

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020



CITY OF
WALNUT CREEK
CALIFORNIA



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City of Walnut Creek
Comprehensive Annual Financial Report
For the year ended June 30, 2020
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December 10, 2020

Honorable Mayor, City Council and Residents 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, 2020. This document provides residents, businesses, property owners, investors, and other interested parties with an overview of the City's finances. The information in this CAFR 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 City.

For readers interested in a more detailed review of the City's financial statements, the Management's Discussion and Analysis (MD&A) is also included in this document. 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 cultural activities. The City has top performing schools and ranks as one of the California cities offering the most open space per capita. The City area is 19.9 square miles and is home to over 70,000 residents and a large number of guests that come to the City for work, recreation, and to enjoy the downtown restaurants, shops and other amenities.

The City of Walnut Creek is located at the intersection of Highway 680 and Highway 24, 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 residents and 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 each serve one-year terms. The City Council serves 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. As of June 30, 2020, the City had permanent staff of 368, and augmented this staff with temporary, limited duration, and seasonal employees to address needs such as summer recreation programs. The City provides an array of services that include public safety/police services, arts and recreation, general government, finance, technology, human resources, public works, and community and economic development. Responsibilities in each service area include:

- Administrative Services – includes Finance, Budget, Treasury, Business License, Accounting, and Information Technology;
- Arts and Recreation – includes Aquatics, Recreation Classes, Senior Services, Facility Rentals, Sports and Camps, the Leshar Center Theater, the Bedford Gallery, Center Repertory Company, Arts Education, the Public Art Program, and Boundary Oak Golf Course;
- Community and Economic Development – includes Building Code Enforcement, Planning, Housing, and Transportation Planning;
- General Government – includes City Council, City Treasurer, City Manager's Office, Community Outreach, Economic Development, Emergency Preparedness, City Clerk's Office, City Attorney's Office, Risk Management, and Parking Management;
- Human Resources – includes Human Resource functions such as Hiring, Establishing Policies and Procedures, Handling Compensation Issues, and Managing Employee Relations;
- Public Safety – includes all Police functions, comprised of Training, Communications, Patrol, Investigations, Community Policing, School Service Officers, and Parking and Traffic Enforcement;
- Public Works – includes Engineering; Maintenance of Buildings, Parks, Streets, and Vehicles; Transportation Operations; Open Space Management, and the Clean Water Program.

The City also oversees the enterprise funds associated with Boundary Oak Golf Course and the Downtown Parking and Enhancement program, financial information for both operations is included in the CAFR. Library services are provided by Contra Costa County, with augmented funding provided by the City to support additional operating hours. Fire services, water, and sewer utilities are provided by separate special districts, with their own governing bodies.

CITY OF WALNUT CREEK FINANCIAL CONDITION AND OUTLOOK

Over the last several years Walnut Creek has experienced on-going growth in major tax revenue categories and increases in revenues from fee-based services. This trend continued into the first half of FY2020 until the onset of the COVID-19 pandemic and subsequent shelter-in-place orders from the County beginning March 17, 2020. Sales Tax, Transient Occupancy Tax and fee-based service revenues declined in the third quarter of FY2020 as a result.

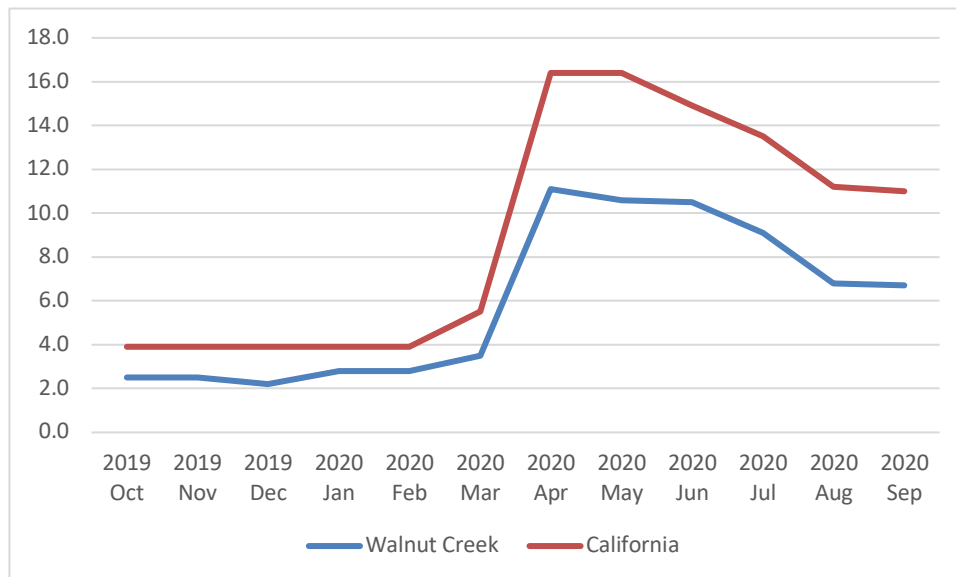
There were limited provisions in the State budget for the reimbursement of unbudgeted costs related to the public health and public safety impacts of COVID-19, but no allocation of funds at the state or federal level for revenue shortfalls. According to the League of California Cities, the economic impact of the pandemic has left California cities with an estimated \$7 billion revenue shortfall projected over two years and millions more in unplanned expenses.

As a result of the pandemic crisis, the U.S. gross domestic product (GDP) was negative 5% for the first calendar quarter of 2020 and decreased by 31.4 percent in the second calendar quarter of 2020. These are the first negative results since 2014 and represent the largest GDP contraction on record. GDP has since increased at an annual rate of 33.1 percent in the third quarter, as efforts continued to reopen businesses and resume activities that were postponed or restricted due to COVID-19. Because the response to the pandemic is still active, there is no

consensus at the national, state, or local level regarding the ultimate extent of the economic contraction or the rate and extent of recovery.

The California unemployment rate, which was 4.0% one year ago, had risen to 14.9% in June. Locally, the unemployment rate in Walnut Creek peaked at 11.1% in April 2020, and, as of June 2020, is 10.4%, compared to 2.7% last year. Figure 1 shows the unemployment rate statewide, and for the City of Walnut Creek from October 2019 through September 2020. Although jobs were on track to recover somewhat during the month of June, they remain 15 million below where they were in February. Nationwide unemployment, which peaked at above 14%, was down to 11.1% by the end of June 2020.

Figure 1
Unemployment Rate for California & Walnut Creek: October 2019-September 2020



For Fiscal Year 2020, the City’s General Fund generated \$2.6 million in unassigned funds (revenues in excess of expenditures, after transfers, encumbrances, and allocation to reserves), explained as follows:

- Expenditures and transfers-out exceeded revenues and transfers-in by \$1.5 million.
- General Fund reserves decreased by a net of \$4.8 million, primarily due to transferring of \$3.5 million of reserves held in the General fund for workers compensation to a new workers compensation fund, as well as the utilization of Capital projects reserves and one-time fund uses that were carried over from the prior year of \$4.3 million. An offset of \$1.1 million in gain on the Pension trust fund. The balance was a combination of decreased revenues including sales tax and fee for service revenues, netted against operating expenditures which came in below budget due to the effects of the Pandemic.
- Sales Tax revenues declined by 6.8% when compared to FY2019 receipts. Other general revenues (property tax, franchise fees and interest) came in higher than anticipated. Property values continued to increase and property tax revenues, along with real estate transfer tax revenues were not impacted by the onset of the pandemic.
- Revenues from economic activity (permits, planning fees, and engineering fees) were down \$1.1 million or 25.4% due to the restrictions placed by the country at the onset of the pandemic.
- Expenditures came in under budget by \$2.1 million. This is primarily due to spending restrictions and

a hiring freeze implemented with the onset of the pandemic crisis in March and continued through June 30, 2020.

General Fund reserves were healthy as the City entered the pandemic crisis. As part of the FY2020 budget adjustments adopted on May 5, 2020, the City Council authorized the use of \$3.3 million in reserves, in addition to \$6.5 million in budget reductions, to help mitigate the projected revenue loss resulting from the pandemic. Based on the final FY2020 results, the reserves were not needed and remain intact.

Aging infrastructure is also a growing concern. The City Council has prioritized identification and implementation of a strategy to meet the City's infrastructure needs. As identified in the City's 10-Year Capital Investment Program and the Long-Term Financial Forecast, there is a lack of sufficient funding to replace aging and outdated facilities. In February 2020 the City Council allocated \$2.4 million of the FY2019 unassigned fund balance to a Facilities reserve to help mitigate costs of critical infrastructure needs.

In summary, while the City had experienced significant improvement in revenue sources since the recession, FY2020 saw the beginning of a downturn with the onset of the pandemic. Because the response to the pandemic is still active, there is no consensus at the national, state, or local level regarding the ultimate extent of the economic contraction or the rate and extent of recovery. Additionally, the increases in expenditures over time may begin to outpace revenues as pension costs continue to rise over the next several years.

Pension (CalPERS) Liability

CalPERS pension costs remain one of the City's most significant cost drivers and financial challenges. Since 2012, CalPERS has been adjusting its funding methodology in an attempt to stabilize its pension portfolio, primarily around the assumed rate of return and demographic assumptions (including life expectancy). Changes to these assumptions have a direct impact on employer costs. The City's net pension liability increased in Fiscal Year 2020 from \$112.2 million to \$119.5 million. This increase was primarily due to increase in the City's proportionate share of the pension liability, as well as pension liability interest, during the measurement period (Note 11 to the Financial Statements). While the City makes all required contributions including payments on the unfunded liability, assumption changes and investment returns on plan assets also impact the City's liability.

In February 2018, the City Council established an IRS Section 115 Irrevocable Pension Trust. During Fiscal Year 2019, the City contributed a total of \$16.9 million. The additional contribution of \$3.0 million was deposited to the trust in Fiscal Year 2020. Investment earnings increased the market value of the Trust to \$21.8 million as of June 30, 2020. Investments in the Trust will be used by the City in future years to help mitigate the impact of projected pension contribution increases.

After reaching \$400 billion in assets for the first time in January 2020, CalPERS saw its portfolio tumble by \$69 million in March. Although it has recovered since that time, the estimated 4.7% investment performance for FY2020 falls short of the 7.0% target. This will contribute to higher employer contribution rates in the fiscal year that begins on July 1, 2022. In recent years, CalPERS has taken multiple steps to ensure sustainability of the fund in the future, including a phased-in reduction of the discount rate, adjustment of demographic assumptions, and adoption of the California Public Employees' Pension Reform Act (PEPRA). These sustainability actions are resulting in significant cost increases to all agencies, including the City, who participate in the CalPERS system.

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). Additional reserve balances have been

established to cover costs associated with operational events including workers compensation, pension liability, and legal claims, etc.

The City Council adopted a *Use of One-Time Revenues and General Fund Surpluses* policy in June 2012 and updated it in July 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 operating expenditures. For Fiscal Year 2020, the City Council allocated a total of \$3.9 million, of which \$1.5 million was directed to the City's Worker's Compensation reserve and \$2.4 million to a new Facilities reserve.

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

MAJOR INITIATIVES AND PROJECTS ACCOMPLISHED DURING FISCAL YEAR 2020

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 many other communities.

The City Council establishes priorities on a two-year calendar basis. The City Council set the following priorities for 2019 and 2020:

- Identify and implement a strategy to meet the City's infrastructure needs
- Update Economic Development Strategic Plan
- Set and manage priorities for fiscal sustainability
- Update the City's Climate Action Plan

The City Council evaluates the progress made on each of these goals and priorities, In addition, the City responded to the organizational and personnel impacts and challenges of the COVID-19 pandemic, including the closure of City facilities and move to remote work, the development and execution of outreach plans and protocols for COVID-19, and facility closure notifications. Some of the City's efforts toward accomplishing City Council initiatives and responding to the COVID crisis are outlined below.

General Government Operations / Administrative Services / Human Resources:

- Received the Talent Action Award from Cal-ICMA for implementing best practices in attracting and recruiting talent, developing and retaining talent, and improving workplace culture
- Completed labor negotiations with one employee bargaining unit, resulting in the approval of a four-year labor agreement
- Continued implementation of technology solutions for employee onboarding, benefits, training, and development
- Added closed captioning to public meetings
- Leveraged City social media platforms for more frequent news updates given rapidly changing conditions

- Introduced Refresh, a new organizational development initiative, and introduced human centered design as a cross-departmental problem-solving and efficiency tool
- Hired a new Administrative Services Director
- Developed and implemented the Rebound Program to support downtown businesses as they respond to the COVID-19 crisis, through flexible and temporary policies to ease restrictions, expedite City approvals, and explore creative solutions to help businesses re-open
- Conducted a highly complex revision of the FY2020 Budget and the FY2021 Budget development in response to the COVID-19 crisis, including closing \$10 million and \$12 million budget gaps
- Transitioned City Council, Commission, and Committee public meetings to a virtual platform, and managing all technical aspects of public meetings
- Renewed the Downtown Business Improvement Districts, and provided ongoing support of the Shadelands PBID and the Citywide TBID

Downtown Parking Enterprise and Enhancement Fund:

- Installed 1,500 parking sensors as part of phase 1 of the Dynamic Parking Guidance System Project

Community and Economic Development:

- Began work on the Sustainability Action Plan, including data analysis on the City's progress toward meeting its greenhouse gas reduction goals. The greenhouse gas inventory results show that as of 2017, the City had reduced greenhouse gas emissions as a community by 27% from 2005 baseline levels, far exceeding the City's goal of reducing emissions 15% below 2005 levels by the year 2020
- Received two grants, totaling \$610,000, from the California Department of Housing & Community Development to accelerate housing production by:
 - Developing Permit-Ready Accessory Dwelling Unit plans;
 - Developing Objective Design Standards;
 - Expediting the entitlement and permitting of affordable housing projects; and
 - Conducting a parking study and implementing right-sized parking standards for multi-family developments.
- A City-subsidized affordable housing project, St. Paul's Commons, completed construction of 45 affordable units in late 2019
- The Planning Division received and managed 126 planning projects between July 1, 2019 and June 30, 2020. Major projects that were completed during FY2020 include the Marriott Residence Inn (160+ keys), the 1716 Lofts (48 condominiums), the Ultimate Fieldhouse, St. Paul's Commons (45 low-income affordable apartments), and Rossmoor Shopping Center remodel. Other projects of note include the continued update of the City's Design Guidelines, last amended in 1996, to include objective design standards applicable to housing projects developed pursuant to changes in state law, including Senate Bills 35 and 330
- The Planning and Housing divisions were jointly recognized by both the regional and state sections of the American Planning Association with an "Award of Merit" in the category of "Planning Agency"
- The Building Division developed an electronic plan review system after City Hall was closed due to the COVID-19 pandemic. Projects not qualifying for online permitting were received as PDF files, allowing Plan Check Engineers the ability to comment on plans with Bluebeam software and to approve plans with digital stamps

Public Safety:

- Engaged in regular communication and joint effort with community members on improving options to mental health crisis response, and hosted community listening sessions
- Converted the Homeless Outreach Program (HOP) to a permanent program
- Implemented a Temporary Emergency Patrol Schedule with the goal of keeping officers safe and minimizing exposure to the coronavirus

Arts and Recreation:

- Completed Your Parks, Your Future Phase 1, with a focus on recommendations for future Arts & Recreation programming and the facility needs for Heather Farm Community Center, Clarke Swim Center, Civic Park Community Center, and Shadelands Art Center
- Launched Neighbor Express, which recruits, screens, and matches volunteers with seniors and homebound individuals to deliver food and groceries to their doorstep. To date, 119 volunteers have made 897 deliveries, with 75% of those deliveries occurring on the same day that individuals request them
- Launched a new senior hotline staffed with a live person to answer calls every day of the week from 8 a.m. to 8 p.m. and make proactive wellness-check calls to senior citizens
- The Leshner Center for the Arts increased participation in its Accessible Programming efforts, including its first-ever fully programmed American Sign Language musical and play offerings

Roads and Public Facilities:

- Completed over 100 CUPCCA and/or cooperative agreement projects at various City facilities, totaling over \$3.0 million
- Installed additional Automated License Plate Readers (ALPR) at key City intersections
- Fabricated and installed sneeze guards and signage in City facilities to educate and promote social distancing, and provided increased sanitizing for various high-touch points (pushbuttons, restroom door handles, water fountains, and trash can enclosures)

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 judgments 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. On November 19, 2019, City Council authorized a one-year budget for FY2020-21 and will resume the two-year biennial budget cycle with FY2021-22 & FY2022-23. 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, 2020 was completed by Eide Bailly, Certified Public Accountants, appointed by the City Council. The independent auditor’s report has been made a part of this report.

ACKNOWLEDGMENTS

The preparation of this report could not have been achieved without the talented and dedicated services of the entire staff of the Finance Division. In particular, the commitment and diligence of Finance Manager John Furtado and Senior Accountants Roselyn Taormina and Geoffrey Thomas must be recognized; these individuals dedicated countless hours to prepare and ensure the accuracy of this report. Special thanks are extended to Accountant II Doris Lau, Accounting Assistant Esther Ferrer, Senior Accountant Yuliya Elbo, and Executive Assistant Sandy Bonshahi for their assistance in the preparation of this document. This report is representative of the City’s ongoing commitment to provide high quality services to Walnut Creek residents, businesses, and visitors.

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

Respectfully submitted,



Dan Buckshi
City Manager



Kirsten LaCasse
Administrative Services Director



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

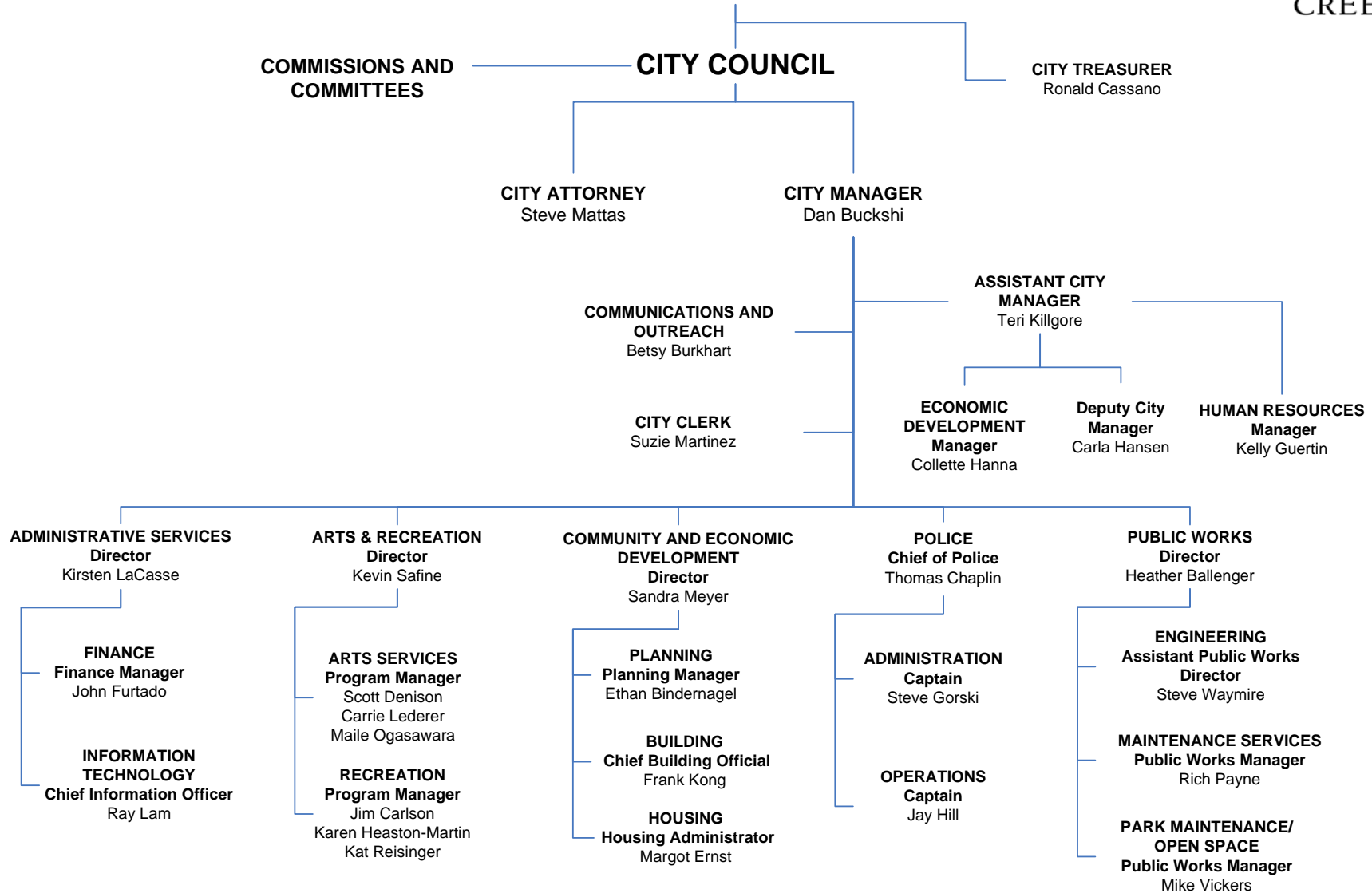
We accomplish our mission and realize our vision by living these values:

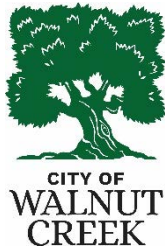
Respect • Integrity • Excellence • Teamwork • Creativity

Organizational Profile



CITIZENS OF WALNUT CREEK





PRINCIPAL OFFICERS

June 30, 2020



Loella Haskew
Mayor



Kevin Wilk
Mayor Pro Tem



Matt Francois
Council Member



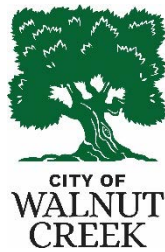
Cindy Silva
Council Member



Justin Wedel
Council Member



Ron Cassano
City Treasurer



ADMINISTRATION PERSONNEL
June 30, 2020

Dan Buckshi
City Manager



Teri Killgore
Assistant City Manager



Steve Mattas
City Attorney



Heather Ballenger
Public Works Director



Thomas Chaplin
Chief of Police



Kirsten LaCasse
**Administrative Services
Director**



Sandra Meyer
**Community & Economic
Development Director**

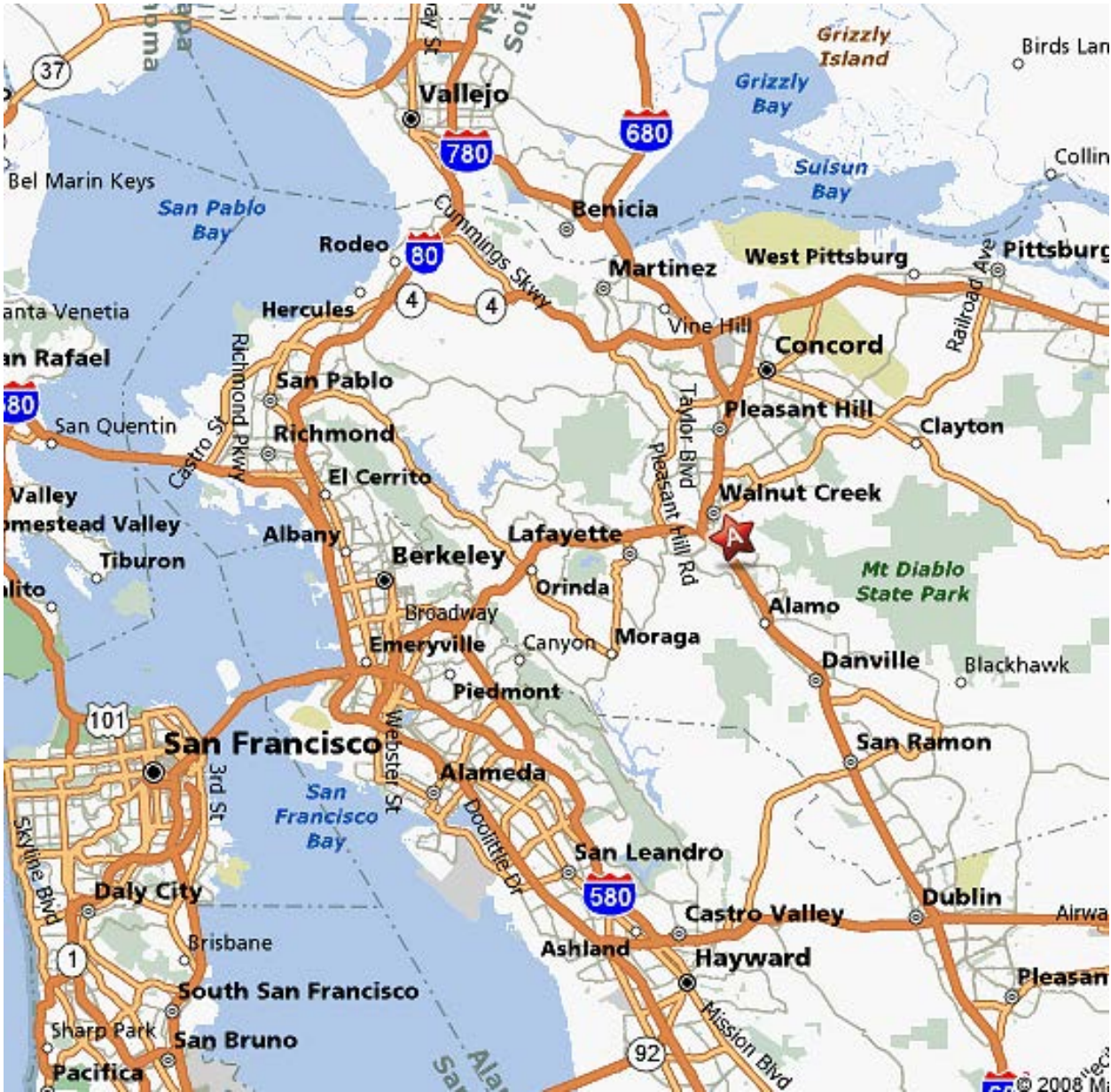


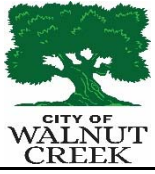
Kevin Safine
**Arts & Recreation Director and
Acting Human Resources
Director**



Regional Map of Walnut Creek and Nearby Cities

3





BASIC FINANCIAL STATEMENTS

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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's 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, which represent 100 percent, 100 percent, and 100 percent, respectively, of the assets, net position, and revenues of the Boundary Oak – Onsite Contract Operations enterprise fund and 3.1 percent, -1.6 percent, and 37.6 percent, respectively, of the assets, net position, and revenues of the business-type activities. 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 Boundary Oak – Onsite Contract Operations enterprise fund and Business-type activities, 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, 2020, 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 2019 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 December 6, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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, budgetary comparison information, and pension schedules as listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 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. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

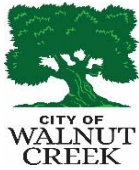
A handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Sacramento, California
December 10, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Walnut Creek

Management's Discussion and Analysis

For the year ended June 30, 2020

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, 2020 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 basic 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* statements includes *all* assets, deferred outflows, liabilities, and deferred inflows of the City using the *accrual basis of accounting* (see Table 1), which is similar to the accounting method used by most private-sector companies.

The statement of activities (see Table 2) presents information on 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, or 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 protection; public works; arts and recreation; community development; housing; administrative services; and human resources; the business-type activities of the City include Boundary Oak Golf Course and Downtown Parking and Enhancement.

- **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 the 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, such as the budgetary comparison information on the City's General Fund. Each major special revenue fund as well as the schedule of changes in the City's net pension liability for the miscellaneous plan, schedule of the City's proportionate share of the safety cost-sharing plan and the



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2020

schedules of the City's pension contributions to each plan. This information is intended to furnish additional detail to support the basic financial statements.

FINANCIAL HIGHLIGHTS

Financial highlights of the year ended June 30, 2020 include the following:

Government-wide:

- The City's total net position was \$287.5 million at June 30, 2020, of which \$269.2 million was in Governmental Activities, and \$18.3 million was in Business-type Activities. Of the total net position, \$229.0 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 \$117.5 million, of which \$105.5 million was derived from Governmental Activities, \$12.0 million was derived from Business-type Activities.
- Total City expenses, including depreciation, were \$120.7 million, of which Governmental Activities incurred \$108.9 million and Business-type Activities incurred \$11.8 million (see tables 2 and 5 for additional information).

Fund Level:

Governmental fund balances totaled \$116.3 million, the Enterprise funds had a \$18.3 million net position surplus, of which \$12.7 million relates to net investment in capital assets, and there was a cumulative net position surplus of \$17.0 million in the Internal Service Funds, of which \$4.3 million relates to the City's Internal Service Funds net investment in capital assets.

- Proprietary Fund operating revenues were \$11.5 million in the Enterprise Funds and \$3.0 million in the Internal Service Funds.
- Proprietary Fund operating expenses were \$11.7 million in the Enterprise funds and \$5.8 million in the Internal Service Funds.
- Non-operating revenues (expenses and capital contributions) were \$439,971 in the Enterprise Funds and were \$395,471 in the Internal Service Funds.

General Fund:

- General Fund revenues were \$84.1 million and expenditures were \$80.1 million.
- Net transfers out exceeded transfers in by approximately \$8.9 million in the General Fund.
- The fund balance of the General Fund was \$63.6 million at June 30, 2020.

Housing Successor Agency Fund:

- Housing Successor Agency Fund revenues were approximately \$246,944 and expenditures were \$31,326.
- The ending fund balance was approximately \$1.6 million at June 30, 2020; Which are classified as restricted 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, 2020

Housing Fund:

- Housing fund revenues were \$5.6 million and expenditures were \$0.8 million.
- Transfers into the fund were approximately \$0.6 million.
- The fund balance was \$11.9 million at June 30, 2020; which are restricted for affordable housing projects.

CDBG Fund:

- Community Development Block Grant Fund revenues were \$531,220 and expenditures were \$483,622.
- The fund balance was zero at June 30, 2020.

Capital Investment Program Fund:

- Capital Investment Program Fund revenues were \$2.0 million and expenditures were \$10.0 million.
- Net transfers into the Fund were \$7.8 million.
- The Fund had a deficit fund balance of (\$837,866) at June 30, 2020, primarily due to monies due from outside funding wherein the conditions of reimbursements state that projects need to be completed prior to billing.

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 include 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, facilities 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, Administrative services, Public protection (police), Community Development, Housing, Public Works, and Arts, Recreation. The business type activities of the City include the Boundary Oak Golf Course and Downtown Parking and Enhancement.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2020

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*.

Governmental Activities

As noted earlier, net position represents the difference between assets, deferred outflow of resources and liabilities, and deferred inflow of resources 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 and deferred outflows exceeded liabilities and deferred inflows by \$269.2 million at June 30, 2020. Table 1 summarizes the City's governmental activities net position.

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

	<u>2020</u>	<u>2019</u>
Cash and investments	\$ 140.0	\$ 125.1
Other assets	42.0	44.8
Capital assets	217.1	223.2
Total assets	<u>399.1</u>	<u>393.1</u>
Deferred outflows of resources	<u>19.8</u>	<u>22.2</u>
Current liabilities	18.5	16.2
Non-current liabilities	127.0	119.7
Total liabilities	<u>145.5</u>	<u>135.9</u>
Deferred inflows of resources	<u>4.3</u>	<u>6.6</u>
Net Position		
Net investment in capital assets	216.4	239.8
Restricted	52.8	40.4
Unrestricted	0.0	(7.5)
Total net position	<u>\$ 269.2</u>	<u>\$ 272.7</u>



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2020

Governmental Activities, Continued.

Of the governmental activities total net position, \$216.4 million, or 80.4%, 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 assets of \$399.1 represent a 6 million or a 1.5% increase, driven by higher receipts and lower spending due to the pandemic.

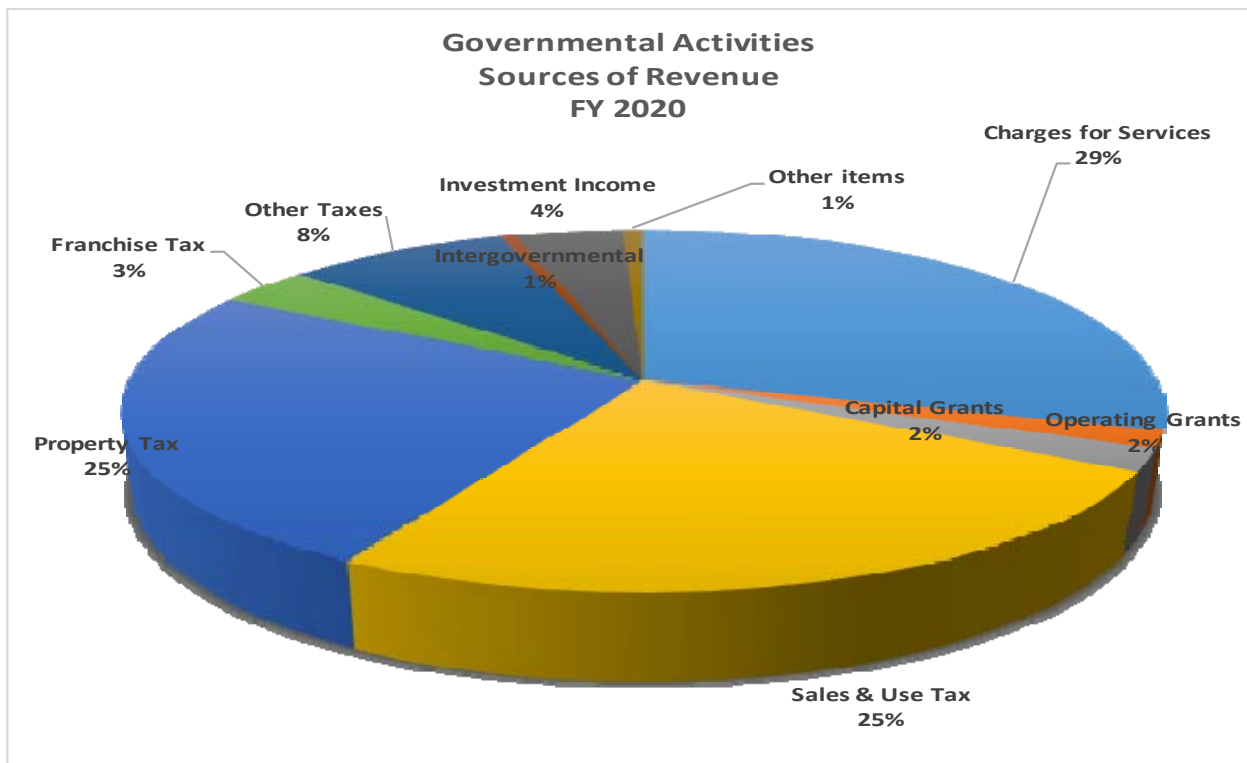
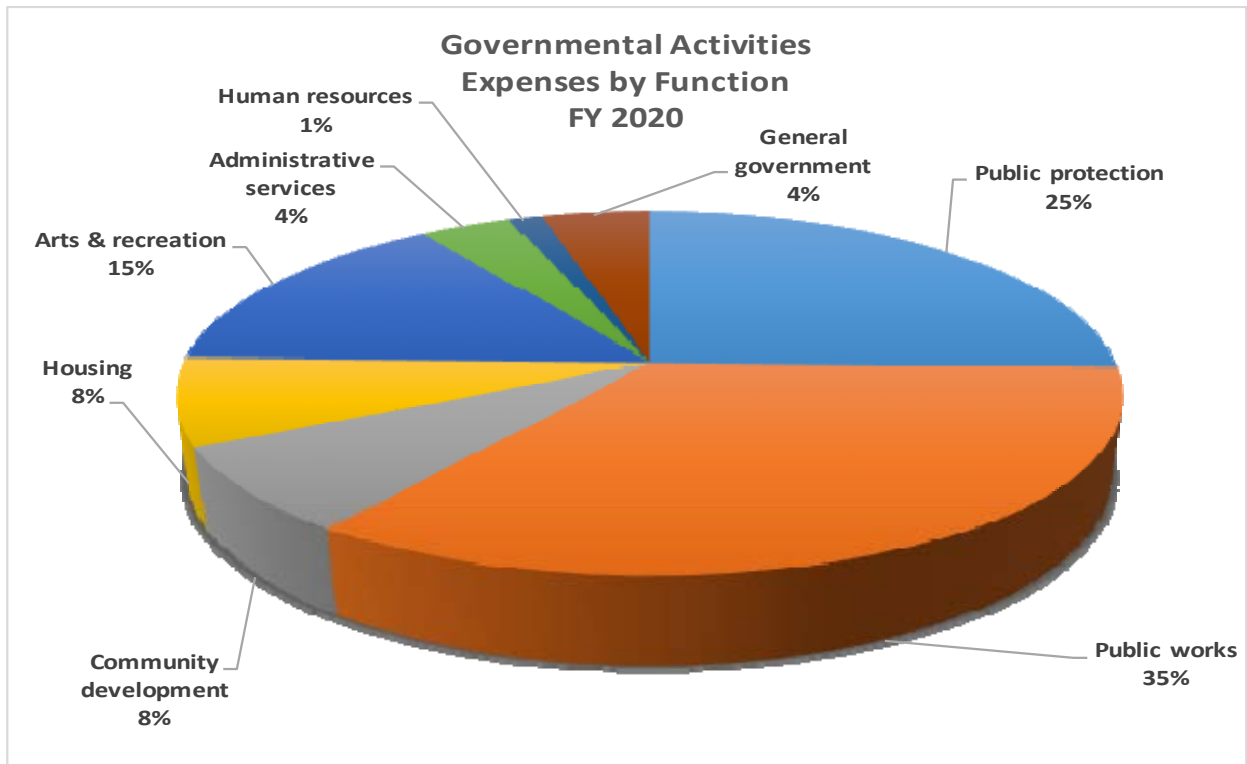
Capital Assets (net) decreased by 6.1 million or 2.7% primarily driven by depreciation charges for the current year.

The governmental activities total liabilities of \$145.5 million represent outstanding obligations for operations, capital projects, deposits held for development projects, long-term debt and net pension liability. A portion of the governmental activities net position represents resources that are subject restriction on how they may be used. Total liabilities increased by 9.6 million or 7.0% due to higher accrued payroll and higher unearned revenues due to the inability to complete work during the shelter in place created by the COVID-19 closures. The remaining balance of unrestricted net position is negative primarily due to the city placing \$21.8 million into a section 115 trust fund towards pension liabilities. The following charts summarize governmental activities programs and general City revenues available for funding all City programs and major expense program categories.

For fiscal year ended June 30, 2020, total revenues from all sources relating to governmental activities excluding transfers were \$105.5 million and total expenses for all City programs relating to governmental activities were \$108.9 million.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2020





City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2020

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

Revenues	2020	2019
Program revenues		
Charges for service	\$ 30.9	\$ 35.3
Operating contributions and grants	1.7	0.9
Capital grants	2.1	5.6
Total program revenues	<u>34.6</u>	<u>41.8</u>
General revenues		
Taxes:		
Sales and use	26.7	27.3
Property	26.4	25.1
Franchise	3.6	3.6
Other taxes	8.6	9.4
Intergovernmental	0.6	0.0
Investment income	4.2	3.4
Other	0.8	0.8
Total general revenues	<u>70.9</u>	<u>69.5</u>
Total revenues	<u>105.5</u>	<u>111.3</u>
Expenses		
Public protection	27.7	24.9
Public works	37.7	35.6
Community and economic development	8.4	7.0
Housing	8.3	13.5
Arts and recreation	16.5	17.3
Administrative services	4.0	5.0
Human resources	1.5	1.4
General Government	4.8	7.9
Total expenses	<u>108.9</u>	<u>112.6</u>
Excess (deficiency) before transfers	(3.4)	(1.4)
Transfers	(0.1)	0.2
Transfer of capital asset to Successor Agency	-	(2.8)
Change in net position - Governmental Activities	<u>(3.5)</u>	<u>(4.0)</u>
Net Position - Beginning of year	<u>272.7</u>	<u>276.7</u>
Net Position - End of year	<u>\$ 269.2</u>	<u>\$ 272.7</u>



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2020

Table 2 shows that governmental activities expenses, which totaled \$108.9 million, were offset in part by program revenues for governmental activities of \$34.7 million. These program revenues included \$30.9 million in charges for services, \$1.7 million in operating grants and contributions, and \$2.1 million in capital grants and contributions.

Governmental Fund Revenues

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, these charges reduced by 4.3 million or 12% primarily due to the Arts and Recreation facilities and the community development activity remaining closed since early March with the onset of the pandemic.

Operating grants and contributions include amounts contributed by developers that are restricted to either grant requirements, or have been designated for one-time expenses, while capital grants and contributions are required to fund 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 during the year the City was granted 0.8 more in operating grants than the prior year, while capital grants awarded declined by 3.5 million.

Governmental Fund Expenditures

Public protection expenditures increased by \$2.8 million (11.2%) from the prior year primarily due to increased personnel and benefit costs, higher pension costs from the City's share of the Safety pension pool which included a reclassification from the housing expenses in , offset by a decrease in contributions to the police side fund.

Public works expenditures increased by \$2.1 million (5.9%) compared to the prior year primarily due to higher depreciation charges than the past year, salary increases, which were offset by lower operating and maintenance expenses.

Community and economic development expenditures increased \$1.4 million (19.4%) from the prior fiscal year primarily attributable to larger expenses in the housing, CDBG and other non-major funds.

Arts and Recreation expenditures were lower by \$0.8 million (-4.6%) less than the prior year primarily due to an overall decrease in operations from mid-March onwards with the onset of the pandemic.

Administrative services expenditures decreased by \$0.9 million (-19.0%) compared to prior year primarily due to an overall decrease in operations from mid-March onwards with the onset of the pandemic.

General government expenditures decreased by \$3.1 million (-38.9%) from the prior fiscal year due the transfer of the workers compensation liability (\$3.3 million) to a new internal service fund in FY 2020.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2020

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	
	2020	2019	2020	2019
Public protection	\$ 1.5	\$ 1.2	\$ (26.2)	\$ (23.7)
Public works	14.0	16.8	(23.7)	(18.8)
Community development	7.2	9.1	(1.2)	2.1
Housing	4.0	1.7	(4.3)	(11.9)
Arts and recreation	7.2	11.2	(9.3)	(6.1)
Administrative services	0.1	1.2	(3.9)	(3.7)
Human resources	0.0	0.0	(1.5)	(1.4)
General government	0.7	0.6	(4.1)	(7.3)
Totals	\$ 34.7	\$ 41.8	\$ (74.2)	\$ (70.8)



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2020

Business-type Activities

As shown in Table 4, the net position of the City's business-type activities was \$18.3 million at June 30, 2020. Assets totaling \$22.5 million included a total of \$7.0 million in cash and investments, \$0.1 in receivables and other assets, and \$15.4 million in capital assets. Liabilities totaling \$4.2 million include \$2.3 million in long-term debt, \$0.3 million in compensated absences and \$1.6 million in other liabilities.

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

	<u>2020</u>	<u>2019</u>
Cash and investments	\$ 7.0	\$ 6.8
Other assets	0.1	0.3
Capital assets	15.4	15.4
Total assets	<u>22.5</u>	<u>22.5</u>
Long-term debt outstanding	2.3	2.6
Compensated absences	0.3	0.3
Other liabilities	1.6	1.7
Total liabilities	<u>4.2</u>	<u>4.6</u>
Net Position		
Net investment in capital assets	12.7	12.5
Restricted	0.8	1.0
Unrestricted	4.8	4.4
Total net position	<u>\$ 18.3</u>	<u>\$ 17.9</u>



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2020

Table 5 shows that Business type activities expenses, which totaled \$11.8 million, were offset by revenues of \$12.1 million. These revenues included \$8.9 million in charges for services and \$3.2 million in interest, investment earnings and others, thus adding \$0.4 million to the net position at the end of the year.

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

	<u>2020</u>	<u>2019</u>
Revenues		
Program revenues		
Charges for services	\$ 8.9	\$ 12.5
Total program revenues	<u>8.9</u>	<u>12.5</u>
General revenues		
Investment income and other	3.2	2.2
Total revenues	<u>12.1</u>	<u>14.7</u>
Expenses		
Golf Course and Clubhouse	4.7	5.8
Downtown Parking and Enhancement Fund	7.1	7.0
Total expenses	<u>11.8</u>	<u>12.8</u>
Excess (deficiency) before transfers	0.3	1.9
Transfers	0.1	(0.2)
	<u>0.4</u>	<u>1.7</u>
Change in net position - Business-type Activities		
Net Position - Beginning of year	17.9	16.2
Net Position - End of year	<u>\$ 18.3</u>	<u>\$ 17.9</u>

Charges for services declined substantially by 3.6 million or 28.8% due to the halting of parking and Golf activities in early March due to the pandemic. Investment income was higher by 1.0 million or 45.5% due to higher interest income booked on callable bonds that were purchased at a discount.

Conversely, expenses for the Golf activities reduced by 1.1 million or 18.9% due to the closure of the facility due to the pandemic.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2020

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. Data from the other twenty governmental funds are combined into a single, aggregated presentation.

The City Council adopts a biennial appropriated budget for its General Fund and other funds. Budgetary comparison statements have been provided in the Required Supplementary Information section for the general fund and major special revenue 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 replacement of capital assets. The City uses internal service funds to account for such activities as its fleet of vehicles, computer systems, other furniture and equipment, and 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.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2020

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. All nine 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. 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 and agency funds to account for districts assessment.

Summary Analysis of Governmental Funds

At June 30, 2020, the City's governmental fund balances were \$116.3 million, which is an overall increase of \$7.4 million, an increase of 6.8%, as compared to the prior fiscal year. The following describe the specifics related to this variance:

- A decrease of \$4.9 million in the General Fund, primarily due to transferring of \$3.5 million held in the General fund for workers compensation to a new workers compensation fund as well the utilization of Capital projects reserves and one time fund uses that were carried over from the prior year \$4.3 million, and offset by \$1.1 million in gain on the Pension trust fund. The remaining changes in fund balance were a combination of decreased revenues including property tax, and departmental revenues netted against operating expenditures which came in below budget due to the effects of the COVID19 pandemic.
- An increase of \$215,618 in the Housing Successor Agency Fund, was due to higher revenues then expected from loan repayments as well as higher interest income;
- An increase of \$5.3 million in the Housing Funds, was due to increased revenues from development activities partly offset by higher expenses for new affordable housing projects as compared to the prior year;
- An decrease of \$270,844 in the Capital Investment Program Fund is attributed to increased unearned revenues related to outside funding of projects;
- An increase of \$7.0 million in the City's non-major governmental funds is primarily due to increased revenues from the Gas Tax Fund, Traffic Impact Mitigation Fund, and In-Lieu Park Fund, offset by reduced expenses overall due to the pandemic.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2020

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

Revenues	<u>2020</u>	<u>2019</u>
Taxes:		
Sales and use	\$ 26.7	\$ 27.3
Property	26.4	25.1
Business license	2.5	2.6
Franchise	3.6	3.6
Transient occupancy	1.5	2.2
Other taxes	2.9	3.1
Intergovernmental	6.4	7.4
Investment and rental income	5.0	4.1
Charges for services	23.5	21.2
Licenses, permits and fees	4.5	3.2
Fines, forfeitures and penalties	0.6	8.1
Other revenue	3.3	1.1
Total revenues	<u>106.9</u>	<u>108.9</u>
Expenditures		
Current:		
Public protection	27.1	27.4
Public works	28.6	29.0
Community and economic development	8.6	8.2
Housing	0.7	3.2
Arts and recreation	16.3	17.3
Administrative services	4.0	5.0
Human resources	1.5	1.4
General government	7.4	6.8
Capital outlay & Debt service	1.9	2.3
Total expenditures	<u>96.1</u>	<u>100.7</u>
Other		
Transfers (net)	<u>(3.4)</u>	<u>0.0</u>
	<u>(3.4)</u>	<u>0.0</u>
Net change in fund balance	<u>\$ 7.4</u>	<u>\$ 8.2</u>



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2020

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, 2020, the total fund balance was \$63.6 million, \$57.7 million of which is non-spendable, restricted or has been committed or assigned to cover contingencies, claims, encumbrances, advances to other funds and other City projects.

Revenues were \$6.4 million lower in fiscal year ended June 30, 2020 compared to last fiscal year, a change of -6.7% (after adjusting for revisions in the treatment of interdepartmental revenues).

Expenditures decreased \$4.0 million in fiscal year ended June 30, 2020 compared to last fiscal year, a change of -4.4%. 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 \$1.8 million (-6.8%) compared to the prior year. This was due to the severe impacts faced by the global pandemic that started in March of 2020. Prior to the pandemic and based on analysis from the City's sales tax consultant, Avenu/MuniServices, the City was projecting a modest growth of 1%.

Property Taxes overall increased by \$1.3 million (5.4%) compared to the prior year primarily attributable to continued increases in property values (assessed value) and increased residential sales activity.

Charges for Services decreased by \$6.1 million (-32.7%) from the prior year, mainly effected by the closing of all recreational activities in March of 2020 and reduced permitting revenue within Community development department.

Transient Occupancy Taxes decreased by \$0.7 million (32.7%) compared to the prior fiscal year, primarily due some delinquencies as wells as lack of demand in the 4th quarter of the fiscal year due to the pandemic.

General Fund Expenditures

Public protection expenditures decreased by \$0.21 million (-0.8%) from the prior year primarily due to increased personnel and benefit costs, offset by the ending of contributions to the police side fund as the liability is fully repaid (prior year contribution was 1.9 million).

Public works expenditures (After adjusting for the treatment of inter departmental charges) increased by \$0.25 million (1.2%) compared to the prior year primarily due to salary increases, which were offset by lower operating and maintenance expenses.

Community and economic development expenditures increased \$.07 million (1.0%) from the prior fiscal year primarily attributable to salary adjustments that were offset with lower professional and contractual services expenses.



City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2020

Arts and Recreation expenditures were \$1 million (-5.8%) less than the prior year primarily due to an overall decrease in operations from mid-March onwards with the onset of the pandemic.

Administrative services expenditures decreased (after adjustments to treatment of interdepartmental charges) by \$0.27 million (-5.4%) compared to prior year primarily due to an overall decrease in operations from mid-March onwards with the onset of the pandemic.

Human resources expenditures increased by \$0.06 million (4.3%) over the prior fiscal year primarily due to increased costs for salary adjustments.

General government expenditures increased by \$0.5 million (7.8%) from the prior fiscal year due to increased payouts for retirements and revised bargaining units memorandums the department also absorbed higher insurance costs and contributions while professional services costs decreased significantly.

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, 2020, fund balance was \$1.6 million which is restricted for future housing projects and programs. The fund balance increased by \$215,618, due to higher revenues than expected from loan repayments.

Housing Special Revenue

The Housing Special Revenue Fund accounts for in lieu fees derived of local development projects. As of June 30, 2020, the fund balance was \$11.9 million, which is restricted for affordable housing projects. During the fiscal year, the fund balance increased by \$5.3 million due to higher receipts of housing in Lieu fees from developers.

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, 2020, the CDBG fund had no fund balance.

Capital Investment Program

The Capital Investment Program Fund accounts for funds used for capital improvements and significant maintenance projects. As of June 30, 2020, its fund balance was -\$0.8 million, primarily due to monies due from outside funding wherein the conditions of reimbursements state that project work needs to be completed prior to being billed.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2020

Some of the more significant capital and maintenance projects that were completed during fiscal year 2020 are listed below:

- Boundary Oak Grill Remodel
- Ygnacio Valley Road Rehabilitation - Phase 1
- Parking Garage Management System
- Parking Meter update & replacement

Summary Analysis of Proprietary Funds

As of June 30, 2020, the Enterprise Funds had a net position balance of \$18.3 million, an increase of \$0.4 million from the prior year. The net position balance of the Internal Service Funds is \$16.9 million, up \$0.8 million from the previous fiscal year, due to the creation of two new internal service funds, offset by increased charges in other funds.

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

	Total Enterprise Funds		Total Internal Service Funds	
	2020	2019	2020	2019
Operating revenues	\$ 11.5	\$ 14.2	\$ 3.0	\$ 4.2
Operating expenses	11.7	12.7	5.9	2.1
Operating income (loss)	(0.2)	1.5	(2.9)	2.1
Non-operating revenues (expenses)	0.4	0.4	0.4	0.1
Net income (loss) before contributions and operating transfers	0.2	1.9	(2.5)	2.2
Transfers in (out) and Capital Contributions	0.1	(0.2)	3.3	0.2
Change in net position	\$ 0.3	\$ 1.7	\$ 0.8	\$ 2.4

Boundary Oak City Administration and Onsite Contract Operations Enterprise Funds

These funds account for the administration and operation of the City's Boundary Oak Golf Course and Clubhouse. The total net position is \$5.6 million; an increase of \$0.2 million.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2020

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 total net position as of June 30, 2020 is \$12.7 million, an increase of approximately \$0.1 million from the prior year.

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 lower than the final budget by \$3.9 million (-4.4%), which is primarily attributable to higher property taxes offset by lower sales tax, transient occupancy tax and charges for services which were impacted by the onset of the pandemic.

General Fund actual expenditures were \$2.0 million (2.3%) under the final budget, with significant savings in Administrative Services (\$0.5 million) Arts and Recreation (\$0.9 million), and Public Works (\$1.8 million) partly offset by higher Police expenses (\$1.0 million). The savings in Administrative Services and Public works was primarily related to lower overall expenses as a lot of planned work could not be undertaken in the pandemic. The Arts and Recreation department had significant underspending due to the closing of all its programming and facilities since mid March when the pandemic started. The Police department had significant overspending that was partly related to the riots that took place during early May as well as from increased overtime on a reimbursable contract that added increased offsetting revenue.

Net unassigned fund balance for the year was \$2.6 million after accounting for contributions to the committed reserves, encumbrance reserve and others. Further details are provided in the Transmittal letter.

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 acquisition value on the date donated.

At June 30, 2020, the cost of infrastructure and other capital assets recorded on the City's financial statements is shown in Table 8 on the next page:



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2020

Table 8
Capital Assets
(in Millions)

	<u>2020</u>	<u>2019</u>
Governmental activities		
Land	\$ 45.6	\$ 45.6
Construction in progress	22.8	22.8
Building and improvements	131.3	131.2
Machinery and equipment	12.2	11.9
Vehicles	10.0	9.5
Infrastructure	216.3	214.2
Less accumulated depreciation	(221.0)	(212.0)
Totals	<u>\$ 217.2</u>	<u>\$ 223.2</u>
Business-type activities		
Land	\$ 1.3	\$ 1.3
Construction in progress	1.9	3.3
Buildings	20.8	19.7
Improvements	2.7	2.6
Machinery and equipment	3.3	3.8
Vehicles	0.6	0.6
Less accumulated depreciation	(15.2)	(15.7)
Totals	<u>\$ 15.4</u>	<u>\$ 15.6</u>

At June 30, 2020, the City had \$217.2 million, net of depreciation, invested in a broad range of capital assets used in governmental activities and \$15.4 million, also net of depreciation, invested in Business-type activities assets, as shown in Table 8.

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 to the Basic Financial Statements.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2020

Long Term Debt

At June 30, 2020 the City's debt was comprised of the following:

Table 9
Outstanding Debt
(In Millions)

	<u>2020</u>	<u>2019</u>
Governmental activities		
PG&E Energy Efficiency Loans	\$ 0.8	\$ 0.9
Capital Lease Obligations	0.0	0.1
Total governmental activities debt	<u>\$ 0.8</u>	<u>\$ 1.0</u>
Business-type activities		
Capital Lease Obligations	\$ 2.7	\$ 3.0
Total business-type activities debt	<u>\$ 2.7</u>	<u>\$ 3.0</u>
Total debt	<u>\$ 3.5</u>	<u>\$ 4.0</u>

The City made all required debt service payments on the issues listed above. As related to the governmental activities, the capital lease obligation represents a lease agreement for financing of a police mobile data system and vehicle leases for public works and police. 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 \$3.3 million to finance improvements at the Boundary Oak Golf Course Clubhouse. Present value of future lease payments is \$2.7 million. 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 a sixth consecutive strong financial year. This has been driven by growth in property tax and sales tax and steady revenues from direct services. Economic development and the strength of the Bay Area and national economy have driven continued growth in revenues. Meanwhile expenses have grown due to inflationary increases, negotiated wage increases, and pension cost increases.



City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2020

Over the last several years Walnut Creek has experienced on-going growth in major tax revenue categories and increases in revenues from fee-based services. This trend continued into the first half of FY2020 until the onset of the COVID-19 pandemic and subsequent shelter-in-place orders from the County beginning March 17, 2020. Sales Tax, Transient Occupancy Tax and fee-based service revenues declined in the third quarter of FY2020 as a result.

The most significant financial challenges for the City are the ongoing stress on revenues due to the COVID-19 pandemic and the projected increases in pension costs and identifying resources to replace aging capital infrastructure. Funds to replace buildings and other facilities are inadequate.

In December 2016, CalPERS reduced its expected return on investments from 7.5% to 7.0% - which were effective starting fiscal year 2019. This action coupled with other assumption changes made by CalPERS is resulting in a substantial increase in pension contributions for employers. The first of several years of projected deficits were addressed as part of the City's FY 18-20 budget preparation process.

The City Council renewed its commitment to address this challenge by creating a Section 115 Trust fund that is currently valued at 21.8 million. An additional \$1.9 million is designated as an assigned pension reserve in the general fund. The trust is an essential tool to help the City address pension cost increases in future years.

The City Council has also identified funding capital infrastructure as a high priority area and is working to identify current and future facility needs and potential funding options to address those needs.

Major Capital Projects In Construction

Major Capital Projects in construction for fiscal years 2019-20 and beyond, include:

- Walker-Homestead Drainage
- S. Main Street Bridge replacement
- 2021 Ygnacio Valley Road Rehabilitation
- Bancroft Road Bridge widening
- Roadway Maintenance
- Heather Farm Aquatics Facility
- Parkside / Broadway Pavement Rehabilitation

Walker-Homestead Drainage – This project is a multi-year design and construction project required to satisfy legal action. The design is not yet complete, as it requires significant coordination with non-City utilities. These utilities have a requirement to fund most if not all of their portion of the design and relocation required by the addition of new storm drain piping. The project also requires right-of-way acquisition that will take place after the resolution of utility conflicts.

S. Main Street Bridge Replacement – The project funding is part of a mandatory contribution to a state funded bridge replacement project. This project is currently awaiting additional state funding authorization based on design requirements. The project is expected to start construction in FY 22.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2020

2021 Ygnacio Valley Road Rehabilitation - This project is in the design phase. The project will repair and repave 1.3 miles of the 6 lane facility from Civic Drive to North San Carlos Drive. The majority of project funding is the One Bay Area Grant (OBAG) of \$2.6 million.

Bancroft Road Bridge Widening - This project has begun design and has an expected start of construction in FY 22.

Roadway Maintenance - The roadway maintenance project is a consolidation of several roadway maintenance projects (i.e. Overlays, slurry seals, roadway drainage, sound wall and retaining wall repairs) that are in the process of being designed and executed.

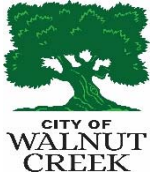
Heather Farm Aquatics Facility - This project is startup design for a future replacement of Clarke Swim Center. At this time, the project is awaiting City Council input on the Your Parks, Your Future initiative.

Parkside / Broadway Pavement Rehabilitation - This project repaves a significant portion of Parkside and all of Broadway north of Ygnacio Valley Road. The project also improves or creates new bike lanes on both streets. The project uses funding from Gas Tax (including SB1), Measure J and Local Improvement District Funds left over from the extension of Broadway to Parkside in the 1980's.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

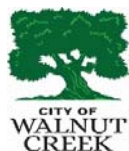
This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this report should be directed to the following address: City of Walnut Creek, Finance Division, 1666 North Main Street, Walnut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

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



GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Walnut Creek

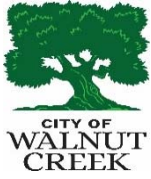
Statement of Net Position

June 30, 2020

(With comparative information from the prior year)

	Governmental Activities	Business-type Activities	Totals	
			2020	2019
ASSETS				
Current assets:				
Cash and investments (Note 2)	\$ 118,197,873	\$ 7,001,359	\$ 125,199,232	\$ 114,303,154
Restricted cash and investments (Note 2)	21,776,318	-	21,776,318	17,618,718
Receivables:				
Accounts	3,402,082	179,666	3,581,748	5,517,152
Taxes	3,846,596	-	3,846,596	4,389,955
Due from other governments	486,366	-	486,366	542,322
Interest	146,107	9,347	155,454	189,975
Inventory of materials and supplies	44,277	64,714	108,991	124,850
Prepaid items	230,182	2,372	232,554	390,742
Internal balances	187,785	(187,785)	-	-
Total current assets	148,317,586	7,069,673	155,387,259	143,076,868
Noncurrent assets:				
Notes and loans receivable (Note 3)	33,374,126	-	33,374,126	33,479,365
Due from Successor Agency (Note 5)	274,544	-	274,544	274,544
Capital assets (Note 6):				
Nondepreciable	68,314,635	3,230,276	71,544,911	72,991,317
Depreciable	369,878,333	27,355,290	397,233,623	393,421,741
Accumulated depreciation	(221,033,061)	(15,211,201)	(236,244,262)	(227,645,925)
Total capital assets	217,159,907	15,374,365	232,534,272	238,767,133
Total noncurrent assets	250,808,577	15,374,365	266,182,942	272,521,042
Total assets	399,126,163	22,444,038	421,570,201	415,597,910
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	19,846,997	-	19,846,997	22,158,429
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	4,909,621	447,740	5,357,361	4,327,808
Accrued payroll	2,370,233	129,601	2,499,834	1,827,520
Refundable deposits	1,427,187	647,517	2,074,704	1,096,554
Unearned revenue (Note 4)	7,603,756	-	7,603,756	8,158,696
Claims payable due in one year (Note 10)	1,698,912	-	1,698,912	1,667,896
Compensated absences due in one year (Note 8)	344,282	16,591	360,873	268,179
Long-term debt due in one year (Note 7)	124,443	391,765	516,208	577,530
Total current liabilities	18,478,434	1,633,214	20,111,648	17,924,183
Noncurrent liabilities:				
Claims payable due in more than one year (Note 10)	2,624,349	-	2,624,349	2,983,987
Compensated absences due in more than one year (Note 8)	4,211,144	247,950	4,459,094	3,988,599
Net pension liability (Note 11)	119,522,899	-	119,522,899	112,177,035
Long-term debt due in more than one year (Note 7)	646,919	2,293,738	2,940,657	3,390,910
Total noncurrent liabilities	127,005,311	2,541,688	129,546,999	122,540,531
Total liabilities	145,483,745	4,174,902	149,658,647	140,464,714
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	4,302,467	-	4,302,467	6,625,028
NET POSITION				
Net investment in capital assets	216,388,545	12,688,862	229,077,407	252,417,411
Restricted for:				
Capital projects	29,442,065	813,471	30,255,536	24,659,400
Community and economic development	21,715,225	-	21,715,225	15,191,774
Arts and recreation:				
Nonexpendable	1,000,000	-	1,000,000	1,000,000
Expendable	577,068	-	577,068	547,775
Total restricted net position	52,734,358	813,471	53,547,829	41,398,949
Unrestricted net position	64,045	4,766,803	4,830,848	(3,149,763)
Total net position	\$ 269,186,948	\$ 18,269,136	\$ 287,456,084	\$ 290,666,597

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



City of Walnut Creek
Statement of Activities
For the Year Ended June 30, 2020
 (With comparative information from 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	\$ 27,717,140	\$ 330,517	\$ 1,047,110	\$ 110,899	\$ 1,488,526
Public works	37,749,942	12,024,296	17,739	1,964,035	14,006,070
Community and economic development	8,393,237	6,711,613	508,071	-	7,219,684
Housing	8,273,382	3,960,348	-	-	3,960,348
Arts and recreation	16,464,057	7,061,948	90,527	-	7,152,475
Administrative services	4,020,852	126,897	-	-	126,897
Human resources	1,482,318	-	-	-	-
General government	4,832,814	709,260	-	-	709,260
Total governmental activities	108,933,742	30,924,879	1,663,447	2,074,934	34,663,260
Business-type activities:					
Golf course	4,690,797	4,513,734	-	-	4,513,734
Downtown parking and enhancement	7,116,174	4,355,323	-	-	4,355,323
Total business-type activities	11,806,971	8,869,057	-	-	8,869,057
Total primary government	\$ 120,740,713	\$ 39,793,936	\$ 1,663,447	\$ 2,074,934	\$ 43,532,317

General revenues:

Taxes:

Sales and use

Property

Franchise

Other taxes

Total taxes

Intergovernmental

Investment income

Other

Transfers

Special item - transfer of capital asset to Successor Agency

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	
		2020	2019
\$ (26,228,614)	\$ -	\$ (26,228,614)	\$ (23,737,723)
(23,743,872)	-	(23,743,872)	(18,799,385)
(1,173,553)	-	(1,173,553)	2,115,968
(4,313,034)	-	(4,313,034)	(11,863,207)
(9,311,582)	-	(9,311,582)	(6,082,846)
(3,893,955)	-	(3,893,955)	(3,731,174)
(1,482,318)	-	(1,482,318)	(1,420,816)
(4,123,554)	-	(4,123,554)	(7,255,139)
<u>(74,270,482)</u>	<u>-</u>	<u>(74,270,482)</u>	<u>(70,774,322)</u>
-	(177,063)	(177,063)	(238,406)
-	(2,760,851)	(2,760,851)	(46,053)
<u>-</u>	<u>(2,937,914)</u>	<u>(2,937,914)</u>	<u>(284,459)</u>
<u>(74,270,482)</u>	<u>(2,937,914)</u>	<u>(77,208,396)</u>	<u>(71,058,781)</u>
26,707,698	-	26,707,698	27,298,995
26,397,068	-	26,397,068	25,060,727
3,635,125	-	3,635,125	3,560,437
8,571,587	-	8,571,587	9,355,198
<u>65,311,478</u>	<u>-</u>	<u>65,311,478</u>	<u>65,275,357</u>
592,957	-	592,957	-
4,173,838	515,207	4,689,045	3,891,700
767,599	2,636,804	3,404,403	2,440,546
(130,481)	130,481	-	-
-	-	-	(2,807,305)
<u>70,715,391</u>	<u>3,282,492</u>	<u>73,997,883</u>	<u>68,800,298</u>
(3,555,091)	344,578	(3,210,513)	(2,258,483)
<u>272,742,039</u>	<u>17,924,558</u>	<u>290,666,597</u>	<u>292,925,080</u>
<u>\$ 269,186,948</u>	<u>\$ 18,269,136</u>	<u>\$ 287,456,084</u>	<u>\$ 290,666,597</u>

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

The funds described below were determined to be Major Funds by the City in fiscal year 2018-19

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

Special Revenue Funds:

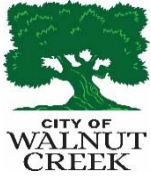
Housing Successor Agency Fund was created by the City of Walnut Creek Housing Successor Agency to retain housing assets and perform housing functions of the former Redevelopment Agency for the low and moderate income housing program.

Housing Fund accounts for employee affordable housing program, in lieu fees and other restricted funds to be used for affordable housing projects.

Community Development Block Grants (CDBG) Fund 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, 2020

(With comparative information from the prior year)

	General Fund	Special Revenue		
		Housing Successor Agency	Housing	CDBG
ASSETS:				
Cash and investments (Note 2)	\$ 45,268,915	\$ 1,644,367	\$ 12,000,436	\$ -
Restricted cash and investments	21,776,318	-	-	-
Accounts receivable	1,414,675	-	-	201,093
Taxes receivable	3,846,596	-	-	-
Interest receivable	62,011	2,134	14,763	-
Prepaid items	66,182	-	-	-
Due from other governments	-	-	-	-
Due from other funds (Note 5)	1,650,097	-	-	-
Notes and loans receivable (Note 3)	-	7,135,245	22,853,400	2,759,159
Inventory of materials and supplies	44,277	-	-	-
Interfund loan (Note 5)	187,785	-	-	-
Amounts due from Successor Agency (Note 5)	274,544	-	-	-
Total assets	\$ 74,591,400	\$ 8,781,746	\$ 34,868,599	\$ 2,960,252
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Accounts payable and other accrued liabilities	\$ 2,891,642	\$ -	\$ 78,593	\$ 102,295
Accrued payroll	2,245,053	863	8,881	11,158
Due to other funds (Note 5)	-	-	-	87,640
Refundable deposits	1,427,187	-	-	-
Unearned revenues (Note 4)	4,456,938	-	-	-
Total liabilities	11,020,820	863	87,474	201,093
Deferred Inflows of Resources:				
Unavailable revenues - grants	-	-	-	-
Unavailable revenues - revolving notes and loans	-	7,135,245	22,853,400	2,759,159
Total deferred inflows of resources	-	7,135,245	22,853,400	2,759,159
Fund Balances (Note 9):				
Nonspendable	572,788	-	-	-
Restricted	21,776,318	1,645,638	11,927,725	-
Committed	19,492,759	-	-	-
Assigned	15,915,172	-	-	-
Unassigned	5,813,543	-	-	-
Total fund balances (deficits)	63,570,580	1,645,638	11,927,725	-
Total liabilities, deferred inflows of resources and fund balances	\$ 74,591,400	\$ 8,781,746	\$ 34,868,599	\$ 2,960,252

Capital Project Investment Program	Non-Major Governmental Funds	Total Governmental Funds	
		2020	2019
\$ 5,127,148	\$ 38,614,006	\$ 102,654,872	\$ 95,791,614
-	-	21,776,318	17,618,718
-	1,775,736	3,391,504	5,316,797
-	-	3,846,596	4,389,955
-	46,631	125,539	161,376
-	-	66,182	347,454
486,366	-	486,366	542,322
-	-	1,650,097	703,720
-	626,322	33,374,126	33,479,365
-	-	44,277	41,909
-	-	187,785	232,431
-	-	274,544	274,544
<u>\$ 5,613,514</u>	<u>\$ 41,062,695</u>	<u>\$ 167,878,206</u>	<u>\$ 158,900,205</u>

\$ 1,391,025	\$ 200,783	\$ 4,664,338	\$ 5,567,167
27,080	74,363	2,367,398	1,025,338
1,417,535	144,922	1,650,097	2,213,716
-	-	1,427,187	572,198
3,129,374	17,444	7,603,756	10,154,520
<u>5,965,014</u>	<u>437,512</u>	<u>17,712,776</u>	<u>19,532,939</u>

486,366	-	486,366	1,778,328
-	626,322	33,374,126	33,479,365
<u>486,366</u>	<u>626,322</u>	<u>33,860,492</u>	<u>35,257,693</u>

-	1,000,000	1,572,788	1,896,338
-	38,998,861	74,348,542	55,559,974
-	-	19,492,759	24,410,360
-	-	15,915,172	20,870,854
(837,866)	-	4,975,677	6,179,700
<u>(837,866)</u>	<u>39,998,861</u>	<u>116,304,938</u>	<u>108,917,226</u>

<u>\$ 5,613,514</u>	<u>\$ 41,062,695</u>	<u>\$ 167,878,206</u>	<u>\$ 158,900,205</u>
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City of Walnut Creek
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

Total Fund Balances - Total Governmental Funds \$ 116,304,938

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 consist as follows, net of capital assets reported in the internal service funds:

Nondepreciable	68,314,635
Depreciable, net	144,564,597

Deferred outflows of resources related to pensions (Note 11).	19,846,997
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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.	33,860,492
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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.	16,963,028
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.

Long-term liabilities - due within one year:

Claims and judgments payable	(845,371)
Compensated absences payable	(344,282)
Long-term debt	(124,443)

Long-term liabilities - due in more than one year:

Claims and judgments payable	(670,214)
Compensated absences payable	(4,211,144)
Net pension liability	(119,522,899)
Long-term debt	(646,919)

Deferred inflows of resources related to pensions (Note 11)	<u>(4,302,467)</u>
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Net Position of Governmental Activities \$ 269,186,948

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

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City of Walnut Creek
Statement of Revenues, Expenditures and Changes in Fund Balances
Major Governmental Funds
For the Year Ended June 30, 2020
(With comparative information for the prior year)

	General Fund	Special Revenue		
		Housing Successor Agency	Housing	CDBG
REVENUES:				
Taxes:				
Sales and use	\$ 25,298,281	\$ -	\$ -	\$ -
Property	26,035,790	-	-	-
Business license	2,534,116	-	-	-
Franchise	3,635,125	-	-	-
Transient occupancy	1,497,342	-	-	-
Other	843,852	-	-	-
Intergovernmental	186,717	-	-	412,325
Investment and rental income	3,826,755	65,561	240,039	51,797
Charges for services	12,743,570	-	5,357,548	-
Licenses, permits and fees	4,530,088	-	-	-
Fines, forfeitures and penalties	567,255	-	10,796	-
Other revenue	2,430,800	181,383	-	67,098
Total revenues	84,129,691	246,944	5,608,383	531,220
EXPENDITURES:				
Current:				
Public protection	26,850,751	-	-	-
Public works	17,511,033	-	-	-
Community and economic development	7,249,351	-	403,557	297,110
Housing	-	31,326	441,254	186,512
Arts and recreation	16,118,185	-	-	-
Administrative services	3,993,833	-	-	-
Human resources	1,482,318	-	-	-
General government	6,800,597	-	-	-
Capital outlay:				
Public ways and facilities and equipment	-	-	-	-
Debt service:				
Principal retirement (Note 7)	155,936	-	-	-
Total expenditures	80,162,004	31,326	844,811	483,622
REVENUES OVER (UNDER) EXPENDITURES	3,967,687	215,618	4,763,572	47,598
OTHER FINANCING SOURCES (USES) (Note 5):				
Transfers in	718,250	-	580,000	-
Transfers (out)	(9,594,572)	-	-	-
Total other financing sources (uses)	(8,876,322)	-	580,000	-
Net change in fund balances	(4,908,635)	215,618	5,343,572	47,598
FUND BALANCES:				
Beginning of year	68,479,215	1,430,020	6,584,153	(47,598)
End of year	\$ 63,570,580	\$ 1,645,638	\$ 11,927,725	\$ -

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

Capital Project		Total Governmental Funds	
Capital Investment Program	Non-major Governmental Funds	2020	2019
\$ -	\$ 1,409,417	\$ 26,707,698	\$ 27,298,995
-	361,278	26,397,068	25,060,727
-	-	2,534,116	2,570,125
-	-	3,635,125	3,560,437
-	-	1,497,342	2,224,694
-	2,089,028	2,932,880	3,103,878
1,964,035	3,842,912	6,405,989	7,321,321
-	778,760	4,962,912	4,094,401
-	5,377,356	23,478,474	21,162,192
-	-	4,530,088	3,155,415
-	-	578,051	8,176,457
-	567,308	3,246,589	1,118,079
1,964,035	14,426,059	106,906,332	108,846,721
-	254,523	27,105,274	27,355,463
8,278,768	2,858,885	28,648,686	29,032,633
-	681,870	8,631,888	8,208,483
-	-	659,092	3,162,126
-	225,259	16,343,444	17,309,067
-	-	3,993,833	4,977,704
-	-	1,482,318	1,420,816
-	567,022	7,367,619	6,765,729
1,710,808	-	1,710,808	2,346,886
-	-	155,936	108,597
9,989,576	4,587,559	96,098,898	100,687,504
(8,025,541)	9,838,500	10,807,434	8,159,217
8,156,223	414,888	9,869,361	7,709,367
(401,526)	(3,292,985)	(13,289,083)	(7,684,326)
7,754,697	(2,878,097)	(3,419,722)	25,041
(270,844)	6,960,403	7,387,712	8,184,258
(567,022)	33,038,458	108,917,226	100,732,968
\$ (837,866)	\$ 39,998,861	\$ 116,304,938	\$ 108,917,226

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, 2020

Net Changes in Fund Balances - Total Governmental Funds	\$ 7,387,712
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.	(8,076,003)
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, net of additions recorded in the internal service funds.	2,291,552
Unavailable revenue is not available to liquidate liabilities of the governmental funds during the current year, however, such amounts were recognized as revenue in the Statement of Activities as earned.	(1,397,200)
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	155,936
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 until they are liquidated.	2,597,323
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.	(7,334,735)
Internal service funds are used to charge the costs of information technology and equipment replacement, to individual funds. The net revenue, before transfers, of the internal service funds is reported with governmental activities.	<u>820,324</u>
Change in Net Position of Governmental Activities	\$ <u><u>(3,555,091)</u></u>

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.

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, 2020

(With comparative information from the prior year)

	Business-type Activities - Enterprise Funds			Total Enterprise Funds	
	Golf Course - City Administration	Boundary Oak - Onsite Contract Operations	Downtown Parking and Enhancement	2020	2019
ASSETS:					
Current assets:					
Cash and investments	\$ 1,432,262	\$ 383,066	\$ 5,186,031	\$ 7,001,359	\$ 6,822,470
Total cash and investments (Note 2)	1,432,262	383,066	5,186,031	7,001,359	6,822,470
Accounts receivable	-	49,505	130,161	179,666	200,355
Interest receivable	1,965	-	7,382	9,347	10,065
Inventory of materials & supplies	-	64,714	-	64,714	82,941
Prepaid items	-	2,372	-	2,372	43,288
Total current assets	1,434,227	499,657	5,323,574	7,257,458	7,159,119
Noncurrent assets:					
Capital assets (Note 6):					
Nondepreciable	1,527,276	-	1,703,000	3,230,276	4,651,850
Depreciable	10,090,449	974,118	16,290,723	27,355,290	26,580,973
Accumulated depreciation	(4,508,384)	(770,982)	(9,931,835)	(15,211,201)	(15,675,734)
Total capital assets	7,109,341	203,136	8,061,888	15,374,365	15,557,089
Total noncurrent assets	7,109,341	203,136	8,061,888	15,374,365	15,557,089
Total assets	8,543,568	702,793	13,385,462	22,631,823	22,716,208
LIABILITIES:					
Current liabilities:					
Accounts payable and accrued liabilities	43,510	180,525	223,705	447,740	732,380
Accrued payroll	2,706	-	126,895	129,601	120,178
Refundable deposits	-	647,517	-	647,517	474,044
Interfund loan - due in one year (Note 5)	45,547	-	-	45,547	44,646
Compensated absences - due in one year (Note 10)	-	-	16,591	16,591	521
Long term debt - due in one year (Note 7)	275,954	77,563	38,248	391,765	372,742
Claims payable due in one year (Note 11)	-	-	-	-	-
Total current liabilities	367,717	905,605	405,439	1,678,761	1,744,511
Noncurrent liabilities:					
Interfund loan - due in more than one year (Note 5)	142,238	-	-	142,238	187,785
Compensated absences - due in more than one year (Note 10)	-	-	247,950	247,950	239,806
Long term debt - due in more than one year (Note 7)	2,120,651	92,380	80,707	2,293,738	2,619,548
Claims payable due in more than one year (Note 11)	-	-	-	-	-
Total noncurrent liabilities	2,262,889	92,380	328,657	2,683,926	3,047,139
Total liabilities	2,630,606	997,985	734,096	4,362,687	4,791,650
NET POSITION:					
Net investment in capital assets	4,712,736	33,193	7,942,933	12,688,862	12,564,799
Restricted for:					
Capital Projects	-	-	813,471	813,471	960,938
Unrestricted net position	1,200,226	(328,385)	3,894,962	4,766,803	4,398,821
Total net position (deficit)	\$ 5,912,962	\$ (295,192)	\$ 12,651,366	\$ 18,269,136	\$ 17,924,558

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

Governmental			
Activities			
Internal Service Funds	Total Internal Service Funds		
	2020	2019	
\$ 15,543,001	\$ 15,543,001	\$ 11,689,070	
15,543,001	15,543,001	11,689,070	
10,578	10,578	-	
20,568	20,568	18,534	
-	-	-	
164,000	164,000	-	
<u>15,738,147</u>	<u>15,738,147</u>	<u>11,707,604</u>	
-	-	-	
16,159,626	16,159,626	15,438,445	
<u>(11,878,951)</u>	<u>(11,878,951)</u>	<u>(10,892,084)</u>	
<u>4,280,675</u>	<u>4,280,675</u>	<u>4,546,361</u>	
<u>4,280,675</u>	<u>4,280,675</u>	<u>4,546,361</u>	
<u>20,018,822</u>	<u>20,018,822</u>	<u>16,253,965</u>	
245,283	245,283	58,789	
2,835	2,835	3,621	
-	-	-	
-	-	-	
-	-	48,851	
853,541	853,541	-	
<u>1,101,659</u>	<u>1,101,659</u>	<u>111,261</u>	
-	-	-	
-	-	-	
-	-	-	
<u>1,954,135</u>	<u>1,954,135</u>	<u>-</u>	
<u>1,954,135</u>	<u>1,954,135</u>	<u>-</u>	
<u>3,055,794</u>	<u>3,055,794</u>	<u>111,261</u>	
4,280,675	4,280,675	4,497,510	
-	-	-	
<u>12,682,353</u>	<u>12,682,353</u>	<u>11,645,194</u>	
<u>\$ 16,963,028</u>	<u>\$ 16,963,028</u>	<u>\$ 16,142,704</u>	



City of Walnut Creek
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2020
(With comparative information from the prior year)

	Business-type Activities - Enterprise Funds			Total Enterprise Funds	
	Golf Course - City Administration	Boundary Oak - Onsite Contract Operations	Downtown Parking and Enhancement	2020	2019
OPERATING REVENUES:					
Charges for services	\$ -	\$ 4,513,734	\$ 4,355,323	\$ 8,869,057	\$ 12,535,530
Fines, forfeitures and penalties	-	-	2,630,344	2,630,344	1,652,599
Other revenue	-	6,460	-	6,460	10,787
Total operating revenues	-	4,520,194	6,985,667	11,505,861	14,198,916
OPERATING EXPENSES:					
Supplies and services	445,880	3,623,813	6,525,073	10,594,766	11,758,843
Repairs and maintenance	108,312	193,650	105,351	407,313	319,572
Depreciation	180,891	68,289	480,476	729,656	666,421
Total operating expenses	735,083	3,885,752	7,110,900	11,731,735	12,744,836
OPERATING INCOME (LOSS)	(735,083)	634,442	(125,233)	(225,874)	1,454,080
NONOPERATING REVENUES (EXPENSES):					
Investment and rental income	388,521	-	126,686	515,207	503,750
Interest and related expenses	(64,534)	(5,428)	(5,274)	(75,236)	(75,609)
Gain (loss) on sale of capital assets	-	-	-	-	456
Total nonoperating revenues (expenses)	323,987	(5,428)	121,412	439,971	428,597
Net income (loss) before capital contributions and transfers	(411,096)	629,014	(3,821)	214,097	1,882,677
Capital contributions	-	-	-	-	-
Transfers in (Note 5)	625,000	-	401,526	1,026,526	717,222
Transfers (out) (Note 5)	-	(625,000)	(271,045)	(896,045)	(904,898)
Change in net position	213,904	4,014	126,660	344,578	1,695,001
NET POSITION:					
Total net position (deficit) - Beginning	5,699,058	(299,206)	12,524,706	17,924,558	16,229,557
Total net position (deficit) - Ending	\$ 5,912,962	\$ (295,192)	\$ 12,651,366	\$ 18,269,136	\$ 17,924,558

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

Governmental Activities Internal Service Funds	Total Internal Service Funds	
	2020	2019
	\$ 2,974,576	\$ 2,974,576
-	-	-
-	-	-
<u>2,974,576</u>	<u>2,974,576</u>	<u>4,153,130</u>
4,219,870	4,219,870	399,576
393,146	393,146	428,173
<u>1,225,948</u>	<u>1,225,948</u>	<u>1,269,623</u>
<u>5,838,964</u>	<u>5,838,964</u>	<u>2,097,372</u>
<u>(2,864,388)</u>	<u>(2,864,388)</u>	<u>2,055,758</u>
-	-	-
349,119	349,119	111,905
<u>46,352</u>	<u>46,352</u>	<u>(22,405)</u>
<u>395,471</u>	<u>395,471</u>	<u>89,500</u>
<u>(2,468,917)</u>	<u>(2,468,917)</u>	<u>2,145,258</u>
-	-	106,498
3,500,000	3,500,000	293,817
<u>(210,759)</u>	<u>(210,759)</u>	<u>(131,182)</u>
820,324	820,324	2,414,391
<u>16,142,704</u>	<u>16,142,704</u>	<u>13,728,313</u>
<u>\$ 16,963,028</u>	<u>\$ 16,963,028</u>	<u>\$ 16,142,704</u>

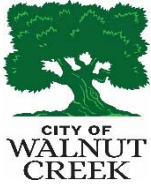


City of Walnut Creek
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020
(With comparative information from the prior year)

	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	\$ -	\$ 4,673,598	\$ 7,019,965
Payments to suppliers	(531,857)	(3,854,529)	(6,841,190)
Internal activity			
Receipts from other funds	-	-	-
Net cash provided (used) by operating activities	(531,828)	825,529	212,383
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	625,000	-	401,526
Transfers out	-	(625,000)	(271,045)
Net cash provided (used) by noncapital financing activities	625,000	(625,000)	130,481
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital Contribution	-	-	-
Acquisition of capital assets	(79,447)	(65,960)	(435,735)
Proceeds from sale of capital assets	-	-	-
Interest paid on debt	(64,534)	(5,428)	(5,274)
Principal paid on long-term debt	(314,308)	(217)	(2,698)
Net cash provided (used) by capital and related financing activities	(458,289)	(71,605)	(443,707)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received	388,969	-	126,956
Net cash provided by investing activities	388,969	-	126,956
Net increase (decrease) in cash and cash equivalents	23,852	128,924	26,113
CASH AND INVESTMENTS:			
Beginning of the year	1,408,410	254,142	5,159,918
End of the year	\$ 1,432,262	\$ 383,066	\$ 5,186,031
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (735,083)	\$ 634,442	\$ (125,233)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:			
Depreciation	180,891	68,289	480,476
Changes in assets and liabilities:			
Accounts receivable	-	(13,609)	34,298
Inventory / prepaid items	-	59,143	-
Advance from other funds	-	-	-
Accounts payable and accrued liabilities	22,335	(96,209)	(210,766)
Salaries and wages payable	29	-	33,608
Claims payable	-	-	-
Deposits payable	-	173,473	-
Unearned revenue	-	-	-
Net cash provided (used) by operating activities	\$ (531,828)	\$ 825,529	\$ 212,383
Noncash items:			
Capital Lease		\$ 65,960	

Total Enterprise Funds		Governmental Activities Internal Service Funds	Total Internal Service Funds	
2020	2019		2020	2019
\$ 11,693,563 (11,227,576)	\$ 14,067,410 (12,008,793)	\$ 2,963,998 (4,591,308)	\$ 2,963,998 (4,591,308)	\$ 4,153,621 (845,405)
-	-	2,807,676	2,807,676	-
506,084	2,215,756	1,180,366	1,180,366	3,308,216
1,026,526 (896,045)	717,222 (904,898)	3,500,000 (210,759)	3,500,000 (210,759)	342,668 (131,182)
130,481	(187,676)	3,289,241	3,289,241	211,486
-	-	-	-	106,498
(581,142)	(3,202,357)	(960,262)	(960,262)	(511,315)
-	(8,143)	46,352	46,352	-
(75,236)	(75,609)	-	-	(67,372)
(317,223)	(350,030)	(48,851)	(48,851)	(1,972,678)
(973,601)	(3,636,139)	(962,761)	(962,761)	(2,444,867)
515,925	524,405	347,085	347,085	205,645
515,925	524,405	347,085	347,085	205,645
178,889	(1,083,654)	3,853,931	3,853,931	1,280,480
6,822,470	7,906,124	11,689,070	11,689,070	10,408,590
\$ 7,001,359	\$ 6,822,470	\$ 15,543,001	\$ 15,543,001	\$ 11,689,070
\$ (225,874)	\$ 1,454,080	\$ (2,864,388)	\$ (2,864,388)	\$ 2,055,758
729,656	666,421	1,225,948	1,225,948	1,269,623
20,689	(79,965)	(10,578)	(10,578)	491
59,143	(20,231)	(164,000)	(164,000)	1,924,911
-	-	-	-	(1,924,911)
(284,640)	89,853	185,708	185,708	(17,656)
33,637	146,352	-	-	-
-	-	2,807,676	2,807,676	-
173,473	(40,754)	-	-	-
-	-	-	-	-
\$ 506,084	\$ 2,215,756	\$ 1,180,366	\$ 1,180,366	\$ 3,308,216
\$ 65,960		\$ 48,851	\$ 48,851	

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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, 2020

	Private-Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents (Note 2)	\$ 5,096,347	\$ 1,774,979
Cash and investments held with fiscal agent (Note 2)	782,973	-
Receivables:		
Interest receivable	16,709	-
Total Receivables	<u>16,709</u>	<u>-</u>
Total assets	<u><u>\$ 5,896,029</u></u>	<u><u>\$ 1,774,979</u></u>
LIABILITIES		
Current liabilities:		
Accrued payroll	\$ 4,417	\$ -
Due to bondholders	-	1,753,917
Advance deposits	-	21,062
Bonds payable (Note 15)	215,000	-
Total current liabilities	<u>219,417</u>	<u>1,774,979</u>
Noncurrent liabilities:		
Advance due to the City (Note 5)	274,544	-
Long-term debt (Note 15)	230,000	-
Total noncurrent liabilities	<u>504,544</u>	<u>-</u>
Total liabilities	<u><u>\$ 723,961</u></u>	<u><u>\$ 1,774,979</u></u>
NET POSITION		
Held in trust	<u><u>\$ 5,172,068</u></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, 2020

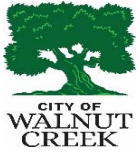
	<u>Private Purpose Trust Fund</u>
ADDITIONS:	
Investment earnings	\$ 117,402
Total additions	<u>117,402</u>
DEDUCTIONS:	
Community and economic development	37,903
Interest, fiscal charges and issuance costs	<u>33,842</u>
Total deductions:	<u>71,745</u>
Change in net position	45,657
Net Position	
Total net position - Beginning	<u>5,126,411</u>
Total net position - Ending	<u>\$ 5,172,068</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, 2020

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 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, 2020

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 when the 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, 2020

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) Fund – 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 Fund 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 as they predominately benefit governmental rather than business-type functions.

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 Changes 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, 2020

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 accumulates 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, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement Focus and Basis of Accounting, Continued

The Workers' Compensation Liability Fund accounts for the City's retained self-insured risks of loss from, workers' compensation claims.

The Employee Improvement Program Liability Fund accounts for the costs related to the employee training and improvement program.

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 of infrastructure in various Local Improvement Districts.

The Trust and Agency accounts for assets held by the City, that the City has no influence or control over.

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, 2020

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; and Level 3 inputs are significant unobservable inputs.

E. Restricted Cash and Investments

PFM Asset Management LLC, acting as trust administrator and Wells Fargo Bank, N. as Trustee, on behalf of the City of Walnut Creek, manage and invest, respectively, pension reserve funds in a Section 115 Irrevocable Pension Trust established by council resolution 18-05. The funds may be used to fund future pension contributions, and have been invested only as permitted by the investment policy statement established by the City of Walnut Creek Section 115 Trust Investment Committee in February 2019.

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. Compensated absences are liquidated by the fund that has recorded the liability. Governmental activities compensated absences are liquidated primarily by the General Fund.

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 additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, 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 the pension plan. Investments are reported at fair value.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

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

In the government-wide, proprietary funds, and fiduciary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. In the governmental fund financial statements, bond and capital lease proceeds are reported as other financing sources. Principal and interest is reported as an expenditure in the period in which the related payment is made.

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, 2020. The City has complied with all significant bond covenants relating to reserve and sinking fund requirements.

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.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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:

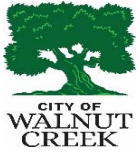
Buildings	10 - 50 years
Improvements other than buildings	10 - 30 years
Machinery and equipment	5 - 10 years
Vehicles	7 years
Infrastructure	20 - 100 years

The City has included all infrastructures in the 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.

L. 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. See Note 11 for details.

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. See Note 11 for more details.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. 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 categories 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, such as 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.

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.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Net Position and Fund Balance (continued)

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, which are equally binding. 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, commitments or assignments placed upon them. Only the general fund can have a positive unassigned fund balance. Other funds will report an unassigned deficit 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.

N. One-Time Funds

The City Council amended the policy and procedure No. 302 in July of 2017, via Resolution No. 18-23 in order to establish a formal process by which onetime revenues and General Fund budget surpluses are to be allocated and used for one-time needs. 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, 2020 is \$195,472.

O. 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.

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.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. Inventory and Prepaid Items (continued)

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.

P. New Pronouncements

GASB Statement No. 95 – In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of this Statement are effective immediately as they delayed the effective dates of several GASB Statements. The effective dates listed in the Future Governmental Accounting Standards Board (GASB) Pronouncement section have been updated to reflect the postponed effective dates.

Q. Upcoming Pronouncements

GASB Statement No. 84 – In January 2017, the 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, 2019. The City has planned for the implementation of this standard effective fiscal year ended June 30, 2021, by adjusting the trust and agency activities to avoid reinstatement next year.

GASB Statement No. 87 – In June 2017, the 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 June 15, 2021. The City has not determined the effect on the financial statements.

GASB Statement No. 89 – In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. This Statement is effective for reporting periods beginning after December 15, 2020. The City has not determined the effect on the financial statements.

GASB Statement No. 90 – In September 2018, the GASB issued Statement No. 90, *Majority Equity Interests*, an amendment of GASB Statements No. 14 and No. 61. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement is effective for reporting periods beginning after December 15, 2019. 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, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

GASB Statement No. 91 – In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The City has not determined the effect on the financial statements.

GASB Statement No. 92 – In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practices issues that have been identified during implementation and application of certain GASB Statements. The Statement is effective for reporting periods beginning after June 15, 2021. The City has not determined the effect on the financial statements.

GASB Statement No. 93 – In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting implications that result from the replacement of an IBOR. The Statement is effective for reporting periods beginning after June 15, 2021. The City has not determined the effect on the financial statements.

GASB Statement No. 94 – In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The Statement is effective for reporting periods beginning after June 15, 2022. The City has not determined the effect on the financial statements.

GASB Statement No. 96 – In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Statement is effective for reporting periods beginning after June 15, 2022. The City has not determined the effect on the financial statements.

GASB Statement No. 97 – In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting For Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No.14 and No.84 and A Supersession of GASB Statement No.32*. The objective of this Statement is (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The Statement is effective for reporting periods beginning after June 15, 2021. 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, 2020

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, 2020, the carrying amount of the City's deposits was \$15,418,419. Bank balances before reconciling items were \$16,233,389 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, 2020

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	LAIF limit
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 and the Section 115 Trust. The provisions of debt agreements of the City, and the Trust agreement respectively govern these types of investments.

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, 2020

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, 2020:

	Governmental Activities	Business- Type Activities	Total	Fiduciary Fund Financial Statements	Total
Cash and Investments	\$ 118,197,873	\$ 7,001,359	\$ 125,199,232	\$ 6,871,326	\$ 132,070,558
Restricted cash and investments	21,776,318	-	21,776,318	-	21,776,318
Total cash and investments	<u>\$ 139,974,191</u>	<u>\$ 7,001,359</u>	<u>\$ 146,975,550</u>	<u>\$ 6,871,326</u>	<u>\$ 153,846,876</u>
Cash and Investments held with fiscal agent	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 782,973</u>	<u>\$ 782,973</u>

Deposits and investments were categorized as follows at June 30, 2020:

City Treasury Deposits:	Credit Rating	Amount
Deposits	Not Rated	\$ 15,418,419
Petty Cash	Not Rated	13,225
Total City Treasury Deposits		<u>15,431,644</u>
City Treasury investments:		
Securities of U.S. Government Agencies:		
Federal Home Loan Bank (FHLB)	AA+	10,038,320
Federal Farm Credit Bank (FFCB)	AA+	1,001,490
Federal Home Loan Mortgage Corp (FHLMC)	AA+	5,204,272
Certificate of Deposits	Not Rated	5,796,970
Medium Term Corporate Notes	A/A+/AA-/AA	35,326,430
Money Market Mutual Funds	AAA	378,592
Local Agency Investment Funds	Not Rated	57,349,114
California General Obligation Bonds	AA-	1,543,726
Total City Treasury Investments		<u>116,638,914</u>
Total Cash and Investments		<u>\$ 132,070,558</u>
U.S. Treasury Money Market	AAA	\$ 782,973
Section 115 Pension Trust Fund	Not Rated	
Mutual Fund - Equity		10,341,647
Mutual Fund - Bond		10,919,355
Money Market Mutual Fund		58,965
Exchange-Traded Fund - Bond		456,351
Total Restricted Investments with Fiscal Agent		<u>\$ 22,559,291</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

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:

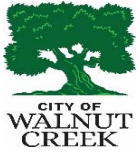
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable 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, 2020. 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, 2020

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 3 inputs.

As of June 30, 2020, the City has the following recurring fair value measurements:

Fair Value Measurements on a Recurring Basis Using

Investments by Fair Value Level	Balance at June 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
Medium Term Notes	\$ 35,326,430	\$ -	\$ 35,326,430	\$ -
U.S Government Agencies:				
Federal Home Loan Bank	10,038,320	-	10,038,320	-
Federal Farm Credit Bank	1,001,490	-	1,001,490	-
Federal Home Loan Mortgage Corp	5,204,272	-	5,204,272	-
Certificates of Deposits	5,796,970	-	5,796,970	-
California State General Obligation Bonds	1,543,726	-	1,543,726	-
Money Market Mutual Funds	378,592	378,592	-	-
	<u>59,289,800</u>	<u>\$ 378,592</u>	<u>\$ 58,911,208</u>	<u>\$ -</u>
Value not Subject to Fair Value Hierarchy				
Local Agency Investment Funds	<u>57,349,114</u>			
Total Investments Not Subject to Hierarchy	<u>57,349,114</u>			
Total City's Pooled Investments	<u>\$ 116,638,914</u>			
Investments Held with Fiscal Agent Not Measured at Fair Value				
Money Market Mutual Funds	\$ 782,973			
Mutual Funds	<u>21,776,318</u>			
Investments Held with Fiscal Agent	<u>22,559,291</u>			
Total Investments	<u>\$ 139,198,205</u>			



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

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, 2020, 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	\$ 57,349,114	\$ 57,349,114	\$ -	\$ -	\$ -	\$ -
Money Market Mutual Funds	378,592	378,592	-	-	-	-
Medium Term Corporate Notes	35,326,430	7,062,830	4,058,260	8,427,045	996,750	14,781,545
U.S. Government Agencies:						
Federal Home Loan Bank	10,038,320	-	1,019,710	3,003,190	2,000,830	4,014,590
Federal Farm Credit Bank	1,001,490	-	-	1,001,490	-	-
Federal Home Loan Mortgage Co.	5,204,272	-	-	-	3,001,990	2,202,282
Certificate of Deposits	5,796,970	1,743,617	1,761,485	2,291,868	-	-
California General Obligation Bonds	1,543,726	513,436	1,030,290	-	-	-
Total	\$ 116,638,914	\$ 67,047,589	\$ 7,869,745	\$ 14,723,593	\$ 5,999,570	\$ 20,998,417
Restricted Investments:						
U.S. Treasury Money Market	\$ 782,973	\$ 782,973	\$ -	\$ -	\$ -	\$ -
Mutual Funds	21,776,318	21,776,318	-	-	-	-
Total	\$ 22,559,291	\$ 22,559,291	\$ -	\$ -	\$ -	\$ -

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 for commercial paper and negotiable certificates of deposit and \$5 million for medium term corporate notes (in any one institution). 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.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS, Continued

E. Risk Disclosures, continued

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 percent or more of its total investments in a single issuer. More than 5% of the City’s investments are in the investments listed below.

<u>Investment Issuer</u>	<u>Amount</u>
Federal Home Loan Bank	\$ 10,038,320

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, 2020, 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, 2020, the City had \$57,349,114 invested in LAIF. The City valued its investments in LAIF as of June 30, 2020 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 1.004912795.

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 below 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	5 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, 2020

3. NOTES AND LOANS RECEIVABLE

Summary of Notes and Loans Receivable

At June 30, 2020, the City's notes and loans receivable and related unavailable revenue consisted of the following:

	Housing Successor Agency	Housing	CDBG	Non-Major Governmental Funds	Total Notes and Loan Receivables
Home Rehabilitation Loans	\$ 645,046	\$ -	\$ 207,092	\$ 76,322	\$ 928,460
First-Time Homebuyers	981,572	889,240	113,467	550,000	2,534,279
The Oaks Apartments	510,417	-	-	-	510,417
Sierra Gardens 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
Casa Montego LP	-	2,300,000	-	-	2,300,000
Ivy Hill Apartments	551,392	1,073,608	-	-	1,625,000
Villa Vasconcellos Apartments	637,904	1,100,770	503,329	-	2,242,003
Third Avenue Apartments	1,382,404	1,582,596	1,128,500	-	4,093,500
Pleasant Creek Homes	370,000	-	-	-	370,000
Riviera Family Apartments	-	6,066,114	325,000	-	6,391,114
Las Juntas Way	326,275	2,770,916	-	-	3,097,191
St. Paul Commons	-	5,500,000	-	-	5,500,000
Equity Loans to City Employees (Note 13)	-	335,000	-	-	335,000
	<u>\$ 7,135,245</u>	<u>\$ 22,853,400</u>	<u>\$ 2,759,159</u>	<u>\$ 626,322</u>	<u>\$ 33,374,126</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.

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, 2020, these loans totaled \$928,460 and the program included 21 participants.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

3. NOTES AND LOANS RECEIVABLE, Continued

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, 2020, First-Time Homebuyer Loans totaling \$2,534,279 had been extended and the program included 52 participants.

The Oaks Apartments

At June 30, 2020, the Housing Successor Agency held a note receivable from Ecumenical Association for Housing in the amount of \$510,417. 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 not generate surplus cash for fiscal year 2019-20.

Sierra Gardens Apartments

At June 30, 2020, the City held two note receivables from the Sierra 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 Gardens 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 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.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

3. NOTES AND LOANS RECEIVABLE, Continued

Any remaining unpaid principal and interest is due in full November 30, 2050. The project did not generate surplus cash as for fiscal year 2019-20. 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, 2020, 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, 2020, 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, 2020

3. NOTES AND LOANS RECEIVABLE, Continued

Casa Montego II, Incorporated

At June 30, 2020, 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, for a combined total of \$1,605,156. 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 2019-20.

Casa Montego LP

At June 30, 2020, the City held a note receivable from Casa Montego LP, a California limited partnership. The original principal amount of and current balance on the note is \$2,300,000. The promissory note was entered into on September 9, 2016 and is secured by a leasehold deed of trust on City owned land located at 1485 Montego Drive, Walnut Creek, California. The note evidences a City loan to Casa Montego LP to facilitate the continued use of the land and improvements for low and moderate income senior and/or disabled housing. Concurrent with the loan, the City has entered into a ground lease with Casa Montego LP for ninety-nine (99) years. The loan will be repaid from ground lease rent with annual payments equal to 27% of residual receipts (the excess of annual operating revenues over annual operating expenses for the project). Simple interest will accrue on the principal amount of the loan at the rate of 3% per year. The entire principal amount of the loan, together with all accrued interest, will be due and payable in full at the expiration of the 55 year loan term.

Ivy Hill Apartments/Regent on the Park Condominiums

At June 30, 2020, 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.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

3. NOTES AND LOANS RECEIVABLE, Continued

Villa Vasconcellos Apartments

At June 30, 2020, the City held a note receivable from Resources for Community Development with an outstanding balance of \$1,604,099 (consisting of \$503,329 Community Block Grant Funds and \$1,100,770 in City inclusionary housing in-lieu fees). The Housing Successor Agency held a similar note with an outstanding balance of \$637,904. 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 2019-20 in the amount of \$37,661 which was applied toward the outstanding principal loan balance. At June 30, 2020, these loans totaled \$2,242,003.

Third Avenue Apartments

At June 30, 2020, the City held a note receivable from Satellite Housing, Inc. with an outstanding balance of \$2,711,096 (\$1,582,596 in City Inclusionary housing in-lieu fees and \$1,128,500 in Community Development Block Grants). 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, 2020, this certificate had not been issued and the loans outstanding totaled \$4,093,500.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

3. NOTES AND LOANS RECEIVABLE, Continued

Pleasant Creek Homes

At June 30, 2020, 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.

Riviera Family Apartments

At June 30, 2020, the City held a note receivable from Riviera Family Apartments, L.P. in partnership with Resources for Community Development, with an outstanding balance of \$6,391,114 (consisting of \$325,000 Community Development Block Grant Funds and \$6,066,114, 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, subsequently amended and restated on September 16, 2016 to \$6,000,000; a third amendment and restatement followed on December 12, 2018 to \$6,391,114), 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 (1) the city loan prorata percentage of the lenders’ share of residual receipts, and (2) subject to Subsection (c) the City additional prorata share multiplied by borrowers shared portion of residual receipts. Repayments commenced on June 30, 2019 and on June 30th 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-seventh anniversary of the date of this Note.

Las Juntas Way

At June 30, 2020, the City held a note receivable from Habitat for Humanity East Bay/Silicon Valley, Inc. with an outstanding balance of \$2,770,916 and the Successor Agency held a similar receivable for \$326,275 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 related improvements on that property pursuant to the agreement. Issued in December 2016 (amended and restated to \$5,150,000 on December 18, 2018), 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.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

3. NOTES AND LOANS RECEIVABLE, *Continued*

St. Paul Commons

At June 30, 2020, the City held a note receivable from Resources for Community Development with an outstanding balance of \$5,500,000 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 20, 2018 and expires on November 23, 2075. This Note was made pursuant to a City Predevelopment Loan Agreement by and between the Original Borrower and Lender dated as of February 17, 2017, which was Amended (by a Third Amendment) and restated in its' entirety as a City Loan Agreement as of the commencement date here foretold. The note bears interest at a simple rate of 3% per annum. In the event of a Default, interest on the city loan 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.

4. UNEARNED REVENUE

Unearned revenues represent amounts for which revenues have not been earned. At June 30, 2020, unearned revenues were as follows:

	Governmental Activities/ Government funds
Permits and inspection fees	\$ 3,904,471
Business licenses	349,598
Prepaid rental revenue	178,494
Grants	3,171,193
Total	<u><u>\$ 7,603,756</u></u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

5. INTERFUND TRANSACTIONS

Fund Financial Statements

Due From / Due To

At June 30, 2020, 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	\$ 87,640
Capital Investment Program	General Fund	1,417,535
		<u>1,505,175</u>
Non-Major Governmental Funds		
Traffic Safety/Police Grants	General Fund	144,922
		<u>144,922</u>
Total		<u>\$ 1,650,097</u>

The purpose of the short-term borrowings was to assist in paying expenditures for operating grants and various capital improvement projects for which reimbursements from outside sources are to be received in the following year.

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, 2020, were as follows:

Year Ending June 30,	Principal	Interest	Total
2021	45,547	3,340	48,887
2022	46,467	2,420	48,887
2023	47,405	1,482	48,887
2024	48,366	522	48,888
Total	<u>\$ 187,785</u>	<u>\$ 7,764</u>	<u>\$ 195,549</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

5. INTERFUND TRANSACTIONS, Continued

Fund Financial Statements, Continued

Long-Term Advances

Long-term advances to be repaid out of future earnings or charges at June 30, 2020, consisted of:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Fund		
General Fund	Fiduciary Fund	
	RDA Obligation Retirement Fund	\$ 274,544
Total		<u>\$ 274,544</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, 2020. The advance payable is included on the Recognized Obligation Payment Schedule (ROPS).



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

5. INTERFUND TRANSACTIONS, Continued

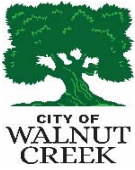
Fund Financial Statements, Continued

Transfers

Transfers for the period ended June 30, 2020, were as follows:

Fund Receiving Transfers	Fund Making Transfer	Amount Transferred	Notes
Major Governmental Funds			
General Fund	Non Major Governmental Funds	\$ 635,250	c
	Downtown Parking and Enhancement Fund	83,000	e
		718,250	
Capital Investment Fund	General Fund	5,099,684	a
	Non Major Governmental Funds	2,657,735	a
	Downtown Parking and Enhancement Fund	188,045	a
	Internal Service Funds	210,759	a
		8,156,223	
Housing Fund	General Fund	580,000	d
Non Major Governmental Funds	General Fund	414,888	d
Enterprise Funds			
Golf Course-City Administration	Boundary Oak-Onsite Contract Operations	625,000	b
Downtown Parking and Enhancement	Capital Investment Fund	401,526	b
		1,026,526	
Internal Service Funds			
Workers Compensation	General Fund	3,500,000	f
Total		\$ 14,395,887	

- 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 affordable housing, open space, public art and recreation programs.
- e. To fund support for administrative services.
- f. To transfer Workers Compensation reserve balance from General Fund to new Internal Service Fund.



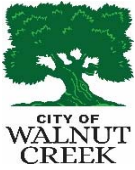
City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

6. CAPITAL ASSETS

Government-Wide Financial Statements

At June 30, 2020, the City's capital assets consisted of the following:

	Governmental Activities	Business-type Activities	Total
Non-depreciable assets:			
Land	\$ 45,563,657	\$ 1,337,396	\$ 46,901,053
Construction in process	22,750,978	1,892,880	24,643,858
Total non-depreciable assets	<u>68,314,635</u>	<u>3,230,276</u>	<u>71,544,911</u>
Depreciable assets:			
Buildings	131,318,458	20,732,673	152,051,131
Improvements other than buildings	-	2,700,623	2,700,623
Machinery and equipment	12,241,535	3,315,683	15,557,218
Vehicles	10,051,683	606,311	10,657,994
Infrastructure	216,266,657	-	216,266,657
Total depreciable assets	<u>369,878,333</u>	<u>27,355,290</u>	<u>397,233,623</u>
Less accumulated depreciation	<u>(221,033,061)</u>	<u>(15,211,201)</u>	<u>(236,244,262)</u>
Total depreciable assets, net	<u>148,845,272</u>	<u>12,144,089</u>	<u>160,989,361</u>
Total capital assets	<u>\$ 217,159,907</u>	<u>\$ 15,374,365</u>	<u>\$ 232,534,272</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

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, 2020:

Nondepreciable Assets:

Land	\$ 45,563,657	\$ -	\$ -	\$ -	\$ 45,563,657
Construction in progress	22,775,810	1,710,808	-	(1,735,640)	22,750,978
Total nondepreciable assets	<u>68,339,467</u>	<u>1,710,808</u>	<u>-</u>	<u>(1,735,640)</u>	<u>68,314,635</u>

Depreciable Assets:

Buildings	131,299,778	18,680	-	-	131,318,458
Machinery and equipment	11,855,226	386,309	-	-	12,241,535
Vehicles	9,467,465	823,300	(239,082)	-	10,051,683
Infrastructure	214,218,299	312,718	-	1,735,640	216,266,657
Total depreciable assets	<u>366,840,768</u>	<u>1,541,007</u>	<u>(239,082)</u>	<u>1,735,640</u>	<u>369,878,333</u>

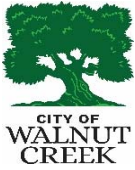
Accumulated Depreciation:

Buildings	(50,023,967)	(2,877,085)	-	-	(52,901,052)
Machinery and equipment	(7,744,113)	(968,567)	-	-	(8,712,680)
Vehicles	(7,110,211)	(718,298)	239,082	-	(7,589,427)
Infrastructure	(147,091,900)	(4,738,002)	-	-	(151,829,902)
Total accumulated depreciation	<u>(211,970,191)</u>	<u>(9,301,952)</u>	<u>239,082</u>	<u>-</u>	<u>(221,033,061)</u>

Depreciable assets, net	<u>154,870,577</u>	<u>(7,760,945)</u>	<u>-</u>	<u>-</u>	<u>148,845,272</u>
Total governmental activities capital assets, net	<u>\$ 223,210,044</u>	<u>\$ (6,050,137)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,159,907</u>

Governmental activities depreciation expense for capital assets for the year ended June 30, 2020, is as follows:

Public protection	\$ 444,139
Public works	8,415,964
Community and economic development	3,688
Arts and Recreation	114,855
Administrative services	260,789
General government	62,518
Total depreciation expense	<u>\$ 9,301,953</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

6. CAPITAL ASSETS, Continued

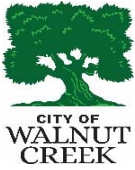
Government-Wide Financial Statements, Continued

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

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Nondepreciable Assets:					
Land	\$ 1,337,396	\$ -	\$ -	\$ -	\$ 1,337,396
Construction in progress	3,314,454	401,526	-	(1,823,100)	1,892,880
Total nondepreciable assets	4,651,850	401,526	-	(1,823,100)	3,230,276
Depreciable Assets:					
Buildings	19,622,580	-	-	1,110,092	20,732,672
Improvements	2,621,177	79,447	-	-	2,700,624
Equipment	3,730,905	65,960	(1,194,188)	713,008	3,315,685
Vehicles	606,311	-	-	-	606,311
Total depreciable assets	26,580,974	145,407	(1,194,188)	1,823,100	27,355,292
Accumulated Depreciation:					
Buildings	(9,627,929)	(415,635)	-	-	(10,043,564)
Improvements	(2,445,339)	(35,543)	-	-	(2,480,882)
Equipment	(3,160,598)	(219,377)	1,194,188	-	(2,185,787)
Vehicles	(441,868)	(59,102)	-	-	(500,970)
Total accumulated depreciation	(15,675,734)	(729,657)	1,194,188	-	(15,211,203)
Depreciable assets, net	10,905,240	(584,250)	-	-	12,144,089
Total business-type activities capital assets, net	\$ 15,557,090	\$ (182,724)	\$ -	\$ -	\$ 15,374,365

Depreciation expense for business-type activities for the year ended June 30, 2020, is as follows:

Golf Course/Clubhouse- City Administration	\$ 180,891
Boundary Oak - On Site Contract Operations	68,289
Downtown Parking and Enhancement	480,476
Total	\$ 729,656

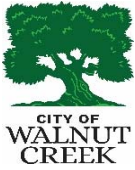


City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM DEBT

A summary of changes in long-term debt for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Debt Issued	Debt Retired	Balance June 30, 2020	Due in one year	Due in more than one year
Governmental Activities Debt:						
Loans - Direct Borrowings:						
Upgrade Streetlights to LED Loan #1 (PG&E Energy Efficiency Retroft Prg)	\$ 61,294	\$ -	\$ (23,726)	\$ 37,569	\$ 23,726	\$ 13,843
Parking Lot and Garage ETAP Lighting Loan #2 (PG&E Energy Efficiency Retroft Prg)	48,397	-	(14,519)	33,878	14,519	19,359
Upgrade Streetlights to LED Loan #3 (PG&E Energy Efficiency Retroft Prg)	31,786	-	(31,786)	-	-	-
Shadelands/Garages to LED Loan #4 (PG&E Energy Efficiency Retroft Prg)	559,607	-	(58,394)	501,213	58,394	442,819
City Hall Police Station to LED Loan #5 (PG&E Energy Efficiency Retroft Prg)	213,559	-	(22,284)	191,275	22,284	168,991
Financed Purchase - Direct Borrowing:						
Ford Motor Credit Vehicle Captial Lease	12,655	-	(5,228)	7,427	5,520	1,907
COBAN Mobile Data Systems Equipment Lease	48,851	-	(48,851)	-	-	-
Total governmental activities debt	\$ 976,150	\$ -	\$ (204,788)	\$ 771,362	\$ 124,443	\$ 646,919
Business-Type Activities Debt:						
Financed Purchases - Direct Borrowings:						
Mechanics Bank Golf Course Equipment Lease #3	3,063	-	(3,063)	-	-	-
US Bank Golf Course Equipment Lease #4	41,897	-	(20,700)	21,197	21,197	-
US Bank Golf Course Equipment Lease #5	52,541	-	(20,615)	31,926	21,148	10,778
US Bank Golf Course Equipment Lease #6	19,216	-	(7,434)	11,782	7,768	4,014
US Bank Golf Course Equipment Lease #7	53,443	-	(14,364)	39,079	15,071	24,008
US Bank Golf Course Equipment Lease #8	-	65,960	-	65,960	12,380	53,580
US Bank Parking Equipment Lease	155,863	-	(36,909)	118,954	38,247	80,707
Pinnacle Lease Financing Golf Course Clubhouse Improvement	2,666,267	-	(269,662)	2,396,605	275,954	2,120,651
Total business-type activities debt	\$ 2,992,290	\$ 65,960	\$ (372,747)	\$ 2,685,503	\$ 391,765	\$ 2,293,738



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM DEBT, Continued

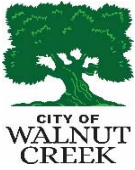
Governmental Activities - Direct Borrowing Debt

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. All lines of credit of the agreement have been used and the agreement can be terminated at will by either party, which will result in the acceleration of payment of the full amount of the interest-free loan. The outstanding balance at June 30, 2020 is \$37,568.

<u>June 30,</u>	<u>Loan Payment</u>
2021	\$ 23,726
2022	13,842
Total	<u><u>\$ 37,568</u></u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM DEBT, Continued

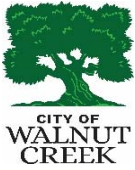
Government Activities - Direct Borrowing Debt, continued

A. Loan Payable, continued

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. All lines of credit of the agreement have been used and the agreement can be terminated at will by either party, which will result in the acceleration of payment of the full amount of the interest-free loan. The outstanding balance at June 30, 2020 is \$33,878.

Year Ending June 30,	Fixed Loan Payment
2021	\$ 14,519
2022	14,519
2023	4,840
Total	\$ 33,878



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

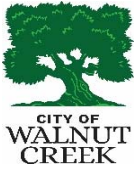
7. LONG-TERM DEBT, Continued

Government Activities - Direct Borrowing Debt, continued

A. Loan Payable, continued

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. All lines of credit of the agreement have been used and the agreement can be terminated at will by either party, which will result in the acceleration of payment of the full amount of the interest-free loan. The outstanding balance at June 30, 2020 is \$0.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM DEBT, Continued

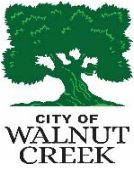
Government Activities - Direct Borrowing Debt, continued

A. Loan Payable, continued

PG&E Energy Efficiency Retrofit Program Loan #4

During fiscal year 2018-19, 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 Shadelands Community Arts Center and the city garages. This loan was recorded at the acquisition cost of \$583,938 to be paid back monthly based on expected energy savings. The simple payback term, based on fixed monthly payments of \$4,866, is estimated to be approximately 10 years. All lines of credit of the agreement have been used and the agreement can be terminated at will by either party, which will result in the acceleration of payment of the full amount of the interest-free loan. The outstanding balance at June 30, 2020 is \$501,213.

Year Ending June 30,	Fixed Loan Payment
2021	\$ 58,394
2022	58,394
2023	58,394
2024	58,394
2025	58,394
2026-2029	209,243
Total	\$ 501,213



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM DEBT, Continued

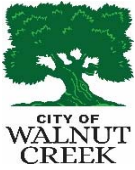
Government Activities - Direct Borrowing Debt, continued

A. Loan Payable, continued

PG&E Energy Efficiency Retrofit Program Loan #5

During fiscal year 2018-19, 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 the City Hall Police Station. This loan was recorded at the acquisition cost of \$222,844 to be paid back monthly based on expected energy savings. The simple payback term, based on fixed monthly payments of \$1,857, is estimated to be approximately 10 years. All lines of credit of the agreement have been used and the agreement can be terminated at will by either party, which will result in the acceleration of payment of the full amount of the interest-free loan. The outstanding balance at June 30, 2020 is \$191,275.

Year Ending June 30,	Fixed Loan Payment
2021	\$ 22,284
2022	22,284
2023	22,284
2024	22,284
2025	22,284
2026-2029	79,855
Total	\$ 191,275



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM DEBT, Continued

Government Activities, continued

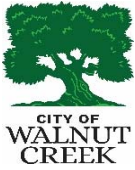
B. Capital Lease Obligation – Financed Purchase – Direct Borrowing

Ford Motor Credit Vehicle Lease

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. In the event of default, the lessor may terminate the lease agreement and require the City to pay all lease payments due during the current fiscal year, return all equipment under the lease, and pay any expenses incurred by the lessor as a result of default. 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, 2020 is \$7,427.

Year Ending June 30,	Master Lease
2021	\$ 5,788
2022	1,929
Subtotal	<u>7,717</u>
Less amount representing interest	<u>290</u>
Present value of future lease payments	<u><u>\$ 7,427</u></u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM DEBT, Continued

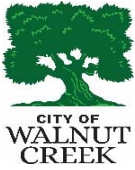
Government Activities, continued

B. Capital Lease Obligation – Financed Purchase – Direct Borrowing, continued

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. In the event of default, the lessor may terminate the lease agreement and require the City to pay all lease payments due during the current fiscal year, return all equipment under the lease, and pay any expenses incurred by the lessor as a result of default. The equipment acquired under this lease agreement has been recorded at its 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, 2020 is \$0.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM DEBT, Continued

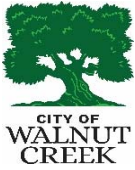
Business-Type Activities

B. Capital Lease Obligation - Financed Purchase - Direct Borrowing, continued

Golf Course Equipment Lease #3

During fiscal year 2014-15, 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. In the event of default, the lessor may terminate the lease agreement and require the City to pay all lease payments due during the current fiscal year, return all equipment under the lease, and pay any expenses incurred by the lessor as a result of default. The equipment acquired under this lease agreement was 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, 2020 is \$0.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM DEBT, Continued

Business-Type Activities, Continued

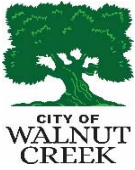
B. Capital Lease Obligation – Financed Purchase – Direct Borrowing, continued

Golf Course Equipment Lease #4

During fiscal year 2015-16, 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. In the event of default, the lessor may terminate the lease agreement and require the City to pay all lease payments due during the current fiscal year, return all equipment under the lease, and pay any expenses incurred by the lessor as a result of default. The equipment acquired under this lease agreement was recorded at its acquisition cost of \$103,241.

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, 2020 is \$21,197.

Year Ending June 30,	Master Lease
2021	\$ 21,705
Subtotal	<u>21,705</u>
Less amount representing interest	<u>508</u>
Present value of future lease payments	<u>\$ 21,197</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM DEBT, Continued

Business-Type Activities, Continued

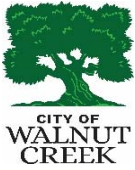
B. Capital Lease Obligation - Financed Purchase - Direct Borrowing, continued

Golf Course Equipment Lease #5

During fiscal year 2017-18, 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. In the event of default, the lessor may terminate the lease agreement and require the City to pay all lease payments due during the current fiscal year, return all equipment under the lease, and pay any expenses incurred by the lessor as a result of default. Equipment acquired under this lease agreement was recorded at its acquisition cost of \$82,494.

The financing was obtained from US Bancorp Government Leasing and Finance, Inc. in May 2016 for \$82,494 with an interest rate of 2.568% and semi-annual payments of \$10,916 payments beginning April 2018 through October 2021 (the end of the lease). The outstanding balance at June 30, 2020 is \$31,926.

Year Ending June 30,	Master Lease
2021	\$ 21,833
2022	10,916
Subtotal	<u>32,749</u>
Less amount representing interest	<u>823</u>
Present value of future lease payments	<u><u>\$ 31,926</u></u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM DEBT, Continued

Business-Type Activities, Continued

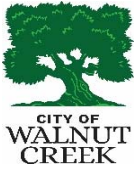
B. Capital Lease Obligation – Financed Purchase – Direct Borrowing, continued

Golf Course Equipment Lease #6

During fiscal year 2018-19, 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. In the event of default, the lessor may terminate the lease agreement and require the City to pay all lease payments due during the current fiscal year, return all equipment under the lease, and pay any expenses incurred by the lessor as a result of default. Equipment acquired under this lease agreement was recorded at its acquisition cost of \$22,813.

The financing was obtained from US Bancorp Government Leasing and Finance, Inc. in December 2018 for \$22,813 with an interest rate of 4.44% and semi-annual payments of \$4,103 payments beginning June 2019 through December 2021 (the end of the lease). The outstanding balance at June 30, 2020 is \$11,782.

Year Ending June 30,	Master Lease
2021	\$ 8,206
2022	4,103
Subtotal	<u>12,309</u>
Less amount representing interest	<u>527</u>
Present value of future lease payments	<u><u>\$ 11,782</u></u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM DEBT, Continued

Business-Type Activities, Continued

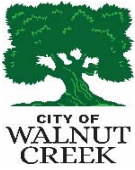
B. Capital Lease Obligation – Financed Purchase – Direct Borrowing, continued

Golf Course Equipment Lease #7

During fiscal year 2018-19, 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. In the event of default, the lessor may terminate the lease agreement and require the City to pay all lease payments due during the current fiscal year, return all equipment under the lease, and pay any expenses incurred by the lessor as a result of default. Equipment acquired under this lease agreement was recorded at its acquisition cost of \$60,371.

The financing was obtained from US Bancorp Government Leasing and Finance, Inc. in August 2018 for \$60,371 with an interest rate of 4.86% and semi-annual payments of \$8,395 payments beginning February 2019 through August 2022 (the end of the lease). The outstanding balance at June 30, 2020 is \$39,079.

Year Ending June 30,	Master Lease
2021	\$ 16,789
2022	16,789
2023	8,395
Subtotal	<u>41,973</u>
Less amount representing interest	<u>2,894</u>
Present value of future lease payments	<u><u>\$ 39,079</u></u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM DEBT, Continued

Business-Type Activities, Continued

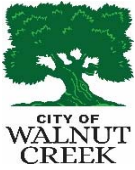
B. Capital Lease Obligation – Financed Purchase – Direct Borrowing, continued

Golf Course Equipment Lease #8

During fiscal year 2019-20, 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. In the event of default, the lessor may terminate the lease agreement and require the City to pay all lease payments due during the current fiscal year, return all equipment under the lease, and pay any expenses incurred by the lessor as a result of default. Equipment acquired under this lease agreement was recorded at its acquisition cost of \$65,960.

The financing was obtained from US Bancorp Government Leasing and Finance, Inc. in January 2020 for \$65,960 with an interest rate of 3.15% and semi-annual payments of \$7,181 payments beginning July 2020 through January 2025 (the end of the lease). The outstanding balance at June 30, 2020 is \$65,960.

Year Ending June 30,	Master Lease
2021	\$ 14,361
2022	14,361
2023	14,361
2024	14,361
2025	14,363
Subtotal	<u>71,807</u>
Less amount representing interest	<u>5,847</u>
Present value of future lease payments	<u><u>\$ 65,960</u></u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM DEBT, Continued

Business-Type Activities, Continued

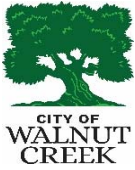
B. Capital Lease Obligation – Financed Purchase – Direct Borrowing, continued

Parking Access System & Meters Equipment Lease

During fiscal year 2018-19, the City entered into a lease-purchase agreement for the financing of parking equipment and meters. 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. In the event of default, the lessor may terminate the lease agreement and require the City to pay all lease payments due during the current fiscal year, return all equipment under the lease, and pay any expenses incurred by the lessor as a result of default. Equipment acquired under this lease agreement was recorded at its acquisition cost of \$194,922.

The financing was obtained from US Bancorp Government Leasing and Finance, Inc. in September 2018 for \$194,922 with an interest rate of 3.595% and semi-annual payments of \$42,183 payments beginning September 2018 through March 2023 (the end of the lease). The outstanding balance at June 30, 2020 is \$118,954.

Year Ending June 30,	Master Lease
2021	\$ 42,183
2022	42,183
2023	42,181
Subtotal	<u>126,547</u>
Less amount representing interest	<u>7,593</u>
Present value of future lease payments	<u><u>\$ 118,954</u></u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM DEBT, Continued

Business-Type Activities, Continued

B. Capital Lease Obligation – Direct Borrowing, continued

Pinnacle Lease Financing Golf Course and Clubhouse Improvement Lease

During fiscal year 2014-15, 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 semi-annually beginning February 1, 2016 through February 1, 2028 (the end of the lease). The lease agreement is subject to mandatory redemption in whole or in part upon default by the City. The outstanding balance at June 30, 2020 is \$2,396,605.

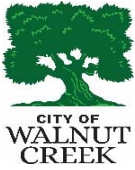
Year Ending June 30,	Master Lease
2021	\$ 329,955
2022	329,955
2023	329,955
2024	329,955
2025	329,955
2026-2028	989,865
Subtotal	<u>2,639,640</u>
Less amount representing interest	<u>243,035</u>
Present value of future lease payments	<u><u>\$ 2,396,605</u></u>

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 obligated for the repayment of the bonds. The bonds were paid off during the fiscal year.

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, 2020 was \$83,800,000.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

8. COMPENSATED ABSENCES

Compensated absences at June 30, 2020 were as follows:

	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020	Due within One Year	Due in more than one Year
Governmental Activities	\$ 4,016,451	2,489,373	(1,950,398)	4,555,426	344,282	4,211,143
Business Type Activities	240,327	155,937	(131,723)	264,541	16,591	247,950
Grand Total	<u>\$ 4,256,778</u>	<u>2,645,309</u>	<u>(2,082,121)</u>	<u>4,819,967</u>	<u>360,874</u>	<u>4,459,093</u>

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

9. FUND EQUITY

Deficit Fund Equity

At June 30, 2020, the following funds had deficit fund equity:

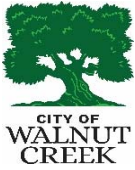
Major Funds:

Capital Investment Program \$ 837,866

Enterprise Funds:

Boundary Oak -Onsite Contract Operations \$ 295,192

The Capital Investment Program will be reduced through revenue allocation of available sources to fund retention payables and accrued project expenditures. 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.

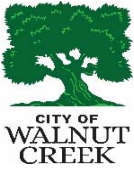


City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

9. FUND EQUITY, Continued

In Governmental Funds, the segregated portions of fund balances are presented as follows for the fiscal year ended June 30, 2020:

	General Fund	Housing Successor Agency	Housing	CDBG	Capital Investment Program	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable							
Advance to Successor Agency	\$ 274,544	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 274,544
Inventory	44,277	-	-	-	-	-	44,277
Interfund loan	187,785	-	-	-	-	-	187,785
Prepaid items	66,182	-	-	-	-	-	66,182
Permanent Endowment	-	-	-	-	-	1,000,000	1,000,000
Total Nonspendable	572,788	-	-	-	-	1,000,000	1,572,788
Restricted							
Capital projects	-	-	-	-	-	20,619,110	20,619,110
Community & economic development	-	1,645,638	11,927,725	-	-	5,031,949	18,605,312
Section 115 Trust	21,776,318	-	-	-	-	-	21,776,318
Other purposes	-	-	-	-	-	6,805,865	6,805,865
Street projects	-	-	-	-	-	6,541,937	6,541,937
Total Restricted	21,776,318	1,645,638	11,927,725	-	-	38,998,861	74,348,542
Committed							
Catastrophic emergency	9,035,876	-	-	-	-	-	9,035,876
Compensated absences	344,282	-	-	-	-	-	344,282
Dental claims	226,775	-	-	-	-	-	226,775
Fiscal emergency	4,929,010	-	-	-	-	-	4,929,010
Legal claims	3,000,000	-	-	-	-	-	3,000,000
PERS liability	1,956,816	-	-	-	-	-	1,956,816
Total Committed	19,492,759	-	-	-	-	-	19,492,759
Assigned							
ARCS Scholarships	37,010	-	-	-	-	-	37,010
Capital Projects:							
General Fund portion	12,784,718	-	-	-	-	-	12,784,718
Facilities	2,397,610	-	-	-	-	-	2,397,610
Parking Garage	231,121	-	-	-	-	-	231,121
Contractual Commitments	464,713	-	-	-	-	-	464,713
Total Assigned	15,915,172	-	-	-	-	-	15,915,172
Unassigned							
FY18-20 One-time funds	195,472	-	-	-	-	-	195,472
City Manager Contingency	72,000	-	-	-	-	-	72,000
Council Contingency	100,000	-	-	-	-	-	100,000
Carryovers	1,851,346	-	-	-	-	-	1,851,346
Unrealized Gain (Loss)	1,037,205	-	-	-	-	-	1,037,205
Unassigned (Deficit) Fund Balance	2,557,520	-	-	-	(837,866)	-	1,719,654
Total Unassigned	5,813,543	-	-	-	(837,866)	-	4,975,677
Total Fund Balance (Deficit)	\$ 63,570,580	\$ 1,645,638	\$ 11,927,725	\$ -	\$ (837,866)	\$ 39,998,861	\$ 116,304,938



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

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.

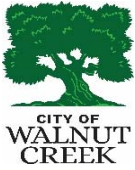
Compensated Absences - This reserve is to fund payouts of accumulated leave due upon separation from City employment that exceeds the regularly budgeted amounts for this purpose. Policy is to set a reserve equal to the projected one year liability based on the previous year's experience.

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 pension contributions, 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 pensions 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. With the creation of the Section 115 Trust, this funding set aside with similar intent will further supplement pension trust reserve.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

10. RISK MANAGEMENT

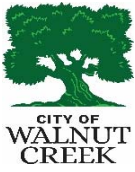
A. Municipal Pooling Authority

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, 2020

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, 2020, 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, 2018	\$ 921,773	\$ 3,460,902	\$ 22,751	\$ 4,405,426
Claims incurred and changes in estimate	763,418	777,193	373,742	1,914,353
Claims paid	(584,782)	(702,539)	(380,575)	(1,667,896)
Balance as of June 30, 2019	\$ 1,100,409	\$ 3,535,556	\$ 15,918	\$ 4,651,883
Balance as of July 1, 2019	\$ 1,100,409	\$ 3,535,556	\$ 15,918	\$ 4,651,883
Claims incurred and changes in estimate	908,036	125,661	336,593	1,370,290
Claims paid	(506,945)	(853,541)	(338,426)	(1,698,912)
Balance as of June 30, 2020	\$ 1,501,500	\$ 2,807,676	\$ 14,085	\$ 4,323,261
Current portion as of June 30, 2020				\$ 1,698,912
Long term portion as of June 30, 2020				\$ 2,624,349

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 and multiple employer defined benefit pension plans, respectively, administered by the CalPERS. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, and assumptions at the CalPERS website.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

11. PENSION PLANS, Continued

CalPERS Miscellaneous and Safety Employees' Pension Plans

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 six months are required to be enrolled in this retirement program which provides a benefit level that is lower than the first two tiers.

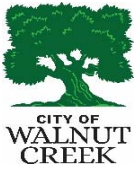
Benefits Provided

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.

The Miscellaneous Plan's provisions and benefits in effect at June 30, 2020 are summarized as follows:

	Miscellaneous Plan		
	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*	9.207%	9.207%	9.207%

**Includes a required contribution amount of \$4,603,021 for the unfunded actuarial liability*



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

11. PENSION PLANS, Continued

Employees Covered

At June 30, 2020, the following employees were covered by the benefit terms for Miscellaneous Plan:

Inactive employees or beneficiaries currently receiving benefit	376
Inactive employees entitled to but not yet receiving benefits	488
Active employees	324
Total	<u>1,188</u>

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, 2019 (the measurement date), the average active employee contribution rate is 6.929 percent of annual pay, and the employer's contribution rate is 9.207 percent of annual payroll. In addition, the City is required to make an employer contribution of \$4,603,021 towards the unfunded actuarial liability for the year ended June 30, 2020. Total employer contributions to the Miscellaneous Plan were \$7,058,361.

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, 2019, using an annual actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019. A summary of principal assumptions and methods used to determine the net pension liability is shown on the next page.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

11. PENSION PLANS, Continued

Net Pension Liability, Continued

Actuarial Assumptions

The Miscellaneous Plan total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous Plan</u>
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.15% (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, 2018 valuation were based on results of an actuarial experience study of for the period from 1997 to 2016, 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.

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.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

11. PENSION PLANS, Continued

In determining the long-term expected rate of return, CAPERS staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Taking into account 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.

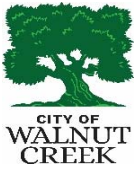
The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

<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	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100.0%</u>		

- (a) An expected inflation of 2.0% used for this period.
- (b) An expected inflation of 2.92% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the 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. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report "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, 2020

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, 2019, is as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2019	\$ 217,561,626	\$ 154,106,424	\$ 63,455,202
Changes in the year:			
Service cost	4,134,877	-	4,134,877
Interest on the total pension liability	15,459,543	-	15,459,543
Differences between expected and actual experience	1,972,596	-	1,972,596
Contribution - employer	-	6,268,959	(6,268,959)
Contribution - employee	-	1,848,134	(1,848,134)
Net investment income	-	10,154,866	(10,154,866)
Administrative expenses	-	(109,974)	109,974
Other miscellaneous income/ (expense)	-	358	(358)
Benefit payments, including refunds of employee contributions	(10,768,566)	(10,768,566)	-
Net changes	10,798,450	7,393,777	3,404,673
Balance at June 30, 2020	\$ 228,360,076	\$ 161,500,201	\$ 66,859,875

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	6.15%	7.15%	8.15%
Net Pension Liability	\$9,649,401	\$66,859,875	\$42,360,133



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

11. PENSION PLANS, Continued

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

For the year ended June 30, 2020, the City recognized pension expense of \$11,984,621 for the Miscellaneous Plan. At June 30, 2020 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	\$ 7,058,361	\$ -
Net differences between projected and actual earnings on pension plan investments	-	(929,294)
Differences between expected and actual experience	1,292,390	(448,946)
Changes in assumptions	-	(453,029)
Total	\$ 8,350,751	\$ (1,831,269)

\$7,058,361 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, 2021. 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>		
2021	\$	475,324
2022		(888,680)
2023		(275,565)
2024		150,042
Total	\$	(538,879)

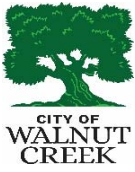
Payable to the Pension Plan

At June 30, 2020, the City reported a payable of \$94,541 or the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

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.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

11. PENSION PLANS, Continued

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. 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 six 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.

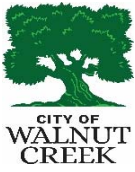
The Safety Rate Plan provisions and benefits in effect at June 30, 2020 are summarized as follows:

	Safety Plan		
	Prior to November 22, 2012 Classic Tier 1	On or After November 22, 2012 Classic	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	8.989%	8.99%	12.75%
Required employer contribution rates	23.654% + \$3,089,847	20.603% + \$5,714	13.786% + \$5,583

* UAL

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



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

11. PENSION PLANS, Continued

Contributions, continued

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.

Safety plan participants (tier 1 and tier 2) are required to contribute 8.99% of their annual covered salary. Safety plan tier 3 participants are required to contribute 12.75% of their annual covered salary. In addition, the City is required to make an employer contribution at an actuarial determined rate of 23.654% (tier 1), 20.603% (tier 2), and 13.786% (tier 3) of annual covered payroll for the year ended June 30, 2020. For the year ended June 30, 2020, contributions to the Plan were \$5,204,123.

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

As of June 30, 2020, the City reported liability of \$52,663,024 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, 2019, and the total pension liability for used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019. 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, 2019, the City's proportion was 0.5139 percent, which was an increase of 0.00832 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$7,614,291. At June 30, 2020, 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	\$ 5,204,123	\$ -
Changes in assumptions	1,737,327	
Difference between expected and actual experience	3,438,421	
Net difference between projected and actual earnings on plan investments	-	(724,469)
Changes in proportion and differences between City's contributions and proportionate share of contributions	1,116,378	(1,746,728)
Total	\$ 11,496,249	\$ (2,471,197)



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

11. PENSION PLANS, Continued

\$5,204,123 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, 2020.

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>		
2021	\$	3,431,384
2022		(263,599)
2023		512,180
2024		140,960
Total	\$	<u>3,820,926</u>

Actuarial Assumptions

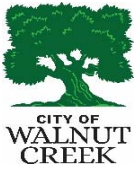
The total pension liabilities in the June 30, 2018 actuarial valuation were determined using the following actuarial assumptions:

Inflation	2.50%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.25% (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, 2018 valuation were based on results of an actuarial experience study of for the period from 1997 to 2015, 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, 2020

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, CALPERS staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Taking into account 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	Target Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100.0%		

(a) An expected inflation of 2.0% used for this period.

(b) An expected inflation of 2.92% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the 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. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF).



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

11. PENSION PLANS, Continued

The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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 7.15 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 one percentage point lower or one percentage point higher than the current rate:

Discount Rate	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
City's proportionate share of the net pension liability	\$78,110,730	\$52,663,024	\$31,799,892

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

Payable to the Pension Plan

At June 30, 2020, the City reported a payable of \$119,254 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

As of June 30, 2020, the City reported total net pension liability, deferred outflows of resources and deferred inflows of resources for both Miscellaneous and Safety Plans as follows:

Governmental Activities:	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Miscellaneous Plan	\$ 66,859,875	\$ 8,350,751	\$ (1,831,269)
Safety Plan	52,663,024	11,496,246	(2,471,198)
Total	\$ 119,522,899	\$ 19,846,997	\$ (4,302,467)



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

11. PENSION PLANS, Continued

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, 2020, employee contributions totaled \$68,785 and the City recognized pension expense of \$34,395.

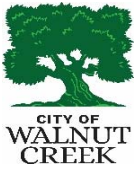
12. CONTINGENCIES

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. Management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in any 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.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

12. CONTINGENCIES, Continued

C. Construction Commitments

The City had several outstanding or planned construction projects as of June 30, 2020. Funding for each project is initially identified based on a determination of available resources. Council approved appropriations are then set aside accordingly. The unexpended portion of appropriations are presented in the financial statements under assigned fund balance. 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>
Walker-Homestead Drainage	\$ 5,729,792
S. Main Street Bridge Replacement	4,764,005
2021 Ygnacio Valley Road Rehabilitation	3,351,163
Bancroft Road Bridge Widening	1,909,457
Roadway Maintenance	1,433,018
Heather Farm Aquatics Facility	1,077,644
Parkside/Broadway Pavement Rehabilitation	977,552
DRAA/LCA Plaza Renovation & Enhancement	967,532
Bus Stop Access & Safety Improvements	937,596
Transit Priority at Signalized Intersection	850,583
Building MEP	739,583
Civic Park & Heather Farm Park Master Plans	703,503
Ygnacio Valley Road Median	690,091
Big Belly Solid Waste Containers	650,000
Los Moles	584,432
Undergrounding of Utilities	575,143
2020 Slurry Seal Project	519,207
Parkng Guidance System	510,716
	<u>\$ 26,971,017</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

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 2020 fiscal year. Total equity loans to City employees as of June 30, 2020 was \$335,000.

14. EXCESS EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2020 operating expenditures exceeded appropriations at the fund level (the legal level of budgetary control) for the following special revenue funds:

CDBG	\$	54,622
Traffic Safety/Police Grants	\$	278,156

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

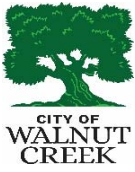
A. Redevelopment Dissolution

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.

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.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

15. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued

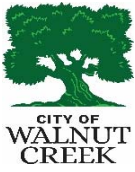
A. Redevelopment Dissolution, continued

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.

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 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, 2020

15. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued

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 was in accordance with the LRPMP, subsequently submitted to the DOF and the action became effective after 60 days. This said property was sold in March 2019.

The LRPMP also includes the properties at 470-490 Lawrence Way. The sale of these properties is expected to occur in July 2020.

C LONG-TERM DEBT

As of June 30, 2020, the balances of the Successor Agency long-term debts are presented below:

	Balance July 1, 2019	Debt Issued	Debt Retired	Balance June 30, 2020	Due in one year	Due in more than one year
Direct Placement						
Bonds Payable:						
Tax Allocation Bonds, Series 2000	\$ 650,000	\$ -	\$ (205,000)	\$ 445,000	\$ 215,000	\$ 230,000
Total bonds payable	650,000	-	(205,000)	445,000	215,000	230,000
Advance due to the City	274,544	-	-	274,544	-	274,544
Total long-term debt	\$ 924,544	\$ -	\$ (205,000)	\$ 719,544	\$ 215,000	\$ 504,544



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

15. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued

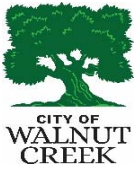
C LONG-TERM DEBT, Continued

Direct Placement, 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). The Bonds are subject to mandatory redemption in whole or in part on any date upon default by the Agency. For the current year, total principal and interest paid on the tax allocation bonds series 2000 were \$205,000, and \$33,843 respectively. The total amount outstanding as of June 30, 2020, was \$445,000. The annual debt service requirements for the 2000 Tax Allocation Bonds outstanding at June 30, 2020 were as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 215,000	\$ 20,925	\$ 235,925
2022	230,000	7,130	237,130
Total	\$ 445,000	\$ 28,055	\$ 473,055



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2020

15. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

C LONG-TERM DEBT, Continued

Direct Placement, Continued

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 on the prior page. 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).

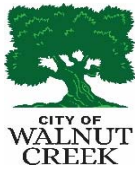
Pursuant to Section 5.02 of the Indenture, the Successor Agency prepared a calculation of a) the total amount of Contra Costa County Redevelopment Property Tax Trust Fund ("RPTTF") deposits the Successor Agency is permitted to receive while the Bonds are outstanding and b) the aggregate amount of the 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 2019-20, a) the total remaining RPTTF deposits which the Successor Agency is permitted to receive is equal to the aggregate amount of debt service coming due and payable and b) the aggregate amount of debt service coming due and payable on the Bonds is \$473,055.

As of June 30, 2020, the aggregate amount of reserves held with trustee and RPTTF deposits which the Successor Agency is permitted to receive exceed 105% (minimum requirement) of the aggregate amount of Annual Debt Service remaining to be paid on all Outstanding Bonds.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

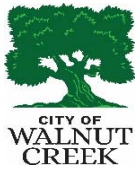


City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2020

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			
Net Plan to Plan Resource Movement	\$ -	\$ -	\$ -
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)
Other Miscellaneous Income/ (Expense)	-	-	-
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 six years are shown.



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2020

2018	2019	2020
June 30, 2017	June 30, 2018	June 30, 2019
\$ 4,026,085	\$ 4,188,688	\$ 4,134,877
14,270,928	14,716,088	15,459,543
(2,320,304)	(1,208,077)	-
11,670,814	(1,197,188)	1,972,596
-	-	-
(9,357,599)	(10,136,451)	(10,768,566)
18,289,924	6,363,060	10,798,450
192,908,642	211,198,566	217,561,626
\$ 211,198,566	\$ 217,561,626	\$ 228,360,076

\$ -	\$ (358)	\$ -
5,284,608	5,678,227	6,268,959
1,640,634	1,844,079	1,848,134
14,760,416	12,360,626	10,154,866
(9,357,599)	(10,136,451)	(10,768,566)
-	(429,128)	(109,974)
(196,194)	(225,974)	358
12,131,865	9,091,021	7,393,777
132,883,538	145,015,403	154,106,424
\$ 145,015,403	\$ 154,106,424	\$ 161,500,201

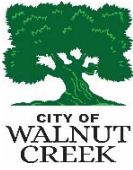
\$ 66,183,163	\$ 63,455,202	\$ 66,859,875
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68.66% 70.83% 70.72%

\$ 23,385,484 \$ 26,356,487 \$ 25,926,137

283.01% 240.76% 257.89%

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



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2020

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

Last Ten Years*

Schedule of Contributions

	<u>2015</u>	<u>2016</u>	<u>2017</u>
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%

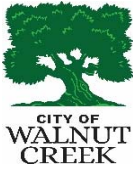
Notes to Schedule

Valuation date: June 30, 2012 June 30, 2013 June 30, 2014

Methods and assumptions used to determine contribution rates:

	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.	7.5%, Net of Pension Plan Investment and Administrative expenses, including inflation.	7.5%, Net of Pension Plan Investment and Administrative expenses, 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 six years are shown.



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2020

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially determined contributions	\$ 5,676,946	\$ 6,267,267	\$ 7,058,361
Contributions in relation to the actuarially determined contribution	5,676,946	6,267,267	7,058,361
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 26,356,487	\$ 25,926,137	\$ 27,228,712
Contributions as a percentage of covered payroll	21.54%	24.17%	25.92%

Notes to Schedule

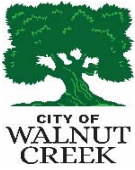
Valuation date:	June 30, 2015	June 30, 2016	June 30, 2017
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Methods and assumptions used to determine contribution rates:

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%	2.50%
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	7.15%, Net of Pension Plan Investment and Administrative expenses, including inflation.	7.15%, Net of Pension Plan Investment and Administrative expenses, including inflation.	7.15%, Net of Pension Plan Investment and Administrative expenses, including inflation.
Retirement age	55 years	**55 / 60 / 62 years	**55 / 60 / 62 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 six years are shown.

** Depending on service tier.

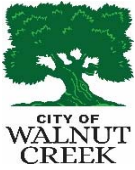


City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2020

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	2018
Proportion of the net pension liability	0.43718%	0.47060%	0.48300%	0.48420%
Proportionate share of the net pension liability	\$ 27,203,344	\$ 32,300,750	\$ 41,797,507	\$ 48,021,521
Covered payroll	\$ 9,220,099	\$ 9,404,426	\$ 9,490,459	\$ 10,137,734
Proportionate share of the net pension liability as a percentage of covered payroll	295.04%	343.46%	440.42%	473.69%
Plan fiduciary net position as a percentage of the total pension liability	79.82%	78.40%	74.06%	73.31%
Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017

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

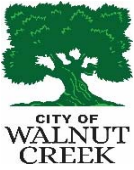


City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2020

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

	<u>2019</u>	<u>2020</u>
Proportion of the net pension liability	0.50560%	0.51390%
Proportionate share of the net pension liability	\$ 48,721,833	\$ 52,663,024
Covered payroll	\$ 11,060,430	\$ 11,217,582
Proportionate share of the net pension liability as a percentage of covered payroll	440.51%	469.47%
Plan fiduciary net position as a percentage of the total pension liability	71.74%	72.69%
Measurement Date	June 30, 2018	June 30, 2019

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



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2020

Schedule of Contributions
 Last Ten Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contributions	\$ 2,738,761	\$ 3,185,301	\$ 3,643,000	\$ 4,112,518
Contributions in relation to the actuarially determined contribution	<u>2,738,761</u>	<u>3,185,301</u>	<u>3,643,000</u>	<u>4,112,518</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 9,404,426	\$ 9,490,459	\$ 10,137,734	\$ 11,060,430
Contributions as a percentage of covered payroll	29.12%	33.56%	35.94%	37.18%

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

Schedule of Contributions
 Last Ten Years*

	<u>2019</u>	<u>2020</u>
Actuarially determined contributions	\$ 4,703,662	\$ 5,204,123
Contributions in relation to the actuarially determined contribution	<u>4,703,662</u>	<u>5,204,123</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 11,217,582	\$ 13,467,470
Contributions as a percentage of covered payroll	41.93%	38.64%

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



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2020

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.



City of Walnut Creek
Required Supplementary Information - General Fund
For the Year Ended June 30, 2020

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	\$ 25,598,500	\$ 26,598,500	\$ 25,298,281	\$ (1,300,219)
Property	24,780,250	24,780,250	26,035,790	1,255,540
Business license	2,528,117	2,528,117	2,534,116	5,999
Franchise	3,800,582	3,800,582	3,635,125	(165,457)
Transient occupancy tax	2,835,751	2,835,751	1,497,342	(1,338,409)
Other	683,000	683,000	843,852	160,852
Intergovernmental	115,500	37,500	186,717	149,217
Investment and rental income	1,109,199	1,269,199	3,826,755	2,557,556
Charges for services	17,859,103	18,209,103	12,743,570	(5,465,533)
Licenses, permits and fees	3,968,594	4,463,278	4,530,088	66,810
Fines, forfeitures and penalties	787,522	621,760	567,255	(54,505)
Other revenue	6,831,613	2,213,126	2,430,800	217,674
Total revenues	90,897,731	88,040,166	84,129,691	(3,910,475)
EXPENDITURES:				
Current:				
Public protection	25,527,005	25,833,722	26,850,751	(1,017,029)
Public works	23,395,776	19,293,457	17,511,033	1,782,424
Community and economic development	7,424,417	7,340,273	7,249,351	90,922
Arts and recreation	18,313,278	16,968,717	16,118,185	850,532
Administrative services	5,643,926	4,454,039	3,993,833	460,206
Human resources	1,578,430	1,580,833	1,482,318	98,515
General government	6,277,799	6,658,356	6,800,597	(142,241)
Debt Service:				
Principal retirement	40,260	40,260	155,936	(115,676)
Total expenditures	88,200,891	82,169,657	80,162,004	2,007,653
REVENUES OVER (UNDER) EXPENDITURES	2,696,840	5,870,509	3,967,687	(1,902,822)
OTHER FINANCING SOURCES (USES):				
Transfers in	757,250	757,250	718,250	(39,000)
Transfers (out)	(3,003,452)	(6,245,443)	(9,594,572)	(3,349,129)
Total other financing sources (uses)	(2,246,202)	(5,488,193)	(8,876,322)	(3,388,129)
Net change in fund balance	\$ 450,638	\$ 382,316	(4,908,635)	\$ (5,290,951)
FUND BALANCE:				
Beginning of year			68,479,215	
End of year			<u>\$ 63,570,580</u>	

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, 2020

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	\$ 26,500	\$ 110,611	\$ 65,561	\$ (45,050)
Other	65,000	233,322	181,383	(51,939)
Total revenues	91,500	343,933	246,944	(96,989)
EXPENDITURES:				
Current:				
Housing	363,616	396,067	31,326	364,741
Total expenditures	363,616	396,067	31,326	364,741
REVENUES OVER (UNDER) EXPENDITURES	(272,116)	(52,134)	215,618	267,752
Net change in fund balance	\$ (272,116)	\$ (52,134)	215,618	\$ 267,752
FUND BALANCE:				
Beginning of year			1,430,020	
End of year			\$ 1,645,638	

See note to required supplementary information

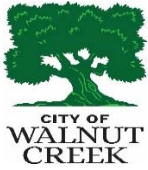


City of Walnut Creek
Required Supplementary Information
Housing Special Revenue Fund
For the Year Ended June 30, 2020

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:				
Charges for services	\$ 2,700,000	\$ 7,600,000	\$ 5,357,548	\$ (2,242,452)
Fines, forfeitures and penalties	4,400	4,400	10,796	6,396
Investment and rental income	27,800	27,800	240,039	212,239
Total revenues	2,732,200	7,632,200	5,608,383	(2,023,817)
EXPENDITURES:				
Current:				
Community and economic development	692,695	3,042,695	403,557	2,639,138
Housing	2,545,552	5,215,187	441,254	4,773,933
Total expenditures	3,238,247	8,257,882	844,811	7,413,071
REVENUES OVER (UNDER) EXPENDITURES	(506,047)	(625,682)	4,763,572	5,389,254
OTHER FINANCING SOURCES (USES):				
Transfer in	564,000	580,000.00	580,000	-
Total other financing sources (uses)	564,000	580,000	580,000	-
Net change in fund balance	\$ 57,953	\$ (45,682)	5,343,572	\$ 5,389,254
FUND BALANCE:				
Beginning of year			6,584,153	
End of year			\$ 11,927,725	

See note to required supplementary information



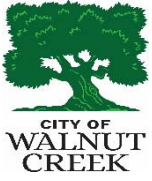
City of Walnut Creek
 Required Supplementary Information
 CDBG Special Revenue Fund
 For the Year Ended June 30, 2020

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

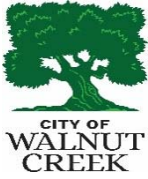
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ -	\$ -	\$ 51,797	\$ 51,797
Intergovernmental	260,000	300,264	412,325	112,061
Other revenue	-	-	67,098	67,098
Total revenues	260,000	300,264	531,220	230,956
EXPENDITURES:				
Current:				
Community and economic development	260,000	429,000	297,110	131,890
Housing	-	-	186,512	(186,512)
Total expenditures	260,000	429,000	483,622	(54,622)
REVENUES OVER (UNDER) EXPENDITURES	-	(128,736)	47,598	176,334
	<u>\$ -</u>	<u>\$ (128,736)</u>	<u>\$ 47,598</u>	<u>\$ 176,334</u>
FUND BALANCE:				
Beginning of year			(47,598)	
End of year			<u>\$ -</u>	

See note to required supplementary information

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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 Police related grant funding to be used for public safety purposes.

Public Education Government (PEG) Access Fees / Grants - accounts 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.

Traffic Congestion Relief - accounts for Road Maintenance and Rehabilitation Account (RMRA) SB-1 Beall state funds to be used similarly (but not identical) to State Gas Tax Funds. See Streets and Highways Code Section 2030 for uses of RMRA funds.



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, 2020

(With comparative information from the prior year)

	Special Revenue		
	General Plan Update	Open Space	Revolving Loans
ASSETS:			
Current:			
Cash and investments	\$ 2,048,554	\$ 8,310	\$ 279,264
Accounts receivable	-	35,454	-
Interest receivable	2,719	-	368
Notes and loans receivable	-	-	-
Total assets	\$ 2,051,273	\$ 43,764	\$ 279,632
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
Liabilities:			
Accounts payable and other accrued liabilities	\$ 36,183	\$ 13,544	\$ -
Accrued payroll	7,148	30,220	-
Due to other funds	-	-	-
Unearned revenues	-	-	-
Total liabilities	43,331	43,764	-
Deferred Inflow of Resources:			
Unavailable revenues - grants	-	-	-
Unavailable resources-notes and loans	-	-	-
Total deferred inflows of resources	-	-	-
Fund Balances:			
Nonspendable	-	-	-
Restricted	2,007,942	-	279,632
Total fund balances	2,007,942	-	279,632
Total liabilities, deferred inflows of resources and fund balances	\$ 2,051,273	\$ 43,764	\$ 279,632

Special Revenue								
Traffic Safety/ Police /Grants	PEG Access Fees/ Grants	Gas Tax	NPDES	Measure J	Shadelands Park Maintenance	Shadelands Property and Business Improvement District	Alternative Energy	
\$ 1,002,246	\$ 3,006,963	\$ 1,885,675	\$ 2,288,655	\$ 1,851,394	\$ 2,211,954	\$ 41,054	\$ 118,065	
183,805	79,051	-	348,937	1,041,045	-	-	-	
649	4,073	2,375	3,334	2,916	-	-	-	
626,322	-	-	-	-	-	-	-	
<u>\$ 1,813,022</u>	<u>\$ 3,090,087</u>	<u>\$ 1,888,050</u>	<u>\$ 2,640,926</u>	<u>\$ 2,895,355</u>	<u>\$ 2,211,954</u>	<u>\$ 41,054</u>	<u>\$ 118,065</u>	
\$ 26,357	\$ 76,619	\$ -	\$ 620	\$ 3,213	\$ -	\$ 17,866	\$ -	
9,552	12,649	-	9,585	904	-	-	-	
144,922	-	-	-	-	-	-	-	
17,444	-	-	-	-	-	-	-	
198,275	89,268	-	10,205	4,117	-	17,866	-	
-	-	-	-	-	-	-	-	
626,322	-	-	-	-	-	-	-	
626,322	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
988,425	3,000,819	1,888,050	2,630,721	2,891,238	2,211,954	23,188	118,065	
988,425	3,000,819	1,888,050	2,630,721	2,891,238	2,211,954	23,188	118,065	
<u>\$ 1,813,022</u>	<u>\$ 3,090,087</u>	<u>\$ 1,888,050</u>	<u>\$ 2,640,926</u>	<u>\$ 2,895,355</u>	<u>\$ 2,211,954</u>	<u>\$ 41,054</u>	<u>\$ 118,065</u>	

(Continued)



City of Walnut Creek
Combining Balance Sheet, Continued
Non-Major Governmental Funds
June 30, 2020

(With comparative information for the prior year)

	Special Revenue	Capital Project		
	Traffic Congestion Relief	In Lieu Underground	Storm Drain	Traffic Impact Mitigation
ASSETS:				
Current:				
Cash and investments	\$ 1,673,115	\$ 1,485,197	\$ 531,856	\$ 9,891,287
Accounts receivable	87,444	-	-	-
Interest receivable	2,090	1,956	701	13,191
Notes and loans receivable	-	-	-	-
Total assets	\$ 1,762,649	\$ 1,487,153	\$ 532,557	\$ 9,904,478
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Accounts payable and other accrued liabilities	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Total liabilities	-	-	-	-
Deferred Inflow of Resources:				
Unavailable revenues - grants	-	-	-	-
Unavailable resources-notes and loans	-	-	-	-
Total deferred inflow of resources	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	1,762,649	1,487,153	532,557	9,904,478
Total fund balances	1,762,649	1,487,153	532,557	9,904,478
Total liabilities, deferred inflows of resources and fund balances	\$ 1,762,649	\$ 1,487,153	\$ 532,557	\$ 9,904,478

Capital Project				Permanent		Totals	
Other In Lieu / Mitigation Fees	In Lieu Park	In Lieu Parking	Local Improvement Districts	Lesher Endowment	2020	2019	
\$ 1,694,617	\$ 4,605,132	\$ 1,412,154	\$ 977,175	\$ 1,601,339	\$ 38,614,006	\$ 31,230,741	
-	-	-	-	-	1,775,736	3,341,881	
2,187	6,102	1,860	-	2,110	46,631	43,968	
-	-	-	-	-	626,322	567,322	
<u>\$ 1,696,804</u>	<u>\$ 4,611,234</u>	<u>\$ 1,414,014</u>	<u>\$ 977,175</u>	<u>\$ 1,603,449</u>	<u>\$ 41,062,695</u>	<u>\$ 35,183,912</u>	
\$ -	\$ -	\$ -	\$ -	\$ 26,381	\$ 200,783	\$ 199,656	
882	3,423	-	-	-	74,363	57,008	
-	-	-	-	-	144,922	67,723	
-	-	-	-	-	17,444	17,739	
<u>882</u>	<u>3,423</u>	<u>-</u>	<u>-</u>	<u>26,381</u>	<u>437,512</u>	<u>342,126</u>	
-	-	-	-	-	-	1,236,006	
-	-	-	-	-	626,322	567,322	
-	-	-	-	-	626,322	1,803,328	
-	-	-	-	1,000,000	1,000,000	1,000,000	
<u>1,695,922</u>	<u>4,607,811</u>	<u>1,414,014</u>	<u>977,175</u>	<u>577,068</u>	<u>38,998,861</u>	<u>32,038,458</u>	
<u>1,695,922</u>	<u>4,607,811</u>	<u>1,414,014</u>	<u>977,175</u>	<u>1,577,068</u>	<u>39,998,861</u>	<u>33,038,458</u>	
<u>\$ 1,696,804</u>	<u>\$ 4,611,234</u>	<u>\$ 1,414,014</u>	<u>\$ 977,175</u>	<u>\$ 1,603,449</u>	<u>\$ 41,062,695</u>	<u>\$ 35,183,912</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, 2020
(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	-	736,605	-	-	-
Intergovernmental	-	-	-	1,119,191	-
Investment and rental income	45,326	36,268	3,907	9,140	71,323
Charges for services	-	36,454	-	-	328,874
Other revenues	298,296	-	145,467	-	-
Total revenues	343,622	809,327	149,374	1,128,331	400,197
EXPENDITURES:					
Current:					
Public protection	-	-	-	254,523	-
Public works	-	1,244,822	-	17,739	-
Community and economic development	169,376	-	-	154,746	-
Arts and recreation	-	-	-	143,658	-
General government	-	-	-	-	567,022
Total expenditures	169,376	1,244,822	-	570,666	567,022
REVENUES OVER (UNDER) EXPENDITURES	174,246	(435,495)	149,374	557,665	(166,825)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	371,076	-	33,812	-
Transfers (out)	-	-	-	-	-
Total other financing sources (uses)	-	371,076	-	33,812	-
Net change in fund balances	174,246	(64,419)	149,374	591,477	(166,825)
FUND BALANCES:					
Beginning of the year	1,833,696	64,419	130,258	396,948	3,167,644
End of the year	\$ 2,007,942	\$ -	\$ 279,632	\$ 988,425	\$ 3,000,819

Special Revenue					
Gas Tax	NPDES	Measure J	Shadelands Park Maintenance	Shadelands Property and Business Improvement District	Alternative Energy
\$ -	\$ -	\$ 1,409,417	\$ -	\$ -	\$ -
-	-	-	-	361,278	-
-	1,352,423	-	-	-	-
1,607,249	-	-	-	-	-
32,338	55,794	53,207	-	-	-
-	101,654	-	-	-	-
-	8,545	-	-	-	-
<u>1,639,587</u>	<u>1,518,416</u>	<u>1,462,624</u>	<u>-</u>	<u>361,278</u>	<u>-</u>
-	-	-	-	-	-
-	1,455,961	36,420	-	-	-
-	-	-	-	357,748	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>1,455,961</u>	<u>36,420</u>	<u>-</u>	<u>357,748</u>	<u>-</u>
<u>1,639,587</u>	<u>62,455</u>	<u>1,426,204</u>	<u>-</u>	<u>3,530</u>	<u>-</u>
-	-	-	-	-	-
(646,690)	-	(1,135,596)	-	-	-
<u>(646,690)</u>	<u>-</u>	<u>(1,135,596)</u>	<u>-</u>	<u>-</u>	<u>-</u>
992,897	62,455	290,608	-	3,530	-
895,153	2,568,266	2,600,630	2,211,954	19,658	118,065
<u>\$ 1,888,050</u>	<u>\$ 2,630,721</u>	<u>\$ 2,891,238</u>	<u>\$ 2,211,954</u>	<u>\$ 23,188</u>	<u>\$ 118,065</u>

(Continued)



City of Walnut Creek

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Non-Major Governmental Funds (Continued)

For the Year Ended June 30, 2020

(With comparative information for the prior year)

	Special Revenue	Capital Project		
	Traffic Congestion Relief	In Lieu Underground	Storm Drain	Traffic Impact Mitigation
REVENUES:				
Taxes:				
Sales and use	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Other	-	-	-	-
Intergovernmental	1,116,472	-	-	-
Investment and rental income	32,228	33,784	12,098	213,576
Charges for services	-	-	-	1,540,211
Other revenues	-	-	-	-
Total revenues	1,148,700	33,784	12,098	1,753,787
EXPENDITURES:				
Current:				
Public protection	-	-	-	-
Public works	-	-	-	-
Community and economic development	-	-	-	-
Arts and recreation	-	-	-	-
General government	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	1,148,700	33,784	12,098	1,753,787
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	(708,093)	-	-	(252,116)
Total other financing sources (uses)	(708,093)	-	-	(252,116)
Net change in fund balances	440,607	33,784	12,098	1,501,671
FUND BALANCES:				
Beginning of the year	1,322,042	1,453,369	520,459	8,402,807
End of the year	\$ 1,762,649	\$ 1,487,153	\$ 532,557	\$ 9,904,478

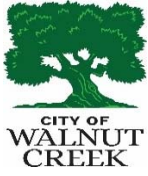
Capital Project			Permanent		Totals	
Other In Lieu / Mitigation Fees	In Lieu Park	In Lieu Parking	Local Improvement Districts	Lesher Endowment	2020	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,409,417	\$ 161,452
-	-	-	-	-	361,278	366,048
-	-	-	-	-	2,089,028	2,031,813
-	-	-	-	-	3,842,912	3,301,653
31,741	80,014	32,122	-	35,894	778,760	510,612
674,163	2,696,000	-	-	-	5,377,356	1,259,373
-	40,000	-	-	75,000	567,308	666,089
705,904	2,816,014	32,122	-	110,894	14,426,059	8,297,040
-	-	-	-	-	254,523	296,642
28,310	75,633	-	-	-	2,858,885	3,164,512
-	-	-	-	-	681,870	585,588
-	-	-	-	81,601	225,259	198,401
-	-	-	-	-	567,022	457,582
28,310	75,633	-	-	81,601	4,587,559	4,702,725
677,594	2,740,381	32,122	-	29,293	9,838,500	3,594,315
10,000	-	-	-	-	414,888	619,383
(115,250)	(435,240)	-	-	-	(3,292,985)	(3,525,065)
(105,250)	(435,240)	-	-	-	(2,878,097)	(2,905,682)
572,344	2,305,141	32,122	-	29,293	6,960,403	688,633
1,123,578	2,302,670	1,381,892	977,175	1,547,775	33,038,458	32,349,825
\$ 1,695,922	\$ 4,607,811	\$ 1,414,014	\$ 977,175	\$ 1,577,068	\$ 39,998,861	\$ 33,038,458



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, 2020**

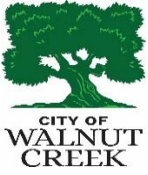
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 13,000	\$ 13,000	\$ 45,326	\$ 32,326
Other revenue	185,000	185,000	298,296	113,296
Total revenues	198,000	198,000	343,622	145,622
EXPENDITURES:				
Current:				
Community and economic development	128,454	361,622	169,376	192,246
Total expenditures	128,454	361,622	169,376	192,246
REVENUES OVER (UNDER) EXPENDITURES	69,546	(163,622)	174,246	337,868
Net change in fund balance	\$ 69,546	\$ (163,622)	174,246	\$ 337,868
FUND BALANCE:				
Beginning of year			1,833,696	
End of year			\$ 2,007,942	



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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 615,000	\$ 615,000	\$ 736,605	\$ 121,605
Investment and rental income	48,000	48,000	36,268	(11,732)
Charges for services	35,454	35,454	36,454	1,000
Total revenues	698,454	698,454	809,327	110,873
EXPENDITURES:				
Current:				
Public works	1,363,550	1,272,969	1,244,822	28,147
Total expenditures	1,363,550	1,272,969	1,244,822	28,147
REVENUES OVER (UNDER) EXPENDITURES	(665,096)	(574,515)	(435,495)	139,020
OTHER FINANCING SOURCES (USES):				
Transfers in	664,452	509,452	371,076	(138,376)
Total other financing sources (uses)	664,452	509,452	371,076	(138,376)
Net change in fund balance	\$ (644)	\$ (65,063)	(64,419)	\$ 644
FUND BALANCE:				
Beginning of year			64,419	
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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 6,000	\$ 6,000	\$ 3,907	\$ (2,093)
Other revenue	-	-	145,467	145,467
Total revenues	6,000	6,000	149,374	143,374
Net change in fund balance	\$ 6,000	\$ 6,000	149,374	\$ 143,374
FUND BALANCE:				
Beginning of year			130,258	
End of year			\$ 279,632	



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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 1,119,191	\$ 1,019,191
Investment and rental income	-	-	9,140	9,140
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>1,128,331</u>	<u>1,028,331</u>
EXPENDITURES:				
Current:				
Public protection	158,807	158,807	254,523	(95,716)
Public works	-	-	17,739	(17,739)
Community and economic development	-	133,703	154,746	(21,043)
Arts and recreation	-	-	143,658	(143,658)
Total expenditures	<u>158,807</u>	<u>292,510</u>	<u>570,666</u>	<u>(278,156)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(58,807)</u>	<u>(192,510)</u>	<u>557,665</u>	<u>750,175</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	33,812	(33,812)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>33,812</u>	<u>33,812</u>
Net change in fund balance	<u>\$ (58,807)</u>	<u>\$ (192,510)</u>	<u>591,477</u>	<u>\$ 783,987</u>
FUND BALANCE:				
Beginning of year			<u>396,948</u>	
End of year			<u>\$ 988,425</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 27,500	\$ 27,500	\$ 71,323	\$ 43,823
Charges for services	317,868	317,868	328,874	11,006
Total revenues	345,368	345,368	400,197	54,829
EXPENDITURES:				
Current:				
General government	405,898	605,898	567,022	38,876
Total expenditures	405,898	605,898	567,022	38,876
REVENUES OVER (UNDER) EXPENDITURES	(60,530)	(260,530)	(166,825)	93,705
Net change in fund balance	\$ (60,530)	\$ (260,530)	(166,825)	\$ 93,705
FUND BALANCE:				
Beginning of year			3,167,644	
End of year			\$ 3,000,819	



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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,809,467	\$ 1,857,768	\$ 1,607,249	\$ (250,519)
Investment and rental income	15,000	15,000	32,338	17,338
Total revenues	<u>1,824,467</u>	<u>1,872,768</u>	<u>1,639,587</u>	<u>(233,181)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,507,855)	(1,507,855)	(646,690)	861,165
Total other financing sources (uses)	<u>(1,507,855)</u>	<u>(1,507,855)</u>	<u>(646,690)</u>	<u>861,165</u>
Net change in fund balance	<u>\$ 316,612</u>	<u>\$ 364,913</u>	992,897	<u>\$ 627,984</u>
FUND BALANCE:				
Beginning of year			895,153	
End of year			<u>\$ 1,888,050</u>	



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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 1,212,176	\$ 1,212,176	\$ 1,352,423	\$ 140,247
Charges for services	78,500	78,500	101,654	23,154
Investment and rental income	17,000	17,000	55,794	38,794
Other revenue	-	-	8,545	8,545
Total revenues	<u>1,307,676</u>	<u>1,307,676</u>	<u>1,518,416</u>	<u>210,740</u>
EXPENDITURES:				
Current:				
Public works	<u>1,717,664</u>	<u>1,738,627</u>	<u>1,455,961</u>	<u>282,666</u>
Total expenditures	<u>1,717,664</u>	<u>1,738,627</u>	<u>1,455,961</u>	<u>282,666</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(409,988)</u>	<u>(430,951)</u>	<u>62,455</u>	<u>493,406</u>
Net change in fund balance	<u>\$ (409,988)</u>	<u>\$ (430,951)</u>	<u>62,455</u>	<u>\$ 493,406</u>
FUND BALANCE:				
Beginning of year			<u>2,568,266</u>	
End of year			<u>\$ 2,630,721</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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Sales and use tax	\$ 1,108,886	\$ 1,108,886	\$ 1,409,417	\$ 300,531
Investment and rental income	10,000	10,000	53,207	43,207
Total revenues	<u>1,118,886</u>	<u>1,118,886</u>	<u>1,462,624</u>	<u>343,738</u>
EXPENDITURES:				
Current:				
Public works	-	60,666	36,420	24,246
Total expenditures	<u>-</u>	<u>60,666</u>	<u>36,420</u>	<u>24,246</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,118,886</u>	<u>1,058,220</u>	<u>1,426,204</u>	<u>367,984</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(1,135,596)	(1,135,596)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,135,596)</u>	<u>(1,135,596)</u>
Net change in fund balance	<u>\$ 1,118,886</u>	<u>\$ 1,058,220</u>	290,608	<u>\$ (767,612)</u>
FUND BALANCE:				
Beginning of year			2,600,630	
End of year			<u>\$ 2,891,238</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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Net change in fund balance	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>-</u>	<u>\$ (10,000)</u>
FUND BALANCE:				
Beginning of year			<u>2,211,954</u>	
End of year			<u>\$ 2,211,954</u>	



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, 2020**

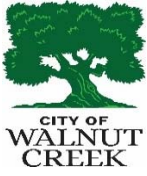
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property tax	\$ 390,000	\$ 390,000	\$ 361,278	\$ (28,722)
Total revenues	<u>390,000</u>	<u>390,000</u>	<u>361,278</u>	<u>(28,722)</u>
EXPENDITURES:				
Current:				
Community and economic development	386,100	386,100	357,748	28,352
Total expenditures	<u>386,100</u>	<u>386,100</u>	<u>357,748</u>	<u>28,352</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>3,900</u>	<u>3,900</u>	<u>3,530</u>	<u>(370)</u>
Net change in fund balance	<u>\$ 3,900</u>	<u>\$ 3,900</u>	<u>3,530</u>	<u>\$ (370)</u>
FUND BALANCE:				
Beginning of year			<u>19,658</u>	
End of year			<u>\$ 23,188</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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Other revenue	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			<u>118,065</u>	
End of year			<u>\$ 118,065</u>	



City of Walnut Creek

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual Traffic Congestion Relief Special Revenue Fund For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,706,259	\$ 1,161,404	\$ 1,116,472	\$ (44,932)
Investment and rental income	-	-	32,228	32,228
Total revenues	1,706,259	1,161,404	1,148,700	(12,704)
OTHER FINANCING SOURCES (USES):				
Transfer (out)	1,705,000	1,307,145	(708,093)	(2,015,238)
Total other financing sources (uses)	1,705,000	1,307,145	(708,093)	(2,015,238)
Net change in fund balance	\$ 3,411,259	\$ 2,468,549	440,607	\$ (2,027,942)
FUND BALANCE:				
Beginning of year			1,322,042	
End of year			<u>\$ 1,762,649</u>	

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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 Replacement 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.

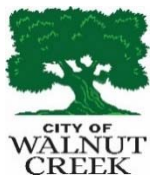
Equipment Replacement Fund - ASD accumulates funds for the replacement of administrative services department equipment.

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.

Employee Improvement Program Liability Fund accounts for the costs related to employee training and improvement program.

Workers' Compensation Liability Fund accounts for the City's retained self-insured risks of loss from workers' compensation claims.



City of Walnut Creek
Combining Statement of Net Position
All Internal Service Funds
For the Year Ended June 30, 2020

(With comparative information for the prior year)

	Vehicle Replacement	Police Radio	Equipment Replacement LCA	Equipment Replacement IT
ASSETS				
Current assets:				
Cash and investments	\$ 2,456,617	\$ 232,360	\$ 46,146	\$ 7,637,756
Prepaid expense	-	-	-	164,000
Accounts receivable	-	-	-	-
Interest Receivable	3,113	300	60	10,397
Total current assets	2,459,730	232,660	46,206	7,812,153
Capital assets:				
Vehicles	10,051,683	-	-	-
Buildings	-	-	-	50,000
Machinery and equipment	-	1,876,274	59,364	3,291,313
Accumulated depreciation	(7,589,430)	(1,333,910)	(42,556)	(2,442,008)
Total capital assets	2,462,253	542,364	16,808	899,305
Total assets	4,921,983	775,024	63,014	8,711,458
LIABILITIES				
Current liabilities:				
Accounts payable	-	134	-	219,183
Accrued payroll	-	-	-	2,835
Long term debt due in one year	-	-	-	-
Claims payable due in one year	-	-	-	-
Total current liabilities	-	134	-	222,018
Non-current liabilities:				
Claims payable due in more than one year	-	-	-	-
Total noncurrent liabilities	-	-	-	-
Total liabilities	-	134	-	222,018
NET POSITION				
Net investment in capital assets	2,462,253	542,364	16,808	899,305
Unrestricted	2,459,730	232,526	46,206	7,590,135
Total net position (deficit)	\$ 4,921,983	\$ 774,890	\$ 63,014	\$ 8,489,440

Equipment Replacement ASD	Equipment Replacement GF	Facilities Replacement	Employee Improvement Program Liability	Workers' Compensation Liability	Totals	
					2020	2019
\$ 1,199	\$ 461,692	\$ 328,287	\$ 236,115	\$ 4,142,829	\$ 15,543,001	\$ 11,689,070
-	-	-	-	-	164,000	-
-	-	-	199	10,379	10,578	-
1	741	432	320	5,204	20,568	18,534
1,200	462,433	328,719	236,634	4,158,412	15,738,147	11,707,604
-	-	-	-	-	10,051,683	9,467,465
-	-	235,000	-	-	285,000	285,000
-	595,992	-	-	-	5,822,943	5,685,980
-	(405,639)	(65,408)	-	-	(11,878,951)	(10,892,084)
-	190,353	169,592	-	-	4,280,675	4,546,361
1,200	652,786	498,311	236,634	4,158,412	20,018,822	16,253,965
-	13,493	-	5,854	6,619	245,283	58,789
-	-	-	-	-	2,835	3,621
-	-	-	-	-	-	48,851
-	-	-	-	853,541	853,541	-
-	13,493	-	5,854	860,160	1,101,659	111,261
-	-	-	-	1,954,135	1,954,135	-
-	-	-	-	1,954,135	1,954,135	-
-	13,493	-	5,854	2,814,295	3,055,794	111,261
-	190,353	169,592	-	-	4,280,675	4,497,510
1,200	448,940	328,719	230,780	1,344,117	12,682,353	11,645,194
\$ 1,200	\$ 639,293	\$ 498,311	\$ 230,780	\$ 1,344,117	\$ 16,963,028	\$ 16,142,704



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, 2020

(With comparative information for the prior year)

	Vehicle Replacement	Police Radio	Equipment Replacement LCA	Equipment Replacement IT
OPERATING REVENUES:				
Charges for services	\$ 958,102	\$ 42,384	\$ -	\$ 941,143
Total operating revenues	958,102	42,384	-	941,143
OPERATING EXPENSES:				
Supplies and services	-	102,729	-	516,712
Repairs and maintenance	31,742	4,234	-	355,297
Depreciation	718,298	187,627	4,385	258,460
Total operating expenses	750,040	294,590	4,385	1,130,469
OPERATING INCOME (LOSS)	208,062	(252,206)	(4,385)	(189,326)
NONOPERATING REVENUES (EXPENSES):				
Interest and related (expenses)	54,324	5,943	1,050	177,718
Gain (loss) on sale of assets	46,352	-	-	-
Total nonoperating revenues (expenses)	100,676	5,943	1,050	177,718
Net (loss) before capital contributions and operating transfers	308,738	(246,263)	(3,335)	(11,608)
Capital contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Change in net position	308,738	(246,263)	(3,335)	(11,608)
NET POSITION (DEFICIT):				
Beginning of the year	4,613,245	1,021,153	66,349	8,501,048
End of the year	<u>\$ 4,921,983</u>	<u>\$ 774,890</u>	<u>\$ 63,014</u>	<u>\$ 8,489,440</u>

Equipment Replacement ASD	Equipment Replacement GF	Facilities Replacement	Employee		Totals	
			Improvement Program Liability	Workers' Compensation Liability	2020	2019
\$ -	\$ -	\$ -	\$ -	\$ 1,032,947	\$ 2,974,576	\$ 4,153,130
-	-	-	-	1,032,947	2,974,576	4,153,130
-	-	-	69,095	3,531,334	4,219,870	399,576
-	1,873	-	-	-	393,146	428,173
-	52,478	4,700	-	-	1,225,948	1,269,623
-	54,351	4,700	69,095	3,531,334	5,838,964	2,097,372
-	(54,351)	(4,700)	(69,095)	(2,498,387)	(2,864,388)	2,055,758
27	14,004	7,468	6,058	82,527	349,119	111,905
-	-	-	-	-	46,352	(22,405)
27	14,004	7,468	6,058	82,527	395,471	89,500
27	(40,347)	2,768	(63,037)	(2,415,860)	(2,468,917)	2,145,258
-	-	-	-	-	-	106,498
-	-	-	-	3,500,000	3,500,000	293,817
-	(210,759)	-	-	-	(210,759)	(131,182)
27	(251,106)	2,768	(63,037)	1,084,140	820,324	2,414,391
1,173	890,399	495,543	293,817	259,977	16,142,704	13,728,313
\$ 1,200	\$ 639,293	\$ 498,311	\$ 230,780	\$ 1,344,117	\$ 16,963,028	\$ 16,142,704



City of Walnut Creek
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2020
(With comparative information for the prior year)

	Vehicle Replacement	Police Radio	Equipment Replacement LCA	Equipment Replacement IT	Equipment Replacement ASD
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 958,102	\$ 42,384	\$ -	\$ 941,143	\$ -
Payments to suppliers	(31,742)	(113,650)	-	(869,580)	-
Internal activity					
Receipts from other funds	-	-	-	-	-
Net cash provided (used)					
by operating activities	<u>926,360</u>	<u>(71,266)</u>	<u>-</u>	<u>71,563</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
Net cash provided (used) by noncapital					
financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions	-	-	-	-	-
Acquisition of capital assets	(823,300)	-	(1)	(104,313)	-
Gain (loss) from sale of capital assets	46,352	-	-	-	-
Interest paid on capital lease	-	-	-	-	-
Principal paid on PERS Safety Side Fund Liability	-	-	-	(48,851)	-
Net cash provided (used) by capital and related					
financing activities	<u>(776,948)</u>	<u>-</u>	<u>(1)</u>	<u>(153,164)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income received	<u>54,791</u>	<u>6,131</u>	<u>1,066</u>	<u>179,922</u>	<u>28</u>
Net increase (decrease) in cash					
and cash equivalents	<u>204,203</u>	<u>(65,135)</u>	<u>1,065</u>	<u>98,321</u>	<u>28</u>
CASH AND CASH EQUIVALENTS:					
Beginning of the year	<u>2,252,414</u>	<u>297,495</u>	<u>45,081</u>	<u>7,539,435</u>	<u>1,171</u>
End of the year	<u>\$ 2,456,617</u>	<u>\$ 232,360</u>	<u>\$ 46,146</u>	<u>\$ 7,637,756</u>	<u>\$ 1,199</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 208,062	\$ (252,206)	\$ (4,385)	\$ (189,326)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	718,298	187,627	4,385	258,460	-
Changes in assets and liabilities:					
Accounts receivable	-	-	-	-	-
Prepaid items	-	-	-	(164,000)	-
Advance from other funds	-	-	-	-	-
Claims payable	-	-	-	-	-
Accounts payable	-	(6,687)	-	166,429	-
Net cash provided (used)					
by operating activities	<u>\$ 926,360</u>	<u>\$ (71,266)</u>	<u>\$ -</u>	<u>\$ 71,563</u>	<u>\$ -</u>
Noncash items:					
Capital Lease	\$ -	\$ -	\$ -	\$ 48,851	\$ -

(Continued)

Equipment Replacement GF	Facilities Replacement	Employee Improvement Program Liability	Workers' Compensation Liability	Totals	
				2020	2019
\$ -	\$ -	\$ (199)	\$ 1,022,568	\$ 2,963,998	\$ 4,153,621
11,620	-	(63,241)	(3,524,715)	(4,591,308)	(845,405)
-	-	-	2,807,676	2,807,676	-
11,620	-	(63,440)	305,529	1,180,366	3,308,216
-	-	-	3,500,000	3,500,000	342,668
(210,759)	-	-	-	(210,759)	(131,182)
(210,759)	-	-	3,500,000	3,289,241	211,486
-	-	-	-	-	106,498
(32,648)	-	-	-	(960,262)	(488,910)
-	-	-	-	46,352	(22,405)
-	-	-	-	-	(67,372)
-	-	-	-	(48,851)	(1,972,678)
(32,648)	-	-	-	(962,761)	(2,444,867)
14,513	7,573	5,738	77,323	347,085	205,645
(217,274)	7,573	(57,702)	3,882,852	3,853,931	1,280,480
678,966	320,714	293,817	259,977	11,689,070	10,408,590
<u>\$ 461,692</u>	<u>\$ 328,287</u>	<u>\$ 236,115</u>	<u>\$ 4,142,829</u>	<u>\$ 15,543,001</u>	<u>\$ 11,689,070</u>

\$ (54,351)	\$ (4,700)	\$ (69,095)	\$ (2,498,387)	\$ (2,864,388)	\$ 2,055,758
52,478	4,700	-	-	1,225,948	1,269,623
-	-	(199)	(10,379)	(10,578)	491
-	-	-	-	(164,000)	1,924,911
-	-	-	-	-	(1,924,911)
-	-	-	2,807,676	2,807,676	-
13,493	-	5,854	6,619	185,708	(17,656)
<u>\$ 11,620</u>	<u>\$ -</u>	<u>\$ (63,440)</u>	<u>\$ 305,529</u>	<u>\$ 1,180,366</u>	<u>\$ 3,308,216</u>
\$ -	\$ -	\$ -	\$ -	\$ 48,851	\$ 96,618

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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. The Fund has been adjusted and items reclassified in preparation of GASB 84.

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.

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

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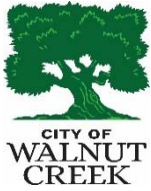
City of Walnut Creek
Agency Funds
Statements of Changes in Assets and Liabilities
For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<u>Trust and Agency</u>				
Assets:				
Cash and investments	\$ 2,885,902	\$ 6,014,413	\$ (8,879,253)	\$ 21,062
Accounts receivable	241,458	36,924	(278,382)	-
Interest receivable	7,733	3,420	(11,153)	-
Total assets	\$ 2,804,707	\$ 6,054,757	\$ (9,168,788)	\$ 21,062
Liabilities:				
Accounts payable	\$ 145,417	\$ 3,833,303	\$ (3,978,720)	\$ -
Advance deposits	2,989,676	2,221,454	(5,190,068)	21,062
Total liabilities	\$ 2,804,707	\$ 6,054,757	\$ (9,168,788)	\$ 21,062
 <u>Assessment Districts Group I</u>				
Assets:				
Cash and investments	\$ 1,753,917	\$ -	\$ -	\$ 1,753,917
Total assets	\$ 1,753,917	\$ -	\$ -	\$ 1,753,917
Liabilities:				
Due to bondholders	\$ 1,753,917	\$ -	\$ -	\$ 1,753,917



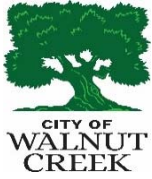
City of Walnut Creek
Agency Funds
Statements of Changes in Assets and Liabilities, Continued
For the Year Ended June 30, 2020

	Balance			Balance
	June 30, 2019	Additions	Deductions	June 30, 2020
<u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 4,639,819	\$ 6,014,413	\$ (8,879,253)	\$ 1,774,979
Accounts receivable	241,458	36,924	(278,382)	-
Interest receivable	7,733	3,420	(11,153)	-
Total assets	<u>\$ 4,558,624</u>	<u>\$ 6,054,757</u>	<u>\$ (9,168,788)</u>	<u>\$ 1,774,979</u>
Liabilities:				
Accounts payable	\$ 145,417	\$ 3,833,303	\$ (3,978,720)	\$ -
Due to bondholders	1,753,917	-	-	1,753,917
Advance deposits	2,989,676	2,221,454	(5,190,068)	21,062
Total liabilities	<u>\$ 4,558,624</u>	<u>\$ 6,054,757</u>	<u>\$ (9,168,788)</u>	<u>\$ 1,774,979</u>



City of Walnut Creek
Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2020

	RDA Obligation Retirement	RDA Successor Agency Debt Service	Total Private Purpose Trust Funds
ASSETS			
Current:			
Cash and investments	\$ 5,096,347	\$ -	\$ 5,096,347
Cash and investments with fiscal agents	-	782,973	782,973
Interest receivable	16,709	-	16,709
Total assets	\$ 5,113,056	\$ 782,973	\$ 5,896,029
LIABILITIES AND NET POSITION			
Current :			
Accrued payroll	4,417	-	4,417
Long-term debt due in one year (Note 15)	-	215,000	215,000
Total current liabilities	4,417	215,000	219,417
Noncurrent liabilities:			
Advance due to the City	274,544	-	274,544
Long-term debt due in more than one year (Note 15)	-	230,000	230,000
Total noncurrent liabilities	274,544	230,000	504,544
Total liabilities	278,961	445,000	723,961
Net Position:			
Held in trust	\$ 4,834,095	\$ 337,973	\$ 5,172,068



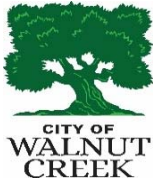
City of Walnut Creek
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2020

	RDA Obligation Retirement	RDA Successor Agency Debt Service	Private Purpose Trust Fund
ADDITIONS:			
Investment and rental income	\$ 108,240	\$ 9,162	\$ 117,402
Total additions	108,240	9,162	117,402
DEDUCTIONS:			
Community and economic development	37,903	-	37,903
Interest, fiscal charges and issuance costs	-	33,842	33,842
Total deductions	37,903	33,842	71,745
REVENUES OVER (UNDER) EXPENDITURES	70,337	(24,680)	45,657
Change in net position	70,337	(24,680)	45,657
NET POSITION			
Beginning of the year	4,763,758	362,653	5,126,411
End of the year	\$ 4,834,095	\$ 337,973	\$ 5,172,068

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.	184-196
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, including sales and property taxes.	197-202
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.	203-208
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.	209
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.	210-216

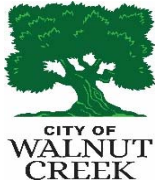


City of Walnut Creek
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities:				
Net investment in capital assets	\$ 251,483,541	\$ 250,111,191	\$ 238,401,412	\$ 232,858,750
Restricted				
Capital Projects/Community Development	47,852,651	37,533,808	31,545,609	40,678,188
Unrestricted	39,172,708	43,620,819	42,465,457	47,061,870
Total governmental activities net position	338,508,900	331,265,818	312,412,478	320,598,808
Business-type activities:				
Invested in capital assets, net of related debt	1,406,822	1,490,349	9,344,544	10,952,847
Restricted - Capital Projects	-	-	-	-
Unrestricted	(2,414,218)	664,377	2,856,473	2,562,841
Total business-type activities net position	(1,007,396)	2,154,726	12,201,017	13,515,688
Primary government:				
Invested in capital assets, net of related debt	252,890,363	251,601,540	247,745,956	243,811,597
Restricted				
Capital Projects/Community Development	47,852,651	37,533,808	31,545,609	40,678,188
Unrestricted	36,758,490	44,285,196	45,321,930	49,624,711
Total primary government net position	\$ 337,501,504	\$ 333,420,544	\$ 324,613,495	\$ 334,114,496

Source: City Finance Division

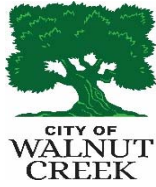
Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 234,018,776	\$ 235,484,941	\$ 235,912,183	\$ 231,943,131	\$ 239,852,612	216,388,545
40,930,301	50,796,674	46,421,611	38,707,066	40,438,011	52,734,358
(19,886,556)	(10,875,175)	(4,886,330)	6,045,326	(7,548,584)	64,045
<u>255,062,521</u>	<u>275,406,440</u>	<u>277,447,464</u>	<u>276,695,523</u>	<u>272,742,039</u>	<u>269,186,948</u>
8,441,554	10,536,024	10,396,219	9,713,997	12,564,799	12,688,862
-	1,368,855	1,857,468	1,886,247	960,938	813,471
7,540,001	4,918,344	4,543,498	4,629,313	4,398,821	4,766,803
<u>15,981,555</u>	<u>16,823,223</u>	<u>16,797,185</u>	<u>16,229,557</u>	<u>17,924,558</u>	<u>18,269,136</u>
242,460,330	246,020,965	246,308,402	241,657,128	252,417,411	229,077,407
40,930,301	52,165,529	48,279,079	40,593,313	41,398,949	53,547,829
(12,346,555)	(5,956,831)	(342,832)	10,674,639	(3,149,763)	4,830,848
<u>\$ 271,044,076</u>	<u>\$ 292,229,663</u>	<u>\$ 294,244,649</u>	<u>\$ 292,925,080</u>	<u>\$ 290,666,597</u>	<u>\$ 287,456,084</u>



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

	Fiscal Year		
	2011	2012	2013
Expenses			
Governmental activities:			
Public protection	\$ 21,923,692	\$ 22,469,017	\$ 21,507,637
Public works	28,858,972	28,070,687	26,978,488
Community development	2,799,414	3,984,921	5,182,748
Housing	1,019,485	950,744	1,911,341
Arts and recreation	13,737,264	16,254,587	13,933,801
Administrative services	4,722,052	5,444,430	5,800,846
Human resources	-	-	-
General government	3,248,455	3,856,482	4,019,331
Interest on long-term debt	269,960	63,989	-
Total governmental activities expenses	76,579,294	81,094,857	79,334,192
Business-type activities:			
Golf course and clubhouse	3,877,045	4,154,881	4,677,542
Downtown parking and enhancement	-	-	3,334,000
Total business-type activities expenses	3,877,045	4,154,881	8,011,542
Total primary government expenses	\$ 80,456,339	\$ 85,249,738	\$ 87,345,734
Program Revenues			
Governmental activities:			
Charges for services:			
Public protection	\$ 2,187,329	\$ 2,090,432	\$ 1,786,461
Public works	5,459,706	6,734,474	7,778,943
Community development	3,065,566	3,568,283	4,415,274
Housing	309,918	774,839	2,480,116
Arts and recreation	9,691,973	9,779,208	9,916,602
Administrative services	1,684,036	225,062	1,638,225
Human Resources	-	-	-
General government	439,531	457,007	639,653
Operating grants and contributions	451,036	753,882	983,443
Capital grants and contributions	3,065,960	2,494,451	2,784,264
Total governmental activities program revenues	26,355,055	26,877,638	32,422,981
Business-type activities:			
Charges for services:			
Golf course and clubhouse	3,826,347	4,572,557	5,068,945
Downtown parking and enhancement	-	-	1,903,088
Operating grants and contributions	-	-	-
Capital grants and contributions	-	2,581,447	-
Total business-type activities program revenues	3,826,347	7,154,004	6,972,033

Fiscal Year						
2014	2015	2016	2017	2018	2019	2020
\$ 22,865,154	\$ 21,630,742	\$ 22,441,417	\$ 21,316,774	\$ 26,171,934	\$ 24,927,384	\$ 27,717,140
27,415,778	28,340,373	29,925,086	34,531,939	46,096,120	35,589,958	37,749,942
6,258,882	6,902,178	6,856,542	7,217,740	3,347,637	7,027,553	8,393,237
2,182,676	3,700,789	1,179,672	11,711,124	10,377,835	13,549,461	8,273,382
14,189,508	15,578,912	16,469,521	16,073,448	16,804,350	17,289,250	16,464,057
5,963,099	4,278,695	4,411,632	4,911,818	4,855,640	4,961,877	4,020,852
-	1,270,976	1,262,404	1,176,187	1,315,617	1,420,816	1,482,318
4,670,132	4,794,183	6,822,044	6,891,946	5,373,203	7,829,911	4,832,814
-	-	-	-	-	-	-
83,545,229	86,496,848	89,368,318	103,830,976	114,342,336	112,596,210	108,933,742
5,153,397	4,635,799	4,789,275	5,462,725	5,795,865	5,781,423	4,690,797
3,831,213	5,348,651	5,348,604	6,011,653	6,279,067	7,038,566	7,116,174
8,984,610	9,984,450	10,137,879	11,474,378	12,074,932	12,819,989	11,806,971
\$ 92,529,839	\$ 96,481,298	\$ 99,506,197	\$ 115,305,354	\$ 126,417,268	\$ 125,416,199	\$ 120,740,713
\$ 1,687,956	\$ 1,762,226	\$ 1,691,233	\$ 1,758,551	\$ 1,684,175	\$ 379,374	\$ 330,517
10,232,560	10,645,252	13,857,642	12,207,198	12,852,773	11,697,115	12,024,296
6,231,086	8,458,675	8,171,066	7,987,183	9,178,985	8,778,703	6,711,613
5,888,234	8,696,509	4,566,510	4,867,458	7,385,208	1,686,254	3,960,348
10,186,245	10,227,308	10,915,097	11,242,136	11,344,760	11,034,298	7,061,948
2,014,361	1,957,975	2,212,132	1,242,212	941,081	1,230,703	126,897
-	1,219	-	-	-	-	-
555,935	854,610	670,542	649,612	581,621	499,772	709,260
949,963	1,655,170	446,217	327,047	606,914	935,409	1,663,447
1,844,060	4,655,147	4,976,969	4,600,491	4,063,519	5,580,260	2,074,934
39,590,400	48,914,091	47,507,408	44,881,888	48,639,036	41,821,888	34,663,260
4,746,005	5,195,484	5,026,687	5,483,257	5,882,841	5,543,017	4,513,734
2,633,140	4,499,655	4,184,022	4,421,068	4,631,572	6,992,513	4,355,323
-	-	-	-	-	-	-
-	-	-	-	-	-	-
7,379,145	9,695,139	9,210,709	9,904,325	10,514,413	12,535,530	8,869,057



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

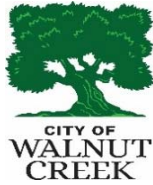
	Fiscal Year		
	2011	2012	2013
Net revenues (expenses)			
Governmental activities:	\$ (54,217,219)	\$ (54,217,219)	\$ (43,954,829)
Business-type activities:	2,999,123	2,999,123	(1,605,465)
Total primary government net expense	<u>\$ (51,218,096)</u>	<u>\$ (51,218,096)</u>	<u>\$ (45,560,294)</u>
General revenues and other changes in net position			
Governmental activities:			
Taxes:			
Sales and use	\$ 17,664,314	\$ 19,882,259	\$ 21,385,051
Property	18,894,891	16,391,482	15,704,242
Franchise	3,199,514	3,258,474	3,248,171
Other taxes	7,444,697	7,419,738	7,575,411
Intergovernmental	-	-	-
Investment income, unrestricted	547,489	531,511	5,410
Capital Contribution	-	-	-
Other general revenues	666,063	926,610	854,159
Transfers of capital assets (Note 6)	-	-	-
Loss from Disposal of Assets	-	-	-
Transfers	356,250	21,119	(512,218)
Special item: transfer of capital asset to Successor Agency	-	-	-
Total governmental activities	<u>48,773,218</u>	<u>48,431,193</u>	<u>48,260,226</u>
Extraordinary Loss	-	(1,457,056)	-
Business-type activities:			
Investment income	164,636	169,091	199,211
Other Revenue	13,054	15,027	709,811
Transfers of capital assets (Note 6)	-	-	-
Transfers	(356,250)	(21,119)	579,042
Total business-type activities	<u>(178,560)</u>	<u>162,999</u>	<u>1,488,064</u>
Total primary government changes in net position			
Governmental activities:	(5,444,001)	(7,243,082)	4,305,397
Business-type activities:	2,820,563	3,162,122	(117,401)
Total primary government	<u>\$ (2,623,438)</u>	<u>\$ (4,080,960)</u>	<u>\$ 4,187,996</u>

Source: City Finance Division

Fiscal Year						
2014	2015	2016	2017	2018	2019	2020
\$ (43,954,829)	\$ (37,582,757)	\$ (41,860,910)	\$ (58,949,088)	\$ (65,703,300)	\$ (70,774,322)	\$ (74,270,482)
(1,605,465)	(289,311)	(927,170)	(1,570,053)	(1,560,519)	(284,459)	(2,937,914)
<u>\$ (45,560,294)</u>	<u>\$ (37,872,068)</u>	<u>\$ (42,788,080)</u>	<u>\$ (60,519,141)</u>	<u>\$ (67,263,819)</u>	<u>\$ (71,058,781)</u>	<u>\$ (77,208,396)</u>
\$ 22,417,088	\$ 23,743,363	\$ 26,152,376	\$ 25,270,058	\$ 26,208,303	\$ 27,298,995	\$ 26,707,698
17,322,166	18,843,569	20,346,916	21,991,189	23,434,733	25,060,727	26,397,068
3,344,495	3,425,481	3,580,225	3,648,456	3,689,451	3,560,437	3,635,125
8,232,453	8,203,061	8,746,883	8,404,150	8,826,989	9,355,198	8,571,587
-	-	-	-	-	-	592,957
590,334	586,567	1,259,222	478,350	1,061,278	3,387,950	4,173,838
-	-	-	-	-	-	-
939,469	3,163,251	2,125,448	784,726	718,455	777,160	767,599
(1,235,208)	-	-	-	-	-	-
-	-	-	-	(10,939)	-	-
530,361	(375,592)	(6,241)	413,184	1,023,088	187,676	(130,481)
-	-	-	-	-	(2,807,305)	-
<u>52,141,158</u>	<u>57,589,700</u>	<u>62,204,829</u>	<u>60,990,113</u>	<u>64,951,358</u>	<u>66,820,838</u>	<u>70,715,391</u>
-	-	-	-	-	-	-
929,627	260,403	194,148	296,038	389,031	503,750	515,207
1,233,194	2,119,183	1,568,449	1,661,161	1,626,948	1,663,386	2,636,804
1,235,208	-	-	-	-	-	-
(477,893)	375,592	6,241	(413,184)	(1,023,088)	(187,676)	130,481
<u>2,920,136</u>	<u>2,755,178</u>	<u>1,768,838</u>	<u>1,544,015</u>	<u>992,891</u>	<u>1,979,460</u>	<u>3,282,492</u>
8,186,329	20,006,943	20,343,919	2,041,025	(751,942)	(3,953,484)	(3,555,091)
1,314,671	2,465,867	841,668	(26,038)	(567,628)	1,695,001	344,578
<u>\$ 9,501,000</u>	<u>\$ 22,472,810</u>	<u>\$ 21,185,587</u>	<u>\$ 2,014,987</u>	<u>\$ (1,319,570)</u>	<u>\$ (2,258,483)</u>	<u>\$ (3,210,513)</u>

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City of Walnut Creek
Fund Balances of Governmental Funds
FY2010 - FY2011
(modified accrual basis of accounting)

	Fiscal Year	
	2010	2011
General Fund:		
Reserved	\$ 12,417,944	\$ 12,529,685
Unreserved		
Designated for:		
Economic Uncertainty	6,059,014	6,059,014
Recreation Scholarships	20,629	20,629
Claims Liability	3,337,945	3,337,945
Council Discretion	302,950	188,179
City Manager Discretion	75,000	-
Unrealized Investment Gain	145,952	132,364
Property Expansion	-	-
Future Programs	-	-
Capital improvements	-	-
Labor Agreements	-	-
Future Budgets	5,206,373	3,562,278
Compensated Absences	356,758	251,684
Undesignated	-	-
Total general fund	27,922,565	26,081,778
All Other Governmental Funds:		
Reserved	11,536,437	11,536,437
Unreserved, reported in:		
Special revenue funds	12,656,349	12,656,349
Capital projects funds	22,392,710	22,392,710
Undesignated		
Total all other governmental funds	\$ 46,585,496	\$ 46,585,496
Total all governmental funds	\$ 74,508,061	\$ 72,667,274

The City implemented GASB 54 for the fiscal year ended June 30, 2011. See the table on the the previous two pages for information on last eight fiscal years.

Source: City Finance Division



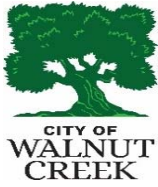
City of Walnut Creek
Fund Balances of Governmental Funds
Last Eight Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2013	2014	2015	2016	2017
General Fund:					
<u>Nonspendable</u>					
Advance to Other Funds	7,016,000	6,593,229	5,616,585	4,974,544	3,974,263
Inventory	40,833	29,016	38,497	52,932	48,424
Interfund Loan	-	442,756	402,355	361,139	319,091
Prepaid Expense	150,294	179,512	174,899	47,601	53,734
Subtotal Nonspendable	<u>7,207,127</u>	<u>7,244,513</u>	<u>6,232,336</u>	<u>5,436,216</u>	<u>4,395,512</u>
<u>Restricted</u>					
Capital Projects				4,181,500	-
Pension Trust					-
Subtotal Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,181,500</u>	<u>-</u>
<u>Committed</u>					
Catastrophic Emergency	6,683,733	6,935,687	7,672,469	7,801,074	8,481,416
Compensated Absences	143,208	188,245	192,274	180,538	290,002
Dental Claims	236,669	212,999	229,469	252,505	230,000
Fiscal Emergency	3,677,606	3,683,371	4,108,515	4,366,023	4,648,365
Legal Claims	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
PERS Liability	168,923	168,923	168,923	168,923	13,969,204
Radio communications	-	-	-	-	-
Workers Compensation	-	697,315	1,673,959	2,000,000	2,000,000
Subtotal Committed	<u>13,910,139</u>	<u>14,886,540</u>	<u>17,045,609</u>	<u>17,769,063</u>	<u>32,618,987</u>
<u>Assigned</u>					
ARCS Scholarships	48,730	46,923	54,070	33,065	79,351
Capital Projects - General Fund portion	4,166,531	3,837,124	5,144,649	5,144,649	12,665,299
Contractual Commitments	1,377,379	1,448,689	1,777,188	994,483	1,387,546
Parking Garage	-	-	-	-	-
Library	-	460,000	-	-	-
Facilities	-	-	-	-	-
Subtotal Assigned	<u>5,592,640</u>	<u>5,792,736</u>	<u>6,975,907</u>	<u>6,172,197</u>	<u>14,132,196</u>
<u>Unassigned</u>					
FY10-12 Budget Shortfall	3,562,278	-	-	-	-
FY14-16 1X Funds	-	-	1,158,059	487,259	358,459
FY18-20 1X Funds					
Carryovers					322,666
City Manager Contingency	71,824	41,024	72,000	72,000	72,000
Council Contingency	123,943	72,428	100,000	100,000	60,000
Unrealized Gain	(193,124)	21,419	38,391	429,570	-
Unassigned Fund Balance	4,563,681	7,677,776	12,714,348	16,851,566	2,780,505
Subtotal Unassigned	<u>8,128,602</u>	<u>7,812,647</u>	<u>14,082,798</u>	<u>17,940,395</u>	<u>3,593,630</u>
Total general fund	<u>34,838,508</u>	<u>35,736,436</u>	<u>44,336,650</u>	<u>51,499,371</u>	<u>54,740,325</u>
All Other Governmental Funds:					
Nonspendable	2,684,982	1,900,000	-	1,000,000	1,000,000
Restricted	28,242,582	37,597,846	40,985,154	41,224,053	42,539,747
Assigned	818,437	1,180,342	-	8,572,621	11,794,146
Unassigned	(200,392)	-	(54,853)	-	(8,912,282)
Total all other governmental funds	<u>31,545,609</u>	<u>40,678,188</u>	<u>40,930,301</u>	<u>50,796,674</u>	<u>46,421,611</u>
Total all governmental funds	<u>\$ 66,384,117</u>	<u>\$ 76,414,624</u>	<u>\$ 85,266,951</u>	<u>\$ 102,296,045</u>	<u>\$ 101,161,936</u>

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

Source: City Finance Division

Fiscal Year		
2018	2019	2020
2,199,455	274,544	274,544
43,537	41,909	44,277
276,194	232,431	187,785
20,820	347,454	66,182
<u>2,540,006</u>	<u>896,338</u>	<u>572,788</u>
-	-	-
-	17,618,718	21,776,318
<u>-</u>	<u>17,618,718</u>	<u>21,776,318</u>
8,530,459	9,035,876	9,035,876
346,103	267,658	344,282
229,000	221,000	226,775
4,776,790	4,929,010	4,929,010
3,000,000	3,000,000	3,000,000
16,962,410	4,956,816	1,956,816
-	-	-
2,000,000	2,000,000	-
<u>35,844,762</u>	<u>24,410,360</u>	<u>19,492,759</u>
45,185	35,985	37,010
15,517,750	16,238,411	12,784,718
1,217,131	2,022,962	464,713
462,121	462,121	231,121
-	-	-
-	-	2,397,610
<u>17,242,187</u>	<u>18,759,479</u>	<u>15,915,172</u>
-	-	-
-	-	-
-	1,019,813	195,472
567,620	553,792	1,851,346
72,000	72,000	72,000
100,000	100,000	100,000
-	1,151,105	1,037,205
5,659,327	3,897,610	2,557,520
<u>6,398,947</u>	<u>6,794,320</u>	<u>5,813,543</u>
<u>62,025,902</u>	<u>68,479,215</u>	<u>63,570,580</u>
1,000,000	1,000,000	1,000,000
37,563,844	37,941,256	50,460,849
2,151,907	2,111,375	2,111,375
(2,008,685)	(614,620)	(837,866)
<u>38,707,066</u>	<u>40,438,011</u>	<u>52,734,358</u>
<u>\$ 100,732,968</u>	<u>\$ 108,917,226</u>	<u>\$ 116,304,938</u>



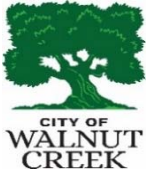
City of Walnut Creek
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year		
	2011	2012	2013
Revenues			
Taxes:			
Sales and Use	\$ 17,664,314	\$ 19,882,259	\$ 21,385,051
Property	18,894,891	16,391,482	15,704,242
Business License	1,911,581	1,972,208	2,073,305
Franchise	3,199,514	3,258,474	3,248,171
Transient Occupancy Tax	1,345,355	1,491,533	1,658,706
Other	2,152,301	2,062,470	2,303,338
Intergovernmental	4,922,550	4,496,141	5,069,160
Use of money and property	2,496,540	2,392,372	842,793
Charges for Services	13,118,478	13,630,654	16,234,458
Licenses, permits and fees	2,555,481	2,490,058	1,680,603
Fines, forfeitures and penalties	4,981,431	4,866,047	8,389,242
Other revenues	1,354,339	1,974,534	1,918,938
Total revenues	74,596,775	74,908,232	80,508,007
Expenditures			
Current:			
Public protection	21,551,269	22,120,786	21,827,962
Public works	19,974,925	19,928,800	19,543,563
Community development	4,076,311	4,576,808	5,424,347
Housing	1,019,485	950,744	1,911,341
Cultural services	13,615,812	16,137,501	13,938,446
Administrative services	4,710,796	5,418,795	5,786,198
Human Resources	-	-	-
General government	3,357,033	3,229,804	3,816,661
Capital outlay:			
General public ways and facilities and equipment	2,313,211	2,995,797	3,947,460
Debt service:			
Principal	2,439,592	691,841	31,428
Interest and issuance costs	325,173	141,513	-
Total expenditures	73,383,607	76,192,389	76,227,406
Excess (deficiency) of revenues over (under) expenditures	1,213,168	(1,284,157)	4,280,601
Other financing sources (uses):			
Capital Lease	-	-	-
Proceeds from sale of assets	-	-	-
Transfers in	12,506,513	6,895,908	18,252,298
Transfers out	(13,147,563)	(9,076,689)	(19,888,502)
Total other financing sources (uses)	(641,050)	(2,180,781)	(1,636,204)
Extraordinary item	-	(5,331,766)	-
Net change in fund balances	\$ 572,118	\$ (8,796,704)	\$ 2,644,397
Debt Service - % noncapital expenditures	4.0%	1.2%	0.0%

Source: City Finance Division

		Fiscal Year											
		2014	2015	2016	2017	2018	2019	2020					
\$	22,417,088	\$	23,743,363	\$	26,152,376	\$	25,270,058	\$	26,208,303	\$	27,298,995	\$	26,707,698
	17,322,166		18,843,569		20,346,917		21,991,189		23,434,733		25,060,727		26,397,068
	2,194,783		2,223,848		2,395,129		2,429,669		2,542,508		2,570,125		2,534,116
	3,344,495		3,425,481		3,580,225		3,648,456		3,689,451		3,560,437		3,635,125
	1,768,079		1,941,665		2,077,190		2,093,907		2,144,716		2,224,694		1,497,342
	2,187,727		2,328,185		2,645,060		2,723,855		2,632,160		3,103,878		2,932,880
	4,674,747		7,846,825		6,874,718		5,057,228		4,739,543		7,321,321		6,405,989
	1,461,938		1,429,347		2,028,911		1,272,525		1,730,638		4,094,401		4,962,912
	20,917,433		23,635,676		26,250,613		22,701,677		24,641,074		21,162,192		23,478,474
	1,986,301		2,251,823		3,262,566		3,118,723		4,217,422		3,155,415		4,530,088
	9,002,040		10,828,777		11,064,958		10,323,924		10,337,838		8,176,457		578,051
	3,494,579		1,529,490		2,162,129		751,724		995,013		1,118,079		3,246,589
	<u>90,771,376</u>		<u>100,028,049</u>		<u>108,840,792</u>		<u>101,382,935</u>		<u>107,313,399</u>		<u>108,846,721</u>		<u>106,906,332</u>
	23,367,172		23,633,883		24,751,145		25,658,971		27,216,643		27,355,463		27,105,274
	20,433,205		21,582,015		22,709,742		27,192,382		38,951,077		29,032,633		28,648,686
	6,352,470		7,280,867		7,149,040		7,917,374		7,704,505		8,208,483		8,631,888
	2,182,676		3,700,789		1,179,672		5,598,818		3,429,320		3,162,126		659,092
	14,187,383		15,563,479		16,460,868		16,064,510		16,798,158		17,309,067		16,343,444
	5,946,055		4,259,920		4,388,092		4,901,030		4,858,937		4,977,704		3,993,833
	-		1,270,976		1,262,404		1,176,187		1,315,617		1,420,816		1,482,318
	4,001,723		5,455,276		5,139,534		5,983,342		6,569,151		6,765,729		7,367,619
	3,590,852		8,618,460		8,965,335		9,057,746		960,886		2,346,886		1,710,808
	38,245		39,498		53,793		61,199		90,790		108,597		155,936
	-		-		-		-		-		-		-
	<u>80,099,781</u>		<u>91,405,163</u>		<u>92,059,625</u>		<u>103,611,559</u>		<u>107,895,084</u>		<u>100,687,504</u>		<u>96,098,898</u>
	<u>10,671,595</u>		<u>8,622,886</u>		<u>16,781,167</u>		<u>(2,228,624)</u>		<u>(581,685)</u>		<u>8,159,217</u>		<u>10,807,434</u>
	-		49,404		-		-		-		-		-
	-		2,467,400		-		-		-		-		-
	11,593,429		7,688,307		10,519,575		12,045,711		23,103,535		7,709,367		9,869,361
	<u>(12,234,517)</u>		<u>(9,975,670)</u>		<u>(10,767,297)</u>		<u>(11,981,371)</u>		<u>(21,920,643)</u>		<u>(7,684,326)</u>		<u>(13,289,083)</u>
	<u>(641,088)</u>		<u>229,441</u>		<u>(247,722)</u>		<u>64,340</u>		<u>1,182,892</u>		<u>25,041</u>		<u>(3,419,722)</u>
	-		-		-		-		-		-		-
\$	<u>10,030,507</u>	\$	<u>8,852,327</u>	\$	<u>16,533,445</u>	\$	<u>(2,164,284)</u>	\$	<u>601,207</u>	\$	<u>8,184,258</u>	\$	<u>7,387,712</u>
	0.1%		0.0%		0.1%		0.1%		0.1%		0.1%		0.2%

(Concluded)



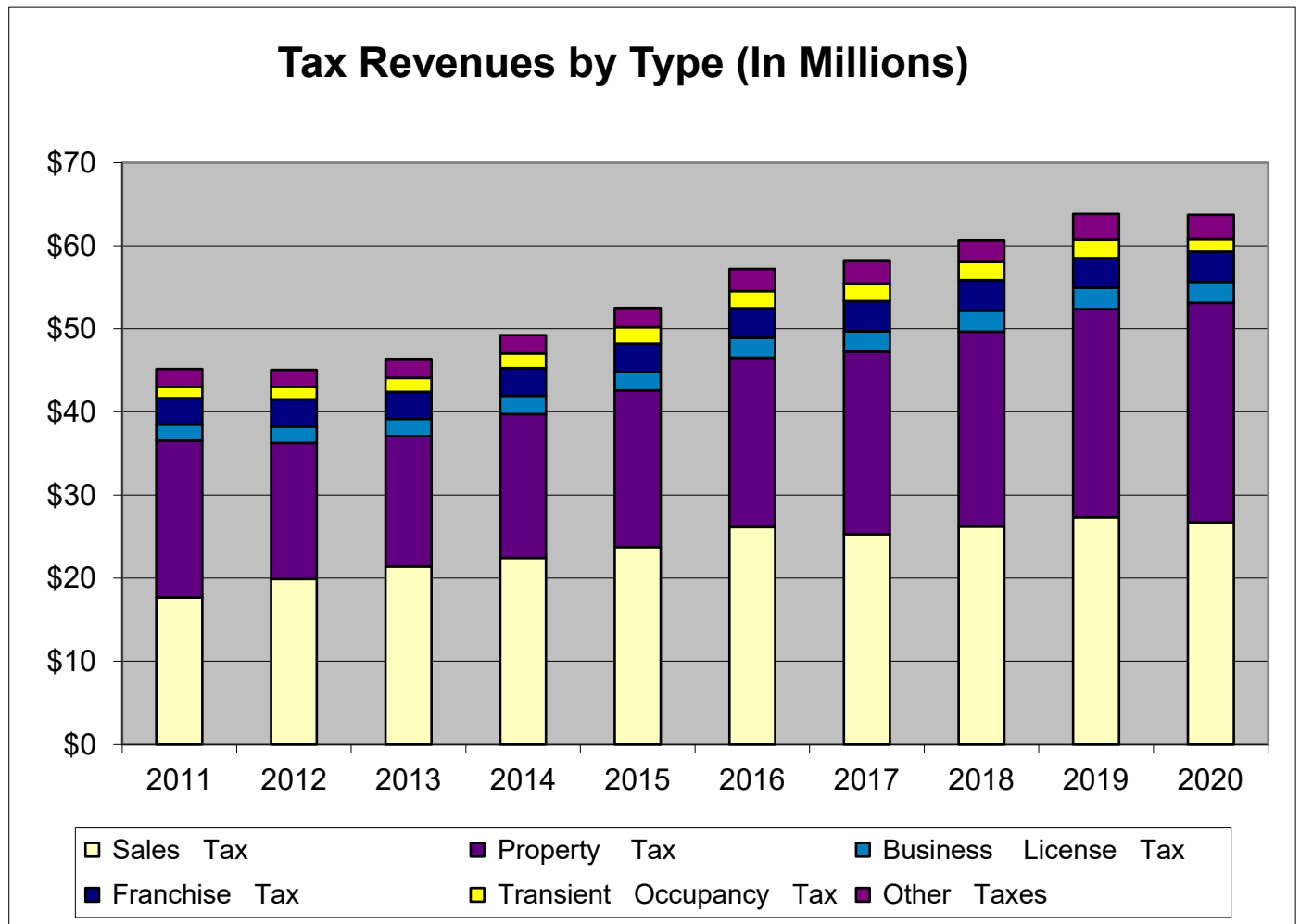
City of Walnut Creek

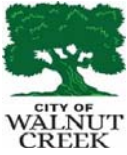
Governmental Tax Revenues by Source

Last Ten Fiscal Years

Fiscal Years	Sales Tax	Property Tax	Business License Tax	Franchise Tax	Transient Occupancy Tax	Other Taxes	Total
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
2018	26,208,303	23,434,733	2,542,508	3,689,451	2,144,716	2,632,160	60,651,871
2019	27,298,995	25,060,727	2,570,125	3,560,437	2,224,694	3,103,878	63,818,856
2020	26,707,698	26,397,068	2,534,116	3,635,125	1,497,342	2,932,880	63,704,229

Source: City Finance Division





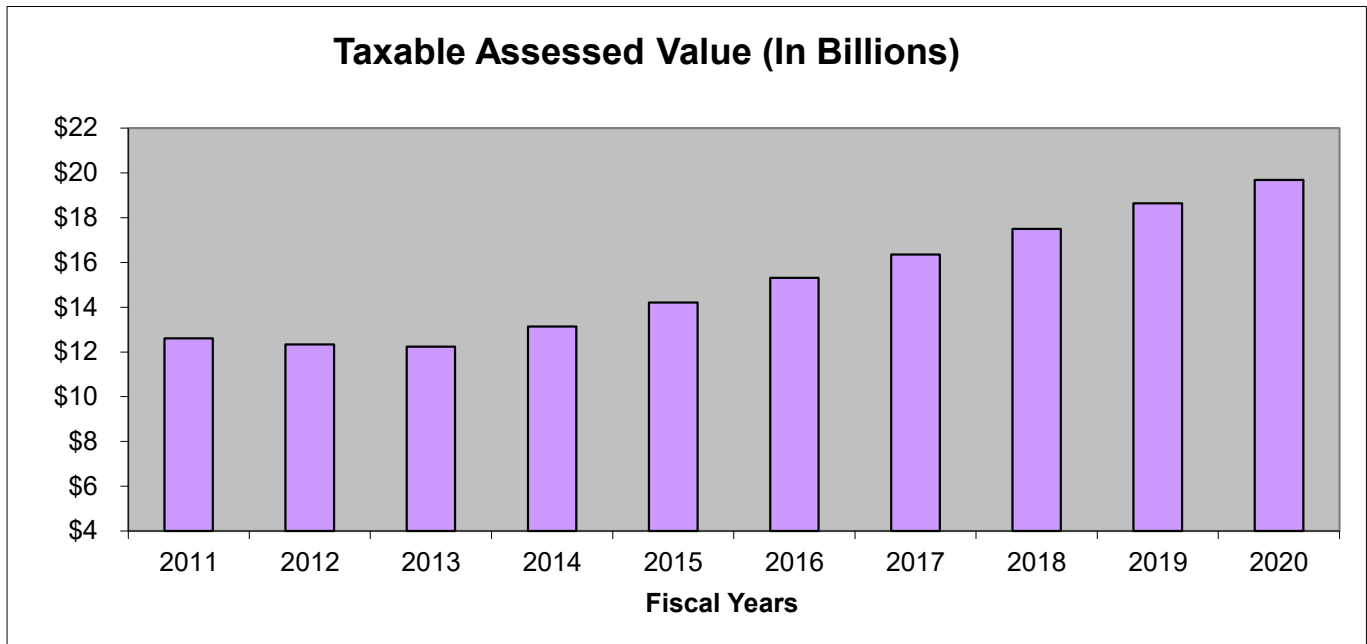
City of Walnut Creek
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

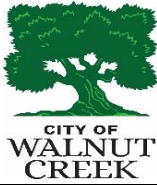
Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Unsecured/ Other Property	Less: Exemptions	Taxable Assessed Value	City Wide Avg Total Direct Tax Rate
2011	\$ 9,245,487,993	\$ 2,639,603,044	\$ 107,266,982	\$ 890,902,216	\$ (279,414,343)	\$ 12,603,845,892	11.838%
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	12,593,315,933	2,845,511,547	80,278,713	2,353,786,809	(1,518,369,093)	16,354,523,909	9.407%
2018	13,365,983,414	3,157,058,280	79,628,758	2,459,669,988	(1,566,243,520)	17,496,096,920	9.407%
2019	14,300,815,715	3,286,906,230	79,005,226	2,570,804,068	(1,594,512,410)	18,643,018,829	9.407%
2020	15,176,315,265	3,427,956,132	94,549,317	2,720,921,104	(1,729,086,423)	19,690,655,395	9.407%

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: MuniServices, LLC, Contra Costa County Assessor Tax Rolls

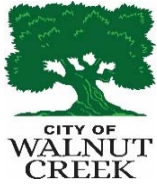




City of Walnut Creek
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years (Rate per \$100 of assessed value)

	Fiscal Year			
	2011	2012	2013	2014
City Direct Rate:	0.09705	0.09705	0.09705	0.09705
Walnut Creek General Fund	0.09410	0.09410	0.09410	0.09410
Walnut Creek R-8	0.00295	0.00295	0.00295	0.00295
Direct and Overlapping Rates:				
Basic Levy	1.0000	1.0000	1.0000	1.0000
Acalanes Union	0.0311	0.0333	0.0333	0.0361
Bay Area Rapid Transit Bond	0.0031	0.0041	0.0043	0.0075
Contra Costa Community College	0.0133	0.0144	0.0087	0.0133
Contra Costa Water Land Levy	0.0049	0.0051	0.0045	0.0042
East Bay Regional Park Bond	0.0084	0.0071	0.0051	0.0078
Lafayette Elementary Bond 1995	0.0326	0.0279	0.0284	0.0267
Mt. Diablo 2002 Bond	0.0600	0.0612	0.0871	0.0740
Pleasant Hill Recreation & Park	0.0212	0.0255	0.0269	0.0281
San Ramon Unified	0.0641	0.0664	0.0705	0.0696
Walnut Creek Elementary	0.0231	0.0240	0.0241	0.0224
Total Direct and Overlapping Rates	1.2618	1.2690	1.2929	1.2897

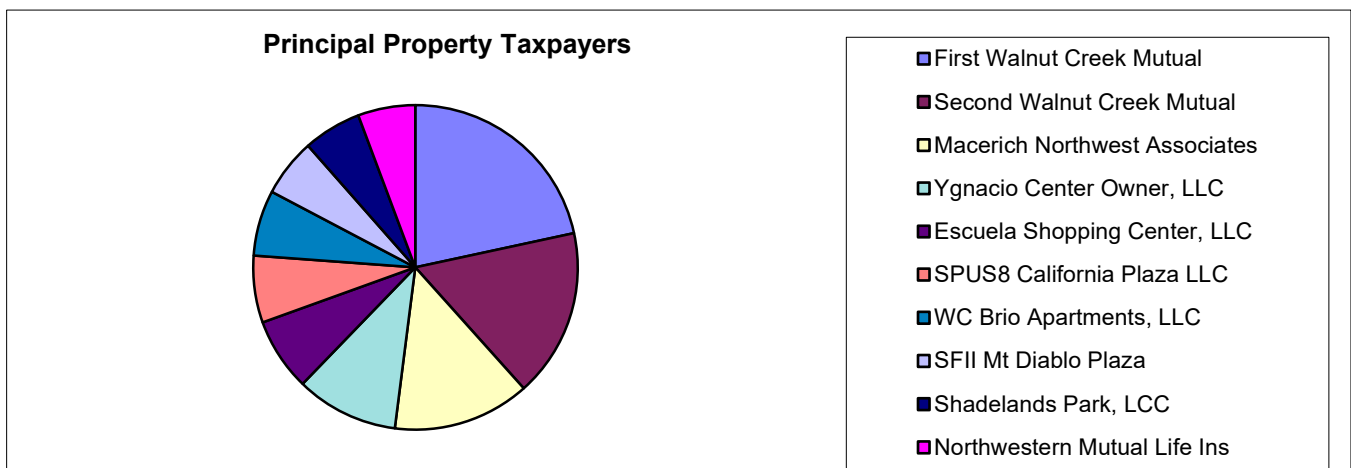
Fiscal Year					
2015	2016	2017	2018	2019	2020
0.09705	0.09707	0.09707	0.09707	0.09707	0.09707
0.09410	0.09410	0.09410	0.09410	0.09410	0.09410
0.00295	0.00297	0.00297	0.00297	0.00297	0.00297
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.0350	0.0332	0.0323	0.0325	0.0323	0.0326
0.0045	0.0026	0.0080	0.0084	0.0070	0.0120
0.0252	0.0220	0.0120	0.0114	0.0110	0.0188
0.0037	0.0035	0.0032	0.0030	0.0028	0.0026
0.0085	0.0067	0.0032	0.0021	0.0021	0.0094
0.0241	0.0209	0.0194	0.0193	0.0187	0.0401
0.0853	0.0812	0.0764	0.0790	0.0925	0.0908
0.0258	0.0238	0.0230	0.0218	0.0195	0.0183
0.0651	0.0624	0.0652	0.0552	0.0750	0.0750
0.0212	0.0182	0.0344	0.0319	0.0303	0.0262
1.2984	1.2745	1.2771	1.2646	1.2912	1.3258



City of Walnut Creek Principal Property Tax Payers Current and Nine Years Ago

Taxpayer	2020		2011	
	Taxable Assessed Value	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Percent of Total Taxable Assessed Value
First Walnut Creek Mutual	\$ 445,282,580	2.31%	\$ 223,952,298	1.80%
Second Walnut Creek Mutual	344,718,846	1.75%	169,314,136	1.36%
Macerich Northwest Associates	281,165,386	1.43%	103,519,173	0.83%
Ygnacio Center Owner, LLC	210,516,000	1.07%	-	
Escuela Shopping Center, LLC	149,434,731	0.73%	79,364,284	0.64%
SPUS8 California Plaza LLC	137,280,779	0.70%	-	
WC Brio Apartments, LLC	134,456,568	0.68%	-	
SFII Mt Diablo Plaza	119,340,000	0.61%	-	
Shadelands Park, LCC	119,317,931	0.61%		
Northwestern Mutual Life Ins	117,607,358	0.60%	61,021,056	0.49%
Macys West Store, Inc.	105,786,381	0.54%		
Essex Walnut Owner, LP	93,831,585	0.48%		
Walnut Creek Center Owner, LLC	93,655,258	0.48%		
GSWC Office Fee Owner, LLC	89,760,000	0.46%		
Property California SCJLW One Corp.	86,122,300	0.44%	74,523,872	0.60%
Golden Rain Foundation, Tre	85,648,159	0.43%		
1500 N. California Blvd., LLC	81,393,801	0.41%		
Kaiser Foundation Health Plan	71,631,648	0.36%	62,648,242	0.50%
Pk Li Walnut Creek	63,655,563	0.32%	55,010,515	0.44%
Legacy Walnut Creek, LLC	-		143,278,919	1.15%
Rreef America Reit Li Corp	-		98,159,889	0.79%
Ca Plaza @ Walnut Creek, Inc.	-		85,135,439	0.68%
	\$ 2,830,604,874	14.41%	\$ 1,155,927,823	9.28%

Source: MuniServices, LLC, Contra Costa County Assessor Combined Tax Rolls



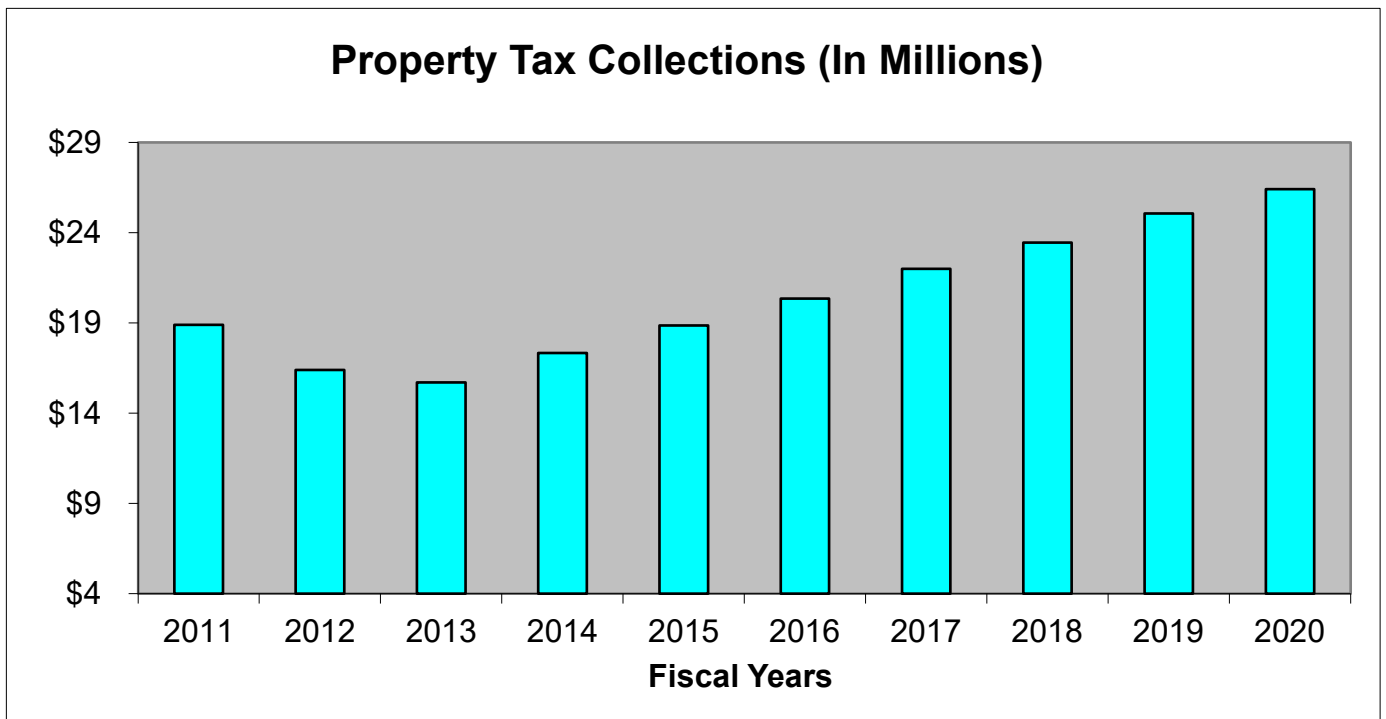


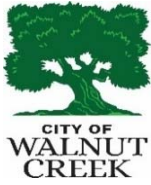
City of Walnut Creek Property Tax Levies and Collections Last Ten Fiscal Years

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
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%
2018	23,434,733	23,434,733	100%	23,434,733	100%
2019	25,060,727	25,060,727	100%	25,060,727	100%
2020	26,397,068	26,397,068	100%	26,397,068	100%

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

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
2019-2020

<u>BUSINESS NAME</u>	<u>BUSINESS CATEGORY</u>
APPLE STORES	ELECTRONICS
CHEVRON SERVICE STATIONS	SERVICE STATIONS
COLE EUROPEAN	AUTO SALES - NEW
DAIMLER TRUST	LEASING
DIABLO SUBARU OF WALNUT CREEK	AUTO SALES - NEW
DIRITO BROTHERS WALNUT CREEK	AUTO SALES - NEW
JP MORGAN CHASE BANK	BUSINESS SERVICES
MACY'S DEPARTMENT STORE	DEPARTMENT STORES
MERCEDES-BENZ OF WALNUT CREEK	AUTO SALES - NEW
MICHEAL STEAD'S CHEVROLET CADILLAC	AUTO SALES - NEW
NIEMAN MARCUS DEPARTMENT STORE	DEPARTMENT STORES
NORDSTROM DEPARTMENT STORE	DEPARTMENT STORES
NORTH STATE ST AUTO SALES	AUTO SALES - USED
PORSCHE WALNUT CREEK	AUTO SALES - NEW
SAFEWAY STORES	SUPERMARKETS
SHELL SERVICE STATIONS	SERVICE STATIONS
TARGET STORES	DEPARTMENT STORES
TESLA	AUTO SALES - NEW
THE SHANE COMPANY	JEWELRY STORES
TOYOTA OF WALNUT CREEK	AUTO SALES - NEW
VALERO SERVICE STATIONS	SERVICE STATIONS
VOLVO CARS WALNUT CREEK	AUTO SALES - NEW
WALNUT CREEK CHRYSLER JEEP DODGE RAM	AUTO SALES - NEW
WALNUT CREEK FORD	AUTO SALES - NEW
WALNUT CREEK HONDA	AUTO SALES - NEW
WHOLE FOODS MARKET	SUPERMARKETS

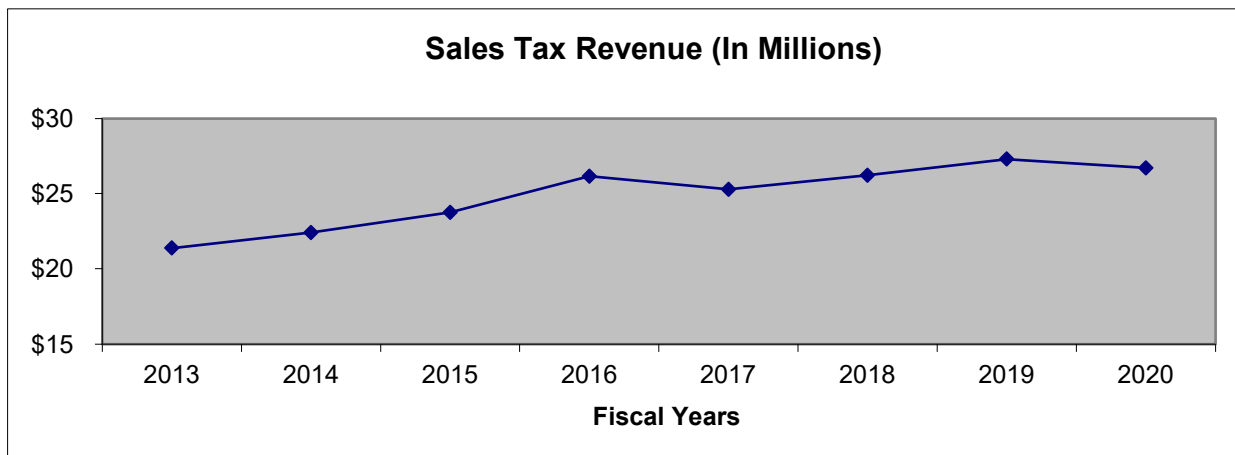
Percent of Total City Sales Tax Paid By Top 25 Accounts = 46.45%

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

Firms Listed Alphabetically

Period: July 2019 thru June 2020

Source: MuniServices, LLC, State Board of Equalization





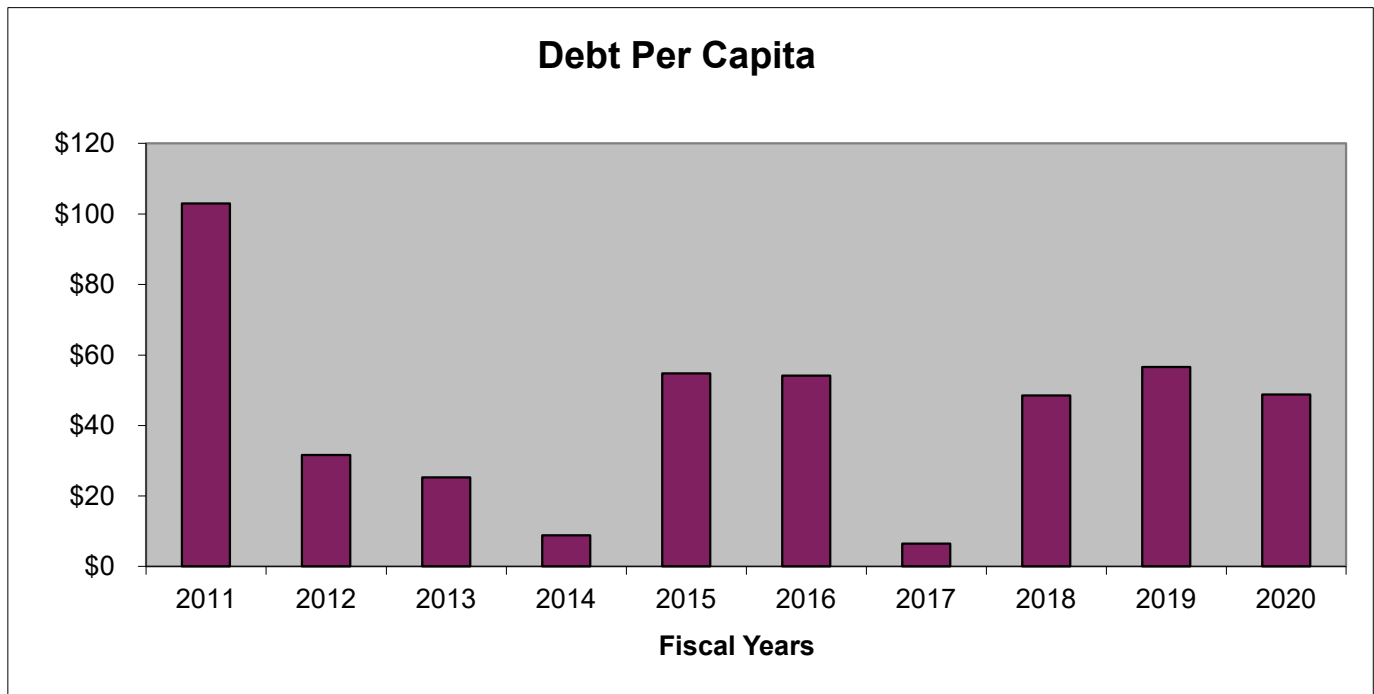
City of Walnut Creek
Ratios of Debt Outstanding
Last Ten Fiscal Years

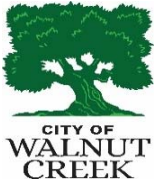
Fiscal Year Ended June 30th	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Tax Allocation Bonds	Direct Financing Lease Obligations	Loans	Lease Revenue Bonds	Direct Financing Lease Obligations			
2011	\$ 4,372,973	\$ 1,149,704		\$ 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	-	-	463,227	0.93%	6.53
2018	-	114,224	211,507	-	3,103,634	3,429,365	6.66%	48.53
2019	-	61,506	914,643	-	2,992,290	3,968,439	7.19%	56.59
2020	-	7,427	763,935	-	2,685,504	3,456,866	5.82%	48.78

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 Division





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
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%	-
2018	-	-	-	0.00%	-
2019	-	-	-	0.00%	-
2020	-	-	-	0.00%	-

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

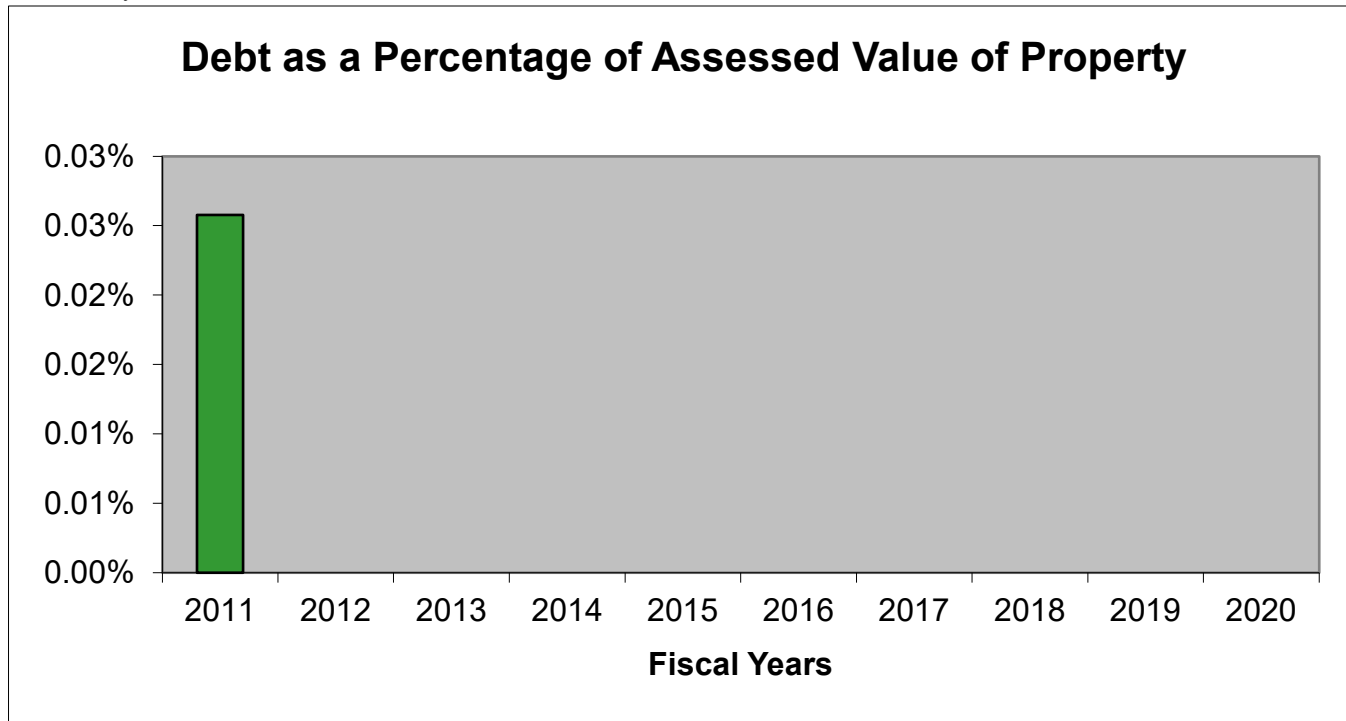
The tax allocation bond outstanding debt was transferred to the Successor Agency upon the dissolution of the Redevelopment Agency in January 2012 (See Note 15).

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 Division





City of Walnut Creek
Direct and Overlapping Debt
June 30, 2020

City's 2019-2020 Assessed Valuation	\$ 19,690,655,395
Redevelopment Incremental Assessed Valuation	\$ 570,661,809

	Percentage Applicable to City of Walnut Creek ¹	Outstanding Debt 6/30/20	Estimated Share of Overlapping Debt
<u>Direct and Overlapping Tax and Assessment Debt:</u>			
Bay Area Rapid Transit District	2.461%	\$ 1,282,740,000	\$ 31,568,231
Mount Diablo Unified School District	17.359%	429,855,218	74,618,567
San Ramon Valley Unified School District	0.6580%	426,630,000	2,807,225
Contra Costa Community College District	9.205%	513,955,000	47,309,558
Acalanes Unified School District	31.1530%	170,374,470	53,076,759
East Bay Regional Park District	3.9240%	155,835,000	6,114,965
Walnut Creek Joint Unified School District	72.912%	51,070,048	37,236,193
Lafayette Unified School District	1.8300%	71,605,000	1,310,372
Pleasant Hill Recreation and Park District	0.1590%	23,470,000	37,317
Mount Diablo Unified School District Community Facilities District No. 1	17.359%	8,050,000	1,397,400
Mount Diablo Unified School District Certificates of Participation	17.359%	18,435,000	3,200,132
Total overlapping tax and assessment debt			\$ 258,676,719

Direct and Overlapping Lease Obligation Debt:

Contra Costa County General Fund Obligations	9.174%	\$ 232,484,653	\$ 21,328,142
Contra Costa County Pension Obligations	9.174%	85,690,000	7,861,201
Contra Costa County Fire Protection District Pension Obligations	19.947%	40,915,000	8,161,315
San Ramon Valley Unified School District General Fund Obligations	0.658%	22,869,938	150,484
City of Walnut Creek Obligations	100.000%	2,396,605	2,396,605
Pleasant Hill Recreation and Park District Certificates of Participation	0.159%	1,443,000	2,294
Total Gross Direct and Overlapping General Fund Debt			\$ 39,900,041
Less: Contra Costa County revenue supported obligations			8,504,928
Total Net Direct and Overlapping General Fund Debt			31,395,113

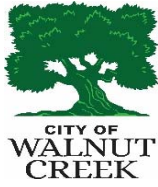
<u>Overlapping Tax Increment Debt (Successor Agency):</u>	100.000%	445,000	445,000
TOTAL DIRECT DEBT			\$ 771,362
TOTAL GROSS OVERLAPPING DEBT			\$ 298,250,399
TOTAL NET OVERLAPPING DEBT			\$ 289,745,471
GROSS COMBINED TOTAL DEBT			\$ 299,021,761
NET COMBINED TOTAL DEBT			\$ 290,516,832.51

¹The 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 2018-2019 Assessed Valuation Ratios:	<u>Gross Debt</u>	<u>Net Debt</u>
Total Overlapping Tax and Assessment Debt	1.31%	1.31%
Total Direct Debt	0.004%	0.004%
Total Combined Debt	1.52%	1.48%
Debt to Redevelopment Incremental Valuation (\$570,661,809):		
Total Overlapping Tax Increment Debt	0.12%	

Source: California Municipal Statistics Inc.



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

	Fiscal Year			
	2011	2012	2013	2014
Assessed valuation	\$ 12,603,846	\$ 12,332,738	\$ 12,239,935	\$ 13,143,681
Add back exempted real property	279,414	294,266	294,699	308,595
Total assessed valuation	\$ 12,883,260	\$ 12,627,004	\$ 12,534,634	\$ 13,452,276
Debt limit percentage	15%	15%	15%	15%
Debt limit	\$ 1,932,489	\$ 1,894,051	\$ 1,880,195	\$ 2,017,841
Total net debt applicable to limit:				
Lease Revenue Bonds	930	815	695	-
Legal debt margin	\$ 1,931,559	\$ 1,893,236	\$ 1,879,500	\$ 2,017,841
Total debt applicable to the limit				
as a percentage of debt limit	0.0%	0.0%	0.0%	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 Division

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 14,204,356	\$ 15,304,825	\$ 16,354,524	\$ 17,496,097	\$ 18,643,019	\$ 19,690,655
311,417	317,491	1,518,369	1,566,244	1,594,512	1,729,086
<u>\$ 14,515,774</u>	<u>\$ 15,622,316</u>	<u>\$ 17,872,893</u>	<u>\$ 19,062,340</u>	<u>\$ 20,237,531</u>	<u>\$ 21,419,742</u>
15%	15%	15%	15%	15%	15%
\$ 2,177,366.07	\$ 2,343,347.39	\$ 2,680,933.95	\$ 2,859,351.07	\$ 3,035,629.69	\$ 3,212,961.27
-	-	-	-	-	-
<u>\$ 2,177,366</u>	<u>\$ 2,343,347</u>	<u>\$ 2,680,934</u>	<u>\$ 2,859,351</u>	<u>\$ 3,035,630</u>	<u>\$ 3,212,961</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	
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%
2018	6,188,399	5,795,865	392,534	155,282	70,673	174%
2019	5,949,849	5,628,654	321,195	263,512	66,443	97%
2020	4,908,715	4,690,797	217,918	269,662	60,293	66%

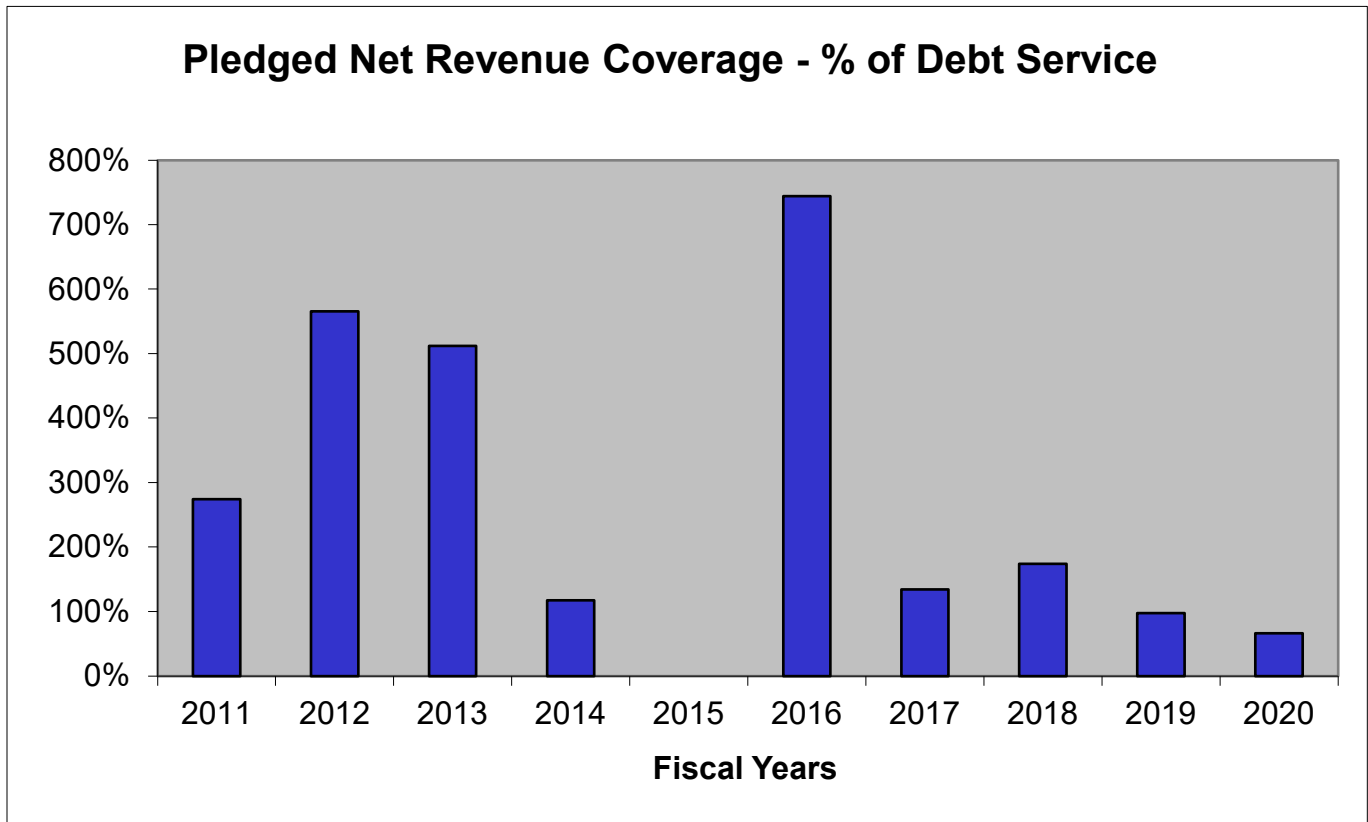
Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

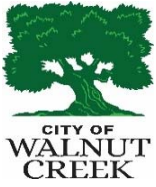
See the Economic and Demographics Statistical Schedule for population data.

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 Division

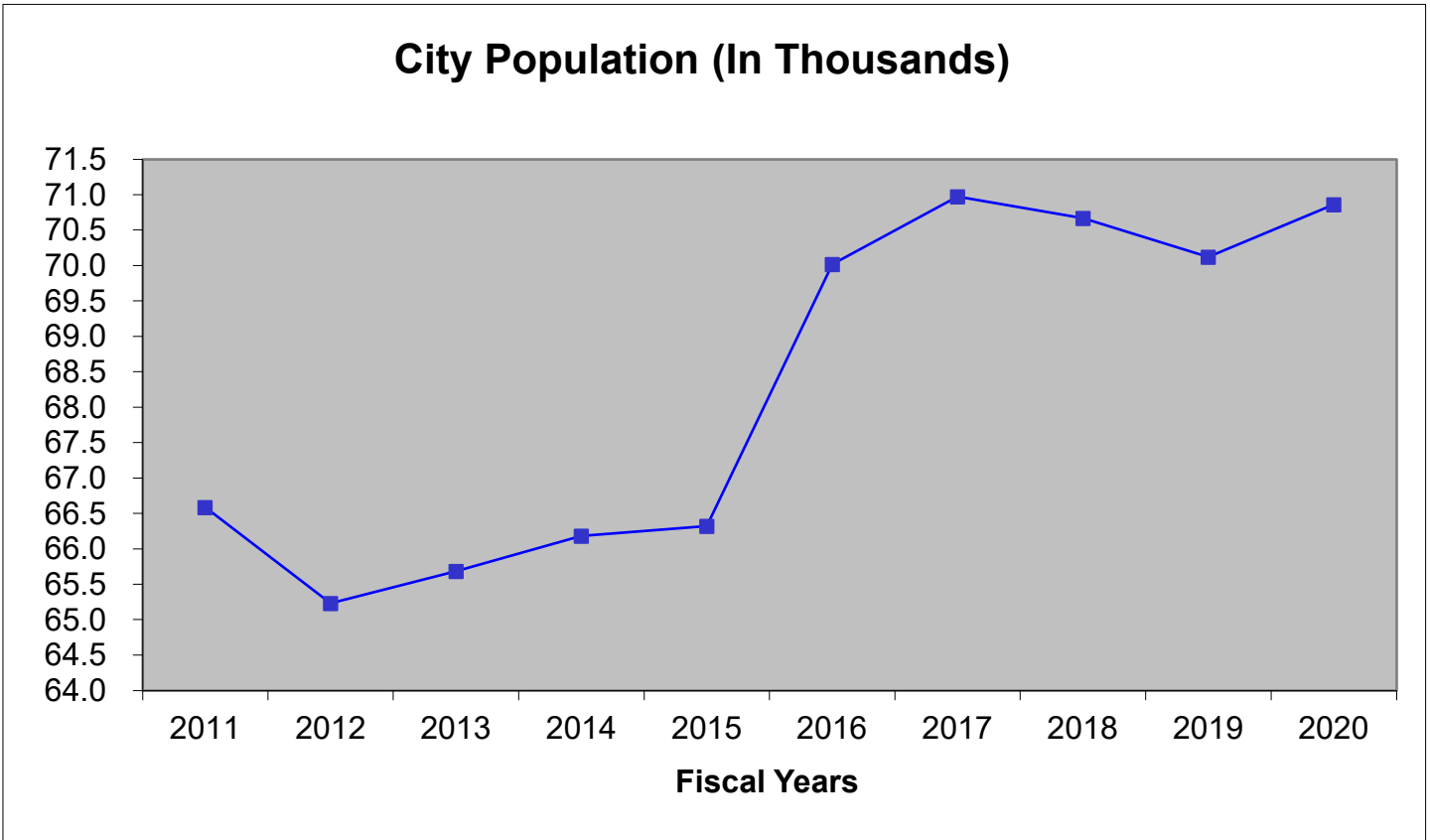


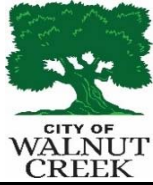


City of Walnut Creek
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year Ended June 30	City Population	Personal Income (in Thousands)	Per Capita Personal Income	Unemployment Rate	Rank in Size of California Cities
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
2018	70,667	3,638,460	51,487	3.30%	124
2019	70,121	3,868,424	55,167	2.80%	126
2020	70,860	4,211,195	59,429	2.60%	124

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





City of Walnut Creek
Full-Time Equivalent City Employees by Department
Last Ten Fiscal Years

	Fiscal Year				
	2011	2012	2013	2014	2015
General Government	13.0	13.5	14.9	14.0	12.3
Administrative Services	24.0	25.0	25.1	25.1	21.2
Human Resources	-	-	-	-	6.0 *
Public Safety	111.0	112.0	112.0	113.0	114.0
Public Works	109.0	105.0	104.8	104.8	103.8
Arts and Recreation	47.0	47.5	47.8	47.8	52.1
Community & Economic Development	28.0	30.0	28.6	30.3	32.8
Totals	332.0	333.0	333.2	335.0	342.1

* Prior to FY2015, Human Resources was a division of the Administrative Services Department

Source: City Finance Division

Fiscal Year				
2016	2017	2018	2019	2020
19.0	18.0	18.5	19.0	19.0
22.8	22.0	23.0	24.0	23.5
8.0	7.0	7.0	7.0	7.0
115.0	125.0	122.0	122.0	122.0
106.0	107.0	107.0	106.0	106.0
54.3	53.0	54.0	54.0	54.5
39.0	36.0	36.0	36.0	36.0
364.0	368.0	367.5	368.0	368.0



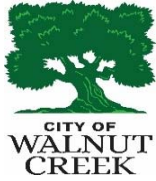
City of Walnut Creek
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year Ended June 30th				
	2011	2012	2013	2014	2015
Police:					
Police Calls for Service	44,491	44,046	42,859	39,705	46,978
Dispatch calls for service	105,046	100,807	102,524	102,246	102,856
Online Reports	N/A	N/A	290	527	951
Citations Issued	7,755	5,751	4,118	3,857	6,042
Cases assigned to investigations	925	1,012	1,100	982	1,008
School Presentations	200	N/A	N/A	N/A	N/A
Child Seat Safety Inspections	123	128	121	142	113
Number of Records Requests	3,099	3,089	3,089	3,539	3,552
Public Works:					
Trees Trimmed	800	800	800-1,000	900-1,100	900-1,100
Park Maintenance (Acres)	235	235	326	326	326
Ranger led programs	92	106	151	122	110
Parking Meters Maintained	1,550	1,550	1,500	1,500	1,500
Street Signs Maintained	8,000	8,000	8,000	8,000	8,000
Traffic Signals Maintained	97	97	99	99	100
Streetlights Maintained	1,600	1,600	1,600	1,600	1,600
Asphalt Patch Repairs (square feet)	100,000	100,000	90,000	180,000	200,000
Crack Seal Lane (miles)	N/A	N/A	N/A	N/A	N/A
Replace Sidewalks (square feet)	14,500	11,000	14,000	12,500	10,500
Total Offset Sidewalk Offsets Planned (grinds)	N/A	N/A	N/A	N/A	N/A
Homeless Encampments (cleaned, removed)	N/A	N/A	N/A	N/A	N/A
Curb and Gutter Replaced (lineal feet)	N/A	N/A	N/A	N/A	N/A
Debris and Spills Cleaned from Streets (cubic feet)	N/A	N/A	N/A	N/A	N/A
Storm Drains Inspected	2,800	2,600	2,500	4,200	4,200
Street Sweeping (curb miles)	14,000	13,450	14,500	14,500	14,500
Total Trash Capture Devices (cleaned and inspected)	N/A	N/A	N/A	N/A	N/A
Buildings Cleaned	N/A	N/A	N/A	N/A	N/A
Buildings Maintained	N/A	N/A	N/A	N/A	N/A
Outbuildings and Sheds Maintained	N/A	N/A	N/A	N/A	N/A
Total Building Maintenance Work Orders Completed	N/A	N/A	N/A	N/A	N/A
Total Equipment Maintenance Work Orders Completed	N/A	N/A	N/A	N/A	N/A
Total Regular Gasoline Dispensed (gallons)		N/A	N/A	N/A	N/A
Total Renewable Diesel Fuel Dispensed (gallons)		N/A	N/A	N/A	N/A
Arts and Recreation:					
Aquatics Classes (learn-to-swim)	2,047	2,184	2,362	2,156	2,326
Indoor Facilities Rental Hours	5,126	6,136	6,651	6,247	7,169
Arts/Rec Classes (enrollment)	13,848	13,324	14,080	14,048	13,525
Ballfield (hours rented)	25,317	25,607	25,699	26,228	21,622
Scheduled Gym Hours	13,898	15,278	16,752	17,300	17,702
Bedford Gallery (number of visitors)	29,600	23,112	28,163	30,807	30,443
Leshner Theater (tickets sold)	217,960	200,597	192,181	203,186	182,385
Paid Golf Rounds	61,028	65,586	64,130	65,513	64,502
Community and Economic Development:					
Planning Applications	94	94	104	143	155
Number of Code Enforcement cases closed	712	808	795	721	693
All Building Division Permit Applications	3,118	3,325	3,687	4,747	4,346
Building Inspection stops	7,617	7,227	9,804	11,977	11,094
General Government/ Administrative Services:					
Number of Information Technology work orders completed	1,780	2,787	2,076	2,027	2,913
Number of Telecommunications work orders completed	311	314	237	190	278
Human Resources:					
Number of Insurance Claims (Workers Comp)	45	53	54	40	36
Number of recruitments	17	23	29	35	48

* A new version of the Information Technology division's work order system implemented in FY 2020 does not differentiate between Information Technology and Telecommunication work orders

Source: City Finance Division

Fiscal Year Ended June 30th				
2016	2017	2018	2019	2020
45,825	44,943	42,343	40,467	38,519
110,670	107,988	107,963	105,056	101,045
1,124	1,279	1,351	1,293	1,460
4,973	3,861	2,121	2,649	1,496
903	953	1,113	1,012	663
N/A	N/A	N/A	N/A	N/A
105	22	N/A	N/A	N/A
3,822	3,732	2,723	N/A	N/A
900-1,100	1,000-1,100	900-1000	1000-1100	1,200
326	326	326	249	249
94	107	92	87	-
1,500	1,500	1,500	988	988
8,000	8,000	8,020	8,050	8,050
101	99	100	100	100
1,600	1,600	1,652	1,652	1,652
200,000	180,000	144,600	147,500	98,000
N/A	N/A	N/A	N/A	11.67
7,800	9,675	7,521	7,045	5,600
N/A	2,863	2,765	2,160	1,834
N/A	21	28	42	28
N/A	1,935	1,750	1,409	700
N/A	6,135	5,000	5,200	8,289
4,200	4,200	4,200	4,200	4,200
15,760	15,760	15,760	15,760	15,760
N/A	286	175	180	180
N/A	28	28	28	33
N/A	69	69	70	70
N/A	33	33	38	32
N/A	1,520	1,256	1,517	1,514
N/A	1,305	1,100	1,203	1,152
N/A	N/A	N/A	N/A	94,984
N/A	N/A	N/A	N/A	23,161
2,628	2,637	2,776	3,688	1,928
6,458	7,607	6,694	7,178	5,827
14,309	18,123	15,513	16,372	11,422
16,762	17,679	17,913	17,093	12,096
16,676	16,542	17,721	16,289	15,429
43,242	29,500	26,541	30,994	17,700
185,367	193,788	195,543	187,559	103,939
59,878	55,884	59,582	58,037	54,872
211	143	169	127	126
433	414	511	501	497
4,806	4,757	4,410	4,448	4,190
15,361	9,786	9,290	12,139	11,900
2,600	3,028	4,108	4416	3453 *
291	262	259	308	N/A
34	38	34	25	30
32	52	38	39	35

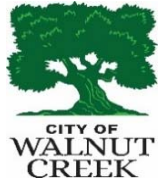


City of Walnut Creek
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year Ended June 30th				
	2011	2012	2013	2014	2015
Function:					
Public Safety:					
Police Stations	1	1	1	1	1
Public Works:					
Community Facilities	18	18	18	18	18
City owned parking lots	22	22	22	22	22
Traffic Signals	96	97	98	98	98
Miles of storm drains	114	114	114	114	114
Miles of Streets	213	213	213	213	213
City vehicles	170	170	170	170	170
Parking meters	1,650	1,650	1,592	1,592	1,592
Number of catch basins	4,410	4,410	4,410	4,410	4,410
Pavement legends	3,800	3,800	3,800	3,800	3,800
Traffic Signs	4,500	4,500	4,500	4,500	4,500
Street Name Signs	5,000	5,000	5,000	5,000	5,000
Streetlights	2,800	2,800	4,822	4,822	4,822
Parks and Recreation:					
Number of Tennis Courts	35	35	28	28	28
Number of Pickleball Courts	-	-	-	-	-
Number of Playfields	13	13	14	14	14
Number of City Parks	19	19	22	22	22
Acres of City Parks	190	190	263	263	263
Acres of Open Space	2,730	2,730	2,730	2,730	2,730

Source: City Finance Division

Fiscal Year Ended June 30th				
2016	2017	2018	2019	2020
1	1	1	1	1
18	18	18	18	18
22	22	22	22	22
98	99	100	100	100
114	114	114	114	114
213	213	213	213	213
170	175	178	178	181
1,620	1,620	1,620	988	988
4,410	4,410	4,410	4,410	4,410
3,800	3,800	3,800	3,800	3,800
4,500	4,500	4,500	4,500	4,500
5,000	5,000	5,000	5,000	5,000
4,822	4,832	4,832	4,805	4,805
27	27	27	23	23
4	4	4	10	10
14	14	14	14	14
22	22	22	22	22
263	263	263	249	249
2,730	2,730	2,730	2,726	2,726



City of Walnut Creek
Miscellaneous Statistical Data
June 30, 2020

Year of Incorporation	1914	Area (Square Miles)	19.9
Form of Government	Council/Manager	Elevation	200 feet
% of High School / College Graduates	97.4% / 65.5%	Number of housing units (2018)	33,564
Average Annual Precipitation	25"	Median Age (2019)	48.4
Average Highs/Lows		Number of Registered Voters (2020)	47,655
Winter	56/40		
Spring	65/45		
Summer	83/58		
Fall	73/51		
City Crime Index (US Average 274)	191.4		

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