CITY OF WALNUT CREEK
CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

(Prepared by Administrative Services Dept)

City of Walnut Creek
Table of Contents

Page

INTRODUCTORY SECTION

Table of Contents i
Letter of Transmittal v
Government Finance Officers Association (GFOA) Award x
California Society of Municipal Finance Officers (CSMFO) Award xi
Mission Statement xii
Organizational Profile xiii
Principal Officers xiv
Administration Personnel xv
Regional Map of Walnut Creek and Nearby Cities xvi

FINANCIAL SECTION

Independent Auditors' Report 3

Management's Discussion and Analysis 5

Basic Financial Statements:

Government-Wide Financial Statements:
- Statement of Net Assets 29
- Statement of Activities and Changes in Net Assets 30

Governmental Fund Financial Statements:
- Balance Sheet 34
- Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets 37
- Statement of Revenues, Expenditures and Changes in Fund Balances 38
- 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 40

Proprietary Fund Financial Statements:
- Statement of Net Assets 42
- Statement of Revenues, Expenses and Changes in Fund Net Assets 43
- Statement of Cash Flows 44

Fiduciary Fund Financial Statements:
- Statement of Fiduciary Net Assets 46

Notes to Basic Financial Statements 47

City of Walnut Creek
Table of Contents

Page

FINANCIAL SECTION, Continued

Required Supplementary Information:

Public Employee Retirement Systems (PERS) Schedule of Funding Progress 85
Budgetary Information 86
General Fund 87

Supplemental Information:

Non-Major Governmental Funds:
- Combining Balance Sheet 94
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances 98
- Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:
  - Library Parcel Tax Special Revenue Fund 102
  - Open Space Special Revenue Fund 103
  - Revolving Loan Special Revenue Fund 104
  - Housing Special Revenue Fun 105
  - Traffic Safety/Police Grants Special Revenue Fund 106
  - PEG Access Fees/Grants Special Revenue Fun 107
  - Gas Tax Special Revenue Fund 108
  - NPDES Special Revenue Fund 109
  - CDBG Special Revenue Fund 110
  - Measure J Special Revenue Fund 111
  - Traffic Congestion Relief Special Revenue Fund 112
  - RDA Housing Special Revenue Fund 113
  - RDA Debt Service Fund 114

Internal Service Funds:
- Combining Statement of Net Assets 116
- Combining Statement of Revenues, Expenditures and Changes in Fund Net Assets 118
- Combining Statement of Cash Flows 120

Agency Funds:
- Statements of Changes in Assets and Liabilities 125

City of Walnut Creek
Table of Contents

Page

STATISTICAL SECTION (Unaudited)

Net Assets by Component 128
Changes in Net Assets 130
Fund Balances of Governmental Funds 134
Changes in Fund Balances of Governmental Funds 136
Governmental Tax Revenues by Source 138
Assessed Value and Estimated Actual Value of Taxable Property 139
Property Tax Rates 140
Principal Property Tax Payers 142
Property Tax Levies and Collections 143
Top 25 Sales Tax Producers 144
Ratios of Debt Outstanding 145
Direct and Overlapping Debt 146
Legal Debt Margin 148
Pledged Revenue Coverage 150
Demographic and Economic Statistics 151
Principal Employers 153
Full-Time Equivalent City Government Employees by Function 154
Operating Indicators by Function 156
Capital Asset Statistics by Function 157
Miscellaneous Statistical Data 158

PEOPLE AND PLACES OF THE CITY

LESHER CENTER / PARKS AND RECREATION

November 18

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, 2008. The information in this Comprehensive Annual Financial Report is prepared in accordance with Generally Accepted Accounting Principles (GAAP), as established by the Governmental Accounting Standards Board (GASB), and includes the report prepared 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.

This report has been formatted to comply with the financial reporting model developed by Governmental Accounting Standards Board (GASB) Statement 34 and is designed to provide readers with a broad overview of the City in a manner similar to a private sector business. This Comprehensive Annual Financial Report is organized into the following three sections:

- The Introductory Section, which includes the table of contents, letter of transmittal, listing of elected officials and City administrative personnel, mission statement, organization chart, and location map.
- The Financial Section, which includes the independent auditors' opinion, management's discussion and analysis, the basic financial statements, notes to the financial statements, combining statements of non-major funds, and required supplemental information.
- The Statistical Section, which contains both financial and non-financial data about the City, including information regarding financial trends, revenue and debt capacities, demographics and the local economy, and other operating information.

To assist with an individual's 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.

CITY PROFILE

The City was incorporated in 1914 and is located in Contra Costa County, a growing area in the eastern portion of the San Francisco Bay Area. The City has a permanent staffing level of approximately 380 City employees and serves approximately 65,000 residents covering 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 high quality residential neighborhoods.

The City operates under 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 ranks 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.

Post Office Box 8039, 1666 North Main Street, Walnut Creek, CA 94596
tel 925.943.5899 *www.ci.walnut-creek.ca.us*
printed on recycled paper

City departments and areas of responsibility include the following:

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 Lesher Center for the Arts, and the Bedford Gallery

Community Development
Includes Building, Planning, Housing, and Transportation Planning

General Government
Includes City Council, City Manager, City Clerk, and City Attorney

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

Public Services
Includes Engineering, Parks, Transporation Operations, Open Space and Building/Street Maintenance

The City also oversees the operation of the Boundary Oak Golf Course and its related restaurant, as well as the Redevelopment Agency for the City of Walnut Creek, 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 demands of various employers 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 *Contra Costa Times*; **hospitals** including John Muir Medical Center and Kaiser Permanente Medical Center; **retailers** such as Nordstrom, Macy's, Apple, Tiffany and Company, Safeway, and Target; and **auto dealers** such as Honda, Toyota, Mercedes Benz, Ford, Volkswagen, Cadillac, Jeep/Eagle, Mazda, Porsche, and Jaguar/Land Rover. Sales Tax revenue in fiscal year 2007-2008 was $20.1 million, a decrease of 5% over the amount received in the prior year primarily due to the slowdown in auto and retail markets.

The City's budget for 2008-2009 reflects the conditions of the local economy, which is anticipated to continue to be weak during Fiscal Year 2008-2009. In spite of the weak economy, the City is able to present a balanced budget and maintain adequate reserves for the General Fund for Fiscal Year 2008-2009, 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, and
- Using carryover savings from prior fiscal years

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 or private groups. Through these creative partnerships, the City is able to provide its citizens with services and amenities unavailable in other communities.

As part of each two year adopted budget, the City Council adopts Goals and Objectives for the two year budget cycle and evaluates the progress made on the goals established as part of the previous budget. The following represents some of the most significant goals completed during Fiscal Year 2007-2008:

- Approved the design, funding and construction contract for the new Walnut Creek Library
- Sponsored the "Going Green Together" workshop to highlight environmental sustainability efforts in the City
- Implemented video streaming of Council meetings and audio streaming of Commission meetings
- Implemented an online business license renewal system
- The warehouse division developed a more effective program for collection and disposal of hazardous waste
- Implemented wireless data networks at the arts education facilities and the Lesher Center
- Implemented Phase one of downtown parking pay station project
- Opened Lar Rieu Park
- Implemented new parking program, significantly reducing exit time at North Locust Garage for Lesher Center special events
- Improved in-service time for patrol fleet through the use of more effective management
- Provided funding for construction of 103 units of affordable housing for low income seniors
- Implemented a new and improved ticketing system at the Lesher Center
- Produced the first Family Theatre Festival, with more than 5,000 attendees

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 2007-2008, including the following:

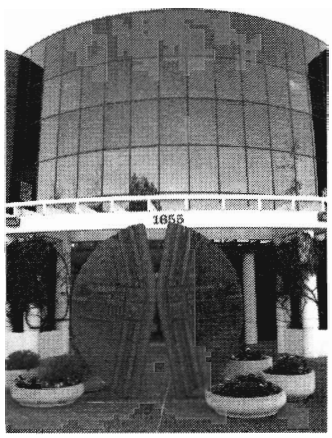
Project Number	Project Name	Expenditures FY 2007-2008
9543	Design and Construction of New Library	3,368,718
9716/9717	Street Overlay	2,314,265
9671/9729	Downtown Roadways	1,344,183
9714/9715	Street Slurry Seal	502,929
9698	Heather Farm Garden Center Exterior Repair	301,629
9705	Parking Garage Elevator Upgrade	219,062
9650	Dog Park	201,558
9713	Rudgear Retaining Wall	162,801
9720	La Rieu Public Access	103,625
9731	Downtown Pay Stations	63,069

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 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. 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. 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.

CASH MANAGEMENT



Cash temporarily idle during the year was invested in accordance with adopted investment policies. The City's average yield on all of its investments as of June 30, 2008 was 3.41%, which was a 33% decrease from the yield reported at the end of the prior fiscal year, due to significant reductions made by the Federal Reserve to market interest rates. As of June 30, 2008, the City's portfolio of Federal Security investments had an average weighted maturity of 2.9 years subject to various call options. The City also has significant investments in the State's Local Agency Investment Fund (LAIF), which offers same day liquidity. The City's investment strategy emphasizes the safety of the portfolio and liquidity to match anticipated cash flow needs.

AWARDS / INDEPENDENT AUDIT

The Government Finance Officers' Association (GFOA) has recognized the City for its CAFR for the Fiscal Year ended June 30, 2008. A copy of the award from this entity is included in this report. This award represents the first 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 GAAP. This report also includes the Auditor's unqualified opinion on the City's combined financial statements.

ACKNOWLEDGMENTS

This CAFR was prepared by the dedicated staff of the Finance Division. Finance Manager Fred Marsh deserves special thanks and acknowledgment for his leadership in preparing this document. In addition, 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 continued commitment to provide high quality services and products to Walnut Creek citizens.

Thanks also to the independent auditors of Caporicci & Larson, 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.

Sincerely,

Lorie Tinfow
Assistant City Manager / Administrative Services Director

PAPER BOAT RACE / PRESCHOOL

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, 2007

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.

President

Executive Director

California Society of Municipal Finance Officers

Certificate of Award

Outstanding Financial Reporting 2006-07

Presented to the

City of Walnut Creek

This certificate is issued in recognition of meeting professional standards and criteria in reporting which reflect a high level of quality in the annual financial statements and in the underlying accounting system from which the reports were prepared.

June 2008

Jesse Takahashi
Professional and Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management

CITY OF
WALNUT
CREEK

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

Organizational Profile

CITIZENS OF WALNUT CREEK

CITY COUNCIL

Redevelopment Agency

Public Facilities Financing Authority

CITY TREASURER
Ronald Cassano

COMMISSIONS & COMMITTEES

CITY ATTORNEY
Paul Valle-Riestra

CITY MANAGER
Gary F. Pokorny

ADMINISTRATIVE SERVICES
Assistant City Manager / Director
Lorie Tinfow

COMMUNITY DEVELOPMENT
Director
Valerie Barone

PUBLIC SERVICES
Director
Heather Ballenger

ARTS, RECREATION & COMMUNITY SERVICES
Director
Barry Gordon

POLICE
Chief of Police
Joel Bryden

4/22/2008

PRINCIPAL OFFICERS

JUNE 30, 2008

Gwen Regalia
Mayor

Gary Skrel
Mayor Pro Tem

Charlie Abrams
Council Member

Sue Rainey
Council Member

Cindy Silva
Council Member

Ron Cassano
City Treasurer

CITY OF WALNUT CREEK

ADMINISTRATION PERSONNEL

June 30, 2008

Gary F. Pokorny
City Manager

Paul Valle-Riestra
City Attorney

Lorie Tinfow
Assistant City Manager / Administrative Services Director

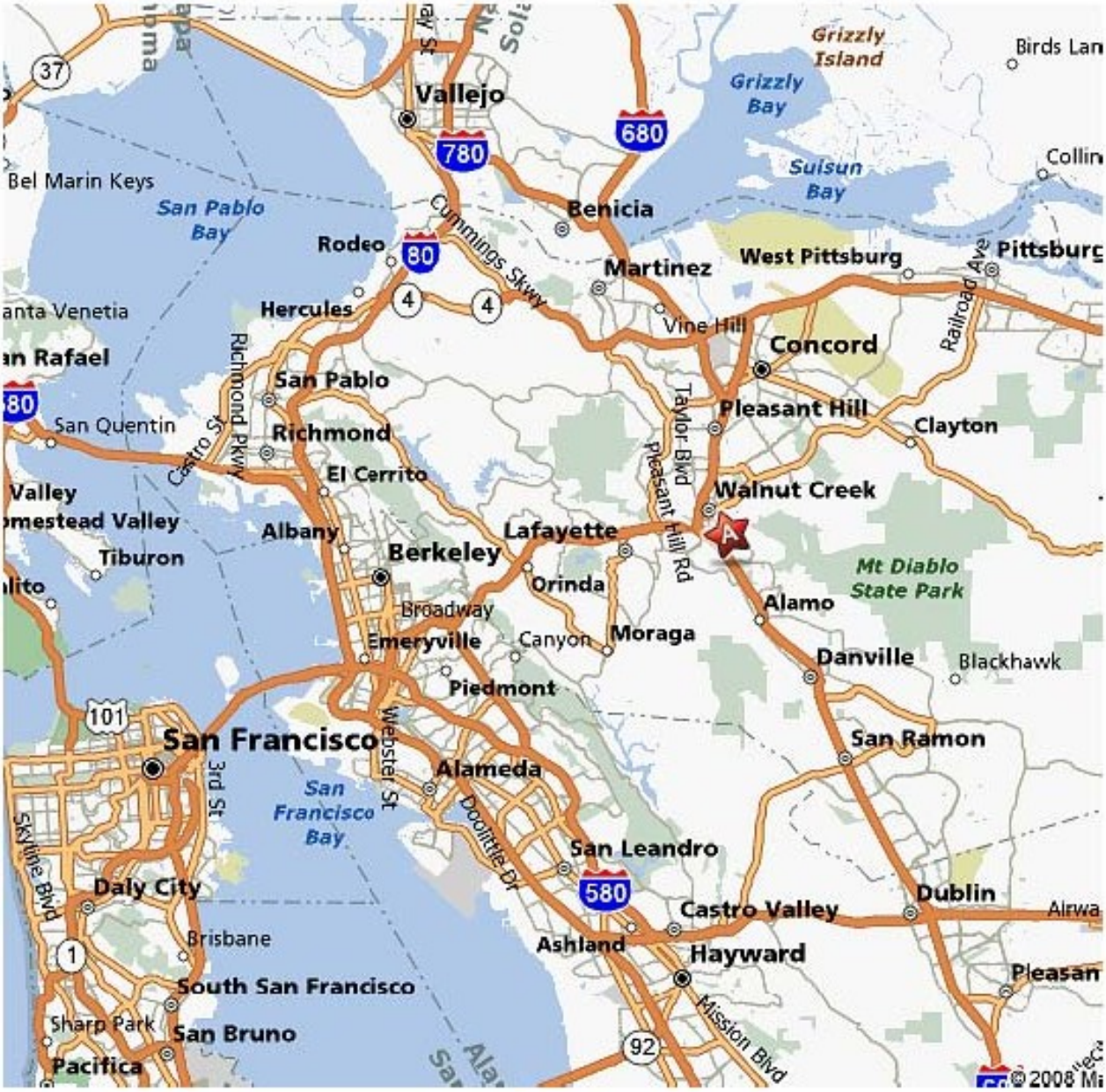
Barry Gordon
Arts, Recreation and Community Services Director

Valerie Barone
Community Development Director

Joel Bryden
Chief of Police

Heather Ballenger
Public Services Director

Regional Map of Walnut Creek and Nearby Cities



FINANCIAL SECTION

DOG PARK / PUBLIC ART

C&L
Caporicci & Larson
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Walnut Creek, California (City), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 basic 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 as of June 30, 2008, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

Subsequent to the basic financial statement date of June 30, 2008 and the year then ended, the United States has entered into a Financial Credit Crisis. Although the United States Federal Government has taken actions that, at least in part, are intended to relieve and correct this Financial Credit Crisis, investments are subject to significant impairment and losses. To date, the City has not been informed and is not aware of any investment losses. Accordingly, such investment losses, if any, have not been reflected in the accompanying basic financial Statements.

As described in Note 1 to the basic financial statements, the City adopted Statement of Governmental Accounting Standards Board No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues and No. 50, Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27.

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Orange County
9 Corporate Park, Suite 100
Irvine, California 92606

Sacramento
777 Campus Commons Rd., Suite 200
Sacramento, California 95825

San Diego
4858 Mercury, Suite 106
San Diego, California 92111

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2008 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 of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis, budgetary comparison information and other information, is not a required part of the basic financial statements, as shown in the table of contents but is Supplementary Information required by Government 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 Required Supplementary 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's basic financial statements. The accompanying Introductory Section, Supplementary Information, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Caporicci & Larson

Oakland, California
November 18, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

AQUATIC CENTER / CREEK TRAIL

As management of the City of Walnut Creek (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008. 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 a subsequent section of this 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 biennial period ended June 30, 2008 include the following:

Government-wide:

- The City's total net assets were $344 million at June 30, 2008, of which $345 million were in Governmental Activities and a $491,000 deficit was in Business-type Activities. Of total net assets, $229 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 $81 million, of which $24 million were derived from Governmental Activities, $2 million were derived from Business-type Activities and $55 million from General Revenues (see tables 2 and 5 for additional information).
- Total city expenses were $79 million, of which Governmental Activities incurred $77 million and Business-type Activities incurred $2 million (see tables 2 and 5 for additional information).

Fund Level:

- Governmental fund balances totaled $105 million, the Enterprise funds had a $491,000 net asset deficit and there was a cumulative net asset surplus of $10 million in the Internal Service Funds, of which $2.9 million relates to the City's net investment in capital assets.
- Governmental fund revenues were $78 million, while Governmental fund expenditures totaled $77 million.

2. FINANCIAL HIGHLIGHTS, Continued

Fund Level, Continued

- Proprietary Fund operating revenues were $2.0 million in the Enterprise Funds and $800,000 in the Internal Service Funds.
- Proprietary Fund operating expenses were $2.1 million in the Enterprise funds and $1.0 million in the Internal Service Funds.
- Net non-operating expenses were $10,000 in the Enterprise Funds and net non-operating revenues in the Internal Service Funds were $15,000.

General Fund:

- General Fund revenues were $65 million and expenditures were $60 million.
- Net transfers out of the General Fund were $3.2 million.
- The fund balance of the General Fund was $56 million at June 30, 2008, of which $22 million has been designated for construction of a new downtown library and parking garage and $34 million has been reserved or designated for contingencies, claims, encumbrances, advances to other funds and other City projects.

Major Capital Project Funds:

- Revenues for the following major Capital Project Funds were as follows: Capital Investment Program $57,000, Downtown Parking and Enhancement $1.1 million, and Traffic Impact Mitigation $705,000.
- Expenditures for the Capital Investment Program Fund were $11 million, while expenditures for the Downtown Parking and Enhancement Fund were $100,000.
- Net transfers in (out) were as follows: Capital Investment Program $6.2 million and Parking Facilities ($184,000). There were no transfers in or out for the Traffic Impact Mitigation Fund.

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.

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*.

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

A. Governmental Activities

The City's net assets from governmental activities, representing the difference between total assets and total liabilities, were $344 million at June 30, 2008, an increase of $2.2 million (< 1%) from the balance at June 30, 2007. This increase resulted primarily from lower than expected General Fund expenditures and the receipt of impact fees, due to new development occurring within the City. Impact fee funds are used to finance future improvements to the City's infrastructure, including its parks and streets. The table below summarizes the City's net assets.

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

	2007	2008
Expenses		
Golf course	$ 1.8	$ 2.0
Restaurant	0.1	0.2
Total expenses	1.9	2.2
Revenues		
Program revenues		
Charges for service	1.9	2.0
Capital grants	0.2	-
Total program revenues	2.1	2.0
General revenues		
Investment income	0.1	0.1
Total general revenues	0.1	0.1
Total revenues	2.2	2.1
Excess (deficiency) before transfers	0.3	(0.1)
Transfers	(0.2)	(0.1)
Change in net assets - Business-Type Activities	$ 0.1	$ (0.2)

A significant portion of the City's net assets ($228 million or 66%) 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 million represent obligations outstanding for operations, capital projects, deposits held for development projects and long-term debt.

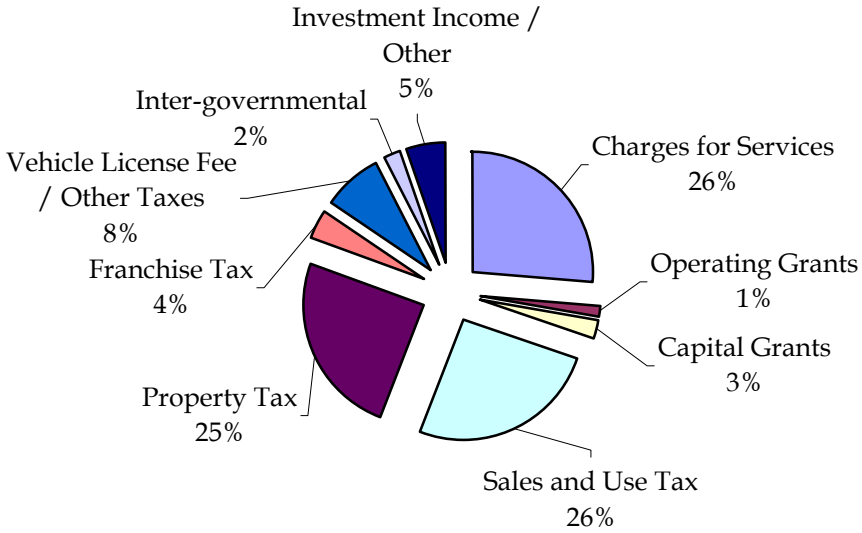
$49 million or 14% of the assets at June 30, 2008 represent resources that are subject to external restrictions, set by outside agencies and state regulations, on how they may be used. Unrestricted net assets ($67 million or 20%) may be used to meet the government's ongoing obligations to citizens and 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.

The charts on the following page summarize general City revenues available for funding all City programs and major expenditure program categories, as well as program revenues used to fund specific expenditure programs. For Fiscal Year 2007-2008, total revenues from all sources relating to governmental activities were $79 million and total expenditures for all City programs relating to governmental activities were $77 million.

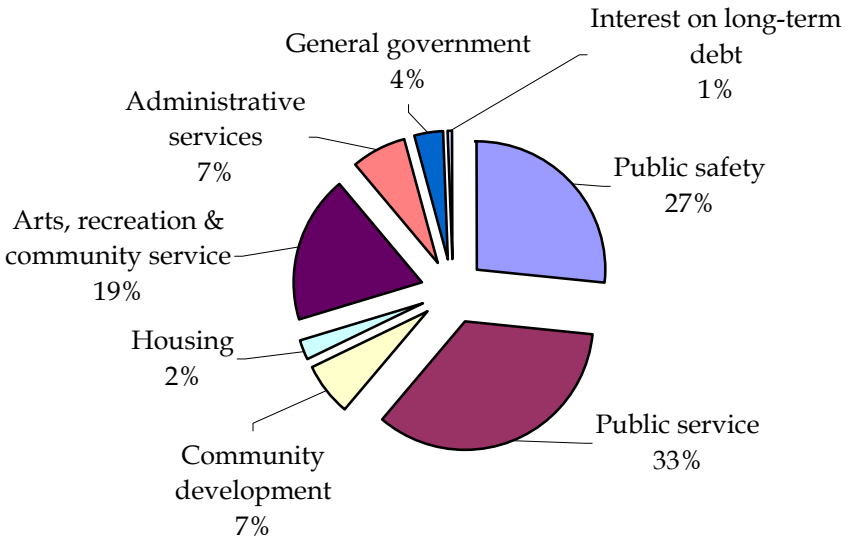
3. GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

A. Governmental Activities, Continued

Sources of Revenues
(excluding transfers to Business activities)



Sources of Expenses
(by Governmental activity)



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

A. Governmental Activities, Continued

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

Expenses	**2007**	**2008**
Public safety	$ 19.6	$ 20.9
Public service	28.8	26.0
Community development	5.9	5.1
Housing	1.4	1.9
Arts, recreation & community service	13.6	14.1
Administrative services	5.0	5.4
General government	4.7	2.7
Interest on long-term debt	0.4	0.4
Total expenses	79.4	76.5
Revenues		
Program revenues		
Charges for service	21.9	20.6
Operating contributions and grants	1.5	1.1
Capital grants	1.4	2.1
Total program revenues	24.8	23.8
General revenues		
Taxes:		
Sales and use	21.2	20.1
Property	18.8	19.5
Franchise	2.8	3.0
Other Taxes	8.8	8.1
Miscellaneous		0.1
Investment income	5.5	4.1
Total general revenues	57.1	54.9
Total revenues	81.9	78.7
Excess (deficiency) before transfers	2.5	2.2
Transfers	0.2	0.1
Change in net assets - Governmental Activities	$ 2.7	$ 2.3

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

A. Governmental Activities, Continued

Table 2 shows that governmental expenses discussed above, which totaled $76 million, were offset in part by program revenues for governmental activities of $24 million. These program revenues included $21 million in charges for services, $1.1 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	
	2007	2008	2007	2008
Public safety	$ 2.5	$ 2.3	$ (17.1)	$ (18.6)
Public service	3.3	3.2	(25.5)	(22.8)
Community development	3.1	3.2	(2.9)	(1.9)
Housing	3.1	1.5	1.6	(0.3)
Arts, recreation & community service	8.8	8.7	(4.8)	(5.5)
Administrative service	2.3	4.0	(2.7)	(1.4)
General government	1.7	0.9	(2.9)	(1.8)
Interest on long-term debt			(0.4)	(0.4)
Totals	**$ 24.8**	**$ 23.8**	**$ (54.7)**	**$ (52.7)**

B. Business-type Activities

The net deficit of business-type activities was $491,000 at June 30, 2008. Assets included a total of $1.3 million in cash and investments, $100,000 in receivables offset by $2.9 million in internal balances (representing the net amount due from business-type activities to governmental activities) and $2.3 million in capital assets. Liabilities include $1.1 million in long-term debt and $139,000 in current liabilities.

Operating revenues of business-type activities totaled $2.0 million for fiscal year 2007-2008 while expenses totaled $2.2 million.

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)

	2007	2008
Cash and Investments	$ 1.3	$ 1.3
Other Assets	(2.8)	(2.8)
Capital assets	2.5	2.3
Total assets	**1.0**	**0.8**
Long-term debt outstanding	1.2	1.2
Other liabilities	0.1	0.1
Total liabilities	**1.3**	**1.3**
Net Assets		
Invested in capital assets, net of debt	1.2	1.1
Restricted	0.2	0.1
Unrestricted	(1.7)	(1.7)
Total net assets	**$ (0.3)**	**$ (0.5)**

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

Expenses	2007	2008
Golf course	$ 1.8	$ 2.0
Restaurant	0.1	0.2
Total expenses	1.9	2.2
Revenues		
Program revenues		
Charges for service	1.9	2.0
Capital grants	0.2	-
Total program revenues	2.1	2.0
General revenues		
Investment income	0.1	0.1
Total general revenues	0.1	0.1
Total revenues	2.2	2.1
Excess (deficiency) before transfers	0.3	(0.1)
Transfers	(0.2)	(0.1)
Change in net assets - Business-Type Activities	$ 0.1	$ (0.2)

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 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. A budgetary comparison statement has been provided in the Required Supplementary Information section for this fund that demonstrates compliance with this budget.

Proprietary funds

The City maintains two types of proprietary 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 restaurant, 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.

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, 2008, the City's governmental fund balances were $105 million, which is an increase of $800,000 or <1% over the balance from the prior Fiscal Year. Of the net increases (decreases),

- $1.6 million of the increase occurred in the General Fund, due to higher than expected charges for services received from new development and expenditure savings resulting from unanticipated staffing vacancies;
- $4.4 million of the (decrease) was in the Capital Investment Program Fund, due to expenditures incurred for the design and construction of the new library, street overlay and downtown roadways;
- $804,000 of the increase was in the Downtown Parking and Enhancement Fund, due to an increase in downtown parking meter rates, to be used for future parking and downtown improvements;
- $705,000 of the increase was in the Traffic Impact Mitigation Fund, due to impact fees collected from new development projects, to be used on future eligible capital projects, and;
- $2.1 million of the increase was in the City's other governmental funds, resulting from the collection of Public Access Channel grants and franchise fees, Measure C sales and use tax, and Redevelopment Agency tax increment, to be used for future eligible projects.

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)

	2007	2008
Expenses		
Public safety	$ 19.2	$ 20.1
Public service	21.3	18.3
Community development	5.9	5.4
Housing	1.4	1.8
Arts, recreation & community services	13.4	14.0
Administrative services	5.0	5.4
General government	4.6	2.7
Capital Outlay	2.7	7.5
Debt Service	1.3	1.3
Total expenses	74.8	76.5
Revenues		
Taxes:		
Sales and use	21.2	20.1
Property	19.7	20.4
Business License	1.9	2.0
Franchise	2.8	3.0
Other Taxes	3.6	3.8
Intergovernmental	3.3	2.4
Use of money and property	7.2	5.8
Charges for services	11.9	12.0
Licenses, permits and fees	2.7	2.2
Fines, forfeitures and penalties	3.1	4.6
Other Revenue	2.0	1.2
Transfers	2.8	(0.2)
Total revenues	82.2	77.3
Change in fund balance - Governmental Funds	$ 7.4	$ 0.8

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, 2008, total fund balance was $56 million, of which $22 million has been designated for construction of a new downtown library and parking garage and $34 million has been reserved or designated for contingencies, claims, encumbrances, advances to other funds and other City projects.

Revenues were $54,000 less in Fiscal Year 2007-2008 compared to last fiscal year, a change of < 1%. Expenditures increased $663,000 in Fiscal Year 2007-2008 compared to last fiscal year, a change of approximately 1%. Significant changes in revenues and expenditures that affected the General Fund balances are discussed below:

Revenues

Property Taxes increased $552,000 from the prior year primarily due to taxes collected from new residential units constructed in Fiscal Year 2006-2007 and an increase in the assessed valuation of existing residential and non-residential properties.

Taxes Other Than Property decreased by $704,000 compared to the prior year due to a $1 million decrease in sales taxes resulting from declining auto and retail sales, which were partially offset by an increase in business license tax collections (due to the addition of new businesses and stepped up enforcement) and franchise tax collections (due to cost of living adjustments passed on by third party service providers).

Intergovernmental revenues declined by $392,000 from Fiscal Year 2006-2007 due to a decrease in motor vehicle fees (resulting from decreased auto sales and a decline in the City's population), a suspension of mandated cost reimbursements received from the State of California, and one-time booking fee reimbursements received in the prior fiscal year.

Use of Money and Property revenues were approximately $1 million less than the prior fiscal year, due to significant reductions made by the Federal Reserve in market interest rates.

Charges for Services increased $544,000 from Fiscal Year 2006-2007 due to increased planning and engineering plan check revenue resulting from an increase in the City's fee schedule for these fees and from several new development projects which began during Fiscal Year 2007-2008.

Licenses, permits and fee revenues decreased $544,000 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 $1.5 million from the prior fiscal year due to increased parking meter revenue, resulting from a rate increase, and contributions received for the new Walnut Creek library.

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

Detailed Analysis of Major Governmental Funds by Fund, Continued

Expenditures

Public protection expenditures increased $846,000 from the prior year primarily due to increased personnel and benefit costs in addition to one-time capital expenses incurred during Fiscal Year 2007-2008.

Public service expenditures increased $248,000 compared to the prior year due to increased salary and benefit costs and additional contributions to the Lindsay and the Shadelands Museums.

Community development expenditures increased $324,000 from Fiscal Year 2006-2007. This increase is attributable to higher costs for personnel, the award of additional Civic Pride grants and one-time capital outlay costs for a new document imaging system.

Arts, Recreation and Community services expenditures were $681,000 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 Lesher Center.

Administrative services expenditures increased $410,000 due to the filling of several managerial and senior positions that were vacant for a portion of the prior fiscal year, increased benefit costs from third party providers and increased maintenance expenditures incurred at the City's garages.

General government expenditures decreased $1.8 million over the prior fiscal year due to a large one-time reduction in premium expenses assessed by the City's third party provider of insurance and one-time capital expenditures incurred in the prior fiscal year for a new document imaging system for the City Clerk's department.

Major Capital Project Funds

The Downtown Parking and Enhancement Fund accounts for receipts from parking meter revenues, to be used for funding parking structure improvements. As of June 30, 2008, its fund balance comprised of $4 million designated for a new parking garage at the City's new library and $2.6 million in unreserved, undesignated balances, designed for use on parking and downtown enhancement projects. The fund balance increased by $804,000 due to an increase in downtown parking meter rates.

The Capital Investment Program Fund accounts for funds used for capital improvements and significant maintenance projects. As of June 30, 2008, its fund balance comprised of $5.3 million in unreserved, undesignated balances designed for use on current and future projects. The fund balance decreased by $4.4 million in Fiscal Year 2007-2008 due to expenditures incurred for the design of the new library, street overlay and downtown roadways. Some of the more significant capital projects that were funded during Fiscal Year 2007-2008 are listed on the following page.

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

Detailed Analysis of Major Governmental Funds by Fund, Continued

Major Capital Projects Funded during 2007-2008 include:

- Design of New Library
- Street Overlay and Downtown Roadways
- Street Slurry Seal
- Heather Farm Garden Center Exterior Repair
- Parking Garage Elevator Upgrade
- Dog Park and Rudgear Retaining Wall
- La Rieu Public Access
- Clarke Wading Pool Resurfacing

The Traffic Impact Mitigation Fund accounts for receipts and expenditures from fees imposed on developers to pay for transportation improvements. As of June 30, 2008, its fund balance comprised of $5.3 million in unreserved, undesignated balances, designed for use on street construction projects. The fund balance increased by $705,000 due to impact fees collected from new development projects.

Summary Analysis of Proprietary Funds

As if June 30, 2008, the City's Proprietary Funds had a net deficit balance of $491,000, a decrease of $208,000 from the prior year.

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

	2007	2008
Operating Revenues	$ 1.9	$ 2.0
Operating Expenses	1.8	$ 2.1
Operating Income (Loss)	$ 0.1	$ (0.1)
Non-Operating Revenues (Expenses)	$ -	$ -
Net income (loss) before contributions and operating transfers	$ 0.1	$ (0.1)
Capital contributions	0.2	$ -
Transfers in (out)	(0.2)	$ (0.1)
Change in net assets	$ 0.1	$ (0.2)

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

Summary Analysis of Proprietary Funds, Continued

Golf Course Fund

This fund accounts for the operations of the City's Boundary Oak Golf Course. Net assets of the fund decreased $45,000 (3%) at the end of Fiscal Year 2007-2008 to a total of $1.7 million, resulting from the current year allocation of depreciation expense for the existing capital assets at the golf course. Of the total net assets, $640,000 was invested in capital assets and $165,000 was restricted for debt service. The remaining $910,000 of the fund's net assets was unrestricted, though designed for use on future golf course operations and projects.

Restaurant Fund

This fund accounts for lease revenues generated by the restaurant located at the Boundary Oaks Golf Course. The fund had a net asset deficit of $2.2 million at June 30, 2008 (a change of 8% from the prior year), after a change in net assets of ($162,000) for the Fiscal Year ending June 30, 2008, due to startup costs incurred during the year resulting from a unanticipated change in the third party restaurant operator during the Fiscal Year, as well as the current year allocation depreciation expense for the existing capital assets at the restaurant. Long-term advances from the General Fund and Golf Course finance the deficit in this fund, to be paid back from future anticipated revenues.

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 $224,000 (<1%), due to lower than expected sales and use tax and lower than expected revenues in the area of licenses, permits and fees. These decreases were partially offset by higher than expected revenue in charges and services received from new development, General Fund actual expenditures were $2.2 million under their final budget (4%), due to salary and benefit savings resulting from temporary staff vacancies and the carryover of various projects (including new development) to Fiscal Year 2008-2009.

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.

At June 30, 2008 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)

	2007	2008
Governmental activities		
Land	$ 47.8	$ 47.8
Construction in progress	4.7	10.7
Building and improvements	100.6	101.1
Machinery and Equipment	5.8	5.9
Vehicles	6.9	7.4
Infrastructure	185.3	186.3
Less accumulated depreciation	(114.7)	(122.7)
Totals	**236.4**	**236.5**
Business activities		
Land	1.3	1.3
Buildings	2.0	2.0
Improvements	2.2	2.3
Equipment & Software	0.1	0.1
Less accumulated depreciation	(3.1)	(3.4)
Totals	**$ 2.5**	**$ 2.3**

At June 30, 2008 the City had $236.5 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.

6. CAPITAL ASSETS AND LONG TERM DEBT, Continued

Long Term Debt

At June 30, 2008 the City's debt comprised of the following:

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

	2007	2008
Governmental activities		
Tax Allocation bonds (Rated Baa1 by Moody's)	$ 9.4	$ 8.5
Total governmental debt	**9.4**	**8.5**
Business-type activities		
Lease Revenue Bonds (Rated A1 by Moody's)	1.3	1.2
Total business-type debt	**1.3**	**1.2**
Total debt	**$ 10.7**	**$ 9.7**

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 2008-2009 reflects the conditions of the local economy, which is anticipated to continue to be weak throughout Fiscal Year 2008-2009. In spite of the weak economy, the City is able to present a balanced budget and maintain adequate reserves for the General Fund for Fiscal Year 2008-2009 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, and;
- Using carryover savings from prior fiscal years

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 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.ci.walnut-creek.ca.us, by selecting "Budget" in the "Quick Links" section and then selecting "Other Financial Reports".

CITY PARKS / SPORTS FIELDS

BASIC FINANCIAL STATEMENTS

LIME RIDGE OPEN SPACE / VETERANS MEMORIAL PLAZA

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY PARKS / BORGES RANCH

City of Walnut Creek
Statement of Net Assets
June 30, 2008

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments (Note 2)	$ 107,993,487	$ 1,115,483	$ 109,108,970
Cash and investments with fiscal agents (Note 2)	1,135,505	165,099	1,300,604
Receivables:			
Accounts	2,407,636	99,755	2,507,391
Taxes	4,410,388	-	4,410,388
Due from other governments	811,730	-	811,730
Interest	792,509	12,763	805,272
Internal balances, current	58,497	(58,497)	-
Total current assets	117,609,752	1,334,603	118,944,355
Noncurrent assets:			
Notes and loans receivable (Note 3)	11,147,731	-	11,147,731
Inventory of materials and supplies (Note 1M)	304,118	-	304,118
Prepaid items (Note 1M)	195,302	-	195,302
Internal balances, long-term	2,856,957	(2,856,957)	-
Capital assets (Note 6):			
Nondepreciable	58,489,272	1,337,396	59,826,668
Depreciable, net	300,657,662	4,381,916	305,039,578
Accumulated depreciation	(122,664,508)	(3,413,623)	(126,078,131)
Total capital assets	236,482,426	2,305,689	238,788,115
Total noncurrent assets	250,986,534	(551,268)	250,435,266
Total assets	368,596,286	783,335	369,379,621
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	3,804,016	40,300	3,844,316
Accrued payroll	1,576,524	2,695	1,579,219
Refundable deposits	1,521,458	-	1,521,458
Unearned Revenue	1,787,664	895	1,788,559
Interest payable	152,661	-	152,661
Claims payable due in one year (Note 10)	1,838,666	-	1,838,666
Compensated absences due in one year (Note 8)	44,253	-	44,253
Long-term debt due in one year (Note 7)	910,594	95,000	1,005,594
Total current liabilities	11,635,836	138,890	11,774,726
Noncurrent liabilities:			
Claims payable due in more than one year (Note 10)	2,185,901	-	2,185,901
Compensated absences due in more than one year (Note 8)	2,952,015	-	2,952,015
Long-term debt due in more than one year (Note 7)	7,584,161	1,135,000	8,719,161
Total noncurrent liabilities	12,722,077	1,135,000	13,857,077
Total liabilities	24,357,913	1,273,890	25,631,803
NET ASSETS			
Invested in capital assets, net of related debt	227,987,671	1,075,689	229,063,360
Restricted for:			
Capital projects	40,238,214	-	40,238,214
Debt service	1,135,505	165,099	1,300,604
Community development	7,802,093	-	7,802,093
Total restricted net assets	49,175,812	165,099	49,340,911
Unrestricted net assets (deficit)	67,074,890	(1,731,343)	65,343,547
Total net assets (deficit)	$ 344,238,373	$ (490,555)	$ 343,747,818

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, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Total
Primary government:					
Governmental activities:					
Public Safety	$ 20,874,588	$ 1,960,054	$ 290,750	$ -	$ 2,250,804
Public service	26,010,531	2,351,022	-	868,032	3,219,054
Community development	5,096,366	3,161,013	56,929	-	3,217,942
Housing	1,871,343	1,242,802	297,413	-	1,540,215
Arts, recreation & community services	14,150,128	8,659,603	-	-	8,659,603
Administrative services	5,404,926	2,264,692	436,855	1,250,000	3,951,547
General government	2,733,327	960,194	-	-	960,194
Interest on long-term debt	405,413	-	-	-	-
Total governmental activities	76,546,622	20,599,380	1,081,947	2,118,032	23,799,359
Business-type activities:					
Golf course	1,994,256	1,925,554	-	-	1,925,554
Restaurant	149,586	25,335	-	-	25,335
Total business-type activities	2,143,842	1,950,889	-	-	1,950,889
Total primary government	$ 78,690,464	$ 22,550,269	$ 1,081,947	$ 2,118,032	$ 25,750,248

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

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	Total
$ (18,623,784)	$ -	$ (18,623,784)
(22,791,477)	-	(22,791,477)
(1,878,424)	-	(1,878,424)
(331,128)	-	(331,128)
(5,490,525)	-	(5,490,525)
(1,453,379)	-	(1,453,379)
(1,773,133)	-	(1,773,133)
(405,413)	-	(405,413)
(52,747,263)	-	(52,747,263)
-	(68,702)	(68,702)
-	(124,251)	(124,251)
-	(192,953)	(192,953)
(52,747,263)	(192,953)	(52,940,216)
20,060,618	-	20,060,618
19,488,146	-	19,488,146
3,004,523	-	3,004,523
8,079,967	-	8,079,967
50,633,254	-	50,633,254
4,152,579	53,585	4,206,164
171,396	50	171,446
68,497	(68,497)	-
55,025,726	(14,862)	55,010,864
2,278,463	(207,815)	2,070,648
341,959,910	(282,740)	341,677,170
$ 344,238,373	$ (490,555)	$ 343,747,818

AFFORDABLE HOUSING / CITY STAFF

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

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, 2008

	General Fund	Capital Project Funds: Capital Investment Program	Capital Project Funds: Downtown Parking and Enhancement	Capital Project Funds: Traffic Impact Mitigation
ASSETS				
Current:				
Cash and investments (Note 2)	$ 68,887,644	$ 211,532	$ 6,577,566	$ 5,523,497
Cash and investments with fiscal agents (Note 2)	-	-	-	-
Accounts receivable	1,696,068	138,488	-	-
Taxes receivable	4,410,388	-	-	-
Interest receivable	489,443	-	50,556	42,384
Prepaid Items (Note 1M)	195,302	-	-	-
Due from other governments	-	-	-	-
Due from other funds (Note 5)	189,122	11,222,690	-	-
Notes and loans receivable (Note 3)	-	-	-	-
Inventory of materials and supplies (Note 1M)	304,118	-	-	-
Advances to other funds (Note 5)	3,474,280	-	-	-
Total assets	$ 79,646,365	$ 11,572,710	$ 6,628,122	$ 5,565,881
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and other accrued liabilities	$ 2,014,537	$ 1,309,403	$ 1,076	$ -
Accrued payroll	1,488,663	52,529	-	-
Due to other funds (Note 5)	16,949,907	138,488	76,359	281,055
Refundable deposits	1,521,458	-	-	-
Deferred revenue (Note 4)	1,994,031	-	-	-
Advances from other funds (Note 5)	-	-	-	-
Total liabilities	23,968,596	1,500,420	77,435	281,055
Fund Balances:				
Reserved:				
Encumbrances	926,519	4,785,218	-	-
Debt service	-	-	-	-
Advances to other funds	3,474,280	-	-	-
Inventory	304,118	-	-	-
Prepaid Expense	195,302	-	-	-
Loans receivable	-	-	-	-
Low and moderate income housing	-	-	-	-
Total reserved	4,900,219	4,785,218	-	-
Unreserved:				
Designated:				
Reported in General Fund:				
Workers compensation	4,017,567	-	-	-
Emergency	6,322,734	-	-	-
Labor agreement	500,000	-	-	-
Legal claims	4,487,244	-	-	-
Dental claims	772,000	-	-	-
Long Term Compensated Absences	2,984,777	-	-	-
Unrealized investment gain	59,197	-	-	-
Council discretionary	632,273	-	-	-
City Manager discretionary	75,000	-	-	-
Fiscal Year 08-10 budget	7,490,507	-	-	-
Capital improvement program	1,405,022	-	-	-
Future contingencies	20,531	-	-	-
Downtown library	19,510,698	-	-	-
Parking Garage - Library - Reported In				
General Fund	2,500,000	-	-	-
Capital Project Funds	-	-	4,000,000	-
Total designated	50,777,550	-	4,000,000	-
Undesignated, reported in:				
Special Revenue Funds	-	-	-	-
Capital Project Funds	-	5,287,072	2,550,687	5,284,826
Total unreserved	50,777,550	5,287,072	6,550,687	5,284,826
Total fund balances	55,677,769	10,072,290	6,550,687	5,284,826
Total liabilities and fund balances	$ 79,646,365	$ 11,572,710	$ 6,628,122	$ 5,565,881

See accompanying Notes to Basic Financial Statements.

Non-major Governmental Funds	Total Governmental Funds
$ 26,793,248	$ 107,993,487
1,135,505	1,135,505
573,080	2,407,636
-	4,410,388
210,126	792,509
-	195,302
811,730	811,730
-	11,411,812
11,147,731	11,147,731
-	304,118
-	3,474,280
$ 40,671,420	$ 144,084,498
$ 433,545	$ 3,758,561
35,332	1,576,524
1,002,198	18,448,007
-	1,521,458
11,162,352	13,156,383
617,323	617,323
13,250,750	39,078,256
193,504	5,905,241
1,135,505	1,135,505
-	3,474,280
-	304,118
-	195,302
45,000	45,000
1,247,505	1,247,505
2,621,514	12,306,951
-	4,017,567
-	6,322,734
-	500,000
-	4,487,244
-	772,000
-	2,984,777
-	59,197
-	632,273
-	75,000
-	7,490,507
-	1,405,022
-	20,531
-	19,510,698
-	2,500,000
1,600,000	5,600,000
1,600,000	56,377,550
12,485,586	12,485,586
10,713,570	23,836,155
24,799,156	92,699,291
27,420,670	105,006,242
$ 40,671,420	$ 144,084,498

TRAFFIC CONTROL OPERATIONS

City of Walnut Creek

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets

June 30, 2008

Total Fund Balances - Total Governmental Funds	$	105,006,242
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		58,489,272
Depreciable, net		175,059,021
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.		(152,661)
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.		11,368,719
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.		9,983,370
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		(1,838,666)
Compensated absences payable		(44,253)
Long-term debt		(910,594)
Long-term liabilities - due in more than one year:		
Claims and judgments payable		(2,185,901)
Compensated absences payable		(2,952,015)
Long-term debt		(7,584,161)
Net Assets of Governmental Activities	$	344,238,373

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, 2008

		Capital Project Funds		
	General Fund	Capital Investment Program	Downtown Parking and Enhancement	Traffic Impact Mitigation
REVENUES:				
Taxes:				
Sales and use	$ 19,248,889	$ -	$ -	$ -
Property	15,966,643	-	-	-
Business license	2,024,041	-	-	-
Franchise	3,004,523	-	-	-
Transient Occupancy Tax	1,453,869	-	-	-
Other	638,919	-	-	-
Intergovernmental	871,160	-	-	-
Use of money and property	4,197,696	-	283,634	210,941
Charges for services	11,701,753	-	-	-
Licenses, permits and fees	1,414,703	-	800,000	-
Fines, forfeitures and penalties	3,099,291	-	-	-
Other revenue	1,250,000	57,043	4,423	494,210
Total revenues	64,871,487	57,043	1,088,057	705,151
EXPENDITURES:				
Current:				
Public safety	20,083,360	-	-	-
Public service	13,036,315	3,032,234	99,897	-
Community development	5,253,296	7,956	-	-
Housing	-	-	-	-
Arts, Recreation and Community Services	13,628,797	22,229	-	-
Administrative services	5,372,403	-	-	-
General government	2,700,494	-	-	-
Capital outlay:				
Public ways and facilities	-	7,501,041	-	-
Debt service:				
Principal retirement (Note 7)	-	-	-	-
Interest, fiscal charges and issuance costs	-	-	-	-
Total expenditures	60,074,665	10,563,460	99,897	-
REVENUES OVER (UNDER) EXPENDITURES	4,796,822	(10,506,417)	988,160	705,151
OTHER FINANCING SOURCES (USES) (Note 5):				
Transfers in	1,208,804	6,153,062	-	-
Transfers out	(4,397,437)	-	(184,000)	-
Total other financing sources (uses)	(3,188,633)	6,153,062	(184,000)	-
Net change in fund balances	1,608,189	(4,353,355)	804,160	705,151
FUND BALANCES:				
Beginning of the year	54,069,580	14,425,645	5,746,527	4,579,675
End of the year	$ 55,677,769	$ 10,072,290	$ 6,550,687	$ 5,284,826

See accompanying Notes to Basic Financial Statements.

Non-major Governmental Funds	Total Governmental Funds
$ 811,730	$ 20,060,619
4,395,884	20,362,527
-	2,024,041
-	3,004,523
-	1,453,869
1,717,079	2,355,998
1,374,059	2,245,219
1,241,683	5,933,954
355,801	12,057,554
-	2,214,703
211,097	3,310,388
690,465	2,496,141
10,797,798	77,519,536
-	20,083,360
2,119,217	18,287,663
136,007	5,397,259
1,871,343	1,871,343
387,187	14,038,213
-	5,372,403
-	2,700,494
-	7,501,041
870,000	870,000
422,739	422,739
5,806,493	76,544,515
4,991,305	975,021
2,976,900	10,338,766
(5,900,832)	(10,482,269)
(2,923,932)	(143,503)
2,067,373	831,518
25,353,297	104,174,724
$ 27,420,670	$ 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, 2008

Net Change in Fund Balances - Total Governmental Funds	$	831,518
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.		(8,094,247)
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.		7,893,566
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.		(100,443)
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.		1,237,052
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		870,000
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.		11,732
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.		
Claims Payable		(485,166)
Compensated Absences		(44,253)
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.		153,110
Change in Net Assets of Governmental Activities	$	2,278,463

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 Fund*** accounts for revenues and expenses of the Boundary Oaks Golf Course.

The ***Restaurant Fund*** accounts for revenues and expenses of the restaurant located at the Boundary Oak Golf Course.

Internal Service Funds:

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

City of Walnut Creek
Statement of Net Assets
Major Proprietary Funds
June 30, 2008

	Business-type Activities - Enterprise Funds			Governmental Activities
	Golf Course	Restaurant	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and investments (Note 2)	$ 860,783	$ 254,700	$ 1,115,483	$ -
Cash with fiscal agent (Note 2)	165,099	-	165,099	-
Total cash	1,025,882	254,700	1,280,582	-
Accounts receivable	46,693	53,062	99,755	-
Interest receivable	10,797	1,966	12,763	-
Advances to other funds (Note 5)	91,847	-	91,847	-
Due from other funds (Note 5)	-	-	-	7,680,805
Total current assets	1,175,219	309,728	1,484,947	7,680,805
Capital assets (Note 6):				
Nondepreciable	1,277,396	60,000	1,337,396	-
Depreciable	2,996,185	1,385,731	4,381,916	7,875,344
Accumulated depreciation	(2,403,413)	(1,010,210)	(3,413,623)	(4,941,211)
Total capital assets	1,870,168	435,521	2,305,689	2,934,133
Total noncurrent assets	1,870,168	435,521	2,305,689	2,934,133
Total assets	3,045,387	745,249	3,790,636	10,614,938
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	38,120	2,180	40,300	45,455
Accrued payroll	2,695	-	2,695	-
Due to other funds (Note 5)	58,497	-	58,497	586,113
Bonds payable - due in one year (Note 7)	95,000	-	95,000	-
Total current liabilities	194,312	2,180	196,492	631,568
Noncurrent liabilities:				
Deferred revenue	895	-	895	-
Advances from other funds (Note 5)	-	2,948,804	2,948,804	-
Bonds payable - due in more than one year (Note 7)	1,135,000	-	1,135,000	-
Total noncurrent liabilities	1,135,895	2,948,804	4,084,699	-
Total liabilities	1,330,207	2,950,984	4,281,191	631,568
NET ASSETS				
Invested in capital assets, net of related debt	640,168	435,521	1,075,689	2,934,133
Restricted for:				
Debt service	165,099	-	165,099	-
Unrestricted net assets (deficit)	909,913	(2,641,256)	(1,731,343)	7,049,237
Total net assets (deficit)	$ 1,715,180	$ (2,205,735)	$ (490,555)	$ 9,983,370

See accompanying Notes to Basic Financial Statements.

City of Walnut Creek
Statement of Revenues, Expenses and Changes in Fund Net Assets
Major Proprietary Funds
For the year ended June 30, 2008

	Business-type Activities - Enterprise Funds			Governmental Activities
	Golf Course	Restaurant	Total	Internal Service Funds
OPERATING REVENUES:				
Charges for services	$ 1,925,554	$ 25,335	$ 1,950,889	$ 807,070
Other revenue	25	25	50	-
Total operating revenues	1,925,579	25,360	1,950,939	807,070
OPERATING EXPENSES:				
Professional and special services	1,715,608	96,882	1,812,490	81,667
Repairs and maintenance	-	-	-	278,096
Depreciation and amortization	214,940	52,704	267,644	595,424
Total operating expenses	1,930,548	149,586	2,080,134	955,187
OPERATING INCOME (LOSS)	(4,969)	(124,226)	(129,195)	(148,117)
NONOPERATING REVENUES (EXPENSES):				
Interest income	46,799	6,786	53,585	-
Interest and related expenses	(63,708)	-	(63,708)	-
Gain (loss) on sale of capital assets	-	-	-	15,383
Total nonoperating revenues (expenses)	(16,909)	6,786	(10,123)	15,383
CONTRIBUTIONS AND TRANSFERS:				
Net income (loss) before contributions and operating transfers	(21,878)	(117,440)	(139,318)	(132,734)
Total contributions and transfers	(21,878)	(117,440)	(139,318)	(132,734)
Capital contributions	-	-	-	73,844
Transfers in (Note 5)	40,046	-	40,046	235,000
Transfers (out) (Note 5)	(63,497)	(45,046)	(108,543)	(23,000)
Change in net assets	(45,329)	(162,486)	(207,815)	153,110
NET ASSETS:				
Beginning of the year	1,760,509	(2,043,249)	(282,740)	9,830,260
End of the year	$ 1,715,180	$ (2,205,735)	$ (490,555)	$ 9,983,370

See accompanying Notes to Basic Financial Statements.

City of Walnut Creek
Statement of Cash Flows
Major Proprietary Funds
For the year ended June 30, 2008

	Business-type Activities - Enterprise Funds			Governmental Activities
	Golf Course	Restaurant	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	$ 1,947,886	$ 32,478	$ 1,980,364	$ -
Receipts from other funds	-	-	-	807,070
Payments to suppliers	(1,652,251)	(94,702)	(1,746,953)	(357,390)
Payments to employees	(58,796)	-	(58,796)	-
Other receipts (payments)	920	-	920	-
Net cash provided (used) by operating activities	237,759	(62,224)	175,535	449,680
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	40,046	-	40,046	235,000
Transfers out	(63,497)	(45,046)	(108,543)	(23,000)
Internal activity - receipts from (payments to) other funds	(33,350)	31,847	(1,503)	229,625
Net cash provided by operating activities	(56,801)	(13,199)	(70,000)	441,625
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(29,035)	-	(29,035)	(960,438)
Proceeds from the sale of capital assets	-	-	-	69,133
Interest paid on debt	(63,708)	-	(63,708)	-
Principal paid on long-term debt	(95,000)	-	(95,000)	-
Net cash (used) by capital and related financing activities	(187,743)	-	(187,743)	(891,305)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income received	45,274	9,773	55,047	-
Net cash provided by investing activities	45,274	9,773	55,047	-
Net increase (decrease) in cash and cash equivalents	38,489	(65,650)	(27,161)	-
CASH AND INVESTMENTS:				
Beginning of the year	987,393	320,350	1,307,743	-
End of the year	$ 1,025,882	$ 254,700	$ 1,280,582	$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) OPERATING ACTIVITIES				
Operating (loss)	$ (4,969)	$ (124,226)	$ (129,195)	$ (148,117)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:				
Depreciation	214,940	52,704	267,644	595,424
Changes in assets and liabilities:				
Accounts receivable	22,332	7,118	29,450	-
Accounts payable and accrued liabilities	4,110	2,180	6,290	2,373
Salaries and wages payable	451	-	451	-
Deposits payable	-	-	-	-
Deferred revenue	895		895	-
Net cash provided (used) by operating activities	$ 237,759	$ (62,224)	$ 175,535	$ 449,680

Noncash items:

The Golf Course Fund had no capital asset contributions
The Restaurant Fund had no capital asset contributions
The Internal Service Funds have capital asset contributions of $73,844

See accompanying Notes to Basic Financial Statements.

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, 2008

		Agency Funds
ASSETS		
Cash and investments	$	12,498,655
Accounts receivable		2,053
Interest receivable		100,310
Total assets	$	12,601,018
LIABILITIES		
Accounts payable	$	327,571
Due to other governments		7,077,309
Due to bondholders		1,655,434
Deposits Payable		3,540,704
Total liabilities	$	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, 2008

Page

1. Summary of Significant Accounting Policies 51
2. Cash, Cash Equivalents and Investments 59
3. Notes and Loans Receivable 63
4. Unearned/Deferred Revenue 67
5. Interfund Transactions 68
6. Capital Assets 71
7. Long-Term Debt 74
8. Compensated Absences 77
9. Fund Equity 77
10. Risk Management 78
11. Pension Plans 79
12. Deferred Compensation Plan 81
13. Contingencies 81
14. Related Parties Loans 82

COUNCIL CHAMBERS / “GOING GREEN”

NOTES TO BASIC FINANCIAL STATEMENTS

BOUNDARY OAK GOLF COURSE

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

Blended Component Unit

Redevelopment Agency of the City of Walnut Creek (Agency)

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

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 has elected not to follow FASB pronouncements issued after November 3, 1989.

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

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

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

All governmental funds are accounted for on a spending or *"current financial resources"* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, special assessments, intergovernmental revenues, other taxes, interest revenue, rental revenue and certain charges for services. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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 Fund*** accounts for revenues and expenses of the Boundary Oaks Golf Course.

The ***Restaurant Fund*** accounts for revenues and expenses of the restaurant located at the Boundary Oak Golf Course.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

E. Restricted Assets

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Compensated Absences

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

G. Property Taxes

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

H. Long-Term Debt

Government-Wide Financial Statements

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

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.

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, 2008. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Long-Term Debt, Continued

Fund Financial Statements, Continued

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.

I. Use of Estimates

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

J. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. All transfers of capital assets within the City have been recorded at their carrying value at the time of the transfer. 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 two years. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Capital Assets, Continued

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

K. Public Facilities Financing

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

L. Net Assets

Government-Wide Financial Statements

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

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

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

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

Fund Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Inventory and Prepaid Items

Inventories are valued at cost (on the first-in, first-out basis). Inventories of the General Fund consist of expendable 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.

N. Implementation of New GASB Pronouncements

In 2008, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards in order to conform to the following Governmental Accounting Standards Board Statements.

- GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenue*- This Statement establishes accounting and financial reporting standards for transaction in which a government receives, or is entitled to, resources and exchange for future cash flow generated by collecting specific receivables or specific future revenues. In addition, this Statement establishes accounting and financial reporting standards that apply to all intra-entity transfers of assets and future revenues.

- GASB Statement No. 50, *Pension Disclosure* – An amendment of GASB Statement No. 25 and 27 – This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI).

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, 2008, the carrying amount of the City's deposits was $835,188. Bank balances before reconciling items were $1,939,107 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.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

A. Cash Deposits, Continued

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 $100,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

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

B. Investments

The City is authorized by State statutes and in accordance with the City's Investment Policy (Policy) to invest in the following:

- U.S. Treasury Securities
- U.S. Government Federal Agencies
- Certificates of Deposit
- Bankers Acceptances
- Commercial Paper (Corporations)
- Medium-Term Corporate Notes
- California Local Agency Investment Fund (LAIF)
- Money Market Mutual Funds
- Passbook Savings and Demand Deposits Accounts

The Policy, in addition to State statutes, establishes that funds on deposit in banks must be federally insured or collateralized and investments shall (1) have maximum maturity not to exceed five years, (2) be laddered and based on cash flow forecasts; and (3) be subject to limitations to a certain percent of the portfolio for each of the authorized investments. 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.

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, 2008:

	Government-Wide Statement of			Fiduciary Funds	
	Governmental Activities	Business Activities	Total	Statement of Net Assets	Total
Cash and investments	$ 107,993,487	$ 1,115,483	$ 109,108,970	$ 12,498,655	$ 121,607,625
Cash with fiscal agent	$ 1,135,505	$ 165,099	$ 1,300,604	$ -	$ 1,300,604

Deposits and investments were categorized as follows at June 30, 2008:

	Credit Quality Ratings	Fair Value
City Treasury Deposits:		
Deposits	Not Rated	$ 835,188
Petty cash	Not Rated	6,725
Total City treasury deposits		841,913
City Treasury Investments:		
Securities of U.S. Government Agencies		
Federal Home Loan Bank (FHLB)	AAA/AAAe	20,766,811
Federal Farm Credit Bureau (FFCB)	AAAe	1,200,000
Federal National Mortgage Assoc (FNMA)	AAA/AAAe	6,194,078
Federal Home Loan Mortgage Corp (FHLMC)	AAA	1,004,300
Government National Mortgage Assoc (GNMA)	AAA	732
Medium Term Corporate Note	AAAe	975,350
U.S. Treasury Money Market	Not Rated	28,176
Local Agency Investment Funds	Not Rated	90,596,265
Total City treasury investments		120,765,712
Total cash and investments		$ 121,607,625
Investments With Fiscal Agent:		
Securities of U.S. Government Agencies		
U.S. Treasury Notes	Not Rated	$ 1,300,604
Total Cash and Investments With Fiscal Agent		$ 1,300,604

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, 2008 from June 30, 2007, amounted to an unrealized increase of $59,189.

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, 2008, the City's pooled cash and investments had the following maturities.

		Investment Maturities (in years)				
Investment Type	**Fair Value**	**1 year or less**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**
Local Agency Investment Funds	$ 90,596,265	$ 90,596,265	$ -	$ -	$ -	$ -
U.S. Treasury Money Market	28,176	28,176	-	-	-	-
Securities of U.S. Government:						
Commercial Paper	975,350	-	-	-	-	975,350
Federal Home Loan Bank	20,766,811	1,507,035	3,024,370	7,043,770	3,171,016	6,020,620
Federal Farm Credit Bureau	1,200,000	-	-	1,200,000	-	-
Federal Home Loan Mortgage Company	1,004,300	-	-	-	1,004,300	-
Federal National Mortgage Association	6,194,078	-	3,013,450	3,180,628	-	-
Governmental National Mortgage Association	732	-	732	-	-	-
Total	$ 120,765,712	$ 92,131,476	$ 6,038,552	$ 11,424,398	$ 4,175,316	$ 6,995,970

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, other than the US Government, its agencies and instrumentalities, and LAIF.

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, 2008, 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, 2008, the City had $90,596,265 invested in LAIF, which had invested 14.72% of the pool investment funds in Structured Notes and Asset-Backed Securities. The City valued its investments in LAIF as of June 30, 2008, 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 .999950219.

3. NOTES AND LOANS RECEIVABLE

Summary of Notes and Loans Receivable

At June 30, 2008, the City's notes and loans receivable and related deferred revenue totaled:

	Loans and Notes
Home Rehabilitation Loans	$ 904,183
First-Time Homebuyers	1,624,758
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	1,593,278
Ivy Hill Apartments	1,625,000
MP Tice Oak Associates	604,000
Resources for Community Development	2,257,145
Equity Loans to City Employees (see note 14)	375,000
Senior Outreach Services	29,361
Total	$ 11,147,731

3. NOTES AND LOANS RECEIVABLE, Continued

Summary of Notes and Loans Receivable, Continued

The City and Redevelopment Agency engage in programs to encourage construction of 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, 2008 these loans totaled $904,183 and the program included twenty-one 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, 2008, First-Time Homebuyer Loans in the amount of $1,624,758 had been extended and the program included forty-one 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, 2008, 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, 2008.

Sierra Drive Apartments

At June 30, 2008, 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, 2008. At June 30, 2008 these loans totaled $376,503.

3. NOTES AND LOANS RECEIVABLE, Continued

Acalanes Court Apartments

At June 30, 2008 the Agency held a note receivable 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. At June 30, 2008 the total amount advanced to Trinity Avenue Apts., L.P. was $1,260,503.

Acalanes Court Apartments (Note 2)

At June 30, 2008 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, 2008, the Agency and the City each held a note receivable from Casa Montego II, Inc., a California public benefit corporation, in the amount not to exceed $500,000 and $1,153,000, 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 ins 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 20, 2008, the advance on these note receivables totaled $1,593,278.

3. NOTES AND LOANS RECEIVABLE, Continued

Ivy Hill Apartments/Regent on the Park Condominiums

In August 2000, a long-term loan in the amount of $1,625,000 was granted to Walnut Creek Housing Partners, Alma Investors and New Cities Land Company (the developer) 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, described below.

As a condition of the loans, 47 units were encumbered with fifty-five year covenants which require the units to be rented to individuals with very low incomes, and shall be rented at a rate specified in the agreement.

MP Tice Oaks Associates

At June 30, 2008, 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, 2008 the City held a note receivable from Resources for Community Development in the amount of $ 1,548,982 and the Agency held a similar note in the amount of $708,163. The City note consists of $680,000 Community Block Grant Funds and $868,982 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. The City note was amended and restated on November 10, 2005 to include the additional funding provided by inclusionary housing in-lieu fees. 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 or similar document. A certificate of occupancy was issued on April 1, 2008. At June 20, 2008, these loans totaled $2,257,145.

3. NOTES AND LOANS RECEIVABLE, Continued

Senior Outreach Services

At June 30, 2008 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. At June 30, 2008 the balance of this loan was $29,361.

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, 2008, unearned revenues in the Government-Wide Financial Statements were as follows:

	Governmental Activities	Business-Type Activities	Totals
Deposits deferred	$ 142,171	$ -	$ 142,171
Invoices deferred	8,534	895	9,429
Engineering	96,952	-	96,952
Permits and inspection fees	390,321	-	390,321
Business Licenses	894,752	-	894,752
Prepaid rental revenue	240,314	-	240,314
Grants	14,620	-	14,620
Total	$ 1,787,664	$ 895	$ 1,788,559

4. UNEARNED/DEFERRED REVENUE, Continued

B. Fund Financial Statements

At June 30, 2008, 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	$ 142,171	$ -	$ 142,171
Engineering inspection fees	96,952	-	96,952
Invoices deferred	8,534	-	8,534
Permits and inspection fees	390,322	-	390,322
Business licenses	894,752	-	894,752
Prepaid rental revenue	240,314	-	240,314
Grants	-	14,620	14,620
Mandated costs	220,986	-	220,986
CDBG Deferred loans and notes	-	1,924,011	1,924,011
City Affordable Housing loans deferred	-	2,067,298	2,067,298
Inclusionary housing loans deferred	-	1,309,260	1,309,260
RDA affordable housing loans deferred	-	5,472,163	5,472,163
Equity Loans to City Employees	-	375,000	375,000
Total	$ 1,994,031	$ 11,162,352	$ 13,156,383

5. INTERFUND TRANSACTIONS

Fund Financial Statements

Due To/Due From

At June 30, 2008, the City had the following short-term receivables and payables:

Due From	Due To	Amount	Notes
Major Funds			
General Fund	Capital Investment Program	$ 9,269,102	b
	Internal Service	7,680,805	b
		16,949,907	
Capital Investment Program	General Fund	138,488	a
Downtown Parking and Enhancement	Capital Investment Program	76,359	a
Traffic Impact Mitigation	Capital Investment Program	281,055	a
Non Major Funds	General Fund	50,634	c
	Capital Investment Program	951,564	b
		1,002,198	
Enterprise Funds			
Golf Course	Capital Investment Program	58,497	a
Internal Service Funds	Capital Investment Program	586,113	b
Total		$ 19,092,617	

5. INTERFUND TRANSACTIONS, Continued

Fund Financial Statements, Continued

Due To/Due From, Continued

The explanations for these interfund loans are listed below:

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

Long-Term Advances

Long-term advances to be repaid out of future earnings or charges at June 30, 2008, consisted of:

Advance From	Advance To	Amount
Major Funds		
General Fund	Non Major Fund	
	Redevelopment Agency Capital	
	Capital Project Fund	$ 617,323
	Enterprise Fund:	
	Restaurant	2,856,957
Enterprise Fund		
Golf Course	Restaurant	91,847
Total		$ 3,566,127

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 $282,770 and $334,553 for a total of $617,323 as of June 30, 2008.

Long Term Advances Between the City's Funds

The Restaurant Fund owed the General Fund $2,856,957 at June 30, 2008. No interest accrues on this advance. The advance was made in 1992 and 1998 for renovations and improvements to the restaurant facilities, located at the Boundary Oaks Golf Course. The Restaurant Fund will make payments on the advance from the General Fund from the cash flow of future restaurant operations.

5. INTERFUND TRANSACTIONS, Continued

Transfers

Transfers for the period ended June 30, 2008, were as follows:

Fund Receiving Transfers	Fund Making Transfer	Amount Transferred	Notes
Major Funds			
General Fund	Downtown Parking and Enhancement	115,000	e
	Non Major Funds	1,093,804	c
		1,208,804	
Capital Investment Fund	General Fund	3,552,329	a
	Downtown Parking and Enhancement	69,000	a
	Non Major Funds	2,440,236	a
	Enterprise Funds		
	Golf Course	63,497	a
	Restaurant	5,000	a
	Internal Service Funds	23,000	a
		6,153,062	
Non Major Funds	General Fund	610,108	d
	Non Major Funds	2,366,792	f
		2,976,900	
Enterprise Funds			
Golf Course	Restaurant	40,046	a
		40,046	
Internal Service Funds	General Fund	235,000	b
Total		$ 10,613,812	

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.

6. CAPITAL ASSETS

Government-Wide Financial Statements

At June 30, 2008, 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	10,694,980	-	10,694,980
Total non-depreciable assets	58,489,272	1,337,396	59,826,668
Depreciable assets:			
Buildings	101,062,903	2,031,176	103,094,079
Improvement other than buildings		2,268,545	2,268,545
Machinery and equipment	5,874,208	82,195	5,956,403
Vehicles	7,444,802	-	7,444,802
Infrastructure	186,275,749	-	186,275,749
	300,657,662	4,381,916	305,039,578
Less accumulated depreciation	(122,664,508)	(3,413,623)	(126,078,131)
Total depreciable assets, net	177,993,154	968,293	178,961,447
Total capital assets	$ 236,482,426	$ 2,305,689	$ 238,788,115

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, 2008:

	Balance June 30, 2007	Additions	Deletions	Transfers	Balance June 30, 2008
Nondepreciable Assets:					
Land	$ 47,794,292	$ -	$ -	$ -	$ 47,794,292
Construction in progress	4,658,221	7,501,040	-	(1,464,281)	10,694,980
Total nondepreciable assets	52,452,513	7,501,040	-	(1,464,281)	58,489,272
Depreciable Assets:					
Buildings	100,555,821	-	(233,442)	740,524	101,062,903
Machinery and equipment	5,867,872	151,954	(223,191)	77,574	5,874,209
Vehicles	6,924,388	948,705	(428,294)	-	7,444,799
Infrastructure	185,303,416	326,152	-	646,183	186,275,751
Total depreciable assets	298,651,497	1,426,811	(884,927)	1,464,281	300,657,662
Accumulated Depreciation:					
Buildings	(22,678,302)	(2,287,180)	137,687	-	(24,827,795)
Machinery and equipment	(3,125,917)	(511,705)	218,503	-	(3,419,119)
Vehicles	(4,692,738)	(563,790)	374,544	-	(4,881,984)
Infrastructure	(84,208,613)	(5,326,996)	-	-	(89,535,609)
Total accumulated depreciation	(114,705,571)	(8,689,671)	730,734	-	(122,664,508)
Depreciable assets, net	183,945,926	(7,262,860)	(154,193)	1,464,281	177,993,154
Total governmental activities capital assets, net	$ 236,398,439	$ 238,180	$ (154,193)	$ -	$ 236,482,426

Governmental activities depreciation expense for capital assets for the year ended June 30, 2008, are as follows:

Public protection	$ 399,501
Public service	8,053,606
Community development	17,990
Arts, Recreation and Cultural Services	127,937
Administrative Services	57,802
General government	32,835
Total depreciation expense	$ 8,689,671

6. CAPITAL ASSETS, Continued

Government-Wide Financial Statements, Continued

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

	Balance June 30, 2007	Additions	Deletions	Transfers	Balance June 30, 2008
Nondepreciable Assets:					
Land	$ 1,337,396	$ -	$ -	$ -	$ 1,337,396
Total nondepreciable assets	1,337,396	-	-	-	1,337,396
Depreciable Assets:					
Buildings	2,031,177	-	-	-	2,031,177
Improvements	2,239,510	29,035	-	-	2,268,545
Equipment	82,194	-	-	-	82,194
Total depreciable assets	4,352,881	29,035	-	-	4,381,916
Accumulated Depreciation:					
Buildings	(1,249,573)	(29,354)	-	-	(1,278,927)
Improvements	(1,860,569)	(226,371)	-	-	(2,086,940)
Equipment	(35,837)	(11,919)	-	-	(47,756)
Total accumulated depreciation	(3,145,979)	(267,644)	-	-	(3,413,623)
Depreciable assets, net	1,206,902	(238,609)	-	-	968,293
Total business-type activities capital assets, net	$ 2,544,298	$ (238,609)	$ -	$ -	$ 2,305,689

Depreciation expense for business-type activities for the year ended June 30, 2008, is as follows:

Golf Course	$ 214,940
Restaurant	52,704
Total	$ 267,644

7. LONG-TERM DEBT

A summary of changes in long-term debt for the year ended June 30, 2008, was as follows:

	Balance July 1, 2007	Debt Issued	Debt Retired	Balance June 30, 2008	Due in one year	Due in more than one year
Governmental Activity Debt:						
RDA 2000 Tax Allocation Bonds	$ 2,330,000	$ -	$ (100,000)	$ 2,230,000	$ 105,000	$ 2,125,000
RDA 2003 Tax Allocation Bonds, Series A	5,150,000	-	(580,000)	4,570,000	600,000	3,970,000
RDA 2003 Tax Allocation Bonds, Series B	1,840,000	-	(190,000)	1,650,000	200,000	1,450,000
RDA 2003 Tax Allocation Bonds, Series B, bond issuance premium	50,349	-	(5,594)	44,755	5,594	39,161
Total governmental activity debt	$ 9,370,349	$ -	$ (875,594)	$ 8,494,755	$ 910,594	$ 7,584,161
Business-Type Activity Debt:						
1997 Lease Revenue Bonds	$ 1,325,000	$ -	$ (95,000)	$ 1,230,000	$ 95,000	$ 1,135,000
Total business-type activity debt	$ 1,325,000	$ -	$ (95,000)	$ 1,230,000	$ 95,000	$ 1,135,000
Total long-term debt	$ 10,695,349	$ -	$ (970,594)	$ 9,724,755	$ 1,005,594	$ 8,719,161

A. *Governmental Activities*

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 $100,000, and $132,426, respectively. The net revenues were $3,605,260 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, 2008, was $2,230,000. The annual debt service requirements for the 2000 Tax Allocation Bonds outstanding at June 30, 2008 were as follows:

Year Ending June 30,	Principal	Interest	Total
2009	105,000	127,186	232,186
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
2014-2018	800,000	380,498	1,180,498
2019-2022	840,000	107,693	947,693
Total	$ 2,230,000	$ 1,062,800	$ 3,292,800

7. LONG-TERM DEBT, Continued

A. *Governmental Activities, 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 the acquisition of property in the Merged Project Area and the relocation of 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 $580,000 and $191,950, respectively. The net revenues were $3,605,260 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, 2008, was $4,570,000.

The annual debt service requirements for the 2003 Tax Allocation Bonds, Series A outstanding at June 30, 2008 were as follows:

Year Ending June 30,	Principal	Interest	Total
2009	600,000	172,750	772,750
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
2014-2018	1,210,000	148,928	1,358,928
2019	125,000	2,938	127,938
Total	$ 4,570,000	$ 773,541	$ 5,343,541

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 the acquisition of property in the Merged Project Area and the relocation of 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, principle and interest paid on the tax allocation bonds series 2003B were $190,000, and $98,363, respectively. The net revenues were $3,605,260 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, 2008, was $1,650,000.

7. LONG-TERM DEBT, Continued

A. *Governmental Activities, Continued*

Tax Allocation Bonds Series 2003B, Continued

The annual debt service requirements for the 2003 Tax Allocation Bonds, Series B outstanding at June 30, 2008 were as follows:

Year Ending June 30,	Principal	Interest	Total
2009	200,000	88,969	288,969
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
2014-2015	540,000	33,000	573,000
Total	$ 1,650,000	$ 359,935	$ 2,009,935
Plus unamortized bond issuance premium	44,755		
Net	$ 1,694,755		

B. *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 Municipal Golf Course. The bonds bear interest at rates from 3.85% to 5.375% and are due on August 15, 2017. The bonds are to be repaid from rental payments made by the City. Principal payments are due annually on August 15. Interest payments are due semiannually on February 15 and August 15. The balance outstanding as of June 30, 2008 was $1,230,000.

The annual debt service requirements for the 1997 Lease Revenue Bonds outstanding at June 30, 2008, were as follows:

Year Ending June 30,	Principal	Interest	Total
2009	$ 95,000	$ 63,161	$ 158,161
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
2014-2018	695,000	115,096	810,096
Total	$ 1,230,000	$ 382,413	$ 1,612,413

7. LONG-TERM DEBT, Continued

C. *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, 2008 was $39,870,000.

8. COMPENSATED ABSENCES

As of fiscal year 2008, compensated absences were not included as a liability in the Fund Financial Statements. Compensated absences at June 30, 2008 were as follows:

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008	Due within One Year	Due in More than One Year
Governmental Activities:	$ 2,952,015	$ 150,984	$ 118,222	$ 2,984,777	$ 118,222	$ 2,866,555

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, 2008, the following funds had deficit fund equity:

Restaurant Enterprise Fund	$ 2,205,735

The City is planning on removing the deficit equity balance from future revenues to be collected by this fund.

10. RISK MANAGEMENT

A. Municipal Pooling Authority

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

The Authority is governed by a board consisting of representatives from member municipalities. The Board controls the operations of the Authority, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board. The Authority provides for its members general liability risk of loss both through pooled coverage and commercial insurance policies and for workers' compensation risk of loss through a commercial insurance policy for amounts above the self insured retention level.

The City's deposits with the Authority are in accordance with formulas established by the Authority. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. The amount of settlements has 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, 2008 is as follows:

Total Cash and Investments	$57,254,426
Total Assets	$62,332,024
Total Liabilities	$43,226,014
Total Equity	$19,106,010
Total Revenues	$25,161,275
Total Expenses	$23,944,319
Net Change in Fund Equity	$ 1,216,956

10. RISK MANAGEMENT, Continued

B. Liability for Uninsured Claims

The City provides for the uninsured portion of claims and judgments in the General Fund. Claims and Judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. The City's liability for uninsured claims at June 30, 2008, was estimated by management and based on MPANC's claims experience and was computed as follows:

	General Liability	Workers' Compensation	Dental Claims Liability	Total
Balance as of July 1, 2006	$ 729,446	$ 2,262,614	$ 406,000	$ 3,398,060
Claims incurred	1,076,766	861,012	382,884	2,320,662
Changes in estimates	(322,096)	486,437	(23,000)	141,341
Claims paid	(1,076,766)	(861,012)	(382,884)	(2,320,662)
Balance as of June 30, 2007	$ 407,350	$ 2,749,051	$ 383,000	$ 3,539,401
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
Current portion as of June 30, 2008				$ 1,838,666

11. PENSION PLANS

A. California Public Employees' Retirement Plan

Plan Description

The City contributes to the California Public Employee Retirement System (PERS). 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. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office at 400 Q Street, Sacramento, CA 95814

11. PENSION PLANS, Continued

A. *California Public Employees' Retirement Plan, Continued*

Funding Policy

Active plan members are required by State statute to contribute 8% for miscellaneous and 9% for safety for employees of their annual covered salary. The City employer makes most of the contributions required of City employees on their behalf and for their account, which amounted to $2,446,381 for the year ended June 30, 2008. The City employer is required to contribute at an actuarial determined rate of 14.659% and 38.011% of annual covered payroll for miscellaneous and safety employees, respectively for the year ended June 30, 2008. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For 2007-2008, the City's annual pension cost of $6,580,510 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases range from 3.25% to 14.45% depending on age, service, and type of employment, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2003, was 30 years for prior and current service unfunded liability.

THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/06	$ 6,457,468	100%	$ -
06/30/07	6,436,351	100%	-
06/30/08	6,580,510	100%	-

Schedule of Funding Progress

The following represents information provided by PERS for the most recent actuarial valuation date of June 30, 2006. The Schedule of funding progress, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability benefit.

11. PENSION PLANS, Continued

A. *California Public Employees' Retirement Plan, Continued*

Safety Employees

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.

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	(Underfunded) Overfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	(Overfunded) Actuarial Liability as % of Covered Payroll
6/30/2006	87,795,451	110,341,431	(22,545,980)	79.6%	22,539,309	100.0%

The City/District contributed to the California Public Employee's Retirement System (CalPERS), as an agent multiple – employer public employee defined benefit pension plan. The amounts reflected herein represent the District's portion as reported by CalPERS.

12. DEFERRED COMPENSATION PLAN

City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Sections 401(a) and 457. Under this plan, participants are not taxed on the deferred portion of their compensation until it is distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the plan.

The laws governing deferred compensation plan assets require plan assets to be held by a trust (currently administered by the ICMA Retirement Corporation) for the exclusive benefit of plan participants and beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control or available to the City's creditors, they have been excluded from these financial statements.

13. 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.

13. 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, 2008. These projects are evidenced by contractual commitments with contractors, and include the following major projects:

Project Description	Amounts
New City Library - Design	$ 2,487,626
Treat Roadway Reconstruction	769,673
City Hall Flood Proofing	89,787
Rudgear Retaining Wall	121,376
Street Slurry Seal and Overlay	934,743
ADA Transition Plan	61,330
Parking Garage Elevators	232,000
Street Slurry Seal and Overlay	932,348
	$ 5,628,883

14. 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 2008 fiscal year. Total equity loans to City employees as of June 30, 2008 was $375,000.

REQUIRED SUPPLEMENTARY INFORMATION

RECREATION CLASSES / CREEK CLEANUP

PUBLIC EMPLOYEE RETIREMENT SYSTEMS (PERS)
SCHEDULE OF FUNDING PROGRESS

Miscellaneous Employees

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	(Underfunded) Overfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Overfunded) Actuarial Liability as % of Covered Payroll
6/30/2004	73,472,063	94,353,774	(20,881,711)	77.9%	19,952,730	104.7%
6/30/2005	79,746,573	100,534,156	(20,787,583)	79.3%	21,034,343	98.8%
6/30/2006	87,795,451	110,341,431	(22,545,980)	79.6%	22,539,309	100.0%

Safety Employees

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.

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.

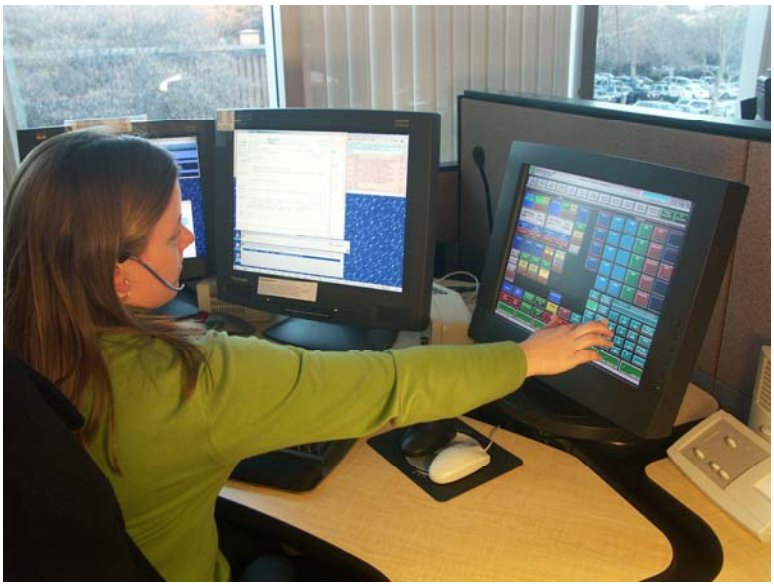
Formal budgetary integration is employed as a management control device. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal 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.

City of Walnut Creek
Required Supplementary Information - General Fund
June 30, 2008

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

	Budgeted Amount			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes				
Sales and use	$ 20,891,947	$ 20,891,947	$ 19,248,889	$ (1,643,058)
Property	15,621,909	15,621,909	15,966,643	344,734
Business License	2,147,669	2,147,669	2,024,041	(123,628)
Franchise	2,689,688	2,689,688	3,004,523	314,835
Transient Occupancy Tax	1,188,442	1,188,442	1,453,869	265,427
Other	680,800	680,800	638,919	(41,881)
Intergovernmental	1,169,766	1,169,766	871,160	(298,606)
Use of money and property	4,572,771	4,572,771	4,197,696	(375,075)
Charges for services	10,585,559	10,785,559	11,701,753	916,194
Licenses, permits and fees	1,846,900	1,846,900	1,414,703	(432,197)
Fines, forfeitures and penalties	3,484,000	3,484,000	4,349,291	865,291
Other revenue	216,364	216,364	-	(216,364)
Total revenues	65,095,815	65,295,815	64,871,487	(424,328)
EXPENDITURES:				
Current:				
Public safety	20,794,970	20,908,697	20,083,360	825,337
Public service	13,406,871	13,644,871	13,036,315	608,556
Community development	5,268,469	5,481,469	5,253,296	228,173
Arts, Recreation and Community Services	13,786,364	13,749,461	13,628,797	120,664
Administrative	5,742,793	5,780,793	5,372,403	408,390
General government	5,231,885	5,211,885	2,700,494	2,511,391
Total expenditures	64,231,352	64,777,176	60,074,665	4,702,511
REVENUES OVER (UNDER) EXPENDITURES	864,463	518,639	4,796,822	4,278,183
OTHER FINANCING SOURCES (USES):				
Operating transfers in	1,000,869	1,115,869	1,208,804	92,935
Operating transfers (out)	(2,594,662)	(1,254,223)	(4,397,437)	(3,143,214)
Total other financing sources (uses)	(1,593,793)	(138,354)	(3,188,633)	(3,050,279)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (729,330)	$ 380,285	1,608,189	$ 1,227,904
FUND BALANCES:				
Beginning of year			54,069,580	
End of year			$ 55,677,769	

PUBLIC SAFETY STAFF



SUPPLEMENTAL INFORMATION

PUBLIC SAFETY EDUCATION / PATROL

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 Loan - 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.

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

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 Fees - 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.

STORM DRAIN MAINTENANCE / EMERGENCY OPERATIONS

City of Walnut Creek
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2008

	Special Revenue			
	Library Parcel Tax	Open Space	Revolving Loan	Housing
ASSETS				
Current:				
Cash and investments	$ 3,103,876	$ -	$ 879,080	$ 763,925
Cash and investments with fiscal agents	-	-	-	-
Accounts receivable	-	35,453	-	-
Interest receivable	23,580	-	5,908	4,848
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Notes and loans receivable	-	-	375,000	3,376,557
Total assets	$ 3,127,456	$ 35,453	$ 1,259,988	$ 4,145,330
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and other accrued liabilities	$ 136,620	$ 3,192	$ -	$ 113,085
Accrued Payroll	-	21,565	-	2,990
Due to other funds	-	10,696	-	-
Refundable deposits	-	-	-	-
Deferred revenue	-	-	375,000	3,376,558
Advances from other funds	-	-	-	-
Total liabilities	136,620	35,453	375,000	3,492,633
Fund Balances:				
Reserved				
Encumbrances	-	69,300	-	97,844
Debt service funds	-	-	-	-
Low and moderate income housing	-	-	-	-
Loans Receivable	-	-	45,000	-
Designated				
Unrealized investment gain	-	-	-	-
Parking Garage	-	-	-	-
Unreserved, undesignated reported in:				
Special revenue funds	2,990,836	(69,300)	839,988	554,853
Capital project funds	-	-	-	-
Total unreserved, undesignated	2,990,836	(69,300)	839,988	554,853
Total fund balances	2,990,836	-	884,988	652,697
Total liabilities and fund balances	$ 3,127,456	$ 35,453	$ 1,259,988	$ 4,145,330

Special Revenue						
Traffic Safety/ Police Grants	PEG Access Fees/ Grants	Gas Tax	NPDES	CDBG	Measure J	Traffic Congestion Relief
$ 15,604	$ 2,255,793	$ 176,602	$ 2,197,996	$ -	$ 2,425,085	$ 100
-	-	-	-	-	-	-
15,029	67,763	391,864	-	62,971	-	-
1,075	17,098	4,644	15,098	-	18,822	1
-	-	-	-	-	811,730	-
-	-	-	-	-	-	-
-	-	-	-	1,924,011	-	-
$ 31,708	$ 2,340,654	$ 573,110	$ 2,213,094	$ 1,986,982	$ 3,255,637	$ 101
$ -	$ -	$ -	$ 22,994	$ 22,383	$ -	$ -
-	-	-	5,494	1,632	-	-
982	-	-	184,645	38,956	-	-
-	-	-	-	-	-	-
14,620	-	-	-	1,924,011	-	-
-	-	-	-	-	-	-
15,602	-	-	213,133	1,986,982	-	-
-	-	-	16,360	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
16,106	2,340,654	573,110	1,983,601	-	3,255,637	101
-	-	-	-	-	-	-
16,106	2,340,654	573,110	1,983,601	-	3,255,637	101
16,106	2,340,654	573,110	1,999,961	-	3,255,637	101
$ 31,708	$ 2,340,654	$ 573,110	$ 2,213,094	$ 1,986,982	$ 3,255,637	$ 101

(Continued)

City of Walnut Creek
Combining Balance Sheet, Continued
Non-Major Governmental Funds
June 30, 2008

	Special Revenue	Debt Service	Capital Project	
	RDA Housing	RDA	In Lieu Underground	Storm Drain
ASSETS				
Current:				
Cash and investments	$ 1,378,291	$ -	$ 1,670,462	$ 457,233
Cash and investments with fiscal agents	-	1,135,505	-	-
Accounts receivable	-	-	-	-
Interest receivable	7,753	-	12,828	3,511
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Notes and loans receivable	5,472,163	-	-	-
Total assets	$ 6,858,207	$ 1,135,505	$ 1,683,290	$ 460,744
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and other accrued liabilities	$ 124,888	$ -	$ -	$ -
Accrued Payroll	3,651	-	-	-
Due to other funds	-	-	484,535	-
Refundable deposits	-	-	-	-
Deferred revenue	5,472,163	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	5,600,702	-	484,535	-
Fund Balances:				
Reserved				
Encumbrances	10,000	-	-	-
Debt service funds	-	1,135,505	-	-
Low and moderate income housing	1,247,505	-	-	-
Loans Receivable	-	-	-	-
Designated				
Unrealized investment gain	-	-	-	-
Parking Garage	-	-	-	-
Unreserved, undesignated reported in:				
Special revenue funds	-	-	-	-
Capital project funds	-	-	1,198,755	460,744
Total unreserved, undesignated	-	-	1,198,755	460,744
Total fund balances	1,257,505	1,135,505	1,198,755	460,744
Total liabilities and fund balances	$ 6,858,207	$ 1,135,505	$ 1,683,290	$ 460,744

Capital Project					
Other In Lieu Mitigation	In Lieu Park	In Lieu Parking	RDA	Local Improvement District	Total
$ 564,322	$ 1,795,008	$ 1,827,890	$ 4,591,886	$ 2,690,095	$ 26,793,248
-	-	-	-	-	1,135,505
-	-	-	-	-	573,080
4,316	13,746	14,037	42,203	20,658	210,126
-	-	-	-	-	811,730
-	-	-	-	-	-
-	-	-	-	-	11,147,731
$ 568,638	$ 1,808,754	$ 1,841,927	$ 4,634,089	$ 2,710,753	$ 40,671,420
$ -	$ -	$ -	$ 10,383	$ -	$ 433,545
-	-	-	-	-	35,332
103,628	166,097	-	-	12,659	1,002,198
-	-	-	-	-	-
-	-	-	-	-	11,162,352
-	-	-	617,323	-	617,323
103,628	166,097	-	627,706	12,659	13,250,750
-	-	-	-	-	193,504
-	-	-	-	-	1,135,505
-	-	-	-	-	1,247,505
-	-	-	-	-	45,000
-	-	-	-	-	-
-	-	1,600,000	-	-	1,600,000
-	-	-	-	-	12,485,586
465,010	1,642,657	241,927	4,006,383	2,698,094	10,713,570
465,010	1,642,657	241,927	4,006,383	2,698,094	23,199,156
465,010	1,642,657	1,841,927	4,006,383	2,698,094	27,420,670
$ 568,638	$ 1,808,754	$ 1,841,927	$ 4,634,089	$ 2,710,753	$ 40,671,420

(Concluded)

City of Walnut Creek
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2008

	Special Revenue			
	Library Parcel Tax	Open Space	Revolving Loans	Housing
OPERATING REVENUES:				
Taxes:				
Sales and use	$ -	$ -	$ -	$ -
Property	874,384	-	-	-
Other	-	456,875	-	-
Intergovernmental	-	-	-	-
Use of money and property	121,282	81,127	31,807	30,868
Charges for Services	-	70,908	-	5,750
Fines, forfeitures and penalties	-	-	-	-
Other Revenues	-	-	55,704	207,352
Total revenues	995,666	608,910	87,511	243,970
EXPENDITURES:				
Current:				
Public service	-	1,016,322	-	-
Community development	-	-	-	83,383
Housing	-	-	-	554,688
Arts, Recreation and Community Services	387,187	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest, fiscal charges and issuance costs	-	-	-	-
Total expenditures	387,187	1,016,322	-	638,071
REVENUES OVER (UNDER) EXPENDITURES	608,479	(407,412)	87,511	(394,101)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	407,412	-	202,696
Transfers out	-	-	-	-
Total other financing sources (uses)	-	407,412	-	202,696
Net change in fund balances	608,479	-	87,511	(191,405)
FUND BALANCES:				
Beginning of the year	2,382,357	-	797,477	844,102
End of the year	$ 2,990,836	$ -	$ 884,988	$ 652,697

Special Revenue						
Traffic Safety/ Police Grants	PEG Access Fees/ Grants	Gas Tax	NPDES	CDBG	Measure J	Traffic Congestion Relief
$ -	$ -	$ -	$ -	$ -	$ 811,730	$ -
-	-	-	-	-	-	-
-	-	-	1,260,204	-	-	-
125,727	-	1,180,606	-	67,726	-	-
3,652	92,710	37,371	81,883	94,904	87,576	5,866
-	270,365	-	-	-	-	-
211,097	-	-	-	-	-	-
-	-	-	-	57,018	-	-
340,476	363,075	1,217,977	1,342,087	219,648	899,306	5,866
578	-	-	1,098,261	-	-	-
-	-	-	-	52,624	-	-
-	-	-	-	166,935	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
578	-	-	1,098,261	219,559	-	-
339,898	363,075	1,217,977	243,826	89	899,306	5,866
-	-	-	572	-	-	-
(347,998)	-	(2,205,244)	-	-	(509,798)	(471,000)
(347,998)	-	(2,205,244)	572	-	(509,798)	(471,000)
(8,100)	363,075	(987,267)	244,398	89	389,508	(465,134)
24,206	1,977,579	1,560,377	1,755,563	(89)	2,866,129	465,235
$ 16,106	$ 2,340,654	$ 573,110	$ 1,999,961	$ -	$ 3,255,637	$ 101

(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, 2008

	Special Revenue	Debt Service	Capital Project	
	RDA Housing	RDA	In Lieu Underground	Storm Drain
OPERATING REVENUES:				
Taxes:				
Sales and use	$ -	$ -	$ -	$ -
Property	-	-	-	-
Other	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	44,889	31,103	73,043	20,768
Charges for Services	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Other Revenues	62,391	-	-	-
Total revenues	107,280	31,103	73,043	20,768
EXPENDITURES:				
Current:				
Public service	-	-	-	-
Community development	-	-	-	-
Housing	997,152	-	-	-
Arts, Recreation and Cultural Services	-	-	-	-
Debt Service:				
Principal retirement	-	870,000	-	-
Interest, fiscal charges and issuance costs	-	422,739	-	-
	-			
Total expenditures	997,152	1,292,739	-	-
REVENUES OVER (UNDER) EXPENDITURES	(889,872)	(1,261,636)	73,043	20,768
OTHER FINANCING SOURCES (USES):				
Transfers in	1,004,300	1,250,871	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	1,004,300	1,250,871	-	-
Net change in fund balances	114,428	(10,765)	73,043	20,768
FUND BALANCES:				
Beginning of the year	1,143,077	1,146,270	1,125,712	439,976
End of the year	$ 1,257,505	$ 1,135,505	$ 1,198,755	$ 460,744

Capital Projects					
Other In Lieu Mitigation	In Lieu Park	In Lieu Parking	RDA	Local Improvement District	Total
$ -	$ -	$ -	$ -	$ -	$ 811,730
-	-	-	3,521,500	-	4,395,884
-	-	-	-	-	1,717,079
-	-	-	-	-	1,374,059
24,285	62,703	80,140	166,147	69,559	1,241,683
6,124	-	2,654	-	-	355,801
-	-	-	-	-	211,097
30,000	278,000	-	-	-	690,465
60,409	340,703	82,794	3,687,647	69,559	10,797,798
4,056	-	-	-	-	2,119,217
-	-	-	-	-	136,007
-	-	-	152,568	-	1,871,343
-	-	-	-	-	387,187
-	-	-	-	-	870,000
-	-	-	-	-	422,739
4,056	-	-	152,568	-	5,806,493
56,353	340,703	82,794	3,535,079	69,559	4,991,305
-	-	-	111,049	-	2,976,900
-	-	-	(2,366,220)	(572)	(5,900,832)
-	-	-	(2,255,171)	(572)	(2,923,932)
56,353	340,703	82,794	1,279,908	68,987	2,067,373
408,657	1,301,954	1,759,133	2,726,475	2,629,107	25,353,297
$ 465,010	$ 1,642,657	$ 1,841,927	$ 4,006,383	$ 2,698,094	$ 27,420,670

(Concluded)

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Property Taxes	$ 870,000	$ 870,000	$ 874,384	$ 4,384
Use of money and property	93,832	93,832	121,282	27,450
Total revenues	963,832	963,832	995,666	31,834
EXPENDITURES:				
Current:				
Arts, Recreation and Cultural Services	526,187	526,187	387,187	139,000
Total expenditures	526,187	526,187	387,187	139,000
REVENUES OVER (UNDER) EXPENDITURES	437,645	437,645	608,479	170,834
Net change in fund balance	$ 437,645	$ 437,645	608,479	$ 170,834
FUND BALANCE:				
Beginning of year			2,382,357	
End of year			$ 2,990,836	

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Other Taxes	$ 387,879	$ 387,879	527,783	$ 139,904
Charges for Services	35,000	35,000		(35,000)
Use of money and property	63,000	63,000	81,127	18,127
Total revenues	485,879	485,879	608,910	123,031
EXPENDITURES:				
Current:				
Public Services	1,044,095	1,044,095	1,016,322	27,773
Total expenditures	1,044,095	1,044,095	1,016,322	27,773
REVENUES OVER (UNDER) EXPENDITURES	(558,216)	(558,216)	(407,412)	150,804
OTHER FINANCING SOURCES (USES):				
Transfer in	558,216	558,216	407,412	(150,804)
Total other financing sources (uses)	558,216	558,216	407,412	(150,804)
Net change in fund balance	$ -	$ -	-	$ -
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 Loan Special Revenue Fund

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ 15,819	$ 15,819	$ 31,807	$ 15,988
Other	-	-	55,704	55,704
Total revenues	15,819	15,819	87,511	71,692
REVENUES OVER (UNDER) EXPENDITURES	15,819	15,819	87,511	71,692
Net change in fund balance	$ 15,819	$ 15,819	87,511	$ 71,692
FUND BALANCE:				
Beginning of year			797,477	
End of year			$ 884,988	

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Charges for Services	$ 340,900	$ 340,900	$ 5,750	$ (335,150)
Intergovernmental	175,000	175,000	-	(175,000)
Use of money and property	51,617	51,617	30,868	(20,749)
Other	-	-	207,352	207,352
Total revenues	567,517	567,517	243,970	(323,547)
EXPENDITURES:				
Current:				
Community development	100,000	100,000	83,383	16,617
Housing	618,596	618,596	554,688	63,908
Total expenditures	718,596	718,596	638,071	80,525
REVENUES OVER (UNDER) EXPENDITURES	(151,079)	(151,079)	(394,101)	(243,022)
OTHER FINANCING SOURCES (USES):				
Transfer in	202,696	202,696	202,696	-
Total other financing sources (uses)	202,696	202,696	202,696	-
Net change in fund balance	$ 51,617	$ 51,617	(191,405)	$ (243,022)
FUND BALANCE:				
Beginning of year			844,102	
End of year			$ 652,697	

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Intergovernmental	$ 100,000	$ 100,000	$ 125,727	$ 25,727
Fines, forfeitures and penalties	240,000	240,000	211,097	(28,903)
Use of money and property	-	-	3,652	3,652
Total revenues	340,000	340,000	340,476	476
EXPENDITURES:				
Current:				
Public Services	-	578	578	-
Other	-	-	-	-
Total expenditures	-	578	578	-
REVENUES OVER (UNDER) EXPENDITURES	340,000	339,422	339,898	476
OTHER FINANCING SOURCES (USES):				
Transfer out	(240,000)	(240,000)	(347,998)	(107,998)
Total other financing sources (uses)	(240,000)	(240,000)	(347,998)	(107,998)
Net change in fund balance	$ 100,000	$ 99,422	(8,100)	$ (107,522)
FUND BALANCE:				
Beginning of year			24,206	
End of year			$ 16,106	

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Charges for Services	$ 120,000	$ 1,088,000	$ 270,365	$ (817,635)
Use of money and property	29,888	29,888	92,710	62,822
Other		363,000	-	(363,000)
Total revenues	149,888	1,480,888	363,075	(1,117,813)
REVENUES OVER (UNDER) EXPENDITURES	149,888	1,480,888	363,075	(1,117,813)
Net change in fund balance	$ 149,888	$ 1,480,888	363,075	$ (1,117,813)
FUND BALANCE:				
Beginning of year			1,977,579	
End of year			$ 2,340,654	

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Intergovernmental	$ 1,171,500	$ 1,171,500	$ 1,180,606	$ 9,106
Use of money and property	90,187	90,187	37,371	(52,816)
Total revenues	1,261,687	1,261,687	1,217,977	(43,710)
REVENUES OVER (UNDER) EXPENDITURES	1,261,687	1,261,687	1,217,977	(43,710)
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	-	-
Transfer out	(1,468,954)	(1,468,954)	(2,205,244)	(736,290)
Total other financing sources (uses)	(1,468,954)	(1,468,954)	(2,205,244)	(736,290)
Net change in fund balance	$ (207,267)	$ (207,267)	(987,267)	$ (780,000)
FUND BALANCE:				
Beginning of year			1,560,377	
End of year			$ 573,110	

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Other Taxes	$ 1,237,853	$ 1,237,853	$ 1,260,204	$ 22,351
Use of money and property	27,489	27,489	81,883	54,394
Total revenues	1,265,342	1,265,342	1,342,087	76,745
EXPENDITURES:				
Current:				
Public Services	1,187,793	1,187,793	1,098,261	89,532
Total expenditures	1,187,793	1,187,793	1,098,261	89,532
REVENUES OVER (UNDER) EXPENDITURES	77,549	77,549	243,826	166,277
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	572	572
Total other financing sources (uses)	-	-	572	572
Net change in fund balance	$ 77,549	$ 77,549	244,398	$ 166,849
FUND BALANCE:				
Beginning of year			1,755,563	
End of year			$ 1,999,961	

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Intergovernmental	$ 299,883	$ 299,883	$ 67,726	$ (232,157)
Use of money and property	-	-	94,904	94,904
Other	-	-	57,018	57,018
Total revenues	299,883	299,883	219,648	(80,235)
EXPENDITURES:				
Current:				
Community development	51,120	51,120	52,624	(1,504)
Housing	246,543	246,543	166,935	79,608
Total expenditures	297,663	297,663	219,559	78,104
REVENUES OVER (UNDER) EXPENDITURES	2,220	2,220	89	(2,131)
Net change in fund balance	$ 2,220	$ 2,220	$ 89	$ (2,131)
FUND BALANCE:				
Beginning of year			(89)	
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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Sales and use tax	$ 858,212	$ 858,212	$ 811,730	$ (46,482)
Use of money and property	1,073	1,073	87,576	86,503
Total revenues	859,285	859,285	899,306	40,021
EXPENDITURES:				
Current:				
Public Service	175,000	175,000	-	175,000
Total expenditures	175,000	175,000	-	175,000
REVENUES OVER (UNDER) EXPENDITURES	684,285	684,285	899,306	215,021
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	-	-
Transfer out	(1,188,385)	(1,188,385)	(509,798)	678,587
Total other financing sources (uses)	(1,188,385)	(1,188,385)	(509,798)	678,587
Net change in fund balance	$ (504,100)	$ (504,100)	389,508	$ 893,608
FUND BALANCE:				
Beginning of year			2,866,129	
End of year			$ 3,255,637	

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Intergovernmental	$ -	$ 500,000	$ -	$ (500,000)
Use of money and property	-	-	5,866	5,866
Total revenues	-	500,000	5,866	(494,134)
REVENUES OVER (UNDER) EXPENDITURES	-	500,000	5,866	(494,134)
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	-	-
Transfer out	-	-	(471,000)	(471,000)
Total other financing sources (uses)	-	-	(471,000)	(471,000)
Net change in fund balance	$ -	$ 500,000	(465,134)	$ (965,134)
FUND BALANCE:				
Beginning of year			465,235	
End of year			$ 101	

City of Walnut Creek

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

RDA Housing Special Revenue Fund

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ 7,800	$ 7,508	$ 44,889	$ 37,381
Other	-	-	62,391	62,391
Total revenues	7,800	7,508	107,280	99,772
EXPENDITURES:				
Current:				
Housing	1,708,215	1,708,215	997,152	711,063
Total expenditures	1,708,215	1,708,215	997,152	711,063
REVENUES OVER (UNDER) EXPENDITURES	(1,700,415)	(1,700,707)	(889,872)	810,835
OTHER FINANCING SOURCES (USES):				
Transfer in	1,035,917	916,917	1,004,300	87,383
Total other financing sources (uses)	1,035,917	916,917	1,004,300	87,383
Net change in fund balance	$ (664,498)	$ (783,790)	114,428	$ 898,218
FUND BALANCE:				
Beginning of year			1,143,077	
End of year			$ 1,257,505	

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ -	$ -	$ 31,103	$ 31,103
Total revenues	-	-	31,103	31,103
EXPENDITURES:				
Current:				
Principal	870,000	870,000	870,000	-
Interest, fiscal charges and issuance costs	417,498	422,739	422,739	-
Total expenditures	1,287,498	1,292,739	1,292,739	-
REVENUES OVER (UNDER) EXPENDITURES	(1,287,498)	(1,292,739)	(1,261,636)	31,103
OTHER FINANCING SOURCES (USES):				
Transfer in	1,293,000	1,293,000	1,250,871	(42,129)
Total other financing sources (uses)	1,293,000	1,293,000	1,250,871	(42,129)
Net change in fund balance	$ 5,502	$ 261	(10,765)	$ (11,026)
FUND BALANCE:				
Beginning of year			1,146,270	
End of year			$ 1,135,505	

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 - 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 they deteriorate.

City of Walnut Creek
Combining Statement of Net Assets
All Internal Service Funds
June 30, 2008

	Vehicle Rental	Police Radio	Equipment Replacement RCA	Equipment Replacement IT
ASSETS				
Current assets:				
Due from other funds	$ 1,492,505	$ 293,506	$ 56,013	$ 1,863,684
Total current assets	1,492,505	293,506	56,013	1,863,684
Capital Assets:				
Vehicles	7,444,801	-	-	-
Buildings	-	-	-	-
Machinery and Equipment	-	-	15,518	139,946
Accumulated depreciation	(4,881,984)	-	(647)	(47,061)
Total capital assets	2,562,817	-	14,871	92,885
Total noncurrent assets	2,562,817	-	14,871	92,885
Total assets	4,055,322	293,506	70,884	1,956,569
LIABILITIES				
Accounts payable	4,627	-	-	40,828
Due to other funds	-	-	21,252	-
Total liabilities	4,627	-	21,252	40,828
NET ASSETS				
Investment in capital assets, net of related debt	2,562,817	-	14,871	92,885
Unrestricted	1,487,878	293,506	34,761	1,822,856
Total net assets	$ 4,050,695	$ 293,506	$ 49,632	$ 1,915,741

Equipment Replacement ASD	Equipment Replacement GF	Facilities Replacement ASD	Major Roadway Reconstruction	Total
$ 10,000	$ 1,703,996	$ 522,215	$ 1,738,886	$ 7,680,805
10,000	1,703,996	522,215	1,738,886	7,680,805
-	-	-	-	7,444,801
-	-	235,000	-	235,000
-	40,079	-	-	195,543
-	(2,512)	(9,007)	-	(4,941,211)
-	37,567	225,993	-	2,934,133
-	37,567	225,993	-	2,934,133
10,000	1,741,563	748,208	1,738,886	10,614,938
-	-	-	-	45,455
-	-	338,052	226,809	586,113
-	-	338,052	226,809	631,568
-	37,567	225,993	-	2,934,133
10,000	1,703,996	184,163	1,512,077	7,049,237
$ 10,000	$ 1,741,563	$ 410,156	$ 1,512,077	$ 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, 2008

	Vehicle Rental	Police Radio	Equipment Replacement RCA	Equipment Replacement IT
OPERATING REVENUES:				
Charges for services	$ 769,370	$ 37,700	$ -	$ -
Total operating revenues	769,370	37,700	-	-
OPERATING EXPENSES:				
Professional and special services	-	-	-	81,667
Repairs and maintenance	59,280	-	9,661	209,155
Depreciation	563,790	-	647	24,029
Total operating expenses	623,070	-	10,308	314,851
OPERATING INCOME (LOSS)	146,300	37,700	(10,308)	(314,851)
NONOPERATING REVENUES (EXPENSES):				
Gain (loss) on sale of vehicles	15,383	-	-	-
Total nonoperating (expenses)	15,383	-	-	-
Net (loss) before contributions and operating transfers	161,683	37,700	(10,308)	(314,851)
Capital contributions	73,844	-	-	-
Transfers (in)	-	-	-	182,500
Transfers (out)	-	-	(23,000)	-
Change in net assets	235,527	37,700	(33,308)	(132,351)
NET ASSETS:				
Beginning of the year	3,815,168	255,806	82,940	2,048,094
End of the year	$ 4,050,695	$ 293,506	$ 49,632	$ 1,915,743

Equipment Replacement ASD	Equipment Replacement GF	Facilities Replacement ASD	Major Roadway Reconstruction	Total
$ -	$ -	$ -	$ -	$ 807,070
-	-	-	-	807,070
-	-	-	-	81,667
-	-	-	-	278,096
-	2,258	4,700	-	595,424
-	2,258	4,700	-	955,187
-	(2,258)	(4,700)	-	(148,117)
-	-	-	-	15,383
-	-	-	-	15,383
-	(2,258)	(4,700)	-	(132,734)
-	-	-	-	73,844
-	52,500	-	-	235,000
-	-	-	-	(23,000)
-	50,242	(4,700)	-	153,110
10,000	1,691,321	414,854	1,512,077	9,830,260
$ 10,000	$ 1,741,563	$ 410,154	$ 1,512,077	$ 9,983,370

City of Walnut Creek
Combining Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2008

	Vehicle Rental	Police Radio	Equipment Replacement RCA	Equipment Replacement IT
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	$ 769,370	$ 37,700	$ -	$ -
Payments to suppliers	(95,572)	-	(9,661)	(252,157)
Internal activity - receipts from (payments to) other funds	131,931	(37,700)	48,179	104,718
Net cash provided (used) by operating activities	805,729	-	38,518	(147,439)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	-	-	182,500
Transfers (out)	-	-	(23,000)	-
Net cash provided by capital and related financing activities	-	-	(23,000)	182,500
CASH FLOWS FROM INVESTING ACTIVITIES:				
Acquisition of capital assets	(874,862)	-	(15,518)	(35,061)
Proceeds from disposal of capital assets	69,133	-	-	-
Net cash (used) by investing activities	(805,729)	-	(15,518)	(35,061)
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)	$ 146,300	$ 37,700	$ (10,308)	$ (314,851)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	563,790	-	647	24,029
Changes in assets and liabilities:				
Due from other funds	131,931	-	26,927	-
Due to other funds	-	(37,700)	21,252	104,718
Accounts payable	(36,292)	-	-	38,665
Net cash provided (used) by operating activities	$ 805,729	$ -	$ 38,518	$ (147,439)

Noncash items:

The Vehicle Rental Fund had capital asset contributions of $73,844

Equipment Replacement ASD	Equipment Replacement GF	Facilities Replacement ASD	Major Roadway Reconstruction	Total
$ -	$ -	$ -	$ -	$ 807,070
-	-	-	-	(357,390)
-	(17,503)	-	-	229,625
-	(17,503)	-	-	679,305
-	52,500	-	-	235,000
-	-	-	-	(23,000)
-	52,500	-	-	212,000
-	(34,997)	-	-	(960,438)
-	-	-	-	69,133
-	(34,997)	-	-	(891,305)
-	-	-	-	-
-	-	-	-	-
$ -	$ -	$ -	$ -	$ -
$ -	$ (2,258)	$ (4,700)	$ -	$ (148,117)
-	2,258	4,700	-	595,424
-	-	775,835	1,945,598	2,880,291
-	(17,503)	(775,836)	(1,945,598)	(2,650,667)
-	-	-	-	2,373
$ -	$ (17,503)	$ (1)	$ -	$ 679,304

ROSSMOOR / HIGHWAY 680 CORRIDOR

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.

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.

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City of Walnut Creek
Agency Funds
Statements of Changes in Assets and Liabilities
For the year ended June 30, 2008

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
Trust and Agency				
Assets:				
Cash and investments	$ 3,231,821	$ 41,610,211	$ (41,096,404)	$ 3,745,628
Accounts receivable	1,492	15,781	(15,220)	2,053
Interest receivable	110,533	35,962	(110,533)	35,962
Total assets	$ 3,343,846	$ 41,661,954	$ (41,222,157)	$ 3,783,643
Liabilities:				
Accounts payable	$ 185,635	$ 3,658,305	$ (3,601,001)	$ 242,939
Advance deposits	3,158,211	38,003,649	(37,621,156)	3,540,704
Total liabilities	$ 3,343,846	$ 41,661,954	$ (41,222,157)	$ 3,783,643
Assessment Districts Group I				
Assets:				
Cash and investments	$ 1,516,633	$ 1,684,880	$ (1,607,889)	$ 1,593,624
Interest receivable	19,712	12,238	(19,712)	12,238
Total assets	$ 1,536,345	$ 1,697,118	$ (1,627,601)	$ 1,605,862
Liabilities:				
Due to bondholders	$ 1,536,345	$ 1,697,118	$ (1,627,601)	$ 1,605,862
Assessment Districts Group II				
Assets:				
Cash and investments	$ 46,826	$ 52,695	$ (50,327)	$ 49,194
Interest receivable	600	378	(600)	378
Total assets	$ 47,426	$ 53,073	$ (50,927)	$ 49,572
Liabilities:				
Due to bondholders	$ 47,426	$ 53,073	$ (50,927)	$ 49,572
CCCSD Solid Waste Authority				
Assets:				
Cash and investments	$ 4,875,663	$ 21,432,718	$ (19,198,172)	$ 7,110,209
Interest receivable	49,050	51,729	(49,047)	51,732
Total assets	$ 4,924,713	$ 21,484,447	$ (19,247,219)	$ 7,161,941
Liabilities:				
Accounts payable	$ 67,043	$ 3,642,501	$ (3,624,912)	$ 84,632
Due to other governments	4,857,670	17,841,946	(15,622,307)	7,077,309
Total liabilities	$ 4,924,713	$ 21,484,447	$ (19,247,219)	$ 7,161,941

City of Walnut Creek
Agency Funds
Statements of Changes in Assets and Liabilities, Continued
For the year ended June 30, 2008

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
Total - All Agency Funds				
Assets:				
Cash and investments	$ 9,670,943	$ 64,780,504	$ (61,952,792)	$ 12,498,655
Accounts receivable	1,492	15,781	(15,220)	2,053
Interest receivable	179,895	100,307	(179,892)	100,310
Total assets	$ 9,852,330	$ 64,896,592	$ (62,147,904)	$ 12,601,018
Liabilities:				
Accounts payable	$ 252,678	$ 7,300,806	$ (7,225,913)	$ 327,571
Due to other governments	4,857,670	17,841,946	(15,622,307)	7,077,309
Due to bondholders	1,583,771	1,750,191	(1,678,528)	1,655,434
Advance deposits	3,158,211	38,003,649	(37,621,156)	3,540,704
Total liabilities	$ 9,852,330	$ 64,896,592	$ (62,147,904)	$ 12,601,018

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	Pages
Financial Trends	128-137
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	138-144
These schedules contain information to help the reader assess the City's most significant local revenue sources, including sales and property taxes.	
Debt Capacity	145-150
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	151
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	153-158
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 Eight 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
$ 231,657,387	$ 231,465,216	$ 226,863,697	$ 227,987,671
16,118,808	7,815,613	50,105,233	49,175,812
84,899,807	98,940,786	64,990,977	67,074,890
332,676,002	338,221,615	341,959,907	344,238,373
1,309,217	1,277,845	1,219,298	1,075,689
199,920	167,556	166,699	165,099
(1,981,453)	(1,812,450)	(1,668,737)	(1,731,343)
(472,316)	(367,049)	(282,740)	(490,555)
232,966,604	232,743,061	228,082,995	229,063,360
16,318,728	7,983,169	50,271,932	49,340,911
82,918,354	97,128,336	63,322,240	65,343,547
$ 332,203,686	$ 337,854,566	$ 341,677,167	$ 343,747,818

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

	Fiscal Year			
	2001	2002	2003	2004
Expenses				
Governmental activities:				
Public safety	$ 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	1,719,080	1,920,060	1,834,421	1,937,578
Restaurant	229,115	176,228	129,569	124,711
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 safety	$ 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	1,731,756	1,599,865	1,474,098	1,492,934
Restaurant	117,067	124,317	117,916	137,156
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
$ 17,114,410	$ 18,081,363	$ 19,606,373	$ 20,874,588
24,870,142	23,961,639	28,801,629	26,010,531
4,254,265	4,755,814	5,930,672	5,096,366
3,616,307	2,140,611	1,422,545	1,871,343
4,514,922	4,729,378	13,558,315	14,150,128
4,374,454	4,971,667	5,012,121	5,404,926
5,240,930	6,704,972	4,670,604	2,733,327
793,476	770,533	435,282	405,413
64,778,906	66,115,977	79,437,541	76,546,622
1,900,654	1,870,814	1,824,298	1,994,256
78,244	144,470	70,900	149,586
6,795,509	7,355,319	-	-
8,774,407	9,370,603	1,895,198	2,143,842
$ 73,553,313	$ 75,486,580	$ 81,332,739	$ 78,690,464
$ 1,678,740	$ 1,827,810	$ 2,179,674	$ 1,960,054
4,871,906	5,144,249	2,281,216	2,351,022
2,366,504	2,569,766	3,070,920	3,161,013
3,086,431	3,255,398	2,465,567	1,242,802
2,171,762	2,146,396	8,749,794	8,659,603
3,509,143	3,798,994	1,785,276	2,264,692
638,426	1,341,751	1,389,328	960,194
3,596,132	3,263,602	1,428,110	1,081,947
51,312	999,277	1,429,171	2,118,032
21,970,356	24,347,243	24,779,056	23,799,359
1,629,104	1,675,242	1,785,107	1,925,554
193,538	255,840	146,762	25,335
4,856,799	5,568,571	-	-
-	-	-	-
-	-	167,901	-
6,679,441	7,499,653	2,099,770	1,950,889

(Continued)

City of Walnut Creek
Changes in Net Assets, Continued
Last Eight 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
$ (42,808,550)	$ (41,768,734)	$ (54,658,485)	$ (52,747,263)
(2,094,966)	(1,870,950)	204,572	(192,953)
$ (44,903,516)	$ (43,639,684)	$ (54,453,913)	$ (52,940,216)
$ 19,023,168	$ 21,075,748	$ 21,227,671	$ 20,060,618
14,597,317	16,505,365	18,822,311	19,488,146
2,633,460	2,633,222	2,839,864	3,004,523
1,548,587	4,374,230	6,234,908	8,079,967
1,103,398	1,416,429	2,468,231	-
2,353,126	3,902,372	5,507,134	4,152,579
3,166,765	-	-	-
-	73,558	15,915	171,396
(1,889,004)	(1,914,950)	196,844	68,497
42,536,817	48,065,974	57,312,878	55,025,726
16,352	77,503	76,581	53,585
-	115	-	50
1,889,004	1,914,950	(196,844)	(68,497)
1,905,356	1,992,568	(120,263)	(14,862)
(271,733)	6,297,240	2,654,393	2,278,463
(189,610)	121,618	84,309	(207,815)
$ (461,343)	$ 6,418,858	$ 2,738,702	$ 2,070,648

(Concluded)

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

	Fiscal Year			
	1999	2000	2001	2002
General Fund:				
Reserved	$ 5,514,745	$ 5,812,559	$ 4,760,386	$ 4,562,748
Unreserved				
Designated for:				
Economic Uncertainty	5,000,000	-	-	500,000
Claims Liability	6,018,664	918,664	918,664	918,664
Council Discretion	-	-	-	-
City Manager Discretion	-	-	-	-
Unrealized Investment Gain	-	18,180	398,916	377,716
Property Expansion	-	510,967	510,967	510,967
Future Programs	1,103,949	105,448	100,000	18,385,229
Capital improvements	7,701,591	7,261,549	7,161,549	6,429,549
Labor Agreements	69,192	-	-	-
Parking Garage - Library	-	-	-	-
Library	-	-	-	-
Future Budgets	-	-	-	-
Compensated Absences	2,068,378	2,248,168	2,126,638	2,171,494
Undesignated	5,096,748	7,109,026	4,701,303	5,246,027
Total general fund	32,573,267	23,984,561	20,678,423	39,102,394
All Other Governmental Funds:				
Reserved	8,933,479	16,210,243	15,519,412	8,764,659
Unreserved, reported in:	-	-	-	-
Special revenue funds	13,116,799	19,537,610	21,014,986	1,844,428
Capital projects funds	17,650,288	24,422,012	26,380,212	29,586,085
Undesignated	-	-	-	-
Total all other governmental funds	$ 39,700,566	$ 60,169,865	$ 62,914,610	$ 40,195,172
Total all governmental funds	$ 72,273,833	$ 84,154,426	$ 83,593,033	$ 79,297,566

Source: City Finance Department

Fiscal Year					
2003	2004	2005	2006	2007	2008
$ 4,711,048	$ 5,998,198	$ 4,984,672	$ 5,270,977	$ 4,905,610	$ 4,900,219
500,000	11,503,956	8,918,972	6,171,001	6,337,891	6,343,265
918,664	5,480,550	6,368,630	6,085,543	9,121,767	9,276,811
-	982,402	882,402	614,155	632,273	632,273
-	75,000	75,000	75,000	75,000	75,000
327,385	-	-	-	370,476	59,197
510,967	250,000	250,000	-	-	-
1,777,264	-	-	1,554,690	-	-
6,429,549	2,366,045	1,405,022	1,405,022	1,405,022	1,405,022
1,858,192	500,000	500,000	500,000	500,000	500,000
-	-	-	-	2,500,000	2,500,000
13,314,456	13,314,456	13,314,456	21,514,456	21,814,456	19,510,698
-	-	-	-	3,062,278	7,490,507
2,338,483	2,421,007	2,638,504	2,767,382	2,952,014	2,984,777
4,194,140	-	3,713,094	-	392,793	-
36,880,148	42,891,614	43,050,752	45,958,226	54,069,580	55,677,769
6,310,933	9,294,625	2,430,635	12,319,946	6,165,017	7,406,732
-	-	-	-		
8,416,665	1,016,990	6,076,454	83,613	12,516,496	12,485,586
37,618,454	31,385,825	36,067,678	33,726,503	31,423,631	29,436,155
-	-	-	-	-	-
$ 52,346,052	$ 41,697,440	$ 44,574,767	$ 46,130,062	$ 50,105,144	$ 49,328,473
$ 89,226,200	$ 84,589,054	$ 87,625,519	$ 92,088,288	$ 104,174,724	$ 105,006,242

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

	Fiscal Year			
	1999	2000	2001	2002
Revenues				
Taxes:				
Sales and Use	$ 19,839,890	$ 16,033,024	$ 18,874,060	$ 18,402,138
Property	7,138,223	7,832,924	8,464,954	8,962,450
Business License	1,406,261	1,879,577	1,649,337	1,589,709
Franchise	3,684,391	4,467,922	4,211,693	1,903,762
Transient Occupancy Tax	1,193,783	1,300,168	1,411,741	365,649
Other	762,261	626,179	679,914	4,482,700
Intergovernmental	5,425,594	6,515,821	7,365,579	6,237,791
Use of money and property	4,952,122	6,786,507	9,607,352	4,152,218
Charges for Services	2,816,640	2,961,946	5,045,431	1,826,271
Licenses, permits and fees	1,338,105	1,119,318	1,626,460	2,941,040
Fines, forfeitures and penalties	2,979,264	3,074,759	3,190,927	1,860,097
Other revenues	-	5,947,820	3,000	3,255,476
Total revenues	51,536,534	58,545,965	62,130,448	55,979,301
Expenditures				
Current:				
Public safety	10,825,619	11,785,408	12,414,461	13,013,622
Public service	8,624,649	9,492,767	7,873,040	17,728,369
Community development	5,144,421	5,434,209	5,477,418	2,087,492
Housing	635,674	432,607	2,946,601	1,826,389
Cultural services	7,976	21,793	3,654,603	4,089,645
Administrative services	2,625,758	2,308,695	1,947,918	3,198,370
General government	3,504,376	5,966,154	4,229,590	4,038,023
Capital outlay:				
General public ways and facilities	8,536,229	11,759,437	16,791,958	15,614,089
Debt service:				
Principal	100,000	105,000	145,000	335,000
Interest and issuance costs	806,092	1,349,711	760,060	557,810
Total expenditures	40,810,794	48,655,781	56,240,649	62,488,809
Excess (deficiency) of revenues over (under) expenditures	10,725,740	9,890,184	5,889,799	(6,509,508)
Other financing sources (uses):				
Loan proceeds	-	-	-	1,575,000
Proceeds from sale of assets	-	2,867,212	-	-
Transfers in	2,386,247	38,222,197	1,078,928	10,976,426
Transfers out	(3,833,629)	(39,278,790)	(2,485,414)	(12,508,880)
Total other financing sources (uses)	(1,447,382)	1,810,619	(1,406,486)	42,546
Net change in fund balances	$ 9,278,358	$ 11,700,803	$ 4,483,313	$ (6,466,962)
Debt Service - % noncapital expenditures	2.9%	4.1%	2.3%	1.9%

Source: City Finance Department

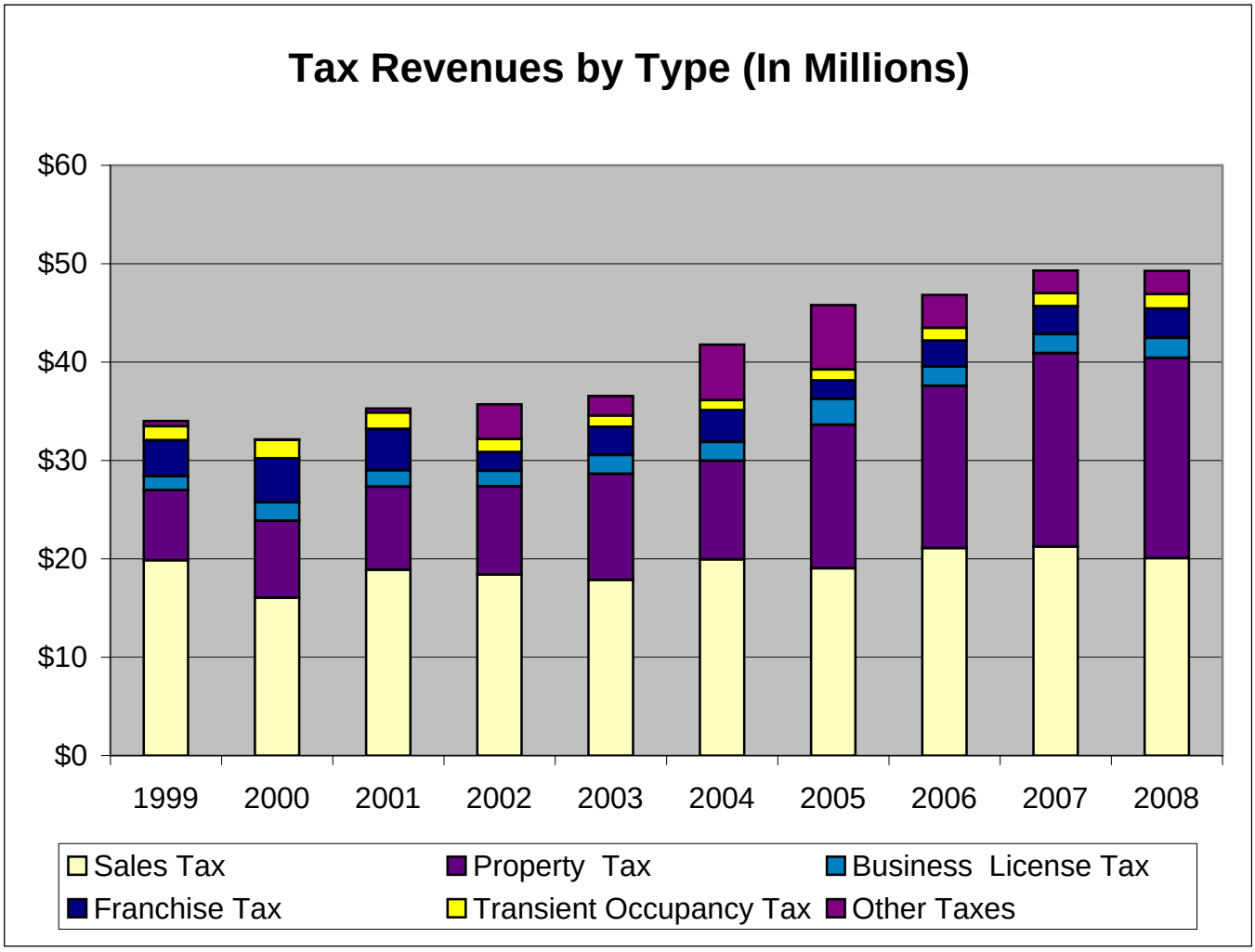
Fiscal Year					
2003	2004	2005	2006	2007	2008
$ 17,863,817	$ 19,953,000	$ 19,023,168	$ 21,075,748	$ 21,227,671	$ 20,060,619
10,767,390	10,020,247	14,597,317	16,505,365	19,691,147	20,362,527
1,926,542	1,901,983	1,885,648	1,973,765	1,917,646	2,024,041
2,857,756	3,216,641	2,633,460	2,633,222	2,839,864	3,004,523
1,231,757	1,233,226	1,235,263	1,218,666	1,337,385	1,453,869
1,908,021	5,464,077	6,429,352	3,419,858	2,287,101	2,355,998
6,214,440	4,708,249	2,048,333	3,820,553	3,273,497	2,245,219
3,978,211	4,042,597	3,758,488	5,434,269	7,206,566	5,933,954
2,951,114	3,152,399	4,677,537	7,371,377	12,827,678	12,057,554
5,046,215	3,192,760	2,396,509	2,218,601	2,758,546	2,214,703
3,425,299	2,173,400	2,534,229	3,538,154	3,066,289	4,560,388
2,282,446	1,813,912	1,587,702	520,356	1,001,883	1,246,141
60,453,008	60,872,491	62,807,006	69,729,934	79,435,273	77,519,536
14,193,868	15,237,423	16,849,831	17,967,011	19,236,989	20,874,588
11,441,979	16,706,717	17,870,421	17,108,292	21,259,006	18,287,663
2,772,829	4,070,787	4,252,184	4,765,527	5,914,667	5,397,259
481,612	613,556	3,616,307	2,140,611	1,422,545	1,871,343
4,110,078	4,500,185	4,442,632	4,656,977	13,443,568	14,038,213
2,818,424	5,639,095	4,318,891	4,962,148	4,962,140	5,372,403
3,599,230	3,248,892	5,327,017	6,610,070	4,546,728	2,700,494
8,932,542	6,417,541	2,233,117	6,043,278	2,743,985	7,501,041
200,000	155,000	415,000	825,000	850,000	870,000
726,200	2,650,283	804,864	785,595	453,008	405,413
49,276,762	59,239,479	60,130,264	65,864,509	74,832,636	77,318,417
11,176,246	1,633,012	2,676,742	3,865,425	4,602,637	201,119
180,910	3,446,815	-	-	-	-
-	180,909	-	-	-	-
2,844,815	4,603,835	5,180,648	888,864	27,545,584	10,338,766
(4,440,326)	(16,052,411)	(5,340,002)	(2,835,536)	(24,776,022)	(10,482,269)
(1,414,601)	(7,820,852)	(159,354)	(1,946,672)	2,769,562	(143,503)
$ 9,761,645	$ (6,187,840)	$ 2,517,388	$ 1,918,753	$ 7,372,199	$ 57,616
2.3%	5.6%	2.2%	2.8%	1.8%	1.9%

(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
1999	19,839,890	7,138,223	1,406,261	3,684,391	1,395,311	560,733	34,024,809
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

Source: City Finance Department



City of Walnut Creek

Assessed Value and Estimated Actual Value of Taxable Property

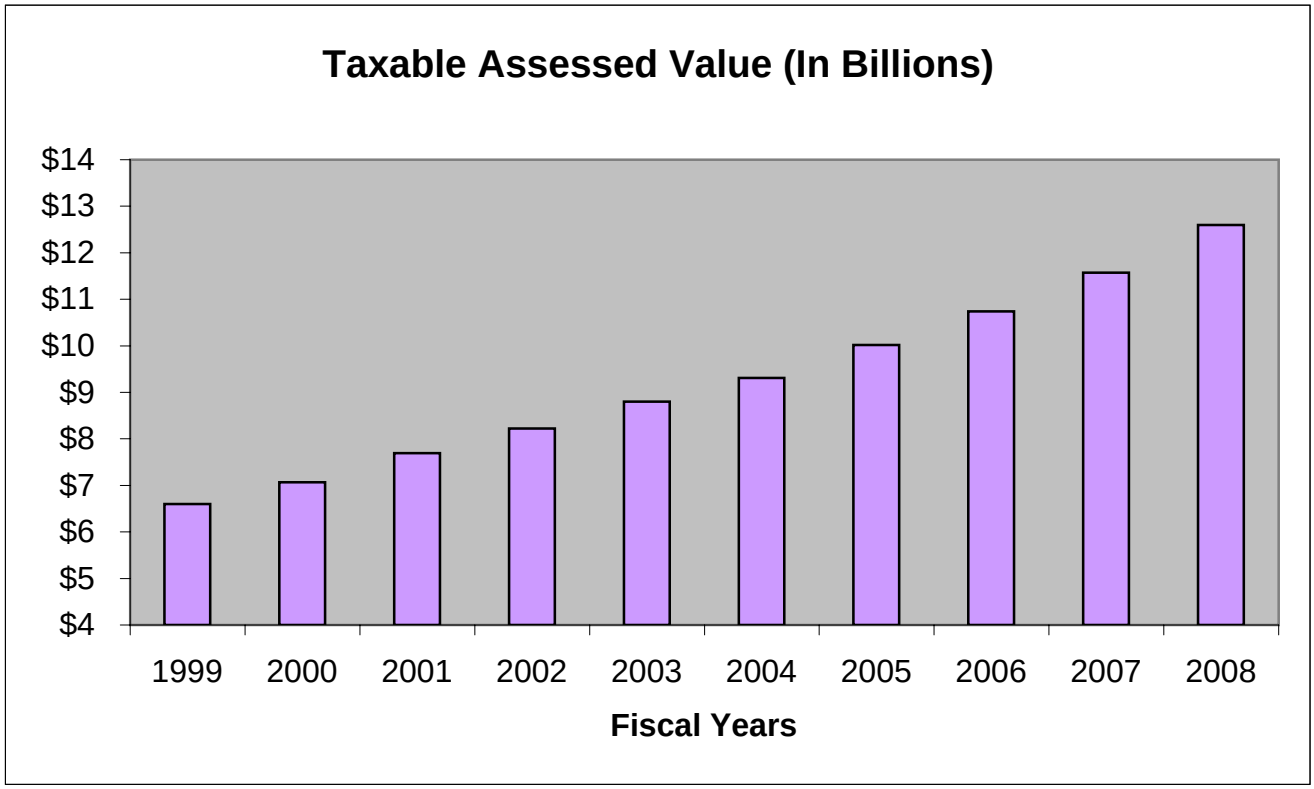
Last Ten Fiscal Years

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
1999	4,580,398,067	1,474,075,965	64,187,653	682,535,659	(196,399,200)	6,604,798,144	10.809%
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%

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			
	1999	**2000**	**2001**	**2002**
City Direct Rate:	0.0941	0.0941	0.0941	0.0941
Overlapping Rates:				
Walnut Creek School Districts	0.5210	0.5094	0.5219	0.5168
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	0.0470
Contra Costa Fire District	0.1290	0.1290	0.1290	0.1290
Other Governmental Agencies	0.1117	0.0935	0.0911	0.0914
Contra Costa County	0.1447	0.1447	0.1447	0.1447
Total Direct and Overlapping Rates	1.0919	1.0621	1.0722	1.0674

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.

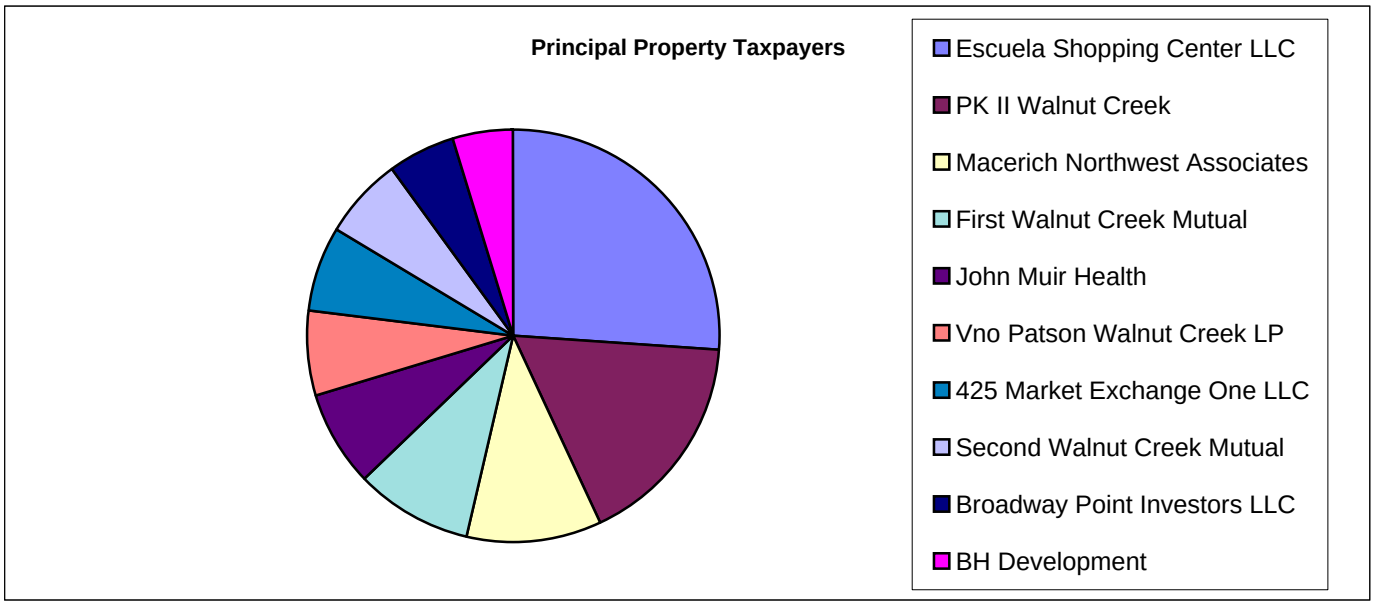
Source: Contra Costa County Assessor's Office

Fiscal Year					
2003	**2004**	**2005**	**2006**	**2007**	**2008**
0.0941	0.0941	0.0941	0.0941	0.0941	0.0941
0.5141	0.5146	0.5125	0.5127	0.5128	0.5099
0.0065	0.0065	0.0065	0.0065	0.0065	0.0065
0.0072	0.0072	0.0072	0.0072	0.0072	0.0072
0.0307	0.0307	0.0307	0.0307	0.0307	0.0307
0.0510	0.0508	0.0512	0.0517	0.0513	0.0508
0.1290	0.1290	0.1290	0.1290	0.1290	0.1290
0.0903	0.0892	0.0891	0.0897	0.0927	0.1018
0.1447	0.1447	0.1447	0.1447	0.1447	0.1447
1.0676	1.0668	1.0650	1.0663	1.0690	1.0747

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

Taxpayer	2008 Taxable Assessed Value	2008 Percent of Total Taxable Assessed Value	1999 Taxable Assessed Value	1999 Percent of Total Taxable Assessed Value
Escuela Shopping Center LLC	$ 778,256,057	6.18%	$ -	-
PK II Walnut Creek	509,140,457	4.04%	-	-
Macerich Northwest Associates	310,129,692	2.46%	247,713,039	3.75%
First Walnut Creek Mutual	276,168,278	2.19%	146,178,905	2.21%
John Muir Health	221,334,740	1.76%	-	-
Vno Patson Walnut Creek LP	206,061,583	1.64%	-	-
425 Market Exchange One LLC	199,126,196	1.58%	-	-
Second Walnut Creek Mutual	190,393,369	1.51%	111,516,557	1.69%
Broadway Point Investors LLC	156,230,436	1.24%	-	-
BH Development	139,987,609	1.11%	-	-
Safeway Inc.	-	-	108,112,540	1.64%
Nordstrom Inc.	-	-	106,600,531	1.61%
Marbichar	-	-	82,416,429	1.25%
Kaiser Foundation Health Plan	-	-	78,821,658	1.19%
Richard J. and Clara Clancy	-	-	75,908,523	1.15%
340 Pine Street Inc.	-	-	70,662,040	1.07%
Property California SCJLW One Corp.	-	-	61,259,288	0.93%
	$ 1,389,302,211	11.03%	$ 841,476,471	12.74%

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

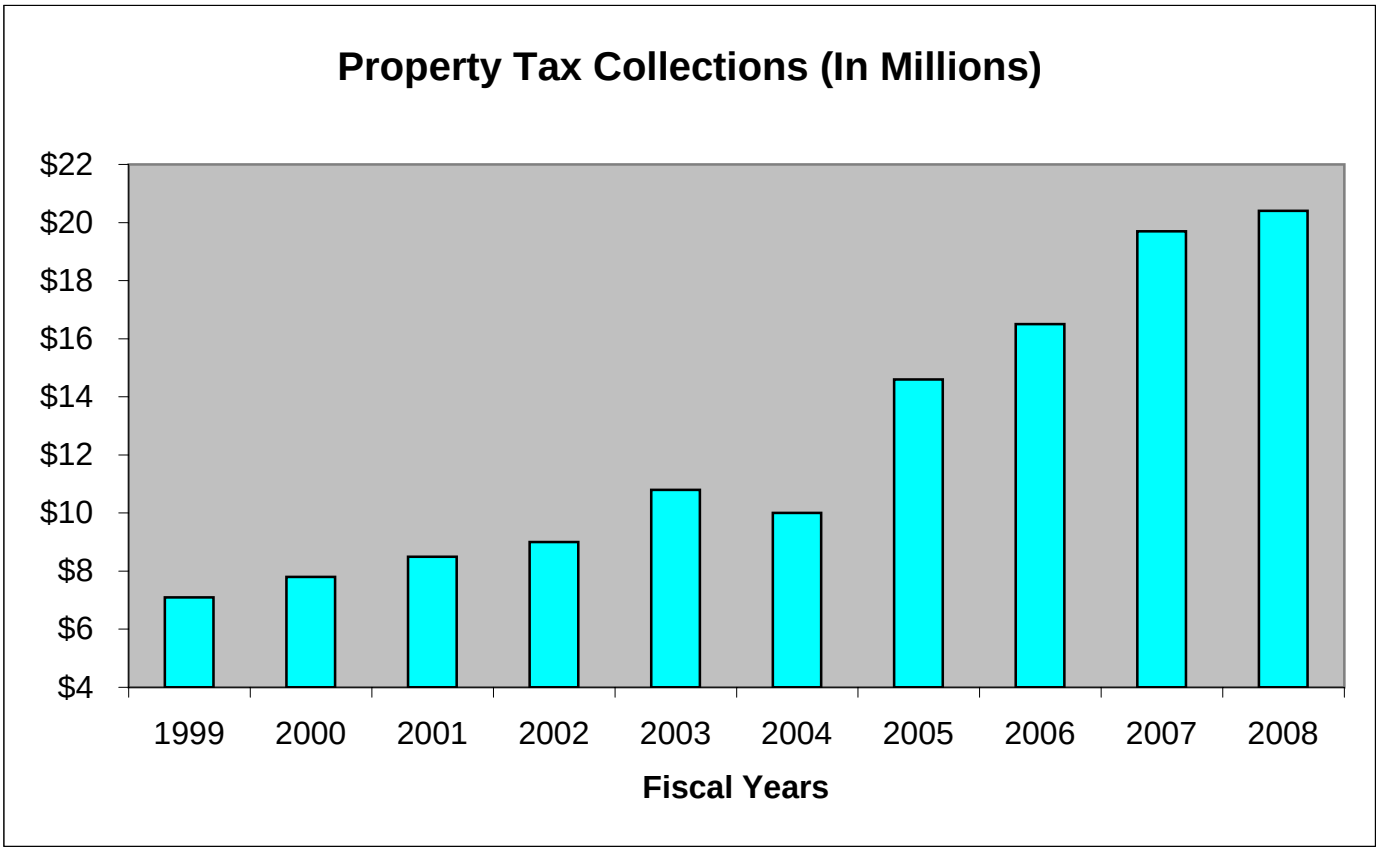


City of Walnut Creek
Property Tax Levies and Collections
Last Ten Fiscal Years

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
1999	7,138,223	7,138,223	100%	7,138,223	100%
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%

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.



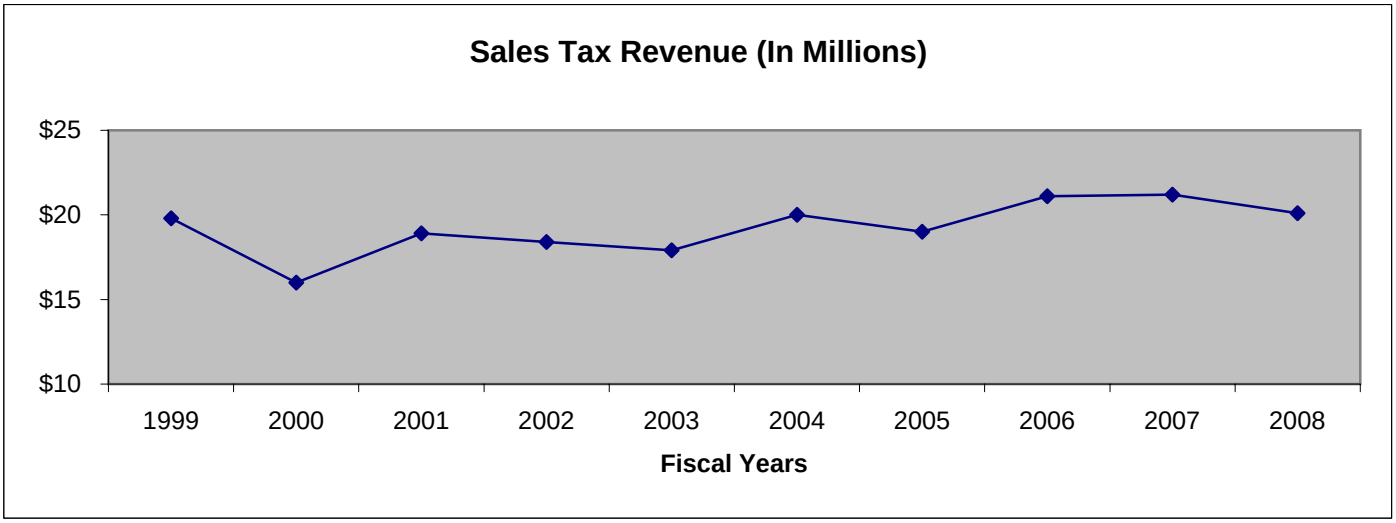
City of Walnut Creek
Top 25 Sales Tax Producers
2007-2008

BUSINESS NAME	BUSINESS CATEGORY
Apple Stores	Office Equipment
Beverages and More	Liquor Stores
Central Concrete Supply	Building Materials
Chevron Service Stations	Service Stations
Crate and Barrel	Specialty Stores
Diablo Mazda	New Car Dealers
Dirito Brothers Volkswagen	New Car Dealers
Ford	New Car Dealers
General Plumbing Supply	Plumbing and Equipment
Honda	New Car Dealers
Longs Drug Stores	Drug Stores
Macy's Department Store	Department Stores
Mercedes Benz	New Car Dealers
Michael Stead Jeep/Eagle	New Car Dealers
Michael Stead Porsche	New Car Dealers
Nordstrom Department Store	Department Stores
Piedmont Lumber	Building Materials
Press On Regardless	New Car Dealers
Safeway Stores	Supermarkets
Shane Diamond Jewelers	Jewelry Stores
Target Stores	Department Stores
Tesoro Service Stations	Service Stations
Toyota	New Car Dealers
Wayne Stead Cadillac	New Car Dealers
Williams - Sonoma	Specialty Stores

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 2007 thru March 2008
Source: MBIA, State Board of Equalization



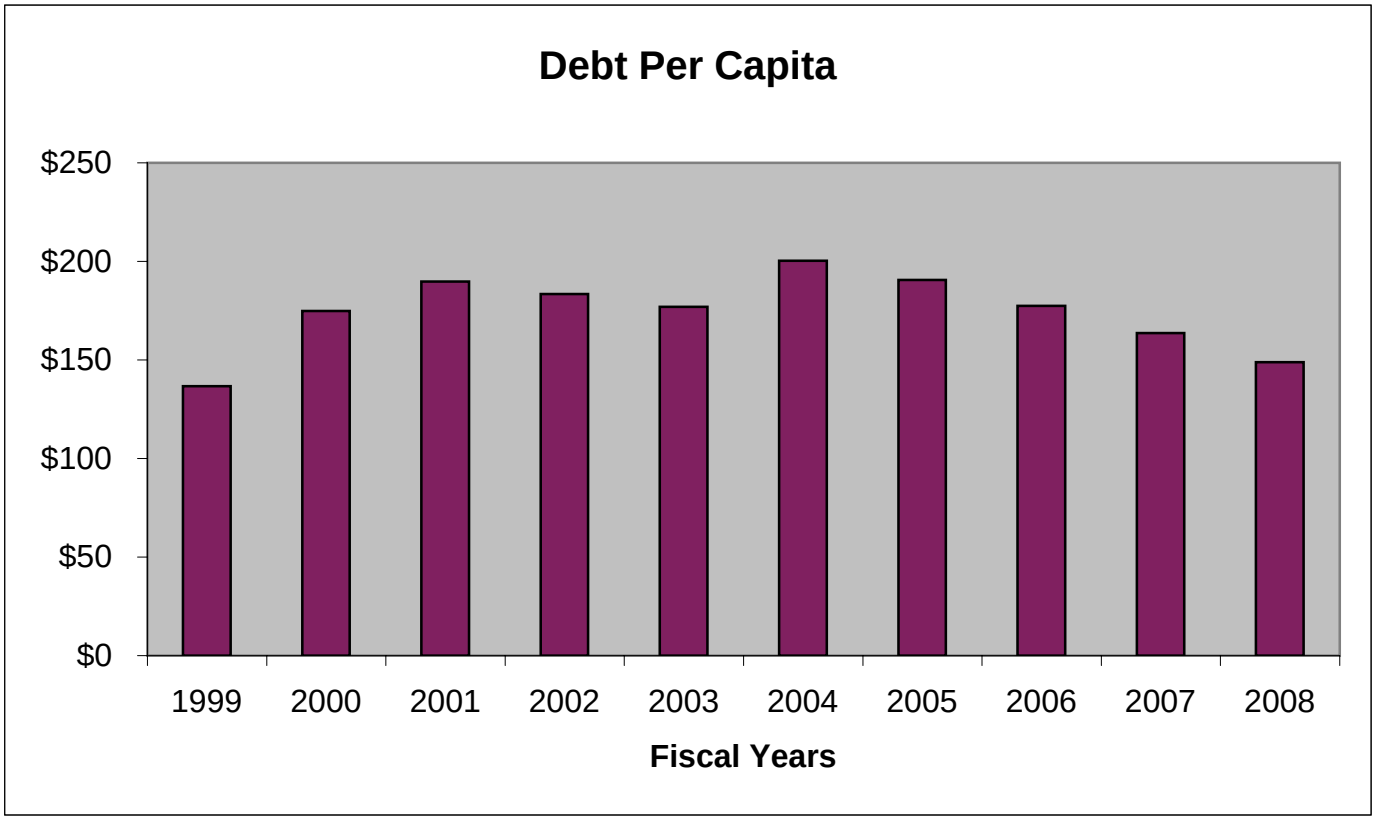
City of Walnut Creek
Ratios of Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30th	Governmental Activities: Tax Allocation Bonds	Business-Type Activities: Lease Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
1999	5,840,000	2,860,000	8,700,000	25.67%	136.62
2000	8,600,000	2,640,000	11,240,000	30.91%	174.82
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

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

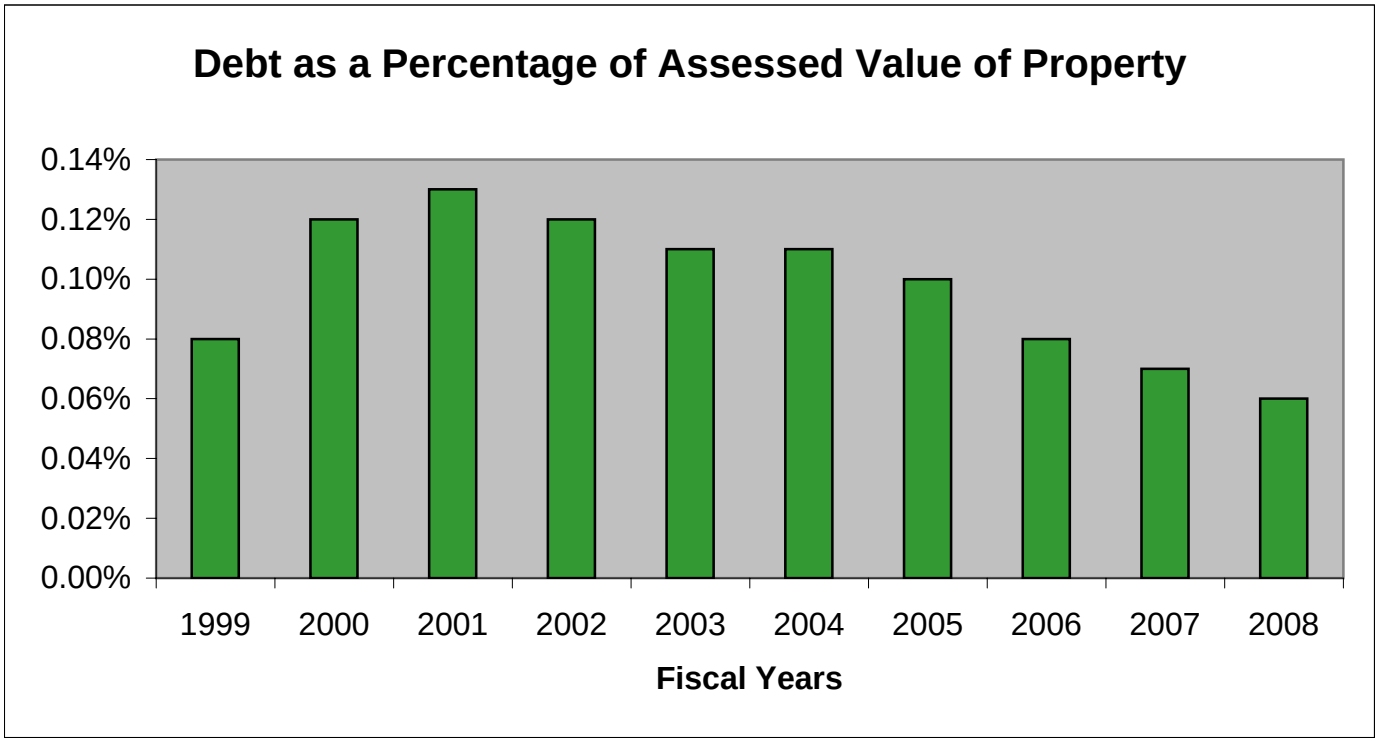
Fiscal Year Ended June 30th	Tax Allocation Bonds	Less: Amounts Available in Debt Service Fund	Net Amount	Percentage of Assessed Value of Property	Per Capita
1999	5,840,000	481,120	5,358,880	0.08%	84.15
2000	8,600,000	289,238	8,310,762	0.12%	129.26
2001	10,010,000	316,074	9,693,926	0.13%	147.76
2002	9,840,000	30,046	9,809,954	0.12%	148.85
2003	9,640,000	293,881	9,346,119	0.11%	141.69
2004	11,477,131	1,163,041	10,314,090	0.11%	155.49
2005	11,056,537	1,134,430	9,922,107	0.10%	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

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, 2008

City's 2007-2008 Assessed Valuation	$ 12,597,185,031
Redevelopment Agency Incremental Valuation	332,528,500
Adjusted Assessed Valuation	12,264,656,531

Direct and Overlapping Tax and Assessment Debt:	Percentage Applicable to City of Walnut Creek [1]	Outstanding Debt 6/30/08	Estimated Share of Overlapping Debt
Bay Area Rapid Transit District	2.888%	$ 467,320,000	$ 13,496,202
Contra Costa Community College District	8.892%	184,890,000	16,440,419
Walnut Creek Joint Unified School District	73.098%	32,525,000	23,775,125
Mount Diablo Unified School District	18.727%	284,940,000	53,360,714
Acalanes Unified School District	30.7670%	111,541,786	34,318,061
Contra Costa County and Water District 1915 Act Bonds	52.5750%	4,250,000	1,517,699
California Statewide Communities Development Authority	100.0000%	6,043,810	6,043,810
Lafayette Unified School District	2.4160%	23,570,000	569,451
San Ramon Valley Unified School District	0.5620%	291,789,033	1,902,464
East Bay Regional Park District	4.1960%	149,445,000	6,270,712
Total overlapping tax and assessment debt		$ 1,556,314,629	157,694,657
Total net overlapping tax and assessment debt			$ 157,694,657
Direct and Overlapping Lease Obligation Debt:			
Contra Costa County General Fund Obligations	8.863%	$ 361,925,000	$ 32,077,413
Contra Costa County Pension Obligations	8.863%	492,985,000	43,693,261
Contra Costa County Board of Education Certificates of Participation	8.863%	470,000	41,656
Contra Costa Community College District Certificates of Participation	8.892%	1,110,000	98,701
Mount Diablo Unified School District Authority	18.727%	5,890,000	1,103,020
City of Walnut Creek Public Financing Authority	100.000%	1,230,000	1,230,000
Contra Costa County Fire Protection District Pension Obligations	19.632%	126,150,000	24,765,768
Pleasant Hill Recreation and Park District Certificates of Participation	0.199%	2,615,000	5,204
Total Direct and Overlapping General Fund Debt		$ 992,375,000	103,015,023
GROSS COMBINED TOTAL DEBT			$ 260,709,680
NET COMBINED TOTAL DEBT			$ 260,709,680

[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	1.29%	1.29%
Overlapping Debt	2.13%	2.13%
Total Debt	3.42%	3.42%

Source: California Municipal Statistics Inc.

City of Walnut Creek
Legal Debt Margin
Last Ten Fiscal Years

	Fiscal Year			
	1999	2000	2001	2002
Assessed valuation	$ 6,604,798	$ 7,071,155	$ 7,693,646	$ 8,217,968
Add back exempted real property	196,399	199,175	198,477	199,050
Total assessed valuation	$ 6,801,197	$ 7,270,330	$ 7,892,123	$ 8,417,018
Debt limit percentage	15%	15%	15%	15%
Debt limit	$ 1,020,180	$ 1,090,550	$ 1,183,818	$ 1,262,553
Total net debt applicable to limit:				
Lease Revenue Bonds	2,850	2,640	2,455	2,245
Legal debt margin	$ 1,017,330	$ 1,087,910	$ 1,181,363	$ 1,260,308
Total debt applicable to the limit as a percentage of debt limit	0.3%	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					
2003	2004	2005	2006	2007	2008
$ 8,798,820	$ 9,311,728	$ 10,022,788	$ 10,735,858	$ 11,566,788	$ 12,597,185
212,362	222,574	225,105	228,751	235,779	248,464
$ 9,011,182	$ 9,534,302	$ 10,247,893	$ 10,964,609	$ 11,802,567	$ 12,845,649
15%	15%	15%	15%	15%	15%
$ 1,351,677	$ 1,430,145	$ 1,537,184	$ 1,644,691	$ 1,770,385	$ 1,926,847
2,035	1,810	1,580	1,415	1,325	1,230
$ 1,349,642	$ 1,428,335	$ 1,535,604	$ 1,643,276	$ 1,769,060	$ 1,925,617
0.2%	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 Principal	Debt Service Interest	Coverage
1999	$ 1,564,155	$ 1,959,116	$ (394,961)	170,000	154,453	0%
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%

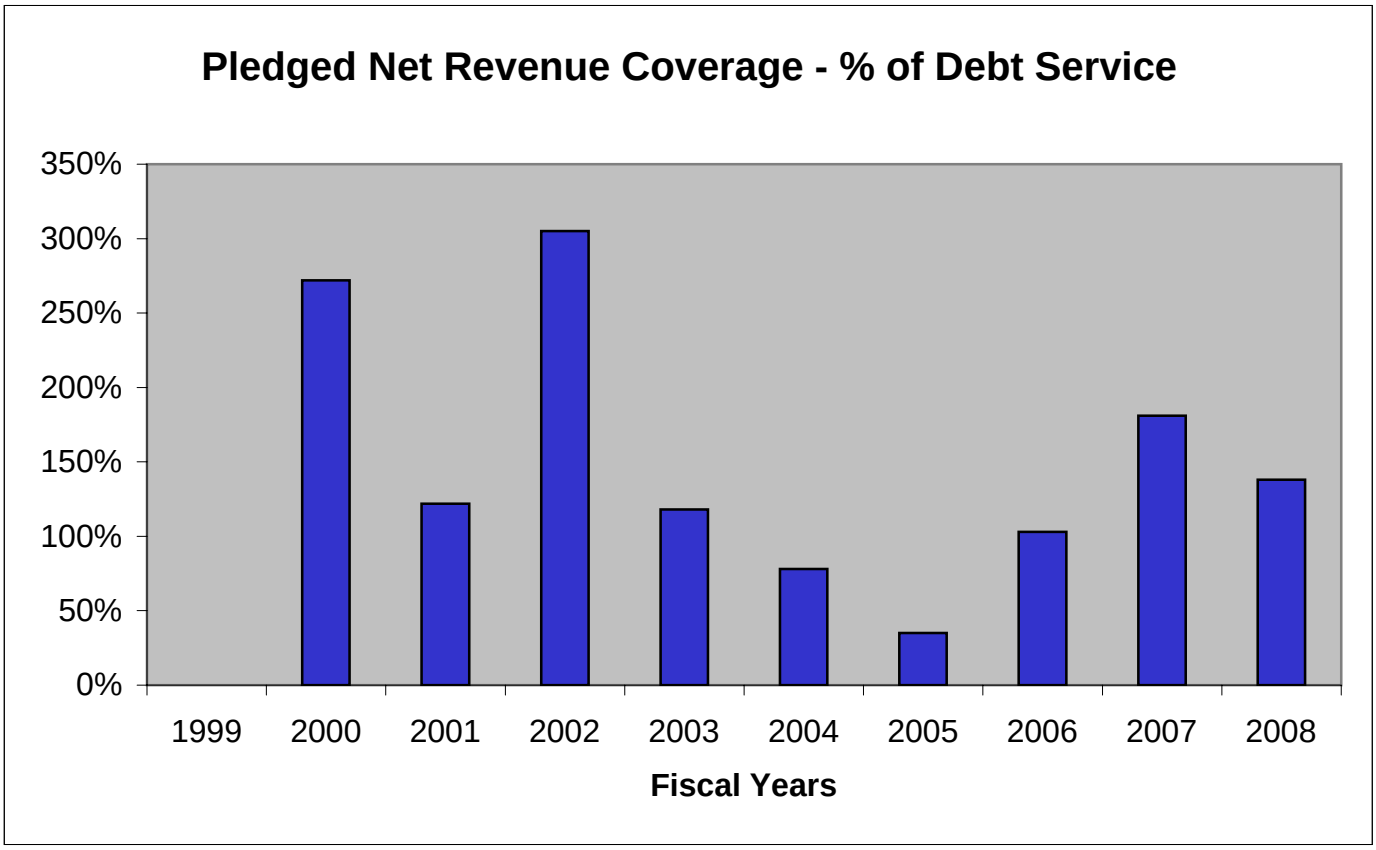
Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

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.

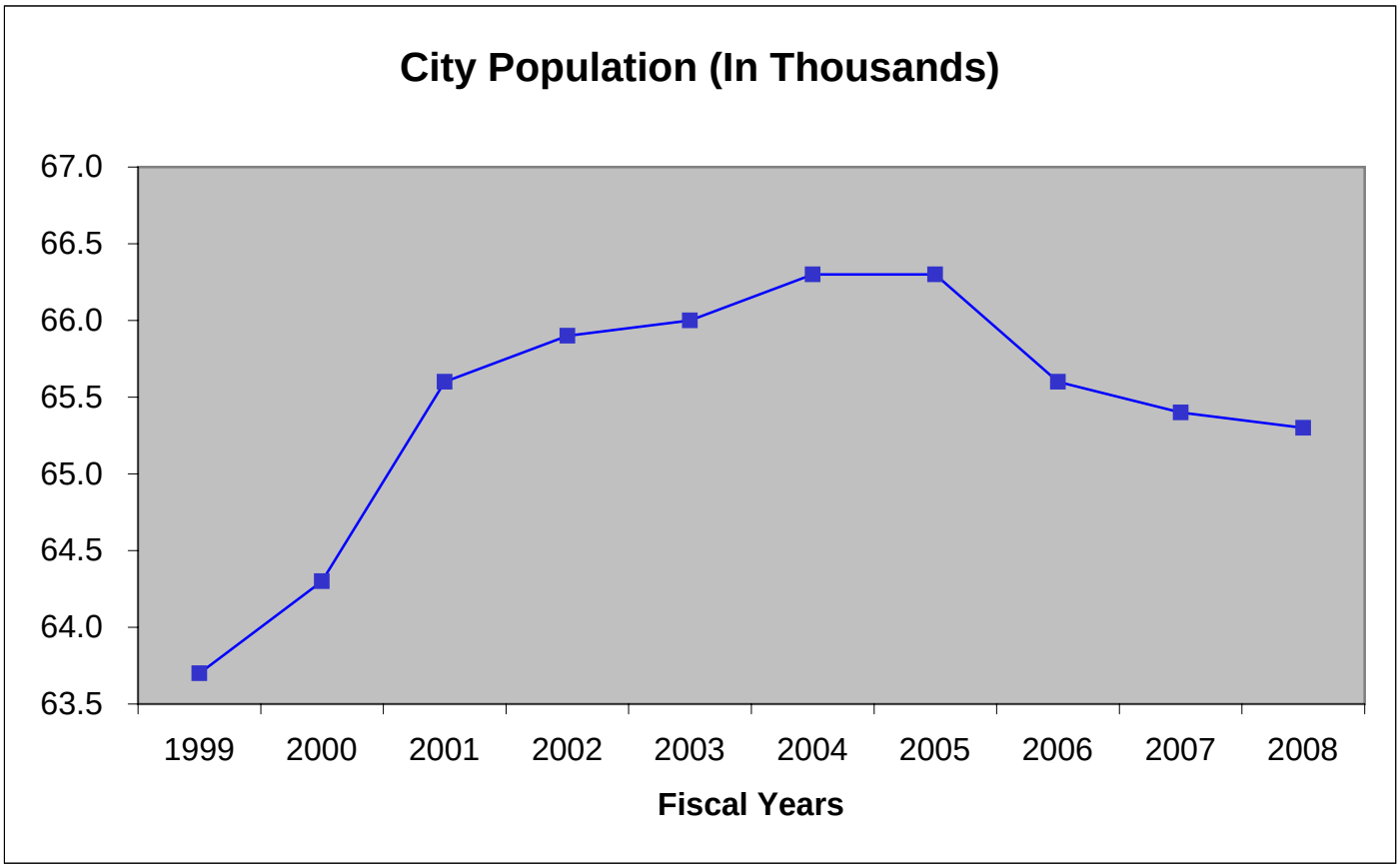
Source: City Finance Department



City of Walnut Creek
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
1999	63,679	2,158,272	33,893	N/A	101
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

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



FINANCE STAFF / FARMER'S MARKET

City of Walnut Creek
Principal Employers
Fiscal Year 2007-2008

Employer	Nuimber of Employees	Ranking
Longs Drug Stores Corp	21,900	1
American Reprographics Co	5,100	2
Central Garden & Pet Co	4,860	3
John Muir Health	3,000	4
Basic American Foods Inc	2,000	5
Kaiser Permanente Medical Ctr	1,800	6
Fresenius USA Inc	1,500	7
Brown & Caldwell	1,500	8
PMI Group Inc	1,084	9
City of Walnut Creek	386	10

Source: Infousa.com - listing of top 15 employers

Note: Information regarding Principal Employers for Fiscal Year 1998-1999 and % of total employees in City was not available.

City of Walnut Creek
Full-Time Equivalent City Government Employees By Function
Last Ten Fiscal Years

	Fiscal Year			
	1999	2000	2001	2002
General government				
City Manager / City Clerk	10	10	9	9
City Attorney	4	4	4	4
	14	14	13	13
Administrative Services				
Accounting / Business License	8	8	10	10
Human Resources / Administration	9	9	7	7
Information Technology / Communications	5	5	6	6
Reprographics / Mail / Warehouse	5	5	6	6
	27	27	29	29
Public Safety:				
Patrol / Investigations	61	61	65	65
Traffic / Parking	20	20	20	20
Communications / Administration	31	31	30	30
	112	112	115	115
Public Services				
Engineering / Traffic / Streets / CIP	57	57	57	57
Parks / Open Space	32	32	39	39
Public Works / Maintenance	35	35	35	35
	124	124	131	131
Arts, Recreation and Community Services				
Recreation and Community Services	22	22	25	25
Arts Education	3	3	14	14
Theaters / Gallery	20	20	18	18
	45	45	57	57
Community development				
Planning / Administration	13	13	16	16
Building	9	9	10	10
Transportation / Housing	2	2	3	3
	24	24	29	29
Totals	346	346	374	374

Source: City Finance Department

Fiscal Year					
2003	2004	2005	2006	2007	2008
9	9	9	9	9	9
4	4	4	4	4	4
13	13	13	13	13	13
11	11	11	11	11	10
7	7	7	7	7	8
6	6	6	6	6	6
6	6	6	6	6	6
30	30	30	30	30	30
66	66	66	66	66	68
20	20	20	20	20	21
30	30	30	30	30	30
116	116	116	116	116	119
58	58	58	58	58	53
39	39	39	39	39	39
35	35	35	35	36	41
132	132	132	132	133	133
25	25	25	25	25	24
14	14	14	14	14	14
20	20	20	20	20	21
59	59	59	59	59	59
17	17	18	18	18	18
10	10	10	10	10	10
4	4	4	4	4	4
31	31	32	32	32	32
381	381	382	382	383	386

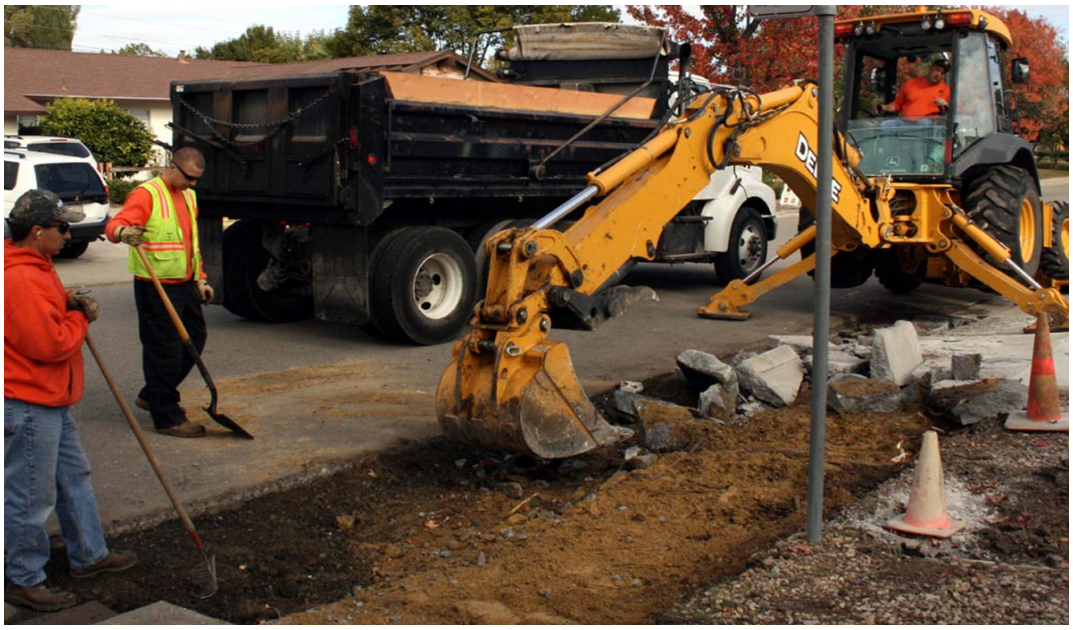
City of Walnut Creek
Operating Indicators by Function
Last Four Fiscal Years

	Fiscal Year Ended June 30th			
	2005	2006	2007	2008
Police:				
Police Calls for Service	33,742	33,750	34,700	32,300
Dispatch calls for service	106,820	106,800	106,800	105,773
Citations Issued	4,164	4,164	4,164	5,579
Cases assigned to investigations	567	575	575	567
School Presentations	608	727	727	730
Child Seat Safety Inspections	117	150	150	140
Number of Records Requests	2,583	2,583	2,583	2,800
Public Services:				
Storm Drains inspected	3,115	3,115	3,115	3,115
Trees Trimmed	N/A	500	600	600
Park Maintenance (Acres)	233	233	233	249
Parking Meters Maintained	N/A	N/A	1,600	1,647
Street Signs Maintained	N/A	N/A	700	700
Traffic Signals Maintained	96	96	96	96
Streetlights Maintained	550	800	800	800
Replace Street Asphalt (square feet)	N/A	100,000	100,000	90,000
Replace Sidewalks (square feet)	N/A	15,000	15,000	11,800
Street Sweeping (curb miles)	12,867	12,867	12,867	12,867
Ranger led programs	N/A	60	176	66
Parks and recreation:				
Arts Education Facilities (facility rental hours)	3,695	3,700	3,700	4,388
Recreation Classes (enrollment)	5,199	5,250	5,290	5,715
Ballfield (hours rented)	14,449	15,000	15,500	25,000
Scheduled Gym Hours	12,800	12,800	13,000	10,326
Bedford Gallery (number of visitors)	36,345	38,949	41,000	30,000
Lesher Theater (tickets sold)	229,104	186,055	274,000	239,600
Senior Center participants	N/A	66,000	69,000	69,000
Paid Golf Rounds	62,163	60,082	62,080	65,000
Community Development:				
Planning Applications	135	127	125	135
Number of Code Enforcement cases closed	1,211	1,145	1,194	1,300
Building Permit Applications	4,372	4,065	4,306	3,700
Building Inspection stops	11,193	11,896	11,558	11,082
General Government / Administrative Services:				
Number of Insurance Claims	54	43	56	55
Number of vacancies filled	27	30	30	52
Number of Information Technology work orders completed	N/A	3,325	3,425	4,385
Number of Telecommunications work orders completed	N/A	289	309	325
Amount of Mail processed per month	13,000	13,500	13,500	8,500
Items requested from City Warehouse	29,900	30,300	31,800	31,050

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

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

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

Year of Incorporation	1914
Form of Government	Council/Manager
Employees (FTE)	386
Number of Registered Voters (2008)	41,698
% of High School / College Graduates	95% / 54%
Average Annual Precipitation	22"
Average Highs/Lows	
Winter	57/40
Spring	68/46
Summer	83/55
Fall	73/50
City Crime Index (US Average 323.2)	232.7
Annual Valuation of Building Permits	$130 million

Area (Square Miles)	19.45
Elevation	131 feet
Number of homes	31,425
Average Home Price (2007)	$857,136
Median Age	45
Median Household Income	$63,238
Population (2008)	65,306
Size ranking among California cities	126
Assessed Property Valuation	$12.5 billion
Total Jobs within the City	67,820
Unemployment Rate for 2007	2.8%
Residential Valuation (% of total)	74%
Commercial Valuation (% of total)	19%

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

Lesher 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