



City of Walnut Creek California



Comprehensive Annual Financial Report June 30, 2017

Prepared by:
Finance Division, Administrative Services Department



City of Walnut Creek
Comprehensive Annual Financial Report
For the year ended June 30, 2017
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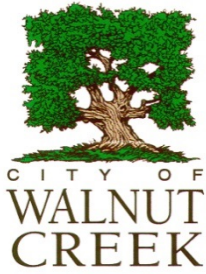


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December 6, 2017

Honorable Mayor, City Council and Citizens of Walnut Creek:

We are pleased to present the City of Walnut Creek (City) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This CAFR provides citizens, businesses, property owners, investors and all interested parties with an overview of the City's finances. The information in this document is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and includes an unmodified opinion on the report by the City's independent certified public accountants. Although we rely on the standards and expertise of these external authorities, the responsibility for the accuracy and fairness of this report ultimately rests with the management of the City.



For readers interested in a more detailed review of the City's financial statements, a section in the CAFR called the Management's Discussion and Analysis (MD&A) has also been included. The MD&A reports on the financial highlights of the City and provides additional analysis on the variances and trends reported as part of the financial statements. The MD&A also discloses significant items affecting the financial condition of the City and is designed to be read in conjunction with this Letter of Transmittal.

CITY PROFILE

Located in Contra Costa County, the City of Walnut Creek was incorporated in 1914 and is a growing regional destination in the eastern portion of the San Francisco Bay Area. This unique city offers suburban convenience with a walkable downtown full of shopping, dining, and culture. It has top performing schools and the most open space per capita in California. The City area is 19.45 square miles and is home to 70,000 residents and a large number of guests that come to the City for work, recreation or to enjoy our downtown restaurants, shopping and amenities.

The City is located at the intersection of Sacramento/San Jose I-680 and San Francisco/Oakland SR-24 corridor, approximately 25 miles east of San Francisco and a short distance from Oakland International Airport. The City has a range of housing types available to meet the needs of workers employed by various businesses and agencies throughout the region. Walnut Creek's large retail base serves local residents as well as those in surrounding communities. Walnut Creek has a mix of major employers and small businesses that are driving innovation in areas such as software and green technology. The City continues to show strength as a major employer, a successful retail and entertainment center and a safe community with attractive residential neighborhoods.

City Structure

The City operates under the Council-Manager form of government, with five at-large Council Members elected to staggered four-year terms. Walnut Creek has an elected City Treasurer, who is also elected to a four-year term. The Mayor and Mayor Pro Tem are elected by the Council from their membership and serve one-year terms. The City Council serve as the legislative and policy-making body of City government and is responsible for enacting City ordinances, adopting resolutions, approving the annual budget, appointing commissions and committees, and hiring the City Manager and City Attorney. The City Manager is responsible for implementing City Council policies, ordinances and directives; overseeing day-to-day operations; and appointing the directors of the City's departments. The City has permanent staff of 363, and augments this staff with temporary and seasonal employees to address needs such as summer programs. The City boasts an array of City services that include public safety/police services, arts and recreation, general government, finance, technology, human resources, public works and community and economic development.

The City also oversees the enterprise funds associated with Boundary Oak Golf Course and the Downtown Parking and Enhancement program, both of which have been incorporated into the CAFR. The City does not provide fire services, water or sewer utilities; these services are provided by separate special districts. Library services are provided by Contra Costa County with augmented funding provided by the City to support additional hours of operation.

CITY OF WALNUT CREEK FINANCIAL CONDITION AND OUTLOOK

Local Economy

Walnut Creek enjoys a vibrant local economy - comprised of a well-established and growing business community that represents a balance of retail, technology, and services. In fiscal year 2017, the City economy experienced a modest improvement similar to the rest of the State, as did other cities in the San Francisco Bay Area. It should be noted that the Bay Area is a region with many micro economies. Each agency within this region has experienced varying levels of economic improvement as driven by their distinct local economic situations. The recession resulting from the global financial and credit market meltdown in 2008 has had a direct and dramatic impact on Walnut Creek's local revenues and the City is now experiencing stabilization of revenues, with key revenues returning to pre-recessionary levels.

Walnut Creek has experienced continued growth in major tax revenues and has augmented that growth with increases in revenues from fee-based services. Tax revenues have rebounded in the aggregate and exceed pre-recession levels on a non-inflation-adjusted basis. Walnut Creek unemployment levels are among the lowest in Contra Costa County, with a rate of 3.1% as of August 2017 (3.9% countywide). This remains below the California State average of 5.4%.

For fiscal year 2017, the City generated a surplus of \$3.2 million (revenues exceeded expenditures, after transfers) in the General Fund. This increase in fund balance will be used to address encumbrances and required additions to reserve balances. The remainder of the surplus, approximately \$2.7 million, will be available for future allocation by the City Council for one-time expenditures in accordance with City policy. Key factors driving this surplus include:

- Property tax increased by 8% over the prior year. Property values continued to increase and property tax revenues, along with real estate transfer tax revenues, are at all-time highs due to a robust real estate market.
- Revenues from economic activity (building permits, planning fees and engineering fees) remain strong.
 - Several significant development projects are in process or were concluded during the fiscal year. As a result, the City received several development-related fees. The largest is the development of Broadway Plaza, a \$300 million redevelopment project, adding 300,000 sq. ft. of new retail space to the downtown area. Additional projects include several apartment complexes in or around the downtown corridor (both underway and completed) and the Orchards Shopping Center on Ygnacio Valley Road, as well as couple of hotel projects either initiated or are under consideration.
- Expenditures were under budget by approximately \$3.5 million, primarily from reduced salary expenses and related benefits, and reductions in professional services.

Walnut Creek Fiscal Outlook

The City operates under a balanced budget for fiscal year 2018 while maintaining adequate reserves for the General Fund through a combination of measures, including controlling expenditures and direct focus of resources to areas with the highest demand for services; low growth in the size of City government, with all increases targeted directly to maintaining the quality and reliability of existing services; and continued strong performance of revenues but an anticipated slowing of growth from development and construction activity.

While revenues now exceed pre-recession levels in virtually all areas, the growth in revenues is expected to slow in the upcoming biennial budget period (2018-2020); and the costs of maintaining existing services continue to grow, primarily related to retirement benefits. Equally as financially significant is the lack of sufficient funding for infrastructure and deferred maintenance (e.g. storm drains, parks, streets, sidewalks, open space, facility replacement) identified in the City's 10-Year Capital Investment Program. The City Council has allocated several million in unassigned General Fund dollars to meet some of these demands and to make improvements in asset readiness.

While increasing City revenues provides optimism, management has mixed views regarding the outlook for the future due to the continued growth of expenditures related to employee benefits and deferred infrastructure improvements. Controlling expenditures has been a key element in responding to the City's fiscal challenges. Continuing to manage expenditures and implement structural savings will assist the City in achieving long-term fiscal sustainability.

GENERAL FUND LONG-TERM FINANCIAL FORECAST

The City has been prudent with its financial resources and has successfully contained costs by implementing both structural and one-time budget savings. While the City has consistently worked to balance its budget, Walnut Creek must continue this effort and make additional adjustments to its General Fund expenditures to address and resolve a forecasted structural deficit largely driven by rising employee benefit costs.

The City employs long-term planning as the framework for its fiscal decisions like the ten-year Long Term Financial Forecast for the General Fund as well as other key operating funds. Each year, City staff updates the General Fund Long-Term Financial Forecast (LTFF), covering a total of five two-year budget cycles for review and adoption by the City Council. With the volatility of economic drivers (e.g. employment and regional economic indicators), revenues and continually increasing costs, the LTFF helps the City to plan for the future by providing an understanding of available funding while evaluating financial risk and identifying future commitments and resource demands.

The latest LTFF, for the period 2018-2027, was approved by the City Council in July 2017. It reflects the Council's commitment to a proactive approach to maintaining the City's fiscal sustainability. The LTFF is constructed to measure available, ongoing resources that are projected to be used to pay for ongoing services and capital budgeting requirements. Revenue projections are conservative and were updated to include the actual results from FY 2016. Being a service organization, staffing costs represent approximately 63% of the City budget. Expenditure projections reflect cost increases for salaries and health benefits take into consideration changes to California Public Employees Retirement System (CalPERS) assumptions and include additional allotments to capital programs. Based on these conservative assumptions, the LTFF shows projected revenues will be sufficient to meet operating needs but insufficient to meet both operating needs and infrastructure funding needs – with operating deficits projected in future years.

Pension (CalPERS) Liability

CalPERS pension costs remain one of the City's most significant budget pressures. In April 2017, the City Council hosted a workshop to discuss the CalPERS pension liability and its impacts on the City of Walnut Creek. Since 2012, CalPERS has been adjusting its methodologies in an attempt to stabilize its pension portfolio – primarily around the assumed rate of return and life expectancy. Changes to these assumptions have a direct impact on employer costs. Unfortunately, the City's unfunded pension liability in fiscal year 2017 has grown from the prior fiscal year (Note 11 to the Financial Statements). It is important to note that, while the City makes all required payments including payments on the unfunded liability, the assumption changes and returns on portfolio investments are negatively impacting the City's liability. During fiscal year 2017, the City Council began discussing ways to address this unfunded liability, including establishing and contributing to a Section 115 Irrevocable Pension Trust.

General Fund Reserves

The Walnut Creek City Council maintains prudent reserve policies pursuant to Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Reserve balances have been established and fully funded for events such as a catastrophic emergency (earthquake, flood, etc.) or fiscal emergency (significant drop in revenues). Other reserve balances have been set up to cover costs associated with operational events such as workers compensation, CalPERS liability, legal claims, etc.

The City Council adopted a *Use of One-Time Revenues and General Fund Surpluses* policy in June 2012 and updated this in July of 2017. The purpose of this Policy is to establish a formal process by which one-time revenues and General Fund budget surpluses are to be allocated and used for funding one-time needs in support of overall City goals and priorities. Implementation of this policy has allowed surpluses to be allocated to projects that do NOT require ongoing expenditures. The Council allocated \$4 million in unassigned General Fund dollars to capital projects under this policy during FY 2017.

The City also has eight internal service funds established to provide funding necessary for replacement of equipment and repairs to our facilities in the future. The City has adopted a Capital Investment Policy to guide the prioritization of projects.

MAJOR INITIATIVES AND PROJECTS ACCOMPLISHED DURING FISCAL YEAR 2017

Walnut Creek is an active and vibrant community, with a municipal government that is proactive and prepared to respond to changing community needs. Many projects have been accomplished through collaboration among the City and other agencies, private groups and individuals. Through these creative partnerships, the City is able to provide its citizens with services and amenities beyond those available in other communities. The City Council establishes City Council Priorities for each two-year budget process. During fiscal year 2017, the City Council priorities were:

1. Identify and implement a strategy to meet the City's infrastructure needs
2. Improve affordability and availability of housing in Walnut Creek
3. Develop realistic responses to homelessness
4. Update Economic Development Strategic Plan

As part of the budget process, the City Council evaluates the progress made on these goals and priorities. Some of the City's efforts toward accomplishing these initiatives in fiscal year 2017 are discussed below:

Community and Economic Development

- The Planning Division of the Community and Economic Development Department (CED) processed a significant number of development applications in fiscal year 2017. Current Planning staff received and processed nearly 350 applications during that period, including several high-profile developments. Key City projects include a) \$250 million redevelopment/expansion of Broadway Plaza to over 1.1 million square feet of retail shopping and dining downtown; b) construction of the new 200,000-foot Orchards commercial center and redevelopment of the Contra Costa Times building into Sportsplex in the Shadelands; and c) construction of several mixed use and residential apartment developments within the Core Area representing nearly 1,550 new dwelling units in the City.
- The Economic Development Division in CED successfully negotiated a pair of significant agreements in fiscal year 2017 to facilitate hotel development at two sites in the Core Area. The first was a Council-approved subsidy of nearly \$500,000 to FPG Development Group for construction of a new six-story, 160-key Marriott Residence Inn on Pringle Avenue between N. Main and N. California. Division staff, in concert with the Public Works Department, City Attorney's Office and City Manager's Office, also successfully negotiated and executed a Purchase & Sale Agreement with Tharaldson Hospitality for the sale and redevelopment of the 2.25-acre Corporation Yard property on Lawrence Way into a four-story, 125-key Hilton Garden Inn. Once both hotels are fully operational (projected 2020-2021), staff estimates roughly \$1 million annually in Transient Occupancy Tax (TOT) revenue from the nearly 300 new hotel rooms constructed.
- The Building Division in CED took the leading effort and partnered with the Planning Division and the Public Works Department's Engineering Division to successfully implement the new Accela permitting system and the new Commercial Express Review program for qualified tenant improvement projects.
- The Housing Division successfully administered the affordable housing and grant programs, including some new funding initiatives, in particular a \$100,000 funding award for a winter shelter program at the Walnut Creek Armory, which required City Council approval to enter into a license agreement with the State Military. The City also awarded acquisition, predevelopment and development funding to three affordable housing projects, including Riviera Family Apartments (57 units), St. Paul's Commons (45 units) and a Habitat for Humanity Project at 1250 Las Juntas Way (42 units).
- The City continued its successful implementation of key actions and initiatives identified in the "Blueprint for Success." During fiscal year 2017, City staff worked diligently on this Council priority with stakeholders and consultants to develop a series of actions and initiatives that improve the development review process by increasing efficiency, consistency and customer responsiveness while maintaining the City's ability to generate high-quality projects.

Public Safety

- The Police Department commenced a public/private partnership with Broadway Plaza, in which Broadway Plaza and the City each fund half the cost of a full-time police officer to allow 40 hours of police presence at the plaza for deterring, detecting and educating businesses, employees and customers on how not to be victimized.
- The Police Department began the process of implementing its Body Worn Camera Program for all of its sworn officers in an effort to improve transparency, accountability and training. This will actually be completed in FY 2018.
- The Police Department improved its staffing compliment by adding three Patrol Police Services Officers to assist patrol officers with cold reports, traffic control, evidence processing and collection, and other needs; an Administrative Analyst was added to oversee the department's body worn camera program, training program and budget.

Arts and Recreation

- Arts and Recreation completed its rebranding process with the development and implementation of a new logo and visual styling elements. The new logo captures the vibrant, playful and diverse intersection of arts and recreation programming offered by the department. Building on the new streamlined name, the new logo is prominently featured in the department's print and electronic media and provides a strong visual identity for the City's arts and recreation programs.
- Funding for the Lesher Center Plaza expansion project was obtained through an allocation of up to \$1 million dollars from the City and a matching contribution from the Diablo Regional Arts Association. The Plaza project construction is scheduled to begin in 2018. The project will increase the programming area of the Lesher Center Plaza and will make a number of accessibility and other patron access improvements to the Lesher Center.
- Several grant awards were received including a new \$375,000 five-year capital grant from the Lesher Foundation to fund technical equipment and other enhancements for the Lesher Center for the Arts; a \$241,500 Community Development Block Grant to fund remodeling of the Civic Park Community Center restrooms to improve accessibility; and the Bedford Gallery's second National Endowment for the Arts Grant to fund a public art project in Walnut Creek's downtown Civic Park.
- Three gallery exhibitions produced by and previously exhibited at the Bedford Gallery (BLOW-Up, My Hero! and Cut Up/Cut Out) were on tour to numerous other galleries and museums in the United States. The traveling exhibitions generate revenues and considerable publicity for the City, as they are often featured in newspaper articles and on television and radio programs in the visiting cities.

Roads and Public Facilities

- Larkey Pool reconstruction project was completed, including the addition of a new splash playground and upgrading the existing bathhouse. The project construction took over two years to complete and was opened in late spring of 2017. The newly renovated facility features a reconfigured 25 yard by 25 meter pool, a new all-abilities splash play area, and a remodeled bathhouse. The facility offers programming to the public including group and private swim lessons, recreational swimming, and pool rentals for schools, day camps and other groups.
- Bigbelly Solar Powered Trash Compactor Receptacles were installed in the downtown area, including 35 Dual Units (one landfill and one recycle). Bigbelly receptacles are consistent with our Climate Action Plan, our clean water trash reduction requirements and our partnership with RecycleSmart, primarily by reducing emissions related to frequency of service on trash/recycling receptacles. They are Wi-Fi enabled, which allows staff to remotely monitor fill levels and determine if a collection is required.

- Ygnacio Valley Road Overlay - Completed the first phase of a multi-phase project to overlay Ygnacio Valley Road (YVR) from I-680 to Concord City Limits. YVR is a six-lane arterial which handles over 75,000 cars per day. The road was last repaved in 1989 and is in need of an overlay. To accomplish this \$25 million project, the project was divided into sections. The overlay on the first section, from California Boulevard to Civic Drive, was completed with a total cost of \$2 million. The project included upgraded curb ramps, crosswalks and signage, and video detection at Broadway intersection.
- Sidewalk Trip and Fall Mitigation / Concrete Program - The City of Walnut Creek commenced a program several years ago to mitigate a backlog of minor trip repairs in the downtown area. The backlog has been reduced by 60%. After much success with reducing hazards using this method in the downtown area, the operation was expanded to the entire City. The goal is to continue to go through annual downtown mitigations in each district in a three-year rotation plan. This method is a cost effective means to ensure that our City's sidewalk infrastructure is maintained in accordance with the City's standards.

General Governmental Operations

- The City successfully implemented a new Enterprise Resource Planning (ERP) program, its primary financial/budgeting, human resources and payroll system in fiscal year 2017. This multi-year, \$2 million ERP project was initiated in fiscal year 2016 and is anticipated to be fully implemented in fiscal year 2018.
- Continuing its efforts to move to clean energy, the City joined the conversion to the Marin Clean Energy (MCE) Program effective September 1, 2016. This provides that the City and any residents who do not opt out of the program will purchase electricity that is generated largely from clean processes (wind, solar, etc.). About 88% of residents and 90% of businesses are participating in MCE.
- The City took additional efforts to address climate change. The City launched an energy efficiency and water conservation program called Walnut Creek Saves to serve 200 residents using federal grant funds and one-time City funds as part of its efforts to reduce greenhouse gas emissions. City Council approved the addition of new Property Assessed Clean Energy (PACE) financing providers to serve residential and commercial customers in Walnut Creek.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

Note 1 in the Basic Financial Statements provides a detailed explanation of the City's significant accounting policies. In developing and evaluating the City's accounting system, consideration is given to the adequacy of controls. Internal accounting controls are designed to provide reasonable assurance regarding safeguarding of assets against loss, reliability of accounting data accuracy, and adherence to prescribed policies. The concept of reasonable assurance recognizes that the cost of a control measure should not exceed benefits likely to be derived from it and that the evaluation of costs and benefits requires estimates and judgements by management.

The City adopts a budget biennially effective July 1 for the ensuing two-year period and includes annual budgets for each of the two years. Public hearings are conducted on the proposed budget to review all appropriations and sources of financing.

Capital projects are budgeted by the City over the term of the individual projects. The Capital Projects budget is derived from the City's 10-year Capital Investment Program and is adopted on a basis substantially consistent with Generally Accepted Accounting Principles (GAAP). Expenditures are controlled at the fund level for all budgeted departments within the City. At this level, expenditures may not legally exceed appropriations. Any significant amendments to the total level of appropriations for a fund or transfers between funds must be approved by the City Council.

ANNUAL INDEPENDENT AUDIT

The City's annual audit of financial statements and records for fiscal year ended June 30, 2017 was completed by Vavrinek, Trine, Day & Co., LLP (VTD), Certified Public Accountants, appointed by the City Council. The independent auditor's report has been made a part of this report.

AWARDS

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a **Certificate of Achievement of Excellence in Financial Reporting** to the City of Walnut Creek for its comprehensive annual financial report for the fiscal year ended June 30, 2016. A copy of this award is included in this report. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements. This was the ninth year that the City of Walnut Creek has received this prestigious national award. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report could not have been achieved without the efficient and dedicated services of the entire staff of the Finance Division. Special thanks are extended to Finance Manager Gita Mehirdel; Senior Accountants Roselyn Taormina, Geoffrey Thomas and Linda Wong; Accountant II Doris Lau; and Accountant I Esther Ferrer for their assistance in preparing this report. Special thanks must also be expressed to Executive Assistant Sandy Bonshahi for her support with the publication of this document. This report is representative of City staff's ongoing commitment to provide excellent services to Walnut Creek citizens, businesses and visitors.

I also wish to recognize the commitment of the City Council and City Treasurer, to the high standards embodied in this report and express appreciation to them and each City department for their cooperation and support in conducting the fiscal operations of the City and their continued stewardship and commitment to ensuring the long-term fiscal health of Walnut Creek.

Respectfully submitted,



Dan Buckshi
City Manager


Tracy Vesely
Interim Administrative Services Director



Government Finance Officers Association

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

Presented to

**City of Walnut Creek
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



OUR MISSION

The City of Walnut Creek, working in partnership with the community, is committed to enhancing our quality of life by promoting:

- A positive environment where people live, work and play;
- A vibrant local economy to enhance and sustain long-term fiscal stability;
- A progressive workplace where dedicated employees make a difference.

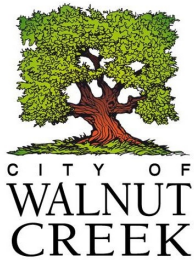
OUR VISION

A balanced community meeting tomorrow's needs while protecting the quality and character we value today.

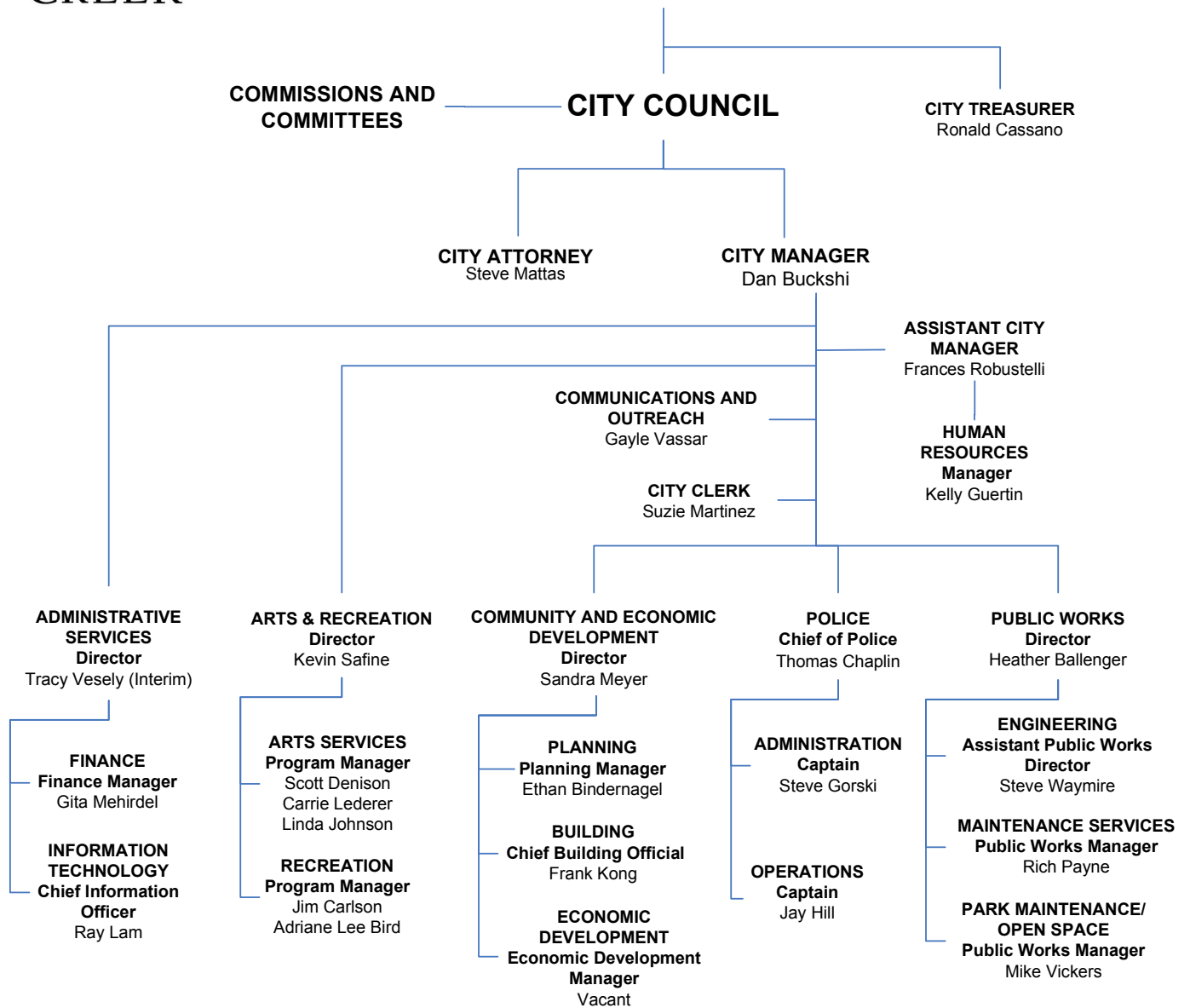
OUR VALUES

We accomplish our mission and realize our vision by living these values:

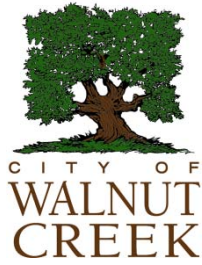
Respect • Integrity • Excellence • Teamwork • Creativity



CITIZENS OF WALNUT CREEK



8-7-2017



PRINCIPAL OFFICERS

June 30, 2017



Rich Carlston
Mayor

Justin Wedel
Mayor Pro Tem



Loella Haskew
Council Member

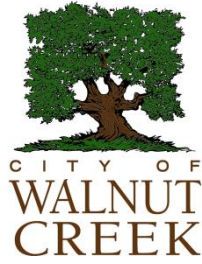
Cindy Silva
Council Member



Kevin Wilk
Council Member

Ron Cassano
City Treasurer





ADMINISTRATION PERSONNEL

June 30, 2017



Dan Buckshi
City Manager



Fran Robustelli
Assistant City Manager



Steve Mattas
City Attorney



Tracy Vesely
Interim Administrative Services Director



Kevin Safine
Arts, Recreation and Community Services Director



Sandra Meyer
Community and Economic Development Director

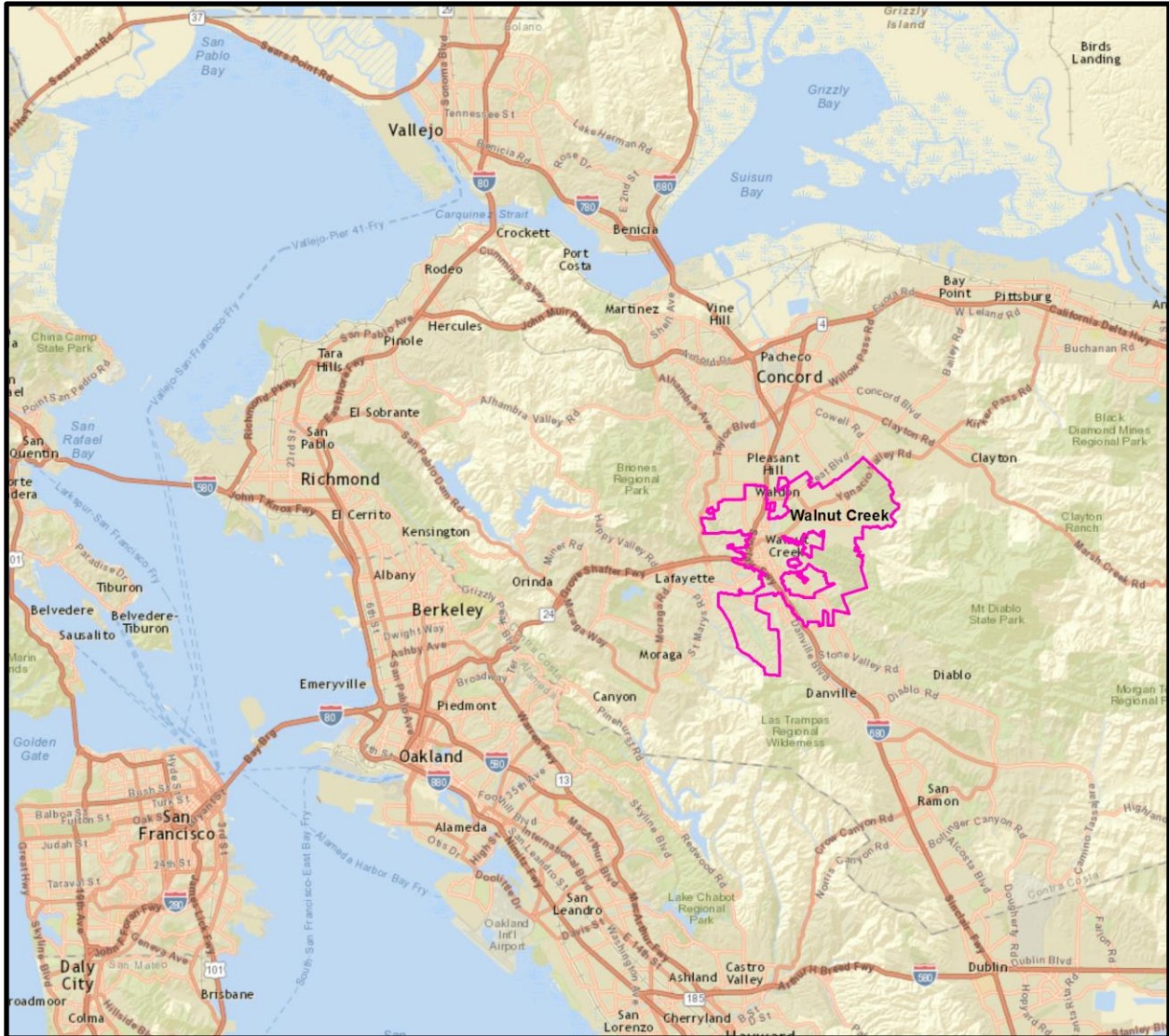


Thomas Chaplin
Chief of Police



Heather Ballenger
Public Works Director

Regional Map of Walnut Creek



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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
 Members of the City Council
 City of Walnut Creek, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Walnut Creek, California (City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise of 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 financial statements based on our audit. We did not audit the financial statements of the Boundary Oak – Onsite Contract Operations Enterprise Fund (a major fund), which represents the following percentages of assets, net position, and revenues as of and for the year ended June 30, 2017:

Opinion Units	Assets	Net Position / Fund Balance	Revenues
Business-Type Activities	7.2%	-3.3%	46.3%
Boundary Oak - Onsite Contract Operations Fund (Major Enterprise Fund)	100%	100%	100%

Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Boundary Oak – Onsite Contract Operations Enterprise Fund, is based solely on the report of the other auditors. 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2017, 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

Prior-Year Comparative Information

We have previously audited the City's 2016 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated November 28, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9-27, schedule of changes in the net pension liability and related ratios, schedule of the City's proportionate share of the net pension liability, schedules of contributions, budgetary comparison information for the general fund and major special revenue funds on pages 127-136 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements 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 6, 2017, 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 the City's internal control over financial reporting and compliance.

Varrinck, Trine, Day & Co. LLP

Sacramento, California
December 6, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Walnut Creek

Management's Discussion and Analysis, Continued

For the year ended June 30, 2017

As management of the City of Walnut Creek (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017 in accordance with standards established by the Governmental Accounting Standards Board. We encourage readers to consider the information presented here in conjunction with additional information furnished in the Letter of Transmittal, which can be found in the preceding introductory section of this report, and with the City's basic financial statements and accompanying notes to those financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's financial statements, which are comprised of three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

- **Government-Wide Financial Statements** - These statements provide information about the activities of the City as a whole and about the overall financial condition of the City. The *Statement of Net Position* and *Statement of Activities and Changes in Net Position* statements includes all assets, deferred outflow and liabilities, deferred inflows of the City using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies.

The statement of activities and change in net position (see Table 1) presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow impacts in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave). Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include: general government; public safety; public works and transportation; arts and recreation; planning and building; maintenance services; the business-type activities of the City include Boundary Oak Golf Course and the Parking and Enhancement Enterprise Fund.

- **Fund Financial Statements** - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds; proprietary funds; and fiduciary funds. These statements provide additional information about the City's major funds, how services were financed in the short term and fund balances available for financing future projects.
- **Notes to the Basic Financial Statements.** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information, including budgetary comparison information on the City's General Fund, which is intended to furnish additional detail to support the basic financial statements themselves.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

FINANCIAL HIGHLIGHTS

Financial highlights of the year ended June 30, 2017 include the following:

Government-wide:

- The City's total net position was \$294.2 million at June 30, 2017, of which \$277.4 million was in Governmental Activities and \$16.8 million was in Business-type Activities. Of the total net position, \$246.3 million relates to the City's net investment in capital assets and is not available for future appropriation (*see tables 1 and 4 for additional information*).
- Total City revenues were \$116.8 million, of which \$44.8 million of program revenues was derived from Governmental Activities, \$9.9 million of program revenues was derived from Business-type Activities and \$62.5 million from General Revenues (*see tables 2 and 5 for additional information*).
- Total City expenses were \$115.3 million, of which Governmental Activities incurred \$103.8 million and Business-type Activities incurred \$11.5 million (*see tables 2 and 5 for additional information*)

Fund Level:

Governmental fund balances totaled \$101.1 million, the Enterprise funds net position totaled \$16.8 million, of which \$10.4 million relates to net investment in capital assets, and net position totaled \$12.6 million in the Internal Service Funds, of which \$5.7 million relates to the City's Internal Service Funds net investment in capital assets.

- Proprietary Fund operating revenues were \$11.4 million in the Enterprise Funds and \$3.6 million in the Internal Service Funds.
- Proprietary Fund operating expenses were \$11.4 million in the Enterprise funds and \$2.7 million in the Internal Service Funds.
- Non-operating revenues (expenses) were approximately \$223,000 in the Enterprise Funds and were (\$144,500) in the Internal Service Funds.

General Fund:

- General Fund revenues were \$87.5 million and expenditures were \$81.3 million.
- Net transfers out of the General Fund were \$2.9 million.
- The fund balance of the General Fund was \$54.7 million at June 30, 2017, an increase of \$3.2 million from prior year.

Housing Successor Agency Fund:

- Fund revenues were \$213,000 and expenditures were \$369,000.
- The fund balance of the Fund was approximately \$615,000 at June 30, 2017; \$81,912 is classified as assigned for future low and moderate income housing programs and projects.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

FINANCIAL HIGHLIGHTS, Continued

Housing Fund:

- Fund revenues were \$1.9 million and expenditures were \$5.1 million.
- Transfers into the Fund were \$389,000.
- The fund balance was \$6.2 million at June 30, 2017; \$2.7 million is classified as assigned for affordable housing projects.

CDBG Fund:

- Fund revenues were \$556,000 and expenditures were \$336,000.
- The fund balance of the Fund was \$(20,928) at June 30, 2017.

Capital Investment Program Fund:

- Fund revenues were \$3 million and expenditures were \$12.7 million.
- Net transfers into the Fund were \$9.7 million.
- The fund balance of the Fund was \$5.6 million at June 30, 2017; the total amount is classified as restricted for capital projects.

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

These *government-wide financial statements* provide a broad overview of the City's activities as a whole, in a manner similar to a private-sector business, and are comprised of the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* presents information about the financial position of the City on the full accrual basis, similar to that used in the private sector. It shows the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial condition of the City is improving or deteriorating. It is also important to consider other non-financial factors, such as changes in the City's property tax values and sales tax outlets, and the condition of the City's infrastructure (i.e. parks and streets), to accurately assess the overall health of the City.

The *Statement of Activities* presents information about the City's revenues and all its expenses, also on the full accrual basis, and explains in detail the change in net position for the year. All changes in net position are reported as soon as the underlying event giving rise to change occurs, regardless of the timing of related cash flows.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include General Government, Public Safety (police), Community and Economic Development, Public Works and Arts, Recreation and Community Services. The business type activities of the City include the Golf Course and Downtown Parking and Enhancement.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

The following analysis focuses on net position and how it has changed, within the City's Governmental Activities (Tables 1, 2 and 3) and Business-Type Activities (Tables 4 and 5) as presented in the Government-wide *Statement of Net Position* and *Statement of Activities and Changes in Net Position*.

Governmental Activities

As noted earlier, net position represents the difference between assets, deferred out flows of resources and liabilities, and deferred inflow of resource of the City's governmental activities and may over time serve as a useful indicator of the City's financial position. The City's governmental activities assets plus deferred outflows exceeded liabilities by \$277.4 at June 30, 2017. Table 1 summarizes the City's governmental activities net position.

Table 1
Governmental Activities Statement of Net Position (In Millions)

	<u>2017</u>	<u>2016</u>
Cash and investments	\$ 111.9	\$ 107.5
Other assets	36.6	35.2
Capital assets	236.3	235.7
Total assets	<u>384.8</u>	<u>378.4</u>
Deferred outflows of resources	<u>21.9</u>	<u>8.1</u>
Current liabilities	16.2	12.9
Non-current liabilities	109.6	91.0
Total liabilities	<u>125.8</u>	<u>103.9</u>
Deferred inflows of resources	<u>3.4</u>	<u>7.2</u>
Net Position		
Net investment in capital assets	235.9	235.2
Restricted	45.3	50.8
Unrestricted	(3.8)	(10.6)
Total net position	<u>\$ 277.4</u>	<u>\$ 275.4</u>

Of the governmental activities total net position, \$235.9 million, or 85%, reflects its net investment in capital assets (e.g. land, infrastructure, buildings, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The governmental activities total liabilities of \$125.8 million represent outstanding obligations for operations, capital projects, deposits held for development projects and long-term debt and net pension liability. A portion (17%) of the governmental activities net position represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position is negative. The following charts summarize governmental activities programs and general City revenues available for funding all City programs and major expense program categories.

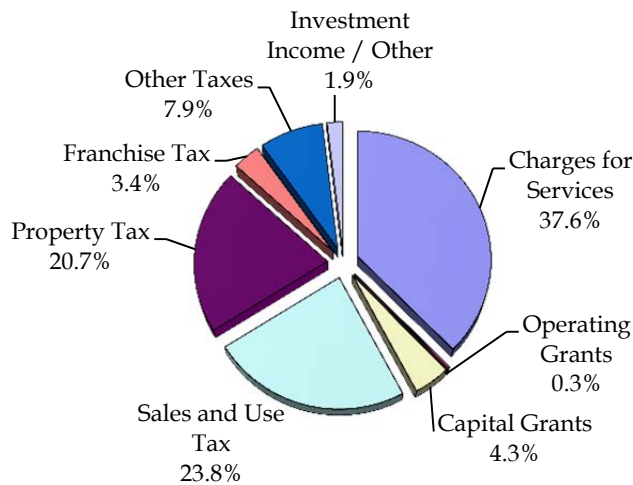


City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2017

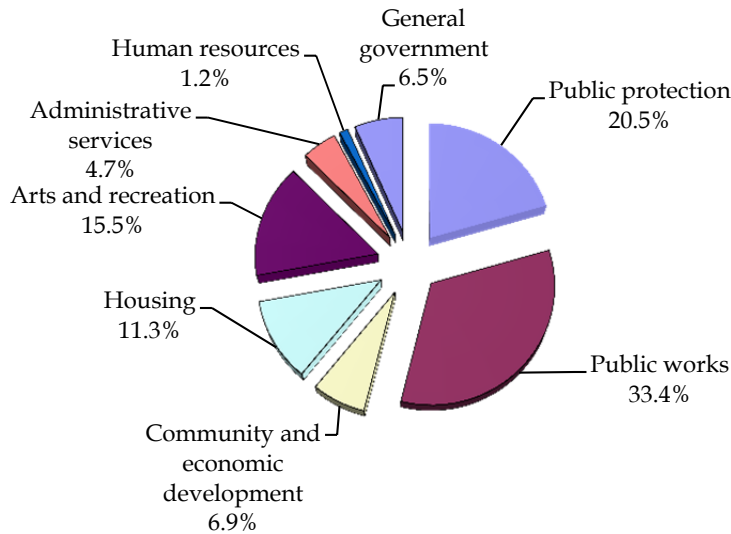
GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

For fiscal year ended June 30, 2017, total revenues from all sources relating to governmental activities excluding transfers were \$105.4 million and total expenses for all City programs relating to governmental activities were \$103.8 million.

**Governmental Activities
Sources of Revenues
FY 2017**



**Sources of Expenses
(by Governmental activity)
FY 2017**





City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Table 2
Change in Net Position - Governmental Activities
(In Millions)

Revenues	2017	2016
Program revenues		
Charges for service	\$ 40.9	\$ 42.1
Operating contributions and grants	0.3	0.4
Capital grants	3.6	5.0
Total program revenues	<u>44.8</u>	<u>47.5</u>
General revenues		
Taxes:		
Sales and use	25.3	26.1
Property	22.0	20.3
Franchise	3.6	3.6
Other taxes	8.4	8.7
Other	0.8	2.1
Investment income	0.5	1.4
Total general revenues	<u>60.6</u>	<u>62.2</u>
Total revenues	<u>105.4</u>	<u>109.7</u>
Expenses		
Public protection	21.3	22.4
Public works	34.5	29.9
Community and economic development	7.2	6.9
Housing	11.7	1.2
Arts and recreation	16.1	16.5
Administrative services	4.9	4.4
Human resources	1.2	1.3
General government	6.9	6.8
Total expenses	<u>103.8</u>	<u>89.4</u>
Excess (deficiency) before transfers	2.0	20.3
Transfers	-	-
Change in net position - Governmental Activities	<u>2.0</u>	<u>20.3</u>
Net Position - Beginning of year	<u>275.4</u>	<u>255.1</u>
Net Position - end of year	<u>\$277.4</u>	<u>\$275.4</u>



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Governmental Activities, Continued

Table 2 shows that governmental activities expenses, which totaled \$103.8 million, were offset in part by program revenues for governmental activities of \$44.8 million. These program revenues included \$40.9 million in charges for services, \$0.3 million in operating grants and contributions, and \$3.6 million in capital grants and contributions. Charges for services include traffic safety fines, plan check fees, building inspection fees, other charges related to new construction, and fees charged for recreational, arts and cultural programs. Operating grants and contributions include amounts contributed by developers that are either restricted to grant requirements, or have been designated for one-time expenses, while capital grants and contributions are required to go toward capital investments. General revenues, as shown in Table 2 on the previous page, are available to pay for expenses not fully covered by program generated revenues.



Table 3 presents the program revenues and net expense of each of the City's largest programs. Net expense is defined as total program cost less the revenues generated or contributions received by those specific activities.

Table 3
Governmental Activities
Program Revenues and Net (Expense) Revenue From Services
(In Millions)

	Program Revenues		Net (Expense) Revenue	
	2017	2016	2017	2016
Public protection	\$ 2.20	\$ 2.30	(19.2)	(20.1)
Public works	16.4	18.4	(18.2)	(11.5)
Community and economic development	8.3	8.4	1.1	1.5
Housing	4.8	4.6	(6.8)	3.4
Arts and recreation	11.3	10.9	(4.8)	(5.5)
Administrative service	1.2	2.2	(3.7)	(2.2)
Human resources	-	-	(1.1)	(1.3)
General government	0.6	0.7	(6.2)	(6.2)
Totals	\$ 44.8	\$ 47.5	\$ (58.9)	\$ (41.9)

Business-type Activities

As shown in Table 4, the net position of the City's business-type activities was \$16.8 million at June 30, 2017. Assets included a total of \$8.1 million in cash and investments, \$104,000 in receivables, and \$13.6 million in capital assets. Liabilities include \$3.2 million in long-term debt and \$1.7 million in current liabilities. Total revenues and transfers for business-type activities totaled \$10.7 million for fiscal year ended June 30, 2017 while expenses totaled \$11.5 million.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Business-type Activities, Continued

Table 4
Business -Type Activities Statement of Net Position
(In Millions)

	<u>2017</u>	<u>2016</u>
Cash and investments	\$ 8.1	\$ 7.8
Other assets	0.1	(0.2)
Capital assets	13.4	13.9
Total assets	21.6	21.5
Long-term debt outstanding	3.2	3.3
Other liabilities	1.7	1.4
Total liabilities	4.9	4.7
Net Position		
Net investment in capital assets	10.4	10.5
Restricted	1.9	1.4
Unrestricted	4.5	4.9
Total net position	\$ 16.8	\$ 16.8

Table 5
Change in Net Position - Business-type Activities
(In Millions)

	<u>2017</u>	<u>2016</u>
Revenues		
Program revenues		
Charges for service	\$ 9.9	\$ 9.2
Total program revenues	9.9	9.2
General revenues		
Investment income and other	1.5	1.7
Total revenues	11.4	10.9
Expenses		
Golf Course and Clubhouse	5.5	4.8
Downtown Parking and Enhancement Fund	6.0	5.3
Total expenses	11.5	10.1
Excess (deficiency) before transfers	0.3	0.8
Transfers	(0.3)	-
Change in net position - Business-Type Activities	0.0	0.8
Net Position - Beginning of year	16.8	16.0
Net Position - end of year	\$ 16.8	\$ 16.8



City of Walnut Creek

Management's Discussion and Analysis, Continued

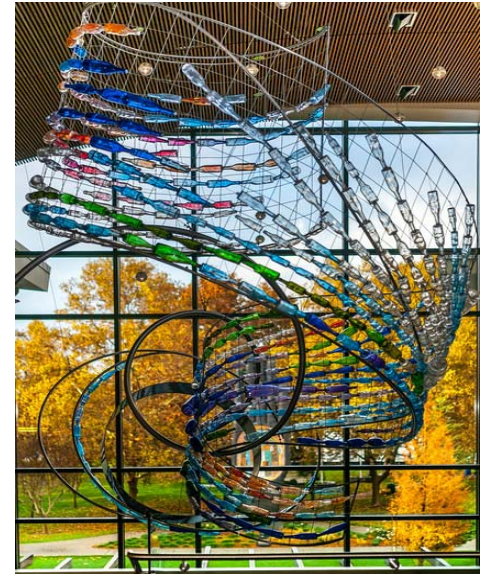
For the year ended June 30, 2017

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

These statements provide more detailed information about the City's major funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term 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 a City's or government agency's near-term financing requirements.



Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and 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 has twenty-five governmental funds, of which five are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. The City's five major funds are - the General Fund, the Housing Successor Agency Fund, the Housing Fund, the Community Development Block Grant Fund and the Capital Investment Program Fund. The City has classified these funds as major funds. Data from the other nineteen governmental funds are combined into a single, aggregated presentation.

The City adopts a biennial appropriated budget for its General Fund. Budgetary comparison schedules have been provided in the Required Supplementary Information section for these funds that demonstrates compliance with their budgets.

Proprietary funds

The City maintains two types of proprietary funds, Enterprise Funds and Internal Service Funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its operation of Boundary Oak Golf Course (City administration and onsite contract operations) and Downtown Parking and Enhancement, both of which are classified as major funds in the City's Statement of Net Position. Internal service funds are used to accumulate and allocate costs internally among the City's various functions and to build up reserves for future



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Proprietary funds, Continued

replacement of capital assets. The City uses internal service funds to account for its fleet of vehicles, computer systems, other furniture and equipment, improvements to City buildings. Because these services solely benefit the governmental function, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. All eight internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the Supplemental Information section of this report.

Fiduciary Funds

The City is the agent for certain agencies and assessment districts, holding amounts collected which await payment as directed. The City's fiduciary activities are reported in the separate Statement of Fiduciary Net Position and the Agency Funds Statement of Assets and Liabilities. These activities are excluded from the City's other financial statements because the City is acting as a trustee for these funds and cannot use these assets to finance its own operations. The City's fiduciary funds include a private-purpose trust fund to account for the activities of the City of Walnut Creek Successor Agency.

Summary Analysis of Governmental Funds

At June 30, 2017, the City's governmental fund balances were \$101.2 million, which is an overall decrease of \$1.1 million, or 1%, lower than the prior fiscal year. The following describe the specifics related to this variance:

- An increase of \$3.2 million in the General Fund, primarily due to a combination of increased revenues including property tax, and departmental revenues netted against expenditures which came in below budget;
- A decrease of \$156,000 in the Housing Successor Agency Fund, due to payment made to other taxing agencies for low and moderate income housing programs and project needs;
- A decrease of \$2.7 million in the Housing Fund, due to higher expenditures incurred for new affordable housing projects;
- An increase of \$1.1 million in the Capital Investment Program Fund is attributed to one-time funds set aside for Corporation Yard relocation and other asset management projects;
- A decrease of \$2.6 million in the City's non-major governmental funds, is primarily due to increases in the amounts transferred to the Capital Investment Program Fund from the Gas Tax Fund, Measure J Fund, Traffic Impact Mitigation Fund, and In-Lieu Park Fund, offset by increases in In-Lieu Park fees and Measure J Cooperative Agreement 28C revenues.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Summary Analysis of Governmental Funds, Continued

Table 6
Statement of Revenues, Expenditures and Other Financing Sources/Uses
Governmental Funds
(In Millions)

Revenues	2017	2016
Taxes:		
Sales and use	\$ 25.3	\$ 26.1
Property	22.0	20.3
Business license	2.4	2.4
Franchise	3.6	3.6
Transient occupancy	2.1	2.1
Other taxes	2.7	2.6
Intergovernmental	5.1	6.8
Investment and rental income	1.3	2.0
Charges for services	22.7	26.3
Licenses, permits and fees	3.1	3.3
Fines, forfeitures and penalties	10.3	11.1
Other revenue	0.8	2.2
Total revenues	<u>\$ 101.4</u>	<u>\$ 108.8</u>
Expenditures		
Current:		
Public protection	\$ 25.6	\$ 24.8
Public works	27.2	22.7
Community and economic development	7.9	7.1
Housing	5.6	1.2
Arts and recreation	16.1	16.5
Administrative services	4.9	4.4
Human resources	1.2	1.3
General government	5.9	5.1
Capital outlay	9.1	8.9
Debt service	-	-
Transfers (net)	0.1	(0.2)
Total expenditures	<u>\$ 103.6</u>	<u>\$ 91.8</u>



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Detailed Analysis of Major Governmental Funds by Fund

General Fund

The General Fund is the chief operating fund of the City. For the year ending June 30, 2017, the total fund balance was \$54.7 million, \$51.1 million of which is non-spendable, committed or assigned to cover contingencies, claims, encumbrances, advances to other funds and other City projects.

Revenues were \$0.2 million lower in fiscal year ended June 30, 2017 compared to last fiscal year, a change of 0.20%. Expenditures increased \$5.6 million in fiscal year ended June 30, 2017 compared to last fiscal year, a change of 8%. Significant changes in revenues and expenditures that affected the General Fund balances are discussed below:



General Fund Revenues

Sales and Use Taxes overall decreased by \$0.9 million (3.6%) compared to the prior year. However, the City received approximately \$1.5 million one-time funds in fiscal year 2016 as part of the Triple Flip unwind process. After accounting for the one-time Triple Flip funds, Sales and Use Tax revenue actually shows an increase of about \$0.7 million (2.8%) compared to the prior year.

Property and All Other Taxes increased \$1.8 million (8%) from the prior year primarily due to increases in secured property taxes (\$1.6 million), transient occupancy tax and other revenues.

Charges for Services increased by \$385,000 (2%) from fiscal year 2016 mainly due to increase in development and renovation projects for planning and building review and processing, offset by a decrease in planning and zoning fees.

Licenses, permits and fee revenues decreased by \$144,000 (4%) compared to the prior fiscal year, primarily due to lower electrical and mechanical permits, offset by an increase in the number of solar and City Green permits.

Fines, forfeitures, and penalties and other revenue decreased by \$947,000 (7%) from the prior fiscal year primarily due to one-time development agreement funds from John Muir (\$200,000) and Macerich final payment for Broadway plaza (\$1 million) received in fiscal year 2016, offset by an increase of Vehicle Impact fees.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Detailed Analysis of Major Governmental Funds by Fund, Continued

General Fund Expenditures

Public protection expenditures increased \$1.1 million (5%) from the prior year primarily due to increased personnel and benefit costs, mainly increase in PERS costs, and funding of the Body Warn Camera program.

Public works expenditures increased \$1.9 million (11%) compared to the prior year primarily due to increasing contractual services such as custodial and other professional services associated with development projects, increases in utilities and salary and benefit costs. Additional operational costs were incurred due to winter storm 2017. The higher costs were partially offset by salary savings.

Community and economic development expenditures increased \$810,000 (1%) from fiscal year 2016. This increase is attributable to higher professional and contractual services cost offset by salary savings.

Arts and Recreation expenditures were \$707,000 (5%) more than the prior year primarily due to the increases in salary and benefits, increase in utility and contractual services, and increased interdepartmental transfers. Additional fee revenues for arts and recreation programs offset most of these expenditure changes.

Administrative services expenditures increased \$524,000 (12%) compared to prior year primarily due to the increases in salary and benefit costs and a slight increase in contractual services.

Human resources expenditures decreased by \$83,000 over the prior fiscal year due to vacancy savings and reorganization of the department.

General government expenditures increased by \$656,000 (4%) from fiscal year 2016. This increase is attributable to professional services costs, increase in salary and benefit and higher insurance costs.

Housing Successor Agency Special Revenue

The Housing Successor Agency Special Revenue Fund was created by the City of Walnut Creek Housing Successor Agency to retain housing assets and perform housing functions of the former Redevelopment Agency of the City of Walnut Creek, which was eliminated effective February 1, 2012 by the State. As of June 30, 2017, its fund balance of \$615,000, of which \$533,000 is restricted for future housing projects and programs. The fund balance decreased by \$156,000, due to payment made to other taxing agencies for low and moderate income housing programs.

Housing Special Revenue

The Housing Special Revenue Fund accounts for in lieu fees derived of local development projects. As of June 30, 2017, its fund balance of \$6.2 million, of which \$3.5 million is restricted for affordable housing projects. During the fiscal year, the fund balance decreased by \$2.7 million due to higher expenditures incurred for new affordable housing projects.



City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2017

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Detailed Analysis of Major Governmental Funds by Fund, Continued

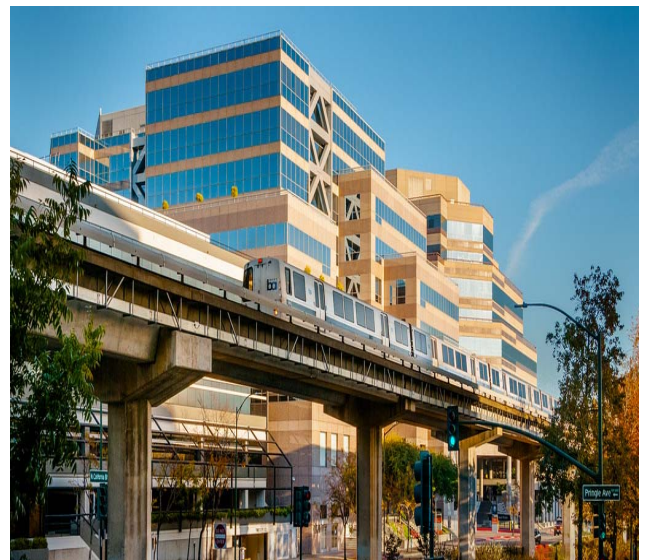
Community Development Block Grant (CDBG) Special Revenue

The CDBG Special Revenue Fund accounts for the grants received to carry out a wide range of community development activities directed towards developing viable urban communities by providing decent housing, a suitable living environment and expanding economic opportunities for low and moderate income households. As of June 30, 2017, the CDBG fund has approximately \$2.9 million in deferred inflow of resources – unavailable revenues for notes and loans.

Capital Investment Program

The Capital Investment Program Fund accounts for funds used for capital improvements and significant maintenance projects. As of June 30, 2017, its fund balance was \$5.6 million. This fund balance is typically restricted or assigned for use on current projects. The fund balance increased by \$79,000 in fiscal year 2017, due to one-time funds set aside for the Corporation Yard relocation and other asset management projects. Some of the more significant capital and maintenance projects that were completed during fiscal year 2017 are listed below:

- Hillside Avenue sidewalk improvements
- 2016 concrete Project – curb ramps on Ygnacio Valley Road and Oak Grove Road
- 2017 Slurry and Cape Seal Project – 49 Streets within Walnut Creek
- Ygnacio Valley Road Overlay from Civic Drive to California Blvd.
- Install Air conditioning in the Clay Arts Building
- Develop a new community garden at Heather Farm
- ADA parking and trash enclosure improvements at South Locust Garage
- Improve parking lot lighting in Civic Park
- Decorative Streetlight LED Conversion
- Northgate Park Landscape improvements



Summary Analysis of Proprietary Funds

As of June 30, 2017, the Enterprise Funds had a net position balance of \$16.8 million, a decrease of \$26,000 from the prior year. The net position balance of the Internal Service Funds is \$12.6 million, up \$1.5 million (12%) from the previous fiscal year, due to annual payment of \$1.7 million in the PERS Safety Side Fund Liability Internal Service Fund.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Summary Analysis of Proprietary Funds, Continued

Table 7
Change in Fund Net Position - Proprietary Funds
(In Millions)

	<u>Total Enterprise Funds</u>		<u>Total Internal Service Funds</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Operating revenues	\$ 11.4	\$ 10.7	\$ 3.6	\$ 3.8
Operating expenses	11.4	10.1	2.7	2.5
Operating income (loss)	<u>-</u>	<u>0.6</u>	<u>0.9</u>	<u>1.3</u>
Non-operating revenues (expenses)	0.2	0.1	-	-
Net income (loss) before contributions and operating transfers	<u>0.2</u>	<u>0.7</u>	<u>1.0</u>	<u>1.3</u>
Capital contributions	-	-		0.1
Transfers in (out)	(0.3)	0.1	0.4	0.2
Change in net position	<u>\$ (0.1)</u>	<u>\$ 0.8</u>	<u>\$ 1.4</u>	<u>\$ 1.6</u>

Boundary Oak City Administration and Contract Operations Enterprise Funds

These funds account for the administration and operation of the City's Boundary Oak Golf Course and Clubhouse. Of the total net position, \$46,000 was invested in capital assets, net of related debt.

Downtown Parking and Enhancement Enterprise Fund

This fund accounts for the administration and operation of the downtown trolley, parking lot certifications, parking meters and enforcement, as well as, parking garages. The net position of this fund decreased by approximately \$154,000 at the end of fiscal year 2017.

BUDGETARY HIGHLIGHTS OF THE CITY'S GENERAL FUND

Over the course of the year, the City Council revised the City's budget with adjustments for various revenue and expenditure changes. After taking into account these adjustments, General Fund actual revenues were more than the final budget by \$1 million (1%), which is primarily attributable to higher property taxes and charges for services than anticipated.

During fiscal year 2017, the City conducted a high level of recruitments, primarily tied to separations from retirements. Forty three new hire appointments occurred, and while these positions were vacant, the City benefited from salary and benefit cost savings across numerous Departments. General Fund actual expenditures were \$3.5 million (4%) under the final budget, with significant savings in Community and Economic Development (\$1 million), Arts and Recreation (\$951,000), and Public Protection (\$541,000). The savings in all of these departments are primarily related to salaries and benefits due to vacancy and reorganization of various department staffing structures to ensure we continue providing high quality services to our community.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

CAPITAL ASSETS AND LONG TERM DEBT

Capital Assets

The City records all of its capital assets, including infrastructure in the Statement of Net Position. Infrastructure includes roads, bridges, signals and similar assets used by the entire population. The City has recorded its capital assets at historical cost or estimated historical cost if actual historical cost was not available. In addition, donated fixed assets have been valued at their estimated fair market value on the date donated.

At June 30, 2017 the cost of infrastructure and other capital assets recorded on the City's financial statements is shown in Table 8 below:

Table 8
Capital Assets
(In Millions)

	<u>2017</u>	<u>2016</u>
Governmental activities		
Land	\$ 48.4	\$ 48.4
Construction in progress	28.3	19.5
Building and improvements	129.7	129.6
Machinery and equipment	11.2	10.7
Vehicles	9.2	9.0
Infrastructure	203.0	202.8
Less accumulated depreciation	(193.5)	(184.3)
Totals	<u>\$ 236.3</u>	<u>\$ 235.7</u>
Business-type activities		
Land	\$ 1.3	\$ 1.3
Construction in progress	4.1	3.8
Buildings	15.6	15.6
Improvements	2.6	2.6
Machinery and equipment	3.9	3.8
Vehicles	0.6	0.5
Less accumulated depreciation	(14.5)	(13.7)
Totals	<u>\$ 13.6</u>	<u>\$ 13.9</u>

At June 30, 2017, the City had \$236.3 million, net of depreciation, invested in a broad range of capital assets used in governmental activities and \$13.6 million, also net of depreciation, invested in business-type activities assets, as shown in Table 8 above. The increase in total capital assets in governmental activities is mainly due to Larkey Pool renovation and Roadway and Pavement maintenance.

The City depreciates all its capital assets on a straight-line basis over their estimated useful lives. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on capital assets may be found in Notes 1 and 6.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

CAPITAL ASSETS AND LONG TERM DEBT, Continued

Long Term Debt

At June 30, 2017 the City's debt was comprised of the following:

Table 9
Outstanding Debt
(In Millions)

	<u>2017</u>	<u>2016</u>
Governmental activities		
PG&E Energy Efficiency Loans	\$ 0.3	\$ 0.3
Capital Lease Obligation	-	0
Total governmental activities debt	<u>0.3</u>	<u>0.4</u>
Business-type activities		
Capital Lease Obligation	<u>3.0</u>	<u>3.3</u>
Total business-type activities debt	<u>3.0</u>	<u>3.3</u>
Total debt	<u>\$ 3.3</u>	<u>\$ 3.7</u>

The City has made all required debt service payments on the issues listed above. As related to the governmental activities, the capital lease obligation represents a new lease agreement for financing police mobile data system. The PG&E Energy Efficiency loans were secured to finance an LED streetlight conversion project that was completed in fiscal year 2012 and LED conversion projects at City parking lots, garages, and public service yards, which were finished in fiscal year 2013. In the business-type activities, the capital lease obligations represent lease agreements for the financing of equipment at the golf course.

During fiscal year 2015, the City entered into a site and facility lease agreement with Pinnacle Lease Financing in the amount of \$3.2 million to finance improvements at the Boundary Oak Golf Course Clubhouse. Additional information on outstanding debt may be found in Note 7 to the Basic Financial Statements.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The City has enjoyed its fourth consecutive strong financial year. This has been driven by strong growth in property tax, moderate growth in sales tax and steady revenues from direct services. Economic development and strength of the Bay Area economy have driven continued growth in revenues. Meanwhile expenses have grown due to cost of living increases, negotiated wage increases and the addition of some positions.

While fiscal year 2017 was a strong year financially, revenue growth in sales tax is slowing and the forecast for property tax is moderate over the next couple of years. Revenues from direct services grew significantly in the past several years. That growth has slowed and decreases in revenues from economic growth can be expected in the next few years.



City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2017

ECONOMIC OUTLOOK AND MAJOR INITIATIVES, Continued

The most significant financial challenges for the City are projected increases in pension costs and finding resources to both maintain and replace aging capital infrastructure. While the City is poised to receive some sizable increases in funding for transportation projects, funding to maintain buildings and other facilities are inadequate.

In December 2016, CalPERS voted to reduce their expected return on investments from 7.5% to 7.0% over three years - which will be effective starting fiscal year 2019. This action coupled with other assumption changes made by CalPERS will result in a substantial increase in pension contributions for employers. The City has forecasted that by fiscal year 2022 (or sooner) current budget surpluses could turn into deficits.

The City has taken decisive early action to address this challenge by placing \$12.8 million into an irrevocable Section 115 trust. The trust will be an essential tool to help the City address these budget challenges in future years.

The City Council has also identified funding capital infrastructure as a high priority area and is working directly to identify options to augment funding to address these needs.

As the City looks ahead to fiscal year 2018, management sees continued strength in City revenues – albeit at a more measured growth pace. However, increases in expenditures, largely driven by retirement costs may result in deficits in future years. For the budget for fiscal years 2016-2018, City Council established Strategic Priorities goals including the following:

- Fiscal Sustainability
- A Strong Local Economy
- Community Health and Well-Being
- Inclusive Governance

City Revenues and Expenses

Major Capital Projects funded for fiscal years 2016-18 include work on the following projects:

- Roadway and Pavement Maintenance
- S. Main St Bridge Replacement at Las Trampas Creek
- Bancroft Avenue Bridge Widening at Walnut Creek
- Civic Park Community Center Renovation
- HVAC Replacements and Upgrades
- Parking Garage Elevator Rehabilitation
- Walker-Homestead Drainage Improvements
- Civic Park Master Plan Update
- Pedestrian Improvements at Un-Signalized Crosswalks
- Building and Facility Maintenance Projects

The primary funding sources for these projects includes, Gas Tax, Measure J, impact fees received from new development, and one-time grants, with limited General Fund contributions.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this report should be directed to the to the following address: City of Walnut Creek, Finance Division, 1666 North Main Street, Walnut Creek, California 94596.

A copy of this financial report is also located at the City's website at <http://www.walnut-creek.org>, by selecting "Budget" in the "Quick Links" section and then selecting "Other Financial Reports".

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Walnut Creek

Statement of Net Position

June 30, 2017

(With comparative information for the prior year)

	Governmental Activities	Business-Type Activities	Totals	
			2017	2016
ASSETS				
Current assets:				
Cash and investments (Note 2)	\$ 111,949,248	\$ 7,966,742	\$ 119,915,990	\$ 114,772,955
Restricted cash and investments	-	176,598	176,598	506,227
Receivables:				
Accounts	3,594,076	82,634	3,676,710	2,488,649
Taxes	4,303,988	-	4,303,988	7,245,006
Due from other governments	1,035,927	-	1,035,927	2,657,844
Interest	301,052	21,200	322,252	216,908
Total current assets	121,184,291	8,247,174	129,431,465	127,887,589
Noncurrent assets:				
Notes and loans receivable (Note 3)	26,547,036	-	26,547,036	21,931,026
Inventory of materials and supplies	48,424	102,631	151,055	169,965
Internal balances	319,091	(319,091)	-	-
Prepaid items	58,104	14,289	72,393	67,803
Due from Successor Agency (Note 5)	274,544	-	274,544	274,544
Capital assets (Note 6):				
Nondepreciable	76,692,415	5,435,171	82,127,586	72,957,447
Depreciable	353,233,699	22,717,443	375,951,142	374,688,620
Accumulated depreciation	(193,550,703)	(14,511,712)	(208,062,415)	(198,024,693)
Total capital assets	236,375,411	13,640,902	250,016,313	249,621,374
Total noncurrent assets	263,622,610	13,438,731	277,061,341	272,064,712
Total assets	384,806,901	21,685,905	406,492,806	399,952,301
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	21,893,003	-	21,893,003	8,127,422
Total deferred outflows of resources	21,893,003	-	21,893,003	8,127,422
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	4,098,993	711,536	4,810,529	4,865,229
Accrued payroll	902,093	62,622	964,715	1,432,063
Refundable deposits	866,456	719,295	1,585,751	1,321,185
Unearned revenue (Note 4)	7,937,952	-	7,937,952	5,167,125
Claims payable due in one year (Note 10)	1,987,744	-	1,987,744	1,099,835
Compensated absences due in one year (Note 8)	290,002	1,650	291,652	180,954
Long-term debt due in one year (Note 7)	137,497	213,685	351,182	284,519
Total current liabilities	16,220,737	1,708,788	17,929,525	14,350,910
Noncurrent liabilities:				
Claims payable due in more than one year (Note 10)	3,751,876	-	3,751,876	4,196,311
Compensated absences due in more than one year (Note 8)	3,687,625	148,934	3,836,559	3,621,177
Net pension liability (Note 11)	101,822,611	-	101,822,611	82,998,021
Long-term debt due in more than one year (Note 7)	325,731	3,030,998	3,356,729	3,504,883
Total noncurrent liabilities	109,587,843	3,179,932	112,767,775	94,320,392
Total liabilities	125,808,580	4,888,720	130,697,300	108,671,302
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	3,443,859	-	3,443,859	7,178,758
Total deferred inflows of resources	3,443,859	-	3,443,859	7,178,758
NET POSITION				
Net investment in capital assets	235,912,183	10,396,219	246,308,402	245,831,972
Restricted for:				
Capital projects	29,897,829	1,857,468	31,755,297	34,134,613
Community development	13,990,036	-	13,990,036	16,605,558
Arts and recreation:				
Nonexpendable	1,000,000	-	1,000,000	1,000,000
Expendable	503,571	-	503,571	425,358
Total restricted net position	45,391,436	1,857,468	47,248,904	52,165,529
Unrestricted net position	(3,856,154)	4,543,498	687,344	(5,767,838)
Total net position	\$ 277,447,465	\$ 16,797,185	\$ 294,244,650	\$ 292,229,663

The accompanying notes are an integral part of these financial statements.



City of Walnut Creek
Statement of Activities
For the Year Ended June 30, 2017
(With comparative information for the prior year)

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
Public protection	\$ 21,316,774	\$ 1,758,551	\$ 222,631	\$ 170,120	\$ 2,151,302
Public works	34,531,939	12,207,198	81,500	3,044,786	15,333,484
Community development	7,217,740	7,987,183	-	347,810	8,334,993
Housing	11,711,124	5,897,633	-	-	5,897,633
Arts and recreation	16,073,448	11,242,136	22,916	7,600	11,272,652
Administrative services	4,911,818	1,242,212	-	-	1,242,212
Human resources	1,176,187	-	-	-	-
General government	6,891,946	649,612	-	-	649,612
Total governmental activities	103,830,976	40,984,525	327,047	3,570,316	44,881,888
Business-type activities:					
Golf Course and Clubhouse	5,462,725	5,483,257	-	-	5,483,257
Downtown Parking and Enhancement	6,011,653	4,421,068	-	-	4,421,068
Total business-type activities	11,474,378	9,904,325	-	-	9,904,325
Total primary government	\$ 115,305,354	\$ 50,888,850	\$ 327,047	\$ 3,570,316	\$ 54,786,213

General revenues:

Taxes:

Sales and use

Property

Franchise

Other taxes

Total taxes

Investment income

Other

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Totals	
		2017	2016
\$ (19,165,472)	\$ -	\$ (19,165,472)	\$ (20,146,994)
(19,198,455)	-	(19,198,455)	(11,546,870)
1,117,253	-	1,117,253	1,530,869
(5,813,491)	-	(5,813,491)	3,386,838
(4,800,796)	-	(4,800,796)	(5,474,048)
(3,669,606)	-	(3,669,606)	(2,199,500)
(1,176,187)	-	(1,176,187)	(1,262,404)
(6,242,334)	-	(6,242,334)	(6,148,801)
(58,949,088)	-	(58,949,088)	(41,860,910)
-	20,532	20,532	237,412
-	(1,590,585)	(1,590,585)	(1,164,582)
-	(1,570,053)	(1,570,053)	(927,170)
(58,949,088)	(1,570,053)	(60,519,141)	(42,788,080)
25,270,058	-	25,270,058	26,152,376
21,991,189	-	21,991,189	20,346,916
3,648,456	-	3,648,456	3,580,225
8,404,150	-	8,404,150	8,746,883
59,313,853	-	59,313,853	58,826,400
478,350	296,038	774,388	1,453,370
784,726	1,661,161	2,445,887	3,693,897
413,184	(413,184)	-	-
60,990,113	1,544,015	62,534,128	63,973,667
2,041,025	(26,038)	2,014,987	21,185,587
275,406,440	16,823,223	292,229,663	271,044,076
\$ 277,447,465	\$ 16,797,185	\$ 294,244,650	\$ 292,229,663

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

The funds described below were determined to be Major Funds by the City in fiscal year 2016-17

General Fund accounts for resources used to provide for general City operations

Special Revenue Fund:

Housing Successor Agency Fund was created by the City of Walnut Creek Housing Successor Agency to retain housing assets and perform housing functions of the former Redevelopment Agency for the low and moderate income housing program

Housing accounts for in lieu fees and other restricted funds to be used for affordable housing projects

Community Development Block Grants (CDBG) is used to account for grant receipts and related expenditures restricted for the primary purpose of developing viable communities

Capital Project Fund:

Capital Investment Program Fund accounts for resources used for making capital improvements and funding large maintenance projects



City of Walnut Creek

Balance Sheet

Major Governmental Funds

June 30, 2017

(With comparative information for the prior year)

	Special Revenue				Capital Project
	General Fund	Housing Successor	Housing	CDBG	Capital Investment
		Agency			Program
ASSETS					
Cash and investments (Note 2)	\$ 51,884,165	\$ 597,169	\$ 6,178,674	\$ -	\$ 11,121,297
Accounts receivable	1,840,075	19,648	26,952	105,717	-
Taxes receivable	4,303,988	-	-	-	-
Interest receivable	160,889	-	16,829	-	849
Prepaid items	53,734	-	-	4,200	-
Due from other governments	-	-	-	-	1,035,927
Due from other funds (Note 5)	1,130,482	-	-	-	-
Notes and loans receivable (Note 3)	-	7,784,198	14,902,963	2,898,553	-
Inventory of materials and supplies	48,424	-	-	-	-
Interfund loan (Note 5)	319,091	-	-	-	-
Amounts due from Successor Agency (Note 5)	274,544	-	-	-	-
Advance to other funds (Note 5)	3,699,719	-	-	-	-
Total assets	\$ 63,715,111	\$ 8,401,015	\$ 21,125,418	\$ 3,008,470	\$ 12,158,073
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and other accrued liabilities	\$ 2,468,355	\$ -	\$ 62,944	\$ 106,826	\$ 1,314,233
Accrued payroll	838,175	2,063	1,572	-	18,617
Due to other funds (Note 5)	-	-	-	24,019	1,060,927
Refundable deposits	866,456	-	-	-	-
Unearned revenues (Note 4)	4,801,800	-	-	-	3,136,152
Total liabilities	8,974,786	2,063	64,516	130,845	5,529,929
Deferred Inflows of Resources:					
Unavailable revenues - grants	-	-	-	-	1,030,175
Unavailable revenues- revolving notes and loans	-	7,784,198	14,902,963	2,898,553	-
Total deferred inflows of resources	-	7,784,198	14,902,963	2,898,553	1,030,175
Fund Balances (Note 9):					
Nonspendable	4,395,512	-	-	-	-
Restricted	-	532,842	3,457,247	-	5,597,969
Committed	32,618,987	-	-	-	-
Assigned	14,132,196	81,912	2,700,692	-	-
Unassigned	3,593,630	-	-	(20,928)	-
Total fund balances	54,740,325	614,754	6,157,939	(20,928)	5,597,969
Total liabilities, deferred inflows of resources and fund balances	\$ 63,715,111	\$ 8,401,015	\$ 21,125,418	\$ 3,008,470	\$ 12,158,073

The accompanying notes are an integral part of these financial statements.

Non Major Governmental Funds	Total Governmental Funds	
	2017	2016
\$ 31,501,658	\$ 101,282,963	\$ 96,646,763
1,601,684	3,594,076	2,450,187
-	4,303,988	7,245,006
91,087	269,654	179,499
170	58,104	47,601
-	1,035,927	2,657,844
-	1,130,482	1,570,303
961,322	26,547,036	21,931,026
-	48,424	52,932
-	319,091	361,139
-	274,544	274,544
-	3,699,719	5,337,214
<u>\$ 34,155,921</u>	<u>\$ 142,564,008</u>	<u>\$ 138,754,058</u>
\$ 69,965	\$ 4,022,323	\$ 4,053,449
37,396	897,823	1,373,620
45,536	1,130,482	1,570,303
-	866,456	792,187
-	7,937,952	5,167,125
<u>152,897</u>	<u>14,855,036</u>	<u>12,956,684</u>
-	1,030,175	1,570,303
961,322	26,547,036	21,931,026
<u>961,322</u>	<u>27,577,211</u>	<u>23,501,329</u>
1,000,000	5,395,512	6,436,216
32,031,560	41,619,618	45,405,553
-	32,618,987	17,769,063
10,142	16,924,942	14,744,818
-	3,572,702	17,940,395
<u>33,041,702</u>	<u>100,131,761</u>	<u>102,296,045</u>
<u>\$ 34,155,921</u>	<u>\$ 142,564,008</u>	<u>\$ 138,754,058</u>

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City of Walnut Creek
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2017

Total Fund Balances - Total Governmental Funds	\$ 100,131,761
Amounts reported for governmental activities in the Statement of Net Position were different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. Capital assets of governmental activities were adjusted as follows:	
Nondepreciable	76,692,415
Depreciable, net	153,834,208
Deferred outflows of resources related to pensions (Note 11)	21,893,003
Revenues which are unavailable on the Governmental Funds Balance Sheet because they are not currently available are recognized as revenue in the Statement of Activities and accordingly increase the net position on the Statement of Net Position.	27,577,211
Internal service funds are used to charge the costs of facility, vehicle and equipment replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	12,622,488
Long-term debts is not due and payable in the current period and therefore is not reported in the Governmental Funds Balance Sheet.	
Long-term liabilities - due within one year:	
Claims and judgments payable	(1,987,744)
Compensated absences payable	(290,002)
Long-term debt	(90,791)
Long-term liabilities - due in more than one year:	
Claims and judgments payable	(3,751,876)
Compensated absences payable	(3,687,625)
Net pension liability	(101,822,611)
Long-term debt	(229,113)
Deferred inflows of resources related to pensions (Note 11)	<u>(3,443,859)</u>
Net Position of Governmental Activities	<u><u>\$ 277,447,465</u></u>

The accompanying notes are an integral part of these financial statements.



City of Walnut Creek
Statement of Revenues, Expenditures and Changes in Fund Balances
Major Governmental Funds
For the Year Ended June 30, 2017
(With comparative information for the prior year)

	General Fund	Special Revenue		
		Housing Successor Agency	Housing	CDBG
REVENUES:				
Taxes:				
Sales and use	\$ 24,021,800	\$ -	\$ -	\$ -
Property	21,595,755	-	-	-
Business license	2,429,669	-	-	-
Franchise	3,648,456	-	-	-
Transient occupancy tax	2,093,907	-	-	-
Other	942,015	-	-	-
Intergovernmental	156,197	-	-	347,810
Investment and rental income	634,493	61,073	102,096	28,052
Charges for services	18,506,019	-	1,816,983	-
Licenses, permits and fees	3,118,723	-	-	-
Fines, forfeitures and penalties	10,323,924	-	-	-
Other revenue	-	152,130	49,708	180,567
Total revenues	87,470,958	213,203	1,968,787	556,429
EXPENDITURES:				
Current:				
Public protection	25,337,630	-	-	-
Public works	20,908,147	-	-	-
Community and economic development	7,343,575	-	80,193	100,304
Housing	-	369,063	4,971,150	235,553
Arts and recreation	15,993,376	-	-	-
Administrative services	4,901,030	-	-	-
Human resources	1,176,187	-	-	-
General government	5,601,705	-	-	-
Capital outlay:				
Public ways and facilities and equipment	-	-	-	-
Debt service:				
Principal retirement (Note 7)	61,199	-	-	-
Total expenditures	81,322,849	369,063	5,051,343	335,857
REVENUES OVER (UNDER) EXPENDITURES	6,148,109	(155,860)	(3,082,556)	220,572
OTHER FINANCING SOURCES (USES) (Note 5):				
Transfers in	845,895	-	389,151	-
Transfers (out)	(3,753,050)	-	-	(241,500)
Total other financing sources (uses)	(2,907,155)	-	389,151	(241,500)
Net change in fund balances	3,240,954	(155,860)	(2,693,405)	(20,928)
FUND BALANCES:				
Beginning of year	51,499,371	770,614	8,851,344	-
End of year	\$ 54,740,325	\$ 614,754	\$ 6,157,939	\$ (20,928)

The accompanying notes are an integral part of these financial statements.

<u>Capital Project</u>			
<u>Capital Investment Program</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>	
		<u>2017</u>	<u>2016</u>
\$ -	\$ 1,248,258	\$ 25,270,058	\$ 26,152,376
-	395,434	21,991,189	20,346,917
-	-	2,429,669	2,395,129
-	-	3,648,456	3,580,225
-	-	2,093,907	2,077,190
-	1,781,840	2,723,855	2,645,060
3,044,786	1,508,435	5,057,228	6,874,718
3,473	443,338	1,272,525	2,028,911
-	2,378,675	22,701,677	26,250,613
-	-	3,118,723	3,262,566
-	-	10,323,924	11,064,958
-	369,319	751,724	2,162,129
<u>3,048,259</u>	<u>8,125,299</u>	<u>101,382,935</u>	<u>108,840,792</u>
-	321,341	25,658,971	24,751,145
3,644,982	2,639,253	27,192,382	22,709,742
-	393,302	7,917,374	7,149,040
-	23,052	5,598,818	1,179,672
-	71,134	16,064,510	16,460,868
-	-	4,901,030	4,388,092
-	-	1,176,187	1,262,404
-	381,637	5,983,342	5,139,534
9,057,746	-	9,057,746	8,965,335
-	-	61,199	53,793
<u>12,702,728</u>	<u>3,829,719</u>	<u>103,611,559</u>	<u>92,059,625</u>
<u>(9,654,469)</u>	<u>4,295,580</u>	<u>(2,228,624)</u>	<u>16,781,167</u>
10,049,592	761,073	12,045,711	10,519,575
(316,202)	(7,670,619)	(11,981,371)	(10,767,297)
<u>9,733,390</u>	<u>(6,909,546)</u>	<u>64,340</u>	<u>(247,722)</u>
78,921	(2,613,966)	(2,164,284)	16,533,445
<u>5,519,048</u>	<u>35,655,668</u>	<u>102,296,045</u>	<u>85,762,600</u>
<u>\$ 5,597,969</u>	<u>\$ 33,041,702</u>	<u>\$ 100,131,761</u>	<u>\$ 102,296,045</u>

City of Walnut Creek

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities For the Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ (2,164,284)
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Amounts reported for governmental activities in the Statement of Activities were different because:

Depreciation expense on capital assets is reported in the Statement of Activities, but it does not require the use of current financial resources. Therefore, depreciation is not reported as an expenditure in governmental funds.

	(8,281,389)
--	-------------

Governmental funds report acquisition of capital assets as expenditures in various functions and in capital outlay. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets additions recorded in the current period less transfers to business type activities.

	9,248,235
--	-----------

Revenues which are unavailable on the Governmental Funds Balance Sheet because they are not currently available are recognized as revenue in the Statement of Activities. This amount represents revenues that were unavailable on the governmental funds statements in prior years and recognized this year, however those revenues which were recognized on the government-wide statements in prior years and therefore should not be recognized as revenue in the current year.

	4,075,882
--	-----------

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

Long-term debt repayments	61,199
---------------------------	--------

Expenses to accrue for long-term compensated absences and claims liability is reported in the Statement of Activities, but they do not require the use of current financial resources. Therefore, these expenses are not reported in governmental funds.

	(865,439)
--	-----------

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense is measured as the change in net pension liability and the amortization of deferred outflows and inflows related to pensions. This amount represent the net change in pension related amounts.

	(1,324,111)
--	-------------

Internal service funds are used to charge the costs of information technology and equipment replacement, to individual funds. The net revenue of the internal service funds is reported with governmental activities.

	<u>1,290,932</u>
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Change in Net Position of Governmental Activities	\$ <u>2,041,025</u>
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The accompanying notes are an integral part of these financial statements.



PROPRIETARY FUND FINANCIAL STATEMENTS

Proprietary funds account for City operations financed and operated in a manner similar to private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

Enterprise Funds:

The *Golf Course - City Administration Fund* accounts for City oversight of and support services to the Boundary Oak Golf Course and Clubhouse operations, capital improvements made to the golf course and clubhouse and any related debt service. In prior periods, City oversight and support services to the Boundary Oak Clubhouse was accounted for in a separate enterprise fund.

The *Boundary Oak - Onsite Contract Operations* accounts for golf and clubhouse operations which are run by a third party operator.

The *Downtown Parking and Enhancement Fund* accounts for receipts from parking meter revenues to be used for funding parking structure improvements and for enhancement of the downtown area.

Internal Service Funds:

The *Internal Service Funds* account for activities that provide goods or services to other City funds, departments, or agencies on a cost reimbursement basis. The combined total of all internal service funds are shown on the Proprietary Fund Financial Statements.



City of Walnut Creek
Statement of Net Position
Proprietary Funds
June 30, 2017

(With comparative information for the prior year)

	Business-type Activities - Enterprise Funds			Total Enterprise Funds	
	Golf Course - City Administration	Boundary Oak - Onsite Contract Operations	Downtown Parking and Enhancement	2017	2016
ASSETS					
Current assets:					
Cash and investments	\$ 2,416,818	\$ 238,975	\$ 5,310,949	\$ 7,966,742	\$ 7,296,712
Restricted cash and investments	176,598	-	-	176,598	506,227
Total cash and investments (Note 2)	2,593,416	238,975	5,310,949	8,143,340	7,802,939
Accounts receivable	-	34,567	48,067	82,634	37,639
Interest receivable	6,487	-	14,713	21,200	13,886
Inventory of materials & supplies	-	102,631	-	102,631	117,033
Prepaid items	-	14,289	-	14,289	20,202
Total current assets	2,599,903	390,462	5,373,729	8,364,094	7,991,699
Noncurrent assets:					
Capital assets (Note 6):					
Nondepreciable	5,292,111	-	143,060	5,435,171	5,118,968
Depreciable	4,877,449	1,068,090	16,771,904	22,717,443	22,477,197
Accumulated depreciation	(4,083,863)	(865,134)	(9,562,715)	(14,511,712)	(13,714,784)
Total capital assets	6,085,697	202,956	7,352,249	13,640,902	13,881,381
Total noncurrent assets	6,085,697	202,956	7,352,249	13,640,902	13,881,381
Total assets	8,685,600	593,418	12,725,978	22,004,996	21,873,080
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	43,357	260,483	407,696	711,536	640,161
Accrued payroll	2,741	-	59,881	62,622	53,784
Interfund loan-due in one year (Note 5)	42,897	-	-	42,897	42,048
Compensated absences- due in one year (Note 10)	-	-	1,650	1,650	417
Long term debt - due in one year (Note 7)	155,282	58,403	-	213,685	182,529
Total current liabilities	244,277	318,886	469,227	1,032,390	1,286,943
Noncurrent liabilities:					
Refundable deposits	-	719,295	-	719,295	528,998
Interfund loan-due in more than one year (Note 5)	276,194	-	-	276,194	319,091
Advances from other funds (Note 5)	-	-	-	-	-
Compensated absences- due in more than one year (Note 10)	-	-	148,934	148,934	120,001
Long term debt - due in more than one year (Note 7)	2,929,779	101,219	-	3,030,998	3,162,828
Total noncurrent liabilities	3,205,973	820,514	148,934	4,175,421	4,130,918
Total liabilities	3,450,250	1,139,400	618,161	5,207,811	5,049,857
NET POSITION					
Net investment in capital assets	3,000,636	43,334	7,352,249	10,396,219	1,056,024
Restricted for:					
Capital Projects	34,868	-	1,822,600	1,857,468	1,368,855
Unrestricted net position	2,199,846	(589,316)	2,932,968	4,543,498	4,918,344
Total net position (deficit)	\$ 5,235,350	\$ (545,982)	\$ 12,107,817	\$ 16,797,185	\$ 16,823,223

The accompanying notes are an integral part of these financial statements.

Governmental		
Activities		
Internal Service Funds	Total Internal Service Funds	
	2017	2016
\$ 10,666,285	\$ 10,666,285	\$ 10,829,480
-	-	-
10,666,285	10,666,285	10,829,480
-	-	823
31,398	31,398	23,523
-	-	-
-	-	-
10,697,683	10,697,683	10,853,826
-	-	-
15,032,705	15,032,705	14,404,727
(9,183,917)	(9,183,917)	(8,224,512)
5,848,788	5,848,788	6,180,215
5,848,788	5,848,788	6,180,215
16,546,471	16,546,471	17,034,041
76,670	76,670	171,619
4,270	4,270	4,659
-	-	-
-	-	-
46,706	46,706	45,669
127,646	127,646	221,947
-	-	-
-	-	-
3,699,719	3,699,719	5,337,214
-	-	-
96,618	96,618	143,324
3,796,337	3,796,337	5,480,538
3,923,983	3,923,983	5,702,485
5,705,464	5,705,464	5,991,222
-	-	-
6,917,024	6,917,024	5,340,334
\$ 12,622,488	\$ 12,622,488	\$ 11,331,556



City of Walnut Creek
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2017
(With comparative information for the prior year)

	Business-type Activities - Enterprise Funds			Total Enterprise Funds	
	Golf Course - City Administration	Boundary Oak - Onsite Contract Operations	Downtown Parking and Enhancement	2017	2016
OPERATING REVENUES:					
Charges for services	\$ -	\$ 5,483,257	\$ 4,421,068	\$ 9,904,325	\$ 9,210,709
Fines, forfeitures and penalties	-	-	1,534,138	1,534,138	1,503,512
Other revenue	-	11,394	-	11,394	10,321
Total operating revenues	-	5,494,651	5,955,206	11,449,857	10,724,542
OPERATING EXPENSES:					
Supplies and services	365,436	4,812,366	5,082,089	10,259,891	9,075,036
Repairs and maintenance	23,772	12,400	276,920	313,092	244,594
Depreciation	78,556	92,164	657,376	828,096	753,176
Total operating expenses	467,764	4,916,930	6,016,385	11,401,079	10,072,806
OPERATING INCOME (LOSS)	(467,764)	577,721	(61,179)	48,778	651,736
NONOPERATING REVENUES (EXPENSES):					
Investment and rental income	236,213	-	59,825	296,038	194,148
Interest and related expenses	(73,769)	(4,262)	-	(78,031)	(69,873)
Gain (loss) on sale of capital assets	-	-	4,732	4,732	4,800
Total nonoperating revenues (expenses)	162,444	(4,262)	64,557	222,739	129,075
Net income (loss) before capital contributions and transfers	(305,320)	573,459	3,378	271,517	780,811
Capital contributions	-	-	115,629	115,629	54,616
Transfers in (Note 5)	873,143	-	143,060	1,016,203	3,843,660
Transfers (out) (Note 5)	(313,617)	(700,000)	(415,770)	(1,429,387)	(3,837,419)
Change in net position	254,206	(126,541)	(153,703)	(26,038)	841,668
NET POSITION:					
Total net position (deficit) - Beginning	4,981,144	(419,441)	12,261,520	16,823,223	15,981,555
Total net position (deficit) - Ending	\$ 5,235,350	\$ (545,982)	\$ 12,107,817	\$ 16,797,185	\$ 16,823,223

The accompanying notes are an integral part of these financial statements.

Governmental Activities Internal Service Funds	Total Internal Service Funds	
	2017	2016
	\$ 3,614,422	\$ 3,614,422
-	-	-
-	-	-
<u>3,614,422</u>	<u>3,614,422</u>	<u>3,847,633</u>
702,587	702,587	469,975
691,169	691,169	814,024
1,347,821	1,347,821	1,291,422
<u>2,741,577</u>	<u>2,741,577</u>	<u>2,575,421</u>
872,845	872,845	1,272,212
-	-	-
(59,058)	(59,058)	(138,075)
16,781	16,781	105,266
<u>(42,277)</u>	<u>(42,277)</u>	<u>(32,809)</u>
830,568	830,568	1,239,403
111,520	111,520	120,380
414,476	414,476	500,000
(65,632)	(65,632)	(258,519)
<u>1,290,932</u>	<u>1,290,932</u>	<u>1,601,264</u>
11,331,556	11,331,556	9,730,292
<u>\$ 12,622,488</u>	<u>\$ 12,622,488</u>	<u>\$ 11,331,556</u>



City of Walnut Creek
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017
(With comparative information for the prior year)

	Business-type Activities - Enterprise Funds		
	Golf Course - City Administration	Boundary Oak - Onsite Contract Operations	Downtown Parking and Enhancement
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ -	\$ 5,492,877	\$ 5,911,985
Payments to suppliers	(380,683)	(4,882,967)	(5,217,643)
Payments to employees	(117)	-	39,121
Other receipts	-	190,297	-
Net cash provided (used) by operating activities	(380,800)	800,207	733,463
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	873,143	-	143,060
Transfers out	(313,617)	(700,000)	(415,770)
Net cash provided (used) by noncapital financing activities	559,526	(700,000)	(272,710)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital Contribution	-	-	115,629
Acquisition of capital assets	(224,885)	(802)	(258,689)
Proceeds from the sale of capital assets	-	-	4,732
Interest paid on debt	(73,769)	(4,262)	-
Principal paid on long-term debt	(168,234)	(77,729)	-
Net cash provided (used) by capital and related financing activities	(466,888)	(82,793)	(138,328)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received	233,825	-	54,899
Net cash provided by investing activities	233,825	-	54,899
Net increase in cash and cash equivalents	(54,337)	17,414	377,324
CASH AND INVESTMENTS:			
Beginning of the year	2,647,753	221,561	4,933,625
End of the year	\$ 2,593,416	\$ 238,975	\$ 5,310,949
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating (loss)	\$ (467,764)	\$ 577,721	\$ (61,179)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:			
Depreciation	78,556	92,164	657,376
Changes in assets and liabilities:			
Accounts receivable	-	(1,774)	(43,221)
Inventory / prepaid items	-	20,315	-
Advance from other funds	-	-	-
Accounts payable and accrued liabilities	8,525	(78,516)	141,366
Salaries and wages payable	(117)	-	39,121
Deposits payable	-	190,297	-
Net cash provided (used) by operating activities	\$ (380,800)	\$ 800,207	\$ 733,463
Noncash items:			
Capital Lease	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

Total Enterprise Funds		Governmental Activities Internal Service Funds	Total Internal Service Funds	
2017	2016		2017	2016
\$ 11,404,862	\$ 10,884,792	\$ 3,615,245	\$ 3,615,245	\$ 3,848,811
(10,481,293)	(9,336,840)	(1,489,094)	(1,489,094)	(1,279,997)
39,004	10,003	-	-	-
190,297	262,047	-	-	-
<u>1,152,870</u>	<u>1,820,002</u>	<u>2,126,151</u>	<u>2,126,151</u>	<u>2,568,814</u>
1,016,203	3,843,660	557,800	557,800	500,000
(1,429,387)	(3,837,419)	(65,632)	(65,632)	(258,519)
<u>(413,184)</u>	<u>6,241</u>	<u>492,168</u>	<u>492,168</u>	<u>241,481</u>
115,629	54,616	111,520	111,520	120,380
(484,376)	(2,774,607)	(1,142,937)	(1,142,937)	(1,405,841)
4,732	4,800	-	-	-
(78,031)	(69,873)	(186,803)	(186,803)	(239,471)
<u>(245,963)</u>	<u>(114,255)</u>	<u>(1,683,164)</u>	<u>(1,683,164)</u>	<u>(1,549,482)</u>
<u>(688,009)</u>	<u>(2,899,319)</u>	<u>(2,901,384)</u>	<u>(2,901,384)</u>	<u>(3,074,414)</u>
288,724	187,926	119,870	119,870	93,347
<u>288,724</u>	<u>187,926</u>	<u>119,870</u>	<u>119,870</u>	<u>93,347</u>
340,401	(885,150)	(163,195)	(163,195)	(170,772)
7,802,939	8,688,089	10,829,480	10,829,480	11,000,252
<u>\$ 8,143,340</u>	<u>\$ 7,802,939</u>	<u>\$ 10,666,285</u>	<u>\$ 10,666,285</u>	<u>\$ 10,829,480</u>
\$ 48,778	\$ 651,736	\$ 872,845	\$ 872,845	\$ 1,272,212
828,096	753,176	1,347,821	1,347,821	1,291,422
(44,995)	160,250	823	823	1,178
20,315	(10,023)	1,637,495	1,637,495	1,513,845
-	-	(1,637,495)	(1,637,495)	(1,504,827)
71,375	(7,187)	(95,338)	(95,338)	(5,016)
39,004	10,003	-	-	-
190,297	262,047	-	-	-
<u>\$ 1,152,870</u>	<u>\$ 1,820,002</u>	<u>\$ 2,126,151</u>	<u>\$ 2,126,151</u>	<u>\$ 2,568,814</u>
\$ -	\$ -	\$ 143,324	\$ 143,324	\$ -

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FIDUCIARY FUND FINANCIAL STATEMENTS

Fiduciary Fund Types:

Agency Funds account for assets held by the City as an agent for various community groups and functions. The financial activities of these funds are excluded from the government-wide financial statements, but are presented in the separate fiduciary fund financial statements.

Private-Purpose Trust Funds account for monies received from the Contra Costa County Auditor Controller for repayment of the enforceable obligations of the former Redevelopment Agency of the City of Walnut Creek. These funds are restricted for the sole purpose of payment of items on an approved Recognized Payment Obligation Schedule (ROPS).



City of Walnut Creek
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2017

	Private-Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents (Note 2)	\$ 707,655	\$ 4,475,977
Cash and investments held with fiscal agent	1,506,091	
Receivables:		
Accounts receivable	-	99,616
Interest receivable	815	16,280
Total Receivables	<u>815</u>	<u>115,896</u>
Total assets	<u>2,214,561</u>	<u>\$ 4,591,873</u>
LIABILITIES		
Accounts payable	-	\$ 78,914
Accrued payroll	538	-
Due to bondholders	-	1,753,917
Advance deposits	-	2,759,042
Bonds payable (Note 15)	<u>305,000</u>	<u>-</u>
Total liabilities	305,538	4,591,873
Noncurrent liabilities:		
Advance due to the City	274,544	-
Long-term debt (Note 15)	<u>965,000</u>	<u>-</u>
Total noncurrent liabilities	<u>1,239,544</u>	<u>-</u>
Total liabilities	<u>1,545,082</u>	<u>\$ 4,591,873</u>
NET POSITION		
Held in trust for other governments	<u>\$ 669,479</u>	

The accompanying notes are an integral part of these financial statements.



City of Walnut Creek
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2017

	<u>Private Purpose Trust Fund</u>
ADDITIONS:	
Property taxes	\$ 630,742
Investment earnings	<u>2,683</u>
Total additions	<u>633,425</u>
DEDUCTIONS:	
Community and economic development	29,648
Interest, fiscal charges and issuance costs	<u>84,830</u>
Total deductions:	<u>114,478</u>
TRANSFERS:	
Transfers in	378,742
Transfers (out)	<u>(378,742)</u>
Net Transfers	-
Extraordinary gain from dissolution of former Redevelopment Agency (Note 15)	<u>-</u>
Change in net position	518,947
Net Position	
Total net position (deficit) - Beginning	<u>150,532</u>
Total net position - Ending	<u>\$ 669,479</u>

The accompanying notes are an integral part of these financial statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

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City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Walnut Creek, California have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The City of Walnut Creek, California (City) was incorporated in 1914. The City operates under an elected Council and appointed City Manager form of government and provides the following services as authorized by its charter: public safety, community development, arts, recreation and community services, planning services, public works, general administrative services and capital improvements.

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations and data from these units are combined with data of the City. Each blended component unit has a June 30 year-end.

Blended Component Unit

Walnut Creek Public Facilities Financing Authority (Authority)

The Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, by and between the City and the former Redevelopment Agency of the City of Walnut Creek. It was created by the City of Walnut Creek City Council (City Council) in 1992 for the purpose of acting as a vehicle for various financing activities of the City. The City Council serves as the Board of Directors for the Authority.

The Authority operations for the current fiscal year have been included in the accompanying basic financial statements as part of the City's business-type activities for the Golf Course-City Administration fund.

B. Basis of Presentation

Government-Wide Statements – The Statement of Net Position and the Statement of Activities display information about the primary government (City) and its blended component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Interfund transfers and amounts owed between funds within the primary government have been eliminated from the statements. Amounts representing interfund services and uses remain in the statements. These statements distinguish between *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Presentation, Continued

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the 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 and investment earnings, result from nonexchange transactions or ancillary activities.

C. Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements - The government-wide, proprietary, and fiduciary financial statements are reported using the "*economic resources*" measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Governmental Fund Financial Statements - All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, special assessments, intergovernmental revenues, other taxes, interest revenue, rental revenue and certain charges for services. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt and financing from capital leases are reported as other financing sources.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement Focus and Basis of Accounting, Continued

The City reports the following major governmental funds:

The General Fund – This fund is the City’s primary operating fund. It accounts for all financial resources necessary to carry out basic governmental activities of the City which are not accounted for in another fund.

The Housing Successor Agency Fund – This fund was established to account for the housing activities related to the restricted assets assumed by the City as Housing Successor of the former Redevelopment Agency of the City of Walnut Creek.

The Housing Fund – This fund accounts for in lieu fees and other restricted funds to be used for affordable housing projects.

Community Development Block Grants (CDBG) – This fund accounts for federal grant receipts and related expenditures restricted for the primary purpose of developing viable communities.

The Capital Investment Program Fund – This fund accounts for resources used for making capital improvements and funding large maintenance projects.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major proprietary fund.

A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Change in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

The City reported all of its Enterprise Funds as major funds in the accompanying financial statements, as noted on the next page.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement Focus and Basis of Accounting, Continued

The *Golf Course - City Administration Fund* accounts for the City administration of the Boundary Oak Golf Course and Clubhouse and capital improvements made to the golf course and clubhouse, including any related debt service.

The *Boundary Oak - Onsite Contract Operations Fund* accounts for golf course and clubhouse operations run by a third party operator for the Boundary Oak Golf Course.

The *Downtown Parking and Enhancement Fund* accounts for receipts from parking meter revenues to be used for funding parking structure improvements and for enhancement of the downtown area.

Additionally, this fund category includes the City's internal service funds, which are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis and to accumulate funds for the future replacement of capital items.

Internal Service Fund Financial Statements

The Vehicle Replacement Fund accumulates funds for the replacement of vehicles and other fleet equipment on a regular basis.

The Police Radio Fund accounts accumulate funds for the replacement of radio equipment on a regular basis. Funds are budgeted in operating budgets annually based upon expected useful life.

The Equipment Replacement LCA Fund has accumulated funds for the replacement of theater equipment. Funds are budgeted in the Arts Recreation and Community Services Department operating budgets as they become available and are transferred to this fund.

The Equipment Replacement IT Fund accumulates funds for the replacement of personal computers, technology infrastructure and major software applications based upon their expected replacement cost and useful life.

The Equipment Replacement, ASD Fund has accumulated available funds for the replacement of finance equipment based upon their expected replacement cost and useful life.

The Equipment Replacement-General Fund accumulates funds for the replacement of worn and obsolete equipment other than vehicles based upon their expected useful life and replacement cost.

The Facilities Replacement Fund accumulates funds as they become available for the costs associated with the maintenance of all City facilities.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement Focus and Basis of Accounting, Continued

The PERS Safety Side Fund Liability Fund accounts for the repayment of an internal loan made for the early retirement of a portion of the public safety pension liability.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements for *Trust* type funds include a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. The City's Fiduciary funds represent agency funds and Private Purpose Trust Funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are accounted for using the accrual basis of accounting. The City's agency funds are included in these financial statements and are used to account for assets held by the City as agent for individuals, governmental entities, and non-public organizations. These funds include the following:

The Assessment Districts Group I account for the redemption of special assessment bonds issued for the purposes of acquisition and improvement in various Local Improvement Districts.

The Trust and Agency accounts for assets held by the City as an agent for various organizations and activities.

Fiduciary fund financial statements for the Successor Agency to the Redevelopment Agency *Private-Purpose Trust fund* type include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The private purpose trust funds are accounted for using the accrual basis of accounting. The funds include the following:

Redevelopment Agency Obligation Retirement Fund accounts for the accumulation of resources to be used for payments at appropriate amounts and times in the future.

RDA Successor Agency Debt Service Fund accounts for accumulation of resources to be used for payment of debt service on former Redevelopment Agency Merged Project Area Tax Allocation Bonds.

D. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents. Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized costs. All other investments are stated at fair market value.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Cash, Cash Equivalents and Investments, Continued

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF). Investments in LAIF are subject to credit risk, with the full faith and credit of the State of California collateralizing these investments.

For purposes of reporting cash flows, the City considers each fund's share in the cash and investments pool to be cash and cash equivalents, including cash with fiscal agents.

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

E. Restricted Cash and Investments

Fiscal agents acting on behalf of the City hold investment funds arising from the proceeds of long-term debt issuances. The funds may be used for specific capital outlays or for the payment of certain bonds, certificate of participation or tax allocation bonds, and have been invested only as permitted by specific State statutes or applicable City ordinance, resolution or bond indenture.

F. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Currently, the General Fund liquidates compensated absences.

G. Pensions

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



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Property Taxes

Property taxes are levied based on a fiscal year (July 1 – June 30). Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of Contra Costa bills and collects the property taxes and special assessments for the City. Under the County’s *Teeter Plan*, the County remits the entire amount levied and handles all delinquencies, retaining the interest and penalties. The property taxes are remitted to the City in installments during the year.

I. Long-Term Debt

Government-Wide Financial Statements

Long-term debt and other financial obligations are reported as liabilities in the appropriate funds.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bonds proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the U.S. Treasury at least every five years. The City has evaluated each bond issued subject to the arbitrage rebate requirements and has determined that no arbitrage liability exists at June 30, 2017. The City has complied with all significant bond covenants relating to reserve and sinking fund requirements.

Bond Issuance Costs

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures. Interest expenditures for governmental funds are recognized when payment is due.

For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using a straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as an expenditure or expense when incurred. Interest on long-term debt is recognized as the liability is incurred.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from these estimates and assumptions.

K. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated fixed assets are valued at acquisition value on the date donated. City policy has set the capitalization threshold for reporting infrastructure capital assets at \$25,000 and for all other capital assets at \$5,000 and with useful lives exceeding one year. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings	10 - 50 years
Improvements other than buildings	10 - 30 years
Machinery and equipment	5 - 10 years
Vehicles	7 years
Infrastructure	20 - 100 years

The City has included all infrastructures in the current basic financial statements. The City defines infrastructure as the basic physical assets that allow the City to function. The assets include: roadways, storm drains, and traffic signals. Each major infrastructure network can be divided into subsystems. For example the roadway network can be subdivided into pavement, curb, and gutters. The storm drain network can be subdivided into structures and pipe. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Interest accrued during capital assets construction, if any, is capitalized for the business-type activities and proprietary funds as part of the asset cost.

L. Public Facilities Financing

Interest costs incurred from the date of borrowing to the completion of the improvement project(s) are capitalized, net of interest earnings, on all proprietary fund assets acquired with tax-exempt debt.

M. Deferred Outflows/Inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pensions in accordance with GASB Statement No. 68.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Deferred Outflows/Inflow of resources (continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from receivables that will not be collected within the City's period of availability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows related to pensions in accordance with GASB Statement No. 68.

N. Net Position and Fund Balance

Net Position

In the government-wide financial statements, Net Position is the excess of all the City's assets and deferred outflows over all its liabilities, and deferred inflows. Net Position is divided into three captions as follows:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments, or other restrictions which the City cannot unilaterally alter.

Unrestricted - This amount represents the portion that is not restricted in use.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

Fund Balances

Fund balance of governmental funds is reported in various categories based on the nature of any limitations or constraints requiring the use of resources for specific purposes. Fund balance classifications consist of Nonspendable, Restricted, Committed, Assigned and Unassigned amounts as described below:

Nonspendable - Items that cannot be spent because they are not in spendable form, long term portions of receivables, inventories, prepaid items, and also items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan fund.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. Net Position and Fund Balance (continued)

Restricted - Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed - Committed fund balances encompass the portion of net fund resources that includes amounts that can only be used for specific purposes pursuant to constraints imposed by Resolution 11-30, adopted on June 7, 2011 by the City Council, as amended by Resolution 12-36 on June 9, 2012, and remain binding unless removed by a subsequent formal action through City Council Resolution or Ordinance. The City Council is also the highest level of decision making authority for all of its component units. Commitments may be changed or removed only by the same formal action (City Resolution or City Ordinance) taken by the City Council to impose the constraint.

Assigned - Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. The City Council Resolution 11-30 establishing the classifications of fund balance in accordance with GASB 54, adopted on June 7, 2011, delegates to the City Manager the authority to carry through Council direction related to those components of fund balance that are reported as "Assigned" in the City's Comprehensive Annual Financial Report.

Unassigned - This category is for all balances that have no restrictions placed upon them. Only the general fund can have a positive unassigned fund balance.

For governmental funds, the order in which resources will be expended is as follows: Restricted Fund Balance, followed by Committed Fund Balance, Assigned Fund Balance, and lastly Unassigned Fund Balance.

O. One-Time Funds

In order to establish a formal process by which one-time revenues and General Fund budget surpluses are to be allocated and used for funding one-time needs in support of overall City goals and priorities, Policy and procedure No. 302 was adopted on June 19, 2012 by formal action of the City Council at its regular meeting via Resolution No. 12-37. As part of the six-month and eighteen-month budget updates (and at additional intervals as determined by the City Manager), Finance Division staff report any One-Time Revenues to the City Council. At that time, the City Council may authorize specific allocations of One-Time Revenues for purposes of funding One-Time Expenses. Depending upon the source and nature of these funds, they may be committed or assigned to specific purposes, or unassigned and available to further City and community goals. The balance of unassigned funds allocated for one time uses but not expended as of June 30, 2017 is \$358,459.

P. Inventory and Prepaid Items

Inventories are valued at cost (on the first-in, first-out basis). Inventories of the General Fund consist of expendable fuel and oil supplies held for consumption. The cost is recorded as expenditure in the General Fund at the time the individual inventory items are consumed.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

P. Inventory and Prepaid Items (continued)

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both the government-wide and fund financial statements.

The amount of inventory and prepaid expense reported in the General Fund are offset by nonspendable fund balance, which indicates that they do not constitute available spendable resources, even though they are a component of net current assets.

Q. New Pronouncements

GASB Statement No. 74 – In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 74 replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, and Statement No. 50, *Pension Disclosures*. The provisions in Statement No. 74 are effective for fiscal years beginning after June 15, 2016. The City has determined that the requirements of this statement do not have a material impact on the financial statements.

GASB Statement No. 77 – In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. This statement is effective for reporting periods beginning after December 15, 2015. The City has determined that the requirements of this statement do not have a material impact on the financial statements.

GASB Statement No. 78 – In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement is effective for reporting periods beginning after December 15, 2015. The City has determined that the requirements of this statement do not have a material impact on the financial statements.

GASB Statement No. 80 – In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement is effective for reporting periods beginning after June 15, 2016. The City has determined that the requirements of this statement do not have a material impact on the financial statements.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

R. Upcoming Pronouncements

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No.75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. The City has not determined its effect on the financial statements.

GASB Statement No. 81 – In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement is effective for reporting periods beginning after December 15, 2016. The City has not determined the effect on the financial statements.

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this Statement is to provide financial statement users with information about asset retirement obligations that were not addressed in GASB Standards by establishing uniform accounting and financial reporting requirements for these obligations. This Statement is effective for reporting periods beginning after June 15, 2018. The City has not determined the effect on the financial statements.

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for reporting periods beginning after December 15, 2018. The City has not determined the effect on the financial statements.

GASB Statement No. 85 – In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to improve consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement is effective for reporting periods beginning after June 15, 2017. The City has not determined the effect on the financial statements.

GASB Statement No. 86 – In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This Statement is effective for reporting periods beginning after June 15, 2017. The City has not determined the effect on the financial statements.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

R. Upcoming Pronouncements, Continued

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. This Statement is effective for reporting periods beginning after December 15, 2019. The City has not determined the effect on the financial statements.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds, which the City invests to enhance interest earnings. The pooled interest earned is allocated to the funds quarterly, based on average cash and investment balances in these funds.

A. Cash Deposits

At June 30, 2017, the carrying amount of the City's deposits was \$4,184,994. Bank balances before reconciling items were \$5,382,786 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

According to California law, the fair value of pledged securities with banking institutions must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on a quarterly basis to the various funds based on average daily cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

B. Investments

Under provisions of the City's investment policy and in accordance with Section 53601 of the California Government Code, the City may invest in the types of investments listed in the table below. The table also identifies certain provisions intended to limit the City's exposure to interest rate risk, credit risk and concentration of credit risk.

Investment Type	Maximum Maturity *	Maximum %/\$ of Portfolio*	Maximum Investment in One Issuer*
U.S. Treasury and Federal Agency Securities	5 years	None	None
Local Agency Debt	5 years	5% or \$5 million	\$2 million
Non Negotiable Certificates of Deposit	5 years	20%	\$2 million
Negotiable Certificates of Deposit	5 years	30%	\$2 million
Bankers Acceptances	180 days	40%	\$2 million
Commercial Paper (Corporations)	270 days	15%	\$2 million
Medium-Term Corporate Notes	5 Years	30%	\$5 million
California Local Agency Investment Fund (LAIF)	N/A	\$150 million	None
California Asset Management Program (CAMP)	N/A	None	None
Money Market Mutual Funds	N/A	20%	10%

* Based upon State Law or investment policy requirements, whichever is more restrictive

This table does not address investments of debt proceeds held by a fiscal agent. These types of investments are governed by the provisions of debt agreements of the City.

The Policy, in addition to State statutes, establishes that funds on deposit in banks must be federally insured or collateralized and that investments shall be laddered and based on cash flow forecasts. The City's investments comply with the established policy.

The City's investments are stated at fair value or amortized cost. Portfolio value changes are unrealized unless sold. The City's policy is to buy and hold investments until their maturity dates.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

C. Summary of Cash and Investments

The following is a summary of cash and investments at June 30, 2017:

	Governmental Activities	Business-Type Activities	Total	Fiduciary Fund	
				Financial Statements	Total
Cash and investments	\$ 111,949,248	\$ 7,966,742	\$ 119,915,990	\$ 5,183,632	\$ 125,099,622
Restricted cash and investments	-	176,598	176,598		176,598
Total cash and investments	\$ 111,949,248	\$ 8,143,340	\$ 120,092,588	\$ 5,183,632	\$ 125,276,220
Cash and investments with fiscal agent	\$ -	\$ -	\$ -	\$ 1,506,091	\$ 1,506,091

Deposits and investments were categorized as follows at June 30, 2017:

City Treasury Deposits:

Deposits	Not Rated	\$ 4,251,455
Petty Cash	Not Rated	20435
Total City Treasury Deposits		4,271,890

City Treasury investments:

Securities of U.S. Government Agencies:		
Federal Home Loan Bank (FHLB)	AA+	6,957,920
Federal Farm Credit Bureau (FFCB)	AA+	9,400,850
Federal National Mortgage Assoc (FNML)	AA+	19,154,471
Federal Home Loan Mortgage Corp (FH)	AA+	14,637,446
Commercial Paper	A-1	1,993,380
Certificate of Deposits	Not Rated	4,834,201
Medium Term Corporate Notes	A/A+/AA-/AA	28,878,536
U.S. Treasury Money Market	AAA	1,110,177
Local Agency Investment Funds	Not Rated	32,523,724
California State General Obligation Bonds		1,513,625
Total City Treasury Investments		121,004,330
Total Cash and Investments		\$ 125,276,220

Investments With Fiscal Agent:

U.S. Treasury Money Market	AAA	\$ 1,506,091
Total Investments with Fiscal Agent		\$ 1,506,091



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

D. Fair Value of Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (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 or liabilities in active markets that the City has the ability to access.

Level 2 - Inputs to the valuation methodology include:

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

Deposits and withdrawals in governmental investment pools, such as LAIF are made on the basis of \$1 and not fair value. Accordingly, the City's proportionate share in these types of investments is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

The following is a description of the valuation methods and assumptions used by the City to estimate the fair value of its investments. There have been no changes in the methods and assumptions used at June 30, 2017. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. City management believes its valuation methods are appropriate and consistent with other market participants. 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 Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

D. Fair Value of Investments, 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.

For investments classified within Level 2 of the fair value hierarchy, the City's custodians generally use asset market prices derived from closing bids prices as of the last business day of the month as supplied by Interactive Data, broker/dealer quotes and matrix pricing. The City does not have any investments that are measured using Level 1 or Level 3 inputs.

As of June 30, 2017, the City has the following recurring fair value measurements:

	<u>Fair Value Measurements on a Recurring Basis Using</u>			
	<u>Balance at</u>	<u>Quoted</u>	<u>Significant</u>	<u>Significant</u>
Investments by Fair Value Level	<u>June 30, 2017</u>	<u>Prices in</u>	<u>Other</u>	<u>Unobservable</u>
		<u>Active</u>	<u>Observable</u>	<u>Input</u>
		<u>Markets for</u>	<u>Inputs</u>	<u>(Level 3)</u>
		<u>Identical</u>	<u>(Level 2)</u>	
		<u>Assets</u>		
		<u>(Level 1)</u>		
Medium Term Notes	\$ 28,878,536		\$ 28,878,536	
U.S Government Agencies:				
Federal Home Loan Bank	6,957,920		6,957,920	
Federal Farm Credit Bank	9,400,850		9,400,850	
Federal Home Loan Mortgage Corp	14,637,446		14,637,446	
Federal National Mortgage Assoc	19,154,471		19,154,471	
Commercial Paper	1,993,380		1,993,380	
Certificates of Deposits	4,834,201		4,834,201	
California State General Obligation Bonds	1,513,625		1,513,625	
	<u>\$ 87,370,429</u>	<u>\$ -</u>	<u>\$ 87,370,429</u>	<u>\$ -</u>
 Value or Subject to Fair Value Hierarchy				
Local Agency Investment Funds	32,523,724			
Money Market Mutual Funds	1,110,177			
Total Investments Not Masured at Fair Value	<u>33,633,901</u>			
Total City's Pooled Investments	<u>121,004,330</u>			
 Investments Held with Fiscal Agent Not Measured at Fair Value				
Money Market Mutual Funds	1,506,091			
Total Investments	<u>\$ 122,510,421</u>			



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

E. Risk Disclosures

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy requires that the City's investment portfolio mature in less than five years. Specific maturities of investments depend on liquidity needs. As of June 30, 2017, the City's pooled cash and investments had the following maturities.

Investment Type	Fair Value	Investment Maturities (in years)				
		1 year or less	1-2 years	2-3 years	3-4 years	4-5 years
Local Agency Investment Funds	\$ 32,523,724	\$ 32,523,724	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Money Market	1,110,177	1,110,177	-	-	-	-
Medium Term Corporate Notes	28,878,536	16,047,492	1,992,010	6,890,774	2,977,430	970,830
Securities of U.S. Government:						
Federal Home Loan Bank	6,957,920	998,610	2,986,020	2,973,290	-	-
Federal Farm Credit Bureau	9,400,850	998,980	1,986,540	4,950,280	1,465,050	-
Federal Home Loan Mortgage Co.	14,637,446	3,992,880	5,965,160	1,993,620	1,496,790	1,188,996
Federal National Mortgage Assoc.	19,154,471	-	2,976,830	14,989,425	1,188,216	-
Commercial Paper	1,993,380	1,993,380	-	-	-	-
Certificate of Deposits	4,834,201	3,111,805	982,183	247,842	492,371	-
California General Obligation Bonds	1,513,625				509,065	1,004,560
Total	\$ 121,004,330	\$ 60,777,048	\$ 16,888,743	\$ 32,045,231	\$ 8,128,922	\$ 3,164,386
Investments with Fiscal Agent:						
U.S. treasury Money Market	\$ 1,506,091	\$ 1,506,091	\$ -	\$ -	\$ -	\$ -

Custodial Credit Risk. For an investment, custodial credit risk is a risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All securities, with the exception of the money market funds and LAIF, are held by a third-party custodian, Union Bank of California (UBOC). UBOC is a registered member of the Federal Reserve Bank. The City's investment policy is that no more than \$2 million can be invested in any one institution for commercial paper, negotiable certificates of deposit or medium term corporate notes. The City's custodial agreement policy prohibits counterparties holding securities not in the City's name.

For treasury deposits, custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposits are held in the name of the City at the City's third party custodian. Therefore, the City is not exposed to custodial credit risk.

Credit Risk. This is risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The City's investment policy is that no more than \$2 million can be invested in any one institution for commercial paper, negotiable certificates of deposit or medium term corporate notes. Bonds and notes must be rated "A" or better by Moody's or Standard and Poor's.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Accordingly, the notes to the financial statements should disclose if the government has 5



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

E. Risk Disclosures, continued

percent or more of its total investments in a single issuer. More than 5% of the City’s investments are in the Federal Home Loan Bank, Federal Farm Credit Bureau, Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. These investments are \$40,695,715 or 35% of the City's total investments.

F. Investments in Local Agency Investment Funds

The City’s investments with the Local Agency Investment Fund (LAIF), a State of California investment pool, at June 30, 2017, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. LAIF is part of the Pooled Money Investment Account (PMIA). The PMIA began in 1955 and oversight is provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. The PMIB members are the State Treasurer, Director of Finance, and State Controller.

As of June 30, 2017, the City had \$32,523,724 invested in LAIF. The City valued its investments in LAIF as of June 30, 2017 at fair value, by multiplying its account balance with LAIF by a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants’ total aggregate fair value by total aggregate amortized cost, resulting in a factor of 0.998940671 .

G. Investments Authorized by Debt Agreements

The Successor Agency to the Redevelopment Agency must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the Successor Agency fails to meet its obligations under these debt issues. The California Government code requires these funds to be invested in accordance with City ordinance, bond indentures or State statute. The table on the following page identifies the certain provisions of these debt agreements:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	3 years	None	None
Banker's Acceptance	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual funds	None	None	None
Investment Contracts	None	None	None
California Local Agency Investment Fund	None	None	None



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

3. NOTES AND LOANS RECEIVABLE

Summary of Notes and Loans Receivable

At June 30, 2017, the City's notes and loans receivable and related unavailable revenue consisted of the following:

	Housing Successor	Housing	CDBG	Non-Major Governmental Funds	Total Loans and Notes Receivables
Home Rehabilitation Loans	\$ 794,371	\$ -	\$ 252,261	\$ 76,322	\$ 1,122,954
First-Time Homebuyers	1,443,422	696,590	128,465	550,000	2,818,477
The Oaks Apartments	562,171	-	-	-	562,171
Sierra Drive Apartments	49,503	-	402,000	-	451,503
Acalanes Court Apartments	1,180,732	-	79,771	-	1,260,503
Acalanes Court Apartments (#2)	-	130,000	-	-	130,000
Casa Montego II, Incorporated	500,000	1,105,156	-	-	1,605,156
Ivy Hill Apartments	551,392	1,073,608	-	-	1,625,000
MP Tice Oak Associates	-	-	10,635	-	10,635
Villa Vasconcellos Apartments	673,389	1,124,974	568,984	-	2,367,347
Third Avenue Apartments	1,382,404	1,582,595	1,128,500	-	4,093,499
Pleasant Creek Homes	370,000	-	-	-	370,000
Riviera Family Apartments	-	5,655,040	325,000	-	5,980,040
Las Juntas Way	276,814	2,735,000	-	-	3,011,814
St.Paul Commons	-	800,000	-	-	800,000
Equity Loans to City Employees (Note 13)	-	-	-	335,000	335,000
Senior Outreach Services	-	-	2,936	-	2,936
	<u>\$ 7,784,198</u>	<u>\$14,902,963</u>	<u>\$ 2,898,553</u>	<u>\$ 961,322</u>	<u>\$ 26,547,036</u>

The City engages in programs to encourage construction of and improvement in low-to-moderate income housing or other projects. Under these programs, grants or revolving loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City's terms. Since the City does not expect to collect these revolving loans within the City's period of availability, they have been offset by entries to unavailable revenues in the fund financial statements.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

3. NOTES AND LOANS RECEIVABLE, Continued

Home Rehabilitation Loans

The City administers a housing rehabilitation loan program using Community Development Block Grant funds, Housing Successor funds and City funds. Under these Programs, individuals with incomes below a certain level are eligible to receive low interest 20 year loans, secured by deeds of trust, for construction work on their homes. The loan repayments may be amortized over the life of the loans, deferred or a combination of both. At June 30, 2017, these loans totaled \$1,122,954 and the program included 27 participants.

First-Time Homebuyer Loans

The First-Time Homebuyer Program, using Community Development Block Grant funds, Housing Successor Agency funds and City funds, was established during 1995 to provide financing for applicants with moderate income or less who are unable to qualify for a home purchase without down payment assistance. Under this program, individuals with income below a certain level are eligible to receive deferred loans which are secured by second deeds of trust, bear interest (in the form of equity earnings from the appreciation of the property equal to the percentage of the purchase price) and are due and payable at the time the homes are sold, refinanced or transferred. At June 30, 2017, First-Time Homebuyer Loans totaling \$2,818,477 had been extended and the program included 59 participants.

The Oaks Apartments

At June 30, 2017, the Housing Successor Agency held a note receivable from Ecumenical Association for Housing in the amount of \$562,171. The original note in the amount of \$368,000 was entered into on July 14, 1995 to facilitate the building of a 36-unit apartment complex to provide housing for individuals with incomes 60% or more below the Bay Area median income level. The note accrued interest at a rate of 5% beginning July 14, 2002; repayment of interest and principal commenced on December 31, 2001, provided that the project generates surplus cash. In December 2015, a loan modification agreement was entered into whereby the City agreed to modify the terms of the Original City Loan to provide that (i) the interest on the Note shall accrue at the Applicable Federal Rate (as published in the Federal Register for the month Close of Escrow date occurs) for long-term debt compounded annually, (ii) the maturity date shall be extended to fifty five (55) years from the date of the Close of Escrow; (iii) interest accrued to the date of Close of Escrow shall be included in the principal balance so that the principal amount of the loan shall be \$614,862 which is equal to amount of the Original City Loan plus interest in the amount of \$246,862 and (iv) modify the definition and allocation of Surplus Cash (as defined in the Note). The project did generate surplus cash for fiscal year 2016-17 in the amount of \$52,691 which was applied toward the outstanding principal and interest loan balance respectively.

Sierra Drive Apartments

At June 30, 2017, the City held two note receivables from the Affordable Housing Association totaling \$451,503. The first promissory note in the amount of \$327,000 (of which the Housing Successor Agency held a similar note in the amount of \$49,503 for a combined amount of \$376,503) was entered into on December 8, 1995 (amended and restated in their entirety on July 11, 2013) to facilitate the renovation of a 28-unit apartment complex called Sierra Drive Apartments. As a condition of the notes, 14 units were encumbered with 55 year covenants that require the units to be rented to individuals with low and moderate incomes. The outstanding



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

3. NOTES AND LOANS RECEIVABLE, Continued

principal balance of the Loan bears interest at a simple rate of 3% per annum. Repayments are to be made annually, by December 1st of the outstanding principal and accrued interest on the loan, equal to 10% of the Lenders' Share of Residual Receipts for the prior year.

Any remaining unpaid principal and interest is due in full November 30, 2050. The project did not generate surplus cash as for fiscal year 2016-17. The City held a second note receivable in the amount of \$75,000 with Satellite Affordable Housing Associates for roof improvements at Sierra Garden Apartments. The note was originally entered into on July 11, 2013. However the loan was not made until March 27, 2015. The outstanding principal balance of the Loan bears interest at a simple rate of 3% per annum. On November 30, 2050, (the "Maturity Date"), the principal balance remaining unpaid, plus accrued interest, shall be paid in full.

Acalanes Court Apartments

At June 30, 2017, the City held a note receivable from Trinity Avenue Apts., L.P. with an outstanding loan balance of \$79,771 and the Housing Successor Agency held a similar note receivable with an outstanding loan amount of \$1,180,732 for a combined amount of \$1,260,503. The City entered into a loan agreement with Satellite Housing for \$80,000 on March 17, 2003 to perform predevelopment work for a family rental housing project (the "Project Site") located at the northeasterly corner Trinity and Oakland Boulevard. Subsequently, a promissory note similar to that of the Housing Successor Agency was executed to replace the agreement. The Housing Successor Agency promissory note was entered into on February 20, 2004 for \$1,112,080 (amended and restated for an additional \$150,000 on February 17, 2005) for a total of \$1,262,080 to facilitate the building of a 17-unit rental apartment complex, at the Project Site, of which eight units are required by the Housing Successor Agency to be provided for income eligible households, whose gross household income does not exceed 60% of the area median income and of which the remaining nine units are required by the County to be affordable to between 30% and 60% of the area median income. The note accrues interest at a rate of 3% per annum from the date of advance(s) until paid in full. Principal and accrued interest are to be paid annually commencing on May 1 following close of permanent financing of the Project Improvements equal to Lenders' share of residual receipts. Any remaining unpaid principal and interest are due in full 55 years from issuance of a certificate of occupancy. A certificate of occupancy was issued on October 3, 2006.

Acalanes Court Apartments (#2)

At June 30, 2017, the City held a note receivable from Trinity Avenue Apt., L.P. in the amount of \$130,000. The City note entered into on June 5, 2007 is a loan from the City's inclusionary housing in-lieu fund to cover a portion of additional costs that occurred during the construction of Acalanes Court, a 17-unit family rental-housing complex that was completed in November 2006. Simple interest at 3% per annum is to be accrued on the unpaid principal balance beginning from the date of the advance. Principal is due on May 1st following the date of this Note, and on May 1st of each year thereafter for the term of the City Loan. Borrower shall make repayments of the outstanding principal and accrued interest under this Note equal to the Lenders' share of Residual Receipts. To the extent that the Lender's Share of Residual Receipts is insufficient to make any payments under this Note, such payment(s) shall be deferred. Principal sum and all other sums shall be due and payable in full 55 years from issuance of the certificate of occupancy for this Project. The certificate of occupancy was issued on October 3, 2006.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

3. NOTES AND LOANS RECEIVABLE, Continued

Casa Montego II

At June 30, 2017, the Housing Successor Agency and the City each held a note receivable from Casa Montego II, Inc., a California public benefit corporation, with outstanding balances in the amounts of \$500,000 and \$1,105,156, respectively. The promissory notes were entered into on November 15, 2007 for the acquisition of real property located at 180 La Casa Via in Walnut Creek, California and the development of approximately 33 units of multifamily rental housing on that property pursuant to the Agreement. No interest shall accrue on the unpaid principal balance, except in the event of default, in which case interest shall accrue on the date of the default and continuing until such time as the Loan is repaid in full or the default is cured, at the default rate of the lesser of ten percent (10%), compounded annually, or the highest rate permitted by law. Except as provided herein, the principal sums not to exceed \$500,000 and \$1,153,000 and all other sums hereunder shall be due and payable in full 55 years from the completion of construction of the project, as evidenced by a certificate of occupancy or similar document. Commencing on May 1 of 2010 and on May 1 of each year thereafter for the Term of the Loan, Borrower shall make repayments of the outstanding principal on the Loan equal to the Agency's proportionate share of the lenders' share of Residual Receipts, as further described in the Intercreditor Agreement. The project did not generate residual receipts for fiscal year 2016-17.

Ivy Hill Apartments/Regent on the Park Condominiums

At June 30, 2017, the City held a note receivable from Walnut Creek Housing Partners, Alma Investors and New Cities Land Company (the developer) in the amount of \$1,073,608 and the Housing Successor Agency held a similar note in the amount of \$551,392 for a combined amount of \$1,625,000. In August 2000, a long-term loan was granted to finance a portion of the cost of developing the Ivy Hill Apartment Project, including land acquisition costs. The loan is due in 55 years on February 1, 2055, and it accrues interest at the rate of 5%. No principal or interest payments are due until the maturity date. The loan, and all accrued interest, will be forgiven on the maturity date if the Ivy Hill Apartment Project was operated in compliance with the regulatory agreement throughout the term of the loan. The loan is secured by a deed of trust against the apartment site, subordinate to the senior construction and permanent loans entered into by the developer. As a condition of the loans, 47 units were encumbered with 55 year covenants which require the units to be rented to individual with very low incomes, and shall be rented at a rate specified in the agreement.

MP Tice Oaks Associates

At June 30, 2017, the City held two notes receivable from MP Tice Oaks Associates with a total loan balance outstanding of \$10,635. These two notes (\$44,940 funded by the City's Affordable Housing Fund and \$105,439 funded by the CDBG Grant Program) were entered into on May 16, 2001 for a 91-unit multi-family housing project. The notes accrue simple interest at a rate of 3%. Principal payments of \$139,743 were made in fiscal year 2016-17.

Villa Vasconcellos Apartments

At June 30, 2017, the City held a note receivable from Resources for Community Development with an outstanding balance of \$1,693,958 (consisting of \$568,984 Community Block Grant Funds and \$1,124,974 in



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

3. NOTES AND LOANS RECEIVABLE, Continued

City inclusionary housing in-lieu fees). The Housing Successor Agency held a similar note with an outstanding balance of \$673,389. The promissory notes were originally entered into on October 7, 2004 for \$680,000 and \$720,000, respectively, to facilitate the building of a 72-unit rental apartment complex to provide housing for very low-income households. The City promissory note was amended and restated for an additional \$1,122,265 on November 10, 2005. Both notes state that no interest is to be accrued on the unpaid principal balance, except in the event of a default, in which case interest shall begin to accrue on the date of the default and continue until such time as the Loan is repaid in full, or the default is cured, at the default rate of the lesser of ten percent (10%), compounded annually or the highest rate permitted by law. Principal is due on May 1 following completion of the construction equal to the City and Housing Successor Agency proportionate share of the lenders' share of residual receipts. Principal sum and all other sums shall be due and payable in full 55 years from completion of the project as evidenced by a certificate of occupancy, which was issued April 1, 2008. The project did generate surplus cash for fiscal year 2016-17 in the amount of \$36,626 which was applied toward the outstanding principal and interest loan balance. At June 30, 2017, these loans totaled \$2,367,347.

Third Avenue Apartments

At June 30, 2017, the City held a note receivable from Satellite Housing, Inc. with an outstanding balance of \$2,711,095. The promissory note was entered into on March 17, 2009 for \$2,427,500 to facilitate the acquisition of additional real property located at Third Avenue and the building of a 48-unit rental apartment complex. At June 30, 2014, the Housing Successor Agency held a note receivable with an outstanding balance of \$1,382,404 from Satellite Housing, Inc. The promissory note was entered into on January 6, 2009 for \$793,500 (amended and restated for an additional loan of \$372,500 on March 17, 2009 and amended for a second additional loan of \$216,400 on March 1, 2011) to facilitate the acquisition of real property located at Third Avenue and the building of the same 48-unit rental apartment complex. The notes accrue interest at a rate of 3% per annum from the date of advance(s) until paid in full. Principal and accrued interest are to be paid annually commencing on May 1 following completion of the construction of the Development. Any remaining unpaid principal and interest are due in full 55 years from issuance of a certificate of occupancy. As of June 30, 2017, this certificate had not been issued and the loans outstanding totaled \$4,093,499.

Pleasant Creek Homes

At June 30, 2017, the Housing Successor Agency held a note receivable from Habitat for Humanity East Bay, a California nonprofit public benefit corporation ("Borrower"), with an outstanding balance of \$370,000. The promissory note was entered into March 16, 2011 for \$370,000 to facilitate the acquisition of certain real property located on Barkley Avenue in Walnut Creek and the development of approximately ten affordable homes on that property and other property controlled by the Borrower. The principal sum shall be due and payable on the earliest of (A) five years from the date of the Note, (B) the date the last Affordable Home in the Project is sold or refinanced, or (C) an Event of Default by Borrower that has not been cured as provided in the Loan Agreement. No interest shall accrue on the unpaid principal balance, except in the event of a default, in which case interest on the Loan shall begin to accrue on the date of the default and continuing until such time as the Loan is repaid in full or the default is cured, at the default rate of the lesser of ten percent (10%), compounded annually or the highest rate permitted by law.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

3. NOTES AND LOANS RECEIVABLE, Continued

Riviera Family Apartments

At June 30, 2017, the City held a note receivable from Riviera Family Apartments, L.P. in partnership with Resources for Community Development, with an outstanding balance of \$5,980,040 (consisting of \$325,000 Community Development Block Grant Funds and \$5,655,040, in City inclusionary housing in-lieu fees). The original promissory note was entered into on February 25, 2014 for \$1,700,000 (first amended and restated on September 29, 2014 to \$5,000,000 and a second amendment on September 16, 2016 to \$6,000,000), to facilitate the acquisition of real property located at 1511-1515 Riviera Avenue and 1738 Riviera Avenue in Walnut Creek, California and the predevelopment of approximately 58-units of multifamily rental housing on that property and other properties to be acquired by the Borrower pursuant to the agreement. Interest shall accrue on the unpaid principal balance at a rate of 3% per annum. Principal and accrued interest are to be paid annually, equal to One Hundred Percent of the Lenders' Share of Residual Receipts, commencing on May 1 following completion of the construction, of the Development, as evidenced by a certificate of occupancy or similar document and on May 1st of each year thereafter for the Term of the Loan which expires upon earlier of (a) the fifty-fifth anniversary of the Completion Date or (b) the fifty-ninth anniversary of the date of this Note.

Las Juntas

At June 30, 2017, the City held a note receivable from Habitat for Humanity East Bay/Silicon Valley, Inc. with an outstanding balance of \$3,011,814 to facilitate the acquisition of real property located on Las Juntas Way in Walnut Creek, California, and the development of approximately 52 condominium or townhouse homes and realted improvements on that property pursuant to the agreement. Issued in December 2016, the note does not bear interest, however, in the event of a default, interest on the loan shall begin to accrue as of the date of default and continue until such time as the loan funds are repaid in full or the default is cured, as the default rate of the lesser of ten percent (10%), compounded annually, or the highest rate permitted by law. The principal amount is due and payable on the earliest of (a) seven (7) years from the date of the note, (b) the date the last affordable home in the project is sold or refinanced, or (c) an event of default by the borrower that has not been cured as provided for in the loan agreement.

St. Paul Commons

At June 30, 2017, the City held a note receivable from Resources for Commnity Development with an outstanding balance of \$800,000 for predevelopment costs related to the potential development of real property located at 1860-1924 Trinity Avenue in Walnut Creek, California. The term of the note commenced March 2, 2017 and expires on November 23, 2020. The note bears interest at a simple rate of 3% per annum.

Senior Outreach Services

At June 30, 2017, the City held a note receivable from Senior Outreach Services in the amount of \$2,936 for the installation of a new roof on its program/administrative offices located at 1300 Civic Drive in Walnut Creek. The outstanding principal balance does not bear interest, however, in the event of a default, interest on the loan shall begin to accrue as of the date of default and continue until such time as the loan funds are repaid in full or the default is cured, as the default rate of the lesser of ten percent (10%), compounded annually, or the highest rate permitted by law. There shall be no payments due under this note so long as the borrower is not in default under this note, the Deed of Trust or the Loan Agreement. The principal amount of the note will be



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

3. NOTES AND LOANS RECEIVABLE, Continued

amortized over ten (years). For each year the borrower uses the subject building for CDBG eligible purposes, 1/10 of the City's investment will be forgiven.

4. UNEARNED REVENUE

Unearned revenues represent amounts for which revenues have not been earned. At June 30, 2017, unearned revenues were as follows:

	Governmental Activities/ Government funds
Permits and inspection fees	\$ 3,372,764
Business licenses	1,281,358
Prepaid rental revenue	144,678
Grants	3,139,152
Total	\$ 7,937,952

5. INTERFUND TRANSACTIONS

Fund Financial Statements

Due To/Due From

At June 30, 2017, the City had the following short-term receivables and payables:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Major Funds:		
CDBG	General Fund	\$ 24,019
Capital Investment Program	General Fund	1,060,927
		<u>1,084,946</u>
Non-Major Governmental Funds		
Traffic Safety/Police Grants	General Fund	45,536
		<u>45,536</u>
Total		<u>\$ 1,130,482</u>

The purpose of the short term borrowing was to assist in paying expenditures for various replacement and capital improvement projects.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

5. INTERFUND TRANSACTIONS, Continued

Fund Financial Statements

Interfund loan between the General Fund and the Golf Course Enterprise Fund

During fiscal year 2013-14, the General Fund entered into an internal loan agreement with the Golf Course Enterprise Fund to finance the redemption of the 1997 Public Facilities Financing Authority Lease Revenue Bonds for Boundary Oak Golf Course and related transaction costs. The loan amount was \$442,756 with an interest rate of 2% per annum and annual payments of \$48,887 over a ten year period beginning in fiscal year 2014-15. The annual repayment schedule for the loan and related costs outstanding at June 30, 2017, were as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 42,897	\$ 5,990	\$ 48,887
2019	43,763	5,124	48,887
2020	44,646	4,241	48,887
2021	45,547	3,340	48,887
2022	46,467	2,420	48,887
2023-2024	95,771	2,004	97,775
Total	\$ 319,091	\$ 23,119	\$ 342,210



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

5. INTERFUND TRANSACTIONS, Continued

Long-Term Advances

Long-term advances to be repaid out of future earnings or charges at June 30, 2017, consisted of:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Funds		
General Fund	Fiduciary Fund	
	RDA Obligation Retirement Fund	\$ 274,544
General Fund	Internal Service Fund	
	PERS Safety Side Fund Liability Fund	<u>3,699,719</u>
Total		<u>\$ 3,974,263</u>

Long-Term Advance to the Successor Agency RDA Obligation Retirement Fund

The City of Walnut Creek had constructed certain improvements in the former Redevelopment Agency of the City of Walnut Creek Project Areas. The Redevelopment Agency had agreed to reimburse the City for the cost of these improvements, with interest, solely out of incremental property tax revenues remaining after Agency debt service payments. The Agency paid off the advance loan balance remaining on March 1, 2011. However, with the State's dissolution of redevelopment agencies per AB1X 26, effective January 31, 2012 as amended by AB1484 on June 27, 2012, the Department of Finance, subsequent to a Due Diligence Review, denied the loan as an enforceable obligation of the Successor Agency to the Redevelopment Agency for the City of Walnut Creek. With the receipt of a Finding of Completion for the Long Range Asset Management Plan on October 3, 2013, AB1484 allowed loans between a public agency and redevelopment agencies and successor agencies to be paid. As a result, the Successor Agency's Oversight board made a finding that the loan was for legitimate purposes and approved the loan as an enforceable obligation in June, 2014. The advance payable represents a liability of the Successor Agency and amounted to \$274,544 as of June 30, 2017. The advance payable will be included on the Recognized Obligation Payment Schedule (ROPS).

Long Term Advance Between the City's Funds

In June 2010, the General Fund (as well as several non major governmental funds) advanced \$12,526,994 to the PERS Safety Side Fund Liability internal service fund. The funds were used to payoff the City's portion of the unfunded liability resulting from the pooling of safety plans with fewer than 100 active plan members. Interest accrues on this advance in the amount of 3.5% annually. Repayments began in fiscal year 2010-11 and will conclude in fiscal year 2018-19. For the current year, principal and interest paid on the advance were \$1,637,495, and \$186,803, respectively. As of June 30, 2017 the total amount owed by the PERS Safety Side Fund Liability internal service fund was \$3,699,719.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

5. INTERFUND TRANSACTIONS, Continued

Transfers

Transfers for the period ended June 30, 2017, were as follows:

Fund Receiving Transfers	Fund Making Transfer	Amount Transferred	Notes
Major Governmental Funds			
General Fund	Non Major Governmental Funds	\$ 702,895	c
	Downtown Parking and Enhancement Enterprise Fund	143,000	f
		845,895	
Capital Investment Fund	General Fund	2,188,351	a
	Non Major Governmental Funds	7,209,222	a
	Downtown Parking and Enhancement Enterprise Fund	272,770	a
	Boundary Oaks Golf Course	313,617	a
	Internal Service Funds	65,632	a
		10,049,592	
Housing	General Fund	389,151	d
Non Major Governmental Funds	General Fund	761,073	d
Internal Service Funds	General Fund	414,476	b
Enterprise Funds			
Golf Course-City Administration	Boundary Oak-Onsite Contract Operations	700,000	b
	Capital Investment Fund	173,143	a
		873,143	
Downtown Parking and Enhancement	Capital Investment Fund	143,060	e
		1,016,203	
Total		\$ 13,476,390	

- a. To fund various capital improvement projects.
- b. To fund the future replacement of various equipment.
- c. To fund traffic safety and public safety programs, streets, library and urban forestry.
- d. To fund open space, affordable housing programs and various capital improvements.
- e. To fund garage operations, downtown parking and transportation related projects.
- f. To fund support for administrative services.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

6. CAPITAL ASSETS

Government-Wide Financial Statements

At June 30, 2017, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	\$ 48,370,962	\$ 1,337,396	\$ 49,708,358
Construction in process	28,321,453	4,097,775	32,419,228
Total non-depreciable assets	<u>76,692,415</u>	<u>5,435,171</u>	<u>82,127,586</u>
Depreciable assets:			
Buildings	129,725,186	15,604,956	145,330,142
Improvement other than buildings	-	2,627,997	2,627,997
Machinery and equipment	11,275,387	3,878,178	15,153,565
Vehicles	9,206,546	606,312	9,812,858
Infrastructure	203,026,580	-	203,026,580
	<u>353,233,699</u>	<u>22,717,443</u>	<u>375,951,142</u>
Less accumulated depreciation	<u>(193,550,703)</u>	<u>(14,511,712)</u>	<u>(208,062,415)</u>
Total depreciable assets, net	<u>159,682,996</u>	<u>8,205,731</u>	<u>167,888,727</u>
Total capital assets	<u>\$ 236,375,411</u>	<u>\$ 13,640,902</u>	<u>\$ 250,016,313</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

6. CAPITAL ASSETS, Continued

Government-Wide Financial Statements, Continued

The following is a summary of capital assets for governmental activities for the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Nondepreciable Assets:					
Land	\$ 48,370,962	\$ -		\$ -	\$ 48,370,962
Construction in progress	19,467,516	9,057,746	-	(203,809)	28,321,453
Total nondepreciable assets	67,838,478	9,057,746	-	(203,809)	76,692,415
Depreciable Assets:					
Buildings	129,607,996	117,190	-	-	129,725,186
Machinery and equipment	10,748,804	491,566	-	35,017	11,275,387
Vehicles	9,025,376	610,541	(429,371)	-	9,206,546
Infrastructure	202,829,248	28,540	-	168,792	203,026,580
Total depreciable assets	352,211,424	1,247,837	(429,371)	203,809	353,233,699
Accumulated Depreciation:					
Buildings	(41,387,307)	(2,871,773)	-	-	(44,259,080)
Machinery and equipment	(5,304,485)	(1,035,360)	-	-	(6,339,845)
Vehicles	(5,770,288)	(748,084)	388,416	-	(6,129,956)
Infrastructure	(131,847,829)	(4,973,993)	-	-	(136,821,822)
Total accumulated depreciation	(184,309,909)	(9,629,210)	388,416	-	(193,550,703)
Depreciable assets, net	167,901,515	(8,381,373)	(40,955)	-	159,682,996
Total governmental activities capital assets, net	\$ 235,739,993	\$ 676,373	\$ (40,955)	\$ -	\$ 236,375,411

Governmental activities depreciation expense for capital assets for the year ended June 30, 2017, are as follows:

Public protection	\$ 452,040
Public works	8,673,631
Community and economic development	3,688
Arts and Recreation	78,857
Administrative services	377,829
General government	43,165
Total depreciation expense	\$ 9,629,210



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

6. CAPITAL ASSETS, Continued

Government-Wide Financial Statements, Continued

The following is a summary of capital assets for business-type activities:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Nondepreciable Assets:				
Land	\$ 1,337,396	\$ -		\$ 1,337,396
Construction in progress	3,781,573	316,202	-	4,097,775
Total nondepreciable assets	<u>5,118,969</u>	<u>316,202</u>	<u>-</u>	<u>5,435,171</u>
Depreciable Assets:				
Buildings	15,604,956	-	-	15,604,956
Improvements	2,600,420	27,577	-	2,627,997
Equipment	3,749,970	128,209	-	3,878,179
Vehicles	521,850	115,629	(31,168)	606,311
Total depreciable assets	<u>22,477,196</u>	<u>271,415</u>	<u>(31,168)</u>	<u>22,717,443</u>
Accumulated Depreciation:				
Buildings	(8,586,603)	(313,210)	-	(8,899,813)
Improvements	(2,342,745)	(36,382)	-	(2,379,127)
Equipment	(2,487,982)	(426,922)	-	(2,914,904)
Vehicles	(297,454)	(51,582)	31,168	(317,868)
Total accumulated depreciation	<u>(13,714,784)</u>	<u>(828,096)</u>	<u>31,168</u>	<u>(14,511,712)</u>
Depreciable assets, net	<u>8,762,412</u>	<u>(556,681)</u>	<u>-</u>	<u>8,205,731</u>
Total business-type activities capital assets, net	<u>\$ 13,881,381</u>	<u>\$ (240,479)</u>	<u>\$ -</u>	<u>\$ 13,640,902</u>

Depreciation expense for business-type activities for the year ended June 30, 2017, is as follows:

Golf Course/Clubhouse- City Administration	\$ 92,164
Boundary Oak - On Site Contract Operations	78,555
Downtown Parking and Enhancement	<u>657,377</u>
Total	<u>\$ 828,096</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

7. LONG-TERM DEBT

A summary of changes in long-term debt for the year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Debt Issued	Debt Retired	Balance June 30, 2017	Due in one year	Due in more than one year
Governmental Activities Debt:						
Upgrade Streetlights to LED Loan #1 (PG&E Energy Efficiency Retroft Prg)	\$ 130,495	\$ -	\$ (21,749)	\$ 108,746	\$ 23,726	\$ 85,020
Parking Lot and Garage ETAP Lighting Loan #2 (PG&E Energy Efficiency Retroft Prg)	91,954		(14,519)	77,435	14,519	62,916
Upgrade Streetlights to LED Loan #3 (PG&E Energy Efficiency Retroft Prg)	-	100,654	(5,298)	95,356	31,785	63,571
COBAN Mobile Data Systems Equipment Lease	188,993		(45,669)	143,324	46,706	96,618
Ford Motor Credit Vehicle Capital Lease #1	32,603	-	(16,532)	16,071	16,071	-
Ford Motor Credit Vehicle Capital Lease #2	-	25,397	(3,102)	22,295	4,689	17,606
Total governmental activities debt	\$ 444,045	\$ 126,051	\$ (106,868)	\$ 463,228	\$ 137,497	\$ 325,731
Business-Type Activities Debt:						
Capital Lease Obligation						
Scotts Valley Golf Course Equipment Lease #2	\$ 26,673	\$ -	\$ (22,788)	\$ 3,885	\$ 3,885	\$ -
Mechanics Bank Golf Course Equipment Lease #3	107,435		(33,552)	73,883	34,778	39,105
US Bank Golf Course Equipment Lease		103,241	(21,388)	81,853	19,740	62,113
Pinnacle Lease Financing Golf Course Clubhouse Improvement	3,211,247	-	(126,186)	3,085,061	155,282	2,929,779
Total business-type activities debt	\$ 3,345,356	\$ 103,241	\$ (203,914)	\$ 3,244,683	\$ 213,685	\$ 3,030,998



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

7. LONG-TERM DEBT, Continued

Governmental Activities

A. Loan Payable

PG&E Energy Efficiency Retrofit Program Loan #1

During fiscal year 2011-12, the City entered into an Energy Efficiency Retrofit On-bill financing loan agreement with Pacific Gas & Electric for the cost of energy efficiency demand response equipment and services to upgrade streetlights to new light-emitting diode (LED) light fixtures. This loan was recorded at the acquisition cost of \$233,308 to be paid back monthly based on expected energy savings. The simple payback term, based on fixed monthly payments of \$1,977, is estimated to be approximately 9.75 years. The outstanding balance at June 30, 2017 is \$108,746.

<u>June 30,</u>	<u>Loan Payment</u>
2018	\$ 23,726
2019	23,726
2020	23,726
2021	23,726
2022	13,842
Total	<u><u>\$ 108,746</u></u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

7. LONG-TERM DEBT, Continued

Government Activities, continued

A. Loan Payable

PG&E Energy Efficiency Retrofit Program Loan #2

During fiscal year 2012-13, the City entered into an Energy Efficiency Retrofit On-bill financing loan agreement with Pacific Gas & Electric for the cost of installing new light-emitting diode (LED) light fixtures, energy efficiency demand response equipment and service to City parking lots, garages and public service yards. This loan was recorded at the acquisition cost of \$145,190 to be paid back monthly based on expected energy savings. The simple payback term, based on fixed monthly payments of \$1,210, is estimated to be approximately 9.92 years. The outstanding balance at June 30, 2017 is \$77,435.

Year Ending June 30,	Fixed Loan Payment
2018	\$ 14,519
2019	14,519
2020	14,519
2021	14,519
2022	14,519
2023	4,840
Total	\$ 77,435



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

7. LONG-TERM DEBT, Continued

Government Activities, continued

A. Loan Payable

PG&E Energy Efficiency Retrofit Program Loan #3

During fiscal year 2016-17, the City entered into an Energy Efficiency Retrofit On-bill financing loan agreement with Pacific Gas & Electric for the cost of installing new light-emitting diode (LED) light fixtures, energy efficiency demand response equipment and service to City streetlights. This loan was recorded at the acquisition cost of \$100,654 to be paid back monthly based on expected energy savings. The simple payback term, based on fixed monthly payments of \$2,649, is estimated to be approximately 3.12 years. The outstanding balance at June 30, 2017 is \$95,356.

Year Ending June 30,	Fixed Loan Payment
2018	\$ 31,785
2019	31,785
2020	31,786
Total	\$ 95,356



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

7. LONG-TERM DEBT, Continued

Government Activities, continued

B. Capital Lease Obligation

Ford Motor Credit Vehicle Lease

During fiscal year 2014-15, the City entered into a lease agreement for the financing of two vehicles for its engineering division. This lease agreement qualifies as a capital lease for accounting purposes, as title transfers at the end of the lease, and therefore has been recorded at the present value of the future minimum payments of the date of inception. The equipment acquired under this lease agreement has been recorded at its acquisition cost of \$49,404.

The financing was obtained from Ford Motor Credit in May 2015 for \$49,404 with an interest rate of 2.15% and monthly payments of \$1,506 beginning June 2015 through May 2018 (the end of the lease). The outstanding balance at June 30, 2017 is \$16,071.

Year Ending June 30,	Master Lease
2018	\$ 16,570
Subtotal	<u>16,570</u>
Less amount representing interest	<u>499</u>
Present value of future lease payments	<u>\$ 16,071</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

7. LONG-TERM DEBT, Continued

Government Activities, continued

B. Capital Lease Obligation

Ford Motor Credit Vehicle Lease #2

During fiscal year 2016-17, the City entered into a lease agreement for the financing of a vehicle for its police department. This lease agreement qualifies as a capital lease for accounting purposes, as title transfers at the end of the lease, and therefore has been recorded at the present value of the future minimum payments of the date of inception. The equipment acquired under this lease agreement has been recorded at its acquisition cost of \$25,397.

The financing was obtained from Ford Motor Credit in November 2016 for \$25,397 with an interest rate of 5.45% and monthly payments of \$482 beginning November 2016 through October 2021 (the end of the lease). The outstanding balance at June 30, 2017 is \$22,295.

Year Ending June 30,	Master Lease
2018	\$ 5,788
2019	\$ 5,788
2020	5,788
2021	5,788
2022	1,929
Subtotal	<u>25,081</u>
Less amount representing interest	<u>2,786</u>
Present value of future lease payments	<u><u>\$ 22,295</u></u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

7. LONG-TERM DEBT, Continued

Government Activities, continued

B. Capital Lease Obligation

COBAN Police Mobile Data Systems Equipment Lease

During fiscal year 2014-15, the City entered into a lease agreement for the financing of police vehicle mobile data computers. This lease agreement qualifies as a capital lease for accounting purposes, as title transfers at the end of the lease, and therefore has been recorded at the present value of the future minimum payments of the date of inception. The equipment acquired under this lease agreement has been recorded at a depreciable acquisition cost of \$196,290.

The financing was obtained from J. P. Morgan Chase Bank in June 2015 with an interest rate of 2.258% and bi-annual payments of \$24,840 beginning December 30, 2015 through June 30, 2020 (the end of the lease). The outstanding balance at June 30, 2017 is \$143,324.

Year Ending June 30,	Master Lease
2018	\$ 49,680
2019	49,680
2020	49,680
Subtotal	<u>149,040</u>
Less amount representing interest	<u>5,716</u>
Present value of future lease payments	<u><u>\$ 143,324</u></u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

7. LONG-TERM DEBT, Continued

Business-Type Activities, Continued

B. Capital Lease Obligation

Golf Course Equipment Lease #2

The City entered into a lease agreement for the financing of equipment for its golf course. This lease agreement qualifies as a capital lease for accounting purposes, as title transfers at the end of the lease, and therefore has been recorded at the present value of the future minimum payments of the date of inception. The equipment acquired under this lease agreement was recorded at its acquisition cost of \$106,250.

The financing was obtained from Scott Valley Bank in June 2012 for \$106,250 with an interest rate of 3.9% and monthly payments of \$1,952 monthly payments beginning July 2012 through August 2017 (the end of the lease). The outstanding balance at June 30, 2017 is \$3,885.

Year Ending June 30,	Master Lease
2018	\$ 3,904
Subtotal	<u>3,904</u>
Less amount representing interest	<u>19</u>
Present value of future lease payments	<u><u>\$ 3,885</u></u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

7. LONG-TERM DEBT, Continued

Business-Type Activities, Continued

B. Capital Lease Obligation

Golf Course Equipment Lease #3

The City entered into a municipal lease-purchase agreement for the financing of tractor equipment for its golf course. This lease agreement qualifies as a capital lease for accounting purposes, as title transfers at the end of the lease, and therefore has been recorded at the present value of the future minimum payments of the date of inception. The equipment acquired under this lease agreement will be recorded at its acquisition cost of \$168,985.

The financing was obtained from Mechanics Bank in July 2014 for \$168,985 with an interest rate of 3.59% and monthly payments of \$3,072 monthly payments beginning August 2014 through August 2019 (the end of the lease). The outstanding balance at June 30, 2017 is \$73,883.

Year Ending June 30,	Master Lease
2018	\$ 36,863
2019	36,863
2020	3,073
Subtotal	<u>76,799</u>
Less amount representing interest	<u>2,916</u>
Present value of future lease payments	<u>\$ 73,883</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

7. LONG-TERM DEBT, Continued

Business-Type Activities, Continued

B. Capital Lease Obligation

Golf Course Equipment Lease #4

The City entered into a lease-purchase agreement for the financing of maintenance equipment for its golf course. This lease agreement qualifies as a capital lease for accounting purposes, as title transfers at the end of the lease, and therefore has been recorded at the present value of the future minimum payments of the date of inception.

The financing was obtained from US Bancorp Government Leasing and Finance, Inc. in May 2016 for \$103,241 with an interest rate of 2.399% and annual payments of \$21,705 payments beginning July 2016 through July 2020 (the end of the lease). The outstanding balance at June 30, 2017 is \$81,853.

<u>Year Ending June 30,</u>	<u>Master Lease</u>
2018	\$ 21,705
2019	21,705
2020	21,705
2021	21,705
Subtotal	<u>86,820</u>
Less amount representing interest	<u>4,967</u>
Present value of future lease payments	<u>\$ 81,853</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

7. LONG-TERM DEBT, Continued

Business-Type Activities, Continued

C. Site and Facility Lease Obligation

The City entered into a site and facility tax-exempt lease agreement with Pinnacle Lease Financing to finance improvements at the Boundary Oak Golf Course Clubhouse. The capital lease obligation was recorded at a cost of \$3,230,000 with an interest rate of 2.32% to be paid back bi-annually beginning February 1, 2016 through February 1, 2028 (the end of the lease). The outstanding balance at June 30, 2017 is \$3,085,061.

<u>Year Ending June 30,</u>	<u>Master Lease</u>
2018	\$ 225,955
2019	329,955
2020	329,955
2021	329,955
2022	329,955
2023-2028	<u>1,979,730</u>
Subtotal	3,525,505
Less amount representing interest	<u>440,444</u>
Present value of future lease payments	<u>\$ 3,085,061</u>

Non-City Obligations

John Muir Medical Center

On January 15, 1994, the City acted as a financial intermediary in order to assist the John Muir Medical Center in issuing \$69,450,000 in variable rate demand bonds. The bonds are payable solely from revenues collected by John Muir Medical Center. The City has not included these bonds in its financial statements, since it is not legally or morally obligated for the repayment of the bonds. The amount of debt outstanding as of June 30, 2017 was \$6,030,000.

On October 29, 2009, the City acted as a financial intermediary in order to assist the John Muir Medical Center in issuing \$103,690,000 in revenue bonds. The bonds are payable solely from revenues collected by John Muir Medical Center. The City has not included these bonds in its financial statements, since it is not legally or morally obligated for the repayment of the bonds. The amount of debt outstanding as of June 30, 2017 was \$91,285,000.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

8. COMPENSATED ABSENCES

Compensated absences at June 30, 2017 were as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due within one year	Due in more than one year
Governmental Activities:	<u>\$ 3,681,713</u>	<u>\$ 3,151,690</u>	<u>\$ (2,855,777)</u>	<u>\$ 3,977,627</u>	<u>\$ 290,002</u>	<u>\$ 3,687,625</u>
Business-type Activities:	<u>\$ 120,418</u>	<u>\$ 142,180</u>	<u>\$ (112,014)</u>	<u>\$ 150,584</u>	<u>\$ 1,650</u>	<u>\$ 148,934</u>

The City's General Fund has been and continues to be the primary funding source for the liquidation of this obligation.

9. FUND EQUITY

Deficit Fund Equity

At June 30, 2017, the following funds had deficit fund equity:

Major Governmental Funds:	
CDBG	\$ 20,928
Enterprise Funds:	
Boundary Oak -Onsite Contract Operations	\$ 545,982
Internal Service Funds:	
PERS Safety Side Fund Liability	\$ 3,699,719

The CDBG Fund deficit balance will be eliminated upon receipt of disbursement (drawdown) of funds awarded by federal agency. The City plans to reduce the deficit equity balance in the Boundary Oak- onsite contract operations fund with future revenues generated by golf course and clubhouse operations. The PERS Safety Side Fund Liability will be reduced through repayment of the interfund advance from resources transferred from other funds.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

9. FUND EQUITY, Continued

In Governmental Funds, the segregated portions of fund balances are presented as follows for the fiscal year ended June 30, 2017:

	General Fund	Housing Successor Agency	Housing	CDBG	Capital Investment Program	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable							
Advance to other funds	\$ 3,974,263	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,974,263
Inventory	48,424	-	-	-	-	-	48,424
Interfund loan	319,091	-	-	-	-	-	319,091
Prepaid expense	53,734	-	-	-	-	-	53,734
Permanent Endowment	-	-	-	-	-	1,000,000	1,000,000
Total Nonspendable	4,395,512	-	-	-	-	1,000,000	5,395,512
Restricted							
Capital projects	-	-	-	-	5,597,969	16,033,843	21,631,812
Community & economic development	-	532,842	3,457,247	-	-	4,352,076	8,342,165
Other purposes	-	-	-	-	-	6,675,596	6,675,596
Street projects	-	-	-	-	-	4,970,045	4,970,045
Total Restricted	-	532,842	3,457,247	-	5,597,969	32,031,560	41,619,618
Committed							
Catastrophic emergency	8,481,416	-	-	-	-	-	8,481,416
Compensated absences	290,002	-	-	-	-	-	290,002
Dental claims	230,000	-	-	-	-	-	230,000
Fiscal emergency	4,648,365	-	-	-	-	-	4,648,365
Legal claims	3,000,000	-	-	-	-	-	3,000,000
PERS liability	13,969,204	-	-	-	-	-	13,969,204
Workers Compensation	2,000,000	-	-	-	-	-	2,000,000
Total Committed	32,618,987	-	-	-	-	-	32,618,987
Assigned							
ARCS Scholarships	79,351	-	-	-	-	-	79,351
Capital Projects - General Fund							
Fund portion	12,665,299	-	-	-	-	-	12,665,299
Contractual Commitments	1,387,546	81,912	2,700,692	-	-	10,142	4,180,292
Total Assigned	14,132,196	81,912	2,700,692	-	-	10,142	16,924,942
Unassigned							
FY14-16 One-time revenues	358,459	-	-	-	-	-	358,459
City Manager Contingency	72,000	-	-	-	-	-	72,000
Council Contingency	60,000	-	-	-	-	-	60,000
Carryovers	322,666	-	-	-	-	-	322,666
Unassigned (Deficit) Fund Balance	2,780,505	-	-	(20,928)	-	-	2,759,577
Total Unassigned	3,593,630	-	-	(20,928)	-	-	3,572,702
Total Fund Balance (Deficit)	\$ 54,740,325	\$ 614,754	\$ 6,157,939	\$ (20,928)	\$ 5,597,969	\$ 33,041,702	\$ 100,131,761



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

9. FUND EQUITY, Continued

General Fund Committed Fund Balance

On June 7, 2011, the City Council approved a revised reserve policy to establish a reserve for Fiscal Emergency offering a short-term solution to allow time to respond to economic changes and assess and plan for the future. In addition, the revised reserve policy changed the name of the Emergency Reserve to Catastrophic Emergency, and established that the City Council, by taking formal action, may commit General Fund balance for specific purposes and that these committed amounts cannot be used for any other purpose unless the City Council removes or changes the specific uses through the same formal action taken to establish the commitment. The reserve policies regarding available general fund reserves of committed fund balance as established and approved by the City Council including thresholds are as follows:

Catastrophic Emergency - To be used in the event of actual or threatened existence of conditions of disaster or of extreme peril to the safety of persons and property within this City caused by such conditions as fire, flood, storm, epidemic, riot, earthquake, nuclear disaster, tornado or terrorism. Policy is to set the minimum budgeted reserve equal to 10% of annual General Fund budgeted operating expenditures as recommended by the City Manager.

Compensated Absences - This reserve is to fund payouts of accumulated leave due upon separation from City employment that exceeds the regularly budgeted amounts for this purpose. Policy is to set a reserve equal to the projected one year liability based on the previous year's experience.

Dental Claims - This reserve is to fund dental self-insurance program claims against the City during the budget period that exceed the regularly budgeted amount for this purpose. Policy is to reserve an amount equal to six months of budgeted dental expenses.

Fiscal Emergency - This reserve is to cover declines of more than 5% of the combined revenues (projected or actual) of property tax, sales tax or departmental revenues or an increase of more than 10% in the combined expenditures (projected or actual) of California Public Employee Retirement System (PERS), medical insurance costs, utility costs (electric, gas and water) and fuel costs. Policy is to set aside an amount equal to 5% of annual General Fund revenue budget for property tax, sales tax and departmental revenue, plus 5% of the annual General Fund expenditure budget for PERS and medical costs as recommended by the City Manager.

Legal Claims - To pay claims awarded against the City during the budget period that exceed the regularly budgeted amount for this purpose. Policy is to reserve an amount based on the City's five year claim history, but no less than \$3 million.

PERS Liability - To provide funding set aside for PERS costs either to pay down future liabilities or smooth large increases anticipated for the next budget cycle, whichever is the most fiscally advantageous.

Worker's Compensation - This reserve is to pay workers compensation awards that exceed the regularly budgeted amount for this purpose. Policy is to set aside an amount equal to twice the annual expenses paid out over the previous five years, but no less than \$2 million. Available balance was loaned to fund the PERS Safety Side Fund liability prepayment made in June 2010; reserve is to be replenished based on repayment schedule as identified in loan summary document.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

10. RISK MANAGEMENT

A. Municipal Pooling Authority

The City is a member of the Municipal Pooling Authority of Northern California (Authority). The Authority provides coverage against general, workers' compensation and dental claim loss risks under the terms of a joint-powers agreement with the City and nineteen other cities and governmental agencies.

The Authority is governed by a board consisting of representatives from member municipalities. The Board controls the operations of the Authority, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board. The Authority provides for its members general liability risk of loss both through pooled coverage and commercial insurance policies and for workers' compensation risk of loss through a commercial insurance policy for amounts above the self insured retention level.

The City's deposits with the Authority are in accordance with formulas established by the Authority. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. The amount of settlements have not exceeded insurance coverages in each of the past three fiscal years.

Audited financial statements for the Authority are available from MPANC, 1911 San Miguel Drive, Suite 100, Walnut Creek, California 94596.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

10. RISK MANAGEMENT, Continued

B. Liability for Uninsured Claims

The City provides for the uninsured portion of claims and judgments in the General Fund. Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. The City's liability for uninsured claims at June 30, 2017, was estimated by management and based on MPANC's claims experience and was computed as follows:

	General Liability	Workers' Compensation	Dental Claims Liability	Total
Balance as of July 1, 2015	\$ 796,975	\$ 3,085,320	\$ 23,560	\$ 3,905,855
Claims incurred and changes in estimate	1,019,559	1,061,320	409,247	2,490,126
Claims paid	(49,173)	(648,660)	(402,002)	(1,099,835)
Balance as of June 30, 2016	<u>\$ 1,767,361</u>	<u>\$ 3,497,980</u>	<u>\$ 30,805</u>	<u>\$ 5,296,146</u>
Balance as of July 1, 2016	\$ 1,767,361	\$ 3,497,980	\$ 30,805	\$ 5,296,146
Claims incurred and changes in estimate	349,726	1,675,862	405,630	2,431,218
Claims paid	(541,428)	(1,034,554)	(411,762)	(1,987,744)
Balance as of June 30, 2017	<u>\$ 1,575,659</u>	<u>\$ 4,139,288</u>	<u>\$ 24,673</u>	<u>\$ 5,739,620</u>
Current portion as of June 30, 2017				<u>\$ 1,987,744</u>
Long term portion as of June 30, 2017				<u>\$ 3,751,876</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

11. PENSION PLANS

CalPERS Miscellaneous and Safety Employees' Pension Plans

The City contributes to the California Public Employee Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. The miscellaneous employees of the City are part of a three-tier agent multiple-employer defined benefit pension plan. The safety plan consists of individual rate plans (benefit tiers) within safety risk pool.

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police) and Miscellaneous (all other) Employee Pension Plans, cost sharing multiple employer defined benefit pension plans administered by the CalPERS. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publically available reports that include a full description of the pension plans regarding benefit provisions, and assumptions at the CalPERS website.

A. Miscellaneous Plan, an Agent Multiple-Employer Defined Benefit Pension Plan

Plan Description

The miscellaneous employees of the City are part of a three-tier agent multiple-employer defined benefit pension plan. The second tier retirement program provides a lower level of retirement benefits than the first tier. Employees hired after March 2, 2012 who meet eligibility requirements, are enrolled in the second tier program. The third tier program was implemented in January 2013 following the passage of AB340, Public Employees' Pension Reform Act (PEPRA) by the California Legislature. Employees hired on or after January 1, 2013, who were not previously enrolled in the PERS system elsewhere or who have had a break in service of at least 6 months are required to be enrolled in this retirement program which provides a benefit level that is lower than the first two tiers.

Benefits Provided

PERS provides 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 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 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. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. Benefit provisions and all other requirements are established by State statute and may be amended by city contracts with employee bargaining groups.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

11. PENSION PLANS, Continued

The Miscellaneous Plan's provisions and benefits in effect at June 30, 2017 are summarized as follows:

	Prior to March 2, 2012	After March 2, 2012	On or after January 1, 2013
Hire Date			
Formula	2% @ 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	50-55	52-67
Monthly benefits, as a % of annual salary	1.0% to 2%	1% to 2%	1% to 2%
Required employee contribution rates	7%	7%	6.75%
Required employer contribution rates	22.598%	22.598%	22.598%

Contributions

Section 20814(c) of the California Public Employee's 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. The total plan contributions are determined through CalPERs annual actuarial process. 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. For the measurement period ended June 30, 2016 (the measurement date), the average active employee contribution rate is 6.978 percent of annual pay, and the employer's contribution rate is 22.61 percent of annual payroll. In addition, the City is required to make an employer contribution at an actuarial determined rate of 22.598% of annual covered payroll for the year ended June 30, 2017. Total employer contributions to the Miscellaneous Plan were \$5,287,652.

Employees Covered

At June 30, 2017, the following employees were covered by the benefit terms for Miscellaneous Plan:

Inactive employees or beneficiaries currently receiving benefits	352
Inactive employees entitled to but not yet receiving benefits	392
Active employees	301
Total	1045



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

11. PENSION PLANS, Continued

Net Pension Liability

The City's Miscellaneous Plan net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2016, rolled forward to June 30, 2015. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The Miscellaneous Plan total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous Plan</u>
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.65% (2)
Mortality	Based on CalPERS Experience Study

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

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increases, mortality, and retirement rates. The Experience Study Report may be accessed on the CalPERS website at www.calpers.ca.gov.

Changes 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 percent used for the June 30, 2016 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2016 measurement date is without reduction of pension plan administrative expense.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

11. PENSION PLANS, Continued

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, staff 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, 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 one percent.

The table below reflects 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-0.55%	-1.05%
Total	<u>100.0%</u>		

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. 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 of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

11. PENSION PLANS, Continued

Changes in the Net Pension Liability

The change in the Net Pension Liability for the Miscellaneous Plan, measured as of June 30, 2016 are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2016	\$ 185,628,459	\$ 134,931,188	\$ 50,697,271
Changes in the year:			
Service cost	3,330,652	-	3,330,652
Interest on the total pension liability	13,923,105	-	13,923,105
Changes in assumptions	-	-	-
Differences between expected and actual experience	(611,261)	-	(611,261)
Contribution - employer	-	4,991,357	(4,991,357)
Contribution - employee	-	1,701,109	(1,701,109)
Net investment income	-	704,431	(704,431)
Administrative expenses	-	(82,234)	82,234
Benefit payments, including refunds of employee contributions	(9,362,313)	(9,362,313)	-
Net changes	7,280,183	(2,047,650)	9,327,833
Balance at June 30, 2017	\$ 192,908,642	\$ 132,883,538	\$ 60,025,104

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, calculated using the discount rate for this Plan, as well as what the City's 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:

	1% Decrease	Current Discount Rate	1% Increase
	Discount Rate	6.65%	7.65%
Net Pension Liability	\$85,016,013	\$60,025,104	\$39,330,891



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

11. PENSION PLANS, Continued

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

For the year ended June 30, 2017, the City recognized pension expense of \$5,002,692 for the Miscellaneous Plan. At June 30, 2017, 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	\$ 5,287,652	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 7,230,862	-
Differences between expected and actual experience	-	(1,072,457)
Changes in assumptions	-	(540,792)
Total	\$ 12,518,514	\$ (1,613,249)

\$5,287,652 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 ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year ended June 30</u>	
2018	\$ (441,285)
2019	822,673
2020	3,338,929
2021	1,897,296
Total	\$ 5,617,613

Payable to the Pension Plan

At June 30, 2017, the City reported a payable of \$355,363 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

B. Safety Plan, a Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Plan Description

The City's safety plan became part of a CalPERS Safety Risk Pool for employers with less than 100 active plan members. When these risk pools were established, CalPERS assigned each entity in the pool a share of the net pension liability. The safety employees are part of a three-tier cost-sharing multiple-employer defined benefit plan administered by CalPERS. The second tier retirement program provides a lower level of retirement benefits than the first tier. Employees hired on or after November 22, 2012 (sworn safety personnel) who meet eligibility requirements, are enrolled in the second tier program.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

11. PENSION PLANS, Continued

The third tier program was implemented in January 2013 following the passage of AB340 (PEPRA) by the California Legislature. Employees hired on or after January 1, 2013, who were not previously enrolled in the PERS system elsewhere or who have had a break in service of at least 6 months are required to be enrolled in this retirement program which provides a benefit level that is lower than the first two tiers.

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 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 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. The Cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. Benefit provisions and all other requirements are established by State statute and may be amended by city contracts with employee bargaining groups

The Safety Rate Plan provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Safety Plan		
	Prior to November 22, 2012 Classic Tier 1	On or After November 22, 2012 Classic Tier 2	On or after January 1, 2013 PEPRA Tier 3
Hire Date			
Formula	3% @ 50	3% @ 55	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	50-55	50-57
Monthly benefits, as a % of annual salary	3.0%	2.4% to 3%	2.0% to 2.7%
Required employee contribution rates	9%	9%	12.25%
Required employer contribution rates	21.230%	18.301%	12.821%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

11. PENSION PLANS, Continued

Contributions, continued

Safety plan participants (tier 1 and tier 2) are required to contribute 9% of their annual covered salary. Safety plan tier 3 participants are required to contribute 12.25% of their annual covered salary. In addition, the City is required to make an employer contribution at an actuarial determined rate of 21.230% (tier 1), 18.301% (tier 2), and 12.821% (tier 3) of annual covered payroll for the year ended June 30, 2017. For the year ended June 30, 2017, contributions to the Plan were \$3,643,000.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2017, the City reported liability of \$41,797,507 for its proportionate share of the Plan's net pension liability.

The City's net pension liability is measured as the proportionate share of net pension liability. The net pension liability is measured as of June 30, 2016, and the total pension liability for used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016. The City's proportion of the net pension liability 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. As of June 30, 2016, the City's proportion was 0.483 percent, which was an increase of 0.01 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$5,440,936. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 3,643,000	\$ -
Changes in assumptions	-	(1,110,996)
Difference between expected and actual experience	-	(254,811)
Net difference between projected and actual earnings on plan investments	5,458,270	-
Changes in proportion and differences between City's contributions and proportionate share of contributions	273,219	(464,804)
Total	<u>\$ 9,374,489</u>	<u>\$ (1,830,611)</u>

\$3,643,000 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 ended June 30, 2018. Other



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

11. PENSION PLANS, Continued

amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year ended June 30</u>		
2018	\$	(103,692)
2019		36,180
2020		2,547,442
2021		1,420,948
Total	\$	<u>3,900,878</u>

Actuarial Assumptions

The total pension liabilities in the June 30, 2015 actuarial valuation were determined using the following actuarial assumptions:

	<u>Safety Plan</u>
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.65% (2)
Mortality	Based on CalPERS Experience Study

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

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increases, mortality, and retirement rates. The Experience Study Report may be accessed on the CalPERS website at www.calpers.ca.gov.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

11. PENSION PLANS, Continued

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, staff 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, 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 one percent.

The table on the next page reflects 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.

Asset Class	Current Target Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-0.55%	-1.05%
Total	100.0%		

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. 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 percent 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 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

11. PENSION PLANS, Continued

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

The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate of 7.65 percent, as well as what the City's proportionate share of the 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>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Discount Rate	6.65%	7.65%	8.65%
City's proportionate share of the net pension liability	<u>\$63,593,050</u>	<u>\$41,797,507</u>	<u>\$23,853,609</u>

Pension Plan Fiduciary Net Position - Detailed information about the pension plans' fiduciary net position is available in the separately issued CalPERS financial reports.

As of June 30, 2017, the City reported total net pension liability, deferred outflows of resources and deferred inflows of resources for both Miscellaneous and Safety Plans as follows:

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Governmental Activities:			
Miscellaneous Plan	\$ 60,025,104	\$ 12,518,514	\$ (1,613,248)
Safety Plan	41,797,507	9,374,489	(1,830,610)
Total	<u>\$ 101,822,611</u>	<u>\$ 21,893,003</u>	<u>\$ (3,443,859)</u>

Apple Retirement Plan

During 2008, the City implemented a defined contribution pension plan (Apple Plan) for all of its non-regular employees. The Apple Plan is administered by the Keenan & Associates.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. All non-regular employees (except for those who exercised a one-time opt out during the initial implementation of the plan) are required to participate from the date of employment. Federal legislation requires contributions of at least 7.5% to a retirement plan, with the employees contributing 5% and the City contributing 2.5% of annual salary. Benefit terms, including contribution requirements, for Apple Plan are established and may be amended by the City Council. Employees are immediately vested in their own contributions and the City's contributions and earnings. For the year ended June 30, 2017, employee contributions totaled \$61,353 and the City recognized pension expense of \$30,680.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

12. CONTINGENCIES

A. Lawsuits in the Normal Course of Business

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. With the exception of one lawsuit the resolution of which may include construction of public improvements that could cost between \$700,000 and \$8,000,000 (\$5 million of which has been appropriated in the FY 2016-2018 Capital Budget), management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential damages should an unfavorable outcome materialize.

B. Grant Obligations

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, primarily Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

C. Construction Commitments

The City had several outstanding or planned construction projects as of June 30, 2017. These projects are typically evidenced by contractual commitments with consultants and/or contractors, and include the major projects listed below:

<u>Project Description</u>	<u>Amounts</u>
Corporation Yard Relocation	\$ 4,982,338
S. Main Street Bridge Replacement	4,940,766
Walker-Homestead Drainage	4,862,853
Roadway Maintenance	3,815,908
Bancroft Road Bridge Widening	2,141,447
HVAC Upgrades/Replacements	1,756,862
Heather Farm Aquatics Facility	1,000,000
DRAA/LCA Plaza Renovation	999,679
Parking Guidance System	951,350
Undergrounding of Utilities	934,360
Creekside Pedestrian & Transit Improvements	799,950
Mini Park At Cypress and Main	725,594
	<u>\$ 27,911,106</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

13. RELATED PARTIES LOANS

Equity Loans to City Employees

The City can enter into agreements with City employees under which the City will contribute towards the purchase of residences for the City employees. An employment agreement further provides that the City receive an undivided ownership interest in such residence as tenant-in-common. If the residence is sold, the City will receive from 5% to 21% of the net sales proceeds (specified in each agreement) after deducting the cost of sale, escrow fees and the market value of capital improvements made by the owner. There were no new agreement entered into during the 2017 fiscal year. Total equity loans to City employees as of June 30, 2017 was \$335,000.

14. EXCESS EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2017 operating expenditures exceeded appropriations at the fund level (the legal level of budgetary control) for the following special revenue funds:

Traffic Safety Grant	\$ 236,353
Gas Tax	\$ 86,702
Shadelands PBID	\$ 16,616

These expenditures were funded by either greater than anticipated revenues or available fund balance in these funds.

15. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

A. Redevelopment Dissolution

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("The Bill") that provides for the dissolution of all redevelopment agencies in the State of California.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 17, 2012, the City Council of the City of Walnut Creek adopted Resolution 12-04 accepting for the City the role of Successor Agency to the Redevelopment Agency of the City of Walnut Creek (the 'Successor Agency') and Resolution 12-05 electing to retain the housing assets and functions previously performed by the Redevelopment Agency of the City of Walnut Creek.

As required by AB1X 26, an Oversight Board was established to oversee the activities of the Successor Agency. The activities of the Successor Agency are subject to review and approval of the Oversight Board, which is comprised of seven members representing the County, the City and various education and special districts.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

15. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

A. Redevelopment Dissolution, continued

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

The activities of the Housing Successor are reported in the Housing Successor Agency Special Revenue Fund as the City has control of those assets, which may be used in accordance with the low and moderate income housing provisions of the California Redevelopment Law.

B. State Asset Transfer Review

Pursuant to Health and Safety Code section 34179.5, the State Controller's Office is required to review the records of the former redevelopment agency for asset transfers that took place after January 1, 2011, between the city that created a redevelopment agency or any other public agency and the redevelopment agency through its termination on January 31, 2012. The State Controller's Office is required to order that such assets, except those that already had been committed to a third party prior to June 28, 2011, the effective date of AB1X 26, be turned over to the Successor Agency. The State Controller's Office issued a draft redevelopment asset transfer review report on April 17, 2013 requiring that \$12,390,834 in unallowable transfers to the City of Walnut Creek must be turned over the Successor Agency. The City responded to the findings of the initial asset transfer review report on April 25, 2013 with documentation refuting the contention that unallowable property transfers were made by the former Redevelopment Agency to the City of Walnut Creek as the Housing Successor entity.

The State Controller's Office (SCO) issued a (revised) findings draft report on September 10, 2013 asserting that \$3,081,949 in unallowable transfers to the City had occurred. These consisted of an advance repayment in the amount of \$274,544 and the transfer of two capital assets (properties located at 1250 Locust Street and 470, 480 & 490 Lawrence Way) totaling \$2,807,305. The City letter response dated September 30, 2013 reiterated that the repayment of the advance was not an asset transfer and specifically outlined the history and use and why the transfer of the Lawrence Way was appropriate. Nonetheless, the City received the State Controller's Asset Transfer Review report in December 2013 stating the City must turn over the two capital assets to the Successor Agency. In December 2013, the City transferred \$274,544 to the Successor Agency. Subsequently, in June 2014, the Oversight Board and the City approved a reimbursement agreement for the repayment of the balance of the 1988 loan. This amount will be included on future Recognized Obligation Payment Schedules (ROPS) as allowed. For the two properties, the Oversight Board approved the transfer of the properties; one property qualified for governmental use and the other property was subject to a 2008 Disposition and Development agreement. The DOF approved the transfers with regards to the City's intended usage with the approval of the Long-Range Property Management Plan.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

15. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

C. Long-Range Property Management Plan

The Successor Agency received a Finding of Completion on October 3, 2013. Consequently, as required by SB341, a Long Range Property Management Plan (LRPMP) covering disposition of two sites was sent to the Department of Finance on January 16, 2014. An amendment to the LRPMP was sent along with corresponding Resolution No. 14-3, which together specified the proceeds from the sale of property located at 1250 Locust Street would be used to fund an enforceable obligation. On June 30, 2014 the Department of Finance issued their approval of the Agency's use or disposition of all the properties listed on the LRPMP.

The Successor Agency approved a resolution authorizing a second amendment to the Development and Disposition Agreement (DDA) on January 12, 2016. At a public hearing on February 24, 2016, the Oversight Board to the Successor Agency of the former Redevelopment Agency of the City of Walnut Creek approved Resolution No. 16-2 authorizing the second amendment to the DDA with BH Development for the sale and development of 1250 Locust Street. The amendment is in accordance with the LRPMP. The amendment was subsequently submitted to the DOF and the action became effective after 60 days.

The LRPMP also includes the properties at 470 Lawrence Way, which continue to be used for governmental use. The Oversight Board has taken no action regarding these properties.

D. LONG-TERM DEBT

As of June 30, 2017, the balances of the Successor Agency long-term debts are presented below:

	Balance July 1, 2016	Debt Issued	Debt Retired	Balance June 30, 2017	Due in one year	Due in more than one year
Bonds Payable:						
Tax Allocation Bonds, Series 2000	\$ 1,190,000	\$ -	\$ (170,000)	\$ 1,020,000	\$ 180,000	\$ 840,000
Tax Allocation Bonds, Series 2003 A	520,000	-	(270,000)	250,000	125,000	125,000
Total bonds payable	1,710,000	-	(440,000)	1,270,000	305,000	965,000
Advance due to the City	274,544	-	-	274,544	-	274,544
Total long-term debt	\$ 1,984,544	\$ -	\$ (440,000)	\$ 1,544,544	\$ 305,000	\$ 1,239,544



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

15. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

D. Long-Term Debt, Continued

Tax Allocation Bonds Series 2000

Tax Allocation Bonds in the amount of \$2,865,000 were issued by the former Redevelopment Agency of the City of Walnut Creek on March 1, 2000. The Bonds were issued to provide funds for redevelopment activities within the Merged Project Area and other capital improvements, including seismic retrofits and other improvements to a City owned parking structure. The Bonds are due in annual principal installments of \$170,000 to \$230,000 through 2022. Interest rates range from 5.9% to 6.2% and is payable semi-annually on February 15 and August 15. Bonds maturing on or after August 15, 2009, are subject to optional redemption at a premium of up to 1% plus accrued interest beginning August 15, 2008. Funding sources for the repayment are property tax revenue deposited into the Successor Agency Private Purpose Trust and used to pay obligations listed on the approved Recognized Obligation Payment Schedule (ROPS). For the current year, total principal and interest paid on the tax allocation bonds series 2000 were \$170,000, and \$67,130 respectively. The total amount outstanding as of June 30, 2017, was \$1,020,000. The annual debt service requirements for the 2000 Tax Allocation Bonds outstanding at June 30, 2017 were as follows:

Year Ending	Principal	Interest	Total
June 30,			
2018	\$ 180,000	\$ 56,805	\$ 236,805
2019	190,000	45,795	235,795
2020	205,000	33,843	238,843
2021	215,000	20,925	235,925
2022	230,000	7,130	237,130
Total	\$ 1,020,000	\$ 164,497	\$ 1,184,497



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

15. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

D. LONG-TERM DEBT, Continued

Tax Allocation Bonds Series 2003 A

Tax Allocation Bonds in the amount of \$6,475,000 were issued by the former Redevelopment Agency of the City of Walnut Creek on November 1, 2003. The Bonds were issued to refund and defease the 1993 Revenue Bonds, Series A and for other capital items, to acquire property in the Merged Project Area and relocate a Veterans Hall located on the property. The Bonds are due in annual principal installments of \$125,000 to \$270,000 through 2019. Interest rates range from 4.5% to 4.7% and is payable semi-annually on February 15 and August 15. Bonds maturing on or after August 15, 2010, are subject to optional redemption at cost plus accrued interest beginning August 15, 2009. Funding sources for the repayment are tax revenue deposited into the Successor Agency Private Purpose Trust Fund and used to pay obligations listed on the approved Recognized Obligation Payment Schedule (ROPS). For the current year, principal and interest paid on the Series 2003 A Tax Allocation bonds were \$270,000 and \$17,700, respectively. The total amount outstanding as of June 30, 2017, was \$250,000.

The annual debt service requirements for the Series 2003 A Tax Allocation Bonds, outstanding at June 30, 2017 were as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 125,000	\$ 8,750	\$ 133,750
2019	125,000	2,938	127,938
Total	\$ 250,000	\$ 11,687	\$ 261,687

Long-Term Advance due to the City

This advance represents the balance of a 1988 loan from the City for construction of certain improvements in the former Redevelopment Agency of the City of Walnut Creek Project Areas. In June 2014, the Oversight Board and the City approved a reimbursement agreement for the repayment of the balance. This amount will be included on future Recognized Obligation Payment Schedules (ROPS) as allowed.

The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented above. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in the accompanying notes. The former Agency's Tax Allocation Bonds are collateralized by the pledging of tax increment revenues. With the dissolution of the Redevelopment Agency, the pledge is on the overall property tax distributed by the State. Funds that formerly would have been distributed to the Redevelopment Agency as tax increment are now deposited into a Successor Agency Private Purpose Trust fund and used to pay obligations listed on the approved Recognized Obligation Payment Schedule (ROPS).



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2017

15. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

C LONG-TERM DEBT, Continued

Pursuant to Section 5.02 of the Indenture, the Successor Agency prepared a calculation of a) the total amount of Contra Costa County Redevelopment Property Tax Trust Fund ("RPTTF") deposits the Successor Agency is permitted to receive while the Bonds are outstanding and b) the aggregate amount of the debt service coming due and payable on the Bonds, any Parity Debt and outstanding Subordinate Debt, to the extent payable from the RPTTF.

As of the end of fiscal year 2016-17, a) the total remaining RPTTF deposits which the Successor Agency is permitted to receive is \$3,169,529 and b) the aggregate amount of debt service coming due and payable on the Bonds from the RPTTF is \$1,506,091.

As of June 30, 2017, the aggregate amount of reserves held with trustee and RPTTF deposits which the Successor Agency is permitted to receive exceeds 105% (minimum requirement) of the aggregate amount of Annual Debt Service remaining to be paid on all Outstanding Bonds.

**REQUIRED
SUPPLEMENTARY INFORMATION**

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City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2017

City of Walnut Creek, an Agent Multiple-Employer Defined Benefit Pension Plan
Last Ten Years*

Schedule of Changes in Net Pension Liability and Related Ratios

<i>Measurement date,</i>	2015	2016	2017
	June 30, 2014	June 30, 2015	June 30, 2016
Total pension liability			
Service cost	\$ 3,385,161	\$ 3,283,386	\$ 3,330,652
Interest	12,851,013	13,395,916	13,923,105
Differences between expected and actual experience	-	(443,519)	(611,261)
Changes in assumptions	-	(3,217,373)	-
Changes in benefits	-	-	-
Benefit payments, including refunds of employee contributions	(8,484,112)	(9,038,323)	(9,362,313)
Net change in total pension liability	7,752,062	3,980,087	7,280,183
Total pension liability - beginning	173,896,310	181,648,372	185,628,459
Total pension liability - ending (a)	\$ 181,648,372	\$ 185,628,459	\$ 192,908,642
Plan fiduciary net position			
Contributions - employer	\$ 3,356,720	\$ 3,987,575	\$ 4,991,357
Contributions - employee	1,974,840	1,655,392	1,701,109
Net investment income	20,424,403	2,996,499	704,431
Benefit payments, including refunds of employee contributions	(8,484,112)	(9,038,323)	(9,362,313)
Administrative Expense	-	(151,804)	(82,234)
Net change in fiduciary net position	17,271,851	(550,661)	(2,047,650)
Plan fiduciary net position - beginning	118,029,998	135,481,849	134,931,188
Plan fiduciary net position - ending (b)	\$ 135,481,849	\$ 134,931,188	\$ 132,883,538
Net pension liability - ending (a) - (b)	\$ 46,166,523	\$ 50,697,271	\$ 60,025,104
Plan fiduciary net position as a percentage of the total pension liability	74.58%	72.69%	68.88%
Covered payroll	\$ 21,138,763	\$ 22,148,123	\$ 23,861,610
Net pension liability as a percentage of covered payroll	218.40%	228.90%	251.56%

* Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2017

City of Walnut Creek, Miscellaneous Plan an Agent Multiple-Employer Defined Benefit Pension Plan

Last Ten Years*

Schedule of Contributions

	2015	2016	2017
Actuarially determined contributions	\$ 3,987,575	\$ 4,802,943	\$ 5,287,652
Contributions in relation to the actuarially determined contribution	3,987,575	4,802,943	5,287,652
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 22,148,123	\$ 23,861,610	\$ 23,385,484
Contributions as a percentage of covered payroll	18.00%	20.13%	22.61%

Notes to Schedule

Valuation date:	June 30, 2013	June 30, 2014	June 30, 2015
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Methods and assumptions used to determine contribution rates:

Single and Agent Employers Example	Entry age Normal	Entry age Normal	Entry age Normal
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Asset valuation method	Market value	Market value	Market value
Inflation	2.75%	2.75%	2.75%
Salary Increase	3.3% to 14.20% depending on Age, Service, and type of employment.	3.3% to 14.20% depending on Age, Service, and type of employment.	3.3% to 14.20% depending on Age, Service, and type of employment.
Investment Rate of Return	7.5%, Net of Pension Plan Investment and Administrative expenses, including inflation.	7.65%, Net of Pension Plan Investment, including inflation.	7.65%, Net of Pension Plan Investment, including inflation.
Retirement age	55 years	55 years	55 years
Mortality	Based on CalPERS Experience Study	Based on CalPERS Experience Study	Based on CalPERS Experience Study

* Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2017

City Walnut Creek Safety Plan, a Cost Sharing Defined Benefit Pension Plan
Schedule of Proportionate Share of the Net Pension Liability
Last Ten Years*

	2015	2016	2017
Proportion of the net pension liability	0.43718%	0.47060%	0.48300%
Proportionate share of the net pension liability	\$ 27,203,344	\$ 32,300,750	\$ 41,797,507
Covered payroll	\$ 9,220,099	\$ 9,404,426	\$ 9,490,459
Proportionate share of the net pension liability as a percentage of covered payroll	295.04%	343.46%	440.42%
Plan fiduciary net position as a percentage of the total pension liability	79.82%	78.40%	74.06%
Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016

* Fiscal year 2015 was the first year of implementation, therefore, only 3 years are shown.



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2017

City of Walnut Creek Safety Plan, a Cost Sharing Plan Defined Benefit Pension Plan
Schedule of Contributions
Last Ten Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contributions	\$ 2,738,761	\$ 3,185,301	\$ 3,643,000
Contributions in relation to the actuarially determined contribution	2,738,761	3,185,301	3,643,000
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 9,404,426	\$ 9,490,459	\$ 10,137,734
Contributions as a percentage of covered payroll	29.12%	33.56%	35.94%

* Fiscal year 2015 was the first year of implementation, therefore, only 3 years are shown.



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2017

BUDGETARY INFORMATION

The City adopts a budget biannually to be effective July 1 for the ensuing two year period, including annual budgets for each of the two years. Budgeted expenditures are adopted through the passage of a resolution. This resolution constitutes the maximum authorized expenditures for the two year period and cannot legally be exceeded except by subsequent amendments of the budget by the City Council.

An operating budget is adopted every two years for the General, Special Revenue and Debt Service Funds, including annual budgets for each of the two years. Public hearings are conducted on the proposed budgets to review all appropriations and sources of financing. Capital projects are budgeted by the City over the term of the individual projects. Since capital projects are not budgeted on an annual basis, they are not included in the budgetary data.

Expenditures are controlled at the fund level for all budgeted departments within the City. This is the level at which expenditures may not legally exceed appropriations. Budgeted amounts for the Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual include budget amendments approved by the City Council.

The budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP).

Any amendments or transfers of appropriations between object group levels within the same department must be authorized by the City Manager. Any amendments to the total level of appropriations for a fund or transfers between funds must be approved by the City Council. Supplemental appropriations financed by unanticipated revenues during the year must be approved by the City Council.

Formal budgetary integration is employed as a management control device. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding at year-end are reported as assignments of fund balances and do not constitute GAAP basis expenditures or liabilities because the commitments will be honored during the subsequent year. The commitments will be re-appropriated and honored in the subsequent year.

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City of Walnut Creek
Required Supplementary Information - General Fund
For the Year Ended June 30, 2017

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

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes				
Sales and use	\$ 24,124,575	\$ 24,124,575	\$ 24,021,800	\$ (102,775)
Property	20,824,494	21,324,494	21,595,755	271,261
Business license	2,355,000	2,355,000	2,429,669	74,669
Franchise	3,571,000	3,571,000	3,648,456	77,456
Transient occupancy tax	2,048,000	2,048,000	2,093,907	45,907
Other	668,000	668,000	942,015	274,015
Intergovernmental	152,175	152,175	156,197	4,022
Investment and rental income	980,786	980,786	634,493	(346,293)
Charges for services	17,855,210	17,855,210	18,506,019	650,809
Licenses, permits and fees	3,244,026	3,244,026	3,118,723	(125,303)
Fines, forfeitures and penalties	10,130,820	10,130,820	10,323,924	193,104
Total revenues	85,954,086	86,454,086	87,470,958	1,016,872
EXPENDITURES:				
Current:				
Public protection	25,265,410	25,879,595	25,337,630	541,965
Public works	20,955,302	21,455,644	20,908,147	547,497
Community and economic development	7,784,129	8,347,829	7,343,575	1,004,254
Arts, recreation and community services	16,590,427	16,944,386	15,993,376	951,010
Administrative services	4,870,586	5,045,740	4,901,030	144,710
Human resources	1,396,178	1,432,767	1,176,187	256,580
General government	5,652,007	5,741,043	5,601,705	139,338
Debt Service:				
Principal retirement	38,245	38,245	61,199	(22,954)
Total expenditures	82,552,284	84,885,249	81,322,849	3,562,400
REVENUES OVER (UNDER) EXPENDITURES	3,401,802	1,568,837	6,148,109	4,579,272
OTHER FINANCING SOURCES (USES):				
Transfers in	1,778,531	1,828,531	845,895	(982,636)
Transfers (out)	(2,466,289)	(1,652,289)	(3,753,050)	(2,100,761)
Total other financing sources (uses)	(687,758)	176,242	(2,907,155)	(3,083,397)
Net change in fund balance	\$ 2,714,044	\$ 1,745,079	3,240,954	\$ 1,495,875
FUND BALANCES:				
Beginning of year			51,499,371	
End of year			\$ 54,740,325	

See note to required supplementary information



City of Walnut Creek
Required Supplementary Information
Housing Successor Agency Special Revenue Fund
For the Year Ended June 30, 2017

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Housing Successor Agency Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 1,000	\$ 1,000	\$ 61,073	\$ 60,073
Other	65,000	65,000	152,130	87,130
Total revenues	66,000	66,000	213,203	147,203
EXPENDITURES:				
Current:				
Housing	54,489	469,489	369,063	100,426
Total expenditures	54,489	469,489	369,063	100,426
REVENUES OVER (UNDER) EXPENDITURES	11,511	(403,489)	(155,860)	247,629
Net change in fund balance	\$ 11,511	\$ (403,489)	(155,860)	\$ 247,629
FUND BALANCE:				
Beginning of year			770,614	
End of year			\$ 614,754	

See note to required supplementary information



City of Walnut Creek
Required Supplementary Information
Housing Special Revenue Fund
For the Year Ended June 30, 2017

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

Housing Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Charge for Services	\$ 3,100,000	\$ 3,100,000	\$ 1,816,983	\$ (1,283,017)
Investment and rental income	22,000	22,000	102,096	80,096
Other	1,120	1,120	49,708	48,588
Total revenues	3,123,120	3,123,120	1,968,787	(1,154,333)
EXPENDITURES:				
Current:				
Community and economic development	858,859	961,037	80,193	880,844
Housing	2,797,469	10,032,469	4,971,150	5,061,319
Total expenditures	3,656,328	10,993,506	5,051,343	5,942,163
REVENUES OVER (UNDER) EXPENDITURES	(533,208)	(7,870,386)	(3,082,556)	4,787,830
OTHER FINANCING SOURCES (USES):				
Transfer in	344,995	384,995	389,151	4,156
Total other financing sources (uses)	344,995	384,995	389,151	4,156
Net change in fund balance	\$ (188,213)	\$ (7,485,391)	(2,693,405)	\$ 4,791,986
FUND BALANCE:				
Beginning of year			8,851,344	
End of year			<u>\$ 6,157,939</u>	

See note to required supplementary information



City of Walnut Creek
Required Supplementary Information
CDBG Special Revenue Fund
For the Year Ended June 30, 2017

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
CDBG Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ -	\$ -	\$ 28,052	\$ 28,052
Intergovernmental	364,000	364,000	347,810	(16,190)
Other revenue	-	-	180,567	180,567
Total revenues	364,000	364,000	556,429	192,429
EXPENDITURES:				
Current:				
Community and economic development	43,022	43,022	100,304	(57,282)
Housing	319,350	319,350	235,553	83,797
Total expenditures	362,372	362,372	335,857	26,515
REVENUES OVER (UNDER) EXPENDITURES	1,628	1,628	220,572	218,944
OTHER FINANCING SOURCES (USES):				
Transfer out	-	-	(241,500)	(241,500)
Total other financing sources (uses)	-	-	(241,500)	(241,500)
	\$ 1,628	\$ 1,628	(20,928)	\$ (22,556)
FUND BALANCE:				
Beginning of year			-	
End of year			\$ (20,928)	

See note to required supplementary information



SUPPLEMENTAL INFORMATION



NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

General Plan Update- accounts for fees imposed on developers to be used to recover costs associated with preparation of the Environmental Impact Report and Specific Plan certified and adopted by Council, respectively, in July 2010

Open Space - accounts for receipts and expenditures related to designated open space and facilities, including Borges Ranch

Revolving Loans - accounts for various loan obligations to the City, including for sidewalk repair

Traffic Safety/ Police Grants - accounts for fines paid to the City from the State Motor Vehicle Code and from Police Related Grants to be used for public safety purposes

Public Education Government (PEG) Access Fees/ Grants - to account for funds received from local cable companies to be used for funding local public education and government access stations

Gas Tax- accounts for State Gas Tax Funds to be used for street construction and maintenance

National Pollutant Discharge Elimination System (NPDES) - accounts for assessments to Walnut Creek property owners for drainage related expenditures

Measure J - accounts for monies received from voter approved Measure J to be used for street construction, repair and maintenance and bicycle pathways

Shadelands Park Maintenance - accounts for surplus monies transferred from the assessment redemption and improvement district funds for, and to be applied to, the maintenance of improvements or any portion thereof acquired and/or constructed in Shadelands Park

Shadelands Property and Business Improvement District - accounts for a benefit assessment district whose purpose is to provide improvements and activities which constitute and create a special benefit to assessed parcels within the 240 acre Shadelands business park.

Alternative Energy - accounts for monies received from energy saving rebates to be used for future energy efficiency and conservation projects



NON-MAJOR GOVERNMENTAL FUNDS (Continued)

Capital Project Funds:

In Lieu Underground - accounts for receipts from fees imposed on developers to provide for underground utilities

Storm Drain - accounts for receipts from fees imposed on developers to provide for storm drain improvements

Traffic Impact Mitigation Fund accounts for receipts and expenditures from fees imposed on developers to pay for transportation improvements.

Other In Lieu / Mitigation - accounts for receipts from fees imposed on developers to provide for improvements for Creek Restoration, Public Art, Tree Mitigation and traffic circulation improvements

In Lieu Park - accounts for receipts from fees imposed on developers to provide for City park or recreational improvements

In Lieu Parking - accounts for receipts from fees imposed on developers to provide for parking facilities improvements

Local Improvement Districts - accounts for the construction of public improvements, designed to benefit the properties for which the special assessments are levied

Permanent Fund:

Leshner Endowment - accounts for assets held by the City as an agent to be used exclusively for improvements to the City's Leshner Theater.



City of Walnut Creek
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2017
 (With comparative information for the prior year)

	Special Revenue			
	General Plan Update	Open Space	Revolving Loans	Traffic Safety/ Police Grants
ASSETS				
Current:				
Cash and investments	\$ 1,159,216	\$ 47,773	\$ 708,106	\$ 177,475
Accounts receivable		35,454	-	70,692
Interest receivable	3,233	-	1,888	509
Prepaid expense	-	-	-	-
Due from other governments	-	-	-	-
Notes and loans receivable	-	-	335,000	626,322
Advances to other funds	-	-	-	-
Total assets	\$ 1,162,449	\$ 83,227	\$ 1,044,994	\$ 874,998
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and other accrued liabilities	\$ 53	\$ 63,629	\$ -	\$ 3,447
Accrued payroll	-	19,598	-	6,037
Due to other funds	-	-	-	45,536
Total liabilities	53	83,227	-	55,020
Deferred Inflow of Resources:				
Unavailable revenues-notes and loans	-	-	335,000	626,322
Total deferred inflows of resources	-	-	335,000	626,322
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	1,162,396	-	709,994	184,570
Assigned	-	-	-	9,086
Total fund balances	1,162,396	-	709,994	193,656
Total liabilities, deferred inflows of resources and fund balances	\$ 1,162,449	\$ 83,227	\$ 1,044,994	\$ 874,998

Special Revenue

PEG Access Fees/ Grants	Gas Tax	NPDES	Measure J	Shadelands Park Maintenance	Shadelands Property and Business Improvement District	Alternative Energy
\$ 3,086,892	\$ 94,329	\$ 2,638,894	\$ 3,762,997	\$ 2,205,908	\$ 11,773	\$ 117,732
90,477	-	306,627	1,098,434			-
8,997	2,896	8,945	11,389	6,046	-	333
-	-	170	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 3,186,366</u>	<u>\$ 97,225</u>	<u>\$ 2,954,636</u>	<u>\$ 4,872,820</u>	<u>\$ 2,211,954</u>	<u>\$ 11,773</u>	<u>\$ 118,065</u>
\$ 2,528	\$ -	\$ 308	\$ -	\$ -	\$ -	\$ -
5,931	-	5,830	-	-	-	-
-	-	-	-	-	-	-
8,459	-	6,138	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,177,907	97,225	2,947,442	4,872,820	2,211,954	11,773	118,065
-	-	1,056	-	-	-	-
<u>3,177,907</u>	<u>97,225</u>	<u>2,948,498</u>	<u>4,872,820</u>	<u>2,211,954</u>	<u>11,773</u>	<u>118,065</u>
<u>\$ 3,186,366</u>	<u>\$ 97,225</u>	<u>\$ 2,954,636</u>	<u>\$ 4,872,820</u>	<u>\$ 2,211,954</u>	<u>\$ 11,773</u>	<u>\$ 118,065</u>



City of Walnut Creek
Combining Balance Sheet, Continued
Non-Major Governmental Funds
June 30, 2017
 (With comparative information for the prior year)

	Capital Project		
	In Lieu Underground	Storm Drain	Traffic Impact Mitigation
ASSETS			
Current:			
Cash and investments	\$ 1,760,616	\$ 502,397	\$ 7,990,478
Accounts receivable	-	-	-
Interest receivable	5,081	1,450	23,113
Prepaid expense	-	-	-
Due from other governments	-	-	-
Notes and loans receivable	-	-	-
Advances to other funds	-	-	-
Total assets	\$ 1,765,697	\$ 503,847	\$ 8,013,591
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable and other accrued liabilities	\$ -	\$ -	\$ -
Accrued payroll	-	-	-
Due to other funds	-	-	-
Total liabilities	-	-	-
Deferred Inflow of Resources:			
Unavailable revenues-notes and loans	-	-	-
Total deferred inflow of resources	-	-	-
Fund Balances:			
Nonspendable	-	-	-
Restricted	1,765,697	503,847	8,013,591
Assigned	-	-	-
Total fund balances	1,765,697	503,847	8,013,591
Total liabilities, deferred inflows of resources and fund balances	\$ 1,765,697	\$ 503,847	\$ 8,013,591

Other In Lieu / Mitigation Fees	Capital Project			Local Improvement Districts	Permanent	Totals	
	In Lieu Park	In Lieu Parking	Lesher Endowment		2017	2016	
\$ 759,432	\$ 3,620,488	\$ 379,218	\$ 974,363	\$ 1,503,571	\$ 31,501,658	\$ 33,818,398	
-	-	-	-	-	1,601,684	391,032	
2,168	11,133	1,094	2,812	-	91,087	66,150	
-	-	-	-	-	170	-	
-	-	-	-	-	-	1,087,541	
-	-	-	-	-	961,322	1,026,322	
-	-	-	-	-	-	637,214	
<u>\$ 761,600</u>	<u>\$ 3,631,621</u>	<u>\$ 380,312</u>	<u>\$ 977,175</u>	<u>\$ 1,503,571</u>	<u>\$ 34,155,921</u>	<u>\$ 37,026,657</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,965	\$ 311,715	
-	-	-	-	-	37,396	32,952	
-	-	-	-	-	45,536	-	
-	-	-	-	-	152,897	344,667	
-	-	-	-	-	961,322	1,026,322	
-	-	-	-	-	961,322	1,026,322	
-	-	-	-	1,000,000	1,000,000	1,000,000	
761,600	3,631,621	380,312	977,175	503,571	32,031,560	26,083,047	
-	-	-	-	-	10,142	8,572,621	
<u>761,600</u>	<u>3,631,621</u>	<u>380,312</u>	<u>977,175</u>	<u>1,503,571</u>	<u>33,041,702</u>	<u>35,655,668</u>	
<u>\$ 761,600</u>	<u>\$ 3,631,621</u>	<u>\$ 380,312</u>	<u>\$ 977,175</u>	<u>\$ 1,503,571</u>	<u>\$ 34,155,921</u>	<u>\$ 37,026,657</u>	



City of Walnut Creek
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2017
(With comparative information for the prior year)

	Special Revenue				
	General Plan Update	Open Space	Revolving Loans	Traffic Safety/ Police Grants	PEG Access Fees/ Grants
REVENUES:					
Taxes:					
Sales and use	\$ -	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-	-
Other	-	618,977	-	-	-
Intergovernmental	-	-	-	311,752	-
Investment and rental income	12,773	51,933	7,567	1,830	36,818
Charges for services	-	35,854	-	13,500	371,586
Other revenues	174,386	-	78,520	9,416	2,200
Total revenues	187,159	706,764	86,087	336,498	410,604
EXPENDITURES:					
Current:					
Public protection	-	-	-	321,341	-
Public works	-	1,353,786	-	-	-
Community and economic development	1,686	-	-	-	-
Housing	-	-	-	23,052	-
Arts and recreation	-	-	-	56,616	-
General government	-	-	-	-	381,637
Total expenditures	1,686	1,353,786	-	401,009	381,637
REVENUES OVER (UNDER) EXPENDITURES	185,473	(647,022)	86,087	(64,511)	28,967
OTHER FINANCING SOURCES (USES):					
Transfers in	-	647,022	-	33,701	-
Transfers (out)	-	-	-	(17,645)	-
Total other financing sources (uses)	-	647,022	-	16,056	-
Net change in fund balances	185,473	-	86,087	(48,455)	28,967
FUND BALANCES:					
Beginning of the year	976,923	-	623,907	242,111	3,148,940
End of the year	\$ 1,162,396	\$ -	\$ 709,994	\$ 193,656	\$ 3,177,907

Special Revenue

Gas Tax	NPDES	Measure J	Shadelands Park Maintenance	Shadelands Property and Business Improvement District	Alternative Energy
\$ -	\$ -	\$ 1,248,258	\$ -	\$ -	\$ -
-	-	-	-	395,434	-
-	1,162,863	-	-	-	-
1,196,683	-	-	-	-	-
13,811	34,687	41,130	22,950	62	1,332
-	-	-	-	-	-
-	-	-	22,303	-	6,994
1,210,494	1,197,550	1,289,388	45,253	395,496	8,326
-	-	-	-	-	-
-	1,285,467	-	-	-	-
-	-	-	-	391,616	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,285,467	-	-	391,616	-
1,210,494	(87,917)	1,289,388	45,253	3,880	8,326
-	70,350	-	-	-	-
(2,516,702)	-	(1,027,564)	-	-	-
(2,516,702)	70,350	(1,027,564)	-	-	-
(1,306,208)	(17,567)	261,824	45,253	3,880	8,326
1,403,433	2,966,065	4,610,996	2,166,701	7,893	109,739
\$ 97,225	\$ 2,948,498	\$ 4,872,820	\$ 2,211,954	\$ 11,773	\$ 118,065

(Continued)



City of Walnut Creek
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds (Continued)
For the Year Ended June 30, 2017
(With comparative information for the prior year)

	Capital Project			
	In Lieu Underground	Storm Drain	Traffic Impact Mitigation	Other In Lieu / Mitigation Fees
REVENUES:				
Taxes:				
Sales and use	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Other	-	-	-	-
Intergovernmental	-	-	-	-
Investment and rental income	20,879	5,929	96,341	8,410
Charges for services	-	-	272,597	175,138
Other revenues	-	-	-	500
Total revenues	20,879	5,929	368,938	184,048
EXPENDITURES:				
Current:				
Public protection	-	-	-	-
Public works	-	-	-	-
Community and economic development	-	-	-	-
Housing	-	-	-	-
Arts, recreation and cultural Services	-	-	-	-
General government	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	20,879	5,929	368,938	184,048
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	10,000
Transfers (out)	(51,936)	-	(712,762)	(158,356)
Total other financing sources (uses)	(51,936)	-	(712,762)	(148,356)
Net change in fund balances	(31,057)	5,929	(343,824)	35,692
FUND BALANCES:				
Beginning of the year	1,796,754	497,918	8,357,415	725,908
End of the year	\$ 1,765,697	\$ 503,847	\$ 8,013,591	\$ 761,600

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Capital Project			Permanent		Totals	
In Lieu Park	In Lieu Parking	Local Improvement Districts	Lesher Endowment	2017	2016	
\$ -	\$ -	\$ -	\$ -	\$ 1,248,258	\$ 1,229,361	
-	-	-	-	395,434	385,471	
-	-	-	-	1,781,840	1,850,258	
-	-	-	-	1,508,435	1,964,724	
53,183	4,474	11,498	17,731	443,338	350,434	
1,510,000	-	-	-	2,378,675	4,430,786	
	-	-	75,000	369,319	1,869,034	
<u>1,563,183</u>	<u>4,474</u>	<u>11,498</u>	<u>92,731</u>	<u>8,125,299</u>	<u>12,080,068</u>	
-	-	-	-	321,341	366,397	
-	-	-	-	2,639,253	2,776,777	
-	-	-	-	393,302	381,619	
-	-	-	-	23,052	-	
-	-	-	14,518	71,134	1,144,758	
-	-	-	-	381,637	406,723	
-	-	-	14,518	3,829,719	5,076,274	
<u>1,563,183</u>	<u>4,474</u>	<u>11,498</u>	<u>78,213</u>	<u>4,295,580</u>	<u>7,003,794</u>	
-	-	-	-	761,073	877,459	
<u>(3,185,654)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,670,619)</u>	<u>(4,569,109)</u>	
<u>(3,185,654)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,909,546)</u>	<u>(3,691,650)</u>	
(1,622,471)	4,474	11,498	78,213	(2,613,966)	3,312,144	
<u>5,254,092</u>	<u>375,838</u>	<u>965,677</u>	<u>1,425,358</u>	<u>35,655,668</u>	<u>32,343,524</u>	
<u>\$ 3,631,621</u>	<u>\$ 380,312</u>	<u>\$ 977,175</u>	<u>\$ 1,503,571</u>	<u>\$ 33,041,702</u>	<u>\$ 35,655,668</u>	

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City of Walnut Creek

**Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
General Plan Update Special Revenue Fund
For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 3,000	\$ 3,000	\$ 12,773	\$ 9,773
Other revenue	125,000	125,000	174,386	49,386
Total revenues	128,000	128,000	187,159	59,159
EXPENDITURES:				
Current:				
Community and economic development	50,000	50,000	1,686	48,314
Total expenditures	50,000	50,000	1,686	48,314
REVENUES OVER (UNDER) EXPENDITURES	78,000	78,000	185,473	107,473
Net change in fund balance	\$ 78,000	\$ 78,000	185,473	\$ 107,473
FUND BALANCE:				
Beginning of year			976,923	
End of year			\$ 1,162,396	



City of Walnut Creek
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
Open Space Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 537,273	\$ 537,273	\$ 618,977	\$ 81,704
Investment and rental income	44,000	44,000	51,933	7,933
Charges for services	35,454	35,454	35,854	400
Total revenues	616,727	616,727	706,764	90,037
EXPENDITURES:				
Current:				
Public works	1,353,021	1,468,238	1,353,786	114,452
Total expenditures	1,353,021	1,468,238	1,353,786	114,452
REVENUES OVER (UNDER) EXPENDITURES	(736,294)	(851,511)	(647,022)	204,489
OTHER FINANCING SOURCES (USES):				
Transfer in	736,294	736,294	647,022	(89,272)
Total other financing sources (uses)	736,294	736,294	647,022	(89,272)
Net change in fund balance	\$ -	\$ (115,217)	-	\$ 115,217
FUND BALANCE:				
Beginning of year			-	
End of year			\$ -	



City of Walnut Creek

**Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
Revolving Loans Special Revenue Fund
For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 3,000	\$ 3,000	\$ 7,567	\$ 4,567
Other revenue	-	-	78,520	78,520
Total revenues	3,000	3,000	86,087	83,087
EXPENDITURES:				
Current:				
Community and economic development	45,000	45,000	-	45,000
Total expenditures	45,000	45,000	-	45,000
REVENUES OVER (UNDER) EXPENDITURES	(42,000)	(42,000)	86,087	128,087
Net change in fund balance	\$ (42,000)	\$ (42,000)	86,087	\$ 128,087
FUND BALANCE:				
Beginning of year			623,907	
End of year			\$ 709,994	



City of Walnut Creek

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual Traffic Safety/Police Grants Special Revenue Fund For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Charge for services	\$ -	\$ -	\$ 13,500	\$ 13,500
Intergovernmental	100,000	100,000	311,752	211,752
Investment and rental income	-	-	1,830	1,830
Other	-	-	9,416	9,416
Total revenues	100,000	100,000	336,498	236,498
EXPENDITURES:				
Current:				
Public protection	135,852	135,852	321,341	(185,489)
Housing	-	28,804	23,052	5,752
Arts and recreation	-	-	56,616	(56,616)
Total expenditures	135,852	164,656	401,009	(236,353)
REVENUES OVER (UNDER) EXPENDITURES	(35,852)	(64,656)	(64,511)	145
OTHER FINANCING SOURCES (USES):				
Transfer in	40,266	40,266	33,701	6,565
Transfer (out)	-	-	(17,645)	(17,645)
Total other financing sources (uses)	40,266	40,266	16,056	(24,210)
Net change in fund balance	\$ 4,414	\$ (24,390)	(48,455)	\$ (24,065)
FUND BALANCE:				
Beginning of year			242,111	
End of year			<u>193,656</u>	



City of Walnut Creek

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

PEG Access Fees/Grants Special Revenue Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 12,500	\$ 12,500	\$ 36,818	\$ 24,318
Charges for services	317,868	317,868	371,586	53,718
Other revenue	-	-	2,200	2,200
Total revenues	<u>330,368</u>	<u>330,368</u>	<u>410,604</u>	<u>80,236</u>
EXPENDITURES:				
Current:				
General government	<u>413,374</u>	<u>413,374</u>	<u>381,637</u>	<u>31,737</u>
Total expenditures	<u>413,374</u>	<u>413,374</u>	<u>381,637</u>	<u>31,737</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(83,006)</u>	<u>(83,006)</u>	<u>28,967</u>	<u>111,973</u>
Net change in fund balance	<u>\$ (83,006)</u>	<u>\$ (83,006)</u>	28,967	<u>\$ 111,973</u>
FUND BALANCE:				
Beginning of year			<u>3,148,940</u>	
End of year			<u>\$ 3,177,907</u>	



City of Walnut Creek
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,371,456	\$ 1,371,456	\$ 1,196,683	\$ (174,773)
Investment and rental income	15,000	15,000	13,811	(1,189)
Total revenues	1,386,456	1,386,456	1,210,494	(175,962)
OTHER FINANCING SOURCES (USES):				
Transfer (out)	(2,430,000)	(2,430,000)	(2,516,702)	(86,702)
Total other financing sources (uses)	(2,430,000)	(2,430,000)	(2,516,702)	(86,702)
Net change in fund balance	\$ (1,043,544)	\$ (1,043,544)	(1,306,208)	\$ (262,664)
FUND BALANCE:				
Beginning of year			1,403,433	
End of year			\$ 97,225	



City of Walnut Creek

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

NPDES Special Revenue Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 1,176,259	\$ 1,176,259	\$ 1,162,863	\$ (13,396)
Charge for services	-	-	-	
Investment and rental income	17,000	17,000	34,687	17,687
Other revenue	5,400	5,400	-	(5,400)
Total revenues	1,198,659	1,198,659	1,197,550	(1,109)
EXPENDITURES:				
Current:				
Public works	1,527,140	1,533,944	1,285,467	248,477
Total expenditures	1,527,140	1,533,944	1,285,467	248,477
REVENUES OVER (UNDER) EXPENDITURES	(328,481)	(335,285)	(87,917)	247,368
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	70,350	70,350
Total other financing sources (uses)	-	-	70,350	70,350
Net change in fund balance	\$ (328,481)	\$ (335,285)	(17,567)	\$ 317,718
FUND BALANCE:				
Beginning of year			2,966,065	
End of year			<u>\$ 2,948,498</u>	



City of Walnut Creek

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual Measure J Special Revenue Fund For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Sales and use tax	\$ 1,102,902	\$ 1,102,902	\$ 1,248,258	\$ 145,356
Investment and rental income	10,000	10,000	41,130	31,130
Total revenues	<u>1,112,902</u>	<u>1,112,902</u>	<u>1,289,388</u>	<u>176,486</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,112,902</u>	<u>1,112,902</u>	<u>1,289,388</u>	<u>176,486</u>
OTHER FINANCING SOURCES (USES):				
Transfer (out)	<u>(1,900,000)</u>	<u>(1,900,000)</u>	<u>(1,027,564)</u>	<u>872,436</u>
Total other financing sources (uses)	<u>(1,900,000)</u>	<u>(1,900,000)</u>	<u>(1,027,564)</u>	<u>872,436</u>
Net change in fund balance	<u>\$ (787,098)</u>	<u>\$ (787,098)</u>	261,824	<u>\$ 1,048,922</u>
FUND BALANCE:				
Beginning of year			<u>4,610,996</u>	
End of year			<u>\$ 4,872,820</u>	



City of Walnut Creek

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual Shadelands Park Maintenance Special Revenue Fund For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 5,000	\$ 5,000	\$ 22,950	\$ 17,950
Other	22,303	22,303	22,303	-
Total revenues	27,303	27,303	45,253	17,950
OTHER FINANCING SOURCES (USES):				
Transfer in	637,214	637,214	-	(637,214)
Total other financing sources (uses)	637,214	637,214	-	(637,214)
Net change in fund balance	\$ 637,214	\$ 637,214	45,253	\$ (591,961)
FUND BALANCE:				
Beginning of year			2,166,701	
End of year			\$ 2,211,954	



City of Walnut Creek
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
Shadelands Property and Business Improvement District Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property tax	\$ 385,000	\$ 385,000	\$ 395,434	\$ 10,434
Investment and rental income	-	-	62	62
Total revenues	<u>385,000</u>	<u>385,000</u>	<u>395,496</u>	<u>10,496</u>
EXPENDITURES:				
Current:				
Community development	375,000	375,000	391,616	(16,616)
Total expenditures	<u>375,000</u>	<u>375,000</u>	<u>391,616</u>	<u>(16,616)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>10,000</u>	<u>10,000</u>	<u>3,880</u>	<u>(6,120)</u>
Net change in fund balance	<u>\$ 10,000</u>	<u>\$ 10,000</u>	3,880	<u>\$ (6,120)</u>
FUND BALANCE:				
Beginning of year			<u>7,893</u>	
End of year			<u>\$ 11,773</u>	



City of Walnut Creek

**Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
Alternative Energy Special Revenue Fund
For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ -	\$ -	\$ 1,332	\$ 1,332
Other revenue	12,500	12,500	6,994	(5,506)
Total revenues	12,500	12,500	8,326	(4,174)
Net change in fund balance	\$ 12,500	\$ 12,500	8,326	\$ (4,174)
FUND BALANCE:				
Beginning of year			109,739	
End of year			\$ 118,065	



INTERNAL SERVICE FUNDS

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

Vehicle Rental Fund accumulates funds for the replacement and repair of vehicles

Police Radio Fund accumulates funds for the replacement of police radios

Equipment Replacement Fund - LCA accumulates funds for the replacement of theater equipment

Equipment Replacement Fund - IT accumulates funds for the replacement of computer equipment

Equipment Replacement Fund - ASD accumulates funds for the replacement of administrative services department equipment

Equipment Replacement Fund - GF accumulates funds for the replacement of worn and obsolete equipment other than vehicles

Facilities Replacement Fund - ASD accumulates funds for the costs associated with the maintenance of the City's facilities

PERS Safety Side Fund Liability Fund accounts for the repayment of an internal loan made for the early retirement of a portion of the public safety pension liability.



City of Walnut Creek
Combining Statement of Net Position
All Internal Service Funds
For the Year Ended June 30, 2017

(With comparative information for the prior year)

	Vehicle Rental	Police Radio	Equipment Replacement LCA	Equipment Replacement IT
ASSETS				
Current assets:				
Cash	\$ 1,076,533	\$ 495,196	\$ 43,590	\$ 7,511,382
Accounts receivable	-	-	-	-
Interest receivable	3,085	1,381	126	22,283
Total current assets	<u>1,079,618</u>	<u>496,577</u>	<u>43,716</u>	<u>7,533,665</u>
Capital assets:				
Vehicles	9,206,546	-	-	-
Buildings	-	-	-	50,000
Machinery and equipment	-	1,819,864	59,364	3,192,340
Accumulated depreciation	(6,129,958)	(774,786)	(28,497)	(1,950,704)
Total capital assets	<u>3,076,588</u>	<u>1,045,078</u>	<u>30,867</u>	<u>1,291,636</u>
Total assets	<u>4,156,206</u>	<u>1,541,655</u>	<u>74,583</u>	<u>8,825,301</u>
LIABILITIES				
Current liabilities:				
Accounts payable	34,342	-	-	34,530
Accrued payroll	-	-	-	4,270
Long term debt due in one year	-	-	-	46,706
Total current liabilities	<u>34,342</u>	<u>-</u>	<u>-</u>	<u>85,506</u>
Non-current liabilities:				
Long term debt due in more than one year	-	-	-	96,618
Advances from other funds	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,618</u>
Total liabilities	<u>34,342</u>	<u>-</u>	<u>-</u>	<u>182,124</u>
NET POSITION				
Net investment in capital assets	3,076,588	1,045,078	30,867	1,148,312
Unrestricted	<u>1,045,276</u>	<u>496,577</u>	<u>43,716</u>	<u>7,494,865</u>
Total net position (deficit)	<u>\$ 4,121,864</u>	<u>\$ 1,541,655</u>	<u>\$ 74,583</u>	<u>\$ 8,643,177</u>

Equipment Replacement ASD	Equipment Replacement GF	Facilities Replacement ASD	PERS Safety Side Fund Liability	Totals	
				2017	2016
\$ 1,132	\$ 1,228,349	\$ 310,103	\$ -	\$ 10,666,285	\$ 10,829,480
-	-	-	-	-	823
3	3,625	895	-	31,398	23,523
<u>1,135</u>	<u>1,231,974</u>	<u>310,998</u>	<u>-</u>	<u>10,697,683</u>	<u>10,853,826</u>
-	-	-	-	9,206,546	9,025,374
-	-	235,000	-	285,000	285,000
-	469,591	-	-	5,541,159	5,094,353
-	(248,664)	(51,308)	-	(9,183,917)	(8,224,512)
-	220,927	183,692	-	5,848,788	6,180,215
<u>1,135</u>	<u>1,452,901</u>	<u>494,690</u>	<u>-</u>	<u>16,546,471</u>	<u>17,034,041</u>
-	7,798	-	-	76,670	171,619
-	-	-	-	4,270	4,659
-	-	-	-	46,706	45,669
-	7,798	-	-	127,646	221,947
-	-	-	-	96,618	143,324
-	-	-	3,699,719	3,699,719	5,337,214
-	-	-	3,699,719	3,796,337	5,480,538
-	7,798	-	3,699,719	3,923,983	5,702,485
-	220,927	183,692	-	5,705,464	5,991,222
1,135	1,224,176	310,998	(3,699,719)	6,917,024	5,340,334
<u>\$ 1,135</u>	<u>\$ 1,445,103</u>	<u>\$ 494,690</u>	<u>\$ (3,699,719)</u>	<u>\$ 12,622,488</u>	<u>\$ 11,331,556</u>



City of Walnut Creek

Combining Statement of Revenues, Expenditures and Changes in Fund Net Position

All Internal Service Funds

For the Year Ended June 30, 2017

(With comparative information for the prior year)

	Vehicle Rental	Police Radio	Equipment Replacement LCA	Equipment Replacement IT
OPERATING REVENUES:				
Charges for services	\$ 881,324	\$ 41,310	\$ -	\$ 867,490
Total operating revenues	881,324	41,310	-	867,490
OPERATING EXPENSES:				
Supplies and services	-	13,083	-	689,504
Repairs and maintenance	150,911	11,972	-	499,238
Depreciation	748,084	181,986	5,936	357,621
Total operating expenses	898,995	207,041	5,936	1,546,363
OPERATING INCOME (LOSS)	(17,671)	(165,731)	(5,936)	(678,873)
NONOPERATING REVENUES (EXPENSES):				
Interest and related (expenses)	11,941	5,641	514	90,617
Gain (loss) on sale of vehicles	16,781	-	-	-
Total nonoperating revenues (expenses)	28,722	5,641	514	90,617
Net (loss) before capital contributions and operating transfers	11,051	(160,090)	(5,422)	(588,256)
Capital contributions	38,497	-	-	65,000
Transfers in	76,735	10,000	-	327,741
Transfers (out)	-	-	-	-
Change in net position	126,283	(150,090)	(5,422)	(195,515)
NET POSITION(deficit):				
Beginning of the year	3,995,581	1,691,745	80,005	8,838,692
End of the year	\$ 4,121,864	\$ 1,541,655	\$ 74,583	\$ 8,643,177

Equipment Replacement ASD	Equipment Replacement GF	Facilities Replacement ASD	PERS Safety Side Fund Liability	Totals	
				2017	2016
\$ -	\$ -	\$ -	1,824,298	\$ 3,614,422	\$ 3,847,633
-	-	-	1,824,298	3,614,422	3,847,633
-	-	-	-	702,587	469,975
-	29,048	-	-	691,169	814,024
-	49,494	4,700	-	1,347,821	1,291,422
-	78,542	4,700	-	2,741,577	2,575,421
-	(78,542)	(4,700)	1,824,298	872,845	1,272,212
13	15,360	3,659	(186,803)	(59,058)	(138,075)
-	-	-	-	16,781	105,266
13	15,360	3,659	(186,803)	(42,277)	(32,809)
13	(63,182)	(1,041)	1,637,495	830,568	1,239,403
-	8,023	-	-	111,520	120,380
-	-	-	-	414,476	500,000
-	(65,632)	-	-	(65,632)	(258,519)
13	(120,791)	(1,041)	1,637,495	1,290,932	1,601,264
1,122	1,565,894	495,731	(5,337,214)	11,331,556	9,730,292
\$ 1,135	\$ 1,445,103	\$ 494,690	\$ (3,699,719)	\$ 12,622,488	\$ 11,331,556



City of Walnut Creek
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2017
(With comparative information for the prior year)

	Vehicle Rental	Police Radio	Equipment Replacement LCA	Equipment Replacement IT	Equipment Replacement ASD
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 881,324	\$ 41,310	\$ -	\$ 868,313	\$ -
Payments to suppliers	(174,298)	(25,055)	-	(1,268,491)	-
Net cash provided (used)					
by operating activities					
financing activities	707,026	16,255	-	(400,178)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	76,735	10,000	-	471,065	-
Transfers (out)	-	-	-	-	-
Net cash provided (used) by noncapital	76,735	10,000	-	471,065	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions	38,497	-	-	65,000	-
Acquisition of capital assets	(569,588)	-	-	(535,048)	-
Proceeds from sale of capital assets	16,781	-	-	-	-
Interest paid on capital lease	-	-	-	-	-
Principal paid on capital lease	-	-	-	(45,669)	-
Net cash provided (used) by capital and related financing activities	(514,310)	-	-	(515,717)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income received	10,235	5,229	479	85,924	12
Net cash provided by investing activities	10,235	5,229	479	85,924	12
Net increase (decrease) in cash and cash equivalents	279,686	31,484	479	(358,906)	12
CASH AND CASH EQUIVALENTS:					
Beginning of the year	796,847	463,712	43,111	7,870,288	1,120
End of the year	\$ 1,076,533	\$ 495,196	\$ 43,590	\$ 7,511,382	\$ 1,132
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (17,671)	\$ (165,731)	\$ (5,936)	\$ (678,873)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	748,084	181,986	5,936	357,621	-
Changes in assets and liabilities:					
Accounts receivable	-	-	-	823	-
Prepaid items	-	-	-	-	-
Advance from other funds	-	-	-	-	-
Accounts payable	(23,387)	-	-	(79,749)	-
Net cash provided (used) by operating activities	\$ 707,026	\$ 16,255	\$ -	\$ (400,178)	\$ -
Noncash items:					
Capital Lease	\$ -	\$ -	\$ -	\$ 143,324	\$ -

Equipment Replacement GF	Facilities Replacement ASD	PERS Safety Side Fund Liability	Totals	
			2017	2016
\$ -	\$ -	\$ 1,824,298	\$ 3,615,245	\$ 3,848,811
(21,250)	-	-	(1,489,094)	(1,279,997)
(21,250)	-	1,824,298	2,126,151	2,568,814
-	-	-	557,800	500,000
(65,632)	-	-	(65,632)	(258,519)
(65,632)	-	-	492,168	241,481
8,023	-	-	111,520	120,380
(55,082)	-	-	(1,159,718)	(1,511,107)
-	-	-	16,781	105,266
-	-	(186,803)	(186,803)	(239,471)
-	-	(1,637,495)	(1,683,164)	(1,549,482)
(47,059)	-	(1,824,298)	(2,901,384)	(3,074,414)
14,582	3,409	-	119,870	93,347
14,582	3,409	-	119,870	93,347
(119,359)	3,409	-	(163,195)	(170,772)
1,347,708	306,694	-	10,829,480	11,000,252
\$ 1,228,349	\$ 310,103	\$ -	\$ 10,666,285	\$ 10,829,480
\$ (78,542)	\$ (4,700)	\$ 1,824,298	\$ 872,845	\$ 1,272,212
49,494	4,700	-	1,347,821	1,291,422
-	-	-	823	1,178
-	-	1,637,495	1,637,495	1,513,845
-	-	(1,637,495)	(1,637,495)	(1,504,827)
7,798	-	-	(95,338)	(5,016)
\$ (21,250)	\$ -	\$ 1,824,298	\$ 2,126,151	\$ 2,568,814
\$ -	\$ -	\$ -	\$ 143,324	\$ -

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FIDUCIARY FUND TYPES

TRUST AND AGENCY FUNDS

Private-Purpose Trust Funds account for monies received from the Contra Costa County Auditor Controller for repayment for the enforceable obligations of the former Redevelopment Agency of the City of Walnut Creek. These funds are restricted for the sole purpose of payment of items on an approved Recognized Payment Obligation Schedule (ROPS).

Agency funds are used to account for assets held by the City as agent for individuals, governmental entities, and non-public organizations. These funds include the following:

Trust and Agency accounts for assets held by the City as an agent for various organizations and activities.

Assessment Districts Group I accounts for the redemption of special assessment bonds issued for the purposes of acquisition and improvement in various Local Improvement Districts.

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City of Walnut Creek
Agency Funds
Statements of Changes in Assets and Liabilities
For the Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<u>Trust and Agency</u>				
Assets:				
Cash and investments	\$ 2,981,036	\$ 12,416,968	\$ (12,670,897)	\$ 2,727,107
Accounts receivable	25,085	253,357	(178,826)	99,616
Interest receivable	13,011	11,233	(13,011)	11,233
Total assets	\$ 3,019,132	\$ 12,681,558	\$ (12,862,734)	\$ 2,837,956
Liabilities:				
Accounts payable	\$ 193,319	\$ 2,324,108	\$ (2,438,513)	\$ 78,914
Advance deposits	2,825,813	10,357,450	(10,424,221)	2,759,042
Total liabilities	\$ 3,019,132	\$ 12,681,558	\$ (12,862,734)	\$ 2,837,956
 <u>Assessment Districts Group I</u>				
Assets:				
Cash and investments	\$ 1,729,643	\$ 19,227	\$ -	\$ 1,748,870
Interest receivable	3,637	5,047	(3,637)	5,047
Total assets	\$ 1,716,762	\$ 24,274	\$ (3,637)	\$ 1,753,917
Liabilities:				
Due to bondholders	\$ 1,716,762	\$ 24,274	\$ (3,637)	\$ 1,753,917



City of Walnut Creek

Agency Funds

Statements of Changes in Assets and Liabilities, Continued For the Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 4,710,679	\$ 12,436,195	\$ (12,670,897)	\$ 4,475,977
Accounts receivable	25,085	253,357	(178,826)	99,616
Interest receivable	16,648	16,280	(16,648)	16,280
Total assets	\$ 4,752,412	\$ 12,705,832	\$ (12,866,371)	\$ 4,591,873
Liabilities:				
Accounts payable	\$ 193,319	\$ 2,324,108	\$ (2,438,513)	\$ 78,914
Due to other governments	-	-	-	-
Due to bondholders	1,733,280	24,274	(3,637)	1,753,917
Advance deposits	2,825,813	10,357,450	(10,424,221)	2,759,042
Total liabilities	\$ 4,752,412	\$ 12,705,832	\$ (12,866,371)	\$ 4,591,873



City of Walnut Creek
Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2017

	RDA Obligation Retirement	RDA Successor Agency Debt Service	Total Private Purpose Trust Funds
ASSETS			
Current:			
Cash and investments	\$ 707,655	\$ -	\$ 707,655
Cash and investments with fiscal agents	-	1,506,091	1,506,091
Interest receivable	815	-	815
Total assets	\$ 708,470	\$ 1,506,091	\$ 2,214,561
LIABILITIES AND NET POSITION			
Current :			
Accrued payroll	538	-	538
Long-term debt due in one year (Note 15)	-	305,000	305,000
Total current liabilities	538	305,000	305,538
Noncurrent liabilities:			
Advance due to the City	274,544	\$ -	274,544
Long-term debt due in more than one year (Note 15)	-	965,000	965,000
Total noncurrent liabilities	274,544	965,000	1,239,544
Total liabilities	275,082	1,270,000	1,545,082
Net Position:			
Held in trust for other governments	\$ 433,388	\$ 236,091	\$ 669,479



City of Walnut Creek
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2017

	RDA Obligation Retirement	RDA Successor Agency Debt Service	Private Purpose Trust Fund
ADDITIONS:			
Property taxes	\$ 630,742	\$ -	\$ 630,742
Investment and rental income	2,035	648	2,683
Total additions	632,777	648	633,425
DEDUCTIONS:			
Community development	29,648	-	29,648
Interest, fiscal charges and issuance costs	-	84,830	84,830
Total deductions	29,648	84,830	114,478
CHANGE IN NET POSITION BEFORE TRANSFERS			
Transfers in	-	378,742	378,742
Transfers (out)	(378,742)	-	(378,742)
Total transfers (net)	(378,742)	378,742	-
Change in net position	224,387	294,560	518,947
NET POSITION (deficit)			
Beginning of the year	209,001	(58,469)	150,532
End of the year	\$ 433,388	\$ 236,091	\$ 669,479

STATISTICAL SECTION

This part of the City of Walnut Creek's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City.

Index	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	174-185
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, including sales and property taxes.	186-192
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	193-198
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	199
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	200-208



City of Walnut Creek
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
Governmental activities:				
Net investment in capital assets	\$ 227,987,671	\$ 241,814,198	\$ 255,068,671	\$ 251,483,541
Restricted				
Capital Projects/Community Development	49,175,812	64,129,700	58,685,430	47,852,651
Unrestricted	67,074,890	37,017,927	27,027,521	39,172,708
Total governmental activities net position	344,238,373	342,961,825	340,781,622	338,508,900
Business-type activities:				
Invested in capital assets, net of related debt	1,075,689	1,317,463	1,318,102	1,406,822
Restricted - Capital Projects	165,099	-	-	-
Unrestricted	(1,731,343)	(1,869,311)	(2,096,240)	(2,414,218)
Total business-type activities net position	(490,555)	(551,848)	(778,138)	(1,007,396)
Primary government:				
Invested in capital assets, net of related debt	229,063,360	243,131,661	256,386,773	252,890,363
Restricted				
Capital Projects/Community Development	49,340,911	64,129,700	58,685,430	47,852,651
Unrestricted	65,343,547	35,148,616	24,931,281	36,758,490
Total primary government net position	\$ 343,747,818	\$ 342,409,977	\$ 340,003,484	\$ 337,501,504

Source: City Finance Department

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 250,111,191	\$ 238,401,412	\$ 232,858,750	\$ 234,018,776	\$ 235,484,941	\$ 235,912,183
37,533,808	31,545,609	40,678,188	40,930,301	50,796,674	45,391,436
43,620,819	42,465,457	47,061,870	(19,886,556)	(10,875,175)	(3,856,154)
<u>331,265,818</u>	<u>312,412,478</u>	<u>320,598,808</u>	<u>255,062,521</u>	<u>275,406,440</u>	<u>277,447,465</u>
1,490,349	9,344,544	10,952,847	8,441,554	10,536,024	10,396,219
-	-	-	-	1,368,855	1,857,468
664,377	2,856,473	2,562,841	7,540,001	4,918,344	4,543,498
<u>2,154,726</u>	<u>12,201,017</u>	<u>13,515,688</u>	<u>15,981,555</u>	<u>16,823,223</u>	<u>16,797,185</u>
251,601,540	247,745,956	243,811,597	242,460,330	246,020,965	246,308,402
37,533,808	31,545,609	40,678,188	40,930,301	52,165,529	47,248,904
44,285,196	45,321,930	49,624,711	(12,346,555)	(5,956,831)	687,344
<u>\$ 333,420,544</u>	<u>\$ 324,613,495</u>	<u>\$ 334,114,496</u>	<u>\$ 271,044,076</u>	<u>\$ 292,229,663</u>	<u>\$ 294,244,650</u>



City of Walnut Creek
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental activities:				
Public protection	\$ 20,874,588	\$ 22,070,859	\$ 21,996,450	\$ 21,923,692
Public works	26,010,531	25,548,474	25,108,573	28,858,972
Community and economic development	5,096,366	6,117,841	4,428,720	2,799,414
Housing	1,871,343	2,744,309	3,073,662	1,019,485
Arts, recreation and community services	14,150,128	14,364,387	14,124,552	13,737,264
Administrative services	5,404,926	6,326,034	5,850,595	4,722,052
Human resources	-	-	-	-
General government	2,733,327	2,986,144	2,701,255	3,248,455
Interest on long-term debt	405,413	369,667	329,798	269,960
Total governmental activities expenses	76,546,622	80,527,715	77,613,605	76,579,294
Business-type activities:				
Golf course and clubhouse	2,143,842	2,474,725	3,995,228	3,877,045
Downtown parking and enhancement	-	-	-	-
Total business-type activities expenses	2,143,842	2,474,725	3,995,228	3,877,045
Total primary government expenses	\$ 78,690,464	\$ 83,002,440	\$ 81,608,833	\$ 80,456,339
Program Revenues				
Governmental activities:				
Charges for services:				
Public protection	\$ 1,960,054	\$ 2,370,596	\$ 1,870,098	\$ 2,187,329
Public works	2,351,022	2,366,826	3,423,411	5,459,706
Community and economic development	3,161,013	2,878,442	2,532,479	3,065,566
Housing	1,242,802	2,767,216	1,396,751	309,918
Arts, recreation, and community services	8,659,603	9,519,335	9,984,955	9,691,973
Administrative services	2,264,692	2,264,812	2,045,153	1,684,036
Human Resources	-	-	-	-
General government	960,194	831,868	830,836	439,531
Operating grants and contributions	1,081,947	1,834,798	795,436	451,036
Capital grants and contributions	2,118,032	2,074,100	4,958,301	3,065,960
Total governmental activities program revenues	23,799,359	26,907,993	27,837,420	26,355,055
Business-type activities:				
Charges for services:				
Golf Course and Clubhouse	1,950,889	1,973,869	3,546,486	3,826,347
Downtown Parking and Enhancement	-	-	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	1,950,889	1,973,869	3,546,486	3,826,347

*Arts Partnership revenues and expenditures were moved to arts, recreation, and community services in 2007.

		Fiscal Year									
		2012	2013	2014	2015	2016	2017				
\$	22,469,017	\$	21,507,637	\$	22,865,154	\$	21,630,742	\$	22,441,417	\$	21,316,774
	28,070,687		26,978,488		27,415,778		28,340,373		29,925,086		34,531,939
	3,984,921		5,182,748		6,258,882		6,902,178		6,856,542		7,217,740
	950,744		1,911,341		2,182,676		3,700,789		1,179,672		11,711,124
	16,254,587		13,933,801		14,189,508		15,578,912		16,469,521		16,073,448
	5,444,430		5,800,846		5,963,099		4,278,695		4,411,632		4,911,818
	-		-		-		1,270,976		1,262,404		1,176,187
	3,856,482		4,019,331		4,670,132		4,794,183		6,822,044		6,891,946
	63,989		-		-		-		-		-
	81,094,857		79,334,192		83,545,229		86,496,848		89,368,318		103,830,976
	4,154,881		4,677,542		5,153,397		4,635,799		4,789,275		5,462,725
	-		3,334,000		3,831,213		5,348,651		5,348,604		6,011,653
	4,154,881		8,011,542		8,984,610		9,984,450		10,137,879		11,474,378
\$	85,249,738	\$	87,345,734	\$	92,529,839	\$	96,481,298	\$	99,506,197	\$	115,305,354
\$	2,090,432	\$	1,786,461	\$	1,687,956	\$	1,762,226	\$	1,691,233	\$	1,758,551
	6,734,474		7,778,943		10,232,560		10,645,252		13,857,642		12,207,198
	3,568,283		4,415,274		6,231,086		8,458,675		8,171,066		7,987,183
	774,839		2,480,116		5,888,234		8,696,509		4,566,510		4,867,458
	9,779,208		9,916,602		10,186,245		10,227,308		10,915,097		11,242,136
	225,062		1,638,225		2,014,361		1,957,975		2,212,132		1,242,212
	-		-		-		1,219		-		-
	457,007		639,653		555,935		854,610		670,542		649,612
	753,882		983,443		949,963		1,655,170		446,217		327,047
	2,494,451		2,784,264		1,844,060		4,655,147		4,976,969		4,600,491
	26,877,638		32,422,981		39,590,400		48,914,091		47,507,408		44,881,888
	4,572,557		5,068,945		4,746,005		5,195,484		5,026,687		5,483,257
	-		1,903,088		2,633,140		4,499,655		4,184,022		4,421,068
	-		-		-		-		-		-
	2,581,447		-		-		-		-		-
	7,154,004		6,972,033		7,379,145		9,695,139		9,210,709		9,904,325



City of Walnut Creek
Changes in Net Position, Continued
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
Net revenues (expenses)				
Governmental activities:	\$ (52,747,263)	\$ (53,619,722)	\$ (50,224,239)	\$ (54,217,219)
Business-type activities:	(192,953)	(500,856)	(50,698)	2,999,123
Total primary government net expense	\$ (52,940,216)	\$ (54,120,578)	\$ (50,274,937)	\$ (51,218,096)
General revenues and other changes in net assets				
Governmental activities:				
Taxes:				
Sales and use	\$ 20,060,618	\$ 18,472,616	\$ 16,582,063	\$ 17,664,314
Property	19,488,146	20,714,994	20,377,168	18,894,891
Franchise	3,004,523	3,156,939	3,147,976	3,199,514
Other taxes	8,079,967	7,155,807	7,012,408	7,444,697
Intergovernmental	-	-	-	-
Investment income, unrestricted	4,152,579	3,021,062	1,142,397	547,489
Capital contribution	-	-	-	-
Other general revenues	171,396	52,520	343,052	666,063
Transfers of capital assets (Note 6)	-	-	-	-
Transfers	68,497	7,746	11,250	356,250
Total governmental activities	55,025,726	52,581,684	48,616,314	48,773,218
Extraordinary Loss	-	-	-	-
Business-type activities:				
Investment income	53,585	183,442	222,959	164,636
Other Revenue	50	25,357	10,743	13,054
Transfers of capital assets (Note 6)	-	-	-	-
Transfers	(68,497)	(7,746)	(11,250)	(356,250)
Total business-type activities	(14,862)	201,053	222,452	(178,560)
Total primary government changes in net position				
Governmental activities:	2,278,463	(1,038,038)	(1,607,925)	(5,444,001)
Business-type activities:	(207,815)	(299,803)	171,754	2,820,563
Total primary government	\$ 2,070,648	\$ (1,337,841)	\$ (1,436,171)	\$ (2,623,438)

Source: City Finance Department

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ (54,217,219)	\$ (43,954,829)	\$ (43,954,829)	\$ (37,582,757)	\$ (41,860,910)	\$ (58,949,088)
2,999,123	(1,605,465)	(1,605,465)	(289,311)	(927,170)	(1,570,053)
\$ (51,218,096)	\$ (45,560,294)	\$ (45,560,294)	\$ (37,872,068)	\$ (42,788,080)	\$ (60,519,141)

\$ 19,882,259	\$ 21,385,051	\$ 22,417,088	\$ 23,743,363	\$ 26,152,376	\$ 25,270,058
16,391,482	15,704,242	17,322,166	18,843,569	20,346,916	21,991,189
3,258,474	3,248,171	3,344,495	3,425,481	3,580,225	3,648,456
7,419,738	7,575,411	8,232,453	8,203,061	8,746,883	8,404,150
-	-	-	-	-	-
531,511	5,410	590,334	586,567	1,259,222	478,350
-	-	-	-	-	-
926,610	854,159	939,469	3,163,251	2,125,448	784,726
-	-	(1,235,208)	-	-	-
21,119	(512,218)	530,361	(375,592)	(6,241)	413,184
48,431,193	48,260,226	52,141,158	57,589,700	62,204,829	60,990,113

(1,457,056)	-	-	-	-	-
169,091	199,211	929,627	260,403	194,148	296,038
15,027	709,811	1,233,194	2,119,183	1,568,449	1,661,161
-	-	1,235,208	-	-	-
(21,119)	579,042	(477,893)	375,592	6,241	(413,184)
162,999	1,488,064	2,920,136	2,755,178	1,768,838	1,544,015
(7,243,082)	4,305,397	8,186,329	20,006,943	20,343,919	2,041,025
3,162,122	(117,401)	1,314,671	2,465,867	841,668	(26,038)
\$ (4,080,960)	\$ 4,187,996	\$ 9,501,000	\$ 22,472,810	\$ 21,185,587	\$ 2,014,987

(Concluded)



City of Walnut Creek
Fund Balances of Governmental Funds
Last Six Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2012	2013	2014	2015
General Fund:				
<u>Nonspendable</u>				
Advance to Other Funds	7,016,000	7,016,000	6,593,229	5,616,585
Inventory	40,631	40,833	29,016	38,497
Interfund Loan	-	-	442,756	402,355
Prepaid Expense	416,632	150,294	179,512	174,899
Subtotal Nonspendable	<u>7,473,263</u>	<u>7,207,127</u>	<u>7,244,513</u>	<u>6,232,336</u>
<u>Restricted</u>				
Capital Projects	-	-	-	-
Subtotal Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Committed</u>				
Catastrophic Emergency	6,408,644	6,683,733	6,935,687	7,672,469
Compensated Absences	179,279	143,208	188,245	192,274
Dental Claims	199,567	236,669	212,999	229,469
Fiscal Emergency	3,477,044	3,677,606	3,683,371	4,108,515
Legal Claims	3,000,000	3,000,000	3,000,000	3,000,000
PERS Liability	168,923	168,923	168,923	168,923
Radio Communications	684,000	-	-	-
Workers Compensation	-	-	697,315	1,673,959
Subtotal Committed	<u>14,117,457</u>	<u>13,910,139</u>	<u>14,886,540</u>	<u>17,045,609</u>
<u>Assigned</u>				
ARCS Scholarships	43,814	48,730	46,923	54,070
Capital Projects - General Fund portion	-	4,166,531	3,837,124	5,144,649
Contractual Commitments	1,147,036	1,377,379	1,448,689	1,777,188
Library	-	-	460,000	-
FY10-12 Budget Shortfall	3,562,278	-	-	-
Subtotal Assigned	<u>4,753,128</u>	<u>5,592,640</u>	<u>5,792,736</u>	<u>6,975,907</u>
<u>Unassigned</u>				
FY10-12 Budget Shortfall	-	3,562,278	-	-
FY14-16 1X Funds	-	-	-	1,158,059
Carryovers				
City Manager Contingency	75,000	71,824	41,024	72,000
Council Contingency	640,864	123,943	72,428	100,000
Unrealized Gain	146,332	(193,124)	21,419	38,391
Unassigned Fund Balance	721,923	4,563,681	7,677,776	12,714,348
Subtotal Unassigned	<u>1,584,119</u>	<u>8,128,602</u>	<u>7,812,647</u>	<u>14,082,798</u>
Total general fund	<u><u>27,927,967</u></u>	<u><u>34,838,508</u></u>	<u><u>35,736,436</u></u>	<u><u>44,336,650</u></u>
All Other Governmental Funds:				
Nonspendable	3,134,118	2,684,982	1,900,000	-
Restricted	30,407,953	28,242,582	37,597,846	40,985,154
Assigned	3,991,737	818,437	1,180,342	-
Unassigned	-	(200,392)	-	(54,853)
Total all other governmental funds	<u><u>37,533,808</u></u>	<u><u>31,545,609</u></u>	<u><u>40,678,188</u></u>	<u><u>40,930,301</u></u>
Total all governmental funds	<u><u>\$ 65,461,775</u></u>	<u><u>\$ 66,384,117</u></u>	<u><u>\$ 76,414,624</u></u>	<u><u>\$ 85,266,951</u></u>

The City implemented GASB 54 for the fiscal year ended June 30, 2011. Prior year was restated for comparison purposes.

Source: City Finance Department

Fiscal Year	
2016	2017
4,974,544	3,974,263
52,932	48,424
361,139	319,091
47,601	53,734
5,436,216	4,395,512
4,181,500	-
4,181,500	-
7,801,074	8,481,416
180,538	290,002
252,505	230,000
4,366,023	4,648,365
3,000,000	3,000,000
168,923	13,969,204
-	-
2,000,000	2,000,000
17,769,063	32,618,987
33,065	79,351
5,144,649	12,665,299
994,483	1,387,546
-	-
-	-
6,172,197	14,132,196
-	-
487,259	358,459
	322,666
72,000	72,000
100,000	60,000
429,570	-
16,851,566	2,780,505
17,940,395	3,593,630
51,499,371	54,740,325
1,000,000	1,000,000
41,224,053	41,619,618
8,572,621	2,792,746
-	(20,928)
50,796,674	45,391,436
\$ 102,296,045	\$ 100,131,761

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City of Walnut Creek
Fund Balances of Governmental Funds
FY2008 - FY2011
(modified accrual basis of accounting)

	2008	2009	2010	2011
General Fund:				
Reserved	\$ 4,900,219	\$ 4,276,972	\$ 12,417,944	\$ 12,529,685
Unreserved				
Designated for:				
Economic Uncertainty	6,343,265	6,818,051	6,059,014	6,059,014
Recreation Scholarships		21,562	20,629	20,629
Claims Liability	9,276,811	8,028,363	3,337,945	3,337,945
Council Discretion	632,273	332,273	302,950	188,179
City Manager Discretion	75,000	75,000	75,000	-
Unrealized Investment Gain	59,197	96,826	145,952	132,364
Property Expansion	-	-	-	-
Future Programs	-	-	-	-
Capital Improvements	1,405,022	1,405,022	-	-
Labor Agreements	500,000	-	-	-
Future Budgets	7,490,507	7,195,623	5,206,373	3,562,278
Compensated Absences	2,984,777	3,318,697	356,758	251,684
Undesignated	-	-	-	-
Total general fund	33,667,071	31,568,389	27,922,565	26,081,778
All Other Governmental Funds:				
Reserved	7,406,732	10,310,736	11,536,437	11,536,437
Unreserved, reported in:				
Special revenue funds	12,485,586	13,587,363	12,656,349	12,656,349
Capital projects funds	51,446,853	35,882,129	22,392,710	22,392,710
Undesignated	-	-	-	-
Total all other governmental funds	\$ 71,339,171	\$ 59,780,228	\$ 46,585,496	\$ 46,585,496
Total all governmental funds	\$ 105,006,242	\$ 91,348,617	\$ 74,508,061	\$ 72,667,274

The City implemented GASB 54 for the fiscal year ended June 30, 2011. See page 153 for information on last three fiscal years. Prior year was restated for comparison purposes in the accompanying financial statements.

Source: City Finance Department



City of Walnut Creek
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
Revenues				
Taxes:				
Sales and use	\$ 20,060,619	\$ 18,472,616	\$ 16,582,063	\$ 17,664,314
Property	20,362,527	20,714,994	20,377,168	18,894,891
Business license	2,024,041	1,948,060	1,943,357	1,911,581
Franchise	3,004,523	3,156,939	3,147,976	3,199,514
Transient occupancy tax	1,453,869	1,244,223	1,141,959	1,345,355
Other	2,355,998	2,034,403	2,007,832	2,152,301
Intergovernmental	2,245,219	4,099,703	5,620,185	4,922,550
Use of money and property	5,933,954	4,720,142	2,639,135	2,496,540
Charges for services	12,057,554	12,290,405	12,585,459	13,118,478
Licenses, permits and fees	2,214,703	2,230,571	2,197,799	2,555,481
Fines, forfeitures and penalties	4,560,388	4,029,279	4,383,826	4,981,431
Other revenues	1,246,141	1,779,127	2,723,887	1,354,339
Total revenues	77,519,536	76,720,462	75,350,646	74,596,775
Expenditures				
Current:				
Public protection	20,083,360	21,522,640	21,744,763	21,551,269
Public works	18,287,663	18,477,194	17,274,706	19,974,925
Community and economic development	5,397,259	6,224,593	4,727,785	4,076,311
Housing	1,871,343	2,744,309	3,324,662	1,019,485
Arts, recreational and community services	14,038,213	14,218,609	14,008,006	13,615,812
Administrative services	5,372,403	6,177,799	5,885,492	4,710,796
Human resources	-	-	-	-
General government	2,700,494	2,826,309	2,648,587	3,357,033
Capital outlay:				
General public ways and facilities and equipment	7,501,041	17,957,680	19,998,754	2,313,211
Debt service:				
Principal	870,000	905,000	940,000	2,439,592
Interest and issuance costs	422,739	388,904	350,530	325,173
Total expenditures	76,544,515	91,443,037	90,903,285	73,383,607
Excess (deficiency) of revenues over (under) expenditures	975,021	(14,722,575)	(15,552,639)	1,213,168
Other financing sources (uses):				
Capital lease	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Transfers in	10,338,766	22,579,127	11,090,351	12,506,513
Transfers out	(10,482,269)	(21,275,667)	(11,332,999)	(13,147,563)
Total other financing sources (uses)	(143,503)	1,303,460	(242,648)	(641,050)
Extraordinary item	-	-	-	-
Net change in fund balances	\$ 831,518	\$ (13,419,115)	\$ (15,795,287)	\$ 572,118
Debt Service - % noncapital expenditures	1.9%	1.8%	1.9%	4.0%

Source: City Finance Department

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 19,882,259	\$ 21,385,051	\$ 22,417,088	\$ 23,743,363	\$ 26,152,376	\$ 25,270,058	
16,391,482	15,704,242	17,322,166	18,843,569	20,346,917	21,991,189	
1,972,208	2,073,305	2,194,783	2,223,848	2,395,129	2,429,669	
3,258,474	3,248,171	3,344,495	3,425,481	3,580,225	3,648,456	
1,491,533	1,658,706	1,768,079	1,941,665	2,077,190	2,093,907	
2,062,470	2,303,338	2,187,727	2,328,185	2,645,060	2,723,855	
4,496,141	5,069,160	4,674,747	7,846,825	6,874,718	5,057,228	
2,392,372	842,793	1,461,938	1,429,347	2,028,911	1,272,525	
13,630,654	16,234,458	20,917,433	23,635,676	26,250,613	22,701,677	
2,490,058	1,680,603	1,986,301	2,251,823	3,262,566	3,118,723	
4,866,047	8,389,242	9,002,040	10,828,777	11,064,958	10,323,924	
1,974,534	1,918,938	3,494,579	1,529,490	2,162,129	751,724	
<u>74,908,232</u>	<u>80,508,007</u>	<u>90,771,376</u>	<u>100,028,049</u>	<u>108,840,792</u>	<u>101,382,935</u>	
22,120,786	21,827,962	23,367,172	23,633,883	24,751,145	25,658,971	
19,928,800	19,543,563	20,433,205	21,582,015	22,709,742	27,192,382	
4,576,808	5,424,347	6,352,470	7,280,867	7,149,040	7,917,374	
950,744	1,911,341	2,182,676	3,700,789	1,179,672	5,598,818	
16,137,501	13,938,446	14,187,383	15,563,479	16,460,868	16,064,510	
5,418,795	5,786,198	5,946,055	4,259,920	4,388,092	4,901,030	
-	-	-	1,270,976	1,262,404	1,176,187	
3,229,804	3,816,661	4,001,723	5,455,276	5,139,534	5,983,342	
2,995,797	3,947,460	3,590,852	8,618,460	8,965,335	9,057,746	
691,841	31,428	38,245	39,498	53,793	61,199	
141,513	-	-	-	-	-	
<u>76,192,389</u>	<u>76,227,406</u>	<u>80,099,781</u>	<u>91,405,163</u>	<u>92,059,625</u>	<u>103,611,559</u>	
<u>(1,284,157)</u>	<u>4,280,601</u>	<u>10,671,595</u>	<u>8,622,886</u>	<u>16,781,167</u>	<u>(2,228,624)</u>	
-	-	-	49,404	-	-	
-	-	-	2,467,400	-	-	
6,895,908	18,252,298	11,593,429	7,688,307	10,519,575	12,045,711	
<u>(9,076,689)</u>	<u>(19,888,502)</u>	<u>(12,234,517)</u>	<u>(9,975,670)</u>	<u>(10,767,297)</u>	<u>(11,981,371)</u>	
<u>(2,180,781)</u>	<u>(1,636,204)</u>	<u>(641,088)</u>	<u>229,441</u>	<u>(247,722)</u>	<u>64,340</u>	
<u>(5,331,766)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>\$ (8,796,704)</u>	<u>\$ 2,644,397</u>	<u>\$ 10,030,507</u>	<u>\$ 8,852,327</u>	<u>\$ 16,533,445</u>	<u>\$ (2,164,284)</u>	
1.2%	0.0%	0.1%	0.0%	0.1%	0.1%	(Concluded)



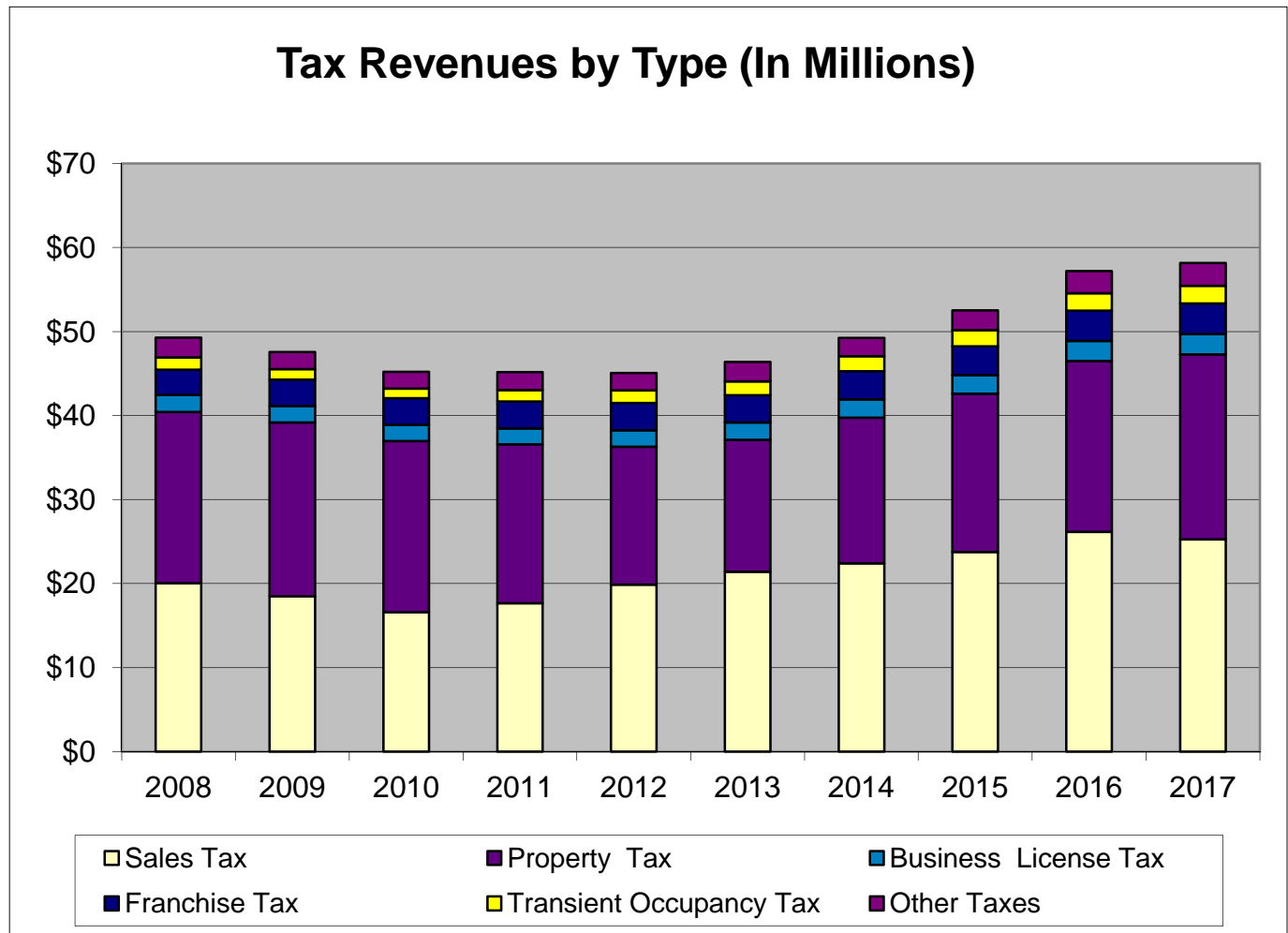
City of Walnut Creek

Governmental Tax Revenues by Source

Last Ten Fiscal Years

Fiscal Years	Sales Tax	Property Tax	Business License Tax	Franchise Tax	Transient Occupancy Tax	Other Taxes	Total
2008	\$ 20,060,619	\$ 20,362,527	\$ 2,024,041	\$ 3,004,523	\$ 1,453,869	\$ 2,355,998	\$ 49,261,577
2009	18,472,616	20,714,994	1,948,060	3,156,939	1,244,223	2,034,403	47,571,235
2010	16,582,063	20,377,168	1,943,357	3,147,976	1,141,959	2,007,832	45,200,355
2011	17,664,314	18,894,891	1,911,581	3,199,514	1,345,355	2,152,301	45,167,956
2012	19,882,259	16,391,482	1,972,208	3,258,474	1,491,533	2,062,470	45,058,426
2013	21,385,051	15,704,242	2,073,305	3,248,171	1,658,706	2,303,338	46,372,813
2014	22,417,088	17,322,166	2,194,783	3,344,495	1,768,079	2,187,727	49,234,338
2015	23,743,363	18,843,569	2,223,848	3,425,481	1,941,665	2,328,185	52,506,111
2016	26,152,376	20,346,917	2,395,129	3,580,225	2,077,190	2,645,060	57,196,897
2017	25,270,058	21,991,189	2,429,669	3,648,456	2,093,907	2,723,855	58,157,134

Source: City Finance Department





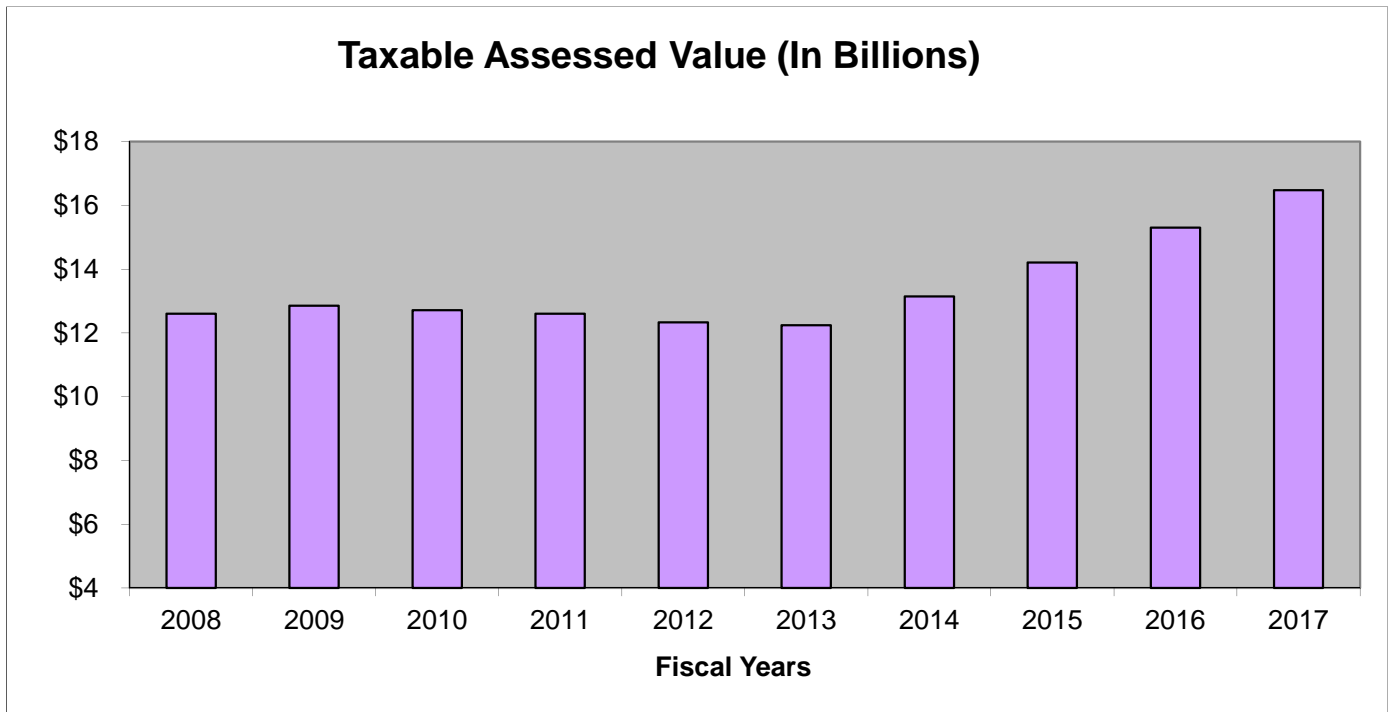
City of Walnut Creek
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Unsecured / Other Property	Less: Exemptions	Taxable Assessed Value	City Wide Avg Total Direct Tax Rate
2008	\$ 9,272,700,719	\$ 2,347,625,254	\$ 115,545,668	\$ 1,109,777,694	\$ (248,464,304)	\$ 12,597,185,031	11.578%
2009	9,538,266,067	2,474,982,973	100,668,638	987,832,377	(246,260,584)	12,855,489,471	11.681%
2010	9,302,765,275	2,573,281,647	111,603,403	973,329,306	(250,725,941)	12,710,253,690	11.830%
2011	9,245,487,993	2,639,603,044	107,266,982	890,902,216	(279,414,343)	12,603,845,892	11.838%
2012	9,033,688,220	2,562,632,155	108,010,488	922,673,554	(294,265,928)	12,332,738,489	11.819%
2013	9,081,193,615	2,468,292,594	60,100,559	925,047,088	(294,698,806)	12,239,935,050	11.970%
2014	9,761,932,038	2,551,885,934	60,384,541	1,078,073,162	(308,594,992)	13,143,680,683	9.456%
2015	10,789,630,731	2,671,701,662	37,131,374	1,017,310,021	(311,417,291)	14,204,356,497	9.517%
2016	11,649,352,553	2,911,075,419	39,630,705	1,022,257,261	(317,490,526)	15,304,825,412	9.524%
2017	12,508,351,972	3,213,949,672	41,941,543	1,032,546,891	(326,442,933)	16,470,347,145	9.541%

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being assessed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property. The City-wide Direct Tax Rate is an average, the actual tax rate for each property varies according to its tax rate area. This average tax rate is net of State shifts of local property tax revenue to Education and net of admin fees.

Source: HDL Coren & Cone, Contra Costa County Assessor Tax Rolls





City of Walnut Creek
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years (Rate per \$100 of assessed value)

	Fiscal Year		
	2008	2009	2010
City Direct Rate:	0.09705	0.09705	0.09705
Walnut Creek General Fund	0.09410	0.09410	0.09410
Walnut Creek R-8	0.00295	0.00295	0.00295
 Direct and Overlapping Rates:			
Basic Levy	1.0000	1.0000	1.0000
Acalanes Union	0.0259	0.0289	0.0298
Bay Area Rapid Transit Bond	0.0076	0.0090	0.0057
Contra Costa Community College	0.0108	0.0066	0.0126
Contra Costa Water Land Levy	0.0039	0.0041	0.0048
East Bay Regional Park Bond	0.0080	0.0100	0.0108
Lafayette Elementary Bond 1995	0.0340	0.0330	0.0326
Mt. Diablo 2002 Bond	0.0424	0.0455	0.0493
Pleasant Hill Recreation & Park	-	-	-
San Ramon Unified	0.0517	0.0519	0.0587
Walnut Creek Elementary	0.0222	0.0265	0.0166
 Total Direct and Overlapping Rates	1.2065	1.2155	1.2209

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of voter approved bonds from various agencies.

Source: Contra Costa County Assessor's Office

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
0.09705	0.09705	0.09705	0.09705	0.09705	0.09707	0.09707
0.09410	0.09410	0.09410	0.09410	0.09410	0.09410	0.09410
0.00295	0.00295	0.00295	0.00295	0.00295	0.00297	0.00297
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.0311	0.0333	0.0333	0.0361	0.0350	0.0332	0.0323
0.0031	0.0041	0.0043	0.0075	0.0045	0.0026	0.0080
0.0133	0.0144	0.0087	0.0133	0.0252	0.0220	0.0120
0.0049	0.0051	0.0045	0.0042	0.0037	0.0035	0.0032
0.0084	0.0071	0.0051	0.0078	0.0085	0.0067	0.0032
0.0326	0.0279	0.0284	0.0267	0.0241	0.0209	0.0437
0.0600	0.0612	0.0871	0.0740	0.0853	0.0812	0.0764
0.0212	0.0255	0.0269	0.0281	0.0258	0.0238	0.0230
0.0641	0.0664	0.0705	0.0696	0.0651	0.0624	0.0652
0.0231	0.0240	0.0241	0.0224	0.0212	0.0182	0.0344
1.2618	1.2690	1.2929	1.2897	1.2984	1.2745	1.3014



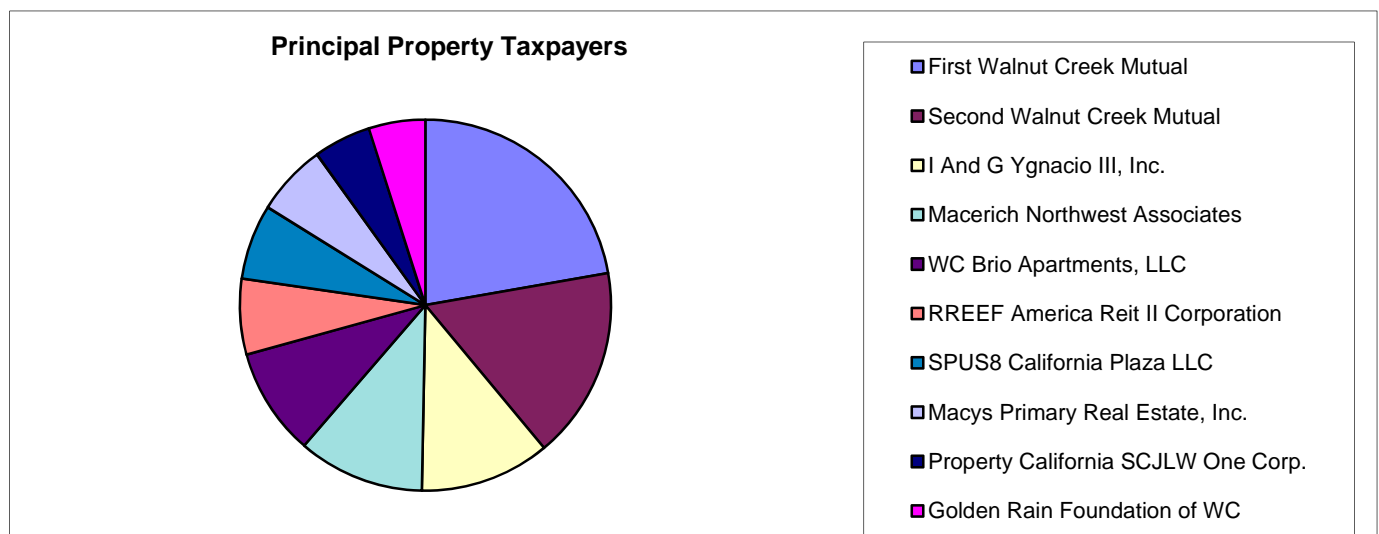
City of Walnut Creek

Principal Property Tax Payers

Current and Nine Years Ago

Taxpayer	2017		2008	
	Taxable Assessed Value	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Percent of Total Taxable Assessed Value
First Walnut Creek Mutual	\$ 361,039,124	2.19%	\$ 276,251,655	2.19%
Second Walnut Creek Mutual	272,136,201	1.65%	190,450,852	1.51%
I And G Ygnacio III, Inc.	183,961,550	1.12%	-	-
Macerich Northwest Associates	179,253,171	1.09%	99,647,778	0.79%
WC Brio Apartments, LLC	152,295,937	0.92%	-	-
RREEF America Reit II Corporation	107,034,616	0.65%	94,572,360	0.75%
SPUS8 California Plaza LLC	106,452,965	0.65%	82,023,926	0.65%
Macys Primary Real Estate, Inc.	101,205,476	0.61%	-	-
Property California SCJLW One Corp.	81,176,526	0.49%	71,871,181	0.57%
Golden Rain Foundation of WC	80,131,506	0.49%	-	-
John Muir Health	-	-	230,694,921	1.83%
Fidelity Non-Profit Mgmt Found.	-	-	87,212,802	0.69%
Shari Salomon Living Trust	-	-	81,047,598	0.64%
Escuela Shopping Center, LLC	-	-	75,428,998	0.60%
	<u>\$ 1,624,687,072</u>	<u>9.86%</u>	<u>\$ 1,289,202,071</u>	<u>10.23%</u>

Source: HDL Coren & Cone, Contra Costa County Assessor Combined Tax Rolls





City of Walnut Creek

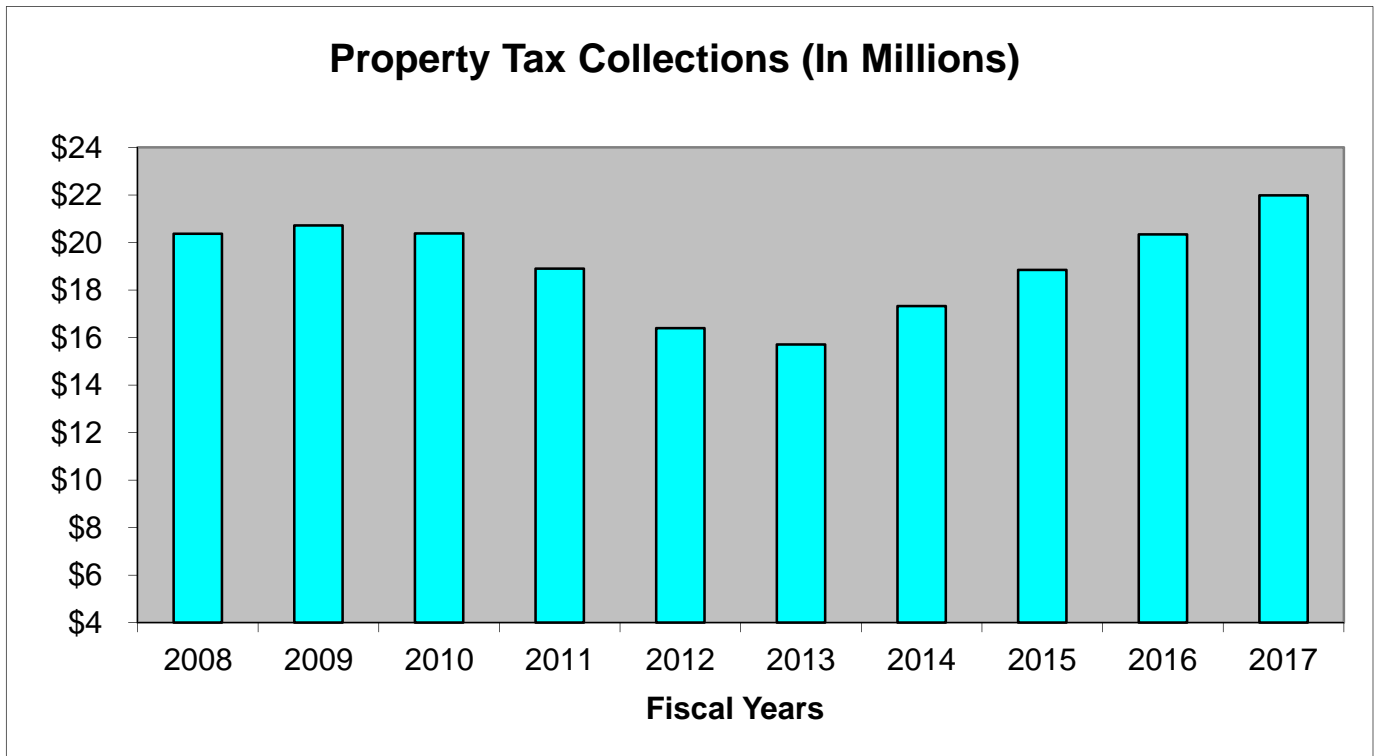
Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections To Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2008	\$ 20,362,527	\$ 20,362,527	100%	\$ 20,362,527	100%
2009	20,714,994	20,714,994	100%	20,714,994	100%
2010	20,377,168	20,377,168	100%	20,377,168	100%
2011	18,894,891	18,894,891	100%	18,894,891	100%
2012	16,391,482	16,391,482	100%	16,391,482	100%
2013	15,704,242	15,704,242	100%	15,704,242	100%
2014	17,322,166	17,322,166	100%	17,322,166	100%
2015	18,843,569	18,843,569	100%	18,843,569	100%
2016	20,346,917	20,346,917	100%	20,346,917	100%
2017	21,991,189	21,991,189	100%	21,991,189	100%

Source: Contra Costa County Office of the Auditor-Controller (for levies), City Finance Department

Note: The City is enrolled in the "Teeter" Plan, where the County remits the entire amount levied and handles all delinquencies, retaining the interest and penalties.





City of Walnut Creek

Top 25 Sales Tax Producers

2016-2017

<u>BUSINESS NAME</u>	<u>BUSINESS CATEGORY</u>
APPLE STORES	ELECTRONICS
AUTOCOM NISSAN OF WALNUT CREEK	AUTO SALES - NEW
CHEVRON SERVICE STATIONS	SERVICE STATIONS
COLE EUROPEAN	AUTO SALES - NEW
CVS/PHARMACY	DRUG STORES
DAIMLER TRUST	LEASING
DIABLO SUBARU	AUTO SALES - NEW
DIRITO BROTHERS VOLKSWAGEN	AUTO SALES - NEW
ENTERPRISE RENT-A-CAR	LEASING
MACY'S DEPARTMENT STORE	DEPARTMENT STORES
MASERATI OF WALNUT CREEK	AUTO SALES - NEW
MERCEDES-BENZ OF WALNUT CREEK	AUTO SALES - NEW
MICHAEL STEAD CHRYS JEEP	AUTO SALES - NEW
MICHAEL STEAD PORSCHE	AUTO SALES - NEW
NEIMAN MARCUS DEPARTMENT STORE	DEPARTMENT STORES
NORDSTROM DEPARTMENT STORE	DEPARTMENT STORES
SAFEWAY STORES	FOOD MARKETS
SHANE DIAMOND JEWELERS	MISCELLANEOUS RETAIL
TARGET STORES	DEPARTMENT STORES
TESLA MOTORS	AUTO SALES - NEW
TOYOTA OF WALNUT CREEK	AUTO SALES - NEW
URBAN OUTFITTERS	APPAREL STORES
WALNUT CREEK FORD	AUTO SALES - NEW
WALNUT CREEK HONDA	AUTO SALES - NEW
WAYNE STEAD CADILLAC	AUTO SALES - NEW

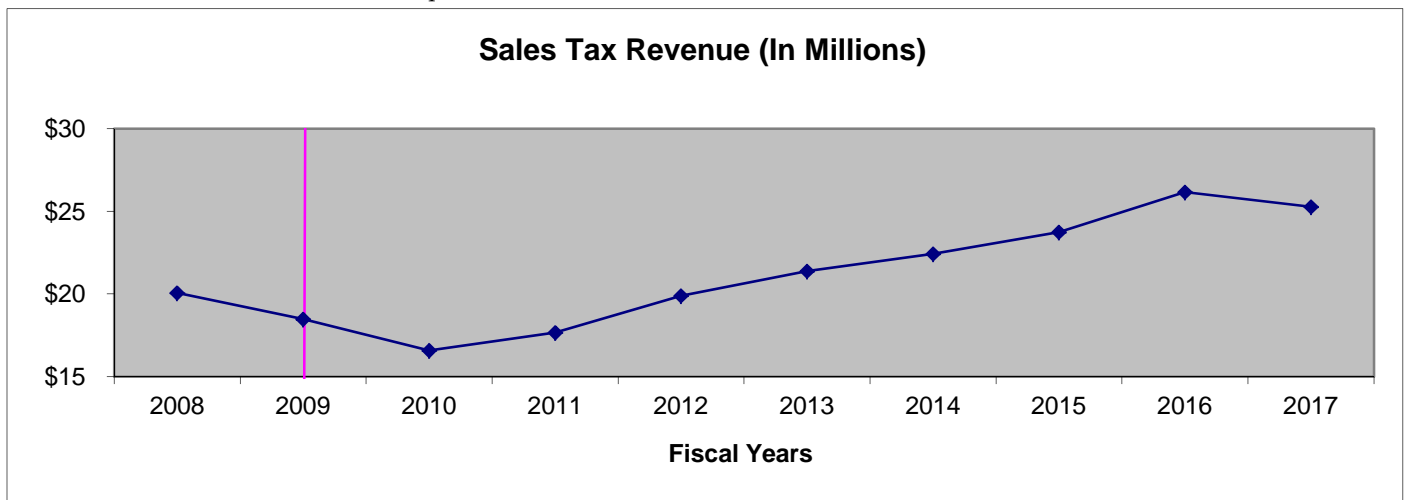
Percent of Total City Sales Tax Paid By Top 25 Accounts = 46.45%

Note: State Law does not allow disclosure of the top ten sales tax providers to the City

Firms Listed Alphabetically

Period: July 2016 thru June 2017

Source: Muni Services, State Board of Equalization





City of Walnut Creek

Ratios of Debt Outstanding

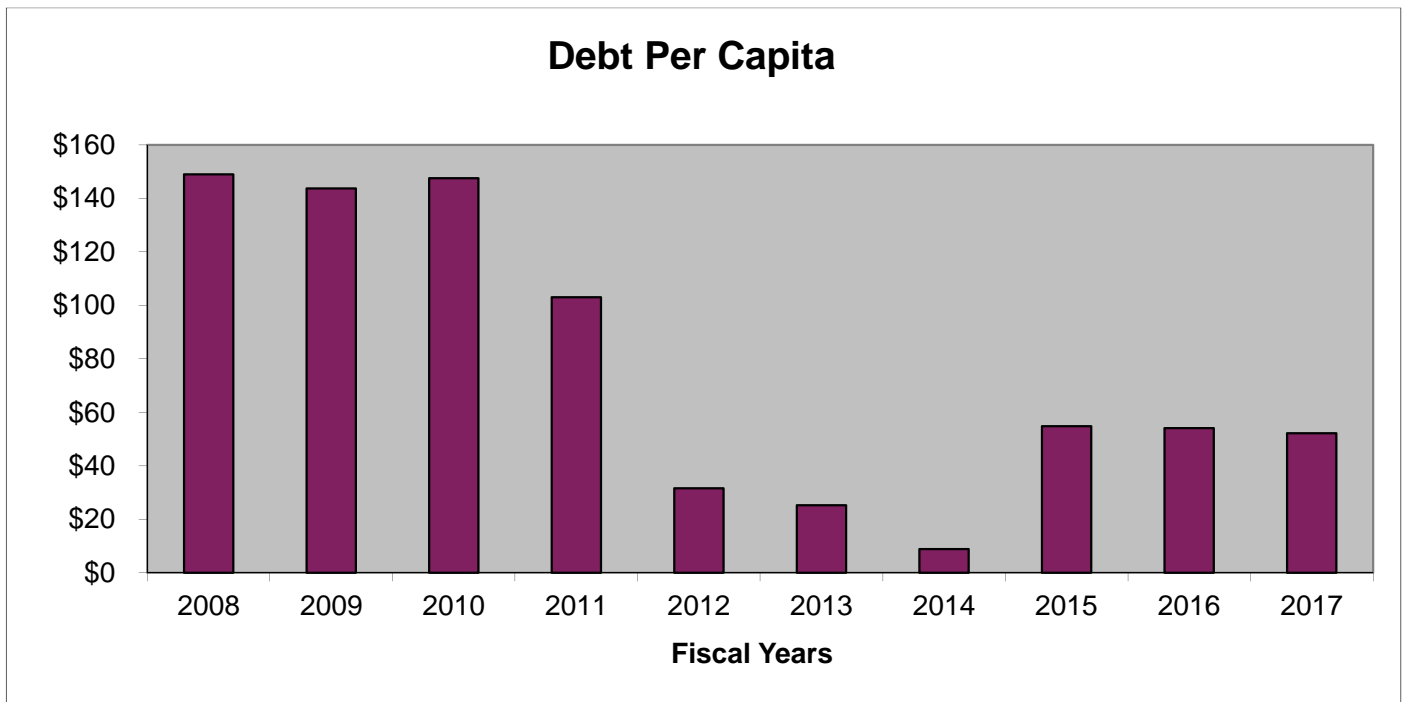
Last Ten Fiscal Years

Fiscal Year Ended June 30th	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Tax Allocation Bonds	Capital Lease Obligations	Loans	Lease Revenue Bonds	Capital Lease Obligations			
2008	\$ 8,494,755			\$ 1,230,000		\$ 9,724,755	19.60%	\$ 148.91
2009	7,584,161	\$ 676,630		1,135,000		9,395,791	18.47%	143.70
2010	6,638,567	1,494,182		1,035,000	\$ 507,108	9,674,857	18.97%	147.48
2011	4,372,973	1,149,704		930,000	374,333	6,827,010	14.13%	103.00
2012	-	1,013,135		815,000	236,286	2,064,421	4.11%	31.65
2013	-	337,184		695,000	627,244	1,659,428	3.22%	25.26
2014	-	298,939		-	290,285	589,224	1.17%	8.90
2015	-	308,845		-	3,323,164	3,632,009	7.21%	54.77
2016	-	444,045		-	3,345,355	3,789,400	7.74%	54.12
2017	-	181,690	281,537	-	3,244,682	3,707,909	7.48%	52.24

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See the Economic and Demographics Statistical Schedule for personal income and population data.

Source: City Finance Department





City of Walnut Creek

Ratios of Debt Outstanding, Continued

Last Ten Fiscal Years

Fiscal Year Ended June 30th	Tax Allocation Bonds	Less: Amounts Available in Debt Service Fund	Net Amount	Percentage of Assessed Value of Property	Per Capita
2008	\$ 8,494,755	\$ 1,135,505	\$ 7,359,250	0.06%	\$ 112.69
2009	7,584,161	1,126,095	6,458,066	0.05%	98.06
2010	6,638,567	1,126,114	5,512,453	0.04%	83.63
2011	4,372,973	1,126,333	3,246,640	0.03%	48.76
2012	-	-	-	0.00%	-
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

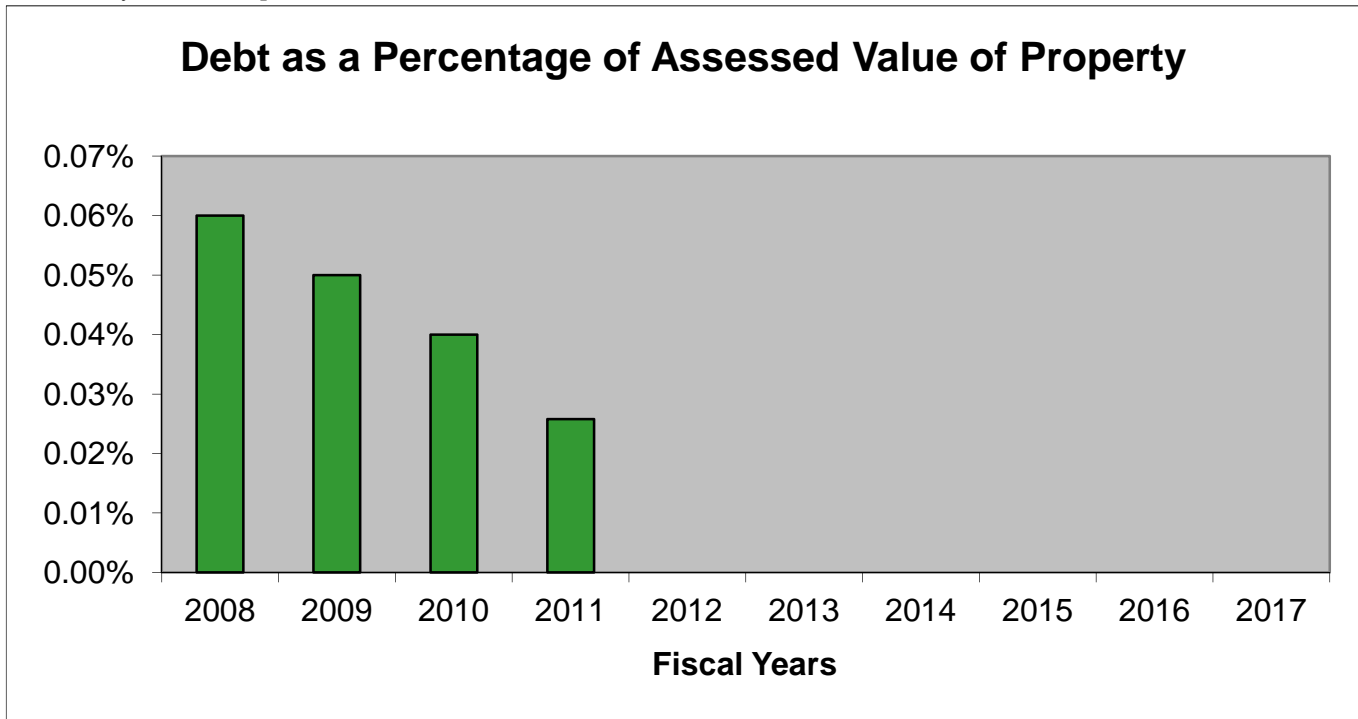
The tax allocation bond outstanding debt was transferred to the Successor Agency upon the dissolution of the Redevelopment Agency in January 2012 (See Note 15).

See the Economic and Demographics Statistical Schedule for population data.

See the Assessed Value and Estimated Actual Value of Taxable Property for property values.

The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property.

Source: City Finance Department





City of Walnut Creek
Direct and Overlapping Debt
June 30, 2017

City's 2016-2017 Assessed Valuation	\$ 16,470,347,145
Redevelopment Incremental Assessed Valuation	\$ 437,466,784

	Percentage Applicable to City of Walnut Creek ¹	Outstanding Debt 6/30/17	Estimated Share of Overlapping Debt
<u>Direct and Overlapping Tax and Assessment Debt:</u>			
Bay Area Rapid Transit District	2.549%	\$ 891,135,000	\$ 22,715,031
Mount Diablo Unified School District	17.430%	469,690,434	81,867,043
San Ramon Valley Unified School District	0.6570%	414,346,555	2,722,257
Contra Costa Community College District	9.050%	409,580,000	37,066,990
Acalanes Unified School District	30.6090%	195,838,288	59,944,142
East Bay Regional Park District	3.9320%	123,590,000	4,859,559
Walnut Creek Joint Unified School District	72.205%	42,533,718	30,711,471
Lafayette Unified School District	1.9430%	39,730,000	771,954
Pleasant Hill Recreation and Park District	0.1350%	25,595,000	34,553
Mount Diablo Unified School District Community Facilities District No. 1	17.430%	13,790,000	2,403,597
Total Overlapping Tax and Assessment Debt			\$ 243,096,597
<u>Direct and Overlapping Lease Obligation Debt:</u>			
Contra Costa County General Fund Obligations	9.017%	\$ 222,354,484	\$ 20,049,704
Contra Costa County Pension Obligations	9.017%	185,830,000	16,756,291
Contra Costa County Fire Protection District Pension Obligations	19.646%	75,540,000	14,840,588
San Ramon Valley Unified School District General Fund Obligations	0.657%	29,809,082	195,846
Pleasant Hill Recreation and Park District Certificates of Participation	0.135%	1,874,000	2,530
Contra Costa Community College District Certificates of Participation	9.050%	430,000	38,915
Total Gross Direct and Overlapping General Fund Debt			\$ 51,883,873
Less: Contra Costa County revenue supported obligations			6,888,348
Total Net Direct and Overlapping General Fund Debt			44,995,524.89
<u>Overlapping Tax Increment Debt (Successor Agency):</u>	100.000%	1,270,000	1,270,000
TOTAL DIRECT DEBT			\$ -
TOTAL GROSS OVERLAPPING DEBT			\$ 296,250,470
TOTAL NET OVERLAPPING DEBT			\$ 289,362,122
GROSS COMBINED TOTAL DEBT			\$ 296,250,470 ²
NET COMBINED TOTAL DEBT			\$ 289,362,122.16

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.

Debt to 2015-2016 Assessed Valuation Ratios:	<u>Gross Debt</u>	<u>Net Debt</u>
Total Overlapping Tax and Assessment Debt	1.48%	1.48%
Total Direct Debt	0.000%	0.000%
Total Combined Debt	1.80%	1.76%
Debt to Redevelopment Incremental Valuation (\$437,466,784):		
Total Overlapping Tax Increment Debt	0.29%	

Source: California Municipal Statistics Inc.



City of Walnut Creek
Legal Debt Margin
Last Ten Fiscal Years
(in Thousands)

	Fiscal Year			
	2008	2009	2010	2011
Assessed valuation	\$ 12,855,489	\$ 12,710,254	\$ 12,710,254	\$ 12,603,846
Add back exempted real property	246,261	250,726	250,726	279,414
Total assessed valuation	\$ 13,101,750	\$ 12,960,980	\$ 12,960,980	\$ 12,883,260
Debt limit percentage	15%	15%	15%	15%
Debt limit	\$ 1,965,263	\$ 1,944,147	\$ 1,944,147	\$ 1,932,489
Total net debt applicable to limit:				
Lease Revenue Bonds	1,230	1,135	1,035	930
Legal debt margin	\$ 1,964,033	\$ 1,943,012	\$ 1,943,112	\$ 1,931,559
Total debt applicable to the limit				
as a percentage of debt limit	0.1%	0.1%	0.1%	0.0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City Finance Department

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 12,332,738	\$ 12,239,935	\$ 13,143,681	\$ 14,204,356	\$ 15,304,825	\$ 16,470,347
294,266	294,699	308,595	311,417	317,491	326,443
<u>\$ 12,627,004</u>	<u>\$ 12,534,634</u>	<u>\$ 13,452,276</u>	<u>\$ 14,515,774</u>	<u>\$ 15,622,316</u>	<u>\$ 16,796,790</u>
15%	15%	15%	15%	15%	15%
\$ 1,894,051	\$ 1,880,195	\$ 2,017,841	\$ 2,177,366.07	\$ 2,343,347.39	\$ 2,519,518.51
815	695	-	-	-	-
<u>\$ 1,893,236</u>	<u>\$ 1,879,500</u>	<u>\$ 2,017,841</u>	<u>\$ 2,177,366</u>	<u>\$ 2,343,347</u>	<u>\$ 2,519,519</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%



City of Walnut Creek
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30th	Golf Course Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2008	\$ 1,972,378	\$ 1,715,608	\$ 256,770	\$ 95,000	\$ 90,400	138%
2009	1,839,292	1,679,187	160,105	95,000	63,161	101%
2010	3,779,380	3,706,766	72,614	100,000	57,499	46%
2011	4,003,683	3,574,174	429,509	105,000	51,847	274%
2012	4,756,675	3,847,896	908,779	115,000	45,829	565%
2013	5,252,002	4,433,917	818,085	120,000	39,894	512%
2014	5,767,311	4,900,650	866,661	695,000	44,959	117%
2015	*	-	-	-	-	0%
2016	5,129,887	4,572,268	557,619	18,753	56,202	744%
2017	5,730,864	5,462,725	268,139	126,186	73,769	134%

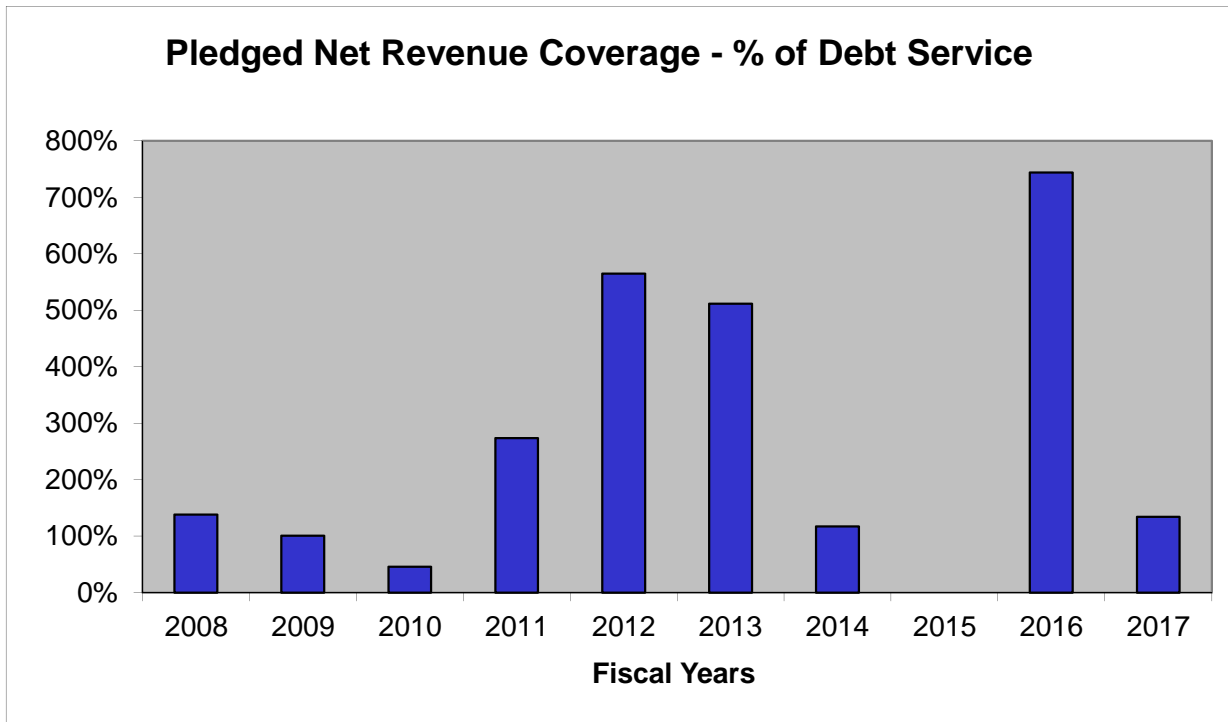
Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See the Economic and Demographics Statistical Schedule for population data.

See the Assessed Value and Estimated Actual Value of Taxable Property for property values.

* Debt service payments commence February 1, 2016. The City plans to use funds available from Golf Course operations to cover debt service.

Source: City Finance Department





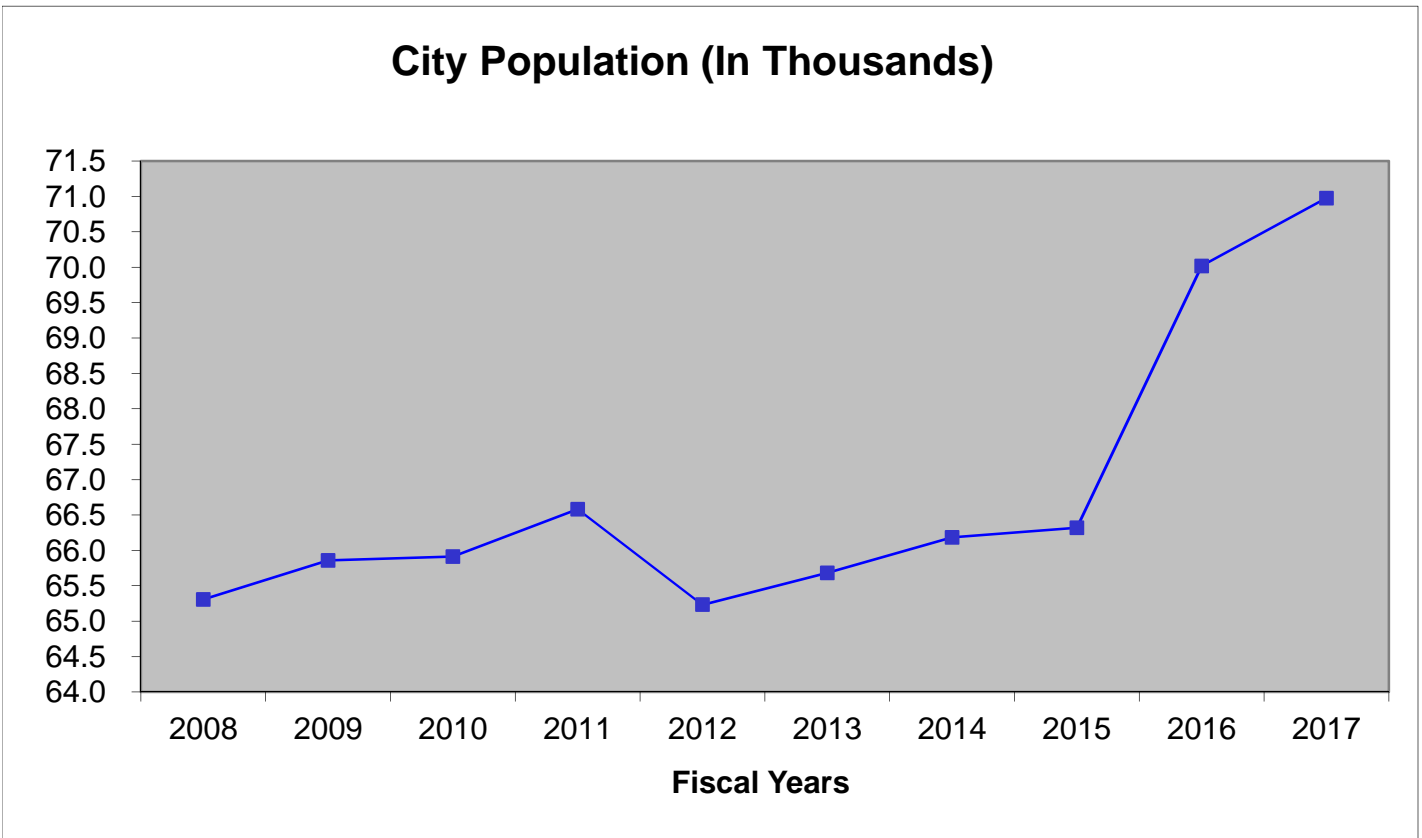
City of Walnut Creek

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year Ended June 30	City Population	Personal Income (in Thousands)	Per Capita Personal Income	Unemployment Rate	Rank in Size of California Cities
2008	65,306	\$ 3,240,876	\$ 49,626	3.10%	126
2009	65,860	3,349,908	50,864	6.80%	126
2010	65,915	3,362,538	51,013	7.00%	125
2011	66,584	3,216,606	48,309	7.60%	128
2012	65,233	3,273,783	50,186	7.00%	128
2013	65,684	3,383,317	51,509	4.70%	129
2014	66,183	3,338,866	50,449	4.10%	129
2015	66,319	3,341,682	50,388	4.20%	128
2016	70,018	3,427,871	48,956	3.40%	122
2017	70,974	3,518,787	49,578	3.00%	122

Source: HDL Coren & Cone, State of California Department of Finance - Demographic Research Unit (ranking)





City of Walnut Creek

Full-Time Equivalent City Employees by Function

Last Ten Fiscal Years

	Fiscal Year			
	2008	2009	2010	2011
General government				
City Manager / City Clerk / Mail	9	9	9	9
City Attorney	4	4	4	4
	<u>13</u>	<u>13</u>	<u>13</u>	<u>13</u>
Administrative Services				
Accounting / Business License	10	10	9	9
Human Resources / Administration	8	7	7	8
Information Technology / Communications	6	7	7	7
Reprographics / Warehouse	6	4	-	-
	<u>30</u>	<u>28</u>	<u>23</u>	<u>24</u>
Human Resources				
Human Resources / Administration	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public Safety:				
Patrol / Investigations	68	66	62	63
Traffic / Parking	21	20	18	18
Communications / Administration	30	30	31	30
	<u>119</u>	<u>116</u>	<u>111</u>	<u>111</u>
Public Works				
Engineering / Traffic / Streets / CIP	53	53	48	47
Parks / Open Space	39	38	36	40
Public Works / Maintenance	41	38	25	22
	<u>133</u>	<u>129</u>	<u>109</u>	<u>109</u>
Arts and Recreation				
Recreation and Community Services	24	23	18	18
Arts Education	14	14	9	9
Theaters / Gallery	21	18	20	20
	<u>59</u>	<u>55</u>	<u>47</u>	<u>47</u>
Community & Economic Development				
Planning / Administration	18	15	11	12
Building	10	13	13	13
Transportation / Housing	4	4	4	3
	<u>32</u>	<u>32</u>	<u>28</u>	<u>28</u>
Totals	386	373	331	332

Source: City Finance Department

Fiscal Year					
2012	2013	2014	2015	2016	2017
10	11	10	10	17	16
4	4	4	2	2	2
14	15	14	12	19	18
9	9	9	9	11	11
8	8	8	2	2	2
8	8	8	10	10	9
-	-	-	-	-	-
25	25	25	21	23	22
-	-	-	6	8	7
-	-	-	6	8	7
67	67	68	69	69	65
16	16	16	16	16	16
29	29	29	29	30	44
112	112	113	114	115	125
49	47	47	48	49	40
35	34	34	33	29	37
21	24	24	23	28	30
105	105	105	104	106	107
19	14	14	17	22	23
8	12	12	14	10	11
21	21	21	22	22	19
48	48	48	52	54	53
14	14	16	18	21	19
13	13	13	14	17	16
3	1	1	1	1	2
30	29	30	33	39	37
333	333	335	342	364	369



City of Walnut Creek

Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year Ended June 30th			
	2008	2009	2010	2011
Police:				
Police Calls for Service	32,300	30,425	32,880	44,491
Dispatch Calls for Service	105,773	92,924	84,066	105,046
Online Reports	N/A	N/A	N/A	N/A
Citations Issued	5,579	9,915	9,587	7,755
Cases Assigned to Investigations	567	901	900	925
School Presentations	730	610	170	200
Child Seat Safety Inspections	140	150	85	123
Number of Records Requests	2,800	2,485	3,152	3,099
Public Works:				
Trees Trimmed	600	550	600	800
Park Maintenance (Acres)	249	249	249	235
Ranger-led Programs	66	131	21	92
Parking Meters Maintained	1,647	1,647	1,550	1,550
Street Signs Maintained	8,000	8,000	8,000	8,000
Traffic Signals Maintained	96	96	96	97
Streetlights Maintained	1,600	1,600	1,600	1,600
Asphalt Patch Repairs (square feet)	90,000	130,000	125,000	100,000
Replace Sidewalks (square feet)	11,800	15,000	16,000	14,500
Total Offset Sidewalk Offsets Planed (grinds)	N/A	N/A	N/A	N/A
Homeless Encampments (cleaned, removed)	N/A	N/A	N/A	N/A
Curb and Gutter Replaced (lineal feet)	N/A	N/A	N/A	N/A
Debris and Spills Cleaned from Streets (cubic feet)	N/A	N/A	N/A	N/A
Storm Drains Inspected	3,115	4,000	4,000	2,800
Street Sweeping (curb miles)	12,867	13,000	14,000	14,000
Total Trash Capture Devices (cleaned and inspected)	N/A	N/A	N/A	N/A
Buildings Cleaned	N/A	N/A	N/A	N/A
Buildings Maintained	N/A	N/A	N/A	N/A
Outbuildings and Sheds Maintained	N/A	N/A	N/A	N/A
Total Building Maintenance Work Orders Completed	N/A	N/A	N/A	N/A
Total Equipment Maintenance Work Orders Completed	N/A	N/A	N/A	N/A
Arts and Recreation:				
Aquatics Classes (learn-to-swim)	1,925	1,924	2,029	2,047
Indoor Facilities Rental Hours	5,136	5,242	3,942	5,126
Arts/Rec Classes (enrollment)	12,912	12,993	13,021	13,848
Ballfield (hours rented)	21,359	22,352	24,251	25,317
Scheduled Gym Hours	15,002	15,299	14,336	13,898
Bedford Gallery (number of visitors)	30,690	30,200	26,000	29,600
Leshner Theater (tickets sold)	209,922	230,926	213,466	217,960
Senior Center Participants	67,300	68,410	68,460	68,000
Paid Golf Rounds	64,295	58,505	62,722	61,028
Community and Economic Development:				
Planning Applications	135	101	90	94
Number of Code Enforcement Cases Closed	1,300	818	830	712
All Building Division Permit Applications	3,700	3,228	3,200	3,118

Fiscal Year Ended June 30th					
2012	2013	2014	2015	2016	2017
44,046	42,859	39,705	46,978	45,825	44,943
100,807	102,524	102,246	102,856	110,670	107,988
N/A	290	527	951	1,124	1,279
5,751	4,118	3,857	6,042	4,973	3,861
1,012	1,100	982	1,008	903	953
N/A	N/A	N/A	N/A	N/A	N/A
128	121	142	113	105	22
3,089	3,089	3,539	3,552	3,822	3,732
800	800-1,000	900-1,100	900-1,100	900-1,100	1,000-1,100
235	326	326	326	326	326
106	151	122	110	94	107
1,550	1,500	1,500	1,500	1,500	1,500
8,000	8,000	8,000	8,000	8,000	8,000
97	99	99	100	101	99
1,600	1,600	1,600	1,600	1,600	1,600
100,000	90,000	180,000	200,000	200,000	180,000
11,000	14,000	12,500	10,500	7,800	9,675
N/A	N/A	N/A	N/A	N/A	2,863
N/A	N/A	N/A	N/A	N/A	21
N/A	N/A	N/A	N/A	N/A	1,935
N/A	N/A	N/A	N/A	N/A	6,135
2,600	2,500	4,200	4,200	4,200	4,200
13,450	14,500	14,500	14,500	15,760	15,760
N/A	N/A	N/A	N/A	N/A	286
N/A	N/A	N/A	N/A	N/A	28
N/A	N/A	N/A	N/A	N/A	69
N/A	N/A	N/A	N/A	N/A	33
N/A	N/A	N/A	N/A	N/A	1,520
N/A	N/A	N/A	N/A	N/A	1,305
2,184	2,362	2,156	2,326	2,628	2,637
6,136	6,651	6,247	7,169	6,458	7,607
13,324	14,080	14,048	13,525	14,309	18,123
25,607	25,699	26,228	21,622	16,762	17,679
15,278	16,752	17,300	17,702	16,676	16,542
23,112	28,163	30,807	30,443	43,242	29,500
200,597	192,181	203,186	182,385	185,367	193,788
N/A	N/A	N/A	N/A	N/A	N/A
65,586	64,130	65,513	64,502	59,878	55,884
94	104	143	155	211	143
808	795	721	693	433	414
3,325	3,687	4,747	4,346	4,806	4,757



City of Walnut Creek
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year Ended June 30th			
	2008	2009	2010	2011
Building Inspection stops	11,082	8,493	8,400	7,617
General Government / Administrative Services:				
Number of Information Technology				
Work Orders Completed	4,385	1,406	1,600	1,780
Number of Telecommunications				
Work Orders Completed	325	245	350	311
Amount of Mail processed per month	12,800	9,946	7,932	N/A
Items Requested from City Warehouse	31,050	31,050	30,334	N/A
Human Resources:				
Number of Insurance Claims (Workers Comp)	55	47	45	45
Number of Recruitments	52	24	16	17

Source: City Finance Department

Fiscal Year Ended June 30th					
2012	2013	2014	2015	2016	2017
7,227	9,804	11,977	11,094	15,361	9,786
2,787	2,076	2,027	2,913	2,600	3,028
314	237	190	278	291	262
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
53	54	40	36	34	38
23	29	35	48	32	52



City of Walnut Creek

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function:	Fiscal Year Ended June 30					
	2008	2009	2010	2011	2012	2013
Public Safety:						
Police Stations	1	1	1	1	1	1
Public Works:						
Community Facilities	18	18	18	18	18	18
City owned parking lots	22	22	22	22	22	22
Traffic Signals	96	96	96	96	97	98
Miles of storm drains	100	114	114	114	114	114
Miles of Streets	200	213	213	213	213	213
City vehicles	170	170	170	170	170	170
Parking meters	1,650	1,650	1,650	1,650	1,650	1,592
Number of catch basins	3,000	4,410	4,410	4,410	4,410	4,410
Pavement legends	3,800	3,800	3,800	3,800	3,800	3,800
Traffic Signs	4,500	4,500	4,500	4,500	4,500	4,500
Street Name Signs	5,000	5,000	5,000	5,000	5,000	5,000
Streetlights	2,800	2,800	2,800	2,800	2,800	4,822
Parks and Recreation:						
Number of Tennis Courts	35	35	35	35	35	28
Number of Pickleball Courts	-	-	-	-	-	-
Number of Playfields	13	13	13	13	13	14
Number of City Parks	19	19	19	19	19	22
Acres of City Parks	190	190	190	190	190	263
Acres of Open Space	2,704	2,704	2,704	2,730	2,730	2,730

Fiscal Year Ended June 30			
2014	2015	2016	2017
1	1	1	1
18	18	18	18
22	22	22	22
98	98	98	99
114	114	114	114
213	213	213	213
170	170	170	175
1,592	1,592	1,620	1,620
4,410	4,410	4,410	4,410
3,800	3,800	3,800	3,800
4,500	4,500	4,500	4,500
5,000	5,000	5,000	5,000
4,822	4,822	4,822	4,832
28	28	27	27
-	-	4	4
14	14	14	14
22	22	22	22
263	263	263	263
2,730	2,730	2,730	2,730



City of Walnut Creek

Miscellaneous Statistical Data

June 30, 2017

Year of Incorporation	1914	Area (Square Miles)	19.9
Form of Government	Council/Manager	Elevation	200 feet
% of High School / College Graduates	97.3% / 62.3%	Number of housing units (2016)	32,976
Average Annual Precipitation	25"	Median Age (2016)	47.9
Average Highs/Lows		Number of Registered Voters (2016)	45,783
Winter	56/40		
Spring	65/45		
Summer	83/58		
Fall	73/51		
City Crime Index (US Average 286.7)	212.1		

COMMUNITY FACILITIES:

Bedford Art Gallery
Boundary Oak Golf Course
Civic Park and Heather Farm Park Community Centers
Clarke and Larkey Aquatic Centers
Foothill and Tice Valley Gymnasiums
Leshner Center for the Arts
Old Borges Ranch / Howe Homestead
Shadelands Art Center and Museum
Skate Park and Tennis Center
Walnut Creek City Hall and Library (2 branches)
Walnut Creek Senior Center