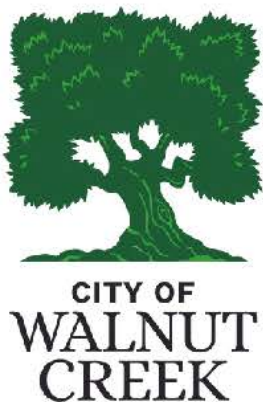


Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023



Prepared by the Finance Division
City of Walnut Creek, California



City of Walnut Creek
Annual Comprehensive Financial Report
For the year ended June 30, 2021
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City of Walnut Creek
Annual Comprehensive Financial Report
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December 1, 2023

Honorable Mayor, City Council, and Residents of Walnut Creek:

We are pleased to present the City of Walnut Creek (City) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. This document provides residents, businesses, property owners, investors, and other interested parties with an overview of the City's finances. The information in this ACFR 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 City management.

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 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 just under 70,000 residents. A large number of guests 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. 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, 2023, the City had 334.0 full-time equivalent filled positions, and augmented this staff with temporary and seasonal employees to address short-term 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 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 Lesher Center for the Arts, Bedford Gallery, Center Repertory Company, Arts Education, the Public Art Program, and Boundary Oak Golf Course;
- Community 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, 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 ACFR. 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

Fiscal Year 2023 saw many of the pandemic restrictions lifted while things returned to pre-pandemic activity levels. The economic recovery is expected to continue over the next two years. The City Council adopted a budget for FY2023 that served as a bridge year between the deepest moments of the pandemic and the return to normalcy. Likewise, the budget for FY2024 assumes the return to normal City operations and economic activity after the post-pandemic rebound and recovery.

Walnut Creek proactively responded to COVID-19 pandemic supporting businesses citywide through a number of initiatives including the City's Rebound program of permit streamlining and expanded business opportunities, and generally businesses in Walnut Creek fared well. Walnut Creek has long been known as a job center with quality office product, however the prevalence of work from home as a result of the pandemic has increased office vacancy rates in certain areas of the City and continues to be an uncertain variable for the future.

Economic development efforts continue to leverage Walnut Creek's existing strengths, including a best in class regional retail and entertainment downtown core; an educated and accomplished workforce; strong healthcare, finance and banking, insurance, and real estate sectors with the goals of:

- Growing Walnut Creek's office base.
- Increasing the number of jobs throughout the city.
- Supporting and growing robust healthcare and auto industries.
- Exploring emerging industries.
- Working with internal and external partners to ensure business-friendly practices and policies that strengthen Walnut Creek's existing business ecosystems.

Sales and Property Taxes make up approximately 65% of the City's General Fund revenue sources. Property sales continued to grow in FY2023 with revenues coming in approximately 6.7% higher than FY2022. Total Sales Tax grew about 10% over FY2022 mostly due to the Measure O half cent local use tax passed by voters that went into effect April 1, 2023. The City's 1% Bradley-Burns Sales Tax grew only 1.8% over FY2022, impacted by several factors including :

- Price (inflation) becoming a bigger concern for consumers Statewide
- Federal Fund's additional interest rate increases in February, March and May of 2023
- Supply chain issues continued to disrupt some sales
- Many local businesses continued to face challenges finding and retaining employees with food service, hospitality and retail trade impacted the most.
- The U.S. economy has been showing signs of slowing down, as evidenced by news of a cooling housing market, companies announcing hiring freezes or layoffs, and recent troubles in the banking industry.
- COVID still remains a public health challenge.

For Fiscal Year 2023, the City's General Funds (General Fund and Measure O Fund) generated a net increase to fund balance of \$11.0 million (revenues over expenditures). As of June 30, 2023 the City's investments had a decline in value of \$9.5 million. Although the City holds all investments to maturity, GASB 31 requires the loss be reflected in the financial statements. Therefore the unassigned funds (revenues in excess of expenditures, after transfers, encumbrances, and allocation to reserves) reflected in Note 9 total \$2.5 million. Factors that contributed to this are explained as follows:

- Revenues came in higher than budget by approximately \$7.5 million, with the most notable listed below:
 - Sales tax revenues came in \$4.0 million higher than budget. This includes approximately \$2.9 million from Measure O. Total receipts increased by 9.8% over FY2022 results.
 - Property tax and real estate transfer tax receipts exceeded expectations by just over \$1.7 million. FY2023 revenues increased by 6.7% compared to FY2022. Property values continued to increase and property tax revenues, along with real estate transfer tax revenues, were not impacted by lingering effects of the pandemic

- Increased interest and rental income, including the pension trust, totaled \$1.3 million compared to budget.
- Expenditures came in under budget by \$8.9 million. This is primarily due to significant vacancies that resulted in personnel and operations & maintenance expenditure savings.

General Fund reserves were healthy as the City continued to navigate through the lingering impacts of the pandemic. The City Council authorized the use of \$5.9 million in reserves for FY2020 and FY2021 to offset revenue loss; however, revenues outperformed expectations and no reserves were used. The General Fund reserve balances exceeded the Government Finance Officers Association recommended reserve levels at the end of FY2023.

Aging infrastructure continues to be a 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 created the Facilities Reserve to help mitigate costs of critical infrastructure needs, and allocated \$2.4 million of the FY2019 unassigned fund balance. The Council has allocated an additional \$15.4 million using the unassigned fund balance from FY2021 and FY2022 since the reserve's creation. The balance of this reserve as of June 30, 2023 is \$17.8 million.

In April of 2023 Measure O, the City's half cent transaction use tax went into effect. Monies collected from this tax measure are to be programmed for a new aquatics center and community center at Heather Farm Park, a roughly \$70 million dollar project estimated to begin construction in 2025. Additionally, Measure O revenues will help fund new turf and lighting for City fields, and fund City operations in line with community priorities, including public safety, extra library hours, sustainability initiatives, and the arts.

In summary, the City continues to see improvement in revenue sources since the onset of the pandemic. However, inflationary costs warrants cautious optimism. 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

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 2023 from \$83.1 million to \$145.6 million (Note 13 to the Financial Statements). This increase was primarily due to a lower than anticipated return on investments in FY2022 of approximately -6.0% compared to the expected discount rate of 6.8%, which affected the valuations as of June 30, 2022, and are reflected in the actuarial reports issued June 30, 2023. 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 were lower than anticipated in FY2023 and decreased the fair value of the trust to \$24.7 million as of June 30, 2023. Investments in the Trust will be used by the City in future years to help mitigate the impact of projected pension contribution increases.

On July 12, 2021 CalPERS reported preliminary investment returns for FY2021 of 21.3%. Based on their Funding Risk Mitigation policy, when an event occurs (i.e., excess investment return over the discount rate of at least 2.0%) the discount rate (DR) and expected investment return shall be reduced. The investment return exceeded the current DR by 14.3%, which triggered the 0.20% reduction in the DR to 6.8%. Lowering the DR lessens the impact of possible future market downturns and stabilizes the fund. This decrease to the DR will contribute to higher employer contribution rates in the fiscal year that begins on July 1, 2024. The City will continue to see an increase in Unfunded Actuarial Liability (UAL) payments; however, CalPERS indicated that the strong investment returns will likely negate that increase, resulting in an overall minimal impact to UAL payments.

On November 15, 2021 the CalPERS Board of Administration selected a new asset allocation mix, announced it will retain the 6.8% DR, and approved adding 5% leverage to increase diversification. In recent years, CalPERS has taken multiple steps to ensure future sustainability of the fund, 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.

On July 20, 2022 CalPERS reported a -6.1% loss on investments. This is the first loss suffered since 2009 during The Great Recession. Volatile global financial markets, geopolitical instability, domestic interest rate hikes, and inflation all have had an impact on public market returns. CalPERS' investments in global public stocks returned -13.1%, while fixed income investments returned -14.5%. Public market investments make up roughly 79% of the CalPERS' total fund.

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.

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 2023, the City Council allocated an additional \$8.4 million to the Facilities Reserve bringing the balance for critical infrastructure needs to \$17.8 million. The City's General Fund reserve balances (excluding the Section 115 pension trust) totaled \$39.0 million as of June 30, 2023.

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 2023

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 between 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. On February 28, 2023 the City Council set the following priorities:

- Diversity, Equity, and Inclusion (DEI)
- Economic Development and Job Creation
- Environmental Sustainability and Climate Action
- Parks, Facilities, and Other Infrastructure
- Public Safety and Social Wellness

The City Council evaluates the progress made on each of these goals and priorities. In addition, the City continued to respond to the organizational and personnel impacts and challenges of the COVID-19 pandemic by implementing a hybrid work schedule to facilitate staff continuing to work remotely two days a week, providing weekly testing for unvaccinated employees, and continuing to follow COVID protocols at City facilities.

COVID-19 Pandemic Recovery

- Economic Development, Community Development, and Public Works continued to oversee the Rebound Program (temporary outdoor dining), with the Citywide program extended through June 2023.
- A comprehensive Outdoor Dining Policy was adopted by City Council in June 2022 that will replace the various existing short-term programs. The implementation of the Outdoor Dining Program began in 2023 and will continue through FY24.
- Expanded technology to allow for digital and online services, including offering virtual and in-person options for City Council, Commission, and Committee public meetings.
- Arts & Recreation programming successfully reopened facilities and revamped classes and programs after substantially altering how programs were provided during the COVID-19 pandemic. This includes the re-opening of the Leshner Center for the Arts, re-opening of Senior Center drop-in activities and the Senior Minibus Transportation program.

Awards and Grants

- Public Works staff members received Staff of the Year Awards from the American Public Works Association (APWA) Northern California Chapter, in the categories of Facilities and Grounds and Administrative Management.
- The City was awarded the prestigious Helen Putnam Award for Excellence from the League of California Cities. The partnership between all 19 cities and towns in Contra Costa County and the County's Health Department received the honor for Intergovernmental Collaboration for the Anyone, Anywhere, Anytime (A3) behavioral health crisis response program.
- In April 2022 the Boundary Oak Golf Course was recognized as the Best Golf Course in the Bay Area News Group's annual reader poll, "Best of the East Bay."
- In June 2022, Walnut Creek City Hall was awarded with recertification as a Green Business by the California Green Business Network. The Green Business Certification demonstrates that City Hall operates with environmental stewardship in mind and exemplifies the City's commitment to being an environmental leader.
- The Arts & Recreation Department received a \$2 million federal Shuttered Venue Operators Grant in 2021 to help the Leshner Center recover from the economic impacts of the COVID-19 pandemic.
- The Community Development Department administered Community Development Block Grant (CDBG)-Coronavirus funds provided support to low-income households impacted by COVID.
- The Police Department entered into a FY2019 State Homeland Security Grant Program memorandum of understanding between the Contra Costa County Sheriff's Office and the Walnut Creek Police Department to purchase bomb squad equipment.

Initiatives

- City Council decided to place a ten-year, ½ cent sales tax increase (Measure O) on the November 8, 2022 ballot, to fund current and future quality of life needs. Measure O was passed by voters and went into effect on April 1, 2023.
- Partnered in Contra Costa County’s A3 program ensuring that Anyone, Anywhere, Anytime can access behavioral health services.
- Completed improvements to City facilities, including roof replacements, HVAC system upgrades, and park and open space projects.
- Authorized hiring of five additional Police Officers for Downtown and Neighborhood Patrols.
- Established diversity and inclusion, implicit bias and human trafficking awareness training for all City staff. Trained over 95% of City staff, Council and Commission members.
- Established a community-based DEI Task Force with Council, public and staff representation, as well as an internal staff DEI working group Rising Toward Inclusion, Diversity and Equity (Rising TIDE).
- Developed a long term, strategic plan for the Leshner Center of the Arts in partnership with the DeVos Institute of Arts Management.
- Completed and launched three economic development studies, providing data and analysis of retail industry, office properties and medical office buildings in Walnut Creek, and launched an Economic Development Data Dashboard per the Council’s economic development priority, providing economic indicators and key data highlights for the local economy.
- The final Sustainability Action Plan was adopted by City Council .
- The Housing Division administered over \$1 million in community grant funds through the Community Development Block Grant, Community Services Grant, Homeless Services Grant, and School Crisis Counselor Grant Programs.

Infrastructure

- City Council approved a memorandum of understanding with the Walnut Creek Aquatics Foundation (WCAF) which includes an agreement by WCAF to contribute \$3 million toward the construction of an aquatic facility with a 50-meter lap pool.
- City Council approved a memorandum of understanding with the Walnut Creek Soccer Club (WCSC) for the construction of sports field amenities, which includes an agreement by WCSC to contribute \$1.5 million toward the construction of ball field lighting and turf sports fields.

Technology

- Implemented new technological solutions for employee onboarding, benefits, and training.
- Launched a redesign process of all City public-facing websites.
- Implemented a new Public Records Portal to track public records requests across City departments and standardizes records processing.
- Virtual service delivery, including an electronic plan submittal system and online permitting.
- Implemented financial reporting software for the Annual Comprehensive Financial Report (ACFR).
- Continued process improvement and streamlining of office systems including Office 365, document retention, and the Capital Budget allocation process.
- Upgraded outdated technology to fully support the Office 365 implementation project.
- The Community Development Department launched a new customer-centered web presence. The site features an improved Permit hub and other improvements including: step-by-step instructions about the application process, permit-related resources and information, and updated information about zoning, building inspections, entitlements, development projects, and code enforcement.

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 biennial budget effective July 1 for the ensuing two-year period that includes annual budgets for each of the two years. In November 2019, City Council authorized the development of a one-year budget for FY2021. On July 7, 2020, City Council adopted the FY2021 one-year budget and the City resumed the two-year budget cycle with FY2022 & FY2023 biennial budget. Public hearings are conducted on the proposed budget to review all appropriations and sources of financing. On June 20, 2023 City Council adopted the FY2024 & FY2025 Biennial Budget.

Capital projects are budgeted by the City over multiple years which varies based on 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 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, 2023 was completed by Maze & Associates, 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 and in particular, the commitment and diligence of Finance Manager Katye Roa. Special thanks are extended to Budget Manager Katie Bruner, Senior Accountants Cindy Yu and Alva Mai, Accountant II Doris Lau, and Executive Assistant Sherri Morrissey 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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Walnut Creek
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO



OUR MISSION

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

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

OUR VISION

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

OUR VALUES

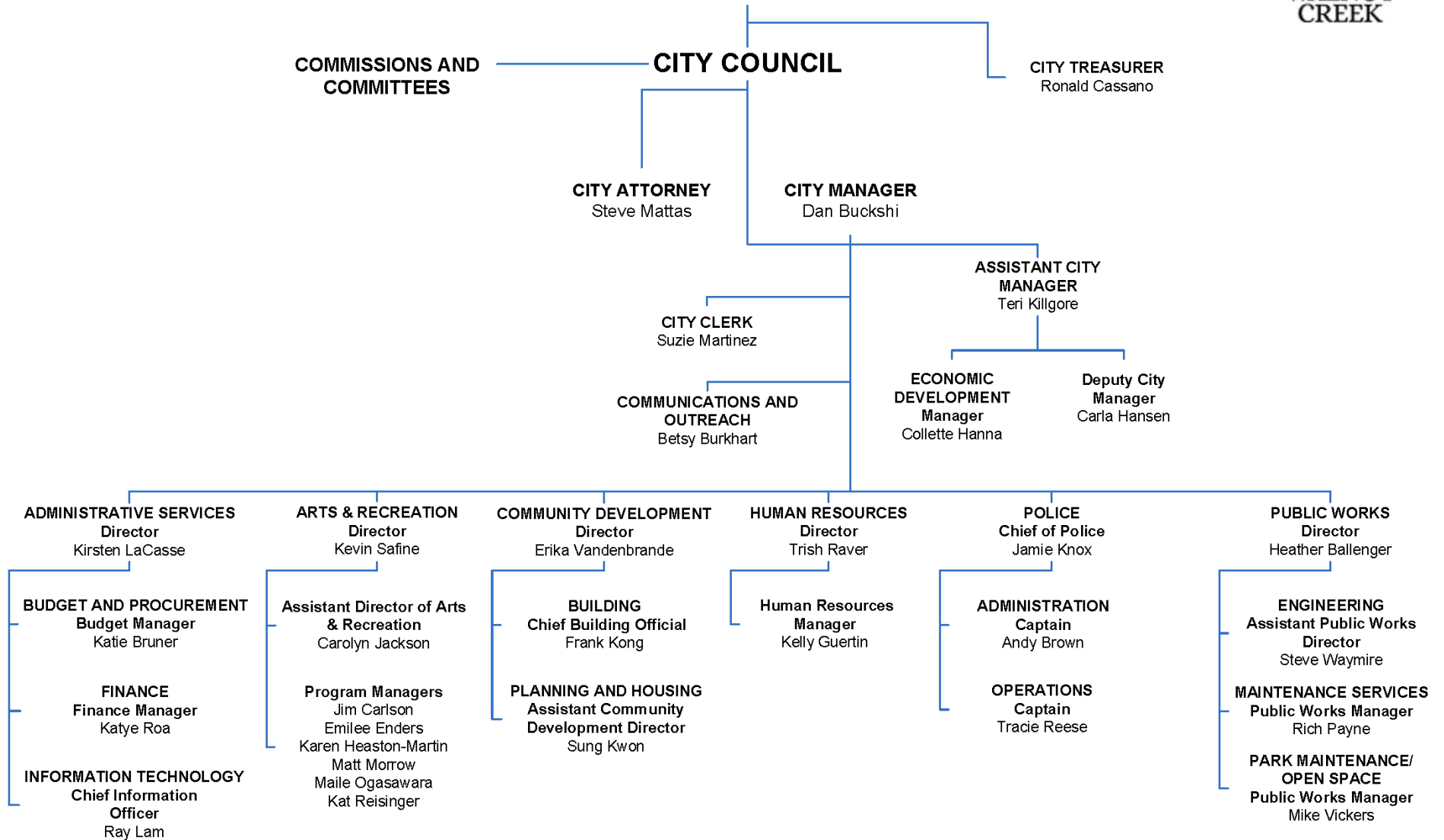
We accomplish our mission and realize our vision by living these values:

Respect • Integrity • Excellence • Teamwork • Creativity

Organizational Profile



CITIZENS OF WALNUT CREEK





PRINCIPAL OFFICERS

June 30, 2023



Cindy Silva
Mayor

Loella Haskew
Mayor Pro Tem



Cindy Darling
Council Member



Matt Francois
Council Member

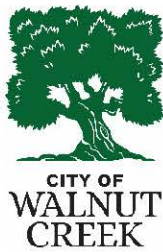


Kevin Wilk
Council Member



Ron Cassano
City Treasurer





ADMINISTRATION PERSONNEL

June 30, 2023

Dan Buckshi
City Manager



Teri Killgore
Assistant City Manager



Steve Mattas
City Attorney



Heather Ballenger
Public Works Director



Jamie Knox
Chief of Police



Kirsten LaCasse
Administrative Services
Director



Kevin Safine
Arts & Recreation Director



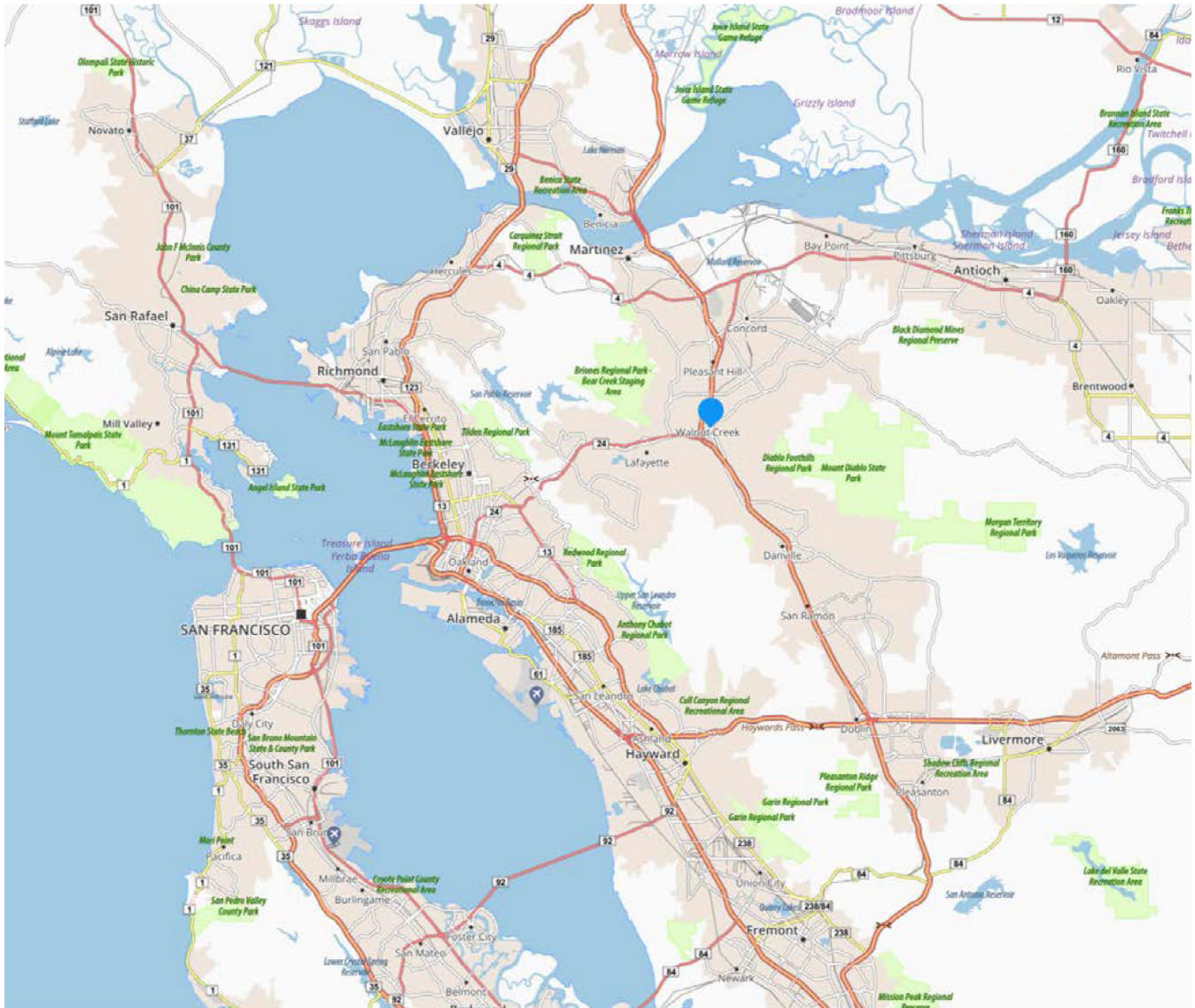
Erika Vandenbrande
Community Development
Director



Trish Raver
Human Resources Director



Regional Map of Walnut Creek and Nearby Cities



FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Walnut Creek, California

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, based on our audit and the report of the 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 funds' information of the City as of June 30, 2023, 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.

We did not audit the financial statements of the Boundary Oak - Onsite Contract Operations Enterprise Fund, which is both major fund and represents 2.92%, -1.28%, and 41.84% respectively, of the assets, net position, and revenues of the business-type activities. The financial statements of Boundary Oak - Onsite Contract Operations Enterprise Fund were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City, is based solely on the report of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the City's financial statements for the year ended June 30, 2022, and we expressed unmodified opinions on these audited financial statements in our report dated December 19, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Changes in Accounting Principles

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-based Information Technology Arrangements*, which became effective during the year ended June 30, 2023. As a result, the balances of the SBITA liabilities and intangible right-to-use assets were \$4,973,222 as of July 1, 2022. The City restated and increased the balances in that amount, and the net effect on the beginning net position and fund balance was zero. See the SBITA disclosure in Note 1 and Note 11.

The emphasis on this matter does not constitute a modification to our opinions.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplemental 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 accompanying Supplemental Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023, 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 the 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 the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
December 1, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2023

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, 2023 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 four components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, 3) Notes to the Basic Financial Statements, and 4) Required Supplementary Information.

Government-wide Financial Statements

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 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, 2023

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.

Required Supplementary Information

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 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

The government-wide statement of net position for the City's governmental and business-type activities indicates that as of June 30, 2023, total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$325.1 million compared to a net position of \$302.3 million at June 30, 2022. Financial highlights for the year ended June 30, 2023 include the following:

Government-wide:

- \$226.0 million of the net position represents the City's investment in capital assets, less any related outstanding debt and related deferred outflows and inflows of resources used to acquire those assets (net investment in capital assets). These capital assets are used to provide services to residents and are not available for future spending.
- \$57.6 million represent resources that are subject to restrictions on their use, of which \$34.4 million is for capital projects, \$16.8 million represents community development (housing, clean water, and grants), \$4.6 million is for other purposes, and \$1.8 million in the Leshner Endowment Fund.
- Total City revenues were \$129.2 million, of which \$115.0 million was derived from Governmental Activities, \$14.2 million was derived from Business-type Activities.
- Total City expenses, including depreciation, were \$112.0 million, of which Governmental Activities incurred \$99.2 million and Business-type Activities incurred \$12.9 million.



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2023

Fund Level:

Governmental fund balances totaled \$147.5 million, the Enterprise funds had an \$21.6 million net position surplus, of which \$12.4 million relates to net investment in capital assets. There was a cumulative net position surplus of \$13.1 million in the Internal Service Funds, of which \$4.9 million relates to the City's Internal Service Funds net investment in capital assets.

Proprietary Funds:

- Operating revenues totaled \$18.0 million, of which \$13.7 million were in the Enterprise Funds and \$4.3 million in the Internal Service Funds.
- Operating expenses totaled \$14.8 million, of which \$12.8 million were in the Enterprise funds and \$2.0 million in the Internal Service Funds.
- Non-operating revenues (expenses and capital contributions) totaled \$0.7 million and were comprised of \$0.5 million in the Enterprise Funds and \$0.2 million in the Internal Service Funds.

General Funds:

- General Funds revenues were \$103.1 million and expenditures were \$92.1 million.
- Total revenues were comprised of Measure O at \$2.9 million, and General Fund at \$100.2 million
- Net transfers out exceeded transfers in by approximately \$2.2 million in the General Fund.
- The fund balance of the General Funds was \$93.6 million at June 30, 2023.

Housing Successor Agency Fund:

- Housing Successor Agency Fund revenues were approximately \$0.1 million and expenditures were \$6,337.
- The ending fund balance was approximately \$2.7 million at June 30, 2023, and is classified as restricted for future low and moderate income housing programs and projects.

Housing Fund:

- Housing fund revenues were \$0.6 million and expenditures were \$0.1 million.
- The fund balance was \$8.5 million at June 30, 2023, and is restricted for affordable housing projects.

CDBG Fund:

- Community Development Block Grant (CDBG) Fund revenues were \$0.7 million and expenditures were \$0.7 million.
- The fund balance was zero at June 30, 2023.

Capital Investment Program Fund:

- Capital Investment Program Fund revenues were \$1.3 million and expenditures were \$7.9 million.
- Net transfers into the Fund were \$6.7 million.
- The Fund had a deficit fund balance of \$1.6 million at June 30, 2023, primarily due to monies due from outside funding wherein the conditions of reimbursements state that projects need to be completed prior to billing.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the Year Ended June 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 \$303.5 million at June 30, 2023. Table 1 summarizes the City's governmental activities net position.

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

	<u>2023</u>	<u>2022</u>
Cash and investments	\$ 162.2	\$ 163.0
Other assets	61.3	47.8
Capital assets	214.0	212.0
Total assets	<u>437.5</u>	<u>422.8</u>
Deferred outflows of resources	<u>51.7</u>	<u>22.3</u>
Current liabilities	17.2	23.0
Non-current liabilities	156.0	92.2
Total liabilities	<u>173.1</u>	<u>115.2</u>
Deferred inflows of resources	<u>12.6</u>	<u>48.3</u>
Net Position		
Net investment in capital assets	213.6	211.4
Restricted	56.4	56.3
Unrestricted	33.5	13.9
Total net position	<u>\$ 303.5</u>	<u>\$ 281.6</u>



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2023

Of the governmental activities total net position, \$213.6 million, or 70.4%, 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 total assets of \$437.5 million represent a \$14.7 million or a 3.5% increase, driven by higher receipts and lease receivables.

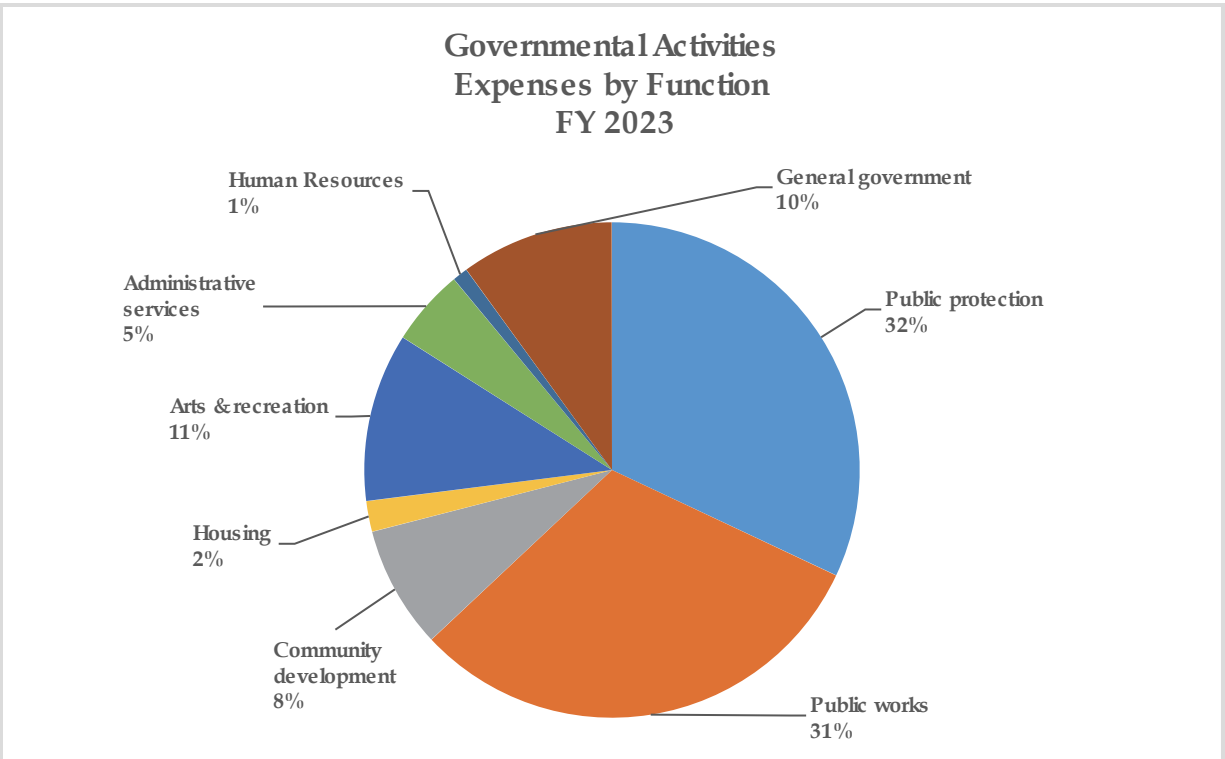
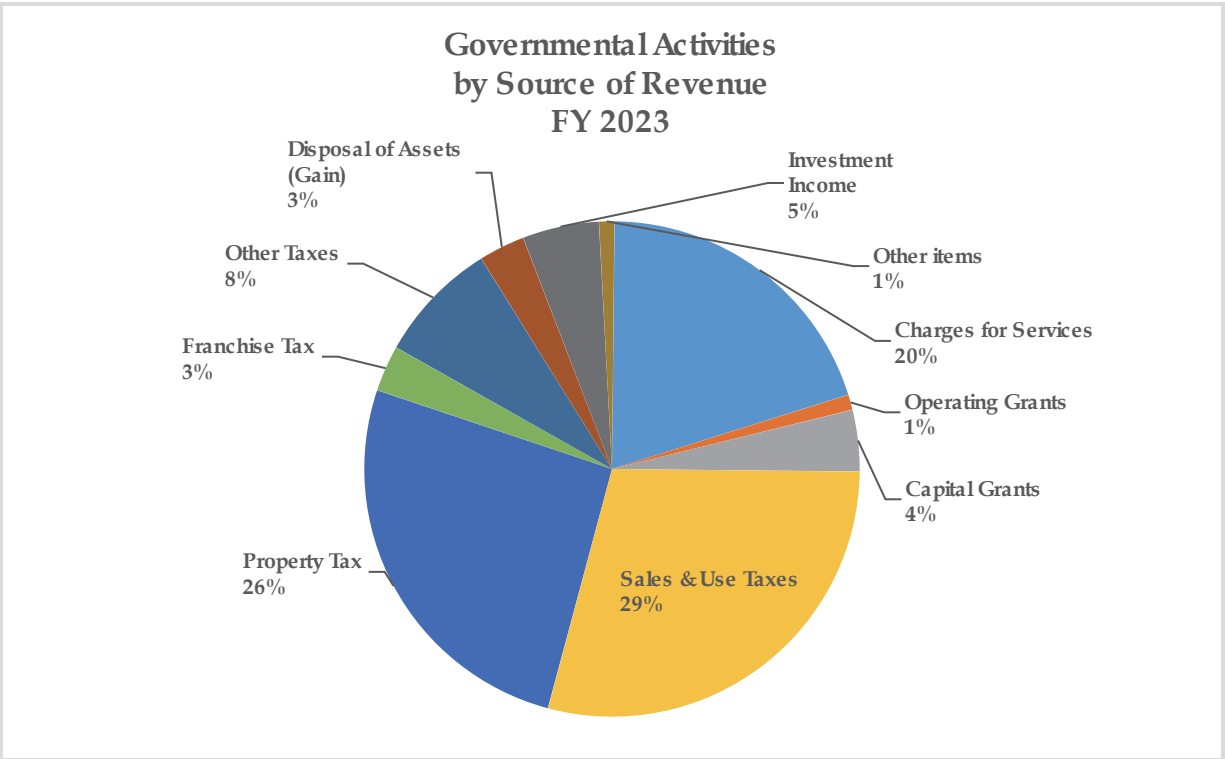
Capital Assets (net) decreased by \$2.92 million or 1.3% primarily driven by depreciation charges for the current year, and the restatement of the beginning net position in conformance with the implementation of GASB 96, Subscription-Based Information Technology Arrangements.

The governmental activities total liabilities of \$173.1 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 \$58.0 million or 50.3% due to the increase in the pension liability based on a lower than anticipated CalPERS investment return of -6.1% as of June 30, 2022. 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, 2023, total revenues from all sources relating to governmental activities excluding transfers were \$113.6 million which represents a \$10.3 million (or 9.9%) increase compared to June 30, 2022. The increase is attributed to an increase in sales and use tax, property tax, and the mark-to-market loss restored from FY2022. Total expenses for all City programs relating to governmental activities were \$103.1 million.



City of Walnut Creek Management's Discussion and Analysis, Continued For the Year Ended June 30, 2023





City of Walnut Creek
Management's Discussion and Analysis, Continued
For the Year Ended June 30, 2023

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

Revenues	2023	2022
Program revenues		
Charges for services	\$ 26.3	\$ 26.0
Operating contributions and grants	\$ 1.8	\$ 7.3
Capital grants	\$ 2.5	\$ 3.9
Total program revenues	\$ 30.6	\$ 37.2
General revenues		
Taxes:		
Sales and use	\$ 36.3	\$ 33.9
Property	\$ 30.9	\$ 29.0
Franchise	\$ 3.9	\$ 3.8
Other taxes	\$ 8.2	\$ 8.0
Intergovernmental	\$ 1.8	\$ 0.0
Investment income	\$ 2.3	\$ (8.9)
Disposal of Assets	\$ 0.0	\$ 0.0
Other	\$ 0.6	\$ 1.4
Total general revenues	\$ 84.0	\$ 67.2
Total revenues	\$ 114.6	\$ 104.4
Expenses		
Public protection	\$ 23.6	\$ 30.4
Public works	\$ 32.0	\$ 26.8
Community and economic development	\$ 7.9	\$ 9.1
Housing	\$ 1.7	\$ 7.8
Arts and recreation	\$ 18.3	\$ 14.9
Administrative services	\$ 4.7	\$ 4.8
Human resources	\$ 1.9	\$ 1.7
General Government	\$ 9.1	\$ 8.7
Interest on long-term debt	\$ 0.0	\$ 0.1
Total expenses	\$ 99.2	\$ 104.3
Excess (deficiency) before transfers	\$ 15.4	\$ 0.1
Transfers	\$ 0.2	\$ 0.2
Change in net position - Governmental Activities	\$ 15.6	\$ 0.3
Net Position - Beginning of year	\$ 281.6	\$ 281.3
Net Position - End of year	\$ 297.2	\$ 281.6

Table 2 shows that governmental activities expenses, which totaled \$99.2 million (before transfers), were offset in part by program revenues for governmental activities of \$30.6 million. These program revenues included \$26.3 million in charges for services, \$1.8 million in operating grants and contributions, and \$2.5 million in capital grants.



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2023

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 increased by \$0.3 million or 1.1% primarily due to the Arts and Recreation facility and programming increasing since the lifting of restrictions, as well as community development activity increases.

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's awarded operating grants decreased by \$5.5 million, while capital grants awarded decreased by \$1.40 million.

Governmental Fund Expenditures

Public protection expenditures decreased by \$6.8 million (22.3%) from the prior year primarily due to vacancies causing reduced personnel and benefit costs, as well as a decrease in pension expense.

Public Works expenditures increased by \$5.2 million (19.5%) compared to the prior year primarily due to higher depreciation expenses. These costs were offset by savings from vacancies, and lower operating and maintenance expenses.

Community Development expenditures decreased \$1.2 million (13.1%) from the prior fiscal year primarily attributable to expenses that were allocated under Housing in FY2023.

Housing expenditures decreased by \$6.1 due to a one-time loan in FY2022 for the 699 YVR project.

Arts and Recreation expenditures were higher by \$3.3 million (22.2%) more than the prior year primarily due to performing arts center reopening, and an increase in programs and services since the lifting of some of the pandemic restrictions in FY2023.

Administrative Services expenditures remained relatively flat compared to prior year.

General Government expenditures increased by \$0.4 million (4.8%) due primarily to an increase in insurance costs.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the Year Ended June 30, 2023

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 Service
(In Millions)

	Program Revenue		Net (Expense) Revenue	
	2023	2022	2023	2022
Public protection	\$ 0.9	\$ 5.4	\$ (22.7)	\$ (25.0)
Public works	\$ 9.1	\$ 11.2	\$ (22.8)	\$ (15.5)
Community development	\$ 9.4	\$ 9.7	\$ 1.5	\$ 0.6
Housing	\$ 0.4	\$ 0.9	\$ (1.3)	\$ (6.9)
Arts and recreation	\$ 10.0	\$ 9.6	\$ (8.2)	\$ (5.4)
Administrative services	\$ 0.3	\$ 0.1	\$ (4.4)	\$ (4.7)
Human resources	\$ —	\$ —	\$ (1.9)	\$ (1.7)
General government	\$ 0.5	\$ 0.5	\$ (8.7)	\$ (8.3)
Totals	\$ 30.7	\$ 37.3	\$ (68.5)	\$ (66.9)



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the Year Ended June 30, 2023

Business-type Activities

As shown in Table 4, the net position of the City's business-type activities was \$21.6 million at June 30, 2023. Assets totaling \$25.1 million included a total of \$10.5 million in cash and investments, \$0.5 million in receivables and other assets, and \$14.0 million in capital assets. Liabilities totaling \$3.5 million include \$1.3 million in long-term debt, \$0.3 million in compensated absences and \$1.9 million in other liabilities.

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

	<u>2023</u>	<u>2022</u>
Cash and investments	\$ 10.5	\$ 8.9
Other assets	\$ 0.5	\$ 0.4
Capital assets	\$ 14.0	\$ 15.0
Total assets	\$ 25.1	\$ 24.3
Long-term debt outstanding	\$ 1.3	\$ 1.6
Compensated absences	\$ 0.3	\$ 0.3
Other liabilities	\$ 1.9	\$ 1.7
Total liabilities	\$ 3.5	\$ 3.6
Net Position		
Net investment in capital assets	\$ 12.4	\$ 13.0
Restricted	\$ 1.1	\$ 1.0
Unrestricted	\$ 8.1	\$ 6.7
Total net position	\$ 21.6	\$ 20.7



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the Year Ended June 30, 2023

Table 5 shows that Business type activities expenses, which totaled \$12.8 million, were offset by revenues of \$14.2 million. These revenues included \$11.4 million in charges for services and \$2.8 million in interest, investment earnings and others, thus adding \$1.3 million to the net position at the end of the year.

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

	<u>2023</u>	<u>2022</u>
Revenues		
Program revenue		
Charges for services	\$ 11.4	\$ 10.8
Total program revenues	<u>\$ 11.4</u>	<u>\$ 10.8</u>
General revenues		
Investment income and other	\$ 2.8	\$ 2.5
Total revenues	<u>\$ 14.2</u>	<u>\$ 13.3</u>
Expenses		
Golf Course and Clubhouse	\$ 5.5	\$ 5.1
Downtown Parking and Enhancement	\$ 7.3	\$ 6.3
Total expenses	<u>\$ 12.8</u>	<u>\$ 11.4</u>
Excess (deficiency) before transfers	\$ 1.4	\$ 1.9
Transfers	\$ (0.2)	\$ (0.2)
Change in Net Position	<u>\$ 1.3</u>	<u>\$ 2.1</u>
Net position - Business-type Activities		
Net Position - Beginning of year	\$ 20.7	\$ 18.6
Net Position - End of year	<u>\$ 22.0</u>	<u>\$ 20.7</u>

Charges for services increased by \$0.6 million or 5.2% due to increased Golf activities, while parking remained relatively flat. These changes in behavior also resulted in an increase in fines and penalties at parking meters.

Expenses for the Golf and parking activities rose by \$1.4 million or 12.1% primarily due to the parking fund personnel cost increases (mandated MOU provisions), and increased contractual costs associated with parking operations.



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2023

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 thirty one 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 Funds, 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 six 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 funds 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, 2023

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 custodial funds to account for districts assessment.

Summary Analysis of Governmental Funds

At June 30, 2023, the City's governmental fund balances were \$147.5 million, which is an overall increase of \$11.1 million, as compared to the prior fiscal year. The following describe the specifics related to this variance:

- General Fund revenue increased \$9.8 million compared to FY2022 primarily due to the \$12.7 million loss in FY2022 of investment income (including the pension trust). Sales & Use Tax increased \$2.4 million, or 7.0%, as the economy continued to rebound from the impacts of the pandemic. Property tax and real estate transfer tax increased \$1.9 million.
- Charges for services decreased by \$1.5 million. The primary reasons were a reduction in permit and plan check fees in Community Development.
- Expenditures were lower than prior fiscal year by \$2.7 largely due to inclusionary housing program loans issued for the 699 YVR project in FY2022.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the Year Ended June 30, 2023

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

	<u>2023</u>	<u>2022</u>
Revenues		
Taxes:		
Sales and use	\$ 36.3	\$ 33.9
Property	\$ 30.9	\$ 29.0
Business license	\$ 3.7	\$ 2.3
Franchise	\$ 3.9	\$ 3.8
Transient occupancy	\$ 1.6	\$ 0.8
Other taxes	\$ 2.9	\$ 3.1
Intergovernmental	\$ 6.3	\$ 14.0
Investment and rental income	\$ 6.0	\$ (6.7)
Charges for services	\$ 14.4	\$ 15.9
Licenses, permits and fees	\$ 5.9	\$ 5.3
Fines, forfeitures and penalties	\$ 0.4	\$ 0.2
Other revenues	\$ 1.3	\$ 2.2
Total revenues	<u>\$ 113.6</u>	<u>\$ 103.9</u>
Expenditures		
Current:		
Public protection	\$ 30.8	\$ 29.2
Public works	\$ 28.6	\$ 28.0
Community and economic development	\$ 8.2	\$ 9.5
Housing	\$ 1.7	\$ 8.2
Arts and recreation	\$ 18.3	\$ 15.6
Administrative services	\$ 4.7	\$ 4.8
Human resources	\$ 1.9	\$ 1.7
General government	\$ 8.7	\$ 8.6
Capital outlay & Debt service	\$ 0.1	\$ 0.1
Total expenditures	<u>\$ 103.1</u>	<u>\$ 105.8</u>
Other		
Transfers (net)	\$ 0.6	\$ 0.2
	<u>\$ 0.6</u>	<u>\$ 0.2</u>
Net change in fund balance	<u><u>\$ 11.1</u></u>	<u><u>\$ (1.7)</u></u>



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2023

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, 2023, the total fund balance was \$90.7 million, \$84.3 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 \$12.3 million higher in fiscal year ended June 30, 2023 compared to last fiscal year, a change of 13.9%.

Expenditures increased \$6 million in fiscal year ended June 30, 2023 compared to last fiscal year, a change of 7.4%. Significant changes in revenues and expenditures that affected the General Fund balances are discussed below:

General Fund Revenues

Sales and Use Taxes overall increased by \$0.6 million (1.8%) compared to the prior year. This was due to the gradual economic recovery from the impacts of the global pandemic in the last two quarters of the fiscal year. Key drivers included unexpected increases in automotive sales, and the ongoing increases related to construction activity.

Property Taxes overall increased by \$1.9 million (6.7%) compared to the prior year primarily attributable to continued increases in property values (assessed value) and increased residential sales activity.

Charges for Services increased by \$0.2 (1.6%) from the prior year, mainly due to increased permitting and plan check fee revenues within Community development department.

Transient Occupancy Taxes increased by \$0.8 million (100.0%) compared to the prior fiscal year, primarily due due to timely remittance of the taxes for hoteliers rebounding from the pandemic.

General Fund Expenditures

Public protection expenditures increased by \$2.1 million (7.3%) from the prior year primarily due to increased salary and benefit costs associated with negotiated salary increases.

Public works expenditures increased by \$0.7 million (4.4%) compared to the prior year primarily due increases in staff and contract services costs.

Community development expenditures reduced nominally by \$0.4 million from the prior fiscal year.

Arts and Recreation expenditures were \$2.7 million (17.6%) higher than the prior year primarily due the increase in programming, performances at the Leshner Center.

Administrative services expenditures reduced by \$0.1 million (1.4%) compared to prior year primarily due to a decrease in accounting services contract costs due to filling a significant number of vacant positions.

Human resources expenditures increased by \$0.2 million (10.3%) over the prior fiscal year primarily due to increased costs associated with the continued pandemic response (testing, reporting, etc.). Additionally, costs increased associated with the increase in recruitment efforts using external consultants.

General government expenditures increased by \$0.1 million (0.6%) from the prior fiscal year due to increased election expenses in the City Clerk's Office, increased insurance costs, all of which were offset by a reduction in the use of professional services for special projects.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the Year Ended June 30, 2023

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, 2023, fund balance was \$2.7 million which is restricted for future housing projects and programs. The fund balance increased by \$0.1 million, 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, 2023, the fund balance was \$8.5 million, which is restricted for affordable housing projects. During the fiscal year, the fund balance decreased by \$0.5 million due to the inclusionary housing program loans issued.

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, 2023, the CDBG fund had a fund balance of zero.

Capital Investment Program

The Capital Investment Program Fund accounts for funds used for capital improvements and significant maintenance projects. As of June 30, 2023, the fund balance was a deficit \$1.6 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. The most significant capital and maintenance project that was completed during fiscal year 2023 was the Lennon Lane and North Via Monte Rehabilitation project .



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the Year Ended June 30, 2023

Summary Analysis of Proprietary Funds

As of June 30, 2023, the Enterprise Funds had a net position balance of \$21.6 million, an increase of \$1.3 million from the prior year. The net position balance of the Internal Service Funds is \$18.0 million, up \$2.2 million from the previous fiscal year.

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

	Total Enterprise Funds		Total Internal Service Funds	
	2023	2022	2023	2022
Operating revenues	\$ 13.7	\$ 12.9	\$ 4.3	\$ 4.4
Operating expenses	\$ 12.8	\$ 11.4	\$ 2.0	\$ 4.6
Operating income (loss)	\$ 0.9	\$ 1.5	\$ 2.3	\$ (0.2)
Non-operating revenues (expenses)	\$ 0.5	\$ 0.4	\$ 0.2	\$ 0.1
Net income (loss) before contributions and operating transfers	\$ 1.4	\$ 1.9	\$ 2.5	\$ (0.1)
Transfers in (out) and Capital Contributions	\$ (0.1)	\$ 0.2	\$ (0.3)	\$ —
Change in net position	\$ 1.3	\$ 2.1	\$ 2.2	\$ (0.1)

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 \$7.8 million; an increase of \$1.3 million.

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, 2022 is \$13.8 million, an increase of approximately \$0.5 million from the prior year.

Internal Service Funds

These funds are presented in the proprietary fund statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements as they predominantly benefit governmental rather than business-type functions.



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2023

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 higher than the final budget by \$4.6 million which is primarily attributable to higher revenues from sales tax and property tax, business license, and interest earnings..

General Fund actual expenditures were \$8.9 million (9.7%) under the final budget, with significant savings in Public Protection (\$2.4. million), Public Works (\$1.2 million), and Community and Economic Development (\$2.0 million). The savings in Public Protection and Public works was primarily related to lower personnel and benefit costs due to vacancies, as well as operations and maintenance expenses as a lot of planned work could not be undertaken due to lower staffing levels. Community Development had savings from multiyear projects that were not completed in FY2023, as well as savings from position vacancies.

Net unassigned fund balance for the year was \$2,481,153 million after accounting for investment losses, 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 capital assets have been valued at their estimated acquisition value on the date donated.

At June 30, 2023, 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, 2023

Table 8
Capital Assets
(in Millions)

Governmental activities	2023	2022
Land	\$ 45.6	\$ 45.6
Construction in progress	\$ 19.5	\$ 24.8
Building and improvements	\$ 140.4	\$ 134.6
Machinery and equipment	\$ 11.9	\$ 10.8
Vehicles	\$ 12.2	\$ 11.0
SBITA	\$ 5.0	\$ —
Infrastructure	\$ 224.3	\$ 220.6
Less accumulated depreciation	\$ (244.7)	\$ (235.4)
Totals	\$ 214.0	\$ 212.0
Business-type activities		
Land	\$ 1.3	\$ 1.3
Construction in process	\$ 1.6	\$ 2.0
Buildings	\$ 21.6	\$ 21.6
Improvements	\$ 2.7	\$ 2.7
Machinery and equipment	\$ 3.3	\$ 3.3
Vehicles	\$ 0.5	\$ 0.6
Less accumulated depreciation	\$ (17.0)	\$ (16.6)
Totals	\$ 14.0	\$ 15.0

At June 30, 2023, the City had \$214.0 million, net of depreciation, invested in a broad range of capital assets used in governmental activities and \$14.0 million, also net of depreciation, invested in Business-type activities assets, as shown in Table 9.

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 allocatable 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, 2023

Long Term Debt

At June 30, 2023 the City's debt was comprised of the following:

Table 9
Outstanding Debt
(In Millions)

	<u>2023</u>	<u>2022</u>
Governmental activities		
PG&E Energy Efficiency Loans	\$ 0.5	\$ 0.5
Capital Lease Obligations	\$ 0.0	\$ 0.0
Total governmental activities debt	<u>\$ 0.5</u>	<u>\$ 0.5</u>
Business-type activities		
Capital Lease Obligations	\$ 1.6	\$ 2.0
Total business-type activities debt	<u>\$ 1.6</u>	<u>\$ 2.0</u>
Total debt	<u>\$ 2.1</u>	<u>\$ 2.5</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. 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 \$1.5 million. Additional information on outstanding debt may be found in Note 7 to the Basic Financial Statements.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

Fiscal Year 2023 saw many of the pandemic restrictions lifted while things returned to pre-pandemic activity levels. The economic recovery is expected to continue over the next two years. The City Council adopted a budget for FY2023 that served as a bridge year between the deepest moments of the pandemic and the return to normalcy. Likewise, the budget for FY2024 assumes the return to normal City operations and economic activity after the post-pandemic rebound and recovery.

Aging infrastructure continues to be a 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 created the Facilities Reserve to help mitigate costs of critical infrastructure needs, and allocated \$2.4 million of the FY2019 unassigned fund balance. The Council has allocated an additional \$15.4 million using the unassigned fund balance from FY2021 and FY2022 since the reserve's creation. The balance of this reserve as of June 30, 2023 is \$17.8 million.



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2023

In April of 2023 Measure O, the City's half cent transaction use tax went into effect. Monies collected from this tax measure are to be programmed for a new aquatics center and community center at Heather Farm Park, a roughly \$70 million dollar project estimated to begin construction in 2025. Additionally, Measure O revenues will help fund new turf and lighting for City fields, and fund City operations in line with community priorities, including public safety, extra library hours, sustainability initiatives, and the arts.

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 year 2023 and beyond, include:

- Walker-Homestead Drainage (2025)
- S. Main Street Bridge replacement (2025)
- Bancroft Road Bridge widening (2026)
- Heather Farm Aquatics Facility (2025)
- OBAG3 Safe Routes to School Projects (2025)
- Traffic Monitoring and Communications (2025)
- Heather Farm Synthetic Turf Field 1 & 2 (2025)
- Boundary Oak Driving Range (2024)
- North Broadway Improvements (2026)

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 in final design and right-of-way / easement acquisition phase..

Bancroft Road Bridge Widening – This project has begun design and is in review with Caltrans. The project funding is part of a mandatory contribution to a state funded bridge rehabilitation project..

Heather Farm Aquatics Facility – This project is startup design for a future replacement of Clarke Swim Center. The Council is considering funding sources including Measure O bond measure for the full project that will replace the Aquatics facility and the Community Center at Heather Farm..

OBAG3 Safe Routes to Schools – This project includes projects near schools to enhance safety and improve usability for users of all ages and abilities. Projects include: Broadway/Newell Avenue Intersection Improvements, Cedro Sidewalk and intersection Improvements, Parkside Drive Sidewalk Gap Closure will close a sidewalk gap on Parkside Drive between Buena Vista Ave and San Juan Ave, and Walnut Boulevard sidewalk at Walnut Heights Elementary School. The City applied and was successful in securing grant funding from the One Bay Area Grant (Round 3) for Safe Routes to School related improvements.

Traffic Monitoring and Communications - This project would strengthen communications infrastructure with fiber connections on Ygnacio Valley Road and is intended to optimize efficiency of the corridor by leveraging enhanced hardware and/or software. The City was awarded Federal earmarks to support this project.



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2023

Heather Farm Synthetic Turf Field 1 & 2 - This project would fund the design and construction of all-weather sports fields at Heather Farm Ballfields 1 and 2 meeting ADA and clean water requirements.

Boundary Oak Driving Range - This project would fund the reconstruction of the Boundary Oak Driving Range. The project will create a modern, environmentally sustainable driving range with improved maintenance capabilities, contemporary amenities and an enhanced patron experience that will increase revenue to the enterprise fund.

North Broadway Improvements - This project would implement a "road diet" along N Broadway from N Civic Drive to Ygnacio Valley Road, and provide a roadway that is configured with one travel lane in each direction, a center turn lane, parking, a high-quality bike facility, improved pedestrian facilities and crossings, street lighting, and green infrastructure consistent with the intent of the North Downtown Specific Plan. Project will also add Class II bike lane to Arroyo and close sidewalk gaps between Main and Civic.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Annual Comprehensive 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>.



BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Walnut Creek

Statement of Net Position

June 30, 2023

(With comparative information from the prior year)

	Governmental Activities	Business-type Activities	Totals	
			2023	2022
ASSETS				
Current assets:				
Cash and investments (Note 2)	\$ 137,514,812	\$ 10,519,461	\$ 148,034,273	\$ 148,664,736
Restricted cash and investments (Note 2)	24,657,031	-	24,657,031	23,160,942
Receivables:				
Accounts	12,057,533	445,994	12,503,527	3,194,037
Taxes	-	-	-	4,867,749
Due from other governments	1,333,312	-	1,333,312	1,328,035
Interest	172,592	11,592	184,184	147,257
Inventory of materials and supplies	53,911	108,746	162,657	176,779
Prepaid items	382,871	25,213	408,084	390,046
Internal balances	48,362	(48,362)	-	-
Total current assets	176,220,424	11,062,644	187,283,068	181,929,581
Noncurrent assets:				
Notes and loans receivable (Note 3)	40,347,397	-	40,347,397	34,424,032
Leases receivable (Note 10)	6,907,287	-	6,907,287	3,823,523
Capital assets (Note 6):				
Nondepreciable	65,044,892	2,960,018	68,004,910	73,772,900
Depreciable	393,645,507	28,077,019	421,722,526	405,175,377
Accumulated depreciation	(244,676,887)	(16,987,727)	(261,664,614)	(251,991,769)
Total capital assets	214,013,512	14,049,310	228,062,822	226,956,508
Total noncurrent assets	261,268,196	14,049,310	275,317,506	265,204,063
Total assets	437,488,620	25,111,954	462,600,574	447,133,644
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions (Note 13)	51,707,211	-	51,707,211	22,330,244
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	3,392,786	908,066	4,300,852	6,080,173
Accrued payroll	1,012,058	47,598	1,059,656	2,844,917
Refundable deposits	1,448,683	359,754	1,808,437	1,731,191
Unearned revenue (Note 4)	7,620,131	246,646	7,866,777	10,753,576
Claims payable due in one year (Note 12)	2,429,729	-	2,429,729	2,095,969
Compensated absences due in one year (Note 8)	475,981	-	475,981	780,468
SBITA due in one year (Note 11)	707,671	-	707,671	-
Long-term debt due in one year (Note 7)	80,678	327,239	407,917	405,069
Total current liabilities	17,167,717	1,889,303	19,057,020	24,691,363
Noncurrent liabilities:				
Claims payable due in more than one year (Note 12)	2,387,443	-	2,387,443	4,628,949
Compensated absences due in more than one year (Note 8)	4,034,887	305,475	4,340,362	4,352,888
Net pension liability (Note 13)	145,592,569	-	145,592,569	83,081,243
SBITA due in more than one year (Note 11)	3,596,608	-	3,596,608	-
Long-term debt due in more than one year (Note 7)	369,775	1,309,803	1,679,578	2,050,402
Total noncurrent liabilities	155,981,282	1,615,278	157,596,560	94,113,482
Total liabilities	173,148,999	3,504,581	176,653,580	118,804,845
DEFERRED INFLOWS OF RESOURCES				
Related to leases (Note 10)	6,786,183	-	6,786,183	3,823,523
Related to pensions (Note 13)	5,810,648	-	5,810,648	44,513,718
Total deferred inflows	12,596,831	-	12,596,831	48,337,241

(continued)

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



City of Walnut Creek

Statement of Net Position

June 30, 2023

(With comparative information from the prior year)

	Governmental Activities	Business-type Activities	Totals	
			2023	2022
NET POSITION				
Net investment in capital assets (Note 9)	213,563,058	12,412,268	225,975,326	224,459,966
Restricted for:				
Capital projects	33,438,722	965,378	34,404,100	32,590,435
Community and economic development	16,595,295	169,258	16,764,553	22,892,570
Other Purposes	4,550,790	-	4,550,790	-
Arts and recreation:				
Nonexpendable	1,000,000	-	1,000,000	1,000,000
Expendable	836,825	-	836,825	810,339
Total restricted net position	56,421,632	1,134,636	57,556,268	57,293,344
Unrestricted net position	33,465,311	8,060,469	41,525,780	20,568,492
Total net position	\$ 303,450,001	\$ 21,607,373	\$ 325,057,374	\$ 302,321,802



City of Walnut Creek
Statement of Activities
For the Year Ended June 30, 2023
(With comparative information from the prior year)

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-type Activities	Totals	
								2023	2022
Primary government:									
Governmental activities:									
Public protection	\$ 23,605,947	\$ 521,035	\$ 371,688	\$ 48,129	\$ 940,852	\$ (22,665,095)	\$ -	\$ (22,665,095)	\$ (25,015,538)
Public works	31,980,355	6,641,852	-	2,501,023	9,142,875	(22,837,480)	-	(22,837,480)	(15,548,297)
Community and economic development	7,882,256	8,273,446	1,122,895	-	9,396,341	1,514,085	-	1,514,085	589,051
Housing	1,682,183	365,132	-	-	365,132	(1,317,051)	-	(1,317,051)	(6,908,152)
Arts and recreation	18,274,595	9,695,836	331,665	-	10,027,501	(8,247,094)	-	(8,247,094)	(5,369,426)
Administrative services	4,708,996	329,083	-	-	329,083	(4,379,913)	-	(4,379,913)	(4,664,636)
Human resources	1,869,972	-	-	-	-	(1,869,972)	-	(1,869,972)	(1,693,064)
General government	9,147,631	482,762	-	-	482,762	(8,664,869)	-	(8,664,869)	(8,254,273)
Interest on long-term debt	-	-	-	-	-	-	-	-	(142,352)
Total governmental activities	99,151,935	26,309,146	1,826,248	2,549,152	30,684,546	(68,467,389)	-	(68,467,389)	(67,006,687)
Business-type activities:									
Golf course	5,558,186	6,030,254	-	-	6,030,254	-	472,068	472,068	578,588
Downtown parking and enhancement	7,299,125	5,329,596	-	179,313	5,508,909	-	(1,790,216)	(1,790,216)	(781,287)
Total business-type activities	12,857,311	11,359,850	-	179,313	11,539,163	-	(1,318,148)	(1,318,148)	(202,699)
Total primary government	\$ 112,009,246	\$ 37,668,996	\$ 1,826,248	\$ 2,728,465	\$ 42,223,709	(68,467,389)	(1,318,148)	(69,785,537)	(67,209,386)
General revenues:									
Taxes:									
Sales and use						36,313,010	-	36,313,010	33,947,235
Property						30,887,473	-	30,887,473	28,983,158
Franchise						3,930,307	-	3,930,307	3,770,625
Other taxes						8,201,533	-	8,201,533	7,975,476
Total taxes						79,332,323	-	79,332,323	74,676,494
Intergovernmental						1,772,621	-	1,772,621	-
Investment income						2,324,361	519,576	2,843,937	(8,475,419)
Other						624,166	2,374,856	2,999,022	3,499,982
Gain from disposal of assets						-	3,551	3,551	-
Transfers						247,782	(247,782)	-	-
Total general revenues and transfers						84,301,253	2,650,201	86,951,454	69,701,057
Change in net position						15,833,864	1,332,053	17,165,917	2,491,671
Net position - beginning of year (as restated, Note 9)						287,616,137	20,275,320	307,891,457	299,830,131
Net position - end of year						\$ 303,450,001	\$ 21,607,373	\$ 325,057,374	\$ 302,321,802

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

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

The funds described below were determined to be Major Funds by the City in FY2023:

General Funds:

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

Measure O Fund accounts for the City's 1/2 cent use tax enacted with Measure O, passed by voters in November 2022.

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, 2023
(With comparative information from the prior year)

	General Fund	Special Revenue			Capital Project	Non-Major Governmental Funds	Total Governmental Funds	
		Housing Successor Agency	Housing	CDBG	Capital Investment Program		2023	2022
ASSETS:								
Cash and investments (Note 2)	\$ 64,853,966	\$ 2,672,992	\$ 8,470,790	\$ -	\$ 2,404,473	\$ 43,876,016	\$ 122,278,237	\$ 123,589,896
Restricted cash and investments	24,657,031	-	-	-	-	-	24,657,031	23,160,942
Accounts receivable	10,191,225	-	-	495,180	911	1,370,217	12,057,533	2,792,031
Taxes receivable	-	-	-	-	-	-	-	4,867,749
Interest receivable	89,917	3,170	9,940	-	-	50,903	153,930	121,884
Prepaid items	249,043	-	-	-	-	220	249,263	80,549
Due from other governments	-	-	-	-	1,333,312	-	1,333,312	1,328,035
Due from other funds (Note 5)	2,078,708	-	-	-	-	-	2,078,708	2,049,823
Notes and loans receivable (Note 3)	-	6,726,048	30,351,467	2,643,561	-	626,322	40,347,398	34,424,032
Inventory of materials and supplies	53,911	-	-	-	-	-	53,911	88,256
Interfund loan (Note 5)	48,362	-	-	-	-	-	48,362	95,767
Leases Receivable	6,907,287	-	-	-	-	-	6,907,287	3,823,523
Total assets	\$ 109,129,450	\$ 9,402,210	\$ 38,832,197	\$ 3,138,741	\$ 3,738,696	\$ 45,923,678	\$ 210,164,972	\$ 196,422,487
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:								
LIABILITIES:								
Accounts payable and other accrued liabilities	\$ 2,135,214	\$ -	\$ 5,991	\$ 106,509	\$ 733,011	\$ 355,823	\$ 3,336,548	\$ 5,122,979
Accrued Payroll	985,988	49	792	648	11,763	30,345	1,029,585	2,760,537
Due to other funds (Note 5)	-	-	-	388,024	1,300,846	389,838	2,078,708	2,049,823
Refundable deposits	1,448,683	-	-	-	-	-	1,448,683	1,304,811
Unearned revenues (Note 4)	4,214,663	-	-	-	3,318,908	86,560	7,620,131	10,523,831
Total liabilities	8,784,548	49	6,783	495,181	5,364,528	862,566	15,513,655	21,761,980
DEFERRED INFLOWS OF RESOURCES:								
Unavailable revenues - grants	-	-	-	-	-	-	-	-
Unavailable revenues - revolving notes and loans	-	6,726,048	30,351,467	2,643,560	-	626,322	40,347,397	34,424,032
Related to leases	6,786,183	-	-	-	-	-	6,786,183	3,823,523
Total deferred inflows of resources	6,786,183	6,726,048	30,351,467	2,643,560	-	626,322	47,133,580	38,247,555
FUND BALANCES (Note 9):								
Nonspendable	351,316	-	-	-	-	1,000,220	1,351,536	1,874,672
Restricted	24,657,031	2,676,113	8,473,947	-	-	43,434,747	79,241,838	77,015,087
Committed	21,896,853	-	-	-	-	-	21,896,853	21,220,780
Assigned	40,256,649	-	-	-	-	-	40,256,649	30,089,324
Unassigned	6,396,870	-	-	-	(1,625,832)	(177)	4,770,861	6,213,089
Total fund balances (deficits)	93,558,719	2,676,113	8,473,947	-	(1,625,832)	44,434,790	147,517,736	136,412,952
Total liabilities, deferred inflows of resources and fund balances	\$ 109,129,450	\$ 9,402,210	\$ 38,832,197	\$ 3,138,741	\$ 3,738,696	\$ 45,923,678	\$ 210,164,972	\$ 196,422,487

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



City of Walnut Creek
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total Fund Balances - Total Governmental Funds	\$ 147,517,736
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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	65,044,892
Depreciable, net	144,090,512

Deferred outflows of resources related to pensions (Note 13).	51,707,211
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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.	40,347,397
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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.	18,005,049
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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	(1,721,714)
Compensated absences payable	(475,981)
Long-term debt and SBITA liabilities	(788,349)

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

Claims and judgments payable	(872,265)
Compensated absences payable	(4,034,887)
Net pension liability	(145,592,569)
Long-term debt and SBITA liabilities	(3,966,383)

Deferred inflows of resources related to pensions (Note 13)	(5,810,648)
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Net Position of Governmental Activities	\$ 303,450,001
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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, 2023 (With comparative information for the prior year)

	Special Revenue				Capital Project	Non-major Governmental Funds	Total Governmental Funds	
	General Funds	Housing Successor Agency	Housing	CDBG	Capital Investment Program		2023	2022
REVENUES:								
Taxes:								
Sales and use	\$ 35,874,937	\$ -	\$ -	\$ -	\$ -	\$ 438,073	\$ 36,313,010	\$ 33,947,235
Property	30,509,516	-	-	-	-	377,956	30,887,472	28,983,158
Business license	3,680,457	-	-	-	-	-	3,680,457	2,339,355
Franchise	3,930,307	-	-	-	-	-	3,930,307	3,770,625
Transient occupancy	1,632,598	-	-	-	-	-	1,632,598	816,099
Other	816,235	-	-	-	-	2,072,243	2,888,478	3,134,614
Intergovernmental	350,250	-	-	720,627	1,250,147	3,996,912	6,317,936	14,029,708
Investment and rental income	5,209,037	34,753	141,650	8,960	-	631,125	6,025,525	(6,669,204)
Charges for services	13,299,750	-	365,132	-	-	722,694	14,387,576	15,865,468
Licenses, permits and fees	5,891,364	-	-	-	-	-	5,891,364	5,250,419
Fines, forfeitures and penalties	361,622	-	1,800	-	-	-	363,422	155,602
Other revenue	827,937	77,594	79,231	7,717	-	329,933	1,322,412	2,244,985
Total revenues	102,384,010	112,347	587,813	737,304	1,250,147	8,568,936	113,640,557	103,868,064
EXPENDITURES:								
Current:								
Public protection	30,421,885	-	-	-	-	380,295	30,802,180	29,249,298
Public works	17,451,745	-	-	-	7,915,430	3,184,712	28,551,887	27,981,901
Community and economic development	7,537,055	-	-	-	-	706,891	8,243,946	9,543,230
Housing	453,569	6,337	96,488	737,240	-	404,196	1,697,830	8,214,991
Arts and recreation	18,137,546	-	-	64	-	204,810	18,342,420	15,644,027
Administrative services	4,744,154	-	-	-	-	-	4,744,154	4,811,763
Human resources	1,886,250	-	-	-	-	-	1,886,250	1,709,996
General government	8,491,627	-	-	-	-	250,712	8,742,339	8,559,288
Capital outlay:								
Public ways and facilities and equipment	-	-	-	-	-	-	-	-

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



City of Walnut Creek

Statement of Revenues, Expenditures and Changes in Fund Balances Major Governmental Funds For the Year Ended June 30, 2023 (With comparative information for the prior year)

	Special Revenue				Capital Project	Non-major Governmental Funds	Total Governmental Funds	
	General Funds	Housing Successor Agency	Housing	CDBG	Capital Investment Program		2023	2022
Debt service:								
Principal retirement (Note 7)	78,150	-	-	-	-	-	78,150	99,254
Interest, fiscal charges and issuance costs	-	-	-	-	-	-	-	(3)
Total expenditures	89,201,981	6,337	96,488	737,304	7,915,430	5,131,616	103,089,156	105,813,745
REVENUES OVER (UNDER) EXPENDITURES	13,182,029	106,010	491,325	-	(6,665,283)	3,437,320	10,551,401	(1,945,681)
OTHER FINANCING SOURCES (USES) (Note 5):								
Sale of asset	-	-	-	-	-	-	-	-
Transfers in	683,000	-	-	-	6,703,604	383,524	7,770,128	5,937,574
Transfers (out)	(2,903,031)	-	-	-	-	(4,313,714)	(7,216,745)	(5,707,566)
Total other financing sources (uses)	(2,220,031)	-	-	-	6,703,604	(3,930,190)	553,383	230,008
Net change in fund balances	10,961,998	106,010	491,325	-	38,321	(492,870)	11,104,784	(1,715,673)
FUND BALANCES:								
Beginning of year	82,596,721	2,570,103	7,982,622	-	(1,664,153)	44,927,659	136,412,952	138,128,625
End of year	<u>\$ 93,558,719</u>	<u>\$ 2,676,113</u>	<u>\$ 8,473,947</u>	<u>\$ -</u>	<u>\$ (1,625,832)</u>	<u>\$ 44,434,790</u>	<u>\$ 147,517,736</u>	<u>\$ 136,412,952</u>



City of Walnut Creek
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2023

Net Changes in Fund Balances - Total Governmental Funds	\$ 11,104,784
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.	(8,944,010)
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.	5,067,991
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.	(76,633)
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 and related interest expenses adjustment	86,728
SBITA liabilities amortization do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds	668,942
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 (net changes).	144,941
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.	5,568,711
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.	2,212,409
Change in Net Position of Governmental Activities	\$ 15,833,863



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 meters, garages, and fines 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, 2023
(With comparative information from the prior year)

	Business-type Activities - Enterprise Funds			Total Enterprise Funds		Governmental Activities Internal Service Funds	Total Internal Service Funds	
	Golf Course - City Administration	Boundary Oak - Onsite Contract Operations	Downtown Parking and Enhancement	2023	2022		2023	2022
ASSETS:								
Current assets:								
Cash and investments	\$ 3,284,563	\$ 420,023	\$ 6,814,875	\$ 10,519,461	\$ 8,860,181	\$ 15,236,574	\$ 15,236,574	\$ 16,214,659
Total cash and investments (Note 2)	3,284,563	420,023	6,814,875	10,519,461	8,860,181	15,236,574	15,236,574	16,214,659
Accounts receivable	-	69,855	376,138	445,993	402,006	-	-	-
Interest receivable	3,660	-	7,932	11,592	8,387	18,662	18,662	16,993
Inventory of materials & supplies	-	108,746	-	108,746	88,523	-	-	-
Prepaid items	-	25,213	-	25,213	56,579	133,608	133,608	252,919
Total current assets	3,288,223	623,837	7,198,945	11,111,005	9,415,676	15,388,844	15,388,844	16,484,571
Noncurrent assets:								
Capital assets (Note 6):								
Nondepreciable	1,337,396	-	1,622,622	2,960,018	3,379,167	-	-	-
Depreciable	10,083,850	1,052,536	16,940,633	28,077,019	28,207,403	16,949,173	16,949,173	15,479,657
Accumulated depreciation	(5,034,334)	(943,799)	(11,009,594)	(16,987,727)	(16,590,200)	(12,071,064)	(12,071,064)	(11,557,725)
Total capital assets	6,386,912	108,737	7,553,661	14,049,310	14,996,370	4,878,109	4,878,109	3,921,932
Total noncurrent assets	6,386,912	108,737	7,553,661	14,049,310	14,996,370	4,878,109	4,878,109	3,921,932
Total assets	9,675,135	732,574	14,752,606	25,160,315	24,412,046	20,266,953	20,266,953	20,406,503
LIABILITIES:								
Current liabilities:								
Accounts payable and accrued liabilities	42,338	331,781	533,946	908,065	556,453	56,238	56,238	359,671
Accrued payroll	973	-	46,625	47,598	144,395	(17,527)	(17,527)	(60,014)
Refundable deposits	-	589,400	17,000	606,400	656,124	-	-	-
Interfund loan - due in one year (Note 5)	-	-	-	-	47,405	-	-	-
Compensated absences - due in one year (Note 8)	-	-	-	-	4,633	-	-	-

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



City of Walnut Creek
Statement of Net Position
Proprietary Funds
June 30, 2023
(With comparative information from the prior year)

	Business-type Activities - Enterprise Funds			Total Enterprise Funds		Governmental Activities Internal Service Funds	Total Internal Service Funds	
	Golf Course - City Administration	Boundary Oak - Onsite Contract Operations	Downtown Parking and Enhancement	2023	2022		2023	2022
	Long term debt - due in one year (Note 7)	-	87,768	-	87,768		359,413	-
Claims payable due in one year (Note 12)	-	-	-	-	-	708,015	708,015	773,651
Total current liabilities	43,311	1,008,949	597,571	1,649,831	1,768,423	746,726	746,726	1,073,308
Noncurrent liabilities:								
Interfund loan - due in more than one year (Note 5)	48,362	-	-	48,362	48,362	-	-	-
Compensated absences - due in more than one year (Note 8)	-	-	305,475	305,475	289,647	-	-	-
Long term debt - due in more than one year (Note 7)	1,549,274	-	-	1,549,274	1,599,948	-	-	-
Claims payable due in more than one year (Note 12)	-	-	-	-	-	1,515,178	1,515,178	3,540,555
Total noncurrent liabilities	1,597,636	-	305,475	1,903,111	1,937,957	1,515,178	1,515,178	3,540,555
Total liabilities	1,640,947	1,008,949	903,046	3,552,942	3,706,380	2,261,904	2,261,904	4,613,863
NET POSITION:								
Net investment in capital assets	4,837,638	20,969	7,553,661	12,412,268	13,037,009	4,878,109	4,878,109	3,921,932
Restricted for:								
Capital Projects	268,432	-	696,946	965,378	1,002,621	-	-	-
Unrestricted net position	2,928,118	(297,344)	5,598,953	8,229,727	6,666,035	13,126,940	13,126,940	11,870,706
Total net position (deficit)	\$ 8,034,188	\$ (276,375)	\$ 13,849,560	\$ 21,607,373	\$ 20,705,665	\$ 18,005,049	\$ 18,005,049	\$ 15,792,640

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



City of Walnut Creek
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023
(With comparative information from the prior year)

	Business-type Activities - Enterprise Funds					Governmental			
	Golf Course - City Administration	Boundary Oak - Onsite Contract Operations	Downtown Parking and Enhancement	Total Enterprise Funds		Governmental Activities Internal Service Funds	Total Internal Service Funds		
				2023	2022		2023	2022	
OPERATING REVENUES:									
Charges for services	\$ -	\$ 6,030,254	\$ 5,329,596	\$ 11,359,850	\$ 10,802,757	\$ 4,301,486	\$ 4,301,486	\$ 4,386,499	
Fines, forfeitures and penalties	-	-	2,336,849	2,336,849	2,063,231	-	-	48,000	
Licenses, permits and fees	-	-	28,231	28,231	30,210	-	-	-	
Other revenue	-	9,776	-	9,776	10,652	-	-	-	
Total operating revenues	-	6,040,030	7,694,676	13,734,706	12,906,850	4,301,486	4,301,486	4,434,499	
OPERATING EXPENSES:									
Supplies and services	457,186	4,716,341	6,502,467	11,675,994	10,478,665	986,156	986,156	3,468,711	
Repairs and maintenance	16,604	88,515	267,456	372,575	206,850	10,877	10,877	19,848	
Depreciation	178,725	54,549	518,459	751,733	731,697	992,166	992,166	1,149,590	
Total operating expenses	652,515	4,859,405	7,288,382	12,800,302	11,417,212	1,989,199	1,989,199	4,638,149	
OPERATING INCOME (LOSS)	(652,515)	1,180,625	406,294	934,404	1,489,638	2,312,287	2,312,287	(203,650)	
NONOPERATING REVENUES (EXPENSES):									
Investment and rental income	394,378	-	125,198	519,576	459,070	-	-	-	
Interest and related expenses	(42,453)	(3,813)	(10,743)	(57,009)	(65,072)	205,725	205,725	129,154	
Gain (loss) on sale of capital assets	-	-	3,551	3,551	-	-	-	(5,535)	
Total nonoperating revenues (expenses)	351,925	(3,813)	118,006	466,118	393,998	205,725	205,725	123,619	
Net income (loss) before capital contributions and transfers	(300,590)	1,176,812	524,300	1,400,522	1,883,636	2,518,012	2,518,012	(80,031)	
Capital contributions	-	-	179,313	179,313	476,828	-	-	-	
Transfers in (Note 5)	1,000,000	-	-	1,000,000	1,515,000	-	-	-	
Transfers (out) (Note 5)	(60,602)	(1,000,000)	(187,180)	(1,247,782)	(1,744,046)	(305,603)	(305,603)	(962)	
Change in net position	638,808	176,812	516,433	1,332,053	2,131,418	2,212,409	2,212,409	(80,993)	
NET POSITION:									
Total net position (deficit) - Beginning, restated by \$430,345, refer to Note 9 for restatement disclosure	7,395,380	(453,187)	13,333,127	20,275,320	18,574,247	15,792,640	15,792,640	15,873,632	
Total net position (deficit) - Ending	\$ 8,034,188	\$ (276,375)	\$ 13,849,560	\$ 21,607,373	\$ 20,705,665	\$ 18,005,049	\$ 18,005,049	\$ 15,792,640	

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



City of Walnut Creek
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023
(With comparative information from the prior year)

	Business-type Activities - Enterprise Funds			Total Enterprise Funds		Governmental Activities Internal Service Funds	Total Internal Service Funds	
	Golf Course - City Administration	Boundary Oak - Onsite Contract Operations	Downtown Parking and Enhancement	2023	2022		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:								
Receipts from customers	\$ -	\$ 6,014,592	\$ 7,649,263	\$ 13,663,855	\$ 12,692,805	\$ 4,420,797	\$ 4,420,797	\$ 3,851,112
Payments to employees	-	-	-	-	-	-	-	-
Payments to suppliers	(461,083)	(4,975,238)	(6,517,062)	(11,953,383)	(10,214,425)	(3,348,992)	(3,348,992)	(2,187,266)
Other receipts	-	9,776	28,231	38,007	40,862	-	-	-
Net cash provided (used) by operating activities	(461,083)	1,049,130	1,160,432	1,748,479	2,519,242	1,071,805	1,071,805	1,663,846
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Transfers in	1,000,000	-	-	1,000,000	-	-	-	-
Transfers out	(60,602)	(1,000,000)	(187,180)	(1,247,782)	(305,603)	(305,603)	(305,603)	(962)
Net cash provided (used) by noncapital financing activities	939,398	(1,000,000)	(187,180)	(247,782)	(229,046)	(305,603)	(305,603)	(962)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Capital Contribution	-	-	179,313	179,313	476,828	-	-	-
Sale/(acquisition) of capital assets, net	-	(44,510)	(186,958)	(231,468)	(714,096)	(1,948,345)	(1,948,345)	(675,185)
Interest paid on debt	(43,535)	(3,813)	(12,866)	(60,214)	(65,072)	-	-	-
Principal paid on long-term debt	(336,388)	87,768	-	(248,620)	(503,963)	-	-	-
Net cash provided (used) by capital and related financing activities	(379,923)	39,445	(20,511)	(360,989)	(806,303)	(1,948,345)	(1,948,345)	(675,185)
CASH FLOWS FROM INVESTING ACTIVITIES:								
Investment income received	394,376	-	125,198	519,574	459,069	204,060	204,060	116,828
Net cash provided by investing activities	394,376	-	125,198	519,574	459,069	204,060	204,060	116,828
Net increase (decrease) in cash and cash equivalents	492,768	88,575	1,077,939	1,659,282	1,942,962	(978,083)	(978,083)	1,104,527

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



City of Walnut Creek
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023
(With comparative information from the prior year)

	Business-type Activities - Enterprise Funds			Total Enterprise Funds		Governmental Activities Internal Service Funds	Total Internal Service Funds	
	Golf Course - City Administration	Boundary Oak - Onsite Contract Operations	Downtown Parking and Enhancement	2023	2022		2023	2022
CASH AND INVESTMENTS:								
Beginning of the year	2,791,795	331,450	5,736,936	8,860,181	6,917,218	16,214,659	16,214,659	15,110,132
End of the year	<u>\$ 3,284,563</u>	<u>\$ 420,025</u>	<u>\$ 6,814,875</u>	<u>\$ 10,519,463</u>	<u>\$ 8,860,180</u>	<u>\$ 15,236,576</u>	<u>\$ 15,236,576</u>	<u>\$ 16,214,659</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES								
Operating (loss)	\$ (652,515)	\$ 1,180,625	\$ 406,294	\$ 934,404	\$ 1,489,638	\$ 2,312,287	\$ 2,312,287	\$ (203,650)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:								
Depreciation	178,725	54,549	518,459	751,733	809,980	992,166	992,166	1,149,589
Changes in assets and liabilities:								
Accounts receivable	-	(26,805)	(17,182)	(43,987)	(105,914)	-	-	56,365
Inventory / prepaid items		11,143		11,143	(67,269)	119,311	119,311	(239,199)
Accounts payable and accrued liabilities	14,799	(120,657)	336,370	230,512	266,785	(303,433)	(303,433)	197,855
Salaries and wages payable	(2,093)		(83,509)	(85,602)	55,867	42,487	42,487	(67,046)
Unearned revenue		(212,745)		(212,745)	229,745	-	-	-
Claims payable				-	-	(2,091,013)	(2,091,013)	769,931
Deposits payable		163,020		163,020	(159,590)	-	-	-
Net cash provided (used) by operating activities	<u>\$ (461,083)</u>	<u>\$ 1,049,130</u>	<u>\$ 1,160,432</u>	<u>\$ 1,748,478</u>	<u>\$ 2,519,242</u>	<u>\$ 1,071,805</u>	<u>\$ 1,071,805</u>	<u>\$ 1,663,845</u>
Noncash items:								
Capital Lease	\$ -	\$ -	\$ 350,962	\$ 350,962	\$ 65,960	\$ -	\$ -	\$ -

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



FIDUCIARY FUND FINANCIAL STATEMENTS

Fiduciary Fund Types:

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).

Custodial Funds account for what was historically reported in Agency funds (i.e. assets held by the City as an agent for various individuals, governmental entities and non-public organizations) but has been adjusted and items reclassified as required by GASB 84. They are used to report fiduciary activities that are not required to be reported as another fiduciary fund type. The financial activities of these funds are excluded from the government-wide financial statements, but are presented in the separate fiduciary fund financial statements. These funds include the following:

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.



City of Walnut Creek
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2023

	<u>Private-Purpose Trust Funds</u>	<u>Custodial Fund Assessment Districts Group I</u>
ASSETS:		
Cash and cash equivalents (Note 2)	\$ 5,418,885	\$ 1,753,917
Cash and investments held with fiscal agent (Note 2)	-	-
Receivables:		
Interest receivable	36,990	-
Total assets	<u>5,455,875</u>	<u>1,753,917</u>
LIABILITIES:		
Current liabilities:		
Accrued payroll	-	-
Bonds payable (Note 15)	-	-
Total liabilities	<u>-</u>	<u>-</u>
NET POSITION:		
Restricted for:		
Held in trust	5,455,875	-
Bondholders	-	1,753,917
Total Net Position	<u>\$ 5,455,875</u>	<u>\$ 1,753,917</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, 2023

	<u>Private-Purpose Trust Funds</u>	<u>Custodial Fund Assessment Districts Group I</u>
ADDITIONS:		
Investment earnings	\$ 96,782	\$ -
Other	-	-
Total additions	<u>96,782</u>	<u>-</u>
NET POSITION:		
Total net position - Beginning	5,359,093	1,753,917
Total net position - Ending	<u>\$ 5,455,875</u>	<u>\$ 1,753,917</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, 2023

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, 2023

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. Custodial funds are custodial in nature (assets equal liabilities) and use the economic resources measurement focus.

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, including lease liabilities, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, 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, 2023

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 below.

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.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

The Downtown Parking and Enhancement Fund accounts for receipts from parking meters, garages, and fines 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.

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 custodial funds and private purpose trust funds. Custodial funds are custodial in nature (assets equal liabilities) and use the economic resources measurement focus. The City's custodial funds are included in these financial statements and are used to account for assets held by the City as custodian for individuals, governmental entities, and non-public organizations. These funds include the following:



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

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.

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.

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 value.

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.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

F. *Compensated Absences*

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

G. *Pensions*

For purposes of measuring the net pension liability and deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's pension plan with California Public Employees' Retirement System (CalPERS) and 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.

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, 2023. 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, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

K. *Subscription-Based Information Technology Arrangements (SBITAs) Accounting*

A Subscription-Based Information Technology Arrangement (SBITA) is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the contract term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over shorter of the subscription term or the useful life of the underlying IT assets. The City recognizes SBITA liabilities with an initial, individual value of \$400,000 or more for all funds, based on the future SBITA payments remaining at the start of the contract.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments as follows:

- The City uses the interest rate charged by the IT vendor as the discount rate. When the interest rate charged by the IT vendor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for subscription liabilities.
- The subscription term includes the noncancellable period of the subscription.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with liabilities on the statement of net position. Capital Asset sand subscription liabilities are reported with liabilities on the statement of net position



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

L. *Capital Assets*

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available, except for the intangible right to use lease assets, the measurement of which is discussed in Note 10 below. Donated capital 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.

All capital assets with limited useful lives and the right to use leased assets are depreciated over their estimated useful lives. 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.

M. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets 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 13 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 assets 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 13 for more details.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

N. *Net Position and Fund Balance*

Net Position

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

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 Annual Comprehensive Financial Report.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

M. *Net Position and Fund Balance (continued)*

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, 2023 is \$6.4 million.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed, rather than when purchased.

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. *Prior Year Summarized Comparative Information*

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2022, from which the summarized information was derived.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Q. *New Pronouncements*

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. See Note 11 for more information.

R. *Upcoming Pronouncements*

GASB Statement No. 101 - In June 2022, the GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

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, 2023, the carrying amount of the City's deposits was \$5,933,027. Bank balances before reconciling items were \$7,783,715 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.

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.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS, *Continued*

B. *Investments, continued*

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	\$120 million	\$75 million per account
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, 2023

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, 2023:

	Governmental Activities	Business- Type Activities	Total	Fiduciary Fund Financial Statements	Total
Cash and Investments	\$ 137,514,812	\$ 10,519,461	\$ 148,034,273	\$ 7,172,802	\$ 155,207,075
Restricted cash and investments	24,657,031	-	24,657,031	-	24,657,031
Total cash and investments	\$ 162,171,843	\$ 10,519,461	\$ 172,691,304	\$ 7,172,802	\$ 179,864,106

Deposits and investments were categorized as follows at June 30, 2023:

City Treasury Deposits:	Credit Rating	Amount
Deposits	Not Rated	\$ 6,404,673
Petty Cash	Not Rated	14,257
Total City Treasury Deposits		6,418,930

City Treasury investments:	Credit Rating	Amount
Securities of U.S. Government Agencies:		
Federal Home Loan Bank (FHLB)	AA+	36,170,444
Federal Farm Credit Bank (FFCB)	AA+	14,792,266
Federal National Mortgage Assn (FNMA)	AA+	10,025,860
Federal Home Loan Mortgage Corp (FHLMC)	AA+	5,957,555
FREDDIE MAC	AA+	990,760
Federal Agricultural Mortgage Corp (FAMC)	Not Rated	992,050
Certificate of Deposits	Not Rated	5,725,080
Medium Term Corporate Notes	A/A+/AA-/AA	35,015,678
U.S. Treasury Money Market	AAA	1,109,890
Local Agency Investment Funds	Not Rated	30,119,942
U.S. Treasuries	Not Rated	3,945,570
Total City Treasury Investments		148,788,144
Total Cash and Investments		\$ 155,207,074

Section 115 Pension Trust Fund	Not Rated	
Mutual Fund - Equity		12,682,012
Mutual Fund - Bond		11,922,919
Money Market Mutual Fund		52,101
Total Restricted Investments with Fiscal Agent		\$ 24,657,032



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

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, 2023. 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, 2023

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, 2023, the City has the following recurring fair value measurements:

Investments by Fair Value Level	Balance at June 30, 2023	Fair Value Measurements on a Recurring Basis Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
Medium Term Corporate Notes	\$ 35,015,678	\$ -	\$ 35,015,678	\$ -
Securities of U.S. Government Agencies:				
Federal Home Loan Bank (FHLB)	36,170,444	-	36,170,444	-
Federal Farm Credit Bank (FFCB)	14,792,266	-	14,792,266	-
Federal National Mortgage Assn (FNMA)	10,025,860	-	10,025,860	-
Federal Home Loan Mortgage Corp (FHLMC)	5,957,555	-	5,957,555	-
FREDDIE MAC	990,760	-	990,760	-
Federal Agricultural Mortgage Corp (FAMC)	992,050	-	992,050	-
Certificate of Deposits	5,725,080	-	5,725,080	-
U.S. Treasuries	7,888,620	-	7,888,620	-
U.S. Treasury Money Market	1,109,890	1,109,890	-	-
	<u>\$ 118,668,203</u>	<u>\$ 1,109,890</u>	<u>\$ 117,558,313</u>	<u>\$ -</u>
Value or Subject to Fair Value Hierarchy				
Local Agency Investment Funds	\$ 30,119,942			
Total Investments Not Measured at Fair Value	<u>30,119,942</u>			
Total City's Pooled Investments	<u>148,788,144</u>			
Investments Held with Fiscal Agent				
Exchange-Traded Fund - Equity	12,682,012			
Exchange-Traded Fund - Bond	11,922,919			
Mutual Funds	52,101			
Investments Held with Fiscal Agent	<u>24,657,032</u>			
Total Investments	<u>\$ 173,445,176</u>			



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

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, 2023, the City's pooled cash and investments had the following maturities.

Investment Maturities (in years)

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	\$ 30,119,942	\$ 30,119,942	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Money Market	1,109,890	1,109,890	-	-	-	-
Medium Term Corporate Notes	35,015,678		2,933,510	8,380,040	18,498,378	5,203,750
Securities of U.S. Government Agencies:						
Federal Home Loan Bank (FHLB)	36,170,444	-	10,810,030	15,821,194	7,240,175	2,299,045
Federal Farm Credit Bank (FFCB)	14,792,266	-	2,909,550	3,997,761	7,884,955	-
Federal National Mortgage Assn (FNMA)	10,025,860	-	-	-	10,025,860	-
Federal Home Loan Mortgage Corp (FHLMC)	5,957,555	-	-	960,320	4,997,235	-
FREDDIE MAC	990,760		990,760			
Federal Agricultural Mortgage Corp (FAMC)	992,050				992,050	
Certificate of Deposits	5,725,080		2,440,246	2,155,386	699,069	430,379
U.S. Treasuries	7,888,620		7,888,620	-	-	
Total	\$148,788,145	\$31,229,832	\$27,972,716	\$31,314,701	\$50,337,722	\$7,933,174
Restricted Investments:						
Mutual Fund - Equity	\$ 12,682,011	\$ 12,682,011	\$ -	\$ -	\$ -	\$ -
Mutual Fund - Bond	11,922,919	11,922,919				
Mutual Funds	52,101	52,101	-	-	-	-
Total	\$24,657,031	\$24,657,031	\$ -	\$ -	\$ -	\$ -

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.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS, *Continued*

E. *Risk Disclosures, continued*

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

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Accordingly, the notes to the financial statements should disclose if the government has 5 percent or more of its total investments in a single issuer. More than 5 percent of the City's investments are in the investments listed below.

<u>Investment Issuer</u>	<u>Amount</u>
Federal Home Loan Bank (FHLB)	\$ 36,170,444
Federal Farm Credit Bank (FFCB)	14,792,266
Federal National Mortgage Association (FNMA)	10,025,860

E. *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, 2023, 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, 2023, the City had \$30,119,942 invested in LAIF. The City valued its investments in LAIF as of June 30, 2023 at fair value, by multiplying its account balance with LAIF by a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate fair value by total aggregate amortized cost, resulting in a factor of 0.984828499.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS, *Continued*

F. *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:

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
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, 2023

3. NOTES AND LOANS RECEIVABLE

Summary of Notes and Loans Receivable

At June 30, 2023, 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	\$ 405,090	\$ -	\$ 162,784	\$ 76,322	\$ 644,196
First-Time Homebuyers	594,072	685,783	78,467	550,000	1,908,322
The Oaks Apartments	477,035	-	-	-	477,035
Sierra Gardens Apartments	49,503	-	402,000	-	451,503
Casa Bonita	1,180,732	-	79,771	-	1,260,503
Acalanes Court Apartments	-	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	616,546	1,029,538	467,039	-	2,113,123
Third Avenue Apartments	1,382,403	1,582,595	1,128,500	-	4,093,498
Pleasant Creek Homes	370,000	-	-	-	370,000
Riviera Family Apartments	-	6,066,114	325,000	-	6,391,114
Las Juntas Way	326,275	4,770,916	-	-	5,097,191
St. Paul Commons	273,000	5,500,000	-	-	5,773,000
699 Ygnacio Valley Road	-	6,000,000	-	-	6,000,000
Equity Loans to City Employees	-	107,757	-	-	107,757
	<u>\$ 6,726,048</u>	<u>\$ 30,351,467</u>	<u>\$ 2,643,561</u>	<u>\$ 626,322</u>	<u>\$ 40,347,397</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, 2023, these loans totaled \$644,196 and the program included 15 participants.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

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, 2023, First-Time Homebuyer Loans totaling \$1,908,322 had been extended and the program included 40 participants.

The Oaks Apartments

At June 30, 2023, the Housing Successor Agency held a note receivable from Ecumenical Association for Housing in the amount of \$477,035. The original note in the amount of \$368,000 was entered into on July 14, 1995 to facilitate the building of a 36-unit apartment complex to provide housing for individuals with incomes 60% or more below the Bay Area median income level. The note accrued interest at a rate of 5% beginning July 14, 2002; repayment of interest and principal commenced on December 31, 2001, provided that the project generates surplus cash. In December 2015, a loan modification agreement was entered into whereby the City agreed to modify the terms of the Original City Loan to provide that (i) the interest on the Note shall accrue at the applicable federal rate (as published in the Federal Register for the month close of escrow date occurs) for long-term debt compounded annually, (ii) the maturity date shall be extended to fifty five (55) years from the date of the close of escrow; (iii) interest accrued to the date of close of escrow shall be included in the principal balance so that the principal amount of the loan shall be \$614,862 which is equal to amount of the original city loan plus interest in the amount of \$246,862 and (iv) modify the definition and allocation of surplus cash (as defined in the Note). The project did generate surplus cash for FY2023.

Sierra Gardens Apartments

At June 30, 2023, 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.

Any remaining unpaid principal and interest is due in full November 30, 2050. The project did not generate surplus cash as for FY2023. 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.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

3. NOTES AND LOANS RECEIVABLE, *Continued*

Acalanes Court Apartments

At June 30, 2023, 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, 2023, 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, 2023

3. NOTES AND LOANS RECEIVABLE, *Continued*

Casa Montego II, Incorporated

At June 30, 2023, 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 FY2023.

Casa Montego LP

At June 30, 2023, 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, 2023, 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, 2023

3. NOTES AND LOANS RECEIVABLE, *Continued*

Villa Vasconcellos Apartments

At June 30, 2023, the City held a note receivable from Resources for Community Development with an outstanding balance of \$2,113,123 (consisting of \$467,039 Community Block Grant Funds and \$1,029,538 in City inclusionary housing in-lieu fees, and \$616,546 in Housing Successor Agency Funds). The Housing Successor Agency held a similar note with an outstanding balance of \$1. 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 evidence by a certificate of occupancy, which was issued April 1, 2008. The project did generate surplus cash for fiscal year 2021 in the amount of \$48,595 which was applied toward the outstanding principal loan balance. At June 30, 2023, these loans totaled \$2,113,123.

Third Avenue Apartments

At June 30, 2023, the City held a note receivable from Satellite Housing, Inc. with an outstanding balance of \$4,093,498 (\$1,582,595 in City Inclusionary housing in-lieu fees, \$1,382,403 in Housing Successor Agency funds, 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 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, 2023, loans outstanding totaled \$4,093,498.

Pleasant Creek Homes

At June 30, 2023, the Housing Successor Agency held a note receivable from Habitat for Humanity East Bay, a California nonprofit public benefit corporation ("Borrower"), with an outstanding balance of \$370,000. The promissory note was entered into March 16, 2011 for \$370,000 to facilitate the acquisition of certain real property located on Barkley Avenue in Walnut Creek and the development of approximately ten affordable homes on that property and other property controlled by the Borrower. The principal sum shall be due and payable on the earliest of (A) five years from the date of the Note, (B) the date the last affordable home in the project is sold or refinanced, or (C) an event of default by borrower that has not been cured as provided in the Loan Agreement. No interest shall accrue on the unpaid principal balance, except in the event of a default, in which case interest on the Loan shall begin to accrue on the date of the default and continuing until such time as the Loan is repaid in full or the default is cured, at the default rate of the lesser of ten percent (10%), compounded annually or the highest rate permitted by law.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

3. NOTES AND LOANS RECEIVABLE, *Continued*

Riviera Family Apartments

At June 30, 2023, 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 pro-rata percentage of the lenders' share of residual receipts, and (2) subject to Subsection (c) the City additional pro-rata 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, 2023, the City held a note receivable from Habitat for Humanity East Bay/Silicon Valley, Inc. with an outstanding balance of \$4,770,916 and the Housing 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.

699 Ygnacio Valley Road

At June 30, 2023, the City held a note receivable from Resources for Community Development (RCD) with an outstanding balance of \$6,000,000 for the purposes of funding the development at 699 Ygnacio Valley Road in Walnut Creek, California, in addition to AHSC grant funds of \$19.0 million. The mixed use development will build 96 units of 100% affordable housing. The term that commences on the date of the initial disbursement of the City loan, and expires upon the earlier of (a) the fifty-fifth (55th) anniversary of the completion of construction of the development, as evidenced by a certificate of occupancy or similar document (the "Completion Date"), or (b) December 31, 2081. Commencing on July 1st following completion of the construction of the Development, and on July 1st of each year thereafter for the term of the loan, borrower shall make repayments of the outstanding principal equal to the City's pro rata share of the Lenders' Share of Residual Receipts, as determined in accordance with Section 2.7(f)(iii) of the note. The entire principal balance of the City Loan shall be due upon the earliest of: (i) transfer of the property and/or the development other than a transfer permitted or approved by the City as provided in Section 4.13; (ii) the occurrence of an event of default; or (iii) the expiration of the term. This loan was funded on September 22, 2021, as a result the City restated and increased the balance for the loans receivable and the beginning net position for the governmental activities for \$6,000,000 as of July 1, 2022.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

3. NOTES AND LOANS RECEIVABLE, *Continued*

St. Paul Commons

At June 30, 2023, the City held a note receivable from Resources for Community Development with an outstanding balance of \$5,773,000 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, 2023, unearned revenues were as follows:

	Governmental Activities / Government funds
Permits and inspection fees	\$ 2,900,329
Prepaid rental revenue	1,168,333
Grants	3,551,469
Total	\$ 7,620,131



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

5. INTERFUND TRANSACTIONS

Fund Financial Statements

Due From

At June 30, 2023, 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	\$ 388,024
Capital Investment Program	General Fund	1,300,846
		<u>1,688,870</u>
Non-Major Governmental Funds		
Traffic Safety/Police Grants	General Fund	389,838
ARPA	General Fund	—
Total		<u><u>\$ 2,078,708</u></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, 2023, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	48,362	526	48,888
Total	<u>\$ 48,362</u>	<u>\$ 526</u>	<u>\$ 48,888</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

5. INTERFUND TRANSACTIONS, *Continued*

Fund Financial Statements

Transfers

Transfers for the period ended June 30, 2023, were as follows:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfer</u>	<u>Amount Transferred</u>	<u>Notes</u>
Major Governmental Funds	Non Major Governmental Funds	\$ 600,000	b
General Fund	Downtown Parking and Enhancement Fund	83,000	d
		<u>683,000</u>	
Capital Investment Program	General Fund	2,519,507	a
	Non Major Governmental Funds	3,713,712	a
	Downtown Parking and Enhancement Fund	104,180	a
	Golf Course-City Administration	60,602	a
	Internal Service Funds	305,603	a
		<u>6,703,604</u>	
Non Major Governmental Funds	General Fund	383,524	c
Enterprise Funds			
Golf Course-City Administration	Boundary Oak-Onsite Contract Operations	1,000,000	d
Total		<u>\$ 8,770,127</u>	

- a. To fund various capital improvement projects.
- b. To fund traffic safety and public safety programs, streets, library and urban forestry.
- c. To fund affordable housing, open space, public art and recreation programs.
- d. Administrative transfers.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

6. CAPITAL ASSETS

Government-Wide Financial Statements

At June 30, 2023, the City's capital assets consisted of the following:

	Governmental Activities	Business-type Activities	Total
Non-depreciable assets:			
Land	\$ 45,553,424	\$ 1,337,396	\$ 46,890,820
Construction in process	19,491,468	1,622,622	21,114,090
Total non-depreciable assets	\$ 65,044,892	\$ 2,960,018	\$ 68,004,910
Depreciable assets:			
Buildings	\$ 140,357,484	\$ 21,565,301	\$ 161,922,785
Improvements other than buildings	-	2,700,624	2,700,624
Machinery and equipment	11,861,346	3,266,858	15,128,204
Vehicles	12,155,826	544,236	12,700,062
SBITA	4,973,222	-	4,973,222
Infrastructure	224,297,630	-	224,297,630
Total depreciable assets	\$ 393,645,508	\$ 28,077,019	\$ 421,722,527
Less accumulated depreciation	(244,676,887)	(16,987,727)	(261,664,614)
Total depreciable assets, net	\$ 148,968,621	\$ 11,089,292	\$ 160,057,913
Total capital assets	\$ 214,013,513	\$ 14,049,310	\$ 228,062,823



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

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, 2023:

	Balance, July 1, 2022 (Restated)	Additions	Deletions	Transfers	Balance June 30, 2023
Nondepreciable Assets:					
Land	\$ 45,553,424	\$ -	\$ -	\$ -	\$ 45,553,424
Construction in progress	24,840,309	3,286,057	-	(8,634,898)	19,491,468
Total nondepreciable assets	70,393,733	3,286,057	-	(8,634,898)	65,044,892
Depreciable Assets:					
Buildings	134,565,054	-	-	5,792,430	140,357,484
Machinery and equipment	10,756,525	1,163,201	(379,136)	320,756	11,861,346
Vehicles	11,005,570	1,441,866	(291,610)	-	12,155,826
Infrastructure	220,640,825	1,135,092	-	2,521,713	224,297,630
SBITA	4,973,222	-	-	-	4,973,222
Total depreciable assets	381,941,196	3,740,159	(670,746)	8,634,898	393,645,507
Accumulated Depreciation:					
Buildings	(58,309,641)	(3,306,029)	-	-	(61,615,670)
Machinery and equipment	(8,202,461)	(820,550)	369,247	-	(8,653,764)
Vehicles	(8,020,272)	(719,877)	291,610	-	(8,448,539)
Infrastructure	(160,869,194)	(4,334,749)	-	-	(165,203,943)
SBITA	-	(754,971)	-	-	(754,971)
Total accumulated depreciation	(235,401,568)	(9,936,176)	660,857	-	(244,676,887)
Depreciable assets, net	146,539,628	(6,196,017)	(9,889)	8,634,898	148,968,620
Total governmental activities capital assets, net	\$ 216,933,361	\$ (2,909,960)	\$ (9,889)	\$ -	\$ 214,013,512

Governmental activities depreciation expense for capital assets for the year ended June 30, 2023, is as follows:

Public protection	\$ 486,963
Public works	8,394,820
Community and economic development	12,211
Arts and Recreation	101,801
Administrative services	118,743
General government	821,638
Total depreciation expense	\$ 9,936,176



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

6. CAPITAL ASSETS, *Continued*

Government-Wide Financial Statements, Continued

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

	Balance, July 1, 2022 (Restated)	Adjustment	Additions	Deletions	Transfers	Balance June 30, 2023
Nondepreciable Assets:						
Land	\$ 1,337,396	\$ -	\$ -	\$ -	\$ -	\$ 1,337,396
Construction in progress	1,690,809	-	111,126	-	(179,313)	1,622,622
Total nondepreciable assets	3,028,205	-	111,126	-	(179,313)	2,960,018
Depreciable Assets:						
Buildings	21,565,301	-	-	-	-	21,565,301
Improvements	2,700,624	-	-	-	-	2,700,624
Equipment	3,342,992	-	44,510	(299,957)	179,313	3,266,858
Vehicles	598,486	-	-	(54,250)	-	544,236
Total depreciable assets	28,207,403	-	44,510	(354,207)	179,313	28,077,020
Accumulated Depreciation:						
Buildings	(10,932,713)	-	(468,883)	-	-	(11,401,596)
Improvements	(2,562,560)	-	(37,089)	-	-	(2,599,649)
Equipment	(2,580,296)	-	(217,861)	299,957	-	(2,498,200)
Vehicles	(514,631)	-	(27,900)	54,250	-	(488,281)
Total accumulated depreciation	(16,590,201)	-	(751,733)	354,207	-	(16,987,727)
Depreciable assets, net	11,617,202	-	(707,223)	-	179,313	11,089,292
Total business-type activities capital assets, net	\$ 14,645,407	\$ -	\$ (596,097)	\$ -	\$ -	\$ 14,049,311

Depreciation expense for business-type activities for the year ended June 30, 2023, is as follows:

Golf Course/Clubhouse- City Administration	\$ 178,725
Boundary Oak - On Site Contract Operations	54,549
Downtown Parking and Enhancement	518,459
Total	\$ 751,734



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

6. CAPITAL ASSETS, *Continued*

In fiscal year 2023 the City implemented the provisions of **GASB Statement No. 96, Subscription-Based Information Technology Arrangements**, which required the City to record an intangible right-to-use subscription asset. As a result, a right-to-use subscription asset was recorded in the amount of \$4,304,279. As of June 30, 2023, the City has recorded a net intangible right-to use subscription asset amounting to \$4,218,251, with accumulated amortization of \$754,971. The subscription asset is offset with a subscription liability as discussed in Note 11.

7. LONG-TERM DEBT

A summary of changes in long-term debt for the year ended June 30, 2023, was as follows:

	<u>Balance July 1, 2022</u>	<u>Debt Issued</u>	<u>Debt Retired</u>	<u>Balance June 30, 2023</u>	<u>Due in one year</u>	<u>Due in more than one year</u>
Governmental Activities Debt:						
Loans - Direct Borrowings:						
Parking Lot and Garage ETAP Lighting Loan #2 (PG&E Energy Efficiency Retroft Prg)	\$ 6,050	\$ -	\$ (6,050)	\$ -	\$ -	\$ -
Shadelands/Garages to LED Loan #4 (PG&E Energy Efficiency Retroft Prg)	384,426	-	(58,394)	326,032	58,394	267,638
City Hall Police Station to LED Loan #5 (PG&E Energy Efficiency Retroft Prg)	146,706	-	(22,284)	124,422	22,284	102,138
Total governmental activities debt	<u>\$ 537,182</u>	<u>\$ -</u>	<u>\$ (86,728)</u>	<u>\$ 450,454</u>	<u>\$ 80,678</u>	<u>\$ 369,776</u>
Business-Type Activities Debt:						
Financed Purchases - Direct Borrowings:						
US Bank Golf Course Equipment Lease #7	8,195	-	(8,195)	-	-	-
US Bank Golf Course Equipment Lease #8	40,806	-	(13,179)	27,627	13,598	14,029
US Bank Golf Course Equipment Lease #9	31,030	-	(7,983)	23,047	8,192	14,855
US Bank Golf Course Equipment Lease #10	-	46,534	(9,440)	37,094	9,722	27,372
US Bank Parking Equipment Lease	41,072	-	(41,072)	-	-	-
Pinnacle Lease Financing Golf Course Clubhouse Improvement	1,838,257	-	(288,983)	1,549,274	295,727	1,253,547
Total business-type activities debt	<u>\$ 1,959,361</u>	<u>\$ 46,534</u>	<u>\$ (368,852)</u>	<u>\$ 1,637,042</u>	<u>\$ 327,239</u>	<u>\$ 1,309,803</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

7. LONG-TERM DEBT, *Continued*

Governmental Activities - Direct Borrowing Debt

A. Loan Payable

PG&E Energy Efficiency Retrofit Program Loan #2

During fiscal year 2012-13, the City entered into an Energy Efficiency Retrofit On-bill financing loan agreement with Pacific Gas & Electric for the cost of installing new light-emitting diode (LED) light fixtures, energy efficiency demand response equipment and service to City parking lots, garages and public service yards. This loan was recorded at the acquisition cost of \$145,190 to be paid back monthly based on expected energy savings. The simple payback term, based on fixed monthly payments of \$1,210, is estimated to be approximately 9.92 years. 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. This loan was paid off as of June 30, 2023.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

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, 2023 is \$326,032.

<u>Year Ending June 30,</u>	<u>Fixed Loan Payment</u>
2024	\$ 58,394
2025	58,394
2026	58,394
2027	58,394
2028 -2029	92,456
Total	<u><u>\$ 326,032</u></u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

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, 2023 is \$124,422.

<u>Year Ending June 30,</u>	<u>Fixed Loan Payment</u>
2024	\$ 22,284
2025	22,284
2026	22,284
2027	22,284
2028-2029	35,286
Total	<u><u>\$ 124,422</u></u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

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). This lease was fully paid off as of June 30, 2023.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

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, 2023 is \$27,627.

<u>Year Ending June 30,</u>	<u>Master Lease</u>
2024	\$ 14,361
2025	14,361
Subtotal	<u>28,723</u>
Less amount representing interest	<u>1,096</u>
Present value of future lease payments	<u>\$ 27,627</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

Business-Type Activities, Continued

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

Golf Course Equipment Lease #9

During fiscal year 2021-22, 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 \$40,722. The financing was obtained from US Bancorp Government Leasing and Finance, Inc. in March 2021 for \$40,722 with an interest rate of 2.59% and monthly payments of \$724 payments beginning April 2021 through March 2026 (the end of the lease). The outstanding balance at June 30, 2023 is \$23,048.

<u>Year Ending June 30,</u>	<u>Master Lease</u>
2024	\$ 8,692
2025	8,692
2026	6,519
Subtotal	<u>23,903</u>
Less amount representing interest	855
Present value of future lease payments	<u>\$ 23,048</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

Business-Type Activities, Continued

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

Golf Course Equipment Lease #10

During fiscal year 2022-23, 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 \$49,534. The financing was obtained from US Bancorp Government Leasing and Finance, Inc. in March 2022 for \$49,534 with an interest rate of 2.59% and monthly payments of \$890.48 payments beginning March 2022 through February 2027 (the end of the lease). The outstanding balance at June 30, 2023 is \$37,093.

<u>Year Ending June 30,</u>	<u>Master Lease</u>
2024	\$ 10,686
2025	10,686
2026	10,686
2027	7,124
Subtotal	<u>39,181</u>
Less amount representing interest	\$ <u>2,088</u>
Present value of future lease payments	\$ 37,093



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

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, 2023 is \$1.5 million.

<u>Year ending June 30,</u>	<u>Master Lease</u>	<u>Interest</u>
2024	\$ 295,727	\$ 34,228
2025	302,628	27,327
2026	309,690	20,265
2027	316,917	13,038
2028	324,312	5,643
Subtotal	<u>1,549,274</u>	<u>100,501</u>
Present value of future lease	<u>\$ 1,549,274</u>	

Non-City Obligations

John Muir Medical Center

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, 2023 was \$75,160,000.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

8. COMPENSATED ABSENCES

Compensated absences at June 30, 2023 were as follows:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>	<u>Due within One Year</u>	<u>Due in more than one Year</u>
Governmental Activities	\$ 4,839,076	\$ 2,010,604	\$ (2,338,812)	\$ 4,510,868	\$ 475,981	\$ 4,034,887
Business Type Activities	294,281	184,234	(173,040)	305,475	—	305,475
Grand Total	<u>\$ 5,133,357</u>	<u>\$ 2,194,838</u>	<u>\$ (2,511,852)</u>	<u>\$ 4,816,343</u>	<u>\$ 475,981</u>	<u>\$ 4,340,362</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, 2023, the following funds had deficit fund equity:

Major Funds:	
Capital Investment Program	\$ 1,625,832
Enterprise Funds:	
Boundary Oak-Onsite Contract Operations	\$ 276,375

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, 2023

9. FUND EQUITY, *Continued*

In Governmental Funds, the segregated portions of fund balances are presented as follows for the fiscal year ended June 30, 2023:

	General Funds	Housing Successor Agency	Housing	Capital Investment Program	Non-Major Government al Funds	Total Governmental Funds
Nonspendable:						
Inventory	\$ 53,911	\$ -	\$ -	\$ -	\$ -	\$ 53,911
Interfund loan	48,362	-	-	-	-	48,362
Prepaid items	249,043	-	-	-	220	249,263
Permanent Endowment	-	-	-	-	1,000,000	1,000,000
Total Nonspendable	351,316	-	-	-	1,000,220	1,351,536
Restricted:						
Capital projects	-	-	-	-	20,037,734	20,037,734
Community & economic development	-	2,676,113	8,473,947	-	5,445,235	16,595,295
Section 115 Trust	24,657,031	-	-	-	-	24,657,031
Other purposes	-	-	-	-	4,550,790	4,550,790
Street projects	-	-	-	-	13,400,988	13,400,988
Total Restricted	24,657,031	2,676,113	8,473,947	-	43,434,747	79,241,838
Committed:						
Catastrophic emergency	9,909,000	-	-	-	-	9,909,000
Compensated absences	475,981	-	-	-	-	475,981
Dental claims	222,495	-	-	-	-	222,495
Fiscal emergency	6,332,561	-	-	-	-	6,332,561
Legal claims	3,000,000	-	-	-	-	3,000,000
PERS liability	1,956,816	-	-	-	-	1,956,816
Total Committed	21,896,853	-	-	-	-	21,896,853
Assigned:						
ARCS Scholarships	30,966	-	-	-	-	30,966
Capital Projects:						
General Fund portion	14,348,571	-	-	-	-	14,348,571
Facilities	17,784,569	-	-	-	-	17,784,569
Parking Garage	231,121	-	-	-	-	231,121
Special Projects	1,618,257	-	-	-	-	1,618,257
Measure O Reserves	2,896,706	-	-	-	-	2,896,706
Land Repurchase	3,346,459	-	-	-	-	3,346,459
Total Assigned	40,256,649	-	-	-	-	40,256,649
Unassigned:						
City Manager Contingency	72,000	-	-	-	-	72,000
Council Contingency	100,000	-	-	-	-	100,000
Carryovers	1,608,425	-	-	-	-	1,608,425
Provision of government - ARPA	2,135,292	-	-	-	-	2,135,292
Unassigned (Deficit) Fund Balance	2,481,153	-	-	(1,625,832)	(177)	855,144
Total Unassigned	6,396,870	-	-	(1,625,832)	(177)	4,770,861
Total Fund Balance (Deficit)	\$ 93,558,719	\$ 2,676,113	\$ 8,473,947	\$ (1,625,832)	\$ 44,434,790	\$ 147,517,736



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

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. City Council adopted Resolution 11-30 which state that the uses of the reserves may only be changed by approval of a subsequent resolution by City Council. 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 an 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, 2023

9. FUND EQUITY, *Continued*

Restatement

- The City restated the beginning balances for Notes and Loans receivable. New loans were issued for 699 YVR project in FY2022, however the receivable was recognized in FY2023. The City determined the net effect on beginning fund balance was \$6.0 million
- The City implemented the provisions of Governmental Accounting Standards Board Statement No. 96 – Subscription-Based Information Technology Arrangements during the year ended June 30, 2023. As a result, the balances of the SBITA liabilities and intangible right-to-use assets were \$4,973,222 as of July 1, 2022. The City restated and increased balances in that amount, and the net effect on the beginning net position was zero. See the SBITA disclosure in Note 1 and Note 11.
- The City restated the beginning balances for the proprietary funds for a correction of prior year accounting errors totaling \$430,345 for the Downtown Parking and Enhancement fund.

	Beginning Balance, June 30, 2022	SBITA Liability	SBITA Intangible Asset	Notes & Loans Receivable Amount	Prior Year Corrections	Restated Balance, July 1, 2022
Proprietary Fund Statements	\$ 20,705,665	\$ —	\$ —	\$ —	\$ (430,435)	\$ 20,275,230
Governmental Activities	281,616,137	(4,973,222)	4,973,222	6,000,000	—	287,616,137
Business-Type Activities	20,705,665	—	—	—	(430,435)	20,275,230

Net investment in Capital Assets

The balances related to Net Investment in Capital Assets are comprised of the following as of June 30, 2023:

	Governmental Activities	Business-type Activities	Total
Capital assets, net of accumulated depreciation:	\$214,013,512	\$14,049,310	\$228,062,822
Less: Capital debt	(450,454)	(1,637,042)	(2,087,496)
Plus: Unspent bond proceeds	—	—	—
Net investment in capital assets	\$213,563,058	\$12,412,268	\$225,975,326



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

10. LEASES

A. Policies

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The City recognizes lease receivable or liabilities with an initial, individual value of \$400,000 or more, based on the future lease payments remaining at the start of the lease.

Lessor

The City is a lessor for noncancellable leases of buildings and facilities. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts as follows:

The City uses bond interest rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease.

Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

10. LEASES, *continued*

B. Leases Receivable (City as Lessor)

The terms and balances related to leases receivable and deferred inflows of resources recorded in the General Fund as of June 30, 2023 were:

Lessee	Property Address	Orig Lease Date	Lease End Date	Duration Term (years)	Remaining Lease Term	Extension (years)	Exp Date Including Options	Interest Revenue	Lease Revenue	Monthly revenue as of June 30, 2023	Lease Receivable balance at June 30, 2023	Deferred Inflow of Resources at June 30, 2023
BHWC, LLC D/B/A Bierhaus	South Locust St. Parking Structure	7/01/21	3/19/29	10	8	—	3/19/29	98,149	116,681	17,903	3,208,152	3,150,252
LR, TS, ES D/B/A 5 Tacos & Beers by Los Moles	1352 Locust St.	2/01/23	2/01/33	10	9	10.00	2/01/43	40,737	34,397	15,938	3,236,461	3,202,716
Villa Optometric Group	1613 Locust St.	7/01/21	7/31/32	12	11	—	7/31/32	14,475	36,016	4,250	462,675	433,216
								153,361	187,094	38,091	6,907,287	6,786,183
								153,361	187,094	38,091	6,907,287	6,786,183

The future principal and interest lease receivables as of June 30, were as follows:

For the Year Ended June 30	Principal	Interest	Total
2024	\$261,935	\$203,709	\$465,644
2025	285,844	195,453	481,297
2026	295,900	186,741	482,641
2027	306,297	177,721	484,018
2028-2032	1,870,890	732,357	2,603,247
2033-2037	2,105,791	433,870	2,539,661
2038-2043	1,780,630	127,520	1,908,150
Totals	\$6,907,287	\$2,057,371	\$8,964,658



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

11. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

A summary of subscription-based information technology arrangements (SBITA) transactions for the fiscal year ended June 30, 2023, are as follows:

	Balance July 1, 2022 Restated	Additions	Retirements	Balance June 30, 2023	Current Portion
Subscription Liability:					
Accela	\$ 946,494	\$ —	\$ 106,231	\$ 840,263	\$ 110,859
Axon Contract	2,399,330	—	279,545	2,119,784	285,136
Granicus	841,280	—	101,352	739,928	120,300
Versaterm Public Safety Inc	786,118	—	181,814	604,304	191,376
Total	\$ 4,973,222	\$ —	\$ 668,942	\$ 4,304,279	\$ 707,671

As of June 30, 2023 the City had four SBITA for the purchases of software and software services. An initial subscription liability was recorded in the amount of \$4,973,222 during fiscal year 2023, at the time the subscription was placed into service. Implementation costs and prepayments made on the subscription in the amount of \$668,942 were included in the measurement of the liability during the year ended June 30, 2023.

As of June 30, 2023, the value of the subscription liability was \$4,304,279 The City is required to make annual principal and interest payments throughout the life of the subscription. The subscriptions have an interest rate of 2.0%. As part of the subscription, the City has recorded an intangible right to use subscription asset and accumulated amortization as disclosed in Note 6.

The future subscription and interest subscription payments as of June 30, 2023 follows:

For the Year Ended June 30	Liability Reduction	Interest Expense	Total Liability Balance
2024	\$ 707,671	\$ 86,086	\$ 3,596,608
2025	742,234	71,932	2,854,374
2026	773,645	57,087	2,080,730
2027	584,264	41,615	1,496,466
2028	607,718	29,929	888,747
2029 - 2030	888,747	26,750	—
Totals	\$ 4,304,279	\$ 313,399	\$ —



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

12. 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.

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, 2023, was estimated by management and based on MPANC's claims experience and was computed as follows:

	General Liability	Workers' Compensation	Claims Liability	Total
Balance as of July 1, 2021	\$ 1,449,865	\$ 3,544,275	\$ 19,600	\$ 5,013,740
Claims incurred and changes in estimate	1,917,354	1,516,582	373,211	3,807,147
Claims paid	(980,607)	(746,651)	(368,711)	(2,095,969)
Balance as of June 30, 2022	\$ 2,386,612	\$ 4,314,206	\$ 24,100	\$ 6,724,918
Balance as of July 1, 2022	\$ 2,386,612	\$ 4,314,206	\$ 24,100	\$ 6,724,918
Claims incurred and changes in estimate	1,585,087	(1,382,998)	319,894	521,983
Claims paid	(1,398,457)	(708,015)	(323,257)	(2,429,729)
Balance as of June 30, 2023	\$ 2,573,242	\$ 2,223,193	\$ 20,737	\$ 4,817,172
Current portion as of June 30, 2023				\$ 2,429,729
Long term portion as of June 30, 2023				\$ 2,387,443



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

13. 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 publically available reports that include a full description of the pension plans regarding benefit provisions, and assumptions at the CalPERS website.

For governmental funds, the City's General Fund is the primary funding source for liquidation of pension liabilities.

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.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

13. PENSION PLANS, *Continued*

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

The Miscellaneous Plan's provisions and benefits in effect at June 30, 2023 are summarized as follows:

Hire Date	Miscellaneous Plan		
	Prior to March 2, 2013	After March 2, 2013	On or after January 1, 2014
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	1.426% to 2.418%	1.092% to 2.418%	1.00% to 2.500%
Required employee contribution rates	7.00%	7.00%	7.25%
Required employer contribution rates*	9.350%	9.350%	9.350%

*Includes a required contribution amount of \$6,254,645 for the unfunded actuarial liability

Employees Covered

At June 30, 2023, the following employees were covered by the benefit terms for Miscellaneous Plan:

Inactive employees or beneficiaries currently receiving benefits	430
Inactive employees entitled to but not yet receiving benefits	557
Active employees	270
Total	1,257

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, 2023 (the measurement date), the average active employee contribution rate is 7.09 percent of annual pay, and the employer's contribution rate is 9.38 percent of annual payroll. In addition, the City is required to make an employer contribution of \$5,651,747 towards the unfunded actuarial liability for the year ended June 30, 2023. Total employer contributions to the Miscellaneous Plan were \$8,770,402.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

13. PENSION PLANS, *Continued*

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

Net Pension Liability

The City's Miscellaneous Plan net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023. 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, 2023

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

Actuarial Assumptions

The Miscellaneous Plan total pension liability in the June 30, 2022 measurement date was determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	Varies by Asset Class (1)
Mortality	Derived using CalPERS Membership Data for all funds (2)
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return</u>
Global Equity - Cap-weighted	30 %	4.54 %
Global Equity - Non-Cap-Weighted	12 %	3.84
Private Equity	13 %	7.28
Treasury	5 %	0.27
Mortgage-Backed Securities	5 %	0.50
Investment Grade Corporates	10 %	1.56
High Yield	5 %	2.27
Emerging Market Debt	5 %	2.48
Private Debt	5 %	3.57
Real Assets	15 %	3.21
Leverage	(5)%	-0.59

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumption report from December 2017 that can be found on the CalPERS website.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

13. PENSION PLANS, *Continued*

Actuarial Assumptions (continued)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021 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.

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.

Asset Class (a)	Target Allocation	Real Return Years 1-10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) In CalPERS Annual Comprehensive Financial Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

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

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



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

13. PENSION PLANS, *Continued*

A. *Miscellaneous Plan, an Agent Multiple-Employer Defined Benefit Pension Plan (continued)*

Discount Rate

The discount rate used to measure the total pension liability was 6.90 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 6.90 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 6.90 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.

Changes in the Net Pension Liability

The change in the Net Pension Liability for the Miscellaneous Plan, measured as of June 30, 2022, is as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance as of June 30, 2022	\$ 246,929,875	\$ 201,196,042	\$ 45,733,833
Changes in the year:			
Service cost	4,457,086	-	4,457,086
Interest on the total pension liability	17,150,828	-	17,150,828
Differences between expected and actual experience	(755,760)	-	(755,760)
Net Plan to Plan Resource Movement	-	-	-
Contribution - employer	-	8,044,779	(8,044,779)
Contribution - employee	-	1,842,325	(1,842,325)
Net investment income	-	(15,205,759)	15,205,759
Administrative expenses	-	(125,333)	125,333
Other miscellaneous income/ (expense)	-	-	-
Benefit payments, including refunds of employee contributions	(13,785,657)	(13,785,657)	-
Net changes	<u>14,119,390</u>	<u>(19,229,645)</u>	<u>33,349,035</u>
Balance as of June 30, 2023	<u>\$ 261,049,265</u>	<u>\$ 181,966,397</u>	<u>\$ 79,082,868</u>

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	5.90%	6.9 %	7.90%
Net Pension Liability	<u>\$ 113,000,252</u>	<u>\$ 79,082,868</u>	<u>\$ 51,119,230</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

13. PENSION PLANS, *Continued*

A. *Miscellaneous Plan, an Agent Multiple-Employer Defined Benefit Pension Plan (continued)*

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

For the year ended June 30, 2023, the City recognized pension expense of \$2,082,116 for the Miscellaneous Plan. At June 30, 2023 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	\$ 8,770,402	
Net differences between projected and actual earnings on pension plan investments	9,038,728	-
Differences between expected and actual experience	99,955	(453,456)
Changes in assumptions	4,231,736	-
Total	\$ 22,140,821	\$ (453,456)

\$8,770,402 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 29, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	Year ending June 30
2023	\$ 4,023,465
2024	2,514,043
2025	591,133
2026	5,788,322
Total	\$ 12,916,963

Payable to the Pension Plan

At June 30, 2023, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

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, 2023

13. PENSION PLANS, *Continued*

B. *Safety Plan, a Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (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, 2023 are summarized as follows:

	Safety Plan		
	Prior to November 22, 2013 Classic Tier 1	On or after November 22, 2012 Classic Tier 2	On or after January 1, 2013 PEPRA Tier 3
Hire Date			
Formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50-55	50-57
Monthly benefits, as a % of annual salary	3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	0.0899	0.0899	0.1375
Required employer contribution rates	25.64% + \$4,675,141*	22.48% + \$28,612*	13.66% + \$21,239*
* 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, 2023

13. PENSION PLANS, *Continued*

B. *Safety Plan, a Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (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 13.75% of their annual covered salary. In addition, the City is required to make an employer contribution at an actuarial determined rate of 25.59% (tier 1), 22.47% (tier 2), and 13.98% (tier 3) of annual covered payroll for the year ended June 30, 2023. For the year ended June 30, 2023, contributions to the Plan were \$6,826,478.

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

As of June 30, 2023, the City reported liability of \$66,509,701 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, 2023, and the total pension liability for used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023. 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, 2023, the City's proportion was 82 percent, which was an increase of 11 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the City recognized pension expense of \$7,702,785. At June 30, 2023, 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	\$ 6,826,478	
Changes in assumptions	6,706,191	
Difference between expected and actual experience	2,752,595	(722,243)
Net difference between projected and actual earnings on plan investments	10,502,811	-
Changes in proportion and differences between City's contributions and proportionate share of contributions	2,778,315	(4,634,949)
Total	\$ 29,566,390	\$ (5,357,192)



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

13. PENSION PLANS, *Continued*

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

\$6,826,478 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, 2023.

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>	
2024	\$ (3,114,874)
2025	(3,836,419)
2026	(4,889,750)
2027	<u>(6,117,081)</u>
Total	<u><u>\$ (17,958,124)</u></u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

13. PENSION PLANS, *Continued*

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

Actuarial Assumptions

The total pension liabilities in the June 30, 2021 actuarial valuation were determined using the following actuarial assumptions:

	<u>Safety</u>
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	Varies by Asset Class (1)
Mortality	Derived using CalPERS Membership Data for all funds (2)
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return</u>
Global Equity - Cap-weighted	30%	4.54%
Global Equity - Non-Cap-Weighted	12%	3.84
Private Equity	13%	7.28
Treasury	5%	0.27
Mortgage-Backed Securities	5%	0.5
Investment Grade Corporates	10%	1.56
High Yield	5%	2.27
Emerging Market Debt	5%	2.48
Private Debt	5%	3.57
Real Assets	15%	3.21
Leverage	-5%	-0.59

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumption report from December 2017 that can be found on the CalPERS website.



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

13. PENSION PLANS, *Continued*

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021 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.

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 (a)	Target Allocation	Real Return Years 1-10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) In CalPERS Annual Comprehensive Financial Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

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

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



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

13. PENSION PLANS, *Continued*

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

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.

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:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Discount Rate	6.15 %	7.15 %	8.15 %
City's proportionate share of the net pension liability	<u>\$ 96,251,017</u>	<u>\$ 66,509,701</u>	<u>\$ 42,202,894</u>

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

June 30, 2023, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

As of June 30, 2023, the City reported total net pension liability, deferred outflows of resources and deferred inflows of resources for both Miscellaneous and Safety Plans as follows:

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
Governmental Activities:				
Miscellaneous Plan	\$ 79,082,868	\$ 22,140,821	\$ (453,456)	\$ 2,082,116
Safety Plan	66,509,701	29,566,390	(5,357,192)	7,702,785
Total	<u>\$ 145,592,569</u>	<u>\$ 51,707,211</u>	<u>\$ (5,810,648)</u>	<u>\$ 9,784,901</u>



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

13. PENSION PLANS, *Continued*

B. Safety Plan, a Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (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, 2023, employee contributions totaled \$63,690 and the City recognized pension expense of \$31,846.

14. CONTINGENCIES

A. Lawsuits in the Normal Course of Business

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. With the exception of one lawsuit for which the resolution includes construction of public improvements that could cost between \$700,000 and \$8,000,000 (\$5 million of which has already been appropriated in the Capital Budget). 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, 2023

14. CONTINGENCIES, *Continued*

C. *Construction Commitments*

The City had several outstanding or planned construction projects as of June 30, 2023. 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:

Project Description	Amounts
North Broadway Improvements - Prelim	\$ 5,132,352
Walker-Homestead Drainage	4,785,689
Arterial Overlay	6,080,262
S. Main Street Bridge Replacement	4,625,843
Bancroft Road Bridge Widening	1,679,376
Slurry Seal Project	1,631,561
Your Park Your Future Phase 1 Design	1,245,018
Bus Stop Access & Safety Improvements	938,304
Courtside Resurfacing at Heather Farm	845,695
Gardens at Heather Farm Rehabilitation	845,178
Building MEP	789,162
Calif/YVR Intersection Improvements	697,504
Roadway Resurfacing	613,049
Traffic Monitoring & Communications	577,643
Parking Guidance System	507,363
Total	\$ 30,994,001



City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2023

15. 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 fair value of capital improvements made by the owner. There was a memorandum to an existing agreement during the 2023 fiscal year. Total equity loans to City employees as of June 30, 2023 was \$107,757.

16. EXCESS EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2022 operating expenditures exceeded appropriations at the fund level (the legal level of budgetary control) for the following special revenue funds:

Traffic Safety/Police Grants	\$	278,986
CDBG Special Revenue Fund	\$	9,768

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

17. 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.

**REQUIRED
SUPPLEMENTARY INFORMATION**



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2023

Miscellaneous Plan, an Agent Multiple-Employer Defined Benefit Pension Plan
 Schedule of Changes in Net Pension Liability and Related Ratios, Last Ten Years*

Measurement date,

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Total pension liability					
Service cost	\$ 3,283,386	\$ 3,330,652	\$ 4,026,085	\$ 4,188,688	\$ 4,134,877
Interest	13,395,916	13,923,105	14,270,928	14,716,088	15,459,543
Differences between expected and actual experience	(443,519)	(611,261)	(2,320,304)	(1,208,077)	-
Changes in assumptions	(3,217,373)	-	11,670,814	(1,197,188)	1,972,596
Changes in benefits	-	-	-	-	-
Benefit payments, incl. refunds of employee contributions	(9,038,323)	(9,362,313)	(9,357,599)	(10,136,451)	(10,768,566)
Net change in total pension liability	3,980,087	7,280,183	18,289,924	6,363,060	10,798,450
Total pension liability - beginning	181,648,372	185,628,459	192,908,642	211,198,566	217,561,626
Total pension liability - ending (a)	\$ 185,628,459	\$ 192,908,642	\$ 211,198,566	\$ 217,561,626	\$ 228,360,076
Plan fiduciary net position					
Net Plan to Plan Resource Movement	\$ -	\$ -	\$ -	\$ (358)	\$ -
Contributions - employer	3,987,575	4,991,357	5,284,608	5,678,227	6,268,959
Contributions - employee	1,655,392	1,701,109	1,640,634	1,844,079	1,848,134
Net investment income	2,996,499	704,431	14,760,416	12,360,626	10,154,866
Benefit payments, including refunds of employee contributions	(9,038,323)	(9,362,313)	(9,357,599)	(10,136,451)	(10,768,566)
Other Miscellaneous Income/ (Expense)	-	-	-	(429,128)	(109,974)
Administrative Expense	(151,804)	(82,234)	(196,194)	(225,974)	358
Net change in fiduciary net position	(550,661)	\$ (2,047,650)	\$ 12,131,865	\$ 9,091,021	\$ 7,393,777
Plan fiduciary net position - beginning	135,481,849	\$ 134,931,188	\$ 132,883,538	\$ 145,015,403	\$ 154,106,424
Plan fiduciary net position - ending (b)	\$ 134,931,188	\$ 132,883,538	\$ 145,015,403	\$ 154,106,424	\$ 161,500,201
Net pension liability - ending (a) - (b)	\$ 50,697,271	\$ 60,025,104	\$ 66,183,163	\$ 63,455,202	\$ 66,859,875
Plan fiduciary net position as a percentage of the total pension liability	72.69%	68.88%	68.66%	70.83%	70.72%
Covered payroll	\$ 22,148,123	\$ 23,861,610	\$ 23,385,484	\$ 26,356,487	\$ 25,926,137
Net pension liability as a percentage of covered payroll	228.90%	251.56%	283.01%	240.76%	257.89%

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



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2023

Continued...

Miscellaneous Plan, an Agent Multiple-Employer Defined Benefit Pension Plan
Schedule of Changes in Net Pension Liability and Related Ratios, Last Ten Years*

Measurement date,

Total pension liability

	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
Service cost	\$ 4,238,369	\$ 4,343,955	\$ 4,457,086
Interest	16,125,829	16,752,578	17,150,828
Differences between expected and actual experience	761,470	349,841	(755,760)
Changes in assumptions	-	-	7,052,893
Changes in benefits	-	-	
Benefit payments, incl. refunds of employee contributions	<u>(11,409,312)</u>	<u>(12,592,931)</u>	<u>(13,785,657)</u>
Net change in total pension liability	9,716,356	8,853,443	14,119,390
Total pension liability - beginning	228,360,076	238,076,432	246,929,875
Total pension liability - ending (a)	<u><u>\$ 238,076,432</u></u>	<u><u>\$ 246,929,875</u></u>	<u><u>\$ 261,049,265</u></u>

Plan fiduciary net position

Net Plan to Plan Resource Movement	\$ -	\$ -	\$ -
Contributions - employer	7,060,722	7,487,273	8,044,779
Contributions - employee	1,855,227	1,784,881	1,842,325
Net investment income	8,119,993	37,784,386	(15,205,759)
Benefit payments, including refunds of employee contributions	(11,409,312)	(12,592,931)	(13,785,657)
Other Miscellaneous Income/ (Expense)	-	-	
Administrative Expense	<u>(227,676)</u>	<u>(166,722)</u>	<u>(125,333)</u>
Net change in fiduciary net position	5,398,954	34,296,887	\$ (19,229,645)
Plan fiduciary net position - beginning	161,500,201	166,899,155	\$ 201,196,042
Plan fiduciary net position - ending (b)	<u><u>\$ 166,899,155</u></u>	<u><u>\$ 201,196,042</u></u>	<u><u>\$ 181,966,397</u></u>
Net pension liability - ending (a) - (b)	<u><u>\$ 71,177,277</u></u>	<u><u>\$ 45,733,833</u></u>	<u><u>\$ 79,082,868</u></u>

Plan fiduciary net position as a percentage of the total pension liability 70.10% 81.48% 69.71%

Covered payroll \$ 27,228,712 \$ 25,188,551 \$ 25,138,670

Net pension liability as a percentage of covered payroll 261.41% 181.57% 314.59%

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



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2023

Miscellaneous Plan, an Agent Multiple-Employer Defined Benefit Pension Plan
 Last Ten Years*
 Schedule of Contributions

	2015	2016	2017	2018
Actuarially determined contribution	\$ 3,987,248	\$ 4,802,943	\$ 5,287,652	\$ 5,676,946
Contributions in relation to the actuarially determined contribution	3,987,248	4,802,943	5,287,652	5,676,946
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 22,148,123	\$ 23,861,610	\$ 23,385,484	\$ 26,356,487
Contributions as a percentage of covered payroll	18.00%	20.13%	22.61%	21.54%

Notes to Schedule

Valuation date:	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Methods and assumptions used to determine contribution rates:				
Single and Agent Employers Example	Entry age Normal	Entry age Normal	Entry age Normal	Entry age Normal
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Asset valuation method	Fair value	Fair value	Fair value	Fair value
Inflation	2.75%	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.	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.	7.15%, Net of Pension Plan Investment and Administrative expenses, including inflation.
Retirement age	55 years	55 years	55 years	55 years
Mortality	Based on CalPERS Experience Study	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 nine years are shown.



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2023

Miscellaneous Plan an Agent Multiple-Employer Defined Benefit Pension Plan

Last Ten Years*

Schedule of Contributions

	2019	2020	2021
Actuarially determined contribution	\$ 6,267,267	\$ 7,058,361	\$ 7,489,466
Contributions in relation to the actuarially determined contribution	6,267,267	7,058,361	7,489,466
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 25,926,137	\$ 27,228,712	\$ 25,188,551
Contributions as a percentage of covered payroll	24.17%	25.92%	29.73%

Notes to Schedule

Valuation date: June 30, 2017 June 30, 2018 June 30, 2019

Methods and assumptions used to determine contribution rates:

Single and Agent Employers Example	Entry age Normal	Entry age Normal	Entry age Normal Cost
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Asset valuation method	Fair value	Fair value	Fair value
Inflation	2.75%	2.50%	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 / 60 / 62 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 nine years are shown.

** Depending on service tier.



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2023

Miscellaneous Plan, an Agent Multiple-Employer Defined Benefit Pension Plan
Last Ten Years*
Schedule of Contributions

	<u>2022</u>	<u>2023</u>
Actuarially determined contribution	8,045,859	8,770,402
Contributions in relation to the actuarially determined contribution	8,045,859	8,770,402
Contribution deficiency (excess)	-	-
Covered payroll	25,490,829	25,138,670
Contributions as a percentage of covered payroll	31.56%	34.89%

Notes to Schedule

Valuation date: June 30, 2020 June 30, 2021

Methods and assumptions used to determine contribution rates:

Single and Agent Employers Example	Entry age Normal Cost	Entry age Normal Cost
Amortization method	Level percentage of payroll	Level percentage of payroll
Asset valuation method	Fair value	Fair value
Inflation	2.50%	2.30%
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.
Investment Rate of Return	7.15%, Net of Pension Plan Investment and Administrative expenses, including inflation.	6.8%, Net of Pension Plan Investment and Administrative expenses, including inflation.
Retirement age	**55 / 60 / 62 years	**55 / 60 / 62 years
Mortality	Based on CalPERS Experience Study	Based on CalPERS Experience Study

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

** Depending on service tier.



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2023

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Proportion of the net pension liability	0.43718%	0.47060%	0.48300%	0.48420%	0.50560%
Proportionate share of the net pension liability	\$ 27,203,344	\$ 32,300,750	\$ 41,797,507	\$ 48,021,521	\$ 48,721,833
Covered payroll	\$ 9,220,099	\$ 9,404,426	\$ 9,490,459	\$ 10,137,734	\$ 11,060,430
Proportionate share of the net pension liability as a percentage of covered payroll	295.04%	343.46%	440.42%	473.69%	440.51%
Plan fiduciary net position as a percentage of the total pension liability	79.82%	78.40%	74.06%	73.31%	71.74%
Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018

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

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

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Proportion of the net pension liability	0.51390%	0.86288%	1.06419%	0.96790%
Proportionate share of the net pension liability	\$ 52,663,024	\$ 57,487,898	\$ 37,347,410	\$ 66,509,701
Covered payroll	\$ 11,217,582	\$ 13,467,470	\$ 10,975,914	\$ 11,033,410
Proportionate share of the net pension liability as a percentage of covered payroll	469.47%	426.86%	340.27%	602.80%
Plan fiduciary net position as a percentage of the total pension liability	72.69%	72.69%	81.57%	69.12%
Measurement Date	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022

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



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2023

Safety Plan, a Cost Sharing Defined Benefit Pension Plan

Schedule of Contributions

Last Ten Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contributions	\$ 2,738,761	\$ 3,185,301	\$ 3,643,000	\$ 4,112,518	\$ 4,703,662
Contributions in relation to the actuarially determined contribution	2,738,761	3,185,301	3,643,000	4,112,518	4,703,662
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 9,404,426	\$ 9,490,459	\$ 10,137,734	\$ 11,060,430	\$ 11,217,582
Contributions as a percentage of covered payroll	29.12%	33.56%	35.94%	37.18%	41.93%

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

Safety Plan, a Cost Sharing Defined Benefit Pension Plan

Schedule of Contributions

Last Ten Years*

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contributions	\$ 5,204,123	\$ 5,594,739	\$ 6,173,901	\$ 6,826,478
Contributions in relation to the actuarially determined contribution	5,204,123	5,594,739	6,173,901	6,826,478
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 13,467,470	\$ 10,975,914	\$ 11,033,410	
Contributions as a percentage of covered payroll	38.64%	50.97%	55.96%	58.30%

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



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2023

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 Funds
For the Year Ended June 30, 2023

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Funds Combined (General Fund and Measure O)

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes				
Sales and use	\$ 31,295,600	\$ 31,905,070	\$ 35,874,937	\$ 3,969,867
Property	28,824,567	28,824,567	30,509,516	1,684,949
Business license	2,109,458	2,722,010	3,680,457	958,447
Franchise	3,727,716	3,727,716	3,930,307	202,591
Transient occupancy tax	1,500,000	1,896,500	1,632,598	(263,902)
Other	818,000	818,000	816,235	(1,765)
Intergovernmental	34,500	34,500	350,250	315,750
Investment and rental income	3,527,056	3,876,634	5,209,037	1,332,403
Charges for services	13,229,673	13,629,673	13,299,750	(329,923)
Licenses, permits and fees	4,764,948	4,955,948	5,891,364	935,416
Fines, forfeitures and penalties	249,023	249,023	361,622	112,599
Other revenue	1,051,966	1,051,966	827,937	(224,029)
Total revenues	91,132,507	93,691,607	102,384,010	8,692,403
EXPENDITURES:				
Current:				
Public protection	30,608,328	32,855,271	30,421,885	2,433,386
Public works	18,153,314	18,685,933	17,451,745	1,234,188
Community and economic development	8,115,918	9,565,596	7,534,592	2,031,004
Housing	685,476	697,476	456,032	241,444
Arts and recreation	16,445,236	17,283,803	18,137,546	(853,743)
Administrative services	5,142,527	5,703,868	4,744,154	959,714
Human resources	1,714,841	2,309,735	1,886,250	423,485
General government	8,345,471	10,284,419	8,491,627	1,792,792
Debt Service:				
Principal retirement	86,618	86,618	78,150	8,468
Interest, fiscal charges and issuance costs	-	-	-	-
Total expenditures	89,297,729	97,472,719	89,201,981	8,270,738
REVENUES OVER (UNDER) EXPENDITURES	1,834,778	(3,781,112)	15,210,306	16,963,141
OTHER FINANCING SOURCES (USES):				
Transfers in	1,826,130	1,826,130	683,000	(1,143,130)
Transfers (out)	(2,240,029)	(3,585,012)	(2,903,031)	681,981
Total other financing sources (uses)	(413,899)	(1,758,882)	(2,220,031)	(461,149)
Net change in fund balance	\$ 1,420,879	\$ (5,539,994)	\$ 10,961,998	\$ 16,501,992
FUND BALANCE:				
Beginning of year			82,596,721	
End of year			<u>\$ 93,558,719</u>	

See note to required supplementary information.



City of Walnut Creek
Required Supplementary Information
General Fund
For the Year Ended June 30, 2023

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	\$ 31,295,600	\$ 31,905,070	\$ 32,973,020	\$ 1,067,950
Property	28,824,567	28,824,567	30,509,516	1,684,949
Business license	2,109,458	2,722,010	3,680,457	958,447
Franchise	3,727,716	3,727,716	3,930,307	202,591
Transient occupancy tax	1,500,000	1,896,500	1,632,598	(263,902)
Other	818,000	818,000	816,235	(1,765)
Intergovernmental	34,500	34,500	350,250	315,750
Investment and rental income	3,527,056	3,876,634	5,208,786	1,332,152
Charges for services	13,229,673	13,629,673	13,299,750	(329,923)
Licenses, permits and fees	4,764,948	4,955,948	5,891,364	935,416
Fines, forfeitures and penalties	249,023	249,023	361,622	112,599
Other revenue	1,051,966	1,051,966	827,937	(224,029)
Total revenues	91,132,507	93,691,607	99,481,842	5,790,235
EXPENDITURES:				
Current:				
Public protection	30,608,328	32,855,271	30,421,885	2,433,386
Public works	18,153,314	18,685,933	17,451,745	1,234,188
Community and economic development	8,115,918	9,565,596	7,537,055	2,028,541
Housing	674,976	686,976	453,569	233,407
Arts and recreation	16,445,236	17,283,803	18,137,546	(853,743)
Administrative services	5,142,527	5,703,868	4,744,154	959,714
Human resources	1,714,841	2,309,735	1,886,250	423,485
General government	8,345,471	10,284,419	8,486,165	1,798,254
Debt Service:				
Principal retirement	86,618	86,618	78,150	8,468
Interest, fiscal charges and issuance costs	-	-	-	-
Total expenditures	89,287,229	97,462,219	89,196,519	8,265,700
REVENUES OVER (UNDER) EXPENDITURES	1,845,278	(3,770,612)	10,285,323	14,055,935
OTHER FINANCING SOURCES (USES):				
Transfers in	1,826,130	1,826,130	683,000	(1,143,130)
Transfers (out)	(2,240,029)	(3,585,012)	(2,903,031)	681,981
Total other financing sources (uses)	(413,899)	(1,758,882)	(2,220,031)	(461,149)
Net change in fund balance	\$ 1,431,379	\$ (5,529,494)	\$ 8,065,292	\$ 13,594,786
FUND BALANCE:				
Beginning of year			82,596,721	
End of year			<u>\$ 90,662,013</u>	

See note to required supplementary information.



City of Walnut Creek
Required Supplementary Information
Measure O Fund
For the Year Ended June 30, 2023

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

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes				
Sales and use	\$ -	\$ -	\$ 2,901,917	\$ 2,901,917
Property	-	-	-	-
Investment and rental income	-	-	251	251
Other revenue	-	-	-	-
Total revenues	-	-	2,902,168	2,902,168
EXPENDITURES:				
Current:				
Public protection	-	-	-	-
Public works	-	-	-	-
Community and economic development	-	-	-	-
Arts and recreation	-	-	-	-
Administrative services	-	-	-	-
Human resources	-	-	-	-
General government	-	-	5,462	(5,462)
Debt Service:				
Principal retirement	-	-	-	-
Interest, fiscal charges and issuance costs	-	-	-	-
Total expenditures	-	-	5,462	(5,462)
REVENUES OVER (UNDER) EXPENDITURES	-	-	2,896,706	2,896,706
OTHER FINANCING SOURCES (USES):				
Sale of asset	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	2,896,706	2,896,706
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ 2,896,706</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, 2023

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Investment and rental income	\$ 30,250	\$ 30,250	\$ 34,753	\$ 4,503
Other	180,000	180,000	77,594	(102,406)
Total revenues	<u>210,250</u>	<u>210,250</u>	<u>112,347</u>	<u>(97,903)</u>
EXPENDITURES:				
Current:				
Housing	543,916	1,543,932	6,337	1,537,595
Total expenditures	<u>543,916</u>	<u>1,543,932</u>	<u>6,337</u>	<u>1,537,595</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (333,666)</u>	<u>\$ (1,333,682)</u>	<u>106,010</u>	<u>\$ 1,439,692</u>
Net change in fund balance	<u>\$ (333,666)</u>	<u>\$ (1,333,682)</u>	<u>106,010</u>	<u>\$ 1,439,692</u>
FUND BALANCE:				
Beginning of year			2,570,103	
End of year			<u>\$ 2,676,113</u>	



City of Walnut Creek
Required Supplementary Information
Housing Special Revenue Fund
For the Year Ended June 30, 2023

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	\$ 4,213,300	\$ 4,213,300	\$ 365,132	\$ (3,848,168)
Fines, forfeitures and penalties	7,000	7,000	1,800	(5,200)
Investment and rental income	64,350	64,350	141,650	77,300
Other revenue	-	-	79,231	79,231
Total revenues	4,284,650	4,284,650	587,813	(3,696,837)
EXPENDITURES:				
Current:				
Community and economic development	-	-	-	-
Housing	4,295,632	5,447,366	96,488	5,350,878
Total expenditures	4,295,632	5,447,366	96,488	5,350,878
REVENUES OVER (UNDER) EXPENDITURES	(10,982)	(1,162,716)	491,325	1,654,041
Net change in fund balance	\$ (10,982)	\$ (1,162,716)	\$ 491,325	\$ 1,654,041
FUND BALANCE:				
Beginning of year			7,982,622	
End of year			<u>\$ 8,473,947</u>	



City of Walnut Creek
Required Supplementary Information
CDBG Special Revenue Fund
For the Year Ended June 30, 2023

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	\$ -	\$ -	\$ 8,960	\$ 8,960
Intergovernmental	340,000	340,000	720,627	380,627
Other revenue	20,000	20,000	7,717	(12,283)
Total revenues	360,000	360,000	737,304	377,304
EXPENDITURES:				
Current:				
Community and economic development	-	-	-	-
Housing	359,944	727,536	737,240	(9,704)
Arts and recreation	-	-	64	(64)
Total expenditures	359,944	727,536	737,304	(9,768)
REVENUES OVER (UNDER) EXPENDITURES	56	(367,536)	-	367,536
	\$ 56	\$ (367,536)	\$ -	\$ 367,536
FUND BALANCE:				
Beginning of year			-	
End of year			\$ -	

See note to required supplementary information.



SUPPLEMENTAL INFORMATION



NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

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

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

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

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

Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides for payments to State, Local, and Tribal governments navigating the impact of the COVID-19 outbreak.

American Rescue Plan Act (ARPA) - accounts for funds received by federal government for state and local governments to make strategic investments in long-lived assets, rebuild reserves to enhance financial stability, and cover temporary operating shortfalls until economic conditions and operations normalize.

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, 2023
(With comparative information from the prior year)

	Special Revenue												
	General Plan Update	Open Space	Revolving Loans	ARPA	Traffic Safety/Police/Grants	PEG Access Fees/Grants	Gas Tax	NPDES	Measure J	Shadelands Park Maintenance	Shadelands Property and Business Improvement District	Alternative Energy	Traffic Congestion Relief
ASSETS:													
Current:													
Cash and investments	\$2,072,575	\$ 1,974	\$ 288,451	\$ -	\$ 889,928	\$3,291,377	\$3,327,725	\$1,963,547	\$4,663,514	\$ 1,003,148	\$ 52,995	\$ 118,065	\$4,294,301
Accounts receivable	-	55,290	-	-	607,667	57,191	155,277	352,982	-	-	-	-	140,810
Interest receivable	2,479	-	342	(177)	1,088	3,903	3,951	2,535	5,603	-	-	-	4,843
Prepaid items	-	-	-	-	-	-	-	220	-	-	-	-	-
Notes and loans receivable	-	-	-	-	626,322	-	-	-	-	-	-	-	-
Total assets	\$2,075,054	\$ 57,264	\$ 288,793	\$ (177)	\$2,125,005	\$3,352,471	\$3,486,953	\$2,319,284	\$4,669,117	\$ 1,003,148	\$ 52,995	\$ 118,065	\$4,439,954
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:													
LIABILITIES:													
Accounts payable and other accrued liabilities	\$ 16,383	\$ 44,398	\$ -	\$ -	\$ 213,813	\$ -	\$ -	\$ 4,113	\$ -	\$ -	\$ 18,691	\$ -	\$ -
Accrued payroll	211	12,866	-	-	3,508	-	-	10,992	-	-	-	-	-
Due to other funds	-	-	-	-	389,838	-	-	-	-	-	-	-	-
Unearned revenues	-	-	-	-	86,560	-	-	-	-	-	-	-	-
Total liabilities	16,594	57,264	-	-	693,719	-	-	15,105	-	-	18,691	-	-
DEFERRED INFLOW OF RESOURCES:													
Unavailable resources-notes and loans	-	-	-	-	626,322	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	626,322	-	-	-	-	-	-	-	-
FUND BALANCES:													
Nonspendable	-	-	-	-	-	-	-	220	-	-	-	-	-
Restricted	2,058,460	-	288,793	-	804,964	3,352,471	3,486,953	2,303,959	4,669,117	1,003,148	34,304	118,065	4,439,954
Unassigned	-	-	-	(177)	-	-	-	-	-	-	-	-	-
Total fund balances	2,058,460	-	288,793	(177)	804,964	3,352,471	3,486,953	2,304,179	4,669,117	1,003,148	34,304	118,065	4,439,954
Total liabilities, deferred inflows of resources and fund balances	\$2,075,054	\$ 57,264	\$ 288,793	\$ (177)	\$2,125,005	\$3,352,471	\$3,486,953	\$2,319,284	\$4,669,117	\$ 1,003,148	\$ 52,995	\$ 118,065	\$4,439,954



City of Walnut Creek
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023
(With comparative information from the prior year)

	Capital Project				Capital Project			Permanent	Totals	
	In Lieu Underground	Storm Drain	Traffic Impact Mitigation	Other In Lieu / Mitigation Fees	In Lieu Park	In Lieu Parking	Local Improvement Districts	Leshner Endowment	2023	2022
ASSETS:										
Current:										
Cash and investments	\$ 1,270,906	\$ 602,279	\$ 10,291,001	\$ 1,992,388	\$ 4,351,983	\$ 1,458,608	\$ 87,017	\$ 1,854,234	\$ 43,876,016	\$ 44,813,682
Accounts receivable	-	-	-	1,000	-	-	-	-	1,370,217	1,475,169
Interest receivable	1,516	716	12,374	2,515	5,246	1,733	-	2,236	50,903	43,292
Prepaid items	-	-	-	-	-	-	-	-	220	10,522
Notes and loans receivable	-	-	-	-	-	-	-	-	626,322	626,322
Total assets	\$ 1,272,422	\$ 602,995	\$ 10,303,375	\$ 1,995,903	\$ 4,357,229	\$ 1,460,341	\$ 87,017	\$ 1,856,470	\$ 45,923,678	\$ 46,968,987
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:										
LIABILITIES:										
Accounts payable and other accrued liabilities	\$ -	\$ -	\$ 38,780	\$ -	\$ -	\$ -	\$ -	\$ 19,645	\$ 355,823	\$ 613,746
Accrued payroll	-	-	-	2,557	211	-	-	-	30,345	92,270
Due to other funds	-	-	-	-	-	-	-	-	389,838	604,678
Unearned revenues	-	-	-	-	-	-	-	-	86,560	104,312
Total liabilities	-	-	38,780	2,557	211	-	-	19,645	862,566	1,415,006
DEFERRED INFLOW OF RESOURCES:										
Unavailable resources-notes and loans	-	-	-	-	-	-	-	-	626,322	626,322
Total deferred inflows of resources	-	-	-	-	-	-	-	-	626,322	626,322
FUND BALANCES:										
Nonspendable	-	-	-	-	-	-	-	1,000,000	1,000,220	1,626,322
Restricted	1,272,422	602,995	10,264,595	1,993,346	4,357,018	1,460,341	87,017	836,825	43,434,747	43,301,420
Total fund balances	1,272,422	602,995	10,264,595	1,993,346	4,357,018	1,460,341	87,017	1,836,825	44,434,790	44,927,659
Total liabilities, deferred inflows of resources and fund balances	\$ 1,272,422	\$ 602,995	\$ 10,303,375	\$ 1,995,903	\$ 4,357,229	\$ 1,460,341	\$ 87,017	\$ 1,856,470	\$ 45,923,678	\$ 46,968,987



City of Walnut Creek
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Governmental Funds
For the Year Ended June 30, 2023
(With comparative information for the prior year)

	Special Revenue												
	General Plan Update	Open Space	Revolvin g Loans	ARPA	Traffic Safety/ Police Grants	PEG Access Fees/ Grants	Gas Tax	NPDES	Measure J	Shadelands Park Maintenance	Shadelands Property and Business Improvement District	Alternative Energy	Traffic Congestion Relief
REVENUES:													
Taxes:													
Sales and use	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 438,073	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-	-	-	-	-	-	-	377,956	-	-
Other	-	873,988	-	-	-	-	-	1,198,255	-	-	-	-	-
Intergovernmental	-	-	-	-	671,464	-	1,772,621	-	-	-	-	-	1,552,827
Investment and rental income	26,794	32,110	3,634	(94)	72,817	41,482	41,334	26,230	57,618	-	-	-	44,924
Charges for services	-	58,000	-	-	42,066	242,496	-	101,034	-	-	-	-	-
Other revenues	152,566	1,000	-	-	85,347	1,500	-	14,520	-	-	-	-	-
Total revenues	179,360	965,098	3,634	(94)	871,694	285,478	1,813,955	1,340,039	495,691	-	377,956	-	1,597,751
EXPENDITURES:													
Current:													
Public protection	-	-	-	-	380,295	-	-	-	-	-	-	-	-
Public works	-	1,338,622	-	-	109,310	-	-	1,483,555	-	-	-	-	-
Community development	302,233	-	-	-	21,157	-	-	-	9,321	-	374,180	-	-
Arts and recreation	-	-	-	-	88,922	-	-	-	-	-	-	-	-
General government	-	-	-	-	-	250,712	-	-	-	-	-	-	-
Total expenditures	302,233	1,338,622	-	-	1,003,880	250,712	-	1,483,555	9,321	-	374,180	-	-
REVENUES OVER (UNDER) EXPENDITURES	(122,873)	(373,524)	3,634	(94)	(132,186)	34,766	1,813,955	(143,516)	486,370	-	3,776	-	1,597,751
OTHER FINANCING SOURCES (USES):													
Transfers in	-	373,524	-	-	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	(1,230,907)	-	(376,284)	(1,208,806)	-	-	(457,053)
Total other financing sources (uses)	-	373,524	-	-	-	-	(1,230,907)	-	(376,284)	(1,208,806)	-	-	(457,053)
Net change in fund balances	(122,873)	-	3,634	(94)	(132,186)	34,766	583,048	(143,516)	110,086	(1,208,806)	3,776	-	1,140,698
FUND BALANCES:													
Beginning of the year	2,181,333	-	285,159	(83)	937,150	3,317,705	2,903,905	2,447,695	4,559,031	2,211,954	30,528	118,065	3,299,256
End of the year	\$ 2,058,460	\$ -	\$ 288,793	\$ (177)	\$ 804,964	\$ 3,352,471	\$ 3,486,953	\$ 2,304,179	\$ 4,669,117	\$ 1,003,148	\$ 34,304	\$ 118,065	\$ 4,439,954



City of Walnut Creek
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Governmental Funds
For the Year Ended June 30, 2023
(With comparative information for the prior year)

	Capital Project							Permanent		
	In Lieu Underground	Storm Drain	Traffic Impact Mitigation	Other In Lieu / Mitigation Fees	In Lieu Park	In Lieu Parking	Local Improvement Districts	Leshar Endowment	Totals	
									2023	2022
REVENUES:										
Taxes:										
Sales and use	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 438,073	\$ 1,558,173
Property	-	-	-	-	-	-	-	-	377,956	377,673
Other	-	-	-	-	-	-	-	-	2,072,243	2,048,426
Intergovernmental	-	-	-	-	-	-	-	-	3,996,912	4,517,443
Investment and rental income	17,907	7,259	133,234	26,981	56,752	18,378	-	23,765	631,125	363,870
Charges for services	-	52,653	21,991	146,454	58,000	-	-	-	722,694	1,882,015
Other revenues	-	-	-	-	-	-	-	75,000	329,933	566,596
Total revenues	17,907	59,912	155,225	173,435	114,752	18,378	0	98,765	8,568,936	11,314,196
EXPENDITURES:										
Current:										
Public protection	-	-	-	-	-	-	-	-	380,295	898,491
Public works	-	-	89,087	122,491	41,647	-	-	-	3,184,712	2,928,046
Community development	-	-	-	-	-	-	-	-	706,891	1,182,740
Arts and recreation	-	-	-	43,609	-	-	-	72,279	204,810	205,332
General government	-	-	-	-	-	-	-	-	250,712	126,103
Total expenditures	-	-	89,087	166,100	41,647	-	-	72,279	5,131,616	5,340,712
REVENUES OVER (UNDER) EXPENDITURES	17,907	59,912	66,138	7,335	73,105	18,378	-	26,486	3,437,320	5,973,484
OTHER FINANCING SOURCES (USES):										
Transfers in	-	-	-	10,000	-	-	-	-	383,524	291,336
Transfers (out)	(422,877)	-	(149,334)	(151,655)	(316,798)	-	-	-	(4,313,714)	(3,422,227)
Total other financing sources (uses)	(422,877)	-	(149,334)	(141,655)	(316,798)	-	-	-	(3,930,190)	(3,130,891)
Net change in fund balances	(404,970)	59,912	(83,196)	(134,320)	(243,693)	18,378	-	26,486	(492,870)	2,842,593
FUND BALANCES:										
Beginning of the year	1,677,391	543,083	10,347,791	2,127,666	4,600,711	1,441,963	87,017	1,810,339	44,927,659	42,085,066
End of the year	\$ 1,272,421	\$ 602,995	\$ 10,264,595	\$ 1,993,346	\$ 4,357,018	\$ 1,460,341	\$ 87,017	\$ 1,836,825	\$ 44,434,790	\$ 44,927,659



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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 19,250	\$ 19,250	\$ 26,794	\$ 7,544
Other revenue	300,000	300,000	152,566	(147,434)
Total revenues	<u>319,250</u>	<u>319,250</u>	<u>179,360</u>	<u>(139,890)</u>
EXPENDITURES:				
Current:				
Community and economic development	96,731	456,268	302,233	154,035
Total expenditures	<u>96,731</u>	<u>456,268</u>	<u>302,233</u>	<u>154,035</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>222,519</u>	<u>(137,018)</u>	<u>(122,873)</u>	<u>14,145</u>
Net change in fund balance	<u>\$ 222,519</u>	<u>\$ (137,018)</u>	<u>\$ (122,873)</u>	<u>\$ 14,145</u>
FUND BALANCE:				
Beginning of year			<u>2,181,333</u>	
End of year			<u>\$ 2,058,460</u>	



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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 772,800	\$ 772,800	\$ 873,988	\$ 101,188
Investment and rental income	29,300	29,300	32,110	2,810
Charges for services	40,454	40,454	58,000	17,546
Other revenues	-	-	1,000	1,000
Total revenues	842,554	842,554	965,098	122,544
EXPENDITURES:				
Current:				
Public works	1,350,583	1,399,391	1,338,622	60,769
Total expenditures	1,350,583	1,399,391	1,338,622	60,769
REVENUES OVER (UNDER) EXPENDITURES	(508,029)	(556,837)	(373,524)	183,313
OTHER FINANCING SOURCES (USES):				
Transfers in	508,029	508,029	373,524	(134,505)
Total other financing sources (uses)	508,029	508,029	373,524	(134,505)
Net change in fund balance	\$ -	\$ (48,808)	\$ -	\$ 48,808
FUND BALANCE:				
Beginning of year			-	
End of year			\$ -	



City of Walnut Creek
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
Revolving Loans Special Revenue Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 1,650	\$ 1,650	\$ 3,634	\$ 1,984
Charges for services	-	-	-	-
Total revenues	<u>1,650</u>	<u>1,650</u>	<u>3,634</u>	<u>1,984</u>
Net change in fund balance	<u>\$ 1,650</u>	<u>\$ 1,650</u>	\$ 3,634	<u>\$ 1,984</u>
FUND BALANCE:				
Beginning of year			285,159	
End of year			<u>\$ 288,793</u>	



City of Walnut Creek

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual American Rescue Plan Act (ARPA) For the Year Ended June 30, 2022

	Budgeted Amounts			Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
REVENUES:					
Intergovernmental	\$ —	\$ —	\$ —	\$ —	\$ —
Investment and rental income	\$ —	\$ —	\$ —	\$ (94)	\$ (94)
Total revenues	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (94)</u>	<u>\$ (94)</u>
OTHER FINANCING SOURCES (USES):					
Transfers Out	\$ (1,143,130)	\$ (1,143,130)	\$ —	\$ —	\$ 1,143,130
Total other financing sources (uses)	<u>\$ (1,143,130)</u>	<u>\$ (1,143,130)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,143,130</u>
Net change in fund balance	<u>\$ (1,143,130)</u>	<u>\$ (1,143,130)</u>	<u>\$ (94)</u>	<u>\$ (94)</u>	<u>\$ 1,143,036</u>
FUND BALANCE:					
Beginning of year			\$ (83)		
End of year			<u>\$ (177)</u>		



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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 25,000	\$ 25,000	\$ 42,066	\$ 17,066
Intergovernmental	378,000	378,000	671,464	293,464
Investment and rental income	4,636	4,636	72,817	68,181
Other revenue	-	-	85,347	85,347
Total revenues	407,636	407,636	871,694	464,058
EXPENDITURES:				
Current:				
Public protection	294,514	461,841	380,295	81,546
Public works	-	-	109,310	(109,310)
Community and economic development	20,000	20,000	21,157	(1,157)
Arts and recreation	-	-	88,922	(88,922)
General government	-	-	-	-
Total expenditures	452,514	724,894	1,003,880	(278,986)
REVENUES OVER (UNDER) EXPENDITURES	(44,878)	(317,258)	(132,186)	185,072
Net change in fund balance	\$ (44,878)	\$ (317,258)	\$ (132,186)	\$ 185,072
FUND BALANCE:				
Beginning of year			937,150	
End of year			<u>\$ 804,964</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 33,825	\$ 33,825	\$ 41,482	\$ 7,657
Charges for services	317,868	317,868	242,496	(75,372)
Total revenues	<u>351,693</u>	<u>351,693</u>	<u>285,478</u>	<u>(66,215)</u>
EXPENDITURES:				
Current:				
General government	299,199	299,199	250,712	48,487
Total expenditures	<u>299,199</u>	<u>299,199</u>	<u>250,712</u>	<u>48,487</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>52,494</u>	<u>52,494</u>	<u>34,766</u>	<u>(17,728)</u>
Net change in fund balance	<u>\$ 52,494</u>	<u>\$ 52,494</u>	<u>\$ 34,766</u>	<u>\$ (17,728)</u>
FUND BALANCE:				
Beginning of year			3,317,705	
End of year			<u>\$ 3,352,471</u>	



City of Walnut Creek
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,685,902	\$ 1,685,902	\$ 1,772,621	\$ 86,719
Investment and rental income	8,250	8,250	41,334	33,084
Total revenues	<u>1,694,152</u>	<u>1,694,152</u>	<u>1,813,955</u>	<u>119,803</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	(1,985,902)	(1,985,902)	(1,230,907)	754,995
Total other financing sources (uses)	<u>(1,985,902)</u>	<u>(1,985,902)</u>	<u>(1,230,907)</u>	<u>754,995</u>
Net change in fund balance	<u>\$ (291,750)</u>	<u>\$ (291,750)</u>	\$ 583,048	<u>\$ 874,798</u>
FUND BALANCE:				
Beginning of year			2,903,905	
End of year			<u>\$ 3,486,953</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 1,212,176	\$ 1,212,176	\$ 1,198,255	\$ (13,921)
Charges for services	9,500	9,500	14,520	5,020
Investment and rental income	27,500	27,500	26,230	(1,270)
Other revenue	101,034	101,034	101,034	-
Total revenues	<u>1,350,210</u>	<u>1,350,210</u>	<u>1,340,039</u>	<u>(10,171)</u>
EXPENDITURES:				
Current:				
Public works	1,806,644	1,815,296	1,483,555	331,741
Total expenditures	<u>1,806,644</u>	<u>1,815,296</u>	<u>1,483,555</u>	<u>331,741</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(456,434)</u>	<u>(465,086)</u>	<u>(143,516)</u>	<u>321,570</u>
Net change in fund balance	<u>\$ (456,434)</u>	<u>\$ (465,086)</u>	<u>\$ (143,516)</u>	<u>\$ 321,570</u>
FUND BALANCE:				
Beginning of year			<u>2,447,695</u>	
End of year			<u>\$ 2,304,179</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Sales and use tax	\$ 1,103,445	\$ 1,103,445	\$ 438,073	\$ (665,372)
Investment and rental income	24,750	24,750	57,618	32,868
Total revenues	<u>1,128,195</u>	<u>1,128,195</u>	<u>495,691</u>	<u>(632,504)</u>
EXPENDITURES:				
Current:				
Community and economic development	233,577	240,045	9,321	230,724
Total expenditures	<u>233,577</u>	<u>240,045</u>	<u>9,321</u>	<u>230,724</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>894,618</u>	<u>888,150</u>	<u>486,370</u>	<u>(401,780)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(700,000)	(700,000)	(376,284)	323,716
Total other financing sources (uses)	<u>(700,000)</u>	<u>(700,000)</u>	<u>(376,284)</u>	<u>(323,716)</u>
Net change in fund balance	<u>\$ 194,618</u>	<u>\$ 188,150</u>	<u>\$ 110,086</u>	<u>\$ (78,064)</u>
FUND BALANCE:				
Beginning of year			4,559,031	
End of year			<u>\$ 4,669,117</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	\$ -	\$ (1,208,806)	\$ (1,208,806)	\$ -
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,208,806)</u>	<u>\$ (1,208,806)</u>	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			2,211,954	
End of year			<u>\$ 1,003,148</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property Tax	\$ 390,000	\$ 390,000	\$ 377,956	\$ (12,044)
Total revenues	<u>390,000</u>	<u>390,000</u>	<u>377,956</u>	<u>(12,044)</u>
EXPENDITURES:				
Current:				
Community and economic development	386,100	386,100	374,180	11,920
Total expenditures	<u>386,100</u>	<u>386,100</u>	<u>374,180</u>	<u>11,920</u>
REVENUES OVER (UNDER) EXPENDITURES	3,900	3,900	3,776	(124)
Net change in fund balance	<u>\$ 3,900</u>	<u>\$ 3,900</u>	<u>\$ 3,776</u>	<u>\$ (124)</u>
FUND BALANCE:				
Beginning of year			30,528	
End of year			<u>\$ 34,304</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Other Revenue	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES				
Net change in fund balance	-	-	-	-
FUND BALANCE:				
Beginning of year			118,065	
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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,325,010	\$ 1,325,010	\$ 1,552,827	\$ 227,817
Investment and rental income	13,750	13,750	44,924	31,174
Total revenues	<u>1,338,760</u>	<u>1,338,760</u>	<u>1,597,751</u>	<u>258,991</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,325,010)	(1,325,010)	(457,053)	867,957
Total other financing sources (uses)	<u>(1,325,010)</u>	<u>(1,325,010)</u>	<u>(457,053)</u>	<u>867,957</u>
Net change in fund balance	<u>\$ 13,750</u>	<u>\$ 13,750</u>	<u>\$ 1,140,698</u>	<u>\$ 1,126,948</u>
FUND BALANCE:				
Beginning of year			3,299,256	
End of year			<u>\$ 4,439,954</u>	



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
June 30, 2023
(With comparative information for the prior year)

	Vehicle Replacement	Police Radio	Equipment Replacement LCA	Equipment Replacement IT	Equipment Replacement ASD
ASSETS:					
Current assets:					
Cash and investments	\$ 1,995,150	\$ 244,723	\$ 96,585	\$ 7,299,236	\$ 1,239
Prepaid expense	-	-	-	133,608	-
Accounts receivable	-	-	-	-	-
Interest Receivable	2,630	284	114	8,887	1
Total current assets	<u>1,997,780</u>	<u>245,007</u>	<u>96,699</u>	<u>7,441,731</u>	<u>1,240</u>
Capital assets:					
Vehicles	12,155,826	-	-	-	-
Buildings	-	-	-	50,000	-
Machinery and equipment	-	1,876,273	59,364	2,139,430	-
Accumulated depreciation	(8,448,540)	(1,825,331)	(55,710)	(1,269,389)	-
Total capital assets	<u>3,707,286</u>	<u>50,942</u>	<u>3,654</u>	<u>920,041</u>	<u>-</u>
Total assets	<u>5,705,066</u>	<u>295,949</u>	<u>100,353</u>	<u>8,361,772</u>	<u>1,240</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	5,928	-	-	46,575	-
Accrued payroll	-	-	-	2,261	-
Claims payable due in one year	-	-	-	-	-
Total current liabilities	<u>5,928</u>	<u>-</u>	<u>-</u>	<u>48,836</u>	<u>-</u>
Non-current liabilities:					
Claims payable due in more than one year	-	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>5,928</u>	<u>-</u>	<u>-</u>	<u>48,836</u>	<u>-</u>
NET POSITION:					
Net investment in capital assets	3,707,286	50,942	3,654	920,041	-
Unrestricted	1,991,852	245,007	96,699	7,392,895	1,240
Total net position (deficit)	<u>\$ 5,699,138</u>	<u>\$ 295,949</u>	<u>\$ 100,353</u>	<u>\$ 8,312,936</u>	<u>\$ 1,240</u>



City of Walnut Creek
Combining Statement of Net Position
All Internal Service Funds
June 30, 2023
(With comparative information for the prior year)

	Equipment Replacement GF	Facilities Replacement	Employee Improvement Program Liability	Workers' Compensation Liability	Totals	
					2023	2022
ASSETS:						
Current assets:						
Cash and investments	\$ -	\$ 104,084	\$ 364,014	\$ 5,131,543	\$ 15,236,574	\$ 16,214,659
Prepaid expense	-	-	-	-	133,608	252,919
Accounts receivable	-	-	-	-	-	-
Interest Receivable	-	314	445	5,987	18,662	16,993
Total current assets	-	104,398	364,459	5,137,530	15,388,844	16,484,571
Capital assets:						
Vehicles	-	-	-	-	12,155,826	11,005,570
Buildings	-	235,000	-	-	285,000	285,000
Machinery and equipment	433,280	-	-	-	4,508,347	4,189,087
Accumulated depreciation	(392,586)	(79,508)	-	-	(12,071,064)	(11,557,725)
Total capital assets	40,694	155,492	-	-	4,878,109	3,921,932
Total assets	40,694	259,890	364,459	5,137,530	20,266,953	20,406,503
LIABILITIES:						
Current liabilities:						
Accounts payable	-	-	3,735	-	56,238	359,671
Accrued payroll	-	-	-	(19,788)	(17,527)	(60,014)
Claims payable due in one year	-	-	-	708,015	708,015	773,651
Total current liabilities	-	-	3,735	688,227	746,726	1,073,308
Non-current liabilities:						
Claims payable due in more than one year	-	-	-	1,515,178	1,515,178	3,540,555
Total noncurrent liabilities	-	-	-	1,515,178	1,515,178	3,540,555
Total liabilities	-	-	3,735	2,203,405	2,261,904	4,613,863
NET POSITION:						
Net investment in capital assets	40,694	155,492	-	-	4,878,109	3,921,932
Unrestricted	-	104,398	360,724	2,934,125	13,126,940	11,870,706
Total net position (deficit)	\$ 40,694	\$ 259,890	\$ 360,724	\$ 2,934,125	\$ 18,005,049	\$ 15,792,640



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, 2023

(With comparative information for the prior year)

	Vehicle Replacement	Police Radio	Equipment Replacement LCA	Equipment Replacement IT	Equipment Replacement ASD
OPERATING REVENUES:					
Charges for services	\$ 1,221,530	\$ 42,384	\$ -	\$ 1,764,868	\$ -
Fines, forfeitures and penalties	-	-	-	-	-
Total operating revenues	<u>1,221,530</u>	<u>42,384</u>	<u>-</u>	<u>1,764,868</u>	<u>-</u>
OPERATING EXPENSES:					
Supplies and services	-	25,460	-	1,947,293	-
Repairs and maintenance	10,877	-	-	-	-
Depreciation	719,877	116,168	4,385	112,392	-
Total operating expenses	<u>730,754</u>	<u>141,628</u>	<u>4,385</u>	<u>2,059,685</u>	<u>-</u>
OPERATING INCOME (LOSS)	490,776	(99,244)	(4,385)	(294,817)	-
NONOPERATING REVENUES (EXPENSES):					
Interest and related (expenses)	30,892	2,865	1,217	99,047	16
Gain (loss) on sale of assets	-	-	-	-	-
Total nonoperating revenues (expenses)	<u>30,892</u>	<u>2,865</u>	<u>1,217</u>	<u>99,047</u>	<u>16</u>
Net (loss) before capital contributions and operating	<u>521,668</u>	<u>(96,379)</u>	<u>(3,168)</u>	<u>(195,770)</u>	<u>16</u>
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	(70,603)	-
Change in net position	<u>521,668</u>	<u>(96,379)</u>	<u>(3,168)</u>	<u>(266,373)</u>	<u>16</u>
NET POSITION (DEFICIT):					
Beginning of the year	5,177,470	392,328	103,521	8,579,309	1,224
End of the year	<u>\$ 5,699,138</u>	<u>\$ 295,949</u>	<u>\$ 100,353</u>	<u>\$ 8,312,936</u>	<u>\$ 1,240</u>



City of Walnut Creek

Combining Statement of Revenues, Expenditures and Changes in Fund Net Position All Internal Service Funds

For the Year Ended June 30, 2023

(With comparative information for the prior year)

	Equipment Replacement GF	Facilities Replacement	Employee Improvement Program Liability	Workers' Compensation Liability	Totals	
					2023	2022
OPERATING REVENUES:						
Charges for services	\$ -	\$ -	\$ 108,425	\$ 1,164,279	\$ 4,301,486	\$ 4,386,499
Fines, forfeitures and penalties	-	-	-	-	-	48,000
Total operating revenues	-	-	108,425	1,164,279	4,301,486	4,434,499
OPERATING EXPENSES:						
Supplies and services	-	-	60,871	(1,047,468)	986,156	3,468,711
Repairs and maintenance	-	-	-	-	10,877	19,848
Depreciation	34,644	4,700	-	-	992,166	1,149,590
Total operating expenses	34,644	4,700	60,871	(1,047,468)	1,989,199	4,638,149
OPERATING INCOME (LOSS)	(34,644)	(4,700)	47,554	2,211,747	2,312,287	(203,650)
NONOPERATING REVENUES (EXPENSES):						
Interest and related (expenses)	-	4,182	4,948	62,558	205,725	129,154
Gain (loss) on sale of assets	-	-	-	-	-	(5,535)
Total nonoperating revenues (expenses)	-	4,182	4,948	62,558	205,725	123,619
Net (loss) before capital contributions and operating transfers	(34,644)	(518)	52,502	2,274,305	2,518,012	(80,031)
Transfers in	-	-	-	-	-	-
Transfers (out)	-	(235,000)	-	-	(305,603)	(962)
Change in net position	(34,644)	(235,518)	52,502	2,274,305	2,212,409	(80,993)
NET POSITION (DEFICIT):						
Beginning of the year	75,338	495,408	308,222	659,820	15,792,640	15,873,632
End of the year	\$ 40,694	\$ 259,890	\$ 360,724	\$ 2,934,125	\$ 18,005,049	\$ 15,792,640



City of Walnut Creek
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2023
(With comparative information for the prior year)

	Vehicle Replacement	Police Radio	Equipment Replacement LCA	Equipment Replacement IT	Equipment Replacement ASD	Equipment Replacement GF
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 1,221,530	\$ 42,384	\$ -	\$ 1,884,179	\$ -	\$ -
Payments to suppliers	(182,213)	(25,460)	-	(2,027,160)	-	-
Receipts from other funds	-	-	-	-	-	-
Net cash provided (used) by operating activities	1,039,317	16,924	-	(142,981)	-	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	(70,603)	-	-
Net cash provided (used) by noncapital financing activities	-	-	-	(70,603)	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING						
Capital contributions	-	-	-	-	-	-
Acquisition of capital assets	(1,441,866)	-	-	(506,479)	-	-
Interest paid on capital lease	-	-	-	-	-	-
Principal paid on PERS Safety Side Fund Liability	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	(1,441,866)	-	-	(506,479)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment income received	30,668	2,815	1,204	98,634	16	-
Net increase (decrease) in cash and cash equivalents	(371,881)	19,739	1,204	(621,429)	16	-
CASH AND CASH EQUIVALENTS:						
Beginning of the year	2,367,030	224,984	95,381	7,920,668	1,223	-
End of the year	\$ 1,995,149	\$ 244,723	\$ 96,585	\$ 7,299,239	\$ 1,239	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH						
Operating income (loss)	\$ 490,776	\$ (99,244)	\$ (4,385)	\$ (294,817)	\$ -	\$ (34,644)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	719,877	116,168	4,385	112,392	-	34,644
Changes in assets and liabilities:						
Accounts receivable	-	-	-	-	-	-
Prepaid items	-	-	-	119,311	-	-
Advance from other funds	-	-	-	-	-	-
Claims payable	-	-	-	-	-	-
Salary and wages payable	-	-	-	2,262	-	-
Accounts payable	(171,336)	-	-	(82,129)	-	-
Net cash provided (used) by operating activities	\$ 1,039,317	\$ 16,924	\$ -	\$ (142,981)	\$ -	\$ -

(Continued)



City of Walnut Creek
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2023
(With comparative information for the prior year)

	Facilities Replacement	Employee Improvement Program Liability	Workers' Compensation Liability	Totals	
				2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ -	\$ 108,425	\$ 1,164,279	\$ 4,420,797	\$ 3,851,112
Payments to suppliers	-	(66,554)	(1,047,605)	(3,348,992)	(2,187,266)
Receipts from other funds	-	-	-	-	-
Net cash provided (used) by operating activities	-	41,871	116,674	1,071,805	1,663,846
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	-	-	-	-	-
Transfers (out)	(235,000)	-	-	(305,603)	(962)
Net cash provided (used) by noncapital financing activities	(235,000)	-	-	(305,603)	(962)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions	-	-	-	-	-
Acquisition of capital assets	-	-	-	(1,948,345)	(675,185)
Interest paid on capital lease	-	-	-	-	-
Principal paid on PERS Safety Side Fund Liability	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	-	(1,948,345)	(675,185)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income received	4,223	4,856	61,644	204,060	116,828
Net increase (decrease) in cash and cash equivalents	(230,777)	46,727	178,318	(978,083)	1,104,527
CASH AND CASH EQUIVALENTS:					
Beginning of the year	334,861	317,287	4,953,225	16,214,659	15,110,132
End of the year	\$ 104,084	\$ 364,014	\$ 5,131,543	\$ 15,236,576	\$ 16,214,659
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH					
Operating income (loss)	\$ (4,700)	\$ 47,554	\$ 2,211,747	\$ 2,312,287	\$ (203,650)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating					
Depreciation and amortization	4,700	-	-	992,166	1,149,589
Changes in assets and liabilities:					
Accounts receivable	-	-	-	-	56,365
Prepaid items	-	-	-	119,311	(239,199)
Advance from other funds	-	-	-	-	-
Claims payable	-	-	(2,091,013)	(2,091,013)	769,931
Salary and wages payable	-	-	40,225	42,487	(67,046)
Accounts payable	-	(5,683)	(44,285)	(303,433)	197,855
Net cash provided (used) by operating activities	\$ -	\$ 41,871	\$ 116,674	\$ 1,071,805	\$ 1,663,846
Noncash items:					
Capital Lease	\$ -	\$ -	\$ -	\$ -	\$ -

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FIDUCIARY FUND TYPES

PRIVATE-PURPOSE TRUST 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).

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City of Walnut Creek
Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2023

	<u>RDA Obligation Retirement</u>	<u>Total Private- Purpose Trust Funds</u>
ASSETS:		
Current:		
Cash and investments	\$ 5,418,885	\$ 5,418,885
Cash and investments with fiscal agents	-	-
Interest receivable	36,990	36,990
Total assets	<u>5,455,875</u>	<u>5,455,875</u>
LIABILITIES AND NET POSITION:		
Current:		
Accrued payroll	-	-
Long-term debt due in one year	-	-
Total current liabilities	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
NET POSITION:		
Held in trust	<u>\$ 5,455,875</u>	<u>\$ 5,455,875</u>



City of Walnut Creek
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2023

	RDA Obligation Retirement	RDA Successor Agency Debt Service	Total Private- Purpose Trust Funds
ADDITIONS:			
Investment and rental income	\$ 96,782	\$ -	\$ 96,782
Other	-	-	-
Transfers in	-	-	-
Total additions	96,782	-	96,782
DEDUCTIONS:			
Community and economic development	-	-	-
Interest, fiscal charges and issuance costs	-	-	-
Transfers out	-	-	-
Total deductions	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	96,782	-	96,782
Change in net position	96,782	-	96,782
NET POSITION			
Beginning of the year	5,359,093	-	5,359,093
End of the year	\$ 5,455,875	\$ -	\$ 5,455,875

STATISTICAL SECTION

This part of the City of Walnut Creek's annual comprehensive 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.	168-174
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, including sales and property taxes.	175-181
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.	182-185
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.	186
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.	187-192

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

	Fiscal Year					Fiscal Year				
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Net investment in capital assets	\$232,858,750	\$234,018,776	\$235,484,941	\$235,912,183	\$231,943,131	\$239,852,612	\$238,164,863	\$239,161,225	\$211,422,957	\$213,563,058
Restricted										
Capital Projects/Community Development	40,678,188	40,930,301	50,796,674	46,421,611	38,707,066	40,438,011	52,734,358	57,683,907	56,290,723	56,421,632
Unrestricted	47,061,870	(19,886,556)	(10,875,175)	(4,886,330)	6,045,326	(7,548,584)	(21,712,273)	(15,589,248)	13,902,457	33,465,311
Total governmental activities net position	320,598,808	255,062,521	275,406,440	277,447,464	276,695,523	272,742,039	269,186,948	281,255,884	281,616,137	303,450,001
Business-type activities:										
Net investment in capital assets	10,952,847	8,441,554	10,536,024	10,396,219	9,713,997	12,564,799	12,688,863	12,916,780	13,037,009	12,412,268
Restricted - Capital Projects/Community Development	—	—	1,368,855	1,857,468	1,886,247	960,938	813,471	411,933	1,002,621	965,378
Unrestricted	2,562,841	7,540,001	4,918,344	4,543,498	4,629,313	4,398,821	4,766,802	5,245,534	6,666,035	8,060,469
Total business-type activities net position	13,515,688	15,981,555	16,823,223	16,797,185	16,229,557	17,924,558	18,269,136	18,574,247	20,705,665	21,607,373
Primary government:										
Net investment in capital assets	243,811,597	242,460,330	246,020,965	246,308,402	241,657,128	252,417,411	250,853,726	252,078,005	224,459,966	225,975,326
Restricted										
Capital Projects/Community Development	40,678,188	40,930,301	52,165,529	48,279,079	40,593,313	41,398,949	53,547,829	58,095,840	57,293,344	57,556,268
Unrestricted	49,624,711	(12,346,555)	(5,956,831)	(342,832)	10,674,639	(3,149,763)	(16,945,471)	(10,343,714)	20,568,492	41,525,780
Total primary government net position	\$334,114,496	\$271,044,076	\$292,229,663	\$294,244,649	\$292,925,080	\$290,666,597	\$287,456,084	\$299,830,131	\$302,321,802	\$325,057,374



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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
Public protection	\$ 22,865,154	\$ 21,630,742	\$ 22,441,417	\$ 21,316,774	\$ 26,171,934	\$ 24,927,384	\$ 27,717,140	\$ 30,839,588	\$ 30,398,168	\$ 23,605,947
Public works	27,415,778	28,340,373	29,925,086	34,531,939	46,096,120	35,589,958	37,749,942	29,348,199	26,771,024	31,980,355
Community development	6,258,882	6,902,178	6,856,542	7,217,740	3,347,637	7,027,553	8,393,237	7,887,759	9,070,211	7,882,256
Housing	2,182,676	3,700,789	1,179,672	11,711,124	10,377,835	13,549,461	8,273,382	2,013,710	7,797,991	1,682,183
Arts and recreation	14,189,508	15,578,912	16,469,521	16,073,448	16,804,350	17,289,250	16,464,057	10,847,315	14,949,903	18,274,595
Administrative services	5,963,099	4,278,695	4,411,632	4,911,818	4,855,640	4,961,877	4,020,852	4,647,501	4,752,330	4,708,996
Human resources	-	1,270,976	1,262,404	1,176,187	1,315,617	1,420,816	1,482,318	1,397,895	1,693,064	1,869,972
General government	4,670,132	4,794,183	6,822,044	6,891,946	5,373,203	7,829,911	4,832,814	9,147,425	8,726,337	9,147,631
Interest on long-term debt	-	-	-	-	-	-	-	-	142,352	-
Total governmental activities expenses	83,545,229	86,496,848	89,368,318	103,830,976	114,342,336	112,596,210	108,933,742	96,129,392	104,301,380	99,151,935
Business-type activities:										
Golf course and clubhouse	5,153,397	4,635,799	4,789,275	5,462,725	5,795,865	5,781,423	4,690,797	4,089,675	5,181,312	5,558,186
Downtown parking and enhancement	3,831,213	5,348,651	5,348,604	6,011,653	6,279,067	7,038,566	7,116,174	5,742,062	6,300,972	7,299,125
Total business-type activities expenses	8,984,610	9,984,450	10,137,879	11,474,378	12,074,932	12,819,989	11,806,971	9,831,737	11,482,284	12,857,311
Total primary government expenses	92,529,839	96,481,298	99,506,197	115,305,354	126,417,268	125,416,199	120,740,713	105,961,129	115,783,664	112,009,246
Program Revenues										
Governmental activities:										
Charges for services:										
Public protection	1,687,956	1,762,226	1,691,233	1,758,551	1,684,175	379,374	330,517	247,690	448,751	521,035
Public works	10,232,560	10,645,252	13,857,642	12,207,198	12,852,773	11,697,115	12,024,296	7,244,007	7,497,183	6,641,852
Community development	6,231,086	8,458,675	8,171,066	7,987,183	9,178,985	8,778,703	6,711,613	6,828,272	9,004,208	8,273,446
Housing	5,888,234	8,696,509	4,566,510	4,867,458	7,385,208	1,686,254	3,960,348	2,612,051	889,839	365,132
Arts and recreation	10,186,245	10,227,308	10,915,097	11,242,136	11,344,760	11,034,298	7,061,948	4,185,157	7,617,108	9,695,836
Administrative services	2,014,361	1,957,975	2,212,132	1,242,212	941,081	1,230,703	126,897	141,046	87,694	329,083
Human Resources	-	1,219	-	-	-	-	-	-	-	-
General government	555,935	854,610	670,542	649,612	581,621	499,772	709,260	505,225	472,064	482,762
Operating grants and contributions	949,963	1,655,170	446,217	327,047	606,914	935,409	1,663,447	1,613,004	7,330,777	1,826,248
Capital grants and contributions	1,844,060	4,655,147	4,976,969	4,600,491	4,063,519	5,580,260	2,074,934	4,469,079	3,947,069	2,549,152
Total governmental activities program revenues	39,590,400	48,914,091	47,507,408	44,881,888	48,639,036	41,821,888	34,663,260	27,845,531	37,294,693	30,684,546



City of Walnut Creek

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-type activities:										
Charges for services:										
Golf course and clubhouse		4,746,005	5,195,484		5,483,257	5,882,841	5,543,017	4,513,734	5,759,900	6,030,254
Downtown parking and enhancement		2,633,140	4,499,655		4,421,068	4,631,572	6,992,513	4,355,323	5,042,857	5,329,596
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	179,313
Total business-type activities program revenues	<u>6,972,033</u>	<u>7,379,145</u>	<u>9,695,139</u>	<u>9,210,709</u>	<u>9,904,325</u>	<u>10,514,413</u>	<u>12,535,530</u>	<u>8,869,057</u>	<u>10,802,757</u>	<u>11,539,163</u>
Net revenues (expenses)										
Governmental activities:	(43,954,829)	(37,582,757)	(41,860,910)	(58,949,088)	(65,703,300)	(70,774,322)	(74,270,482)	(68,283,861)	(67,006,687)	(68,467,389)
Business-type activities:	(2,012,577)	(2,605,305)	(442,740)	(2,263,669)	(2,170,607)	(2,305,576)	728,559	(962,680)	(202,699)	(1,318,148)
Total primary government net expense	<u>\$ (45,967,406)</u>	<u>\$ (40,188,062)</u>	<u>\$ (42,303,650)</u>	<u>\$ (61,212,757)</u>	<u>\$ (67,873,907)</u>	<u>\$ (73,079,898)</u>	<u>\$ (73,541,923)</u>	<u>\$ (69,246,541)</u>	<u>\$ (67,209,386)</u>	<u>\$ (69,785,537)</u>
General revenues and other changes in net position										
Governmental activities:										
Taxes:										
Sales and use	\$ 21,385,051	\$ 22,417,088	\$ 23,743,363	\$ 26,152,376	\$ 25,270,058	\$ 26,208,303	\$ 27,298,995	\$ 26,707,698	\$ 33,947,235	\$ 36,313,010
Property	15,704,242	17,322,166	18,843,569	20,346,916	21,991,189	23,434,733	25,060,727	26,397,068	28,983,158	30,887,473
Franchise	3,248,171	3,344,495	3,425,481	3,580,225	3,648,456	3,689,451	3,560,437	3,635,125	3,770,625	3,930,307
Other taxes	7,575,411	8,232,453	8,203,061	8,746,883	8,404,150	8,826,989	9,355,198	8,571,587	7,975,476	8,201,533
Intergovernmental	-	-	-	-	-	-	-	592,957	-	-
Investment income, unrestricted	5,410	590,334	586,567	1,259,222	478,350	1,061,278	3,387,950	4,173,838	(8,934,489)	2,324,361
Capital Contribution	-	-	-	-	-	-	-	-	-	-
Other general revenues	854,159	939,469	3,163,251	2,125,448	784,726	718,455	777,160	767,599	1,395,889	624,166
Transfers of capital assets (Note 6)	-	(1,235,208)	-	-	-	-	-	-	-	-
Gain/(Loss) from Disposal of Assets	-	-	-	-	-	(10,939)	-	-	-	-
Transfers	(512,218)	530,361	(375,592)	(6,241)	413,184	1,023,088	187,676	(130,481)	229,046	247,782
Special item: transfer of capital asset to Successor Agency	-	-	-	-	-	-	(2,807,305)	-	-	-
Total governmental activities	<u>48,260,226</u>	<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>	<u>67,366,940</u>	<u>82,528,632</u>
Extraordinary Loss	-	-	-	-	-	-	-	-	-	-
Business-type activities:										
Investment income	199,211	929,627	260,403	194,148	296,038	389,031	503,750	515,207	459,070	519,576
Other Revenue	709,811	1,233,194	2,119,183	1,568,449	1,661,161	1,626,948	1,663,386	2,636,804	3,125,480	3,125,480
Transfers of capital assets (Note 6)	-	1,235,208	-	-	-	-	-	-	-	-
Transfers	579,042	(477,893)	375,592	6,241	(413,184)	(1,023,088)	(187,676)	130,481	(354,846)	(354,846)
Total business-type activities	<u>1,488,064</u>	<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>	<u>3,229,704</u>	<u>3,290,210</u>
Total primary government changes in net position										
Governmental activities:	4,305,397	8,186,329	20,006,943	20,343,919	2,041,025	(751,942)	(3,953,484)	(3,555,091)	360,253	15,833,864
Business-type activities:	(117,401)	1,314,671	2,465,867	841,668	(26,038)	(567,628)	1,695,001	344,578	2,131,418	1,332,053
Total primary government	<u>\$ 4,187,996</u>	<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>	<u>\$ 2,491,671</u>	<u>\$ 17,165,917</u>



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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
<u>Nonspendable</u>										
Advance to Other Funds	6,593,229	5,616,585	4,974,544	3,974,263	2,199,455	274,544	274,544	-	-	-
Inventory	29,016	38,497	52,932	48,424	43,537	41,909	44,277	142,234	95,767	48,362
Interfund Loan	442,756	402,355	361,139	319,091	276,194	232,431	187,785	59,153	88,256	53,911
Prepaid Expense	179,512	174,899	47,601	53,734	20,820	347,454	66,182	79,283	64,327	249,043
Subtotal Nonspendable	7,244,513	6,232,336	5,436,216	4,395,512	2,540,006	896,338	572,788	280,670	248,350	351,316
<u>Restricted</u>										
Capital Projects	-	-	4,181,500	-	-	-	-	-	-	-
Pension Trust	-	-	-	-	-	17,618,718	21,733,443	26,558,086	23,160,942	24,657,031
Subtotal Restricted	-	-	4,181,500	-	-	17,618,718	21,733,443	26,558,086	23,160,942	24,657,031
<u>Committed</u>										
Catastrophic Emergency	6,935,687	7,672,469	7,801,074	8,481,416	8,530,459	9,035,876	9,035,876	9,035,876	9,320,514	9,909,000
Compensated Absences	188,245	192,274	180,538	290,002	346,103	267,658	344,282	227,386	775,835	475,981
Dental Claims	212,999	229,469	252,505	230,000	229,000	221,000	226,775	222,355	215,654	222,495
Fiscal Emergency	3,683,371	4,108,515	4,366,023	4,648,365	4,776,790	4,929,010	4,929,010	5,585,910	5,951,961	6,332,561
Legal Claims	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
PERS Liability	168,923	168,923	168,923	13,969,204	16,962,410	4,956,816	1,956,816	1,956,816	1,956,816	1,956,816
Radio communications	-	-	-	-	-	-	-	-	-	-
Workers Compensation	697,315	1,673,959	2,000,000	2,000,000	2,000,000	2,000,000	-	-	-	-
Subtotal Committed	14,886,540	17,045,609	17,769,063	32,618,987	35,844,762	24,410,360	19,492,759	20,028,343	21,220,780	21,896,853
<u>Assigned</u>										
ARCS Scholarships	46,923	54,070	33,065	79,351	45,185	35,985	37,010	25,913	18,902	30,966
Capital Projects - General Fund portion	3,837,124	5,144,649	5,144,649	12,665,299	15,517,750	16,238,411	12,784,718	13,962,149	13,805,146	14,348,571
Contractual Commitments	1,448,689	1,777,188	994,483	1,387,546	1,217,131	2,022,962	464,713	575,281	1,851,149	1,618,257
Parking Garage	-	-	-	-	462,121	462,121	231,121	231,121	231,121	231,121
Library	460,000	-	-	-	-	-	-	-	-	-



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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Facilities	-	-	-	-	-	-	2,397,610	2,397,610	10,836,547	17,784,569
Land Repurchase	-	-	-	-	-	-	-	3,346,459	3,346,459	3,346,459
Subtotal Assigned	5,792,736	6,975,907	6,172,197	14,132,196	17,242,187	18,759,479	15,915,172	20,538,533	30,089,324	40,256,648
Unassigned										
FY10-12 Budget Shortfall	-	-	-	-	-	-	-	-	-	-
FY14-16 1X Funds	-	1,158,059	487,259	358,459	-	-	-	-	-	-
FY18-20 1X Funds	-	-	-	-	-	1,019,813	195,472	134,472	-	-
Carryovers	-	-	-	322,666	567,620	553,792	1,851,346	1,830,350	2,759,679	1,608,425
Provision of Government-ARPA	-	-	-	-	-	-	-	2,463,327	4,936,422	2,135,292
City Manager Contingency	41,024	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000
Council Contingency	72,428	100,000	100,000	60,000	100,000	100,000	100,000	100,000	100,000	100,000
Unrealized Gain	21,419	38,391	429,570	-	-	1,151,105	1,037,205	-	-	-
Unassigned Fund Balance	7,677,776	12,714,348	16,851,566	2,780,505	5,659,327	3,897,610	2,600,395	8,438,937	9,224	2,481,153
Subtotal Unassigned	7,812,647	14,082,798	17,940,395	3,593,630	6,398,947	6,794,320	5,856,418	13,039,086	7,877,325	6,396,870
Total General Fund	35,736,436	44,336,650	51,499,371	54,740,325	62,025,902	68,479,215	63,570,580	80,444,718	82,596,721	93,558,718
All Other Governmental Funds:										
Nonspendable	1,900,000	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,220
Restricted	37,597,846	40,985,154	41,224,053	42,539,747	37,563,844	37,941,256	52,572,224	57,886,745	54,480,384	54,584,807
Assigned	1,180,342	-	8,572,621	11,794,146	2,151,907	2,111,375	-	-	-	-
Unassigned	-	(54,853)	-	(8,912,282)	(2,008,685)	(614,620)	(837,866)	(1,202,838)	(1,664,153)	(1,625,832)
Total all other governmental funds	40,678,188	40,930,301	50,796,674	46,421,611	38,707,066	40,438,011	52,734,358	57,683,907	53,816,231	53,959,195
Total all governmental funds	76,414,624	85,266,951	102,296,045	101,161,936	100,732,968	108,917,226	116,304,938	138,128,625	136,412,952	147,517,913

The City implemented GASB 54 for the fiscal year ended June 30, 2011.

Source: City Finance Division



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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES:										
Taxes:										
Sales and Use	\$22,417,088	\$23,743,363	\$26,152,376	\$25,270,058	\$26,208,303	\$27,298,995	\$26,707,698	\$30,852,947	\$33,947,235	\$36,313,010
Property	17,322,166	18,843,569	20,346,917	21,991,189	23,434,733	25,060,727	26,397,068	27,708,546	28,983,158	30,887,472
Business License	2,194,783	2,223,848	2,395,129	2,429,669	2,542,508	2,570,125	2,534,116	2,656,898	2,339,355	3,680,457
Franchise	3,344,495	3,425,481	3,580,225	3,648,456	3,689,451	3,560,437	3,635,125	3,680,447	3,770,625	3,930,307
Transient Occupancy Tax	1,768,079	1,941,665	2,077,190	2,093,907	2,144,716	2,224,694	1,497,342	1,378,373	816,099	1,632,598
Other	2,187,727	2,328,185	2,645,060	2,723,855	2,632,160	3,103,878	2,932,880	3,085,950	3,134,614	2,888,478
Intergovernmental	4,674,747	7,846,825	6,874,718	5,057,228	4,739,543	7,321,321	6,405,989	8,113,490	14,029,708	6,317,936
Use of money and property	1,461,938	1,429,347	2,028,911	1,272,525	1,730,638	4,094,401	4,962,912	6,590,580	(6,669,204)	6,025,525
Charges for Services	20,917,433	23,635,676	26,250,613	22,701,677	24,641,074	21,162,192	23,478,474	12,860,946	15,865,468	14,387,576
Licenses, permits and fees	1,986,301	2,251,823	3,262,566	3,118,723	4,217,422	3,155,415	4,530,088	4,829,063	5,250,419	5,891,364
Fines, forfeitures and penalties	9,002,040	10,828,777	11,064,958	10,323,924	10,337,838	8,176,457	578,051	362,426	155,602	363,422
Other revenues	3,494,579	1,529,490	2,162,129	751,724	995,013	1,118,079	3,246,589	2,846,473	2,244,985	1,322,412
Total revenues	90,771,376	100,028,049	108,840,792	101,382,935	107,313,399	108,846,721	106,906,332	104,966,139	103,868,064	113,640,557
EXPENDITURES:										
Current:										
Public protection	23,367,172	23,633,883	24,751,145	25,658,971	27,216,643	27,355,463	27,105,274	27,316,316	29,249,298	30,802,180
Public works	20,433,205	21,582,015	22,709,742	27,192,382	38,951,077	29,032,633	28,648,686	21,446,733	27,981,901	28,551,887
Community development	6,352,470	7,280,867	7,149,040	7,917,374	7,704,505	8,208,483	8,631,888	8,643,656	9,543,230	8,243,946
Housing	2,182,676	3,700,789	1,179,672	5,598,818	3,429,320	3,162,126	659,092	633,673	8,214,991	1,697,830
Cultural services	14,187,383	15,563,479	16,460,868	16,064,510	16,798,158	17,309,067	16,343,444	10,786,459	15,644,027	18,342,420
Administrative services	5,946,055	4,259,920	4,388,092	4,901,030	4,858,937	4,977,704	3,993,833	4,640,175	4,811,763	4,744,154
Human Resources	-	1,270,976	1,262,404	1,176,187	1,315,617	1,420,816	1,482,318	1,397,895	1,709,996	1,886,250
General government	4,001,723	5,455,276	5,139,534	5,983,342	6,569,151	6,765,729	7,367,619	8,745,638	8,559,288	8,742,339
Capital outlay:										
General public ways and facilities and equipment	3,590,852	8,618,460	8,965,335	9,057,746	960,886	2,346,886	1,710,808	3,560,124	-	-
Debt service:										



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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Principal	38,245	39,498	53,793	61,199	90,790	108,597	155,936	124,443	99,254	78,150
Interest and issuance costs	-	-	-	-	-	-	-	-	-	-
Total expenditures	80,099,781	91,405,163	92,059,625	103,611,559	107,895,084	100,687,504	96,098,898	87,295,112	105,813,748	103,089,156
Excess (deficiency) of revenues over (under) expenditures	10,671,595	8,622,886	16,781,167	(2,228,624)	(581,685)	8,159,217	10,807,434	17,671,027	(1,945,684)	10,551,401
OTHER FINANCING SOURCES (USES):										
Capital Lease	-	49,404	-	-	-	-	-	-	-	-
Proceeds from sale of assets	-	2,467,400	-	-	-	-	-	3,346,459	-	-
Transfers in	11,593,429	7,688,307	10,519,575	12,045,711	23,103,535	7,709,367	9,869,361	7,429,207	5,937,574	7,770,128
Transfers out	(12,234,517)	(9,975,670)	(10,767,297)	(11,981,371)	(21,920,643)	(7,684,326)	(13,289,083)	(6,623,006)	(5,707,566)	(7,216,745)
Total other financing sources (uses)	(641,088)	229,441	(247,722)	64,340	1,182,892	25,041	(3,419,722)	4,152,660	230,008	553,383
Extraordinary item	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$10,030,507	\$8,852,327	\$16,533,445	\$(2,164,284)	\$ 601,207	\$8,184,258	\$7,387,712	\$21,823,687	\$(1,715,676)	\$11,104,784
Debt Service - % non-capital expenditures	0.1 %	- %	0.1 %	0.1 %	0.1 %	0.1 %	0.2 %	0.1 %	0.1 %	0.1 %

Source: City Finance Division



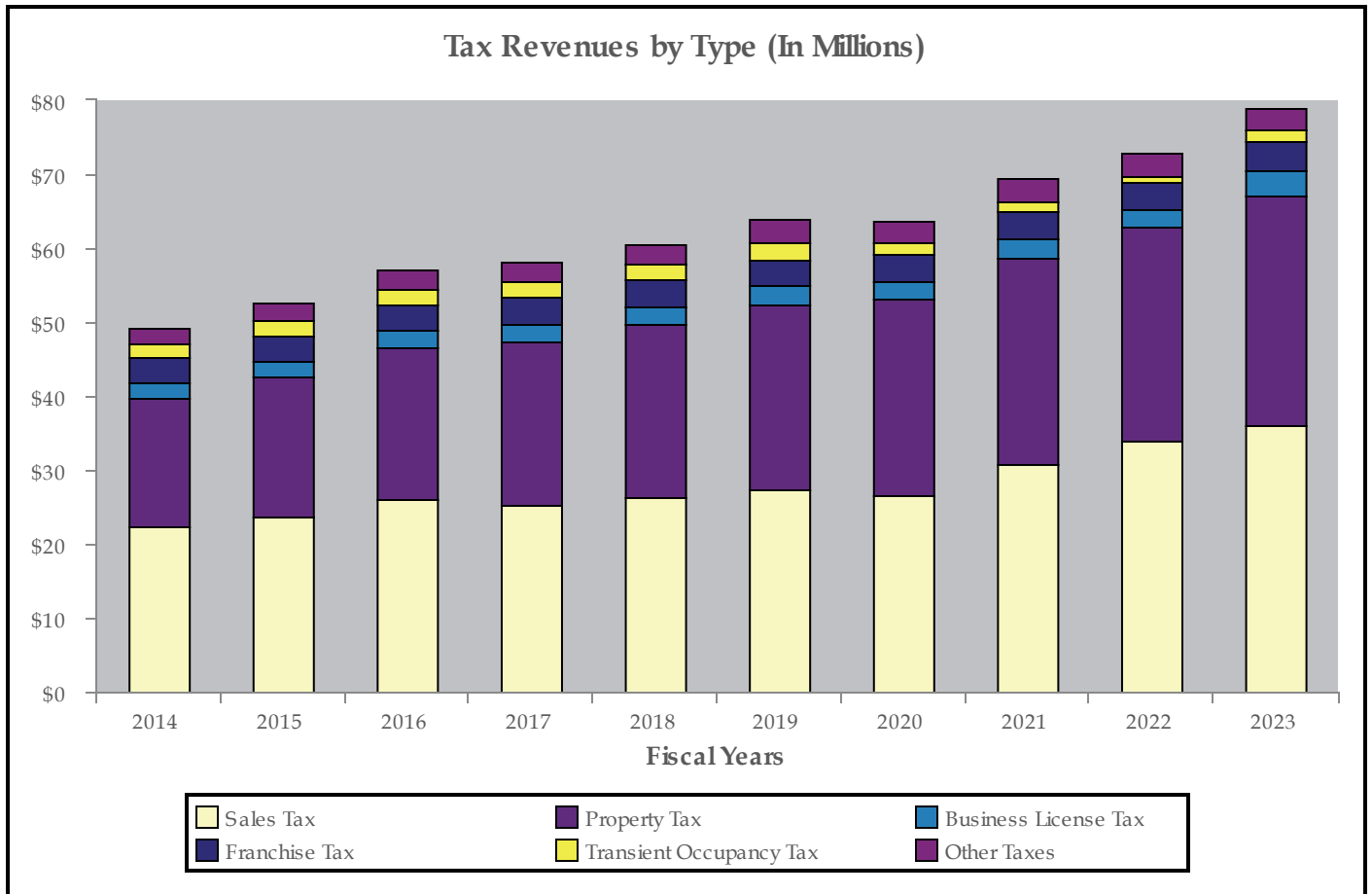
City of Walnut Creek

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
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
2021	30,852,947	27,708,546	2,656,898	3,680,447	1,378,373	3,085,950	69,363,161
2022	33,947,235	28,983,158	2,339,355	3,770,625	816,099	3,134,614	72,991,086
2023	36,313,010	30,887,472	3,680,457	3,930,307	1,632,598	2,888,478	79,332,322

Source: City Finance Division





City of Walnut Creek

Assessed Value and Estimated Actual Value of Taxable Property

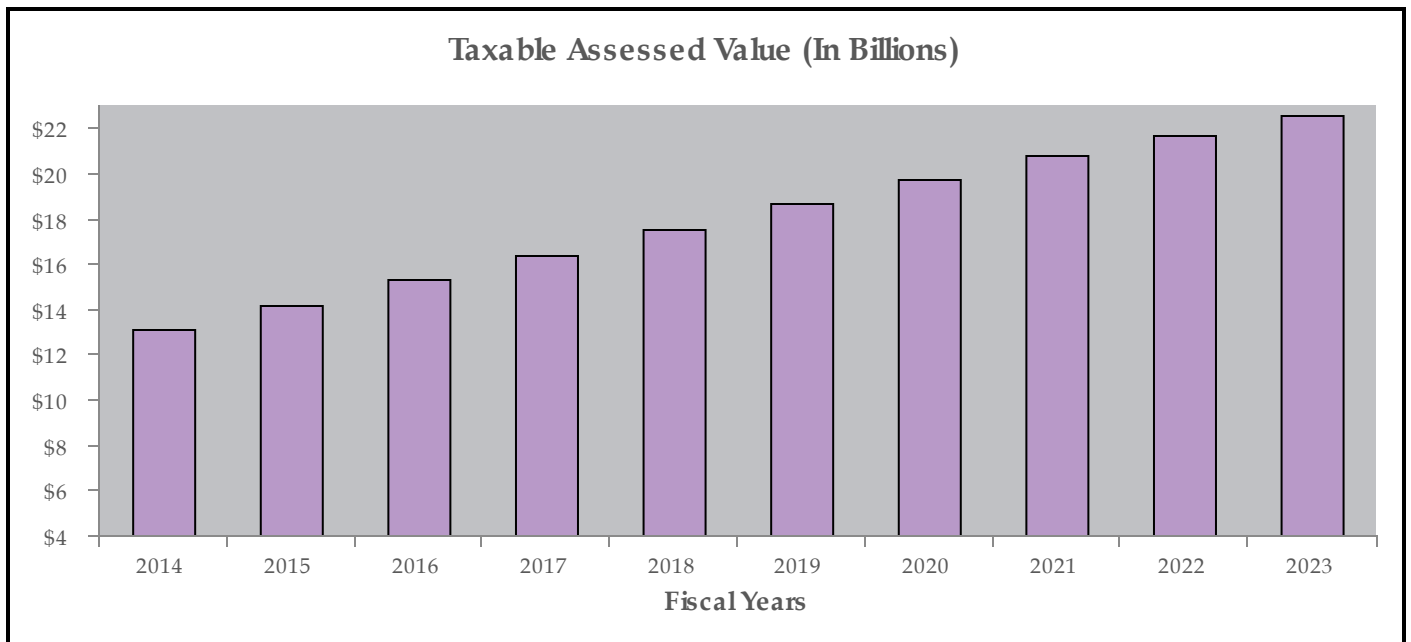
Last Ten Fiscal Years

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
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%
2021	16,000,638,987	3,532,494,154	63,267,533	2,987,133,154	(1,798,027,057)	20,785,506,771	9.407%
2022	16,783,252,108	5,537,218,535	63,844,380	1,091,542,429	(1,796,532,334)	21,679,325,118	9.583%
2023	18,000,415,012	5,763,536,029	65,065,373	588,992,796	(1,863,361,957)	22,554,647,253	9.391%

NOTE:

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

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





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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City Direct Rate:	0.09705	0.09705	0.09707	0.09707	0.09707	0.09707	0.09707	0.09707	0.09707	0.09707
Walnut Creek General Fund	0.09410	0.09410	0.09410	0.09410	0.09410	0.09410	0.09410	0.09410	0.09410	0.09410
Walnut Creek R-8	0.00295	0.00295	0.00297	0.00297	0.00297	0.00297	0.00297	0.00297	0.00297	0.00297
Direct and Overlapping Rates:										
Basic Levy	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Acalanes Union	0.0361	0.0350	0.0332	0.0323	0.0325	0.0323	0.0326	0.0327	0.0336	0.0325
Bay Area Rapid Transit Bond	0.0075	0.0045	0.0026	0.0080	0.0084	0.0070	0.0120	0.0139	0.0060	0.0140
Contra Costa Community College	0.0133	0.0252	0.0220	0.0120	0.0114	0.0110	0.0188	0.0161	0.0176	0.0162
Contra Costa Water Land Levy	0.0042	0.0037	0.0035	0.0032	0.0030	0.0028	0.0026	0.0025	0.0023	0.0021
East Bay Regional Park Bond	0.0078	0.0085	0.0067	0.0032	0.0021	0.0021	0.0094	0.0014	0.0020	0.0058
Lafayette Elementary Bond 1995	0.0267	0.0241	0.0209	0.0194	0.0193	0.0187	0.0401	0.0381	0.0229	0.0241
Mt. Diablo 2002 Bond	0.0740	0.0853	0.0812	0.0764	0.0790	0.0925	0.0908	0.0909	0.0898	0.0810
Pleasant Hill Recreation & Park	0.0281	0.0258	0.0238	0.0230	0.0218	0.0195	0.0183	0.0171	0.0160	0.0146
San Ramon Unified	0.0696	0.0651	0.0624	0.0652	0.0552	0.0750	0.0750	0.0750	0.0750	0.0657
Walnut Creek Elementary	0.0224	0.0212	0.0182	0.0344	0.0319	0.0303	0.0262	0.0264	0.0251	0.0241
Total Direct and Overlapping Rates	1.2897	1.2984	1.2745	1.2771	1.2646	1.2912	1.3258	1.3141	1.2903	1.2801

NOTE:

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

Source: HdL Coren & Cone, Contra Costa County Assessor's Office



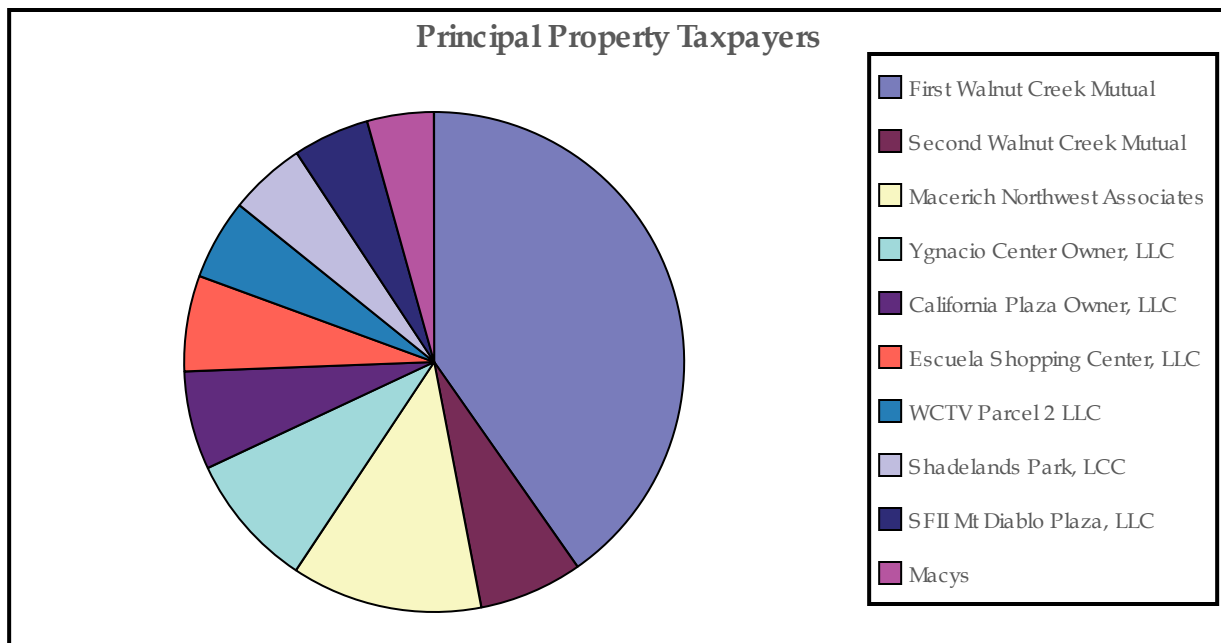
City of Walnut Creek

Principal Property Tax Payers

Current and Nine Years Ago

Taxpayer	2023		2014	
	Taxable Assessed Value	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Percent of Total Taxable Assessed Value
First Walnut Creek Mutual	\$ 1,023,468,490	4.44%	\$ 233,469,918	1.78%
Second Walnut Creek Mutual			170,112,296	1.29%
Macerich Northwest Associates	313,756,361	1.36%	133,211,987	1.01%
Ygnacio Center Owner, LLC	221,435,728	0.96%		
California Plaza Owner, LLC	161,657,861	0.70%	89,241,876	0.68%
Escuela Shopping Center, LLC	157,082,578	0.68%	75,767,128	0.58%
Essex Property Trust	173,307,805	0.75%		
WCTV Parcel 2 LLC	132,263,606	0.57%		
Shadelands Park, LCC	125,973,424	0.55%		
SFII Mt Diablo Plaza, LLC	125,447,646	0.54%		
Macys	109,549,689	0.48%		
RREEF America Reit II Corp UUU			79,720,971	0.61%
Legacy III Walnut Creek			93,550,000	0.71%
Property California SCJLW One Corp.			78,063,074	0.59%
Golden Rain Foundation, Tre			64,207,475	0.49%
Kaiser Foundation Health Plan			61,839,832	0.47%
Total	\$ 2,543,943,188	11.02%	\$ 1,079,184,557	8.21%

Source: HdL, Contra Costa County Assessor 2022/23 Combined Tax Rolls and the SBE Non Unitary Tax Roll





City of Walnut Creek

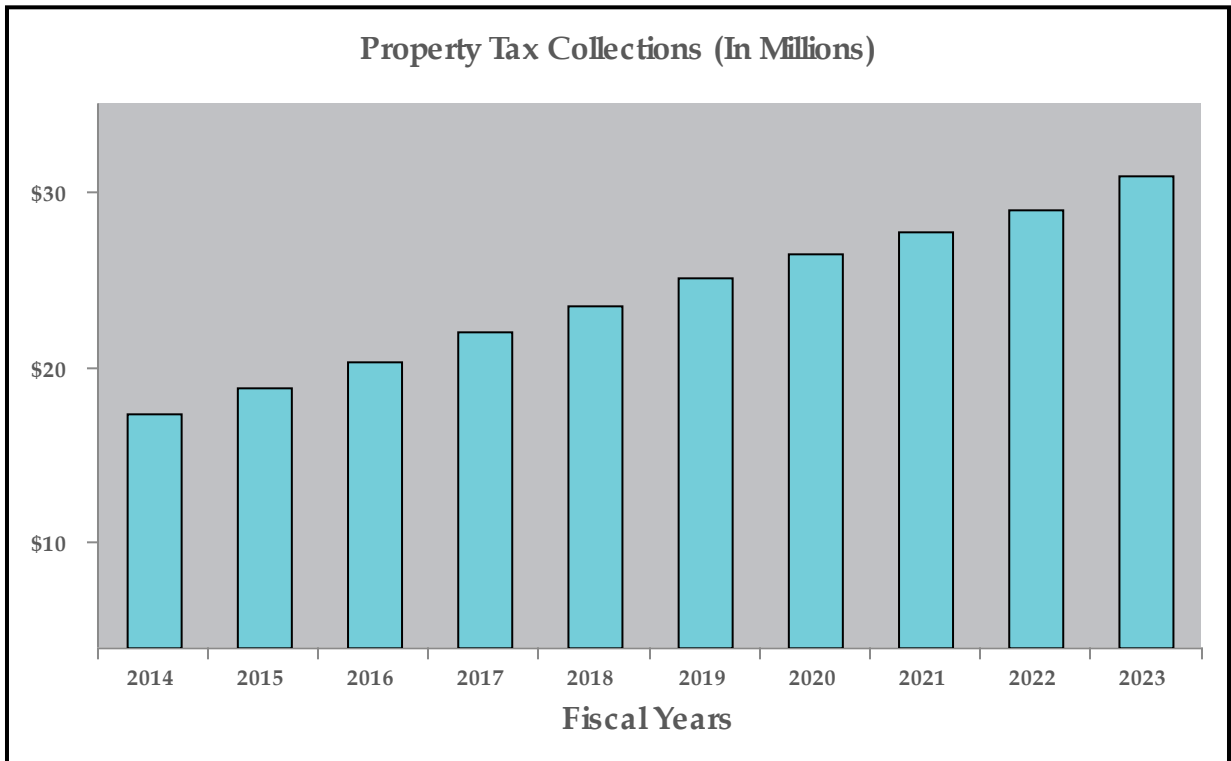
Property Tax Levies and Collections

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
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%
2021	27,708,546	27,708,546	100%	27,708,546	100%
2022	28,983,158	28,983,158	100%	28,983,158	100%
2023	30,887,472	30,887,472	100%	30,887,473	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
2022-2023

BUSINESS NAME	BUSINESS CATEGORY
APPLE STORES	ELECTRONICS/ APPLIANCES STORES
CHEVRON	SERVICE STATIONS
COLE EUROPEAN JAGUAR LAND ROVER	AUTO SALES - NEW
CVS PHARMACY	DRUG STORES
DAIMLER TRUST	AUTO LEASING
DAVIDSON & LICHT JEWELRY	JEWELRY STORES
DIABLO SUBARU OF WALNUT CREEK	AUTO SALES - NEW
DIRITO BROTHERS WALNUT CREEK	AUTO SALES - NEW
JP MORGAN CHASE BANK	AUTO LEASING
MACY'S DEPARTMENT STORE	DEPARTMENT STORES
MERCEDES BENZ OF WALNUT CREEK	AUTO SALES - NEW
MICHEAL STEAD'S CHEVROLET CADILLAC	AUTO SALES - NEW
NORDSTROM DEPARTMENT STORE	DEPARTMENT STORES
PORSCHE WALNUT CREEK	AUTO SALES - NEW
SAFEWAY STORES	GROCERY STORES
SHANE COMPANY	JEWELRY STORES
TARGET STORES	DISCOUNT DEPARTMENT STORES
TESLA MOTORS	AUTO SALES - NEW
THE LUXURY COLLECTION OF WALNUT CREEK	AUTO SALES - NEW
TOYOTA OF WALNUT CREEK	AUTO SALES - NEW
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
GENERAL PLUMBING SUPPLY	PLUMBING/ELECTRICAL SUPPLIES

Percent of Total City Sales Tax Paid By Top 25 Accounts = 54.72%

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

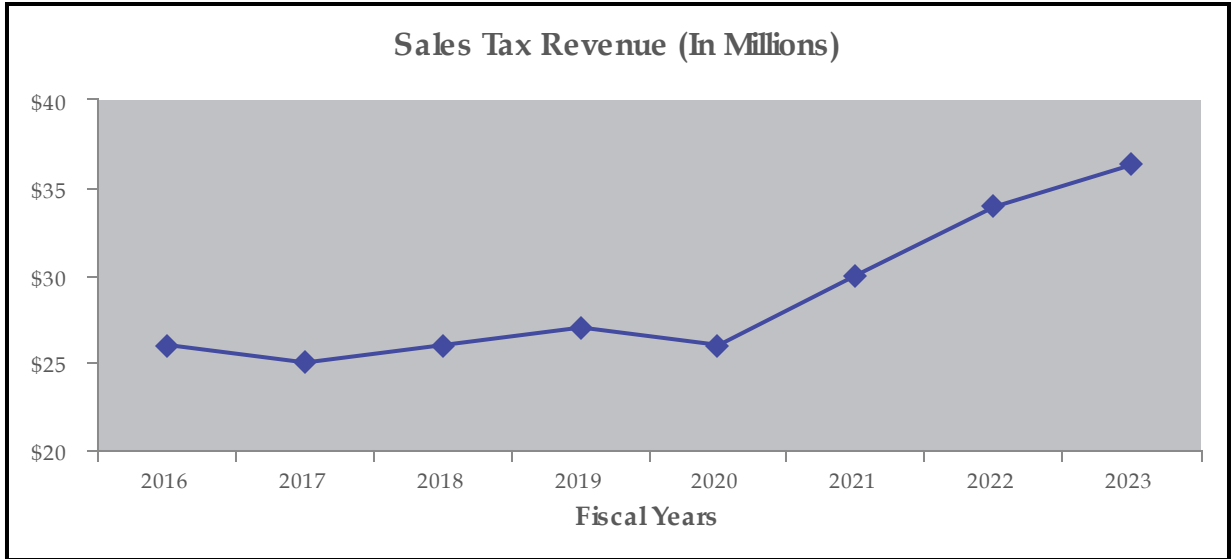
Firms Listed Alphabetically; Period: July 2022 thru June 2023
Source: HdL Coren & Cone, State Board of Equalization



City of Walnut Creek

Top 25 Sales Tax Producers

2022-2023





City of Walnut Creek

Ratios of Debt Outstanding

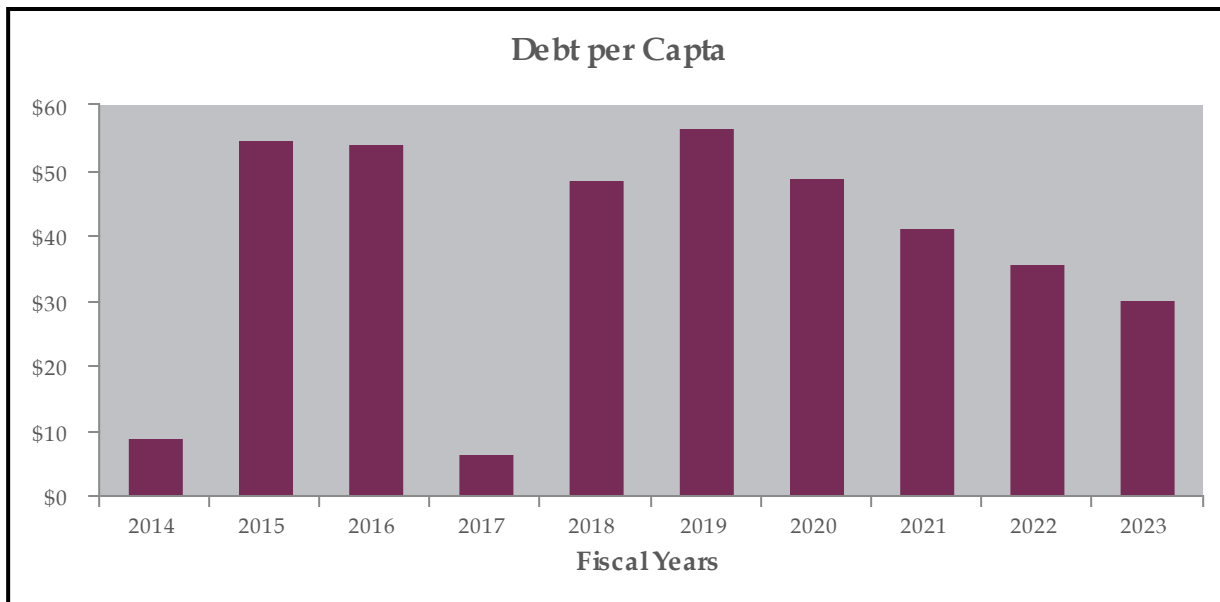
Last Ten Fiscal Years

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				
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	
2021	-	1,907	645,013	-	2,293,738	2,940,658	4.63%	41.23	
2022	-	-	537,182	-	1,959,361	2,496,543	- %	35.72	
2023	-	-	450,454	-	1,637,042	2,087,496	3.52%	30.15	

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
Direct and Overlapping Debt
June 30, 2023

City's 2022-2023 Assessed Valuation			\$ 23,030,951,548
Redevelopment Incremental Assessed Valuation			\$ 164,347,432
	Percentage	Outstanding	Estimated
	Applicable to	Debt June 30,	Share of
	City of Walnut	2023	Overlapping
	Creek¹		Debt
Direct and Overlapping Tax and Assessment Debt:			
Bay Area Rapid Transit District	2.418%	\$ 2,484,285,000	\$ 60,070,011
Mount Diablo Unified School District	17.478%	388,584,259	67,916,757
San Ramon Valley Unified School District	0.662%	383,235,000	2,537,016
Contra Costa Community College District	9.158%	649,015,000	59,436,794
Acalanes Unified School District	30.701%	131,369,470	40,331,741
East Bay Regional Park District	3.828%	175,955,000	6,735,557
Walnut Creek School District	72.333%	125,937,318	91,094,240
Lafayette School District	1.797%	66,735,000	1,199,228
Pleasant Hill Recreation and Park District	0.140%	21,920,000	30,688
Mount Diablo Unified School District Community Facilities District No. 1	17.508%	3,170,000	555,004
Mount Diablo Unified School District Certificates of Participation	17.478%	11,350,000	1,983,753
Total overlapping tax and assessment debt			\$ 331,890,789
Direct and Overlapping Lease Obligation Debt:			
Contra Costa County General Fund Obligations	9.129%	\$ 193,515,000	
Contra Costa County Fire Protection District Pension Obligations			-
San Ramon Valley Unified School District General Fund Obligations	0.662%	15,667,512	103,719
City of Walnut Creek Obligations	100.000%	450,454	450,454
Pleasant Hill Recreation and Park District Certificates of Participation	0.140%	5,058,000	7,081
Total Gross Direct and Overlapping General Fund Debt			561,254
Less: Contra Costa County revenue supported obligations			4,649,341
Total Net Direct and Overlapping General Fund Debt			\$ (4,088,087)
Overlapping Tax Increment Debt (Successor Agency):	- %	\$ -	\$ -
TOTAL DIRECT DEBT			
TOTAL GROSS OVERLAPPING DEBT			
TOTAL NET OVERLAPPING DEBT			
GROSS COMBINED TOTAL DEBT			
NET COMBINED TOTAL DEBT			

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.

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

Debt to 2020-2021 Assessed Valuation Ratios:	Gross Debt	Net Debt
Total Overlapping Tax and Assessment Debt		
Total Direct Debt		
Total Combined Debt		
Debt to Redevelopment Incremental Valuation (\$597,237,287):		
Total Overlapping Tax Increment Debt		

Source: California Municipal Statistics Inc.



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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assessed valuation	\$13,143,681	\$14,204,356	\$15,304,825	\$16,354,524	\$17,496,097	\$18,643,019	\$19,690,655	\$20,785,507	\$21,679,193	\$23,030,952
Add back exempted real property	308,595	311,417	317,491	1,518,369	1,566,244	1,594,512	1,729,086	1,798,027	1,796,532	1,921,677
Total assessed valuation	\$13,452,276	\$14,515,773	\$15,622,316	\$17,872,893	\$19,062,341	\$20,237,531	\$21,419,741	\$22,583,534	\$23,475,725	\$24,952,629
Debt limit percentage	15 %	15 %	15 %	15 %	15 %	15 %	15 %	15 %	15 %	15 %
Debt limit	2,017,841.40	2,177,365.95	2,343,347.40	2,680,933.95	2,859,351.15	3,035,629.65	3,212,961.15	3,387,530.10	3,521,358.75	3,742,894.35
Total net debt applicable to limit:										
Lease Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$2,017,841	\$2,177,366	\$2,343,347	\$2,680,934	\$2,859,351	\$3,035,630	\$3,212,961	\$3,387,530	\$3,521,359	\$3,742,894
Total debt applicable to the limit as a percentage of debt limit	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	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



City of Walnut Creek

Pledged Revenue Coverage

Last Ten Fiscal Years

Fiscal Year Ended June 30th	Golf Course Charges and Others	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	\$ 5,767,311	\$ 4,900,650	\$ 866,661	\$ 695,000	\$ 44,959	117 %
2015	-	-	-	-	-	- %
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 %
2021	4,711,768	4,089,675	622,093	275,594	54,001	189 %
2022	6,073,371	5,194,279	879,092	359,413	49,981	215 %
2023	6,030,254	5,194,279	835,975	327,239	46,901	223 %

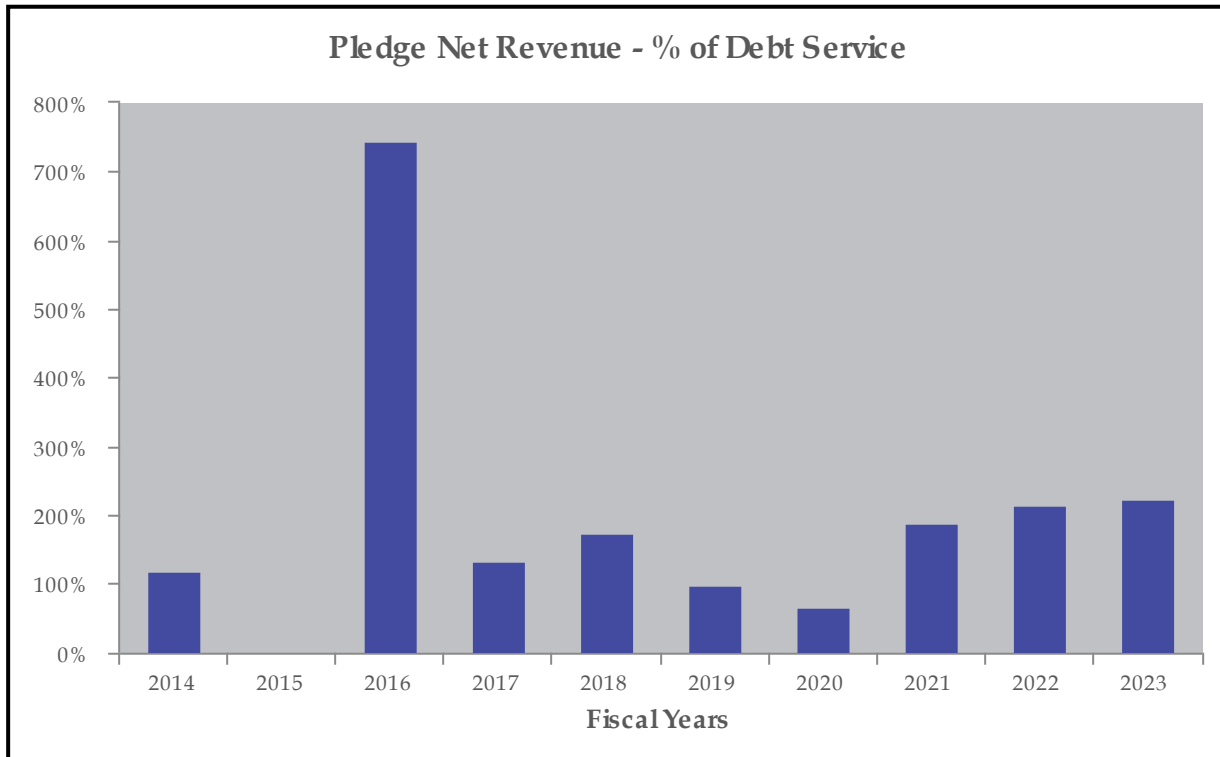
Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

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





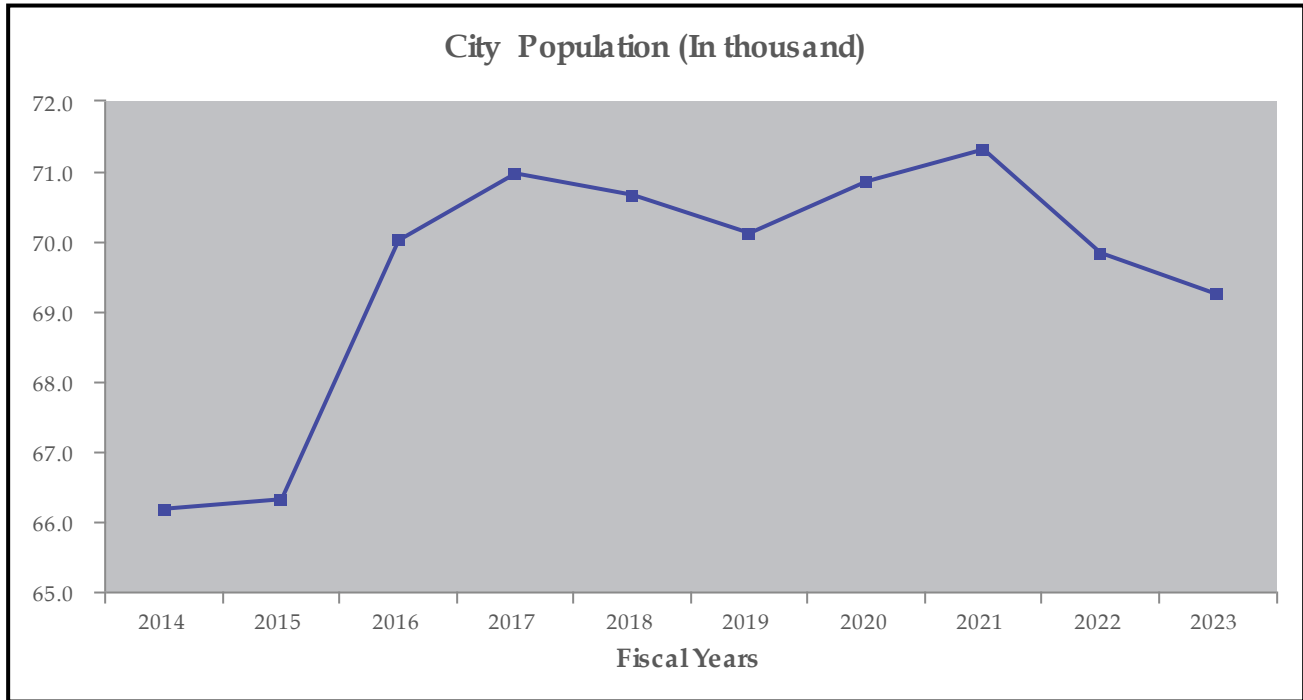
City of Walnut Creek

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year Ended June 30th	City Population	Personal Income (In thousands)	Per Capita Personal Income	Unemployment Rate	Rank in Size of California Cities
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
2021	71,317	4,525,598	63,457	6.60%	122
2022	69,891	4,881,086	69,838	4.80%	122
2023	69,245	5,091,805	73,533	3.00%	132

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	14.0	12.3	19.0	14.0	13.0	13.0	14.0	14.0	17.0	17.0
Administrative Services	25.1	21.2	22.8	24.0	24.0	23.0	24.0	24.0	19.0	21.0
Human Resources	–	6.0	8.0	4.0	6.0	9.0	8.0	7.0	8.0	8.0
Public Safety	113.0	114.0	115.0	118.0	121.0	121.0	122.0	109.0	112.0	113.0
Public Works	104.8	103.8	106.0	102.0	96.0	96.0	93.0	87.0	90.0	95.0
Arts and Recreation	47.8	52.1	54.3	53.0	53.0	54.0	55.0	48.0	43.0	48.0
Community Development	30.3	32.8	39.0	35.0	37.0	39.0	40.0	36.0	35.0	32.0
Totals	335.0	342.2	364.1	350.0	350.0	355.0	356.0	325.0	324.0	334.0

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

Source: City Finance Division



City of Walnut Creek

Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year Ended June 30th									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police:										
Police Calls for Service	39,705.0	46,978.0	45,825.0	44,943.0	42,343.0	40,467.0	38,519.0	30,747.0	37,742.0	42,696.0
Dispatch calls for service	102,246.0	102,856.0	110,670.0	107,988.0	107,963.0	105,056.0	101,045.0	96,471.0	100,755.0	99,149.0
Online Reports	\$ 527.00	951.0	1,124.0	1,279.0	1,351.0	1,293.0	1,460.0	1,618.0	1,639.0	1,624.0
Citations Issued	3,857.0	6,042.0	4,973.0	3,861.0	2,121.0	2,649.0	1,496.0	132.0	977.0	1,849.0
Cases assigned to investigations	982.0	1,008.0	903.0	953.0	1,113.0	1,012.0	663.0	539.0	490.0	583.0
Child Seat Safety Inspections	142.0	113.0	105.0	22.0	N/A	N/A	N/A	N/A	N/A	N/A
Number of Records Requests	3,539.0	3,552.0	3,822.0	3,732.0	2,723.0	N/A	N/A	N/A	N/A	\$ 1,403.0
Public Works:										
Trees Trimmed	900-1,100	900-1,100	900-1,100	1,000-1,100	900-1000	1000-1100	\$ 1,200.00	\$ 800.00	925	735
Park Maintenance (Acres)	326.0	326.0	326.0	326.0	326.0	249.0	249.0	249.0	249.0	249.0
Ranger led programs	122.0	110.0	94.0	107.0	92.0	87.0	—	—	15.0	25.0
Parking Meters Maintained	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	988.0	988.0	988.0	905.0	950.0
Street Signs Maintained	8,000.0	8,000.0	8,000.0	8,000.0	8,020.0	8,050.0	8,050.0	8,050.0	8,050.0	8,050.0
Traffic Signals Maintained	99.0	100.0	101.0	99.0	100.0	100.0	100.0	100.0	100.0	100.0
Streetlights Maintained	1,600.0	1,600.0	1,600.0	1,600.0	1,652.0	1,652.0	1,652.0	1,655.0	1,655.0	1,655.0
Asphalt Patch Repairs (square feet)	180,000.0	200,000.0	200,000.0	180,000.0	144,600.0	147,500.0	98,000.0	95,000.0	103,000.0	139,800.0
Crack Seal Lane (miles)	N/A	N/A	N/A	N/A	N/A	N/A	\$ 11.7	\$ 9.0	7.5	9.8
Replace Sidewalks (square feet)	12,500.0	10,500.0	7,800.0	9,675.0	7,521.0	7,045.0	5,600.0	5,500.0	7,610.0	2,000.0
Total Offset Sidewalk Offsets Planed (grinds)	N/A	N/A	N/A	\$ 2,863.00	2,765.00	2,160.0	1,834.0	1,427.0	732.0	1,037.0
Homeless Encampments (cleaned, removed)	N/A	N/A	N/A	\$ 21.00	28.00	42.0	28.0	20.0	17.0	17.0
Curb and Gutter Replaced (lineal feet)	N/A	N/A	N/A	\$ 1,935.00	1,750.00	1,409.0	700.0	550.0	523.0	80.0
Debris and Spills Cleaned from Streets (cubic feet)	N/A	N/A	N/A	\$ 6,135.00	5,000.00	5,200.0	8,289.0	7,500.0	4,239.0	3,078.0
Storm Drains inspected	4,200.0	4,200.0	4,200.0	4,200.0	4,200.00	4,200.0	4,200.0	4,200.0	4,200.0	4,200.0
Street Sweeping (curb miles)	14,500.0	14,500.0	15,760.0	15,760.0	15,760.00	15,760.0	15,760.0	15,760.0	15,760.0	15,760.0



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

	Fiscal Year Ended June 30th									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Trash Capture Devices (cleaned and inspected)	N/A	N/A	N/A	\$ 286.00	175.00	180.0	180.0	177.0	155.0	155.0
Buildings Cleaned	N/A	N/A	N/A	\$ 28.00	28.00	28.0	33.0	33.0	33.0	33.0
Buildings Maintained	N/A	N/A	N/A	\$ 69.00	69.00	70.0	70.0	70.0	70.0	70.0
Outbuildings and Sheds Maintained	N/A	N/A	N/A	\$ 33.00	33.00	38.0	32.0	32.0	32.0	32.0
Total Building Maintenance Work Orders Completed	N/A	N/A	N/A	\$ 1,520.0	\$ 1,256.0	1,517.0	1,514.0	1,426.0	1,673.0	4,026.0
Total Equipment Maintenance Work Orders Completed	N/A	N/A	N/A	\$ 1,305.0	\$ 1,100.0	1,203.0	1,152.0	1,327.0	1,475.0	1,427.0
Total Regular Gasoline Dispensed (gallons)	N/A	N/A	N/A	N/A	N/A	N/A	\$ 94,984.0	\$ 84,125.0	86,258.0	87,561.0
Total Renewable Diesel Fuel Dispensed (gallons)	N/A	N/A	N/A	N/A	N/A	N/A	\$ 23,161.0	\$ 22,878.0	21,090.0	22,071.0
Arts and Recreation:										
Aquatics Classes (learn-to-swim)	2,156.0	2,326.0	2,628.0	2,637.0	2,776.0	3,688.0	1,928.0	876.0	2,592.0	3,679.0
Indoor Facilities Rental Hours	6,247.0	7,169.0	6,458.0	7,607.0	6,694.0	7,178.0	5,827.0	357.0	2,392.0	5,132.0
Arts/Rec Classes (enrollment)	14,048.0	13,525.0	14,309.0	18,123.0	15,513.0	16,372.0	11,422.0	8,807.0	14,461.0	19,192.0
Ballfield (hours rented)	26,228.0	21,622.0	16,762.0	17,679.0	17,913.0	17,093.0	12,096.0	16,423.0	19,997.0	16,574.0
Scheduled Gym Hours	17,300.0	17,702.0	16,676.0	16,542.0	17,721.0	16,289.0	15,429.0	4,262.0	3,981.0	5,332.0
Bedford Gallery (number of visitors)	30,807.0	30,443.0	43,242.0	29,500.0	26,541.0	30,994.0	17,700.0	13,570.0	8,741.0	17,600.0
Leshner Theater (tickets sold)	203,186.0	182,385.0	185,367.0	193,788.0	195,543.0	187,559.0	103,939.0	3,189.0	82,735.0	131,709.0
Paid Golf Rounds	65,513.0	64,502.0	59,878.0	55,884.0	59,582.0	58,037.0	54,872.0	82,361.0	72,688.0	67,455.0
Community and Economic Development:										
Planning Applications	143.0	155.0	211.0	143.0	169.0	127.0	126.0	116.0	112.0	114.0
Number of Code Enforcement cases closed	721.0	693.0	433.0	414.0	511.0	501.0	497.0	392.0	579.0	503.0



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

	Fiscal Year Ended June 30th									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
All Building Division Permit Applications	4,747.0	4,346.0	4,806.0	4,757.0	4,410.0	4,448.0	4,190.0	4,406.0	5,089.0	5,418.0
Building Inspection stops	11,977.0	11,094.0	15,361.0	9,786.0	9,290.0	12,139.0	11,900.0	10,824.0	12,644.0	12,818.0
General Government/ Administrative Services:										
Number of Information Technology work orders completed	2,027.0	2,913.0	2,600.0	3,028.0	4,108.0	4,416.0	3,453.0	3,253.0	3,155.0	3,770.0
Number of Telecommunications work orders completed	190.0	278.0	291.0	262.0	259.0	308.0	N/A	N/A	N/A	N/A
Human Resources:										
Number of Insurance Claims (Workers Comp)	40.0	36.0	34.0	38.0	34.0	25.0	30.0	88.0	92.0	46.0
Number of recruitments	35.0	48.0	32.0	52.0	38.0	39.0	35.0	26.0	36.0	54.0



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

Function:	Fiscal Year Ended June 30th									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Public Works:										
Community Facilities	18	18	18	18	18	18	18	18	18	
City owned parking lots	22	22	22	22	22	22	22	22	22	22
Traffic Signals	98	98	98	99	100	100	100	100	100	100
Miles of storm drains	114	114	114	114	114	114	114	114	114	114
Miles of Streets	213	213	213	213	213	213	213	213	213	194
City vehicles	17	17	17	175	178	178	181	181	181	197
Parking meters	1,592	1,592	1,620	1,620	1,620	988	988	988	988	988
Number of catch basins	4,410	4,410	4,410	4,410	4,410	4,410	4,410	4,410	4,410	4,410
Pavement legends	3,800	3,800	3,800	3,800	3,800	3,800	3,800	2,800	3,800	3,800
Traffic Signs	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Street Name Signs	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Streetlights	4,822	4,822	4,822	4,832	4,832	4,805	4,805	4,805	4,805	4,805
Parks and Recreation:										
Number of Tennis Courts	28	28	27	27	27	23	23	23	23	23
Number of Pickleball Courts	—	—	4	4	4	1	1	1	10	10
Number of Playfields	14	14	14	14	14	14	14	14	14	14
Number of City Parks	22	22	22	22	22	22	22	22	22	22
Acres of City Parks	263	263	263	263	263	249	249	249	249	249
Acres of Open Space	2,730	2,730	2,730	2,730	2,730	2,726	2,726	2,726	2,726	2,726



City of Walnut Creek
Miscellaneous Statistical Data
Last Ten Fiscal Years

Year of Incorporation	1914	Area (Square Miles)	19.9
Form of Government	Council/Manager	Elevation	200 feet
% of High School / College Graduates	97.7% / 68.4%	Number of housing units (2018)	33,564
Average Annual Precipitation	25"	Median Age (2019)	47.8
Average Highs/Lows		Number of Registered Voters (2020)	47,655
Winter	56/40		
Spring	64/44		
Summer	85/60		
Fall	74/52		
City Crime Index (US Average 274)	208.2		

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