



# The City of Walnut Creek California

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
(Prepared by the Administrative Services Department)



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**City of Walnut Creek**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**  
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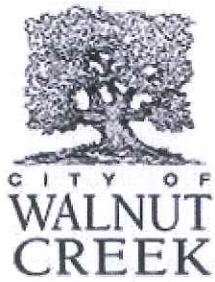
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February 27, 2013

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 year ended June 30, 2012. The information in this Comprehensive Annual Financial Report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and includes an unqualified 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 rests with the City.



For those readers interested in a more detailed review of the City's financial statements, a narrative section called the Management's Discussion and Analysis (MD&A) has also been included as part of the Financial Section. 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 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 approximately 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 from their own membership and serve one-year terms. The City Council is responsible for adopting City ordinances, resolutions, and the annual budget, appointing commissions and committees, and hiring the City Manager and City Attorney. 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 follow:

- **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, aquatics centers and Boundary Oak Golf Course;
- **Community Development** includes Building, Planning, Housing, and Transportation Planning;
- **General Government** includes staff and activities associated with the City Council, City Treasurer, City Manager's Office (includes Economic Development, Community Outreach and Emergency Preparedness), City Clerk's Office, and City Attorney's Office;
- **Public Safety** includes Communications, Patrol, Investigations, and Community Policing, and Traffic and Parking Enforcement;

- **Public Services** includes Engineering, Maintenance (includes Building, Parks, and Streets), Transportation Operations and Planning, Open Space Management and Clean Water Program.

The City also oversees the enterprise funds associated with Boundary Oak Golf Course, which have been incorporated into this 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.

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 as of February 1, 2012. The City chose to become the Successor Agency. As a result of the dissolution, the Agency operations for the first seven months of the current fiscal year (activity from July 1, 2011 through January 31, 2012) have been included in the accompanying basic financial statements as part of the City's non-major funds.

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: **corporate offices** such as Bank of the West; **medical services** including John Muir Medical Center, Kaiser Permanente Medical Center, and Children's Hospital of the Bay Area; **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

As noted in the State of California's Fiscal Outlook, the Legislative Analyst's statement of "Despite Positive Outlook, Caution is Appropriate" is apropos for the City. While Walnut Creek is positioned just about as well as any city could be, the effects of the past four years (plummeting housing prices, changes in consumer spending, etc.) are still being felt. Total tax revenues remain well below our peak in 2006. In fact, property tax revenues (once our largest revenue source, now our third largest) are not enough to cover our Police Department expenses. In short, the City's expenses continue to increase at rates that exceed the growth in our revenues despite the many changes made in employee compensation, service delivery, and programming over the past four years.



According to California's Employment Development Department, the City's June 2012 unemployment rate of 6.4% fared much better than the State's unemployment rate of 10.7%. Sales tax revenue in fiscal year 2011-12 was \$19.9 million, an increase of 12% over the amount received in the prior year. Tax revenue projections for fiscal year 2012-13 are increasing slightly due to an increase in sales tax revenues offset by a decline in property tax revenues.

The City is able to achieve a balanced budget for fiscal period 2012-13 and maintain adequate reserves for the General Fund through a combination of measures, including the following:

- Updated cost recovery policies to allow for fee increases aligned to recover a greater portion of service costs;
- Service changes, such as closing City Hall public counters one day a week, that yield savings or increased revenues;
- Reorganizing staffing, eliminating positions, and delivering services through other methods;
- Labor agreements that include significant cost-sharing of pensions and healthcare costs with employees; and
- New sources of revenue, such as advertising in parking garages and placing mobile retail kiosks in the Liberty Bell Plaza.



**LONG-TERM FINANCIAL PLANNING**

When the two-year budget for fiscal years 2010-12 was adopted, Council requested that staff create a Long Term Financial Plan (LTFP) for the General Fund that covers a total of five 2-year budget cycles. With the volatility of revenues and continually increasing costs, a LTFP enhances our ability to anticipate our financial status in future years and better positions the City to make changes that keep operations stable and to plan for infrastructure needs. The LTFP that was presented to the City Council in November 2011 reflects Council's direction to discontinue the past practice of using budget savings from prior years to fill any gaps between revenues and expenditures. In other words, annual operations will be funded by that same year's revenues. Revenue projections are conservative based on a variety of information including economic factors, reports from tax revenue consulting firms, trends analysis, and expected major developments. Being a service organization, staffing costs represent approximately 67% of the City budget. Expenditure projections are based on current contracts with employee groups with a small increase for non-personnel costs. Based on these conservative assumptions, the LTFP shows expenditures will continue to outpace projected revenues until the end of the decade. The City recognizes that future budgets will require reduced costs, increased revenues or both.

Past annual operating budgets have reflected prudent reserve policies. In June 2011, the City Council adopted 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 Balance and revised some of the existing fund balance policies. With the establishment of a new Catastrophic Emergency fund balance policy in 2011, it was determined that the Fiscal Emergency fund balance did not need the same funding level. In June 2012, the City Council amended and reduced the Fiscal Emergency fund balance policy (first established in 2002) to be calculated at 5% of specific revenues and expenditures rather than the previous 10%. The current Fund Balance Policies include the following:

<b>Committed Fund Balance</b>	<b>Funding Policy</b>
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. Policy is to set aside 5% of the annual General Fund revenue budget listed above and 5% of the annual General Fund expenditure for PERS and medical costs.
Legal Claims	To fund claims awarded against the City. Policy is to set an amount with either 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.
Workers' Compensation	To pay workers' compensation awards. Policy is to fund the higher of twice the annual expenses paid out over the previous five years or \$2 million.

The City Council adopted a 'Use of one-time revenues and General Fund surpluses policy'. 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 has also established several internal service funds to provide funding necessary for replacement of facilities and equipment in the future.

### **MAJOR INITIATIVES AND PROJECTS ACCOMPLISHED 2011-12**

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 partnerships 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 the 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 2011-12:

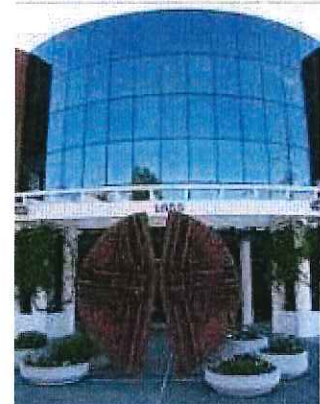
- Completed 2012 Citizens Survey - The vast majority of residents continue to rate services provided by the City of Walnut Creek as excellent or good, much above benchmark comparisons.
- Opened the new Walnut Creek Library Cafe.
- Completed a 5-year IT Strategic Plan - This report will guide the City in investing in technology and its infrastructure to meet the demands that exist within the organization in order to serve the community.
- Approved a West Downtown Specific Plan Work Program - This important plan will be a community-driven plan that defines a vision for the area and develops a regulatory framework for future development and public improvements.
- Accepted the completed the Community Blue Ribbon Task Force Report on Fiscal Health.
- Continued to work and complete a number of "green" capital projects including the retrofitting streetlights with energy-saving LEDs (light emitting diodes) and other energy efficiency upgrades to facilities and equipment.
- Held the first ever Community Service Day that recruited more than 1000 volunteers to complete more than 45 projects.

### **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, including annual budgets for each of the two years. Typically, public hearings are conducted on the proposed budget to review all appropriations and sources of financing. As part of developing the 2010-12 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." A key component of this process was the introduction of Priority-Based Budgeting (PBB) which the City continued to use to develop the 2012-14 Budget.

Capital projects are budgeted by the City over the term of the individual projects. Expenditures are controlled at the fund level for all budgeted departments within the City. At this level, expenditures may not legally exceed appropriations. The budgets are adopted on a basis substantially consistent with Generally Accepted Accounting Principles (GAAP). 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 (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the Fiscal Year ended June 30, 2011. A copy of this award is included in this report. This award represents the fifth year that the City's report was recognized by the GFOA in its awards' program. In order to be recognized for this award, the City was required to produce a report that met their high standards for reporting, as well as one that adhered to Generally Accepted Accounting Principles (GAAP).

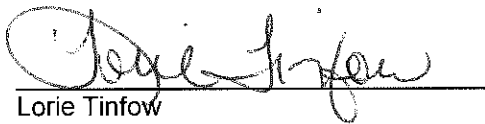
A Certificate of Achievement is valid for a period of one year only. Although we believe that our current CAFR continues to meet the Certificate of Achievement program requirements, due to the timing of this document, we are not submitting it for 2012.

## ACKNOWLEDGMENTS

This CAFR was prepared by the dedicated staff of the Finance Division. Special thanks to Cindy Mosser, Roselyn Taormina, Jennifer Wakeman, Sydney Erdle, 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 and products to Walnut Creek citizens.

Thanks also to the City Council, City Manager and City Treasurer for their continued stewardship and commitment to ensuring the long-term fiscal health of Walnut Creek.

Respectfully submitted,



Lorie Tinfow  
Assistant City Manager / Administrative Services Director

# 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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Moivell*

President

*Jeffrey R. Emer*

Executive Director



## OUR MISSION

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

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

## OUR VISION

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

## OUR VALUES

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

Respect • Integrity • Excellence • Teamwork • Creativity



# City of Walnut Creek Organizational Chart

Citizens of Walnut Creek

City Council

City Treasurer

Oversight Board to the Successor Agency to the RDA

City Commissions

City Manager

City Attorney

## City Departments

Administrative Services

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

Arts, Recreation and Community Services

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

Community Development

(Includes Building, Housing, Planning and  
Transportation Planning)

General Government

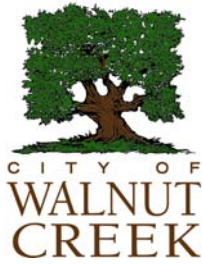
(Includes Public Information, Interagency Relations,  
Community Outreach, City Clerk and  
Economic Development)

Police

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

Public Services

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



## **PRINCIPAL OFFICERS**

**June 30, 2012**

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**Bob Simmons**  
**Mayor**

**Kish Rajan**  
**Mayor Pro Tem**



**Gary Skrel**  
**Council Member**

**Kristina Lawson**  
**Council Member**



**Cindy Silva**  
**Council Member**



## **ADMINISTRATION PERSONNEL**

**June 30, 2012**

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**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**



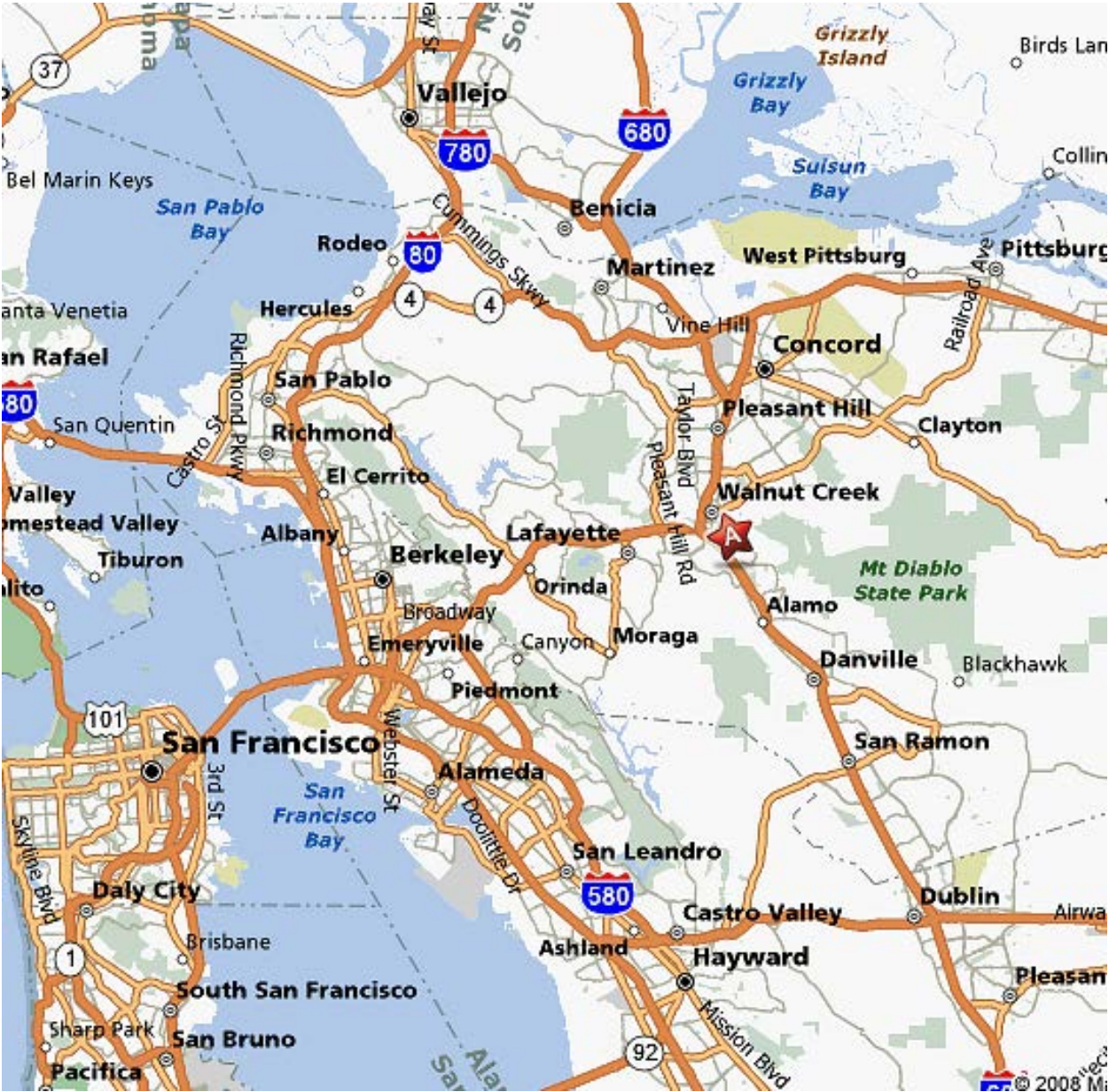
**Joel Bryden**  
**Chief of Police**



**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

City Council  
City of Walnut Creek, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Walnut Creek, California, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Walnut Creek. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the financial statements of the City of Walnut Creek for the year ended June 30, 2011 and in which our report dated January 25, 2012 we expressed unqualified opinions on the respective financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information.

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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Walnut Creek, California, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 15 to the basic financial statements, the California State Legislature enacted legislation AB1X 26 that dissolved redevelopment agencies in the State of California as of February 1, 2012. On February 1, 2012, the City, as the Successor Agency to the Redevelopment Agency of the City of Walnut Creek, became responsible for overseeing the dissolution process and the wind down of redevelopment activity.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Walnut Creek, California's basic financial statements as a whole. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual non-major fund financial statements have 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 financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 27, 2013 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Burr Pilger Mayer, Inc.*

Jose, California  
February 27, 2013

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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, 2012

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The management staff of the City of Walnut Creek (City), offers readers of the City's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2012, which 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 basic financial statements, which are comprised of three components:

- **Government-Wide Financial Statements** - These include the *Statement of Net Assets* 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 in a manner similar to a private-sector business.
- **Fund Financial Statements** - These statements provide additional information about the City's major funds, including 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 supplementary information, including budgetary comparison information on the City's General Fund.

### FINANCIAL HIGHLIGHTS

Financial highlights of the year ended June 30, 2012 include the following:

#### *Government-wide:*

- The City's total net assets were \$333.4 million at June 30, 2012, of which \$331.2 million were in Governmental Activities and \$2.2 million were in Business-type Activities. Of total net assets, \$251.6 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 \$82.5 million, of which \$26.9 million were derived from Governmental Activities, \$7.2 million were derived from Business-type Activities and \$48.4 million from General Revenues (see Tables 2 and 5 for additional information). Existing reserves were used to cover an additional \$5.8 million of expenses, plus an extraordinary net loss of \$1.4 million resulting from the dissolution of the former redevelopment agency and the subsequent transfer of non-housing assets and liabilities out of the governmental funds of the City.
- Total City expenses were \$85.2 million, of which Governmental Activities incurred \$81.1 million and Business-type Activities incurred \$4.1 million (see Tables 2 and 5 for additional information). As mentioned in the previous paragraph, the City incurred an extraordinary net loss of \$1.4 million due to the dissolution of the Redevelopment Agency of the City of Walnut Creek which required the transfer out of non-housing assets and liabilities to the fiduciary funds.



# City of Walnut Creek

## Management's Discussion and Analysis, Continued

### For the year ended June 30, 2012

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#### FINANCIAL HIGHLIGHTS, Continued

##### *Fund Level:*

Governmental fund balances totaled \$65.5 million, the Enterprise funds had a \$2.2 million net asset surplus, and there was a cumulative net asset surplus of \$11.3 million in the Internal Service Funds, of which \$4 million relates to the City's net investment in capital assets. Governmental fund revenues were \$74.9 million, while Governmental fund expenditures totaled \$76.2 million.

- Proprietary Fund operating revenues were \$4.6 million in the Enterprise Funds and \$2.3 million in the Internal Service Funds.
- Proprietary Fund operating expenses were \$4.1 million in the Enterprise funds and \$1.2 million in the Internal Service Funds.
- Net non-operating revenues were approximately \$111,000 in the Enterprise Funds and net non-operating expenses were \$1.5 million in the Internal Service Funds.



##### *General Fund:*

- General Fund revenues were \$64.1 million and expenditures were \$63.9 million.
- Net transfers out of the General Fund were \$2.7 million.
- The fund balance of the General Fund was \$27.9 million at June 30, 2012, all of which has been classified in accordance with Governmental Accounting Standards Board No. 54.

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

- Fund revenues were \$32,000 and expenditures were \$151,000.
- Net transfers into the Fund were \$1.3 million.
- The fund balance of the Fund was \$1.1 million at June 30, 2012; the total amount is classified as restricted for future low and moderate income housing programs and projects.

##### *Major Capital Project Funds:*

- Revenues were as follows: Capital Investment Program - \$2.2 million, Downtown Parking and Enhancement - \$1.0 million, and Traffic Impact Mitigation - \$393,000.
- Expenditures were as follows: Capital Investment Program - \$6.6 million and Downtown Parking and Enhancement - \$359,000.
- Net transfers in (out) were as follows: Capital Investment Program Fund - \$2.1 million and Downtown Parking and Enhancement Fund - (\$320,000).

#### GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. 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 assets and changes in them. Net assets, the difference between assets and liabilities, are one way to measure the City's financial position. Over time, increases or decreases in net assets are among indicators used to assess whether the financial condition of the City is improving or deteriorating. However, 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, 2012**

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**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 analysis on the following page focuses on the net assets and changes in net assets of the City's Governmental Activities (Tables 1, 2 and 3) and Business-Type Activities (Tables 4 and 5) presented in the Government-wide *Statement of Net Assets* and *Statement of Activities*.

***Governmental Activities***

The City's net assets from governmental activities, representing the difference between total assets and total liabilities, were \$331.2 million at June 30, 2012, a decrease of \$7.3 million (2.2%) from the balance at June 30, 2011. This decrease resulted primarily from higher governmental expenses and the occurrence of an extraordinary loss due to the dissolution of the former redevelopment agency. The table below summarizes the City's net assets.

**Table 1**  
**Governmental Net Assets at June 30,**  
**(In Millions)**

	<u>2012</u>	<u>2011</u>
Cash and investments	\$ 62.1	\$ 67.9
Other assets	33.6	36.4
Capital assets	250.9	255.5
<b>Total assets</b>	<b><u>346.6</u></b>	<b><u>359.8</u></b>
Current liabilities	9.4	11.7
Non-current liabilities	6.0	9.6
<b>Total liabilities</b>	<b><u>15.4</u></b>	<b><u>21.3</u></b>
Net Assets		
Invested in capital assets, net of related debt	250.1	251.5
Restricted	37.5	47.8
Unrestricted	43.6	39.2
<b>Total net assets</b>	<b><u>\$ 331.2</u></b>	<b><u>\$ 338.5</u></b>

A significant portion of the City's net assets (\$250.1 million, or 75.5%) reflects its investment in capital assets, net of related debt (e.g. land, infrastructure, buildings, 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 \$15.4 million represent outstanding obligations for operations, capital projects, deposits held for development projects and long-term debt.

The restricted portion of net assets at June 30, 2012 represent resources that are subject to external restrictions, set by outside agencies and state regulations, on how they may be used. Unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors and mostly consist of the unreserved portions of the City's General Fund and Internal Service Fund balances, which have either been designated for future vehicle and equipment replacement, a new library and parking garage, major roadway reconstruction and for economic uncertainties.



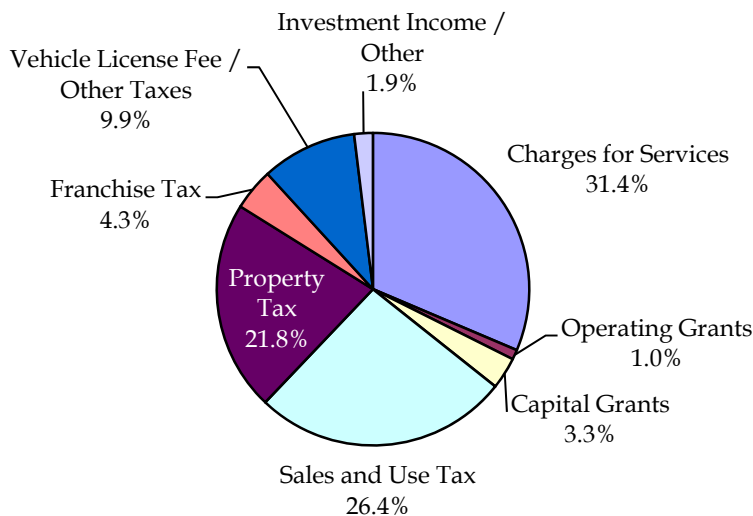
**City of Walnut Creek**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2012**

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

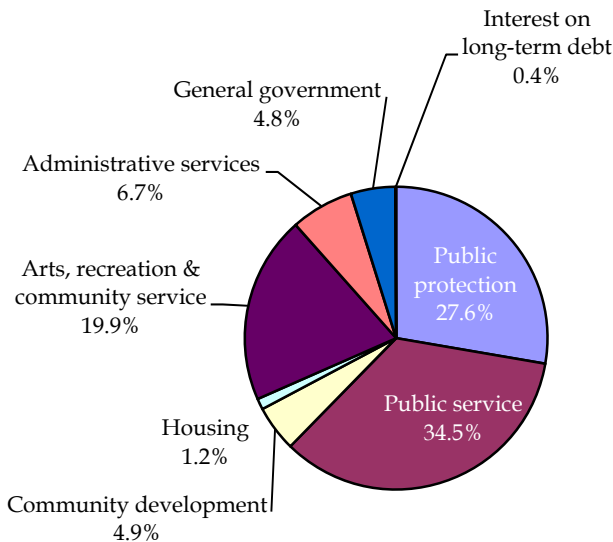
*Governmental Activities, Continued*

The charts below summarize general City revenues available for funding all City programs and major expense program categories, as well as program revenues used to fund specific expense programs. For fiscal year 2011-12, total revenues from all sources relating to governmental activities were \$75.3 million and total expenses for all City programs relating to governmental activities were \$81.1 million. Existing reserves were used to fund \$5.8 million of the expenses, plus an extraordinary net loss of \$1.4 million. The movement of the assets and liabilities of the former redevelopment agency to the successor agency as of February 1, 2012 resulted in an extraordinary net loss in governmental funds, and an extraordinary gain in the fiduciary fund.

**Sources of Revenues**  
**(excluding transfers to Business activities)**  
**2011-12**



**Sources of Expenses**  
**(by Governmental activity)**  
**2011-12**





**City of Walnut Creek**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2012**

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

*Governmental Activities, Continued*

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

<b>Revenues</b>	<b>2012</b>	<b>2011</b>
Program revenues		
Charges for service	\$ 23.6	\$ 22.8
Operating contributions and grants	0.8	0.5
Capital grants	2.5	3.1
Total program revenues	<u>26.9</u>	<u>26.4</u>
General revenues		
Taxes:		
Sales and use	19.9	17.7
Property	16.4	18.9
Franchise	3.3	3.2
Other taxes	7.4	7.4
Other	0.9	0.5
Investment income	0.5	0.7
Total general revenues	<u>48.4</u>	<u>48.4</u>
Total revenues	<u>75.3</u>	<u>74.8</u>
<b>Expenses</b>		
Public protection	22.5	21.9
Public service	28.1	28.9
Community development	4.0	2.8
Housing	0.9	1.0
Arts, recreation & community service	16.3	13.7
Administrative services	5.4	4.7
General government	3.8	3.3
Interest on long-term debt *	0.1	0.3
Total expenses	<u>81.1</u>	<u>76.6</u>
Excess (deficiency) before transfers and extraordinary loss	(5.8)	(1.8)
Transfers	-	0.4
Extraordinary Gain (Loss)	(1.4)	-
<b>Change in net assets - Governmental Activities</b>	<u>\$ (7.2)</u>	<u>\$ (1.4)</u>

\* Associated with the Redevelopment Agency Debt Service



**City of Walnut Creek**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2012**

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

*Governmental Activities, Continued*

Table 2, presented on the prior page, shows that governmental expenses, which totaled \$81.1 million, were offset in part by program revenues for governmental activities of \$26.9 million. These program revenues included \$23.6 million in charges for services, \$800,000 in operating grants and contributions, and \$2.5 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 by those specific activities.

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

	Program Revenues		Net (Expense) Revenue	
	2012	2011	2012	2011
Public protection	\$ 2.8	\$ 2.4	\$ (19.6)	\$ (19.5)
Public service	9.1	8.4	(19.0)	(20.5)
Community development	3.6	3.3	(0.3)	0.5
Housing	0.8	0.3	(0.2)	(0.7)
Arts, recreation & community services	9.9	9.8	(6.4)	(3.9)
Administrative service	0.2	1.7	(5.2)	(3.0)
General government	0.5	0.5	(3.4)	(2.8)
Interest on long-term debt	-	-	(0.1)	(0.3)
<b>Totals</b>	<b>\$ 26.9</b>	<b>\$ 26.4</b>	<b>\$ (54.2)</b>	<b>\$ (50.2)</b>

*Business-type Activities*

The net assets of the City's business-type activities were \$2.2 million at June 30, 2012. Assets included a total of \$1.6 million in cash and investments, \$16,000 in receivables, \$2.4 million in capital assets and \$130,000 in other assets, offset by \$340,000 in internal balances (representing the net amount due from business-type activities to governmental activities). Liabilities include \$819,000 in long-term debt and \$803,000 in current liabilities. Total revenues and transfers for business-type activities totaled \$7.2 million for fiscal year 2011-12 while expenses totaled \$4.2 million.



**City of Walnut Creek**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2012**

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

*Business-type Activities, Continued*

**Table 4**  
**Business -Type Net Assets (Deficit) at June 30,**  
**(In Millions)**

	<u>2012</u>	<u>2011</u>
Cash and investments	\$ 1.6	\$ 1.0
Other assets	0.2	0.2
Capital assets	2.4	2.5
<b>Total assets</b>	<u>4.2</u>	<u>3.7</u>
Long-term debt outstanding	0.8	1.1
Other liabilities	1.2	3.6
<b>Total liabilities</b>	<u>2.0</u>	<u>4.7</u>
Net Assets (Deficit)		
Invested in capital assets, net of related debt	1.5	1.4
Restricted	-	-
Unrestricted	0.7	(2.4)
<b>Total net assets (deficit)</b>	<u>\$ 2.2</u>	<u>\$ (1.0)</u>

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

	<u>2012</u>	<u>2011</u>
<b>Revenues</b>		
Program revenues		
Charges for service	\$ 4.6	\$ 3.8
Capital grants	2.6	-
Total program revenues	<u>7.2</u>	<u>3.8</u>
General revenues		
Investment income and other	0.2	0.2
Total revenues	<u>7.4</u>	<u>4.0</u>
<b>Expenses</b>		
Golf Course and Clubhouse	4.2	3.9
Total expenses	<u>4.2</u>	<u>3.9</u>
Excess (deficiency) before transfers	3.2	0.1
Transfers	-	(0.3)
<b>Change in net assets - Business-Type Activities</b>	<u>\$ 3.2</u>	<u>\$ (0.2)</u>



## City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2012

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### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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 government'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 Capital Investment Program Fund, the Downtown Parking and Enhancement Fund, and the Traffic Impact Mitigation Fund. The City has classified these funds as major funds.

The City adopts an annual 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 golf course and related clubhouse, which are classified as major funds in the City's Statement of Net Assets. Internal service funds are an accounting device 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, 2012**

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**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS, 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 nine internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the Supplemental Information section of this report.

*Fiduciary Funds*

The City is the agent for certain agencies and assessment districts, holding amounts collected which await payment as directed. The City's fiduciary activities are reported in the separate Statement of Fiduciary Net Assets and the Agency Funds Statement of Assets and Liabilities. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations.

*Summary Analysis of Governmental Funds*

At June 30, 2012, the City's governmental fund balances were \$65.5 million, which is a net decrease of \$8.8 million, or 11.8%, from the balance in the prior fiscal year. The following describe the specifics related to this variance:

- A decrease of \$2.5 million in the General Fund, primarily due to the retirement of the \$2.6 million advance to the Boundary Oak Golf Course Clubhouse;
- An increase of \$1.1 million in the Housing Successor Agency Fund, due to the establishment of this fund to address the City's future low and moderate income housing program and project needs;
- A decrease of \$2.3 million in the Capital Investment Program Fund, due to expenditures incurred for various new construction and maintenance projects;
- An increase of \$393,000 in the Traffic Impact Mitigation Fund, due to the receipt of fee revenue and the absence of active projects utilizing the funds, and;
- A decrease of \$5.9 million in the City's non-major governmental funds, primarily due to the extraordinary loss of \$5.3 million that was reported as a result of the dissolution of the former redevelopment agency and the subsequent transfer of non-housing assets and liabilities out of the governmental funds of the City.



**City of Walnut Creek**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2012**

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS, Continued**

*Summary Analysis of Governmental Funds, Continued*

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

<b>Revenues</b>	<b>2012</b>	<b>2011</b>
Taxes:		
Sales and use	\$ 19.9	\$ 17.7
Property	16.4	18.9
Business license	2.0	1.9
Franchise	3.2	3.2
Transient occupancy	1.5	1.3
Other taxes	2.0	2.2
Intergovernmental	4.5	4.9
Investment and rental income	2.4	2.5
Charges for services	13.6	13.1
Licenses, permits and fees	2.5	2.6
Fines, forfeitures and penalties	4.9	5.0
Other revenue	2.0	1.3
Transfers	(2.2)	(0.6)
<b>Total revenues</b>	<b>\$ 72.7</b>	<b>\$ 74.0</b>
 <b>Expenses</b>		
Public protection	\$ 22.1	\$ 21.5
Public services	19.9	20.2
Community development	4.6	4.1
Housing	1.0	1.0
Arts, recreation & community services	16.2	13.6
Administrative services	5.4	4.7
General government	3.2	3.4
Capital outlay	3.0	2.3
Debt service	0.8	2.6
<b>Total expenses</b>	<b>\$ 76.2</b>	<b>\$ 73.4</b>



**City of Walnut Creek**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2012**

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**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS, 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, 2012, total fund balance was \$27.9 million, most of which is nonspendable or has been committed or assigned to cover contingencies, claims, encumbrances, advances to other funds and other City projects.

Revenues were \$2.9 million more in fiscal year 2011-12 compared to last fiscal year, a change of 4.7%. Expenditures increased \$5.1 million in fiscal year 2011-12 compared to last fiscal year, a change of 8.7%. Significant changes in revenues and expenditures that affected the General Fund balances are discussed below:



**Revenues**

**Sales Taxes** increased by \$2.2 million (12.9%) compared to the prior year resulting from an improvement in the local economy.

**Property and Other Taxes** increased \$391,000 (1.7%) from the prior year primarily due to increases in franchise fees and transient occupancy taxes collected at the City's hotels.

**Intergovernmental** revenues decreased \$71,000 (16%) from fiscal year 2010-11 due to the net effect of the elimination of vehicle license fee revenue and increased use of grant funding.

**Investment and rental income** revenues were \$34,000 (1.7%) less than prior fiscal year, primarily resulting from the continuance of low interest rates and earnings.

**Charges for Services** increased \$352,000 (2.8%) from fiscal year 2010-11 mainly due to the submission of several large, multi-family residential developments for review and processing.

**Licenses, permits and fees** revenue decreased \$65,000 (3.8%) compared to the prior fiscal year, primarily due to the net effect of lower encroachment permit revenue offset by higher electrical and mechanical permit fees (for projects not associated with building construction), solar permit fees and green permit fees.

**Fines, forfeitures and penalties and Other revenue** increased \$148,000 (3.1%) from the prior fiscal year due to the combined effect of the receipt of loan proceeds in the amount of \$233,000 and the relocation of the technology fee to an internal service fund.



**City of Walnut Creek**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2012**

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**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS, Continued**

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

**Expenditures**

**Public protection** expenditures increased \$490,000 (2.3%) from the prior year due to the combination of increases in the cost of retirement, health benefits, and the internal loan repayment for the PERS Safety side fund loan and the relocation of expenses associated with the East Bay Regional Communications System.

**Public services** expenditures increased \$1.1 million (8.6%) compared to the prior year due to increases in repair and maintenance costs, contractual services and capital outlay. The higher costs were partially offset by salary savings.

**Community development** expenditures increased \$403,000 (10.5%) from fiscal year 2010-11. This increase is attributable to higher professional and contractual services costs.

**Arts, recreation and community services** expenditures were \$2.4 million (19.1%) more 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.

**Administrative services** expenditures increased \$708,000 (15.0%), which is the net result of savings from the prior year being used for one-time projects in fiscal year 2011-12, increased information technology maintenance costs, recruitment contracts for several key positions, and a change in the accounting for property tax administrative fees.

**General government** expenditures decreased \$78,000 (2.6%) over the prior fiscal year due to the combination of several factors; department contributions for unemployment insurance were more than the actual cost incurred and the City Attorney's office experienced greater contractual needs as a result of vacancies and workload.

**Housing Successor Agency Special Revenue and Major Capital Project Funds**

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. As of June 30, 2012, its fund balance of \$1.1 million is restricted for future housing projects and programs. The fund balance increased by \$1.1 million due to the establishment of this fund and transfer in of resources from the former Redevelopment Agency Affordable Housing Fund.



## City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2012

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS, Continued

The City's Major Capital Project Funds are the Capital Investment Program Fund, the Downtown Parking and Enhancement Fund, and the Traffic Impact Mitigation Fund.

The Capital Investment Program Fund accounts for funds used for capital improvements and significant maintenance projects. As of June 30, 2012, its fund balance of \$7.7 million is restricted or assigned for use on current projects. The fund balance decreased by \$2.3 million in fiscal year 2011-12 due to expenditures incurred for the design and construction of several major capital and maintenance projects. Some of the more significant capital and maintenance projects that were completed during fiscal year 2011-12 are listed below:

- Treat Boulevard Overlay Project
- First Avenue Storm Drain Repair
- Heather Farm Tot Lot Structure Repair
- Lindsay Museum & Boundary Oak Roof Repair
- Clarke Swim Center Shower Replacement
- California Boulevard / Pringle Traffic Signal Rewiring
- Municipal Solar Photovoltaic Panel Installation
- Heather Farm Tennis Court Resurfacing
- LED Parking Lot Lighting Retrofit Project
- Renovation of Main Street Fountains



The Downtown Parking and Enhancement Fund accounts for the operations of the downtown trolley, as well as parking meters, permits, enforcement, and garages. As of June 30, 2012, its fund balance of \$1.7 million was assigned for use on parking and downtown enhancement projects. The fund balance increased by \$331,000 due to reduced transfers out to the Capital Investment Program Fund and outside agency support.

The Traffic Impact Mitigation Fund accounts for receipts and expenditures from fees imposed on developers to pay for transportation improvements. As of June 30, 2012, its fund balance comprised of \$4.0 million restricted for use on future street construction projects. The fund balance increased by \$393,000 due to the receipt of fee revenue and the absence of active projects utilizing the funds.

### *Summary Analysis of Proprietary Funds*

As of June 30, 2012, the City's Proprietary Funds (Enterprise and Internal Service Funds) had a net asset balance of \$13.4 million, an increase of \$5.1 million from the prior fiscal year. The Enterprise Funds had a net asset balance of \$2.2 million, representing a \$3.1 million (314%) increase, which is primarily related to the retirement of the long-term advance of \$2.6 million from the General Fund to the Boundary Oak Golf Course Clubhouse and increased charges for service revenue. The net asset balance of the Internal Service Funds was \$11.3 million, up \$2 million (21%) from the previous fiscal year due to transfers in for the East Bay Regional Communications System and the return of remaining funds from a completed capital project.



**City of Walnut Creek**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2012**

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS, Continued**

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

	<u>2012</u>	<u>2011</u>
Operating revenues	\$ 6.9	\$ 5.9
Operating expenses	5.3	4.8
<b>Operating income (loss)</b>	<u>1.6</u>	<u>1.1</u>
Non-operating revenues (expenses)	(1.3)	(1.3)
<b>Net income (loss) before contributions and operating transfers</b>	0.3	(0.2)
Capital contributions	2.7	-
Transfers in (out)	2.1	0.6
<b>Change in net assets</b>	<u>\$ 5.1</u>	<u>\$ 0.4</u>

**Golf Course, Clubhouse, and Contract Operations Funds**

These funds account for the administration and operation of the City's Boundary Oak Golf Course and Clubhouse. Net assets of these funds increased \$3.2 million at the end of fiscal year 2011-12, resulting from the retirement of a long-term advance of \$2.6 million from the General Fund to the Boundary Oak Golf Course Clubhouse and increased charges for service revenue. Of the total net assets, \$1.5 million was invested in capital assets, net of related debt.

**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 \$2.6 million (4%), which is primarily attributable to higher sales tax revenue than anticipated, as well as, increased charges for services revenue in the Community Development and Art, Recreation and Community Services departments. General Fund actual expenditures were \$1.7 million (3%) under the final budget, with significant savings in Public Protection (\$961,000) and Administrative Services (\$736,000). In Public Protection the savings are primarily related to greater cost sharing with employees for benefits and reduced operating costs. With regard to Administrative Services, the savings are attributable to outstanding contracts that were not completed as of June 30, 2012 and lower liability insurance premiums than were budgeted.



**City of Walnut Creek**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2012**

**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, 2012, 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>2012</u>	<u>2011</u>
<b>Governmental activities</b>		
Land	\$ 48.4	\$ 48.4
Construction in progress	3.3	1.9
Building and improvements	142.4	142.3
Machinery and equipment	9.3	8.6
Vehicles	7.9	7.5
Infrastructure	196.9	195.2
Less accumulated depreciation	(157.3)	(148.4)
<b>Totals</b>	<b><u>\$ 250.9</u></b>	<b><u>\$ 255.5</u></b>
<b>Business-type activities</b>		
Land	\$ 1.3	\$ 1.3
Buildings	2.1	2.1
Improvements	2.3	2.3
Machinery and equipment	0.8	0.7
Less accumulated depreciation	(4.1)	(3.9)
<b>Totals</b>	<b><u>\$ 2.4</u></b>	<b><u>\$ 2.5</u></b>

At June 30, 2012, the City had \$250.9 million, net of depreciation, invested in a broad range of capital assets used in governmental activities and \$2.4 million, also net of depreciation, invested in Business-type assets, as shown in Table 8 above.

The City depreciates all its capital assets on a straight-line basis over their estimated useful lives, as required by GASB 34. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on capital assets may be found in Notes 1 and 6 to the basic financial statements.



**City of Walnut Creek**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2012**

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

*Long Term Debt*

At June 30, 2012, the City's debt comprised of the following:

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

	<u>2012</u>	<u>2011</u>
<b>Governmental activities</b>		
Capital Lease Obligation	\$ 0.8	\$ 1.1
PG&E Energy Efficiency Loan	0.2	-
Tax Allocation bonds (Rated Baa1 by Moody's)	-	4.4
Total governmental debt	<u>1.0</u>	<u>5.5</u>
<b>Business-type activities</b>		
Capital Lease Obligation	0.3	0.4
Lease Revenue Bonds (Rated A1 by Moody's)	0.8	0.9
Total business-type debt	<u>1.1</u>	<u>1.3</u>
<b>Total debt</b>	<u>\$ 2.1</u>	<u>\$ 6.8</u>

The City has made all required debt service payments on the issues listed above. As related to the governmental activities, capital lease obligations consist of lease agreements for financing a new phone system throughout City facilities and equipment at the parking garages. The PG&E Energy Efficiency loan was secured to finance an LED streetlight conversion project that was completed in fiscal year 2011-12. The debt associated with the tax allocation bonds, which were issued to fund redevelopment activity such as property acquisitions and capital improvements, have been relocated to a private purpose trust fund as required by the dissolution of the former Redevelopment Agency of the City. In the business-type activities, the lease revenue bonds were issued for renovations and improvements at the Boundary Oak Golf Course and the capital lease obligation was for the financing of equipment at the golf course. Additional information on outstanding debt may be found in Note 7 to the Basic Financial Statements.

**ECONOMIC OUTLOOK AND MAJOR INITIATIVES**

The slow economic recovery in conjunction with the State's efforts to address its budget deficit by taking resources from cities have combined to cause a strain in the City's General Fund. It should be noted that the increase in General Fund revenue categories provide optimism for the future, but it is uncertain if these increases will be sustainable over the foreseeable future. In addition, costs continue to outpace any growth seen in major revenues such as property and sales tax. While these categories may not be declining, and even increase as was the case this past fiscal year, increases in pension costs and other employee benefits continue to exceed revenue gains.







## City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2012

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### ECONOMIC OUTLOOK AND MAJOR INITIATIVES, Continued

In spite of these factors, the City was able to present a balanced budget and maintain adequate reserves for the General Fund for fiscal year 2011-12, through a combination of measures that included:

- Staff and program reductions;
- Increasing charges for services to more nearly reflect actual costs;
- Leaving selected positions unfilled;
- Using carryover savings from prior fiscal years, and;
- Negotiating new labor agreements with employees, resulting in reduced compensation costs.

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 included 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 Assets

June 30, 2012

(With comparative information for the prior year)

	Governmental Activities	Business-Type Activities	Totals	
			2012	2011
<b>ASSETS</b>				
Current assets:				
Cash and investments (Note 2)	\$ 62,051,416	\$ 1,432,170	\$ 63,483,586	\$ 67,540,748
Cash and investments with fiscal agents (Note 2)	-	163,704	163,704	1,290,037
Receivables:				
Accounts	2,886,763	14,879	2,901,642	2,991,599
Taxes	2,588,652	-	2,588,652	2,337,279
Due from other governments	853,675	-	853,675	806,764
Interest	87,872	1,493	89,365	96,317
Internal balances, current	340,410	(340,410)	-	-
Total current assets	<u>68,808,788</u>	<u>1,271,836</u>	<u>70,080,624</u>	<u>75,062,744</u>
Noncurrent assets:				
Notes and loans receivable (Note 3)	15,821,283	-	15,821,283	15,441,803
Inventory of materials and supplies	40,631	109,353	149,984	144,864
Prepaid items	11,021,250	21,064	11,042,314	11,788,036
Capital assets (Note 6):				
Nondepreciable	51,769,913	1,337,396	53,107,309	51,626,487
Depreciable	356,498,072	5,124,903	361,622,975	358,739,308
Accumulated depreciation	(157,325,247)	(4,084,368)	(161,409,615)	(152,293,083)
Total capital assets	<u>250,942,738</u>	<u>2,377,931</u>	<u>253,320,669</u>	<u>258,072,712</u>
Total noncurrent assets	<u>277,825,902</u>	<u>2,508,348</u>	<u>280,334,250</u>	<u>285,447,415</u>
<b>Total assets</b>	<u><b>346,634,690</b></u>	<u><b>3,780,184</b></u>	<u><b>350,414,874</b></u>	<u><b>360,510,159</b></u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	3,761,555	227,843	3,989,398	3,000,850
Accrued payroll	828,063	1,914	829,977	1,857,991
Refundable deposits	688,995	257,057	946,052	1,131,246
Unearned revenue (Note 4)	1,671,018	87,358	1,758,376	3,071,074
Interest payable	-	-	-	74,261
Claims payable due in one year (Note 10)	1,876,340	-	1,876,340	1,857,705
Compensated absences due in one year (Note 8)	179,279	-	179,279	251,684
Long-term debt due in one year (Note 7)	399,934	232,493	632,427	1,113,631
Total current liabilities	<u>9,405,184</u>	<u>806,665</u>	<u>10,211,849</u>	<u>12,358,442</u>
Noncurrent liabilities:				
Claims payable due in more than one year (Note 10)	2,234,068	-	2,234,068	1,912,275
Compensated absences due in more than one year (Note 8)	3,116,419	-	3,116,419	3,024,559
Long-term debt due in more than one year (Note 7)	613,201	818,793	1,431,994	5,713,379
Total noncurrent liabilities	<u>5,963,688</u>	<u>818,793</u>	<u>6,782,481</u>	<u>10,650,213</u>
<b>Total liabilities</b>	<u><b>15,368,872</b></u>	<u><b>1,625,458</b></u>	<u><b>16,994,330</b></u>	<u><b>23,008,655</b></u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	250,111,191	1,490,349	251,601,540	252,890,363
Restricted for:				
Capital projects	29,601,552	-	29,601,552	28,094,741
Community development	7,932,256	-	7,932,256	19,757,910
Total restricted net assets	<u>37,533,808</u>	<u>-</u>	<u>37,533,808</u>	<u>47,852,651</u>
Unrestricted net assets	43,620,819	664,377	44,285,196	36,758,490
<b>Total net assets</b>	<u><b>\$ 331,265,818</b></u>	<u><b>\$ 2,154,726</b></u>	<u><b>\$ 333,420,544</b></u>	<u><b>\$ 337,501,504</b></u>

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



**City of Walnut Creek**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2012**  
 (With comparative information for the prior year)

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
<b>Governmental activities:</b>					
Public protection	\$ 22,469,017	\$ 2,090,432	\$ 528,238	\$ 220,016	\$ 2,838,686
Public service	28,070,687	6,734,474	150,000	2,200,068	9,084,542
Community development	3,984,921	3,568,283	75,644	-	3,643,927
Housing	951,844	774,839	-	-	774,839
Arts, recreation and community services	16,254,587	9,779,208	-	74,367	9,853,575
Administrative services	5,444,430	225,062	-	-	225,062
General government	3,856,482	457,007	-	-	457,007
Interest on long-term debt	63,989	-	-	-	-
Total governmental activities	81,095,957	23,629,305	753,882	2,494,451	26,877,638
<b>Business-type activities:</b>					
Golf Course and Clubhouse	4,154,881	4,572,557	-	2,581,447	7,154,004
Total business-type activities	4,154,881	4,572,557	-	2,581,447	7,154,004
<b>Total primary government</b>	<b>\$ 85,250,838</b>	<b>\$ 28,201,862</b>	<b>\$ 753,882</b>	<b>\$ 5,075,898</b>	<b>\$ 34,031,642</b>

**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 assets**

**Net assets (deficit) - beginning of year**

**Net assets - end of year**

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



Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Totals	
		2012	2011
\$ (19,630,331)	\$ -	\$ (19,630,331)	\$ (19,484,087)
(18,986,145)	-	(18,986,145)	(20,493,133)
(340,994)	-	(340,994)	491,567
(177,005)	-	(177,005)	(709,567)
(6,401,012)	-	(6,401,012)	(3,918,649)
(5,219,368)	-	(5,219,368)	(3,043,016)
(3,399,475)	-	(3,399,475)	(2,797,394)
(63,989)	-	(63,989)	(269,960)
(54,218,319)	-	(54,218,319)	(50,224,239)
-	2,999,123	2,999,123	(50,698)
-	2,999,123	2,999,123	(50,698)
(54,218,319)	2,999,123	(51,219,196)	(50,274,937)
19,882,259	-	19,882,259	17,664,314
16,391,482	-	16,391,482	18,894,891
3,258,474	-	3,258,474	3,199,514
7,419,738	-	7,419,738	7,444,697
46,951,953	-	46,951,953	47,203,416
531,511	169,091	700,602	712,125
926,610	15,027	941,637	679,117
22,219	(21,119)	1,100	-
48,432,293	162,999	48,595,292	48,594,658
(1,457,056)	-	(1,457,056)	-
(7,243,082)	3,162,122	(4,080,960)	(1,680,279)
338,508,900	(1,007,396)	337,501,504	339,181,783
\$ 331,265,818	\$ 2,154,726	\$ 333,420,544	\$ 337,501,504

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

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# GOVERNMENTAL FUND FINANCIAL STATEMENTS

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The funds described below were determined to be Major Funds by the City in fiscal year 2011-12.

*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.

**Capital Project Funds:**

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

*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.

*The Traffic Impact Mitigation Fund* accounts for receipts and expenditures from fees imposed on developers to pay for transportation improvements.



**City of Walnut Creek**  
**Balance Sheet**  
**Major Governmental Funds**  
**June 30, 2012**

(With comparative information for the prior year)

	General Fund	Special Revenue	Capital Project Funds		
		Housing Successor Agency	Capital Investment Program	Downtown Parking and Enhancement	Traffic Impact Mitigation
<b>ASSETS</b>					
Current:					
Cash and investments (Note 2)	\$ 31,639,479	\$ 1,140,555	\$ 223,143	\$ 2,759,305	\$ 5,414,688
Cash and investments with fiscal agents (Note 2)	-	-	-	-	-
Accounts receivable	1,492,349	-	510,887	-	13,311
Taxes receivable	2,588,652	-	-	-	-
Interest receivable	42,257	901	468	4,648	7,977
Prepaid items	416,632	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds (Note 5)	752,355	-	8,945,121	-	-
Notes and loans receivable (Note 3)	-	7,966,565	-	-	-
Inventory of materials and supplies	40,631	-	-	-	-
Advances to other funds (Note 5)	7,700,000	-	-	-	-
<b>Total assets</b>	<b>\$ 44,672,355</b>	<b>\$ 9,108,021</b>	<b>\$ 9,679,619</b>	<b>\$ 2,763,953</b>	<b>\$ 5,435,976</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and other accrued liabilities	\$ 2,004,011	\$ -	\$ 1,364,098	\$ 67,214	\$ -
Accrued payroll	778,895	265	23,003	1,253	-
Due to other funds (Note 5)	11,712,594	-	510,887	973,431	1,443,208
Refundable deposits	688,995	-	-	-	-
Deferred revenue (Note 4)	1,559,893	7,966,565	111,125	-	-
<b>Total liabilities</b>	<b>16,744,388</b>	<b>7,966,830</b>	<b>2,009,113</b>	<b>1,041,898</b>	<b>1,443,208</b>
<b>Fund Balances (Note 9):</b>					
Nonspendable	7,473,263	-	-	-	-
Restricted	-	1,141,191	3,678,769	1,722,055	3,992,768
Committed	14,117,456	-	-	-	-
Assigned	4,753,128	-	3,991,737	-	-
Unassigned	1,584,120	-	-	-	-
<b>Total fund balances</b>	<b>27,927,967</b>	<b>1,141,191</b>	<b>7,670,506</b>	<b>1,722,055</b>	<b>3,992,768</b>
<b>Total liabilities and fund balances</b>	<b>\$ 44,672,355</b>	<b>\$ 9,108,021</b>	<b>\$ 9,679,619</b>	<b>\$ 2,763,953</b>	<b>\$ 5,435,976</b>

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

Non-major Governmental Funds	Total Governmental Funds	
	2012	2011
\$ 20,874,246	\$ 62,051,416	\$ 66,746,670
-	-	1,126,333
829,933	2,846,480	2,989,129
-	2,588,652	2,337,279
31,621	87,872	95,649
-	416,632	152,420
853,675	853,675	806,764
-	9,697,476	11,137,176
7,854,718	15,821,283	15,441,803
-	40,631	41,716
2,904,618	10,604,618	14,200,588
<u>\$ 33,348,811</u>	<u>\$ 105,008,735</u>	<u>\$ 115,075,527</u>

\$ 281,308	\$ 3,716,631	\$ 2,771,396
24,647	828,063	1,853,604
2,180,850	16,820,970	16,775,446
-	688,995	950,906
7,854,718	17,492,301	18,465,696
<u>10,341,523</u>	<u>39,546,960</u>	<u>40,817,048</u>
3,134,118	10,607,381	14,560,281
19,873,170	30,407,953	36,803,469
-	14,117,456	14,112,982
-	8,744,865	8,441,204
-	1,584,120	340,543
23,007,288	65,461,775	74,258,479
<u>\$ 33,348,811</u>	<u>\$ 105,008,735</u>	<u>\$ 115,075,527</u>

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

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**City of Walnut Creek**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Assets**  
**June 30, 2012**

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**Total Fund Balances - Total Governmental Funds** \$ 65,461,775

Amounts reported for governmental activities in the Statement of Net Assets 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	51,769,913
Depreciable, net	195,182,929

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 assets on the Statement of Net Assets. 15,821,283

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 Government-Wide Statement of Net Assets. (Long-term debt is included below). 11,449,159

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

Long-term liabilities - due within one year:

Claims and judgments payable	(1,876,340)
Compensated absences payable	(179,279)
Long-term debt	(399,934)

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

Claims and judgments payable	(2,234,068)
Compensated absences payable	(3,116,419)
Long-term debt	(613,201)

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**Net Assets of Governmental Activities** **\$ 331,265,818**



**City of Walnut Creek**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Major Governmental Funds**  
**For the Year Ended June 30, 2012**  
**(With comparative information for the prior year)**

	General Fund	Special Revenue	Capital Project Funds		
		Housing Successor Agency	Capital Investment Program	Downtown Parking and Enhancement	Traffic Impact Mitigation
<b>REVENUES:</b>					
Taxes:					
Sales and use	\$ 19,028,584	\$ -	\$ -	\$ -	\$ -
Property	15,921,622	-	-	-	-
Business license	1,972,208	-	-	-	-
Franchise	3,258,474	-	-	-	-
Transient occupancy tax	1,491,533	-	-	-	-
Other	386,349	-	-	-	-
Intergovernmental	369,468	-	1,801,081	-	-
Investment and rental income	2,001,125	4,159	6,253	24,566	42,309
Charges for services	13,095,438	-	-	150,000	-
Licenses, permits and fees	1,654,058	-	-	836,000	-
Fines, forfeitures and penalties	4,707,308	-	-	-	-
Other revenue	233,308	28,093	398,987	-	350,822
<b>Total revenues</b>	<b>64,119,475</b>	<b>32,252</b>	<b>2,206,321</b>	<b>1,010,566</b>	<b>393,131</b>
<b>EXPENDITURES:</b>					
Current:					
Public protection	22,022,532	-	-	-	-
Public service	13,777,043	-	3,618,085	359,324	-
Community development	4,253,421	-	-	-	-
Housing	-	150,545	-	-	-
Arts, recreation and community services	15,257,076	-	-	-	-
Administrative services	5,418,795	-	-	-	-
General government	2,940,632	-	-	-	-
Capital outlay:					
Public ways and facilities	-	-	2,995,797	-	-
Debt service:					
Principal retirement (Note 7)	196,841	-	-	-	-
Interest, fiscal charges and issuance costs	32,598	-	-	-	-
<b>Total expenditures</b>	<b>63,898,938</b>	<b>150,545</b>	<b>6,613,882</b>	<b>359,324</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>220,537</b>	<b>(118,293)</b>	<b>(4,407,561)</b>	<b>651,242</b>	<b>393,131</b>
<b>OTHER FINANCING SOURCES (USES) (Note 5):</b>					
Transfers in	1,610,177	1,259,484	2,432,176	50,000	-
Transfers (out)	(4,318,466)	-	(341,250)	(370,000)	-
<b>Total other financing sources (uses)</b>	<b>(2,708,289)</b>	<b>1,259,484</b>	<b>2,090,926</b>	<b>(320,000)</b>	<b>-</b>
Extraordinary loss ( Note 15)	-	-	-	-	-
<b>Net change in fund balances</b>	<b>(2,487,752)</b>	<b>1,141,191</b>	<b>(2,316,635)</b>	<b>331,242</b>	<b>393,131</b>
<b>FUND BALANCES:</b>					
Beginning of year	30,415,719	-	9,987,141	1,390,813	3,599,637
End of year	\$ 27,927,967	\$ 1,141,191	\$ 7,670,506	\$ 1,722,055	\$ 3,992,768

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



Non-major Governmental Funds	Total Governmental Funds	
	2012	2011
\$ 853,675	\$ 19,882,259	\$ 17,664,314
469,860	16,391,482	18,894,891
-	1,972,208	1,911,581
-	3,258,474	3,199,514
-	1,491,533	1,345,355
1,676,121	2,062,470	2,152,301
2,325,592	4,496,141	4,922,550
313,960	2,392,372	2,496,540
385,216	13,630,654	13,118,478
-	2,490,058	2,555,481
158,739	4,866,047	4,981,431
963,324	1,974,534	1,354,339
<u>7,146,487</u>	<u>74,908,232</u>	<u>74,596,775</u>
98,254	22,120,786	21,551,269
2,174,348	19,928,800	19,974,925
323,387	4,576,808	4,076,311
801,299	951,844	1,019,485
880,425	16,137,501	13,615,812
-	5,418,795	4,710,796
289,172	3,229,804	3,357,033
-	2,995,797	2,313,211
495,000	691,841	2,439,592
108,915	141,513	325,173
<u>5,170,800</u>	<u>76,193,489</u>	<u>73,383,607</u>
<u>1,975,687</u>	<u>(1,285,257)</u>	<u>1,213,168</u>
1,544,071	6,895,908	12,506,513
<u>(4,045,873)</u>	<u>(9,075,589)</u>	<u>(13,147,563)</u>
<u>(2,501,802)</u>	<u>(2,179,681)</u>	<u>(641,050)</u>
<u>(5,331,766)</u>	<u>(5,331,766)</u>	<u>-</u>
(5,857,881)	(8,796,704)	572,118
28,865,169	74,258,479	73,686,361
<u>\$ 23,007,288</u>	<u>\$ 65,461,775</u>	<u>\$ 74,258,479</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 Government-Wide Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2012

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (8,796,704)</b>
Amounts reported for governmental activities in the Statement of Activities and Changes in Net Assets were different because:	
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it does not require the use of current financial resources. Therefore, depreciation is not reported as an expenditure in governmental funds.	(9,062,180)
Governmental funds report acquisition of capital assets as expenditures in various functions and in capital outlay. However, in the Government-Wide Statement of Activities and Changes in Net Assets, 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.	4,255,527
Losses on the disposal of capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but do not require the use of current financial resources. Therefore, it is not reported as an expenditure in governmental funds.	(38,958)
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.	379,480
Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Assets.	
Long-term debt repayments	691,841
Bond issuance premium is recognized as proceeds from sale of bonds in the governmental funds financial statements, but is amortized over the life of the bonds on the government-wide statements and reported as a reduction of interest expense.	3,263
Interest expense accrued on long-term debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it does not require the use of current financial resources. Therefore, interest expense is not reported as an expenditure in governmental funds. This amount represents the difference between expenditures reported on the government-wide statements and the governmental funds statements.	74,261
Expenses to accrue for long-term compensated absences and claims liability is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, these expenses are not reported in governmental funds.	(593,191)
Extraordinary gain/(loss) in the Statement of Activities resulted from the increase and decrease of long-term assets and liabilities which were not reported in the government funds. This was caused by the dissolution of the Redevelopment Agency of the City of Walnut Creek. See Note 15 for more details.	3,874,710
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.	1,968,869
<b>Change in Net Assets of Governmental Activities</b>	<b>\$ (7,243,082)</b>

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



# PROPRIETARY FUND FINANCIAL STATEMENTS

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

## Enterprise Funds:

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

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

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

## 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 Assets**  
**Major Proprietary Funds**  
**June 30, 2012**

(With comparative information for the prior year)

	Business-type Activities - Enterprise Funds			Total Enterprise Funds	
	Golf Course - City Administration	Clubhouse - City Administration	Boundary Oak - Onsite Contract Operations	2012	2011
<b>ASSETS</b>					
Current assets:					
Cash and investments (Note 2)	\$ 1,141,640	\$ 10,071	\$ 280,459	\$ 1,432,170	\$ 794,078
Cash with fiscal agent (Note 2)	163,704	-	-	163,704	163,704
Total cash	1,305,344	10,071	280,459	1,595,874	957,782
Accounts receivable	-	-	14,879	14,879	2,470
Interest receivable	1,493	-	-	1,493	668
Inventory of materials & supplies	-	-	109,353	109,353	103,148
Prepaid items	-	-	21,064	21,064	13,475
Due from other funds (Note 5)	-	-	-	-	-
Total current assets	1,306,837	10,071	425,755	1,742,663	1,077,543
Noncurrent assets:					
Advances to other funds (Note 5)	-	-	-	-	86,749
Capital assets (Note 6):					
Nondepreciable	1,277,396	60,000	-	1,337,396	1,337,396
Depreciable	3,035,870	1,479,389	609,644	5,124,903	5,117,603
Accumulated depreciation	(2,610,774)	(1,131,538)	(342,056)	(4,084,368)	(3,907,548)
Total capital assets	1,702,492	407,851	267,588	2,377,931	2,547,451
Total noncurrent assets	1,702,492	407,851	267,588	2,377,931	2,634,200
<b>Total assets</b>	<b>3,009,329</b>	<b>417,922</b>	<b>693,343</b>	<b>4,120,594</b>	<b>3,711,743</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued liabilities	16,141	-	211,702	227,843	172,702
Accrued payroll	1,310	604	-	1,914	4,387
Due to other funds (Note 5)	340,410	-	-	340,410	345,000
Long term debt - due in one year (Note 7)	120,000	-	112,493	232,493	253,047
Total current liabilities	477,861	604	324,195	802,660	775,136
Noncurrent liabilities:					
Refundable deposits	-	-	257,057	257,057	180,340
Deferred revenue	25,000	-	62,358	87,358	47,181
Advances from other funds (Note 5)	-	-	-	-	2,665,196
Long term debt - due in more than one year (Note 7)	695,000	-	123,793	818,793	1,051,286
Total noncurrent liabilities	720,000	-	443,208	1,163,208	3,944,003
<b>Total liabilities</b>	<b>1,197,861</b>	<b>604</b>	<b>767,403</b>	<b>1,965,868</b>	<b>4,719,139</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	1,051,196	407,851	31,302	1,490,349	1,406,822
Unrestricted net assets (deficit)	760,272	9,467	(105,362)	664,377	(2,414,218)
<b>Total net assets (deficit)</b>	<b>\$ 1,811,468</b>	<b>\$ 417,318</b>	<b>\$ (74,060)</b>	<b>\$ 2,154,726</b>	<b>\$ (1,007,396)</b>

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

Governmental Activities	Total Internal Service Funds		
	Internal Service Funds	2012	2011
	\$ -	\$ -	\$ -
	-	-	-
	-	-	-
	40,283	40,283	-
	-	-	-
	-	-	-
	10,604,618	10,604,618	11,622,141
	7,720,857	7,720,857	6,581,473
	<u>18,365,758</u>	<u>18,365,758</u>	<u>18,203,614</u>
	-	-	-
	-	-	-
	10,378,318	10,378,318	9,744,507
	(6,388,422)	(6,388,422)	(6,017,699)
	<u>3,989,896</u>	<u>3,989,896</u>	<u>3,726,808</u>
	<u>3,989,896</u>	<u>3,989,896</u>	<u>3,726,808</u>
	<u>22,355,654</u>	<u>22,355,654</u>	<u>21,930,422</u>
	44,924	44,924	56,752
	-	-	-
	256,953	256,953	598,203
	<u>181,588</u>	<u>181,588</u>	<u>173,036</u>
	<u>483,465</u>	<u>483,465</u>	<u>827,991</u>
	-	-	-
	-	-	-
	10,604,618	10,604,618	11,622,141
	-	-	181,588
	<u>10,604,618</u>	<u>10,604,618</u>	<u>11,803,729</u>
	<u>11,088,083</u>	<u>11,088,083</u>	<u>12,631,720</u>
	3,989,896	3,989,896	3,726,808
	<u>7,277,675</u>	<u>7,277,675</u>	<u>5,571,894</u>
	<u>\$ 11,267,571</u>	<u>\$ 11,267,571</u>	<u>\$ 9,298,702</u>

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



**City of Walnut Creek**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Major Proprietary Funds**  
**For the Year Ended June 30, 2012**  
**(With comparative information for the prior year)**

	Business-type Activities - Enterprise Funds			Total Enterprise Funds	
	Golf Course - City	Clubhouse - City	Boundary Oak - Onsite Contract		
	Administration	Administration	Operations	2012	2011
	Administration	Administration	Operations	2012	2011
<b>OPERATING REVENUES:</b>					
Charges for services	\$ -	\$ -	\$ 4,572,557	\$ 4,572,557	\$ 3,826,347
Other revenue	-	-	15,027	15,027	13,054
<b>Total operating revenues</b>	<b>-</b>	<b>-</b>	<b>4,587,584</b>	<b>4,587,584</b>	<b>3,839,401</b>
<b>OPERATING EXPENSES:</b>					
Supplies and services	237,497	70,195	3,604,479	3,912,171	3,581,672
Repairs and maintenance	4,845	2,724	-	7,569	42,440
Depreciation and amortization	35,424	22,791	118,604	176,819	183,665
<b>Total operating expenses</b>	<b>277,766</b>	<b>95,710</b>	<b>3,723,083</b>	<b>4,096,559</b>	<b>3,807,777</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(277,766)</b>	<b>(95,710)</b>	<b>864,501</b>	<b>491,025</b>	<b>31,624</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment and rental income	169,022	69	-	169,091	164,636
Interest and related expenses	(46,173)	-	(12,149)	(58,322)	(69,268)
Gain (loss) on sale of capital assets	-	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>122,849</b>	<b>69</b>	<b>(12,149)</b>	<b>110,769</b>	<b>95,368</b>
<b>Net income (loss) before contributions and operating transfers</b>	<b>(154,917)</b>	<b>(95,641)</b>	<b>852,352</b>	<b>601,794</b>	<b>126,992</b>
Capital contributions	-	2,581,447	-	2,581,447	-
Transfers in (Note 5)	860,280	152,415	-	1,012,695	383,516
Transfers (out) (Note 5)	(158,040)	(25,774)	(850,000)	(1,033,814)	(739,766)
<b>Change in net assets</b>	<b>547,323</b>	<b>2,612,447</b>	<b>2,352</b>	<b>3,162,122</b>	<b>(229,258)</b>
<b>NET ASSETS (DEFICIT):</b>					
Beginning of year	1,264,145	(2,195,129)	(76,412)	(1,007,396)	(778,138)
End of year	<b>\$ 1,811,468</b>	<b>\$ 417,318</b>	<b>\$ (74,060)</b>	<b>\$ 2,154,726</b>	<b>\$ (1,007,396)</b>

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

Governmental Activities Internal Service Funds	Total Internal Service Funds	
	2012	2011
\$ 2,311,507	\$ 2,311,507	\$ 2,070,550
-	-	-
<u>2,311,507</u>	<u>2,311,507</u>	<u>2,070,550</u>
49,165	49,165	41,370
350,590	350,590	220,536
795,001	795,001	762,887
<u>1,194,756</u>	<u>1,194,756</u>	<u>1,024,793</u>
<u>1,116,751</u>	<u>1,116,751</u>	<u>1,045,757</u>
-	-	-
(1,441,825)	(1,441,825)	(1,368,975)
(10,114)	(10,114)	16,407
<u>(1,451,939)</u>	<u>(1,451,939)</u>	<u>(1,352,568)</u>
<u>(335,188)</u>	<u>(335,188)</u>	<u>(306,811)</u>
102,157	102,157	-
2,258,250	2,258,250	997,300
(56,350)	(56,350)	-
<u>1,968,869</u>	<u>1,968,869</u>	<u>690,489</u>
<u>9,298,702</u>	<u>9,298,702</u>	<u>8,608,213</u>
<u>\$ 11,267,571</u>	<u>\$ 11,267,571</u>	<u>\$ 9,298,702</u>

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



**City of Walnut Creek**  
**Statement of Cash Flows**  
**Major Proprietary Funds**  
**For the Year Ended June 30, 2012**  
**(With comparative information for the prior year)**

	Business-type Activities - Enterprise Funds			Total Enterprise Funds	
	Golf Course - City	Clubhouse - City	Boundary Oak - Onsite Contract	2012	2011
	Administration	Administration	Operations		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers	\$ 33	\$ 2,362	\$ 4,572,780	\$ 4,575,175	\$ 3,839,110
Payments to suppliers	(182,251)	(42,760)	(3,560,046)	(3,785,057)	(3,667,743)
Payments to employees	(64,371)	(31,437)	-	(95,808)	(91,331)
Internal activity					
Receipts from other funds	427,159	-	-	427,159	3,120,516
Payments to other funds	(345,000)	(2,665,196)	-	(3,010,196)	(2,780,516)
Other receipts	25,000	-	91,894	116,894	98,514
<b>Net cash provided (used) by operating activities</b>	<b>(139,430)</b>	<b>(2,737,031)</b>	<b>1,104,628</b>	<b>(1,771,833)</b>	<b>518,550</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in	860,280	152,415	-	1,012,695	383,516
Transfers out	(158,040)	(25,774)	(850,000)	(1,033,814)	(739,766)
<b>Net cash provided (used) by operating activities</b>	<b>702,240</b>	<b>126,641</b>	<b>(850,000)</b>	<b>(21,119)</b>	<b>(356,250)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Capital Contribution	-	2,581,447	-	2,581,447	-
Acquisition of capital assets	(1,075)	(6,225)	-	(7,300)	(34,610)
Interest paid on debt	(46,173)	-	(12,149)	(58,322)	(69,268)
Principal paid on long-term debt	(115,000)	-	(138,047)	(253,047)	(237,775)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(162,248)</b>	<b>2,575,222</b>	<b>(150,196)</b>	<b>2,262,778</b>	<b>(341,653)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Investment income received	168,149	117	-	168,266	164,809
<b>Net cash provided by investing activities</b>	<b>168,149</b>	<b>117</b>	<b>-</b>	<b>168,266</b>	<b>164,809</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>568,711</b>	<b>(35,051)</b>	<b>104,432</b>	<b>638,092</b>	<b>(14,544)</b>
<b>CASH AND INVESTMENTS:</b>					
Beginning of the year	736,633	45,122	176,027	957,782	972,326
End of the year	\$ 1,305,344	\$ 10,071	\$ 280,459	\$ 1,595,874	\$ 957,782
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (277,766)	\$ (95,710)	\$ 864,501	\$ 491,025	\$ 31,624
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	35,424	22,791	118,604	176,819	183,665
Changes in assets and liabilities:					
Accounts receivable	33	2,362	(14,804)	(12,409)	(291)
Inventory / prepaid items	-	-	(13,793)	(13,793)	(33,043)
Due from other funds	427,159	-	-	427,159	3,120,516
Advance from other funds	-	-	-	-	-
Accounts payable and accrued liabilities	(2,585)	(500)	58,226	55,141	(102,048)
Salaries and wages payable	(1,695)	(778)	-	(2,473)	129
Due to other funds	(345,000)	(2,665,196)	-	(3,010,196)	(2,780,516)
Deposits payable	-	-	76,717	76,717	83,336
Deferred revenue	25,000	-	15,177	40,177	15,178
<b>Net cash provided (used) by operating activities</b>	<b>\$ (139,430)</b>	<b>\$ (2,737,031)</b>	<b>\$ 1,104,628</b>	<b>\$ (1,771,833)</b>	<b>\$ 518,550</b>

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



Governmental			
Activities			
Internal		Total Internal Service Funds	
Service Funds	2012	2011	
\$ 2,271,224	\$ 2,271,224	\$ 2,070,550	
(411,583)	(411,583)	(229,934)	
-	-	-	
6,838,427	6,838,427	(7,796,841)	
(8,319,060)	(8,319,060)	6,733,184	
-	-	-	
379,008	379,008	776,959	
2,258,250	2,258,250	997,300	
(56,350)	(56,350)	-	
2,201,900	2,201,900	997,300	
49,170	49,170	-	
(1,015,217)	(1,015,217)	(240,399)	
(424,301)	(424,301)	(464,122)	
(1,190,560)	(1,190,560)	(1,069,738)	
(2,580,908)	(2,580,908)	(1,774,259)	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
\$ -	\$ -	\$ -	
\$ 1,116,751	\$ 1,116,751	\$ 1,045,757	
795,001	795,001	762,887	
(40,283)	(40,283)	12,564	
(1,922,376)	(1,922,376)	(904,853)	
(522,219)	(522,219)	(7,809,405)	
1,922,376	1,922,376	904,853	
(11,828)	(11,828)	31,972	
-	-	-	
(958,414)	(958,414)	6,733,184	
-	-	-	
-	-	-	
\$ 379,008	\$ 379,008	\$ 776,959	

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

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# FIDUCIARY FUND FINANCIAL STATEMENTS

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**Fiduciary Fund Types:**

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

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



**City of Walnut Creek**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**  
**June 30, 2012**

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	Private-Purpose Trust Fund	Agency Funds
<b>ASSETS</b>		
Cash and investments (Note 2)	\$ 4,419,762	\$ 12,788,863
Cash and investments-restricted	1,126,348	-
Accounts receivable	-	1,124
Interest receivable	3,600	18,118
<b>Total assets</b>	<b>\$ 5,549,710</b>	<b>\$ 12,808,105</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 327,954	\$ 219,517
Accrued Payroll	1,528	-
Due to other governments	-	6,608,694
Due to bondholders	-	1,736,554
Advance deposits	-	4,243,340
Long-term debt	3,872,379	-
<b>Total liabilities</b>	<b>4,201,861</b>	<b>\$ 12,808,105</b>
Net assets:		
Held in trust for other governments	1,347,849	
<b>Total liabilities and net assets</b>	<b>\$ 5,549,710</b>	

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



**City of Walnut Creek**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Assets**  
**For the Year Ended June 30, 2012**

	<u>Private-Purpose Trust Fund</u>
<b>ADDITIONS:</b>	
Taxes:	
Property	\$ 15,651
Investment and rental income	<u>9,996</u>
<b>Total revenues</b>	<u>25,647</u>
<b>DELETIONS:</b>	
Current:	
Community development	38,170
Debt Service:	
Interest, fiscal charges and issuance costs	<u>96,684</u>
<b>Total expenditures</b>	<u>134,854</u>
<b>Extraordinary gain (Note 15)</b>	<u>1,457,056</u>
<b>Net change in fund balances</b>	1,347,849
<b>Net Assets</b>	
Beginning of the year - net assets	<u>-</u>
End of the year - net assets	<u>\$ 1,347,849</u>

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

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# NOTES TO BASIC FINANCIAL STATEMENTS

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# City of Walnut Creek

## Notes to Basic Financial Statements

### For the year ended June 30, 2012

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### *A. Financial Reporting Entity*

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

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

##### **Blended Component Unit**

###### *Redevelopment Agency of the City of Walnut Creek (Agency)*

The Agency was created by the City of Walnut Creek City Council (City Council) in October 1972.

On December 29, 2011, the California Supreme Court upheld the AB 1X 26 Dissolution Act. As a result, the Agency was dissolved effective February 1, 2012.

The Agency operations for the current fiscal year through January 31, 2012 have been included in the accompanying basic financial statements as part of the City's non-major funds.

The City of Walnut Creek adopted a resolution on January 17, 2012 accepting for the City the roles of Successor Agency to the Redevelopment Agency of the City of Walnut Creek and Housing Successor Agency. See Note 15 for additional details.

##### *B. Basis of Presentation, Measurement Focus and Basis of Accounting*

The accounting policies of the City conform to generally accepted accounting principles. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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

***B. Basis of Presentation, Measurement Focus and Basis of Accounting, Continued***

*Government-Wide Financial Statements*

The City's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of governmental activities and business-type activities for the City, the primary government, accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These government-wide financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. 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 the liability is incurred. Certain indirect costs are included in the program expenses reported for individual functions and activities.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated, except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/Due from other funds
- Advances to/Advances from other funds
- Transfers in/transfers out

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure. The City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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

***B. Basis of Presentation, Measurement Focus and Basis of Accounting, Continued***

*Governmental Fund Financial Statements*

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all funds. An accompanying schedule is presented to reconcile and explain the differences in net assets, as presented in these statements to the net assets presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria under GASB Statement No. 34, including its General Fund, Housing Successor Agency Special Revenue Fund and its Capital Investment Program, Downtown Parking and Enhancement and Traffic Impact Mitigation Capital Projects Funds.

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

*The 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 of the City of Walnut Creek.

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

*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.

*The Traffic Impact Mitigation Fund* accounts for receipts and expenditures from fees imposed on developers to pay for transportation improvements.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. 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.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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

***B. Basis of Presentation, Measurement Focus and Basis of Accounting, Continued***

Deferred revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the balance sheet and revenue is recognized.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

*Proprietary Fund Financial Statements*

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Change in Net Assets, and a Statement of Cash Flows for all proprietary funds.

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 Assets. The Statement of Revenues, Expenses and Change in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. 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 capital improvements made to the golf course, including any related debt service.

The *Clubhouse - City Administration Fund* accounts for the City administration of the Boundary Oak clubhouse and capital improvements made to the 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, 2012**

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

***B. Basis of Presentation, Measurement Focus and Basis of Accounting, Continued***

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, 2012**

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

***B. Basis of Presentation, Measurement Focus and Basis of Accounting, Continued***

***Fiduciary Fund Financial Statements By Type***

Fiduciary fund financial statements for *Agency* type funds include a Statement of Net Assets. 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 Lesher Endowment* accounts for assets held by the City as an agent to be used exclusively for improvements to the City's Lesher Theater.

Fiduciary fund financial statements for the Successor Agency to the Redevelopment Agency *Private-Purpose Trust fund* type include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all funds. 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.

***C. Use of Restricted and Unrestricted Net Assets***

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

***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.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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

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

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, 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.

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.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, 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, 2012**

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

***G. Property Taxes***

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

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

*Government-Wide Financial Statements*

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

*Arbitrage*

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bonds proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the U.S. Treasury at least every five years. The City has evaluated each bond issued subject to the arbitrage rebate requirements and has determined that no arbitrage liability exists at June 30, 2012. 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 Assets.

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, 2012**

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

*I. Use of Estimates*

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

*J. Capital Assets*

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

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

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, 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.

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal in a prior fiscal year of City owned infrastructure and property. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infra-structure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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

***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. Net Assets***

**Government-Wide Financial Statements**

In the government-wide financial statements, net assets are presented as follows:

*Invested in Capital Assets, Net of Related Debt* - 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 Net Assets* - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted Net Assets* - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

**Fund Financial Statements**

Reservations of fund balances of governmental funds and retained earnings of proprietary funds are created to either satisfy legal covenants, including State laws, that require a portion of the fund equity be segregated or identify the portion of the fund equity not available for future expenditures.

***M. 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 part of the nonspendable fund balance, which indicates that they do not constitute available spendable resources, even though they are a component of net current assets. The amount of the prepaid expense reported in the PERS Safety Side Fund Liability Internal Service Fund is offset by 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.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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

*N. 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.

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

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

The Redevelopment Obligation Retirement Private-purpose Trust Fund was established to account for the activities of the Successor Agency to the former Redevelopment Agency of the City of Walnut Creek.

The Redevelopment Agency Debt Service Special Revenue Fund was reclassified to a Private-purpose Trust Fund and accounts for debt service on South Broadway and Mount Diablo Merged Project Area Series 2000 and Series 2003 A&B Tax Allocation Bonds.

The Redevelopment Agency Low and Moderate Income Housing Special Revenue Fund and the Redevelopment Agency Capital Projects Funds for Mount Diablo and South Broadway project areas were closed on February 1, 2012 as the result of the dissolution of the Redevelopment Agency discussed in Note 15.

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

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds, which the City invests to enhance interest earnings. The pooled interest earned is allocated to the funds quarterly, based on average cash and investment balances in these funds.

*A. Cash Deposits*

At June 30, 2012, the carrying amount of the City's deposits was \$1,319,764. Bank balances before reconciling items were \$1,453,659 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.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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

*A. Cash Deposits, Continued*

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.

<b>Investment Type</b>	<b>Maximum Maturity *</b>	<b>Maximum %/ \$ of Portfolio*</b>	<b>Maximum Investment in One Issuer*</b>
U.S. Treasury and Federal Agency Securities	5 years	None	None
Local Agency Debt	5 years	5% or \$5 million	\$2 million
Non Negotiable Certificates of Deposit	3 years	20%	\$2 million
Negotiable Certificates of Deposit	6 months	30%	\$2 million
Bankers Acceptances	180 days	40%	\$2 million
Commercial Paper (Corporations)	270 days	15%	\$2 million
Medium-Term Corporate Notes	5 Years	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			

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.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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

*C. Summary of Cash and Investments*

In accordance with GASB Statement No. 31, the portfolio, for year-end reporting purposes, is treated as if it were all sold. 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, 2012:

	Government-Wide Statement of Net Assets			Fiduciary Fund	
	Governmental Activities	Business Activities	Total	Financial Statements	Total
Cash and investments	\$ 62,051,416	\$ 1,432,170	\$ 63,483,586	\$ 17,208,625	\$ 80,692,211
Cash and investments with fiscal agent	\$ -	\$ 163,704	\$ 163,704	\$ 1,126,348	\$ 1,290,052

Deposits and investments were categorized as follows at June 30, 2012:

	Credit Quality Ratings	Fair Value
<b>City Treasury Deposits:</b>		
Deposits	Not Rated	\$ 252,578
Petty cash	Not Rated	21,360
<b>Total City treasury deposits</b>		<b>273,938</b>
<b>City Treasury Investments:</b>		
Securities of U.S. Government Agencies		
Federal Farm Credit Bureau (FFCB)	AA+	2,003,940
Federal National Mortgage Assoc (FNMA)	AAAe/AA+	14,052,860
Federal Home Loan Mortgage Corp (FHLMC)	AA+	4,014,440
Medium Term Corporate Notes	A+/A-1	8,558,930
U.S. Treasury Money Market	AAA	3,029,146
Local Agency Investment Funds	Not Rated	48,758,957
<b>Total City treasury investments</b>		<b>80,418,273</b>
<b>Total cash and investments</b>		<b>\$ 80,692,211</b>
<b>Investments With Fiscal Agent:</b>		
Securities of U.S. Government Agencies		
U.S. Treasury Money Market	AAA	\$ 1,290,052
<b>Total investments with fiscal agent</b>		<b>\$ 1,290,052</b>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**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, 2012 amounted to an unrealized increase of \$152,877.

*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, 2012, the City's pooled cash and investments had the following maturities.

Investment Type	Investment Maturities (in years)					
	Fair Value	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years
Local Agency Investment Funds	\$ 48,758,957	\$ 48,758,957	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Money Market	3,029,146	3,029,146	-	-	-	-
Medium Term Corporate Notes	8,558,930	6,493,750	-	1,055,790	1,009,390	-
Securities of U.S. Government:						
Federal Farm Credit Bureau	2,003,940	-	-	-	1,002,140	1,001,800
Federal Home Loan Mortgage Company	4,014,440	-	-	3,006,950	-	1,007,490
Federal National Mortgage Association	14,052,860	-	3,035,880	-	5,009,330	6,007,650
<b>Total</b>	<b>\$ 80,418,273</b>	<b>\$ 58,281,853</b>	<b>\$ 3,035,880</b>	<b>\$ 4,062,740</b>	<b>\$ 7,020,860</b>	<b>\$ 8,016,940</b>

*Custodial Credit Risk.* For an investment, custodial credit risk is a risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All securities, with the exception of the money market funds and LAIF, are held by a third-party custodian, Union Bank of California (UBC). UBC is a registered member of the Federal Reserve Bank. The City's investment policy is that no more than \$2 million can be invested in any one institution for Commercial Paper, negotiable certificates of deposit or Medium Term Corporate Notes. The City's custodial agreement policy prohibits counterparties holding securities not in the City's name.

*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, 2012**

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

*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, 2012, 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, 2012, the City had \$48,758,957 invested in LAIF, which had invested 3.47% of the pool investment funds in Structured Notes and Asset-Backed Securities. The City valued its investments in LAIF as of June 30, 2012, 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 1.001219643.

*G. Investments Authorized by Debt Agreements*

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	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



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**3. NOTES AND LOANS RECEIVABLE**

*Summary of Notes and Loans Receivable*

At June 30, 2012, the City's notes and loans receivable and related deferred revenue consisted of the following:

	Loans and Notes Receivable
Home Rehabilitation Loans	\$ 1,293,789
First-Time Homebuyers	2,453,918
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	2,445,946
Third Avenue Apartments	3,593,500
Pleasant Creek Homes	107,631
Equity Loans to City Employees (Note 13)	180,000
Senior Outreach Services	17,617
	<u>\$ 15,821,283</u>

The City engages in programs to encourage construction of and improvement in low-to-moderate income housing or other projects. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City's terms. 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. With the dissolution of the Redevelopment Agency as discussed in Note 15, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result the Housing Successor Agency assumed the loans receivable of the Redevelopment Agency's Housing fund as of February 1, 2012.

*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, 2012, these loans totaled \$1,293,789 and the program included 31 participants.





**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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

*First-Time Homebuyer Loans*

The First-Time Homebuyer Program, using Community Development Block Grant funds, Housing Successor Agency funds and City funds, was established during 1995 to provide financing for applicants with moderate income or less who are unable to qualify for a home purchase without down payment assistance. Under this program, individuals with income below a certain level are eligible to receive deferred loans which are secured by second deeds of trust, bear interest (in the form of equity earnings from the appreciation of the property equal to the percentage of the purchase price) and are due and payable at the time the homes are sold, refinanced or transferred. At June 30, 2012, First-Time Homebuyer Loans totaling \$2,453,918 had been extended and the program included 55 participants.

*The Oaks Apartments*

At June 30, 2012, 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 2011-12.

*Sierra Drive Apartments*

At June 30, 2012, 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 2011-12.

*Acalanes Court Apartments*

At June 30, 2012, 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.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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

*Acalanes Court Apartments, Continued*

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, 2012, the City held a Note receivable from Trinity Avenue Apt., L.P. in the amount of \$130,000. The City Note entered into on June 5, 2007 is a loan from the City's inclusionary housing in-lieu fund to cover a portion of additional costs that occurred during the construction of Acalanes Court, a 17-unit family rental-housing complex that was completed in November 2006. Simple interest at 3% per annum is to be accrued on the unpaid principal balance beginning from the date of the advance. Principal is due on May 1<sup>st</sup> following the date of this Note, and on May 1<sup>st</sup> of each year thereafter for the term of the City Loan. Borrower shall make repayments of the outstanding principal and accrued interest under this Note equal to the Lenders' share of Residual Receipts. To the extent that the Lender's Share of Residual Receipts is insufficient to make any payments under this Note, such payment(s) shall be deferred. Principal sum and all other sums shall be due and payable in full 55 years from issuance of the certificate of occupancy for this Project. The certificate of occupancy was issued on October 3, 2006.

*Casa Montego II*

At June 30, 2012, 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 2011-12.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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

*Ivy Hill Apartments/Regent on the Park Condominiums*

At June 30, 2012, 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, 2012, 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, 2012, the City held a Note receivable from Resources for Community Development with an outstanding balance of \$1,750,321 (consisting of \$625,347 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 \$695,625. The promissory notes were originally entered into on October 7, 2004 for \$680,000 and \$720,000, respectively, to facilitate the building of a 72-unit rental apartment complex to provide housing for very low-income households. The City promissory Note was amended and restated for an additional \$1,122,265 on November 10, 2005. Both notes state that no interest is to be accrued on the unpaid principal balance, except in the event of a default, in which case interest shall begin to accrue on the date of the default and continue until such time as the Loan is repaid in full, or the default is cured, at the default rate of the lesser of ten percent (10%), compounded annually or the highest rate permitted by law. Principal is due on May 1 following completion of the construction equal to the City and Housing Successor Agency proportionate share of the lenders' share of residual receipts. Principal sum and all other sums shall be due and payable in full 55 years from completion of the project as evidenced by a certificate of occupancy, which was issued April 1, 2008. At June 30, 2012, these loans totaled \$2,445,946.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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

*Third Avenue Apartments*

At June 30, 2012, the City held a Note receivable from Satellite Housing, Inc. with an outstanding balance of \$2,211,096. 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, 2012, 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, 2012, this certificate had not been issued and the loans outstanding totaled \$3,593,500.

*Pleasant Creek Homes*

At June 30, 2012, 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 \$107,631. 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, 2012, the City held a Note receivable from Senior Outreach Services in the amount of \$17,617 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, 2012**

**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, 2012, deferred revenues in the Government-Wide Financial Statements were as follows:

	Governmental Activities	Business-Type Activities	Totals
Deposits deferred	\$ 99,372	\$ -	\$ 99,372
Engineering inspection fees	34,800	-	34,800
Permits and inspection fees	358,156	-	358,156
Business licenses	889,967	-	889,967
Prepaid rental revenue	75,090	87,358	162,448
Mandated costs	74,895	-	74,895
Grants	138,738	-	138,738
<b>Total</b>	<b>\$ 1,671,018</b>	<b>\$ 87,358</b>	<b>\$ 1,758,376</b>

**B. Fund Financial Statements**

At June 30, 2012, 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	Capital Investment Program Fund	Non-Major Governmental Funds	Total
Deposits deferred	\$ 99,372	\$ -	\$ -	\$ -	\$ 99,372
Engineering inspection fees	34,800	-	-	-	34,800
Permits and planning inspection fees	358,157	-	-	-	358,157
Business licenses	889,966	-	-	-	889,966
Prepaid rental revenue	75,090	-	-	-	75,090
Grants	27,613	-	111,125	-	138,738
Mandated costs	74,895	-	-	-	74,895
Notes and loans deferred	-	7,966,565	-	7,854,718	15,821,283
<b>Total</b>	<b>\$ 1,559,893</b>	<b>\$ 7,966,565</b>	<b>\$ 111,125</b>	<b>\$ 7,854,718</b>	<b>\$ 17,492,301</b>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**5. INTERFUND TRANSACTIONS**

*Fund Financial Statements*

Due To/Due From

At June 30, 2012, the City had the following short-term receivables and payables:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Notes</u>
<u>Major Funds</u>			
General Fund	Capital Investment Fund	\$ 3,991,737	a
	Internal Service Funds	7,720,857	a
		<u>11,712,594</u>	
Capital Investment Program	General Fund	<u>510,887</u>	a
Downtown Parking and Enhanceme	Capital Investment Program	<u>973,431</u>	a
Traffic Impact Mitigation	Capital Investment Program	<u>1,443,208</u>	a
Non Major Funds	General Fund	241,468	b
	Capital Investment Program	1,939,382	a
		<u>2,180,850</u>	
Enterprise Funds			
Golf Course - City Administration	Capital Investment Program	<u>340,410</u>	a
Internal Service Funds	Capital Investment Program	256,953	a
Total		<u><u>\$ 17,418,333</u></u>	

The explanations 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, 2012**

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**5. INTERFUND TRANSACTIONS, Continued**

*Long-Term Advances*

Long-term advances to be repaid out of future earnings or charges at June 30, 2012, 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	\$ 7,700,000
Non Major Funds	Non Major Fund: Internal Service Fund PERS Safety Side Fund Liability Fund	<u>2,904,618</u>
Total		<u>\$ 10,604,618</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 \$1,017,523 and \$406,775, respectively. As of June 30, 2012, the amount owed by the PERS Safety Side Fund Liability internal service fund was \$10,604,618.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**5. INTERFUND TRANSACTIONS, Continued**

Transfers

Transfers for the period ended June 30, 2012, were as follows:  
 The explanations for these interfund transfers are listed below:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfer</u>	<u>Amount Transferred</u>	<u>Notes</u>
<b>Major Funds</b>			
General Fund	Downtown Parking and Enhancement	\$ 370,000	e
	Non Major Funds	1,228,927	c
	Enterprise Funds		
	Golf Course - City Administration	5,625	g
	Clubhouse - City Administration	5,625	g
		<u>1,610,177</u>	
Housing Successor Agency	Non Major Funds	<u>1,259,484</u>	f
Downtown Parking and Enhancement	General Fund	<u>50,000</u>	e
Capital Investment Fund	General Fund	1,814,855	a
	Non Major Funds	607,454	a
	Enterprise Funds		
	Clubhouse	9,867	a
		<u>2,432,176</u>	
Non Major Funds	General Fund	536,611	d
	Non Major Funds	1,007,460	f
		<u>1,544,071</u>	
Internal Service Funds	General Fund	1,917,000	b
	Capital Investment Program	341,250	a
		<u>2,258,250</u>	
<b>Total</b>		<u><u>\$ 9,154,158</u></u>	

- a. To fund various capital improvement projects.
- b. To fund the future replacement of various equipment.
- c. To fund traffic safety and public safety programs, streets, library and 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 affordable housing programs and debt service.
- g. To fund support for administrative services.





**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**6. CAPITAL ASSETS**

*Government-Wide Financial Statements*

At June 30, 2012, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	\$ 48,436,942	\$ 1,337,396	\$ 49,774,338
Construction in process	3,332,971	-	3,332,971
Total non-depreciable assets	<u>51,769,913</u>	<u>1,337,396</u>	<u>53,107,309</u>
Depreciable assets:			
Buildings	142,395,527	2,067,732	144,463,259
Improvement other than buildings	-	2,299,053	2,299,053
Machinery and equipment	9,306,476	758,118	10,064,594
Vehicles	7,870,027	-	7,870,027
Infrastructure	196,926,042	-	196,926,042
	<u>356,498,072</u>	<u>5,124,903</u>	<u>361,622,975</u>
Less accumulated depreciation	<u>(157,325,247)</u>	<u>(4,084,368)</u>	<u>(161,409,615)</u>
Total depreciable assets, net	<u>199,172,825</u>	<u>1,040,535</u>	<u>200,213,360</u>
<b>Total capital assets</b>	<u><u>\$ 250,942,738</u></u>	<u><u>\$ 2,377,931</u></u>	<u><u>\$ 253,320,669</u></u>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**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, 2012:

	Balance July 1, 2011	Additions	Deletions	Transfers	Balance June 30, 2012
<b>Nondepreciable Assets:</b>					
Land	\$ 48,436,942	\$ -	\$ -	\$ -	\$ 48,436,942
Construction in progress	1,852,149	2,995,797	-	(1,514,975)	3,332,971
<b>Total nondepreciable assets</b>	<u>50,289,091</u>	<u>2,995,797</u>	<u>-</u>	<u>(1,514,975)</u>	<u>51,769,913</u>
<b>Depreciable Assets:</b>					
Buildings	142,302,585	57,569	(5,706)	41,079	142,395,527
Machinery and equipment	8,635,446	854,921	(536,693)	352,801	9,306,475
Vehicles	7,486,419	894,328	(510,720)	-	7,870,027
Infrastructure	195,197,255	607,693	-	1,121,095	196,926,043
<b>Total depreciable assets</b>	<u>353,621,705</u>	<u>2,414,511</u>	<u>(1,053,119)</u>	<u>1,514,975</u>	<u>356,498,072</u>
<b>Accumulated Depreciation:</b>					
Buildings	(32,618,209)	(3,188,339)	2,282	-	(35,804,266)
Machinery and equipment	(4,694,325)	(798,356)	498,938	-	(4,993,743)
Vehicles	(5,387,779)	(535,636)	416,249	-	(5,507,166)
Infrastructure	(105,685,222)	(5,334,850)	-	-	(111,020,072)
<b>Total accumulated depreciation</b>	<u>(148,385,535)</u>	<u>(9,857,181)</u>	<u>917,469</u>	<u>-</u>	<u>(157,325,247)</u>
<b>Depreciable assets, net</b>	<u>205,236,170</u>	<u>(7,442,670)</u>	<u>(135,650)</u>	<u>1,514,975</u>	<u>199,172,825</u>
<b>Total governmental activities capital assets, net</b>	<u>\$ 255,525,261</u>	<u>\$ (4,446,873)</u>	<u>\$ (135,650)</u>	<u>\$ -</u>	<u>\$ 250,942,738</u>

Governmental activities depreciation expense for capital assets for the year ended June 30, 2012, are as follows:

Public protection	\$ 457,318
Public service	8,948,012
Community development	19,675
Arts, recreation and cultural services	143,321
Administrative services	255,368
General government	33,487
<b>Total depreciation expense</b>	<u>\$ 9,857,181</u>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**6. CAPITAL ASSETS, Continued**

*Government-Wide Financial Statements, Continued*

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

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<b>Nondepreciable Assets:</b>				
Land	\$ 1,337,396	\$ -	\$ -	\$ 1,337,396
<b>Total nondepreciable assets</b>	<u>1,337,396</u>	<u>-</u>	<u>-</u>	<u>1,337,396</u>
<b>Depreciable Assets:</b>				
Buildings	2,067,732	-	-	2,067,732
Improvements	2,299,052	-	-	2,299,052
Equipment	750,818	7,300	-	758,118
<b>Total depreciable assets</b>	<u>5,117,602</u>	<u>7,300</u>	<u>-</u>	<u>5,124,902</u>
<b>Accumulated Depreciation:</b>				
Buildings	(1,368,548)	(31,585)	-	(1,400,133)
Improvements	(2,244,995)	(8,225)	-	(2,253,220)
Equipment	(294,004)	(137,010)	-	(431,014)
<b>Total accumulated depreciation</b>	<u>(3,907,547)</u>	<u>(176,820)</u>	<u>-</u>	<u>(4,084,367)</u>
<b>Depreciable assets, net</b>	<u>1,210,055</u>	<u>(169,520)</u>	<u>-</u>	<u>1,040,535</u>
<b>Total business-type activities capital assets, net</b>	<u>\$ 2,547,451</u>	<u>\$ (169,520)</u>	<u>\$ -</u>	<u>\$ 2,377,931</u>

Depreciation expense for business-type activities for the year ended June 30, 2012, is as follows:

Golf Course - City Administration	\$ 35,425
Clubhouse - City Administration	22,791
Boundary Oak - On Site Contract Operations	<u>118,604</u>
<b>Total</b>	<u>\$ 176,820</u>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**7. LONG-TERM DEBT**

A summary of changes in long-term debt for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Debt Issued	Debt Retired	Transfer to Successor Agency	Balance June 30, 2012	Due in one year	Due in more than one year
<b>Governmental Activity Debt:</b>							
Capital Lease Obligation	\$ 1,149,704	\$ -	\$ (359,991)	\$ -	\$ 789,713	\$ 376,208	\$ 413,505
PG&E Energy Efficiency Loan	-	233,308	(9,886)	-	223,422	23,726	199,696
<b>Bonds Payable:</b>							
Tax Allocation Bonds, Series 2000	1,640,000	-	-	(1,640,000)	-	-	-
Tax Allocation Bonds, Series 2003 A	2,375,000	-	(495,000)	(1,880,000)	-	-	-
Tax Allocation Bonds, Series 2003 B	330,000	-	-	(330,000)	-	-	-
Tax Allocation Bonds, Series 2003 B bond issuance premium	27,973	-	(3,263)	(24,710)	-	-	-
<b>Total governmental activity debt</b>	<b>\$ 5,522,677</b>	<b>\$ 233,308</b>	<b>\$ (868,140)</b>	<b>\$ (3,874,710)</b>	<b>\$ 1,013,135</b>	<b>\$ 399,934</b>	<b>\$ 613,201</b>
<b>Business-Type Activity Debt:</b>							
Capital Lease Obligation	\$ 374,333	\$ -	\$ (138,047)	\$ -	\$ 236,286	\$ 112,493	\$ 123,793
1997 Lease Revenue Bonds	930,000	-	(115,000)	-	815,000	120,000	695,000
<b>Total business-type activity debt</b>	<b>\$ 1,304,333</b>	<b>\$ -</b>	<b>\$ (253,047)</b>	<b>\$ -</b>	<b>\$ 1,051,286</b>	<b>\$ 232,493</b>	<b>\$ 818,793</b>
<b>Total long-term debt</b>	<b>\$ 6,827,010</b>	<b>\$ 233,308</b>	<b>\$ (1,121,187)</b>	<b>\$ (3,874,710)</b>	<b>\$ 2,064,421</b>	<b>\$ 632,427</b>	<b>\$ 1,431,994</b>

With the dissolution of the Redevelopment Agency as discussed in Note 15, the Successor Agency assumed the long-term debt of the former Redevelopment Agency of the City of Walnut Creek as of February 1, 2012, which has been reported as an Extraordinary Item in the Government-wide Statement of Net Activities and Fiduciary Fund Financial Statements. For a detailed discussion of each of the Bonds above, see Note 15 below.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**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, 2012 is \$181,588.

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

Year Ending June 30,	Master Lease #1
2013	\$ 190,563
Less amount representing interest	<u>8,975</u>
Present value of future lease payments	<u><u>\$ 181,588</u></u>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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

*Governmental Activities, Continued*

A. Capital Lease Obligation, Continued

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, 2012 is \$608,125.

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
2013	\$ 219,553
2014	219,553
2015	219,553
<b>Subtotal</b>	<b>658,659</b>
Less amount representing interest	<u>50,534</u>
Present value of future lease payments	<u><u>\$ 608,125</u></u>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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

*Government Activities, Continued*

B. Loan Payable

PG&E Energy Efficiency Retrofit Program

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. 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, 2012 is \$223,422.

Year Ending June 30,	Fixed Annual Loan payment
2013	\$ 23,726
2014	23,726
2015	23,726
2016	23,726
2017	23,726
2018-2021	104,792
<b>Total</b>	<b>\$ 223,422</b>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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

*Business-Type Activities*

A. Capital Lease Obligation

Golf Course Equipment Lease

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, 2012 is \$236,286.

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

Year Ending June 30,	Master Lease
2013	\$ 119,662
2014	116,886
2015	9,741
<b>Subtotal</b>	<b>246,289</b>
Less amount representing interest	<u>10,002</u>
Present value of future lease payments	<u><u>\$ 236,286</u></u>





**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**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, 2012 was \$815,000.

The annual debt service requirements for the 1997 Lease Revenue Bonds outstanding at June 30, 2012, were as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 120,000	\$ 39,894	\$ 159,894
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
<b>Total</b>	<b>\$ 815,000</b>	<b>\$ 136,573</b>	<b>\$ 951,573</b>

*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, 2012 was \$26,620,000.

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, 2012 was \$101,805,000.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**8. COMPENSATED ABSENCES**

Compensated absences at June 30, 2012 were as follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012	Due within one year	Due in more than one year
<b>Governmental Activities:</b>	\$ 3,276,243	\$ 2,984,447	\$ (2,964,992)	\$ 3,295,698	\$ 179,279	\$ 3,116,419

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, 2012, the following fund had deficit fund equity:

Boundary Oak - Onsite Contract Operations	\$ (74,060)
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The City plans to reduce the deficit equity balance with future revenues generated by golf course and clubhouse operations.

Fund Balance Classifications

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This new standard does not change the total amount of a given fund balance, but it substantially alters the categories and terminology used to describe the components that make up a fund balance.

The term fund balance is used to describe the difference between assets (what is owned) and liabilities (what is owed) reported within a fund. In the past, fund balances have been classified into three separate components: Reserved, Designated, and Undesignated. GASB Statement No. 54 defines five new components of fund balance that will replace the current existing three components. The five new components 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. This category was traditionally reported as a 'reserved' fund balance under the old standard.

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. This category was traditionally reported as a 'reserved' fund balance under the old standard.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**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 formal action of the governments' highest level of decision making authority, and remain binding unless removed in the same manner. These funds are not anticipated to be used routinely. This category was traditionally reported as a 'designated' fund balance under the old standard.

4) Assigned Fund Balance - The portion of fund balance that includes amounts that are constrained by the government's intent to be used for specific purposes, but that are neither restricted nor committed. Such intent needs to be established at either the highest level of decision making, or by an official designated for that purpose. It is anticipated that these funds would be used routinely. This category was traditionally reported as a 'designated' fund balance under the old standard.

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. This category was traditionally reported as an 'undesignated' fund balance under the old standard.

The new categories and terminology 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.

The City Council resolution 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.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**9. FUND EQUITY, Continued**

The City of Walnut Creek formally adopted the City's GASB Statement No. 54 definitions of reported fund balances for the fiscal year ended June 30, 2012. In Governmental Funds, the segregate portions of fund balances are presented as follows:

	General Fund	Housing Successor Agency	Capital Investment Program	Downtown Parking and Enhancement	Traffic Impact Mitigation	Non-Major Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>							
Advance to other funds	\$ 7,016,000	\$ -	\$ -	\$ -	\$ -	\$ 2,904,618	\$ 9,920,618
Inventory	40,631	-	-	-	-	-	40,631
Notes & loans receivable	-	-	-	-	-	229,500	229,500
Prepaid expense	416,632	-	-	-	-	-	416,632
<b>Total Nonspendable</b>	<b>7,473,263</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,134,118</b>	<b>10,607,381</b>
<b>Restricted</b>							
Capital projects	-	-	3,678,769	1,522,055	-	5,474,943	10,675,767
Community development	-	1,141,191	-	-	-	5,287,512	6,428,703
Other purposes	-	-	-	200,000	-	2,298,675	2,498,675
Street projects	-	-	-	-	3,992,768	6,812,040	10,804,808
<b>Total Restricted</b>	<b>-</b>	<b>1,141,191</b>	<b>3,678,769</b>	<b>1,722,055</b>	<b>3,992,768</b>	<b>19,873,170</b>	<b>30,407,953</b>
<b>Committed</b>							
Catastrophic emergency	6,408,644	-	-	-	-	-	6,408,644
Compensated absences	179,279	-	-	-	-	-	179,279
Dental claims	199,566	-	-	-	-	-	199,566
Fiscal emergency	3,477,044	-	-	-	-	-	3,477,044
Legal claims	3,000,000	-	-	-	-	-	3,000,000
PERS liability	168,923	-	-	-	-	-	168,923
Radio communications	684,000	-	-	-	-	-	684,000
<b>Total Committed</b>	<b>14,117,456</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,117,456</b>
<b>Assigned</b>							
ARCS Scholarships	43,814	-	-	-	-	-	43,814
Capital Projects - General Fund portion	-	-	3,991,737	-	-	-	3,991,737
Contractual Commitments	1,147,036	-	-	-	-	-	1,147,036
FY10-12 Budget Shortfall	3,562,278	-	-	-	-	-	3,562,278
<b>Total Assigned</b>	<b>4,753,128</b>	<b>-</b>	<b>3,991,737</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,744,865</b>
<b>Unassigned</b>							
City Manager Contingency	75,000	-	-	-	-	-	75,000
Council Contingency	640,864	-	-	-	-	-	640,864
Unrealized Gain	146,332	-	-	-	-	-	146,332
Unassigned Fund Balance	721,924	-	-	-	-	-	721,924
<b>Total Unassigned</b>	<b>1,584,120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,584,120</b>
<b>Total Fund Equity</b>	<b>\$ 27,927,967</b>	<b>\$ 1,141,191</b>	<b>\$ 7,670,506</b>	<b>\$ 1,722,055</b>	<b>\$ 3,992,768</b>	<b>\$ 23,007,288</b>	<b>\$ 65,461,775</b>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**9. FUND EQUITY, Continued**

General Fund Reserve Requirements

On June 7, 2011, the City Council of the City of Walnut Creek approved a revised reserve policy to direct the re-categorization of funds to the new fund balance categories and 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, provided a more specific definition for its use as required by GASB 54 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 revised 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 10% of annual General Fund revenue budget for property tax, sales tax and departmental revenue, plus 10% 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.

*Radio Communications* - Funding set aside for the City's upcoming purchase of radios for police and public services staff and investment in infrastructure needed to facilitate emergency response and communications on a regional basis.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**9. FUND EQUITY, Continued**

*Worker's Compensation* - This reserve is to pay workers compensation awards that exceed the regularly budgeted amount for this purpose. Policy is to set aside an amount equal to twice the annual expenses paid out over the previous five years, but no less than \$2 million.

**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 as follows.

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, 2012 is as follows:

Total Cash and Investments	\$48,872,994
Total Assets	\$50,407,435
Total Liabilities	\$38,222,096
Total Equity	\$12,185,339
Total Revenues	\$15,165,500
Total Expenses	\$21,232,294
Net Change in Fund Equity	\$(6,066,794)



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**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, 2012, 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, 2010	\$ 211,185	\$ 3,092,095	\$ 470,546	\$ 3,773,826
Claims incurred	636,570	874,852	346,283	1,857,705
Changes in estimates	(75,558)	46,468	25,244	(3,846)
Claims paid	(636,570)	(874,852)	(346,283)	(1,857,705)
<b>Balance as of June 30, 2011</b>	<b>\$ 135,627</b>	<b>\$ 3,138,563</b>	<b>\$ 495,790</b>	<b>\$ 3,769,980</b>
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)
<b>Balance as of June 30, 2012</b>	<b>\$ 201,223</b>	<b>\$ 3,462,814</b>	<b>\$ 446,371</b>	<b>\$ 4,110,408</b>
<b>Current portion as of June 30, 2012</b>				<b>\$ 1,876,340</b>
<b>Long term portion as of June 30, 2012</b>				<b>\$ 2,234,068</b>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**11. PENSION PLANS**

*California Public Employees' Retirement Plan*

Plan Description

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

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 Q 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 20.880% and 14.814% for safety and miscellaneous employees respectively, of annual covered payroll for the year ended June 30, 2012. The City's total payroll for the year ending June 30, 2012 was \$30,539,949. 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, 2011 to June 30, 2012 has been determined by actuarial valuations of the plans as of June 30, 2009, the most recent data available for both plans. The City's covered payroll for PERS was \$9,284,720 and \$21,255,229 for safety and miscellaneous employees respectively, for the year ended June 30, 2012. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2012, the contribution rate for safety and miscellaneous employees is multiplied by the payroll of covered employees in each plan that were paid during the period from July 1, 2011 to June 30, 2012. 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





**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**11. PENSION PLANS, Continued**

*California Public Employees' Retirement Plan, Continued*

Actuarial Assumptions

Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.55%- 14.45% (based on age, service and type of employment)
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.0% and an annual production growth of 0.25%

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

*Safety Employees Plan*

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/2010	38.763%	\$ 3,601,025	100%	-
6/30/2011	20.880%	1,951,930	100%	-
6/30/2012	25.821%	2,397,409	100%	-

*Miscellaneous Employees Plan*

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/2010	14.552%	\$ 3,467,402	100%	-
6/30/2011	14.814%	3,222,304	100%	-
6/30/2012	15.604%	3,316,665	100%	-

Schedule of Funding Progress

The schedule on the following page 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 on the following page, 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.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**11. PENSION PLANS, Continued**

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*

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	104,472,323	127,489,701	(23,017,378)	81.9%	23,841,025	96.5%
6/30/2011	110,764,840	139,411,185	(28,646,345)	79.5%	21,751,748	131.7%
6/30/2012	117,495,026	146,617,494	(29,122,468)	80.1%	21,255,229	137.0%

*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.

*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, 2012, the City's payroll covered by the plan was \$1,240,201 and the City made employer contributions of \$31,008 (2.5% of current covered payroll).



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**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 the 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, 2012. These projects are typically evidenced by contractual commitments with consultants and/or contractors, and include the major projects listed below:

<u>Project Description</u>	<u>Amounts</u>
Geary-Pleasant Hill Road to Putnam	\$ 8,775,081
Major Roadway Reconstruction	1,896,134
2011-12 Overlay	1,168,397
Undergrounding of Utilities	1,008,823
2011-12 Slurry Seal	779,398
Downtown Pay Stations	700,207
Safe Routes to School-San Juan Sidewalk	649,927
Ygnacio Valley Pedestrian Bike Facility	607,298
South Broadway Sound Wall Repaid	548,713
Newell/Main Intersection and Signal	497,273
	<u>\$ 16,631,251</u>

**13. RELATED PARTIES LOANS**

***Equity Loans to City Employees***

The City can enter into agreements with City employees under which the City will contribute towards the purchase of residences for the City employees. An employment agreement further provides that the City receive an undivided ownership interest in such residence as tenant-in-common. If the residence is sold, the City will receive from 5% to 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 2012 fiscal year. Total equity loans to City employees as of June 30, 2012 was \$180,000.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**14. EXCESS EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2012, operating expenditures exceeded appropriations at the fund level (the legal level of budgetary control) for the following special revenue fund:

Traffic Safety/Grants	\$ 161,989
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These expenditures were funded by either greater than anticipated revenues or available reserves in the fund.

**15. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**

**A. Redevelopment Dissolution**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“The Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Walnut Creek that previously had reported the City’s Redevelopment Agency within the reporting entity as a blended component unit.

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.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**15. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued**

*A. Redevelopment Resolution, Continued*

In addition, AB1X 26, amended by AB1484 on June 27, 2012, directs the State Controller to review the activities of all redevelopment agencies and successor agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 11, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the redevelopment agency. The State Controller's Office has not yet completed its asset transfer review.

In accordance with the timeline set forth in the Bill, all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the Low-Moderate Income Housing , Capital Project and Debt Service (governmental) funds of the City. After the date of dissolution, the remaining assets were distributed to and liabilities were assumed by the Successor 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.

The transfer of the non-housing assets and liabilities of the former redevelopment agency as of February 1, 2012 from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss in the governmental fund financial statements. The receipt of these assets and liabilities was reported in the private-purpose trust fund as an extraordinary gain.



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**15. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued**

*A. Redevelopment Resolution, Continued*

A summary of the Redevelopment Agency's assets distributed to and liabilities assumed by the Successor Agency and Housing Successor on February 1, 2012 under the modified cash basis of accounting, reported as an Extraordinary Item, is presented below:

	Assets and Liabilities (Prior to transfer)	Transfer to Successor Agency	Transfer to Housing Successor	Ending Balance January 31, 2012
<b>ASSETS</b>				
Cash and investments	\$ 6,644,646	\$ 5,373,432	\$ 1,259,484	\$ 11,730
Interest receivable	1,412	-	-	1,412
Notes receivable	7,863,401	-	7,863,401	-
<b>Total Assets</b>	<b>14,509,459</b>	<b>5,373,432</b>	<b>9,122,885</b>	<b>13,142</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	53,707	41,666	-	12,041
Deferred revenue	7,863,401	-	7,863,401	-
<b>Total Liabilities</b>	<b>7,917,108</b>	<b>41,666</b>	<b>7,863,401</b>	<b>12,041</b>
<b>NET ASSETS</b>	<b>\$ 6,592,351</b>	<b>\$ 5,331,766</b>	<b>\$ 1,259,484</b>	<b>\$ 1,101</b>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**15. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued**

Cash and investments of the Successor Agency as of June 30, 2012 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, 2012.

***B. Notes and Loans Receivable***

The City of Walnut Creek as Housing Successor Agency assumed the notes and loans receivable of the Redevelopment Agency's Housing fund as of February 1, 2012. Since the City does not expect to collect these loans in the near term, they have been offset by entries to deferred revenue. See Note 3 for summary of notes and loans receivable. At June 30, 2012, the Housing Successor Agency's notes and loans receivable consisted of the following:

First-Time Homebuyers	\$	2,084,751
The Oaks Apartments		368,000
Sierra Drive Apartments		49,503
Acalanes Court Apartments		1,180,732
Casa Montego II, Incorporated		500,000
Ivy Hill Apartments		551,392
Villa Vasconcellos Apartments		695,625
Third Avenue Apartments		1,382,404
Pleasant Creek Homes		107,631
	\$	<u>7,966,565</u>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**15. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued**

*Private Purpose Trust Activities*

**C. Long-Term Debt**

The following long-term obligations were transferred from the former Redevelopment Agency of the City of Walnut Creek to the Successor Agency Private-purpose Trust as of February 1, 2012 as a result of the dissolution. As of June 30, 2012, the balances of the Successor Agency long-term debts are presented below:

	Balance February 1, 2012	Debt Issued	Debt Retired	Balance June 30, 2012	Due in one year	Due in more than one year
<b>Bonds Payable</b>						
Tax Allocation Bonds, Series 2000	\$ 1,640,000	\$ -	\$ -	\$ 1,640,000	\$ -	\$ 1,640,000
Tax Allocation Bonds, Series 2003 A	1,880,000	-	-	1,880,000	545,000	1,335,000
Tax Allocation Bonds, Series 2003 B	330,000	-	-	330,000	-	330,000
Tax Allocation Bonds, Series 2003 B bond issuance premium	24,710	-	(2,331)	22,379	5,594	16,785
<b>Total long-term debt</b>	<b>\$ 3,874,710</b>	<b>\$ -</b>	<b>\$ (2,331)</b>	<b>\$ 3,872,379</b>	<b>\$ 550,594</b>	<b>\$ 3,321,785</b>

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 a Redevelopment Property Tax Trust Fund ("RPTTF") 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, 2012 was \$1,640,000.





**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**15. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued**

*Private Purpose Trust Activities, Continued*

*C. Long-Term Debt, Continued*

*Tax Allocation Bonds Series 2000, Continued*

The annual debt service requirements for the 2000 Tax Allocation Bonds outstanding at June 30, 2012 were as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ -	\$ 98,030	\$ 98,030
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
2018-2022	1,020,000	164,498	1,184,498
<b>Total</b>	<b>\$ 1,640,000</b>	<b>\$ 586,220</b>	<b>\$ 2,226,220</b>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**15. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued**

*Private Purpose Trust Activities, Continued*

*C. Long-Term Debt, Continued*

*Tax Allocation Bonds Series 2003 A*

Tax Allocation Bonds in the amount of \$6,475,000 were issued by the former Redevelopment Agency of the City of Walnut Creek on November 1, 2003. The Bonds were issued to refund and defease the 1993 Revenue Bonds, Series A and for other capital items, to acquire property in the Merged Project Area and relocate a Veterans Hall currently 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 a Redevelopment Property Tax Trust Fund ("RPTTF") 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 \$495,000 and \$90,100, respectively. The total amount outstanding as of June 30, 2012, was \$1,880,000.

The annual debt service requirements for the Series 2003 A Tax Allocation Bonds, outstanding at June 30, 2012 were as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 545,000	\$ 69,300	\$ 614,300
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
2018-2019	250,000	11,688	261,688
<b>Total</b>	<b>\$ 1,880,000</b>	<b>\$ 221,165</b>	<b>\$ 2,101,165</b>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**15. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued**

*Private Purpose Trust Activities, Continued*

*C. Long-Term Debt, Continued*

*Tax Allocation Bonds Series 2003 B*

Tax Allocation Bonds in the amount of \$2,335,000 were issued by the former Redevelopment Agency of the City of Walnut Creek on November 1, 2003. The Bonds were issued to refund and defease the 1993 Revenue Bonds, Series A, and for other capital items, to acquire property in the Merged Project Area and relocate a Veterans Hall currently 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. Interest rates 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 a Redevelopment Property Tax Trust Fund ("RPTTF") 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, 2012, was \$330,000.

The annual debt service requirements for the Series 2003 B Tax Allocation Bonds outstanding at June 30, 2012 were as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ -	\$ 19,800	\$ 19,800
2014	140,000	15,600	155,600
2015	190,000	5,700	195,700
<b>Total</b>	330,000	<u>\$ 41,100</u>	<u>\$ 371,100</u>
Plus unamortized bond issuance premium	<u>22,379</u>		
<b>Net</b>	<u>\$ 352,379</u>		

The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented above. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in the accompanying notes. The 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 Redevelopment Property Tax Trust Fund ("RPTTF") 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, 2012**

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**15. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued**

*Private Purpose Trust Activities, Continued*

*C. Long-Term Debt, Continued*

Pursuant to Section 5.02 of the Indenture, the Successor Agency prepared a calculation of a) the total amount of 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 2011/12, a) the total remaining RPTTF deposits which the Successor Agency is permitted to receive plus the available cash balance is \$5,824,833 and b) the aggregate amount of debt service coming due and payable on the Bonds from the RPTTF is \$4,698,485.

As of June 30, 2012, the aggregate amount of RPTTF deposits which the Successor Agency is permitted to receive, plus available cash, exceeds 132% of the aggregate amount of Annual Debt Service remaining to be paid on all Outstanding Bonds.

*D. Extraordinary Item*

Because of the different measurement focus of the governmental funds (current financial resources measurement focus) and the measurement focus of the trust funds (economic resources measurement focus), the extraordinary loss recognized in the governmental funds was not the same amount as the extraordinary gain that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary loss recognized in the fund financial statement and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary loss reported in governmental funds-	
Increase to net assets of the Successor Agency Private-Purpose Trust Fund	\$ 5,331,766
Long-term debt reported in the government-wide financial statements-	
Decrease to net assets of the Successor Agency Private-Purpose Trust Fund	<u>(3,874,710)</u>
Net increase to net assets of the Successor Agency Private-Purpose Trust Fund upon dissolution of the redevelopment agency-extraordinary gain	<u>\$ 1,457,056</u>



**City of Walnut Creek**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**16. SUBSEQUENT EVENTS**

The City evaluated subsequent events for recognition and disclosure through February 27, 2013, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2012 that required recognition or disclosure in such financial statements.

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**City of Walnut Creek**  
**Required Supplementary Information**  
**For the year ended June 30, 2012**

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**1. BUDGETARY INFORMATION**

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

An operating budget is adopted every two years for the General, Special Revenue and Debt Service Funds, including annual budgets for each of the two years. Public hearings are conducted on the proposed budgets to review all appropriations and sources of financing. Capital projects are budgeted by the City over the term of the individual projects. Since capital projects are not budgeted on an annual basis, they are not included in the budgetary data. In addition, the Alternative Energy Fund was created during the fiscal year and, therefore, a budget was not established or presented as a budgetary comparison schedule.

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 Agency Board.

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 reservations 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 - General Fund**  
**June 30, 2012**

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

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes				
Sales and use	\$ 15,281,000	\$ 18,341,305	\$ 19,028,584	\$ 687,279
Property	14,614,822	15,826,107	15,921,622	95,515
Business license	1,909,836	1,909,836	1,972,208	62,372
Franchise	3,189,230	3,173,270	3,258,474	85,204
Transient occupancy tax	1,136,000	1,421,441	1,491,533	70,092
Other	255,000	291,932	386,349	94,417
Intergovernmental	262,500	124,500	369,468	244,968
Investment and rental income	2,312,415	1,980,258	2,001,125	20,867
Charges for services	12,495,846	12,134,239	13,095,438	961,199
Licenses, permits and fees	1,509,375	1,393,100	1,654,058	260,958
Fines, forfeitures and penalties	5,629,502	4,890,918	4,707,308	(183,610)
<b>Total revenues</b>	<b>58,595,526</b>	<b>61,486,906</b>	<b>64,119,475</b>	<b>2,632,569</b>
<b>EXPENDITURES:</b>				
Current:				
Public protection	22,628,059	22,983,158	22,022,532	960,626
Public service	13,492,627	13,741,834	13,777,043	(35,209)
Community development	4,157,633	4,534,225	4,253,421	280,804
Arts, recreation and community services	12,481,162	15,471,918	15,257,076	214,842
Administrative services	5,411,304	6,154,890	5,418,795	736,095
General government	1,241,836	2,515,067	2,940,632	(425,565)
Debt Service:				
Principal retirement	219,552	199,366	196,841	2,525
Interest, fiscal charges and insurance costs	-	32,599	32,598	1
<b>Total expenditures</b>	<b>59,632,173</b>	<b>65,633,057</b>	<b>63,898,938</b>	<b>1,734,119</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,036,647)</b>	<b>(4,146,151)</b>	<b>220,537</b>	<b>4,366,688</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,716,591	1,861,349	1,610,177	(251,172)
Transfers (out)	(3,110,397)	(4,376,633)	(4,318,466)	58,167
<b>Total other financing sources (uses)</b>	<b>(1,393,806)</b>	<b>(2,515,284)</b>	<b>(2,708,289)</b>	<b>(193,005)</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ (2,430,453)</b>	<b>\$ (6,661,435)</b>	<b>\$ (2,487,752)</b>	<b>\$ 4,173,683</b>
<b>FUND BALANCES:</b>				
Beginning of year			30,415,719	
End of year			<u>\$ 27,927,967</u>	



**City of Walnut Creek**  
**Required Supplementary Information**  
**Housing Successor Agency Special Revenue Fund**  
**For the Year Ended June 30, 2012**

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ -	\$ 508	\$ 4,159	\$ 3,651
Other	-	-	28,093	28,093
<b>Total revenues</b>	<b>-</b>	<b>508</b>	<b>32,252</b>	<b>31,744</b>
<b>EXPENDITURES:</b>				
Current:				
Housing	-	397,204	150,545	246,659
<b>Total expenditures</b>	<b>-</b>	<b>397,204</b>	<b>150,545</b>	<b>246,659</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>(396,696)</b>	<b>(118,293)</b>	<b>278,403</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in	-	396,696	1,259,484	862,788
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>396,696</b>	<b>1,259,484</b>	<b>862,788</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,141,191</b>	<b>\$ 1,141,191</b>
<b>FUND BALANCE:</b>				
Beginning of year			-	
End of year			\$ 1,141,191	

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# SUPPLEMENTAL INFORMATION

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# NON-MAJOR GOVERNMENTAL FUNDS

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## **Special Revenue Funds:**

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

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

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

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

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

***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.

***CDBG*** - used to account for Community Development Block Grants 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 PG&E energy efficiency savings to be used for energy 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.

***RDA Housing*** - accounts for redevelopment property tax increments, which must be set aside for low and moderate income housing. This fund was closed effective February 1, 2012 due to dissolution of the Redevelopment Agency of the City of Walnut Creek.



# NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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## Debt Service Fund:

*RDA - Debt Service* - accounts for debt service on the South Broadway and Mount Diablo Merged Project Area Series 2000 and Series 2003 A&B Tax Allocation Bonds. This fund was reclassified as a Private-purpose Trust Fund effective February 1, 2012 due to dissolution of the Redevelopment Agency of the City of Walnut Creek.

## 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.

*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.

*RDA - Capital Projects* - accounts for project expenditures in the Mount Diablo and South Broadway project areas through January 31, 2012. These funds were closed due to dissolution of the Redevelopment Agency of the City of Walnut Creek effective February 1, 2012 per AB 1X 26. See Note 16 for details.

*Local Improvement Districts* - accounts for the construction of public improvements, designed to benefit the properties for which the special assessments are levied.



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**City of Walnut Creek**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2012**  
 (With comparative information for the prior year)

	Special Revenue			
	Library			
	Parcel Tax	General Plan Update	Open Space	Revolving Loans
<b>ASSETS</b>				
Current:				
Cash and investments	\$ 2,738,569	\$ 174,234	\$ -	\$ 744,233
Cash and investments with fiscal agents	-	-	-	-
Accounts receivable	-	2,033	43,467	-
Interest receivable	4,385	236	-	1,065
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Notes and loans receivable	-	-	-	180,000
Advances to other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 2,742,954</b>	<b>\$ 176,503</b>	<b>\$ 43,467</b>	<b>\$ 925,298</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and other accrued liabilities	\$ 163,395	\$ 2	\$ 11,201	\$ -
Accrued payroll	-	-	13,856	-
Due to other funds	-	-	18,410	-
Deferred revenue	-	-	-	180,000
<b>Total liabilities</b>	<b>163,395</b>	<b>2</b>	<b>43,467</b>	<b>180,000</b>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	229,500
Restricted	2,579,559	176,501	-	515,798
<b>Total fund balances</b>	<b>2,579,559</b>	<b>176,501</b>	<b>-</b>	<b>745,298</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,742,954</b>	<b>\$ 176,503</b>	<b>\$ 43,467</b>	<b>\$ 925,298</b>

Special Revenue						
Housing	PEG		Gas Tax	NPDES	CDBG	Measure J
	Traffic Safety/ Police Grants	Access Fees/ Grants				
\$ 373,794	\$ -	\$ 1,948,368	\$ 2,186,089	\$ 1,826,488	\$ -	\$ 3,576,062
	-	-	-	-	-	-
156,494	184,439	86,363	187,251	24,665	143,892	
588	42	2,904	3,112	2,683	-	5,396
	-	-	-	-	-	853,675
	-	-	-	-	-	-
4,855,616	-	-	-	-	2,819,102	-
	-	1,000,000	-	1,004,618	-	-
<u>\$ 5,386,492</u>	<u>\$ 184,481</u>	<u>\$ 3,037,635</u>	<u>\$ 2,376,452</u>	<u>\$ 2,858,454</u>	<u>\$ 2,962,994</u>	<u>\$ 4,435,133</u>
\$ 25,164	\$ 46,107	\$ 4,457	\$ -	\$ 10,123	\$ 20,859	\$ -
3,500	-	3,938	-	3,199	154	-
-	100,180	-	-	95,831	122,879	-
4,855,616	-	-	-	-	2,819,102	-
4,884,280	146,287	8,395	-	109,153	2,962,994	-
-	-	1,000,000	-	1,004,618	-	-
502,212	38,194	2,029,240	2,376,452	1,744,683	-	4,435,133
502,212	38,194	3,029,240	2,376,452	2,749,301	-	4,435,133
<u>\$ 5,386,492</u>	<u>\$ 184,481</u>	<u>\$ 3,037,635</u>	<u>\$ 2,376,452</u>	<u>\$ 2,858,454</u>	<u>\$ 2,962,994</u>	<u>\$ 4,435,133</u>

(Continued)



**City of Walnut Creek**  
**Combining Balance Sheet, Continued**  
**Non-Major Governmental Funds**  
**June 30, 2012**

(With comparative information for the prior year)

	Special Revenue			Debt Service	Capital Project
	Alternative Energy	Traffic	RDA Housing	RDA	In Lieu Underground
		Congestion Relief			
<b>ASSETS</b>					
Current:					
Cash and investments	\$ -	\$ 256	\$ -	\$ -	\$ 1,827,913
Cash and investments with fiscal agents	-	-	-	-	-
Accounts receivable	1,329	-	-	-	-
Interest receivable	-	199	-	-	2,743
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Notes and loans receivable	-	-	-	-	-
Advances to other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,329</b>	<b>\$ 455</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,830,656</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and other accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	1,008,823
Deferred revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,008,823</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	1,329	455	-	-	821,833
<b>Total fund balances</b>	<b>1,329</b>	<b>455</b>	<b>-</b>	<b>-</b>	<b>821,833</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,329</b>	<b>\$ 455</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,830,656</b>

Capital Project

Storm Drain	Other In Lieu / Mitigation Fees	In Lieu Park	In Lieu Parking	RDA	Local Improvement Districts	Totals	
						2012	2011
\$ 483,196	\$ 821,459	\$ 1,882,055	\$ 300,775	\$ -	\$ 1,990,755	\$ 20,874,246	\$ 25,280,244
-	-	-	-	-	-	-	1,126,333
-	-	-	-	-	-	829,933	425,967
725	1,229	2,884	451	-	2,979	31,621	39,281
-	-	-	-	-	-	853,675	806,764
-	-	-	-	-	-	-	25,772
-	-	-	-	-	-	7,854,718	7,799,273
-	-	-	-	-	900,000	2,904,618	3,022,141
<u>\$ 483,921</u>	<u>\$ 822,688</u>	<u>\$ 1,884,939</u>	<u>\$ 301,226</u>	<u>\$ -</u>	<u>\$ 2,893,734</u>	<u>\$ 33,348,811</u>	<u>\$ 38,525,775</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 281,308	\$ 815,384
-	-	-	-	-	-	24,647	54,058
-	177,303	657,424	-	-	-	2,180,850	2,199,633
-	-	-	-	-	-	7,854,718	7,841,468
-	177,303	657,424	-	-	-	10,341,523	10,910,543
-	-	-	-	-	900,000	3,134,118	3,217,141
483,921	645,385	1,227,515	301,226	-	1,993,734	19,873,170	24,398,091
483,921	645,385	1,227,515	301,226	-	2,893,734	23,007,288	27,615,232
<u>\$ 483,921</u>	<u>\$ 822,688</u>	<u>\$ 1,884,939</u>	<u>\$ 301,226</u>	<u>\$ -</u>	<u>\$ 2,893,734</u>	<u>\$ 33,348,811</u>	<u>\$ 38,525,775</u>



**City of Walnut Creek**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2012**  
**(With comparative information for the prior year)**

	Special Revenue				
	Library Parcel Tax	General Plan Update	Open Space	Revolving Loans	Housing
<b>REVENUES:</b>					
Taxes:					
Sales and use	\$ -	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-	-
Other	-	-	454,630	-	-
Intergovernmental	-	-	-	-	-
Investment and rental income	25,355	1,054	98,867	5,554	29,938
Charges for services	-	-	36,455	-	5,750
Fines, forfeitures and penalties	-	-	-	-	-
Other revenues	30,544	86,183	-	34,500	432,217
<b>Total revenues</b>	<b>55,899</b>	<b>87,237</b>	<b>589,952</b>	<b>40,054</b>	<b>467,905</b>
<b>EXPENDITURES:</b>					
Current:					
Public protection	-	-	-	-	-
Public service	-	-	976,563	-	-
Community development	-	-	-	-	140,301
Housing	-	-	-	-	306,198
Arts, recreation and community services	880,425	-	-	-	-
General government	-	-	-	-	-
Debt Service:					
Principal retirement	-	-	-	-	-
Interest, fiscal charges and issuance costs	-	-	-	-	-
<b>Total expenditures</b>	<b>880,425</b>	<b>-</b>	<b>976,563</b>	<b>-</b>	<b>446,499</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(824,526)</b>	<b>87,237</b>	<b>(386,611)</b>	<b>40,054</b>	<b>21,406</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	386,611	-	276,101
Transfers (out)	(61,864)	-	-	-	(12,786)
<b>Total other financing sources (uses)</b>	<b>(61,864)</b>	<b>-</b>	<b>386,611</b>	<b>-</b>	<b>263,315</b>
<b>Extraordinary loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(886,390)</b>	<b>87,237</b>	<b>-</b>	<b>40,054</b>	<b>284,721</b>
<b>FUND BALANCES:</b>					
Beginning of the year	3,465,949	89,264	-	705,244	217,491
End of the year	\$ 2,579,559	\$ 176,501	\$ -	\$ 745,298	\$ 502,212

Special Revenue

Traffic Safety/ Police Grants	PEG Access Fees/ Grants	Gas Tax	NPDES	CDBG	Measure J	Alternative Energy	Traffic Congestion Relief
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 853,675	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	1,221,491	-	-	-	-
390,553	-	1,859,395	-	75,644	-	-	-
132	15,291	15,092	13,302	1,647	27,734	-	1,080
-	343,011	-	-	-	-	-	-
158,739	-	-	-	-	-	-	-
-	35,000	-	53,985	79,991	-	1,329	-
<u>549,424</u>	<u>393,302</u>	<u>1,874,487</u>	<u>1,288,778</u>	<u>157,282</u>	<u>881,409</u>	<u>1,329</u>	<u>1,080</u>
98,254	-	-	-	-	-	-	-
26,686	-	-	1,171,099	-	-	-	-
53,324	-	-	-	129,762	-	-	-
86,032	-	-	-	95,022	-	-	-
-	-	-	-	-	-	-	-
-	289,172	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>264,296</u>	<u>289,172</u>	<u>-</u>	<u>1,171,099</u>	<u>224,784</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>285,128</u>	<u>104,130</u>	<u>1,874,487</u>	<u>117,679</u>	<u>(67,502)</u>	<u>881,409</u>	<u>1,329</u>	<u>1,080</u>
-	-	-	-	-	-	-	-
<u>(282,926)</u>	<u>-</u>	<u>(1,104,067)</u>	<u>-</u>	<u>-</u>	<u>(117,837)</u>	<u>-</u>	<u>(150,550)</u>
<u>(282,926)</u>	<u>-</u>	<u>(1,104,067)</u>	<u>-</u>	<u>-</u>	<u>(117,837)</u>	<u>-</u>	<u>(150,550)</u>
-	-	-	-	-	-	-	-
2,202	104,130	770,420	117,679	(67,502)	763,572	1,329	(149,470)
35,992	2,925,110	1,606,032	2,631,622	67,502	3,671,561	-	149,925
<u>\$ 38,194</u>	<u>\$ 3,029,240</u>	<u>\$ 2,376,452</u>	<u>\$ 2,749,301</u>	<u>\$ -</u>	<u>\$ 4,435,133</u>	<u>\$ 1,329</u>	<u>\$ 455</u>

(Continued)



**City of Walnut Creek**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds (Continued)**  
**For the year ended June 30, 2012**  
**(With comparative information for the prior year)**

	Special Revenue	Debt Service	Capital Project	
	RDA Housing	RDA	In Lieu Underground	Storm Drain
<b>REVENUES:</b>				
Taxes:				
Sales and use	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Other	-	-	-	-
Intergovernmental	-	-	-	-
Investment and rental income	5,202	(125)	14,632	3,866
Charges for services	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Other revenues	-	-	-	-
<b>Total revenues</b>	<b>5,202</b>	<b>(125)</b>	<b>14,632</b>	<b>3,866</b>
<b>EXPENDITURES:</b>				
Current:				
Public protection	-	-	-	-
Public service	-	-	-	-
Community development	-	-	-	-
Housing	295,655	-	-	-
Arts, recreation and cultural Services	-	-	-	-
General government	-	-	-	-
Debt service:				
Principal retirement	-	495,000	-	-
Interest, fiscal charges and issuance costs	-	108,915	-	-
<b>Total expenditures</b>	<b>295,655</b>	<b>603,915</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(290,453)</b>	<b>(604,040)</b>	<b>14,632</b>	<b>3,866</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	300,000	581,359	-	-
Transfers (out)	(1,259,484)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(959,484)</b>	<b>581,359</b>	<b>-</b>	<b>-</b>
<b>Extraordinary loss</b>	<b>-</b>	<b>(1,225,316)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(1,249,937)</b>	<b>(1,247,997)</b>	<b>14,632</b>	<b>3,866</b>
<b>FUND BALANCES:</b>				
Beginning of the year	1,249,937	1,247,997	807,201	480,055
End of the year	\$ -	\$ -	\$ 821,833	\$ 483,921



Capital Project						
Other In Lieu / Mitigation Fees	In Lieu Park	In Lieu Parking	RDA	Local Improvement Districts	Totals	
					2012	2011
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 853,675	\$ 806,764
-	-	-	469,860	-	469,860	3,123,126
-	-	-	-	-	1,676,121	1,741,304
-	-	-	-	-	2,325,592	1,887,930
6,455	15,531	2,406	15,133	15,814	313,960	390,794
-	-	-	-	-	385,216	375,357
-	-	-	-	-	158,739	188,728
110,075	68,000	-	-	31,500	963,324	978,535
116,530	83,531	2,406	484,993	47,314	7,146,487	9,492,538
-	-	-	-	-	98,254	19,207
-	-	-	-	-	2,174,348	1,984,034
-	-	-	-	-	323,387	225,725
-	-	-	18,392	-	801,299	472,376
-	-	-	-	-	880,425	800,574
-	-	-	-	-	289,172	337,769
-	-	-	-	-	495,000	2,260,000
-	-	-	-	-	108,915	325,173
-	-	-	18,392	-	5,170,800	6,424,858
116,530	83,531	2,406	466,601	47,314	1,975,687	3,067,680
-	-	-	-	-	1,544,071	3,090,383
(50,000)	-	-	(1,006,359)	-	(4,045,873)	(6,884,869)
(50,000)	-	-	(1,006,359)	-	(2,501,802)	(3,794,486)
-	-	-	(4,106,450)	-	(5,331,766)	-
66,530	83,531	2,406	(4,646,208)	47,314	(5,857,881)	(726,806)
578,855	1,143,984	298,820	4,646,208	2,846,420	28,865,169	28,342,038
\$ 645,385	\$ 1,227,515	\$ 301,226	\$ -	\$ 2,893,734	\$ 23,007,288	\$ 27,615,232



**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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ 40,100	\$ 21,729	\$ 25,355	\$ 3,626
Other revenue	-	-	30,544	30,544
<b>Total revenues</b>	<b>40,100</b>	<b>21,729</b>	<b>55,899</b>	<b>34,170</b>
<b>EXPENDITURES:</b>				
Current:				
Arts, recreation and community services	956,300	998,277	880,425	117,852
<b>Total expenditures</b>	<b>956,300</b>	<b>998,277</b>	<b>880,425</b>	<b>117,852</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(916,200)</b>	<b>(976,548)</b>	<b>(824,526)</b>	<b>152,022</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer (out)	(117,972)	(117,972)	(61,864)	56,108
<b>Total other financing sources (uses)</b>	<b>(117,972)</b>	<b>(117,972)</b>	<b>(61,864)</b>	<b>56,108</b>
<b>Net change in fund balance</b>	<b>\$ (1,034,172)</b>	<b>\$ (1,094,520)</b>	<b>(886,390)</b>	<b>\$ 208,130</b>
<b>FUND BALANCE:</b>				
Beginning of year			3,465,949	
End of year			\$ 2,579,559	



**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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ -	\$ 724	\$ 1,054	\$ 330
Other revenue	-	91,000	86,183	(4,817)
<b>Total revenues</b>	-	91,724	87,237	(4,487)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	91,724	87,237	(4,487)
<b>Net change in fund balance</b>	\$ -	\$ 91,724	87,237	\$ (4,487)
<b>FUND BALANCE:</b>				
Beginning of year			89,264	
End of year			\$ 176,501	



**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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Other taxes	\$ 411,873	\$ 435,881	\$ 454,630	\$ 18,749
Investment and rental income	90,156	97,153	98,867	1,714
Charges for services	35,454	35,454	36,455	1,001
<b>Total revenues</b>	<b>537,483</b>	<b>568,488</b>	<b>589,952</b>	<b>21,464</b>
<b>EXPENDITURES:</b>				
Current:				
Public service	992,190	1,013,266	976,563	36,703
<b>Total expenditures</b>	<b>992,190</b>	<b>1,013,266</b>	<b>976,563</b>	<b>36,703</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(454,707)</b>	<b>(444,778)</b>	<b>(386,611)</b>	<b>58,167</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in	454,707	444,778	386,611	(58,167)
<b>Total other financing sources (uses)</b>	<b>454,707</b>	<b>444,778</b>	<b>386,611</b>	<b>(58,167)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>FUND BALANCE:</b>				
Beginning of year			-	
End of year			\$ -	



**City of Walnut Creek**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual**  
**Revolving Loans Special Revenue Fund**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ 9,500	\$ 4,420	\$ 5,554	\$ 1,134
Other revenue	-	-	34,500	34,500
<b>Total revenues</b>	<b>9,500</b>	<b>4,420</b>	<b>40,054</b>	<b>35,634</b>
<b>EXPENDITURES:</b>				
Community development	45,000	45,000	-	45,000
<b>Total expenditures</b>	<b>45,000</b>	<b>45,000</b>	<b>-</b>	<b>45,000</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(35,500)</b>	<b>(40,580)</b>	<b>40,054</b>	<b>80,634</b>
<b>Net change in fund balance</b>	<b>\$ (35,500)</b>	<b>\$ (40,580)</b>	<b>\$ 40,054</b>	<b>\$ 80,634</b>
<b>FUND BALANCE:</b>				
Beginning of year			705,244	
End of year			\$ 745,298	



**City of Walnut Creek**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual**  
**Housing Special Revenue Fund**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ 11,290	\$ 1,279	\$ 29,938	\$ 28,659
Charges for services	50,000	5,750	5,750	-
Other revenue	150,000	258,685	432,217	173,532
<b>Total revenues</b>	<b>211,290</b>	<b>265,714</b>	<b>467,905</b>	<b>202,191</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	133,064	153,513	140,301	13,212
Housing	277,179	378,039	306,198	71,841
<b>Total expenditures</b>	<b>410,243</b>	<b>531,552</b>	<b>446,499</b>	<b>85,053</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(198,953)</b>	<b>(265,838)</b>	<b>21,406</b>	<b>287,244</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in	195,000	276,101	276,101	-
Transfer (out)	-	-	(12,786)	(12,786)
<b>Total other financing sources (uses)</b>	<b>195,000</b>	<b>276,101</b>	<b>263,315</b>	<b>(12,786)</b>
<b>Net change in fund balance</b>	<b>\$ (3,953)</b>	<b>\$ 10,263</b>	<b>284,721</b>	<b>\$ 274,458</b>
<b>FUND BALANCE:</b>				
Beginning of year			217,491	
End of year			<b>\$ 502,212</b>	



**City of Walnut Creek**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual**  
**Traffic Safety / Police Grants Special Revenue Fund**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 100,000	\$ 185,836	\$ 390,553	\$ 204,717
Investment and rental income	1,500	116	132	16
Fines, forfeitures and penalties	155,969	155,969	158,739	2,770
<b>Total revenues</b>	<b>257,469</b>	<b>341,921</b>	<b>549,424</b>	<b>207,503</b>
<b>EXPENDITURES:</b>				
Current:				
Public protection	-	102,306	98,254	4,052
Public services	-	-	26,686	(26,686)
Community development	-	-	53,324	(53,324)
Housing	-	-	86,032	(86,032)
<b>Total expenditures</b>	<b>-</b>	<b>102,306</b>	<b>264,296</b>	<b>(161,990)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>257,469</b>	<b>239,615</b>	<b>285,128</b>	<b>45,513</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer (out)	(257,469)	(257,469)	(282,926)	(25,457)
<b>Total other financing sources (uses)</b>	<b>(257,469)</b>	<b>(257,469)</b>	<b>(282,926)</b>	<b>(25,457)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (17,854)</b>	<b>2,202</b>	<b>\$ 20,056</b>
<b>FUND BALANCE:</b>				
Beginning of year			35,992	
End of year			\$ 38,194	



**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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ 44,500	\$ 27,341	\$ 15,291	\$ (12,050)
Charges for services	304,098	304,098	343,011	38,913
Other revenue	-	35,000	35,000	-
<b>Total revenues</b>	<b>348,598</b>	<b>366,439</b>	<b>393,302</b>	<b>26,863</b>
<b>EXPENDITURES:</b>				
Current:				
General government	247,593	422,294	289,172	133,122
<b>Total expenditures</b>	<b>247,593</b>	<b>422,294</b>	<b>289,172</b>	<b>133,122</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>101,005</b>	<b>(55,855)</b>	<b>104,130</b>	<b>159,985</b>
<b>Net change in fund balance</b>	<b>\$ 101,005</b>	<b>\$ (55,855)</b>	<b>104,130</b>	<b>\$ 159,985</b>
<b>FUND BALANCE:</b>				
Beginning of year			2,925,110	
End of year			<b>\$ 3,029,240</b>	





**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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 1,640,276	\$ 1,718,886	\$ 1,859,395	\$ 140,509
Investment and rental income	15,600	11,883	15,092	3,209
<b>Total revenues</b>	<b>1,655,876</b>	<b>1,730,769</b>	<b>1,874,487</b>	<b>143,718</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,655,876</b>	<b>1,730,769</b>	<b>1,874,487</b>	<b>143,718</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer (out)	(765,000)	(765,000)	(1,104,067)	(339,067)
<b>Total other financing sources (uses)</b>	<b>(765,000)</b>	<b>(765,000)</b>	<b>(1,104,067)</b>	<b>(339,067)</b>
<b>Net change in fund balance</b>	<b>\$ 890,876</b>	<b>\$ 965,769</b>	<b>770,420</b>	<b>\$ (195,349)</b>
<b>FUND BALANCE:</b>				
Beginning of year			1,606,032	
End of year			<b>\$ 2,376,452</b>	



**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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Other taxes	\$ 1,235,400	\$ 1,235,400	\$ 1,221,491	\$ (13,909)
Investment and rental income	29,300	10,077	13,302	3,225
Other revenue	51,800	41,075	53,985	12,910
<b>Total revenues</b>	<b>1,316,500</b>	<b>1,286,552</b>	<b>1,288,778</b>	<b>2,226</b>
<b>EXPENDITURES:</b>				
Current:				
Public service	1,650,069	1,623,328	1,171,099	452,229
<b>Total expenditures</b>	<b>1,650,069</b>	<b>1,623,328</b>	<b>1,171,099</b>	<b>452,229</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(333,569)</b>	<b>(336,776)</b>	<b>117,679</b>	<b>454,455</b>
<b>Net change in fund balance</b>	<b>\$ (333,569)</b>	<b>\$ (336,776)</b>	<b>117,679</b>	<b>\$ 454,455</b>
<b>FUND BALANCE:</b>				
Beginning of year			2,631,622	
End of year			\$ 2,749,301	



**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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 322,905	\$ 552,663	\$ 75,644	\$ (477,019)
Investment and rental income	15,000	-	1,647	1,647
Other revenue	30,000	83,000	79,991	(3,009)
<b>Total revenues</b>	<b>367,905</b>	<b>635,663</b>	<b>157,282</b>	<b>(478,381)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	69,248	51,028	129,762	(78,734)
Housing	298,657	612,879	95,022	517,857
<b>Total expenditures</b>	<b>367,905</b>	<b>663,907</b>	<b>224,784</b>	<b>439,123</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>(28,244)</b>	<b>(67,502)</b>	<b>(39,258)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (28,244)</b>	<b>\$ (67,502)</b>	<b>\$ (39,258)</b>
<b>FUND BALANCE:</b>				
Beginning of year			67,502	
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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Sales and use tax	\$ 728,000	\$ 843,000	\$ 853,675	\$ 10,675
Investment and rental income	8,300	22,309	27,734	5,425
<b>Total revenues</b>	<b>736,300</b>	<b>865,309</b>	<b>881,409</b>	<b>16,100</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>736,300</b>	<b>865,309</b>	<b>881,409</b>	<b>16,100</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer (out)	(212,400)	-	(117,837)	(117,837)
<b>Total other financing sources (uses)</b>	<b>(212,400)</b>	<b>-</b>	<b>(117,837)</b>	<b>(117,837)</b>
<b>Net change in fund balance</b>	<b>\$ 523,900</b>	<b>\$ 865,309</b>	<b>763,572</b>	<b>\$ (101,737)</b>
<b>FUND BALANCE:</b>				
Beginning of year			3,671,561	
End of year			<b>\$ 4,435,133</b>	



**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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ -	\$ 867	\$ 1,080	\$ 213
<b>Total revenues</b>	<b>-</b>	<b>867</b>	<b>1,080</b>	<b>213</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>867</b>	<b>1,080</b>	<b>213</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer (out)	-	(134,000)	(150,550)	(16,550)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(134,000)</b>	<b>(150,550)</b>	<b>(16,550)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (133,133)</b>	<b>(149,470)</b>	<b>\$ (16,337)</b>
<b>FUND BALANCE:</b>				
Beginning of year			149,925	
End of year			\$ 455	



**City of Walnut Creek**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual**  
**RDA Housing Special Revenue Fund**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment and rental income	\$ 4,000	\$ 5,203	\$ 5,202	\$ (1)
<b>Total revenues</b>	<b>4,000</b>	<b>5,203</b>	<b>5,202</b>	<b>(1)</b>
<b>EXPENDITURES:</b>				
Current:				
Housing	880,000	500,256	295,655	204,601
<b>Total expenditures</b>	<b>880,000</b>	<b>500,256</b>	<b>295,655</b>	<b>177,915</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(876,000)</b>	<b>(495,053)</b>	<b>(290,453)</b>	<b>204,600</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in	509,045	393,972	300,000	(93,972)
Transfer (out)	-	(397,797)	(1,259,484)	(861,687)
<b>Total other financing sources (uses)</b>	<b>509,045</b>	<b>(3,825)</b>	<b>(959,484)</b>	<b>(955,659)</b>
<b>Net change in fund balance</b>	<b>\$ (366,955)</b>	<b>\$ (498,878)</b>	<b>(1,249,937)</b>	<b>\$ (751,059)</b>
<b>FUND BALANCE:</b>				
Beginning of year			1,249,937	
End of year			\$ -	



**City of Walnut Creek**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual**  
**RDA Debt Service Fund**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment (loss) and rental income	\$ 1,700	\$ 56	\$ (125)	\$ (181)
<b>Total revenues</b>	<b>1,700</b>	<b>56</b>	<b>(125)</b>	<b>(181)</b>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal retirement	1,030,000	495,000	495,000	-
Interest, fiscal charges and issuance costs	262,098	207,930	108,915	99,015
<b>Total expenditures</b>	<b>1,292,098</b>	<b>702,930</b>	<b>603,915</b>	<b>99,015</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,290,398)</b>	<b>(702,874)</b>	<b>(604,040)</b>	<b>98,834</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in	1,292,098	581,360	581,359	(1)
<b>Total other financing sources (uses)</b>	<b>1,292,098</b>	<b>581,360</b>	<b>581,359</b>	<b>(1)</b>
Extraordinary loss			(1,225,316)	
<b>Net change in fund balance</b>	<b>\$ 1,700</b>	<b>\$ (121,514)</b>	<b>(1,247,997)</b>	<b>\$ (1,126,483)</b>
<b>FUND BALANCE:</b>				
Beginning of year			1,247,997	
End of year			\$ -	

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# INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

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

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



**City of Walnut Creek**  
**Combining Statement of Net Assets**  
**All Internal Service Funds**  
**June 30, 2012**

(With comparative information for the prior year)

	Vehicle Rental	Police Radio	Equipment Replacement RCA	Equipment Replacement IT
<b>ASSETS</b>				
Current assets:				
Prepaid expense	\$ -	\$ -	\$ -	\$ -
Accounts receivable	37,551	-	-	2,732
Due from other funds	1,494,164	1,219,006	88,413	2,551,050
Total current assets	<u>1,531,715</u>	<u>1,219,006</u>	<u>88,413</u>	<u>2,553,782</u>
Capital assets:				
Vehicles	7,870,026	-	-	-
Buildings	-	-	-	-
Machinery and equipment	-	-	15,517	2,029,635
Accumulated depreciation	(5,507,165)	-	(6,854)	(774,883)
Total capital assets	<u>2,362,861</u>	<u>-</u>	<u>8,663</u>	<u>1,254,752</u>
<b>Total assets</b>	<u>3,894,576</u>	<u>1,219,006</u>	<u>97,076</u>	<u>3,808,534</u>
<b>LIABILITIES</b>				
Accounts payable	3,809	-	-	34,257
Long term debt due in one year	-	-	-	181,588
Due to other funds	-	-	-	-
Total current liabilities	<u>3,809</u>	<u>-</u>	<u>-</u>	<u>215,845</u>
Long term debt due in more than one year				
Advances from other funds (Note 5)	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>3,809</u>	<u>-</u>	<u>-</u>	<u>215,845</u>
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt	2,362,861	-	8,663	1,254,752
Unrestricted	1,527,906	1,219,006	88,413	2,337,937
<b>Total net assets</b>	<u>\$ 3,890,767</u>	<u>\$ 1,219,006</u>	<u>\$ 97,076</u>	<u>\$ 3,592,689</u>

Equipment Replacement ASD	Equipment Replacement GF	Facilities Replacement ASD	Major Roadway Reconstruction	PERS Safety Side Fund Liability	Totals	
					2012	2011
\$ -	\$ -	\$ -	\$ -	\$ 10,604,618	\$ 10,604,618	\$ 11,622,141
-	-	-	-	-	40,283	-
1,100	1,575,470	301,212	490,442	-	7,720,857	6,581,473
1,100	1,575,470	301,212	490,442	10,604,618	18,365,758	18,203,614
-	-	-	-	-	7,870,026	7,486,420
-	-	235,000	-	-	235,000	235,000
-	228,140	-	-	-	2,273,292	2,023,087
-	(71,712)	(27,808)	-	-	(6,388,422)	(6,017,699)
-	156,428	207,192	-	-	3,989,896	3,726,808
1,100	1,731,898	508,404	490,442	10,604,618	22,355,654	21,930,422
-	6,858	-	-	-	44,924	56,752
-	-	-	-	-	181,588	173,036
1,000	48,995	-	206,958	-	256,953	598,203
1,000	55,853	-	206,958	-	483,465	827,991
-	-	-	-	10,604,618	10,604,618	181,588
-	-	-	-	10,604,618	10,604,618	11,622,141
1,000	55,853	-	206,958	10,604,618	11,088,083	11,803,729
-	156,428	207,192	-	-	3,989,896	3,726,808
100	1,519,617	301,212	283,484	-	7,277,675	5,571,894
\$ 100	\$ 1,676,045	\$ 508,404	\$ 283,484	\$ -	\$ 11,267,571	\$ 9,298,702



**City of Walnut Creek**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Net Assets**  
**All Internal Service Funds**  
**For the Year Ended June 30, 2012**  
(With comparative information for the prior year)

	Vehicle Rental	Police Radio	Equipment Replacement RCA	Equipment Replacement IT
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 722,661	\$ 40,500	\$ -	\$ 124,048
<b>Total operating revenues</b>	<b>722,661</b>	<b>40,500</b>	<b>-</b>	<b>124,048</b>
<b>OPERATING EXPENSES:</b>				
Supplies and services	-	-	-	49,165
Repairs and maintenance	72,025	-	-	261,808
Depreciation	535,636	-	1,552	230,911
<b>Total operating expenses</b>	<b>607,661</b>	<b>-</b>	<b>1,552</b>	<b>541,884</b>
<b>OPERATING INCOME (LOSS)</b>	<b>115,000</b>	<b>40,500</b>	<b>(1,552)</b>	<b>(417,836)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and related expenses	-	-	-	(17,527)
Gain (loss) on sale of vehicles	(7,893)	-	-	(2,221)
<b>Total nonoperating (expenses)</b>	<b>(7,893)</b>	<b>-</b>	<b>-</b>	<b>(19,748)</b>
<b>Net (loss) before contributions and operating transfers</b>	<b>107,107</b>	<b>40,500</b>	<b>(1,552)</b>	<b>(437,584)</b>
Capital contributions	52,987	-	-	49,170
Transfers in	-	900,000	-	1,017,000
Transfers (out)	-	-	-	(56,350)
<b>Change in net assets</b>	<b>160,094</b>	<b>940,500</b>	<b>(1,552)</b>	<b>572,236</b>
<b>NET ASSETS:</b>				
Beginning of the year	3,730,673	278,506	98,628	3,020,453
End of the year	\$ 3,890,767	\$ 1,219,006	\$ 97,076	\$ 3,592,689

Equipment Replacement ASD	Equipment Replacement GF	Facilities Replacement ASD	Major Roadway Reconstruction	PERS Safety Side Fund Liability	Totals	
					2012	2011
\$ -	\$ -	\$ -	\$ -	1,424,298	\$ 2,311,507	\$ 2,070,550
-	-	-	-	1,424,298	2,311,507	2,070,550
-	-	-	-	-	49,165	41,370
-	16,757	-	-	-	350,590	220,536
-	22,202	4,700	-	-	795,001	762,887
-	38,959	4,700	-	-	1,194,756	1,024,793
-	(38,959)	(4,700)	-	1,424,298	1,116,751	1,045,757
-	-	-	-	(1,424,298)	(1,441,825)	(1,368,975)
-	-	-	-	-	(10,114)	16,407
-	-	-	-	(1,424,298)	(1,451,939)	(1,352,568)
-	(38,959)	(4,700)	-	-	(335,188)	(306,811)
-	-	-	-	-	102,157	-
-	-	57,766	283,484	-	2,258,250	997,300
-	-	-	-	-	(56,350)	-
-	(38,959)	53,066	283,484	-	1,968,869	690,489
100	1,715,004	455,338	-	-	9,298,702	8,608,213
\$ 100	\$ 1,676,045	\$ 508,404	\$ 283,484	\$ -	\$ 11,267,571	\$ 9,298,702



**City of Walnut Creek**  
**Combining Statement of Cash Flows**  
**All Internal Service Funds**  
**For the Year Ended June 30, 2012**  
(With comparative information for the prior year)

	Vehicle Rental	Police Radio	Equipment Replacement RCA	Equipment Replacement IT
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 685,110	\$ 40,500	\$ -	\$ 121,316
Payments to suppliers	(112,291)	-	-	(286,256)
Internal activity				
Receipts from other funds	1,676,106	278,506	88,413	2,144,945
Payments to other funds	(1,494,164)	(1,219,006)	(88,413)	(2,551,050)
<b>Net cash provided (used) by operating activities</b>	<b>754,761</b>	<b>(900,000)</b>	<b>-</b>	<b>(571,045)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in	-	900,000	-	1,017,000
Transfers (out)	-	-	-	(56,350)
<b>Net cash provided by capital and related financing activities</b>	<b>-</b>	<b>900,000</b>	<b>-</b>	<b>960,650</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions	-	-	-	49,170
Interest paid on capital lease	-	-	-	(17,527)
Principal paid on capital lease	-	-	-	(173,036)
<b>Net cash (used) by investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(141,393)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Acquisition of capital assets	(746,868)	-	-	(245,991)
Proceeds from disposal of capital assets	(7,893)	-	-	(2,221)
<b>Net cash (used) by investing activities</b>	<b>(754,761)</b>	<b>-</b>	<b>-</b>	<b>(248,212)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of the year	-	-	-	-
End of the year	\$ -	\$ -	\$ -	\$ -
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 115,000	\$ 40,500	\$ (1,552)	\$ (417,836)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	535,636	-	1,552	230,911
Changes in assets and liabilities:				
Accounts receivable	(37,551)	-	-	(2,732)
Prepaid items	-	-	-	-
Due from other funds	181,942	(940,500)	-	(406,105)
Advance from other funds	-	-	-	-
Due to other funds	-	-	-	-
Accounts payable	(40,266)	-	-	24,717
<b>Net cash provided (used) by operating activities</b>	<b>\$ 754,761</b>	<b>\$ (900,000)</b>	<b>\$ -</b>	<b>\$ (571,045)</b>

Equipment Replacement ASD	Equipment Replacement GF	Facilities Replacement ASD	Major Roadway Reconstruction	PERS Safety Side Fund Liability	Totals	
					2012	2011
\$ -	\$ -	\$ -	\$ -	\$ 1,424,298	\$ 2,271,224	\$ 2,070,550
-	(13,036)	-	-	-	(411,583)	(229,934)
2,100	1,649,745	301,212	697,400	-	6,838,427	6,733,184
(2,100)	(1,624,465)	(358,978)	(980,884)	-	(8,319,060)	(7,796,841)
-	12,244	(57,766)	(283,484)	1,424,298	379,008	776,959
-	-	57,766	283,484	-	2,258,250	997,300
-	-	-	-	-	(56,350)	-
-	-	57,766	283,484	-	2,201,900	997,300
-	-	-	-	-	49,170	-
-	-	-	-	(406,774)	(424,301)	(464,122)
-	-	-	-	(1,017,524)	(1,190,560)	(1,069,738)
-	-	-	-	(1,424,298)	(1,565,691)	(1,533,860)
-	(12,244)	-	-	-	(1,005,103)	(256,806)
-	-	-	-	-	(10,114)	16,407
-	(12,244)	-	-	-	(1,015,217)	(240,399)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

\$ -	\$ (38,959)	\$ (4,700)	\$ -	\$ 1,424,298	\$ 1,116,751	\$ 1,045,757
-	22,202	4,700	-	-	795,001	762,887
-	-	-	-	-	(40,283)	12,564
-	-	-	-	(1,922,376)	(1,922,376)	(904,853)
8,900	25,280	94,467	513,797	-	(522,219)	(459,057)
-	-	-	-	1,922,376	1,922,376	904,853
(8,900)	-	(152,233)	(797,281)	-	(958,414)	(617,164)
-	3,721	-	-	-	(11,828)	31,972
\$ -	\$ 12,244	\$ (57,766)	\$ (283,484)	\$ 1,424,298	\$ 379,008	\$ 776,959

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# FIDUCIARY FUND TYPES

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## AGENCY FUNDS

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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.

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



# City of Walnut Creek

## Agency Funds

### Statements of Changes in Assets and Liabilities

For the Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b><u>Trust and Agency</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 2,479,261	\$ 18,429,992	\$ (17,999,262)	\$ 2,909,991
Accounts receivable	52,382	13,345	(64,603)	1,124
Interest receivable	7,039	6,706	(7,039)	6,706
<b>Total assets</b>	<b>\$ 2,538,682</b>	<b>\$ 18,450,043</b>	<b>\$ (18,070,904)</b>	<b>\$ 2,917,821</b>
<b>Liabilities:</b>				
Accounts payable	\$ 371,010	\$ 2,765,024	\$ (3,005,586)	\$ 130,448
Advance deposits	2,167,672	15,685,019	(15,065,318)	2,787,373
<b>Total liabilities</b>	<b>\$ 2,538,682</b>	<b>\$ 18,450,043</b>	<b>\$ (18,070,904)</b>	<b>\$ 2,917,821</b>
<b><u>Lesher Endowment</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 1,438,312	\$ 86,582	\$ (68,927)	\$ 1,455,967
<b>Liabilities:</b>				
Advance deposits	\$ 1,438,312	\$ 86,582	\$ (68,927)	\$ 1,455,967
<b><u>Assessment Districts Group I</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 1,668,399	\$ 13,630	\$ -	\$ 1,682,029
Interest receivable	2,696	2,523	(2,696)	2,523
<b>Total assets</b>	<b>\$ 1,671,095</b>	<b>\$ 16,153</b>	<b>\$ (2,696)</b>	<b>\$ 1,684,552</b>
<b>Liabilities:</b>				
Due to bondholders	\$ 1,671,095	\$ 16,153	\$ (2,696)	\$ 1,684,552
<b><u>Assessment Districts Group II</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 51,503	\$ 421	\$ -	\$ 51,924
Interest receivable	83	78	(83)	78
<b>Total assets</b>	<b>\$ 51,586</b>	<b>\$ 499</b>	<b>\$ (83)</b>	<b>\$ 52,002</b>
<b>Liabilities:</b>				
Due to bondholders	\$ 51,586	\$ 499	\$ (83)	\$ 52,002



# City of Walnut Creek

## Agency Funds

### Statements of Changes in Assets and Liabilities, Continued

For the Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b><u>CCCSO Solid Waste Authority</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 6,720,881	\$ 8,598,399	\$ (8,630,328)	\$ 6,688,952
Interest receivable	9,971	8,811	(9,971)	8,811
<b>Total assets</b>	<b>\$ 6,730,852</b>	<b>\$ 8,607,210</b>	<b>\$ (8,640,299)</b>	<b>\$ 6,697,763</b>
<b>Liabilities:</b>				
Accounts payable	\$ 140,959	\$ 5,801,946	\$ (5,853,836)	\$ 89,069
Due to other governments	6,589,893	2,805,264	(2,786,463)	6,608,694
<b>Total liabilities</b>	<b>\$ 6,730,852</b>	<b>\$ 8,607,210</b>	<b>\$ (8,640,299)</b>	<b>\$ 6,697,763</b>
<b><u>Total - All Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 12,358,356	\$ 27,129,024	\$ (26,698,517)	\$ 12,788,863
Accounts receivable	52,382	13,345	(64,603)	1,124
Interest receivable	19,789	18,118	(19,789)	18,118
<b>Total assets</b>	<b>\$ 12,430,527</b>	<b>\$ 27,160,487</b>	<b>\$ (26,782,909)</b>	<b>\$ 12,808,105</b>
<b>Liabilities:</b>				
Accounts payable	\$ 511,969	\$ 8,566,970	\$ (8,859,422)	\$ 219,517
Due to other governments	6,589,893	2,805,264	(2,786,463)	6,608,694
Due to bondholders	1,722,681	16,652	(2,779)	1,736,554
Advance deposits	3,605,984	15,771,601	(15,134,245)	4,243,340
<b>Total liabilities</b>	<b>\$ 12,430,527</b>	<b>\$ 27,160,487</b>	<b>\$ (26,782,909)</b>	<b>\$ 12,808,105</b>

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# STATISTICAL SECTION

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

<b>Index</b>	<b>Page</b>
<b>Financial Trends</b>	156-167
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	168-174
These schedules contain information to help the reader assess the City's most significant local revenue sources, including sales and property taxes.	
<b>Debt Capacity</b>	175-180
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.	
<b>Demographic and Economic Information</b>	181
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b>Operating Information</b>	182-188
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.	



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

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	\$ 233,584,544	\$ 235,586,200	\$ 231,657,387	\$ 231,465,216
Restricted	6,771,065	7,555,991	16,118,808	7,815,613
Unrestricted	85,000,240	89,503,964	84,899,807	98,940,786
<b>Total governmental activities net assets</b>	<b>325,355,849</b>	<b>332,646,155</b>	<b>332,676,002</b>	<b>338,221,615</b>
Business-type activities:				
Invested in capital assets, net of related debt	238,355	1,306,722	1,309,217	1,277,845
Restricted	188,414	191,927	199,920	167,556
Unrestricted	(470,072)	(1,781,355)	(1,981,453)	(1,812,450)
<b>Total business-type activities net assets</b>	<b>(43,303)</b>	<b>(282,706)</b>	<b>(472,316)</b>	<b>(367,049)</b>
Primary government:				
Invested in capital assets, net of related debt	233,822,899	236,892,922	232,966,604	232,743,061
Restricted	6,959,479	7,747,918	16,318,728	7,983,169
Unrestricted	84,530,168	87,722,609	82,918,354	97,128,336
<b>Total primary government net assets</b>	<b>\$ 325,312,546</b>	<b>\$ 332,363,449</b>	<b>\$ 332,203,686</b>	<b>\$ 337,854,566</b>

Source: City Finance Department

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 226,863,697	\$ 227,987,671	\$ 241,814,198	\$ 255,068,671	\$ 251,483,541	\$ 250,111,191
50,105,233	49,175,812	64,129,700	58,685,430	47,852,651	37,533,808
64,990,977	67,074,890	37,017,927	27,027,521	39,172,708	43,620,819
<u>341,959,907</u>	<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>
1,219,298	1,075,689	1,317,463	1,318,102	1,406,822	1,490,349
166,699	165,099	-	-	-	-
(1,668,737)	(1,731,343)	(1,869,311)	(2,096,240)	(2,414,218)	664,377
<u>(282,740)</u>	<u>(490,555)</u>	<u>(551,848)</u>	<u>(778,138)</u>	<u>(1,007,396)</u>	<u>2,154,726</u>
228,082,995	229,063,360	243,131,661	256,386,773	252,890,363	251,601,540
50,271,932	49,340,911	64,129,700	58,685,430	47,852,651	37,533,808
63,322,240	65,343,547	35,148,616	24,931,281	36,758,490	44,285,196
<u>\$ 341,677,167</u>	<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>



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

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
Governmental activities:				
Public protection	\$ 14,291,143	\$ 15,408,601	\$ 17,114,410	\$ 18,081,363
Public service	20,346,243	20,889,434	24,870,142	23,961,639
Community Development	1,523,479	3,335,486	4,254,265	4,755,814
Housing	352,436	747,076	3,616,307	2,140,611
Arts, recreation, and community services	4,336,777	4,395,857	4,514,922	4,729,378
Administrative services	2,822,559	5,696,658	4,374,454	4,971,667
General government	1,426,962	3,441,755	5,240,930	6,704,972
Interest on long-term debt	722,075	1,021,204	793,476	770,533
<b>Total governmental activities expenses</b>	<b>45,821,674</b>	<b>54,936,071</b>	<b>64,778,906</b>	<b>66,115,977</b>
Business-type activities:				
Golf course and Clubhouse	1,963,990	2,062,289	1,978,898	2,015,284
Partnership	5,657,961	5,867,889	6,795,509	7,355,319
<b>Total business-type activities expenses</b>	<b>7,621,951</b>	<b>7,930,178</b>	<b>8,774,407</b>	<b>9,370,603</b>
<b>Total primary government expenses</b>	<b>\$ 53,443,625</b>	<b>\$ 62,866,249</b>	<b>\$ 73,553,313</b>	<b>\$ 75,486,580</b>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
Public protection	\$ 1,287,093	\$ 1,371,618	\$ 1,678,740	\$ 1,827,810
Public service	7,197,340	5,457,210	4,871,906	5,144,249
Community development	1,957,641	2,081,319	2,366,504	2,569,766
Housing	208,922	469,995	3,086,431	3,255,398
Arts, recreation, and community services	1,956,903	1,905,648	2,171,762	2,146,396
Administrative services	4,217,858	3,467,925	3,509,143	3,798,994
General government	456,161	337,537	638,426	1,341,751
Operating grants and contributions	2,950,251	4,661,677	3,596,132	3,263,602
Capital grants and contributions	340,504	658,707	51,312	999,277
<b>Total governmental activities program revenues</b>	<b>20,572,673</b>	<b>20,411,636</b>	<b>21,970,356</b>	<b>24,347,243</b>
Business-type activities:				
Charges for services:				
Golf Course and Clubhouse	1,592,014	1,630,090	1,822,642	1,931,082
Partnership	3,476,091	4,097,300	4,856,799	5,568,571
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>5,068,105</b>	<b>5,727,390</b>	<b>6,679,441</b>	<b>7,499,653</b>



Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 19,606,373	\$ 20,874,588	\$ 22,070,859	\$ 21,996,450	\$ 21,923,692	\$ 22,469,017
28,801,629	26,010,531	25,548,474	25,108,573	28,858,972	28,070,687
5,930,672	5,096,366	6,117,841	4,428,720	2,799,414	3,984,921
1,422,545	1,871,343	2,744,309	3,073,662	1,019,485	950,744
13,558,315	14,150,128	14,364,387	14,124,552	13,737,264	16,254,587
5,012,121	5,404,926	6,326,034	5,850,595	4,722,052	5,444,430
4,670,604	2,733,327	2,986,144	2,701,255	3,248,455	3,856,482
435,282	405,413	369,667	329,798	269,960	63,989
<u>79,437,541</u>	<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>
1,895,198	2,143,842	2,474,725	3,995,228	3,877,045	4,154,881
-	-	-	-	-	-
<u>1,895,198</u>	<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>\$ 81,332,739</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>
\$ 2,179,674	\$ 1,960,054	\$ 2,370,596	\$ 1,870,098	\$ 2,187,329	\$ 2,090,432
2,281,216	2,351,022	2,366,826	3,423,411	5,459,706	6,734,474
3,070,920	3,161,013	2,878,442	2,532,479	3,065,566	3,568,283
2,465,567	1,242,802	2,767,216	1,396,751	309,918	774,839
8,749,794	8,659,603	9,519,335	9,984,955	9,691,973	9,779,208
1,785,276	2,264,692	2,264,812	2,045,153	1,684,036	225,062
1,389,328	960,194	831,868	830,836	439,531	457,007
1,428,110	1,081,947	1,834,798	795,436	451,036	753,882
1,429,171	2,118,032	2,074,100	4,958,301	3,065,960	2,494,451
<u>24,779,056</u>	<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>
1,931,869	1,950,889	1,973,869	3,546,486	3,826,347	4,572,557
-	-	-	-	-	-
-	-	-	-	-	-
167,901	-	-	-	-	2,581,447
<u>2,099,770</u>	<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>



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

	Fiscal Year			
	2003	2004	2005	2006
<b>Net revenues (expenses)</b>				
Governmental activities:	\$ (25,249,001)	\$ (34,524,435)	\$ (42,808,550)	\$ (41,768,734)
Business-type activities:	(2,553,846)	(2,202,788)	(2,094,966)	(1,870,950)
<b>Total primary government net expense</b>	<b>\$ (27,802,847)</b>	<b>\$ (36,727,223)</b>	<b>\$ (44,903,516)</b>	<b>\$ (43,639,684)</b>
<b>General revenues and other changes in net assets</b>				
Governmental activities:				
Taxes:				
Sales and use	\$ 17,863,817	\$ 19,953,000	\$ 19,023,168	\$ 21,075,748
Property	10,227,965	10,559,672	14,597,317	16,505,365
Franchise	2,837,136	3,237,261	2,633,460	2,633,222
Other taxes	2,028,356	2,091,374	1,548,587	4,374,230
Intergovernmental	3,800,323	2,632,293	1,103,398	1,416,429
Investment income, unrestricted	2,995,137	3,450,671	2,353,126	3,902,372
Capital Contribution	159,214	-	3,166,765	-
Other general revenues	127,601	-	-	73,558
Transfers	(1,520,311)	(1,609,314)	(1,889,004)	(1,914,950)
<b>Total governmental activities</b>	<b>38,519,238</b>	<b>40,314,957</b>	<b>42,536,817</b>	<b>48,065,974</b>
<b>Extraordinary Loss</b>	-	-	-	-
Business-type activities:				
Investment income	351,319	332,943	16,352	77,503
Other Revenue	4,578	21,128	-	115
Transfers	1,520,311	1,609,314	1,889,004	1,914,950
<b>Total business-type activities</b>	<b>1,876,208</b>	<b>1,963,385</b>	<b>1,905,356</b>	<b>1,992,568</b>
<b>Total primary government changes in net assets</b>				
Governmental activities:	13,270,237	5,790,522	(271,733)	6,297,240
Business-type activities:	(677,638)	(239,403)	(189,610)	121,618
<b>Total primary government</b>	<b>\$ 12,592,599</b>	<b>\$ 5,551,119</b>	<b>\$ (461,343)</b>	<b>\$ 6,418,858</b>

Source: City Finance Department

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ (54,658,485)	\$ (52,747,263)	\$ (53,619,722)	\$ (49,776,185)	\$ (50,224,239)	\$ (54,217,219)
204,572	(192,953)	(500,856)	(448,742)	(50,698)	2,999,123
\$ (54,453,913)	\$ (52,940,216)	\$ (54,120,578)	\$ (50,224,927)	\$ (50,274,937)	\$ (51,218,096)
\$ 21,227,671	\$ 20,060,618	\$ 18,472,616	\$ 16,582,063	\$ 17,664,314	\$ 19,882,259
18,822,311	19,488,146	20,714,994	20,377,168	18,894,891	16,391,482
2,839,864	3,004,523	3,156,939	3,147,976	3,199,514	3,258,474
6,234,908	8,079,967	7,155,807	7,012,408	7,444,697	7,419,738
2,468,231	-	-	-	-	-
5,507,134	4,152,579	3,021,062	1,142,397	547,489	531,511
-	-	-	-	-	-
15,915	171,396	52,520	343,052	666,063	926,610
196,844	68,497	7,746	11,250	356,250	21,119
57,312,878	55,025,726	52,581,684	48,616,314	48,773,218	48,431,193
-	-	-	-	-	(1,457,056)
76,581	53,585	183,442	222,959	164,636	169,091
-	50	25,357	10,743	13,054	15,027
(196,844)	(68,497)	(7,746)	(11,250)	(356,250)	(21,119)
(120,263)	(14,862)	201,053	222,452	(178,560)	162,999
2,654,393	2,278,463	(1,038,038)	(1,159,871)	(1,451,021)	(7,243,082)
84,309	(207,815)	(299,803)	(226,290)	(229,258)	3,162,122
\$ 2,738,702	\$ 2,070,648	\$ (1,337,841)	\$ (1,386,161)	\$ (1,680,279)	\$ (4,080,960)

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

	Fiscal Year		
	2010	2011	2012
<b>General Fund:</b>			
<u>Nonspendable</u>			
Advance to Other Funds	\$ 11,443,206	\$ 11,178,447	\$ 7,016,000
Inventory	39,118	12,273	40,631
Prepaid Expense	8,762	152,420	416,632
Subtotal Nonspendable	11,491,086	11,343,140	7,473,263
<u>Restricted</u>			
Subtotal Restricted	-	-	-
<u>Committed</u>			
Catastrophic Emergency	6,180,273	6,145,092	6,408,644
Compensated Absences	356,758	251,684	179,279
Dental Claims	235,273	247,895	199,567
Fiscal Emergency	2,788,295	4,299,388	3,477,044
Legal Claims	3,000,000	3,000,000	3,000,000
PERS Liability	168,923	168,923	168,923
Radio communications	-	-	684,000
Workers Compensation	102,672	-	-
Subtotal Committed	12,832,194	14,112,982	14,117,457
<u>Assigned</u>			
ARCS Scholarships	20,629	39,154	43,814
Contractual Commitments	757,935	1,017,622	1,147,036
FY10-12 Budget Shortfall	2,296,819	3,562,278	3,562,278
Subtotal Assigned	3,075,383	4,619,054	4,753,128
<u>Unassigned</u>			
City Manager Contingency	75,000	20,000	75,000
Council Contingency	302,950	188,179	640,864
Unrealized Gain	145,952	132,364	146,332
Unassigned Fund Balance	-	-	721,923
Subtotal Unassigned	523,902	340,543	1,584,119
<b>Total general fund</b>	<b>27,922,565</b>	<b>30,415,719</b>	<b>27,927,967</b>
<b>All Other Governmental Funds:</b>			
Nonspendable	5,055,674	4,467,078	3,134,118
Restricted	33,849,507	35,553,532	30,407,953
Committed	-	-	-
Assigned	7,680,315	3,822,150	3,991,737
Unassigned	-	-	-
<b>Total all other governmental funds</b>	<b>46,585,496</b>	<b>43,842,760</b>	<b>37,533,808</b>
<b>Total all governmental funds</b>	<b>\$ 74,508,061</b>	<b>\$ 74,258,479</b>	<b>\$ 65,461,775</b>

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

Source: City Finance Department



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

	Fiscal Year			
	2003	2004	2005	2006
General Fund:				
Reserved	\$ 4,711,048	\$ 5,998,198	\$ 4,984,672	\$ 5,270,977
Unreserved				
Designated for:				
Economic Uncertainty	500,000	11,503,956	8,918,972	6,171,001
Recreation Scholarships				
Claims Liability	918,664	5,480,550	6,368,630	6,085,543
Council Discretion	-	982,402	882,402	614,155
City Manager Discretion	-	75,000	75,000	75,000
Unrealized Investment Gain	327,385	-	-	-
Property Expansion	510,967	250,000	250,000	-
Future Programs	1,777,264	-	-	1,554,690
Capital improvements	6,429,549	2,366,045	1,405,022	1,405,022
Labor Agreements	1,858,192	500,000	500,000	500,000
Future Budgets	-	-	-	-
Compensated Absences	2,338,483	2,421,007	2,638,504	2,767,382
Undesignated	4,194,140	-	3,713,094	-
<b>Total general fund</b>	<b>23,565,692</b>	<b>29,577,158</b>	<b>29,736,296</b>	<b>24,443,770</b>
All Other Governmental Funds:				
Reserved	6,310,933	9,294,625	2,430,635	12,319,946
Unreserved, reported in:				
Special revenue funds	8,416,665	1,016,990	6,076,454	83,613
Capital projects funds	50,932,910	44,700,281	49,382,134	55,240,959
Undesignated	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 65,660,508</b>	<b>\$ 55,011,896</b>	<b>\$ 57,889,223</b>	<b>\$ 67,644,518</b>
<b>Total all governmental funds</b>	<b>\$ 89,226,200</b>	<b>\$ 84,589,054</b>	<b>\$ 87,625,519</b>	<b>\$ 92,088,288</b>

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

Source: City Finance Department

			Fiscal Year		
2007		2008		2009	
\$	4,905,610	\$	4,900,219	\$	4,276,972
	6,337,891		6,343,265		6,818,051
					21,562
	9,121,767		9,276,811		8,028,363
	632,273		632,273		332,273
	75,000		75,000		75,000
	370,476		59,197		96,826
	-		-		-
	-		-		-
	1,405,022		1,405,022		1,405,022
	500,000		500,000		-
	3,062,278		7,490,507		7,195,623
	2,952,014		2,984,777		3,318,697
	392,793		-		-
	<u>29,755,124</u>		<u>33,667,071</u>		<u>31,568,389</u>
	6,165,017		7,406,732		10,310,736
	12,516,496		12,485,586		13,587,363
	55,738,087		51,446,853		35,882,129
	-		-		-
\$	<u>74,419,600</u>	\$	<u>71,339,171</u>	\$	<u>59,780,228</u>
\$	<u>104,174,724</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			
	2003	2004	2005	2006
<b>Revenues</b>				
Taxes:				
Sales and Use	\$ 17,863,817	\$ 19,953,000	\$ 19,023,168	\$ 21,075,748
Property	10,767,390	10,020,247	14,597,317	16,505,365
Business License	1,926,542	1,901,983	1,885,648	1,973,765
Franchise	2,857,756	3,216,641	2,633,460	2,633,222
Transient Occupancy Tax	1,231,757	1,233,226	1,235,263	1,218,666
Other	1,908,021	5,464,077	6,429,352	3,419,858
Intergovernmental	6,214,440	4,708,249	2,048,333	3,820,553
Use of money and property	3,978,211	4,042,597	3,758,488	5,434,269
Charges for Services	2,951,114	3,152,399	4,677,537	7,371,377
Licenses, permits and fees	5,046,215	3,192,760	2,396,509	2,218,601
Fines, forfeitures and penalties	3,425,299	2,173,400	2,534,229	3,538,154
Other revenues	2,282,446	1,813,912	1,587,702	520,356
<b>Total revenues</b>	<b>60,453,008</b>	<b>60,872,491</b>	<b>62,807,006</b>	<b>69,729,934</b>
<b>Expenditures</b>				
Current:				
Public protection	14,193,868	15,237,423	16,849,831	17,967,011
Public service	11,441,979	16,706,717	17,870,421	17,108,292
Community development	2,772,829	4,070,787	4,252,184	4,765,527
Housing	481,612	613,556	3,616,307	2,140,611
Cultural services	4,110,078	4,500,185	4,442,632	4,656,977
Administrative services	2,818,424	5,639,095	4,318,891	4,962,148
General government	3,599,230	3,248,892	5,327,017	6,610,070
Capital outlay:				
General public ways and facilities	8,932,542	6,417,541	2,233,117	6,043,278
Debt service:				
Principal	200,000	155,000	415,000	825,000
Interest and issuance costs	726,200	2,650,283	804,864	785,595
<b>Total expenditures</b>	<b>49,276,762</b>	<b>59,239,479</b>	<b>60,130,264</b>	<b>65,864,509</b>
Excess (deficiency) of revenues over (under) expenditures	11,176,246	1,633,012	2,676,742	3,865,425
<b>Other financing sources (uses):</b>				
Loan proceeds	180,910	3,446,815	-	-
Proceeds from sale of assets	-	180,909	-	-
Transfers in	2,844,815	4,603,835	5,180,648	888,864
Transfers out	(4,440,326)	(16,052,411)	(5,340,002)	(2,835,536)
<b>Total other financing sources (uses)</b>	<b>(1,414,601)</b>	<b>(7,820,852)</b>	<b>(159,354)</b>	<b>(1,946,672)</b>
<b>Extraordinary item</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 9,761,645</b>	<b>\$ (6,187,840)</b>	<b>\$ 2,517,388</b>	<b>\$ 1,918,753</b>
Debt Service - % noncapital expenditures	2.3%	5.6%	2.2%	2.8%

Source: City Finance Department



Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 21,227,671	\$ 20,060,619	\$ 18,472,616	\$ 16,582,063	\$ 17,664,314	\$ 19,882,259
19,691,147	20,362,527	20,714,994	20,377,168	18,894,891	16,391,482
1,917,646	2,024,041	1,948,060	1,943,357	1,911,581	1,972,208
2,839,864	3,004,523	3,156,939	3,147,976	3,199,514	3,258,474
1,337,385	1,453,869	1,244,223	1,141,959	1,345,355	1,491,533
2,287,101	2,355,998	2,034,403	2,007,832	2,152,301	2,062,470
3,273,497	2,245,219	4,099,703	5,620,185	4,922,550	4,496,141
7,206,566	5,933,954	4,720,142	2,639,135	2,496,540	2,392,372
12,827,678	12,057,554	12,290,405	12,585,459	13,118,478	13,630,654
2,758,546	2,214,703	2,230,571	2,197,799	2,555,481	2,490,058
3,066,289	4,560,388	4,029,279	4,383,826	4,981,431	4,866,047
1,001,883	1,246,141	1,779,127	2,723,887	1,354,339	1,974,534
<u>79,435,273</u>	<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>
19,236,989	20,083,360	21,522,640	21,744,763	21,551,269	22,120,786
21,259,006	18,287,663	18,477,194	17,274,706	19,974,925	19,928,800
5,914,667	5,397,259	6,224,593	4,727,785	4,076,311	4,576,808
1,422,545	1,871,343	2,744,309	3,324,662	1,019,485	950,744
13,443,568	14,038,213	14,218,609	14,008,006	13,615,812	16,137,501
4,962,140	5,372,403	6,177,799	5,885,492	4,710,796	5,418,795
4,546,728	2,700,494	2,826,309	2,648,587	3,357,033	3,229,804
2,743,985	7,501,041	17,957,680	19,998,754	2,313,211	2,995,797
850,000	870,000	905,000	940,000	2,439,592	691,841
453,008	422,739	388,904	350,530	325,173	141,513
<u>74,832,636</u>	<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>4,602,637</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>
-	-	-	-	-	-
-	-	-	-	-	-
27,545,584	10,338,766	22,579,127	11,090,351	12,506,513	6,895,908
(24,776,022)	(10,482,269)	(21,275,667)	(11,332,999)	(13,147,563)	(9,076,689)
2,769,562	(143,503)	1,303,460	(242,648)	(641,050)	(2,180,781)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,331,766)</u>
\$ 7,372,199	\$ 831,518	\$ (13,419,115)	\$ (15,795,287)	\$ 572,118	\$ (8,796,704)
1.8%	1.9%	1.8%	1.9%	4.0%	1.2%

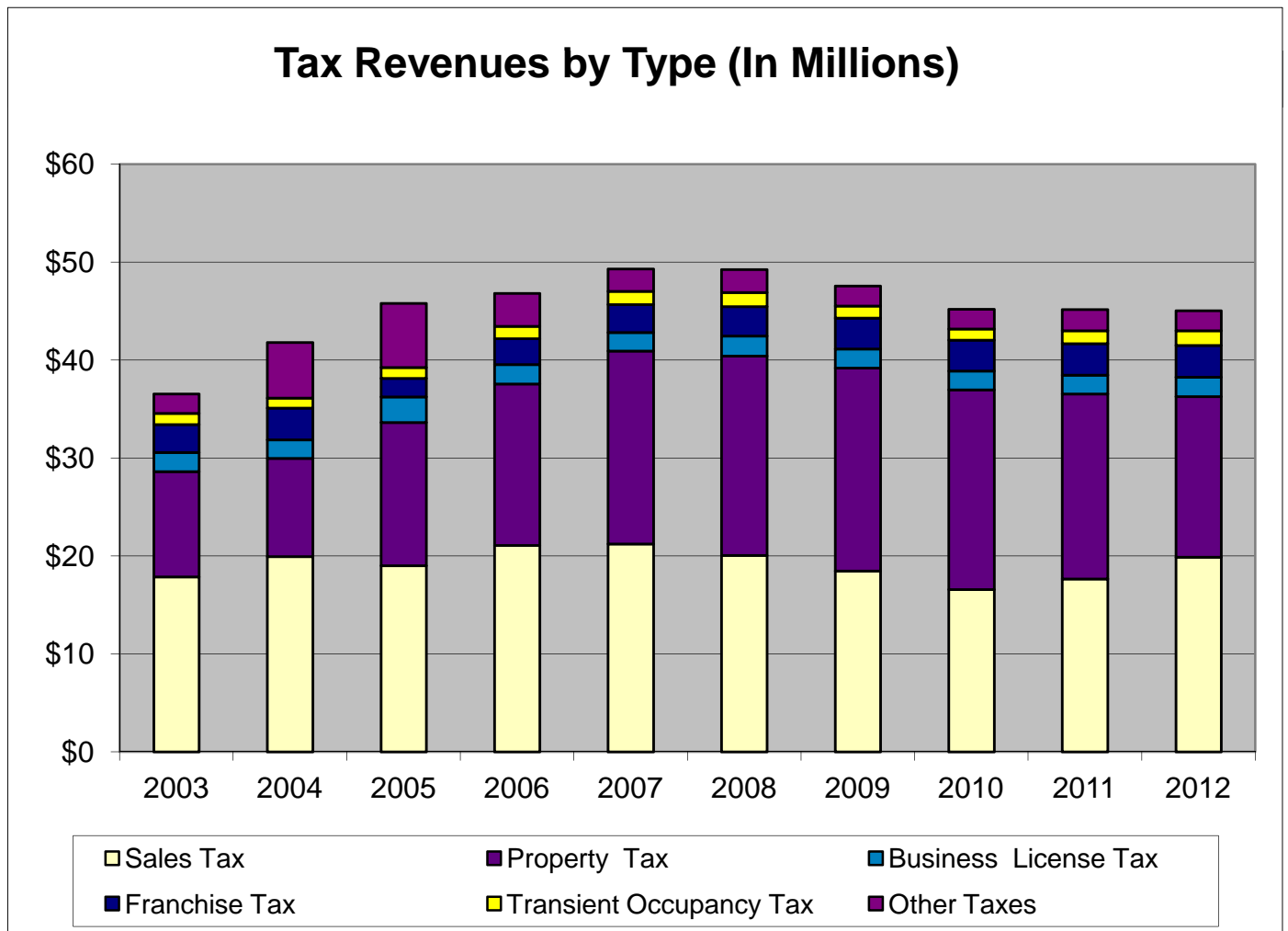
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## City of Walnut Creek Governmental Tax Revenues by Source Last Ten Fiscal Years

Fiscal Years	Sales Tax	Property Tax	Business License Tax	Franchise Tax	Transient Occupancy Tax	Other Taxes	Total
2003	\$ 17,863,817	\$ 10,767,390	\$ 1,926,542	\$ 2,857,756	\$ 1,143,014	\$ 1,996,764	\$ 36,555,283
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

Source: City Finance Department





# City of Walnut Creek

## Assessed Value and Estimated Actual Value of Taxable Property

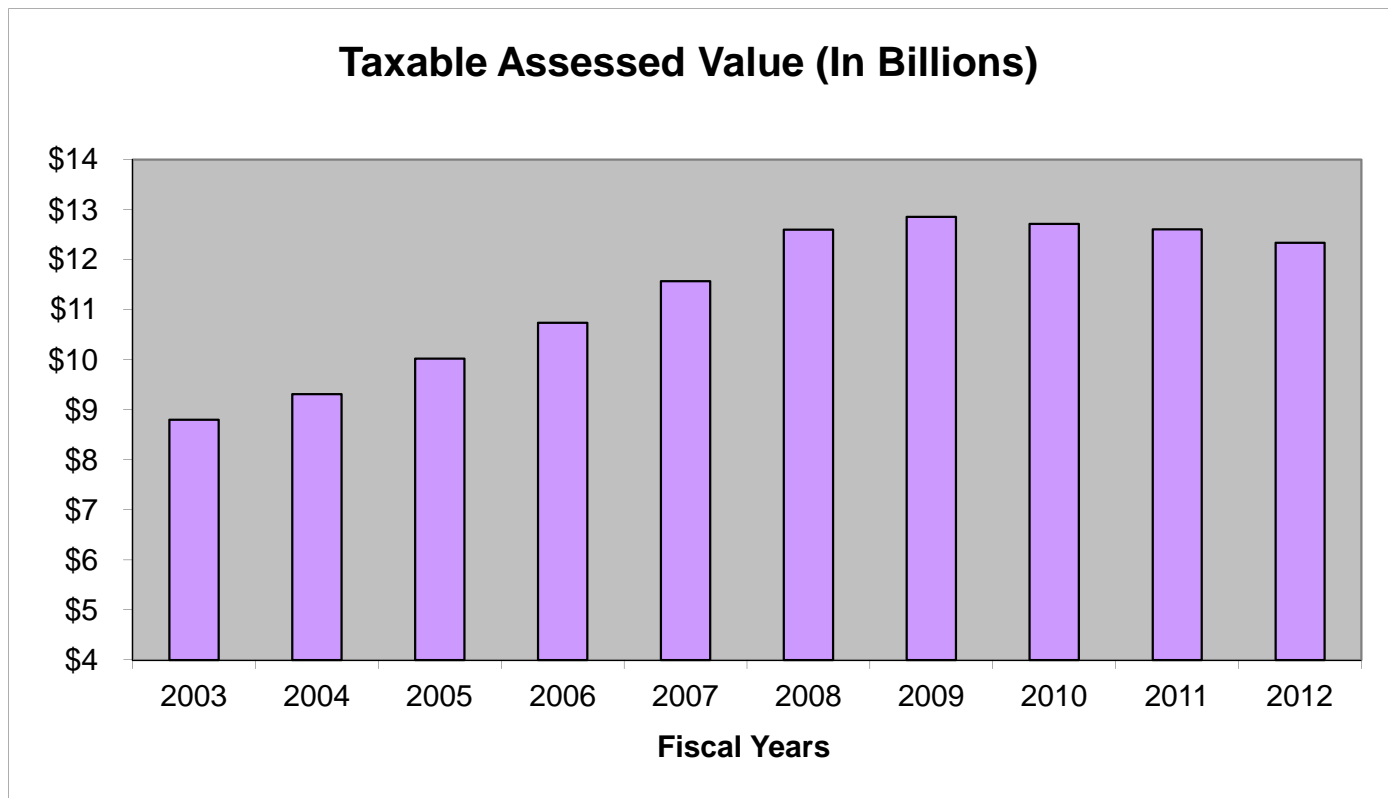
### Last Ten Fiscal Years

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
2003	\$ 6,295,869,372	\$ 1,840,102,600	\$ 121,415,222	\$ 753,794,930	\$ (212,362,034)	\$ 8,798,820,090	11.007%
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%

**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			
	2003	2004	2005	2006
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	0.0324	0.0302	0.0290	0.0279
Bay Area Rapid Transit Bond	-	-	-	0.0048
Contra Costa Community College	0.0040	0.0038	0.0042	0.0047
Contra Costa Water Land Levy	0.0072	0.0063	0.0057	0.0050
East Bay Regional Park Bond	0.0065	0.0057	0.0057	0.0057
Lafayette Elementary Bond 1995	0.0446	0.0421	0.0415	0.0393
Mt. Diablo 2002 Bond	0.0549	0.0525	0.0411	0.0418
Pleasant Hill Recreation & Park	-	-	-	-
San Ramon Unified	0.0001	0.0361	0.0517	0.0514
Service Area R-8 Bond	0.0046	0.0043	0.0042	-
Walnut Creek Elementary	0.0199	0.0226	0.0217	0.0230
<b>Total Direct and Overlapping Rates</b>	<b>1.1742</b>	<b>1.2036</b>	<b>1.2048</b>	<b>1.2036</b>



NOTE:

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

Source: Contra Costa County Assessor's Office

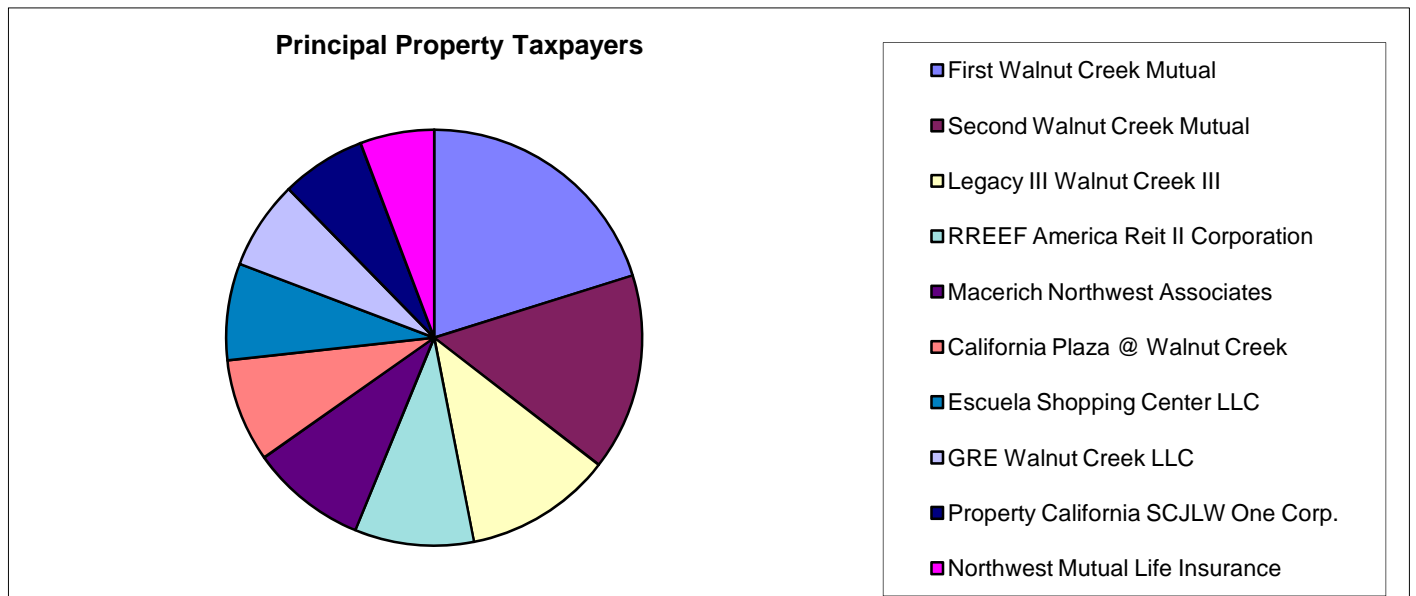
Fiscal Year					
2007	2008	2009	2010	2011	2012
0.09705	0.09705	0.09705	0.09705	0.09705	0.09705
0.09410	0.09410	0.09410	0.09410	0.09410	0.09410
0.00295	0.00295	0.00295	0.00295	0.00295	0.00295
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.0292	0.0259	0.0289	0.0298	0.0311	0.0333
0.0050	0.0076	0.0090	0.0057	0.0031	0.0041
0.0043	0.0108	0.0066	0.0126	0.0133	0.0144
0.0043	0.0039	0.0041	0.0048	0.0049	0.0051
0.0085	0.0080	0.0100	0.0108	0.0084	0.0071
0.0377	0.0340	0.0330	0.0326	0.0326	0.0279
0.0446	0.0424	0.0455	0.0493	0.0600	0.0612
-	-	-	-	0.0212	0.0255
0.0533	0.0517	0.0519	0.0587	0.0641	0.0664
-	-	-	-	-	-
0.0218	0.0222	0.0265	0.0166	0.0231	0.0240
1.2087	1.2065	1.2155	1.2209	1.2618	1.2690



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

Taxpayer	2012		2003	
	Taxable Assessed Value	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Percent of Total Taxable Assessed Value
First Walnut Creek Mutual	\$ 215,267,456	1.75%	\$ 344,483,810	3.92%
Second Walnut Creek Mutual	163,438,755	1.33%	-	-
Legacy III Walnut Creek III	122,349,281	0.99%	-	-
RREEF America Reit II Corporation	98,900,614	0.80%	-	-
Macerich Northwest Associates	96,438,587	0.78%	85,988,323	0.98%
California Plaza @ Walnut Creek	85,776,508	0.70%	74,388,599	0.85%
Escuela Shopping Center LLC	80,144,696	0.65%	-	-
GRE Walnut Creek LLC	73,623,306	0.60%	-	-
Property California SCJLW One Corp.	70,193,006	0.57%	65,046,537	-
Northwest Mutual Life Insurance	61,480,542	0.50%	53,318,247	0.61%
Metropolitan Life Insurance Company	-	-	64,024,091	0.73%
Fidelity Non-Profit Mgmt Found.	-	-	57,972,382	0.66%
Stoneridge Walnut Creek LP	-	-	54,045,055	0.61%
IRP Muller Pacific Properties	-	-	53,667,027	0.61%
Kaiser Foundation Health Plan	-	-	44,875,479	0.51%
	<b>\$ 1,067,612,751</b>	<b>8.66%</b>	<b>\$ 897,809,550</b>	<b>9.46%</b>

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



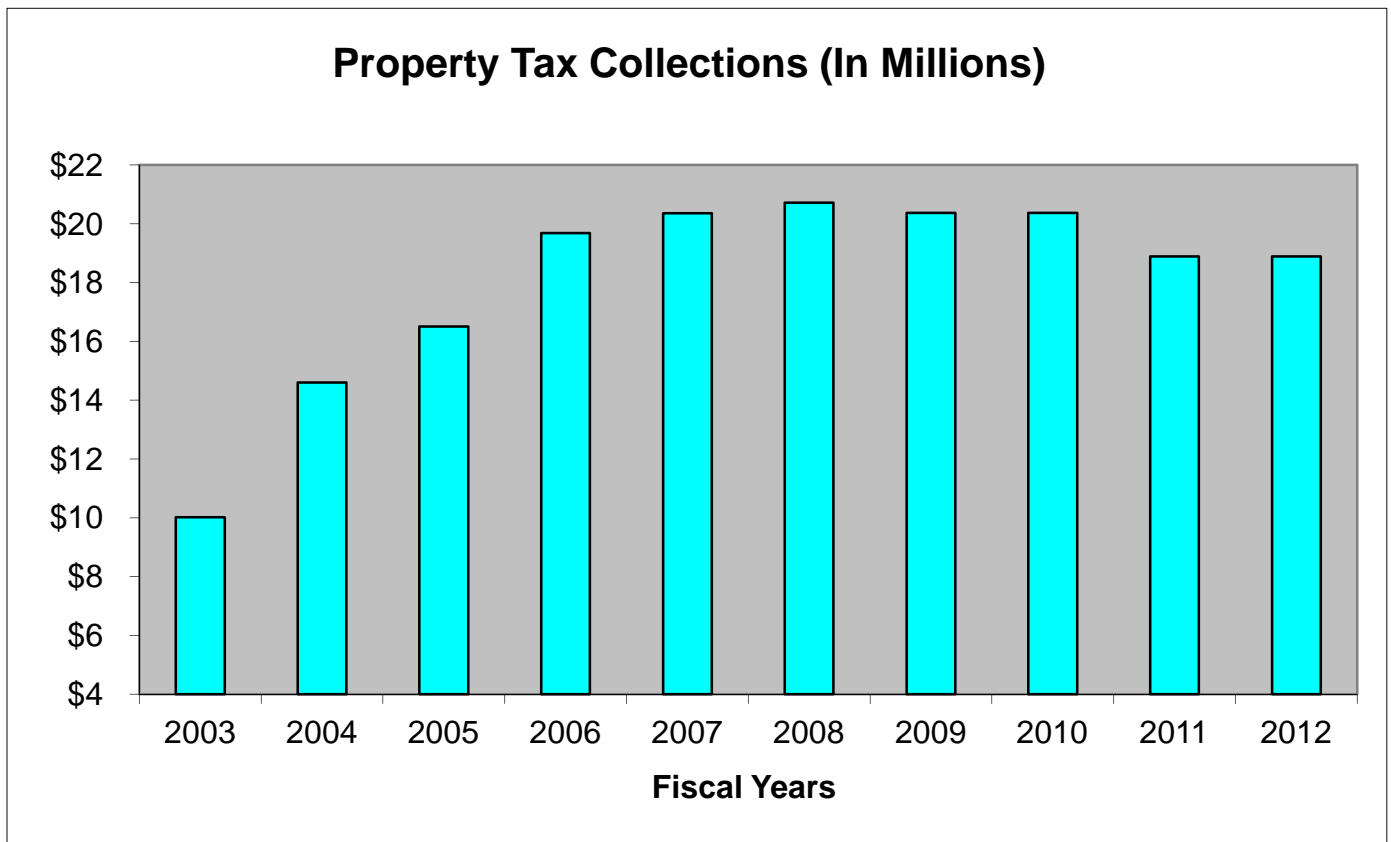


## City of Walnut Creek Property Tax Levies and Collections Last Ten Fiscal Years

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
2003	\$ 10,020,247	\$ 10,020,247	100%	\$ 10,020,247	100%
2004	14,597,317	14,597,317	100%	14,597,317	100%
2005	16,505,365	16,505,365	100%	16,505,365	100%
2006	19,691,147	19,691,147	100%	19,691,147	100%
2007	20,362,527	20,362,527	100%	20,362,527	100%
2008	20,714,994	20,714,994	100%	20,714,994	100%
2009	20,377,168	20,377,168	100%	20,377,168	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	18,894,891	18,894,891	100%	18,894,891	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**  
**2011-2012**

**BUSINESS NAME**

**BUSINESS CATEGORY**

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 W.C. Volkswagen	New Car Dealers
Exxon Service Stations	Service Stations
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
Nordstrom Department Store	Department Stores
Safeway Stores	Supermarkets
Shane Diamond Jewelers	Jewelry Stores
Shell Service Stateion	Service Stations
Standard Register Co	Light Industry
Target Stores	Department Stores
Tesoro Service Stations	Service Stations
The Sport Basement	Sporting Goods
Toyota Walnut Creek	New Car Dealers
Walnut Creek Ford	New Car Dealers
Walnut Creek Honda	New Car Dealers

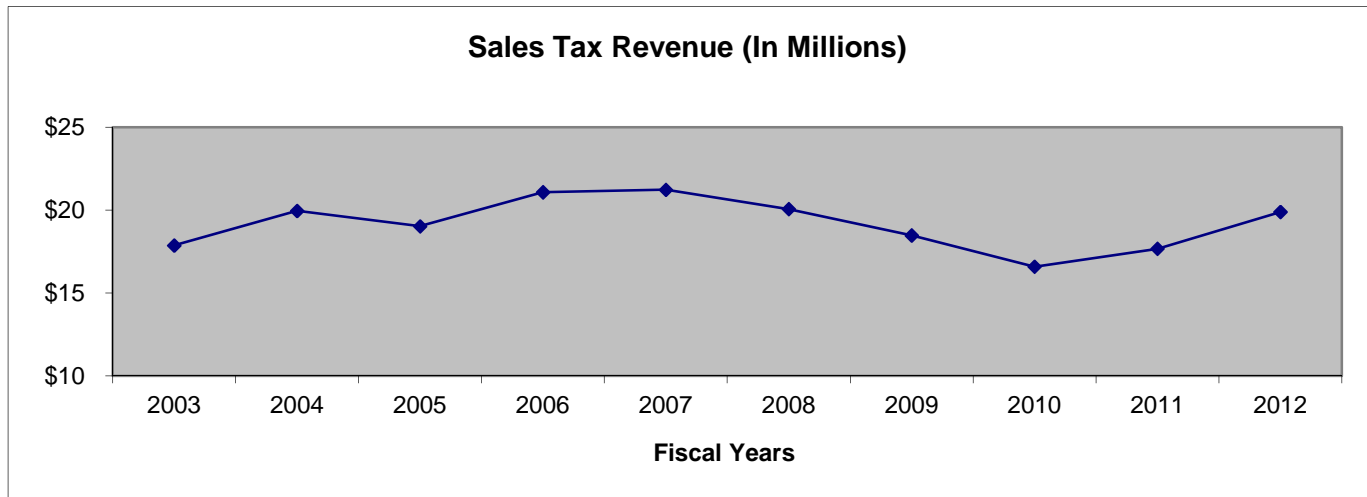
Percent of Total City Sales Tax Paid By Top 25 Accounts = 48.7%

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

*Firms Listed Alphabetically*

*Period: April 2011 thru March 2012*

Source: Muni Services, State Board of Equalization







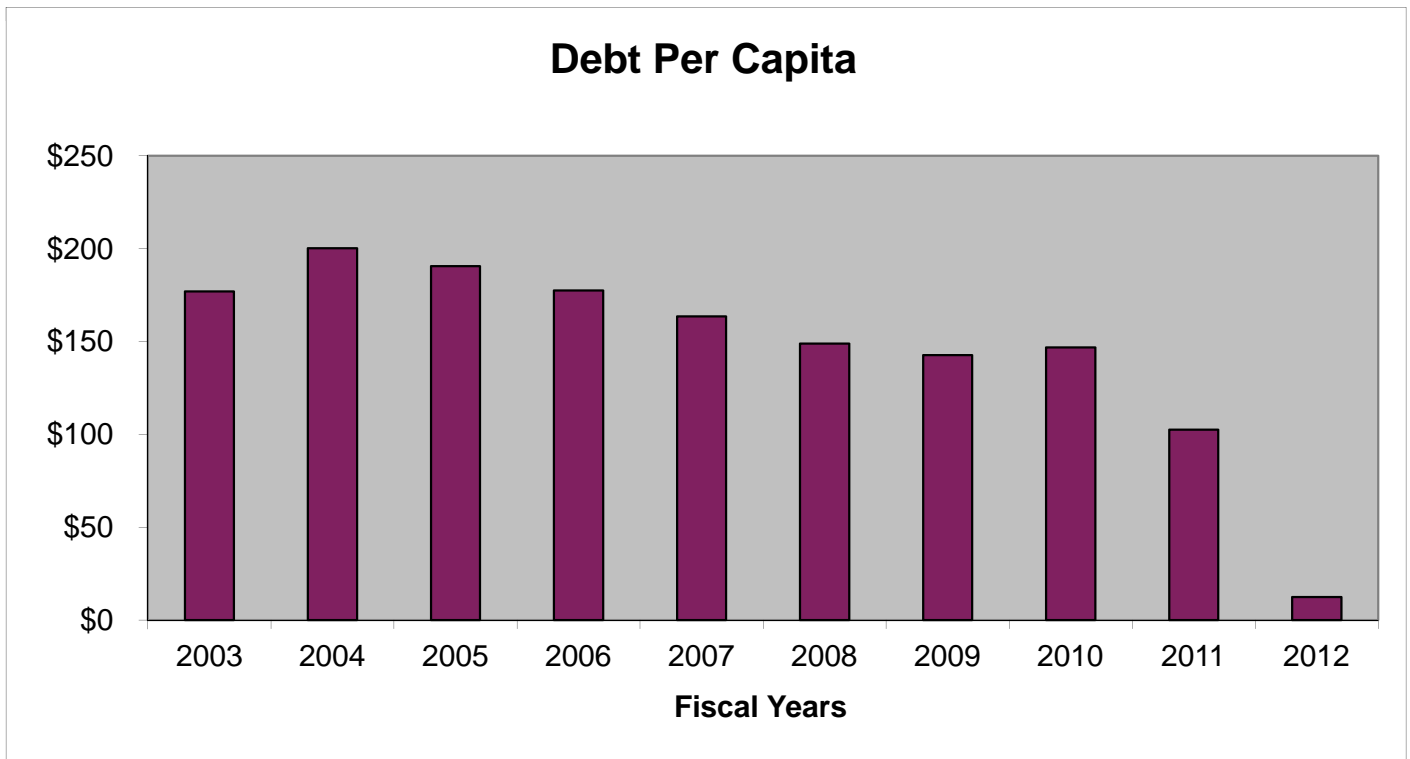
## City of Walnut Creek Ratios of Debt Outstanding Last Ten Fiscal Years

Fiscal Year Ended June 30,	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			
2003	\$ 9,640,000		\$ 2,035,000		\$ 11,675,000	27.23%	\$ 177.00
2004	11,477,131		1,810,000		13,287,131	30.17%	200.31
2005	11,056,537		1,580,000		12,636,537	27.95%	190.65
2006	10,225,943		1,415,000		11,640,943	24.90%	177.45
2007	9,370,349		1,325,000		10,695,349	22.17%	163.58
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%	142.66
2010	6,638,567	1,494,182	1,035,000	\$ 507,108	9,674,857	18.97%	146.78
2011	4,372,973	1,149,704	930,000	374,333	6,827,010	14.13%	102.53
2012	-	-	815,000	-	815,000	1.62%	12.49

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

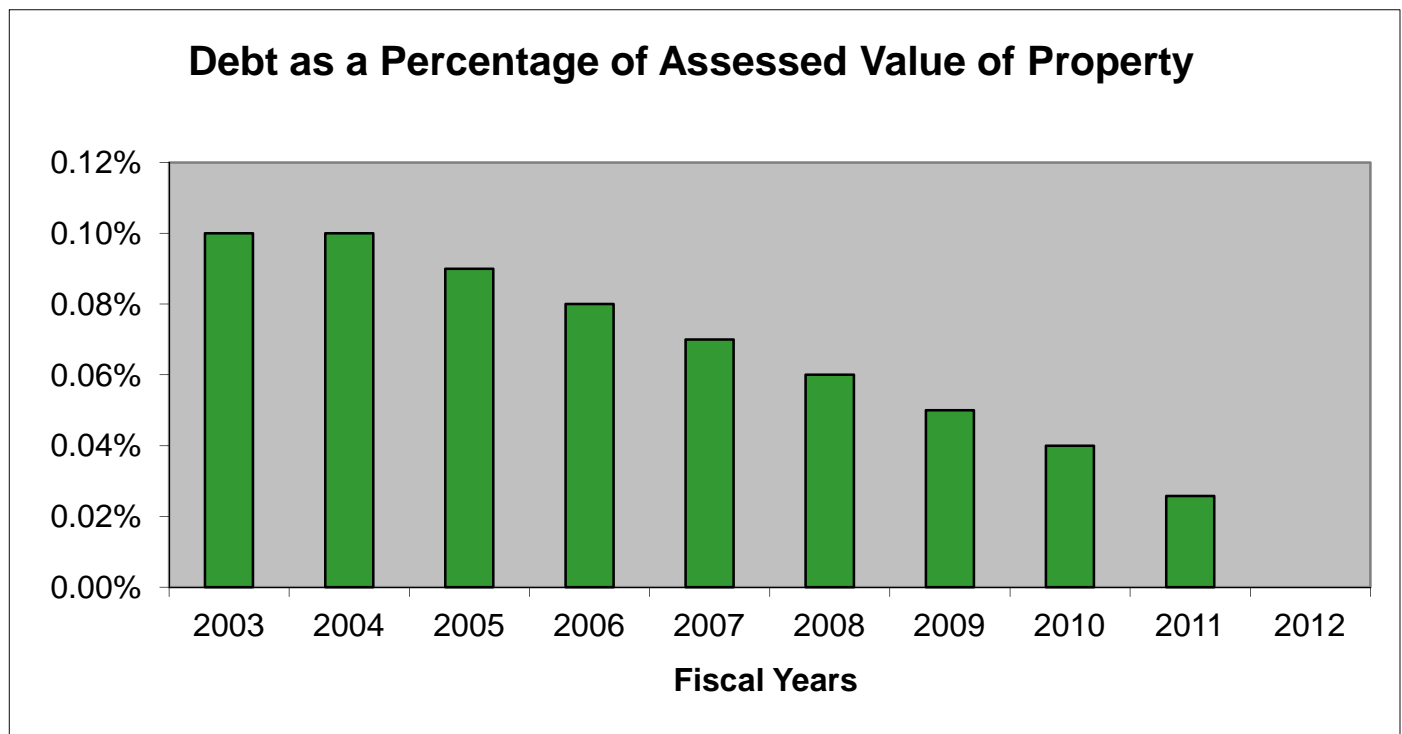
Fiscal Year Ended June 30,	Tax Allocation Bonds	Less: Amounts Available in Debt Service Fund	Net Amount	Percentage of Assessed Value of Property	Per Capita
2003	\$ 9,640,000	\$ 293,881	\$ 9,346,119	0.10%	\$ 141.69
2004	11,477,131	1,163,041	10,314,090	0.10%	155.49
2005	11,056,537	1,134,430	9,922,107	0.09%	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%	-

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, 2012**

City's 2011-2012 Assessed Valuation	\$ 12,331,891,031
Redevelopment Agency Incremental Valuation	352,846,899
Adjusted Assessed Valuation	11,979,044,132

	Percentage Applicable to City of Walnut Creek <sup>1</sup>	Outstanding Debt 6/30/12	Estimated Share of Overlapping Debt
<b><u>Direct and Overlapping Tax and Assessment Debt:</u></b>			
Bay Area Rapid Transit District	2.742%	\$ 412,540,000	\$ 11,332,474
Contra Costa Community College District	9.623%	223,985,000	21,554,077
Walnut Creek Joint Unified School District	72.717%	32,294,628	23,483,685
Mount Diablo Unified School District	19.652%	458,250,057	90,055,301
Mount Diablo Unified School District Community Facilities District No. 1	19.652%	52,675,000	10,351,691
Acalanes Unified School District	29.4240%	160,867,849	47,333,756
Contra Costa County and Water District 1915 Act Bonds	39.4180%	2,110,000	831,720
California Statewide Communities Development Authority	100.0000%	2,618,810	2,618,810
Lafayette Unified School District	2.0860%	17,125,000	357,228
San Ramon Valley Unified School District	0.7090%	269,513,252	1,910,849
Pleasant Hill Recreation and Park District	0.2200%	28,000,000	61,600
East Bay Regional Park District	4.2670%	129,525,000	5,526,832
<b>Total overlapping tax and assessment debt</b>		<b>\$ 1,789,504,596</b>	<b>215,418,023</b>
<b>Total net overlapping tax and assessment debt</b>			<b>\$ 215,418,023</b>
<b><u>Direct and Overlapping Lease Obligation Debt:</u></b>			
Contra Costa County General Fund Obligations	9.580%	\$ 301,690,976	\$ 28,901,996
Contra Costa County Pension Obligations	9.580%	358,495,000	34,343,821
Contra Costa Community College District Certificates of Participation	9.623%	855,000	82,277
San Ramon Valley Unified School District General Fund Obligations	0.709%	24,640,000	174,698
City of Walnut Creek General Fund Obligations	100.000%	815,000	815,000
Contra Costa County Fire Protection District Pension Obligations	21.717%	111,595,000	24,235,086
Pleasant Hill Recreation and Park District Certificates of Participation	0.220%	2,305,000	5,071
<b>Total Gross Direct and Overlapping General Fund Debt</b>		<b>\$ 800,395,976</b>	<b>88,557,949</b>
Less: Contra Costa County revenue supported obligations			10,851,055
<b>Total Net Direct and Overlapping General Fund Debt</b>			<b>77,706,894</b>
TOTAL DIRECT DEBT			\$ 815,000
TOTAL GROSS OVERLAPPING DEBT			\$ 303,160,972
TOTAL NET OVERLAPPING DEBT			\$ 292,309,917
<b>GROSS COMBINED TOTAL DEBT</b>			<b>\$ 303,975,972 <sup>2</sup></b>
<b>NET COMBINED TOTAL DEBT</b>			<b>\$ 293,124,917</b>

<sup>1</sup> Percentage of overlapping agency's assessed valuation located within the City boundaries

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

Debt to Adjusted Assessed Valuation Ratios:	<b>Gross Debt</b>	<b>Net Debt</b>
Direct Debt	1.80%	1.80%
Overlapping Debt	2.54%	2.54%
<b>Total Debt</b>	<b>4.34%</b>	<b>4.34%</b>

Source: California Municipal Statistics Inc.



## City of Walnut Creek Legal Debt Margin Last Ten Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006
Assessed valuation	\$ 9,311,728	\$ 10,022,788	\$ 10,735,858	\$ 11,566,788
Add back exempted real property	222,574	225,105	228,751	235,779
<b>Total assessed valuation</b>	<b>\$ 9,534,302</b>	<b>\$ 10,247,893</b>	<b>\$ 10,964,609</b>	<b>\$ 11,802,567</b>
Debt limit percentage	15%	15%	15%	15%
Debt limit	\$ 1,430,145	\$ 1,537,184	\$ 1,644,691	\$ 1,770,385
<b>Total net debt applicable to limit:</b>				
Lease Revenue Bonds	2,035	1,810	1,580	1,415
Legal debt margin	\$ 1,428,110	\$ 1,535,374	\$ 1,643,111	\$ 1,768,970
<b>Total debt applicable to the limit as a percentage of debt limit</b>	0.1%	0.1%	0.1%	0.1%



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

Source: City Finance Department

<b>Fiscal Year</b>						
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	
\$ 12,597,185	\$ 12,855,489	\$ 12,710,254	\$ 12,710,254	\$ 12,603,846	\$ 12,332,738	
248,464	246,261	250,726	250,726	279,414	294,266	
<u>\$ 12,845,649</u>	<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>	
15%	15%	15%	15%	15%	15%	
\$ 1,926,847	\$ 1,965,263	\$ 1,944,147	\$ 1,944,147	\$ 1,932,489	\$ 1,894,051	
1,325	1,230	1,135	1,035	930	815	
<u>\$ 1,925,522</u>	<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>	
0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	



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

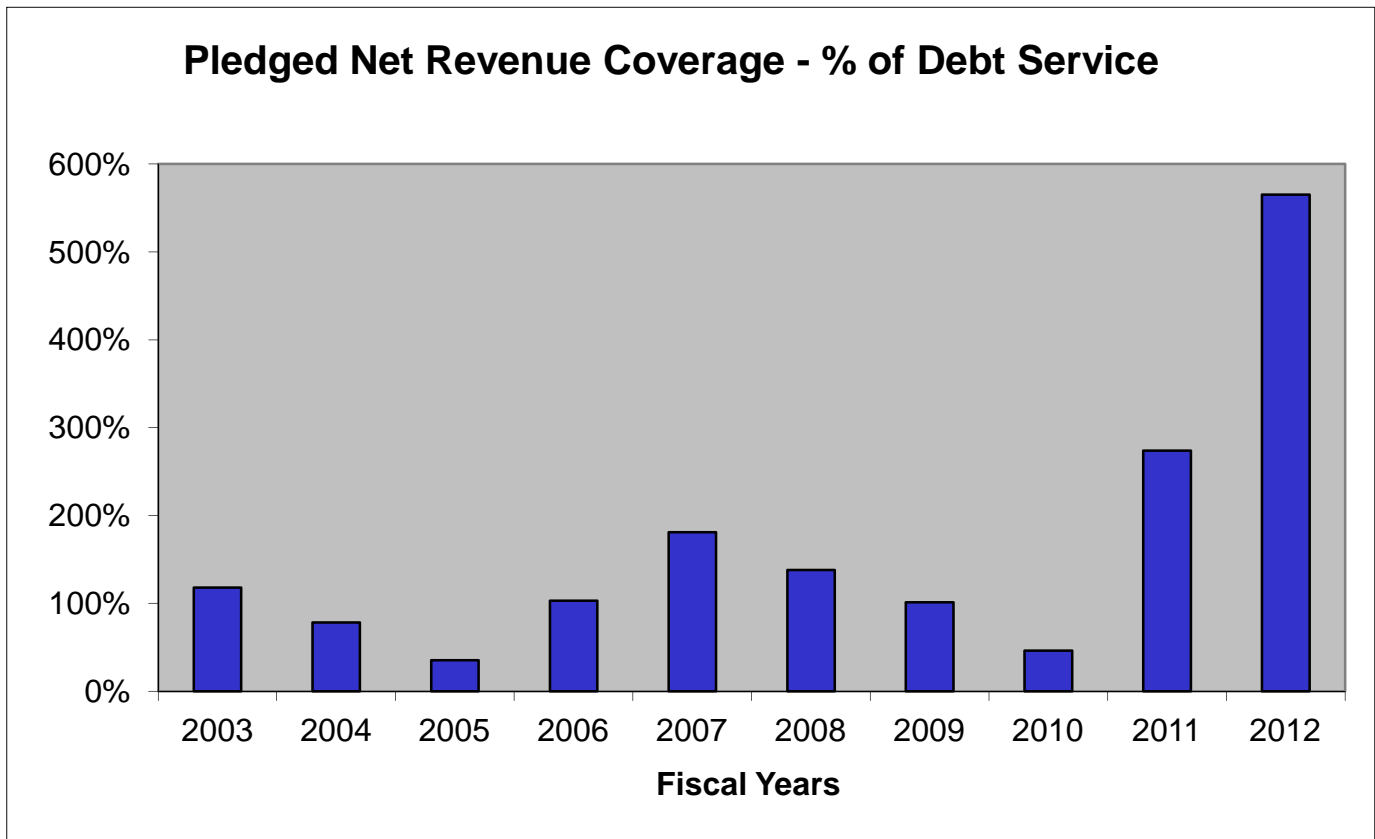
Fiscal Year Ended June 30,	Golf Course Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2003	\$ 1,939,042	\$ 1,560,018	\$ 379,024	\$ 210,000	\$ 111,361	118%
2004	1,963,958	1,709,502	254,456	225,000	101,327	78%
2005	1,838,170	1,727,157	111,013	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%

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

See the Economic and Demographics Statistical Schedule for population data.

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

Source: City Finance Department





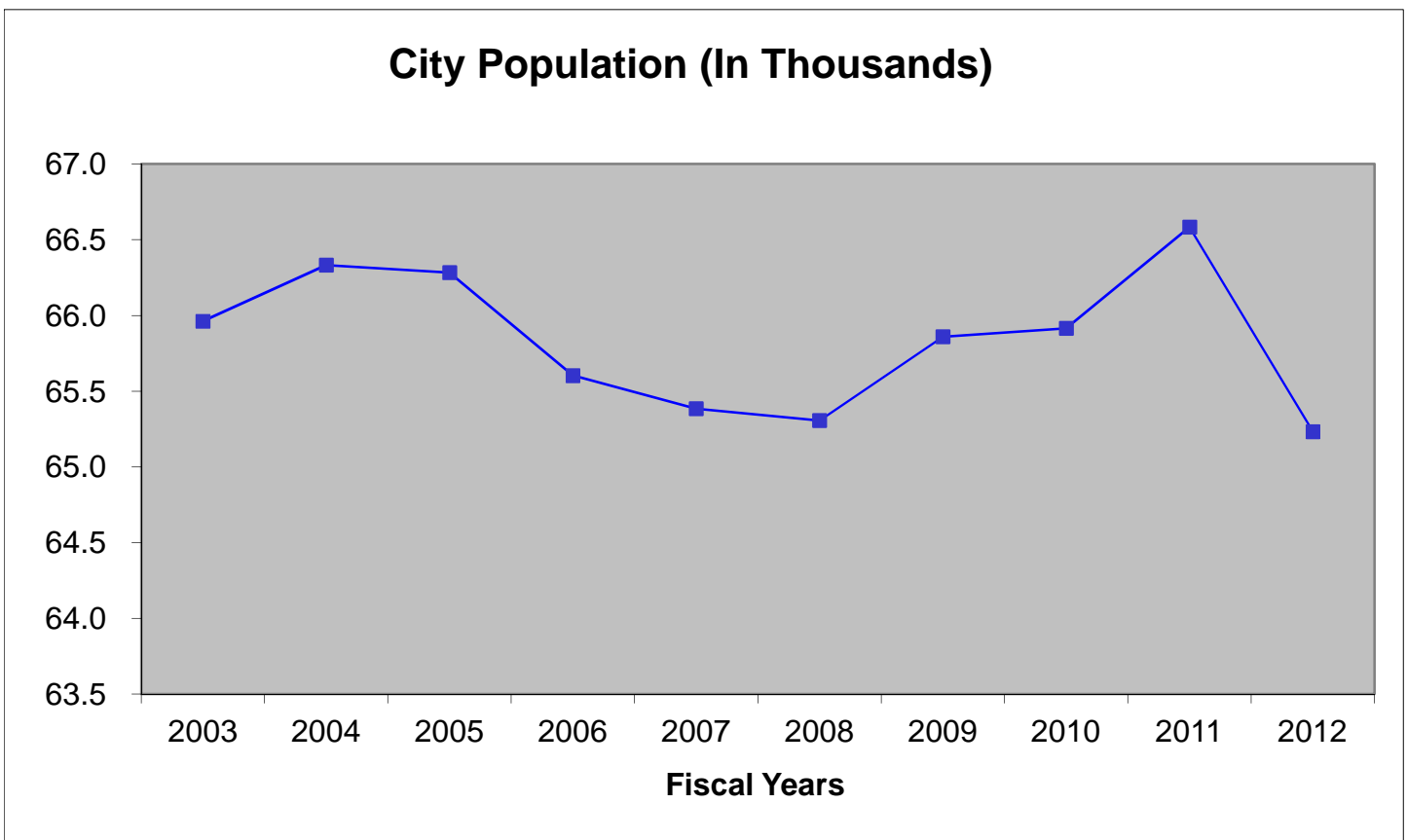
# City of Walnut Creek

## Demographic and Economic Statistics

### Last Ten Fiscal Years

Fiscal Year Ended June 30,	City Population	Personal Income (in Thousands)	Per Capita Personal Income	Unemployment Rate	Rank in Size of California Cities
2003	65,962	\$ 2,828,582	\$ 42,882	N/A	111
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

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			
	2003	2004	2005	2006
<b>General government</b>				
City Manager / City Clerk / Mail	9	9	9	9
City Attorney	4	4	4	4
	13	13	13	13
<b>Administrative Services</b>				
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
	30	30	30	30
<b>Public Safety:</b>				
Patrol / Investigations	66	66	66	66
Traffic / Parking	20	20	20	20
Communications / Administration	30	30	30	30
	116	116	116	116
<b>Public Services</b>				
Engineering / Traffic / Streets / CIP	58	58	58	58
Parks / Open Space	39	39	39	39
Public Works / Maintenance	35	35	35	35
	132	132	132	132
<b>Arts, Recreation and Community Services</b>				
Recreation and Community Services	25	25	25	25
Arts Education	14	14	14	14
Theaters / Gallery	20	20	20	20
	59	59	59	59
<b>Community development</b>				
Planning / Administration	17	17	18	18
Building	10	10	10	10
Transportation / Housing	4	4	4	4
	31	31	32	32
<b>Totals</b>	<b>381</b>	<b>381</b>	<b>382</b>	<b>382</b>



Source: City Finance Department



Fiscal Year					
2007	2008	2009	2010	2011	2012
9	9	9	9	9	10
4	4	4	4	4	4
13	13	13	13	13	14
11	10	10	9	9	9
7	8	7	7	8	8
6	6	7	7	7	8
6	6	4	-	-	-
30	30	28	23	24	25
66	68	66	62	63	67
20	21	20	18	18	16
30	30	30	31	30	29
116	119	116	111	111	112
58	53	53	48	47	49
39	39	38	36	40	35
36	41	38	25	22	21
133	133	129	109	109	105
25	24	23	18	18	19
14	14	14	9	9	8
20	21	18	20	20	21
59	59	55	47	47	48
18	18	15	11	12	14
10	10	13	13	13	13
4	4	4	4	3	3
32	32	32	28	28	30
383	386	373	331	332	333





# City of Walnut Creek

## Operating Indicators by Function

### Last Eight Fiscal Years

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

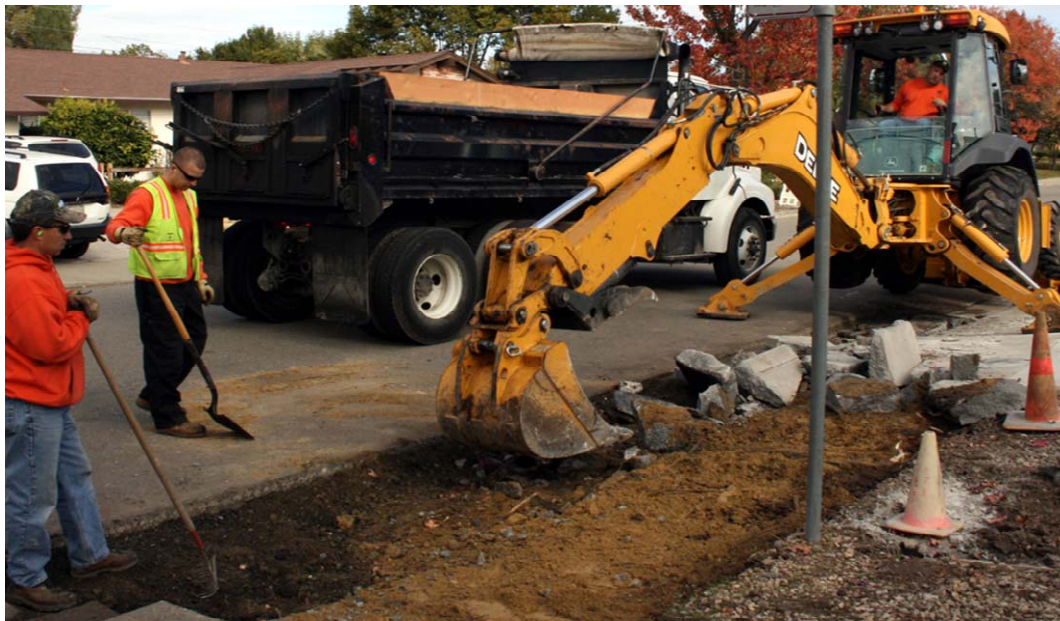
Source: City Finance Department  
 Data Prior to Fiscal Year 2005 is not available

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



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

Function:	Fiscal Year Ended June 30,					
	2005	2006	2007	2008	2009	2010
<b>Public Safety:</b>						
Police Stations	1	1	1	1	1	1
<b>Public works:</b>						
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
<b>Parks and recreation:</b>						
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

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**Fiscal Year Ended June 30,**

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<b>2011</b>	<b>2012</b>
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1	1
18	18
22	22
96	96
114	114
213	213
170	170
1,650	1,650
4,410	4,410
3,800	3,800
4,500	4,500
5,000	5,000
2,800	2,800
35	35
13	13
19	19
190	190
2,704	2,704



# City of Walnut Creek

## Miscellaneous Statistical Data

### June 30, 2012

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Year of Incorporation	1914	Area (Square Miles)	19.77
Form of Government	Council/Manager	Elevation	131 feet
% of High School / College Graduates	96% / 57%	Number of homes (2010)	32,681
Average Annual Precipitation	22"	Median Age (2010)	48
Average Highs/Lows		Number of Registered Voters (2011)	40,815
Winter	57/40		
Spring	68/46		
Summer	83/55		
Fall	73/50		
City Crime Index (US Average 319.1)	225.6		

#### 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