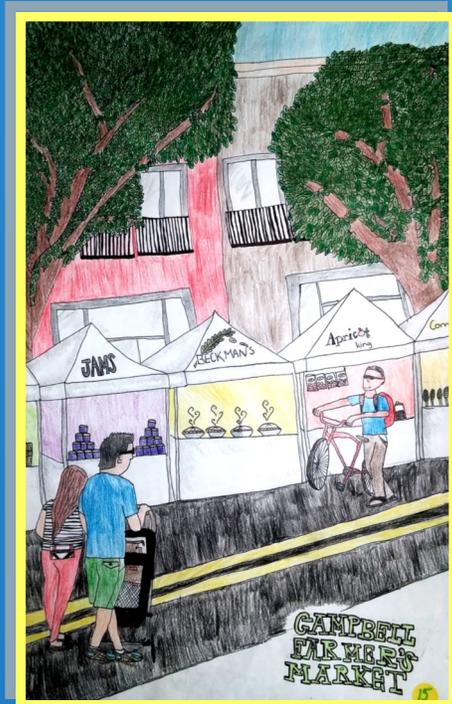
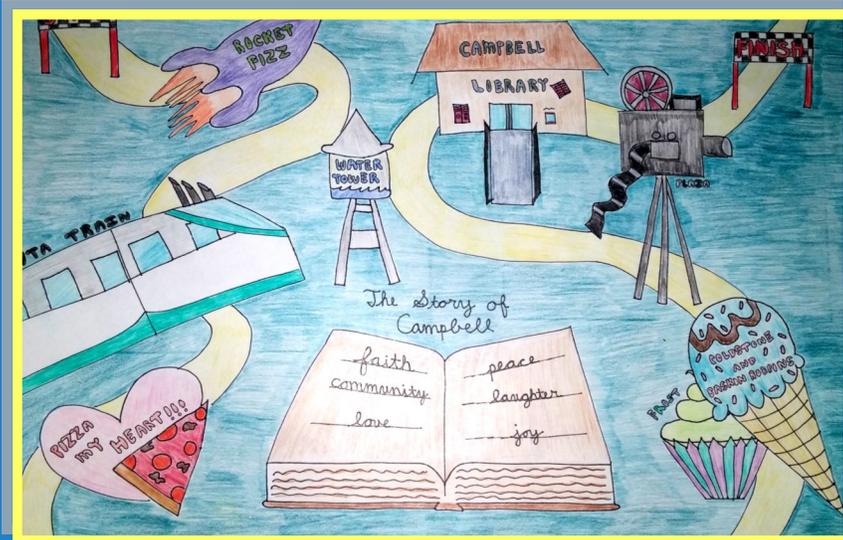
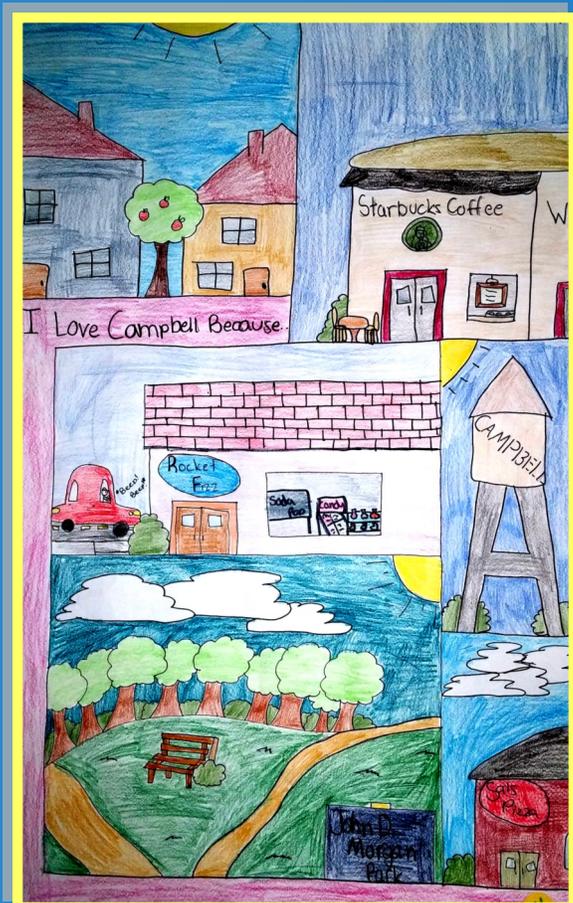


# CITY OF CAMPBELL, CALIFORNIA



## COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2016





**CITY OF CAMPBELL, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**WITH REPORT ON AUDIT**  
**BY INDEPENDENT**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**FISCAL YEAR ENDED JUNE 30, 2016**



**CITY OF CAMPBELL, CALIFORNIA**

**Comprehensive Annual Financial Report**

For the fiscal year ended June 30, 2016

Prepared by

Finance Department  
Jesse Takahashi,  
Finance Director



CITY OF CAMPBELL, CALIFORNIA

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## **INTRODUCTORY SECTION**





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**CITY OF CAMPBELL**  
Finance Department

December 9, 2016

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, 2016, 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 6.7 square miles, is substantially built out, and serves a population of approximately 42,584. 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 up to \$10,000 or requiring transfers from reserves up to \$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 and Local economies*—While Silicon Valley is best 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.

The nation's economy has continued to expand and improve with recent GDP growth averaging in the range of 1.5 - 3.0%. Although growth has slowed down in recent years, low interest rates and declining unemployment have maintained an economy that continues to make positive strides.

The national unemployment rate saw a slight decline from 5.0% in October, 2015 to 4.9% as of October, 2016 reflecting the strength of the economy. Unemployment for the City of Campbell as of October, 2016 was 2.8%, the same as last year, again reflecting continued stability in the region. This also compares favorably to the County rate of 3.8% and the State rate of 5.8%.

The Federal Reserve Bank has continued to maintain interest rates at near zero levels during the past six years in order to stimulate economic activity. It is expected that the Fed Bank will again raise rates in gradual increments as the economy picks up some steam in order to head off inflation. While this could have some negative impact on the economy, other factors, including a new presidential administration, may exert a bigger influence on the direction of the economy.

Here in the local region of Silicon Valley, the demand for residential and office space continues to stimulate construction and development activity with sales transactions and median prices reflecting the current under-supply in building stock. Because of the unique setting of this region, and the fact that many of the surrounding cities have limited capacity for new housing, most property values continue to appreciate. This is predominantly due to the fact that demand in this region regularly exceeds the supply despite the high cost of housing. Private development activity in Campbell has been at an all-time high as development projects keep the City Planning and Building divisions busy with new plan applications for reviews and inspections.

Campbell is home to a diversified economic base of business segments located throughout the community. There are over 5,300 businesses in the City that generated approximately \$14.8 million in sales tax revenue, an increase of 6.5% over the previous year. The largest categories of sales tax producers comprise general retail, food products, transportation and business-to-business.

Because of the many economic and fiscal uncertainties that constantly confront the City, 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 buffer for those revenue sources most significantly impacted by downturns in the economy, thereby, enabling the City to better withstand an economic recession. The City's financial policies specify target funding of \$6 million. Moreover, the City's 5-year projections include anticipated increases in retirement costs over the next several 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 "safety net" during the next economic slowdown.

## 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, 2015. 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 past 28 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 2015-16. This is the 23<sup>rd</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 Tran Nguyen, Senior Accountant, and Shannon Brangan, Executive Assistant, for 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**

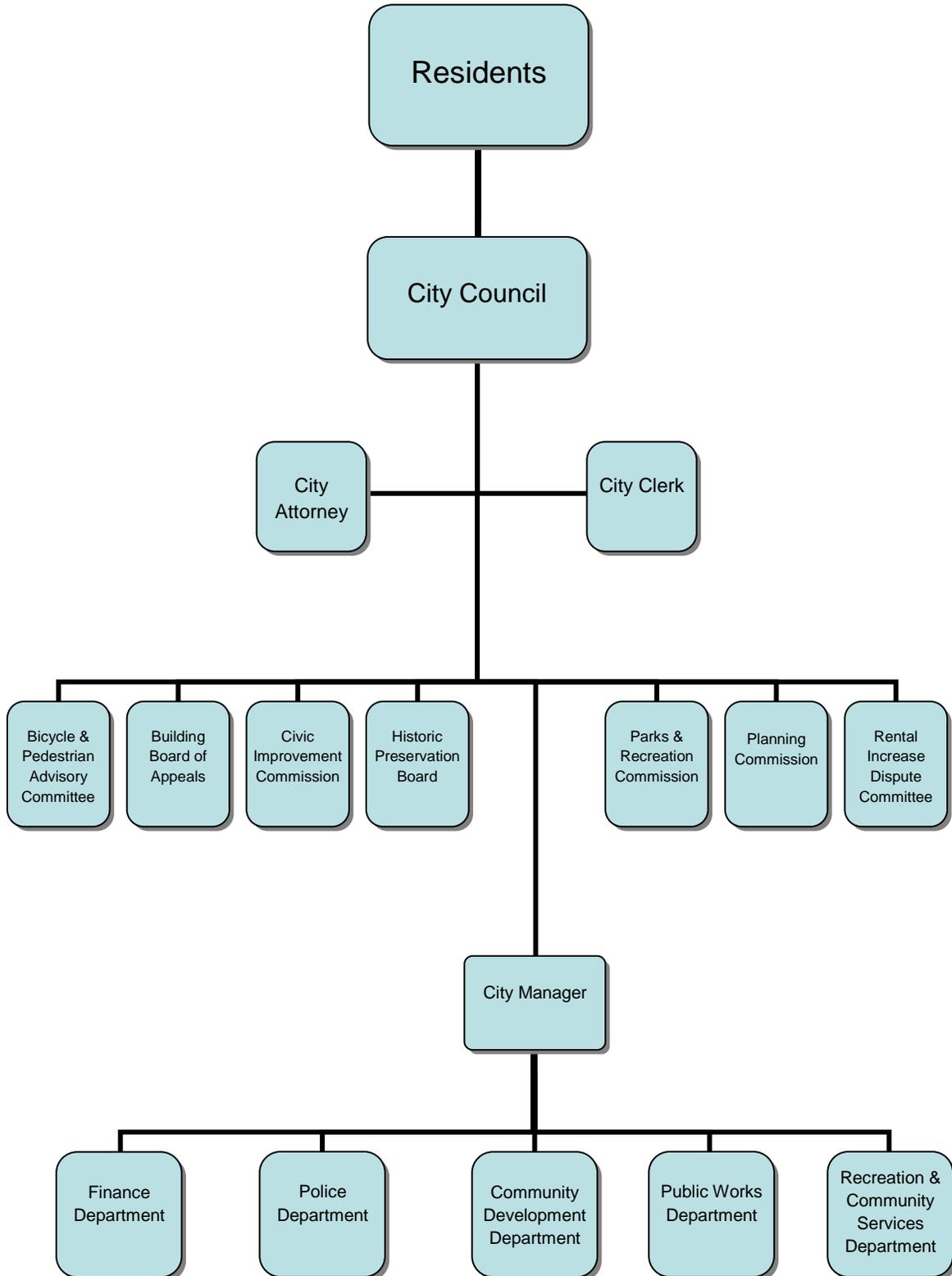
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

# General Organization

## 2015 - 2016



## **CITY OFFICIALS**

### **City Council**

Mayor – Jeffrey Cristina

Vice Mayor – Jason Baker

Councilmember – Michael Kotowski

Councilmember – Liz Gibbons

Councilmember – Paul Resnikoff

Note: Mayor serves an annual term from December to December. Names and positions are as of July 1, 2015.

### **City Administrative Staff**

City Manager – Mark Linder

Deputy City Manager – Al Bito

City Clerk – Wendy Wood

City Attorney – William Seligmann

Community Development Director – Paul Kermoyan

Finance Director – Jesse Takahashi

Human Resources Manager – Jill Lopez

Police Chief – David Carmichael

Public Works Director – Todd Capurso

Recreation & Community Services Director – Regina Maurantonio

## **COMMISSION, COMMITTEES, AND ADVISORY BOARDS**

### **Planning Commission**

Pamela Finch, Chairperson  
Cynthia Dodd, Vice Chairperson  
Ron Bonhagen  
Yvonne Kendall  
Philip Reynolds, Jr.  
Michael Rich  
Donald Young

### **Parks and Recreation Commission**

Scott Johnson, Chairperson  
Christine Scholberg, Vice Chairperson  
Jacquie Davidson  
Charles Gibson  
Scott Hughes  
Rich Ptaszynski  
Celest Walker

### **Civic Improvement Commission**

Sharon Teeter, Chairperson  
Carol Hoffman, Vice Chairperson  
Ann Herosy  
Traci Mitchell  
Madalyn Perrine  
Lucy Zheng  
Alan Zisser

### **Building Board of Appeal**

Bruno Marcelic  
Jim Morelan  
Jay Perrine  
Kevin Salazar  
Todd Zeman

### **Historical Preservation Board**

Todd Walter, Chairperson  
George Niczewicz, Vice Chairperson  
Susan Blake  
Laura Taylor Moore  
JoEllen Hernandez

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

Lucy Zheng, Chairperson  
Eric Bracher, Landlord Representative  
John W. Figueroa, Landlord Representative  
Phil Doetsch, Tenant Representative  
Marla Sierras, Tenant Representative

### **Bicycle Committee**

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

Note: Names and Positions as of July 1, 2015

## **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, 2016, 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, 2016, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability and the schedule of contributions for the CalPERS safety pension plan, the schedule of changes in the net pension liability and related ratios and the schedule of contributions for the CalPERS miscellaneous pension plan, the schedule of funding progress - other post-employment benefit plan, and the budgetary comparison schedules for the general fund and the housing assets and other grants special revenue funds, identified as Required Supplementary Information (RSI) in the accompanying 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 RSI 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 RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and individual fund schedules (supplementary information), 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 supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is 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 9, 2016, 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 9, 2016



## 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, 2016. 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 2015-16 Financial Highlights

The City ended its fiscal year with total revenues of \$62.0 million, an increase of \$9.8 million from the previous year, and total expenses of \$48.7 million, an increase of \$1.8 million compared to the previous year. General revenues, including property tax, sales tax, transient occupancy tax and other revenues increased \$3.9 million while program revenues, including charges for service, operating and capital grants and contributions accounted experienced an increase of \$5.9 million.

Other financial highlights of the past year are as follows:

#### *City-wide:*

- Total City assets and deferred outflows of resources exceeded its liabilities and deferred inflows by \$37.9 million. Of this amount, \$27.0 million represents the net investment in capital assets while \$23.6 million is restricted for various purposes including affordable housing, streets and roads, community development and debt service. The negative \$12.7 million in unrestricted net position improved by \$7.5 million since last year and is related to the City's pension obligation which was required to be recorded by government accounting standards beginning in fiscal 2014-15.
- Total net position increased from the previous year by \$13.3 million primarily attributable to a \$3.4 million increase in cash and investments from higher general revenues and charges for services, and a \$6.0 million increase in capital and other assets.

#### *Fund level:*

- Total governmental fund balances were \$52.7 million at fiscal year-end, an increase of \$6.1 million from the previous year.
- General Fund revenues, excluding transfers, increased \$4.9 million to \$48.4 million from the previous year. Related expenditures increased by \$3.6 million from the previous year to \$42.0 million.
- General Fund's fund balance increased \$4.1 million to \$30.2 million at fiscal year-end.
- The City realized an operating surplus in the General Fund; 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.

**City-wide financial statements**—These statements 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 position* 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 position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources including capital assets and long-term debt, with the difference between the four reported as net position. Over time, increases or decreases in net position 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 position 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.

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 and a local improvement district. It also reports 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**  
(in millions)

	<u>Governmental Activities</u>	
	<b>2016</b>	<b>2015</b>
Cash & investments	\$42.5	\$39.1
Capital assets	43.9	40.4
Other assets	22.3	19.8
Total assets	108.7	99.3
Deferred Outflows of Resources:	5.8	4.2
Long term liabilities	23.7	25.8
Other liabilities	5.6	6.9
Net OPEB Obligation	1.7	-
Net Pension Liability	41.8	37.6
Total liabilities	72.8	70.3
Deferred Inflows of Resources	3.8	8.6
Net Position:		
Net investment in capital assets	27.0	22.9
Restricted	23.6	21.9
Unrestricted	(12.7)	(20.2)
<b>Total net position</b>	<b>\$37.9</b>	<b>\$24.6</b>

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

- Cash and investments increased by a net of \$3.4 million due to increases in operating revenues and increased in collection of Parkland Dedication fees related to ongoing development activity.
- Capital asset additions during the year were \$5.8 million offset by depreciation charges of \$2.3 million for a net increase of \$3.5 million.
- Other assets increased \$2.5 million consisting primarily of increases in taxes and accounts receivables.
- Deferred Outflows of resources increased \$1.6 million, the majority of which represented increased pension contributions that will be recognized as expense over future periods.
- Long term liabilities decreased a net of \$2.1 million resulting from recording and separately classifying the City's \$1.7 million net OPEB obligation as well as principal repayment of debt of \$0.7 million.
- Other liabilities decreased by a net of \$1.3 million due to decrease in accounts payable of \$1.2 million, accrued expenses of \$0.5 million, offset by an increase in deposits payable of \$0.5 million related to the timing of fiscal year-end payments.
- Net Pension Liability increased \$4.2 million resulting from a combination of actuarial assumption changes in the liability and reduced investment earnings on pension assets.

- Deferred Inflows of Resources decreased \$4.8 million representing the difference between projected and actual earnings on pension plan investments, which is being recognized over future periods.
- Net investment in capital assets increased \$4.1 million from the previous year due primarily to an increase in capital assets of \$3.5 million and reduction in debt principal of \$0.7 million.
- Restricted net position assets have external limitations placed upon them regarding how they may be spent. This balance increased by \$1.7 million due primarily to increased collection of Parkland Dedication fees.
- Unrestricted net assets increased by \$7.5 million due primarily to the net surplus at year end resulting from \$7.0 million increased general revenues and charges for services.

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>2016</u>	<u>2015</u>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$14.0	\$10.9
Operating grants and contributions	5.4	4.1
Capital grants and contributions	3.2	1.7
General revenues:		
Property taxes	13.2	12.3
Sales and use taxes	14.8	13.9
Other taxes	9.5	8.7
Investment Income	0.5	0.5
Other	1.4	0.1
Total revenues	<u>\$62.0</u>	<u>\$52.2</u>
<b>Expenses:</b>		
General Government	\$6.8	\$6.1
Recreation	5.7	5.6
Community Development	2.5	2.0
Public Safety	22.2	21.0
Public Works	10.6	11.2
Interest on long term debt	0.9	1.0
Total expenses	<u>\$48.7</u>	<u>\$46.9</u>
<b>Change in net position</b>	<b>\$13.3</b>	<b>\$5.3</b>
<b>Net Position at Beginning of Year</b>	<b>\$24.6</b>	<b>\$19.3</b>
<b>Net Position at End of Year</b>	<b><u>\$37.9</u></b>	<b><u>\$24.6</u></b>

Governmental net position increased \$13.3 million from the prior year. Key elements of activity are as follows:

Revenues:

- Within program revenues, charges for services increased \$3.1 million related primarily to increase in development activity throughout the year. Operating grants and contributions increased \$1.3 million related to several ongoing public works projects while capital grants and contributions increased \$1.5 million due to several street and transportation projects funded by state and federal grants.
- Within general revenues, property tax and sales tax revenues increased by a combined \$1.8 million, reflecting the ongoing health of the local economy including a robust real estate market.
- Other Taxes increased \$0.8 million resulting principally from increased transient occupancy tax receipts due to brisk activity in business and leisure travel.
- Other revenue increased \$1.3 million due to the sale of City owned property to provide for housing development.

Expenses:

- General Government expenses increased \$0.7 million due to increased staffing and related costs needed to maintain adequate support given increased service demands.
- Community Development expenses increased \$0.5 million due to increased staffing costs related to expanded economic development efforts as well as to keep up with higher service demands.
- Public Safety expenses increased \$1.2 million due primarily to increased staffing costs of \$0.9 million and increased contractual fire services costs of \$0.3 million.
- Public Works expenses decreased \$0.6 million due to the completion of various projects in the previous fiscal year.

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

Combined governmental fund balances at fiscal year-end were \$52.7 million, an increase of \$6.1 million from the previous year. The City has Restricted, Committed, Assigned and Unassigned fund balances of \$23.5 million; \$26.6 million; \$4.0 million and (\$1.4) million, respectively, at year end.

Governmental fund revenues, excluding transfers, were \$60.7 million, an overall increase of \$9.3 million from the previous year. Property and sales taxes were each higher by \$0.9 million due to a strong real estate market and healthy economy; intergovernmental revenues were higher by \$1.5 million due principally to an increase in funding from various grants received in the previous year for capital projects. Increases were also realized in other taxes of \$0.6 million. Licenses and permit revenues increased by \$2.5 million from the previous year due to the high volume of activity related to plan applications and construction permits. Parkland Dedication fees increased from the prior year by \$1.6 million, resulting from several large development projects during the year.

Governmental fund expenditures, excluding transfers, increased from the prior year by a net amount of \$1.5 million to \$54.3 million. The largest component of the increase was due to increased staffing as well as from negotiated salary and benefit adjustments.

## **Analysis of Major Governmental Funds**

### ***General Fund***

The General Fund realized an excess of revenues over expenditures of \$6.4 million, excluding transfers. General Fund revenues, excluding transfers, increased \$4.9 million from the previous year to \$48.4 million. Contributing to the increase were increases in property taxes of \$0.8 million, sales and use taxes of \$0.9 million, licenses and permits of \$2.5 million, rents and leases of \$0.2 and other taxes of \$0.7 million.

General Fund expenditures, excluding transfers, were \$42.0 million, an increase of \$3.6 million from the previous year. The increase was primarily related to increased costs for Police service and Fire contract of \$2.0 million, increased General Government cost of \$0.5 million, as well as increases in other departments related to increased demand for programs and services.

The General Fund's fund balance at fiscal year-end was \$30.2 million, an increase of \$4.1 million from the previous year. Committed and Assigned fund balances at year end were \$25.4 million and \$3.8 million, respectively. These balances are utilized to fund various emergency and operating funds, including a \$6.0 million reserve for economic fluctuations, \$2.8 million for continuing capital projects, \$8.0 million for future capital improvements and \$5.0 million for emergencies. Unassigned fund balance of \$1.0 million serves as an additional reserve for unanticipated needs that may arise.

Significant original-to-final revenue budget adjustments were made to property taxes (\$0.5 million) and licenses and permits (\$0.5 million). Higher than anticipated construction activity from a strong economy resulted in these adjustments as development applications continued to be filed including several large projects that came forward during the year.

There was a final budget-to-actual variance for total General Fund expenditures of \$2.1 million. Positive variances in all functional areas were realized except for a \$0.1 million negative variance in Public Safety resulting from higher than expected compensated absences. Approximately \$1.0 million of the variance is for committed work related to the City's General Plan update that will occur in the subsequent year. The remaining net positive variances for the General Fund resulted from continued efforts to conserve budget, as well as delaying or rescheduling of some projects and work to the following year due to staffing and workload constraints.

### ***Housing Assets Special Revenue Fund***

The principal assets of this fund consist 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 accounts for various grants received from federal, state or local entities. Most of the grants are billed and received after the City expends funds for approved projects or uses.

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

This fund accounts for the City's capital projects expenditures and related grant funded reimbursements. During the year, \$5.3 million in expenditures were incurred.

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

The principal asset of this fund is represented by \$6.2 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 the Successor Agency Oversight Board. The net change in fund balance in the current year is due to normal debt service activity.

### ***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 \$43.9 million as of June 30, 2016. 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><u>2016</u></b>	<b><u>2015</u></b>
Land	\$ 9.1	\$ 9.1
Construction in progress	12.4	7.7
Building & improvements	13.7	13.7
Other improvements	9.6	9.4
Machinery & equipment	9.6	9.0
Infrastructure	33.7	33.4
Less: Accumulated depreciation	<u>(44.2)</u>	<u>(41.9)</u>
<b>Net capital assets</b>	<b><u>\$ 43.9</u></b>	<b><u>\$ 40.4</u></b>

Total additions to capital assets were \$5.8 million during the year consisting primarily of infrastructure related capital project improvements 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 vehicles and equipment which were no longer serviceable.

## **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 82 of the CAFR. Total outstanding debt of the Successor Agency for the tax allocation bonds was \$19.4 million at June 30, 2016.

The City had \$17.7 million and \$18.4 million in outstanding certificates of participation at June 30, 2016 and 2015, respectively.

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

The City was again able to maintain and enhance its reserves at or above their target levels. In developing the FY17 budget, the following information was used:

- Property tax revenues are expected to grow modestly compared to FY16 due to continued appreciation in the property tax base. Continued growth and demand in the commercial and residential real estate markets are anticipated.
- Sales tax revenue is expected to be 1.5% higher during the year based on continued growth in retail sales, but at a slower rate of growth adjusted for some increase in new businesses.
- Development fee revenue is expected to increase modestly from FY 16 levels reflecting a continued boom in construction.
- Employer retirement costs will continue to rise significantly for the next several years due to changes in actuarial and demographic assumptions.
- Premiums for employee health care will continue to increase in the foreseeable future.

The economic outlook for the local Silicon Valley continues to be positive with some cautious optimism. The unemployment rate in Campbell for June, 2016 was 2.9%, up from 2.8% a year ago, but it is considerably low comparing to several years ago. Concern over possible increases in inflation continues but is not expected to play a significant impact during the upcoming budget year. The Silicon Valley region has contributed significantly to job growth in recent years and is expected to continue to do so in the near term.

In spite of the overall positive outlook, there are still some uncertainties facing the City. Consequently, the City is continuing to closely monitor its primary revenue sources while being cognizant of the need to minimize expenditure growth from year to year. General Fund operating appropriations for fiscal 2016-17 are \$52.2 million, an increase of \$4.3 million (9%) from the previous year's adopted budget.

## **Requests for Information**

This financial report is designed to provide a general overview of the City of Campbell's finances for residents, taxpayers, investors, creditors and any other interested parties. Questions about this report may be directed to the City's Finance Department at 70 N. First Street, Campbell, CA 95008 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 of accounting. The effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands.

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 of accounting, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands.

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, 2016

	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Cash and investments	\$ 42,472,673
Receivables:	
Taxes	4,189,995
Accounts	3,348,952
Interest	124,360
Notes and loans	8,379,548
Deposits	90,000
Advance to Campbell Successor Agency	6,203,790
Capital assets, not depreciated	21,509,224
Capital assets, depreciated, net	<u>22,361,760</u>
<b>TOTAL ASSETS</b>	<u>108,680,302</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Amount related to pensions	<u>5,826,573</u>
<b>LIABILITIES:</b>	
Accounts payable	2,656,885
Accrued expenses	987,741
Deposits payable	1,644,703
Interest payable	192,544
Unearned revenue	100,101
Long-term liabilities:	
Due within one year	2,623,384
Due in more than one year	21,091,370
Net OPEB obligation	1,674,751
Net pension liability	<u>41,832,871</u>
<b>TOTAL LIABILITIES</b>	<u>72,804,350</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Amount related to pensions	<u>3,836,750</u>
<b>NET POSITION:</b>	
Net investment in capital assets	26,997,661
Restricted for:	
Debt service	6,204,033
Streets and roads	2,574,690
Museum and adult center	139,719
Public safety	137,783
Low and moderate income housing	9,345,382
Community development	5,214,835
Unrestricted	<u>(12,748,328)</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 37,865,775</u></u>

See accompanying notes to the basic financial statements.

CITY OF CAMPBELL, CALIFORNIA

STATEMENT OF ACTIVITIES

For the fiscal year ended June 30, 2016

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	\$ 6,679,357	\$ 1,624,617	\$ 31,583	\$ -	\$ (5,023,157)
Recreation	5,689,721	3,822,648	110,635	-	(1,756,438)
Community development	2,590,034	4,375,330	3,077,711	-	4,863,007
Public safety	22,179,057	740,750	355,211	-	(21,083,096)
Public works	10,595,886	3,443,486	1,861,968	3,240,726	(2,049,706)
Interest expense and other charges	936,250	-	-	-	(936,250)
<b>Total governmental activities</b>	<b>\$ 48,670,305</b>	<b>\$ 14,006,831</b>	<b>\$ 5,437,108</b>	<b>\$ 3,240,726</b>	<b>(25,985,640)</b>
General revenues:					
Taxes:					
Property					13,161,587
Sales and use					14,818,495
Transient occupancy					4,439,668
Franchise					3,319,603
Other					1,619,739
Motor vehicle in lieu, unrestricted					69,109
Investment income					487,662
Miscellaneous					1,352,696
<b>Total general revenues</b>					<b>39,268,559</b>
Change in net position					13,282,919
Net Position At Beginning of Year					24,582,856
Net Position At End of Year					<b>\$ 37,865,775</b>

See accompanying notes to the basic financial statements.



CITY OF CAMPBELL, CALIFORNIA

FUND FINANCIAL STATEMENTS - GOVERNMENTAL

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 2016. Individual other governmental (nonmajor) 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.

**Capital Projects Fund**

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

**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.

CITY OF CAMPBELL, CALIFORNIA

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2016

	General Fund	Special Revenue Funds	
		Housing Assets	Other Grants
ASSETS			
Cash and investments	\$ 26,709,847	\$ 1,103,712	\$ 159,954
Receivables:			
Accounts	478,086	-	2,542,178
Taxes	4,184,934	-	-
Interest	56,241	-	-
Notes and loans	-	8,239,548	-
Due from other funds	3,079,966	2,593	-
Advance to Campbell Successor Agency	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 34,509,074</b>	<b>\$ 9,345,853</b>	<b>\$ 2,702,132</b>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 1,699,083	\$ 471	\$ -
Accrued payroll	925,876	-	-
Deposits payable	1,644,703	-	-
Due to other funds	17,200	-	2,579,140
Unearned revenue	-	-	-
<b>TOTAL LIABILITIES</b>	<b>4,286,862</b>	<b>471</b>	<b>2,579,140</b>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenues - grants	-	-	2,530,110
FUND BALANCES (DEFICIT):			
Restricted	-	9,345,382	-
Committed	25,392,112	-	-
Assigned	3,830,100	-	-
Unassigned	1,000,000	-	(2,407,118)
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>30,222,212</b>	<b>9,345,382</b>	<b>(2,407,118)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 34,509,074</b>	<b>\$ 9,345,853</b>	<b>\$ 2,702,132</b>

See accompanying notes to the basic financial statements.

Capital Projects Fund	COP Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 2,062,532	\$ 243	\$ 7,911,805	\$ 37,948,093
-	-	312,548	3,332,812
-	-	5,061	4,189,995
-	-	-	56,241
-	-	140,000	8,379,548
-	-	14,607	3,097,166
-	6,203,790	-	6,203,790
<u>\$ 2,062,532</u>	<u>\$ 6,204,033</u>	<u>\$ 8,384,021</u>	<u>\$ 63,207,645</u>
\$ 613,607	\$ -	\$ 237,401	\$ 2,550,562
-	-	47,120	972,996
-	-	-	1,644,703
-	-	147,618	2,743,958
100,101	-	-	100,101
<u>713,708</u>	<u>-</u>	<u>432,139</u>	<u>8,012,320</u>
-	-	-	2,530,110
-	6,204,033	7,944,035	23,493,450
1,223,623	-	-	26,615,735
125,201	-	15,465	3,970,766
-	-	(7,618)	(1,414,736)
<u>1,348,824</u>	<u>6,204,033</u>	<u>7,951,882</u>	<u>52,665,215</u>
<u>\$ 2,062,532</u>	<u>\$ 6,204,033</u>	<u>\$ 8,384,021</u>	<u>\$ 63,207,645</u>



CITY OF CAMPBELL, CALIFORNIA

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

June 30, 2016

Fund balances - total governmental funds		\$ 52,665,215
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.		
		68,119
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet:		
Capital assets	\$ 80,311,510	
Accumulated depreciation	<u>(37,844,757)</u>	
		42,466,753
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, 2016 are:		
Certificates of Participation	(17,722,700)	
Compensated absences	(3,330,477)	
Claims payable - general liability	(156,904)	
Accrued interest	<u>(192,544)</u>	
		(21,402,625)
Other post-employment benefit obligation is not accrued in governmental funds, but rather is recognized as expenditure when paid.		
		(1,674,751)
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.		
		2,530,110
Pension related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position as the changes in these amounts effects only the government-wide statements for governmental activities:		
Deferred outflows of resources	5,826,573	
Deferred inflows of resources	(3,836,750)	
Net pension liability	<u>(41,832,871)</u>	
		(39,843,048)
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>3,056,002</u>
Net position of governmental activities		<u><u>\$ 37,865,775</u></u>

See accompanying notes to the basic financial statements.

CITY OF CAMPBELL, CALIFORNIA

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

For the fiscal year ended June 30, 2016

	General Fund	Special Revenue Funds	
		Housing Assets	Other Grants
<b>REVENUES:</b>			
Property taxes	\$ 12,097,447	\$ -	\$ -
Sales and use taxes	14,818,495	-	-
Other taxes	9,344,440	-	-
Special assessments	-	-	-
Licenses and permits	4,890,190	-	-
Fines and forfeitures	324,137	-	-
Investment income	161,163	20,983	-
Rents and leases	2,746,371	-	-
Intergovernmental	253,576	-	3,381,113
Charges for services	3,600,024	-	-
Project revenues	-	-	-
Donations	59,423	-	-
Parkland dedication fees	-	-	-
Miscellaneous revenues	122,436	-	-
<b>TOTAL REVENUES</b>	<b>48,417,702</b>	<b>20,983</b>	<b>3,381,113</b>
<b>EXPENDITURES:</b>			
Current:			
General government	5,918,370	-	-
Recreation	5,611,544	-	-
Community development	2,482,059	197,860	-
Public safety	22,897,488	-	-
Public works	5,133,110	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>42,042,571</b>	<b>197,860</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>6,375,131</b>	<b>(176,877)</b>	<b>3,381,113</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	1,429,914	-	-
Transfers out	(3,651,048)	-	(4,720,093)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,221,134)</b>	<b>-</b>	<b>(4,720,093)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>4,153,997</b>	<b>(176,877)</b>	<b>(1,338,980)</b>
<b>FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR</b>	<b>26,068,215</b>	<b>9,522,259</b>	<b>(1,068,138)</b>
<b>FUND BALANCES (DEFICIT) AT END OF YEAR</b>	<b>\$ 30,222,212</b>	<b>\$ 9,345,382</b>	<b>\$ (2,407,118)</b>

See accompanying notes to the basic financial statements.

Capital Projects Fund	COP Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,064,140	\$ 13,161,587
-	-	-	14,818,495
-	-	-	9,344,440
-	-	1,369,696	1,369,696
-	-	-	4,890,190
-	-	-	324,137
-	326,870	33,754	542,770
-	-	-	2,746,371
-	-	1,712,231	5,346,920
-	-	890,978	4,491,002
227,205	-	-	227,205
-	-	3,332	62,755
-	-	2,009,862	2,009,862
1,230,030	-	52,267	1,404,733
<u>1,457,235</u>	<u>326,870</u>	<u>7,136,260</u>	<u>60,740,163</u>
302,217	-	-	6,220,587
-	-	-	5,611,544
-	-	22,783	2,702,702
-	-	110,127	23,007,615
369,702	-	5,003,268	10,506,080
4,675,614	-	-	4,675,614
-	810,000	-	810,000
-	793,300	-	793,300
<u>5,347,533</u>	<u>1,603,300</u>	<u>5,136,178</u>	<u>54,327,442</u>
<u>(3,890,298)</u>	<u>(1,276,430)</u>	<u>2,000,082</u>	<u>6,412,721</u>
5,405,348	941,333	2,323,687	10,100,282
-	-	(2,043,008)	(10,414,149)
<u>5,405,348</u>	<u>941,333</u>	<u>280,679</u>	<u>(313,867)</u>
1,515,050	(335,097)	2,280,761	6,098,854
<u>(166,226)</u>	<u>6,539,130</u>	<u>5,671,121</u>	<u>46,566,361</u>
<u>\$ 1,348,824</u>	<u>\$ 6,204,033</u>	<u>\$ 7,951,882</u>	<u>\$ 52,665,215</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, 2016

Net change in fund balances - total governmental funds		\$ 6,098,854
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.		(371)
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	\$ 5,230,150	
Value of land sold to developer	(3,399)	
Depreciation expense	<u>(1,960,562)</u>	
		3,266,189
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		810,000
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.		(142,950)
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	(155,203)	
Net change in claims payable - general liability	(31,465)	
Net change in other post-employment benefit obligation	<u>16,727</u>	
		(169,941)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		1,216,831
Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources.		2,180,394
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.		<u>23,913</u>
Change in net position of governmental activities		<u>\$ 13,282,919</u>

See accompanying notes to the basic financial statements.

CITY OF CAMPBELL, CALIFORNIA

FUND FINANCIAL STATEMENTS - PROPRIETARY

**Internal Service Funds**

Accounts 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, 2016

	Governmental Activities
	<u>Internal Service Funds</u>
ASSETS:	
CURRENT ASSETS:	
Cash and investments	\$ 4,524,580
Accounts receivable	16,140
Deposits	<u>90,000</u>
TOTAL CURRENT ASSETS	<u>4,630,720</u>
NONCURRENT ASSETS:	
Capital assets, net of accumulated depreciation	<u>1,404,231</u>
TOTAL NONCURRENT ASSETS	<u>1,404,231</u>
TOTAL ASSETS	<u>6,034,951</u>
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	106,323
Accrued payroll	14,745
Due to other funds	353,208
Compensated absences, current portion	55,782
Claims and judgments payable, current portion	<u>393,000</u>
TOTAL CURRENT LIABILITIES	<u>923,058</u>
LONG-TERM LIABILITIES:	
Compensated absences	51,915
Claims payable and judgments	<u>2,003,976</u>
TOTAL LONG-TERM LIABILITIES	<u>2,055,891</u>
TOTAL LIABILITIES	<u>2,978,949</u>
NET POSITION:	
Net investment in capital assets	1,404,231
Unrestricted	<u>1,651,771</u>
TOTAL NET POSITION	<u>\$ 3,056,002</u>

See accompanying 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, 2016

	Governmental Activities
	<u>Internal Service Funds</u>
OPERATING REVENUES:	
Charges for services	\$ 2,889,995
Other	<u>26,327</u>
TOTAL OPERATING REVENUES	<u>2,916,322</u>
OPERATING EXPENSES:	
Personnel services	1,099,743
Services and supplies	1,799,067
Depreciation	<u>307,466</u>
TOTAL OPERATING EXPENSES	<u>3,206,276</u>
OPERATING LOSS	<u>(289,954)</u>
TRANSFERS:	
Transfers in	400,867
Transfers out	<u>(87,000)</u>
TOTAL TRANSFERS	<u>313,867</u>
CHANGE IN NET POSITION	23,913
NET POSITION AT BEGINNING OF YEAR	<u>3,032,089</u>
NET POSITION AT END OF YEAR	<u><u>\$ 3,056,002</u></u>

See accompanying notes to the basic financial statements.

CITY OF CAMPBELL, CALIFORNIA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

For the fiscal year ended June 30, 2016

	Governmental Activities
	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from department users	\$ 2,900,465
Cash payments to suppliers of goods and services	(1,782,969)
Cash payments to employees for services	(1,150,991)
NET CASH USED BY OPERATING ACTIVITIES	<u>(33,495)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash received from other funds	740,669
Cash paid to other funds	(87,000)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>653,669</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	(496,993)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(496,993)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	123,181
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>4,401,399</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 4,524,580</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	\$ (289,954)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	307,466
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(15,857)
(Increase) decrease in prepaid expenses	51,683
Increase (decrease) in accounts payable	(86,163)
Increase (decrease) in accrued payroll	(49,565)
Increase (decrease) in compensated absences	(1,683)
Increase (decrease) in claims and judgments payable	50,578
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ (33,495)</u></u>

See accompanying notes to the basic financial statements.

CITY OF CAMPBELL, CALIFORNIA

FUND FINANCIAL STATEMENTS - FIDUCIARY

**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, 2016

	<u>Private-Purpose Trust Fund</u>	<u>Agency Funds</u>
<b>ASSETS:</b>		
<b>CURRENT ASSETS:</b>		
Cash and investments	\$ 1,441,892	\$ 297,417
Cash held with fiscal agent	2,304,890	-
Accounts receivable	-	-
	<u>3,746,782</u>	<u>297,417</u>
<b>TOTAL CURRENT ASSETS</b>		
<b>NONCURRENT ASSETS:</b>		
Capital assets, not being depreciated	7,176,061	-
Capital assets, net of accumulated depreciation	18,291,650	-
	<u>25,467,711</u>	<u>-</u>
<b>TOTAL NONCURRENT ASSETS</b>		
	<u>29,214,493</u>	<u>\$ 297,417</u>
<b>TOTAL ASSETS</b>		
<b>LIABILITIES:</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	-	\$ 36,588
Accrued interest payable	325,300	-
Due to West Valley Solid Waste JPA	-	229,555
Due to bondholders	-	31,274
	<u>325,300</u>	<u>297,417</u>
<b>TOTAL CURRENT LIABILITIES</b>		
<b>LONG-TERM LIABILITIES:</b>		
Due within one year	704,830	-
Due in more than one year	24,878,960	-
	<u>25,583,790</u>	<u>-</u>
<b>TOTAL LONG-TERM LIABILITIES</b>		
	<u>25,909,090</u>	<u>\$ 297,417</u>
<b>TOTAL LIABILITIES</b>		
<b>NET POSITION:</b>		
Held in trust for other purposes	<u>\$ 3,305,403</u>	

See accompanying 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, 2016

	<u>Private-Purpose Trust Fund</u>
ADDITIONS:	
Distributions from county-administered redevelopment property tax trust fund	\$ 2,398,516
Investment income	66
Miscellaneous revenues	<u>32,968</u>
TOTAL ADDITIONS	<u>2,431,550</u>
DEDUCTIONS:	
Professional and special services	18,070
Depreciation	1,122,087
Interest and fiscal agent costs	<u>1,368,807</u>
TOTAL DEDUCTIONS	<u>2,508,964</u>
CHANGE IN NET POSITION	(77,414)
NET POSITION AT BEGINNING OF YEAR	<u>3,382,817</u>
NET POSITION AT END OF YEAR	<u>\$ 3,305,403</u>

See accompanying notes to the basic financial statements.



CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the City of Campbell, California (the City) have been prepared in accordance 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 (the 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

**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 a column for the governmental activities of the primary government (including its blended 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.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

**Government-wide Financial Statements (Continued):**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Government-wide financial statements are presented using the *economic resources measurement focus* and *accrual basis of accounting*, as are 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 are reported. 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, deferred outflows of resources, liabilities and deferred inflows of resources, 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*".

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.

**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.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

**Fund Financial Statements (Continued):**

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and proprietary funds. Fiduciary statements include financial information for the private-purpose trust fund, and agency funds. 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.

*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.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

**Governmental Funds (Continued):**

*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, current liabilities, and deferred inflows of resources 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.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

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

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

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

**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 statements of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position. The fiduciary agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting assets and liabilities.

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. Nonoperating 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 proprietary fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the proprietary fund financial statements. Amounts paid to reduce long-term indebtedness of the proprietary funds are reported as a reduction of the related liability.

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 resources received from the dissolution of the former Campbell Redevelopment Agency dedicated to low and moderate income housing activities pursuant to the California Health and Safety Code.

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

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

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

c. Fund Classifications (Continued):

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.

Additionally, the City reports the following fund types:

The Special Revenue Funds - These funds are used to account for specific revenues that are legally restricted to expenditure for a particular purpose.

The Internal Service Funds - These funds are used to account for the City's motor vehicle pool, workers' compensation self-funded insurance program 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 - a Private-Purpose Trust Fund and Agency Funds. The Private-Purpose Trust Fund accounts for activities of the Successor Agency to the Campbell Redevelopment Agency. Agency Funds are used to account for monies held for the West Valley Solid Waste Management Authority and for the 1915 Act Bonds.

d. New Accounting Pronouncements:

**Current Year Standards:**

In fiscal year 2015-2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, "*Fair Value Measurement and Application*". GASB Statement No. 72 requires the City to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or income approach. GASB Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that were used for the fair value measurements.

There was no material impact on the City's financial statements as a result of the implementation of GASB Statement No. 72.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

d. New Accounting Pronouncements (Continued):

**Current Year Standards (Continued):**

GASB Statement No. 73, “*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*”, was required to be implemented in the current fiscal year, except for those provisions that address employer and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, and is effective for periods beginning after June 15, 2016, and did not impact the City.

GASB Statement No. 76, “*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*”, was required to be implemented in the current fiscal year, and did not impact the City.

GASB Statement No. 79, “*Certain External Investment Pools and Pool Participants*”, was required to be implemented in the current fiscal year, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing, which are effective for periods beginning after December 15, 2015, and did not impact the City.

GASB Statement No. 82, “*Pension Issues an Amendment of GASB Statement No. 67, No. 68 and No. 73*”, changed the measurement of covered payroll reported in required supplementary information and has been early implemented.

**Pending Accounting Standards**

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

- GASB 74 - “*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*”, effective for periods beginning after June 15, 2016.
- GASB 75 - “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*”, effective for periods beginning after June 15, 2017.
- GASB 77 - “*Tax Abatement Disclosure*”, effective for periods beginning after December 15, 2015.
- GASB 78 - “*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*”, effective for periods beginning after December 15, 2015.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

d. New Accounting Pronouncements (Continued):

**Pending Accounting Standards (Continued):**

- GASB 79 - "*Certain External Investment Pools and Pool Participants*", contains provisions on portfolio quality, custodial credit risk, and shadow pricing, effective for periods beginning after December 15, 2015.
- GASB 80 - "*Blending Requirements for Certain Component Units*", effective for periods beginning after June 15, 2016.
- GASB 81 - "*Irrevocable Split-Interest Agreements*", effective for periods beginning after December 15, 2016.
- GASB 82 - "*Pension Issues*", effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

e. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position/fund balance that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has two items that qualify for reporting in this category. The first item is the deferred outflow related to pensions. This amount is equal to employer contributions made after the measurement date of the net pension liability. The second item is a deferred outflow related to pensions for the changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans, which is 3.8 years.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

e. Deferred Outflows/Inflows of Resources (Continued):

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position/fund balance that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has four items that qualify for reporting in this category. The first item, *unavailable revenues*, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: grants. These amounts are unavailable and recognized as an inflow of resources in the period that the amounts become available. The second item is a deferred inflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plans fiduciary net position. This item is amortized over five years. The third and fourth items are also deferred inflows related to pensions resulting from the difference between actual and expected experience and changes in actuarial assumptions. These items are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the plans, which is 3.8 years.

f. Net Position and Fund Balance Flow Assumptions:

In the government-wide financial statements, when expenses are incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

In the governmental fund financial statements, when expenditures are incurred for purposes for which all categories of fund balances are available, the City's general policy is to apply the expenditures against fund balance in the following order: restricted, committed, assigned, and unassigned.

g. Property Taxes:

All property taxes and special assessments are levied and collected by the County of Santa Clara (the County) and paid upon collection to the various taxing entities including the City, Successor Agency of the former Redevelopment Agency, and Lighting and Landscape City. 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.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

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 financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments in external investment pools are valued based on the stated fair value represented by the external investment pool.

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.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

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 in the General Fund.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

k. Pensions:

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

l. Use of Estimates:

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, 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, 2016 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 42,473,672
Statement of Fiduciary Net Position:	
Cash and investments	1,738,310
Cash held with fiscal agent	<u>2,304,890</u>
Total cash and investments	<u>\$ 46,516,872</u>

Cash and investments as of June 30, 2016 consisted of the following:

Cash on hand	\$ 3,640
Deposits with financial institutions	875,173
Investments	<u>45,638,059</u>
Total cash and investments	<u>\$ 46,516,872</u>

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

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	\$50 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

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

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 Sponsored Entities	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	\$50 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

**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.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

**Disclosures Relating to Interest Rate Risk (Continued):**

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	25 to 60 Months	
U.S. Government Sponsored Entities	\$ -	\$ 2,000,780	\$ 3,511,205	\$ 5,511,985
California Local Agency Investment Fund	37,821,184	-	-	37,821,184
Held with Fiscal Agent:				
Money Market Mutual Funds	<u>2,304,890</u>	<u>-</u>	<u>-</u>	<u>2,304,890</u>
Total Investments	<u>\$ 40,126,074</u>	<u>\$ 2,000,780</u>	<u>\$ 3,511,205</u>	<u>\$ 45,638,059</u>

**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, 2016	AAA	AA+	Not Rated
U.S. Government Sponsored Entities	None	\$ 5,511,985	\$ -	\$5,511,985	\$ -
California Local Agency Investment Fund	None	37,821,184	-	-	37,821,184
Held with Fiscal Agent:					
Money Market Mutual Funds	AAA	<u>2,304,890</u>	<u>2,304,890</u>	<u>-</u>	<u>-</u>
Total Investments		<u>\$ 45,638,059</u>	<u>\$2,304,890</u>	<u>\$5,511,985</u>	<u>\$ 37,821,184</u>

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

**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. There were no 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.

**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, 2016, the City's deposits were either federally insured or collateralized.

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

**Investment in State Investment Pool:**

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

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

**Fair Value Measurements:**

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the City has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes observable requires judgment by the City's management. City management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City management's perceived risk of that investment. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

**Fair Value Measurements (Continued):**

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by City's asset manager from a third-party service provider.

The following is a description of the recurring valuation methods and assumptions used by the City to estimate the fair value of its investments.

For a large portion of the City's portfolio, the City's asset manager applies its leveling methodology across all securities in a specific sector (i.e., U.S. Government-Sponsored Agency Securities). Inputs to the pricing models are based on observable market inputs in active markets. The City has no investments categorized in Level 3. When valuing Level 3 securities, the inputs or methodology is not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

	Quoted Prices <u>Level 1</u>	Observable Inputs <u>Level 2</u>	Unobservable Inputs <u>Level 3</u>	<u>Total</u>
United States Government Sponsored Entities	\$ <u>          -</u>	\$ <u>  5,511,985</u>	\$ <u>          -</u>	\$   5,511,985
Investments Not Subject to Fair Value Hierarchy:				
California Local Agency Investment Fund				37,821,184
Held with Fiscal Agent:				
Money Market Mutual Funds				<u>  2,304,890</u>
Total Investment Portfolio				<u>\$ 45,638,059</u>

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.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

3. INTERFUND TRANSACTIONS:

**Due To/From Other Funds (Continued):**

Current interfund balances are as follows:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund	Other Grants Special Revenue Fund	\$ 2,579,140
	Other Governmental Funds	147,618
	Internal Service Funds	353,208
Housing Assets Special Revenue Fund	General Fund	2,593
Other Governmental Funds	General Fund	<u>14,607</u>
		<u>\$ 3,097,166</u>

**Transfers In/Out:**

Transfers between funds during the fiscal year ended June 30, 2016 were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Grants Special Revenue Fund (e)	\$ 148,325
	Other Governmental Funds (a)(b)(c)	1,194,589
	Internal Service Funds (b)	87,000
Capital Projects Fund	General Fund (f)	568,238
	Other Grants Special Revenue Fund (f)	4,571,768
	Other Governmental Funds (f)	265,342
COP Debt Service Fund	General Fund (d)	941,333
Other Governmental Funds	General Fund (b)(e)	1,740,610
	Other Governmental Funds (a)(b)	583,077
Internal Service Funds	General Fund (c)	<u>400,867</u>
		<u>\$ 10,501,149</u>

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

3. INTERFUND TRANSACTIONS (CONTINUED):

Interfund transfers were principally used for the following purposes:

- (a) To fund administrative support
- (b) To fund specific program expenditures
- (c) To fund equipment and vehicle replacements
- (d) To fund a portion of debt service payments
- (e) Grant funded program expenditures
- (f) Capital project expenditures

4. NOTES AND LOANS RECEIVABLES:

**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, 2016 was \$757,000.

**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, 2016 was \$1,410,468.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

4. NOTES AND LOANS RECEIVABLES (CONTINUED):

**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, 2016 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, 2016 was \$2,256,000.

**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.

At June 30, 2016, the City had outstanding rehabilitation loans of \$140,000 in its Community Development Block Grant Special Revenue Fund.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

5. CAPITAL ASSETS:

Capital assets activity for the year ended June 30, 2016 is as follows:

	Balance at July 1, 2015	Additions	Deletions	Transfers	Balance at June 30, 2016
Capital assets, not being depreciated:					
Land	\$ 9,109,034	\$ -	\$ (3,399)	\$ -	\$ 9,105,635
Construction in progress	<u>7,653,097</u>	<u>5,230,150</u>	<u>-</u>	<u>(479,658)</u>	<u>12,403,589</u>
Total capital assets, not being depreciated	<u>16,762,131</u>	<u>5,230,150</u>	<u>(3,399)</u>	<u>(479,658)</u>	<u>21,509,224</u>
Capital assets, being depreciated:					
Buildings and improvements	13,690,155	-	-	-	13,690,155
Other improvements	9,452,480	-	-	171,080	9,623,560
Machinery and equipment	9,071,937	496,993	(35,036)	29,546	9,563,440
Infrastructure	<u>33,382,558</u>	<u>-</u>	<u>-</u>	<u>279,032</u>	<u>33,661,590</u>
Total capital assets, being depreciated	<u>65,597,130</u>	<u>496,993</u>	<u>(35,036)</u>	<u>479,658</u>	<u>66,538,745</u>
Less accumulated depreciation for:					
Buildings and improvements	(13,033,423)	(342,254)	-	-	(13,375,677)
Other improvements	(9,055,646)	(501,309)	-	-	(9,556,955)
Machinery and equipment	(7,598,106)	(307,465)	35,036	-	(7,870,535)
Infrastructure	<u>(12,256,818)</u>	<u>(1,117,000)</u>	<u>-</u>	<u>-</u>	<u>(13,373,818)</u>
Total accumulated depreciation	<u>(41,943,993)</u>	<u>(2,268,028)</u>	<u>35,036</u>	<u>-</u>	<u>(44,176,985)</u>
Total capital assets, being depreciated, net	<u>23,653,137</u>	<u>(1,771,035)</u>	<u>-</u>	<u>479,658</u>	<u>22,361,760</u>
Total capital assets, net	<u>\$ 40,415,268</u>	<u>\$ 3,459,115</u>	<u>\$ (3,399)</u>	<u>\$ -</u>	<u>\$ 43,870,984</u>

Depreciation expense, including \$307,466 relating to the internal service funds, was charged in the following functions in the Statement of Activities:

General government	\$ 548,145
Recreation	312,105
Public safety	130,558
Public works	<u>1,277,220</u>
	<u>\$ 2,268,028</u>

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

6. LONG-TERM LIABILITIES:

The following is a summary of changes in the City's long-term liabilities for the year ended June 30, 2016:

	Balance at <u>July 1, 2015</u>	Additions/ <u>Accretion</u>	<u>Deletions</u>	Balance at <u>June 30, 2016</u>	Due Within <u>One Year</u>
1997 Refunding Certificates of					
Participation - Civic Center Project	\$ 12,635,000	\$ -	\$ (70,000)	\$ 12,565,000	\$ 75,000
2002 Refunding Certificates of					
Participation - Civic Center Project	5,745,066	152,634	(740,000)	5,157,700	770,000
Compensated absences	3,284,654	2,237,254	(2,083,734)	3,438,174	1,378,384
Claims payable (Note 12)	<u>2,471,837</u>	<u>607,583</u>	<u>(525,540)</u>	<u>2,553,880</u>	<u>400,000</u>
	<u>\$ 24,136,557</u>	<u>\$ 2,997,471</u>	<u>\$ (3,419,274)</u>	<u>\$ 23,714,754</u>	<u>\$ 2,623,384</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 and improvement projects. As of June 30, 2016, the defeased debt had been retired. 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, 2016 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 75,000	\$ 656,234	\$ 731,234
2018	80,000	652,262	732,262
2019	80,000	648,163	728,163
2020	970,000	621,256	1,591,256
2021	1,020,000	569,625	1,589,625
2022 - 2026	5,960,000	1,963,500	7,923,500
2027 - 2031	<u>4,380,000</u>	<u>352,800</u>	<u>4,732,800</u>
	<u>\$ 12,565,000</u>	<u>\$ 5,463,840</u>	<u>\$ 18,028,840</u>

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

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. As of June 30 2016, the defeased debt had been retired.

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, 2016 is \$1,491,856.

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, 2016 are as follows:

Fiscal Year Ending	Principal	Interest	Total
2017	\$ 770,000	\$ 94,694	\$ 864,694
2018	805,000	58,753	863,753
2019	845,000	20,069	865,069
2020	-	-	-
2021	-	-	-
2022 - 2026	-	-	-
2027 - 2031	660,358	2,569,642	3,230,000
2032 - 2033	<u>585,486</u>	<u>2,644,514</u>	<u>3,230,000</u>
	3,665,844	5,387,672	9,053,516
Accumulated Accreted Interest	<u>1,491,856</u>	<u>(1,491,856)</u>	-
	<u>\$ 5,157,700</u>	<u>\$ 3,895,816</u>	<u>\$ 9,053,516</u>

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

7. COMMITMENTS:

In the regular course of business, the City enters into contracts for various services and construction projects. At June 30, 2016, the City had the following outstanding commitments under various contracts:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 1,035,840
Capital Projects Fund	976,980
Other Governmental Funds	<u>288,006</u>
	<u>\$ 2,300,826</u>

8. 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.

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

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

8. NET POSITION AND FUND BALANCES (CONTINUED):

**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. Fund balances for government funds are classified as follows:

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 and prepaid amounts.

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.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

8. NET POSITION AND FUND BALANCES (CONTINUED):

**Fund Balances (Continued):**

Fund balances for all the major and other governmental funds as of June 30, 2016, were classified as follows:

	General Fund	Special Revenue Funds		Capital Projects Fund	COP		Total Governmental Funds
		Housing Assets	Other Grants		Debt Service Fund	Other Governmental Funds	
Restricted:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 6,204,033	\$ -	\$ 6,204,033
Streets and roads	-	-	-	-	-	2,451,698	2,451,698
Museum and adult center	-	-	-	-	-	139,719	139,719
Public safety	-	-	-	-	-	137,783	137,783
Community development	-	-	-	-	-	5,214,835	5,214,835
Housing	-	<u>9,345,382</u>	-	-	-	-	<u>9,345,382</u>
Total restricted	-	<u>9,345,382</u>	-	-	<u>6,204,033</u>	<u>7,944,035</u>	<u>23,493,450</u>
Committed:							
General plan update	640,871	-	-	-	-	-	640,871
City council reserve	429,681	-	-	-	-	-	429,681
Civic center plan	407,859	-	-	-	-	-	407,859
Compensated absences	1,029,895	-	-	-	-	-	1,029,895
Economic fluctuations	6,000,000	-	-	-	-	-	6,000,000
Liability insurance	156,904	-	-	-	-	-	156,904
Capital improvements							
reserve	7,915,852	-	-	-	-	-	7,915,852
Capital projects	2,838,690	-	-	1,223,623	-	-	4,062,313
Workers' compensation	500,000	-	-	-	-	-	500,000
Heritage Theater	487,498	-	-	-	-	-	487,498
Emergency	<u>4,984,862</u>	-	-	-	-	-	<u>4,984,862</u>
Total committed	<u>25,392,112</u>	-	-	<u>1,223,623</u>	-	-	<u>26,615,735</u>
Assigned:							
Capital projects	382,260	-	-	125,201	-	-	507,461
Unemployment insurance	60,000	-	-	-	-	-	60,000
PERS/OPEB	2,352,000	-	-	-	-	-	2,352,000
Other	<u>1,035,840</u>	-	-	-	-	<u>15,465</u>	<u>1,051,305</u>
Total assigned	<u>3,830,100</u>	-	-	<u>125,201</u>	-	<u>15,465</u>	<u>3,970,766</u>
Unassigned	<u>1,000,000</u>	-	<u>(2,407,118)</u>	-	-	<u>(7,618)</u>	<u>(1,414,736)</u>
Total fund balances	<u>\$ 30,222,212</u>	<u>\$ 9,345,382</u>	<u>\$ (2,407,118)</u>	<u>\$ 1,348,824</u>	<u>\$ 6,204,033</u>	<u>\$ 7,951,882</u>	<u>\$ 52,665,215</u>

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

9. PENSION PLANS:

The following is a summary of pension related items for the year ended June 30, 2016:

	Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalPERS Miscellaneous	\$ 20,065,215	\$ 2,165,546	\$ (1,669,266)	\$ 1,073,942
CalPERS Safety	21,767,656	3,661,027	(2,167,484)	1,106,452
	<u>\$ 41,832,871</u>	<u>\$ 5,826,573</u>	<u>\$ (3,836,750)</u>	<u>\$ 2,180,394</u>

a. Public Employees' Retirement System (CalPERS):

**General Information about the Pension Plans:**

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City's Safety (police) cost-sharing multiple-employer defined benefit plan, and the Miscellaneous (all other) Plan, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least 5 years of services. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

9. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

**General Information about the Pension Plans (Continued):**

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous		
	Prior to March 7, 2011	On or After March 7, 2011 and Prior to January 1, 2013	On or After January 1, 2013
Hire date			
Benefit formula	2.5% @55	2% @60	2% @62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50-63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.1% to 2.4%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.75%
Required employer contribution rates	18.964%	18.964%	18.964%
	Safety		
	Prior to October 18, 2010	On or After October 18, 2010 and Prior to January 1, 2013	On or After January 1, 2013
Hire date			
Benefit formula	3% @50	2% @50	2.7% @57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% to 2.7%	2.0% to 2.7%
Required employee contribution rates	9.00%	9.00%	10.48%
Required employer contribution rates:			
Normal cost rate	20.230%	14.644%	11.500%
Employer portion of unfunded liability	\$ 1,644,248	\$ -	\$ -

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

9. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

**General Information about the Pension Plans (Continued):**

Employees Covered

At June 30, 2016, the following employees were covered by the benefit terms for the Miscellaneous Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	168
Inactive employees entitled to but not yet receiving benefits	125
Active employees	<u>121</u>
Total	<u><u>414</u></u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**Net Pension Liability:**

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

9. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

**Net Pension Liability (Continued):**

Actuarial Assumptions

The total pension liabilities were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2014	June 30, 2014
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	(1)	(1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Mortality	(3)	(3)

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) The probabilities of mortality are derived using CalPERS' membership data for all funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

Change of Assumptions

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

9. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

**Net Pension Liability (Continued):**

Discount Rate

The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term returns, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of 1%.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

9. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

**Net Pension Liability (Continued):**

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

9. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

**Changes in the Net Pension Liability:**

The changes in the net pension liability for the Miscellaneous Plan during the measurement period are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
<b>Balance at June 30, 2014</b>	<u>\$ 88,568,862</u>	<u>\$ 70,726,183</u>	<u>\$ 17,842,679</u>
<b>Changes in the Year:</b>			
Service cost	1,794,374	-	1,794,374
Interest on the total pension liability	6,544,912	-	6,544,912
Differences between actual and expected experience	(413,601)	-	(413,601)
Changes in assumptions	(1,598,990)	-	(1,598,990)
Changes in benefit terms	-	-	-
Plan to Plan Resource Movement	-	(12,655)	12,655
Contribution - employer	-	1,811,356	(1,811,356)
Contribution - employee (paid by employer)	-	-	-
Contribution - employee	-	818,954	(818,954)
Net investment income	-	1,566,471	(1,566,471)
Administrative expenses	-	(79,967)	79,967
Benefit payments, including refunds of employee contributions	(3,798,085)	(3,798,085)	-
<b>Net Changes</b>	<u>2,528,610</u>	<u>306,074</u>	<u>2,222,536</u>
<b>Balance at June 30, 2015</b>	<u>\$ 91,097,472</u>	<u>\$ 71,032,257</u>	<u>\$ 20,065,215</u>

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

9. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

**Changes in the Net Pension Liability (Continued):**

Proportionate Share of Net Pension Liability – Safety Plan

The City's Safety Plan is included in the Safety Risk Pool administered by CalPERS in its Public Agency Cost-Sharing Multiple Employer Defined Benefit Pension Plan (PERFC). As of the measurement date of June 30, 2015, the City's proportionate share of the net pension liability for the Safety Risk Pool was as follows:

	Proportionate Share of Net Pension Liability
	<u>                    </u>
Safety Plan	<u>\$ 21,767,656</u>

The City's net pension liability for the Safety Plan is measured as the proportionate share of the net pension liability of the Safety Risk Pool. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's change in proportionate share of the net pension liability for the Safety Risk Pool, in terms of percentage, as of June 30, 2014 and 2015 was as follows:

	<u>Safety</u>
Proportion - June 30, 2014	0.52660%
Proportion - June 30, 2015	0.52828%
Change - Increase (Decrease)	0.00168%

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

9. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

**Changes in the Net Pension Liability (Continued):**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City for the Miscellaneous Plan and proportionate share of net pension liability for the Safety Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability and proportionate share of net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.65%	6.65%
Net Pension Liability	\$ 32,271,226	\$ 32,651,353
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$ 20,065,215	\$ 21,767,656
1% Increase	8.65%	8.65%
Net Pension Liability	\$ 9,986,215	\$ 12,843,224

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

9. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

**Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:**

For the year ended June 30, 2016, the City recognized pension expense of \$2,180,394. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,776,112	\$ -
Differences between actual and expected experience	-	(527,839)
Change in assumptions	-	(2,241,069)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	1,050,461	-
Net differences between projected and actual earnings on plan investments	-	(1,067,842)
Total	<u>\$ 5,826,573</u>	<u>\$ (3,836,750)</u>

\$4,776,112 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2017	\$ (1,821,535)
2018	(1,507,937)
2019	(995,893)
2020	1,539,076
Thereafter	-

**Payable to the Pension Plans:**

At June 30, 2016, the City had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2016.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

9. PENSION PLANS (CONTINUED):

b. Deferred Compensation Plan:

City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the plan.

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

10. 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, 2016, total contributions of \$132,793 (\$109,774 employee and \$23,019 employer) were made based on covered compensation of \$1,770,529.

11. POST EMPLOYMENT BENEFITS PLAN:

**Plan Description:**

The City administers a single 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.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

11. POST EMPLOYMENT BENEFITS PLAN (CONTINUED):

**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	\$ 718,000
Interest on net OPEB obligation	112,000
Adjustment to annual required contribution (1)	<u>(150,000)</u>
Annual OPEB cost (expense)	680,000
Contributions made (including premiums paid)	<u>(696,727)</u>
Decrease in net OPEB obligation	(16,727)
Net OPEB Obligation - beginning of year	<u>1,691,478</u>
Net OPEB Obligation - end of year	<u>\$ 1,674,751</u>

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 2016 and the two 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>
06/30/2014	\$ 447,000	145%	\$ 1,633,647
06/30/2015	653,000	91%	1,691,478
06/30/2016	680,000	102%	1,674,751

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

11. POST EMPLOYMENT BENEFITS PLAN (CONTINUED):

**Funded Status and Funding Progress:**

As of June 30, 2015, the most recent actuarial valuation date, the plan was 21.4% funded. The actuarial accrued liability for benefits was \$9,640,000 and the actuarial value of assets was \$2,063,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,577,000. The covered payroll (annual payroll of active employees covered by the plan) was \$15,147,000, and the ratio of the UAAL to the covered payroll was 50.0%.

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.

**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 7.25% 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 7.5% starting in the year 2016, reduced by decrements of .5% per year to an ultimate rate of 5.0% after the year 2021. Both rates included a 3.0% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over a closed 23 year period. It is assumed the City's payroll will increase 3.25% per year.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

12. 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 PLAN 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.

**Workers' Compensation:**

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

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

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

12. RISK MANAGEMENT (CONTINUED):

**City's Claims Liabilities:**

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

	General Liability	Workers' Compensation	Total
Balance as of July 1, 2014	\$ 238,750	\$ 2,175,940	\$ 2,414,690
Liability for current year fiscal claims	17,608	657,205	674,813
Increase (decrease) in estimated liability	(56,160)	(265,875)	(322,035)
Claims paid	<u>(74,759)</u>	<u>(220,872)</u>	<u>(295,631)</u>
Balance as of June 30, 2015	<u>\$ 125,439</u>	<u>\$ 2,346,398</u>	<u>\$ 2,471,837</u>
Balance as of July 1, 2015	\$ 125,439	\$ 2,346,398	\$ 2,471,837
Liability for current year fiscal claims	176,893	430,690	607,583
Increase (decrease) in estimated liability	(30,436)	(80,163)	(110,599)
Claims paid	<u>(114,992)</u>	<u>(299,949)</u>	<u>(414,941)</u>
Balance as of June 30, 2016	<u>\$ 156,904</u>	<u>\$ 2,396,976</u>	<u>\$ 2,553,880</u>

13. 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.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

13. JOINT POWERS AGREEMENTS (CONTINUED):

**Silicon Valley Animal Control Authority:**

The City is a member of Silicon Valley Animal Control Authority (SVACA), established in 2000 to deliver animal control services. SVACA 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. SVACA is governed by a Board of Directors consisting of representatives from member cities.

During the fiscal year ended June 30, 2016, the City contributed \$279,052 to SVACA for field services and sheltering costs. Audited financial statements are available from SVACA at 2340-A Walsh Avenue, Santa Clara, California 95051.

**West Valley Solid Waste Management Authority:**

The West Valley Solid Waste Management Authority (WVSWMA) 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.

WVSWMA 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 WVSWMA. Audited financial statements are available from the City of Campbell.

**California Municipal Finance Authority:**

The California Municipal Finance Authority (CMFA) was created 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.

14. 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, 2016 amounted to \$1,624,617. Major tenants include Delphi Academy, Old Orchard School, Casa DiMir Montessori, Santa Clara County Office of Education, and West Valley College.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

14. RENTAL INCOME FROM USE OF CITY PROPERTY (CONTINUED):

Minimum future lease rental commitments at June 30, 2016 are as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2017	\$ 1,576,155
2018	457,516
2019	201,554
2020	<u>18,045</u>
Total minimum future lease rentals	<u>\$ 2,253,270</u>

The carrying value and accumulated depreciation of related assets under the leases totaled \$6,347,043 and \$1,728,836, respectively, at June 30, 2016, 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. As further described in Note 17, these assets are expected to be transferred to the City once the related debt is repaid.

15. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES:

**Deficit Fund Balances:**

The following funds have a deficit fund balance at June 30, 2016:

Major Fund:

Other Grants Special Revenue Fund \$ (2,407,118)

Other Governmental Fund:

Community Development Block Grant Special Revenue Fund (7,618)

This deficit fund balances will be eliminated by the collection of unavailable revenues and transfers from the General Fund.

**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	\$ 22,812,215	\$ 22,897,488	\$ (85,273)
Other Governmental Special Revenue Funds:			
Lighting and Landscaping District	3,401,254	3,471,026	(69,772)
Community Development Block Grant	9,690	17,883	(8,193)
Community Facilities District #2	-	346	(346)

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

16. CONTINGENT LIABILITIES:

**Litigation:**

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.

**Grant Programs:**

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.

**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.

17. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES:

On June 29, 2011, Assembly Bills x1 26 (the Dissolution Act) and x1 27 was enacted as part of the fiscal year 2011-12 state budget package which dissolved Redevelopment.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

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

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.

In September 2015, the Legislature passed and the Governor signed SB 107, which made additional changes to the Dissolution Act. 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.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

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

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.

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. 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.

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, and \$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.

The Successor Agency's use and disposition of all properties held (Long Range Property Management Plan), (the LRPMP), was approved by the California Department of Finance on January 24, 2014. Under the terms of the LRPMP, the Successor Agency is to retain the capital assets related to the Campbell Community Center until such time that the related debt on this facility is repaid.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

18. SUCCESSOR AGENCY:

**Capital Assets:**

Capital assets of the Successor Agency as of June 30, 2016 consisted of the following:

	Balance at <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassification</u>	Balance at <u>June 30, 2016</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>11,805,911</u>
Total capital assets, being depreciated	<u>30,745,872</u>	-	-	-	<u>30,745,872</u>
Less accumulated depreciation for:					
Buildings and improvements	(4,670,784)	(488,166)	-	-	(5,158,950)
Other improvements	<u>(6,661,351)</u>	<u>(633,921)</u>	-	-	<u>(7,295,272)</u>
Total accumulated depreciation	<u>(11,332,135)</u>	<u>(1,122,087)</u>	-	-	<u>(12,454,222)</u>
Total capital assets, being depreciated, net	<u>19,413,737</u>	<u>(1,122,087)</u>	-	-	<u>18,291,650</u>
Total capital assets, net	<u>\$ 26,589,798</u>	<u>\$ (1,122,087)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,467,711</u>

**Long-term Liabilities:**

Long-term liabilities of the Successor Agency as of June 30, 2016 consisted of the following:

	Balance at <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2016</u>	Due Within <u>One Year</u>
2002 RDA Tax Allocation Bonds -					
Central Campbell Redevelopment Project	\$ 8,700,000	\$ -	\$ (190,000)	\$ 8,510,000	\$ 205,000
2005 RDA Tax Allocation Bonds, Series A -					
Central Campbell Redevelopment Project	11,020,000	-	(150,000)	10,870,000	150,000
Advances from City of Campbell	<u>6,539,130</u>	-	<u>(335,340)</u>	<u>6,203,790</u>	<u>349,830</u>
	<u>\$ 26,259,130</u>	<u>\$ -</u>	<u>\$ (675,340)</u>	<u>\$ 25,583,790</u>	<u>\$ 704,830</u>

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

18. 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, 2016 are as follows:

Fiscal Year Ending	Principal	Interest	Total
2017	\$ 205,000	\$ 495,206	\$ 700,206
2018	215,000	484,098	699,098
2019	225,000	472,245	697,245
2020	-	466,170	466,170
2021	-	466,170	466,170
2022 - 2026	1,800,000	2,129,590	3,929,590
2027 - 2031	2,920,000	1,400,045	4,320,045
2031 - 2034	<u>3,145,000</u>	<u>344,550</u>	<u>3,489,550</u>
	<u>\$ 8,510,000</u>	<u>\$ 6,258,074</u>	<u>\$ 14,768,074</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. 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. As a condition of this bond, the Successor Agency is required to maintain minimum levels of assets in a reserve account. At June 30, 2016, the balance of assets held in the reserve account was \$1,291,580 which met the minimum reserve requirement.

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

18. 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, 2016 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 150,000	\$ 525,282	\$ 675,282
2018	160,000	519,175	679,175
2019	165,000	512,675	677,675
2020	400,000	501,375	901,375
2021	415,000	484,556	899,556
2022 - 2026	2,390,000	2,106,119	4,496,119
2027 - 2031	4,335,000	1,367,875	5,702,875
2032 - 2033	2,855,000	144,375	2,999,375
	<u>\$ 10,870,000</u>	<u>\$ 6,161,432</u>	<u>\$ 17,031,432</u>

**Advances from the City of Campbell:**

The City has advanced funds to the former redevelopment agency under the terms of a Third Amended and Restated Indebtedness Agreement. Principal is payable out of the excess of tax increment revenues over other similar liabilities and agreements. The Campbell Redevelopment Agency was dissolved on January 31, 2012 and the advance liability was transferred to the Successor Agency to be paid as an enforceable obligation.

The annual debt service requirements to amortize the outstanding advance from the City of Campbell at June 30, 2016 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 349,830	\$ 310,884	\$ 660,714
2018	366,390	294,360	660,750
2019	382,950	276,648	659,598
2020	401,580	257,200	658,780
2021	422,280	235,825	658,105
2022 - 2026	2,467,440	812,889	3,280,329
2027 - 2029	1,813,320	146,059	1,959,379
	<u>\$ 6,203,790</u>	<u>\$ 2,333,865</u>	<u>\$ 8,537,655</u>

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the fiscal year ended June 30, 2016

19. SUBSEQUENT EVENTS:

In August of 2016, the Campbell Joint Public Finance Authority issued 2016 Refunding Lease Revenue Bonds (the 2016 PFA Bonds), in the aggregate principal amount of \$8,085,000. The bonds pay interest at a rate from 2.0% to 4.0% payable semiannually on April 1 and October 1, commencing on April 1, 2016. The bonds were issued to prepay a portion of the 1997 Refunding Certificates of Participation (Civic Center Project) (the 1997 Certificates) of the City of Campbell (the City), prepay a portion of the 2002 Refunding Certificates of Participation (Civic Center Project) (the 2002 Certificates) of the City, and pay the costs of bond issuance. Concurrently with the issue of the 2016 PFA Bonds, the City of Campbell Successor Agency issued Tax Allocation Refunding Bonds, Series 2016 in the aggregate principal amount of \$22,705,000. These bonds were private placement bonds that pay interest at a rate from 1.825% to 2.15% payable semiannually on April 1 and October 1 commencing on April 1, 2017. The proceeds from the Tax Allocation Refunding Bonds, Series 2016 will be used to prepay the 2002 Tax Allocation Bonds, Series A, prepay the 2005 Tax Allocation Bonds, Series A, to prepay a portion of the 1997 Certificates and the 2002 Certificates, and to pay the cost of issuing the bonds.

As a result of the advance refunding, the City reduced its total debt service requirements by \$14,174,541, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$9,064,342.

Other events occurring after June 30, 2016 have been evaluated for possible adjustments to the financial statements or disclosure as of December 9, 2016, which is the date these financial statements were available to be issued.



**REQUIRED SUPPLEMENTARY INFORMATION**



CITY OF CAMPBELL, CALIFORNIA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
CalPERS MISCELLANEOUS PLAN

Last Ten Fiscal Years\*

Fiscal Year Ended	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement Period	June 30, 2015	June 30, 2014
Total Pension Liability:		
Service cost	\$ 1,794,374	\$ 1,803,589
Interest on total pension liability	6,544,912	6,237,266
Differences between expected and actual experience	(413,601)	-
Changes in assumptions	(1,598,990)	-
Changes in benefits	-	-
Benefit payments, including refunds of employee contributions	<u>(3,798,085)</u>	<u>(3,467,485)</u>
Net Change in Total Pension Liability	2,528,610	4,573,370
Total Pension Liability - Beginning of Year	<u>88,568,862</u>	<u>83,995,492</u>
Total Pension Liability - End of Year (a)	<u><u>\$ 91,097,472</u></u>	<u><u>\$ 88,568,862</u></u>
Plan Fiduciary Net Position:		
Contributions - employer	\$ 1,811,356	\$ 1,592,734
Contributions - employee	818,954	869,838
Net investment income	1,566,471	10,321,563
Plan to plan resource movement	(12,655)	-
Administrative expenses	(79,967)	-
Benefit payments	<u>(3,798,085)</u>	<u>(3,467,485)</u>
Net Change in Plan Fiduciary Net Position	306,074	9,316,650
Plan Fiduciary Net Position - Beginning of Year	<u>70,726,183</u>	<u>61,409,533</u>
Plan Fiduciary Net Position - End of Year (b)	<u><u>\$ 71,032,257</u></u>	<u><u>\$ 70,726,183</u></u>
Net Pension Liability - Ending (a)-(b)	<u><u>\$ 20,065,215</u></u>	<u><u>\$ 17,842,679</u></u>
Plan fiduciary net position as a percentage of the total pension liability	77.97%	79.85%
Covered - employee payroll	\$ 10,550,178	\$ 9,939,320
Net pension liability as percentage of covered- employee payroll	190.19%	179.52%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

\* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF CAMPBELL, CALIFORNIA

SCHEDULE OF CONTRIBUTIONS  
CalPERS MISCELLANEOUS PLAN

Last Ten Fiscal Years\*

Fiscal year ended	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 2,165,546	\$ 1,811,474
Contributions in relation to the actuarially determined contributions	<u>(2,165,546)</u>	<u>(1,811,474)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 11,395,916	\$ 10,550,178
Contributions as a percentage of covered - employee payroll	19.00%	17.17%

Notes to Schedule:

Valuation Date	6/30/2013	6/30/2012
----------------	-----------	-----------

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	15 year smoothed market***
Inflation	2.75%**
Salary increases	Depending on Age, Service, and type of employment**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	2.0% at 55 retirement age from 55-67, 2% at 62 retirement age 52-67**
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date.**

\* - Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

\*\* - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) included the same actuarial assumptions.

\*\*\* - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method.

CITY OF CAMPBELL, CALIFORNIA

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
CalPERS SAFETY PLANS

Last Ten Fiscal Years\*

Fiscal year ended	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement period	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.31713%	0.32550%
Plan's proportionate share of the net pension liability	\$ 21,767,656	\$ 19,752,687
Plan's covered - employee payroll	\$ 5,168,789	\$ 5,062,342
Plan's proportionate share of the net pension liability as a percentage of covered - employee payroll	421.14%	390.19%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	78.40%	74.85%
Plan's proportionate share of aggregate employer contributions	\$ 1,960,049	\$ 1,664,775

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

\* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF CAMPBELL, CALIFORNIA

SCHEDULE OF CONTRIBUTIONS  
CalPERS SAFETY PLANS

Last Ten Fiscal Years\*

Fiscal year ended	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 2,610,566	\$ 2,079,597
Contributions in relation to the actuarially determined contributions	<u>(2,610,566)</u>	<u>(2,079,597)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 5,370,852	\$ 5,168,789
Contributions as a percentage of covered - employee payroll	48.61%	40.23%

Notes to Schedule:

Valuation Date	6/30/2013	6/30/2012
----------------	-----------	-----------

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age **
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market Value***
Inflation	2.75%**
Salary increases	Depending on age, service, and type of employment; including inflation of 3.0%**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	50 years (2%@55), 52 (2%@62)**
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date.**

\* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

\*\* - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) included the same actuarial assumptions.

\*\*\* - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method.

CITY OF CAMPBELL, CALIFORNIA

SCHEDULE OF FUNDING PROGRESS - OTHER POST-EMPLOYMENT BENEFITS

For the fiscal year ended June 30, 2016

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (AVA) (b)	Unfunded AAL (UAAL) (a) - (b)	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL as a % of Payroll [(a)-(b)]/c]
06/30/11	\$ 6,492,000	\$ 426,000	\$ 6,066,000	6.56%	\$14,993,000	40.46%
06/30/13	7,204,000	1,015,000	6,189,000	14.09%	13,039,000	47.47%
06/30/15	9,640,000	2,063,000	7,577,000	21.40%	15,147,000	50.02%

CITY OF CAMPBELL, CALIFORNIA  
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 11,278,000	\$ 11,776,000	\$ 12,097,447	\$ 321,447
Sales and use taxes	14,850,000	14,850,000	14,818,495	(31,505)
Other taxes	8,404,500	8,474,500	9,344,440	869,940
Licenses and permits	2,829,392	3,309,392	4,890,190	1,580,798
Fines and forfeitures	343,000	353,000	324,137	(28,863)
Investment income	223,000	223,000	161,163	(61,837)
Rents and leases	2,547,544	2,497,144	2,746,371	249,227
Intergovernmental	315,802	215,802	253,576	37,774
Charges for services	3,275,000	3,246,800	3,600,024	353,224
Donations	78,000	70,000	59,423	(10,577)
Miscellaneous revenues	108,800	108,800	122,436	13,636
TOTAL REVENUES	<u>44,253,038</u>	<u>45,124,438</u>	<u>48,417,702</u>	<u>3,293,264</u>
<b>EXPENDITURES:</b>				
<b>GENERAL GOVERNMENT</b>				
City Council	270,915	270,915	236,945	33,970
City Manager	894,119	1,269,519	1,099,266	170,253
City Clerk	397,713	446,713	395,392	51,321
Human Resources	838,349	838,349	878,841	(40,492)
Accounting	1,545,326	1,546,201	1,429,623	116,578
Non-Departmental Finance	1,642,300	1,707,300	1,480,576	226,724
Legal Services	382,066	382,066	397,727	(15,661)
TOTAL GENERAL GOVERNMENT	<u>5,970,788</u>	<u>6,461,063</u>	<u>5,918,370</u>	<u>542,693</u>
<b>RECREATION</b>				
Community services and administration	718,934	722,434	702,886	19,548
Senior citizens nutrition program	213,635	213,635	204,707	8,928
Adult services	641,932	657,932	638,842	19,090
Campbell Community Center	793,942	794,686	838,557	(43,871)
Museum services	339,931	339,931	347,658	(7,727)
Theater	859,225	856,350	818,027	38,323
Sports, aquatics and fitness	1,079,919	1,043,419	1,053,478	(10,059)
Trips, tours and classes	1,081,177	1,104,177	1,007,389	96,788
TOTAL RECREATION	<u>5,728,695</u>	<u>5,732,564</u>	<u>5,611,544</u>	<u>121,020</u>
<b>COMMUNITY DEVELOPMENT</b>				
Community Development administration	478,369	461,369	461,121	248
Current planning	567,157	501,157	504,748	(3,591)
Policy development	487,027	1,153,669	143,931	1,009,738
Building	1,193,663	1,358,124	1,269,738	88,386
Economic development	113,008	113,008	102,521	10,487
TOTAL COMMUNITY DEVELOPMENT	<u>2,839,224</u>	<u>3,587,327</u>	<u>2,482,059</u>	<u>1,105,268</u>

(Continued)

See accompanying note to required supplementary information.

CITY OF CAMPBELL, CALIFORNIA  
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND  
(CONTINUED)

For the fiscal year ended June 30, 2016

EXPENDITURES (CONTINUED):	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>PUBLIC SAFETY</b>				
Police administration	\$ 834,843	\$ 845,843	\$ 914,919	\$ (69,076)
Communications	2,157,150	2,193,697	2,217,497	(23,800)
Records	1,199,925	1,199,925	1,218,188	(18,263)
Special enforcement services	3,265,529	3,270,529	3,297,696	(27,167)
Field services	7,959,770	7,787,041	7,805,173	(18,132)
Fire protection services	7,515,180	7,515,180	7,444,015	71,165
TOTAL PUBLIC SAFETY	22,932,397	22,812,215	22,897,488	(85,273)
<b>PUBLIC WORKS</b>				
Public Works administration	659,859	699,757	680,276	19,481
Transportation engineering	376,413	377,463	336,955	40,508
Engineering	945,381	938,381	980,003	(41,622)
Land Development/Env. programs	1,209,682	1,271,907	1,111,969	159,938
Maintenance administration	488,250	496,371	459,778	36,593
Building maintenance	1,684,437	1,749,206	1,564,129	185,077
TOTAL PUBLIC WORKS	5,364,022	5,533,085	5,133,110	399,975
TOTAL EXPENDITURES	42,835,126	44,126,254	42,042,571	2,083,683
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	1,417,912	998,184	6,375,131	5,376,947
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,390,978	1,390,978	1,429,914	38,936
Transfers out	(4,057,001)	(6,622,557)	(3,651,048)	2,971,509
TOTAL OTHER FINANCING SOURCES (USES)	(2,666,023)	(5,231,579)	(2,221,134)	3,010,445
NET CHANGE IN FUND BALANCE	(1,248,111)	(4,233,395)	4,153,997	8,387,392
FUND BALANCE AT BEGINNING OF YEAR	26,068,215	26,068,215	26,068,215	-
FUND BALANCE AT END OF YEAR	\$ 24,820,104	\$ 21,834,820	\$ 30,222,212	\$ 8,387,392

See accompanying note to required supplementary information.

CITY OF CAMPBELL, CALIFORNIA  
 BUDGETARY COMPARISON SCHEDULE  
 HOUSING ASSETS SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 11,000	\$ 11,000	\$ 20,983	\$ 9,983
Miscellaneous revenue	50,000	50,000	-	(50,000)
TOTAL REVENUES	<u>61,000</u>	<u>61,000</u>	<u>20,983</u>	<u>(40,017)</u>
EXPENDITURES:				
Current:				
Community development	119,817	274,394	197,860	76,534
TOTAL EXPENDITURES	<u>119,817</u>	<u>274,394</u>	<u>197,860</u>	<u>76,534</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(58,817)	(213,394)	(176,877)	36,517
FUND BALANCE AT BEGINNING OF YEAR	<u>9,522,259</u>	<u>9,522,259</u>	<u>9,522,259</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 9,463,442</u></u>	<u><u>\$ 9,308,865</u></u>	<u><u>\$ 9,345,382</u></u>	<u><u>\$ 36,517</u></u>

See accompanying note to required supplementary information.

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

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 737,000	\$ 7,670,903	\$ 3,381,113	\$ (4,289,790)
TOTAL REVENUES	737,000	7,670,903	3,381,113	(4,289,790)
EXPENDITURES	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	737,000	7,670,903	3,381,113	(4,289,790)
OTHER FINANCING USES:				
Transfers out	(737,000)	(7,490,903)	(4,720,093)	2,770,810
TOTAL OTHER FINANCING USES	(737,000)	(7,490,903)	(4,720,093)	2,770,810
NET CHANGE IN FUND BALANCE	-	180,000	(1,338,980)	(1,518,980)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	(1,068,138)	(1,068,138)	(1,068,138)	-
FUND BALANCE (DEFICIT) AT END OF YEAR	<u>\$ (1,068,138)</u>	<u>\$ (888,138)</u>	<u>\$ (2,407,118)</u>	<u>\$ (1,518,980)</u>

See accompanying note to required supplementary information.

CITY OF CAMBELL, CALIFORNIA

NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION

For the fiscal year ended June 30, 2016

1. BUDGETS AND BUDGETARY DATA:

The City adopts a budget annually for General, Special Revenue, and Debt Service Funds. This budget is effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted by the City Council and controlled 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 Capital Projects Fund which budget on a project length basis and, therefore, is not comparable on an annual basis. Accordingly, no budgetary comparison for these funds is 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

**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.

**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.

CITY OF CAMPBELL, CALIFORNIA

OTHER GOVERNMENTAL FUNDS  
(CONTINUED)

**Other Governmental Special Revenue Funds (Continued):**

**Community Facilities District #1**

Accounts for revenues and expenditures pertaining to specific ongoing maintenance of the District's boundaries.

**Community Facilities District #2**

Accounts for revenues and expenditures pertaining to specific ongoing maintenance of the District's boundaries.

**Museum and Adult Center**

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

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 326,871	\$ 326,871	\$ 326,870	\$ (1)
Miscellaneous revenue	335,340	335,340	-	(335,340)
TOTAL REVENUES	662,211	662,211	326,870	(335,341)
EXPENDITURES:				
Debt service:				
Principal	810,000	810,000	810,000	-
Interest	793,544	793,544	793,300	244
TOTAL EXPENDITURES	1,603,544	1,603,544	1,603,300	244
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(941,333)	(941,333)	(1,276,430)	(335,097)
OTHER FINANCING SOURCES:				
Transfers in	941,333	941,333	941,333	-
TOTAL OTHER FINANCING SOURCES	941,333	941,333	941,333	-
NET CHANGE IN FUND BALANCE	-	-	(335,097)	(335,097)
FUND BALANCE AT BEGINNING OF YEAR	6,539,130	6,539,130	6,539,130	-
FUND BALANCE AT END OF YEAR	\$ 6,539,130	\$ 6,539,130	\$ 6,204,033	\$ (335,097)

CITY OF CAMPBELL, CALIFORNIA

COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS

June 30, 2016

		Special Revenue			
		Gas	Vehicle	Parkland	Lighting and
		Tax	Impact	Dedication	Landscaping
			Fees	Fees	District
ASSETS					
Cash and investments		\$ 574,146	\$ 1,032,341	\$ 5,168,285	\$ 203,819
Receivables:					
Accounts		70,722	27,994	2,585	6,352
Taxes		-	-	-	4,501
Notes and loans		-	-	-	-
Due from other funds		4,271	-	9,046	-
		<u>4,271</u>	<u>-</u>	<u>9,046</u>	<u>-</u>
		<u>\$ 649,139</u>	<u>\$ 1,060,335</u>	<u>\$ 5,179,916</u>	<u>\$ 214,672</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable		\$ 66,967	\$ -	\$ -	\$ 170,434
Accrued payroll		13,734	-	-	33,386
Due to other funds		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>80,701</u>	<u>-</u>	<u>-</u>	<u>203,820</u>
FUND BALANCES (DEFICIT):					
Restricted		568,438	1,060,335	5,179,916	10,852
Assigned		-	-	-	-
Unassigned		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>568,438</u>	<u>1,060,335</u>	<u>5,179,916</u>	<u>10,852</u>
		<u>\$ 649,139</u>	<u>\$ 1,060,335</u>	<u>\$ 5,179,916</u>	<u>\$ 214,672</u>

Community Development Block Grant	Drug Enforcement Revenue	Special Revenue			Community Facilities District #1	Community Facilities District #2	Museum and Adult Center	Total Other Governmental Funds
		Environmental Services	Supplemental Law Enforcement					
\$ -	\$ 34,817	\$ 639,718	\$ 80,326	\$ -	\$ 23,507	\$ 154,846	\$ 7,911,805	
-	335	182,428	22,132	-	-	-	312,548	
-	-	-	-	560	-	-	5,061	
140,000	-	-	-	-	-	-	140,000	
-	-	779	173	-	-	338	14,607	
<u>\$ 140,000</u>	<u>\$ 35,152</u>	<u>\$ 822,925</u>	<u>\$ 102,631</u>	<u>\$ 560</u>	<u>\$ 23,507</u>	<u>\$ 155,184</u>	<u>\$ 8,384,021</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 237,401	
-	-	-	-	-	-	-	47,120	
<u>147,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>147,618</u>	
<u>147,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>432,139</u>	
-	35,152	822,925	102,631	560	23,507	139,719	7,944,035	
-	-	-	-	-	-	15,465	15,465	
<u>(7,618)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,618)</u>	
<u>(7,618)</u>	<u>35,152</u>	<u>822,925</u>	<u>102,631</u>	<u>560</u>	<u>23,507</u>	<u>155,184</u>	<u>7,951,882</u>	
<u>\$ 140,000</u>	<u>\$ 35,152</u>	<u>\$ 822,925</u>	<u>\$ 102,631</u>	<u>\$ 560</u>	<u>\$ 23,507</u>	<u>\$ 155,184</u>	<u>\$ 8,384,021</u>	

CITY OF CAMPBELL, CALIFORNIA

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

For the fiscal year ended June 30, 2016

	Special Revenue			
	Gas Tax	Vehicle Impact Fees	Parkland Dedication Fees	Lighting and Landscaping District
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ 1,064,140
Special assessments	-	-	-	1,189,465
Investment income	9,567	-	21,308	-
Intergovernmental	874,322	690,152	-	4,949
Charges for services	-	-	-	-
Donations	-	-	-	-
Parkland dedication fees	-	-	2,009,862	-
Miscellaneous revenues	2,167	-	-	26,737
<b>TOTAL REVENUES</b>	<b>886,056</b>	<b>690,152</b>	<b>2,031,170</b>	<b>2,285,291</b>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Public safety	-	-	-	-
Public works	1,532,242	-	-	3,471,026
<b>TOTAL EXPENDITURES</b>	<b>1,532,242</b>	<b>-</b>	<b>-</b>	<b>3,471,026</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(646,186)</b>	<b>690,152</b>	<b>2,031,170</b>	<b>(1,185,735)</b>
OTHER FINANCING SOURCES (USES):				
Transfers in	504,300	-	-	1,307,887
Transfers out	(110,824)	(181,367)	(50,451)	(111,300)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>393,476</b>	<b>(181,367)</b>	<b>(50,451)</b>	<b>1,196,587</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(252,710)</b>	<b>508,785</b>	<b>1,980,719</b>	<b>10,852</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>821,148</b>	<b>551,550</b>	<b>3,199,197</b>	<b>-</b>
<b>FUND BALANCES (DEFICIT) AT END OF YEAR</b>	<b>\$ 568,438</b>	<b>\$ 1,060,335</b>	<b>\$ 5,179,916</b>	<b>\$ 10,852</b>

Community Development Block Grant	Drug Enforcement Revenue	Environmental Services	Special Revenue			Museum and Adult Center	Total Other Governmental Funds
			Supplemental Law Enforcement	Community Facilities District #1	Community Facilities District #2		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,064,140
-	-	-	-	145,661	34,570	-	1,369,696
-	-	1,744	385	-	-	750	33,754
-	12,251	11,306	119,251	-	-	-	1,712,231
-	-	890,978	-	-	-	-	890,978
-	-	-	-	-	-	3,332	3,332
-	-	-	-	-	-	-	2,009,862
-	-	23,363	-	-	-	-	52,267
-	12,251	927,391	119,636	145,661	34,570	4,082	7,136,260
17,883	-	-	-	4,554	346	-	22,783
-	-	-	110,127	-	-	-	110,127
-	-	-	-	-	-	-	5,003,268
17,883	-	-	110,127	4,554	346	-	5,136,178
(17,883)	12,251	927,391	9,509	141,107	34,224	4,082	2,000,082
-	-	511,500	-	-	-	-	2,323,687
-	(12,208)	(1,411,778)	-	(143,060)	(15,020)	(7,000)	(2,043,008)
-	(12,208)	(900,278)	-	(143,060)	(15,020)	(7,000)	280,679
(17,883)	43	27,113	9,509	(1,953)	19,204	(2,918)	2,280,761
10,265	35,109	795,812	93,122	2,513	4,303	158,102	5,671,121
\$ (7,618)	\$ 35,152	\$ 822,925	\$ 102,631	\$ 560	\$ 23,507	\$ 155,184	\$ 7,951,882

CITY OF CAMPBELL, CALIFORNIA

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

GAS TAX SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 9,567	\$ 9,567
Intergovernmental	1,028,100	892,700	874,322	(18,378)
Miscellaneous revenues	2,500	2,500	2,167	(333)
TOTAL REVENUES	1,030,600	895,200	886,056	(9,144)
EXPENDITURES:				
Current:				
Public works	1,391,020	1,580,517	1,532,242	48,275
TOTAL EXPENDITURES	1,391,020	1,580,517	1,532,242	48,275
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(360,420)	(685,317)	(646,186)	39,131
OTHER FINANCING SOURCES (USES):				
Transfers in	439,300	504,300	504,300	-
Transfers out	(78,880)	(110,824)	(110,824)	-
TOTAL OTHER FINANCING SOURCES (USES)	360,420	393,476	393,476	-
NET CHANGE IN FUND BALANCE	-	(291,841)	(252,710)	39,131
FUND BALANCE AT BEGINNING OF YEAR	821,148	821,148	821,148	-
FUND BALANCE AT END OF YEAR	\$ 821,148	\$ 529,307	\$ 568,438	\$ 39,131

CITY OF CAMPBELL, CALIFORNIA

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

VEHICLE IMPACT FEES SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 365,000	\$ 370,000	\$ 690,152	\$ 320,152
TOTAL REVENUES	365,000	370,000	690,152	320,152
EXPENDITURES	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	365,000	370,000	690,152	320,152
OTHER FINANCING USES:				
Transfers out	(365,000)	(591,960)	(181,367)	410,593
TOTAL OTHER FINANCING USES	(365,000)	(591,960)	(181,367)	410,593
NET CHANGE IN FUND BALANCE	-	(221,960)	508,785	730,745
FUND BALANCE AT BEGINNING OF YEAR	551,550	551,550	551,550	-
FUND BALANCE AT END OF YEAR	\$ 551,550	\$ 329,590	\$ 1,060,335	\$ 730,745

CITY OF CAMPBELL, CALIFORNIA

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

PARKLAND DEDICATION FEES SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 3,000	\$ -	\$ 21,308	\$ 21,308
Parkland dedication fees	-	-	2,009,862	2,009,862
TOTAL REVENUES	3,000	-	2,031,170	2,031,170
EXPENDITURES	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,000	-	2,031,170	2,031,170
OTHER FINANCING USES:				
Transfers out	(1,200,000)	(2,041,525)	(50,451)	1,991,074
TOTAL OTHER FINANCING USES	(1,200,000)	(2,041,525)	(50,451)	1,991,074
NET CHANGE IN FUND BALANCE	(1,197,000)	(2,041,525)	1,980,719	4,022,244
FUND BALANCE AT BEGINNING OF YEAR	3,199,197	3,199,197	3,199,197	-
FUND BALANCE AT END OF YEAR	\$ 2,002,197	\$ 1,157,672	\$ 5,179,916	\$ 4,022,244

CITY OF CAMPBELL, CALIFORNIA

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

LIGHTING AND LANDSCAPING DISTRICT SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 773,000	\$ 773,000	\$ 1,064,140	\$ 291,140
Special assessments	1,142,000	1,142,000	1,189,465	47,465
Intergovernmental	2,500	2,500	4,949	2,449
Miscellaneous revenues	108,000	108,000	26,737	(81,263)
TOTAL REVENUES	<u>2,025,500</u>	<u>2,025,500</u>	<u>2,285,291</u>	<u>259,791</u>
EXPENDITURES:				
Current:				
Public works	<u>3,035,773</u>	<u>3,401,254</u>	<u>3,471,026</u>	<u>(69,772)</u>
TOTAL EXPENDITURES	<u>3,035,773</u>	<u>3,401,254</u>	<u>3,471,026</u>	<u>(69,772)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,010,273)</u>	<u>(1,375,754)</u>	<u>(1,185,735)</u>	<u>190,019</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,121,573	1,401,788	1,307,887	(93,901)
Transfers out	<u>(111,300)</u>	<u>(111,300)</u>	<u>(111,300)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,010,273</u>	<u>1,290,488</u>	<u>1,196,587</u>	<u>(93,901)</u>
NET CHANGE IN FUND BALANCE	-	(85,266)	10,852	96,118
FUND BALANCE AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ (85,266)</u>	<u>\$ 10,852</u>	<u>\$ 96,118</u>

CITY OF CAMPBELL, CALIFORNIA

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

COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
TOTAL REVENUES	10,000	10,000	-	(10,000)
EXPENDITURES:				
Current:				
Community development	9,633	9,690	17,883	(8,193)
TOTAL EXPENDITURES	9,633	9,690	17,883	(8,193)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	367	310	(17,883)	(18,193)
FUND BALANCE AT BEGINNING OF YEAR	10,265	10,265	10,265	-
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 10,632	\$ 10,575	\$ (7,618)	\$ (18,193)

CITY OF CAMPBELL, CALIFORNIA

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

DRUG ENFORCEMENT REVENUE SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 13,600	\$ 8,500	\$ 12,251	\$ 3,751
TOTAL REVENUES	13,600	8,500	12,251	3,751
EXPENDITURES	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	13,600	8,500	12,251	3,751
OTHER FINANCING USES:				
Transfers out	(13,600)	(8,500)	(12,208)	(3,708)
TOTAL OTHER FINANCING USES	(13,600)	(8,500)	(12,208)	(3,708)
NET CHANGE IN FUND BALANCE	-	-	43	43
FUND BALANCE AT BEGINNING OF YEAR	35,109	35,109	35,109	-
FUND BALANCE AT END OF YEAR	\$ 35,109	\$ 35,109	\$ 35,152	\$ 43

CITY OF CAMPBELL, CALIFORNIA

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

ENVIRONMENTAL SERVICES SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 2,000	\$ -	\$ 1,744	\$ 1,744
Intergovernmental	-	-	11,306	11,306
Charges for services	841,307	841,307	890,978	49,671
Miscellaneous revenues	-	-	23,363	23,363
<b>TOTAL REVENUES</b>	<b>843,307</b>	<b>841,307</b>	<b>927,391</b>	<b>86,084</b>
EXPENDITURES:				
Current:				
Public works	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>843,307</b>	<b>841,307</b>	<b>927,391</b>	<b>86,084</b>
OTHER FINANCING SOURCES (USES):				
Transfers in	521,500	511,500	511,500	-
Transfers out	(1,356,754)	(1,615,409)	(1,411,778)	203,631
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(835,254)</b>	<b>(1,103,909)</b>	<b>(900,278)</b>	<b>203,631</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>8,053</b>	<b>(262,602)</b>	<b>27,113</b>	<b>289,715</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>795,812</b>	<b>795,812</b>	<b>795,812</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 803,865</b>	<b>\$ 533,210</b>	<b>\$ 822,925</b>	<b>\$ 289,715</b>

CITY OF CAMPBELL, CALIFORNIA

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

SUPPLEMENTAL LAW ENFORCEMENT SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 385	\$ 385
Intergovernmental	-	110,129	119,251	9,122
<b>TOTAL REVENUES</b>	<b>-</b>	<b>110,129</b>	<b>119,636</b>	<b>9,507</b>
EXPENDITURES:				
Current:				
Public safety	-	110,129	110,127	2
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>110,129</b>	<b>110,127</b>	<b>2</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>9,509</b>	<b>9,509</b>
FUND BALANCE AT BEGINNING OF YEAR	93,122	93,122	93,122	-
FUND BALANCE AT END OF YEAR	\$ 93,122	\$ 93,122	\$ 102,631	\$ 9,509

CITY OF CAMPBELL, CALIFORNIA

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

COMMUNITY FACILITIES DISTRICT #1 SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 145,000	\$ 145,000	\$ 145,661	\$ 661
TOTAL REVENUES	145,000	145,000	145,661	661
EXPENDITURES				
Current:				
Community development	5,000	5,000	4,554	446
TOTAL EXPENDITURES	5,000	5,000	4,554	446
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	140,000	140,000	141,107	1,107
OTHER FINANCING USES:				
Transfers out	(140,000)	(140,000)	(143,060)	(3,060)
TOTAL OTHER FINANCING USES	(140,000)	(140,000)	(143,060)	(3,060)
NET CHANGE IN FUND BALANCE	-	-	(1,953)	(1,953)
FUND BALANCE AT BEGINNING OF YEAR	2,513	2,513	2,513	-
FUND BALANCE AT END OF YEAR	\$ 2,513	\$ 2,513	\$ 560	\$ (1,953)

CITY OF CAMPBELL, CALIFORNIA

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

COMMUNITY FACILITIES DISTRICT #2 SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 16,094	\$ 16,094	\$ 34,570	\$ 18,476
TOTAL REVENUES	16,094	16,094	34,570	18,476
EXPENDITURES				
Current:				
Community development	-	-	346	(346)
TOTAL EXPENDITURES	-	-	346	(346)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	16,094	16,094	34,224	18,130
OTHER FINANCING USES:				
Transfers out	(12,284)	(15,020)	(15,020)	-
TOTAL OTHER FINANCING USES	(12,284)	(15,020)	(15,020)	-
NET CHANGE IN FUND BALANCE	3,810	1,074	19,204	18,130
FUND BALANCE AT BEGINNING OF YEAR	4,303	4,303	4,303	-
FUND BALANCE AT END OF YEAR	\$ 8,113	\$ 5,377	\$ 23,507	\$ 18,130

CITY OF CAMPBELL, CALIFORNIA

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

MUSEUM AND ADULT CENTER SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 750	\$ 750
Donations	20,000	-	3,332	3,332
TOTAL REVENUES	20,000	-	4,082	4,082
EXPENDITURES	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	20,000	-	4,082	4,082
OTHER FINANCING USES:				
Transfers out	(27,000)	-	(7,000)	(7,000)
TOTAL OTHER FINANCING USES	(27,000)	-	(7,000)	(7,000)
NET CHANGE IN FUND BALANCE	(7,000)	-	(2,918)	(2,918)
FUND BALANCE AT BEGINNING OF YEAR	158,102	158,102	158,102	-
FUND BALANCE AT END OF YEAR	\$ 151,102	\$ 158,102	\$ 155,184	\$ (2,918)

## 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, 2016

	Motor Vehicle Pool	Workers' Compensation Self-Insurance	Information Technology Services	Totals
<b>ASSETS:</b>				
<b>CURRENT ASSETS:</b>				
Cash and investments	\$ -	\$ 3,342,636	\$ 1,181,944	\$ 4,524,580
Accounts receivable	16,140	-	-	16,140
Deposits	-	90,000	-	90,000
<b>TOTAL CURRENT ASSETS</b>	<b>16,140</b>	<b>3,432,636</b>	<b>1,181,944</b>	<b>4,630,720</b>
<b>NONCURRENT ASSETS:</b>				
Capital assets, net of accumulated depreciation	1,148,676	-	255,555	1,404,231
<b>TOTAL NONCURRENT ASSETS</b>	<b>1,148,676</b>	<b>-</b>	<b>255,555</b>	<b>1,404,231</b>
<b>TOTAL ASSETS</b>	<b>1,164,816</b>	<b>3,432,636</b>	<b>1,437,499</b>	<b>6,034,951</b>
<b>LIABILITIES:</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	85,810	-	20,513	106,323
Accrued payroll	5,360	-	9,385	14,745
Due to other funds	353,208	-	-	353,208
Compensated absences, current portion	15,226	-	40,556	55,782
Claims and judgments payable, current portion	-	393,000	-	393,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>459,604</b>	<b>393,000</b>	<b>70,454</b>	<b>923,058</b>
<b>LONG-TERM LIABILITIES:</b>				
Compensated absences	11,818	-	40,097	51,915
Claims payable and judgments	-	2,003,976	-	2,003,976
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>11,818</b>	<b>2,003,976</b>	<b>40,097</b>	<b>2,055,891</b>
<b>TOTAL LIABILITIES</b>	<b>471,422</b>	<b>2,396,976</b>	<b>110,551</b>	<b>2,978,949</b>
<b>NET POSITION:</b>				
Net investment in capital assets	1,148,676	-	255,555	1,404,231
Unrestricted	(455,282)	1,035,660	1,071,393	1,651,771
<b>TOTAL NET POSITION</b>	<b>\$ 693,394</b>	<b>\$ 1,035,660</b>	<b>\$ 1,326,948</b>	<b>\$ 3,056,002</b>

CITY OF CAMPBELL, CALIFORNIA

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

For the fiscal year ended June 30, 2016

	Motor Vehicle Pool	Workers' Compensation Self-Insurance	Information Technology Services	Totals
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 1,006,578	\$ 726,141	\$ 1,157,276	\$ 2,889,995
Other	16,139	-	10,188	26,327
<b>TOTAL OPERATING REVENUES</b>	<b>1,022,717</b>	<b>726,141</b>	<b>1,167,464</b>	<b>2,916,322</b>
<b>OPERATING EXPENSES:</b>				
Personnel services	376,443	44,739	678,561	1,099,743
Services and supplies	581,918	454,392	762,757	1,799,067
Depreciation	243,482	-	63,984	307,466
<b>TOTAL OPERATING EXPENSES</b>	<b>1,201,843</b>	<b>499,131</b>	<b>1,505,302</b>	<b>3,206,276</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(179,126)</b>	<b>227,010</b>	<b>(337,838)</b>	<b>(289,954)</b>
<b>TRANSFERS:</b>				
Transfers in	35,000	-	365,867	400,867
Transfers out	(45,000)	-	(42,000)	(87,000)
<b>TOTAL TRANSFERS</b>	<b>(10,000)</b>	<b>-</b>	<b>323,867</b>	<b>313,867</b>
<b>CHANGE IN NET POSITION</b>	<b>(189,126)</b>	<b>227,010</b>	<b>(13,971)</b>	<b>23,913</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>882,520</b>	<b>808,650</b>	<b>1,340,919</b>	<b>3,032,089</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 693,394</b>	<b>\$ 1,035,660</b>	<b>\$ 1,326,948</b>	<b>\$ 3,056,002</b>

CITY OF CAMPBELL, CALIFORNIA

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

For the fiscal year ended June 30, 2016

	Motor Vehicle Pool	Workers' Compensation Self-Insurance	Information Technology Services	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from department users	\$ 1,006,860	\$ 726,141	\$ 1,167,464	\$ 2,900,465
Cash payments to suppliers of goods and services	(576,096)	(405,219)	(801,654)	(1,782,969)
Cash payments to employees for services	(394,181)	(47,527)	(709,283)	(1,150,991)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>36,583</u>	<u>273,395</u>	<u>(343,473)</u>	<u>(33,495)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Cash received from other funds	374,802	-	365,867	740,669
Cash paid to other funds	(45,000)	-	(42,000)	(87,000)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>329,802</u>	<u>-</u>	<u>323,867</u>	<u>653,669</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(366,385)	-	(130,608)	(496,993)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(366,385)</u>	<u>-</u>	<u>(130,608)</u>	<u>(496,993)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	273,395	(150,214)	123,181
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>-</u>	<u>3,069,241</u>	<u>1,332,158</u>	<u>4,401,399</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ -</u>	<u>\$ 3,342,636</u>	<u>\$ 1,181,944</u>	<u>\$ 4,524,580</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (179,126)	\$ 227,010	\$ (337,838)	\$ (289,954)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	243,482	-	63,984	307,466
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	(15,857)	-	-	(15,857)
(Increase) decrease in prepaid expenses	-	51,683	-	51,683
Increase (decrease) in accounts payable	5,822	(53,088)	(38,897)	(86,163)
Increase (decrease) in accrued payroll	(17,292)	(2,788)	(29,485)	(49,565)
Increase (decrease) in compensated absences	(446)	-	(1,237)	(1,683)
Increase (decrease) in claims and judgments payable	-	50,578	-	50,578
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 36,583</u>	<u>\$ 273,395</u>	<u>\$ (343,473)</u>	<u>\$ (33,495)</u>

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, 2016

	West Valley Solid Waste Management Authority	1915 Act Bonds	Totals
<b>ASSETS:</b>			
Cash and investments	\$ 266,143	\$ 31,274	\$ 297,417
<b>TOTAL ASSETS</b>	<u>\$ 266,143</u>	<u>\$ 31,274</u>	<u>\$ 297,417</u>
<b>LIABILITIES:</b>			
Accounts payable	\$ 36,588	\$ -	\$ 36,588
Due to West Valley Solid Waste JPA	229,555	-	229,555
Due to bondholders	-	31,274	31,274
<b>TOTAL LIABILITIES</b>	<u>\$ 266,143</u>	<u>\$ 31,274</u>	<u>\$ 297,417</u>

CITY OF CAMPBELL, CALIFORNIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS

For the fiscal year ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b>WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY</b>				
<b>ASSETS:</b>				
Cash and investments	\$ 220,580	\$ 613,178	\$ 567,615	\$ 266,143
Accounts receivable	37,500	72,178	109,678	-
<b>TOTAL ASSETS</b>	<b>\$ 258,080</b>	<b>\$ 685,356</b>	<b>\$ 677,293</b>	<b>\$ 266,143</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 57,444	\$ 365,273	\$ 386,129	\$ 36,588
Due to West Valley Solid Waste JPA	200,636	229,555	200,636	229,555
<b>TOTAL LIABILITIES</b>	<b>\$ 258,080</b>	<b>\$ 594,828</b>	<b>\$ 586,765</b>	<b>\$ 266,143</b>
<b>1915 ACT BONDS</b>				
<b>ASSETS:</b>				
Cash and investments	\$ 30,307	\$ 967	\$ -	\$ 31,274
<b>TOTAL ASSETS</b>	<b>\$ 30,307</b>	<b>\$ 967</b>	<b>\$ -</b>	<b>\$ 31,274</b>
<b>LIABILITIES:</b>				
Due to bondholders	\$ 30,307	\$ 967	\$ -	\$ 31,274
<b>TOTAL LIABILITIES</b>	<b>\$ 30,307</b>	<b>\$ 967</b>	<b>\$ -</b>	<b>\$ 31,274</b>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS:</b>				
Cash and investments	\$ 250,887	\$ 614,145	\$ 567,615	\$ 297,417
Accounts receivable	37,500	72,178	109,678	-
<b>TOTAL ASSETS</b>	<b>\$ 288,387</b>	<b>\$ 686,323</b>	<b>\$ 677,293</b>	<b>\$ 297,417</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 57,444	\$ 365,273	\$ 386,129	\$ 36,588
Due to West Valley Solid Waste JPA	200,636	229,555	200,636	229,555
Due to bondholders	30,307	967	-	31,274
<b>TOTAL LIABILITIES</b>	<b>\$ 288,387</b>	<b>\$ 595,795</b>	<b>\$ 586,765</b>	<b>\$ 297,417</b>



**STATISTICAL SECTION  
(UNAUDITED)**



CITY OF CAMPBELL, CALIFORNIA

DESCRIPTION OF STATISTICAL SECTION CONTENTS

For the fiscal year ended June 30, 2016

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.

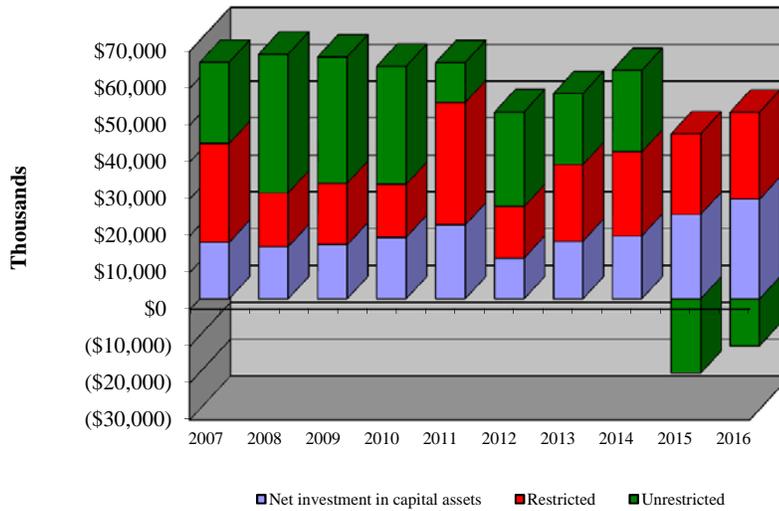
Contents:	<u>Pages</u>
<u>Financial Trends</u> these schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	129 - 135
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	136 - 139
<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.	140 - 143
<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.	144 - 145
<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.	146 - 148

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>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Governmental activities</b>					(A)
Net investment in capital assets	\$15,281,718	\$14,093,995	\$14,625,860	\$16,661,364	\$20,021,321
Restricted	26,856,233	14,637,426	16,706,585	14,402,444	33,241,978
Unrestricted	21,970,832	37,606,549	34,276,409	31,978,555	10,797,722
<b>Total governmental activities net position</b>	<u>\$64,108,783</u>	<u>\$66,337,970</u>	<u>\$65,608,854</u>	<u>\$63,042,363</u>	<u>\$64,061,021</u>
<b>Primary government</b>					
Net investment in capital assets	\$15,281,718	\$14,093,995	\$14,625,860	\$16,661,364	\$20,021,321
Restricted	26,856,233	14,637,426	16,706,585	14,402,444	33,241,978
Unrestricted	21,970,832	37,606,549	34,276,409	31,978,555	10,797,722
<b>Total governmental activities net position</b>	<u>\$64,108,783</u>	<u>\$66,337,970</u>	<u>\$65,608,854</u>	<u>\$63,042,363</u>	<u>\$64,061,021</u>
	<b>Fiscal Year Ended June 30:</b>				
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Governmental activities</b>	(B)			(C)	
Net investment in capital assets	\$11,036,245	\$15,612,650	\$17,024,512	\$22,884,579	\$26,997,661
Restricted	13,973,818	20,802,425	22,841,487	21,868,884	23,616,442
Unrestricted	25,667,911	19,239,382	22,067,786	(20,170,607)	(12,748,328)
<b>Total governmental activities net position</b>	<u>\$50,677,974</u>	<u>\$55,654,457</u>	<u>\$61,933,785</u>	<u>\$24,582,856</u>	<u>\$37,865,775</u>
<b>Primary government</b>					
Net investment in capital assets	\$11,036,245	\$15,612,650	\$17,024,512	\$22,884,579	\$26,997,661
Restricted	13,973,818	20,802,425	22,841,487	21,868,884	23,616,442
Unrestricted	25,667,911	19,239,382	22,067,786	(20,170,607)	(12,748,328)
<b>Total governmental activities net position</b>	<u>\$50,677,974</u>	<u>\$55,654,457</u>	<u>\$61,933,785</u>	<u>\$24,582,856</u>	<u>\$37,865,775</u>

(A) Activities previously classified as Unrestricted have been reclassified to Restricted in order to comply with provision of GASB 54.

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

(C) Reported Pension Liability resulted in a negative \$20.1 million of unrestricted in net assets in order to comply with provision of GASB 68.

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Expenses</b>				
Governmental Activities:				
General Government	\$3,641,210	\$3,830,038	\$4,743,890	\$4,591,916
Public Safety	16,118,809	16,695,849	18,304,340	18,120,168
Public Works	8,938,539	8,075,236	11,096,882	8,781,674
Community Development	4,957,918	6,233,925	6,750,784	7,814,061
Recreation and Community Services	5,605,958	6,130,130	5,123,508	5,391,171
Interest on Long Term Debt	2,313,092	2,766,915	2,325,068	2,269,160
Total Governmental Activities Expenses	<u>41,575,526</u>	<u>43,732,093</u>	<u>48,344,472</u>	<u>46,968,150</u>
Total Business-Type Activities Expenses	-	-	-	-
Total Primary Government Expenses	<u>\$41,575,526</u>	<u>\$43,732,093</u>	<u>\$48,344,472</u>	<u>\$46,968,150</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
General Government	\$131,485	\$81,648	\$76,504	\$78,516
Public Safety	699,626	690,054	730,698	757,093
Public Works	2,194,640	2,096,814	955,503	1,101,854
Community Development	1,900,669	2,273,914	1,499,580	1,161,234
Recreation and Community Services	4,520,452	4,607,406	4,869,150	4,637,180
Operating Grants and Contributions	2,686,893	2,183,507	2,564,546	3,383,020
Capital Grants and Contributions	2,438,224	959,566	4,287,371	2,265,145
Total Government Activities Program Revenues	<u>14,571,989</u>	<u>12,892,909</u>	<u>14,983,352</u>	<u>13,384,042</u>
Total Business-Type Activities Program Revenue	-	-	-	-
Total Primary Government Program Revenues	<u>\$14,571,989</u>	<u>\$12,892,909</u>	<u>\$14,983,352</u>	<u>\$13,384,042</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(\$27,003,537)	(\$30,839,184)	(\$33,361,120)	(\$33,584,108)
Business-Type Activities	-	-	-	-
Total Primary Government Net Expense	<u>(\$27,003,537)</u>	<u>(\$30,839,184)</u>	<u>(\$33,361,120)</u>	<u>(\$33,584,108)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities:				
Taxes:				
Property Taxes	\$14,062,514	\$15,718,642	\$17,073,312	\$16,680,859
Sales Taxes	10,049,829	10,334,831	9,625,398	9,538,242
Transient Occupancy Tax	1,463,140	1,619,111	1,287,184	1,297,573
Franchise Fees	1,685,455	2,323,063	2,368,278	2,337,022
Business License Taxes	203,145	240,133	232,424	214,198
Property Transfer Taxes	344,991	290,036	192,369	172,449
Construction Taxes	20,415	129,027	10,639	1,469
Motor Vehicle In Lieu	268,973	219,538	176,389	155,074
Interest Earnings	1,537,612	1,531,949	952,739	473,694
Other General Revenues	145,614	662,041	713,272	146,851
Total Government Activities	<u>29,781,688</u>	<u>33,068,371</u>	<u>32,632,004</u>	<u>31,017,431</u>
Total Business-Type Activities	-	-	-	-
Total Primary Government	<u>\$29,781,688</u>	<u>\$33,068,371</u>	<u>\$32,632,004</u>	<u>\$31,017,431</u>
<b>Change in Net Assets</b>				
Governmental Activities	\$2,778,151	\$2,229,187	(\$729,116)	(\$2,566,677)
Business-Type Activities	-	-	-	-
Extraordinary Loss	-	-	-	-
Total Primary Government	<u>\$2,778,151</u>	<u>\$2,229,187</u>	<u>(\$729,116)</u>	<u>(\$2,566,677)</u>

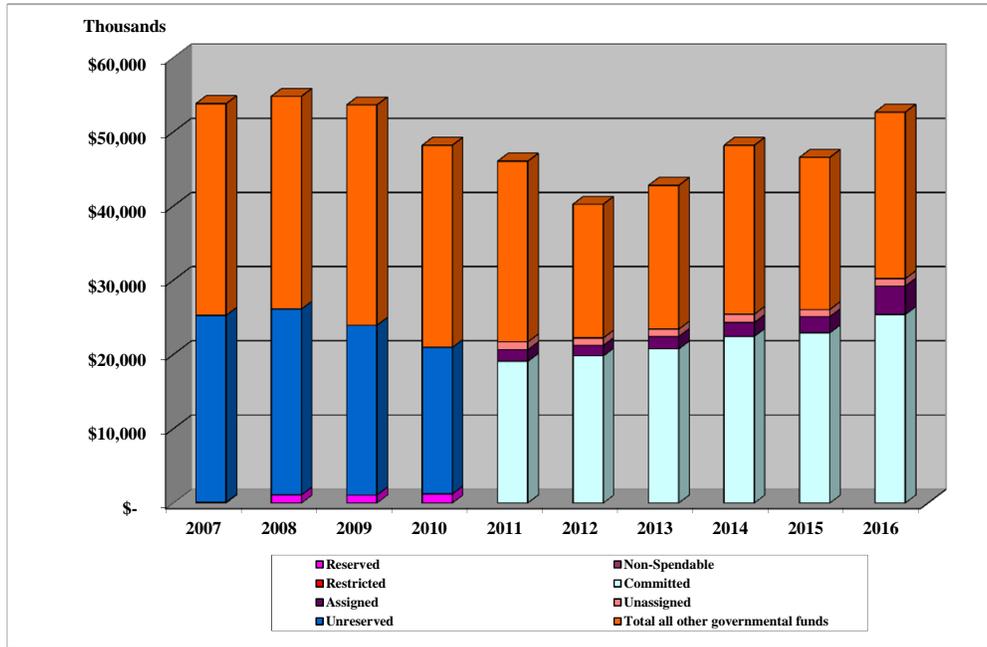
(a) Extraordinary gain resulted from the State mandated dissolution of the Redevelopment Agency as of 1/31/2012.

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

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$4,454,242	\$4,768,208	\$5,895,629	\$5,165,958	\$6,146,700	\$6,679,357
18,560,647	19,808,247	20,871,425	20,361,802	21,022,373	22,179,057
8,634,025	9,756,513	9,397,310	9,945,032	11,194,915	10,595,886
6,855,318	6,124,075	2,119,263	1,787,491	2,047,303	2,590,034
4,739,270	3,938,036	5,164,889	5,297,874	5,613,775	5,689,721
2,207,529	1,791,038	1,013,545	990,140	965,225	936,250
<u>45,451,031</u>	<u>46,186,117</u>	<u>44,462,061</u>	<u>43,548,297</u>	<u>46,990,291</u>	<u>48,670,305</u>
-	-	-	-	-	-
<u>\$45,451,031</u>	<u>\$46,186,117</u>	<u>\$44,462,061</u>	<u>\$43,548,297</u>	<u>\$46,990,291</u>	<u>48,670,305</u>
\$133,160	\$0	\$1,201	\$1,492,558	\$1,478,895	\$1,624,617
840,455	789,476	685,552	684,986	686,364	740,750
1,002,765	1,150,645	2,421,622	2,696,169	2,787,091	3,443,486
2,338,664	2,090,710	3,372,735	2,851,264	2,072,487	4,375,330
4,804,171	4,918,137	3,592,223	3,887,599	3,831,513	3,822,648
2,110,026	4,418,376	2,313,510	3,725,646	4,133,704	5,437,108
3,191,724	3,117,438	3,117,506	1,760,526	1,744,822	3,240,726
<u>14,420,965</u>	<u>16,484,782</u>	<u>15,504,349</u>	<u>17,098,748</u>	<u>16,734,876</u>	<u>22,684,665</u>
-	-	-	-	-	-
<u>\$14,420,965</u>	<u>\$16,484,782</u>	<u>\$15,504,349</u>	<u>\$17,098,748</u>	<u>\$16,734,876</u>	<u>\$22,684,665</u>
(\$31,030,066)	(\$29,701,335)	(\$28,957,712)	(\$26,449,549)	(\$30,255,415)	(\$25,985,640)
-	-	-	-	-	-
<u>(\$31,030,066)</u>	<u>(\$29,701,335)</u>	<u>(\$28,957,712)</u>	<u>(\$26,449,549)</u>	<u>(\$30,255,415)</u>	<u>(\$25,985,640)</u>
\$15,836,085	\$11,893,082	\$10,621,755	\$11,134,726	\$12,297,621	\$13,161,587
10,524,344	11,777,407	12,649,768	13,115,263	13,915,291	14,818,495
2,031,585	2,578,323	2,875,976	3,417,412	4,091,923	4,439,668
2,619,457	2,657,964	2,776,192	2,917,263	3,322,031	3,319,603
218,252	598,342	625,050	647,872	662,787	683,445
191,118	199,791	285,292	354,112	526,054	551,007
134,444	87,701	67,920	212,522	50,710	338,718
185,864	20,214	20,946	17,335	26,321	69,109
241,369	221,274	329,371	621,301	529,495	487,662
66,207	471,107	627,170	291,071	153,958	1,399,265
<u>32,048,725</u>	<u>30,505,205</u>	<u>30,879,440</u>	<u>32,728,877</u>	<u>35,576,191</u>	<u>39,268,559</u>
-	-	-	-	-	-
<u>\$32,048,725</u>	<u>\$30,505,205</u>	<u>\$30,879,440</u>	<u>\$32,728,877</u>	<u>\$35,576,191</u>	<u>\$39,268,559</u>
\$1,018,659	\$803,870	\$1,921,728	\$6,279,328	\$5,320,776	\$13,282,919
-	-	-	-	-	-
-	(a)	(b)	-	-	-
<u>\$1,018,659</u>	<u>\$803,870</u>	<u>\$1,921,728</u>	<u>\$6,279,328</u>	<u>\$5,320,776</u>	<u>\$13,282,919</u>



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



	2007	2008	2009	2010	2011
General Fund					
Non-Spendable	-	-	-	-	-
Restricted	-	-	-	-	\$32,756
Committed	-	-	-	-	\$19,061,518
Assigned	-	-	-	-	\$1,552,458
Unassigned	-	-	-	-	\$1,060,784
Reserved	\$95,177	\$1,105,870	\$1,091,231	\$1,236,593	-
Unreserved	25,179,997	25,026,233	22,856,245	19,732,965	-
<b>Total General Fund</b>	<b>\$25,275,174</b>	<b>\$26,132,103</b>	<b>\$23,947,476</b>	<b>\$20,969,558</b>	<b>\$21,707,516</b>
All Other Governmental Funds					
Non-Spendable	-	-	-	-	-
Restricted	-	-	-	-	\$24,561,868
Committed	-	-	-	-	\$2,065,866
Assigned	-	-	-	-	\$1,406,746
Unassigned	-	-	-	-	(\$3,696,734)
Reserved	\$20,273,187	\$17,025,881	\$16,271,927	\$19,974,459	-
Unreserved, reported in:					
Special revenue funds	9,760,027	6,347,568	8,757,057	6,130,381	-
Capital project funds	(904,886)	5,286,910	4,321,847	2,760,842	-
Debt service funds	(597,349)	9,268	346,331	(1,634,874)	-
<b>Total all other governmental funds</b>	<b>\$28,530,979</b>	<b>\$28,669,627</b>	<b>\$29,697,162</b>	<b>\$27,230,808</b>	<b>\$24,337,746</b> (b)
	2012	2013	2014	2015	2016
General Fund					
Non-Spendable	-	\$12,782	-	-	-
Restricted	-	-	-	-	-
Committed	\$19,816,774	\$20,748,137	\$22,443,923	\$22,930,342	\$25,392,112
Assigned	\$1,414,030	\$1,681,171	\$1,881,401	\$2,176,615	\$3,830,100
Unassigned	\$1,013,113	\$987,225	\$1,104,285	\$961,258	\$1,000,000
<b>Total General Fund</b>	<b>\$22,243,917</b>	<b>\$23,429,315</b>	<b>\$25,429,609</b>	<b>\$26,068,215</b>	<b>\$30,222,212</b>
All Other Governmental Funds					
Non-Spendable	-	-	-	-	-
Restricted	\$17,983,177	\$20,467,472	\$22,443,840	\$21,623,743	\$23,493,450
Committed	-	-	-	-	\$1,223,623
Assigned	\$93,599	\$303,127	\$371,381	\$108,767	\$140,666
Unassigned	(\$70,955)	(\$1,411,586)	(\$44,852)	(\$1,234,364)	(\$2,414,736)
<b>Total all other governmental funds</b>	<b>\$18,005,821</b>	<b>\$19,359,013</b>	<b>\$22,770,369</b>	<b>\$20,498,146</b>	<b>\$22,443,003</b>

- (a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.
- (b) Implementation of GASB 54, "Fund Balance Reporting and Governmental Fund Type Definition", beginning in fiscal year 2011 changed the nature of the fund balance classifications.

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

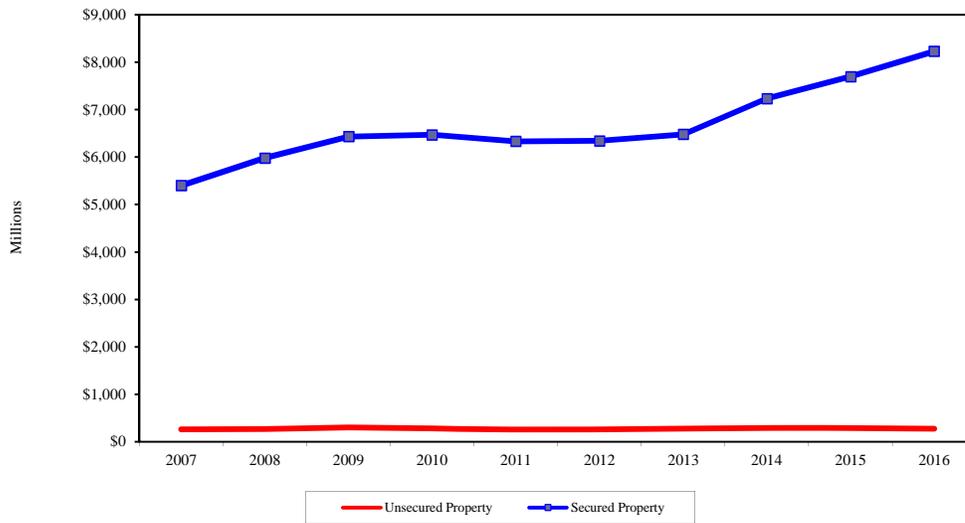
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u> (b)
<b>Revenues</b>					
Taxes	\$27,782,390	\$30,654,843	\$30,789,604	\$30,241,812	\$31,557,784
Licenses, permits and fees	1,193,393	2,522,921	1,686,255	1,288,664	2,364,085
Special Assessments	1,102,798	1,136,457	1,135,051	1,135,464	1,135,466
Fines and forfeitures	314,432	344,844	369,616	436,679	394,275
Use of money and property	4,731,397	4,506,694	4,496,169	3,136,727	2,486,510
Intergovernmental revenues	3,570,479	1,982,703	5,211,858	4,414,326	4,142,685
Charges for services	4,672,278	3,459,659	3,667,754	3,736,998	4,209,986
Other	966,545	1,107,051	717,183	461,727	611,880
<b>Total Revenues</b>	<u>44,333,712</u>	<u>45,715,172</u>	<u>48,073,490</u>	<u>44,852,397</u>	<u>46,902,671</u>
<b>Expenditures</b>					
Current:					
General government	3,387,977	3,819,217	4,005,190	3,917,093	4,204,006
Public safety	15,828,507	17,092,877	18,386,502	18,221,484	18,305,304
Public works	6,285,428	6,989,785	7,662,601	7,397,394	6,858,938
Community development	4,004,667	5,284,418	4,704,397	7,090,693	5,595,382
Recreation and Community Services	5,238,988	5,840,659	4,807,547	4,668,299	4,497,252
Capital outlay	2,514,138	2,218,792	5,524,204	4,874,101	5,493,620
Debt service:					
Principal repayment	1,075,000	1,105,000	1,550,000	1,605,000	1,675,000
Interest and fiscal charges	2,321,805	2,291,875	2,648,019	2,577,786	2,501,091
<b>Total Expenditures</b>	<u>40,656,510</u>	<u>44,642,623</u>	<u>49,288,460</u>	<u>50,351,850</u>	<u>49,130,593</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,677,202</u>	<u>1,072,549</u>	<u>(1,214,970)</u>	<u>(5,499,453)</u>	<u>(2,227,922)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	7,758,287	6,740,802	9,698,627	9,043,078	10,151,253
Transfers (out)	(7,690,228)	(6,817,774)	(9,640,749)	(8,987,897)	(10,078,433)
Extraordinary Loss					
<b>Total other financing sources (uses)</b>	<u>68,059</u>	<u>(76,972)</u>	<u>57,878</u>	<u>55,181</u>	<u>72,820</u>
<b>Net Change in fund balances</b>	<u>\$3,745,261</u>	<u>\$995,577</u>	<u>(\$1,157,092)</u>	<u>(\$5,444,272)</u>	<u>(\$2,155,102)</u>
Debt service as a percentage of noncapital expenditures	8.6%	8.0%	8.8%	9.1%	9.4%

**NOTE:**

- (a) The City implemented GASB Statement 34 in fiscal year 2002. Therefore this calculation is included only for fiscal years subsequent to that date.
- (b) Implementation of GASB 54, "Fund Balance Reporting and Governmental Fund Type Definition," beginning fiscal year 2011.

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$29,804,611	\$29,913,954	\$31,811,171	\$34,881,417	\$37,324,522
2,676,684	2,914,942	4,852,752	2,839,871	6,900,052
1,135,465	1,139,132	1,309,750	1,329,637	1,369,696
354,359	302,199	332,100	354,445	324,137
2,095,435	2,259,585	2,567,440	2,604,602	2,746,371
3,723,529	2,957,860	4,626,035	3,880,357	5,346,920
4,059,731	4,150,652	4,256,235	4,422,552	4,491,002
3,246,290	1,110,711	1,275,310	1,117,511	2,237,463
<u>47,096,104</u>	<u>44,749,035</u>	<u>51,030,793</u>	<u>51,430,392</u>	<u>60,740,163</u>
4,380,461	4,915,926	5,210,662	5,673,874	6,220,587
19,384,848	20,379,876	20,299,917	21,049,851	23,007,615
10,156,056	9,012,996	9,040,957	10,305,115	10,506,080
6,090,582	2,087,094	1,791,094	2,063,640	2,702,702
4,721,100	4,841,625	4,983,642	5,340,786	5,611,544
201,883	2,191,794	2,512,727	6,773,543	4,675,614
1,745,000	715,000	740,000	775,000	810,000
<u>1,688,531</u>	<u>892,369</u>	<u>861,944</u>	<u>829,600</u>	<u>793,300</u>
<u>48,368,461</u>	<u>45,036,680</u>	<u>45,440,943</u>	<u>52,811,409</u>	<u>54,327,442</u>
<u>(1,272,357)</u>	<u>(287,645)</u>	<u>5,589,850</u>	<u>(1,381,017)</u>	<u>6,412,721</u>
14,780,957	7,533,103	7,489,674	11,266,904	10,100,282
(14,711,057)	(7,478,203)	(7,667,874)	(11,519,504)	(10,414,149)
<u>(4,593,067)</u>	<u>(1,159,962)</u>			
<u>(4,523,167)</u>	<u>(1,105,062)</u>	<u>(178,200)</u>	<u>(252,600)</u>	<u>(313,867)</u>
<u>(\$5,795,524)</u>	<u>(\$1,392,707)</u>	<u>\$5,411,650</u>	<u>(\$1,633,617)</u>	<u>\$6,098,854</u>
7.7%	3.8%	3.7%	3.5%	3.3%

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

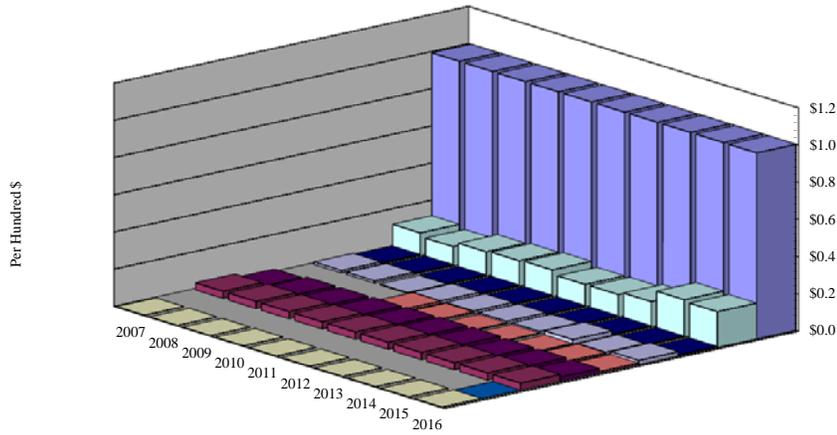


Fiscal Year	Secured Property	HOPTR Exemptions	SBE Utilities	Total Secured Value	Unsecured Property	Total Assessed (a)	Total Direct Tax Rate (b)
2007	5,095,738,554	44,870,000	259,874	5,140,868,428	260,075,849	5,400,944,277	1%
2008	5,668,447,696	46,579,400	53,000	5,715,080,096	268,438,860	5,983,518,956	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%
2014	6,903,997,112	46,993,800	145,750	6,951,136,662	284,251,723	7,235,388,385 (c)	1%
2015	7,361,679,060	46,186,046	172,250	7,408,037,356	288,458,347	7,696,495,703	1%
2016	7,912,201,031	45,357,200	172,250	7,957,730,481	273,569,603	8,231,300,084	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.
- (c) Total assessed value increased 11.6% due primarily to the annexation of several County pockets in 2013.

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



Basic Library Retirement	Mid-Pen Open Space	Basic SCC Retirement
High School Bonds	Hospital Facilities Bond	West Valley College
SCVWD State Project	Elem or Unified School Bonds	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	Mid-Pen Open Space	West Valley College	Hospital Facilities Bond	Total
2007	1.0000	0.039	0.002	0.123	0.020	0.007		0.013		1.2039
2008	1.0000	0.039	0.002	0.104	0.030	0.007		0.012		1.1940
2009	1.0000	0.039	0.002	0.131	0.030	0.006		0.003		1.2110
2010	1.0000	0.039	0.002	0.137	0.031	0.007		0.014	0.0122	1.2433
2011	1.0000	0.039	0.002	0.143	0.033	0.007		0.014	0.0095	1.2472
2012	1.0000	0.039	0.002	0.120	0.034	0.006		0.014	0.0047	1.2196
2013	1.0000	0.039	0.002	0.121	0.034	0.006		0.014	0.0047	1.2209
2014	1.0000	0.039	0.002	0.137	0.029	0.007		0.026	0.0035	1.2434
2015	1.0000	0.039	0.002	0.202	0.028	0.007		0.012	0.0091	1.2996
2016	1.0000	0.039	0.002	0.193	0.026	0.006	0.0008	0.023	0.0088	1.2982

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 2014-15 the levy was distributed as follows:

School Districts	44%	Community Colleges	7%
Cities	14%	Special Districts	6%
Other (Successor Agencies)	11%	County	18%
		Total	100%

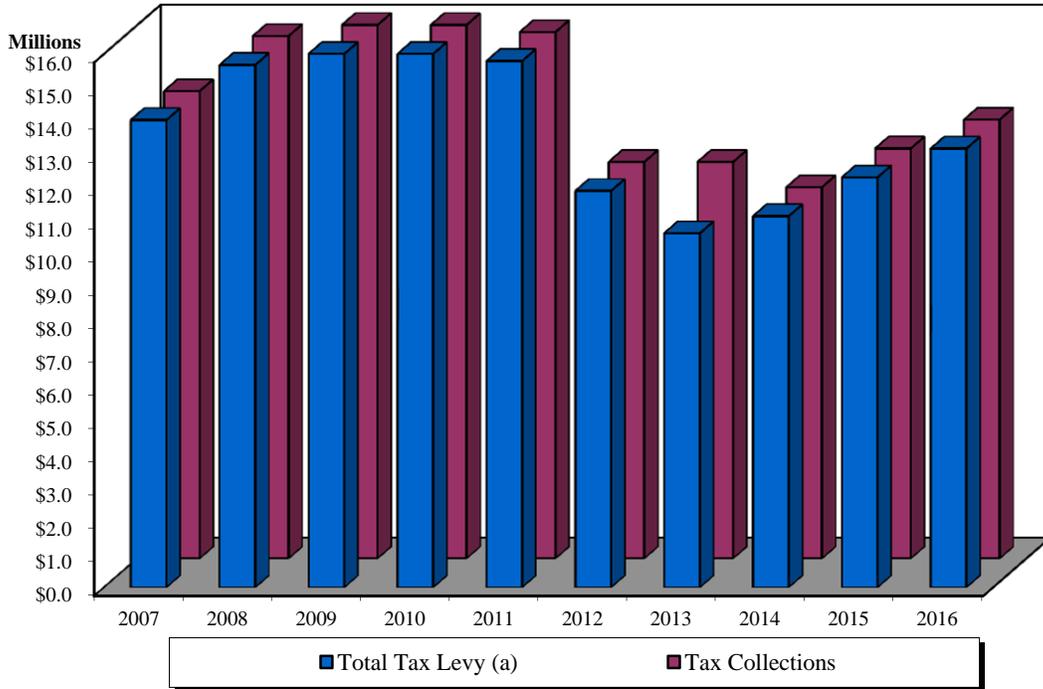
**CITY OF CAMPBELL**  
**Principal Property Tax Payers**  
**Current Year and Ten Years Ago**

Taxpayer	2015-16			2006-07		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
CREP PRUNEYARD LLC	\$ 261,999,976	1	3.183%			
LEGACY III CAMPBELL LLC	140,195,817	2	1.703%			
CAMPBELL APARTMENTS PROPERTIES LLC	92,189,441	3	1.120%			
CRP VASONA LLC	85,280,998	4	1.036%			
CAMPBELL TECHNOLOGY PK LLC	78,499,881	5	0.954%	69,360,000	3	1.284%
PARC RESIDENCES LLC	75,971,984	6	0.923%			
HAMILTON PLAZA INVESTORS LLC	55,083,192	7	0.669%	22,479,590	9	0.416%
BUZOLICH MARC W TRUSTEE & ET AL	52,637,248	8	0.639%	54,321,700	5	1.006%
BAY APARTMENT COMMUNITIES INC	52,629,099	9	0.639%	45,020,402	7	0.834%
ESSEX THE COMMONS LP	45,766,133	10	0.556%			
PRUNEYARD ASSOCIATES, LP				155,711,255	1	2.883%
STATE TEACHERS RETIREMENT BOARD				92,674,415	2	1.716%
HINES VAF NO CAL PROPERTIES LP				68,100,000	4	1.261%
LYON THE COMMONS APTS. LLC				50,795,526	6	0.940%
EQR-CONNOR, LLC				23,465,556	8	0.434%
KIRKORIAN PARTNERSHIP				18,902,669	10	0.350%
<b>Total</b>	<b>\$ 940,253,769</b>		<b>11.4%</b>	<b>\$ 600,831,113</b>		<b>11.1%</b>

Total Net Assessed Valuation:  
Fiscal Year 2015-2016 \$8,231,300,084  
Fiscal Year 2006-2007 \$5,400,944,277

Source: Santa Clara County Assessor Fiscal Year Combined Tax Rolls  
Santa Clara County GIS Services  
2006-07 City of Campbell Comprehensive Annual Financial Report

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



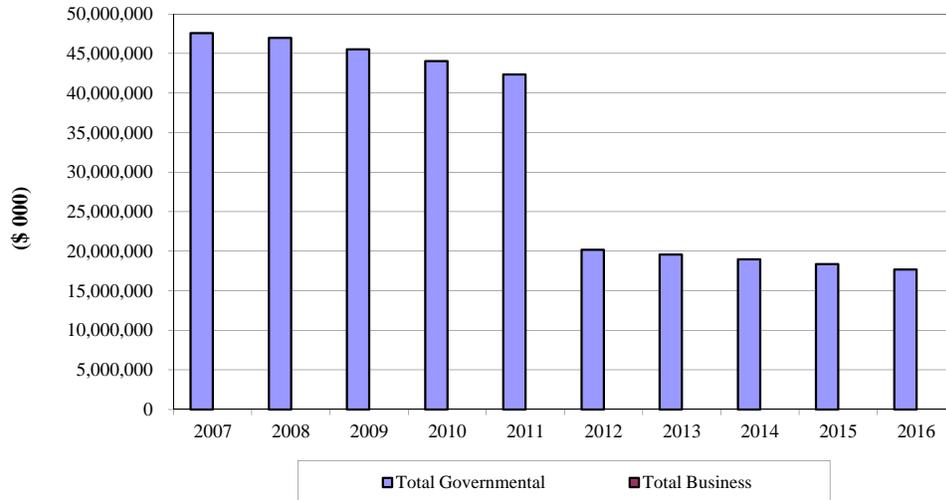
<b>Fiscal Year</b>	<b>Total Tax Levy (a)</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Tax Levy</b>
2007	14,015,414	14,015,414	100.0000%		14,015,414	100.0000%
2008	15,669,700	15,669,700	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	11,893,082	111.9691%		11,893,082	111.9691%
2014	11,134,726	11,134,726	100.0000%		11,134,726	100.0000%
2015	12,297,621	12,297,621	100.0000%		12,297,621	100.0000%
2016	13,161,587	13,161,587	100.0000%		13,161,587	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	Governmental Activities				Total
	Tax Allocation Bonds (b)	Certificates of Participation	Special Assessment Debt	Other Indebtedness	
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	-	20,201,391	-	-	20,201,391
2013	-	19,614,880	-	-	19,614,880
2014	-	19,010,976	-	-	19,010,976
2015	-	18,380,066	-	-	18,380,066
2016	-	17,722,700	-	-	17,722,700

**Business-Type Activities**

Fiscal Year	Business-Type Activities			
	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2007	-	47,605,843	2.0050%	1,197.69
2008	-	46,985,150	2.0007%	1,169.92
2009	-	45,537,315	2.0943%	1,126.60
2010	-	44,040,488	1.9650%	1,118.83
2011	-	42,365,488	1.7149%	1,068.11
2012	-	20,201,391	0.7452%	506.53
2013	-	19,614,880	0.6920%	485.47
2014	-	19,010,976	0.6470%	452.72
2015	-	18,380,066	0.6290%	439.12
2016	-	17,722,700	0.5742%	416.18

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 134 (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, 2016**

2015-16 Assessed Valuation \$8,231,300,084

	Net Debt	%	Amount Applicable To City of Campbell
<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	<u>Outstanding</u>	<u>Applicable(1)</u>	<u></u>
Santa Clara County Valley Water District Benefit Assessment District	\$99,060,000	2.121%	\$2,101,063
Santa Clara County	792,585,000	2.121%	16,810,728
Campbell Union High School District	142,765,000	20.686%	29,532,368
Cambrian School District	51,874,944	31.575%	16,379,514
Campbell Union School District	165,271,229	31.047%	51,311,759
Moreland School District	115,092,251	10.908%	12,554,263
West Valley -Mission Community College District	419,930,312	7.418%	31,150,431
Midpeninsula Regional Open Space District	45,000,000	0.038%	17,100
 SUB-TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			 <u>\$159,857,225</u>
 <u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Santa Clara County General Fund Obligations	\$677,526,121	2.121%	\$14,370,329
Santa Clara County Board of Education Certificates of Participation	6,380,000	2.121%	135,320
Santa Clara County Vector Control District Certificates of Participation	2,890,000	2.121%	61,297
Santa Clara County Pension Obligations	367,118,349	2.121%	7,786,580
Campbell Union High School District General Fund Obligations	15,165,000	20.686%	3,137,032
Campbell Union School District General Fund Obligations	3,265,000	31.047%	1,013,685
West Valley-Mission Community College District General Fund Obligations	64,180,000	7.418%	4,760,872
City of Campbell Certificates of Participation	17,722,700	100.000%	\$17,722,700 *
Midpeninsula Regional Open Space District General Fund Obligations	122,305,886	0.038%	46,476
 SUB-TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT			 <u>\$49,034,291</u>
Les: Santa Clara County supported obligations			<u>9,965,945</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$39,068,346</u>
 OVERLAPPING TAX INCREMENT DEBT (Successor Agency)	 19,380,000	 100.000%	 \$19,380,000
 <b>TOTAL DIRECT DEBT (City of Campbell Certificates of Participation)</b>			 <b>\$17,722,700</b>
 TOTAL GROSS OVERLAPPING DEBT			 \$210,548,816
TOTAL NET OVERLAPPING DEBT			\$200,582,871
 GROSS COMBINED TOTAL DEBT			 <u><b>\$228,271,516</b></u>
NET COMBINED TOTAL DEBT (excludes County supported item)			<u><b>\$218,305,571</b></u>

- (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 2014-15 ASSESSED VALUATION:

Total Overlapping Tax and Assessment Debt	1.94%
Total Direct Debt (\$16,230,843)	0.22%
Gross Combined Total Debt	2.77%
Net Combined Total Debt	2.65%

RATIOS TO REDEVELOPMENT INCREMENTAL VALUATION (\$791,755,536)

Total Overlapping Tax Increment Debt	2.45%
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\*Note: Prepared for the City of Campbell by California Municipal Statistics, Inc., except that Campbell Certificates of Participation include accreted interest for Capital Appreciation Bonds of \$1,491,856.

**CITY OF CAMPBELL  
COMPUTATION OF LEGAL BONDED DEBT MARGIN  
June 30, 2016**

ASSESSED VALUATION:

Total Taxable Property \$8,231,300,084

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a) \$308,673,753

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt \$17,722,700

Less Tax Allocation Bonds and Sales Tax Revenue  
Bonds, Certificate of Participation not subject to limit 17,722,700

Amount of debt subject to limit 0

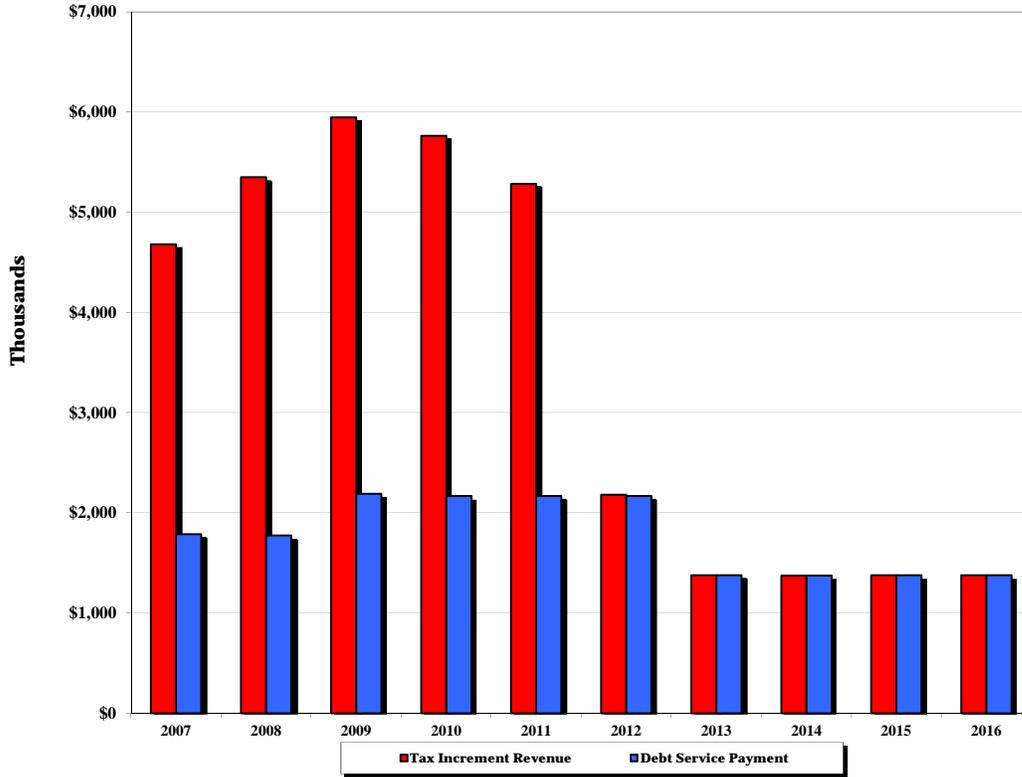
LEGAL BONDED DEBT MARGIN \$308,673,753

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
2007	202,535,410		202,535,410	0.00%
2008	224,381,960		224,381,960	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	237,832,868		237,832,868	0.00%
2013	243,046,051		243,046,051	0.00%
2014	271,327,064		271,327,064	0.00%
2015	286,886,612		286,886,612	0.00%
2016	308,673,753		308,673,753	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**

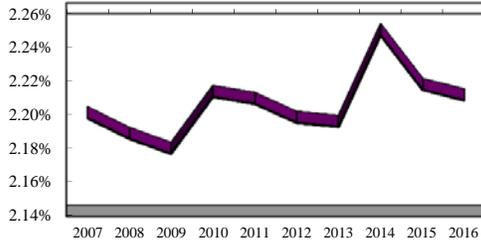


Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2007	4,679,722	495,000	1,291,096	1,786,096	2.62
2008	5,349,414	510,000	1,263,668	1,773,668	3.02
2009	5,947,747	935,000	1,254,439	2,189,439	2.72
2010	5,763,885	970,000	1,196,974	2,166,974	2.66
2011	5,283,202	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
2014	1,375,013	310,000	1,065,013	1,375,013	1.00
2015	1,376,201	325,000	1,051,201	1,376,201	1.00
2016	1,376,380	340,000	1,036,380	1,376,380	1.00

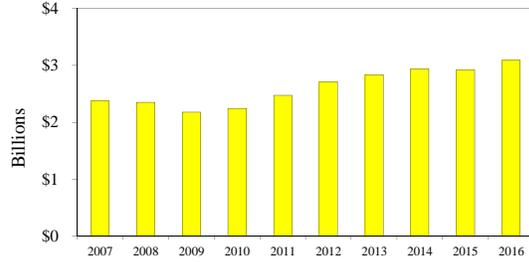
\* Effective 1/31/2012 Redevelopment Agencies in the State of California were dissolved. A Successor Agency was established by the City of Campbell to receive all of the assets and liabilities of the former RDA and assume responsibility for all legal debt service obligations. Tax increment revenues are 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

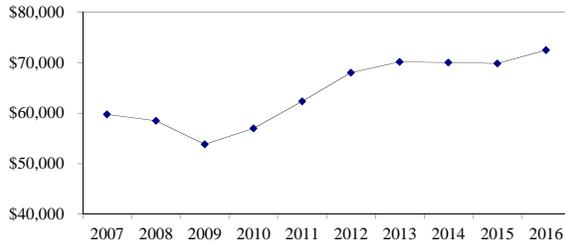
CITY OF CAMPBELL  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS



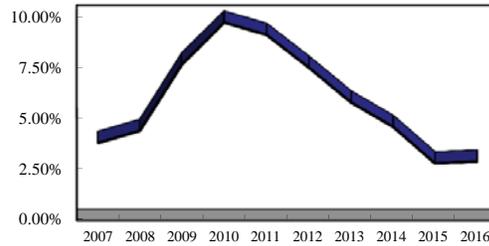
■ City Population as a % of County Population



■ Total Personal Income (000's)



◆ Per Capita Personal Income



■ Series1

Fiscal Year	City Population	Total Personal Income (000's)	Per Capita Personal Income	Unemployment Rate (%)	Santa Clara County Population	City Population % of County
2007	39,748	2,374,307	59,734	3.8%	1,808,056	2.20%
2008	40,161	2,348,414	58,475	4.4%	1,837,075	2.19%
2009	40,420	2,174,394	53,795	7.7%	1,856,514	2.18%
2010	39,363	2,241,290	56,939	9.7%	1,780,384	2.21%
2011	39,664	2,470,393	62,283	9.1%	1,797,375	2.21%
2012	39,882	2,710,939	67,974	7.5%	1,816,486	2.20%
2013	40,404	2,834,381	70,151	5.8%	1,842,254	2.19%
2014	(1) 41,993	2,938,192	69,969	4.6%	1,868,558	2.25%
2015	41,857	2,921,953	69,808	2.8%	1,889,638	2.22%
2016	42,584	3,086,261	72,475	2.9%	1,927,888	2.21%

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. FY12-16 collected as of June 30.

Per Capita Income for 2016 is adjusted using the CA Department of Finance Change in Per Capita Income as reported in May 2015 (3.82%)

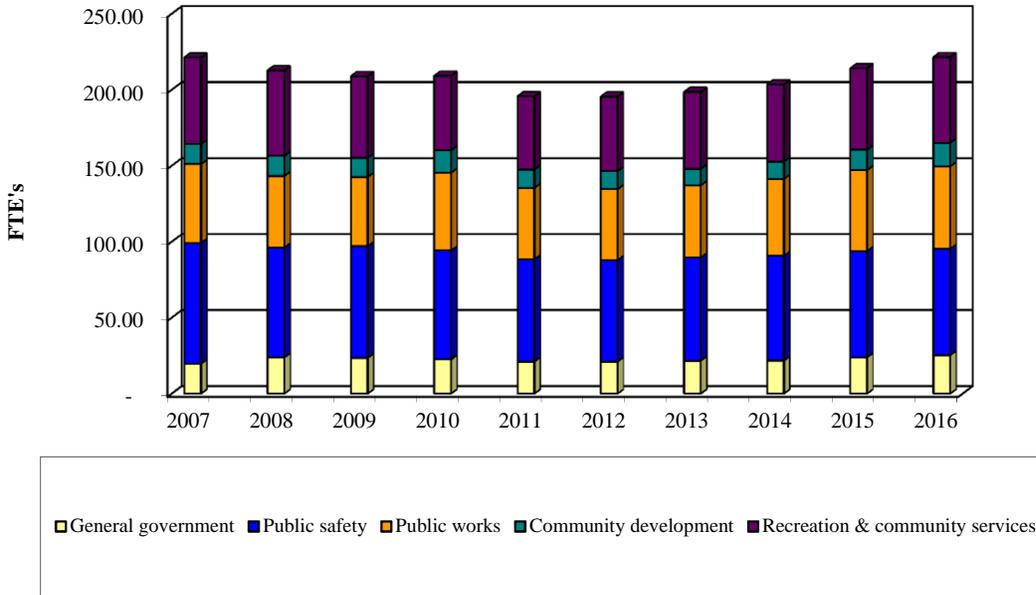
(1) The City annexed several County pockets effective May 1, 2013.

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

<u>Employer</u>	<u>2015-16</u>			<u>2006-07</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	1.5%	210	4	1.0%
Daley's Drywall & Taping Inc	270	2	1.0%			
Whole Foods Market	260	3	1.0%	235	3	1.1%
Safeway, Inc.	240	4	0.9%	140	7	0.6%
Home Depot #0642	228	5	0.9%	257	1	1.2%
Bioreference Laboratories, Inc.	201	6	0.8%			
Hightail Inc	200	7	0.8%			
SAAMA Technologies	200	7	0.8%			
Friendfinder Networks Inc	185	8	0.7%			
Fry's Electronics Inc	184	9	0.7%	244	2	1.1%
Moss Adams LLP	179	10	0.7%			
City of Campbell				161	5	0.7%
Durham Transportation, Inc.				143	6	0.7%
Pacific Netsoft, Inc.				138	8	0.6%
Century 21 Alpha				129	9	0.6%
Mervyn's				125	10	0.6%
Subtotal	<u>2,540</u>		<u>9.8%</u>	<u>1,782</u>		<u>8.1%</u>
Total City Labor Force	<u>25,900</u>			<u>21,900</u>		

Source: City of Campbell - California Employment Development Department

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



	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Function</b>					
General government	19.63	23.77	23.52	22.45	21.07
Public safety	79.60	72.39	73.53	71.81	67.36
Public works	51.87	47.10	45.58	51.12	46.97
Community development	13.22	13.23	12.51	14.73	12.06
Recreation & community services	56.82	56.20	53.70	48.99	48.19
<b>Total</b>	<u>221.14</u>	<u>212.69</u>	<u>208.84</u>	<u>209.10</u>	<u>195.65</u>

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Function</b>					
General government	21.07	21.65	21.72	23.88	25.28
Public safety	66.81	68.01	69.01	70.01	70.01
Public works	46.67	47.42	50.50	53.14	54.26
Community development	11.91	10.91	11.51	13.51	15.55
Recreation & community services	49.04	50.52	50.67	53.48	56.37
<b>Total</b>	<u>195.50</u>	<u>198.51</u>	<u>203.41</u>	<u>214.02</u>	<u>221.47</u>

Source: City of Campbell, CA Budget Documents

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

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Public safety:</b>										
Fire:										
Fire calls for service	100	119	99	74	72	70	76	90	81	67
Medical aid calls	1,411	1,801	1,662	1,806	1,931	1,946	1,886	1,966	2,177	2,318
Police:										
Police calls for Service	22,166	22,961	22,362	22,272	22,098	23,353	24,151	24,624	24,408	23,275
Law violations:										
Arrests	1,553	1,586	1,568	1,725	1,535	1,660	1,835	2,141	2,183	2,027
Traffic violations	6,329	6,545	5,968	6,038	4,232	4,083	4,607	6,205	4,501	4,638
Parking violations	3,457	2,686	4,400	3,315	2,986	2,394	2,335	3,110	3,733	4,384
<b>Public works:</b>										
Miles of streets (major)	15	15	15	15	15	15	16	16	16	16
Miles of Streets (secondary)	77	77	77	77	77	77	80	80	80	80
Potholes repaired	145	182	131	150	151	160	78	81	90	108
<b>Culture and recreation:</b>										
Community Services:										
Recreation class participants	31,887	31,826	33,023	33,886	32,674	33,526	31,749	30,022	35,082	35,737
Performing Arts Center performances	6	6	12	13	10	7	8	8	6	6
<b>Wastewater</b>										
Miles of sewers (storm)	42	42	42	50	50	50	50	50	50	50
Miles of sewers (sanitary - entire district)	484	484	484	618	618	618	618	618	618	618
Miles of sewers (sanitary - Campbell only)	125	125	125	158	158	158	158	158	158	158
<b>Solid Waste</b>										
Refuse Landfilled (tons per year)	35,432	29,585	24,647	24,951	25,761	25,514	26,555	27,398	29,422	28,386
Green Waste	-	-	-	-	-	-	-	-	-	6,781
Recyclables Processed (tons per year)	17,362	17,702	17,636	17,505	15,561	14,541	15,414	16,702	15,866	10,004

Source: City of Campbell

Note: n/a denotes information not available.

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

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Public safety:</b>										
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	11	11	12	12	12	12	12	12	15	15
<b>Public works</b>										
Miles of streets	92	92	92	92	92	92	96	96	96	96
Street lights	2,362	2,532	2,535	2,535	2,535	2,535	2,610	2,610	2,705	2,705
Traffic Signals	42	42	43	43	43	43	43	43	44	44
<b>Culture and recreation:</b>										
<b>Community services:</b>										
City parks	11	11	11	12	12	12	12	12	12	12
City parks acreage	86	86	86	87	87	87	87	87	87	87
Playgrounds	5	7	7	7	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	9	9	9	9	9	9	9	9	9
<b>Library:</b>										
City Libraries	1	1	1	1	1	1	1	1	1	1

Source: City of Campbell