

CITY OF WALNUT CREEK CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2009**

(Prepared by the Administrative Services Department)



City of Walnut Creek
Basic Financial Statements, Continued
For the year ended June 30, 2009
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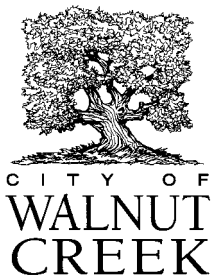
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PEOPLE AND PLACES OF THE CITY

LESHER CENTER / PARKS AND RECREATION





**City of Walnut Creek
Administrative Services Department
P.O. Box 8039
Walnut Creek, California 94596**

December 11, 2009

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, 2009. 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 (MDA) has also been included as part of the Financial Section. The MDA 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 MDA 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 370 City employees and serves approximately 65,000 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 as a community with attractive, high quality residential neighborhoods.

The City operates utilizing the Council-Manager form of government. Five Council members are elected at large for staggered four-year terms to govern the City. The City Treasurer is also elected for 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 departments and areas of responsibility comprise:

Administrative Services includes Finance, Information Systems, Human Resources, Risk Management, Central Services and Warehouse Services

Arts, Recreation and Community Services includes recreation and Civic Arts Education Programs, the Leshner Center for the Arts and Bedford Gallery, and the City's gyms, aquatics centers and Boundary Oak Golf Course

Community Development includes Building, Planning, Housing, Transportation Planning, and Economic Development

General Government includes staff and activities associated with the City Council, City Manager's Office, City Clerk's Office, and City Attorney's Office

Public Safety includes Communications, Patrol, Investigations, Community Policing, and Traffic and Parking Enforcement

Public Services includes Engineering, Parks Maintenance, Transportation Operations, Open Space management and Building/Street Maintenance

The City also oversees the Redevelopment Agency and the enterprise funds associated with Boundary Oak Golf Course, all of 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.

ECONOMIC CONDITION AND OUTLOOK

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 business 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 and the *Contra Costa Times*; **medical services** including John Muir Medical Center, Kaiser Permanente Medical Center, and Children’s Hospital of the Bay Area; **retailers** such as Nordstrom, Macy’s, Apple, Tiffany and Company, Safeway, and Target; and **auto sales and maintenance** such as Honda, Toyota, Mercedes Benz, Ford, Volkswagen, Cadillac, Jeep/Eagle, Mazda, Porsche, and Jaguar/Land Rover.



Almost all City revenues have declined substantially since the adoption of the 2008-10 Operating Budget in June 2008. Sales tax revenue in fiscal year 2008-2009 was \$18.5 million, a decrease of 8% over the amount received in the prior year primarily due to the slowdown in auto and retail markets. Together with declines in property tax revenue and fees and charges collected by the City for services, total revenues were approximately \$4 million below initial projections for 2008-09 and are expected to finish \$9 million below initial projections for 2009-10.

In spite of these economic conditions, the City is able to achieve a balanced budget and maintain adequate reserves for the General Fund for Fiscal Year 2009-2010 through a combination of measures, including the following:

- Negotiating new labor agreements with employees, resulting in reduced salary and benefit costs
- Changing staffing levels: leaving selected positions unfilled (26 as of July 2009), laying off staff or reducing positions to half time
- Increasing charges for services to more nearly reflect actual costs
- Using capital leases to spread payments for major equipment purchases over multiple years
- Negotiating cost savings with outside vendors for liability insurance and benefits
- Using carryover savings from prior fiscal years

LONG TERM FINANCIAL PLANNING

The Council has established several reserves in the City’s General Fund to cover future anticipated costs and to cover unanticipated events. These reserves including the following:

Name of Reserve	Funding Policy for Reserve
Emergency	Set at 10% of the General Fund’s annual operating budget
City Manager Contingency	To be funded at a minimum level of \$75,000
Compensated Absences	An amount equal to the average of leave payouts for the last four fiscal years
Council Contingency	1% of the General Fund’s annual operating budget
Dental Claims	Twice the amount of the annual total premiums paid
Legal Claims	Three times the annual amount of outstanding and incurred claims
Worker’s Compensation	A level equaling the estimated losses at a 70% confidence level as determined by an actuarial study

The City has also established several internal service funds to begin to provide funding necessary for future facilities and equipment replacement.

MAJOR INITIATIVES AND PROJECTS

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 between the City and other agencies, private groups, and individuals. Through these creative partnerships, the City is able to provide its citizens with services and amenities beyond those available in other communities.

As part of the budget preparation process, the City Council adopts goals and objectives for the two year period and evaluates the progress made on the goals established as part of the previous budget. The following represent some of the most significant goals established for both Fiscal Year 2008-09 and 2009-10:

- Proactively address projected budget shortfalls for 2010-12 via the *Balancing for the Future* process and include a significant community engagement process to increase understanding of the budget challenges among community members and involve them in the process to prioritize the use of City resources
- Complete the new Walnut Creek Library project on time and within budget with a high quality result
- Identify and implement City and community efforts to enhance environmental sustainability and explore regional partnerships in this effort
- Redesign the City web site for ease of use, accessibility, and additional new features
- Replace the operating and ticketing system in all three City-owned garages with central cashiering technology to improve customer service and garage efficiency and reduce operating costs
- Successfully conduct operator selection, contract negotiation, and contract implementation processes related to Boundary Oak Golf Course & clubhouse
- Adopt the Locust Street/Mount Diablo Boulevard Area Specific Plan and certify the plan's Environmental Impact Report
- Adopt the Density Bonus Ordinance and adopt the Bicycle Master Plan
- Expand the use of volunteers in the Police Department
- Replace irrigation systems at Arbolado and Heather Farm Parks with water conserving systems
- Evaluate how to make parking work more effectively in downtown Walnut Creek including the continued installation of parking pay stations in the downtown area

As part of the City's dedication to maintaining a strong capital investment program, the City began or continued work on several projects during Fiscal Year 2008-2009, including the following:

Project Number	Project Name	Expenditures FY 2008-09	Expenditures To Date	Remaining Budget
9543	Design and Construction of New Library	16,450,549	23,527,092	17,972,908
9716 / 9717 / 9743 / 9744	Street Overlay	767,374	3,204,647	1,600,517
9691	Treat Roadway Rehabilitation	687,039	744,914	1,107,163
9715 / 9741 / 9742	Street Slurry Seal	684,611	819,093	1,201,932
9761	Adaptive Signal Timing	370,827	370,827	1,768,173
9771	N. San Carlos Bridge Repair	196,941	196,941	3,059
9713	Rudgear Retaining Wall Reconstruction	151,049	330,415	1,182,163
9711	City Hall Flood Proofing	87,399	101,525	126,465

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 and that the evaluation of costs and benefits require estimates and judgments by management.

The City adopts a budget biannually to be effective July 1st 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. For 2010-12, the City has embarked on a proactive, community-based process that began in September 2008 to determine how best to use limited City resources to meet goals identified by the community as most important. 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 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, 2008. A copy of this award is included in this report. This award represents the second 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. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for recognition for 2009.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its two-year budget document for 2008-2010. In order to qualify for the Award, the City's budget document had to meet specific criteria as a policy document, a financial plan, an operations guide and a communications device.



ACKNOWLEDGMENTS

This CAFR was prepared by the dedicated staff of the Finance Division. Chief Financial Officer Fred Marsh deserves acknowledgment for his leadership in preparing this document. In addition, special thanks to 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 independent auditors of CBIZ MHM, LLC & Mayer Hoffman McCann P.C., Certified Public Accountants, for their review of this report, and to the City Council, City Manager and City Treasurer for their stewardship and commitment to ensuring the long-term fiscal health of Walnut Creek.

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, 2008

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.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emmer".

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 /
RDA Agency Board

City Treasurer

City Commissions

City Manager

City Attorney

City Departments

Administrative Services

(Includes Finance, Human Resources, Risk Management, Garages
Business Licenses, Information Technology, Reprographics, Warehouse)

Arts, Recreation and Community Services

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

Community Development

(Includes Building, Housing, Planning and
Transportation Planning)

General Government

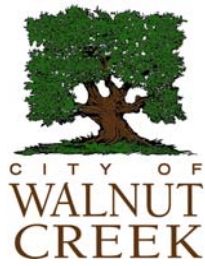
(Includes Mail, Public Information, Interagency Relations
Community Outreach, City Clerk and Non Departmental)

Police

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

Public Services

(Includes Engineering, Maintenance Services
Parks and Open Space)



Principal Officers

June 30, 2009

**Gary Skrel
Mayor**



**Sue Rainey
Mayor Pro Tem**



**Kish Rajan
Council Member**



**Cindy Silva
Council Member**



**Bob Simmons
Council Member**





ADMINISTRATION PERSONNEL

June 30, 2009



Gary F. Pokorny
City Manager



Paul Valle-Riestra
City Attorney



Lorie Tinfow
**Assistant City Manager / Administrative Services
Director**



Barry Gordon
Arts, Recreation and Community Services Director



Sandra Meyer
Community Development Director



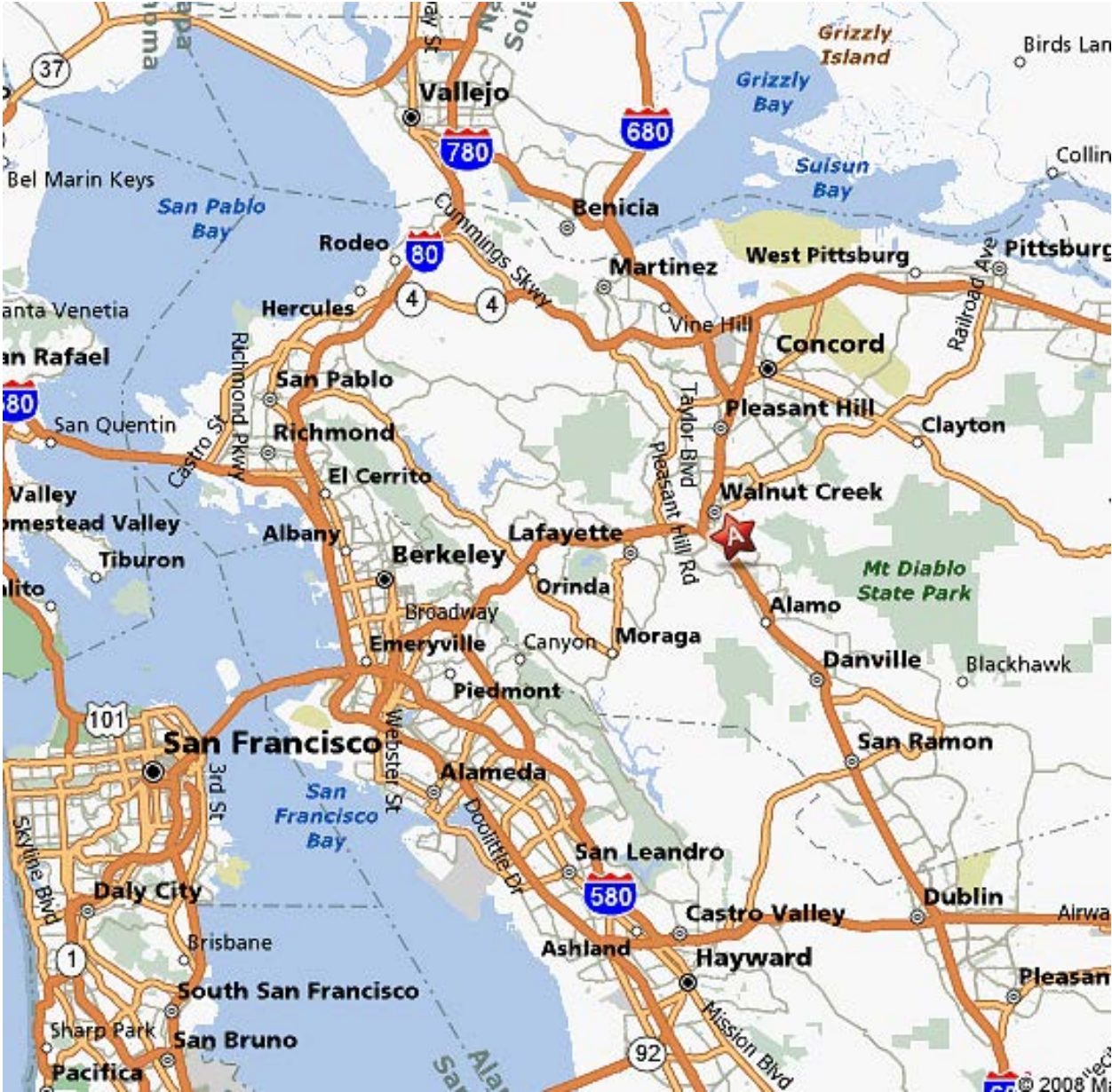
Joel Bryden
Chief of Police



Heather Ballenger
Public Services Director

Regional Map of Walnut Creek and Nearby Cities

3





FINANCIAL SECTION

DOG PARK / PUBLIC ART





Mayer Hoffman McCann P.C.

An Independent CPA Firm

84 South First Street, Third Floor
San Jose, CA 95113
408-794-3545 ph
408-295-3818 fx
www.mhm-pc.com

City Council
City of Walnut Creek, California

INDEPENDENT AUDITORS' REPORT

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, 2009, 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, 2008, which were audited by other auditors, and whose report dated November 6, 2008 expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Walnut Creek, California, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, of the City of Walnut Creek, California and the respective budgetary comparison information for the general fund and RDA Housing fund of the City for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the information. However, we did not audit the information and express no opinion on it.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Walnut Creek's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our 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.

Mayer Hoffman Mc Cann P.C.

San Jose, California
December 11, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS



PEOPLE AND PLACES OF THE CITY

ROSSMOOR / HIGHWAY 680 CORRIDOR





City of Walnut Creek

Management's Discussion and Analysis

For the year ended June 30, 2009

The management staff of the City of Walnut Creek (City), offers readers of the City's financial statements this narrative overview and analysis of City financial activities for the fiscal year ended June 30, 2009, 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.

1. 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. These statements are described in more detail in section 3 of this Management Discussion and Analysis (MDA).
- **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. These statements are described in more detail in a subsequent section of this MDA.
- **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.

2. FINANCIAL HIGHLIGHTS

Financial highlights of the year ended June 30, 2009 include the following:

Government-wide:

- The City's total net assets were \$342 million at June 30, 2009, of which \$343 million were in Governmental Activities and a \$552,000 deficit was in Business-type Activities. Of total net assets, \$243 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 million, of which \$27 million were derived from Governmental Activities, \$2 million were derived from Business-type Activities and \$53 million from General Revenues (see tables 2 and 5 for additional information). Existing reserves were used to cover an additional \$1 million of expenditures.
- Total City expenses were \$83 million, of which Governmental Activities incurred \$81 million and Business-type Activities incurred \$2 million (see tables 2 and 5 for additional information).

Fund Level:

Governmental fund balances totaled \$91 million, the Enterprise funds had a \$551,000 net asset deficit and there was a cumulative net asset surplus of \$8.4 million in the Internal Service Funds, of



City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2009

2. FINANCIAL HIGHLIGHTS, Continued

Fund Level, Continued

which \$4.3 million relates to the City's net investment in capital assets. Governmental fund revenues were \$76.7 million, while Governmental fund expenditures totaled \$91.4 million.

- Proprietary Fund operating revenues were \$2.0 million in the Enterprise Funds and \$757,000 in the Internal Service Funds.
- Proprietary Fund operating expenses were \$2.3 million in the Enterprise funds and \$1.1 million in the Internal Service Funds.
- Net non-operating revenues were \$54,000 in the Enterprise Funds and \$18,000 in the Internal Service Funds.



General Fund:

- General Fund revenues were \$62.8 million and expenditures were \$62.4 million.
- Net transfers out of the General Fund were \$2.2 million.
- The fund balance of the General Fund was \$31.6 million at June 30, 2009, all of which has been reserved or designated for contingencies, claims, encumbrances, advances to other funds and other City projects.

RDA Housing Special Revenue Fund:

- Fund revenues were \$215,000 and expenditures were \$1.5 million.
- Net transfers into Fund were \$878,000.
- The fund balance of the Fund was \$861,000 at June 30, 2009, all of which has been reserved for future affordable housing programs and projects.

Major Capital Project Funds:

- Revenues for the following major Capital Project Funds were as follows: Capital Investment Program \$608,000, Downtown Parking and Enhancement \$1.0 million, and Traffic Impact Mitigation \$374,000.
- Expenditures for the Capital Investment Program Fund were \$21.5 million, while expenditures for the Downtown Parking and Enhancement Fund were \$15,000.
- Net transfers in (out) were as follows: Capital Investment Program \$16.5 million, Parking Facilities (\$6.0 million) and Traffic Impact Mitigation Fund (\$1.3 million).

3. 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, 2009

3. 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*.

A. Governmental Activities

The City's net assets from governmental activities, representing the difference between total assets and total liabilities, were \$343 million at June 30, 2009, a decrease of \$1.2 million (< 1%) from the balance at June 30, 2008. This decrease resulted primarily from lower than expected sales tax revenues. The table below summarizes the City's net assets.

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

	<u>2008</u>	<u>2009</u>
Cash and investments	\$ 109.1	\$ 94.7
Other assets	23.0	24.5
Capital assets	236.5	248.3
Total assets	<u>368.6</u>	<u>367.5</u>
Current Liabilities	11.7	12.3
Non-Current Liabilities	12.7	12.2
Total liabilities	<u>24.4</u>	<u>24.5</u>
Net Assets		
Invested in capital assets, net of debt	228.0	241.8
Restricted	49.2	64.2
Unrestricted	67.0	37.0
Total net assets	<u>\$ 344.2</u>	<u>\$ 343.0</u>

A significant portion of the City's net assets (\$241.8 million or 71%) reflects its investment in capital assets (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 \$24.5 million represent obligations outstanding for operations, capital projects, deposits held for development projects and long-term debt.

The restricted portion of net assets at June 30, 2009 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.

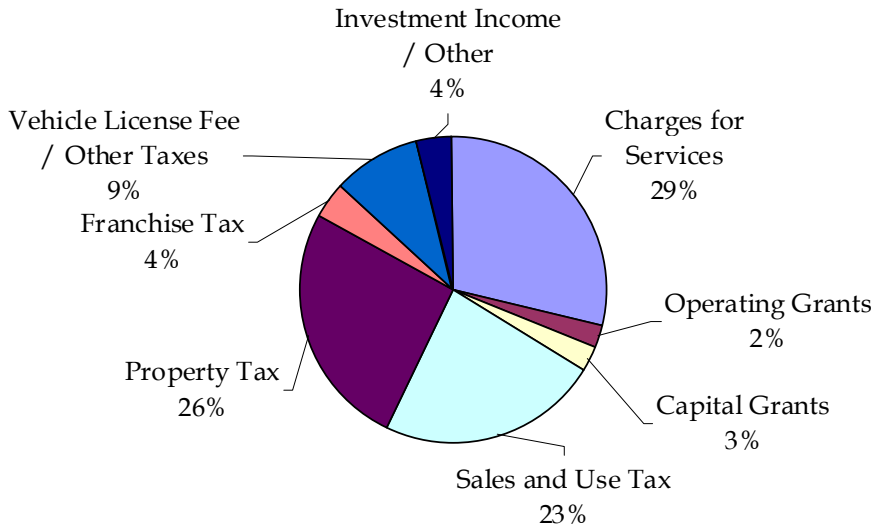


City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2009

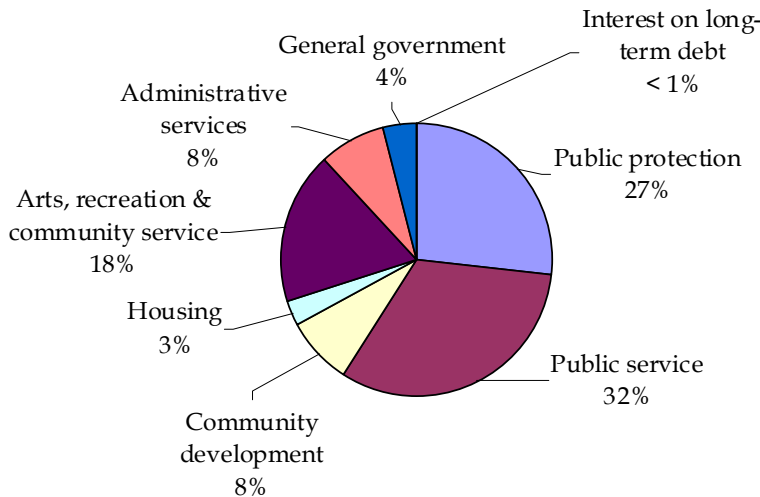
3. GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

The charts below summarize general City revenues available for funding all City programs and major expenditure program categories, as well as program revenues used to fund specific expenditure programs. For Fiscal Year 2008-2009, total revenues from all sources relating to governmental activities were \$80 million and total expenditures for all City programs relating to governmental activities were \$81 million. Existing reserves were used to fund \$1 million of the expenditures.

Sources of Revenues
 (excluding transfers to Business activities)



Sources of Expenses
 (by Governmental activity)





City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2009

3. GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

A. Governmental Activities, Continued

Expenses	2008	2009
Public protection	\$ 20.9	\$ 22.1
Public service	26.0	25.5
Community development	5.1	6.1
Housing	1.9	2.7
Arts, recreation & community service	14.1	14.4
Administrative services	5.4	6.3
General government	2.7	3.0
Interest on long-term debt	0.4	0.4
Total expenses	76.5	80.5
 Revenues		
Program revenues		
Charges for service	20.6	23.1
Operating contributions and grants	1.1	1.8
Capital grants	2.1	2.1
Total program revenues	23.8	27.0
General revenues		
Taxes:		
Sales and use	20.1	18.4
Property	19.5	20.7
Franchise	3.0	3.1
Other taxes	8.1	7.2
Miscellaneous	0.1	0.1
Investment income	4.1	3.0
Total general revenues	54.9	52.5
Total revenues	78.7	79.5
Excess (deficiency) before transfers	2.2	(1.0)
Transfers	0.1	-
Change in net assets - Governmental Activities	\$ 2.3	\$ (1.0)



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2009

3. GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

A. Governmental Activities, Continued

Table 2 shows that governmental expenses discussed above, which totaled \$80.5 million, were offset in part by program revenues for governmental activities of \$27.0 million. These program revenues included \$23.1 million in charges for services, \$1.8 million in operating grants and contributions, and \$2.1 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 are not allocable to programs, but are used to pay for the net cost of governmental programs.



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 (In Millions)

	Program Revenues		Net (Expense) Revenue	
	2008	2009	2008	2009
Public protection	\$ 2.3	\$ 2.9	\$ (18.6)	\$ (19.2)
Public service	3.2	3.4	(22.8)	(22.2)
Community development	3.2	4.0	(1.9)	(2.2)
Housing	1.5	3.3	(0.3)	0.6
Arts, recreation & community service	8.7	9.5	(5.5)	(4.8)
Administrative service	4.0	3.0	(1.4)	(3.3)
General government	0.9	0.9	(1.8)	(2.1)
Interest on long-term debt			(0.4)	(0.4)
Totals	\$ 23.8	\$ 27.0	\$ (52.7)	\$ (53.6)

B. Business-type Activities

The net deficit of business-type activities was \$552,000 at June 30, 2009. Assets included a total of \$927,000 in cash and investments, \$187,000 in receivables, \$2.3 million in capital assets and \$42,000 in other assets, offset by \$2.6 million in internal balances (representing the net amount due from business-type activities to governmental activities). Liabilities include \$1.0 million in long-term debt and \$373,000 in current liabilities. Operating revenues of business-type activities totaled \$2.0 million for fiscal year 2008-2009 while expenses totaled \$2.5 million.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2009

3. GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

B. Business-type Activities, Continued

Table 4
Business-Type Net Assets at June 30th
(In Millions)

	<u>2008</u>	<u>2009</u>
Cash and Investments	\$ 1.3	\$ 0.9
Other assets	(2.8)	(2.3)
Capital assets	2.3	2.3
Total assets	0.8	0.9
Long-term debt outstanding	1.2	1.0
Other liabilities	0.1	0.4
Total liabilities	1.3	1.4
Net Assets		
Invested in capital assets, net of debt	1.1	1.3
Restricted	0.1	
Unrestricted	(1.7)	(1.9)
Total net assets	\$ (0.5)	\$ (0.6)

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

	<u>2008</u>	<u>2009</u>
Expenses		
Golf Course and Clubhouse	2.2	2.5
Total expenses	2.2	2.5
Revenues		
Program revenues		
Charges for service	2.0	2.0
Capital grants	-	
Total program revenues	2.0	2.0
General revenues		
Investment income	0.1	0.2
Total general revenues	0.1	0.2
Total revenues	2.1	2.2
Excess (deficiency) before transfers	(0.1)	(0.3)
Transfers	(0.1)	
Change in net assets - Business-Type Activities	\$ (0.2)	\$ (0.3)



City of Walnut Creek

Management's Discussion and Analysis, Continued

For the year ended June 30, 2009

4. 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 Redevelopment Agency Housing Fund and three Capital Projects Funds; 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 Redevelopment Agency Housing 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, 2009

4. 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 eight internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the Supplemental Information section of this report.

Fiduciary Funds

The City is the agent for certain agencies and assessment districts, holding amounts collected which await payment as directed. The City's fiduciary activities are reported in the separate Statement of Fiduciary Net 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, 2009, the City's governmental fund balances were \$91.3 million, which is a decrease of \$13.7 million or 13% from the balance in the prior Fiscal Year. Of the net decreases,

- \$1.9 million of the decrease occurred in the General Fund, due to lower than expected sales and property taxes resulting from the downturn in the economy and housing market;
- \$396,000 of the decrease occurred in the Agency Housing Fund, due to expenditures incurred for new affordable housing projects;
- \$4.4 million of the (decrease) was in the Capital Investment Program Fund, due to expenditures incurred for the construction of the new library, street overlay and downtown roadways;
- \$5.0 million of the decrease was in the Downtown Parking and Enhancement Fund, due to contributions made for construction of the new library in addition to expenses incurred for installation of new parking stations in the downtown area;
- \$1.0 million of the decrease was in the Traffic Impact Mitigation Fund, due to contributions made for City roadway and timing signal projects, and;
- \$869,000 million of the decrease was in the City's other governmental funds, due to expenditures incurred for new affordable housing projects.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2009

4. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS, Continued

Summary Analysis of Governmental Funds, Continued

Table 6
Change in Fund Balance - Governmental Funds
(In Millions)

Expenses	2008	2009
Public protection	\$ 20.1	\$ 21.5
Public service	18.3	18.5
Community development	5.4	6.2
Housing	1.8	2.7
Arts, recreation & community services	14.0	14.2
Administrative services	5.4	6.2
General government	2.7	2.8
Capital Outlay	7.5	18.0
Debt Service	1.3	1.3
Total expenses	<u>76.5</u>	<u>91.4</u>
Revenues		
Taxes:		
Sales and use	20.1	18.5
Property	20.4	20.7
Business License	2.0	1.9
Franchise	3.0	3.2
Transient Occupancy	1.4	1.3
Other Taxes	2.4	2.0
Intergovernmental	2.2	4.1
Investment and Rental Income	5.9	4.7
Charges for services	12.1	12.3
Licenses, permits and fees	2.2	2.2
Fines, forfeitures and penalties	4.6	4.0
Other Revenue	1.2	1.8
Transfers	(0.2)	1.3
Total revenues	<u>77.3</u>	<u>78.0</u>



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2009

4. 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, 2009, total fund balance was \$31.6 million, which has been reserved or designated for contingencies, claims, encumbrances, advances to other funds and other City projects.

Revenues were \$2.1 million less in Fiscal Year 2008-2009 compared to last fiscal year, a change of -3%. Expenditures increased \$2.4 million in Fiscal Year 2008-2009 compared to last fiscal year, a change of approximately 4%. Significant changes in revenues and expenditures that affected the General Fund balances are discussed below:

Revenues

Sales Taxes decreased by \$1.5 million (8%) compared to the prior year resulting from declining auto and retail sales due to the downturn in the local economy.

Property and Other Taxes decreased \$208,000 (< 1%) from the prior year primarily due to a drop in transient occupancy taxes collected at the City's hotels, resulting from a decline in occupancy rates due to the downturn in the local economy.

Intergovernmental revenues declined by \$255,000 (29%) from Fiscal Year 2007-2008 due to a decrease in motor vehicle fees, resulting from decreased auto sales and a suspension of mandated cost reimbursements received from the State of California.

Investment and Rental Income revenues were approximately \$597,000 (14%) less than the prior fiscal year, due to significant reductions made by the Federal Reserve in market interest rates.

Charges for Services increased \$249,000 (2%) from Fiscal Year 2007-2008 due to increased collections in the Arts, Recreation and Community Services Department resulting from an increase in the City's fee schedule for these fees as well as continued strong ticket sales at the Leshner Theater.

Licenses, permits and fee revenues decreased \$20,000 (1%) compared to the prior fiscal year, due to the decrease in the number of building, plumbing, electrical and mechanical permits issued over the prior fiscal year.

Fines, forfeitures and penalties and Other Revenue increased \$233,000 (5%) from the prior fiscal year due to increased parking meter revenue, which resulted from a rate increase in effect for the full fiscal year.





City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2009

4. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS, Continued

Detailed Analysis of Major Governmental Funds by Fund, Continued

Expenditures

Public safety expenditures increased \$1.4 million (7%) from the prior year primarily due to increased personnel and benefit costs, partly resulting from the filling of positions that were vacant for part of the prior fiscal year, in addition to one-time capital expenses incurred during Fiscal Year 2008-2009.

Public service expenditures decreased \$117,000 (1%) compared to the prior year due to salary savings resulting from the freezing of vacant positions during Fiscal Year 2008-09, which was offset to some extent by cost of living and merit salary and benefit adjustments for existing employees.

Community development expenditures decreased \$103,000 (2%) from Fiscal Year 2007-2008. This decrease is attributable to the Community Director position and other staff positions being vacant for a portion of Fiscal Year 2008-09.

Arts, Recreation and Community services expenditures were \$324,000 (2%) more than the prior year due to increased salary and benefit costs and increased costs for professional and contract services, due to an overall increase in registrations for the arts and recreation programs and increased ticket sales at the Leshner Center. This was partially offset by salary savings resulting from the freezing of vacant positions during Fiscal Year 2008-09.

Administrative services expenditures increased \$720,000 (13%) due to increased salary and benefit costs, the filling of vacant positions in the Information Technology and Human Resources divisions, the transfer of the Risk Management division from General Government to Administrative Services, and increased costs of operations at the City's garages. These increases were partially offset by salary savings resulting from vacant positions in the reprographics and finance divisions and the transfer of the Mail division from Administrative Services to General Government.

General government expenditures increased \$124,000 (5%) over the prior fiscal year due to increased salary and benefit costs and the filling of a vacant position in the City Attorney division. These were partially offset by the net effect of the transfers of the Mail and Risk Management divisions noted above, and the elimination of the Youth Services division.

Agency Housing Special Revenue and Major Capital Project Funds

The Agency Housing Special Revenue Fund accounts for a required 20% of the tax increments received from the Agency's two project areas. As of June 30, 2009, its fund balance of \$861,000 was reserved for future housing projects and programs. The fund balance decreased by \$396,000 due to additional expenditures incurred for new housing projects.



City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2009

4. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS, Continued

The Downtown Parking and Enhancement Fund accounts for receipts from parking meter revenues, to be used for funding improvements to the downtown and to the City's parking garages. As of June 30, 2009, its fund balance of \$1.6 million is designed for use on parking and downtown enhancement projects. The fund balance decreased by \$5.0 million due to contributions made for a parking garage at the new library and implementation of parking stations in the downtown.

The Capital Investment Program Fund accounts for funds used for capital improvements and significant maintenance projects. As of June 30, 2009, its fund balance of \$27.7 million is reserved for use on current projects. The fund balance decreased by \$4.4 million in Fiscal Year 2008-2009 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 funded during Fiscal Year 2008-2009 are listed below:

- Design and Construction of New Library
- Street Overlay and Slurry Seal
- Treat Roadway Rehabilitation
- Heather Farm Irrigation Repair
- Adaptive Signal Timing on Ygnacio Valley Boulevard
- Rudgear Retaining Wall
- North San Carlos Bridge Repair
- Clarke Pool Pump Replacement
- Upgrade of City data and telecommunication systems
- Upgrades to Boundary Oak Golf Course / Clubhouse



The Traffic Impact Mitigation Fund accounts for receipts and expenditures from fees imposed on developers to pay for transportation improvements. As of June 30, 2009, its fund balance comprised of \$4.3 million reserved for use on future street construction projects. The fund balance decreased by \$951,000 due to contributions made for traffic improvements included as part of the construction of the new library.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2009

4. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS, Continued

Summary Analysis of Proprietary Funds

As if June 30, 2009, the City's Proprietary Funds had a net deficit balance of \$552,000, a decrease of \$300,000 from the prior fiscal year.

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

	<u>2008</u>	<u>2009</u>
Operating Revenues	\$ 2.0	\$ 2.0
Operating Expenses	\$ 2.1	\$ 2.3
Operating Income (Loss)	<u>\$ (0.1)</u>	<u>\$ (0.3)</u>
Non-Operating Revenues (Expenses)	\$ -	\$ -
Net income (loss) before contributions and operating transfers	<u>\$ (0.1)</u>	<u>\$ (0.3)</u>
Capital contributions	\$ -	\$ -
Transfers in (out)	\$ (0.1)	
Change in net assets	<u>\$ (0.2)</u>	<u>\$ (0.3)</u>

Golf and Clubhouse Funds

These funds accounts for the operations of the City's Boundary Oak Golf Course and Clubhouse. Net assets of these funds decreased \$300,000 at the end of Fiscal Year 2008-2009, resulting from the current year allocation of depreciation expense for the existing capital assets at the golf course and clubhouse and startup costs resulting from the selection of a new operator for the Clubhouse. Of the total net assets, \$1.3 million was invested in capital assets, net of related debt. Long-term advances from the General Fund and Golf Course - City Administration Fund finance the deficit in the Clubhouse - City Administration Fund and Boundary Oak - Onsite Contract Operations Fund, to be paid back from future anticipated revenues of the Golf Course and Clubhouse.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2009

5. BUDGETARY HIGHLIGHTS OF THE CITY'S GOVERNMENTAL FUNDS

Over the course of the year, the City Council revised the City budget with adjustments that fall into one of the following three categories:

- Changes made to adjust appropriations among capital projects
- Changes made in the mid-cycle report to adjust revenues and augment current year appropriations
- Other revenue and expenditure adjustments approved after the original budget was adopted.



After taking into account these adjustments, General Fund actual revenues were less than the final budget by \$2.7 million (4%), due to lower than expected sales, property, business license, transient occupancy and motor vehicle taxes. These decreases were partially offset by higher than expected revenue in charges and services received from Arts Recreation and Community Development. General Fund actual expenditures were \$5.7 million under their final budget (8%), due to salary and benefit savings resulting from frozen positions resulting from staff vacancies, lower than expected insurance premiums and the carryover of various projects (including new development) to Fiscal Year 2009-2010.

6. 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.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2009

At June 30, 2009 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 30th
(In Millions)

	<u>2008</u>	<u>2009</u>
Governmental activities		
Land	\$ 47.8	\$ 47.8
Construction in progress	10.7	25.3
Building and improvements	101.1	101.5
Machinery and Equipment	5.9	7.7
Vehicles	7.4	7.8
Infrastructure	186.3	189.2
Less accumulated depreciation	(122.7)	(131.0)
Totals	<u><u>236.5</u></u>	<u><u>248.3</u></u>
Business activities		
Land	1.3	1.3
Buildings	2.0	2.1
Improvements	2.3	2.3
Equipment & Software	0.1	0.2
Less accumulated depreciation	(3.4)	(3.6)
Totals	<u><u>\$ 2.3</u></u>	<u><u>\$ 2.3</u></u>

At June 30, 2009 the City had \$248.3 million, net of depreciation, invested in a broad range of capital assets used in governmental activities and \$2.3 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.



City of Walnut Creek
Management's Discussion and Analysis, Continued
For the year ended June 30, 2009

6. CAPITAL ASSETS AND LONG TERM DEBT, Continued

Long Term Debt

At June 30, 2009 the City's debt comprised of the following:

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

	<u>2008</u>	<u>2009</u>
Governmental activities		
Capital Lease Obligation	\$ -	\$ 0.7
Tax Allocation bonds (Rated Baa1 by Moody's)	8.5	7.6
Total governmental debt	8.5	8.3
Business-type activities		
Lease Revenue Bonds (Rated A1 by Moody's)	1.2	1.1
Total business-type debt	1.2	1.1
Total debt	\$ 9.7	\$ 9.4

The City has made all required debt service payments on the issues listed above. Additional information on outstanding debt may be found in Note 7 to the Basic Financial Statements.

7. ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The City's budget for 2009-2010 reflects the conditions of the local economy, which is anticipated to continue to be weak throughout that Fiscal Year. In spite of the current condition of the economy, the City is able to present a balanced budget and maintain adequate reserves for the General Fund for Fiscal Year 2009-2010, through a combination of measures, including:

- Negotiating cost savings with outside vendors for liability insurance and benefits;
- Increasing charges for services to more nearly reflect actual costs;
- Using capital leases to spread payments for major equipment purchases over multiple years;
- Leaving selected positions unfilled;
- Using carryover savings from prior fiscal years, and;
- Negotiating new labor agreements with employees, resulting in reduced compensation costs





City of Walnut Creek Management's Discussion and Analysis, Continued For the year ended June 30, 2009

7. ECONOMIC OUTLOOK AND MAJOR INITIATIVES, Continued

As part of the City's adopted budgets for Fiscal Years 2008-2009 and 2009-2010, City Council adopted a number of significant goals, including the following:

- Identify and implement City and community efforts to enhance environmental sustainability
- Continue to enhance the vitality of downtown
- Oversee a comprehensive cost allocation, fees and charges study
- Redesign the City's website for ease of use, accessibility and additional new features
- Oversee the selection of a new operator for the City's Boundary Oak Golf Course and Clubhouse
- Adopt the Locust Street / Mount Diablo Boulevard Area Specific Plan
- Complete review of the BART Transit Center Village and Neiman Marcus Projects
- Create Internet access to the City's Geographic Information System
- Implement a new volunteer coordinator position for the Police Department
- Develop a comprehensive, ten-year Capital Investment Program
- Continue implementation of parking pay stations in the Downtown

Major Capital Projects funded for fiscal year 2008-2009 and 2009-2010 include work on the following projects:

- Construction of New Downtown Library and parking garage
- Geary Road Reconstruction
- Residential Slurry Seal and Overlay
- Adaptive Signal Timing - Ygnacio Valley Road
- Major Roadway Reconstruction
- Treat Boulevard Roadway Rehabilitation
- Rudgear Road Retaining Wall
- Buena Vista / Parkside Intersection Improvements
- Civic Park East / Creekwalk Improvements
- Needs Assessment for Heather Farm Swim Center
- Upgrade of City's data and telecommunication systems and ticketing systems in parking garages



Primary funding sources for these projects include one time grants, Measure C, State Traffic Congestion Relief and gas tax monies, impact fees received from new development, General Fund contributions and reserves set aside for the library.

8. 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 Department, 1666 North Main Street, Walnut Creek, California 94596. A copy of this financial report is also located at the City's website at <http://www.walnut-creek.org>, by selecting "Budget" in the "Quick Links" section and then selecting "Other Financial Reports".



BASIC FINANCIAL STATEMENTS

LIME RIDGE OPEN SPACE / VETERANS MEMORIAL PLAZA





GOVERNMENT-WIDE FINANCIAL STATEMENTS



PEOPLE AND PLACES OF THE CITY

AFFORDABLE HOUSING / CITY STAFF





City of Walnut Creek

Statement of Net Assets

June 30, 2009

(With comparative information for the prior year)

	Governmental Activities	Business-Type Activities	Totals	
			2009	2008
ASSETS				
Current assets:				
Cash and investments (Note 2)	\$ 93,610,880	\$ 763,158	\$ 94,374,038	\$ 109,108,970
Cash and investments with fiscal agents (Note 2)	1,126,095	163,704	1,289,799	1,300,604
Receivables:				
Accounts	2,043,992	182,522	2,226,514	2,037,527
Taxes	3,633,829	-	3,633,829	4,410,388
Due from other governments	1,147,011	-	1,147,011	1,281,594
Interest	331,694	4,435	336,129	805,272
Total current assets	<u>101,893,501</u>	<u>1,113,819</u>	<u>103,007,320</u>	<u>118,944,355</u>
Noncurrent assets:				
Notes and loans receivable (Note 3)	14,174,718	-	14,174,718	11,147,731
Inventory of materials and supplies	304,936	31,739	336,675	304,118
Prepaid items (Note 1N)	297,006	9,797	306,803	195,302
Internal balances, long-term	2,588,448	(2,588,448)	-	-
Capital assets (Note 6):				
Nondepreciable	73,109,122	1,337,396	74,446,518	59,826,668
Depreciable	306,148,253	4,522,376	310,670,629	305,039,578
Accumulated depreciation	(130,985,111)	(3,571,013)	(134,556,124)	(126,078,131)
Total capital assets	<u>248,272,264</u>	<u>2,288,759</u>	<u>250,561,023</u>	<u>238,788,115</u>
Total noncurrent assets	<u>265,637,372</u>	<u>(258,153)</u>	<u>265,379,219</u>	<u>250,435,266</u>
Total assets	<u>367,530,873</u>	<u>855,666</u>	<u>368,386,539</u>	<u>369,379,621</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	3,908,866	180,547	4,089,413	3,844,314
Accrued payroll	1,739,086	5,356	1,744,442	1,579,219
Refundable deposits	1,107,866	19,144	1,127,010	1,521,460
Unearned revenue (Note 4)	2,265,461	67,467	2,332,928	1,788,559
Interest payable	139,018	-	139,018	152,661
Claims payable due in one year (Note 10)	1,740,642	-	1,740,642	1,838,666
Compensated absences due in one year (Note 8)	316,438	-	316,438	44,253
Long-term debt due in one year (Note 7)	1,102,714	100,000	1,202,714	1,005,594
Total current liabilities	<u>12,320,091</u>	<u>372,514</u>	<u>12,692,605</u>	<u>11,774,726</u>
Noncurrent liabilities:				
Claims payable due in more than one year (Note 10)	2,088,621	-	2,088,621	2,185,901
Compensated absences due in more than one year (Note 8)	3,002,259	-	3,002,259	2,952,015
Long-term debt due in more than one year (Note 7)	7,158,077	1,035,000	8,193,077	8,719,161
Total noncurrent liabilities	<u>12,248,957</u>	<u>1,035,000</u>	<u>13,283,957</u>	<u>13,857,077</u>
Total liabilities	<u>24,569,048</u>	<u>1,407,514</u>	<u>25,976,562</u>	<u>25,631,803</u>
NET ASSETS				
Invested in capital assets, net of related debt	241,814,198	1,317,463	243,131,661	230,363,964
Restricted for:				
Capital projects	44,823,935	-	44,823,935	62,248,912
Community development	19,305,765	-	19,305,765	7,802,093
Total restricted net assets	<u>64,129,700</u>	<u>-</u>	<u>64,129,700</u>	<u>70,051,005</u>
Unrestricted net assets (deficit)	37,017,927	(1,869,311)	35,148,616	43,332,849
Total net assets (deficit)	<u>\$ 342,961,825</u>	<u>\$ (551,848)</u>	<u>\$ 342,409,977</u>	<u>\$ 343,747,818</u>

See accompanying Notes to Basic Financial Statements.



City of Walnut Creek
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2009
 (With comparative information for the prior year)

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
Public protection	\$ 22,070,859	\$ 2,370,596	\$ 249,569	\$ 276,919	\$ 2,897,084
Public service	25,548,474	2,366,826	-	1,047,181	3,414,007
Community development	6,117,841	2,878,442	1,100,764	-	3,979,206
Housing	2,744,309	2,767,216	484,465	-	3,251,681
Arts, recreation & community services	14,364,387	9,519,335	-	-	9,519,335
Administrative services	6,326,034	2,264,812	-	750,000	3,014,812
General government	2,986,144	831,868	-	-	831,868
Interest on long-term debt	369,667	-	-	-	-
Total governmental activities	80,527,715	22,999,095	1,834,798	2,074,100	26,907,993
Business-type activities:					
Golf Course and Clubhouse	2,474,725	1,973,869	-	-	1,973,869
Total business-type activities	2,474,725	1,973,869	-	-	1,973,869
Total primary government	\$ 83,002,440	\$ 24,972,964	\$ 1,834,798	\$ 2,074,100	\$ 28,881,862

General revenues:

Taxes:

- Sales and use
- Property
- Franchise
- Other taxes

Total taxes

Investment income

Other revenue

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning of year, as restated (Note 16)

Net assets - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Totals	
		2009	2008
\$ (19,173,775)	\$ -	\$ (19,173,775)	\$ (18,623,784)
(22,134,467)	-	(22,134,467)	(22,791,477)
(2,138,635)	-	(2,138,635)	(1,878,424)
507,372	-	507,372	(331,128)
(4,845,052)	-	(4,845,052)	(5,490,525)
(3,311,222)	-	(3,311,222)	(1,453,379)
(2,154,276)	-	(2,154,276)	(1,773,133)
(369,667)	-	(369,667)	(405,413)
(53,619,722)	-	(53,619,722)	(52,747,263)
-	(500,856)	(500,856)	(192,953)
-	(500,856)	(500,856)	(192,953)
(53,619,722)	(500,856)	(54,120,578)	(52,940,216)
18,472,616	-	18,472,616	20,060,618
20,714,994	-	20,714,994	19,488,146
3,156,939	-	3,156,939	3,004,523
7,155,807	-	7,155,807	8,079,967
49,500,356	-	49,500,356	50,633,254
3,021,062	183,442	3,204,504	4,206,164
52,520	25,357	77,877	171,446
7,746	(7,746)	-	-
52,581,684	201,053	52,782,737	55,010,864
(1,038,038)	(299,803)	(1,337,841)	2,070,648
343,999,863	(252,045)	343,747,818	341,677,170
\$ 342,961,825	\$ (551,848)	\$ 342,409,977	\$ 343,747,818

CITY PARKS / BORGES RANCH





GOVERNMENTAL FUND FINANCIAL STATEMENTS

The funds described below were determined to be Major Funds by the City in fiscal year 2008-2009.

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

Special Revenue Fund:

RDA Housing accounts for redevelopment property tax increments, which must be set aside for low and moderate income housing.

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, 2009
(With comparative information for the prior year)

	General Fund	Special Revenue	Capital Project Funds	
		RDA Housing	Capital Investment Program	Downtown Parking and Enhancement
ASSETS				
Current:				
Cash and investments (Note 2)	\$ 51,261,063	\$ 852,549	\$ 919,877	\$ 7,006,657
Cash and investments with fiscal agents (Note 2)	-	-	-	-
Accounts receivable	1,919,063	10,000	-	-
Taxes receivable	3,633,829	-	-	-
Interest receivable	175,505	2,876	3,253	26,223
Prepaid items (Note 1N)	297,006	-	-	-
Due from other governments	-	-	-	-
Due from other funds (Note 5)	196,031	-	30,522,576	-
Notes and loans receivable (Note 3)	-	6,708,971	-	-
Inventory of materials and supplies (Note 1N)	304,936	-	-	-
Advances to other funds (Note 5)	3,039,586	-	-	-
Total assets	\$ 60,827,019	\$ 7,574,396	\$ 31,445,706	\$ 7,032,880
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and other accrued liabilities	\$ 1,273,364	\$ 1,338	\$ 2,355,282	\$ 213
Accrued payroll	1,637,585	2,813	59,162	-
Due to other funds (Note 5)	23,893,372	-	466,920	5,439,598
Refundable deposits	1,107,866	-	-	-
Deferred revenue (Note 4)	1,346,443	6,708,971	866,571	-
Advances from other funds (Note 5)	-	-	-	-
Total liabilities	29,258,630	6,713,122	3,747,935	5,439,811
Fund Balances (Note 9):				
Total reserved	4,276,972	861,274	8,313,367	-
Unreserved:				
Total designated	27,291,417	-	-	-
Undesignated, reported in:				
Special Revenue Funds	-	-	-	-
Capital Project Funds	-	-	19,384,404	1,593,069
Total unreserved	27,291,417	-	19,384,404	1,593,069
Total fund balances	31,568,389	861,274	27,697,771	1,593,069
Total liabilities and fund balances	\$ 60,827,019	\$ 7,574,396	\$ 31,445,706	\$ 7,032,880

See accompanying Notes to Basic Financial Statements.

Traffic Impact Mitigation	Non-major Governmental Funds	Total Governmental Funds	
		2009	2008
\$ 5,428,731	\$ 28,142,003	\$ 93,610,880	\$ 107,993,487
-	1,126,095	1,126,095	1,135,505
-	114,929	2,043,992	1,937,772
-	-	3,633,829	4,410,388
20,999	102,838	331,694	792,509
-	-	297,006	195,302
-	1,147,011	1,147,011	1,281,594
-	-	30,718,607	11,411,812
-	7,465,747	14,174,718	11,147,731
-	-	304,936	304,118
-	-	3,039,586	3,474,280
<u>\$ 5,449,730</u>	<u>\$ 38,098,623</u>	<u>\$ 150,428,354</u>	<u>\$ 144,084,498</u>

\$ -	\$ 188,453	\$ 3,818,650	\$ 3,758,560
-	39,526	1,739,086	1,576,524
1,115,629	4,651,832	35,567,351	18,448,006
-	-	1,107,866	1,521,460
-	7,473,661	16,395,646	13,156,383
-	451,138	451,138	617,323
<u>1,115,629</u>	<u>12,804,610</u>	<u>59,079,737</u>	<u>39,078,256</u>
-	1,136,095	14,587,708	12,306,951
-	-	27,291,417	8,100,000
-	13,587,363	13,587,363	12,485,586
4,334,101	10,570,555	35,882,129	23,836,155
<u>4,334,101</u>	<u>24,157,918</u>	<u>76,760,909</u>	<u>92,699,291</u>
<u>4,334,101</u>	<u>25,294,013</u>	<u>91,348,617</u>	<u>105,006,242</u>
<u>\$ 5,449,730</u>	<u>\$ 38,098,623</u>	<u>\$ 150,428,354</u>	<u>\$ 144,084,498</u>

TRAFFIC CONTROL OPERATIONS





City of Walnut Creek
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2009

Total Fund Balances - Total Governmental Funds \$ 91,348,617

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	73,109,122
Depreciable, net	170,844,332

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet. (139,018)

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. 14,130,185

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. 8,400,708

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	(1,740,642)
Compensated absences payable	(316,438)
Long-term debt	(945,594)

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

Claims and judgments payable	(2,088,621)
Compensated absences payable	(3,002,259)
Long-term debt	(6,638,567)

Net Assets of Governmental Activities **\$ 342,961,825**

See accompanying Notes to Basic Financial Statements.



City of Walnut Creek
Statement of Revenues, Expenditures and Changes in Fund Balances
Major Governmental Funds
For the Year Ended June 30, 2009
(With comparative information for the prior year)

	General Fund	Special Revenue	Capital Project Funds	
		RDA Housing	Capital Investment Program	Downtown Parking and Enhancement
REVENUES:				
Taxes:				
Sales and use	\$ 17,789,737	\$ -	\$ -	\$ -
Property	16,197,198	-	-	-
Business license	1,948,060	-	-	-
Franchise	3,156,939	-	-	-
Transient Occupancy Tax	1,244,223	-	-	-
Other	333,193	-	-	-
Intergovernmental	616,670	-	586,076	-
Investment and rental income	3,600,761	44,450	21,799	179,260
Charges for services	11,951,033	-	-	-
Licenses, permits and fees	1,394,571	-	-	836,000
Fines, forfeitures and penalties	3,832,689	-	-	-
Other revenue	750,000	170,393	-	-
Total revenues	62,815,074	214,843	607,875	1,015,260
EXPENDITURES:				
Current:				
Public protection	21,502,616	-	-	-
Public service	12,919,057	-	3,462,029	15,002
Community development	5,150,301	-	11,966	-
Housing	-	1,489,255	-	-
Arts, Recreation and Community Services	13,952,707	-	-	-
Administrative services	6,092,394	-	85,405	-
General government	2,824,349	-	-	-
Capital outlay:				
Public ways and facilities	-	-	17,957,680	-
Debt service:	-	-	-	-
Principal retirement (Note 7)	-	-	-	-
Interest, fiscal charges and issuance costs	-	-	-	-
Total expenditures	62,441,424	1,489,255	21,517,080	15,002
REVENUES OVER (UNDER) EXPENDITURES	373,650	(1,274,412)	(20,909,205)	1,000,258
OTHER FINANCING SOURCES (USES) (Note 5):				
Transfers in	1,792,264	878,181	17,338,548	60,752
Transfers out	(4,026,086)	-	(814,560)	(6,018,628)
Total other financing sources (uses)	(2,233,822)	878,181	16,523,988	(5,957,876)
Net change in fund balances	(1,860,172)	(396,231)	(4,385,217)	(4,957,618)
FUND BALANCES:				
Beginning of the year as restated (Note 16):	33,428,561	1,257,505	32,082,988	6,550,687
End of the year	<u>\$ 31,568,389</u>	<u>\$ 861,274</u>	<u>\$ 27,697,771</u>	<u>\$ 1,593,069</u>

See accompanying Notes to Basic Financial Statements.

Traffic Impact Mitigation	Non-major Governmental Funds	Total Governmental Funds	
		2009	2008
\$ -	\$ 682,879	\$ 18,472,616	\$ 20,060,619
-	4,517,796	20,714,994	20,362,527
-	-	1,948,060	2,024,041
-	-	3,156,939	3,004,523
-	-	1,244,223	1,453,869
-	1,701,210	2,034,403	2,355,998
-	2,896,957	4,099,703	2,245,219
146,463	727,409	4,720,142	5,933,954
-	339,372	12,290,405	12,057,554
-	-	2,230,571	2,214,703
-	196,590	4,029,279	3,310,388
227,812	630,922	1,779,127	2,496,141
374,275	11,693,135	76,720,462	77,519,536
-	20,024	21,522,640	20,083,360
-	2,081,106	18,477,194	18,287,663
-	1,062,326	6,224,593	5,397,259
-	1,255,054	2,744,309	1,871,343
-	265,902	14,218,609	14,038,213
-	-	6,177,799	5,372,403
-	1,960	2,826,309	2,700,494
-	-	17,957,680	7,501,041
-	-	-	-
-	905,000	905,000	870,000
-	388,904	388,904	422,739
-	5,980,276	91,443,037	76,544,515
374,275	5,712,859	(14,722,575)	975,021
75,000	2,434,382	22,579,127	10,338,766
(1,400,000)	(9,016,393)	(21,275,667)	(10,482,269)
(1,325,000)	(6,582,011)	1,303,460	(143,503)
(950,725)	(869,152)	(13,419,115)	831,518
5,284,826	26,163,165	104,767,732	104,174,724
\$ 4,334,101	\$ 25,294,013	\$ 91,348,617	\$ 105,006,242

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, 2009

Net Change in Fund Balances - Total Governmental Funds	\$ (13,419,115)
---	------------------------

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.

	(8,052,013)
--	-------------

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.

	18,458,598
--	------------

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.

	(1,424)
--	---------

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.

	2,761,466
--	-----------

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	905,000
---------------------------	---------

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.

	5,594
--	-------

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.

	13,643
--	--------

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.

	(127,125)
--	-----------

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.

	(1,582,662)
--	-------------

Change in Net Assets of Governmental Activities	\$ (1,038,038)
--	-----------------------

See accompanying Notes to Basic Financial Statements.



PROPRIETARY FUND FINANCIAL STATEMENTS

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

Enterprise Funds:

The *Golf Course - City Administration Fund* accounts for the City administration of the Boundary Oaks Golf Course and capital improvements made to the golf course, including any related debt service. In addition, for fiscal year 2008-09, it accounted for the daily operations of the golf course (excluding the clubhouse). Beginning July 1, 2009, the daily operations of the golf course will be accounted for in the "Boundary Oak, Onsite Contract Operations" fund, resulting from the transition to a new third party operator for the golf course.

The *Clubhouse - City Administration Fund* accounts for the City administration of the Boundary Oaks Clubhouse and capital improvements made to the clubhouse, including any related debt service. During fiscal year 2008-09, the City transitioned the operations of the clubhouse to a new third party operator and began accounting for these operations starting in February 2009 in the "Boundary Oak - Onsite Contract Operations" fund.

The *Boundary Oak - Onsite Contract Operations* accounts for clubhouse operations run by a third party operator for the Boundary Oak Golf Course. In addition, beginning July 1, 2009, the daily operations of the golf course will also be accounted for in this fund.

Internal Service Funds:

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



City of Walnut Creek
Statement of Net Assets
Major Proprietary Funds
June 30, 2009

(With comparative information for the prior year)

	Business-type Activities - Enterprise Funds			
	Golf Course - City Administration	Clubhouse - City Administration	Boundary Oak - Onsite Contract Operations	Total
ASSETS				
Current assets:				
Cash and investments (Note 2)	\$ 359,417	\$ 136,065	\$ 267,676	\$ 763,158
Cash with fiscal agent (Note 2)	163,704	-	-	163,704
Total cash	523,121	136,065	267,676	926,862
Accounts receivable	177,418	862	4,242	182,522
Interest receivable	3,739	696	-	4,435
Inventory of materials & supplies	-	-	31,739	31,739
Prepaid items	-	-	9,797	9,797
Due from other funds (Note 5)	-	-	-	-
Total current assets	704,278	137,623	313,454	1,155,355
Advances to other funds (Note 5)	367,635	-	-	367,635
Capital assets (Note 6):				
Nondepreciable	1,277,396	60,000	-	1,337,396
Depreciable	3,054,874	1,467,502	-	4,522,376
Accumulated depreciation	(2,506,234)	(1,064,779)	-	(3,571,013)
Total capital assets	1,826,036	462,723	-	2,288,759
Total noncurrent assets	2,193,671	462,723	-	2,656,394
Total assets	2,897,949	600,346	313,454	3,811,749
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	49,293	22,399	108,855	180,547
Accrued payroll	5,025	331	-	5,356
Due to other funds (Note 5)	-	-	-	-
Long term debt - due in one year (Note 7)	100,000	-	-	100,000
Total current liabilities	154,318	22,730	108,855	285,903
Noncurrent liabilities:				
Refundable deposits	-	-	19,144	19,144
Deferred revenue	67,467	-	-	67,467
Advances from other funds (Note 5)	-	2,650,283	305,800	2,956,083
Long term debt - due in more than one year (Note 7)	1,035,000	-	-	1,035,000
Total noncurrent liabilities	1,102,467	2,650,283	324,944	4,077,694
Total liabilities	1,256,785	2,673,013	433,799	4,363,597
NET ASSETS				
Invested in capital assets, net of related debt	854,740	462,723	-	1,317,463
Unrestricted net assets (deficit)	786,424	(2,535,390)	(120,345)	(1,869,311)
Total net assets (deficit)	\$ 1,641,164	\$ (2,072,667)	\$ (120,345)	\$ (551,848)

See accompanying Notes to Basic Financial Statements.

Governmental Activities	Total Proprietary Funds	
	Internal	
	Service Funds	
	2009	2008
\$ -	\$ 763,158	\$ 1,115,483
-	163,704	165,099
-	926,862	1,280,582
-	182,522	99,755
-	4,435	12,763
-	31,739	-
-	9,797	-
6,882,400	6,882,400	-
6,882,400	8,037,755	1,393,100
-	367,635	7,772,652
-	1,337,396	1,337,396
9,581,080	14,103,456	12,257,260
(5,262,270)	(8,833,283)	(8,354,834)
4,318,810	6,607,569	5,239,822
4,318,810	6,975,204	13,012,474
11,201,210	15,012,959	14,405,574
90,216	270,763	85,754
-	5,356	2,695
2,033,656	2,033,656	644,611
157,120	257,120	95,000
2,280,992	2,566,895	828,060
-	19,144	-
-	67,467	895
-	2,956,083	2,948,804
519,510	1,554,510	1,135,000
519,510	4,597,204	4,084,699
2,800,502	7,164,099	4,912,759
4,318,810	5,636,273	4,174,921
4,081,898	2,212,587	5,317,894
\$ 8,400,708	\$ 7,848,860	\$ 9,492,815



City of Walnut Creek
Statement of Revenues, Expenses and Changes in Fund Net Assets
Major Proprietary Funds
For the Year Ended June 30, 2009
(With comparative information for the prior year)

	Business-type Activities - Enterprise Funds			Total
	Golf Course - City Administration	Clubhouse - City Administration	Boundary Oak - Onsite Contract Operations	
OPERATING REVENUES:				
Charges for services	\$ 1,662,615	\$ 36,638	\$ 274,616	\$ 1,973,869
Other revenue	-	-	25,357	25,357
Total operating revenues	1,662,615	36,638	299,973	1,999,226
OPERATING EXPENSES:				
Supplies and services	1,675,544	35,317	417,231	2,128,092
Repairs and maintenance	3,643	53,334	3,087	60,064
Depreciation and amortization	102,821	54,569	-	157,390
Total operating expenses	1,782,008	143,220	420,318	2,345,546
OPERATING INCOME (LOSS)	(119,393)	(106,582)	(120,345)	(346,320)
NONOPERATING REVENUES (EXPENSES):				
Investment and rental income	176,677	6,765	-	183,442
Interest and related expenses	(129,179)	-	-	(129,179)
Gain (loss) on sale of capital assets	-	-	-	-
Total nonoperating revenues (expenses)	47,498	6,765	-	54,263
Net income (loss) before contributions and operating transfers	(71,895)	(99,817)	(120,345)	(292,057)
Capital contributions	-	-	-	-
Transfers in (Note 5)	3,504	-	-	3,504
Transfers (out) (Note 5)	(5,625)	(5,625)	-	(11,250)
Change in net assets	(74,016)	(105,442)	(120,345)	(299,803)
NET ASSETS:				
Beginning of the year as restated (Note 16)	1,715,180	(1,967,225)	-	(252,045)
End of the year	\$ 1,641,164	\$ (2,072,667)	\$ (120,345)	\$ (551,848)

See accompanying Notes to Basic Financial Statements.

Governmental		
Activities		
Internal	Total Proprietary Funds	
Service Funds	2009	2008
\$ 757,330	\$ 2,731,199	\$ 2,757,959
-	25,357	50
757,330	2,756,556	2,758,009
113,176	2,241,268	1,894,157
295,262	355,326	278,096
703,975	861,365	863,068
1,112,413	3,457,959	3,035,321
(355,083)	(701,403)	(277,312)
-	183,442	53,585
(6,945)	(136,124)	(63,708)
25,206	25,206	15,383
18,261	72,524	5,260
(336,822)	(628,879)	(272,052)
49,874	49,874	73,844
851,395	854,899	275,046
(2,147,109)	(2,158,359)	(131,543)
(1,582,662)	(1,882,465)	(54,705)
9,983,370	9,731,325	9,547,520
\$ 8,400,708	\$ 7,848,860	\$ 9,492,815



City of Walnut Creek
Statement of Cash Flows
Major Proprietary Funds
For the Year Ended June 30, 2009
(With comparative information for the prior year)

	Business-type Activities - Enterprise Funds			Total
	Golf Course - City Administration	Clubhouse - City Administration	Boundary Oak - Onsite Contract Operations	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 1,531,890	\$ 88,838	\$ 295,731	\$ 1,916,459
Payments to suppliers	(1,548,841)	(59,726)	(352,999)	(1,961,566)
Payments to employees	(116,843)	(8,375)	-	(125,218)
Internal activity - receipts from (payments to) other funds	(334,285)	(60,011)	305,800	(88,496)
Other receipts	66,572	-	19,144	85,716
Net cash provided (used) by operating activities	(401,507)	(39,274)	267,676	(173,105)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	3,504	-	-	3,504
Transfers out	(5,625)	(5,625)	-	(11,250)
Net cash provided by operating activities	(2,121)	(5,625)	-	(7,746)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(58,689)	(81,771)	-	(140,460)
Proceeds from the sale of capital assets	-	-	-	-
Interest paid on debt	(129,179)	-	-	(129,179)
Principal paid on long-term debt	(95,000)	-	-	(95,000)
Proceeds from capital lease	-	-	-	-
Net cash (used) by capital and related financing activities	(282,868)	(81,771)	-	(364,639)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income received	183,735	8,035	-	191,770
Net cash provided by investing activities	183,735	8,035	-	191,770
Net increase (decrease) in cash and cash equivalents	(502,761)	(118,635)	267,676	(353,720)
CASH AND INVESTMENTS:				
Beginning of the year	1,025,882	254,700	-	1,280,582
End of the year	\$ 523,121	\$ 136,065	\$ 267,676	\$ 926,862
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) OPERATING ACTIVITIES				
Operating (loss)	\$ (119,393)	\$ (106,582)	\$ (120,345)	\$ (346,320)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:				
Depreciation	102,821	54,569	-	157,390
Changes in assets and liabilities:				
Accounts receivable	(130,725)	52,200	(4,242)	(82,767)
Inventory / prepaid items	-	-	(41,536)	(41,536)
Due from other funds	(334,285)	(60,011)	305,800	(88,496)
Accounts payable and accrued liabilities	11,173	20,219	108,855	140,247
Salaries and wages payable	2,330	331	-	2,661
Due to other funds	-	-	-	-
Deposits payable	-	-	19,144	19,144
Deferred revenue	66,572	-	-	66,572
Net cash provided (used) by operating activities	\$ (401,507)	\$ (39,274)	\$ 267,676	\$ (173,105)
Noncash items:				
Capital Contributions	\$ -	\$ -	\$ -	\$ -

See accompanying Notes to Basic Financial Statements.

Governmental		
Activities		
Internal	Total Proprietary Funds	
Service Funds	2009	2008
\$ 757,330	\$ 2,673,789	\$ 1,980,364
(363,676)	(2,325,242)	(2,104,343)
-	(125,218)	(58,796)
2,245,947	2,157,451	1,035,192
-	85,716	920
<u>2,639,601</u>	<u>2,466,496</u>	<u>853,337</u>
851,395	854,899	275,046
(2,147,109)	(2,158,359)	(131,543)
<u>(1,295,714)</u>	<u>(1,303,460)</u>	<u>143,503</u>
(2,013,573)	(2,154,033)	(989,473)
-	-	69,133
(6,944)	(136,123)	(63,708)
(183,618)	(278,618)	(95,000)
<u>860,248</u>	<u>860,248</u>	<u>-</u>
<u>(1,343,887)</u>	<u>(1,708,526)</u>	<u>(1,079,048)</u>
-	191,770	55,047
-	191,770	55,047
-	(353,720)	(27,161)
-	1,280,582	1,307,743
<u>\$ -</u>	<u>\$ 926,862</u>	<u>\$ 1,280,582</u>
\$ (355,083)	\$ (701,403)	\$ (277,312)
703,975	861,365	863,068
-	(82,767)	29,450
-	(41,536)	-
2,257,299	2,168,803	-
44,762	185,009	8,663
-	2,661	451
(11,352)	(11,352)	228,122
-	19,144	-
-	66,572	895
<u>\$ 2,639,601</u>	<u>\$ 2,466,496</u>	<u>\$ 853,337</u>
\$ 49,874	\$ 49,874	

COUNCIL CHAMBERS / “GOING GREEN”





FIDUCIARY FUND FINANCIAL STATEMENTS

These 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.



City of Walnut Creek
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009
(With comparative information for the prior year)

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and investments	\$ 13,328,929	\$ 12,498,655
Accounts receivable	14,397	2,053
Interest receivable	49,386	100,310
Total assets	\$ 13,392,712	\$ 12,601,018
LIABILITIES		
Accounts payable	\$ 531,499	\$ 327,571
Due to other governments	6,827,451	7,077,309
Due to bondholders	1,698,307	1,655,434
Deposits payable	4,335,455	3,540,704
Total liabilities	\$ 13,392,712	\$ 12,601,018

See accompanying Notes to Basic Financial Statements.



City of Walnut Creek
Index to Notes to Basic Financial Statements
For the year ended June 30, 2009

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PEOPLE AND PLACES OF THE CITY

BOUNDARY OAK GOLF COURSE



NOTES TO BASIC FINANCIAL STATEMENTS

RECREATION CLASSES / CREEK CLEANUP





City of Walnut Creek
Notes to Basic Financial Statements
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Walnut Creek, California (City) 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 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. The Agency has been included in the accompanying basic financial statements since the City Council acts as the Agency's governing board and exerts significant influence over its operations. The Agency's operations are governmental in nature and, as such, have been included as part of the City's non-major funds.

Complete financial statements for this component unit may be obtained from the City of Walnut Creek, 1666 North Main Street, Walnut Creek, California 94596.

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, 2009

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, 2009

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 34, including its General Fund, RDA Housing Special Revenue Fund and its Capital Investment Program, Parking Facilities and Traffic Impact Mitigation Capital Projects Funds.

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

The RDA Housing Fund accounts for redevelopment property tax increments, which must be set aside for low and moderate income housing.

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 and garage 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.

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.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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 Oaks Golf Course and capital improvements made to the golf course, including any related debt service. In addition, for fiscal year 2008-09, it accounted for the daily operations of the golf course (excluding the clubhouse). Beginning July 1, 2009, the daily operations of the golf course will be accounted for in the "Boundary Oak, Onsite Contract Operations" fund, resulting from the transition to a new third party operator for the golf course.

The ***Clubhouse - City Administration Fund*** accounts for the City administration of the Boundary Oaks Clubhouse and capital improvements made to the clubhouse, including any related debt service. During fiscal year 2008-09, the City transitioned the operations of the clubhouse to a new third party operator and began accounting for these operations starting in February 2009 in the "Boundary Oak - Onsite Contract Operations" fund.

The ***Boundary Oak - Onsite Contract Operations*** accounts for clubhouse operations run by a third party operator for the Boundary Oak Golf Course. In addition, beginning July 1, 2009, the daily operations of the golf course will also be accounted for in this fund.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

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.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Assets. The City's fiduciary funds represent agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are accounted for using the accrual basis of accounting.

The City's Agency funds are included in these financial statements and are used to account for assets held by the City as agent for individuals, governmental entities, and non-public organizations.

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.

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Cash, Cash Equivalents and Investments, Continued

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.

F. 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.

G. 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.

H. Property Taxes

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

I. Long-Term Debt

Government-Wide Financial Statements

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

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are reported as deferred charges. 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, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Long-Term Debt, Continued

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, 2009. 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.

J. Use of Estimates

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. 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 pipes. 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 infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

L. Public Facilities Financing

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. 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.

N. Inventory and Prepaid Items

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

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

The amount of inventory and prepaid expense reported in the General Fund are offset by a fund balance reserve, which indicates that they do not constitute available spendable resources, even though they are a component of net current assets.

O. Comparative Prior Year Data and Reclassifications

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

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, 2009, the carrying amount of the City's deposits was \$1,624,516. Bank balances before reconciling items were \$2,197,137 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

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

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

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

B. Investments

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

Investment Type	Maximum Maturity *	Maximum % of Portfolio*	Maximum Investment in One Issuer*
U.S. Treasury and Federal Agency Securities	5 years	None	None
Local Agency Debt	5 years	5%	\$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	20%	\$2 million
Commercial Paper (Corporations)	270 days	15%	\$2 million
Medium-Term Corporate Notes	5 Years	5%	\$2 million
California Local Agency Investment Fund (LAIF)	N/A	None	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

In addition to the restrictions noted above, the investments of debt proceeds held by a fiscal agent are also governed by the provisions of debt agreements with 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, 2009

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, 2009:

	Government-Wide Statement of Net Assets			Fiduciary Funds	
	Governmental Activities	Business Activities	Total	Statement of Net Assets	Total
Cash and investments	\$ 93,610,880	\$ 763,158	\$ 94,374,038	\$ 13,328,929	\$ 107,702,967
Cash with fiscal agent	\$ 1,126,095	\$ 163,704	\$ 1,289,799	\$ -	\$ 1,289,799

Deposits and investments were categorized as follows at June 30, 2009:

	Credit Quality Ratings	Fair Value
City Treasury Deposits:		
Deposits	Not Rated	\$ 1,624,516
Petty cash	Not Rated	9,220
Total City treasury deposits		<u>1,633,736</u>
City Treasury Investments:		
Securities of U.S. Government Agencies		
Federal National Mortgage Association (FNMA)	AAA	4,009,380
Medium Term Corporate Notes	AA	2,958,600
U.S. Treasury Money Market	AAA	4,235,114
Local Agency Investment Funds	Not Rated	94,866,137
Total City treasury investments		<u>106,069,231</u>
Total cash and investments		<u>\$ 107,702,967</u>
Investments With Fiscal Agent:		
Securities of U.S. Government Agencies		
U.S. Treasury Money Market	AAA	\$ 1,289,799
Total Cash and Investments With Fiscal Agent		<u>\$ 1,289,799</u>



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

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, 2009 from June 30, 2008, amounted to an unrealized increase of \$96,826.

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, 2009, the City's pooled cash and investments had the following maturities.

Investment Type	Fair Value	Investment Maturities (in years)				
		1 year or less	1-2 years	2-3 years	3-4 years	4-5 years
Local Agency Investment Funds	\$ 94,866,137	\$ 94,866,137	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Money Market	4,235,114	4,235,114	-	-	-	-
Medium Term Corporate Notes	2,958,600	2,003,940	-	-	954,660	-
Securities of U.S. Government:						
Federal National Mortgage Association	4,009,380	-	2,009,380	2,000,000	-	-
Total	\$ 106,069,231	\$ 101,105,191	\$ 2,009,380	\$ 2,000,000	\$ 954,660	\$ -

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.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

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, 2009, 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, 2009, the City had \$94,866,137 invested in LAIF, which had invested 14.71% of the pool investment funds in Structured Notes and Asset-Backed Securities. The City valued its investments in LAIF as of June 30, 2009, 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 1.001304743.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

3. NOTES AND LOANS RECEIVABLE

Summary of Notes and Loans Receivable

At June 30, 2009, the City's notes and loans receivable and related deferred revenue consisted of the following:

	Loans and Notes Receivable
Home Rehabilitation Loans	\$ 1,083,724
First-Time Homebuyers	1,795,868
The Oaks Apartments	368,000
Sierra Drive Apartments	376,503
Acalanes Court Apartments	1,260,503
Acalanes Court Apartments (Note 2)	130,000
Casa Montego II, Incorporated	1,605,156
Ivy Hill Apartments	1,625,000
MP Tice Oak Associates	604,000
Resources for Community Development	2,522,264
Third Avenue Apartments	2,594,339
Equity Loans to City Employees (Note 12)	180,000
Senior Outreach Services	29,361
	<u>\$ 14,174,718</u>



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

3. NOTES AND LOANS RECEIVABLE, Continued

The City and Redevelopment Agency engage 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 and Agency'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.

Home Rehabilitation Loans

The City administers a housing rehabilitation loan program using Community Development Block Grant funds, Redevelopment Agency Low and Moderate Income Housing funds and City funds. Under these Programs, individuals with incomes below a certain level are eligible to receive low interest fifteen-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, 2009 these loans totaled \$1,083,724 and the program included 28 participants.

First-Time Homebuyer Loans

The First-Time Homebuyer Program, using Community Development Block Grant funds, Redevelopment Agency funds and City funds, was established during 1995 to provide financing for applicants with moderate income or less who are able to qualify for a home purchase without down payment assistance. At June 30, 2009, First-Time Homebuyer Loans in the amount of \$1,795,868 had been extended and the program included 44 participants. These loans are secured by second deeds of trust, bear no interest and are due and payable at the time the homes are sold, refinanced or transferred.

The Oaks Apartments

At June 30, 2009, the 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, provided the project generates surplus cash. The Note accrues interest at a rate of 5% beginning July 14, 2002. Any remaining unpaid principal and interest is due in full August 1, 2022. The project did not generate surplus cash as of June 30, 2009.

Sierra Drive Apartments

At June 30, 2009, the City held a note receivable from Affordable Housing Association in the amount of \$327,000 and the Agency held a similar note in the amount of \$49,503. 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 fifty-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, 2025. The project did not generate surplus cash as of June 30, 2009. At June 30, 2009 these loans totaled \$376,503.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

3. NOTES AND LOANS RECEIVABLE, Continued

Acalanes Court Apartments

At June 30, 2009 the Agency held a note receivables from Trinity Avenue Apts., L.P. in the amount of \$1,260,503. The note was entered into on February 20, 2004 (amended and restated on February 17, 2006) to facilitate the building of a 17-unit rental apartment complex, of which eight units are required by the City's Redevelopment 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, which was October 3, 2006.

Acalanes Court Apartments (Note 2)

At June 30, 2009 the City held a note receivable from Trinity Avenue Apartments Limited in the amount of \$130,000. The City note entered into on June 5, 2007 is a loan from the City's inclusionary housing in-lieu fund to cover a portion of additional costs that occurred during the construction of Acalanes Court, a 17-unit family rental-housing complex that was completed in November 2006. Simple interest at 3% per annum is to be accrued on the unpaid principal balance beginning from the date of the advance. Principal is due on May 1st following the date of this Note, and on May 1st of each year thereafter for the term of the City Loan. Borrower shall make repayments of the outstanding principal and accrued interest under this Note equal to the Lenders' share of Residual Receipts. To the extent that the Lender's Share of Residual Receipts is insufficient to make any payments under this Note, such payment(s) shall be deferred. Principal sum and all other sums shall be due and payable in full 55 years from issuance of the certificate of occupancy for this Project, which was October 3, 2006.

Casa Montego II

At June 30, 2009, the Agency and the City each held a note receivable from Casa Montego II, Inc., a California public benefit corporation, in the amounts of \$500,000 and \$1,105,156, respectively. The 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. At June 30, 2009, the advance on these note receivables totaled \$1,605,156.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

3. NOTES AND LOANS RECEIVABLE, Continued

Ivy Hill Apartments/Regent on the Park Condominiums

At June 30, 2009 the Agency held a note receivable from Walnut Creek Housing Partners, Alma Investors and New Cities Land Company (the developer) in the 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 fifty-five 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 and the short-term loan.

MP Tice Oaks Associates

At June 30, 2009, the City held two notes receivable from MP Tice Oaks Associates in the total amount of \$604,000. These two Notes (\$144,286 funded by the City's Affordable Housing Fund and \$459,714 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, 2009 the City held a note receivable from Resources for Community Development in the amount of \$1,804,974 and the Agency held a similar note in the amount of \$717,290. The City note consists of \$680,000 Community Block Grant Funds and \$1,124,974 in City inclusionary housing in-lieu fees. The notes were originally entered into on October 7, 2004 to facilitate the building of a 72-unit rental apartment complex to provide housing for very low-income households. 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 Agency proportionate share of the Lenders' share of Residual receipts. Principal sum and all other sums shall be due and payable in full 55 years from completion of the project as evidence by a certificate of occupancy, which was issued April 1, 2008. At June 30, 2009, these loans totaled \$2,522,264.

Third Avenue Apartments

At June 30, 2009 the Agency held two notes receivable from Satellite Housing, Inc. in the amounts of \$873,371 and \$1,720,968. The first note of \$873,371 was entered into on January 6, 2009 (amended and restated on March 17, 2009) to facilitate the acquisition of real property located at Third Avenue and the building of a 48-unit rental apartment complex. The second note of \$1,720,968 was entered into on March 17, 2009 to facilitate the acquisition of additional real property located at Third Avenue and the building of a 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, 2009 the loans outstanding totaled \$2,594,339.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

3. NOTES AND LOANS RECEIVABLE, Continued

Senior Outreach Services

At June 30, 2009 the City held a note receivable from Senior Outreach Services in the amount of \$29,361 for the installation of a new roof on its program/administrative offices located at 1300 Civic Drive in Walnut Creek. The outstanding principal balance does not bear interest, however, in the event of a default, interest on the loan shall begin to accrue as of the date of default and continue until such time as the loan funds are repaid in full or the default is cured, as the default rate of the lesser of ten percent (10%), compounded annually, or the highest rate permitted by law. There shall be no payments due under this Note so long as the Borrower is not in default under this Note, the Deed of Trust or the Loan Agreement. The principal amount of the Note will be amortized over ten years. For each year the Borrower uses the subject building for CDBG eligible purposes, 1/10 of the City's investment will be forgiven.

4. UNEARNED/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, 2009, deferred revenues in the Government-Wide Financial Statements were as follows:

	Governmental Activities	Business-Type Activities	Totals
Deposits deferred	\$ 57,479	\$ -	\$ 57,479
Invoices deferred	8,534	-	8,534
Permits and inspection fees	219,596	-	219,596
Business licenses	863,470	-	863,470
Prepaid rental revenue	48,150	67,467	115,617
Mandated costs	145,532	-	145,532
Grants	855,233	-	855,233
Total	\$ 2,197,994	\$ 67,467	\$ 2,265,461



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

4. UNEARNED/DEFERRED REVENUE

B. Fund Financial Statements

At June 30, 2009, 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	Non-Major Funds	Total
Developer deposits deferred	\$ 57,479	\$ -	\$ 57,479
Invoices deferred	8,534	-	8,534
Permits and inspection fees	219,596	-	219,596
Business licenses	863,470	-	863,470
Prepaid rental revenue	48,150	-	48,150
Grants	3,682	851,551	855,233
Mandated costs	168,266	-	168,266
Notes and loans deferred	-	14,174,918	14,174,918
Total	\$ 1,369,177	\$ 15,026,469	\$ 16,395,646



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

5. INTERFUND TRANSACTIONS

Fund Financial Statements

Due To/Due From

At June 30, 2009, the City had the following short-term receivables and payables:

Due From	Due To	Amount	Notes
<u>Major Funds</u>			
General Fund	Capital Investment Program	\$ 17,010,972	a
	Internal Service Funds	6,882,400	a
		23,893,372	
Capital Investment Program	General Fund	196,031	a
	Capital Investment Program	270,889	a
		466,920	
Downtown Parking and Enhancement	Capital Investment Program	5,439,598	a
Traffic Impact Mitigation	Capital Investment Program	1,115,629	a
Non Major Funds	Capital Investment Program	4,651,832	b
Internal Service Funds	Capital Investment Program	2,033,656	a
Total		\$ 37,601,007	

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, 2009

5. INTERFUND TRANSACTIONS, Continued

Long-Term Advances

Long-term advances to be repaid out of future earnings or charges at June 30, 2009, consisted of:

<u>Advance From</u>	<u>Advance To</u>	<u>Amount</u>
<u>Major Funds</u>		
General Fund	Non Major Fund:	
	Redevelopment Agency Capital	
	Capital Project Fund	\$ 451,138
	Enterprise Fund:	
	Clubhouse - City Administration	2,588,448
		<u>3,039,586</u>
Enterprise Funds	Enterprise Funds	
Golf Course - City Administration	Boundary Oak - Onsite Contract Operations	305,800
	Clubhouse - City Administration	61,835
		<u>367,635</u>
Total		<u>\$ 3,407,221</u>

Long-Term Advances to the City of Walnut Creek Redevelopment Agency

The City of Walnut Creek has constructed certain improvements in the Agency's Project Areas. The Agency has agreed to reimburse the City for the cost of these improvements, with interest, solely out of incremental property tax revenues remaining after Agency debt service payments. The interest rate on the cumulative advances is 8.25%, and is due when the principal amount of the advance is repaid, or at such other times as the Agency elects. Advances payable represent liabilities of the Broadway and the Mount Diablo projects, and amounted to \$152,420 and \$298,718 for a total of \$451,138 as of June 30, 2009.

Long Term Advances Between the City's Funds

The Clubhouse - City Administration Fund owed the General Fund \$2,588,448 and the Golf Course - City Administration Fund \$61,835 at June 30, 2009. No interest accrues on these advances. The advance from the General Fund was made in 1992 and 1998 for renovations and improvements to the clubhouse facilities, located at the Boundary Oaks Golf Course. The advance from the Golf Course - City Administration Fund were made during 2008 and 2009 for renovations and improvements to the clubhouse facilities. The Clubhouse - City Administration Fund will make payments on these advances from the cash flow of future restaurant operations.

The Boundary Oak - Onsite Contract Operations Fund owed the Golf Course - City Administration Fund \$305,800 at June 30, 2009. No interest accrues on this advance. The advances from the Golf Course - City Administration was made during 2009 for renovations and improvements to the clubhouse facilities and golf course. The Boundary Oak - Onsite Contract Operations Fund will make payments on these advances from the cash flow of future golf course and clubhouse operations.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

5. INTERFUND TRANSACTIONS, Continued

Transfers

Transfers for the period ended June 30, 2009, were as follows:

General Fund	Downtown Parking and Enhancement	485,000	e
	Non Major Funds	1,046,014	c
	Enterprise Funds		
	Golf Course - City Administration	5,625	g
	Clubhouse - City Administration	5,625	g
	Internal Service Funds	250,000	b
		<u>1,792,264</u>	
RDA Housing	Non Major Funds	<u>878,181</u>	
Capital Investment Fund	General Fund	2,815,643	a
	Downtown Parking and Enhancement	5,533,628	a
	Traffic Impact Mitigation	1,400,000	a
	Non Major Funds	5,692,168	a
	Internal Service Funds	1,897,109	a
		<u>17,338,548</u>	
Downtown Parking and Enhancement	Capital Investment Fund	<u>60,752</u>	
Traffic Impact Mitigation	Capital Investment Fund	<u>75,000</u>	
Non Major Funds	General Fund	510,443	d
	Capital Investment Fund	523,909	a
	Non Major Funds	1,400,030	f
		<u>2,434,382</u>	
Enterprise Funds			
Golf Course	Capital Investment Fund	<u>3,504</u>	a
Internal Service Funds	General Fund	700,000	b
	Capital Investment Fund	151,395	a
		<u>851,395</u>	
Total		<u>\$ 23,434,026</u>	



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

5. INTERFUND TRANSACTIONS, Continued

Transfers, Continued

The explanations for these interfund transfers are listed below:

- 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 and the downtown shuttle.
- d. To fund open space and affordable housing programs and various capital improvements.
- e. To fund Downtown Business Association and garage maintenance projects.
- f. To fund the Redevelopment Agency's affordable housing programs and debt service.
- g. To fund support for administrative services.

6. CAPITAL ASSETS

Government-Wide Financial Statements

At June 30, 2009, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	\$ 47,794,292	\$ 1,337,396	\$ 49,131,688
Construction in process	25,314,830	-	25,314,830
Total non-depreciable assets	<u>73,109,122</u>	<u>1,337,396</u>	<u>74,446,518</u>
Depreciable assets:			
Buildings	101,489,109	2,031,176	103,520,285
Improvement other than buildings	-	2,292,234	2,292,234
Machinery and equipment	7,688,979	198,966	7,887,945
Vehicles	7,752,034	-	7,752,034
Infrastructure	189,218,131	-	189,218,131
	<u>306,148,253</u>	<u>4,522,376</u>	<u>310,670,629</u>
Less accumulated depreciation	<u>(130,985,111)</u>	<u>(3,571,013)</u>	<u>(134,556,124)</u>
Total depreciable assets, net	<u>175,163,142</u>	<u>951,363</u>	<u>176,114,505</u>
Total capital assets	<u><u>\$ 248,272,264</u></u>	<u><u>\$ 2,288,759</u></u>	<u><u>\$ 250,561,023</u></u>



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

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, 2009:

	Balance June 30, 2008	Additions	Deletions	Transfers	Balance June 30, 2009
Nondepreciable Assets:					
Land	\$ 47,794,292	\$ -	\$ -	\$ -	\$ 47,794,292
Construction in progress	10,694,980	17,957,681	-	(3,337,831)	25,314,830
Total nondepreciable assets	<u>58,489,272</u>	<u>17,957,681</u>	<u>-</u>	<u>(3,337,831)</u>	<u>73,109,122</u>
Depreciable Assets:					
Buildings	101,062,903	5,600	-	420,606	101,489,109
Machinery and equipment	5,874,209	1,758,118	(53,891)	110,543	7,688,979
Vehicles	7,444,799	750,600	(443,366)	-	7,752,033
Infrastructure	186,275,751	135,700	-	2,806,682	189,218,133
Total depreciable assets	<u>300,657,662</u>	<u>2,650,018</u>	<u>(497,257)</u>	<u>3,337,831</u>	<u>306,148,254</u>
Accumulated Depreciation:					
Buildings	(24,827,795)	(2,333,192)	-	-	(27,160,987)
Machinery and equipment	(3,419,119)	(564,948)	52,467	-	(3,931,600)
Vehicles	(4,881,985)	(571,646)	382,917	-	(5,070,714)
Infrastructure	(89,535,609)	(5,286,202)	-	-	(94,821,811)
Total accumulated depreciation	<u>(122,664,508)</u>	<u>(8,755,988)</u>	<u>435,384</u>	<u>-</u>	<u>(130,985,112)</u>
Depreciable assets, net	<u>177,993,154</u>	<u>(6,105,970)</u>	<u>(61,873)</u>	<u>3,337,831</u>	<u>175,163,142</u>
Total governmental activities capital assets, net	<u>\$ 236,482,426</u>	<u>\$ 11,851,711</u>	<u>\$ (61,873)</u>	<u>\$ -</u>	<u>\$ 248,272,264</u>

Governmental activities depreciation expense for capital assets for the year ended June 30, 2009, are as follows:

Public protection	\$ 456,396
Public service	7,964,010
Community development	20,340
Arts, Recreation and Cultural Services	137,170
Administrative services	145,362
General government	32,710
Total depreciation expense	<u>\$ 8,755,988</u>



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

6. CAPITAL ASSETS, Continued

Government-Wide Financial Statements, Continued

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

	Balance June 30, 2008	Additions	Deletions	Transfers	Balance June 30, 2009
Nondepreciable Assets:					
Land	\$ 1,337,396	\$ -	\$ -	\$ -	\$ 1,337,396
Total nondepreciable assets	<u>1,337,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,337,396</u>
Depreciable Assets:					
Buildings	2,031,177	-	-	-	2,031,177
Improvements	2,268,545	23,689	-	-	2,292,234
Equipment	82,194	116,771	-	-	198,965
Total depreciable assets	<u>4,381,916</u>	<u>140,460</u>	<u>-</u>	<u>-</u>	<u>4,522,376</u>
Accumulated Depreciation:					
Buildings	(1,278,927)	(29,354)	-	-	(1,308,281)
Improvements	(2,086,940)	(114,252)	-	-	(2,201,192)
Equipment	(47,756)	(13,784)	-	-	(61,540)
Total accumulated depreciation	<u>(3,413,623)</u>	<u>(157,390)</u>	<u>-</u>	<u>-</u>	<u>(3,571,013)</u>
Depreciable assets, net	<u>968,293</u>	<u>(16,930)</u>	<u>-</u>	<u>-</u>	<u>951,363</u>
Total business-type activities capital assets, net	<u>\$ 2,305,689</u>	<u>\$ (16,930)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,288,759</u>

Depreciation expense for business-type activities for the year ended June 30, 2009, is as follows:

Golf Course - City Administration	\$ 102,821
Clubhouse - City Administration	54,569
Total	<u>\$ 157,390</u>



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

7. LONG-TERM DEBT

A summary of changes in long-term debt for the year ended June 30, 2009, was as follows:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Debt</u> <u>Issued</u>	<u>Debt</u> <u>Retired</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due in</u> <u>one year</u>	<u>Due in more</u> <u>than one year</u>
Governmental Activity Debt:						
Capital Lease Obligation	\$ -	\$ 860,248	\$ (183,618)	\$ 676,630	\$ 157,120	\$ 519,510
Bonds Payable:						
RDA 2000 Tax Allocation Bonds	2,230,000	-	(105,000)	2,125,000	110,000	2,015,000
RDA 2003 Tax Allocation Bonds, Series A	4,570,000	-	(600,000)	3,970,000	620,000	3,350,000
RDA 2003 Tax Allocation Bonds, Series B	1,650,000	-	(200,000)	1,450,000	210,000	1,240,000
RDA 2003 Tax Allocation Bonds, Series B, bond issuance premium	44,755	-	(5,594)	39,161	5,594	33,567
Total governmental activity debt	\$ 8,494,755	\$ 860,248	\$ (1,094,212)	\$ 8,260,791	\$ 1,102,714	\$ 7,158,077
Business-Type Activity Debt:						
1997 Lease Revenue Bonds	\$ 1,230,000	\$ -	\$ (95,000)	\$ 1,135,000	\$ 100,000	\$ 1,035,000
Total business-type activity debt	\$ 1,230,000	\$ -	\$ (95,000)	\$ 1,135,000	\$ 100,000	\$ 1,035,000
Total long-term debt	\$ 9,724,755	\$ 860,248	\$ (1,189,212)	\$ 9,395,791	\$ 1,202,714	\$ 8,193,077

Governmental Activities

A. Capital Lease Obligation

Phone Equipment Lease (Master Lease #1)

During Fiscal Year 2008-2009, 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, 2009 is \$676,630.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

7. LONG-TERM DEBT, Continued

A. Capital Lease Obligation, Continued

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

Year Ending June 30,	Master Lease #1	Total
2010	\$ 190,563	\$ 190,563
2011	190,563	190,563
2012	190,563	190,563
2013	190,563	190,563
Subtotal	762,252	762,252
Less amount representing interest	<u>85,622</u>	<u>85,622</u>
Present value of future lease payments	<u>\$ 676,630</u>	<u>\$ 676,630</u>

B. Bonds Payable

Tax Allocation Bonds Series 2000

Tax Allocation Bonds in the amount of \$2,865,000 were issued 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 \$80,000 to \$230,000 through 2022. Interest rates range from 5.0% 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 tax revenue allocated to the Agency from the project area. For the current year, principal and interest paid on the tax allocation bonds series 2000 were \$105,000, and \$127,186, respectively. The net revenues were \$ 3,638,408 for the three Agency tax allocation bonds, the City estimates that approximately 75% of the net revenues will be used to meet debt service requirements. The total amount outstanding as of June 30, 2009, was \$2,125,000.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

7. LONG-TERM DEBT, Continued

B. Bonds Payable

The annual debt service requirements for the 2000 Tax Allocation Bonds outstanding at June 30, 2009 were as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 110,000	\$ 121,580	\$ 231,580
2011	120,000	115,425	235,425
2012	125,000	108,748	233,748
2013	130,000	101,670	231,670
2014	140,000	94,040	234,040
2015-2019	850,000	332,257	1,182,257
2020-2022	650,000	61,898	711,898
Total	\$ 2,125,000	\$ 935,618	\$ 3,060,618



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

7. LONG-TERM DEBT, Continued

B. Bonds Payable, Continued

Tax Allocation Bonds Series 2003A

Tax Allocation Bonds in the amount of \$6,475,000 were issued on November 1, 2003. The Bonds were issued to refund and defease the 1993 Revenue Bonds, Series A and for other capital items, including 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 \$200,000 through 2019. Interest rates range from 3.0% 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 allocated to the Agency from the project area. For the current year, principal and interest paid on the tax allocation bonds series 2003A were \$600,000 and \$172,750, respectively. The net revenues were \$3,638,408 for the three Agency tax allocation bonds, the City estimates that approximately 75% of the net revenues will be used to meet debt service requirements. The total amount outstanding as of June 30, 2009, was \$3,970,000.

The annual debt service requirements for the 2003 Tax Allocation Bonds, Series A outstanding at June 30, 2009 were as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 620,000	\$ 150,625	\$ 770,625
2011	645,000	126,100	771,100
2012	670,000	99,800	769,800
2013	700,000	72,400	772,400
2014	290,000	52,310	342,310
2015-2019	1,045,000	99,555	1,144,555
Total	\$ 3,970,000	\$ 600,790	\$ 4,570,790



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

7. LONG-TERM DEBT, Continued

B. Bonds Payable, Continued

Tax Allocation Bonds Series 2003B

Tax Allocation Bonds in the amount of \$2,335,000 were issued on November 1, 2003. The Bonds were issued to refund and defease the 1993 Revenue Bonds, Series A, and for other capital items, including 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 government-wide statements using the straight line method. The Bonds are due in annual principal installments of \$130,000 to \$280,000 through 2015. Interest rates range from 4.0% to 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 tax revenue allocated to the Agency from the project area. For the current year, principal and interest paid on the tax allocation bonds series 2003B were \$200,000 and \$88,969, respectively. The net revenues were \$3,638,408 for the three Agency tax allocation bonds. The City estimates that approximately 75% of the net revenues will be used to meet debt service requirements. The total amount outstanding as of June 30, 2009, was \$1,450,000.

The annual debt service requirements for the 2003 Tax Allocation Bonds, Series B outstanding at June 30, 2009 were as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 210,000	\$ 78,325	\$ 288,325
2011	220,000	66,494	286,494
2012	235,000	53,550	288,550
2013	245,000	39,597	284,597
2014	260,000	24,600	284,600
2015	280,000	8,400	288,400
Total	<u>\$ 1,450,000</u>	<u>\$ 270,966</u>	<u>\$ 1,720,966</u>
Plus unamortized bond issuance premium	39,161		
Net	<u>\$ 1,489,161</u>		



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

7. LONG-TERM DEBT, Continued

C. Business-Type Activities

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 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, 2009 was \$1,135,000.

The annual debt service requirements for the 1997 Lease Revenue Bonds outstanding at June 30, 2009, were as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 100,000	\$ 58,649	\$ 158,649
2011	105,000	53,849	158,849
2012	115,000	48,704	163,704
2013	120,000	42,954	162,954
2014	125,000	36,834	161,834
2015-2018	570,000	78,263	648,263
Total	\$ 1,135,000	\$ 319,253	\$ 1,454,253

D. 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, 2009 was \$ 36,795,000.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

8. COMPENSATED ABSENCES

As of fiscal year 2009, compensated absences were not included as a liability in the Fund Financial Statements. Compensated absences at June 30, 2009 were as follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009	Due within one year	Due in more than one year
Governmental activities:	\$ 2,984,777	\$ 3,284,187	\$ 2,950,267	\$ 3,318,697	\$ 316,438	\$ 3,002,259

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, 2009, the following funds had deficit fund equity:

Enterprise Funds	
Clubhouse - City Administration	\$ (2,072,667)
Boundary Oak - Onsite Contract Operations	(120,345)

The City is planning on reducing the deficit equity balances from future revenues to be collected by these funds.

Reservations and Designations of Fund Balance

In the Fund Financial Statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The designations of fund balance are established by actions of the City Council and Management and can be changed with similar actions. In Governmental Funds, fund reservations and designations are presented as a component of fund balance as follows:

	General Fund	Capital Project Funds	Special Revenue Funds	Debt Service Funds	Total Governmental Funds
Reserved:					
Encumbrances	\$ 635,444	\$ 8,313,367	\$ 10,000	\$ -	\$ 8,958,811
Debt service	-	-	-	1,126,095	1,126,095
Advances to other funds	3,039,586	-	-	-	3,039,586
Inventory	304,936	-	-	-	304,936
Prepaid expense	297,006	-	-	-	297,006
Affordable housing	-	-	861,274	-	861,274
Total reserved	\$ 4,276,972	\$ 8,313,367	\$ 871,274	\$1,126,095	\$ 14,587,708



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

9. FUND EQUITY, Continued

	General Fund	Capital Project Funds	Special Revenue Funds	Debt Service Funds	Total Governmental Funds
Unreserved, designated:					
Workers compensation	\$ 3,577,863	\$ -	\$ -	\$ -	\$ 3,577,863
Emergency	6,818,051	-	-	-	6,818,051
Legal claims	4,000,000	-	-	-	4,000,000
Dental claims	450,500	-	-	-	450,500
Compensated absences	3,318,697	-	-	-	3,318,697
Unrealized investment gain	96,826	-	-	-	96,826
Council discretionary	332,273	-	-	-	332,273
City Manager discretionary	75,000	-	-	-	75,000
Fiscal year 2008-10 budget	7,195,623	-	-	-	7,195,623
Capital investment program	1,405,022	-	-	-	1,405,022
Recreation scholarships	21,562	-	-	-	21,562
Total unreserved designated	27,291,417	-	-	-	27,291,417
Unreserved, undesignated	-	35,882,129	13,587,363	-	49,469,492
Total fund equity	<u>\$ 31,568,389</u>	<u>\$44,195,496</u>	<u>\$ 14,458,637</u>	<u>\$ 1,126,095</u>	<u>\$ 91,348,617</u>

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.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

10. RISK MANAGEMENT, Continued

A. Municipal Pooling Authority, Continued

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, 2009 is as follows:

Total Cash and Investments	\$61,996,472
Total Assets	\$66,555,524
Total Liabilities	\$47,393,570
Total Equity	\$19,161,954
Total Revenues	\$26,658,535
Total Expenses	\$26,602,591
Net Change in Fund Equity	\$ 55,944

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, 2009, was estimated by management and based on MPANC's claims experience and was computed as follows:



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

10. RISK MANAGEMENT, Continued

B. Liability for Uninsured Claims, Continued

	General Liability	Workers' Compensation	Dental Claims Liability	Total
Balance as of July 1, 2007	\$ 407,350	\$ 2,749,051	\$ 383,000	\$ 3,539,401
Claims incurred	252,606	795,694	386,213	1,434,513
Changes in estimates	79,894	402,272	3,000	485,166
Claims paid	(252,606)	(795,694)	(386,213)	(1,434,513)
Balance as of June 30, 2008	\$ 487,244	\$ 3,151,323	\$ 386,000	\$ 4,024,567
Balance as of July 1, 2008	\$ 487,244	\$ 3,151,323	\$ 386,000	\$ 4,024,567
Claims incurred	517,669	772,457	450,516	1,740,642
Changes in estimates	(246,958)	(12,846)	64,500	(195,304)
Claims paid	(517,669)	(772,457)	(450,516)	(1,740,642)
Balance as of June 30, 2009	\$ 240,286	\$ 3,138,477	\$ 450,500	\$ 3,829,263
Current portion as of June 30, 2009				\$ 1,740,642
Long term portion as of June 30, 2009				\$ 2,088,621

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.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

11. PENSION PLANS, Continued

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 all of the contributions required of safety employees and most 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 39.250% and 14.756% for safety and miscellaneous employees respectively, of annual covered payroll for the year ended June 30, 2009. The City's total payroll for the year ending June 30, 2009 was \$33,763,067. 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, 2008 to June 30, 2009 has been determined by actuarial valuations of the plans as of June 30, 2006, the most recent data available for both plans. The City's covered payroll for PERS under was \$9,093,162 and \$24,669,905 for safety and miscellaneous employees respectively, for the year ended June 30, 2009. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2009, 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, 2008 to June 30, 2009. A summary of principal assumptions and methods used to determine the ARC for both plans is shown below:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	16 Years as of the Valuation Date
Asset Valuation Period	15 Year Smoothed Market for Safety Employees Plan
	26 Year Smoothed Market for Miscellaneous Employees Plan

Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% - 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 employment coupled with an assumed annual inflation growth of 3.0% and an annual production growth of 0.25%



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

11. PENSION PLANS, Continued

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>
6/30/2007	37.230%	\$3,051,682	100%	-
6/30/2008	38.011%	3,124,860	100%	-
6/30/2009	39.250%	3,569,066	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>
6/30/2007	15.007%	\$3,384,670	100%	-
6/30/2008	14.659%	3,455,646	100%	-
6/30/2009	14.756%	3,640,291	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.

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.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

11. PENSION PLANS, Continued

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
6/30/2007	\$ 79,746,573	100,534,156	(20,787,583)	79.3%	21,034,343	98.8%
6/30/2008	87,795,451	110,341,431	(22,545,980)	79.6%	22,539,309	100.0%
6/30/2009	96,474,645	119,121,075	(22,646,430)	81.0%	24,325,348	93.1%

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. 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, 2009, the City's payroll covered by the plan was \$1,513,468 and the City made employer contributions of \$37,839 (2.5% of current covered payroll).

12. CONTINGENCIES

A. Lawsuits in the Normal Course of Business

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



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

12. CONTINGENCIES, Continued

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, 2009. These projects are evidenced by contractual commitments with contractors, and include the major projects listed on the following page:

<u>Project Description</u>	<u>Amounts</u>
New City Library - Design	\$ 13,360,446
Geary-Pleasant Hill Road to Putnam	9,000,000
Adaptive Signal Timing - Ygnacio Valley	1,768,173
Civic Drive Reconstruction	1,481,932
Major Roadway Reconstruction	1,449,550
Civic Park East	1,328,903
Downtown Pay Stations	1,277,429
Rudgear Retaining Wall	1,182,163
BV/Parkside Intersection Improvement	1,149,867
2007 Downtown Roadway Reconstruction	1,136,447
	<u>\$ 33,134,910</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 19.00% 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 2009 fiscal year. Total equity loans to City employees as of June 30, 2009 was \$180,000.



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

14. SUBSEQUENT EVENTS

Long Term Debt - Capital Lease Obligations

Garage Equipment Lease (Master Lease #2)

During Fiscal Year 2009-2010, 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 will be 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 4.26% and annual payments of \$220,540 through June 2014 (the end of the lease).

Golf Course Equipment Lease (Master Lease #3)

During Fiscal Year 2009-2010, 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 \$633,017.

The financing was obtained from Suntrust Bank in July 2009 for \$633,017 with an interest rate of 3.9% and monthly payments of \$12,774 through June 2012 and monthly payments of \$9,737 from July 2012 through June 2014 (the end of the lease).

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

<u>Year Ending</u> <u>June 30,</u>	<u>Master</u> <u>Lease #2</u>	<u>Master</u> <u>Lease #3</u>	<u>Total</u>
2010	\$ 220,540	\$ 153,285	\$ 373,825
2011	220,540	153,285	373,825
2012	220,540	153,285	373,825
2013	220,540	116,842	337,382
2014	220,540	116,842	337,382
Subtotal	1,102,700	693,539	1,796,239
Less amount representing interest	<u>128,027</u>	<u>60,522</u>	<u>188,549</u>
Present value of future lease payments	<u>\$ 974,673</u>	<u>\$ 633,017</u>	<u>\$ 1,607,690</u>



City of Walnut Creek
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

15. EXCESS EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2009 expenditures exceeded appropriations at the fund level (the legal level of budgetary control) for the following special revenue funds:

Traffic Safety / Police Grants	\$5,020
CDBG	\$95,388

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

16. PRIOR PERIOD ADJUSTMENT

The City has restated the beginning fund balance in its General Fund and Capital Investment Fund to reflect \$22,010,698 of reserves for the construction of a new downtown library that should have been transferred in prior years from the General Fund to the Capital Investment Fund.

No restatement is necessary for the Government-wide Financial Statements, as there is no overall net effect on the beginning or ending Total Net Asset balance for the Fiscal Year ending June 30, 2009.

The City has restated the beginning fund balance in its General Fund and Clubhouse - City Administration to reflect \$238,510 of bad debt that was written off on an advance given from the General Fund.

**REQUIRED
SUPPLEMENTARY INFORMATION**



City of Walnut Creek Required Supplementary Information For the year ended June 30, 2009

1. BUDGETARY INFORMATION

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

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

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

FINANCE STAFF / FARMER'S MARKET





City of Walnut Creek
Required Supplementary Information - General Fund
June 30, 2009

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

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes				
Sales and use	\$ 19,453,000	\$ 19,453,000	\$ 17,789,737	\$ (1,663,263)
Property	16,881,000	16,881,000	16,197,198	(683,802)
Business license	2,038,000	2,038,000	1,948,060	(89,940)
Franchise	3,087,000	3,087,000	3,156,939	69,939
Transient Occupancy Tax	1,490,000	1,490,000	1,244,223	(245,777)
Other	1,031,000	1,031,000	333,193	(697,807)
Intergovernmental	414,499	675,499	616,670	(58,829)
Investment and rental income	3,151,695	3,151,695	3,600,761	449,066
Charges for services	11,662,211	11,662,211	11,951,033	288,822
Licenses, permits and fees	1,457,750	1,457,750	1,394,571	(63,179)
Fines, forfeitures and penalties	3,870,080	3,870,080	3,832,689	(37,391)
Other revenue	750,000	750,000	750,000	-
Total revenues	65,286,235	65,547,235	62,815,074	(2,732,161)
EXPENDITURES:				
Current:				
Public protection	22,365,127	23,206,127	21,502,616	1,703,511
Public service	14,221,173	14,229,543	12,919,057	1,310,486
Community development	6,286,812	6,283,080	5,150,301	1,132,779
Arts, Recreation and Community Services	14,040,226	14,140,854	13,952,707	188,147
Administrative	6,804,180	6,819,002	6,092,394	726,608
General government	4,242,344	3,501,903	2,824,349	677,554
Total expenditures	67,959,862	68,180,509	62,441,424	5,739,085
REVENUES OVER (UNDER) EXPENDITURES	(2,673,627)	(2,633,274)	373,650	3,006,924
OTHER FINANCING SOURCES (USES):				
Transfers in	1,839,750	1,839,750	1,792,264	(47,486)
Transfers (out)	(4,060,789)	(4,060,789)	(4,026,086)	34,703
Total other financing sources (uses)	(2,221,039)	(2,221,039)	(2,233,822)	(12,783)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	\$ (4,894,666)	\$ (4,854,313)	(1,860,172)	\$ 2,994,141
FUND BALANCES:				
Beginning of year			33,428,561	
End of year			\$ 31,568,389	



City of Walnut Creek
Required Supplementary Information
RDA Housing Special Revenue Fund
For the Year Ended June 30, 2009

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 22,900	\$ 22,900	\$ 44,450	\$ 21,550
Other	-	-	170,393	170,393
Total revenues	22,900	22,900	214,843	191,943
EXPENDITURES:				
Current:				
Housing	1,518,678	1,518,678	1,489,255	29,423
Total expenditures	1,518,678	1,518,678	1,489,255	29,423
REVENUES OVER (UNDER) EXPENDITURES	(1,495,778)	(1,495,778)	(1,274,412)	221,366
OTHER FINANCING SOURCES (USES):				
Transfer in	814,000	814,000	878,181	64,181
Transfer (out)	-	-	-	-
Total other financing sources (uses)	814,000	814,000	878,181	64,181
Net change in fund balance	\$ (681,778)	\$ (681,778)	(396,231)	\$ 285,547
FUND BALANCE:				
Beginning of year			1,257,505	
End of year			\$ 861,274	

CITY SPORTS FIELDS / CITY STAFF





SUPPLEMENTAL INFORMATION

PUBLIC SAFETY STAFF





NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

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

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

PEG Access Fees/Grants - to account for funds received from local cable companies to be used for funding local public access stations

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

NPDES - accounts for assessments to Walnut Creek property owners for drainage related expenditures

CDBG - used to account for Community Block Development 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

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

Debt Service Fund:

RDA - Debt Service - accounts for debt service on the South Broadway and Mount Diablo Merged Project Area Series 2000 and 2003 A&B Tax Allocation Bonds



NON-MAJOR GOVERNMENTAL FUNDS (Continued)

Capital Project Funds:

In Lieu Underground - accounts for receipts from fees imposed on developers to provide for underground utilities

Storm Drain - accounts for receipts from fees imposed on developers to provide for storm drain improvements

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

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



PEOPLE AND PLACES OF THE CITY

PUBLIC ART DOWNTOWN / NEW WALNUT CREEK LIBRARY





City of Walnut Creek
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2009
(With comparative information for the prior year)

	Special Revenue			
	Library	Open Space	Revolving	Housing
	Parcel Tax		Loans	
ASSETS				
Current:				
Cash and investments	\$ 3,702,283	\$ 27,935	\$ 1,097,725	\$ 133,930
Cash and investments with fiscal agents	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivable	13,004	-	3,261	1,232
Due from other governments	-	-	-	-
Notes and loans receivable	-	-	180,000	4,419,428
Total assets	\$ 3,715,287	\$ 27,935	\$ 1,280,986	\$ 4,554,590
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and other accrued liabilities	\$ 29,622	\$ 1,710	\$ -	\$ 118,208
Accrued payroll	-	26,225	-	4,286
Due to other funds	-	-	-	10,186
Deferred revenue	-	-	180,000	4,419,428
Advances from other funds	-	-	-	-
Total liabilities	29,622	27,935	180,000	4,552,108
Fund Balances:				
Reserved				
Encumbrances	-	-	-	-
Debt service funds	-	-	-	-
Designated				
Parking garage	-	-	-	-
Unreserved, undesignated reported in:				
Special Revenue Funds	3,685,665	-	1,100,986	2,482
Capital Project Funds	-	-	-	-
Total unreserved, undesignated	3,685,665	-	1,100,986	2,482
Total fund balances	3,685,665	-	1,100,986	2,482
Total liabilities and fund balances	\$ 3,715,287	\$ 27,935	\$ 1,280,986	\$ 4,554,590

(Continued)

Special Revenue							
Traffic Safety/ Police Grants	PEG Access Fees/ Grants	Gas Tax	NPDES	CDBG	Measure J	Traffic Congestion Relief	
\$ 9,314	\$ 2,612,408	\$ -	\$ 2,386,340	\$ -	\$ 2,530,425	\$ 417,873	
-	-	-	-	-	-	-	
-	-	88,114	150	-	-	-	
197	6,988	-	8,655	-	10,108	1,372	
53,373	80,198	-	-	203,216	677,503	132,721	
-	-	-	-	2,866,319	-	-	
<u>\$ 62,884</u>	<u>\$ 2,699,594</u>	<u>\$ 88,114</u>	<u>\$ 2,395,145</u>	<u>\$ 3,069,535</u>	<u>\$ 3,218,036</u>	<u>\$ 551,966</u>	
\$ 1,441	\$ -	\$ -	\$ 8,823	\$ 26,247	\$ -	\$ -	
-	-	-	6,202	2,813	-	-	
35,146	-	-	147,983	174,156	-	-	
7,914	-	-	-	2,866,319	-	-	
-	-	-	-	-	-	-	
<u>44,501</u>	<u>-</u>	<u>-</u>	<u>163,008</u>	<u>3,069,535</u>	<u>-</u>	<u>-</u>	
-	-	-	10,000	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
18,383	2,699,594	88,114	2,222,137	-	3,218,036	551,966	
-	-	-	-	-	-	-	
<u>18,383</u>	<u>2,699,594</u>	<u>88,114</u>	<u>2,222,137</u>	<u>-</u>	<u>3,218,036</u>	<u>551,966</u>	
<u>18,383</u>	<u>2,699,594</u>	<u>88,114</u>	<u>2,232,137</u>	<u>-</u>	<u>3,218,036</u>	<u>551,966</u>	
<u>\$ 62,884</u>	<u>\$ 2,699,594</u>	<u>\$ 88,114</u>	<u>\$ 2,395,145</u>	<u>\$ 3,069,535</u>	<u>\$ 3,218,036</u>	<u>\$ 551,966</u>	

(Continued)



City of Walnut Creek
Combining Balance Sheet, Continued
Non-Major Governmental Funds
June 30, 2009
 (With comparative information)

	Debt Service	Capital Project		Other In Lieu / Mitigation Fees
	RDA	In Lieu Underground	Storm Drain	
ASSETS				
Current:				
Cash and investments	\$ -	\$ 1,874,433	\$ 471,081	\$ 653,799
Cash and investments with fiscal agents	1,126,095	-	-	-
Accounts receivable	-	-	-	-
Interest receivable	-	6,746	1,695	2,342
Due from other governments	-	-	-	-
Notes and loans receivable	-	-	-	-
Total assets	\$ 1,126,095	\$ 1,881,179	\$ 472,776	\$ 656,141
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and other accrued liabilities	\$ -	\$ -	\$ -	\$ -
Accrued Payroll	-	-	-	-
Due to other funds	-	1,100,000	-	162,134
Deferred revenue	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	-	1,100,000	-	162,134
Fund Balances:				
Reserved				
Encumbrances	-	-	-	-
Debt service funds	1,126,095	-	-	-
Designated				
Parking Garage	-	-	-	-
Unreserved, undesignated reported in:				
Special revenue funds	-	-	-	-
Capital project funds	-	781,179	472,776	494,007
Total unreserved, undesignated	-	781,179	472,776	494,007
Total fund balances	1,126,095	781,179	472,776	494,007
Total liabilities and fund balances	\$ 1,126,095	\$ 1,881,179	\$ 472,776	\$ 656,141

(Continued)

Capital Project					
In Lieu Park	In Lieu Parking	RDA	Local Improvement Districts	Totals	
				2009	2008
\$ 1,801,173	\$ 1,882,854	\$ 5,769,445	\$ 2,770,985	\$ 28,142,003	\$ 25,414,957
-	-	-	-	1,126,095	1,135,505
-	-	26,665	-	114,929	103,216
6,482	6,776	24,008	9,972	102,838	202,373
-	-	-	-	1,147,011	1,281,594
-	-	-	-	7,465,747	5,675,568
<u>\$ 1,807,655</u>	<u>\$ 1,889,630</u>	<u>\$ 5,820,118</u>	<u>\$ 2,780,957</u>	<u>\$ 38,098,623</u>	<u>\$ 33,813,213</u>
\$ -	\$ -	\$ 2,402	\$ -	\$ 188,453	\$ 308,657
-	-	-	-	39,526	31,681
1,409,568	1,600,000	-	12,659	4,651,832	1,002,198
-	-	-	-	7,473,661	5,690,189
-	-	451,138	-	451,138	617,323
<u>1,409,568</u>	<u>1,600,000</u>	<u>453,540</u>	<u>12,659</u>	<u>12,804,610</u>	<u>7,650,048</u>
-	-	-	-	10,000	183,504
-	-	-	-	1,126,095	1,135,505
-	-	-	-	-	1,600,000
-	-	-	-	13,587,363	12,530,586
<u>398,087</u>	<u>289,630</u>	<u>5,366,578</u>	<u>2,768,298</u>	<u>10,570,555</u>	<u>10,713,570</u>
<u>398,087</u>	<u>289,630</u>	<u>5,366,578</u>	<u>2,768,298</u>	<u>24,157,918</u>	<u>23,244,156</u>
<u>398,087</u>	<u>289,630</u>	<u>5,366,578</u>	<u>2,768,298</u>	<u>25,294,013</u>	<u>26,163,165</u>
<u>\$ 1,807,655</u>	<u>\$ 1,889,630</u>	<u>\$ 5,820,118</u>	<u>\$ 2,780,957</u>	<u>\$ 38,098,623</u>	<u>\$ 33,813,213</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, 2009
(With comparative information for the prior year)

	Special Revenue			
	Library	Open Space	Revolving Loans	Housing
	Parcel Tax			
OPERATING REVENUES:				
Taxes:				
Sales and use	\$ -	\$ -	\$ -	\$ -
Property	876,894	-	-	-
Other	-	465,803	-	-
Intergovernmental	-	-	-	50,500
Investment and rental income	83,837	42,651	20,998	17,958
Charges for services	-	35,454	-	5,750
Fines, forfeitures and penalties	-	-	-	-
Other revenues	-	-	195,000	118,065
Total revenues	960,731	543,908	215,998	192,273
EXPENDITURES:				
Current:				
Public protection	-	-	-	-
Public service	-	926,577	-	-
Community development	-	-	-	992,279
Housing	-	-	-	96,983
Arts, Recreation and Community Services	265,902	-	-	-
General government	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest, fiscal charges and issuance costs	-	-	-	-
Total expenditures	265,902	926,577	-	1,089,262
REVENUES OVER (UNDER) EXPENDITURES	694,829	(382,669)	215,998	(896,989)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	382,669	-	246,774
Transfers out	-	-	-	-
Total other financing sources (uses)	-	382,669	-	246,774
Net change in fund balances	694,829	-	215,998	(650,215)
FUND BALANCES:				
Beginning of the year	2,990,836	-	884,988	652,697
End of the year	\$ 3,685,665	\$ -	\$ 1,100,986	\$ 2,482

(Continued)

Special Revenue						
Traffic Safety/ Police Grants	PEG Access Fees/ Grants	Gas Tax	NPDES	CDBG	Measure J	Traffic Congestion Relief
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 682,879	\$ -
-	-	-	-	-	-	-
-	-	-	1,235,407	-	-	-
118,706	-	1,073,302	-	1,100,764	-	553,685
541	62,732	686	56,167	581	73,482	4,879
-	298,168	-	-	-	-	-
191,590	-	-	5,000	-	-	-
-	-	-	71,154	3,910	-	-
<u>310,837</u>	<u>360,900</u>	<u>1,073,988</u>	<u>1,367,728</u>	<u>1,105,255</u>	<u>756,361</u>	<u>558,564</u>
20,024	-	-	-	-	-	-
-	-	-	1,135,552	-	-	-
-	-	-	-	70,047	-	-
-	-	-	-	1,035,208	-	-
-	-	-	-	-	-	-
-	1,960	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>20,024</u>	<u>1,960</u>	<u>-</u>	<u>1,135,552</u>	<u>1,105,255</u>	<u>-</u>	<u>-</u>
<u>290,813</u>	<u>358,940</u>	<u>1,073,988</u>	<u>232,176</u>	<u>-</u>	<u>756,361</u>	<u>558,564</u>
-	-	-	-	-	-	-
(288,536)	-	(1,558,984)	-	-	(793,962)	(6,699)
<u>(288,536)</u>	<u>-</u>	<u>(1,558,984)</u>	<u>-</u>	<u>-</u>	<u>(793,962)</u>	<u>(6,699)</u>
2,277	358,940	(484,996)	232,176	-	(37,601)	551,865
16,106	2,340,654	573,110	1,999,961	-	3,255,637	101
<u>\$ 18,383</u>	<u>\$ 2,699,594</u>	<u>\$ 88,114</u>	<u>\$ 2,232,137</u>	<u>\$ -</u>	<u>\$ 3,218,036</u>	<u>\$ 551,966</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, 2009
(With comparative information for the prior year)

	Debt Service		Capital Project	
	RDA	In Lieu Underground	Storm Drain	Other In Lieu / Mitigation Fees
OPERATING REVENUES:				
Taxes:				
Sales and use	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Other	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	3,461	46,689	12,032	16,381
Charges for Services	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Other Revenues	-	151,200	-	91,593
Total revenues	3,461	197,889	12,032	107,974
EXPENDITURES:				
Current:				
Public protection	-	-	-	-
Public service	-	-	-	18,977
Community development	-	-	-	-
Housing	-	-	-	-
Arts, Recreation and Cultural Services	-	-	-	-
General government	-	-	-	-
Principal retirement	905,000	-	-	-
Interest, fiscal charges and issuance costs	388,904	-	-	-
Total expenditures	1,293,904	-	-	18,977
REVENUES OVER (UNDER) EXPENDITURES	(1,290,443)	197,889	12,032	88,997
OTHER FINANCING SOURCES (USES):				
Transfers in	1,281,033	484,535	-	-
Transfers out	-	(1,100,000)	-	(60,000)
Total other financing sources (uses)	1,281,033	(615,465)	-	(60,000)
Net change in fund balances	(9,410)	(417,576)	12,032	28,997
FUND BALANCES:				
Beginning of the year	1,135,505	1,198,755	460,744	465,010
End of the year	\$ 1,126,095	\$ 781,179	\$ 472,776	\$ 494,007

(Continued)

Capital Projects					
In Lieu Park	In Lieu Parking	RDA	Local Improvement Districts	Totals	
				2009	2008
\$ -	\$ -	\$ -	\$ -	\$ 682,879	\$ 811,730
-	-	3,640,902	-	4,517,796	4,395,884
-	-	-	-	1,701,210	1,717,079
-	-	-	-	2,896,957	1,374,059
46,059	47,703	120,368	70,204	727,409	1,196,794
-	-	-	-	339,372	355,801
-	-	-	-	196,590	211,097
-	-	-	-	630,922	628,074
<u>46,059</u>	<u>47,703</u>	<u>3,761,270</u>	<u>70,204</u>	<u>11,693,135</u>	<u>10,690,518</u>
-	-	-	-	20,024	-
-	-	-	-	2,081,106	2,119,217
-	-	-	-	1,062,326	136,007
-	-	122,863	-	1,255,054	874,191
-	-	-	-	265,902	387,187
-	-	-	-	1,960	-
-	-	-	-	905,000	870,000
-	-	-	-	388,904	422,739
<u>-</u>	<u>-</u>	<u>122,863</u>	<u>-</u>	<u>5,980,276</u>	<u>4,809,341</u>
<u>46,059</u>	<u>47,703</u>	<u>3,638,407</u>	<u>70,204</u>	<u>5,712,859</u>	<u>5,881,177</u>
39,371	-	-	-	2,434,382	1,972,600
(1,330,000)	(1,600,000)	(2,278,212)	-	(9,016,393)	(5,900,832)
(1,290,629)	(1,600,000)	(2,278,212)	-	(6,582,011)	(3,928,232)
(1,244,570)	(1,552,297)	1,360,195	70,204	(869,152)	1,952,945
<u>1,642,657</u>	<u>1,841,927</u>	<u>4,006,383</u>	<u>2,698,094</u>	<u>26,163,165</u>	<u>24,210,220</u>
<u>\$ 398,087</u>	<u>\$ 289,630</u>	<u>\$ 5,366,578</u>	<u>\$ 2,768,298</u>	<u>\$ 25,294,013</u>	<u>\$ 26,163,165</u>



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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 878,617	\$ 878,617	\$ 876,894	\$ (1,723)
Investment and rental income	97,500	97,500	83,837	(13,663)
Total revenues	976,117	976,117	960,731	(15,386)
EXPENDITURES:				
Current:				
Arts, Recreation and Cultural Services	287,000	287,000	265,902	21,098
Total expenditures	287,000	287,000	265,902	21,098
REVENUES OVER (UNDER) EXPENDITURES	689,117	689,117	694,829	5,712
Net change in fund balance	\$ 689,117	\$ 689,117	694,829	\$ 5,712
FUND BALANCE:				
Beginning of year			2,990,836	
End of year			\$ 3,685,665	



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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 476,000	\$ 476,000	\$ 465,803	\$ (10,197)
Investment and rental income	66,150	66,150	42,651	(23,499)
Charges for services	35,500	35,500	35,454	(46)
Total revenues	577,650	577,650	543,908	(33,742)
EXPENDITURES:				
Current:				
Public services	1,108,608	1,108,608	926,577	182,031
Total expenditures	1,108,608	1,108,608	926,577	182,031
REVENUES OVER (UNDER) EXPENDITURES	(530,958)	(530,958)	(382,669)	148,289
OTHER FINANCING SOURCES (USES):				
Transfer in	460,789	-	382,669	382,669
Total other financing sources (uses)	460,789	-	382,669	382,669
Net change in fund balance	\$ (70,169)	\$ (530,958)	-	\$ 530,958
FUND BALANCE:				
Beginning of year			-	
End of year			\$ -	



City of Walnut Creek

**Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
Revolving Loans Special Revenue Fund
For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 20,000	\$ 20,000	\$ 20,998	\$ 998
Other	-	-	195,000	195,000
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>215,998</u>	<u>195,998</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>20,000</u>	<u>20,000</u>	<u>215,998</u>	<u>195,998</u>
Net change in fund balance	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>215,998</u>	<u>\$ 195,998</u>
FUND BALANCE:				
Beginning of year			<u>884,988</u>	
End of year			<u>\$ 1,100,986</u>	



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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 97,844	\$ 97,844	\$ 50,500	\$ (47,344)
Investment and rental income	11,600	11,600	17,958	6,358
Charges for services	5,750	5,750	5,750	-
Other	30,000	30,000	118,065	88,065
Total revenues	145,194	145,194	192,273	47,079
EXPENDITURES:				
Current:				
Community development	118,799	118,799	992,279	(873,480)
Housing	1,222,154	1,222,154	96,983	1,125,171
Total expenditures	1,340,953	1,340,953	1,089,262	251,691
REVENUES OVER (UNDER) EXPENDITURES	(1,195,759)	(1,195,759)	(896,989)	298,770
OTHER FINANCING SOURCES (USES):				
Transfer in	219,000	-	246,774	246,774
Total other financing sources (uses)	219,000	-	246,774	246,774
Net change in fund balance	\$ (976,759)	\$ (1,195,759)	(650,215)	\$ 545,544
FUND BALANCE:				
Beginning of year			652,697	
End of year			\$ 2,482	



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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 344,620	\$ 344,620	\$ 118,706	\$ (225,914)
Investment and rental income	3,200	3,200	541	(2,659)
Fines, forfeitures and penalties	-	-	191,590	191,590
Total revenues	347,820	347,820	310,837	(36,983)
EXPENDITURES:				
Current:				
Public protection	15,004	15,004	20,024	(5,020)
Total expenditures	15,004	15,004	20,024	(5,020)
REVENUES OVER (UNDER) EXPENDITURES	332,816	332,816	290,813	(42,003)
OTHER FINANCING SOURCES (USES):				
Transfer out	(333,000)	(333,000)	(288,536)	44,464
Total other financing sources (uses)	(333,000)	(333,000)	(288,536)	44,464
Net change in fund balance	\$ (184)	\$ (184)	2,277	\$ 2,461
FUND BALANCE:				
Beginning of year			16,106	
End of year			\$ 18,383	



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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ 68,700	\$ 68,700	\$ 62,732	\$ (5,968)
Charges for services	202,339	202,339	298,168	95,829
Total revenues	271,039	271,039	360,900	89,861
EXPENDITURES:				
Current:				
General government	19,100	19,100	1,960	17,140
Total expenditures	19,100	19,100	1,960	17,140
REVENUES OVER (UNDER) EXPENDITURES	251,939	251,939	358,940	107,001
Net change in fund balance	\$ 251,939	\$ 251,939	358,940	\$ 107,001
FUND BALANCE:				
Beginning of year			2,340,654	
End of year			\$ 2,699,594	



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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,163,500	\$ 1,163,500	\$ 1,073,302	\$ (90,198)
Investment and rental income	10,020	10,020	686	(9,334)
Total revenues	<u>1,173,520</u>	<u>1,173,520</u>	<u>1,073,988</u>	<u>(99,532)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,173,520</u>	<u>1,173,520</u>	<u>1,073,988</u>	<u>(99,532)</u>
OTHER FINANCING SOURCES (USES):				
Transfer out	(565,000)	(565,000)	(1,558,984)	(993,984)
Total other financing sources (uses)	<u>(565,000)</u>	<u>(565,000)</u>	<u>(1,558,984)</u>	<u>(993,984)</u>
Net change in fund balance	<u>\$ 608,520</u>	<u>\$ 608,520</u>	(484,996)	<u>\$ (1,093,516)</u>
FUND BALANCE:				
Beginning of year			<u>573,110</u>	
End of year			<u>\$ 88,114</u>	



City of Walnut Creek

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

NPDES Special Revenue Fund

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 1,208,550	\$ 1,208,550	\$ 1,235,407	\$ 26,857
Investment and rental income	57,600	57,600	56,167	(1,433)
Fines, forfeitures and penalties			5,000	5,000
Other revenues	50,000	50,000	71,154	21,154
Total revenues	<u>1,316,150</u>	<u>1,316,150</u>	<u>1,367,728</u>	<u>51,578</u>
EXPENDITURES:				
Current:				
Public services	1,440,434	1,440,434	1,135,552	304,882
Total expenditures	<u>1,440,434</u>	<u>1,440,434</u>	<u>1,135,552</u>	<u>304,882</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(124,284)</u>	<u>(124,284)</u>	<u>232,176</u>	<u>356,460</u>
Net change in fund balance	<u>\$ (124,284)</u>	<u>\$ (124,284)</u>	<u>232,176</u>	<u>\$ 356,460</u>
FUND BALANCE:				
Beginning of year			<u>1,999,961</u>	
End of year			<u>\$ 2,232,137</u>	



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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,008,715	\$ 1,008,715	\$ 1,100,764	\$ 92,049
Investment and rental income	-	-	581	581
Other revenues	-	-	3,910	3,910
Total revenues	1,008,715	1,008,715	1,105,255	96,540
EXPENDITURES:				
Current:				
Community development	56,205	56,205	70,047	(13,842)
Housing	953,662	953,662	1,035,208	(81,546)
Total expenditures	1,009,867	1,009,867	1,105,255	(95,388)
REVENUES OVER (UNDER) EXPENDITURES	(1,152)	(1,152)	-	1,152
Net change in fund balance	\$ (1,152)	\$ (1,152)		\$ 1,152
FUND BALANCE:				
Beginning of year			-	
End of year			\$ -	



City of Walnut Creek

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

Measure J Special Revenue Fund

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Sales and use tax	\$ 795,495	\$ 795,495	\$ 682,879	\$ (112,616)
Investment and rental income	37,890	37,890	73,482	35,592
Total revenues	833,385	833,385	756,361	(77,024)
OTHER FINANCING SOURCES (USES):				
Transfer out	(917,565)	(917,565)	(793,962)	123,603
Total other financing sources (uses)	(917,565)	(917,565)	(793,962)	123,603
Net change in fund balance	\$ (84,180)	\$ (84,180)	(37,601)	\$ 46,579
FUND BALANCE:				
Beginning of year			3,255,637	
End of year			\$ 3,218,036	



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, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 629,425	\$ 629,425	\$ 553,685	\$ (75,740)
Investment and rental income	9,790	9,790	4,879	(4,911)
Total revenues	639,215	639,215	558,564	(80,651)
REVENUES OVER (UNDER) EXPENDITURES	639,215	639,215	558,564	(80,651)
OTHER FINANCING SOURCES (USES):				
Transfer out	-	-	(6,699)	(6,699)
Total other financing sources (uses)	-	-	(6,699)	(6,699)
Net change in fund balance	\$ 639,215	\$ 639,215	551,865	\$ (87,350)
FUND BALANCE:				
Beginning of year			101	
End of year			\$ 551,966	



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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental income	\$ -	\$ -	\$ 3,461	\$ 3,461
Total revenues	-	-	3,461	3,461
EXPENDITURES:				
Current:				
Principal	905,000	905,000	905,000	-
Interest, fiscal charges and issuance costs	389,000	389,000	388,904	96
Total expenditures	1,294,000	1,294,000	1,293,904	96
REVENUES OVER (UNDER) EXPENDITURES	(1,294,000)	(1,294,000)	(1,290,443)	3,557
OTHER FINANCING SOURCES (USES):				
Transfer in	1,294,000	1,294,000	1,281,033	(12,967)
Total other financing sources (uses)	1,294,000	1,294,000	1,281,033	(12,967)
Net change in fund balance	\$ -	\$ -	(9,410)	\$ (9,410)
FUND BALANCE:				
Beginning of year			1,135,505	
End of year			\$ 1,126,095	

OUTDOOR ICE RINK





INTERNAL SERVICE FUNDS

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

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

Police Radio Fund accumulates funds for the replacement of police radios

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

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

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

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

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

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



City of Walnut Creek
Combining Statement of Net Assets
All Internal Service Funds
June 30, 2009

(With comparative information for the prior year)

	Vehicle Rental	Police Radio	Equipment Replacement RCA	Equipment Replacement IT
ASSETS				
Current assets:				
Due from other funds	\$ 1,321,837	\$ 292,506	\$ 56,013	\$ 1,484,449
Total current assets	1,321,837	292,506	56,013	1,484,449
Capital assets:				
Vehicles	7,752,034	-	-	-
Buildings	-	-	-	-
Machinery and equipment	-	-	15,518	1,507,068
Accumulated depreciation	(5,070,713)	-	(2,199)	(167,185)
Total capital assets	2,681,321	-	13,319	1,339,883
Total noncurrent assets	2,681,321	-	13,319	1,339,883
Total assets	4,003,158	292,506	69,332	2,824,332
LIABILITIES				
Accounts payable	49,689	-	-	40,527
Long term debt due in one year	-	-	-	157,120
Long term debt due in more than one year	-	-	-	519,510
Due to other funds	-	-	-	-
Total liabilities	49,689	-	-	717,157
NET ASSETS				
Investment in capital assets, net of related debt	2,681,321	-	13,319	1,339,883
Unrestricted	1,272,148	292,506	56,013	767,292
Total net assets	\$ 3,953,469	\$ 292,506	\$ 69,332	\$ 2,107,175

Equipment Replacement ASD	Equipment Replacement GF	Facilities Replacement ASD	Major Roadway Reconstruction	Totals	
				2009	2008
\$ 10,000	\$ 1,576,912	\$ 426,819	\$ 1,713,864	\$ 6,882,400	7,680,805
10,000	1,576,912	426,819	1,713,864	6,882,400	7,680,805
-	-	-	-	7,752,034	7,444,801
-	-	235,000	-	235,000	235,000
-	71,460	-	-	1,594,046	195,543
-	(8,465)	(13,708)	-	(5,262,270)	(4,941,211)
-	62,995	221,292	-	4,318,810	2,934,133
-	62,995	221,292	-	4,318,810	2,934,133
10,000	1,639,907	648,111	1,713,864	11,201,210	10,614,938
-	-	-	-	90,216	45,454
-	-	-	-	157,120	-
-	-	-	-	519,510	-
9,900	126,519	183,373	1,713,864	2,033,656	586,114
9,900	126,519	183,373	1,713,864	2,800,502	631,568
-	62,995	221,292	-	4,318,810	2,934,133
100	1,450,393	243,446	-	4,081,898	7,049,237
\$ 100	\$ 1,513,388	\$ 464,738	\$ -	\$ 8,400,708	\$ 9,983,370



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, 2009
 (With comparative totals for June 30, 2008)

	Vehicle Rental	Police Radio	Equipment Replacement RCA	Equipment Replacement IT
OPERATING REVENUES:				
Charges for services	\$ 718,330	\$ 39,000	\$ -	\$ -
Total operating revenues	718,330	39,000	-	-
OPERATING EXPENSES:				
Supplies and services	-	-	-	113,176
Repairs and maintenance	108,990	-	-	168,323
Depreciation	571,646	-	1,552	120,124
Total operating expenses	680,636	-	1,552	401,623
OPERATING INCOME (LOSS)	37,694	39,000	(1,552)	(401,623)
NONOPERATING REVENUES (EXPENSES):				
Interest and related expenses	-	-	-	(6,945)
Gain (loss) on sale of vehicles	25,206	-	-	-
Total nonoperating (expenses)	25,206	-	-	(6,945)
Net (loss) before contributions and operating transfers	62,900	39,000	(1,552)	(408,568)
Capital contributions	49,874	-	-	-
Transfers in	-	-	21,252	600,000
Transfers out	(210,000)	(40,000)	-	-
Change in net assets	(97,226)	(1,000)	19,700	191,432
NET ASSETS:				
Beginning of the year	4,050,695	293,506	49,632	1,915,743
End of the year	\$ 3,953,469	\$ 292,506	\$ 69,332	\$ 2,107,175

Equipment Replacement ASD	Equipment Replacement GF	Facilities Replacement ASD	Major Roadway Reconstruction	Totals	
				2009	2008
\$ -	\$ -	\$ -	\$ -	\$ 757,330	\$ 807,070
-	-	-	-	757,330	807,070
-	-	-	-	113,176	81,667
-	17,949	-	-	295,262	278,096
-	5,953	4,700	-	703,975	595,424
-	23,902	4,700	-	1,112,413	955,187
-	(23,902)	(4,700)	-	(355,083)	(148,117)
-	-	-	-	(6,945)	-
-	-	-	-	25,206	15,383
-	-	-	-	18,261	15,383
-	(23,902)	(4,700)	-	(336,822)	(132,734)
-	-	-	-	49,874	73,844
-	100,000	130,143	-	851,395	235,000
(9,900)	(304,273)	(70,859)	(1,512,077)	(2,147,109)	(23,000)
(9,900)	(228,175)	54,584	(1,512,077)	(1,582,662)	153,110
10,000	1,741,563	410,154	1,512,077	9,983,370	9,830,260
\$ 100	\$ 1,513,388	\$ 464,738	\$ -	\$ 8,400,708	\$ 9,983,370



City of Walnut Creek
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2009
(With comparative information for the prior year)

	Vehicle Rental	Police Radio	Equipment Replacement RCA	Equipment Replacement IT
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 718,330	\$ 39,000	\$ -	\$ -
Payments to suppliers	(63,928)	-	-	(281,799)
Internal activity - receipts from (payments to) other funds	170,668	1,000	(21,252)	379,235
Net cash provided (used) by operating activities	825,070	40,000	(21,252)	97,436
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	-	21,252	600,000
Transfers out	(210,000)	(40,000)	-	-
Net cash provided by capital and related financing activities	(210,000)	(40,000)	21,252	600,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest paid on capital lease				(6,944)
Principal paid on capital lease	-	-	-	(183,618)
Proceeds from capital lease	-	-	-	860,248
Net cash (used) by investing activities	-	-	-	669,686
CASH FLOWS FROM INVESTING ACTIVITIES:				
Acquisition of capital assets	(640,276)	-	-	(1,367,122)
Proceeds from disposal of capital assets	25,206	-	-	-
Net cash (used) by investing activities	(615,070)	-	-	(1,367,122)
Net increase (decrease) in cash and cash equivalents	-	-	-	-
CASH AND CASH EQUIVALENTS:				
Beginning of the year	-	-	-	-
End of the year	\$ -	\$ -	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 37,694	\$ 39,000	\$ (1,552)	\$ (401,623)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	571,646	-	1,552	120,124
Changes in assets and liabilities:				
Due from other funds	170,668	1,000		379,235
Due to other funds	-	-	(21,252)	
Accounts payable	45,062	-	-	(300)
Net cash provided (used) by operating activities	\$ 825,070	\$ 40,000	\$ (21,252)	\$ 97,436

Noncash items:

The Vehicle Rental Fund had capital asset contributions of \$49,874

Equipment Replacement ASD	Equipment Replacement GF	Facilities Replacement ASD	Major Roadway Reconstruction	Totals	
				2009	2008
\$ -	\$ -	\$ -	\$ -	\$ 757,330	\$ 807,070
-	(17,949)	-	-	(363,676)	(357,390)
9,900	253,603	(59,284)	1,512,077	2,245,947	229,625
9,900	235,654	(59,284)	1,512,077	2,639,601	679,305
-	100,000	130,143	-	851,395	235,000
(9,900)	(304,273)	(70,859)	(1,512,077)	(2,147,109)	(23,000)
(9,900)	(204,273)	59,284	(1,512,077)	(1,295,714)	212,000
-	-	-	-	(6,944)	-
-	-	-	-	(183,618)	-
-	-	-	-	860,248	-
-	-	-	-	669,686	-
-	(31,381)	-	-	(2,038,779)	(960,438)
-	-	-	-	25,206	69,133
-	(31,381)	-	-	(2,013,573)	(891,305)
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ (23,902)	\$ (4,700)	\$ -	\$ (355,083)	\$ (148,117)
-	5,953	4,700	-	703,975	595,424
9,900	253,603	(59,284)	1,512,077	2,257,299	2,880,291
-	-	-	-	(11,352)	(2,650,666)
-	-	-	-	44,762	2,373
\$ 9,900	\$ 235,654	\$ (59,284)	\$ 1,512,077	\$ 2,639,601	\$ 679,305

STORM DRAIN MAINTENANCE / EMERGENCY OPERATIONS





AGENCY FUNDS

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

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

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

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

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

CCCSD 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.

PAPER BOAT RACE / PRESCHOOL





City of Walnut Creek

Agency Funds

Statements of Changes in Assets and Liabilities

For the Year Ended June 30, 2009

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
<u>Trust and Agency</u>				
Assets:				
Cash and investments	\$ 2,303,017	\$ 24,957,395	\$ (24,227,586)	\$ 3,032,826
Accounts receivable	2,053	64,797	(52,453)	14,397
Interest receivable	35,962	17,642	(35,962)	17,642
Total assets	\$ 2,341,032	\$ 25,039,834	\$ (24,316,001)	\$ 3,064,865
Liabilities:				
Accounts payable	\$ 242,939	\$ 3,542,977	\$ (3,555,014)	\$ 230,902
Advance deposits	2,098,093	12,271,252	(11,535,382)	2,833,963
Total liabilities	\$ 2,341,032	\$ 15,814,229	\$ (15,090,396)	\$ 3,064,865
 <u>Lesher Endowment</u>				
Assets:				
Cash and investments	\$ 1,442,611	\$ 88,610	\$ (29,729)	\$ 1,501,492
Liabilities:				
Advance deposits	\$ 1,442,611	\$ 88,610	\$ (29,729)	\$ 1,501,492
 <u>Assessment Districts Group I</u>				
Assets:				
Cash and investments	\$ 1,593,624	\$ 47,919	\$ -	\$ 1,641,543
Interest receivable	12,238	5,908	(12,238)	5,908
Total assets	\$ 1,605,862	\$ 53,827	\$ (12,238)	\$ 1,647,451
Liabilities:				
Due to bondholders	\$ 1,605,862	\$ 53,827	\$ (12,238)	\$ 1,647,451
 <u>Assessment Districts Group II</u>				
Assets:				
Cash and investments	\$ 49,194	\$ 1,479	\$ -	\$ 50,673
Interest receivable	378	183	(378)	183
Total assets	\$ 49,572	\$ 1,662	\$ (378)	\$ 50,856
Liabilities:				
Due to bondholders	\$ 49,572	\$ 1,662	\$ (378)	\$ 50,856



City of Walnut Creek

Agency Funds

Statements of Changes in Assets and Liabilities, Continued

For the year ended June 30, 2009

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
<u>CCCSD Solid Waste Authority</u>				
Assets:				
Cash and investments	\$ 7,110,209	\$ 6,508,766	\$ (6,516,580)	\$ 7,102,395
Interest receivable	51,732	25,650	(51,729)	25,653
Total assets	\$ 7,161,941	\$ 6,534,416	\$ (6,568,309)	\$ 7,128,048
Liabilities:				
Accounts payable	\$ 84,632	\$ 4,757,722	\$ (4,541,757)	\$ 300,597
Due to other governments	7,077,309	1,776,694	(2,026,552)	6,827,451
Total liabilities	\$ 7,161,941	\$ 6,534,416	\$ (6,568,309)	\$ 7,128,048
<u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 12,498,655	\$ 31,604,169	\$ (30,773,895)	\$ 13,328,929
Accounts receivable	2,053	64,797	(52,453)	14,397
Interest receivable	100,310	49,383	(100,307)	49,386
Total assets	\$ 12,601,018	\$ 31,718,349	\$ (30,926,655)	\$ 13,392,712
Liabilities:				
Accounts payable	\$ 327,571	\$ 8,300,699	\$ (8,096,771)	\$ 531,499
Due to other governments	7,077,309	1,776,694	(2,026,552)	6,827,451
Due to bondholders	1,655,434	55,489	(12,616)	1,698,307
Advance deposits	3,540,704	12,359,862	(11,565,111)	4,335,455
Total liabilities	\$ 12,601,018	\$ 22,492,744	\$ (21,701,050)	\$ 13,392,712

STATISTICAL SECTION

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

Index	Page
Financial Trends	142-151
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	152-158
These schedules contain information to help the reader assess the City's most significant local revenue sources, including sales and property taxes.	
Debt Capacity	159-164
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.	
Demographic and Economic Information	165
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	167-172
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 Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2001	2002	2003	2004
Governmental activities:				
Invested in capital assets, net of related debt	\$ 107,586,943	\$ 232,826,933	\$ 233,584,544	\$ 235,586,200
Restricted	1,313,308	11,806,364	6,771,065	7,555,991
Unrestricted	88,685,605	67,452,315	85,000,240	89,503,964
Total governmental activities net assets	197,585,856	312,085,612	325,355,849	332,646,155
Business-type activities:				
Invested in capital assets, net of related debt	1,478,841	1,409,039	238,355	1,306,722
Restricted	-	180,456	188,414	191,927
Unrestricted	(757,850)	(955,160)	(470,072)	(1,781,355)
Total business-type activities net assets	720,991	634,335	(43,303)	(282,706)
Primary government:				
Invested in capital assets, net of related debt	109,065,784	234,235,972	233,822,899	236,892,922
Restricted	1,313,308	11,986,820	6,959,479	7,747,918
Unrestricted	87,927,755	66,497,155	84,530,168	87,722,609
Total primary government net assets	\$ 198,306,847	\$ 312,719,947	\$ 325,312,546	\$ 332,363,449

The City of Walnut Creek implemented GASB 34 for the fiscal year ended June 30, 2001. Information prior to the implementation of GASB 34 is not available. The significant increase in Capital Assets in Fiscal Year 2001-2002 is due to a retroactive valuation recorded for the City's existing infrastructure in accordance with GASB 34.

Source: City Finance Department

Fiscal Year				
2005	2006	2007	2008	2009
\$ 231,657,387	\$ 231,465,216	\$ 226,863,697	\$ 227,987,671	\$ 241,814,198
16,118,808	7,815,613	50,105,233	49,175,812	64,129,700
84,899,807	98,940,786	64,990,977	67,074,890	37,017,927
<u>332,676,002</u>	<u>338,221,615</u>	<u>341,959,907</u>	<u>344,238,373</u>	<u>342,961,825</u>
1,309,217	1,277,845	1,219,298	1,075,689	1,317,463
199,920	167,556	166,699	165,099	-
(1,981,453)	(1,812,450)	(1,668,737)	(1,731,343)	(1,869,311)
<u>(472,316)</u>	<u>(367,049)</u>	<u>(282,740)</u>	<u>(490,555)</u>	<u>(551,848)</u>
232,966,604	232,743,061	228,082,995	229,063,360	243,131,661
16,318,728	7,983,169	50,271,932	49,340,911	64,129,700
82,918,354	97,128,336	63,322,240	65,343,547	35,148,616
<u>\$ 332,203,686</u>	<u>\$ 337,854,566</u>	<u>\$ 341,677,167</u>	<u>\$ 343,747,818</u>	<u>\$ 342,409,977</u>



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

	Fiscal Year			
	2001	2002	2003	2004
Expenses				
Governmental activities:				
Public protection	\$ 12,433,690	\$ 13,023,902	\$ 14,291,143	\$ 15,408,601
Public service	8,722,670	24,233,292	20,346,243	20,889,434
Community Development	4,205,827	1,350,794	1,523,479	3,335,486
Housing	2,936,712	431,202	352,436	747,076
Arts, recreation, and community services	4,034,492	3,761,558	4,336,777	4,395,857
Administrative services	2,132,837	2,512,648	2,822,559	5,696,658
General government	4,276,211	6,082,703	1,426,962	3,441,755
Interest on long-term debt	953,288	698,979	722,075	1,021,204
Total governmental activities expenses	39,695,727	52,095,078	45,821,674	54,936,071
Business-type activities:				
Golf course and Clubhouse	1,948,195	2,096,288	1,963,990	2,062,289
Partnership	4,189,466	5,338,572	5,657,961	5,867,889
Total business-type activities expenses	6,137,661	7,434,860	7,621,951	7,930,178
Total primary government expenses	\$ 45,833,388	\$ 59,529,938	\$ 53,443,625	\$ 62,866,249
Program Revenues				
Governmental activities:				
Charges for services:				
Public protection	\$ 1,871,337	\$ 1,081,917	\$ 1,287,093	\$ 1,371,618
Public service	2,872,011	5,096,556	7,197,340	5,457,210
Community development	4,822,050	726,875	1,957,641	2,081,319
Housing	557,965	63,773	208,922	469,995
Arts, recreation, and community services	1,504,827	1,745,583	1,956,903	1,905,648
Administrative services	2,468,353	3,162,386	4,217,858	3,467,925
General government	640,759	891,435	456,161	337,537
Operating grants and contributions	3,984,068	3,312,718	2,950,251	4,661,677
Capital grants and contributions	304,754	3,111,756	340,504	658,707
Total governmental activities program revenues	19,026,124	19,192,999	20,572,673	20,411,636
Business-type activities:				
Charges for services:				
Golf Course and Clubhouse	1,848,823	1,724,182	1,592,014	1,630,090
Partnership	3,336,649	3,551,523	3,476,091	4,097,300
Operating grants and contributions	7,633	-	-	-
Capital grants and contributions	-	27,881	-	-
Total business-type activities program revenues	5,193,105	5,303,586	5,068,105	5,727,390

Fiscal Year				
2005	2006	2007	2008	2009
\$ 17,114,410	\$ 18,081,363	\$ 19,606,373	\$ 20,874,588	\$ 22,070,859
24,870,142	23,961,639	28,801,629	26,010,531	25,548,474
4,254,265	4,755,814	5,930,672	5,096,366	6,117,841
3,616,307	2,140,611	1,422,545	1,871,343	2,744,309
4,514,922	4,729,378	13,558,315	14,150,128	14,364,387
4,374,454	4,971,667	5,012,121	5,404,926	6,326,034
5,240,930	6,704,972	4,670,604	2,733,327	2,986,144
793,476	770,533	435,282	405,413	369,667
<u>64,778,906</u>	<u>66,115,977</u>	<u>79,437,541</u>	<u>76,546,622</u>	<u>80,527,715</u>
1,978,898	2,015,284	1,895,198	2,143,842	2,474,725
6,795,509	7,355,319	-	-	-
<u>8,774,407</u>	<u>9,370,603</u>	<u>1,895,198</u>	<u>2,143,842</u>	<u>2,474,725</u>
<u>\$ 73,553,313</u>	<u>\$ 75,486,580</u>	<u>\$ 81,332,739</u>	<u>\$ 78,690,464</u>	<u>\$ 83,002,440</u>
\$ 1,678,740	\$ 1,827,810	\$ 2,179,674	\$ 1,960,054	\$ 2,370,596
4,871,906	5,144,249	2,281,216	2,351,022	2,366,826
2,366,504	2,569,766	3,070,920	3,161,013	2,878,442
3,086,431	3,255,398	2,465,567	1,242,802	2,767,216
2,171,762	2,146,396	8,749,794	8,659,603	9,519,335
3,509,143	3,798,994	1,785,276	2,264,692	2,264,812
638,426	1,341,751	1,389,328	960,194	831,868
3,596,132	3,263,602	1,428,110	1,081,947	1,834,798
51,312	999,277	1,429,171	2,118,032	2,074,100
<u>21,970,356</u>	<u>24,347,243</u>	<u>24,779,056</u>	<u>23,799,359</u>	<u>26,907,993</u>
1,822,642	1,931,082	1,931,869	1,950,889	1,973,869
4,856,799	5,568,571	-	-	-
-	-	-	-	-
-	-	167,901	-	-
<u>6,679,441</u>	<u>7,499,653</u>	<u>2,099,770</u>	<u>1,950,889</u>	<u>1,973,869</u>



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

	Fiscal Year			
	2001	2002	2003	2004
Net revenues (expenses)				
Governmental activities:	\$ (20,669,603)	\$ (32,902,079)	\$ (25,249,001)	\$ (34,524,435)
Business-type activities:	(944,556)	(2,131,274)	(2,553,846)	(2,202,788)
Total primary government net expense	\$ (21,614,159)	\$ (35,033,353)	\$ (27,802,847)	\$ (36,727,223)
General revenues and other changes in net assets				
Governmental activities:				
Taxes:				
Sales and use	\$ 18,874,060	\$ 18,402,138	\$ 17,863,817	\$ 19,953,000
Property	8,464,955	9,105,833	10,227,965	10,559,672
Franchise	4,211,692	4,331,785	2,837,136	3,237,261
Other taxes	-	-	2,028,356	2,091,374
Intergovernmental	4,503,905	3,698,684	3,800,323	2,632,293
Investment income, unrestricted	7,332,560	3,959,769	2,995,137	3,450,671
Capital Contribution	7,647	-	159,214	-
Other general revenues	-	-	127,601	-
Transfers	(1,132,761)	(1,559,704)	(1,520,311)	(1,609,314)
Total governmental activities	42,262,058	37,938,505	38,519,238	40,314,957
Business-type activities:				
Investment income	-	89,494	351,319	332,943
Other Revenue	398,497	395,420	4,578	21,128
Transfers	1,132,761	1,559,704	1,520,311	1,609,314
Total business-type activities	1,531,258	2,044,618	1,876,208	1,963,385
Total primary government changes in net assets				
Governmental activities:	21,592,455	5,036,426	13,270,237	5,790,522
Business-type activities:	586,702	(86,656)	(677,638)	(239,403)
Total primary government	\$ 22,179,157	\$ 4,949,770	\$ 12,592,599	\$ 5,551,119

The City of Walnut Creek implemented GASB 34 for the fiscal year ended June 30, 2001. Information prior to the implementation of GASB 34 is not available.

Source: City Finance Department

Fiscal Year				
2005	2006	2007	2008	2009
\$ (42,808,550)	\$ (41,768,734)	\$ (54,658,485)	\$ (52,747,263)	\$ (53,619,722)
(2,094,966)	(1,870,950)	204,572	(192,953)	(500,856)
<u>\$ (44,903,516)</u>	<u>\$ (43,639,684)</u>	<u>\$ (54,453,913)</u>	<u>\$ (52,940,216)</u>	<u>\$ (54,120,578)</u>
\$ 19,023,168	\$ 21,075,748	\$ 21,227,671	\$ 20,060,618	\$ 18,472,616
14,597,317	16,505,365	18,822,311	19,488,146	20,714,994
2,633,460	2,633,222	2,839,864	3,004,523	3,156,939
1,548,587	4,374,230	6,234,908	8,079,967	7,155,807
1,103,398	1,416,429	2,468,231		
2,353,126	3,902,372	5,507,134	4,152,579	3,021,062
3,166,765	-	-		
-	73,558	15,915	171,396	52,520
(1,889,004)	(1,914,950)	196,844	68,497	7,746
<u>42,536,817</u>	<u>48,065,974</u>	<u>57,312,878</u>	<u>55,025,726</u>	<u>52,581,684</u>
16,352	77,503	76,581	53,585	183,442
-	115	-	50	25,357
1,889,004	1,914,950	(196,844)	(68,497)	(7,746)
1,905,356	1,992,568	(120,263)	(14,862)	201,053
(271,733)	6,297,240	2,654,393	2,278,463	(1,038,038)
(189,610)	121,618	84,309	(207,815)	(299,803)
<u>\$ (461,343)</u>	<u>\$ 6,418,858</u>	<u>\$ 2,738,702</u>	<u>\$ 2,070,648</u>	<u>\$ (1,337,841)</u>

(Concluded)



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

	Fiscal Year			
	2000	2001	2002	2003
General Fund:				
Reserved	\$ 5,812,559	\$ 4,760,386	\$ 4,562,748	\$ 4,711,048
Unreserved				
Designated for:				
Economic Uncertainty	-	-	500,000	500,000
Recreation Scholarships				
Claims Liability	918,664	918,664	918,664	918,664
Council Discretion	-	-	-	-
City Manager Discretion	-	-	-	-
Unrealized Investment Gain	18,180	398,916	377,716	327,385
Property Expansion	510,967	510,967	510,967	510,967
Future Programs	105,448	100,000	18,385,229	1,777,264
Capital improvements	7,261,549	7,161,549	6,429,549	6,429,549
Labor Agreements	-	-	-	1,858,192
Future Budgets	-	-	-	-
Compensated Absences	2,248,168	2,126,638	2,171,494	2,338,483
Undesignated	7,109,026	4,701,303	5,246,027	4,194,140
Total general fund	23,984,561	20,678,423	39,102,394	23,565,692
All Other Governmental Funds:				
Reserved	16,210,243	15,519,412	8,764,659	6,310,933
Unreserved, reported in:				
Special revenue funds	19,537,610	21,014,986	1,844,428	8,416,665
Capital projects funds	24,422,012	26,380,212	29,586,085	50,932,910
Undesignated	-	-	-	-
Total all other governmental funds	\$ 60,169,865	\$ 62,914,610	\$ 40,195,172	\$ 65,660,508
Total all governmental funds	\$ 84,154,426	\$ 83,593,033	\$ 79,297,566	\$ 89,226,200

Source: City Finance Department

Fiscal Year						
2004	2005	2006	2007	2008	2009	
\$ 5,998,198	\$ 4,984,672	\$ 5,270,977	\$ 4,905,610	\$ 4,900,219	\$ 4,276,972	
11,503,956	8,918,972	6,171,001	6,337,891	6,343,265	6,818,051	
					21,562	
5,480,550	6,368,630	6,085,543	9,121,767	9,276,811	8,028,363	
982,402	882,402	614,155	632,273	632,273	332,273	
75,000	75,000	75,000	75,000	75,000	75,000	
-	-	-	370,476	59,197	96,826	
250,000	250,000	-	-	-	-	
-	-	1,554,690	-	-	-	
2,366,045	1,405,022	1,405,022	1,405,022	1,405,022	1,405,022	
500,000	500,000	500,000	500,000	500,000	-	
-	-	-	3,062,278	7,490,507	7,195,623	
2,421,007	2,638,504	2,767,382	2,952,014	2,984,777	3,318,697	
-	3,713,094	-	392,793	-	-	
<u>29,577,158</u>	<u>29,736,296</u>	<u>24,443,770</u>	<u>29,755,124</u>	<u>33,667,071</u>	<u>31,568,389</u>	
9,294,625	2,430,635	12,319,946	6,165,017	7,406,732	10,310,736	
-	-	-	-	-	-	
1,016,990	6,076,454	83,613	12,516,496	12,485,586	13,587,363	
44,700,281	49,382,134	55,240,959	55,738,087	51,446,853	35,882,129	
-	-	-	-	-	-	
<u>\$ 55,011,896</u>	<u>\$ 57,889,223</u>	<u>\$ 67,644,518</u>	<u>\$ 74,419,600</u>	<u>\$ 71,339,171</u>	<u>\$ 59,780,228</u>	
<u>\$ 84,589,054</u>	<u>\$ 87,625,519</u>	<u>\$ 92,088,288</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			
	2000	2001	2002	2003
Revenues				
Taxes:				
Sales and Use	\$ 16,033,024	\$ 18,874,060	\$ 18,402,138	\$ 17,863,817
Property	7,832,924	8,464,954	8,962,450	10,767,390
Business License	1,879,577	1,649,337	1,589,709	1,926,542
Franchise	4,467,922	4,211,693	1,903,762	2,857,756
Transient Occupancy Tax	1,300,168	1,411,741	365,649	1,231,757
Other	626,179	679,914	4,482,700	1,908,021
Intergovernmental	6,515,821	7,365,579	6,237,791	6,214,440
Use of money and property	6,786,507	9,607,352	4,152,218	3,978,211
Charges for Services	2,961,946	5,045,431	1,826,271	2,951,114
Licenses, permits and fees	1,119,318	1,626,460	2,941,040	5,046,215
Fines, forfeitures and penalties	3,074,759	3,190,927	1,860,097	3,425,299
Other revenues	5,947,820	3,000	3,255,476	2,282,446
Total revenues	58,545,965	62,130,448	55,979,301	60,453,008
Expenditures				
Current:				
Public protection	11,785,408	12,414,461	13,013,622	14,193,868
Public service	9,492,767	7,873,040	17,728,369	11,441,979
Community development	5,434,209	5,477,418	2,087,492	2,772,829
Housing	432,607	2,946,601	1,826,389	481,612
Cultural services	21,793	3,654,603	4,089,645	4,110,078
Administrative services	2,308,695	1,947,918	3,198,370	2,818,424
General government	5,966,154	4,229,590	4,038,023	3,599,230
Capital outlay:				
General public ways and facilities	11,759,437	16,791,958	15,614,089	8,932,542
Debt service:				
Principal	105,000	145,000	335,000	200,000
Interest and issuance costs	1,349,711	760,060	557,810	726,200
Total expenditures	48,655,781	56,240,649	62,488,809	49,276,762
Excess (deficiency) of revenues over (under) expenditures	9,890,184	5,889,799	(6,509,508)	11,176,246
Other financing sources (uses):				
Loan proceeds	-	-	1,575,000	180,910
Proceeds from sale of assets	2,867,212	-	-	-
Transfers in	38,222,197	1,078,928	10,976,426	2,844,815
Transfers out	(39,278,790)	(2,485,414)	(12,508,880)	(4,440,326)
Total other financing sources (uses)	1,810,619	(1,406,486)	42,546	(1,414,601)
Net change in fund balances	\$ 11,700,803	\$ 4,483,313	\$ (6,466,962)	\$ 9,761,645
Debt Service - % noncapital expenditures	4.1%	2.3%	1.9%	2.3%

Source: City Finance Department

Fiscal Year						
2004	2005	2006	2007	2008	2009	
\$ 19,953,000	\$ 19,023,168	\$ 21,075,748	\$ 21,227,671	\$ 20,060,619	\$ 18,472,616	
10,020,247	14,597,317	16,505,365	19,691,147	20,362,527	20,714,994	
1,901,983	1,885,648	1,973,765	1,917,646	2,024,041	1,948,060	
3,216,641	2,633,460	2,633,222	2,839,864	3,004,523	3,156,939	
1,233,226	1,235,263	1,218,666	1,337,385	1,453,869	1,244,223	
5,464,077	6,429,352	3,419,858	2,287,101	2,355,998	2,034,403	
4,708,249	2,048,333	3,820,553	3,273,497	2,245,219	4,099,703	
4,042,597	3,758,488	5,434,269	7,206,566	5,933,954	4,720,142	
3,152,399	4,677,537	7,371,377	12,827,678	12,057,554	12,290,405	
3,192,760	2,396,509	2,218,601	2,758,546	2,214,703	2,230,571	
2,173,400	2,534,229	3,538,154	3,066,289	4,560,388	4,029,279	
1,813,912	1,587,702	520,356	1,001,883	1,246,141	1,779,127	
60,872,491	62,807,006	69,729,934	79,435,273	77,519,536	76,720,462	
15,237,423	16,849,831	17,967,011	19,236,989	20,083,360	21,522,640	
16,706,717	17,870,421	17,108,292	21,259,006	18,287,663	18,477,194	
4,070,787	4,252,184	4,765,527	5,914,667	5,397,259	6,224,593	
613,556	3,616,307	2,140,611	1,422,545	1,871,343	2,744,309	
4,500,185	4,442,632	4,656,977	13,443,568	14,038,213	14,218,609	
5,639,095	4,318,891	4,962,148	4,962,140	5,372,403	6,177,799	
3,248,892	5,327,017	6,610,070	4,546,728	2,700,494	2,826,309	
6,417,541	2,233,117	6,043,278	2,743,985	7,501,041	17,957,680	
155,000	415,000	825,000	850,000	870,000	905,000	
2,650,283	804,864	785,595	453,008	422,739	388,904	
59,239,479	60,130,264	65,864,509	74,832,636	76,544,515	91,443,037	
1,633,012	2,676,742	3,865,425	4,602,637	975,021	(14,722,575)	
3,446,815	-	-	-	-	-	
180,909	-	-	-	-	-	
4,603,835	5,180,648	888,864	27,545,584	10,338,766	22,579,127	
(16,052,411)	(5,340,002)	(2,835,536)	(24,776,022)	(10,482,269)	(21,275,667)	
(7,820,852)	(159,354)	(1,946,672)	2,769,562	(143,503)	1,303,460	
\$ (6,187,840)	\$ 2,517,388	\$ 1,918,753	\$ 7,372,199	\$ 831,518	\$ (13,419,115)	
5.6%	2.2%	2.8%	1.8%	1.9%	1.8%	

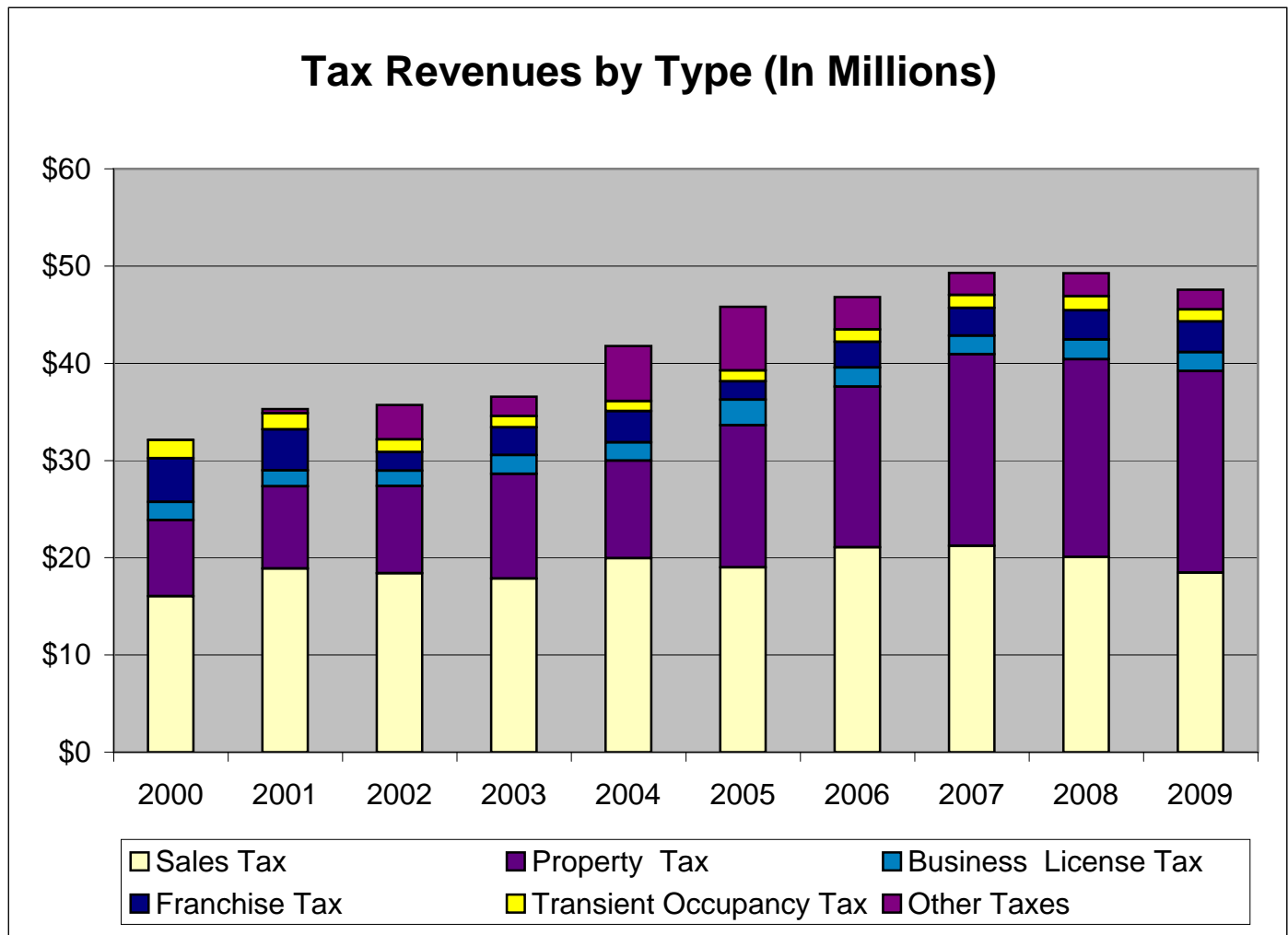
(Concluded)



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

Fiscal Years	Sales Tax	Property Tax	Business License Tax	Franchise Tax	Transient Occupancy Tax	Other Taxes	Total
2000	\$ 16,033,024	\$ 7,832,924	\$ 1,879,577	\$ 4,467,922	\$ 1,880,350	\$ 45,997	\$ 32,139,794
2001	18,874,060	8,464,954	1,649,337	4,211,693	1,666,640	425,015	35,291,699
2002	18,402,138	8,962,450	1,589,709	1,903,762	1,307,163	3,541,186	35,706,408
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

Source: City Finance Department





City of Walnut Creek

Assessed Value and Estimated Actual Value of Taxable Property

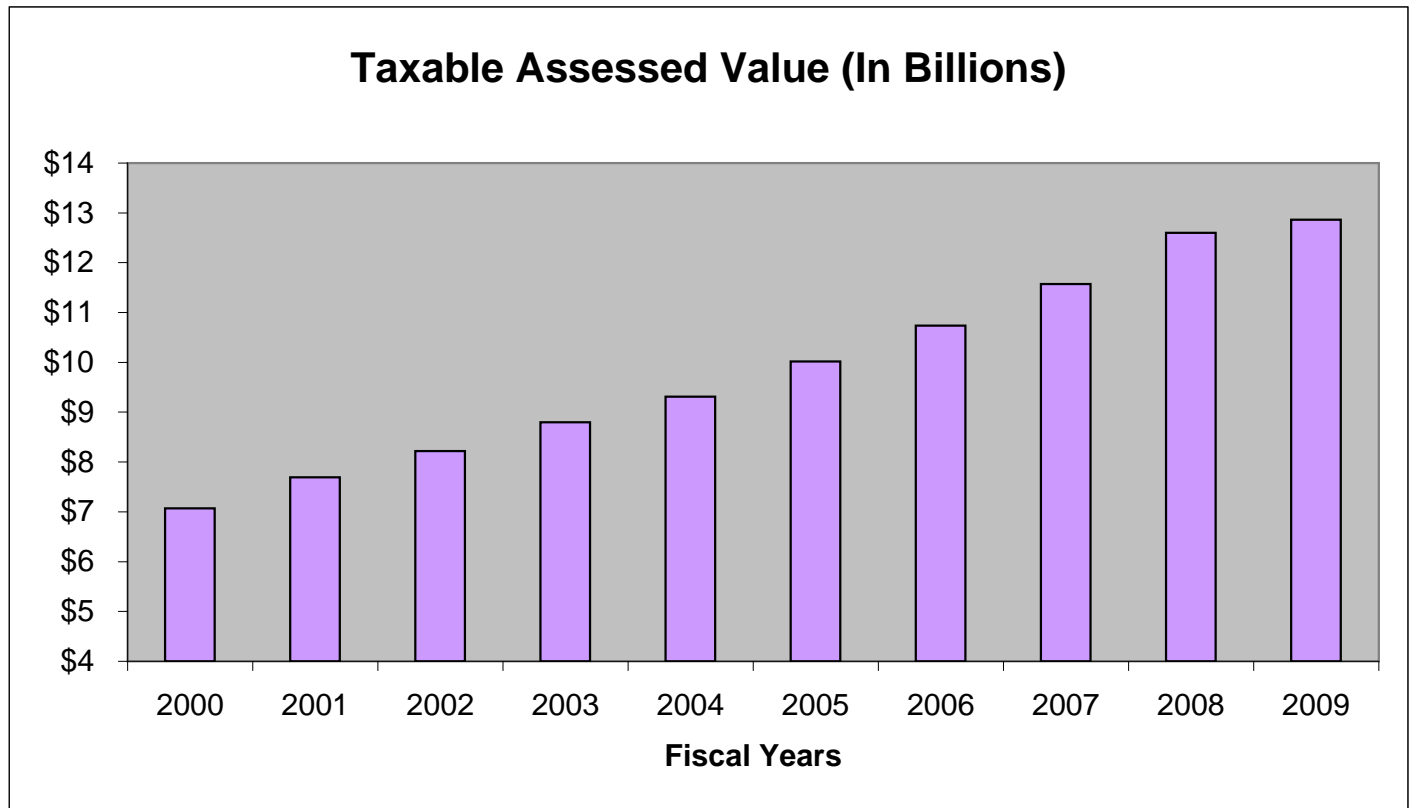
Last Ten Fiscal Years

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
2000	\$ 4,893,085,980	\$ 1,608,258,724	\$ 89,689,678	\$ 679,296,493	\$ (199,175,475)	\$ 7,071,155,400	10.943%
2001	5,395,926,358	1,688,081,532	102,017,409	706,097,831	(198,476,920)	7,693,646,210	10.784%
2002	5,880,966,590	1,746,793,809	92,628,113	696,630,353	(199,050,435)	8,217,968,430	10.728%
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%

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			
	2000	2001	2002	2003
City Direct Rate:	0.0941	0.0941	0.0941	0.0941
Overlapping Rates:				
Walnut Creek School Districts	0.5094	0.5219	0.5171	0.5141
Bay Area Rapid Transit	0.0065	0.0065	0.0065	0.0065
Flood zone state bonds	0.0072	0.0072	0.0072	0.0072
East Bay parks bond	0.0307	0.0307	0.0307	0.0307
Contra Costa Community College	0.0470	0.0470	0.0470	0.0510
Contra Costa Fire District	0.1290	0.1290	0.1290	0.1290
Other Governmental Agencies	0.0935	0.0911	0.0914	0.0903
Contra Costa County	0.1447	0.1447	0.1447	0.1447
Total Direct and Overlapping Rates	1.0621	1.0722	1.0674	1.0676



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

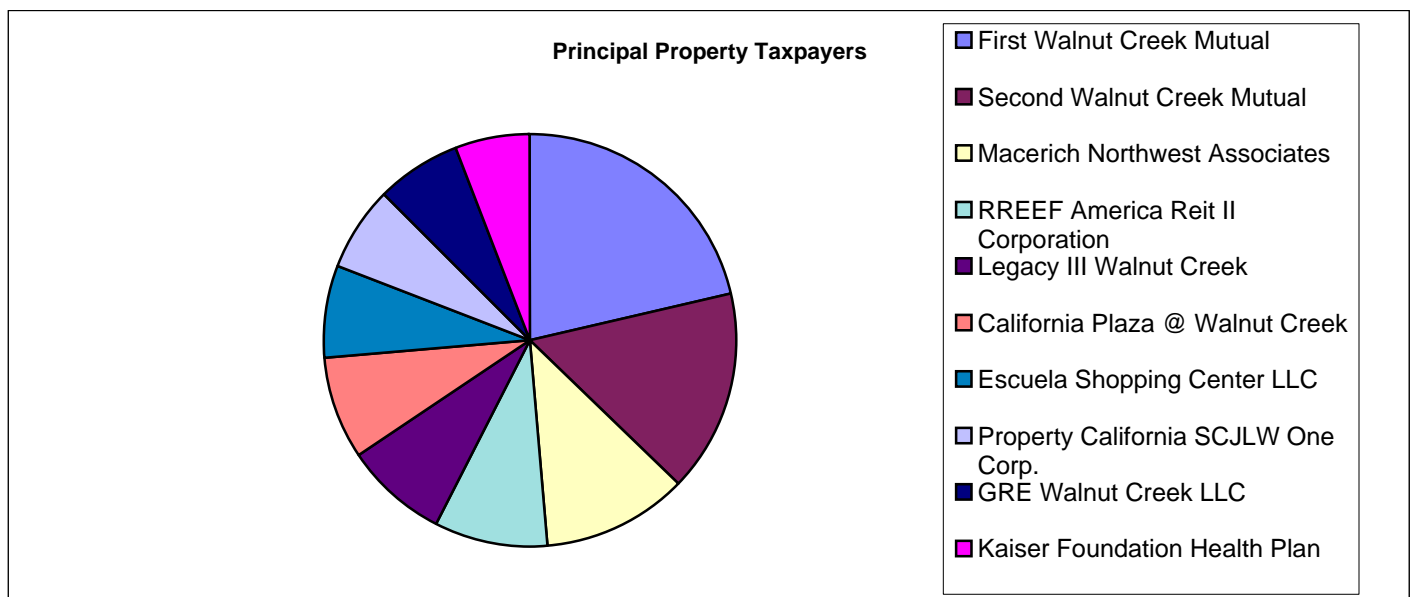
Fiscal Year					
2004	2005	2006	2007	2008	2009
0.0941	0.0941	0.0941	0.0941	0.0941	0.0941
0.5146	0.5125	0.5127	0.5128	0.5099	0.5142
0.0065	0.0065	0.0065	0.0065	0.0065	0.0155
0.0072	0.0072	0.0072	0.0072	0.0072	0.0072
0.0307	0.0307	0.0307	0.0307	0.0307	0.0407
0.0508	0.0512	0.0517	0.0513	0.0508	0.0291
0.1290	0.1290	0.1290	0.1290	0.1290	0.1290
0.0892	0.0891	0.0897	0.0927	0.1018	0.1065
0.1447	0.1447	0.1447	0.1447	0.1447	0.1447
1.0668	1.0650	1.0663	1.0690	1.0747	1.0810



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

Taxpayer	2009		2000	
	Taxable Assessed Value	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Percent of Total Taxable Assessed Value
First Walnut Creek Mutual	\$ 228,544,940	1.78%	\$ 153,104,236	2.17%
Second Walnut Creek Mutual	169,039,860	1.31%	116,158,115	1.64%
Macerich Northwest Associates	121,780,247	0.95%	73,260,491	1.04%
RREEF America Reit II Corporation	96,463,807	0.75%	-	-
Legacy III Walnut Creek	86,149,628	0.67%	-	-
California Plaza @ Walnut Creek	83,664,404	0.65%	59,287,732	0.84%
Escuela Shopping Center LLC	76,937,576	0.60%	-	-
Property California SCJLW One Corp.	73,268,838	0.57%	61,257,116	0.87%
GRE Walnut Creek LLC	71,787,600	0.56%	-	-
Kaiser Foundation Health Plan	60,954,185	0.47%	96,428,643	1.36%
UDC Homes	-	-	64,188,154	0.91%
Metropolitan Life Insurance Company	-	-	61,021,960	0.86%
Pacific Gateway Properties	-	-	42,840,114	0.61%
Growers Square Inc.	-	-	41,461,615	0.59%
	\$ 1,068,591,085	8.31%	\$ 769,008,176	10.89%

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





City of Walnut Creek

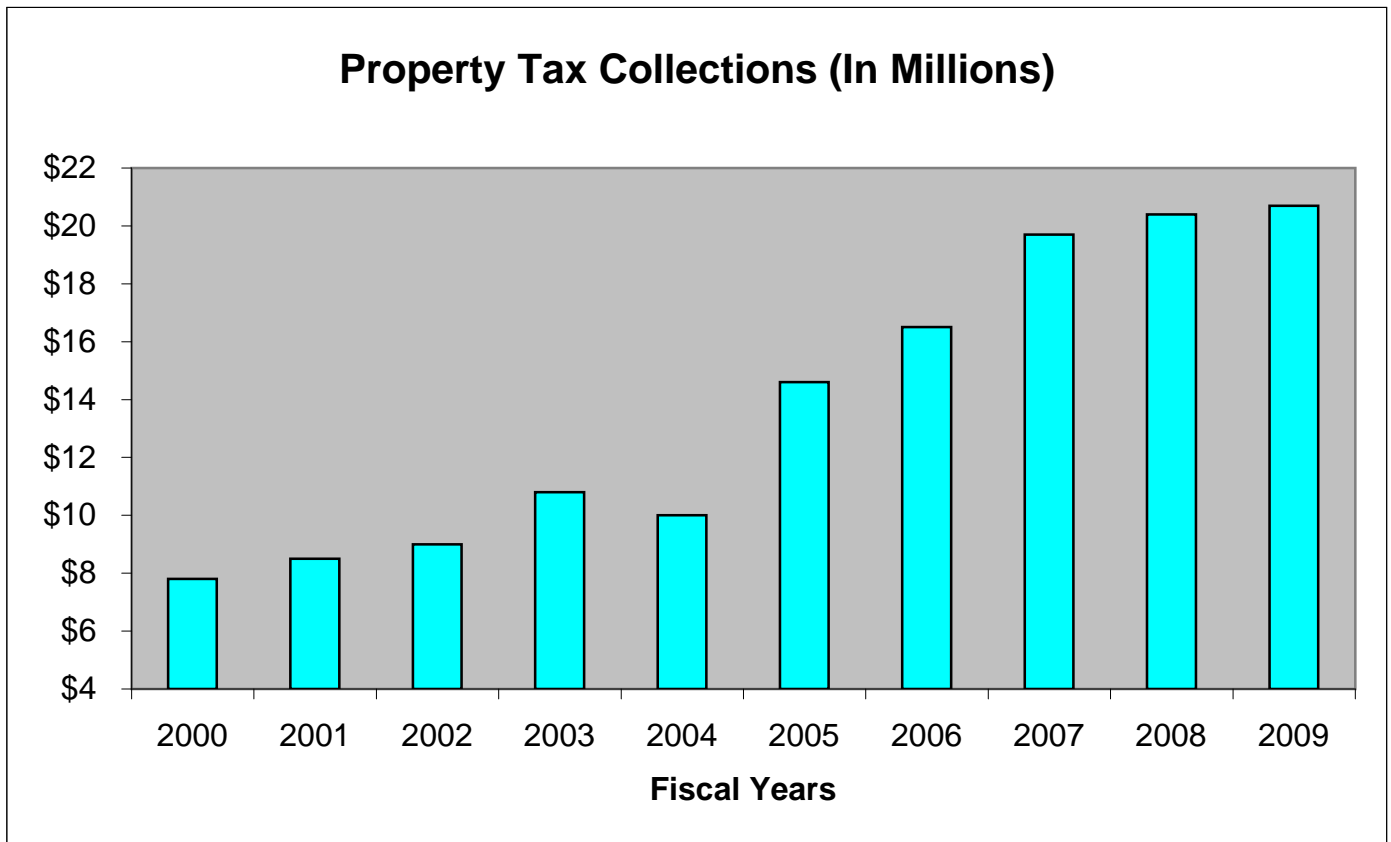
Property Tax Levies and Collections

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
2000	\$ 7,832,924	\$ 7,832,924	100%	\$ 7,832,924	100%
2001	8,464,954	8,464,954	100%	8,464,954	100%
2002	8,962,450	8,962,450	100%	8,962,450	100%
2003	10,767,390	10,767,390	100%	10,767,390	100%
2004	10,020,247	10,020,247	100%	10,020,247	100%
2005	14,597,317	14,597,317	100%	14,597,317	100%
2006	16,505,365	16,505,365	100%	16,505,365	100%
2007	19,691,147	19,691,147	100%	19,691,147	100%
2008	20,362,527	20,362,527	100%	20,362,527	100%
2009	20,714,994	20,714,994	100%	20,714,994	100%

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
2008-2009

BUSINESS NAME

BUSINESS CATEGORY

Apple Stores	Office Equipment
Beverages and More	Liquor Stores
Chevron USA Inc.	Gasoline Outlets
Cole European	New Car Dealers
Crate and Barrel	Miscellaneous Retail
Diablo Mazda	New Car Dealers
Dirito Brothers Volkswagen	New Car Dealers
General Plumbing Supply	Plumbing and Equipment
Longs Drug Stores	Drug Stores
Macy's Department Store	Department Stores
Malaco International	Chemical Products
Mercedes Benz	New Car Dealers
Michael Stead Jeep/Eagle	New Car Dealers
Michael Stead Porsche	New Car Dealers
Nordstrom Inc.	Department Stores
Piedmont Lumber	Building Materials
Ross Stores	Apparel Stores
Safeway Stores	Supermarkets
Target Stores	Department Stores
Tesoro West Coast Company	Gasoline Outlets
TWC Dealer Group, inc.	New Car Dealers
Varian	Electronic Equipment
Walnut Creek Ford	New Car Dealers
Walnut Creek Honda	New Car Dealers
Wayne Stead Chevrolet Cadillac	New Car Dealers

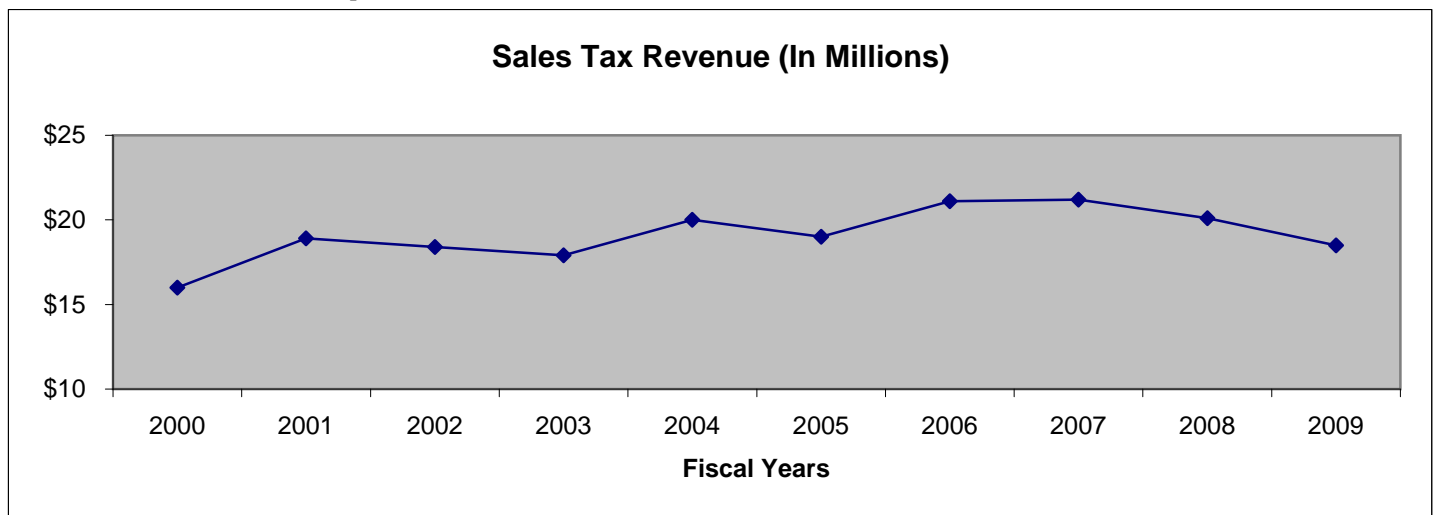
Percent of Total City Sales Tax Paid By Top 25 Accounts = 49%

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

Firms Listed Alphabetically

Period: April 2008 thru March 2009

Source: MBIA, State Board of Equalization





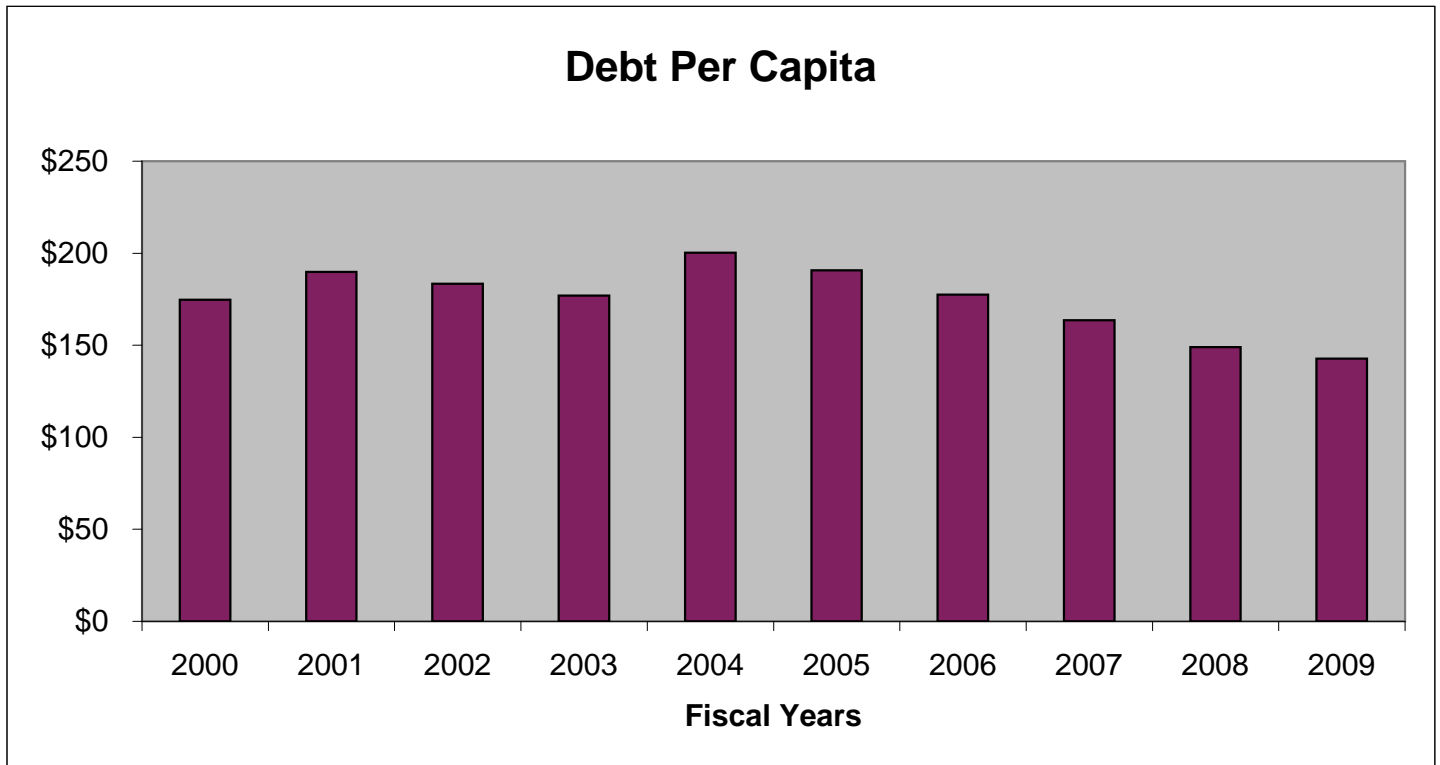
City of Walnut Creek Ratios of Debt Outstanding Last Ten Fiscal Years

Fiscal Year Ended June 30th	Governmental Activities		Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	Tax Allocation Bonds	Capital Lease Obligation	Lease Revenue Bonds			
2000	\$ 8,600,000		\$ 2,640,000	\$ 11,240,000	30.91%	\$ 174.80
2001	10,010,000		2,445,000	12,455,000	30.63%	189.85
2002	9,840,000		2,245,000	12,085,000	29.06%	183.37
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

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

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

Source: City Finance Department





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

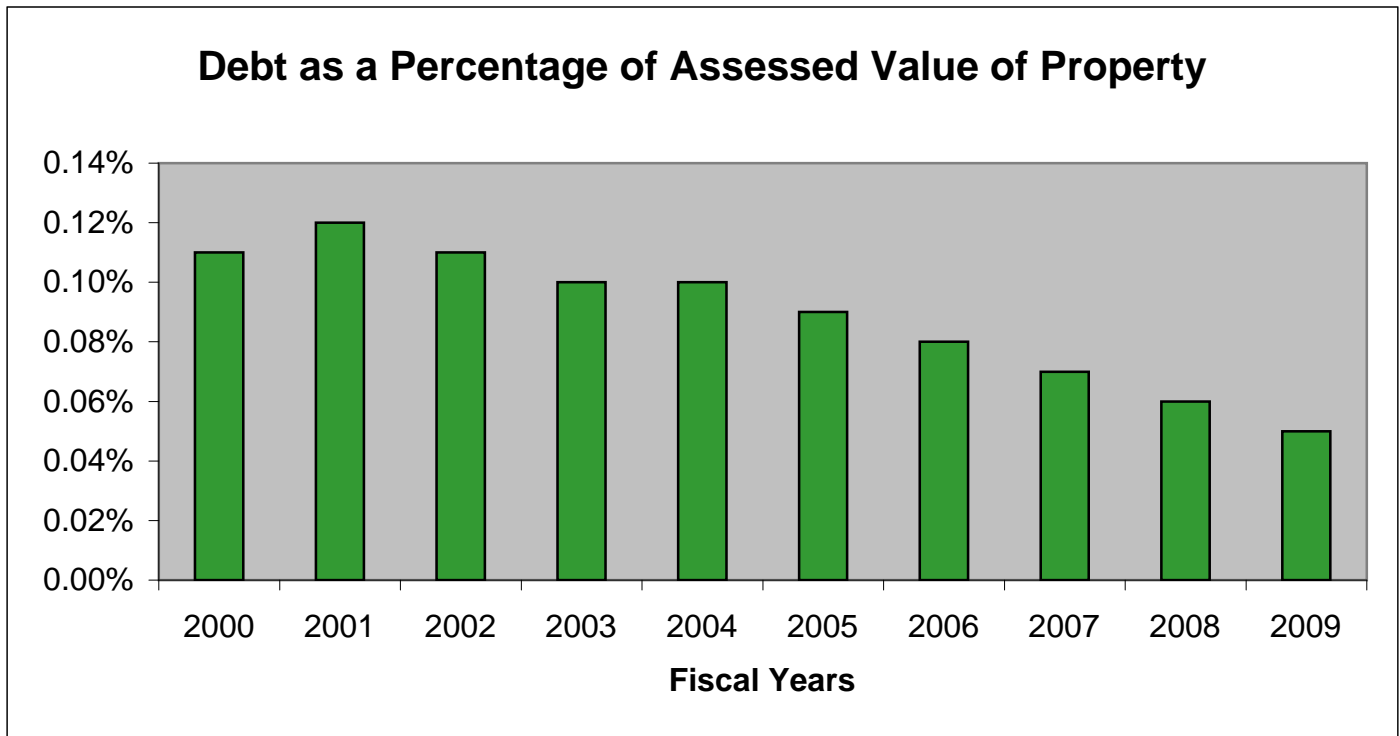
Fiscal Year Ended June 30th	Tax Allocation Bonds	Less: Amounts Available in Debt Service Fund	Net Amount	Percentage of Assessed Value of Property	Per Capita
2000	\$ 8,600,000	\$ 289,238	\$ 8,310,762	0.11%	\$ 129.26
2001	10,010,000	316,074	9,693,926	0.12%	147.76
2002	9,840,000	30,046	9,809,954	0.11%	148.85
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

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, 2009

City's 2008-2009 Assessed Valuation	\$ 12,855,489,471
Redevelopment Agency Incremental Valuation	353,317,592
Adjusted Assessed Valuation	12,502,171,879

<u>Direct and Overlapping Tax and Assessment Debt:</u>	Percentage Applicable to City of Walnut Creek ¹	Outstanding Debt 6/30/09	Estimated Share of Overlapping Debt
Bay Area Rapid Transit District	2.837%	\$ 441,360,000	\$ 12,521,383
Contra Costa Community College District	9.059%	176,050,000	15,948,370
Walnut Creek Joint Unified School District	72.935%	31,585,000	23,036,520
Mount Diablo Unified School District	18.640%	276,565,000	51,551,716
Acalanes Unified School District	30.5390%	122,753,150	37,487,584
Contra Costa County and Water District 1915 Act Bonds	39.418% and 13.157%	3,675,000	1,339,629
California Statewide Communities Development Authority	100.0000%	5,983,810	5,983,810
Lafayette Unified School District	2.3300%	22,450,000	523,085
San Ramon Valley Unified School District	0.6580%	286,948,581	1,888,122
East Bay Regional Park District	4.1820%	125,850,000	5,263,047
Total overlapping tax and assessment debt		\$ 1,493,220,541	155,543,266
Total net overlapping tax and assessment debt			\$ 155,543,266
<u>Direct and Overlapping Lease Obligation Debt:</u>			
Contra Costa County General Fund Obligations	9.030%	\$ 285,315,000	\$ 25,763,945
Contra Costa County Pension Obligations	9.030%	465,455,000	42,030,587
Contra Costa Community College District Certificates of Participation	9.059%	1,050,000	95,120
Mount Diablo Unified School District Certificates of Participation	18.640%	5,670,000	1,056,888
City of Walnut Creek Public Financing Authority	100.000%	1,135,000	1,135,000
Contra Costa County Fire Protection District Pension Obligations	20.156%	123,465,000	24,885,605
Pleasant Hill Recreation and Park District Certificates of Participation	0.195%	2,545,000	4,963
Total Direct and Overlapping General Fund Debt		\$ 884,635,000	94,972,108
GROSS COMBINED TOTAL DEBT			\$ 250,515,374
NET COMBINED TOTAL DEBT			\$ 250,515,374 ²

¹ Percentage of overlapping agency's assessed valuation located within the City boundaries

² 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:	Gross Debt	Net Debt
Direct Debt	1.24%	1.24%
Overlapping Debt	2.00%	2.00%
Total Debt	3.24%	3.24%

Source: California Municipal Statistics Inc.



City of Walnut Creek Legal Debt Margin Last Ten Fiscal Years

	Fiscal Year			
	2000	2001	2002	2003
Assessed valuation	\$ 7,071,155	\$ 7,693,646	\$ 8,217,968	\$ 8,798,820
Add back exempted real property	199,175	198,477	199,050	212,362
Total assessed valuation	\$ 7,270,330	\$ 7,892,123	\$ 8,417,018	\$ 9,011,182
Debt limit percentage	15%	15%	15%	15%
Debt limit	\$ 1,090,550	\$ 1,183,818	\$ 1,262,553	\$ 1,351,677
Total net debt applicable to limit:				
Lease Revenue Bonds	2,640	2,455	2,245	2,035
Legal debt margin	\$ 1,087,910	\$ 1,181,363	\$ 1,260,308	\$ 1,349,642
Total debt applicable to the limit as a percentage of debt limit	0.2%	0.2%	0.2%	0.2%



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

Source: City Finance Department

Fiscal Year						
2004	2005	2006	2007	2008	2009	
\$ 9,311,728	\$ 10,022,788	\$ 10,735,858	\$ 11,566,788	\$ 12,597,185	\$ 12,855,489	
222,574	225,105	228,751	235,779	248,464	246,261	
<u>\$ 9,534,302</u>	<u>\$ 10,247,893</u>	<u>\$ 10,964,609</u>	<u>\$ 11,802,567</u>	<u>\$ 12,845,649</u>	<u>\$ 13,101,750</u>	
15%	15%	15%	15%	15%	15%	
\$ 1,430,145	\$ 1,537,184	\$ 1,644,691	\$ 1,770,385	\$ 1,926,847	\$ 1,965,263	
1,810	1,580	1,415	1,325	1,230	1,135	
<u>\$ 1,428,335</u>	<u>\$ 1,535,604</u>	<u>\$ 1,643,276</u>	<u>\$ 1,769,060</u>	<u>\$ 1,925,617</u>	<u>\$ 1,964,128</u>	
0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	



City of Walnut Creek Pledged Revenue Coverage Last Ten Fiscal Years

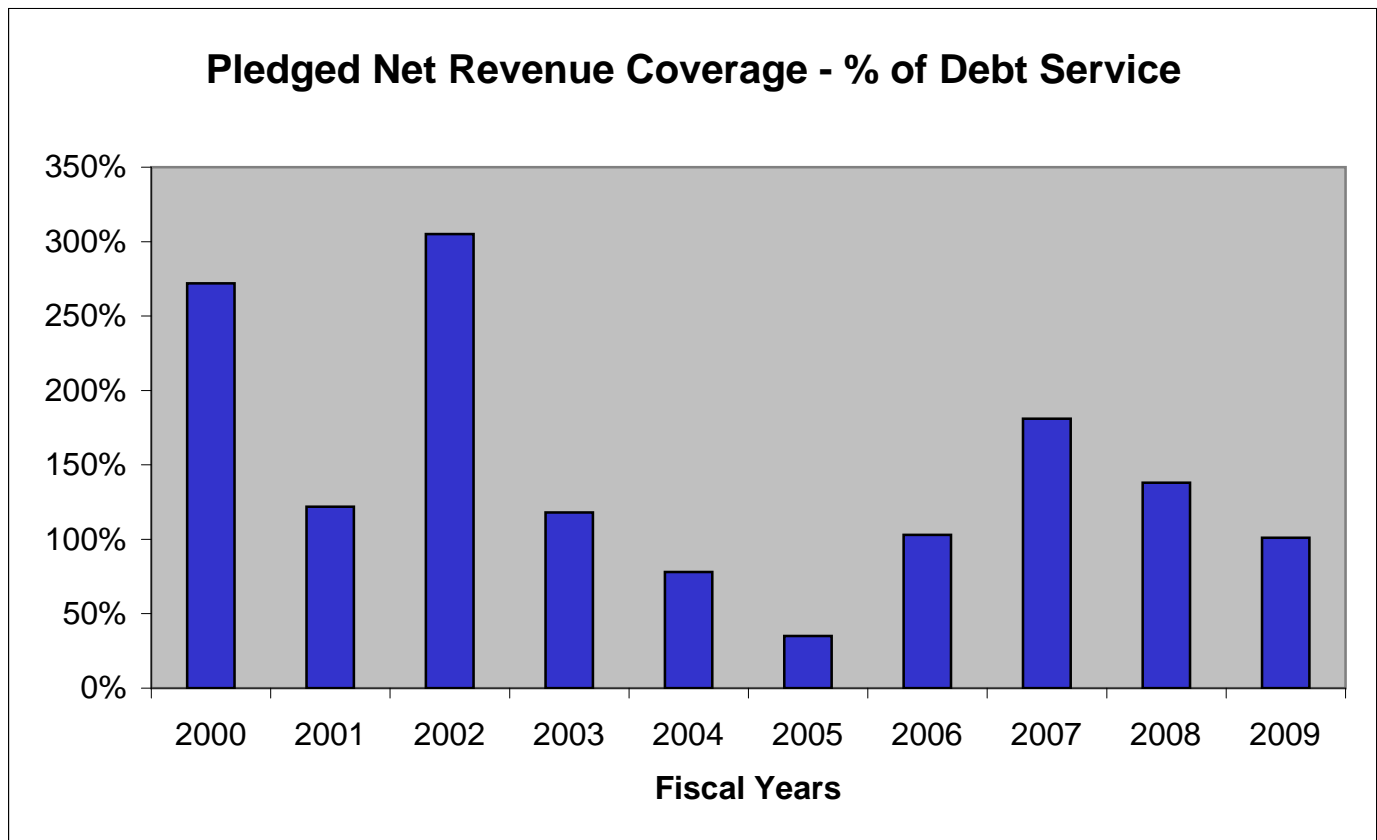
Fiscal Year Ended June 30th	Golf Course Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2000	\$ 2,179,255	\$ 1,287,605	\$ 891,650	\$ 185,000	\$ 142,804	272%
2001	2,023,430	1,621,496	401,934	195,000	134,116	122%
2002	2,390,622	1,399,371	991,251	200,000	124,941	305%
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%

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





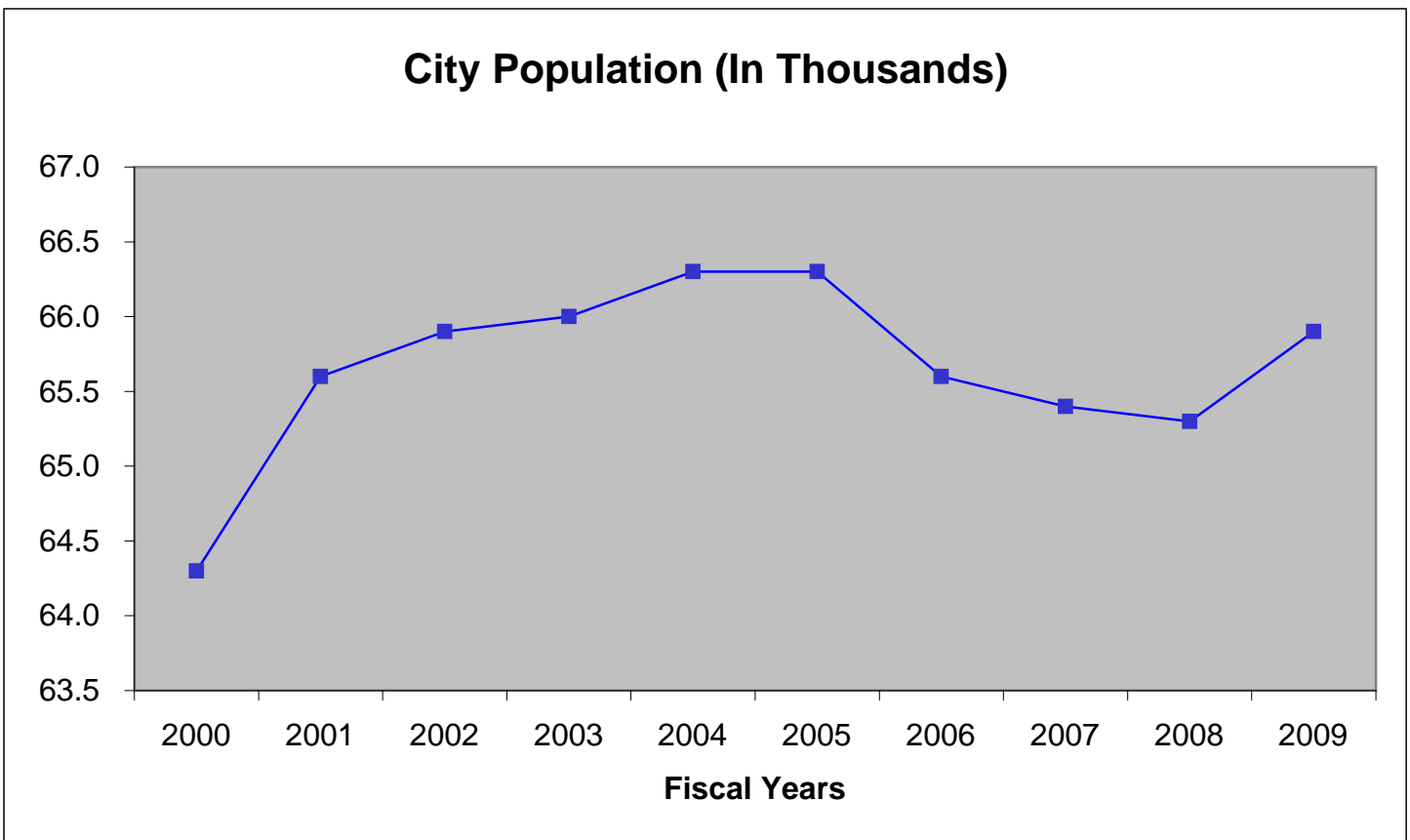
City of Walnut Creek

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
2000	64,296	\$ 2,338,253	\$ 36,367	N/A	99
2001	65,606	2,667,409	40,658	N/A	102
2002	65,906	2,741,228	41,593	N/A	97
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

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





City of Walnut Creek

Principal Employers

Fiscal Year 2008-2009

<u>Employer</u>	<u>Number of Employees</u>	<u>Ranking</u>
Central Garden & Pet Co	4,860	1
American Reprographics Co	4,500	2
John Muir Health	4,000	3
TSIC Inc.	2,500	4
Basic American Foods Inc	2,000	5
Kaiser Permanente Medical Ctr	1,800	6
Brown & Caldwell	1,500	7
Fresenius USA Inc	1,500	8
Contra Costa Newspapers	978	9
PMI Group Inc	736	10



Source: Infousa.com - listing of top 15 employers

Note: Information regarding Principal Employers for Fiscal Year 1999-2000 and % of total employees in City was not available.

PUBLIC SAFETY EDUCATION / PATROL





City of Walnut Creek

Full-Time Equivalent City Employees by Function

Last Ten Fiscal Years

	Fiscal Year			
	2000	2001	2002	2003
General government				
City Manager / City Clerk / Mail	10	9	9	9
City Attorney	4	4	4	4
	<u>14</u>	<u>13</u>	<u>13</u>	<u>13</u>
Administrative Services				
Accounting / Business License	8	10	10	11
Human Resources / Administration	9	7	7	7
Information Technology / Communications	5	6	6	6
Reprographics / Warehouse	5	6	6	6
	<u>27</u>	<u>29</u>	<u>29</u>	<u>30</u>
Public Safety:				
Patrol / Investigations	61	65	65	66
Traffic / Parking	20	20	20	20
Communications / Administration	31	30	30	30
	<u>112</u>	<u>115</u>	<u>115</u>	<u>116</u>
Public Services				
Engineering / Traffic / Streets / CIP	57	57	57	58
Parks / Open Space	32	39	39	39
Public Works / Maintenance	35	35	35	35
	<u>124</u>	<u>131</u>	<u>131</u>	<u>132</u>
Arts, Recreation and Community Services				
Recreation and Community Services	22	25	25	25
Arts Education	3	14	14	14
Theaters / Gallery	20	18	18	20
	<u>45</u>	<u>57</u>	<u>57</u>	<u>59</u>
Community development				
Planning / Administration	13	16	16	17
Building	9	10	10	10
Transportation / Housing	2	3	3	4
	<u>24</u>	<u>29</u>	<u>29</u>	<u>31</u>
Totals	346	374	374	381



Source: City Finance Department

Fiscal Year					
2004	2005	2006	2007	2008	2009
9	9	9	9	9	9
4	4	4	4	4	4
13	13	13	13	13	13
11	11	11	11	10	10
7	7	7	7	8	7
6	6	6	6	6	7
6	6	6	6	6	4
30	30	30	30	30	28
66	66	66	66	68	66
20	20	20	20	21	20
30	30	30	30	30	30
116	116	116	116	119	116
58	58	58	58	53	53
39	39	39	39	39	38
35	35	35	36	41	38
132	132	132	133	133	129
25	25	25	25	24	23
14	14	14	14	14	14
20	20	20	20	21	18
59	59	59	59	59	55
17	18	18	18	18	15
10	10	10	10	10	13
4	4	4	4	4	4
31	32	32	32	32	32
381	382	382	383	386	373





City of Walnut Creek

Operating Indicators by Function

Last Five Fiscal Years

	Fiscal Year Ended June 30th				
	2005	2006	2007	2008	2009
Police:					
Police Calls for Service	33,742	33,750	34,700	32,300	30,425
Dispatch calls for service	106,820	106,800	106,800	105,773	92,924
Citations Issued	4,164	4,164	4,164	5,579	9,915
Cases assigned to investigations	567	575	575	567	901
School Presentations	608	727	727	730	610
Child Seat Safety Inspections	117	150	150	140	150
Number of Records Requests	2,583	2,583	2,583	2,800	2,485
Public Services:					
Storm Drains inspected	3,115	3,115	3,115	3,115	4,000
Trees Trimmed	N/A	500	600	600	550
Park Maintenance (Acres)	233	233	233	249	249
Parking Meters Maintained	N/A	N/A	1,600	1,647	1,647
Street Signs Maintained	N/A	N/A	700	700	700
Traffic Signals Maintained	96	96	96	96	96
Streetlights Maintained	550	800	800	800	800
Replace Street Asphalt (square feet)	N/A	100,000	100,000	90,000	130,000
Replace Sidewalks (square feet)	N/A	15,000	15,000	11,800	15,000
Street Sweeping (curb miles)	12,867	12,867	12,867	12,867	13,000
Ranger led programs	N/A	60	176	66	131
Parks and recreation:					
Arts Education Facilities (facility rental hours)	3,695	3,700	3,700	3,368	3,315
Recreation Classes (enrollment)	5,199	5,250	5,290	5,937	5,628
Ballfield (hours rented)	25,088	24,572	20,498	21,400	22,136
Scheduled Gym Hours	14,370	13,795	14,763	14,763	15,080
Bedford Gallery (number of visitors)	33,076	38,890	28,927	30,690	30,200
Leshner Theater (tickets sold)	229,104	186,055	219,580	209,922	230,926
Senior Center participants	N/A	66,000	69,000	67,300	68,410
Paid Golf Rounds	62,163	60,082	62,080	64,295	58,505
Community Development:					
Planning Applications	135	127	125	135	101
Number of Code Enforcement cases closed	1,211	1,145	1,194	1,300	818
Building Permit Applications	4,372	4,065	4,306	3,700	3,228
Building Inspection stops	11,193	11,896	11,558	11,082	8,493
General Government / Administrative Services:					
Number of Insurance Claims	54	43	56	55	47
Number of recruitments	27	30	30	52	24
Number of Information Technology work orders completed	N/A	3,325	3,425	4,385	1,406
Number of Telecommunications work orders completed	N/A	289	309	325	245
Amount of Mail processed per month	13,000	13,500	13,021	12,800	9,946
Items requested from City Warehouse	29,900	30,300	31,800	31,050	31,050

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



City of Walnut Creek

Capital Asset Statistics by Function

Last Five Fiscal Years

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



City of Walnut Creek
Miscellaneous Statistical Data
June 30, 2009

Year of Incorporation	1914	Area (Square Miles)	19.45
Form of Government	Council/Manager	Elevation	131 feet
% of High School / College Graduates	95% / 54%	Number of homes	32,473
Average Annual Precipitation	22"	Median Age	45
Average Highs/Lows		Number of Registered Voters (2009)	42,256
Winter	57/40		
Spring	68/46		
Summer	83/55		
Fall	73/50		
City Crime Index (US Average 320.9)	242		

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