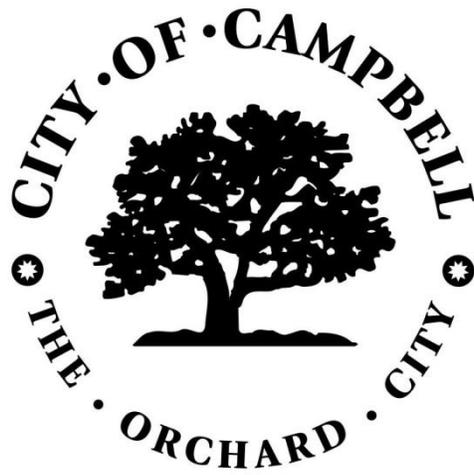
# *City of Campbell California*



## *Comprehensive Annual Financial Report*

*Fiscal Year Ended June 30, 2013*

**CITY OF CAMPBELL, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**WITH REPORT ON AUDIT**  
**BY INDEPENDENT**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**FISCAL YEAR ENDED JUNE 30, 2013**



**CITY OF CAMPBELL, CALIFORNIA**  
**Comprehensive Annual Financial Report**  
For the fiscal year ended June 30, 2013

Prepared by:

Finance Department

Jesse Takahashi, Finance Director



CITY OF CAMPBELL

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## **INTRODUCTORY SECTION**





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CITY OF CAMPBELL  
FINANCE DEPARTMENT

December 19, 2013

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

I am pleased to submit this Comprehensive Annual Financial Report (CAFR) for the City of Campbell, California for the fiscal year ended June 30, 2013, 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 White Nelson Diehl Evans, LLP, 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 6.5 square miles, is substantially built out, and serves a population of approximately 40,404. The City is comprised of a mix 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 Successor Agency to the dissolved City of Campbell Redevelopment Agency and the Campbell Lighting and Landscape District, which are both included in the accompanying financial reports.

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 under \$10,000 or requiring transfers from reserves under \$5,000 per transaction. Requests for increases in appropriations over these amounts 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 much of the past two decades. 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 continues to recover from one of its deepest and longest recessions in history since the Great Depression. The economy has slowly improved with GDP growth in the 2-2.5% range and unemployment still relatively high by historical standards but slowly coming down.

The National unemployment rate did see a decline from 7.9% in October, 2012 to 7.3% as of October, 2013 which shows some measure of progress in recovery. Unemployment for the City of Campbell as of October, 2013 was 5.8%, down from 6.7% one year ago, again reflecting continued improvement from the past year. This also compares favorably to the County rate of 6.7% and the State rate of 7.3%.

The Federal Reserve Bank has continued to maintain interest rate levels near zero percent during the past three years in order to stimulate economic activity. This strategy has seen some success with modest economic growth the past year. However, it has also kept the City's investment earnings at historic lows.

With respect to the local region, Silicon Valley, the housing market continued to improve with sales transactions and median prices up considerably from the previous 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. This is predominantly due to the fact that demand in this region continues to exceed the supply despite the relatively high cost of housing. Private residential development activity in the City improved during the year reflecting the positive outlook of the region.

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 \$12.6 million in sales tax revenue, an increase of 6.8% over last year, lower than the previous year-over-year increase of 12%, but considerably higher than average. The largest categories of sales tax producers comprise general retail, construction, food products, transportation and business-to-business.

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. The City incorporates long-term financial planning into its budget process. For example, it 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 also 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. The replenishment of that reserve has been incorporated into the City's 5-year financial projections. Additionally, the City's 5-year projections include anticipated increases in retirement costs over the next two years due to changes in actuarial assumptions. In addition, there are other reserves set aside for both operating as well as emergency purposes to provide the City a financial cushion during economic downturns. The City was able to replenish its Economic Fluctuations Reserve by \$0.5 million during FY 13 increasing its balance to the \$6.0 million policy target.

### **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, 2012. 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 25 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.

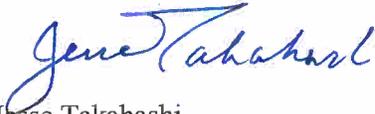
The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year 2012-13. This is the 20<sup>th</sup> consecutive year of receiving this award. In order to receive this award, the budget document was judged to be proficient in several categories, 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, Shannon Brangan, Executive Assistant, and Ana Rios, Accounting Clerk II, 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,



Jesse Takahashi  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

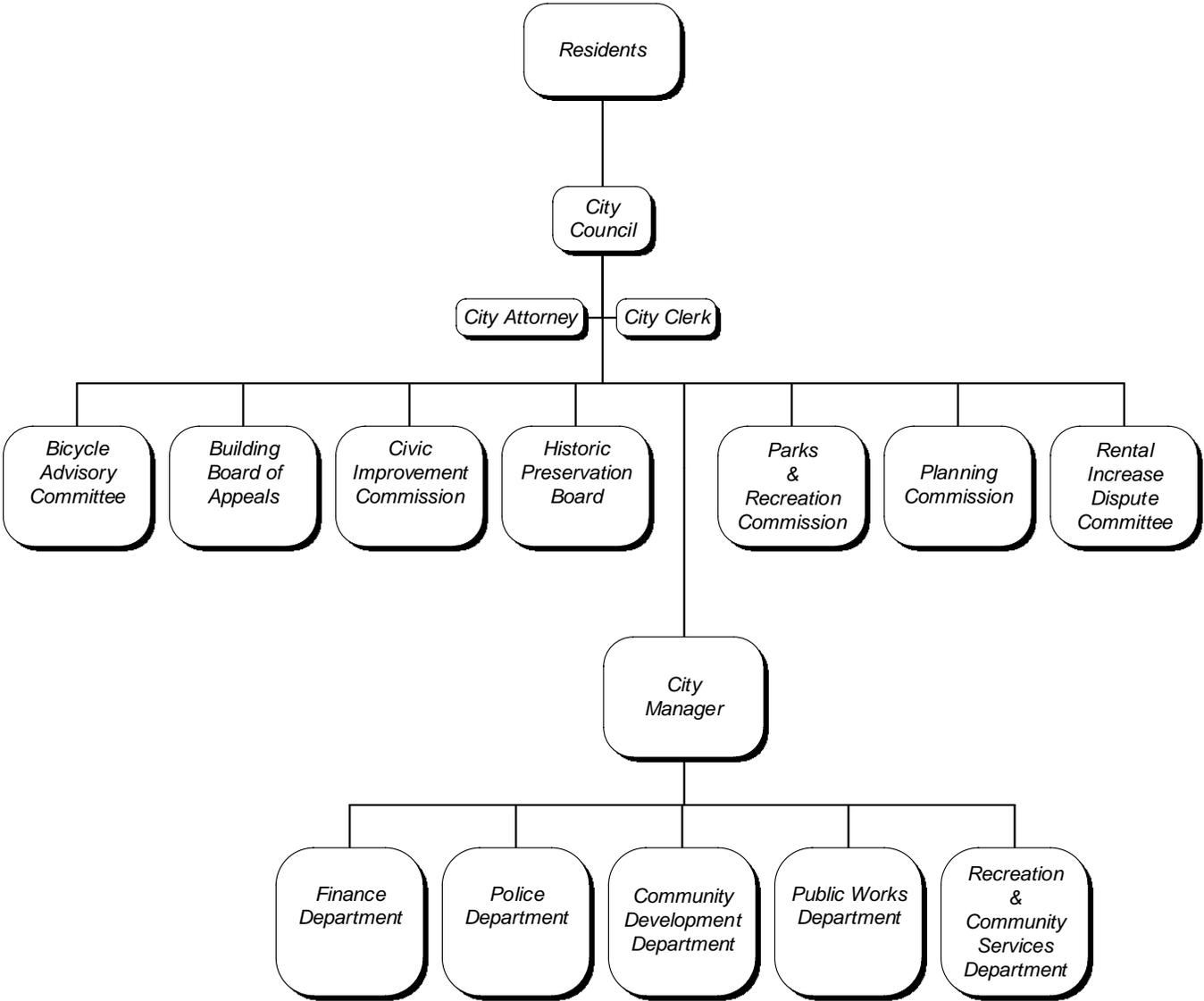
**City of Campbell  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

# General Organization 2012 - 2013



## **CITY OFFICIALS**

### **City Council & Redevelopment Agency Board**

Mayor – Evan D. Low

Vice Mayor – Richard M. Waterman

Councilmember – Jason T. Baker

Councilmember – Jeffrey R. Cristina

Councilmember – Michael F. Kowtowski

Note: Mayor serves an annual term from December to December. Names and positions are as of July 1, 2013.

### **City Administrative Staff**

City Manager – Mark Linder

City Clerk – Anne Bybee

City Attorney – William Seligmann

Community Development Director – Paul Kermoyan

Finance Director – Jesse Takahashi

Human Resources Manager – Jill Lopez

Police Chief – Gregory Finch

Public Works Director – Todd Capurso

Recreation & Community Services Director – Regina Maurantonio

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

### **Planning Commission**

Philip Reynolds, Chairperson  
Paul Resnikoff, Vice Chairperson  
Brian Brennan  
Pamela Finch  
Elizabeth Gibbons  
Bob Roseberry  
Vacant

### **Parks and Recreation Commission**

Rich Ptaszynski, Chairperson  
Jacquie Davidson  
Charles Gibson  
Scott Hughes  
Scott Johnson  
Christine Scholberg  
Renee Small

### **Civic Improvement Commission**

Ann Herosy, Chairperson  
Jill Brewer, Vice Chairperson  
Cynthia Dodd  
Traci Mitchell  
Madeline Perrine  
Michael Rich  
Alan Zisser

### **Building Board of Appeals**

Bruno Marcelic  
Jim Morelan  
Jay Perrine  
Kevin Salazar  
Todd Zeman

### **Historical Preservation Board**

Todd Walter, Chairperson  
JoElle Hernandez, Vice Chairperson  
Susan Blake  
Laura Taylor Moore  
Masel Sheehan

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

Vacant, Chair  
Eric Bracher  
John W. Figueroa  
Phil Doetsch  
Vacant

### **Bicycle Committee**

Herman Wadler, Chairperson  
Laura Smith, Vice Chairperson  
Brian Conroy  
David Passfield  
Paul Tuttle

Note: Names and positions as of July 1, 2013



## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

City Council  
City of Campbell  
Campbell, California

### **Report on the Financial statements**

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

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

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

## **Opinions**

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

## **Emphasis of Matters**

As discussed in Note 1d to the basic financial statements, the City incorporated deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure of net position due to the adoption of Governmental Accounting Standards Board's Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". The adoption of this standard also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Our opinion is not modified with respect to this matter.

As discussed in Note 1d to the basic financial statements, the City has changed its method for accounting and reporting certain items previously reported as assets or liabilities during fiscal year 2012-2013 due to the early adoption of Governmental Accounting Standards Board's Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of funding progress and budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and the schedules of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the management discussion and analysis and the schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements of the City or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Matters (Continued):**

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and individual fund schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

*White Nelson Dick Evans LLP*

Irvine, California  
December 19, 2013



## 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, 2013. 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 2012-13 Financial Highlights

The City ended its fiscal year with total revenues of \$46.3 million, a decrease of \$0.7 million from the previous year, and expenses of \$44.5 million, a decrease of \$2.1 million (2.2%) from the previous year. Property tax revenue declined due to the State of California's dissolution of redevelopment agencies state-wide, resulting in a loss of approximately \$1.3 million. This was offset by increases in charges for services, operating and capital grants, sales and use tax, transient occupancy tax, and permit fee revenue.

Other financial highlights of the past year are as follows:

#### *City-wide:*

- Total City assets exceeded its liabilities by \$55.7 million. Of this amount, \$35.5 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 position increased from the previous year by \$5.0 million of which \$1.6 million is attributable primarily to revenue growth and \$3.4 million is related to a restatement of net position from the prior year. Total liabilities decreased \$2.0 million. Capital assets increased by \$1.4 million, while Other Assets decreased by \$1.1 million.

#### *Fund level:*

- Total governmental fund balances were \$42.8 million at fiscal year end, an increase of \$2.6 million from the previous year.
- General Fund revenues, excluding transfers, increased \$2.5 million to \$38.1 million from the previous year. Related expenditures increased by \$2.2 million from the previous year to \$35.3 million.
- General Fund fund balance increased \$1.2 million to \$23.4 million at fiscal year end.
- The City realized a General Fund operating surplus, therefore, no draw from its Reserve for Economic Fluctuations was necessary.

### 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 basic financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

See independent auditors' report.

***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 Campbell Lighting and Landscape District, a legally separate entity that is 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 individual governmental funds. Information for the General Fund, Housing Assets Special Revenue Fund, Other Grants Special Revenue Fund, Capital Projects Fund, and COP 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.

See independent auditors’ report.

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 two agency funds representing a joint powers authority, a local improvement district and a Private Purpose Trust Fund which consists of the Successor Agency to the former Campbell Redevelopment Agency, which was dissolved by State legislation on February 1, 2012.

**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 position and statement of activities. Net positions for the City are summarized below as of June 30 and an analysis follows:

#### Governmental Net Position (millions)

	<u>Governmental Activities</u>	
	<b>2013</b>	<b>2012</b>
Cash & investments	\$33.5	\$30.8
Capital assets	34.2	32.8
Other assets	21.4	22.5
Total assets	89.1	86.1
Long term liabilities	24.5	25.0
Other liabilities	8.9	10.4
Total liabilities	33.4	35.4
Net Position:		
Invested in capital assets, net of debt	15.6	11.0
Restricted	4.6	2.0
Unrestricted	35.5	37.7
<b>Total net position</b>	<b>\$55.7</b>	<b>\$ 50.7</b>

See independent auditors’ report.

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

- Cash and investments increased by a net of \$2.7 million due largely to increases in operating revenues and grants which were used to fund capital projects.
- Capital assets added during the year were \$3.2 million offset by depreciation charges of \$1.8 million for a net increase of \$1.4 million.
- Other assets decreased a total of \$1.1 million consisting primarily of the sale of land held for resale in the prior year at \$0.6 million and decreases in receivables of \$0.5 million.
- Long term liabilities decreased a net of \$0.5 million as a result of principal repayments on debt of \$0.7 million. The payment of \$0.7 million in debt principal was offset by a \$0.2 million increase in OPEB liabilities.
- Other liabilities decreased by a net of \$1.5 million due principally to decreases in unearned revenues of \$4.1 million which offset increases in accounts payable and claims payable of \$2.5 million.
- Net assets invested in capital assets, net of related debt, increased \$4.6 million from the previous year due to normal debt service activity of \$0.6 million and the acquisition of capital assets in the amount of \$1.4 million and the elimination of \$2.2 million in loan obligations that converted to receivables and are reported in Restricted Net Assets.

Restricted net assets have external limitations placed upon them regarding how they may be spent. During the year, these assets increased by \$2.6 million due primarily to the reclassification of previously unrestricted RDA housing receivables.

Unrestricted net assets decreased by \$2.2 million due to the reclassification related to the low and moderate income housing receivables mentioned above.

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

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

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$10.1	\$8.9
Operating grants and contributions	2.3	4.4
Capital grants and contributions	3.1	3.1
General revenues:		
Property taxes	10.6	11.9

See independent auditors' report.

Sales and use taxes	12.6	11.8
Other taxes	6.7	6.2
Investment Income	0.3	0.2
Other	0.6	0.5
	<u>46.3</u>	<u>47.0</u>
Total revenues		

**Expenses:**

General Government	5.9	4.8
Recreation	5.1	5.0
Community Development	2.0	4.3
Public Safety	20.9	19.8
Public Works	9.4	8.7
Redevelopment	0.1	1.8
Interest on long term debt	1.0	1.8
	<u>44.5</u>	<u>46.2</u>
Total expenses		
<b>Extraordinary Loss</b>	<b><u>(1.1)</u></b>	<b><u>(14.2)</u></b>
<b>Change in net position</b>	<b><u>\$ 0.8</u></b>	<b><u>\$ (13.4)</u></b>

Net position increased \$0.8 million. Key elements of activity are as follows:

- Within program revenues, charges for services increased \$1.1 million due primarily to increases in commercial and residential building activity. Operating grants and contributions decreased \$2.1 million. A one-time housing grant of \$2.2 million was received from a State of California housing loan program in FY12 which is reflective of the change in FY13.
- Within general revenues, property tax revenue decreased by a total of \$1.3 million reflecting the dissolution of the RDA in FY12. General property tax revenue showed a modest increase of \$0.3 million as assessed valuations continued to stabilize and commercial property valuation reductions due to appeals declined.
- Sales and Use Tax and Other Taxes increased a combined \$1.3 million resulting from continued growth in the local economy.
- General Government expenses increased \$1.1 million due to increases in staffing costs, including OPEB contributions, and insurance premiums.
- Recreation Services expenses increased \$0.1 million due to increases in staffing costs and utility charges.
- Community Development expenditures decreased \$2.3 million primarily due to a one-time charge of \$2.2 million to fund a housing loan program that was recorded in FY12.

See independent auditors' report.

- Public Safety expenses increased \$1.1 million due to a scheduled increase in the City's contract for fire protection services as well as increased police department staffing costs.
- Interest expense was reduced by \$0.8 million due to elimination of RDA debt from the City reporting entity.
- Public Works expenses increased \$0.7 million due to increases in staffing costs, and general operating expenses including a one-time assessment of \$0.3 million to pay off an existing obligation with the West Valley Sanitation District.

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

Combined governmental fund balances at fiscal year end were \$42.8 million, an increase of \$2.6 million from the previous year. The City has Non-Spendable, Restricted, Committed, Assigned and Unassigned fund balances of \$16.3 million; \$4.2 million; \$20.7 million; \$2.0 million and (\$0.4) million, respectively, at year end.

Governmental fund revenues, excluding transfers, were \$44.7 million, an overall decrease of \$2.3 million from the previous year. Property taxes were lower by a net amount of \$1.3 million due to the elimination of property tax revenue from the Redevelopment Agency which was dissolved on February 1, 2012; intergovernmental revenues were lower by \$0.8 million due principally to completion of capital projects begun in the prior year that received funding from other governmental sources. Offsetting these decreases were increases in sales and use tax of \$ 0.9 million; other taxes of \$0.5 million; and Parkland dedication fees of \$0.3 million.

Governmental fund expenditures, excluding transfers, decreased from the prior year by a net amount of \$3.4 million to \$45.0 million. This decrease was due primarily to the elimination of \$1.8 million in Redevelopment Agency debt service costs; and the elimination of a one-time expenditure of \$2.2 million for a Housing loan program; an increase in Public Safety personnel related expenses of \$1.0 million; and a \$2.0 million increase in Public Works capital project expenditures.

### **Analysis of Major Governmental Funds**

#### ***General Fund***

The General Fund realized an excess of revenues over expenditures of \$2.7 million, excluding transfers. General Fund revenues, excluding transfers, increased \$2.5 million from the previous year to \$38.1 million. Contributing to the increase were increases in sales taxes of \$0.9 million, transient occupancy taxes of \$0.5 million; and rents and leases of \$0.2 million.

General Fund expenditures, excluding transfers, were \$35.3 million, an increase of \$2.2 million from the previous year. Contributing to the increase were \$1.8 million in personnel related costs, including salaries and benefits and \$0.4 million in general operating expenditures. The City continued to require employee furloughs and monitor its expenditures closely in an effort to minimize spending where possible.

See independent auditors' report.

General Fund fund balance at fiscal year-end was \$23.4 million, an increase of \$1.2 million from the previous year. The resulting surplus enabled the Reserve for Economic Fluctuations to be increased by \$0.5 million to \$6.0 million based on a policy target of \$6.0 million. Committed and Assigned fund balances at year end were \$22.4 million. These balances are utilized to fund various emergency and operating funds, including a \$ 6.0 million reserve for economic fluctuations, \$5.0 million for capital projects and \$3.8 million for emergencies.

Significant original-to-final revenue budget adjustments were made to sales taxes (\$0.7 million), transient occupancy taxes (\$0.15 million), charges for service (-\$0.14 million) and miscellaneous revenues (\$0.35 million) for a property tax administration fee settlement. The property tax budget was increased slightly as the significant downward adjustments made by the County assessor's office during the previous year stabilized. Sales and use tax and transient occupancy tax were increased as the first six months sales tax receipts indicated continued improvement in the economy. The Transient Occupancy Tax (TOT) increased as the result of an improvement in business activity over what was anticipated. Significant reductions were made to Recreation charges for service based on lower projected enrollments in various activities at the mid-year.

Significant final revenue budget-to-actual variances consisted of a positive variance in Property Tax and Sales and Use Tax, due to better than expected economic conditions; a positive variance in Other Taxes due to TOT improvement; and a positive variance in Licenses and Permits due to additional construction activity. There was a negative variance in Investment Income as interest rates continued to fall below expected levels in addition to recording a temporary market value adjustment at year end. The City buys and holds investments until maturity, so the losses reflected are book losses only. Miscellaneous revenues reflect a positive variance due to a one-time refund of County property tax administration fees.

There was a small negative original-to-final budget variance for total General Fund expenditures. Positive variances in General Government, Recreation and Public Works resulted from continued efforts to conserve budget, helped to offset a negative variance in Public Safety.

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

The principal asset of this fund is represented by \$7.2 million due from other governments from the former RDA representing the portion of debt service it is obligated to repay to the City based on an agreement between the two entities. Payment to the City will be made with annual collections of RDA tax increment revenue from the County of Santa Clara subject to a Recognized Obligation Payment Schedule approved by a Successor Agency Oversight Board. The net change in fund balance in the current year is due to normal debt service activity.

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

The Capital Projects Fund accounts for all City-wide Capital Improvement Program expenditures. Total expenditures of \$3.6 million were made for capital projects during the year, a decrease of \$0.9 million from the prior year. The decrease in expenditures is the See independent auditors' report.

result of the completion of two major projects that started in previous years. Projects were funded from capital improvement reserves, intergovernmental revenues and grants.

***Housing Assets Special Revenue Fund***

The principal asset of this fund consists of housing loans receivable from various housing programs which were formerly administered by the Campbell Redevelopment Agency. Limited funds are available for new homebuyers, consisting primarily of residual property tax revenues distributed by the County-Controller.

***Other Grants Special Revenue Fund***

This fund’s principal assets are receivables billed to other governmental agencies for project expenses incurred during the fiscal year. During the year, the City received \$1.2 million in grant revenues that were used to fund various completed capital projects.

***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 \$34.2 million as of June 30, 2013. The following is a summary of the City’s capital assets for the fiscal year ended June 30:

<b>Capital Assets (in millions)</b>		
	<b>2013</b>	<b>2012</b>
Land	\$9.1	\$9.1
Construction in progress	4.3	2.6
Building & improvements	13.6	13.6
Other improvements	9.4	9.4
Machinery & equipment	8.6	8.6
Infrastructure	27.5	22.1
Less: Accumulated depreciation	(38.3)	(36.4)
<b>Net capital assets</b>	<b>\$ 34.2</b>	<b>\$ 29.0</b>

Total additions to capital assets were \$3.4 million during the year consisting primarily of capital project improvements, vehicles, and technology equipment. Additional detail on capital assets can be found in Note 5 of the notes to the basic financial statements. Deletions of Capital Assets consisted of several police vehicles which were no longer serviceable.

See independent auditors’ report.

## **Debt Administration**

During the fiscal year, the City 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. The former Redevelopment Agency debt obligations were transferred to the Successor Agency Private Purpose Trust and therefore are eliminated from the City's financial statements. The debt obligations appear on the Fiduciary Funds Statement of Net Assets on page 73 of the CAFR. Total outstanding debt of the Successor Agency for the tax allocation bonds was \$20.4 million at June 30, 2013.

The City had \$19.6 million and \$20.2 million in outstanding certificates of participation at June 30, 2013 and 2012, respectively.

## **Economic Outlook and Next Year's Budget**

The City was able to replenish reserves back to their target levels. In developing the FY14 budget, the following information was used:

- Property tax revenues are expected to be slightly (2%) higher than in FY 13 due to expected improvement in the commercial and residential real estate markets.
- Sales tax revenue is expected to be 2% higher during the year due to the expected modest growth in retail sales.
- 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 and escalates each year.
- Employee furloughs continue for the next year.

The economic outlook for the local Silicon Valley region is generally positive. The unemployment rate was down to 5.8% (from 7.5%) in June 2012 and is expected to stabilize or trend slowly downward in the coming months. The Silicon Valley region has been leading the country in job growth this past year and is expected to continue in the near term.

Despite the positive outlook overall, there are still some 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 2013-14 are \$41.9 million, an increase of \$4.3 million (11.4%) from the previous year adopted budget.

See independent auditors' report.

## **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 or by e-mail at [finance@cityofcampbell.com](mailto:finance@cityofcampbell.com).

## CITY OF CAMPBELL, CALIFORNIA

### STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

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

The Statement of Net Position reports the difference between the City's total assets and deferred outflows of resources and the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. It focuses the reader on the composition of the City's net position, by subtracting total liabilities and total deferred inflows of resources from total assets and total deferred outflows of resources. The Statement of Net Position 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, Debt Service and Capital Projects 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 position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, deferred outflows of resources, current liabilities, deferred inflows of resources, 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 Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the City and the City of Campbell Lighting and Landscape District, which is a legally separate but blended component unit of the City because it is controlled by the City, which is financially accountable for its activities.

CITY OF CAMPBELL, CALIFORNIA

STATEMENT OF NET POSITION

June 30, 2013

	<u>Governmental Activities</u>
ASSETS:	
Cash and investments (Note 2)	\$ 33,528,294
Receivables:	
Taxes	2,045,052
Accounts	2,832,856
Interest	112,437
Notes and loans (Note 4)	9,128,838
Deposits	90,000
Advance to Campbell Successor Agency	7,166,340
Prepaid expenses	18,482
Capital assets, not depreciated (Note 5)	13,366,149
Capital assets, depreciated, net (Note 5)	<u>20,802,344</u>
 TOTAL ASSETS	 <u>89,090,792</u>
LIABILITIES:	
Accounts payable	3,100,500
Accrued expenses	1,222,741
Deposits payable	983,973
Interest payable	218,593
Unearned revenue	197,326
Long-term liabilities (Note 6):	
Due within one year	2,530,448
Due in more than one year	<u>25,182,754</u>
 TOTAL LIABILITIES	 <u>33,436,335</u>
NET POSITION:	
Net investment in capital assets	15,612,650
Restricted for:	
Low and moderate income housing	786,137
Museum and adult center	141,411
Community development	967,911
Public safety	30,383
Debt service	6
Capital projects	140,412
Public works	2,440,987
Unrestricted	<u>35,534,560</u>
 TOTAL NET POSITION	 <u>\$ 55,654,457</u>

See independent auditors' report and notes to the basic financial statements.

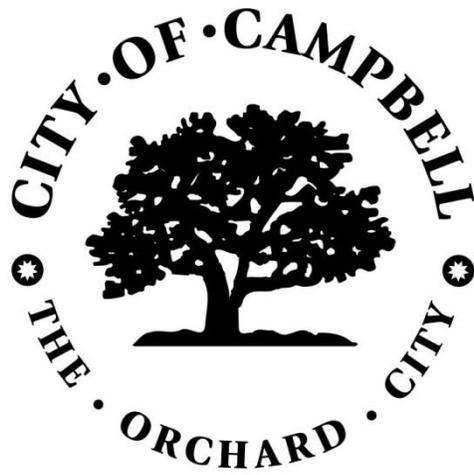
CITY OF CAMPBELL, CALIFORNIA

STATEMENT OF ACTIVITIES

For the fiscal year ended June 30, 2013

Functions/programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Change in Net Position
					Governmental Activities
<b>Governmental activities:</b>					
General government	\$ 5,895,629	\$ 1,201	\$ 10,905	\$ -	\$ (5,883,523)
Recreation	5,164,889	3,592,223	108,757	-	(1,463,909)
Community development	2,027,866	3,372,735	525,160	701,680	2,571,709
Public safety	20,871,425	685,552	123,821	-	(20,062,052)
Public works	9,482,322	2,421,622	1,514,553	2,415,826	(3,130,321)
Redevelopment	6,385	-	30,314	-	23,929
Interest expense and other charges	1,013,545	-	-	-	(1,013,545)
<b>Total governmental activities</b>	<b>\$ 44,462,061</b>	<b>\$ 10,073,333</b>	<b>\$ 2,313,510</b>	<b>\$ 3,117,506</b>	<b>(28,957,712)</b>
General revenues:					
Taxes:					
Property					10,621,755
Sales and use					12,649,768
Transient occupancy					2,875,976
Franchise					2,776,192
Other					990,263
Motor vehicle in lieu, unrestricted					20,946
Investment income					329,371
Miscellaneous					615,169
Total general revenues					<u>30,879,440</u>
Special Item:					
Transfer to Santa Clara County (Note 4)					<u>(1,159,962)</u>
Change in net position					761,766
Net Position At Beginning of Year, As Restated					<u>54,892,691</u>
Net Position At End of Year					<u>\$ 55,654,457</u>

See independent auditors' report and 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 year 2013. Individual other governmental (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.

**Housing Assets Special Revenue Fund**

Accounts for assets of the City's Successor Housing Agency, formed to take over certain housing assets from the former Redevelopment Agency Low-Moderate Income Housing Fund upon its dissolution by the State of California.

**Other Grants Special Revenue Fund**

Accounts for Federal, State and local grant funds which are provided for specific purposes.

**COP Debt Service Fund**

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

**Capital Projects Fund**

Accounts for the expenditures and financing of the City's capital projects.

CITY OF CAMPBELL, CALIFORNIA

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2013

	General Fund	Housing Assets Special Revenue Fund	Other Grants Special Revenue Fund
<b>ASSETS</b>			
Cash and investments	\$ 22,605,810	\$ 796,538	\$ 110,502
Receivables:			
Accounts	426,302	-	2,035,143
Taxes	2,044,264	-	-
Interest	43,265	-	-
Notes and loans	-	8,748,314	-
Due from other funds	1,936,048	-	-
Advance to Campbell Successor Agency	-	-	-
Prepaid expenses	12,782	-	-
<b>TOTAL ASSETS</b>	<b>\$ 27,068,471</b>	<b>\$ 9,544,852</b>	<b>\$ 2,145,645</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 1,499,891	\$ -	\$ -
Accrued payroll	1,122,225	-	-
Deposits payable	983,973	-	-
Due to other funds	-	10,401	1,806,970
Unearned revenue	33,067	-	3,722
<b>TOTAL LIABILITIES</b>	<b>3,639,156</b>	<b>10,401</b>	<b>1,810,692</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenues	-	-	1,635,090
<b>FUND BALANCES:</b>			
Nonspendable	12,782	8,748,314	-
Restricted	-	786,137	-
Committed	20,748,137	-	-
Assigned	1,681,171	-	-
Unassigned	987,225	-	(1,300,137)
<b>TOTAL FUND BALANCES</b>	<b>23,429,315</b>	<b>9,534,451</b>	<b>(1,300,137)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 27,068,471</b>	<b>\$ 9,544,852</b>	<b>\$ 2,145,645</b>

See independent auditors' report and notes to the basic financial statements.

COP Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 6	\$ 1,607,844	\$ 3,406,034	\$ 28,526,734
-	12,650	358,761	2,832,856
-	-	788	2,045,052
-	-	-	43,265
-	-	380,524	9,128,838
-	-	-	1,936,048
7,166,340	-	-	7,166,340
-	5,700	-	18,482
<u>\$ 7,166,346</u>	<u>\$ 1,626,194</u>	<u>\$ 4,146,107</u>	<u>\$ 51,697,615</u>

\$ -	\$ 1,261,424	\$ 197,794	\$ 2,959,109
-	-	75,516	1,197,741
-	-	-	983,973
-	13,167	105,510	1,936,048
-	160,537	-	197,326
-	1,435,128	378,820	7,274,197

-	-	-	1,635,090
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7,166,340	5,700	380,524	16,313,660
6	-	3,386,151	4,172,294
-	-	-	20,748,137
-	185,366	112,061	1,978,598
-	-	(111,449)	(424,361)
<u>7,166,346</u>	<u>191,066</u>	<u>3,767,287</u>	<u>42,788,328</u>

<u>\$ 7,166,346</u>	<u>\$ 1,626,194</u>	<u>\$ 4,146,107</u>	<u>\$ 51,697,615</u>
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CITY OF CAMPBELL, CALIFORNIA

RECONCILIATION OF THE BALANCE SHEET  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2013

Fund balances - total governmental funds		\$ 42,788,328
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Accrued interest receivable on the long-term advance from the Successor Agency. This amount is the difference between the amount of interest received and the interest earned on the long-term advance.		
		69,172
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet:		
Capital assets	\$ 65,597,767	
Accumulated depreciation	<u>(32,183,126)</u>	
		33,414,641
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditures when due. All liabilities, both current and long-term, are reported in the Statement of Net Position. Balances as of June 30, 2013 are:		
Refunding Certificates of Participation	(19,614,880)	
Compensated absences	(2,946,123)	
Claims payable - general liability	(364,597)	
Accrued interest	<u>(218,593)</u>	
		(23,144,193)
Other post-employment benefit obligation liability is not accrued in governmental funds, but rather is recognized as expenditure when paid.		
		(1,832,647)
Certain receivables will be collected after year-end, but are not available soon enough to pay for current period expenditures, and therefore, are offset by a deferred inflow of resources related to unavailable revenues.		
		1,635,090
Internal service funds are used by management to charge the costs of certain activities, such as equipment management, information technology, and workers' compensation self-insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		
		<u>2,724,066</u>
Net position of governmental activities		<u><u>\$ 55,654,457</u></u>

See independent auditors' report and notes to the basic financial statements.

CITY OF CAMPBELL, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the year ended June 30, 2013

	General Fund	Housing Assets Special Revenue Fund	Other Grants Special Revenue Fund
<b>REVENUES:</b>			
Property taxes	\$ 9,770,597	\$ -	\$ -
Sales and use taxes	12,649,768	-	-
Other taxes	6,642,431	-	-
Special assessments	-	-	-
Licenses and permits	2,213,828	-	-
Fines and forfeitures	302,199	-	-
Investment income (loss)	(38,665)	2,187	(574)
Rents and leases	2,255,422	4,163	-
Intergovernmental revenues	222,695	-	1,264,114
Charges for services	3,449,197	-	-
Project revenues	-	-	-
Donations	60,648	-	-
Parkland dedication fees	-	-	-
Miscellaneous revenues	544,116	84,703	-
<b>TOTAL REVENUES</b>	<u>38,072,236</u>	<u>91,053</u>	<u>1,263,540</u>
<b>EXPENDITURES:</b>			
Current:			
General government	4,800,319	-	-
Recreation	4,841,625	-	-
Community development	1,528,646	467,051	-
Redevelopment	-	-	-
Public safety	20,279,108	-	-
Public works	3,882,765	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>35,332,463</u>	<u>467,051</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2,739,773</u>	<u>(375,998)</u>	<u>1,263,540</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in (Note 3)	1,337,244	-	-
Transfers out (Note 3)	(2,891,619)	-	(2,744,774)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,554,375)</u>	<u>-</u>	<u>(2,744,774)</u>
<b>SPECIAL ITEM:</b>			
Transfer to Santa Clara County (Note 4)	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	1,185,398	(375,998)	(1,481,234)
<b>FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED</b>	<u>22,243,917</u>	<u>9,910,449</u>	<u>181,097</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 23,429,315</u>	<u>\$ 9,534,451</u>	<u>\$ (1,300,137)</u>

See independent auditors' report and notes to the basic financial statements.

<u>COP Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 851,158	\$ 10,621,755
-	-	-	12,649,768
-	-	-	6,642,431
-	-	1,139,132	1,139,132
-	-	-	2,213,828
-	-	-	302,199
368,051	-	2,262	333,261
-	-	-	2,259,585
-	-	1,471,051	2,957,860
-	-	701,455	4,150,652
-	30,314	-	30,314
-	-	46,306	106,954
-	-	701,114	701,114
-	-	11,363	640,182
<u>368,051</u>	<u>30,314</u>	<u>4,923,841</u>	<u>44,749,035</u>
-	-	115,607	4,915,926
-	-	-	4,841,625
-	-	-	1,995,697
-	6,385	-	6,385
-	-	100,768	20,379,876
-	491,791	3,846,739	8,221,295
-	3,068,507	-	3,068,507
715,000	-	-	715,000
892,369	-	-	892,369
<u>1,607,369</u>	<u>3,566,683</u>	<u>4,063,114</u>	<u>45,036,680</u>
<u>(1,239,318)</u>	<u>(3,536,369)</u>	<u>860,727</u>	<u>(287,645)</u>
943,314	3,495,039	1,757,506	7,533,103
-	-	(1,841,810)	(7,478,203)
<u>943,314</u>	<u>3,495,039</u>	<u>(84,304)</u>	<u>54,900</u>
-	-	(1,159,962)	(1,159,962)
(296,004)	(41,330)	(383,539)	(1,392,707)
<u>7,462,350</u>	<u>232,396</u>	<u>4,150,826</u>	<u>44,181,035</u>
<u>\$ 7,166,346</u>	<u>\$ 191,066</u>	<u>\$ 3,767,287</u>	<u>\$ 42,788,328</u>

CITY OF CAMPBELL, CALIFORNIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

For the fiscal year ended June 30, 2013

Net change in fund balances - total governmental funds \$ (1,392,707)

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

Accrued interest revenue related to the long-term advance from the Successor Agency. This amount is the difference between the amount of interest received and the amount of interest earned on the long-term advance. (336)

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 the estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year.

Capital outlay	\$ 3,253,249	
Depreciation expense	<u>(1,814,074)</u>	
		1,439,175

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 715,000

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. (121,176)

Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.

Net change in compensated absences	229,229	
Net change in claims payable - general liability	(322,316)	
Net change in other post-employment benefit obligation	<u>(293,000)</u>	
		(386,087)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. 1,635,090

Internal service funds are used by management to charge the costs of certain activities, such as equipment management, information technology, and workers' compensation self-insurance, to individual funds. The net revenue (expense) of these internal service funds are included in the governmental activities in the Statement of Net Position. (1,127,193)

Change in net position of governmental activities \$ 761,766

See independent auditors' report and notes to the basic financial statements.

## CITY OF CAMPBELL, CALIFORNIA

### PROPRIETARY 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, CALIFORNIA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS

June 30, 2013

	Governmental Activities <u>Internal Service Funds</u>
ASSETS:	
CURRENT ASSETS:	
Cash and investments	\$ 5,001,560
Deposits	<u>90,000</u>
TOTAL CURRENT ASSETS	<u>5,091,560</u>
NONCURRENT ASSETS:	
Capital assets, net of accumulated depreciation	<u>753,852</u>
TOTAL NONCURRENT ASSETS	<u>753,852</u>
TOTAL ASSETS	<u>5,845,412</u>
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	141,391
Accrued payroll	25,000
Compensated absences, current portion	40,294
Claims and judgments payable, current portion	<u>400,000</u>
TOTAL CURRENT LIABILITIES	<u>606,685</u>
LONG-TERM LIABILITIES:	
Compensated absences	53,598
Claims payable and judgments	<u>2,461,063</u>
TOTAL LONG-TERM LIABILITIES	<u>2,514,661</u>
TOTAL LIABILITIES	<u>3,121,346</u>
NET POSITION:	
Net investment in capital assets	753,852
Unrestricted	<u>1,970,214</u>
TOTAL NET POSITION	<u>\$ 2,724,066</u>

See independent auditors' report and notes to the basic financial statements.

CITY OF CAMPBELL, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS

For the fiscal year ended June 30, 2013

	Governmental Activities <u>Internal Service Funds</u>
OPERATING REVENUES:	
Charges for services	\$ 2,062,318
Other	<u>107,885</u>
TOTAL OPERATING REVENUES	<u>2,170,203</u>
OPERATING EXPENSES:	
Personnel services	908,877
Services and supplies	2,127,635
Depreciation	<u>205,984</u>
TOTAL OPERATING EXPENSES	<u>3,242,496</u>
OPERATING INCOME (LOSS), BEFORE TRANSFERS	<u>(1,072,293)</u>
TRANSFERS (NOTE 3):	
Transfers in	15,000
Transfers out	<u>(69,900)</u>
TOTAL TRANSFERS	<u>(54,900)</u>
CHANGE IN NET POSITION	(1,127,193)
NET POSITION AT BEGINNING OF YEAR, AS RESTATED	<u>3,851,259</u>
NET POSITION AT END OF YEAR	<u>\$ 2,724,066</u>

See independent auditors' report and notes to the basic financial statements.

CITY OF CAMPBELL, CALIFORNIA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

For the fiscal year ended June 30, 2013

	Governmental Activities <u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from department users	\$ 2,170,203
Cash payments to suppliers of goods and services	(1,353,584)
Cash payments to employees for services	<u>(840,682)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(24,063)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash received from other funds	15,000
Cash paid to other funds	<u>(69,900)</u>
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>(54,900)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	<u>(215,096)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(215,096)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(294,059)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>5,295,619</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 5,001,560</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	\$ (1,072,293)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	205,984
Changes in operating assets and liabilities:	
Increase (decrease) in accounts payable	69,351
Increase (decrease) in accrued payroll	11,194
Increase (decrease) in compensated absences	57,001
Increase (decrease) in claims and judgments payable	<u>704,700</u>
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ (24,063)</u></u>

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

FIDUCIARY FUNDS

**Private-Purpose Trust Fund**

The private-purpose trust fund was created to account for the assets and liabilities of the Campbell Successor Agency, effective February 1, 2012. These amounts represent the assets and liabilities of the former Campbell Redevelopment Agency.

**Agency Funds**

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

STATEMENT OF NET POSITION  
FIDUCIARY FUNDS

June 30, 2013

	Private-Purpose Trust Fund	Agency Funds
ASSETS:		
CURRENT ASSETS:		
Cash and investments (Note 2)	\$ 1,468,761	\$ 261,771
Cash held with fiscal agent (Note 2)	2,056,913	-
	<u>3,525,674</u>	<u>261,771</u>
TOTAL CURRENT ASSETS		
NONCURRENT ASSETS:		
Capital assets, not being depreciated	7,176,061	-
Capital assets, net of accumulated depreciation	21,599,619	-
	<u>28,775,680</u>	<u>-</u>
TOTAL NONCURRENT ASSETS		
TOTAL ASSETS		
	<u>32,301,354</u>	<u>\$ 261,771</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	5,198	\$ 54,484
Accrued interest payable	337,088	-
Due to West Valley Solid Waste JPA	-	177,068
Due to bondholders	-	30,219
	<u>342,286</u>	<u>261,771</u>
TOTAL CURRENT LIABILITIES		
LONG-TERM LIABILITIES:		
Due within one year	616,360	-
Due in more than one year	26,904,980	-
	<u>27,521,340</u>	<u>-</u>
TOTAL LONG-TERM LIABILITIES		
TOTAL LIABILITIES		
	<u>27,863,626</u>	<u>\$ 261,771</u>
NET POSITION:		
Held in trust for other purposes	<u>\$ 4,437,728</u>	

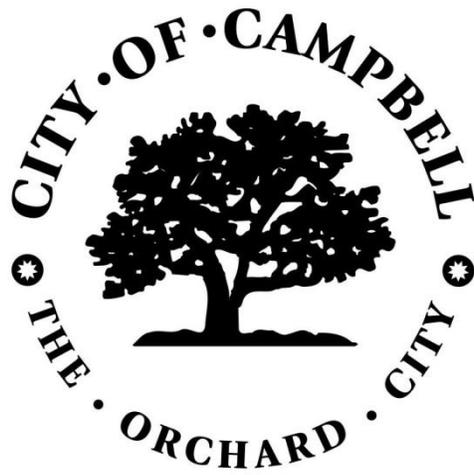
See independent auditors' report and notes to the basic financial statements.

CITY OF CAMPBELL, CALIFORNIA  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS

For the fiscal year ended June 30, 2013

	<u>Private-Purpose Trust Fund</u>
ADDITIONS:	
Distributions from county-administered redevelopment property tax trust fund	\$ 2,192,669
Investment income (loss)	<u>(7,728)</u>
TOTAL ADDITIONS	<u>2,184,941</u>
DEDUCTIONS:	
Program costs of former redevelopment agency	2,977
Professional and special services	63,336
Depreciation	1,063,795
Interest and fiscal agencnt costs of former redevelopment agency	1,451,676
Distributions to County of excess funds	7,718,473
Reimbursement to City of Campbell	<u>161,460</u>
TOTAL DEDUCTIONS	<u>10,461,717</u>
CHANGE IN NET POSITION	(8,276,776)
NET POSITION AT BEGINNING OF YEAR, AS RESTATED	<u>12,714,504</u>
NET POSITION AT END OF YEAR	<u>\$ 4,437,728</u>

See independent auditors' report and notes to the basic financial statements.



CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the City of Campbell, California (the City) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental 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 government'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 blended component units, entities for which the City is financially accountable.

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

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

b. Measurement Focus and Basis of Accounting (Continued):

**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 business-type activities or 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*, as is the proprietary fund financial statements and the fiduciary private-purpose trust fund financial statements. 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, "*Accounting and Financial Reporting for Nonexchange Transactions*".

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 expenditures. 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.

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 non-major funds in the aggregate for governmental and proprietary funds. Fiduciary statements include financial information for the private purpose trust fund, and agency funds and similar component units. Agency funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations. Agency funds are reported using no measurement focus, but utilize the accrual basis of accounting.

**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 they 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.

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

b. Measurement Focus and Basis of Accounting (Continued):

**Governmental Funds (Continued):**

*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. However, special reporting treatments are used to indicate 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.

See independent auditors’ report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

b. Measurement Focus and Basis of Accounting (Continued):

**Governmental Funds (Continued):**

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 *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

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 and the fiduciary private-purpose trust fund, 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 position.

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 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.

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

c. Fund Classifications:

The City reports the following major governmental funds:

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

The Housing Assets Special Revenue Fund is used to account for assets of the City's Successor Housing Agency, formed to take over certain housing assets from the former Redevelopment Agency Low-Moderate Income Housing Fund upon its dissolution by the State of California.

The Other Grants Special Revenue Fund is used to account for Federal, State and local grant funds which are provided for specific purposes.

The COP Debt Service Fund is used to account 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.

The Capital Projects Fund is used to account for the expenditures and financing of the City's capital projects.

Additionally, the City reports the following fund types:

The 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.

The Fiduciary Funds - The City maintains two types of Fiduciary Funds - Trust Funds and Agency Funds. Trust Funds account for activities of the private-purpose trust fund for the benefit of the Campbell Successor Agency. Agency Funds are used to account for monies held for the West Valley Solid Waste Management Authority and for the 1915 Act Bonds.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

d. New Accounting Pronouncements:

**Implemented:**

In fiscal year 2012-2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*”. This statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, “*Elements of Financial Statements*” into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new Statement of Net Position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

In fiscal year 2012-2013, the City early implemented GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities*”. This statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The early implementation of this statement had no effect on the accompanying financial statements.

**Pending Accounting Standards:**

GASB has issued the following statements which may impact the City’s financial reporting requirements in the future:

- GASB 66 - “*Technical Corrections, an amendment of GASB Statement No. 10 and Statement No. 62*”, effective for periods beginning after December 15, 2012.
- GASB 67 - “*Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*”, effective for the fiscal years beginning after June 15, 2013.
- GASB 68 - “*Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*”, effective for the fiscal years beginning after June 15, 2014.
- GASB 69 - “*Government Combinations and Disposals of Government Operations*”, effective for periods beginning after December 15, 2013.
- GASB 70 - “*Accounting and Financial Reporting for Nonexchange Financial Guarantees*”, effective for the periods beginning after June 15, 2013.

See independent auditors’ report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

e. Deferred Outflows/Inflows of Resources:

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

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

f. Net Position Flow Assumption:

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied, however it is at the Council's discretion.

g. 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, Successor Agency of the former 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.

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

g. Property Taxes (Continued):

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.

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.

h. Cash and Investments:

Investments are reported in the accompanying Balance Sheet and Statement of Net Position 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 quarterly 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.

See independent auditors’ report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

i. 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 capital 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.

The following schedule summarizes capital asset useful lives:

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

j. 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 Position. For Internal Service Funds, liabilities of these amounts are recorded liabilities of those funds.

Compensated absences are typically liquidated by the General Fund.

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

k. Use of Estimates:

The preparation of financial statements requires management to make certain 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, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS:

**Cash and Investments:**

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 33,528,294
Statement of Fiduciary Net Position:	
Cash and investments	1,730,532
Cash held with fiscal agent	<u>2,056,913</u>
Total cash and investments	<u>\$ 37,315,739</u>

Cash and investments as of June 30, 2013 consisted of the following:

Cash on hand	\$ 3,400
Deposits with financial institutions	686,312
Investments	<u>36,626,027</u>
Total cash and investments	<u>\$ 37,315,739</u>

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

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 City 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 Types</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 Deposit	5 years	None	25%	\$1 million
Negotiable Certificates of Deposit	5 years	None	30%	None
California Local Agency Investment Fund	N/A	None	None	\$40 million per account
Mutual Funds	N/A	AAAm or Aaa or AAA/V1+	15%	10%
Money Market Mutual Funds	N/A	AAAm or Aaa Or AAA/V1+	15%	10%
Municipal and State Obligations	5 years	A/A-1	10%	None

\* Issuer must be U.S. general corporation having assets in excess of \$500,000,000 with debt other than commercial paper rated A or higher or U.S. special purpose corporation, trust or limited liability company having program-wide credit enhancements and commercial paper rated A-1 or higher.

N/A - Not Applicable

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

2. CASH AND INVESTMENTS (CONTINUED):

**Investments Authorized by Debt Agreements:**

Investment of debt proceeds held by bond trustees 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, credit risk, and concentration of credit risk.

<u>Authorized Investment Types</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	None	No Limit	No Limit
U.S. 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	A-1/P-1	No Limit	No Limit
Commercial Paper	270 days	A	No Limit	No Limit
Repurchase Agreements	30 days-7 years	A	No Limit	No Limit
California Local Agency Investment Fund (LAIF)	N/A	None	No Limit	\$40 million per account
Money Market Funds	N/A	A	No Limit	10%
Investment Agreements	5-7 years	A	No Limit	No Limit
Other Tax Exempt Organizations	7 years	A	No Limit	No Limit
California Asset Management Program (CAMP)	N/A	None	No Limit	No Limit

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

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)				Totals
	12 Months or Less	13 to 24 Months	35 to 60 Months	Over 60 Months	
Available for Operations:					
U.S. Government Agency Obligations	\$ -	\$ -	\$ 10,828,270	\$ -	\$ 10,828,270
California Local Agency Investment Fund	22,721,168	-	-	-	22,721,168
Medium-Term Note	-	1,019,670	-	-	1,019,670
Restricted:					
Money Market Mutual Funds	2,056,919	-	-	-	2,056,919
Total Investments	<u>\$ 24,778,087</u>	<u>\$ 1,019,670</u>	<u>\$ 10,828,270</u>	<u>\$ -</u>	<u>\$ 36,626,027</u>

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

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 Standard and Poor's rating as of year end for each investment type.

Investment Type	Minimum Legal Rating	Total as of June 30, 2013	AAA	AA+	Not Rated
Available for Operations:					
U.S. Government Agency Obligations	None	\$ 10,828,270	\$ -	\$ 10,828,270	\$ -
California Local Agency Investment Fund	None	22,721,168	-	-	22,721,168
Medium-Term Note	AA	1,019,670	-	1,019,670	-
Restricted:					
Money Market Mutual Funds	AAA	<u>2,056,919</u>	<u>2,056,919</u>	<u>-</u>	<u>-</u>
Total Investments		<u>\$ 36,626,027</u>	<u>\$ 2,056,919</u>	<u>\$ 11,847,940</u>	<u>\$ 22,721,168</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 anyone 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:

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	United States Government Sponsored Agency Securities	\$ 4,919,780
Federal National Mortgage Association	United States Government Sponsored Agency Securities	5,908,490

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

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. At June 30, 2013, the City's deposits were either federally insured or collateralized.

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.

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

3. INTERFUND TRANSACTIONS:

**Due To/From Other Funds:**

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 from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund	Housing Assets Special Revenue Fund	\$ 10,401
	Other Grants Special Revenue Fund	1,806,970
	Capital Projects Fund	13,167
	Other Governmental Funds	<u>105,510</u>
		<u>\$ 1,936,048</u>

**Transfers In/Out:**

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

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Grants Special Revenue Fund (e)	\$ 82,106
	Other Governmental Funds (a)(b)(c)	1,185,238
	Internal Service Funds (b)	69,900
COP Debt Service Fund	General Fund (d)	943,314
Capital Projects Fund	General Fund (f)	598,505
	Other Grants Special Revenue Fund (f)	2,608,262
	Other Governmental Funds (f)	288,272
Other Governmental Funds	General Fund (b)	1,334,800
	Other Grants Special Revenue Fund (b)	54,406
	Other Governmental Funds (a)(b)	368,300
Internal Service Funds	General Fund (c)	<u>15,000</u>
		<u>\$ 7,548,103</u>

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

3. INTERFUND TRANSACTIONS (CONTINUED):

**Transfers In/Out (Continued):**

Interfund transfers were principally used for the following purposes:

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

4. LOANS RECEIVABLE:

**First-Time Homebuyer Loan Program:**

The City's Housing Assets Special Revenue Fund 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 a 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 8 % fee or an equity share payment, whichever is lower. The balance of the notes receivable arising from this program at June 30, 2013 was \$1,132,000.

**Housing Rehabilitation and Affordable Housing Loans:**

The City's Housing Assets Special Revenue Fund 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, 2013 was \$1,544,234.

**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.

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

4. LOANS RECEIVABLE (CONTINUED):

**Rehabilitation Loans (Continued):**

During the year ended June 30, 2013, the City made new loans totaling \$27,818. During the year ended June 30, 2013, the City transferred \$1,159,962 of these loans to the County of Santa Clara for future administration purposes. Since this event is considered to be infrequent in occurrence and within the control of management, it has been reported as a special item in the governmental fund financial statements due to its significance. At June 30, 2013, the City had outstanding rehabilitation loans of \$380,524 in its Community Development Block Grant Special Revenue Fund.

**Maravilla Loans:**

The City's Housing Assets Special Revenue Fund engages in programs designed to encourage home ownership among low and moderate income households in the Maravilla Community in the City of Campbell. Under this program, an interest free loan up to \$200,274 is provided to eligible households to be used as part of the down payment for the purchase of a home in the Maravilla Community in the City of Campbell. These promissory notes are secured by second deeds of trust, and are due forty five years from the date the property was purchased. The balance of the notes receivable arising from this program at June 30, 2013 was \$3,816,080.

Additionally, under this program, a loan of \$94,000 is provided to eligible households to be used as part of the down payment for the purchase of a home in the Maravilla Community in the City of Campbell. These promissory notes are secured by second deeds of trust, earn interest at a rate of 1% per annum, and are due thirty years from the date the property was purchased. The balance of the notes receivable arising from this program at June 30, 2013 was \$2,256,000.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

5. CAPITAL ASSETS:

Capital assets activity for the year ended June 30, 2013 is as follows:

	Balance at <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	Balance at <u>June 30, 2013</u>
Capital assets, not being depreciated:					
Land	\$ 9,109,034	\$ -	\$ -	\$ -	\$ 9,109,034
Construction in progress	<u>2,583,469</u>	<u>3,253,247</u>	-	<u>(1,579,601)</u>	<u>4,257,115</u>
Total capital assets, not being depreciated	<u>11,692,503</u>	<u>3,253,247</u>	-	<u>(1,579,601)</u>	<u>13,366,149</u>
Capital assets, being depreciated:					
Buildings and improvements	13,642,155	-	-	-	13,642,155
Other improvements	9,399,632	-	-	-	9,399,632
Machinery and equipment	8,539,044	158,020	(130,284)	-	8,566,780
Infrastructure	<u>25,918,356</u>	-	-	<u>1,579,601</u>	<u>27,497,957</u>
Total capital assets, being depreciated	<u>57,499,187</u>	<u>158,020</u>	<u>(130,284)</u>	<u>1,579,601</u>	<u>59,106,524</u>
Less accumulated depreciation for:					
Buildings and improvements	(12,010,260)	(341,054)	-	-	(12,351,314)
Other improvements	(7,559,648)	(498,666)	-	-	(8,058,314)
Machinery and equipment	(7,311,037)	(312,144)	130,284	-	(7,492,897)
Infrastructure	<u>(9,533,462)</u>	<u>(868,193)</u>	-	-	<u>(10,401,655)</u>
Total accumulated depreciation	<u>(36,414,407)</u>	<u>(2,020,057)</u>	<u>130,284</u>	-	<u>(38,304,180)</u>
Total capital assets, being depreciated, net	<u>21,084,780</u>	<u>(1,862,037)</u>	-	<u>1,579,601</u>	<u>20,802,344</u>
Total capital assets, net	<u>\$ 32,777,283</u>	<u>\$ 1,391,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,168,493</u>

Depreciation expense, including \$205,984 relating to the internal service funds, was charged in the following functions in the Statement of Activities:

General government	\$ 585,138
Recreation	312,542
Public safety	85,078
Public works	<u>1,038,299</u>
	<u>\$ 2,020,057</u>

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

6. LONG-TERM LIABILITIES:

The following is a summary of changes in the City's long-term liabilities for the year ended June 30, 2013:

	Balance at <u>July 1, 2012</u>	Additions/ <u>Accretion</u>	<u>Deletions</u>	Balance at <u>June 30, 2013</u>	Due Within <u>One Year</u>
1997 Refunding Certificates of					
Participation - Civic Center Project	\$ 12,830,000	\$ -	\$ (65,000)	\$ 12,765,000	\$ 65,000
2002 Refunding Certificates of					
Participation - Civic Center Project	7,371,391	128,489	(650,000)	6,849,880	675,000
Compensated absences	3,212,243	2,178,817	(2,351,045)	3,040,015	1,311,448
Claims Payable (Note 13)	2,198,644	1,526,757	(499,741)	3,225,660	479,000
Other post-employment benefits (Note 12)	<u>1,539,647</u>	<u>573,000</u>	<u>(280,000)</u>	<u>1,832,647</u>	<u>-</u>
	<u>\$ 27,151,925</u>	<u>\$ 4,407,063</u>	<u>\$ (3,845,786)</u>	<u>\$ 27,713,202</u>	<u>\$ 2,530,448</u>

**1997 Refunding Certificates of Participation - Civic Center Project:**

The proceeds from the 1997 Refunding 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. The Certificates bear interest at rates ranging from 4% to 5.25%. Interest payments are due on April 1 and October 1 of each year. Principal is due annually on October 1 through 2028. 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. Under an agreement with the City, the Successor Agency of the former Campbell Redevelopment Agency reimburses the City for approximately 42% of the City's debt service on these COPs.

The future debt service requirements on the 1997 Refunding Certificates of Participation outstanding at June 30, 2013 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 65,000	\$ 666,700	\$ 731,700
2015	65,000	663,409	728,409
2016	70,000	659,950	729,950
2017	75,000	656,234	731,234
2018	80,000	652,262	732,262
2019 - 2023	4,275,000	2,810,425	7,085,425
2024 - 2028	6,600,000	1,112,625	7,712,625
2029	<u>1,535,000</u>	<u>40,294</u>	<u>1,575,294</u>
	<u>\$ 12,765,000</u>	<u>\$ 7,261,899</u>	<u>\$ 20,026,899</u>

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

6. LONG-TERM LIABILITIES (CONTINUED):

**2002 Refunding Certificates of Participation - Civic Center Project:**

Net proceeds of \$9,678,751 from the City's 2002 Refunding Certificates of Participation were used to prepay and refund the City's 1993 Certificates of Participation. An additional \$1,830,975 of proceeds was used to provide partial funding for renovation and expansion of the City's Police Department and construction of an animal shelter.

Serial Certificates in the amount of \$10,685,000 bear interest at rates ranging from 2.50% to 4.75% payable semiannually on October 1 and April 1. Serial Certificate maturities began October 1, 2002 and continue annually through 2018. Certificates 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. Capital Appreciation Certificates in the amount of \$1,245,843 bear interest at rates ranging from 5.80% to 5.83%. Capital Appreciation Certificate maturities begin October 1, 2029 and continue annually through 2032. The Capital Appreciation Certificates are subject to optional redemption in whole or in part any time after October 1, 2022. Each year the outstanding principal balance is increased for the accretion of interest associated with the Capital Appreciation Certificates. The accumulated accreted interest at June 30, 2013 is \$1,059,037.

Under an agreement with the City, the Successor Agency of the former Campbell Redevelopment Agency reimburses the City for approximately 42% of the City's debt service on these COPs. Principal and interest payments are guaranteed under an insurance policy issued by Ambac Assurance Corporation.

The amount shown in the schedule of changes include the accreted value to date. The future debt service requirements on the 2002 Refunding Certificates of Participation outstanding at June 30, 2013 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 675,000	\$ 191,874	\$ 866,874
2015	710,000	162,434	872,434
2016	740,000	129,594	869,594
2017	770,000	94,694	864,694
2018	805,000	58,753	863,753
2019 - 2023	845,000	20,069	865,069
2024 - 2028	-	-	-
2029 - 2033	<u>2,304,880</u>	<u>4,155,120</u>	<u>6,460,000</u>
	<u>\$ 6,849,880</u>	<u>\$ 4,812,538</u>	<u>\$ 11,662,418</u>

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

7. DEBT WITH NO GOVERNMENT COMMITMENT:

**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 or 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:

**Home Depot Sales Tax Sharing:**

In the prior years, the former Redevelopment Agency purchased and resold real property on which Home Depot built and operates a 120,000 square-foot retail store. The former Redevelopment 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 2013, 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, 2013.

9. NET POSITION AND FUND BALANCES:

**Net Position:**

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

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

Restricted Net Position reflects net position that is subject to constraints either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable enabling legislation restriction is one that a party external to a government - such as citizens, public interest groups, or the judiciary - can compel a government to honor.

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

9. NET POSITION AND FUND BALANCES (CONTINUED):

**Net Position (Continued):**

Unrestricted Net Position represents net position of the City that are not restricted for any project or purpose.

**Fund Balances:**

Governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2013, fund balances for government funds are made up of the following:

Nonspendable Fund Balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

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

Committed Fund Balance - includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by a City Council resolution taking the same formal action that imposed the constraint originally.

Assigned Fund Balance - includes amounts to be used by the government for specific purposes but do not meet the criteria to be classified as committed. City Council has by resolution authorized the City Manager to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily.

Unassigned Fund Balance - is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

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

See independent auditors’ report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

9. NET POSITION AND FUND BALANCES (CONTINUED):

**Fund Balances (Continued):**

Fund balances for all the major and other governmental funds as of June 30, 2013, were distributed as follows:

	General Fund	Housing Assets Special Revenue Fund	Other Grants Special Revenue Fund	COP Debt Service Fund	Capital Projects Fund	Other Governmental Funds
<b>Nonspendable:</b>						
Due to other governments	\$ -	\$ -	\$ -	\$ 7,166,340	\$ -	\$ -
Prepaid expenses	12,782	-	-	-	5,700	-
Notes and loans receivable	-	8,748,314	-	-	-	380,524
Total nonspendable	<u>12,782</u>	<u>8,748,314</u>	<u>-</u>	<u>7,166,340</u>	<u>5,700</u>	<u>380,524</u>
<b>Restricted:</b>						
Streets and roads	-	-	-	-	-	2,106,034
Recreation services	-	-	-	-	-	141,411
Public safety	-	-	-	-	-	30,383
Housing	-	786,137	-	-	-	-
Debt service	-	-	-	6	-	-
Capital projects	-	-	-	-	-	1,108,323
Total restricted	<u>-</u>	<u>786,137</u>	<u>-</u>	<u>6</u>	<u>-</u>	<u>3,386,151</u>
<b>Committed:</b>						
General plan update	385,371	-	-	-	-	-
Compensated absences	864,283	-	-	-	-	-
Economic fluctuations	6,000,000	-	-	-	-	-
Liability insurance	150,000	-	-	-	-	-
Capital improvements reserve	5,014,779	-	-	-	-	-
Capital projects	3,756,643	-	-	-	-	-
Workers' compensation	500,000	-	-	-	-	-
Heritage Theater	285,783	-	-	-	-	-
Emergency	3,791,278	-	-	-	-	-
Total committed	<u>20,748,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Assigned:</b>						
Encumbrances	68,860	-	-	-	-	-
Capital projects	200,311	-	-	-	185,366	-
Unemployment insurance	60,000	-	-	-	-	-
PERS/OPEB	1,352,000	-	-	-	-	-
Other	-	-	-	-	-	112,061
Total assigned	<u>1,681,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,366</u>	<u>112,061</u>
Unassigned	<u>987,225</u>	<u>-</u>	<u>(1,300,137)</u>	<u>-</u>	<u>-</u>	<u>(111,449)</u>
Total fund balances	<u>\$ 23,429,315</u>	<u>\$ 9,534,451</u>	<u>\$ (1,300,137)</u>	<u>\$ 7,166,346</u>	<u>\$ 191,066</u>	<u>\$ 3,767,287</u>

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

9. NET POSITION AND FUND BALANCES (CONTINUED):

**Policies:**

The City considers restricted amounts to have been spent first when an expenditure is incurred for purposes of which both restricted and unrestricted fund balance is available. Additionally, the City considers committed amounts to have been spent first, assigned amounts to have been spent second, and unassigned amounts to have been spent last when an expenditure is incurred for purposes of which committed, assigned, and unassigned fund balance is available.

10. DEFINED BENEFIT PENSION PLANS (PERS):

a. Miscellaneous Plan:

**Plan Description:**

The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan for miscellaneous 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. The Miscellaneous 2% at 62 (Tier 3) was created by California Employees' Pension Reform Act (PEPRA) as of January 1, 2013 and is open to all new employees who do not qualify for the Miscellaneous 2.5% at 55 (Tier 1) or the 2% at 60 (Tier 2). Benefit provisions and all other requirements are established by state provisions and all other requirements are established by state statute. 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 "P" Street, Sacramento, California 95814.

**Funding Policy:**

Miscellaneous participants are required to contribute 8%, 7%, or 6.75% of their annual covered salary, for Tier 1, Tier 2, and Tier 3 plans, respectively. 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. The required employer contribution rate of the fiscal year ended June 30, 2013 for the miscellaneous participants was 16.26%. PEPRA does not allow the City to pay any portion of the employee required contribution on behalf of the employee. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members under PEPRA provisions. The contribution requirements of plan members and the City are established and may be amended by PERS.

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

10. DEFINED BENEFIT PENSION PLANS (PERS) (CONTINUED):

a. Miscellaneous Plan (Continued):

**Annual Pension Cost:**

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). In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2013, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2012 to June 30, 2013. The City's actual and contributed pension cost for the past three years was as follows:

Fiscal Year Ended June 30,	Miscellaneous Plan		
	Tier 1 2.5% at 55	Tier 2 2% at 60	Tier 3 2% at 62
2011	1,159,400	-	-
2012	1,300,820	37,657	-
2013	1,266,911	115,971	1,296

**Three-Year Trend Information for the Miscellaneous Plan:**

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 1,159,400	100%	\$ -
2012	1,338,477	100%	-
2013	1,384,178	100%	-

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

10. DEFINED BENEFIT PENSION PLANS (PERS) (CONTINUED):

a. Miscellaneous Plan (Continued):

**Principle Assumptions and Methods Used:**

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

Valuation Date	June 30, 2010
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	22 Years as of the Valuation Date
Asset Valuation Method	15-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.55% to 14.45% depending on age, service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into PERS. 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, presented as required supplementary information following the notes to the basic 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 benefits.

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

10. DEFINED BENEFIT PENSION PLANS (PERS) (CONTINUED):

b. Safety Risk Pool:

**Plan Description:**

The City of Campbell also contributes to the PERS, a cost sharing multiple-employer defined benefit pension 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. The risk pools combine assets and liabilities across employers of the same risk pool to provide a method to spread the risk of uncertain gains and losses over a larger base of members. The Safety 2.7% at 57 Risk Pool (Tier 3) was created by California Employees' Pension Reform Act (PEPRA) as of January 1, 2013 and is open to all new employees who do not qualify for the Safety 3% at 50 (Tier 1) or Safety 2% at 50 (Tier 2) Risk Pools. Benefit provisions and all other requirements are established by state provisions and all other requirements are established by state statute. 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 "P" Street, Sacramento, California 95814.

**Contributions:**

Safety participants are required to contribute 11.5% of annual covered salary for the Tier 3 Risk Pool or 9% of annual covered salary for the Tier 1 and Tier 2 Risk Pools. 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. PEPRA does not allow the City to pay any portion of the employee required contribution on behalf of the employee. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members under PEPRA provisions. The contribution requirements of plan members and the City are established and may be amended by PERS.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

10. DEFINED BENEFIT PENSION PLANS (PERS) (CONTINUED):

b. Safety Risk Pool (Continued):

**Contributions (Continued):**

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 contribution rate indicated for the period is 45.904% of payroll for the Safety Tier 1 Risk Pool, 20.742% of payroll for the Safety Tier 2 Risk Pool, and 11.5% of payroll for the Safety Tier 3 Risk Pool. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2013, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2012 to June 30, 2013. The City's contributions to PERS for the past three years, which were equal to the required contribution each year, were as follows:

Fiscal Year Ended June 30,	Safety Risk Pool		
	Tier 1 3% at 50	Tier 2 2% at 50	Tier 3 2.7% at 57
2011	1,790,257	-	-
2012	1,978,245	51,488	-
2013	2,004,349	162,943	-

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 ended June 30, 2013, total contributions of \$140,808 (\$116,400 employee and \$24,408 employer) were made based on covered compensation of \$1,877,388.

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CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

12. POST EMPLOYMENT BENEFITS PLAN:

**Plan Description:**

The City administers an agent multiple-employer 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.

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 "P" Street, Sacramento, California 95814.

**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.

**Annual OPEB 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:

Annual required contribution	\$ 611,000
Interest on net OPEB obligation	87,000
Adjustment to annual required contribution	<u>(125,000)</u>
Annual OPEB cost (expense)	573,000
Contributions made (including premiums paid)	<u>(280,000)</u>
Increase in net OPEB obligation	293,000
Net OPEB Obligation - beginning of year	<u>1,539,647</u>
Net OPEB Obligation - end of year	<u>\$ 1,832,647</u>

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

12. POST EMPLOYMENT BENEFITS PLAN (CONTINUED):

The City's General Fund has typically been used in prior years to liquidate the Net OPEB obligation.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the three preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contribution</u>	<u>Net OPEB Obligation</u>
06/30/2011	\$ 578,000	47%	\$ 305,837
06/30/2012	647,000	52%	307,888
06/30/2013	573,000	49%	293,000

**Funded Status and Funding Progress:**

As of June 30, 2011, the most recent actuarial valuation date, the plan was 7 percent funded. The actuarial accrued liability for benefits was \$6,492,000 and the actuarial value of assets was \$426,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,066,000. The covered payroll (annual payroll of active employees covered by the plan) was \$14,993,000, and the ratio of the UAAL to the covered payroll was 41 percent.

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 basic 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 benefits.

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

12. POST EMPLOYMENT BENEFITS PLAN (CONTINUED):

**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 % 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 % initially, reduced by decrements of .8 % per year to an ultimate rate of 4.5 % after the seventh year. Both rates included a 3.0 % 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 % per year.

13. RISK MANAGEMENT:

**General Liability:**

Risk management activity for City exposure to torts (general liability) is accounted for as a liability on the Statement of Net Position. 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 Pooled Liability Assurance Network (ABAG PLAN) 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.

ABAG PLAN 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.

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

13. RISK MANAGEMENT (CONTINUED):

**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's Claims Liabilities:**

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

	General <u>Liability</u>	Workers' <u>Compensation</u>	<u>Total</u>
Balance as of July 1, 2011	\$ 231,307	\$ 1,511,498	\$ 1,742,805
Liability for current year fiscal claims	29,616	578,000	607,616
Increase (decrease) in estimated liability	(202,153)	340,527	138,374
Claims paid	<u>(16,489)</u>	<u>(273,662)</u>	<u>(290,151)</u>
Balance as of June 30, 2012	<u>\$ 42,281</u>	<u>\$ 2,156,363</u>	<u>\$ 2,198,644</u>
Balance as of July 1, 2012	\$ 42,281	\$ 2,156,363	\$ 2,198,644
Liability for current year fiscal claims	103,468	304,729	408,197
Increase (decrease) in estimated liability	265,933	852,627	1,118,560
Claims paid	<u>(47,085)</u>	<u>(452,656)</u>	<u>(499,741)</u>
Balance as of June 30, 2013	<u>\$ 364,597</u>	<u>\$ 2,861,063</u>	<u>\$ 3,225,660</u>

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CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

14. JOINT POWERS AGREEMENTS:

**Congestion Management Agency:**

The Congestion Management Agency (CMA) 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 CMA assets, liabilities, and fund equity is approximately 2.10%.

The CMA financial statements are included as part of the Special Fund of the Santa Clara Valley Transportation Authority. Audited financial statements may be obtained at 3331 N. First Street, Building B-2, San Jose, California 95134-1927.

**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.

During the fiscal year ended June 30, 2013, the City contributed \$296,636 to the Authority for field services and sheltering costs. Audited financial statements are available from the Authority at 2340-A Walsh Avenue, Santa Clara, California 95051.

**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 member's 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.

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

14. JOINT POWERS AGREEMENTS (CONTINUED):

**California Municipal Finance Authority:**

The California Municipal Finance Authority (CMFA) was created on to assist local governments, non-profit organizations and business with the issuance of taxable and tax-exempt bonds aimed at improving the standards of living in California. In order for the CMFA to have the authority to serve as the issuer of the bonds for the rehabilitation of a project within the City limits, it was necessary for the City to become a member of the CMFA. The City has no obligation with respect to the bonds issued by the CMFA, and the City has the right to withdraw from the Joint Exercise of Powers Agreement upon written notice to the Board of Directors of the CMFA.

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, 2013 amounted to \$2,259,585, which includes one-time facility rentals of approximately \$775,000. Major tenants include Delphi Academy and Old Orchard School.

Minimum future lease rental commitments at June 30, 2013 are as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2014	\$ 1,450,715
2015	967,267
2016	683,823
2017	681,258
2018	<u>104,233</u>
Total minimum future lease rentals	<u>\$ 3,887,296</u>

The carrying value and accumulated depreciation of related assets under the leases totaled \$6,347,043 and \$1,242,977, respectively, at June 30, 2013, which is recorded in the Successor Agency private purpose trust fund since it was considered an asset of the former City of Campbell Redevelopment Agency.

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

16. EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

Expenditures exceeded budgeted appropriations in the following funds:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Major Fund:			
General Fund - Public safety	\$ 19,418,892	\$ 20,279,108	\$ (860,216)
Other Governmental Special Revenue Funds:			
Lighting and Landscaping District	2,657,300	2,822,647	(165,347)
Community Development Block Grant	39,549	115,607	(76,058)
Supplemental Law Enforcement	100,000	100,768	(768)

17. RESTATEMENT OF NET POSITION AND FUND BALANCE:

Net position for the government-wide financial statements as of July 1, 2012 was restated as follows:

	<u>Governmental Activities</u>
Net position as previously reported as of June 30, 2012	\$ 50,677,974
Increase in net position to record the nonspendable fund balance relating to notes and loans receivable which were previously reported in deferred revenues.	3,692,500
Increase in net position to record the interest receivable as of June 30, 2012, in relation to the interfund advance between the City and the Successor Agency.	69,508
Increase in net position to correct accrued interest payable as of June 30, 2012. Prior year accrual was all booked to the City Fund Balance, however a portion of this balance should have been applied to the private purpose trust fund.	270,989
Increase in net position to correct unavailable revenues for items that should have been recognized in prior years.	238,797
Reduction in net position to record unrecognized liability as of June 30, 2012.	<u>(57,077)</u>
Net position as restated July 1, 2012	<u>\$ 54,892,691</u>

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

17. RESTATEMENT OF NET POSITION AND FUND BALANCE (CONTINUED):

Net position for the governmental fund financial statements as of July 1, 2012 was restated as follows:

	Housing Assets Special Revenue Fund	Capital Projects Fund	Other Governmental Funds
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
Net position as previously reported as of June 30, 2012	\$ 6,217,949	\$ 93,599	\$ 4,050,826
Increase in net position to record the nonspendable fund balance relating to notes and loans receivable which were previously reported in deferred revenues.	3,692,500	-	-
Increase in net position to correct unavailable revenues in the Capital Projects Fund and Supplemental Law Enforcement Special Revenue Fund for items that should have been recognized in prior years.	<u>-</u>	<u>138,797</u>	<u>100,000</u>
Net position as restated July 1, 2012	<u>\$ 9,910,449</u>	<u>\$ 232,396</u>	<u>\$ 4,150,826</u>

Net position for the proprietary fund financial statements as of July 1, 2012 was restated as follows:

	Internal Service Fund
	<u>Fund</u>
Net position as previously reported as of June 30, 2012	\$ 3,908,336
Reduction in net position to record unrecognized liability in Information Technology Services Internal service Fund as of June 30, 2012.	<u>(57,077)</u>
Net position as restated July 1, 2012	<u>\$ 3,851,259</u>

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

17. RESTATEMENT OF NET POSITION AND FUND BALANCE (CONTINUED):

Net position for the fiduciary fund financial statements as of July 1, 2012 was restated as follows:

	<u>Private-Purpose Trust Fund</u>
Net position as previously reported as of June 30, 2012	\$ 13,055,001
Reduction in net position to record accrued interest payable as of June 30, 2012 in relation to the interfund advance between the City and the Successor Agency.	(69,508)
Reduction in net position to correct accrued interest payable as of June 30, 2012. Prior year accrual was all booked to the City Fund Balance, however a portion of this balance should have been applied to the private purpose trust fund.	<u>(270,989)</u>
Net position as restated July 1, 2012	<u>\$ 12,714,504</u>

18. 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.

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

18. CONTINGENT LIABILITIES (CONTINUED):

**Campbell Redevelopment Successor Agency:**

In accordance with Assembly Bill xl 26 and AB 1434, all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012. After the date of dissolution, the assets, liabilities, and activities of the dissolved RDA, except for those of the Successor Agency Housing Assets Special Revenue Fund, are reported in the Successor Agency fiduciary fund (private-purpose trust fund) in the financial statements of the City. It is reasonably possible that the State Controller's Office audit could invalidate any of the obligations reported on the Successor Agency's Recognized Obligations Payment Schedule, although the obligations have been previously approved by State Department of Finance.

**Annexation of Territory:**

On May 1, 2013, the City annexed approximately 103 acres from the County of Santa Clara and 24 acres from the City of San Jose as part of a territorial reorganization between these entities. As a condition to the reorganization of territory from the City of San Jose to the City, the City entered into a 40-year agreement with the City of San Jose to provide it with compensation for future net revenues it has given up as a result of the territorial reorganization. Under the terms of the agreement, the City is committed to make annual payments to San Jose based on an initial base amount for the first five years, effective fiscal year 2013-14. This base amount is subject to adjustment if certain conditions are met. In the sixth year, and every subsequent fifth year thereafter, the payment is to be adjusted by an agreed upon formula that calculates the increase/decrease in net revenues, as defined in the agreement, as a percentage, and applies it to the base payment resulting in a revised based payment amount for the ensuing five year period. Other provisions call for a recalculation of the revised base payment in between calculation dates if certain economic conditions are met. The City expects its annual payment amount to be approximately \$199,000 through fiscal 2017-18, however if certain conditions are met, this annual amount may be adjusted.

19. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES:

On June 29, 2011, Assembly Bills xl 26 (the "Dissolution Act") and xl 27 was enacted as part of the fiscal year 2011-12 state budget package which dissolved Redevelopment.

On June 27, 2012, as part of the fiscal year 2012-13 state budget package, the Legislature passed and the Governor signed AB 1484, which made technical and substantive amendments to the Dissolution Act based on experience to-date at the state and local level in implementing the Dissolution Act.

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

19. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

Under the Dissolution Act, each California redevelopment agency (each a “Dissolved RDA”) was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDA. A Successor Agency was created for each Dissolved RDA which is the sponsoring community of the Dissolved RDA unless it elected not to serve as the Successor Agency. On January 17, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Dissolution Act as part of City resolution number 11362.

The Dissolution Act also created oversight boards which monitor the activities of the successor agencies. The roles of the successor agencies and oversight boards is to administer the wind down of each Dissolved RDA which includes making payments due on enforceable obligations, disposing of the assets (other than housing assets) and remitting the unencumbered balances of the Dissolved RDAs to the County Auditor-Controller for distribution to the affected taxing entities.

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over the certain housing assets of the Dissolved RDA. If the sponsoring community does not elect to become the Successor Housing Agency and assume the Dissolved RDA’s housing functions, such housing functions and all related housing assets will be transferred to the local housing authority in the jurisdiction. AB 1484 modified and provided some clarifications on the treatment of housing assets under the Dissolution Act. The City elected on January 17, 2012 to serve as the Housing Successor Agency as part of City resolution number 11362.

After the date of dissolution, the housing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in the Housing Assets Special Revenue Fund in the financial statements of the City. All other assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The Dissolution Act and AB 1484 also establish roles for the County Auditor-Controller (CAC), the California Department of Finance (the “DOF”) and the California State Controller’s office in the dissolution process and the satisfaction of enforceable obligations of the Dissolved RDAs.

The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (the “RPTTF”) for each Successor Agency and depositing into the RPTTF for each six-month period the amount of property taxes that would have been redevelopment property tax increment had the Dissolved RDA not been dissolved. The deposit in the RPTTF fund is to be used to pay to the Successor Agency the amounts due on the Successor Agency’s enforceable obligations for the upcoming six-month period.

See independent auditors’ report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

19. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

The Successor Agency is required to prepare a recognized obligation payment schedule (the "ROPS") approved by the oversight board setting forth the amounts due for each enforceable obligation during each six month period. The ROPS is submitted to the DOF for approval. The County Auditor-Controller will make payments to the Successor Agency from the RPTTF fund based on the ROPS amount approved by the DOF. The ROPS is prepared in advance for the enforceable obligations due over the next six months.

The process of making RPTTF deposits to be used to pay enforceable obligations of the Dissolved RDA will continue until all enforceable obligations have been paid in full and all non-housing assets of the Dissolved RDA have been liquidated.

As part of the dissolution process AB1484 required the Successor Agency to have due diligence reviews of both the low and moderate income housing funds and all other funds to be completed by October 15, 2012 and January 15, 2013 to compute the funds (cash) which were not needed by the Successor Agency to be retained to pay for existing enforceable obligations. These funds were to be remitted to the CAC after the DOF completed its review of the due diligence reviews. As a result of the due diligence review, the Successor Agency was required to remit \$6,491,043 of housing funds, \$1,227,430 of excess Redevelopment Property Tax Trust Fund to the CAC.

The State Controller of the State of California has been directed to review the propriety of any transfers of assets between Dissolved RDA and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency. The State Controller's completed its review on June 27, 2013 and did not identify any unallowable transfers of assets that occurred during the audit between the former RDA, the City and or other public agencies.

Management believes, in consultation with legal counsel, that the obligations of the Dissolved RDA due to the City are valid enforceable obligations payable by the Successor Agency under the requirements of the Dissolution Act and AB 1484. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

20. SUCCESSOR AGENCY:

**Capital Assets:**

Capital assets of the Successor Agency as of June 30, 2013 consisted of the following:

	<u>Balance at July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassification</u>	<u>Balance at June 30, 2013</u>
Capital assets, not being depreciated:					
Land	\$ 7,176,061	\$ -	\$ -	\$ -	\$ 7,176,061
Capital assets, being depreciated:					
Buildings and improvements	18,939,961	-	-	-	18,939,961
Other improvements	<u>11,805,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,805,911</u>
Total capital assets, being depreciated	<u>30,745,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,745,872</u>
Less accumulated depreciation for:					
Buildings and improvements	(3,235,620)	(473,499)	-	-	(3,709,119)
Other improvements	<u>(4,846,838)</u>	<u>(590,296)</u>	<u>-</u>	<u>-</u>	<u>(5,437,134)</u>
Total accumulated depreciation	<u>(8,082,458)</u>	<u>(1,063,795)</u>	<u>-</u>	<u>-</u>	<u>(9,146,253)</u>
 Total capital assets, being depreciated, net	 <u>22,663,414</u>	 <u>(1,063,795)</u>	 <u>-</u>	 <u>-</u>	 <u>21,599,619</u>
 Total capital assets, net	 <u>\$ 29,839,475</u>	 <u>\$ (1,063,795)</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 28,775,680</u>

**Long-term Liabilities:**

Long-term liabilities of the Successor Agency as of June 30, 2013, consisted of the following:

	<u>Balance at July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2013</u>	<u>Due Within One Year</u>
2002 RDA Tax Allocation Bonds -					
Central Campbell Redevelopment Project	\$ 9,225,000	\$ -	\$ (165,000)	\$ 9,060,000	\$ 175,000
2005 RDA Tax Allocation Bonds, Series A -					
Central Campbell Redevelopment Project	11,430,000	-	(135,000)	11,295,000	135,000
Advances from City of Campbell	<u>7,462,350</u>	<u>-</u>	<u>(296,010)</u>	<u>7,166,340</u>	<u>306,360</u>
	<u>\$ 28,117,350</u>	<u>\$ -</u>	<u>\$ (596,010)</u>	<u>\$ 27,521,340</u>	<u>\$ 616,360</u>

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

20. SUCCESSOR AGENCY (CONTINUED):

**2002 RDA Tax Allocation Bonds - Central Campbell Redevelopment Project:**

On July 10, 2002, the City of Campbell Redevelopment 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 were 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 Successor Agency anytime after October 1, 2011.

The annual debt service requirements to amortize the 2002 RDA Tax Allocation Bonds outstanding at June 30, 2013 are as follows:

Fiscal Year Ending	Principal	Interest	Total
2014	\$ 175,000	\$ 523,764	\$ 698,764
2015	185,000	514,851	699,851
2016	190,000	505,381	695,381
2017	205,000	495,206	700,206
2018	215,000	484,098	699,098
2019 - 2023	635,000	2,325,035	2,960,035
2024 - 2028	2,455,000	1,871,635	4,326,635
2029 - 2033	3,285,000	1,030,650	4,315,650
2034	1,715,000	51,450	1,766,450
	<u>\$ 9,060,000</u>	<u>\$ 7,802,070</u>	<u>\$ 16,862,070</u>

**2005 RDA Tax Allocation Bonds, Series A - Central Campbell Redevelopment Project:**

On May 10, 2005, the City of Campbell Redevelopment 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 semiannual interest payments are due April 1 and October 1 of each year through October 1, 2032.

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

20. SUCCESSOR AGENCY (CONTINUED):

**2005 RDA Tax Allocation Bonds, Series A - Central Campbell Redevelopment Project  
(Continued):**

The annual debt service requirements to amortize the 2005 RDA Tax Allocation Bonds outstanding at June 30, 2013 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 135,000	\$ 541,250	\$ 676,250
2015	140,000	536,350	676,350
2016	150,000	531,000	681,000
2017	150,000	525,282	675,282
2018	160,000	519,175	679,175
2019 - 2023	1,870,000	2,410,975	4,280,975
2024 - 2028	2,630,000	1,857,000	4,487,000
2029 - 2033	<u>6,060,000</u>	<u>849,000</u>	<u>6,909,000</u>
	<u>\$ 11,295,000</u>	<u>\$ 7,770,032</u>	<u>\$ 19,065,032</u>

**Advances from the City of Campbell:**

The Debt Service Fund has advanced funds to the former 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. The Campbell Redevelopment Agency was dissolved on January 31, 2012 and the advance was transferred to the Successor Agency to be paid.

The annual debt service requirements to amortize the advance from the City of Campbell outstanding at June 30, 2013 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 306,360	\$ 355,450	\$ 661,810
2015	320,850	341,899	662,749
2016	335,340	326,871	662,211
2017	349,830	310,884	660,714
2018	366,390	294,360	660,750
2019 - 2023	2,119,680	2,182,824	4,302,504
2024 - 2028	2,732,400	523,433	3,255,833
2029	<u>635,490</u>	<u>16,682</u>	<u>652,172</u>
	<u>\$ 7,166,340</u>	<u>\$ 4,352,403</u>	<u>\$ 11,518,743</u>

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

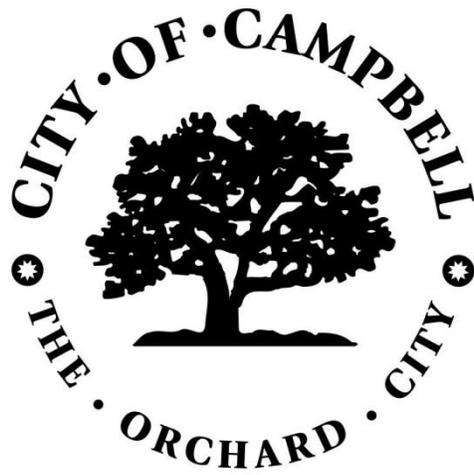
NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2013

21. SUBSEQUENT EVENTS:

Events occurring after June 30, 2013 have been evaluated for possible adjustments to the financial statements or disclosure as of December 19, 2013, which is the date these financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**



CITY OF CAMPBELL, CALIFORNIA

SCHEDULE OF FUNDING PROGRESS

For the fiscal year ended June 30, 2013

**CalPERS MISCELLANEOUS PENSION PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Payroll [(b)-(a)]/c
6/30/2010	\$ 58,729,586	\$ 65,761,816	7,032,230	89.31%	\$ 10,054,919	69.94%
6/30/2011	62,189,567	71,594,598	9,405,031	86.86%	9,415,000	99.89%
6/30/2012	65,267,062	74,919,321	9,652,259	87.12%	9,272,403	104.10%

**OTHER POST-EMPLOYMENT BENEFIT PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Payroll [(b)-(a)]/c
01/01/08	\$ 117,991	\$ 6,167,000	\$ 6,049,009	1.91%	\$ 15,034,000	40.24%
01/01/10	244,000	6,169,000	5,925,000	3.96%	14,965,000	39.59%
01/01/11	426,000	6,492,000	6,066,000	6.56%	14,993,000	40.46%

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 8,901,471	\$ 9,640,471	\$ 9,770,597	\$ 130,126
Sales and use taxes	11,614,000	12,451,000	12,649,768	198,768
Other taxes	6,065,000	6,065,000	6,642,431	577,431
Special assessments	-	-	-	-
Licenses and permits	1,736,500	1,710,500	2,213,828	503,328
Fines and forfeitures	300,500	311,100	302,199	(8,901)
Investment income	340,000	340,000	(38,665)	(378,665)
Rents and leases	2,134,095	2,125,299	2,255,422	130,123
Intergovernmental revenues	342,733	229,933	222,695	(7,238)
Charges for services	4,264,833	3,478,179	3,449,197	(28,982)
Project revenues	-	-	-	-
Donations	12,000	82,300	60,648	(21,652)
Parkland dedication fees	-	-	-	-
Miscellaneous revenues	25,900	377,300	544,116	166,816
<b>TOTAL REVENUES</b>	<b>35,737,032</b>	<b>36,811,082</b>	<b>38,072,236</b>	<b>1,261,154</b>
<b>EXPENDITURES:</b>				
<b>GENERAL GOVERNMENT</b>				
City Council	262,183	257,183	254,212	2,971
City Manager	691,072	706,072	743,356	(37,284)
City Clerk	397,706	353,930	329,668	24,262
Human Resources	629,862	668,862	731,219	(62,357)
Accounting	1,270,111	1,200,111	1,231,321	(31,210)
Non-Departmental Finance	1,388,400	1,748,400	1,263,224	485,176
City Treasurer	19,466	19,466	16,821	2,645
Legal Services	237,585	237,585	230,498	7,087
<b>TOTAL GENERAL GOVERNMENT</b>	<b>4,896,385</b>	<b>5,191,609</b>	<b>4,800,319</b>	<b>391,290</b>
<b>RECREATION</b>				
Community services and administration	315,009	324,009	326,263	(2,254)
Senior citizens nutrition program	159,183	159,183	125,502	33,681
Adult services	560,709	554,709	576,668	(21,959)
Campbell Community Center	696,457	701,957	789,075	(87,118)
Museum services	286,223	286,223	268,297	17,926
Theater	739,565	738,192	713,033	25,159
Sports, aquatics and fitness	927,440	899,440	827,321	72,119
Trips, tours and classes	1,160,236	1,197,236	1,216,466	(19,230)
<b>TOTAL RECREATION</b>	<b>4,844,822</b>	<b>4,860,949</b>	<b>4,841,625</b>	<b>19,324</b>

(Continued)

See independent auditors' report.

## CITY OF CAMPBELL, CALIFORNIA

## BUDGETARY COMPARISON SCHEDULE

## GENERAL FUND

(Continued)

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED):				
COMMUNITY DEVELOPMENT				
Community Development administration	364,408	264,408	363,283	(98,875)
Current planning	336,559	336,559	248,800	87,759
Policy development	87,421	87,421	182,041	(94,620)
Building	825,098	861,598	734,522	127,076
TOTAL COMMUNITY DEVELOPMENT	<u>1,613,486</u>	<u>1,549,986</u>	<u>1,528,646</u>	<u>21,340</u>
PUBLIC SAFETY				
Police administration	710,087	703,287	792,905	(89,618)
Communications	1,592,650	1,596,650	1,659,111	(62,461)
Records	1,014,183	1,014,183	1,012,951	1,232
Special enforcement services	2,754,017	2,754,017	2,862,969	(108,952)
Field services	6,715,776	6,690,776	7,446,333	(755,557)
Fire protection services	6,659,979	6,659,979	6,504,839	155,140
TOTAL PUBLIC SAFETY	<u>19,446,692</u>	<u>19,418,892</u>	<u>20,279,108</u>	<u>(860,216)</u>
PUBLIC WORKS				
Public Works administration	284,034	300,284	308,434	(8,150)
Tranportation engineering	269,629	269,629	262,407	7,222
Engineering	1,138,983	1,143,983	1,209,032	(65,049)
Land Development/Env. programs	609,739	631,163	535,617	95,546
Maintenance administration	411,374	411,375	371,785	39,590
Building maintenance	1,220,364	1,261,565	1,195,490	66,075
TOTAL PUBLIC WORKS	<u>3,934,123</u>	<u>4,017,999</u>	<u>3,882,765</u>	<u>135,234</u>
TOTAL EXPENDITURES	<u>34,735,508</u>	<u>35,039,435</u>	<u>35,332,463</u>	<u>(293,028)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,001,524</u>	<u>1,771,647</u>	<u>2,739,773</u>	<u>968,126</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,275,480	1,275,480	1,337,244	61,764
Transfers out	<u>(2,819,063)</u>	<u>(6,852,839)</u>	<u>(2,891,619)</u>	<u>3,961,220</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,543,583)</u>	<u>(5,577,359)</u>	<u>(1,554,375)</u>	<u>4,022,984</u>
NET CHANGE IN FUND BALANCE	(542,059)	(3,805,712)	1,185,398	4,991,110
FUND BALANCE AT BEGINNING OF YEAR	<u>22,244,216</u>	<u>22,244,216</u>	<u>22,243,917</u>	<u>(299)</u>
FUND BALANCE AT END OF YEAR	<u>\$ 21,702,157</u>	<u>\$ 18,438,504</u>	<u>\$ 23,429,315</u>	<u>\$ 4,990,811</u>

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA  
 BUDGETARY COMPARISON SCHEDULE  
 OTHER GRANTS SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income (loss)		\$ -	\$ (574)	\$ (574)
Intergovernmental	541,217	6,739,637	1,264,114	(5,475,523)
<b>TOTAL REVENUES</b>	<b>541,217</b>	<b>6,739,637</b>	<b>1,263,540</b>	<b>(5,476,097)</b>
EXPENDITURES	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	541,217	6,739,637	1,263,540	(5,476,097)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(541,217)	(6,739,637)	(2,744,774)	3,994,863
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(541,217)</b>	<b>(6,739,637)</b>	<b>(2,744,774)</b>	<b>3,994,863</b>
NET CHANGE IN FUND BALANCE	-	-	(1,481,234)	(1,481,234)
FUND BALANCE AT BEGINNING OF YEAR	181,097	181,097	181,097	-
FUND BALANCE AT END OF YEAR	<u>\$ 181,097</u>	<u>\$ 181,097</u>	<u>\$ (1,300,137)</u>	<u>\$ (1,481,234)</u>

See independent auditors' report.

CITY OF CABELL, CALIFORNIA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

For the fiscal year ended June 30, 2013

1. BUDGETS AND BUDGETARY DATA:

The City adopts a budget annually for General, Special Revenue, and Debt Service Funds, and the Capital Projects Major Fund. 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 by each department head, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by resolution during the fiscal year. Budget adjustments within the adopted budget of less than \$10,000, or requiring a transfer from reserves of less than \$5,000, may be approved by the City Manager; otherwise, City Council approval is required. All budget adjustments to capital projects must be approved by the City Council. Thus, the legal level of expenditure control is, effectively, at the department level. For the General Fund, budgetary comparisons for line operating departments are presented and supporting departments, Finance and City Manager are combined as General Government. All appropriations lapse at year end. During the fiscal year, 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 the Housing Assets Special Revenue Fund which was a fund created on February 1, 2012 from the dissolution of the former redevelopment agency and the COP Projects Capital Project Fund which budgets on a project length basis and, therefore, is not comparable on an annual basis. Accordingly, no budgetary comparisons for these 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 INFORMATION**



CITY OF CAMPBELL, CALIFORNIA

OTHER GOVERNMENTAL FUNDS

**Other Governmental 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 rehabilitation grants and loans.

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 from enhancing law enforcement services.

Museum and Adult Center - accounts for donations received from expenditures related to the City's Museum and Adult Center.

**Major Debt Service Fund:**

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

**Major and Other Governmental Capital Projects Funds:**

Capital Projects Fund - accounts for the expenditures and financing of the City's capital projects.

COP Projects Capital Projects Fund - accounts for the City's share of remaining proceeds from the 1993 and 1997 COP refinancing to be used for the City's Community Center projects.

CITY OF CAMPBELL, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COP DEBT SERVICE FUND - MAJOR FUND

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 368,045	\$ 368,045	\$ 368,051	\$ 6
Miscellaneous revenue	296,010	269,100	-	269,100
TOTAL REVENUES	664,055	368,045	368,051	6
EXPENDITURES:				
Debt service:				
Principal	715,000	715,000	715,000	-
Interest	892,399	892,399	892,369	30
TOTAL EXPENDITURES	1,607,399	1,607,399	1,607,369	30
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(943,344)	(1,239,354)	(1,239,318)	36
OTHER FINANCING SOURCES:				
Transfers in	943,344	943,344	943,314	(30)
TOTAL OTHER FINANCING SOURCES	943,344	943,344	943,314	(30)
NET CHANGE IN FUND BALANCE	-	(296,010)	(296,004)	6
FUND BALANCE AT BEGINNING OF YEAR	7,462,350	7,462,350	7,462,350	-
FUND BALANCE AT END OF YEAR	\$ 7,462,350	\$ 7,166,340	\$ 7,166,346	\$ 6

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CAPITAL PROJECTS FUND - MAJOR FUND

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Project revenues	\$ -	\$ 730,105	\$ 30,314	\$ (699,791)
TOTAL REVENUES	<u>-</u>	<u>730,105</u>	<u>30,314</u>	<u>(699,791)</u>
EXPENDITURES:				
Current:				
Redevelopment	-	-	6,385	(6,385)
Public works	-	3,035,561	491,791	2,543,770
Capital outlay	<u>1,586,000</u>	<u>10,539,114</u>	<u>3,068,507</u>	<u>7,470,607</u>
TOTAL EXPENDITURES	<u>1,586,000</u>	<u>13,574,675</u>	<u>3,566,683</u>	<u>10,007,992</u>
EXCESS (DEFICENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,586,000)</u>	<u>(12,844,570)</u>	<u>(3,536,369)</u>	<u>9,308,201</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>1,586,000</u>	<u>12,844,570</u>	<u>3,495,039</u>	<u>(9,349,531)</u>
TOTAL OTHER FINANCING SOURCES	<u>1,586,000</u>	<u>12,844,570</u>	<u>3,495,039</u>	<u>(9,349,531)</u>
NET CHANGE IN FUND BALANCE	-	-	(41,330)	(41,330)
FUND BALANCE AT BEGINNING OF YEAR	<u>232,396</u>	<u>232,396</u>	<u>232,396</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 232,396</u>	<u>\$ 232,396</u>	<u>\$ 191,066</u>	<u>\$ (41,330)</u>

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS

June 30, 2013

	Special Revenue Funds	COP Projects Capital Projects Fund	Total Other Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
ASSETS			
Cash and investments	\$ 3,265,622	\$ 140,412	\$ 3,406,034
Receivables:			
Accounts	358,761	-	358,761
Taxes	788	-	788
Notes and loans	<u>380,524</u>	<u>-</u>	<u>380,524</u>
 TOTAL ASSETS	 <u>\$ 4,005,695</u>	 <u>\$ 140,412</u>	 <u>\$ 4,146,107</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 197,794	-	\$ 197,794
Accrued payroll	75,516	-	75,516
Due to other funds	<u>105,510</u>	<u>-</u>	<u>105,510</u>
 TOTAL LIABILITIES	 <u>378,820</u>	 <u>-</u>	 <u>378,820</u>
FUND BALANCES:			
Nonspendable	380,524	-	380,524
Restricted	3,245,739	140,412	3,386,151
Assigned	112,061	-	112,061
Unassigned	<u>(111,449)</u>	<u>-</u>	<u>(111,449)</u>
 TOTAL FUND BALANCES	 <u>3,626,875</u>	 <u>140,412</u>	 <u>3,767,287</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 4,005,695</u>	 <u>\$ 140,412</u>	 <u>\$ 4,146,107</u>

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS

For the fiscal year ended June 30, 2013

	Special Revenue Funds	COP Projects Capital Projects Fund	Total Other Governmental Funds
REVENUES:			
Property taxes	\$ 851,158	-	\$ 851,158
Special assessments	1,139,132	-	1,139,132
Investment income	2,262	-	2,262
Intergovernmental	1,471,051	-	1,471,051
Charges for services	701,455	-	701,455
Donations	46,306	-	46,306
Parkland dedication fees	701,114	-	701,114
Miscellaneous revenues	11,363	-	11,363
	<u>4,923,841</u>	<u>-</u>	<u>4,923,841</u>
TOTAL REVENUES			
EXPENDITURES:			
Current:			
Community development	115,607	-	115,607
Public safety	100,768	-	100,768
Public works	3,846,739	-	3,846,739
	<u>4,063,114</u>	<u>-</u>	<u>4,063,114</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			
	<u>860,727</u>	<u>-</u>	<u>860,727</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	1,757,506	-	1,757,506
Transfers out	(1,841,810)	-	(1,841,810)
	<u>(84,304)</u>	<u>-</u>	<u>(84,304)</u>
TOTAL OTHER FINANCING SOURCES (USES)			
SPECIAL ITEM:			
Transfer to Santa Clara County (Note 4)	(1,159,962)	-	(1,159,962)
	<u>(383,539)</u>	<u>-</u>	<u>(383,539)</u>
NET CHANGE IN FUND BALANCES			
FUND BALANCES AT BEGINNING OF YEAR	<u>4,010,414</u>	<u>140,412</u>	<u>4,150,826</u>
FUND BALANCES AT END OF YEAR	<u>\$ 3,626,875</u>	<u>\$ 140,412</u>	<u>\$ 3,767,287</u>

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL SPECIAL REVENUE FUNDS

June 30, 2013

	Gas Tax	Vehicle Impact Fees	Parkland Dedication Fees	Lighting and Landscaping District
ASSETS				
Cash and investments	\$ 539,336	\$ 868,495	\$ 969,679	\$ 173,303
Receivables:				
Accounts	83,971	18,750	-	6,561
Taxes	-	-	-	788
Notes and loans	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 623,307</u></b>	<b><u>\$ 887,245</u></b>	<b><u>\$ 969,679</u></b>	<b><u>\$ 180,652</u></b>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 49,502	\$ -	\$ -	\$ 121,292
Accrued payroll	16,156	-	-	59,360
Due to other funds	3,749	-	1,768	-
<b>TOTAL LIABILITIES</b>	<b><u>69,407</u></b>	<b><u>-</u></b>	<b><u>1,768</u></b>	<b><u>180,652</u></b>
FUND BALANCES:				
Nonspendable	-	-	-	-
Restricted	553,900	887,245	967,911	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b><u>553,900</u></b>	<b><u>887,245</u></b>	<b><u>967,911</u></b>	<b><u>-</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 623,307</u></b>	<b><u>\$ 887,245</u></b>	<b><u>\$ 969,679</u></b>	<b><u>\$ 180,652</u></b>

See independent auditors' report.

Community Development Block Grant	Drug Enforcement Revenue	Environmental Services	Supplemental Law Enforcement	Museum and Adult Center	Total Special Revenue Funds
\$ -	\$ 30,383	\$ 480,324	\$ 50,579	\$ 153,523	\$ 3,265,622
14,120	-	185,359	50,000	-	358,761
-	-	-	-	-	788
<u>380,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>380,524</u>
<u>\$ 394,644</u>	<u>\$ 30,383</u>	<u>\$ 665,683</u>	<u>\$ 100,579</u>	<u>\$ 153,523</u>	<u>\$ 4,005,695</u>
\$ 27,000	\$ -	\$ -	\$ -	\$ -	\$ 197,794
-	-	-	-	-	75,516
<u>98,569</u>	<u>-</u>	<u>794</u>	<u>176</u>	<u>454</u>	<u>105,510</u>
<u>125,569</u>	<u>-</u>	<u>794</u>	<u>176</u>	<u>454</u>	<u>378,820</u>
380,524	-	-	-	-	380,524
-	30,383	664,889	-	141,411	3,245,739
-	-	-	100,403	11,658	112,061
<u>(111,449)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(111,449)</u>
<u>269,075</u>	<u>30,383</u>	<u>664,889</u>	<u>100,403</u>	<u>153,069</u>	<u>3,626,875</u>
<u>\$ 394,644</u>	<u>\$ 30,383</u>	<u>\$ 665,683</u>	<u>\$ 100,579</u>	<u>\$ 153,523</u>	<u>\$ 4,005,695</u>

CITY OF CAMPBELL, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL SPECIAL REVENUE FUNDS

For the fiscal year ended June 30, 2013

	Gas Tax	Vehicle Impact Fees	Parkland Dedication Fees	Lighting and Landscaping District
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ 851,158
Special assessments	-	-	-	1,139,132
Investment income (loss)	1,410	-	565	-
Intergovernmental	934,956	354,509	-	7,214
Charges for services	-	-	-	-
Donations	-	-	-	-
Parkland dedication fees	-	-	701,114	-
Miscellaneous revenues	2,186	-	-	9,177
<b>TOTAL REVENUES</b>	<b>938,552</b>	<b>354,509</b>	<b>701,679</b>	<b>2,006,681</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	-	-
Public safety	-	-	-	-
Public works	1,024,092	-	-	2,822,647
<b>TOTAL EXPENDITURES</b>	<b>1,024,092</b>	<b>-</b>	<b>-</b>	<b>2,822,647</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(85,540)</b>	<b>354,509</b>	<b>701,679</b>	<b>(815,966)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	323,300	-	-	922,266
Transfers out	(294,741)	(212,175)	(30,913)	(106,300)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>28,559</b>	<b>(212,175)</b>	<b>(30,913)</b>	<b>815,966</b>
<b>SPECIAL ITEM:</b>				
Transfer to Santa Clara County (Note 4)	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>(56,981)</b>	<b>142,334</b>	<b>670,766</b>	<b>-</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>610,881</b>	<b>744,911</b>	<b>297,145</b>	<b>-</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 553,900</b>	<b>\$ 887,245</b>	<b>\$ 967,911</b>	<b>\$ -</b>

See independent auditors' report.

Community Development Block Grant	Drug Enforcement Revenue	Environmental Services	Supplemental Law Enforcement	Museum and Adult Center	Total Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 851,158
-	-	-	-	-	1,139,132
(15)	-	191	3	108	2,262
40,000	23,413	10,959	100,000	-	1,471,051
62,945	-	638,510	-	-	701,455
-	-	-	-	46,306	46,306
-	-	-	-	-	701,114
-	-	-	-	-	11,363
<u>102,930</u>	<u>23,413</u>	<u>649,660</u>	<u>100,003</u>	<u>46,414</u>	<u>4,923,841</u>
115,607	-	-	-	-	115,607
-	-	-	100,768	-	100,768
-	-	-	-	-	3,846,739
<u>115,607</u>	<u>-</u>	<u>-</u>	<u>100,768</u>	<u>-</u>	<u>4,063,114</u>
<u>(12,677)</u>	<u>23,413</u>	<u>649,660</u>	<u>(765)</u>	<u>46,414</u>	<u>860,727</u>
-	-	511,940	-	-	1,757,506
-	(3,500)	(1,129,174)	-	(65,007)	(1,841,810)
-	(3,500)	(617,234)	-	(65,007)	(84,304)
<u>(1,159,962)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,159,962)</u>
(1,172,639)	19,913	32,426	(765)	(18,593)	(383,539)
<u>1,441,714</u>	<u>10,470</u>	<u>632,463</u>	<u>101,168</u>	<u>171,662</u>	<u>4,010,414</u>
<u>\$ 269,075</u>	<u>\$ 30,383</u>	<u>\$ 664,889</u>	<u>\$ 100,403</u>	<u>\$ 153,069</u>	<u>\$ 3,626,875</u>

CITY OF CAMPBELL, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE AT BUDGET AND ACTUAL

GAS TAX SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 1,410	\$ 1,410
Intergovernmental	1,070,400	1,067,900	934,956	(132,944)
Miscellaneous revenues		2,500	2,186	(314)
TOTAL REVENUES	1,070,400	1,070,400	938,552	(131,848)
EXPENDITURES:				
Current:				
Public works	1,173,829	1,173,829	1,024,092	149,737
TOTAL EXPENDITURES	1,173,829	1,173,829	1,024,092	149,737
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(103,429)	(103,429)	(85,540)	17,889
OTHER FINANCING SOURCES (USES):				
Transfers in	323,300	323,300	323,300	-
Transfers out	(219,871)	(363,951)	(294,741)	69,210
TOTAL OTHER FINANCING SOURCES (USES)	103,429	(40,651)	28,559	69,210
NET CHANGE IN FUND BALANCE	-	(144,080)	(56,981)	87,099
FUND BALANCE AT BEGINNING OF YEAR	610,881	610,881	610,881	-
FUND BALANCE AT END OF YEAR	\$ 610,881	\$ 466,801	\$ 553,900	\$ 87,099

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE AT BUDGET AND ACTUAL

VEHICLE IMPACT FEES SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 330,000	\$ 330,000	\$ 354,509	\$ 24,509
TOTAL REVENUES	330,000	330,000	354,509	24,509
EXPENDITURES	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	330,000	330,000	354,509	24,509
OTHER FINANCING SOURCES (USES):				
Transfers out	(330,000)	(943,933)	(212,175)	731,758
TOTAL OTHER FINANCING SOURCES (USES)	(330,000)	(943,933)	(212,175)	731,758
NET CHANGE IN FUND BALANCE	-	(613,933)	142,334	756,267
FUND BALANCE AT BEGINNING OF YEAR	744,911	744,911	744,911	-
FUND BALANCE AT END OF YEAR	\$ 744,911	\$ 130,978	\$ 887,245	\$ 756,267

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE AT BUDGET AND ACTUAL

PARKLAND DEDICATION FEES SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income		\$ -	\$ 565	\$ 565
Parkland dedication fees	90,000	90,000	701,114	611,114
TOTAL REVENUES	90,000	90,000	701,679	611,679
EXPENDITURES	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	90,000	90,000	701,679	611,679
OTHER FINANCING SOURCES (USES):				
Transfers in		-	-	-
Transfers out	(90,000)	(268,683)	(30,913)	237,770
TOTAL OTHER FINANCING SOURCES (USES)	(90,000)	(268,683)	(30,913)	237,770
NET CHANGE IN FUND BALANCE	-	(178,683)	670,766	849,449
FUND BALANCE AT BEGINNING OF YEAR	297,145	297,145	297,145	-
FUND BALANCE AT END OF YEAR	\$ 297,145	\$ 118,462	\$ 967,911	\$ 849,449

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE AT BUDGET AND ACTUAL

LIGHTING AND LANDSCAPING DISTRICT SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 770,000	\$ 770,000	\$ 851,158	\$ 81,158
Special assessments	1,142,000	1,142,000	1,139,132	(2,868)
Intergovernmental	2,500	2,500	7,214	4,714
Miscellaneous revenues	33,000	33,000	9,177	(23,823)
<b>TOTAL REVENUES</b>	<b>1,947,500</b>	<b>1,947,500</b>	<b>2,006,681</b>	<b>59,181</b>
EXPENDITURES:				
Current:				
Public works	2,618,979	2,657,300	2,822,647	(165,347)
<b>TOTAL EXPENDITURES</b>	<b>2,618,979</b>	<b>2,657,300</b>	<b>2,822,647</b>	<b>(165,347)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(671,479)</b>	<b>(709,800)</b>	<b>(815,966)</b>	<b>(106,166)</b>
OTHER FINANCING SOURCES (USES):				
Transfers in	777,779	802,779	922,266	119,487
Transfers out	(106,300)	(106,300)	(106,300)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>671,479</b>	<b>696,479</b>	<b>815,966</b>	<b>119,487</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(13,321)</b>	<b>-</b>	<b>13,321</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ -</b>	<b>\$ (13,321)</b>	<b>\$ -</b>	<b>\$ 13,321</b>

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE AT BUDGET AND ACTUAL

COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ -	\$ (15)	\$ (15)
Intergovernmental	40,000	40,000	40,000	-
Charges for services	-	-	62,945	62,945
TOTAL REVENUES	40,000	40,000	102,930	62,930
EXPENDITURES:				
Current:				
Community development	39,549	39,549	115,607	(76,058)
TOTAL EXPENDITURES	39,549	39,549	115,607	(76,058)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	451	451	(12,677)	(13,128)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
SPECIAL ITEM:				
Transfer to Santa Clara County	-	-	(1,159,962)	(1,159,962)
NET CHANGE IN FUND BALANCE	451	451	(1,172,639)	(1,173,090)
FUND BALANCE AT BEGINNING OF YEAR	1,441,714	1,441,714	1,441,714	-
FUND BALANCE AT END OF YEAR	\$ 1,442,165	\$ 1,442,165	\$ 269,075	\$ (1,173,090)

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE AT BUDGET AND ACTUAL

DRUG ENFORCEMENT REVENUE SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 3,500	\$ 3,500	\$ 23,413	\$ 19,913
TOTAL REVENUES	<u>3,500</u>	<u>3,500</u>	<u>23,413</u>	<u>19,913</u>
EXPENDITURES				
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,500</u>	<u>3,500</u>	<u>23,413</u>	<u>19,913</u>
OTHER FINANCING SOURCES (USES):				
Transfers in			-	-
Transfers out	<u>(3,500)</u>	<u>(3,500)</u>	<u>(3,500)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,500)</u>	<u>(3,500)</u>	<u>(3,500)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	19,913	19,913
FUND BALANCE AT BEGINNING OF YEAR	<u>10,470</u>	<u>10,470</u>	<u>10,470</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 10,470</u>	<u>\$ 10,470</u>	<u>\$ 30,383</u>	<u>\$ 19,913</u>

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE AT BUDGET AND ACTUAL

ENVIRONMENTAL SERVICES SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 191	\$ 191
Intergovernmental	10,000	10,000	10,959	959
Charges for services	656,262	592,429	638,510	46,081
TOTAL REVENUES	666,262	602,429	649,660	47,231
EXPENDITURES	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	666,262	602,429	649,660	47,231
OTHER FINANCING SOURCES (USES):				
Transfers in	511,940	511,940	511,940	-
Transfers out	(1,178,202)	(1,292,880)	(1,129,174)	163,706
TOTAL OTHER FINANCING SOURCES (USES)	(666,262)	(780,940)	(617,234)	163,706
NET CHANGE IN FUND BALANCE	-	(178,511)	32,426	210,937
FUND BALANCE AT BEGINNING OF YEAR	632,463	632,463	632,463	-
FUND BALANCE AT END OF YEAR	\$ 632,463	\$ 453,952	\$ 664,889	\$ 210,937

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE AT BUDGET AND ACTUAL

SUPPLEMENTAL LAW ENFORCEMENT SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 3	\$ 3
Intergovernmental	-	100,000	100,000	-
TOTAL REVENUES	-	100,000	100,003	3
EXPENDITURES:				
Current:				
Public safety	-	100,000	100,768	(768)
TOTAL EXPENDITURES	-	100,000	100,768	(768)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(765)	(765)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	(765)	(765)
FUND BALANCE AT BEGINNING OF YEAR	101,168	101,168	101,168	-
FUND BALANCE AT END OF YEAR	\$ 101,168	\$ 101,168	\$ 100,403	\$ (765)

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE AT BUDGET AND ACTUAL

MUSEUM AND ADULT CENTER SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 108	\$ 108
Donations	76,790	56,000	46,306	(9,694)
TOTAL REVENUES	76,790	56,000	46,414	(9,586)
EXPENDITURES	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	76,790	56,000	46,414	(9,586)
OTHER FINANCING SOURCES (USES):				
Transfers in			-	-
Transfers out	(76,790)	(76,790)	(65,007)	11,783
TOTAL OTHER FINANCING SOURCES (USES)	(76,790)	(76,790)	(65,007)	11,783
NET CHANGE IN FUND BALANCE	-	(20,790)	(18,593)	2,197
FUND BALANCE AT BEGINNING OF YEAR	171,662	171,662	171,662	-
FUND BALANCE AT END OF YEAR	\$ 171,662	\$ 150,872	\$ 153,069	\$ 2,197

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

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, CALIFORNIA

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS

June 30, 2013

	Motor Vehicle Pool	Workers' Compensation Self-Insurance	Information Technology Services	Totals
<b>ASSETS:</b>				
<b>CURRENT ASSETS:</b>				
Cash and investments	\$ 594,290	\$ 3,013,606	\$ 1,393,664	\$ 5,001,560
Deposits	-	90,000	-	90,000
<b>TOTAL CURRENT ASSETS</b>	<b>594,290</b>	<b>3,103,606</b>	<b>1,393,664</b>	<b>5,091,560</b>
<b>NONCURRENT ASSETS:</b>				
Capital assets, net of accumulated depreciation	622,865	-	130,987	753,852
<b>TOTAL NONCURRENT ASSETS</b>	<b>622,865</b>	<b>-</b>	<b>130,987</b>	<b>753,852</b>
<b>TOTAL ASSETS</b>	<b>1,217,155</b>	<b>3,103,606</b>	<b>1,524,651</b>	<b>5,845,412</b>
<b>LIABILITIES:</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	55,877	15,272	70,242	141,391
Accrued payroll	10,248	-	14,752	25,000
Compensated absences, current portion	13,696	-	26,598	40,294
Claims and judgments payable, current portion	-	400,000	-	400,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>79,821</b>	<b>415,272</b>	<b>111,592</b>	<b>606,685</b>
<b>LONG-TERM LIABILITIES:</b>				
Compensated absences	12,264	-	41,334	53,598
Claims payable and judgments	-	2,461,063	-	2,461,063
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>12,264</b>	<b>2,461,063</b>	<b>41,334</b>	<b>2,514,661</b>
<b>TOTAL LIABILITIES</b>	<b>92,085</b>	<b>2,876,335</b>	<b>152,926</b>	<b>3,121,346</b>
<b>NET POSITION:</b>				
Net investment in capital assets	622,865	-	130,987	753,852
Unrestricted	502,205	227,271	1,240,738	1,970,214
<b>TOTAL NET POSITION</b>	<b>\$ 1,125,070</b>	<b>\$ 227,271</b>	<b>\$ 1,371,725</b>	<b>\$ 2,724,066</b>

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS

For the fiscal year ended June 30, 2013

	Motor Vehicle Pool	Workers' Compensation Self-Insurance	Information Technology Services	Totals
OPERATING REVENUES:				
Charges for services	\$ 882,375	\$ 357,535	\$ 822,408	\$ 2,062,318
Other	100,093	-	7,792	107,885
<b>TOTAL OPERATING REVENUES</b>	<b>982,468</b>	<b>357,535</b>	<b>830,200</b>	<b>2,170,203</b>
OPERATING EXPENSES:				
Personnel services	296,620	38,510	573,747	908,877
Services and supplies	501,894	1,252,934	372,807	2,127,635
Depreciation	118,015	-	87,969	205,984
<b>TOTAL OPERATING EXPENSES</b>	<b>916,529</b>	<b>1,291,444</b>	<b>1,034,523</b>	<b>3,242,496</b>
<b>OPERATING INCOME (LOSS), BEFORE TRANSFERS</b>	<b>65,939</b>	<b>(933,909)</b>	<b>(204,323)</b>	<b>(1,072,293)</b>
TRANSFERS:				
Transfers in	-	-	15,000	15,000
Transfers out	(45,000)	-	(24,900)	(69,900)
<b>TOTAL TRANSFERS</b>	<b>(45,000)</b>	<b>-</b>	<b>(9,900)</b>	<b>(54,900)</b>
<b>CHANGE IN NET POSITION</b>	<b>20,939</b>	<b>(933,909)</b>	<b>(214,223)</b>	<b>(1,127,193)</b>
<b>NET POSITION AT BEGINNING OF YEAR, AS RESTATED</b>	<b>1,104,131</b>	<b>1,161,180</b>	<b>1,585,948</b>	<b>3,851,259</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 1,125,070</b>	<b>\$ 227,271</b>	<b>\$ 1,371,725</b>	<b>\$ 2,724,066</b>

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

For the fiscal year ended June 30, 2013

	Motor Vehicle Pool	Workers' Compensation Self-Insurance	Information Technology Services	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from department users	\$ 982,468	\$ 357,535	\$ 830,200	\$ 2,170,203
Cash payments to suppliers of goods and services	(485,094)	(561,546)	(306,944)	(1,353,584)
Cash payments to employees for services	(279,310)	(38,510)	(522,862)	(840,682)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>218,064</u>	<u>(242,521)</u>	<u>394</u>	<u>(24,063)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Cash received from other funds	-	-	15,000	15,000
Cash paid to other funds	(45,000)	-	(24,900)	(69,900)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>(45,000)</u>	<u>-</u>	<u>(9,900)</u>	<u>(54,900)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(152,390)	-	(62,706)	(215,096)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(152,390)</u>	<u>-</u>	<u>(62,706)</u>	<u>(215,096)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	20,674	(242,521)	(72,212)	(294,059)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>573,616</u>	<u>3,256,127</u>	<u>1,465,876</u>	<u>5,295,619</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 594,290</u>	<u>\$ 3,013,606</u>	<u>\$ 1,393,664</u>	<u>\$ 5,001,560</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 65,939	\$ (933,909)	\$ (204,323)	\$ (1,072,293)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	118,015	-	87,969	205,984
Changes in operating assets and liabilities:				
Increase (decrease) in accounts payable	16,800	(13,312)	65,863	69,351
Increase (decrease) in accrued payroll	4,736	-	6,458	11,194
Increase (decrease) in compensated absences	12,574	-	44,427	57,001
Increase (decrease) in claims and judgments payable	-	704,700	-	704,700
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 218,064</u>	<u>\$ (242,521)</u>	<u>\$ 394</u>	<u>\$ (24,063)</u>

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

AGENCY 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 Acts Bonds**

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

CITY OF CAMPBELL, CALIFORNIA

COMBINING STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUNDS

June 30, 2013

	West Valley Solid Waste Management Authority	1915 Act Bonds	Totals
<b>ASSETS:</b>			
Cash and investments	\$ 231,552	\$ 30,219	\$ 261,771
<b>TOTAL ASSETS</b>	<b>\$ 231,552</b>	<b>\$ 30,219</b>	<b>\$ 261,771</b>
<b>LIABILITIES:</b>			
Accounts payable	\$ 54,484	\$ -	\$ 54,484
Due to West Valley Solid Waste JPA	177,068	-	177,068
Due to bondholders	-	30,219	30,219
<b>TOTAL LIABILITIES</b>	<b>\$ 231,552</b>	<b>\$ 30,219</b>	<b>\$ 261,771</b>

See independent auditors' report.

CITY OF CAMPBELL, CALIFORNIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS

For the fiscal year ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<b>WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY</b>				
ASSETS:				
Cash and investments	\$ 229,440	\$ 186,119	\$ 184,007	\$ 231,552
<b>TOTAL ASSETS</b>	<b>\$ 229,440</b>	<b>\$ 186,119</b>	<b>\$ 184,007</b>	<b>\$ 231,552</b>
LIABILITIES:				
Accounts payable	\$ 70,661	\$ 167,830	\$ 184,007	\$ 54,484
Due to West Valley Solid Waste JPA	158,779	18,289	-	177,068
<b>TOTAL LIABILITIES</b>	<b>\$ 229,440</b>	<b>\$ 186,119</b>	<b>\$ 184,007</b>	<b>\$ 231,552</b>
<b>1915 ACT BONDS</b>				
ASSETS:				
Cash and investments	\$ 30,153	\$ 66	\$ -	\$ 30,219
Taxes receivable	66	-	66	-
<b>TOTAL ASSETS</b>	<b>\$ 30,219</b>	<b>\$ 66</b>	<b>\$ 66</b>	<b>\$ 30,219</b>
LIABILITIES:				
Due to bondholders	\$ 30,219	\$ 66	\$ 66	\$ 30,219
<b>TOTAL LIABILITIES</b>	<b>\$ 30,219</b>	<b>\$ 66</b>	<b>\$ 66</b>	<b>\$ 30,219</b>
<b>TOTAL AGENCY FUNDS</b>				
ASSETS:				
Cash and investments	\$ 259,593	\$ 186,185	\$ 184,007	\$ 261,771
Taxes receivable	66	-	66	-
<b>TOTAL ASSETS</b>	<b>\$ 259,659</b>	<b>\$ 186,185</b>	<b>\$ 184,073</b>	<b>\$ 261,771</b>
LIABILITIES:				
Accounts payable	\$ 70,661	\$ 167,830	\$ 184,007	\$ 54,484
Due to West Valley Solid Waste JPA	158,779	18,289	-	177,068
Due to bondholders	30,219	66	66	30,219
<b>TOTAL LIABILITIES</b>	<b>\$ 259,659</b>	<b>\$ 186,185</b>	<b>\$ 184,073</b>	<b>\$ 261,771</b>

See independent auditors' report.



**STATISTICAL SECTION  
(UNAUDITED)**



CITY OF CAMPBELL, CALIFORNIA

DESCRIPTION OF STATISTICAL SECTION CONTENTS

For the fiscal year ended June 30, 2013

This part of the City of Campbell, California'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 say about the government's overall financial health.

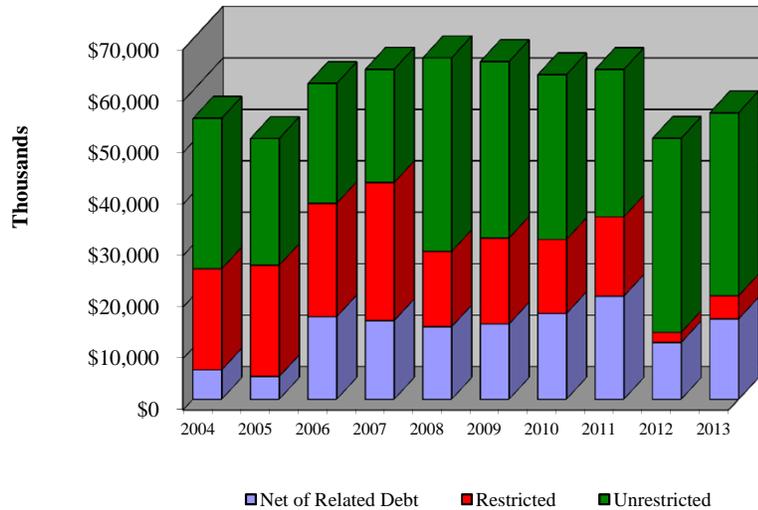
Contents:	<u>Pages</u>
<u>Financial Trends</u> these schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	119 - 125
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	126 - 129
<u>Debt Capacity</u> 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.	130 - 133
<u>Demographic and Economic Information</u> these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	134 - 135
<u>Operating Information</u> 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.	136 - 138

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 Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**



	<b>Fiscal Year Ended June 30,</b>				
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Governmental activities</b>				(A)	
Net investment in capital assets	\$5,703,594	\$4,418,382	\$16,051,887	\$15,281,718	\$14,093,995
Restricted	19,654,944	21,632,981	22,030,785	26,856,233	14,637,426
Unrestricted	29,225,563	24,595,115	23,247,960	21,970,832	37,606,549
<b>Total governmental activities net position</b>	<b>\$54,584,101</b>	<b>\$50,646,478</b>	<b>\$61,330,632</b>	<b>\$64,108,783</b>	<b>\$66,337,970</b>
<b>Primary government</b>					
Net investment in capital assets	\$5,703,594	\$4,418,382	\$16,051,887	\$15,281,718	\$14,093,995
Restricted	19,654,944	21,632,981	22,030,785	26,856,233	14,637,426
Unrestricted	29,225,563	24,595,115	23,247,960	21,970,832	37,606,549
<b>Total primary government net position</b>	<b>\$54,584,101</b>	<b>\$50,646,478</b>	<b>\$61,330,632</b>	<b>\$64,108,783</b>	<b>\$66,337,970</b>
	<b>Fiscal Year Ended June 30,</b>				
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Governmental activities</b>				(B)	
Net investment in capital assets	\$14,625,860	\$16,661,364	\$20,021,321	\$11,036,245	\$15,612,650
Restricted	16,706,585	14,402,444	15,439,033	1,977,099	4,507,241
Unrestricted	34,276,409	31,978,555	28,600,667	37,664,630	35,534,566
<b>Total governmental activities net position</b>	<b>\$65,608,854</b>	<b>\$63,042,363</b>	<b>\$64,061,021</b>	<b>\$50,677,974</b>	<b>\$55,654,457</b>
<b>Primary government</b>					
Net investment in capital assets	\$14,625,860	\$16,661,364	\$20,021,321	\$11,036,245	\$15,612,650
Restricted	16,706,585	14,402,444	15,439,033	\$1,977,099	4,507,241
Unrestricted	34,276,409	31,978,555	28,600,667	\$37,664,630	35,534,566
<b>Total primary government net position</b>	<b>\$65,608,854</b>	<b>\$63,042,363</b>	<b>\$64,061,021</b>	<b>\$50,677,974</b>	<b>\$55,654,457</b>

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

(B) Dissolution of the Redevelopment Agency on 1/31/2012 resulted in a \$17.2 million reduction in net position.

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Expenses</b>					
Governmental Activities:					
General Government	\$ 6,491,138	\$ 3,731,831	\$ 3,649,906	\$ 3,641,210	\$ 3,830,038
Public Safety	14,952,689	16,870,357	16,465,886	16,118,809	16,695,849
Public Works	8,167,400	7,511,459	8,156,637	8,938,539	8,075,236
Community Development	3,022,482	4,049,828	3,859,987	4,957,918	6,233,925
Recreation and Community Services	5,104,270	6,034,563	5,525,298	5,605,958	6,130,130
Interest on Long Term Debt	2,523,859	4,065,244	2,319,021	2,313,092	2,766,915
Total Governmental Activities Expenses	<u>40,261,838</u>	<u>42,263,282</u>	<u>39,976,735</u>	<u>41,575,526</u>	<u>43,732,093</u>
Total Business-Type Activities Expenses	-	-	-	-	-
Total Primary Government Expenses	<u>\$ 40,261,838</u>	<u>\$ 42,263,282</u>	<u>\$ 39,976,735</u>	<u>\$ 41,575,526</u>	<u>\$ 43,732,093</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services:					
General Government	\$ 203,328	\$ 197,856	\$ 95,281	\$ 131,485	\$ 81,648
Public Safety	709,551	646,445	636,931	699,626	690,054
Public Works	2,063,541	2,362,049	2,490,332	2,194,640	2,096,814
Community Development	1,121,879	1,750,555	2,805,310	1,900,669	2,273,914
Recreation and Community Services	3,273,370	4,030,805	4,155,863	4,520,452	4,607,406
Operating Grants and Contributions	2,677,324	1,776,473	1,920,289	2,686,893	2,183,507
Capital Grants and Contributions	623,318	1,533,170	1,707,722	2,438,224	959,566
Total Government Activities Program Revenues	<u>10,672,311</u>	<u>12,297,353</u>	<u>13,811,728</u>	<u>14,571,989</u>	<u>12,892,909</u>
Total Business-Type Activities Program Revenue	-	-	-	-	-
Total Primary Government Program Revenues	<u>\$10,672,311</u>	<u>\$12,297,353</u>	<u>\$13,811,728</u>	<u>\$14,571,989</u>	<u>\$12,892,909</u>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$(29,589,527)	\$(29,965,929)	\$(26,165,007)	\$(27,003,537)	\$(30,839,184)
Business-Type Activities	-	-	-	-	-
Total Primary Government Net Expense	<u>\$(29,589,527)</u>	<u>\$(29,965,929)</u>	<u>\$(26,165,007)</u>	<u>\$(27,003,537)</u>	<u>\$(30,839,184)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental Activities:					
Taxes:					
Property Taxes	\$ 9,736,712	\$ 12,171,170	\$ 12,811,822	\$ 14,062,514	\$ 15,718,642
Education Revenue Augmentation Payment	(299,715)	(1,071,683)	(557,992)	-	-
Sales Taxes	10,684,234	9,973,506	9,346,984	10,049,829	10,334,831
Transient Occupancy Tax	882,464	894,179	1,132,495	1,463,140	1,619,111
Franchise Fees	1,237,222	1,262,319	1,346,968	1,685,455	2,323,063
Business License Taxes	203,520	201,655	202,101	203,145	240,133
Property Transfer Taxes	271,203	401,468	352,535	344,991	290,036
Construction Taxes	55,052	98,355	303,943	20,415	129,027
Motor Vehicle In Lieu	1,768,570	847,109	283,919	268,973	219,538
Interest Earnings	326,684	1,124,889	1,011,270	1,537,612	1,531,949
Other General Revenues	123,477	125,339	82,923	145,614	662,041
Total Government Activities	<u>24,989,423</u>	<u>26,028,306</u>	<u>26,316,968</u>	<u>29,781,688</u>	<u>33,068,371</u>
Total Business-Type Activities	-	-	-	-	-
Total Primary Government	<u>\$ 24,989,423</u>	<u>\$ 26,028,306</u>	<u>\$ 26,316,968</u>	<u>\$ 29,781,688</u>	<u>\$ 33,068,371</u>
<b>Change in Net Position</b>					
Governmental Activities	\$ (4,600,104)	\$ (3,937,623)	\$ 151,961	\$ 2,778,151	\$ 2,229,187
Business-Type Activities	-	-	-	-	-
Extraordinary Gain (Loss)/Special Items	-	-	-	-	-
Total Primary Government	<u>\$ (4,600,104)</u>	<u>\$ (3,937,623)</u>	<u>\$ 151,961</u>	<u>\$ 2,778,151</u>	<u>\$ 2,229,187</u>

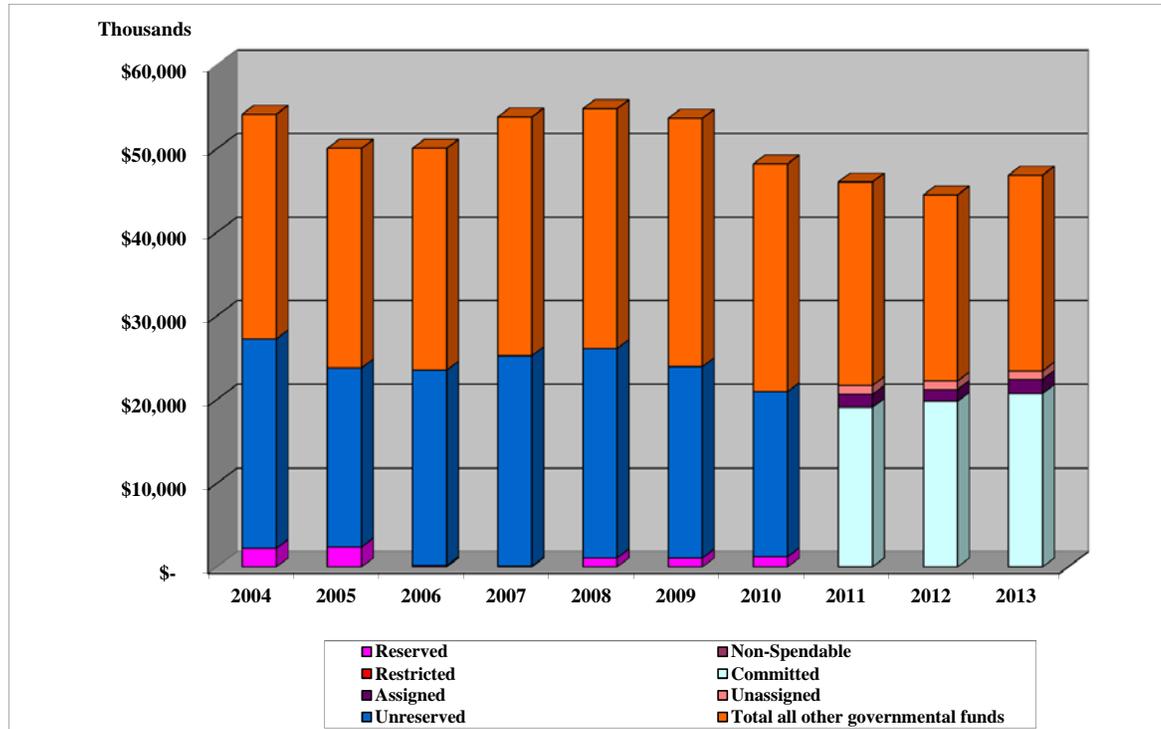
(a) Extraordinary gain resulted from the State mandated dissolution of the Redevelopment Agency as of 1/31/2012.

(b) Housing rehab loans transferred to the County due to dissolution of RDA.

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ 4,743,890	\$ 4,591,916	\$ 4,454,242	\$ 4,768,208	\$ 5,895,629
18,304,340	18,120,168	18,560,647	19,808,247	20,871,425
11,096,882	8,781,674	8,634,025	9,756,513	9,482,322
6,750,784	7,814,061	6,855,318	6,124,075	2,034,251
5,123,508	5,391,171	4,739,270	3,938,036	5,164,889
2,325,068	2,269,160	2,207,529	1,791,038	1,013,545
<u>48,344,472</u>	<u>46,968,150</u>	<u>45,451,031</u>	<u>46,186,117</u>	<u>44,462,061</u>
-	-	-	-	-
<u>\$ 48,344,472</u>	<u>\$ 46,968,150</u>	<u>\$ 45,451,031</u>	<u>\$ 46,186,117</u>	<u>\$ 44,462,061</u>
\$ 76,504	\$ 78,516	\$ 133,160	\$ -	\$ 1,201
730,698	757,093	840,455	789,476	685,552
955,503	1,101,854	1,002,765	1,150,645	2,421,622
1,499,580	1,161,234	2,338,664	2,090,710	3,372,735
4,869,150	4,637,180	4,804,171	4,918,137	3,592,223
2,564,546	3,383,020	2,110,026	4,418,376	2,313,510
4,287,371	2,265,145	3,191,724	3,117,438	3,117,506
<u>14,983,352</u>	<u>13,384,042</u>	<u>14,420,965</u>	<u>16,484,782</u>	<u>15,504,349</u>
-	-	-	-	-
<u>\$14,983,352</u>	<u>\$13,384,042</u>	<u>\$14,420,965</u>	<u>\$16,484,782</u>	<u>\$15,504,349</u>
\$ (33,361,120)	\$ (33,584,108)	\$ (31,030,066)	\$ (29,701,335)	\$ (28,957,712)
-	-	-	-	-
<u>\$ (33,361,120)</u>	<u>\$ (33,584,108)</u>	<u>\$ (31,030,066)</u>	<u>\$ (29,701,335)</u>	<u>\$ (28,957,712)</u>
\$ 17,073,312	\$ 16,680,859	\$ 15,836,085	\$ 11,893,082	\$ 10,621,755
-	-	-	-	-
9,625,398	9,538,242	10,524,344	11,777,407	12,649,768
1,287,184	1,297,573	2,031,585	2,578,323	2,875,976
2,368,278	2,337,022	2,619,457	2,657,964	2,776,192
232,424	214,198	218,252	598,342	625,050
192,369	172,449	191,118	199,791	285,292
10,639	1,469	134,444	87,701	67,920
176,389	155,074	185,864	20,214	20,946
952,739	473,694	241,369	221,274	329,371
713,272	146,851	66,207	471,107	627,170
<u>32,632,004</u>	<u>31,017,431</u>	<u>32,048,725</u>	<u>30,505,205</u>	<u>30,879,440</u>
-	-	-	-	-
<u>\$ 32,632,004</u>	<u>\$ 31,017,431</u>	<u>\$ 32,048,725</u>	<u>\$ 30,505,205</u>	<u>\$ 30,879,440</u>
\$ (729,116)	\$ (2,566,677)	\$ 1,018,659	\$ 803,870	\$ 1,921,728
-	-	-	-	-
-	-	-	(a) (18,006,154)	(b) (1,159,962)
<u>\$ (729,116)</u>	<u>\$ (2,566,677)</u>	<u>\$ 1,018,659</u>	<u>\$ (17,202,284)</u>	<u>\$ 761,766</u>



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



	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Fund</b>										
Reserved	\$2,244,185	\$2,402,661	\$175,731	\$95,177	\$1,105,870	\$1,091,231	\$1,236,593	\$ -	\$ -	\$ -
Unreserved	25,036,720	21,391,305	23,353,680	25,179,997	25,026,233	22,856,245	19,732,965	-	-	-
Non-Spendable										12,782
Restricted								32,756	-	-
Committed								19,061,518	19,816,774	20,748,137
Assigned								1,552,458	1,414,030	1,681,171
Unassigned								1,060,784	1,013,113	987,225
<b>Total General Fund</b>	<u>\$27,280,905</u>	<u>\$23,793,966</u>	<u>\$23,529,411</u>	<u>\$25,275,174</u>	<u>\$26,132,103</u>	<u>\$23,947,476</u>	<u>\$20,969,558</u>	<u>\$21,707,516</u>	<u>\$22,243,917</u>	<u>\$23,429,315</u>
<b>All Other Governmental Funds</b>										
Reserved	\$23,972,608	\$22,024,215	\$21,190,885	\$20,273,187	\$17,025,881	\$16,271,927	\$19,974,459			
Non-Spendable								\$17,802,945	\$11,996,719	\$16,300,878
Restricted								6,758,923	5,986,458	4,172,294
Committed								2,065,866	-	-
Assigned								1,406,746	93,599	297,427
Unassigned								(3,696,734)	(70,955)	(1,411,586)
Unreserved, reported in:										
Special revenue funds	7,950,160	6,875,133	8,241,372	9,760,027	6,347,568	8,757,057	6,130,381	-	-	-
Capital project funds	(2,340,705)	(540,201)	(1,152,731)	(904,886)	5,286,910	4,321,847	2,760,842	-	-	-
Debt service funds	(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>	<u>\$26,851,644</u>	<u>\$26,268,253</u>	<u>\$26,531,481</u>	<u>\$28,530,979</u>	<u>\$28,669,627</u>	<u>\$29,697,162</u>	<u>\$27,230,808</u>	<u>\$24,337,746</u>	<u>\$18,005,821</u>	<u>\$19,359,013</u>

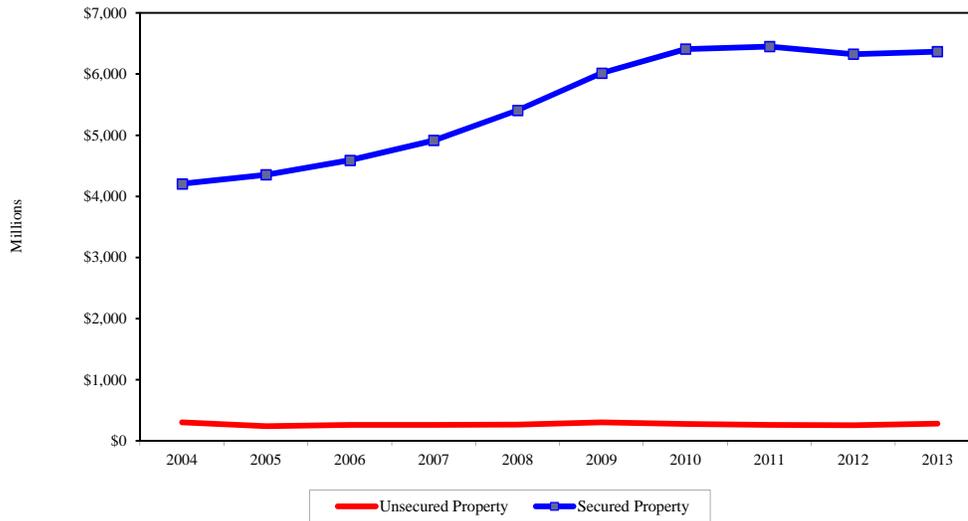
(a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Revenues</b>					
Taxes	\$22,706,706	\$23,884,979	\$24,648,545	\$27,782,390	\$30,654,843
Licenses, permits and fees	1,240,806	1,529,633	2,169,838	1,193,393	2,522,921
Special Assessments		1,098,021	1,101,438	1,102,798	1,136,457
Fines and forfeitures	315,813	272,670	297,357	314,432	344,844
Use of money and property	2,208,041	3,177,751	3,704,058	4,731,397	4,506,694
Intergovernmental revenues	3,941,015	2,804,404	2,737,196	3,570,479	1,982,703
Charges for services	4,322,787	4,195,509	4,480,001	4,672,278	3,459,659
Other	926,566	1,362,692	990,263	966,545	1,107,051
Total Revenues	<u>35,661,734</u>	<u>38,325,659</u>	<u>40,128,696</u>	<u>44,333,712</u>	<u>45,715,172</u>
<b>Expenditures</b>					
Current:					
General government	3,886,382	3,516,206	3,453,208	3,387,977	3,819,217
Public safety	14,778,276	16,291,215	15,865,192	15,828,507	17,092,877
Public works	7,631,938	6,936,049	6,483,216	6,285,428	6,989,785
Community development	3,067,016	3,216,851	2,960,088	4,004,667	5,284,418
Recreation and Community Services	5,098,270	5,648,237	5,139,196	5,238,988	5,840,659
Capital outlay	7,316,710	3,437,352	3,020,541	2,514,138	2,218,792
Debt service:					
Principal repayment	915,000	940,000	1,095,000	1,075,000	1,105,000
Interest and fiscal charges	2,530,226	3,068,612	2,283,887	2,321,805	2,291,875
Total Expenditures	<u>45,223,818</u>	<u>43,054,522</u>	<u>40,300,328</u>	<u>40,656,510</u>	<u>44,642,623</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,562,084)</u>	<u>(4,728,863)</u>	<u>(171,632)</u>	<u>3,677,202</u>	<u>1,072,549</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	18,351,410	8,753,340	8,501,967	7,758,287	6,740,802
Transfers (out)	(18,280,735)	(8,682,665)	(8,331,662)	(7,690,228)	(6,817,774)
Refunding certificates of participation					
Refunding tax allocation bonds		12,300,000			
Premium on bonds		325,712			
Payments to refunded bond escrow		(12,037,854)			
Extraordinary Loss/Special items					
Total other financing sources (uses)	<u>70,675</u>	<u>658,533</u>	<u>170,305</u>	<u>68,059</u>	<u>(76,972)</u>
Net Change in fund balances	<u>(\$9,491,409)</u>	<u>(\$4,070,330)</u>	<u>(\$1,327)</u>	<u>\$3,745,261</u>	<u>\$995,577</u>
Debt service as a percentage of noncapital expenditures	8.8%	10.1%	8.8%	8.6%	8.0%

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$30,789,604	\$30,241,812	\$31,557,784	\$29,804,611	\$29,913,954
1,686,255	1,288,664	2,364,085	2,676,684	2,914,942
1,135,051	1,135,464	1,135,466	1,135,465	1,139,132
369,616	436,679	394,275	354,359	302,199
4,496,169	3,136,727	2,486,510	2,095,435	2,259,585
5,211,858	4,414,326	4,142,685	3,723,529	2,957,860
3,667,754	3,736,998	4,209,986	4,059,731	4,150,652
717,183	461,727	611,880	3,246,290	1,110,711
<u>48,073,490</u>	<u>44,852,397</u>	<u>46,902,671</u>	<u>47,096,104</u>	<u>44,749,035</u>
4,005,190	3,917,093	4,204,006	4,380,461	4,915,926
18,386,502	18,221,484	18,305,304	19,384,848	20,379,876
7,662,601	7,397,394	6,858,938	10,156,056	8,221,295
4,704,397	7,090,693	5,595,382	6,090,582	2,002,082
4,807,547	4,668,299	4,497,252	4,721,100	4,841,625
5,524,204	4,874,101	5,493,620	201,883	3,068,507
1,550,000	1,605,000	1,675,000	1,745,000	715,000
2,648,019	2,577,786	2,501,091	1,688,531	892,369
<u>49,288,460</u>	<u>50,351,850</u>	<u>49,130,593</u>	<u>48,368,461</u>	<u>45,036,680</u>
<u>(1,214,970)</u>	<u>(5,499,453)</u>	<u>(2,227,922)</u>	<u>(1,272,357)</u>	<u>(287,645)</u>
9,698,627	9,043,078	10,151,253	14,780,957	7,533,103
(9,640,749)	(8,987,897)	(10,078,433)	(14,711,057)	(7,478,203)
			<u>(4,593,067)</u>	<u>(1,159,962)</u>
<u>57,878</u>	<u>55,181</u>	<u>72,820</u>	<u>(4,523,167)</u>	<u>(1,105,062)</u>
<u>(\$1,157,092)</u>	<u>(\$5,444,272)</u>	<u>(\$2,155,102)</u>	<u>(\$5,795,524)</u>	<u>(\$1,392,707)</u>
8.8%	9.1%	9.4%	7.7%	3.8%

**CITY OF CAMPBELL  
 ASSESSED AND ESTIMATED ACTUAL  
 VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS**

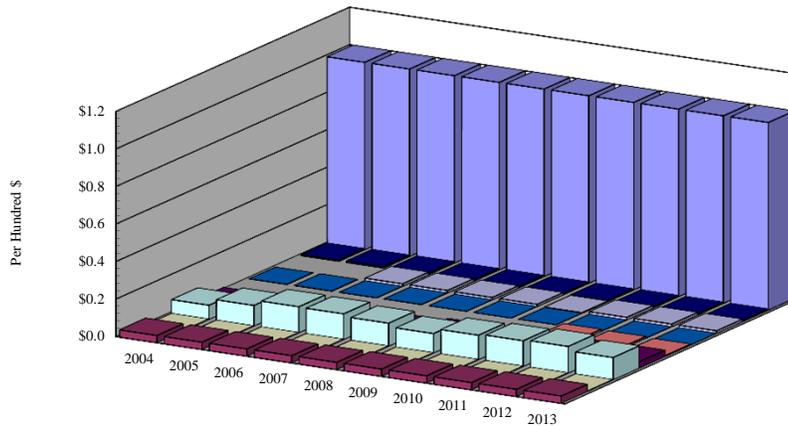


<b>Fiscal Year</b>	<b>Secured Property</b>	<b>HOPTR Exemptions</b>	<b>SBE Utilities</b>	<b>Total Secured Value</b>	<b>Unsecured Property</b>	<b>Total Assessed (a)</b>	<b>Total Direct Tax Rate (b)</b>
2004	4,068,964,576	45,444,000	269,185	4,114,677,761	302,047,319	4,416,725,080	1%
2005	4,284,786,207	44,648,800	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%
2011	6,028,040,396	46,446,400	132,500	6,074,619,296	258,641,006	6,333,260,302	1%
2012	6,042,798,505	46,079,600	145,750	6,089,023,855	253,185,951	6,342,209,806	1%
2013	6,155,290,542	45,424,400	145,750	6,200,860,692	280,367,332	6,481,228,024	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**



■ Basic SCC Retirement	□ Basic Library Retirement	□ Elem or Unified School Bonds
■ High School Bonds	■ Hospital Facilities Bond	■ SCVWD Zone W-1
□ West Valley College	■ SCVWD State Project	■ Basic Direct Tax Rate

Fiscal Year	Basic Direct Tax Rate	SCC Retirement	Library Retirement	Elem or Unified School Bonds	High School Bonds	SCVWD State Project	SCVWD Zone W-1	West Valley College	Hospital Facilities Bond	Total
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
2011	1.0000	0.039	0.002	0.143	0.033	0.007	0.000	0.014	0.0095	1.2475
2012	1.0000	0.039	0.002	0.120	0.034	0.006	0.000	0.014	0.0047	1.2197
2013	1.0000	0.039	0.002	0.121	0.034	0.006	0.000	0.014	0.0047	1.2210

Source: Santa Clara County Assessors Office

Note: In 1978, California voters passed Proposition 13 which set the property tax rate at a fixed amount of 1.00% of assessed value .

Each year, the assessed values may be increased by the California CPI, not to exceed 2.0%. Properties are reassessed at market value upon sale.

The 1.0% tax levy is shared by all jurisdictions within the County. Based upon the Assessors report for 2012-13 the levy was distributed as follows:

School Districts	45%	Community Colleges	7%
Cities	13%	Special Districts	6%
Other (Successor Agencies)	11%	County	18%
		<b>Total</b>	<b>100%</b>

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

<u>Taxpayer</u>	<u>2012-13</u>			<u>2003-04*</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Blackhawk Parent , LLC	\$ 182,398,203	1	2.814%	\$ 42,951,997	3	1.440%
Campbell Technology Parkway LLC	73,983,864	2	1.142%			
Legacy III Campbell LLC	64,964,767	3	1.002%			
Fund X PY Campbell LLC	54,882,387	4	0.847%			
Bay Apartment Communities, Inc.	49,601,399	5	0.765%			
Hamilton Plaza Investors, LLC	49,314,280	6	0.761%			
Hines Vaf No Cal Properties LP	43,800,000	7	0.676%			
Lyon The Commons Apartments LLC	43,133,250	8	0.666%	14,419,528	10	0.483%
Marc W Buzolich Trustee Et Al	39,805,500	9	0.614%	58,396,373	2	1.957%
Brian Avery Trustee, et. al.	27,856,343	10	0.430%	14,831,733	8	0.497%
OTR Trust				73,400,000	1	2.460%
MP Hacienda, Inc.				24,657,668	4	0.826%
P COM, Inc				23,450,758	5	0.786%
Aetna Life Insurance				19,528,135	6	0.655%
Lincoln Bascom Office Center				16,715,730	7	0.560%
La Valencia Apartments LTD				14,599,204	9	0.489%
<b>Total</b>	<b>\$629,739,993</b>		<b>9.7%</b>	<b>\$302,951,126</b>		<b>10.2%</b>

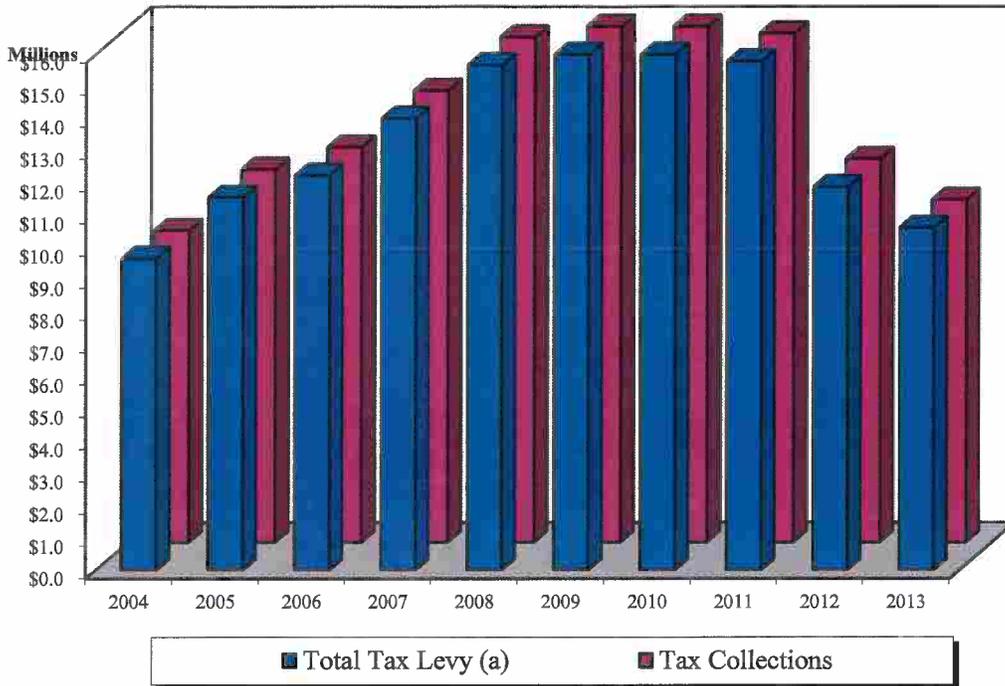
Total Net Assessed Valuation:

Fiscal Year 2012-2013	\$6,481,228,024
Fiscal Year 1998-1999	\$2,983,422,243
Fiscal Year 2001-2002	\$4,126,805,525

Source: Santa Clara County Assessor Fiscal Year Combined Tax Rolls; County of Santa Clara Metro Scan; Santa Clara County GIS Services

\*Note: Data unavailable for Fiscal Year 03/04. Data shown for Fiscal Year 98/99

**CITY OF CAMPBELL  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**



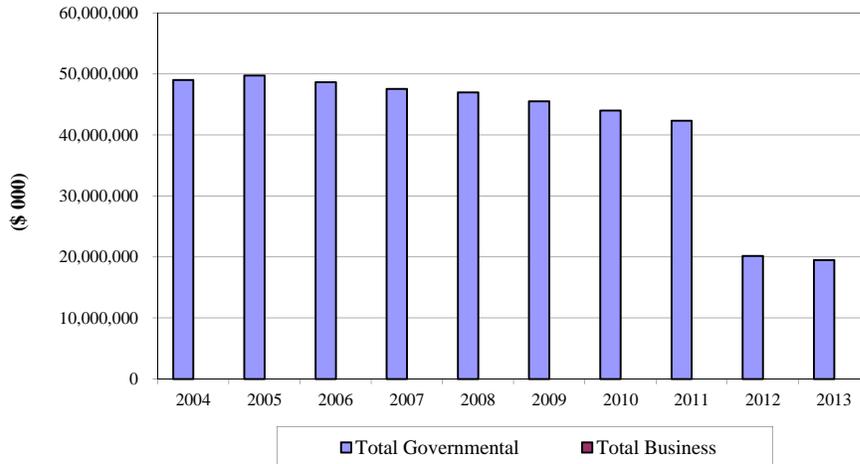
Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2004	9,672,727	9,672,727	100.0000%		9,672,727	100.0000%
2005	11,567,188	11,567,188	100.0000%		11,567,188	100.0000%
2006	12,253,830	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%
2011	15,787,084	15,787,084	100.0000%		15,787,084	100.0000%
2012	11,893,082	11,893,082	100.0000%		11,893,082	100.0000%
2013	10,621,754	10,621,754	100.0000%		10,621,754	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 through 1/31/2012.

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



**Governmental Activities**

Fiscal Year	Tax Allocation Bonds (b)	Certificates of Participation	Special Assessment Debt	Other Indebtedness	Total
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
2011	21,715,000	20,650,488	-	-	42,365,488
2012	-	20,200,891	-	-	20,200,891
2013	-	19,485,891	-	-	19,485,891

**Business-Type Activities**

Fiscal Year	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2004	0	0	2.6149%	1,284.76
2005	0	0	2.4805%	1,295.74
2006	0	0	2.2424%	1,267.47
2007	0	0	1.9949%	1,197.69
2008	0	0	1.9810%	1,169.92
2009	0	0	2.0197%	1,126.60
2010	0	0	2.0580%	1,118.83
2011	0	0	1.9166%	1,068.11
2012	0	0	0.8759%	506.52
2013	0	0	0.7933%	482.28

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

RDA tax allocation bonds are included in total debt through 1/31/2012.

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.

(b) Tax allocation bonds related to the RDA dissolution are no longer an obligation of the City

**CITY OF CAMPBELL  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
JUNE 30, 2013**

2012-13 Assessed Valuation \_\_\_\_\_

\$6,481,228,024

	Net Debt	%	Amount Applicable To City of Campbell
<b>OVERLAPPING TAX AND ASSESSMENT DEBT</b>			
Santa Clara County Valley Water District Benefit Assessment District	\$123,100,000	2.100%	\$2,585,100
Santa Clara County	805,800,000	2.100%	16,921,800
Campbell Union High School District	156,055,000	20.006%	31,220,363
Cambrian School District	17,804,944	27.717%	4,934,996
Campbell Union School District	146,472,432	30.976%	45,371,301
Moreland School District	83,199,594	11.005%	9,156,115
West Valley -Mission Community College District	308,533,073	7.465%	23,031,994
<b>TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$133,221,669</b>
<b>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</b>			
Santa Clara County General Fund Obligations	\$819,956,840	2.100%	\$17,219,094
Santa Clara County Board of Education Certificates of Participation	10,400,000	2.100%	218,400
Santa Clara County Vector Control District Certificates of Participation	3,455,000	2.100%	72,555
Santa Clara County Pension Obligations	378,994,822	2.100%	7,958,891
Campbell Union High School District General Fund Obligations	11,325,579	20.006%	2,265,795
West Valley-Mission Community College District General Fund Obligations	65,435,000	7.465%	4,884,723
Overlapping Tax Increment Debt (Successor Agency)	\$20,355,000	100.000%	\$20,355,000
Midpeninsula Regional Open Space District General Fund Obligations	135,649,717	0.032%	43,408
<b>SUB-TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>			<b>\$53,017,866</b>
<b>SUB-TOTAL ALL OVERLAPPING DEBT</b>			<b>\$186,239,535</b>
City of Campbell Certificates of Participation	18,555,843	100.000%	\$18,555,843
<b>SUB-TOTAL DIRECT DEBT</b>			<b>\$18,555,843</b>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>			<b>\$204,795,378</b> <sup>(2)</sup>

(1) The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the City divided by the district's total taxable assessed value.

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

**RATIOS TO 2012-13 ASSESSED VALUATION:**

Total Overlapping Tax and Assessment Debt	2.06%
<b>Total Direct Debt (\$18,555,843)</b>	<b>0.29%</b>
Combined Total Debt	3.16%

**RATIOS TO REDEVELOPMENT INCREMENTAL VALUATION (\$637,048,856)**

Total Overlapping Tax Increment Debt	3.2%
--------------------------------------	------

Note: Prepared for the City of Campbell by California Municipal Statistics, Inc.

**CITY OF CAMPBELL**  
**COMPUTATION OF LEGAL BONDED DEBT MARGIN**  
**June 30, 2013**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$6,481,228,024
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BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$243,046,051
---	---------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$19,485,891
Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	19,485,891
Amount of debt subject to limit	0

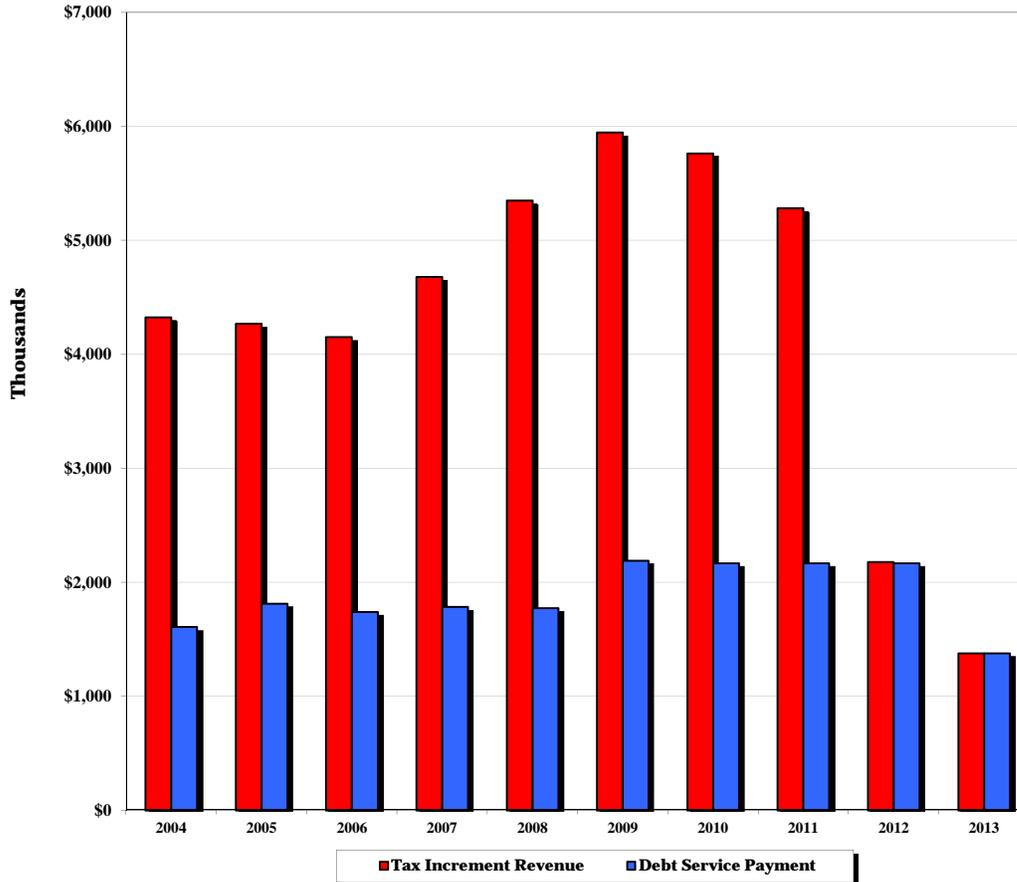
LEGAL BONDED DEBT MARGIN	\$243,046,051
--------------------------	---------------

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2004	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	243,046,051		243,046,051	0.00%
2009	241,258,448		241,258,448	0.00%
2010	242,640,928		242,640,928	0.00%
2011	237,497,261		237,497,261	0.00%
2012	236,810,524		236,810,524	0.00%
2013	243,046,051		243,046,051	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/SUCCESSOR AGENCY TAX ALLOCATION BONDS  
 LAST TEN FISCAL YEARS**

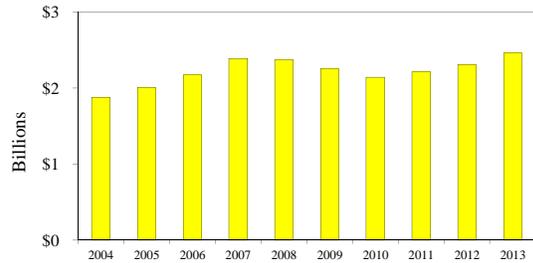
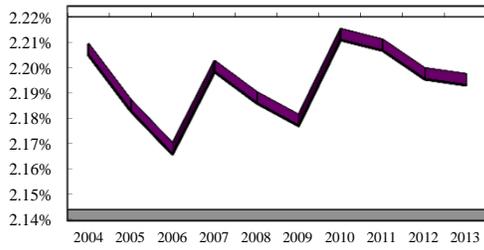


Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2004	4,325,391	535,000	1,076,227	1,611,227	2.68
2005	4,268,551	390,000	1,422,678	1,812,678	2.35
2006	4,151,860	530,000	1,211,918	1,741,918	2.38
2007	4,679,722	495,000	1,291,096	1,786,096	2.62
2008	5,349,414	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
2011	5,283,202	1,015,000	1,154,235	2,169,235	2.44
2012 *	2,180,452	1,060,000	1,107,923	2,167,923	1.01
2013 *	1,377,810	300,000	1,077,810	1,377,810	1.00

\* Effective 1/31/2012 Redevelopment Agencies in the State of California were dissolved. A Successor Agency was established by the City of Campbell to receive all of the assets and liabilities of the former RDA and assume responsibility for all legal debt service obligations. Tax increment revenues are received from the County of Santa Clara in an amount equal to the debt service requirements based on a Recognized Obligation Payment Schedule.

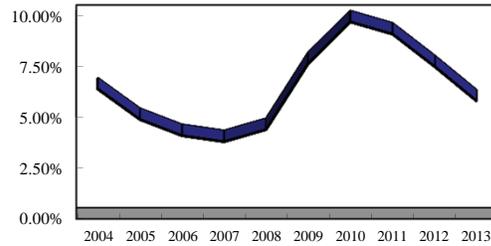
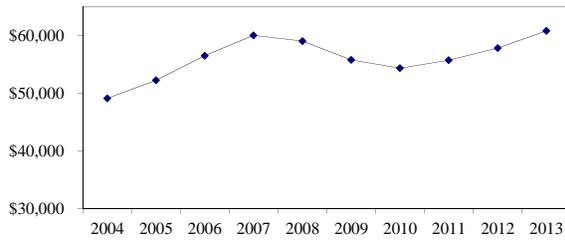
Source: City of Campbell Annual Financial Statements

**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
2004	38,179	1,875,811	49,132	6.4%	1,731,422	2.21%
2005	38,415	2,006,646	52,236	4.9%	1,759,585	2.18%
2006	38,408	2,170,897	56,522	4.1%	1,773,258	2.17%
2007	39,748	2,386,390	60,038	3.8%	1,808,056	2.20%
2008	40,161	2,371,828	59,058	4.4%	1,837,075	2.19%
2009	40,420	2,254,668	55,781	7.7%	1,856,514	2.18%
2010	39,363	2,139,937	54,364	9.7%	1,780,384	2.21%
2011	39,664	2,210,423	55,729	9.1%	1,797,375	2.21%
2012	39,882	2,306,363	57,830	7.5%	1,816,486	2.20%
2013	40,404	2,456,182	60,791	5.8%	1,842,254	2.19%

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

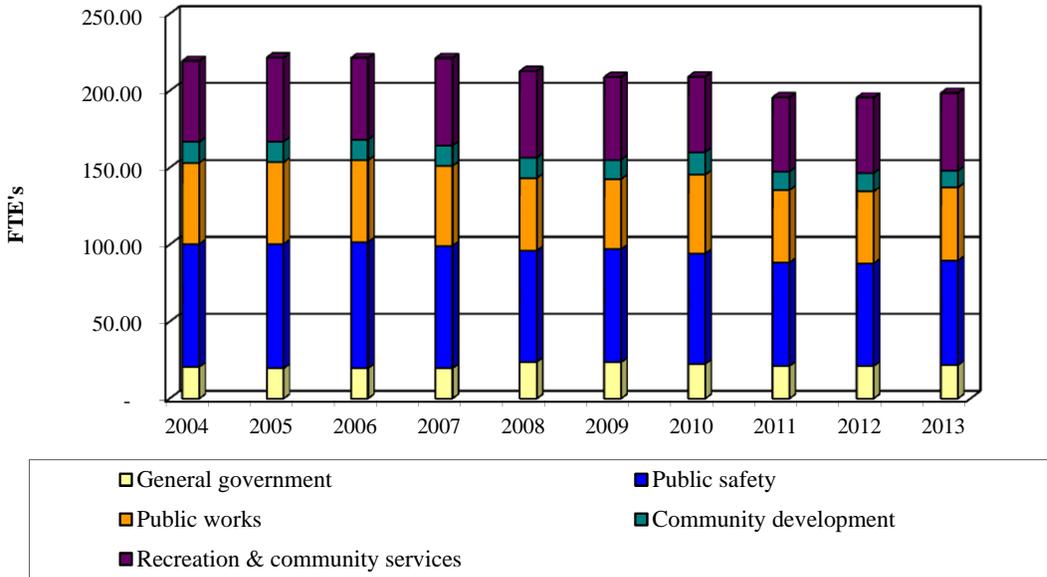
Note: Unemployment rates for FY2004-2011 are FY average. Fy12-13 are June 30. Per Capita Income is Santa Clara County

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

<u>Employer</u>	<u>2012-13</u>			<u>2003-04</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>
Barracuda Networks Inc	393	1	1.8%			
Safeway Inc.	338	2	1.5%			
Fry's Electronics	250	3	1.1%	261	2	1.3%
Whole Foods Market	250	4	1.1%	180	4	0.9%
Hunter Laboratories	200	5	0.9%			
Yousendit Inc.	200	6	0.9%			
Home Depot	189	7	0.9%	306	1	1.5%
SAAMA Technologies	182	8	0.8%			
Mohler, Nixon & Williams Accountancy	165	9	0.7%			
City of Campbell	154	10	0.7%	180	5	0.9%
P-Com Inc.				250	3	1.3%
Mervyn's Department Store				177	6	0.9%
John P. Wolfe Engineering				168	7	0.8%
The Right Stuff				160	8	0.8%
SBCC , Inc.				150	9	0.8%
Durham Transportation Services				134	10	0.7%
Subtotal	<u>1,590</u>		<u>7.2%</u>	<u>1,966</u>		<u>9.8%</u>
Total City Labor Force	<u>22,043</u>			<u>19,991</u>		

Source: City of Campbell - California Employment Development Department

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



	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Function</b>					
General government	20.52	19.63	19.63	19.63	23.77
Public safety	79.90	80.85	82.11	79.60	72.39
Public works	52.79	53.07	53.11	51.87	47.10
Community development	13.47	13.47	13.47	13.22	13.23
Recreation & community services	52.62	54.53	52.93	56.82	56.20
<b>Total</b>	<b>219.30</b>	<b>221.55</b>	<b>221.25</b>	<b>221.14</b>	<b>212.69</b>

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Function</b>					
General government	23.52	22.45	21.07	21.07	21.65
Public safety	73.53	71.81	67.36	66.81	68.01
Public works	45.58	51.12	46.97	46.67	47.42
Community development	12.51	14.73	12.06	11.91	10.91
Recreation & community services	53.70	48.99	48.19	49.04	50.52
<b>Total</b>	<b>208.84</b>	<b>209.10</b>	<b>195.65</b>	<b>195.50</b>	<b>198.51</b>

Source: City of Campbell, CA Budget Documents

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Function/Program</b>										
Public safety:										
Fire:										
Fire calls for service	70	94	92	100	119	99	74	72	70	76
Medical aid calls	1,470	1,798	1,777	1,411	1,801	1,662	1,806	1,931	1,946	1,886
Police:										
Police calls for Service	22,487	23,685	21,731	22,166	22,961	22,362	22,272	22,098	23,353	24,151
Law violations:										
Arrests	1,486	1,555	1,455	1,553	1,586	1,568	1,725	1,535	1,660	1,835
Traffic violations	7,327	6,611	5,871	6,329	6,545	5,968	6,038	4,232	4,083	4,607
Parking violations	4,432	4,171	4,146	3,457	2,686	4,400	3,315	2,986	2,394	2,335
Public works:										
Miles of streets (major)	14	14	14	15	15	15	15	15	15	16
Miles of Streets (secondary)	74	74	74	77	77	77	77	77	77	80
Potholes repaired	150	100	100	145	182	131	150	151	160	21
Culture and recreation:										
Community Services:										
Recreation class participants	27,096	28,871	30,096	31,887	31,826	33,023	33,886	32,674	33,526	31,749
Performing Arts Center performances	5	6	5	6	6	12	13	10	7	8
Wastewater										
Miles of sewers (storm)	42	42	42	42	42	42	50	50	50	50
Miles of sewers (sanitary - entire district)	484	484	484	484	484	484	618	618	618	618
Miles of sewers (sanitary - Campbell only)	125	125	125	125	125	125	158	158	158	158
Solid Waste										
Refuse Landfilled (tons per year)	n/a	n/a	40,000	35,432	29,585	24,647	24,951	25,761	25,514	26,555
Recyclables Processed (tons per year)	n/a	n/a	20,000	17,362	17,702	17,636	17,505	15,561	14,541	15,414

Source: City of Campbell

Note: n/a denotes information not available.

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Function/Program</b>										
Public safety:										
Fire stations	2	2	2	2	2	2	2	2	2	2
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol units	12	12	11	11	11	12	12	12	12	12
Public works										
Miles of streets	88	88	88	92	92	92	92	92	92	96
Street lights	2,312	2,362	2,362	2,362	2,532	2,535	2,535	2,535	2,535	2,610
Traffic Signals	39	40	42	42	42	43	43	43	43	43
Culture and recreation:										
Community services:										
City parks	11	11	11	11	11	11	12	12	12	12
City parks acreage	86	86	86	86	86	86	87	87	87	87
Playgrounds	5	5	5	5	7	7	7	7	7	7
City trails	1	1	1	1	1	1	1	1	1	1
City trails miles	3	3	3	3	3	3	3	3	3	3
Historic house (museum)	1	1	1	1	1	1	1	1	1	1
Community gardens	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Adult centers	1	1	1	1	1	1	1	1	1	1
Sports centers	1	1	1	1	1	1	1	1	1	1
Performing arts centers	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	8	8	8	8	8	8	8	8	8	8
Baseball/softball diamonds	3	3	3	3	3	3	3	3	3	3
Soccer/football fields	3	3	3	3	9	9	9	9	9	9
Library:										
City Libraries	1	1	1	1	1	1	1	1	1	1

Source: City of Campbell