



# WALNUT CREEK

The City of Walnut Creek California  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Prepared by the Administrative Services Department)





**City of Walnut Creek**  
**Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**  
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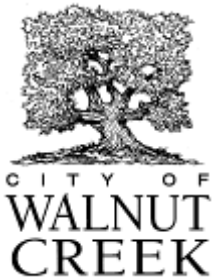
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December 5, 2014

Honorable Mayor, City Council and Citizens of Walnut Creek:

We are pleased to present the City of Walnut Creek (City) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This CAFR provides citizens, businesses, property owners, investors and all interested parties with an overview of the City's finances. The information in this Comprehensive Annual Financial Report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and includes an unmodified opinion on the report by the City's independent certified public accountants. Although we rely on the standards and expertise of these external authorities, the responsibility for the accuracy and fairness of this report ultimately rests with the City.



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

## CITY PROFILE

The City of Walnut Creek was incorporated in 1914 and is located in Contra Costa County, a growing region in the eastern portion of the San Francisco Bay Area. The City has a permanent staff of 348 City employees and serves approximately 66,900 residents in a land area of 19.45 square miles. The City continues to show strength as a major employer, a successful retail and entertainment hub, and a safe community with attractive residential neighborhoods.

The City operates utilizing the Council-Manager form of government. Five at-large Council Members are elected to staggered four-year terms to govern the City. The City Treasurer is also elected to a four-year term. The Mayor and Mayor Pro Tem are elected by the Council each year from their membership and serve one-year terms. The City Council is responsible for adopting City ordinances, resolutions, the annual budget, appointing commissions and committees, and hiring the City Manager and City Attorney among other key duties. The City Manager is responsible for implementing the Council's policies, ordinances and directives, for overseeing the day-to-day operations of the City, and for appointing the directors of the City's departments. City areas of responsibility are:

- **Administrative Services** includes Finance, Budget, Accounting, Human Resources, Risk Management, and Information Technology;
- **Arts, Recreation and Community Services** includes Recreation and Civic Arts Education Programs, the Leshner Center for the Arts and the Bedford Gallery and the City's gyms and aquatics centers;
- **Community Development** includes Building, Code Enforcement, Planning, Housing, and Transportation Planning;
- **General Government** includes City Council, City Treasurer, City Manager's Office (comprises Economic Development, Community Outreach, and Emergency Preparedness), City Clerk's Office, and City Attorney's Office; Risk Management; and Parking Garage Management;
- **Public Safety** includes all Police functions, comprising of Training, Communications, Patrol, Investigations, Community Policing, Animal Control, and Parking and Traffic Enforcement;

- **Public Works** includes Engineering, Maintenance (encompasses Buildings, Parks, Streets, and Vehicles), Transportation Operations and Planning, Open Space Management, and the Clean Water Program.

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

The City of Walnut Creek is located at the intersection of Highways 680 and 24, approximately 25 miles east of San Francisco. The City has a range of housing types available to meet the needs of workers employed by various businesses and agencies throughout the region. Walnut Creek's large retail base serves local residents as well as those in surrounding communities. The largest employment sectors include: **medical services** including John Muir Medical Center, Kaiser Permanente Medical Center, and Children's Hospital Specialty Care; **retailers** such as Neiman-Marcus, Nordstrom, Macy's, Apple, Tiffany and Company, Safeway, and Target; **auto sales and maintenance** such as Honda, Toyota, Mercedes-Benz, Ford, Volkswagen, Cadillac, Chrysler / Jeep, Porsche, Maserati, Subaru, Nissan, Volvo and Jaguar / Land Rover; and **restaurants** including Cheesecake Factory, Scotts Seafood Grill, P.F. Chang's, and Ruth's Chris Steak House.

## **ECONOMIC CONDITION AND OUTLOOK**

Walnut Creek continues its recovery from the great recession. Tax revenues have largely rebounded and are near pre-recession levels. Unemployment continues to improve and has declined from 4.7% in June of 2013 to 4% in August 2014. This is well below the California State average of 7.4%.

For fiscal year 2013-14, the City generated a surplus of \$897,928 (revenues exceeded expenditures) in the General Fund. Of this surplus, \$460,000 has been reserved by the City Council to maintain additional library hours of operation at the City's two libraries.

Budgeted General Fund revenues for the upcoming fiscal year 2014-15 are approximately \$79.8 million. This represents an increase over fiscal year 2013-14 of \$4.8 million or 6.4%. Of the increase, \$2.6 million is due to one-time funds for the sale of property and development agreements. It is also attributed to normal increases in fees for services, other departmental revenues and a rebound in property and other taxes.

The development of Broadway Plaza, a \$250 million redevelopment project, will add 300,000 sq. ft. of retail space to the downtown area. This development is projected to reduce sales tax revenues during FY 2014-15 due to business disruption. Increases to sales tax upon the completion of this significant project are expected to begin in FY 2015-16 and increase more significantly in years that follow.

The City is able to achieve a balanced budget for fiscal year 2014-15 and maintain adequate reserves for the General Fund through a combination of measures, including the following:

- Using temporary and contract staff to assist fluid service needs;
- Targeted reductions in staff positions and operating expenses;
- Service changes that yield savings and/or increased revenues;
- Continued adjustments to fees for services to ensure charges more closely reflect the cost of providing services; and
- Reallocation of some costs from the General Fund to the Downtown Parking and Enhancement Fund to more closely align these costs as a downtown targeted expenditure.

While revenues have stabilized and increased from prior levels, expenditure pressures to maintain existing services are substantial. This pressure exists for primarily two reasons. First, increases in employee benefit costs are expected to rise for the existing retirement and health care systems provided as part of overall compensation strategies to attract and retain high performing individuals to serve our community. Second, and



more financially significant, is the lack of sufficient funding for infrastructure (e.g. storm drains, parks, streets, sidewalks, open space), identified in the City's 10 year Capital Improvement Program.

In summary, while the City has seen significant improvement and stabilization of revenue sources, challenges continue for the City to achieve balanced budgets. Critical decisions regarding allocation of resources will be required for the foreseeable future.

**GENERAL FUND LONG-TERM FINANCIAL FORECAST**

Each year, the City staff updates the General Fund Long Term Financial Forecast (LTFF) for the General Fund, which covers a total of five 2-year budget cycles for review and adoption by the City Council. With the volatility of revenues and continually increasing costs, the LTFF helps to plan for the future by providing an understanding of available funding, evaluating financial risk, and identifying future commitments and resource demands.

The latest LTFF was approved by the City Council in November 2013. It reflects the Council's commitment to a proactive approach to maintain the City's fiscal sustainability. Revenue projections in the latest LTFF adopted by the Council are moderate and based on past performance, economic cycles, new development projects under construction, and guidance from consultants hired by the City. Being a service organization, staffing costs represent approximately 62% of the City budget. Expenditure projections reflect cost increases for salaries and health benefits, take into consideration potential changes to California Public Employees Retirement (CalPERS) assumptions, and include additional allotments to capital programs. Based on these conservative assumptions, the LTFF shows expenditures will continue to outpace projected revenues until the end of the decade unless further adjustments are made. The City recognizes that this will lead to future budgets that will require reduced costs, new ways to deliver services, increased revenues or some combination of these options. Although the LTFF accounts for some funding of infrastructure and technology needs, the City's available and projected funding is insufficient to properly maintain all of the City's currently owned assets.

Past annual operating budgets have reflected the City's prudent reserve policies. The City Council adopted in June 2011, modified in June 2012 and most recently in June 2014 the Governmental Accounting Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. With this action, the Council established new classifications of Fund Balances and revised some of the existing fund balance policies. The current Fund Balance Policies include the following:

Committed Fund Balance	Funding Policy
Catastrophic Emergency	To be used in the event of actual or threatened existence of conditions of disaster or of extreme peril to the safety of persons and property within the City caused by such conditions as fire, flood, storm, epidemic, riot, earthquake, nuclear disaster, tornado, or terrorism. Minimum set at 10% of annual General Fund budgeted operating expenditures.
Compensated Absences	To fund payouts of accumulated leave due to separation from City employment. Policy is to set an amount equal to the projected one-year liability based on the previous year's experience.
Dental Claims	To fund dental self-insurance program claims. Policy is to set an amount equal to six months of budgeted dental expenses.
Fiscal Emergency	To cover declines of more than 5% of property tax, sales tax or departmental revenue or increases of more than 10% in PERS, medical costs, utility (electricity, gas and water), or fuel expenses. Policy is to set aside 5% of the annual General Fund revenue budgets referenced above and 5% of the annual General Fund expenditure budgets for PERS and medical costs.
Legal Claims	To fund claims awarded against the City. Policy is to fund the higher of the City's five-year claim history or \$3 million.
PERS Liability	Set aside funds for PERS costs either to pay down future liabilities or smooth large increases anticipated for the next budget cycle.
Radio Communication	Set aside funds for the City's upcoming purchase of radios for police and public services staff and investment in infrastructure needed to facilitate emergency response and communication on a regional basis. Most of these funds were

	used in fiscal year 2012-13.
Workers' Compensation	To pay workers' compensation awards. Policy is to fund the higher of: a) twice the annual expenses paid out over the previous five years or b) \$2 million.

The City Council adopted a *Use of One-Time Revenues and General Fund Surpluses* policy in June 2012. 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 included surpluses from the fiscal years 2012 and 2013 totaling \$2.7 million being directed toward one time technology and infrastructure projects.

The City also has eight internal service funds to provide funding necessary for replacement of facilities and equipment in the future.

**MAJOR INITIATIVES AND PROJECTS ACCOMPLISHED DURING 2013-14**

Walnut Creek is an active and vibrant community, with a municipal government that is proactive and prepared to respond to changing community needs. Many projects have been accomplished through collaboration among the City and other agencies, private groups, and individuals. Through these creative partnerships, the City is able to provide its citizens with services and amenities beyond those available in other communities.

As part of the budget preparation process, the City Council sets goals for a two-year period and evaluates the progress made on the goals established on an ongoing basis. The following section highlights some of the most significant accomplishments in fiscal year 2013-14:

- The City held a series of meetings to educate the public about the financial condition of the city and its long term financial forecast. This effort was designed to ensure the citizens had an understanding of the current and future financial needs to operate city government. These efforts resulted in a significant increase in citizen awareness of this important community issue by over 15 percentage points between October 2013 and April 2014.
- The City Manager's Office and Community and Economic Development Department implemented a Comprehensive Second Hand Smoke Ordinance. The ordinance restricts smoking in all commercial areas, throughout the downtown pedestrian retail district, all multi-unit housing and all recreational areas. The ordinance is one of the strictest in the state and will protect both residents and visitors from the harmful effects of second hand smoke.
- Completion of an updated Parking Ordinance, establishing a demand-based parking management model. As part of the ordinance implementation, staff also completed a series of parking rate and programmatic changes aimed at more efficiently managing the City's parking inventory. This work also included completing the transition of the Downtown Parking and Enhancement Fund to a full enterprise operation.
- The Police Department modified its deployment model ensuring that more officers were available at the busiest times of the day. The new schedule complemented a change to the Department's geographical approach to policing the City of Walnut Creek. The Department added a 4<sup>th</sup> Sector – Downtown – and broke the three other sectors into three beats. This approach will allow officers to focus on problem solving and crime reduction in their assigned beats.
- The Police Department reconstituted a School Resource Officer (SRO) program. Two SROs have been assigned to the schools within our community; one SRO is responsible for Northgate High School as well as the grammar and middle schools leading to it, while the other is responsible for Las Lomas High School and all the schools leading to it. Both SROs are expected to handle all police related calls for service and act as a liaison between the police department and the school districts within our community.
- The City adopted citywide bans on single use plastic bags and Polystyrene (take out) containers. These bans went into effect in the fall of 2014.
- The Public Works Department oversaw construction of the all-abilities playground in Heather Farm Park. This facility opened to the public in fall of 2014.

- The Arts, Recreation and Community Services (ARCS) Department and the Open Space Division of Public Works completed a cost recovery and pricing study. The study, which was completed with the assistance of PROS Consulting, a national management consulting firm, provided a comprehensive analysis of the current fully-loaded cost and cost recovery rates for each of the forty-five distinct programs operated by ARCS and Open Space. The study resulted in City Council adoption of a new program classification structure and cost recovery policy.
- The City Council approved in concept a proposed plan for financing capital improvements to the Boundary Oak Golf Course Clubhouse. The financing plan calls for using golf course operating revenues and external funds secured through a long-term lease based financing. To improve the golf course's cash flow, the City Council approved an internal refinancing to allow early redemption of the remaining outstanding Walnut Creek Public Facilities Financing Authority 1997 lease revenue bonds. The Golf Course Enterprise Fund will repay the General Fund (principle and interest) over the next 10 years.
- The Bedford Gallery, the City's visual arts program, was awarded its first grant from the National Endowment of the Arts (NEA). The \$20,000 grant will support the production and traveling component of the exhibition BLOW UP: Contemporary Inflatable Art. The exhibition, which will display in Walnut Creek in early 2015, will travel nationally through 2017.
- The City celebrated our Centennial with a full year of community-led and community-funded events, culminating in a Centennial Birthday Festival attended by more than 5,000 people on Saturday, October 18.

## **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, accuracy and reliability of accounting data, 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 require estimates and judgments by management.

The City adopts a budget biennially to be effective July 1 for the ensuing two-year period and includes annual budgets for each of the two years. Public hearings are conducted on the proposed budget to review all appropriations and sources of financing. To assist in the development of the 2014-2016 Biennial Budget and to improve the City's fiscal health, the Council reviewed City services and confirmed programs that the City should continue to provide. The final step in the Council's Fiscal Sustainability Strategic Priority was for community engagement and outreach. Starting in January 2014, City staff presented a series of outreach meetings or "roadshows" to a total of thirteen community groups culminating with a report to Council in April 2014.



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

**ACKNOWLEDGMENTS**

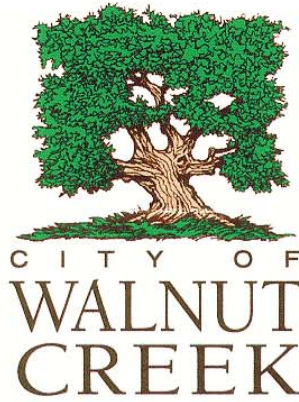
This CAFR was prepared by the dedicated staff of the Finance Division. Special thanks to Cindy Mosser, Roselyn Taormina, Linda Wong, and Anna Barnett for their assistance in preparing this report. This report is representative of Walnut Creek staff's ongoing commitment to provide excellent services to Walnut Creek citizens, businesses and visitors.

Credit and thank you also goes to the City Council and City Treasurer for their continued stewardship and commitment to ensuring the long-term fiscal health of Walnut Creek.

Respectfully submitted,

  
Ken Nordhoff  
City Manager

  
Jeff Mohlenkamp  
Administrative Services Director



## OUR MISSION

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

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

## OUR VISION

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

## OUR VALUES

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

Respect • Integrity • Excellence • Teamwork • Creativity



# City of Walnut Creek Organizational Chart

Citizens of Walnut Creek

City Council

City Treasurer

Oversight Board to the Successor Agency to the RDA

City Commissions

City Manager

City Attorney

## City Departments

Administrative Services

(Includes Finance, Human Resources, Risk Management,  
Business Licenses and Information Technology)

Arts, Recreation and Community Services

(Includes Aquatics, Bedford Gallery, Civic Arts, Leshar Theater,  
Classes, Camps & Preschool, Social Services and Sports/Teens)

Community Development

(Includes Building, Housing, Planning and  
Transportation Planning)

General Government

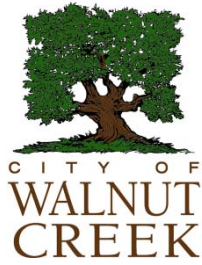
(Includes Public Information, Interagency Relations,  
Community Outreach, City Clerk and  
Economic Development)

Police

(Includes Services and Investigation Bureaus,  
Patrol and Operations Management)

Public Services

(Includes Engineering, Maintenance Services,  
Garages, Parks and Open Space)



## **PRINCIPAL OFFICERS**

**June 30, 2014**

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**Kristina Lawson  
Mayor**

**Bob Simmons  
Mayor Pro Tem**



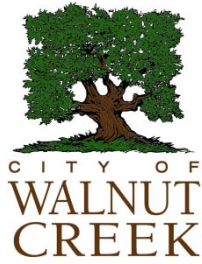
**Loella Haskew  
Council Member**

**Justin Wedel  
Council Member**



**Cindy Silva  
Council Member**





## **ADMINISTRATION PERSONNEL**

**June 30, 2014**

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**Ken Nordhoff**  
**City Manager**



**Steve Mattas**  
**City Attorney**



**Jeff Mohlenkamp**  
**Administrative Services Director**



**Kevin Safine**  
**Arts, Recreation and Community Services Director**



**Sandra Meyer**  
**Community Development Director**



**Fran Robustelli**  
**Human Resources Director**



**Thomas Chaplin**  
**Chief of Police**

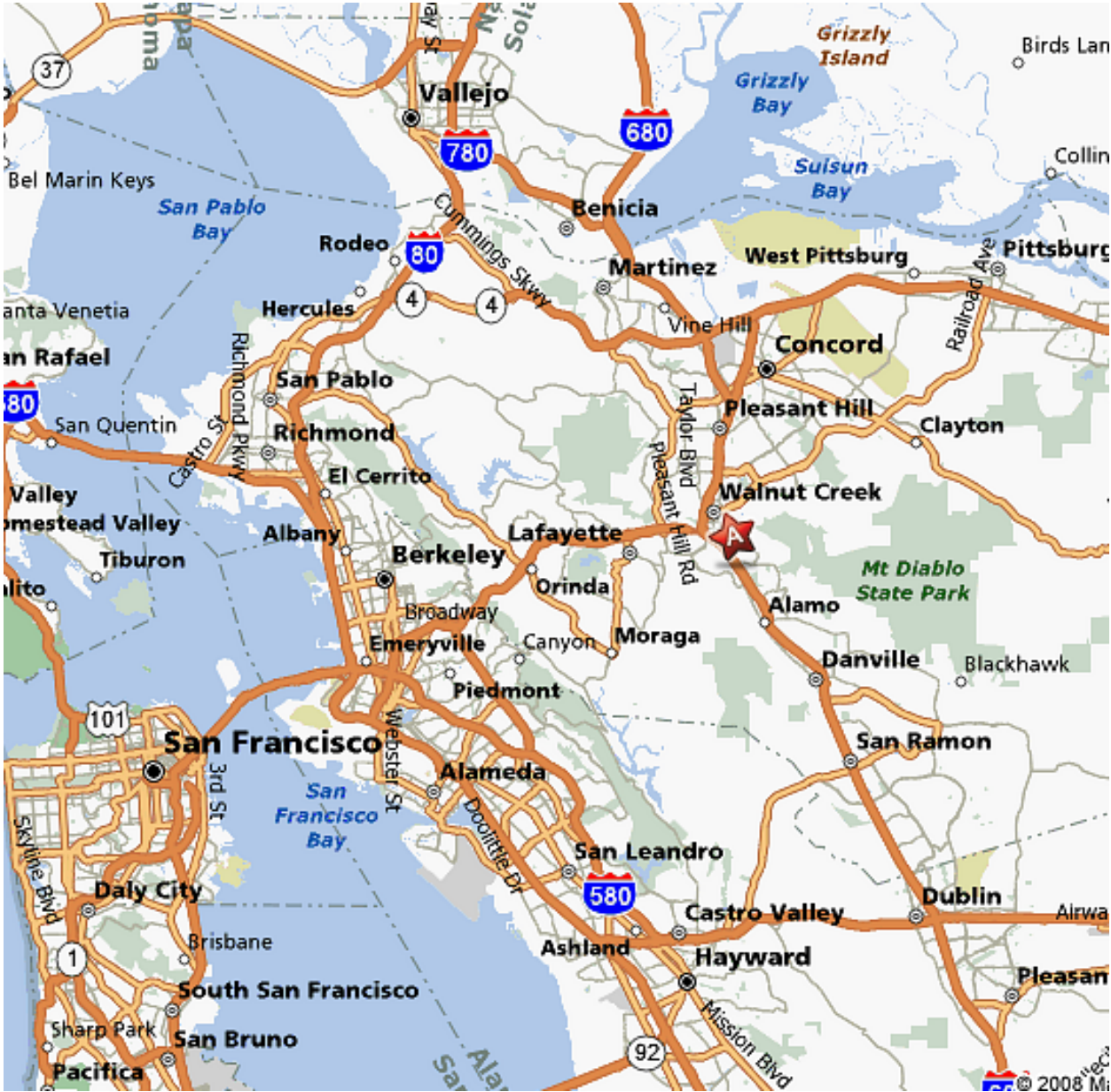


**Heather Ballenger**  
**Public Services Director**



# Regional Map of Walnut Creek and Nearby Cities

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# FINANCIAL SECTION

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**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Walnut Creek, California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

**Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We did not audit the financial statements of the Boundary Oak – Onsite Contract Operations Enterprise fund (a major fund), which represents the following percentages of assets, net position and revenues as of and for the fiscal year ended June 30, 2014:

Opinion Unit (s)	Assets	Net Position / Fund Balance	Revenues
Business-Type Activities	3.5%	-1.2%	48.9%
Boundary Oak - Onsite Contract Operations Fund (Major Enterprise Fund)	100%	100%	100%

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

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

## ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Walnut Creek, California as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 65 - *Items Previously Reported as Assets and Liabilities*, effective July 1, 2013. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Prior-Year Comparative Information***

We have previously audited the City's 2013 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated February 18, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

*Vaurinik, Trine, Day & Co. LLP*

Sacramento, California  
December 5, 2014

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# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## City of Walnut Creek Management's Discussion and Analysis For the year ended June 30, 2014

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The management staff of the City of Walnut Creek (City), offers readers of the City's financial statements this narrative overview and analysis of City financial activities for the fiscal year ended June 30, 2014. It has been designed in accordance with standards established by the Governmental Accounting Standards Board. Please read this overview in conjunction with the accompanying financial statements.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's financial statements, which are comprised of three components:

- **Government-Wide Financial Statements** - These statements provide information about the activities of the City as a whole and about the overall financial condition of the City. The *Statement of Net Position* and *Statement of Activities and Changes in Net Position* statements includes *all* assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies.
- **Fund Financial Statements** - These statements provide additional information about the City's major funds, how services were financed in the short term and fund balances available for financing future projects.
- **Notes to the Financial Statements** - The notes provide additional detail that is essential to a full understanding of the information provided in the government-wide and fund financial statements.

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

### FINANCIAL HIGHLIGHTS

Financial highlights of the year ended June 30, 2014 include the following:

#### *Government-wide:*

- The City's total net position was \$334.1 million at June 30, 2014, of which \$320.6 million was in Governmental Activities and \$13.5 million was in Business-type Activities. Of the total net position, \$243.8 million relates to the City's net investment in capital assets and is not available for future appropriation (see tables 1 and 4 for additional information).
- Total City revenues were \$101.9 million, of which \$39.6 million was derived from Governmental Activities, \$7.4 million was derived from Business-type Activities and \$57.5 million from General Revenues (see tables 2 and 5 for additional information).
- Total City expenses were \$92.5 million, of which Governmental Activities incurred \$83.5 million and Business-type Activities incurred \$9.0 million (see tables 2 and 5 for additional information).



# City of Walnut Creek

## Management's Discussion and Analysis, Continued

### For the year ended June 30, 2014

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#### FINANCIAL HIGHLIGHTS, Continued

##### *Fund Level:*

Governmental fund balances totaled \$76.4 million, the Enterprise funds had a \$13.5 million net position surplus, and there was a cumulative net position surplus of \$6.6 million in the Internal Service Funds, of which \$5.4 million relates to the City's Internal Service Funds net investment in capital assets.

- Proprietary Fund operating revenues were \$8.4 million in the Enterprise Funds and \$3.7 million in the Internal Service Funds.
- Proprietary Fund operating expenses were \$8.9 million in the Enterprise funds and \$1.8 million in the Internal Service Funds.
- Net non-operating revenues were approximately \$871,000 in the Enterprise Funds and net non-operating expenses were \$325,000 in the Internal Service Funds.



##### *General Fund:*

- General Fund revenues were \$75.0 million and expenditures were \$67.4 million.
- Net transfers out of the General Fund were \$6.6 million.
- The fund balance of the General Fund was \$35.7 million at June 30, 2014, all of which has been classified in accordance with Governmental Accounting Standards Board No. 54.

##### *Housing Successor Agency Fund:*

- Fund revenues were \$114,000 and expenditures were \$65,000.
- There were no transfers into or out of the Fund.
- The fund balance of the Fund was approximately \$359,000 at June 30, 2014; the total amount is classified as restricted for future low and moderate income housing programs and projects.

##### *Housing Fund:*

- Fund revenues were \$4.3 million and expenditures were \$1.8 million.
- Net transfers into the Fund were \$280,000.
- The fund balance of the Fund was \$4.4 million at June 30, 2014; the total amount is classified as restricted for affordable housing projects.

##### *CDBG Fund:*

- Fund revenues were \$523,000 and expenditures were \$523,000.
- There were no transfers into or out of the Fund.
- The fund balance of the Fund was \$0 at June 30, 2014.

##### *Capital Investment Program Fund:*

- Fund revenues were \$1.6 million and expenditures were \$6.0 million.
- Net transfers into the Fund were \$8.1 million.
- The fund balance of the Fund was \$3.5 million at June 30, 2014; the total amount is classified as restricted for capital projects.



**City of Walnut Creek**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2014**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS**

These government-wide financial statements include all assets and liabilities of the City using the accrual basis of accounting. All current year revenues and expenses are accounted for regardless of when the cash is paid or received.

These statements report the City's net position and how it has changed. Net position, the difference between assets, liabilities and deferred inflows/outflows of resources, is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net position are among indicators used to assess whether the financial condition of the City is improving or deteriorating. It is also important to consider other non-financial factors, such as changes in the City's property tax values and sales tax outlets, and the condition of the City's infrastructure (i.e. parks and streets), to accurately assess the overall health of the City.

The Government-wide statements present information about the City's activities. These include services provided by police, community development, public services and arts, recreation and community services. These services are funded from monies received from property, sales and other taxes, direct charges for services provided, grants, contributions from other agencies and impact fees collected from new development. The following analysis focuses on net position and how it has changed, within the City's Governmental Activities (Tables 1, 2 and 3) and Business-Type Activities (Tables 4 and 5) as presented in the Government-wide *Statement of Net Position* and *Statement of Activities and Changes in Net Position*.



**City of Walnut Creek**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2014**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued**

*Governmental Activities*

Net position, representing the difference between total assets and total liabilities, of the City's governmental activities was \$320.6 million at June 30, 2014, an increase of \$8.2 million (3%) from the total at June 30, 2013. The table below summarizes the City's net position.

**Table 1**  
**Governmental Statement of Net Position (In Millions) at June 30,**

	<u>2014</u>	<u>2013</u>
Cash and investments	\$ 79.7	\$ 63.0
Other assets	27.1	25.0
Capital assets	233.2	238.7
<b>Total assets</b>	<b><u>340.0</u></b>	<b><u>326.7</u></b>
Current liabilities	12.6	7.5
Non-current liabilities	6.8	6.8
<b>Total liabilities</b>	<b><u>19.4</u></b>	<b><u>14.3</u></b>
Net Position		
Net investment in capital assets	232.9	238.4
Restricted	40.7	31.5
Unrestricted	47.0	42.5
<b>Total net position</b>	<b><u>\$ 320.6</u></b>	<b><u>\$ 312.4</u></b>

Of the City's total net position, \$232.9 million, or 72%, 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 City's total liabilities of \$19.4 million represent outstanding obligations for operations, capital projects, deposits held for development projects and long-term debt.

A portion (13%) of the City's net position represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position (15%) may be used to meet the government's ongoing obligations to citizens and creditors.

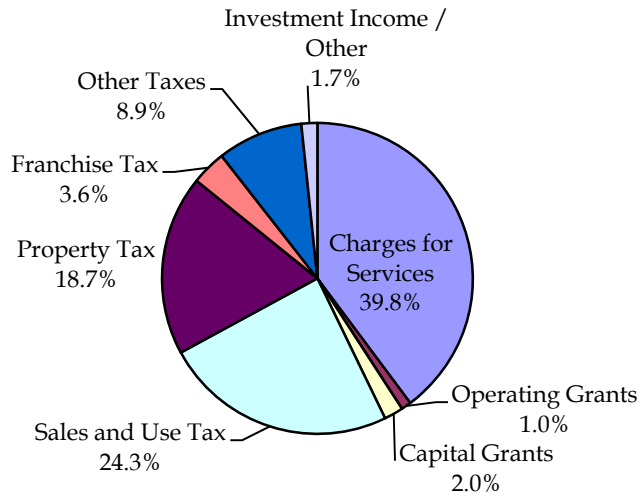


**City of Walnut Creek**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2014**

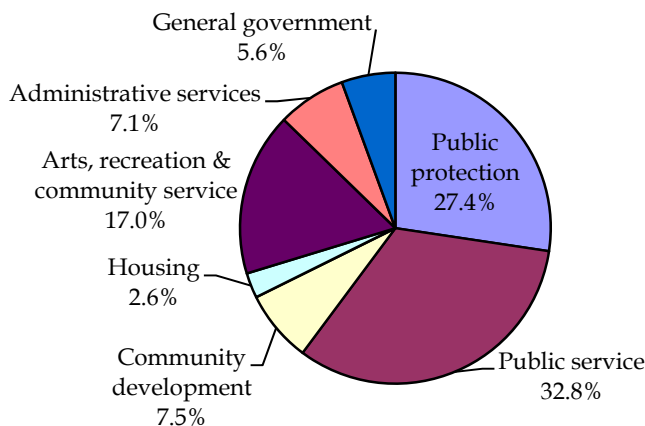
**GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued**  
*Governmental Activities, Continued*

The charts below summarize general City revenues available for funding all City programs and major expenditure program categories, as well as program revenues used to fund specific expenditure programs. For fiscal year 2013-14, total revenues from all sources relating to governmental activities excluding transfers were \$92.4 million and total expenditures for all City programs relating to governmental activities were \$83.5 million.

**Sources of Revenues**  
**(excluding transfers to Business type activities)**  
**FY2013-14**



**Sources of Expenses**  
**(by Governmental activity)**  
**FY2013-14**





**City of Walnut Creek**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2014**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued**

**Table 2**  
**Change in Net Position - Governmental Activities for fiscal year ended June 30,**  
**(In Millions)**

<b>Revenues</b>	<b>2014</b>	<b>2013</b>
Program revenues		
Charges for service	\$ 36.8	\$ 28.6
Operating contributions and grants	0.9	1.0
Capital grants	1.8	2.8
Total program revenues	<u>39.6</u>	<u>32.4</u>
General revenues		
Taxes:		
Sales and use	22.4	21.4
Property	17.3	15.7
Franchise	3.3	3.2
Other taxes	8.2	7.6
Other	0.9	0.9
Investment income	0.6	-
Total general revenues	<u>52.8</u>	<u>48.8</u>
Total revenues	<u>92.4</u>	<u>81.2</u>
<b>Expenses</b>		
Public protection	22.9	21.5
Public services	27.4	27.0
Community development	6.3	5.2
Housing	2.2	1.9
Arts, recreation & community service	14.2	13.9
Administrative services	6.0	5.8
General government	4.7	3.4
Total expenses	<u>83.5</u>	<u>78.7</u>
Excess (deficiency) before transfers	8.9	2.5
Transfer of capital assets	(1.2)	-
Transfers	0.5	(0.5)
<b>Change in net position - Governmental Activities</b>	<u>\$ 8.2</u>	<u>\$ 2.0</u>





**City of Walnut Creek**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2014**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued**

*Governmental Activities, Continued*

Table 2, presented on the prior page, shows that governmental expenses, which totaled \$83.5 million, were offset in part by program revenues for governmental activities of \$39.6 million. These program revenues included \$36.8 million in charges for services, \$950,000 in operating grants and contributions, and \$1.8 million in capital grants and contributions. Charges for services include traffic safety fines, plan check fees, building inspection fees, other charges related to new construction, and admission fees charged for cultural events. Operating grants and contributions include amounts contributed by developers that can only go toward operations-related expenses, while capital grants and contributions are required to go toward capital investments. General revenues, as shown in Table 2 on the previous page, are available to pay for expenses not fully covered by program generated revenues.



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

**Table 3**  
**Governmental Activities**  
**Program Revenues and Net (Expense) Revenue From Services for fiscal year ended June 30,**  
**(In Millions)**

	Program Revenues		Net (Expense) Revenue	
	2014	2013	2014	2013
Public protection	\$ 2.2	\$ 2.2	\$ (20.7)	\$ (19.3)
Public service	11.9	10.3	(15.6)	(16.7)
Community development	6.8	5.2	0.6	(0.0)
Housing	5.9	2.5	3.7	0.6
Arts, recreation & community service	10.3	10.0	(3.9)	(3.9)
Administrative service	2.0	1.6	(3.9)	(4.2)
General government	0.6	0.6	(4.1)	(3.4)
<b>Totals</b>	<b>\$ 39.6</b>	<b>\$ 32.4</b>	<b>\$ (43.9)</b>	<b>\$ (46.9)</b>

*Business-type Activities*

The net position of the City's business-type activities was \$13.5 million at June 30, 2014. Assets included a total of \$3.6 million in cash and investments, \$205,000 in receivables, \$11.2 million in capital assets and \$141,000 in other assets. Liabilities include \$50,000 in long-term debt and \$1.3 million in current liabilities. Total revenues and transfers for business-type activities totaled \$10.3 million for fiscal year 2013-14 while expenses totaled \$9.0 million.



**City of Walnut Creek**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2014**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued**  
*Business-type Activities, Continued*

**Table 4**  
**Business -Type Statement of Net Position at June 30,**  
**(In Millions)**

	<u>2014</u>	<u>2013</u>
Cash and investments	\$ 3.7	\$ 3.5
Other assets	0.4	0.4
Capital assets	11.2	10.5
<b>Total assets</b>	<b>15.3</b>	<b>14.4</b>
Long-term debt outstanding	0.1	0.9
Other liabilities	1.7	1.2
<b>Total liabilities</b>	<b>1.8</b>	<b>2.1</b>
Net Position		
Net investment in capital assets	10.9	9.3
Restricted	-	-
Unrestricted	2.6	2.9
<b>Total net position</b>	<b>\$ 13.5</b>	<b>\$ 12.2</b>

**Table 5**  
**Change in Net Position - Business-type Activities for fiscal year ended June 30,**  
**(In Millions)**

	<u>2014</u>	<u>2013</u>
<b>Revenues</b>		
Program revenues		
Charges for service	\$ 7.4	\$ 5.1
Total program revenues	7.4	5.1
General revenues		
Investment income and other	2.2	2.7
Total revenues	9.6	7.8
<b>Expenses</b>		
Golf Course and Clubhouse	5.2	4.7
Downtown Parking and Enhancement Fund	3.8	3.3
Total expenses	9.0	8.0
Excess (deficiency) before transfers	0.6	(0.2)
Transfer of capital assets	1.2	-
Transfers	(0.5)	0.6
<b>Change in net position - Business-Type Activities</b>	<b>\$ 1.3</b>	<b>\$ 0.4</b>



## City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2014

### FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

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



#### *Governmental funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a City's or government agency's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City has twenty-four governmental funds, of which five are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. The City's five major funds are - the General Fund, the Housing Successor Agency Fund, the Housing Fund, the Community Development Block Grant Fund and the Capital Investment Program Fund. The City has classified these funds as major funds. Data from the other nineteen governmental funds are combined into a single, aggregated presentation.

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

#### *Proprietary funds*

The City maintains two types of proprietary funds, Enterprise Funds and Internal Service Funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its operation of Boundary Oak Golf Course (City administration and onsite contract operations) and Downtown Parking and Enhancement, all 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 its fleet of vehicles, computer systems, other furniture and equipment, improvements to City buildings and major roadway reconstruction.



**City of Walnut Creek**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2014**

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**FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued**

*Proprietary funds, Continued*

Because these services solely benefit the governmental function, they have been included within governmental activities in the government-wide financial statements.

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

*Fiduciary Funds*

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

*Summary Analysis of Governmental Funds*

At June 30, 2014, the City's governmental fund balances were \$76.4 million, which is an increase of \$10.0 million, or 15%, from the balance in the prior fiscal year. The following describe the specifics related to this variance:

- An increase of \$898,000 in the General Fund, primarily due to the combination of increased revenues including sales tax, property tax, and departmental revenues netted against increases in expenditures;
- An increase of \$49,000 in the Housing Successor Agency Fund is attributed to the loan repayments made from the sale and refinancing by the borrower;
- An increase of \$2.8 million in the Housing Fund is attributed to the receipt of additional commercial linkage fees and in lieu fees;
- An increase of \$3.7 million in the Capital Investment Program Fund funds is attributed to the one-time funds set aside for a storm drain/sidewalk project and the Clarke Swim Center;
- An increase of \$2.6 million in the City's non-major governmental funds, primarily due to the change in accounting practice discussed above with regard to the Capital Investment Program Fund. Governmental funds that had committed monies to capital projects had those monies returned until the expense is incurred (and recorded) in the Capital Investment Program Fund. In addition, the In Lieu Park Fund recognized increased in lieu fees.



**City of Walnut Creek**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2014**

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**FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued**

*Summary Analysis of Governmental Funds, Continued*

**Table 6**  
**Change in Fund Balance- Governmental Funds for the fiscal year ended June 30,**  
**(In Millions)**

<b>Revenues</b>	<b>2014</b>	<b>2013</b>
Taxes:		
Sales and use	\$ 22.4	\$ 21.4
Property	17.3	15.7
Business license	2.2	2.1
Franchise	3.3	3.2
Transient occupancy	1.8	1.7
Other taxes	2.2	2.3
Intergovernmental	4.7	5.1
Investment and rental income	1.5	0.8
Charges for services	20.9	16.2
Licenses, permits and fees	2.0	1.7
Fines, forfeitures and penalties	9.0	8.4
Other revenue	3.5	1.9
Total revenues	<u>\$ 90.8</u>	<u>\$ 80.5</u>
<b>Expenditures</b>		
Public protection	\$ 23.4	\$ 21.8
Public services	20.4	19.6
Community development	6.4	5.4
Housing	2.2	1.9
Arts, recreation & community service	14.2	13.9
Administrative services	5.9	5.8
General government	4.0	3.8
Capital outlay	3.6	4.0
Debt service	-	-
Transfers (net)	(0.6)	(1.6)
Total expenditures	<u>\$ 79.5</u>	<u>\$ 74.6</u>



**City of Walnut Creek**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2014**

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**FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued**

*Detailed Analysis of Major Governmental Funds by Fund*

**General Fund**

The General Fund is the chief operating fund of the City. For the year ending June 30, 2014, the total fund balance was \$35.7 million, most of which is non-spendable or has been committed or assigned to cover contingencies, claims, encumbrances, advances to other funds and other City projects.

Revenues were \$6.4 million more in fiscal year 2013-14 compared to last fiscal year, a change of 9%. Expenditures increased \$4.3 million in fiscal year 2013-14 compared to last fiscal year, a change of 7%. Significant changes in revenues and expenditures that affected the General Fund balances are discussed below:



**General Fund Revenues**

**Sales and Use Taxes** increased by \$1.0 million (5%) compared to the prior year resulting from improvement in the local economy, especially with regard to new car sales.

**Property and All Other Taxes** increased \$1.9 million (8%) from the prior year primarily due to increases in property tax from the distribution of residual payments from former redevelopment agencies and real property transfer tax revenues generated from the sale of property within the City.

**Intergovernmental** revenues decreased \$55,000 (46%) from fiscal year 2012-13 due to the reduction in the amounts received for POST and state motor vehicle in-lieu revenues.

**Investment and rental income** revenues were \$579,000 (102%) more than prior fiscal year due to the significant losses on the market value of investments in fiscal year 2012-13 (-\$340,000) compared to a gain in fiscal year 2013-14 (\$214,000).

**Charges for Services** increased \$2.2 million (16%) from fiscal year 2012-13 mainly due to the increase in volume of development and renovation projects for planning, engineering, and building review and processing.

**Licenses, permits and fee** revenues increased \$306,000 (18%) compared to the prior fiscal year due to the increase of the volume of permits including building, plumbing and electrical permit fees. Fiscal year 2013-14 set a new record for the number of building permits in the history of the City.

**Fines, forfeitures, and penalties and other revenue** increased \$620,000 (8%) from the prior fiscal year due to the expanded parking meter zone, a fee adjustment, and the shifting of meter operating hours.



**City of Walnut Creek**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2014**

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**FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued**

*Detailed Analysis of Major Governmental Funds by Fund, Continued*

**General Fund Expenditures**

**Public protection** expenditures increased \$1.4 million (7%) from the prior year due to increased salary and benefits costs to meet authorized staffing levels in the department (\$861,000) and with the increased staffing levels corresponding increases in safety supplies and training (\$325,000) were noted.

**Public services** expenditures increased \$1.2 million (8%) compared to the prior year primarily due to increasing contractual services (\$200,000) like custodial and other professional services, increases in product costs for street maintenance (\$230,000); and salary and benefit increases to meet authorized staffing levels (\$400,000).

**Community development** expenditures increased \$1.1 million (24%) from fiscal year 2012-13. This increase is attributable to outside professional services costs, record imaging costs and salary and benefit costs due to the volume of building permits in the fiscal year. A corresponding increase in revenues can be noted for increased activity.

**Arts, recreation and community services** expenditures were \$209,000 (2%) more than the prior year primarily due to the increases in salary and benefits required to run the programs for aquatics, sport camps, social services, and center repertory.

**Administrative services** expenditures increased \$160,000 (3%), which is attributable to increases of the liability insurance cost.

**General government** expenditures increased \$167,000 (5%) due to the increase of contractual services of the City Attorney department netted against the salary and benefit savings for staffing model change.

**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, 2014, its fund balance of \$359,000 is restricted for future housing projects and programs. The fund balance increased by \$49,000 primarily due to loan repayments received from two borrowers.

**Housing Special Revenue**

The Housing Special Revenue Fund accounts for in lieu fees derived of local development projects. As of June 30, 2014, its fund balance of \$4.4 million is restricted for affordable housing projects. During the fiscal year, the fund balance increased by \$2.8 million due to the receipt of additional in lieu fees for two large projects and additional commercial linkage fees.



## City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2014

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### FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

#### *Detailed Analysis of Major Governmental Funds by Fund, Continued*

##### **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, 2014, the CDBG fund has \$2.98 million in deferred inflow of resources - unavailable resources for notes and loans.

##### **Capital Investment Program**

The Capital Investment Program Fund accounts for funds used for capital improvements and significant maintenance projects. As of June 30, 2014, its fund balance was \$3.5 million. This fund balance is typically restricted or assigned for use on current projects. The fund balance increased by \$3.7 million in fiscal year 2013-14 due to one-time funds set aside for a storm drain/sidewalk project and the Clarke Swim Center. Some of the more significant capital and maintenance projects that were completed during fiscal year 2013-14 are listed below:

- Downtown Pay Stations
- Urban Forestry Tree Inventory-Cartegraph Integration
- HVAC & Water Heating Program
- Roofing Program
- Major Roadway Reconstruction
- City Library Cafe



##### **Summary Analysis of Proprietary Funds**

As of June 30, 2014, the Enterprise Funds had a net position balance of \$13.5 million, representing a \$1.3 million (11%) increase, which is primarily related to the increase of parking meter rates and change in collection times. Also, capital contributions for equipment acquisitions were accounted for in the current fiscal year.

The net position balance of the Internal Service Funds is \$6.6 million, up \$3.0 million (82%) from the previous fiscal year, due to the following factors: the transfer in of one-time funds for the replacement of information technology equipment (\$1.1 million) and due to the elimination of the prepaid item in the previous year, the annual payment of \$1.2 million in the PERS Safety Side Fund Liability Internal Service Fund increases the net asset balance.





**City of Walnut Creek**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2014**

**FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued**

*Summary Analysis of Proprietary Funds, Continued*

**Table 7**  
**Change in Fund Net Position - Proprietary Funds for the year ended June 30,**  
**(In Millions)**

	<b>Total Enterprise Funds</b>		<b>Total Internal Service Funds</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Operating revenues	\$ 8.4	\$ 7.7	\$ 3.7	\$ 3.4
Operating expenses	8.9	7.9	1.8	1.2
<b>Operating income (loss)</b>	<b>(0.5)</b>	<b>(0.2)</b>	<b>1.9</b>	<b>2.2</b>
Non-operating revenues (expenses)	0.9	0.0	(0.3)	(0.4)
<b>Net income (loss) before contributions and operating transfers</b>	<b>0.4</b>	<b>(0.2)</b>	<b>1.6</b>	<b>1.8</b>
Capital contributions	1.4	0.0	0.2	0.1
Transfers in (out)	(0.5)	0.6	1.2	1.1
<b>Change in net position</b>	<b>\$ 1.3</b>	<b>\$ 0.4</b>	<b>\$ 3.0</b>	<b>\$ 3.0</b>

**Boundary Oak City Administration and Contract Operations Enterprise Funds**

These funds account for the administration and operation of the City's Boundary Oak Golf Course and Clubhouse. Of the total net position, \$2.2 million was invested in capital assets, net of related debt.

**Downtown Parking and Enhancement Enterprise Fund**

This fund accounts for the administration and operation of the downtown trolley, parking lot certifications, parking meters and enforcement, as well as, parking garages. The net position of this fund increased \$847,000 at the end of fiscal year 2013-14, primarily attributable to the increase of parking meter rates. Of the total net position, \$8.7 million was a net investment in capital assets.

**BUDGETARY HIGHLIGHTS OF THE CITY'S GENERAL FUND**

Over the course of the year, the City Council revised the City's budget with adjustments for various revenue and expenditure changes. After taking into account these adjustments, General Fund actual revenues were more than the final budget by \$5.5 million (7%), which is primarily attributable to higher sales tax revenue than anticipated. General Fund actual expenditures were \$1.9 million (3%) under the final budget, with significant savings in Public Protection (\$1.1 million), Arts, Recreation and Community Services (\$611,000), and Administrative Services (\$710,000). The savings in all of these departments are related to payments not yet made on existing contracts and reduced salary and benefit costs.



**City of Walnut Creek**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2014**

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**CAPITAL ASSETS AND LONG TERM DEBT**

*Capital Assets*

GASB 34 requires the City to record all of its capital assets, including infrastructure in the Statement of Net Position. Infrastructure includes roads, bridges, signals and similar assets used by the entire population. The City has recorded its capital assets at historical cost or estimated historical cost if actual historical cost was not available. In addition, donated fixed assets have been valued at their estimated fair market value on the date donated.

At June 30, 2014 the cost of infrastructure and other capital assets recorded on the City's financial statements is shown in Table 8 below:

**Table 8**  
**Capital Assets at June 30,**  
**(In Millions)**

	<u>2014</u>	<u>2013</u>
<b>Governmental activities</b>		
Land	\$ 48.4	\$ 48.4
Construction in progress	5.6	6.6
Building and improvements	129.5	129.0
Machinery and equipment	7.5	6.8
Vehicles	7.9	7.5
Infrastructure	200.5	197.7
Less accumulated depreciation	(166.2)	(157.3)
<b>Totals</b>	<b><u>\$ 233.2</u></b>	<b><u>\$ 238.7</u></b>
<b>Business-type activities</b>		
Land	\$ 1.3	\$ 1.3
Buildings	15.6	15.6
Improvements	2.5	2.4
Machinery and equipment	3.5	2.2
Vehicles	0.5	0.4
Less accumulated depreciation	(12.2)	(11.4)
<b>Totals</b>	<b><u>\$ 11.2</u></b>	<b><u>\$ 10.5</u></b>

At June 30, 2014, the City had \$233.2 million, net of depreciation, invested in a broad range of capital assets used in governmental activities and \$11.2 million, also net of depreciation, invested in Business-type activities assets, as shown in Table 8 above. The decline in total capital assets in governmental activities is attributable to the depreciation of assets and the increase in business-type activities is reflective of the Downtown pay station equipment purchases of \$1.2 million netted against depreciation.

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



# City of Walnut Creek

## Management's Discussion and Analysis, Continued

### For the year ended June 30, 2014

#### CAPITAL ASSETS AND LONG TERM DEBT, Continued

##### *Long Term Debt*

At June 30, 2014 the City's debt was comprised of the following:

**Table 9**  
**Outstanding Debt at June 30,**  
**(In Millions)**

	<u>2014</u>	<u>2013</u>
<b>Governmental activities</b>		
PG&E Energy Efficiency Loans	\$ 0.3	\$ 0.3
Total governmental activities debt	<u>0.3</u>	<u>0.3</u>
<b>Business-type activities</b>		
Capital Lease Obligation	0.3	0.6
Lease Revenue Bonds (Rated A1 by Moody's)	-	0.7
Total business-type activities debt	<u>0.3</u>	<u>1.3</u>
<b>Total debt</b>	<u>\$ 0.6</u>	<u>\$ 1.7</u>

The City has made all required debt service payments on the issues listed above. As related to the governmental activities, the capital lease obligation represents a lease agreement for financing equipment at the parking garages. The PG&E Energy Efficiency loans were secured to finance an LED streetlight conversion project that was completed in fiscal year 2011-12 and LED conversion projects at City parking lots, garages, and public service yards, which were finished in fiscal year 2012-13. In the business-type activities, the capital lease obligations represent lease agreements for the financing of equipment at the golf course, while the lease revenue bonds were issued for renovations and improvements at the Boundary Oak Golf Course. Additional information on outstanding debt may be found in Note 7 to the Basic Financial Statements.

#### ECONOMIC OUTLOOK AND MAJOR INITIATIVES

Five years after the official end of the Great Recession, some of the City's revenues are close to their pre-recession peak. As the City looks ahead to fiscal year 2014-2015, management is encouraged by indicators that a modest recovery is underway. However, relatively strong growth in our regional economy is tempered by persistent uncertainty at the national and international level.



The nation has been bouncing back slowly, fueled by a resurgent housing market and consistent job growth. Overall, the national economy is on the mend, but there are many longer-term issues the nation must address, including funding changes to the national healthcare system, long-term underemployment and unemployment, and resolving underfunded federal entitlements.



## City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2014

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### ECONOMIC OUTLOOK AND MAJOR INITIATIVES (continued)

#### State Budget and Finances

The State has begun to make a dent in its accumulated debt, a portion of which (budgetary debt) was incurred over the past decade to avoid spending cuts. Even when this debt is cleared, the State will have substantial long-term debt and unfunded liabilities with which will claim resources otherwise available for services. California continues to be a leader in the nation's employment recovery with business expansion across most regions and industries. California, the nation's largest labor market accounting for about 11% of all U.S. jobs, recently became one of eighteen states whose employment have now topped their pre-recession levels for nonfarm employment. However, even with this employment growth, the State unemployment rate is 7.4%, which exceeds the national rate of 6.3%. Walnut Creek continues to have lower unemployment than the State, with a rate currently at approximately 4%.

#### City Revenues and Expenses

The City has a promising future buoyed by vision, innovation and partnerships. As we are coming out of rocky economic times with our budget intact, albeit with less staff than a decade ago, we realize that we are never going to go back to the years of large surpluses that we experienced in previous decades. To assist in the development of the 2014-2016 Biennial Budget and to improve the City's fiscal health, the Council reviewed City services and confirmed programs that the City should continue to provide. The final step in the Council's Fiscal Sustainability Strategic Priority was for community engagement and outreach. Starting in January 2014, City staff presented a series of outreach meetings or "roadshows" to a total of thirteen community groups culminating with a report to Council in April 2014.

While revenues have stabilized and increased from prior levels, expenditure pressures to maintain existing services are substantial. This pressure exists for primarily two reasons. First, increases in employee benefit costs are expected to rise for the existing retirement and health care systems provided as part of overall compensation strategies to attract and retain high performing individuals top serve our community. Second, and more financially significant, is the lack of sufficient funding for infrastructure (e.g. storm drains, parks, streets, sidewalks, open space), identified in the City's 10 year Capital Improvement Program.

The City is able to achieve a balanced budget for fiscal year 2014-15 and maintain adequate reserves for the General Fund through a combination of measures, including the following:

- Using temporary and contract staff to assist fluid service needs;
- Targeted reductions in staff positions and operating expenses;
- Service changes that yield savings and/or increased revenues;
- Continued adjustments to fees for services to ensure charges more closely reflect the cost of providing services; and
- Reallocation of some costs from the General Fund to the Downtown Parking and Enhancement Fund to more closely align these costs as a downtown targeted expenditure.



## City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2014

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### ECONOMIC OUTLOOK AND MAJOR INITIATIVES (continued)

For the budget for fiscal years 2014-2016, City Council established Strategic Priorities goals including the following:

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

Major Capital Projects funded for fiscal years 2014-16 include work on the following projects:

- Boundary Oak Clubhouse Renovation
- Building Interior Maintenance
- Facility Site Maintenance
- Larkey Pool Re-Plastering and Code Compliance
- Storm Drain Repairs
- Trails and Pathways Maintenance
- Newell Avenue Improvements
- Crosswalk and Pedestrian Improvements
- LED Streetlight Conversion
- Walnut Boulevard One-Way Feasibility Study
- Ygnacio Valley Road at San Carlos - Split Phasing Improvements



Primary funding sources for these projects include General Fund contributions, Gas Tax, Measure J, impact fees received from new development, and one-time grants.

### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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

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# BASIC FINANCIAL STATEMENTS

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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

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# City of Walnut Creek

## Statement of Net Position

June 30, 2014

(With comparative information for the prior year)

	Governmental	Business-Type	Totals	
	Activities	Activities	2014	2013
<b>ASSETS</b>				
Current assets:				
Cash and investments (Note 2)	\$ 79,730,580	\$ 3,695,568	\$ 83,426,148	\$ 66,329,858
Cash and investments with fiscal agents (Note 2)	-	-	-	163,704
Receivables:				
Accounts	2,803,115	204,412	3,007,527	2,530,958
Taxes	2,758,010	-	2,758,010	2,819,339
Due from other governments	2,364,461	-	2,364,461	3,119,048
Interest	115,468	4,533	120,001	84,636
Total current assets	87,771,634	3,904,513	91,676,147	75,047,542
Noncurrent assets:				
Notes and loans receivable (Note 3)	18,173,730	-	18,173,730	16,508,701
Inventory of materials and supplies	29,016	113,670	142,686	150,533
Internal balances	442,756	(442,756)	-	-
Prepaid items	197,548	26,863	224,411	165,355
Long-term advances (Note 5)	274,544	-	274,544	-
Capital assets (Note 6):				
Nondepreciable	54,027,382	1,337,396	55,364,778	56,368,879
Depreciable	345,366,964	22,140,689	367,507,653	361,595,735
Accumulated depreciation	(166,236,657)	(12,234,954)	(178,471,611)	(168,722,935)
Total capital assets	233,157,689	11,243,131	244,400,820	249,241,679
Total noncurrent assets	252,275,283	10,940,908	263,216,191	266,066,269
<b>Total assets</b>	340,046,917	14,845,421	354,892,338	341,113,811
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	3,131,703	564,834	3,696,537	3,218,032
Accrued payroll	1,028,351	20,678	1,049,029	862,052
Refundable deposits	790,733	287,945	1,078,678	874,175
Unearned revenue (Note 4)	6,112,846	87,314	6,200,160	2,369,103
Claims payable due in one year (Note 10)	1,337,016	-	1,337,016	763,658
Compensated absences due in one year (Note 8)	188,245	407	188,652	143,209
Long-term debt due in one year (Note 7)	38,245	240,891	279,136	500,204
Total current liabilities	12,627,139	1,202,069	13,829,208	8,730,433
Noncurrent liabilities:				
Claims payable due in more than one year (Note 10)	3,280,734	-	3,280,734	3,480,575
Compensated absences due in more than one year (Note 8)	3,279,542	78,271	3,357,813	3,130,085
Long-term debt due in more than one year (Note 7)	260,694	49,393	310,087	1,159,222
Total noncurrent liabilities	6,820,970	127,664	6,948,634	7,769,882
<b>Total liabilities</b>	19,448,109	1,329,733	20,777,842	16,500,315
<b>NET POSITION</b>				
Net investment in capital assets	232,858,750	10,952,847	243,811,597	247,745,957
Restricted for:				
Capital projects	28,647,305	-	28,647,305	23,748,463
Community development	12,030,883	-	12,030,883	7,797,146
Total restricted net position	40,678,188	-	40,678,188	31,545,609
Unrestricted net position	47,061,870	2,562,841	49,624,711	45,321,930
<b>Total net position</b>	\$ 320,598,808	\$ 13,515,688	\$ 334,114,496	\$ 324,613,496

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



**City of Walnut Creek**  
**Statement of Activities**  
**For the Year Ended June 30, 2014**  
 (With comparative information for the prior year)

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
<b>Governmental activities:</b>					
Public protection	\$ 22,865,154	\$ 1,687,956	\$ 298,891	\$ 195,061	\$ 2,181,908
Public service	27,415,778	10,232,560	41,100	1,576,982	11,850,642
Community development	6,258,882	6,231,086	608,053	-	6,839,139
Housing	2,182,676	5,888,234	-	-	5,888,234
Arts, recreation and community services	14,189,508	10,186,245	-	72,017	10,258,262
Administrative services	5,963,099	2,014,361	-	-	2,014,361
General government	4,670,132	555,935	1,919	-	557,854
Total governmental activities	83,545,229	36,796,377	949,963	1,844,060	39,590,400
<b>Business-type activities:</b>					
Golf Course and Clubhouse	5,153,397	4,746,005	-	-	4,746,005
Downtown Parking and Enhancement Fund	3,831,213	2,633,140	-	-	2,633,140
Total business-type activities	8,984,610	7,379,145	-	-	7,379,145
<b>Total primary government</b>	<b>\$ 92,529,839</b>	<b>\$ 44,175,522</b>	<b>\$ 949,963</b>	<b>\$ 1,844,060</b>	<b>\$ 46,969,545</b>

**General revenues:**

Taxes:

Sales and use

Property

Franchise

Other taxes

Total taxes

Investment income

Other

Transfer of capital assets (Note 5)

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

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

Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Totals	
		2014	2013
\$ (20,683,246)	\$ -	\$ (20,683,246)	\$ (19,283,953)
(15,565,136)	-	(15,565,136)	(16,680,409)
580,257	-	580,257	(38,607)
3,705,558	-	3,705,558	568,775
(3,931,246)	-	(3,931,246)	(3,936,347)
(3,948,738)	-	(3,948,738)	(4,162,621)
(4,112,278)	-	(4,112,278)	(3,378,049)
(43,954,829)	-	(43,954,829)	(46,911,211)
-	(407,392)	(407,392)	391,403
-	(1,198,073)	(1,198,073)	(3,271,195)
-	(1,605,465)	(1,605,465)	(2,879,792)
(43,954,829)	(1,605,465)	(45,560,294)	(49,791,003)
22,417,088	-	22,417,088	21,385,051
17,322,166	-	17,322,166	15,704,242
3,344,495	-	3,344,495	3,248,171
8,232,453	-	8,232,453	7,575,411
51,316,202	-	51,316,202	47,912,875
590,334	929,627	1,519,961	204,621
939,469	1,233,194	2,172,663	3,404,253
(1,235,208)	1,235,208	-	-
530,361	(477,893)	52,468	66,824
52,141,158	2,920,136	55,061,294	51,588,573
8,186,329	1,314,671	9,501,000	1,797,570
312,412,479	12,201,017	324,613,496	322,815,926
\$ 320,598,808	\$ 13,515,688	\$ 334,114,496	\$ 324,613,496

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

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# GOVERNMENTAL FUND FINANCIAL STATEMENTS

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The funds described below were determined to be Major Funds by the City in fiscal year 2013-14

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

*Special Revenue Fund:*

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

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

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

*Capital Project Funds:*

*The 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, 2014**

(With comparative information for the prior year)

	General Fund	Special Revenue			Capital Project
		Housing Successor Agency	Housing	CDBG	Capital Investment Program
<b>ASSETS</b>					
Current:					
Cash and investments (Note 2)	\$ 31,703,611	\$ 358,804	\$ 4,424,237	\$ -	\$ 4,022,204
Accounts receivable	1,947,039	-	-	126,828	-
Taxes receivable	2,758,010	-	-	-	-
Interest receivable	52,450	198	4,442	-	157
Prepaid items	179,512	-	-	-	-
Due from other governments	-	-	-	-	1,440,994
Due from other funds (Note 5)	1,822,122	-	-	-	-
Notes and loans receivable (Note 3)	-	7,849,446	6,905,419	2,980,939	-
Inventory of materials and supplies	29,016	-	-	-	-
Interfund loan (Note 5)	442,756	-	-	-	-
Advance to other funds (Note 5)	6,593,229	-	-	-	-
<b>Total assets</b>	<b>\$ 45,527,745</b>	<b>\$ 8,208,448</b>	<b>\$ 11,334,098</b>	<b>\$ 3,107,767</b>	<b>\$ 5,463,355</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and other accrued liabilities	\$ 1,956,396	\$ 125	\$ 53,369	\$ 31,939	\$ 492,663
Accrued payroll	969,184	-	4,780	1,655	28,704
Due to other funds (Note 5)	-	-	-	93,234	1,440,994
Refundable deposits	790,733	-	-	-	-
Unearned revenues (Note 4)	6,074,996	-	-	-	23,360
<b>Total liabilities</b>	<b>9,791,309</b>	<b>125</b>	<b>58,149</b>	<b>126,828</b>	<b>1,985,721</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable resources - notes and loans	\$ -	\$ 7,849,446	\$ 6,905,419	\$ 2,980,939	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>7,849,446</b>	<b>6,905,419</b>	<b>2,980,939</b>	<b>-</b>
<b>Fund Balances (Note 9):</b>					
Nonspendable	7,244,513	-	-	-	-
Restricted	-	358,877	4,370,530	-	3,477,634
Committed	14,886,540	-	-	-	-
Assigned	5,792,736	-	-	-	-
Unassigned	7,812,647	-	-	-	-
<b>Total fund balances</b>	<b>35,736,436</b>	<b>358,877</b>	<b>4,370,530</b>	<b>-</b>	<b>3,477,634</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 45,527,745</b>	<b>\$ 8,208,448</b>	<b>\$ 11,334,098</b>	<b>\$ 3,107,767</b>	<b>\$ 5,463,355</b>

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



Non-major Governmental Funds	Total Governmental Funds	
	2014	2013
\$ 29,549,172	\$ 70,058,028	\$ 54,922,623
686,010	2,759,877	2,290,061
-	2,758,010	2,819,339
44,693	101,940	80,209
-	179,512	150,294
923,467	2,364,461	3,119,048
-	1,822,122	2,476,301
437,926	18,173,730	16,508,701
-	29,016	40,833
-	442,756	-
1,900,000	8,493,229	9,471,482
<u>\$ 33,541,268</u>	<u>\$ 107,182,681</u>	<u>\$ 91,878,891</u>
\$ 305,783	\$ 2,840,275	\$ 2,769,840
24,028	1,028,351	843,598
287,894	1,822,122	2,476,302
-	790,733	604,250
14,490	6,112,846	18,800,784
<u>632,195</u>	<u>12,594,327</u>	<u>25,494,774</u>
\$ 437,926	\$ 18,173,730	\$ -
437,926	18,173,730	-
1,900,000	9,144,513	9,892,109
29,390,805	37,597,846	28,242,582
-	14,886,540	13,910,139
1,180,342	6,973,078	6,411,077
-	7,812,647	7,928,210
<u>32,471,147</u>	<u>76,414,624</u>	<u>66,384,117</u>
<u>\$ 33,541,268</u>	<u>\$ 107,182,681</u>	<u>\$ 91,878,891</u>

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**City of Walnut Creek**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2014**

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**Total Fund Balances - Total Governmental Funds** \$ 76,414,624

Amounts reported for governmental activities in the Statement of Net Position were different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. Capital assets of governmental activities were adjusted as follows:

Nondepreciable	54,027,382
Depreciable, net (includes transfer to business type activities of \$1,235,208)	173,741,710

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.

18,173,730

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.

6,625,838

Long-term debts are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.

Long-term liabilities - due within one year:

Claims and judgments payable	(1,337,016)
Compensated absences payable	(188,245)
Long-term debt	(38,245)

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

Claims and judgments payable	(3,280,734)
Compensated absences payable	(3,279,542)
Long-term debt	(260,694)

**Net Position of Governmental Activities** \$ 320,598,808

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, 2014**  
**(With comparative information for the prior year)**

	General Fund	Special Revenue		
		Housing Successor Agency	Housing	CDBG
<b>REVENUES:</b>				
Taxes:				
Sales and use	\$ 21,493,621	\$ -	\$ -	
Property	17,322,166	-	-	
Business license	2,194,783	-	-	
Franchise	3,344,495	-	-	
Transient occupancy tax	1,768,079	-	-	
Other	554,244	-	-	
Intergovernmental	63,733	-	-	304,218
Investment and rental income	1,147,736	21,597	39,658	
Charges for services	16,241,333	-	4,204,424	
Licenses, permits and fees	1,986,301	-	-	
Fines, forfeitures and penalties	8,851,688	-	-	
Other revenue	-	92,300	81,680	219,119
<b>Total revenues</b>	<b>74,968,179</b>	<b>113,897</b>	<b>4,325,762</b>	<b>523,337</b>
<b>EXPENDITURES:</b>				
Current:				
Public protection	23,002,235	-	-	
Public service	15,891,793	-	-	
Community development	5,584,803	-	159,098	59,493
Housing	-	65,037	1,653,795	463,844
Arts, recreation and community services	13,299,234	-	-	
Administrative services	5,946,055	-	-	
General government	3,661,932	-	-	
Capital outlay:				
Public ways and facilities	-	-	-	
Debt service:				
Principal retirement (Note 7)	38,245	-	-	
<b>Total expenditures</b>	<b>67,424,297</b>	<b>65,037</b>	<b>1,812,893</b>	<b>523,337</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>7,543,882</b>	<b>48,860</b>	<b>2,512,869</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES) (Note 5):</b>				
Transfers in	880,940	-	280,000	
Transfers (out)	(7,526,894)	-	-	
<b>Total other financing sources (uses)</b>	<b>(6,645,954)</b>	<b>-</b>	<b>280,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>897,928</b>	<b>48,860</b>	<b>2,792,869</b>	<b>-</b>
<b>FUND BALANCES:</b>				
Beginning of year	34,838,508	310,017	1,577,661	
End of year	\$ 35,736,436	\$ 358,877	\$ 4,370,530	

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

Capital Project Investment Program	Non-major Governmental Funds	Total Governmental Funds	
		2014	2013
		\$ -	\$ 923,467
-	-	17,322,166	15,704,242
-	-	2,194,783	2,073,305
-	-	3,344,495	3,248,171
-	-	1,768,079	1,658,706
-	1,633,483	2,187,727	2,303,338
1,576,982	2,729,814	4,674,747	5,069,160
539	252,408	1,461,938	842,793
-	471,676	20,917,433	16,234,458
-	-	1,986,301	1,680,603
-	150,352	9,002,040	8,389,242
-	3,101,480	3,494,579	1,918,938
<u>1,577,521</u>	<u>9,262,680</u>	<u>90,771,376</u>	<u>80,508,007</u>
-	364,937	23,367,172	21,827,962
2,403,872	2,137,540	20,433,205	19,543,563
-	549,076	6,352,470	5,424,347
-	-	2,182,676	1,911,341
-	888,149	14,187,383	13,938,446
-	-	5,946,055	5,786,198
-	339,791	4,001,723	3,816,661
3,590,852	-	3,590,852	3,947,460
-	-	38,245	31,428
<u>5,994,724</u>	<u>4,279,493</u>	<u>80,099,781</u>	<u>76,227,406</u>
<u>(4,417,203)</u>	<u>4,983,187</u>	<u>10,671,595</u>	<u>4,280,601</u>
8,510,232	1,922,257	11,593,429	18,252,298
(415,003)	(4,292,620)	(12,234,517)	(19,888,502)
<u>8,095,229</u>	<u>(2,370,363)</u>	<u>(641,088)</u>	<u>(1,636,204)</u>
3,678,026	2,612,824	10,030,507	2,644,397
(200,392)	29,858,323	66,384,117	63,739,720
<u>\$ 3,477,634</u>	<u>\$ 32,471,147</u>	<u>\$ 76,414,624</u>	<u>\$ 66,384,117</u>

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

# 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, 2014

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Net Change in Fund Balances - Total Governmental Funds \$ 10,030,507

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.

(8,458,218)

Governmental funds report acquisition of capital assets as expenditures in various functions and in capital outlay. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets additions recorded in the current period less transfers to business type activities of \$1,235,208.

2,575,426

Losses on the disposal of capital assets is reported in the Statement of Activities, but do not require the use of current financial resources. Therefore, it is not reported as an expenditure in governmental funds.

(508)

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

1,665,029

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

38,245

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.

(642,098)

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

2,977,946

**Change in Net Position of Governmental Activities**

\$ 8,186,329

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



# PROPRIETARY FUND FINANCIAL STATEMENTS

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

## Enterprise Funds:

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

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

The *Downtown Parking and Enhancement Fund* accounts for receipts from parking meter revenues to be used for funding parking structure improvements and for enhancement of the downtown area. In prior periods this fund was accounted for as a special revenue fund.

## Internal Service Funds:

The *Internal Service Funds* accounts 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 Fund Financial Statements.



**City of Walnut Creek**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**

(With comparative information for the prior year)

	Business-type Activities - Enterprise Funds				
	Golf Course - City Administration	Boundary Oak - Onsite Contract Operations	Downtown Parking and Enhancement	Total Enterprise Funds	
				2014	2013
<b>ASSETS</b>					
Current assets:					
Cash and investments (Note 2)	\$ 2,017,184	\$ 234,206	\$ 1,444,178	\$ 3,695,568	\$ 3,334,998
Cash with fiscal agent (Note 2)	-	-	-	-	163,704
Total cash	2,017,184	234,206	1,444,178	3,695,568	3,498,702
Accounts receivable	-	22,586	181,826	204,412	238,925
Interest receivable	2,791	-	1,742	4,533	4,427
Inventory of materials & supplies	-	113,670	-	113,670	109,700
Prepaid items	-	26,863	-	26,863	15,061
Total current assets	2,019,975	397,325	1,627,746	4,045,046	3,866,815
Noncurrent assets:					
Capital assets (Note 6):					
Nondepreciable	1,337,396	-	-	1,337,396	1,337,396
Depreciable	4,680,938	770,089	16,689,662	22,140,689	20,580,096
Accumulated depreciation	(3,864,308)	(626,352)	(7,744,294)	(12,234,954)	(11,414,409)
Total capital assets	2,154,026	143,737	8,945,368	11,243,131	10,503,083
Total noncurrent assets	2,154,026	143,737	8,945,368	11,243,131	10,503,083
<b>Total assets</b>	<b>4,174,001</b>	<b>541,062</b>	<b>10,573,114</b>	<b>15,288,177</b>	<b>14,369,898</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued liabilities	47,586	248,874	\$ 268,374	564,834	407,151
Accrued payroll	2,211	-	18,467	20,678	18,454
Interfund loan (Note 5)	442,756	-	-	442,756	-
Compensated Absences- due in one year (Note 10)	-	-	407	407	388
Long term debt - due in one year (Note 7)	-	29,985	210,906	240,891	461,959
Total current liabilities	492,553	278,859	498,154	1,269,566	887,952
Noncurrent liabilities:					
Refundable deposits	-	287,945	-	287,945	269,925
Unearned revenue	-	87,314	-	87,314	77,020
Advances from other funds (Note 5)	-	-	-	-	-
Compensated Absences- due in more than one year (Note 10)	-	-	78,271	78,271	73,700
Long term debt - due in more than one year (Note 7)	-	49,393	-	49,393	860,284
Total noncurrent liabilities	-	424,652	78,271	502,923	1,280,929
<b>Total liabilities</b>	<b>492,553</b>	<b>703,511</b>	<b>576,425</b>	<b>1,772,489</b>	<b>2,168,881</b>
<b>NET POSITION</b>					
Net investment in capital assets	2,154,026	64,359	8,734,462	10,952,847	9,344,544
Unrestricted net position (deficit)	1,527,422	(226,808)	1,262,227	2,562,841	2,856,473
<b>Total net position (deficit)</b>	<b>\$ 3,681,448</b>	<b>\$ (162,449)</b>	<b>\$ 9,996,689</b>	<b>\$ 13,515,688</b>	<b>\$ 12,201,017</b>

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



Governmental		
Activities		
Internal Service Funds	Total Internal Service Funds	
	2014	2013
\$ 9,672,552	\$ 9,672,552	\$ 8,072,237
-	-	-
9,672,552	9,672,552	8,072,237
43,238	43,238	1,972
13,528	13,528	-
-	-	-
18,036	18,036	-
9,747,354	9,747,354	8,074,209
-	-	-
12,187,968	12,187,968	11,377,195
(6,799,371)	(6,799,371)	(6,290,990)
5,388,597	5,388,597	5,086,205
5,388,597	5,388,597	5,086,205
15,135,951	15,135,951	13,160,414
291,428	291,428	41,041
-	-	-
-	-	-
-	-	-
-	-	-
291,428	291,428	41,041
-	-	-
-	-	-
8,218,685	8,218,685	9,471,481
-	-	-
-	-	-
8,218,685	8,218,685	9,471,481
8,510,113	8,510,113	9,512,522
5,388,597	5,388,597	5,086,205
1,237,241	1,237,241	(1,438,313)
\$ 6,625,838	\$ 6,625,838	\$ 3,647,892

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, 2014**  
**(With comparative information for the prior year)**

	Business-type Activities - Enterprise Funds			Total Enterprise Funds	
	Golf Course - City Administration	Boundary Oak - Onsite Contract Operations	Downtown Parking and Enhancement	2014	2013
<b>OPERATING REVENUES:</b>					
Charges for services	\$ -	\$ 4,746,005	\$ 2,633,140	\$ 7,379,145	\$ 6,972,033
Fines, forfeitures and penalties	-	-	592,610	592,610	347,225
Other revenue	-	434,101	26,026	460,127	351,864
<b>Total operating revenues</b>	<b>-</b>	<b>5,180,106</b>	<b>3,251,776</b>	<b>8,431,882</b>	<b>7,671,122</b>
<b>OPERATING EXPENSES:</b>					
Supplies and services	737,913	4,161,258	2,967,132	7,866,303	7,164,206
Repairs and maintenance	1,479	-	196,391	197,870	155,816
Depreciation and amortization	65,166	147,984	648,827	861,977	582,467
<b>Total operating expenses</b>	<b>804,558</b>	<b>4,309,242</b>	<b>3,812,350</b>	<b>8,926,150</b>	<b>7,902,489</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(804,558)</b>	<b>870,864</b>	<b>(560,574)</b>	<b>(494,268)</b>	<b>(231,367)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment and rental income	587,205	-	342,422	929,627	199,211
Interest and related expenses	(33,645)	(5,952)	(16,954)	(56,551)	(75,416)
Gain (loss) on sale of capital assets	-	-	(1,909)	(1,909)	(33,637)
<b>Total nonoperating revenues (expenses)</b>	<b>553,560</b>	<b>(5,952)</b>	<b>323,559</b>	<b>871,167</b>	<b>90,158</b>
<b>Net income (loss) before contributions and operating transfers</b>	<b>(250,998)</b>	<b>864,912</b>	<b>(237,015)</b>	<b>376,899</b>	<b>(141,209)</b>
Capital contributions	-	-	1,415,665	1,415,665	10,722
Transfers in (Note 5)	940,000	-	-	940,000	1,956,518
Transfers (out) (Note 5)	(145,969)	(940,000)	(331,924)	(1,417,893)	(1,377,476)
<b>Change in net position</b>	<b>543,033</b>	<b>(75,088)</b>	<b>846,726</b>	<b>1,314,671</b>	<b>448,555</b>
<b>NET POSITION:</b>					
Total net position - Beginning	3,138,415	(87,361)	9,149,963	12,201,017	11,752,462
Total net position - Ending	<b>\$ 3,681,448</b>	<b>\$ (162,449)</b>	<b>\$ 9,996,689</b>	<b>\$ 13,515,688</b>	<b>\$ 12,201,017</b>

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

Governmental Activities Internal Service Funds	Total Internal Service Funds	
	2014	2013
\$ 3,675,929	\$ 3,675,929	\$ 3,417,060
-	-	-
-	-	-
<u>3,675,929</u>	<u>3,675,929</u>	<u>3,417,060</u>
108,408	108,408	-
644,725	644,725	364,049
<u>1,032,051</u>	<u>1,032,051</u>	<u>871,172</u>
<u>1,785,184</u>	<u>1,785,184</u>	<u>1,235,221</u>
<u>1,890,745</u>	<u>1,890,745</u>	<u>2,181,839</u>
-	-	-
(304,348)	(304,348)	(380,136)
<u>(20,515)</u>	<u>(20,515)</u>	<u>(56,779)</u>
<u>(324,863)</u>	<u>(324,863)</u>	<u>(436,915)</u>
<u>1,565,882</u>	<u>1,565,882</u>	<u>1,744,924</u>
240,615	240,615	116,029
1,234,995	1,234,995	1,205,504
<u>(63,546)</u>	<u>(63,546)</u>	<u>(81,518)</u>
2,977,946	2,977,946	2,984,939
<u>3,647,892</u>	<u>3,647,892</u>	<u>662,953</u>
<u>\$ 6,625,838</u>	<u>\$ 6,625,838</u>	<u>\$ 3,647,892</u>

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, 2014**

(With comparative information for the prior year)

	Business-type Activities - Enterprise Funds		
	Golf Course - City Administration	Boundary Oak - Onsite Contract Operations	Downtown Parking and Enhancement
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ -	\$ 5,175,901	\$ 3,290,494
Payments to suppliers	(728,141)	(4,131,294)	(3,067,417)
Payments to employees	79	-	6,735
Internal activity			-
Receipts from other funds	-	-	-
Payments to other funds	-	-	-
Other receipts	-	28,314	-
<b>Net cash provided (used) by operating activities</b>	<b>(728,062)</b>	<b>1,072,921</b>	<b>229,812</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	940,000	-	-
Transfers out	(145,969)	(940,000)	(331,924)
<b>Net cash provided (used) by operating activities</b>	<b>794,031</b>	<b>(940,000)</b>	<b>(331,924)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Capital Contribution	-	-	1,415,665
Acquisition of capital assets	(90,679)	(54,195)	(1,454,470)
Interest paid on debt	(33,645)	(5,952)	(16,954)
Principal paid on long-term debt	(695,000)	(134,359)	(202,600)
Proceeds from interfund loan	442,756	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(376,568)</b>	<b>(194,506)</b>	<b>(258,359)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment income received	586,380	-	343,141
<b>Net cash provided by investing activities</b>	<b>586,380</b>	<b>-</b>	<b>343,141</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>275,781</b>	<b>(61,585)</b>	<b>(17,330)</b>
<b>CASH AND INVESTMENTS:</b>			
Beginning of the year	1,741,403	295,791	1,461,508
End of the year	<b>\$ 2,017,184</b>	<b>\$ 234,206</b>	<b>\$ 1,444,178</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) OPERATING ACTIVITIES</b>			
Operating (loss)	\$ (804,558)	\$ 870,864	\$ (560,574)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:			
Depreciation	65,166	147,984	648,827
Changes in assets and liabilities:			
Accounts receivable	-	(4,205)	38,718
Inventory / prepaid items	-	(15,772)	-
Due from other funds	-	-	-
Advance from other funds	-	-	-
Accounts payable and accrued liabilities	11,251	45,736	100,696
Salaries and wages payable	79	-	2,145
Due to other funds	-	-	-
Deposits payable	-	18,020	-
Unearned revenue	-	10,294	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ (728,062)</b>	<b>\$ 1,072,921</b>	<b>\$ 229,812</b>

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

Total Enterprise Funds		Governmental Activities Internal Service Funds	Total Internal Service Funds	
2014	2013		2014	2013
\$ 8,466,395	\$ 7,447,076	\$ 3,634,663	\$ 3,634,663	\$ 3,455,371
(7,926,852)	(7,202,272)	(520,782)	(520,782)	(367,932)
6,814	15,287	-	-	-
-	-	-	-	7,720,857
-	(1,313,841)	-	-	(256,953)
28,314	2,530	-	-	-
<u>574,671</u>	<u>(1,051,220)</u>	<u>3,113,881</u>	<u>3,113,881</u>	<u>10,551,343</u>
940,000	1,966,013	1,234,995	1,234,995	1,205,504
(1,417,893)	(1,386,971)	(63,546)	(63,546)	(81,518)
(477,893)	579,042	1,171,449	1,171,449	1,123,986
1,415,665	10,722	240,615	240,615	116,029
(1,599,344)	(181,250)	(1,354,958)	(1,354,958)	(2,024,260)
(56,551)	(75,416)	(331,503)	(331,503)	(380,137)
(1,031,959)	(443,420)	(1,252,796)	(1,252,796)	(1,314,724)
442,756	106,250	-	-	-
(829,433)	(583,114)	(2,698,642)	(2,698,642)	(3,603,092)
929,521	198,815	13,627	13,627	-
929,521	198,815	13,627	13,627	-
196,866	(856,477)	1,600,315	1,600,315	8,072,237
3,498,702	4,355,179	8,072,237	8,072,237	-
<u>\$ 3,695,568</u>	<u>\$ 3,498,702</u>	<u>\$ 9,672,552</u>	<u>\$ 9,672,552</u>	<u>\$ 8,072,237</u>
\$ (494,268)	\$ (231,367)	\$ 1,890,745	\$ 1,890,745	\$ 2,181,839
861,977	582,467	1,032,051	1,032,051	871,172
34,513	(224,046)	(41,266)	(41,266)	38,311
(15,772)	5,656	(10,622,654)	(10,622,654)	(10,604,618)
-	-	-	-	7,720,857
-	-	10,604,618	10,604,618	10,604,618
157,683	112,094	250,387	250,387	(3,883)
2,224	15,287	-	-	-
-	(1,313,841)	-	-	(256,953)
18,020	12,868	-	-	-
10,294	(10,338)	-	-	-
<u>\$ 574,671</u>	<u>\$ (1,051,220)</u>	<u>\$ 3,113,881</u>	<u>\$ 3,113,881</u>	<u>\$ 10,551,343</u>

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

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# FIDUCIARY FUND FINANCIAL STATEMENTS

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## *Fiduciary Fund Types:*

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

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



**City of Walnut Creek**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2014**

	Private-purpose Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 549,801	\$ 13,123,265
Cash and investments held with fiscal agent	1,583,219	
Receivables:		
Accounts receivable	-	181,334
Interest receivable	309	17,080
Total Receivables	<u>309</u>	<u>198,414</u>
<b>Total assets</b>	<u>2,133,329</u>	<u>\$ 13,321,679</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	-	\$ 214,342
Accrued payroll	957	-
Due to other governments	-	6,463,226
Due to bondholders	-	1,704,077
Advance deposits	-	4,940,034
Bonds payable (Note 15)	605,594	-
Total current liabilities	<u>606,551</u>	<u>13,321,679</u>
Noncurrent liabilities:		
Bonds payable, net of current portion	<u>2,146,191</u>	<u>-</u>
Total noncurrent liabilities	<u>2,146,191</u>	<u>-</u>
<b>Total liabilities</b>	<u>2,752,742</u>	<u>\$ 13,321,679</u>
<b>NET POSITION</b>		
Restricted - Held in trust for other governments	<u>\$ (893,957)</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, 2014**

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	Private Purpose Trust Fund
<b>ADDITIONS:</b>	
Property taxes	\$ 644,705
Investment earnings	2,403
<b>Total additions</b>	<u>647,108</u>
<b>DEDUCTIONS:</b>	
Community development	68,185
Distribution to taxing entities	3,140,836
Interest, fiscal charges and issuance costs	161,950
<b>Total deductions:</b>	<u>3,370,971</u>
<b>Change in net position</b>	(2,723,863)
<b>Net Position</b>	
Total net position - Beginning	<u>1,829,906</u>
Total net position - Ending	<u>\$ (893,957)</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, Continued**  
**For the year ended June 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Financial Reporting Entity**

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

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

**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. The entity is a blended component because the governing body of it and the City are the same and a financial benefit-burden relationship exists between the Authority and the City.

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 (the 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, Continued**  
**For the year ended June 30, 2014**

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**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.

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

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

***C. Measurement Focus and Basis of Accounting***

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements* - These government-wide, proprietary, and fiduciary financial statements are reported using the "economic resources" measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred,



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***C. Measurement Focus and Basis of Accounting, Continued***

regardless of when the related cash flows take place. Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

*Proprietary Fund Financial Statements*

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

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

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

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

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



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*C. Measurement Focus and Basis of Accounting, Continued*

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

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

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

*Internal Service Fund Financial Statements*

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

*The Radio Replacement 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 and replacement costs, and transferred to the Radio Replacement Fund.

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

*The Information Technology Replacement 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 Finance Equipment Replacement Fund* has accumulated available funds for the replacement of finance equipment based upon their expected replacement cost and useful life.

*The Capital 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.

*Major Roadway Reconstruction Replacement Fund* accumulates funds as they become available for the reconstruction of arterial roads as they deteriorate. City Council created this fund to provide for its matching funds in qualifying for grants funding major reconstruction projects on the City's arterial streets.





**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**C. Measurement Focus and Basis of Accounting, Continued**

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

*Fiduciary Fund Financial Statements*

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

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

*The CCC Solid Waste Authority* accounts for the assets held in the capacity of Financial Administrator for the Central Contra Costa Solid Waste Authority.

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

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

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 funds include the following:

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

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

**D. Cash, Cash Equivalents and Investments**

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

Market value is used as fair value for those securities for which market quotations are readily available.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***D. Cash, Cash Equivalents and Investments, Continued***

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pooled funds in Structured Notes and Asset-backed Securities. LAIF's investments are subject to credit risk, with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-backed Securities are subject to market risk as to change in interest rates.

Certain disclosure requirements, if applicable, for Deposits and Investment Risks are specified in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentrations of Credit Risk

In addition, other disclosures are specified, including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

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.

***E. Restricted Assets***

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

***F. Compensated Absences***

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



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***G. 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.

***H. Long-Term Debt***

*Government-Wide Financial Statements*

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

*Arbitrage*

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bonds proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the U.S. Treasury at least every five years. The City has evaluated each bond issued subject to the arbitrage rebate requirements and has determined that no arbitrage liability exists at June 30, 2014. The City has complied with all significant bond covenants relating to reserve and sinking fund requirements.

*Fund Financial Statements*

The governmental fund financial statements do not present long-term debt, but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

The proprietary fund financial statements present long-term debt and other financed obligations as liabilities in the appropriate funds.

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

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



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***I. 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.

***J. Capital Assets***

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

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

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

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

***K. Public Facilities Financing***

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



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*L. Deferred Outflows/Inflows of resources*

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only 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 loans and notes receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

*M. Net Position and Fund Balance*

**Net Position**

In the government-wide financial statements, Net Position is the excess of all the City's assets and deferred outflow over all its liabilities, and deferred inflows regardless of fund. Net Position are divided into three captions. These captions only apply to Net Position, which is determined only at the Government-wide level and business type activity and are presented 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



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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

**Fund Balances**

The Government Fund Balances consist of Nonspendable, Restricted, Committed, Assigned and Unassigned amounts as described below:

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

*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 which use is constrained by limitations that the government imposes upon itself by formal action through City Council Resolution or Ordinance. The City Council is also the highest level of decision making 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 thru Council direction related to those components of Fund Balance that are reported as "Assigned" in the City's Comprehensive Annual Financial Report.

*Unassigned* - This category is for all balances that have no restrictions placed upon them.

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. 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 an 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 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.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*O. New Funds, Renamed Funds and Closed Funds*

The Shadelands Park Maintenance Fund was opened to account for surplus monies transferred from the assessment redemption and improvement district funds to be applied to the maintenance of improvements in Shadelands Park.

**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, 2014, the carrying amount of the City's deposits was \$2,737,445. Bank balances before reconciling items were \$4,527,855 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

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

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

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



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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

***B. Investments***

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

<b>Investment Type</b>	<b>Maximum Maturity *</b>	<b>Maximum % / \$ of Portfolio*</b>	<b>Maximum Investment in One Issuer*</b>
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	3 years	20%	\$2 million
Negotiable Certificates of Deposit	6 months	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	None
California Asset Management Program (CAMP)	N/A	None	None
Money Market Mutual Funds	N/A	20%	10%

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

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

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

The City’s portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates rise, the portfolio value will decline. If interest rates fall, the portfolio value will rise.

***C. Summary of Cash and Investments***

The City’s investments are stated at market value or amortized costs. Therefore, equity reflects the portfolio’s change in value. These 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, Continued**  
**For the year ended June 30, 2014**

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

The following is a summary of cash and investments at June 30, 2014:

	Government-Wide Statement of Net Position			Fiduciary Fund	
	Governmental Activities	Business-Type Activities	Total	Financial Statements	Total
Cash and investments	\$ 79,730,580	\$ 3,695,568	\$ 83,426,148	\$ 13,673,066	\$ 97,099,214
Cash and investments with fiscal agent	\$ -	\$ -	\$ -	\$ 1,583,219	\$ 1,583,219

Deposits and investments were categorized as follows at June 30, 2014:

	Credit Quality Ratings	Fair Value
<b>City Treasury Deposits:</b>		
Deposits	Not Rated	\$ 2,737,445
Petty cash	Not Rated	21,520
<b>Total City treasury deposits</b>		<b>2,758,965</b>
<b>City Treasury Investments:</b>		
Securities of U.S. Government Agencies		
Federal Home Loan Bank (FHLB)	AA+	8,224,873
Federal Farm Credit Bureau (FFCB)	AA+	3,004,850
Federal National Mortgage Assoc (FNMA)	AA+	5,970,110
Federal Home Loan Mortgage Corp (FHLMC)	AA+	19,012,530
Certificate of Deposits	Not Rated	3,189,993
Medium Term Corporate Notes	A / A+ / AA- / AA	6,871,036
U.S. Treasury Money Market	AAA	28,996
Local Agency Investment Funds	Not Rated	48,037,861
<b>Total City treasury investments</b>		<b>94,340,249</b>
<b>Total cash and investments</b>		<b>\$ 97,099,214</b>
<b>Investments With Fiscal Agent:</b>		
Securities of U.S. Government Agencies		
U.S. Treasury Money Market	AAA	\$ 1,583,219
<b>Total investments with fiscal agent</b>		<b>\$ 1,583,219</b>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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

*D. Fair Value of Investments*

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires that the City's investments be carried at fair market value instead of cost. Accordingly, the City adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end and the effects of these adjustments are included in income for that fiscal year. Changes in value in the fiscal year ended June 30, 2014 amounted to an unrealized gain of \$21,692.

*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, 2014, the City's pooled cash and investments had the following maturities.

Investment Type	Fair Value	Investment Maturities (in years)				
		1 year or less	1-2 years	2-3 years	3-4 years	4-5 years
Local Agency Investment Funds	\$ 48,037,861	\$ 48,037,861	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Money Market	28,996	28,996	-	-	-	-
Medium Term Corporate Notes	6,871,036	1,008,610	2,885,056	-	2,977,370	-
Securities of U.S. Government:						
Federal Home Loan Bank	8,224,873	-	-	3,001,080	4,235,553	988,240
Federal Farm Credit Bureau	3,004,850	-	-	3,004,850	-	-
Federal Home Loan Mortgage Company	19,012,530	-	-	8,003,790	10,007,530	1,001,210
Federal National Mortgage Association	5,970,110	-	-	2,001,900	3,968,210	-
Certificate of Deposits	3,189,993	248,174	1,745,011	745,915	450,893	-
<b>Total</b>	<b>\$ 94,340,249</b>	<b>\$ 49,323,641</b>	<b>\$ 4,630,067</b>	<b>\$ 16,757,535</b>	<b>\$ 21,639,556</b>	<b>\$ 1,989,450</b>

*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 (UBC). UBC is a registered member of the Federal Reserve Bank. The City's investment policy is that no more than \$2 million can be invested in any one institution for Commercial Paper, negotiable certificates of deposit or Medium Term Corporate Notes. The City's custodial agreement policy prohibits counterparties holding securities not in the City's name.

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

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



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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

*E. Risk Disclosures, Continued*

*Concentration of Credit Risk.* This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Accordingly, the notes to the financial statements should disclose if the government has 5 percent or more of its total investments in a single issuer. More than 5% of the City's investments are in the Federal Home Loan Bank, Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. These investments are 35% of the City's total investments.

*F. Investments in Local Agency Investment Funds*

The City's investments with the Local Agency Investment Fund (LAIF), a State of California investment pool, at June 30, 2014, 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.

These investments included the following:

Structured Notes - are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities - the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2014, the City had \$48,037,861 invested in LAIF, which had invested 1.86% of the pool investment funds in Structured Notes and Asset-Backed Securities. The City valued its investments in LAIF as of June 30, 2014, by multiplying its account balance with LAIF by a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate fair value by total aggregate amortized cost, resulting in a factor of 1.00029875.

*G. Investments Authorized by Debt Agreements*

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



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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

*G. Risk Investments Authorized by Debt Agreements, Continued*

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

**3. NOTES AND LOANS RECEIVABLE**

*Summary of Notes and Loans Receivable*

At June 30, 2014, the City's notes and loans receivable and related unavailable revenue consisted of the following:

	<u>Loans and Notes Receivable</u>
Home Rehabilitation Loans	\$ 1,333,766
First-Time Homebuyers	2,390,321
The Oaks Apartments	368,000
Sierra Drive Apartments	376,503
Acalanes Court Apartments	1,260,503
Acalanes Court Apartments (#2)	130,000
Casa Montego II, Incorporated	1,605,156
Ivy Hill Apartments	1,625,000
MP Tice Oak Associates	154,602
Villa Vasconcellos Apartments	2,419,635
Third Avenue Apartments	4,093,499
Pleasant Creek Homes	370,000
Riviera Family Apartments	1,700,000
Equity Loans to City Employees (Note 13)	335,000
Senior Outreach Services	11,745
	<u>\$ 18,173,730</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 loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City's terms



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**3. NOTES AND LOANS RECEIVABLE, Continued**

Since the City does not expect to collect these loans in the near term, they have been offset by entries to deferred revenue 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, 2014, these loans totaled \$1,333,767 and the program included 33 participants.

First-Time Homebuyer Loans

The First-Time Homebuyer Program, using Community Development Block Grant funds, Housing Successor Agency funds and City funds, was established during 1995 to provide financing for applicants with moderate income or less who are unable to qualify for a home purchase without down payment assistance. Under this program, individuals with income below a certain level are eligible to receive deferred loans which are secured by second deeds of trust, bear interest (in the form of equity earnings from the appreciation of the property equal to the percentage of the purchase price) and are due and payable at the time the homes are sold, refinanced or transferred. At June 30, 2014, First-Time Homebuyer Loans totaling \$2,390,321 had been extended and the program included 54 participants.

The Oaks Apartments

At June 30, 2014, the Housing Successor Agency held a note receivable from Ecumenical Association for Housing in the amount of \$368,000. The note 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. Repayment of principal commenced on December 31, 2001, and will continue provided the project generates surplus cash. The note accrues interest at a rate of 5% beginning July 14, 2002; repayment commenced on December 31, 2001, and will continue provided that the project generates surplus cash. Any remaining unpaid principal and interest is due in full August 1, 2022. The project did not generate surplus cash for fiscal year 2013-14.

Sierra Drive Apartments

At June 30, 2014, the City held a note receivable from the Affordable Housing Association in the amount of \$327,000 and the Housing Successor Agency held a similar note in the amount of \$49,503 for a combined amount of \$376,503. The notes were originally entered into on December 8, 1995 (amended and restated in their entirety on July 11, 2013) to facilitate the renovation of a 28-unit apartment complex called Sierra Drive Apartments. As a condition of the notes, 14 units were encumbered with 55 year covenants that require the units to be rented to individuals with low and moderate incomes. The outstanding principal balance of the Loan bears interest at a simple rate of 3% per annum. Repayments are to be made annually, by December 1<sup>st</sup> of the outstanding principal and accrued interest on the loan, equal to 10% of the Lenders' Share of Residual



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**3. NOTES AND LOANS RECEIVABLE, Continued**

Receipts for the prior year. Any remaining unpaid principal and interest is due in full November 30, 2050. The project did not generate surplus cash as for fiscal year 2013-14.

*Acalanes Court Apartments*

At June 30, 2014, 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, 2014, 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 1<sup>st</sup> following the date of this Note, and on May 1<sup>st</sup> 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.

*Casa Montego II*

At June 30, 2014, the Housing Successor Agency and the City each held a note receivable from Casa Montego II, Inc., a California public benefit corporation, with outstanding balances in the amounts of \$500,000 and \$1,105,156, respectively. The promissory notes were entered into on November 15, 2007 for the acquisition of real property located at 180 La Casa Via in Walnut Creek, California and the development of approximately 33 units of multifamily rental housing on that property pursuant to the Agreement. No interest shall accrue on the



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**3. NOTES AND LOANS RECEIVABLE, Continued**

unpaid principal balance, except in the event of default, in which case interest shall accrue on the date of the default and continuing until such time as the Loan is repaid in full or the default is cured, at the default rate of the lesser of ten percent (10%), compounded annually, or the highest rate permitted by law. Except as provided herein, the principal sums not to exceed \$500,000 and \$1,153,000 and all other sums hereunder shall be due and payable in full 55 years from the completion of construction of the project, as evidenced by a certificate of occupancy or similar document. Commencing on May 1 of 2010 and on May 1 of each year thereafter for the Term of the Loan, Borrower shall make repayments of the outstanding principal on the Loan equal to the Agency's proportionate share of the lenders' share of Residual Receipts, as further described in the Intercreditor Agreement. The project did not generate residual receipts for fiscal year 2012-13.

*Ivy Hill Apartments/Regent on the Park Condominiums*

At June 30, 2014, the City held a note receivable from Walnut Creek Housing Partners, Alma Investors and New Cities Land Company (the developer) in the amount of \$1,073,608 and the Housing Successor Agency held a similar note in the amount of \$551,392 for a combined amount of \$1,625,000. In August 2000, a long-term loan was granted to finance a portion of the cost of developing the Ivy Hill Apartment Project, including land acquisition costs. The loan is due in 55 years on February 1, 2055, and it accrues interest at the rate of 5%. No principal or interest payments are due until the maturity date. The loan, and all accrued interest, will be forgiven on the maturity date if the Ivy Hill Apartment Project was operated in compliance with the regulatory agreement throughout the term of the loan. The loan is secured by a deed of trust against the apartment site, subordinate to the senior construction and permanent loans entered into by the developer. As a condition of the loans, 47 units were encumbered with 55 year covenants which require the units to be rented to individual with very low incomes, and shall be rented at a rate specified in the agreement.

*MP Tice Oaks Associates*

At June 30, 2014, the City held two notes receivable from MP Tice Oaks Associates with a total loan balance outstanding of \$154,602. These two Notes (\$98,583 funded by the City's Affordable Housing Fund and \$56,019 funded by the CDBG Grant Program) were entered into on May 16, 2001 for a 91-unit multi-family housing project. The Notes accrue simple interest at a rate of 3% and will be due in full in 55 years.

*Villa Vasconcellos Apartments*

At June 30, 2014, the City held a note receivable from Resources for Community Development with an outstanding balance of \$1,731,449 (consisting of \$606,475 Community Block Grant Funds and \$1,124,974 in City inclusionary housing in-lieu fees). The Housing Successor Agency held a similar note with an outstanding balance of \$688,186. 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



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**3. NOTES AND LOANS RECEIVABLE, Continued**

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. At June 30, 2014, these loans totaled \$2,419,635.

*Third Avenue Apartments*

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

*Pleasant Creek Homes*

At June 30, 2014, the Housing Successor Agency held a note receivable from Habitat for Humanity East Bay, a California nonprofit public benefit corporation ("Borrower"), with an outstanding balance of \$370,000. The promissory note was entered into March 16, 2011 for \$370,000 to facilitate the acquisition of certain real property located on Barkley Avenue in Walnut Creek and the development of approximately ten affordable homes on that property and other property controlled by the Borrower. The principal sum shall be due and payable on the earliest of (A) five years from the date of the Note, (B) the date the last Affordable Home in the Project is sold or refinanced, or (C) an Event of Default by Borrower that has not been cured as provided in the Loan Agreement. No interest shall accrue on the unpaid principal balance, except in the event of a default, in which case interest on the Loan shall begin to accrue on the date of the default and continuing until such time as the Loan is repaid in full or the default is cured, at the default rate of the lesser of ten percent (10%), compounded annually or the highest rate permitted by law.

*Riviera Family Apartments*

At June 30, 2014, the City held a note receivable from Riviera Family Apartments, L.P. in partnership with Resources for Community Development, with an outstanding balance of \$1,700,000 (consisting of \$325,000 Community Block Grant Funds and \$1,375,000 in City inclusionary housing in-lieu fees). The promissory note was entered into on February 25, 2014 for \$1,700,000, to facilitate the acquisition of real property located at 1511-1515 Riviera Avenue in Walnut Creek, California and the predevelopment of





**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**3. NOTES AND LOANS RECEIVABLE, Continued**

approximately 26-units of multifamily rental housing on that property and other properties to be acquired by the Borrower pursuant to the agreement. Interest shall accrue on the unpaid principal balance at a rate of 3% per annum. Principal and accrued interest are to be paid annually, equal to One Hundred Percent of the Lenders' Share of Residual Receipts, commencing on May 1 following completion of the construction, of the Development, as evidenced by a certificate of occupancy or similar document and on May 1<sup>st</sup> of each year thereafter for the Term of the Loan which expires upon earlier of (a) the fifty-fifth anniversary of the Completion Date or (b) the fifty-ninth anniversary of the date of this Note.

Senior Outreach Services

At June 30, 2014, the City held a note receivable from Senior Outreach Services in the amount of \$11,745 for the installation of a new roof on its program/administrative offices located at 1300 Civic Drive in Walnut Creek. The outstanding principal balance does not bear interest, however, in the event of a default, interest on the loan shall begin to accrue as of the date of default and continue until such time as the loan funds are repaid in full or the default is cured, as the default rate of the lesser of ten percent (10%), compounded annually, or the highest rate permitted by law. There shall be no payments due under this note so long as the borrower is not in default under this note, the Deed of Trust or the Loan Agreement. The principal amount of the note will be amortized over ten (years). For each year the borrower uses the subject building for CDBG eligible purposes, 1/10 of the City's investment will be forgiven.

**4. UNEARNED REVENUE/DEFERRED INFLOWS OF RESOURCES**

**A. Government-Wide Financial Statements**

Unearned revenues in Government-Wide Financial Statements represent amounts for which revenues have not been earned. At June 30, 2014, unearned revenues in the Government-Wide Financial Statements were as follows:

	Governmental Activities	Business-Type Activities	Totals
Permits and inspection fees	\$ 5,003,774	\$ -	\$ 5,003,774
Business licenses	933,637	-	933,637
Prepaid rental revenue	88,920	87,314	176,234
Mandated costs	18,855	-	18,855
Grants	67,660	-	67,660
<b>Total</b>	<b>\$ 6,112,846</b>	<b>\$ 87,314</b>	<b>\$ 6,200,160</b>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**4. UNEARNED REVENUE/DEFERRED INFLOWS OF RESOURCES, Continued**

***B. Fund Financial Statements***

At June 30, 2014, unearned revenues in the Fund Financial Statements were as follows:

	General Fund	Capital Investment Program Fund	Non-Major Governmental Funds	Total
Engineering inspection fees	\$ 1,220,000	\$ -	\$ -	\$ 1,220,000
Permits and planning inspection fees	3,783,774	-	-	3,783,774
Business licenses	933,637	-	-	933,637
Prepaid rental revenue	88,920	-	-	88,920
Grants	29,810	23,360	14,490	67,660
Mandated costs	18,855	-	-	18,855
<b>Total</b>	<b>\$ 6,074,996</b>	<b>\$ 23,360</b>	<b>\$ 14,490</b>	<b>\$ 6,112,846</b>

In addition to unearned revenues, deferred inflows of resources were recorded in the Fund Financial Statements because the funds were not available to finance expenditures of the current period. At June 30, 2014, deferred inflows of resources in the Fund Financial Statements were as follows:

	Housing Successor Agency Fund	Housing Fund	CDBG Fund	Non-Major Governmental Funds	Total
Unavailable Notes and loans	\$ 7,849,446	\$ 6,905,419	\$ 2,980,939	\$ 437,926	\$ 18,173,730



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**5. INTERFUND TRANSACTIONS**

*Fund Financial Statements*

Due To/Due From

At June 30, 2014, the City had the following short-term receivables and payables:

Due From	Due To	Amount	Notes
Major Funds			
CDBG	General Fund	\$ 93,234	b
Capital Investment Program	General Fund	1,440,994	a
Non Major Governmental Funds	General Fund	<u>287,894</u>	b
Total		<u><u>\$ 1,822,122</u></u>	

The explanation for these interfund loans are listed below:

- a. To assist in paying expenditures for various replacement and capital improvement projects.
- b. To provide temporary loans, which will be repaid upon receipt of reimbursements from grantor agencies.

Internal loan between the City of Walnut Creek's 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 is \$442,756 with an interest rate of 2 per annum and annual payments of \$48,887 over a ten year period beginning in the next fiscal year. The annual repayment schedule for the loan and related costs outstanding at June 30, 2014, were as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 40,401	\$ 8,486	\$ 48,887
2016	41,216	7,671	48,887
2017	42,048	6,839	48,887
2018	42,897	5,990	48,887
2019	43,763	5,124	48,887
2020-2024	184,065	11,483	195,548
2025	<u>48,366</u>	<u>526</u>	<u>48,892</u>
<b>Total</b>	<u><u>\$ 442,756</u></u>	<u><u>\$ 46,119</u></u>	<u><u>\$ 488,875</u></u>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**5. INTERFUND TRANSACTIONS, Continued**

Long-Term Advances

Long-term advances to be repaid out of future earnings or charges at June 30, 2014, consisted of:

Receivable Fund	Payable Fund	Amount
<u>Major Funds</u>		
General Fund	Fiduciary Fund	
	RDA Obligation Retirement Fund	\$ 274,544
General Fund	Internal Service Fund	
	PERS Safety Side Fund Liability Fund	\$ 6,318,685
		6,593,229
Non Major Governmental Funds	Internal Service Fund	
	PERS Safety Side Fund Liability Fund	1,900,000
		1,900,000
Total		\$ 8,493,229

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

The City of Walnut Creek had constructed certain improvements in the former Redevelopment Agency of the City of Walnut Creek Project Areas. The Redevelopment Agency had agreed to reimburse the City for the cost of these improvements, with interest, solely out of incremental property tax revenues remaining after Agency debt service payments. The Agency paid off the advance loan balance remaining on March 1, 2011. However, with the State's dissolution of redevelopment agencies per AB 1X 26, effective January 31, 2012 as amended by AB1484 on June 27, 2012, the Department of Finance, subsequent to a Due Diligence Review, denied the loan as an enforceable obligation of the Successor Agency to the Redevelopment Agency for the City of Walnut Creek. With the receipt of a Finding of Completion for the Long Range Asset Management Plan on October 3, 2013, AB1484 allowed loans between a public agency and redevelopment agencies and successor agencies to be paid. As a result, the Successor Agency's Oversight board made a finding that the loan was for legitimate purposes and approved the loan as an enforceable obligation in June, 2014. Advance payable represents a liability of the Successor Agency and amounted to \$274,544 as of June 30, 2014. The advance payable will be included on the 14-15B Recognized Obligation Payment Schedule (ROPS) and upon a determination by the Department of Finance, it will be repaid accordingly.

Long Term Advance Between the City's Funds

In June 2010, the General Fund (as well as several non major funds) advanced \$12,526,994 to the PERS Safety Side Fund Liability internal service fund. The funds were used to payoff the City's portion of the unfunded liability resulting from the pooling of safety plans with fewer than 100 active plan members. Interest accrues on this advance in the amount of 3.5% annually. Repayments began in fiscal year 2010-11 and will conclude in fiscal year 2018-19. For the current year, principal and interest paid on the advance were \$1,252,797 and \$331,502, respectively. As of June 30, 2014 the amount owed by the PERS Safety Side Fund Liability internal service fund was \$8,218,685.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**5. INTERFUND TRANSACTIONS, Continued**

Transfers

**Transfers for the period ended June 30, 2014, were as follows:**

The explanations for these interfund transfers are listed below:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfer</u>	<u>Amount Transferred</u>	<u>Notes</u>
Major Funds			
General Fund	Non Major Government Funds	\$ 728,472	c
	Enterprise Funds		
	Downtown Parking and Enhancement	100,000	e
	Trust & Agency Funds		
	Assessment District Shadelands	52,468	f
		<u>880,940</u>	
Capital Investment Fund	General Fund	5,625,222	a
	Non Major Governmental Funds	2,443,571	a
	Enterprise Funds		
	Clubhouse	145,969	a
	Downtown Parking and Enhancement	231,924	a
	Internal Service Funds	63,546	a
		<u>8,510,232</u>	
Housing	General Fund	280,000	d
Non Major Governmental Funds	General Fund	435,672	d
	Capital Investment Program	366,008	a
	Non Major Governmental Funds	1,120,577	f
		<u>1,922,257</u>	
Internal Service Funds	General Fund	1,186,000	b
	Capital Investment Program	48,995	a
		<u>1,234,995</u>	
Enterprise Funds			
Golf Course - City Administration	Boundary Oak - Onsite Contract Operations	940,000	b
Total		<u>\$ 13,768,424</u>	

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



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**6. CAPITAL ASSETS**

*Government-Wide Financial Statements*

At June 30, 2014, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Non-depreciable assets:			
Land	\$ 48,436,942	\$ 1,337,396	\$ 49,774,338
Construction in process	5,590,440	-	5,590,440
Total non-depreciable assets	<u>54,027,382</u>	<u>1,337,396</u>	<u>55,364,778</u>
Depreciable assets:			
Buildings	129,477,468	15,604,956	145,082,424
Improvement other than buildings	-	2,455,649	2,455,649
Machinery and equipment	7,498,176	3,546,070	11,044,246
Vehicles	7,922,767	534,014	8,456,781
Infrastructure	200,468,553	-	200,468,553
	<u>345,366,964</u>	<u>22,140,689</u>	<u>367,507,653</u>
Less accumulated depreciation	<u>(166,236,657)</u>	<u>(12,234,954)</u>	<u>(178,471,611)</u>
Total depreciable assets, net	<u>179,130,307</u>	<u>9,905,735</u>	<u>189,036,042</u>
<b>Total capital assets</b>	<u><u>\$ 233,157,689</u></u>	<u><u>\$ 11,243,131</u></u>	<u><u>\$ 244,400,820</u></u>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**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, 2014:

	Balance July 1, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
<b>Nondepreciable Assets:</b>					
Land	\$ 48,436,942	\$ -	\$ -	\$ -	\$ 48,436,942
Construction in progress	6,594,541	3,590,852	-	(4,594,953)	5,590,440
<b>Total nondepreciable assets</b>	<b>55,031,483</b>	<b>3,590,852</b>	<b>-</b>	<b>(4,594,953)</b>	<b>54,027,382</b>
<b>Depreciable Assets:</b>					
Buildings	129,028,462	12,175	(84,058)	520,889	129,477,468
Machinery and equipment	6,806,295	699,114	(140,822)	133,589	7,498,176
Vehicles	7,460,144	973,937	(511,314)	-	7,922,767
Infrastructure	197,720,738	42,548	-	2,705,267	200,468,553
<b>Total depreciable assets</b>	<b>341,015,639</b>	<b>1,727,774</b>	<b>(736,194)</b>	<b>3,359,745</b>	<b>345,366,964</b>
<b>Accumulated Depreciation:</b>					
Buildings	(32,744,653)	(2,888,504)	-	-	(35,633,157)
Machinery and equipment	(3,024,258)	(775,074)	113,206	-	(3,686,126)
Vehicles	(5,218,947)	(548,575)	448,932	-	(5,318,590)
Infrastructure	(116,320,668)	(5,278,116)	-	-	(121,598,784)
<b>Total accumulated depreciation</b>	<b>(157,308,526)</b>	<b>(9,490,269)</b>	<b>562,138</b>	<b>-</b>	<b>(166,236,657)</b>
<b>Depreciable assets, net</b>	<b>183,707,113</b>	<b>(7,762,495)</b>	<b>(174,056)</b>	<b>(1,235,208)</b>	<b>179,130,307</b>
<b>Total governmental activities capital assets, net</b>	<b>\$ 238,738,596</b>	<b>\$ (4,171,643)</b>	<b>\$ (174,056)</b>	<b>\$ (2,470,416)</b>	<b>\$ 233,157,689</b>

During the current period \$1,235,208 of equipment was transferred from governmental activities to the Downtown Parking and Enhancement fund.

Governmental activities depreciation expense for capital assets for the year ended June 30, 2014, are as follows:

Public protection	\$ 430,099
Public service	8,626,251
Community development	11,377
Arts, recreation and cultural services	86,775
Administrative services	309,456
General government	26,311
<b>Total depreciation expense</b>	<b>\$ 9,490,269</b>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**6. CAPITAL ASSETS, Continued**

*Government-Wide Financial Statements, Continued*

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

	Balance July 1, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
<b>Nondepreciable Assets:</b>					
Land	\$ 1,337,396	\$ -	\$ -	\$ -	\$ 1,337,396
<b>Total nondepreciable assets</b>	<u>1,337,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,337,396</u>
<b>Depreciable Assets:</b>					
Buildings	15,604,956	-	-	-	15,604,956
Improvements	2,374,052	81,597	-	-	2,455,649
Equipment	2,204,190	106,672	-	1,235,208	3,546,070
Vehicles	396,898	180,457	(43,341)	-	534,014
<b>Total depreciable assets</b>	<u>20,580,096</u>	<u>368,726</u>	<u>(43,341)</u>	<u>1,235,208</u>	<u>22,140,689</u>
<b>Accumulated Depreciation:</b>					
Buildings	(7,645,124)	(314,199)	-	-	(7,959,323)
Improvements	(2,265,195)	(20,311)	-	-	(2,285,506)
Equipment	(1,153,003)	(493,915)	-	-	(1,646,918)
Vehicles	(351,087)	(33,552)	41,432	-	(343,207)
<b>Total accumulated depreciation</b>	<u>(11,414,409)</u>	<u>(861,977)</u>	<u>41,432</u>	<u>-</u>	<u>(12,234,954)</u>
<b>Depreciable assets, net</b>	<u>9,165,687</u>	<u>(493,251)</u>	<u>(1,909)</u>	<u>1,235,208</u>	<u>9,905,735</u>
<b>Total business-type activities capital assets, net</b>	<u>\$ 10,503,083</u>	<u>\$ (493,251)</u>	<u>\$ (1,909)</u>	<u>\$ 1,235,208</u>	<u>\$ 11,243,131</u>

During the current period \$1,235,208 of equipment was transferred to the Downtown Parking and Enhancement fund from governmental activities.

Depreciation expense for business-type activities for the year ended June 30, 2014, is as follows:

Golf Course/Clubhouse- City Administration	\$ 65,166
Boundary Oak - On Site Contract Operations	147,984
Downtown Parking and Enhancement	<u>648,827</u>
<b>Total</b>	<u>\$ 861,977</u>





**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**7. LONG-TERM DEBT**

A summary of changes in long-term debt for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Debt Retired	Balance June 30, 2014	Due in one year	Due in more than one year
<b>Governmental Activities Debt:</b>					
Upgrade Streetlights to LED (PG&E Energy Efficiency Retrofit Prg)	\$ 201,673	\$ (23,726)	\$ 177,947	\$ 23,726	\$ 154,221
Parking Lot and Garage ETAP Lighting (PG&E Energy Efficiency Retrofit Prg)	135,511	(14,519)	120,992	14,519	106,473
<b>Total governmental activities debt</b>	<b>\$ 337,184</b>	<b>\$ (38,245)</b>	<b>\$ 298,939</b>	<b>\$ 38,245</b>	<b>\$ 260,694</b>
<b>Business-Type Activities Debt:</b>					
Capital Lease Obligation					
Garage Equipment Lease (Master Lease #2)	\$ 413,506	\$ (202,600)	\$ 210,906	\$ 210,906	\$ -
Sun Trust Golf Course Equipment Lease	123,793	(114,083)	9,710	9,710	-
Scott Valley Golf Course Equipment Lease	89,945	(20,276)	69,669	20,275	49,394
Bonds Payable					
1997 Lease Revenue Bonds	695,000	(695,000)	-	-	-
<b>Total business-type activities debt</b>	<b>\$ 1,322,244</b>	<b>\$ (1,031,959)</b>	<b>\$ 290,285</b>	<b>\$ 240,891</b>	<b>\$ 49,394</b>
<b>Total long-term debt</b>	<b>\$ 1,659,428</b>	<b>\$ (1,070,204)</b>	<b>\$ 589,224</b>	<b>\$ 279,136</b>	<b>\$ 310,088</b>

**Governmental Activities**

**A. Loan Payable**

**PG&E Energy Efficiency Retrofit Program Loan #1**

During fiscal year 2011-12, the City entered into an Energy Efficiency Retrofit On -bill financing loan agreement with Pacific Gas & Electric for the cost of energy efficiency demand response equipment and services to upgrade streetlights to new light-emitting diode (LED) light fixtures. This loan was recorded at the acquisition cost of \$233,308 to be paid back monthly based on expected energy savings. The simple payback term, based on fixed monthly payments of \$1,977, is estimated to be approximately 9.75 years. The outstanding balance at June 30, 2014 is \$177,947.

Year Ending June 30,	Fixed Loan payment
2015	\$ 23,726
2016	23,726
2017	23,726
2018	23,726
2019	23,726
2020-2021	59,317
<b>Total</b>	<b>\$ 177,947</b>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**7. LONG-TERM DEBT, Continued**

*Government Activities, continued*

A. Loan Payable

PG&E Energy Efficiency Retrofit Program Loan #2

During fiscal year 2012-13, the City entered into an Energy Efficiency Retrofit On -bill financing loan agreement with Pacific Gas & Electric for the cost of installing new light-emitting diode (LED) light fixtures energy efficiency demand response equipment and service to City parking lots, garages and public service yards. This loan was recorded at the acquisition cost of \$145,190 to be paid back monthly based on expected energy savings. The simple payback term, based on fixed monthly payments of \$1,210, is estimated to be approximately 9.92 years. The outstanding balance at June 30, 2014 is \$120,942.

Year Ending June 30,	Fixed Loan payment
2015	\$ 14,519
2016	14,519
2017	14,519
2018	14,519
2019	14,519
2020-2023	48,397
<b>Total</b>	<b>\$ 120,992</b>

*Business-Type Activities*

B. Capital Lease Obligation

Garage Equipment Lease (Master Lease #2)

During fiscal year 2009-10, the City entered into a lease agreement for the financing of equipment for its parking garages. This lease agreement qualifies as a capital lease for accounting purposes, as title transfers at the end of the lease, and therefore has been recorded at the present value of the future minimum payments of the date of inception. The equipment acquired under this lease agreement was recorded at its acquisition cost of \$974,673.

The financing was obtained from Suntrust Bank in July 2009 for \$974,673 with an interest rate of 4.0249% and annual payments of \$219,553 beginning July 2010 through July 2014 (the end of the lease). The outstanding balance at June 30, 2014 is \$210,906.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**7. LONG-TERM DEBT, Continued**

The calculation of the present value of the future lease payments for this capital lease is as follows:

Year Ending June 30,	Master Lease #2
2015	219,553
<b>Subtotal</b>	219,553
Less amount representing interest	8,647
	-
Present value of future lease payments	<u>\$ 210,906</u>

***Business-Type Activities***

B. Capital Lease Obligation

Golf Course Equipment Lease #1

During fiscal year 2009-10, the City entered into a lease agreement for the financing of equipment for its golf course. This lease agreement qualifies as a capital lease for accounting purposes, as title transfers at the end of the lease, and therefore has been recorded at the present value of the future minimum payments of the date of inception. The equipment acquired under this lease agreement will be recorded at its acquisition cost of \$624,360.

The financing was obtained from Suntrust Bank in July 2009 for \$624,360 with an interest rate of 3.9% and monthly payments of \$12,516 through July 2012 and monthly payments of \$9,741 from August 2012 through July 2014 (the end of the lease). The outstanding balance at June 30, 2014 is \$9,710.

The calculation of the present value of the future lease payments for these capital leases are as follows:

Year Ending June 30,	Master Lease
2015	\$ 9,741
<b>Subtotal</b>	9,741
Less amount representing interest	30
Present value of future lease payments	<u>\$ 9,710</u>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**7. LONG-TERM DEBT, Continued**

*Business-Type Activities, Continued*

B. Capital Lease Obligation

Golf Course Equipment Lease #2

During fiscal year 2012-13, the City entered into a lease agreement for the financing of equipment for its golf course. This lease agreement qualifies as a capital lease for accounting purposes, as title transfers at the end of the lease, and therefore has been recorded at the present value of the future minimum payments of the date of inception. The equipment acquired under this lease agreement will be recorded at its acquisition cost of \$106,250.

The financing was obtained from Scott Valley Bank in June 2012 for \$106,250 with an interest rate of 3.9% and monthly payments of \$1952.08 monthly payments beginning July 2012 through August 2017 (the end of the lease). The outstanding balance at June 30, 2014 is \$69,669.

<u>Year Ending June 30,</u>	<u>Master Lease</u>
2015	\$ 23,425
2016	23,425
2017	23,425
2018	<u>3,904</u>
<b>Subtotal</b>	74,179
Less amount representing interest	<u>4,510</u>
Present value of future lease payments	<u><u>\$ 69,669</u></u>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**7. LONG-TERM DEBT, Continued**

*Business-Type Activities, Continued*

C. Bonds Payable

1997 Lease Revenue Bonds

On August 1, 1997, the Public Facilities Financing Authority of the City of Walnut Creek issued its 1997 lease revenue bonds in the amount of \$2,000,000. The bonds were issued to finance various renovations and improvements to the Boundary Oak Municipal Golf Course. For the current year, regularly scheduled principal and interest paid on the 1997 lease revenue bonds were \$125,000 and \$33,583, respectively. Subsequently, on May 6, 2014, the City Council authorized the redemption of the outstanding 1997 lease revenue bonds and the making of a loan from the City's General Fund to the Golf Course Enterprise Fund to accomplish such redemption. The total outstanding principal and interest balance at that date of \$570,000 and \$11,375, respectively was paid in full on June 10, 2014.

*Non-City Obligations*

John Muir Medical Center

On January 15, 1994, the City acted as a financial intermediary in order to assist the John Muir Medical Center in issuing \$69,450,000 in variable rate demand bonds. The bonds are payable solely from revenues collected by

John Muir Medical Center. The City has not included these bonds in its financial statements, since it is not legally or morally obligated for the repayment of the bonds. The amount of debt outstanding as of June 30, 2014 was \$18,965,000.

On October 29, 2009, the City acted as a financial intermediary in order to assist the John Muir Medical Center in issuing \$103,690,000 in revenue bonds. The bonds are payable solely from revenues collected by John Muir Medical Center. The City has not included these bonds in its financial statements, since it is not legally or morally obligated for the repayment of the bonds. The amount of debt outstanding as of June 30, 2014 was \$97,840,000.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**8. COMPENSATED ABSENCES**

Compensated absences at June 30, 2014 were as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due within one year	Due in more than one year
<b>Governmental Activities:</b>	\$ 3,199,206	\$ 2,833,964	\$ (2,565,383)	\$ 3,467,787	\$ 188,245	\$ 3,279,542
<b>Business type Activities:</b>	\$ 74,088	\$ 49,845	\$ (45,255)	\$ 78,678	\$ 407	\$ 78,271

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

**9. FUND EQUITY**

*Deficit Fund Equity*

At June 30, 2014, the following funds had deficit fund equity:

Enterprise Funds	
Boundary Oak - Onsite Contract Operations	\$ (162,449)
Internal Service Funds	
PERS Safety Side Fund Liability	\$ (8,218,685)
Private-purpose Trust Fund	
RDA Successor Agency Debt Service Fund	\$ (1,168,566)

The City plans to reduce the deficit equity balance in the Boundary Oak- onsite contract operations fund with future revenues generated by golf course and clubhouse operations. The PERS Safety Side Fund Liability will be reduced through repayment of the interfund advance from resources transferred from other funds. Private-purpose Trust fund negative equity represents debt service liability which will be funded with Redevelopment Property Tax Trust Fund ("RPTTF") deposits upon approval of Recognized Obligation Payment Schedule (ROPS).



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**9. FUND EQUITY, Continued**

*Fund Balance Classifications*

The term fund balance is used to describe the difference between assets (what is owned) and liabilities (what is owed) reported within a fund. The components of fund balance are:

1) Nonspendable Fund Balance - The portion of fund balance that includes amounts that cannot be spent because they are either; (a) not in a spendable form, such as prepaid items, inventories of supplies, or loans receivable; or (b) legally or contractually required to be maintained in tact, such as the principal portion of an endowment.

2) Restricted Fund Balance - The portion of fund balance that reflects constraints placed on the use of resources (other than nonspendable items) that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other government agencies; or (b) imposed by law through constitutional provisions or enabling legislation.

3) Committed Fund Balance - The portion of fund balance 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 19, 2012, and remain binding unless removed by a subsequent resolution. These funds are not anticipated to be used routinely.

4) Assigned Fund Balance - The portion of fund balance that includes amounts that are constrained by the City's intent to be used for specific purposes, but that are neither restricted nor committed. 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 thru Council direction related to those components of Fund Balance that are reported as "Assigned" in the City 's Comprehensive Annual Financial Report. It is anticipated that these funds would be used routinely.

5) Unassigned Fund Balance - The portion of fund balance that includes amounts that do not fall into one of the above four categories. The General Fund is the only fund that should report this category of fund balance.

The fund balance categories reflect an approach that focuses, not on financial resources available for appropriation within a fund, but on the extent to which the City is bound to observe constraints imposed on the specific purposes for which amounts in the fund can be spent.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance categories, 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.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**9. FUND EQUITY, Continued**

In Governmental Funds, the segregate portions of fund balances are presented as follows for the fiscal year ended June 30, 2014:

	General Fund	Housing Successor Agency	Housing	CDBG	Capital Investment Program	Non-Major Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>							
Advance to other funds	\$ 6,593,229	\$ -	\$ -	\$ -	\$ -	\$ 1,900,000	\$ 8,493,229
Inventory	29,016	-	-	-	-	-	29,016
Interfund loan	442,756	-	-	-	-	-	442,756
Prepaid expense	179,512	-	-	-	-	-	179,512
<b>Total Nonspendable</b>	<b>7,244,513</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,900,000</b>	<b>9,144,513</b>
<b>Restricted</b>							
Capital projects	-	-	-	-	3,477,634	14,406,924	17,884,558
Community development	-	358,877	4,370,530	-	-	3,034,131	7,763,538
Other purposes	-	-	-	-	-	3,196,651	3,196,651
Street projects	-	-	-	-	-	8,753,099	8,753,099
<b>Total Restricted</b>	<b>-</b>	<b>358,877</b>	<b>4,370,530</b>	<b>-</b>	<b>3,477,634</b>	<b>29,390,805</b>	<b>37,597,846</b>
<b>Committed</b>							
Catastrophic emergency	6,935,687	-	-	-	-	-	6,935,687
Compensated absences	188,245	-	-	-	-	-	188,245
Dental claims	212,999	-	-	-	-	-	212,999
Fiscal emergency	3,683,371	-	-	-	-	-	3,683,371
Legal claims	3,000,000	-	-	-	-	-	3,000,000
PERS liability	168,923	-	-	-	-	-	168,923
Workers Compensation	697,315	-	-	-	-	-	697,315
<b>Total Committed</b>	<b>14,886,540</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,886,540</b>
<b>Assigned</b>							
ARCS Scholarships	46,923	-	-	-	-	-	46,923
Capital Projects - General Fund							
Fund portion	3,837,124	-	-	-	-	-	3,837,124
Contractual Commitments	1,448,689	-	-	-	-	1,180,342	2,629,031
Library	460,000	-	-	-	-	-	460,000
<b>Total Assigned</b>	<b>5,792,736</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,180,342</b>	<b>6,973,078</b>
<b>Unassigned</b>							
City Manager Contingency	41,024	-	-	-	-	-	41,024
Council Contingency	72,428	-	-	-	-	-	72,428
Unrealized Gain	21,419	-	-	-	-	-	21,419
Unassigned Fund Balance	7,677,776	-	-	-	-	-	7,677,776
<b>Total Unassigned</b>	<b>7,812,647</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,812,647</b>
<b>Total Fund Equity</b>	<b>\$ 35,736,436</b>	<b>\$ 358,877</b>	<b>\$ 4,370,530</b>	<b>\$ -</b>	<b>\$ 3,477,634</b>	<b>\$ 32,471,147</b>	<b>\$ 76,414,624</b>





**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**9. FUND EQUITY, Continued**

General Fund Reserve Requirements

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

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

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

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

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

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

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



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**9. FUND EQUITY, Continued**

*Radio Communications* - Funding set aside for the City's upcoming purchase of radios for police and public services staff and investment in infrastructure needed to facilitate emergency response and communications on a regional basis. Available balance was loaned to fund the PERS Safety Side Fund liability prepayment made in June 2010; reserve is to be replenished based on repayment schedule as outlined in loan summary document.

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

**10. RISK MANAGEMENT**

**A. Municipal Pooling Authority**

The City is a member of the Municipal Pooling Authority of Northern California (MPANC). The Authority provides coverage against the following types of loss risks under the terms of a joint-powers agreement with the City and several 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.

A summary of the latest available audited financial information as of and for the fiscal year ended June 30, 2014 is as follows:

Total Assets	\$49,286,380
Total Liabilities	\$40,255,198
Total Equity	\$ 9,031,182
Total Revenues	\$18,849,755
Total Expenses	\$19,822,648
Net Change in Fund Equity	\$ (972,893)



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**10. RISK MANAGEMENT, Continued**

***B. Liability for Uninsured Claims***

The City provides for the uninsured portion of claims and judgments in the General Fund. Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. The City's liability for uninsured claims at June 30, 2014, was estimated by management and based on MPANC's claims experience and was computed as follows:

	General Liability	Workers' Compensation	Dental Claims Liability	Total
Balance as of July 1, 2012	\$ 201,223	\$ 3,462,814	\$ 446,371	\$ 4,110,408
Claims incurred and changes in estimate	405,889	937,965	(446,371)	897,483
Claims paid	(54,032)	(709,626)	-	(763,658)
<b>Balance as of June 30, 2013</b>	<b>\$ 553,080</b>	<b>\$ 3,691,153</b>	<b>\$ -</b>	<b>\$ 4,244,233</b>
Balance as of July 1, 2013	\$ 553,080	\$ 3,691,153	\$ -	\$ 4,244,233
Claims incurred and changes in estimate	334,047	1,031,530	344,956	1,710,533
Claims paid	(16,911)	(999,209)	(320,896)	(1,337,016)
<b>Balance as of June 30, 2014</b>	<b>\$ 870,216</b>	<b>\$ 3,723,474</b>	<b>\$ 24,060</b>	<b>\$ 4,617,750</b>
<b>Current portion as of June 30, 2014</b>				<b>\$ 1,337,016</b>
<b>Long term portion as of June 30, 2014</b>				<b>\$ 3,280,734</b>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**11. PENSION PLANS**

*California Public Employees' Retirement Plan*

Plan Description

The City contributes to the California Public Employee Retirement System (PERS). PERS 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 employees are part of a three-tier cost-sharing multiple-employer defined benefit plan.

The second tier retirement program provides a lower level of retirement benefits than the first tier. Employees hired after March 2, 2012 (miscellaneous personnel) and after November 23, 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 by the California Legislature. Employees hired on or after January 1, 2013, who were not previously enrolled in the PERS system elsewhere or who have had a break in service of at least 6 months are required to be enrolled in this retirement program which provides a benefit level that is lower than the first two tiers.

PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by State statute and city contracts with employee bargaining groups. Copies of PERS' annual financial report may be obtained from their executive office at 400 P Street, Sacramento, CA 95814.

Funding and Actuarial Information for Miscellaneous and Safety Employees Plans

Miscellaneous and safety participants are required to contribute 7% and 9% of their annual covered salary respectively. Miscellaneous (tier 3) and safety (tier 3) participants are required to contribute 6.75% and 12.25% of their annual covered salary respectively. The City makes some of the contributions required of safety employees and some miscellaneous employees on their behalf and for their account. In addition, the City is required to make an employer contribution at an actuarial determined rate of 27.877% for safety employees and 17.298% for miscellaneous (tier 1 and tier 3) employees, and 22.502% and 12.25% for safety (tier 2) and safety (tier 3) employees respectively, of annual covered payroll for the year ended June 30, 2014. The City's total payroll for the year ending June 30, 2014 was \$29,468,963. The contribution requirements of plan members and the City are established and may be amended by PERS.

For each of the fiscal years shown on the following page, the City has contributed at the actuarially determined rate provided by PERS' actuaries. Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO).



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**11. PENSION PLANS, Continued**

*California Public Employees' Retirement Plan, Continued*

The ARC for the period July 1, 2013 to June 30, 2014 has been determined by actuarial valuations of the plans as of June 30, 2011. The City's covered payroll for PERS was \$9,280,272 and \$20,188,691 for safety and miscellaneous employees respectively, for the year ended June 30, 2014. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2014, the contribution rate for safety and miscellaneous employees is multiplied by the payroll covered in each plan that were paid during the period from July 1, 2013 to June 30, 2014. A summary of principal assumptions and methods used to determine the ARC for both plans is shown below:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	27 Years as of the Valuation Date for Miscellaneous; 21 Years for Safety
Asset Valuation Period	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.5% (net of administrative expenses)
Projected Salary Increases	3.3%- 14.2% (based on age, service and type of employment)
Inflation	2.75%
Payroll Growth	3.0%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

In 2013 CalPERS announced a change in actuarial methodology. Beginning with the June 30, 2013 valuations that set the 2015-16 rates, CalPERS will no longer use an actuarial value of assets and will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30 year period with the increases or decreases in the rate spread directly over a 5 year period.

The table below shows three year trend information on the ARC for each of the plans.

*Safety (Classic Tier 1) Employees Plan*

Fiscal Year	Employer Contribution Rate	Employer Contribution	Percentage Contributed
6/30/2012	25.821%	\$ 2,397,409	100%
6/30/2013	26.416%	2,366,487	100%
6/30/2014	27.877%	2,289,327	100%



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**11. PENSION PLANS, Continued**

*Miscellaneous (Classic Tier 1) Employees Plan*

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>
6/30/2012	15.604%	\$ 3,316,665	100%
6/30/2013	16.083%	3,272,673	100%
6/30/2014	17.298%	3,329,755	100%

*Safety (Classic Tier 2) Employees Plan*

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>
6/30/2013 *	21.802%	\$ 7,723	100%
6/30/2014	22.502%	179,307	100%

*Safety (PEPRA Tier 3) Employees Plan*

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>
6/30/2013 *	12.250%	\$ -	0%
6/30/2014	12.250%	33,220	100%

*Miscellaneous (PEPRA Tier 3) Employees Plan*

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>
6/30/2013 *	16.083%	\$ 10,347	100%
6/30/2014	17.298%	162,485	100%

\* 6/30/2013 is first year for Classic Tier 2 and PEPRA Tier 3 plans



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**11. PENSION PLANS, Continued**

*Schedule of Funding Progress*

The schedules below for safety and miscellaneous employees shows the recent history of the value of assets, accrued liability, their relationship, and the relationship of the unfunded accrued liability to payroll. The schedule of funding progress, presented in the Required Supplementary Information, presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the accrued liability for benefits.

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling 30 year period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

*Miscellaneous Employees Plan*

<u>Valuation date</u>	<u>Actuarial * Asset Value</u>	<u>Accrued Liability</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as % of Payroll</u>
6/30/2013	\$ 117,883,187	\$ 166,724,851	\$ (48,841,664)	70.7%	\$ 20,523,071	238.0%

\* Beginning with the 6/30/2013 valuation Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Smoothing Policy.

*Safety Employees Plan*

As of the actuarial valuation date of June 30, 2003, the City's safety plan became part of a CalPERS Risk Pool for employers with less than 100 active plan members. When these risk pools were established, PERS assigned each entity in the pool a share of the unfunded liability. In June 2010, this liability of approximately \$12.5 million was paid off.

As part of a cost-sharing multiple-employer defined benefit plan, disclosure of the schedule of funding progress is not required, but is available in a separate financial report issued by PERS.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**11. PENSION PLANS, Continued**

*Apple Retirement Plan*

During 2008, the City implemented a defined contribution pension plan (Apple Plan) for all of its non-regular employees. 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%. The City's contributions for each employee (and interest earned by the accounts) are fully vested immediately.

For the year ended June 30, 2014, the City's payroll covered by the plan was \$1,249,645 and the City made employer contributions of \$31,244 (2.5% of current covered payroll).

**12. CONTINGENCIES**

*A. Lawsuits in the Normal Course of Business*

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses 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, Continued**  
**For the year ended June 30, 2014**

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**12. CONTINGENCIES, Continued**

**C. Construction Commitments**

The City had several outstanding or planned construction projects as of June 30, 2014. These projects are typically evidenced by contractual commitments with consultants and/or contractors, and include the major projects listed below:

<u>Project Description</u>	<u>Amounts</u>
Geary-Pleasant Hill Road to Putnam	\$ 7,183,664
Roadway Maintenance	4,003,036
Undergrounding of Utilities	986,296
2011-12 Overlay	844,692
Safe Routes to School-San Juan Sidewalk	829,044
In-Pavement Lights at Various Locations	717,852
Larkey Replastering and Code	687,295
All Abilities Playground	680,229
Civic Park Ice Rink / Bocce Improvements	612,807
Civic Drive at YVR Southbound Left Turn	600,000
	<u>\$ 17,144,915</u>

**13. RELATED PARTIES LOANS**

*Equity Loans to City Employees*

The City can enter into agreements with City employees under which the City will contribute towards the purchase of residences for the City employees. An employment agreement further provides that the City receive an undivided ownership interest in such residence as tenant-in-common. If the residence is sold, the City will receive from 5% to 21% of the net sales proceeds (specified in each agreement) after deducting the cost of sale, escrow fees and the market value of capital improvements made by the owner. There was one new agreement entered into during the 2014 fiscal year. Total equity loans to City employees as of June 30, 2014 was \$335,000.

**14. EXCESS EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2014 operating expenditures exceeded appropriations at the fund level (the legal level of budgetary control) for the following special revenue funds:

Housing	\$771,964
Revolving Loan	\$155,000
Measure J	\$80,598

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



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**15. SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE PURPOSE TRUST FUND (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. In addition, AB1X 26, amended by AB1484 on June 27, 2012, direct the State Controller to review the activities of all redevelopment agencies and successor agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 11, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the redevelopment agency.

As required by ABx1 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.

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



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**15. SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES, Continued**

*B. Due Diligence and Other Required Reviews*

*Non-Housing Funds Due Diligence Review*

Pursuant to Health and Safety Code section 34179.6(c), the Successor Agency to the Redevelopment Agency of the City of Walnut Creek submitted an Oversight Board approved Non-Housing Funds Due Diligence Review to the California Department of Finance (DOF) on January 10, 2013. In March 2013, the DOF sent correspondence to the City questioning the request to retain \$2,629,381 to cover future obligations. The DOF indicated that thorough analysis demonstrating an immediate need to retain these balances was not evident. The City contended that future property tax revenues would be insufficient to meet enforceable obligations and requested a meet-and-confer session. On September 19, 2013, the DOF, after reviewing additional information, demanded payment totaling \$3,140,836 (which included an adjustment reducing total DOF determination by \$695,467). The full payment was made from the Private Purpose Trust Fund to the Contra Costa County Auditor Controller on September 25, 2013. The Auditor Controller has indicated the Non-Housing funds have been distributed to the taxing entities.

*State Asset Transfer Review*

Pursuant to Health and Safety Code section 34179.5, the State Controller's Office is required to review the records of the former redevelopment agency for asset transfers that took place after January 1, 2011, between the city that created a redevelopment agency or any other public agency and the redevelopment agency through its termination on January 31, 2012. The State Controller's Office is required to order that such assets, except those that already had been committed to a third party prior to June 28, 2011, the effective date of ABx126, be turned over to the Successor Agency. The State Controller's Office issued a draft redevelopment asset transfer review report on April 17, 2013 requiring that \$12,390,834 in unallowable transfers to the City of Walnut Creek must be turned over the Successor Agency. The City responded to the findings of the initial asset transfer review report on April 25, 2013 with documentation refuting the contention that unallowable property transfers were made by the former Redevelopment Agency to the City of Walnut Creek as the Housing Successor entity.

The State Controller's Office (SCO) issued a (revised) findings draft report on September 10, 2013 asserting that \$3,081,949 in unallowable transfers to the City had occurred. These consisted of a advance repayment in the amount of \$274,644 and the transfer of two capital assets (properties located at 1250 Locust Street and 470, 480 & 490 Lawrence Way) totaling \$2,807,305. The City letter response dated September 30, 2013 reiterated that the repayment of the advance was not an asset transfer and specifically outlined the history and use and why the transfer of the Lawrence Way was appropriate. Nonetheless, the City received the State Controller's Asset Transfer Review report in December 2013 stating the City must turn over the two capital assets to the Successor Agency. In December 2013, the City transferred \$274,644 to the Successor Agency. Subsequently, in June 2014, the Oversight Board and the City approved a reimbursement agreement for the repayment of the balance of the 1988 loan. This amount will be



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**15. SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES, Continued**

***B. Due Diligence and Other Required Reviews, Continued***

included on future Recognized Obligation Payment Schedules (ROPS) as allowed. For the two properties, the Oversight Board approved the transfer of the properties; one property qualified for governmental use and the other property was subject to a 2008 Disposition and Development agreement. The DOF approved the transfers with regards to the City's intended usage with the approval of the Long-Range Property Management Plan.

***Long-Range Property Management Plan***

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

Cash and investments of the Successor Agency as of June 30, 2014 are discussed in Note 2 above. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2014.

***C Long-Term Debt***

As of June 30, 2014, the balances of the Successor Agency long-term debts are presented below:

	Balance July 1, 2013	Debt Issued	Debt Retired	Balance June 30, 2014	Due in one year	Due in more than one year
<b>Bonds Payable:</b>						
Tax Allocation Bonds, Series 2000	\$ 1,640,000	\$ -	\$ (140,000)	\$ 1,500,000	\$ 150,000	\$ 1,350,000
Tax Allocation Bonds, Series 2003 A	1,335,000	-	(290,000)	1,045,000	260,000	785,000
Tax Allocation Bonds, Series 2003 B	330,000	-	(140,000.00)	190,000	190,000	-
bond issuance premium	16,785	-	-	16,785	5,594	11,191
<b>Total long-term debt</b>	<b>\$ 3,321,785</b>	<b>\$ -</b>	<b>\$ (570,000)</b>	<b>\$ 2,751,785</b>	<b>\$ 605,594</b>	<b>\$ 2,146,191</b>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**15. SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES, Continued**

*C Long-Term Debt, Continued*

Tax Allocation Bonds Series 2000

Tax Allocation Bonds in the amount of \$2,865,000 were issued by the former Redevelopment Agency of the City of Walnut Creek on March 1, 2000. The Bonds were issued to provide funds for redevelopment activities within the Merged Project Area and other capital improvements, including seismic retrofits and other improvements to a City owned parking structure. The Bonds are due in annual principal installments of \$140,000 to \$230,000 through 2022. Interest rates range from 5.7% to 6.2% and is payable semi-annually on February 15 and August 15. Bonds maturing on or after August 15, 2009, are subject to optional redemption at a premium of up to 1% plus accrued interest beginning August 15, 2008. Funding sources for the repayment are property tax revenue deposited into the Successor Agency Private Purpose Trust and used to pay obligations listed on the approved Recognized Obligation Payment Schedule (ROPS). For the current year, total principal and interest paid on the tax allocation bonds series 2000 were \$140,000, and \$94,040, respectively. The total amount outstanding as of June 30, 2014, was \$1,500,000.

The annual debt service requirements for the 2000 Tax Allocation Bonds outstanding at June 30, 2014 were as follows:

Year Ending	Principal	Interest	Total
June 30,			
2015	\$ 150,000	\$ 85,738	\$ 235,738
2016	150,000	76,785	226,785
2017	160,000	67,130	227,130
2018	170,000	56,805	226,805
2019	180,000	45,795	225,795
2020-2022	690,000	61,898	751,898
<b>Total</b>	<b>\$ 1,500,000</b>	<b>\$ 394,150</b>	<b>\$ 1,894,150</b>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**15. SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES, Continued**

*C Long-Term Debt, Continued*

Tax Allocation Bonds Series 2003 A

Tax Allocation Bonds in the amount of \$6,475,000 were issued by the former Redevelopment Agency of the City of Walnut Creek on November 1, 2003. The Bonds were issued to refund and defease the 1993 Revenue Bonds, Series A and for other capital items, to acquire property in the Merged Project Area and relocate a Veterans Hall located on the property. The Bonds are due in annual principal installments of \$125,000 to \$545,000 through 2019. Interest rates range from 4.0% to 4.7% and is payable semi-annually on February 15 and August 15. Bonds maturing on or after August 15, 2010, are subject to optional redemption at cost plus accrued interest beginning August 15, 2009. Funding sources for the repayment are tax revenue deposited into the Successor Agency Private Purpose Trust and used to pay obligations listed on the approved Recognized Obligation Payment Schedule (ROPS). For the current year, principal and interest paid on the Series 2003 A Tax Allocation bonds were \$290,000 and \$52,310, respectively. The total amount outstanding as of June 30, 2014, was \$1,045,000.

The annual debt service requirements for the Series 2003 A Tax Allocation Bonds, outstanding at June 30, 2014 were as follows:

Year Ending			
June 30,	Principal	Interest	Total
2015	\$ 260,000	\$ 40,695	\$ 300,695
2016	265,000	29,473	294,473
2017	270,000	17,700	287,700
2018	125,000	8,750	133,750
2019	<u>125,000</u>	<u>2,938</u>	<u>127,938</u>
<b>Total</b>	<b>\$ 1,045,000</b>	<b>\$ 99,555</b>	<b>\$ 1,144,555</b>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**15. SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES, Continued**

*C Long-Term Debt, Continued*

Tax Allocation Bonds Series 2003 B

Tax Allocation Bonds in the amount of \$2,335,000 were issued by the former Redevelopment Agency of the City of Walnut Creek on November 1, 2003. The Bonds were issued to refund and defease the 1993 Revenue Bonds, Series A, and for other capital items, to acquire property in the Merged Project Area and relocate a Veterans Hall located on the property. The Bonds were issued at a premium of \$72,725, which will be amortized over the life of the Bonds on the Successor Agency Trust fund financial statements using the straight line method. The Bonds are due in annual principal installments. The interest rate is 6.0% and is payable semi-annually on February 15 and August 15. Bonds maturing on or after August 15, 2010, are subject to optional redemption at cost plus accrued interest beginning August 15, 2010. Funding sources for the repayment are property tax revenue deposited into the Successor Agency Private Purpose Trust and used to pay obligations listed on the approved Recognized Obligation Payment Schedule (ROPS). For the current year, principal and interest paid on the Series 2003 B Tax Allocation Bonds were \$(140,000) and \$15,600, respectively. The total amount outstanding as of June 30, 2014, was \$190,000.

The annual debt service requirements for the Series 2003 B Tax Allocation Bonds outstanding at June 30, 2014 were as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 190,000	\$ 5,700	\$ 195,700
<b>Total</b>	<u>190,000</u>	<u>\$ 5,700</u>	<u>\$ 195,700</u>
Plus unamortized bond issuance premium	<u>16,785</u>		
<b>Net</b>	<u>\$ 206,785</u>		

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



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**15. SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES, Continued**

*C Long-Term Debt, Continued*

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

As of the end of fiscal year 2013-14, a) the total remaining RPTTF deposits which the Successor Agency is permitted to receive is \$5,126,946 and b) the aggregate amount of debt service coming due and payable on the Bonds from the RPTTF is \$2,751,785.

As of June 30, 2014, the aggregate amount of RPTTF deposits which the Successor Agency is permitted to receive exceeds 105% (minimum requirement) of the aggregate amount of Annual Debt Service remaining to be paid on all Outstanding Bonds.

**16. SUBSEQUENT EVENTS**

The City executed a Disposition and Development Agreement in September 2012 with BH Development to purchase and develop a 6,200± square foot City-owned parking lot located at 1500 Mt. Diablo Boulevard. On July 10, 2014, the City closed escrow for the sale of the parking lot in the amount of \$2.6 million.

On August 5, 2014, the City formed Shadelands Property and Business Improvement District (SPBID) under the Property and Business Improvement District Law of 1994 and Streets and Highways Code §36600 et seq. The assessment levied for the SPBID shall be applied towards economic revitalization and maintenance programs, including an added BART shuttle, asset protection, improvements to ease access and attractiveness, advocacy and wayfinding services. Total assessments levied will be approximately \$386,000 annually.



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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**City of Walnut Creek**  
**Required Supplementary Information**  
**For the year ended June 30, 2014**

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**1. 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 Combined Statement of Revenues, Expenditures and Other Financing Sources (Uses) - 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 commitments 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 reappropriated and honored in the subsequent year.



**City of Walnut Creek**  
**Required Supplementary Information**  
**For the year ended June 30, 2014**

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**2. PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**SCHEDULE OF FUNDING PROGRESS**

*Miscellaneous Employees Plan*

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets*</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Actuarial Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Actuarial Unfunded Liability as % of Covered Payroll</u>
6/30/2011	\$123,990,125	\$ 154,890,638	\$ (30,900,513)	80.1%	\$ 22,013,414	140.4%
6/30/2012	128,320,816	160,274,554	(31,953,738)	80.1%	20,798,094	153.6%
6/30/2013	117,883,187	166,724,851	(48,841,664)	70.7%	20,523,071	238.0%

\* Beginning with the 6/30/2013 valuation Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Smoothing Policy. This resulted in a decrease in asset value for 6/30/2013 due to a change in asset valuation methodology.

The schedule shows an analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability (UAAL) as a percentage of the annual covered payroll as of the three most recent actuarial reports.

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**REQUIRED  
SUPPLEMENTAL INFORMATION**

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**City of Walnut Creek**  
**Required Supplementary Information - General Fund**  
**For the Year Ended June 30, 2014**

**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		
<b>REVENUES:</b>				
Taxes				
Sales and use	\$ 19,527,868	\$ 20,087,868	\$ 21,493,621	\$ 1,405,753
Property	16,148,780	16,598,780	17,322,166	723,386
Business license	1,964,958	1,964,958	2,194,783	229,825
Franchise	3,192,555	3,192,505	3,344,495	151,990
Transient occupancy tax	1,353,696	1,641,696	1,768,079	126,383
Other	257,500	399,550	554,244	154,694
Intergovernmental	114,250	114,250	63,733	(50,517)
Investment and rental income	1,060,717	913,717	1,147,736	234,019
Charges for services	13,781,885	14,622,585	16,241,333	1,618,748
Licenses, permits and fees	1,797,995	2,028,595	1,986,301	(42,294)
Fines, forfeitures and penalties	7,648,171	7,856,605	8,851,688	995,083
<b>Total revenues</b>	<b>66,848,375</b>	<b>69,421,109</b>	<b>74,968,179</b>	<b>5,547,070</b>
<b>EXPENDITURES:</b>				
Current:				
Public protection	22,805,173	24,065,515	23,002,235	1,063,280
Public service	15,476,950	16,048,902	15,891,793	157,109
Community development	4,326,974	4,950,455	5,584,803	(634,348)
Arts, recreation and community services	13,194,022	13,910,204	13,299,234	610,970
Administrative services	6,055,388	6,655,794	5,946,055	709,739
General government	3,477,813	3,690,520	3,661,932	28,588
Debt Service:				
Principal retirement	35,484	35,484	38,245	(2,761)
<b>Total expenditures</b>	<b>65,371,804</b>	<b>69,356,874</b>	<b>67,424,297</b>	<b>1,932,577</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,476,571</b>	<b>64,235</b>	<b>7,543,882</b>	<b>7,479,647</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	882,673	882,510	880,940	(1,570)
Transfers (out)	(2,679,681)	(2,433,989)	(7,526,894)	(5,092,905)
<b>Total other financing sources (uses)</b>	<b>(1,797,008)</b>	<b>(1,551,479)</b>	<b>(6,645,954)</b>	<b>(5,094,475)</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ (320,437)</b>	<b>\$ (1,487,244)</b>	<b>\$ 897,928</b>	<b>\$ 2,385,172</b>
<b>FUND BALANCES:</b>				
Beginning of year			34,838,508	
End of year			<b>\$ 35,736,436</b>	



**City of Walnut Creek**  
**Required Supplementary Information**  
**Housing Successor Agency Special Revenue Fund**  
**For the Year Ended June 30, 2014**

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ 9,000	\$ 2,000	\$ 21,597	\$ 19,597
Other	65,000	65,000	92,300	27,300
<b>Total revenues</b>	<b>74,000</b>	<b>67,000</b>	<b>113,897</b>	<b>46,897</b>
<b>EXPENDITURES:</b>				
Current:				
Housing	65,000	72,418	65,037	7,381
<b>Total expenditures</b>	<b>65,000</b>	<b>72,418</b>	<b>65,037</b>	<b>7,381</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>9,000</b>	<b>(5,418)</b>	<b>48,860</b>	<b>54,278</b>
<b>Net change in fund balance</b>	<b>\$ 9,000</b>	<b>\$ (5,418)</b>	<b>48,860</b>	<b>\$ 54,278</b>
<b>FUND BALANCE:</b>				
Beginning of year			310,017	
End of year			\$ 358,877	



**City of Walnut Creek**  
**Required Supplementary Information**  
**Housing Special Revenue Fund**  
**For the Year Ended June 30, 2014**

**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		
<b>REVENUES:</b>				
Charge for Services	\$ 3,447,125	\$ 3,534,675	\$ 4,204,424	\$ 669,749
Fines, forfeitures and penalties	5,750	5,750	-	(5,750)
Investment and rental income	51,360	38,260	39,658	1,398
Other	3,620	3,620	81,680	78,060
<b>Total revenues</b>	<b>3,507,855</b>	<b>3,582,305</b>	<b>4,325,762</b>	<b>743,457</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	375,826	382,259	159,098	223,161
Housing	314,677	658,670	1,653,795	(995,125)
<b>Total expenditures</b>	<b>690,503</b>	<b>1,040,929</b>	<b>1,812,893</b>	<b>(771,964)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,817,352</b>	<b>2,541,376</b>	<b>2,512,869</b>	<b>(28,507)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in	280,000	280,000	280,000	-
<b>Total other financing sources (uses)</b>	<b>280,000</b>	<b>280,000</b>	<b>280,000</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 3,097,352</b>	<b>\$ 2,821,376</b>	<b>2,792,869</b>	<b>\$ (28,507)</b>
<b>FUND BALANCE:</b>				
Beginning of year			1,577,661	
End of year			\$ 4,370,530	





**City of Walnut Creek**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual**  
**CDBG Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 230,880	\$ 457,490	\$ 304,218	\$ (153,272)
Other revenue	-	219,119	219,119	-
<b>Total revenues</b>	<b>230,880</b>	<b>676,609</b>	<b>523,337</b>	<b>(153,272)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	59,500	59,500	59,493	7
Housing	171,380	520,659	463,844	56,815
<b>Total expenditures</b>	<b>230,880</b>	<b>580,159</b>	<b>523,337</b>	<b>56,822</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>96,450</b>	<b>-</b>	<b>(96,450)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ 96,450</b>	<b>\$ -</b>	<b>\$ (96,450)</b>
<b>FUND BALANCE:</b>				
Beginning of year			-	
End of year			\$ -	

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# SUPPLEMENTAL INFORMATION

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# NON-MAJOR GOVERNMENTAL FUNDS

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## Special Revenue Funds:

*Library Parcel Tax* - accounts for assessments to Walnut Creek residents from taxes levied by the City (related to Measure Q) to fund additional hours of service at both City library locations

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

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

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

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

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

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

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

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

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

*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 monies apportioned under Proposition 42 by the State of California, which must be used for local street and road repairs



# NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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## 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



**City of Walnut Creek**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2014**  
**(With comparative information for the prior year)**

	Special Revenue			
	Library			
	Parcel Tax	General Plan Update	Open Space	Revolving Loans
<b>ASSETS</b>				
<b>Current:</b>				
Cash and investments	\$ 1,019,014	\$ 486,172	\$ 26,993	\$ 677,000
Accounts receivable	-	971	1,205	-
Interest receivable	1,864	662	-	1,368
Due from other governments	-	-	-	-
Notes and loans receivable	-	-	-	335,000
Advances to other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 1,020,878</b>	<b>\$ 487,805</b>	<b>\$ 28,198</b>	<b>\$ 1,013,368</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and other accrued liabilities	\$ 155,832	\$ 7,732	\$ 15,072	\$ -
Accrued payroll	-	-	13,126	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>155,832</b>	<b>7,732</b>	<b>28,198</b>	<b>-</b>
<b>Deferred Inflow of Resources:</b>				
Unavailable resources-notes and loans	\$ -	\$ -	\$ -	\$ 335,000
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>335,000</b>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	-
Restricted	865,046	-	-	-
Committed	-	-	-	-
Assigned	-	480,073	-	678,368
<b>Total fund balances</b>	<b>865,046</b>	<b>480,073</b>	<b>-</b>	<b>678,368</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,020,878</b>	<b>\$ 487,805</b>	<b>\$ 28,198</b>	<b>\$ 1,013,368</b>

Special Revenue

Traffic Safety/ Police Grants	PEG Access Fees/ Grants	Gas Tax	NPDES	Measure J	Shadelands Park Maintenance	Alternative Energy	Traffic Congestion Relief
\$ -	\$ 2,101,378	\$ 4,318,141	\$ 3,215,245	\$ 2,122,993	\$ 1,179,503	\$ 21,871	\$ 459
385,390	94,606	197,597	1,240	-	-	-	1
-	3,289	6,150	5,021	2,953	1,835	30	-
-	-	-	-	923,467	-	-	-
102,926	-	-	-	-	-	-	-
-	1,000,000	-	-	-	900,000	-	-
<u>\$ 488,316</u>	<u>\$ 3,199,273</u>	<u>\$ 4,521,888</u>	<u>\$ 3,221,506</u>	<u>\$ 3,049,413</u>	<u>\$ 2,081,338</u>	<u>\$ 21,901</u>	<u>\$ 460</u>
\$ 64,222	\$ 24,798	\$ -	\$ 38,127	\$ -	\$ -	\$ -	\$ -
245	5,390	-	5,267	-	-	-	-
287,894	-	-	-	-	-	-	-
14,490	-	-	-	-	-	-	-
<u>366,851</u>	<u>30,188</u>	<u>-</u>	<u>43,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 102,926	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
102,926	-	-	-	-	-	-	-
-	1,000,000	-	-	-	900,000	-	-
18,539	2,169,085	4,521,888	3,178,112	3,049,413	1,181,338	-	460
-	-	-	-	-	-	-	-
-	-	-	-	-	-	21,901	-
<u>18,539</u>	<u>3,169,085</u>	<u>4,521,888</u>	<u>3,178,112</u>	<u>3,049,413</u>	<u>2,081,338</u>	<u>21,901</u>	<u>460</u>
<u>\$ 488,316</u>	<u>\$ 3,199,273</u>	<u>\$ 4,521,888</u>	<u>\$ 3,221,506</u>	<u>\$ 3,049,413</u>	<u>\$ 2,081,338</u>	<u>\$ 21,901</u>	<u>\$ 460</u>

(Continued)



**City of Walnut Creek**  
**Combining Balance Sheet, Continued**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2014**  
**(With comparative information for the prior year)**

	Capital Project				
	In Lieu Underground	Storm Drain	Traffic Impact Mitigation	Other In Lieu / Mitigation Fees	In Lieu Park
<b>ASSETS</b>					
<b>Current:</b>					
Cash and investments	\$ 1,826,273	\$ 488,765	\$ 6,701,304	\$ 698,619	\$ 3,394,149
Accounts receivable	-	-	-	5,000	-
Interest receivable	2,856	764	9,672	1,221	5,021
Due from other governments	-	-	-	-	-
Notes and loans receivable	-	-	-	-	-
Advances to other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,829,129</b>	<b>\$ 489,529</b>	<b>\$ 6,710,976</b>	<b>\$ 704,840</b>	<b>\$ 3,399,170</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and other accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflow of Resources:</b>					
Unavailable resources-notes and loans	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total deferred inflow of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	1,829,129	489,529	6,710,976	704,840	3,399,170
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
<b>Total fund balances</b>	<b>1,829,129</b>	<b>489,529</b>	<b>6,710,976</b>	<b>704,840</b>	<b>3,399,170</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,829,129</b>	<b>\$ 489,529</b>	<b>\$ 6,710,976</b>	<b>\$ 704,840</b>	<b>\$ 3,399,170</b>



Capital Project			
In Lieu Parking	Local	Totals	
	Improvement Districts	2014	2013
\$ 323,368	\$ 947,925	\$ 29,549,172	\$ 26,374,642
-	-	686,010	651,779
505	1,482	44,693	35,606
-	-	923,467	929,740
-	-	437,926	3,106,796
-	-	1,900,000	2,455,482
<u>\$ 323,873</u>	<u>\$ 949,407</u>	<u>\$ 33,541,268</u>	<u>\$ 33,554,045</u>
\$ -	\$ -	\$ 305,783	\$ 276,245
-	-	24,028	25,687
-	-	287,894	286,994
-	-	14,490	3,106,796
-	-	632,195	3,695,722
\$ -	\$ -	\$ 437,926	\$ -
-	-	437,926	-
-	-	1,900,000	2,684,982
323,873	949,407	29,390,805	26,354,904
-	-	-	-
-	-	1,180,342	818,437
<u>323,873</u>	<u>949,407</u>	<u>32,471,147</u>	<u>29,858,323</u>
<u>\$ 323,873</u>	<u>\$ 949,407</u>	<u>\$ 33,541,268</u>	<u>\$ 33,554,045</u>



**City of Walnut Creek**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2014**  
**(With comparative information for the prior year)**

	Special Revenue				
	Library Parcel Tax	General Plan Update	Open Space	Revolving Loans	Traffic Safety/ Police Grants
<b>REVENUES:</b>					
Taxes:					
Sales and use	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	489,635	-	-
Intergovernmental	-	-	-	-	647,950
Investment and rental income	8,020	2,156	94,463	5,000	115
Charges for services	-	-	36,454	-	-
Fines, forfeitures and penalties	-	-	-	-	150,352
Other revenues	-	236,305	1,205	123,780	-
<b>Total revenues</b>	<b>8,020</b>	<b>238,461</b>	<b>621,757</b>	<b>128,780</b>	<b>798,417</b>
<b>EXPENDITURES:</b>					
Current:					
Public protection	-	-	-	-	364,937
Public service	-	-	1,004,961	-	51,090
Community development	-	45,611	-	200,000	303,465
Housing	-	-	-	-	-
Arts, recreation and community services	888,149	-	-	-	-
General government	-	-	-	-	1,919
<b>Total expenditures</b>	<b>888,149</b>	<b>45,611</b>	<b>1,004,961</b>	<b>200,000</b>	<b>721,411</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(880,129)</b>	<b>192,850</b>	<b>(383,204)</b>	<b>(71,220)</b>	<b>77,006</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	383,204	-	-
Transfers (out)	-	-	-	-	(113,472)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>383,204</b>	<b>-</b>	<b>(113,472)</b>
<b>Net change in fund balances</b>	<b>(880,129)</b>	<b>192,850</b>	<b>-</b>	<b>(71,220)</b>	<b>(36,466)</b>
<b>FUND BALANCES:</b>					
Beginning of the year	1,745,175	287,223	-	749,588	55,005
End of the year	<b>\$ 865,046</b>	<b>\$ 480,073</b>	<b>\$ -</b>	<b>\$ 678,368</b>	<b>\$ 18,539</b>

Special Revenue

PEG Access Fees/ Grants	Gas Tax	NPDES	Measure J	Shadelands Park Maintenance	Alternative Energy	Traffic Congestion Relief
\$ -	\$ -	\$ -	\$ 923,467	\$ -	\$ -	\$ -
-	-	1,143,848	-	-	-	-
-	2,081,864	-	-	-	-	-
12,091	21,211	16,906	10,738	3,043	101	3
340,205	-	-	-	-	-	-
-	-	-	-	-	-	-
36,200	-	23,652	-	5,250	10,674	-
388,496	2,103,075	1,184,406	934,205	8,293	10,775	3
-	-	-	-	-	-	-
-	-	1,078,771	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
337,872	-	-	-	-	-	-
337,872	-	1,078,771	-	-	-	-
50,624	2,103,075	105,635	934,205	8,293	10,775	3
-	-	-	-	1,173,045	-	-
-	(565,000)	-	(1,580,598)	-	-	-
-	(565,000)	-	(1,580,598)	1,173,045	-	-
50,624	1,538,075	105,635	(646,393)	1,181,338	10,775	3
3,118,461	2,983,813	3,072,477	3,695,806	900,000	11,126	457
\$ 3,169,085	\$ 4,521,888	\$ 3,178,112	\$ 3,049,413	\$ 2,081,338	\$ 21,901	\$ 460

(Continued)



# City of Walnut Creek

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

For the Year Ended June 30, 2014

(With comparative information for the prior year)

	Capital Project			
	In Lieu Underground	Storm Drain	Traffic Impact Mitigation	Other In Lieu / Mitigation Fees
<b>REVENUES:</b>				
Taxes:				
Sales and use	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Intergovernmental	-	-	-	-
Investment and rental income	10,551	2,824	33,323	4,592
Charges for services	-	-	-	86,987
Fines, forfeitures and penalties	-	-	-	-
Other revenues	-	-	1,388,164	-
<b>Total revenues</b>	<b>10,551</b>	<b>2,824</b>	<b>1,421,487</b>	<b>91,579</b>
<b>EXPENDITURES:</b>				
Current:				
Public protection	-	-	-	-
Public service	-	-	225	-
Community development	-	-	-	-
Housing	-	-	-	-
Arts, recreation and cultural Services	-	-	-	-
General government	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>225</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>10,551</b>	<b>2,824</b>	<b>1,421,262</b>	<b>91,579</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	50,258	-
Transfers (out)	-	-	(107,858)	(163,546)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(57,600)</b>	<b>(163,546)</b>
<b>Net change in fund balances</b>	<b>10,551</b>	<b>2,824</b>	<b>1,363,662</b>	<b>(71,967)</b>
<b>FUND BALANCES:</b>				
Beginning of the year	1,818,578	486,705	5,347,314	776,807
End of the year	\$ 1,829,129	\$ 489,529	\$ 6,710,976	\$ 704,840

Capital Project				
In Lieu Park	In Lieu Parking	Local Improvement Districts	Totals	
			2014	2013
\$ -	\$ -	\$ -	\$ 923,467	\$ 929,740
-	-	-	1,633,483	1,674,663
-	-	-	2,729,814	2,532,085
16,414	1,847	9,010	252,408	248,340
-	8,030	-	471,676	423,874
-	-	-	150,352	151,685
1,250,000	-	26,250	3,101,480	1,431,647
1,266,414	9,877	35,260	9,262,680	7,392,034
-	-	-	364,937	253,619
408	-	2,085	2,137,540	2,155,567
-	-	-	549,076	587,120
-	-	-	-	150,220
-	-	-	888,149	847,816
-	-	-	339,791	321,998
408	-	2,085	4,279,493	4,316,340
1,266,006	9,877	33,175	4,983,187	3,075,694
315,750	-	-	1,922,257	5,789,006
(641,569)	-	(1,120,577)	(4,292,620)	(5,504,221)
(325,819)	-	(1,120,577)	(2,370,363)	284,785
940,187	9,877	(1,087,402)	2,612,824	3,360,479
2,458,983	313,996	2,036,809	29,858,323	26,497,844
\$ 3,399,170	\$ 323,873	\$ 949,407	\$ 32,471,147	\$ 29,858,323



**City of Walnut Creek**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual**  
**Library Parcel Tax Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ 7,000	\$ 4,000	\$ 8,020	\$ 4,020
<b>Total revenues</b>	<u>7,000</u>	<u>4,000</u>	<u>8,020</u>	<u>4,020</u>
<b>EXPENDITURES:</b>				
Current:				
Arts, recreation and community services	<u>1,036,176</u>	<u>1,015,694</u>	<u>888,149</u>	<u>127,545</u>
<b>Total expenditures</b>	<u>1,036,176</u>	<u>1,015,694</u>	<u>888,149</u>	<u>127,545</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,029,176)</u>	<u>(1,011,694)</u>	<u>(880,129)</u>	<u>131,565</u>
<b>Net change in fund balance</b>	<u>\$ (1,029,176)</u>	<u>\$ (1,011,694)</u>	<u>(880,129)</u>	<u>\$ 131,565</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1,745,175</u>	
End of year			<u>\$ 865,046</u>	



**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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ 3,000	\$ 2,000	\$ 2,156	\$ 156
Other revenue	76,000	76,000	236,305	160,305
<b>Total revenues</b>	<b>79,000</b>	<b>78,000</b>	<b>238,461</b>	<b>160,461</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	45,611	45,611	-
<b>Total expenditures</b>	<b>-</b>	<b>45,611</b>	<b>45,611</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>32,389</b>	<b>192,850</b>	<b>160,461</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ 32,389</b>	<b>192,850</b>	<b>\$ 160,461</b>
<b>FUND BALANCE:</b>				
Beginning of year			287,223	
End of year			\$ 480,073	



**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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Other taxes	\$ 411,873	\$ 411,873	\$ 489,635	\$ 77,762
Investment and rental income	105,453	105,453	94,463	(10,990)
Charges for services	35,454	35,454	36,454	1,000
<b>Total revenues</b>	<b>552,780</b>	<b>552,780</b>	<b>621,757</b>	<b>68,977</b>
<b>EXPENDITURES:</b>				
Current:				
Public service	1,002,461	1,010,329	1,004,961	5,368
<b>Total expenditures</b>	<b>1,002,461</b>	<b>1,010,329</b>	<b>1,004,961</b>	<b>5,368</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(449,681)</b>	<b>(457,549)</b>	<b>(383,204)</b>	<b>74,345</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in	449,681	453,989	383,204	(70,785)
<b>Total other financing sources (uses)</b>	<b>449,681</b>	<b>453,989</b>	<b>383,204</b>	<b>(70,785)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (3,560)</b>	<b>-</b>	<b>\$ 3,560</b>
<b>FUND BALANCE:</b>				
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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ 5,000	\$ 4,000	\$ 5,000	\$ 1,000
Other revenue	-	-	123,780	123,780
<b>Total revenues</b>	<b>5,000</b>	<b>4,000</b>	<b>128,780</b>	<b>124,780</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	45,000	45,000	200,000	(155,000)
<b>Total expenditures</b>	<b>45,000</b>	<b>45,000</b>	<b>200,000</b>	<b>(155,000)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(40,000)</b>	<b>(41,000)</b>	<b>(71,220)</b>	<b>(30,220)</b>
<b>Net change in fund balance</b>	<b>\$ (40,000)</b>	<b>\$ (41,000)</b>	<b>(71,220)</b>	<b>\$ (30,220)</b>
<b>FUND BALANCE:</b>				
Beginning of year			749,588	
End of year			\$ 678,368	



# City of Walnut Creek

## Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual Traffic Safety/Grants Special Revenue Fund For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 257,367	\$ 354,187	\$ 647,950	\$ 293,763
Investment and rental income	3,180	2,380	115	(2,265)
Fines, forfeitures and penalties	155,969	155,969	150,352	(5,617)
<b>Total revenues</b>	<b>416,516</b>	<b>512,536</b>	<b>798,417</b>	<b>285,881</b>
<b>EXPENDITURES:</b>				
Current:				
Public protection	100,000	100,000	364,937	(264,937)
Public services	-	-	51,090	(51,090)
Community development	-	100,000	303,465	(203,465)
Housing	-	550,000	-	550,000
General government	-	-	1,919	(1,919)
<b>Total expenditures</b>	<b>100,000</b>	<b>750,000</b>	<b>721,411</b>	<b>28,589</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>316,516</b>	<b>(237,464)</b>	<b>77,006</b>	<b>314,470</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer (out)	(155,969)	(155,969)	(113,472)	42,497
<b>Total other financing sources (uses)</b>	<b>(155,969)</b>	<b>(155,969)</b>	<b>(113,472)</b>	<b>42,497</b>
<b>Net change in fund balance</b>	<b>\$ 160,547</b>	<b>\$ (393,433)</b>	<b>(36,466)</b>	<b>\$ 356,967</b>
<b>FUND BALANCE:</b>				
Beginning of year			55,005	
End of year			\$ 18,539	



**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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ 15,000	\$ 11,000	\$ 12,091	\$ 1,091
Charges for services	317,868	317,868	340,205	22,337
Other revenue	35,000	35,000	36,200	1,200
<b>Total revenues</b>	<b>367,868</b>	<b>363,868</b>	<b>388,496</b>	<b>24,628</b>
<b>EXPENDITURES:</b>				
Current:				
General government	340,680	401,023	337,872	63,151
<b>Total expenditures</b>	<b>340,680</b>	<b>401,023</b>	<b>337,872</b>	<b>63,151</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>27,188</b>	<b>(37,155)</b>	<b>50,624</b>	<b>87,779</b>
<b>Net change in fund balance</b>	<b>\$ 27,188</b>	<b>\$ (37,155)</b>	<b>50,624</b>	<b>\$ 87,779</b>
<b>FUND BALANCE:</b>				
Beginning of year			3,118,461	
End of year			\$ 3,169,085	



**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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 1,670,951	\$ 1,875,068	\$ 2,081,864	\$ 206,796
Investment and rental income	13,000	10,000	21,211	11,211
<b>Total revenues</b>	<b>1,683,951</b>	<b>1,885,068</b>	<b>2,103,075</b>	<b>218,007</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,683,951</b>	<b>1,885,068</b>	<b>2,103,075</b>	<b>218,007</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in	-	-	-	-
Transfer (out)	(565,000)	(1,815,000)	(565,000)	1,250,000
<b>Total other financing sources (uses)</b>	<b>(565,000)</b>	<b>(1,815,000)</b>	<b>(565,000)</b>	<b>1,250,000</b>
<b>Net change in fund balance</b>	<b>\$ 1,118,951</b>	<b>\$ 70,068</b>	<b>1,538,075</b>	<b>\$ 1,468,007</b>
<b>FUND BALANCE:</b>				
Beginning of year			2,983,813	
End of year			\$ 4,521,888	



# 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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Other taxes	\$ 1,235,400	\$ 1,235,400	\$ 1,143,848	\$ (91,552)
Investment and rental income	8,000	6,000	16,906	10,906
Other revenue	21,242	21,242	23,652	2,410
<b>Total revenues</b>	<b>1,264,642</b>	<b>1,262,642</b>	<b>1,184,406</b>	<b>(78,236)</b>
<b>EXPENDITURES:</b>				
Current:				
Public service	1,419,768	1,382,547	1,078,771	303,776
<b>Total expenditures</b>	<b>1,419,768</b>	<b>1,382,547</b>	<b>1,078,771</b>	<b>303,776</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(155,126)</b>	<b>(119,905)</b>	<b>105,635</b>	<b>225,540</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer (out)	-	(100,000)	-	100,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(100,000)</b>	<b>-</b>	<b>100,000</b>
<b>Net change in fund balance</b>	<b>\$ (155,126)</b>	<b>\$ (219,905)</b>	<b>105,635</b>	<b>\$ 325,540</b>
<b>FUND BALANCE:</b>				
Beginning of year			3,072,477	
End of year			<b>\$ 3,178,112</b>	



**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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Sales and use tax	\$ 894,000	\$ 894,000	\$ 923,467	\$ 29,467
Investment and rental income	31,000	23,000	10,738	(12,262)
<b>Total revenues</b>	<b>925,000</b>	<b>917,000</b>	<b>934,205</b>	<b>17,205</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>925,000</b>	<b>917,000</b>	<b>934,205</b>	<b>17,205</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer (out)	-	(1,500,000)	(1,580,598)	(80,598)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(1,500,000)</b>	<b>(1,580,598)</b>	<b>(80,598)</b>
<b>Net change in fund balance</b>	<b>\$ 925,000</b>	<b>\$ (583,000)</b>	<b>(646,393)</b>	<b>\$ (63,393)</b>
<b>FUND BALANCE:</b>				
Beginning of year			3,695,806	
End of year			\$ 3,049,413	



**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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ -	\$ -	\$ 3,043	\$ 3,043
Other	-	-	5,250	5,250
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>8,293</b>	<b>8,293</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>8,293</b>	<b>8,293</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in	-	-	1,173,045	1,173,045
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>1,173,045</b>	<b>1,173,045</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,181,338</b>	<b>\$ 1,181,338</b>
<b>FUND BALANCE:</b>				
Beginning of year			900,000	
End of year			\$ 2,081,338	



**City of Walnut Creek**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Alternative Energy Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ -	\$ -	\$ 101	\$ 101
Other revenue	-	-	10,674	10,674
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>10,775</b>	<b>10,775</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>10,775</b>	<b>10,775</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>10,775</b>	<b>\$ 10,775</b>
<b>FUND BALANCE:</b>				
Beginning of year			11,126	
End of year			\$ 21,901	





**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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ -	\$ -	\$ 3	\$ 3
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>3</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>				
	<b>-</b>	<b>-</b>	<b>3</b>	<b>3</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>3</b>	<b>\$ 3</b>
<b>FUND BALANCE:</b>				
Beginning of year			457	
End of year			\$ 460	

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# INTERNAL SERVICE FUNDS

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

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

*Police Radio Fund* accumulates funds for the replacement of police radios

*Equipment Replacement Fund - RCA* 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

*Major Roadway Reconstruction Fund* accumulates funds for the reconstruction of arterial roads as necessary

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



**City of Walnut Creek**  
**Combining Statement of Net Position**  
**All Internal Service Funds**  
**For the Year Ended June 30, 2014**

(With comparative information for the prior year)

	Vehicle Rental	Police Radio	Equipment Replacement RCA	Equipment Replacement IT
<b>ASSETS</b>				
Current assets:				
Cash	\$ 1,427,992	\$ 498,661	\$ 44,692	\$ 5,405,971
Prepaid expense	-	18,036	-	-
Accounts receivable	41,291	-	-	1,947
Interest Receivable	2,265	800	118	6,756
Total current assets	<u>1,471,548</u>	<u>517,497</u>	<u>44,810</u>	<u>5,414,674</u>
Capital assets:				
Vehicles	7,922,765	-	-	-
Buildings	-	-	-	-
Machinery and equipment	-	1,729,717	59,364	1,981,946
Accumulated depreciation	(5,318,591)	(239,471)	(10,688)	(1,072,210)
Total capital assets	<u>2,604,174</u>	<u>1,490,246</u>	<u>48,676</u>	<u>909,736</u>
<b>Total assets</b>	<u>4,075,722</u>	<u>2,007,743</u>	<u>93,486</u>	<u>6,324,410</u>
<b>LIABILITIES</b>				
Accounts payable	136,274	10,733	2,337	142,084
Total current liabilities	<u>136,274</u>	<u>10,733</u>	<u>2,337</u>	<u>142,084</u>
Long term debt due in more than one year				
Advances from other funds (Note 5)	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>136,274</u>	<u>10,733</u>	<u>2,337</u>	<u>142,084</u>
<b>NET POSITION</b>				
Net investment in capital assets	2,604,174	1,490,246	48,676	909,736
Unrestricted	1,335,274	506,764	42,473	5,272,590
<b>Total net position</b>	<u>\$ 3,939,448</u>	<u>\$ 1,997,010</u>	<u>\$ 91,149</u>	<u>\$ 6,182,326</u>

Equipment Replacement ASD	Equipment Replacement GF	Facilities Replacement ASD	Major Roadway Reconstruction	PERS Safety Side Fund Liability	Totals	
					2014	2013
\$ 1,102	\$ 1,501,228	\$ 301,688	\$ 491,218	\$ -	\$ 9,672,552	\$ 8,072,237
-	-	-	-	-	18,036	-
-	-	-	-	-	43,238	1,972
2	2,347	472	768	-	13,528	-
<u>1,104</u>	<u>1,503,575</u>	<u>302,160</u>	<u>491,986</u>	<u>-</u>	<u>9,747,354</u>	<u>8,074,209</u>
-	-	-	-	-	7,922,765	7,460,143
-	-	235,000	-	-	235,000	235,000
-	259,176	-	-	-	4,030,203	3,682,052
-	(121,203)	(37,208)	-	-	(6,799,371)	(6,290,990)
-	137,973	197,792	-	-	5,388,597	5,086,205
<u>1,104</u>	<u>1,641,548</u>	<u>499,952</u>	<u>491,986</u>	<u>-</u>	<u>15,135,951</u>	<u>13,160,414</u>
-	-	-	-	-	291,428	41,041
-	-	-	-	-	291,428	41,041
-	-	-	-	8,218,685	8,218,685	9,471,481
-	-	-	-	8,218,685	8,218,685	9,471,481
-	-	-	-	8,218,685	8,510,113	9,512,522
-	137,973	197,792	-	-	5,388,597	5,086,205
<u>1,104</u>	<u>1,503,575</u>	<u>302,160</u>	<u>491,986</u>	<u>(8,218,685)</u>	<u>1,237,241</u>	<u>(1,438,313)</u>
<u>\$ 1,104</u>	<u>\$ 1,641,548</u>	<u>\$ 499,952</u>	<u>\$ 491,986</u>	<u>\$ (8,218,685)</u>	<u>\$ 6,625,838</u>	<u>\$ 3,647,892</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, 2014**  
 (With comparative information for the prior year)

	Vehicle Rental	Police Radio	Equipment Replacement RCA	Equipment Replacement IT
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 731,265	\$ 41,310	\$ -	\$ 1,319,055
<b>Total operating revenues</b>	<b>731,265</b>	<b>41,310</b>	<b>-</b>	<b>1,319,055</b>
<b>OPERATING EXPENSES:</b>				
Supplies and services	-	-	-	108,408
Repairs and maintenance	314,338	20,272	2,337	283,270
Depreciation	548,575	168,012	2,282	282,828
<b>Total operating expenses</b>	<b>862,913</b>	<b>188,284</b>	<b>4,619</b>	<b>674,506</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(131,648)</b>	<b>(146,974)</b>	<b>(4,619)</b>	<b>644,549</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and related expenses	4,630	1,622	244	13,443
Gain (loss) on sale of vehicles	6,593	-	-	(27,108)
<b>Total nonoperating revenues (expenses)</b>	<b>11,223</b>	<b>1,622</b>	<b>244</b>	<b>(13,665)</b>
<b>Net (loss) before contributions and operating transfers</b>	<b>(120,425)</b>	<b>(145,352)</b>	<b>(4,375)</b>	<b>630,884</b>
Capital contributions	-	240,615	-	-
Transfers in	-	-	-	1,186,000
Transfers (out)	-	(14,551)	-	-
<b>Change in net position</b>	<b>(120,425)</b>	<b>80,712</b>	<b>(4,375)</b>	<b>1,816,884</b>
<b>NET POSITION:</b>				
Beginning of the year	4,059,873	1,916,298	95,524	4,365,442
End of the year	<b>\$ 3,939,448</b>	<b>\$ 1,997,010</b>	<b>\$ 91,149</b>	<b>\$ 6,182,326</b>

Equipment Replacement ASD	Equipment Replacement GF	Facilities Replacement ASD	Major Roadway Reconstruction	PERS Safety Side Fund Liability	Totals	
					2014	2013
\$ -	\$ -	\$ -	\$ -	1,584,299	\$ 3,675,929	\$ 3,417,060
-	-	-	-	1,584,299	3,675,929	3,417,060
-	-	-	-	-	108,408	-
-	24,508	-	-	-	644,725	364,049
-	25,654	4,700	-	-	1,032,051	871,172
-	50,162	4,700	-	-	1,785,184	1,235,221
-	(50,162)	(4,700)	-	1,584,299	1,890,745	2,181,839
4	4,720	948	1,544	(331,503)	(304,348)	(380,136)
-	-	-	-	-	(20,515)	(56,779)
4	4,720	948	1,544	(331,503)	(324,863)	(436,915)
4	(45,442)	(3,752)	1,544	1,252,796	1,565,882	1,744,924
-	-	-	-	-	240,615	116,029
-	48,995	-	-	-	1,234,995	1,205,504
-	(48,995)	-	-	-	(63,546)	(81,518)
4	(45,442)	(3,752)	1,544	1,252,796	2,977,946	2,984,939
1,100	1,686,990	503,704	490,442	(9,471,481)	3,647,892	662,953
\$ 1,104	\$ 1,641,548	\$ 499,952	\$ 491,986	\$ (8,218,685)	\$ 6,625,838	\$ 3,647,892



**City of Walnut Creek**  
**Combining Statement of Cash Flows**  
**All Internal Service Funds**  
**For the Year Ended June 30, 2014**  
**(With comparative information for the prior year)**

	Vehicle Rental	Police Radio	Equipment Replacement RCA	Equipment Replacement IT	Equipment Replacement ASD
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers	\$ 691,916	\$ 41,310	\$ -	\$ 1,317,138	\$ -
Payments to suppliers	(216,087)	(27,575)	-	(252,612)	-
Internal activity					
Receipts from other funds	-	-	-	-	-
Payments to other funds	-	-	-	-	-
<b>Net cash provided (used) by operating activities</b>	<b>475,829</b>	<b>13,735</b>	<b>-</b>	<b>1,064,526</b>	<b>-</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in	-	-	-	1,186,000	-
Transfers (out)	-	(14,551)	-	-	-
<b>Net cash provided by capital and related financing activities</b>	<b>-</b>	<b>(14,551)</b>	<b>-</b>	<b>1,186,000</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital contributions	-	240,615	-	-	-
Acquisition of capital assets	(911,552)	(300,534)	(43,847)	(67,950)	-
Proceeds from disposal of capital assets	6,593	-	-	(27,108)	-
Interest paid on capital lease	-	-	-	-	-
Principal paid on capital lease	-	-	-	-	-
<b>Net cash (used) by investing activities</b>	<b>(904,959)</b>	<b>(59,919)</b>	<b>(43,847)</b>	<b>(95,058)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Investment income received	2,365	822	126	6,687	2
<b>Net cash (used) by investing activities</b>	<b>2,365</b>	<b>822</b>	<b>126</b>	<b>6,687</b>	<b>2</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(426,765)</b>	<b>(59,913)</b>	<b>(43,721)</b>	<b>2,162,155</b>	<b>2</b>
<b>CASH AND CASH EQUIVALENTS:</b>					
Beginning of the year	1,854,757	558,574	88,413	3,243,816	1,100
End of the year	\$ 1,427,992	\$ 498,661	\$ 44,692	\$ 5,405,971	\$ 1,102
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ (131,648)	\$ (146,974)	\$ (4,619)	\$ 644,549	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	548,575	168,012	2,282	282,828	-
Changes in assets and liabilities:					
Accounts receivable	(39,349)	-	-	(1,917)	-
Prepaid items	-	(18,036)	-	-	-
Due from other funds	-	-	-	-	-
Advance from other funds	-	-	-	-	-
Due to other funds	-	-	-	-	-
Accounts payable	98,251	10,733	2,337	139,066	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ 475,829</b>	<b>\$ 13,735</b>	<b>\$ -</b>	<b>\$ 1,064,526</b>	<b>\$ -</b>



Equipment Replacement GF	Facilities Replacement ASD	Major Roadway Reconstruction	PERS Safety Side Fund Liability	Totals	
				2014	2013
\$ -	\$ -	\$ -	\$ 1,584,299	\$ 3,634,663	\$ 3,455,371
(24,508)	-	-	-	(520,782)	(367,932)
-	-	-	-	-	7,720,857
-	-	-	-	-	(256,953)
(24,508)	-	-	1,584,299	3,113,881	10,551,343
48,995	-	-	-	1,234,995	1,205,504
(48,995)	-	-	-	(63,546)	(81,518)
-	-	-	-	1,171,449	1,123,986
-	-	-	-	240,615	116,029
(10,560)	-	-	-	(1,334,443)	(1,967,481)
-	-	-	-	(20,515)	(56,779)
-	-	-	(331,503)	(331,503)	(380,137)
-	-	-	(1,252,796)	(1,252,796)	(1,314,724)
(10,560)	-	-	(1,584,299)	(2,698,642)	(3,603,092)
2,373	476	776	-	13,627	-
2,373	476	776	-	13,627	-
(32,695)	476	776	-	1,600,315	8,072,237
1,533,923	301,212	490,442	-	8,072,237	-
\$ 1,501,228	\$ 301,688	\$ 491,218	\$ -	\$ 9,672,552	\$ 8,072,237
\$ (50,162)	\$ (4,700)	\$ -	\$ 1,584,299	\$ 1,890,745	\$ 2,181,839
25,654	4,700	-	-	1,032,051	871,172
-	-	-	-	(41,266)	38,311
-	-	-	(10,604,618)	(10,622,654)	(10,604,618)
-	-	-	-	-	7,720,857
-	-	-	10,604,618	10,604,618	10,604,618
-	-	-	-	-	(256,953)
-	-	-	-	250,387	(3,883)
\$ (24,508)	\$ -	\$ -	\$ 1,584,299	\$ 3,113,881	\$ 10,551,343

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# FIDUCIARY FUND TYPES

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## TRUST AND AGENCY FUNDS

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

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

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

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

*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.

*Assessment Districts Group II* accounts for the redemption of special assessment bonds issued for the purposes of acquisition and improvement in Local Improvement District No. 25, Shadelands Park. This fund was closed during the period.

*CCC Solid Waste Authority* accounts for assets held in the capacity of Financial Administrator for the Central Contra Costa Solid Waste Authority. The Authority is a separate legal entity and is not a component unit of the City.

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**City of Walnut Creek**  
**Agency Funds**  
**Statements of Changes in Assets and Liabilities**  
**For the Year Ended June 30, 2014**

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<b><u>Trust and Agency</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 2,822,519	\$ 19,433,445	\$ (18,899,840)	\$ 3,356,124
Accounts receivable	91,229	108,102	(17,997)	181,334
Interest receivable	5,957	5,957	(6,706)	5,208
<b>Total assets</b>	<b>\$ 2,919,705</b>	<b>\$ 19,547,504</b>	<b>\$ (18,924,543)</b>	<b>\$ 3,542,666</b>
<b>Liabilities:</b>				
Accounts payable	\$ 125,500	\$ 3,086,888	\$ (3,138,494)	\$ 73,894
Advance deposits	2,794,205	16,460,616	(15,786,049)	3,468,772
<b>Total liabilities</b>	<b>\$ 2,919,705</b>	<b>\$ 19,547,504</b>	<b>\$ (18,924,543)</b>	<b>\$ 3,542,666</b>
<b><u>Lesher Endowment</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 1,383,933	\$ 159,346	\$ (72,017)	\$ 1,471,262
<b>Liabilities:</b>				
Advance deposits	\$ 1,383,933	\$ 159,346	\$ (72,017)	\$ 1,471,262
<b><u>Assessment Districts Group I</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 1,691,946	\$ 9,471	\$ -	\$ 1,701,417
Interest receivable	2,301	2,660	(2,301)	2,660
<b>Total assets</b>	<b>\$ 1,694,247</b>	<b>\$ 12,131</b>	<b>\$ (2,301)</b>	<b>\$ 1,704,077</b>
<b>Liabilities:</b>				
Due to bondholders	\$ 1,694,247	\$ 12,131	\$ (2,301)	\$ 1,704,077
<b><u>Assessment Districts Group II</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 52,230	\$ 238	\$ (52,468)	\$ -
Interest receivable	71	-	(71)	-
<b>Total assets</b>	<b>\$ 52,301</b>	<b>\$ 238</b>	<b>\$ (52,539)</b>	<b>\$ -</b>
<b>Liabilities:</b>				
Due to bondholders	\$ 52,301	\$ 238	\$ (52,539)	\$ -



**City of Walnut Creek**  
**Agency Funds**  
**Statements of Changes in Assets and Liabilities, Continued**  
**For the Year Ended June 30, 2014**

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2014
<b><u>CCCSO Solid Waste Authority</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 5,768,997	\$ 8,575,862	\$ (7,750,397)	\$ 6,594,462
Interest receivable	7,667	9,212	(7,667)	9,212
<b>Total assets</b>	<b>\$ 5,776,664</b>	<b>\$ 8,585,074</b>	<b>\$ (7,758,064)</b>	<b>\$ 6,603,674</b>
<b>Liabilities:</b>				
Accounts payable	\$ 145,007	\$ 4,781,962	\$ (4,786,521)	\$ 140,448
Due to other governments	5,631,657	3,803,112	(2,971,543)	6,463,226
<b>Total liabilities</b>	<b>\$ 5,776,664</b>	<b>\$ 8,585,074</b>	<b>\$ (7,758,064)</b>	<b>\$ 6,603,674</b>
<b><u>Total - All Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 11,719,625	\$ 28,178,362	\$ (26,774,722)	\$ 13,123,265
Accounts receivable	91,229	108,102	(17,997)	181,334
Interest receivable	15,996	17,829	(16,745)	17,080
<b>Total assets</b>	<b>\$ 11,826,850</b>	<b>\$ 28,304,293</b>	<b>\$ (26,809,464)</b>	<b>\$ 13,321,679</b>
<b>Liabilities:</b>				
Accounts payable	\$ 270,507	\$ 7,868,850	\$ (7,925,015)	\$ 214,342
Due to other governments	5,631,657	3,803,112	(2,971,543)	6,463,226
Due to bondholders	1,746,548	12,369	(54,840)	1,704,077
Advance deposits	4,178,138	16,619,962	(15,858,066)	4,940,034
<b>Total liabilities</b>	<b>\$ 11,826,850</b>	<b>\$ 28,304,293</b>	<b>\$ (26,809,464)</b>	<b>\$ 13,321,679</b>



**City of Walnut Creek**  
**Combining Statement of Fiduciary Net Position**  
**Private Purpose Trust Funds**  
**June 30, 2014**

	RDA Obligation Retirement	RDA Successor Agency Debt Service	Total Private Purpose Trust Funds
<b>ASSETS</b>			
Current:			
Cash and investments	\$ 549,801	\$ -	\$ 549,801
Cash and investments with fiscal agents	-	1,583,219	1,583,219
Interest receivable	309	-	309
<b>Total assets</b>	<b>\$ 550,110</b>	<b>\$ 1,583,219</b>	<b>\$ 2,133,329</b>
<b>LIABILITIES AND NET POSITION</b>			
Current :			
Accrued payroll	\$ 957	\$ -	\$ 957
Inerfund loan	274,544	-	274,544
Long-term debt due in one year (Note 15)	-	605,594	605,594
Total current liabilities	275,501	605,594	881,095
Noncurrent liabilities:			
Long-term debt due in more than one year (Note 15)	-	2,146,191	2,146,191
Total noncurrent liabilities	-	2,146,191	2,146,191
<b>Total liabilities</b>	<b>275,501</b>	<b>2,751,785</b>	<b>3,027,286</b>
<b>Net Position:</b>			
<b>Held in trust for other governments</b>	<b>274,609</b>	<b>(1,168,566)</b>	<b>(893,957)</b>
<b>Total net position</b>	<b>274,609</b>	<b>(1,168,566)</b>	<b>(893,957)</b>
<b>Total liabilities and net position</b>	<b>\$ 550,110</b>	<b>\$ 1,583,219</b>	<b>\$ 2,133,329</b>



**City of Walnut Creek**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Private Purpose Trust Funds**  
**For the Year Ended June 30, 2014**

	RDA Obligation Retirement	RDA Successor Agency Debt Service	Total Private Purpose Trust Funds
<b>ADDITIONS:</b>			
Property taxes	\$ 644,705	\$ -	\$ 644,705
Investment and rental income	2,276	127	2,403
<b>Total additions</b>	<b>646,981</b>	<b>127</b>	<b>647,108</b>
<b>DEDUCTIONS:</b>			
Community development	68,185	-	68,185
Distribution to taxing entities	3,140,836		3,140,836
Interest, fiscal charges and issuance costs	-	161,950	161,950
<b>Total deductions</b>	<b>3,209,021</b>	<b>161,950</b>	<b>3,370,971</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	1,261,032	1,261,032
Transfers (out)	(1,261,032)	-	(1,261,032)
<b>Total other financing sources (uses)</b>	<b>(1,261,032)</b>	<b>1,261,032</b>	<b>-</b>
<b>Net change in net position</b>	<b>(3,823,072)</b>	<b>1,099,209</b>	<b>(2,723,863)</b>
<b>NET POSITION:</b>			
Beginning of the year	4,097,681	(2,267,775)	1,829,906
End of the year	<u>\$ 274,609</u>	<u>\$ (1,168,566)</u>	<u>\$ (893,957)</u>



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# STATISTICAL SECTION

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

<b>Index</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	160-169
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue sources, including sales and property taxes.	170-176
<b>Debt Capacity</b> 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.	177-182
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	183-185
<b>Operating Information</b> 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.	186-190



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

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities:				
Net investment in capital assets	\$ 231,657,387	\$ 231,465,216	\$ 226,863,697	\$ 227,987,671
Restricted	16,118,808	7,815,613	50,105,233	49,175,812
Unrestricted	84,899,807	98,940,786	64,990,977	67,074,890
<b>Total governmental activities net position</b>	<b>332,676,002</b>	<b>338,221,615</b>	<b>341,959,907</b>	<b>344,238,373</b>
Business-type activities:				
Invested in capital assets, net of related debt	1,309,217	1,277,845	1,219,298	1,075,689
Restricted	199,920	167,556	166,699	165,099
Unrestricted	(1,981,453)	(1,812,450)	(1,668,737)	(1,731,343)
<b>Total business-type activities net position</b>	<b>(472,316)</b>	<b>(367,049)</b>	<b>(282,740)</b>	<b>(490,555)</b>
Primary government:				
Invested in capital assets, net of related debt	232,966,604	232,743,061	228,082,995	229,063,360
Restricted	16,318,728	7,983,169	50,271,932	49,340,911
Unrestricted	82,918,354	97,128,336	63,322,240	65,343,547
<b>Total primary government net position</b>	<b>\$ 332,203,686</b>	<b>\$ 337,854,566</b>	<b>\$ 341,677,167</b>	<b>\$ 343,747,818</b>

Source: City Finance Department

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 241,814,198	\$ 255,068,671	\$ 251,483,541	\$ 250,111,191	\$ 238,401,412	\$ 232,858,750
64,129,700	58,685,430	47,852,651	37,533,808	31,545,609	40,678,188
37,017,927	27,027,521	39,172,708	43,620,819	42,465,457	47,061,870
<u>342,961,825</u>	<u>340,781,622</u>	<u>338,508,900</u>	<u>331,265,818</u>	<u>312,412,478</u>	<u>320,598,808</u>
1,317,463	1,318,102	1,406,822	1,490,349	9,344,544	10,952,847
-	-	-	-	-	-
(1,869,311)	(2,096,240)	(2,414,218)	664,377	2,856,473	2,562,841
<u>(551,848)</u>	<u>(778,138)</u>	<u>(1,007,396)</u>	<u>2,154,726</u>	<u>12,201,017</u>	<u>13,515,688</u>
243,131,661	256,386,773	252,890,363	251,601,540	247,745,956	243,811,597
64,129,700	58,685,430	47,852,651	37,533,808	31,545,609	40,678,188
35,148,616	24,931,281	36,758,490	44,285,196	45,321,930	49,624,711
<u>\$ 342,409,977</u>	<u>\$ 340,003,484</u>	<u>\$ 337,501,504</u>	<u>\$ 333,420,544</u>	<u>\$ 324,613,495</u>	<u>\$ 334,114,496</u>



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

	Fiscal Year			
	2005	2006	2007	2008
<b>Expenses</b>				
Governmental activities:				
Public protection	\$ 17,114,410	\$ 18,081,363	\$ 19,606,373	\$ 20,874,588
Public service	24,870,142	23,961,639	28,801,629	26,010,531
Community Development	4,254,265	4,755,814	5,930,672	5,096,366
Housing	3,616,307	2,140,611	1,422,545	1,871,343
Arts, recreation, and community services	4,514,922	4,729,378	13,558,315	14,150,128
Administrative services	4,374,454	4,971,667	5,012,121	5,404,926
General government	5,240,930	6,704,972	4,670,604	2,733,327
Interest on long-term debt	793,476	770,533	435,282	405,413
<b>Total governmental activities expenses</b>	<b>64,778,906</b>	<b>66,115,977</b>	<b>79,437,541</b>	<b>76,546,622</b>
Business-type activities:				
Golf course and Clubhouse	1,978,898	2,015,284	1,895,198	2,143,842
Partnership	6,795,509	7,355,319	-	-
Downtown Parking and Enhancement	-	-	-	-
<b>Total business-type activities expenses</b>	<b>8,774,407</b>	<b>9,370,603</b>	<b>1,895,198</b>	<b>2,143,842</b>
<b>Total primary government expenses</b>	<b>\$ 73,553,313</b>	<b>\$ 75,486,580</b>	<b>\$ 81,332,739</b>	<b>\$ 78,690,464</b>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
Public protection	\$ 1,678,740	\$ 1,827,810	\$ 2,179,674	\$ 1,960,054
Public service	4,871,906	5,144,249	2,281,216	2,351,022
Community development	2,366,504	2,569,766	3,070,920	3,161,013
Housing	3,086,431	3,255,398	2,465,567	1,242,802
Arts, recreation, and community services	2,171,762	2,146,396	8,749,794	8,659,603
Administrative services	3,509,143	3,798,994	1,785,276	2,264,692
General government	638,426	1,341,751	1,389,328	960,194
Operating grants and contributions	3,596,132	3,263,602	1,428,110	1,081,947
Capital grants and contributions	51,312	999,277	1,429,171	2,118,032
<b>Total governmental activities program revenues</b>	<b>21,970,356</b>	<b>24,347,243</b>	<b>24,779,056</b>	<b>23,799,359</b>
Business-type activities:				
Charges for services:				
Golf Course and Clubhouse	1,822,642	1,931,082	1,931,869	1,950,889
Partnership	4,856,799	5,568,571	-	-
Downtown Parking and Enhancement	-	-	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	167,901	-
<b>Total business-type activities program revenues</b>	<b>6,679,441</b>	<b>7,499,653</b>	<b>2,099,770</b>	<b>1,950,889</b>

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 22,070,859	\$ 21,996,450	\$ 21,923,692	\$ 22,469,017	\$ 21,507,637	\$ 22,865,154
25,548,474	25,108,573	28,858,972	28,070,687	26,978,488	27,415,778
6,117,841	4,428,720	2,799,414	3,984,921	5,182,748	6,258,882
2,744,309	3,073,662	1,019,485	950,744	1,911,341	2,182,676
14,364,387	14,124,552	13,737,264	16,254,587	13,933,801	14,189,508
6,326,034	5,850,595	4,722,052	5,444,430	5,800,846	5,963,099
2,986,144	2,701,255	3,248,455	3,856,482	4,019,331	4,670,132
369,667	329,798	269,960	63,989	-	-
<u>80,527,715</u>	<u>77,613,605</u>	<u>76,579,294</u>	<u>81,094,857</u>	<u>79,334,192</u>	<u>83,545,229</u>
2,474,725	3,995,228	3,877,045	4,154,881	4,677,542	5,153,397
-	-	-	-	-	-
-	-	-	-	3,334,000	3,831,213
<u>2,474,725</u>	<u>3,995,228</u>	<u>3,877,045</u>	<u>4,154,881</u>	<u>8,011,542</u>	<u>8,984,610</u>
<u>\$ 83,002,440</u>	<u>\$ 81,608,833</u>	<u>\$ 80,456,339</u>	<u>\$ 85,249,738</u>	<u>\$ 87,345,734</u>	<u>\$ 92,529,839</u>
\$ 2,370,596	\$ 1,870,098	\$ 2,187,329	\$ 2,090,432	\$ 1,786,461	\$ 1,687,956
2,366,826	3,423,411	5,459,706	6,734,474	7,778,943	10,232,560
2,878,442	2,532,479	3,065,566	3,568,283	4,415,274	6,231,086
2,767,216	1,396,751	309,918	774,839	2,480,116	5,888,234
9,519,335	9,984,955	9,691,973	9,779,208	9,916,602	10,186,245
2,264,812	2,045,153	1,684,036	225,062	1,638,225	2,014,361
831,868	830,836	439,531	457,007	639,653	555,935
1,834,798	795,436	451,036	753,882	983,443	949,963
2,074,100	4,958,301	3,065,960	2,494,451	2,784,264	1,844,060
<u>26,907,993</u>	<u>27,837,420</u>	<u>26,355,055</u>	<u>26,877,638</u>	<u>32,422,981</u>	<u>39,590,400</u>
1,973,869	3,546,486	3,826,347	4,572,557	5,068,945	4,746,005
-	-	-	-	-	-
-	-	-	-	1,903,088	2,633,140
-	-	-	-	-	-
-	-	-	2,581,447	-	-
<u>1,973,869</u>	<u>3,546,486</u>	<u>3,826,347</u>	<u>7,154,004</u>	<u>6,972,033</u>	<u>7,379,145</u>



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

	Fiscal Year			
	2005	2006	2007	2008
<b>Net revenues (expenses)</b>				
Governmental activities:	\$ (42,808,550)	\$ (41,768,734)	\$ (54,658,485)	\$ (52,747,263)
Business-type activities:	(2,094,966)	(1,870,950)	204,572	(192,953)
<b>Total primary government net expense</b>	<u>\$ (44,903,516)</u>	<u>\$ (43,639,684)</u>	<u>\$ (54,453,913)</u>	<u>\$ (52,940,216)</u>
<b>General revenues and other changes in net assets</b>				
Governmental activities:				
Taxes:				
Sales and use	\$ 19,023,168	\$ 21,075,748	\$ 21,227,671	\$ 20,060,618
Property	14,597,317	16,505,365	18,822,311	19,488,146
Franchise	2,633,460	2,633,222	2,839,864	3,004,523
Other taxes	1,548,587	4,374,230	6,234,908	8,079,967
Intergovernmental	1,103,398	1,416,429	2,468,231	-
Investment income, unrestricted	2,353,126	3,902,372	5,507,134	4,152,579
Capital Contribution	3,166,765	-	-	-
Other general revenues	-	73,558	15,915	171,396
Transfers of capital assets (Note 6)	-	-	-	-
Transfers	(1,889,004)	(1,914,950)	196,844	68,497
<b>Total governmental activities</b>	<u>42,536,817</u>	<u>48,065,974</u>	<u>57,312,878</u>	<u>55,025,726</u>
<b>Extraordinary Loss</b>	-	-	-	-
Business-type activities:				
Investment income	16,352	77,503	76,581	53,585
Other Revenue	-	115	-	50
Transfers of capital assets (Note 6)	-	-	-	-
Transfers	1,889,004	1,914,950	(196,844)	(68,497)
<b>Total business-type activities</b>	<u>1,905,356</u>	<u>1,992,568</u>	<u>(120,263)</u>	<u>(14,862)</u>
<b>Total primary government changes in net position</b>				
Governmental activities:	(271,733)	6,297,240	2,654,393	2,278,463
Business-type activities:	(189,610)	121,618	84,309	(207,815)
<b>Total primary government</b>	<u>\$ (461,343)</u>	<u>\$ 6,418,858</u>	<u>\$ 2,738,702</u>	<u>\$ 2,070,648</u>

Source: City Finance Department

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ (53,619,722)	\$ (50,224,239)	\$ (54,217,219)	\$ (54,217,219)	\$ (46,911,211)	\$ (43,954,829)
(500,856)	(50,698)	2,999,123	2,999,123	(1,039,509)	(1,605,465)
<u>\$ (54,120,578)</u>	<u>\$ (50,274,937)</u>	<u>\$ (51,218,096)</u>	<u>\$ (51,218,096)</u>	<u>\$ (47,950,720)</u>	<u>\$ (45,560,294)</u>
\$ 18,472,616	\$ 16,582,063	\$ 17,664,314	\$ 19,882,259	\$ 21,385,051	\$ 22,417,088
20,714,994	20,377,168	18,894,891	16,391,482	15,704,242	17,322,166
3,156,939	3,147,976	3,199,514	3,258,474	3,248,171	3,344,495
7,155,807	7,012,408	7,444,697	7,419,738	7,575,411	8,232,453
-	-	-	-	-	-
3,021,062	1,142,397	547,489	531,511	5,410	590,334
-	-	-	-	-	-
52,520	343,052	666,063	926,610	854,159	939,469
-	-	-	-	-	(1,235,208)
7,746	11,250	356,250	21,119	(512,218)	530,361
<u>52,581,684</u>	<u>48,616,314</u>	<u>48,773,218</u>	<u>48,431,193</u>	<u>48,260,226</u>	<u>52,141,158</u>
-	-	-	(1,457,056)	-	-
183,442	222,959	164,636	169,091	199,211	929,627
25,357	10,743	13,054	15,027	709,811	1,233,194
-	-	-	-	-	1,235,208
(7,746)	(11,250)	(356,250)	(21,119)	579,042	(477,893)
<u>201,053</u>	<u>222,452</u>	<u>(178,560)</u>	<u>162,999</u>	<u>1,488,064</u>	<u>2,920,136</u>
(1,038,038)	(1,607,925)	(5,444,001)	(7,243,082)	1,349,015	8,186,329
(299,803)	171,754	2,820,563	3,162,122	448,555	1,314,671
<u>\$ (1,337,841)</u>	<u>\$ (1,436,171)</u>	<u>\$ (2,623,438)</u>	<u>\$ (4,080,960)</u>	<u>\$ 1,797,570</u>	<u>\$ 9,501,000</u>

(Concluded)



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

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>General Fund:</b>					
<u>Nonspendable</u>					
Advance to Other Funds	11,443,206	11,178,447	7,016,000	7,016,000	6,593,229
Inventory	39,118	12,273	40,631	40,833	29,016
Interfund Loan	-	-	-	-	442,756
Prepaid Expense	8,762	152,420	416,632	150,294	179,512
Subtotal Nonspendable	<u>11,491,086</u>	<u>11,343,140</u>	<u>7,473,263</u>	<u>7,207,127</u>	<u>7,244,513</u>
<u>Restricted</u>					
Subtotal Restricted	-	-	-	-	-
<u>Committed</u>					
Catastrophic Emergency	6,180,273	6,145,092	6,408,644	6,683,733	6,935,687
Compensated Absences	356,758	251,684	179,279	143,208	188,245
Dental Claims	235,273	247,895	199,567	236,669	212,999
Fiscal Emergency	2,788,295	4,299,388	3,477,044	3,677,606	3,683,371
Legal Claims	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
PERS Liability	168,923	168,923	168,923	168,923	168,923
Radio communications	-	-	684,000	-	-
Workers Compensation	102,672	-	-	-	697,315
Subtotal Committed	<u>12,832,194</u>	<u>14,112,982</u>	<u>14,117,457</u>	<u>13,910,139</u>	<u>14,886,540</u>
<u>Assigned</u>					
ARCS Scholarships	20,629	39,154	43,814	48,730	46,923
Capital Projects - General Fund portion	-	-	-	4,166,531	3,837,124
Contractual Commitments	757,935	1,017,622	1,147,036	1,377,379	1,448,689
Library	-	-	-	-	460,000
FY10-12 Budget Shortfall	2,296,819	3,562,278	3,562,278	-	-
Subtotal Assigned	<u>3,075,383</u>	<u>4,619,054</u>	<u>4,753,128</u>	<u>5,592,640</u>	<u>5,792,736</u>
<u>Unassigned</u>					
FY10-12 Budget Shortfall	-	-	-	3,562,278	-
City Manager Contingency	75,000	20,000	75,000	71,824	41,024
Council Contingency	302,950	188,179	640,864	123,943	72,428
Unrealized Gain	145,952	132,364	146,332	(193,124)	21,419
Unassigned Fund Balance	-	-	721,923	4,563,681	7,677,776
Subtotal Unassigned	<u>523,902</u>	<u>340,543</u>	<u>1,584,119</u>	<u>8,128,602</u>	<u>7,812,647</u>
<b>Total general fund</b>	<u><u>27,922,565</u></u>	<u><u>30,415,719</u></u>	<u><u>27,927,967</u></u>	<u><u>34,838,508</u></u>	<u><u>35,736,436</u></u>
<b>All Other Governmental Funds:</b>					
Nonspendable	5,055,674	4,467,078	3,134,118	2,684,982	1,900,000
Restricted	33,849,507	35,553,532	30,407,953	28,242,582	37,597,846
Committed	-	-	-	-	-
Assigned	7,680,315	3,822,150	3,991,737	818,437	1,180,342
Unassigned	-	-	-	(200,392)	-
<b>Total all other governmental funds</b>	<u>46,585,496</u>	<u>43,842,760</u>	<u>37,533,808</u>	<u>31,545,609</u>	<u>40,678,188</u>
<b>Total all governmental funds</b>	<u>\$ 74,508,061</u>	<u>\$ 74,258,479</u>	<u>\$ 65,461,775</u>	<u>\$ 66,384,117</u>	<u>\$ 76,414,624</u>

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

Source: City Finance Department





**City of Walnut Creek**  
**Fund Balances of Governmental Funds**  
**FY2005 - FY2009**  
**(modified accrual basis of accounting)**

	Fiscal Year				
	2005	2006	2007	2008	2009
General Fund:					
Reserved	\$ 4,984,672	\$ 5,270,977	\$ 4,905,610	\$ 4,900,219	\$ 4,276,972
Unreserved					
Designated for:					
Economic Uncertainty	8,918,972	6,171,001	6,337,891	6,343,265	6,818,051
Recreation Scholarships					21,562
Claims Liability	6,368,630	6,085,543	9,121,767	9,276,811	8,028,363
Council Discretion	882,402	614,155	632,273	632,273	332,273
City Manager Discretion	75,000	75,000	75,000	75,000	75,000
Unrealized Investment Gain	-	-	370,476	59,197	96,826
Property Expansion	250,000	-	-	-	-
Future Programs	-	1,554,690	-	-	-
Capital improvements	1,405,022	1,405,022	1,405,022	1,405,022	1,405,022
Labor Agreements	500,000	500,000	500,000	500,000	-
Future Budgets	-	-	3,062,278	7,490,507	7,195,623
Compensated Absences	2,638,504	2,767,382	2,952,014	2,984,777	3,318,697
Undesignated	3,713,094	-	392,793	-	-
<b>Total general fund</b>	<b>29,736,296</b>	<b>24,443,770</b>	<b>29,755,124</b>	<b>33,667,071</b>	<b>31,568,389</b>
All Other Governmental Funds:					
Reserved	2,430,635	12,319,946	6,165,017	7,406,732	10,310,736
Unreserved, reported in:					
Special revenue funds	6,076,454	83,613	12,516,496	12,485,586	13,587,363
Capital projects funds	49,382,134	55,240,959	55,738,087	51,446,853	35,882,129
Undesignated	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 57,889,223</b>	<b>\$ 67,644,518</b>	<b>\$ 74,419,600</b>	<b>\$ 71,339,171</b>	<b>\$ 59,780,228</b>
<b>Total all governmental funds</b>	<b>\$ 87,625,519</b>	<b>\$ 92,088,288</b>	<b>\$ 104,174,724</b>	<b>\$ 105,006,242</b>	<b>\$ 91,348,617</b>

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

Source: City Finance Department



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

	Fiscal Year			
	2005	2006	2007	2008
<b>Revenues</b>				
Taxes:				
Sales and Use	\$ 19,023,168	\$ 21,075,748	\$ 21,227,671	\$ 20,060,619
Property	14,597,317	16,505,365	19,691,147	20,362,527
Business License	1,885,648	1,973,765	1,917,646	2,024,041
Franchise	2,633,460	2,633,222	2,839,864	3,004,523
Transient Occupancy Tax	1,235,263	1,218,666	1,337,385	1,453,869
Other	6,429,352	3,419,858	2,287,101	2,355,998
Intergovernmental	2,048,333	3,820,553	3,273,497	2,245,219
Use of money and property	3,758,488	5,434,269	7,206,566	5,933,954
Charges for Services	4,677,537	7,371,377	12,827,678	12,057,554
Licenses, permits and fees	2,396,509	2,218,601	2,758,546	2,214,703
Fines, forfeitures and penalties	2,534,229	3,538,154	3,066,289	4,560,388
Other revenues	1,587,702	520,356	1,001,883	1,246,141
<b>Total revenues</b>	<b>62,807,006</b>	<b>69,729,934</b>	<b>79,435,273</b>	<b>77,519,536</b>
<b>Expenditures</b>				
Current:				
Public protection	16,849,831	17,967,011	19,236,989	20,083,360
Public service	17,870,421	17,108,292	21,259,006	18,287,663
Community development	4,252,184	4,765,527	5,914,667	5,397,259
Housing	3,616,307	2,140,611	1,422,545	1,871,343
Cultural services	4,442,632	4,656,977	13,443,568	14,038,213
Administrative services	4,318,891	4,962,148	4,962,140	5,372,403
General government	5,327,017	6,610,070	4,546,728	2,700,494
Capital outlay:				
General public ways and facilities	2,233,117	6,043,278	2,743,985	7,501,041
Debt service:				
Principal	415,000	825,000	850,000	870,000
Interest and issuance costs	804,864	785,595	453,008	422,739
<b>Total expenditures</b>	<b>60,130,264</b>	<b>65,864,509</b>	<b>74,832,636</b>	<b>76,544,515</b>
Excess (deficiency) of revenues over (under) expenditures	2,676,742	3,865,425	4,602,637	975,021
<b>Other financing sources (uses):</b>				
Loan proceeds	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Transfers in	5,180,648	888,864	27,545,584	10,338,766
Transfers out	(5,340,002)	(2,835,536)	(24,776,022)	(10,482,269)
<b>Total other financing sources (uses)</b>	<b>(159,354)</b>	<b>(1,946,672)</b>	<b>2,769,562</b>	<b>(143,503)</b>
Extraordinary item	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ 2,517,388</b>	<b>\$ 1,918,753</b>	<b>\$ 7,372,199</b>	<b>\$ 831,518</b>
Debt Service - % noncapital expenditures	2.2%	2.8%	1.8%	1.9%

Source: City Finance Department

		Fiscal Year									
		2009	2010	2011	2012	2013	2014				
\$	18,472,616	\$	16,582,063	\$	17,664,314	\$	19,882,259	\$	21,385,051	\$	22,417,088
	20,714,994		20,377,168		18,894,891		16,391,482		15,704,242		17,322,166
	1,948,060		1,943,357		1,911,581		1,972,208		2,073,305		2,194,783
	3,156,939		3,147,976		3,199,514		3,258,474		3,248,171		3,344,495
	1,244,223		1,141,959		1,345,355		1,491,533		1,658,706		1,768,079
	2,034,403		2,007,832		2,152,301		2,062,470		2,303,338		2,187,727
	4,099,703		5,620,185		4,922,550		4,496,141		5,069,160		4,674,747
	4,720,142		2,639,135		2,496,540		2,392,372		842,793		1,461,938
	12,290,405		12,585,459		13,118,478		13,630,654		16,234,458		20,917,433
	2,230,571		2,197,799		2,555,481		2,490,058		1,680,603		1,986,301
	4,029,279		4,383,826		4,981,431		4,866,047		8,389,242		9,002,040
	1,779,127		2,723,887		1,354,339		1,974,534		1,918,938		3,494,579
	<u>76,720,462</u>		<u>75,350,646</u>		<u>74,596,775</u>		<u>74,908,232</u>		<u>80,508,007</u>		<u>90,771,376</u>
	21,522,640		21,744,763		21,551,269		22,120,786		21,827,962		23,367,172
	18,477,194		17,274,706		19,974,925		19,928,800		19,543,563		20,433,205
	6,224,593		4,727,785		4,076,311		4,576,808		5,424,347		6,352,470
	2,744,309		3,324,662		1,019,485		950,744		1,911,341		2,182,676
	14,218,609		14,008,006		13,615,812		16,137,501		13,938,446		14,187,383
	6,177,799		5,885,492		4,710,796		5,418,795		5,786,198		5,946,055
	2,826,309		2,648,587		3,357,033		3,229,804		3,816,661		4,001,723
	17,957,680		19,998,754		2,313,211		2,995,797		3,947,460		3,590,852
	905,000		940,000		2,439,592		691,841		31,428		38,245
	388,904		350,530		325,173		141,513		-		-
	<u>91,443,037</u>		<u>90,903,285</u>		<u>73,383,607</u>		<u>76,192,389</u>		<u>76,227,406</u>		<u>80,099,781</u>
	<u>(14,722,575)</u>		<u>(15,552,639)</u>		<u>1,213,168</u>		<u>(1,284,157)</u>		<u>4,280,601</u>		<u>10,671,595</u>
	-		-		-		-		-		-
	-		-		-		-		-		-
	22,579,127		11,090,351		12,506,513		6,895,908		18,252,298		11,593,429
	<u>(21,275,667)</u>		<u>(11,332,999)</u>		<u>(13,147,563)</u>		<u>(9,076,689)</u>		<u>(19,888,502)</u>		<u>(12,234,517)</u>
	<u>1,303,460</u>		<u>(242,648)</u>		<u>(641,050)</u>		<u>(2,180,781)</u>		<u>(1,636,204)</u>		<u>(641,088)</u>
	-		-		-		(5,331,766)		-		-
\$	<u>(13,419,115)</u>	\$	<u>(15,795,287)</u>	\$	<u>572,118</u>	\$	<u>(8,796,704)</u>	\$	<u>2,644,397</u>	\$	<u>10,030,507</u>
	1.8%		1.9%		4.0%		1.2%		0.0%		0.1%

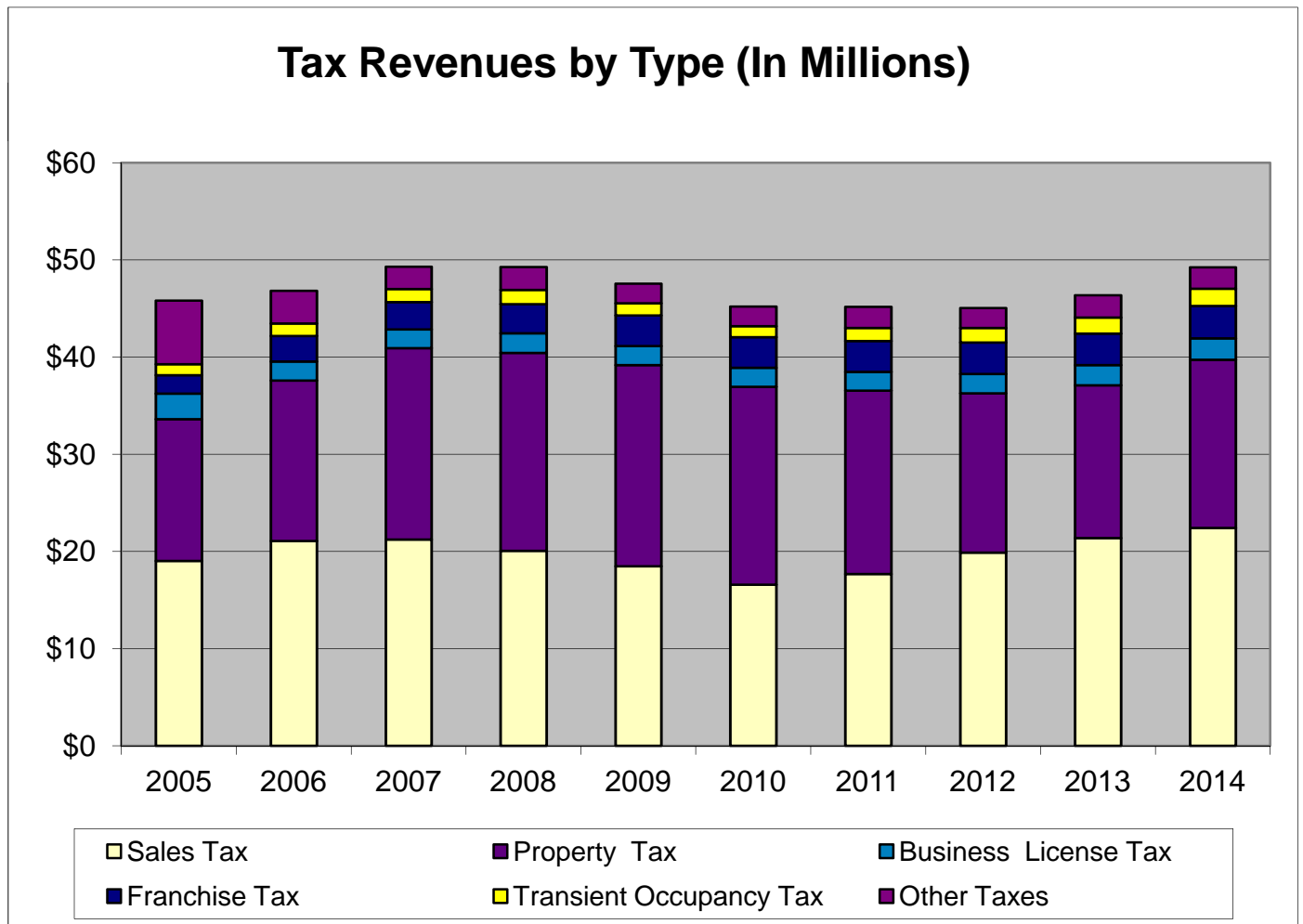
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## City of Walnut Creek Governmental Tax Revenues by Source Last Ten Fiscal Years

Fiscal Years	Sales Tax	Property Tax	Business License Tax	Franchise Tax	Transient Occupancy Tax	Other Taxes	Total
2005	\$ 19,023,168	\$ 14,597,317	\$ 2,633,460	\$ 1,885,648	\$ 1,119,976	\$ 6,544,639	\$ 45,804,208
2006	21,075,748	16,505,365	1,973,765	2,633,222	1,276,709	3,361,815	46,826,624
2007	21,227,671	19,691,147	1,917,646	2,839,864	1,337,385	2,287,101	49,300,814
2008	20,060,619	20,362,527	2,024,041	3,004,523	1,453,869	2,355,998	49,261,577
2009	18,472,616	20,714,994	1,948,060	3,156,939	1,244,223	2,034,403	47,571,235
2010	16,582,063	20,377,168	1,943,357	3,147,976	1,141,959	2,007,832	45,200,355
2011	17,664,314	18,894,891	1,911,581	3,199,514	1,345,355	2,152,301	45,167,956
2012	19,882,259	16,391,482	1,972,208	3,258,474	1,491,533	2,062,470	45,058,426
2013	21,385,051	15,704,242	2,073,305	3,248,171	1,658,706	2,303,338	46,372,813
2014	22,417,088	17,322,166	2,194,783	3,344,495	1,768,079	2,187,727	49,234,338

Source: City Finance Department





# City of Walnut Creek

## Assessed Value and Estimated Actual Value of Taxable Property

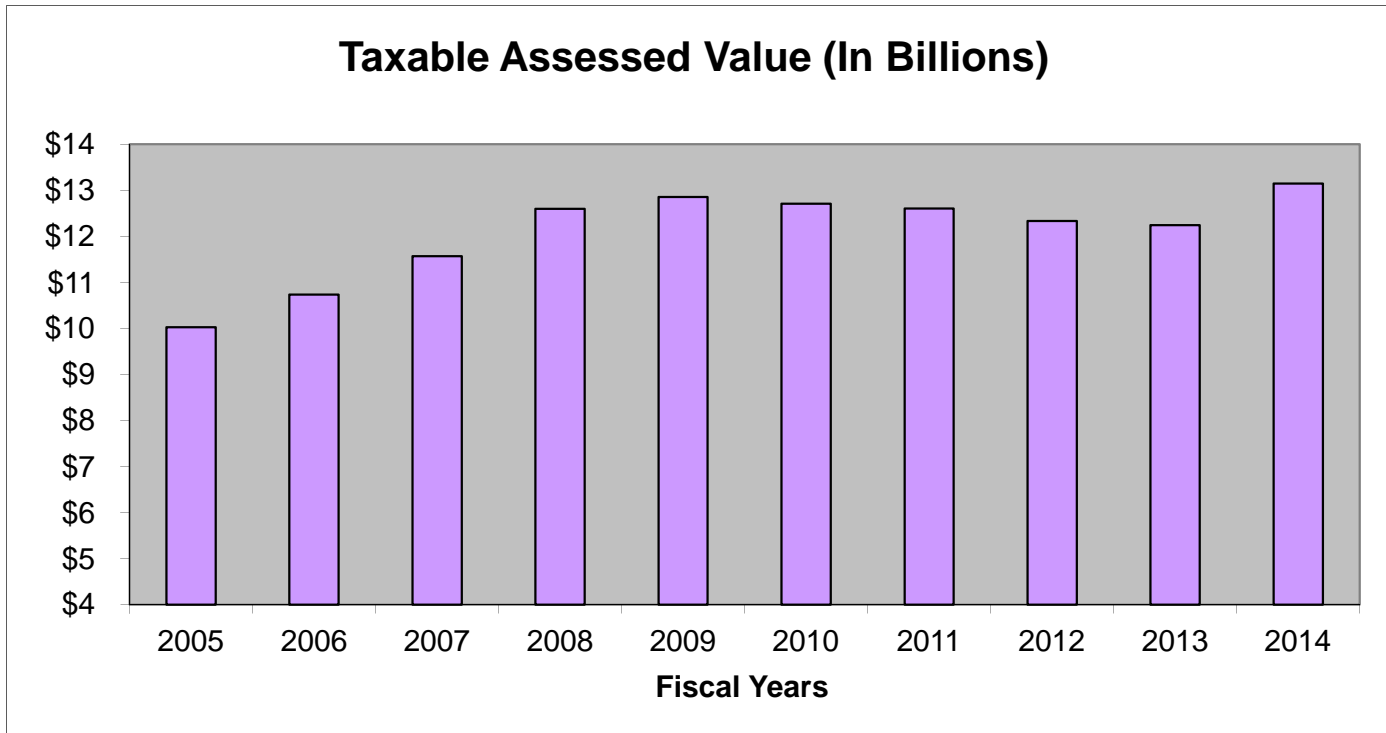
### Last Ten Fiscal Years

Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Unsecured/ Other Property	Less: Exemptions	Taxable Assessed Value	City Wide Avg Total Direct Tax Rate
2005	\$ 7,226,797,505	\$ 2,030,755,965	\$ 97,701,565	\$ 892,638,007	\$ (225,105,319)	\$ 10,022,787,723	11.747%
2006	7,841,750,720	2,138,407,003	107,380,337	877,071,334	(228,751,150)	10,735,858,244	11.778%
2007	8,551,138,922	2,249,334,244	115,983,129	886,110,542	(235,778,714)	11,566,788,123	11.639%
2008	9,272,700,719	2,347,625,254	115,545,668	1,109,777,694	(248,464,304)	12,597,185,031	11.578%
2009	9,538,266,067	2,474,982,973	100,668,638	987,832,377	(246,260,584)	12,855,489,471	11.681%
2010	9,302,765,275	2,573,281,647	111,603,403	973,329,306	(250,725,941)	12,710,253,690	11.830%
2011	9,245,487,993	2,639,603,044	107,266,982	890,902,216	(279,414,343)	12,603,845,892	11.838%
2012	9,033,688,220	2,562,632,155	108,010,488	922,673,554	(294,265,928)	12,332,738,489	11.819%
2013	9,081,193,615	2,468,292,594	60,100,559	925,047,088	(294,698,806)	12,239,935,050	11.970%
2014	9,761,932,038	2,551,885,934	60,384,541	1,078,073,162	(308,594,992)	13,143,680,683	9.456%

**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			
	2005	2006	2007	2008
City Direct Rate:	0.09705	0.09705	0.09705	0.09705
Walnut Creek General Fund	0.09410	0.09410	0.09410	0.09410
Walnut Creek R-8	0.00295	0.00295	0.00295	0.00295
Direct and Overlapping Rates:				
Basic Levy	1.0000	1.0000	1.0000	1.0000
Acalanes Union	0.0290	0.0279	0.0292	0.0259
Bay Area Rapid Transit Bond	-	0.0048	0.0050	0.0076
Contra Costa Community College	0.0042	0.0047	0.0043	0.0108
Contra Costa Water Land Levy	0.0057	0.0050	0.0043	0.0039
East Bay Regional Park Bond	0.0057	0.0057	0.0085	0.0080
Lafayette Elementary Bond 1995	0.0415	0.0393	0.0377	0.0340
Mt. Diablo 2002 Bond	0.0411	0.0418	0.0446	0.0424
Pleasant Hill Recreation & Park	-	-	-	-
San Ramon Unified	0.0517	0.0514	0.0533	0.0517
Service Area R-8 Bond	0.0042	-	-	-
Walnut Creek Elementary	0.0217	0.0230	0.0218	0.0222
<b>Total Direct and Overlapping Rates</b>	<b>1.2048</b>	<b>1.2036</b>	<b>1.2087</b>	<b>1.2065</b>

NOTE:

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

Source: Contra Costa County Assessor's Office

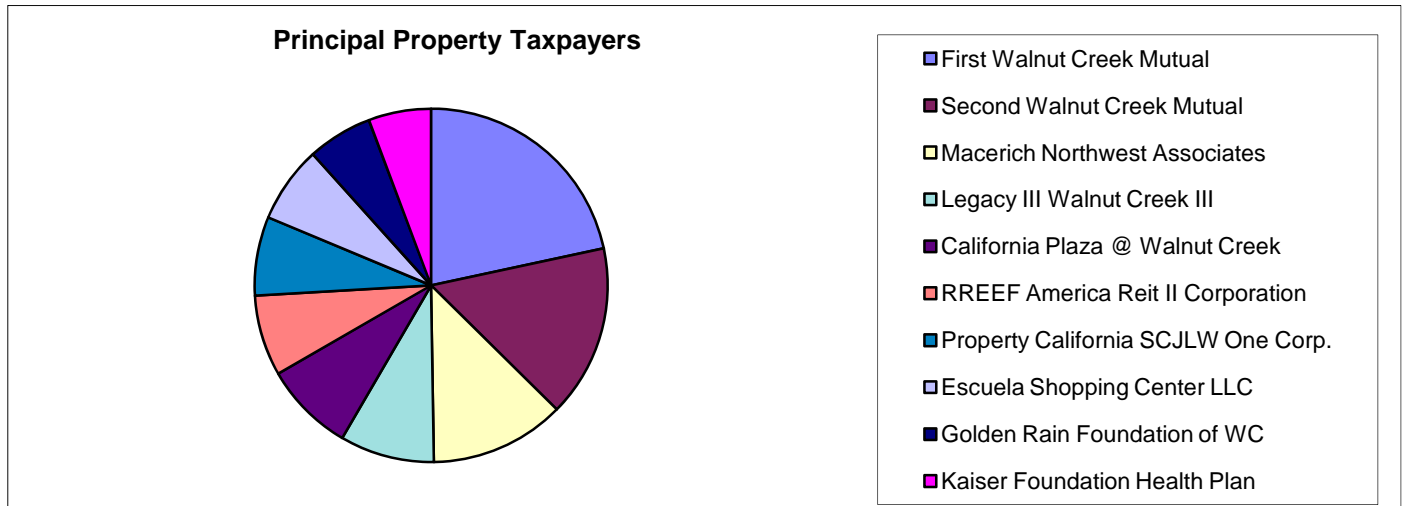
Fiscal Year					
2009	2010	2011	2012	2013	2014
0.09705	0.09705	0.09705	0.09705	0.09705	0.09705
0.09410	0.09410	0.09410	0.09410	0.09410	0.09410
0.00295	0.00295	0.00295	0.00295	0.00295	0.00295
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.0289	0.0298	0.0311	0.0333	0.0333	0.0361
0.0090	0.0057	0.0031	0.0041	0.0043	0.0075
0.0066	0.0126	0.0133	0.0144	0.0087	0.0133
0.0041	0.0048	0.0049	0.0051	0.0045	0.0042
0.0100	0.0108	0.0084	0.0071	0.0051	0.0078
0.0330	0.0326	0.0326	0.0279	0.0284	0.0267
0.0455	0.0493	0.0600	0.0612	0.0871	0.0740
-	-	0.0212	0.0255	0.0269	0.0281
0.0519	0.0587	0.0641	0.0664	0.0705	0.0696
-	-	-	-	-	-
0.0265	0.0166	0.0231	0.0240	0.0241	0.0224
1.2155	1.2209	1.2618	1.2690	1.2929	1.2897



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

Taxpayer	2014		2005	
	Taxable Assessed Value	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Percent of Total Taxable Assessed Value
First Walnut Creek Mutual	\$ 233,469,918	1.78%	\$ 226,181,948	2.26%
Second Walnut Creek Mutual	170,112,296	1.29%	162,589,564	1.62%
Macerich Northwest Associates	133,211,987	1.01%	93,988,497	0.94%
Legacy III Walnut Creek III	93,550,000	0.71%	-	-
California Plaza @ Walnut Creek	89,241,876	0.68%	77,292,981	0.77%
RREEF America Reit II Corporation	79,720,971	0.61%	74,362,909	0.74%
Property California SCJLW One Corp.	78,063,074	0.59%	67,618,092	0.67%
Escuela Shopping Center LLC	75,767,128	0.58%	61,610,995	0.61%
Golden Rain Foundation of WC	64,207,475	0.49%	-	-
Kaiser Foundation Health Plan	61,839,832	0.47%	-	-
Fidelity Non-Profit Mgmt Found.	-	-	83,973,523	0.84%
John Muir Memorial Hospital	-	-	73,603,056	0.73%
Stoneridge Walnut Creek LP	-	-	56,151,638	0.56%
	<u>\$ 1,079,184,557</u>	<u>8.21%</u>	<u>\$ 977,373,203</u>	<u>9.75%</u>

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







# City of Walnut Creek

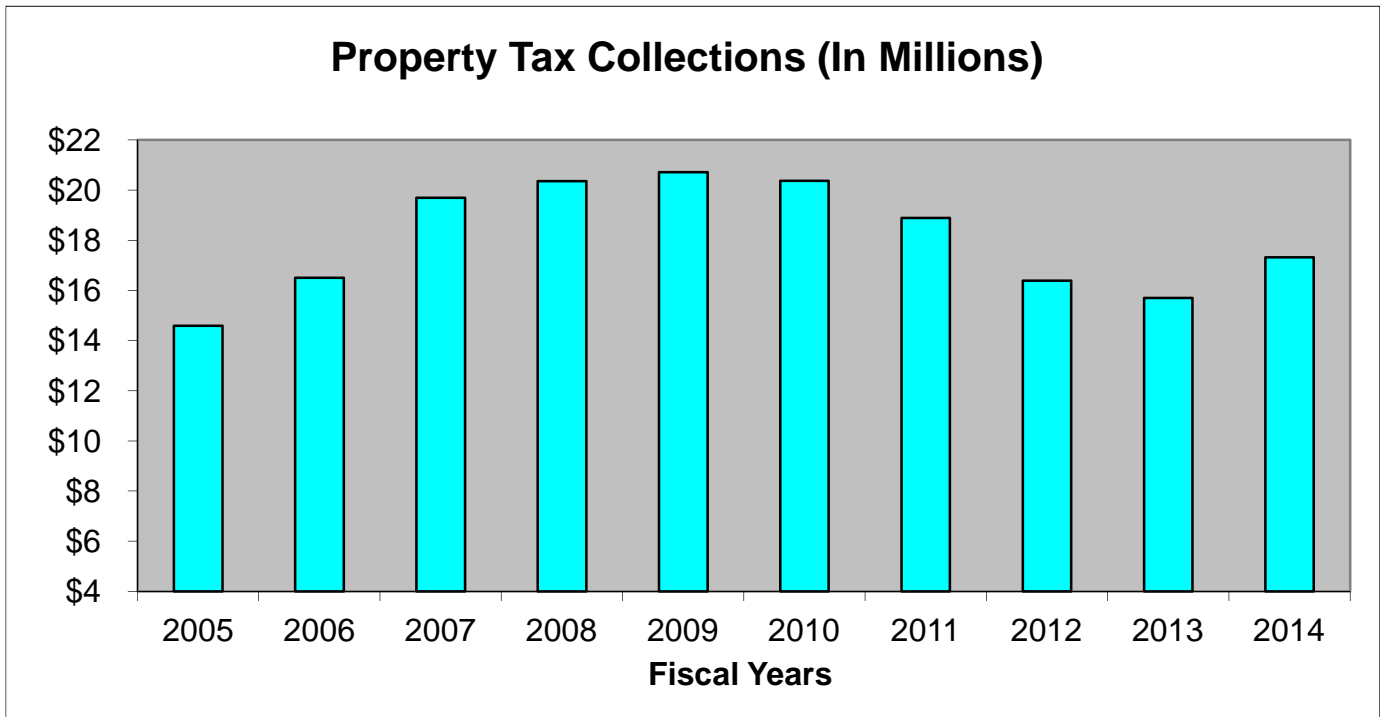
## Property Tax Levies and Collections

### Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections To Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2005	\$ 14,597,317	14,597,317	100%	14,597,317	100%
2006	16,505,365	16,505,365	100%	16,505,365	100%
2007	19,691,147	19,691,147	100%	19,691,147	100%
2008	20,362,527	20,362,527	100%	20,362,527	100%
2009	20,714,994	20,714,994	100%	20,714,994	100%
2010	20,377,168	20,377,168	100%	20,377,168	100%
2011	18,894,891	18,894,891	100%	18,894,891	100%
2012	16,391,482	16,391,482	100%	16,391,482	100%
2013	15,704,242	15,704,242	100%	15,704,242	100%
2014	17,322,166	17,322,166	100%	17,322,166	100%

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

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





# City of Walnut Creek

## Top 25 Sales Tax Producers

### 2013-2014

**BUSINESS NAME**

**BUSINESS CATEGORY**

Apple Stores	Office Equipment
Beverages & More	Liquor Stores
Chevron Service Stations	Service Stations
Cole European	New Car Dealers
CVS/Pharmacy	Drug Stores
Decotech Systems	Office Equipment
Diablo Mazda	New Car Dealers
Diablo Subaru	New Car Dealers
Dirito Brothers Volkswagen	New Car Dealers
Enterprise Rent-A-Car	Leasing
Macy's Department Store	Department Stores
Mercedes Benz of Walnut Creek	New Car Dealers
Michael Stead Chrysler/Jeep	New Car Dealers
Michael Stead Porsche	New Car Dealers
Neiman Marcus Department Store	Department Stores
Nordstrom Department Store	Department Stores
Safeway Stores	Supermarkets
Shane Diamond Jewelers	Jewelry Stores
Shell Service Stations	Service Stations
Target Stores	Department Stores
Tesoro Service Stations	Service Stations
Toyota Walnut Creek	New Car Dealers
Walnut Creek Ford	New Car Dealers
Walnut Creek Honda	New Car Dealers
Wayne Stead Cadillac	New Car Dealers

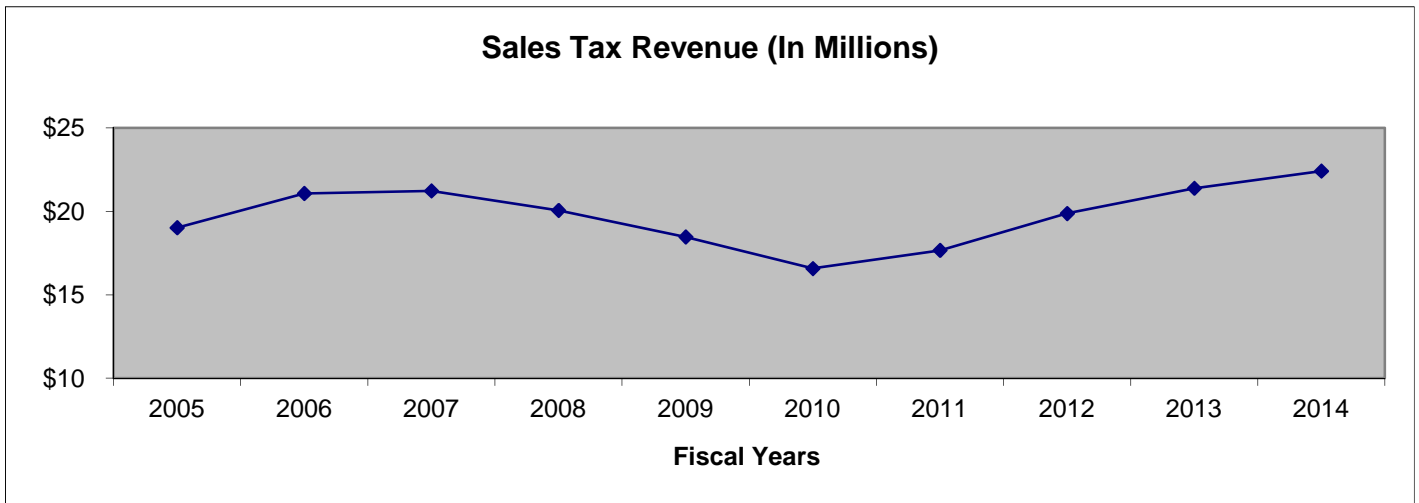
Percent of Total City Sales Tax Paid By Top 25 Accounts = 47.6%

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

*Firms Listed Alphabetically*

*Period: July 2013 thru June 2014*

Source: Muni Services, State Board of Equalization





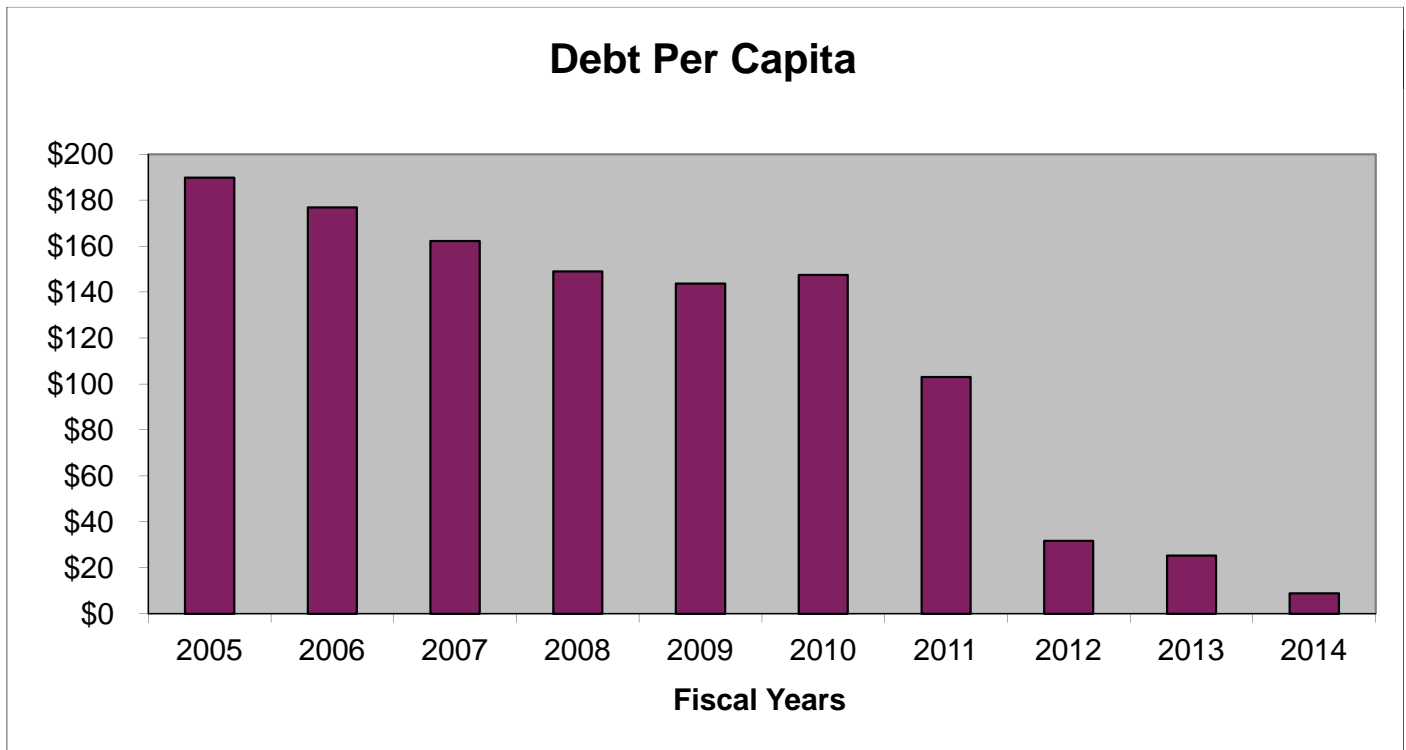
## City of Walnut Creek Ratios of Debt Outstanding Last Ten Fiscal Years

Fiscal Year Ended June 30th	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Tax Allocation Bonds	Capital Lease Obligation	Lease Revenue Bonds	Loan	Capital Lease Obligation			
2005	\$ 11,056,537		\$ 1,580,000	\$ -		\$ 12,636,537	27.95%	189.78
2006	10,225,943		1,415,000	-		11,640,943	24.90%	176.75
2007	9,370,349		1,325,000	-		10,695,349	22.17%	162.26
2008	8,494,755		1,230,000	-		9,724,755	19.60%	148.91
2009	7,584,161	676,630	1,135,000	-		9,395,791	18.47%	143.70
2010	6,638,567	1,494,182	1,035,000	-	507,108	9,674,857	18.97%	147.48
2011	4,372,973	1,149,704	930,000	-	374,333	6,827,010	14.13%	103.00
2012	-	1,013,135	815,000	-	236,286	2,064,421	4.11%	31.65
2013	-	337,184	695,000	-	627,244	1,659,428	3.22%	25.26
2014	-	298,939	-	-	290,285	589,224	1.17%	8.90

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

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

Source: City Finance Department





## City of Walnut Creek Ratios of Debt Outstanding, Continued Last Ten Fiscal Years

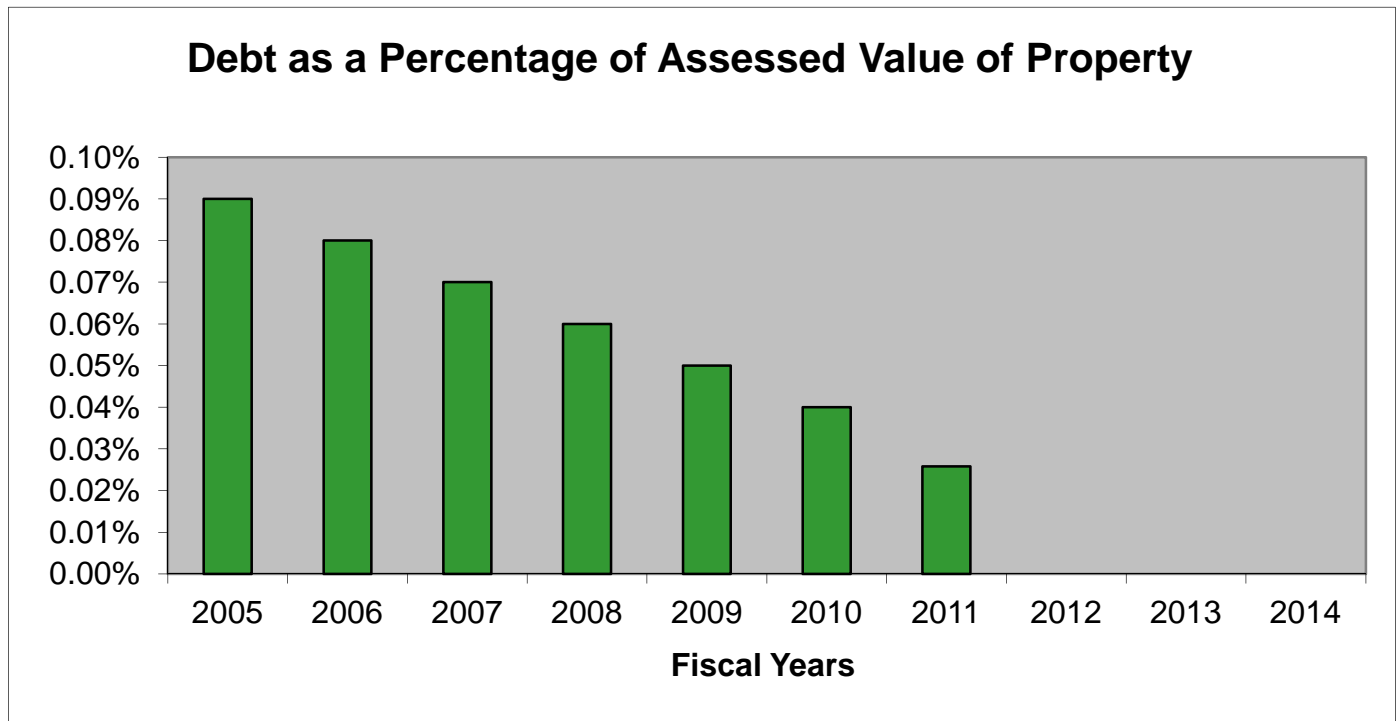
Fiscal Year Ended June 30th	Tax Allocation Bonds	Less: Amounts Available in Debt Service Fund	Net Amount	Percentage of Assessed Value of Property	Per Capita
2005	\$ 11,056,537	\$ 1,134,430	\$ 9,922,107	0.09%	\$ 149.69
2006	10,225,943	1,142,702	9,083,241	0.08%	138.46
2007	9,370,349	1,146,270	8,224,079	0.07%	125.78
2008	8,494,755	1,135,505	7,359,250	0.06%	112.69
2009	7,584,161	1,126,095	6,458,066	0.05%	98.06
2010	6,638,567	1,126,114	5,512,453	0.04%	83.63
2011	4,372,973	1,126,333	3,246,640	0.03%	48.76
2012	-	-	-	0.00%	-
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-

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.

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

Source: City Finance Department





**City of Walnut Creek**  
**Direct and Overlapping Debt**  
**June 30, 2014**

City's 2013-2014 Assessed Valuation	\$ 13,143,638,437
Redevelopment Incremental Assessed Valuation	\$ 384,926,940

<u>Direct and Overlapping Tax and Assessment Debt:</u>	Percentage Applicable to City of Walnut Creek <sup>1</sup>	Outstanding Debt 6/30/13	Estimated Share of Overlapping Debt
Bay Area Rapid Transit District	2.500%	\$ 648,275,000	\$ 16,206,875
Contra Costa Community College District	8.973%	343,945,000	30,862,185
Walnut Creek Joint Unified School District	70.660%	25,669,628	18,138,159
Mount Diablo Unified School District	17.610%	434,220,057	76,466,152
Mount Diablo Unified School District Community Facilities District No. 1	17.610%	44,715,000	7,874,312
Acalanes Unified School District	29.7150%	162,906,665	48,407,716
Contra Costa County and Water District 1915 Act Bonds	39.4180%	1,285,000	506,521
California Statewide Communities Development Authority	100.0000%	2,618,810	2,618,810
Lafayette Unified School District	2.0640%	14,285,000	294,842
San Ramon Valley Unified School District	0.6810%	317,448,266	2,161,823
Pleasant Hill Recreation and Park District	0.1740%	27,120,000	47,189
East Bay Regional Park District	3.8600%	202,210,000	7,805,306
Total overlapping tax and assessment debt			\$ 211,389,890

<u>Direct and Overlapping Lease Obligation Debt:</u>			
Contra Costa County General Fund Obligations	8.937%	\$ 274,600,304	\$ 24,541,029
Contra Costa County Pension Obligations	8.937%	258,500,000	23,102,145
Contra Costa Community College District Certificates of Participation	8.973%	700,000	62,811
San Ramon Valley Unified School District General Fund Obligations	0.681%	21,410,000	145,802
<b>City of Walnut Creek General Fund Obligations</b>	<b>100.000%</b>	<b>570,000</b>	<b>570,000</b>
Contra Costa County Fire Protection District Pension Obligations	19.391%	99,945,000	19,380,335
Pleasant Hill Recreation and Park District Certificates of Participation	0.174%	2,120,000	3,689
Total Gross Direct and Overlapping General Fund Debt			\$ 67,805,811
Less: Contra Costa County revenue supported obligations			9,717,738
Total Net Direct and Overlapping General Fund Debt			58,088,073

<u>Overlapping Tax Increment Debt (Successor Agency):</u>	100.000%	2,735,000	2,735,000
<b>TOTAL DIRECT DEBT</b>			<b>\$ 570,000</b>
TOTAL GROSS OVERLAPPING DEBT			\$ 281,360,701
TOTAL NET OVERLAPPING DEBT			\$ 271,642,963
GROSS COMBINED TOTAL DEBT			\$ 281,930,701 <sup>2</sup>
NET COMBINED TOTAL DEBT			\$ 272,212,963

<sup>1</sup>The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

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

Debt to 2013-2014 Assessed Valuation Ratios:	<u>Gross Debt</u>	<u>Net Debt</u>
Total Overlapping Tax and Assessment Debt	1.61%	1.61%
Total Direct Debt	0.004%	0.004%
Total Combined Debt	2.14%	2.07%
Debt to Redevelopment Incremental Valuation (\$384,926,940):		
Total Overlapping Tax Increment Debt	0.71%	



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

	Fiscal Year			
	2005	2006	2007	2008
Assessed valuation	\$ 10,735,858	\$ 11,566,788	\$ 12,597,185	\$ 12,855,489
Add back exempted real property	228,751	235,779	248,464	246,261
<b>Total assessed valuation</b>	<b>\$ 10,964,609</b>	<b>\$ 11,802,567</b>	<b>\$ 12,845,649</b>	<b>\$ 13,101,750</b>
Debt limit percentage	15%	15%	15%	15%
Debt limit	\$ 1,644,691	\$ 1,770,385	\$ 1,926,847	\$ 1,965,263
<b>Total net debt applicable to limit:</b>				
Lease Revenue Bonds	1,580	1,415	1,325	1,230
Legal debt margin	\$ 1,643,111	\$ 1,768,970	\$ 1,925,522	\$ 1,964,033
<b>Total debt applicable to the limit</b>				
<b>as a percentage of debt limit</b>	0.1%	0.1%	0.1%	0.1%

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

Source: City Finance Department

<b>Fiscal Year</b>					
<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$ 12,710,254	\$ 12,710,254	\$ 12,603,846	\$ 12,332,738	\$ 12,239,935	\$ 13,143,681
250,726	250,726	279,414	294,266	294,699	308,595
<u>\$ 12,960,980</u>	<u>\$ 12,960,980</u>	<u>\$ 12,883,260</u>	<u>\$ 12,627,004</u>	<u>\$ 12,534,634</u>	<u>\$ 13,452,276</u>
15%	15%	15%	15%	15%	15%
\$ 1,944,147	\$ 1,944,147	\$ 1,932,489	\$ 1,894,051	\$ 1,880,195	\$ 2,017,841.35
1,135	1,035	930	815	695	-
<u>\$ 1,943,012</u>	<u>\$ 1,943,112</u>	<u>\$ 1,931,559</u>	<u>\$ 1,893,236</u>	<u>\$ 1,879,500</u>	<u>\$ 2,017,841</u>
0.1%	0.1%	0.0%	0.0%	0.0%	0.0%

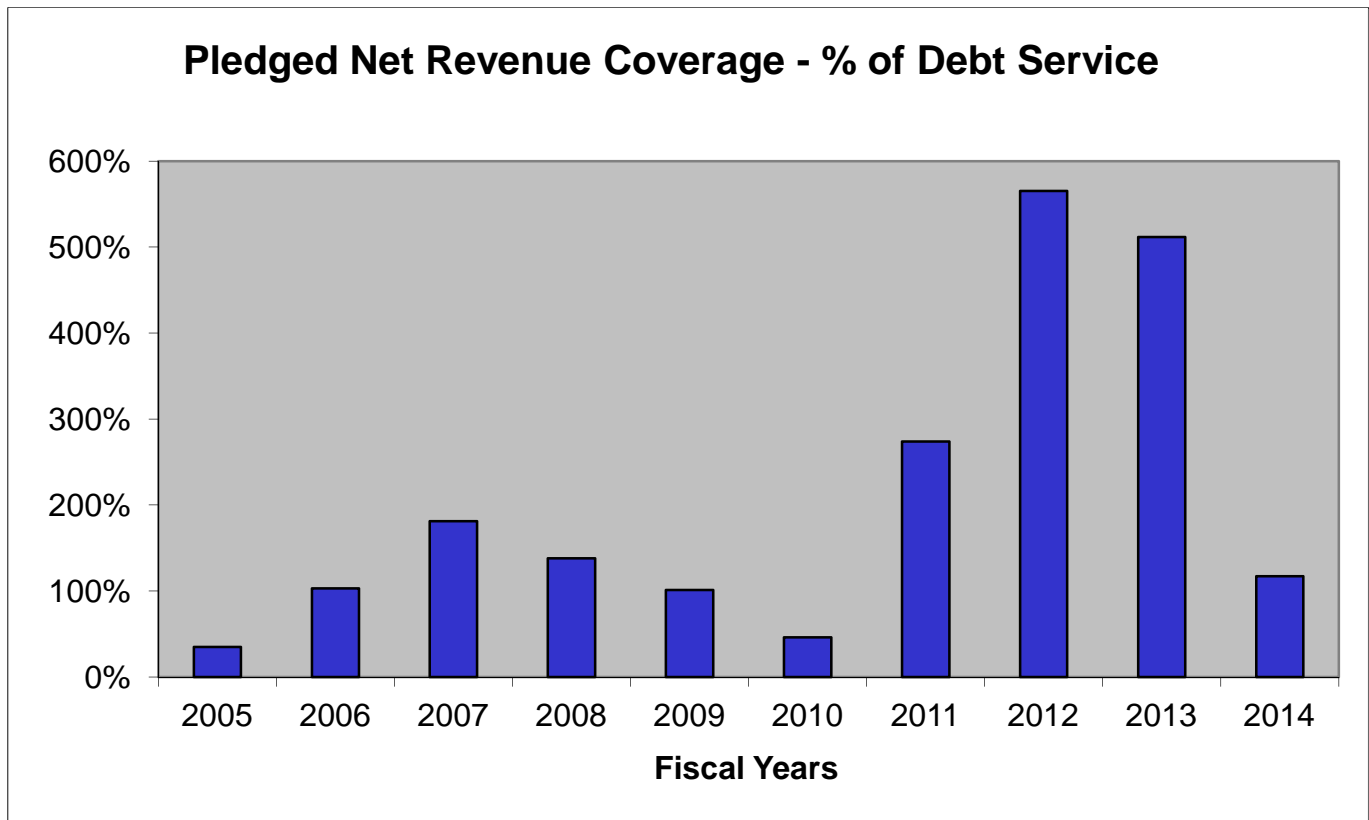


## City of Walnut Creek Pledged Revenue Coverage Last Ten Fiscal Years

Fiscal Year Ended June 30th	Golf Course Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2005	\$ 1,838,170	\$ 1,727,157	\$ 111,013	\$ 230,000	\$ 90,491	35%
2006	1,992,050	1,741,396	250,654	165,000	79,401	103%
2007	1,834,846	1,543,513	291,333	90,000	70,687	181%
2008	1,972,378	1,715,608	256,770	95,000	90,400	138%
2009	1,839,292	1,679,187	160,105	95,000	63,161	101%
2010	3,779,380	3,706,766	72,614	100,000	57,499	46%
2011	4,003,683	3,574,174	429,509	105,000	51,847	274%
2012	4,756,675	3,847,896	908,779	115,000	45,829	565%
2013	5,252,002	4,433,917	818,085	120,000	39,894	512%
2014	5,767,311	4,900,650	866,661	695,000	44,959	117%

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.

Source: City Finance Department







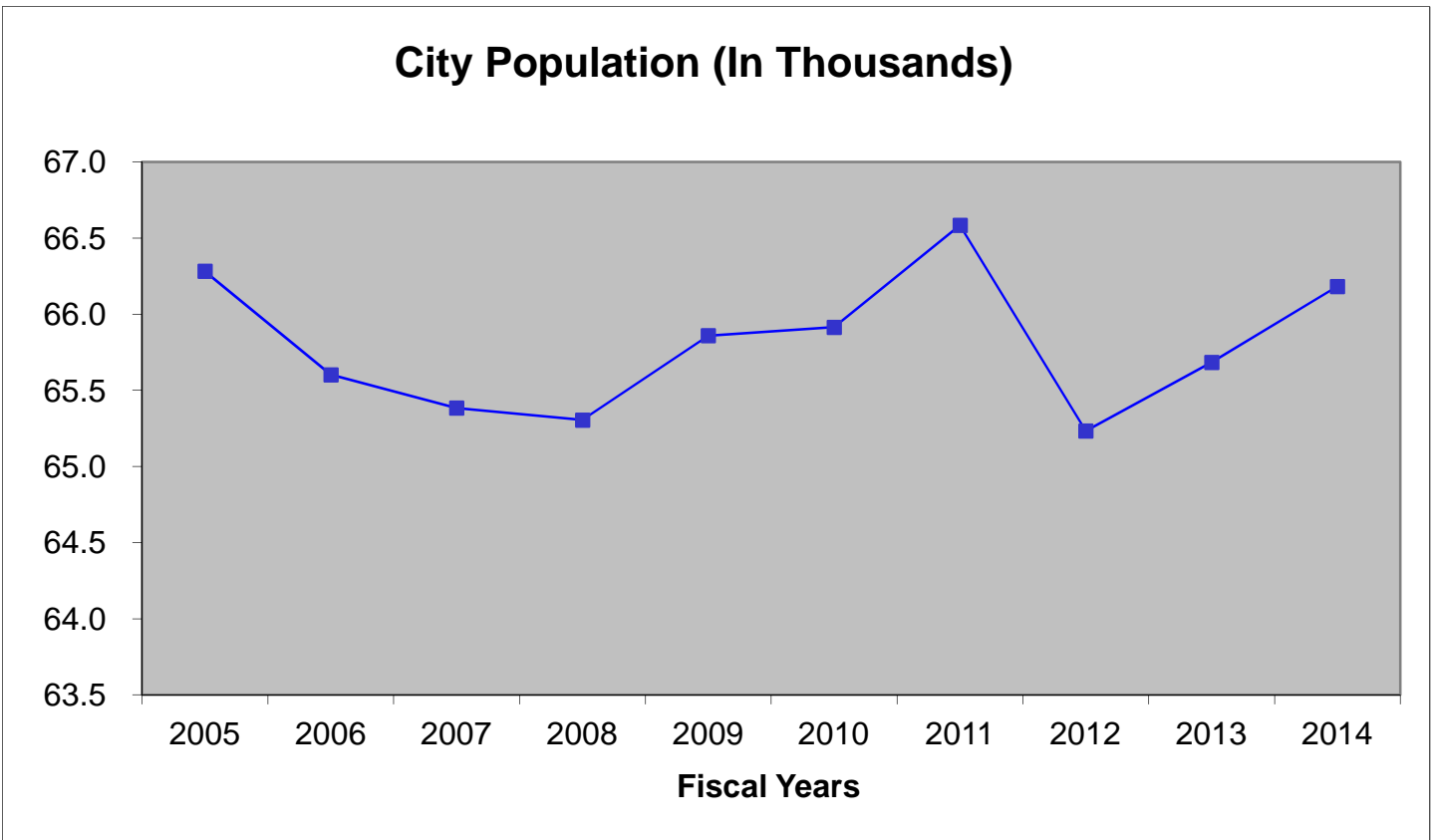
# City of Walnut Creek

## Demographic and Economic Statistics

### Last Ten Fiscal Years

Fiscal Year Ended June 30	City Population	Personal Income (in Thousands)	Per Capita Personal Income	Unemployment Rate	Rank in Size of California Cities
2005	66,283	\$ 2,996,787	\$ 45,212	3.60%	116
2006	65,603	3,066,547	46,744	3.20%	120
2007	65,384	3,154,909	48,252	2.80%	123
2008	65,306	3,240,876	49,626	3.10%	126
2009	65,860	3,349,908	50,864	6.80%	126
2010	65,915	3,362,538	51,013	7.00%	125
2011	66,584	3,216,606	48,309	7.60%	128
2012	65,233	3,273,783	50,186	7.00%	128
2013	65,684	3,383,317	51,509	4.70%	129
2014	66,183	3,338,866	50,449	4.10%	129

Source: State of California Department of Finance - Population Research Unit (population), City Finance Department, MuniServices LLC





# City of Walnut Creek

## Full-Time Equivalent City Employees by Function

### Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
<b>General government</b>				
City Manager / City Clerk / Mail	9	9	9	9
City Attorney	4	4	4	4
	<u>13</u>	<u>13</u>	<u>13</u>	<u>13</u>
<b>Administrative Services</b>				
Accounting / Business License	11	11	11	10
Human Resources / Administration	7	7	7	8
Information Technology / Communications	6	6	6	6
Reprographics / Warehouse	6	6	6	6
	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>
<b>Public Safety:</b>				
Patrol / Investigations	66	66	66	68
Traffic / Parking	20	20	20	21
Communications / Administration	30	30	30	30
	<u>116</u>	<u>116</u>	<u>116</u>	<u>119</u>
<b>Public Services</b>				
Engineering / Traffic / Streets / CIP	58	58	58	53
Parks / Open Space	39	39	39	39
Public Works / Maintenance	35	35	36	41
	<u>132</u>	<u>132</u>	<u>133</u>	<u>133</u>
<b>Arts, Recreation and Community Services</b>				
Recreation and Community Services	25	25	25	24
Arts Education	14	14	14	14
Theaters / Gallery	20	20	20	21
	<u>59</u>	<u>59</u>	<u>59</u>	<u>59</u>
<b>Community development</b>				
Planning / Administration	18	18	18	18
Building	10	10	10	10
Transportation / Housing	4	4	4	4
	<u>32</u>	<u>32</u>	<u>32</u>	<u>32</u>
<b>Totals</b>	<b>382</b>	<b>382</b>	<b>383</b>	<b>386</b>

Source: City Finance Department

Fiscal Year					
2009	2010	2011	2012	2013	2014
9	9	9	10	11	10
4	4	4	4	4	4
13	13	13	14	15	14
10	9	9	9	9	9
7	7	8	8	8	8
7	7	7	8	8	8
4	-	-	-	-	-
28	23	24	25	25	25
66	62	63	67	67	68
20	18	18	16	16	16
30	31	30	29	29	29
116	111	111	112	112	113
53	48	47	49	47	47
38	36	40	35	34	34
38	25	22	21	24	24
129	109	109	105	105	105
23	18	18	19	14	14
14	9	9	8	12	12
18	20	20	21	21	21
55	47	47	48	48	48
15	11	12	14	14	16
13	13	13	13	13	13
4	4	3	3	1	1
32	28	28	30	29	30
373	331	332	333	333	335



## City of Walnut Creek

### Operating Indicators by Function

### Last Ten Fiscal Years

	Fiscal Year Ended June 30th			
	2005	2006	2007	2008
<b>Police:</b>				
Police Calls for Service	33,742	33,750	34,700	32,300
Dispatch calls for service	106,820	106,800	106,800	105,773
Online Reports	N/A	N/A	N/A	N/A
Citations Issued	4,164	4,164	4,164	5,579
Cases assigned to investigations	567	575	575	567
School Presentations	608	727	727	730
Child Seat Safety Inspections	117	150	150	140
Number of Records Requests	2,583	2,583	2,583	2,800
<b>Public Services:</b>				
Storm Drains inspected	3,115	3,115	3,115	3,115
Trees Trimmed	N/A	500	600	600
Park Maintenance (Acres)	233	233	233	249
Parking Meters Maintained	N/A	N/A	1,600	1,647
Street Signs Maintained	8,000	8,000	8,000	8,000
Traffic Signals Maintained	96	96	96	96
Streetlights Maintained	1,600	1,600	1,600	1,600
Replace Street Asphalt (square feet)	N/A	100,000	100,000	90,000
Replace Sidewalks (square feet)	N/A	15,000	15,000	11,800
Street Sweeping (curb miles)	12,867	12,867	12,867	12,867
Ranger led programs	N/A	60	176	66
<b>Arts, Recreation and Community Services:</b>				
Arts Ed/Rec Indoor Facilities (facility rental hrs)	5,704	5,454	5,393	5,136
Arts Ed/Rec Classes (enrollment)	11,576	11,663	12,007	12,912
Ballfield (hours rented)	22,880	25,077	24,597	23,058
Scheduled Gym Hours	14,684	14,840	14,294	15,002
Bedford Gallery (number of visitors)	33,076	38,890	28,927	30,690
Leshner Theater (tickets sold)	229,104	186,055	219,580	209,922
Senior Center participants	N/A	66,000	69,000	67,300
Paid Golf Rounds	62,163	60,082	62,080	64,295
<b>Community Development:</b>				
Planning Applications	135	127	125	135
Number of Code Enforcement cases closed	1,211	1,145	1,194	1,300
All Building Division Permit Applications	4,372	4,065	4,306	3,700
Building Inspection stops	11,193	11,896	11,558	11,082
<b>General Government / Administrative Services:</b>				
Number of Insurance Claims (Workers Comp)	54	43	56	55
Number of recruitments	27	30	30	52
Number of Information Technology work orders completed	N/A	3,325	3,425	4,385
Number of Telecommunications work orders completed	N/A	289	309	325
Amount of Mail processed per month	13,000	13,500	13,021	12,800
Items requested from City Warehouse	29,900	30,300	31,800	31,050

Source: City Finance Department

Fiscal Year Ended June 30th					
2009	2010	2011	2012	2013	2014
30,425	32,880	44,491	44,046	42,859	39,705
92,924	84,066	105,046	100,807	102,524	102,246
N/A	N/A	N/A	N/A	290	527
9,915	9,587	7,755	5,751	4,118	3,857
901	900	925	1,012	1,100	982
610	170	200	N/A	N/A	N/A
150	85	123	128	121	142
2,485	3,152	3,099	3,089	3,089	3,539
4,000	4,000	2,800	2,600	2,500	4,200
550	600	800	800	800-1,000	900-1,100
249	249	235	235	326	326
1,647	1,550	1,550	1,550	1,500	1,500
8,000	8,000	8,000	8,000	8,000	8,000
96	96	97	97	99	99
1,600	1,600	1,600	1,600	1,600	1,600
130,000	125,000	100,000	100,000	90,000	180,000
15,000	16,000	14,500	11,000	14,000	12,500
13,000	14,000	14,000	13,450	14,500	14,500
131	21	92	106	151	122
5,242	3,942	5,126	6,136	6,651	6,247
12,993	13,021	13,848	13,324	14,080	14,048
23,326	24,970	26,586	26,711	28,385	27,500
15,299	14,336	13,898	15,278	16,752	17,300
30,200	26,000	29,600	23,112	28,163	30,807
230,926	213,466	217,960	200,597	192,181	203,186
68,410	68,460	68,000	N/A	N/A	N/A
58,505	62,722	61,028	65,586	64,130	65,513
101	90	94	94	104	143
818	830	712	808	795	721
3,228	3,200	3,118	3,325	3,687	4,747
8,493	8,400	7,617	7,227	9,804	11,977
47	45	45	53	54	40
24	16	17	23	29	35
1,406	1,600	1,780	2,787	2,076	2,027
245	350	311	314	237	190
9,946	7,932	N/A	N/A	N/A	N/A
31,050	30,334	N/A	N/A	N/A	N/A



# City of Walnut Creek

## Capital Asset Statistics by Function

### Last Ten Fiscal Years

Function:	Fiscal Year Ended June 30th					
	2005	2006	2007	2008	2009	2010
Public Safety:						
Police Stations	1	1	1	1	1	1
Public works:						
Community Facilities	18	18	18	18	18	18
City owned parking lots	22	22	22	22	22	22
Traffic Signals	96	96	96	96	96	96
Miles of storm drains	100	100	100	100	114	114
Miles of Streets	200	200	200	200	213	213
City vehicles	170	170	170	170	170	170
Parking meters	1,650	1,650	1,650	1,650	1,650	1,650
Number of catch basins	3,000	3,000	3,000	3,000	4,410	4,410
Pavement legends	3,800	3,800	3,800	3,800	3,800	3,800
Traffic Signs	4,500	4,500	4,500	4,500	4,500	4,500
Street Name Signs	5,000	5,000	5,000	5,000	5,000	5,000
Streetlights	2,800	2,800	2,800	2,800	2,800	2,800
Parks and recreation:						
Number of Tennis Courts	35	35	35	35	35	35
Number of playfields	13	13	13	13	13	13
Number of City Parks	19	19	19	19	19	19
Acres of City Parks	190	190	190	190	190	190
Acres of Open Space	2,704	2,704	2,704	2,704	2,704	2,704

Source: City Finance Department

Data Prior to Fiscal Year 2005 is not available

Fire Service is provided by a separate governmental agency

Fiscal Year Ended June 30th			
2011	2012	2013	2014
1	1	1	1
18	18	18	18
22	22	22	22
96	97	98	98
114	114	114	114
213	213	213	213
170	170	170	170
1,650	1,650	1,592	1,592
4,410	4,410	4,410	4,410
3,800	3,800	3,800	3,800
4,500	4,500	4,500	4,500
5,000	5,000	5,000	5,000
2,800	2,800	4,822	4,822
35	35	28	28
13	13	14	14
19	19	22	22
190	190	263	263
2,730	2,730	2,730	2,730



# City of Walnut Creek

## Miscellaneous Statistical Data

### June 30, 2014

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Year of Incorporation	1914	Area (Square Miles)	19.9
Form of Government	Council/Manager	Elevation	200 feet
% of High School / College Graduates	97.1% / 60.5%	Number of housing units (2010)	32,681
Average Annual Precipitation	25"	Median Age (2013)	47.3
Average Highs/Lows		Number of Registered Voters (2014)	41,151
Winter	56/40		
Spring	65/45		
Summer	83/58		
Fall	73/51		
City Crime Index (US Average 301.1)	183		

#### 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