



The City of Walnut Creek California

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**
(Prepared by the Administrative Services Department)





City of Walnut Creek
Basic Financial Statements, Continued
For the year ended June 30, 2013
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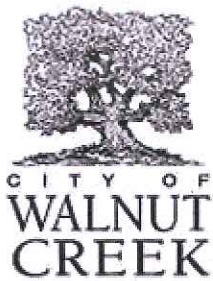
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February 18, 2014

Honorable Mayor, City Council and Citizens of Walnut Creek:

We are pleased to present the City of Walnut Creek (City) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. 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 341 City employees and serves approximately 66,500 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, Information Technology, Human Resources, and Risk Management;
- **Arts, Recreation and Community Services** includes Recreation and Civic Arts Education Programs, the Leshner Center for the Arts and the Bedford Gallery and the City's gyms and aquatics centers;
- **Community Development** includes Building, Code Enforcement, Planning, Housing, and Transportation Planning;
- **General Government** includes City Council, City Treasurer, City Manager's Office (comprises Economic Development, Community Outreach, and Emergency Preparedness), City Clerk's Office, and City Attorney's Office;
- **Public Safety** includes all Police functions, comprising of Training, Communications, Patrol, Investigations, Community Policing, Animal Control, and Parking and Traffic Enforcement;

- **Public Services** 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, Jeep / Eagle, Mazda, Porsche, Volvo and Jaguar / Land Rover; and **restaurants** including Cheesecake Factory, Scotts Seafood Grill, P.F. Chang's, and Ruth's Chris Steak House.

ECONOMIC CONDITION AND OUTLOOK

The Legislative Analyst's message of "Continued Caution Needed" in the report titled *2014-15 Budget: California's Fiscal Outlook* applies to the City as we look into the future. While Walnut Creek is positioned well compared to other communities, the effects of the past five years (reductions in housing sale prices, changes in consumer confidence and spending, etc.) are still being felt and leave the City guarded against being overly optimistic about a strong economic recovery.

The Fall 2013 economic outlook from Beacon Economics titled "*East Bay on the Mend*" offers some optimism about the East Bay area's economy with slight year over year increases in jobs and payroll levels in the current year and further improvement during 2014. Looking at the housing market, Beacon sees growth in home prices continuing in 2014, albeit at a slower rate of growth than the current year.



Another positive sign at this time is that, according to California's Employment Development Department, Walnut Creek's unemployment rate for June 2013 was 2.3% less than the prior year, declining from 7.0% to 4.7%.

Total tax revenues for the City still remains below the peak levels that were reached in 2007. In fact, property tax revenues (once the City's largest revenue source and now the third largest) no longer cover Police Department expenses without the use of additional General Fund revenue sources.

The City is able to achieve a balanced budget for fiscal year 2013-14 and maintain adequate reserves for the General Fund through a combination of measures, including the following:

- Using temporary and contract staff to assist fluid service needs;
- Service changes that yield savings and/or increased revenues;
- Reorganizing staffing, eliminating positions, and delivering services through other methods; and
- Labor agreements that include significant cost-sharing of benefit costs with employees.

In short, the City acknowledges that despite strong reserve policies, conservative fiscal forecasting, and significant restructuring of the organization and its services over the last five years, budget challenges involving slowly growing revenues and increasing expenses are projected to continue in the years ahead.

GENERAL FUND LONG-TERM FINANCIAL FORECAST

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

The latest LTFF was approved by the City Council in November 2013. It reflects the Council's commitment to a proactive approach to maintain the City's fiscal sustainability. Revenue projections in the latest LTFF adopted by the Council are moderate and based on past performance, economic cycles, and guidance from consultants hired by the City. Being a service organization, staffing costs represent approximately 64% of the City budget. Expenditure projections reflect cost increases for salaries and health benefits, take into consideration potential changes to California Public Employees Retirement (CalPERS) assumptions, and include additional allotments to capital programs. Based on these conservative assumptions, the LTFF shows expenditures will continue to outpace projected revenues until the end of the decade unless further adjustments are made. The City recognizes that this will lead to future budgets that will require reduced costs, new ways to deliver services, increased revenues or some combination of these options. Although the LTFF accounts for some funding of infrastructure and technology needs, the City's available funding is insufficient to properly maintain all of the City's assets.

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

Committed Fund Balance	Funding Policy
Catastrophic Emergency	To be used in the event of actual or threatened existence of conditions of disaster or of extreme peril to the safety of persons and property within the City caused by such conditions as fire, flood, storm, epidemic, riot, earthquake, nuclear disaster, tornado, or terrorism. Minimum set at 10% of annual General Fund budgeted operating expenditures.
Compensated Absences	To fund payouts of accumulated leave due to separation from City employment. Policy is to set an amount equal to the projected one-year liability based on the previous year's experience.
Dental Claims	To fund dental self-insurance program claims. Policy is to set an amount equal to six months of budgeted dental expenses.
Fiscal Emergency	To cover declines of more than 5% of property tax, sales tax or departmental revenue or increases of more than 10% in PERS, medical costs, utility (electricity, gas and water), or fuel expenses. Policy is to set aside 5% of the annual General Fund revenue budgets referenced above and 5% of the annual General Fund expenditure budgets for PERS and medical costs.
Legal Claims	To fund claims awarded against the City. Policy is to fund the higher of the City's five-year claim history or \$3 million.
PERS Liability	Set aside funds for PERS costs either to pay down future liabilities or smooth large increases anticipated for the next budget cycle.
Radio Communication	Set aside funds for the City's upcoming purchase of radios for police and public services staff and investment in infrastructure needed to facilitate emergency response and communication on a regional basis. Most of these funds were used in fiscal year 2012-13.
Workers' Compensation	To pay workers' compensation awards. Policy is to fund the higher of: a) twice the annual expenses paid out over the previous five years or b) \$2 million.

The City Council adopted a *Use of One-Time Revenues and General Fund Surpluses* policy in June 2012. The purpose of this Policy is to establish a formal process by which one-time revenues and General Fund budget surpluses are to be allocated and used for funding one-time needs in support of overall City goals and priorities.

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

MAJOR INITIATIVES AND PROJECTS ACCOMPLISHED DURING 2012-13

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 2012-13:

- Completed several significant capital and maintenance projects during the 2012-13 fiscal year: Mt. Diablo/Iron Horse Trail Crossing, Newell/Main Intersection and Signal Phasing, Buena Vista/Parkside Intersection Improvements, Howe Homestead Restroom, 2012 Slurry Seal and Rehabilitation, Major Roadway Reconstruction and Leshner Center Restroom Counter Replacement
- Processed several large development projects in the city: Pleasant Creek Homes (Habitat for Humanity), Encina Shopping Center remodel, Rossmoor Shopping Center, Brio – 141 N. Civic Drive, Laconia – 1500 N. California, 1500 Mount Diablo Boulevard
- The Police Department developed a five year strategic plan that outlines seven goals toward the achievement of maximizing resources, partnerships, and crime-fighting abilities
- Tree inventory launched for all City owned trees, in order to document location, species, size and condition, as well as several other factors
- Developed the publication “A Community Connected: The 2012-14 Budget Story”, for which the City received the prestigious Helen Putnam Award for Excellence from the League of California Cities in November 2013
- Walnut Creek TV was recognized by the California chapter of the National Association of Telecommunications Officers and Advisors (NATOA) for its monthly magazine show “Creek Currents”, which features the people, places, and programs that make Walnut Creek special

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. As part of developing the 2012-14 Biennial Operating Budget, the City embarked on a proactive, community-based process designed to match City resources to goals determined by the City Council and defined by the community; this process was called “Balancing for the Future.”

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 for Excellence in Financial Reporting to the City of Walnut Creek for its comprehensive annual financial report for the fiscal year ended June 30, 2012. A copy of this award is included in this report. This award represents the sixth consecutive year that the government has achieved this prestigious award. 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.

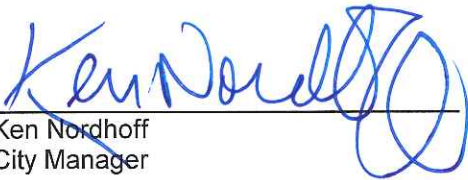
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

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

Thanks also 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



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, 2012

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, Human Resources, Risk Management,
Business Licenses and Information Technology)

Arts, Recreation and Community Services

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

Community Development

(Includes Building, Housing, Planning and
Transportation Planning)

General Government

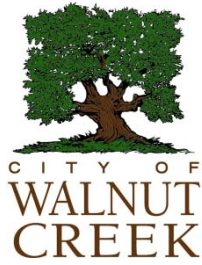
(Includes Public Information, Interagency Relations,
Community Outreach, City Clerk and
Economic Development)

Police

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

Public Services

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



PRINCIPAL OFFICERS

June 30, 2013



**Cindy Silva
Mayor**

**Kristina Lawson
Mayor Pro Tem**

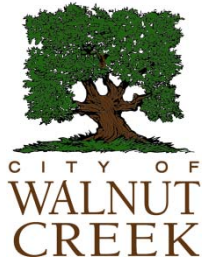


**Bob Simmons
Council Member**

**Loella Haskew
Council Member**



**Justin Wedel
Council Member**



ADMINISTRATION PERSONNEL

June 30, 2013



Ken Nordhoff
City Manager



Bryan Wenter
City Attorney



Lorie Tinfow
Assistant City Manager / Administrative Services
Director



Barry Gordon
Arts, Recreation and Community Services Director



Sandra Meyer
Community Development Director



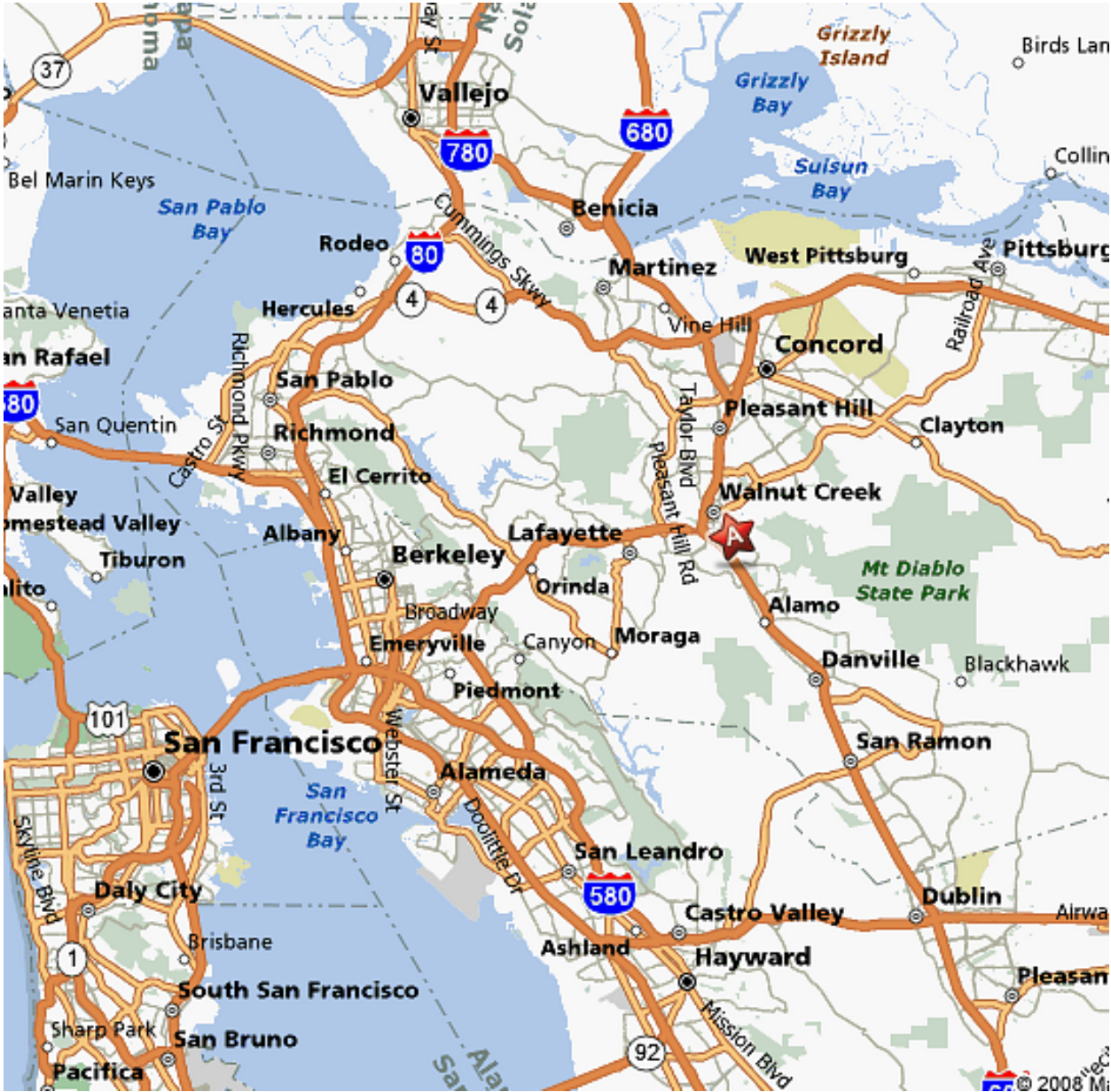
Joel Bryden
Chief of Police



Heather Ballenger
Public Services Director

Regional Map of Walnut Creek and Nearby Cities

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Walnut Creek, California (the City), as of and for the year ended June 30, 2013, 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 fiscal year ended June 30, 2013:

Opinion Unit(s)	Assets	Net Position/ Fund Balance	Revenues
Business-Type Activities	4.7%	-0.7%	59.2%
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 City'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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Walnut Creek, California, as of June 30, 2013, 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.

Prior Period Summarized Comparative Information

The prior year summarized comparative information has been derived from the City's 2012 financial statements and, were audited by other auditors whose report dated February 27, 2013, expressed unmodified opinions on these statements.

Emphasis of Matter

As described in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective July 1, 2012. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual nonmajor fund financial statements 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. 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report describes 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 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 reporting and compliance.

Vavrinik, Trine, Day & Co. LLP

Sacramento, California
February 18, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Walnut Creek

Management's Discussion and Analysis

For the year ended June 30, 2013

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, 2013. 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 four components:

- **Government-Wide Financial Statements** – These include the *Statement of Net Position* and *Statement of Activities*. These statements provide information about the activities of the City as a whole and about the overall financial condition of the City.
- **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.

FINANCIAL HIGHLIGHTS

Financial highlights of the year ended June 30, 2013 include the following:

Government-wide:

- The City's total net position was \$324.6 million at June 30, 2013, of which \$312.4 million was in Governmental Activities and \$12.2 million was in Business-type Activities. Of the total net position, \$247.7 million relates to the City's net investment in capital assets and is not available for future appropriation (see tables 1 and 4 for additional information).
- Total City revenues were \$89.1 million, of which \$32.4 million was derived from Governmental Activities, \$5.1 million was derived from Business-type Activities and \$51.6 million from General Revenues and Transfers (see tables 2 and 5 for additional information). No reserves were used to cover expenses.
- Total City expenses were \$86.7 million, of which Governmental Activities incurred \$78.7 million and Business-type Activities incurred \$8.0 million (see tables 2 and 5 for additional information).



City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2013

FINANCIAL HIGHLIGHTS, Continued

Fund Level:

Governmental fund balances totaled \$66.4 million, the Enterprise funds had a \$12.2 million net position surplus, and there was a cumulative net position surplus of \$3.6 million in the Internal Service Funds, of which \$5.1 million relates to the City's Internal Service Funds net investment in capital assets.

- Proprietary Fund operating revenues were \$7.7 million in the Enterprise Funds and \$3.4 million in the Internal Service Funds.
- Proprietary Fund operating expenses were \$7.9 million in the Enterprise funds and \$1.2 million in the Internal Service Funds.
- Net non-operating revenues were approximately \$90,000 in the Enterprise Funds and net non-operating expenses were \$437,000 in the Internal Service Funds.



General Fund:

- General Fund revenues were \$68.5 million and expenditures were \$63.1 million.
- Net transfers into the General Fund were \$1.5 million.
- The fund balance of the General Fund was \$34.8 million at June 30, 2013, all of which has been classified in accordance with Governmental Accounting Standards Board No. 54.

Housing Successor Agency Fund:

- Fund revenues were \$271,000 and expenditures were \$1.1 million.
- There were no transfers into or out of the Fund.
- The fund balance of the Fund was \$310,000 at June 30, 2013; the total amount is classified as restricted for future low and moderate income housing programs and projects.

Housing Fund:

- Fund revenues were \$1.8 million and expenditures were \$1.0 million.
- Net transfers into the Fund were \$280,000.
- The fund balance of the Fund was \$1.6 million at June 30, 2013; the total amount is classified as restricted for affordable housing projects.

Capital Investment Program Fund:

- Fund revenues were \$2.5 million and expenditures were \$6.7 million.
- Net transfers out of the Fund were \$3.7 million.
- The fund balance of the Fund was a deficit of \$200,000.

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

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

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



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2013

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

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

Governmental Activities

Net position, representing the difference between total assets and total liabilities, of the City's governmental activities was \$312.4 million at June 30, 2013, a decrease of \$18.8 million (6%) from the total at June 30, 2012. This decrease, which includes a prior period adjustment, is due to the reclassification of downtown parking and enhancement operations from a governmental fund to a proprietary fund and the elimination of the prepaid item reported in the PERS Safety Side Fund Liability Internal Service Fund. The table below summarizes the City's net position.

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

	<u>2013</u>	<u>2012</u>
Cash and investments	\$ 63.0	\$ 62.1
Other assets	25.0	33.6
Capital assets	238.7	250.9
Total assets	<u>326.7</u>	<u>346.6</u>
Current liabilities	7.5	9.4
Non-current liabilities	6.8	6.0
Total liabilities	<u>14.3</u>	<u>15.4</u>
Net Position		
Net investment in capital assets	238.4	250.1
Restricted	31.5	37.5
Unrestricted	42.5	43.6
Total net position	<u>\$ 312.4</u>	<u>\$ 331.2</u>

Of the City's total net position, \$238.4 million, or 76%, 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 \$14.3 million represent outstanding obligations for operations, capital projects, deposits held for development projects and long-term debt.

A portion (10%) 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 (14%) may be used to meet the government's ongoing obligations to citizens and creditors.



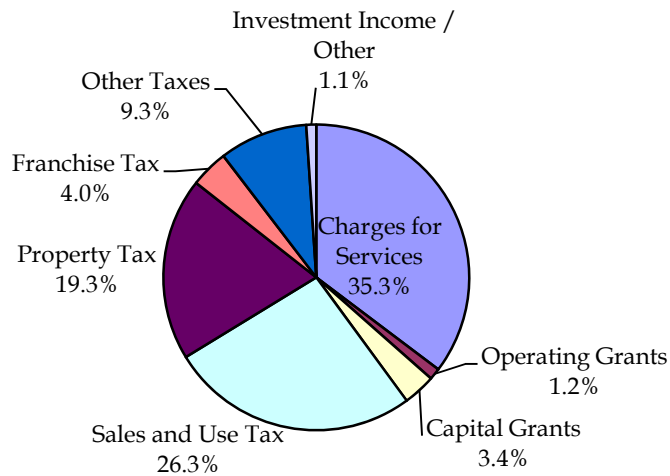
City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2013

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Governmental Activities, Continued

The charts below summarize general City revenues available for funding all City programs and major expenditure program categories, as well as program revenues used to fund specific expenditure programs. For fiscal year 2012-13, total revenues from all sources relating to governmental activities were \$81.2 million and total expenditures for all City programs relating to governmental activities were \$78.7 million.

Sources of Revenues
(excluding transfers to Business activities)
2012-13

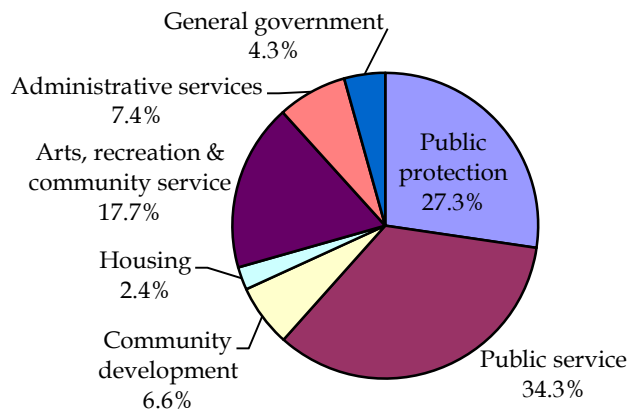




City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2013

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Sources of Expenses
(by Governmental activity)
2012-13





City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2013

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Governmental Activities, Continued

Table 2
Change in Net Position - Governmental Activities at June 30,
(In Millions)

Revenues	2013	2012
Program revenues		
Charges for service	\$ 28.6	\$ 23.6
Operating contributions and grants	1.0	0.8
Capital grants	2.8	2.5
Total program revenues	<u>32.4</u>	<u>26.9</u>
General revenues		
Taxes:		
Sales and use	21.4	19.9
Property	15.7	16.4
Franchise	3.2	3.3
Other taxes	7.6	7.4
Other	0.9	0.9
Investment income	-	0.5
Total general revenues	<u>48.8</u>	<u>48.4</u>
Total revenues	<u>81.2</u>	<u>75.3</u>
 Expenses		
Public protection	21.5	22.5
Public service	27.0	28.1
Community development	5.2	4.0
Housing	1.9	0.9
Arts, recreation & community service	13.9	16.3
Administrative services	5.8	5.4
General government	3.4	3.8
Interest on long-term debt *	-	0.1
Total expenses	<u>78.7</u>	<u>81.1</u>
Excess (deficiency) before transfers and extraordinary loss	2.5	(5.8)
Transfers	(0.5)	-
Extraordinary Gain (Loss)	-	(1.4)
Change in net position - Governmental Activities	<u><u>\$ 2.0</u></u>	<u><u>\$ (7.2)</u></u>

* Associated with the Redevelopment Agency Debt Service



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2013

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Governmental Activities, Continued

Table 2, presented on the prior page, shows that governmental expenses, which totaled \$78.7 million, were offset in part by program revenues for governmental activities of \$32.4 million. These program revenues included \$28.7 million in charges for services, \$983,000 in operating grants and contributions, and \$2.8 million in capital grants and contributions. Charges for services include traffic safety fines, plan check fees, building inspection fees, other charges related to new construction, and admission fees charged for cultural events. Operating grants and contributions include amounts contributed by developers that can only go toward operations-related expenses, while capital grants and contributions are required to go toward capital investments. General revenues, as shown in Table 2 on the previous page, are available to pay for expenses not fully covered by program generated revenues.



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

Table 3
Governmental Activities
Program Revenues and Net (Expense) Revenue From Services at June 30,
(In Millions)

	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Public protection	\$ 2.2	\$ 2.8	\$ (19.3)	\$ (19.6)
Public service	10.3	9.1	(16.7)	(19.0)
Community development	5.2	3.6	(0.0)	(0.3)
Housing	2.5	0.8	0.6	(0.2)
Arts, recreation & community service	10.0	9.9	(3.9)	(6.4)
Administrative service	1.6	0.2	(4.2)	(5.2)
General government	0.6	0.5	(2.8)	(3.4)
Interest on long-term debt	-	-	-	(0.1)
Totals	\$ 32.4	\$ 26.9	\$ (46.3)	\$ (54.2)

Business-type Activities

The net position of the City's business-type activities was \$12.2 million at June 30, 2013. Assets included a total of \$3.5 million in cash and investments, \$243,000 in receivables, \$10.5 million in capital assets and \$125,000 in other assets. Liabilities include \$934,000 in long-term debt and \$1.2 million in current liabilities. Total revenues and transfers for business-type activities totaled \$8.4 million for fiscal year 2012-13 while expenses totaled \$8.0 million.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2013

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Business-type Activities, Continued

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

	<u>2013</u>	<u>2012</u>
Cash and investments	\$ 3.5	\$ 1.6
Other assets	0.4	(0.2)
Capital assets	10.5	24
Total assets	<u>14.4</u>	<u>38</u>
Long-term debt outstanding	0.9	0.8
Other liabilities	1.3	0.8
Total liabilities	<u>2.2</u>	<u>1.6</u>
Net Position		
Net investment in capital assets	9.3	1.5
Restricted	-	-
Unrestricted	2.9	0.7
Total net position	<u>\$ 12.2</u>	<u>\$ 2.2</u>

Table 5
Change in Net Position - Business-type Activities at June 30,
(In Millions)

	<u>2013</u>	<u>2012</u>
Revenues		
Program revenues		
Charges for service	\$ 5.1	\$ 4.6
Capital grants	-	2.6
Total program revenues	<u>5.1</u>	<u>7.2</u>
General revenues		
Investment income and other	2.7	0.2
Total revenues	<u>7.8</u>	<u>7.4</u>
Expenses		
Golf Course and Clubhouse	4.7	4.2
Downtown Parking and Enhancement Fund	3.3	-
Total expenses	<u>8.0</u>	<u>4.2</u>
Excess (deficiency) before transfers	<u>(0.2)</u>	<u>3.2</u>
Transfers	0.6	-
Change in net position - Business-Type Activities	<u>\$ 0.4</u>	<u>\$ 3.2</u>



City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2013

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.

Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Housing Successor Agency Fund, the Housing Fund, and the Capital Investment Program Fund. The City has classified these funds as major funds.

The City adopts a biennial appropriated budget for its General Fund and Housing Successor Agency Special Revenue 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. Because these services solely benefit the governmental function, they have been included within governmental activities in the government-wide financial statements.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2013

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Proprietary funds, Continued

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.

Summary Analysis of Governmental Funds

At June 30, 2013, the City's governmental fund balances were \$66.4 million, which is an increase of \$922,000, or 1%, from the balance in the prior fiscal year. The following describe the specifics related to this variance:

- An increase of \$6.9 million in the General Fund, primarily due to the combination of a change in the way that interdepartmental transfers are recorded, increased sales tax revenues, and decreased departmental expenditures;
- A decrease of \$831,000 in the Housing Successor Agency Fund, due to a payment made to other taxing agencies in compliance with the Due Diligence Report for low and moderate income housing;
- An increase of \$1.1 million in the Housing Fund, due to the receipt of additional in lieu fees;
- A decrease of \$7.9 million in the Capital Investment Program Fund, due a change in accounting practice, in which project funds are not recorded as due from other funds to the Capital Investment Program Fund until expenses are incurred;
- An increase of \$3.4 million in the City's non-major governmental funds, primarily due to the change in accounting practice discussed above with regard to the Capital Investment Program Fund. Governmental funds that had committed monies to capital projects had those monies returned until the expense is incurred (and recorded) in the Capital Investment Program Fund. In addition, the In Lieu Park Fund recognized increased in lieu fees.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2013

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Summary Analysis of Governmental Funds, Continued

Table 6
Change in Fund Balance- Governmental Funds at June 30,
(In Millions)

Revenues	2013	2012
Taxes:		
Sales and use	\$ 21.4	\$ 19.9
Property	15.7	16.4
Business license	2.1	2.0
Franchise	3.2	3.2
Transient occupancy	1.7	1.5
Other taxes	2.3	2.0
Intergovernmental	5.1	4.5
Investment and rental income	0.8	2.4
Charges for services	16.2	13.6
Licenses, permits and fees	1.7	2.5
Fines, forfeitures and penalties	8.4	4.9
Other revenue	1.9	2.0
Total revenues	<u>\$ 80.5</u>	<u>\$ 74.9</u>
 Expenditures		
Public protection	\$ 21.8	\$ 22.1
Public services	19.6	19.9
Community development	5.4	4.6
Housing	1.9	1.0
Arts, recreation & community service	13.9	16.2
Administrative services	5.8	5.4
General government	3.8	3.2
Capital outlay	4.0	3.0
Debt service	-	0.8
Transfers (net)	(1.6)	(2.2)
Total expenditures	<u>\$ 74.6</u>	<u>\$ 74.0</u>



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2013

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, 2013, the total fund balance was \$34.8 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 \$4.4 million more in fiscal year 2012-13 compared to last fiscal year, a change of 7%. Expenditures decreased \$757,000 in fiscal year 2012-13 compared to last fiscal year, a change of 1%. Significant changes in revenues and expenditures that affected the General Fund balances are discussed below:



Revenues

Sales and Use Taxes increased by \$1.4 million (7%) 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 \$283,000 (1%) from the prior year primarily due to increases in transient occupancy taxes collected at the City's hotels and real property transfer tax revenues generated from the sale of property within the City.

Intergovernmental revenues decreased \$250,000 (68%) from fiscal year 2011-12 due to the relocation of grant activity, specifically the Northern California Computer Crimes Task Force grant and the 2010 State Homeland Security Grant Program, to a special revenue fund.

Investment and rental income revenues were \$1.4 million (72%) less than prior fiscal year, primarily resulting from the relocation of parking garage activities to the Downtown Parking and Enhancement Enterprise Fund (-\$970,000) and significant losses on the market value of investments (-\$340,000).

Charges for Services increased \$933,000 (7%) from fiscal year 2011-12 mainly due to the submission of several large development and renovation projects for planning, engineering, and building review and processing.

Licenses, permits and fee revenues increased \$27,000 (2%) compared to the prior fiscal year, due to the net impact of reduced encroachment permits issued and increased plumbing and building permit fees.

Fines, forfeitures, and penalties and other revenue increased \$3.4 million (70%) from the prior fiscal year, due to a change in the way that interdepartmental transfers are recorded; as revenues, rather than as negative expenditures.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2013

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Detailed Analysis of Major Governmental Funds by Fund, Continued

Expenditures

Public protection expenditures decreased \$448,000 (2%) from the prior year due to the combination of reduced salary and benefit costs resulting from vacancies in the department (\$861,000) and increased interdepartmental charges (\$325,000).

Public services expenditures increased \$897,000 (7%) compared to the prior year primarily due to a change in the way that interdepartmental transfers are recorded; the expense in the central service program is no longer offset by a negative expenditure, but by a revenue.

Community development expenditures increased \$237,000 (6%) from fiscal year 2011-12. This increase is attributable to higher interdepartmental charges and outside professional services costs, which are offset somewhat with salary and benefit savings.

Arts, recreation and community services expenditures were \$2.2 million (14%) less than the prior year primarily due to the retirement of the long-term advance of \$2.6 million to the Boundary Oak Golf Course Clubhouse last year.

Administrative services expenditures increased \$367,000 (7%), which is, mainly, the net result of a change in the way that interdepartmental transfers are recorded; the expense in the central service program is no longer offset by a negative expenditure, but by a revenue, and a near doubling of the liability insurance cost.

General government expenditures increased \$554,000 (19%) over the prior fiscal year due to the combination of several factors; staffing changes (changed an Admin Analyst II position to an Assistant to the City Manager position), increased interdepartmental transfers, and higher capital outlay 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, 2013, its fund balance of \$310,000 is restricted for future housing projects and programs. The fund balance decreased by \$831,000 primarily due to a payment made to other taxing agencies in compliance with the Due Diligence Report for low and moderate income housing.

Housing Special Revenue

The Housing Special Revenue Fund accounts for in lieu fees derived of local development projects. As of June 30, 2013, its fund balance of \$1.6 million is restricted for affordable housing projects. During the fiscal year, the fund balance increased by \$1.1 million due to the receipt of additional in lieu fees.



**City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2013**

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Detailed Analysis of Major Governmental Funds by Fund, Continued

Capital Investment Program

The Capital Investment Program Fund accounts for funds used for capital improvements and significant maintenance projects. As of June 30, 2013, its fund balance was a deficit \$200,000. This fund balance is typically restricted or assigned for use on current projects. The fund balance decreased by \$7.9 million in fiscal year 2012-13 due to a change in accounting practice, in which project funds are not recorded as due from other funds to the Capital Investment Program Fund until expenses are incurred. Some of the more significant capital and maintenance projects that were completed during fiscal year 2012-13 are listed below:

- Mt. Diablo / Iron Horse Trail Crossing
- Newell / Main Intersection and Signal Phasing
- Buena Vista / Parkside Intersection Improvements
- Howe Homestead Restroom
- 2012 Slurry Seal and Rehabilitation
- Major Roadway Reconstruction
- Lesher Center Restroom Counter Replacement



Summary Analysis of Proprietary Funds

As of June 30, 2013, the City's Proprietary Funds (Enterprise and Internal Service Funds) had a net position balance of \$15.8 million, an increase of \$2.4 million from the prior fiscal year.

The Enterprise Funds had a net position balance of \$12.2 million, representing a \$10 million (466%) increase, which is primarily related to the relocation of downtown parking and enhancement operations from a governmental fund to a proprietary fund.

The net position balance of the Internal Service Funds was \$3.6 million, down \$7.6 million (68%) from the previous fiscal year, due to the following factors: the transfer in of monies committed in the General Fund for the purpose of replacing the police and public service radio systems, an additional contribution of monies for replacement of information technology equipment, the change in process for interdepartmental transfers through which increased revenues are recorded to the information technology internal service fund, and the elimination of the prepaid item reported in the PERS Safety Side Fund Liability Internal Service Fund.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2013

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Summary Analysis of Proprietary Funds, Continued

Table 7
Change in Fund Net Position- Proprietary Funds at June 30,
(In Millions)

	<u>2013</u>	<u>2012</u>
Operating revenues	\$ 11.1	\$ 7.9
Operating expenses	9.1	5.7
Operating income (loss)	<u>2.0</u>	<u>2.2</u>
Non-operating revenues (expenses)	<u>(0.4)</u>	<u>(1.3)</u>
Net income (loss) before contributions and operating transfers	<u>1.6</u>	<u>0.9</u>
Capital contributions	0.1	2.7
Transfers in (out)	1.7	1.9
Change in net position	<u>\$ 3.4</u>	<u>\$ 5.5</u>

Boundary Oak City Administration and Contract Operations Funds

These funds account for the administration and operation of the City's Boundary Oak Golf Course and Clubhouse. The net position of these funds increased \$896,000 at the end of fiscal year 2012-13, caused by a change in accounting practice, in which funding for capital projects is not recorded until the expense is incurred. To make this adjustment, monies were booked back into this fund. In addition, an outside grant of \$75,000 was received in fiscal year 2012-13. Of the total net position, \$1.6 million was invested in capital assets, net of related debt.

Downtown Parking and Enhancement 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 these funds decreased \$448,000 at the end of fiscal year 2012-13, primarily resulting from its establishment as a proprietary fund in fiscal year 2012-13 and taking on the depreciation expense for its assets. Of the total net position, \$7.7 million was a net investment in capital assets.

BUDGETARY HIGHLIGHTS OF THE CITY'S GOVERNMENTAL FUNDS

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 \$908,000 (1%), which is primarily attributable to higher sales tax revenue than anticipated. General Fund actual expenditures were \$2.6 million (4%) under the final budget, with significant savings in Public Protection (\$610,000), Public Service (\$681,000), Community Development (\$612,000), and Administrative Services (\$586,934). The savings in all of these departments are related to payments not yet made on existing contracts and reduced salary and benefit costs.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2013

CAPITAL ASSETS AND LONG TERM DEBT

Capital Assets

GASB 34 requires the City to record all of its capital assets, including infrastructure. 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, 2013 the cost of infrastructure and other capital assets recorded on the City's financial statements is shown in Table 8 below:

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

	<u>2013</u>	<u>2012</u>
Governmental activities		
Land	\$ 48.4	\$ 48.4
Construction in progress	6.6	3.3
Building and improvements	129.0	142.4
Machinery and equipment	6.8	9.3
Vehicles	7.5	7.9
Infrastructure	197.7	196.9
Less accumulated depreciation	(157.3)	(157.3)
Totals	<u>\$ 238.7</u>	<u>\$ 250.9</u>
Business-type activities		
Land	\$ 1.3	\$ 1.3
Buildings	15.6	2.1
Improvements	2.4	2.3
Machinery and equipment	2.2	0.8
Vehicles	0.4	-
Less accumulated depreciation	(11.4)	(4.1)
Totals	<u>\$ 10.5</u>	<u>\$ 2.4</u>

At June 30, 2013, the City had \$238.7 million, net of depreciation, invested in a broad range of capital assets used in governmental activities and \$10.5 million, also net of depreciation, invested in Business-type activities assets, as shown in Table 8 above. The decline in total capital assets in governmental activities and increase in business-type activities is reflective of the reclassification of the Downtown Parking and Enhancement Fund from a governmental fund to a proprietary, or business-type, fund.

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



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2013

CAPITAL ASSETS AND LONG TERM DEBT, Continued

Long Term Debt

At June 30, 2013 the City's debt was comprised of the following:

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

	<u>2013</u>	<u>2012</u>
Governmental activities		
Capital Lease Obligation	\$ -	\$ 0.8
PG&E Energy Efficiency Loan	0.4	0.2
Total governmental activities debt	<u>0.4</u>	<u>1.0</u>
Business-type activities		
Capital Lease Obligation	0.6	0.3
Lease Revenue Bonds (Rated A1 by Moody's)	0.7	0.8
Total business-type activities debt	<u>1.3</u>	<u>1.1</u>
Total debt	<u>\$ 1.7</u>	<u>\$ 2.1</u>

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

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

While Walnut Creek is positioned well compared to other agencies, the effects of the past five years (reductions in housing sale prices, changes in consumer confidence and spending, etc.) are still being felt and leave the City guarded against being overly optimistic about a strong economic recovery.

The Fall 2013 economic outlook from Beacon Economics titled “*East Bay on the Mend*” offers some optimism about the East Bay area’s economy with slight year over year increases in jobs and payroll levels in the current year and further improvement during 2014. Looking at the housing market, Beacon sees growth in home prices continuing in 2014. But this growth in East Bay area home prices (about 13%) is projected to be at a slower rate than is being seen in today’s market (over 35%).





City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2013

ECONOMIC OUTLOOK AND MAJOR INITIATIVES (Continued)

State Budget and Finances

At the State level, even though the State is projected to see surpluses at the end of its fiscal year 2013-14 budget, in the *2014-15 Budget: California's Fiscal Outlook* report the Legislative Analyst cautions that "the state's continued fiscal recovery is dependent on a number of assumptions that may not come to pass".

It is also important to note that the current State Budget does not fully fund obligations to the California State Teacher's Retirement System (CalSTRS). In the report "*Addressing CalSTRS' Long-Term Funding Needs*", the Legislative Analyst concludes that the State will need to spend an additional \$4.5 billion per year starting in the 2014-15 budget year, and increasing thereafter, to bring this program to an appropriately funded level.

While the State's progress toward financial stability has been significant, it would be premature to assume that they will no longer be dependent on, and make further attempts to divert, local revenues. This is particularly true until the State addresses the shortfall in funding the CalSTRS retirement system noted above (\$4.5 billion per year) and reduces its long term debt obligations referred to by Governor Jerry Brown as a "wall of debt" (an estimated challenge of an additional \$2 billion per year).

City Revenues and Expenses

Six years after the recession began in 2007, the City's sales and property tax revenues remain 9% below 2007 levels. In addition, since this time declines in one category have been mostly offset by increases in others. In fiscal year 2013-14, the City anticipates that both sales and property tax revenues will increase, providing some basis for modest optimism looking forward. This optimism is however, counterbalanced with real concerns regarding increased pension and medical costs and unmet capital infrastructure needs.

In short, the City acknowledges that despite strong reserve policies, conservative fiscal forecasting, and significant restructuring of the organization and its services over the last five years, budget challenges involving slowly growing revenues and increasing expenses are projected to continue in the years ahead. The City recognizes that this will lead to future budgets that will require reduced costs, new ways to deliver services, increased revenues, or some combination of these options.

The City is able to achieve a balanced budget for fiscal year 2013-14 and maintain adequate reserves for the General Fund through a combination of measures, including the following:

- Using temporary and contract staff to assist fluid service needs;
- Service changes that yield savings or increased revenues;
- Reorganizing staffing, eliminating positions, and delivering services through other methods;
- Labor agreements that include significant cost-sharing of benefit costs with employees; and
- New sources of revenue; such as repurposing available City property and space.



City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2013

ECONOMIC OUTLOOK AND MAJOR INITIATIVES (Continued)

As part of the City's adopted budgets for fiscal years 2012-13 and 2013-14, City Council confirmed a number of significant goals, including the following:

- A Safe Community
- Culture, Recreation and Learning Opportunities
- Economic Vitality
- Effective Transportation and Mobility Options
- Stewardship of the Natural and Build Environment
- Strong neighborhoods and a Sense of Community

Major Capital Projects funded for fiscal years 2012-13 and 2013-14 include work on the following projects:

- Downtown ADA Ramp Upgrades
- Building Interior Maintenance
- Facility Site Maintenance
- Larkey Pool Re-Plastering and Code Compliance
- Parking Lot & Asphalt Pathway Maintenance
- Open Space Accessibility Upgrades
- Traffic Signal and Streetlight Maintenance
- All-Weather Sports Fields
- In-Pavement Lights - Various Locations
- Ygnacio Valley Road at San Carlos - Left-Turn Extensions (Both Directions)



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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Walnut Creek Statement of Net Position

June 30, 2013

(With comparative information for the prior year)

	Governmental	Business-Type	Totals	
	Activities	Activities	2013	2012
ASSETS				
Current assets:				
Cash and investments (Note 2)	\$ 62,994,860	\$ 3,334,998	\$ 66,329,858	\$ 63,483,586
Cash and investments with fiscal agents (Note 2)	-	163,704	163,704	163,704
Receivables:				
Accounts	2,292,033	238,925	2,530,958	2,901,642
Taxes	2,819,339	-	2,819,339	2,588,652
Due from other governments	3,119,048	-	3,119,048	853,675
Interest	80,209	4,427	84,636	89,365
Total current assets	71,305,488	3,742,054	75,047,542	70,080,624
Noncurrent assets:				
Notes and loans receivable (Note 3)	16,508,701	-	16,508,701	15,821,283
Inventory of materials and supplies	40,833	109,700	150,533	149,984
Prepaid items	150,294	15,061	165,355	11,042,314
Capital assets (Note 6):				
Nondepreciable	55,031,483	1,337,396	56,368,879	53,107,309
Depreciable	341,015,639	20,580,096	361,595,735	361,622,975
Accumulated depreciation	(157,308,526)	(11,414,409)	(168,722,935)	(161,409,615)
Total capital assets	238,738,596	10,503,083	249,241,679	253,320,669
Total noncurrent assets	255,438,425	10,627,844	266,066,269	280,334,250
Total assets	326,743,913	14,369,898	341,113,811	350,414,874
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	2,810,881	407,151	3,218,032	3,989,398
Accrued payroll	843,598	18,454	862,052	829,977
Refundable deposits	604,250	269,925	874,175	946,052
Unearned revenue (Note 4)	2,292,083	77,020	2,369,103	1,758,376
Claims payable due in one year (Note 10)	763,658	-	763,658	1,876,340
Compensated absences due in one year (Note 8)	142,821	388	143,209	179,279
Long-term debt due in one year (Note 7)	38,245	461,959	500,204	632,427
Total current liabilities	7,495,536	1,234,897	8,730,433	10,211,849
Noncurrent liabilities:				
Claims payable due in more than one year (Note 10)	3,480,575	-	3,480,575	2,234,068
Compensated absences due in more than one year (Note 8)	3,056,385	73,700	3,130,085	3,116,419
Long-term debt due in more than one year (Note 7)	298,938	860,284	1,159,222	1,431,994
Total noncurrent liabilities	6,835,898	933,984	7,769,882	6,782,481
Total liabilities	14,331,434	2,168,881	16,500,315	16,994,330
NET POSITION				
Net investment in capital assets	238,401,413	9,344,544	247,745,957	251,601,540
Restricted for:				
Capital projects	23,748,463	-	23,748,463	29,601,552
Community development	7,797,146	-	7,797,146	7,932,256
Total restricted net position	31,545,609	-	31,545,609	37,533,808
Unrestricted net position	42,465,457	2,856,473	45,321,930	44,285,196
Total net position	\$ 312,412,479	\$ 12,201,017	\$ 324,613,496	\$ 333,420,544

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



City of Walnut Creek
Statement of Activities
For the Year Ended June 30, 2013
(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	\$ 21,507,637	\$ 1,786,461	\$ 281,604	\$ 155,619	\$ 2,223,684
Public service	26,978,488	7,778,943	17,715	2,501,421	10,298,079
Community development	5,182,748	4,415,274	682,495	46,372	5,144,141
Housing	1,911,341	2,480,116	-	-	2,480,116
Arts, recreation and community services	13,933,801	9,916,602	-	80,852	9,997,454
Administrative services	5,800,846	1,638,225	-	-	1,638,225
General government	4,019,331	639,653	1,629	-	641,282
Interest on long-term debt	-	-	-	-	-
Total governmental activities	<u>79,334,192</u>	<u>28,655,274</u>	<u>983,443</u>	<u>2,784,264</u>	<u>32,422,981</u>
Business-type activities:					
Golf Course and Clubhouse	4,677,542	5,068,945	-	-	5,068,945
Downtown Parking and Enhancement Fund	<u>3,334,000</u>	<u>62,805</u>	-	-	<u>62,805</u>
Total business-type activities	<u>8,011,542</u>	<u>5,131,750</u>	-	-	<u>5,131,750</u>
Total primary government	<u>\$ 87,345,734</u>	<u>\$ 33,787,024</u>	<u>\$ 983,443</u>	<u>\$ 2,784,264</u>	<u>\$ 37,554,731</u>

General revenues:

Taxes:

Sales and use

Property

Franchise

Other taxes

Total taxes

Investment income

Other

Transfers

Total general revenues and transfers

Extraordinary loss

Change in net position

Net position - beginning of year, as restated (Note 15)

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	
		2013	2012
\$ (19,283,953)	\$ -	\$ (19,283,953)	\$ (19,630,331)
(16,680,409)	-	(16,680,409)	(18,986,145)
(38,607)	-	(38,607)	(340,994)
568,775	-	568,775	(177,005)
(3,936,347)	-	(3,936,347)	(6,401,012)
(4,162,621)	-	(4,162,621)	(5,219,368)
(3,378,049)	-	(3,378,049)	(3,399,475)
-	-	-	(63,989)
<u>(46,911,211)</u>	<u>-</u>	<u>(46,911,211)</u>	<u>(54,218,319)</u>
-	391,403	391,403	2,999,123
-	<u>(3,271,195)</u>	<u>(3,271,195)</u>	<u>-</u>
-	<u>(2,879,792)</u>	<u>(2,879,792)</u>	<u>2,999,123</u>
<u>(46,911,211)</u>	<u>(2,879,792)</u>	<u>(49,791,003)</u>	<u>(51,219,196)</u>
21,385,051	-	21,385,051	19,882,259
15,704,242	-	15,704,242	16,391,482
3,248,171	-	3,248,171	3,258,474
<u>7,575,411</u>	<u>-</u>	<u>7,575,411</u>	<u>7,419,738</u>
47,912,875	-	47,912,875	46,951,953
5,410	199,211	204,621	700,602
854,159	2,550,094	3,404,253	941,637
<u>(512,218)</u>	<u>579,042</u>	<u>66,824</u>	<u>1,100</u>
<u>48,260,226</u>	<u>3,328,347</u>	<u>51,588,573</u>	<u>48,595,292</u>
-	-	-	(1,457,056)
1,349,015	448,555	1,797,570	(4,080,960)
<u>311,063,464</u>	<u>11,752,462</u>	<u>322,815,926</u>	<u>337,501,504</u>
<u>\$ 312,412,479</u>	<u>\$ 12,201,017</u>	<u>\$ 324,613,496</u>	<u>\$ 333,420,544</u>

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 2012-13

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

Special Revenue Fund:

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

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

Capital Project Funds:

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



City of Walnut Creek
Balance Sheet
Major Governmental Funds
June 30, 2013

(With comparative information for the prior year)

	General Fund	Special Revenue		Capital Project
		Housing Successor Agency	Housing	Capital Investment Program
ASSETS				
Cash and investments (Note 2)	\$ 26,427,776	\$ 309,867	\$ 1,606,149	\$ 204,189
Accounts receivable	1,638,282	-	-	-
Taxes receivable	2,819,339	-	-	-
Interest receivable	42,014	150	2,321	118
Prepaid items	150,294	-	-	-
Due from other governments	-	-	-	2,189,308
Due from other funds (Note 5)	2,476,301	-	-	-
Notes and loans receivable (Note 3)	-	7,887,619	5,514,286	-
Inventory of materials and supplies	40,833	-	-	-
Advances to other funds (Note 5)	7,016,000	-	-	-
Total assets	\$ 40,610,839	\$ 8,197,636	\$ 7,122,756	\$ 2,393,615
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and other accrued liabilities	\$ 2,134,585	\$ -	\$ 25,891	\$ 333,119
Accrued payroll	788,708	-	4,918	24,285
Due to other funds (Note 5)	-	-	-	2,189,308
Refundable deposits	604,250	-	-	-
Deferred revenue (Note 4)	2,244,788	7,887,619	5,514,286	47,295
Total liabilities	5,772,331	7,887,619	5,545,095	2,594,007
Fund Balances (Note 9):				
Nonspendable	7,207,127	-	-	-
Restricted	-	310,017	1,577,661	-
Committed	13,910,139	-	-	-
Assigned	5,592,640	-	-	-
Unassigned	8,128,602	-	-	(200,392)
Total fund balances	34,838,508	310,017	1,577,661	(200,392)
Total liabilities and fund balances	\$ 40,610,839	\$ 8,197,636	\$ 7,122,756	\$ 2,393,615

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

Non-major Governmental Funds	Total Governmental Funds	
	2013	2012
\$ 26,374,642	\$ 54,922,623	\$ 62,051,416
651,779	2,290,061	2,846,480
-	2,819,339	2,588,652
35,606	80,209	87,872
-	150,294	416,632
929,740	3,119,048	853,675
-	2,476,301	9,697,476
3,106,796	16,508,701	15,821,283
-	40,833	40,631
2,455,482	9,471,482	10,604,618
<u>\$ 33,554,045</u>	<u>\$ 91,878,891</u>	<u>\$ 105,008,735</u>

\$ 276,245	\$ 2,769,840	\$ 3,716,631
25,687	843,598	828,063
286,994	2,476,302	16,820,970
-	604,250	688,995
3,106,796	18,800,784	17,492,301
<u>3,695,722</u>	<u>25,494,774</u>	<u>39,546,960</u>

2,684,982	9,892,109	10,607,381
26,354,904	28,242,582	30,407,953
-	13,910,139	14,117,456
818,437	6,411,077	8,744,865
-	7,928,210	1,584,120
<u>29,858,323</u>	<u>66,384,117</u>	<u>65,461,775</u>
<u>\$ 33,554,045</u>	<u>\$ 91,878,891</u>	<u>\$ 105,008,735</u>

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City of Walnut Creek
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2013

Total Fund Balances - Total Governmental Funds \$ 66,384,117

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	55,031,483
Depreciable, net	178,620,908

Revenues which are deferred 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.

16,508,701

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. (Long-term debt is included below).

3,647,892

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	(763,658)
Compensated absences payable	(142,821)
Long-term debt	(38,245)

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

Claims and judgments payable	(3,480,575)
Compensated absences payable	(3,056,385)
Long-term debt	(298,938)

Net Position of Governmental Activities \$ 312,412,479

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, 2013
(With comparative information for the prior year)

	General Fund	Special Revenue		Capital Investment Program
		Housing Successor Agency	Housing	
REVENUES:				
Taxes:				
Sales and use	\$ 20,455,311	\$ -	\$ -	\$ -
Property	15,704,242	-	-	-
Business license	2,073,305	-	-	-
Franchise	3,248,171	-	-	-
Transient occupancy tax	1,658,706	-	-	-
Other	628,675	-	-	-
Intergovernmental	119,043	-	-	2,418,032
Investment and rental income	568,381	17,316	8,229	527
Charges for services	14,028,736	-	1,781,848	-
Licenses, permits and fees	1,680,603	-	-	-
Fines, forfeitures and penalties	8,231,807	-	5,750	-
Other revenue	145,190	253,961	4,750	83,390
Total revenues	68,542,170	271,277	1,800,577	2,501,949
EXPENDITURES:				
Current:				
Public protection	21,574,343	-	-	-
Public service	14,674,061	-	-	2,713,935
Community development	4,490,769	-	346,458	-
Housing	-	1,102,451	658,670	-
Arts, recreation and community services	13,090,630	-	-	-
Administrative services	5,786,198	-	-	-
General government	3,494,663	-	-	-
Capital outlay:				
Public ways and facilities	-	-	-	3,947,460
Debt service:				
Principal retirement (Note 7)	31,428	-	-	-
Interest, fiscal charges and issuance costs	-	-	-	-
Total expenditures	63,142,092	1,102,451	1,005,128	6,661,395
REVENUES OVER (UNDER) EXPENDITURES	5,400,078	(831,174)	795,449	(4,159,446)
OTHER FINANCING SOURCES (USES) (Note 5):				
Transfers in	5,115,524	-	280,000	7,067,768
Transfers (out)	(3,605,061)	-	-	(10,779,220)
Total other financing sources (uses)	1,510,463	-	280,000	(3,711,452)
Net change in fund balances	6,910,541	(831,174)	1,075,449	(7,870,898)
FUND BALANCES:				
Beginning of year	27,927,967	1,141,191	502,212	7,670,506
End of year	\$ 34,838,508	\$ 310,017	\$ 1,577,661	\$ (200,392)

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

Non-major Governmental Funds	Total Governmental Funds	
	2013	2012
\$ 929,740	\$ 21,385,051	\$19,882,259
-	15,704,242	16,391,482
-	2,073,305	1,972,208
-	3,248,171	3,258,474
-	1,658,706	1,491,533
1,674,663	2,303,338	2,062,470
2,532,085	5,069,160	4,496,141
248,340	842,793	2,392,372
423,874	16,234,458	13,630,654
-	1,680,603	2,490,058
151,685	8,389,242	4,866,047
1,431,647	1,918,938	1,974,534
<u>7,392,034</u>	<u>80,508,007</u>	<u>74,908,232</u>
253,619	21,827,962	22,120,786
2,155,567	19,543,563	19,928,800
587,120	5,424,347	4,576,808
150,220	1,911,341	951,844
847,816	13,938,446	16,137,501
-	5,786,198	5,418,795
321,998	3,816,661	3,229,804
-	3,947,460	2,995,797
-	31,428	691,841
-	-	141,513
<u>4,316,340</u>	<u>76,227,406</u>	<u>76,193,489</u>
<u>3,075,694</u>	<u>4,280,601</u>	<u>(1,285,257)</u>
5,789,006	18,252,298	6,895,908
<u>(5,504,221)</u>	<u>(19,888,502)</u>	<u>(9,075,589)</u>
<u>284,785</u>	<u>(1,636,204)</u>	<u>(2,179,681)</u>
3,360,479	2,644,397	(8,796,704)
<u>26,497,844</u>	<u>63,739,720</u>	<u>74,258,479</u>
<u>\$ 29,858,323</u>	<u>\$ 66,384,117</u>	<u>\$ 65,461,775</u>

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

City of Walnut Creek

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities For the Year Ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds	\$ 2,644,397
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.	(8,647,911)
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.	4,022,539
Losses on the disposal of capital assets is reported in the Statement of Activities, but do not require the use of current financial resources. Therefore, it is not reported as an expenditure in governmental funds.	(191,273)
Revenues which are deferred on the Governmental Funds Balance Sheet because they are not currently available are recognized as revenue in the Statement of Activities. This amount represent revenues which were deferred 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.	687,418
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	31,428
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.	(182,522)
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>2,984,939</u>
Change in Net Position of Governmental Activities	<u>\$ 1,349,015</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. In prior periods this fund was accounted for as a special revenue fund.

Internal Service Funds:

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



City of Walnut Creek
Statement of Net Position
Proprietary Funds
June 30, 2013
(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	2013	2012
ASSETS					
Current assets:					
Cash and investments (Note 2)	\$ 1,577,699	\$ 295,791	\$ 1,461,508	\$ 3,334,998	\$ 1,432,170
Cash with fiscal agent (Note 2)	163,704	-	-	163,704	163,704
Total cash	1,741,403	295,791	1,461,508	3,498,702	1,595,874
Accounts receivable	-	18,381	220,544	238,925	14,879
Interest receivable	1,966	-	2,461	4,427	1,493
Inventory of materials & supplies	-	109,700	-	109,700	109,353
Prepaid items	-	15,061	-	15,061	21,064
Due from other funds (Note 5)	-	-	-	-	-
Total current assets	1,743,369	438,933	1,684,513	3,866,815	1,742,663
Noncurrent assets:					
Capital assets (Note 6):					
Nondepreciable	1,337,396	-	-	1,337,396	1,337,396
Depreciable	4,590,260	715,894	15,273,942	20,580,096	5,124,903
Accumulated depreciation	(3,799,143)	(478,368)	(7,136,898)	(11,414,409)	(4,084,368)
Total capital assets	2,128,513	237,526	8,137,044	10,503,083	2,377,931
Total noncurrent assets	2,128,513	237,526	8,137,044	10,503,083	2,377,931
Total assets	3,871,882	676,459	9,821,557	14,369,898	4,120,594
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	36,335	203,138	\$ 167,678	407,151	227,843
Accrued payroll	2,132	-	16,322	18,454	1,914
Due to other funds (Note 5)	-	-	-	-	340,410
Compensated Absences- due in one year (Note 10)	-	-	388	388	-
Long term debt - due in one year (Note 7)	125,000	134,359	202,600	461,959	232,493
Total current liabilities	163,467	337,497	386,988	887,952	802,660
Noncurrent liabilities:					
Refundable deposits	-	269,925	-	269,925	257,057
Unearned revenue	-	77,020	-	77,020	87,358
Advances from other funds (Note 5)	-	-	-	-	-
Compensated Absences- due in more than one year (Note 10)	-	-	73,700	73,700	-
Long term debt - due in more than one year (Note 7)	570,000	79,378	210,906	860,284	818,793
Total noncurrent liabilities	570,000	426,323	284,606	1,280,929	1,163,208
Total liabilities	733,467	763,820	671,594	2,168,881	1,965,868
NET POSITION					
Net investment in capital assets	1,597,217	23,789	7,723,538	9,344,544	1,490,349
Unrestricted net position (deficit)	1,541,198	(111,150)	1,426,425	2,856,473	664,377
Total net position (deficit)	\$ 3,138,415	\$ (87,361)	\$ 9,149,963	\$ 12,201,017	\$ 2,154,726

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

Governmental		
Activities		
Internal Service Funds	Total Internal Service Funds	
	2013	2012
\$ 8,072,237	\$ 8,072,237	\$ -
-	-	-
8,072,237	8,072,237	-
1,972	1,972	40,283
-	-	-
-	-	-
-	-	10,604,618
-	-	7,720,857
8,074,209	8,074,209	18,365,758
-	-	-
11,377,195	11,377,195	10,378,318
(6,290,990)	(6,290,990)	(6,388,422)
5,086,205	5,086,205	3,989,896
5,086,205	5,086,205	3,989,896
13,160,414	13,160,414	22,355,654
41,041	41,041	44,924
-	-	-
-	-	256,953
-	-	-
-	-	181,588
41,041	41,041	483,465
-	-	-
-	-	-
9,471,481	9,471,481	10,604,618
-	-	-
-	-	-
9,471,481	9,471,481	10,604,618
9,512,522	9,512,522	11,088,083
5,086,205	5,086,205	3,989,896
(1,438,313)	(1,438,313)	7,277,675
\$ 3,647,892	\$ 3,647,892	\$ 11,267,571

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, 2013
(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	2013	2012
OPERATING REVENUES:					
Charges for services	\$ 75,000	\$ 4,993,945	62,805	\$ 5,131,750	\$ 4,572,557
Other revenue	-	14,107	2,525,265	2,539,372	15,027
Total operating revenues	75,000	5,008,052	2,588,070	7,671,122	4,587,584
OPERATING EXPENSES:					
Supplies and services	326,069	4,074,656	2,763,481	7,164,206	3,912,171
Repairs and maintenance	33,192	-	122,624	155,816	7,569
Depreciation and amortization	56,829	136,313	389,325	582,467	176,819
Total operating expenses	416,090	4,210,969	3,275,430	7,902,489	4,096,559
OPERATING INCOME (LOSS)	(341,090)	797,083	(687,360)	(231,367)	491,025
NONOPERATING REVENUES (EXPENSES):					
Investment and rental income	168,950	-	30,261	199,211	169,091
Interest and related expenses	(40,099)	(10,384)	(24,933)	(75,416)	(58,322)
Gain (loss) on sale of capital assets	-	-	(33,637)	(33,637)	-
Total nonoperating revenues (expenses)	128,851	(10,384)	(28,309)	90,158	110,769
Net income (loss) before contributions and operating transfers	(212,239)	786,699	(715,669)	(141,209)	601,794
Capital contributions	-	-	10,722	10,722	2,581,447
Transfers in (Note 5)	1,506,344	20,000	430,174	1,956,518	1,012,695
Transfers (out) (Note 5)	(384,476)	(820,000)	(173,000)	(1,377,476)	(1,033,814)
Change in net position	909,629	(13,301)	(447,773)	448,555	3,162,122
NET POSITION:					
Total net position - Beginning, as restated (Note 15)	2,228,786	(74,060)	9,597,736	11,752,462	(1,007,396)
Total net position - Ending	\$ 3,138,415	\$ (87,361)	\$ 9,149,963	\$ 12,201,017	\$ 2,154,726

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

Governmental Activities Internal Service Funds	Total Internal Service Funds	
	2013	2012
\$ 3,417,060	\$ 3,417,060	\$ 2,311,507
-	-	-
<u>3,417,060</u>	<u>3,417,060</u>	<u>2,311,507</u>
-	-	49,165
364,049	364,049	350,590
871,172	871,172	795,001
<u>1,235,221</u>	<u>1,235,221</u>	<u>1,194,756</u>
<u>2,181,839</u>	<u>2,181,839</u>	<u>1,116,751</u>
-	-	-
(380,136)	(380,136)	(1,441,825)
<u>(56,779)</u>	<u>(56,779)</u>	<u>(10,114)</u>
<u>(436,915)</u>	<u>(436,915)</u>	<u>(1,451,939)</u>
<u>1,744,924</u>	<u>1,744,924</u>	<u>(335,188)</u>
116,029	116,029	102,157
1,205,504	1,205,504	2,258,250
<u>(81,518)</u>	<u>(81,518)</u>	<u>(56,350)</u>
2,984,939	2,984,939	1,968,869
<u>662,953</u>	<u>662,953</u>	<u>9,298,702</u>
<u>\$ 3,647,892</u>	<u>\$ 3,647,892</u>	<u>\$ 11,267,571</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, 2013
(With comparative information for the prior year)

	Business-type Activities - Enterprise Funds		
	Golf Course - City Administration	Boundary Oak - Onsite Contract Operations	Downtown Parking and Enhancement
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 75,000	\$ 5,004,550	\$ 2,367,526
Payments to suppliers	(339,067)	(4,077,564)	(2,785,641)
Payments to employees	218	-	15,069
Internal activity			
Receipts from other funds	-	-	-
Payments to other funds	(340,410)	-	(973,431)
Other receipts	(25,000)	27,530	-
Net cash provided (used) by operating activities	(629,259)	954,516	(1,376,477)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	1,515,839	20,000	430,174
Transfers out	(393,971)	(820,000)	(173,000)
Net cash provided (used) by operating activities	1,121,868	(800,000)	257,174
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital Contribution	-	-	10,722
Acquisition of capital assets	(75,000)	(106,250)	-
Proceeds from the sale of capital assets	-	-	-
Interest paid on debt	(40,099)	(10,384)	(24,933)
Principal paid on long-term debt	(120,000)	(128,800)	(194,620)
Proceeds from capital lease	-	106,250	-
Net cash provided (used) by capital and related financing activities	(235,099)	(139,184)	(208,831)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received	168,478	-	30,337
Net cash provided by investing activities	168,478	-	30,337
Net increase (decrease) in cash and cash equivalents	425,988	15,332	(1,297,797)
CASH AND INVESTMENTS:			
Beginning of the year	1,315,415	280,459	2,759,305
End of the year	\$ 1,741,403	\$ 295,791	\$ 1,461,508
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) OPERATING ACTIVITIES			
Operating (loss)	\$ (341,090)	\$ 797,083	\$ (687,360)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:			
Depreciation	56,829	136,313	389,325
Changes in assets and liabilities:			
Accounts receivable	-	(3,502)	(220,544)
Inventory / prepaid items	-	5,656	-
Due from other funds	-	-	-
Advance from other funds	-	-	-
Accounts payable and accrued liabilities	20,194	(8,564)	100,464
Salaries and wages payable	218	-	15,069
Due to other funds	(340,410)	-	(973,431)
Deposits payable	-	12,868	-
Deferred revenue	(25,000)	14,662	-
Net cash provided (used) by operating activities	\$ (629,259)	\$ 954,516	\$ (1,376,477)

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

Total Enterprise Funds		Governmental Activities Internal Service Funds	Total Internal Service Funds	
2013	2012		2013	2012
\$ 7,447,076	\$ 4,575,175	\$ 3,455,371	\$ 3,455,371	\$ 2,271,224
(7,202,272)	(3,785,057)	(367,932)	(367,932)	(411,583)
15,287	(95,808)	-	-	-
-	427,159	7,720,857	7,720,857	6,838,427
(1,313,841)	(3,010,196)	(256,953)	(256,953)	(8,319,060)
2,530	116,894	-	-	-
(1,051,220)	(1,771,833)	10,551,343	10,551,343	379,008
1,966,013	1,012,695	1,205,504	1,205,504	2,258,250
(1,386,971)	(1,033,814)	(81,518)	(81,518)	(56,350)
579,042	(21,119)	1,123,986	1,123,986	2,201,900
10,722	2,581,447	116,029	116,029	-
(181,250)	(7,300)	(2,024,260)	(2,024,260)	49,170
-	-	-	-	-
(75,416)	(58,322)	(380,137)	(380,137)	(1,015,217)
(443,420)	(253,047)	(1,314,724)	(1,314,724)	(1,614,861)
106,250	-	-	-	-
(583,114)	2,262,778	(3,603,092)	(3,603,092)	(2,580,908)
198,815	168,266	-	-	-
198,815	168,266	-	-	-
(856,477)	638,092	8,072,237	8,072,237	-
4,355,179	957,782	-	-	-
\$ 3,498,702	\$ 1,595,874	\$ 8,072,237	\$ 8,072,237	\$ -
\$ (231,367)	\$ 491,025	\$ 2,181,839	\$ 2,181,839	\$ 1,116,751
582,467	176,819	871,172	871,172	795,001
(224,046)	(12,409)	38,311	38,311	(40,283)
5,656	(13,793)	(10,604,618)	(10,604,618)	(1,922,376)
-	427,159	7,720,857	7,720,857	(522,219)
-	-	10,604,618	10,604,618	1,922,376
112,094	55,141	(3,883)	(3,883)	(11,828)
15,287	(2,473)	-	-	-
(1,313,841)	(3,010,196)	(256,953)	(256,953)	(958,414)
12,868	76,717	-	-	-
(10,338)	40,177	-	-	-
\$ (1,051,220)	\$ (1,771,833)	\$ 10,551,343	\$ 10,551,343	\$ 379,008

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).

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City of Walnut Creek
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2013

	Private-purpose Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents (Note 2)	\$ 4,138,126	\$ 11,719,625
Cash and investments held with fiscal agent	1,054,010	-
Receivables:		
Accounts receivable	-	91,229
Interest receivable	2,210	15,996
Total Receivables	<u>2,210</u>	<u>107,225</u>
Total assets	<u>5,194,346</u>	<u>\$ 11,826,850</u>
LIABILITIES		
Accounts payable	41,666	\$ 270,507
Accrued Payroll	989	-
Due to other governments	-	5,631,657
Due to bondholders	-	1,746,548
Advance deposits	-	4,178,138
Bonds payable (Note 16)	575,594	-
Total current liabilities	<u>618,249</u>	<u>11,826,850</u>
Noncurrent liabilities:		
Long-term Bonds Payable (Note 16)	<u>2,746,191</u>	<u>-</u>
Total noncurrent liabilities	<u>2,746,191</u>	<u>-</u>
Total liabilities	<u>3,364,440</u>	<u>\$ 11,826,850</u>
NET POSITION		
Restricted - Held in trust for other governments	<u>\$ 1,829,906</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
June 30, 2013

	Private Purpose Trust Fund
ADDITIONS:	
Property taxes	\$ 823,065
Investment earnings	7,101
Total additions	<u>830,166</u>
DEDUCTIONS:	
Community development	99,748
Interest, fiscal charges and issuance costs	181,536
Total deductions:	<u>281,284</u>
TRANSFERS:	
Transfers in	659,683
Transfers (out)	(726,508)
Net Transfers	(66,825)
Change in net position	482,057
Net Position	
Total net position - Beginning	<u>1,347,849</u>
Total net position - Ending	<u>\$ 1,829,906</u>

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

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, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

Blended Component Unit

Walnut Creek Public Facilities Financing Authority (Authority)

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

The 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, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

The City reports the following major governmental funds:

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

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

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

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

C. Measurement Focus and Basis of Accounting

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement Focus and Basis of Accounting, Continued

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

Proprietary Fund Financial Statements

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

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

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

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

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

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

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement Focus and Basis of Accounting, Continued

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

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

Internal Service Fund Financial Statements

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

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

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

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

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

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

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

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

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.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement Focus and Basis of Accounting, Continued

Fiduciary Fund Financial Statements

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

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

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

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

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

Fiduciary fund financial statements for the Successor Agency to the Redevelopment Agency *Private-Purpose Trust fund* type include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The funds include the following:

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

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

D. Cash, Cash Equivalents and Investments

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

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

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Cash, Cash Equivalents and Investments, Continued

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

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

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

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

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

E. Restricted Assets

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

F. Compensated Absences

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Property Taxes

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

H. Long-Term Debt

Government-Wide Financial Statements

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

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bonds proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the U.S. Treasury at least every five years. The City has evaluated each bond issued subject to the arbitrage rebate requirements and has determined that no arbitrage liability exists at June 30, 2013. The City has complied with all significant bond covenants relating to reserve and sinking fund requirements.

Fund Financial Statements

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

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

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

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Use of Estimates

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

J. Capital Assets

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

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

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

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

K. Public Facilities Financing

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

L. Comparative Prior Year Data and Reclassifications

The information included in the accompanying financial statements for the prior year has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Certain amounts presented in the prior year financial statements have been reclassified in order to be consistent with the current year's presentation.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Net Position and Fund Balance

Net Position

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

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

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

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

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

Fund Balances

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

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

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

Committed - Committed fund balances encompass the portion of net fund resources which use is constrained by limitations that the government imposes upon itself by formal action through City Council Resolution or Ordinance. The City Council is also the highest level of decision making for all of its component units. Commitments may be changed or removed only by the same formal action (City Resolution or City Ordinance) taken by the City Council to impose the constraint.

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

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

The order in which resources will be expended is as follows: Restricted Fund Balance, followed by Committed Fund balance, Assigned Fund Balance, and lastly Unassigned Fund Balance.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. Inventory and Prepaid Items

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

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

The amount of inventory and prepaid expense reported in the General Fund are offset by nonspendable fund balance, which indicates that they do not constitute available spendable resources, even though they are a component of net current assets. A liability in the form of advances from other funds to be repaid starting in fiscal year 2010-11 and concluding in fiscal year 2018-19.

O. New Funds, Renamed Funds and Closed Funds

The Clubhouse - City Administration Fund was closed and activities are now accounted for in the Golf Course - City Administration Fund.

The Downtown Parking and Enhancement Special Revenue Fund has been reclassified as an Enterprise Fund.

P. Implementation of Governmental Accounting Standards Board Statements

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards. The City became subject to the following significant GASB Statements which for the year ended June 30, 2013.

GASB Statement No. 63 - During fiscal year 2012-2013, the City adopted the provisions of *GASB Statement No. 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Positions*. The statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and the resulting net position. Ultimately, this new framework will serve to standardize the presentation of deferred balances and their effects on a government's net position and address uncertainty related to their display. As a result the title of "Net Assets" were changed to "Net Position".

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.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

A. Cash Deposits

At June 30, 2013, the carrying amount of the City's deposits was \$1,687,201. Bank balances before reconciling items were \$3,087,592 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

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

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

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

B. Investments

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

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	3 years	20%	\$2 million
Negotiable Certificates of Deposit	6 months	30%	\$2 million
Bankers Acceptances	180 days	40%	\$2 million
Commercial Paper (Corporations)	270 days	15%	\$2 million
Medium-Term Corporate Notes	5 Years	5% or \$5 million	\$2 million
California Local Agency Investment Fund (LAIF)	N/A	\$120 million	None
California Asset Management Program (CAMP)	N/A	None	None
Money Market Mutual Funds	N/A	20%	10%

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

B. Investments, Continued

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. The following is a summary of cash and investments at June 30, 2013:

	Government-Wide Statement of Net Position			Fiduciary Fund	
	Governmental Activities	Business-Type Activities	Total	Financial Statements	Total
Cash and investments	\$ 62,994,860	\$ 3,334,998	\$ 66,329,858	\$ 15,857,751	\$ 82,187,609
Cash and investments with fiscal agent	\$ -	\$ 163,704	\$ 163,704	\$ 1,054,010	\$ 1,217,714



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

C. Summary of Cash and Investments, Continued

Deposits and investments were categorized as follows at June 30, 2013:

	Credit Quality Ratings	Fair Value
City Treasury Deposits:		
Deposits	Not Rated	\$ 1,687,201
Petty cash	Not Rated	21,420
Total City treasury deposits		1,708,621
City Treasury Investments:		
Securities of U.S. Government Agencies		
Federal Home Loan Bank (FHLB)	AA+	973,570
Federal Farm Credit Bureau (FFCB)	AA+	2,974,650
Federal National Mortgage Assoc (FNMA)	AAAe/AA+	7,908,500
Federal Home Loan Mortgage Corp (FHLMC)	AA+	2,978,320
Commercial Paper	A-1	997,100
Certificate of Deposits	Not Rated	3,416,975
Medium Term Corporate Notes	A / A+ / AA	5,833,455
U.S. Treasury Money Market	AAA	46,472
Local Agency Investment Funds	Not Rated	55,349,943
Total City treasury investments		80,478,985
Total cash and investments		\$ 82,187,606
Investments With Fiscal Agent:		
Securities of U.S. Government Agencies		
U.S. Treasury Money Market	AAA	\$ 1,217,714
Total investments with fiscal agent		\$ 1,217,714



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

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, 2013 amounted to an unrealized loss of \$191,890.

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, 2013, the City's pooled cash and investments had the following maturities.

Investment Type	Fair Value	Investment Maturities (in years)				
		1 year or less	1-2 years	2-3 years	3-4 years	4-5 years
Local Agency Investment Funds	\$ 55,349,943	\$ 55,349,943	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Money Market	46,472	46,472	-	-	-	-
Medium Term Corporate Notes	5,833,455	-	1,036,040	2,859,825	-	-
Securities of U.S. Government:						
Federal Home Loan Bank	973,570	-	-	-	-	973,570
Federal Farm Credit Bureau	2,974,650	-	-	-	2,974,650	-
Federal Home Loan Mortgage Company	2,978,320	-	-	-	1,003,340	1,974,980
Federal National Mortgage Association	7,908,500	3,017,310	-	-	988,620	3,902,570
Commercial Paper	997,100	997,100	-	-	-	-
Certificate of Deposits	3,416,975	247,784	248,474	1,737,177	736,677	446,863
Total	\$ 80,478,985	\$ 59,658,609	\$ 1,284,514	\$ 4,597,002	\$ 5,703,287	\$ 7,297,983

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 same of the City at the City's third party custodian. Therefore, the City is not exposed to custodial credit risk.

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

E. Risk Disclosures, Continued

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Accordingly, the notes to the financial statements should disclose if the government has 5 percent or more of its total investments in a single issuer. More than 5% of the City's investments are in the Federal National Mortgage Association. These investments are 9.83%, 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, 2013, 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, 2013, the City had \$55,349,943 invested in LAIF, which had invested 1.96% of the pool investment funds in Structured Notes and Asset-Backed Securities. The City valued its investments in LAIF as of June 30, 2013, 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 1.000273207.

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, 2013

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

G. Risk Investments Authorized by Debt Agreements, Continued

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

3. NOTES AND LOANS RECEIVABLE

Summary of Notes and Loans Receivable

At June 30, 2013, the City's notes and loans receivable and related deferred revenue consisted of the following:

	Loans and Notes Receivable
Home Rehabilitation Loans	\$ 1,295,515
First-Time Homebuyers	2,406,488
The Oaks Apartments	368,000
Sierra Drive Apartments	376,503
Acalanes Court Apartments	1,260,503
Acalanes Court Apartments (#2)	130,000
Casa Montego II, Incorporated	1,605,156
Ivy Hill Apartments	1,625,000
MP Tice Oak Associates	363,721
Villa Vasconcellos Apartments	2,419,635
Third Avenue Apartments	4,093,499
Pleasant Creek Homes	370,000
Equity Loans to City Employees (Note 13)	180,000
Senior Outreach Services	14,681
	\$ 16,508,701

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 in the near term, they have been offset by entries to deferred revenue in the fund financial statements.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

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, 2013, these loans totaled \$1,295,515 and the program included 32 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, 2013, First-Time Homebuyer Loans totaling \$2,406,488 had been extended and the program included 54 participants.

The Oaks Apartments

At June 30, 2013, 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 2012-13.

Sierra Drive Apartments

At June 30, 2013, the City held a note receivable from the Affordable Housing Association in the amount of \$327,000 and the Housing Successor Agency held a similar note in the amount of \$49,503 for a combined amount of \$376,503. The notes were entered into on December 8, 1995, 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. Commencing December 8, 2001, the notes accrue interest at a rate of 3% until paid in full. Principal and interest payments are to be paid annually, if the project generates surplus cash. Any remaining unpaid principal and interest is due in full January 1, 2026. The project did not generate surplus cash as for fiscal year 2012-13.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. NOTES AND LOANS RECEIVABLE, Continued

Acalanes Court Apartments

At June 30, 2013, 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, 2013, 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.

Casa Montego II

At June 30, 2013, 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 2012-13.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. NOTES AND LOANS RECEIVABLE, Continued

Ivy Hill Apartments/Regent on the Park Condominiums

At June 30, 2013, 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, 2013, the City held two notes receivable from MP Tice Oaks Associates with a total loan balance outstanding of \$363,721. These two Notes (\$98,583 funded by the City's Affordable Housing Fund and \$265,138 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, 2013, the City held a note receivable from Resources for Community Development with an outstanding balance of \$1,731,449 (consisting of \$606,475 Community Block Grant Funds and \$1,124,974 in City inclusionary housing in-lieu fees). The Housing Successor Agency held a similar note with an outstanding balance of \$688,186. The promissory notes were originally entered into on October 7, 2004 for \$680,000 and \$720,000, respectively, to facilitate the building of a 72-unit rental apartment complex to provide housing for very low-income households. The City promissory note was amended and restated for an additional \$1,122,265 on November 10, 2005. Both notes state that no interest is to be accrued on the unpaid principal balance, except in the event of a default, in which case interest shall begin to accrue on the date of the default and continue until such time as the Loan is repaid in full, or the default is cured, at the default rate of the lesser of ten percent (10%), compounded annually or the highest rate permitted by law. Principal is due on May 1 following completion of the construction equal to the City and Housing Successor Agency proportionate share of the lenders' share of residual receipts. Principal sum and all other sums shall be due and payable in full 55 years from completion of the project as evidence by a certificate of occupancy, which was issued April 1, 2008. During the period, loan repayments equal to lenders' share of residual receipts totaling \$26,311 were received. At June 30, 2013, these loans totaled \$2,419,635.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. NOTES AND LOANS RECEIVABLE, Continued

Third Avenue Apartments

At June 30, 2013, 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, 2013, 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, 2013, this certificate had not been issued and the loans outstanding totaled \$4,093,499.

Pleasant Creek Homes

At June 30, 2013, 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.

Senior Outreach Services

At June 30, 2013, the City held a note receivable from Senior Outreach Services in the amount of \$14,681 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.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

4. UNEARNED/DEFERRED 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, 2013, unearned revenues in the Government-Wide Financial Statements were as follows:

	Governmental Activities	Business-Type Activities	Totals
Permits and inspection fees	\$ 968,690	\$ -	\$ 968,690
Business licenses	1,118,889	-	1,118,889
Prepaid rental revenue	77,197	77,020	154,217
Mandated costs	48,591	-	48,591
Grants	78,716	-	78,716
Total	\$ 2,292,083	\$ 77,020	\$ 2,369,103

B. Fund Financial Statements

At June 30, 2013, the following deferred revenues were recorded in the Fund Financial Statements because either the revenues had not been earned or the funds were not available to finance expenditures of the current period:

Governmental Funds:

	General Fund	Housing Successor Agency Fund	Housing Fund	Capital Investment Program Fund	Non-Major Governmental Funds	Total
Permits and planning inspection fees	\$ 968,690	\$ -	\$ -	\$ -	\$ -	\$ 968,690
Business licenses	1,118,889	-	-	-	-	1,118,889
Prepaid rental revenue	77,197	-	-	-	-	77,197
Grants	31,421	-	-	47,295	-	78,716
Mandated costs	48,591	-	-	-	-	48,591
Notes and loans deferred	-	7,887,619	5,514,286	-	3,106,796	16,508,701
Total	\$ 2,244,788	\$ 7,887,619	\$ 5,514,286	\$ 47,295	\$ 3,106,796	\$ 18,800,784



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

5. INTERFUND TRANSACTIONS

Fund Financial Statements

Due To/Due From

At June 30, 2013, 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			
Capital Investment Program	General Fund	2,189,308	a
Non Major Funds	General Fund	<u>286,994</u>	b
Total		<u>\$ 2,476,302</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.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

5. INTERFUND TRANSACTIONS, Continued

Long-Term Advances

Long-term advances to be repaid out of future earnings or charges at June 30, 2013, consisted of:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<u>Major Funds</u>		
General Fund	Internal Service Fund PERS Safety Side Fund Liability Fund	\$ 7,016,000
Non Major Funds	Internal Service Fund PERS Safety Side Fund Liability Fund	2,455,482
Total		<u>\$ 9,471,482</u>

Long Term Advances 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 \$1,133,136 and \$371,162, respectively. As of June 30, 2013 the amount owed by the PERS Safety Side Fund Liability internal service fund was \$9,471,482.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

5. INTERFUND TRANSACTIONS, Continued

Transfers

Transfers for the period ended June 30, 2013, were as follows:
 The explanations for these interfund transfers are listed below:

Fund Receiving Transfers	Fund Making Transfer	Amount Transferred	Notes
Major Funds			
General Fund	Non Major Funds	\$ 770,692	c
	Enterprise Funds		
	Golf Course - City Administration	11,476	f
	Downtown Parking and Enhancement	100,000	e
	Capital Investment Program	4,166,531	a
	RDA Obligation	66,825	f
		5,115,524	
Capital Investment Fund	General Fund	1,892,199	a
	Non Major Funds	4,733,529	a
	Enterprise Funds		
	Downtown Parking and Enhancement	426,000	a
	Internal Service Funds	16,040	a
		7,067,768	
Housing	General Fund	280,000	d
Non Major Funds	General Fund	498,862	d
	Capital Investment Program	5,290,144	a
		5,789,006	
Enterprise Funds			
Downtown Parking and Enhancement	Capital Investment Program	364,696	a
	Internal Service Funds	65,478	g
		430,174	
Golf Course-City Administration	Capital Investment Program	686,344	a
	Enterprise Funds		
	Boundary Oaks - Contract Operations	820,000	h
		1,506,344	
Boundary Oaks - Contract Operations	Enterprise Funds		
	Golf Course-City Administration	20,000	h
Internal Service Funds	General Fund	934,000	b
	Capital Investment Program	271,504	a
		1,205,504	
Total		\$ 21,414,320	

- 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 the downtown shuttle.
- d. To fund open space and affordable housing programs and various capital improvements.
- e. To fund garage operations, downtown parking and transportation related projects.
- f. To fund support for administrative services.
- g. To transfer parking garage fixed assets to new business-type downtown parking & enhancement fund
- h. To transfer resources between golf course administration and contractor operations.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

6. CAPITAL ASSETS

Government-Wide Financial Statements

At June 30, 2013, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Non-depreciable assets:			
Land	\$ 48,436,942	\$ 1,337,396	\$ 49,774,338
Construction in process	6,594,541	-	6,594,541
Total non-depreciable assets	<u>55,031,483</u>	<u>1,337,396</u>	<u>56,368,879</u>
Depreciable assets:			
Buildings	129,028,462	15,604,956	144,633,418
Improvement other than buildings	-	2,374,052	2,374,052
Machinery and equipment	6,806,297	2,204,189	9,010,486
Vehicles	7,460,143	396,899	7,857,042
Infrastructure	197,720,737	-	197,720,737
	<u>341,015,639</u>	<u>20,580,096</u>	<u>361,595,735</u>
Less accumulated depreciation	<u>(157,308,526)</u>	<u>(11,414,409)</u>	<u>(168,722,935)</u>
Total depreciable assets, net	<u>183,707,113</u>	<u>9,165,687</u>	<u>192,872,800</u>
Total capital assets	<u><u>\$ 238,738,596</u></u>	<u><u>\$ 10,503,083</u></u>	<u><u>\$ 249,241,679</u></u>



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

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, 2013:

	Balance July 1, 2012	Restatement	Restated Balance July 1, 2012	Additions	Deletions	Transfers	Balance June 30, 2013
Nondepreciable Assets:							
Land	\$ 48,436,942	\$ -	\$ 48,436,942	\$ -	\$ -	\$ -	\$ 48,436,942
Construction in progress	3,332,971	-	3,332,971	3,947,460	-	(685,890)	6,594,541
Total nondepreciable assets	51,769,913	-	51,769,913	3,947,460	-	(685,890)	55,031,483
Depreciable Assets:							
Buildings	142,395,527	(13,537,224)	128,858,303	86,101	-	84,058	129,028,462
Machinery and equipment	9,306,475	(1,417,657)	7,888,818	1,495,162	(2,571,235)	(6,450)	6,806,295
Vehicles	7,870,027	-	7,870,027	480,663	(451,495)	(439,051)	7,460,144
Infrastructure	196,926,043	-	196,926,043	192,863	-	601,832	197,720,738
Total depreciable assets	356,498,072	(14,954,881)	341,543,191	2,254,789	(3,022,730)	240,389	341,015,639
Accumulated Depreciation:							
Buildings	(35,804,266)	5,930,792	(29,873,474)	(2,871,179)	-	-	(32,744,653)
Machinery and equipment	(4,993,743)	540,282	(4,453,461)	(827,030)	2,254,943	1,290	(3,024,258)
Vehicles	(5,507,166)	-	(5,507,166)	(520,278)	429,764	378,733	(5,218,947)
Infrastructure	(111,020,072)	-	(111,020,072)	(5,300,596)	-	-	(116,320,668)
Total accumulated depreciation	(157,325,247)	6,471,074	(150,854,173)	(9,519,083)	2,684,707	380,023	(157,308,526)
Depreciable assets, net	199,172,825	(8,483,807)	190,689,018	(7,264,294)	(338,023)	(65,478)	183,707,113
Total governmental activities capital assets, net	\$ 250,942,738	\$ (8,483,807)	\$ 242,458,931	\$ (3,316,834)	\$ (338,023)	\$ (510,979)	\$ 238,738,596

Governmental activities depreciation expense for capital assets for the year ended June 30, 2013, are as follows:

Public protection	\$ 505,466
Public service	8,612,597
Community development	16,480
Arts, recreation and cultural services	81,790
Administrative services	282,602
General government	20,148
Total depreciation expense	\$ 9,519,083



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

6. CAPITAL ASSETS, Continued

Government-Wide Financial Statements, Continued

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

	Balance		Restated Balance				Balance
	July 1, 2012	Restatement	July 1, 2012	Additions	Deletions	Transfers	June 30, 2013
Nondepreciable Assets:							
Land	\$ 1,337,396	\$ -	\$ 1,337,396	\$ -	\$ -	\$ -	\$ 1,337,396
Total nondepreciable assets	<u>1,337,396</u>	<u>-</u>	<u>1,337,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,337,396</u>
Depreciable Assets:							
Buildings	2,067,732	13,537,224	15,604,956	-	-	-	15,604,956
Improvements	2,299,052		2,299,052	75,000	-	-	2,374,052
Equipment	758,118	1,417,657	2,175,775	106,250	(84,285)	6,450	2,204,190
Vehicles	-	-	-	10,722	(52,875)	439,051	396,898
Total depreciable assets	<u>5,124,902</u>	<u>14,954,881</u>	<u>20,079,783</u>	<u>191,972</u>	<u>(137,160)</u>	<u>445,501</u>	<u>20,580,096</u>
Accumulated Depreciation:							
Buildings	(1,400,133)	(5,930,792)	(7,330,925)	(314,199)	-	-	(7,645,124)
Improvements	(2,253,220)		(2,253,220)	(11,975)	-	-	(2,265,195)
Equipment	(431,014)	(540,282)	(971,296)	(231,065)	50,648	(1,290)	(1,153,003)
Vehicles	-	-	-	(25,228)	52,874	(378,733)	(351,087)
Total accumulated depreciation	<u>(4,084,367)</u>	<u>(6,471,074)</u>	<u>(10,555,441)</u>	<u>(582,467)</u>	<u>103,522</u>	<u>(380,023)</u>	<u>(11,414,409)</u>
Depreciable assets, net	<u>1,040,535</u>	<u>8,483,807</u>	<u>9,524,342</u>	<u>(390,495)</u>	<u>(33,638)</u>	<u>65,478</u>	<u>9,165,687</u>
Total business-type activities capital assets, net	<u>\$ 2,377,931</u>	<u>\$8,483,807</u>	<u>\$ 10,861,738</u>	<u>\$ (390,495)</u>	<u>\$ (33,638)</u>	<u>\$ 65,478</u>	<u>\$10,503,083</u>

Depreciation expense for business-type activities for the year ended June 30, 2013, is as follows:

Golf Course/Clubhouse- City Administration	\$ 56,829
Boundary Oak - On Site Contract Operations	136,313
Downtown Parking and Enhancement	389,325
Total	<u>\$ 582,467</u>



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

7. LONG-TERM DEBT

A summary of changes in long-term debt for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Restatement	Debt Issued	Debt Retired	Balance June 30, 2013	Due in one year	Due in more than one year
Governmental Activities Debt:							
Capital Lease Obligation							
Phone Equipment Lease (Master Lease #1)	\$ 181,588	\$ -	\$ -	\$ (181,588)	\$ -	\$ -	\$ -
Garage Equipment Lease (Master Lease #2)	608,126	(608,126)	-	-	-	-	-
Upgrade Streetlights to LED (PG&E Energy Efficiency Retroft Prg)	223,422	-	-	(21,749)	201,673	23,726	177,947
Parking Lot and Garage ETAP Lighting (PG&E Energy Efficiency Retroft Prg)	-	-	145,190	(9,679)	135,511	14,519	120,992
Total governmental activities debt	\$ 1,013,136	\$ (608,126)	\$ 145,190	\$ (213,016)	\$ 337,184	\$ 38,245	\$ 298,939
Business-Type Activities Debt:							
Capital Lease Obligation							
Garage Equipment Lease (Master Lease #2)	\$ -	\$ 608,126	\$ -	\$ (194,620)	\$ 413,506	\$ 202,600	\$ 210,906
Sun Trust Golf Course Equipment Lease	236,286	-	-	(112,493)	123,793	114,083	9,710
Scott Valley Golf Course Equipment Lease	-	-	106,250	(16,305)	89,945	20,276	69,668
Bonds Payable							
1997 Lease Revenue Bonds	815,000	-	-	(120,000)	695,000	125,000	570,000
Total business-type activities debt	\$ 1,051,286	\$ 608,126	\$ 106,250	\$ (443,418)	\$ 1,322,244	\$ 461,959	\$ 860,284
Total long-term debt	\$ 2,064,422	\$ -	\$ 251,440	\$ (656,434)	\$ 1,659,428	\$ 500,204	\$ 1,159,223

The City has restated the beginning long-term debt to reflect the transfer of the garage capital lease obligation to a newly established Downtown Parking and Enhancement Enterprise Fund previously reported as a Special Revenue Fund.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

7. LONG-TERM DEBT, CONTINUED

Governmental Activities

A. Capital Lease Obligation

Phone Equipment Lease (Master Lease #1)

During fiscal year 2008-09, the City entered into a lease agreement for the financing of a new phone system. 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 assets acquired under this agreement are recorded in the Equipment Replacement IT Internal Service Replacement Fund.

The financing was obtained from Key Government Finance Inc. in July 2008 for \$860,248 with an interest rate of 5% and annual payments of \$190,563 through September 2012 (the end of the lease). The outstanding balance at June 30, 2013 is \$0 as the lease expired during the current period.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

7. LONG-TERM DEBT, CONTINUED

Governmental Activities, Continued

B. 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, 2013 is \$201,673.

Year Ending June 30,	Fixed Loan payment
2014	\$ 23,726
2015	23,726
2016	23,726
2017	23,726
2018	23,726
2019-2021	83,043
Total	\$ 201,673



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

7. LONG-TERM DEBT, Continued

Government Activities

B. Loan Payable, continued

PG&E Energy Efficiency Retrofit Program Loan #2

During fiscal year 2012-13, the City entered into an Energy Efficiency Retrofit On -bill financing loan agreement with Pacific Gas & Electric for the cost of installing new light-emitting diode (LED) light fixtures energy efficiency demand response equipment and service to City parking lots, garages and public service yards. This loan was recorded at the acquisition cost of \$145,190 to be paid back monthly based on expected energy savings. The simple payback term, based on fixed monthly payments of \$1,210, is estimated to be approximately 9.92 years. The outstanding balance at June 30, 2013 is \$135,511.

Year Ending June 30,	Fixed Loan payment
2014	\$ 14,519
2015	14,519
2016	14,519
2017	14,519
2018	14,519
2019-2023	62,916
Total	\$ 135,511



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

7. LONG-TERM DEBT, Continued

Business-Type Activities

A. Capital Lease Obligation

Garage Equipment Lease (Master Lease #2)

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

The financing was obtained from Suntrust Bank in July 2009 for \$974,673 with an interest rate of 4.0249% and annual payments of \$219,553 beginning July 2010 through July 2014 (the end of the lease). The outstanding balance at June 30, 2013 is \$413,506.

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

Year Ending June 30,	Master Lease #2
2014	\$ 219,553
2015	219,553
Subtotal	439,106
Less amount representing interest	<u>25,600</u>
Present value of future lease payments	<u><u>\$ 413,506</u></u>



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

7. LONG-TERM DEBT, Continued

Business-Type Activities, Continued

A. Capital Lease Obligation, Continued

Golf Course Equipment Lease #1

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

The financing was obtained from Suntrust Bank in July 2009 for \$624,360 with an interest rate of 3.9% and monthly payments of \$12,516 through July 2012 and monthly payments of \$9,741 from August 2012 through July 2014 (the end of the lease). The outstanding balance at June 30, 2013 is \$123,793.

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

Year Ending June 30,	Master Lease
2014	\$ 116,886
2015	9,741
Subtotal	126,627
Less amount representing interest	<u>2,833</u>
Present value of future lease payments	<u><u>\$ 123,793</u></u>



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

7. LONG-TERM DEBT, Continued

Business-Type Activities, Continued

A. Capital Lease Obligation, Continued

Golf Course Equipment Lease #2

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

The financing was obtained from Scott Valley Bank in June 2012 for \$106,250 with an interest rate of 3.9% and monthly payments of \$1952.08 monthly payments beginning July 2012 through August 2017 (the end of the lease). The outstanding balance at June 30, 2013 is \$89,945.

<u>Year Ending June 30,</u>	<u>Master Lease</u>
2014	\$ 23,425
2015	23,425
2016	23,425
2017	23,425
2018	<u>3,904</u>
Subtotal	97,604
Less amount representing interest	<u>7,659</u>
Present value of future lease payments	<u>\$ 89,945</u>



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

7. LONG-TERM DEBT, Continued

Business-Type Activities, Continued

B. Bonds Payable

1997 Lease Revenue Bonds

On August 1, 1997, the Public Financing Authority of the City of Walnut Creek issued its 1997 lease revenue bonds in the amount of \$2,000,000. The bonds were issued to finance various renovations and improvements to the Boundary Oak Municipal Golf Course. The bonds bear interest at rates from 3.85% to 5.375% and are due on August 15, 2017. The bonds are to be repaid from rental payments made by the City. Principal payments are due annually on August 15. Interest payments are due semiannually on February 15 and August 15. The balance outstanding as of June 30, 2013 was \$695,000.

The annual debt service requirements for the 1997 Lease Revenue Bonds outstanding at June 30, 2013, were as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 125,000	\$ 33,584	\$ 158,584
2015	130,000	26,921	156,921
2016	140,000	19,798	159,798
2017	145,000	12,210	157,210
2018	155,000	4,166	159,166
Total	\$ 695,000	\$ 96,679	\$ 791,679

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, 2013 was \$22,885,000.

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, 2013 was \$99,860,000.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

8. COMPENSATED ABSENCES

Compensated absences at June 30, 2013 were as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due within one year	Due in more than one year
Governmental Activities:	\$ 3,229,719	\$ 2,568,686	\$ (2,599,199)	\$ 3,199,206	\$ 142,821	\$ 3,056,385
Business type Activities:	\$ 65,979	\$ 55,509	\$ (47,400)	\$ 74,088	\$ 388	\$ 73,700

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, 2013, the following funds had deficit fund equity:

Boundary Oak - Onsite Contract Operations	\$ (87,361)
Capital Investment Program	(200,392)
PERS Safety Side Fund Liability Internal Service Fund	(9,471,481)

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 Capital Investment program deficit equity balance, due to timing, will be reduced in the next period with available source of funds. The PERS Safety Side Fund liability will be reduced through repayment of the interfund advance from resources transferred from other funds.

Fund Balance Classifications

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

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

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

9. FUND EQUITY, Continued

3) Committed Fund Balance - The portion of fund balance that includes amounts that can only be used for specific purposes pursuant to constraints imposed by Resolution 11-30, adopted on June 7, 2011 by the City Council, as amended by Resolution 12-36 on June 19, 2012, and remain binding unless removed by a subsequent resolution. These funds are not anticipated to be used routinely.

4) Assigned Fund Balance - The portion of fund balance that includes amounts that are constrained by the City's intent to be used for specific purposes, but that are neither restricted nor committed. The City Council Resolution 11-30 establishing the classifications of fund balance in accordance with GASB 54, adopted on June 7, 2011, delegates to the City Manager the authority to carry thru Council direction related to those components of Fund Balance that are reported as "Assigned" in the City 's Comprehensive Annual Financial Report. It is anticipated that these funds would be used routinely.

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

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

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance categories, the order in which resources will be expended is as follows: Restricted Fund Balance, followed by Committed fund balance, Assigned Fund Balance and lastly Unassigned Fund Balance.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

9. FUND EQUITY, Continued

In Governmental Funds, the segregate portions of fund balances are presented as follows for the fiscal year ended June 30, 2013:

	General Fund	Housing Successor Agency	Housing	Capital Investment Program	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable						
Advance to other funds	\$ 7,016,000	\$ -	\$ -	\$ -	\$ 2,455,482	\$ 9,471,482
Inventory	40,832	-	-	-	-	40,832
Notes & loans receivable	-	-	-	-	229,500	229,500
Prepaid expense	150,294	-	-	-	-	150,294
Total Nonspendable	7,207,126	-	-	-	2,684,982	9,892,108
Restricted						
Capital projects	-	-	-	-	13,239,192	13,239,192
Community development	-	310,017	1,577,661	-	3,863,636	5,751,314
Other purposes	-	-	-	-	2,572,000	2,572,000
Street projects	-	-	-	-	6,680,076	6,680,076
Total Restricted	-	310,017	1,577,661	-	26,354,904	28,242,582
Committed						
Catastrophic emergency	6,683,733	-	-	-	-	6,683,733
Compensated absences	143,208	-	-	-	-	143,208
Dental claims	236,670	-	-	-	-	236,670
Fiscal emergency	3,677,606	-	-	-	-	3,677,606
Legal claims	3,000,000	-	-	-	-	3,000,000
PERS liability	168,923	-	-	-	-	168,923
Total Committed	13,910,140	-	-	-	-	13,910,140
Assigned						
ARCS Scholarships	48,730	-	-	-	-	48,730
Capital Projects - General Fund portion	4,166,531	-	-	-	-	4,166,531
Contractual Commitments	1,377,379	-	-	-	-	1,377,379
Community Development	-	-	-	-	818,437	818,437
Total Assigned	5,592,640	-	-	-	818,437	6,411,077
Unassigned						
City Manager Contingency	71,824	-	-	-	-	71,824
Council Contingency	123,943	-	-	-	-	123,943
Unassigned Fund Balance	7,932,835	-	-	(200,392)	-	7,732,443
Total Unassigned	8,128,602	-	-	(200,392)	-	7,928,210
Total Fund Equity	\$ 34,838,508	\$ 310,017	\$ 1,577,661	\$ (200,392)	\$ 29,858,323	\$ 66,384,117



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

9. FUND EQUITY, Continued

General Fund Reserve Requirements

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

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

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

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

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

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

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

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, 2013 is as follows:

Total Assets	\$47,974,069
Total Liabilities	\$37,919,994
Total Equity	\$10,054,075
Total Revenues	\$17,677,196
Total Expenses	\$19,848,460
Net Change in Fund Equity	\$(2,181,264)



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

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, 2013, 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, 2011	\$ 135,627	\$ 3,138,563	\$ 495,790	\$ 3,769,980
Claims incurred	598,990	872,575	404,775	1,876,340
Changes in estimates	65,596	324,251	(49,419)	340,428
Claims paid	(598,990)	(872,575)	(404,775)	(1,876,340)
Balance as of June 30, 2012	\$ 201,223	\$ 3,462,814	\$ 446,371	\$ 4,110,408
Balance as of July 1, 2012	\$ 201,223	\$ 3,462,814	\$ 446,371	\$ 4,110,408
Claims incurred and changes in estimate	405,889	937,965	(446,371)	897,483
Claims paid	(54,032)	(709,626)	-	(763,658)
Balance as of June 30, 2013	\$ 553,080	\$ 3,691,153	\$ -	\$ 4,244,233
Current portion as of June 30, 2013				\$ 763,658
Long term portion as of June 30, 2013				\$ 3,480,575

Dental claims liability has been eliminated to reflect actual claim expenses for the fiscal year as third party administrator estimates were unavailable.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

11. PENSION PLANS

California Public Employees' Retirement Plan

Plan Description

The City contributes to the California Public Employee Retirement System (PERS). PERS acts as a common investment and administrative agent for participating public entities within the State of California. The miscellaneous employees of the City are part of a three-tier agent multiple-employer defined benefit pension plan. The safety employees are part of a three-tier cost-sharing multiple-employer defined benefit plan.

The second tier retirement program provides a lower level of retirement benefits than the first tier. Employees hired after March 2, 2012 (miscellaneous personnel) and after November 23, 2012 (sworn safety personnel) who meet eligibility requirements, are enrolled in the second tier program.

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

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

Funding and Actuarial Information for Miscellaneous and Safety Employees Plans

Miscellaneous and safety participants are required to contribute 7% and 9% of their annual covered salary respectively. The City makes most of the contributions required of safety employees and some of the contributions for miscellaneous employees on their behalf and for their account. In addition, the City is required to make an employer contribution at an actuarial determined rate of 26.416% and 16.083% for safety and miscellaneous employees respectively, of annual covered payroll for the year ended June 30, 2013. The City's total payroll for the year ending June 30, 2013 was \$29,406,945. The contribution requirements of plan members and the City are established and may be amended by PERS.

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

The ARC for the period July 1, 2012 to June 30, 2013 has been determined by actuarial valuations of the plans as of June 30, 2010. The City's covered payroll for PERS was \$8,993,963 and \$20,412,982 for safety and miscellaneous employees respectively, for the year ended June 30, 2013. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2013, the contribution rate for safety and miscellaneous employees is multiplied by the payroll of covered in each plan that were paid during the period



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

11. PENSION PLANS, Continued

California Public Employees' Retirement Plan, Continued

from July 1, 2012 to June 30, 2013. A summary of principal assumptions and methods used to determine the ARC for both plans is shown below:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	25 Years as of the Valuation Date for Miscellaneous; 18 Years for Safety
Asset Valuation Period	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.5% (net of administrative expenses)
Projected Salary Increases	3.3%- 14.2% (based on age, service and type of employment)
Inflation	2.75%
Payroll Growth	3.0%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

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

Safety Employees Plan

Fiscal Year	Employer Contribution Rate	Employer Contribution	Percentage Contributed
6/30/2011	20.880%	\$ 1,951,930	100%
6/30/2012	25.821%	2,397,409	100%
6/30/2013	26.416%	2,366,487	100%

Miscellaneous Employees Plan

Fiscal Year	Employer Contribution Rate	Employer Contribution	Percentage Contributed
6/30/2011	14.814%	\$ 3,222,304	100%
6/30/2012	15.604%	3,316,665	100%
6/30/2013	16.083%	3,283,020	100%



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

11. PENSION PLANS, Continued

Safety (Classic) Employees Plan

Fiscal Year	Employer Contribution Rate	Employer Contribution	Percentage Contributed
6/30/2013	21.802%	\$ 7,723	100%

Schedule of Funding Progress

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

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

Miscellaneous Employees Plan

Valuation Date	Asset Value	Accrued Liability	Accrued Liability	Funded Ratio	Covered Payroll	of Covered Payroll
6/30/2012	\$ 128,320,816	\$ 160,274,554	\$ (31,953,738)	80.1%	\$ 20,798,094	153.6%

Safety Employees Plan

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

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

11. PENSION PLANS, Continued

Apple Retirement Plan

During 2008, the City implemented a defined contribution pension plan (Apple Plan) for all of its non-regular employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. All non-regular employees (except for those who exercised a one-time opt out during the initial implementation of the plan) are required to participate from the date of employment. Federal legislation requires contributions of at least 7.5% to a retirement plan, with the employees contributing 5% and the City contributing 2.5%. The City's contributions for each employee (and interest earned by the accounts) are fully vested immediately.

For the year ended June 30, 2013, the City's payroll covered by the plan was \$1,032,198 and the City made employer contributions of \$25,807 (2.5% of current covered payroll).

12. CONTINGENCIES

A. Lawsuits in the Normal Course of Business

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

B. Grant Obligations

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

C. Construction Commitments

The City had several outstanding or planned construction projects as of June 30, 2013. These projects are typically evidenced by contractual commitments with consultants and/or contractors, and include the major projects listed below:



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

12. CONTINGENCIES, Continued

<u>Project Description</u>	<u>Amounts</u>
Geary-Pleasant Hill Road to Putnam Roadway Maintenance	\$ 8,172,896
All Weather Sports Fields	5,539,700
Undergrounding of Utilities	2,000,000
Safe Routes to School-San Juan Sidewalk 2011-12 Overlay	986,296
In-Pavement Lights at Various Locations	849,302
Larkey Replastering and Code	844,692
Civic Park Ice Rink / Bocce Improvements	754,528
Boundary Oak Exterior Repair	689,708
	650,000
	635,280
	<u>\$ 21,122,402</u>

13. RELATED PARTY 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 7.9% of the net sales proceeds (specified in each agreement) after deducting the cost of sale, escrow fees and the market value of capital improvements made by the owner. There were no new agreements entered into during the 2013 fiscal year. Total equity loans to City employees as of June 30, 2013 was \$180,000.

14. EXCESS EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2013 operating expenditures exceeded appropriations at the fund level (the legal level of budgetary control) for the following special revenue funds:

Traffic Safety/Grants	\$371,951
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These expenditures were funded by either greater than anticipated revenues or available fund balance in these funds.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

15. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

A. Government Wide Financial Statements

The City has restated the beginning net position to reflect a) the transfer of capital assets to a newly established Downtown Parking and Enhancement Enterprise Fund previously reported as a Special Revenue Fund and b) the elimination of the Prepaid Expense reported in the PERS Safety Side Fund Liability Internal Service Fund.

	Governmental Activities	Business Activities
Net position, as previously reported, June 30, 2012	\$ 331,265,818	\$ 2,154,726
Adjustment: Transfer of Net Position	(1,722,055)	1,722,055
Adjustment: Transfer of Capital Assets	(8,483,807)	8,483,807
Adjustment: Transfer of Capital Lease Obligation	608,126	(608,126)
Adjustment: Elimination of Prepaid Expense	(10,604,618)	-
Net position, as Restated, June 30, 2012	<u>\$ 311,063,464</u>	<u>\$ 11,752,462</u>

B. Fund Financial Statements

The City has restated the beginning fund balance for the Downtown Parking and Enhancement Fund and PERS Safety Internal Revenue Fund.

	Downtown Parking Governmental Fund	Downtown Parking Enterprise Fund	PERS Safety Side Fund Internal Service Fund
Net position\Fund balance, as previously reported, June 30, 2012	\$ 1,722,055	\$ -	\$ -
Adjustment: Transfer of Net Position\Fund Balance	(1,722,055)	1,722,055	-
Adjustment: Transfer of Capital Assets	-	8,483,807	-
Adjustment: Transfer of Capital Lease Obligation	-	(608,126)	-
Adjustment: Elimination of Prepaid Expense	-	-	(10,604,618)
Net position\Fund balance, as Restated, June 30, 2012	<u>\$ -</u>	<u>\$ 9,597,736</u>	<u>\$ (10,604,618)</u>

16. 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 and Resolution 12-05 electing to retain the housing assets and functions previously performed by the Redevelopment Agency of the City of Walnut Creek.

In addition, AB1X 26, amended by AB1484 on June 27, 2012, direct the State Controller to review the activities of all redevelopment agencies and successor agencies to determine whether an asset transfer between an



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

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

A. Redevelopment Dissolution continued

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

Low and Moderate Income Housing Fund 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 ('Agency') submitted an Oversight Board approved Low and Moderate Income Housing Due Diligence Review to the California Department of Finance (DOF) on October 15, 2012. In November 2012, the DOF sent correspondence to the City contending that an unallowable asset transfer of \$205,700 for housing loan receivables (see State Asset Transfer Review below) had been made and consequently denied the transfer of these housing asset items. The City contended that these assets were in fact not transferred and requested a meet-and-confer session. Following this meeting, the DOF, after reviewing additional information, revised the adjustment and demanded payment of \$834,571. The full payment was made from the Low and Moderate Income Housing Fund to the Contra Costa Auditor Controller on December 21, 2012. The Auditor Controller has indicated that the housing funds have been distributed to the taxing entities.

Non-Housing Funds Due Diligence Review

Pursuant to Health and Safety Code section 34179.6(c), the Successor Agency to the Redevelopment Agency of the City of Walnut Creek submitted an Oversight Board approved Non-Housing Funds Due Diligence Review to the California Department of Finance (DOF) on January 10, 2013. In March 2013, the DOF sent correspondence to the City questioning the request to retain \$2,629,381 to cover future obligations. The DOF indicated that thorough analysis demonstrating an immediate need to retain these balances was not evident. The City contended that future property tax revenues would be insufficient to meet enforceable obligations and requested a meet-and-confer session. As of June 30, the requirement to pay funds from the Non-Housing was pending results of the DOF review.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

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

Non-Housing Funds Due Diligence Review -Subsequent Event

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 Non-Housing 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 transfer 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.

State Asset Transfer Review- Subsequent Event

The State Controller's Office issued a (revised) findings draft report on September 10, 2013 asserting that \$3,081,949 in unallowable transfers to the City of Walnut Creek had occurred. A response letter by the City of Walnut Creek was sent to the State Controller's Office September 30, 2013.

The City received the State Controller's Asset Transfer Review report in December 2013. A Long Range Property Management Plan covering disposition of two sites was sent to the Department of Finance on January 16, 2014.

Cash and investments of the Successor Agency as of June 30, 2013 are discussed in Note 2 above. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2013.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

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

C. LONG-TERM DEBT

As of June 30, 2013, the balances of the Successor Agency long-term debts are presented below:

	Balance July 1, 2012	Debt Issued	Debt Retired	Balance June 30, 2013	Due in one year	Due in more than one year
Bonds Payable:						
Tax Allocation Bonds, Series 2000	\$ 1,640,000	\$ -	\$ -	\$ 1,640,000	\$ 140,000	\$ 1,500,000
Tax Allocation Bonds, Series 2003 A	1,880,000	-	(545,000)	1,335,000	290,000	1,045,000
Tax Allocation Bonds, Series 2003 B	330,000	-	-	330,000	140,000	190,000
Tax Allocation Bonds, Series 2003 B bond issuance premium	- 22,379	-	- (5,594)	- 16,785	- 5,594	- 11,191
Total long-term debt	\$ 3,872,379	\$ -	\$ (550,594)	\$ 3,321,785	\$ 575,594	\$ 2,746,191

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 \$0, and \$98,030, respectively. The total amount outstanding as of June 30, 2013, was \$1,640,000.

The annual debt service requirements for the 2000 Tax Allocation Bonds outstanding at June 30, 2013 were as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 140,000	\$ 94,040	\$ 234,040
2015	150,000	85,738	235,738
2016	160,000	76,785	236,785
2017	170,000	67,130	237,130
2018	180,000	56,805	236,805
2018-2022	<u>840,000</u>	<u>107,693</u>	<u>947,693</u>
Total	\$ 1,640,000	\$ 488,191	\$ 2,128,190



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

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

Private Purpose Trust Activities, continued

C. Bonds Payable, Continued

Tax Allocation Bonds Series 2003 A

Tax Allocation Bonds in the amount of \$6,475,000 were issued by the former Redevelopment Agency of the City of Walnut Creek on November 1, 2003. The Bonds were issued to refund and defease the 1993 Revenue Bonds, Series A and for other capital items, to acquire property in the Merged Project Area and relocate a Veterans Hall located on the property. The Bonds are due in annual principal installments of \$125,000 to \$545,000 through 2019. Interest rates range from 4.0% to 4.7% and is payable semi-annually on February 15 and August 15. Bonds maturing on or after August 15, 2010, are subject to optional redemption at cost plus accrued interest beginning August 15, 2009. Funding sources for the repayment are tax revenue deposited into the Successor Agency Private Purpose Trust and used to pay obligations listed on the approved Recognized Obligation Payment Schedule (ROPS). For the current year, principal and interest paid on the Series 2003 A Tax Allocation bonds were \$545,000 and \$69,300, respectively. The total amount outstanding as of June 30, 2013, was \$1,335,000.

The annual debt service requirements for the Series 2003 A Tax Allocation Bonds, outstanding at June 30, 2013 were as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 290,000	\$ 52,310	\$ 342,310
2015	260,000	40,695	300,695
2016	265,000	29,473	294,473
2017	270,000	17,700	287,700
2018	125,000	8,750	133,750
2019	<u>125,000</u>	<u>2,938</u>	<u>127,938</u>
Total	\$ 1,335,000	\$ 151,866	\$ 1,486,865



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

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

Private Purpose Trust Activities, continued

C. Bonds Payable, Continued

Tax Allocation Bonds Series 2003 B

Tax Allocation Bonds in the amount of \$2,335,000 were issued by the former Redevelopment Agency of the City of Walnut Creek on November 1, 2003. The Bonds were issued to refund and defease the 1993 Revenue Bonds, Series A, and for other capital items, to acquire property in the Merged Project Area and relocate a Veterans Hall located on the property. The Bonds were issued at a premium of \$72,725, which will be amortized over the life of the Bonds on the Successor Agency Trust fund financial statements using the straight line method. The Bonds are due in annual principal installments. The interest rate is 6.0% and is payable semi-annually on February 15 and August 15. Bonds maturing on or after August 15, 2010, are subject to optional redemption at cost plus accrued interest beginning August 15, 2010. Funding sources for the repayment are property tax revenue deposited into the Successor Agency Private Purpose Trust and used to pay obligations listed on the approved Recognized Obligation Payment Schedule (ROPS). For the current year, principal and interest paid on the Series 2003 B Tax Allocation Bonds were \$0 and \$19,800, respectively. The total amount outstanding as of June 30, 2013, was \$330,000.

The annual debt service requirements for the Series 2003 B Tax Allocation Bonds outstanding at June 30, 2013 were as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 140,000	\$ 15,600	\$ 155,600
2015	190,000	5,700	195,700
Total	330,000	\$ 21,300	\$ 351,300
Plus unamortized			
bond issuance premium	16,785		
Net	\$ 346,785		

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, 2013

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

Private Purpose Trust Activities, continued

C. Bonds Payable, 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 2012/13, a) the total remaining RPTTF deposits which the Successor Agency is permitted to receive is \$5,752,315 and b) the aggregate amount of debt service coming due and payable on the Bonds from the RPTTF is \$3,321,785.

As of June 30, 2013, 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.

17. NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the City's financial reporting process. Future new standards which may impact the City include the following:

In March 2012, the GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities, effective for periods beginning after December 15, 2012. The statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4, Elements of Financial Statements. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The City has not determined the effect, if any, on the financial statements.

In March 2012, the GASB issued Statement No. 66, Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62, effective for financial statements beginning after December 15, 2012. The objective of the Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The City has not determined the effect, if any, on the financial statements.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

17. NEW ACCOUNTING PRONOUNCEMENTS, Continued

In June 2012, the GASB issued Statement No. 67, Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25, effective for financial statements for fiscal years beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. GASB Statement No. 67 replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The City has not determined the effect, if any, on the financial statements.

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27, effective for fiscal years beginning after June 15, 2014. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. GASB Statement No. 68 replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The City has not determined the effect, if any, on the financial statements.

In January 2013, the GASB issued Statement No. 69, Government Combinations and Disposals of Government Operations, effective for fiscal years beginning after December 15, 2013. The objective of this statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The City has not determined the effect, if any, on the financial statements.

In April 2013, the GASB issued Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, effective for fiscal years beginning after June 15, 2013. The objective of this statement is to provide accounting and financial reporting guidance to state and local governments that either offer or receive nonexchange financial guarantees. Financial guarantees are commitments to ensure payments on an obligation of a legally separate entity or individual. The City has not determined the effect, if any, on the financial statements.

In November 2013, the GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, effective for fiscal years beginning after June 15, 2013. The objective of this statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68, Accounting and Financial Reporting for Pensions, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. The City has not determined the effect, if any, on the financial statements.

**REQUIRED
SUPPLEMENTARY INFORMATION**

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City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2013

1. BUDGETARY INFORMATION

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

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

Expenditures are controlled at the fund level for all budgeted departments within the City. This is the level at which expenditures may not legally exceed appropriations. Budgeted amounts for the Combined Statement of Revenues, Expenditures and Other Financing Sources (Uses) - Budget and Actual include budget amendments approved by the City Council.

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

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

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



City of Walnut Creek
Required Supplementary Information
For the year ended June 30, 2013

2. PUBLIC EMPLOYEES RETIREMENT SYSTEM

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Underfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability as % of Covered Payroll
6/30/2010	\$ 117,495,026	\$ 146,617,494	\$ (29,122,468)	80.1%	\$ 21,255,229	137.0%
6/30/2011	123,990,125	154,890,638	(30,900,513)	80.1%	20,412,982	151.4%
6/30/2012	128,320,816	160,274,554	(31,953,738)	80.1%	20,798,094	153.6%

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



City of Walnut Creek
Required Supplementary Information - General Fund
June 30, 2013

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	\$ 18,814,936	\$ 19,320,536	\$ 20,455,311	\$ 1,134,775
Property	15,832,000	15,741,100	15,704,242	(36,858)
Business license	1,945,833	1,945,833	2,073,305	127,472
Franchise	3,169,409	3,169,409	3,248,171	78,762
Transient occupancy tax	1,327,153	1,615,153	1,658,706	43,553
Other	257,500	466,500	628,675	162,175
Intergovernmental	414,000	414,000	119,043	(294,957)
Investment and rental income	1,021,717	881,217	568,381	(312,836)
Charges for services	13,452,469	13,809,519	14,028,736	219,217
Licenses, permits and fees	1,762,985	1,943,585	1,680,603	(262,982)
Fines, forfeitures and penalties	7,570,726	8,182,526	8,231,807	49,281
Other revenue	-	145,190	145,190	-
Total revenues	65,568,728	67,634,568	68,542,170	907,602
EXPENDITURES:				
Current:				
Public protection	22,005,783	22,184,171	21,574,343	609,828
Public service	15,125,681	15,354,843	14,674,061	680,782
Community development	4,373,765	5,102,802	4,490,769	612,033
Arts, recreation and community services	12,977,032	13,002,591	13,090,630	(88,039)
Administrative services	5,978,840	6,373,132	5,786,198	586,934
General government	3,589,857	3,705,437	3,494,663	210,774
Debt Service:				
Principal retirement	35,484	35,484	31,428	4,056
Interest, fiscal charges and issuance costs	-	-	-	-
Total expenditures	64,086,442	65,758,460	63,142,092	2,616,368
REVENUES OVER (UNDER) EXPENDITURES	1,482,286	1,876,108	5,400,078	3,523,970
OTHER FINANCING SOURCES (USES):				
Transfers in	882,445	882,445	5,115,524	4,233,079
Transfers (out)	(3,369,168)	(3,551,652)	(3,605,061)	(53,409)
Total other financing sources (uses)	(2,486,723)	(2,669,207)	1,510,463	4,179,670
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	\$ (1,004,437)	\$ (793,099)	\$ 6,910,541	\$ 7,703,640
FUND BALANCES:				
Beginning of year			27,927,967	
End of year			\$ 34,838,508	



City of Walnut Creek
Required Supplementary Information
Housing Successor Agency Special Revenue Fund
For the Year Ended June 30, 2013

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	\$ 9,000	\$ 2,000	\$ 17,316	\$ 15,316
Other	65,000	248,860	253,961	5,101
Total revenues	74,000	250,860	271,277	20,417
EXPENDITURES:				
Current:				
Housing	76,958	1,108,888	1,102,451	6,437
Total expenditures	76,958	1,108,888	1,102,451	6,437
REVENUES OVER (UNDER) EXPENDITURES	(2,958)	(858,028)	(831,174)	26,854
OTHER FINANCING SOURCES (USES):				
Transfer in	12,000	-	-	-
Total other financing sources (uses)	12,000	-	-	-
Net change in fund balance	\$ 9,042	\$ (858,028)	(831,174)	\$ 26,854
FUND BALANCE:				
Beginning of year			1,141,191	
End of year			\$ 310,017	



City of Walnut Creek
Required Supplementary Information
Housing Special Revenue Fund
For the Year Ended June 30, 2013

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	\$ 2,074,000	\$ 1,777,103	\$ 1,781,848	\$ 4,745
Fines, forfeitures and penalties	5,750	5,750	5,750	-
Investment and rental income	27,220	21,170	8,229	(12,941)
Other	3,620	3,620	4,750	1,130
Total revenues	2,110,590	1,807,643	1,800,577	(7,066)
EXPENDITURES:				
Current:				
Community development	375,826	382,259	346,458	35,801
Housing	730,000	658,670	658,670	-
Total expenditures	1,105,826	1,040,929	1,005,128	35,801
REVENUES OVER (UNDER) EXPENDITURES	1,004,764	766,714	795,449	28,735
OTHER FINANCING SOURCES (USES):				
Transfer in	280,000	280,000	280,000	-
Total other financing sources (uses)	280,000	280,000	280,000	-
Net change in fund balance	\$ 1,284,764	\$ 1,046,714	1,075,449	\$ 28,735
FUND BALANCE:				
Beginning of year			502,212	
End of year			\$ 1,577,661	

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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

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

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

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, 2013
 (With comparative information for the prior year)

	Special Revenue			
	Library	General Plan Update	Open	
	Parcel Tax		Space	Revolving Loans
ASSETS				
Current:				
Cash and investments	\$ 1,938,919	\$ 286,839	\$ -	\$ 748,570
Accounts receivable	-	14	36,454	-
Interest receivable	2,853	370	-	1,018
Due from other governments	-	-	-	-
Notes and loans receivable	-	-	-	180,000
Advances to other funds	-	-	-	-
Total assets	\$ 1,941,772	\$ 287,223	\$ 36,454	\$ 929,588
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and other accrued liabilities	\$ 196,597	\$ -	\$ 6,379	\$ -
Accrued payroll	-	-	15,567	-
Due to other funds	-	-	14,508	-
Deferred revenue	-	-	-	180,000
Total liabilities	196,597	-	36,454	180,000
Fund Balances:				
Nonspendable	-	-	-	229,500
Restricted	1,745,175	-	-	-
Assigned	-	287,223	-	520,088
Total fund balances	1,745,175	287,223	-	749,588
Total liabilities and fund balances	\$ 1,941,772	\$ 287,223	\$ 36,454	\$ 929,588

Special Revenue

Traffic Safety/ Police Grants	PEG Access Fees/ Grants	Gas Tax	NPDES	CDBG	Measure J	Alternative Energy	Traffic Congestion Relief
\$ 2,281	\$ 2,034,840	\$ 2,849,124	\$ 2,523,380	\$ -	\$ 2,762,596	\$ 11,114	\$ 457
269,955	89,368	131,005	12,463	108,020	-	-	-
21	2,764	3,684	3,244	-	3,470	12	-
-	-	-	-	-	929,740	-	-
103,296	-	-	-	2,823,500	-	-	-
-	1,000,000	-	555,482	-	-	-	-
<u>\$ 375,553</u>	<u>\$ 3,126,972</u>	<u>\$ 2,983,813</u>	<u>\$ 3,094,569</u>	<u>\$ 2,931,520</u>	<u>\$ 3,695,806</u>	<u>\$ 11,126</u>	<u>\$ 457</u>
\$ 15,112	\$ 4,190	\$ -	\$ 16,572	\$ 37,395	\$ -	\$ -	\$ -
-	4,321	-	5,520	279	-	-	-
202,140	-	-	-	70,346	-	-	-
103,296	-	-	-	2,823,500	-	-	-
<u>320,548</u>	<u>8,511</u>	<u>-</u>	<u>22,092</u>	<u>2,931,520</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	1,000,000	-	555,482	-	-	-	-
55,005	2,118,461	2,983,813	2,516,995	-	3,695,806	-	457
-	-	-	-	-	-	11,126	-
<u>55,005</u>	<u>3,118,461</u>	<u>2,983,813</u>	<u>3,072,477</u>	<u>-</u>	<u>3,695,806</u>	<u>11,126</u>	<u>457</u>
<u>\$ 375,553</u>	<u>\$ 3,126,972</u>	<u>\$ 2,983,813</u>	<u>\$ 3,094,569</u>	<u>\$ 2,931,520</u>	<u>\$ 3,695,806</u>	<u>\$ 11,126</u>	<u>\$ 457</u>

(Continued)



City of Walnut Creek
Combining Balance Sheet, Continued
Non-Major Governmental Funds
June 30, 2013
(With comparative information for the prior year)

	Capital Project				
	In Lieu Underground	Storm Drain	Traffic Impact Mitigation	Other In Lieu / Mitigation Fees	In Lieu Park
ASSETS					
Current:					
Cash and investments	\$ 1,816,108	\$ 486,044	\$ 5,340,021	\$ 771,244	\$ 2,455,485
Accounts receivable	-	-	-	4,500	-
Interest receivable	2,470	661	7,293	1,063	3,498
Due from other governments	-	-	-	-	-
Notes and loans receivable	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Total assets	\$ 1,818,578	\$ 486,705	\$ 5,347,314	\$ 776,807	\$ 2,458,983
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and other accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	1,818,578	486,705	5,347,314	776,807	2,458,983
Assigned	-	-	-	-	-
Total fund balances	1,818,578	486,705	5,347,314	776,807	2,458,983
Total liabilities and fund balances	\$ 1,818,578	\$ 486,705	\$ 5,347,314	\$ 776,807	\$ 2,458,983

Capital Project			
In Lieu Parking	Local	Totals	
	Improvement Districts	2013	2012
\$ 313,570	\$ 2,034,050	\$ 26,374,642	\$ 20,874,246
-	-	651,779	829,933
426	2,759	35,606	31,621
-	-	929,740	853,675
-	-	3,106,796	7,854,718
-	900,000	2,455,482	2,904,618
<u>\$ 313,996</u>	<u>\$ 2,936,809</u>	<u>\$ 33,554,045</u>	<u>\$ 33,348,811</u>
\$ -	\$ -	\$ 276,245	\$ 281,308
-	-	25,687	24,647
-	-	286,994	2,180,850
-	-	3,106,796	7,854,718
-	-	3,695,722	10,341,523
-	900,000	2,684,982	3,134,118
313,996	2,036,809	26,354,904	19,873,170
-	-	818,437	-
<u>313,996</u>	<u>2,936,809</u>	<u>29,858,323</u>	<u>23,007,288</u>
<u>\$ 313,996</u>	<u>\$ 2,936,809</u>	<u>\$ 33,554,045</u>	<u>\$ 33,348,811</u>

(Continued)



City of Walnut Creek

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the Year Ended June 30, 2013

(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	-	-	446,096	-	-
Intergovernmental	-	-	-	-	494,328
Investment and rental income	13,432	1,386	92,667	4,290	70
Charges for services	-	-	36,454	-	-
Fines, forfeitures and penalties	-	-	-	-	151,685
Other revenues	-	109,336	-	-	-
Total revenues	13,432	110,722	575,217	4,290	646,083
EXPENDITURES:					
Current:					
Public protection	-	-	-	-	253,619
Public service	-	-	1,074,079	-	15,410
Community development	-	-	-	-	156,550
Housing	-	-	-	-	46,372
Arts, recreation and community services	847,816	-	-	-	-
General government	-	-	-	-	1,629
Debt Service:					
Principal retirement	-	-	-	-	-
Interest, fiscal charges and issuance costs	-	-	-	-	-
Total expenditures	847,816	-	1,074,079	-	473,580
REVENUES OVER (UNDER) EXPENDITURES	(834,384)	110,722	(498,862)	4,290	172,503
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	498,862	-	-
Transfers (out)	-	-	-	-	(155,692)
Total other financing sources (uses)	-	-	498,862	-	(155,692)
Extraordinary loss	-	-	-	-	-
Net change in fund balances	(834,384)	110,722	-	4,290	16,811
FUND BALANCES:					
Beginning of the year	2,579,559	176,501	-	745,298	38,194
End of the year	\$ 1,745,175	\$ 287,223	\$ -	\$ 749,588	\$ 55,005

Special Revenue

PEG Access Fees/ Grants	Gas Tax	NPDES	CDBG	Measure J	Alternative Energy	Traffic Congestion Relief
\$ -	\$ -	\$ -	\$ -	\$ 929,740	\$ -	\$ -
-	-	-	-	-	-	-
-	-	1,228,567	-	-	-	-
-	1,511,812	-	525,945	-	-	-
11,572	14,174	12,360	8,473	13,997	35	2
363,018	-	-	-	-	-	-
-	-	-	-	-	-	-
35,000	-	52,496	-	-	9,762	-
409,590	1,525,986	1,293,423	534,418	943,737	9,797	2
-	-	-	-	-	-	-
-	-	1,066,078	-	-	-	-
-	-	-	430,570	-	-	-
-	-	-	103,848	-	-	-
-	-	-	-	-	-	-
320,369	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
320,369	-	1,066,078	534,418	-	-	-
89,221	1,525,986	227,345	-	943,737	9,797	2
-	35,000	95,831	-	-	-	-
-	(953,625)	-	-	(1,683,064)	-	-
-	(918,625)	95,831	-	(1,683,064)	-	-
-	-	-	-	-	-	-
89,221	607,361	323,176	-	(739,327)	9,797	2
3,029,240	2,376,452	2,749,301	-	4,435,133	1,329	455
\$ 3,118,461	\$ 2,983,813	\$ 3,072,477	\$ -	\$ 3,695,806	\$ 11,126	\$ 457

(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, 2013
(With comparative information for the prior year)

	Capital Project				
	In Lieu Underground	Storm Drain	Traffic Impact Mitigation	Other In Lieu / Mitigation Fees	In Lieu Park
REVENUES:					
Taxes:					
Sales and use	\$ -	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-	-
Other	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Investment and rental income	10,449	2,784	31,116	4,553	13,637
Charges for services	-	-	-	13,400	-
Fines, forfeitures and penalties	-	-	-	-	-
Other revenues	-	-	381,553	-	812,000
Total revenues	10,449	2,784	412,669	17,953	825,637
EXPENDITURES:					
Current:					
Public protection	-	-	-	-	-
Public service	-	-	-	-	-
Community development	-	-	-	-	-
Housing	-	-	-	-	-
Arts, recreation and cultural Services	-	-	-	-	-
General government	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest, fiscal charges and issuance costs	-	-	-	-	-
Total expenditures	-	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	10,449	2,784	412,669	17,953	825,637
OTHER FINANCING SOURCES (USES):					
Transfers in	986,296	-	2,416,877	163,469	1,592,671
Transfers (out)	-	-	(1,475,000)	(50,000)	(1,186,840)
Total other financing sources (uses)	986,296	-	941,877	113,469	405,831
Extraordinary loss	-	-	-	-	-
Net change in fund balances	996,745	2,784	1,354,546	131,422	1,231,468
FUND BALANCES:					
Beginning of the year	821,833	483,921	3,992,768	645,385	1,227,515
End of the year	\$ 1,818,578	\$ 486,705	\$ 5,347,314	\$ 776,807	\$ 2,458,983

Capital Project			
In Lieu Parking	Local Improvement Districts	Totals	
		2013	2012
\$ -	\$ -	\$ 929,740	\$ 853,675
-	-	-	469,860
-	-	1,674,663	1,676,121
-	-	2,532,085	2,325,592
1,768	11,575	248,340	313,960
11,002	-	423,874	385,216
-	-	151,685	158,739
-	31,500	1,431,647	963,324
12,770	43,075	7,392,034	7,146,487
-	-	253,619	98,254
-	-	2,155,567	2,174,348
-	-	587,120	323,387
-	-	150,220	800,199
-	-	847,816	880,425
-	-	321,998	289,172
-	-	-	495,000
-	-	-	108,915
-	-	4,316,340	5,169,700
12,770	43,075	3,075,694	1,976,787
-	-	5,789,006	1,544,071
-	-	(5,504,221)	(4,046,973)
-	-	284,785	(2,502,902)
-	-	-	(5,331,766)
12,770	43,075	3,360,479	(5,857,881)
301,226	2,893,734	26,497,844	28,865,169
\$ 313,996	\$ 2,936,809	\$ 29,858,323	\$ 23,007,288



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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 15,000	\$ 11,000	\$ 13,432	\$ 2,432
Other revenue	-	-	-	-
Total revenues	<u>15,000</u>	<u>11,000</u>	<u>13,432</u>	<u>2,432</u>
EXPENDITURES:				
Current:				
Arts, recreation and community services	<u>1,025,906</u>	<u>1,037,563</u>	<u>847,816</u>	<u>189,747</u>
Total expenditures	<u>1,025,906</u>	<u>1,037,563</u>	<u>847,816</u>	<u>189,747</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,010,906)</u>	<u>(1,026,563)</u>	<u>(834,384)</u>	<u>192,179</u>
Net change in fund balance	<u>\$ (1,010,906)</u>	<u>\$ (1,026,563)</u>	<u>(834,384)</u>	<u>\$ 192,179</u>
FUND BALANCE:				
Beginning of year			<u>2,579,559</u>	
End of year			<u>\$ 1,745,175</u>	



City of Walnut Creek

**Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
General Plan Update Special Revenue Fund
For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 2,000	\$ 1,000	\$ 1,386	\$ 386
Other revenue	74,000	74,000	109,336	35,336
Total revenues	76,000	75,000	110,722	35,722
REVENUES OVER (UNDER) EXPENDITURES	76,000	75,000	110,722	35,722
Net change in fund balance	\$ 76,000	\$ 75,000	110,722	\$ 35,722
FUND BALANCE:				
Beginning of year			176,501	
End of year			<u>\$ 287,223</u>	



City of Walnut Creek

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual Open Space Special Revenue Fund For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 411,873	\$ 411,873	\$ 446,096	\$ 34,223
Investment and rental income	104,253	104,253	92,667	(11,586)
Charges for services	35,454	35,454	36,454	1,000
Total revenues	551,580	551,580	575,217	23,637
EXPENDITURES:				
Current:				
Public service	1,006,748	1,062,763	1,074,079	(11,316)
Total expenditures	1,006,748	1,062,763	1,074,079	(11,316)
REVENUES OVER (UNDER) EXPENDITURES	(455,168)	(511,183)	(498,862)	12,321
OTHER FINANCING SOURCES (USES):				
Transfer in	455,168	455,168	498,862	43,694
Total other financing sources (uses)	455,168	455,168	498,862	43,694
Net change in fund balance	\$ -	\$ (56,015)	-	\$ 56,015
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, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 5,000	\$ 4,000	\$ 4,290	\$ 290
Total revenues	<u>5,000</u>	<u>4,000</u>	<u>4,290</u>	<u>290</u>
EXPENDITURES:				
Current:				
Community development	45,000	45,000	-	45,000
Total expenditures	<u>45,000</u>	<u>45,000</u>	<u>-</u>	<u>45,000</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(40,000)</u>	<u>(41,000)</u>	<u>4,290</u>	<u>45,290</u>
Net change in fund balance	<u>\$ (40,000)</u>	<u>\$ (41,000)</u>	<u>\$ 4,290</u>	<u>\$ 45,290</u>
FUND BALANCE:				
Beginning of year			<u>745,298</u>	
End of year			<u>\$ 749,588</u>	



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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 885,154	\$ 885,154	\$ 494,328	\$ (390,826)
Investment and rental income	1,880	1,450	70	(1,380)
Fines, forfeitures and penalties	155,969	155,969	151,685	(4,284)
Total revenues	1,043,003	1,042,573	646,083	(396,490)
EXPENDITURES:				
Current:				
Public protection	100,000	100,000	253,619	(153,619)
Public services	-	-	15,410	(15,410)
Community development	-	-	156,550	(156,550)
Housing	550,000	-	46,372	(46,372)
Total expenditures	650,000	100,000	473,580	(371,951)
REVENUES OVER (UNDER) EXPENDITURES	393,003	942,573	172,503	(770,070)
OTHER FINANCING SOURCES (USES):				
Transfer (out)	(155,969)	(155,969)	(155,692)	277
Total other financing sources (uses)	(155,969)	(155,969)	(155,692)	277
Net change in fund balance	\$ 237,034	\$ 786,604	16,811	\$ (769,793)
FUND BALANCE:				
Beginning of year			38,194	
End of year			\$ 55,005	



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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 15,000	\$ 12,000	\$ 11,572	\$ (428)
Charges for services	327,868	327,868	363,018	35,150
Other revenue	35,000	35,000	35,000	-
Total revenues	377,868	374,868	409,590	34,722
EXPENDITURES:				
Current:				
General government	330,171	337,230	320,369	16,861
Total expenditures	330,171	337,230	320,369	16,861
REVENUES OVER (UNDER) EXPENDITURES	47,697	37,638	89,221	51,583
Net change in fund balance	\$ 47,697	\$ 37,638	89,221	\$ 51,583
FUND BALANCE:				
Beginning of year			3,029,240	
End of year			\$ 3,118,461	



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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,734,003	\$ 1,674,503	\$ 1,511,812	\$ (162,691)
Investment and rental income	4,000	3,000	14,174	11,174
Total revenues	<u>1,738,003</u>	<u>1,677,503</u>	<u>1,525,986</u>	<u>(151,517)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,738,003</u>	<u>1,677,503</u>	<u>1,525,986</u>	<u>(151,517)</u>
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	35,000	35,000
Transfer (out)	<u>(3,065,000)</u>	<u>(1,815,000)</u>	<u>(953,625)</u>	<u>861,375</u>
Total other financing sources (uses)	<u>(3,065,000)</u>	<u>(1,815,000)</u>	<u>(918,625)</u>	<u>896,375</u>
Net change in fund balance	<u>\$ (1,326,997)</u>	<u>\$ (137,497)</u>	607,361	<u>\$ 744,858</u>
FUND BALANCE:				
Beginning of year			<u>2,376,452</u>	
End of year			<u>\$ 2,983,813</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 1,235,400	\$ 1,235,400	\$ 1,228,567	\$ (6,833)
Investment and rental income	12,000	9,000	12,360	3,360
Other revenue	36,962	36,962	52,496	15,534
Total revenues	1,284,362	1,281,362	1,293,423	12,061
EXPENDITURES:				
Current:				
Public service	1,703,124	1,446,038	1,066,078	379,960
Total expenditures	1,703,124	1,446,038	1,066,078	379,960
REVENUES OVER (UNDER) EXPENDITURES	(418,762)	(164,676)	227,345	392,021
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	95,831	95,831
Transfer (out)	-	-	-	-
Total other financing sources (uses)	-	-	95,831	95,831
Net change in fund balance	\$ (418,762)	\$ (164,676)	323,176	\$ 487,852
FUND BALANCE:				
Beginning of year			2,749,301	
End of year			\$ 3,072,477	



City of Walnut Creek

**Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
CDBG Special Revenue Fund
For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 230,109	\$ 426,398	\$ 525,945	\$ 99,547
Investment and rental income	-	-	8,473	8,473
Total revenues	230,109	426,398	534,418	108,020
EXPENDITURES:				
Current:				
Community development	59,500	453,243	430,570	22,673
Housing	170,609	100,897	103,848	(2,951)
Total expenditures	230,109	554,140	534,418	19,722
REVENUES OVER (UNDER) EXPENDITURES	-	(127,742)	-	127,742
Net change in fund balance	\$ -	\$ (127,742)	\$ -	\$ 127,742
FUND BALANCE:				
Beginning of year			-	
End of year			\$ -	



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, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Sales and use tax	\$ 868,000	\$ 868,000	\$ 929,740	\$ 61,740
Investment and rental income	24,000	18,000	13,997	(4,003)
Total revenues	892,000	886,000	943,737	57,737
REVENUES OVER (UNDER) EXPENDITURES	892,000	886,000	943,737	57,737
OTHER FINANCING SOURCES (USES):				
Transfer (out)	(2,500,000)	(1,000,000)	(1,683,064)	(683,064)
Total other financing sources (uses)	(2,500,000)	(1,000,000)	(1,683,064)	(683,064)
Net change in fund balance	\$ (1,608,000)	\$ (114,000)	(739,327)	\$ (625,327)
FUND BALANCE:				
Beginning of year			4,435,133	
End of year			\$ 3,695,806	



City of Walnut Creek

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual Alternative Energy For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ -	\$ -	\$ 35	\$ 35
Other revenue	-	-	9,762	9,762
Total revenues	-	-	9,797	9,797
REVENUES OVER (UNDER) EXPENDITURES				
	-	-	9,797	9,797
Net change in fund balance	\$ -	\$ -		\$ -
FUND BALANCE:				
Beginning of year			1,329	
End of year			\$ 11,126	



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, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ -	\$ -	\$ 2	\$ 2
Total revenues	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
OTHER FINANCING SOURCES (USES):				
Transfer (out)	-	(456)	-	456
Total other financing sources (uses)	<u>-</u>	<u>(456)</u>	<u>-</u>	<u>456</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (456)</u>	<u>2</u>	<u>\$ 458</u>
FUND BALANCE:				
Beginning of year			<u>455</u>	
End of year			<u>\$ 457</u>	

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INTERNAL SERVICE FUNDS

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

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

Police Radio Fund accumulates funds for the replacement of police radios

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

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

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

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

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

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

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



City of Walnut Creek
Combining Statement of Net Position
All Internal Service Funds
June 30, 2013

(With comparative information for the prior year)

	Vehicle Rental	Police Radio	Equipment Replacement RCA	Equipment Replacement IT
ASSETS				
Current assets:				
Cash	\$ 1,854,757	\$ 558,574	\$ 88,413	\$ 3,243,816
Prepaid expense	-	-	-	-
Accounts receivable	1,942	-	-	30
Due from other funds	-	-	-	-
Total current assets	<u>1,856,699</u>	<u>558,574</u>	<u>88,413</u>	<u>3,243,846</u>
Capital assets:				
Vehicles	7,460,143	-	-	-
Buildings	-	-	-	-
Machinery and equipment	-	1,429,183	15,517	1,988,735
Accumulated depreciation	<u>(5,218,946)</u>	<u>(71,459)</u>	<u>(8,406)</u>	<u>(864,121)</u>
Total capital assets	<u>2,241,197</u>	<u>1,357,724</u>	<u>7,111</u>	<u>1,124,614</u>
Total assets	<u>4,097,896</u>	<u>1,916,298</u>	<u>95,524</u>	<u>4,368,460</u>
LIABILITIES				
Accounts payable	38,023	-	-	3,018
Long term debt due in one year	-	-	-	-
Due to other funds	-	-	-	-
Total current liabilities	<u>38,023</u>	<u>-</u>	<u>-</u>	<u>3,018</u>
Long term debt due in more than one year				
Advances from other funds (Note 5)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>38,023</u>	<u>-</u>	<u>-</u>	<u>3,018</u>
NET POSITION				
Net investment in capital assets	2,241,197	1,357,724	7,111	1,124,614
Unrestricted	<u>1,818,676</u>	<u>558,574</u>	<u>88,413</u>	<u>3,240,828</u>
Total net position	<u>\$ 4,059,873</u>	<u>\$ 1,916,298</u>	<u>\$ 95,524</u>	<u>\$ 4,365,442</u>

Equipment Replacement ASD	Equipment Replacement GF	Facilities Replacement ASD	Major Roadway Reconstruction	PERS Safety Side Fund Liability	Totals	
					2013	2012
\$ 1,100	\$ 1,533,923	\$ 301,212	\$ 490,442	\$ -	\$ 8,072,237	\$ -
-	-	-	-	-	-	10,604,618
-	-	-	-	-	1,972	40,283
-	-	-	-	-	-	7,720,857
1,100	1,533,923	301,212	490,442	-	8,074,209	18,365,758
-	-	-	-	-	7,460,143	7,870,026
-	-	235,000	-	-	235,000	235,000
-	248,617	-	-	-	3,682,052	2,273,292
-	(95,550)	(32,508)	-	-	(6,290,990)	(6,388,422)
-	153,067	202,492	-	-	5,086,205	3,989,896
1,100	1,686,990	503,704	490,442	-	13,160,414	22,355,654
-	-	-	-	-	41,041	44,924
-	-	-	-	-	-	181,588
-	-	-	-	-	-	256,953
-	-	-	-	-	41,041	483,465
-	-	-	-	9,471,481	9,471,481	10,604,618
-	-	-	-	9,471,481	9,471,481	10,604,618
-	-	-	-	9,471,481	9,512,522	11,088,083
-	153,067	202,492	-	-	5,086,205	3,989,896
1,100	1,533,923	301,212	490,442	(9,471,481)	(1,438,313)	7,277,675
\$ 1,100	\$ 1,686,990	\$ 503,704	\$ 490,442	\$ (9,471,481)	\$ 3,647,892	\$ 11,267,571



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, 2013

(With comparative information for the prior year)

	Vehicle Rental	Police Radio	Equipment Replacement RCA	Equipment Replacement IT
OPERATING REVENUES:				
Charges for services	\$ 731,801	\$ 41,310	\$ -	\$ 1,139,651
Total operating revenues	731,801	41,310	-	1,139,651
OPERATING EXPENSES:				
Supplies and services	-	-	-	-
Repairs and maintenance	88,421	-	-	257,548
Depreciation	520,278	71,459	1,552	249,345
Total operating expenses	608,699	71,459	1,552	506,893
OPERATING INCOME (LOSS)	123,102	(30,149)	(1,552)	632,758
NONOPERATING REVENUES (EXPENSES):				
Interest and related expenses	-	-	-	(8,975)
Gain (loss) on sale of vehicles	68,238	-	-	(125,017)
Total nonoperating (expenses)	68,238	-	-	(133,992)
Net (loss) before contributions and operating transfers	191,340	(30,149)	(1,552)	498,766
Capital contributions	38,084	44,930	-	29,147
Transfers in	-	698,551	-	250,000
Transfers (out)	(60,318)	(16,040)	-	(5,160)
Change in net position	169,106	697,292	(1,552)	772,753
NET POSITION:				
Beginning of the year, as restated	3,890,767	1,219,006	97,076	3,592,689
End of the year	\$ 4,059,873	\$ 1,916,298	\$ 95,524	\$ 4,365,442

Equipment Replacement ASD	Equipment Replacement GF	Facilities Replacement ASD	Major Roadway Reconstruction	PERS Safety Side Fund Liability	Totals	
					2013	2012
\$ -	\$ -	\$ -	\$ -	1,504,298	\$ 3,417,060	\$ 2,311,507
-	-	-	-	1,504,298	3,417,060	2,311,507
-	-	-	-	-	-	49,165
-	18,080	-	-	-	364,049	350,590
-	23,838	4,700	-	-	871,172	795,001
-	41,918	4,700	-	-	1,235,221	1,194,756
-	(41,918)	(4,700)	-	1,504,298	2,181,839	1,116,751
-	-	-	-	(371,161)	(380,136)	(1,441,825)
-	-	-	-	-	(56,779)	(10,114)
-	-	-	-	(371,161)	(436,915)	(1,451,939)
-	(41,918)	(4,700)	-	1,133,137	1,744,924	(335,188)
-	3,868	-	-	-	116,029	102,157
1,000	48,995	-	206,958	-	1,205,504	2,258,250
-	-	-	-	-	(81,518)	(56,350)
1,000	10,945	(4,700)	206,958	1,133,137	2,984,939	1,968,869
100	1,676,045	508,404	283,484	(10,604,618)	662,953	9,298,702
\$ 1,100	\$ 1,686,990	\$ 503,704	\$ 490,442	\$ (9,471,481)	\$ 3,647,892	\$ 11,267,571



City of Walnut Creek
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2013
(With comparative information for the prior year)

	Vehicle Rental	Police Radio	Equipment Replacement RCA	Equipment Replacement IT	Equipment Replacement ASD
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 767,410	\$ 41,310	\$ -	\$ 1,142,353	\$ -
Payments to suppliers	(54,207)	-	-	(288,787)	-
Internal activity					
Receipts from other funds	1,494,164	1,219,006	88,413	2,551,050	1,100
Payments to other funds	-	-	-	-	(1,000)
Net cash provided (used) by operating activities	2,207,367	1,260,316	88,413	3,404,616	100
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	-	698,551	-	250,000	1,000
Transfers (out)	(60,318)	(16,040)	-	(5,160)	-
Net cash provided by capital and related financing activities	(60,318)	682,511	-	244,840	1,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions	38,084	44,930	-	29,147	-
Interest paid on capital lease	-	-	-	(8,975)	-
Principal paid on capital lease	-	-	-	(181,588)	-
Net cash (used) by investing activities	38,084	44,930	-	(161,416)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of capital assets	(398,614)	(1,429,183)	-	(119,207)	-
Proceeds from disposal of capital assets	68,238	-	-	(125,017)	-
Net cash (used) by investing activities	(330,376)	(1,429,183)	-	(244,224)	-
Net increase (decrease) in cash and cash equivalents	1,854,757	558,574	88,413	3,243,816	1,100
CASH AND CASH EQUIVALENTS:					
Beginning of the year	-	-	-	-	-
End of the year	\$ 1,854,757	\$ 558,574	\$ 88,413	\$ 3,243,816	\$ 1,100
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 123,102	\$ (30,149)	\$ (1,552)	\$ 632,758	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	520,278	71,459	1,552	249,345	-
Changes in assets and liabilities:					
Accounts receivable	35,609	-	-	2,702	-
Prepaid items	-	-	-	-	-
Due from other funds	1,494,164	1,219,006	88,413	2,551,050	1,100
Advance from other funds	-	-	-	-	-
Due to other funds	-	-	-	-	(1,000)
Accounts payable	34,214	-	-	(31,239)	-
Net cash provided (used) by operating activities	\$ 2,207,367	\$ 1,260,316	\$ 88,413	\$ 3,404,616	\$ 100

Equipment Replacement GF	Facilities Replacement ASD	Major Roadway Reconstruction	PERS Safety Side Fund Liability	Totals	
				2013	2012
\$ -	\$ -	\$ -	\$ 1,504,298	\$ 3,455,371	\$ 2,271,224
(24,938)	-	-	-	(367,932)	(411,583)
1,575,470	301,212	490,442	-	7,720,857	6,838,427
(48,995)	-	(206,958)	-	(256,953)	(8,319,060)
<u>1,501,537</u>	<u>301,212</u>	<u>283,484</u>	<u>1,504,298</u>	<u>10,551,343</u>	<u>379,008</u>
48,995	-	206,958	-	1,205,504	2,258,250
-	-	-	-	(81,518)	(56,350)
<u>48,995</u>	<u>-</u>	<u>206,958</u>	<u>-</u>	<u>1,123,986</u>	<u>2,201,900</u>
3,868	-	-	-	116,029	49,170
-	-	-	(371,162)	(380,137)	(424,301)
-	-	-	(1,133,136)	(1,314,724)	(1,190,560)
<u>3,868</u>	<u>-</u>	<u>-</u>	<u>(1,504,298)</u>	<u>(1,578,832)</u>	<u>(1,565,691)</u>
(20,477)	-	-	-	(1,967,481)	(1,005,103)
-	-	-	-	(56,779)	(10,114)
<u>(20,477)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,024,260)</u>	<u>(1,015,217)</u>
1,533,923	301,212	490,442	-	8,072,237	-
-	-	-	-	-	-
<u>\$ 1,533,923</u>	<u>\$ 301,212</u>	<u>\$ 490,442</u>	<u>\$ -</u>	<u>\$ 8,072,237</u>	<u>\$ -</u>
\$ (41,918)	\$ (4,700)	\$ -	\$ 1,504,298	\$ 2,181,839	\$ 1,116,751
23,838	4,700	-	-	871,172	795,001
-	-	-	-	38,311	(40,283)
-	-	-	(10,604,618)	(10,604,618)	(1,922,376)
1,575,470	301,212	490,442	-	7,720,857	(2,444,595)
-	-	-	10,604,618	10,604,618	(958,414)
(48,995)	-	(206,958)	-	(256,953)	-
(6,858)	-	-	-	(3,883)	(11,828)
<u>\$ 1,501,537</u>	<u>\$ 301,212</u>	<u>\$ 283,484</u>	<u>\$ 1,504,298</u>	<u>\$ 10,551,343</u>	<u>\$ 379,008</u>

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FIDUCIARY FUND TYPES

AGENCY FUNDS

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

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

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

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

Assessment Districts Group II accounts for the redemption of special assessment bonds issued for the purposes of acquisition and improvement in Local Improvement District No. 25, Shadelands Park.

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, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<u>Trust and Agency</u>				
Assets:				
Cash and investments	\$ 2,909,991	\$ 18,100,607	\$ (18,188,079)	\$ 2,822,519
Accounts receivable	1,124	108,102	(17,997)	91,229
Interest receivable	6,706	5,957	(6,706)	5,957
Total assets	\$ 2,917,821	\$ 18,214,666	\$ (18,212,782)	\$ 2,919,705
Liabilities:				
Accounts payable	\$ 130,448	\$ 3,072,178	\$ (3,077,126)	\$ 125,500
Advance deposits	2,787,373	15,142,488	(15,135,656)	2,794,205
Total liabilities	\$ 2,917,821	\$ 18,214,666	\$ (18,212,782)	\$ 2,919,705
 <u>Lesher Endowment</u>				
Assets:				
Cash and investments	\$ 1,455,967	\$ 8,818	\$ (80,852)	\$ 1,383,933
Liabilities:				
Advance deposits	\$ 1,455,967	\$ 8,818	\$ (80,852)	\$ 1,383,933
 <u>Assessment Districts Group I</u>				
Assets:				
Cash and investments	\$ 1,682,029	\$ 9,917	\$ -	\$ 1,691,946
Interest receivable	2,523	2,301	(2,523)	2,301
Total assets	\$ 1,684,552	\$ 12,218	\$ (2,523)	\$ 1,694,247
Liabilities:				
Due to bondholders	\$ 1,684,552	\$ 12,218	\$ (2,523)	\$ 1,694,247
 <u>Assessment Districts Group II</u>				
Assets:				
Cash and investments	\$ 51,924	\$ 306	\$ -	\$ 52,230
Interest receivable	78	71	(78)	71
Total assets	\$ 52,002	\$ 377	\$ (78)	\$ 52,301
Liabilities:				
Due to bondholders	\$ 52,002	\$ 377	\$ (78)	\$ 52,301



City of Walnut Creek

Agency Funds

Statements of Changes in Assets and Liabilities, Continued

For the Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<u>CCCSO Solid Waste Authority</u>				
Assets:				
Cash and investments	\$ 6,688,952	\$ 7,756,668	\$ (8,676,623)	\$ 5,768,997
Interest receivable	8,811	7,667	(8,811)	7,667
Total assets	\$ 6,697,763	\$ 7,764,335	\$ (8,685,434)	\$ 5,776,664
Liabilities:				
Accounts payable	\$ 89,069	\$ 5,855,757	\$ (5,799,819)	\$ 145,007
Due to other governments	6,608,694	1,908,578	(2,885,615)	5,631,657
Total liabilities	\$ 6,697,763	\$ 7,764,335	\$ (8,685,434)	\$ 5,776,664
<u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 12,788,863	\$ 25,876,316	\$ (26,945,554)	\$ 11,719,625
Accounts receivable	1,124	108,102	(17,997)	91,229
Interest receivable	18,118	15,996	(18,118)	15,996
Total assets	\$ 12,808,105	\$ 26,000,414	\$ (26,981,669)	\$ 11,826,850
Liabilities:				
Accounts payable	\$ 219,517	\$ 8,927,935	\$ (8,876,945)	\$ 270,507
Due to other governments	6,608,694	1,908,578	(2,885,615)	5,631,657
Due to bondholders	1,736,554	12,595	(2,601)	1,746,548
Advance deposits	4,243,340	15,151,306	(15,216,508)	4,178,138
Total liabilities	\$ 12,808,105	\$ 26,000,414	\$ (26,981,669)	\$ 11,826,850

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.	156-167
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, including sales and property taxes.	168-174
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.	175-180
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.	181
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.	182-188



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

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities:				
Net investment in capital assets	\$ 235,586,200	\$ 231,657,387	\$ 231,465,216	\$ 226,863,697
Restricted	7,555,991	16,118,808	7,815,613	50,105,233
Unrestricted	89,503,964	84,899,807	98,940,786	64,990,977
Total governmental activities net position	332,646,155	332,676,002	338,221,615	341,959,907
Business-type activities:				
Invested in capital assets, net of related debt	1,306,722	1,309,217	1,277,845	1,219,298
Restricted	191,927	199,920	167,556	166,699
Unrestricted	(1,781,355)	(1,981,453)	(1,812,450)	(1,668,737)
Total business-type activities net position	(282,706)	(472,316)	(367,049)	(282,740)
Primary government:				
Invested in capital assets, net of related debt	236,892,922	232,966,604	232,743,061	228,082,995
Restricted	7,747,918	16,318,728	7,983,169	50,271,932
Unrestricted	87,722,609	82,918,354	97,128,336	63,322,240
Total primary government net position	\$ 332,363,449	\$ 332,203,686	\$ 337,854,566	\$ 341,677,167

Source: City Finance Department

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 227,987,671	\$ 241,814,198	\$ 255,068,671	\$ 251,483,541	\$ 250,111,191	\$ 238,401,412
49,175,812	64,129,700	58,685,430	47,852,651	37,533,808	31,545,609
67,074,890	37,017,927	27,027,521	39,172,708	43,620,819	42,465,457
<u>344,238,373</u>	<u>342,961,825</u>	<u>340,781,622</u>	<u>338,508,900</u>	<u>331,265,818</u>	<u>312,412,478</u>
1,075,689	1,317,463	1,318,102	1,406,822	1,490,349	9,344,544
165,099	-	-	-	-	-
(1,731,343)	(1,869,311)	(2,096,240)	(2,414,218)	664,377	2,856,473
<u>(490,555)</u>	<u>(551,848)</u>	<u>(778,138)</u>	<u>(1,007,396)</u>	<u>2,154,726</u>	<u>12,201,017</u>
229,063,360	243,131,661	256,386,773	252,890,363	251,601,540	247,745,956
49,340,911	64,129,700	58,685,430	47,852,651	37,533,808	31,545,609
65,343,547	35,148,616	24,931,281	36,758,490	44,285,196	45,321,930
<u>\$ 343,747,818</u>	<u>\$ 342,409,977</u>	<u>\$ 340,003,484</u>	<u>\$ 337,501,504</u>	<u>\$ 333,420,544</u>	<u>\$ 324,613,495</u>



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

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental activities:				
Public protection	\$ 15,408,601	\$ 17,114,410	\$ 18,081,363	\$ 19,606,373
Public service	20,889,434	24,870,142	23,961,639	28,801,629
Community Development	3,335,486	4,254,265	4,755,814	5,930,672
Housing	747,076	3,616,307	2,140,611	1,422,545
Arts, recreation, and community services	4,395,857	4,514,922	4,729,378	13,558,315
Administrative services	5,696,658	4,374,454	4,971,667	5,012,121
General government	3,441,755	5,240,930	6,704,972	4,670,604
Interest on long-term debt	1,021,204	793,476	770,533	435,282
Total governmental activities expenses	54,936,071	64,778,906	66,115,977	79,437,541
Business-type activities:				
Golf course and Clubhouse	2,062,289	1,978,898	2,015,284	1,895,198
Partnership	5,867,889	6,795,509	7,355,319	-
Downtown Parking and Enhancement	-	-	-	-
Total business-type activities expenses	7,930,178	8,774,407	9,370,603	1,895,198
Total primary government expenses	\$ 62,866,249	\$ 73,553,313	\$ 75,486,580	\$ 81,332,739
Program Revenues				
Governmental activities:				
Charges for services:				
Public protection	\$ 1,371,618	\$ 1,678,740	\$ 1,827,810	\$ 2,179,674
Public service	5,457,210	4,871,906	5,144,249	2,281,216
Community development	2,081,319	2,366,504	2,569,766	3,070,920
Housing	469,995	3,086,431	3,255,398	2,465,567
Arts, recreation, and community services	1,905,648	2,171,762	2,146,396	8,749,794
Administrative services	3,467,925	3,509,143	3,798,994	1,785,276
General government	337,537	638,426	1,341,751	1,389,328
Operating grants and contributions	4,661,677	3,596,132	3,263,602	1,428,110
Capital grants and contributions	658,707	51,312	999,277	1,429,171
Total governmental activities program revenues	20,411,636	21,970,356	24,347,243	24,779,056
Business-type activities:				
Charges for services:				
Golf Course and Clubhouse	1,630,090	1,822,642	1,931,082	1,931,869
Partnership	4,097,300	4,856,799	5,568,571	-
Downtown Parking and Enhancement	-	-	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	167,901
Total business-type activities program revenues	5,727,390	6,679,441	7,499,653	2,099,770

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 20,874,588	\$ 22,070,859	\$ 21,996,450	\$ 21,923,692	\$ 22,469,017	\$ 21,507,637
26,010,531	25,548,474	25,108,573	28,858,972	28,070,687	26,978,488
5,096,366	6,117,841	4,428,720	2,799,414	3,984,921	5,182,748
1,871,343	2,744,309	3,073,662	1,019,485	950,744	1,911,341
14,150,128	14,364,387	14,124,552	13,737,264	16,254,587	13,933,801
5,404,926	6,326,034	5,850,595	4,722,052	5,444,430	5,800,846
2,733,327	2,986,144	2,701,255	3,248,455	3,856,482	3,411,206
405,413	369,667	329,798	269,960	63,989	-
<u>76,546,622</u>	<u>80,527,715</u>	<u>77,613,605</u>	<u>76,579,294</u>	<u>81,094,857</u>	<u>78,726,067</u>
2,143,842	2,474,725	3,995,228	3,877,045	4,154,881	4,677,542
-	-	-	-	-	-
-	-	-	-	-	3,334,000
<u>2,143,842</u>	<u>2,474,725</u>	<u>3,995,228</u>	<u>3,877,045</u>	<u>4,154,881</u>	<u>8,011,542</u>
<u>\$ 78,690,464</u>	<u>\$ 83,002,440</u>	<u>\$ 81,608,833</u>	<u>\$ 80,456,339</u>	<u>\$ 85,249,738</u>	<u>\$ 86,737,609</u>
\$ 1,960,054	\$ 2,370,596	\$ 1,870,098	\$ 2,187,329	\$ 2,090,432	\$ 1,786,461
2,351,022	2,366,826	3,423,411	5,459,706	6,734,474	7,778,943
3,161,013	2,878,442	2,532,479	3,065,566	3,568,283	4,415,274
1,242,802	2,767,216	1,396,751	309,918	774,839	2,480,116
8,659,603	9,519,335	9,984,955	9,691,973	9,779,208	9,916,602
2,264,692	2,264,812	2,045,153	1,684,036	225,062	1,638,225
960,194	831,868	830,836	439,531	457,007	639,653
1,081,947	1,834,798	795,436	451,036	753,882	983,443
2,118,032	2,074,100	4,958,301	3,065,960	2,494,451	2,784,264
<u>23,799,359</u>	<u>26,907,993</u>	<u>27,837,420</u>	<u>26,355,055</u>	<u>26,877,638</u>	<u>32,422,981</u>
1,950,889	1,973,869	3,546,486	3,826,347	4,572,557	5,068,945
-	-	-	-	-	-
-	-	-	-	-	62,805
-	-	-	-	-	-
-	-	-	-	2,581,447	-
<u>1,950,889</u>	<u>1,973,869</u>	<u>3,546,486</u>	<u>3,826,347</u>	<u>7,154,004</u>	<u>5,131,750</u>



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

	Fiscal Year			
	2004	2005	2006	2007
Net revenues (expenses)				
Governmental activities:	\$ (34,524,435)	\$ (42,808,550)	\$ (41,768,734)	\$ (54,658,485)
Business-type activities:	(2,202,788)	(2,094,966)	(1,870,950)	204,572
Total primary government net expense	<u>\$ (36,727,223)</u>	<u>\$ (44,903,516)</u>	<u>\$ (43,639,684)</u>	<u>\$ (54,453,913)</u>
General revenues and other changes in net position				
Governmental activities:				
Taxes:				
Sales and use	\$ 19,953,000	\$ 19,023,168	\$ 21,075,748	\$ 21,227,671
Property	10,559,672	14,597,317	16,505,365	18,822,311
Franchise	3,237,261	2,633,460	2,633,222	2,839,864
Other taxes	2,091,374	1,548,587	4,374,230	6,234,908
Intergovernmental	2,632,293	1,103,398	1,416,429	2,468,231
Investment income, unrestricted	3,450,671	2,353,126	3,902,372	5,507,134
Capital Contribution	-	3,166,765	-	-
Other general revenues	-	-	73,558	15,915
Transfers	(1,609,314)	(1,889,004)	(1,914,950)	196,844
Total governmental activities	<u>40,314,957</u>	<u>42,536,817</u>	<u>48,065,974</u>	<u>57,312,878</u>
Extraordinary Loss	-	-	-	-
Business-type activities:				
Investment income	332,943	16,352	77,503	76,581
Other Revenue	21,128	-	115	-
Transfers	1,609,314	1,889,004	1,914,950	(196,844)
Total business-type activities	<u>1,963,385</u>	<u>1,905,356</u>	<u>1,992,568</u>	<u>(120,263)</u>
Total primary government changes in net position				
Governmental activities:	5,790,522	(271,733)	6,297,240	2,654,393
Business-type activities:	(239,403)	(189,610)	121,618	84,309
Total primary government	<u>\$ 5,551,119</u>	<u>\$ (461,343)</u>	<u>\$ 6,418,858</u>	<u>\$ 2,738,702</u>

Source: City Finance Department

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ (52,747,263)	\$ (53,619,722)	\$ (50,224,239)	\$ (54,217,219)	\$ (54,217,219)	\$ (46,303,086)
(192,953)	(500,856)	(50,698)	2,999,123	2,999,123	(2,879,792)
<u>\$ (52,940,216)</u>	<u>\$ (54,120,578)</u>	<u>\$ (50,274,937)</u>	<u>\$ (51,218,096)</u>	<u>\$ (51,218,096)</u>	<u>\$ (49,182,878)</u>
\$ 20,060,618	\$ 18,472,616	\$ 16,582,063	\$ 17,664,314	\$ 19,882,259	\$ 21,385,051
19,488,146	20,714,994	20,377,168	18,894,891	16,391,482	15,704,242
3,004,523	3,156,939	3,147,976	3,199,514	3,258,474	3,248,171
8,079,967	7,155,807	7,012,408	7,444,697	7,419,738	7,575,411
-	-	-	-	-	-
4,152,579	3,021,062	1,142,397	547,489	531,511	5,410
-	-	-	-	-	-
171,396	52,520	343,052	666,063	926,610	854,159
68,497	7,746	11,250	356,250	21,119	(512,218)
<u>55,025,726</u>	<u>52,581,684</u>	<u>48,616,314</u>	<u>48,773,218</u>	<u>48,431,193</u>	<u>48,260,226</u>
-	-	-	-	(1,457,056)	-
53,585	183,442	222,959	164,636	169,091	199,211
50	25,357	10,743	13,054	15,027	2,550,094
(68,497)	(7,746)	(11,250)	(356,250)	(21,119)	579,042
<u>(14,862)</u>	<u>201,053</u>	<u>222,452</u>	<u>(178,560)</u>	<u>162,999</u>	<u>3,328,347</u>
2,278,463	(1,038,038)	(1,607,925)	(5,444,001)	(7,243,082)	1,957,140
(207,815)	(299,803)	171,754	2,820,563	3,162,122	448,555
<u>\$ 2,070,648</u>	<u>\$ (1,337,841)</u>	<u>\$ (1,436,171)</u>	<u>\$ (2,623,438)</u>	<u>\$ (4,080,960)</u>	<u>\$ 2,405,695</u>

(Concluded)



City of Walnut Creek
Fund Balances of Governmental Funds
Last Four 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
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
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
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
Committed	-	-	-	-
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

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City of Walnut Creek
Fund Balances of Governmental Funds
FY2009 - FY2004
(modified accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
General Fund:				
Reserved	\$ 5,998,198	\$ 4,984,672	\$ 5,270,977	\$ 4,905,610
Unreserved				
Designated for:				
Economic Uncertainty	11,503,956	8,918,972	6,171,001	6,337,891
Recreation Scholarships				
Claims Liability	5,480,550	6,368,630	6,085,543	9,121,767
Council Discretion	982,402	882,402	614,155	632,273
City Manager Discretion	75,000	75,000	75,000	75,000
Unrealized Investment Gain	-	-	-	370,476
Property Expansion	250,000	250,000	-	-
Future Programs	-	-	1,554,690	-
Capital improvements	2,366,045	1,405,022	1,405,022	1,405,022
Labor Agreements	500,000	500,000	500,000	500,000
Future Budgets	-	-	-	3,062,278
Compensated Absences	2,421,007	2,638,504	2,767,382	2,952,014
Undesignated	-	3,713,094	-	392,793
Total general fund	29,577,158	29,736,296	24,443,770	29,755,124
All Other Governmental Funds:				
Reserved	9,294,625	2,430,635	12,319,946	6,165,017
Unreserved, reported in:				
Special revenue funds	1,016,990	6,076,454	83,613	12,516,496
Capital projects funds	44,700,281	49,382,134	55,240,959	55,738,087
Undesignated	-	-	-	-
Total all other governmental funds	\$ 55,011,896	\$ 57,889,223	\$ 67,644,518	\$ 74,419,600
Total all governmental funds	\$ 84,589,054	\$ 87,625,519	\$ 92,088,288	\$ 104,174,724

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

Fiscal Year	
2008	2009
\$ 4,900,219	\$ 4,276,972
6,343,265	6,818,051
	21,562
9,276,811	8,028,363
632,273	332,273
75,000	75,000
59,197	96,826
-	-
-	-
1,405,022	1,405,022
500,000	-
7,490,507	7,195,623
2,984,777	3,318,697
-	-
<u>33,667,071</u>	<u>31,568,389</u>
7,406,732	10,310,736
12,485,586	13,587,363
51,446,853	35,882,129
-	-
<u>\$ 71,339,171</u>	<u>\$ 59,780,228</u>
<u>\$ 105,006,242</u>	<u>\$ 91,348,617</u>



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

	Fiscal Year			
	2004	2005	2006	2007
Revenues				
Taxes:				
Sales and Use	\$ 19,953,000	\$ 19,023,168	\$ 21,075,748	\$ 21,227,671
Property	10,020,247	14,597,317	16,505,365	19,691,147
Business License	1,901,983	1,885,648	1,973,765	1,917,646
Franchise	3,216,641	2,633,460	2,633,222	2,839,864
Transient Occupancy Tax	1,233,226	1,235,263	1,218,666	1,337,385
Other	5,464,077	6,429,352	3,419,858	2,287,101
Intergovernmental	4,708,249	2,048,333	3,820,553	3,273,497
Use of money and property	4,042,597	3,758,488	5,434,269	7,206,566
Charges for Services	3,152,399	4,677,537	7,371,377	12,827,678
Licenses, permits and fees	3,192,760	2,396,509	2,218,601	2,758,546
Fines, forfeitures and penalties	2,173,400	2,534,229	3,538,154	3,066,289
Other revenues	1,813,912	1,587,702	520,356	1,001,883
Total revenues	60,872,491	62,807,006	69,729,934	79,435,273
Expenditures				
Current:				
Public protection	15,237,423	16,849,831	17,967,011	19,236,989
Public service	16,706,717	17,870,421	17,108,292	21,259,006
Community development	4,070,787	4,252,184	4,765,527	5,914,667
Housing	613,556	3,616,307	2,140,611	1,422,545
Cultural services	4,500,185	4,442,632	4,656,977	13,443,568
Administrative services	5,639,095	4,318,891	4,962,148	4,962,140
General government	3,248,892	5,327,017	6,610,070	4,546,728
Capital outlay:				
General public ways and facilities	6,417,541	2,233,117	6,043,278	2,743,985
Debt service:				
Principal	155,000	415,000	825,000	850,000
Interest and issuance costs	2,650,283	804,864	785,595	453,008
Total expenditures	59,239,479	60,130,264	65,864,509	74,832,636
Excess (deficiency) of revenues over (under) expenditures	1,633,012	2,676,742	3,865,425	4,602,637
Other financing sources (uses):				
Loan proceeds	3,446,815	-	-	-
Proceeds from sale of assets	180,909	-	-	-
Transfers in	4,603,835	5,180,648	888,864	27,545,584
Transfers out	(16,052,411)	(5,340,002)	(2,835,536)	(24,776,022)
Total other financing sources (uses)	(7,820,852)	(159,354)	(1,946,672)	2,769,562
Extraordinary item	-	-	-	-
Net change in fund balances	\$ (6,187,840)	\$ 2,517,388	\$ 1,918,753	\$ 7,372,199
Debt Service - % noncapital expenditures	5.6%	2.2%	2.8%	1.8%
Source: City Finance Department				

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 20,060,619	\$ 18,472,616	\$ 16,582,063	\$ 17,664,314	\$ 19,882,259	\$ 21,385,051
20,362,527	20,714,994	20,377,168	18,894,891	16,391,482	15,704,242
2,024,041	1,948,060	1,943,357	1,911,581	1,972,208	2,073,305
3,004,523	3,156,939	3,147,976	3,199,514	3,258,474	3,248,171
1,453,869	1,244,223	1,141,959	1,345,355	1,491,533	1,658,706
2,355,998	2,034,403	2,007,832	2,152,301	2,062,470	2,303,338
2,245,219	4,099,703	5,620,185	4,922,550	4,496,141	5,069,160
5,933,954	4,720,142	2,639,135	2,496,540	2,392,372	842,793
12,057,554	12,290,405	12,585,459	13,118,478	13,630,654	16,234,458
2,214,703	2,230,571	2,197,799	2,555,481	2,490,058	1,680,603
4,560,388	4,029,279	4,383,826	4,981,431	4,866,047	8,389,242
1,246,141	1,779,127	2,723,887	1,354,339	1,974,534	1,918,938
<u>77,519,536</u>	<u>76,720,462</u>	<u>75,350,646</u>	<u>74,596,775</u>	<u>74,908,232</u>	<u>80,508,007</u>
20,083,360	21,522,640	21,744,763	21,551,269	22,120,786	21,827,962
18,287,663	18,477,194	17,274,706	19,974,925	19,928,800	19,543,563
5,397,259	6,224,593	4,727,785	4,076,311	4,576,808	5,424,347
1,871,343	2,744,309	3,324,662	1,019,485	950,744	1,911,341
14,038,213	14,218,609	14,008,006	13,615,812	16,137,501	13,938,446
5,372,403	6,177,799	5,885,492	4,710,796	5,418,795	5,786,198
2,700,494	2,826,309	2,648,587	3,357,033	3,229,804	3,816,661
7,501,041	17,957,680	19,998,754	2,313,211	2,995,797	3,947,460
870,000	905,000	940,000	2,439,592	691,841	31,428
422,739	388,904	350,530	325,173	141,513	-
<u>76,544,515</u>	<u>91,443,037</u>	<u>90,903,285</u>	<u>73,383,607</u>	<u>76,192,389</u>	<u>76,227,406</u>
<u>975,021</u>	<u>(14,722,575)</u>	<u>(15,552,639)</u>	<u>1,213,168</u>	<u>(1,284,157)</u>	<u>4,280,601</u>
-	-	-	-	-	-
-	-	-	-	-	-
10,338,766	22,579,127	11,090,351	12,506,513	6,895,908	18,252,298
(10,482,269)	(21,275,667)	(11,332,999)	(13,147,563)	(9,076,689)	(19,888,502)
<u>(143,503)</u>	<u>1,303,460</u>	<u>(242,648)</u>	<u>(641,050)</u>	<u>(2,180,781)</u>	<u>(1,636,204)</u>
-	-	-	-	(5,331,766)	-
<u>\$ 831,518</u>	<u>\$ (13,419,115)</u>	<u>\$ (15,795,287)</u>	<u>\$ 572,118</u>	<u>\$ (8,796,704)</u>	<u>\$ 2,644,397</u>
1.9%	1.8%	1.9%	4.0%	1.2%	0.0%

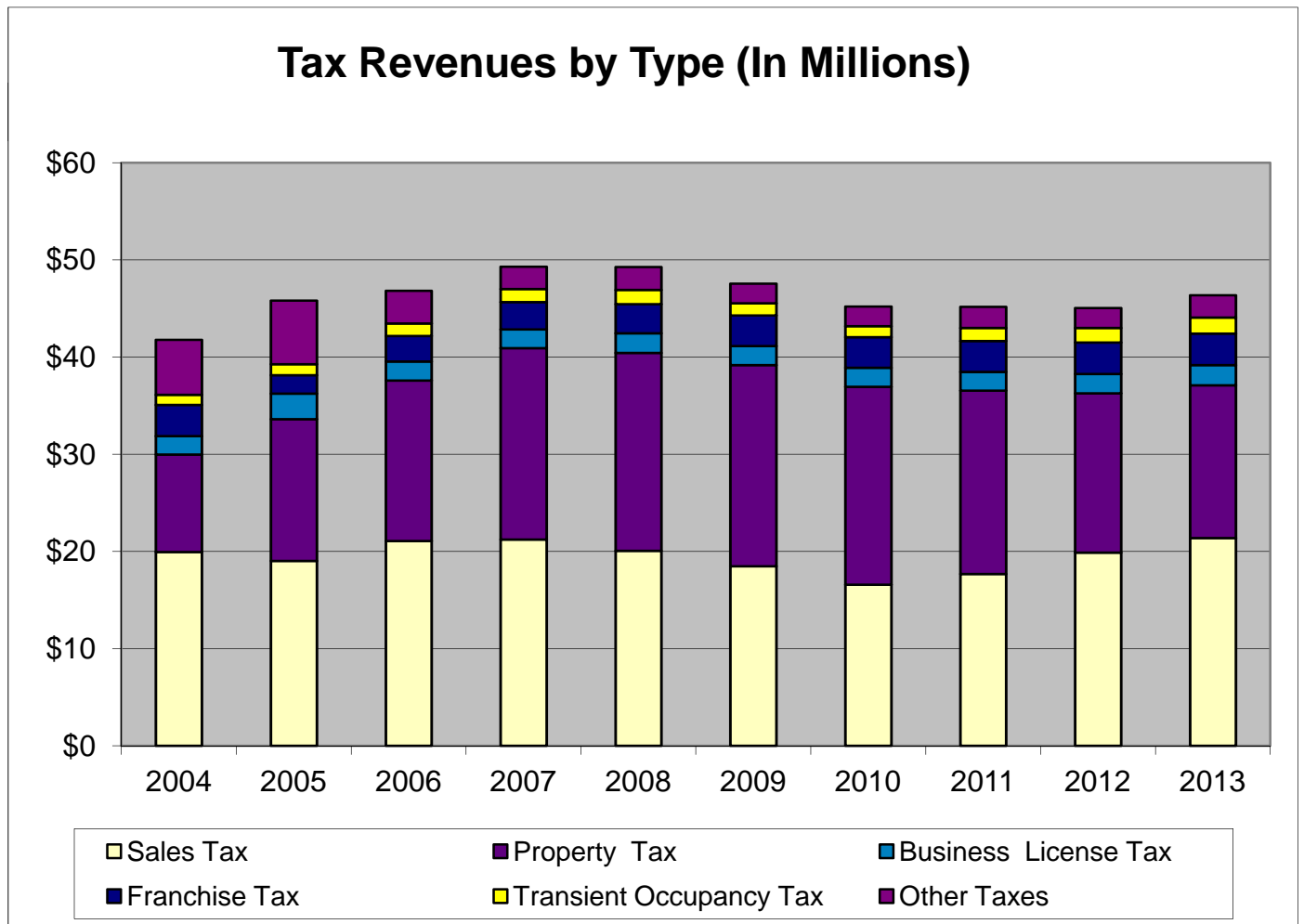
(Concluded)



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
2004	\$ 19,953,000	\$ 10,020,247	\$ 1,901,983	\$ 3,216,641	\$ 1,029,366	\$ 5,667,937	\$ 41,789,174
2005	19,023,168	14,597,317	2,633,460	1,885,648	1,119,976	6,544,639	45,804,208
2006	21,075,748	16,505,365	1,973,765	2,633,222	1,276,709	3,361,815	46,826,624
2007	21,227,671	19,691,147	1,917,646	2,839,864	1,337,385	2,287,101	49,300,814
2008	20,060,619	20,362,527	2,024,041	3,004,523	1,453,869	2,355,998	49,261,577
2009	18,472,616	20,714,994	1,948,060	3,156,939	1,244,223	2,034,403	47,571,235
2010	16,582,063	20,377,168	1,943,357	3,147,976	1,141,959	2,007,832	45,200,355
2011	17,664,314	18,894,891	1,911,581	3,199,514	1,345,355	2,152,301	45,167,956
2012	19,882,259	16,391,482	1,972,208	3,258,474	1,491,533	2,062,470	45,058,426
2013	21,385,051	15,704,242	2,073,305	3,248,171	1,658,706	2,303,338	46,372,813

Source: City Finance Department





City of Walnut Creek

Assessed Value and Estimated Actual Value of Taxable Property

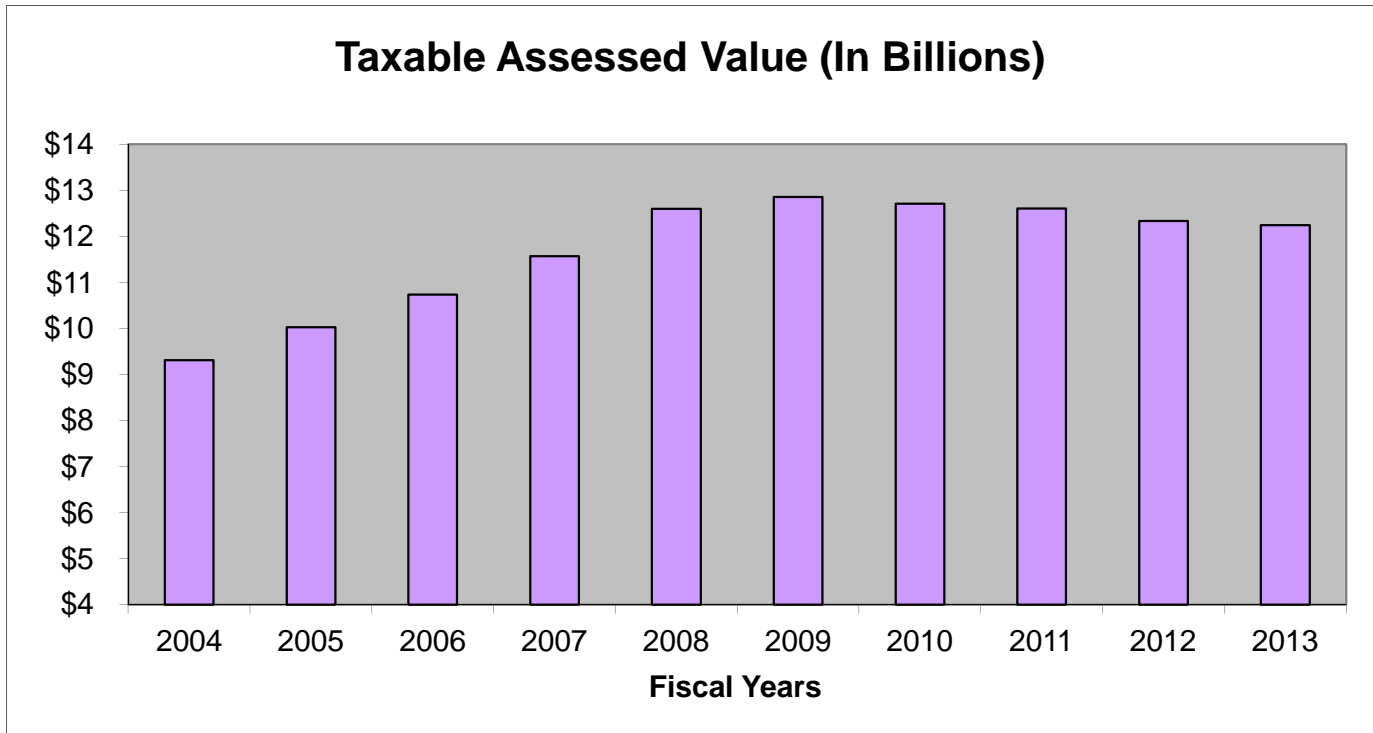
Last Ten Fiscal Years

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
2004	\$ 6,733,977,931	\$ 1,949,132,900	\$ 102,696,926	\$ 748,494,277	\$ (222,573,703)	\$ 9,311,728,331	11.400%
2005	7,226,797,505	2,030,755,965	97,701,565	892,638,007	(225,105,319)	10,022,787,723	11.747%
2006	7,841,750,720	2,138,407,003	107,380,337	877,071,334	(228,751,150)	10,735,858,244	11.778%
2007	8,551,138,922	2,249,334,244	115,983,129	886,110,542	(235,778,714)	11,566,788,123	11.639%
2008	9,272,700,719	2,347,625,254	115,545,668	1,109,777,694	(248,464,304)	12,597,185,031	11.578%
2009	9,538,266,067	2,474,982,973	100,668,638	987,832,377	(246,260,584)	12,855,489,471	11.681%
2010	9,302,765,275	2,573,281,647	111,603,403	973,329,306	(250,725,941)	12,710,253,690	11.830%
2011	9,245,487,993	2,639,603,044	107,266,982	890,902,216	(279,414,343)	12,603,845,892	11.838%
2012	9,033,688,220	2,562,632,155	108,010,488	922,673,554	(294,265,928)	12,332,738,489	11.819%
2013	9,081,193,615	2,468,292,594	60,100,559	925,047,088	(294,698,806)	12,239,935,050	11.970%

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			
	2004	2005	2006	2007
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	0.0302	0.0290	0.0279	0.0292
Bay Area Rapid Transit Bond	-	-	0.0048	0.0050
Contra Costa Community College	0.0038	0.0042	0.0047	0.0043
Contra Costa Water Land Levy	0.0063	0.0057	0.0050	0.0043
East Bay Regional Park Bond	0.0057	0.0057	0.0057	0.0085
Lafayette Elementary Bond 1995	0.0421	0.0415	0.0393	0.0377
Mt. Diablo 2002 Bond	0.0525	0.0411	0.0418	0.0446
Pleasant Hill Recreation & Park	-	-	-	-
San Ramon Unified	0.0361	0.0517	0.0514	0.0533
Service Area R-8 Bond	0.0043	0.0042	-	-
Walnut Creek Elementary	0.0226	0.0217	0.0230	0.0218
Total Direct and Overlapping Rates	1.2036	1.2048	1.2036	1.2087

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					
2008	2009	2010	2011	2012	2013
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
0.0259	0.0289	0.0298	0.0311	0.0333	0.0333
0.0076	0.0090	0.0057	0.0031	0.0041	0.0043
0.0108	0.0066	0.0126	0.0133	0.0144	0.0087
0.0039	0.0041	0.0048	0.0049	0.0051	0.0045
0.0080	0.0100	0.0108	0.0084	0.0071	0.0051
0.0340	0.0330	0.0326	0.0326	0.0279	0.0284
0.0424	0.0455	0.0493	0.0600	0.0612	0.0871
-	-	-	0.0212	0.0255	0.0269
0.0517	0.0519	0.0587	0.0641	0.0664	0.0705
-	-	-	-	-	-
0.0222	0.0265	0.0166	0.0231	0.0240	0.0241
1.2065	1.2155	1.2209	1.2618	1.2690	1.2929



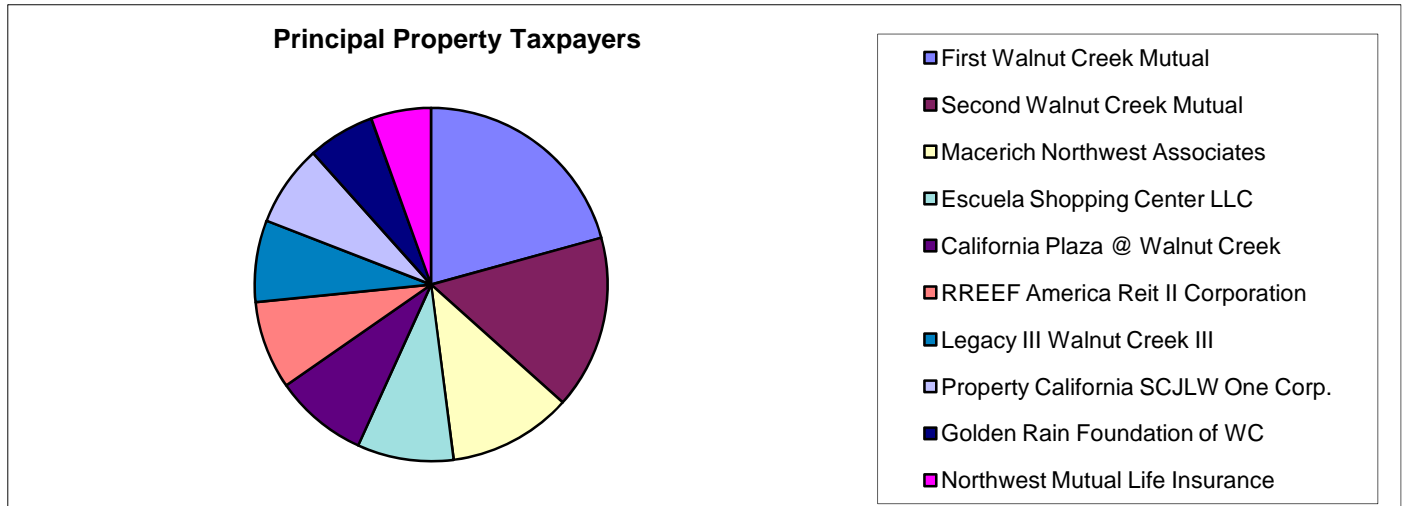
City of Walnut Creek

Principal Property Tax Payers

Current and Nine Years Ago

Taxpayer	2013		2004	
	Taxable Assessed Value	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Percent of Total Taxable Assessed Value
First Walnut Creek Mutual	\$ 212,173,022	1.73%	\$ 367,587,284	3.95%
Second Walnut Creek Mutual	162,901,144	1.33%	-	-
Macerich Northwest Associates	116,119,824	0.95%	92,264,287	0.99%
Escuela Shopping Center LLC	90,216,960	0.74%	58,172,537	0.62%
California Plaza @ Walnut Creek	87,492,037	0.71%	75,876,370	0.81%
RREEF America Reit II Corporation	82,651,154	0.68%	-	-
Legacy III Walnut Creek III	76,605,000	0.63%	-	-
Property California SCJLW One Corp.	76,542,755	0.63%	66,353,397	0.71%
Golden Rain Foundation of WC	62,745,537	0.51%	-	-
Northwest Mutual Life Insurance	56,441,169	0.46%	54,384,608	0.58%
Fidelity Non-Profit Mgmt Found.	-	-	73,404,215	0.79%
Metropolitan Life Insurance Company	-	-	65,304,571	0.70%
Stoneridge Walnut Creek LP	-	-	55,126,048	0.59%
Kaiser Foundation Health Plan	-	-	52,075,492	0.56%
	<u>\$ 1,023,888,602</u>	<u>8.37%</u>	<u>\$ 960,548,809</u>	<u>10.32%</u>

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





City of Walnut Creek

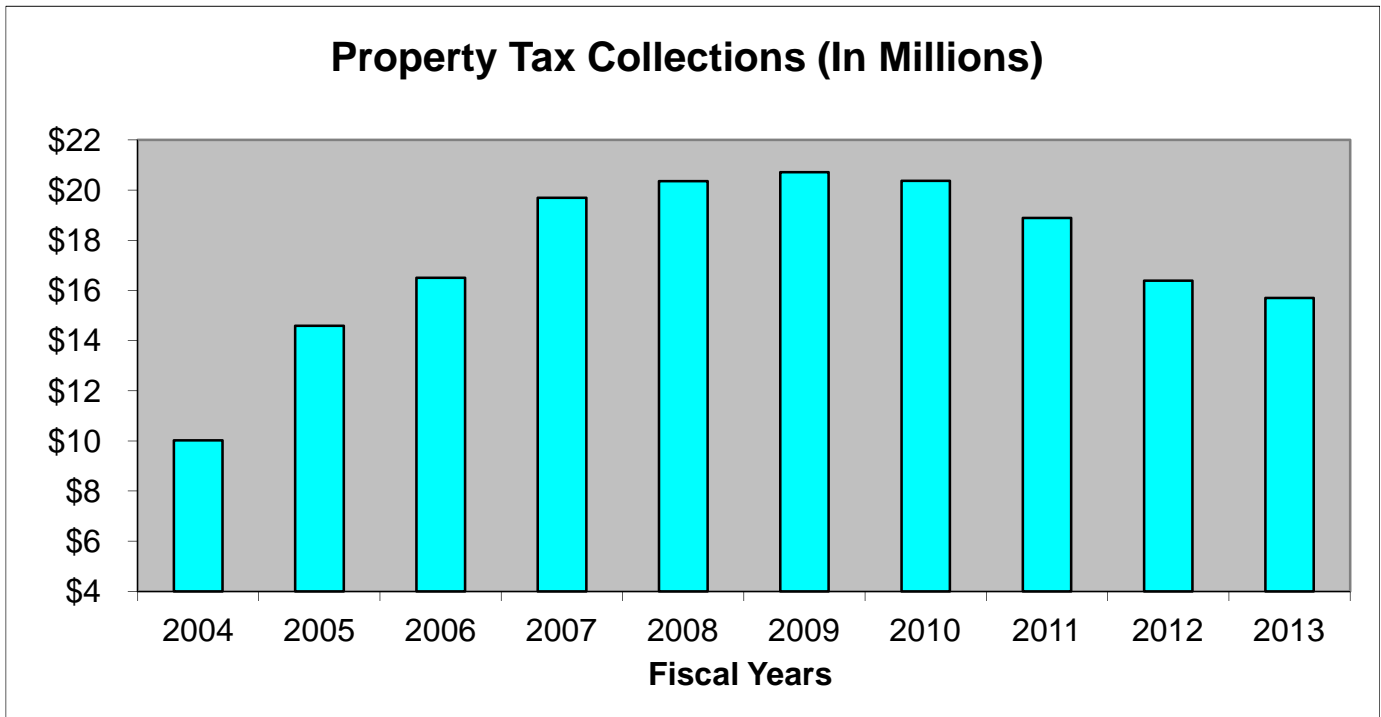
Property Tax Levies and Collections

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
2004	\$ 10,020,247	10,020,247	100%	10,020,247	100%
2005	14,597,317	14,597,317	100%	14,597,317	100%
2006	16,505,365	16,505,365	100%	16,505,365	100%
2007	19,691,147	19,691,147	100%	19,691,147	100%
2008	20,362,527	20,362,527	100%	20,362,527	100%
2009	20,714,994	20,714,994	100%	20,714,994	100%
2010	20,377,168	20,377,168	100%	20,377,168	100%
2011	18,894,891	18,894,891	100%	18,894,891	100%
2012	16,391,482	16,391,482	100%	16,391,482	100%
2013	15,704,242	15,704,242	100%	15,704,242	100%

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
2012-2013

<u>BUSINESS NAME</u>	<u>BUSINESS CATEGORY</u>
Apple Stores	Office Equipment
Beverages & More	Liquor Stores
Cheesecake Factory	Restaurants
Chevron Service Stations	Service Stations
Cole European	New Car Dealers
CVS/Pharmacy	Drug Stores
Diablo Mazda	New Car Dealers
Dirito Brothers Volkswagen	New Car Dealers
General Plumbing Supply	Plumbing and Equipment
Macy's Department Store	Department Stores
Mercedes Benz of Walnut Creek	New Car Dealers
Michael Stead Chrysler/Jeep	New Car Dealers
Michael Stead Porsche	New Car Dealers
Neiman Marcus Department Store	Department Stores
Nordstrom Department Store	Department Stores
North State Auto	Car Dealers
Safeway Stores	Supermarkets
Shane Diamond Jewelers	Jewelry Stores
Shell Service Stateion	Service Stations
Target Stores	Department Stores
Tesoro Service Stations	Service Stations
Toyota Walnut Creek	New Car Dealers
Walnut Creek Ford	New Car Dealers
Walnut Creek Honda	New Car Dealers
Wayne Stead Cadillax	New Car Dealers

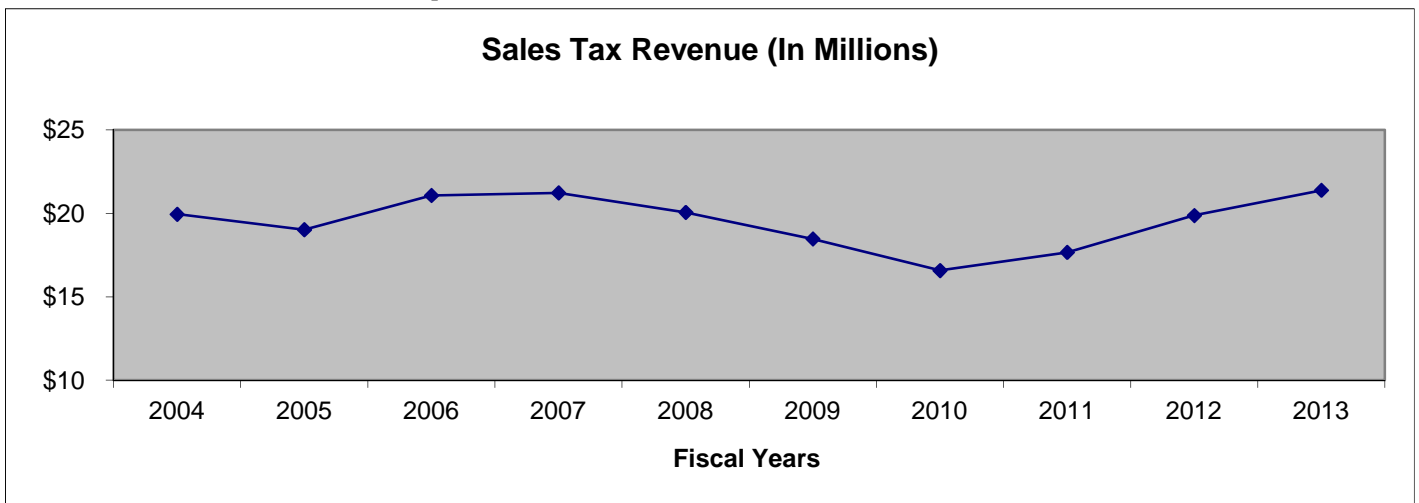
Percent of Total City Sales Tax Paid By Top 25 Accounts = 48.8%

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

Firms Listed Alphabetically

Period: July 2012 thru June 2013

Source: Muni Services, State Board of Equalization





City of Walnut Creek

Ratios of Debt Outstanding

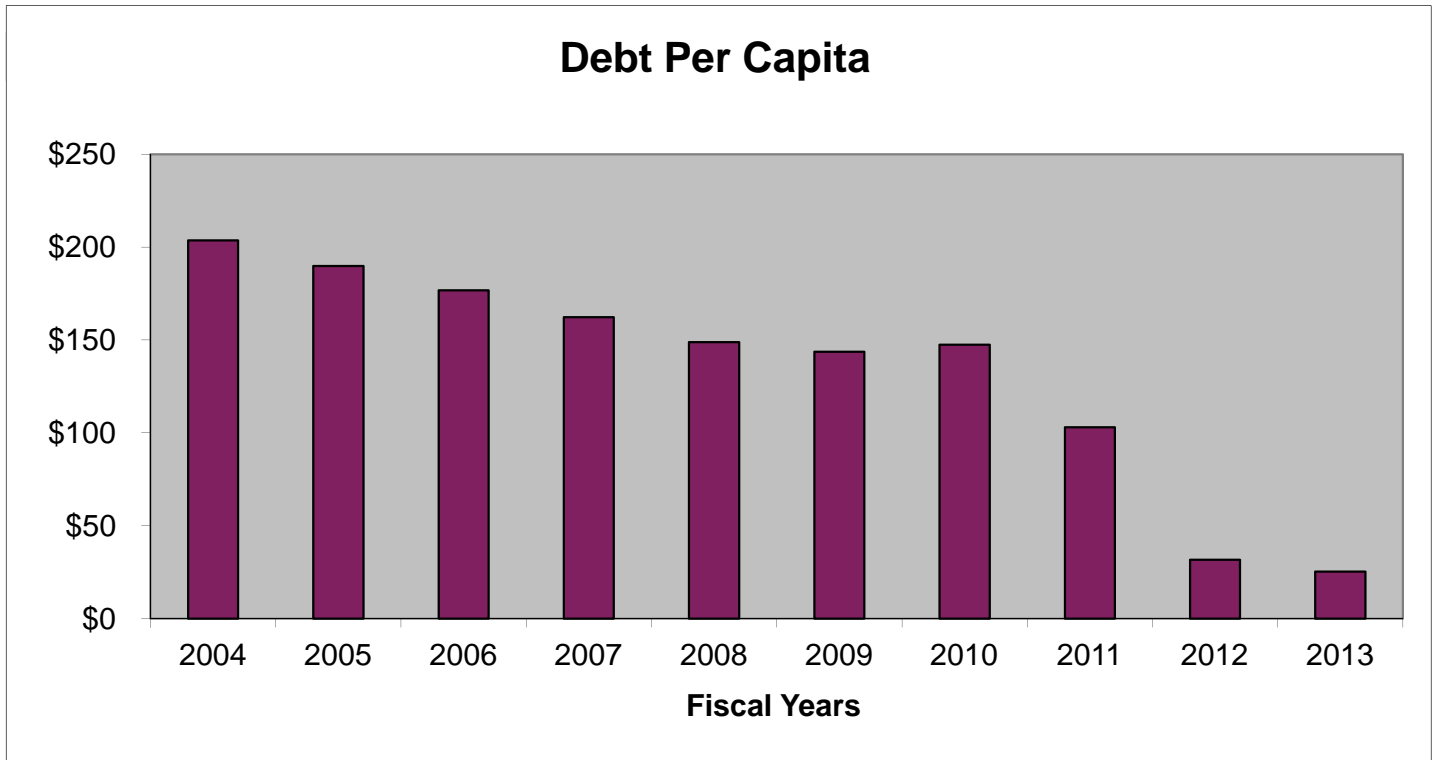
Last Ten Fiscal Years

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			
2004	\$ 11,477,131		\$ 1,810,000		\$ 13,287,131	30.17%	203.69
2005	11,056,537		1,580,000		12,636,537	27.95%	189.78
2006	10,225,943		1,415,000		11,640,943	24.90%	176.75
2007	9,370,349		1,325,000		10,695,349	22.17%	162.26
2008	8,494,755		1,230,000		9,724,755	19.60%	148.91
2009	7,584,161	676,630	1,135,000		9,395,791	18.47%	143.70
2010	6,638,567	1,494,182	1,035,000	507,108	9,674,857	18.97%	147.48
2011	4,372,973	1,149,704	930,000	374,333	6,827,010	14.13%	103.00
2012	-	1,013,135	815,000	236,286	2,064,421	4.11%	31.65
2013	-	337,184	695,000	627,244	1,659,428	3.22%	25.26

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

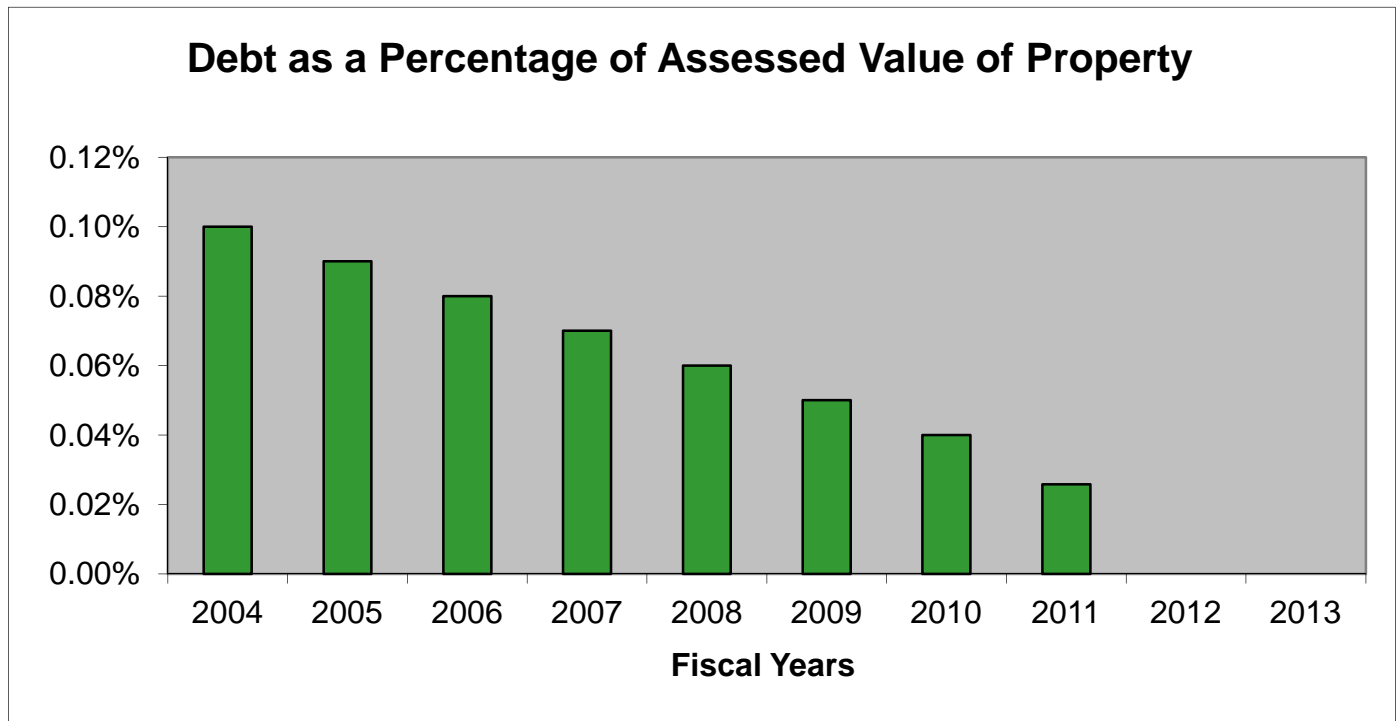
Fiscal Year Ended June 30th	Tax Allocation Bonds	Less: Amounts Available in Debt Service Fund	Net Amount	Percentage of Assessed Value of Property	Per Capita
2004	\$ 11,477,131	\$ 1,163,041	\$ 10,314,090	0.10%	\$ 155.49
2005	11,056,537	1,134,430	9,922,107	0.09%	149.69
2006	10,225,943	1,142,702	9,083,241	0.08%	138.46
2007	9,370,349	1,146,270	8,224,079	0.07%	125.78
2008	8,494,755	1,135,505	7,359,250	0.06%	112.69
2009	7,584,161	1,126,095	6,458,066	0.05%	98.06
2010	6,638,567	1,126,114	5,512,453	0.04%	83.63
2011	4,372,973	1,126,333	3,246,640	0.03%	48.76
2012	-	-	-	0.00%	-
2013	-	-	-	0.00%	-

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, 2013

City's 2012-2013 Assessed Valuation			\$ 12,239,661,586
Redevelopment Incremental Assessed Valuation			\$ 378,126,917
	Percentage Applicable to City of Walnut Creek ¹	Outstanding Debt 6/30/13	Estimated Share of Overlapping Debt
Direct and Overlapping Tax and Assessment Debt:			
Bay Area Rapid Transit District	2.435%	\$ 410,690,000	\$ 10,000,302
Contra Costa Community College District	8.665%	209,930,000	18,190,435
Walnut Creek Joint Unified School District	70.617%	27,079,628	19,122,821
Mount Diablo Unified School District	17.384%	449,305,057	78,107,191
Mount Diablo Unified School District Community Facilities District No. 1	17.384%	48,770,000	8,478,177
Acalanes Unified School District	29.3460%	201,498,506	59,131,752
Contra Costa County and Water District 1915 Act Bonds	39.4180%	1,705,000	672,077
California Statewide Communities Development Authority	100.0000%	2,618,810	2,618,810
Lafayette Unified School District	2.0150%	15,720,000	316,758
San Ramon Valley Unified School District	0.6830%	328,074,896	2,240,752
Pleasant Hill Recreation and Park District	0.1830%	27,425,000	50,188
East Bay Regional Park District	3.7630%	135,565,000	5,101,311
Total overlapping tax and assessment debt			\$ 204,030,574
Direct and Overlapping Lease Obligation Debt:			
Contra Costa County General Fund Obligations	8.632%	\$ 282,641,006	\$ 24,397,572
Contra Costa County Pension Obligations	8.632%	310,110,000	26,768,695
Contra Costa Community College District Certificates of Participation	8.665%	780,000	67,587
San Ramon Valley Unified School District General Fund Obligations	0.683%	23,025,000	157,261
City of Walnut Creek General Fund Obligations	100.000%	695,000	695,000
Contra Costa County Fire Protection District Pension Obligations	19.124%	106,185,000	20,306,819
Pleasant Hill Recreation and Park District Certificates of Participation	0.183%	2,215,000	4,053
Total Gross Direct and Overlapping General Fund Debt			\$ 72,396,987
Less: Contra Costa County revenue supported obligations			9,062,973
Total Net Direct and Overlapping General Fund Debt			63,334,014
Overlapping Tax Increment Debt (Successor Agency):	100.000%	3,305,000	3,305,000
TOTAL DIRECT DEBT			\$ 695,000
TOTAL GROSS OVERLAPPING DEBT			\$ 279,037,561
TOTAL NET OVERLAPPING DEBT			\$ 269,974,588
GROSS COMBINED TOTAL DEBT			\$ 279,732,561 ²
NET COMBINED TOTAL DEBT			\$ 66,639,014

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 2012-2013 Assessed Valuation Ratios:	Gross Debt	Net Debt
Total Overlapping Tax and Assessment Debt	1.67%	1.67%
Total Direct Debt	0.01%	0.01%
Total Combined Debt	2.29%	0.54%

Debt to Redevelopment Incremental Valuation (\$378,126,917):	
Total Overlapping Tax Increment Debt	0.87%

Source: California Municipal Statistics Inc.



City of Walnut Creek
Legal Debt Margin
Last Ten Fiscal Years

	Fiscal Year			
	2004	2005	2006	2007
Assessed valuation	\$ 10,022,788	\$ 10,735,858	\$ 11,566,788	\$ 12,597,185
Add back exempted real property	225,105	228,751	235,779	248,464
Total assessed valuation	\$ 10,247,893	\$ 10,964,609	\$ 11,802,567	\$ 12,845,649
Debt limit percentage	15%	15%	15%	15%
Debt limit	\$ 1,537,184	\$ 1,644,691	\$ 1,770,385	\$ 1,926,847
Total net debt applicable to limit:				
Lease Revenue Bonds	1,810	1,580	1,415	1,325
Legal debt margin	\$ 1,535,374	\$ 1,643,111	\$ 1,768,970	\$ 1,925,522
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					
2008	2009	2010	2011	2012	2013
\$ 12,855,489	\$ 12,710,254	\$ 12,710,254	\$ 12,603,846	\$ 12,332,738	\$ 12,239,935
246,261	250,726	250,726	279,414	294,266	294,699
<u>\$ 13,101,750</u>	<u>\$ 12,960,980</u>	<u>\$ 12,960,980</u>	<u>\$ 12,883,260</u>	<u>\$ 12,627,004</u>	<u>\$ 12,534,634</u>
15%	15%	15%	15%	15%	15%
\$ 1,965,263	\$ 1,944,147	\$ 1,944,147	\$ 1,932,489	\$ 1,894,051	\$ 1,880,195
1,230	1,135	1,035	930	815	695
<u>\$ 1,964,033</u>	<u>\$ 1,943,012</u>	<u>\$ 1,943,112</u>	<u>\$ 1,931,559</u>	<u>\$ 1,893,236</u>	<u>\$ 1,879,500</u>
0.1%	0.1%	0.1%	0.0%	0.0%	0.0%

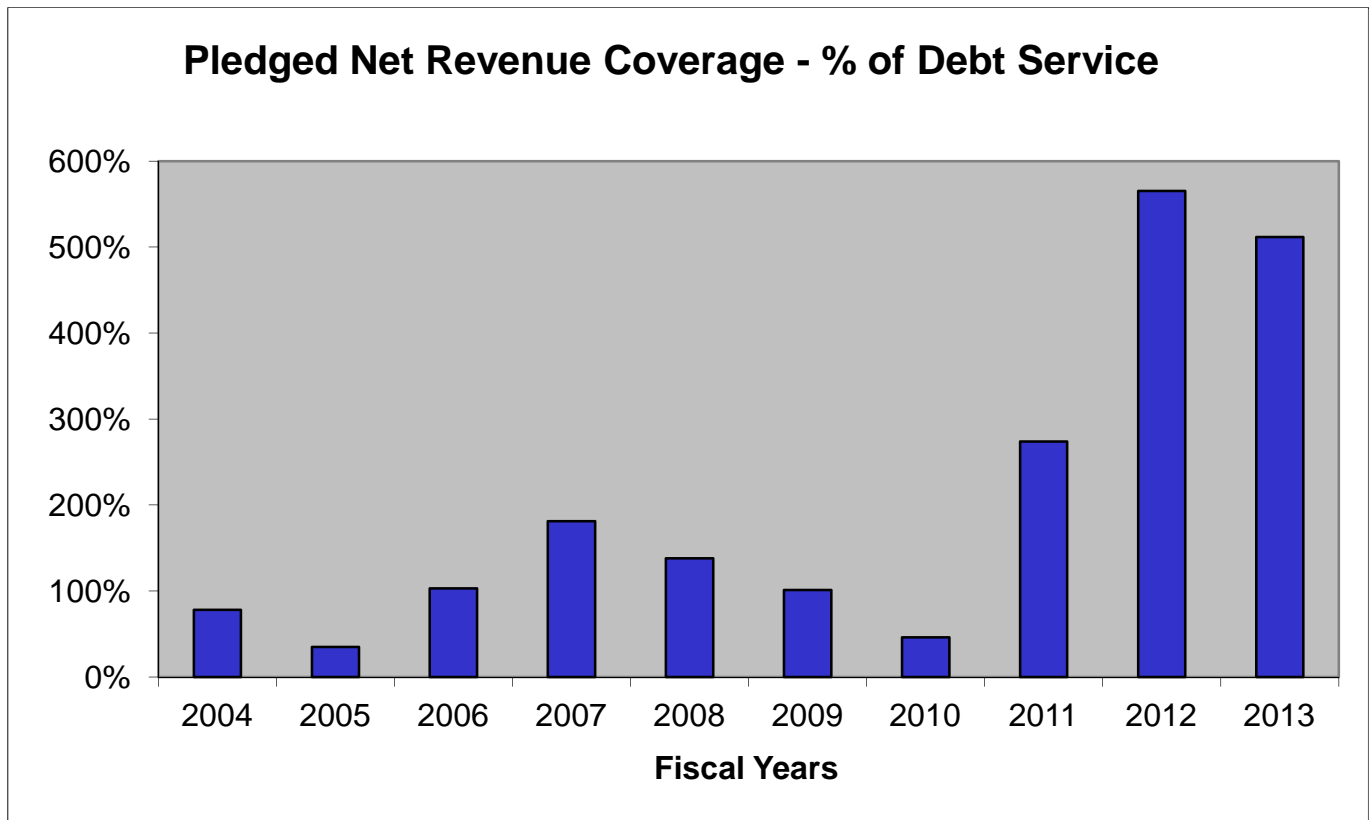


City of Walnut Creek Pledged Revenue Coverage Last Ten Fiscal Years

Fiscal Year Ended June 30th	Golf Course Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2004	\$ 1,963,958	\$ 1,709,502	\$ 254,456	\$ 225,000	\$ 101,327	78%
2005	1,838,170	1,727,157	111,013	230,000	90,491	35%
2006	1,992,050	1,741,396	250,654	165,000	79,401	103%
2007	1,834,846	1,543,513	291,333	90,000	70,687	181%
2008	1,972,378	1,715,608	256,770	95,000	90,400	138%
2009	1,839,292	1,679,187	160,105	95,000	63,161	101%
2010	3,779,380	3,706,766	72,614	100,000	57,499	46%
2011	4,003,683	3,574,174	429,509	105,000	51,847	274%
2012	4,756,675	3,847,896	908,779	115,000	45,829	565%
2013	5,252,002	4,433,917	818,085	120,000	39,894	512%

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See the Economic and Demographics Statistical Schedule for population data.
See the Assessed Value and Estimated Actual Value of Taxable Property for property values.

Source: City Finance Department





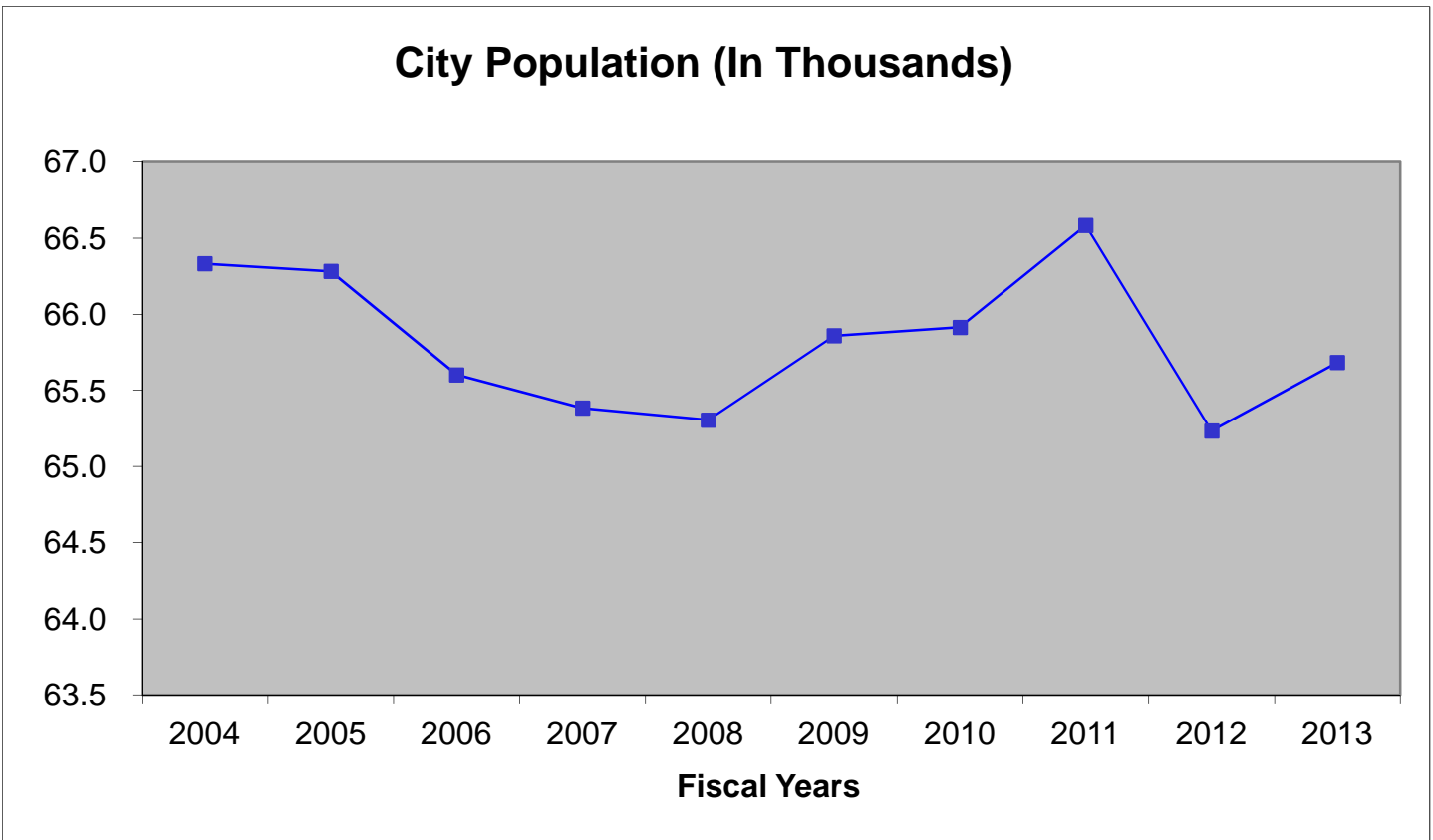
City of Walnut Creek

Demographic and Economic Statistics

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>City Population</u>	<u>Personal Income (in Thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>	<u>Rank in Size of California Cities</u>
2004	66,333	\$ 2,921,305	\$ 44,040	4.10%	112
2005	66,283	2,996,787	45,212	3.60%	116
2006	65,603	3,066,547	46,744	3.20%	120
2007	65,384	3,154,909	48,252	2.80%	123
2008	65,306	3,240,876	49,626	3.10%	126
2009	65,860	3,349,908	50,864	6.80%	126
2010	65,915	3,362,538	51,013	7.00%	125
2011	66,584	3,216,606	48,309	7.60%	128
2012	65,233	3,273,783	50,186	7.00%	128
2013	65,684	3,383,317	51,509	4.70%	129

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





City of Walnut Creek

Full-Time Equivalent City Employees by Function

Last Ten Fiscal Years

	Fiscal Year			
	2004	2005	2006	2007
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	11	11
Human Resources / Administration	7	7	7	7
Information Technology / Communications	6	6	6	6
Reprographics / Warehouse	6	6	6	6
	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>
Public Safety:				
Patrol / Investigations	66	66	66	66
Traffic / Parking	20	20	20	20
Communications / Administration	30	30	30	30
	<u>116</u>	<u>116</u>	<u>116</u>	<u>116</u>
Public Services				
Engineering / Traffic / Streets / CIP	58	58	58	58
Parks / Open Space	39	39	39	39
Public Works / Maintenance	35	35	35	36
	<u>132</u>	<u>132</u>	<u>132</u>	<u>133</u>
Arts, Recreation and Community Services				
Recreation and Community Services	25	25	25	25
Arts Education	14	14	14	14
Theaters / Gallery	20	20	20	20
	<u>59</u>	<u>59</u>	<u>59</u>	<u>59</u>
Community development				
Planning / Administration	17	18	18	18
Building	10	10	10	10
Transportation / Housing	4	4	4	4
	<u>31</u>	<u>32</u>	<u>32</u>	<u>32</u>
Totals	381	382	382	383

Source: City Finance Department

Fiscal Year					
2008	2009	2010	2011	2012	2013
9	9	9	9	10	11
4	4	4	4	4	4
13	13	13	13	14	15
10	10	9	9	9	9
8	7	7	8	8	8
6	7	7	7	8	8
6	4	-	-	-	-
30	28	23	24	25	25
68	66	62	63	67	67
21	20	18	18	16	16
30	30	31	30	29	29
119	116	111	111	112	112
53	53	48	47	49	47
39	38	36	40	35	34
41	38	25	22	21	24
133	129	109	109	105	105
24	23	18	18	19	14
14	14	9	9	8	12
21	18	20	20	21	21
59	55	47	47	48	48
18	15	11	12	14	14
10	13	13	13	13	13
4	4	4	3	3	1
32	32	28	28	30	29
386	373	331	332	333	333



City of Walnut Creek

Operating Indicators by Function

Last Nine Fiscal Years

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

Source: City Finance Department
 Data Prior to Fiscal Year 2005 is not available

Fiscal Year Ended June 30th

2009	2010	2011	2012	2013
30,425	32,880	44,491	44,046	42,859
92,924	84,066	105,046	100,807	102,524
N/A	N/A	N/A	N/A	290
9,915	9,587	7,755	5,751	4,118
901	900	925	1,012	1,100
610	170	200	N/A	N/A
150	85	123	128	121
2,485	3,152	3,099	3,089	3,089
4,000	4,000	2,800	2,600	2,500
550	600	800	800	800-1000
249	249	235	235	326
1,647	1,550	1,550	1,550	1,500
8,000	8,000	8,000	8,000	8,000
96	96	97	97	99
1,600	1,600	1,600	1,600	1,600
130,000	125,000	100,000	100,000	90,000
15,000	16,000	14,500	11,000	14,000
13,000	14,000	14,000	13,450	14,500
131	21	92	106	151
5,242	3,942	5,126	6,136	6,651
12,993	13,021	13,848	13,324	14,080
23,326	24,970	26,586	26,711	28,385
15,299	14,336	13,898	15,278	16,752
30,200	26,000	29,600	23,112	28,163
230,926	213,466	217,960	200,597	192,181
68,410	68,460	68,000	N/A	N/A
58,505	62,722	61,028	65,586	64,130
101	90	94	94	104
818	830	712	808	795
3,228	3,200	3,118	3,325	3,687
8,493	8,400	7,617	7,227	9,804
47	45	45	53	54
24	16	17	23	29
1,406	1,600	1,780	2,787	2,076
245	350	311	314	237
9,946	7,932	N/A	N/A	N/A
31,050	30,334	N/A	N/A	N/A



City of Walnut Creek

Capital Asset Statistics by Function

Last Nine Fiscal Years

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

Source: City Finance Department

Data Prior to Fiscal Year 2005 is not available

Fire Service is provided by a separate governmental agency

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



City of Walnut Creek

Miscellaneous Statistical Data

June 30, 2013

Year of Incorporation	1914	Area (Square Miles)	19.9
Form of Government	Council/Manager	Elevation	200 feet
% of High School / College Graduates	96.5% / 64.0%	Number of homes (2010)	32,681
Average Annual Precipitation	22"	Median Age (2012)	48
Average Highs/Lows		Number of Registered Voters (2012)	41,242
Winter	57/40		
Spring	68/46		
Summer	83/55		
Fall	73/50		
City Crime Index (US Average 319.1)	178.6		

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