

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED

JUNE 30, 2015



City of Walnut Creek, California



**City of Walnut Creek
Comprehensive Annual Financial Report
For the year ended June 30, 2015
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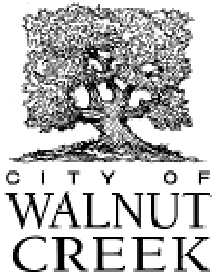


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December 7, 2015

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, 2015. 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 358.5 City employees and serves approximately 67,700 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, and Information Technology;
- **Arts, Recreation and Community Services** includes Aquatics, Recreation Classes and Senior Services, Facility Rentals, Sports and Camps, the Leshner Center, Center Repertory Company, the Bedford Gallery, Public Art and Boundary Oak Golf Course;
- **Community and Economic Development** includes Building, Code Enforcement, Planning, Housing, Transportation Planning, and Economic Development;
- **General Government** includes City Council, City Treasurer, City Manager's Office, Community Outreach, and Emergency Preparedness), City Clerk's Office, City Attorney's Office; Risk Management; and Parking Garage Management;
- **Human Resources** includes the human resource function, including establishment of policies and procedures and employee relations;

- **Public Safety** includes all Police functions, comprising of Training, Communications, Patrol, Investigations, Community Policing, Animal Control, School Service Officers 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, Tesla; and **restaurants** including Cheesecake Factory, Scotts Seafood Grill, P.F. Chang's, and Ruth's Chris Steak House.

ECONOMIC CONDITION AND OUTLOOK

Walnut Creek has experienced continued growth in its major tax revenues and has augmented that growth with increases in revenues from direct services. Tax revenues have rebounded in the aggregate and continue to exceed pre-recession levels on a non-inflation adjusted basis. Unemployment continues to improve and has declined from 4% in August 2014 to 3.4% in August 2015. This remains below the California State average of 6.1%.

For fiscal year 2014-15, the City generated a surplus of \$8.6 million (revenues exceeded expenditures, after transfers) in the General Fund explained as follows:

- \$1.3 million is set aside to pay for approved capital projects expenditures that will occur beyond the end of the 2014-2015 fiscal year, and
- a combination of increased revenues including sales tax, property tax, and departmental revenues netted against increases in expenditures;

Two unique transactions occurred during the year.

- \$2.5 million coming from the sales of a public parking lot, resulting in the development of this gateway corner into a multi-tenant restaurant and retail and retail facility, and
- \$1 million coming from a development agreement between the City and the Macerich, the owners of Broadway Plaza, our major retail mall;

This increase in fund balance will be used to address encumbrances, required additions to reserve balances, including funds set aside by the Council for one-time projects. The remainder of the balance will be available for future allocation by the City Council for one time purposes in accordance with City policy.

The development of Broadway Plaza, a \$250 million redevelopment project, will add 300,000 sq. ft. of retail space to the downtown area. Despite disruption from construction activities, the downtown corridor has performed very well experiencing increases in sales tax. These gains were led by increases in auto sales and revenues from dining establishments.

The City continues to maintain a balanced budget for fiscal year 2015-16 and maintain adequate reserves for the General Fund through a combination of measures, including the following:

- Continued focus on cost recovery from Department operations, tied to various related fees;
- Control over expenditures and direct focus of resources in areas with the highest demand for services; and
- Continued strong economic activity that is improving sales and property taxes and generating increased Department revenues in the short term.

Revenues have stabilized and increased from prior pre-recession levels. This was led by increases in department revenues from fees for direct services and continued improvements in both pre-recession sales and property taxes. Meanwhile, expenditure pressures to maintain existing services are continuing. This pressure exists for primarily three 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, management notes that a large portion of department revenues is due to high levels of economic activity, which are unpredictable in the future. Third, and more financially significant, is the lack of sufficient funding for infrastructure (e.g. storm drains, parks, streets, sidewalks, open space, facility replacement), identified in the City’s 10 year Capital Improvement Program. The City has delayed or deferred many of these projects due to lack of adequate funding.

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

GENERAL FUND LONG-TERM FINANCIAL FORECAST

Each year, 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 economic drivers (e.g. employment), 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 June 2015. 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 conservative and based on past performance, economic cycles, new development projects under construction, and guidance from consultants hired by the City. The LTFF is constructed to measure available, ongoing resources that are projected to be used to pay for ongoing services and capital budgeting requirements. Being a service organization, staffing costs represent approximately 63% of the City budget. Expenditure projections reflect cost increases for salaries and health benefits, take into consideration changes to California Public Employees Retirement (CalPERS) assumptions, and include additional allotments to capital programs. Based on these conservative assumptions, the LTFF shows projected revenues will be sufficient to meet operating needs but insufficient to meet both operating needs and infrastructure funding needs.

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 to fulfill the City's capital obligations as part of a two county joint powers authority who completed the acquisition and installing of an interoperable radio communication system
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. Under this policy, surpluses from fiscal year 2015 will similarly be treated as one-time in nature.

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

MAJOR INITIATIVES AND PROJECTS ACCOMPLISHED DURING 2014-15

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 2014-15:

- The Arts Recreation and Community Services (ARCS) Department completed several large projects including implementation of a new hourly rate system for sports field rentals, negotiation of a new, multi-year contract with the City's tennis concessionaire, restructuring of Civic Arts Education, replacement of the seating in the Leshner Center's Hofmann Theatre, and selection of and implementation planning for a new Leshner Center ticketing system. The ARCS Department also collaborated with Public Works – Engineering to initiate the reconstruction of Larkey Swim Center and to oversee the completion of the first two major Boundary Oak Golf Course Clubhouse improvement projects.
- The Economic Development Division of the Community and Economic Development Department (CED) along with the Transportation Planning Division worked with the Shadelands Business Park PBID Board and CCTA to bring a free express shuttle (fare box recovery paid for out of the BID assessments) to and from the Shadelands Business Park to the Pleasant Hill BART station. The Transportation Planning Division also worked with CCTA to make the Route 7 bus (from the Walnut Creek BART station to the downtown Creekside multi-family residential neighborhood) free utilizing Measure J funds for fare box recovery. Ridership on both bus routes have increased significantly.

- The Building and Planning Divisions in CED plan checked, issued permits and provided building inspections for a multitude of new development projects including 26 new tenants in Broadway Plaza (14 of which will be open before the end of the year), 4 tenants in the 1500 Mt. Diablo retail and restaurant project, 2 of which will be open before the end of the year), approximately 1400 multi-family residential units in the downtown area in 9 different development projects, 4 of which are completed and are either fully or significantly leased up. In addition building permits have been issued and construction is underway on a long vacant and underutilized 25 acre site at the eastern gateway entrance into the City (northwest corner of Ygnacio Valley Road and Oak Grove Road) with a 192,000 sf of retail (including a 55,000 sf Safeway, and two other junior retail anchors), restaurants and a health club, a 75,000 sf senior housing project and 2.9 acres of gathering areas and dedicated open space.
- The Housing Division, in concert with the Planning Division of CED oversaw the successful construction and completion of two affordable housing projects – an 11 unit for sale townhome project developed by Habitat for Humanity located in close proximity to the Walnut Creek BART station and a 43 unit apartment project for low-income families and adults with developmental disabilities developed by Satellite Housing in the northwest area of the City.
- The Human Resources Department completed contract negotiations securing three year employment contracts with the Police Officer Association, Police Management Association and the Civilian Police Unit. The Department created and launched a comprehensive employee engagement program (CARE) and continued implementation of the Affordable Care Act provisions and California’s new sick leave law AB 1522.
- The Police Department implemented a Crime Reduction Model (CRM) to utilize crime statistics and other information to help direct policing efforts to the areas of greatest needs. This model is based on identifying crime patterns in geographic areas and focusing on specific individuals that repeatedly commit crimes in our City. The newly formed Special Enforcement Team (SET), comprised of three officers and a sergeant, uses this information to help arrest criminals, address quality of life issues and solve ongoing neighborhood problems. SET Officers also partnered with various stakeholders in the community and formed a collaborative approach to not just lower crime, but to prevent problems from reoccurring.
- The Police Department joined the Contra Costa County Anti-Violence Support Effort (CASE). CASE was formed as a multi-agency task force to impact violent crime involving the possession, sale and use of firearms in Contra Costa County. The task force is managed by the State of California Department of Justice and the Contra Costa County Sheriff’s Office. The Department joined the task force in July of 2014 and assigned one detective to the task force. The CASE Task Force focuses on the following three goals: 1) Reduce the occurrence of firearm related crimes, 2) Identify and apprehend persons prohibited from possessing firearms, and 3) Assist participating law enforcement agencies as well as other county law enforcement agencies with specific firearms/violent crime related investigations within their jurisdiction.
- The Police Department also formed the Regional Traffic Team to work with law enforcement partners in the region to address crime concerns, pool resources and share information. This team is comprised of officers from the City of Walnut Creek, Martinez, San Ramon and the City of Pleasant Hill. The four agencies work together to reduce traffic violations and investigate complex traffic accidents involving serious injuries and fatalities.
- The Public Works Department completed several significant capital and maintenance projects during fiscal year 2014-15: Geary Road Improvement in collaboration with the City of Pleasant Hill, Buena Vista School improvements, reconstruction of All Abilities Playground in Heather Farm Park, completed phase I and II of Boundary Oak Club House improvements, Gateway Monument Signs, Traffic Signal improvements at Bancroft/Pomar
- The Public Works Department implemented a comprehensive Drought Plan to meet the state mandate of 25% reduction of potable water and 40% reduction in outdoor irrigation. The Department also executed a Regional Renewable Energy Procurement agreement with other agencies which will provide funding to construct solar panels at Heather Farm Park and Boundary Oak Gold Course.
- Progress was made on several high priority City Council initiatives, including developing a draft West Downtown Specific Plan, Pedestrian Master Plan, approval of the City’s Housing Element, and investments in sustaining our downtown area through a variety of program and project enhancements.

- The City is embarking on replacing its central finance, budget, payroll and human resource system (ERP). The ERP replacement was funded by the Council as part of an allocation of one-time resources during the 2014-2016 budget process. The ERP replacement process is expected to continue through FY 2016 and into FY 2017.

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.

AWARDS

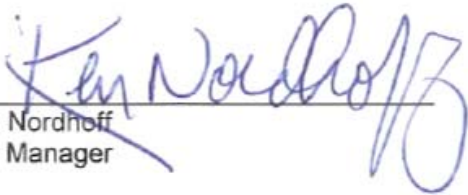
The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a *certificate of Achievement of Excellence in Financial Reporting* to the City of Walnut Creek for its comprehensive annual financial report for the fiscal year ended June 30, 2014. A copy of this Award is included in this report. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A certificate of achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the certificate of achievement program's requirements and we are submitting it to the GFOA to determine eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report could not have been possible without the efficient and dedicated services of the entire staff of the Finance Division. Special thanks are extended to Gita Mehirdel, Roselyn Taormina, Linda Wong, Anna Barnett, and Geoffrey Thomas 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



Government Finance Officers Association

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

Presented to

**City of Walnut Creek
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



OUR MISSION

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

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

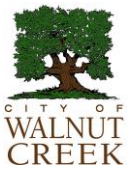
OUR VISION

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

OUR VALUES

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

Respect • Integrity • Excellence • Teamwork • Creativity



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, 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 and Economic Development

(Includes Building, Economic Development, Housing, Planning and Transportation Planning)

General Government

(Includes Public Information, Community Outreach, City Clerk, Garages and Risk Management)

Human Resources

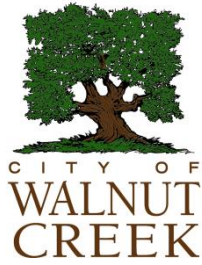
(Includes Personnel, Benefits and Recruitment)

Police

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

Public Works

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



PRINCIPAL OFFICERS

June 30, 2015



**Bob Simmons
Mayor**

**Loella Haskew
Mayor Pro Tem**

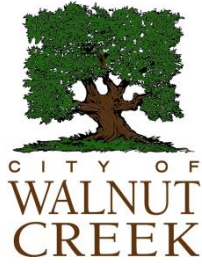


**Justin Wedel
Council Member**

**Cindy Silva
Council Member**



**Rich Carlston
Council Member**



ADMINISTRATION PERSONNEL

June 30, 2015



Ken Nordhoff
City Manager



Steve Mattas
City Attorney



Jeff Mohlenkamp
Administrative Services Director



Kevin Safine
Arts, Recreation and Community Services Director



Sandra Meyer
Community and Economic Development Director



Fran Robustelli
Human Resources Director



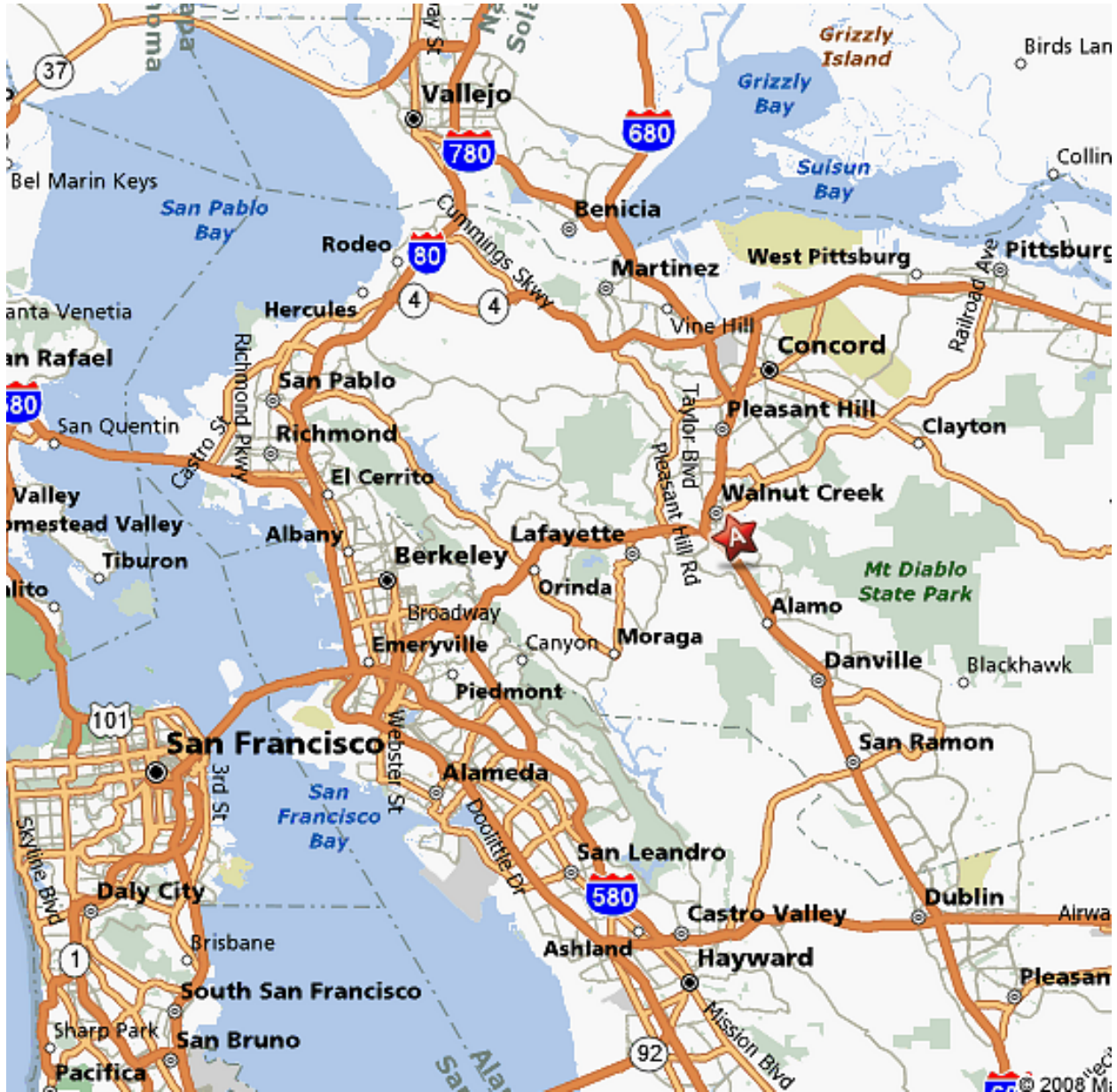
Thomas Chaplin
Chief of Police



Heather Ballenger
Public Works 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 (City), as of and for the year ended June 30, 2015, 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 did not audit the financial statements of the Boundary Oak – Onsite Contract Operations Enterprise Fund (a major fund), which represents the following percentages of assets, net position, and revenues as of and for the year ended June 30, 2015:

<u>Opinion Units</u>	<u>Assets</u>	<u>Net Position / Fund Balance</u>	<u>Revenues</u>
Business-Type Activities	3.7%	-0.1%	53.2%
Boundary Oak - Onsite Contract Operations Fund (Major Enterprise Fund)	100%	100%	100%

Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Boundary Oak – Onsite Contract Operations Enterprise Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, 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 19 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, effective July 1, 2014. Our opinions are not modified with respect to this matter.

Other Matters

Prior-Year Comparative Information

We have previously audited the City's 2014 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated December 5, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension schedules, as listed 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 were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements and schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Vavrinik, Trine, Day & Co. LLP

Sacramento, California
December 7, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2015

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, 2015. 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, deferred outflow and liabilities, deferred inflows of the City using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies.
- **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, 2015 include the following:

Government-wide:

- The City's total net position was \$271.1 million at June 30, 2015, of which \$255.1 million was in Governmental Activities and \$16.0 million was in Business-type Activities. Of the total net position, \$242.5 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*)
- As described in the Note 17 to the financial statements, "Change in Accounting Principle/Restatement", the City has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68* for the year ended June 30, 2015. The adoption of GASB Statement No. 68 resulted in a restatement of the City's opening net position as of July 1, 2014 in the amount of \$85.5 million.



City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2015

FINANCIAL HIGHLIGHTS, Continued

- Total City revenues were \$116.6 million, of which \$49.0 million was derived from Governmental Activities, \$9.7 million was derived from Business-type Activities and \$57.9 million from General Revenues (*see tables 2 and 5 for additional information*).
- Total City expenses were \$96.5 million, of which Governmental Activities incurred \$86.5 million and Business-type Activities incurred \$10.0 million (*see tables 2 and 5 for additional information*)

Fund Level:

Governmental fund balances totaled \$85.3 million, the Enterprise funds had a \$15.9 million net position surplus, and there was a cumulative net position surplus of \$10.2 million in the Internal Service Funds, of which \$5.7 million relates to the City's Internal Service Funds net investment in capital assets.

- Proprietary Fund operating revenues were \$11.8 million in the Enterprise Funds and \$3.8 million in the Internal Service Funds.
- Proprietary Fund operating expenses were \$9.9 million in the Enterprise funds and \$1.9 million in the Internal Service Funds.
- Net non-operating revenues were approximately \$163,000 in the Enterprise Funds and net non-operating expenses were \$196,000 in the Internal Service Funds.



General Fund:

- General Fund revenues were \$82.6 million and expenditures were \$72.3 million.
- One time proceeds from sale of an asset was \$2.5 million, which is included in other financing sources
- Net transfers out of the General Fund were \$4.2 million.
- The fund balance of the General Fund was \$44.3 million at June 30, 2015, all of which has been classified in accordance with Governmental Accounting Standards Board No. 54.

Housing Successor Agency Fund:

- Fund revenues were \$290,000 and expenditures were \$23,000.
- There were no transfers into or out of the Fund.
- The fund balance of the Fund was approximately \$626,000 at June 30, 2015; 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 \$3.2 million.
- Net transfers into the Fund were \$288,000.
- The fund balance of the Fund was \$5.8 million at June 30, 2015; the total amount is classified as restricted for affordable housing projects.

CDBG Fund:

- Fund revenues were \$148,000 and expenditures were \$203,000.
- There were no transfers into or out of the Fund.
- The fund balance of the Fund was \$55,000 at June 30, 2015 (Note 9).



City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2015

FINANCIAL HIGHLIGHTS, Continued

Capital Investment Program Fund:

- Fund revenues were \$4.2 million and expenditures were \$10.5 million.
- Net transfers into the Fund were \$5.1 million.
- The fund balance of the Fund was \$2.2 million at June 30, 2015; the total amount is classified as restricted for capital projects.

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

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

The *Statement of Net Position* presents information about the financial position of the City on the full accrual basis, similar to that used in the private sector. It shows the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in the City's net position 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 *Statement of Activities* presents information about the City's revenues and all its expenses, also on the full accrual basis, and explains in detail the change in net position for the year. All changes in net position are reported as soon as the underlying event giving rise to change occurs, regardless of the timing of related cash flows.

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

In fiscal year 2015, the City adopted two new statements of financial accounting standard issued by the Governmental Accounting Standard Board (GASB):

- Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*

Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2015

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expenditures related to pensions. Note disclosure and Required Supplementary Information requirements about pensions also are addressed. For defined benefit pensions plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute those present values to periods of employee service.

The adoption of Statement No. 68 had no impact on the City's governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the City's July 1, 2014 beginning net position to reflect the reporting of the net pension liability and deferred outflows (inflows) of resources for its pension plan and the recognition of pension expense in accordance with the provision of the Statement. The prior year's net position as of July 1, 2014 was decreased by \$85.5 million to \$235.1 million from \$320.6 million, reflecting the cumulative retrospective effect of adoption. The components of this decrease include recording a net pension liability of \$91.9 million, deferred outflows of \$6.9 million, and deferred inflows adjustment of \$567,000 (Note 17).

Statement No. 71 amends Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability (December 31, 2013).

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

Governmental Activities

As noted earlier, net position is representing the difference between total assets and total liabilities, of the City's governmental activities and may over time serve as a useful indicator of the City's financial position. The City's assets exceeded liabilities by \$ 255.1 at June 30, 2015. The table on the next page summarizes the City's net position.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2015

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Governmental Activities, Continued

Table 1
Governmental Statement of Net Position (In Millions)

	2015	2014
Cash and investments	\$ 92.8	\$ 79.7
Other assets	31.8	27.1
Capital assets	234.3	233.2
Total assets	358.9	340.0
Deferred outflows of resources	7.4	-
Current liabilities	13.6	12.6
Non-current liabilities	79.6	6.8
Total liabilities	93.2	19.4
Deferred inflows of resources	18.0	-
Net Position		
Net investment in capital assets	234.0	232.9
Restricted	40.9	40.7
Unrestricted	(19.8)	47.0
Total net position	\$ 255.1	\$ 320.6

Of the City's total net position, \$234.0 million, or 92%, 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 \$93.2 million represent outstanding obligations for operations, capital projects, deposits held for development projects and long-term debt. Also, the City of Walnut Creek implemented GASB Statement No. 68 this year. In accordance with GASB 68, the City recorded a net pension liability in the amount of \$73.4 million in fiscal year 2014-15, resulting a decrease in total net position. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$85.5 million (Note 17). Per GASB 68 requirements, the City also reported deferred outflows of resource and deferred inflows of resources in the amount of \$7.4 million and \$18 million respectively (Note 11). The deferred outflows (inflow) of resources represent amounts that will increase (decrease) pension expense in subsequent periods.

A portion (16%) 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 may be used to meet the government's ongoing obligations to citizens and creditors.

The charts on the next page 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 2014-15, total revenues from all sources relating to governmental activities excluding

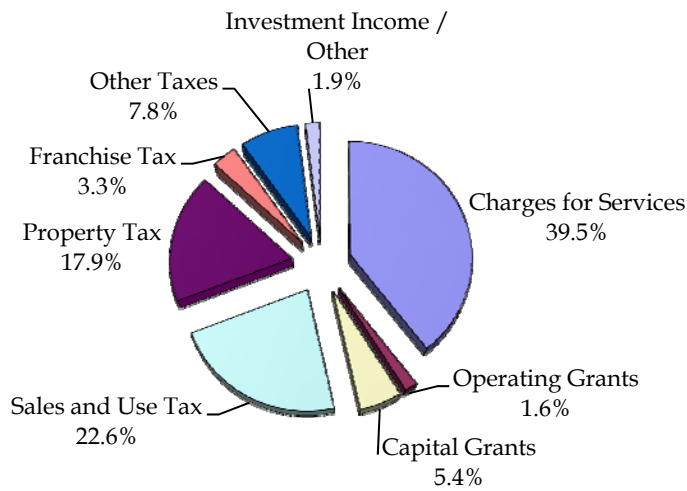


**City of Walnut Creek
 Management's Discussion and Analysis, Continued
 For the year ended June 30, 2015**

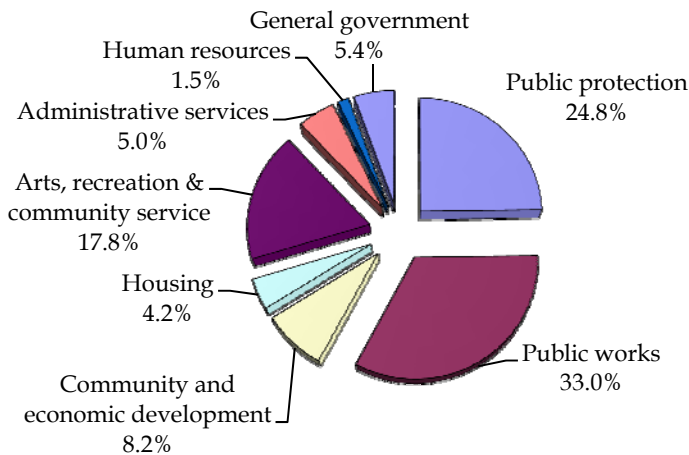
GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

transfers were \$104.5 million and total expenditures for all City programs relating to governmental activities were \$86.5 million.

**Sources of Revenues
 (excluding transfers to Business type activities)
 FY2014-15**



**Sources of Expenses
 (by Governmental activity)
 FY2014-15**





City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2015

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

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

Revenues	2015	2014
Program revenues		
Charges for service	\$ 42.6	\$ 36.8
Operating contributions and grants	1.7	0.9
Capital grants	4.7	1.8
Total program revenues	<u>49.0</u>	<u>39.6</u>
General revenues		
Taxes:		
Sales and use	23.7	22.4
Property	18.8	17.3
Franchise	3.4	3.3
Other taxes	8.2	8.2
Other	0.8	0.9
Investment income	0.6	0.6
Total general revenues	<u>55.5</u>	<u>52.8</u>
Total revenues	<u>104.5</u>	<u>92.4</u>
Expenses		
Public protection	21.6	22.9
Public Works	28.3	27.4
Community and economic development	6.9	6.3
Housing	3.7	2.2
Arts, recreation & community service	15.6	14.2
Administrative services	4.3	4.8
Human Resources	1.3	1.2
General government	4.8	4.7
Total expenses	<u>86.5</u>	<u>83.5</u>
Excess (deficiency) before transfers	18.0	8.9
Transfer of capital assets	-	(1.2)
Gain from sale of asset	2.4	-
Transfers	(0.4)	0.5
Change in net position - Governmental Activities	<u>20.0</u>	<u>8.2</u>
Net Position - Beginning of year, as restated	<u>235.1</u>	<u>312.4</u>



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2015

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Governmental Activities, Continued

Table 2, presented on the prior page, shows that governmental expenses, which totaled \$86.5 million, were offset in part by program revenues for governmental activities of \$49.0 million. These program revenues included \$42.6 million in charges for services, \$1.7 million in operating grants and contributions, and \$4.7 million in capital grants and contributions. Charges for services include traffic safety fines, plan check fees, building inspection fees, other charges related to new construction, and fees charged for recreational, arts and cultural programs. Operating grants and contributions include amounts contributed by developers that are either restricted to grant requirements, or have been designated for one-time expenses, while capital grants and contributions are required to go toward capital investments. General revenues, as shown in Table 2 on the previous page, are available to pay for expenses not fully covered by program generated revenues.



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

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

	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Public protection	2.8	\$ 2.2	\$ (18.8)	\$ (20.7)
Public Works	14.9	11.9	(13.4)	(15.6)
Community and economic development	9.3	6.8	2.3	0.6
Housing	8.8	5.9	5.0	3.7
Arts, recreation & community service	10.3	10.3	(5.3)	(3.9)
Administrative service	2.1	2.0	(2.3)	(3.9)
Human Resources	-	-	(1.3)	
General government	0.9	0.6	(3.9)	(4.1)
Totals	\$ 49.0	\$ 39.7	\$ (37.7)	\$ (43.9)

Business-type Activities

The net position of the City's business-type activities was \$16.0 million at June 30, 2015. Assets included a total of \$8.7 million in cash and investments, \$198,000 in receivables, \$11.9 million in capital assets and \$135,000 in other assets. Liabilities include \$3.3 million in long-term debt and \$1.2 million in current liabilities. Total revenues and transfers for business-type activities totaled \$11.8 million for fiscal year 2014-15 while expenses totaled \$10.0 million.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2015

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Business-type Activities, Continued

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

	<u>2015</u>	<u>2014</u>
Cash and investments	\$ 8.7	\$ 3.7
Other assets	0.3	0.4
Capital assets	<u>11.9</u>	<u>11.2</u>
Total assets	20.9	15.3
Long-term debt outstanding	3.6	0.1
Other liabilities	<u>1.3</u>	<u>1.7</u>
Total liabilities	4.9	1.8
Net Position		
Net investment in capital assets	8.5	10.9
Restricted	-	-
Unrestricted	<u>7.5</u>	<u>2.6</u>
Total net position	\$ 16.0	\$ 13.5

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

	<u>2015</u>	<u>2014</u>
Revenues		
Program revenues		
Charges for service	\$ 9.7	\$ 7.4
Total program revenues	<u>9.7</u>	<u>7.4</u>
General revenues		
Investment income and other	<u>2.4</u>	<u>2.2</u>
Total revenues	<u>12.1</u>	<u>9.6</u>
Expenses		
Golf Course and Clubhouse	4.6	5.2
Downtown Parking and Enhancement Fund	<u>5.4</u>	<u>3.8</u>
Total expenses	<u>10.0</u>	<u>9.0</u>
Excess (deficiency) before transfers	2.1	0.6
Transfer of capital assets	-	1.2
Transfers	<u>0.4</u>	<u>(0.5)</u>
Change in net position - Business-Type Activities	<u>2.5</u>	<u>1.3</u>
Net Position - Beginning of year	<u>13.5</u>	<u>12.2</u>
Net Position - end of year	\$ 16.0	\$ 13.5



City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2015

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, 2015

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, 2015, the City's governmental fund balances were \$85.3 million, which is an increase of \$8.9 million, or 11.6%, above the prior fiscal year. The following describe the specifics related to this variance:

- An increase of \$8.6 million in the General Fund, explained as follows:
 - \$1.3 million is set aside to pay for approved capital projects expenditures that will occur beyond the end of the 2014-2015 fiscal year, and
 - a combination of increased revenues including sales tax, property tax, and departmental revenues netted against expenditures which came in below budget
- An increase of \$267,000 in the Housing Successor Agency Fund is attributed to the loan repayments made by the borrower;
- An increase of \$1.4 million in the Housing Fund is attributed to the receipt of additional commercial linkage fees and in-lieu housing fees;
- A decrease of \$1.2 million in the Capital Investment Program Fund funds is due to decrease of inflows representing receivables that failed to meet the 60 days period of availability test.
- An decrease of \$0.1 million in the City's non-major governmental funds, primarily due to increase in amounts transferred to the Capital Investment Program Fund from the Gas Tax Fund offset by increase in traffic impact mitigation fees and in-lieu park fees as well as new Measure J Cooperative Agreement 28C revenues.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2015

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Summary Analysis of Governmental Funds, Continued

Table 6
Statement of Revenues and Expenses - Governmental Funds
(In Millions)

Revenues	2015	2014
Taxes:		
Sales and use	\$ 23.7	\$ 22.4
Property	18.8	17.3
Business license	2.2	2.2
Franchise	3.4	3.3
Transient occupancy	2.0	1.8
Other taxes	2.3	2.2
Intergovernmental	7.9	4.7
Investment and rental income	1.4	1.5
Charges for services	23.7	20.9
Licenses, permits and fees	2.3	2.0
Fines, forfeitures and penalties	10.8	9.0
Other revenue	1.5	3.5
Total revenues	<u>\$ 100.0</u>	<u>\$ 90.8</u>
Expenditures		
Public protection	\$ 23.6	\$ 23.4
Public works	21.6	20.4
Community and economic development	7.3	6.4
Housing	3.7	2.2
Arts, recreation & community service	15.6	14.2
Administrative services	4.3	5.9
Human Resources	1.3	-
General government	5.4	4.0
Capital outlay	8.7	3.6
Debt service	-	-
Transfers (net)	(2.9)	(0.6)
Total expenditures	<u>\$ 88.6</u>	<u>\$ 79.5</u>



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the year ended June 30, 2015

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, 2015, the total fund balance was \$44.3 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 \$7.6 million more in fiscal year 2014-15 compared to last fiscal year, a change of 10%. Expenditures increased \$4.9 million in fiscal year 2014-15 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 \$767,000 million (4%) 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 \$2.2 million (7%) from the prior year primarily due to increases in secured property taxes (\$1.2 million), transient occupancy tax and other revenues.

Intergovernmental revenues increased \$629,000 from fiscal year 2013-14 is primarily due to one-time \$585,000 mandated state cost reimbursements received for prior years.

Investment and rental income revenues decreased \$126,000 (11%) prior fiscal year due to the significantly less recognized gain on the market value of investments for current fiscal year. These losses will not have an impact since the City intends to hold the investments until maturity.

Charges for Services increased \$2.4 million (15%) from fiscal year 2013-14 mainly due to the increase in volume of development and construction projects for planning, engineering, and building review and processing.

Licenses, permits and fee revenues increased \$266,000 (13%) compared to the prior fiscal year due to the increase of the number of building, plumbing and electrical permits. The increase in revenue will coincide with an increase in contractual expenditures to help with the increased workload.

Fines, forfeitures, and penalties and other revenue increased \$1.9 million (22%) from the prior fiscal year due to increase in inter-departmental transfer charges for services, vehicle impact fees, and one-time revenue of \$1.0 million.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2015

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Detailed Analysis of Major Governmental Funds by Fund, Continued

General Fund Expenditures

Public protection expenditures increased \$248,000 (1%) from the prior year due to increased salary and benefits costs to meet authorized staffing levels.

Public works expenditures increased \$1.5 million (9%) compared to the prior year primarily due to increasing contractual services (\$134,000) such as custodial and other professional services, increases in product costs for building maintenance (\$213,000); and salary and benefit increases to meet authorized staffing levels

Community and economic development expenditures increased \$902,000 (16%) from fiscal year 2013-14. This increase is attributable to outside professional services costs and salary and benefit costs due to the extraordinary high volume of building permits and inspections in the fiscal year. A corresponding increase in revenues was also realized.

Arts, recreation and community services expenditures were \$1.3 million (10%) more than the prior year primarily due to the increases in salary and benefits, increase in utility and contractual costs pertaining to custodial services, and due to restructuring of the department. Additional fee revenues for arts and recreation programs offset these expenditure changes.

Administrative services expenditures increased \$565,000 (15%) compared to prior year primarily due to the increases in professional services (\$548,000), and IT equipment maintenance costs.

Human resources expenditures increased \$293,000 is due to increase in salary and benefits to meet authorized staffing levels in the department in fiscal year 2015. As a result of reorganization, human resources operations were moved to new Human Resources Department previously a division within the Administrative Services Department.

General government expenditures increased \$1.2 million (36%) primarily due to Risk Management program expenditures moved to General Government Department previously listed under Administrative Services Department, in FY 2013-14 and an increase of \$95,000 in liability insurance costs.

Housing Successor Agency Special Revenue

The Housing Successor Agency Special Revenue Fund was created by the City of Walnut Creek Housing Successor Agency to retain housing assets and perform housing functions of the former Redevelopment Agency of the City of Walnut Creek, which was eliminated effective February 1, 2012 by the State. As of June 30, 2015, its fund balance of \$626,000 is restricted for future housing projects and programs. The fund balance increased by \$267,000 primarily due to loan repayments received from two borrowers.



City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2015

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Detailed Analysis of Major Governmental Funds by Fund, Continued

Housing Special Revenue

The Housing Special Revenue Fund accounts for in lieu fees derived of local development projects. As of June 30, 2015, its fund balance of \$5.8 million is restricted for affordable housing projects. During the fiscal year, the fund balance increased by \$1.4 million due to the receipt of additional in lieu fees.

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, 2015, the CDBG fund has \$3.2 million in deferred inflow of resources – unavailable revenues for notes and loans.

Capital Investment Program

The Capital Investment Program Fund accounts for funds used for capital improvements and significant maintenance projects. As of June 30, 2015, its fund balance was \$2.2 million. This fund balance is typically restricted or assigned for use on current projects. The fund balance decreased by \$1.2 million in fiscal year 2014-15 due to delay in receipt of grant revenues. Some of the more significant capital and maintenance projects that were completed during fiscal year 2014-15 are listed below:

- Gateway Monument Signs
- Heather Farm Park Community Center exterior painting
- Penniman House exterior painting
- Shadelands Community Center Re-Roof
- All-Abilities Playground at Heather Farm Park
- Playground Equipment Replacement – Various Parks
- Traffic Signal Improvements at Bancroft/Pomar and others
- 2014 Residential Overlay (Homestead Ave, Rudgear Road)
- 2014 Pavement Slurry (95 streets)
- Tennis Court Resurfacing at Larkey and Rudgear Parks
- Boundary Oak Golf Course Clubhouse Improvements – Projects 1 & 2, Interior and Exterior Upgrades



Summary Analysis of Proprietary Funds

As of June 30, 2015, the Enterprise Funds had a net position balance of \$16.0 million, representing a \$2.5 million (18%) increase, which is primarily related to the increase of parking meter rates and higher citation revenues due to increased staffing and additional enforcement hours.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2015

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Summary Analysis of Proprietary Funds, Continued

The net position balance of the Internal Service Funds is \$10.2 million, up \$3.6 million (55%) from the previous fiscal year, due to transfer in of one-time funds for the replacement of information technology equipment (\$2.2 million) and annual payment of \$1.4 million in the PERS Safety Side Fund Liability Internal Service Fund.

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

	Total Enterprise Funds		Total Internal Service Funds	
	2015	2014	2015	2014
Operating revenues	\$ 11.8	\$ 8.4	\$ 3.7	\$ 3.7
Operating expenses	9.9	8.9	1.9	1.8
Operating income (loss)	1.9	(0.5)	1.8	1.9
Non-operating revenues (expenses)	0.2	0.9	(0.2)	(0.3)
Net income (loss) before contributions and operating transfers	2.1	0.4	1.6	1.6
Capital contributions	0.0	1.4	0.1	0.2
Transfers in (out)	0.4	(0.5)	1.9	1.2
Change in net position	\$ 2.5	\$ 1.3	\$ 3.6	\$ 3.0

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, \$0.1 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 \$1.9 million at the end of fiscal year 2014-15, primarily attributable to the increase of parking meter rates and higher citation revenues due to increased staffing and additional enforcement hours. Of the total net position, \$8.3 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 \$3.4 million (4%), which is primarily attributable to higher sales and property tax revenue than anticipated.

During fiscal year 2014-2015, the City conducted an unusually high level of recruitments, primarily tied to separations from retirements. 51 new hire appointments occurred, and while these positions were vacant, the



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2015

BUDGETARY HIGHLIGHTS OF THE CITY'S GENERAL FUND, Continued

City benefited from salary and benefit cost savings across numerous Departments. General Fund actual expenditures were \$4.3 million (6%) under the final budget, with significant savings in Community and Economic Development (\$1.0 million), Public Works (\$936,000), Arts, Recreation and Community Services (\$665,000), and Administrative Services (\$867,000). The savings in all of these departments are primarily related to salaries and benefits due to vacancy and reorganization of various departments' staffing structures to ensure we continue providing high quality services to our community.

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, 2015 the cost of infrastructure and other capital assets recorded on the City's financial statements is shown in Table 8 below:

Table 8
Capital Assets
(In Millions)

	<u>2015</u>	<u>2014</u>
Governmental activities		
Land	\$ 48.4	\$ 48.4
Construction in progress	12.3	5.6
Building and improvements	129.5	129.5
Machinery and equipment	8.2	7.5
Vehicles	8.7	7.9
Infrastructure	202.6	200.5
Less accumulated depreciation	(175.4)	(166.2)
Totals	<u>\$ 234.3</u>	<u>\$ 233.2</u>
Business-type activities		
Land	\$ 1.3	\$ 1.3
Construction in progress	1.1	-
Buildings	15.6	15.6
Improvements	2.5	2.5
Machinery and equipment	3.8	3.5
Vehicles	0.5	0.5
Less accumulated depreciation	(12.9)	(12.2)
Totals	<u>\$ 11.9</u>	<u>\$ 11.2</u>

At June 30, 2015, the City had \$234.3 million, net of depreciation, invested in a broad range of capital assets used in governmental activities and \$11.9 million, also net of depreciation, invested in Business-type activities assets, as shown in Table 8 above. The increase in total capital assets in governmental activities is due to



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2015

CAPITAL ASSETS AND LONG TERM DEBT, Continued

reconstruction of Geary Road (\$4.8 million) and Roadway Maintenance Project (\$3.9 million), and the increase in business-type activities is attributable to construction in progress (\$1.1 million).

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.

Long Term Debt

At June 30, 2015 the City's debt was comprised of the following:

Table 9
Outstanding Debt
(In Millions)

	<u>2015</u>	<u>2014</u>
Governmental activities		
PG&E Energy Efficiency Loans	\$ 0.3	\$ 0.3
Total governmental activities debt	<u>0.3</u>	<u>0.3</u>
Business-type activities		
Capital Lease Obligation	<u>3.3</u>	<u>0.3</u>
Total business-type activities debt	<u>3.3</u>	<u>0.3</u>
Total debt	<u>\$ 3.6</u>	<u>\$ 0.6</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.

During fiscal year 2014-15, the City entered into a site and facility lease agreement with Pinnacle Lease Financing in the amount of \$3.2 million to finance improvements at the Boundary Oak Golf Course Clubhouse. Additional information on outstanding debt may be found in Note 7 to the Basic Financial Statements.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

Six years after the official end of the Great Recession, most of the City's tax based revenues are close to or exceeding their pre-recession peak. As the City looks ahead to fiscal year 2015-2016, management is encouraged by indicators that the local economy will remain vibrant. However, relatively strong growth in our regional economy is tempered by persistent uncertainty at the national and international level, along with an anticipated economic slowdown occurring over the next few years.



City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2015

ECONOMIC OUTLOOK AND MAJOR INITIATIVES, Continued

Walnut Creek, like many cities, relies heavily upon sales taxes and property taxes to finance general governmental activities with these two revenues accounting for 27% and 22% of general fund revenues respectively. In fiscal year 2014-15 the City experienced gains in these revenues with sales taxes increasing 4% and property taxes increasing 7%. The increase in these revenues is sensitive to consumer confidence, reflecting the strength of the local market. It is anticipated that the economy will grow during the upcoming year. Starting in FY 2012 and continuing through FY 2015, department revenues have grown significantly. This is due to increase in the fees charged for services (as set by City policy) and an increase in volume of services delivered due to economic activity (more construction activity and demand for City programs).

The nation has largely recovered, fueled by a resurgent housing market and consistent job growth. Overall, the national economy improved considerably, but there are many longer-term issues the nation must address, including funding changes to the national healthcare system, long-term underemployment and unemployment, infrastructure investment and resolving underfunded federal entitlements.

City Revenues and Expenses

While revenues have stabilized and increased from prior levels, expenditure pressures to maintain existing services are continuing. 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. The City has historically only funded a portion of the identified projects. As a result, the backlog of infrastructure projects and needed investment has grown.

The City is able to achieve a balanced budget for fiscal year 2015-16 and maintain adequate reserves for the General Fund through a combination of measures, including the following:

- Growth in revenues, driven by economic growth resulting in increases in sales and property taxes;
- Using temporary and contract staff to assist fluid service needs;
- Targeted restructuring in staff positions and operating expenses;
- Service changes that yield savings and/or increased revenues; and
- Continued review of adjustments to fees for services to ensure charges more closely reflect the cost of providing services.

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



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2015

City Revenues and Expenses, Continued

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 Renovation
- 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

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

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".



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, 2015

(With comparative information for the prior year)

	Governmental	Business-Type	Totals	
	Activities	Activities	2015	2014
ASSETS				
Current assets:				
Cash and investments (Note 2)	\$ 92,764,286	\$ 8,688,089	\$ 101,452,375	\$ 83,426,148
Receivables:				
Accounts	1,705,693	197,889	1,903,582	3,007,527
Taxes	3,018,045	-	3,018,045	2,758,010
Due from other governments	4,439,701	-	4,439,701	2,364,461
Interest	136,839	7,664	144,503	120,001
Total current assets	102,064,564	8,893,642	110,958,206	91,676,147
Noncurrent assets:				
Notes and loans receivable (Note 3)	21,553,657	-	21,553,657	18,173,730
Inventory of materials and supplies	38,497	112,234	150,731	142,686
Internal balances	402,355	(402,355)	-	-
Prepaid items	251,337	14,978	266,315	224,411
Internal balances, long-term	274,544	-	274,544	274,544
Capital assets (Note 6):				
Nondepreciable	60,749,507	2,473,460	63,222,967	55,364,778
Depreciable	348,990,786	22,348,097	371,338,883	367,507,653
Accumulated depreciation	(175,412,672)	(12,961,607)	(188,374,279)	(178,471,611)
Total capital assets	234,327,621	11,859,950	246,187,571	244,400,820
Total noncurrent assets	256,848,011	11,584,807	268,432,818	263,216,191
Total assets	358,912,575	20,478,449	379,391,024	354,892,338
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	7,360,659	-	7,360,659	-
Total deferred outflows of resources	7,360,659	-	7,360,659	-
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	4,223,846	647,348	4,871,194	3,696,537
Accrued payroll	1,127,344	38,236	1,165,580	1,049,029
Refundable deposits	1,027,963	266,951	1,294,914	1,078,678
Unearned revenue (Note 4)	5,816,148	-	5,816,148	6,200,160
Claims payable due in one year (Note 10)	1,186,095	-	1,186,095	1,337,016
Compensated absences due in one year (Note 8)	192,274	125,963	318,237	188,652
Long-term debt due in one year (Note 7)	53,793	73,041	126,834	279,136
Total current liabilities	13,627,463	1,151,539	14,779,002	13,829,208
Noncurrent liabilities:				
Claims payable due in more than one year (Note 10)	2,719,760	-	2,719,760	3,280,734
Compensated absences due in more than one year (Note 8)	3,241,087	-	3,241,087	3,357,813
Net pension liability (Note 11)	73,369,867	-	73,369,867	-
Long-term debt due in more than one year (Note 7)	255,052	3,345,355	3,600,407	310,087
Total noncurrent liabilities	79,585,766	3,345,355	82,931,121	6,948,634
Total liabilities	93,213,229	4,496,894	97,710,123	20,777,842
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	17,997,484	-	17,997,484	-
Total deferred inflows of resources	17,997,484	-	17,997,484	-
NET POSITION				
Net investment in capital assets	234,018,776	8,441,554	242,460,330	243,811,597
Restricted for:				
Capital projects	27,089,663	-	27,089,663	28,647,305
Community development	13,840,638	-	13,840,638	12,030,883
Total restricted net position	40,930,301	-	40,930,301	40,678,188
Unrestricted net position	(19,886,556)	7,540,001	(12,346,555)	49,624,711
Total net position	\$ 255,062,521	\$ 15,981,555	\$ 271,044,076	\$ 334,114,496

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



City of Walnut Creek
Statement of Activities
For the Year Ended June 30, 2015
(With comparative information for the prior year)

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
Public protection	\$ 21,630,742	\$ 1,762,226	\$ 693,183	\$ 368,253	\$ 2,823,662
Public works	28,340,373	10,645,252	30,774	4,221,642	14,897,668
Community development	6,902,178	8,458,675	776,000	-	9,234,675
Housing	3,700,789	8,696,509	-	-	8,696,509
Arts, recreation and community services	15,578,912	10,227,308	20,000	65,252	10,312,560
Administrative services	4,278,695	1,957,975	135,213	-	2,093,188
Human Resources	1,270,976	1,219	-	-	1,219
General government	4,794,183	854,610	-	-	854,610
Total governmental activities	<u>86,496,848</u>	<u>42,603,774</u>	<u>1,655,170</u>	<u>4,655,147</u>	<u>48,914,091</u>
Business-type activities:					
Golf Course and Clubhouse	4,635,799	5,195,484	-	-	5,195,484
Downtown Parking and Enhancement Fund	5,348,651	4,499,655	-	-	4,499,655
Total business-type activities	<u>9,984,450</u>	<u>9,695,139</u>	<u>-</u>	<u>-</u>	<u>9,695,139</u>
Total primary government	<u>\$ 96,481,298</u>	<u>\$ 52,298,913</u>	<u>\$ 1,655,170</u>	<u>\$ 4,655,147</u>	<u>\$ 58,609,230</u>

General revenues:

Taxes:

Sales and use

Property

Franchise

Other taxes

Total taxes

Investment income

Other

Gain from sale of land

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year, as restated (Note 17)

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	
		2015	2014
\$ (18,807,080)	\$ -	\$ (18,807,080)	\$ (20,683,246)
(13,442,705)	-	(13,442,705)	(15,565,136)
2,332,497	-	2,332,497	580,257
4,995,720	-	4,995,720	3,705,558
(5,266,352)	-	(5,266,352)	(3,931,246)
(2,185,507)	-	(2,185,507)	(3,948,738)
(1,269,757)	-	(1,269,757)	-
(3,939,573)	-	(3,939,573)	(4,112,278)
(37,582,757)	-	(37,582,757)	(43,954,829)
-	559,685	559,685	(407,392)
-	(848,996)	(848,996)	(1,198,073)
-	(289,311)	(289,311)	(1,605,465)
(37,582,757)	(289,311)	(37,872,068)	(45,560,294)
23,743,363	-	23,743,363	22,417,088
18,843,569	-	18,843,569	17,322,166
3,425,481	-	3,425,481	3,344,495
8,203,061	-	8,203,061	8,232,453
54,215,474	-	54,215,474	51,316,202
586,567	260,403	846,970	1,519,961
761,831	2,119,183	2,881,014	2,172,663
2,401,420	-	2,401,420	-
(375,592)	375,592	-	52,468
57,589,700	2,755,178	60,344,878	55,061,294
20,006,943	2,465,867	22,472,810	9,501,000
235,055,578	13,515,688	248,571,266	324,613,496
\$ 255,062,521	\$ 15,981,555	\$ 271,044,076	\$ 334,114,496

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

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

The funds described below were determined to be Major Funds by the City in fiscal year 2014-15

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:

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, 2015
(With comparative information for the prior year)

	General Fund	Special Revenue			Capital Project
		Housing Successor Agency	Housing	CDBG	Capital Investment Program
ASSETS					
Cash and investments (Note 2)	\$ 40,102,343	\$ 625,912	\$ 5,803,375	\$ -	\$ 4,965,290
Accounts receivable	1,425,801	-	14,835	-	-
Taxes receivable	3,018,045	-	-	-	-
Interest receivable	65,394	-	8,923	-	323
Prepaid items	174,899	-	-	-	-
Due from other governments	-	-	-	-	3,445,204
Due from other funds (Note 5)	3,478,713	-	-	-	-
Notes and loans receivable (Note 3)	-	7,544,060	9,773,296	3,183,375	-
Inventory of materials and supplies	38,497	-	-	-	-
Interfund loan (Note 5)	402,355	-	-	-	-
Advance to other funds (Note 5)	5,616,585	-	-	-	-
Total assets	\$ 54,322,632	\$ 8,169,972	\$ 15,600,429	\$ 3,183,375	\$ 8,410,817
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and other accrued liabilities	\$ 2,185,992	\$ 250	\$ 52,953	\$ 17,802	\$ 1,514,309
Accrued payroll	1,079,239	-	659	3,542	15,510
Due to other funds (Note 5)	-	-	-	33,509	3,445,204
Refundable deposits	1,027,963	-	-	-	-
Unearned revenues (Note 4)	5,692,788	-	-	-	123,360
Total liabilities	9,985,982	250	53,612	54,853	5,098,383
Deferred Inflows of Resources:					
Unavailable revenues - grants	-	-	-	-	1,069,987
Unavailable revenues- notes and loans	-	7,544,060	9,773,296	3,183,375	-
Total deferred inflows of resources	-	7,544,060	9,773,296	3,183,375	1,069,987
Fund Balances (Note 9):					
Nonspendable	6,232,336	-	-	-	-
Restricted	-	625,662	5,773,521	-	2,242,447
Committed	17,045,609	-	-	-	-
Assigned	6,975,907	-	-	-	-
Unassigned	14,082,798	-	-	(54,853)	-
Total fund balances	44,336,650	625,662	5,773,521	(54,853)	2,242,447
Total liabilities, deferred inflows of resources and fund balances	\$ 54,322,632	\$ 8,169,972	\$ 15,600,429	\$ 3,183,375	\$ 8,410,817

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

Non-major Governmental Funds	Total Governmental Funds	
	2015	2014
\$ 29,772,241	\$ 81,269,161	\$ 70,058,028
263,056	1,703,692	2,759,877
-	3,018,045	2,758,010
45,950	120,590	101,940
67,420	242,319	179,512
994,497	4,439,701	2,364,461
-	3,478,713	1,822,122
1,052,926	21,553,657	18,173,730
-	38,497	29,016
-	402,355	442,756
1,500,000	7,116,585	8,493,229
<u>\$ 33,696,090</u>	<u>\$ 123,383,315</u>	<u>\$ 107,182,681</u>
\$ 271,246	\$ 4,042,552	\$ 2,840,275
28,394	1,127,344	1,028,351
-	3,478,713	1,822,122
-	1,027,963	790,733
-	5,816,148	6,112,846
<u>299,640</u>	<u>15,492,720</u>	<u>12,594,327</u>
-	1,069,987	-
1,052,926	21,553,657	18,173,730
<u>1,052,926</u>	<u>22,623,644</u>	<u>18,173,730</u>
-	6,232,336	9,144,513
32,343,524	40,985,154	37,597,846
-	17,045,609	14,886,540
-	6,975,907	6,973,078
-	14,027,945	7,812,647
<u>32,343,524</u>	<u>85,266,951</u>	<u>76,414,624</u>
<u>\$ 33,696,090</u>	<u>\$ 123,383,315</u>	<u>\$ 107,182,681</u>

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City of Walnut Creek
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2015

Total Fund Balances - Total Governmental Funds	\$ 85,266,951
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	60,749,507
Depreciable, net	167,851,232
Deferred outflows of resources related to pensions (Note 11)	7,360,659
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.	22,623,644
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.	10,225,940
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	(1,186,095)
Compensated absences payable	(192,274)
Long-term debt	(53,793)
Long-term liabilities - due in more than one year:	
Claims and judgments payable	(2,719,760)
Compensated absences payable	(3,241,087)
Net pension liability	(73,369,867)
Long-term debt	(255,052)
Deferred inflows of resources related to pensions (Note 11)	<u>(17,997,484)</u>
Net Position of Governmental Activities	<u>\$ 255,062,521</u>

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



City of Walnut Creek
Statement of Revenues, Expenditures and Changes in Fund Balances
Major Governmental Funds
For the Year Ended June 30, 2015
(With comparative information for the prior year)

	General Fund	Special Revenue		
		Housing Successor Agency	Housing	CDBG
REVENUES:				
Taxes:				
Sales and use	\$ 22,260,634	\$ -	\$ -	\$ -
Property	18,491,518	-	-	-
Business license	2,223,848	-	-	-
Franchise	3,425,481	-	-	-
Transient occupancy tax	1,941,665	-	-	-
Other	743,599	-	-	-
Intergovernmental	692,903	-	-	70,111
Investment and rental income	1,021,718	48,894	42,743	3,572
Charges for services	18,677,168	-	4,246,595	-
Licenses, permits and fees	2,251,823	-	-	-
Fines, forfeitures and penalties	10,828,777	-	-	-
Other revenue	-	241,286	29,255	74,130
Total revenues	82,559,134	290,180	4,318,593	147,813
EXPENDITURES:				
Current:				
Public protection	23,250,156	-	-	-
Public works	17,353,746	-	-	-
Community and economic development	6,487,100	-	140,891	137,983
Housing	-	23,395	3,062,711	64,683
Arts, recreation and community services	14,648,772	-	-	-
Administrative services	4,259,920	-	-	-
Human Resources	1,270,976	-	-	-
General government	4,949,928	-	-	-
Capital outlay:				
Public ways and facilities and equipment	49,404	-	-	-
Debt service:				
Principal retirement (Note 7)	39,498	-	-	-
Total expenditures	72,309,500	23,395	3,203,602	202,666
REVENUES OVER (UNDER) EXPENDITURES	10,249,634	266,785	1,114,991	(54,853)
OTHER FINANCING SOURCES (USES) (Note 5):				
Capital lease	49,404	-	-	-
Proceeds from sale of asset	2,467,400	-	-	-
Transfers in	1,063,925	-	288,000	-
Transfers (out)	(5,230,149)	-	-	-
Total other financing sources (uses)	(1,649,420)	-	288,000	-
Net change in fund balances	8,600,214	266,785	1,402,991	(54,853)
FUND BALANCES:				
Beginning of year	35,736,436	358,877	4,370,530	-
End of year	\$ 44,336,650	\$ 625,662	\$ 5,773,521	\$ (54,853)

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

Capital Project Investment Program	Non-major Governmental Funds	Total Governmental Funds	
		2015	2014
		\$ -	\$ 1,482,729
-	352,051	18,843,569	17,322,166
-	-	2,223,848	2,194,783
-	-	3,425,481	3,344,495
-	-	1,941,665	1,768,079
-	1,584,586	2,328,185	2,187,727
4,221,642	2,862,169	7,846,825	4,674,747
1,382	311,038	1,429,347	1,461,938
-	711,913	23,635,676	20,917,433
-	-	2,251,823	1,986,301
-	-	10,828,777	9,002,040
-	1,184,819	1,529,490	3,494,579
4,223,024	8,489,305	100,028,049	90,771,376
-	383,727	23,633,883	23,367,172
1,945,863	2,282,406	21,582,015	20,433,205
-	514,893	7,280,867	6,352,470
-	550,000	3,700,789	2,182,676
-	914,707	15,563,479	14,187,383
-	-	4,259,920	5,946,055
-	-	1,270,976	-
-	505,348	5,455,276	4,001,723
8,569,056	-	8,618,460	3,590,852
-	-	39,498	38,245
10,514,919	5,151,081	91,405,163	80,099,781
(6,291,895)	3,338,224	8,622,886	10,671,595
-	-	49,404	-
-	-	2,467,400	-
5,056,708	1,279,674	7,688,307	11,593,429
-	(4,745,521)	(9,975,670)	(12,234,517)
5,056,708	(3,465,847)	229,441	(641,088)
(1,235,187)	(127,623)	8,852,327	10,030,507
3,477,634	32,471,147	76,414,624	66,384,117
\$ 2,242,447	\$ 32,343,524	\$ 85,266,951	\$ 76,414,624

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, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ 8,852,327
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.	(8,363,875)
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.	9,195,522
Revenues which are unavailable on the Governmental Funds Balance Sheet because they are not currently available are recognized as revenue in the Statement of Activities. This amount represents revenues that were unavailable on the governmental funds statements in prior years and recognized this year, however those revenues which were recognized on the government-wide statements in prior years and therefore should not be recognized as revenue in the current year.	4,449,914
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	39,498
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.	696,917
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense is measured as the change in net pension liability and the amortization of deferred outflows and inflows related to pensions. This amount represent the net change in pension related amounts.	1,536,538
Internal service funds are used to charge the costs of information technology and equipment replacement, to individual funds. The net revenue of the internal service funds is reported with governmental activities.	<u>3,600,102</u>
Change in Net Position of Governmental Activities	<u>\$ 20,006,943</u>

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



PROPRIETARY FUND FINANCIAL STATEMENTS

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

Enterprise Funds:

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

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

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

Internal Service Funds:

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



City of Walnut Creek
Statement of Net Position
Proprietary Funds
June 30, 2015

(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	
				2015	2014
ASSETS					
Current assets:					
Cash and investments	\$ 1,471,348	\$ 372,242	\$ 3,827,208	\$ 5,670,798	\$ 3,695,568
Restricted cash	3,017,291	-	-	3,017,291	-
Total cash and investments (Note 2)	4,488,639	372,242	3,827,208	8,688,089	3,695,568
Accounts receivable	-	-	197,889	197,889	204,412
Interest receivable	2,595	-	5,069	7,664	4,533
Inventory of materials & supplies	-	112,234	-	112,234	113,670
Prepaid items	-	14,268	710	14,978	26,863
Total current assets	4,491,234	498,744	4,030,876	9,020,854	4,045,046
Noncurrent assets:					
Capital assets (Note 6):					
Nondepreciable	2,473,460	-	-	2,473,460	1,337,396
Depreciable	4,715,864	964,047	16,668,186	22,348,097	22,140,689
Accumulated depreciation	(3,931,000)	(700,143)	(8,330,464)	(12,961,607)	(12,234,954)
Total capital assets	3,258,324	263,904	8,337,722	11,859,950	11,243,131
Total noncurrent assets	3,258,324	263,904	8,337,722	11,859,950	11,243,131
Total assets	7,749,558	762,648	12,368,598	20,880,804	15,288,177
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	12,938	314,156	320,254	647,348	564,834
Accrued payroll	2,419	8,343	27,474	38,236	20,678
Interfund loan (Note 5)	402,355	-	-	402,355	442,756
Compensated Absences- due in one year (Note 10)	-	-	125,963	125,963	407
Long term debt - due in one year (Note 7)	18,753	54,288	-	73,041	240,891
Total current liabilities	436,465	376,787	473,691	1,286,943	1,269,566
Noncurrent liabilities:					
Refundable deposits	-	266,951	-	266,951	287,945
Unearned revenue	-	-	-	-	87,314
Advances from other funds (Note 5)	-	-	-	-	-
Compensated Absences- due in more than one year (Note 10)	-	-	-	-	78,271
Long term debt - due in more than one year (Note 7)	3,211,247	134,108	-	3,345,355	49,393
Total noncurrent liabilities	3,211,247	401,059	-	3,612,306	502,923
Total liabilities	3,647,712	777,846	473,691	4,899,249	1,772,489
NET POSITION					
Net investment in capital assets	28,324	75,508	8,337,722	8,441,554	10,952,847
Unrestricted net position (deficit)	4,073,522	(90,706)	3,557,185	7,540,001	2,562,841
Total net position (deficit)	\$ 4,101,846	\$ (15,198)	\$ 11,894,907	\$ 15,981,555	\$ 13,515,688

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

Governmental Activities	Total Internal Service Funds	
	Internal	
	Service Funds	
	2015	2014
\$ 11,495,125	\$ 11,495,125	\$ 9,672,552
-	-	-
11,495,125	11,495,125	9,672,552
2,001	2,001	43,238
16,249	16,249	13,528
-	-	-
9,018	9,018	18,036
11,522,393	11,522,393	9,747,354
-	-	-
13,338,393	13,338,393	12,187,968
(7,611,511)	(7,611,511)	(6,799,371)
5,726,882	5,726,882	5,388,597
5,726,882	5,726,882	5,388,597
17,249,275	17,249,275	15,135,951
181,294	181,294	291,428
-	-	-
-	-	-
-	-	-
181,294	181,294	291,428
-	-	-
-	-	-
6,842,041	6,842,041	8,218,685
-	-	-
-	-	-
6,842,041	6,842,041	8,218,685
7,023,335	7,023,335	8,510,113
5,726,882	5,726,882	5,388,597
4,499,058	4,499,058	1,237,241
\$ 10,225,940	\$ 10,225,940	\$ 6,625,838

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, 2015
(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	2015	2014
OPERATING REVENUES:					
Charges for services	\$ 50,000	\$ 5,145,484	\$ 4,499,655	\$ 9,695,139	\$ 7,379,145
Fines, forfeitures and penalties	-	-	2,032,418	2,032,418	592,610
Other revenue	2,306	12,226	25,980	40,512	460,127
Total operating revenues	52,306	5,157,710	6,558,053	11,768,069	8,431,882
OPERATING EXPENSES:					
Supplies and services	230,336	4,174,679	4,513,867	8,918,882	7,866,303
Repairs and maintenance	1,479	-	162,294	163,773	197,870
Depreciation	66,692	73,791	663,843	804,326	861,977
Total operating expenses	298,507	4,248,470	5,340,004	9,886,981	8,926,150
OPERATING INCOME (LOSS)	(246,201)	909,240	1,218,049	1,881,088	(494,268)
NONOPERATING REVENUES (EXPENSES):					
Investment and rental income	14,158	-	246,245	260,403	929,627
Interest and related expenses	(81,833)	(6,989)	(8,647)	(97,469)	(56,551)
Gain (loss) on sale of capital assets	-	-	-	-	(1,909)
Total nonoperating revenues (expenses)	(67,675)	(6,989)	237,598	162,934	871,167
Net income (loss) before contributions and operating transfers	(313,876)	902,251	1,455,647	2,044,022	376,899
Capital contributions	-	-	46,253	46,253	1,415,665
Transfers in (Note 5)	805,000	50,000	500,000	1,355,000	940,000
Transfers (out) (Note 5)	(70,726)	(805,000)	(103,682)	(979,408)	(1,417,893)
Change in net position	420,398	147,251	1,898,218	2,465,867	1,314,671
NET POSITION:					
Total net position - Beginning	3,681,448	(162,449)	9,996,689	13,515,688	12,201,017
Total net position - Ending	\$ 4,101,846	\$ (15,198)	\$ 11,894,907	\$ 15,981,555	\$ 13,515,688

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

Governmental Activities Internal Service Funds	Total Internal Service Funds	
	2015	2014
\$ 3,765,492	\$ 3,765,492	\$ 3,675,929
-	-	-
-	-	-
<u>3,765,492</u>	<u>3,765,492</u>	<u>3,675,929</u>
338,774	338,774	108,408
454,715	454,715	644,725
<u>1,141,562</u>	<u>1,141,562</u>	<u>1,032,051</u>
<u>1,935,051</u>	<u>1,935,051</u>	<u>1,785,184</u>
<u>1,830,441</u>	<u>1,830,441</u>	<u>1,890,745</u>
-	-	-
(212,183)	(212,183)	(304,348)
<u>15,845</u>	<u>15,845</u>	<u>(20,515)</u>
<u>(196,338)</u>	<u>(196,338)</u>	<u>(324,863)</u>
<u>1,634,103</u>	<u>1,634,103</u>	<u>1,565,882</u>
54,228	54,228	240,615
2,150,000	2,150,000	1,234,995
<u>(238,229)</u>	<u>(238,229)</u>	<u>(63,546)</u>
3,600,102	3,600,102	2,977,946
<u>6,625,838</u>	<u>6,625,838</u>	<u>3,647,892</u>
<u>\$ 10,225,940</u>	<u>\$ 10,225,940</u>	<u>\$ 6,625,838</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, 2015

(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	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 52,306	\$ 5,180,296	\$ 6,541,989	\$ 11,774,591	\$ 8,466,395
Payments to suppliers	(266,463)	(4,095,366)	(4,624,991)	(8,986,820)	(7,926,852)
Payments to employees	208	8,343	56,292	64,843	6,814
Internal activity					
Receipts from other funds	-	-	-	-	-
Payments to other funds	-	-	-	-	-
Other receipts	-	(108,308)	-	(108,308)	28,314
Net cash provided (used) by operating activities	(213,949)	984,965	1,973,290	2,744,306	574,671
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	805,000	50,000	500,000	1,355,000	940,000
Transfers out	(70,726)	(805,000)	(103,682)	(979,408)	(1,417,893)
Net cash provided (used) by operating activities	734,274	(755,000)	396,318	375,592	(477,893)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital Contribution	-	-	46,253	46,253	1,415,665
Acquisition of capital assets	(1,170,990)	(193,958)	(56,196)	(1,421,144)	(1,599,344)
Interest paid on debt	(81,833)	(6,989)	(8,647)	(97,469)	(56,551)
Principal paid on long-term debt	(40,401)	(59,967)	(210,906)	(311,274)	(1,031,959)
Proceeds from capital lease	3,230,000	168,985	-	3,398,985	442,756
Net cash provided (used) by capital and related financing activities	1,936,776	(91,929)	(229,496)	1,615,351	(829,433)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income received	14,354	-	242,918	257,272	929,521
Net cash provided by investing activities	14,354	-	242,918	257,272	929,521
Net increase in cash and cash equivalents	2,471,455	138,036	2,383,030	4,992,521	196,866
CASH AND INVESTMENTS:					
Beginning of the year	2,017,184	234,206	1,444,178	3,695,568	3,498,702
End of the year	<u>\$ 4,488,639</u>	<u>\$ 372,242</u>	<u>\$ 3,827,208</u>	<u>\$ 8,688,089</u>	<u>\$ 3,695,568</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating (loss)	\$ (246,201)	\$ 909,240	\$ 1,218,049	\$ 1,881,088	\$ (494,268)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:					
Depreciation	66,692	73,791	663,843	804,326	861,977
Changes in assets and liabilities:					
Accounts receivable	-	22,586	(16,064)	6,522	34,513
Inventory / prepaid items	-	14,031	(710)	13,321	(15,772)
Advance from other funds	-	-	-	-	-
Accounts payable and accrued liabilities	(34,648)	65,282	51,880	82,514	157,683
Salaries and wages payable	208	8,343	56,292	64,843	2,224
Deposits payable	-	(20,994)	-	(20,994)	18,020
Unearned revenue	-	(87,314)	-	(87,314)	10,294
Net cash provided (used) by operating activities	\$ (213,949)	\$ 984,965	\$ 1,973,290	\$ 2,744,306	\$ 574,671

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

Governmental Activities Internal Service Funds	Total Internal Service Funds	
	2015	2014
\$ 3,806,729	\$ 3,806,729	\$ 3,634,663
(894,605)	(894,605)	(520,782)
-	-	-
-	-	-
-	-	-
-	-	-
<u>2,912,124</u>	<u>2,912,124</u>	<u>3,113,881</u>
2,150,000	2,150,000	1,234,995
(238,229)	(238,229)	(63,546)
<u>1,911,771</u>	<u>1,911,771</u>	<u>1,171,449</u>
54,228	54,228	240,615
(1,464,002)	(1,464,002)	(1,354,958)
(287,654)	(287,654)	(331,503)
(1,376,644)	(1,376,644)	(1,252,796)
-	-	-
<u>(3,074,072)</u>	<u>(3,074,072)</u>	<u>(2,698,642)</u>
72,750	72,750	13,627
<u>72,750</u>	<u>72,750</u>	<u>13,627</u>
1,822,573	1,822,573	1,600,315
9,672,552	9,672,552	8,072,237
<u>\$ 11,495,125</u>	<u>\$ 11,495,125</u>	<u>\$ 9,672,552</u>
\$ 1,830,441	\$ 1,830,441	\$ 1,890,745
1,141,562	1,141,562	1,032,051
41,237	41,237	(41,266)
1,385,662	1,385,662	(10,622,654)
(1,376,644)	(1,376,644)	10,604,618
(110,134)	(110,134)	250,387
-	-	-
-	-	-
-	-	-
<u>\$ 2,912,124</u>	<u>\$ 2,912,124</u>	<u>\$ 3,113,881</u>

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

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FIDUCIARY FUND FINANCIAL STATEMENTS

Fiduciary Fund Types:

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

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



City of Walnut Creek
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2015

	Private-purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents (Note 2)	\$ 376,486	\$ 14,440,666
Cash and investments held with fiscal agent	1,646,742	
Receivables:		
Accounts receivable	-	469,380
Interest receivable	178	22,064
Total Receivables	<u>178</u>	<u>491,444</u>
Total assets	<u>2,023,406</u>	<u>\$ 14,932,110</u>
LIABILITIES		
Accounts payable	\$ -	\$ 396,754
Accrued Payroll	340	-
Due to other governments	-	8,567,408
Due to bondholders	-	1,716,762
Advance deposits	-	4,251,186
Bonds payable (Note 15)	425,000	-
Total liabilities	<u>425,340</u>	<u>14,932,110</u>
Noncurrent liabilities:		
Long-term debt (Note 15)	<u>1,710,000</u>	-
Total noncurrent liabilities	<u>1,710,000</u>	-
Total liabilities	<u>2,135,340</u>	<u>\$ 14,932,110</u>
NET POSITION		
Held in trust for other governments	<u>\$ (386,478)</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, 2015

	Private Purpose Trust Fund
ADDITIONS:	
Property taxes	\$ 651,529
Investment earnings	1,274
Total additions	<u>652,803</u>
DEDUCTIONS:	
Community and economic development	29,976
Interest, fiscal charges and issuance costs	115,348
Total deductions:	<u>145,324</u>
Change in net position	507,479
Net Position	
Total net position - Beginning	<u>(893,957)</u>
Total net position - Ending	<u>\$ (386,478)</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, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

Blended Component Unit

Walnut Creek Public Facilities Financing Authority (Authority)

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

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

B. Basis of Presentation

Government-Wide Statements – The Statement of Net Position and the Statement of Activities display information about the primary government (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, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Presentation, Continued

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

C. Measurement Focus and Basis of Accounting

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement Focus and Basis of Accounting, Continued

The City reports the following major governmental funds:

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

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

The 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

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

Proprietary Fund Financial Statements

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

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

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

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

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

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

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

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

Major Roadway Reconstruction Fund accumulates funds 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, 2015

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 Group I 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 Lesher Endowment accounts for assets held by the City as an agent to be used exclusively for improvements to the City's Lesher 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, 2015

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.

1. 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.

2. 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, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Pensions

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

F. 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.

G. 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, 2015. The City has complied with all significant bond covenants relating to reserve and sinking fund requirements.

Bond Issuance Costs

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

For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using a straight-line method. Bonds payable are reported net of the applicable bond premium or



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Long-Term Debt (continued)

discount. Issuance costs are reported as an expense when incurred. Interest on long-term debt is recognized as the liability is incurred.

H. 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.

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

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

J. 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, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. Deferred Outflows/Inflows of resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from receivables that will not be collected within the City's period of availability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows related to pensions as a result of the implementation of GASB 68.

L. Net Position and Fund Balance

Net Position

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

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

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

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

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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 that includes amounts that can only be used for specific purposes pursuant to constraints imposed by Resolution 11-30, adopted on June 7, 2011 by the City Council, as amended by Resolution 12-36 on June 9, 2012, and remain binding unless removed by a subsequent formal action through City Council Resolution or Ordinance. The City Council is also the highest level of decision making 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. One-Time Funds

In order to establish a formal process by which one-time revenues and General Fund budget surpluses are to be allocated and used for funding one-time needs in support of overall City goals and priorities, Policy and procedure No. 302 was adopted on June 19, 2012 by formal action of the City Council at its regular meeting via Resolution No. 12-37. As part of the six-month and eighteen-month budget updates (and at additional intervals as determined by the City Manager), Finance Division staff report any One-Time Revenues to the City Council. At that time, the City Council may authorize specific allocations of One-Time Revenues for purposes of funding One-Time Expenses. Depending upon the source and nature of these funds, they may be restricted to some purposes, or unrestricted and available to further City and community goals. Balance of assigned funds allocated for one time uses but not expended as of June 30, 2015 is \$1,158,059.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. Inventory and Prepaid Items

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

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

The 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.

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, 2015, the carrying amount of the City's deposits was \$3,645,611. Bank balances before reconciling items were \$3,795,330 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, 2015

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

B. Investments

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

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

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

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

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

The City's 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, fund balance 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, 2015

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

The following is a summary of cash and investments at June 30, 2015:

	Government-Wide Statement of Net Position			Fiduciary Fund	
	Governmental Activities	Business-Type Activities	Total	Financial Statements	Total
Cash and investments	\$ 92,764,286	\$ 8,688,089	\$ 101,452,375	\$ 14,817,152	\$ 116,269,527
Cash and investments with fiscal agent	\$ -	\$ -	\$ -	\$ 1,646,742	\$ 1,646,742

Deposits and investments were categorized as follows at June 30, 2015:

	Credit Quality Ratings	Fair Value
City Treasury Deposits:		
Deposits	Not Rated	\$ 3,645,611
Petty cash	Not Rated	20,400
Total City treasury deposits		3,666,011
City Treasury Investments:		
Securities of U.S. Government Agencies		
Federal Home Loan Bank (FHLB)	AA+	11,973,400
Federal Farm Credit Bureau (FFCB)	AA+	4,006,790
Federal National Mortgage Assoc (FNMA)	AA+	9,989,890
Federal Home Loan Mortgage Corp (FHLMC)	AA+	18,012,090
Certificate of Deposits	Not Rated	3,437,943
Medium Term Corporate Notes	A / A+ / AA- / AA	12,419,368
U.S. Treasury Money Market	AAA	3,727,657
Local Agency Investment Funds	Not Rated	48,964,392
Total City treasury investments		112,531,530
Total cash and investments		\$ 116,197,541
Investments With Fiscal Agent:		
Securities of U.S. Government Agencies		
U.S. Treasury Money Market	AAA	\$ 1,646,742
Total investments with fiscal agent		\$ 1,646,742



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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, 2015 amounted to an unrealized gain of \$38,531.

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, 2015, the City's pooled cash and investments had the following maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>1 year or less</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>3-4 years</u>
Local Agency Investment Funds	\$ 48,964,392	\$ 48,964,392	\$ -	\$ -	\$ -
U.S. Treasury Money Market	3,727,657	3,727,657	-	-	-
Medium Term Corporate Notes	12,419,368	2,859,614	-	9,559,754	-
Securities of U.S. Government:					
Federal Home Loan Bank	11,973,400	-	-	5,981,490	5,991,910
Federal Farm Credit Bureau	4,006,790	-	1,006,260	3,000,530	-
Federal Home Loan Mortgage Company	18,012,090	-	2,002,080	15,014,460	995,550
Federal National Mortgage Association	9,989,890	-	-	9,989,890	-
Certificate of Deposits	3,437,943	1,741,329	747,395	949,219	-
Total	\$ 112,531,530	\$ 57,292,992	\$ 3,755,735	\$ 44,495,343	\$ 6,987,460

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

E. Risk Disclosures, Continued

Medium Term Corporate Notes. Bonds and notes must be rated "A" or better by Moody's or Standard and Poor's.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Accordingly, the notes to the financial statements should disclose if the government has 5 percent or more of its total investments in a single issuer. More than 5% 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 36% 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, 2015, 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, 2015, the City had \$48,964,392 invested in LAIF, which had invested 2.08% of the pool investment funds in Structured Notes and Asset-Backed Securities. The City valued its investments in LAIF as of June 30, 2015, 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 1.000375979.

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, 2015

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

G. 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, 2015, the City's notes and loans receivable and related unavailable revenue consisted of the following:

	Housing Successor	Housing	CDBG	Non-Major Governmental Funds	Total Loans and Notes Receivables
Home Rehabilitation Loans	\$ 897,696	\$ -	\$ 311,743	\$ 102,926	\$ 1,312,365
First-Time Homebuyers	1,559,232	632,840	128,465	550,000	2,870,537
The Oaks Apartments	368,000	-	-	-	368,000
Sierra Drive Apartments	49,503	-	402,000	-	451,503
Acalanes Court Apartments	1,180,732	-	79,771	-	1,260,503
Acalanes Court Apartments (#2)	-	130,000	-	-	130,000
Casa Montego II, Incorporated	500,000	1,105,156	-	-	1,605,156
Ivy Hill Apartments	551,392	1,073,608	-	-	1,625,000
MP Tice Oak Associates	-	85,420	200,415	-	285,835
Villa Vasconcellos Apartments	685,101	1,124,974	598,672	-	2,408,747
Third Avenue Apartments	1,382,404	1,582,595	1,128,500	-	4,093,499
Pleasant Creek Homes	370,000	-	-	-	370,000
Riviera Family Apartments	-	4,038,703	325,000	-	4,363,703
Equity Loans to City Employees (Note 13)	-	-	-	400,000	400,000
Senior Outreach Services	-	-	8,809	-	8,809
	\$ 7,544,060	\$9,773,296	\$3,183,375	\$ 1,052,926	\$21,553,657

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. Since the City does not expect to collect these loans within the City's period of availability, they have been offset by entries to unavailable revenues in the fund financial statements.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

3. NOTES AND LOANS RECEIVABLE, Continued

Home Rehabilitation Loans

The City administers a housing rehabilitation loan program using Community Development Block Grant funds, Housing Successor funds and City funds. Under these Programs, individuals with incomes below a certain level are eligible to receive low interest 20 year loans, secured by deeds of trust, for construction work on their homes. The loan repayments may be amortized over the life of the loans, deferred or a combination of both. At June 30, 2015, these loans totaled \$1,312,365 and the program included 31 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, 2015, First-Time Homebuyer Loans totaling \$2,870,537 had been extended and the program included 61 participants.

The Oaks Apartments

At June 30, 2015, 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 2014-15.

Sierra Drive Apartments

At June 30, 2015, the City held two note receivables from the Affordable Housing Association totaling \$402,000. The first promissory note in the amount of \$327,000 (of which the Housing Successor Agency held a similar note in the amount of \$49,503 for a combined amount of \$376,503) was entered into on December 8, 1995 (amended and restated in their entirety on July 11, 2013) to facilitate the renovation of a 28-unit apartment complex called Sierra Drive Apartments. As a condition of the notes, 14 units were encumbered with 55 year covenants that require the units to be rented to individuals with low and moderate incomes. The outstanding principal balance of the Loan bears interest at a simple rate of 3% per annum. Repayments are to be made annually, by December 1st, of the outstanding principal and accrued interest on the loan, equal to 10% of the Lenders' Share of Residual Receipts for the prior year.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

3. NOTES AND LOANS RECEIVABLE, Continued

Any remaining unpaid principal and interest is due in full November 30, 2050. The project did not generate surplus cash as for fiscal year 2014-15. The City held a second note receivable in the amount of \$75,000 with Satellite Affordable Housing Associates for roof improvements at Sierra Garden Apartments. The note was originally entered into on July 11, 2013. However the loan was not made until the current fiscal year. The outstanding principal balance of the Loan bears interest at a simple rate of 3% per annum. On November 30, 2050, (the "Maturity Date"), the principal balance remaining unpaid, plus accrued interest, shall be paid in full.

Acalanes Court Apartments

At June 30, 2015, 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, 2015, the City held a note receivable from Trinity Avenue Apt., L.P. in the amount of \$130,000. The City note entered into on June 5, 2007 is a loan from the City's inclusionary housing in-lieu fund to cover a portion of additional costs that occurred during the construction of Acalanes Court, a 17-unit family rental-housing complex that was completed in November 2006. Simple interest at 3% per annum is to be accrued on the unpaid principal balance beginning from the date of the advance. Principal is due on May 1st following the date of this Note, and on May 1st of each year thereafter for the term of the City Loan. Borrower shall make repayments of the outstanding principal and accrued interest under this Note equal to the Lenders' share of Residual Receipts. To the extent that the Lender's Share of Residual Receipts is insufficient to make any payments under this Note, such payment(s) shall be deferred. Principal sum and all other sums shall be due and payable in full 55 years from issuance of the certificate of occupancy for this Project. The certificate of occupancy was issued on October 3, 2006.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

3. NOTES AND LOANS RECEIVABLE, Continued

Casa Montego II

At June 30, 2015, the Housing Successor Agency and the City each held a note receivable from Casa Montego II, Inc., a California public benefit corporation, with outstanding balances in the amounts of \$500,000 and \$1,105,156, respectively. The promissory notes were entered into on November 15, 2007 for the acquisition of real property located at 180 La Casa Via in Walnut Creek, California and the development of approximately 33 units of multifamily rental housing on that property pursuant to the Agreement. No interest shall accrue on the unpaid principal balance, except in the event of default, in which case interest shall accrue on the date of the default and continuing until such time as the Loan is repaid in full or the default is cured, at the default rate of the lesser of ten percent (10%), compounded annually, or the highest rate permitted by law. Except as provided herein, the principal sums not to exceed \$500,000 and \$1,153,000 and all other sums hereunder shall be due and payable in full 55 years from the completion of construction of the project, as evidenced by a certificate of occupancy or similar document. Commencing on May 1 of 2010 and on May 1 of each year thereafter for the Term of the Loan, Borrower shall make repayments of the outstanding principal on the Loan equal to the Agency's proportionate share of the lenders' share of Residual Receipts, as further described in the Intercreditor Agreement. The project did not generate residual receipts for fiscal year 2014-15.

Ivy Hill Apartments/Regent on the Park Condominiums

At June 30, 2015, 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, 2015, the City held two notes receivable from MP Tice Oaks Associates with a total loan balance outstanding of \$285,835. These two Notes (\$85,420 funded by the City's Affordable Housing Fund and \$200,415 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, 2015, the City held a note receivable from Resources for Community Development with an outstanding balance of \$1,723,646 (consisting of \$598,672 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 \$685,101. The promissory notes were originally entered into on October 7, 2004 for \$680,000 and



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

3. NOTES AND LOANS RECEIVABLE, Continued

\$720,000, respectively, to facilitate the building of a 72-unit rental apartment complex to provide housing for very low-income households. The City promissory note was amended and restated for an additional \$1,122,265 on November 10, 2005. Both notes state that no interest is to be accrued on the unpaid principal balance, except in the event of a default, in which case interest shall begin to accrue on the date of the default and continue until such time as the Loan is repaid in full, or the default is cured, at the default rate of the lesser of ten percent (10%), compounded annually or the highest rate permitted by law. Principal is due on May 1 following completion of the construction equal to the City and Housing Successor Agency proportionate share of the lenders' share of residual receipts. Principal sum and all other sums shall be due and payable in full 55 years from completion of the project as evidenced by a certificate of occupancy, which was issued April 1, 2008. At June 30, 2015, these loans totaled \$2,408,747.

Third Avenue Apartments

At June 30, 2015, 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, 2015, this certificate had not been issued and the loans outstanding totaled \$4,093,499.

Pleasant Creek Homes

At June 30, 2015, the Housing Successor Agency held a note receivable from Habitat for Humanity East Bay, a California nonprofit public benefit corporation ("Borrower"), with an outstanding balance of \$370,000. The promissory note was entered into March 16, 2011 for \$370,000 to facilitate the acquisition of certain real property located on Barkley Avenue in Walnut Creek and the development of approximately ten affordable homes on that property and other property controlled by the Borrower. The principal sum shall be due and payable on the earliest of (A) five years from the date of the Note, (B) the date the last Affordable Home in the Project is sold or refinanced, or (C) an Event of Default by Borrower that has not been cured as provided in the Loan Agreement. No interest shall accrue on the unpaid principal balance, except in the event of a default, in which case interest on the Loan shall begin to accrue on the date of the default and continuing until such time as the Loan is repaid in full or the default is cured, at the default rate of the lesser of ten percent (10%), compounded annually or the highest rate permitted by law.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

3. NOTES AND LOANS RECEIVABLE, Continued

Riviera Family Apartments

At June 30, 2015, the City held a note receivable from Riviera Family Apartments, L.P. in partnership with Resources for Community Development, with an outstanding balance of \$4,363,703 (consisting of \$325,000 Community Block Grant Funds and \$4,038,703, in City inclusionary housing in-lieu fees). The original promissory note was entered into on February 25, 2014 for \$1,700,000 (amended and restated on September 29, 2014 to \$5,000,000), to facilitate the acquisition of real property located at 1511-1515 Riviera Avenue in Walnut Creek, California and the predevelopment of 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 1st of each year thereafter for the Term of the Loan which expires upon earlier of (a) the fifty-fifth anniversary of the Completion Date or (b) the fifty-ninth anniversary of the date of this Note.

Senior Outreach Services

At June 30, 2015, the City held a note receivable from Senior Outreach Services in the amount of \$8,809 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

A. Government-Wide Financial Statements

Unearned revenues in Government-Wide Financial Statements represent amounts for which revenues have not been earned. At June 30, 2015, unearned revenues in the Government-Wide Financial Statements were as follows:

	Governmental Activities
Permits and inspection fees	\$ 4,602,843
Business licenses	978,241
Prepaid rental revenue	92,775
Grants	142,289
Total	\$ 5,816,148



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

4. UNEARNED REVENUE, Continued

B. Fund Financial Statements

At June 30, 2015, unearned revenues in the Fund Financial Statements were as follows:

	General Fund	Capital Investment Program Fund	Total
Engineering inspection fees	\$ 1,527,000	\$ -	\$ 1,527,000
Permits and planning inspection fees	3,075,843	-	3,075,843
Business licenses	978,241	-	978,241
Prepaid rental revenue	92,775	-	92,775
Grants	18,929	123,360	142,289
Total	\$ 5,692,788	\$ 123,360	\$ 5,816,148

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, 2015, deferred inflows of resources in the Fund Financial Statements were as follows:

	Housing Successor Agency Fund	Housing Fund	CDBG Fund	Capital Investment Program Fund	Non-Major Governmental Funds	Total
Grants	\$ -	\$ -	\$ -	\$ 1,069,987	\$ -	\$ 1,069,987
Unavailable Notes and loans	7,544,060	9,773,296	3,183,375	-	1,052,926	21,553,657
Total	\$ 7,544,060	\$ 9,773,296	\$ 3,183,375	\$ 1,069,987	\$ 1,052,926	\$ 22,623,644



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

5. INTERFUND TRANSACTIONS

Fund Financial Statements

Due To/Due From

At June 30, 2015, the City had the following short-term receivables and payables:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Notes</u>
Major Funds			
CDBG	General Fund	\$ 33,509	b
Capital Investment Program	General Fund	<u>3,445,204</u>	a
Total		<u>\$ 3,478,713</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 was \$442,756 with an interest rate of 2% per annum and annual payments of \$48,887 over a ten year period beginning in fiscal year 2014-15. The annual repayment schedule for the loan and related costs outstanding at June 30, 2015, were as follows:

Year Ending June 30,	Principal	Interest	Total
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	44,646	4,241	48,887
2021-2024	<u>187,785</u>	<u>7,768</u>	<u>195,553</u>
Total	<u>\$ 402,355</u>	<u>\$ 37,633</u>	<u>\$ 439,988</u>



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

5. INTERFUND TRANSACTIONS, Continued

Long-Term Advances

Long-term advances to be repaid out of future earnings or charges at June 30, 2015, consisted of:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<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	5,342,041
		<u>5,616,585</u>
Non Major Governmental Funds	Internal Service Fund	
	PERS Safety Side Fund Liability Fund	1,500,000
		<u>1,500,000</u>
Total		<u>\$ 7,116,585</u>

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

The City of Walnut Creek had constructed certain improvements in the former Redevelopment Agency of the City of Walnut Creek Project Areas. The Redevelopment Agency had agreed to reimburse the City for the cost of these improvements, with interest, solely out of incremental property tax revenues remaining after Agency debt service payments. The Agency paid off the advance loan balance remaining on March 1, 2011. However, with the State's dissolution of redevelopment agencies per 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, 2015. The advance payable will be included on the 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 \$1,376,644 and \$287,654, respectively. As of June 30, 2015 the total amount owed by the PERS Safety Side Fund Liability internal service fund was \$6,842,041.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

5. INTERFUND TRANSACTIONS, Continued

Transfers

Transfers for the period ended June 30, 2015, were as follows:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfer</u>	<u>Amount Transferred</u>	<u>Notes</u>
Major Funds			
General Fund	Non Major Governmentat Funds	\$ 704,969	c
	Internal Service Funds	238,229	b
	Enterprise Funds		
	Golf Course - City Administration	20,727	f
	Downtown Parking and Enhancement	100,000	e
		<u>1,063,925</u>	
Capital Investment Fund	General Fund	1,012,475	a
	Non Major Governmental Funds	4,040,551	a
	Enterprise Funds		
	Downtown Parking and Enhancement	3,682	a
		<u>5,056,708</u>	
Housing	General Fund	288,000	d
Non Major Governmental Funds	General Fund	1,279,674	d
Internal Service Funds	General Fund	2,150,000	b
Enterprise Funds			
Golf Course - City Administration	Boundary Oak - Onsite Contract Operations	805,000	b
Boundary Oak - Onsite Contract Operations	Golf Course - City Administration	50,000	b
Downtown Parking and Enhancement	General Fund	500,000	e
		<u>1,355,000</u>	
Total		<u>\$ 11,193,307</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, 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, 2015

6. CAPITAL ASSETS

Government-Wide Financial Statements

At June 30, 2015, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	\$ 48,370,962	\$ 1,337,396	\$ 49,708,358
Construction in process	12,378,545	1,136,064	13,514,609
Total non-depreciable assets	<u>60,749,507</u>	<u>2,473,460</u>	<u>63,222,967</u>
Depreciable assets:			
Buildings	129,495,765	15,604,956	145,100,721
Improvement other than buildings	-	2,490,577	2,490,577
Machinery and equipment	8,183,692	3,749,970	11,933,662
Vehicles	8,733,786	502,594	9,236,380
Infrastructure	202,577,543	-	202,577,543
	<u>348,990,786</u>	<u>22,348,097</u>	<u>371,338,883</u>
Less accumulated depreciation	<u>(175,412,672)</u>	<u>(12,961,607)</u>	<u>(188,374,279)</u>
Total depreciable assets, net	<u>173,578,114</u>	<u>9,386,490</u>	<u>182,964,604</u>
Total capital assets	<u><u>\$ 234,327,621</u></u>	<u><u>\$ 11,859,950</u></u>	<u><u>\$ 246,187,571</u></u>



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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, 2015:

	Balance July 1, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Nondepreciable Assets:					
Land	\$ 48,436,942	\$ -	\$ (65,980)	\$ -	\$ 48,370,962
Construction in progress	5,590,440	8,569,056	-	(1,780,951)	12,378,545
Total nondepreciable assets	54,027,382	8,569,056	(65,980)	(1,780,951)	60,749,507
Depreciable Assets:					
Buildings	129,477,468	18,296	-	-	129,495,764
Machinery and equipment	7,498,176	685,515	-	-	8,183,691
Vehicles	7,922,767	1,172,303	(361,282)	-	8,733,788
Infrastructure	200,468,553	328,039	-	1,780,951	202,577,543
Total depreciable assets	345,366,964	2,204,153	(361,282)	1,780,951	348,990,786
Accumulated Depreciation:					
Buildings	(35,633,157)	(2,888,083)	-	-	(38,521,240)
Machinery and equipment	(3,686,126)	(795,024)	-	-	(4,481,150)
Vehicles	(5,318,590)	(651,765)	329,423	-	(5,640,932)
Infrastructure	(121,598,784)	(5,170,566)	-	-	(126,769,350)
Total accumulated depreciation	(157,308,526)	(9,505,438)	329,423	-	(175,412,672)
Depreciable assets, net	183,707,113	(7,301,285)	(31,859)	-	173,578,114
Total governmental activities capital assets, net	\$ 233,157,689	\$ 1,267,771	\$ (97,839)	\$ -	\$ 234,327,621

Governmental activities depreciation expense for capital assets for the year ended June 30, 2015, are as follows:

Public protection	\$ 462,601
Public works	8,587,474
Community and economic development	9,810
Arts, recreation and cultural services	101,922
Administrative services	307,808
General government	35,823
Total depreciation expense	\$ 9,505,438

During the current period, property located at 1500 Mt. Diablo Blvd. was sold to BH Development per a Disposition and Development Agreement originally entered into September 2012 (amended January 2014). Net proceeds from the sale of land were \$2,467,400 and the gain on sale net of book value was \$2,401,420.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

6. CAPITAL ASSETS, Continued

Government-Wide Financial Statements, Continued

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

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Nondepreciable Assets:				
Land	\$ 1,337,396	\$ -	\$ -	\$ 1,337,396
Construction in progress	-	1,136,064	-	1,136,064
Total nondepreciable assets	<u>1,337,396</u>	<u>1,136,064</u>	<u>-</u>	<u>2,473,460</u>
Depreciable Assets:				
Buildings	15,604,956	-	-	15,604,956
Improvements	2,455,649	34,927	-	2,490,576
Equipment	3,546,070	203,900	-	3,749,970
Vehicles	534,014	46,254	(77,672)	502,596
Total depreciable assets	<u>20,580,096</u>	<u>285,081</u>	<u>(77,672)</u>	<u>22,348,098</u>
Accumulated Depreciation:				
Buildings	(7,959,323)	(314,070)	-	(8,273,393)
Improvements	(2,285,506)	(24,011)	-	(2,309,517)
Equipment	(1,646,918)	(421,223)	-	(2,068,141)
Vehicles	(343,207)	(45,022)	77,672	(310,557)
Total accumulated depreciation	<u>(11,414,409)</u>	<u>(804,326)</u>	<u>77,672</u>	<u>(12,961,608)</u>
Depreciable assets, net	<u>9,165,687</u>	<u>(519,245)</u>	<u>-</u>	<u>9,386,490</u>
Total business-type activities capital assets, net	<u>\$ 11,243,131</u>	<u>\$ 616,819</u>	<u>\$ -</u>	<u>\$ 11,859,950</u>

Depreciation expense for business-type activities for the year ended June 30, 2015, is as follows:

Golf Course/Clubhouse- City Administration	\$ 66,692
Boundary Oak - On Site Contract Operations	73,791
Downtown Parking and Enhancement	663,843
Total	<u>\$ 804,326</u>



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

7. LONG-TERM DEBT

A summary of changes in long-term debt for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Debt Issued	Debt Retired	Balance June 30, 2015	Due in one year	Due in more than one year
Governmental Activities Debt:						
Upgrade Streetlights to LED (PG&E Energy Efficiency Retroft Prg)	\$ 177,947	\$ -	\$ (23,726)	\$ 154,221	\$ 23,726	\$ 130,495
Parking Lot and Garage ETAP Lighting (PG&E Energy Efficiency Retroft Prg)	120,992	-	(14,519)	106,473	14,519	91,954
Ford Motor Credit Vehicle Capital Lease		49,404	(1,253)	48,151	15,548	32,603
Total governmental activities debt	\$ 298,939	\$ 49,404	\$ (39,498)	\$ 308,845	\$ 53,793	\$ 255,052
Business-Type Activities Debt:						
Capital Lease Obligation						
Garage Equipment Lease (Master Lease #2)	\$ 210,906	\$ -	\$ (210,906)	\$ -	\$ -	\$ -
Sun Trust Golf Course Equipment Lease	9,710	-	(9,710)	-	-	-
Scott Valley Golf Course Equipment Lease #2	69,669	-	(21,081)	48,588	21,915	26,673
Mechanics Bank Golf Course Equipment Lease #3		168,985	(29,177)	139,808	32,373	107,435
Pinnacle Lease Financing Golf Course Clubhouse Improvements		3,230,000	-	3,230,000	18,753	3,211,247
Total business-type activities debt	\$ 290,285	\$ 3,398,985	\$ (270,874)	\$ 3,418,396	\$ 73,041	\$ 3,345,355
Total long-term debt	\$ 589,224	\$ 3,448,389	\$ (310,372)	\$ 3,727,241	\$ 126,834	\$ 3,600,407



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

7. LONG-TERM DEBT, Continued

Governmental Activities

A. Loan Payable

PG&E Energy Efficiency Retrofit Program Loan #1

During fiscal year 2011-12, the City entered into an Energy Efficiency Retrofit On -bill financing loan agreement with Pacific Gas & Electric for the cost of energy efficiency demand response equipment and services to upgrade streetlights to new light-emitting diode (LED) light fixtures. This loan was recorded at the acquisition cost of \$233,308 to be paid back monthly based on expected energy savings. The simple payback term, based on fixed monthly payments of \$1,977, is estimated to be approximately 9.75 years. The outstanding balance at June 30, 2015 is \$154,221.

Year Ending June 30,	Fixed Loan payment
2016	\$ 23,726
2017	23,726
2018	23,726
2019	23,726
2020	23,726
2021	35,591
Total	\$ 154,221



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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, 2015 is \$106,473.

<u>Year Ending June 30,</u>	<u>Fixed Loan payment</u>
2016	\$ 14,519
2017	14,519
2018	14,519
2019	14,519
2020	14,519
2021-2023	33,878
Total	<u>\$ 106,473</u>



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

7. LONG-TERM DEBT, Continued

Government Activities, continued

B. Capital Lease Obligation

Ford Motor Credit Vehicle Lease

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

The financing was obtained from Ford Motor Credit in May 2015 for \$49,404 with an interest rate of 2.15% and monthly payments of \$1,506.33 beginning June 2015 through May 2018 (the end of the lease). The outstanding balance at June 30, 2015 is \$48,151.

Year Ending June 30,	Master Lease
2016	\$ 18,076
2017	18,076
2018	16,570
Subtotal	52,722
Less amount representing interest	4,571
Present value of future lease payments	\$ 48,151



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

7. LONG-TERM DEBT, Continued

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). Final payment of \$210,906 was made during the fiscal year. The outstanding balance at June 30, 2015 is \$0.

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 was 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). Final payment of \$9,710 was made during the current year. The outstanding balance at June 30, 2015 is \$0.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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 was recorded at its acquisition cost of \$106,250.

The financing was obtained from Scott Valley Bank in June 2012 for \$106,250 with an interest rate of 3.9% and monthly payments of \$1,952.08 monthly payments beginning July 2012 through August 2017 (the end of the lease). The outstanding balance at June 30, 2015 is \$48,588.

Year Ending June 30,	Master Lease
2016	\$ 23,425
2017	23,425
2018	3,904
Subtotal	50,754
Less amount representing interest	2,166
Present value of future lease payments	\$ 48,588



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

7. LONG-TERM DEBT, Continued

Business-Type Activities, Continued

B. Capital Lease Obligation

Golf Course Equipment Lease #3

During fiscal year 2014-15, the City entered into a municipal lease-purchase agreement for the financing of tractor equipment for its golf course. This lease agreement qualifies as a capital lease for accounting purposes, as title transfers at the end of the lease, and therefore has been recorded at the present value of the future minimum payments of the date of inception. The equipment acquired under this lease agreement will be recorded at its acquisition cost of \$168,985.

The financing was obtained from Mechanics Bank in July 2014 for \$168,985 with an interest rate of 3.59% and monthly payments of \$3,071.92 monthly payments beginning August 2014 through August 2019 (the end of the lease). The outstanding balance at June 30, 2015 is \$139,808.

Year Ending June 30,	Master Lease
2016	\$ 36,863
2017	\$ 36,863
2018	36,863
2019	36,863
2020	3,063
Subtotal	150,515
Less amount representing interest	10,707
Present value of future lease payments	<u>\$ 139,808</u>



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

7. LONG-TERM DEBT, Continued

Business-Type Activities, Continued

C. Site and Facility Lease Obligation

During fiscal year 2014-15, the City entered into a site and facility tax-exempt lease agreement with Pinnacle Lease Financing to finance improvements at the Boundary Oak Golf Course Clubhouse. The capital lease obligation was recorded at a cost of \$3,230,000 with an interest rate of 2.32% to be paid back bi-annually beginning February 1, 2016 through February 1, 2028 (the end of the lease). The outstanding balance at June 30, 2015 is \$3,230,000.

Year Ending June 30,	Master Lease
2016	\$ 74,955
2017	199,955
2018	225,955
2019	329,955
2020	329,955
2021-2025	1,649,774
2026-2028	989,866
Subtotal	3,800,415
Less amount representing interest	570,415
Present value of future lease payments	<u><u>\$ 3,230,000</u></u>

Non-City Obligations

John Muir Medical Center

On January 15, 1994, the City acted as a financial intermediary in order to assist the John Muir Medical Center in issuing \$69,450,000 in variable rate demand bonds. The bonds are payable solely from revenues collected by John Muir Medical Center. The City has not included these bonds in its financial statements, since it is not legally or morally obligated for the repayment of the bonds. The amount of debt outstanding as of June 30, 2015 was \$14,845,000.

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, 2015 was \$93,565,000.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

8. COMPENSATED ABSENCES

Compensated absences at June 30, 2015 were as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due within one year	Due in more than one year
Governmental Activities:	\$ 3,467,787	\$ 2,707,633	\$ (2,742,059)	\$ 3,433,361	\$ 192,274	\$ 3,241,087
Business type Activities:	\$ 78,679	\$ 139,295	\$ (92,011)	\$ 125,963	\$ 125,963	\$ -

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, 2015, the following funds had deficit fund equity:

CDBG	\$ (54,853)
Enterprise Funds	
Boundary Oak - Onsite Contract Operations	\$ (15,198)
Internal Service Funds	
PERS Safety Side Fund Liability	\$ (6,842,041)
Private-purpose Trust Fund	
RDA Successor Agency	\$ (488,258)

The CDBG grant deficit equity balance will be reduced with anticipated program income from future loan repayments. 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, 2015

9. FUND EQUITY, Continued

In Governmental Funds, the segregate portions of fund balances are presented as follows for the fiscal year ended June 30, 2015:

	General Fund	Housing Successor Agency	Housing	CDBG	Capital Investment Program	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable							
Advance to other funds	\$ 5,616,585	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,616,585
Inventory	38,497	-	-	-	-	-	38,497
Interfund loan	402,355	-	-	-	-	-	402,355
Prepaid expense	174,899	-	-	-	-	-	174,899
Total Nonspendable	6,232,336	-	-	-	-	-	6,232,336
Restricted							
Capital projects	-	-	-	-	2,242,447	15,163,425	17,405,872
Community & economic development	-	625,662	5,773,521	-	-	4,578,166	10,977,349
Other purposes	-	-	-	-	-	6,053,273	6,053,273
Street projects	-	-	-	-	-	6,548,660	6,548,660
Total Restricted	-	625,662	5,773,521	-	2,242,447	32,343,524	40,985,154
Committed							
Catastrophic emergency	7,672,469	-	-	-	-	-	7,672,469
Compensated absences	192,274	-	-	-	-	-	192,274
Dental claims	229,469	-	-	-	-	-	229,469
Fiscal emergency	4,108,515	-	-	-	-	-	4,108,515
Legal claims	3,000,000	-	-	-	-	-	3,000,000
PERS liability	168,923	-	-	-	-	-	168,923
Workers Compensation	1,673,959	-	-	-	-	-	1,673,959
Total Committed	17,045,609	-	-	-	-	-	17,045,609
Assigned							
ARCS Scholarships	54,070	-	-	-	-	-	54,070
Capital Projects - General Fund Fund portion	5,144,649	-	-	-	-	-	5,144,649
Contractual Commitments	1,777,188	-	-	-	-	-	1,777,188
Total Assigned	6,975,907	-	-	-	-	-	6,975,907
Unassigned							
FY14-16 One-time revenues	1,158,059	-	-	-	-	-	1,158,059
City Manager Contingency	72,000	-	-	-	-	-	72,000
Council Contingency	100,000	-	-	-	-	-	100,000
Unrealized Gain	38,391	-	-	-	-	-	38,391
Unassigned (Deficit) Fund Balance	12,714,348	-	-	(54,853)	-	-	12,659,495
Total Unassigned	14,082,798	-	-	(54,853)	-	-	14,027,945
Total Fund Balance (Deficit)	\$ 44,336,650	\$ 625,662	\$ 5,773,521	\$ (54,853)	\$ 2,242,447	\$ 32,343,524	\$ 85,266,951



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

9. FUND EQUITY, Continued

General Fund Committed Fund Balance

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.

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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, 2015

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, 2015, 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, 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)
Balance as of June 30, 2014	\$ 870,216	\$ 3,723,474	\$ 24,060	\$ 4,617,750
Balance as of July 1, 2014	\$ 870,216	\$ 3,723,474	\$ 24,060	\$ 4,617,750
Claims incurred and changes in estimate	(47,223)	140,644	380,779	474,200
Claims paid	(26,018)	(778,798)	(381,279)	(1,186,095)
Balance as of June 30, 2015	\$ 796,975	\$ 3,085,320	\$ 23,560	\$ 3,905,855
Current portion as of June 30, 2015				\$ 1,186,095
Long term portion as of June 30, 2015				\$ 2,719,760



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

11. PENSION PLANS

CalPERS Safety and Miscellaneous Employees' Plans

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.

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

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

Plan Description

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

Benefits Provided

PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The basic death benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. Benefit provisions and all other requirements are established by State statute and may be amended by city contracts with employee bargaining groups.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

11. PENSION PLANS, Continued

The Plans' provisions and benefits in effect at June 30, 2015 are summarized as follows:

	Miscellaneous		
	Prior to March 2, 2012 <u>Classic Tier 1</u>	After March 2, 2012 <u>Classic Tier 2</u>	On or after January 1, 2013 <u>PEPRA Tier 3</u>
Hire Date			
Formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-60	52-62
Monthly benefits, as a % of annual salary	1.426% to 2.418%	1.092% to 2.418%	1% to 2.5%
Required employee contribution rates	7%	7%	6.75%
Required employer contribution rates	19.025%	19.025%	19.025%

Contributions

Section 20814(c) of the California Public Employee's Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the average active employee contribution rate is 6.995 percent of annual pay, and the employer's contribution rate is 17.298 percent of annual payroll. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution. Miscellaneous participants (tier 1 and tier 2) are required to contribute 7% of their annual covered salary. Miscellaneous tier 3 participants are required to contribute 6.75% of their annual covered salary. In addition, the City is required to make an employer contribution at an actuarial determined rate of 19.025% of annual covered payroll for the year ended June 30, 2015.

Employees Covered

At June 30, 2015, the following employees were covered by the benefit terms for Miscellaneous Plan:

Inactive employees or beneficiaries currently receiving benefits	320
Inactive employees entitled to but not yet receiving benefits	363
Active employees	294
Total	<u>977</u>



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

11. PENSION PLANS, Continued

Net Pension Liability

The City's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	Based on CalPERS Experience Study

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

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 2013 valuation were based on results of a January 2014 actuarial experience study for the period 1997 to 2011.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

11. PENSION PLANS, Continued

Discount Rate, Continued

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the agent multiple-employer plan. However, employers may determine the impact at the rate plan level for their own financial reporting purposes.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

11. PENSION PLANS, Continued

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100.0%</u>		

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

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

The discount rate used to measure the total pension liability was 7.50% for each Plan. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

11. PENSION PLANS, Continued

Changes in the Net Pension Liability

The change in the Net Pension Liability for Miscellaneous Plan, measured as of June 30, 2014 follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2014	\$ 173,896,310	\$ 118,029,998	\$ 55,866,312
Changes in the year:			
Service Cost	3,385,161	-	3,385,161
Interest on the total pension liability	12,851,013	-	12,851,013
Contribution - employer	-	3,536,720	(3,536,720)
Contribution - employee	-	1,974,840	(1,974,840)
Projected investment income	-	8,716,347	(8,716,347)
Differences between projected and actual earning on plan investments	-	11,708,056	(11,708,056)
Benefit payments, including refunds of employee contributions	(8,484,112)	(8,484,112)	-
Net changes	<u>7,752,062</u>	<u>17,451,851</u>	<u>(9,699,789)</u>
Balance at June 30, 2015	<u>\$ 181,648,372</u>	<u>\$ 135,481,849</u>	<u>\$ 46,166,523</u>

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

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

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.50%	7.50%	8.50%
Net Pension Liability	<u>\$69,402,204</u>	<u>\$46,166,523</u>	<u>\$26,859,905</u>

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

For the year ended June 30, 2015, the City recognized pension expense of \$3,203,376. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

11. PENSION PLANS, Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,987,248	-
Net differences between projected and actual earnings on plan investments	-	\$ (9,366,445)
Total	\$ 3,987,248	\$ (9,366,445)

\$3,987,248 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30	Deferred Outflows/(Inflows) of Resources
2016	\$ (2,341,611)
2017	(2,341,611)
2018	(2,341,611)
2019	(2,341,612)
Total	\$ (9,366,445)

Payable to the Pension Plan

At June 30, 2015, the City reported a payable of \$4,755 or the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

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

Plan Description

As of the actuarial valuation date of June 30, 2013, 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. 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 on or after November 22, 2012 (sworn safety personnel) who meet eligibility requirements, are enrolled in the second tier program.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

11. PENSION PLANS, Continued

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The basic death benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The Cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. Benefit provisions and all other requirements are established by State statute and may be amended by city contracts with employee bargaining groups

The Plan's provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Safety Plan		
	Prior to November 22, 2012 Classic Tier 1	On or After November 22, 2012 Classic Tier 2	On or after January 1, 2013 PEPRA Tier 3
Hire Date			
Formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50-55	50-57
Monthly benefits, as a % of annual salary	3.0%	2.4% to 3%	2.0% to 2.7%
Required employee contribution rates	9%	9%	12.25%
Required employer contribution rates	29.556%	23.065%	12.250%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the active employee contribution rate is 8.980 percent of annual pay, and the average employer's contribution rate is 22.502 percent of annual payroll. Employer contribution rates may change if plan contracts are amended.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

11. PENSION PLANS, Continued

Contributions, continued

Safety plan participants (tier 1 and tier 2) are required to contribute 9% of their annual covered salary. Safety plan tier 3 participants are required to contribute 12.25% of their annual covered salary. In addition, the City is required to make an employer contribution at an actuarial determined rate of 29.556% (tier 1), 23.065% (tier 2), and 12.250% (tier 3) of annual covered payroll for the year ended June 30, 2015.

For the year ended June 30, 2015, the contributions recognized as part of pension expense the Safety Plan as follows:

	Safety Plan
Contributions - employer	<u>\$ 2,738,761</u>

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

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability as follows:

	Proportionate Share of Net Pension Liability
Total Net Pension Liability - Safety Plan	<u>\$ 27,203,344</u>

The City's net pension liability for each Tier is measured as the proportionate share of net pension liability. The net pension liability of each of the Tiers is measured as of June 30, 2014, and the total pension liability for each Tier used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014. The City's proportion of the net pension liability based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Safety Plan as of June 30, 2013 and 2014 was as follows:

	Safety Plan
Proportion - June 30, 2013	0.44%
Proportion - June 30, 2014	0.45%
Change - Increase (Decrease)	<u>0.01%</u>



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

11. PENSION PLANS, Continued

For the year ended June 30, 2015, the City recognized pension expense of \$2,135,183. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Safety Plan	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 2,738,761	\$ -
Net difference between projected and actual earnings on plan investments	-	(8,213,588)
Changes in proportion and differences between City's contributions and proportionate share of contributions	634,650	(417,451)
Total	<u>\$ 3,373,411</u>	<u>\$ (8,631,039)</u>

\$2,738,761 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year ended June 30</u>	<u>Classic Tier 1</u>
2015	\$ (1,826,737)
2016	(1,826,737)
2017	(1,872,066)
2018	(2,470,849)
Total	<u>\$ (7,996,389)</u>

Actuarial Assumptions

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Safety Plan</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	Based on CalPERS Experience Study

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

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

11. PENSION PLANS, Continued

The underlying mortality assumptions and all other actuarial assumption used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. However, employers may determine the impact at the plan level for their own financial reporting purposes.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

11. PENSION PLANS, Continued

both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table on the next page reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100.0%		

- (a) An expected inflation of 2.5% used for this period.
- (b) An expected inflation of 3.0% used for this period.

The discount rate used to measure the total pension liability was 7.50% for each Plan. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Safety Plan		
		Current Discount Rate	
	1% Decrease		1% Increase
Discount Rate	6.50%	7.5%	8.5%
Net Pension Liability	\$46,813,433	\$27,203,344	\$11,045,477



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

11. PENSION PLANS, Continued

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

As of June 30, 2015, the City reported total net pension liability, deferred outflows of resources and deferred inflows of resources for both Miscellaneous and Safety Plans as follows:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Miscellaneous Plan	\$ 46,166,523	\$ 3,987,248	\$ (9,366,445)
Safety Plan	27,203,344	3,373,411	(8,631,039)
Total	<u>\$ 73,369,867</u>	<u>\$ 7,360,659</u>	<u>\$ (17,997,484)</u>

Apple Retirement Plan

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

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

For the year ended June 30, 2015, employee contributions totaled \$58,031, and the City recognized pension expense of \$29,017.

12. CONTINGENCIES

A. Lawsuits in the Normal Course of Business

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

B. Grant Obligations

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, primarily Federal and State governments. Any disallowed claims, including amounts already collected, may



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

12. CONTINGENCIES, Continued

constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

C. Construction Commitments

The City had several outstanding or planned construction projects as of June 30, 2015. 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>
Roadway Maintenance	\$ 5,665,968
Larkey Pool Renovation	4,018,279
Geary-Pleasant Hill Road to Putnam	2,419,402
Safe Routes to School-San Juan Sidewalk	1,225,810
Undergrounding of Utilities	986,296
OBAG North Main Street Preservation Project	814,680
Creekside Pedestrian and Transit Improvements	799,950
In-Pavement Lights at Various Locations	651,429
Building Exterior Maintenance	642,438
Civic Drive at YVR Southbound Left Turn	600,000
	<u>\$ 17,824,252</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 2015 fiscal year. Total equity loans to City employees as of June 30, 2015 was \$400,000.

14. EXCESS EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2015 operating expenditures exceeded appropriations at the fund level (the legal level of budgetary control) for the following special revenue funds:

CDBG	\$ 13,802
Revolving Loan	\$ 20,000
Gas Tax	\$ 259,851



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

14. EXCESS EXPENDITURES OVER APPROPRIATIONS, Continued

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

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, the Bill, 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.

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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

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 an 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 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 by SB341, a Long Range Property Management Plan (LRPMP) covering disposition of two sites was sent to the



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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

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, 2015 are discussed in Note 2. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2015.

C LONG-TERM DEBT

As of June 30, 2015, the balances of the Successor Agency long-term debts are presented below:

	Balance July 1, 2014	Debt Issued	Debt Retired	Balance June 30, 2015	Due in one year	Due in more than one year
Bonds Payable:						
Tax Allocation Bonds, Series 2000	\$ 1,500,000	\$ -	\$ (150,000)	\$ 1,350,000	\$ 160,000	\$ 1,190,000
Tax Allocation Bonds, Series 2003 A	1,045,000	-	(260,000)	785,000	265,000	520,000
Tax Allocation Bonds, Series 2003 B	190,000	-	(190,000)	-	-	-
bond issuance premium	16,785	-	(16,785)	-	-	-
Total long-term debt	\$ 3,872,379	\$ -	\$ (616,785)	\$ 2,135,000	\$ 425,000	\$ 1,710,000

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 \$150,000, and \$95,737 respectively. The total amount outstanding as of June 30, 2015, was \$1,350,000.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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

C LONG-TERM DEBT, Continued

The annual debt service requirements for the 2000 Tax Allocation Bonds outstanding at June 30, 2015 were as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 160,000	\$ 76,785	\$ 236,785
2017	170,000	67,130	237,130
2018	180,000	56,805	236,805
2019	190,000	45,795	235,795
2020	205,000	34,023	239,023
2021-2022	<u>445,000</u>	<u>28,055</u>	<u>473,055</u>
Total	\$ 1,350,000	\$ 308,592	\$ 1,658,592

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 Fund and used to pay obligations listed on the approved Recognized Obligation Payment Schedule (ROPS). For the current year, principal and interest paid on the Series 2003 A Tax Allocation bonds were \$260,000 and \$40,695, respectively. The total amount outstanding as of June 30, 2015, was \$785,000.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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

C LONG-TERM DEBT, Continued

The annual debt service requirements for the Series 2003 A Tax Allocation Bonds, outstanding at June 30, 2015 were as follows:

Year Ending June 30,	Principal	Interest	Total
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>
Total	\$ 785,000	\$ 58,860	\$ 843,860

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 \$190,000 and \$5,700, respectively. The bonds were paid in full on August 15, 2014.

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, 2015

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 2014-15, a) the total remaining RPTTF deposits which the Successor Agency is permitted to receive is \$4,805,294 and b) the aggregate amount of debt service coming due and payable on the Bonds from the RPTTF is \$2,502,273.

As of June 30, 2015, 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

Police Mobile Data System Upgrade Equipment Lease

During fiscal year 2014-15, the City entered into a lease agreement for the financing of thirty-two mobile data terminals (MDTs) for its police patrol cars.

The financing was obtained from JP Morgan Chase Bank in June 2015 for \$233,648 with an interest rate of 2.258% and bi-annual payments of \$24,840 beginning December 2015 through June 2020 (the end of the lease). The outstanding balance at June 30, 2015 is \$233,648.

The lease payable was not recorded in the current fiscal year financial statements as the equipment was not delivered until fiscal year 2016.

17. CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

For the fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standard Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB statement No. 27, and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date (an Amendment of GASB Statement No. 68)*. Statement No. 71 amends Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability (December 31, 2013).

The implementation of the GASB Statement No. 68 required the City to record a beginning net pension liability and a deferred outflow of resources for contributions made after the measurement date.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

17. CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

The restatement of beginning net position of the governmental activities is summarized as follows:

	<u>Governmental Activities</u>
Net position at July 1, 2014, as previously stated	\$320,598,808
Net Pension Liability	(91,888,043)
Deferred Outflow adjustment - Contributions subsequent to the measurement date	6,911,353
Differences between City's contributions and proportionate share of contributions	<u>(566,540)</u>
Total adjustments	<u>(85,543,230)</u>
Net position at July 1, 2014, as restated	<u><u>\$235,055,578</u></u>

**REQUIRED
SUPPLEMENTARY INFORMATION**

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City of Walnut Creek Required Supplementary Information For the year ended June 30, 2015

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 assignments of fund balances and do not constitute GAAP basis expenditures or liabilities because the commitments will be honored during the subsequent year. The commitments will be reappropriated and honored in the subsequent year.



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2015

2. PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

Schedule of Changes in Net Pension Liability and Related Ratios

<i>Measurement date</i>	2015
	June 30, 2014
Total pension liability	
Service cost	\$ 3,385,161
Interest	12,851,013
Differences between expected and actual experience	-
Changes in assumptions	-
Changes in benefits	-
Benefit payments, including refunds of employee contributions	(8,484,112)
Net change in total pension liability	7,752,062
Total pension liability -- beginning	173,896,310
Total pension liability -- ending (a)	\$ 181,648,372
Plan fiduciary net position	
Contributions - employer	\$ 3,356,720
Contributions - employee	1,974,840
Net investment income	20,424,403
Benefit payments, including refunds of employee contributions	(8,484,112)
Net change in fiduciary net position	17,271,851
Plan fiduciary net position -- beginning	118,029,998
Plan fiduciary net position -- ending (b)	\$ 135,481,849
Net pension liability -- ending (a) - (b)	\$ 46,166,523
Plan fiduciary net position as a percentage of the total pension liability	74.58%
Covered-employee payroll	\$ 21,223,570
Net pension liability as a percentage of covered-employee payroll	217.52%



**City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2015**

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

	<u>2015</u>
Actuarially determined contributions	\$ 3,987,248
Contributions in relation to the actuarially determined contribution	3,987,248
Contribution deficiency (excess)	<u>\$ -</u>
 Covered-employee payroll	 \$ 22,148,123
 Contributions as a percentage of covered-employee payroll	 18.00%

Notes to Schedule

Valuation date: June 30, 2012

Methods and assumptions used to determine contribution rates:

Single and Agent Employers Example	Entry age Normal
Amortization method	Level percentage of payroll
Asset valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary Increase	3.3% to 14.20% depending on Age, Service, and type of employment.
 Investment Rate of Return	 7.5%, Net of Pension Plan Investment and Administrative expenses, including inflation.
Retirement age	55 years
Mortality	Based on CalPERS Experience Study

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



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2015

City Walnut Creek Safety Plan, a Cost Sharing Defined Benefit Pension Plan

Last Ten Years*

Schedule of the City's Proportionate Share of the Net Pension Liability

	<u>2015</u>
Proportion of the net pension liability	0.43718%
Proportionate share of the net pension liability	\$ 27,203,344
Covered - employee payroll	\$ 9,220,099
Proportionate Share of the net pension liability as a percentage of covered-employee payroll	295.04%
Plan fiduciary net position as a percentage of the total pension liability	79.82%

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



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2015

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

	2015
Actuarially determined contributions	\$ 2,738,761
Contributions in relation to the actuarially determined contribution	<u>2,738,761</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 9,404,426
Contributions as a percentage of covered-employee payroll	29.12%

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

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**REQUIRED
SUPPLEMENTAL INFORMATION**



City of Walnut Creek
Required Supplementary Information - General Fund
For the Year Ended June 30, 2015

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

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes				
Sales and use	\$ 20,006,000	\$ 21,240,000	\$ 22,260,634	\$ 1,020,634
Property	17,337,436	18,038,894	18,491,518	452,624
Business license	2,014,058	2,014,058	2,223,848	209,790
Franchise	3,164,980	3,164,980	3,425,481	260,501
Transient occupancy tax	1,690,946	1,690,946	1,941,665	250,719
Other	402,075	682,075	743,599	61,524
Intergovernmental	460,545	1,017,045	692,903	(324,142)
Investment and rental income	809,381	977,881	1,021,718	43,837
Charges for services	15,677,001	16,251,301	18,677,168	2,425,867
Licenses, permits and fees	2,461,415	2,901,415	2,251,823	(649,592)
Fines, forfeitures and penalties	11,239,205	11,224,496	10,828,777	(395,719)
Total revenues	75,263,042	79,203,091	82,559,134	3,356,043
EXPENDITURES:				
Current:				
Public protection	23,313,847	23,750,693	23,250,156	500,537
Public works	17,657,504	18,289,737	17,353,746	935,991
Community and economic development	6,694,955	7,533,007	6,487,100	1,045,907
Arts, recreation and community services	15,007,100	15,313,373	14,648,772	664,601
Administrative services	4,648,685	5,127,406	4,259,920	867,486
Human resources	1,174,853	1,333,611	1,270,976	62,635
General government	4,387,880	5,203,627	4,949,928	253,699
Capital outlay:				
Public ways and facilities and equipment	-	-	49,404	(49,404)
Debt Service:				
Principal retirement	38,243	38,243	39,498	(1,255)
Total expenditures	72,923,067	76,589,697	72,309,500	4,280,197
REVENUES OVER (UNDER) EXPENDITURES	2,339,975	2,613,394	10,249,634	7,636,240
OTHER FINANCING SOURCES (USES):				
Capital lease	-	-	49,404	(49,404)
Proceeds from sale of assets	2,465,000	2,465,000	2,467,400	(2,400)
Transfers in	1,925,571	2,022,400	1,063,925	(958,475)
Transfers (out)	(2,716,734)	(6,823,069)	(5,230,149)	1,592,920
Total other financing sources (uses)	1,673,837	(2,335,669)	(1,649,420)	582,641
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ 4,013,812	\$ 277,725	\$ 8,600,214	\$ 8,322,489
FUND BALANCES:				
Beginning of year			35,736,436	
End of year			<u>\$ 44,336,650</u>	



City of Walnut Creek
Required Supplementary Information
Housing Successor Agency Special Revenue Fund
For the Year Ended June 30, 2015

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 1,000	\$ 26,000	\$ 48,894	\$ 22,894
Other	65,000	254,000	241,286	(12,714)
Total revenues	66,000	280,000	290,180	10,180
EXPENDITURES:				
Current:				
Housing	112,923	47,923	23,395	24,528
Total expenditures	112,923	47,923	23,395	24,528
REVENUES OVER (UNDER) EXPENDITURES	(46,923)	232,077	266,785	34,708
Net change in fund balance	\$ (46,923)	\$ 232,077	266,785	\$ 34,708
FUND BALANCE:				
Beginning of year			358,877	
End of year			\$ 625,662	



City of Walnut Creek
Required Supplementary Information
Housing Special Revenue Fund
For the Year Ended June 30, 2015

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Charge for Services	\$ 7,668,728	\$ 4,246,595	\$ 4,246,595	\$ -
Investment and rental income	5,900	30,900	42,743	11,843
Other	6,870	31,870	29,255	(2,615)
Total revenues	7,681,498	4,309,365	4,318,593	9,228
EXPENDITURES:				
Current:				
Community and economic development	292,463	317,342	140,891	176,451
Housing	7,931,813	2,992,404	3,062,711	(70,307)
Total expenditures	8,224,276	3,309,746	3,203,602	106,144
REVENUES OVER (UNDER) EXPENDITURES	(542,778)	999,619	1,114,991	115,372
OTHER FINANCING SOURCES (USES):				
Transfer in	288,000	288,000	288,000	-
Total other financing sources (uses)	288,000	288,000	288,000	-
Net change in fund balance	\$ (254,778)	\$ 1,287,619	1,402,991	\$ 115,372
FUND BALANCE:				
Beginning of year			4,370,530	
End of year			\$ 5,773,521	



City of Walnut Creek
Required Supplementary Information
CDBG Special Revenue Fund
For the Year Ended June 30, 2015

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ -	\$ -	\$ 3,572	\$ 3,572
Intergovernmental	232,215	135,111	70,111	(65,000)
Other revenue	-	85,500	74,130	(11,370)
Total revenues	232,215	220,611	147,813	(72,798)
EXPENDITURES:				
Current:				
Community and economic development	63,000	138,000	137,983	17
Housing	164,864	50,864	64,683	(13,819)
Total expenditures	227,864	188,864	202,666	(13,802)
REVENUES OVER (UNDER) EXPENDITURES	4,351	31,747	(54,853)	(86,600)
Net change in fund balance	\$ 4,351	\$ 31,747	(54,853.00)	\$ (86,600)
FUND BALANCE:				
Beginning of year			-	
End of year			\$ (54,853)	

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SUPPLEMENTAL INFORMATION



NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

Traffic Congestion Relief - accounts for 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)

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
June 30, 2015

(With comparative information for the prior year)

	Special Revenue				
	Library	General Plan Update	Open Space	Revolving Loans	Traffic Safety/ Police Grants
	Parcel Tax				
ASSETS					
Current:					
Cash and investments	\$ 735,732	\$ 718,647	\$ 58,539	\$ 616,994	\$ 16,003
Cash and investments with fiscal agents	-	-	-	-	-
Accounts receivable	-	1,129	10,202	-	129,880
Interest receivable	420	1,093	-	967	123
Prepaid expense	67,420	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Notes and loans receivable	-	-	-	400,000	652,926
Advances to other funds	-	-	-	-	-
Total assets	\$ 803,572	\$ 720,869	\$ 68,741	\$ 1,017,961	\$ 798,932
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and other accrued liabilities	\$ 55,333	\$ 206	\$ 55,892	\$ -	\$ 6,858
Accrued payroll	-	-	12,849	-	2,902
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	55,333	206	68,741	-	9,760
Deferred Inflow of Resources:					
Unavailable resources-notes and loans	-	-	-	400,000	652,926
Total deferred inflows of resources	-	-	-	400,000	652,926
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	748,239	720,663	-	617,961	136,246
Assigned	-	-	-	-	-
Total fund balances	748,239	720,663	-	617,961	136,246
Total liabilities, deferred inflows of resources and fund balances	\$ 803,572	\$ 720,869	\$ 68,741	\$ 1,017,961	\$ 798,932

Special Revenue						
PEG Access Fees/ Grants	Gas Tax	NPDES	Measure J	Shadelands Park Maintenance	Shadelands Property and Business Improvement District	Alternative Energy
\$ 2,416,161	\$ 3,032,375	\$ 3,154,489	\$ 2,512,626	\$ 1,219,871	\$ 142,256	\$ 29,755
-	-	-	-	-	-	-
100,199	-	310	-	-	-	-
3,811	5,603	5,003	3,096	1,903	129	43
-	-	-	-	-	-	-
-	-	-	994,497	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
600,000	-	-	-	900,000	-	-
<u>\$ 3,120,171</u>	<u>\$ 3,037,978</u>	<u>\$ 3,159,802</u>	<u>\$ 3,510,219</u>	<u>\$ 2,121,774</u>	<u>\$ 142,385</u>	<u>\$ 29,798</u>
\$ 8,921	\$ -	\$ 5,582	\$ -	\$ -	\$ 138,454	\$ -
5,917	-	6,726	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
14,838	-	12,308	-	-	138,454	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,105,333	3,037,978	3,147,494	3,510,219	2,121,774	3,931	29,798
-	-	-	-	-	-	-
3,105,333	3,037,978	3,147,494	3,510,219	2,121,774	3,931	29,798
<u>\$ 3,120,171</u>	<u>\$ 3,037,978</u>	<u>\$ 3,159,802</u>	<u>\$ 3,510,219</u>	<u>\$ 2,121,774</u>	<u>\$ 142,385</u>	<u>\$ 29,798</u>

(Continued)



City of Walnut Creek
Combining Balance Sheet, Continued
Non-Major Governmental Funds
June 30, 2015
 (With comparative information for the prior year)

	Special Revenue		Capital Project			
	Traffic	In Lieu Underground	Storm Drain	Traffic Impact	Other In Lieu /	
	Congestion Relief			Mitigation	Mitigation Fees	In Lieu Park
ASSETS						
Current:						
Cash and investments	\$ 462	\$ 1,839,862	\$ 492,402	\$ 6,931,225	\$ 822,315	\$ 3,720,793
Cash and investments with fiscal agents	-	-	-	-	-	-
Accounts receivable	-	-	-	5,336	-	16,000
Interest receivable	1	2,883	771	10,893	1,348	5,807
Prepaid expense	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Notes and loans receivable	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Total assets	\$ 463	\$ 1,842,745	\$ 493,173	\$ 6,947,454	\$ 823,663	\$ 3,742,600
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable and other accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Deferred Inflow of Resources:						
Unavailable resources-notes and loans	-	-	-	-	-	-
Total deferred inflow of resources	-	-	-	-	-	-
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	463	1,842,745	493,173	6,947,454	823,663	3,742,600
Assigned	-	-	-	-	-	-
Total fund balances	463	1,842,745	493,173	6,947,454	823,663	3,742,600
Total liabilities, deferred inflows of resources and fund balances	\$ 463	\$ 1,842,745	\$ 493,173	\$ 6,947,454	\$ 823,663	\$ 3,742,600

(Continued)

Capital Project			
In Lieu Parking	Local Improvement Districts	Totals	
		2015	2014
\$ 356,756	\$ 954,978	\$ 29,772,241	\$ 29,549,172
-	-	-	-
-	-	263,056	686,010
559	1,497	45,950	44,693
-	-	67,420	-
-	-	994,497	923,467
-	-	-	-
-	-	1,052,926	437,926
-	-	1,500,000	1,900,000
<u>\$ 357,315</u>	<u>\$ 956,475</u>	<u>\$ 33,696,090</u>	<u>\$ 33,541,268</u>
\$ -	\$ -	\$ 271,246	\$ 305,783
-	-	28,394	24,028
-	-	-	287,894
-	-	-	14,490
-	-	299,640	632,195
-	-	1,052,926	437,926
-	-	1,052,926	437,926
-	-	-	1,900,000
357,315	956,475	32,343,524	29,390,805
-	-	-	1,180,342
<u>357,315</u>	<u>956,475</u>	<u>32,343,524</u>	<u>32,471,147</u>
<u>\$ 357,315</u>	<u>\$ 956,475</u>	<u>\$ 33,696,090</u>	<u>\$ 33,541,268</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, 2015
(With comparative information for the prior year)

	Special Revenue				
	Library Parcel Tax	General Plan Update	Open Space	Revolving Loans	Traffic Safety/ Police Grants
REVENUES:					
Taxes:					
Sales and use	\$ -	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-	-
Other	-	-	537,550	-	-
Intergovernmental	-	-	-	-	1,180,093
Investment and rental income	3,533	4,669	61,163	4,593	755
Charges for services	-	-	45,656	-	30,502
Fines, forfeitures and penalties	-	-	-	-	-
Other revenues	-	244,947	-	-	8,625
Total revenues	3,533	249,616	644,369	4,593	1,219,975
EXPENDITURES:					
Current:					
Public protection	-	-	-	-	383,727
Public works	-	-	1,146,941	-	30,774
Community and economic development	-	9,026	-	65,000	92,333
Housing	-	-	-	-	550,000
Arts, recreation and community services	864,602	-	-	-	50,105
General government	-	-	-	-	-
Total expenditures	864,602	9,026	1,146,941	65,000	1,106,939
REVENUES OVER (UNDER) EXPENDITURES	(861,069)	240,590	(502,572)	(60,407)	113,036
OTHER FINANCING SOURCES (USES):					
Transfers in	744,262	-	502,572	-	22,840
Transfers (out)	-	-	-	-	(18,169)
Total other financing sources (uses)	744,262	-	502,572	-	4,671
Net change in fund balances	(116,807)	240,590	-	(60,407)	117,707
FUND BALANCES:					
Beginning of the year	865,046	480,073	-	678,368	18,539
End of the year	\$ 748,239	\$ 720,663	\$ -	\$ 617,961	\$ 136,246

Special Revenue						
PEG Access Fees/ Grants	Gas Tax	NPDES	Measure J	Shadelands Park Maintenance	Shadelands Property and Business Improvement District	Alternative Energy
\$ -	\$ -	\$ -	\$ 1,482,729	\$ -	\$ -	\$ -
-	-	-	-	-	352,051	-
-	-	1,047,036	-	-	-	-
-	1,682,076	-	-	-	-	-
52,262	26,865	23,314	13,100	8,936	414	193
387,465	-	-	-	-	-	-
-	-	-	-	-	-	-
1,869	-	-	-	31,500	-	7,704
<u>441,596</u>	<u>1,708,941</u>	<u>1,070,350</u>	<u>1,495,829</u>	<u>40,436</u>	<u>352,465</u>	<u>7,897</u>
-	-	-	-	-	-	-
-	-	1,100,968	-	-	-	-
-	-	-	-	-	348,534	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
505,348	-	-	-	-	-	-
<u>505,348</u>	<u>-</u>	<u>1,100,968</u>	<u>-</u>	<u>-</u>	<u>348,534</u>	<u>-</u>
(63,752)	1,708,941	(30,618)	1,495,829	40,436	3,931	7,897
-	-	-	-	-	-	-
-	(3,192,851)	-	(1,035,023)	-	-	-
-	(3,192,851)	-	(1,035,023)	-	-	-
(63,752)	(1,483,910)	(30,618)	460,806	40,436	3,931	7,897
3,169,085	4,521,888	3,178,112	3,049,413	2,081,338	-	21,901
<u>\$ 3,105,333</u>	<u>\$ 3,037,978</u>	<u>\$ 3,147,494</u>	<u>\$ 3,510,219</u>	<u>\$ 2,121,774</u>	<u>\$ 3,931</u>	<u>\$ 29,798</u>

(Continued)



City of Walnut Creek
Combining Statement of Revenues, Expenditures and Changes in Fund Balances,
Non-Major Governmental Funds (Continued)
For the Year Ended June 30, 2015
 (With comparative information for the prior year)

	Special Revenue		Capital Project	
	Traffic Congestion Relief	In Lieu Underground	Storm Drain	Traffic Impact Mitigation
REVENUES:				
Taxes:				
Sales and use	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Other	-	-	-	-
Intergovernmental	-	-	-	-
Investment and rental income	3	13,616	3,644	51,111
Charges for services	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Other revenues	-	-	-	372,174
Total revenues	3	13,616	3,644	423,285
EXPENDITURES:				
Current:				
Public protection	-	-	-	-
Public works	-	-	-	954
Community and economic development	-	-	-	-
Housing	-	-	-	-
Arts, recreation and cultural Services	-	-	-	-
General government	-	-	-	-
Total expenditures	-	-	-	954
REVENUES OVER (UNDER) EXPENDITURES	3	13,616	3,644	422,331
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	(185,853)
Total other financing sources (uses)	-	-	-	(185,853)
Net change in fund balances	3	13,616	3,644	236,478
FUND BALANCES:				
Beginning of the year	460	1,829,129	489,529	6,710,976
End of the year	<u>\$ 463</u>	<u>\$ 1,842,745</u>	<u>\$ 493,173</u>	<u>\$ 6,947,454</u>

Capital Project					
Other In Lieu / Mitigation Fees	In Lieu Park	In Lieu Parking	Local Improvement Districts	Totals	
				2015	2014
\$ -	\$ -	\$ -	\$ -	\$ 1,482,729	\$ 923,467
-	-	-	-	352,051	-
-	-	-	-	1,584,586	1,633,483
-	-	-	-	2,862,169	2,729,814
6,404	26,823	2,572	7,068	311,038	252,408
217,420	-	30,870	-	711,913	471,676
-	-	-	-	-	150,352
-	518,000	-	-	1,184,819	3,101,480
223,824	544,823	33,442	7,068	8,489,305	9,262,680
-	-	-	-	383,727	364,937
1,000	1,769	-	-	2,282,406	2,137,540
-	-	-	-	514,893	549,076
-	-	-	-	550,000	-
-	-	-	-	914,707	888,149
-	-	-	-	505,348	339,791
1,000	1,769	-	-	5,151,081	4,279,493
222,824	543,054	33,442	7,068	3,338,224	4,983,187
10,000	-	-	-	1,279,674	1,922,257
(114,001)	(199,624)	-	-	(4,745,521)	(4,292,620)
(104,001)	(199,624)	-	-	(3,465,847)	(2,370,363)
118,823	343,430	33,442	7,068	(127,623)	2,612,824
704,840	3,399,170	323,873	949,407	32,471,147	29,858,323
\$ 823,663	\$ 3,742,600	\$ 357,315	\$ 956,475	\$ 32,343,524	\$ 32,471,147



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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ -	\$ -	\$ 3,533	\$ 3,533
Total revenues	-	-	3,533	3,533
EXPENDITURES:				
Current:				
Arts, recreation and community services	882,705	892,202	864,602	27,600
Total expenditures	882,705	892,202	864,602	27,600
REVENUES OVER (UNDER) EXPENDITURES	(882,705)	(892,202)	(861,069)	31,133
OTHER FINANCING SOURCES (USES):				
Transfer in	234,262	744,262	744,262	-
Total other financing sources (uses)	234,262	744,262	744,262	-
Net change in fund balance	\$ (648,443)	\$ (147,940)	(116,807)	\$ 31,133
FUND BALANCE:				
Beginning of year			865,046	
End of year			\$ 748,239	



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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 1,000	\$ 1,000	\$ 4,669	\$ 3,669
Other revenue	125,000	213,500	244,947	31,447
Total revenues	126,000	214,500	249,616	35,116
EXPENDITURES:				
Current:				
Community and economic development	50,000	59,349	9,026	50,323
Total expenditures	50,000	59,349	9,026	50,323
REVENUES OVER (UNDER) EXPENDITURES	-	155,151	240,590	85,439
Net change in fund balance	\$ -	\$ 155,151	240,590	\$ 85,439
FUND BALANCE:				
Beginning of year			480,073	
End of year			\$ 720,663	



City of Walnut Creek

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

Open Space Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 420,113	\$ 537,113	\$ 537,550	\$ 437
Investment and rental income	44,000	59,000	61,163	2,163
Charges for services	35,454	45,654	45,656	2
Total revenues	499,567	641,767	644,369	2,602
EXPENDITURES:				
Current:				
Public works	1,194,039	1,287,534	1,146,941	140,593
Total expenditures	1,194,039	1,287,534	1,146,941	140,593
REVENUES OVER (UNDER) EXPENDITURES	(694,472)	(645,767)	(502,572)	143,195
OTHER FINANCING SOURCES (USES):				
Transfer in	694,472	787,967	502,572	(285,395)
Total other financing sources (uses)	694,472	787,967	502,572	(285,395)
Net change in fund balance	\$ -	\$ 142,200	-	\$ (142,200)
FUND BALANCE:				
Beginning of year			-	
End of year			\$ -	



City of Walnut Creek

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual Revolving Loans Special Revenue Fund For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 2,600	\$ 2,600	\$ 4,593	\$ 1,993
Other revenue	145,000	145,000	-	(145,000)
Total revenues	147,600	147,600	4,593	(143,007)
EXPENDITURES:				
Current:				
Community and economic development	45,000	45,000	65,000	(20,000)
Total expenditures	45,000	45,000	65,000	(20,000)
REVENUES OVER (UNDER) EXPENDITURES	102,600	102,600	(60,407)	(163,007)
Net change in fund balance	\$ 102,600	\$ 102,600	(60,407)	\$ (163,007)
FUND BALANCE:				
Beginning of year			678,368	
End of year			\$ 617,961	



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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Charge for Services	\$ -	\$ 40,100	\$ 30,502	\$ (9,598)
Intergovernmental	650,000	1,116,275	1,180,093	63,818
Investment and rental income	-	-	755	755
Other	-	10,625	8,625	(2,000)
Total revenues	650,000	1,167,000	1,219,975	52,975
EXPENDITURES:				
Current:				
Public protection	100,000	474,913	383,727	91,186
Public works	-	-	30,774	(30,774)
Community and economic development	-	91,345	92,333	(988)
Housing	550,000	550,000	550,000	-
Arts, recreation and community services	-	63,295	50,105	13,190
Total expenditures	650,000	1,179,553	1,106,939	72,614
REVENUES OVER (UNDER) EXPENDITURES	-	(12,553)	113,036	125,589
OTHER FINANCING SOURCES (USES):				
Transfer in	-	22,840	22,840	-
Transfer (out)	-	-	(18,169)	(18,169)
Total other financing sources (uses)	-	22,840	4,671	(18,169)
Net change in fund balance	\$ -	\$ 10,287	117,707	\$ 107,420
FUND BALANCE:				
Beginning of year			18,539	
End of year			\$ 136,246	



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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 7,000	\$ 7,000	\$ 52,262	\$ 45,262
Charges for services	317,868	317,868	387,465	69,597
Other revenue	35,000	35,000	1,869	(33,131)
Total revenues	359,868	359,868	441,596	81,728
EXPENDITURES:				
Current:				
General government	600,442	659,042	505,348	153,694
Total expenditures	600,442	659,042	505,348	153,694
REVENUES OVER (UNDER) EXPENDITURES	(240,574)	(299,174)	(63,752)	235,422
OTHER FINANCING SOURCES (USES):				
Transfer in	400,000	400,000	-	(400,000)
Total other financing sources (uses)	400,000	400,000	-	(400,000)
Net change in fund balance	\$ 159,426	\$ 100,826	(63,752)	\$ (164,578)
FUND BALANCE:				
Beginning of year			3,169,085	
End of year			\$ 3,105,333	



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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,670,212	\$ 1,893,863	\$ 1,682,076	\$ (211,787)
Investment and rental income	10,200	25,000	26,865	1,865
Total revenues	<u>1,680,412</u>	<u>1,918,863</u>	<u>1,708,941</u>	<u>(209,922)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,680,412</u>	<u>1,918,863</u>	<u>1,708,941</u>	<u>(209,922)</u>
OTHER FINANCING SOURCES (USES):				
Transfer (out)	<u>(2,933,000)</u>	<u>(2,933,000)</u>	<u>(3,192,851)</u>	<u>(259,851)</u>
Total other financing sources (uses)	<u>(2,933,000)</u>	<u>(2,933,000)</u>	<u>(3,192,851)</u>	<u>(259,851)</u>
Net change in fund balance	<u>\$ (1,252,588)</u>	<u>\$ (1,014,137)</u>	<u>(1,483,910)</u>	<u>\$ (469,773)</u>
FUND BALANCE:				
Beginning of year			<u>4,521,888</u>	
End of year			<u>\$ 3,037,978</u>	



City of Walnut Creek

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

NPDES Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 1,235,400	\$ 1,235,400	\$ 1,047,036	\$ (188,364)
Investment and rental income	8,200	23,900	23,314	(586)
Other revenue	2,000	2,000	-	(2,000)
Total revenues	<u>1,245,600</u>	<u>1,261,300</u>	<u>1,070,350</u>	<u>(190,950)</u>
EXPENDITURES:				
Current:				
Public works	<u>1,414,622</u>	<u>1,416,293</u>	<u>1,100,968</u>	<u>315,325</u>
Total expenditures	<u>1,414,622</u>	<u>1,416,293</u>	<u>1,100,968</u>	<u>315,325</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(169,022)</u>	<u>(154,993)</u>	<u>(30,618)</u>	<u>124,375</u>
Net change in fund balance	<u>\$ (169,022)</u>	<u>\$ (154,993)</u>	<u>(30,618)</u>	<u>\$ 124,375</u>
FUND BALANCE:				
Beginning of year			<u>3,178,112</u>	
End of year			<u>\$ 3,147,494</u>	



City of Walnut Creek

**Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
Measure J Special Revenue Fund
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Sales and use tax	\$ 920,820	\$ 1,482,820	\$ 1,482,729	\$ (91)
Investment and rental income	7,100	7,100	13,100	6,000
Total revenues	<u>927,920</u>	<u>1,489,920</u>	<u>1,495,829</u>	<u>5,909</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>927,920</u>	<u>1,489,920</u>	<u>1,495,829</u>	<u>5,909</u>
OTHER FINANCING SOURCES (USES):				
Transfer (out)	<u>(2,292,000)</u>	<u>(2,292,000)</u>	<u>(1,035,023)</u>	<u>1,256,977</u>
Total other financing sources (uses)	<u>(2,292,000)</u>	<u>(2,292,000)</u>	<u>(1,035,023)</u>	<u>1,256,977</u>
Net change in fund balance	<u>\$ (1,364,080)</u>	<u>\$ (802,080)</u>	460,806	<u>\$ 1,262,886</u>
FUND BALANCE:				
Beginning of year			<u>3,049,413</u>	
End of year			<u>\$ 3,510,219</u>	



City of Walnut Creek
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
Shadelands Park Maintenance Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 3,700	\$ 3,700	\$ 8,936	\$ 5,236
Other	31,500	31,500	31,500	-
Total revenues	35,200	35,200	40,436	5,236
REVENUES OVER (UNDER) EXPENDITURES	35,200	35,200	40,436	5,236
Net change in fund balance	\$ 35,200	\$ 35,200	40,436	\$ 5,236
FUND BALANCE:				
Beginning of year			2,081,338	
End of year			\$ 2,121,774	



City of Walnut Creek
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
Shadelands Property and Business Improvement District Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property tax	\$ -	\$ 385,000	\$ 352,051	\$ (32,949)
Investment and rental income	-	-	414	414
Total revenues	-	385,000	352,465	(32,535)
EXPENDITURES:				
Current:				
Community development	-	375,000	348,534	26,466
Total expenditures	-	375,000	348,534	26,466
REVENUES OVER (UNDER) EXPENDITURES	-	10,000	3,931	(6,069)
Net change in fund balance	\$ -	\$ 10,000	3,931	\$ (6,069)
FUND BALANCE:				
Beginning of year			-	
End of year			\$ 3,931	



City of Walnut Creek
Schedule of Revenues, Expenditures and Changes in Fund Balances
Alternative Energy Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ -	\$ -	\$ 193	\$ 193
Other revenue	10,000	10,000	7,704	(2,296)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>7,897</u>	<u>(2,103)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>10,000</u>	<u>10,000</u>	<u>7,897</u>	<u>(2,103)</u>
Net change in fund balance	<u>\$ 10,000</u>	<u>\$ 10,000</u>	7,897	<u>\$ (2,103)</u>
FUND BALANCE:				
Beginning of year			<u>21,901</u>	
End of year			<u>\$ 29,798</u>	



City of Walnut Creek

**Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
Traffic Congestion Relief Special Revenue Fund
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ -	\$ -	\$ 3	\$ 3
Total revenues	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	3	<u>\$ 3</u>
FUND BALANCE:				
Beginning of year			<u>460</u>	
End of year			<u>\$ 463</u>	



INTERNAL SERVICE FUNDS

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

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

Police Radio Fund accumulates funds for the replacement of police radios

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

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

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

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

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

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, 2015

(With comparative information for the prior year)

	Vehicle Rental	Police Radio	Equipment Replacement LCA	Equipment Replacement IT
ASSETS				
Current assets:				
Cash	\$ 959,178	\$ 474,948	\$ 42,722	\$ 7,847,205
Prepaid expense	-	9,018	-	-
Accounts receivable	-	-	-	2,001
Interest Receivable	1,898	755	67	10,118
Total current assets	<u>961,076</u>	<u>484,721</u>	<u>42,789</u>	<u>7,859,324</u>
Capital assets:				
Vehicles	8,733,786	-	-	-
Buildings	-	-	-	-
Machinery and equipment	-	1,771,006	59,364	2,155,084
Accumulated depreciation	(5,640,934)	(413,467)	(16,624)	(1,344,360)
Total capital assets	<u>3,092,852</u>	<u>1,357,539</u>	<u>42,740</u>	<u>810,724</u>
Total assets	<u>4,053,928</u>	<u>1,842,260</u>	<u>85,529</u>	<u>8,670,048</u>
LIABILITIES				
Current liabilities				
Accounts payable	<u>155,965</u>	<u>1,868</u>	-	<u>23,461</u>
Total current liabilities	<u>155,965</u>	<u>1,868</u>	-	<u>23,461</u>
Non-current liabilities				
Advances from other funds	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>155,965</u>	<u>1,868</u>	<u>-</u>	<u>23,461</u>
NET POSITION				
Net investment in capital assets	3,092,852	1,357,539	42,740	810,724
Unrestricted	<u>805,111</u>	<u>482,853</u>	<u>42,789</u>	<u>7,835,863</u>
Total net position	<u>\$ 3,897,963</u>	<u>\$ 1,840,392</u>	<u>\$ 85,529</u>	<u>\$ 8,646,587</u>

Equipment Replacement ASD	Equipment Replacement GF	Facilities Replacement ASD	Major Roadway Reconstruction	PERS Safety Side Fund Liability	Totals	
					2015	2014
\$ 1,110	\$ 1,371,156	\$ 303,933	\$ 494,873	\$ -	\$ 11,495,125	\$ 9,672,552
-	-	-	-	-	9,018	18,036
-	-	-	-	-	2,001	43,238
2	2,158	476	775	-	16,249	13,528
<u>1,112</u>	<u>1,373,314</u>	<u>304,409</u>	<u>495,648</u>	<u>-</u>	<u>11,522,393</u>	<u>9,747,354</u>
-	-	-	-	-	8,733,786	7,922,765
-	-	235,000	-	-	235,000	235,000
-	384,153	-	-	-	4,369,607	4,030,203
-	(154,218)	(41,908)	-	-	(7,611,511)	(6,799,371)
-	229,935	193,092	-	-	5,726,882	5,388,597
<u>1,112</u>	<u>1,603,249</u>	<u>497,501</u>	<u>495,648</u>	<u>-</u>	<u>17,249,275</u>	<u>15,135,951</u>
-	-	-	-	-	181,294	291,428
-	-	-	-	-	181,294	291,428
-	-	-	-	6,842,041	6,842,041	8,218,685
-	-	-	-	6,842,041	6,842,041	8,218,685
-	-	-	-	6,842,041	7,023,335	8,510,113
-	229,935	193,092	-	-	5,726,882	5,388,597
<u>1,112</u>	<u>1,373,314</u>	<u>304,409</u>	<u>495,648</u>	<u>(6,842,041)</u>	<u>4,499,058</u>	<u>1,237,241</u>
<u>\$ 1,112</u>	<u>\$ 1,603,249</u>	<u>\$ 497,501</u>	<u>\$ 495,648</u>	<u>\$ (6,842,041)</u>	<u>\$ 10,225,940</u>	<u>\$ 6,625,838</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, 2015

(With comparative information for the prior year)

	Vehicle Rental	Police Radio	Equipment Replacement LCA	Equipment Replacement IT
OPERATING REVENUES:				
Charges for services	\$ 760,492	\$ 41,310	\$ -	\$ 1,299,392
Total operating revenues	760,492	41,310	-	1,299,392
OPERATING EXPENSES:				
Supplies and services	-	-	-	338,774
Repairs and maintenance	229,701	27,571	-	181,553
Depreciation	651,765	173,996	5,936	272,150
Total operating expenses	881,466	201,567	5,936	792,477
OPERATING INCOME (LOSS)	(120,974)	(160,257)	(5,936)	506,915
NONOPERATING REVENUES (EXPENSES):				
Interest and related expenses	9,416	3,639	316	45,575
Gain (loss) on sale of vehicles	15,845	-	-	-
Total nonoperating revenues (expenses)	25,261	3,639	316	45,575
Net (loss) before contributions and operating transfers	(95,713)	(156,618)	(5,620)	552,490
Capital contributions	54,228	-	-	-
Transfers in	-	-	-	2,150,000
Transfers (out)	-	-	-	(238,229)
Change in net position	(41,485)	(156,618)	(5,620)	2,464,261
NET POSITION:				
Beginning of the year	3,939,448	1,997,010	91,149	6,182,326
End of the year	\$ 3,897,963	\$ 1,840,392	\$ 85,529	\$ 8,646,587

Equipment Replacement ASD	Equipment Replacement GF	Facilities Replacement ASD	Major Roadway Reconstruction	PERS Safety Side Fund Liability	Totals	
					2015	2014
\$ -	\$ -	\$ -	\$ -	\$ 1,664,298	\$ 3,765,492	\$ 3,675,929
-	-	-	-	1,664,298	3,765,492	3,675,929
-	-	-	-	-	338,774	108,408
-	15,890	-	-	-	454,715	644,725
-	33,015	4,700	-	-	1,141,562	1,032,051
-	48,905	4,700	-	-	1,935,051	1,785,184
-	(48,905)	(4,700)	-	1,664,298	1,830,441	1,890,745
8	10,606	2,249	3,662	(287,654)	(212,183)	(304,348)
-	-	-	-	-	15,845	(20,515)
8	10,606	2,249	3,662	(287,654)	(196,338)	(324,863)
8	(38,299)	(2,451)	3,662	1,376,644	1,634,103	1,565,882
-	-	-	-	-	54,228	240,615
-	-	-	-	-	2,150,000	1,234,995
-	-	-	-	-	(238,229)	(63,546)
8	(38,299)	(2,451)	3,662	1,376,644	3,600,102	2,977,946
1,104	1,641,548	499,952	491,986	(8,218,685)	6,625,838	3,647,892
\$ 1,112	\$ 1,603,249	\$ 497,501	\$ 495,648	\$ (6,842,041)	\$ 10,225,940	\$ 6,625,838



City of Walnut Creek
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2015
(With comparative information for the prior year)

	Vehicle Rental	Police Radio	Equipment Replacement LCA	Equipment Replacement IT	Equipment Replacement ASD
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 801,783	\$ 41,310	\$ -	\$ 1,299,338	\$ -
Payments to suppliers	(210,010)	(27,418)	(2,337)	(638,950)	-
Net cash provided (used) by operating activities	591,773	13,892	(2,337)	660,388	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	-	-	-	2,150,000	-
Transfers (out)	-	-	-	(238,229)	-
Net cash provided by capital and related financing activities	-	-	-	1,911,771	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions	54,228	-	-	-	-
Acquisition of capital assets	(1,140,443)	(41,289)	-	(173,138)	-
Proceeds from disposal of capital assets	15,845	-	-	-	-
Interest paid on capital lease	-	-	-	-	-
Principal paid on capital lease	-	-	-	-	-
Net cash provided by investing activities	(1,070,370)	(41,289)	-	(173,138)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income received	9,783	3,684	367	42,213	8
Net cash (used) by investing activities	9,783	3,684	367	42,213	8
Net increase (decrease) in cash and cash equivalents	(468,814)	(23,713)	(1,970)	2,441,234	8
CASH AND CASH EQUIVALENTS:					
Beginning of the year	1,427,992	498,661	44,692	5,405,971	1,102
End of the year	\$ 959,178	\$ 474,948	\$ 42,722	\$ 7,847,205	\$ 1,110
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (120,974)	\$ (160,257)	\$ (5,936)	\$ 506,915	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	651,765	173,996	5,936	272,150	-
Interest Expense					
Changes in assets and liabilities:					
Accounts receivable	41,291	-	-	(54)	-
Prepaid items	-	9,018	-	-	-
Advance from other funds	-	-	-	-	-
Accounts payable	19,691	(8,865)	(2,337)	(118,623)	-
Net cash provided (used) by operating activities	\$ 591,773	\$ 13,892	\$ (2,337)	\$ 660,388	\$ -

Equipment Replacement GF	Facilities Replacement ASD	Major Roadway Reconstruction	PERS Safety Side Fund Liability	Totals	
				2015	2014
\$ -	\$ -	\$ -	\$ 1,664,298	\$ 3,806,729	\$ 3,634,663
(15,890)	-	-	-	(894,605)	(520,782)
(15,890)	-	-	1,664,298	2,912,124	3,113,881
-	-	-	-	2,150,000	1,234,995
-	-	-	-	(238,229)	(63,546)
-	-	-	-	1,911,771	1,171,449
-	-	-	-	54,228	240,615
(124,977)	-	-	-	(1,479,847)	(1,334,443)
-	-	-	-	15,845	(20,515)
-	-	-	(287,654)	(287,654)	(331,503)
-	-	-	(1,376,644)	(1,376,644)	(1,252,796)
(124,977)	-	-	(1,664,298)	(3,074,072)	(2,698,642)
10,795	2,245	3,655	-	72,750	13,627
10,795	2,245	3,655	-	72,750	13,627
(130,072)	2,245	3,655	-	1,822,573	1,600,315
1,501,228	301,688	491,218	-	9,672,552	8,072,237
\$ 1,371,156	\$ 303,933	\$ 494,873	\$ -	\$ 11,495,125	\$ 9,672,552
\$ (48,905)	\$ (4,700)	\$ -	\$ 1,664,298	\$ 1,830,441	\$ 1,890,745
33,015	4,700	-	-	1,141,562	1,032,051
-	-	-	-	41,237	(41,266)
-	-	-	1,376,644	1,385,662	(10,622,654)
-	-	-	(1,376,644)	(1,376,644)	10,604,618
-	-	-	-	(110,134)	250,387
\$ (15,890)	\$ -	\$ -	\$ 1,664,298	\$ 2,912,124	\$ 3,113,881

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FIDUCIARY FUND TYPES

TRUST AND AGENCY FUNDS

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

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

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

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.

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, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<u>Trust and Agency</u>				
Assets:				
Cash and investments	\$ 3,356,124	\$ 20,240,867	\$ (20,654,704)	\$ 2,942,287
Accounts receivable	181,334	107,674	(222,430)	66,578
Interest receivable	5,208	9,212	(7,289)	7,131
Total assets	\$ 3,542,666	\$ 20,357,753	\$ (20,884,423)	\$ 3,015,996
Liabilities:				
Accounts payable	\$ 73,894	\$ 3,561,381	\$ (3,378,392)	\$ 256,883
Advance deposits	3,468,772	16,796,372	(17,506,031)	2,759,113
Total liabilities	\$ 3,542,666	\$ 20,357,753	\$ (20,884,423)	\$ 3,015,996
 <u>Lesher Endowment</u>				
Assets:				
Cash and investments	\$ 1,471,262	\$ 86,063	\$ (65,252)	\$ 1,492,073
Liabilities:				
Advance deposits	\$ 1,471,262	\$ 86,063	\$ (65,252)	\$ 1,492,073
 <u>Assessment Districts Group I</u>				
Assets:				
Cash and investments	\$ 1,701,417	\$ 12,659	\$ -	\$ 1,714,076
Interest receivable	2,660	2,686	(2,660)	2,686
Total assets	\$ 1,704,077	\$ 15,345	\$ (2,660)	\$ 1,716,762
Liabilities:				
Due to bondholders	\$ 1,704,077	\$ 15,345	\$ (2,660)	\$ 1,716,762



City of Walnut Creek

Agency Funds

Statements of Changes in Assets and Liabilities, Continued

For the Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
<u>CCCSD Solid Waste Authority</u>				
Assets:				
Cash and investments	\$ 6,594,462	\$ 9,676,940	\$ (7,979,172)	\$ 8,292,230
Accounts receivable	-	402,802	-	402,802
Interest receivable	9,212	12,247	(9,212)	12,247
Total assets	\$ 6,603,674	\$ 10,091,989	\$ (7,988,384)	\$ 8,707,279
Liabilities:				
Accounts payable	\$ 140,448	\$ 4,659,296	\$ (4,659,873)	\$ 139,871
Due to other governments	6,463,226	5,432,693	(3,328,511)	8,567,408
Total liabilities	\$ 6,603,674	\$ 10,091,989	\$ (7,988,384)	\$ 8,707,279
<u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 13,123,265	\$ 30,016,529	\$ (28,699,128)	\$ 14,440,666
Accounts receivable	181,334	510,476	(222,430)	469,380
Interest receivable	17,080	24,145	(19,161)	22,064
Total assets	\$ 13,321,679	\$ 30,551,150	\$ (28,940,719)	\$ 14,932,110
Liabilities:				
Accounts payable	\$ 214,342	\$ 8,220,677	\$ (8,038,265)	\$ 396,754
Due to other governments	6,463,226	5,432,693	(3,328,511)	8,567,408
Due to bondholders	1,704,077	15,345	(2,660)	1,716,762
Advance deposits	4,940,034	16,882,435	(17,571,283)	4,251,186
Total liabilities	\$ 13,321,679	\$ 30,551,150	\$ (28,940,719)	\$ 14,932,110



City of Walnut Creek
Combining Balance Sheet
Private Purpose Trust Funds
June 30, 2015

	RDA Obligation Retirement	RDA Successor Agency Debt Service	Total Private Purpose Trust Funds
ASSETS			
Current:			
Cash and investments	\$ 376,486	\$ -	\$ 376,486
Cash and investments with fiscal agents	-	1,646,742	1,646,742
Interest receivable	178	-	178
Total assets	\$ 376,664	\$ 1,646,742	\$ 2,023,406
LIABILITIES AND FUND BALANCES			
Current :			
Accrued payroll	\$ 340	\$ -	\$ 340
Inerfund loan	274,544	-	274,544
Long-term debt due in one year (Note 15)	-	425,000	425,000
Total current liabilities	274,884	425,000	699,884
Noncurrent liabilities:			
Long-term debt due in more than one year (Note 15)	-	1,710,000	1,710,000
Total noncurrent liabilities	-	1,710,000	1,710,000
Total liabilities	274,884	2,135,000	2,409,884
Net Assets:			
Held in trust for other governments	101,780	(488,258)	(386,478)
Total fund balances	101,780	(488,258)	(386,478)
Total liabilities and fund balances	\$ 376,664	\$ 1,646,742	\$ 2,023,406



City of Walnut Creek
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Private Purpose Trust Funds
For the Year Ended June 30, 2015

	RDA Obligation Retirement	RDA Successor Agency Debt Service	Private Purpose Trust Fund
ADDITIONS:			
Property taxes	\$ 651,529	\$ -	\$ 651,529
Investment and rental income	1,173	101	1,274
Total additions	652,702	101	652,803
DEDUCTIONS:			
Community development	29,976	-	29,976
Interest, fiscal charges and issuance costs	-	115,348	115,348
Total deductions	29,976	115,348	145,324
OTHER FINANCING SOURCES (USES):			
Transfers in	-	795,555	795,555
Transfers (out)	(795,555)	-	(795,555)
Total other financing sources (uses)	(795,555)	795,555	-
Net change in fund balances	(172,829)	680,308	507,479
FUND BALANCES:			
Beginning of the year	274,609	(1,168,566)	(893,957)
End of the year	\$ 101,780	\$ (488,258)	\$ (386,478)

STATISTICAL SECTION

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

Index	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	174-185
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, including sales and property taxes.	186-192
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	193-198
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	199-201
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	202-206



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

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities:				
Net investment in capital assets	\$ 231,465,216	\$ 226,863,697	\$ 227,987,671	\$ 241,814,198
Restricted	7,815,613	50,105,233	49,175,812	64,129,700
Unrestricted	98,940,786	64,990,977	67,074,890	37,017,927
Total governmental activities net position	338,221,615	341,959,907	344,238,373	342,961,825
Business-type activities:				
Invested in capital assets, net of related debt	1,277,845	1,219,298	1,075,689	1,317,463
Restricted	167,556	166,699	165,099	-
Unrestricted	(1,812,450)	(1,668,737)	(1,731,343)	(1,869,311)
Total business-type activities net position	(367,049)	(282,740)	(490,555)	(551,848)
Primary government:				
Invested in capital assets, net of related debt	232,743,061	228,082,995	229,063,360	243,131,661
Restricted	7,983,169	50,271,932	49,340,911	64,129,700
Unrestricted	97,128,336	63,322,240	65,343,547	35,148,616
Total primary government net position	\$ 337,854,566	\$ 341,677,167	\$ 343,747,818	\$ 342,409,977

Source: City Finance Department

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 255,068,671	\$ 251,483,541	\$ 250,111,191	\$ 238,401,412	\$ 232,858,750	\$ 234,018,776
58,685,430	47,852,651	37,533,808	31,545,609	40,678,188	40,930,301
27,027,521	39,172,708	43,620,819	42,465,457	47,061,870	(19,886,556)
<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>	<u>255,062,521</u>
1,318,102	1,406,822	1,490,349	9,344,544	10,952,847	8,441,554
-	-	-	-	-	-
(2,096,240)	(2,414,218)	664,377	2,856,473	2,562,841	7,540,001
<u>(778,138)</u>	<u>(1,007,396)</u>	<u>2,154,726</u>	<u>12,201,017</u>	<u>13,515,688</u>	<u>15,981,555</u>
256,386,773	252,890,363	251,601,540	247,745,956	243,811,597	242,460,330
58,685,430	47,852,651	37,533,808	31,545,609	40,678,188	40,930,301
24,931,281	36,758,490	44,285,196	45,321,930	49,624,711	(12,346,555)
<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>	<u>\$ 271,044,076</u>



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

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
Governmental activities:				
Public protection	\$ 18,081,363	\$ 19,606,373	\$ 20,874,588	\$ 22,070,859
Public works	23,961,639	28,801,629	26,010,531	25,548,474
Community Development	4,755,814	5,930,672	5,096,366	6,117,841
Housing	2,140,611	1,422,545	1,871,343	2,744,309
Arts, recreation, and community services	4,729,378 *	13,558,315	14,150,128	14,364,387
Administrative services	4,971,667	5,012,121	5,404,926	6,326,034
Human Resources	-	-	-	-
General government	6,704,972	4,670,604	2,733,327	2,986,144
Interest on long-term debt	770,533	435,282	405,413	369,667
Total governmental activities expenses	66,115,977	79,437,541	76,546,622	80,527,715
Business-type activities:				
Golf course and Clubhouse	2,015,284	1,895,198	2,143,842	2,474,725
Arts Partnership	7,355,319	-	-	-
Downtown Parking and Enhancement	-	-	-	-
Total business-type activities expenses	9,370,603	1,895,198	2,143,842	2,474,725
Total primary government expenses	\$ 75,486,580	\$ 81,332,739	\$ 78,690,464	\$ 83,002,440
Program Revenues				
Governmental activities:				
Charges for services:				
Public protection	\$ 1,827,810	\$ 2,179,674	\$ 1,960,054	\$ 2,370,596
Public works	5,144,249	2,281,216	2,351,022	2,366,826
Community development	2,569,766	3,070,920	3,161,013	2,878,442
Housing	3,255,398	2,465,567	1,242,802	2,767,216
Arts, recreation, and community services	2,146,396	8,749,794	8,659,603	9,519,335
Administrative services	3,798,994	1,785,276	2,264,692	2,264,812
Human Resources	-	-	-	-
General government	1,341,751	1,389,328	960,194	831,868
Operating grants and contributions	3,263,602	1,428,110	1,081,947	1,834,798
Capital grants and contributions	999,277	1,429,171	2,118,032	2,074,100
Total governmental activities program revenues	24,347,243	24,779,056	23,799,359	26,907,993
Business-type activities:				
Charges for services:				
Golf Course and Clubhouse	1,931,082	1,931,869	1,950,889	1,973,869
Arts Partnership	5,568,571 *	-	-	-
Downtown Parking and Enhancement	-	-	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	167,901	-	-
Total business-type activities program revenues	7,499,653	2,099,770	1,950,889	1,973,869

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 21,996,450	\$ 21,923,692	\$ 22,469,017	\$ 21,507,637	\$ 22,865,154	\$ 21,630,742
25,108,573	28,858,972	28,070,687	26,978,488	27,415,778	28,340,373
4,428,720	2,799,414	3,984,921	5,182,748	6,258,882	6,902,178
3,073,662	1,019,485	950,744	1,911,341	2,182,676	3,700,789
14,124,552	13,737,264	16,254,587	13,933,801	14,189,508	15,578,912
5,850,595	4,722,052	5,444,430	5,800,846	5,963,099	4,278,695
-	-	-	-	-	1,270,976
2,701,255	3,248,455	3,856,482	4,019,331	4,670,132	4,794,183
329,798	269,960	63,989	-	-	-
<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>	<u>86,496,848</u>
3,995,228	3,877,045	4,154,881	4,677,542	5,153,397	4,635,799
-	-	-	-	-	-
-	-	-	3,334,000	3,831,213	5,348,651
<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>9,984,450</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>	<u>\$ 96,481,298</u>
\$ 1,870,098	\$ 2,187,329	\$ 2,090,432	\$ 1,786,461	\$ 1,687,956	\$ 1,762,226
3,423,411	5,459,706	6,734,474	7,778,943	10,232,560	10,645,252
2,532,479	3,065,566	3,568,283	4,415,274	6,231,086	8,458,675
1,396,751	309,918	774,839	2,480,116	5,888,234	8,696,509
9,984,955	9,691,973	9,779,208	9,916,602	10,186,245	10,227,308
2,045,153	1,684,036	225,062	1,638,225	2,014,361	1,957,975
-	-	-	-	-	1,219
830,836	439,531	457,007	639,653	555,935	854,610
795,436	451,036	753,882	983,443	949,963	1,655,170
4,958,301	3,065,960	2,494,451	2,784,264	1,844,060	4,655,147
<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>	<u>48,914,091</u>
3,546,486	3,826,347	4,572,557	5,068,945	4,746,005	5,195,484
-	-	-	-	-	-
-	-	-	1,903,088	2,633,140	4,499,655
-	-	-	-	-	-
-	-	2,581,447	-	-	-
<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>	<u>9,695,139</u>



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

	Fiscal Year			
	2006	2007	2008	2009
Net revenues (expenses)				
Governmental activities:	\$ (41,768,734)	\$ (54,658,485)	\$ (52,747,263)	\$ (53,619,722)
Business-type activities:	(1,870,950)	204,572	(192,953)	(500,856)
Total primary government net expense	<u>\$ (43,639,684)</u>	<u>\$ (54,453,913)</u>	<u>\$ (52,940,216)</u>	<u>\$ (54,120,578)</u>
General revenues and other changes in net assets				
Governmental activities:				
Taxes:				
Sales and use	\$ 21,075,748	\$ 21,227,671	\$ 20,060,618	\$ 18,472,616
Property	16,505,365	18,822,311	19,488,146	20,714,994
Franchise	2,633,222	2,839,864	3,004,523	3,156,939
Other taxes	4,374,230	6,234,908	8,079,967	7,155,807
Intergovernmental	1,416,429	2,468,231	-	-
Investment income, unrestricted	3,902,372	5,507,134	4,152,579	3,021,062
Capital Contribution	-	-	-	-
Other general revenues	73,558	15,915	171,396	52,520
Transfers of capital assets (Note 6)	-	-	-	-
Transfers	(1,914,950)	196,844	68,497	7,746
Total governmental activities	<u>48,065,974</u>	<u>57,312,878</u>	<u>55,025,726</u>	<u>52,581,684</u>
Extraordinary Loss	-	-	-	-
Business-type activities:				
Investment income	77,503	76,581	53,585	183,442
Other Revenue	115	-	50	25,357
Transfers of capital assets (Note 6)	-	-	-	-
Transfers	1,914,950	(196,844)	(68,497)	(7,746)
Total business-type activities	<u>1,992,568</u>	<u>(120,263)</u>	<u>(14,862)</u>	<u>201,053</u>
Total primary government changes in net position				
Governmental activities:	6,297,240	2,654,393	2,278,463	(1,038,038)
Business-type activities:	121,618	84,309	(207,815)	(299,803)
Total primary government	<u>\$ 6,418,858</u>	<u>\$ 2,738,702</u>	<u>\$ 2,070,648</u>	<u>\$ (1,337,841)</u>

Source: City Finance Department

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ (50,224,239)	\$ (54,217,219)	\$ (54,217,219)	\$ (43,954,829)	\$ (43,954,829)	\$ (37,582,757)
(50,698)	2,999,123	2,999,123	(1,605,465)	(1,605,465)	(289,311)
<u>\$ (50,274,937)</u>	<u>\$ (51,218,096)</u>	<u>\$ (51,218,096)</u>	<u>\$ (45,560,294)</u>	<u>\$ (45,560,294)</u>	<u>\$ (37,872,068)</u>
\$ 16,582,063	\$ 17,664,314	\$ 19,882,259	\$ 21,385,051	\$ 22,417,088	\$ 23,743,363
20,377,168	18,894,891	16,391,482	15,704,242	17,322,166	18,843,569
3,147,976	3,199,514	3,258,474	3,248,171	3,344,495	3,425,481
7,012,408	7,444,697	7,419,738	7,575,411	8,232,453	8,203,061
-	-	-	-	-	-
1,142,397	547,489	531,511	5,410	590,334	586,567
-	-	-	-	-	-
343,052	666,063	926,610	854,159	939,469	3,163,251
-	-	-	-	(1,235,208)	-
11,250	356,250	21,119	(512,218)	530,361	(375,592)
<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>	<u>57,589,700</u>
-	-	(1,457,056)	-	-	-
222,959	164,636	169,091	199,211	929,627	260,403
10,743	13,054	15,027	709,811	1,233,194	2,119,183
-	-	-	-	1,235,208	-
(11,250)	(356,250)	(21,119)	579,042	(477,893)	375,592
<u>222,452</u>	<u>(178,560)</u>	<u>162,999</u>	<u>1,488,064</u>	<u>2,920,136</u>	<u>2,755,178</u>
(1,607,925)	(5,444,001)	(7,243,082)	4,305,397	8,186,329	20,006,943
171,754	2,820,563	3,162,122	(117,401)	1,314,671	2,465,867
<u>\$ (1,436,171)</u>	<u>\$ (2,623,438)</u>	<u>\$ (4,080,960)</u>	<u>\$ 4,187,996</u>	<u>\$ 9,501,000</u>	<u>\$ 22,472,810</u>

(Concluded)



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

	Fiscal Year			
	2010	2011	2012	2013
General Fund:				
<u>Nonspendable</u>				
Advance to Other Funds	\$ 11,443,206	\$ 11,178,447	\$ 7,016,000	\$ 7,016,000
Inventory	39,118	12,273	40,631	40,833
Interfund Loan	-	-	-	-
Prepaid Expense	8,762	152,420	416,632	150,294
Subtotal Nonspendable	<u>11,491,086</u>	<u>11,343,140</u>	<u>7,473,263</u>	<u>7,207,127</u>
<u>Restricted</u>				
Subtotal Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Committed</u>				
Catastrophic Emergency	6,180,273	6,145,092	6,408,644	6,683,733
Compensated Absences	356,758	251,684	179,279	143,208
Dental Claims	235,273	247,895	199,567	236,669
Fiscal Emergency	2,788,295	4,299,388	3,477,044	3,677,606
Legal Claims	3,000,000	3,000,000	3,000,000	3,000,000
PERS Liability	168,923	168,923	168,923	168,923
Radio communications	-	-	684,000	-
Workers Compensation	102,672	-	-	-
Subtotal Committed	<u>12,832,194</u>	<u>14,112,982</u>	<u>14,117,457</u>	<u>13,910,139</u>
<u>Assigned</u>				
ARCS Scholarships	20,629	39,154	43,814	48,730
Capital Projects - General Fund portion	-	-	-	4,166,531
Contractual Commitments	757,935	1,017,622	1,147,036	1,377,379
Library	-	-	-	-
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>Unassigned</u>				
FY10-12 Budget Shortfall	-	-	-	3,562,278
FY14-16 1X Funds	-	-	-	-
City Manager Contingency	75,000	20,000	75,000	71,824
Council Contingency	302,950	188,179	640,864	123,943
Unrealized Gain	145,952	132,364	146,332	(193,124)
Unassigned Fund Balance	-	-	721,923	4,563,681
Subtotal Unassigned	<u>523,902</u>	<u>340,543</u>	<u>1,584,119</u>	<u>8,128,602</u>
Total general fund	<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>
All Other Governmental Funds:				
Nonspendable	5,055,674	4,467,078	3,134,118	2,684,982
Restricted	33,849,507	35,553,532	30,407,953	28,242,582
Assigned	7,680,315	3,822,150	3,991,737	818,437
Unassigned	-	-	-	(200,392)
Total all other governmental funds	<u>46,585,496</u>	<u>43,842,760</u>	<u>37,533,808</u>	<u>31,545,609</u>
Total all governmental funds	<u><u>\$ 74,508,061</u></u>	<u><u>\$ 74,258,479</u></u>	<u><u>\$ 65,461,775</u></u>	<u><u>\$ 66,384,117</u></u>

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

Source: City Finance Department

		Fiscal Year	
2014		2015	
\$	6,593,229	\$	5,616,585
	29,016		38,497
	442,756		402,355
	179,512		174,899
	<u>7,244,513</u>		<u>6,232,336</u>
	-		-
	6,935,687		7,672,469
	188,245		192,274
	212,999		229,469
	3,683,371		4,108,515
	3,000,000		3,000,000
	168,923		168,923
	-		-
	697,315		1,673,959
	<u>14,886,540</u>		<u>17,045,609</u>
	46,923		54,070
	3,837,124		5,144,649
	1,448,689		1,777,188
	460,000		-
	-		-
	<u>5,792,736</u>		<u>6,975,907</u>
	-		-
	-		1,158,059
	41,024		72,000
	72,428		100,000
	21,419		38,391
	7,677,776		12,714,348
	<u>7,812,647</u>		<u>14,082,798</u>
	<u>35,736,436</u>		<u>44,336,650</u>
	1,900,000		-
	37,597,846		40,985,154
	1,180,342		-
	-		(54,853)
	<u>40,678,188</u>		<u>40,930,301</u>
\$	<u>76,414,624</u>	\$	<u>85,266,951</u>

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City of Walnut Creek
Fund Balances of Governmental Funds
FY2006 - FY2009
(modified accrual basis of accounting)

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

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			
	2006	2007	2008	2009
Revenues				
Taxes:				
Sales and Use	\$ 21,075,748	\$ 21,227,671	\$ 20,060,619	\$ 18,472,616
Property	16,505,365	19,691,147	20,362,527	20,714,994
Business License	1,973,765	1,917,646	2,024,041	1,948,060
Franchise	2,633,222	2,839,864	3,004,523	3,156,939
Transient Occupancy Tax	1,218,666	1,337,385	1,453,869	1,244,223
Other	3,419,858	2,287,101	2,355,998	2,034,403
Intergovernmental	3,820,553	3,273,497	2,245,219	4,099,703
Use of money and property	5,434,269	7,206,566	5,933,954	4,720,142
Charges for Services	7,371,377	12,827,678	12,057,554	12,290,405
Licenses, permits and fees	2,218,601	2,758,546	2,214,703	2,230,571
Fines, forfeitures and penalties	3,538,154	3,066,289	4,560,388	4,029,279
Other revenues	520,356	1,001,883	1,246,141	1,779,127
Total revenues	69,729,934	79,435,273	77,519,536	76,720,462
Expenditures				
Current:				
Public protection	17,967,011	19,236,989	20,083,360	21,522,640
Public works	17,108,292	21,259,006	18,287,663	18,477,194
Community development	4,765,527	5,914,667	5,397,259	6,224,593
Housing	2,140,611	1,422,545	1,871,343	2,744,309
Cultural services	4,656,977	13,443,568	14,038,213	14,218,609
Administrative services	4,962,148	4,962,140	5,372,403	6,177,799
Human Resources	-	-	-	-
General government	6,610,070	4,546,728	2,700,494	2,826,309
Capital outlay:				
General public ways and facilities and equipment	6,043,278	2,743,985	7,501,041	17,957,680
Debt service:				
Principal	825,000	850,000	870,000	905,000
Interest and issuance costs	785,595	453,008	422,739	388,904
Total expenditures	65,864,509	74,832,636	76,544,515	91,443,037
Excess (deficiency) of revenues over (under) expenditures	3,865,425	4,602,637	975,021	(14,722,575)
Other financing sources (uses):				
Capital Lease	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Transfers in	888,864	27,545,584	10,338,766	22,579,127
Transfers out	(2,835,536)	(24,776,022)	(10,482,269)	(21,275,667)
Total other financing sources (uses)	(1,946,672)	2,769,562	(143,503)	1,303,460
Extraordinary item	-	-	-	-
Net change in fund balances	\$ 1,918,753	\$ 7,372,199	\$ 831,518	\$ (13,419,115)
Debt Service - % noncapital expenditures	2.8%	1.8%	1.9%	1.8%

Source: City Finance Department

		Fiscal Year									
		2010	2011	2012	2013	2014	2015				
\$	16,582,063	\$	17,664,314	\$	19,882,259	\$	21,385,051	\$	22,417,088	\$	23,743,363
	20,377,168		18,894,891		16,391,482		15,704,242		17,322,166		18,843,569
	1,943,357		1,911,581		1,972,208		2,073,305		2,194,783		2,223,848
	3,147,976		3,199,514		3,258,474		3,248,171		3,344,495		3,425,481
	1,141,959		1,345,355		1,491,533		1,658,706		1,768,079		1,941,665
	2,007,832		2,152,301		2,062,470		2,303,338		2,187,727		2,328,185
	5,620,185		4,922,550		4,496,141		5,069,160		4,674,747		7,846,825
	2,639,135		2,496,540		2,392,372		842,793		1,461,938		1,429,347
	12,585,459		13,118,478		13,630,654		16,234,458		20,917,433		23,635,676
	2,197,799		2,555,481		2,490,058		1,680,603		1,986,301		2,251,823
	4,383,826		4,981,431		4,866,047		8,389,242		9,002,040		10,828,777
	2,723,887		1,354,339		1,974,534		1,918,938		3,494,579		1,529,490
	<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>		<u>100,028,049</u>
	21,744,763		21,551,269		22,120,786		21,827,962		23,367,172		23,633,883
	17,274,706		19,974,925		19,928,800		19,543,563		20,433,205		21,582,015
	4,727,785		4,076,311		4,576,808		5,424,347		6,352,470		7,280,867
	3,324,662		1,019,485		950,744		1,911,341		2,182,676		3,700,789
	14,008,006		13,615,812		16,137,501		13,938,446		14,187,383		15,563,479
	5,885,492		4,710,796		5,418,795		5,786,198		5,946,055		4,259,920
	-		-		-		-		-		1,270,976
	2,648,587		3,357,033		3,229,804		3,816,661		4,001,723		5,455,276
	19,998,754		2,313,211		2,995,797		3,947,460		3,590,852		8,618,460
	940,000		2,439,592		691,841		31,428		38,245		39,498
	350,530		325,173		141,513		-		-		-
	<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>91,405,163</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>		<u>8,622,886</u>
	-		-		-		-		-		49,404
	-		-		-		-		-		2,467,400
	11,090,351		12,506,513		6,895,908		18,252,298		11,593,429		7,688,307
	<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>(9,975,670)</u>
	<u>(242,648)</u>		<u>(641,050)</u>		<u>(2,180,781)</u>		<u>(1,636,204)</u>		<u>(641,088)</u>		<u>229,441</u>
	-		-		(5,331,766)		-		-		-
\$	<u>(15,795,287)</u>	\$	<u>572,118</u>	\$	<u>(8,796,704)</u>	\$	<u>2,644,397</u>	\$	<u>10,030,507</u>	\$	<u>8,852,327</u>
	1.9%		4.0%		1.2%		0.0%		0.1%		0.0%
											(Concluded)



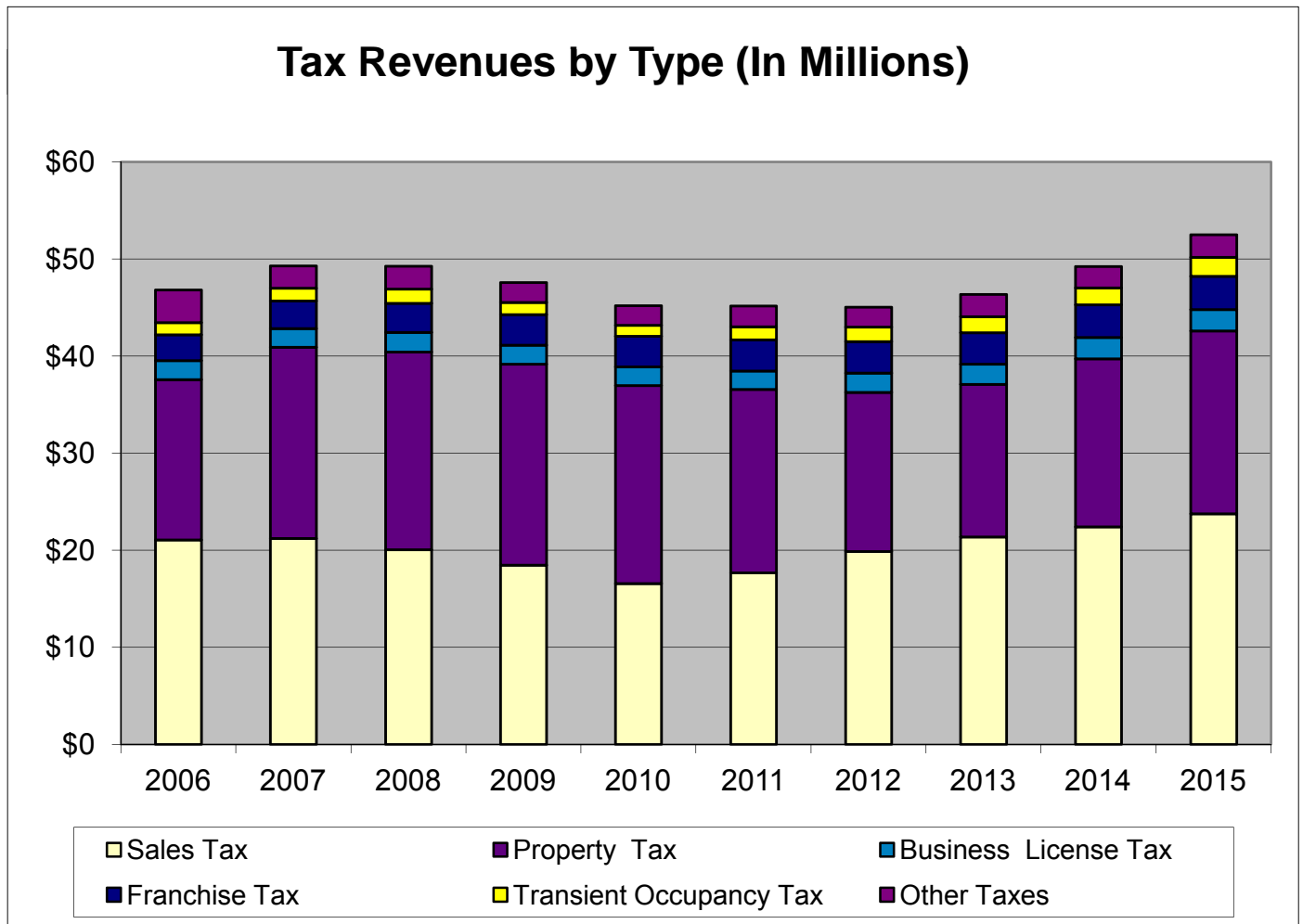
City of Walnut Creek

Governmental Tax Revenues by Source

Last Ten Fiscal Years

Fiscal Years	Sales Tax	Property Tax	Business License Tax	Franchise Tax	Transient Occupancy Tax	Other Taxes	Total
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
2015	23,743,363	18,843,569	2,223,848	3,425,481	1,941,665	2,328,185	52,506,111

Source: City Finance Department





City of Walnut Creek

Assessed Value and Estimated Actual Value of Taxable Property

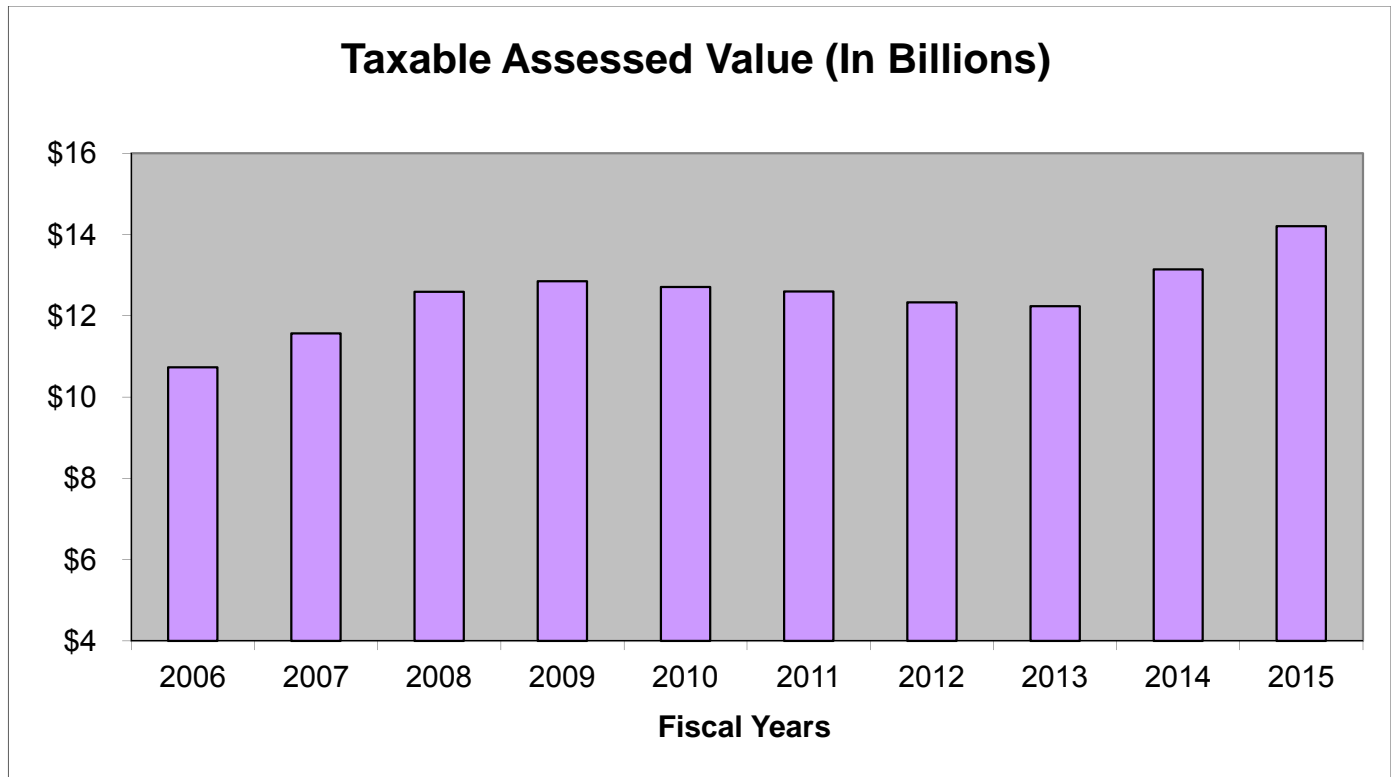
Last Ten Fiscal Years

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
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%
2015	10,789,630,731	2,671,701,662	37,131,374	1,017,310,021	(311,417,291)	14,204,356,497	9.460%

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			
	2006	2007	2008	2009
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	0.0279	0.0292	0.0259	0.0289
Bay Area Rapid Transit Bond	0.0048	0.0050	0.0076	0.0090
Contra Costa Community College	0.0047	0.0043	0.0108	0.0066
Contra Costa Water Land Levy	0.0050	0.0043	0.0039	0.0041
East Bay Regional Park Bond	0.0057	0.0085	0.0080	0.0100
Lafayette Elementary Bond 1995	0.0393	0.0377	0.0340	0.0330
Mt. Diablo 2002 Bond	0.0418	0.0446	0.0424	0.0455
Pleasant Hill Recreation & Park	-	-	-	-
San Ramon Unified	0.0514	0.0533	0.0517	0.0519
Walnut Creek Elementary	0.0230	0.0218	0.0222	0.0265
Total Direct and Overlapping Rates	1.2036	1.2087	1.2065	1.2155

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					
2010	2011	2012	2013	2014	2015
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
0.0298	0.0311	0.0333	0.0333	0.0361	0.0350
0.0057	0.0031	0.0041	0.0043	0.0075	0.0045
0.0126	0.0133	0.0144	0.0087	0.0133	0.0252
0.0048	0.0049	0.0051	0.0045	0.0042	0.0037
0.0108	0.0084	0.0071	0.0051	0.0078	0.0085
0.0326	0.0326	0.0279	0.0284	0.0267	0.0241
0.0493	0.0600	0.0612	0.0871	0.0740	0.0853
-	0.0212	0.0255	0.0269	0.0281	0.0258
0.0587	0.0641	0.0664	0.0705	0.0696	0.0651
0.0166	0.0231	0.0240	0.0241	0.0224	0.0212
1.2209	1.2618	1.2690	1.2929	1.2897	1.2984



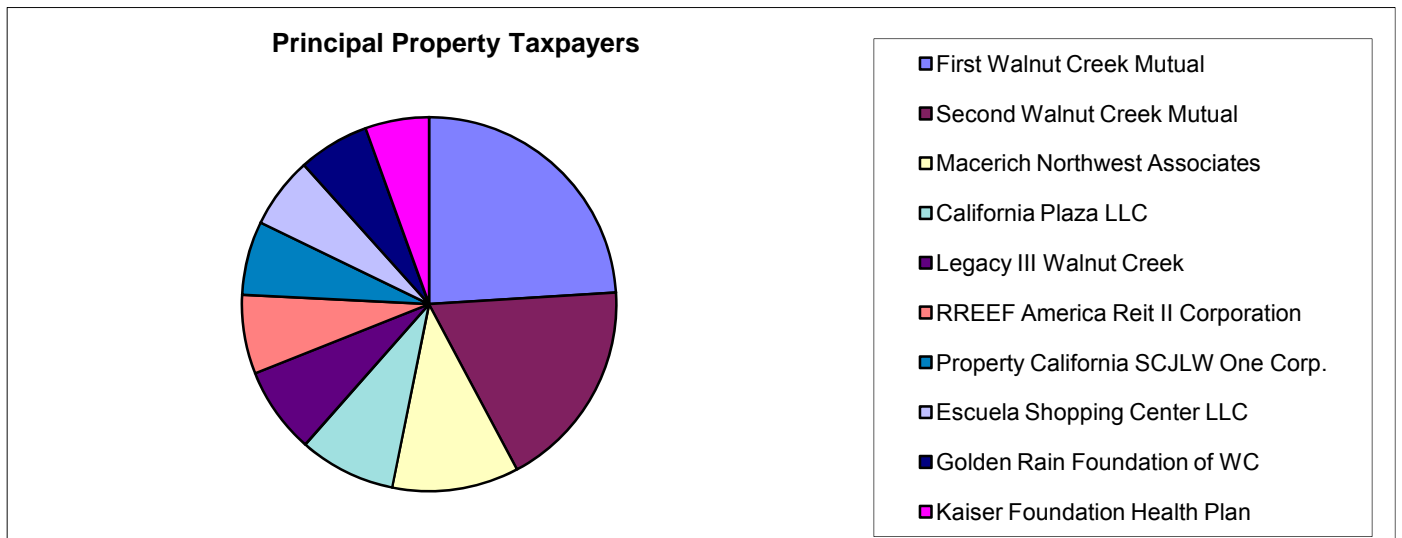
City of Walnut Creek

Principal Property Tax Payers

Current and Nine Years Ago

Taxpayer	2015		2006	
	Taxable Assessed Value	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Percent of Total Taxable Assessed Value
First Walnut Creek Mutual	\$ 295,825,416	2.08%	\$ 229,993,818	2.14%
Second Walnut Creek Mutual	224,522,040	1.58%	175,492,119	1.63%
Macerich Northwest Associates	135,101,501	0.95%	95,840,630	0.89%
California Plaza LLC	102,800,000	0.72%	78,838,839	0.73%
Legacy III Walnut Creek	92,114,000	0.65%	-	-
RREEF America Reit II Corporation	84,217,000	0.59%	75,850,166	0.71%
Property California SCJLW One Corp.	78,419,541	0.55%	68,979,453	0.64%
Escuela Shopping Center LLC	76,111,109	0.54%	72,500,000	0.68%
Golden Rain Foundation of WC	75,743,496	0.53%	-	-
Kaiser Foundation Health Plan	67,952,718	0.48%	-	-
Fidelity Non-Profit Mgmt Found.	-	-	85,652,992	0.80%
Stoneridge Walnut Creek LP	-	-	57,276,888	0.53%
Northwest Mutual Life Insurance	-	-	52,484,490	0.49%
	<u>\$ 1,232,806,821</u>	<u>8.68%</u>	<u>\$ 992,909,395</u>	<u>9.25%</u>

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





City of Walnut Creek

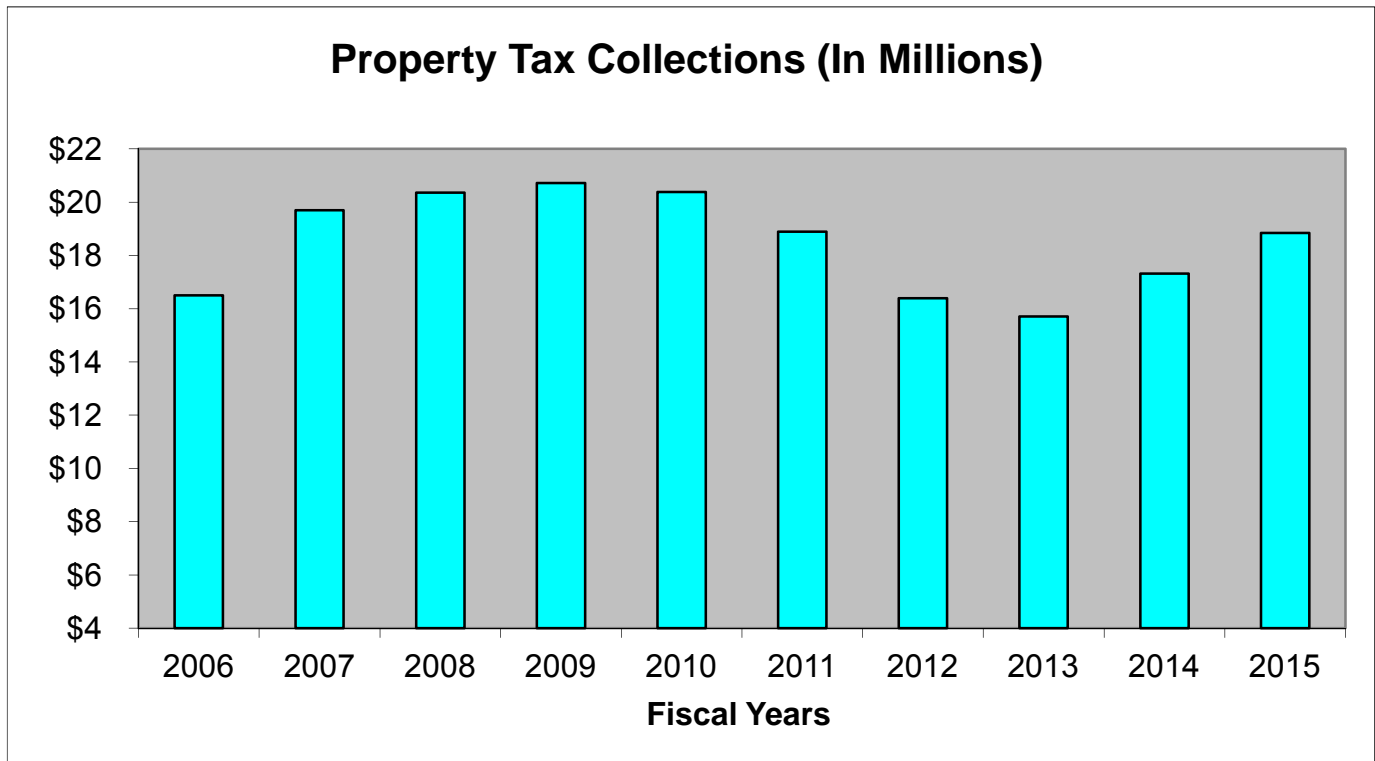
Property Tax Levies and Collections

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
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%
2015	18,843,569	18,843,569	100%	18,843,569	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

2014-2015

<u>BUSINESS NAME</u>	<u>BUSINESS CATEGORY</u>
APPLE STORES	FURNITURE/ APPLIANCE
AUTOCOM NISSAN OF WALNUT CREEK	AUTO SALES - NEW
BEVERAGES & MORE	LIQUOR STORES
CHEVRON SERVICE STATIONS	SERVICE STATIONS
COLE EUROPEAN	AUTO SALES - NEW
CVS/PHARMACY	DRUG STORES
DIABLO SUBARU	AUTO SALES - NEW
DIRITO BROTHERS VOLKSWAGON	AUTO SALES - NEW
ENTERPRISE RENT-A-CAR	LEASING
MACY'S DEPARTMENT STORE	DEPARTMENT STORES
MERCEDES-BENZ OF WALNUT CREEK	AUTO SALES - NEW
MICHAEL STEAD PORSCHE	AUTO SALES - NEW
MICHAEL STEAD'S CHRYS JEEP	AUTO SALES - NEW
NEIMAN MARCUS DEPARTMENT STORE	DEPARTMENT STORES
NORDSTROM DEPARTMENT STORE	DEPARTMENT STORES
SAFEWAY STORES	FOOD MARKETS
SHANE DIAMOND JEWELERS	MISCELLANEOUS RETAIL
SHELL SERVICE STATIONS	SERVICE STATIONS
TARGET STORES	DEPARTMENT STORES
TESLA MOTORS	AUTO SALES - NEW
TESORO SERVICE STATIONS	SERVICE STATIONS
TOYOTA OF WALNUT CREEK	AUTO SALES - NEW
WALNUT CREEK FORD	AUTO SALES - NEW
WALNUT CREEK HONDA	AUTO SALES - NEW
WAYNE STEAD CADILLAC	AUTO SALES - NEW

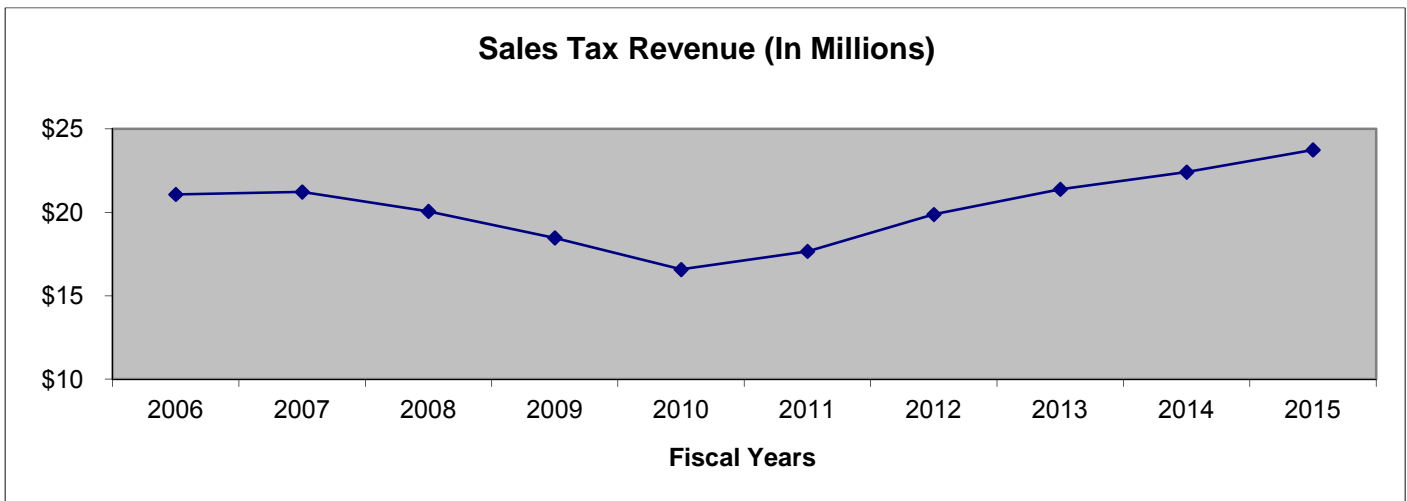
Percent of Total City Sales Tax Paid By Top 25 Accounts = 49.8%

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

Firms Listed Alphabetically

Period: July 2014 thru June 2015

Source: Muni Services, State Board of Equalization





City of Walnut Creek

Ratios of Debt Outstanding

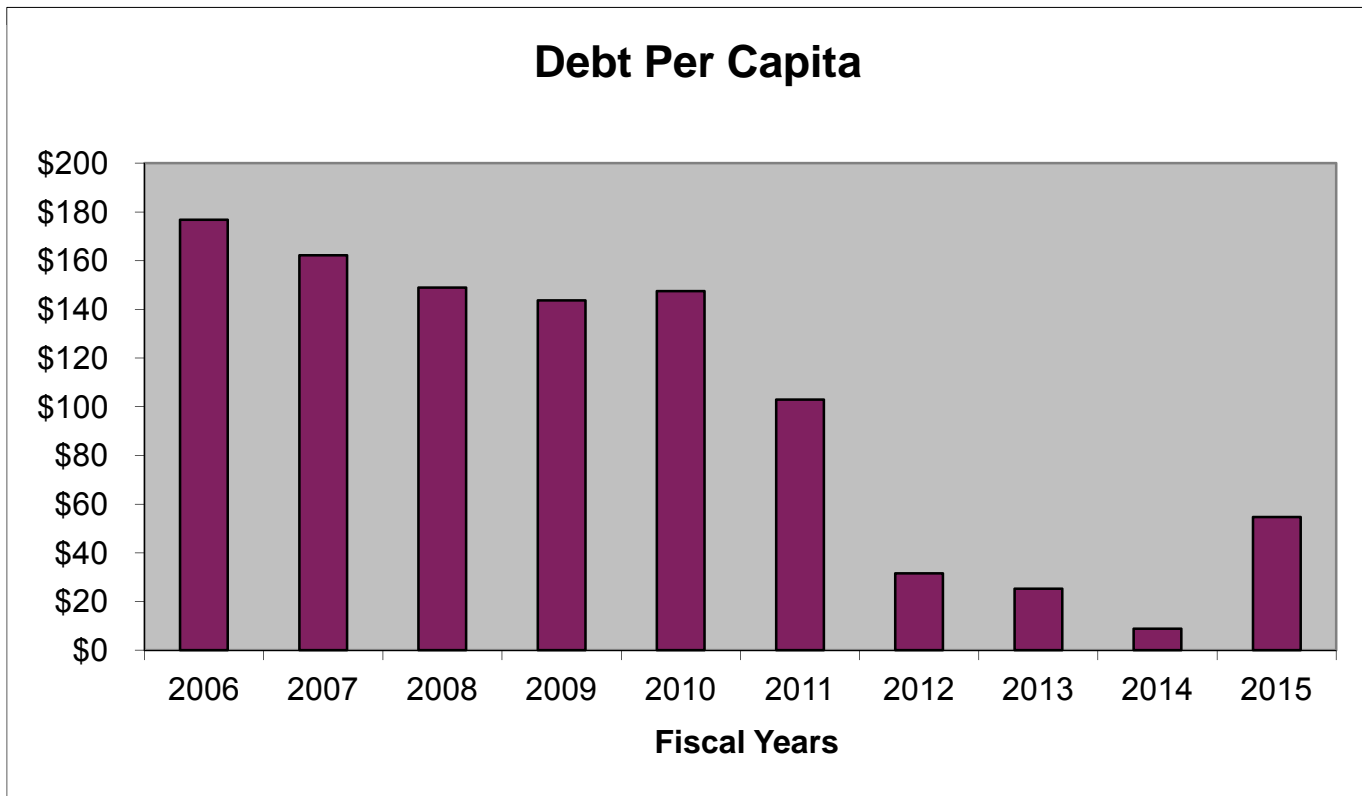
Last Ten Fiscal Years

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	Capital Lease Obligation			
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
2015	-	308,845	-	3,323,164	3,632,009	7.21%	54.77

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

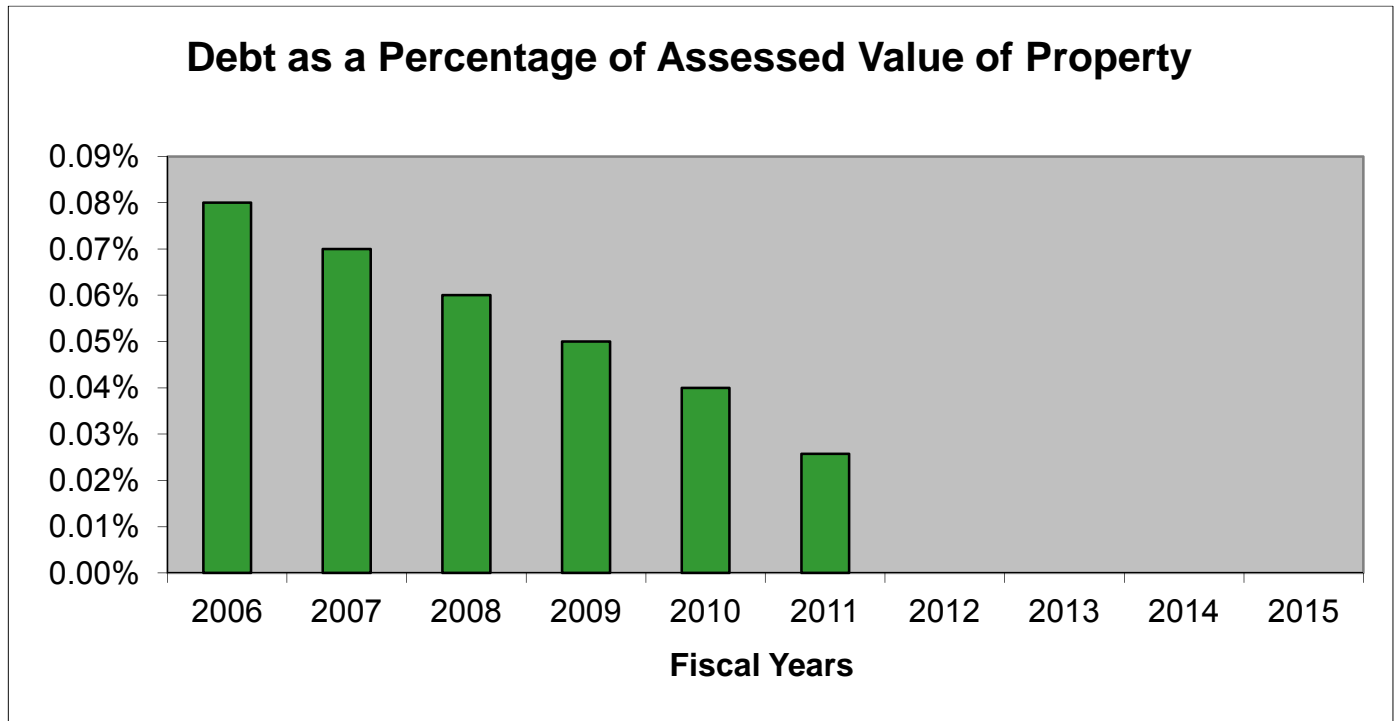
Fiscal Year Ended June 30th	Tax Allocation Bonds	Less: Amounts Available in Debt Service Fund	Net Amount	Percentage of Assessed Value of Property	Per Capita
2006	\$ 10,225,943	\$ 1,142,702	\$ 9,083,241	0.08%	\$ 138.46
2007	9,370,349	1,146,270	8,224,079	0.07%	125.78
2008	8,494,755	1,135,505	7,359,250	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%	-
2015	-	-	-	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, 2015

City's 2014-2015 Assessed Valuation	\$ 14,204,321,931
Redevelopment Incremental Assessed Valuation	\$ 393,115,140

	Percentage Applicable to City of Walnut Creek ¹	Outstanding Debt 6/30/15	Estimated Share of Overlapping Debt
<u>Direct and Overlapping Tax and Assessment Debt:</u>			
Bay Area Rapid Transit District	2.533%	\$ 630,795,000	\$ 15,978,037
Contra Costa Community College District	8.886%	455,860,000	40,507,720
Walnut Creek Joint Unified School District	71.212%	26,163,207	18,631,343
Mount Diablo Unified School District	17.340%	422,100,057	73,192,150
Mount Diablo Unified School District Community Facilities District No. 1	17.340%	25,890,000	4,489,326
Acalanes Unified School District	29.9360%	208,097,905	62,296,189
Contra Costa County and Water District 1915 Act Bonds	39.4180%	885,000	348,849
California Statewide Communities Development Authority	100.0000%	2,618,810	2,618,810
Lafayette Unified School District	2.0390%	12,805,000	261,094
San Ramon Valley Unified School District	0.6640%	433,123,284	2,875,939
Pleasant Hill Recreation and Park District	0.1580%	26,665,000	42,131
East Bay Regional Park District	3.8890%	176,790,000	6,875,363
Total overlapping tax and assessment debt			\$ 228,116,951
<u>Direct and Overlapping Lease Obligation Debt:</u>			
Contra Costa County General Fund Obligations	8.852%	\$ 252,598,977	\$ 22,360,061
Contra Costa County Pension Obligations	8.852%	236,920,000	20,972,158
Contra Costa Community College District Certificates of Participation	8.886%	615,000	54,649
San Ramon Valley Unified School District General Fund Obligations	0.664%	19,795,000	131,439
Contra Costa County Fire Protection District Pension Obligations	19.181%	92,805,000	17,800,927
Pleasant Hill Recreation and Park District Certificates of Participation	0.158%	2,137,000	3,376
Total Gross Direct and Overlapping General Fund Debt			\$ 61,322,610
Less: Contra Costa County revenue supported obligations			8,746,068
Total Net Direct and Overlapping General Fund Debt			52,576,542
<u>Overlapping Tax Increment Debt (Successor Agency):</u>	100.000%	2,135,000	2,135,000
TOTAL DIRECT DEBT			\$ -
TOTAL GROSS OVERLAPPING DEBT			\$ 291,574,561
TOTAL NET OVERLAPPING DEBT			\$ 282,828,493
GROSS COMBINED TOTAL DEBT			\$ 291,574,561 ²
NET COMBINED TOTAL DEBT			\$ 282,828,493

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

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

Debt to 2014-2015 Assessed Valuation Ratios:	<u>Gross Debt</u>	<u>Net Debt</u>
Total Overlapping Tax and Assessment Debt	1.61%	1.61%
Total Direct Debt	0.000%	0.000%
Total Combined Debt	2.05%	1.99%
Debt to Redevelopment Incremental Valuation (\$393,115,140):		
Total Overlapping Tax Increment Debt	0.54%	

Source: California Municipal Statistics Inc.



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

	Fiscal Year			
	2006	2007	2008	2009
Assessed valuation	\$ 11,566,788	\$ 12,597,185	\$ 12,855,489	\$ 12,710,254
Add back exempted real property	235,779	248,464	246,261	250,726
Total assessed valuation	\$ 11,802,567	\$ 12,845,649	\$ 13,101,750	\$ 12,960,980
Debt limit percentage	15%	15%	15%	15%
Debt limit	\$ 1,770,385	\$ 1,926,847	\$ 1,965,263	\$ 1,944,147
Total net debt applicable to limit:				
Lease Revenue Bonds	1,415	1,325	1,230	1,135
Legal debt margin	\$ 1,768,970	\$ 1,925,522	\$ 1,964,033	\$ 1,943,012
Total debt applicable to the limit				
as a percentage of debt limit	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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 12,710,254	\$ 12,603,846	\$ 12,332,738	\$ 12,239,935	\$ 13,143,681	\$ 14,204,356
250,726	279,414	294,266	294,699	308,595	311,417
<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>	<u>\$ 14,515,774</u>
15%	15%	15%	15%	15%	15%
\$ 1,944,147	\$ 1,932,489	\$ 1,894,051	\$ 1,880,195	\$ 2,017,841	\$ 2,177,366.07
1,035	930	815	695	-	-
<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>	<u>\$ 2,177,366</u>
0.1%	0.0%	0.0%	0.0%	0.0%	0.0%



City of Walnut Creek

Pledged Revenue Coverage

Last Ten Fiscal Years

Fiscal Year Ended June 30th	Golf Course Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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%
2015	*	-	-	-	-	0%

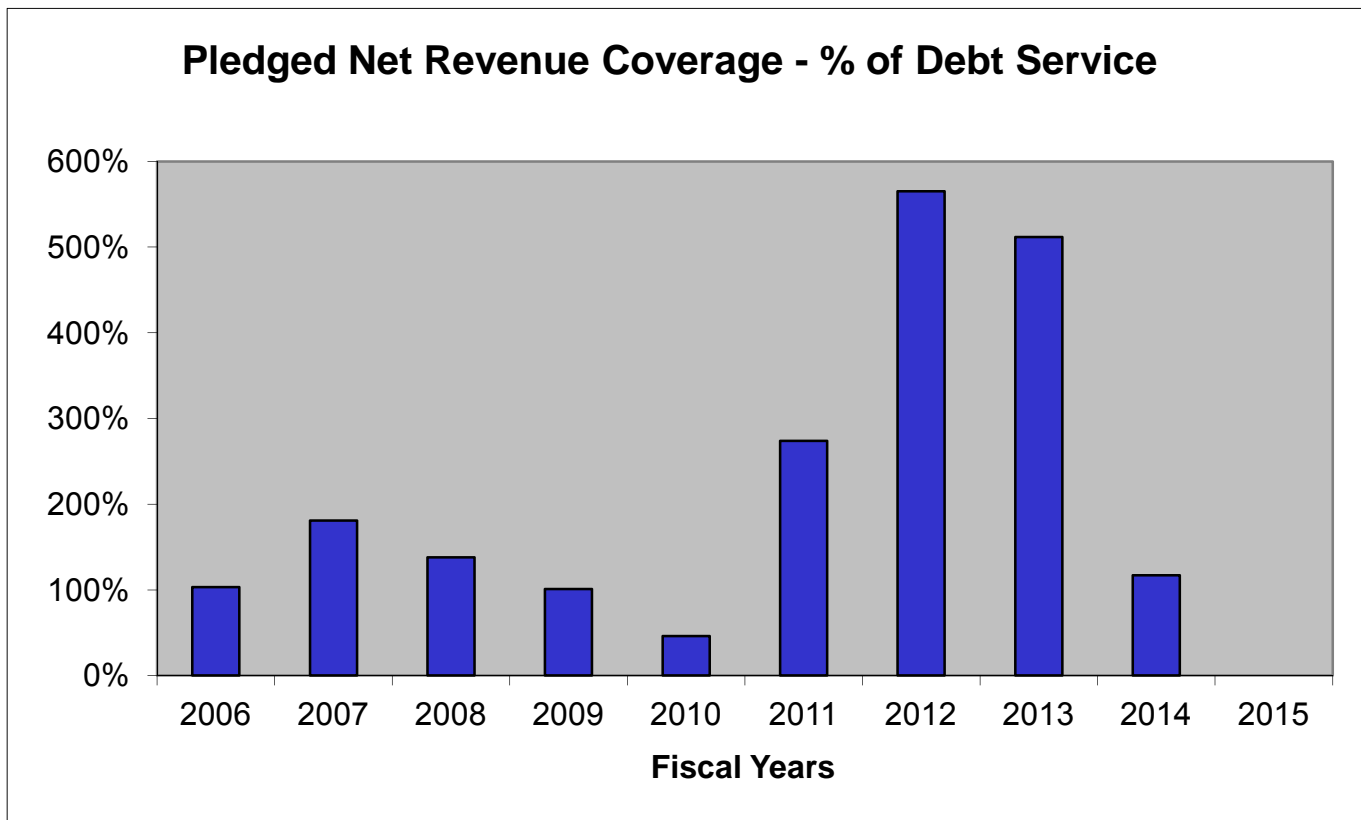
Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See the Economic and Demographics Statistical Schedule for population data.

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

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

Source: City Finance Department





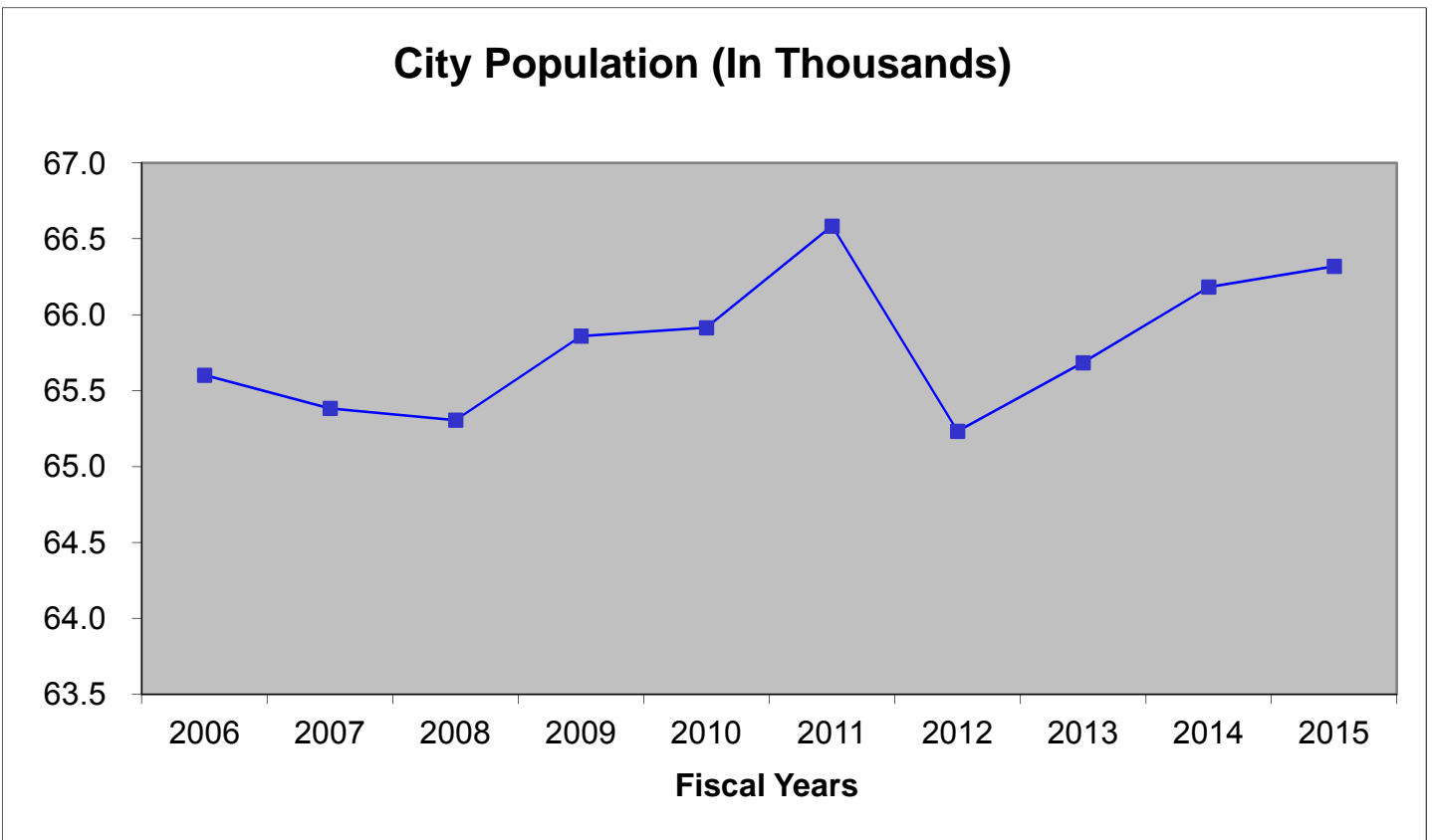
City of Walnut Creek

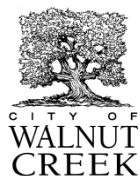
Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year Ended June 30	City Population	Personal Income (in Thousands)	Per Capita Personal Income	Unemployment Rate	Rank in Size of California Cities
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
2015	66,319	3,341,682	50,388	4.20%	128

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





City of Walnut Creek

Full-Time Equivalent City Employees by Function

Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
General government				
City Manager / City Clerk / Mail	9	9	9	9
City Attorney	4	4	4	4
	<u>13</u>	<u>13</u>	<u>13</u>	<u>13</u>
Administrative Services				
Accounting / Business License	11	11	10	10
Human Resources / Administration	7	7	8	7
Information Technology / Communications	6	6	6	7
Reprographics / Warehouse	6	6	6	4
	<u>30</u>	<u>30</u>	<u>30</u>	<u>28</u>
Human Resources				
Human Resources / Administration	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public Safety:				
Patrol / Investigations	66	66	68	66
Traffic / Parking	20	20	21	20
Communications / Administration	30	30	30	30
	<u>116</u>	<u>116</u>	<u>119</u>	<u>116</u>
Public Works				
Engineering / Traffic / Streets / CIP	58	58	53	53
Parks / Open Space	39	39	39	38
Public Works / Maintenance	35	36	41	38
	<u>132</u>	<u>133</u>	<u>133</u>	<u>129</u>
Arts, Recreation and Community Services				
Recreation and Community Services	25	25	24	23
Arts Education	14	14	14	14
Theaters / Gallery	20	20	21	18
	<u>59</u>	<u>59</u>	<u>59</u>	<u>55</u>
Community development				
Planning / Administration	18	18	18	15
Building	10	10	10	13
Transportation / Housing	4	4	4	4
	<u>32</u>	<u>32</u>	<u>32</u>	<u>32</u>
Totals	382	383	386	373

Source: City Finance Department

Fiscal Year					
2010	2011	2012	2013	2014	2015
9	9	10	11	10	10
4	4	4	4	4	2
13	13	14	15	14	12
9	9	9	9	9	9
7	8	8	8	8	2
7	7	8	8	8	10
-	-	-	-	-	-
23	24	25	25	25	21
-	-	-	-	-	6
-	-	-	-	-	6
62	63	67	67	68	69
18	18	16	16	16	16
31	30	29	29	29	29
111	111	112	112	113	114
48	47	49	47	47	48
36	40	35	34	34	33
25	22	21	24	24	23
109	109	105	105	105	104
18	18	19	14	14	17
9	9	8	12	12	14
20	20	21	21	21	22
47	47	48	48	48	52
11	12	14	14	16	18
13	13	13	13	13	14
4	3	3	1	1	1
28	28	30	29	30	33
331	332	333	333	335	342



City of Walnut Creek

Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year Ended June 30th			
	2006	2007	2008	2009
Police:				
Police Calls for Service	33,750	34,700	32,300	30,425
Dispatch calls for service	106,800	106,800	105,773	92,924
Online Reports	N/A	N/A	N/A	N/A
Citations Issued	4,164	4,164	5,579	9,915
Cases assigned to investigations	575	575	567	901
School Presentations	727	727	730	610
Child Seat Safety Inspections	150	150	140	150
Number of Records Requests	2,583	2,583	2,800	2,485
Public Services:				
Storm Drains inspected	3,115	3,115	3,115	4,000
Trees Trimmed	500	600	600	550
Park Maintenance (Acres)	233	233	249	249
Parking Meters Maintained	N/A	1,600	1,647	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)	100,000	100,000	90,000	130,000
Replace Sidewalks (square feet)	15,000	15,000	11,800	15,000
Street Sweeping (curb miles)	12,867	12,867	12,867	13,000
Ranger led programs	60	176	66	131
Arts, Recreation and Community Services:				
Arts Ed/Rec Indoor Facilities (facility rental hrs)	5,454	5,393	5,136	5,242
Arts Ed/Rec Classes (enrollment)	11,663	12,007	12,912	12,993
Ballfield (hours rented)	25,077	24,597	23,058	23,326
Scheduled Gym Hours	14,840	14,294	15,002	15,299
Bedford Gallery (number of visitors)	38,890	28,927	30,690	30,200
Leshner Theater (tickets sold)	186,055	219,580	209,922	230,926
Senior Center participants	66,000	69,000	67,300	68,410
Paid Golf Rounds	60,082	62,080	64,295	58,505
Community Development:				
Planning Applications	127	125	135	101
Number of Code Enforcement cases closed	1,145	1,194	1,300	818
All Building Division Permit Applications	4,065	4,306	3,700	3,228
Building Inspection stops	11,896	11,558	11,082	8,493
General Government / Administrative Services:				
Number of Insurance Claims (Workers Comp)	43	56	55	47
Number of recruitments	30	30	52	24
Number of Information Technology work orders completed	3,325	3,425	4,385	1,406
Number of Telecommunications work orders completed	289	309	325	245
Amount of Mail processed per month	13,500	13,021	12,800	9,946
Items requested from City Warehouse	30,300	31,800	31,050	31,050

Source: City Finance Department

Fiscal Year Ended June 30th					
2010	2011	2012	2013	2014	2015
32,880	44,491	44,046	42,859	39,705	46,978
84,066	105,046	100,807	102,524	102,246	102,856
N/A	N/A	N/A	290	527	951
9,587	7,755	5,751	4,118	3,857	6,042
900	925	1,012	1,100	982	1,008
170	200	N/A	N/A	N/A	N/A
85	123	128	121	142	113
3,152	3,099	3,089	3,089	3,539	3,552
4,000	2,800	2,600	2,500	4,200	4,200
600	800	800	800-1,000	900-1,100	900-1,100
249	235	235	326	326	326
1,550	1,550	1,550	1,500	1,500	1,500
8,000	8,000	8,000	8,000	8,000	8,000
96	97	97	99	99	100
1,600	1,600	1,600	1,600	1,600	1,600
125,000	100,000	100,000	90,000	180,000	100,000
16,000	14,500	11,000	14,000	12,500	10,500
14,000	14,000	13,450	14,500	14,500	14,500
21	92	106	151	122	110
3,942	5,126	6,136	6,651	6,247	7,169
13,021	13,848	13,324	14,080	14,048	13,525
24,970	26,586	26,711	28,385	27,500	21,607
14,336	13,898	15,278	16,752	17,300	17,423
26,000	29,600	23,112	28,163	30,807	30,443
213,466	217,960	200,597	192,181	203,186	182,385
68,460	68,000	N/A	N/A	N/A	N/A
62,722	61,028	65,586	64,130	65,513	64,502
90	94	94	104	143	155
830	712	808	795	721	693
3,200	3,118	3,325	3,687	4,747	4,346
8,400	7,617	7,227	9,804	11,977	11,094
45	45	53	54	40	36
16	17	23	29	35	48
1,600	1,780	2,787	2,076	2,027	2,913
350	311	314	237	190	278
7,932	N/A	N/A	N/A	N/A	N/A
30,334	N/A	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					
	2006	2007	2008	2009	2010	2011
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	114	114	114
Miles of Streets	200	200	200	213	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	4,410	4,410	4,410
Pavement legends	3,800	3,800	3,800	3,800	3,800	3,800
Traffic Signs	4,500	4,500	4,500	4,500	4,500	4,500
Street Name Signs	5,000	5,000	5,000	5,000	5,000	5,000
Streetlights	2,800	2,800	2,800	2,800	2,800	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	2,730

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			
2012	2013	2014	2014
1	1	1	1
18	18	18	18
22	22	22	22
97	98	98	98
114	114	114	114
213	213	213	213
170	170	170	170
1,650	1,592	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	4,822	4,822	4,822
35	28	28	28
13	14	14	14
19	22	22	22
190	263	263	263
2,730	2,730	2,730	2,730



City of Walnut Creek

Miscellaneous Statistical Data

June 30, 2015

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 (2015)	33,038
Average Annual Precipitation	25"	Median Age (2014)	48.0
Average Highs/Lows		Number of Registered Voters (2015)	40,734
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